

Getting There Together:

Creating Sustainable Value Through New Partnerships

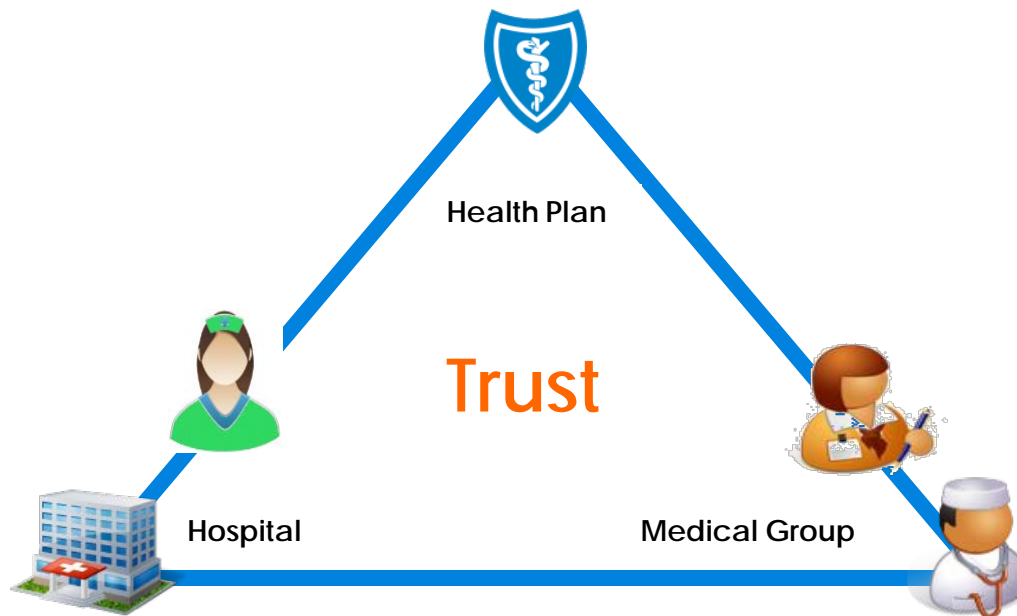
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Federal Trade Commission & Department of Justice
Examining Health Care Competition – Workshop
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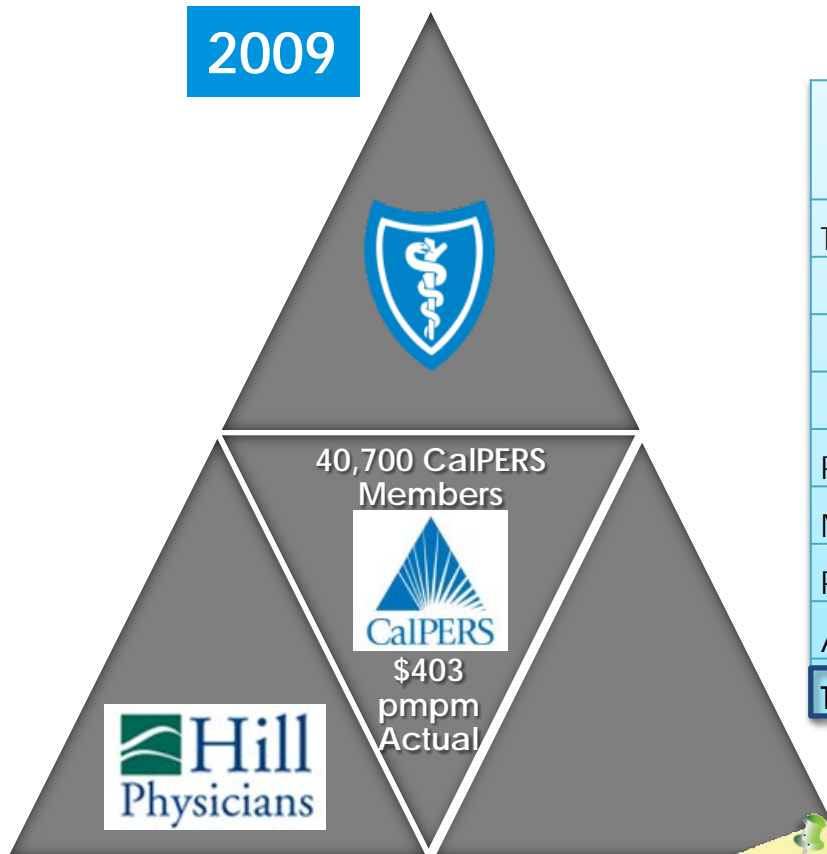
Our Mission - To create a new kind of partnership that enables us to:

- Deliver care at below-market cost trends
- Achieve financial results that are sustainable for all parties
- Find and implement cost and quality improvements
- Enhance the ACOs appeal to consumers and employers



Where We Started

2009



Service Categories	2010 Target (pmpm)	2010 No ACO (pmpm)	Savings needed (\$M)
Total Facility	\$ 203	\$ 223	\$ 9.9
Dignity Facilities	\$ 153		
OOA ER (Non-Dignity)	\$ 10		
All Other (Non-Dignity)	\$ 39		
Professional (1)	\$ 125	\$ 132	\$ 3.7
Mental Health (capitated)	\$ 10	\$ 10	\$ -
Pharmacy	\$ 58	\$ 62	\$ 1.7
Ancillary	\$ 7	\$ 8	\$ 0.2
Total pmpm	\$ 403	\$ 435	\$ 15.5

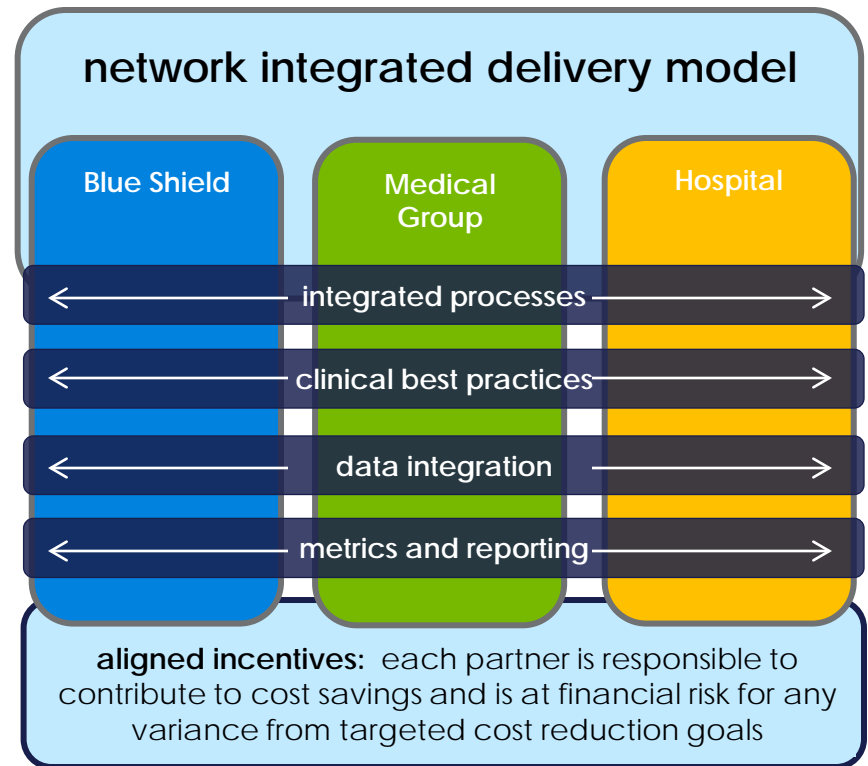
Hold Trend to 0% in 2010

\$15M - a bold goal for partners

How We Accomplished It

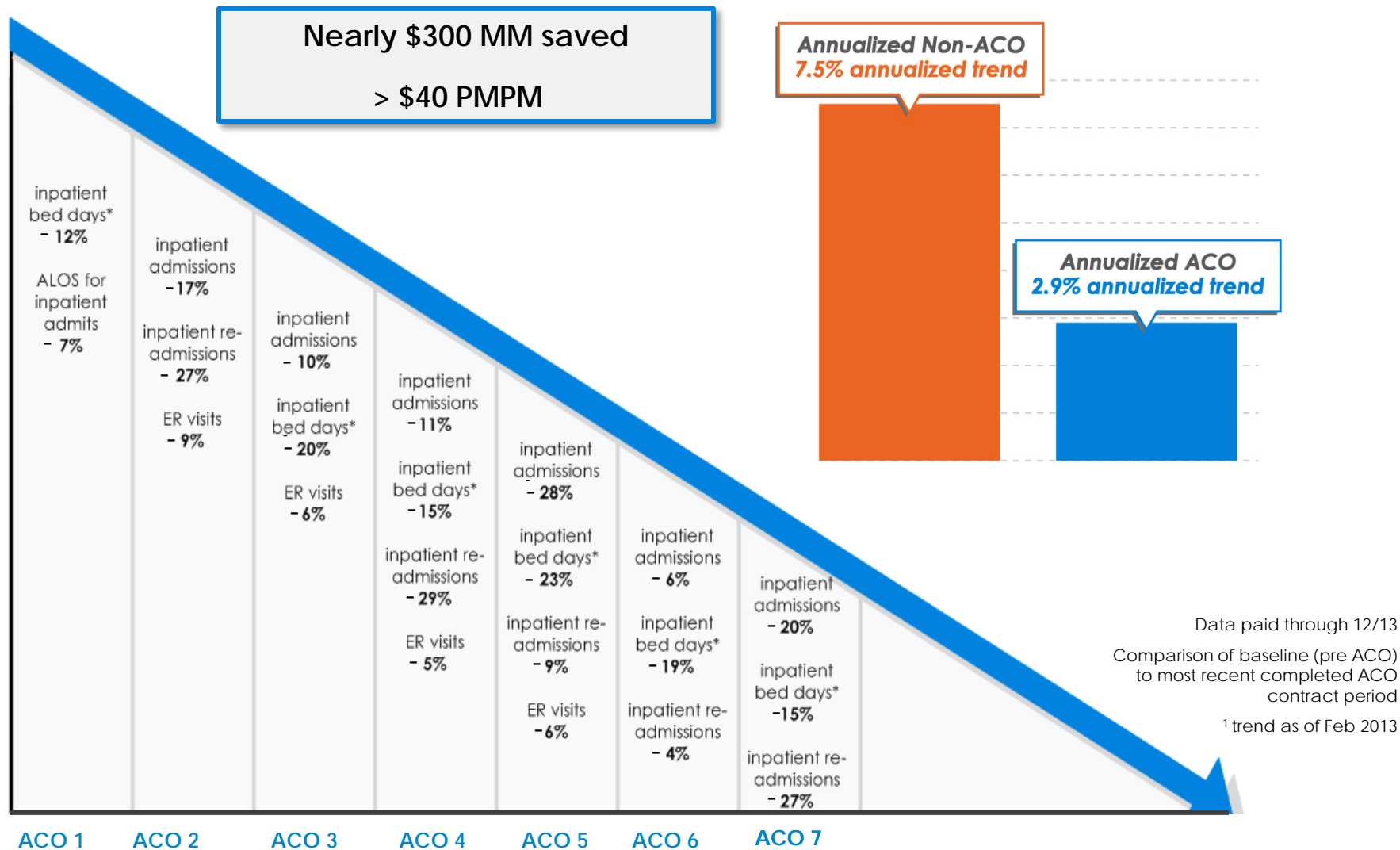
Driving change through accountability, transparency and aligned incentives to:

- Built on HMO platform – now implementing for PPO and Medicare Advantage
- Unique collaboration with medical groups, hospitals and Blue Shield
- Value-based payments and aligned incentives
- Data integration and information sharing
- Quality outcomes and member satisfaction



Program Results to Date

Includes ACO partners with experience through CY 2013



Lessons Learned

- **Senior leadership engagement is critical**
- **Financial integration** – upside and downside is key
- Quality is key but **quality alone is not enough**
- **Hospitals must have a seat at the table** – they are the biggest and most crucial cost element
- **Transparency is key** to changing the dialogue between plans and providers
- **Financial model must link success/failure across partners** - only this will compel a new kind of information sharing and collaboration
- **Program insights must be applied to a provider's entire book of business**
- Success requires significant **investment of time and resources** across all partners
 - Clinical expertise and resources
 - Data aggregation (claims, Rx, authorizations)
 - Reporting/actionable information
 - Program management
- And, critically – **strategic alliances supported by contractual relationships work** – ACOs do not necessarily require joint ventures where partner roles are clearly defined

Our future success – or failure – is inextricably linked

*So far, so good....
but it isn't enough*

Bending the Cost Trend is Critical but Not Sufficient....

Collaborative Model with ACO Providers

- BSC's ACO program has evolved into a **deep integration model** with our providers
 - Feeling of mutual investment
 - Exceptional **trust and transparency**

Enhanced Member Experience

- BSC is working with our ACO provider partners to identify & implement **additional benefits** that enhance the member's experience
- Items being explored include a **concierge** type service & **enhanced wellness offerings**

Best-in-class Quality

- BSC established the **Quality Council** comprised of statewide provider leadership
- Focusing on delivering best-in-class quality results through the **unique partnership amongst ACOs** to identify & implement **best practice quality initiatives**

Technology Integration

- BSC is working to make available both **information and population/patient management solutions** to its providers in order to enable higher quality and lower cost care

- ✓ expanding HMO ACOs to broaden statewide coverage
- ✓ expanding ACOs to our PPO & Medicare Advantage business
- ✓ using the Quality Council to enhance the member experience
- ✓ launching products around the new ACO delivery model

