

Reengineering Delivery of Care in Jointly-Governed and Collectively-Bargained Health Plans: *Five Guiding Principles*

A presentation by
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America's Agenda: Health Care for All

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"Blue Cross Blue Shield/Labor: A Working Advantage"

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**BlueCross
BlueShield
Association**





Our Mission

America's Agenda: Health Care for All

brings together national and international labor unions, businesses, health care providers, and government leaders who share a common commitment to our mission of winning guaranteed access to affordable, high quality health care for every American.

Across the country, America's Agenda is working directly with Labor & Employer health plans to reengineer high-quality, cost-effective delivery of care through strategies designed to transform care for entire communities where union members live and work.

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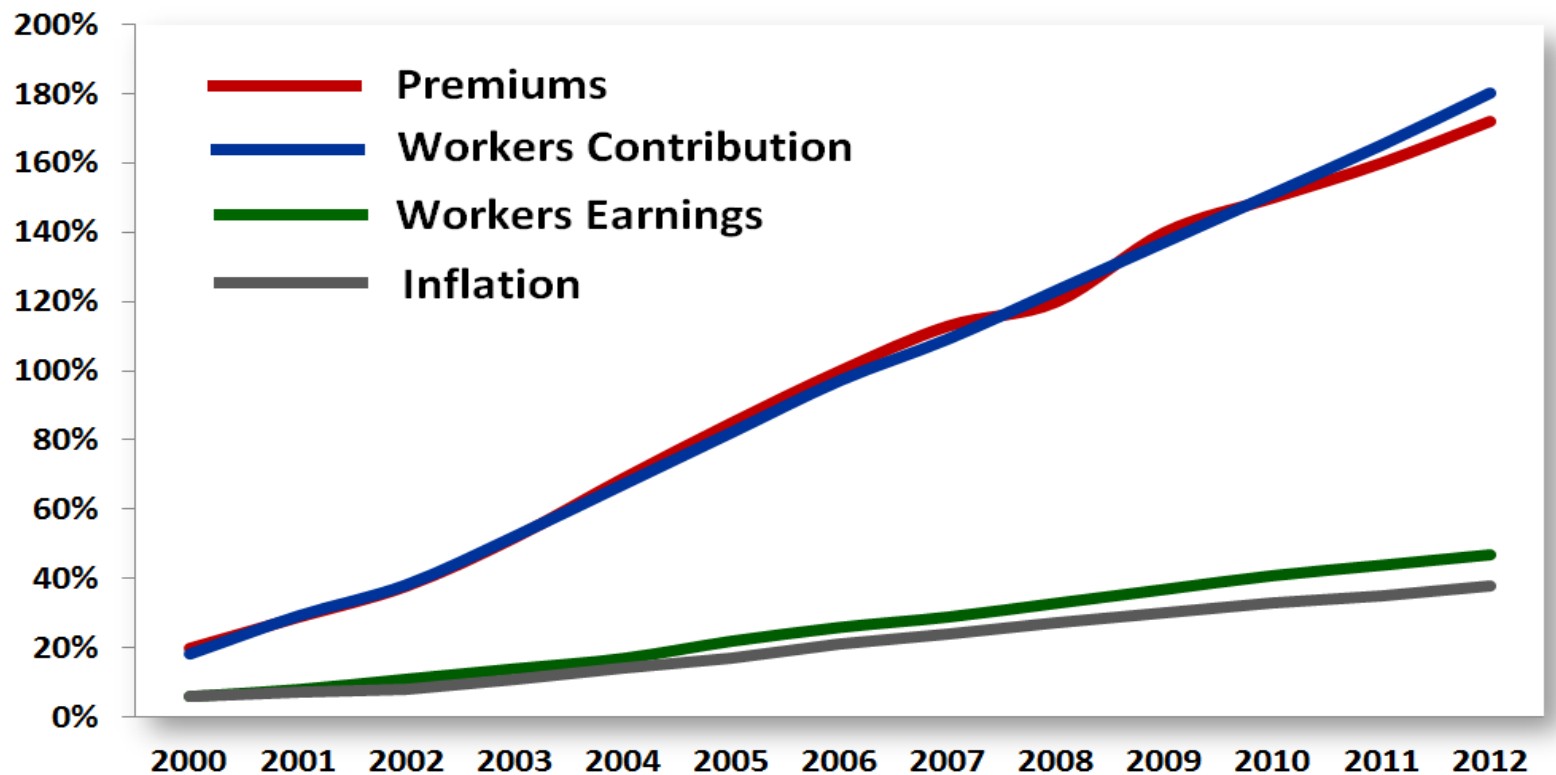
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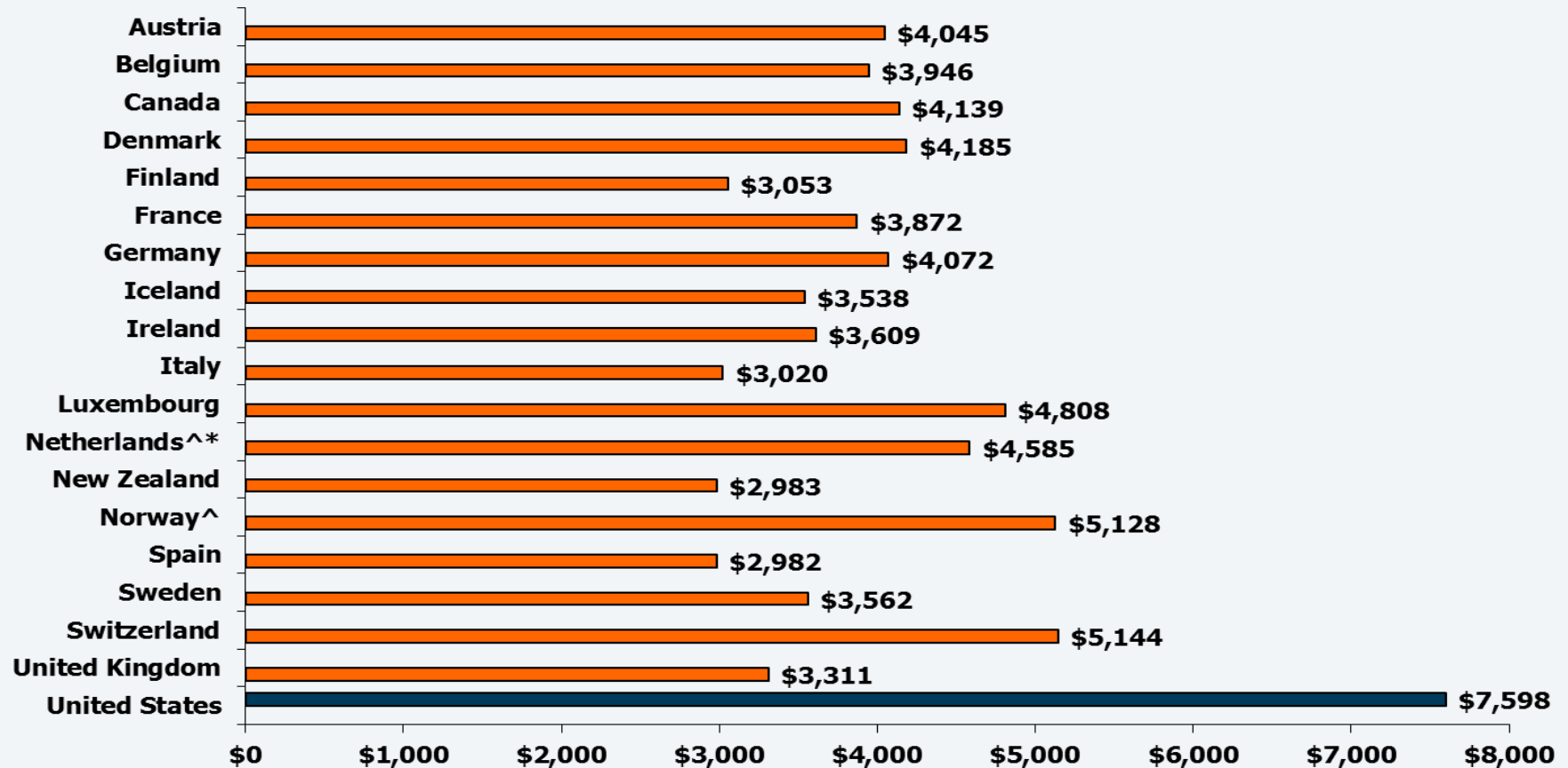
Health Insurance Premiums Increase Faster than Workers' Earnings

% Increases in Health Insurance Premiums



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2012; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2012 (April to April).

Per Capita Total Current Health Care Expenditures, U.S. and Selected Countries, 2009



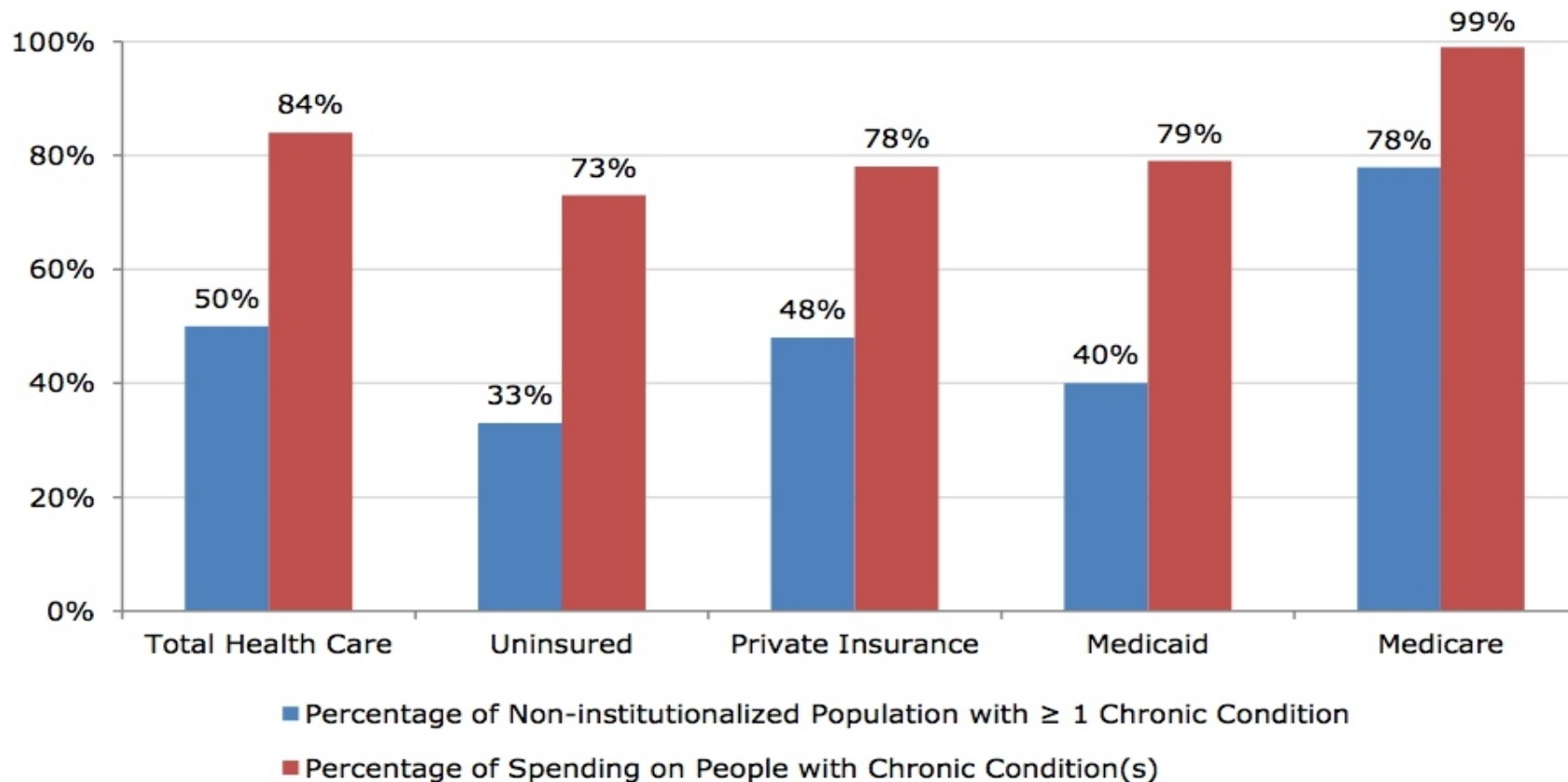
[^]OECD estimate.

*Break in series.

Notes: Amounts in U.S.\$ Purchasing Power Parity, see <http://www.oecd.org/std/ppp>; includes only countries over \$2,500. OECD defines Total Current Expenditures on Health as the sum of expenditures on personal health care, preventive and public health services, and health administration and health insurance; it excludes investment.

Source: Organisation for Economic Co-operation and Development. "OECD Health Data: Health Expenditures and Financing", OECD Health Statistics Data from internet subscription database. <http://www.oecd-ilibrary.org>, data accessed on 01/10/12.

People with Chronic Conditions Account for 84% of National Health Care Dollars



Sources: Medical Expenditure Panel Survey, 2006 and Robert Wood Johnson Foundation, Chronic Care: Making the Case for Ongoing Care, February 2010.

According to the World Health Organization and the US Centers for Disease Control and Prevention (CDC):

- At least 80% of all heart disease, stroke, and type 2 diabetes, and
- Up to 40% of cancer

...can be prevented

**During 2005 and 2006,
America's Agenda organized and won a campaign
that transformed delivery of health care in Vermont.**

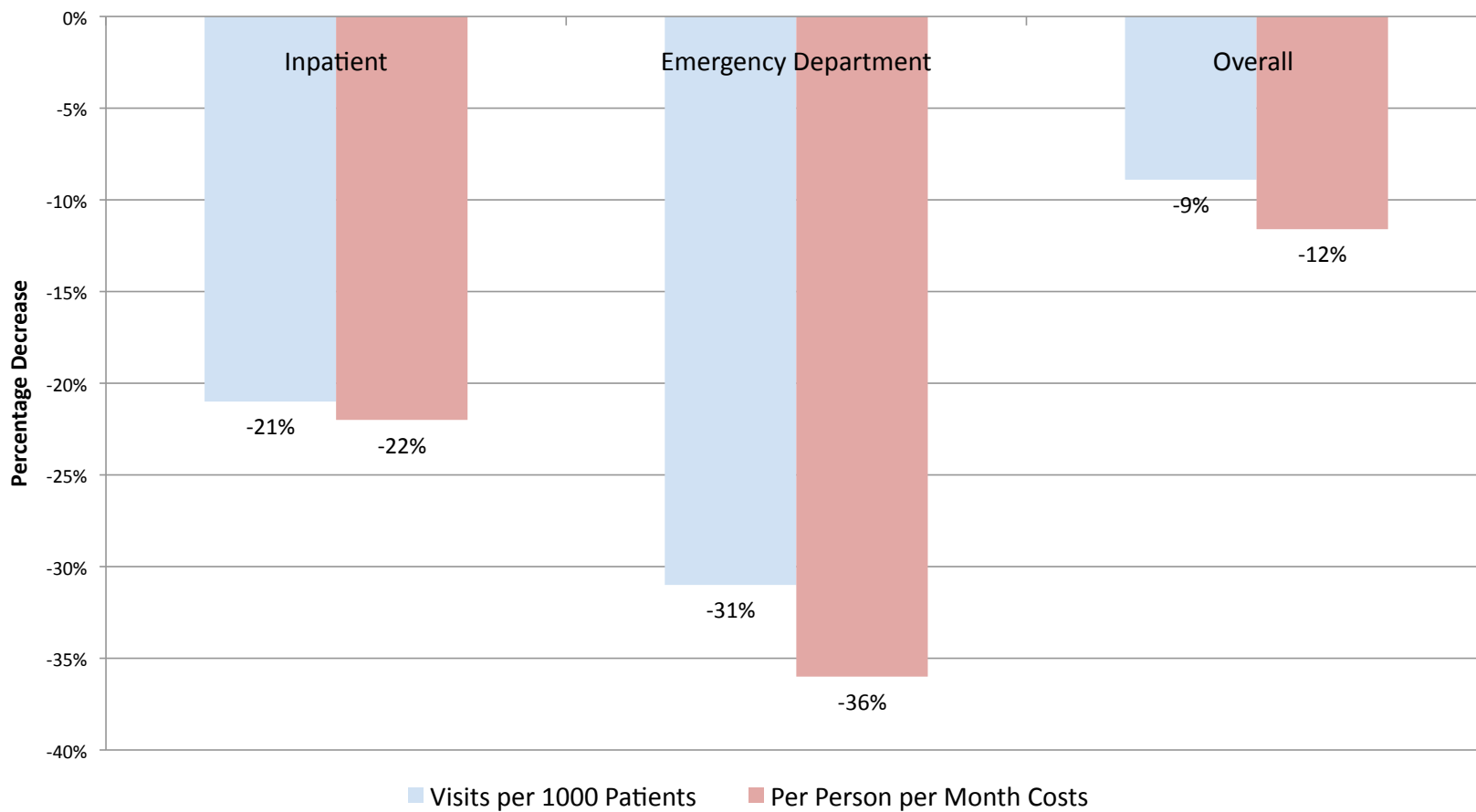
America's Agenda and our Vermont partners in Labor and allied state organizations mounted a statewide campaign and worked with Vermont legislative leaders to design and enact the Vermont Blueprint for Health.

MISSION: Reduce health spending and improve patient care outcomes through better disease prevention and more effective coordination of high-quality, chronic disease care

KEY DESIGN FEATURE: Creation of Community Health Teams or "CHTs," that are physician-directed, community-based, multi-disciplinary health teams charged with coordinating patient care across all settings and providing support to patient compliance with personal health plans. CHTs enabled small primary care practices in their regions to function as full-fledged Patient-Centered Medical Homes.

After an initial launch in a few pilot regions, the Vermont legislature expanded the Blueprint transformation to the entire state...

Vermont Reform: Community Based Health Teams



Health Affairs, March 2011, page 386. 2009-2010 Data

ACA Creates New Financial Challenges for Labor & Employer Health Plans

- Federal Subsidies for Non-Union Employee Health Insurance
- Low Employer Penalties
- Part-time Worker Exemptions from Penalties
- “Cadillac” Plan tax

Post ACA: Labor Refocuses on Transforming Care Delivery

3 Goals:

- Significant increase in Savings
- Significant improvement in Care Quality, Medical Outcomes
- Significant improvement in Member (Patient) Satisfaction

Reengineering Care Delivery – 5 Principles

Principle 1

Strengthen Primary Care as Center of Care Coordination

- Team-based Primary Care Practices (“advanced primary care”) serve as foundation of virtually integrated care networks

Shared Characteristics of Team-based Primary Care Models:

- 1) Primary care doctor assumes personal responsibility for delivering or coordinating overall care across all settings
- 2) Expanded access to care (including extended clinic hours, guaranteed same and next day appointments, and 24 hour direct telephone and/or email access to a personal care team member)
- 3) Patients are partners with their personal physician in making key health care decisions
- 4) Personal care team members support patient compliance with patients’ personal health plans

2012 Michigan BCBS PCMH Practices

- 8.3 percent lower rate of adult high-tech radiology use.
- 9.3 percent lower rate of adult ER visits
- 3.0 percent higher rate of dispensing generic drugs over non-PCMH doctors.
- 23.8 percent lower rate of hospital admissions for certain conditions.

Source: BCBSM Press Release, August 2012

Team Care Savings

Team Care Provider	Type	Savings Per Year	Return on Investment
Geisinger Health System	Integrated	7.0%	2:1 over two years
Metropolitan Health Networks-Humana	PCMH	21.1%	NR
Palmetto Primary Care Physicians, SC	PCMH	6.5%	NR
VA Midwest Network	Integrated	11.6%	1:1 over one year
Community Care of NC	PCMH	\$974.5 million over 6 years	NR

Kevin Grumbach, MD and Paul Grundy, MD, MPh, *Outcomes of Implementing Patient Centered Medical Home Interventions: A Review of the Evidence from Prospective Evaluation Studies in the United States*, PCPCC, November 16, 2010.

Qliance DPCMH Patients Use Less Downstream Care

Type of Referral	Qliance # per year/1000*	Benchmark**	Difference	Savings PMPY***
ER Visits	73	158	-53%	\$84
Hospitalizations (days)	155	184	-16%	\$102
Specialist Visits	850	2000	-58%	\$345
Advanced Radiology	273	800	-66%	\$1054
Surgeries	28	124	-77%	\$960
Primary Care Visits	4411	1847	139%	(\$818)
Savings PMPY	---	---	---	\$1727

* Based on best available internal data, may not capture all non-primary care claims.

** Based on regional benchmarks from Ingenix and other sources.

*** Based on average costs in WA State.

Source: Qliance Medical Group insured patients under 65, 2011 (n=3011)

Reengineering Care Delivery – 5 Principles

Principle 1

Strengthen Primary Care as Center of Care Coordination

- Team-based Primary Care Practices (“advanced primary care”) serve as foundation of virtually integrated care networks.
- Narrow high-value referral networks to enable enhanced care coordination

Criteria for inclusion in the high-value network:

- Quality Care
- Competitive Rates
- Care Coordination Agreement with Team-based PCP
- Expedited Scheduling for Labor/Employer Plan Member

Reengineering Care Delivery – 5 Principles

Principle 2

Eliminate Fee-for-Service Reimbursement to PCPs

Principle 3

Preservation of Employee Choice; No Gatekeeping

"We have zero interest in returning to a prior approval system of access to medical care like we got with the HMOs in the 1990s. Anything like that is a non-starter for our members."

- Principal Officer
West Coast IAM Lodge

Reengineering Care Delivery – 5 Principles

Principle 4

Independence of Primary Care Practices from Hospital, Insurance Plan, or ACO Ownership or Management

“Our members and their families are going to have personal, primary care doctors who see them as their principal clients. We’re going to achieve this by bringing primary care docs who want to work with us into a direct partnership with our health and welfare trust.”

- Principal Officer
Midwest UFCW Local

Principle 5

Scalability of Team-based Primary Care

Opportunities to Forge Stronger BC/BS Partnerships with Labor

- Data sharing and joint development of “narrow,” high-value referral networks within BC/BS PPO networks
- BC/BS collaboration with the independent team-based PCPs to coordinate care within Taft-Hartley health plans’ high-value, narrow networks
- Incorporation of capitated, team-based PCP practices into narrow, high-value networks within the broader BC/BS PPO networks by simple pass-through of PMPM fees
- Encourage multiple payers for union and non-union employee groups to participate in virtually integrated, high-value care networks developed jointly by BC/BS and Taft-Hartley Trusts

Additional Opportunities to Forge Stronger BC/BS-Labor Partnerships

- Transparent PBMs
- Developing smart, cost-management solutions of the future

