



Health Care Reform and Accountable Care Solutions

Deborah Lantzy-Talpos, R.N.
Head, Hospital Business Solutions



The Changing Health Care Landscape - We are in a dynamic time



Economic
Conditions



Political
Environment



Customer
Needs



Health
Care System

2



What is different this time?

Experience of Providers	<ul style="list-style-type: none">Many providers took risk payment in the past, often with poor resultsAs providers enter risk models, they approach the opportunity with better information, resources and lessons learnedMany large providers have leadership with insurance/managed care experience
HIT/HIE	<ul style="list-style-type: none">Today's technology gives providers an improved view on the risk they are managingClinical Decision Support, analytics, patient registries and other tools allow both proactive and reactive patient managementHIE allows real-time capture of comprehensive information
Care Management	<ul style="list-style-type: none">Evolution of care management programs can provide the patient support needed to get short term improvements and long term management of patient populationsHospital systems extend their reach to proactively support patients in their native environments
Provider/Health Plan Alignment	<ul style="list-style-type: none">Risk taking in previous environments was done in an adversarial model; zero sum environment existedGiven health reform mandates on MLR, premium rates, and policy holder rebates; providers and health plans have a vested interest to collaborate on value-based models to their mutual benefit;Aligned incentives create potential for win-win opportunity

3



Video

4

aetna Case Study: Carilion Clinic

Background	<ul style="list-style-type: none">Headquartered in Roanoke, VAMore than 1,200 licensed beds and net revenues of \$1.25B in FY2009600+ physicians in a multi-specialty group practice and 8 not-for-profit hospitalsServes approximately 1 million people in Western Virginia
Targeted Customer Markets	<ul style="list-style-type: none">EmployeesCommercialMedicare Advantage (MA)Medicaid
Collaboration Model(s)	<ul style="list-style-type: none">Improving performance of Carilion Clinic's MA health plan using, in part, Aetna's MA provider collaboration modelBuilding a co-branded Carilion Clinic/Aetna suite of products for commercial marketTransitioned employees to be Aetna members and manage them within the ACOLaunching a provider-driven managed Medicaid program
Payment Reform Highlights	<ul style="list-style-type: none">Risk sharing (up and down) – cost saving based on clinical and financial efficiencies
Other Collaborations	<ul style="list-style-type: none">Care management: Use of ActiveHealth care management platform, PHR, health management programs and staff supportHealth plan services: Aetna insurance license, customized enrollment support, etc.

5

aetna What if we imagined a move from
Fee for Service to Fee for Value?

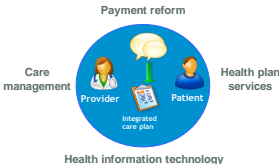
Today's business model



focus on volume

- Impersonal Transactional Care Visits
- Onus on Member to Share Health Information
- Lost or Duplicative Tests
- Treating Symptoms

Tomorrow's business model



Health information technology

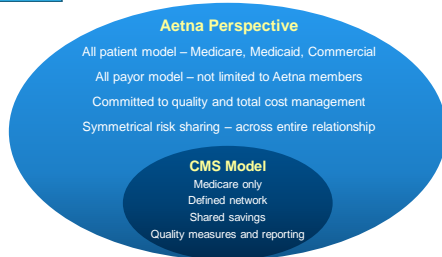
focus on value

- Personal Care Plan
- Shared Comprehensive Health Record
- Efficient Use of Member's Time
- Improving Outcomes

6

What is an ACO?

We see accountable care broadly – a transformational model of care delivery



Aetna's Accountable Care Solutions offering is a sustainable long-term model for change



With Accountable Care comes a shift in provider focus to population health management

	Traditional FFS	Accountable Care
Focus	Procedure	Individual
Accountability	Episode	Population
Organizational	Physician or Hospital	Integrated delivery network
Incentives	Volume x Unit Price	Population x Value
IT Systems	Charge Capture Billing Throughput	Connectivity EHR/PHR Care Coordination & Management Population management Risk management Business Intelligence
Metrics Of Success	Volume Reimbursement	Quality & Outcomes Total Cost Satisfaction Value created

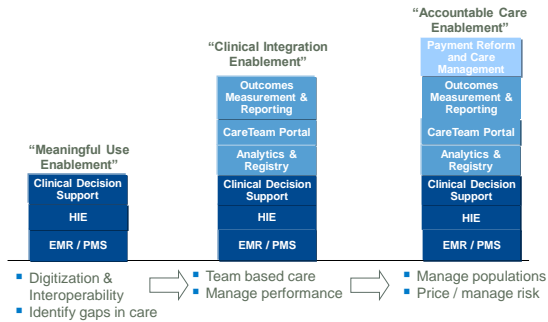


Aetna's Accountable Care Solutions (ACS)

Business Models & Capabilities



aetna™ HIE Solutions Support Provider Transitions to an Accountable Care Payment Model



10

aetna™ Connecting Providers and Patients with Powerful, Personal Technology



11

aetna™ Accountable Care Organizations: Evolution of the Capitated Models of the Past



Enabling Business Growth

12



Potential ACO Models

And these capabilities / services can be bundled to help you achieve your specific objectives. Several models that Aetna is supporting for other Health Systems are shown below.

Model	Description
A Enhanced Clinical Capabilities <i>All Payer</i>	<ul style="list-style-type: none">• Enable sharing of clinical, financial & administrative data via HIE connectivity• Apply >2K clinical rules and 27 NQF-endorsed quality measures to deliver actionable information• Stratify entire patient population by risk• Assist with workflow redesign, practice optimization & business alignment to achieve clinical integration & maximize care team productivity
B Population-Specific Collaboration <i>All Payer or Aetna-only</i>	<ul style="list-style-type: none">• Utilize case management staff and programs (e.g., end of life) to assist transition between hospital and physician practices• Optimize revenue through appropriate Medicare risk severity coding• Access actionable clinical data, analytics, & reporting on patient population through provided technology
C Private Label Health Plan	<ul style="list-style-type: none">• Use of Aetna insurance license and expertise (e.g., actuarial) to enable private label/co-branded health plan offering and manage risk• Leverage Aetna scale/operations – claims processing, customer service, call center, & care management (e.g., staff, programs, technology)

13



- Large Midwest Integrated Health Delivery System
- Over 5,000 employees
- Winner of the 2009 Malcolm Baldrige National Quality Award
- Member of Premier ACO Collaborative

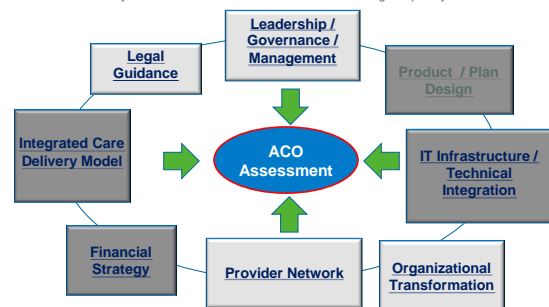
Customer Needs	Joint Support Model	Anticipated Results
<ul style="list-style-type: none">• Build ACO for Employee and Commercial in prep for 2012 CMS Demo for Medicare• Introduce a competitively price, co-branded commercial product into the market• Reduce costs w/in self insured employee population• Strengthen position as quality and innovation leader• Reduce fixed cost by 50% over next 5 years	<ul style="list-style-type: none">• Use of Heartland Health Brand on product• ActiveHealth Care management platform including staff support• HDMS Analytics• Systems integration from Medcity• Launch brand and local market sales campaign• 50/50 risk sharing agreement; up/downside risk• Tiered network	<ul style="list-style-type: none">• Tightly integrated care management and member services model• Improved patient / member satisfaction and experience• \$30 + \$30 + \$30 pmpm medical cost reductions• Significant margin for payment / incentives to physicians and for future investment• Commercial product growth• Well positioned for CMS demo projects

14



Assessment Approach - Scope:

The assessment targets evaluation of the 8 major capabilities needed to enable ACO formation – we will work with you to tailor and focus activities to the areas of highest priority and benefit

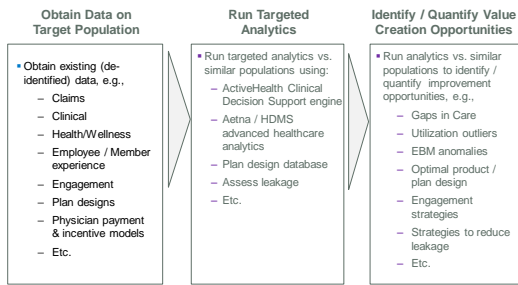


■ = focus areas

15

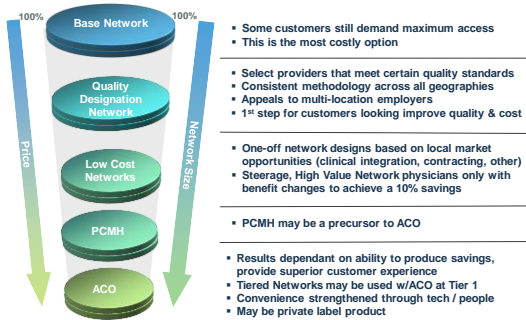
aetna™ Assessment Approach – Key Activities:

We will leverage a data driven approach to focus our efforts on opportunities to improve outcomes



16

aetna™ Platform of network solutions that enable quality and low cost...



17

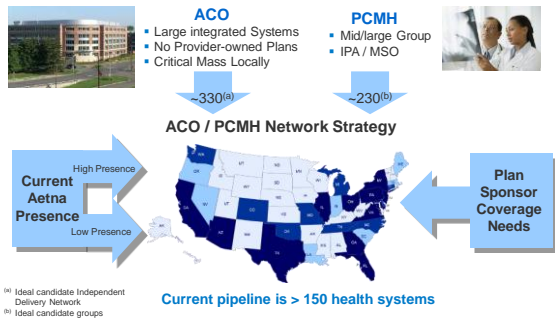
aetna™ Patient Centered Medical Homes

Promising initial results

Service or Measure	Result
ER visits	Reduced 8%
IP days	Reduced 25%
Hospital admissions	Reduced 16%
HbA1c score	<7.0, percentage of diabetic members went from 36% to 58% in a year's time
LDL score	<100, percentage of diabetic members went from 38% to 68% in a year's time
Blood pressure score	130/80, percentage of diabetic members went from 22% to 48% in a year's time

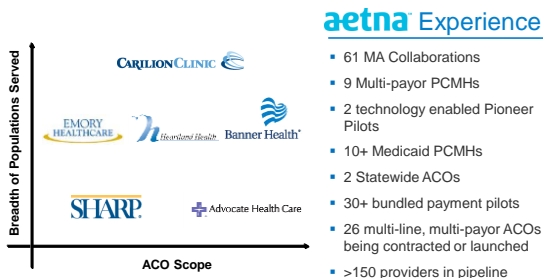
18

Aetna is aligning its Market Opportunities to its Core Business Network Strategy



19

...And on outstanding success in ACO and related collaborations



20



Why Not Achieve Triple Aim Objectives with Health System Employees?

- Leverage investments during the transition on self-funded employees
- Promote provision of care and accountability within employer or domestic environment
- Leverage employee population with ACO network (physicians) during the transition
- Document outcomes and share with the community: "How will employers in this community believe we can be responsible for improving the health status of their employees if we can't figure out how to do it on our own?"
- Experiment with performance risk
- Interest in building a high-performing, lean and healthy workforce for what lies ahead
- Hospitals have the opportunity to address the many categories of medical spend and utilization, which tends to be higher for hospital employees.
- Many health care delivery systems can better manage costs by addressing issues surfaced by examining domestic vs. foreign claims by facility location and by major diagnostic code.

21



Unique Drivers of Hospital Claims and Utilization

Aetna's Book of Business Comparison

Drivers

- Female Employee Base
- Larger Employer Cost Share
- At Work Illness Exposure
- At Work Risk To Injury
- At Work Access to Care & Consultation
- Nature of Work & Hours (Physical & Mental Stress)
- Hospital Service Steerage vs. Dr. Office
- Service Staff Barriers (Language, Education, etc)
- Limited Spouse Plan Selection

Results

- Higher Overall Claim Cost (6% PMPY) than Corporate Clients
- Higher Visits and Cost for Inpatient, Outpatient, Lab, ER, Ambulatory (10 to 40% higher)
- Fewer PCP & Specialist Visits (-10 to -4% lower)
- Higher Costs & Incidence for Women's Care Types: (Pregnancy & Childbirth +30%, Female Reproductive +28% & Newborns +43%)
- Higher Costs & Disease Prevalence among Women: Diabetes, Hypertension, etc.

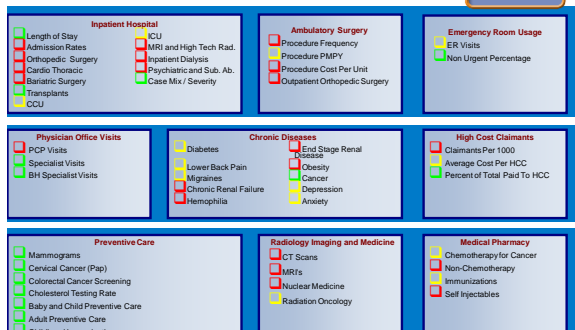


22



Hospital Segment

Performance Scorecard



Copyright © 2012 Aetna Inc.



Emergency Room Usage

Services provided in an emergency room are significantly more expensive than an alternative setting. We are monitoring the frequency and appropriate use of the ER.

Metric	HV BoB	Aetna BoB	YoY Trend (HV BoB)
Utilization Rate/1,000	225.6	194.1	1.7% increase
% Non-urgent Care ER Visits	43.2%	43.3%	0.3% decreased
Employee Cost Sharing	13.9%	19.0%	0.7% increase

ER Visits per Utilizing Member (within 12 months)	HV BoB
1 ER Visit	73.1%
2 ER Visit	18.2%
3+ ER Visit	8.7%

Inappropriate emergency room use deprives members of continuity of care, follow-up on a treatment plan, and coordination with other health care services.

Actions to Consider

Medical Homebuilding 101

- Address Accounting versus HR disconnect on waivers of ER co-pays
- Incent Preventive care visit covered at 100%
- Plan design incentive - reduced coinsurance or co-pay for minute clinics and urgent care
- Development of Patient Centered Medical Home practices

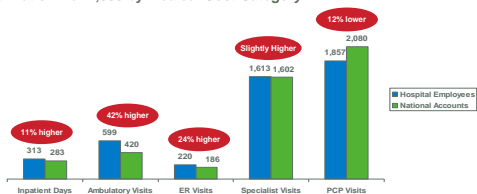
Interventions

- ER Frequent Flyer Mailer - targeted
- On-site clinic to address non-urgent care needs
- "Hot spotter" ER visitors initiative

24

aetna Challenge: How do we encourage hospital employees to use the appropriate site of service for medical care?

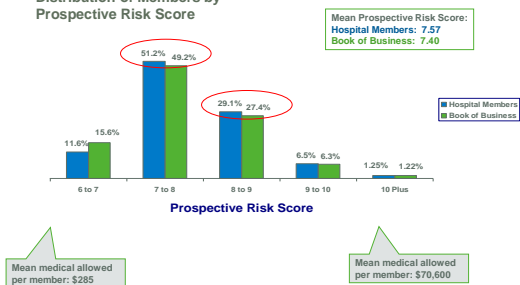
Utilization Per 1,000 by Medical Cost Category



25

aetna Higher hospital prospective risk scores, when compared to the book of business, may indicate higher future medical cost in the absence of any intervention.

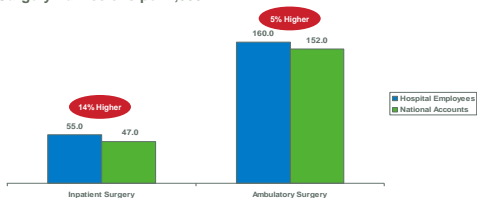
Distribution of Members by Prospective Risk Score



26

aetna Challenge: Determine why hospital employees and their families get more procedures.

Surgery Admissions per 1,000



27

Key Findings & Considerations

1. Medically homeless – Low Primary Care Provider (PCP) visit rate and High ER utilization
Consider – Incentivize Health Assessment and PCP visit. Message the value of a medical home from the CEO and promote consumer tools, Aetna App for smart phones, recommended screenings and immunizations.
2. Lifestyle related prevalence rates
Consider – Target the root cause of the disease burden & population segments. Introduce metabolic screening, tobacco free premium credit incentive, on-site and virtual nutrition, fitness and stress reduction supports.
3. Inpatient outliers – maternity, imaging, and surgery cost and utilization for Cardiac, Orthopedic and Bariatric procedures
Consider – Maternity and radiology management programs, consumer tool promotion, Aetna App for smart phones and preference sensitive care.
4. Increase in prevalence of depression, anxiety and migraines with an increase in inpatient psychiatric and substance abuse admissions
Consider – Communicate employee assistance and behavioral health offerings and evaluate for care coordination and community supports such as the National Alliance on Mental Illness.
5. Ambulatory outliers – procedure frequency and cost for cardiac, gastrointestinal and orthopedics
Consider – Message the value of care directed by a personal physician. Metabolic syndrome incentive.

28

aetna What can Employers do today to prepare for the future?

- 1 Move away from open access Fee for Service (FFS) to actively fostering Fee for Value (FFV).
- 2 Take advantage of narrower network steerage products available today like Aetna's Aexcel, Choose & Save and Centers of Excellence programs.
- 3 Help members better understand and use their benefits by using tools such as Aetna Benefit Advisor and Cost Estimators.
- 4 Continue to monitor ACO development relative to your employee census location. Pilot ACO when available.
- 5 Stay informed – Aetna will continue to provide counsel on the evolving Health Care landscape.

Have You Thought About:

- Which employee locations would be pilot candidates?
- Are you ready to embrace this change for a distinct group of your employees?
- Are you willing to adopt benefit plan designs that drive steerage and accountability?
- Are you willing to make an investment for future shared savings?
- Are you ready to move from 'fee for service' to 'fee for value'?

Members win through better health and savings.
Employers win through lower costs.

29

aetna Price, Brand, Benefit Design and Services will Increasingly Drive Buying Behavior through Reform

Sort plans by: Benefits Package

Show Plans. Then choose up to 3 to compare. Click Continue at bottom.

You've Selected:
Benefits Package:
☒ Bronze
☐ Silver
☐ Gold

Narrow Your Plans by:
Monthly Cost: Less than \$200 (11)
Greater than \$200 (1)
Annual Deductible: \$250 - \$500 (1)

Plan	Monthly Cost	Annual Deductible	Annual Out of Pocket Max	Doctor Visit	Emergency Room	Hospital Stay
Bronze Low Benefits Package 5 plans available Show Plans - About Bronze Low	as low as \$213	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	annual deduction less than \$25 copy	annual deduction less than \$100 copy	annual deduction less than \$100 copy
PRIME Care	\$212.86					
Health Net	\$239.46					
Health Net	\$268.96					
UnitedHealthcare	\$299.71					
Cigna	\$304.00					
Bronze Medium Benefits Package 5 plans available Show Plans - About Bronze Medium	as low as \$232	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$30 copy	\$10 copy	annual deduction less than \$100 copy
Bronze High Benefits Package 5 plans available Show Plans - About Bronze High	as low as \$223	\$250 (ind.) \$500 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$25 copy	\$15 copy	annual deduction less than \$100 copy

Illustrative

30



Future State of Health Care



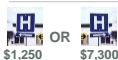
Payment Reform

Shifting incentives from volume to outcomes



Transparency Tools

Lifting the veil to improve value and accountability



Benefit and Plan Design Strategies

Optimizing health care quality and total cost



Wellness & Consumer Engagement

Engaging individuals with incentives and consumer-friendly tools



Health Information Technology

Utilizing technology to improve quality & control cost

31



Questions and Answers

Deborah Lantzy-Talpos, R.N.

248-840-9047

Lantzy-TalposD@Aetna.com





Aetna Hospital Solutions

1. Flexibility and experience in meeting unique needs of hospital employers
2. A strong focus on the employee and member experience
3. Collaborating with the health system employer

We offer a flexible approach with the scale, reach and resources of a national organization. Our hospital customers are employers that:

- Value employee retention
- Focus on quality and service, both in their business and in their employee benefits
- Recognize the value of improving the health status of their employees
- Implement strategies to lower health benefits costs
- Desire an integrated and efficient insurance benefits plan that complements domestic programs

33
