



INTEGRATING THE CLINICAL AND BUSINESS LENSES

Baldwin Wallace Health Care MBA Program Panel Discussion

Oct. 17, 2016



MEDICAL MUTUAL®

Ohio's Health Insurance Since 1934

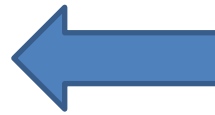
Multiple Issues and Trends

■ Healthcare Marketplace Trends

- ▶ **Costs**

- ▶ **System Impact**

- ▶ **Value Based Contracting**



*Today's
discussion*

- Private and Public Insurance Exchanges

- Transparency

- ▶ Employer Index Pricing

- New Non-traditional Insurance Entrants

- ▶ Retail

- ▶ Providers

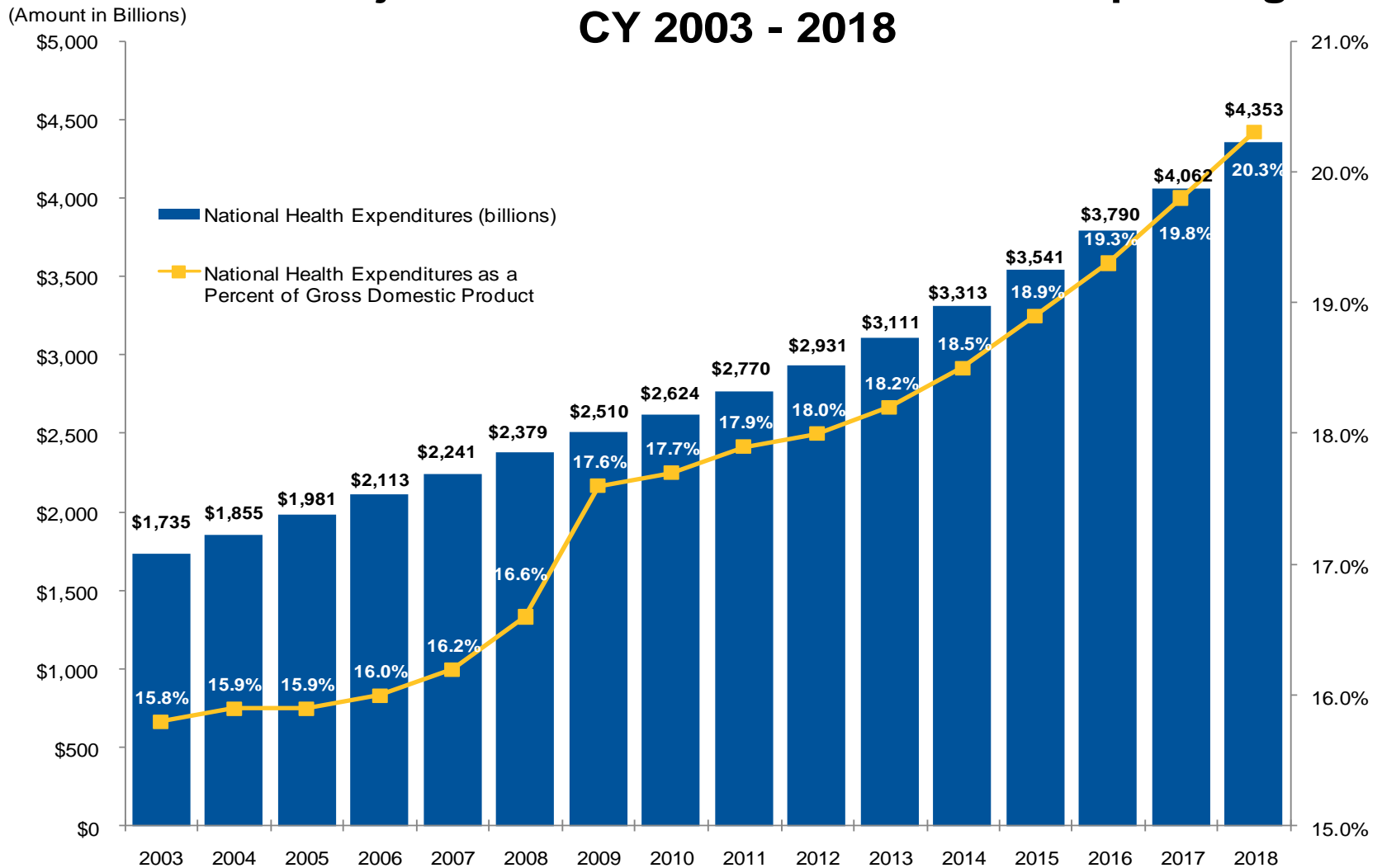
- Population Health Clinical Impact – The Move to Value Based Payments

- ▶ Clinical Integration

- Narrow Networks

Healthcare Spending Growing Out of Control

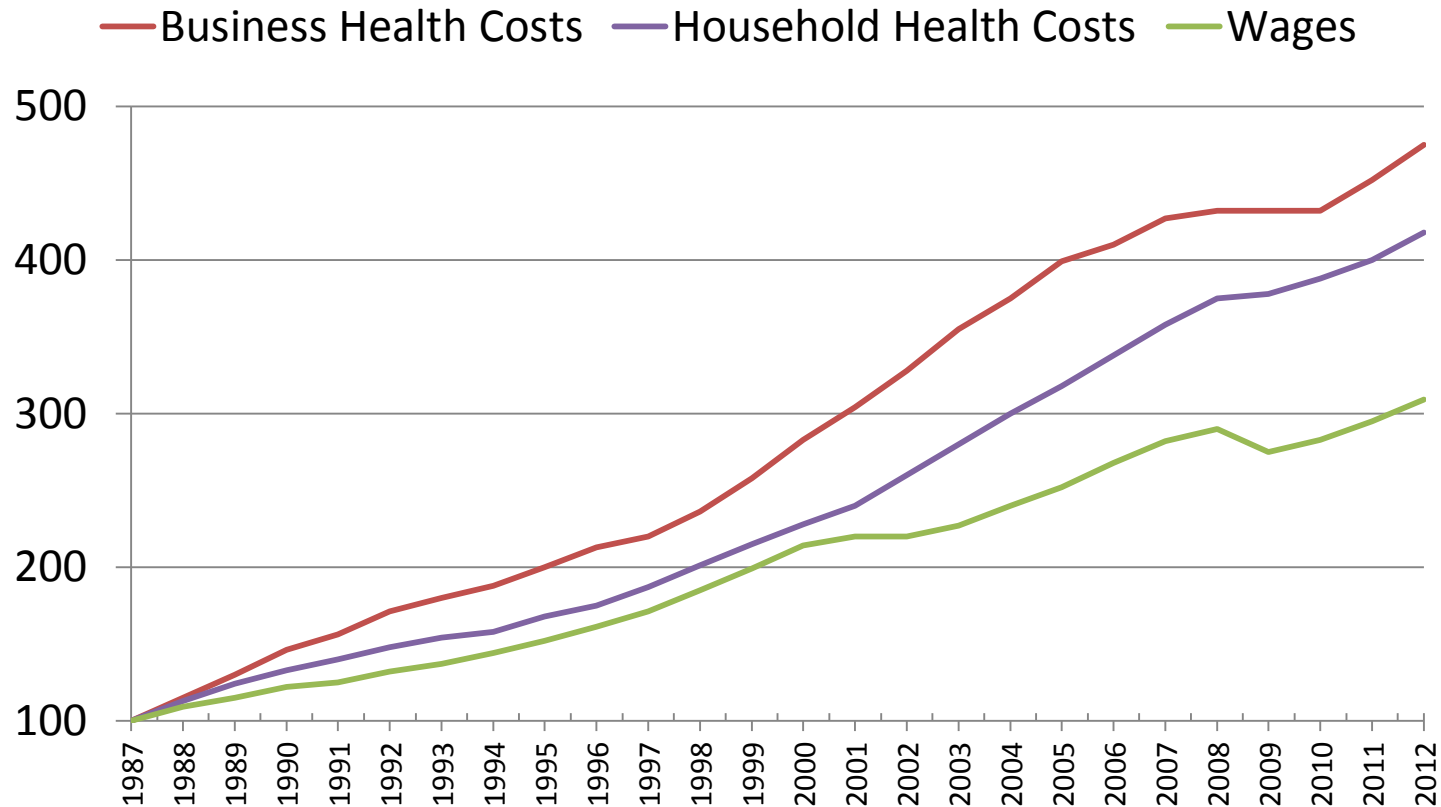
CMS Projections for National Healthcare Spending CY 2003 - 2018



Source: Centers for Medicaid & Medicare Services - NHE Projections 2008-2018, Forecast Summary and Selected Tables

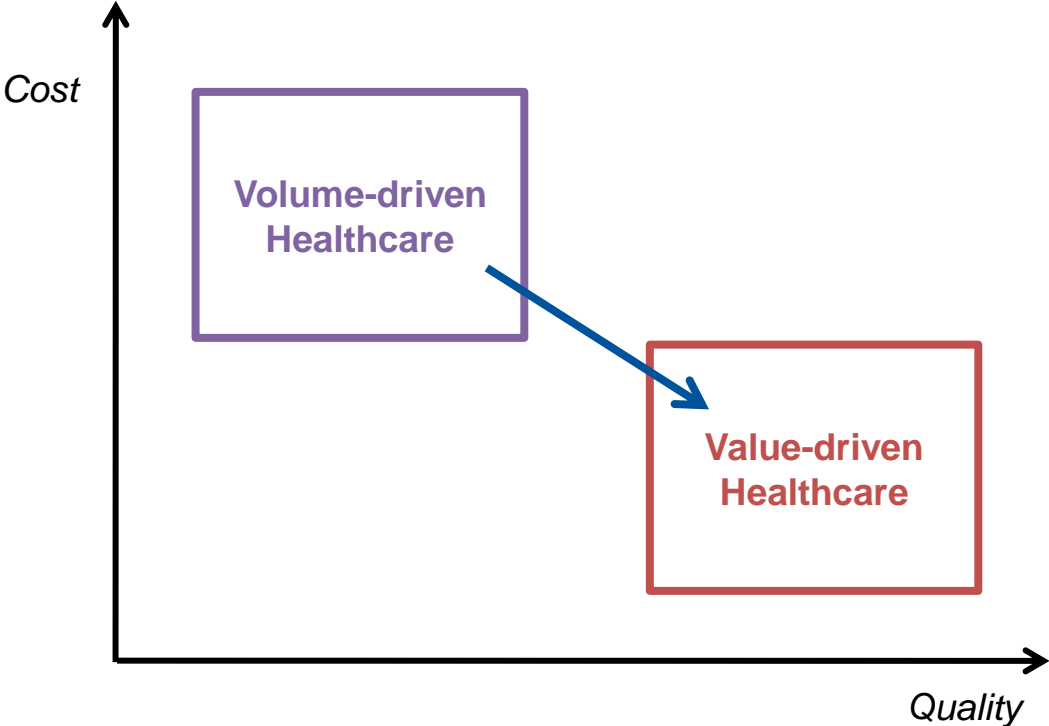
Health Costs Are Eating Up Wages

Medical spending by companies and families is rising faster than salaries.



Transitioning Payments

From Volume-driven to Value-driven

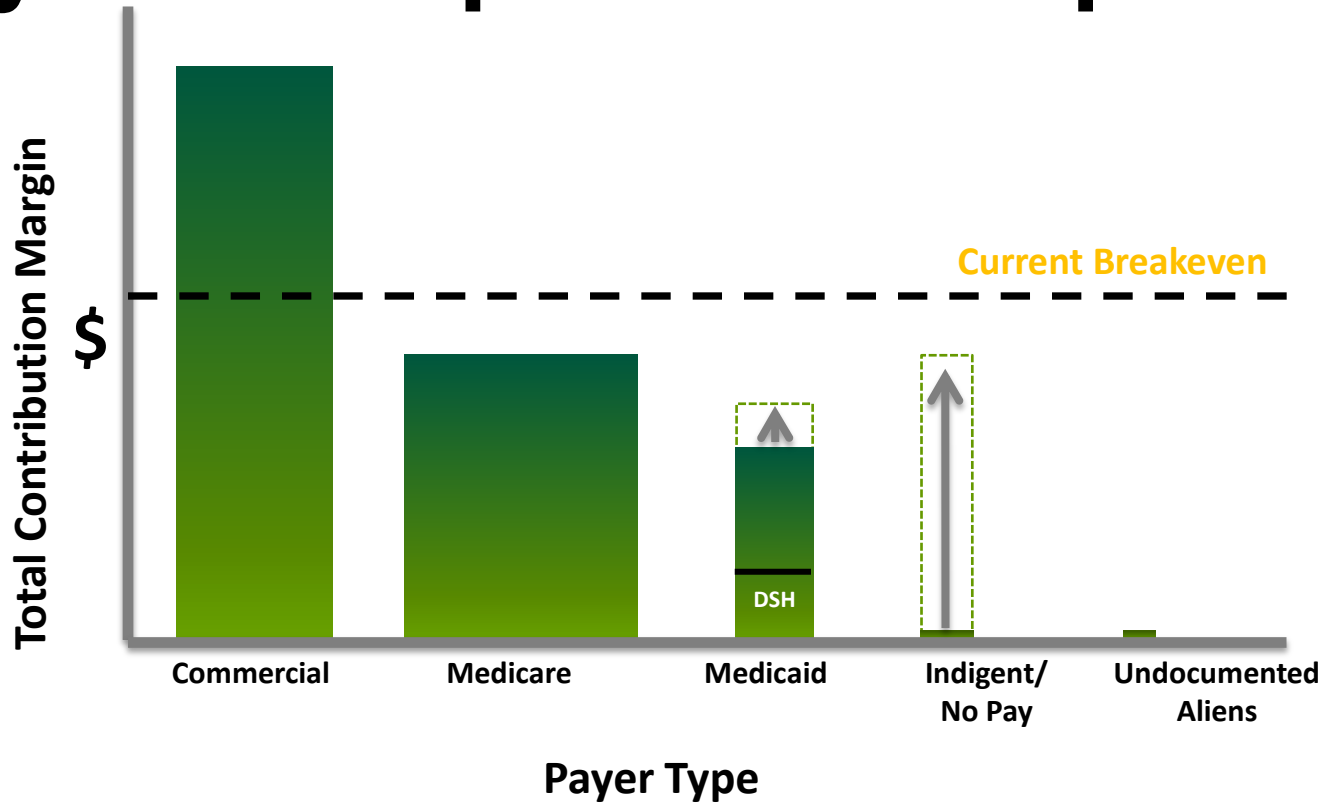


Haven't We Done This Before?

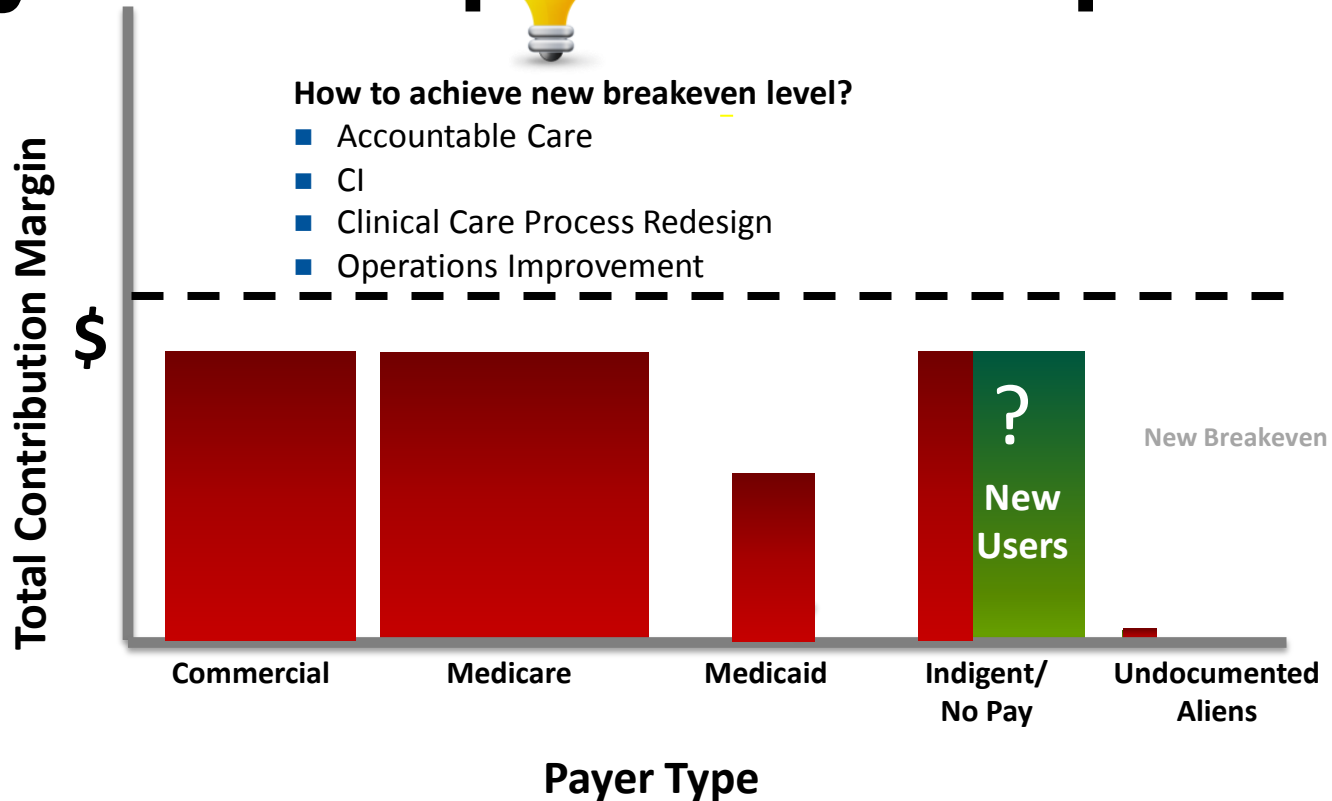
	1990's Era Insurance Driven	ACA-Era Provider Driven
Economics	Discounts	Contracts at Current Price
	Withholds	Incentives
Management	Lower Utilization	Appropriate Utilization
	Prevention	Management of Chronic Disease
	Patients Enroll and then Gatekeeper	Attribution/Relationships and then Coordination
Market	Booming Economy	Recession
	Limited Informatics	Robust Informatics



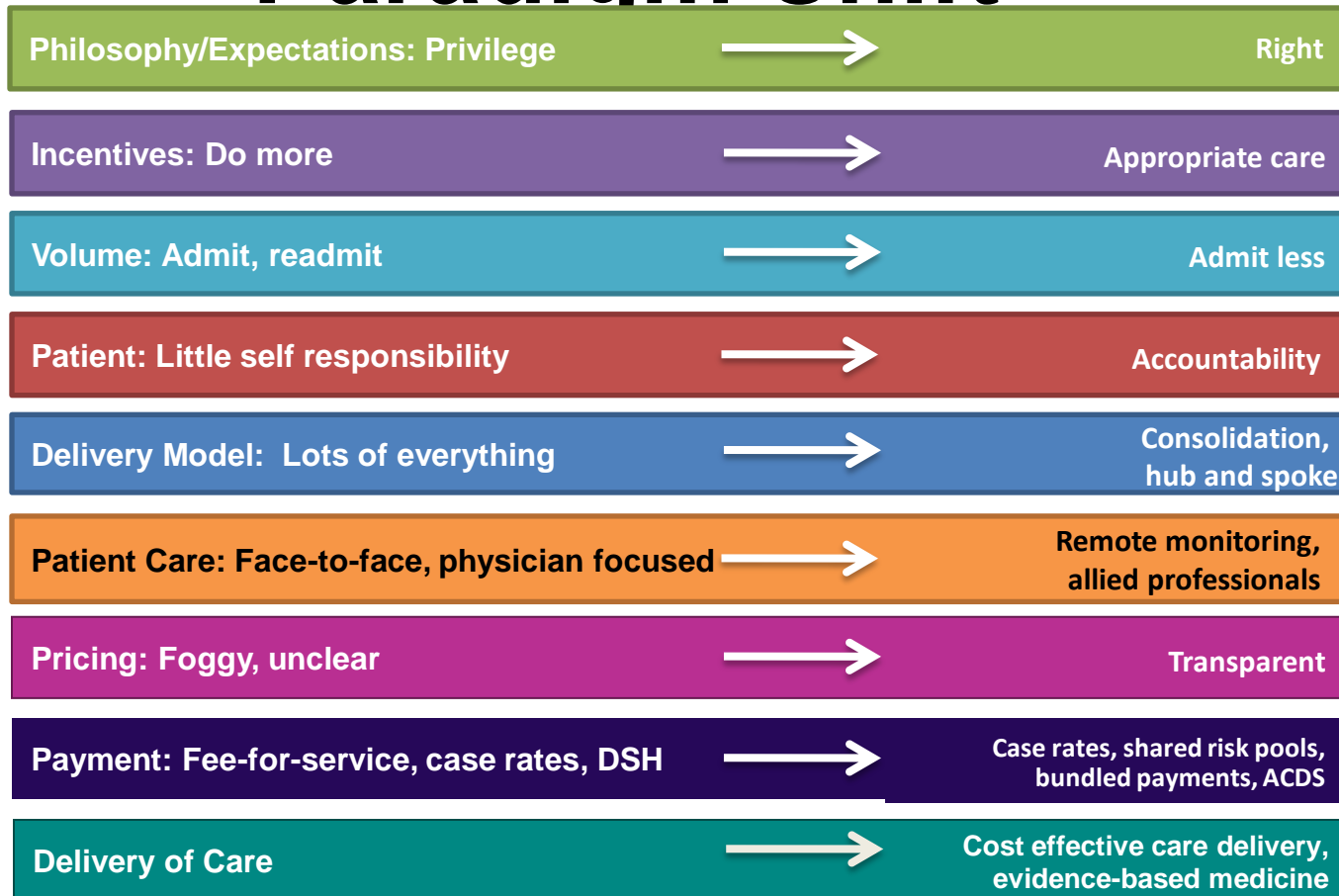
Payment Impact on Hospitals



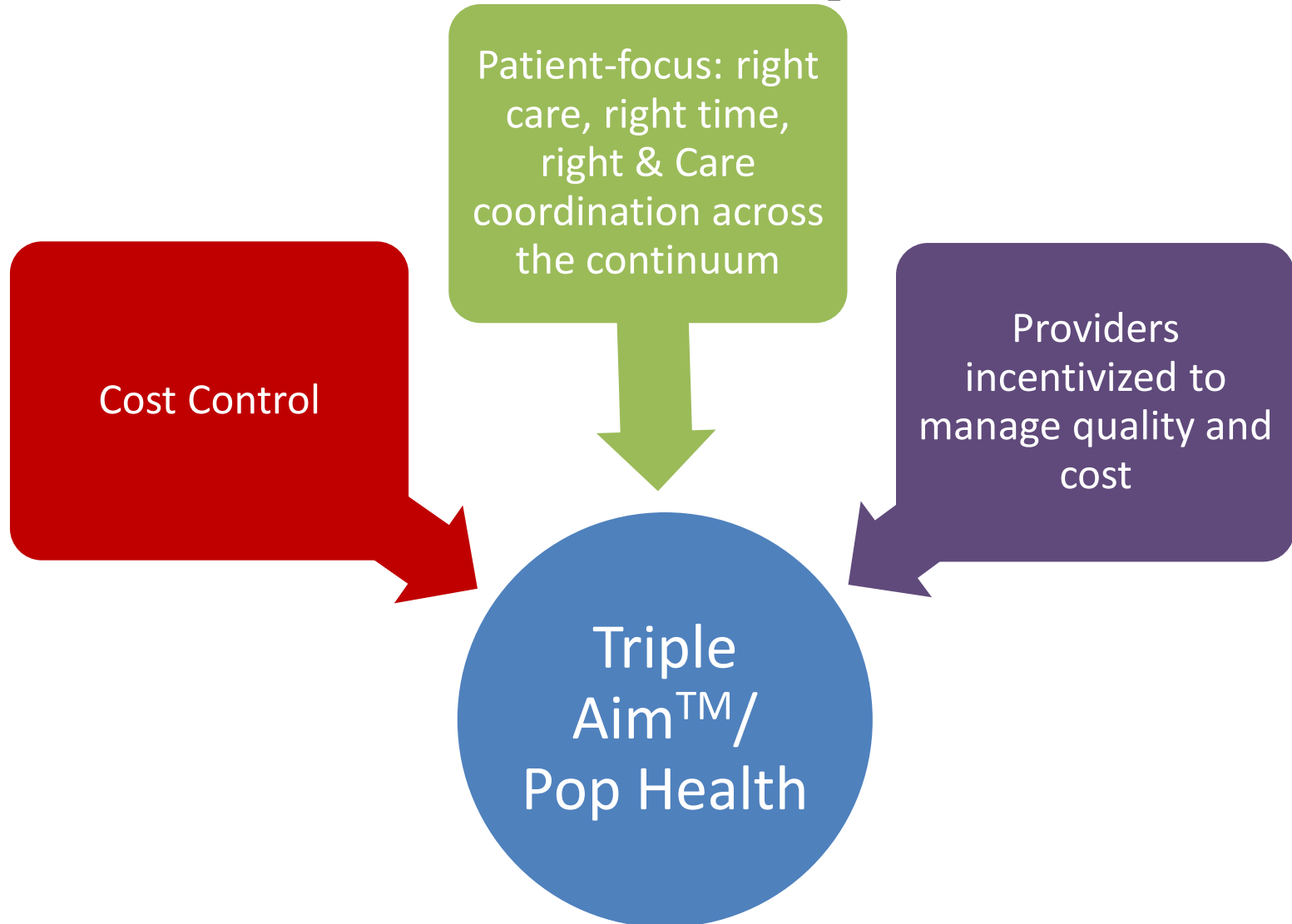
Payment Impact on Hospitals



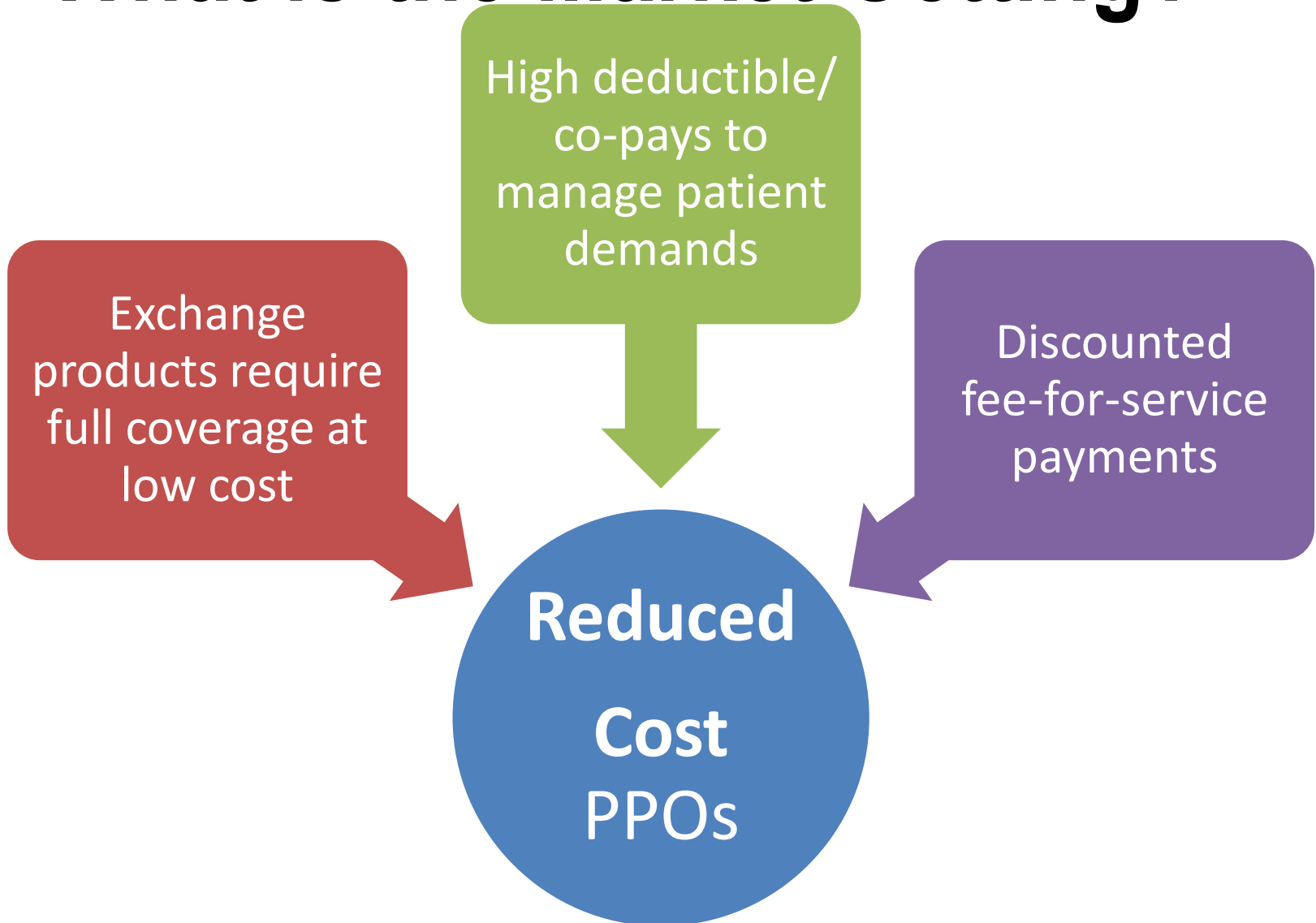
Paradigm Shift



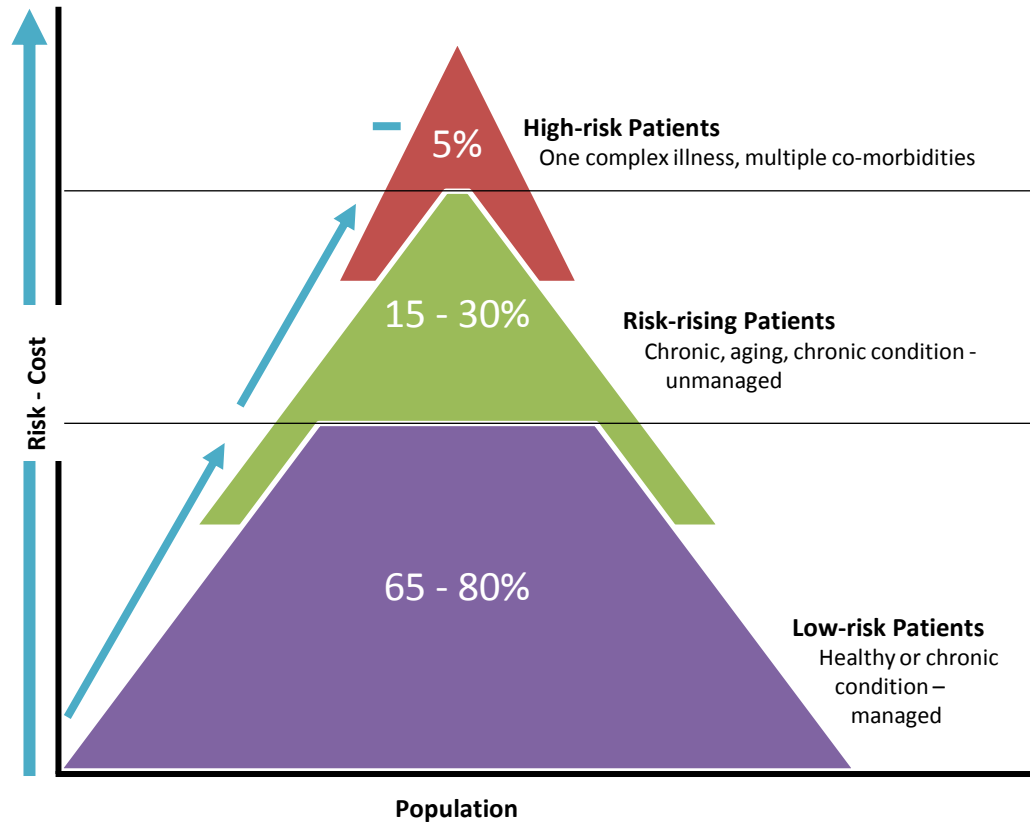
What Does the Marketplace Want?



What is the Market Getting?



Population Care Management: Risk

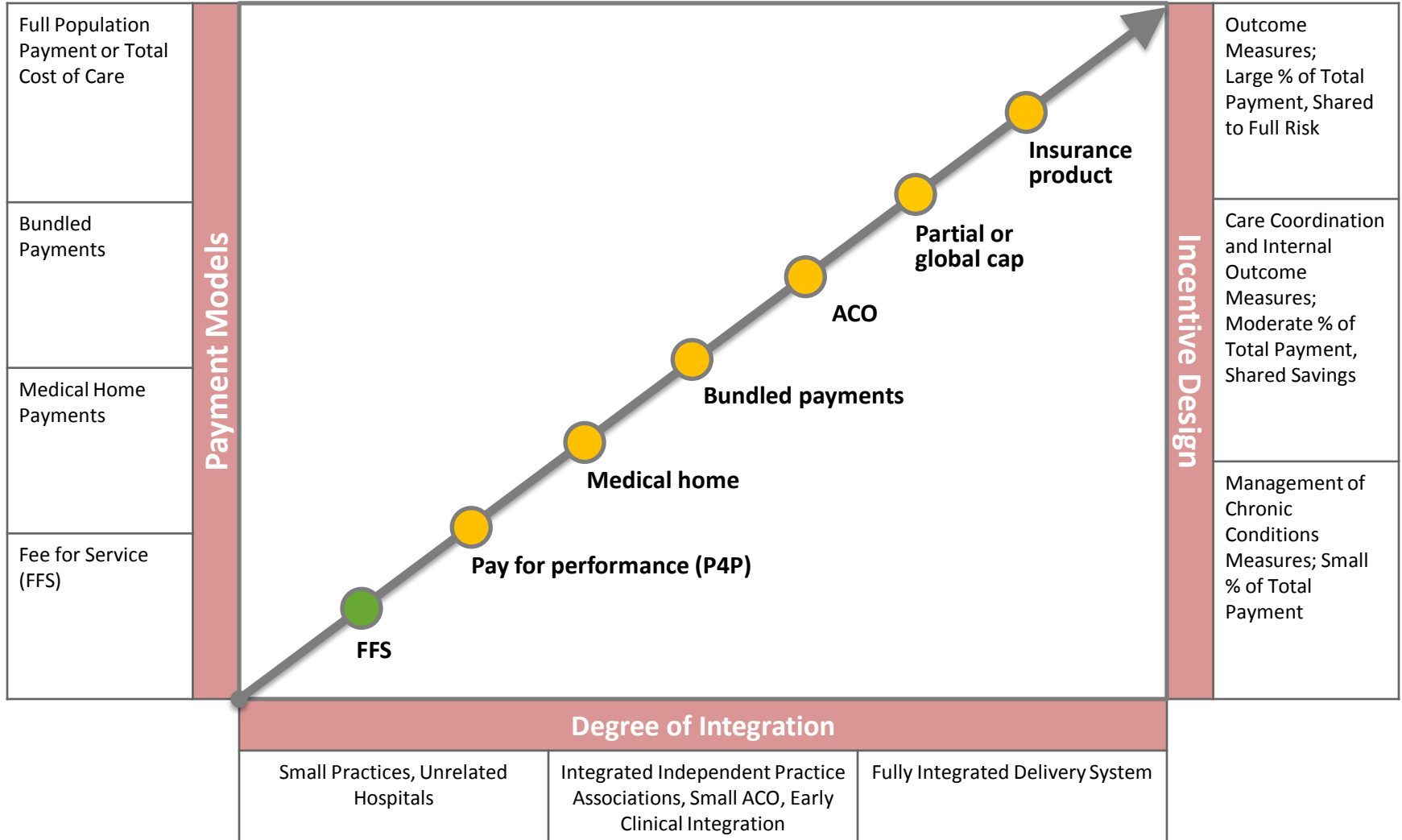


Selected Risk Sharing Partners (VBC Expansion Future)

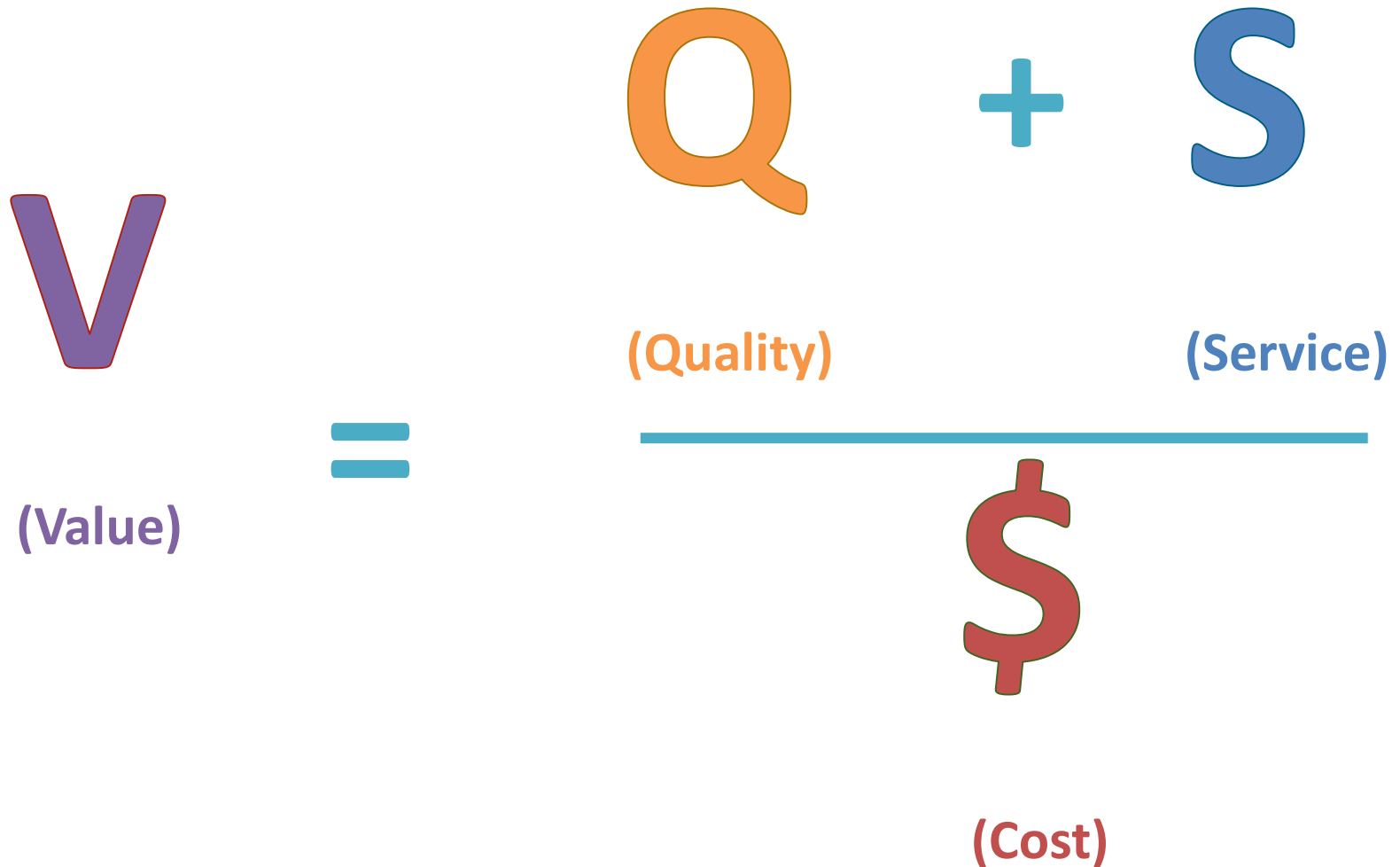
- Follow the Money:
 - Aligning Incentives for Clinical Outcomes Success
- Payer Only
- Payer Provider Relationship
- Provider Assumes Risk
- Provider and Hospital Performance Review Process



Value Payment Progression



Provider Value Equation



The diagram illustrates the Provider Value Equation as a fraction. The numerator consists of the letter 'Q' (Quality) in orange and the letter 'S' (Service) in blue, separated by a plus sign. The denominator consists of a red dollar sign (\$) representing Cost. The entire equation is set against a white background with a light blue border.

$$\text{V (Value)} = \frac{\text{Q (Quality)} + \text{S (Service)}}{\text{\$ (Cost)}}$$

Why Is It Important?

- Organizations assuming risk for populations based on overall performance
- Majority of healthcare dollars are spent by a small percentage of population
 - 80/20 rule
- Risk stratification helps care managers organize their workflow and task activities
- Focus high intensity services on high risk populations
- Rapid increase in the need to risk stratify
 - Healthcare reform
 - Rising costs
 - Prevalence of chronic diseases



Critical Success Factors

- Integrated **clinical management** infrastructure (e.g., care management capability and acute case management with hospitalists)
- **Commit the resources** required for timely and successful execution (capital, IT infrastructure, physicians, network development, human capital/time)
- Create and adhere to a **prioritized operational action plan** for implementation, with clear timeframes, measures, and accountabilities
- **Disseminate actionable and meaningful data** quickly and transparently to drive decision-making and accountability
- Develop a **unified culture that breaks down silos** and achieves buy-in through collaborative decision-making



Why Now?

- **Why disrupt a business model that is working for us now?**
 - It may be working for you, but it is likely that local employers and other payers are seeking a solution to their rising healthcare costs – if you are not a willing participant, they will find someone who will be.
- **Can't we just wait until we see the market change?**
 - It has already changed...Medicare, Medicaid, competitors (both health system and provider groups), other payers, employers have already implemented new models.
 - Transitioning to the “new world” takes time – a new culture must be created, and new capabilities must be developed.
- **We are the market leader; why can't we control the pace of change?**
 - You may not even see the change agent coming: competitor(s) outside your market, employer, payer, retail, technology.

“If past history was all there was to the game, the richest people would be librarians.”

Warren Buffett

