Provider-Sponsored and Plan-Provider Joint Ventured Medicare Advantage Plans

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May 17, 2018

Today's Agenda

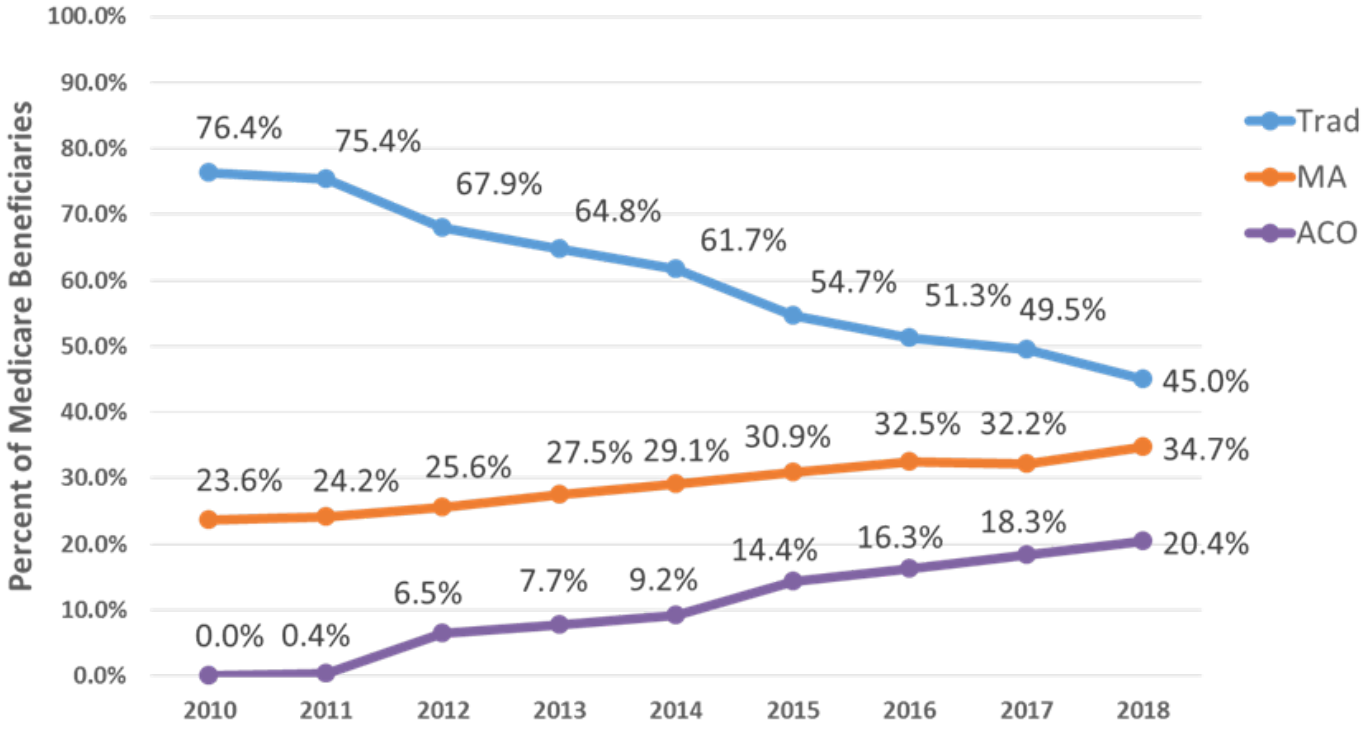
- Overview/Introductions
- Overview presentations
  - Allan Baumgarten, MD, JD
  - Scott Seymour, ASA
  - Steve Neorr
- Discussion
- Questions

MA: A Growing Opportunity for Health Systems

National MA market and Medicare demographic trends, the policy environment, and health system market dynamics point to Medicare Advantage as the next frontier for value based payment opportunities.

Health systems are uniquely positioned to drive value for MA plans, and should optimize that opportunity through VBP arrangements.

Trend: Fee for Service Population Health Management



Sources:

FFS data for 11/2017#: 38.5 M https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/Medicare-Enrollment/Enrollment%20Dashboard.html
ACO 2018 #: 10.5M https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Downloads/SSP-2018-Fast-Facts.pdf
MA data for 12/2017: 19.8M https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Monthly-Contract-and-Enrollment-Summary-Report.html

Health System Value Proposition: The Medicare Consumer Buying Decision

Cost of Fee for Service vs Medicare Advantage

Fee for Service	Monthly Premium	Medicare Advantage
Part B Premium	$134	$0
Medicare Supplement Premium	$205.25	
Part D plan	$71.00	
Total:	$410.25 monthly	$0
Annual Premium Expense	$4923.00 Annual Premium	$0 Annual Premium (Maximum out of Pocket $6700.00)

Lower income Medicare Beneficiaries choose Medicare Advantage because premiums for Fee for Service coverage are cost prohibitive

Notes: 1) Lowest cost Plan F from a well known insurer. 2) PDP with most enrollment in a sample county. 3) MAPD plan with highest enrollment in a sample county.

Medicare Advantage Provider Participation Alternatives

- MA Plan Owner
- Joint venture with MA plan (co-branded)
- Risk Contracts:
  - ✓ one sided risk/shared savings (upside only)
  - ✓ two sided risk
  - ✓ sub-capitation
- Fee For Service contract
- Non participation

Health System Value Proposition: Conclusion

- **Rising popularity:**
  - ~50% of all Baby Boomers are currently choosing MA
  - MA is attractive to the chronically ill – 66% of MA beneficiaries (vs 34% in FFS) have at least one chronic condition.
- **Driving Factors:**
  - **Growth of Medicare:** ~10,000 new beneficiaries join Medicare each day.
  - **The aging population:** beneficiaries are living longer and exhausting assets and turn to MA
  - **Critical Mass:** 35% of all Medicare beneficiaries are in an MA plan.
  - **Political sentiment and budget stability:** Both political parties agree on the benefits of risk transference to the private sector as it relates to Medicare Budget stability.
  - **Upside potential of MA compared to MSSP:** control of capitation revenue via risk score and stars score bonus.
  - **Well managed plans can improve pricing and attract market share:** CMS bid process levels the playing field. Plans that can outperform the competition on MA performance metrics(Risk Score, Star Score, Medical Loss Ratio) can bid a more competitive price and plan design.
  - **Provider Sponsored Plans(PSP) local brand encouraging enrollment into their narrow high performing network:**

Sources: Forbes: https://www.forbes.com/sites/kpmg/2017/01/09/the-rising-popularity-of-medicare-advantage/#41300b173613
Academy Health: http://www.academyhealth.org/blog/2017-03/explaining-growth-medicare-advantage
Huffington Post: https://www.huffingtonpost.com/entry/baby-boomers-falling-short-on-their-retirement-savings_us_599ad61de4b03b5e472cf12b

Summary/Questions

Provider-Health Insurer Joint Ventures:

Opportunities and Challenges

Allan Baumgarten

May 17, 2018

Provider-Sponsored Health Plans

- New cohort of provider-sponsored plans since 2010
  - Seeking to capitalize on ACA opportunities
  - Focus population health efforts
- Four strategies
  - Building from scratch
  - Acquire existing plan
  - Evolve from PPO network or Medicare ACO
  - Joint venture

Selecting Joint Venture Partners

- Dominant local provider systems
- Market where largest health plan is non-profit Blue Cross Blue Shield or similar plan
- Openness to increased risk sharing

New Provider-Sponsored Plans: Challenges and Results

- Hard times for start-ups, especially for individual plans
  --Risk adjustment and risk corridor problems
  --Competition from formidable insurers
- Ability to deliver on the value proposition – health systems that thought that starting a health plan would accelerate progress to better care management
- Alignment of system employed and affiliated providers
- Plans that shut down or dropped lines of business

Provider-Sponsored Medicare Advantage plans

- Largest plans and market share
- Star ratings
- Recent growth
- Results for new plans

Joint Ventures for Medicare Advantage

- Three approaches:
  - New licensed insurer – examples of Care N' Care, Allina-Aetna, HealthPartners-UnityPoint
  - Private label/narrow network product – examples of Cleveland Clinic and Humana and Anthem
  - Provider partnerships – example of Bright Health and Arizona Care Network, Centura Health in Colorado

Joint Venture Medicare Advantage – New Insurers

- Aetna and Inova: Aetna and Allina
- HealthPartners and UnityPoint
- Care N’ Care and Cone Health/Triad Healthcare Network
- Newest: Hartford HealthCare and Tufts Health Plan

Opportunities and Challenges for Joint Ventures

- Why form a joint venture?
  - Share/mitigate risk of losses, capital contributions
  - Limit investment needed to build/rent administrative machinery
  - Capitalize on warmer feelings for providers
  - Develop products and bring to market more quickly
- What issues must be addressed?
  - Different languages and cultures
  - Division of responsibilities, including care management
  - Difficulty in pricing products
- How have new plans fallen short?
  - Over-project risk profile, revenues
  - Lack of data to support enhanced RAF scores

For further information

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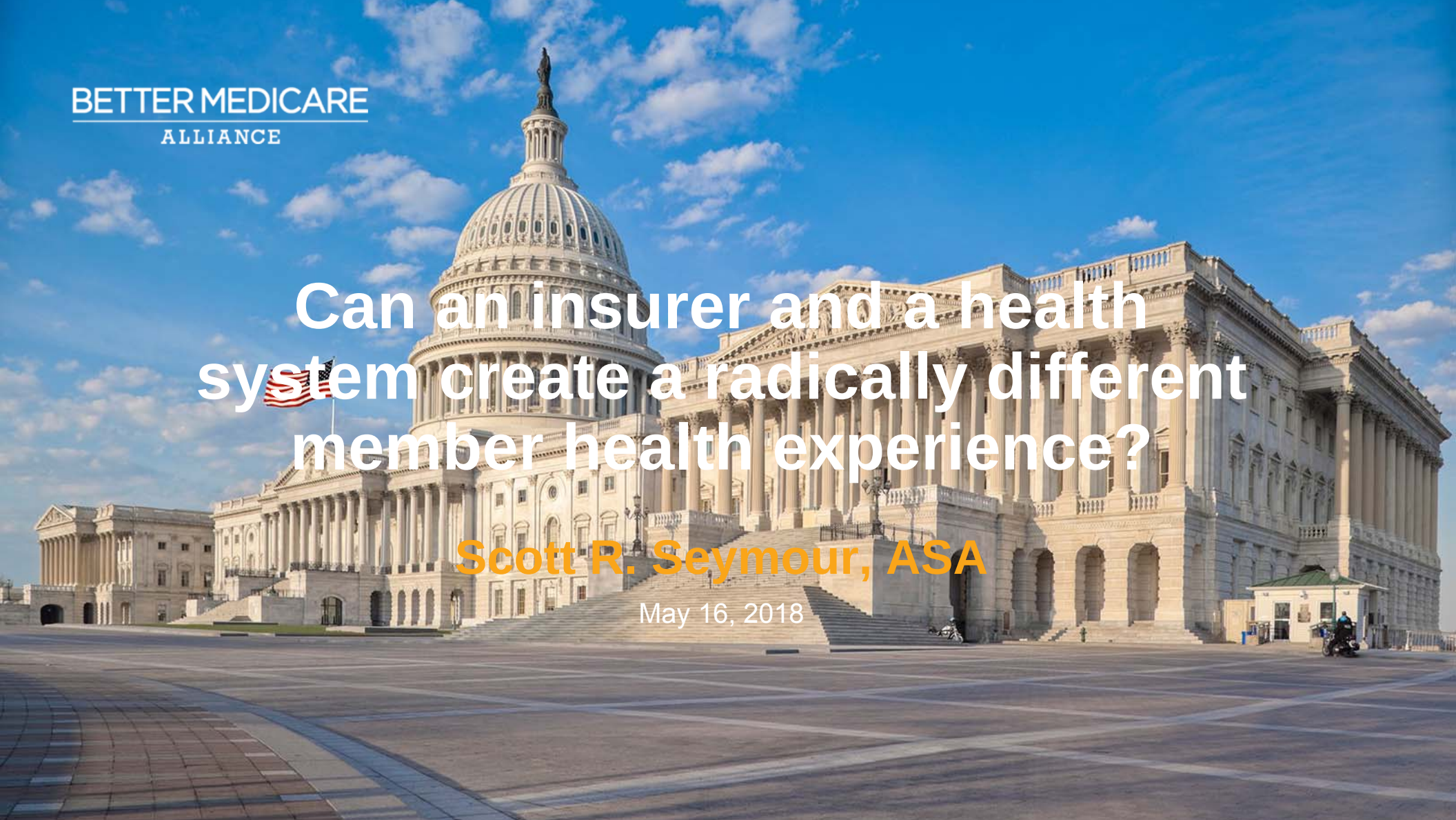
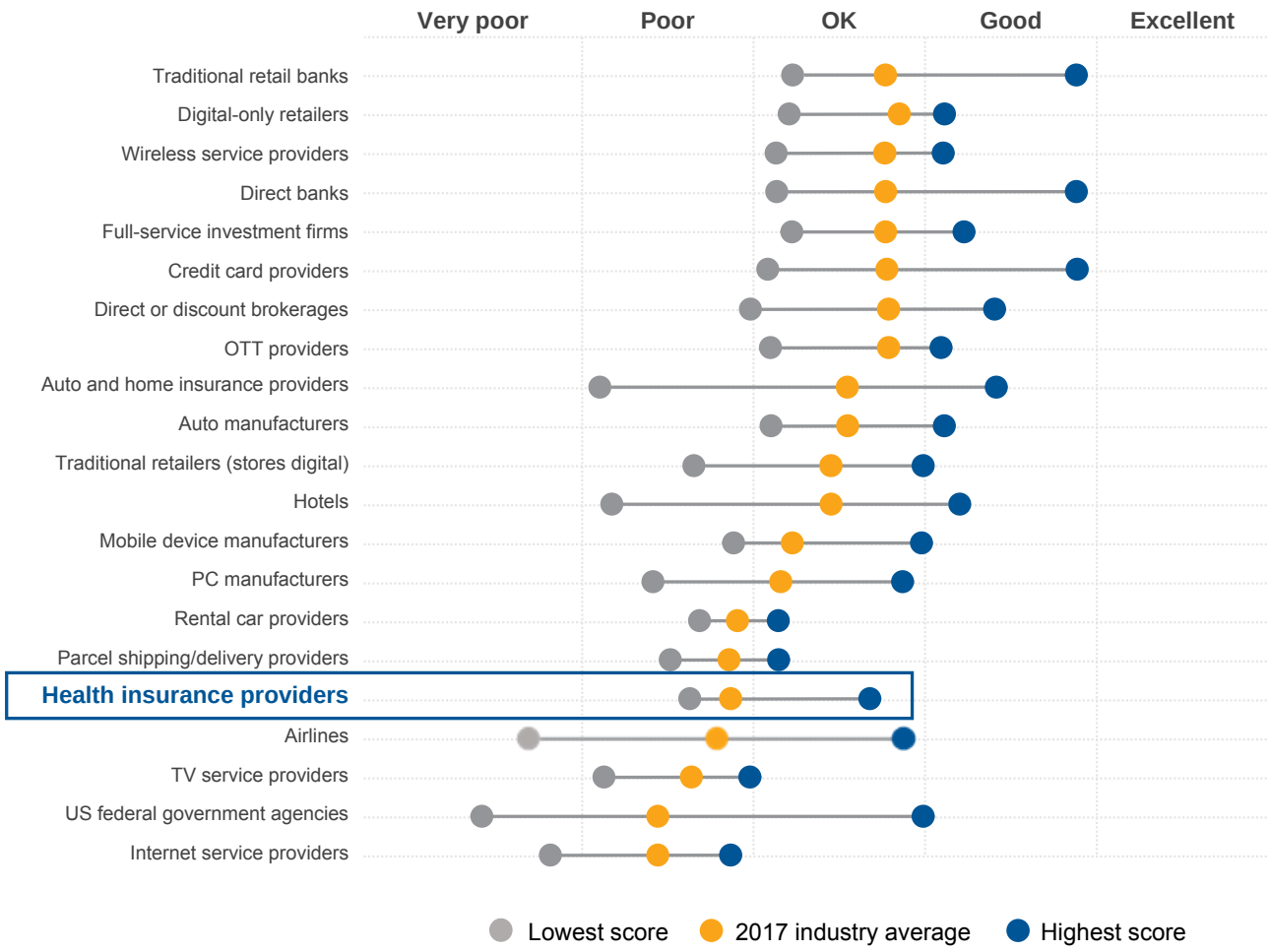
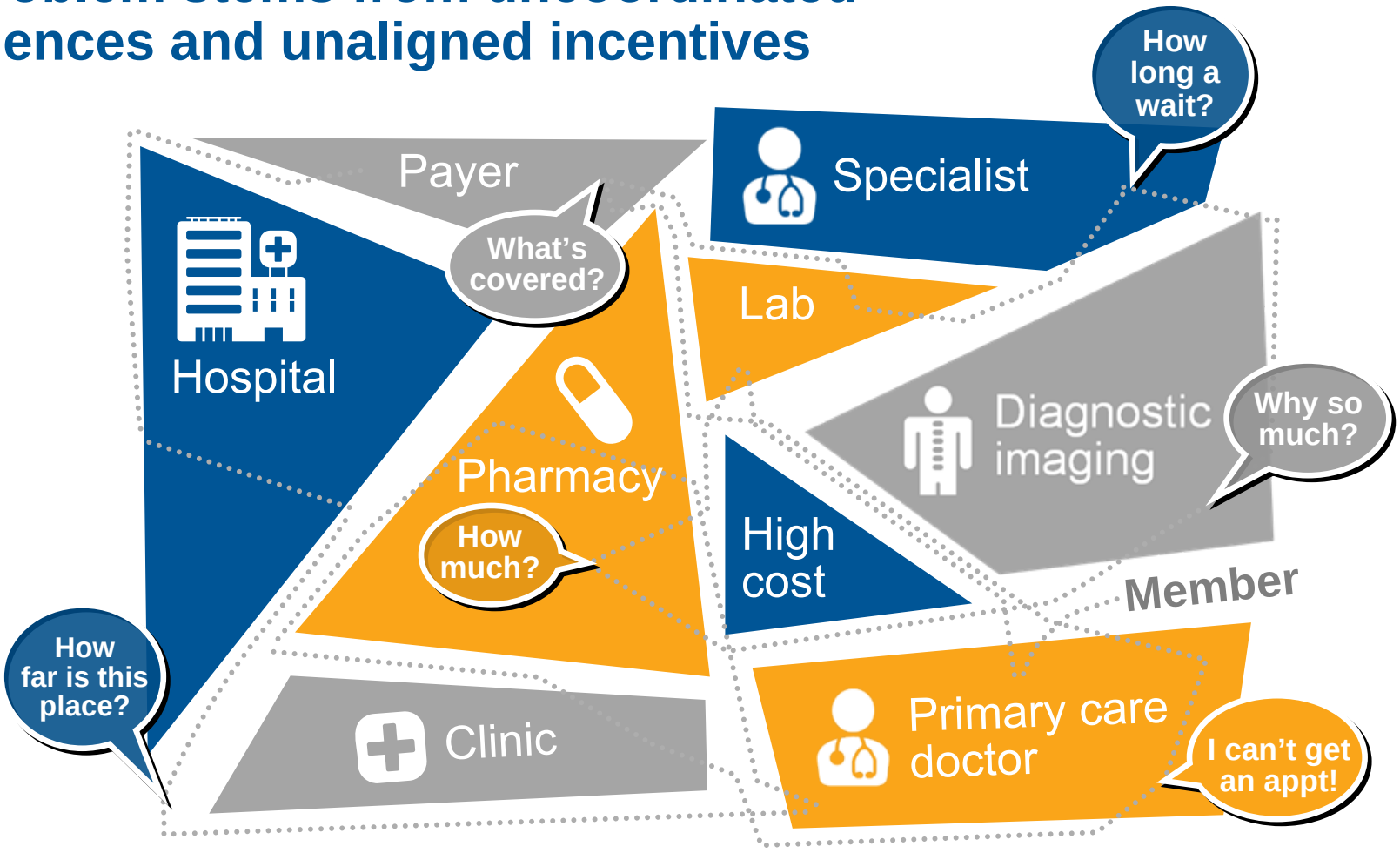

BETTER MEDICARE
ALLIANCE
Can an insurer and a health system create a radically different member health experience?
Scott R. Seymour, ASA
May 16, 2018

The disconnected payer-provider model of health care delivery continues to disappoint consumers



Source: Forrester Data Customer Experience Index Online Survey, US Consumers 2017
Base: 118,992 US online consumers (18+) who interacted with a specific brand within the past 12 months

The problem stems from uncoordinated experiences and unaligned incentives



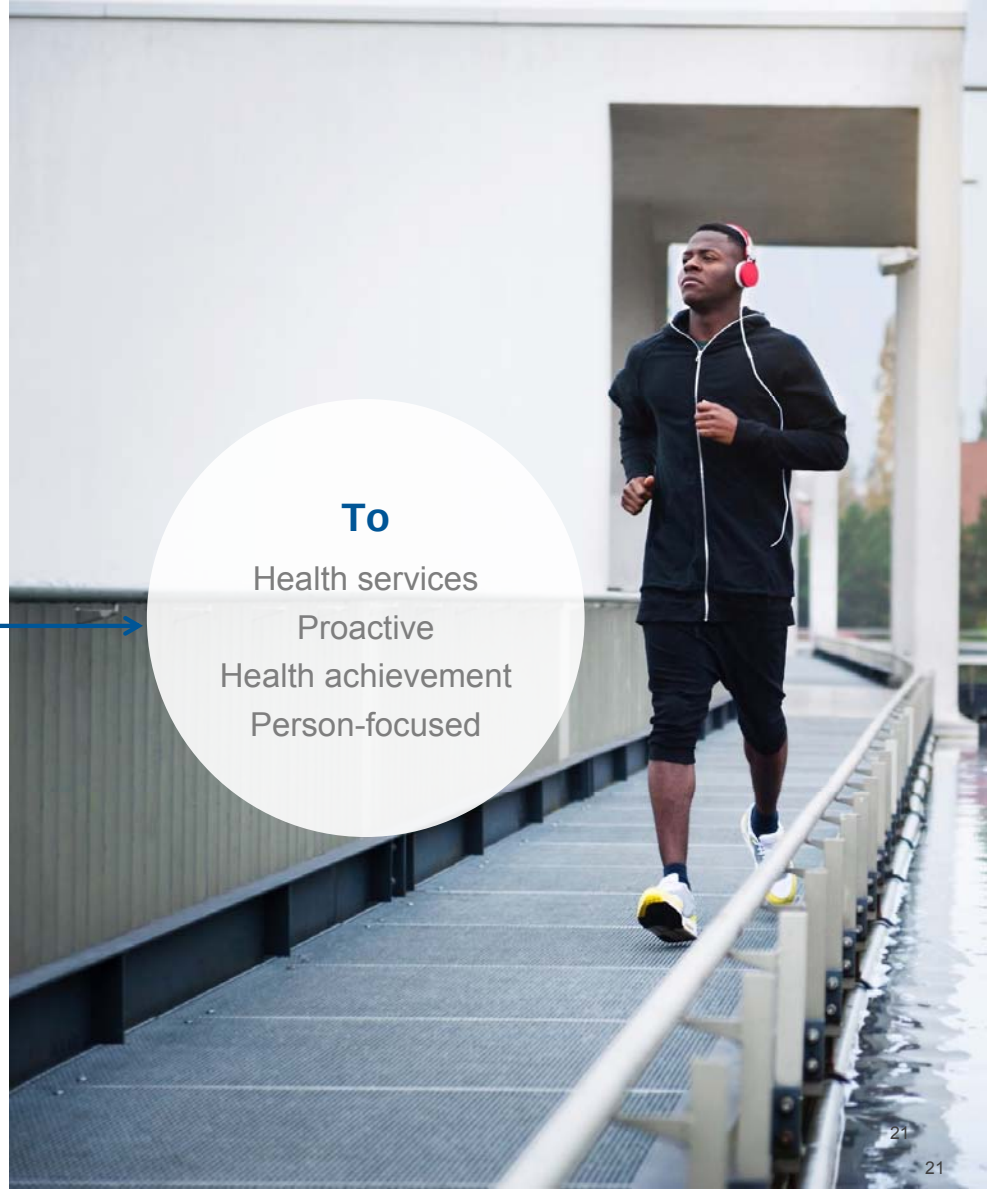
A new approach: We join our members in their pursuit of health

From

Health insurance
Reactive
Health security
System-focused

To

Health services
Proactive
Health achievement
Person-focused



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It all starts with engagement

Engagement means behavior change…

For members and **care providers**.

We value our VBC physicians because they know what motivates patients to achieve their health goals

Physicians in VBC models:

50%

say having adequate time to understand patient health habits and health goals has a high impact on patients, compared to just 33% of physicians who are not in involved in VBC models

70%

often or always recommend that their patients have health goals, compared to only 54% of physicians who are not involved in VBC models

64%

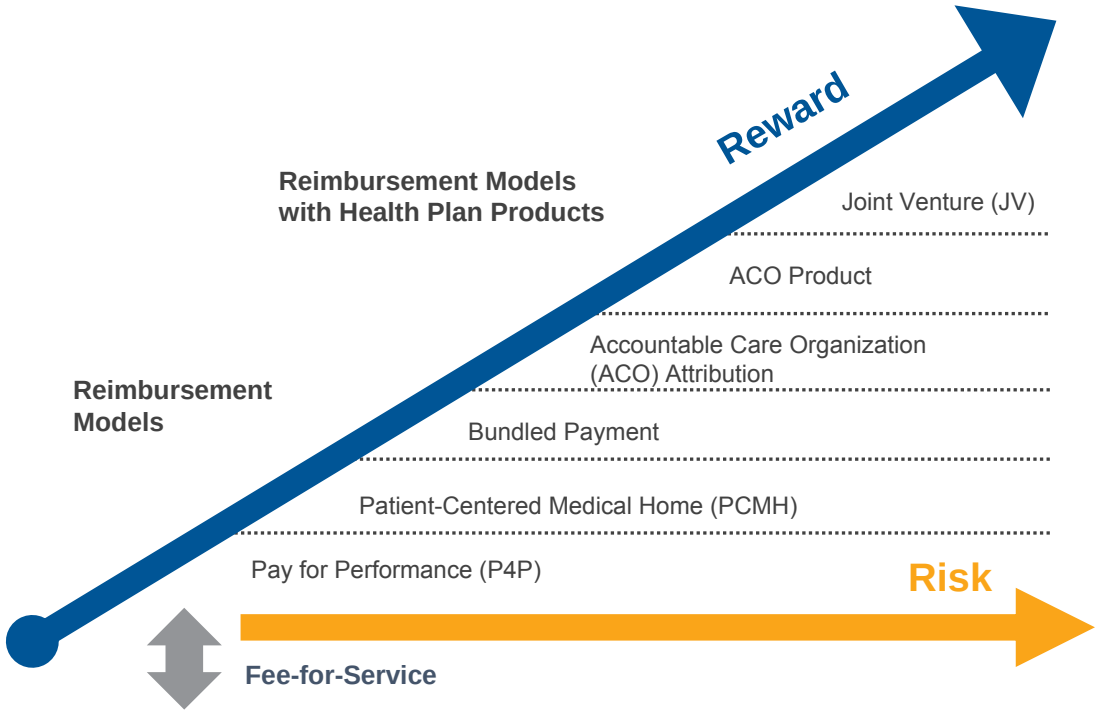
believe the impact of VBC on the overall health of their patients will be very or somewhat favorable

Results based on Aetna's 2018 Health Ambitions Study

Our portfolio of value-based programs

A multi-year plan to convert our entire network to value – based payment

With a glide path designed to leave no providers out



A Joint Venture is distinctly different

It fundamentally changes and aligns incentives so that all motivations are driven by one objective – helping members achieve their health ambitions

Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna).

This material is for information only. Health benefits and health insurance plans contain exclusions and limitations. Health information programs provide general health information and are not a substitute for diagnosis or treatment by a physician or other health care professional. Providers are independent contractors and are not agents of Aetna. Provider participation may change without notice. Aetna does not provide care or guarantee access to health services. Information is believed to be accurate as of the production date; however, it is subject to change.

For more information about Aetna plans, refer to **www.aetna.com.**

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BETTER MEDICARE ALLIANCE

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May 17, 2018

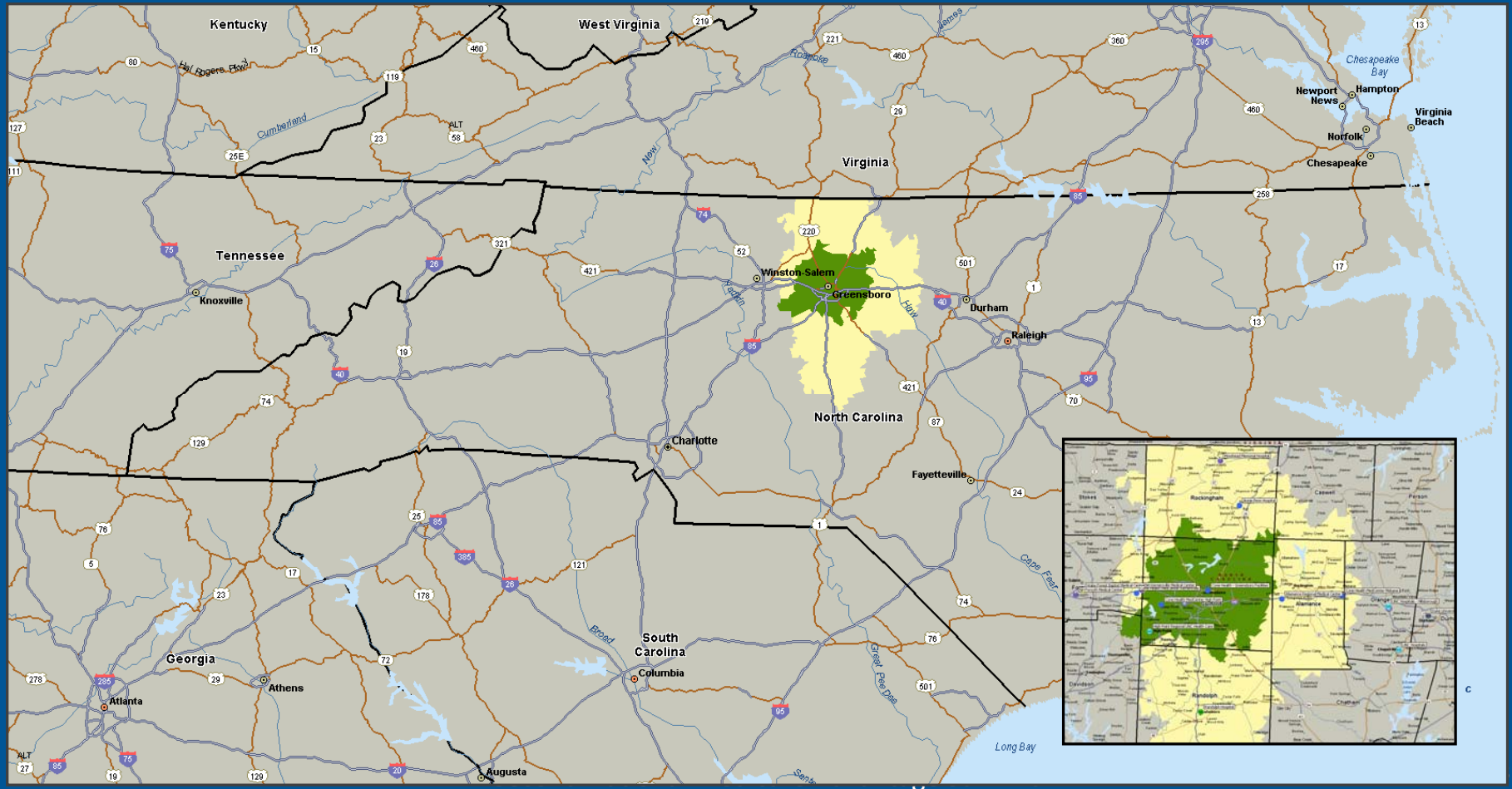
Steve Neorr
Chief Administrative Officer, THN
Chief Executive Officer, HTA

Triad HealthCare Network
Physicians Partnering with CONE HEALTH

Second National Medicare Advantage Summit

healthteam advantage℠

Triad HealthCare Network
Market/Location



Triad HealthCare Network
History and Overview

- Began as a 20-member physician-led steering committee in fall 2010
- Developed over eight months as collaboration between independent and employed community physicians and Cone Health
- Formed officially in 2011 as a Clinically Integrated Network serving the Piedmont Triad area; Approved as a Medicare Shared Savings Program ACO in June 2012 (40,000+ beneficiaries)
- Is an affiliate of the Cone Health System, but governance and operations is led and driven by physicians

Triad HealthCare Network
Structure and Membership (as of April 2018)

- 1,200+ Affiliated physicians representing 100+ entities across four counties
  - 500 employed by Cone/ARMC
  - 60% independent community physicians
  - 40+ EHR platforms
- 400+ Primary Care Physicians (Adult and Peds)
- Cone Health Facilities
  - 6 Hospitals - 1,254 Acute Care Beds
  - 3 Ambulatory Surgery Centers and 1 Endoscopy Center
  - 2 Nursing Homes – 221 Beds
  - 3 Freestanding Ambulatory Care Campuses, Inc a Freestanding ED

Triad HealthCare Network
Evolution Towards Risk

- 2012 – Medicare Shared Savings Program (Track 1)
- 2014 – Converted Humana Medicare Advantage (MA) agreement to full capitated risk
- 2016 – Next Generation ACO program at 100% risk
- 2016 – Launched own Medicare Advantage insurance product – HealthTeam Advantage
- 2017 – Converted United MA agreement to full risk
- 2017 – Cigna Commercial ACO
- 2018 – United and Aetna Commercial ACO

Triad HealthCare Network

Current Contracts

- Next Generation ACO [1] 30,000
- Cone Health employees/dependents [2] 18,000
- United Medicare Advantage [3] 11,000
- Humana Medicare Advantage [4] 12,000
- HealthTeam Advantage PPO MA [5] 14,000
- Cigna Commercial ACO[6] 9,500

94,500 Members

[1] One of 51 Next Gen ACOs in the country selected by CMS in 2018; Take 100% risk
[2] Provide case management, disease management, wellness services
[3] Converted to full risk 1/1/17
[4] Take full global capitated risk on 10,000 Humana HMO Gold members; Shared savings agreement on 2,000 Humana Medicare Advantage PPO
[5] Take capitated professional risk; Cone-based MA plan launched 1/1/16
[6] Effective 10/1/17; Upside savings only; No risk

Triad HealthCare Network
2016 Next Generation ACO Results

ACO Name	Total Aligned Beneficiaries[1]	Total Benchmark Expenditures[2, 3]	Total Actual Expenditures for Aligned Beneficiaries	Total Benchmark Expenditures Minus Total Aligned Beneficiary Expenditures[4]	Total Benchmark Minus Aligned Beneficiary Expenditures as % of Total Benchmark[5]	Earned Shared Savings Payments/Owe Losses[6]
Baroma	26,839	$409,714,191	$394,083,864	$15,630,327	3.8%	$12,254,177
THN	**27,780**	**$265,825,827**	**$254,870,817**	**$10,955,011**	**4.1%**	**$10,735,910**
Iowa Health	67,919	$615,801,716	$602,373,441	$13,428,275	2.2%	$10,527,767
Trinity Health	52,104	$561,821,289	$553,493,134	$8,328,156	1.5%	$6,529,274
Deaconess	30,189	$320,393,172	$313,097,853	$7,295,319	2.3%	$5,719,530

- **Triad Healthcare Network (THN) Was Number Two (2) Of All NGACOS For Total Shared Savings With A Savings Of $10.7 Million.**
    - (However, it is important to note that the #1 NGACO had a benchmark of over $15,000 as compared to ours, which was about $9,500.)
- **THN was number (1) in the country for Total Savings Percentage with a savings rate of 4.1%**

HealthTeam Advantage Overview

- Launched January 2016 in four Triad counties
- Offer 2 PPO Plans – $0 premium; $57 premium
- Did not co-brand with Cone Health; Focused on “Physician led and directed” and “Local physicians”
- Originally partnered with third party; took over 100% Jan 2018
- High Medicare Advantage penetration in area – 54%
  - Originally projected 1,500 members in year 1 – enrolled 6,500
  - 90% sales through broker network
- Current membership: 14,300; 14% market share – 3rd behind United and Humana
- Potential expansion in nine counties in 2019