

Moving from Volume to Value

Initial Challenge

It all started when a large unionized employer struggling to contain healthcare costs presented their challenge and asked for solutions. A high cost, volume driven health system with dominant market share was optimizing revenue through rich benefits often accessed through their hospital emergency room. The employer's goals were aggressive and requirements challenging. They sought clinical alternatives, which would save \$575 per case, and could win support from 25,000 organized employees and their families. These members would resist reduction to benefits, limits on choice of providers, or increases to premium contributions, reduced wages or moving from full to part-time hours. Transparency and wellness programs had unrealized ROI and little meaningful consumer engagement.

Emergency Medical Home Conceived

In order to rapidly achieve the goals; Partnera developed a strategy for Emergency Room diversion by combining an innovative freestanding facility for emergency and unscheduled care with creative contracting and member engagement to develop what has become the Emergency Medical Home (EMH).

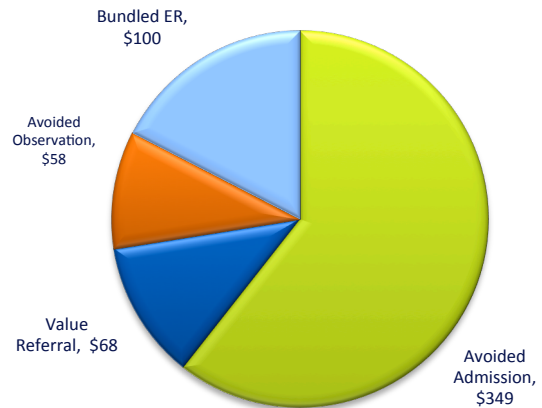
Key Challenges & Objectives:

- Develop an alternative to high cost fee-for-service
- Gain consumer support
- Achieve \$575 annual savings per employee

Partnera's partner, Crucial Care is a successful operator of the physician office equivalent of a hospital Emergency Room. They are capable of handling everything from broken bones and flu to heart attack and stroke and charge global fees based on severity. One fee includes lab, x-ray and observation...services that typically make up most of the utilization billed in an ER visit.

By providing an alternative to the "front door" into volume oriented health systems, the Emergency Medical Home cost-effectively addresses high-acuity visits, reduces inappropriate ER use, and avoids unnecessary hospital admissions. Importantly, when referrals and/or admissions are required, EMH refers to other value-based providers, which supports employer, union and health system alignment. Finally, we contracted with the health network (local Blues Plan) for seamless integration into the employer's existing benefit design and administrative agreement.

\$575 Savings Per Case: How We Got There



Results

EMH reduced cost and improved quality without asking consumers to compromise their healthcare experience, network choice or level of benefits. Crucial Care Emergency Physicians achieved 19-minute door-to-doctor time and 99% customer satisfaction. Hospital admission rates were 5% vs. typical hospital ER admission rates of 15-20%. Due to union buy-in, members initiated their own internal awareness efforts. With high-acuity cases now driven to the EMH and a value-based health system.

Need for Healthcare Value Exchange Emerges

Our work with the Emergency Medical Home and efforts in the market to implement value-based initiatives (Clinically Integrated Networks, Accountable Care Organizations, Bundled Payments for Care Improvement) suggested there was no market for value-based care outside of an insurance contract or Medicare/Medicaid. Value-based care was being delivered but the savings were wrapped in the actuarial risk associated with the health of certain populations.



Partnera saw the need and launched the Healthcare Value Exchange (HVEX) to create a marketplace for value-based healthcare independent of insurance or benefit plan sponsors. The platform connects value-based healthcare initiatives to plan sponsors and their members to accelerate the adoption of value-based care.


Additional Value Offerings – Beyond the EMH

The Partnera consulting and analytics team were tasked with identifying additional value buried within a larger network. The challenge: could we find additional savings that could be marketed on the HVEX. If so, we could help the markets we serve move more quickly to value-based care. And, HVEX could become another channel for value-based providers to market their services directly to plan sponsors and consumers. We thought this was critical given the slow adoption of value-based payment models over traditional fee-for-service.

At launch, three additional service categories proved to have value-based offers that could be documented in the form of plan savings.

HVEX Value-Offer	Savings/Event
Imaging Site of Service and # Tests	\$1,025.22
Home or OP Infusion Therapy	\$199.90
Primary Care Medical Home	\$108.87
Weighted Average	\$380.65

Medical Imaging & Diagnostic Services



Overview
Reduced copay at Reno Diagnostic Centers for common medical imaging and diagnostic services, such as x-rays, PET scans and MRIs.

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Bundled savings offers for Orthopedic Services, Cardiology and Cancer Care will be offered Q4-2016. While the frequency of these events is lower, the savings per event based on best practices and lower complications and readmissions are significant.

Health-Savvy: How We Engage the Consumer

Health-Savvy Shared Savings® Program helps individuals steer themselves to value-based providers within their network in order to receive a portion of the savings back in cash. While this helps offset out-of-pocket benefit costs, we do this without triggering any change to benefit design; the result is lower healthcare costs for all, without compromising care quality, narrowing network choice or stripping benefits.

Health-Savvy is voluntary. The fact +90% of consumers register after hearing about the program is compelling. Since launch percent participation has grown steadily:

Key Learning & Consumer Insights

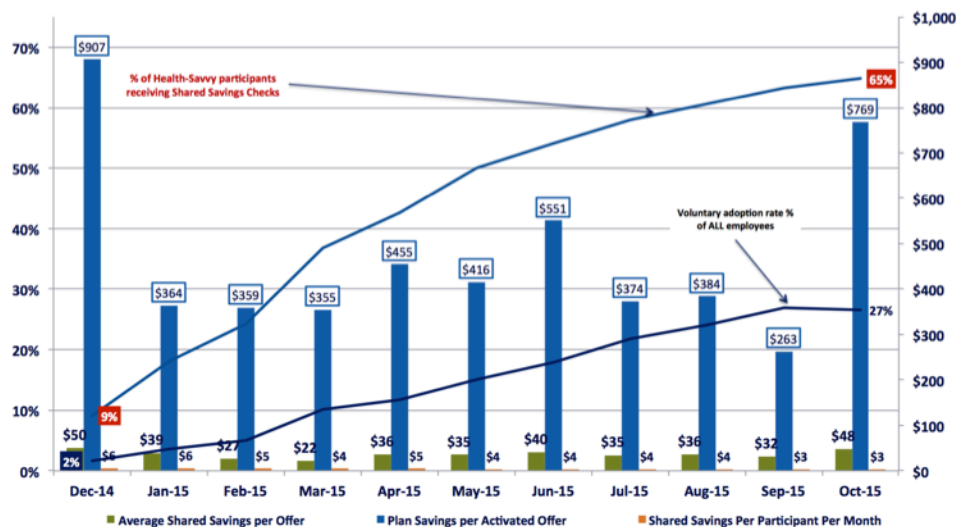
Offers that reduce or eliminate co-pay will influence choice of provider: The value proposition of “eliminated co-pays” and “reduced out-of-pocket expenses” was powerful with members. A large number stated the elimination or reduction of out-of-pocket expenses would absolutely affect their decision about providers.

Health-Savvy message and value proposition validated by members: 100% of the reaction was positive. We heard responses like “You’ve got to be kidding me – that’s awesome”, “That’s a sweet deal” and “That’s the Holy Grail.” With many employees, their registration felt enthusiastic, not just willing. Many shared anecdotes about getting or needing an MRI.

Education and trust pre-empt consumer’s natural suspicion: There was little skepticism or suspicion about why the program was being offered, what the employer motivation might be, or how it worked. For those who did inquire why, when framed around x-rays or MRIs in a freestanding center vs. a more expensive hospital setting, they understood.

Social viral effect: Interoffice buzz or “socialization” about Health-Savvy occurred immediately. Several employees approached saying they heard about Health-Savvy from other employees.

Engagement and Savings Growing Month over Month



About Partnera

Committed to transforming healthcare by consulting, developing solutions and incubating new businesses that help transition from volume to value.

Learn more at www.partnerapartners.com