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VALUE-BASED CARE REPORT

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Americans are sick and getting sicker, with millions of us living with chronic conditions such as diabetes, hypertension and congestive heart failure. We have to change how care is administered.

These chronic conditions have helped raise health care costs. In fact, three of every four health care dollars are spent to address chronic conditions. Multiple chronic conditions are more prevalent in older Americans (age 65+), with eight in 10 living with more than one condition.¹

The truth is, despite the good intentions of physicians, health care professionals, policymakers and payors, the key statistical indicators of health are not improving.²



With diagnosed diabetes still have uncontrolled blood sugar levels



With high cholesterol still don't have it under control



With known hypertension still have blood pressure outside the normal range

As we look for new ways to positively impact care, value-based care (VBC) has emerged as a potential solution. This report explores the results Humana saw in 2016 with VBC and the potential for continued progress.

HUMANA AT A GLANCE



Relationships with value-based provider organizations



Physicians in value-based agreements



Individual Medicare Advantage members aligned with physicians in value-based agreements



THE HEALTH CARE LANDSCAPE TODAY

¹RAND Corporation. Multiple Chronic Conditions in the United States. Published 2017.
²Altschuler J, Margolius D, Bodenheimer T, Grumbach K. Estimating a reasonable patient panel size for primary care physicians with team-based task delegation. Ann Fam Med. 2012; 10(5):396-400.

2016 KEY INSIGHTS

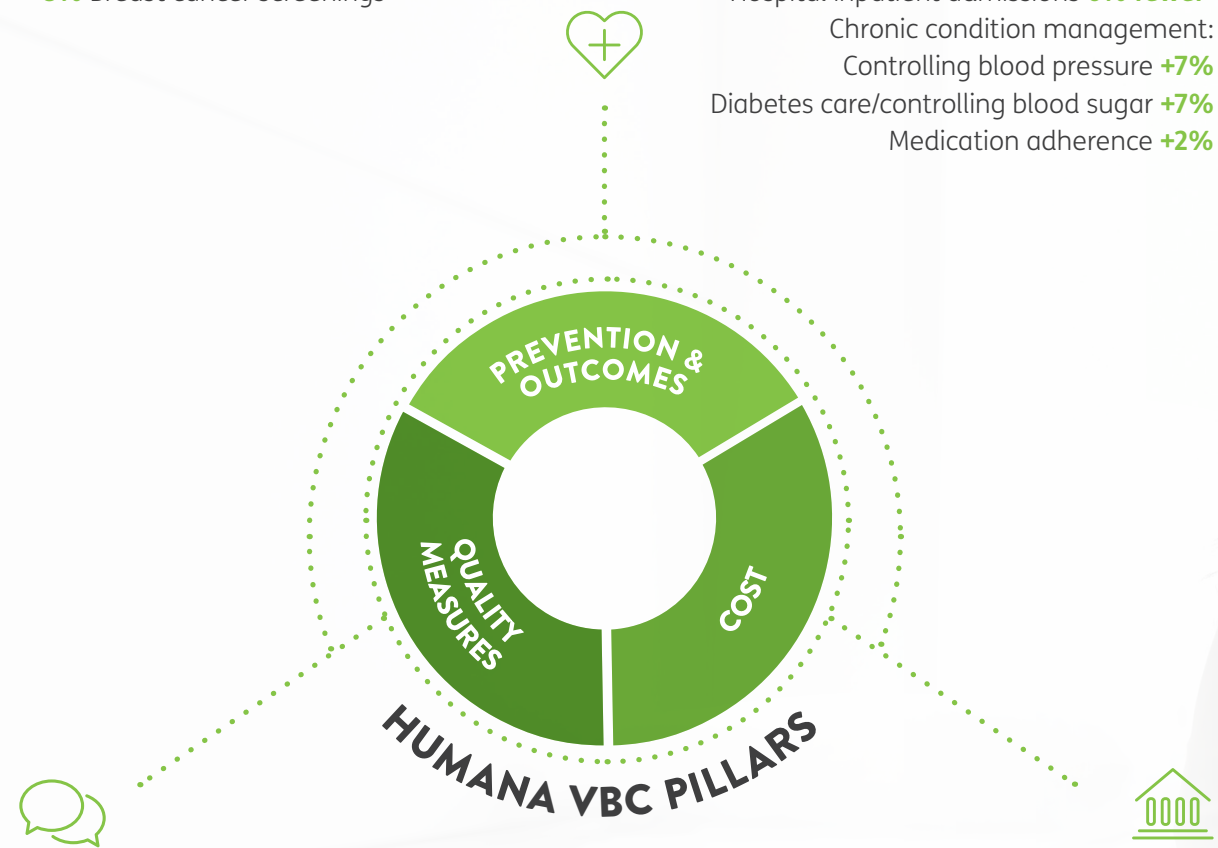
Results reflect care provided by practices in Humana value-based agreements.

PREVENTION³

- +13% Colorectal cancer screenings
- +8% Breast cancer screenings

OUTCOMES

- Emergency department visits **7% fewer⁴**
- Hospital inpatient admissions **6% fewer⁴**
- Chronic condition management:
 - Controlling blood pressure **+7%**
 - Diabetes care/controlling blood sugar **+7%**
 - Medication adherence **+2%**



QUALITY MEASURES

- 26% higher** overall HEDIS[®] scores for physicians³
- 11 points higher** for engagement and physician-satisfaction with Humana (based on Net Promoter Scores)⁵

COST

- Total health care costs were **15% lower** vs. original fee-for-service Medicare
- Total health care costs were **4% lower** vs. Humana standard Medicare Advantage (MA) settings⁴

³“Quality Measures” (Healthcare Effectiveness Data and Information Set, HEDIS) and “Prevention” results were from a study of 1.65 million Humana MA members affiliated with physicians in value-based agreements compared to 191,000 Humana MA members affiliated with physicians under standard MA settings.

⁴“Outcomes” and “Cost” results were from a study of approximately 1.4 million Humana MA members affiliated with physicians in value-based agreements compared to 216,000 Humana MA members affiliated with physicians under standard MA settings.

⁵“Net Promoter Score” results were from a total of 581 physician and/or staff interviews.



AMERICA'S CHALLENGE IS SOLVABLE

VALUE-BASED CARE AT A GLANCE

FEE-FOR-SERVICE VS. VALUE-BASED CARE

Patient experience



A fragmented health care system that confuses, isolates and frustrates patients



An integrated approach that puts the patient and physician at the center of care

Delivery of care



Care is reactive and delivered in response to illness or injury



Care is proactive and emphasizes a preventive approach to being and staying healthy

Data and analytics



Overwhelming amounts of data lack sophisticated analytics to generate actionable insights



Advanced data analytics are leveraged to identify health risks and coordinate care

Coordination of care



The physician may not have access to the technology and support needed to coordinate care



Physicians have access to new technology, data and support to coordinate care

Cost



Health care costs don't correspond to health improvement



A compensation model focused on key quality measures that can lead to improved patient health

WHAT IS VALUE-BASED CARE?

Value-based care is different from the current fee-for-service (FFS) model of care, which simply pays for the number of services a patient receives. These services include physician and hospital visits, procedures and tests. While value-based care pays physicians for these services, it also includes more pay for meeting quality measures, coordinating care, preventing repetitive treatments, controlling overall costs and improving health outcomes.

Physicians have many options when entering into a value-based agreement with a payor. For purposes of this report, there are three categories of payment we will refer to: **fee-for-service, bonus** and **value-based care** (which encompasses four payment models).



VALUE-BASED CARE

For purposes of this report, VBC is composed of these four payment models.

BONUS + SHARED SAVINGS

LIMITED VALUE

FULL VALUE

GLOBAL VALUE

BONUS

FFS

FFS + bonus + portion of shared savings in Medicare Parts A, B and D

FFS + bonus + care coordination fee + higher portion of shared savings in Medicare Parts A, B and D

FFS + 100% responsible for Medicare Part B expenses and sharing of Part A (may have shared savings or complete responsibility for Part D)

Full responsibility for Medicare Parts A, B and D through monthly capitated payments

FFS + additional compensation for meeting quality measures

Pays for the services a patient receives



PREVENTION & OUTCOMES

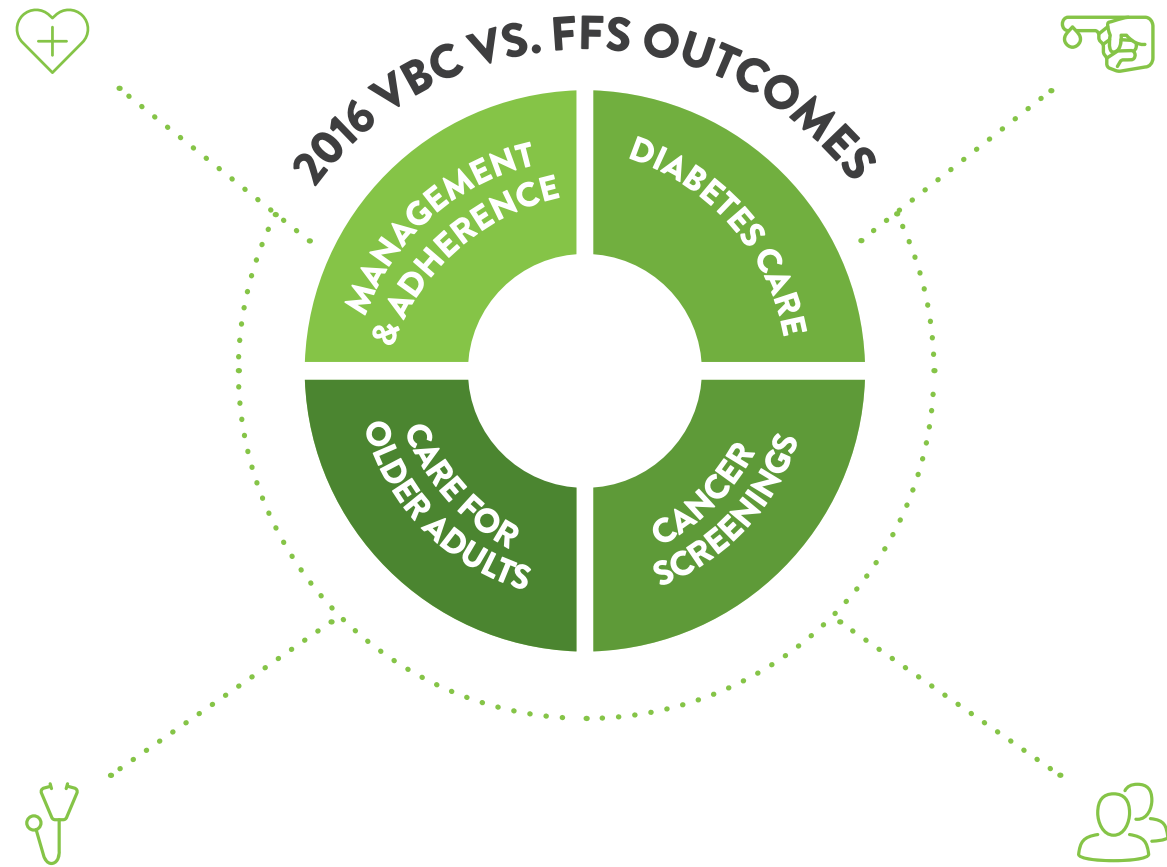
Patients treated by physicians in Humana Medicare Advantage (MA) value-based agreements had more preventive care screenings and better health outcomes compared to those in Humana MA fee-for-service agreements.

MANAGEMENT AND ADHERENCE

- +15% Osteoporosis
- +7% Blood pressure control
- +4% Adult BMI assessment
- +4% Rheumatoid arthritis
- +2% High blood pressure adherence
- +2% Statin adherence

DIABETES CARE

- Eye exam +9%
- Blood sugar controlled +7%
- Diabetes renal disease controlled +2%
- Diabetes medication adherence +2%



CARE FOR OLDER ADULTS

- +8% Functional status assessment
- +8% Medication review
- +4% Pain screening

CANCER SCREENINGS

- Colorectal +13%
- Breast +8%



SPOTLIGHT

HIGHER PREVENTIVE BREAST CANCER SCREENINGS

VALUE-BASED CARE

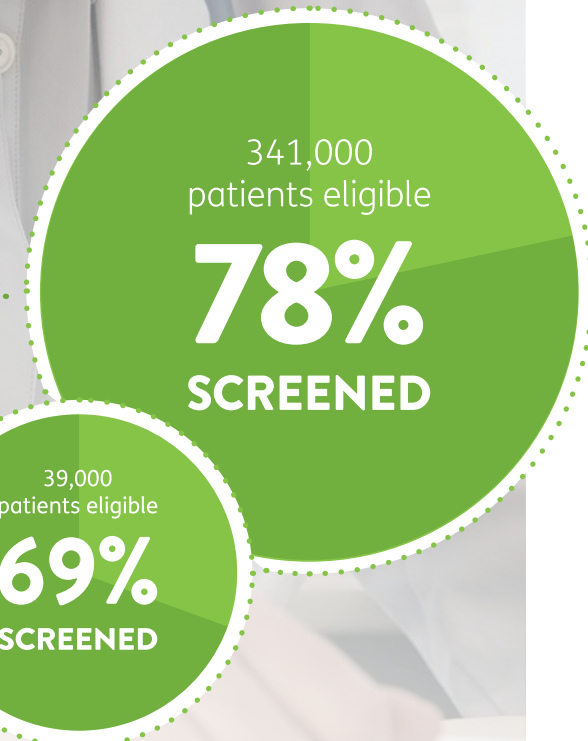
341,000 patients eligible for breast cancer screenings

267,000 patients screened for breast cancer

FEE-FOR-SERVICE

39,000 patients eligible for breast cancer screenings




27,000 patients screened for breast cancer





CASE STUDY: THE VANCOUVER CLINIC

HOW A PARTNERSHIP LED TO A CULTURE OF POPULATION HEALTH

-  **5 locations** in Washington state
-  **1,834** Humana-covered VBC patients
-  **224** physicians

The Vancouver Clinic (TVC) uses a carefully designed approach to achieve better outcomes for their patients, maximizing the expertise and skill at all care points. “It’s about culture, and it goes all the way back to the initial contract design that allowed Humana and TVC to become partners in outcomes that matter to patients,” says Mark Mantei, CEO.

He continued: **“The teams on both sides of the table have been stable and have productive discussions around patient-level data and details, not just at the executive level, but throughout our whole health team. We have developed relationships and trust, which frees us all to focus on the patient.”**

TVC serves more than 130,000 patients in the Vancouver, Washington, area. They have embraced value in patient care and leveraged Humana resources to treat their patients. Instead of trying to reinvent care coordination, for example, TVC uses Humana’s well-established program to help high-risk patients manage their chronic health conditions and stay out of the hospital.

TVC knows it’s important for patients to see their own primary care physicians, and they work to ensure that whenever possible. They have decreased the size of patient panels and hired panel coordinators to ease the ever-growing administrative burden on physicians.

“Physicians and leadership also identified patient and physician dissatisfaction with the current format of annual wellness visits,” said Jeremy Chrisman, DO, Medical Director of Care Transformation. “For chronically ill patients, these ‘wellness’ visits turned into chronic illness management.”

Instead, the practice merged the chronic illness management appointment with the annual wellness visit, asked for payor support, and are now seeing improved satisfaction—thus, maximizing the expertise, time and skills of the care team, including the patient.

Mantei is proud of TVC’s population health culture: **“We have one culture that puts the patient first, makes decisions at the right levels, and prioritizes engaging everyone.”**

INSPIRING A HEALTHY OUTLOOK



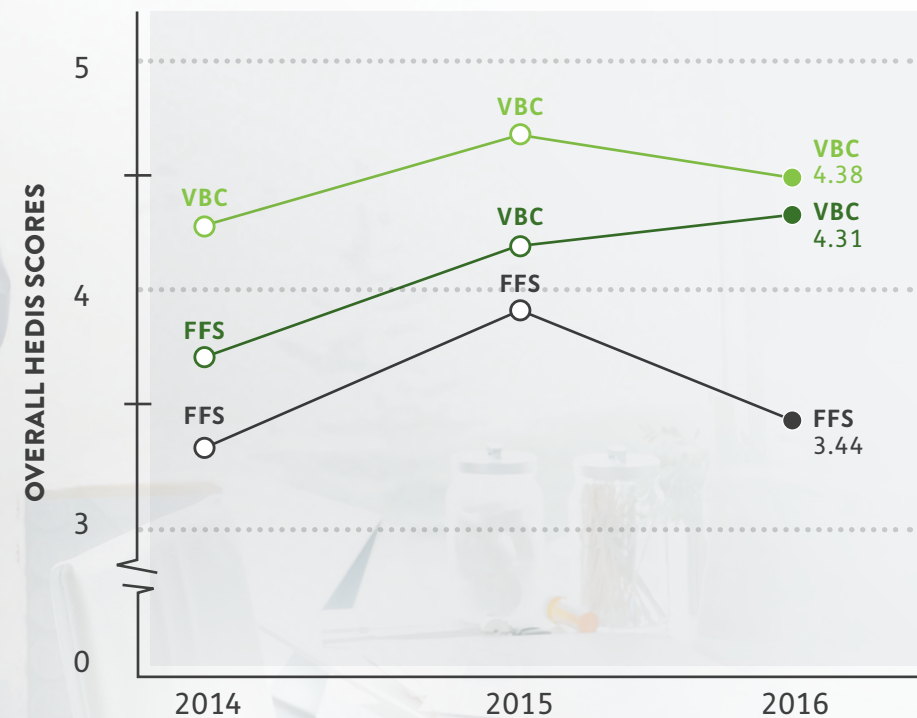
QUALITY MEASURES

Physicians who practice value-based care are achieving higher rates of patient engagement in preventive screenings, medication adherence and management of chronic conditions as measured by HEDIS.⁶

HEDIS is a measurement tool used to assess American health plans' performance on various dimensions of care and service. HEDIS consists of 81 measures across five domains of care. Because so many plans collect HEDIS data, and because the measures are so specifically defined, HEDIS makes it possible to compare the performance of health plans on an apples-to-apples basis.

3-YEAR HEDIS TRENDS

The Humana members analyzed were continuously enrolled in Medicare Advantage plans for three years and were affiliated with practices in the same payment agreement for all 12 months of each year.



Physicians in a value-based agreement for all three years had a HEDIS score of **4.38 at the end of 2016**.

Physicians in a fee-for-service agreement in 2014 and transitioned to VBC in 2015 had a HEDIS score of **4.31 at the end of 2016**.

Physicians in a fee-for-service agreement all three years had a HEDIS score of **3.44 at the end of 2016**.

⁶Healthcare Effectiveness Data and Information Set



COST

HEALTH CARE COSTS



15%↓

Total health care costs were **15% lower** vs. original fee-for-service Medicare.



4%↓

Total health care costs were **4% lower** vs. Humana standard Medicare Advantage settings.

Results reflect practices in value-based agreements with Humana and/or patients affiliated with those practices.

PHYSICIAN PAYMENT DISTRIBUTION

As primary care physicians (PCPs) grow their value-based care practice and expand their population health capabilities, it's important to understand the distribution of payments to physicians and health care providers for delivering care. According to the American Academy of Family Physicians (AAFP), PCPs receive 6% of the total distribution of health care payments nationally.⁷

Humana's distribution of overall payments to health care providers was higher for value-based PCPs in 2016.

PCPs in value-based agreements with Humana received **16.2%** of the total payments Humana distributed to health care providers in 2016.

PCPs in non-value-based agreements with Humana received **6.9%** of the total payments Humana distributed.



16.2%↓

payments to VBC PCPs



6.9%↓

payments to non-VBC PCPs






HOW VBC IS PAYING OFF

⁷AAFP (2017). Academy Presents Advanced APM for Primary Care. Advanced Primary Care: A Foundational Alternative Payment Model (APM) for Delivering Patient-Centered, Longitudinal, and Coordinated Care, 7.



CASE
STUDY:
**SUMMIT
MEDICAL
GROUP**

**TEAMING
UP WITH
SPECIALISTS TO
IMPROVE CARE**

-  **50+ locations** in East Tennessee
-  **28,500** patients with Humana MA insurance
-  **180** physicians & 150 advanced practitioners

Understanding that quality care hinges not just on the PCP's care, but also on specialty care, Summit Medical Group's Executive Medical Director, Dr. Eric Penniman, works with Humana's Care Decision Insights data to refer Summit patients to better-performing specialists.

Dr. Penniman is able to review Summit's referral trends to identify opportunities to strengthen the collaboration between PCPs and specialists to reduce unnecessary costs, deliver better care and create a better experience for the patients and physicians alike.

Care Decision Insights is a consultative service for Humana network physicians that uses claims-based, episodes-of-care data to look at specialty care outcomes and costs (effectiveness and efficiency). By reviewing this data, Dr. Penniman and his colleagues at Summit can look at the performance of specific specialties—such as ophthalmology, orthopedics and oncology—to determine the best referral option for all of their patients.

Specialists value the relationship with the referring PCPs and meet regularly to review the data to more deeply understand what improvements can be made on both sides. In the new value-based care paradigm, no practice—whether primary or specialty care—can operate in a vacuum.

“PCPs sometimes feel at the bottom of the totem pole,” Dr. Penniman said. **“But, they may not realize that with the shift to value-based relationships, the PCP is the quarterback for patient care. Today, these physicians are in a position of influence and can work closely with other health care providers to promote the right care, at the right time, in the right place.”**

Utilization such as repeated medical office appointments, emergency department visits, lab tests, hospital readmittance, or high-cost prescriptions, can affect costs and care outcomes, and are of particular importance to a PCP group in a value-based agreement, such as Summit. Armed with this type of data,

**FULL
VALUE**

Summit Medical Group transitioned from Limited Value agreement to Full Value agreement in 2015.

100%↑

Over four years, Summit Medical Group increased its Humana membership by more than 100%.

It also maintained—and even improved in many cases—hospital admissions and emergency department visits per thousand, as well as medication adherence.

WHAT CAN VALUE-BASED CARE DO FOR YOU?

Roles are changing, along with expectations. What we have learned is that it's difficult for physician practices to make the switch to value-based care. The infrastructure one needs, the processes it takes and the staff required lead to a steep learning curve. It's an investment, and it takes time.

A value-based care model requires that many roles within the health care system change.



PRIMARY CARE PHYSICIANS

While the PCP remains the orchestrator of patient care, they may also oversee the total cost of the care. Plus, their staff members become the coordinators of care, which may include managing post-acute care to prevent readmission or seeking resources for patients with diabetes to reduce overall costs.

Potential benefits for PCPs:

- **Larger distribution of health care payments from the payor** vs. the national average
- **Higher quality scores** as measured by HEDIS vs. fee-for-service physicians
- **Higher engagement and satisfaction with payors** as measured by a Higher Net Promoter Score for Humana by providers in value-based agreements vs. fee-for-service



PATIENTS

The patient becomes more involved in their care and committed to visiting the physician more often, even when they're not sick. They also are held accountable for following their physician's plan of treatment, and using programs and services that target their chronic conditions or overall health.

Potential benefits for patients:

- **More preventive screenings** to catch diseases earlier
- **Better control of chronic conditions**, such as diabetes and hypertension
- **Fewer hospital admissions and visits to the emergency department**



PAYORS

The payor not only pays for the services, but also becomes a data and analytics engine for physicians, notifying them when screenings are due or if patients appear to not be taking medicine as prescribed. Payors can also create predictive models to help physicians foresee health problems before they arise.

In addition to actionable data and analytics, payors, like Humana, may also offer acute, post-acute and supportive care, as well as embedded care coordinators, home health and pharmacy solutions, and chronic condition programs that supplement the physician's treatment plan.

Potential benefits for payors:

- **Lower overall health care costs** so they can invest in advanced analytics and program enhancements to support physicians and their patients

A FUTURE OF KNOWLEDGE & DISCOVERY

While Humana has years of experience in value-based agreements, we are still learning.

There's always more to research, understand and share. But one thing we know for certain is that value-based care is vital to achieving population health. This is due to its focus on quality measures that increase preventive screenings and care coordination to better manage chronic conditions.

In order to drive population health, we are continuously looking at how new technologies, pharmaceuticals and social determinants of health can better inform our population health strategies. We are also optimizing how we support physicians in value-based agreements who address social determinants of health since they are critical to the well-being of our communities.

Value-based physicians are making progress and seeing results. This is only the beginning.



Social determinants impact patient health more than we can imagine.

I had a diabetic patient whose sugar levels were under control at times, then uncontrolled at the next visit. After months of assessing, I learned that she was managing her sugars mid-month because that's when she got paid and could afford to buy healthy food. Once her money ran out, she relied on food pantries and neighbors, and was eating more processed foods rather than fresh, healthy options. So her sugars would go off the chart by the end of the month.



Sarah Moyer, MD | Director
Louisville Metro Department of Public Health and Wellness