



Prepared for **The Massachusetts Association of Health Plans**  
May 27, 2021

# The changing role of health plans in 2021



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**Natalie Trebes**

Director, Health Plan Research

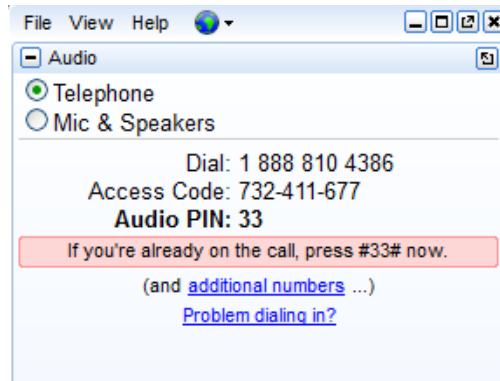
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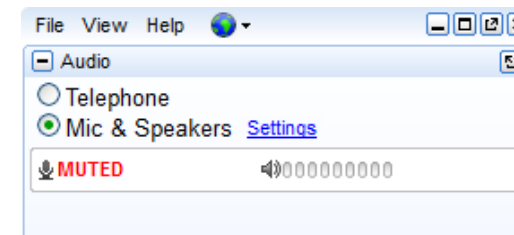
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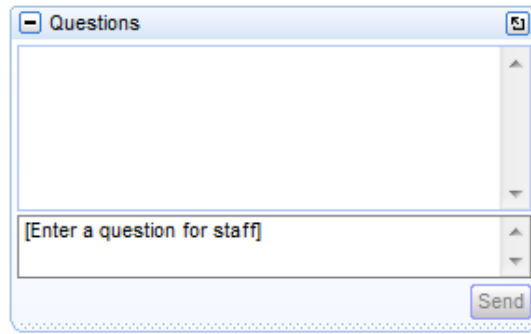


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 @trebes

# The impact of Covid-19 on health care strategy: What would we have said a year(ish) ago?

## Health care realities, circa January 2020

1. Affordability pressures on all stakeholders
2. Evolution toward “managed consumerism”
3. Rise of the payer-physician axis
4. Primary care innovation
5. Struggle for systemness among incumbents
6. Adolescence of digital health, telemedicine, and AI
7. Purchaser-driven site of care shifts

### What, if anything, has truly changed?

- The themes?
- The details?
- The pace of change?
- The ability to influence those themes, details, or pace?



# The dilemma of resilience

How can health care become more durable without sacrificing affordability?

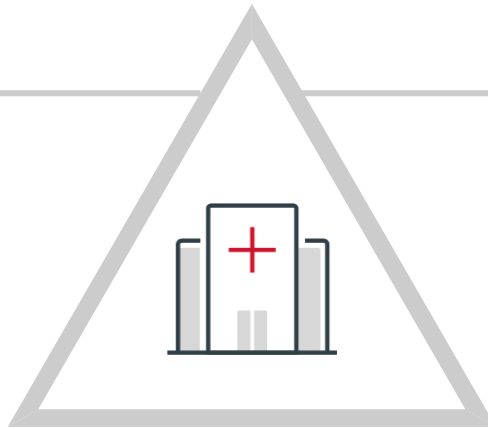
## Durability

### Goal

The health care delivery system has the raw strength and capacity to meet demand during surges, and to survive during droughts

### *Essential components of durability include sufficient...*

- Health system capacity
- Stockpiles of critical supplies and drugs
- Clinical staff
- Solvent reserves



## Affordability

### Goal

Health care expenses are manageable enough that no one segment of the industry cannot pay its share to keep the system moving – even after a shock

### *Essential components of affordability include sustainable...*

- Public taxes
- Government budget obligations
- Employer benefit costs
- Insurer claims payments
- Provider delivery costs
- Consumer expenses

### Dilemma

Investing in more durability seemingly requires compromising affordability, and a middle ground meets neither goal.

*Can the system satisfy both aims?*

# At first glance, Covid-19 a windfall for insurers

What a terrible way to have a great year

## Data shows strong finances in first half of the year



### DATA SPOTLIGHT

#### Fully-insured group plans

**22%**

Increase in gross margins, H1 2020 compared to H1 2019

**3.7%**

Decrease in medical loss ratio, H1 2020 compared to H1 2019

#### Medicare Advantage plans

**41%**

Increase in gross margins, H1 2020 compared to H1 2019

**5.9%**

Decrease in medical loss ratio, H1 2020 compared to H1 2019



### Major U.S. Health Insurers Report Big Profits, Benefiting From the Pandemic

The New York Times, August 2020

### Health insurers strike gold with COVID-19

Modern Healthcare, August 2020

### Insurers saw sky-high profits in Q2. Now, Congress wants to take a look at their finances

Fierce Healthcare, August 2020



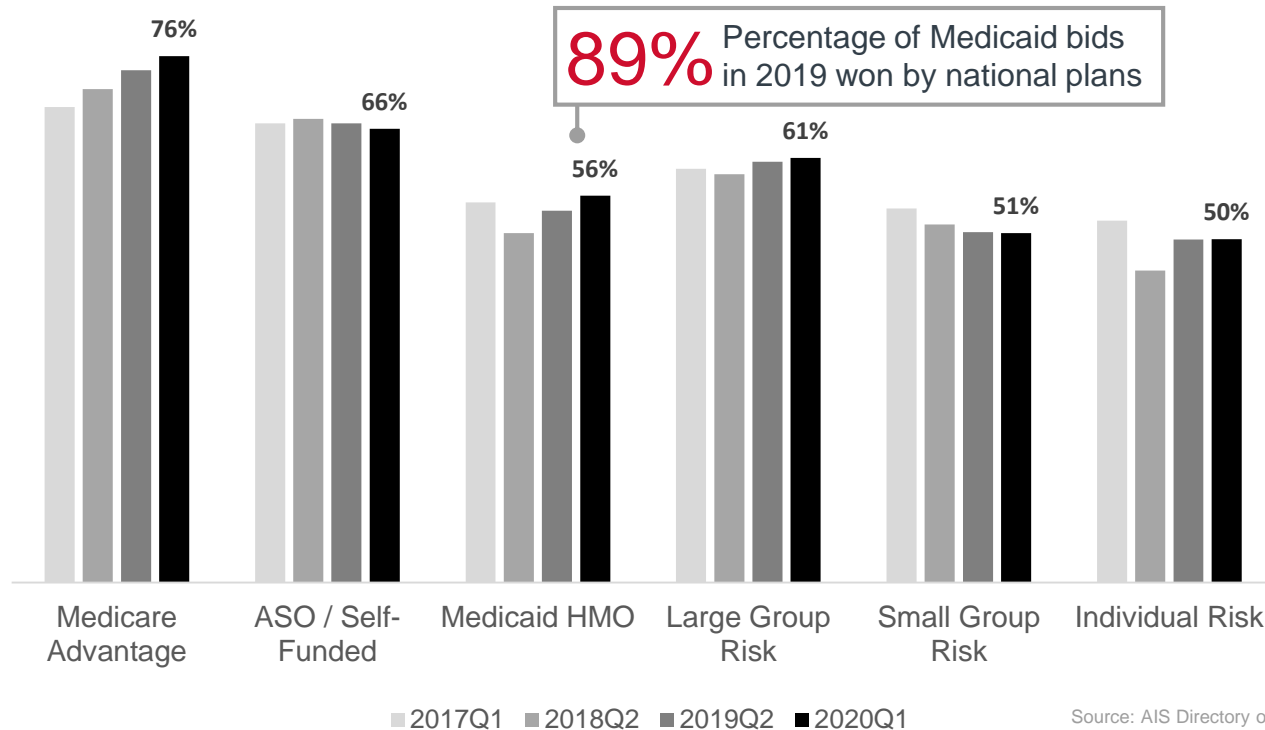
Source: Cox C et al., "Health Insurer Financial Performance Amid the Coronavirus Pandemic," Kaiser Family Foundation, October 2020.

# Market concentration solidifying in fastest-growing segments

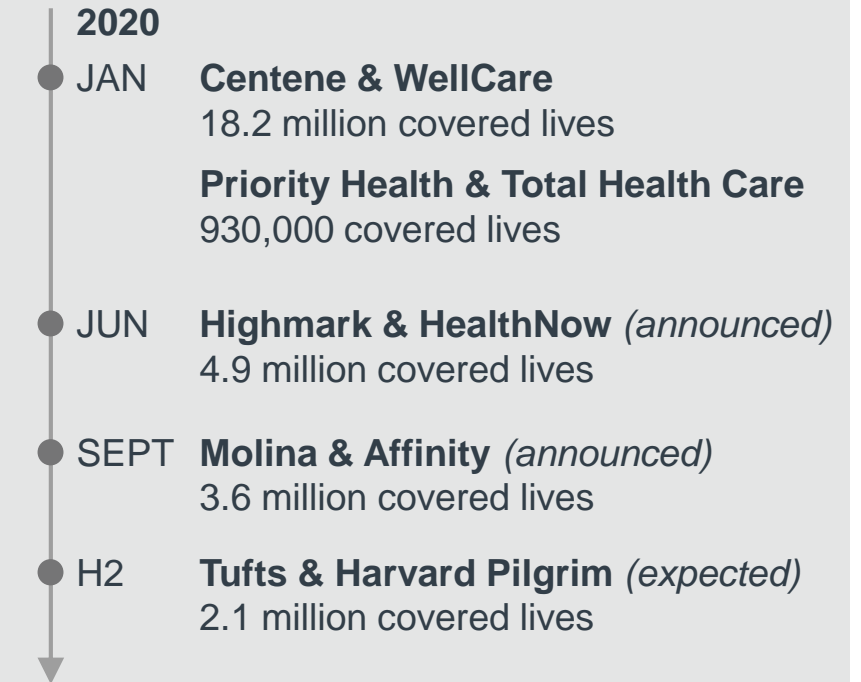
Mergers and affiliations contribute to consolidation trends

## Major business line enrollment growth and market share

Market share of top 5% largest plans (by enrollment), 2017-2020



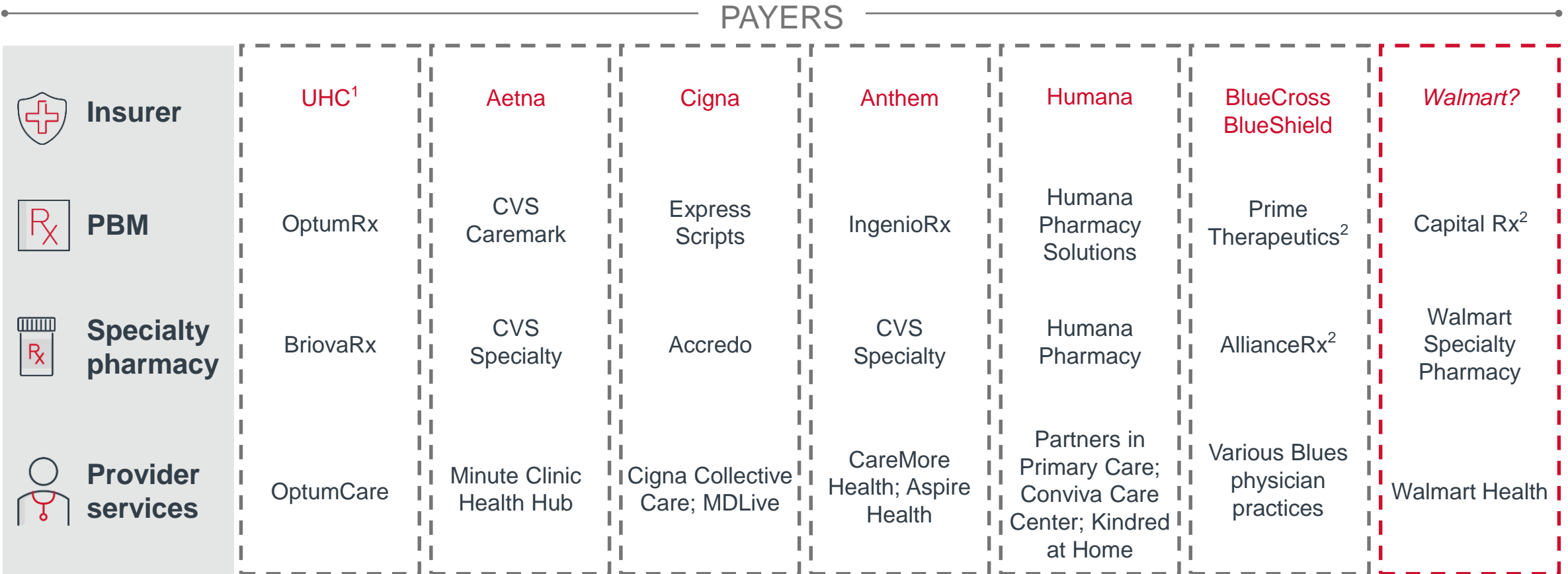
## Recent major plan integration activities



Source: AIS Directory of Health Plans, 2017Q1, 2018Q2, 2019Q2, 2020Q1; Minemyer P, "Molina to acquire Affinity Health Plan in \$380M deal," Fierce Healthcare, Sept 29, 2020; Morse, "Tufts Health Plan expands telehealth amid Harvard Pilgrim merger," Healthcare Finance, Jan 2020; "Total Health Care and Priority Health announce completion of merger," Priority Health, Jan 2020; "Centene Completes Acquisition of WellCare," Centene, Jan 2020; "Highmark Moves to Absorb Leading Western New York Insurer HealthNow," AIS Health, June 2020; Optum 2019 analysis of Medicaid bids.

# Vertical integration broadening boundaries of payer competition

All major insurers have growing pharmacy and ambulatory footprint



1. Advisory Board and UnitedHealthcare are both subsidiaries of UnitedHealth Group. All Advisory board research, expert perspectives, and recommendations remain independent.  
 2. Partnership.

Source: Fein, "Insurers + PBMs + Specialty Pharmacies + Providers: Will Vertical Consolidation Disrupt Drug Channels in 2020?" Drug Channels, December 2020.

# Well-heeled entrants sniffing around promising growth areas

## Verily, Walmart forge key partnerships for first insurance forays

### Verily: One-stop-shop for self-funded employers?

#### NEW INSURANCE OFFERING

“**Coefficient**” stop-loss insurance for self-funded employers

*Verily combines their data science capabilities with reinsurer **Swiss Re Corporation**’s risk distribution model*



#### Recent health portfolio highlights

- Covid-19 **testing lab** with FDA approval for “pooled testing”
- Covid-19 **return-to-work** virtual platform for employers
- **Onduo virtual diabetes clinic** with Walgreens, BCBSAR, and John Hancock

### Walmart: An emerging integrated MA titan?

#### NEW INSURANCE OFFERING

“**LiveHealthy**” PPO Medicare Advantage plans

*Integrates **Clover** technology at Walmart Health Centers and offers \$400 for OTC<sup>1</sup> expenses at Walmart retailers*



#### Recent health portfolio highlights

- Six **Walmart Health Centers** offering primary care, mental health services, diagnostics, dental care
- **Walmart Insurance Services, LLC** subsidiary to sell insurance policies
- Partnership with PBM startup **Capital Rx** to disclose price information for specialty and mail-order drugs

1. Over-the-counter.

Source: Tozzi J, “Walmart’s Next Health Foray Is Medicare Plan With Startup Clover,” Bloomberg, Oct 1, 2020; Ahmed E, “Walmart Will Begin Offering Health Insurance to Consumers,” Business Insider, July 2020; “Walmart Just Launched Walmart Insurance,” Advisory Board Daily Briefing, July 2020; Adams, B, “Alphabet’s Verily opens own lab to speed up COVID-19 testing,” FierceBiotech, August 2020; “Announcing Coefficient, a Verily Subsidiary Focused on Employer Stop-Loss and Backed by Swiss Re Corporate Solutions,” BusinessWire, August 2020.

# Insurer decisions today write the blueprint for the future

Shifting strategic considerations for plans in a transforming ecosystem mean operational decisions today

## Patient relationship control

How should plans pursue opportunities to direct patient health care behaviors?



## Care model definition

How should plans organize continuous integration of emerging care services?

## Provider business alignment

How should plans shift provider business models without adverse network impacts?

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TODAY

*To encourage use of preferred access points:*

Broaden access



Force steerage



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# Access, 2020-style

Is this a success or a failure?



**Emma**

@eawilliamson



Yesterday the nurse at the CVS walk-in clinic asked me who my primary care physician was and I'm like baby I'm at the CVS walk in clinic, it is clearly you

11:48 AM · Sep 1, 2020 · Twitter for iPhone

**24.6K** Retweets   **977** Quote Tweets   **351.8K** Likes

Source: @eawilliamson, September 1, 2020, <https://twitter.com/eawilliamson/status/1300822889617334274>.



# Benefits meet bricks and mortar to drive preferred behavior

## New Aetna Connected plan offers CVS HealthHUBs<sup>®</sup> at \$0 member cost sharing



Source: CVSHealth

**20%**  
Of CVS stores are dedicated to health services

**15%**  
Increase in visits for chronic conditions at HealthHUBs

### “Aetna Connected” plan components



\$0 copay for CVS Minute Clinic and HealthHUB offerings



Free home prescription delivery and a 24/7 pharmacist helpline



20% discount of select CVS health items in stores and online



20% lower premiums compared to other PPO plans in region

#### January 2021

Launching in Kansas City market for mid-sized employers (101+ employees)

### Implications of plan offering

#### Cross-sell products



Incentivizes use of CVS clinical and pharmacy products

#### Plan awareness



More Aetna plan marketing and possible membership growth

#### ED avoidance



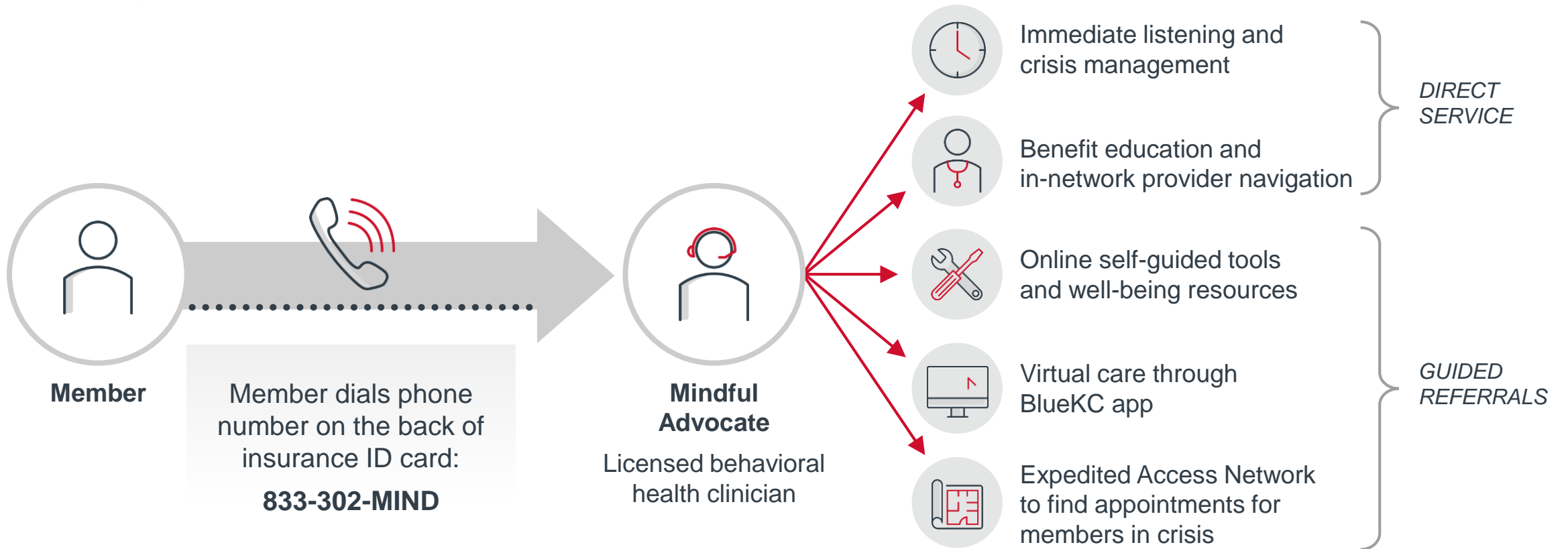
Lower cost alternative to ED, chronic disease management

Source: “CVS Health testing new HealthHUB store format,” CVSHealth, February 13, 2019; LaVito A, “CVS to open 1,500 HealthHUB stores over next two years,” CNBC, June 4, 2019.

# BlueKC introduces enhanced behavioral health program

Mindful by BlueKC aims to increase affordable, timely access to members

## Mindful by BlueKC workflow and scope of Advocate capabilities



Source: Blue Cross and Blue Shield of Kansas City, Kansas City, MO.

# Virtual primary care integrated products multiplying

## Plans seizing on today's virtual appeal to fast-track gatekeeping options

### Highlights of emerging products with virtual-first primary care integration

#### PERSONALIZATION FOR MEMBER

#### Common incentives



Lower premiums



No cost sharing for virtual primary care



Lower cost sharing for follow-up care (e.g. prescriptions, labs, specialists) referred by virtual service



24/7 access to dedicated virtual services

#### MEMBERSHIP ACCESS

*Dedicated product only*

*Integration across all products*

*Emphasis on dedicated clinicians*

*Emphasis on ongoing data tracking via AI*

#### Humana On Hand

*Self-funded employers*



Doctor on Demand

2019

#### Premera NOW

*Employers*



98point6

2020

Members report symptoms to automated in-app assistant prior to physician visit

#### Oscar

*Individual and small group*



Oscar Medical Group

2020

#### Alignment Health

*Medicare Advantage*



ACCESS On-Demand Concierge

2020

“AVA” AI technology manages all of the member's data across their care journey

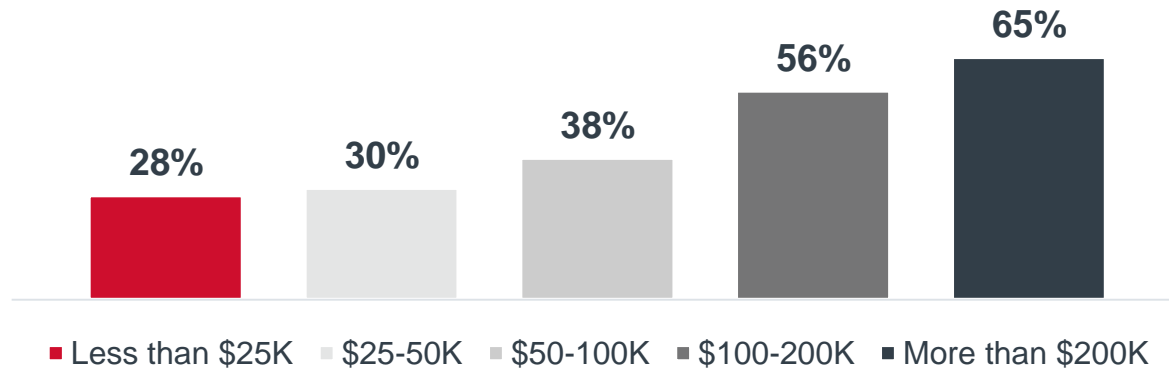
Source: Mulvany, C. "Is Another Health Plan Featuring Virtual PCPs as Primary Access Point a Sign of Things to Come?", Healthcare Financial Management Association, May 2020, <https://www.hfma.org/topics/finance-and-business-strategy/article/is-another-health-plan-featuring-virtual-pcps-as-primary-access-.html>; "Oscar Launches New \$0 Virtual Primary Care as Part of 2021 Expansion Plans", Oscar, July 2020, <https://www.hioscar.com/press/oscar-launches-virtual-primary-care-2021-markets-expansion>; "Premera Blue Cross Launches its First Virtual Primary Care Health Plan", GlobeNewsWire, May 2020, <https://www.globenewswire.com/news-release/2020/05/14/2033711/0/en/Premera-Blue-Cross-launches-its-first-virtual-primary-care-health-plan.html>; Waddill, K. "Dawn of the Virtual Medicare Advantage Plan From Alignment Health" HealthPayerIntelligence, August 2020, <https://healthpayerintelligence.com/news/dawn-of-the-virtual-medicare-advantage-plan-from-alignment-health>.

# True virtual scale means confronting health equity concerns

Underserved populations struggle to access care virtually

## Telehealth use by income level shows disparity in access to virtual care

Percent of people who had ever used telehealth as of April 2020



## Possible actions to improve digital disparities

### Access to technology

- Help patients obtain devices
- Notify patients of subsidized broadband access
- Find creative alternatives

### Digital literacy

- Provide tutorials
- Set up walk-through trainings
- Proactively reach out to underserved populations

### Broadband connection

- Advocate for change at the local, state, and federal levels to fund equipment, connectivity, and reimbursement parity

### DATA SPOTLIGHT

**21 million**

Americans **lack access** to broadband internet

**162 million**

Americans **not using** internet at broadband speed

Source: "As the Country Reopens Safety Concerns Rise," Sage Growth/Blackbook Research, May 2020. "FCC Reports Broadband Unavailable to 21.3 Million Americans, BroadbandNow Study Indicates 42 Million Do Not Have Access," BroadbandNow Research, February 2020; "Nextlink Internet and Microsoft closing broadband gap in central US," Microsoft, September 2019.

# In depths of shutdown, telehealth at an artificial peak

Long-run plateau to be lower—but meaningfully higher than status quo ante

## Huge increase in virtual care use and investment

35x

Increase in telehealth claims at **Blue Cross Blue Shield of Massachusetts** between February and March 2020

1.7M

**Medicare** fee-for-service beneficiaries received telehealth services in the last week of April

1,300

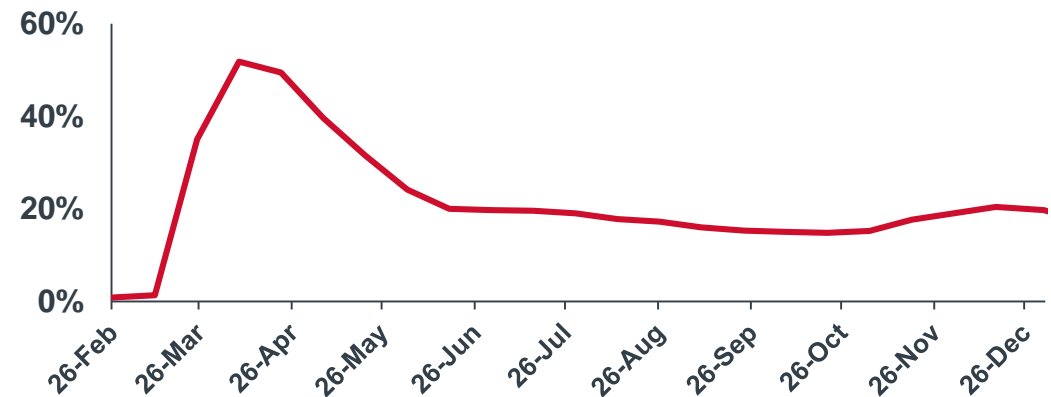
New providers added to **NYU Langone Health's** telehealth platform during crisis

\$788M

Venture capital funding raised by telehealth companies in Q1 2020; **over three times more** than raised in Q1 2019

## Telehealth visits decline, then plateau

*Physician visits conducted via telehealth, all specialties*



**Advisory Board perspective:** The long-run outlook for telehealth is malleable—stakeholders who wield influence now will define the rules of engagement far into the future.

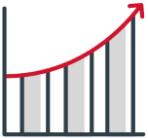
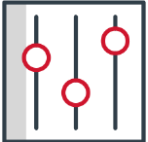
Source: "Telehealth Adoption Tracker," The Chartis Group, January 2021; Drees J, "NYU Langone Health Adds 1,300 Providers to Telemedicine Platform," Beckers Hospital Review, March 2020; "Telehealth Companies Lead Digital Health to Record VC Funding in Q1 2020 with \$3.6 Billion," Mercom Capital Group, April 2020; Landi H, "Telemedicine Companies See Funding Boom of \$788M in Q1," Fierce Healthcare, April 2020; Lovett L, "Amwell Xcores \$194M, as Telehealth Business Booms During Coronavirus Pandemic," mobihealth news, May 2020; Pifer R, "Amwell Files for IPO," Healthcare Dive, June 2020; "Telehealth: A Quarter-Trillion-Dollar Post-Covid-19 Reality?" McKinsey and Company, May 2020.

1. Pseudonym.







# Payment policies should not (and will not) be one-size-fits-all

Plan priorities for modalities, objectives, and use cases vary—so payment will too

## Multiple plan objectives for use of telehealth technology

Plan objective	Examples
 <p><b>Drive utilization</b></p>	<ul style="list-style-type: none"> <li>Increase utilization of specialty/service with limited access</li> <li>Behavioral health visits</li> <li>After-hours acute care</li> </ul>
 <p><b>Reduce unit costs</b></p>	<ul style="list-style-type: none"> <li>Increase utilization of preventive care</li> <li>Diabetes management check-ins</li> <li>Nutrition counseling</li> <li>Prescription refills</li> <li>Medication therapy management (MTM)</li> <li>“Virtual-first” products with virtual PCP triage service</li> <li>Acute care triage</li> <li>Second opinion services</li> </ul>
<p>Direct members to more cost-effective providers or sites of care</p>	<ul style="list-style-type: none"> <li>Pre-/Post-op consultations</li> <li>Pre-natal/post-partum monitoring</li> <li>Physical or occupational therapy</li> </ul>

## Common telehealth modalities

	<i>Patient-to-Provider</i>	<i>Provider-to-Provider</i>
<b>REAL-TIME</b>		
Live virtual visits		
Remote patient monitoring		
<b>ASYNCHRONOUS</b>		
Store-and-forward		
Mobile health		

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**TODAY** *To structure payment to support preferred network partners:*

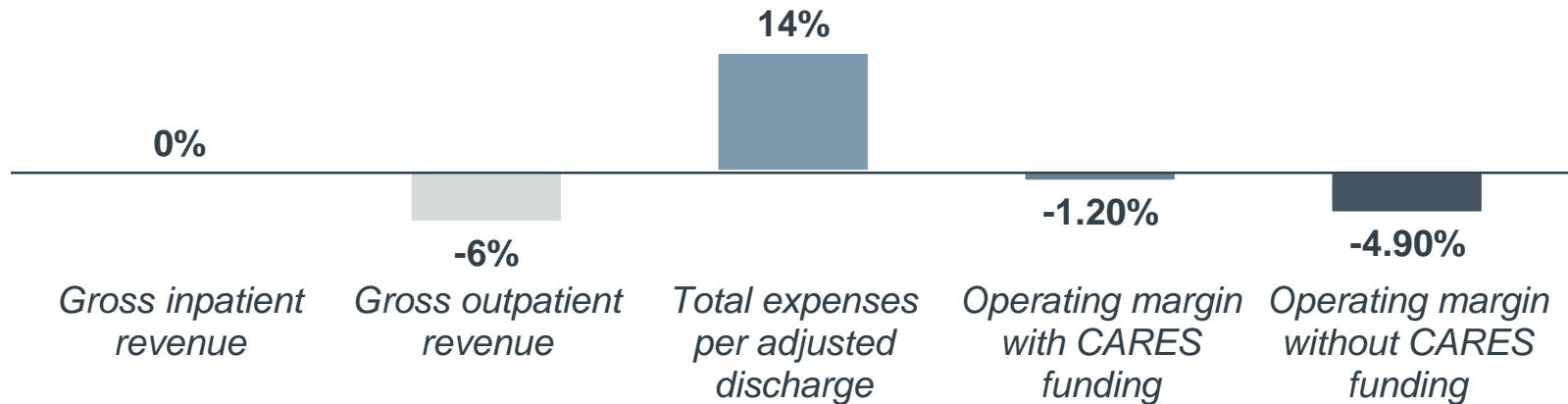
Promote allies ● ————— ● Mandate transformation

# 2020 a kick in the teeth for provider margins—at least overall

Actual performance varies between haves, have-nots; expect more pressure ahead

## Median percentage **change** in hospital revenue, expenses, and margins, 2019-2020

*Kaufman Hall national hospital sample*



### 2021 pressures

- Repayment of 2020 loans, Medicare accelerated payments
- Continued suppression of volumes
- Higher supply expenses with longer length of stay, higher patient acuity
- Higher staffing costs
- Stock market and investment income volatility



### DATA SPOTLIGHT

**2.7%**

Median hospital operating margin

**0.3%**

Estimated median hospital operating margin without CARES Act funding

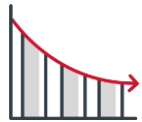
Source: "National Hospital Flash Report: January 2021," KaufmanHall, January 2021; Bose S et al., "The Cost of Quarantine: Projecting the Financial Impact of Canceled Elective Surgery on the Nation's Hospitals," *Annals of Surgery*, January 22, 2021.



# 2020 brings new challenges—and opportunities

Innovation has been the key to withstanding financial and staffing pressures

## Covid-19 exacerbates the challenge...



### Clinician shortages

**82 million** Americans live in primary care shortage areas. These areas have had more Covid-19 infections and deaths, even after adjusting for SES<sup>1</sup> and other factors; **25%** of primary care practices permanently lost practice members



### Burnout

**57%** of primary care clinicians surveyed were experiencing health declines from stress and fatigue<sup>2</sup>



### Economic pressures

**7%** of primary care practices were unsure they could remain open in 2021 without financial assistance; **25%** of practices report FFS volumes are down over **30%**<sup>2</sup>



### Patient complexity

**44%** of primary care physicians noticed patients experienced negative health impacts due to deferred chronic care

1. Socioeconomic status.  
2. As of November 17, 2020.

## But also spurs innovation and hope



### Telehealth

**21%** of total family medicine visits in the U.S. occurred via telehealth during the week of Nov. 18 vs. **2%** during the week of Feb. 5



### Flexible care team models

Health systems demonstrated flexibility, redeploying APPs, nurses, and other staff in innovative models. Read our case studies of [Baylor Scott & White](#) and [AdventHealth](#) to learn more.



### Consumerism






Covid-19 has pushed providers to double down on their access and consumerism strategies, which will continue to benefit patients after the pandemic subsides

Source: Frellick M, "Physician Income Drops, Burnout Spikes Globally in Pandemic," Medscape, September 2020; "Shortage Areas," data.HRSA.gov, December 2020; Ku B et al., "Associations Between Primary Care Provider Shortage Areas and County-Level COVID-19 Infection and Mortality Rates in the USA," Journal of General Internal Medicine, November 2020; "Quick Covid-19 Primary Care Survey Series 23," The Larry A. Green Center, Primary Care Collaborative, December 2020; Ungar L, "Thousands of Doctors' Offices Buckle Under Financial Stress of COVID," Kaiser Health Network, November 2020; "Telehealth Adoption Tracker," The Chartis Group, December 2020;

# No shortage of potential partners

Flight to safety under hospitals' umbrella (and terms) far from the only option

## Potential strategic partners for established physician practices

Potential partner	Attractive factors	Deterring factors	Common target specialties	
 <b>Other physician practices</b>	Like-minded, similar to status quo	Likely only large groups with enough capital to acquire	Single and multispecialty groups	Typical physician preference
 <b>Non-equity partner</b>	Remain independent, long term sustainability, burnout mitigation	Partial business model change, limited short term cash support	Small independent primary care practices	
 <b>Health plan</b>	Long term sustainability, burnout mitigation	Lose independence, partial business model change	Independent primary care practices	New suitors
 <b>Private equity investor</b>	Rapid cash infusion, remain independent	Aggressive growth targets, limited control over future owners, range of business model change	Orthopedics, gastroenterology, women's health, urology	
 <b>Health system</b>	Stability with employment, existing delivery infrastructure	Lose independence, uncertain revenue stability due to Covid-19	Primary care practices, new physician graduates	No slam dunk

# Some insurers taking opportunity to advance strategic aims

## Covid-19 creates new opening for plans to influence underlying market structure

### BCBS of North Carolina accelerated payment program



#### Financial stabilization

Distribute payments until the end of 2021 to “true up” revenue to what an average practice earned in 2019



#### Transition to value-based care

Require practices to commit to join a Blue Premier ACO by January 1, 2021



#### Eligibility for capitation

Offer practices a primary care capitation model that will start in 2022 (PCPs are not required to join at this time)

#### Requirements to participate in the program

- 1 Provide care delivery and care coordination activities
- 2 Commit to join the pathway to value-based care
- 3 Maintain independent status for the duration of the program

Source: “Accelerate to Value Program for Independent Primary Care,” BlueCross BlueShield of North Carolina, June 2020.

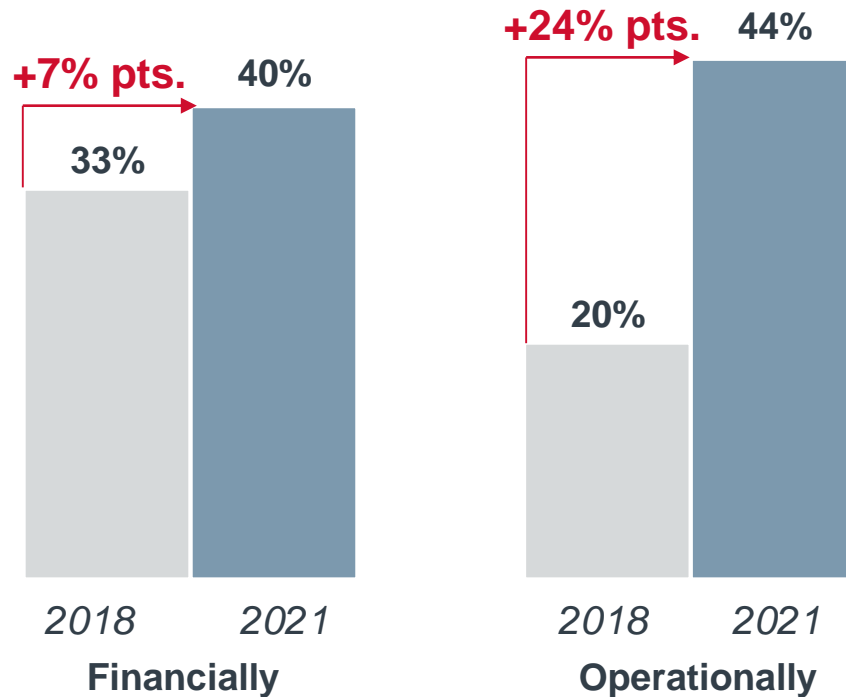
# Providers increasingly appreciate plan support

## QUESTION

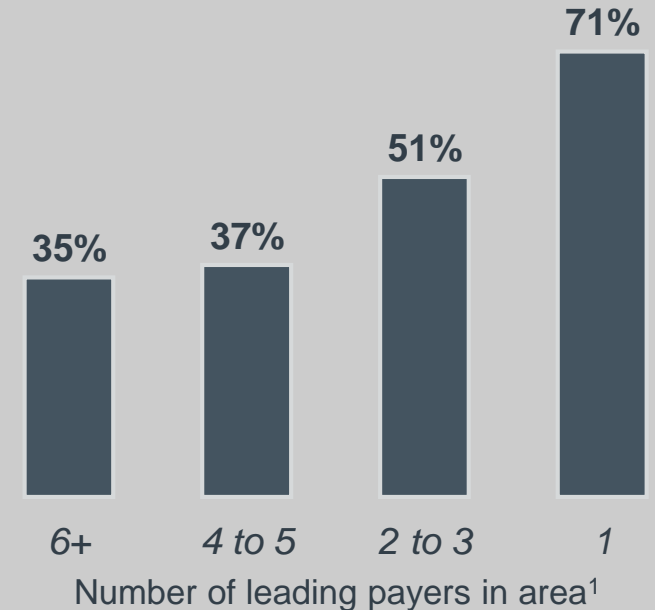
How effective are health plans at supporting frontline clinicians to take on downside risk?

*Percent of providers selecting “very effective” or “somewhat effective”*

n= 86 in 2018, 226 in 2020;  
40 for 6+, 79 for 4 to 5, 84 for 2 to 3, 14 for 1



Providers in areas with **higher payer consolidation** report **higher effectiveness** of plan operational support

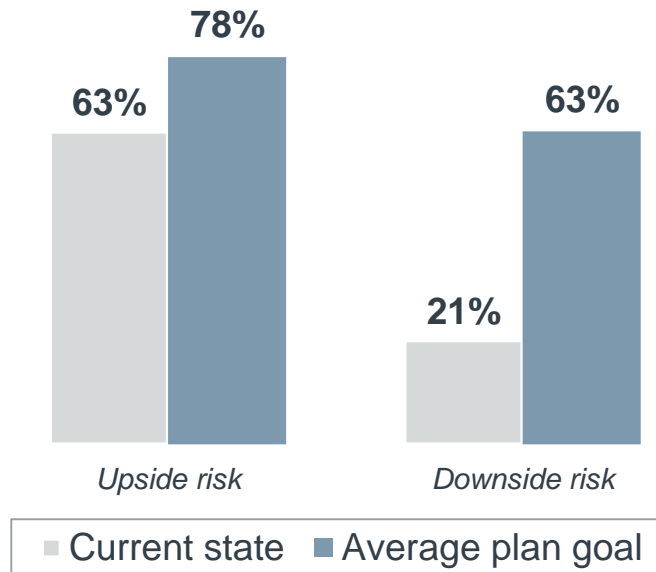


1. Provider reported.

# Plans near upside goal but nowhere near downside goal

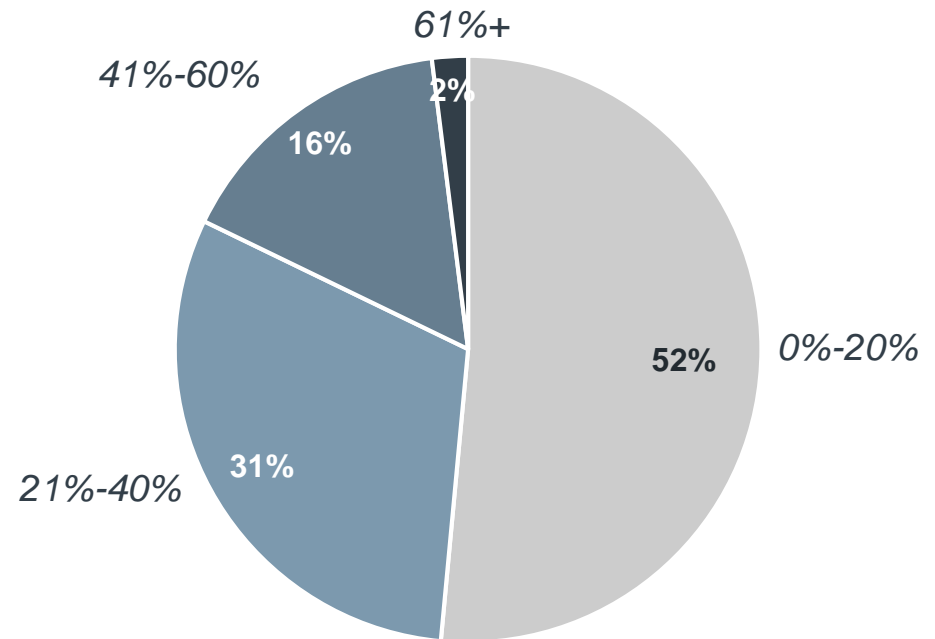
Percentage of plans' provider network in risk currently vs. plan goals

n=26 plan executives



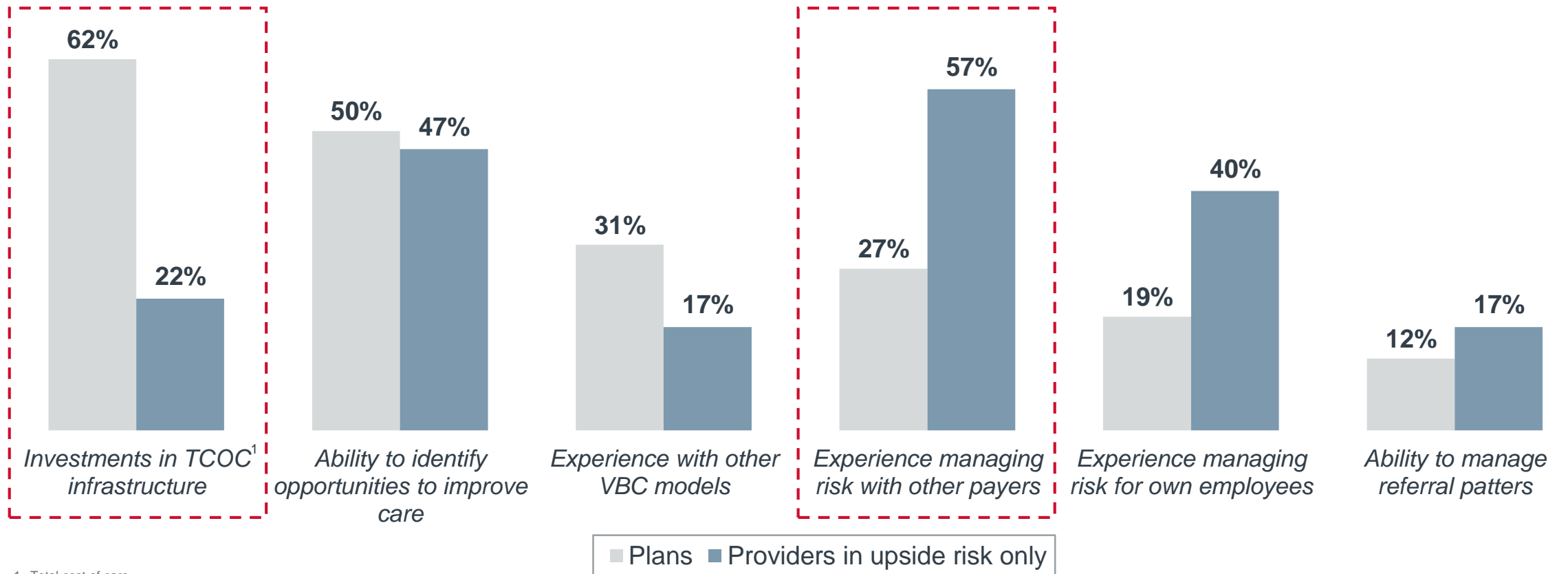
Most physicians in downside risk have less than 20% of their patient panel in downside risk

n=62 physicians



# But providers may not know what's necessary for success

What plans look for vs. what providers highlight when negotiating a new risk-based contract

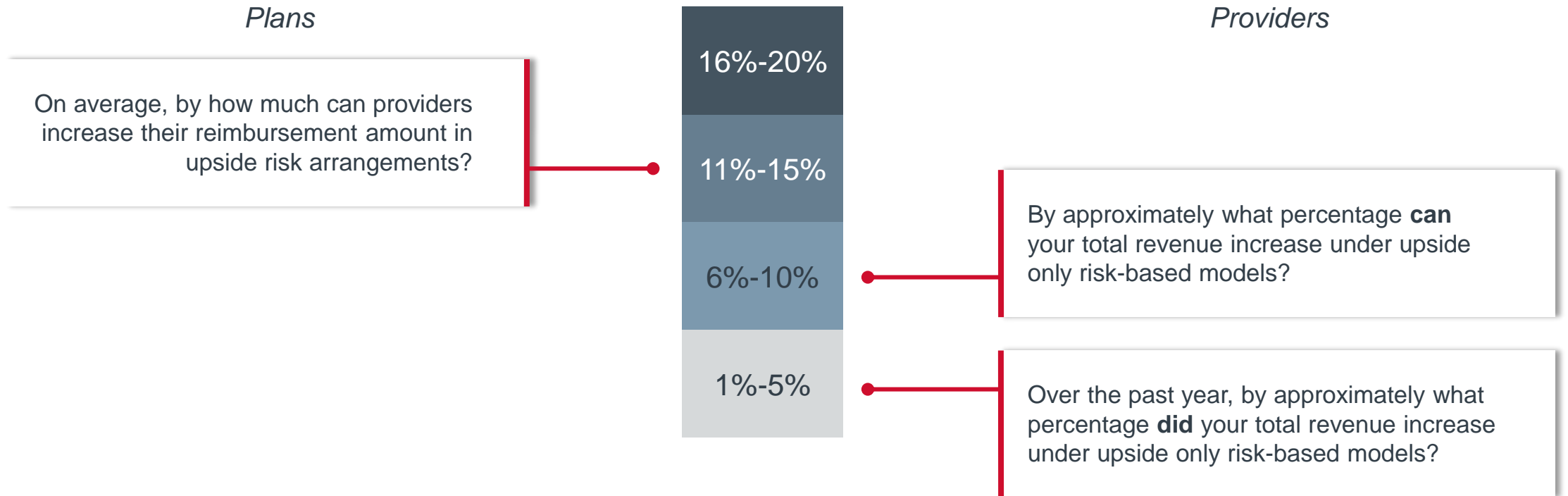


1. Total cost of care

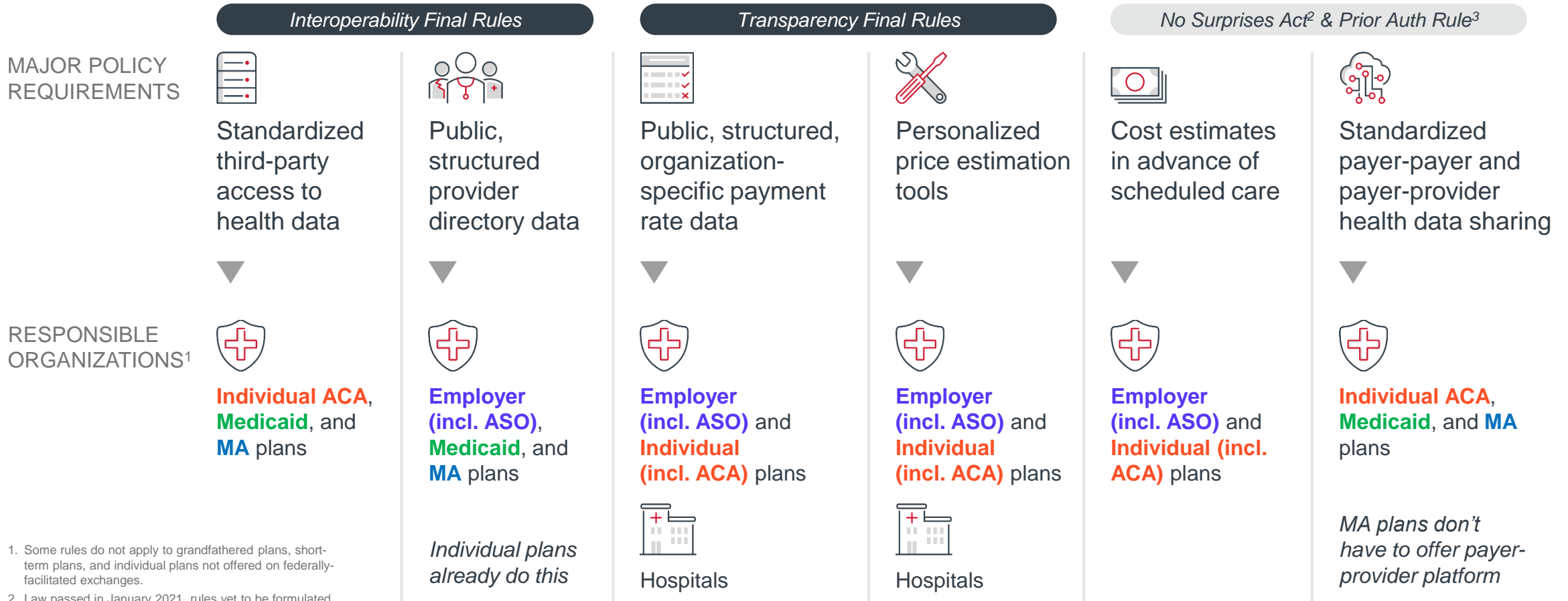
# Overpromising and underdelivering

## Plans and providers differ on how much they think providers can earn in upside risk

*Mode of respondent selections*  
n=26 health plan executives and 149 providers



# The new “information liberation” policies at a glance



1. Some rules do not apply to grandfathered plans, short-term plans, and individual plans not offered on federally-facilitated exchanges.  
 2. Law passed in January 2021, rules yet to be formulated.  
 3. Temporarily withdrawn by Biden administration.



# Structured rate data available to public

Data element	Employer and Individual Payers	All Hospitals
Format	3 machine readable files (MRFs) .XML, .JSON, .CSV suggested	1 machine readable file (MRF) .XML, .JSON, .CSV suggested
Billing codes	CPT, HCPCS, DRG, NDC, drug name, other common payer identifiers	CPT, HCPCS, DRG, NDC, other common payer identifiers
Price information	Tied to provider NPI, TIN, and Place of Service codes for all hospitals	Tied to payer and product name for all payers (including MCOs and MA plans)
Prices listed	<ul style="list-style-type: none"> <li>• <b>Negotiated rate</b></li> <li>• Fee schedule</li> <li>• Historical net drug prices (inclusive of rebates)</li> <li>• OON allowed amounts</li> <li>• Historical OON billed charges</li> </ul>	<ul style="list-style-type: none"> <li>• Gross charge</li> <li>• Discounted cash-pay price</li> <li>• <b>Payer-specific negotiated charge</b></li> <li>• De-identified minimum and maximum negotiated rates</li> </ul>
Updated	Monthly	Annually
Alternative payments	Capitation PMPM base rates and bundled rates should also be included	
Penalty	<b>To be codified</b>	\$300 / day for noncompliance

Formats must meet set standards, but are not *standardized*

Some view the penalty as worth paying to avoid disclosure

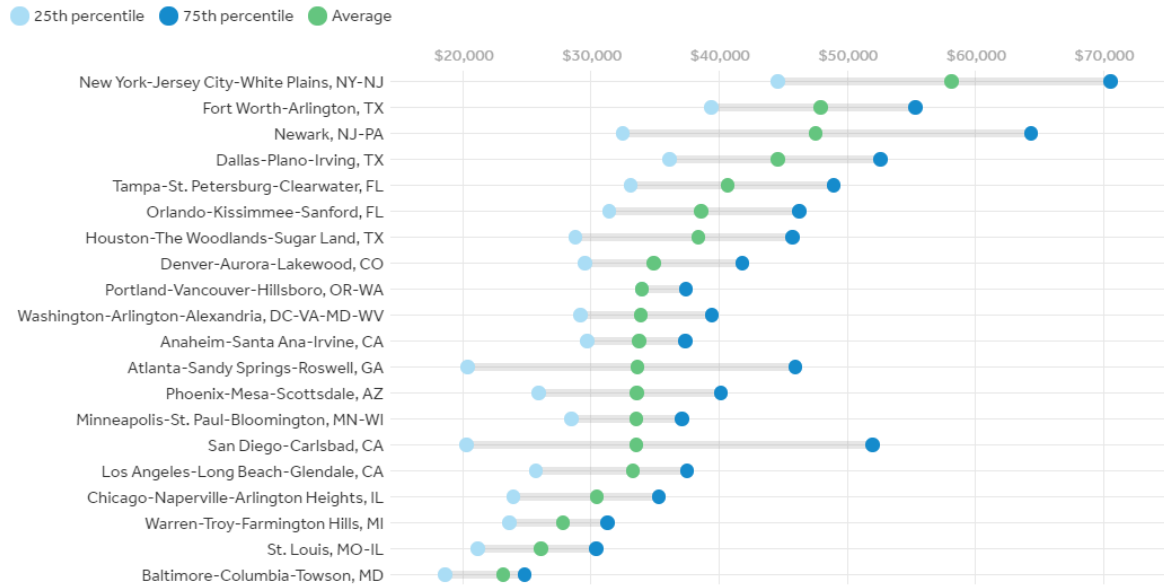
## QUICK POLL

What do you think will be the most likely outcome from the transparency mandates for your plan?

- A. Lower prices by improving negotiating leverage
- B. Increased prices due to decreased negotiating leverage
- C. Lower total cost of care by steering members
- D. Increased plan competition from access to proprietary rates
- E. Innovation in value-based contracting and network structures

# Knowing outlier rates is not the full negotiation picture

## Average allowed charges for in-network joint replacements for knee and hip surgery in large employer plans, by MSA, 2018



Note: Results shown for 20 largest MSAs, by population, with available data.

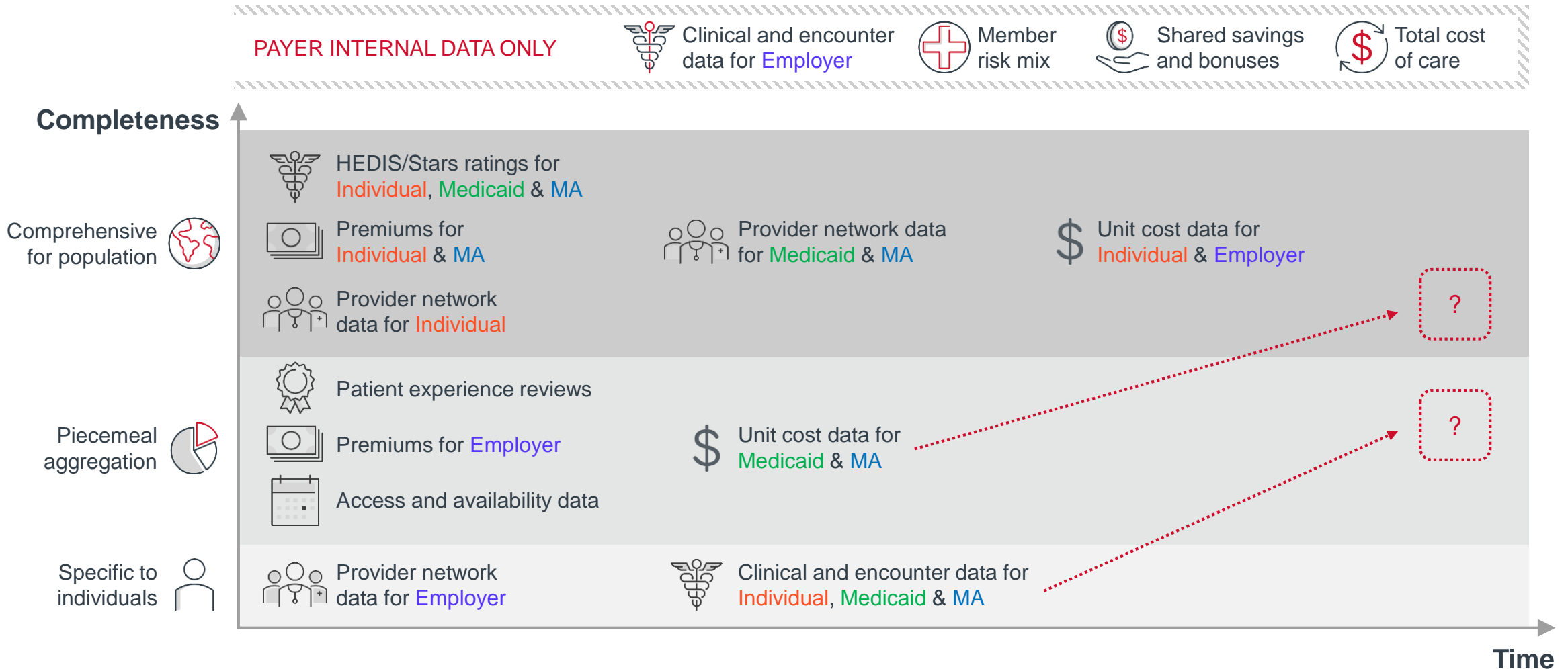
HEALTH SYSTEM TRACKER.

## Other factors driving rate negotiation

- Brand name
- Alternative payment models
- Patient risk & volumes
- Strategic partnerships
- Market share
- Clinical quality & outcomes
- Purchaser preference
- Care coordination
- Patient experience
- Community relationships

Source: Kurani, Rae, Pollitz, Amin, Cox, "Price Transparency and Variation in U.S. Health Services," Health System Tracker, January 13, 2021, <https://www.healthsystemtracker.org/brief/price-transparency-and-variation-in-u-s-health-services/>.

# What data will be available, for whom, and when?



# Envisioning “next-gen” data aggregation



Custom network  
assembly



Plan comparison  
shopper



Treatment journey  
navigator

# Insurer decisions today write the blueprint for the future

Shifting strategic considerations for plans in a transforming ecosystem mean operational decisions today

## Patient relationship control

How should plans pursue opportunities to direct patient health care behaviors?



## Care model definition

How should plans organize continuous integration of emerging care services?

TODAY

**To craft a posture toward nontraditional services:**

Foster innovation

Control delivery

## Provider business alignment

How should plans shift provider business models without adverse network impacts?

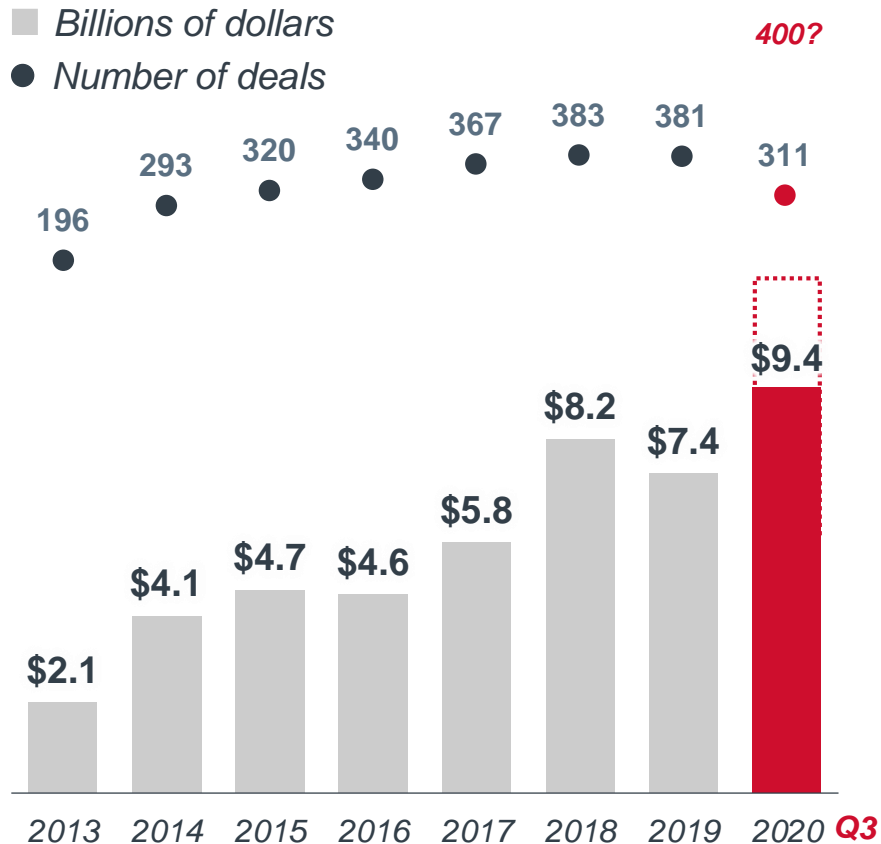
# The suite of non-traditional options only grows...

Substance use programs  
Internet access **UniteUs** DigitalHealth WildflowerHealth  
Literacy classes **Free housing** Digital glucose monitoring Livongo CBO data base  
Aledade Smart Shopper Call center **Disease management**  
Phreesia **Mindfulness classes** Stress management Education financing  
Acupuncture Step tracker **Weight management** Transportation services  
Fertility treatment Avalon Fitness trackers Smoking cessation  
Social classes Meditation apps Health risk assessments Solera **Peloton**  
Omada **Biometric screenings** Gym membership  
Food delivery Amino Collective **Consumerism tools** WebMD Aunt Bertha  
Centers of excellence Transparency tools **Behavioral telehealth**  
early childhood education Meal assistance **Navigation services** Translation services  
FastMed **Preconception programs** Virtual reality Onsite clinics  
Fall prevention device **Medical tourism** HealthCatalyst Change Health

# 2020 supercharging digital health funding

On-demand care and disease management come out on top

## Total digital health venture funding



## Top four funded digital health propositions

	2017	2018	2019	2020 H1
1	Consumer health information	On-demand healthcare services	Fitness and wellness	On-demand healthcare services
2	Fitness and wellness	Fitness and wellness	On-demand healthcare services	Monitoring of disease
3	Research and development catalyst	Research and development catalyst	Monitoring of disease	Treatment of disease
4	On-demand healthcare services	Diagnosis of disease	Diagnosis of disease	Fitness and wellness
5	Monitoring of disease	Consumer health information	Treatment of disease	Nonclinical workflow

Source: Chiu et al, "2020 Midyear Digital Health Market Update: Unprecedented funding in an unprecedented time," Rock Health, July 2020, <https://rockhealth.com/reports/2020-midyear-digital-health-market-update-unprecedented-funding-in-an-unprecedented-time/>.



# Non-traditional services evolving from add-on to must-have

But no set of services emerges as a universal “right” portfolio

## Countervailing forces on plan decisions to incorporate non-medical services

### POTENTIAL ADVANTAGES



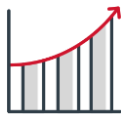
#### Cost management

Opportunity to improve health and lower costs through new innovators



#### Public perception

Expectation to address key member needs with relative wealth



#### Sales driver

Competitive lever for purchaser decisions



### POTENTIAL RISKS



#### Unproven ROI

Potential to overspend on ineffective services



#### Challenging delivery

Longstanding difficulties engaging members



#### Competing priorities

Potential to further erode fragile provider revenues

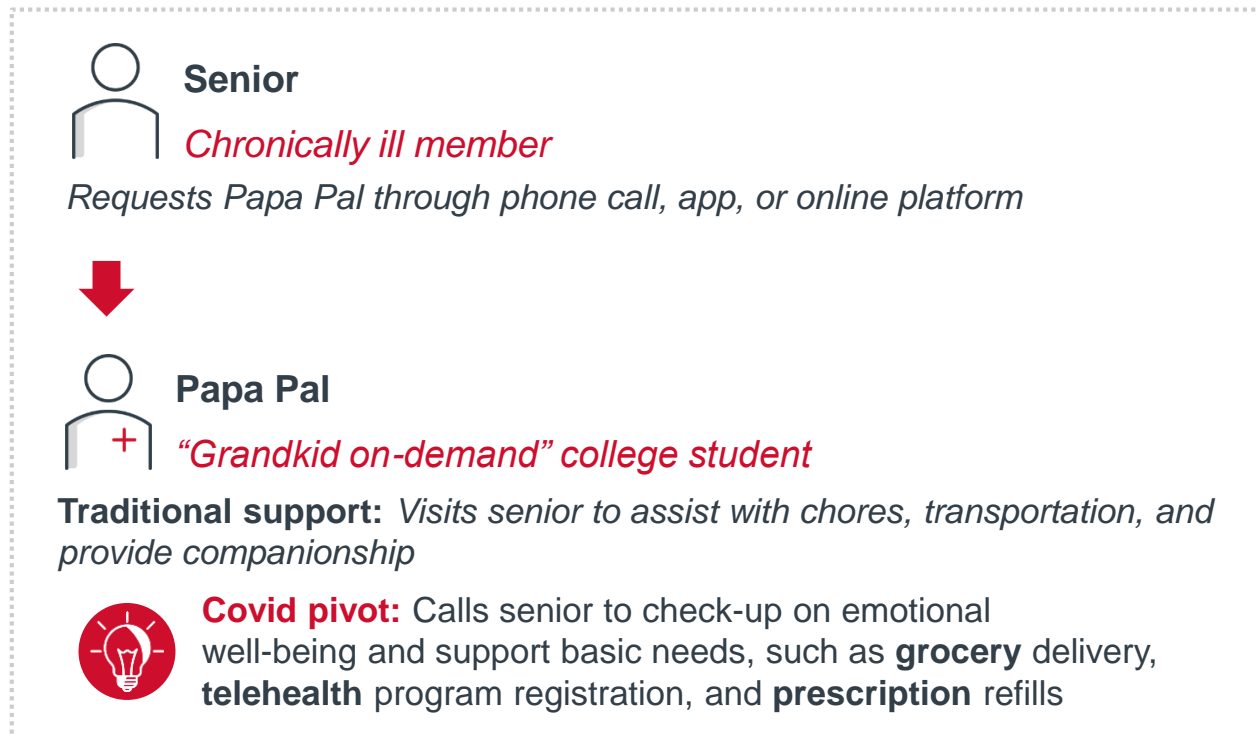


Who will organize this evolving ecosystem? How?  
What will the resulting structure mean for plans?

# Companion program serves as frontline resource connection

Papa vendor connects seniors to “grandkids” to address seniors’ unique needs

## How FL Blue Medicare-Papa partnership addresses senior isolation



### Benefits of Papa

- Meaningful social connection
- Assistance with household chores
- Groceries and medications ordered to member’s home
- Connection to telehealth provider

### Member eligibility for Papa Senior Program

- Diagnosed with CAD<sup>1</sup>, CHF<sup>2</sup>, COPD<sup>3</sup>, or diabetes
- Completed annual wellness visit
- Completed health risk assessment

### Key metrics tracked

- Percent of eligible members using benefit
- Degree of benefit used quarterly by eligible members
- Decrease in costs in engaged versus not engaged

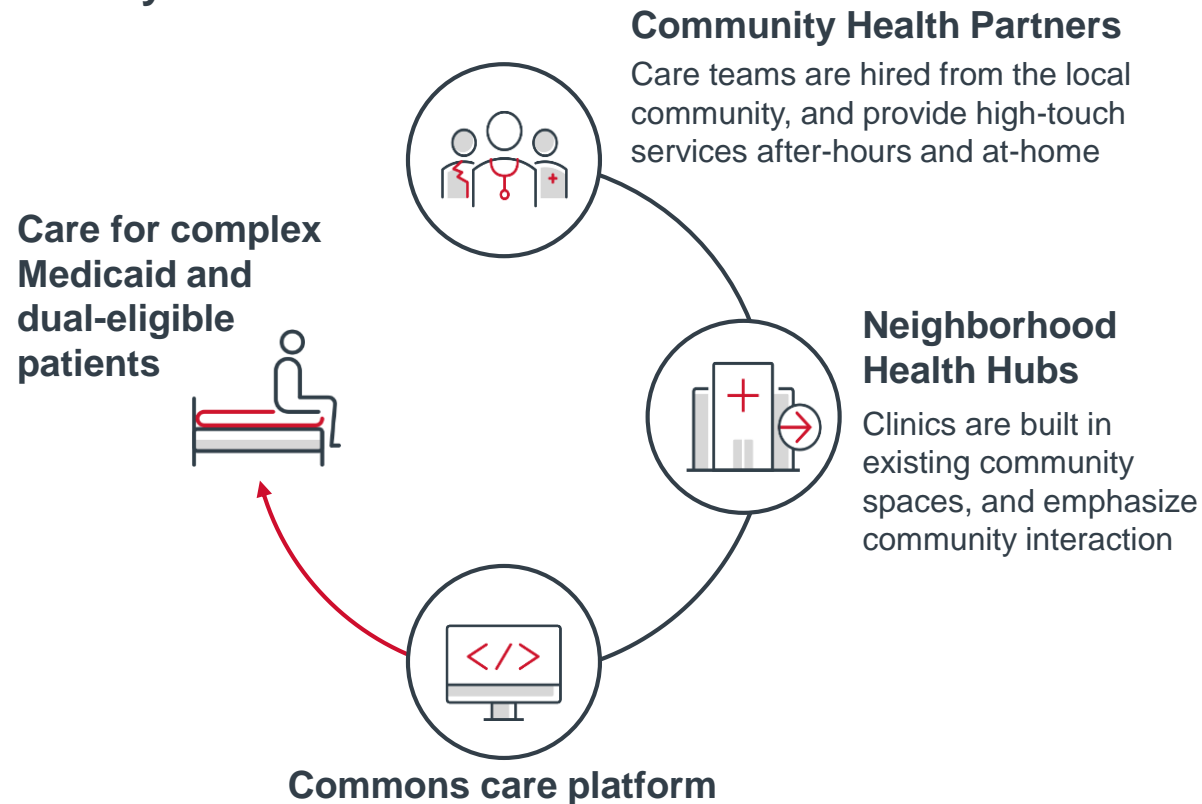
1. Coronary artery disease  
2. Congestive heart failure  
3. Chronic obstructive pulmonary disease

Source: “Papa launches Virtual Companionship to provide ‘Assistance from a Distance,’” Papa, <https://www.joinpapa.com/virtual-companionship-visits>; Florida Blue Medicare, Jacksonville, FL; Windall T, “College Students Connect with Older Adults in Miami During Pandemic with Papa Inc and AvMed,” Massachusetts Newswire, <https://massachusettsnewswire.com/college-students-connect-with-older-adults-in-miami-during-pandemic-with-papa-inc-and-avmed-46336/>.

# Cityblock and Tufts divide navigation responsibilities

Cityblock's community support can connect with Tufts network providers

## The Cityblock model



A custom-built care platform links the care team and tracks each patient's health status and events

## Cityblock and Tufts Health Plan partnership



### Tufts health plan

- Supports longitudinal care by enabling *Tufts Health Unify* network providers through partnership
- Provides engagement solution for most hard to reach member: under 65 dual eligible
- Uses data acquired through *Commons* platform to show reduced total cost of care



### Cityblock

- Deploys CHWs to patient homes to ask about social determinants (loneliness, technology, etc)
- Increases member engagement through wraparound care management
- Utilizes data collected from members lived experiences to connect to social services and track health outcomes over time

Source: "Intelligent Payer: Reimagining Provider Networks and Care Delivery", AHIP 2020 Institute & Expo Online, June 2020, <https://vevents.virtualtradeshows.com/event/ahipinstituteexpo/en-us#!/AuditoriumD/>

# Plans can support and shape the emerging service landscape

Plenty of opportunity to be more than merely a purchaser

## LOCAL INTERVENTIONS

## SCALED STRUCTURE



### The Funder

- Devote staff and/or financial resources
- Offer RFP, grant-writing support

**L.A. Care** targets investments in community organizations toward enabling scale (such as funding a HIPAA consultant or making grants for key capital investments)



### The Convener

- Recruit parties for collaboration
- Build channels for communication

**Highmark** partners with Contessa to manage transitions to home and SNF-at-home care



### The Creator

- Develop services and products in-house
- Act directly to improve health, SDOH

**CareSource** provides job training and connections to local employers



### The Expert

- Contribute to existing knowledge
- Conduct studies to build academic evidence base

**Blue Shield of California** monitors performance standards for digital health vendors through virtual clearinghouse



### The Advocate

- Engage policymakers
- Develop replicable operating standards

**UHC** advocates for SDOH ICD-10 codes for comprehensive member data

**Humana** adapts VBC models to standardize provider roles in social needs interventions

# Humana pushing forward the financial reality

Expanded payment model adjusts for social needs, motivates connection

## Resources are currently misaligned to appropriately address SDOH

*A value-based SDOH model will:*

Align resources for screening, coding, and connecting patients with HRSNs<sup>1</sup> to appropriate resources



*Data must prove:*

Does an incentive create the behavior change in our provider partners to comprehensively screen, code, and refer?

Proactively encourage and support efforts aimed at the development of a social risk index



Does connecting the member to the appropriate resource result in improved outcomes?<sup>2</sup>

## Humana's SDOH Value-Based Payment Models

### Strategically partner with providers:

- ✓ Bold Goal Community
- ✓ Value-Based Relationship
- ✓ Highly Engaged & Willing to Publish study findings

### To help patients achieve their best health:



Delivered through care coordination



Powered by social needs platforms

1. Health-related social needs.

2. Lower acute hospitalizations, reduced readmissions, lower ER utilization, greater healthy days, lower A1c, etc.

Source: Humana, Louisville, KY, 2020.

# Insurer decisions today write the blueprint for the future

Shifting strategic considerations for plans in a transforming ecosystem mean operational decisions today

## Patient relationship control

How should plans pursue opportunities to direct patient health care behaviors?

**TODAY**

**To encourage use of preferred access points:**

Broaden access



Force steering



## Care model definition

How should plans organize continuous integration of emerging care services?

**TODAY**

**To craft a posture toward nontraditional services:**

Foster innovation



Control delivery



## Provider business alignment

How should plans shift provider business models without adverse network impacts?

**TODAY To structure payment to support preferred network partners:**

Promote allies



Mandate transformation



# Webinar Survey



Please take a minute to provide your thoughts on today's presentation.

Thank You!

*Please note that the survey does not apply to webconferences viewed on demand.*



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