

NAVIGATING TODAY'S HEALTHCARE TRANSFORMATION:

# THE EVOLUTION OF PAYERS

With the focus on value-based care, payers must now find innovative ways to manage the rising costs of care, enhance customer experience while improving population health outcomes.

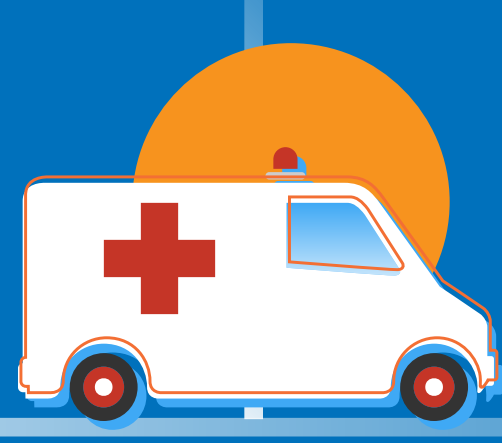
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HERE ARE FOUR WAYS PAYERS ARE MAKING SMART MOVES IN THE HEALTHCARE GAME.

## 1 EXPANDING INVOLVEMENT IN CARE DELIVERY

Healthcare stakeholders across sectors are breaking down silos and forging strategic partnerships to transform care delivery.

**PUSHING POPULATION HEALTH FORWARD**



**DISRUPTING TRADITIONAL CARE MODELS**

Additional provider-payer partnerships are emerging to manage costs and increase affordability. **Blue Cross Blue Shield of Michigan's** patient-centered medical home includes:

**1,700+**

physician practices and allows doctors to work with multidisciplinary teams to improve care coordination.<sup>1</sup> The result? **Fewer ER visits and inpatient stays.**

CVS & Aetna partnered to reduce healthcare spend through scale and site of care, pivoting from high-cost, fee-for-service providers to lower-cost, on-demand outpatient care clinics. The partnership fosters richer data, analytics, and reporting, transforms the care experience, and improves access to lower-cost and quality care.<sup>2</sup>

"We work with physician groups that have good metrics. We give them more autonomy to do risk-based contracts and put clinical outcomes out there so they can get into informatics. We're helping people get real-time data and working with physician organizations to get real-time care delivery."

-Aetna/CVS, Regional Medical Director

By enabling more diverse risk-management services, growing geo-targeted preferred networks, and driving shared technology investments, provider-payer partnerships give payers valuable data points to assess whether these programs can scale.

## 2 TRANSFORMING THE CUSTOMER EXPERIENCE

Healthcare consumers now expect on-demand, personalized digital experiences. Payers are now investing in digital solutions to redefine the care journey.

**aetna**  
**CVS**

**DRIVING BETTER OUTCOMES**



**LEVERAGING DIGITAL TO EMPOWER PATIENTS**

Anthem's **Engage** patient engagement platform gives members access to telehealth services and connects patients to payer-provided clinical and wellness programs. It also integrates health plan benefits, individual claims data, and wellness data from digital apps.

Allscripts partnered with Lyft to integrate ride-share capabilities into EHR systems and empower **180,000** physicians to book non-emergency transport to **2,500** hospitals and **45,000** medical practices.

"I can't believe we're still talking about adherence. Everyone wins on adherence. Create rewards and incentives for different populations. If a patient's diabetes A1C is lowered by X points, they receive a reward. Pharma could easily adopt this concept."

-CVS, Pharmacy Director

Patient engagement platforms like **Engage** offer a comprehensive view of each patient and enable members to make informed care decisions based on cost and quality, transforming data into a powerful tool to boost patient adherence and increase use of more cost-efficient health services.

No-shows cost the healthcare industry **\$150 BILLION** a year.<sup>3</sup>

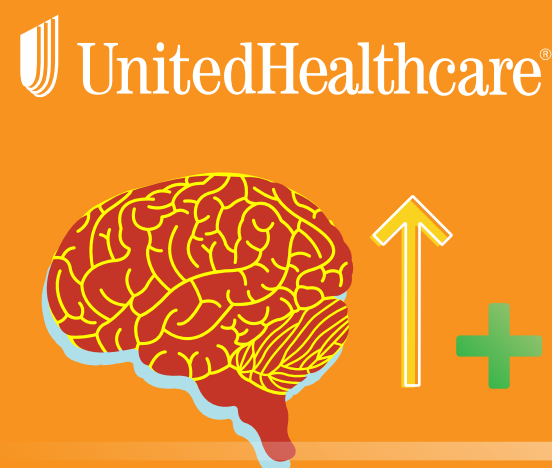
With ride-share programs, providers and payers can work together to improve patient access to preventive and ongoing care.

## 3 EMBRACING ALTERNATIVE VALUE-BASED PAYMENT MODELS AND CONTRACTING

Around 91 percent of payers think that alternative payment model (APM) activity will increase in the future.<sup>4</sup> New models have emerged to level the financial risks payers assume for serving the Medicare population.

**BUNDLING PAYMENTS TO IMPROVE OUTCOMES**

United Healthcare's bundled payment program has arrangements with large orthopedic specialty groups performing spinal fusion surgeries and hip or knee joint replacement. United Healthcare's bundled payment program has led to better coordinated medical care, improved patient outcomes and controlled costs.<sup>5</sup>



**EXPANDING EMPLOYER-ACO PARTNERSHIPS TO REDUCE CARE COSTS**

Wal-Mart and Emory Healthcare partnered to enable employees to access care from more than 2,000 in-network doctors within Emory Healthcare's Accountable Care Plan to improve care while lowering costs.<sup>5</sup>

"Value-based contracts are based on claims data and getting metrics...not necessarily clinical outcomes, ER visits, and hospitalization. You can't tell avoidance through claims, you can only tell if you've had a hospitalization."

-Humana, Medical Director



**LOWER COSTS**

## 4 MEDICARE ADVANTAGE IS ON THE RISE

Insurers are launching innovative partnerships with healthcare providers and retailers to grow their Medicare Advantage (MA) business. The number of MA enrollees has almost doubled in the last decade to 20 million, presenting a significant revenue opportunity for payers.<sup>6</sup>

Cigna's new Medicare Advantage plan in the Nashville Metro Area includes benefits to its members such as \$0 monthly premiums, \$0 copay for many drugs, no referrals required for in-network providers and more. This approach provides healthcare plans for every budget while connecting members with providers & services that promote preventative care and improved health outcomes; a win-win for Cigna and their members.<sup>7</sup>

Case in point: Humana's individual MA enrollment skyrocketed from **187,000** members to more than **3 MILLION** in August 2018, boosting retail revenue from **\$740 MILLION** to **\$12 BILLION**

By offering members holistic health services like carpet cleaning for asthma patients or transportation to provider appointments, payers can increase engagement among at-risk populations and realize greater cost savings.

**MEDICARE ADVANTAGE**

Medicare Advantage Enrollees **X2** in the last 10 years to **20 MILLION**

"Delivery organizations that course of UHC has purchased throughout the course of our journey cover 600,000 MA lives, and MA drives our revenue."

-Optum, National Clinical Risk Adjustment Director

Healthcare Spending will rise to **\$6 TRILLION**



**19%** of the GDP

BY: **2027**

**THE PATH FORWARD**

**GO** Back to Start

**SHIFTING THE FOCUS TO THE TOTAL COSTS OF CARE**

Payers need to better manage costs, which must include managing rising prescription drug costs. Payers must work with the pharmaceutical industry to integrate these stakeholders into value-based care models. This approach, along with leveraging data-driven technologies and alternative value-based care models, and growing their Medicare Advantage business, will enable payers to deliver cost-effective and affordable quality care.

SOURCES: 1. www.bcb.com/the-health-of-america/articles/video-patient-centered-medical-homes-offer-more-coordinated-holistic-2. cvshealth.com/newsroom/press-releases/cvs-health-completes-acquisition-of-aetna-marking-3. healthpayerintelligence.com/news/91-of-payers-faresee-alternative-payment-model-activity-increase-4. www.scsolutions.com/uploads/news/Missed-Appnts-Cost-HMT-Article042617.pdf 5. https://abcrcm.com/humana-united-healthcare-increase-their-use-of-bundled-payments/ 6. www.healthcarediv.com/news/walmart-emory-healthcare-working-together-new-aco521864/ 7. www.kff.org/medicareissue-brief-a-dozen-facts-about-medicare-advantage/ 8. www.pgpf.org/blog/2019/03/why-are-americans-paying-more-for-healthcare