

rule of three.

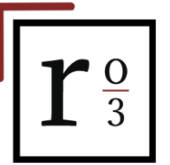


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Industry Update: Value-Based Care Evolution

September 20, 2023

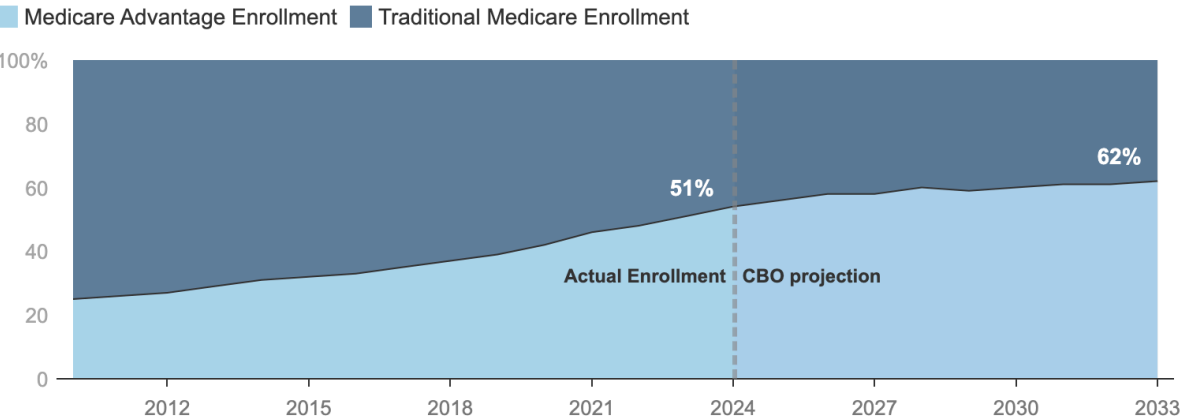
Trends Shaping the Evolution of VBC



Seniors Prefer MA over Traditional Medicare



Medicare Advantage and Traditional Medicare Enrollment, Past and Projected

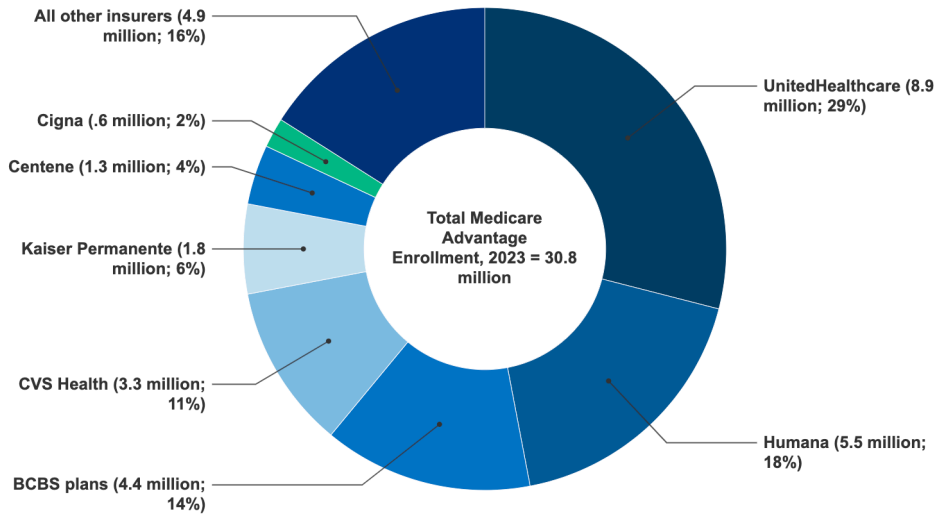


SOURCE: KFF analysis Medicare Chronic Conditions (CCW) Data Warehouse from 5 percent of beneficiaries, 2010-2016; CCW data from 20 percent of beneficiaries, 2017-2020; and Medicare Enrollment Dashboard 2021-2023. Enrollment numbers from March of the respective year. Projections for 2023 to 2033 are from the May Congressional Budget Office (CBO) Medicare Baseline for 2023. • PNG

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While CMS remains the single largest insurer of seniors in the US, **private payers now manage the risk for most seniors** across the country through Medicare Advantage.

Medicare Advantage Enrollment by Firm or Affiliate, 2023



NOTE: All other insurers includes firms with less than 2% of total enrollment. BCBS are BlueCross and BlueShield affiliates and includes Anthem BCBS plans (Elevance). Non-BCBS Elevance plans are 2% of total enrollment.

SOURCE: KFF analysis of CMS Medicare Advantage Enrollment Files, 2023. • PNG

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United Healthcare & Humana account for **almost half of all MA enrollees** across the country in 2023, and account for **nearly two out of every three new enrollees**.

Payers Doubling-Down on Senior-Focused Care



Humana



Humana exits employer insurance, pivots focus to government plans

Published Feb. 24, 2023



Humana opens 250th primary care center as it continues to focus on growth

By Paige Minemyer - Jun 6, 2023 09:00am

U.S. News and World Report names Humana 2023 Best Overall Medicare Advantage Plan Company



UnitedHealthcare expects 900,000 more Medicare members in 2023

Jakob Emerson - Updated Tuesday, January 17th, 2023

UnitedHealthcare ramping up investment in virtual visits, home monitoring for 6M Medicare Advantage members



CVS closes \$10.6B acquisition of Oak Street Health to expand primary care footprint

By Heather Landi - May 2, 2023 09:30am



CVS To Build More Than 50 Oak Street Senior Clinics In 2024



Blue Cross and Blue Shield Announces Access for Adults with Medicare at Duly Health and Care Oak Park Clinic
Collaboration Provides State-of-the-Art Facility, Focused Care for 65-and-Older (BCBS Illinois)



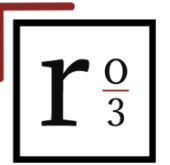
Blue Cross Blue Shield of Michigan has partnered with Dedicated Senior Medical Center to offer Medicare-eligible seniors a new and exciting choice in preventive medical care.



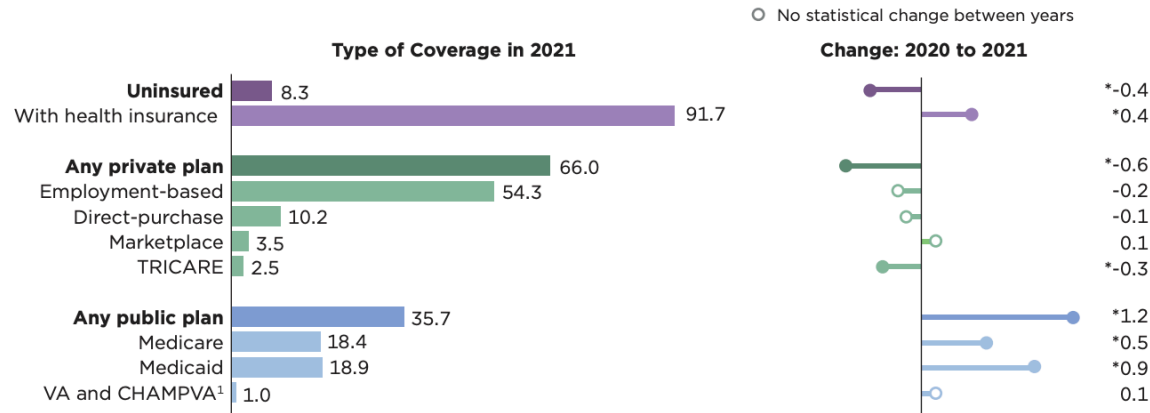
Blue Cross MN Partnership Expands Value-Based Care for Rural Members

Blue Cross Medicare Advantage members in 24 rural Minnesota counties will receive care under a full-risk value-based arrangement.

Employers Hold Golden Opportunity in VBC



Percentage of Population by Type of Health Insurance Coverage and Change from 2020-2021



* Denotes a statistically significant change between 2020 and 2021 at the 90 percent confidence level.

¹ Includes CHAMPVA (Civilian Health Medical Program of the Department of Veterans Affairs), as well as care provided by the Department of Veterans Affairs (VA) and the military.

Note: The estimates by type of coverage are not mutually exclusive; people can be covered by more than one type of health insurance during the year. Information on confidentiality protection, sampling error, nonsampling error, and definitions is available at <https://www2.census.gov/programs-surveys/cps/techdocs/cpsmar22.pdf>.

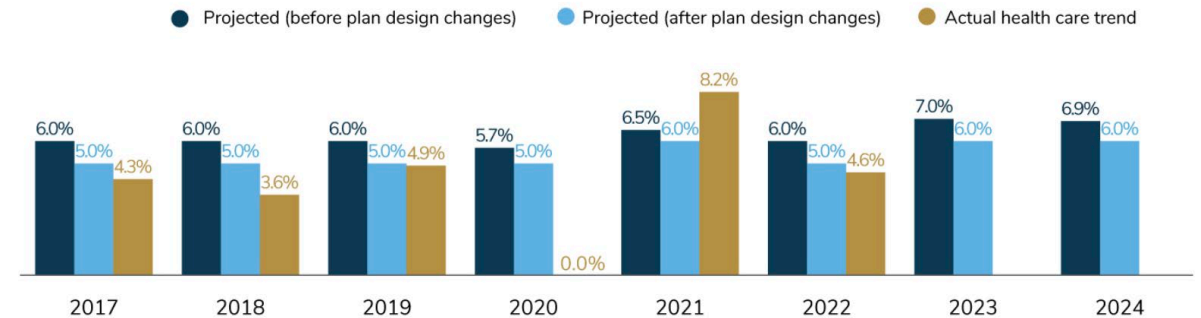
Source: U.S. Census Bureau, Current Population Survey, 2021 and 2022 Annual Social and Economic Supplements (CPS ASEC).

“Employers fund more than \$1 trillion of the U.S. health care ecosystem, and nearly half of Americans receive health insurance through an employer.”

“After plan design changes, health care costs may **increase by 6%** in 2023 and 2024. This is **higher than historical increases.**”

Median Increase in Health Care Trend, 2017-2024

2024 Large Employers' Health Care Strategy Survey by the Business Group on Health



But No Silver Bullets Exist



Employer Challenges



Age diverse populations can be challenging to manage, as each generation has different needs, as well as preferred methods of accessing care.



Potential VBC Solutions

Tailored well-being solutions which cater to specific populations are becoming more common in VBC models. One example is Caraway, a company who is rebuilding the approach to PC for a younger generation who do not yet have any pre-existing perceptions of care models.



The continued rise of chronic conditions is a constant drain of resources, and often results in expensive and excessive procedures, and generally unhealthy populations.



In addition to the emphasis on **preventative health measures** which can help avoid the onset of a chronic condition, **remote patient monitoring** is a popular VBC solution for chronic condition management to give providers more information about their patients' daily lives to better inform their care.



Health equity and the ability for all individuals to access care, regardless of their social determinants of health.



Hybrid care models individuals to access care in a variety of ways based on what is best for their current needs. For example, for an individual in a rural town, the convenience of a virtual care visit may mean they get some type of healthcare more frequently than if they had to go into a doctor's office.



High-cost conditions, such as cancer or musculoskeletal conditions, are a significant issue of the affordability challenge in healthcare.



Emphasis on **preventative health measures** and **better care navigation** can both help with the affordability of high-cost conditions, either by preventing the condition in the first place or by lessening unnecessary procedures as the patient progresses through their care journey.



A **distributed workforce** creates challenges for employers who want to provide equitable health benefits to all employees.



Centers of Excellence negotiate rates with multiple health systems, so an employer does not have to manage rate negotiation across a wide variety of local providers.

The New Big Four Making “Platform” Plays



	PAYER	PRIMARY CARE	SPECIALTY	VIRTUAL	HOME CARE	PHARMACY
amazon <i>Major Acquisition Spend: \$4.8B</i>	?	 	 Partnerships with health systems in local markets for specialty care		?	 With PillPack and \$5 Rx Prime add-on for 80 common conditions
CVS <i>Major Acquisition Spend: \$87.6B</i>			 Home-First Dialysis	 		
 <i>Major Acquisition Spend: \$16.3B</i>	?	 	 MS care coaching		 	
Walmart <i>Major Acquisition Spend: \$310M</i>	 Potential to leverage Change and LHC acquisitions		?		?	 Includes CareZone acquisition, now Walmart Insurance Services

VBC Delivering Results for Health Systems



Accountable Care Organization (ACO)
comprised of more than 2,500 clinicians in
Louisiana, Texas, Mississippi and Alabama

- Ochsner Accountable Care Network **lowered cost of care by more than \$27M** for more than 52k Medicare beneficiaries in MSSP performance year 2022
- Compared to 2021, OACN increased **utilization of primary care services by 27.7%, increased annual wellness visits by 10%, and reduced unplanned admissions by 10%**
- Achieved **patient experience scores of 95 out of 100** for how well beneficiaries view providers' communication with patients and for having courteous and helpful office staff



Integrated rural health system serving more
than 1M patients and 200k health plan
members across 250k square miles

- Leveraged AI and machine learning to **identify high users of care**, including patients with complex conditions who often faced obstacles to accessing care that were influenced by social determinants of health
- **Mobilized health guides to coordinate care** for high users, providing transportation support, internet access for virtual care, appointment scheduling and rescheduling, etc.
- Within the first six months of the program, demonstrated a **62% reduction in ED visits, 67% reduction in hospital admissions, and 34% drop in missed appointments**

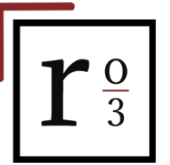


VANDERBILT
HEALTH

Leading comprehensive academic health
system in the Southeast, with 7 hospitals
and 200 clinics across the region

- Launched **MyHealth Bundles**, offer a set price to employers, employees, and patients for a streamlined and enhanced care experience for specific medical conditions, managed via value-based care models
- Partnered with Metro Nashville Public Schools to design MyMaternityHealth, **reducing C-Sections by 25%, NICU spending by 16%, and saving the health plan over \$400k in year 1, with NPS in the 90th percentile**
- Expanded MyHealth Bundles program to **7 episodes of care**, providing concierge service for patients and families, in a more predictable and affordable business model, and capturing new volume for the system

VBC Evolution Requires **Committed Strategy**



Disrupt yourself or be disrupted. With the continued trend toward VBC, health systems that can disrupt legacy care models in place of innovative approaches will shape new competitive advantages.



Think vertically, in pursuit of the premium dollar. While owning a health plan is not a requirement, organizations who manage a majority of the premium dollar are positioned best in value-based care.



Value-based care still requires volume-based strategy. Growing lives under management is critical to spreading risk across larger populations, minimizing the impact of any single event.

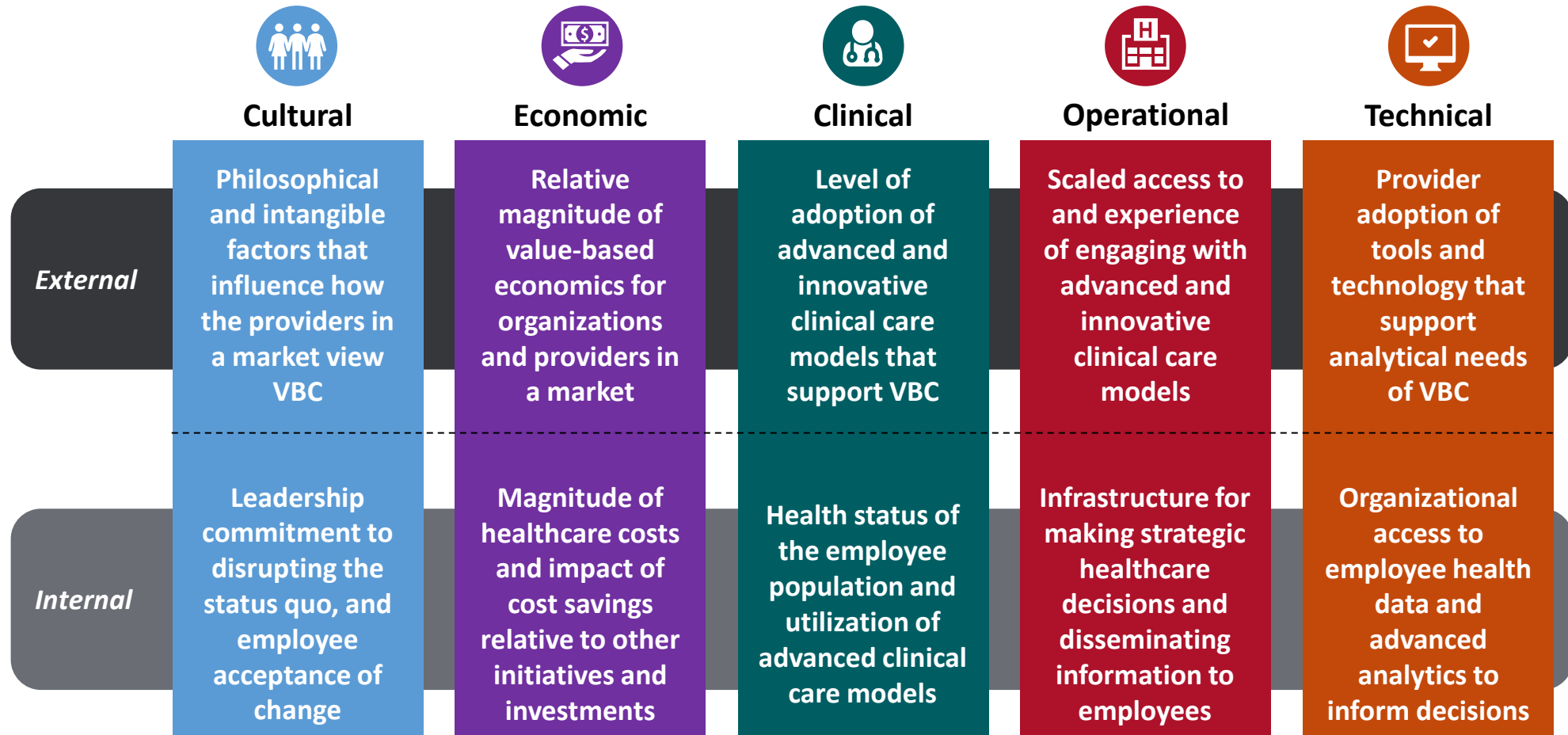


Embrace care models tailored to populations. As populations become more diverse, the definition of “value” changes, meaning that caring for Baby Boomers needs to look and feel different than Gen Z.



Focus on your strengths, embrace partnerships where necessary. A DIY approach risks burnout of human capital, continuously tasked with more and more, while partnerships can accelerate speed-to-value.

Form Strategy Around VBC Maturity



How do we mature? Where do we prioritize? What is our pace of change?

rule of three.



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Thank You

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