BHCG BUSINESS HEALTH CARE GROUP

Leading change. Creating value.

Game Changer: BHCG's Wisconsin Solution – A Template for Fixing U.S. Health Care?

October 1, 2024

Welcome

Jeffrey Kluever

Executive Director

Business Health Care Group

2024 Commonwealth Fund Report

- More than 100 million Americans – 41% of adults – are mired in medical debt
- More than 26 million Americans remain uninsured
- One of every four working adults in this country are underinsured

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DELIVERING VALUE SERIES

2023 Insurance Company Revenue & Profits in Wisconsin*

UnitedHealthcare

- WI net income: **$1.24 Billion**
- WI total revenue: **$17.9 Billion**

Anthem Blue Cross Blue Shield

- WI net income: **$148 Million**
- WI total revenue: **$922 Million**

Dean Health Plan

- WI net income: **$16 Million**
- WI total revenue: **$1.6 Billion**

* *Wisconsin Office of the Commissioner of Insurance*

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DELIVERING VALUE SERIES

2023 Insurance Company Revenue & Profits in Wisconsin* (*cont.)*

Network Health

- WI net income: **$25.3 Million**
- WI total revenue: **$443 Million**

Security Health Plan

- WI net income: **$11 Million**
- WI total revenue: **$1.4 Billion**

* *Wisconsin Office of the Commissioner of Insurance*

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DELIVERING VALUE SERIES

Thank You to Our Educational Sponsor

Agenda

- **Keynote Presentation: What Does It Take to Drive the Change Needed in Health Care?**
  - *Cora Opsahl, Director, 32BJ Health Fund*
- **Presentation: Delivering Health Care Value in Wisconsin**
  - *Ashok Subramanian, CEO, Centivo*
- **Panel Discussion: Supporting Positive Change in Health Care Delivery**
  - *Cora Opsahl*
  - *Ashok Subramanian*
  - *Pam Hannon, Retirement and Healthcare Leader, Total Rewards, GE HealthCare*
- **Panel Discussion: Physician Value Study 3.0 – New Opportunities to Impact Health Care Value**
  - *Earl Steinberg, MD, MPP, Adjunct Professor of Medicine and Health Policy and Management, Johns Hopkins University; CEO, QC Health, LLC*
  - *Wayne Jenkins, MD, Chief Medical Officer, Centivo*
  - *Dana Richardson, CEO, Wisconsin Health Information Organization*

Keynote Presentation: What Does It Take to Drive the Change Needed in Health Care?

Cora Opsahl, Director, 32BJ Health Fund

What Does It Take to Drive the Change Needed in Health Care?

CORA OPSAHL

32BJ HEALTH FUND

Who is the 32BJ Health Fund?

- 32BJ Health Fund is a self-insured, multi-employer plan that provides health benefits to over 200,000 covered lives of 32BJ SEIU union members and their families in 11 states and Washington, D.C.
- Union members are cleaners, property maintenance workers, doorpersons, security officers, window cleaners, building engineers, school and food services workers, and airport workers.
- The Fund is jointly governed by the Union and the Employers, using contributions from 5,000 employers of all sizes to fund health benefits
- The Fund provides high-quality health benefits with $0 monthly premiums, $0 in-network deductibles, and low in-network copays
- It is the responsibility of the Health Fund to keep costs low while focusing on the member

High and rising costs threatens our ability provide affordable healthcare

In 2023, the Health Fund spent $1.4B in healthcare

Inpatient and outpatient hospital costs make up 55% of Health Fund spend

Healthcare costs make up 37% of total compensation

In the past 10 years, wages have gone up 54% but healthcare has gone up 230%

What Does It Take to Drive the Change Needed in Health Care?

DATA

PROGRAMS

TOOLS

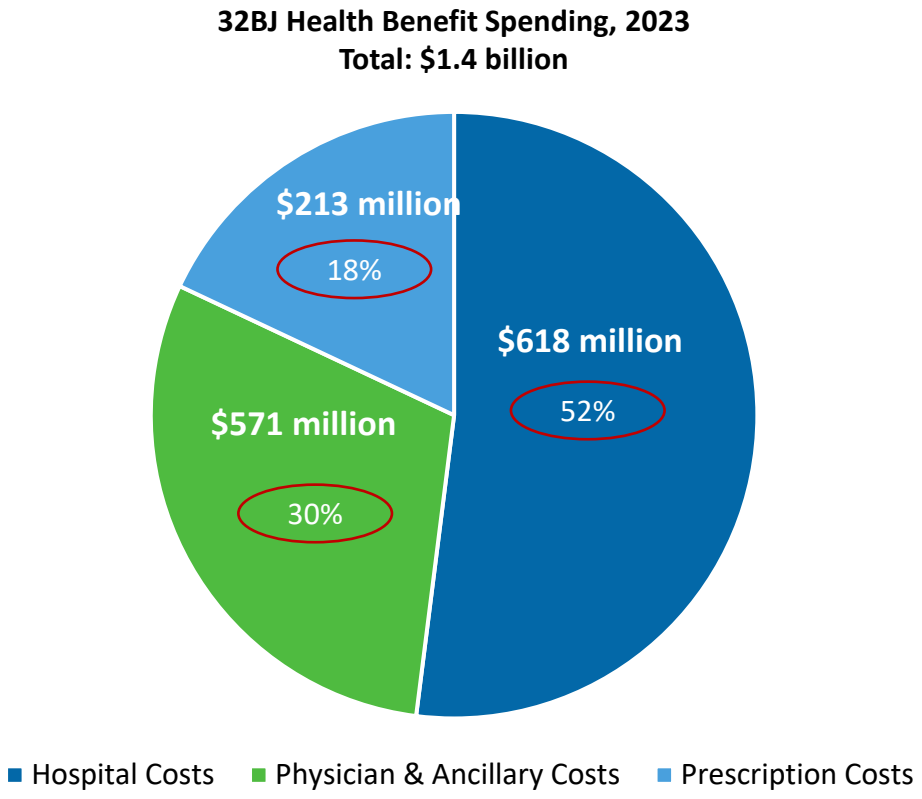
POLICY

COURAGE

Data is What Drives Our Decisions

Inpatient and outpatient hospital costs account for 44% of the average employer's spend

***Centers from Medicare and Medicaid National Health Expenditures, 2019**



Why You Should Care About Your Data

- Conduct a wide variety of analyses
- Create meaningful visuals to share with all levels of the organization
- Investigate different business questions using data
- Proactively engage with the data to provide business leaders with key insights
- Drive benefit decisions in a thoughtful and analytical manner

Win/Win Cost Containment Programs

Utilization Programs

Price Solutions

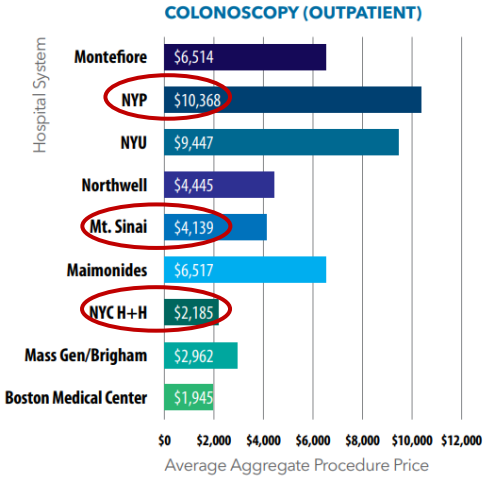
Create Programs that Save Money and Enhance the Member Experience

UTILIZATION PROGRAMS

- No premium sharing
- No in network deductibles
- Innovative Programs
- Centers of Excellence

PRICE SOLUTIONS

- Pharmacy Group Purchasing
- Price comparison by procedure or hospital
- Network Management



New Tools to Purchase Better

Healthcare Savings Calculator

Understand hospital price savings potential, if prices were lower.

Compare existing hospital spend to Medicare and commercial market break even benchmarks.

Healthcare Administrator Contract-First Template

Challenge the industry standard of accepting bidder contracts before negotiations.

Use as a mechanism for accountability with TPA bidders for their promised

Available at 32bjhealthinsights.org/interactive-tools

The intersection of benefits and policy

Health Fund Network Design:

- 32BJ Health Fund tiered and removed certain providers from its network to ensure fair cost sharing for participants.

Health Fund Contracting:

- 32BJ Health Fund led an innovative RFP process for a new TPA that sought more protection against anti-competitive terms.

Supported Legislation:

- Supported the passage of New York City and State legislation that increases transparency and access to hospital price data.

32BJ SEIU Union Public Campaigns:

- Raise public scrutiny and awareness of irrational hospital prices.

one of the most prestigious hospital systems in the U.S. MARCUS SANTOS/ZUMA PRESS

By *Anna Wilde Mathews* Follow
May 21, 2024 5:30 am ET

May 22, 2024 - Health

Fight between union and hospital heats up post-breakup

Tina Reed, author of Axios Vitals

BECKER'S
Hospital CFO Report

Financial Management

Union attempt to carve out NewYork-Presbyterian met with $25M bill: WSJ

Molly Gamble (Twitter) - Wednesday, May 22nd, 2024

KFF Health News
Morning Briefing

Summaries of health policy coverage from major news organizations

Spotlight On Opt-Out Fees As NewYork-Presbyterian Charges Union Fund $25M

“The path to big, systemic change is collective action. That takes Sister Courage.”
—Gloria Feldt

Thank you

Email: copsahl@32bjfunds.com

Presentation: Delivering Health Care Value in Wisconsin

Ashok Subramanian, CEO, Centivo

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Healthcare under traditional employer plans remains inaccessible and unaffordable for most Americans

$23,698

AVERAGE ANNUAL FAMILY HEALTH INSURANCE PREMIUMS[1]

56%

OF AMERICANS CANNOT AFFORD AN UNEXPECTED $1,000 EXPENSE WITHOUT GOING INTO DEBT[2]

28%

OF US ADULTS SKIPPED MEDICAL CARE DUE TO COST IN 2022[3]

26 days

AVERAGE TIME TO SCHEDULE A NEW PATIENT APPOINTMENT WITH A PHYSICIAN[4]

20%

OF US ADULTS DO NOT HAVE A PRIMARY CARE PHYSICIAN[5]

52%

ADDED FIRST YEAR EXPENSE OF TREATING STAGE II VS STAGE I BREAST CANCER[6]

A VICIOUS CYCLE:

High plan costs lead to delayed care that creates poor health outcomes, increasing healthcare costs even further.

1. KFF. 2.Bankrate.com. 3. KFF. 4. MHA 2022 Survey. 5. Yahoo News/Yougov. 6. Reddy et al

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Centivo + BHCG: Built for innovation and security

CENTIVO.

High-Performance Plan offering

- Primary care centered plan with high-performing PCPs
- Affordable plan with enriched benefits
- Local, high-quality network with significant unit cost savings

CENTIVO.

*Option for transitional parity with traditional carrier offerings for broad network access using HPS in WI and Cigna elsewhere

hps cigna healthcare

18% average total cost of care savings

TRANSPARENT PLAN ADMINISTRATION & REPORTING

- Intuitive Member app/portal
- End-to-end Member service
- Stop loss coverage (through partners)
- Flexible payment options (including level funded)
- Claims payment
- Virtual care ecosystem
- Transparent PBM

PROVEN SUCCESS IN THE WISCONSIN MARKET

In under 3 years since launch…

49 BHCG employers, ~ 30,000 members

Network of ~14,000 doctors and growing

+ Traditional Network options

*Serving greater Fund du Lac area

CENTIVO. | BHCG BUSINESS HEALTH CARE GROUP

WITH 49 CLIENTS AND 14,000+ PROVIDERS

BHCG & Centivo are working at scale

2023 Wisconsin results speak for themselves...

- **18%** total cost of care savings versus traditional health plans[1]
- **30%** increase in preventative visits[1]
- **45%** increase in primary care visits[1]
- **30%** reduction in ER and urgent care visits[1]

...and emerging YoY trend is near 0% vs national PPO trend of almost 10%

1 Centivo / BHCG High Performance Plan Book of Business analysis (Med+Rx), mid-market clients, compared to moderately managed benchmark, 2023 | 2023

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CASE STUDY

O&H Danish Bakery and Centivo

One of the biggest challenges that always weighed on me as an employer is taking care of my people. Inevitably in 2022, we ended up with a 28% renewal. **That was the tipping point to needing to get more control.**

PETER OLESEN
Vice President O&H Danish Bakery

$400K
TOTAL SAVINGS IN YEAR 1

69%
SAVINGS FOR THE EMPLOYEE

77%
OF MEMBERS HAVE <$100 IN OUT-OF-POCKET COSTS PER YEAR

66%
OF MEMBERS HAD AT LEAST 1 PCP OR ALTERNATIVE CARE VISIT

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WI MEMBER TESTIMONIAL

Living without healthcare stress and anxiety

- Amelia became a Centivo member hoping for lower costs, easier access, and less overall stress and anxiety.
- An unexpected health scare and surgery put her Centivo plan to the test.
- Everything went smoothly and Amelia got the care she needed.
- The result? A stress-free healthcare experience that allows Amelia to enjoy and live her best life.

"I feel so secure with Centivo. I don't worry about my healthcare at all. It's been a wonderful, wonderful thing in my life."

Thank you

Panel Discussion/Q & A

- **Panel Discussion: Supporting Positive Change in Health Care Delivery**
  - *Cora Opsahl*
  - *Ashok Subramanian*
  - *Pam Hannon, Retirement and Healthcare Leader, Total Rewards, GE HealthCare*

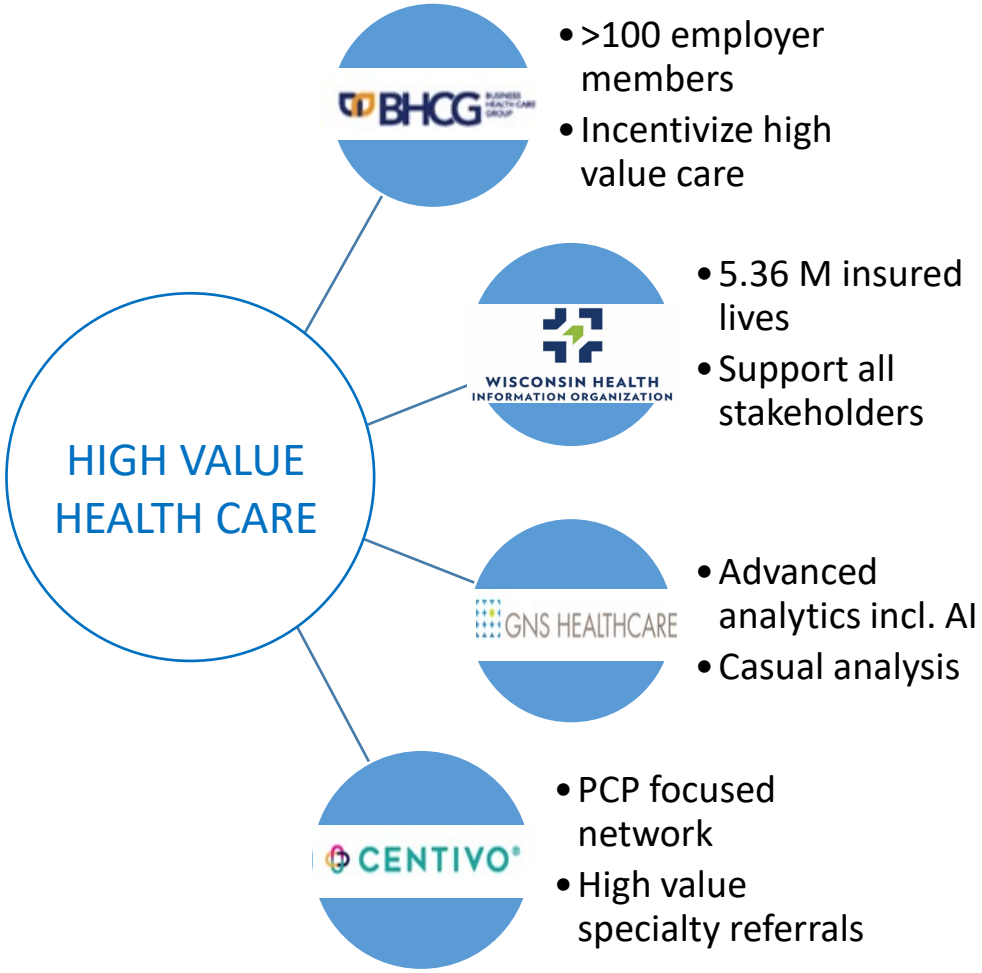
  Moderated by: *Dave Osterndorf, BHCG Strategic Consultant & Chief Actuary, Centivo*

Panel Discussion/Q & A

- **Panel Discussion: Physician Value Study 3.0 – New Opportunities to Impact Health Care Value**
  - *Earl Steinberg, MD, MPP, Adjunct Professor of Medicine and Health Policy and Management, Johns Hopkins University; CEO, QC Health, LLC*
  - *Dana Richardson, CEO, Wisconsin Health Information Organization*
  - *Wayne Jenkins, MD, Chief Medical Officer, Centivo*

  Moderated by: *Lisa Mrozinski, Managing Director, Director of Total Rewards, Baird*

WI Physician Value Study



Physician Value Study Change Model

PVS Version 1, 2019

WHIO
- Custom DataMart 2016-2017
- Enhanced with Episode Treatment Groups, Episode Risk Groups, Normalized Prices and Evidence Based Measures

GNS Healthcare
- Data analysis, including advanced AI
- Multiple presentations on the methodology and results

WHIO
- Re-organized study results into provider organization reports
- Offered reports to provider organizations

PVS Version 2, 2021

WHIO
- **Custom DataMart 2018-2019**
- Episode Treatment Groups, Episode Risk Groups, Normalized Prices and Evidence Based Measures

GNS Healthcare
- Data analysis, including advanced AI
- Multiple presentations on the methodology

Centivo
- **Results used to create a "narrower" PCP network and provide financial incentive to members to see better performing PCPs**
- **PCP's had specialist quality scores available when making a referral**

WHIO
- Re-organized study results into provider organization reports
- Offered reports to provider organizations

2019 Results
- ID'd specific quality improvement opportunities
- Quantified the dollar amount that could have been saved if the bottom 50% of PCPs had practiced similar to the to 50% of PCP's.
- "The data is no good." led to a public review of the data and methods.
- No provider organizations requested their report.

2021 Results
- 2nd data point re potential savings similar to 1st est. Increased understanding of the data and methods.
- Employers begin using Centivo's PCP network.
- Seven provider organizations accessed their organization's report from the WHIO.

WHIO

Physician Value Study Continuing Evolution

PVS Version 3.0 can help understand:

- Is physician performance consistent over time?
- How much impact do the Social Determinants of Health have on physician performance?
- What makes PVS results even more actionable for health care provider groups?
- Can the results be replicated elsewhere?

Wisconsin Health Information Organization (WHIO)

Vision: Better health, health care, and health care value gained from objective information.

Mission: To create more health data and better information to advance actions.

- In 2008, WI State Statute Chapter 153 requires the WI Department of Health Services (DHS) to create a voluntary participation, statewide administrative claims database. WHIO incorporated as a public-private partnership to fulfill this role on behalf of DHS.
  - Purpose: To analyze and publicly report information on the cost, quality, and effectiveness of health care and maintain a centralized data repository.
- The WHIO is not a trade association and does not represent a stakeholder group.
- The WHIO providers data and information to all organizations that are interested in improving the health of Wisconsinites and Wisconsin's health care delivery system.

As of December 31, 2023, WHIO data includes:

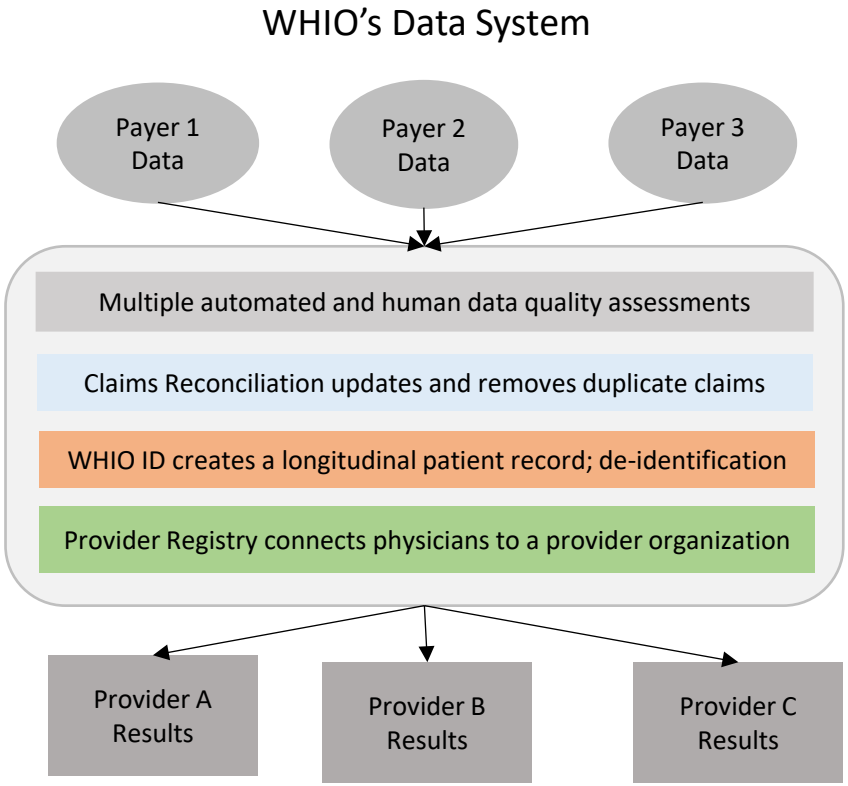
- 5.36 million insured lives
- $375 billion in charges
- 866 million claims (medical and pharmacy)
- Commercial, self-funded employers, Medicaid, and Medicare Advantage
- Social and economic data (SERF)

WHIO

Why claims data is used for the PVS

Claims Data

- In use for over 30 years by many organizations
- Gold standard for utilization and cost evaluations. Also used for quality process measures.
- Highly standardized and structured data using nationally recognized ontologies (e.g., ICD10, CPT); training and audit processes are in place to minimize errors.
- Initial short comings have been researched and addressed with nationally known methods and products.
- When limited to a single payer, the claims data may not be geographically broad or robust enough for provider comparison.
  - APCD data is an exception to this.



Derived data elements used in the PVSv3

Episode Treatment Groups (ETG)

- Clinically "sensible" condition level classification methodology that combines related services at the patient level
- Within an ETG, there are subgroups: Management, Surgery, Facility, Ancillary, and Pharmacy
- Patient level ETG's can be aggregated at the clinician and provider organization level

Normalized Price

- A standard unit of measure for a specific unit of service
- Derived from the OptumInsights database (UHC, other health plans and Medicare)
- Normalized price is an average cost adjusted by U.S. region and does not include any WHIO cost data
- By applying the same normalized price to each unit of service, you eliminate contracting bias
- Creates a comparable and actionable results by highlighting differences in the number of service units

Social and Economic Data (SERF)

- Population level application of social and economic patient characteristics
- Based on the patient's then current address at the census block level
- Data from the American Community Survey at the census block level was applied to each patient
- Area Deprivation Index combines four data elements (income, education, employment, and housing quality) and was applied to each patient

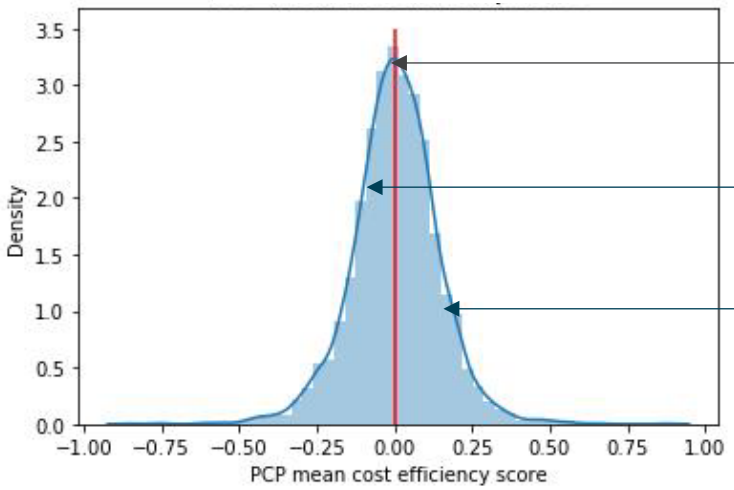
Physician Value Study Objectives

1. Evaluate the quality and efficiency of each PCP
2. Provide PCPs with information re: the actions they can take to improve the quality of care they deliver
3. Quantify the amount of money that could be saved by a) moving patients to higher efficiency PCPs and/or b) improving the performance of lower performing PCPs
4. Assess which clinical care patterns differentiate higher and lower efficiency PCPs
5. Determine the savings potential among Specialists who perform a set of commonly performed procedures that comprise a substantial portion of the specialty care spending

Methods for V3.0

- Data Source: WHIO, with data from 2021-2022, including runout
- Patients will be included if they had both medical and pharmacy benefits throughout the entire time period
- Attribution of patients to PCPs -Used assigned PCP if the patient had one, If no assigned PCP, will impute PCP (based on most cost)
- Quality of care based on Evidence-Based Medicine quality measures (EBMs) from Optum Episode Treatment Groups (ETGs) that we believe are reasonably handled by a PCP; requires at least 30 ETG observations
- Cost efficiency is based on average normalized allowed amounts as our measure of “cost of care” to determine cost efficient resource use
- We will utilize Aitia’s causal learning platform to 1) predict the cost for each patient for each disease after adjusting for potential confounders (e.g., age, gender, complications, comorbidities, diagnoses, line of business etc.) and Optum’s Episode Risk Groups
- Cost efficiency score = log(predicted_cost / actual_cost); aggregated to the attributed physician to show actual costs relative to predicted costs

Methods (cont.)



If a PCP's or Specialist's actual episode costs = predicted cost, the efficiency score is zero

PCP's and Specialists whose actual episode costs > predicted cost (lower performing)

PCPs and Specialists whose actual episode costs < predicted cost (higher performing)

GNS HEALTHCARE

We Will Take Account of Confidence Intervals Around Point Estimates When Developing Quality & Efficiency Rankings

PCP Ranking	Quality Ranking Name	Quality Ranking Description
1	Outstanding Performers	we're 80% confident these providers perform better than the 75th percentile
2	Good Performers	we're 80% confident these providers perform better than the 50th percentile, but not better than the 75th percentile
3	Typical Performers	we're neither 80% confident performance is better than the 75th percentile nor 80% confident performance is worse than the 50th percentile
4	Below Average Performers	we're 80% confident performance is worse than the 50th percentile

2018 and 2019 Combined Annual Cost & Potential Annual Cost Savings

	Primary Care Physicians	10 Specialist Procedures	PCPs + Specialist Procedures
Total Annual Cost	$810M	$681M	$1.49B
Potential Annual Savings	$324.7M (40%)	$57.65M (8.5%)	$382.35M (25.7%)

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Thank You!

A recording of today's webinar as well as presenter slides will be made available. Watch your inbox or visit bhcgwi.org.

For more information about BHCG programs and membership, please contact:

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