Aetna Value-Based Continuum

Value Continuum Overview
Building Healthy Communities

Our vision is to be the preferred health company that joins consumers in pursuit of their health ambition.

Our brand promise is turning health ambitions, big and small, into achievements.

Our outcomes

- **Improve** health outcomes for Aetna members and reduce medical cost
- **Improve** consumer experience, affordability and quality
- **Enhance** customer satisfaction, retention, and lifetime value
- **Make** Aetna the employer and partner of choice

- Improve consumer health and engagement
- Create progressive provider partnerships
- Invest in our local communities
Long-standing commitment and experience with value-based care

160+ years of health plans and risk management experience

<table>
<thead>
<tr>
<th>7.1 million</th>
<th>50% +</th>
<th>75%</th>
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</thead>
<tbody>
<tr>
<td>medical members are tied to providers practicing value-based care</td>
<td>of our medical spend is running through value-based contracts</td>
<td>of spending committed to value-based care models by 2020</td>
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</tbody>
</table>
Our approach to value-based reimbursement

We meet providers where they are in their journey to build sustainable collaborations.

<table>
<thead>
<tr>
<th>Identify</th>
<th>Implement</th>
<th>Execute</th>
<th>Progress</th>
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<tbody>
<tr>
<td>best fit, based on triple aim performance and practice composition (mix of primary care, specialty and facilities)</td>
<td>shifting portions of reimbursement from fee-for-service to fee-for-value, with a focus on improving the quality, experience and cost of care for patients</td>
<td>collaboration that combines Aetna population health expertise, data and reporting, with provider’s care delivery assets and patient relationships</td>
<td>to more sophisticated value-based contract models that reward providers for delivering efficient, effective care – including participation in narrow network products for high performers</td>
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A continuum of options: Each level introduces broader focus; higher risk/reward

May help providers qualify for MACRA* Advanced Alternative Payment Models (AAPM)

- **ACO product**
  - All care; Population health
  - **Product performance;** Adds benefit design and new patient growth

- **ACO attribution**
  - All care; Population health
  - **Total Cost of Care**

- **Episode-based bundles**
  - Specialty care
  - **Episodic Cost**

- **Patient Centered Medical Home (PCMH)**
  - Primary care and oncology team-based care
  - **Quality & Efficiency**

Pay For Performance (P4P)
- Multispecialty & hospital; Behavioral health
- **Quality & Efficiency**

Because of MACRA, providers may be more interested in risk

Reimbursement programs tied to health plan products

*Medicare Access and CHIP Reauthorization Act.: In 2019, MACRA replaces Medicare’s fee-for-service reimbursement with value-based physician reimbursement, motivating providers to seek out VBC arrangements that meet certain criteria required for higher payment to physicians.*

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## Comparison of value-based models

### Reimbursement models

<table>
<thead>
<tr>
<th>Pay-For-Performance (P4P)</th>
<th>Patient Centered Medical home (PCMH)</th>
<th>Bundled payment</th>
<th>Accountable Care Organization (ACO) attribution</th>
<th>Reimbursement with health plan products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A first step into value-based contracting:</strong></td>
<td><strong>Primary care model:</strong></td>
<td><strong>Specialty care model:</strong></td>
<td><strong>Population health model manages all care for attributed members:</strong></td>
<td><strong>ACO product</strong></td>
</tr>
<tr>
<td>Payment shifted from Fee-For-Service (FFS) to incentives for meeting quality goals</td>
<td>1. Coordinate care for patients, using team-based care and the EHR</td>
<td>1. Coordinate care</td>
<td>1. Team-based care</td>
<td>Population health model with participation in a health plan:</td>
</tr>
<tr>
<td></td>
<td>2. Enhance care with Aetna care management programs</td>
<td>2. Eliminate waste</td>
<td>2. The EHR</td>
<td>1. Shared savings and risk for managing medical costs, quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Align to evidence-based best practices across practitioners and sites, and over a period of time</td>
<td>3. Enhanced collaboration with Aetna care management programs</td>
<td>2. Opportunity to attract new patients</td>
</tr>
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### Finanical opportunity

- **Shift portion of payment from FFS to incentives for improvement quality measures**
- **ACP payments and incentives for quality and efficiency improvements**
- **Reduce episode costs, share savings and risk for reducing complications and waste, and improve quality**
- **Shift portion of reimbursement from FFS to ACP payments and incentives for quality and total cost of care improvements, with risk for poor performance**
- **Share in health plan savings and risk, with best-in-market per member per month (PMPM) medical costs and quality measure improvements**
- **Share of health plan earnings and risk**

### Applicability

- **Primary care, cardiology, orthopedics, ob-gyn, multispecialty practices and hospitals**
- **Primary care medical home practices**
- **Orthopedics, cardiology, maternity, multispecialty practices, post-acute providers, and hospital systems**
- **Health systems/ integrated delivery systems (IDS), clinically integrated networks (CINs) and large primary care systems**
- **Health systems/IDS, CINs**
- **Health systems/IDS, CINs**

### Support levels

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### Aetna Provider & Member Value-based Penetration in Delaware

<table>
<thead>
<tr>
<th><strong>PCMH Recognition</strong></th>
<th><strong>Physician (P4P)</strong></th>
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<tbody>
<tr>
<td>Members – 26,803</td>
<td>Members – 19,406</td>
</tr>
<tr>
<td>Providers – 351</td>
<td>Providers – 407</td>
</tr>
<tr>
<td>PCP model</td>
<td>PCP Model</td>
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<table>
<thead>
<tr>
<th><strong>Membership</strong></th>
<th><strong>Providers</strong></th>
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<tr>
<td>58,789 Aetna Members included in VBC arrangements representing 45% of total Delaware membership</td>
<td>2,400 Providers participating in Aetna VBC arrangements representing 50% of the total Aetna Network of Providers in Delaware</td>
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<tr>
<th><strong>AIM HMO</strong></th>
<th><strong>Specialist (P4P)</strong></th>
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<tr>
<td>Custom HMO model designed exclusively for State of Delaware GHIP Aetna HMO members. This innovative HMO model is supported by Carelink CareNow. Carelink supports all member engagement and population health activities to improve the health of the members they serve. Aetna’s AIM HMO includes financial risk directly associated with reducing costs, while improving quality and overall member health.</td>
<td>Members – 594 Providers – 586</td>
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<table>
<thead>
<tr>
<th><strong>Hospital (P4P)</strong></th>
<th><strong>Provider (P4P)</strong></th>
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<tbody>
<tr>
<td>Members – 11,986</td>
<td>Members – 11,986</td>
</tr>
<tr>
<td>Providers – 1056</td>
<td>Providers – 1056</td>
</tr>
<tr>
<td>PCP Model</td>
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Bundled payments drive true health care transformation

A catalyst to get care right the first time

“Bundled payments will be the catalyst that finally motivates provider teams to work together to understand the actual costs of each step in the entire care process, learn how to do things better, and get care right the first time.”

The right kind of cost reduction

“And, because bundled payments are contingent on good outcomes, the right kind of cost reduction will take place, not cost cutting at the expense of quality.”

“Research suggests savings of 20% - 30% are feasible for many conditions”

How to Pay for Health Care
Michael E. Porter and Robert S. Kaplan
Harvard Business Review
July – August 2016
Bundled payments make sense by:

- Providing a total upfront cost
- Strengthening quality and efficiency incentives to drive:
  - Standardized care pathways
  - Engagement of all providers, including specialists and post-acute facilities
- Offering a solution for specialists to participate in value-based contracting

Patients and health systems benefit from:

- Price transparency
- Value aligned to the specific health issue a patient is seeking to resolve
- Fair profit to the delivery system
- Flexibility to implement improvements not typically billable
- An opportunity for providers to qualify for MACRA's (The Medicare Access and CHIP Reauthorization Act of 2015) Advanced Alternative Payment Model (AAPM) track
Our bundles definition is similar to CMS’s definition while allowing some room for flexibility

### Episode-based bundles

- Are triggered by a specific diagnosis-related group or ambulatory procedure
- Allow option for outpatient surgery at ambulatory surgery facilities
- Prefer prospective reimbursement
- Require sufficient volume, at least 20 cases per year, for bundle convener providers
- Include services defined by time boundaries, allowing for flexibility (days pre- and post-event)
- Exclude services and cases are based on list of diagnoses and procedures (patients with complex diseases like cancer, HIV)
- Does not offer a volume or steerage commitment

### Provider reimbursement

- Includes an opportunity to earn incentives for quality outcomes and patient experience
- Sets bundled price meaningfully lower than current average
- Provides periodic settlement to account for:
  - Quality measures
  - Services paid to providers not participating in the bundle
Provider information and support

• Raw data files posted to secure site – monthly and 24-month history, if applicable
  - Medical claims, pharmacy claims, enrollment, laboratory test results

• Care management reporting
  - Daily census – inpatient, ER, CM/DM, etc.
  - Member level detail on quality metrics

• Interim reconciliations – quarterly view of financial performance

• Joint operating committees – review, assess, plan improvements
Collaborating for success: Pennsylvania & Delaware value-based contracts

- Aetna Preferred Washington Health System NN
- Commonwealth Health HPN
- Aetna Preferred Butler Memorial NN
- Advanced Comprehensive Care Organization
- PinnacleHealth ACO
- Gateway Medical Associates
- Community Care Collaborative
- Temple University (Temple Physicians Inc. and Temple University Physicians)
- Grand View Healthcare Partnership
- St. Luke’s Health Network
- Quality Health Alliance
- Lehigh Valley ACO
- CHOP
- DelVal ACO
- Mercy Accountable Care
- Christiana Care Health System
- Nemours Alfred I. duPont Hospital for Children
- Bayhealth Medical Center

Reaching members where and how they live

Improving health care quality and affordability
Thank you