

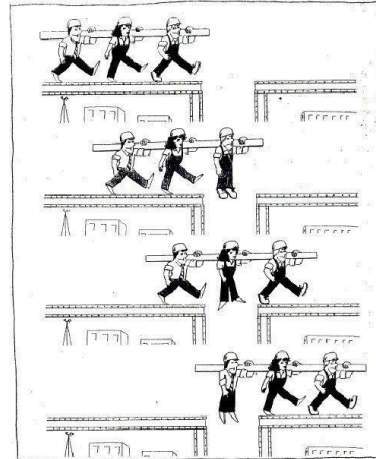


**UPMC Health Plan
Patient Centered Medical Home
Deborah Redmond
Vice President, Clinical Affairs
March 28, 2013**

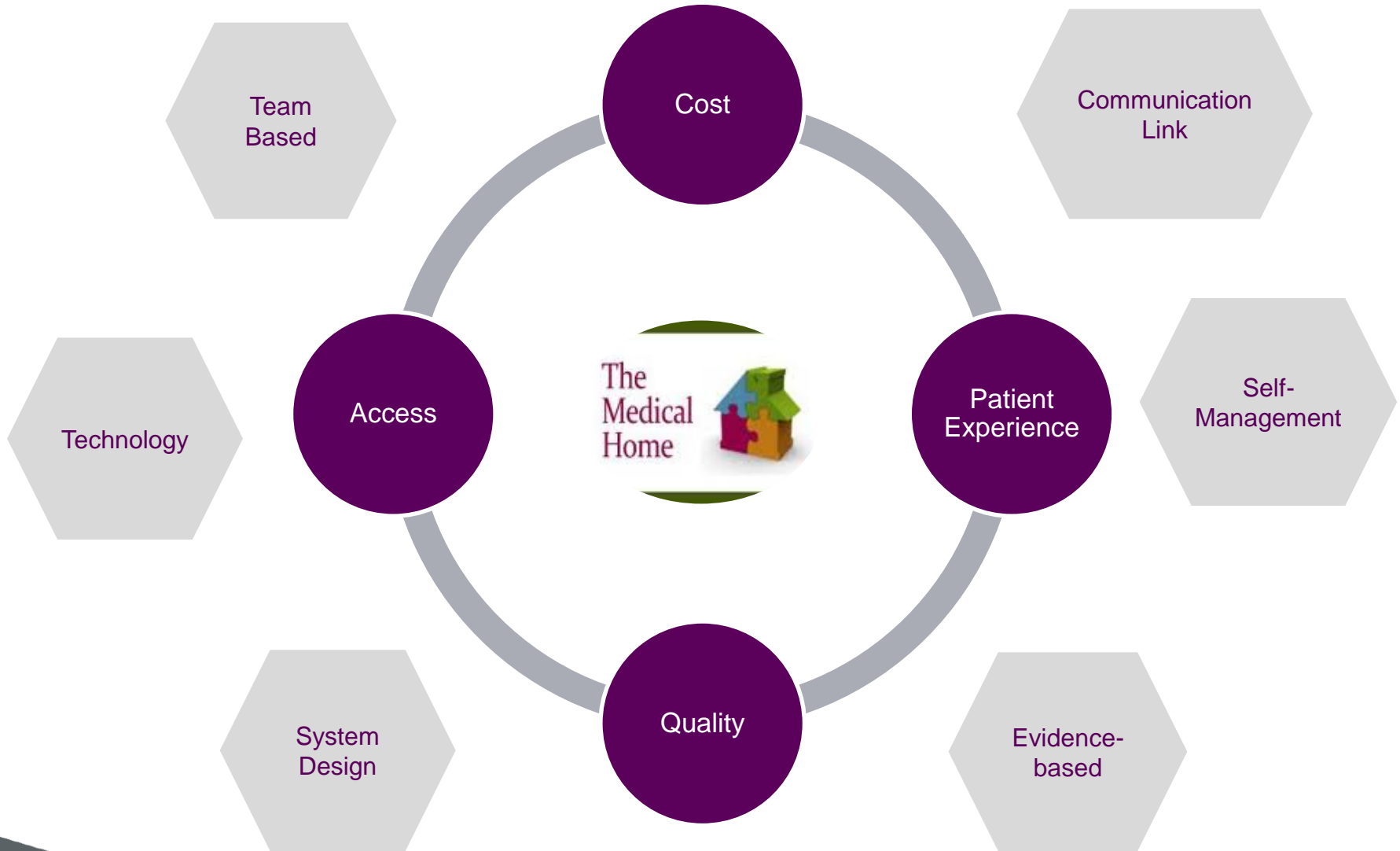
Background

What is Patient-Centered Medical Home

- ...A vision of health care as it should be
- ...A framework for organizing systems of care
- ...Part of health care reform agenda



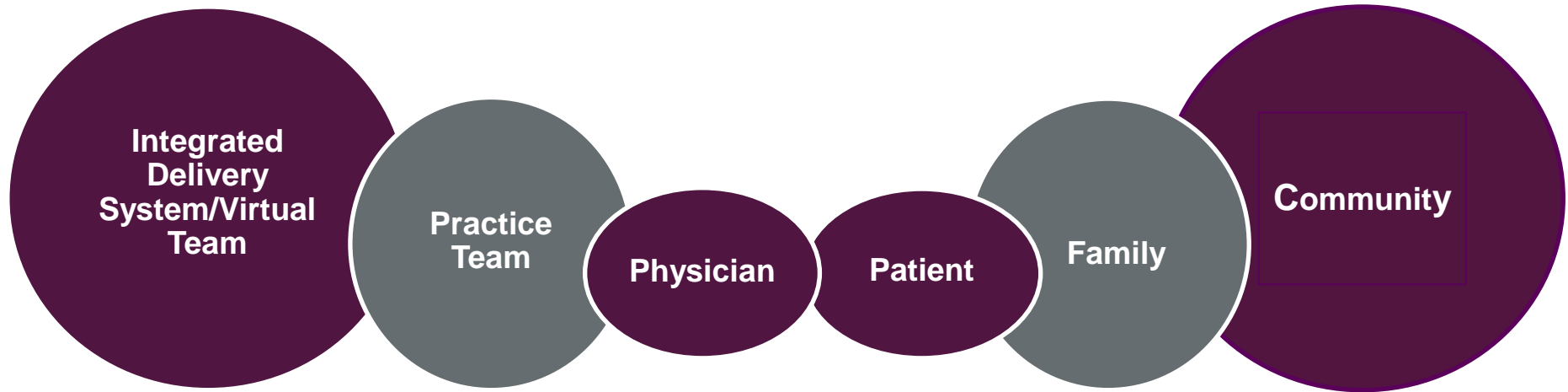
UPMC Health Plan Medical Home



Principles

Patient-centered

Physician guided

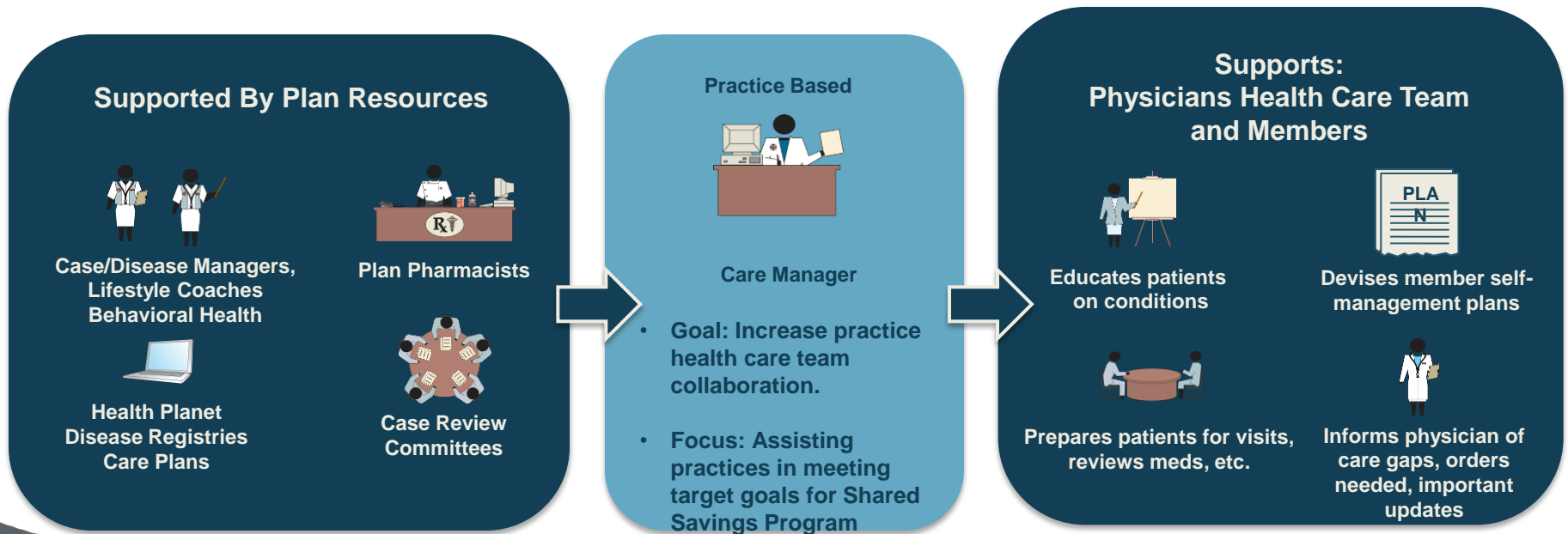


Adapted: Defining Primary Care an Interim Report, Institute of Medicine 1994

Medical Home Program Takes Population Management to the Physician

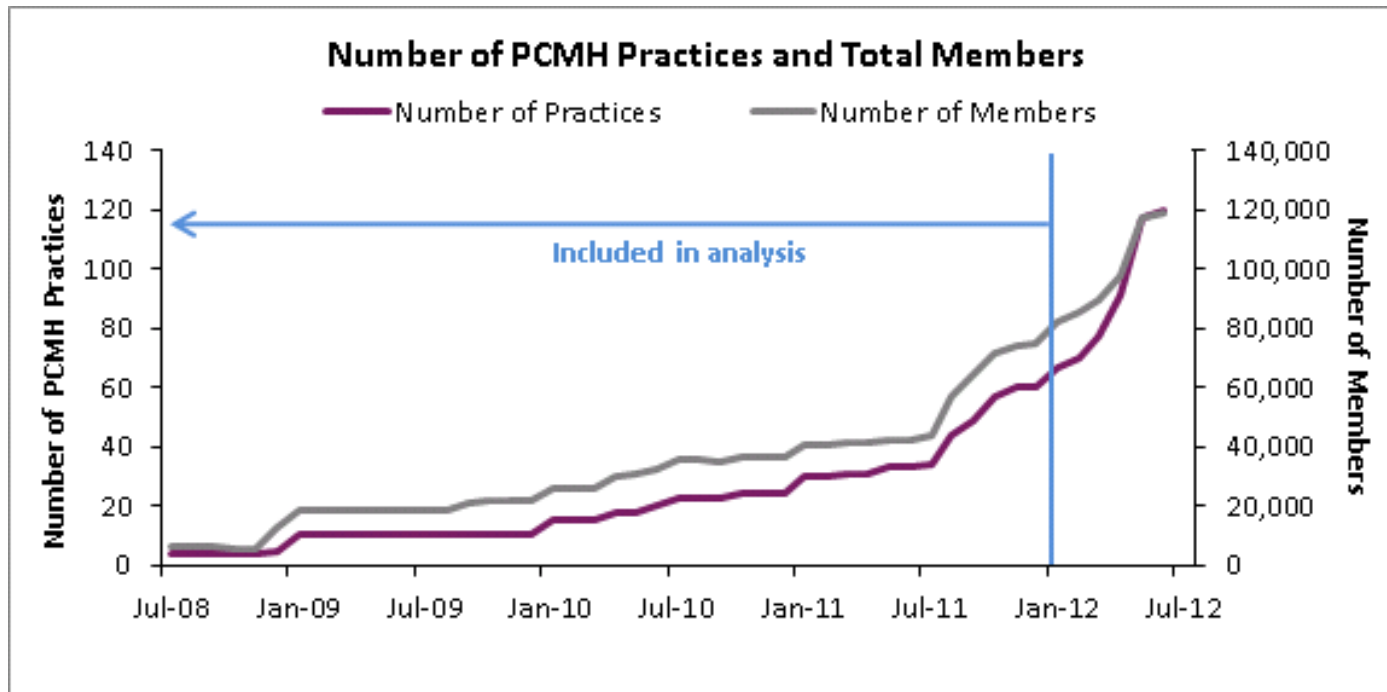
UPMC Health Plan Medical Home in Brief

- Program started in 2008
 - Independent and employed physician practices with >1,000 health plan members
- Program Growth as of February 2013
 - All product lines
 - 143,826 members
 - 163 active sites
 - 602 physicians

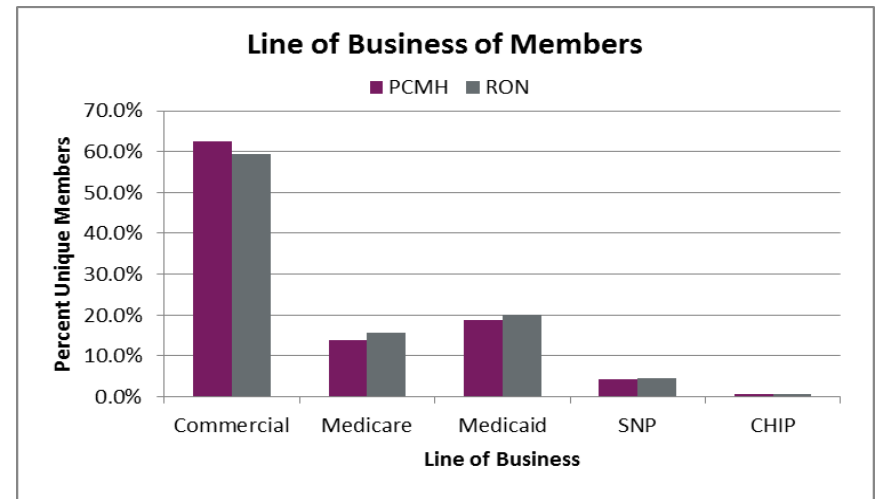
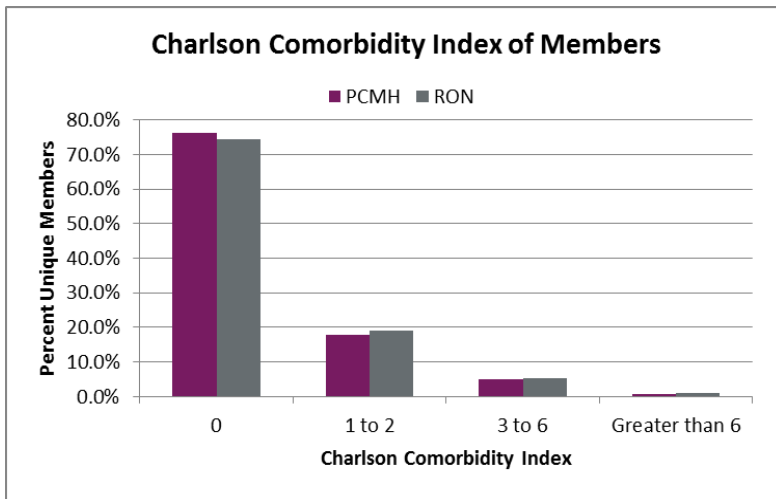
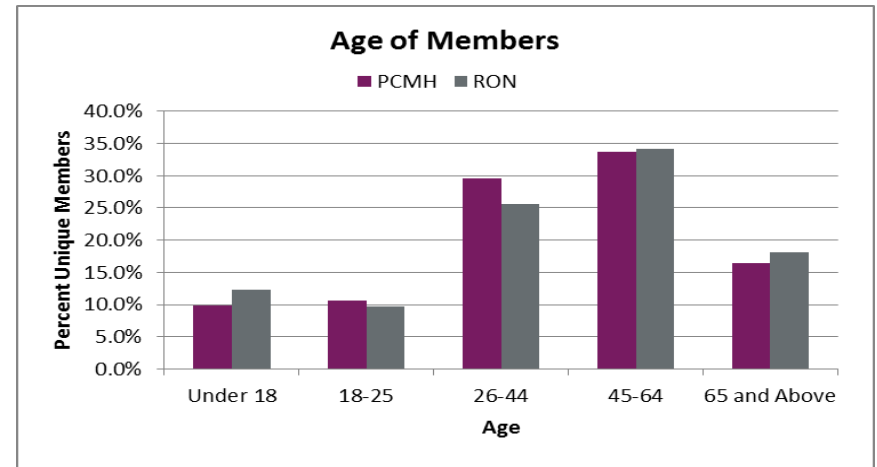
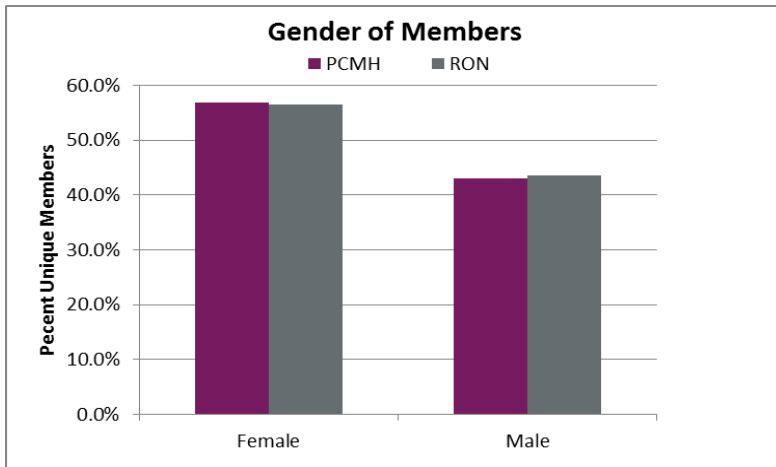


UPMC Health Plan

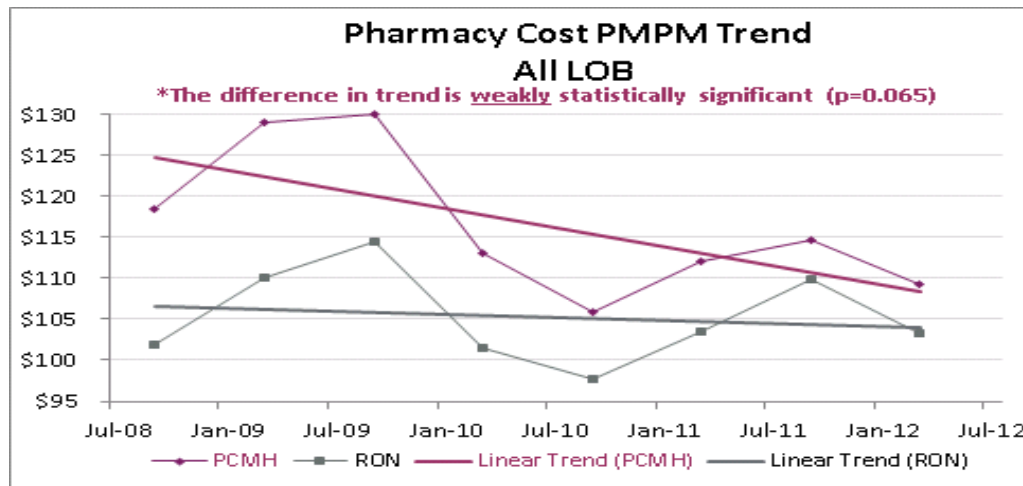
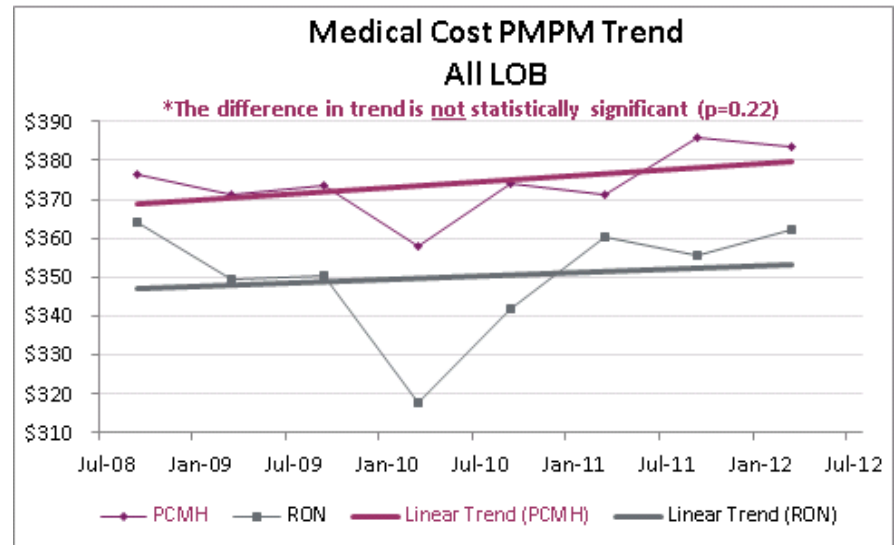
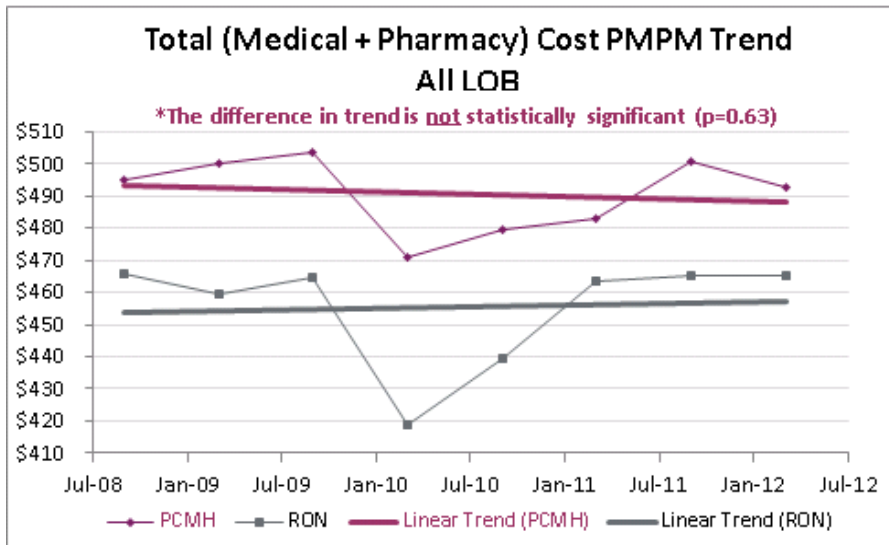
- History of Medical Home
 - Started in 2008 with six practices



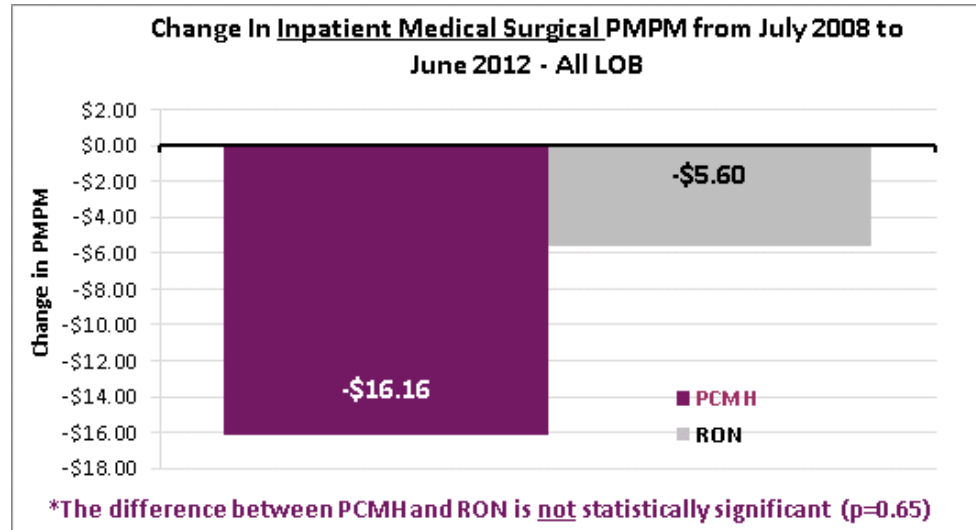
Patient Centered Medical Home Demographics



Key Findings



Cost



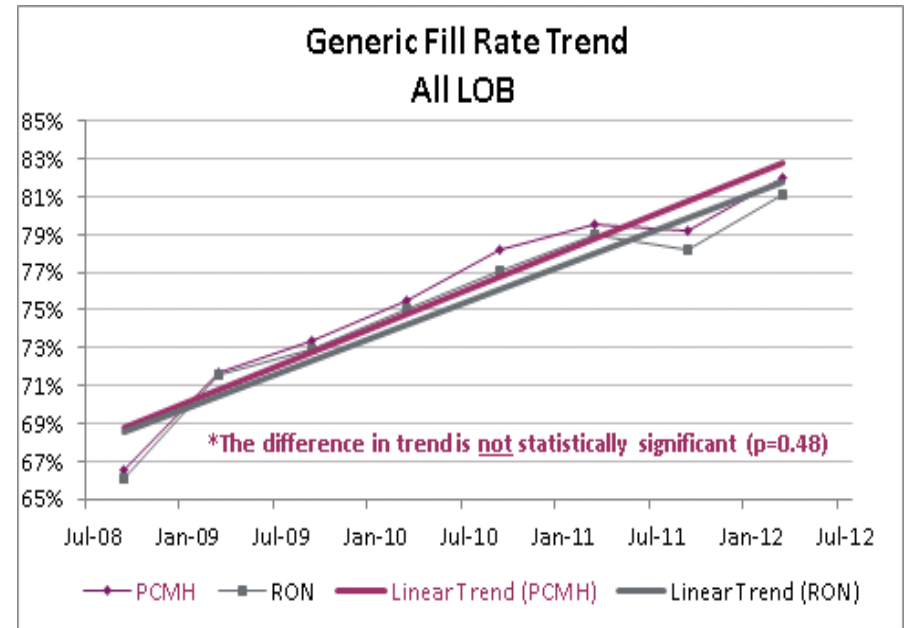
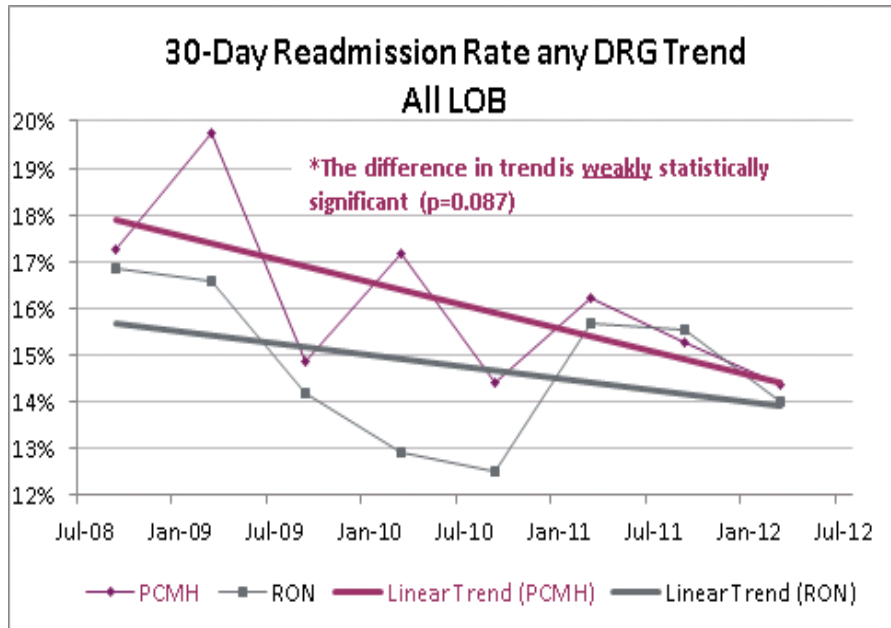
Characteristics

- UPMC employed sites
- Having >5% of members high risk*

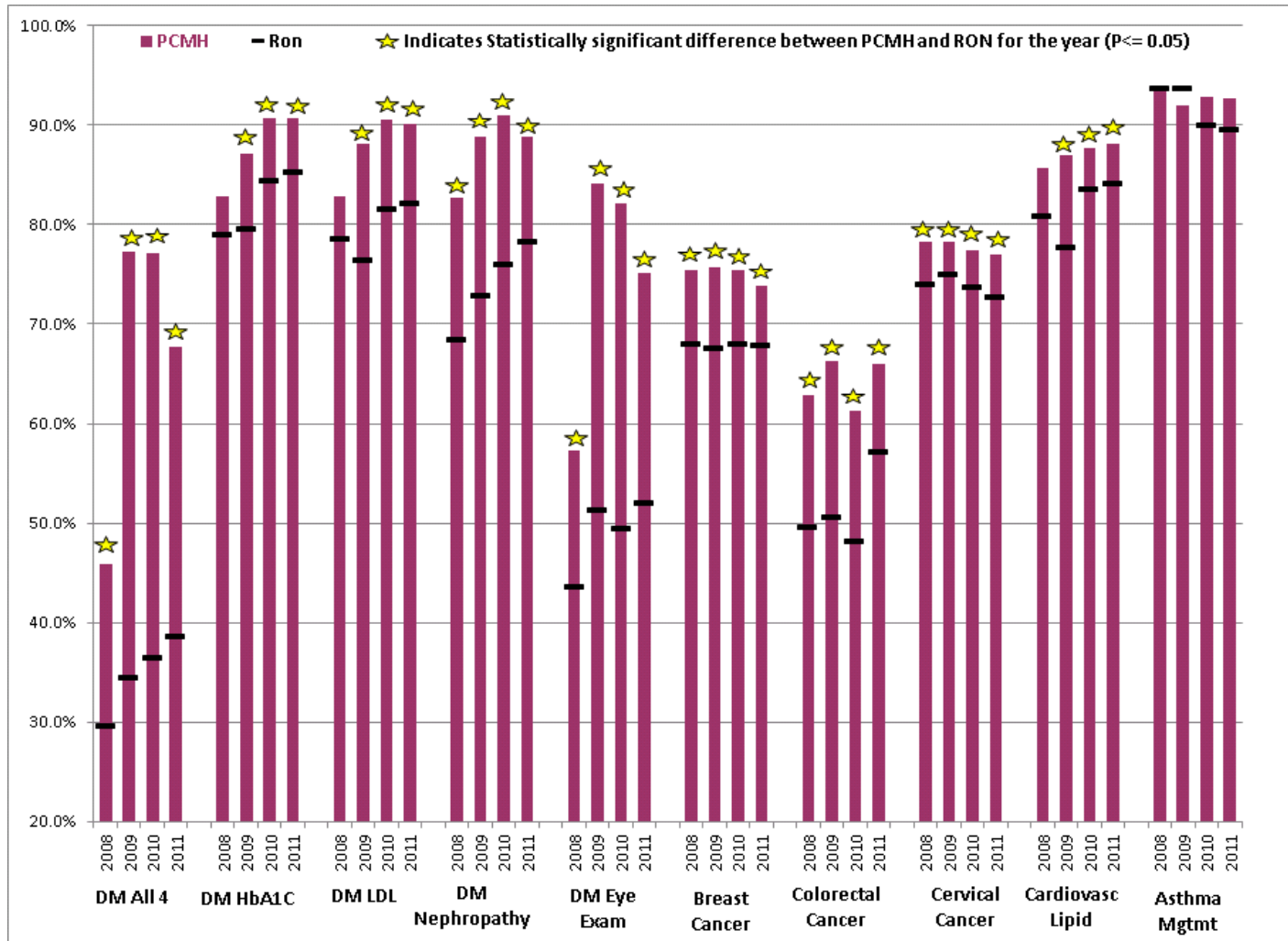
} Statistical better cost trends

*5 providers + 5 Rxs + annual \$25,000 or 9 providers + 9 Rxs + average \$1000 PMPM

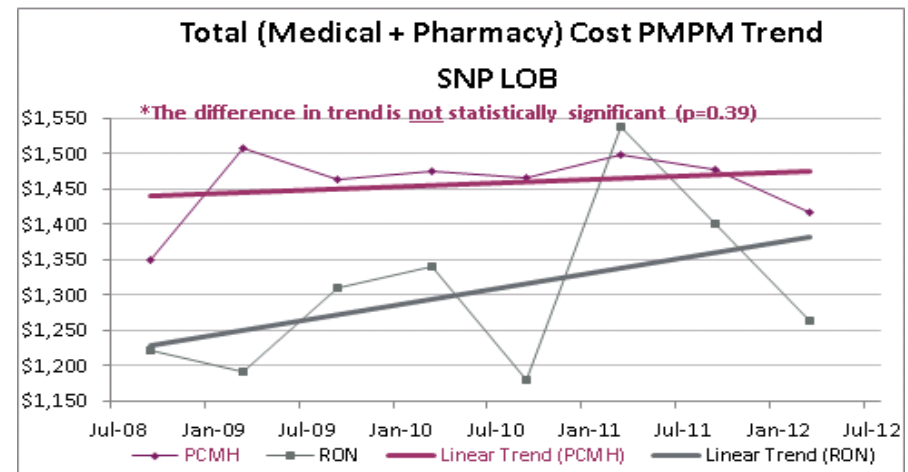
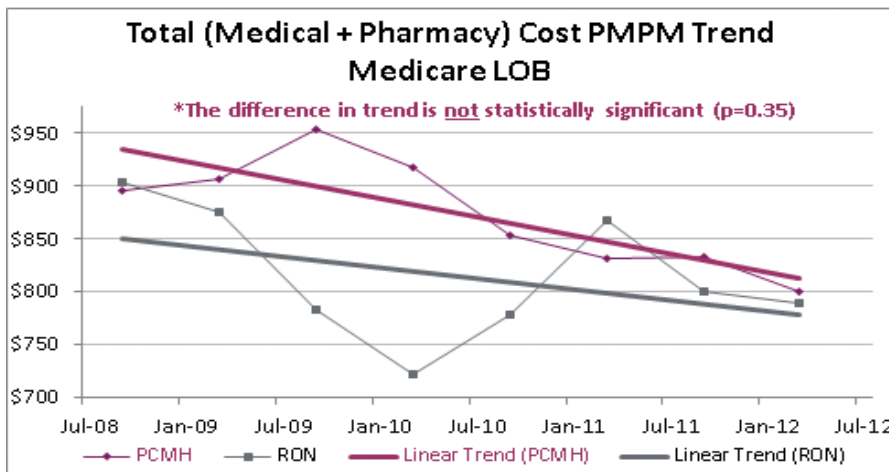
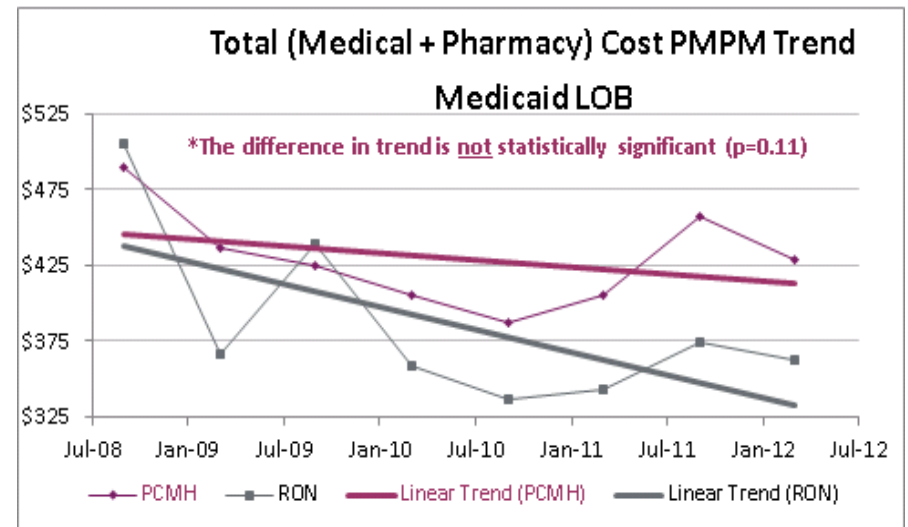
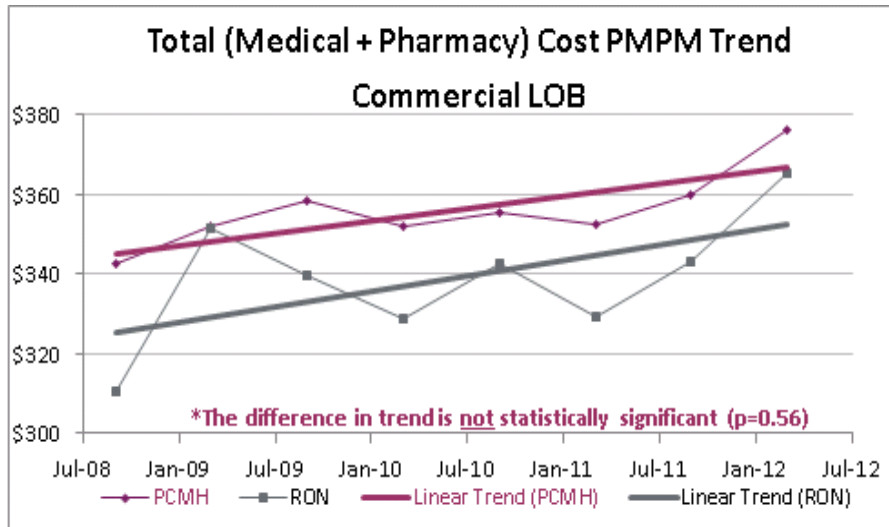
Utilization Trend



Quality

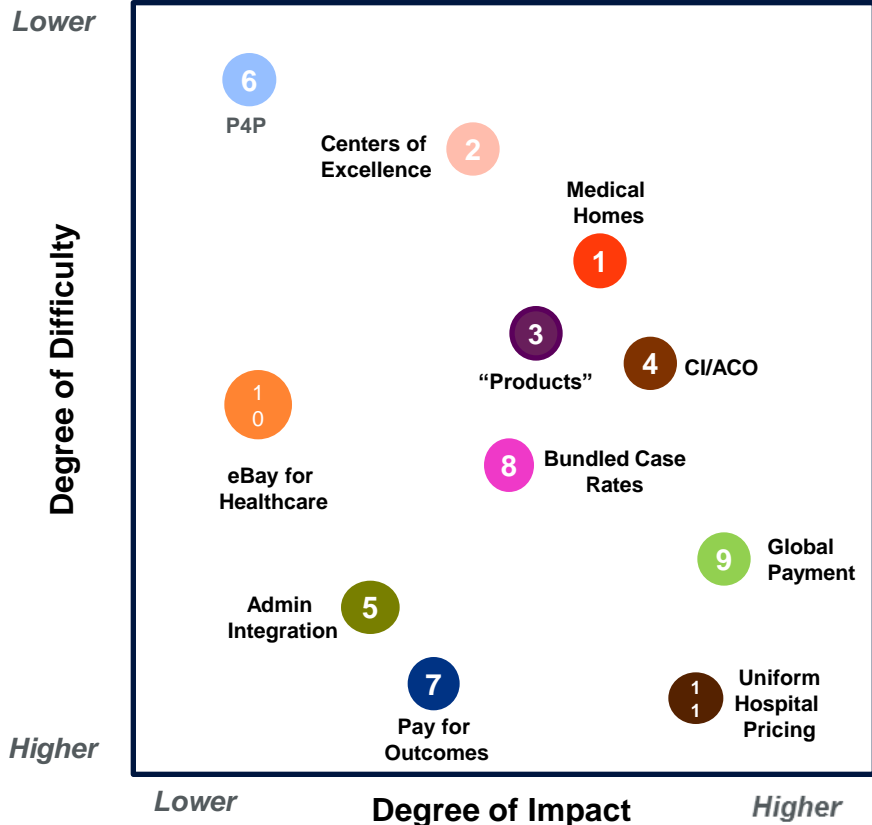


Results by Line of Business



Current Healthcare Delivery/Payment Models

Initial Hypothesis on Prioritization of Provider Engagement and Payment Models



Rationale – Preliminary Hypothesis

- 1 Medical Homes:** Strong support and emerging evidence around impact; potential to leverage existing pilots and scale up rapidly
- 2 Centers of Excellence:** Superior outcome and cost profile for selected high-cost Diseases and procedures; opportunity to explore providers outside market
- 3 Disease/Procedure-Based "Products":** Increasing adoption and evidence of potential impact on cost curve; may be selectively implemented with handful of providers
- 3 Accountable Care Organizations:** Increased popularity and visibility in reform proposals; potential to facilitate coordination
- 4 Admin Integration:** Potential to reduce back-office complexity; will require technology and infrastructure to facilitate integration
- 5 Mature P4P:** various P4P programs implemented with limited impact; opportunity to optimize existing programs to generate more incremental savings and avoid excess administration
- 6 Pay for Outcomes:** Greater potential for cost savings than P4P however, difficulty in developing outcomes-based measurement
- 7 Bundled Case Rates:** Some pilots being implemented with varying levels of impact; requires EBM, case rates and episodes of care, and underlying infrastructure/systems
- 8 Global Payments:** Potential to deliver significant savings; raises concerns on capitation; relatively challenging given fragmented nature of NH provider environment
- 9 eBay for Healthcare:** Market sets the price for highly elective procedures; however, limited enabling infrastructure at present; may lead to reduced health plan role in the future
- 1 1 Uniform Hospital Pricing:** May significantly cut delivery costs; however, potential policy issues from previous implementation; may also minimize provider discount advantage

- **Degree of Impact:** Potential effect on bending the cost curve in 3-5
- **Degree of Difficulty:** Ability to implement based on provider environment, historical relationships, and existing capabilities

Shared Savings Overview

Current State

- First gain share July 2011
- Six groups in Share Savings (93,635 members)

Strategy

- Redefine payment methods based on increase quality, decreasing overall cost of care, increase member satisfaction
- Strong physician leadership, engagement and focus on MER (total cost of care) quality and revenue

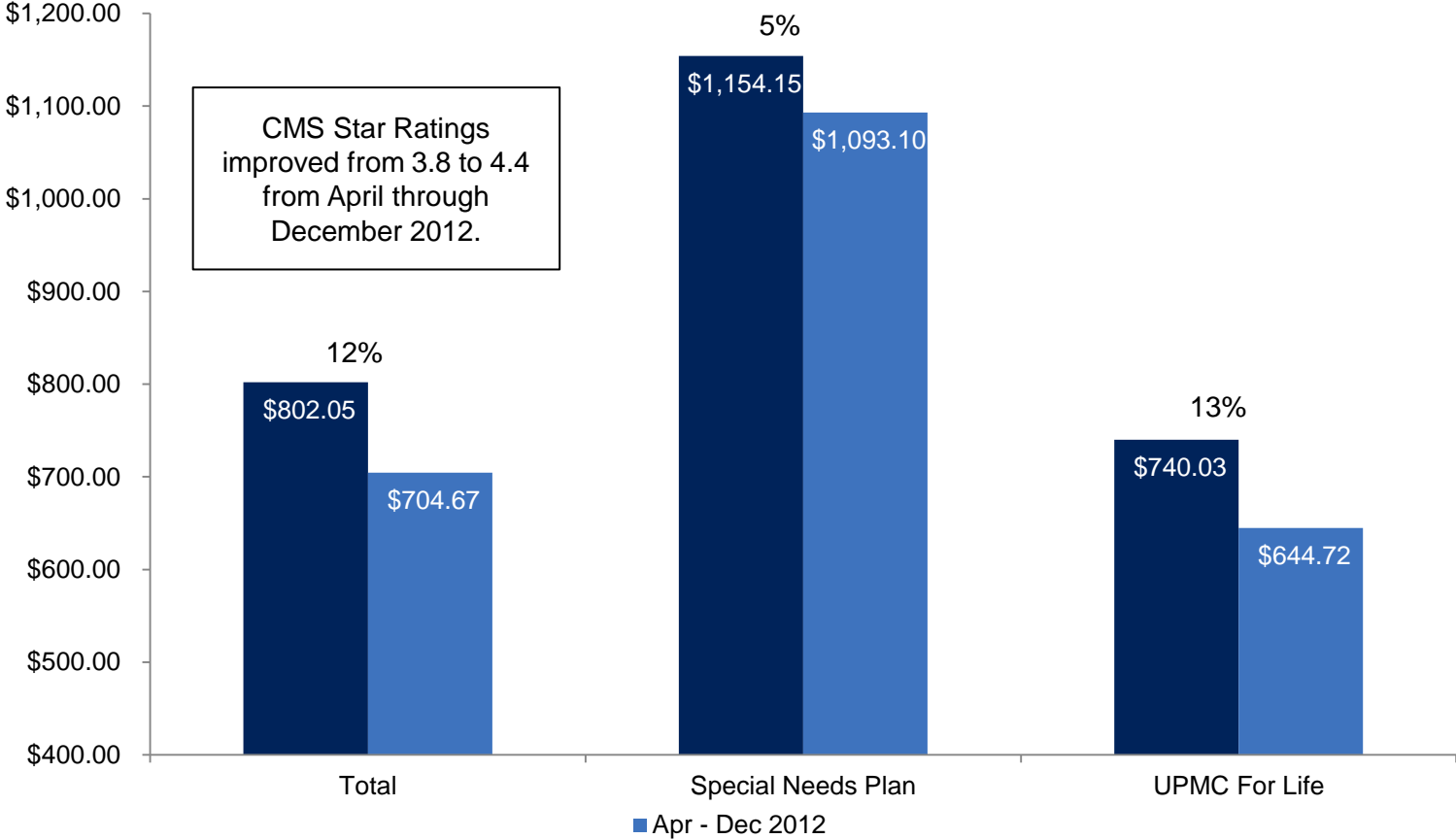
Shared Savings

Case Example

- Family practice group; original adopter PCMH (2008)
- ~ 1400 Medicare Advantage members
- Shared Savings April 2012

Case Study: Shared Savings

Shared Savings Expense Comparison April - December



Based on claims incurred April - December and paid through January 31, 2013.

“Moving into the next century, the most important breakthroughs will be in the form of clinical *process* innovation rather than clinical *product* improvement...the next big advances in health care will be the development of protocols for delivering patient care across health care settings over time.”

J.D. Kleinke, *The Bleeding Edge*

