Population Management/Risk Adjustment

Best Practices Forum November 2013

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Health Care that revolves around you.



- LSCC has long standing partnership with hospital system that declared a million life ACO strategy
 - LSCC is one of two large primary care providers for the network
- Hospital system has the only Children's Hospital in the Market competitive advantage and opportunity for innovative pediatric and obstetrics initiative
- EHR, Health Optimization Technology data proved to the MCO payer that LSCC is an efficient and high quality provider

Hospital-led Population Health

Seamless

Fully Integrated

Person Centered

Optimized around Accountable Care Tenants

Payer

Comprehensive Risk Model

Improves Outcomes for Members

Reduces Costs for State

Increases Return for Stakeholders

Increases Coverage

Serves as Model for other Markets

OPPORTUNITY

LSCC

Person Centered Health Home

Innovative HIT enabled Navigation and **Optimization Strategies**

Leverage FQHC Status where appropriate

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State of Texas

Wants a couple of Major Prototype Initiatives to create "Texas Solution"

CMS accepted and funded that the Texas Legislature will support

Evolve to Government as a Payer vs. Manager of Costs

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- ★ Maximize Value for Patients, Providers, Payers
 - Are we spending less money over time to keep a population healthy?
- ★ Create something new instead of tinkering with what exists today
- Become a recognized model for HHSC and CMS

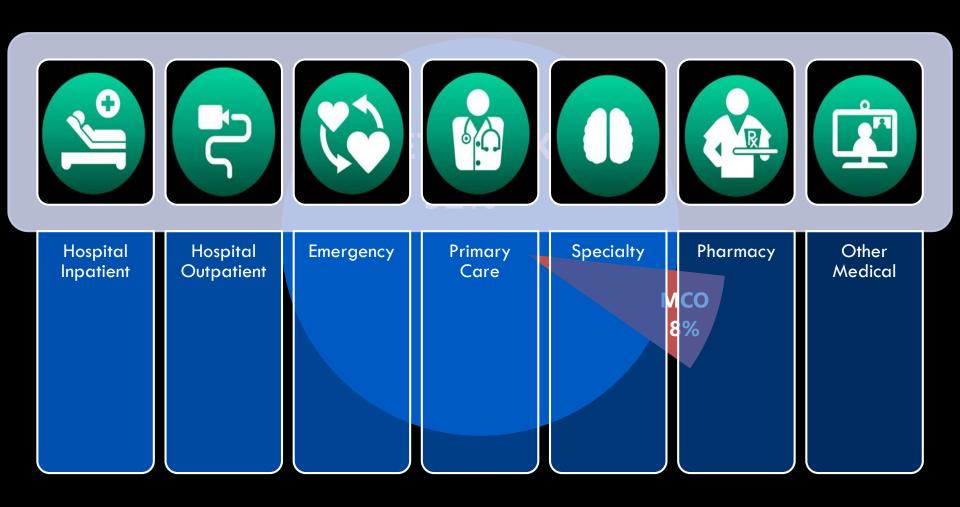


OVERCOMING CHALLENGES AND BUILDING TRUST

★ Transparency in data sharing



- ★ To produce real change, rates and payment methodology must change
- ★ "Defined Value Network" to include core group of providers
 - Other contractors must be willing to utilize navigation and Health Optimization Technology to ensure quality



DEFINED VALUE NETWORK COLLABORATION

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LSCC

- Primary Care/ER/Specialty/Pharmacy
- Risk taken based on ability to influence outcomes
- Full ownership of longitudinal risk will drive change

Hospital Partner

- Inpatient/Outpatient
- Limited upside potential with capped downside risk
- On "glide path" to full 2nd dollar risk by year 2



MCO

- Owns 1st dollar risk & relationship with state
- > Launch of "defined value network" viewed as investment in future
- Willing to revise and/or "unwind" collaboration based on evaluation of outcomes (quality, financial, member experience)

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DEFINED VALUE NETWORK ECONOMICS

Members: 100,000 100% Premium: \$275,000,000 Overall cost reduction: 5%

Category	929	% of Premium	% Reduction	\$ Savings
Inpatient	\$	33,837,617	5.0%	\$ 1,691,881
Outpatient		18,106,526	5.0%	905,326
ER		20,714,587	5.0%	1,035,729
Primary Care		73,110,659	5.0%	3,655,533
Specialty		24,372,875	5.0%	1,218,644
Rx		45,495,895	5.0%	2,274,795
Other		34,207,589	5.0%	1,710,379
	\$	249,845,748	5.0%	\$ 12,492,287

NETWORK ECONOMICS

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MCO Rx spend per script, non-340(B):	\$76.60
LSCC Rx 340(B) cost per script:	\$38.54
\$ Savings per script:	\$38.06
% Savings:	49.7%

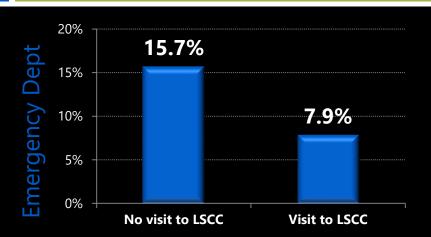
Rx \$'s per 100,000 members: \$45,496,000 Primary Care (LSCC) Rx Volume (62%): \$28,208,000

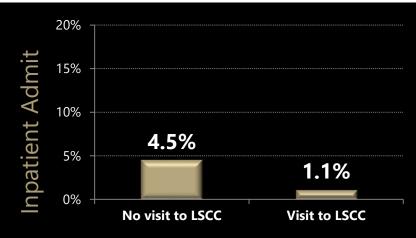
Potential 340(B) Savings: \$14,019,000

NETWORK ECONOMICS

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Primary Care		73,110,659	5.0%	3,655,533
Specialty		24,372,875	5.0%	1,218,644
Rx		45,495,895	30.8%	14,019,000
Other		34,207,589	5.0%	1,710,379
	\$	249,845,748	9.7%	\$ 24,236,493

DEFINED VALUE NETWORK ECONOMICS





- ★ Patients who had an LSCC encounter were less likely to have an inappropriate ED or hospital visits than those who had not
- ★ Patients who had **not** had a visit to LSCC are nearly **twice** as likely to show up in the ED
- ★ Patients who had **not** had a visit to LSCC are more than **four** times as likely to have at least one avoidable hospital visit
- **★** 100,000 members:
 - > 4,174 fewer ED encounters/year @ cost savings of \$3,106,817/year
 - > 1,243 fewer IP admissions/year @ cost savings of \$9,326,087/year

NETWORK ECONOMICS

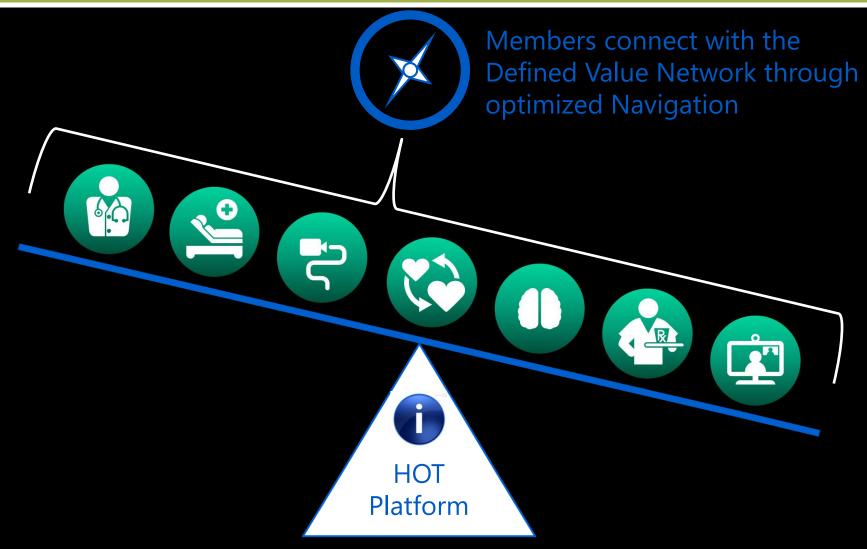
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ER		20,714,587	15.0%	3,106,817
Primary Care		73,110,659	5.0%	3,655,533
Specialty		24,372,875	5.0%	1,218,644
Rx		45,495,895	30.8%	14,019,000
Other		34,207,589	5.0%	1,710,379
	\$	249,845,748	13.6%	\$ 33,941,786





COST





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