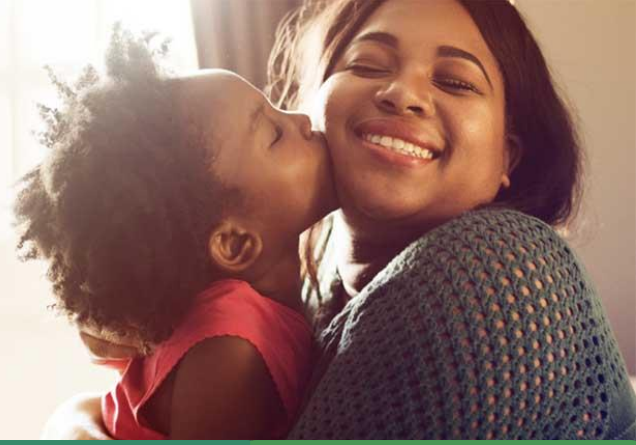
COMMUNITY CARE COOPERATIVE



Preparing for Risk and Capitation

Christina Severin, President and CEO

Best Practices Forum

March 23, 2018

Overview of Community Care Cooperative

- In 2016, 15 FQHCs formed a new MassHealth Accountable Care Organization (ACO) called Community Care Cooperative (C3)
- As a "Primary Care ACO" we were able to enter the market through the state removing most of the historic barriers to entry (network; claims engine; insurance license)
- National studies have found that CHC deliver TCOC value that is 23% less expensive than all of types of primary care settings
  - However, most health centers are not structured in a manner that allows them to share in value they create for health care system overall
  - Taking two-sided TCOC risk is the purest way to financially benefit from the CHC value prop
- The remaining significant barriers were:
  - Generating enough capital to meet financial repayment requirements and other state risk-bearing regulatory requirements
  - Figuring out how to leverage data assets into a robust ACO ecosystem and operating platform

By-the-Numbers

- About 120,000 covered lives
- About $550,000M in Total Cost of Care Risk Budgets
- 15 FQHCs
- 2018 Operating Budget of $37.85M
- 156.2 FTEs supported by DSRIP to support the Model of Care
- Day 1 reserve requirement of $14.3M ($17.2M annualized)

Why is it Critical for Health Centers to Take on Financial Risk?

- Our health centers take more risk in C3 than they generally do in hospital system ACOs
  - Systems tend to protect health centers from risk in exchange for health centers abdicating real influence in governance or how infrastructure dollars are invested
- We believe taking material, yet not irresponsible risk, is critical to providing a burning platform for health centers to develop the capabilities needed to both succeed in VBPs and also to remain competitive as new competitors enter the Medicaid market

Two Critical Pillars for Assuming Two-Sided Risk

1. Developing and executing a strategy for meeting capital reserve requirements
   - Why = you can't take two-sided risk without it
2. Developing and executing a strategy for an ACO Operating Platform
   - Why = you shouldn't take on two-sided risk without it

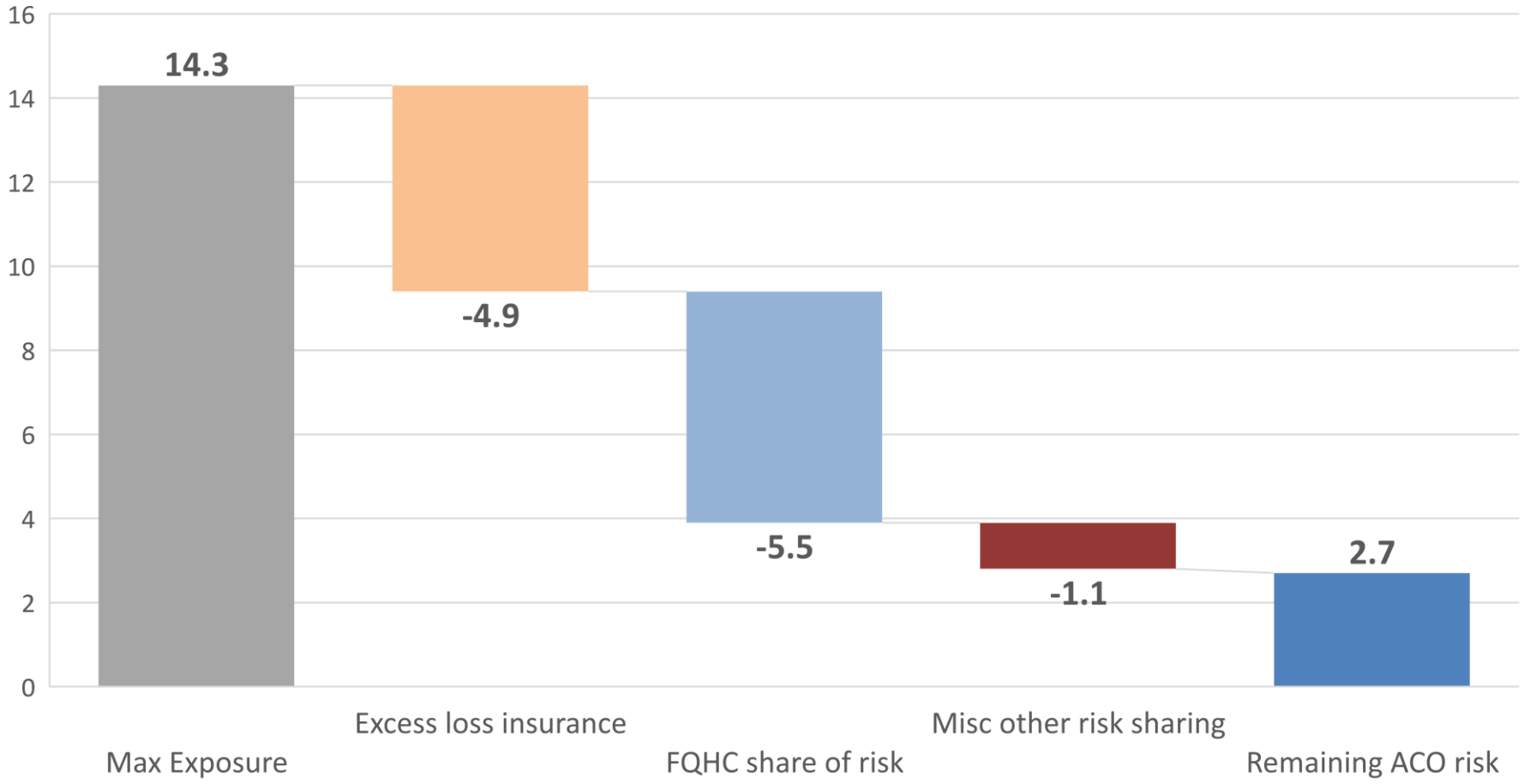
Developing and executing a strategy for meeting capital reserve requirements

- Strategies that we used include:
  - External reinsurance (member specific attachment points and aggregate stop-loss)
  - Sharing risk with health centers
    - Health centers have 3 options to pick from
  - Having business partners assume some level of risk
  - Using administrative rates paid to us serve as the method to solve for the remaining reserve requirements
- The “Model B” ACO contracts also have meaningful limits on risk exposure (see next slide)

Risk Corridors by Performance Year (Risk Track II)

Performance Yr	ACO share of savings/ losses (0-3% of Benchmark) as %	ACO share of additional savings/ losses (3-10% of Benchmark) as %
1	70/50	35/25
2	85/50	43/25
3	100/50	50/ 25
4	100/100	50/ 50
5	100/100	50/ 50
Gains/losses are capped at 10%+/-		
Minimum Savings Rate (MSR) is 2%+/-		

How We Use a Portfolio Strategy for Risk Distribution

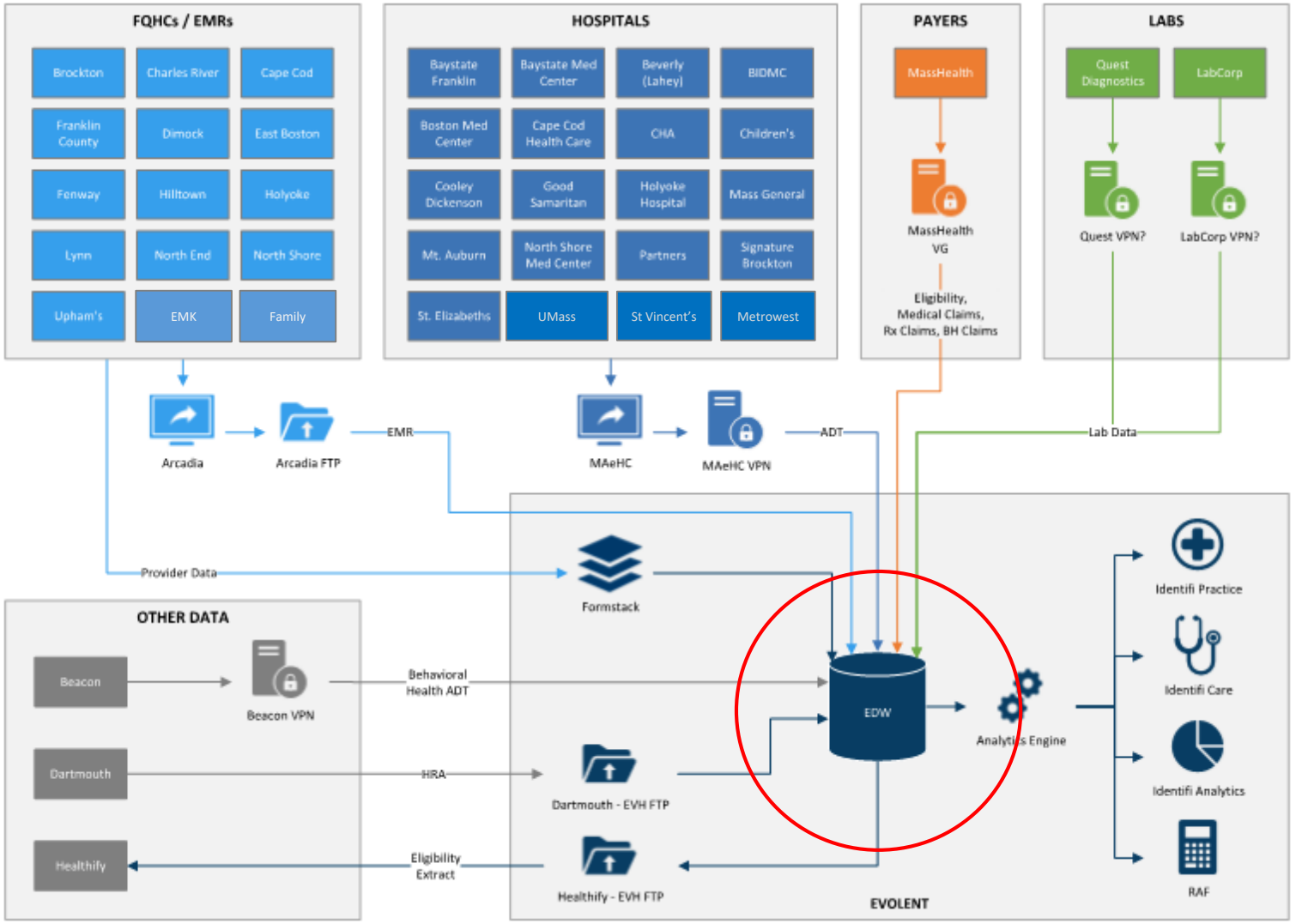


COMMUNITY CARE COOPERATIVE

Developing and Executing a Strategy for an ACO Operating Platform

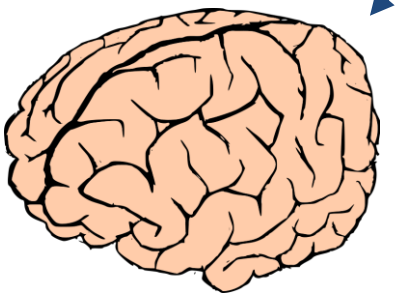
- To take on TCOC two-side risk, an ACO must have a strategy to harvest multiple data streams into a harmonized enterprise data warehouse (EDW)
- The EDW becomes the engine of virtually all aspects of the operating model, including:
  - Rules-based approach to workflow automation
  - Universe for performance analysis, actuarial, financial reporting, KPIs
  - Think of it as how delivery system data gets married to health plan data

Systems & Data Flows: How We Leverage Data Assets



COMMUNITY CARE COOPERATIVE

How We Use Harmonized Data Assets to Creating an Operating Platform



Patient screens

EHR

SDoH data

Claims

ADT & Auth alerts

"The Main Brain"

Data Warehouse with a Rules-based engine

Performance Analytics

Cost & Quality performance information

Risk of Big Events

Complex Care

Risk of Re-admissions

Transitions of Care

Care & Social Needs

Care Coordination

Gaps in Quality & Care

Population Health & Risk Adjustment

Questions and Discussion