

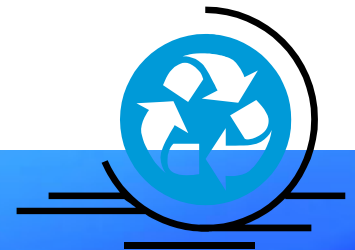
Trends in Health Plan Design: High Performance Networks



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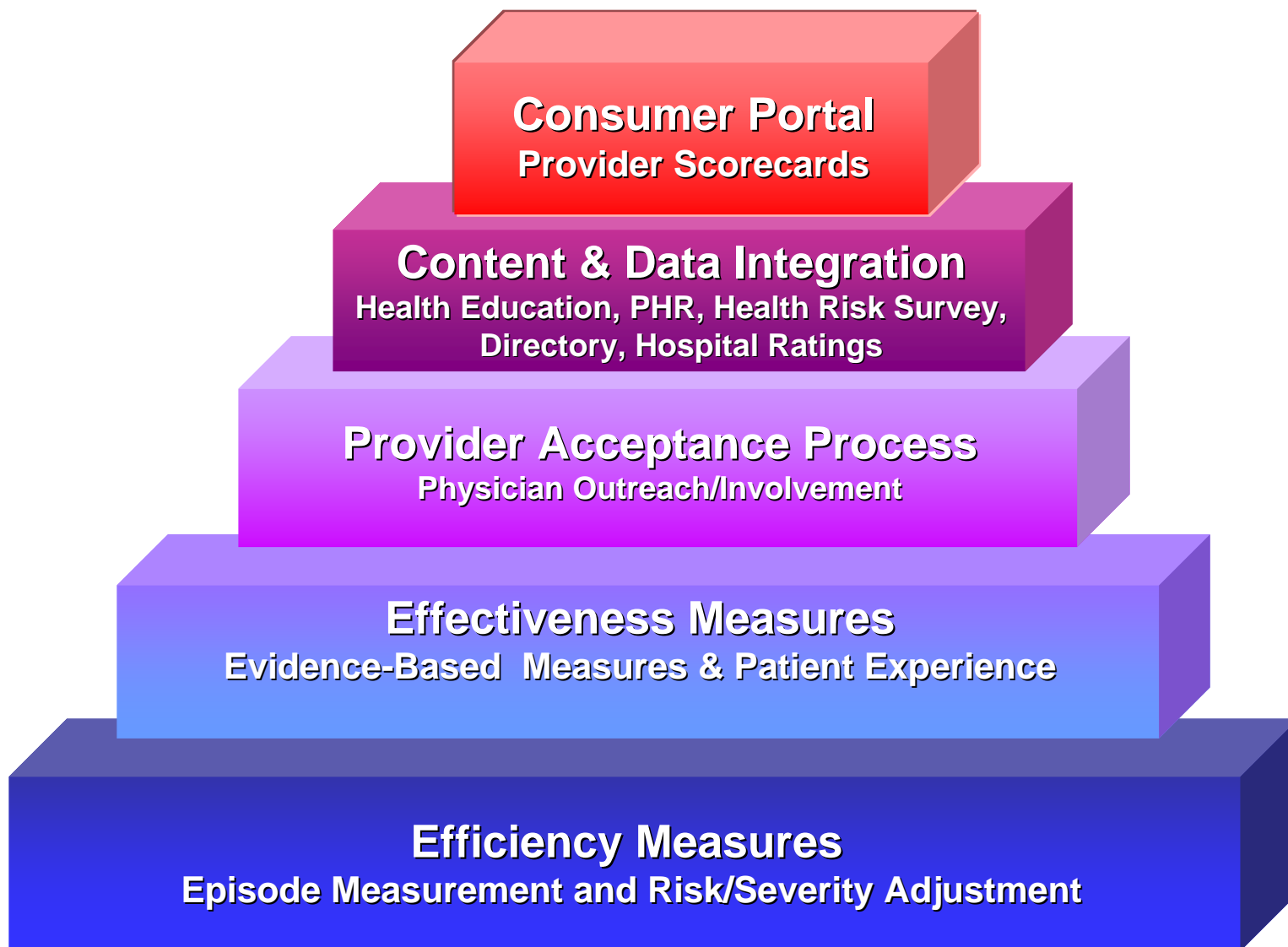
Overview

- **What is a High Performance Network (HPN)**
 - “Tighter” network of physicians or hospitals
 - Co-pay differences frequently used to distinguish between in- and out-of-network docs
 - Efficiency ratings used mostly at this time
 - Intent to combine with valid and practical effectiveness ratings as soon as possible



Preferred Network Building Blocks

Data
Sources



Objectives for HPNs

- **Obtain a reasonable level of savings for the effort involved**
 - Physician resource use varies across different markets
 - In some markets, resource use is more tightly clustered near average usage levels, while other markets have more outliers
 - Physician resource use varies by specialty
 - Certain specialties appear to offer greater savings potential
 - Primary Care Physicians frequently have fewer outliers
 - Savings depend on the prevalence of diagnoses/treatment
 - More savings from, for example, cardiac care
 - Less from lower utilization specialties
 - Tradeoff – stop at the point of “diminishing returns”
- **Effectiveness measurement**
 - Need to have an administratively efficient protocol
 - More research needed to correlate efficiency and effectiveness



How was Humana's HPN Developed?

- **Humana uses two “episode of care” methodologies**
 - Symmetry ETGs (internal data)
 - Cave Marketbasket System (outside and internal data)
 - **Using ETGs and Cave data, Humana analyzed 36 months of physician, inpatient, outpatient, ambulatory, & pharmacy claims data**
 - **Focused on 18 provider specialties**
 - Little savings impact beyond top 18
 - All other ancillary provider types and hospitals are not analyzed so all are included in the network
- ❖ *In select markets some high cost hospitals may be excluded*



How was HPN Developed?

- **Four primary care specialties reviewed:**
 - *Family Practice*
 - *OB/GYN*
 - *Internal Medicine*
 - *Pediatrics*
- **Fourteen other specialties reviewed:**
 - *Cardiology*
 - *Gastroenterology*
 - *General Surgery*
 - *Oncology*
 - *Urology*
 - *Ophthalmology*
 - *Neurology*
 - *Pulmonary Medicine*
 - *Orthopedic*
 - *Dermatology*
 - *Otolaryngology*
 - *Allergy*
 - *Cardiovascular/Thoracic*
 - *Orthopedic Surgery*

Methodology

How was HPM Developed?

- **Symmetry ETGs**
 - 574 episode treatment groups
 - Re-adjudicate claims, restating the less efficient physicians' cost at median, to determine savings
- **Cave Marketbasket System**
 - Weights the performance index by a “marketbasket” of episodes that are prevalent within a specialty
 - Reduces possible distortion due to less common procedures
 - Provides a more appropriate measure of the most common services
 - Appears likely to reduce volatility of measurement from year-to-year
 - Supplements use of ETGs

Claims Reported Data

Measuring Physician Effectiveness

- RAND data will supplement Humana's current effectiveness analysis it is performing in conjunction with ActiveHealth Management (AHM)
- Humana currently completing 36 months of physician data analysis with AHM to determine market specific benchmarks and score individual physician performance by market.
- These measures include:
 - *Heart Failure* 3 measures
 - *Coronary Artery Disease* 4 measures
 - *Atrial Fibrillation* 1 measure
 - *Diabetes* 6 measures
 - *Asthma* 3 measures
 - *Preventative Care* 2 measures
- Humana has entered into a partnership with the RAND Corporation to pilot test the Rand methodology on Humana claims data



Measuring Hospital Efficiency and Effectiveness

Hospital Value Index

- Created in conjunction with HealthShare Technology
- Identifies best performing hospitals based on efficiency & effectiveness
 - **Efficiency** data points include:

| | |
|---|-----|
| • Average Length of Stay (ALOS) | 10% |
| • Hospital costs (applied Ratio of Cost-to-Charges) | 10% |
| • Payor Payments (Humana contracted rates) | 80% |
 - **Effectiveness** data points include:

| | |
|---|-----|
| • Leapfrog measures (weighted by procedure) | 10% |
| • Major complications | 20% |
| • Failure to rescue | 15% |
| • In-Hospital mortality | 25% |
| • Volume | 20% |
| • NQF 30 Safe Practices Measures | 10% |
- Identifies best performers by procedural and MDC categories
- Data adjusted for severity of illness and risk of mortality

Involving Providers in the Process

- Process measures and methodology become open forum for provider education
- Involve providers in designing provider performance reporting
- Educate Providers on areas for improvement
- Educate providers on transparency role in consumerism
- Continuously inform providers of changes in methods and measures



A Few Lessons Learned

- **Tools are still new**
 - Lots of communication and explanation needed
 - Try to be transparent about the process (i.e., no “black box”)
 - At this stage, physicians should probably be compared:
 - Within specialty
 - Within geographic area
 - There are bigger questions about geographic differences (see Fisher/Wennberg analysis), but those are longer term issues
- **Method for creating the networks may be important**
 - Eliminating efficiency and effectiveness “outliers” from networks is probably more practical
 - Retaining key specialists will be important in some markets



Physician Transparency Scorecards

Consumer Guidance

Ruiz, Roberto MD - Microsoft Internet Explorer

File Edit View Favorites Tools Help



Ruiz, Roberto MD

Internal Medicine

Office Info General **Score**

Plan: Humana Preferred PPO

Accreditation:

Group: Community Medical Center

Legend: Above Average ●●●
Average ●●
Below Average ●

| Category | | Physician Ranking | Group Ranking |
|---------------|-----------|-------------------|---------------|
| Efficiency | ▶ Overall | ●●● | ●● |
| Effectiveness | ▶ Overall | ●●● | ●● |



Ruiz, Roberto MD

Internal Medicine

Office Info General **Score**

Plan: Humana Preferred PPO

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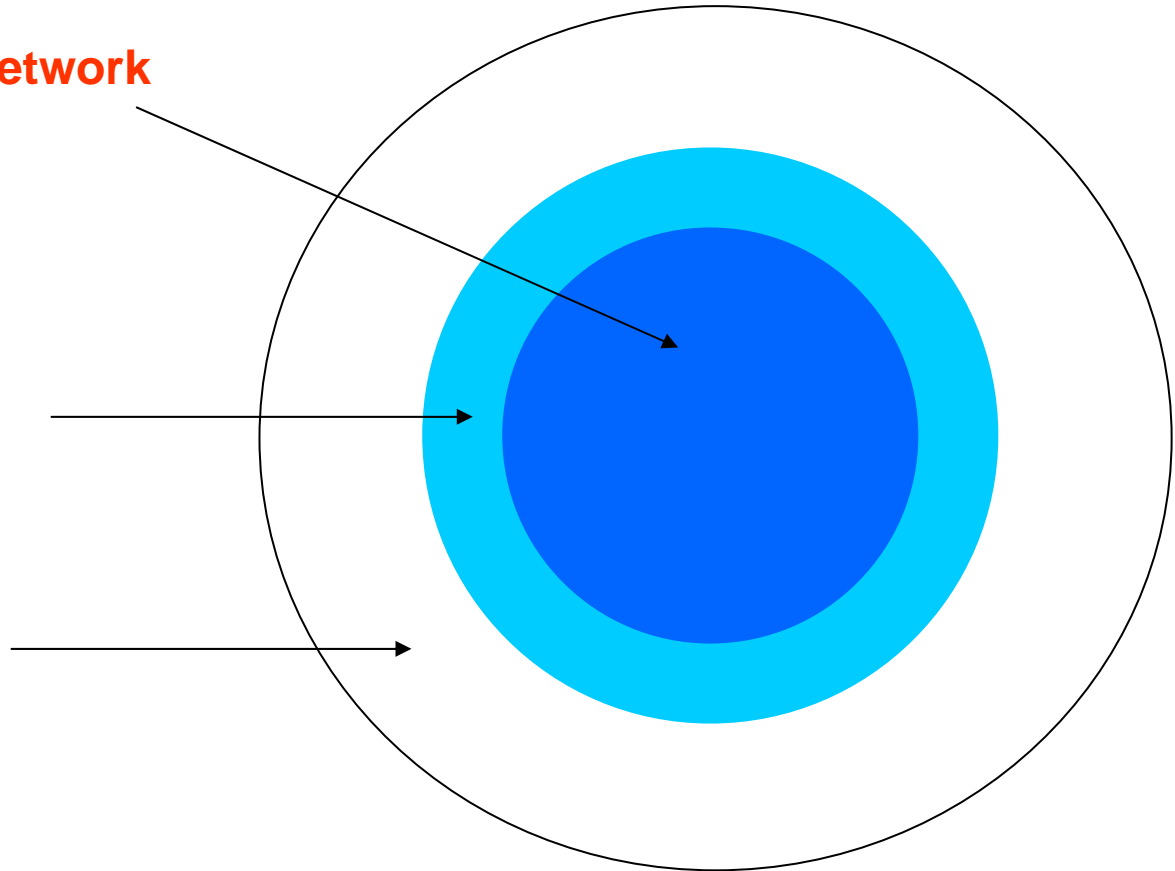
| Category | | Physician Ranking | Group Ranking |
|---------------|--------------|-------------------|---------------|
| Efficiency | ▼ Overall | ●●● | ●● |
| | Diabetes | ●● | ●● |
| | Heart/Stroke | ●●● | N/A |
| Effectiveness | ▼ Overall | ●●● | ●● |
| | Diabetes | ●● | ●● |
| | Heart/Stroke | ●●● | N/A |

Concentric Product Model Network Configuration

**Humana Preferred Network
(HPN)**

**All other contracted
Humana/ChoiceCare
Providers**

Out of Network



Concentric Product Model

Benefit Tiering Co-payment Model

Humana Preferred Network (HPN)

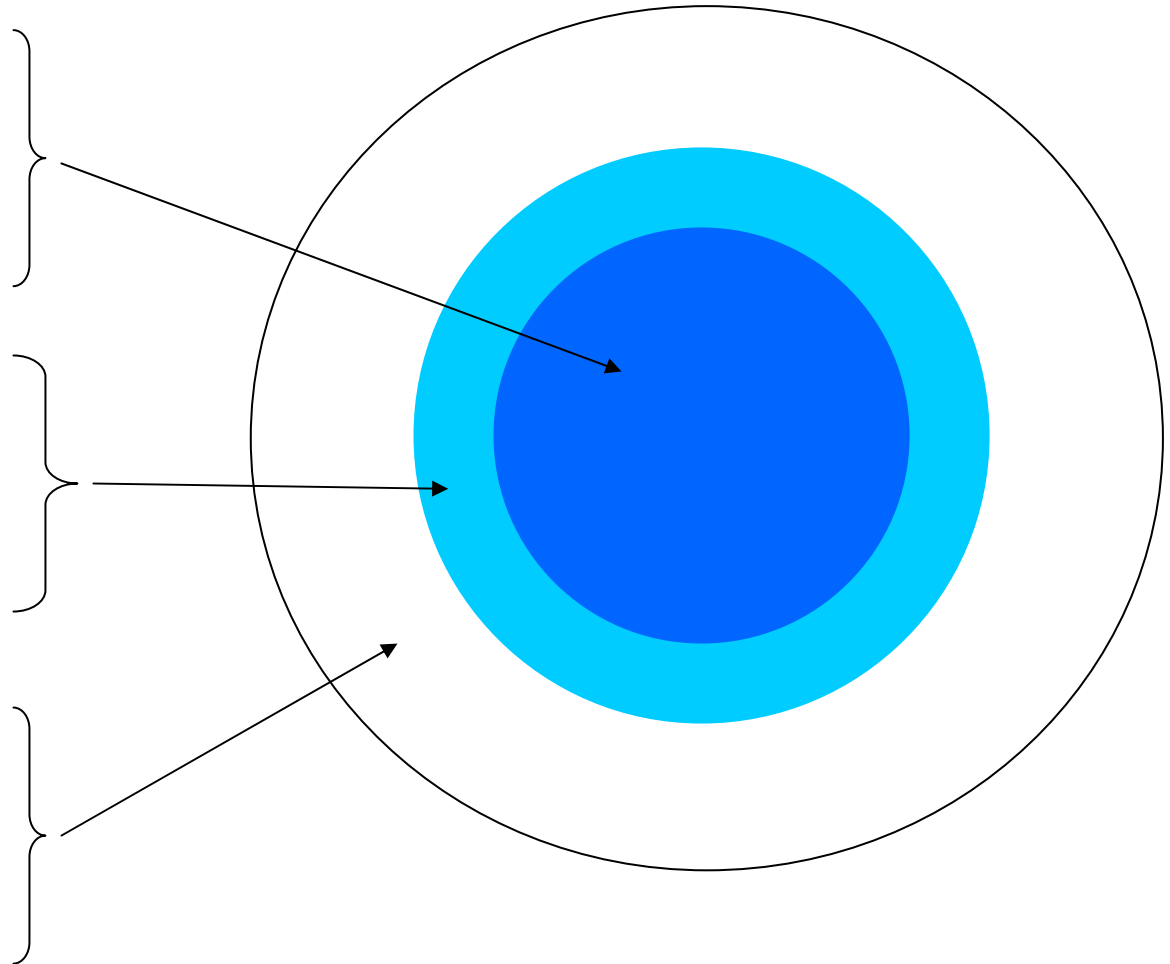
*PCP/SCP co-pay
\$15/\$25*

All other contracted Humana/ChoiceCare Providers

*PCP/SCP co-pay
\$30/\$50*

Out of Network

*60/40 Coinsurance
50/50 Coinsurance*



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Guidance when you need it most