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New Opportunities, With ACA & QHI Support

Philip Gaziano, MD

April 5th, 2012

ACA & QHI Introductions:

QHI (an IT and Data company)

Physician Owned and Run, and Founded in 2003
Owners and leaders Include: Philip Gaziano, M.D.
And Felicitas Thurmayr, M.D. Ph.D.
Provides Data, Decision Support, and Web Integration Tools

ACA (an MCO MSO)

Physician Owned and Run, and Founded in 2010
Philip Gaziano, M.D. is CEO and one of the Owners
Grew Inside HCPA Group from 1998 to 2010
Provides Clinical and Care Coordination, SNF/Hosp. Rounding,
Contracting, Reinsurance, and MSO (Handholding) Services

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Background:

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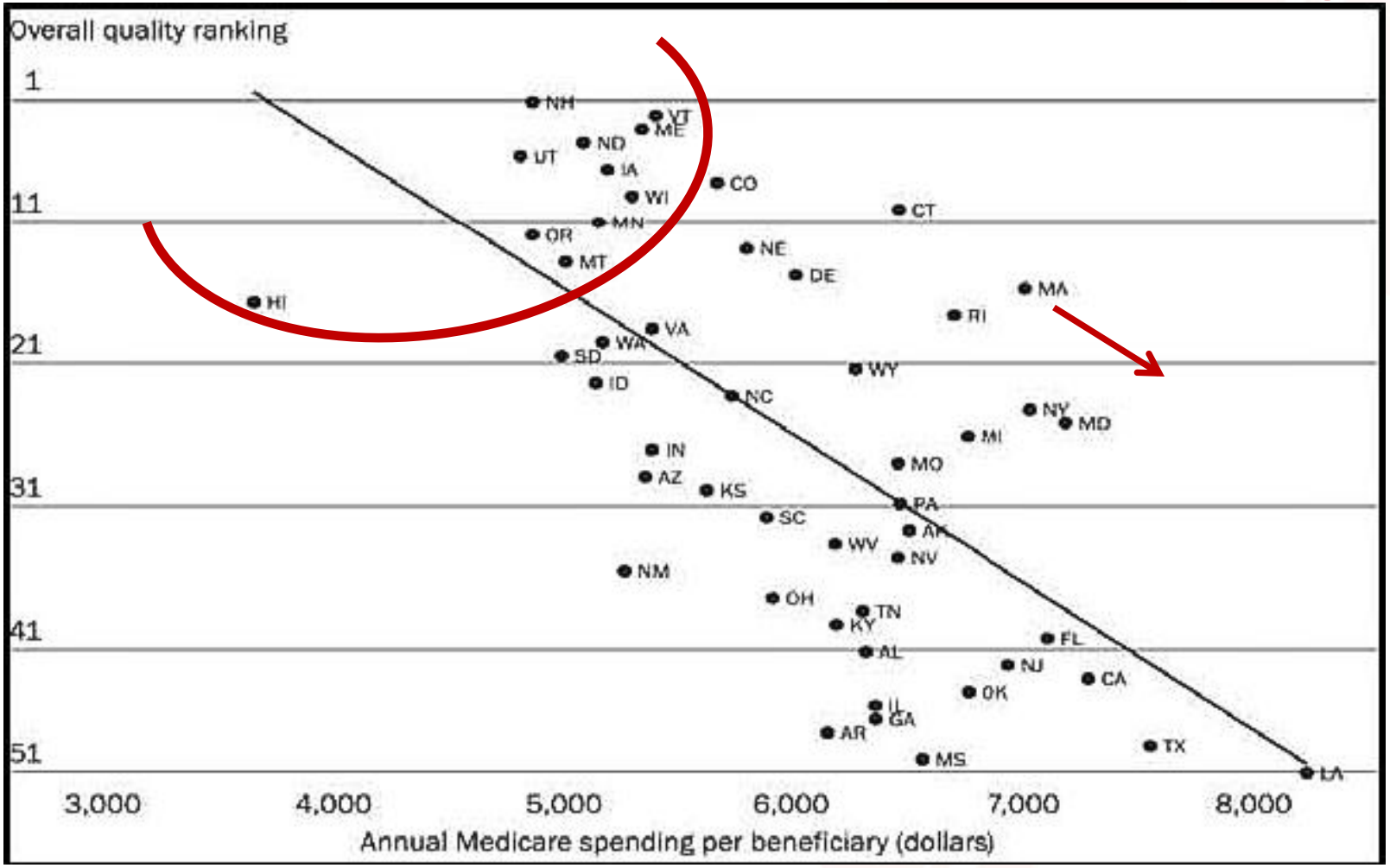
2004 Medicare Costs vs. Quality:



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City Medicare Cost Variations:

Hospital Referral Region	Medicare Spending, 2006	Spending Growth, 92–06	Annual Growth Rate, 1992–2006
Miami, FL	$15,625	$5,837	4.2%
Manhattan, NY	$12,114	$4,979	3.9%
Los Angeles, CA	$10,810	$3,707	3.0%
E. Long Island, NY	$10,801	$4,525	4.0%
Dallas, TX	$10,103	$5,168	5.3%
Fort Lauderdale, FL	$9,816	$3,495	3.2%
Philadelphia, PA	**$9,665**	**$3,248**	**3.0%**
Chicago, IL	$9,662	$3,641	3.4%
Baltimore, MD	$9,658	$3,007	2.7%
Boston, MA	**$9,526**	**$3,204**	**3.0%**
Camden, NJ	$9,445	$3,677	3.6%
Orlando, FL	$8,588	$3,179	3.4%
Pittsburgh, PA	**$8,506**	**$2,321**	**2.3%**
Nashville, TN	$8,355	$3,048	3.3%
St. Louis, MO	$8,306	$3,374	3.8%
Washington, DC	$8,173	$2,397	2.5%
Birmingham, AL	$8,062	$2,887	3.2%
Kansas City, MO	$7,604	$2,480	2.9%
Milwaukee, WI	$7,578	$2,942	3.6%
Indianapolis, IN	$7,509	$2,635	3.1%
Atlanta, GA	$7,363	$2,004	2.3%
Albany, NY	$7,255	$2,794	3.5%
Seattle, WA	$7,218	$2,379	2.9%
Minneapolis, MN	$6,705	$2,967	4.3%

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Massachusetts News

- (98% are now Insured)
- 2010 Cost Inflation = 7.5%
- …..Payment Reform?....

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Massachusetts News

"The **Special Commission** identified the following problems with the current Massachusetts health care system and with FFS":

- "**FFS rewards overuse of services,** does not encourage consideration of resource use, and thus cannot build in limitations on cost growth.
- FFS does not recognize differences in provider performance, quality, or efficiency, and thus does not align with evidence-based guidelines or outcomes.
- FFS focuses attention on prices, not costs, and fees do not relate to the actual cost of providing care.
- ……..Caregiver **incentives are not currently aligned** among acute care hospitals, physicians, behavioral health providers, and other providers."

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Massachusetts News

Special Commission Recommendations for Payment Methods:

- "the Special Commission concludes that **global payments** can be implemented over a period of five years on a statewide basis, with some providers participating in the near-term, while others will need more time and support to transition. **All payers** (including governmental payers) will need to transition to the new system within this timeframe."

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Massachusetts News

The Special Commission anticipates that, when fully implemented, global payment in Massachusetts will include the following key features:

- ***The development of Accountable Care Organizations (ACOs)** (specifically as defined here) that accept responsibility for all or most of the care that enrollees need. ACOs will be composed of hospitals, physicians and/or other clinician and non-clinician providers.

- ***Participation by both private and public payers**

- ***Sharing of financial risk between ACOs and carriers**

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Why will Most ACOs be Provider Driven?:

In Hampden, Hampshire, & Franklyn Counties the above pen can order either $4,000,000,000 of health care, or $3,500,000,000 and give higher quality care.

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Why will Most ACOs be Provider Driven?:

In the 70s and 80s when the decisions were not provider driven…
It did not work so well

These new contracts are not just new variations of old HMOs

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New (ACO Type) of Global Payment Systems:

- Medicare Advantage, (SNP,…)
- Dual eligible (SCO, PACE…)
- Commercial (Blue Cross AQC…)
- Federal ACOs (Medicare) (Sort Of)
- State ACOs
- Other Pilot programs?

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Other New Payment and Delivery Systems:

- Medical Homes
- Bundled Payments
- Partial Capitations
- Gain Sharing (Shared Savings…)
- Care Coordination Programs
- Enhanced Quality, P4P, & Other incentives
- & Many Other Pilot programs?

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Who is Calling Us?:

- Small Physician Groups (Even Solo Docs)
- Large Physician Groups (All Types)
- PHOs, IPAs and Networks
- Hospitals and Hospital Systems
- Payers (Private, State, Federal)
- ACA can help all

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HCPA → ACA Managed-Care
Integrated Infrastructure

1998 Started Dedicated **Hospital & SNF/Sub-Acute Day Rounding**.

1999 1st Case Manager Hired

2001 Became **Delegated for Case Management** (follow NCQA)

2002 We **Started Disease Management (a Unique in USA Model)**

2002 Included First Affiliated (non-HCPA) PCPs (then 5 Times more)

2004 Were **Delegated for Disease Management** (follow NCQA)

2005 We added a **Paper Coding and Info. Sharing Tool…*CareScreen™***

2008 Converted to a **Web-Based Coding & Info. Sharing Tool…*CareScreen™***

2009 We added the **BCBS AQC** and more Quality Infrastructure

2010 **New Data Warehouse, Integration, and PIC's** Supporting the PCPs

2011 **ACA-MSO Separated From HCPA** and formed a **new IPA*****

2012 **ACA is Helping form 4 Federal ACO – Shared Savings and 10 new Contracts**

2012 ACA is expanding state wide and Beyond

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ACA Then and Now

	HCPA 1996	2010	January 2012	Projected for 2nd 1/2 2012
Total PCPs Served:	7	140	270	>400
Total Network Docs:	250	2,000	5,000	8,000
Managed Members:	300	18,000	34,000	100,000
ACA Employees:	1	18	50	>60
Counties / States:	1 / 1	3 / 1	5 / 1	20 / 13
Care Managed ($Million/yr.):	0.2	125	290	1,000

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ACA & QHI Networks:

270 PCPs + >3000 Specialists

9 Hospitals in 4 counties (2 = Home/Partners)

50% of PCPs in groups of 3 or less

30% of PCPs still on paper charts

11 different PCP EMRs that do not share data

400,000 <65 yr. old members (6% in ACA AQC)

150,000 Medicare members (8% in ACA MAs)

& (25% are expected to be in our Federal ACO)

$4 Billion Health Expenditures /Year

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Managed-Care Integrated Services

Managed Medicare	Managed Commercial
Contracting-IPA/PHO Services	***Contracting-IPA/PHO Services***
Reinsurance + Recoveries	***Reinsurance + Recoveries***
IT and EMR/EHR Support	IT and EMR/EHR Support
Network Maintenance	Network Maintenance
Medical Direction Support	Medical Direction Support
Case Management (UM)	***Case Management (UM)***
Disease Management (DM)	***Disease Management (DM)***
Dedicated Hosp. Rounding	Dedicated Hospital Rounding
Dedicated SNF Rounding	Dedicated SNF Rounding
Pharmacy Management***	***Pharmacy Management****
Data Analysis & Registries*	***Data Analysis & Registries****
Reporting and Web Portal*	***Reporting and Web Portal****
Correct Coding/Auditing*	Correct Coding/Auditing***
CC Education & Extra Visits*	CC Education & Extra Visits***

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QHI and ACA Managed-Care
Integrated Infrastructure Strengths:

- Built by Providers
- Built For Providers
- Integrated into all types of practices
- Tools are fast, teach the user, and easy to use
- Tools and services are integrated with each other
- Tools and services are integrated with PCP practices
- Tools and services have proven benefits (multiple reviews)
- All tools are highly scalable and customizable
- Years of experience give knowledge and results

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ACA & QHI Results

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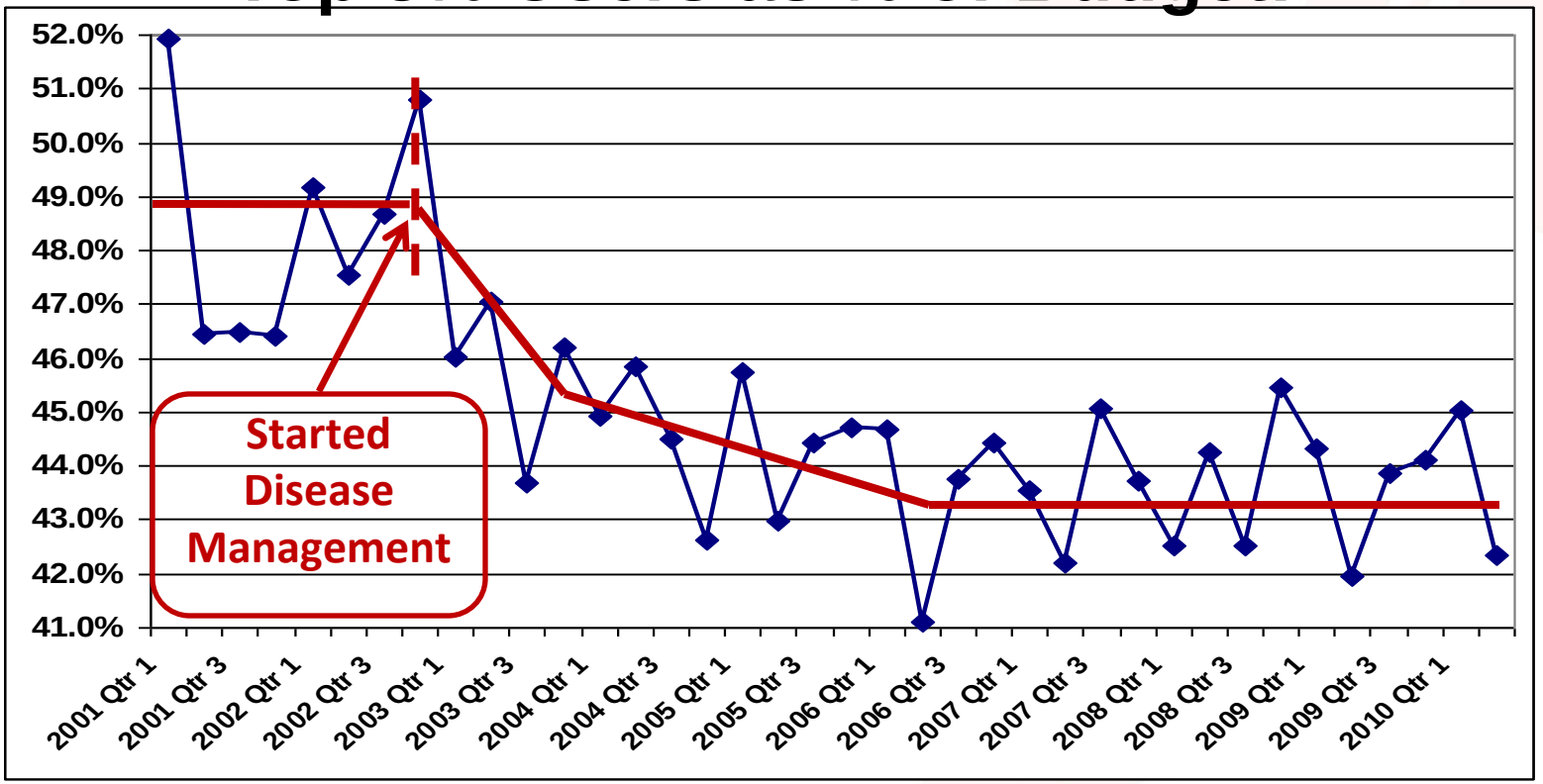
Medicare Budget Outcomes:

Medicare Members By % of Budget Used	% of Budget Used		$Million used / 6,300 Members	
	Not Manage	ACA Managed	Not Manage	ACA Managed
Top 3%:	50%	42%	30.0	20.2
Next 17%:	30%	34%	18.0	16.3
Next 30%:	10%	12%	6.0	5.8
Lower 50%:	10%	12%	6.0	5.8
Total:	100%	100%	60.0	48.0

Philip Gaziano, MD
Quality Health Ideas

Our Disease Management Outcomes:

Top 3% Users as % of Budget:



49% → 43% = $7,000,000 /year savings

And Quality↑

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Our ACA Disease Management Member Satisfaction:

	Excellent	Very Good	Good	Fair or Poor	NA
Get advice from CM when needed	61%	33%			
CM calls when needed	44%	22%	10%		10%
CM courteous and professional	83%	13%	10%		
Teaching materials effective	25%	33%	10%		11%
Return calls in a timely manner	61%	19%	10%		16%
Satisfaction with home care nurse	50%	22%	10%		22%
Hospitalized fewer times this year	44%	25%	10%		25%
CM knows your conditions	63%	22%	10%		10%
Overall satisfied w/ DM program	66%	20%			

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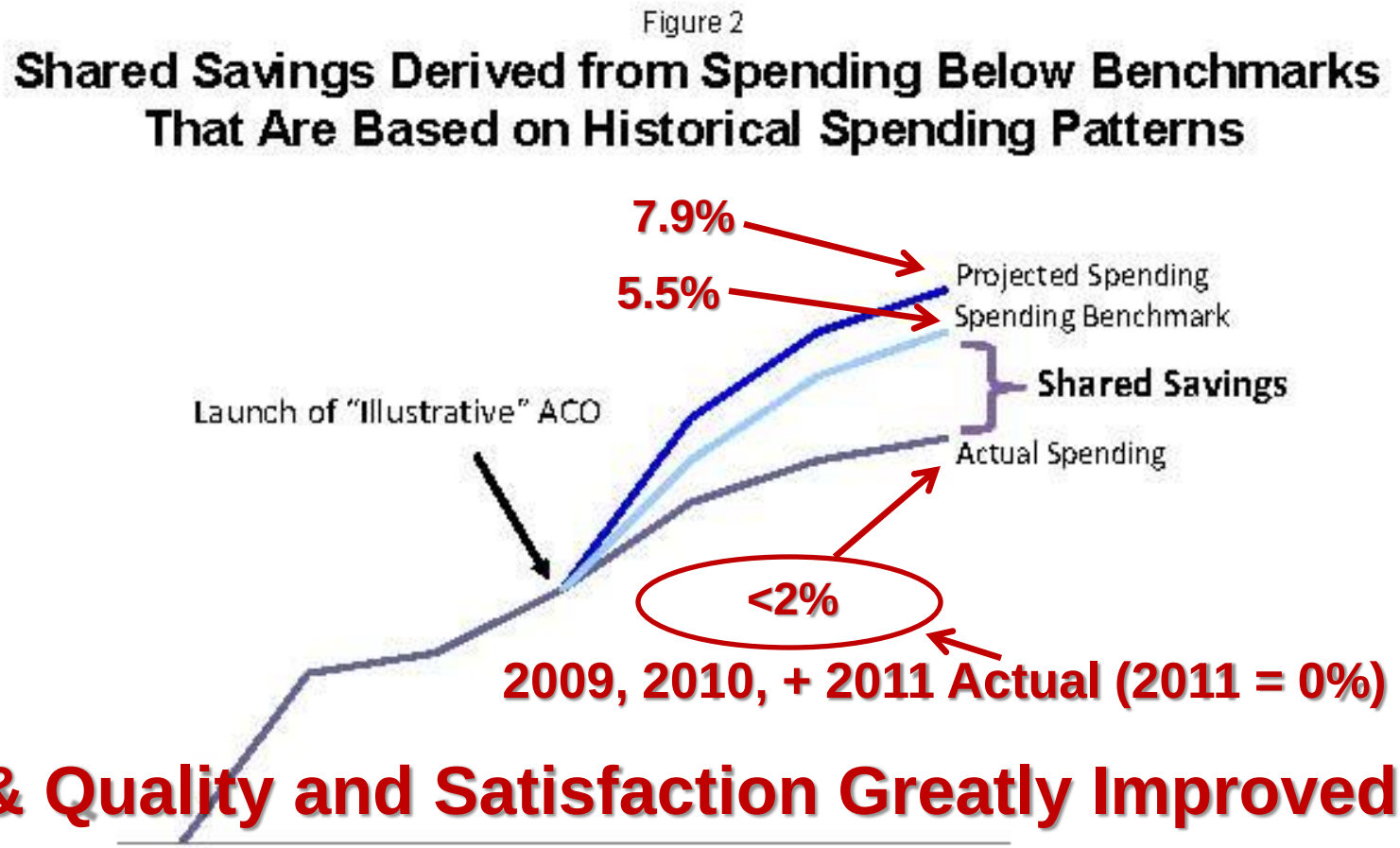
ACA's 3 Year AQC Outcomes:



& Quality and Satisfaction Greatly Improved

2011 Total P4P + Risk Surpluses: (On 18,000 members)

- $5 Million MA Risk Budget Surpluses (50% to Docs)
- $5 Million MA Retro Coding Surpluses (50% to Docs)
- $3.5 Million AQC Surpluses (50% to Docs)
- $2.5 Million Extra AQC Quality P4P (70% to Docs)
- $2.5 Million Extra Medicare Advantage Cap. (100% to Docs)
- Total Extra = $18.5 Million Extra (2/3 to Docs)
  ($1,000 Per Member Per Year)
- = $215 → $1,376 /Member /Yr. (Medicare) to Docs
- = $150 → $514 /Member /Yr. (Commercial) to Docs

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ACA + CareScreen and Quality: (Medicare and BCBS-AQC)

- All measures improved
- All practitioners improved
- Practice culture changed***
- Members noticed and satisfaction ↑
- The plans and employers noticed
- Our MA Plans Ranked #2 & #4 in US

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ACA, CareScreen™ and Risk Reduction:

- Best practice activities increased
- Test tracking = better then EMR alone
- Malpractice cases reduced
- Malpractice premiums decreased
- Utilization and financial modeling
- Satisfaction improved by/for all
- Practitioner work flow redesigns

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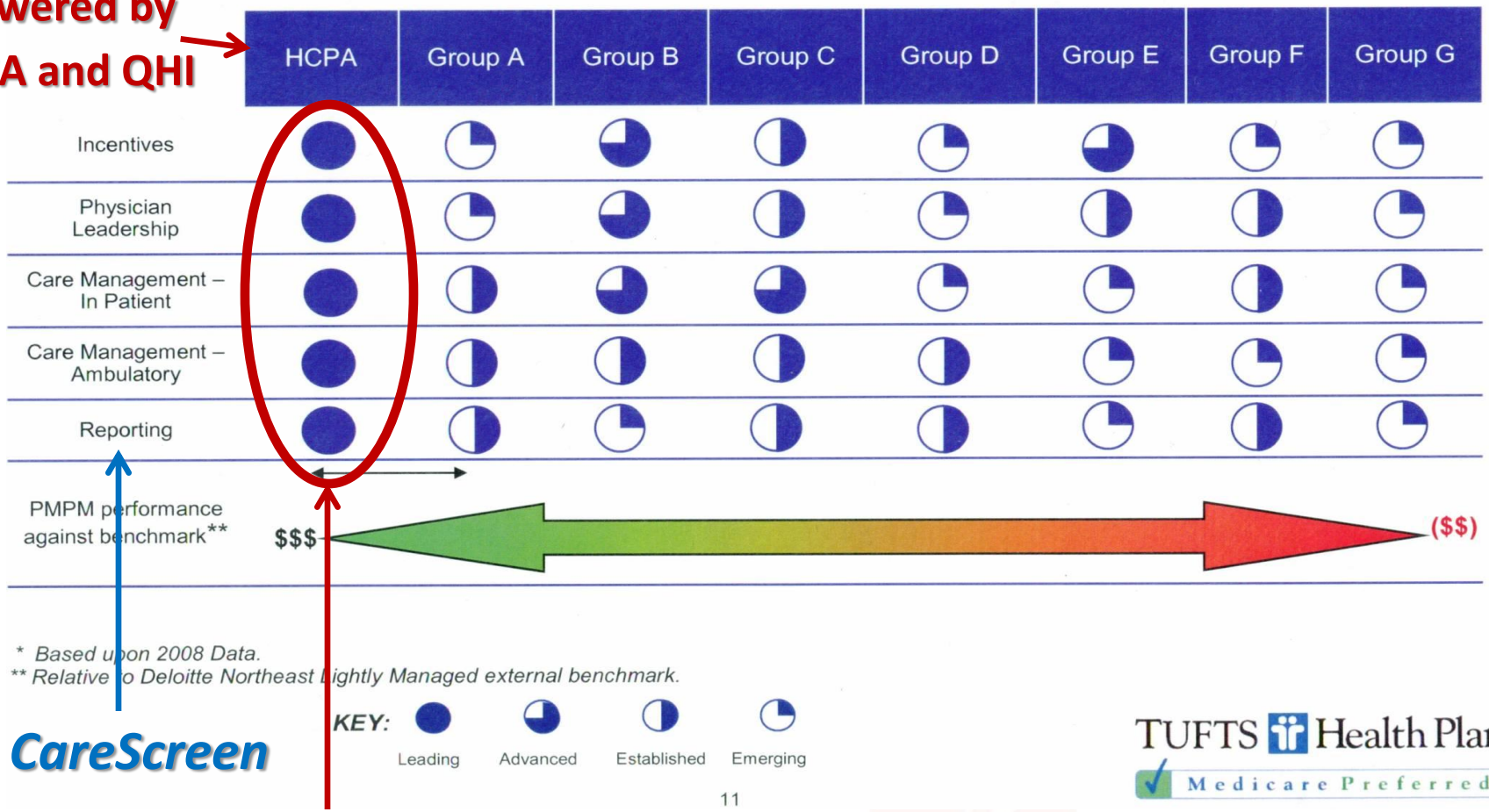
A Deloitte Report-Card:

There is a strong (but not exact) correlation between best practices and financial performance.*

Powered by ACA and QHI



CareScreen

TUFTS Health Plan Medicare Preferred

Due to Our Cost, Outcomes, and Integrated Approach

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Why Such Success?

- No Barriers to Starting or Performing Well
- No Upfront Costs or Infrastructure Needed
- No EHR, EMR, HIE or Integration is Needed
- No Managed Care Experience Needed
- Practitioners: Solo to Large Group, to Academic
- Practice Variation Reduced or Eliminated
- Members: Rural – City, Rich – Poor, Healthy – Not, Old - Yong
- All Components in One: IT, UM, DM, MD, Data, Reinsurance
- Consistently High Outcomes Achieved
- Cost is Lower for Each Part… and for All.

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The Anatomy of Success?

- We provide Actionable Information
  - (not Raw Data – which does more harm)
- Unique Decision Support
- Unique Care Coordination
- Unique Clinical Support
- Unique Hand Holding and Motivation
  - (Education, Comp Formula, Vision)

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ACA + QHI + Providers: The Future is Ours

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