CURRENT VALUE-BASED HEALTHCARE DELIVERY

ASCENSION
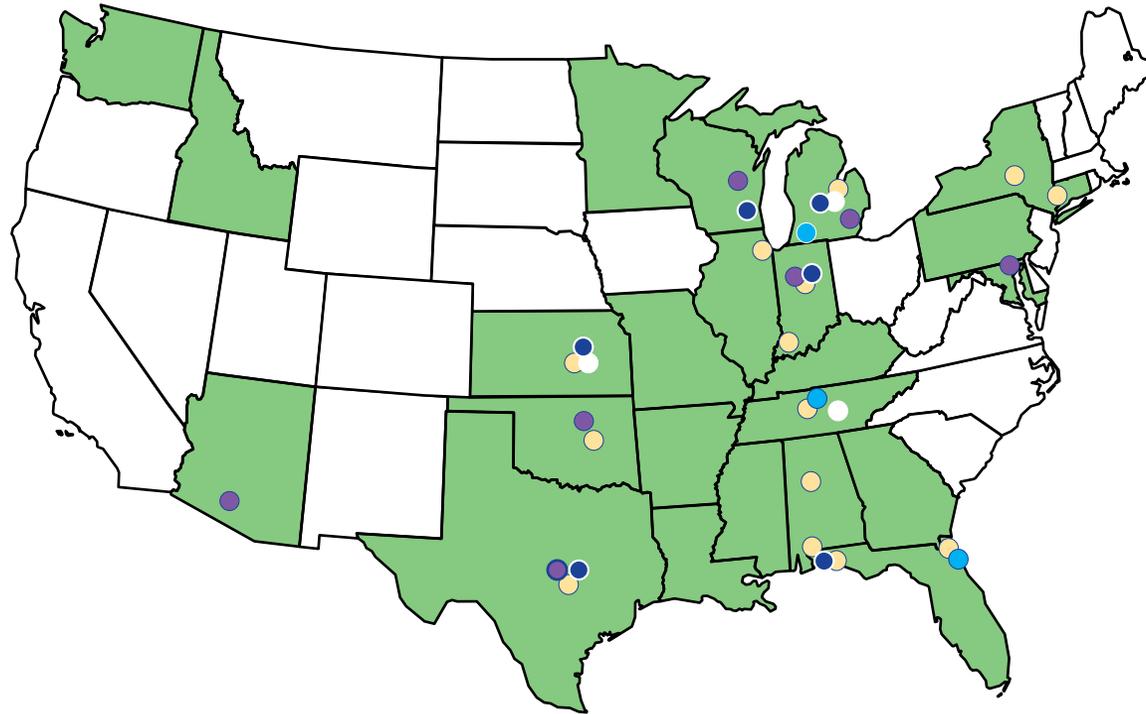
Map Key:

7 Wholly/Partially Owned Health Plans

14 MSSP ACOs in 12 Ministry Markets

6 Ministry Markets Participating in CJR Bundled Payments (16 hospitals)

3 Ministry Markets Participating in CMMI Bundled Payments

3 PACE Programs

OTHER SYSTEM MEASURES

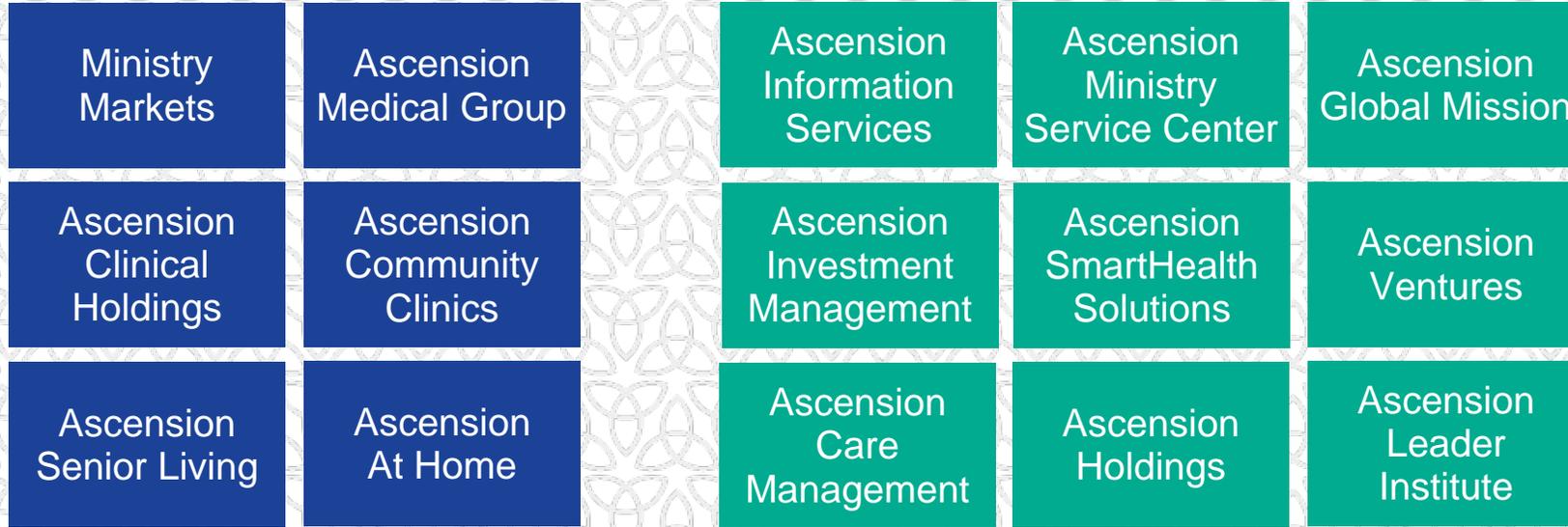**>7,000** Employed Providers

2.6M Covered Lives Under Value-Based Contractual Arrangements

25

Ascension

Healthcare Division

Ministry Markets	Ascension Medical Group
Ascension Clinical Holdings	Ascension Community Clinics
Ascension Senior Living	Ascension At Home

Solutions Division

Ascension Information Services	Ascension Ministry Service Center	Ascension Global Mission
Ascension Investment Management	Ascension SmartHealth Solutions	Ascension Ventures
Ascension Care Management	Ascension Holdings	Ascension Leader Institute

- The Resource Group
- Medxcel Facilities Management
- Ascension Holdings International
- Ascension Leadership Academy

ASCENSION

Challenges / The Road Ahead

- Shift to value-based contractual arrangements is accelerating and being catalyzed by the Medicare risk-based payment models.
    - Medicare Access and Chip Re-Authorization Act (MACRA) implementation in 2017
    - *Bundles, EPMS*
    - *Complex and fluid MSSPs*
    - *Growing Medicare Advantage ('MA')*
    - *CPC +*

- Many of our markets have different states of transition readiness – staging this fee-for-value transition tailored to their unique markets is difficult and multi-faceted.
    - Readiness
    - Integration components
    - Market dynamics

Challenges / The Road Ahead (Cont'd.)

- Must demonstrate its value with clear and measurable cost and quality outcomes (and meet/exceed access and service experience expectations).
  - Across multiple plan and products types; specific contractual requirements
  - Scale of change – collaboratively building population health capabilities, clinical protocols, and patient-centered care models
  - Provider engagement; aligning incentives; preventing physician burnout; attract and grow/retain affiliated provider base

- Developing and refining our value-based care infrastructure
  - Integrate care across the continuum to decrease utilization and total cost
  - Use actual and virtual scale to drive a sustainable unit cost advantage
  - Addressing the mix, scale, and distribution of resources across the care continuum
  - A larger and more diverse organization is more difficult to manage (increases the cost of coordination, information processing, and governance and monitoring)
  - Focusing on greater integration between hospitals and physician practices, as well improved 'systemness'

On the Journey to Value Based Care: A Health Plan Perspective

Scott Sarran, MD

Divisional Senior Vice President, Chief Medical Officer, Government Programs

Health Care Service Corporation (HCSC)

Who We Are

Health • Dental • Life • Disability • Connectivity • Pharmacy • Health IT

15 million members

4th largest U.S. health insurer

ILLINOIS

MONTANA

NEW MEXICO

OKLAHOMA

TEXAS

Exceptional financial stability

- Moody's Investors Service = **A1** (Good)
- Standard & Poor's = **A+** (Strong)
- A.M. Best Company = **A** (Excellent)

HCSC: An Experienced Leader in the Transformation from Volume to Value

A measured, iterative, and prudent approach to alternative payments with our providers.

Our approach to APMs is to meet providers where they are via a measured, iterative, and prudent approach to sharing risk, ultimately playing a key role in driving the success of payment reforms goals by:

- Using our knowledge of providers' capabilities

- Our trusted relationships

- Our deep experience and leadership positions in the movement towards Value Based Care
  - Health Care Transformation Task Force
  - CMS Learning and Action Network

30 years of experience with large shared risk HMO affording deeper learnings

Working with a large integrated delivery system to create an attractive and affordable Marketplace product
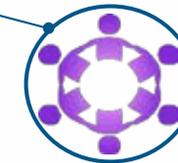
Enabling small practices in rural communities to participate and succeed in VBC in Texas and Oklahoma

Stabilizing a large physician group ensuring marketplace continuity in New Mexico

Enabling the largest FQHC in the country to advance their health delivery though community investments

Physician-Led Accountable Care

BCBSIL **Practice Advance**sm

BlueCross BlueShield
of Illinois

+

DuPage Medical Group
WE CARE FOR YOU

TMA
PracticeEdge
LEADING CARE FORWARD

A value-based care model with DuPage Medical Group, the largest independent physician practice in the Chicago area, with more than 425 doctors.

Enables physicians to reduce their costs while maximizing quality by offering a turn-key ACO tool kit to help networks with rapid ACO creation and effective management

HCSC Structure and Approach

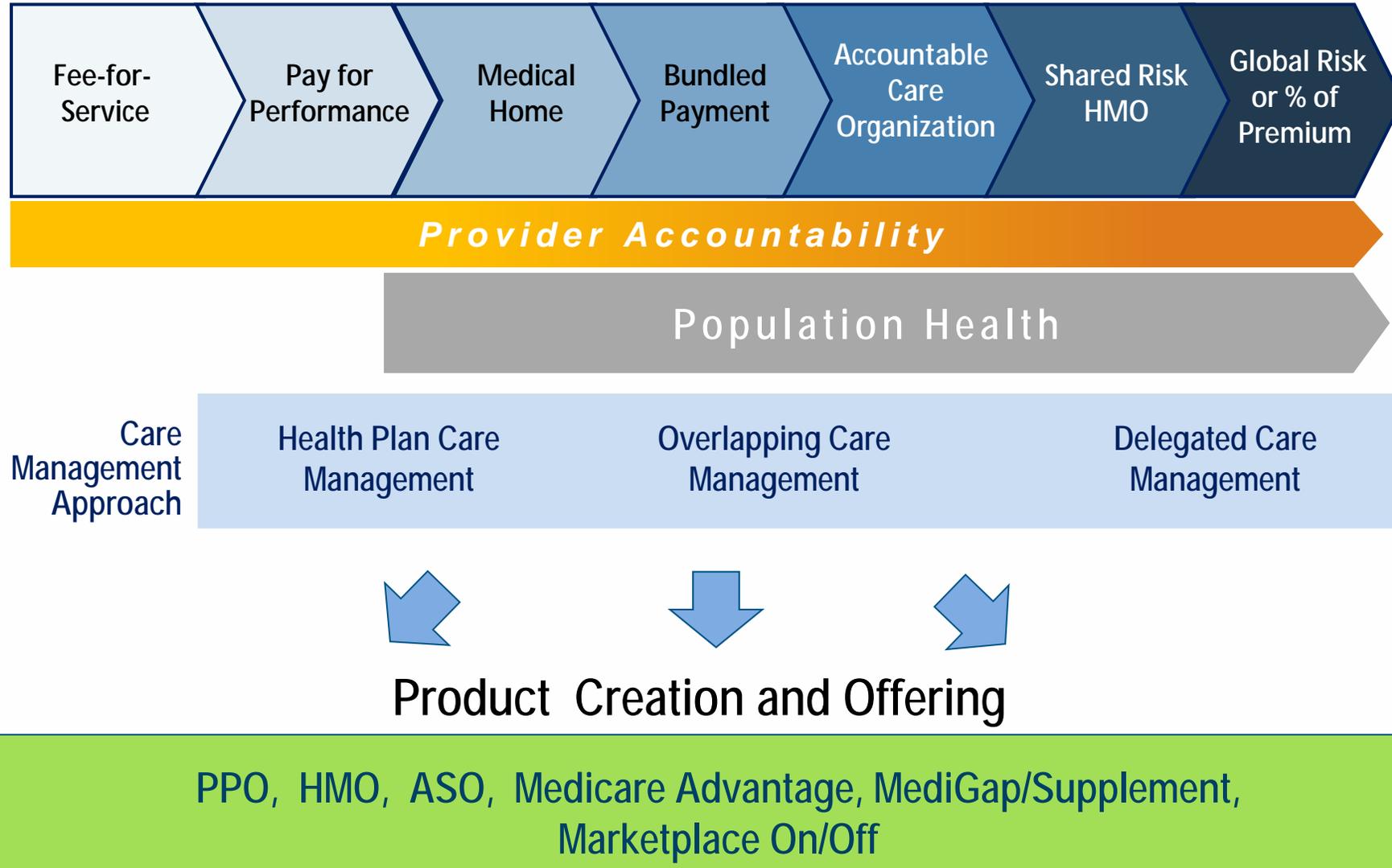| **Group**	**Government**	**Retail**
(Employers)	(MA & Medicaid)	(Marketplace)

Development of products that meet
distinct business cases and unique regulations
for our consumers

Thoughtful approach and commitment to be a major market player

Learnings from others challenges and successes

Awareness of market realities

Value Creation Toolbox

Fee-for-Service	Pay for Performance	Medical Home	Bundled Payment	Accountable Care Organization	Shared Risk HMO	Global Risk or % of Premium

Provider Accountability

Population Health

Care Management Approach

Health Plan Care Management	Overlapping Care Management	Delegated Care Management

Product Creation and Offering

PPO, HMO, ASO, Medicare Advantage, MediGap/Supplement, Marketplace On/Off

Critical Issues

Interaction between the value shift and product offerings

- Understanding product development and market dynamics

- Market trends: Consolidation, Competition, Alignment with providers (e.g., joint ventures)

- Approach varies differently and how it plays out with VBC contracts

- Productizing of VBC arrangements is critical
(VB products vs Networks offerings)

Realities

Employer Group

- Long-term outlook is important to large employer groups

- Pushing us towards Value based care

- Increasingly impatient with the pace to value

Government

- MA-PPO: Continuity of provider and network, from pre- to post-retirement is important

- MA-HMO: Requires tight alignment with high-value providers

- Medicaid: Challenging network issues, e.g., access, community and long-term support services

Retail

- Evolving market

- Very price sensitive

- Need to attain value and stability

- To date this is occurring largely via network narrowing and unit price discounts