

Take Action: Accelerate Value Through Transparency and Innovation



28th Annual Conference
Tuesday, April 20, 2021

TODAY'S AGENDA



1:00PM–1:15PM

Welcome & Introduction

Karen van Caulil, PhD, MSPH, President & CEO
Florida Alliance Healthcare Value

1:15PM–2:15PM

Advancing Payment Reform in Florida: Recommendations from the Tampa-Orlando Market Assessment

Suzanne Delbanco, PhD, Catalyst for Payment Reform
Andréa Caballero, MPA, Catalyst for Payment Reform

2:15PM–2:30PM

BREAK

TODAY'S AGENDA



2:30PM-3:45PM

Respondent Panel

François de Brantes, MBA, Signify Health

David Snow, Jr., MHA, Cedar Gate Technologies

Daniel Stein, MD, MBA, Embold Health

Moderator: Karen van Caulil, PhD, MSPH, Florida Alliance

3:45PM-4:30PM

Annual Meeting of the Board of Directors and Conference Wrap-up

Thank you to our Sponsors!



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Social Media!



Follow us on Twitter and Facebook **@FLHealthValue** and
Florida Alliance for Healthcare Value on LinkedIn

Tweet about today's event
#FLAlliance2021

Who is the Florida Alliance for Healthcare Value?



- 501c3 non-profit research and education organization founded in 1984
- Led by Florida's top public and private sector employers/businesses
- Membership includes businesses of all sizes, public sector employers, industry partners
- Unique role is to convene stakeholders around Florida employers' most challenging issues and develop and implement solutions



Our Purpose

- What can we do together to improve healthcare quality and cost?
- High level of frustration with the value of the care employers are purchasing – status quo is unacceptable

-> **Be a force for change!**



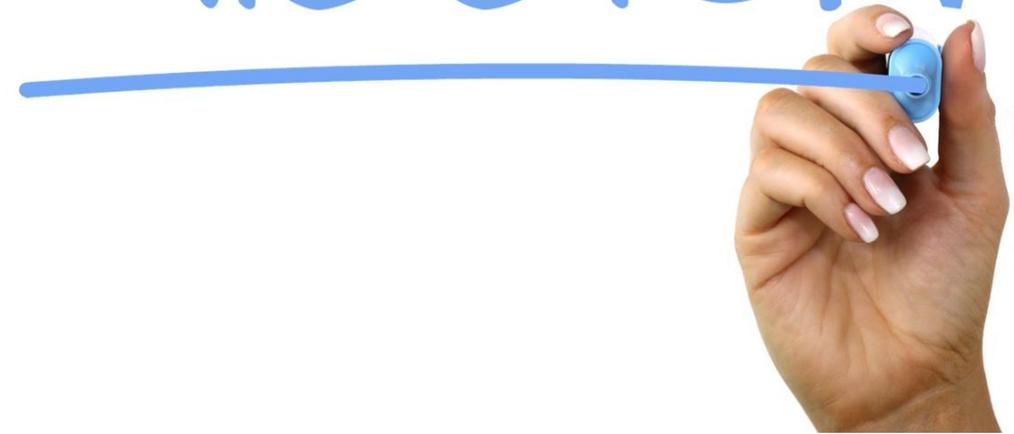
Mission Statement



As a leading global destination where millions come to live, work, play and retire, Florida should offer nothing but the highest value, safest, best practice health care for its citizens and visitors.

The Florida Alliance for Healthcare Value's mission has always been about striving to make our state a world-class leader in healthcare quality and affordability through collaboration, innovation, transparency, and action.

MISSION



Our Strategy



The Florida Alliance for Healthcare Value represents approximately 100 public and private sector employer/healthcare purchasers with lives in Florida. Our organizational strategy relies on committed community partnerships to promote health and significantly drive down the cost of care while improving its quality.

STRATEGY



Our Value



ADDING VALUE



As the second largest purchaser of health care after the federal government, employers represent millions of consumers who expect the best quality health care at the best price.

The Florida Alliance for Healthcare Value, as the collective voice of these purchasers and consumers, has the unique ability to leverage its members and strategic partners to identify and implement meaningful improvements in healthcare delivery and payment reform.

Our initiatives benefit all consumers in the state when healthcare quality is improved, and care is affordable.

Employer/Healthcare Purchaser Rights



Employer/healthcare purchasers have the right to:

- **Use their healthcare data to support new partnerships** made to accelerate value
- Transparency of quality, allowing them to identify that it is **measured in a meaningful and consistent way**
- Ensure that plan members have the **best patient care imaginable**

Employer Rights in Healthcare Purchasing



Employer/healthcare purchasers have the right to:

- **Advocate for better value** in the health care they purchase for their employees
- **Transparency of the cost of the care** they purchase
- Be **proactive and empowered purchasers of health care**, seeking out innovative ways to generate value for their employees and their families

Advancing Payment Reform in Florida: Recommendations from the Tampa- Orlando Market Assessment



Speakers



- **Suzanne Delbanco, PhD**
- **Executive Director, Catalyst for Payment Reform**
- **National expert on payment reform**
- **Nine-time selectee of Modern Healthcare's 100 Most Influential People in Healthcare**



- **Andréa Caballero, MPA**
- **Program Director, Catalyst for Payment Reform**
- **20+ years experience in the healthcare industry**
- **Specializes in measuring the amount of payment reform at the state and national level**



Advancing Payment Reform in Florida: Recommendations from the Tampa-Orlando Market Assessment and Implications for Statewide Uptake in Paying for Value



About CPR

An independent non-profit corporation **working to catalyze employers, public purchasers and others** to implement strategies that produce higher-value health care and improve the functioning of the health care marketplace.

**15M+ covered lives,
\$80B+ annual health care
spend**

- 32BJ Health Fund
- Aircraft Gear Corporation
- Aon
- Arizona Health Care Cost Containment System (Medicaid)
- AT&T
- CalPERS
- Compassion International
- Covered California
- Equity Healthcare LLC
- General Motors
- Group Insurance Commission, MA
- Hilmar Cheese Company, Inc.
- The Home Depot
- Independent Colleges and Universities Benefits Association, Inc.
- Mercer
- Miami University (Ohio)
- Ohio Medicaid
- Ohio PERS
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Qualcomm Incorporated
- San Francisco Health Service System
- Self-Insured Schools of California
- South Carolina Health & Human Services (Medicaid)
- Teacher Retirement System of Texas
- TennCare (Medicaid)
- Unite Here Health
- Walmart Inc.
- Wells Fargo & Company
- Willis Towers Watson

Payment reform

Refers to a range of health care payment models/methods that use payment to promote or leverage greater value.

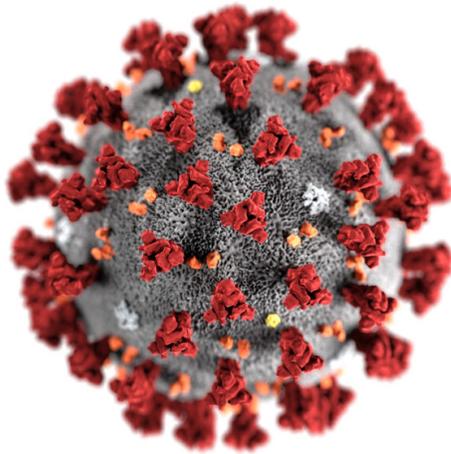
For a payment model to be considered payment reform under CPR's definition, **payment must be tied to quality.**

Purchasers

Refers to employers (fully insured and self-insured) and other health care purchasers, such as public sector organizations, and multiple employer welfare arrangements.

THE STORY AT THE NATIONAL LEVEL

COVID-19



The COVID-19 pandemic had an enormous impact on providers, health plans, and health care payment and delivery.

Providers Couldn't Keep Up



- ❌ Unforeseen expenses to address COVID
- ❌ Cessation of elective care diminished revenue
- ❌ No time for quality reporting
- ❌ Challenged to meet spending/quality targets
- ❌ *Under a pandemic, what is the right budget for shared savings or shared risk payments?*

Health Plans Tried to Help...

Health plans are...

- Providing infusions of cash to struggling providers
- Offering prospective payment to PCPs
- Reimbursing virtual visits at same rate as office visit
- Donating personal protective equipment
- Holding providers in APMs harmless for quality metrics



How Providers Are Doing Today

Hindsight is 20 / 20, with a clearer vision for the future.

- The pandemic took a heavy financial toll on providers reliant on FFS and created a **stronger case for payment reform.**
- 40% of health system CFOs see **value-based care as a core strategy** for future financial viability.

Financial relief still available, including...

- Congress waived the **2% reduction in Medicare payments**, through March 31, 2021 (and looking to extend through the end of 2021).
- HHS Provider Relief Fund - The **\$178 billion provider relief fund gives providers grants** equaling at least 2% of their previous annual patient revenue.

But many unknowns remain.

Health care spending is rebounding, but **provider recovery depends on many factors.**

Trends of Prices

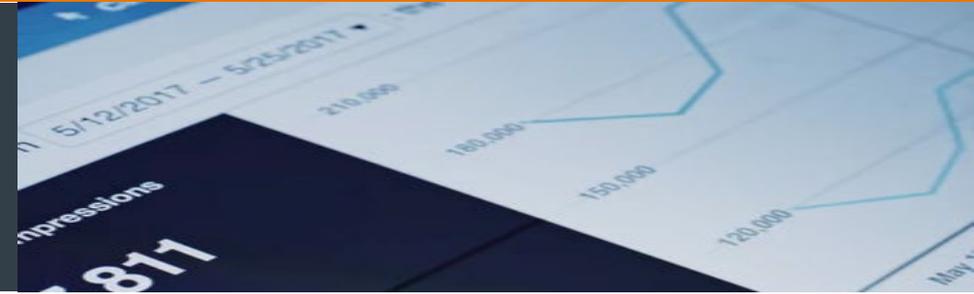


Provider consolidation has been steadily increasing, and this has an impact on health care prices and effectiveness of payment reform.

Stats on Consolidation

Health Spending can't be sustained...

- \$3.4 trillion
- \$10,372 per capita
- 18.1 % of GDP



There's been A LOT of hospital consolidation*

- 1,412 mergers from 1998-2015, which is about 28% of hospitals in operation in '98
- Only 35% of hospitals are independents by 2014
- ~1/2 of hospital markets are considered HIGHLY CONCENTRATED

And physician practice consolidation...

- % of physicians who own their own practice fell from 76.1% to 50.8% in 31 years
- 56.7% increase in the number of doctors/dentists employed by hospitals 1999-2014

*<http://www.aha.org/research/reports/tw/chartbook/ch2.shtml>

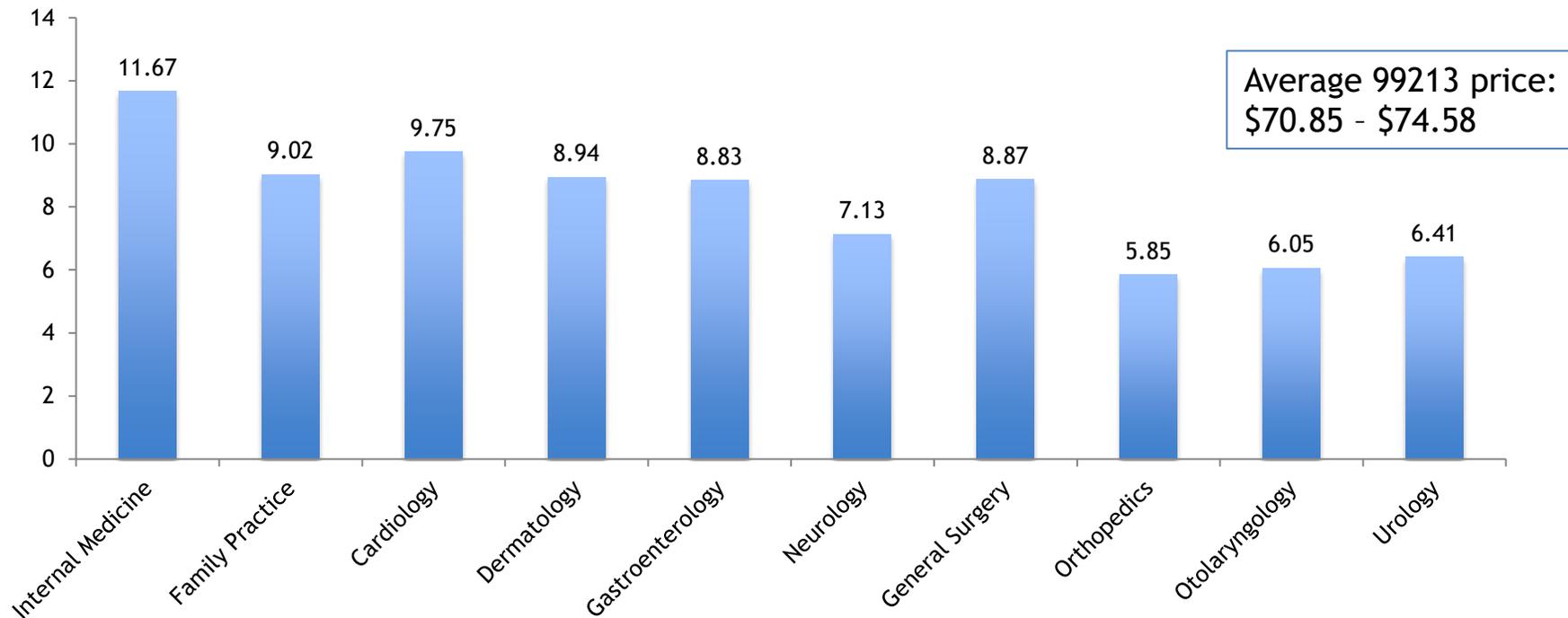
Evidence of its Impact on Health Care Prices

In recent analysis, hospitals in monopoly markets had (private) price index **15-25%** higher than hospitals in four-hospital+ markets

Higher physician concentration associated with higher private insurance prices

Increase in Intermediate Office Visit Price Associated with moving from **10th to 90th** percentile HHI county, 2010

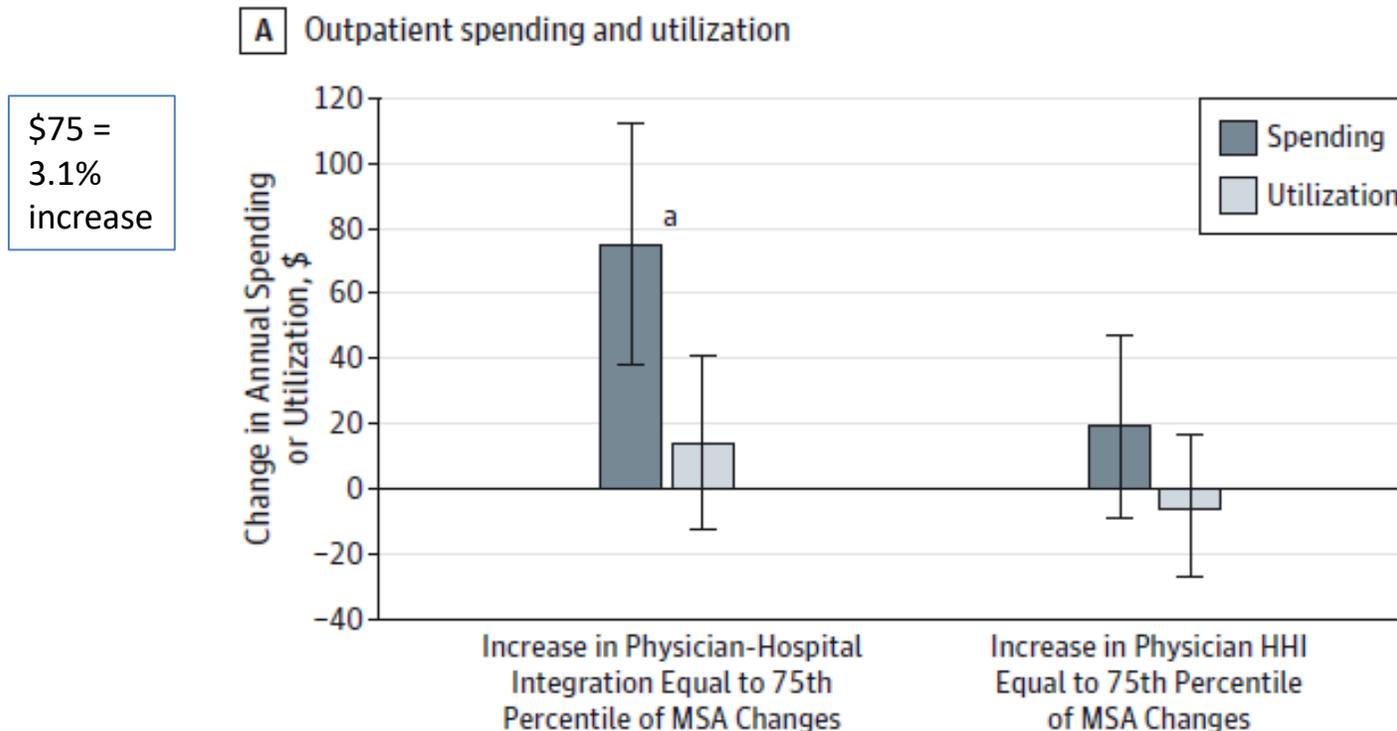
Source: Cooper, Craig, Gaynor, Van Reenen, NBER WP 2015;



Evidence of its Impact on Health Care Prices

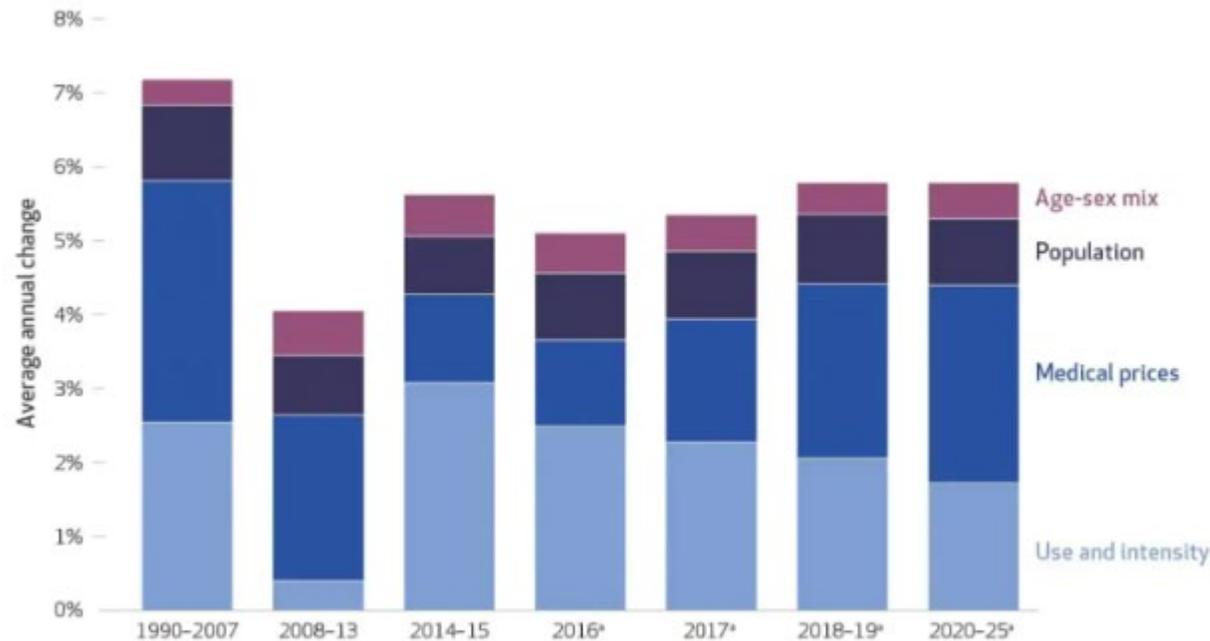
Hospital-physician integration associated with higher physician prices paid by private insurers (e.g. Neprash, Chernew, et al 2015)

- Larger effects for outpatient spending than inpatient spending



Prices Driving Growth in Health Care Costs

Factors accounting for growth in personal health care expenditures, selected calendar years 1990–2025



High prices can negate positive impacts of reform.

Sean P. Keehan et al. Health Aff 2017; published online

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HealthAffairs

Health Affairs

The Power of Employer-Purchasers



Employers and other health care purchasers can leverage their collective voice and purchasing power to push for change.

Employer-Purchasers Can Make a Difference



My litmus test:
Is health care better and more affordable?

Some achievements from the last two decades:

- Standard measurement
- Public reporting
- Payment tied to performance
- Price Transparency
- Multi-payer databases
- Fighting anti-competitive behavior by providers

Employer-Purchasers Can Make a Difference

The more covered lives and health care expenditures, the more leverage self-insured employers typically have...

Individually (i.e. large and jumbo employers)

Collectively (i.e. group purchasing)

A word of caution:

- Market dynamics
- Group purchasing may require certain market conditions and consistencies across employers

Usually large or jumbo in size, self-insured purchasers have the leverage of many covered lives and have more control over customizing health care benefits.

Examples in action:

- A large self-insured employer, **Walmart Inc.** implemented centers of excellence and direct contracting for spine surgery to reduce inappropriate care.
- A small self-insured employer, **Aircraft Gear Corporation**, designed and implemented a near-site clinic to address a significant gap in access to primary care and reduce health care costs.

While more limited in terms of their ability to customize health care benefits, fully insured purchasers have options

They can:

- Take advantage of opportunities to create value throughout the **contracting process**.
- Use a targeted and common RFI to **send a consistent signal** to the market.
- Work with carriers to ensure high-value care is being achieved in **carrier-provider relationships**.

Public purchasers have might and are on the side of right.

Public purchasers are often large and cover a significant number of lives, giving them leverage. All purchasers are fiduciaries, but this is particularly true for public purchasers whose benefits are funded by taxpayer dollars.

Examples in action:

- **Metro Nashville Public Schools (MNPS)** implemented bundled payment and direct contracting for maternity care, with zero out-of-pocket costs for their plan members.
- **TennCare (Tennessee Medicaid)** led the implementation of 48 different episodes-of-care, involving over 2,000 provider organizations of all sizes.

Sutter Settlement and Implications

Sutter Health's acquisition of a vast number of hospitals and medical practices lead to **significant provider consolidation and high prices.**

A health benefit trust and the Attorney General of California brought an **antitrust suit against Sutter Health.**

Both groups **sought financial damages** and to require Sutter to allow for health insurance options built on price and quality transparency.

In December 2019, the parties **arrived at a settlement** requiring Sutter to pay damages and cease anticompetitive practices.

Purchasers across the country are **watching to see if the Sutter case will serve as a warning to other dominant providers** and as a roadmap to create competitive health care markets.

- These are the themes and the story at the national level.
- But there are regional dynamics at play, and national trends and strategies may not always apply at the local level.
- Local forces (politics, pandemic response, etc.) and the behaviors of local actors (purchasers, plans, providers) create variation.

It is critical to understand what is occurring in local markets in order to identify the payment reforms and strategies that are most likely to succeed.

THE STORY AT THE REGIONAL LEVEL IN FLORIDA

Why Local Market Dynamics Matter

Meet the Players

In every local market there is a **unique dynamic** among purchasers, payers and providers.



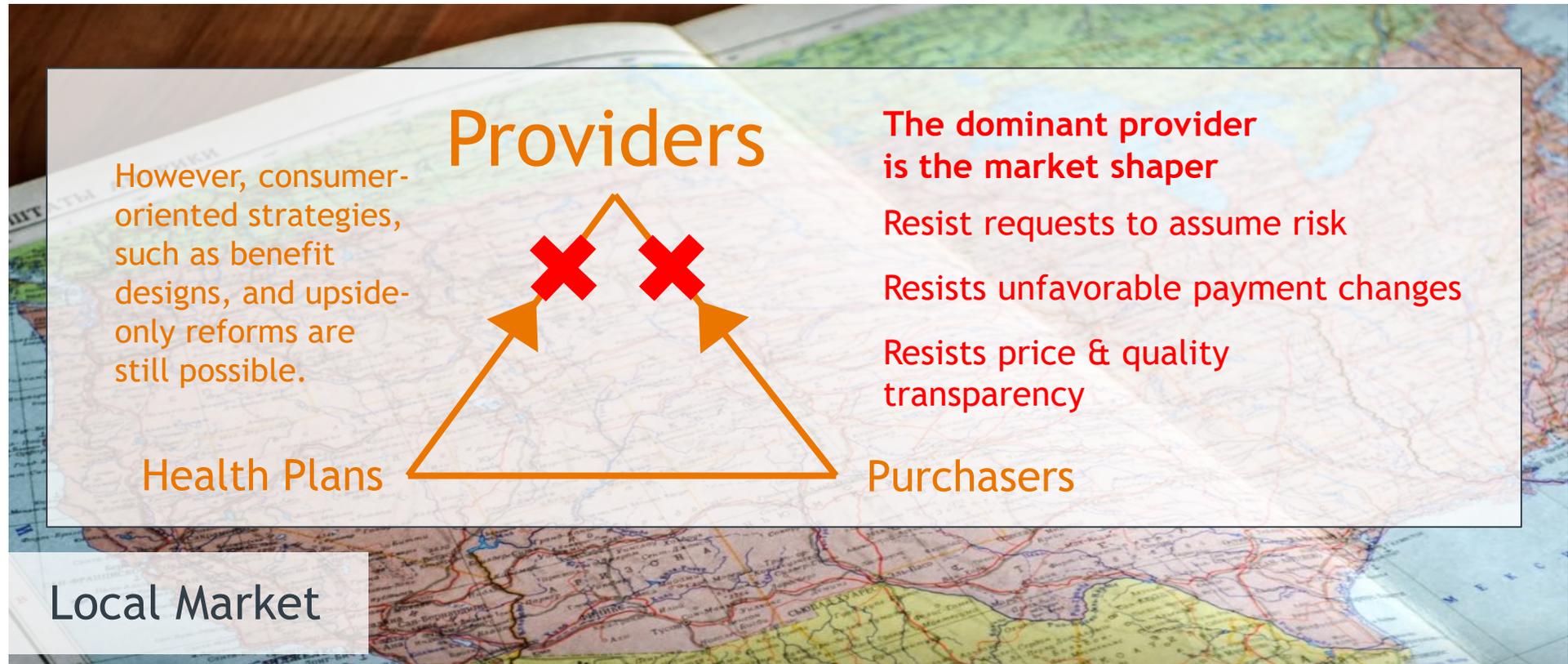
Legal and Regulatory Context

The influence and interests of the key players are also affected by the legislative and regulatory context of the market.



Market Dynamics Impact Options

In markets with high levels of provider consolidation, some providers have the ability to resist reform.



Different Market Environments: Three Examples

Each stakeholder can shape the market

Strong providers may be well positioned to accept two-sided risk and strong plans could administer.

Providers may resist payment reforms or regulations. Strong purchasers may counter with consumer shift strategies.

Recommend: Two-sided risk,
Recommend: Consumer shifting

Plans and purchasers shape the market

Strong purchasers strive to spread their risk by sharing it with providers through downside-only or two-sided risk.

Providers compete for business from plans and purchasers.

Recommend: Two-sided risk, downside-only risk

Providers and plans are market shaping

Purchasers may not have the influence to convince providers to take on financial risk through new payment methods

First step may be for purchasers to join forces.

Recommend: Upside-only reward, consumer shifting

About the Work

Conducted by Catalyst for Payment Reform



In partnership with the Florida Alliance for Healthcare Value



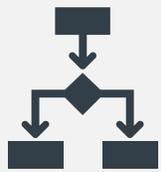
Supported by a grant from the Peterson Center on Healthcare

The statements made and views expressed are solely the responsibility of the authors.





Has been completed in 7 other major metro markets.



Provides a structured process for assessing the characteristics and dynamics of a specific market to determine which payment reform strategies to implement based on market type.

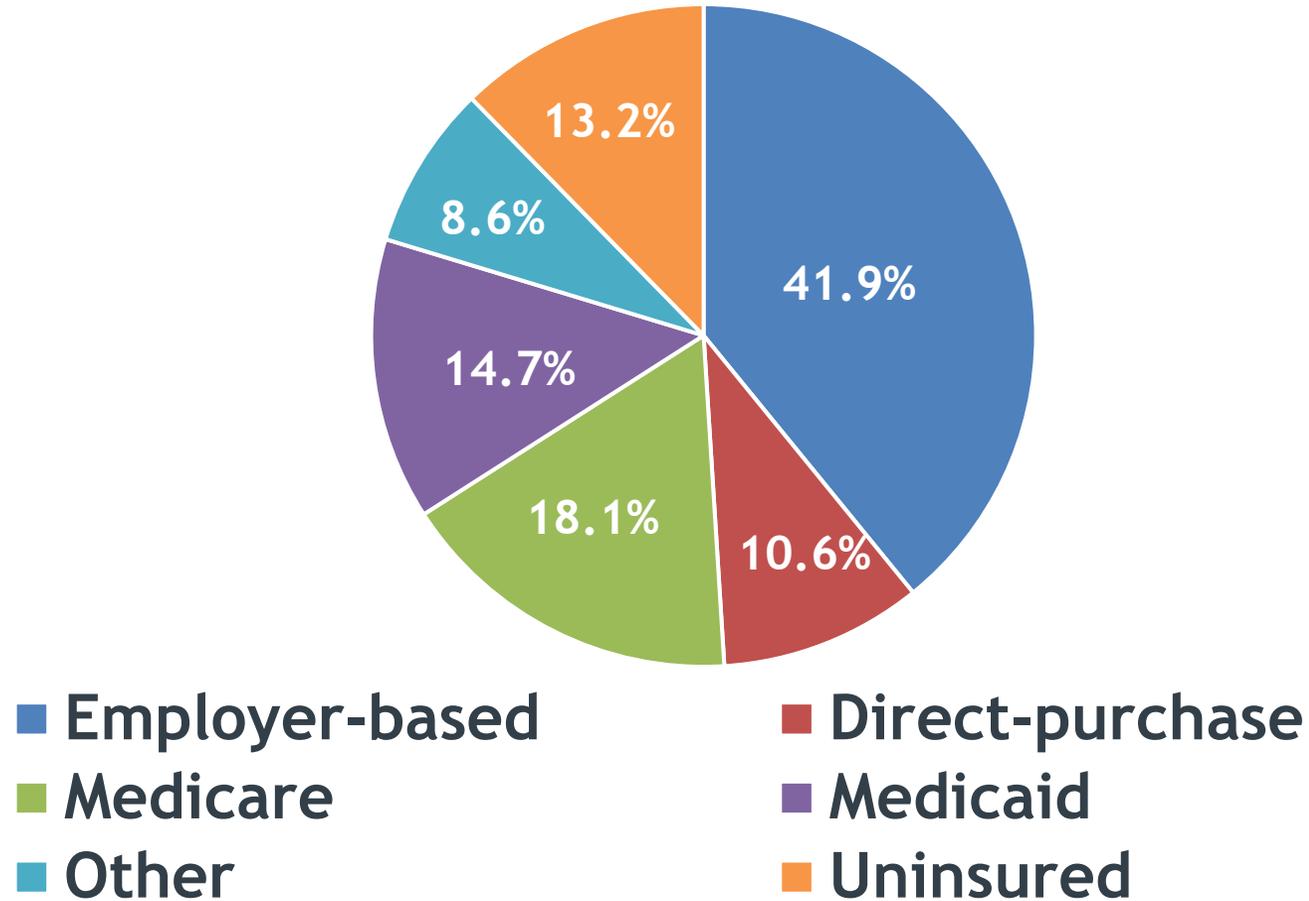


Utilizes primary and secondary research with stakeholder groups to identify where the locus of *market-shaping* power resides in any given market.



Each market type has a corresponding set of reform initiatives that have the greatest prospects of effectiveness and feasibility.

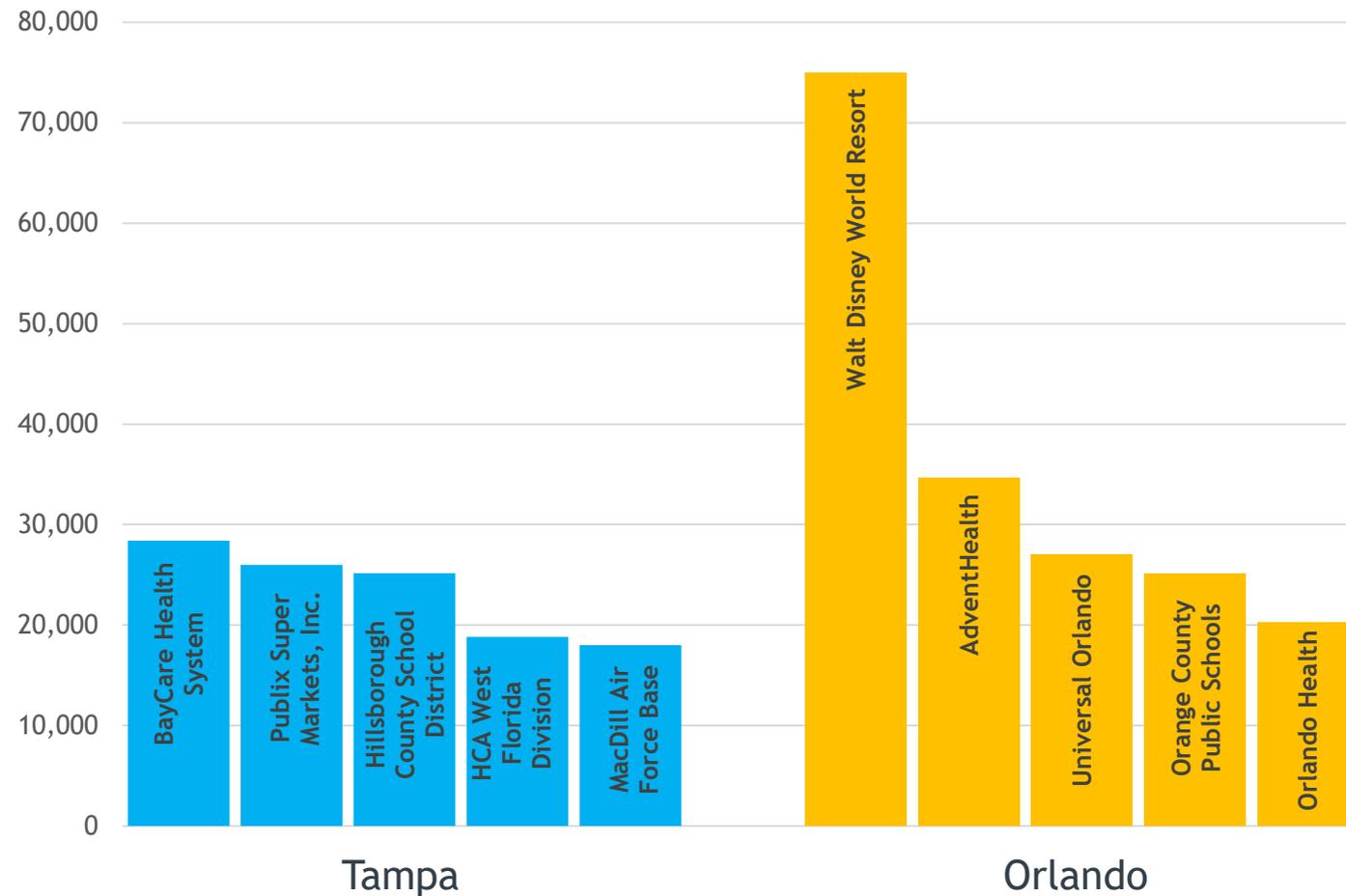
The Landscape: Insurance Coverage by Type, Florida



Source: American Community Survey, 2019

The Landscape: Private & Public Employers (by EEs)

Tampa and Orlando Metro Top 10 Private and Public Sector Employers



The Landscape: Provider Consolidation

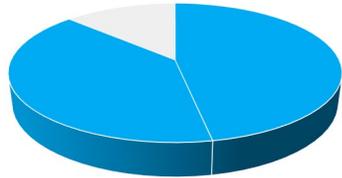


2020

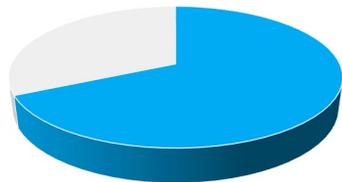
2023?

The Landscape: Health Plan Competition

There is a lack of competition among health plans in Florida.



Large and small group market: **two largest insurers controlling 47% and 40% of the market.**



Individual market: **largest health plan accounted for 68% of the market.**

- **Self-insured purchasers: largest health plan in the state is Florida Blue.**
- **For state employees, Florida Blue is the only preferred provider organization (PPO) network insurance product available.**

Stakeholder Perceptions: Purchaser Highlights

Self-insured purchasers expressed confidence in their ability to shape the market

- While acknowledging that providers and health plans exert considerable influence

Public sector purchasers described difficulty leveraging their significant volume of covered lives to shape the market.

- But public purchasers can be very powerful and innovative, and there are examples across the country.

Purchasers pointed to ACOs and using benefit design and communications to steer plan participants as the biggest opportunities for payment reform.

Stakeholder Perceptions: Provider Highlights

In Tampa, providers perceived their group as holding the market-shaping role when it comes to payment reform.

In Orlando, providers pointed to large private purchasers as having the market power to demand change.

Providers expressed a desire for and openness to payment reform, but view health plans as a barrier to and not ready for payment reform.

Providers identified upside only payment models as a promising payment reform.

Stakeholder Perceptions: Health Plan Highlights

Health plans perceived providers and purchasers as having the greatest power and influence over payment reform.

Plans emphasized that providers were a major barrier to advancement, leveraging their market dominance in negotiations and keeping fee-for-service dominant.

While progress in payment reform has been slow among health plans, these organizations have been active in using consumer-facing mechanisms to shape the market.

Will COVID-19 Change Anything?



Employers believe COVID-19 has been a catalyst for change in many ways.



Providers felt the balance of power would remain unchanged by the pandemic.

- Providers were split as to whether COVID-19 would impact the level of involvement in payment reform among stakeholders.



Health plans reported believing their pace and appetite for payment reform will **either stay the same or increase** due to COVID-19.

Identifying the Market Shapers

The interplay of who has power in the market - who “calls the shots” -determines which payment reforms are available or the best options for making progress.

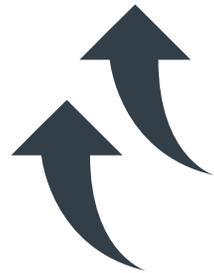
		PROVIDERS	
		Market-Shaping	Not Market-Shaping
PURCHASERS	Market-Shaping	HP + Purchasers, providers and health plans are market-shaping 1	HP + Purchasers and health plans are market-shaping, providers are not 2
	Not Market-Shaping	HP - Purchasers and providers are market-shaping, health plans are not 3	HP - Purchasers are market-shaping, providers and health plans are not 4
	Market-Shaping	HP + Providers and health plans are market-shaping, purchasers are not 5	HP + Health plans are market-shaping, purchasers and providers are not 6
	Not Market-Shaping	HP - Providers are market-shaping, purchasers and health plans are not 7	HP - Purchasers, providers and health plans are not market-shaping 8

Market Type 3

Based on CPR's market type identification system
CPR considers Tampa and Orlando a **MARKET-TYPE 3**,

Providers and Purchasers:
market-shaping

Health Plans:
limited market-shapers



Payment reforms best suited for this market type are **upside only for providers** (e.g. pay-for-performance or shared savings).



Benefit design models best suited are **consumer shift to higher-value providers** (e.g. transparency, tiered and narrow networks, and COEs).

Two-sided risk, downside only risk,
and regulatory options are unlikely to succeed.

Recommendation 1

Continue Building on Purchaser Momentum

As fiduciaries responsible for health care spending, purchasers need to be activist buyers.

The Florida Alliance continues to lead **collective purchaser action** among purchasers.

- Continue to engage **small to mid-size employers in addition to large ones**
- Help public purchasers **flex their muscles**.

Take full advantage of the **state statute** offering purchasers assistance with health care cost-containment strategies.

The Florida Alliance for Healthcare
Value Employer-Purchaser Rights

Recommendation 2

Stay Active in Policy Forums for a More Functional Marketplace

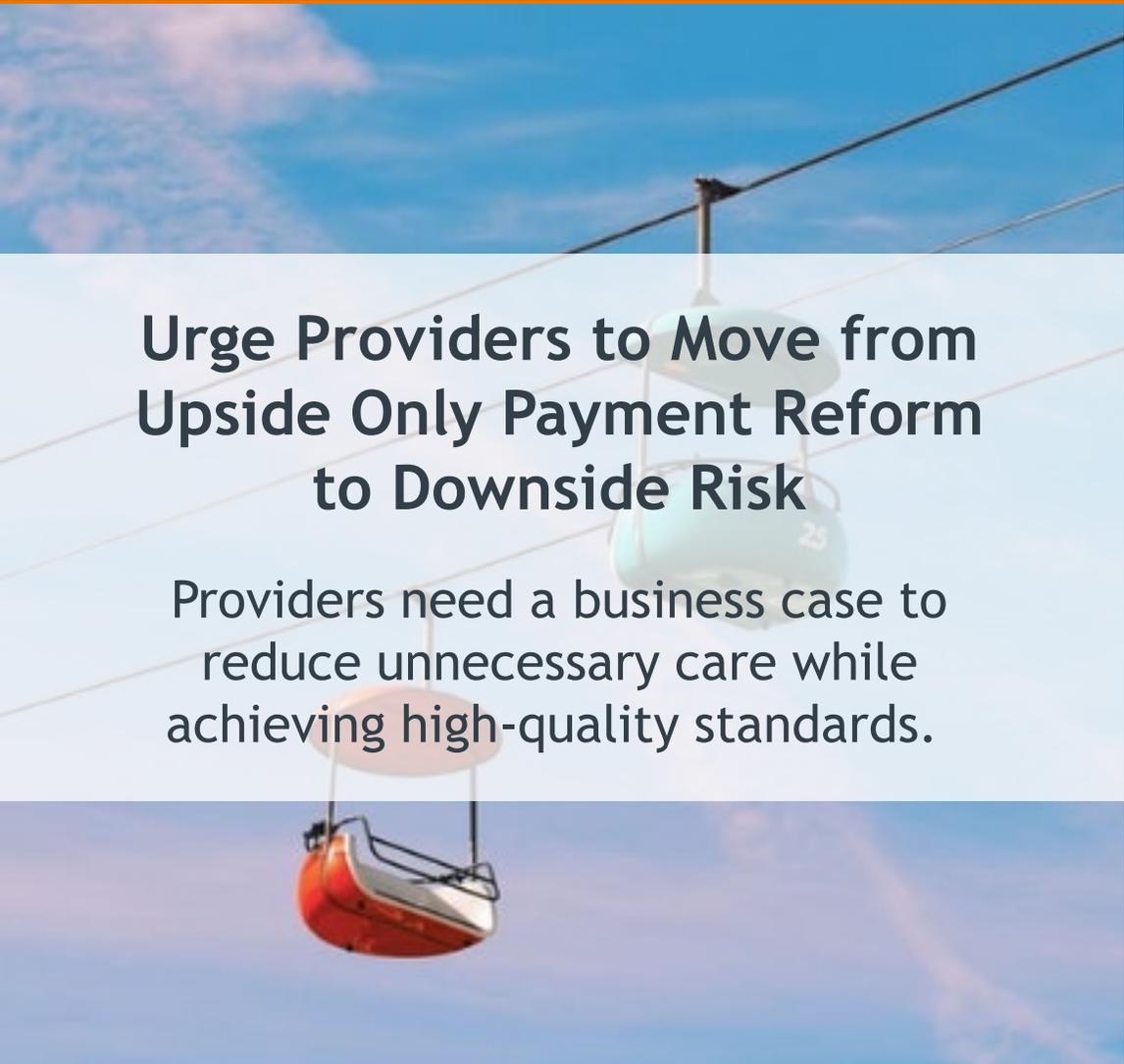
Regulation can help or hinder
purchaser activities
in payment reform

Closely track how **certificate of need law** evolves.

Take steps to address unwarranted **price variation**.

Take steps to require more accurate **price and quality reporting**.

Recommendation 3



Urge Providers to Move from Upside Only Payment Reform to Downside Risk

Providers need a business case to reduce unnecessary care while achieving high-quality standards.

Capitalize on inroads made through the Medicare BPCI and BPCI-A programs.

Look to new vendors entering the market to deliver value.

Use supportive benefit designs.

Reduce the administrative burden for providers.

Recommendation 4



Implement Benefit Designs and Consumer Shift

Influencing employee demand, particularly incentivizing seeking high-value care, is essential to controlling premiums and cost-sharing

Strategically use **pricing differentials or other financial incentives.**

Develop **communications strategies using best practices** to convince plan participants to choose higher value providers.

- Mitigate disruption by offering traditional choices alongside preferred networks.

Continue to pursue **value-based insurance design (V-BID).**

THANK YOU!



Suzanne Delbanco, Ph.D.
Executive Director
Catalyst for Payment Reform



Andréa Caballero, MPA
Program Director
Catalyst for Payment Reform

Respondent Panel: *Advancing Payment Reform in FL*



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SVP. Episodes of Care
Signify Health



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Chairman & CEO
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Daniel Stein, MD, MBA
CEO & Founder
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embold

HEALTH™

NONE OF US KNOWS THE QUALITY OF CARE WE PURCHASE

Why don't we have a trusted place for objective information on physician quality?

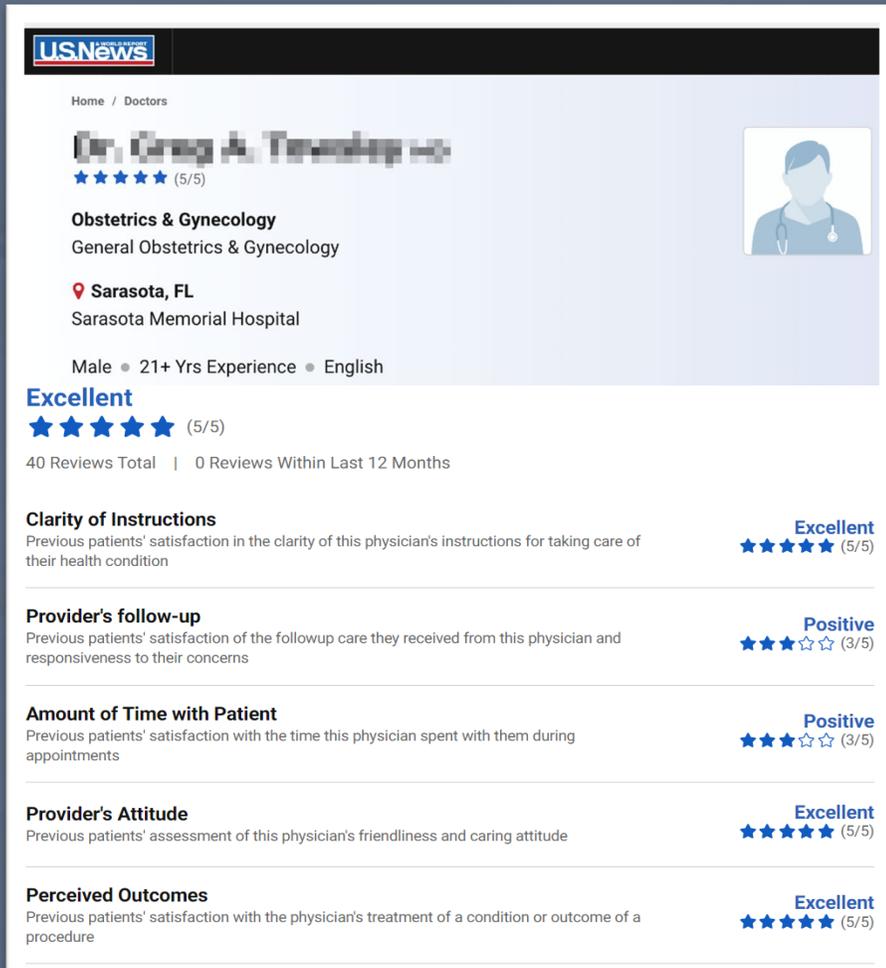




**“Daniel, I need
your help”**

ONE OF THESE PHYSICIANS IS NOT LIKE THE OTHER

These are two highly rated obstetricians in the state of FL based on online reviews.



U.S. News
Home / Doctors

Dr. Craig A. Townsend MD
★★★★★ (5/5)

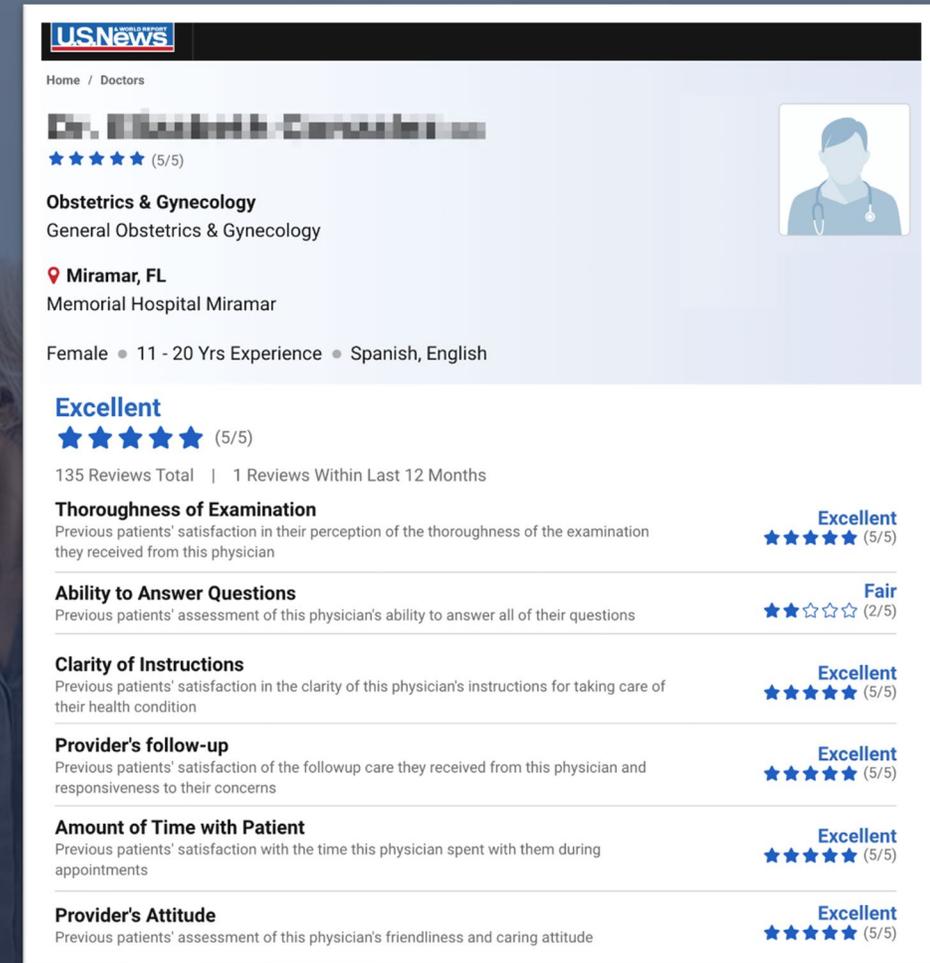
Obstetrics & Gynecology
General Obstetrics & Gynecology

Sarasota, FL
Sarasota Memorial Hospital

Male • 21+ Yrs Experience • English

Excellent
★★★★★ (5/5)
40 Reviews Total | 0 Reviews Within Last 12 Months

Clarity of Instructions Previous patients' satisfaction in the clarity of this physician's instructions for taking care of their health condition	Excellent ★★★★★ (5/5)
Provider's follow-up Previous patients' satisfaction of the followup care they received from this physician and responsiveness to their concerns	Positive ★★★★☆ (3/5)
Amount of Time with Patient Previous patients' satisfaction with the time this physician spent with them during appointments	Positive ★★★★☆ (3/5)
Provider's Attitude Previous patients' assessment of this physician's friendliness and caring attitude	Excellent ★★★★★ (5/5)
Perceived Outcomes Previous patients' satisfaction with the physician's treatment of a condition or outcome of a procedure	Excellent ★★★★★ (5/5)



U.S. News
Home / Doctors

Dr. Elizabeth C. Carver MD
★★★★★ (5/5)

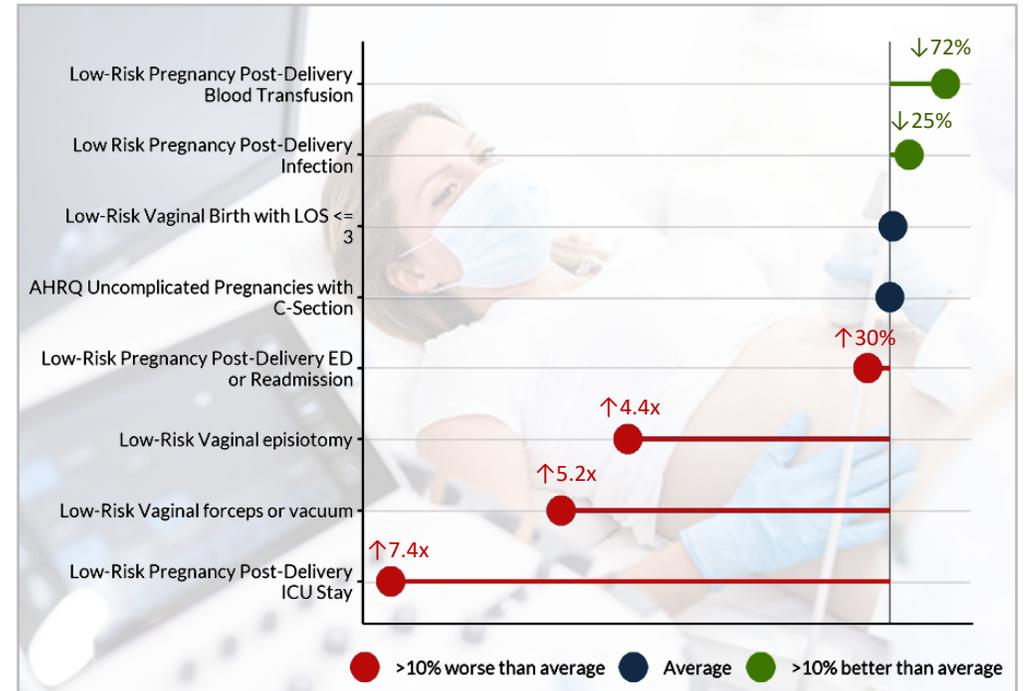
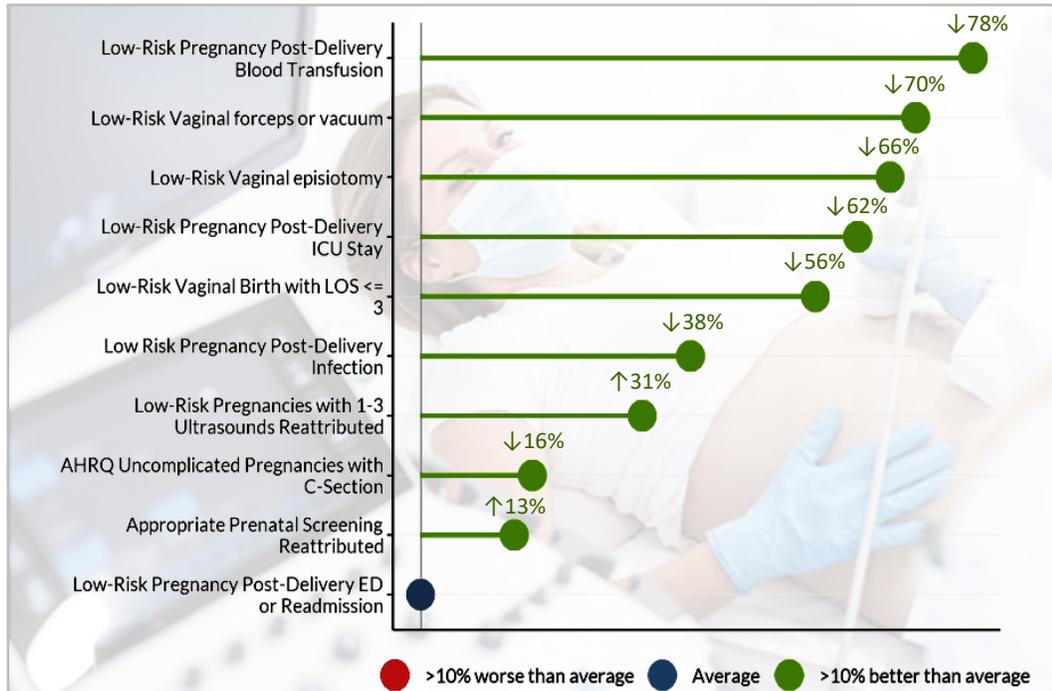
Obstetrics & Gynecology
General Obstetrics & Gynecology

Miramar, FL
Memorial Hospital Miramar

Female • 11 - 20 Yrs Experience • Spanish, English

Excellent
★★★★★ (5/5)
135 Reviews Total | 1 Reviews Within Last 12 Months

Thoroughness of Examination Previous patients' satisfaction in their perception of the thoroughness of the examination they received from this physician	Excellent ★★★★★ (5/5)
Ability to Answer Questions Previous patients' assessment of this physician's ability to answer all of their questions	Fair ★★★☆☆ (2/5)
Clarity of Instructions Previous patients' satisfaction in the clarity of this physician's instructions for taking care of their health condition	Excellent ★★★★★ (5/5)
Provider's follow-up Previous patients' satisfaction of the followup care they received from this physician and responsiveness to their concerns	Excellent ★★★★★ (5/5)
Amount of Time with Patient Previous patients' satisfaction with the time this physician spent with them during appointments	Excellent ★★★★★ (5/5)
Provider's Attitude Previous patients' assessment of this physician's friendliness and caring attitude	Excellent ★★★★★ (5/5)



HERE'S WHAT WE FIND

When you look at the actual performance data, these "highly rated" OBs wildly differ in their outcomes.

EMBOLD TAKES THE GUESS WORK OUT OF QUALITY CARE

Combining the largest dataset and clinically validated analytics, Embold Health is able to provide unparalleled insights into how physicians actually practice.

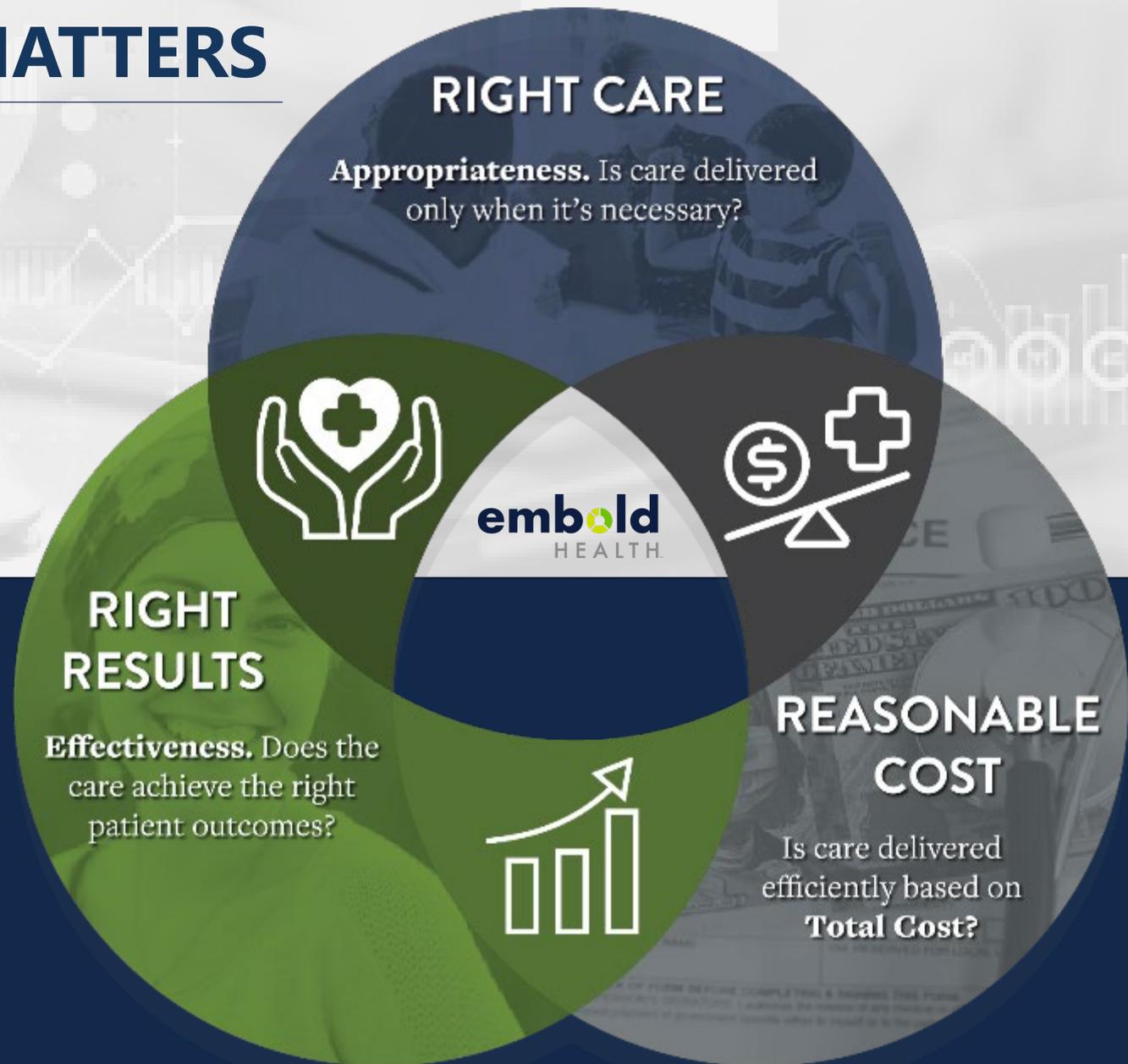
embold
HEALTH™

MEASURING WHAT MATTERS

160+ Clinically validated measures

Top 9 specialties

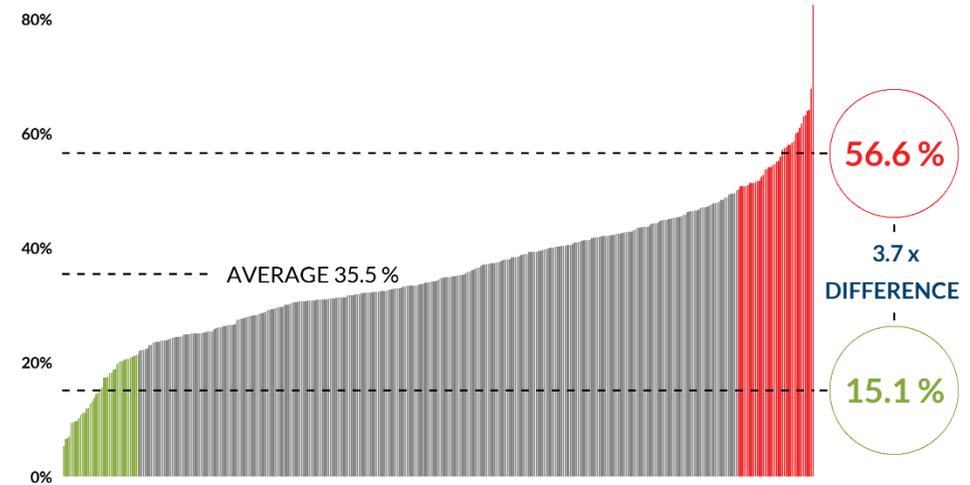
~70% of medical spend





APPROPRIATENESS

AHRQ UNCOMPLICATED PREGNANCIES WITH C-SECTION



2021-01-07 20:53:32 GMT Lindsay Lee opportunity-analysis 3e63b61

LET'S LOOK AT C-SECTIONS

A woman's likelihood of delivering via a C-section in Central Florida is as low as 15.1% or as high as 56.6%, depending on ... what obstetrician they see.

Landmark Study



In 2002, it was proven that many common knee surgeries offer no benefits.

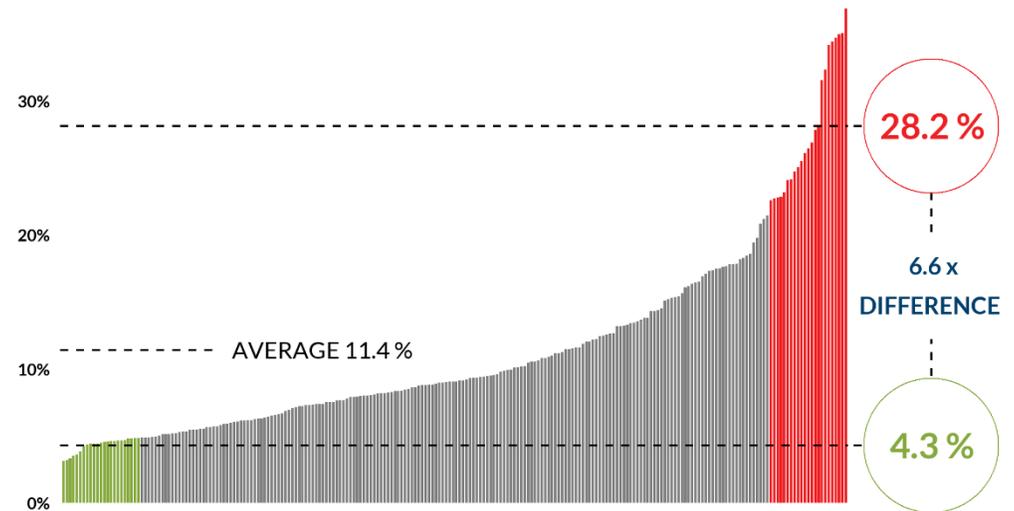
“Outcomes after arthroscopic debridement **were no better** than those after a placebo procedure.”



And yet, this surgery is still common. At a cost of \$10-15k/surgery.

APPROPRIATENESS

KNEE OA EPISODE ARTHROSCOPY WITHIN 1 YEAR



2021-01-07 20:53:32 GMT Lindsay Lee opportunity-analysis 3e36361

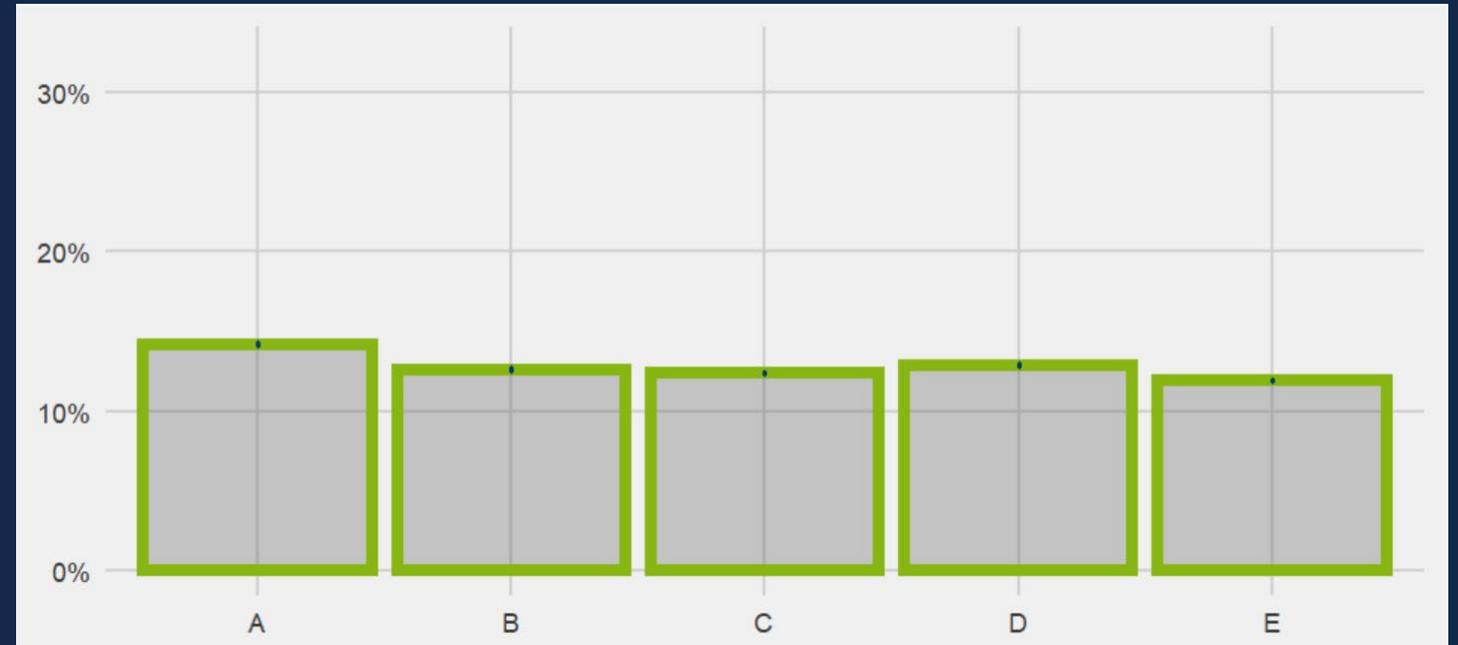
“A Controlled Trial of Arthroscopic Surgery for Osteoarthritis of the Knee,”
New England Journal of Medicine, 11 July, 2002, vol. 347, no. 2.

WE FIND THE SAME IN OTHER SPECIALTIES

ON THE SURFACE, THE HEALTH SYSTEMS LOOK THE SAME

The rate of inappropriate knee surgery is virtually identical across the major health systems.

APPROPRIATENESS ARTHROSCOPY FOR NEWLY-DIAGNOSED ARTHRITIS



*Each bar represents average health system performance



IT'S WHAT PHYSICIAN YOU SEE, NOT WHAT HOSPITAL YOU USE

But when you look inside the health systems, we find that employees see physicians doing too much unnecessary surgery in all four health systems...

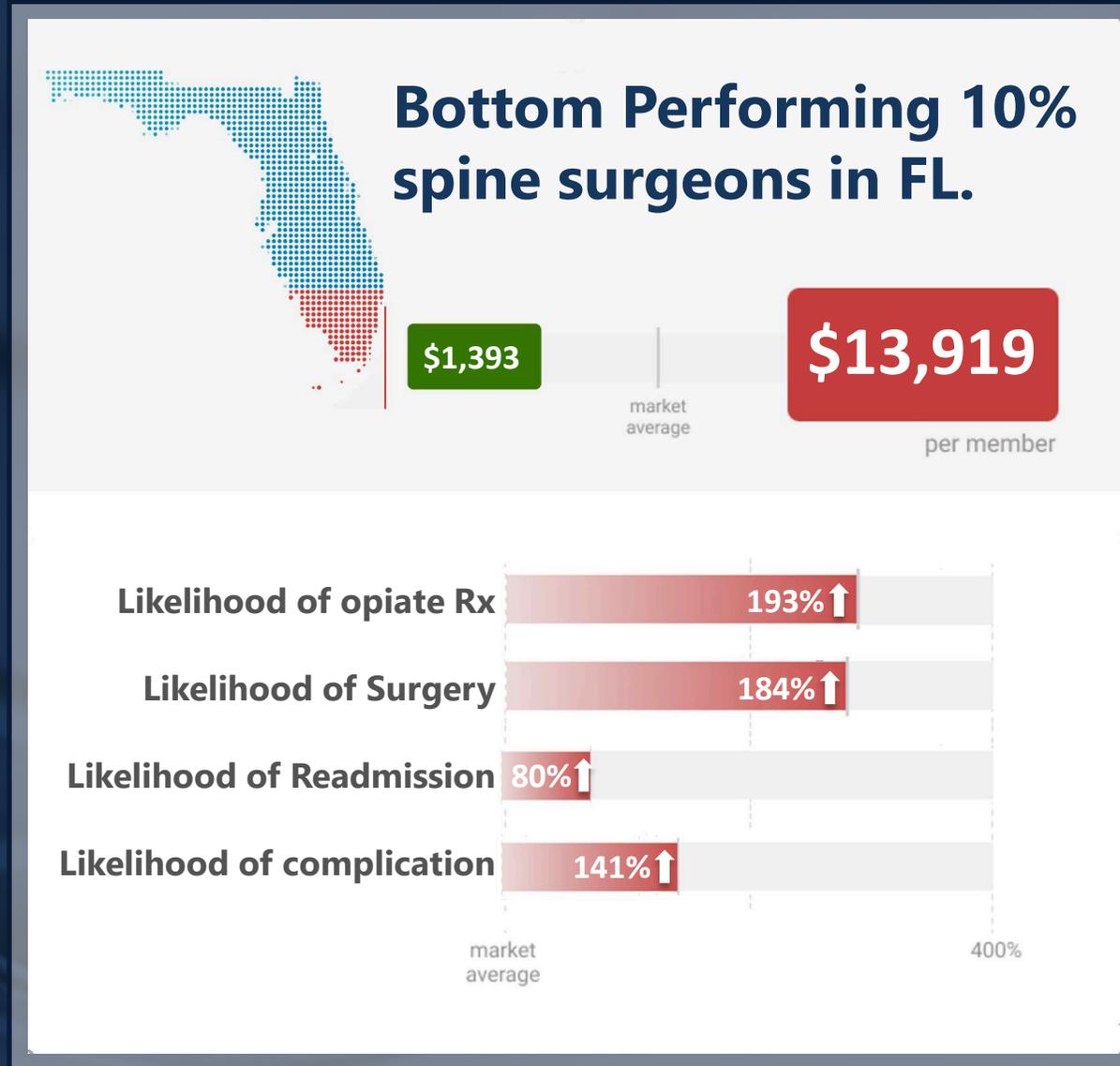
APPROPRIATENESS ARTHROSCOPY FOR NEWLY-DIAGNOSED ARTHRITIS



*Each dot represents an individual physician within each health system



THIS IS COSTING YOU A LOT OF MONEY



Save **5-8%** of total
medical spend

WE HELP EMPLOYEES RECEIVE QUALITY CARE

We work with employers to make it easy for their employees to see better performing physicians through 3-steps:

Make it easy for employees to select high-quality providers for their care needs through **Embold Provider Guide**



Help primary care providers and third party vendors improve the quality of their specialty referrals through **Embold Smart Referrals**

Feature in your plan the providers who consistently deliver quality, cost-effective care with **Embold Network Optimizer**

BUT THAT'S ONLY PART OF THE SOLUTION.

EMPLOYERS ALSO WANT TO DRIVE SUSTAINABLE CHANGE IN THEIR COMMUNITY.

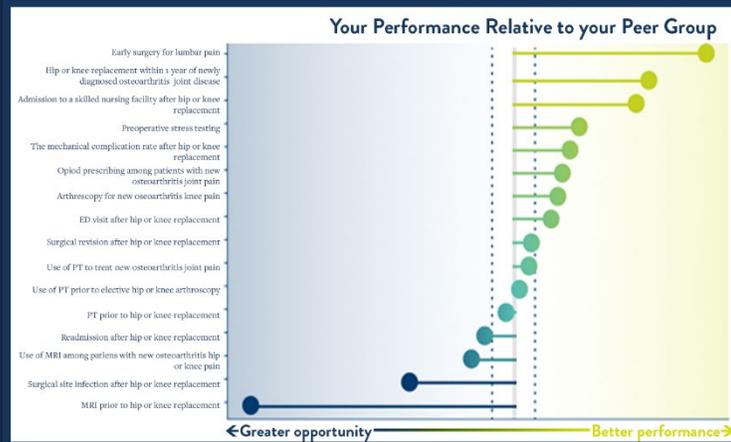


**OPEN THE
BLACK BOX**

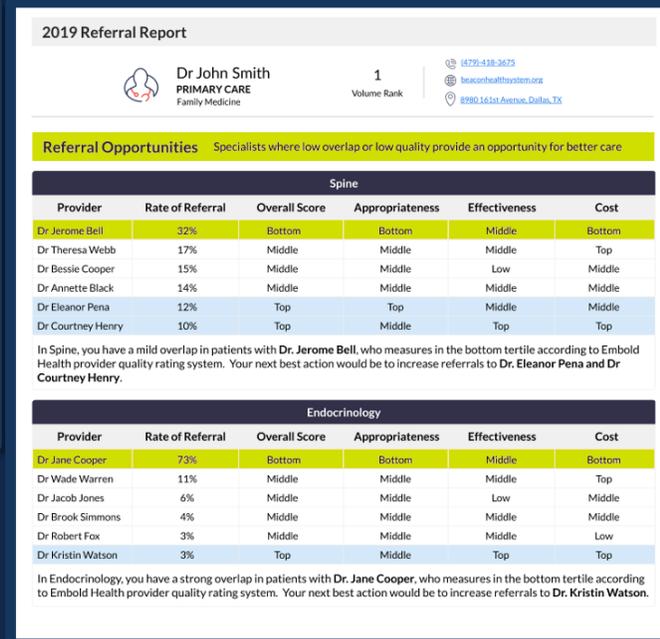
REAL CHANGE COMES FROM FEEDBACK BASE ON REAL DATA

We want to help the physicians caring for your members improve by providing visibility into how they perform

Provider Score Reports



Referral Guide



And providing the health systems with insights about the specific steps they can do to improve

- **Physician improvement**
 - Help physicians understand how they compare to peers
- **System support**
 - Help system leadership understand their gaps and where they should focus improvement resources
- **Patient assistance**
 - Help systems understand how to better support patients and their families



**A RISING
TIDE LIFTS
ALL BOATS.**

embold
HEALTH.



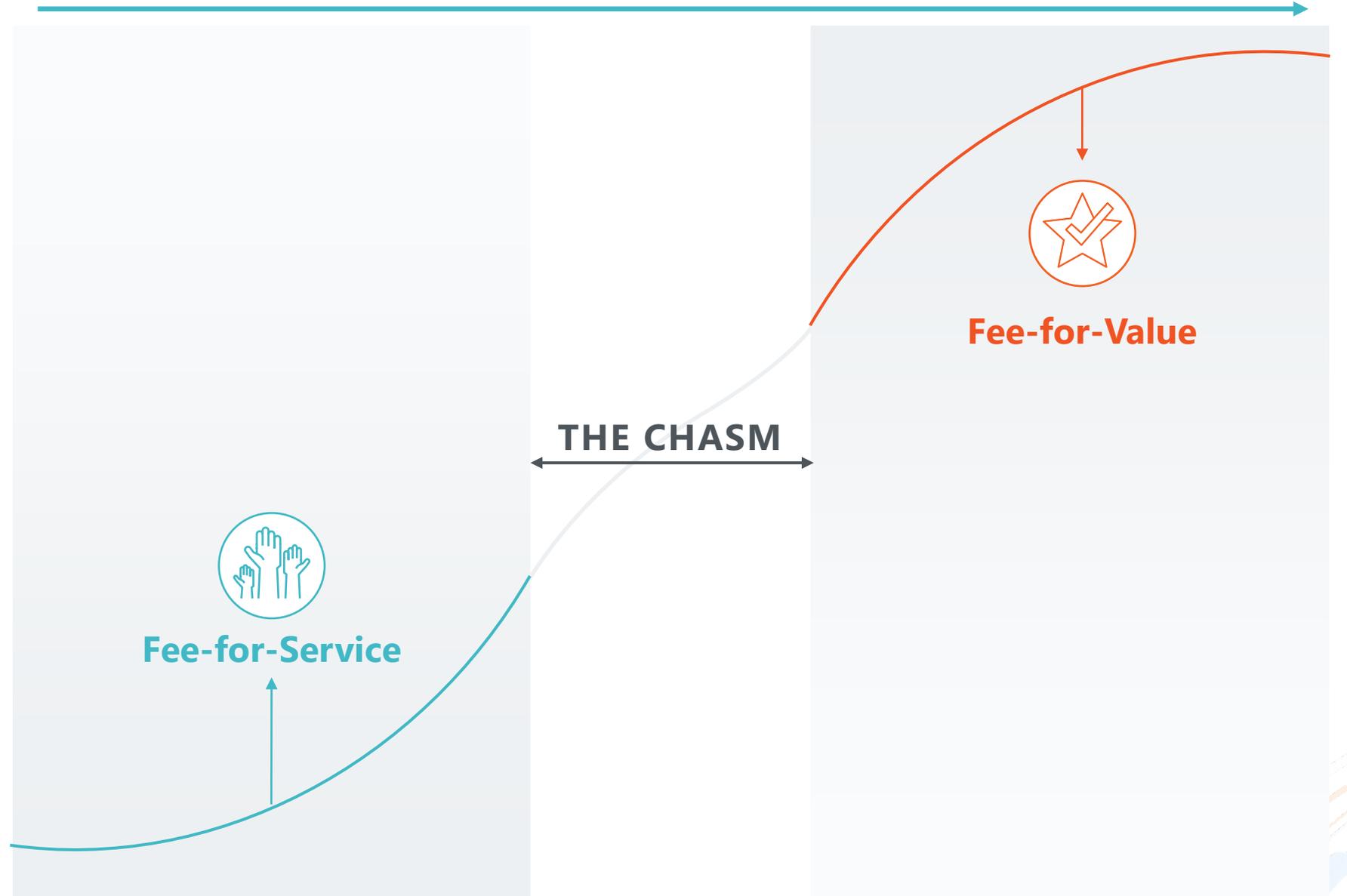
Florida Alliance for Healthcare Value

APRIL 20, 2021



MANAGING THE JOURNEY TO VALUE-BASED CARE

THE VOLUME TO VALUE JOURNEY



Cedar Gate's End-to-End Platform

Any
Risk-Based
Arrangement

Payers – Providers – Employers – Administrators – Brokers

Enterprise
Data
Management

**Enterprise
Data Management**

Performance
Management
Analytics

Analytics

Business
Intelligence

Optimized
Care &
Consumer
Engagement

Population Health

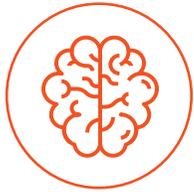
Comprehensive
Administrative
Services

Administration

Software

Services

Value Differentiators



People, Process, Technology End-to-End Systems + Services

Our experience has created deep domain knowledge coupled with proven end-to-end analytics and administrative technologies covering the continuum of value-based care.



Positioned for Growth Ability to Scale

Cedar Gate is well capitalized through GTCR, Ascension Ventures, and our management team. We are uniquely positioned for growth.



Mission Driven Relieve Healthcare Fatigue

We replace various point solutions with our end-to-end platform, eliminating HIPAA exposure, and being the ONE trusted partner for those making the transition from fee-for-service to value-based care.



30+ Years in Healthcare IT Experience

Our decades of experience in building and operating value-based programs are unmatched.

Experience & Qualifications

400+

Clients Serving
Payers, Providers
& Employers

90+ TB

Stored Claims
Data

36+ M

Covered
Lives

\$378+ B

Total
Database Claims

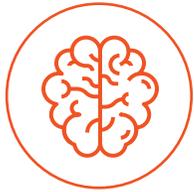
\$53+ B

In Active
Medical Spend

650+

Employees in
the U.S. & Nepal

Value Differentiators



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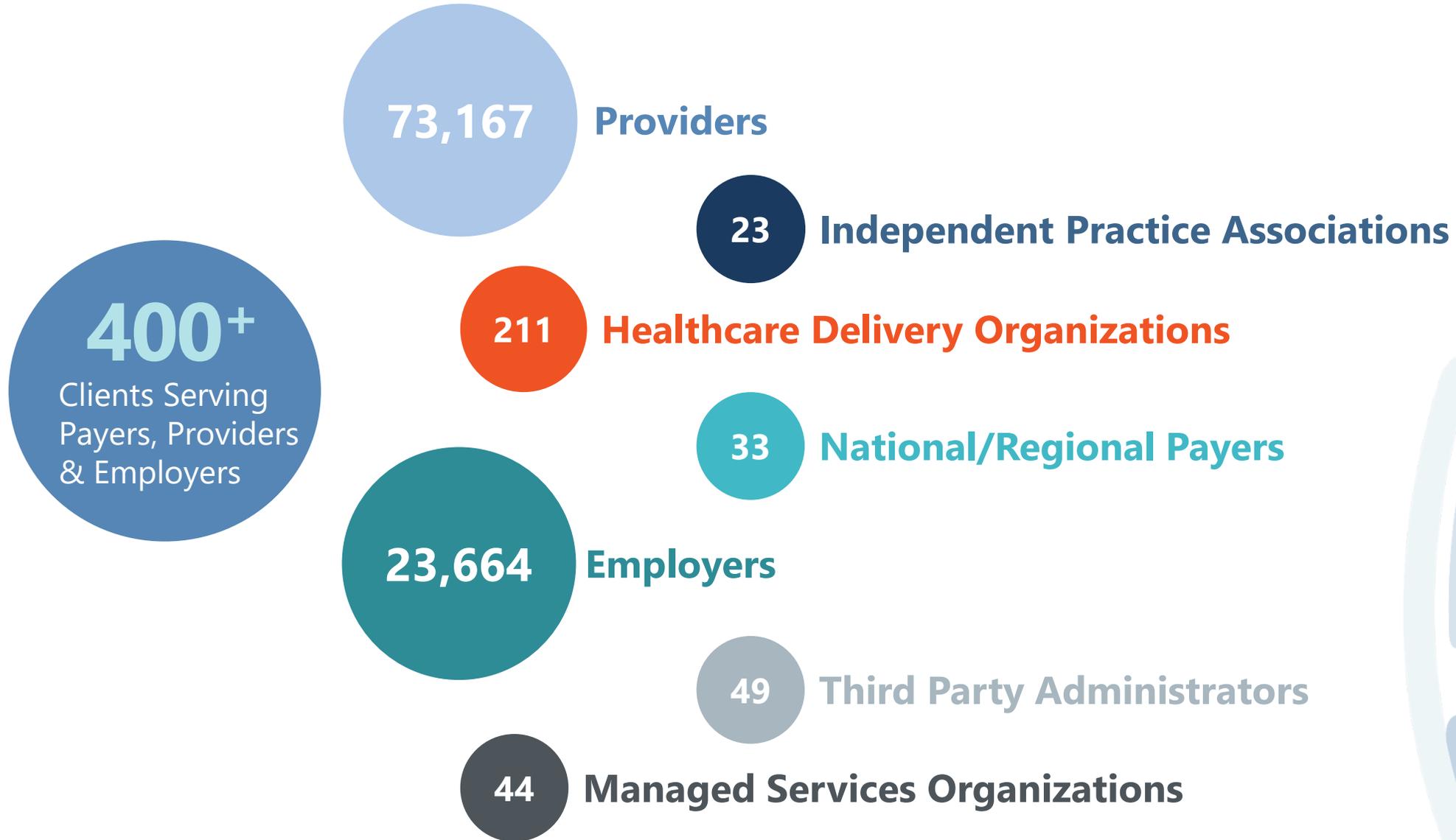
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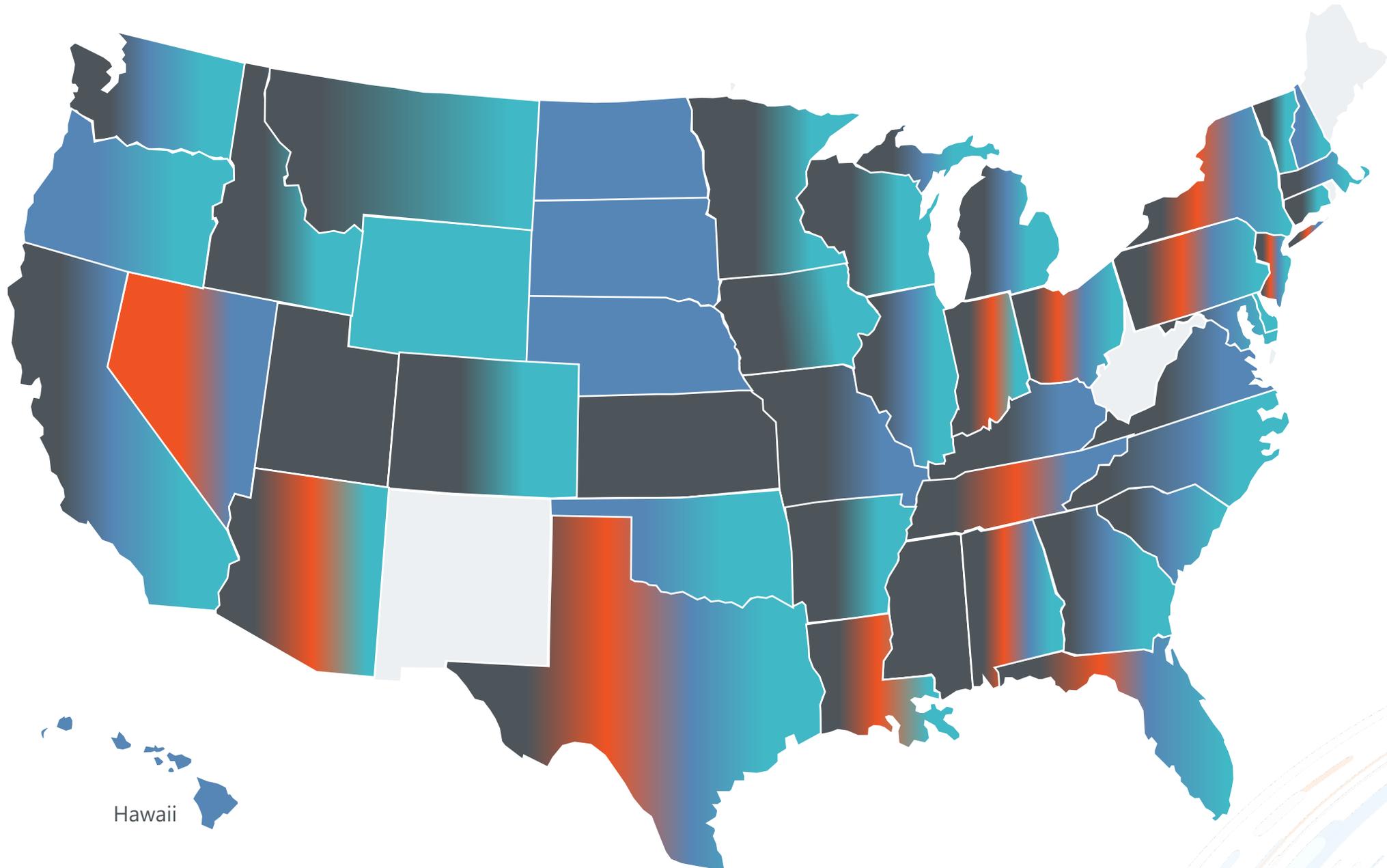
Employees in
the U.S. & Nepal

Cedar Gate's True Market Reach



National Footprint

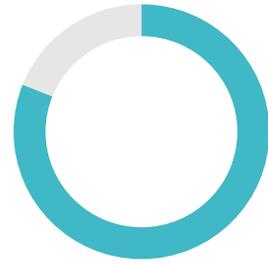
- Analytics
- Bundles
- Capitation
- Pop Health



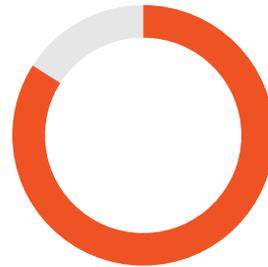
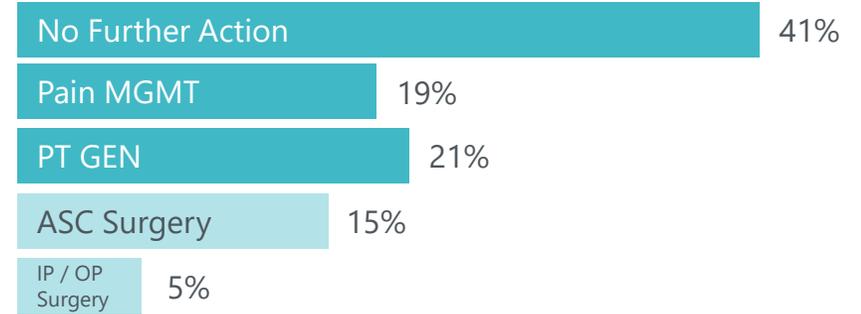
Regional Health System Joint Venture Creating Bundles Market Opportunities for Their Employees and the Community

1.5 Years In...

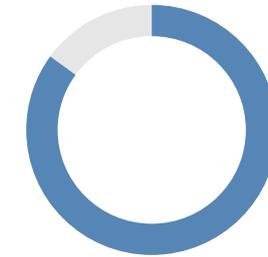
The neurosurgical COE program outperformed the market while addressing costs through conservative treatment and transparent pricing.



81% of patients who received an evaluation for spinal surgery **required no further intervention** or went on to **conservative care treatment**



84% of patients **returned to work in 3 months** exceeding the National QOD Benchmark



85% of program inpatient **surgical interventions** were **below expected market utilization**



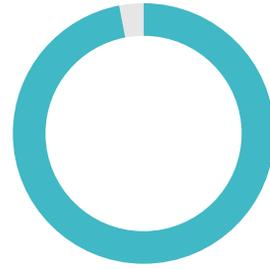
\$310,102 **positive net financial margin** experienced by the health system

International Oil & Gasoline Employer Utilizing Center of Excellence



21 Years

Established:
January 2000



97%

services are performed in the office and outpatient settings



26%

Spend per patient for cardiac care is **26% lower than the traditional health plan** within its market



1.5%

Between 2017 and 2019, only 68 or **1.5% of 4376 enrolled members were admitted** for inpatient hospital procedures/care



\$11.5M

Cost avoidance across the care continuum of over \$11.5M in the last 3 years



300%

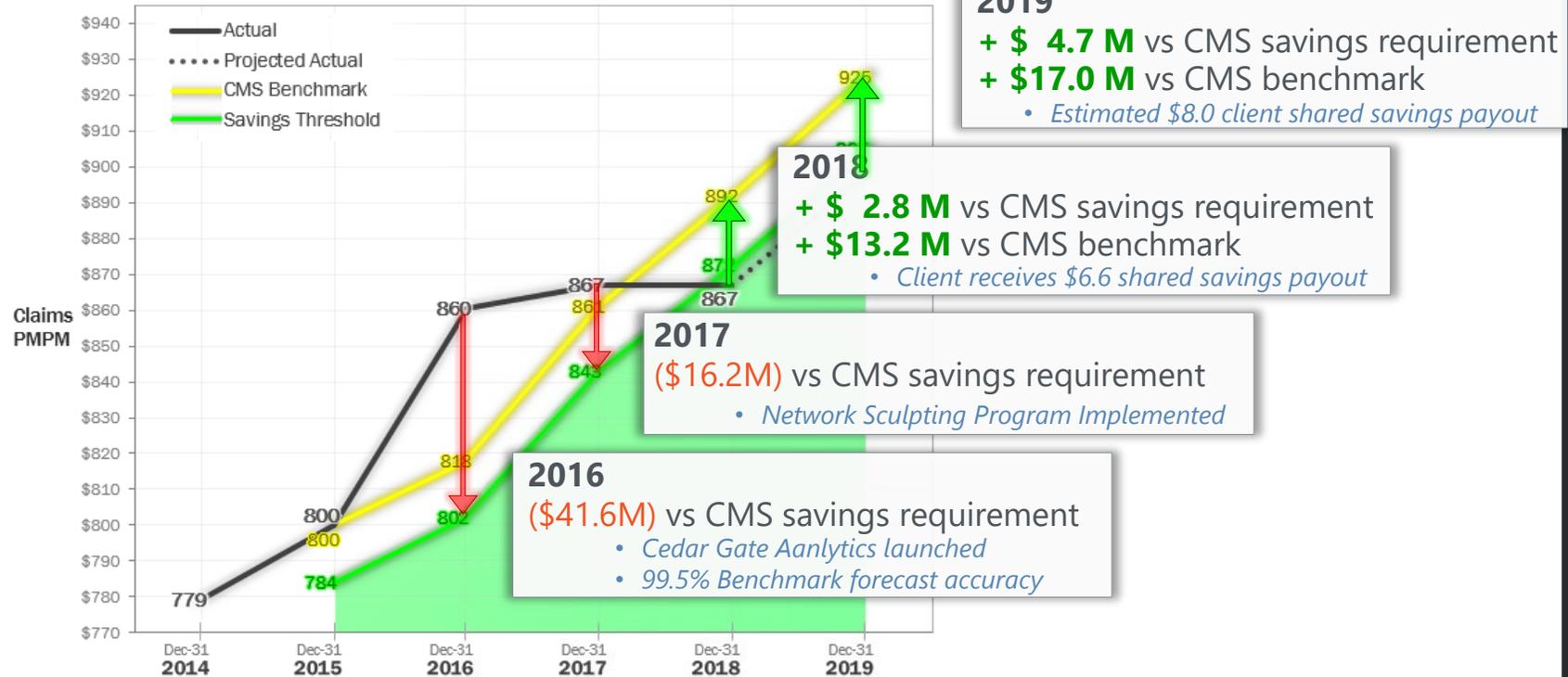
Hospital utilization is 300% less within the COE program compared to traditional unmanaged health plan in the Texas market

0

Readmissions within 90 days

Case Study: Franciscan Health \$46.3M Turnaround

Expenditures vs Savings Threshold Requirement







Advancing Payment Reform in Florida



April 20th 2021

→ Overview: Signify Health at a glance



Our vision

To build a healthier place for us all to live and age in.



Our mission

Transform how care is paid for and delivered so that people can enjoy **more healthy, happy days at home.**



National leader in value-based care

Technology-enabled services that support the movement homeward

➤ **~1.7M⁽¹⁾**
in-home evaluations

➤ **~15%⁽³⁾**
more discharges to home

➤ **\$6.1B⁽²⁾**
spend managed in
episodes

➤ **~10%⁽³⁾**
reduced readmissions



Operating at scale, nationwide

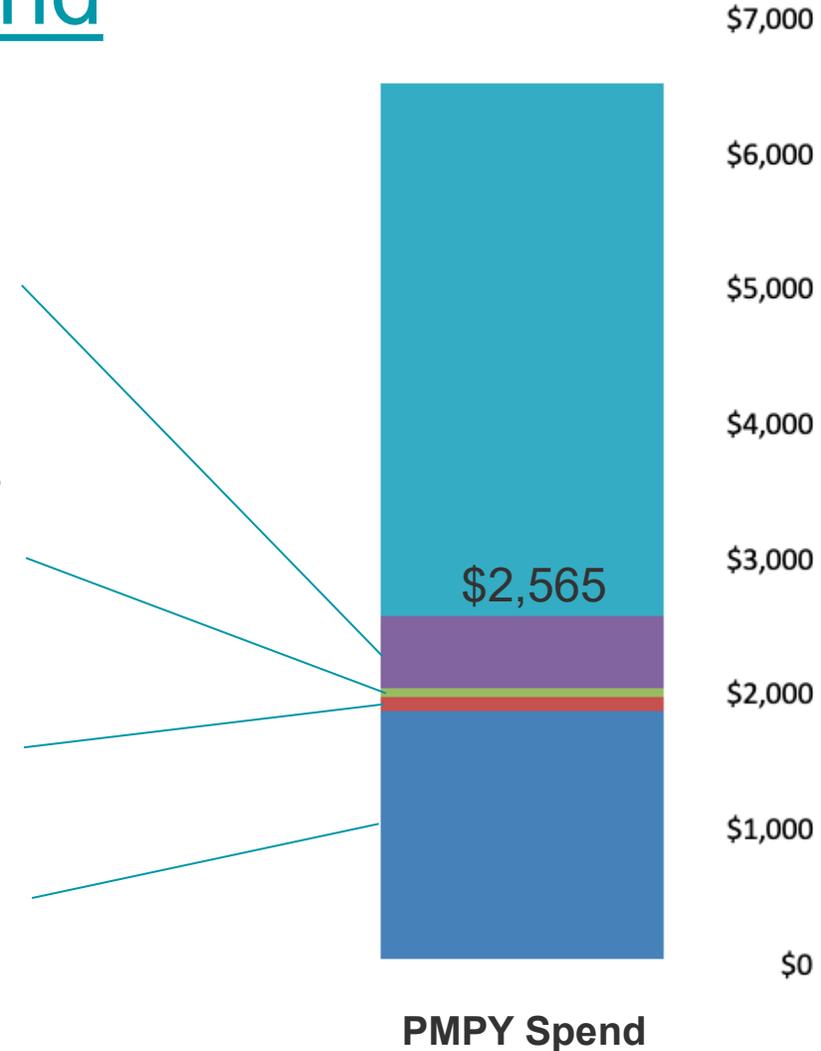
We reach individuals in every state and county, managing their total clinical, social and behavioral care needs.



Estimated Cost To Florida Employers Of Controllable

→ Variation – 1/3 of Plan Spend

- 1. **\$550** PMPY in **Actionable Adverse Events** (AAEs) -- preventable hospitalizations, readmissions, urgent/emergent care and other services resulting from patient harm and avoidable complications
- 1. **\$65** PMPY in **Potentially Avoidable Services** - services that have been identified by the Choosing Wisely Campaign as having little to no value in improving patient outcomes
- 1. **\$100** PMPY in excessive **volumes of procedures**
- 1. **\$1,850** PMPY in **price disparities** -- paying more for services than you need to and should

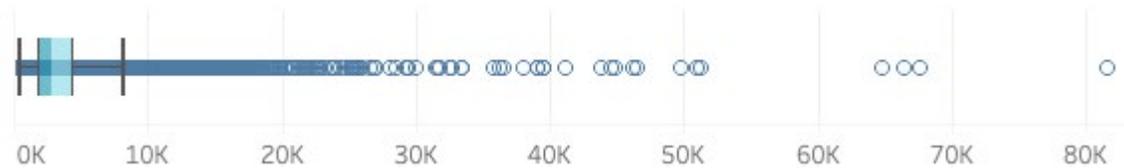


-> Commercial Procedure Price Variation Across Florida

Why pay double when you don't have to and shouldn't ?

Endoscopy

3-day pre- and 14-day post-operative care time window

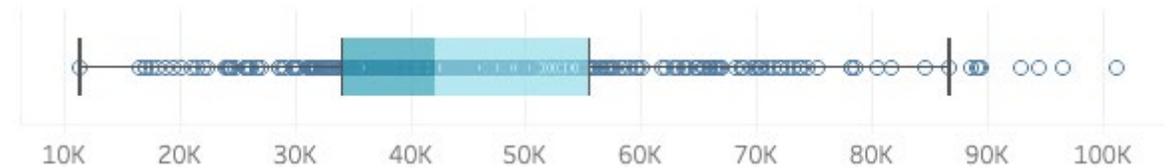


Average Episode Cost

25 th percentile:	50 th percentile:	75 th percentile:
\$1,888	\$2,788	\$4,387
+48%		+132%

Hip Replacement & Revision

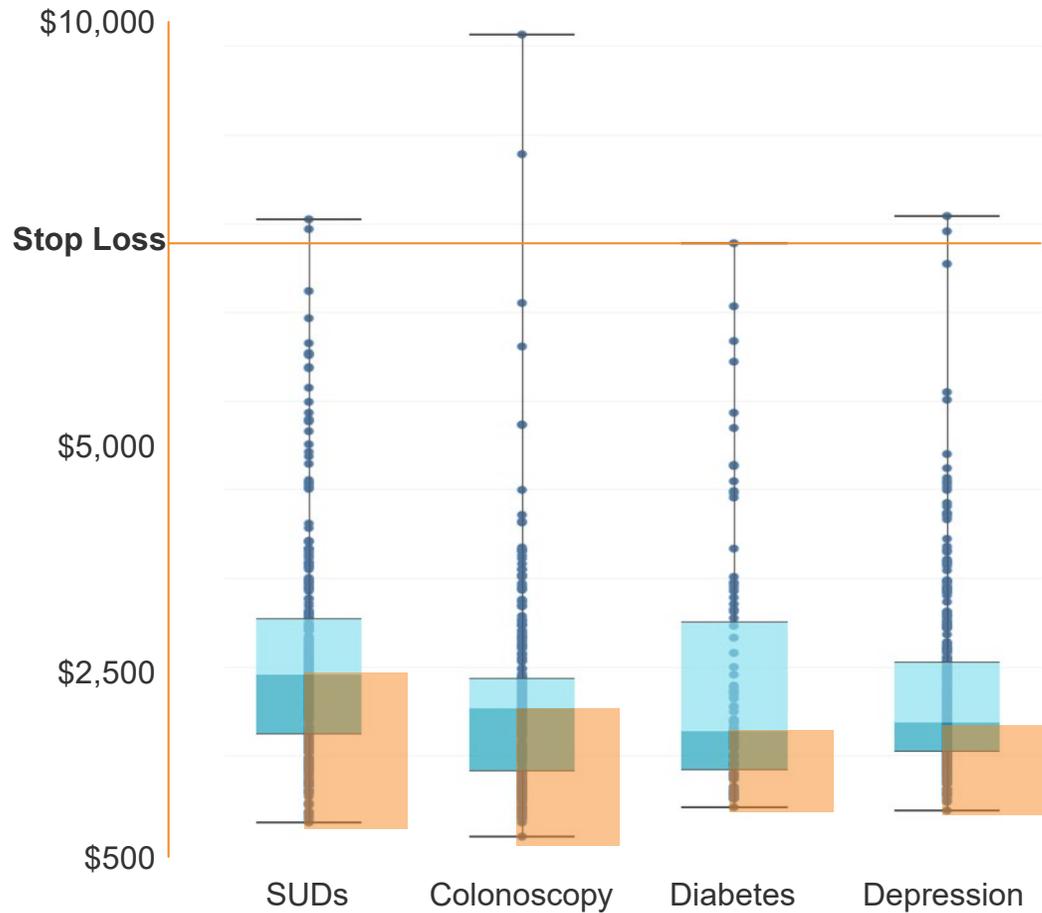
30-day pre- and 90-day post-operative care time window



Average Episode Cost

25 th percentile:	50 th percentile:	75 th percentile:
\$34,182	\$42,302	\$55,670
+24%		+63%

→ Episodes of Care Cap Controllable Variation

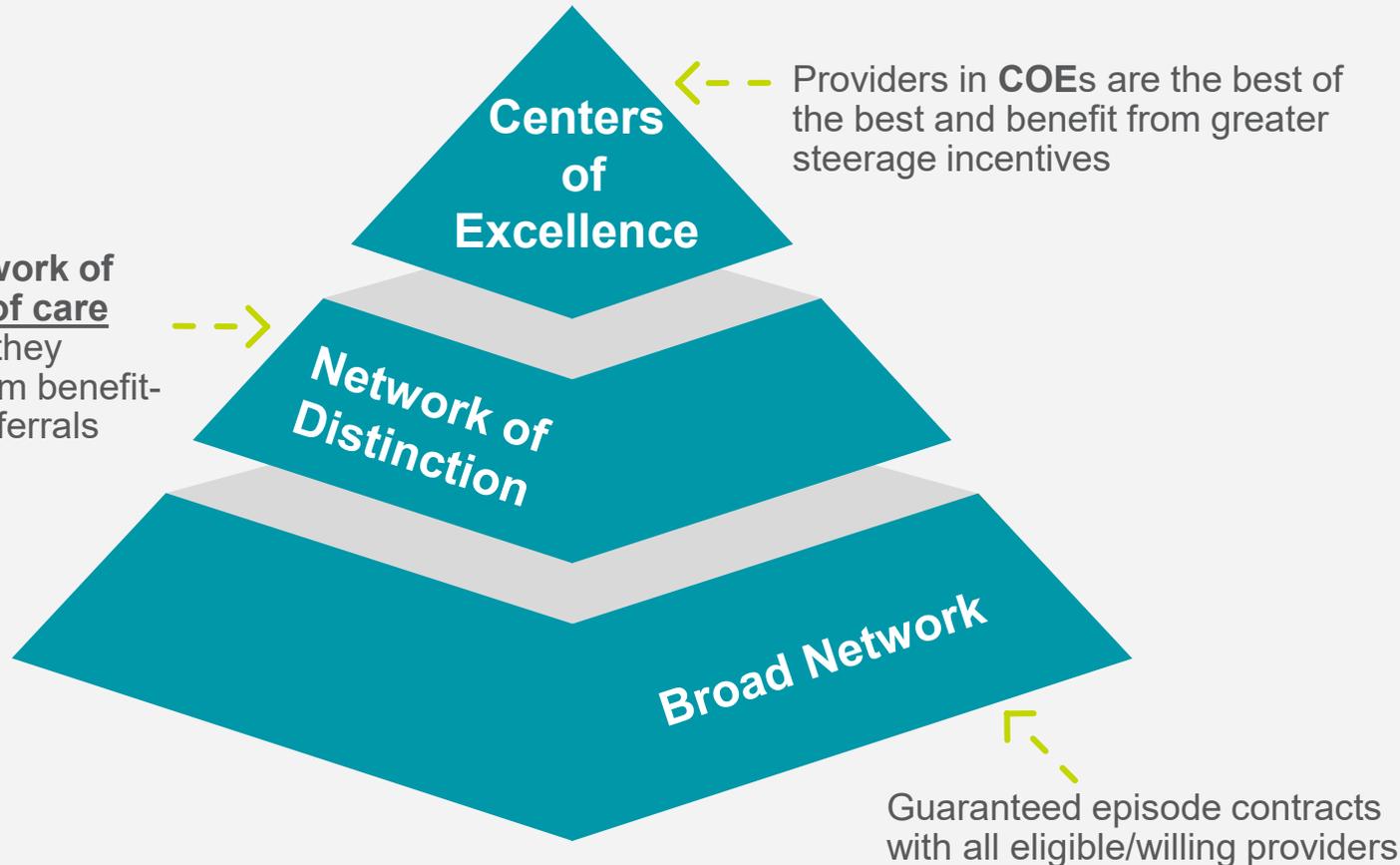


- Prices are set at or below historical average
- Providers are motivated to reduce avoidable complications and other adverse events
 - Better managing super-utilizers is the key to managing controllable variation
 - Reducing low-value care services and optimizing site of service also reduces controllable variation
- A stop loss protects providers from uncontrollable variation

→ A Quality-Based Tiered Network With Member Incentives

All these pieces are just different parts of the base network -- NO CARVE OUT

Providers make it into the **network of distinction** based on quality of care first and best episode price – they receive preferential volume from benefit-powered steerage and PCP referrals



Guaranteed Episode Prices Including:



Primary Care



Specialty Care



Maternity Care

-> Program Savings Are Significant with Steerage

In the greater Miami region, there is a **13x price and 5x AAE rate differential** between low- and high-value providers in diabetes alone.

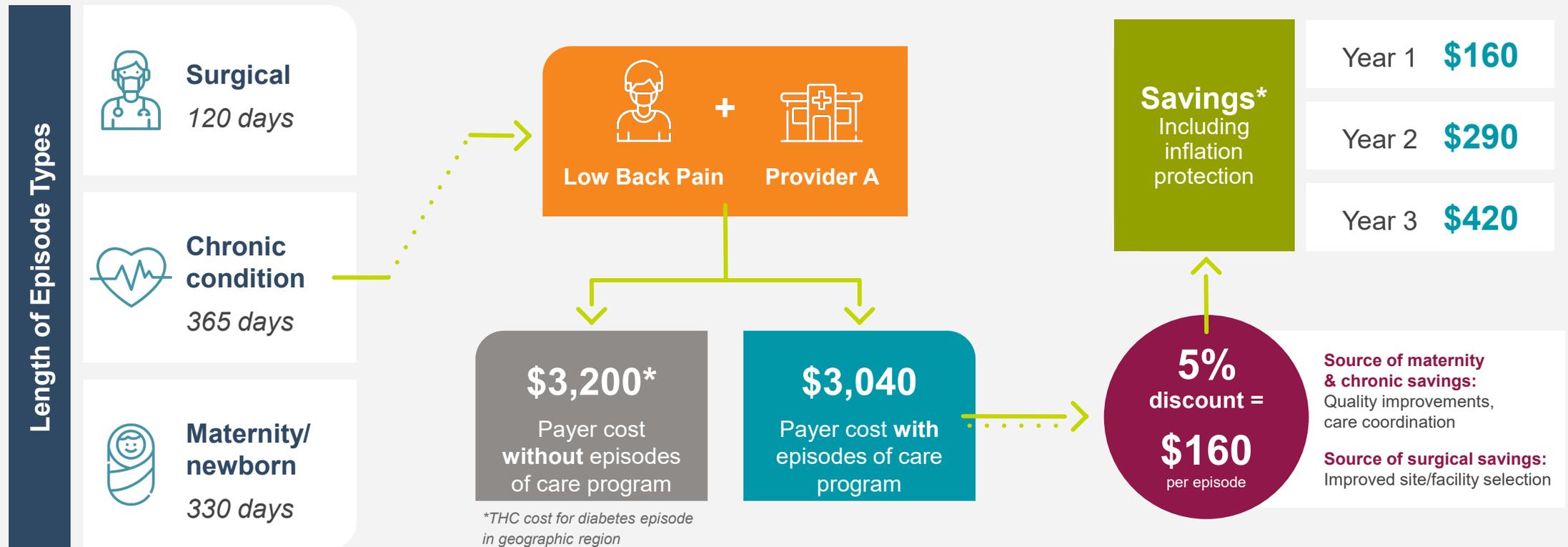


Provider Price & Quality varies greatly across episode types throughout FL.

While many providers are performing strongly, **there is tremendous opportunity to steer patients toward value.**

→ Sources of Savings: Multi-Year Fixed Cost

Employers contract for a **fixed and guaranteed episode price**, set at a discount to a trended historic cost. **All costs associated with the episode** are included in the price.

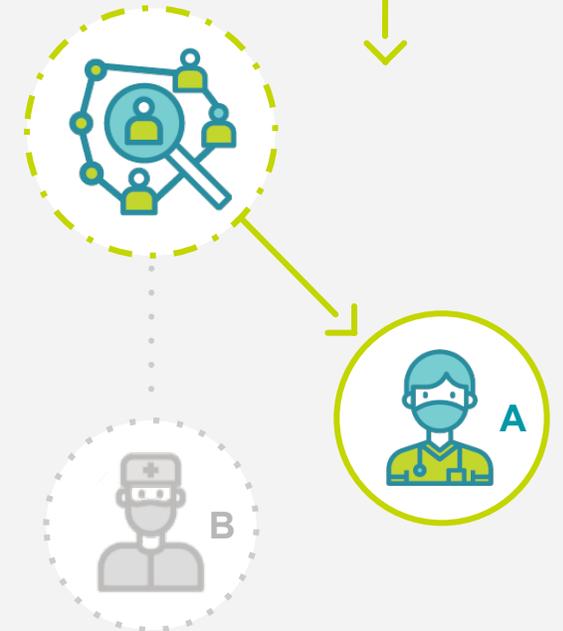


*Year 2-3 Savings assume annual healthcare inflation at 3% without fixed provider pricing.

Up to **30%**
in cost variance
among providers

Sources of Savings: Steerage

	Provider A (high value)	Provider B (low value)
Historical price	\$3,200	\$4,000
Guaranteed episode price	\$3,040	\$3,800
Savings including steerage	\$960	

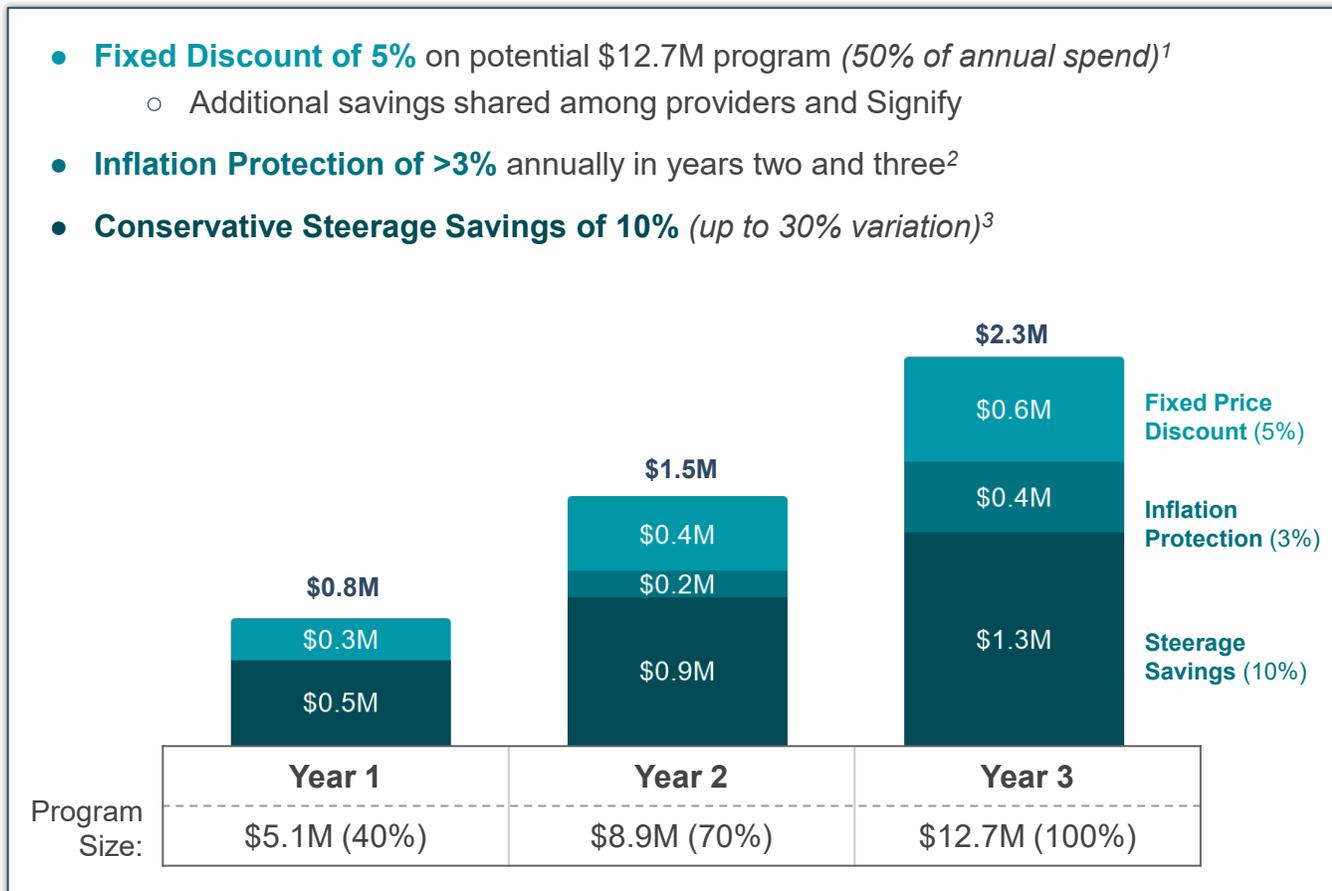


→ Savings Cumulate: Preliminary ROI (5k covered lives)

Guaranteed episode prices serve to reduce costs and limit inflation, supported by the effects of steerage

- **Fixed Discount of 5%** on potential \$12.7M program (50% of annual spend)¹
 - Additional savings shared among providers and Signify
- **Inflation Protection of >3%** annually in years two and three²
- **Conservative Steerage Savings of 10%** (up to 30% variation)³

- Steerage presents greatest opportunity, but pricing discounts and inflation protection alone will drive **\$2M in savings over three years**
 - \$4.6M+ with conservative steerage assumption
- **Full prospective** will accelerate market Value-based Care momentum
 - Employers will get fixed, guaranteed price, with few/no back-end reconciliations



1) Assumes maximum annual program size of \$12.7M on population of 5,000. Approximately 50% of spend can be covered with Signify's EOC program. Fixed Price Discount assumes 5% guaranteed savings on live program size.
 2) Inflation protection assumes conservative 3% annual healthcare inflation beyond standard economic inflation; this drives value in the 2nd and 3rd years, compounding annually.
 3) Steerage Savings assume conservative 10% out of up to 30% total savings opportunity.

→ Lessons From CPR's Report on Florida

Hoping for the best doesn't change the status quo

- Providers are ready to take on risk:
 - Hundreds of physician groups, hospitals and health systems in Florida already in up/down risk arrangements
- Employers want risk contracts:
 - Many are launching their own initiatives, usually as carve-outs, which can be disruptive to plan members
- Carriers are hesitant:
 - But a few are stepping up and many TPAs are ready now, so move your health plan to those that are fully committed to moving their FFS contracts to real risk contracts
- Lessons learned from public sector payers in other states:
 - CT – combination of PCP, specialist and facility risk contracts, combined with steerage. Used sourcing cycle to ensure carrier commitment to support risk payment model
 - OR – has issued a RFI to provide an alternative plan to state employees and school systems, with mandated provider risk contracts and steerage
 - NJ – in process of issuing RFP for alternative health plan with provider risk contracts, reference-based pricing and steerage

Thank you

... —> Homeward.