

Florida Alliance for Healthcare Value

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Overview

- Reference Based Pricing
 - What Is RBP?
 - Concerns for Employers and Providers
- Total Cost of Care
 - Unit Price
 - Utilization
 - Site of Service
- OH Employer Initiatives
 - EPO Networks
 - SurgeryPlus
 - Other
- Closing Comments
 - Employer Considerations
 - Steps You Can Take

Reference Based Pricing

Reference Based Pricing – What Is RBP?

- Attempt at cost containment on hospital services
 - Self-insured employers
 - Third Party Administrator (TPA)
 - PPO wrap network – physician and ancillary; no hospital network
- Payment for hospitals tied to Medicare
 - Rates usually 120% to 150% of Medicare
 - Discount applied at time of payment on emergency services
 - Elective care typically requires a Single Case Agreement
 - TPA employs advocates to negotiate rates and reduce cost share
- Being pushed hard by brokers and RBP companies – why?
 - Payment tied to percentage of “savings” from billed charges
 - Can make more money than selling BUCA plans



Reference Based Pricing – Concerns for Employers

- Access
 - Hospitals turning away elective cases
 - Physician practices terminating wrap networks
 - No active steerage to ambulatory
 - Employee dissatisfaction
- Quality & Outcomes
 - No provider accountability
 - Not tied to any chronic complex or disease management initiatives
 - Too focused on emergency services as main line of defense
- No Surprises Act
 - Federal law that protects patients from balance billing on out-of-network
 - Florida law applies when determining the out-of-network rate
 - Independent Dispute Resolution (IDR) process for providers
 - Self-insured patients only in Florida
 - Provider files Open Negotiation Notice within 30 days of initial payment
 - If not resolved, provider can file for IDR within 34 days of Open Negotiation Notice
 - Provider pays fees of \$350 to \$850 per claim; fully refundable if provider wins
 - Employer must cover additional payment, including any additional patient cost share

Reference Based Pricing – Concerns for Providers

- Disrupts relationship with patients
 - Not aligned to primary care physicians
 - Disconnected from specialty practices
 - No steerage to ambulatory sites of care
- Inefficient allocation of clinical resources
 - Patients wait until their illness is more severe
 - Patients more apt to utilize the emergency department
 - Delays in care exacerbated by Single Case Agreement process
- Administrative burden
 - Confusing to front desk, scheduling, and pre-authorization staff
 - Additional time spent negotiating on a case-by-case basis
 - Extensive post-payment follow up, including IDR process

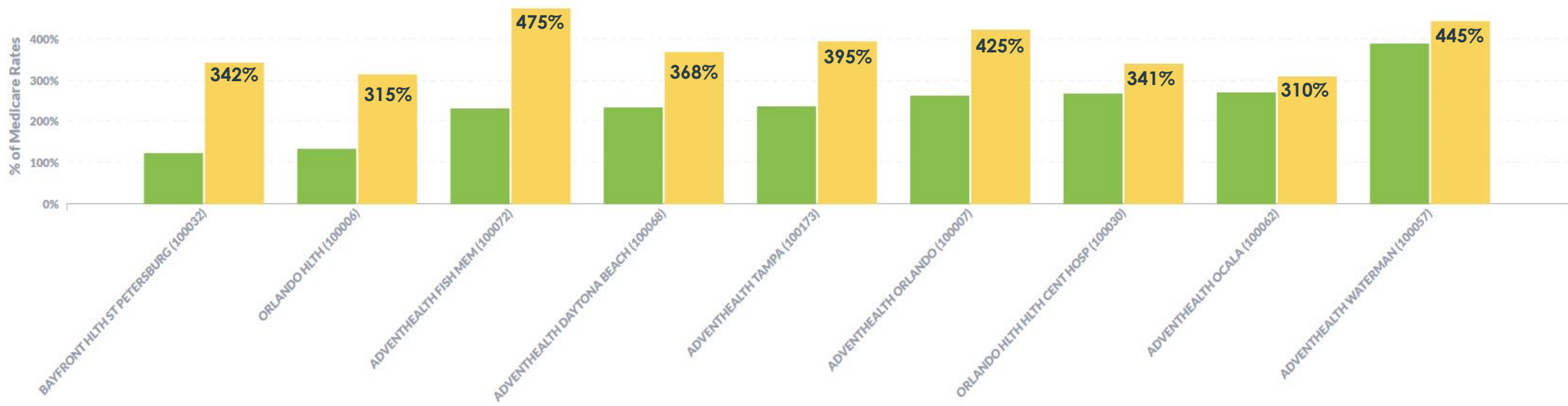


Total Cost of Care

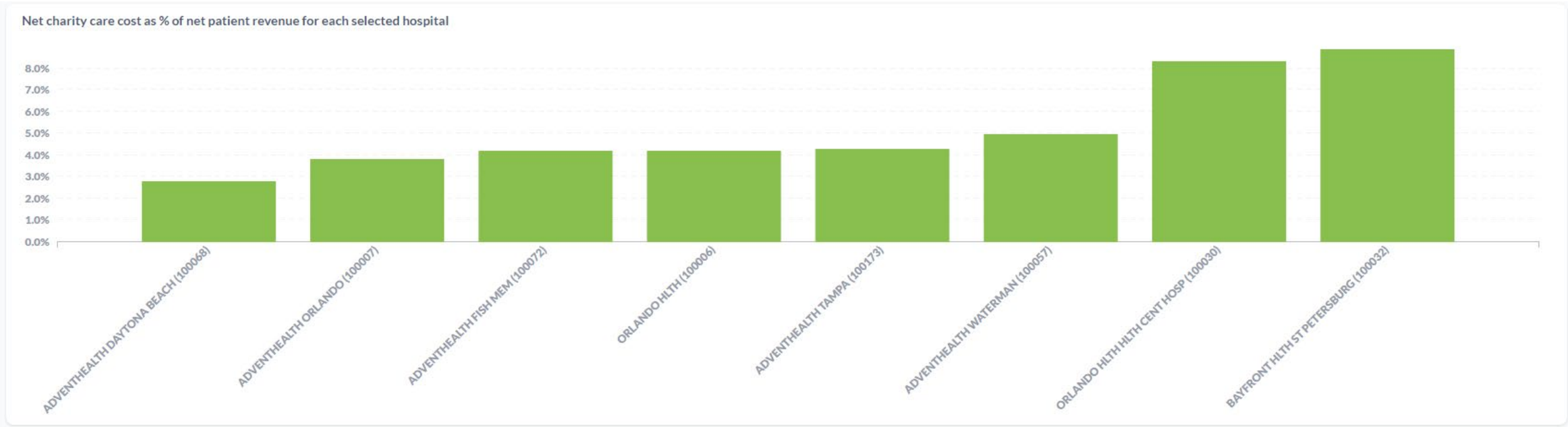
NASHP RAND 4.0 Pricing

Commercial breakeven for each selected hospital with RAND price

● Commercial Breakeven ● RAND 4.0 Price



NASHP Net Charity Care Cost as % of Net Patient Revenue



Total Cost of Care - Utilization



Aetna Whole Health Accountable Care Organization

20,000 members



Florida Blue Accountable Provider Organization

50,000 members



Cigna Collaborative Accountable Care

36,000 members

Quality Metric	OHN Performance*	Target Performance
Breast Cancer Screening	79.4%	78.0%
Colorectal Cancer Screening	69.5%	66.3%
Cervical Cancer Screening	83.2%	83.0%
Hemoglobin A1c Testing	90.2%	88.6%
Well-Child Visits 15-30 Months	96.9%	95.0%
5 of 5 Eligible Quality Metrics Sufficiently Satisfied		
Breast Cancer Screening	78.1%	77.1%
Colorectal Cancer Screening	62.5%	58.2%
Cervical Cancer Screening	74.6%	67.2%
Controlling High Blood Pressure	55.4%	55.4%
Antidepressant Medication Management - Acute Phase	80.4%	77.8%
Diabetes Care: Hemoglobin A1c Controlled	64.7%	57.5%
6 of 6 Eligible Quality Metrics Sufficiently Satisfied		
Breast Cancer Screening	81.0%	76.1%
Depression Screening	34.8%	4.6%
Adolescent Well-Care Visit	67.3%	58.5%
Well-Child Visits in the First 15 Months of Life	92.1%	88.8%
Coronary Artery Disease	74.7%	65.1%
Hemoglobin A1c Results Less Than 8.0%	83.7%	79.3%
Diabetic Statin Use	90.3%	89.3%
Blood Pressure Control	83.1%	76.5%
Use of Opioid Medications	93.0%	93.0%
Generic Dispensing Rate	89.6%	88.2%
10 of 12 Eligible Quality Metrics Sufficiently Satisfied		

- Admissions per 1,000
 - OH Aetna ACO: 38.8
 - Market Aetna: 40.0
- Readmission Rate
 - OH FB APO: 9.92%
 - Market FB: 11.29%
- ED Visits per 1,000
 - OH Cigna CAC: 168
 - Market Cigna: 183

Total Cost of Care – Site of Service

- 11 Ambulatory Surgery Centers
 - Joint Ventures with physicians
 - Jewett ASC with 10 Ors and 2 procedure rooms
- 11 Freestanding Imaging Centers
 - Convenient locations
 - Evening and weekend hours
- 16 Urgent Care Centers
 - CareSpot JV with 14 locations
 - 2 locations each with FHV and FMC

Average OH Commercial Reimbursement:

Service	Ambulatory	Hospital
Knee Replacement	\$15,000 to \$20,000	\$30,000 to \$40,000

Service	Ambulatory	Hospital
MRI	\$200 to \$400	\$1,000+

Service	Ambulatory	Hospital
Visit	\$200 to \$300	\$1,000+

OH Employer Initiatives

EPO Networks



Comparative OH Reimbursement

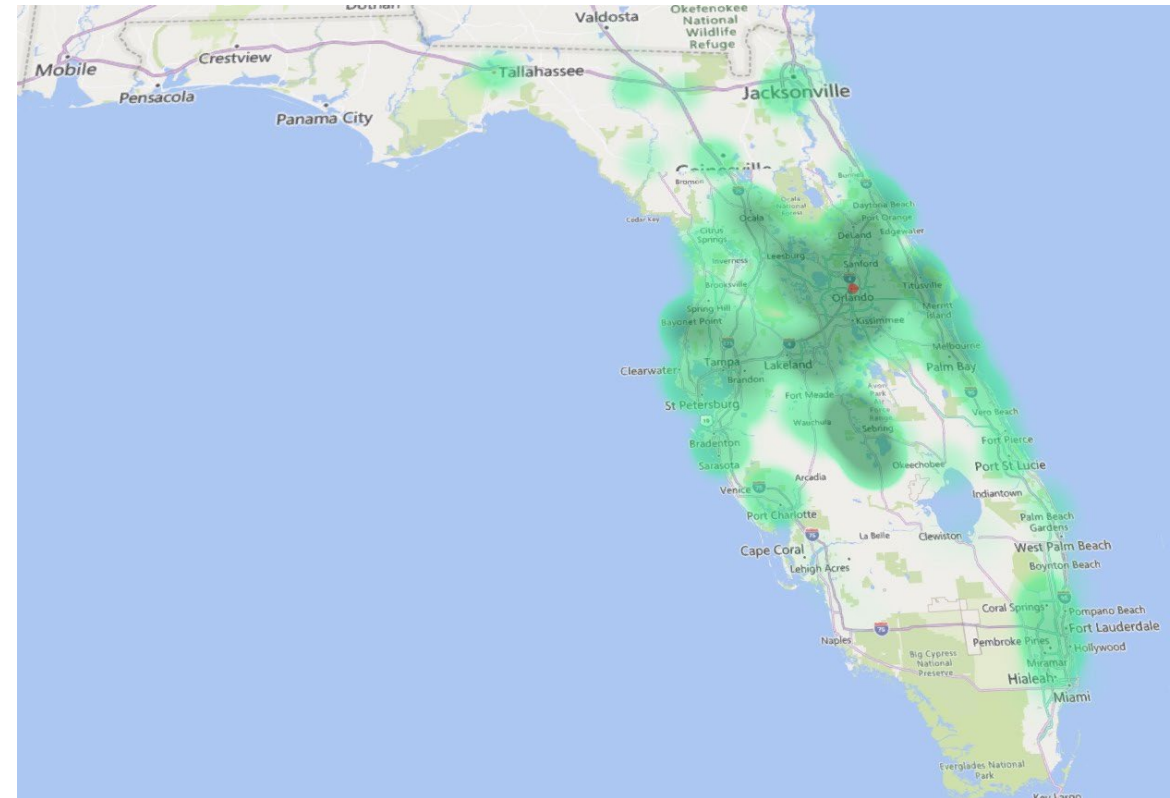
- Average OH BUCA Rate: 28.8%
- Average OH EPO Rate: 21.8%
- OH EPO Discount: 25%

School District of Osceola County

- 2023 Cash Collected \$14 million
- 2023 Admissions 280
- Lower Cost to Collect
- Less Bad Debt

SurgeryPlus

- Contracted exclusively in Central Florida with Orlando Health
- Over 1,100 cases to date
 - Total Hip/Knee Replacement
 - Bariatric Surgery
 - General Surgery
 - Gynecologic Surgery
- Now adding Ambulatory Surgery Centers
 - Jewett
 - Lake Mary & Summerport/Windermere
 - Tampa & St Petersburg



Other Initiatives

Per NIH published study, cost savings per 1 unit reduction in BMI:

Diabetes	\$752
Hypertension	\$238
Hyperlipidemia	\$367

CHI	Actual Data	Projections	
		Savings per Year (N=30 Clients)	
Reduction in BMI	0.93		
	<u>Savings per Client</u>		
Diabetes	\$699.36		\$20,980.80
Hypertension	\$221.34		\$6,640.20
Hyperlipidemia	\$341.31		\$10,239.30
			\$37,860.30

Choose One	Actual Data (OCG 1-6)	Projections	
		Savings per Cohort (N=100)	Savings per Year (N=5 Cohorts)
Reduction in BMI	0.3		
Diabetes	\$225.60	30% of N = \$6,768	\$33,840
Hypertension	\$71.40	50% of N = \$3,570	\$17,850
Hyperlipidemia	\$110.10	35% of N = \$3,853.50	\$19,267.50
			\$70,958

○ Center for Health Improvement

- Horizon West Hospital MOB
- Downtown Campus/Gore Street

○ Choose One

- Heart Health
- Weight Loss
- Diabetes Education

○ Onsite/Near Site Clinics

- City of Winter Park
- Seminole County Schools
- Orlando World Marriott

Closing Comments

Employer Considerations

- Fiduciary responsibility
 - Consolidated Appropriations Act of 2021
 - Johnson & Johnson and Mayo Clinic lawsuits
- Broker relationships
 - Commission-based vs fee-based
 - Hidden fees/bonus programs
- Benefit plan design
 - Reference-based pricing is a passive management tool
 - High deductibles drive higher acuity
 - Incentivize right care, right place, right time



Steps You Can Take

- Add an EPO as a slice offering
 - Use premium contribution as enrollment lever
 - Patient cost share differential
- Contract with point solutions companies
 - Package pricing on surgical care
 - Steerage to freestanding imaging
- Invest in primary care
 - Onsite/near-site clinic
 - Require PCP selection – guidance and accountability

