Aetna Value-Based Continuum

Value Continuum Overview

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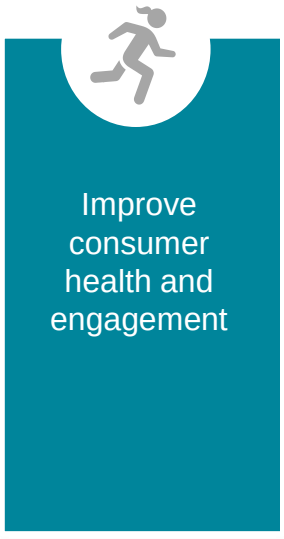
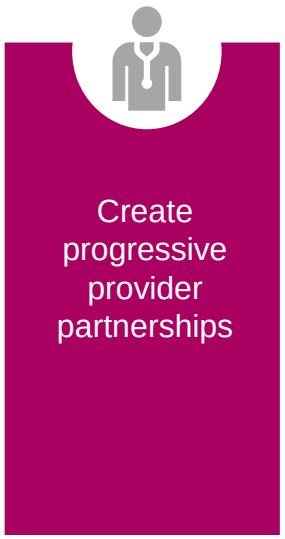
Our vision is to be the preferred health company that joins consumers in pursuit of their health ambition

Our brand promise is turning health ambitions, big and small, into achievements

Building Healthy Communities





Our outcomes

Improve health outcomes for Aetna members and reduce medical cost

Improve consumer experience, affordability and quality

Enhance customer satisfaction, retention, and lifetime value

Make Aetna the employer and partner of choice

Long-standing commitment and experience with value-based care

160+ years of health plans and risk management experience

7.1 million
medical members are tied to providers practicing value-based care

50% +
of our medical spend is running through value-based contracts

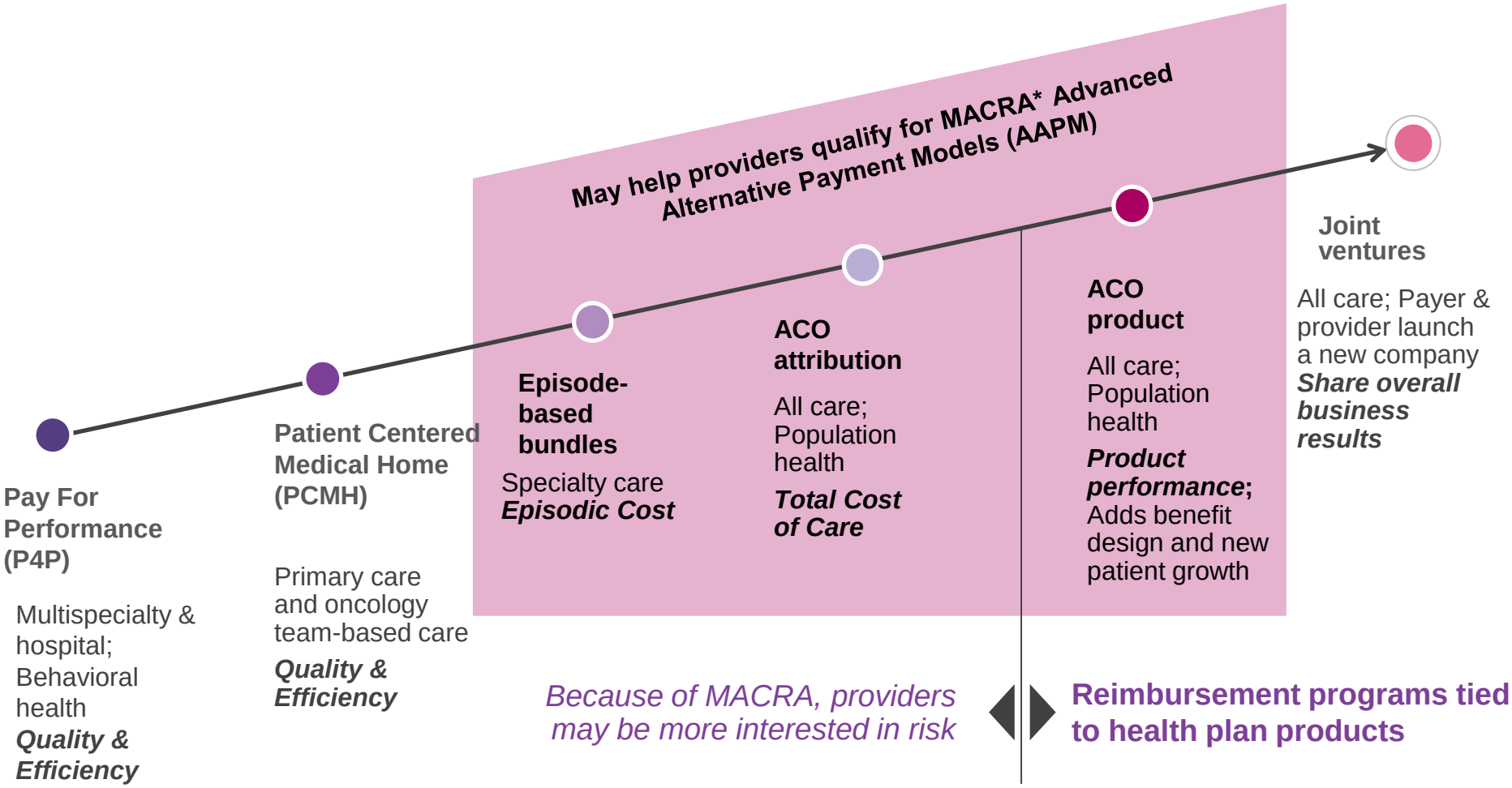
75%
of spending committed to value-based care models by 2020

Our approach to value-based reimbursement

We meet providers where they are in their journey to build sustainable collaborations.

Identify	Implement	Execute	Progress
best fit, based on triple aim performance and practice composition (mix of primary care, specialty and facilities)	shifting portions of reimbursement from fee-for-service to fee-for-value, with a focus on improving the quality, experience and cost of care for patients	collaboration that combines Aetna population health expertise, data and reporting, with provider's care delivery assets and patient relationships	to more sophisticated value-based contract models that reward providers for delivering efficient, effective care – *including participation in narrow network products for high performers*

A continuum of options:
Each level introduces broader focus; higher risk/reward



*Medicare Access and CHIP Reauthorization Act.: In 2019, MACRA replaces Medicare's fee-for-service reimbursement with value-based physician reimbursement, motivating providers to seek out VBC arrangements that meet certain criteria required for higher payment to physicians.

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Comparison of value-based models

	Reimbursement models				Reimbursement with health plan products	
	Pay-For-Performance (P4P)	**Patient Centered Medical home (PCMH)**	**Bundled payment**	**Accountable Care Organization (ACO) attribution**	**ACO product**	**Joint venture**
	A first step into value-based contracting: Payment shifted from Fee-For-Service (FFS) to incentives for meeting quality goals	**Primary care model:** 1. Coordinate care for patients, using team-based care and the EHR 2. Enhance care with Aetna care management programs	**Specialty care model:** 1. Coordinate care 2. Eliminate waste 3. Align to evidence-based best practices across practitioners and sites, and over a period of time	**Population health model manages all care for attributed members:** 1. Team-based care 2. The EHR 3. Enhanced collaboration with Aetna care management programs	**Population health model with participation in a health plan:** 1. Shared savings and risk for managing medical costs, quality 2. Opportunity to attract new patients	**Payer-provider partnership to launch a health insurance company:** 1. Share in earnings and risk 2. Employ increased capabilities and expertise
Financial opportunity	Shift portion of payment from FFS to incentives for improvement **quality** measures	ACP payments and incentives for **quality** and **efficiency** improvements	Reduce **episode costs**, share savings and risk for reducing complications and waste, and improve **quality**	Shift portion of reimbursement from FFS to ACP payments and incentives for **quality** and total **cost of care** improvements, with risk for poor performance	Share in **health plan savings and risk**, with best-in-market per member per month (PMPM) medical costs and **quality** measure improvements	Share of **health plan earnings and risk**
Applicability	Primary care, cardiology, orthopedics, ob-gyn, multispecialty practices and hospitals	Primary care medical home practices	Orthopedics, cardiology, maternity, multispecialty practices, post-acute providers, and hospital systems	Health systems/ integrated delivery systems (IDS), clinically integrated networks (CINs) and large primary care systems	Health systems/IDS, CINs	Health systems/IDS, CINs

Support levels

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Aetna Provider & Member Value-based Penetration in Delaware

PCMH Recognition
Members – 26,803
Providers – 351
PCP model

Hospital (P4P)
Members – 11,986
Providers – 1056

Membership
58,789 Aetna Members Included in VBC arrangements representing 45% of total Delaware membership

Providers
2,400 Providers participating in Aetna VBC arrangements representing 50% of the total Aetna Network of Providers in Delaware

AIM HMO
Custom HMO model designed exclusively for State of Delaware GHIP Aetna HMO members. This innovative HMO model is supported by Carelink CareNow. Carelink supports all member engagement and population health activities to improve the health of the members they serve. Aetna's AIM HMO includes financial risk directly associated with reducing costs, while improving quality and overall member health.

Physician (P4P)
Members – 19,406
Providers – 407
PCP Model

Specialist (P4P)
Members – 594
Providers – 586

Bundled payments drive true health care transformation

A catalyst to get care right the first time

"**Bundled payments will be the catalyst** that finally motivates provider teams to work together to understand the actual costs of each step in the entire care process, learn how to do things better, and **get care right the first time**."

The right kind of cost reduction

"And, because bundled payments are contingent on good outcomes, **the right kind of cost reduction will take place**, not cost cutting at the expense of quality."

How to Pay for Health Care
Michael E. Porter and Robert S. Kaplan
Harvard Business Review
July – August 2016

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Bundled payments make sense by:

Providing a **total upfront cost**

Strengthening quality and efficiency incentives to drive:

- Standardized care pathways
- Engagement of all providers, including specialists and post-acute facilities

Offering a solution for specialists to **participate in value-based contracting**

Patients and health systems benefit from:

Price transparency

Value aligned to the specific health issue a patient is seeking to resolve

Fair profit to the delivery system

Flexibility **to implement improvements not typically billable**

An opportunity for providers to qualify for **MACRA's (The Medicare Access and CHIP Reauthorization Act of 2015) Advanced Alternative Payment Model (AAPM) track**

Our bundles definition is similar to CMS's definition while allowing some room for flexibility

Episode-based bundles

- Are triggered by a specific diagnosis-related group or ambulatory procedure
- Allow option for outpatient surgery at **ambulatory surgery facilities**
- **Prefer prospective** reimbursement
- Require **sufficient volume**, at least 20 cases per year, for bundle convener providers
- Include services defined by time boundaries, allowing for flexibility (days pre- and post-event)
- Exclude services and cases are based on list of diagnoses and procedures (patients with complex diseases like cancer, HIV)
- Does not offer a volume or steerage commitment

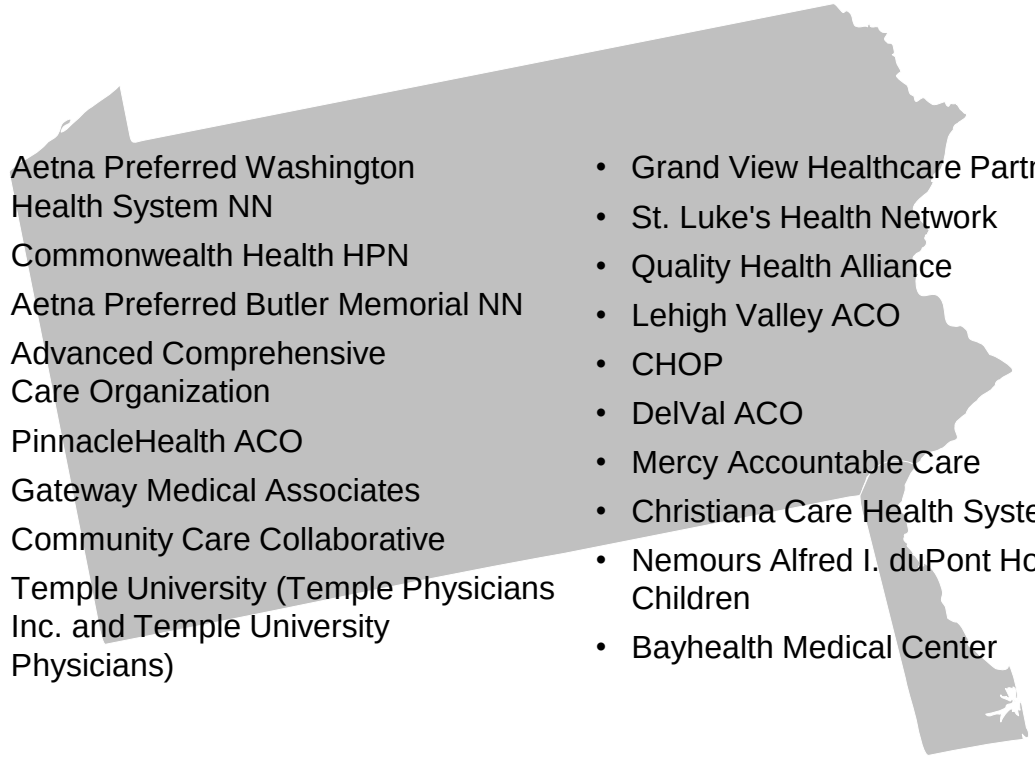
Provider reimbursement

- Includes an opportunity to earn incentives for quality outcomes and patient experience
- Sets bundled price meaningfully lower than current average
- Provides periodic settlement to account for:
  - Quality measures
  - Services paid to providers not participating in the bundle

Provider information and support

- Raw data files posted to secure site – monthly and 24-month history, if applicable
  - Medical claims, pharmacy claims, enrollment, laboratory test results
- Care management reporting
  - Daily census – inpatient, ER, CM/DM, etc.
  - Member level detail on quality metrics
- Interim reconciliations – quarterly view of financial performance
- Joint operating committees – review, assess, plan improvements

Collaborating for success: Pennsylvania & Delaware value-based contracts



- Aetna Preferred Washington Health System NN
- Commonwealth Health HPN
- Aetna Preferred Butler Memorial NN
- Advanced Comprehensive Care Organization
- PinnacleHealth ACO
- Gateway Medical Associates
- Community Care Collaborative
- Temple University (Temple Physicians Inc. and Temple University Physicians)
- Grand View Healthcare Partnership
- St. Luke's Health Network
- Quality Health Alliance
- Lehigh Valley ACO
- CHOP
- DelVal ACO
- Mercy Accountable Care
- Christiana Care Health System
- Nemours Alfred I. duPont Hospital for Children
- Bayhealth Medical Center

carelink carenow
Your partners in health

DELAWARE VALLEY ACO
an accountable care organization

Bayhealth

CHRISTIANA CARE HEALTH SYSTEM

Nemours.
Alfred I. duPont Hospital for Children

Lehigh Valley Health Network

PINNACLEHEALTH

Reaching members where and how they live

Improving health care quality and affordability

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Thank you

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