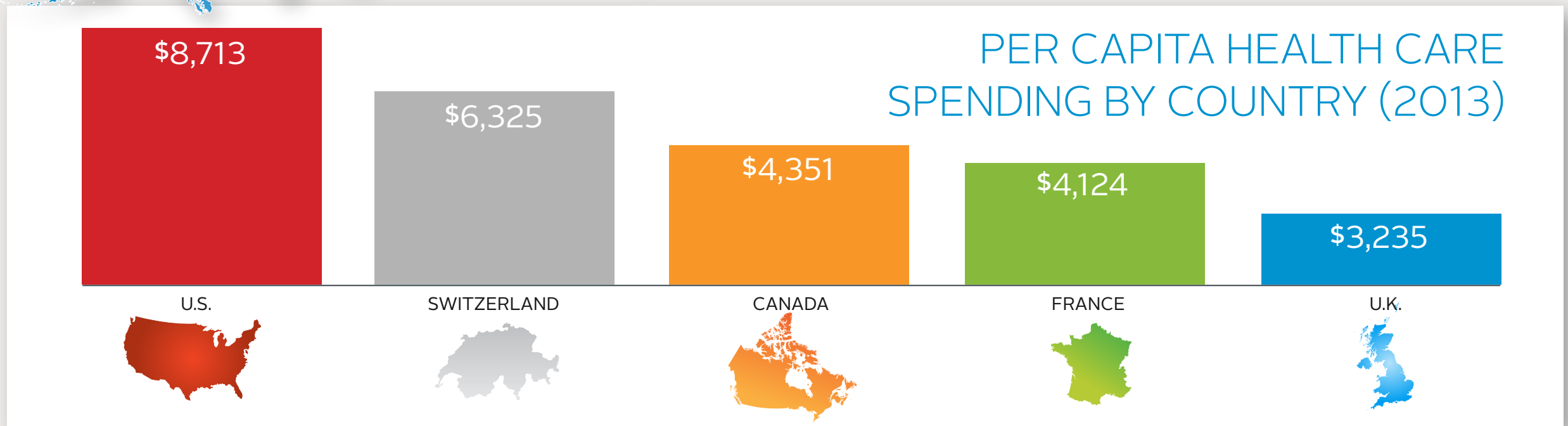
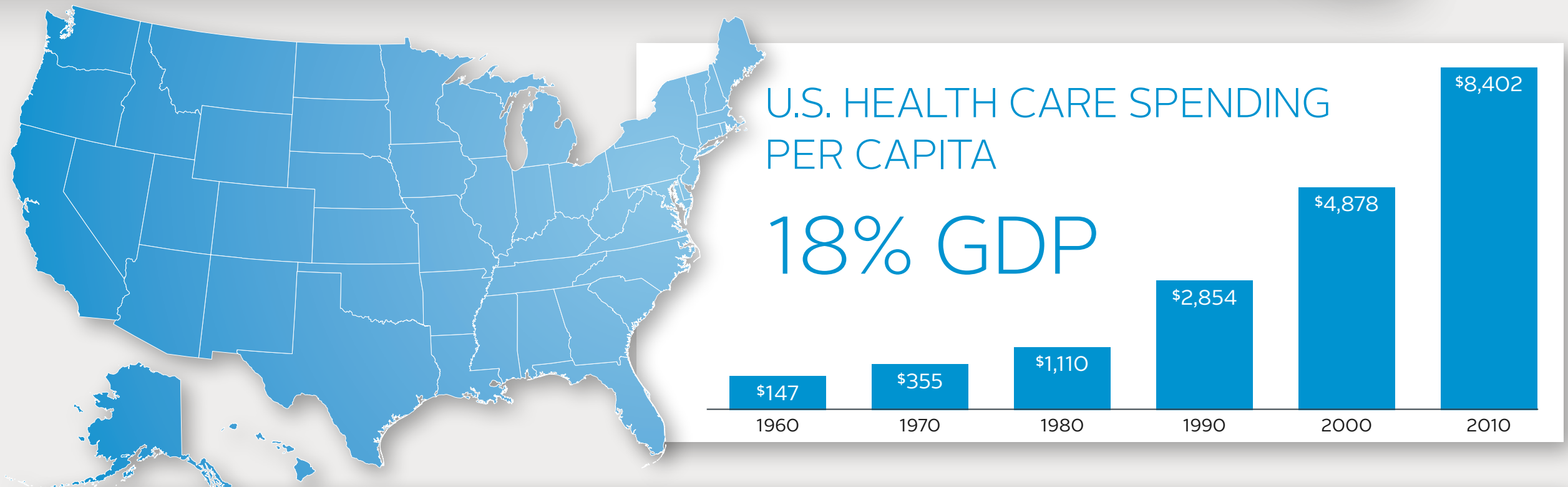




PATIENT-FOCUSED CARE

Local and National Value-Based Care
Approaches to Better Health Outcomes

Health Care Spending Landscape



Blues Leading the Shift to Value-based, Patient-focused Care

HISTORICAL FFS HEALTH CARE SYSTEM

- Paid for doing more
- Lack of care coordination
- Lack of integration across the care continuum
- Duplication in testing
- Inadequate follow-up care

FEE FOR VALUE

Driven by Quality and Efficiency Measures

Primary Care
Provider
Engagement

Bundled
Payments

Specialist
Integration

Shared Risk
and Full Risk
Models

Outcome-
Focused

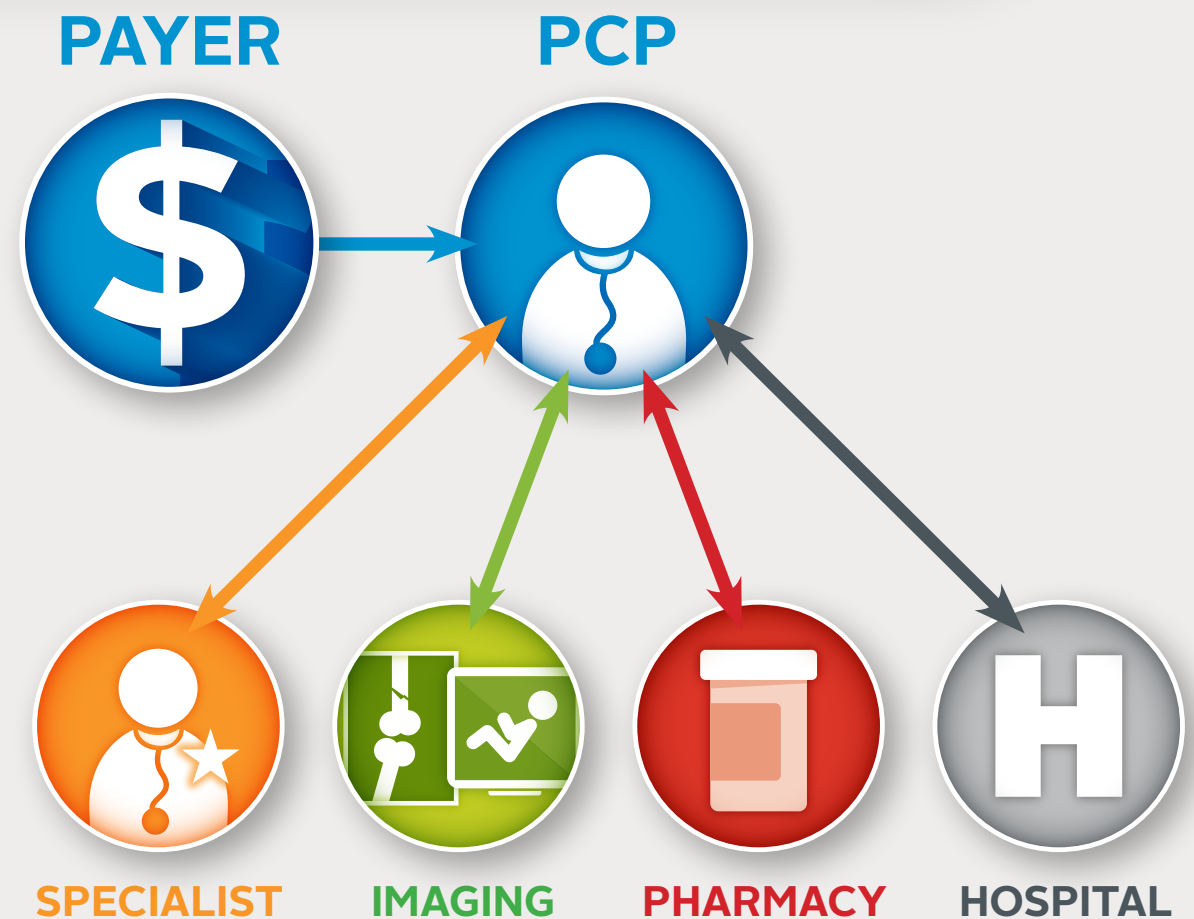
Meaningful
Incentives and
Rewards

Population Health
Management

BETTER HEALTH • BETTER CARE • LOWER COST

Optimized Care Coordination for Better Health Outcomes

- Patient-focused care programs are designed to optimize member health by providing care that is consistent with evidence-based guidelines.
- PCPs are responsible for coordinating care across the continuum — from specialists to other providers — to hold costs down and create operational efficiencies, leading to better outcomes for patients.
- One size does not fit all



ENGAGING • EMPOWERING
ENABLING

Illustrative Value-Based Contract Example

	SERVICE RATE	TOTAL ELIGIBLE INCREASE	POTENTIAL PERFORMANCE-BASED INCREASE	TOTAL ELIGIBLE PROVIDER PAYMENT RATE	INTERIM PROVIDER PAYMENT RATE
NON VALUE-BASED CONTRACT	\$1,000	4.0%	0.0%	\$1,040	\$1,040
VALUE-BASED CONTRACT	\$1,000	4.0%	1.0%	\$1,040	\$1,030

Provider performance will determine the payment of the **performance-based** portion of the rate increase.

Independence's Care Delivery Programs

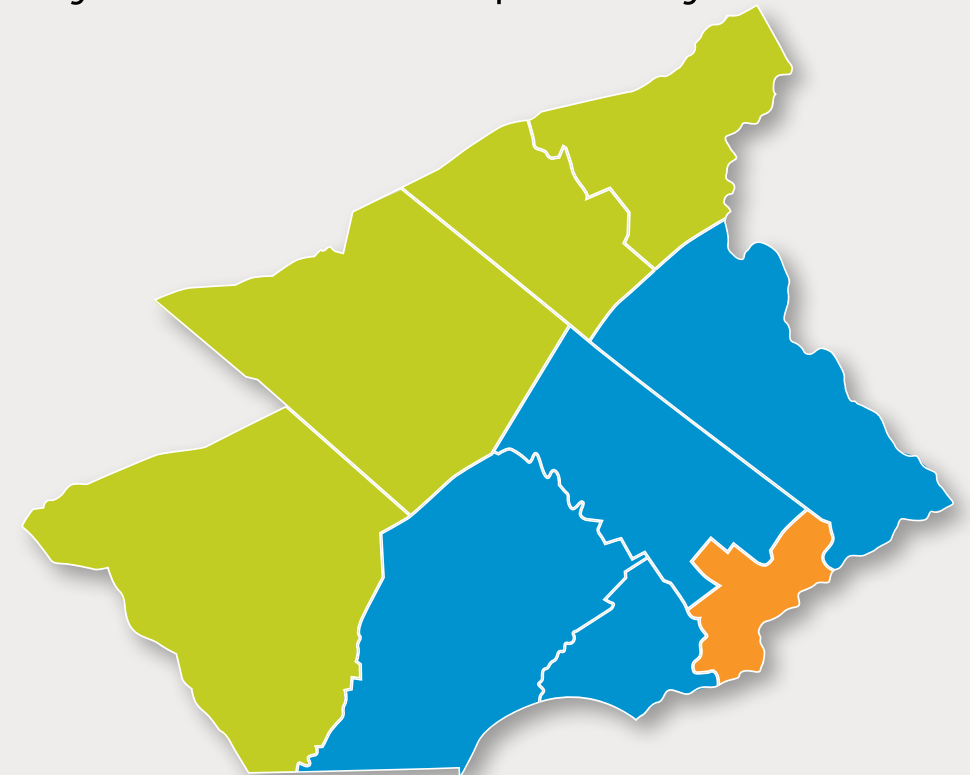
ACO PAYMENT MODEL

Integrated Provider Performance
Incentive Plan (IPPIP)

- Rewards health systems for providing a balanced model for high-quality and cost-effective care.
- Encourages enhanced care coordination across the delivery system.
- Incorporates measures for improved utilization.
- Aligns primary care, specialist and health system rewards.

QUALITY INCENTIVE PAYMENT SYSTEM (QIPS)

- Empowers and rewards primary care physicians to deliver superior patient-centered care.
- Provides access to comprehensive, quality, coordinated primary care.



Our ACO Payment Model

Quality and Efficiency Measures

Independence 



MEDICAL
COST
MANAGEMENT

— 50% weight —

- Medical cost targets
- Gain sharing model where ACO must reduce historical total cost of care



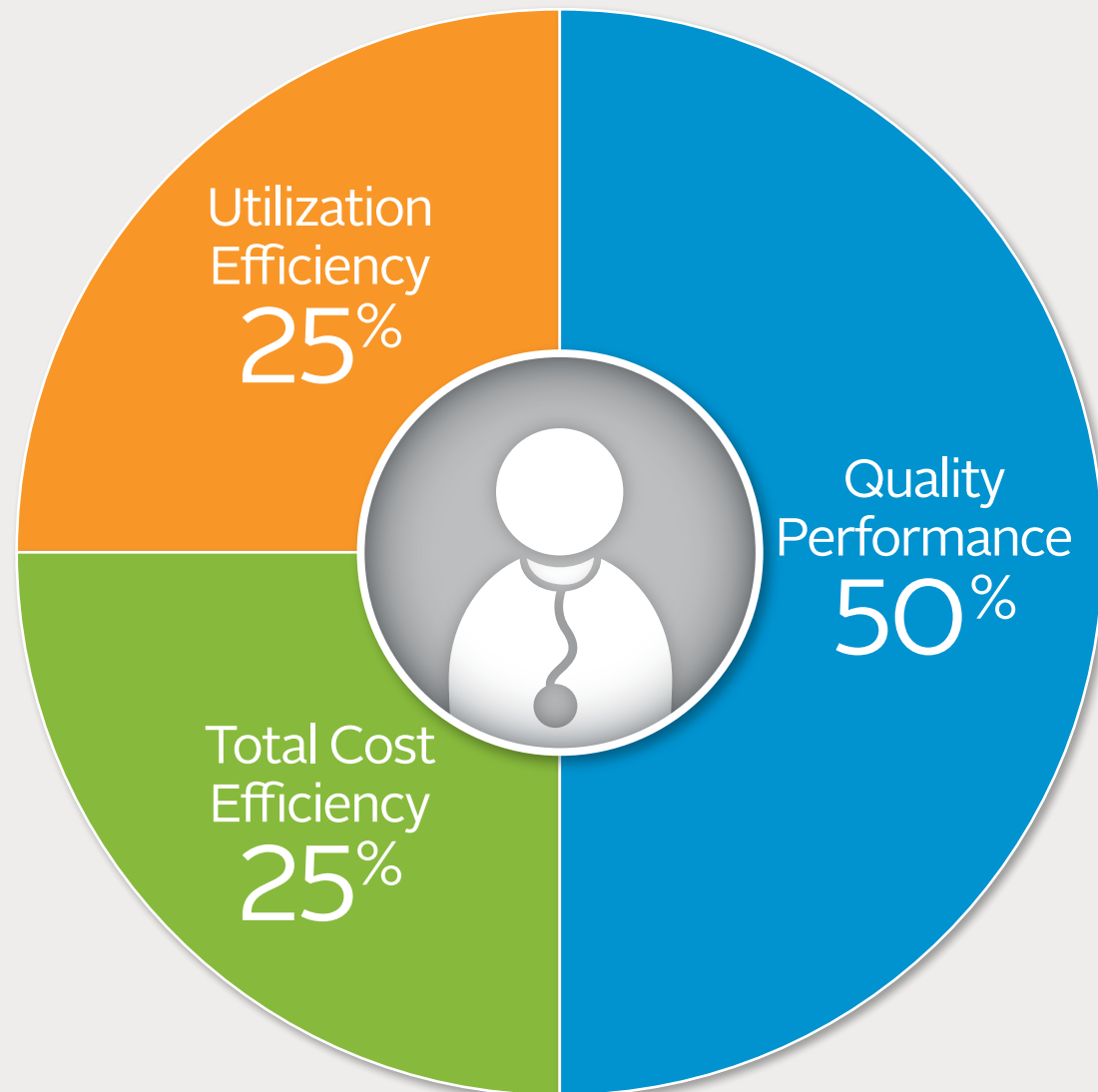
QUALITY

— 50% weight —

Independence re-admission rates	30%
Health care-acquired infection rates	20%
Ambulatory Quality Measures	30%
Hospital Consumer Assessment of Health Care Providers measures	20%

QIPS, Independence's Blue Distinction Delivery Model

REWARD PRIMARY CARE PRACTICES
TO FOCUS ON COORDINATING AND
IMPROVING CARE



QUALITY MEASURES



PEDIATRIC

- Childhood Immunizations
- Adolescent Immunizations
- Well Care Visits
- Acute Care
- Chronic Care

ADULT

- Cancer Screening
- Acute Care
- Diabetic Care
- Chronic Care

Provider Support Models

ENGAGE, ENABLE, EMPOWER



SUITE OF 30+ REPORTS TO SUPPORT POPULATION HEALTH MANAGEMENT

- Network & ACO Reporting
- Drill-down analytics (Ad-Hoc, Custom)
- Predictive modeling
 - Diabetics
 - Readmissions
 - Likelihood of Hospitalization



CONSULTING AND WORKFLOW TOOLKITS

- Consulting & “Best Practice” Sessions
- Performance Improvement Plan templates
- Topic-specific courses & presentations (e.g., end-of-life care, referral management)



HIGH-VALUE CARE AND PCP ENGAGEMENT

- Reports identifying higher-quality & efficient referral opportunities
- Regularly scheduled MD visits with all network PCPs
- “Best practice” summits

The Proof is in Our Results

INDEPENDENCE VALUE-BASED PROGRAM RESULTS*

— Nearly —
90% Of participating hospitals
 lowered readmission rates
 (avg. rate improvement of 16%)

— Nearly —
10% Annual improvement in ambulatory
 quality measures focused on select
 chronic conditions

3.5% Average savings for attributed
 members to ACO payment model

92% ACOs that reduced costs
 (compared to historical baseline)

95% Hospitals that improved in helping
 patients understand recovery post-
 discharge (improvement approx. 20%)

902% Growth in the number of
 providers certified through
 the NCQA PCMH program
 since 2011



**LOWER
COSTS**



**IMPROVED
QUALITY**



**PCP
ENGAGEMENT**

BLUE DISTINCTION TOTAL CARE

Locally tailored, nationally delivered

Why Blue Distinction Total Care (BDTC)?

- Links regionally-based value-based payment models to create a national value-based offering
- More Programs, More Communities, More Experience. Blue Cross Blue Shield Plans partner locally with providers – building programs that best support the needs of each community and its members – and have been doing it for decades
- Deep Provider Partnerships Aligned on Value
Providers are contractually accountable for improving health outcomes and lowering health care costs for their patients.



Unified Standards Offer National Consistency



Providers responsible for managing care for population of BCBS members



BCBS members attributed to provider responsible for managing care



Provider contracts contain value-based incentives tied to both cost and quality outcomes



Data and analytics used to support quality and affordability improvements

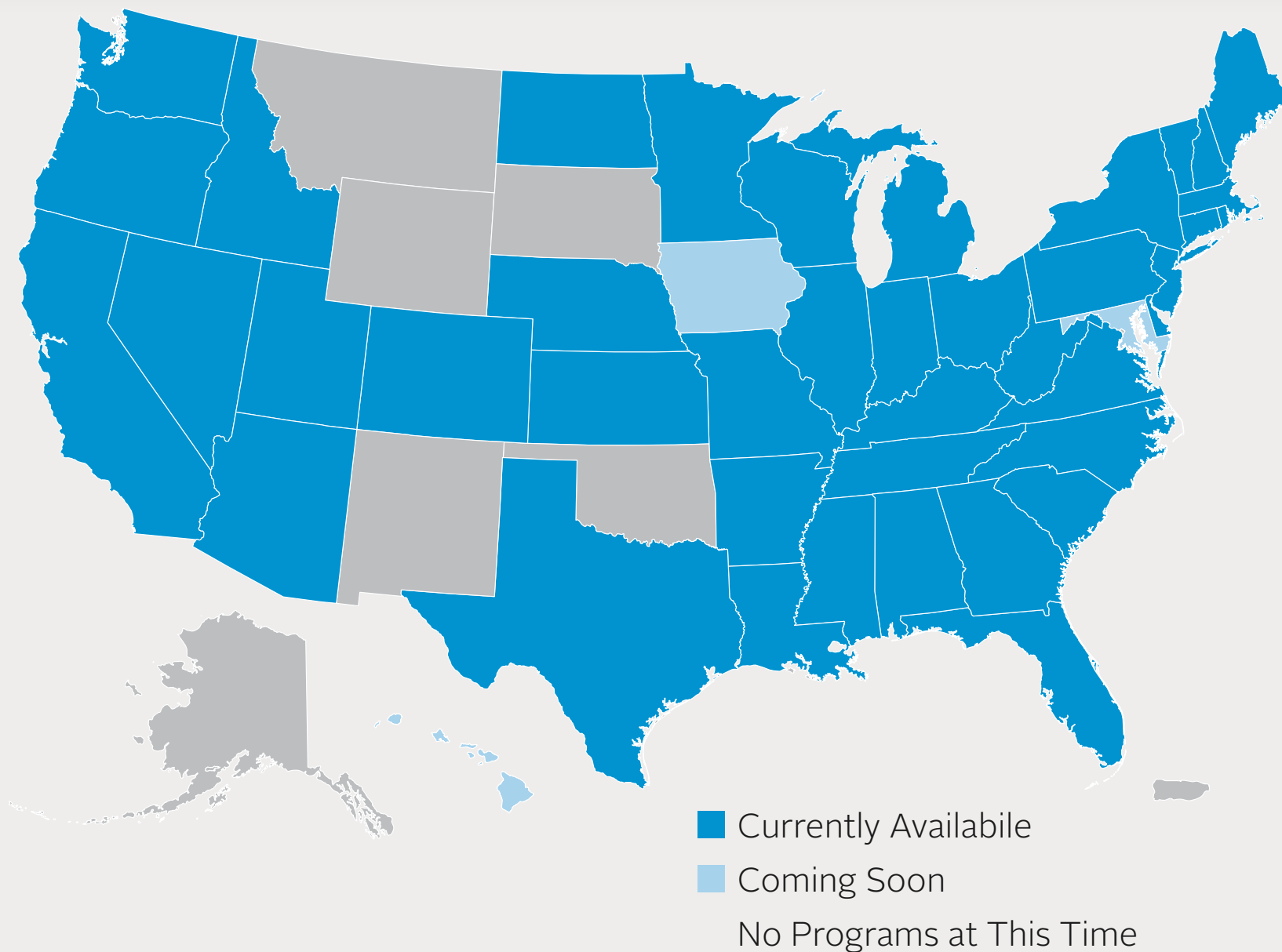


Available to BCBS national account employees through a PPO-based product



Available to BCBS national account employees covered by ASO and fully insured products

Blue Distinction Total Care National Availability



13+ million members

450 locally-tailored programs

Across 40 states

49 of the top 50 MSAs

118,000+ participating physicians

How Blue Distinction Total Care Works



ATTRIBUTION

Identify the provider's patient population, which members the provider is responsible for and including those members on provider reports

VALUE-BASED REIMBURSEMENT

Participating providers are reimbursed based on cost and quality performance

CUSTOMER BILLING AND REPORTING

Initially will reflect cost for attributed members. In time, savings will also be calculated

Blue Distinction Total Care Value

\$6-\$9 PMPM
NATIONAL AVERAGE
NET SAVINGS



— MORE THAN —
\$51B IN CLAIMS
— TIED TO —
TOTAL CARE PROGRAMS

Total Care Programs are demonstrating value to employers and their employees

MARKED QUALITY IMPROVEMENTS



LOWER UTILIZATION

(avoidable hospital admissions and ER visits)



BETTER CONTROL OF CHRONIC CONDITIONS

(diabetes, hypertension)



INCREASED COMPLIANCE WITH PREVENTIVE CARE

(recommended screenings and vaccinations)



IMPROVED PATIENT EXPERIENCE

Blue Distinction Total Care

Key Dates

JANUARY 1, 2016

- Independence's QIPS program expanded to include commercial PPO patients
 - PPO QIPS designated as Independence's BDTC program
 - PPO patients attributed to Independence PCPs
 - Attributed population includes local PPO and national BlueCard® PPO members
- **All** Independence PPO customers participate in PPO QIPS
- **Select** Independence customers participate in national BDTC programs
- Self-funded invoices include costs for members attributed to PPO QIPS providers (and national programs for customers participating in BDTC in 2016)

JANUARY 1, 2017

- **All** Independence customers will participate in national BDTC programs
 - Out-of-state employees of Independence employers will begin to be attributed to BDTC programs in their geography
 - Attribution is based on local BCBS Plan's methodology
- Self-funded invoices will include costs for members attributed to PPO QIPs and BDTC national programs



ACCELERATING HEALTHY

| Independence 

