PEBB Cost Management Overview

Presented: October 17, 2017
Agenda

1. Introductions
2. Overview of Providence
3. Managing Costs
4. Questions
Introductions

Cash Singleton, CSFS®
Manager, ASO Account Services

Robert Gluckman, MD, MACP
Chief Medical Officer

Helen Noonan-Harnsberger, Pharm.D
AVP, PHP Pharmacy
A TRUSTED PARTNER SERVING NORTHWEST BUSINESSES FOR 31 YEARS

600,000 COVERED LIVES

REGIONAL FOCUS

SUPERIOR, LOCAL SERVICE AND TRUE TO OUR MISSION

NATIONAL FOOTPRINT
Strong partner in a volatile environment

FINANCIAL STRENGTH
• Health plan risk-based capital, 4 times state requirement
• Part of a $22 billion health care enterprise
• Lowest contracted rates for Providence facilities and providers

CLINICAL STRENGTH
• Highest-rated PPO plans – NCQA and CMS star
• Clinically integrated network
• Plan-owned PBM ensures integrated care management

SERVICE STRENGTH
• Best-in-class, high touch member service
• Strong account management relationship
• Accessible local executive leadership
PEBB Partnership

Cost Management Initiatives since 2006

- Patient centered medical home (2006)
- Value-based benefit design (2011)
- Pay for performance (2011)
- Providence Express Care (2012)
- PEBB Advisory Committee (2014)
- Bundled payments/Care packages (2014)
- Administrative fees tied to achieving cost and quality targets (2015)
- SmartExam (2016)

*Our transparent, self-insured model allows PEBB to provide high quality, affordable care efficiently*
Managing Costs
Historical Performance
Managing Costs

Overview

• 6-year annualized historical performance of the self insured plans is below 3.4%

• Cost increase contributors
  • Cost shares have remained relatively unchanged resulting in the plan paying a greater portion of the total allowed amounts
  • Introduction of high cost specialty pharmaceuticals
  • Acuity of members in the self-insured plans has increased since the introduction of more fully insured carriers in 2015

• Risk adjusted performance is well below medical inflation.
Historical Trends – Allowed PMPM

6 year annualized trend from 2010 to 2016 is 2.8%

Introduction of new fully insured plans

2012 Rx rebates were used as a conservative estimate of both 2010 and 2011 rebates.

Net of Rx Rebates
Allowed Amount PMPM (% Change Displayed Between Bars)

2017 PMPM and Rx rebates derived from claims incurred Jan-Jun, paid through August w/ IBNR
Historical Trends – Paid PMPM

### Net of Rx Rebates

*Paid Amount PMPM (% Change Displayed Between Bars)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$384</td>
<td>5.4%</td>
</tr>
<tr>
<td>2011</td>
<td>$405</td>
<td>4.0%</td>
</tr>
<tr>
<td>2012</td>
<td>$370</td>
<td>-8.7%</td>
</tr>
<tr>
<td>2013</td>
<td>$385</td>
<td>3.9%</td>
</tr>
<tr>
<td>2014</td>
<td>$400</td>
<td>6.2%</td>
</tr>
<tr>
<td>2015</td>
<td>$424</td>
<td>6.4%</td>
</tr>
<tr>
<td>2016</td>
<td>$452</td>
<td>-1.1%</td>
</tr>
<tr>
<td>2017</td>
<td>$447</td>
<td></td>
</tr>
</tbody>
</table>

Introduction of new fully insured plans

6 year annualized trend from 2010 to 2016 is 2.75%

2012 Rx rebates were used as a conservative estimate of both 2010 and 2011 rebates.
Statewide risk has increased substantially over time

Optum ERG Risk. Normalized to 2016 PEBB Total
Historical Trends – Risk Adjusted Allowed PMPM

Historical risk adjusted trends are flat

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PEBB Total</td>
<td>$528</td>
<td>$543</td>
<td>$532</td>
<td>$540</td>
<td>$559</td>
<td>$547</td>
<td>$496</td>
<td>$510</td>
<td>$509</td>
</tr>
<tr>
<td>% Change</td>
<td>2.78%</td>
<td>-2.02%</td>
<td></td>
<td>3.46%</td>
<td>-2.15%</td>
<td></td>
<td>2.81%</td>
<td>-0.08%</td>
<td></td>
</tr>
<tr>
<td>PEBB Statewide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normalized Risk Scores</td>
<td>0.90</td>
<td>0.93</td>
<td>1.00</td>
<td>0.93</td>
<td>0.98</td>
<td>1.06</td>
<td>0.84</td>
<td>0.85</td>
<td>0.91</td>
</tr>
</tbody>
</table>

Risk Adjusted using Optum ERG Retrospective Risk
• Member cost shares have remained relatively unchanged since the introduction of the deductible and additional cost tier

• The plan pays a larger percent of the total allowed amount each year
Managing Costs
Alternative Payment Methodologies
Provider contracting

**Medical Homes**
- Clinic Selection and Referrals
- PCPCH certification
- EHR
- Access
- Site visit to assess alignment/ability to meet requirements
- CPCI/CPC+
- Care Management fee support

**Reimbursement Models**
- Unit price negotiations
- Pay for performance
- Capitation
- Bundled Payments
- Total Cost of Care Shared Savings
- Care Management Support
- Reimbursement for lower cost setting and patient preference delivery of care (video, phone, email visit)
- Align contracts for most effective site of care (moving care from hospital to free standing for surgery or infusion)
Tier 1 hospital progress

- Acceptance of 200% of Medicare rates at many network facilities
- Payment withhold tied directly to PEBB’s 3.4% legislative mandate
- Network facility cost increases historically below 3.4%
2018 Tier 1 Hospital Agreement Progress

### 2018 Contract Status as of 9/30/2017

<table>
<thead>
<tr>
<th>% of 2017 YTD Hospital Allowed</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>Tied to 3.4%</td>
</tr>
<tr>
<td>21%</td>
<td>&lt;= 200%</td>
</tr>
<tr>
<td>17%</td>
<td>Exempt other – outside of Oregon and not contracted</td>
</tr>
<tr>
<td>16%</td>
<td>Exempt CAH A&amp;B</td>
</tr>
<tr>
<td>2%</td>
<td>DRG exempt &gt;40% Medicare will engage</td>
</tr>
<tr>
<td>2%</td>
<td>DRG Exempt Low Population</td>
</tr>
<tr>
<td>1%</td>
<td>DRG exempt &gt;40% Below 250% Medicare</td>
</tr>
</tbody>
</table>

IP & OP Services Incurred and paid 201701-201708, no IBNR
History of Facility Rate Increases

* 13 Contracted Facilities with Highest Allowed Dollars
* IP & OP Services, Rates Weighted by Allowed Volume

Historical network facility increases are below legislative mandate

- 2014 to 2015: 2.7%
- 2015 to 2016: 2.5%
- 2016 to 2017: 3.1%
Managing Costs
Financial Improvement Initiatives
## Internal Financial Improvement Initiatives

**Estimated PEBB savings**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017 through July</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total PMPM:</strong></td>
<td>$8.63</td>
<td>$7.65</td>
</tr>
<tr>
<td><strong>Total Pharmacy PMPM:</strong></td>
<td>$5.51</td>
<td>$4.29</td>
</tr>
<tr>
<td><strong>Approximate Total Savings:</strong></td>
<td>$16,400,000</td>
<td>$5,500,000</td>
</tr>
<tr>
<td><strong>Approximate Total Pharmacy Savings:</strong></td>
<td>$10,500,000</td>
<td>$3,100,000</td>
</tr>
</tbody>
</table>

### Detail of 2017 Savings

<table>
<thead>
<tr>
<th></th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Contracting</td>
<td>$2,400,000.00</td>
</tr>
<tr>
<td>Contract Negotiation</td>
<td>$1,700,000.00</td>
</tr>
<tr>
<td>Case and Care Management</td>
<td>$600,000.00</td>
</tr>
<tr>
<td>Pharmacy Site fo Care</td>
<td>$300,000.00</td>
</tr>
<tr>
<td>Pharmacy Benefit Management</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Pharmancy Clinical Programs</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Coding</td>
<td>$200,000.00</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$5,500,000.00</strong></td>
</tr>
</tbody>
</table>

Estimated PEBB savings
Managing Costs
Pharmacy Cost, Utilization, and Quality
2016-17 PEBB RX Trend Below 3.4% Budget Goal

6 year annualized RX total cost trend is 3.66%

RX PMPM Trend After Rebates

- 2012: $50.43 (3.4%)
- 2013: $50.08 (12.6%)
- 2014: $55.27 (7.5%)
- 2015: $58.56 (1.4%)
- 2016: $58.95 (-1.6%)
- 2017: $58.44 (-5%)

- Total Cost PMPM
- Plan Paid PMPM
- Member Paid PMPM
- Total Cost PMPM Trend
- Plan Paid Trend
- Budget Trend

*2017 data through Q2 only; experience incomplete and trends may change.
PEBB RX Trend Lower Than AWP Inflation Trend

Re-contracting and pricing initiatives for brand and specialty drugs in 2016 helped bend cost curve favorably for PEBB

Rx Fixed Market Basket Trend
Brand and Specialty Drugs

- AWP per Script - Specialty
- Total Cost per Script - Specialty
- AWP per Script - Brand
- Total Cost per Script - Brand
Anti-inflammatory agents (rheumatoid arthritis, inflammatory bowel disease)
  • Example: Humira, Enbrel
  • Since 2012: 22% PMPM increase & 7% utilization increase
  • **PHP Solution:** Dose optimization, quantity limits, price protection rebates

Dermatological agents (psoriasis)
  • Example: Stelara
  • Shift from medical cost to outpatient RX cost
  • Price inflation & utilization increase due to expanded indications
  • **PHP Solution:** Quantity limits, price protection rebates

Multiple Sclerosis
  • Shift from medical cost to outpatient RX cost
  • Price inflation and increased utilization due to better tolerability and convenience of oral agents
  • **PHP Solution:** Preferred products, rebate management, prescriber alignment with preferred formulary agents
Specialty Drug Management

Managed by Specialty & Transitions of Care Team

Pharmacy Benefit Drugs

• Market competitive pricing through specialty pharmacy channel
• Dose optimization
• Coordination with Case & Disease Management
• Credena Health as Preferred Specialty Pharmacy Provider

Medical Benefit Drugs

• Examples: Remicade, Entyvio, chemotherapy
• Lowest cost site of care
• Dose optimization
• Contracting
• Coordination with Case & Disease Management

Partnering with Credena Health

• 84% of PEBB patients taking a specialty medication received $348,526 of co-pay assistance for specialty medications in 2016
• The average amount of copay assistance was $136 per fill
• 93% of patients received assistance ≥ $90 per fill
Hemophilia

- More than 15 PEBB members with hemophilia
- Over $800,000 in savings in last 12 months due to rate improvements on factor replacement products
- Regular case review by Specialty Management team for appropriate factor use and no acute events

Spinraza – New high cost cases for 2017

- Only FDA approved treatment for rare disease, spinal muscular atrophy
- Medical drug, intrathecal injection
- Potentially lifelong therapy
- Dose & indication reviewed & approved
- Developing strategy for cost control through direct provider contracting
28% Decrease in Opiate Use Since 2013
Multi-faceted Approach To Ensuring Safe Opiate Use

Operational, Clinical, and Data Driven Techniques

**Operational tools**
- Quantity limits at point-of-sale
- Drug Utilization Review edits at point-of-sale for high doses (>120 Morphine Equivalent Doses, or MEDs, decreasing to 90 MEDs in 2018)
- Narcotic lock - provider requested

**Utilization management tools**
- Prior authorization policy for high doses (>120 MEDs) and/or quantity exceptions
- Individual case management referral upon provider request
- Availability of sublingual buprenorphine products on formulary for substance abuse disorder

**Member and provider outreach for high doses**
- Prescriber notification letters – starting Q3 2017
- Member notification letters – starting Q3 2017
- Medication Therapy Management utilization review
- Alignment with Providence Medical Group Initiatives
- Future work to provide more resources to providers in rural areas
Managing Costs
Care Management
Local & fully integrated Medical Management

**Care Coordination**
- Premanage (ED & inpatient notification)
- Medical Home integration
- Behavioral health & physical health integration
- Readmission reduction

**Complex Case Management (Multi-disciplinary Team)**
- Multiple conditions, high utilization, high cost
- End Stage Renal Disease (ESRD)
- Transplant
- Rare disease (i.e. RA, MS, Hemophilia)
  - Complex pediatric
  - Cancer
  - Pain Management
  - High Risk Maternity

**Disease Management**
- Top 5 chronic conditions
- Disease specific education
- Coaching tailored to members activation level
- Symptom recognition & self management
  - Obtaining recommended exams & tests
  - Adherence to prescribed treatment regimen
  - Adoption and maintenance of health lifestyle behaviors

**Utilization Management**
- Outpatient Prior Authorization
- Concurrent Review
- SNF Review
- Clinical claims audit
  - Evidence Based Policy Criteria
  - InterQual Guidelines
  - Quality Care
Care Management Engagement – Combined

<table>
<thead>
<tr>
<th>PEBB - Combined</th>
<th>Disease Management</th>
<th>Case Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Identified</td>
<td>7,488</td>
<td>7,483</td>
</tr>
<tr>
<td>Stratified</td>
<td>2,233</td>
<td>1,865</td>
</tr>
<tr>
<td>Stratified – Engaged</td>
<td>1,134</td>
<td>1,116</td>
</tr>
<tr>
<td>Stratified – Not Engaged</td>
<td>1,099</td>
<td>749</td>
</tr>
<tr>
<td>Engagement Rate</td>
<td>50.8%</td>
<td>59.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique CMDM – Engagement Rate</td>
<td>64.4%</td>
<td>78.4%</td>
</tr>
</tbody>
</table>

Engagement is reported on a quarterly basis with a 12-month rollup rate. 2016 reporting period: 1/1/2016-12/31/2016; 2017 reporting period: 7/1/2016-6/30/2017.

Moving Patients Between Management Programs

1. Low-Risk Members (Prevention and Disease Management)
2. Moderate Risk Members (Disease Management)
3. Multiple Disease States Episodic Case Management (Inpatient Clinical Guidelines)
4. Complex Care (Inpatient and Long Term Care)
5. Case Management

Prevention
Disease Management
Case Management
Patient Activation Level (PAM) Movement

- PHP Care Management uses PAM to individualize care plans, tailor interventions, and deliver healthcare education at the appropriate level.
- >85% of PEBB members who took 2 or more PAMs in the reporting period achieved a high activation level.
- Insignia Health reports that each point increase in PAM score correlates to a 2% decrease in hospitalization and 2% increase in medication adherence.

**PEBB Combined 2016**

<table>
<thead>
<tr>
<th>Level</th>
<th>1st Pam</th>
<th>2nd Pam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>8.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Level 2</td>
<td>14.00%</td>
<td>10.40%</td>
</tr>
<tr>
<td>Level 3</td>
<td>41.60%</td>
<td>45.60%</td>
</tr>
<tr>
<td>Level 4</td>
<td>36.40%</td>
<td>40.00%</td>
</tr>
</tbody>
</table>

**Pam Levels**

- Level 1: Overwhelmed & disengaged
- Level 2: Becoming aware, but still struggling
- Level 3: Taking action
- Level 4: Maintaining behaviors and pushing further
Readmission rates, with Anchor Admissions from January thru May 2013 – 2017

Utilization management has significantly reduced PEBB Readmission rates to assist in keeping total IP Admission rates flat over this time.
Proactive and Intensive Strategies

- **Outreach**
  - Coordination during IP stay – understand barriers and discharge needs
    - Onsite as needed
  - Post-discharge; then weekly for 30-60 days or as needed
    - Home visit as needed
  - PCP is notified

- **Re-Engineered Discharge Planning**
  - Member/Family/PCP/other Caregiver
    - Confirm discharge instruction understanding & improve adherence
    - Psychosocial
    - Medication Reconciliation (Reconciled, Filled, Compliant & Adherent)
    - Ensure timely PCP appointments
    - Home Health
    - Telephone reinforcement of the DC plan
ER Utilization as % of Total Membership

% of membership with 1, 2, 3, 4 or 5+ ER visits in one year

Increase is driven by members with only 1 visit per year suggesting issues with access

Jan-June of each year
Express Care Virtual

An innovative option for affordable and convenient care

• On-demand video visits using a computer, smartphone, or tablet
• Safe, secure, and confidential
• Staffed by board-certified care providers
• Covered in full on most plans
• Providers can diagnose and prescribe for common medical concerns, such as:
  o Cold, cough, and allergy
  o Ear pain
  o Low back or joint pain

Available 7 days a week*
8am to midnight in Oregon, Washington, & Montana
8am to 8pm in California

*Currently must be located in OR, WA, CA, or MT to access care.
### Behavioral and Physical Health Integration

#### Highly Connected Care Management
- PreManage BH and SPMI in ED cohorts for real-time intervention.
- Weekly Clinical Rounds with interdisciplinary team for members with complex or challenging care plans.
- Embedded BH Case Managers both internally and staffed by Optum.

#### Coordinated Access to BH Services
- Telemental health program available at in-office cost sharing bridging gaps in care.
- Express Access behavioral health providers guarantee appointments within 5 business days.
- Collaborative Enhancement Team (CET) pilot program to increase access to care.

#### Commitment from Leadership
- Senior Director of Behavioral Health with MS in Counseling and License in Professional Counseling.
- Medical Director with residency in Psychiatry and Board Certification in Family Medicine.
Managing Costs
Quality Performance
<table>
<thead>
<tr>
<th>Measure</th>
<th>Choice Target</th>
<th>Choice Rate</th>
<th>Statewide Target</th>
<th>Statewide Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adolescent Well Care Visits</td>
<td>28.1%</td>
<td>27.4%</td>
<td>24.0%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Emergency Department Utilization per member months (\text{lower is better})</td>
<td>14.5</td>
<td>12.65</td>
<td>14.5</td>
<td>13.37</td>
</tr>
<tr>
<td>Childhood immunization status - combo 2</td>
<td>75.0%</td>
<td>83.9%</td>
<td>75.0%</td>
<td>78%</td>
</tr>
<tr>
<td>Colorectal cancer screening</td>
<td>56.5%</td>
<td>75.4%</td>
<td>56.5%</td>
<td>73%</td>
</tr>
<tr>
<td>Controlling high blood pressure</td>
<td>59.1%</td>
<td>71.3%</td>
<td>59.1%</td>
<td>68%</td>
</tr>
<tr>
<td>Developmental screening in the first 36 months of life</td>
<td>50.0%</td>
<td>70.0%</td>
<td>49.7%</td>
<td>63%</td>
</tr>
<tr>
<td>HbA1c poor control (\text{lower is better})</td>
<td>34.9%</td>
<td>20.7%</td>
<td>34.9%</td>
<td>17%</td>
</tr>
<tr>
<td>Effective contraceptive use among women at risk of unintended pregnancy</td>
<td>39.4%</td>
<td>57.7%</td>
<td>35.3%</td>
<td>55%</td>
</tr>
<tr>
<td>7 Day Follow-up after hospitalization for mental illness</td>
<td>52.0%</td>
<td>63.2%</td>
<td>52.0%</td>
<td>56%</td>
</tr>
<tr>
<td>% members using PCPCH</td>
<td>55.0%</td>
<td>90.9%</td>
<td>55.0%</td>
<td>63%</td>
</tr>
<tr>
<td>Timeliness of prenatal care - Prenatal Care</td>
<td>84.5%</td>
<td>94.6%</td>
<td>84.5%</td>
<td>90%</td>
</tr>
</tbody>
</table>
Quality Improvement: PCP Profiles

New PCP Profiles enhance data sharing to drive transformation

Patient Panel | Quality
--- | ---
Risk | Efficiency

Member Search Function
Patient Panel Profile

Overall Panel Demographics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Panel</th>
<th>Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Age</td>
<td>42.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Median Risk Score</td>
<td>0.76</td>
<td>0.75</td>
</tr>
<tr>
<td>% Female</td>
<td>52.70%</td>
<td>56.00%</td>
</tr>
<tr>
<td>% Male</td>
<td>47.30%</td>
<td>44.00%</td>
</tr>
</tbody>
</table>

- Breakout by product type
- Panel demographics
- Prospective risk stratification

Risk Score Stratification

Patient Count by Product Type
Utilization-based registries by major practice categories
- List of top 25 high cost members by cumulative % of total clinic spend
- Member drill down includes:
  - 5 top risk markers, pharmacy utilization data
  - Probability of hospital admission or ED visit
  - List of prescription drug fills
- Data refreshed monthly

Patient Relationships
- Months Enrolled (1 year): 12
- PCP Information
  - PCP Name: PCPFirst200 PCPLast200 MD
  - Last PCP Visit: 7/3/2017
- Care Management
- PHP Care Management: Yes

Patient Risk
- Prospective Risk Score: 19.96
- Inpatient Stays
- IP Stay Probability (1 year): 90.0%
- Total Inpatient Stays: 9
- Emergency Room Use
- ER Probability (1 year): 82.2%
- Total ER Visits: 6

Top Prospective Risk Factors
- COPD, including asthma: 3.71
- Rheumatoid arthritis: 2.12
- Chronic skin ulcer: 2.08
- Ulcers, gastritis/duodenitis: 1.47
- Heart failure/cardiomyopathy: 1.14
- All Other Categories
Quality Profile

- Visualization and drill-thru
- Performance relative to national benchmarks
- Measures align with Pay for Performance programs
- Clinic and physician level
- Integrated, member-centered gap in care reports
- Export member action list – users can customize
- Sort by total opportunities

<table>
<thead>
<tr>
<th>Clinic Name</th>
<th>PCPs with Clinic</th>
<th>Colo Cancer</th>
<th>Memmo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rate</td>
<td>Total Rate</td>
<td>62.3%</td>
<td>81.9%</td>
</tr>
<tr>
<td>Practice 1</td>
<td>Clinic Rate</td>
<td>50.8%</td>
<td>74.3%</td>
</tr>
<tr>
<td>Practice 2</td>
<td>Clinic Rate</td>
<td>83.3%</td>
<td>66.7%*</td>
</tr>
<tr>
<td>Practice 3</td>
<td>Clinic Rate</td>
<td>55.7%</td>
<td>83.7%</td>
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</table>
Efficiency Profile

### Overall Summary by Service Category

<table>
<thead>
<tr>
<th>Setting</th>
<th>Service Category</th>
<th>Raw PMPM</th>
<th>Adjusted PMPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ancillary</td>
<td>Total Ancillary</td>
<td>$19.70</td>
<td>$18.88</td>
</tr>
<tr>
<td>Facility Inpatient</td>
<td>Total Facility Inpatient</td>
<td>$101.09</td>
<td>$97.46</td>
</tr>
<tr>
<td>Facility Outpatient</td>
<td>Total Facility Outpatient</td>
<td>$125.95</td>
<td>$120.72</td>
</tr>
<tr>
<td>Prescription Drug</td>
<td>Total Prescription Drug</td>
<td>$104.70</td>
<td>$100.34</td>
</tr>
<tr>
<td>Professional</td>
<td>Total Professional</td>
<td>$224.54</td>
<td>$215.20</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td>$570.58</td>
<td>$552.61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demographic Peer Average</th>
<th>Cost Index</th>
<th>Utilization Index</th>
<th>Price Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demo Group 2</td>
<td>1.01</td>
<td>0.99</td>
<td>1.02</td>
</tr>
</tbody>
</table>

#### Efficiency Profile

- Drill down into service categories
- Risk adjusted PMPM compared to peers in region
- Distinguish price vs. utilization
- Uses well-established HealthPartners methodology
Efficiency Profile

- Additional visualizations within service categories
- Comparison to peers in region

### Avoidable Emergency Room Visits / 1,000

<table>
<thead>
<tr>
<th>Demo Group2</th>
<th>Geo Peer</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>24</td>
</tr>
</tbody>
</table>

### Imaging Cost / Procedure

- CT: $1,077, $1,938
- Diag: $16, $17
- MRI: $82, $86
- PET: $201, $201
- Ther: $82, $87

### Imaging Procedures / 1,000

- CT: 140, 139
- Diag: 138, 138
- MRI: 136, 136
- PET: 141, 141
- Ther: 140, 140

### Table: Efficiency Profile

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Demo Group2</th>
<th>Geographical</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Raw PMPM</td>
<td>Adjusted PMPM</td>
</tr>
<tr>
<td>Total Facility Outpatient</td>
<td>$126.05</td>
<td>$120.72</td>
</tr>
</tbody>
</table>
### Future: Cardiology Specialist Profile

Ability to drill further into claim detail to understand episode details such as procedures performed, drugs prescribed, location of service and cost.

#### Salem Region, Ischemic Heart Disease, Cardiologist Responsible Providers, All ETGs, All Severity Levels

<table>
<thead>
<tr>
<th>Region</th>
<th>Episode Count</th>
<th>Regional Observed to Expected Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Surgical</td>
</tr>
<tr>
<td>Salem</td>
<td>140</td>
<td>1.00</td>
</tr>
<tr>
<td>Provider Group A</td>
<td>76</td>
<td>0.97</td>
</tr>
<tr>
<td>Provider Group B</td>
<td>22</td>
<td>0.32</td>
</tr>
<tr>
<td>Provider Group C</td>
<td>21</td>
<td>0.57</td>
</tr>
<tr>
<td>Provider Group D</td>
<td>15</td>
<td>3.07</td>
</tr>
<tr>
<td>Provider Group E</td>
<td>6</td>
<td>0.28</td>
</tr>
</tbody>
</table>

Data identifies provider groups with higher than expected cost per episode.

#### Regional O/E Ratio

<table>
<thead>
<tr>
<th>Region</th>
<th>Episode Count</th>
<th>Surgical</th>
<th>Management</th>
<th>Facility</th>
<th>Ancillary OP</th>
<th>Rx</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider Group D</td>
<td>15</td>
<td>3.07</td>
<td>0.35</td>
<td>0.00</td>
<td>0.72</td>
<td>0.99</td>
<td>1.39</td>
</tr>
<tr>
<td>Provider A</td>
<td>9</td>
<td>2.95</td>
<td>0.31</td>
<td>0.00</td>
<td>0.85</td>
<td>0.49</td>
<td>1.32</td>
</tr>
<tr>
<td>Provider B</td>
<td>4</td>
<td>3.21</td>
<td>0.25</td>
<td>0.00</td>
<td>0.53</td>
<td>2.12</td>
<td>1.49</td>
</tr>
</tbody>
</table>

Data identifies specific providers within a group and type of service with high cost.
Managing Costs
Primary Care Expenditures
Primary care as percent of total spend

<table>
<thead>
<tr>
<th>Year</th>
<th>Incurred Jan-June</th>
<th>Incurred Jan-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>11.7%</td>
<td>10.7%</td>
</tr>
<tr>
<td>2016</td>
<td>11.4%</td>
<td>10.4%</td>
</tr>
<tr>
<td>2017</td>
<td>11.0%</td>
<td></td>
</tr>
</tbody>
</table>

Efforts to target expenditures in primary care includes participating in CPC+ and PCPCH

*Mimicking currently proposed OHA methodology
*Includes CPC+ and PCPCH
Thank you!