

# UPMC HEALTH PLAN

## **UPMC Health Plan Shared Savings Program and Bundled Payment Pilot**

**Presented to: CMS LAN Summit  
April 25, 2016**

**UPMC's mission is to serve our community by providing outstanding patient care and to shape tomorrow's health system through clinical and technological innovation, research, and education.**

# UPMC: Our Commitment

UPMC started building an integrated delivery and financing system over 20 years ago to position for the new paradigm.

- Our strategy allows us to focus on what matters most:
  - Improving the health the communities
  - Implementing cost-effective solutions
  - Providing service excellence
  - Leveraging our unique structure to partner with all stakeholders: community providers, patients, members, employers . . .



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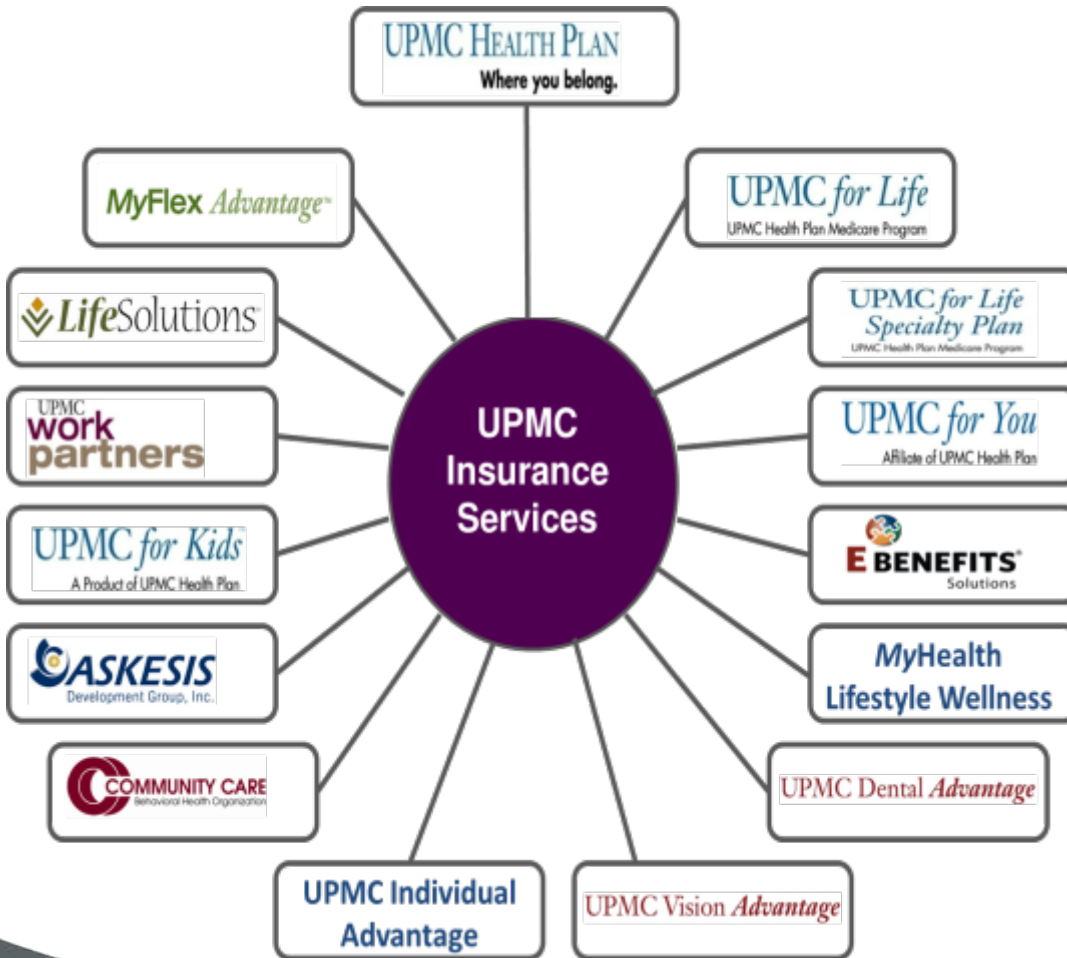
# UPMC Today

- \$10 billion integrated global health enterprise.
- Ranked #10 Best Hospitals U.S. News & World Report
- 23 hospitals - over 4,200 licensed beds; 187,000 admissions
- Affiliated University of Pittsburgh – ranked #5 in NIH funding
- 3rd largest GME program (1,360 residents)
- 4.6 million outpatient visits
- 2.0 million UPMC Health Plan members
- 400+ outpatient locations
- 55,000 employees
- 3,400 employed physicians and 1,800 affiliated physicians
- International Division – 9 countries



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# UPMC Insurance Services: A Diverse Product Portfolio

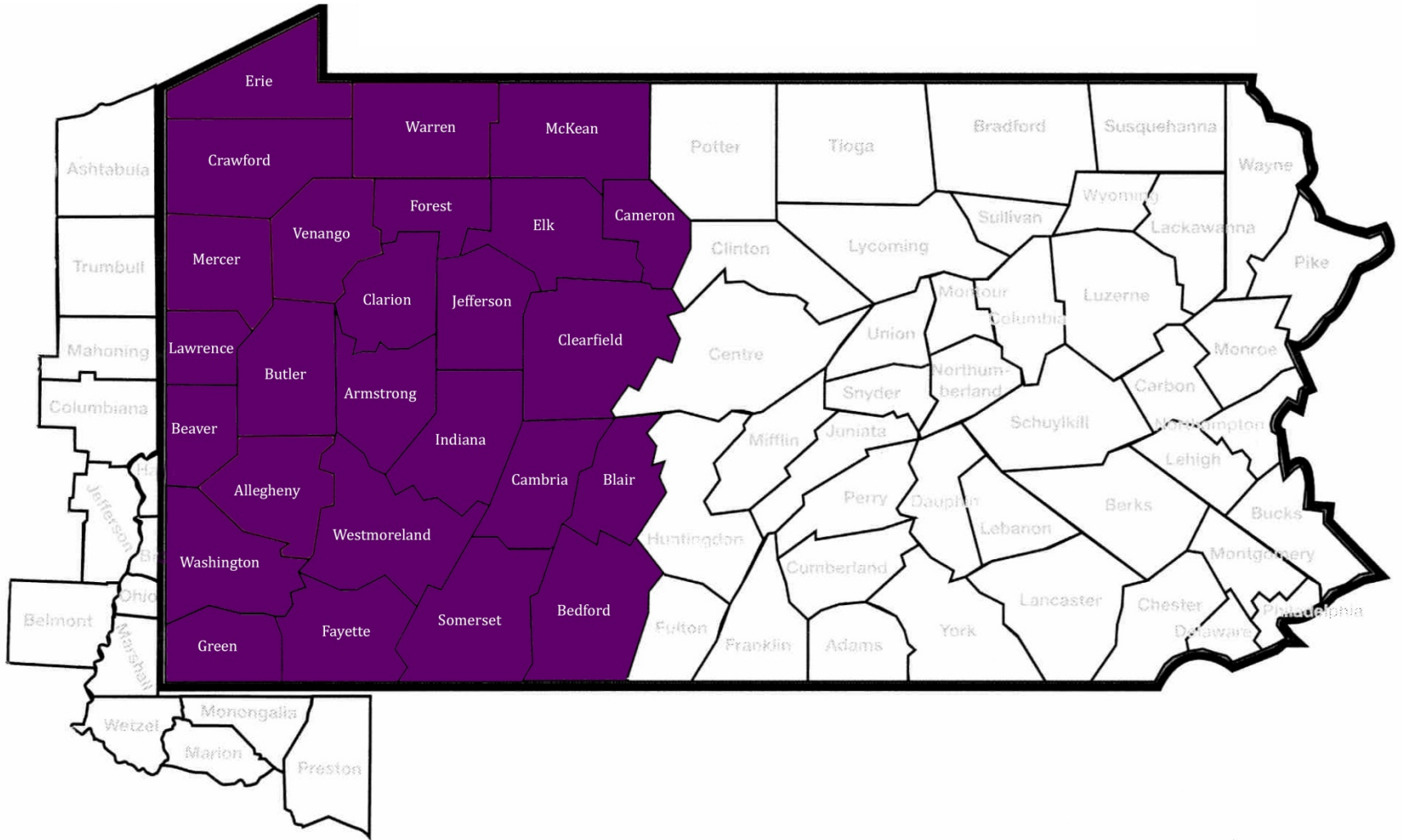


- 2<sup>nd</sup> Largest in Nation Provider Led
- 3<sup>rd</sup> Largest Operating in PA
- 2.0M Members
- Annual Revenues \$3.8B (run rate)
- 8,800+ Employer Groups
- Fastest Growing Medicaid and CHIP Plan
- 10<sup>th</sup> Largest SNP Nationally
- Top 10 Nationally in Medicaid Quality
- Highest Ranked Provider Satisfaction (PA)
- J.D. Power Certified Call Center
- National Business Group on Health Platinum Winner
- 2012 Global Call Center of the Year Awardee (ICMI)

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# UPMC Health Plan Shared Savings Service Area



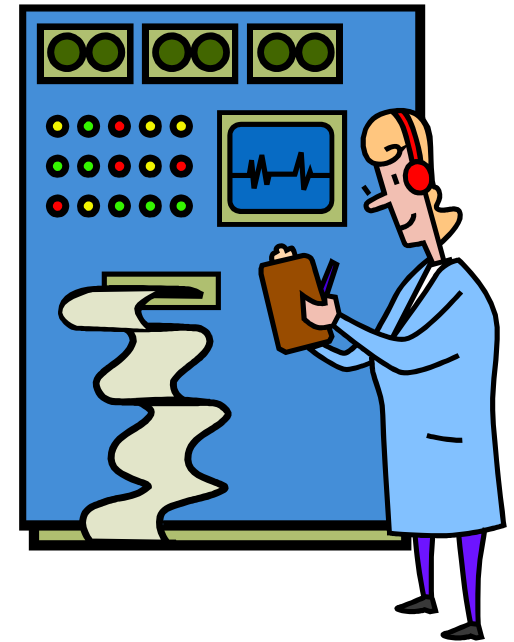
# UPMC Health Plan Average Eligible Members for Shared Savings Participation



<u>Product</u>	<u>Membership</u>
Commercial (ASO & FI)	444,820
Medicare	133,331
SNP	21,386
Medicaid	387,201
Commercial Exchange	116,324

# Why Shared Savings?

- Change Payment Paradigm
- Transition from Fee for Volume to Fee for Quality
- Leverage Health Plan's ability to provide data on 3 main drivers of cost
  - Financial
  - Clinical
  - Quality
- Medicare = Defined Premium
- HCC Increase Revenue
- CMS STARS
- Increase Quality, Decrease Cost





## Shared Savings Model, con't

- Health Plan is paid a percentage of premium for administrative services.
- Spend for all services included in pool except pharmacy (part D)
- Monthly cost reconciliation with practice
  - Revenue minus Cost = Shared Savings
- **Strict quality standards must be achieved before any annual Shared Savings payouts are made. Current metrics are based on CMS STARS rankings and HEDIS scores**

# Shared Savings Model – Quality Measures

- Breast Cancer Screening (process)
- Colorectal Screening (process)
- Osteoporosis Management in Women (process)
- Diabetes Care: Eye Exam (process)
- Diabetes Care: Kidney Disease Monitoring (process)
- Rheumatoid Arthritis Management (process)
- Plan All-Cause Readmissions (outcome)
- High Risk Medication (process)
- Part D Adherence for Oral Diabetes Medication (outcome)
- Part D Adherence for Hypertension Medications (outcome)
- Part D Adherence for Cholesterol Medications (outcome)
- Statin Therapy for Patient with Diabetes (Display Measure) (process)

# Key Success Factors

- Highly engaged physicians/  
strong physician leadership
- Aligned incentives
- Well-defined network management
- Accurate practice membership rosters
- Individualized Education on HCC and  
CMS STARS optimization



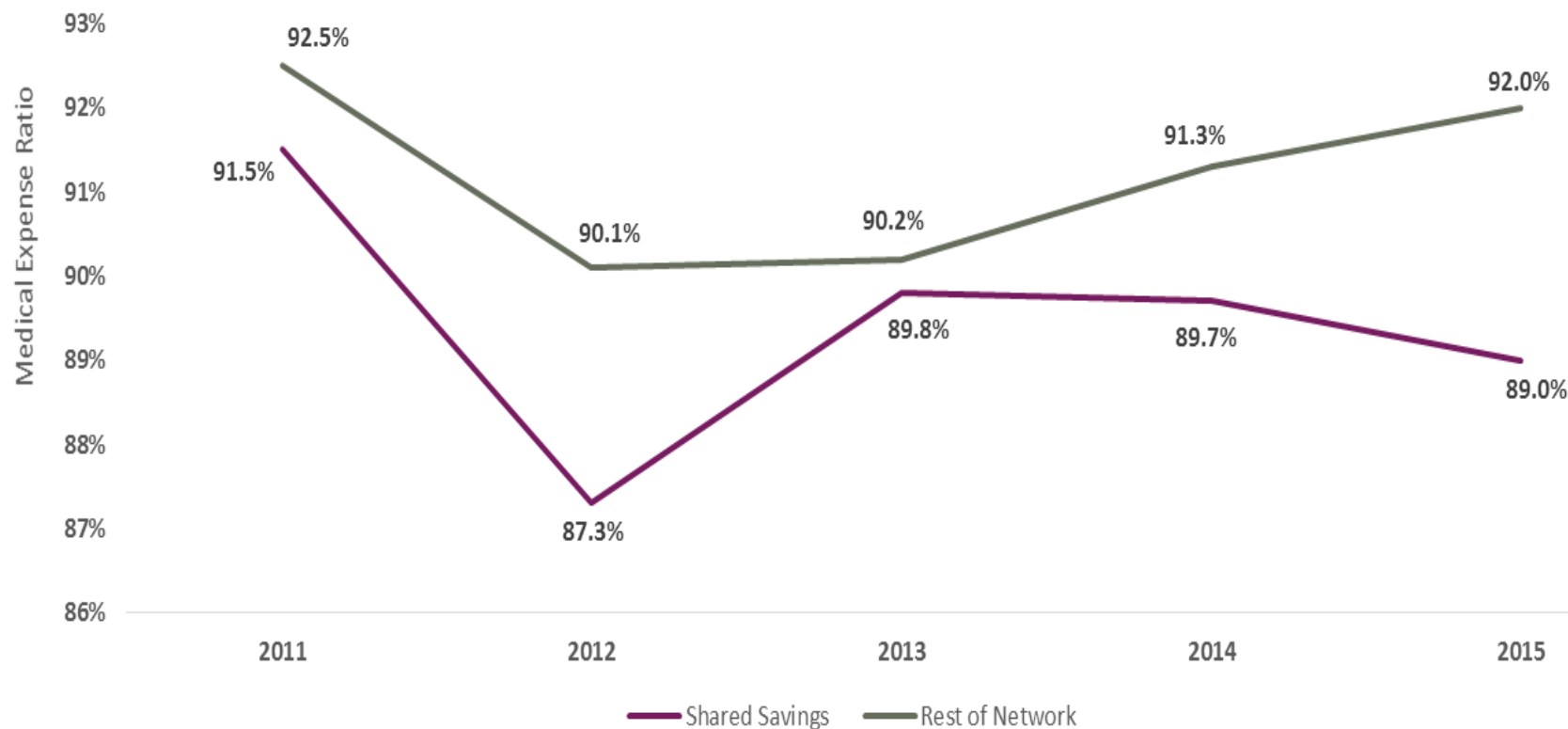
# Key Success Factors, con't

- Strong Medical Management and Clinical Information to support physicians and population management
- Accurate coding and documentation
- Actionable and reliable data and information
- It's all about the data



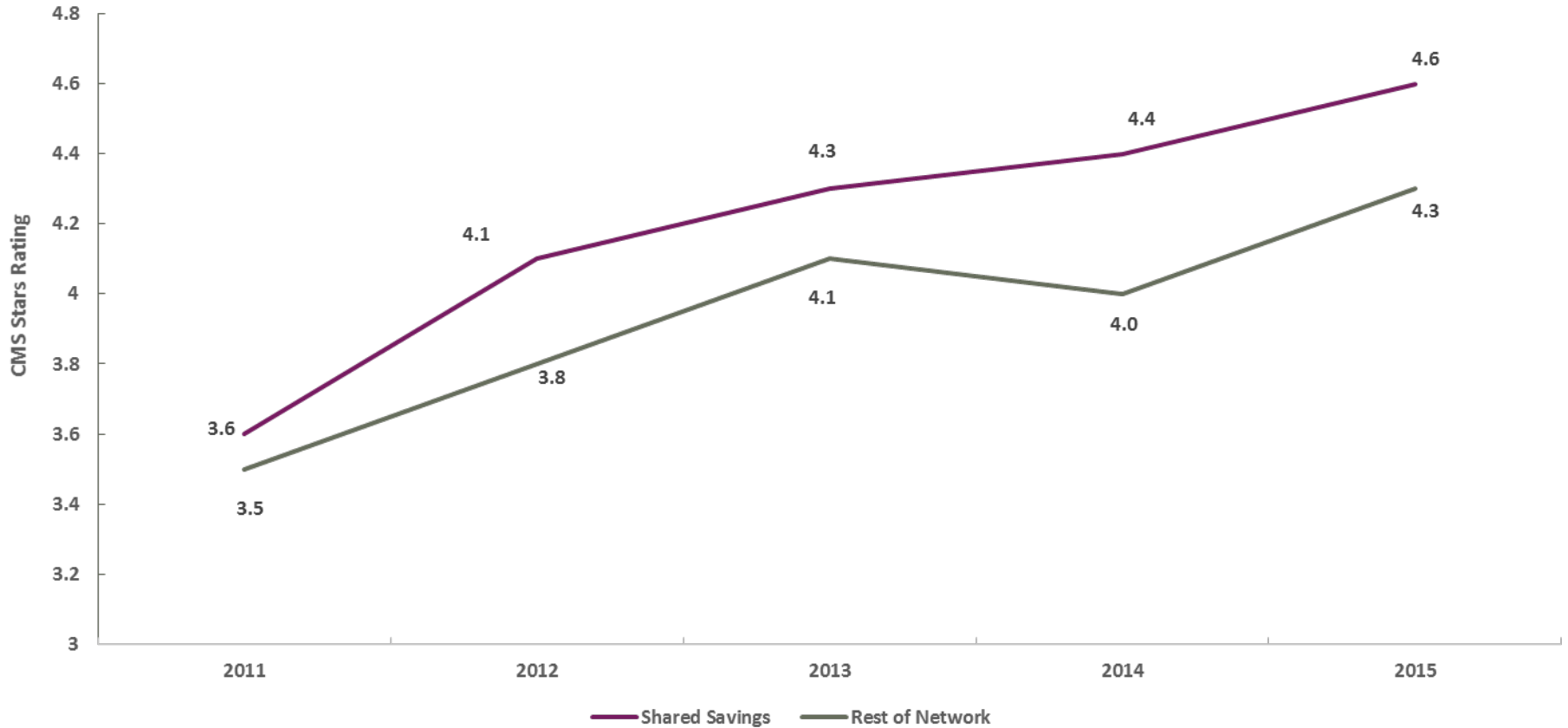
# Shared Savings MER Trend – Medicare/SNP: 2011-2015

UPMC Health Plan Medicare/SNP Medical Expense Ratio-  
Shared Savings Program v. Rest of Network  
2011 - 2015



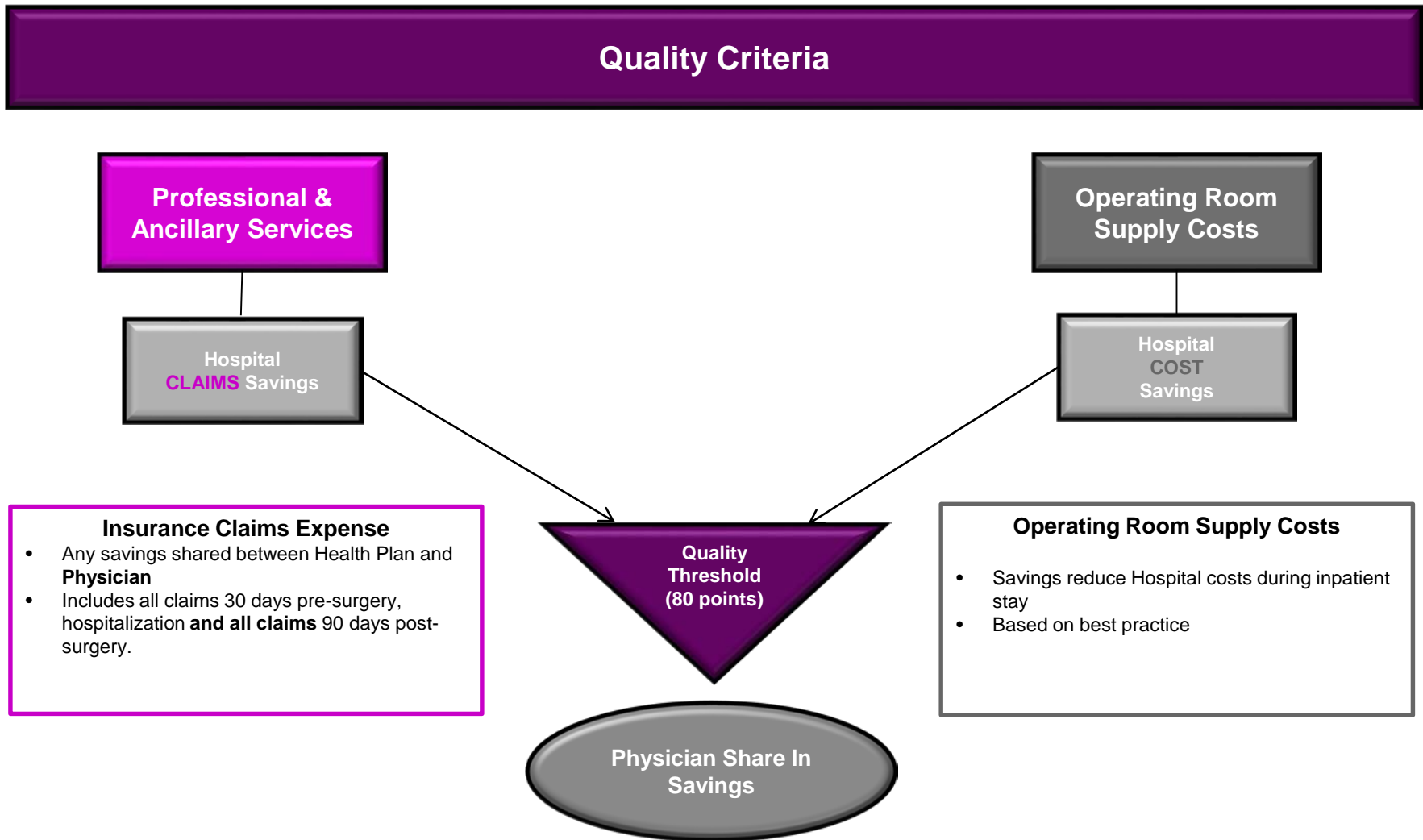
# Shared Savings Quality Trend – Medicare/SNP: 2011-2015

UPMC Health Plan Stars Ratings -  
Shared Savings Program v. Rest of Network  
2011 - 2015





# UPMC Joint Replacement Program



# Hip and Knee Pilot - Program Objectives

- Program Objectives:
  - Incentivize physicians to
    1. Improve quality of care by adhering to specified pathway
    2. Promote accountability for the entire episode of care (30 days pre-surgery to 90 days post-surgery)
    3. Choose the most cost effective implantable devices and supplies
  - Program design is focus on physician variation within an episode of care rather than control of overall surgery utilization
- Defining Program Characteristics:
  - Robust quality criteria that measure, track, and incentivize physicians based on actual patient experience outcomes
  - Targeting efficiencies within the hospital DRG payment by measuring hospital supply costs

# Program Overview

- **Program Criteria:**

- Total Hip/Knee replacement (MS DRG 469 & 470, ICD Procedure 81.51 & 81.54)
- Episode of care includes 30 days pre-surgery, IP stay and 90 days post-surgery, ***excludes the inpatient DRG payment***
- Prior authorization required for medical necessity
- Commercial FI/ASO or Medicare member
- UPMC Health Plan is the patient's primary insurer
- Acuity Level 1 and 2 only (determined by APR DRG)
- Discharged to home

- Pilot period Jul 2013 through Jul 2015

- Program Year 1 Surgery Volume (842 Total Surgeries):

UPMC Presby/Shady	282	UPMC East	71
Magee Women's	279	UPMC Mercy	47
UPMC St. Margaret	163		

# Highlights of Year 1 Program Results

- Engagement and improvement with a core group of physicians
  - Significant quality improvements (pathway adherence, blood utilization, etc.)
  - Physicians who performed favorably to prior year improved by \$1.1M year over year for total UPMC.
    - Net Total Savings for Year 1 \$171K, including incentive payments
  - Long learning curve, but increased understanding of data and transparency into Year 2 shows progressive engagement.

## Highlights of Year 1 - Quality

- Ranked in the top national quartile for physician-specific HCAHPS scores
- Near universal pathway utilization (95%)
- Inappropriate blood utilization decreased
- Only 1 SSI (Surgical Site Infection)
- 90-Day readmission rate 3.3% vs. goal of < 1.0% (only 8 related readmissions allowed to hit goal)
- Patient reported mental and physical well-being improved by average of 17 points
- 75% of Hip and 85% of Knee patients showed functional improvement

**QUESTIONS?**