



**The
quality/cost
connection**

Managing costs and improving quality with Value Partnerships

Value Partnerships brings Blue Cross Blue Shield of Michigan and our hospital and physician partners together to improve quality and outcomes of patient care, while helping to moderate cost for members and employers. These efforts have helped Blue Cross to manage – and in some cases, lower – costs for our customer groups. The value-based initiatives have also modernized the way that we pay providers.

PHYSICIAN GROUP INCENTIVE PROGRAM – Care process and quality-improvement initiatives for physician organizations and their affiliated practices

PATIENT-CENTERED MEDICAL HOME – A transformation and designation program that strengthens Michigan's primary care foundation

VALUE-BASED CONTRACTING – Improves individual patient and population-based quality of care, with payments to hospitals based on both quality and outcomes measures

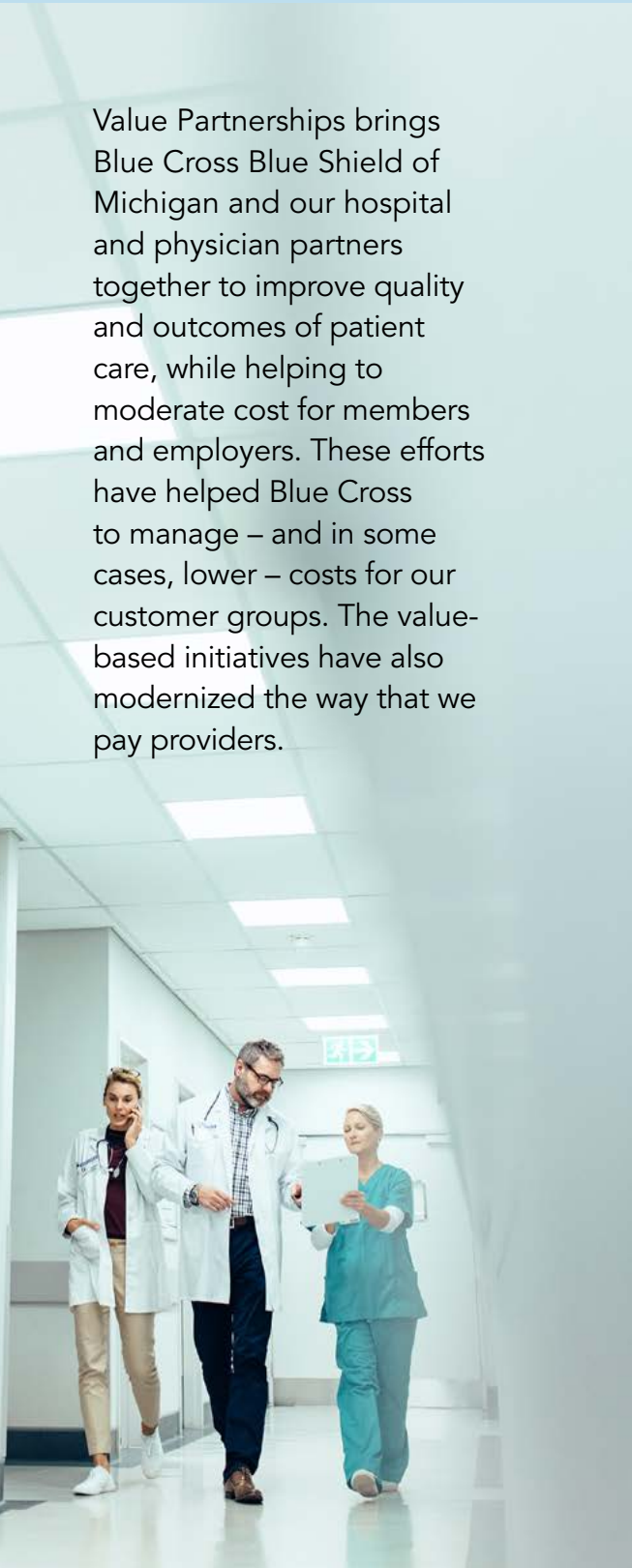
ORGANIZED SYSTEMS OF CARE – A community of all types of providers coordinating care across all settings for a shared population of patients

COLLABORATIVE QUALITY INITIATIVES – Quality-improvement programs aimed at specific, typically high-cost, medical or surgical hospital procedures and processes

BLUE DISTINCTION® TOTAL CARE – Coordinating Michigan's quality and value-based programs with similar programs from other Blue plans across the country, aiding our national and multi-state customers

PROVIDER-DELIVERED CARE MANAGEMENT – Care management services offered through the PCMH-designated primary care practice to patients with chronic health conditions

PERFORMANCE RECOGNITION PROGRAM – Value-based reimbursement for providers in Blue Care Network, BCN Advantage and Medicare Plus Blue PPO plans who meet quality and performance measures





Leading value-based change

For 80 years, Blue Cross Blue Shield of Michigan has been committed to providing affordable, quality health care for our members. One strategy that's significantly helped improve quality of care and manage cost is our Value Partnerships program, which serves as an example for value-based change around the world. We are proud of the success this program has delivered since it was created 15 years ago.

We are proud to lead the evolution of health care delivery from volume to value and better quality. With over 20,000 physicians, 90 hospitals and 40 physician organizations participating in Value Partnerships, almost 90% of our total commercial business is linked to value-based arrangements. We reward providers when they keep patients healthy, coordinate patients' care with other doctors, prevent rehospitalizations, avoid repeated testing and reduce complications and errors. This important work has led to nearly \$2.2 billion in avoided claims costs, savings which delivers better care for members, while moderating costs for everyone.

In 2018, Value Partnerships made great strides to enhance its value-based efforts. We added initiatives and are deepening our engagement with physicians and hospitals to address the affordability crisis that impacts everyone. With partnerships like these, we are creating a healthier Michigan and will continue to be a force for positive change in our communities, and beyond.

A handwritten signature in black ink that reads "Daniel J. Loepp". The signature is fluid and cursive, with a large initial "D".

Daniel J. Loepp, President and CEO
Blue Cross Blue Shield of Michigan



2018 Value Partnerships highlights

For 15 years, Value Partnerships has been working to create transformative payment models, improve care quality, save on costs and offer better value for services, all designed to lead to more affordable care. With affordability and quality being at the forefront of our business model, we've joined forces with providers to offer better care, better outcomes, and better value for our members.

\$2.2 billion
in costs avoided

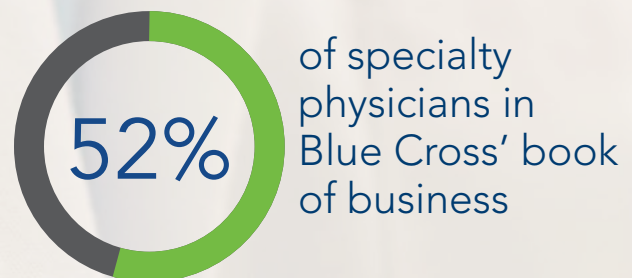
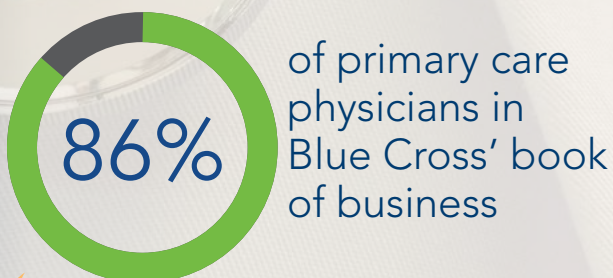
7 million
cases captured in CQI clinical data registries

90%
of our total in-state commercial spend for PGI-attributed membership is linked to value-based arrangements

Approximately **50 statewide programs** and initiatives

40 physician organizations participate with Value Partnerships initiatives

Roughly **20,000 physicians** participate



Coordinating care with Health Information Exchange

Value Partnerships works with the Michigan Health Information Shared Services Network to offer incentives for participation in Health Information Exchange. Real-time notifications are sent when a patient visits the ER or is admitted, discharged or transferred from a hospital. It can even help prevent readmissions by enabling physicians to easily follow up with patients after their ER visit or hospital stay.

As of December 2018:

111 hospitals, **40** physician organizations and **239** skilled nursing facilities participate in the statewide HIE notification service. The statewide service routes information for more than **7** million Michigan patients.

Participating hospitals send notifications for approximately **93%** of all admissions statewide.

Data available through the statewide notification service includes medication information for over **75%** of discharges across the state.

Physician organizations connected over **500** new practices to the statewide network and nearly **300** practices began actively using the data to improve transitions of care.

86% of primary care physicians who are using ADTs are Patient-Centered Medical Home designated.



Patient-Centered Medical Home program leads the nation

The Blue Cross Patient-Centered Medical Home program has fundamentally changed primary care in Michigan over the past 10 years. Over 4,600 participating physicians and practices have implemented a multitude of patient-centered efforts within their practices. These efforts have led to higher quality care, more preventive care and reduced costs, while allowing physicians and practices to provide more personalized, whole-person care. Emphasis on the importance of primary care visits and management of chronic conditions have made these changes possible.

- 4,647 Patient-Centered Medical Home designated primary care physicians in 1,715 primary care practices
- Recognized by the federal government's Centers for Medicare and Medicaid Services along with other state and national health plans
- Estimated **\$626 million in cost avoidance** over the first 9 years of the program (2008-2017)
- Located in **80 of Michigan's 83 counties**
- Nearly **74% of primary-care physicians** in the Michigan PPO network are PCMH-designated
- All PCMH-designated physicians and practices are part of national Blue Distinction Total Care network
- **81% of Blue Cross commercial members** are attributed to a PCMH physician

"Physicians are coordinating and tracking, keeping a watchful eye on conditions and getting patients the care they need at the right time. This leads to better outcomes, and often prevents the need for high-cost emergency or inpatient care."

- Amy McKenzie, MD, medical director at Blue Cross Blue Shield of Michigan



PCMH practices, compared to non-PCMH practices, had:

16% lower

rate of adult ER visits

25% lower

rate of adult ambulatory care sensitive inpatient stays

20% lower

rate of adult primary care sensitive ER visits

26% lower

rate of pediatric primary care sensitive ER visits

18% lower

rate of overall pediatric ER visits

Expanding the PCMH model

Provider-Delivered Care Management and High Intensity Care Management help to coordinate care across specialties, keep chronic conditions under better control, and allow patients with multiple, ongoing conditions to better manage them.



Collaborative **Quality Initiatives** make international **impact**



By collaborating with hospitals and physicians across Michigan, our Collaborative Quality Initiatives, or CQIs, have been able to address many of the most common and costly areas of surgical and medical care. They continue to make national impacts and serve as a model for providers across the world. These CQI efforts have improved patient care and lives by reducing complications, readmissions, morbidity and mortality, which results in better care and cost savings for Blue Cross and its customers.

2018

17
current initiatives

7 million
cases captured in clinical registries

\$1.4 billion
cost avoidance statewide

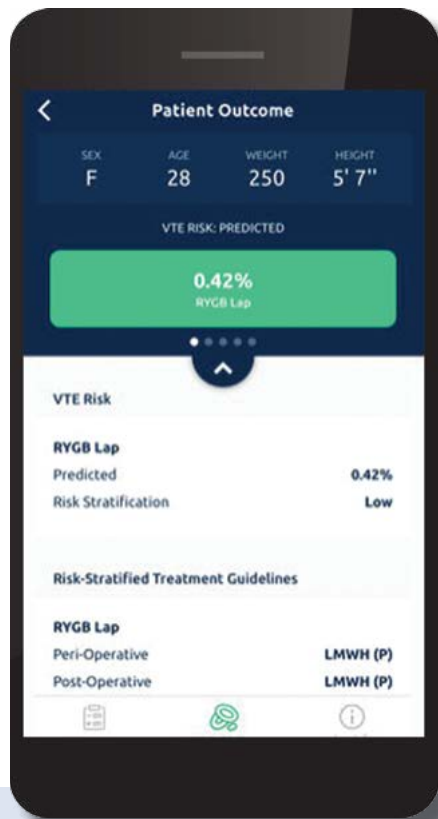
90
participating hospitals statewide

Did you know?

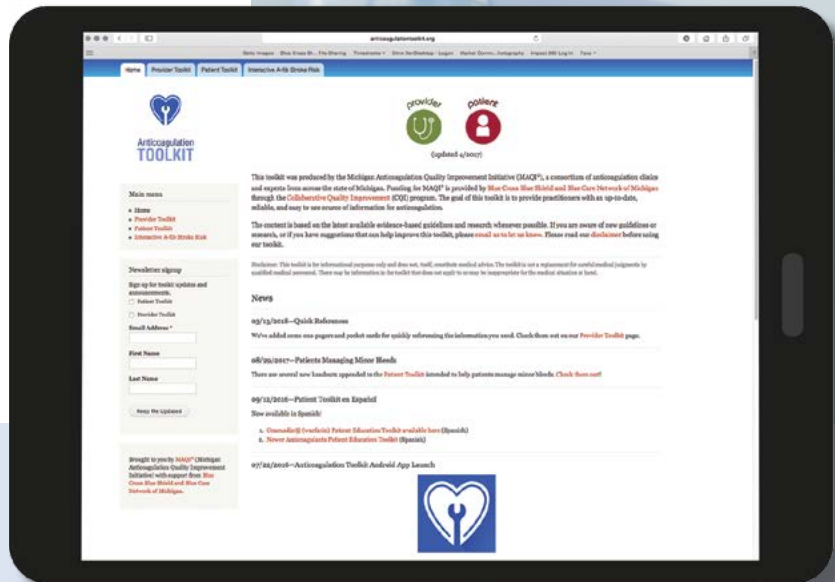
The Michigan Value Collaborative reviews claims data from Blue Cross and BCN, Medicare and Medicaid data, and clinical data from the registries to discover better care processes. For example, this collaborative found that sending patients to skilled nursing facilities after knee/hip replacement doesn't produce any increase in quality outcomes. As a result, the rate at which Michigan patients are sent to a skilled nursing facility has dropped from 19.2% to 11.7% in three years – at some facilities the rate has dropped even further. Each skilled nursing facility admission adds approximately \$7,000 - \$8,000 in costs.



- Health plans in other states have consulted with us to launch collaboratives of their own, including Pennsylvania, Tennessee, Illinois, South Carolina and California.
- CQIs have been profiled in over 30 countries on 5 continents.
- Tools and apps created from CQIs are used worldwide to guide care processes



An app that helps providers make care decisions to prevent blood clots has been downloaded more than 20,000 times.



The bariatric surgery collaborative developed an app to help physicians determine a patient's risk of complications. It's available through both Apple and Google app stores.



Working to manage the opioid crisis

The Michigan Opioid Prescribing Engagement Network, a partnership between Michigan Medicine, the Michigan Department of Health and Human Services and Blue Cross, has been working for almost three years to ensure appropriate acute pain care, while keeping patients and communities safe. Michigan OPEN's goal is to develop and carry out strategies to prevent abuse and reduce unnecessary post-surgical prescribing and unintended distribution of opioids. It uses data from several CQIs in developing prescribing recommendations.

For example, Michigan OPEN analyzed patient pain and opioid use data collected by the Michigan Surgical Quality Collaborative, and developed prescribing guidelines to help general surgeons in prescribing opioids post-surgery.

Over the last 18 months, opioids administered post-surgery across Michigan have been reduced by 50% with no negative effect on pain control, no decreases in quality outcomes, and no decreases in patient satisfaction.

Other initiatives include:

Electronic prescribing

This initiative is designed to increase electronic prescribing of controlled substances to improve patient safety and health outcomes. The percentage of electronic prescribing rose from 6.5% to 49.8%.

Doctor shopping and triple threat

Blue Cross provides opioid usage reports to PGIIP physician organizations. The reports pinpoint members who show evidence of two behavior patterns that contribute to opioid abuse: doctor shopping and/or filling prescriptions for triple threat drugs (muscle relaxers, opioid/severe pain relievers, anti-anxiety medications). As a result, there's been a 39% drop in doctor shopping and an 59% drop in triple threat fillings.



Next steps for Blue Cross and value-based programs



For 15 years, Blue Cross Blue Shield of Michigan has championed value-based care through the Value Partnerships programs. Through approximately 50 statewide Value Partnerships initiatives and deep collaboration with providers, we have improved quality and moderated costs.

Moving forward, we're working to give providers the tools they need to coordinate our members' care across all health settings. We'll continue to encourage and reward improvements in health care quality and move away from costly fee-for-service health care.

The next step for Blue Cross is a new value-based risk-sharing program for PPO and MAPPO providers called Blueprint for Affordability. It's a payment model based on the providers' success in managing the health care costs of their patient population. This program builds on the value-based initiatives already in place with Value Partnerships, which have helped us reduce premiums nine times over the past four years.

Our customers and members are increasingly seeking lower health care costs, and Blueprint for Affordability is the innovative solution we've been pursuing to deliver those results. 2018 was an incredibly rewarding year for Value Partnerships, and we believe that with the addition of this new effort, Value Partnerships will continue to thrive over the coming years.

A handwritten signature in black ink, appearing to read 'S. Carrier', with a stylized flourish at the end.

Steve Carrier, senior vice president
Network Management and Provider Partner Innovation





www.valuepartnerships.com



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