

# **Direct to Employer Contracting: the Next Stage for ACOs?**

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September 22, 2023

PY2022 Nebraska Medicare Shared Savings Program ACO Quality & Financial Performance Summary	Bryan Health Connect ACO	CHI Health Partners	Midwest Health Coalition ACO	Nebraska Health Network	NPG Health Collaborative	OneHealth Nebraska ACO	Think ACO
Assigned Beneficiaries	15,633	21,511	7,205	35,544	14,952	9,408	6,693
<b>COST and UTILIZATION</b>							
Savings Rate	6.21%	4.59%	1.83%	1.36%	-0.02%	9.69%	11.51%
Quality Score	88.7%	90.3%	88.9%	88.6%	84.1%	92.7%	97.7%
Per Capita Expenditures	11,329	10,443	9,917	11,144	13,014	9,489	9,632
Per Capita Savings (generated saving/total person years)	\$750	\$503	n/a	\$153	n/a	\$1,018	\$1,253
*Inpatient Discharges per 1K Person Years	213	232	205	245	226	168	188
*ED Visits per 1K Person Years	508	611	482	575	583	402	440
Primary Care Services per 1K Person Years	8,341	8,315	10,020	8,899	7,861	9,582	9,944
<b>CONSUMER SATISFACTION - CAHPS</b>							
Getting Timely Care, Appointments, and Information	86.1	84.5	88.4	88.4	90.9	92.0	88.0
How Well Your Providers Communicate	93.9	94.0	95.2	95.7	94.2	94.7	93.9
Patients' Rating of Provider	93.0	92.8	92.8	93.1	90.8	93.5	92.7
Access to Specialists	80.2	77.2	80.4	82.6	87.1	79.6	80.7
Health Promotion and Education	61.1	58.2	64.5	64.4	56.6	60.3	69.1
Shared Decision Making	66.6	64.1	64.2	63.3	67.1	63.5	63.9
Health Status/Functional Status	73.7	73.6	75.7	73.9	71.0	77.1	75.5
Stewardship of Patient Resources	27.3	25.3	31.7	28.5	30.6	36.0	26.2
Courteous and Helpful Office Staff	93.8	92.9	94.9	95.7	96.1	95.5	94.1
Care Coordination	86.7	87.3	86.6	87.5	85.4	89.0	87.6
<b>CLINICAL QUALITY</b>							
*Hospital-Wide 30-day Readmission Rate	0.145	0.136	0.163	0.145	0.142	0.139	0.134
*All-Cause Unplanned Admits for Pts with Multiple Chronic Conditions	29.8	29.0	29.7	33.5	32.0	26.6	24.5
Falls: Screening for Future Fall Risk	92.4	95.5	97.4	94.9	69.0	94.3	98.8
Influenza Immunization	89.8	86.4	92.9	85.6	87.8	88.6	96.1
Screening for Depression and Follow-Up Plan	88.1	86.5	97.7	92.0	78.1	90.5	95.5
Colorectal Cancer Screening	85.5	80.0	92.9	84.3	73.7	82.1	90.9
Breast Cancer Screening	86.9	79.7	86.5	88.8	75.0	82.1	92.5
Statins for Prevention & Treatment of Cardiovascular Disease	83.6	89.5	98.0	92.1	92.5	80.9	89.1
Depression Remission at 12 Months	31.5	16.7	20.7	5.9	42.9	20.0	5.7
*Diabetes: Hemoglobin A1c Poor Control (>9%)	4.6	8.1	6.8	4.6	9.7	5.3	3.4
Controlling High Blood Pressure	74.8	83.7	94.8	75.3	82.3	80.0	91.4

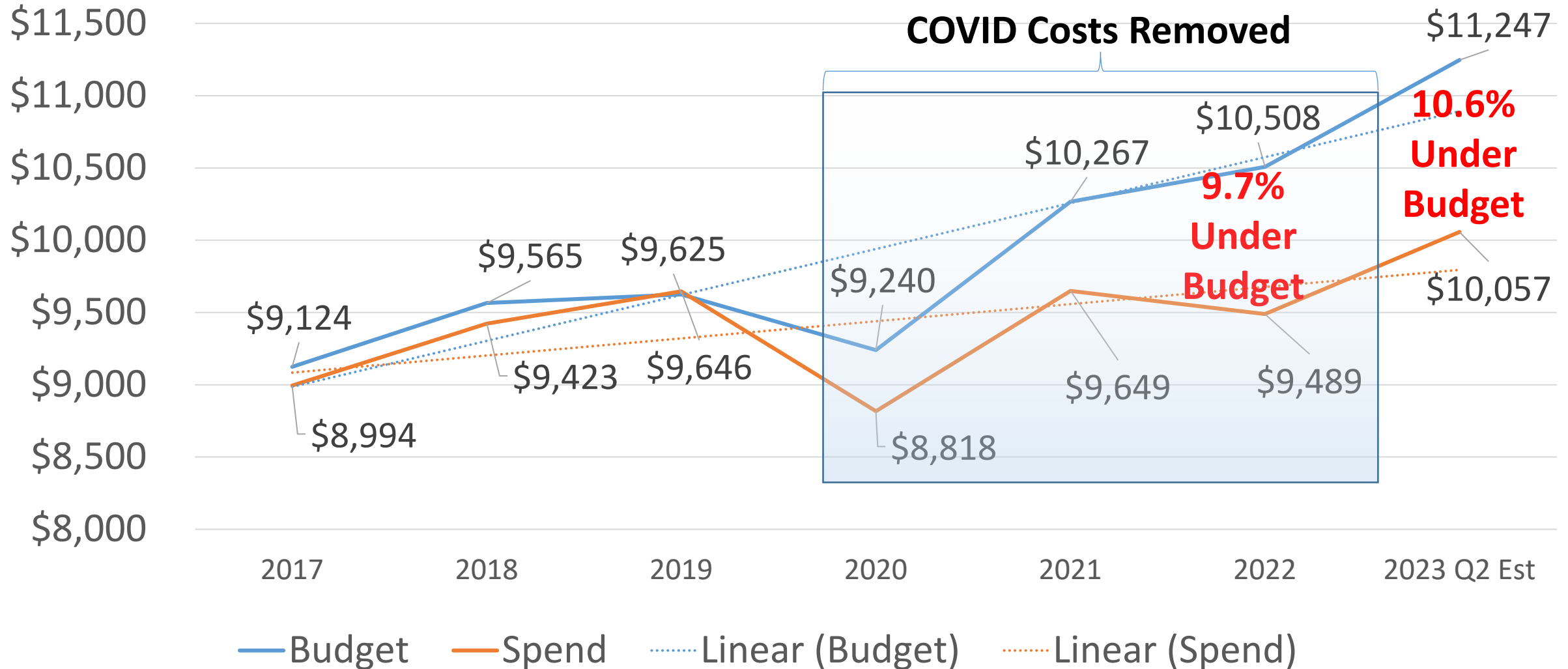
\*Inverse Measures - lower scores are better

Green highlighted fields - where ACO's performance was better than national averages.

(Light green better than average, medium green >75th percentile, dark green >90th percentile)

Bob Rauner, MD, MPH - Ted Fraser, MS - September 2023

# OneHealth Nebraska ACO Medicare Annual Cost Per Patient



NAACOS Fall Conference  
Direct to Employer Session  
September 22, 2023

# Centrus Health

KANSAS CITY

Jill Watson  
Executive Director

# Why Direct Contracting?

- Blue Ribbon Providers working together to remain independent
- Commitment to **higher quality, affordable** healthcare for our market
- Payers, Brokers and Employers want collaborative partners
- Desire to reduce reliance on BUHCA payers
- Private equity and payers entering provider space

# Who is Centrus Health KC?

- **3000 physicians, three health systems + independents**
- **Single signature for professional services**
- **Facility rates are separate contracts**

  
**Advent Health**

  
**THE UNIVERSITY OF  
KANSAS HEALTH SYSTEM**

**North  
Kansas City  
Hospital**

**KCMPA**



IN PARTNERSHIP WITH

**Children's Mercy  
Health Network**

**AND INDEPENDENT  
PHYSICIAN GROUPS**

# Direct to Employer

- NFM started January 1, 2022
- Significant work underway on additional contracts
- Exclusive provider networks and tiered offerings where Centrus Health is Tier 1
- TPA agnostic
- Broker agnostic
- Derive savings from other costs than provider rates

# VBC Capabilities Align with DTE

Value Based Care	Direct to Employer
Proactive Patient Outreach	Keep patients as health as they can be Anticipate disease exacerbation Maximize productivity
Provider Accessibility	Member Experience
Decrease Unnecessary Utilization	Savings from claims experience
Patient Engagement	Health Equity
Care Coordination	Network Integrity Support/Align Non-Medical Benefits
Alignment with Payer Goals	Alignment with Employer Goals

Sept. 22, 2023

# Direct to Employer Approach

NEBRASKA  
HEALTH  
NETWORK



METHODIST



Nebraska  
Medicine





**METHODIST**

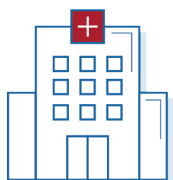


**Nebraska  
Medicine**

**2010**

Partnered to create an  
**ACCOUNTABLE CARE  
ORGANIZATION**

## The Nebraska Health Network includes:



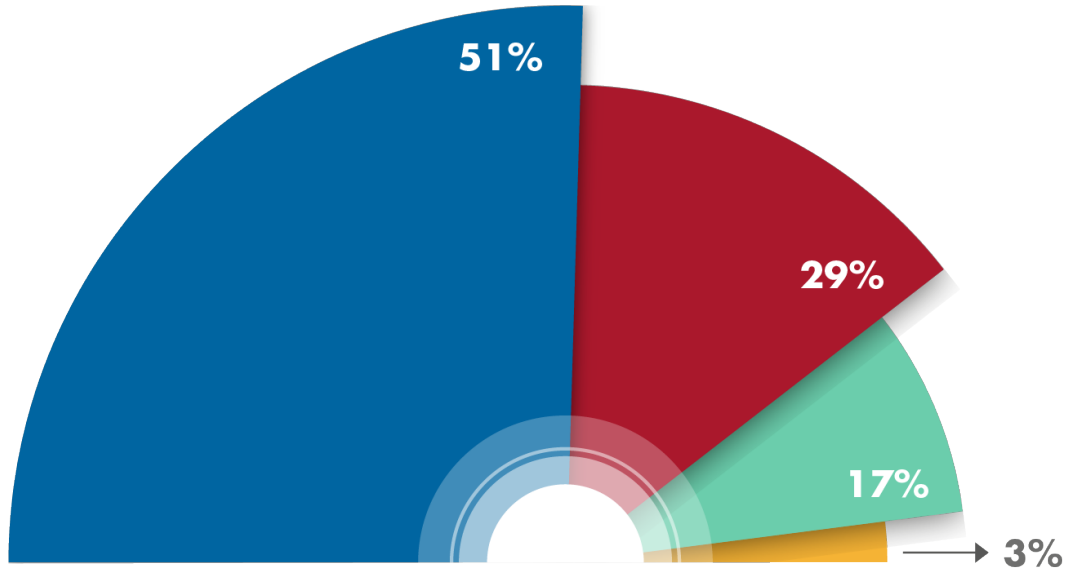
**8 Hospitals**



**More than 3,200 physicians and  
advanced practice providers**

# 2023 Value-Based Contracts

> 215,000 Covered Lives



- Commercial: 107,946 (51%)**
- Medicare: 60,242 (29%)**
- Medicaid: 34,939 (17%)**
- Commercial IFP: 7,809 (3%)**

<b>Commercial Group</b>	Aetna Commercial	11,400
	Blue Cross ACO	66,229
	Ne Furniture Mart DTE	2,287
	UHC Commercial ACO	33,032
<b>Medicare</b>	Aetna MA	5,317
	Blue Cross MA	1,463
	Humana MA	4,650
	MSSP Basic Level E	37,484
	NTC MA (Wellcare)	550
	UHC MA	10,778
<b>Medicaid</b>	Healthy Blue Medicaid	13,153
	Ne Total Care Medicaid	13,140
	UHC Medicaid	8,646
<b>Commercial Individual</b>	Medica IFP (Elevate)	7,612
	NTC IFP (AmBetter)	197

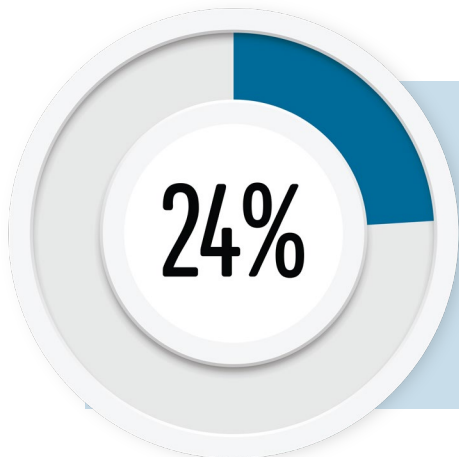
# Direct to Employer Trends



The world is changing. Based on the growth trends we observe, **most employer groups will demand more affordable options, and they will prefer to buy direct.**



New entrants will benefit from partnering with an **experienced TPA**



24% of employer health-care purchasers are considering **contracting directly with integrated delivery systems**

## 10 YEAR OUTLOOK

**Direct to Employer will be dominant** in employer-provided benefits



# Seven Owners of the Midwest Network Alliance

## VISION

A local partnership between health systems and employers to deliver **a better experience, improved quality and reduced costs** resulting in a healthier, more engaged workforce.

 **Great Plains**  
Health

 **COLUMBUS**  
COMMUNITY HOSPITAL

 **FAITH REGIONAL**  
HEALTH SERVICES

 **Nebraska**  
Medicine

 **METHODIST**

 **Bryan** Health

  
**Mary Lanning**  
HEALTHCARE

# Overview

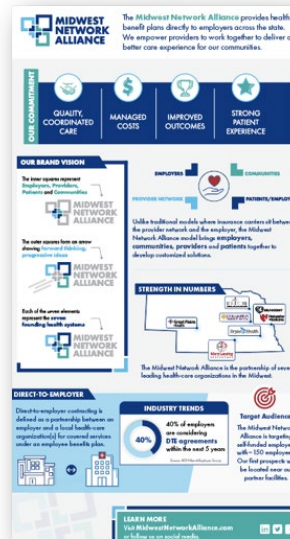
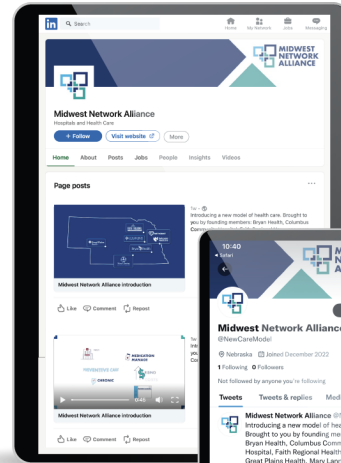
- 1 We contracted a **regional provider network** to support direct-to-employer agreements and select payer plans.
- 2 We partnered with a high functioning **Third Party Administrator** (TPA), First Choice Health to offer health plan administration for network provider **employee groups** and other employers across Nebraska and Western Iowa.
- 3 We prioritize **value-based, accountable care** to optimize performance of products that use the network.



# Branding



# MIDWEST NETWORK ALLIANCE



# Goal: Drive Value for Local Employers



# Network Overview

## Direct Agreements



8,200+ Providers



30 Hospitals



1,483 Clinics & Practices



8 PHOs

## Direct Network Includes



Plus many independent providers statewide.

## Wrap Networks



>30k Providers



267 Hospitals



>6,000 Clinics & Practices

# Multi-Tiered Plan Design Yields Optimal Utilization



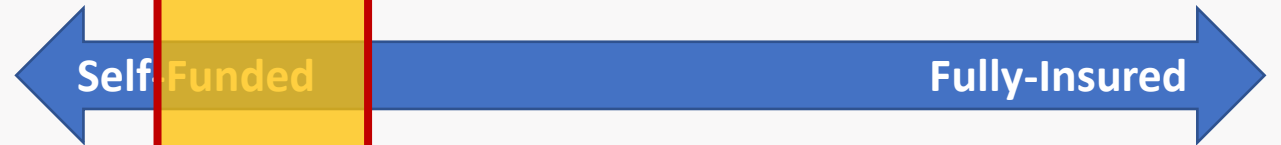
\*At employer's discretion if OON is part of benefit

# Employer Characteristics DTE Market

## Employer Characteristics

### Health Plan Funding

Is the employer or insurer at risk for claims?



### Size and Scale

How many employees and lives can be enrolled in the product?



### Corporate HQ

Can the local employer make decisions without "corporate" interference?



### Geographic Positioning

Is the employer located in the Omaha metro area or rural Nebraska?



### Office Sites

Are employees centralized or spread throughout multiple office sites?



### Benefits Strategy

Are benefits managed as a cost or viewed as a talent acquisition strategy?



# Current Employer Groups

- Launched 1/1/2022
  - Columbus Community Hospital (465 EEs / 1,380 lives)
  - Kearney Regional Medical Center (525 EEs / 1,245 lives)
- New on 1/1/2023
  - Faith Regional Health Services (825 EEs / 1,980 lives)
  - Great Plains Regional Medical Center (650 EEs / 1,300 lives)
  - Mary Lanning HealthCare (825 EEs / 1,320 lives)
- As part of the above, FCH integrated with five PBMs
  - Currently finishing a PBM RFP process
- Includes over 7,000 lives with good prospects for 2024
- The original plan called for all owners transitioning their employee health benefits to the MNA by 2025

# TPA Selection Process

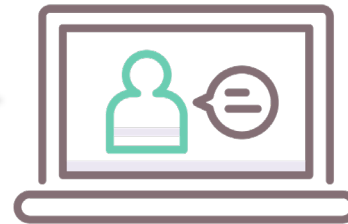
**Goal: Find a true TPA partner that shared our vision that health care coverage *can and should be* different.**



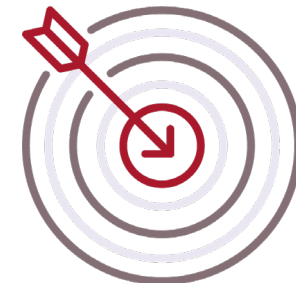
Researched 25+  
possible TPA  
partners



Issued RFP to 9  
TPAs



Interviewed 3  
finalists



Selected First  
Choice Health

# TPA Selection: First Choice Health



## FIRST CHOICE APPROACH

To enable providers to deliver exceptional products directly to the employer market.



Physician and hospital owned



Serve 800,000 people in the Northwest since 1985



### Services

- PPO Network
- Plan Administration
- Medical Management Services
- Employee Assistance Program

# Lessons Learned

## Do Again:

- Set realistic expectations and speed to market
- Leverage relationships to build the product
- Engage with the broker market
- Work with a preferred TPA partner
- Create a brand identity

## Do Differently

- Get solid commitments from all owners on their employee plan transition date
- Make sure owners sees DTE as a strategic priority
- Understand market pricing and competitiveness
- Consider early inclusion of non-owner employer groups

# Direct to Employer Healthcare

Tiffany Skaw

Strategic HR Manager



# Demographics



- Home Furnishing Retailer – Appliances, Electronics, Flooring, Furniture
- 86 years of growth and stability
- Operate in 4 states
  - Omaha, NE = 2165 staff
  - Des Moines, IA = 84 staff
  - KC, KS = 1093
  - The Colony/Dallas, TX = 1579
- Berkshire Hathaway Umbrella



# NFM Health Plan Roadmap



2008 – 2019

Onsite Health Screen

- Blood Draw (Mandatory for Coverage when allowed)



2012 - 2016

Diabetic Wellness Program with Multiple Providers.



2012

Alight Concierge

- Mandatory for 6 services



2012 – 2013

Explore Onsite Medical Clinic



2016

1st HPMP

- MRHS (ACA RAS)



2018

Rx Savings Solutions



2018

2<sup>nd</sup> and 3<sup>rd</sup> HPMP

- Advent Health / KC
- VHP (Catalyst) / The Colony



2019

Narrow-est Network - Omaha

- MRHS - 1st Direct Relationship
- Tiered Structure



2019

Narrow-er network

- The Colony - Through Insurer



2021

- Centivo - Omaha
- Exclusive Network - (Methodist, NMHS, MRHS)
- Berkshire Rx Coalition (ESI)



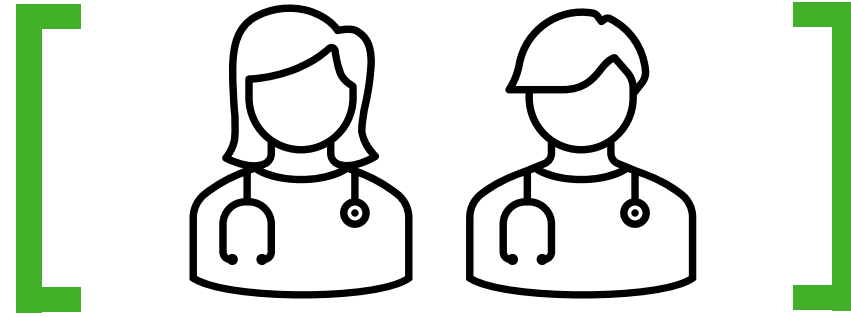
2022

- Centivo - All Regions
- NFM Exclusive Network - All Regions



2023 - ?

- Refine partnerships and contracts
- Value Based Health Care
- Des Moines NFM Network



# Goal for Healthcare

Mirror our Core Value of *cost effective and competitive* when it comes to the healthcare plans we offer staff.

Remain forward-thinking in our plan management: smaller networks, direct contracting, ACO type arrangements, and reference-based pricing for out-of-network claims.

# The End Goal

Benefit costs that do not outpace profits.  
Or... can a benefit plan be a profit stream??

A model in the future where doctors will be paid on how much they *improved your health* rather than being paid just for their time spent in an exam room.

We began this goal by switching from our current providers to a partner(s) who is already implementing this method of healthcare.



# Why the Switch?

- Previously, we had zero transparency around the quality of the service, or the outcome. This is what sets medical insurance apart from any other financial transaction in our country. This is why we took the leap we did. We are trying to be very clear about both cost and quality.
- Long term change. We are investing in changes that will affect our bottom line for years to come.
- Our partners now offer physicians that want to help our staff and their families achieve optimal health



# Other Partners

- Bolt on / Stand Alone Vendors
- NFM responsible for integration with Claims Payor
  - Accumulators
  - Exceptions
  - Penalties for not “pre-certifying”



# Beginning Our Implementation



## **Step 1: Find like providers in our other regions.**

Work with the willing. Not all providers are ready to be in a direct contracting model. We were told no many times. Shared accountability. Now we have found partners in each of our regions willing to commit to higher level of service and a discount for direct contracting.

## **Step 2: Roll-out & set staff up.**

Change hurts. And change takes time. We made the switch to not just save money, but also make sure we were partnering with providers that ACTUALLY care. Finding the right partner might mean you have to change your doctor of 20 years. We get it. It's hard. Change is hard.

Hindsight - pay for performance may help with this.

## **Step 3: Weather the storm**

Everything about this is customized. The reason it was rocky is because other employers aren't doing this. NFM is at the forefront of changing healthcare. We are attempting to pick up where Haven (Amazon, Berkshire, Chase conglomerate) left off. They were trying to fix healthcare on behalf of hundreds of thousands of employees. NFM is trying to fix it for the NFM family.



# Unexpected Outcomes

- Providers not recognizing Centivo or the NFM Exclusive Network (KC, TX). We (NFM) were blindsided by this.
- Providers missing from the directory, which is not uncommon for networks to fall behind on updating their directories. Thankfully, they have begun dedicating entire teams to work on these issues.
- Timing is hard because due to the network changes, many people were looking for new providers. Much more than if we stayed with the more expansive, Cigna network.



# Where We are Today



- Total replacement\*
- 3 Plans
  - PPO \$1500/\$3000 deductible
  - HSA \$2800/\$5000
  - HSA \$3250 / \$6500 *free plan!*
- No Out of Network
- OOA – 3 UC per year
- OOA – Rural & COBRA
- Omaha, KC, Texas
  - NFM Exclusive Network
  - Agreed upon rates
  - 250% of Medicare for OON
  - NFM can terminate provider agreements
- Des Moines\*
  - Rented Network (Midland's Choice)
  - Rates are the same as under Cigna
  - 250% of Medicare for OON
- KC and Dallas
  - BSW and Advent/Centrus
  - 250% of Medicare for OON



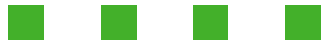
# Cost Savings



- \$5 million in 2022
- 2018 PEPM of \$862.58 vs. 2022 PEPM of \$681.36. The difference represents a savings of \$6.4M in constant dollars
- If NFM trended overall costs by 4% between 2018 and 2022, savings would be \$11.6M.
- No Surprises Act - \$162,688



# Considerations



- Not easy, do it anyway
- Long term strategy
- Finding the right consulting partner
- Deciding the rollout strategy
  - NFM went total replacement, which may not be right for everyone
- Willing to create different plans by need or location or out of area
- Re: PCP's – programs to create provider/member relationship, removing NFM





Questions?