Coordinated Care Model

Tufts Health Plan’s strategy to deliver healthy outcomes and affordable coverage

TUFTS Health Plan
No one does more to keep you healthy.
One of the greatest challenges facing health care today is managing cost while improving the quality of care outcomes.

Much has been written about ways to control the cost of care — including the resurgence of risk-sharing contracting models, a method for shifting financial risk from the insurer to the provider. At Tufts Health Plan, we believe provider reimbursement is only one piece of the puzzle. In fact, escalation in medical costs can be traced to several root causes:

1. A lack of integrated care systems.
2. Misalignment of incentives for providers to direct members to the most efficient care.
3. Misalignment of consumer incentives to seek value in their choices for care.
4. Personal behavior resulting in poor health choices that increase the risk of an adverse health event.

The key in reducing the escalation of medical costs and improving health outcomes is a unique model of care designed to change economic incentives and behavior. Tufts Health Plan’s *Coordinated Care Model* aligns provider reimbursement that rewards efficient quality care, product design that encourages members to seek value through lower-cost/high-quality provider settings, and care management at the right time with the help of sophisticated diagnostic tools.

### Strategy
- Change behaviors
- Align economic incentives

### Coordinated Care Model
1. Reimbursement that aligns providers on cost and quality
2. Products that promote efficient settings
3. Care management that engages members and providers
The Tufts Health Plan Coordinated Care Model — a strategy to deliver healthy outcomes and affordable coverage

At Tufts Health Plan, we know that rising insurance costs threaten the financial health of our employer customers. We believe that our Coordinated Care Model, which seeks to change provider and member behavior with aligned incentives, is the most effective way to manage overall medical cost and ultimately deliver lower plan premiums. Moreover, achieving and maintaining optimum health for our members increases the much-harder-to-measure statistic of “improved quality of life.”

Coordinated Care Model

Example: Shared information and collaboration on care

Example: Tiered networks designed to encourage members to use efficient providers

Example: Products that include incentives to stay healthy
Our goal with regard to provider reimbursement has traditionally been to achieve the lowest unit cost possible. This is still an important goal, but we are increasingly focused on not just the amount we pay providers, but how we pay them. We believe that paying providers on a value basis instead of a fee-for-service basis drives the behavior change we hope to achieve.

How do we define value basis? It means paying providers based on their ability to manage the overall cost and quality of care delivered to our members. Switching to such a payment structure in and of itself is not a solution. If a provider is paid on a yearly budget basis but the budget is allowed to increase at above general inflation, we have not really accomplished behavior change.

We believe that our coordinated care approach to contracting stands apart from the approaches of other health plans for a couple of reasons:

- We employ a number of approaches depending on each provider’s ability to manage care and risk. It is counterproductive to put a provider on a fully capitated structure if the provider doesn’t have the data, infrastructure, or organization to effectively manage to that goal.

- We reset the baseline goal for each provider each year based on the prior year’s performance, in order to encourage continuous improvement.
Tufts Health Plan has a substantial number of providers already successfully operating in coordinated care contracts. The number of providers in this value-based model has more than doubled since 2009, and these providers now serve nearly 40 percent of our HMO membership. Providers recognize the opportunity to work with payers to reduce inappropriate care, and our data show that aligned incentives reduce cost and improve the quality of care over time.

**$400,000**
Average annual savings for one provider by reduced referrals to tertiary hospitals for inappropriate clinical care.*

**$140,000**
Average annual savings for one provider by reducing referrals to high-cost labs.*

**$200 per procedure**
Estimated savings by reducing referrals to high-cost surgical facilities.*

*Based on Tufts Health Plan opportunity analysis for specific providers on value-based contracts.

**Rewarding for quality care**
Our coordinated care model incorporates quality measures from nationally accepted standards such as HEDIS outcomes measures. We provide data and collaborate with providers to increase quality and avoid undercare that may lead to poor outcomes. Significant resources are applied to increase the data and consultation we provide because, ultimately, we will be successful when our network providers are successful.

Our payment model is structured so that providers are rewarded for delivering the right care at the right time and in the right place rather than being paid more for doing more. Our approach also aligns with the principles of Accountable Care Organizations (ACOs), which are accountable for delivering clinically and financially integrated care, thus enhancing health outcomes and eliminating preventable events and unnecessary services.

“**The support that we receive from Tufts Health Plan has been critical to our efforts to provide the best care possible for our patients. Through data analysis, robust reporting, and clinical consultation, they have given us the tools and support we need to enhance quality and manage patient care as effectively as possible.**”

– Dr. Barbara Spivak, Mount Auburn/Cambridge IPA
Our goal with product design is to include financial incentives to encourage members to select appropriate and cost-effective providers and to pursue healthy lifestyles.

Tiered products provide a financial incentive for choosing the highest-value providers from a cost-and-quality perspective. Tufts Health Plan’s tiered network products include our full network of providers but provide a financial incentive to select high-value providers.

**We believe there are two critical factors in designing an effective tiered product:**

- **Tiering at the provider organization level:** The primary care provider largely determines the pattern of care and therefore the total cost incurred, so separating the choice of PCP from the choice of hospital is not a realistic option for most members. Keeping PCPs and the specialists and hospitals to which they typically refer on the same tier leads to a better member experience. For example, if a physician is part of a medical group that is contracted with Hospital A, then these physicians will be at the same tier level as Hospital A.

- **Cost sharing that drives behavior:** There needs to be a significant financial difference in cost sharing across tiers to provide a real incentive to make different decisions.
**Introducing Your Choice — Our New Tiered Product**

Your Choice, our new tiered network plan option, places hospitals and affiliated physicians into tiers based on cost and quality information and a methodology that incorporates:

- Overall provider efficiency and management.
- Provider quality.
- An integrated approach to care based on current referral patterns.

PCPs, hospitals, and specialists are segmented into either two or three levels. Members have meaningful cost-sharing incentives to select efficient, high-quality providers that provide the best value.

**Example:**
**Mother and newborn with normal delivery (including prenatal visits)**

<table>
<thead>
<tr>
<th>Tier 1 Provider</th>
<th>Tier 3 Provider</th>
<th>Savings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,000</td>
<td>$14,500</td>
<td>$6,500</td>
</tr>
</tbody>
</table>

**Example:**
**Male with a minor outpatient procedure**

<table>
<thead>
<tr>
<th>Tier 1 Provider</th>
<th>Tier 3 Provider</th>
<th>Savings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,950</td>
<td>$3,075</td>
<td>$1,125</td>
</tr>
</tbody>
</table>

Tufts Health Plan’s approach to care management comprises three key strategies: direct management of utilization to reduce waste, management of conditions and diseases, and a focus on health and wellness.

- **Eliminating waste**: We deploy evidence-based medicine criteria to manage care across the spectrum of health care services. We have had great success in sharing data with providers to support them in adhering to evidence-based standards. We provide data on their performance compared to other providers in our network and compared to national benchmarks. Our care authorization programs reinforce those standards.

- **Care management**: First, we use sophisticated algorithms and additional health information to enhance our predictive model so we have a forward-looking approach to identifying members who could benefit from our programs. Second, we integrate our programs and take a holistic view of each member so we can arrange care for members no matter where they are on the spectrum of health and wellness. We also have two powerful tools:
  
  - Biometric home monitoring, for example, weight scale monitors to track symptoms of heart failure, blood pressure monitors, and blood sugar monitoring to manage diabetes. The member’s physician is contacted if urgent care is needed.
  
  - Care Alerts, which track changes in therapy and determine if any follow-up is necessary. Alerts are sent to the physician, the member, and the Tufts Health Plan care manager. Care Alerts are also sent for gaps in pharmacy fills and refills.
Proactive Care Management Means Lower Costs

Tufts Health Plan’s health management programs aim to improve care while also helping to reduce the medical cost trend:*  

For every $1 spent, $1.90 saved  
Proactive telephonic case management of members with complex medical needs who are at risk.  

For every $1 spent, $4.50 saved  
Obstetrical case management of women at high risk for preterm delivery.  

For every $1 spent, $4.80 saved  
On-site and telephonic review for appropriate hospital utilization.  

*Average ROI is calculated over the four most recent measurement years (2005-2008) and not a guaranty of promise of any particular results. Actual results may vary.

With the advent of new technology and clinical information, our programs have evolved. We now have more sophisticated tools that bring together rich data to identify members and integrate health management services to provide a more proactive, tailored intervention. Tufts Health Plan effectively manages the whole person through more effective coordination of care.

Health and wellness: We have a dedicated health and wellness department that works with our employer clients and individual members to address issues pertinent to them. Our suite of offerings includes a health assessment to identify opportunities, online self-directed programs, a nurse hotline, and health coaches to support behavior change. We understand that our employer group clients have a broad perspective on the value of keeping employees healthy and productive. We work closely with our clients to develop an overall program that addresses their particular needs.

For every $1 spent, $3.27 in medical cost reduction  
from workplace wellness programs.*  

For every $1 spent, $2.73 reduction in absenteeism costs  
from workplace wellness programs.*  

*School of Public Health, Harvard University study published in February 2010 issue of Health Affairs.
At Tufts Health Plan, we are energized by the prospect of making a real impact on our members’ health and quality of life. We’re bringing an array of meaningful interventions delivered at critical points in time, when gaps in care can and should be addressed. People need more from their health plan, so we’re helping them make treatment decisions that are right for them and providing them with a host of ways to become healthier. We’ve taken the vigilance that we initially directed at 20 percent of our members, and bringing it to the healthier majority. Our promise is that no one does more to keep you healthy. This is just more proof that we mean what we say.