

Blue Cross of Idaho

Payment Innovation Initiatives

Our Provider Payment Strategies

Create Economic Incentives For Cost & Quality Management

- Engage Providers With Cost & Quality Data To Improve Performance.
- Move Toward Value-Based Payments.
- Engage Members With Transparency Tools.
- Implement High Performance Network Product Designs.
- Increase Provider Accountability.
- Expand Payment Differentials Based On Outcomes.



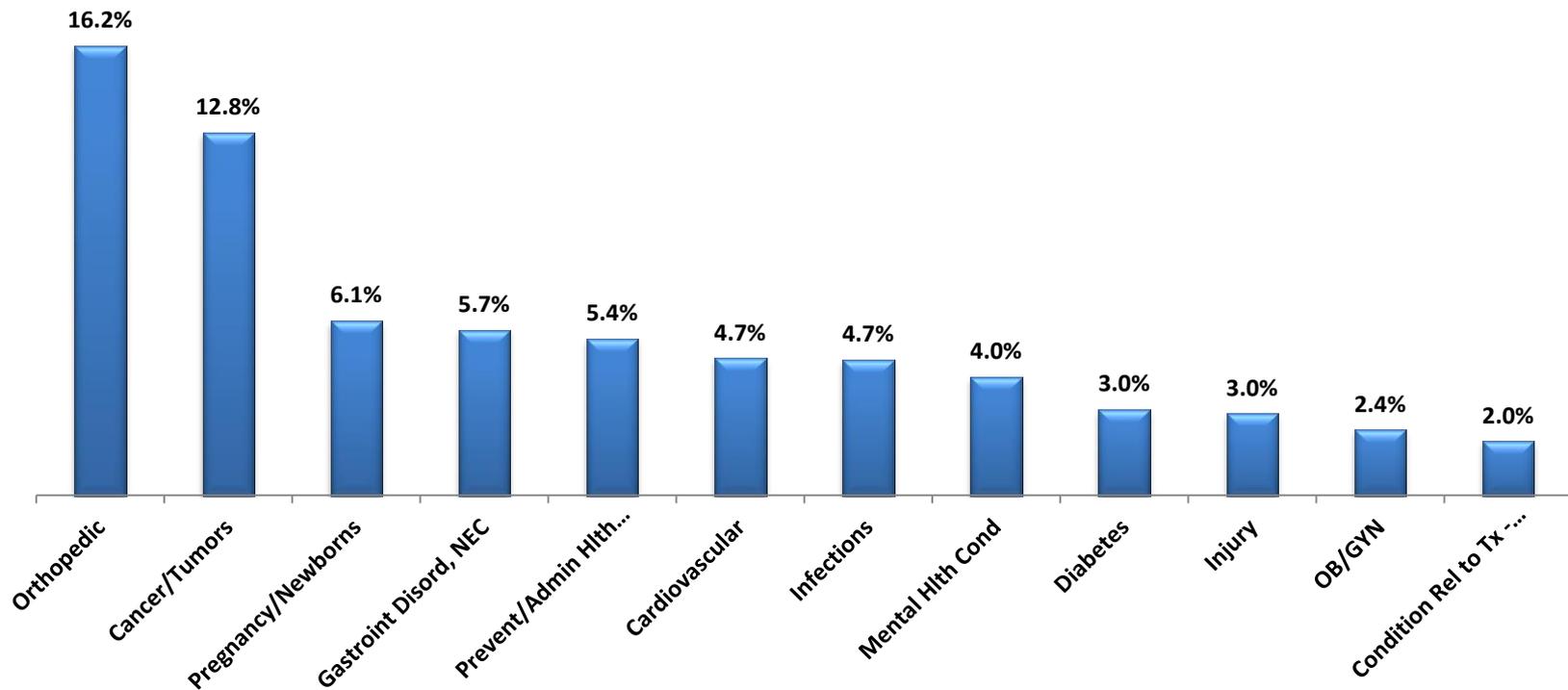
Challenges in Payment Reform

- Our operational systems are very efficient at paying fee-for-service, we are not as efficient for other methodologies.
- The Idaho commercial insurance market still prefers a broad choice of providers.
- Approximately half of our group insurance membership is self-funded accounts which determine their own benefit design.
- Initiatives need to be self-funding.
- Chronic disease is not the main driver of commercial insurance costs.



Medical & Pharmacy Cost By Condition

Top 12 | 2013 - 2014



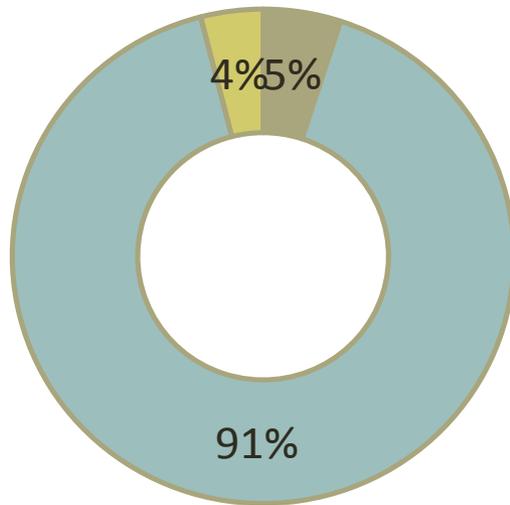
*Accounts for ~ 70% of Total Expense



Member Choice and Attribution

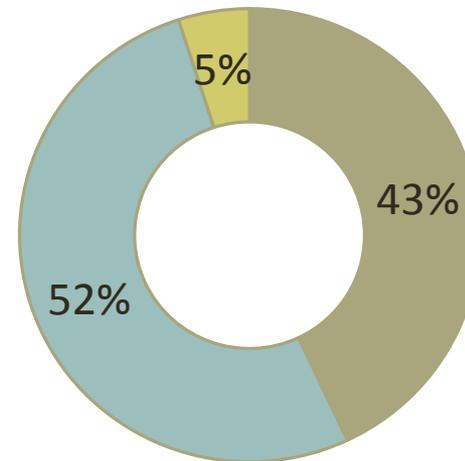
The Idaho commercial insurance market prefers provider choice...

Blue Cross Enrollment



■ Managed Care ■ PPO ■ Traditional

PPO Attribution Rate to PCP's



■ Unattributed ■ PCP's ■ Other Physicians

...but our ability to attribute members in PPO product is limited.



Current Physician Payment Innovation Initiatives

- ❑ Pay for Performance Fee schedules
- ❑ Payment differentiation for primary care clinics in Counties with Extreme Access Considerations (CEAC)
- ❑ Current PCMH pilot program for members with chronic disease (Diabetes, Asthma and Congestive Heart Failure).



Future Physician Payment Innovation Initiatives

- ❑ Continue PCMH pilot program for members with chronic disease and add new practices to that program.
- ❑ Expand initiatives with specific provider groups that have the financial ability as well as a demonstrated track record of practice transformation to move from a fee-for-service payments to capitated payments where a PCP can be assigned with certainty.



Questions?