



Solutions for Employers:
**Developing a Smart Network
Program**
... by employers for employers

April 12, 2022



Powerful Healthcare Forces



Healthcare costs continuing to rise at a pace greater than inflation (market consolidation, specialty pharmacy, chronic disease)



Consumerism with access to data, transparency efforts around pricing and quality, expectations based on non-healthcare transactions



Aging population creating payor mix shift to Medicare



Workforce challenges including physician shortages, burnout, labor costs, skillset deficits



Rapid adoption of virtual care post-COVID (telemedicine, digital medicine)

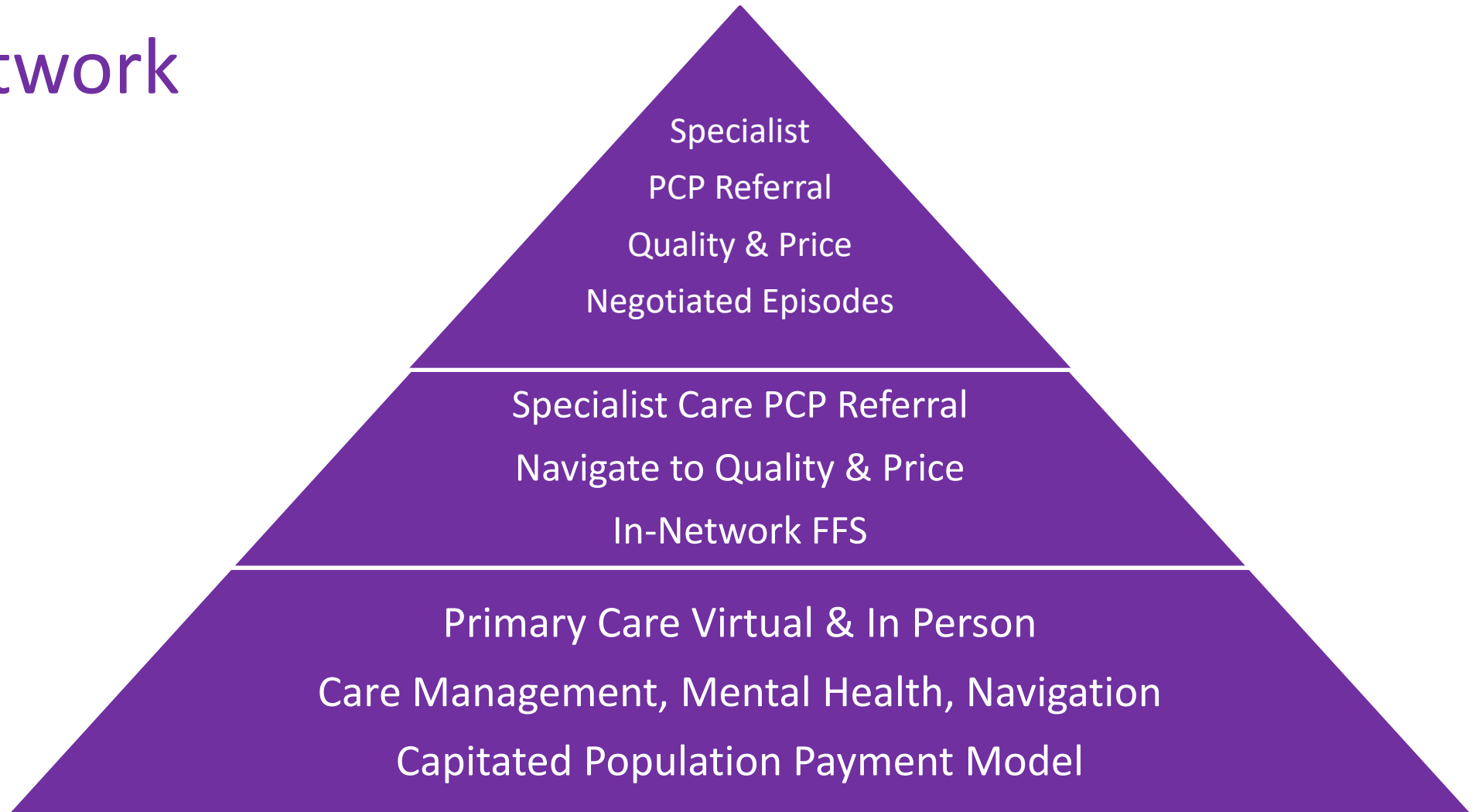


Health equity focus, access to care for underserved populations

Equally Powerful Responses

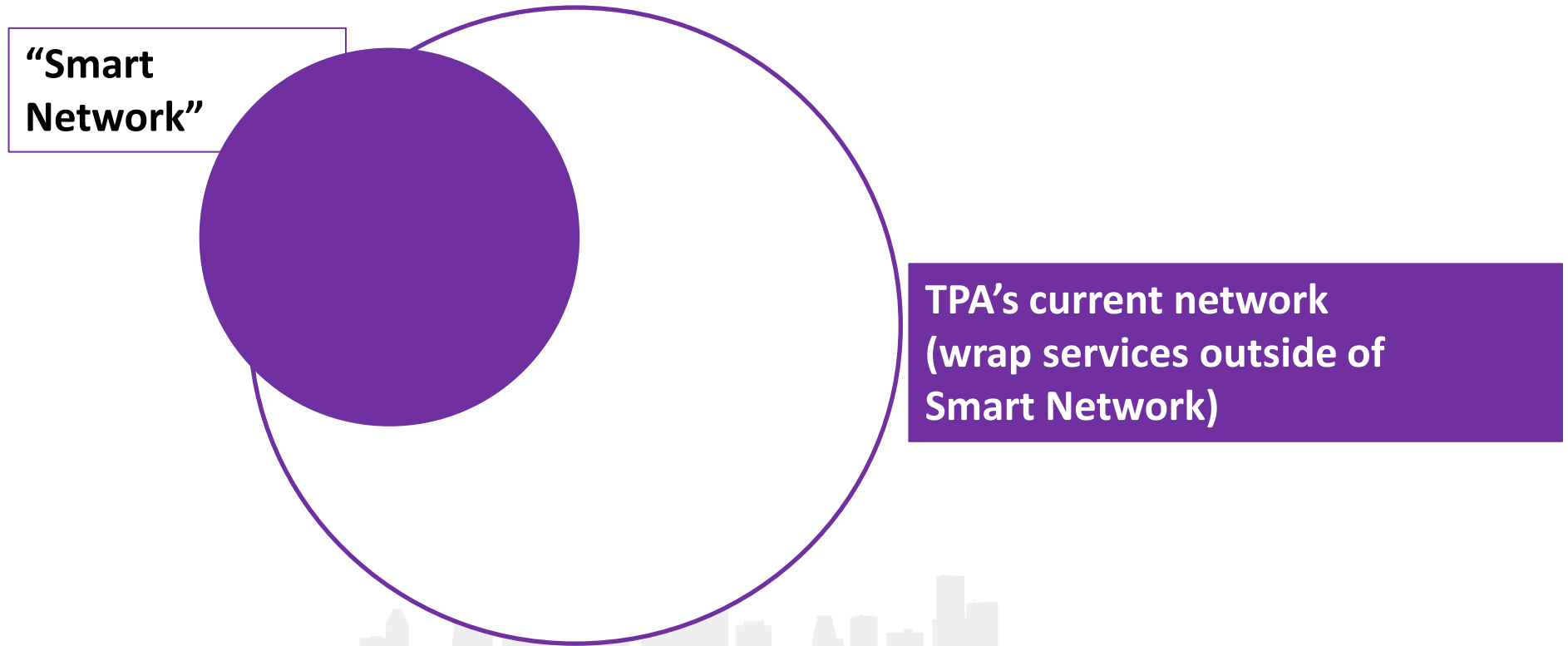
- 1 **Employers** increasingly taking bold steps to reduce costs
- 2 **Transition to value-based payments** led by Medicare and Medicare Advantage
- 3 **Private equity** funded digital and tele-medicine companies, new provider models, health plans and provider acquisitions
- 4 **New competitors** that are well-financed, scaled, and potentially disruptive (Amazon, Walmart, CVS, Walgreen's, Best Buy, Dollar General)
- 5 **Vertically-integrated** organizations (United Healthcare/Optum, CVS/Aetna, Humana/CenterWell)

Smart Network



<p>Advanced Primary Care</p> <ul style="list-style-type: none"> • 2-3 multi-site groups 	<ul style="list-style-type: none"> • <i>Prevention, wellness, chronic care, sick visits, urgent care</i> <ul style="list-style-type: none"> • <i>Integrated mental health, lab, telemedicine</i> • <i>Population-based (capitated) payment model</i>
<p>Specialty Care</p> <ul style="list-style-type: none"> • Surgical, medical and challenging chronic care <ul style="list-style-type: none"> • Emergency and other services 	<ul style="list-style-type: none"> • <i>Specialists identified via quality and efficiency metrics</i> <ul style="list-style-type: none"> • <i>Bundled episodes or capitated, 60-70%</i> • <i>Use of wrap-around network, FFS for unbundled</i>
<p>Facilities and Other Services</p> <ul style="list-style-type: none"> • ASC, Hospital, rehab, skilled nursing <ul style="list-style-type: none"> • Ambulance, DME, supplies 	<ul style="list-style-type: none"> • <i>Identified via quality and efficiency metrics</i> • <i>Episode payments bundled with specialty whenever possible</i> <ul style="list-style-type: none"> • <i>Use of wrap-around network, FFS for emergency</i>
<p>Pharmacy</p> <ul style="list-style-type: none"> • Limited network, integrated specialty network 	<ul style="list-style-type: none"> • <i>Aggressive formulary based on lowest net prices</i> • <i>Patient incentives for therapeutic substitution</i> <ul style="list-style-type: none"> • <i>Integrated specialty drug plan</i>
<p>Care Coordination, Navigation</p>	<ul style="list-style-type: none"> • <i>Directed by primary care to specialty care</i>
<p>Shared Information</p>	<ul style="list-style-type: none"> • <i>Shared medical records, care coordination</i>
<p>Standard Measure Sets</p>	<ul style="list-style-type: none"> • <i>Transparent quality, cost and efficiency measures</i>
<p>Smart TPA</p>	<ul style="list-style-type: none"> • <i>Eligibility, population-based payments, reference prices</i>

Smart Network Thinking



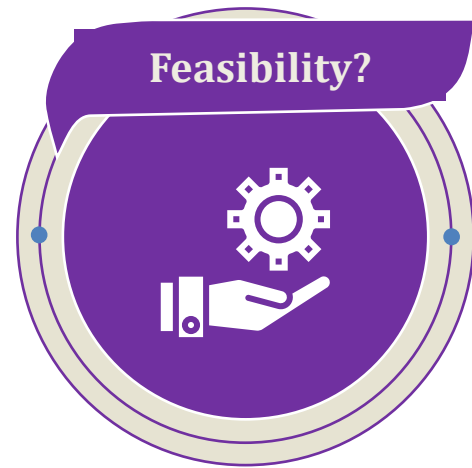
**"Smart
Network"**

**TPA's current network
(wrap services outside of
Smart Network)**

SmArt Network Design Considerations



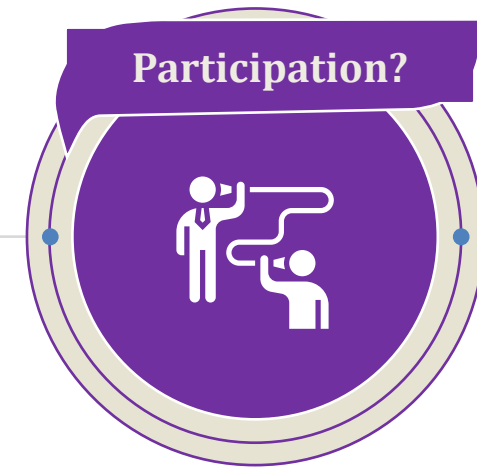
Next Steps for HBCH Members/Employers



How do we evaluate the feasibility of creating the Smart Network across the market?



How do we determine which partners to select and what process do we install to do so?



How do we achieve near-term participation/funding success and longer-term sustainability?

Behind every success there is effort

Behind every effort is passion

Behind every passion is someone with the courage to try

