THE VALUE OF

Value

Our approach to improving the health and lives of our members through higher quality, more affordable care in partnership with our providers.

Executive summary

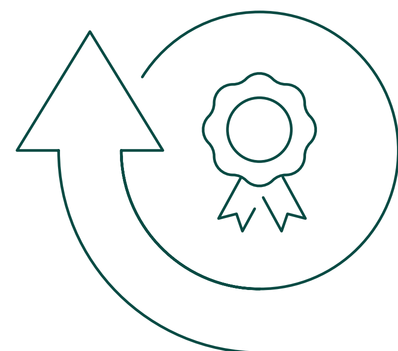
Lowering health care costs while improving quality. While most in the health care industry are searching for solutions, Priority Health is ahead of the curve achieving real results by transforming how we work with our provider partners.

We started in 1997 as the first health plan in Michigan to offer value-based options. Today, our alternative payment models (APMs) are achieving more value—with better care and lower costs—through payer and provider partnerships.

Read on to learn what value is and how we're delivering more value in health care through APMs.

We'll share how value works showcasing successes with a physician organization and within our own integrated delivery system.

In those examples, you'll see how our value partnerships have achieved improved financial results for our provider partners and the health plan while delivering better care to our members



$100 million savings

ESTIMATED BETWEEN 2019 AND 2022 FROM OUR APM ARRANGEMENTS WHEN COMPARED TO MEMBERS NOT IN APM ARRANGEMENTS

What is value?

Value-based care pays providers based on the results they deliver for their patients, such as the quality, equity and cost of care. Value-based care gives providers flexibility to deliver the right care at the right time while holding them accountable for improving patient outcomes.

As a non-profit, Michigan health plan, we're committed to ensuring our communities have access to high-quality, affordable care. To drive toward value in health care, instead of paying providers for each service rendered (fee-for-service), Priority Health has offered alternative payment models since 2014.

Alternative payment models (APMs) pay providers based on results, not volume. We offer multiple levels of risk--from no risk, to limited to full--with members and providers seeing more benefits as providers take on more risk.

Our APMs are focused on the total cost of care. That means primary care, specialty care, facilities, post acute and ancillary providers work together to:

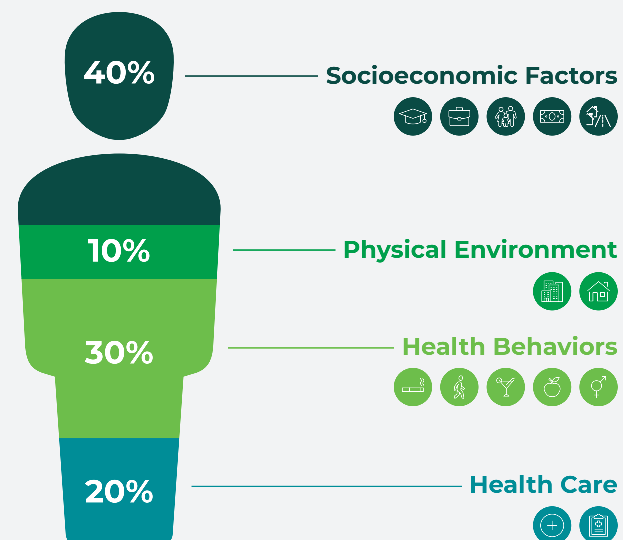
- Deliver more efficient care through improved coordination
- Improve patient outcomes, which decreases visits at higher cost locations
- Stabilize reimbursement rates ensuring providers can deliver high quality care while addressing increasing health care costs

This collaboration results in improved health outcomes and lower costs to our members and employers.

To determine a provider's risk readiness, we developed an APM readiness assessment to look at providers' trends and determine the likelihood of success.

APMs support providers in a patient-centric approach treating the whole person, which is crucial when

80% of health outcomes are driven by a person's social determinants, environment and behavioral factors.*



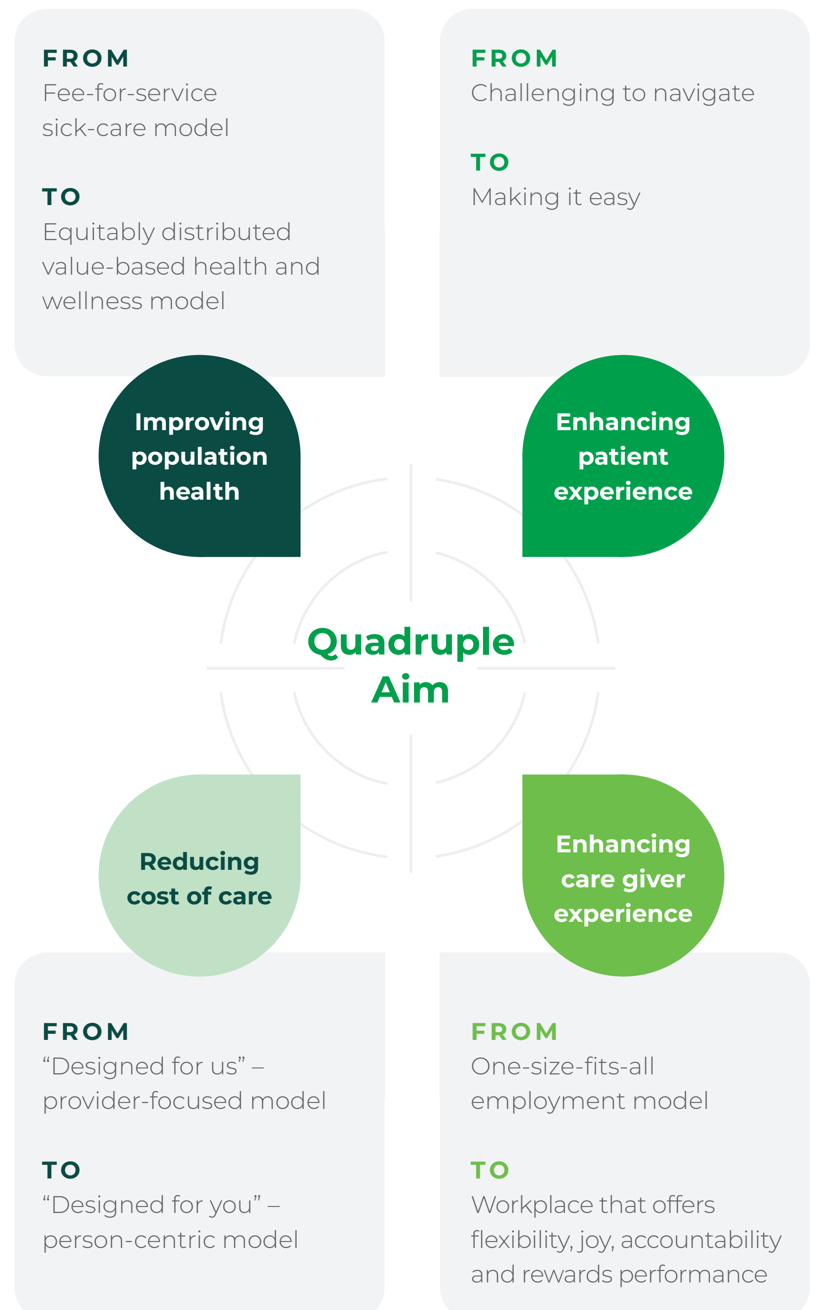
Institute for Clinical Systems Improvement; Mercer

While the contracts and financial structure of value-based arrangements in health care are complex, **the goal is simple: lowering health care costs while improving the quality.**

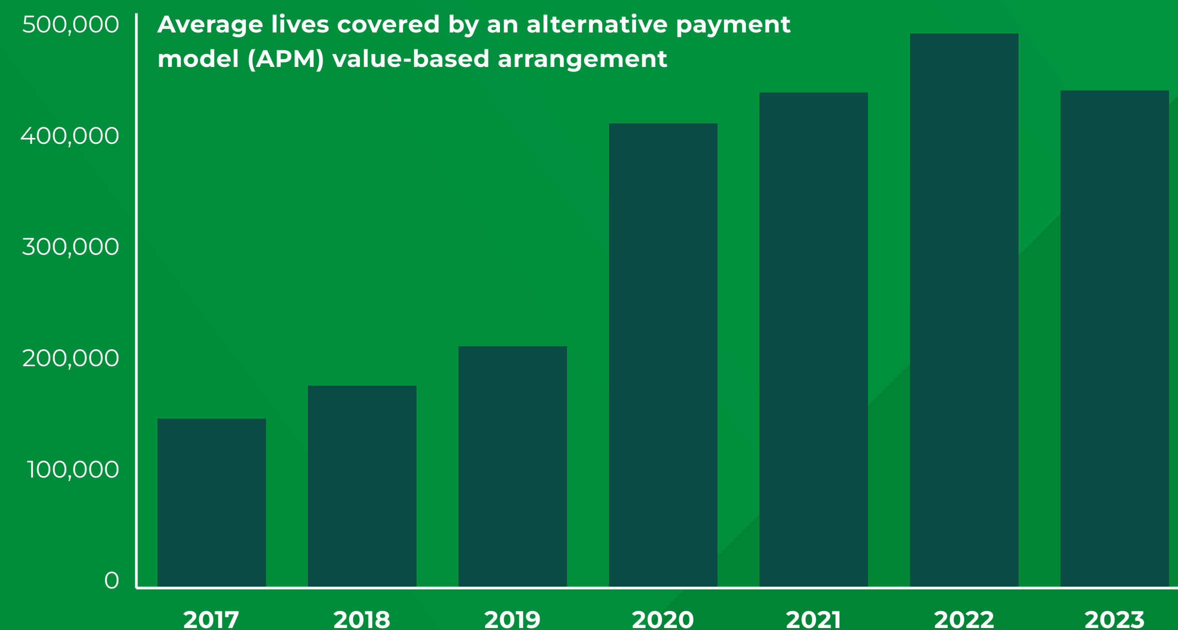
Our APM partnerships support providers and members by:

- **Recognizing providers' expertise** and supporting them in what they do best.
- **Rewarding providers** for providing the right care, at the right time, in the right place.
- **Controlling costs** to keep premiums affordable for members.
- **Offering richer benefits** and care to keep our members healthy.

What does value mean?



Nearly 50% OF OUR MEMBERS ARE CARED FOR BY PROVIDERS WHO ARE IN A **VALUE-BASED** ARRANGEMENT WITH US



The risk journey

Value with a Physician Organization partner

Case study – **Answer Health**

Together, Priority Health and Answer Health worked collaboratively to redesign processes, dive into data and transform care for Answer Health's patients. We provided enhanced technical and analytic resources plus one-to-one support to ensure success.

Answer Health is a physician group with over 1,000 adult and pediatric primary and specialty care providers at more than 200 locations across Western and Northern Michigan. Answer Health currently serves over 80,000 Priority Health members under Medicare, Medicaid and commercial risk agreements.

Answer Health is forecasted to generate an **$8 million positive shift** in their Alternative Payment Model (APM) performance.

This turnaround, while influenced by several factors, is due in large part to our collaborative efforts to:

Engage patients

- **Proactive PCP-patient engagement** – Ensuring every Priority Health Medicare member with an Answer Health physician is seen at least once per year and maximizing PCP touch points for high-acuity members, leveraging preventive care to save upstream costs.
- **End-of-life care optimization** – Driving palliative care utilization and ensuring timely referral to hospice. Doing so decreases costly end-of-life intervention while improving patient comfort and quality of life.
- **Data reconciliation** – Making sure providers are seeing the right patients, at the right time, in the right setting.
- **Data transparency** – Establishing a standard meeting cadence with PCPs to review performance, identify opportunities, discuss best practices and ensure peer-to-peer accountability.
- **Behavioral Health Collaborative Care (BHCC) partnership** – In collaboration with Pine Rest, we funded a care manager to support the practices with the highest behavioral health utilization, currently above plan / national / peer benchmarks.
- **Pharmacy collaboration** – Monthly meetings to review outlier members and prescribers, Priority Health policy, formulary updates and high-cost drug usage.

Optimize care

- **Closing gaps and engaging patients and the right time, in the right setting, at the right cost** – Using our reports and data to prioritize outreach and target the sickest patients with the most needs and gaps in care. Full disease burden is captured through accurate coding and documentation, which lets us get patients the resources they need.
- **Partnership** – Submitting supplemental data, enhancing reporting and optimizing preventive annual wellness visits and primary care touch points to prevent future adverse events. Doing so improves 5-Star quality scores, which allows us to lower premiums and improve benefits for our members.

Enhance outcomes

- **Annual Wellness Visits (AWV) adjustment** – Partnered with Priority Health teams to adjust the Priority Health AWV policy and make it easier for practices to identify member eligibility.
- **Vendor coordination** – Improving communication between vendors and PCPs, resulting in improved coordination and precision around vendor use.

Value in an Integrated System

Case study – Corewell Health West

Corewell Health is a $14.7 billion dollar integrated delivery system providing care to Michigan communities through 22 hospitals, 300+ outpatient locations and post-acute facilities.

Corewell Health West is uniquely positioned to offer value-based care because of the combination of a medical group, care delivery system, community partnerships and with us—Priority Health—as an integrated health plan.

For Priority Health members who choose Corewell Health for care, they're given a unique designation in their medical record to ensure a concierge-like experience, especially for patients with multiple chronic conditions.

How was the Priority Health/Corewell Health West arrangement structured?
In 2020, Priority Health and Corewell Health West began a full-risk contract. We committed to a multi-year contract with goals set by line of business.

This model changed the partnership between Priority Health and Corewell Health West with a new joint focus of alignment, structure and profitability:

ALIGNMENT

Both organizations are focused on the long-term goals and these five guiding principles where together, we'll:

- Prioritize value-based health care as critical to system success
- Test a full-risk model within our own integrated system as a low-risk approach to build capabilities for the delivery side to use with other payers
- Commit to working collaboratively, knowing this is the key to success
- Be agile and avoid duplication of effort focusing on execution and results
- Demonstrate value creation through increased quality and lower cost over time

STRUCTURE

A portfolio approach with separate targets for each line of business—including commercial group, commercial individual, Medicare and Medicaid—to manage the risk of under or over performance in a given population.

PROFITABILITY

Significant potential for increased earnings with transparency in monitoring current and projected financial results.

How are we managing the work? Through data, transparency and collaboration.

Data and transparency: With support from key teams, like finance, actuary, analytics and provider strategy and solutions, monthly reporting is distributed with year-end estimates by line of business plus shared access to claims, cost and utilization data.

Collaboration: There are dedicated operational and analytic teams focused on the success of this arrangement. There are monthly management joint operating committees; financial, quality, risk and operations workgroups; and a "Payvider" Council focused on programming. Additionally, there are workgroups, huddles and other ad hoc meetings dedicated to success through our integrated partnership.

Results show **$45 million saved**, quality of patient care was optimized

Priority Health and Corewell Health West's value-based arrangement is showing positive results for members, providers and the health plan.

As of 2022, the estimated savings from the full-risk contract is **$45 million** for a member population of over 171,000.

As our provider partners earn more from their risk contracts, Priority Health saves long term. We save money when our members are managed through coordinated primary care and get their health concerns addressed early. Chronic conditions are managed and visits to high-cost facilities are avoided. These savings mean we're able to keep premiums and costs for our members and employers down.

With our Corewell Health West risk arrangement, **we're managing $1.3 billion in total cost of care.**

Compared to the Priority Health network, from 2019 – 2022, Corewell Health had a:

15% increase in primary care visits

17% increase in outpatient behavioral health visits

6% decrease in hospital admissions

2% decrease in emergency room use

Where do the savings come from? Ensuring members are getting the right care, at the right time.

- **Increased primary care visits:** When members see their PCPs, their care is better coordinated—from labs, imaging, specialty care, and more—and they're getting care at the right time, in the right setting. Compared to the entire Priority Health network, Corewell Health West has increased primary care visits by 15% from 2019 to 2022.
- **Increased outpatient behavioral health care:** 1 in 8 emergency department visits are related to mental health or substance use disorders.* Treating members' behavioral health needs before they require care at a hospital ensures they get the care they need, when they need it while avoiding extra costs. Corewell Health West increased behavioral health outpatient visits by 17% more than the rest of the Priority Health network from 2019 to 2022.

Increasing outpatient care has resulted in a reduction in higher-cost services.

- **Reduced hospital admissions:** Corewell Health West's hospital admissions have decreased 6% more than the rest of the Priority Health network from 2019 to 2022, resulting in 400 fewer admissions in 2022.
- **Lower emergency room use:** Emergency room visits at Corewell Health West have decreased 2% more than the rest of the Priority Health network, meaning 700 fewer people visited the emergency room in 2022.

**Source: Agency for Healthcare Research and Quality*

ARE PRIORITY HEALTH AND COREWELL HEALTH BRINGING VALUE TO WEST MICHIGAN?

Yes.

INDIVIDUAL PLANS

West Michigan **premiums are 10% below the national average** and lower than 72% of rating areas nationwide.

SMALL GROUP PLANS

West Michigan **premiums are 29% below the national average** and lower than 94% of rating areas nationwide.

Rating areas are geographic boundaries used in the individual and small group markets. Calculations based on Appendices A and B of CMS's Summary Report on Permanent Risk Adjustment Transfers for the 2022 Benefit Year.

Improving the health and lives of our members

Even though Priority Health members don't purchase their health plan knowing anything about risk arrangements, those who have a Priority Health plan and seek care at Corewell Health West benefit from our full risk arrangement. **Our risk partnership has led to a re-design of how primary care is delivered at Corewell Health West**

7 models of care

were created based on the needs of patients who are part of the Corewell Health West risk contract to drive the transformation of how our members—their patients—are cared for.

1 Value teamlets

A care team that includes a physician, nurse, medical assistants and sometimes a pharmacist that surrounds patients with the appropriate level of care while giving each team member the ability to work to the top of their license.

2 Rising risk

Focuses on patients with multiple chronic conditions to delay or reverse the progression of disease. For example, a patient with diabetes, hypertension, high cholesterol and/or heart disease—yet their disease has not progressed to kidney or heart failure—gets extra support to address risk factors, including social determinants of health.

3 Rural rising risk

Because it's difficult to recruit and retain physicians in rural areas, advanced practice providers serve as the primary care providers. Patients identified with "rising risk" are cared for by APPs, clinical staff to support pharmacy, social work, care management and a population health registered nurse. Walk-in clinics are used to improve primary care access, which has helped patients avoid trips to the ED for non-emergent care.

4 Community medicine clinic for Medicaid

Medicaid patients have unique needs and barriers to care. This model serves patients with specific health care needs such as substance use disorder, chronic pain and behavioral health care needs. A psychiatrist, licensed behavioral health medical social worker, community health worker, pharmacist and physical therapist are part of this special clinical team. Community health workers make home visits and assist with resources for the homeless.

5 Virtual primary care

Primary care for patients who have limited engagement in traditional care settings, especially younger, healthier populations. We expanded this care with a virtual first health plan that's more affordable and encourages proactive care.

6 Advanced primary care clinics

These clinics are designed for Priority Health Medicare members with multiple chronic diseases who don't qualify for other home-based primary care. Teams spend time managing chronic diseases and medications, discussing goals of care and advanced care planning. Appointments are longer, giving patients the time to ask questions.

7 E-consult

Provider-to-provider consultations in the electronic medical record completed within 24 hours at no cost to the patient. This gets patients answers more quickly and avoids referrals and long-wait times for specialists.

The value of e-consults

One member's experience in the Rural Rising Risk model

A 35-year-old patient worked with the Corewell Health West transitions of care team following a hospitalization for acute pancreatitis. During the 30-day transition support, care managers worked to get faster in-home care through visiting nurses, supported the patient with drain care and other aftercare and coordinated with the patient's GI Radiology team. The patient—who previously had four inpatient admissions and five ED visits over six months— has gone three months with no inpatient stays or ED visits.

Priority Health and Corewell Health West partnership in action

Value-based care removes the constraints of a fee-for service model, allowing for new, innovative ways to care for members.

Transitions of care
In 2021, the Corewell Health West transitions of care team set out to reimagine the model so that fewer patients had to be readmitted. It meant figuring out which patients were really going to struggle the week after discharge so the team could show up to problem-solve for the next 30 days. There were many "aha" moments during the redesign. A single phone call from a nurse care manager wasn't the silver bullet. Patients with multiple and complicated medical needs face many barriers during recovery that have little to do with clinical care.

The focus became caring for the whole person, which includes behavioral health and social determinants of health. It requires addressing root causes that create difficulty in the journey to recovery.

As a result, hospital readmissions were **reduced by 70%** for patients in the highest risk population.

Source: Corewell Health West

Advanced Primary Care clinics
Priority Health partnered with Corewell Health West primary care to help design the care model for Advanced Primary Care clinics and remove barriers to access.

EXAMPLE:
Home visits by providers are covered by Priority Health. In fact, when we learned that patients weren't willing to keep appointments as often as they are required because of co-pays, Priority Health redesigned the plan. Now, there's a $0 co-pay for patients of our Advanced Primary Care clinics.

EXAMPLE:
If one of our patients needs transportation to their appointment, Priority Health covers the cost. As a health plan, Priority Health understands the importance of addressing whole-health needs by understanding social risk. This enables us to pinpoint where the biggest needs are to direct resources to the most impactful programs for our most vulnerable members who count on us for care.

What's next in our value journey?

Using new tools to better identify providers ready for risk and the appropriate level of risk

APM Readiness Assessment
Our APM Readiness Assessment is a dashboard that helps us identify provider groups ready to succeed in risk.

Pro Forma
Once a provider has a value-based contract, we help them understand both financial and quality data to explain variance and identify data-driven opportunities to improve the quality of care and/or decrease cost. Our pro forma financial analysis helps us evaluate the top opportunities for our provider partners.

Expanding successful infrastructure and processes and developing new tools to help providers succeed

Epic Payer Platform
In partnership with Epic, we've launched a tool with select provider partners in their electronic medical records that improves data sharing, gives providers a broader view of patients' health, enhances care coordination and reduces administrative burden for providers.

Specialty engagement and site of service
Working more closely with specialists on processes that get members the right care at the right location. For example, site of service initiatives partner with providers to refer patients to high-quality, lower cost settings—like an outpatient surgery center instead of a hospital—when it's medically appropriate.

AT PRIORITY HEALTH, WE BELIEVE IN value.

Results show that our value-based care arrangements with provider partners benefit our doctors, our members and our communities. **We see members getting better care, health systems earning more and savings resulting in reduced health plan premiums.**

The most successful providers are those who stick with value-based care. There are no quick wins. Changing the way care is delivered takes time and collaboration between providers and payers.

We're here to partner with providers to succeed in this journey of lowering health care costs while improving quality.

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