

What Does Value-Based Care Mean for Self-Insured Employers?

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So CareFirst is a not-for-profit health care company. And, you know, our core mission is to do everything possible to bring affordability, access and equity to the health care delivery system, health care marketplace, for the people that we serve.

We are uniquely positioned to drive the transformation of the health care experience for our members by partnering with our provider organizations. And this is true of the Blues nationally.

So health care is inherently local. There are very few national providers of health care delivery services. It's a local system in your community. That system has a unique personality, a set of financial circumstances, a management team. The needs of a particular population and a particular geography vary from marketplace to marketplace.

The degree to which the health care delivery system has been consolidated into a few number of players, or remains a more competitive marketplace is also different from marketplace to marketplace around the country. But in every market around the country, the Blues typically lead in market share.

And that gives us the opportunity with the number of members that we have working with any provider across the United States to partner with a provider in a different way. If we were, you know, five to seven percent of providers revenue and came to them with some new ideas about how we could transform health care, we are less likely to make progress with that partner than if we come to them and we're 30 to 40 percent of their patient population.

An executive team at a health system will sit down and work with us as the local Blue when we represent 30 to 40 percent of their business. It's worth investing in the time. It's worth investing in technology. And there's oftentimes as many of these health systems are not-for-profit—a shared interest in a shared mission in making progress.

So we're uniquely positioned to do this kind of work and we need to be very thoughtful and very collaborative in approaching health systems to do that.

So CareFirst is working with our local partners and tailoring models that makes sense in this region. We're going to move at the pace of our providers and what they are able to do to make progress. And our simple goal is to make progress, to make progress toward a more affordable, accessible, equitable healthcare system.

And my peers that have a similar position to me in every other Blue in the country know their markets and their health systems and their major practices. They know their management teams, their personalities. They know the characteristics of those populations. And they know the market dynamics. So they are each very well positioned and each also have significant share of the patient population to be able to make progress with providers.

So I think the Blues have a unique advantage in advancing value based care. We're going to be able to get further with our partners than some of our

competitors will just because of the nature of the size of the relationships that we have with those particular partners.

Now, if you are a self-funded employer, you're going to see some changes in the way that we're working with you. The first is there will be a small reserve that will be billed on a monthly basis. And that small reserve, I think of it a lot like the mortgage escrow account on your home. We take a little bit each month and then that is reserve to pay incentives to providers.

And at the end of the year, we take a look at how those providers did and where are your members, that are for your account, are seeking care. And if the providers did well and earn an incentive, then that will be attributed back to your particular account.

Now, if the escrow account is funded too much and we carry over for the next year and perhaps reduce the escrow payment. If the escrow account is underfunded, we may come to you and say we may need to increase the escrow in the next year in order to recoup part of that.

But we're trying to make it very easy for our employer groups. You don't have to think about all of this, but you're going to get the benefit. So if there's an incentive that's paid to a provider organization, it's only paid because they did better and met their targets on the whole population that they're serving CareFirst member—of which your particular employees and dependents are a part.

So we think it's a pretty simple system. We have all of the accounting infrastructure built so that if it ever needs to be audited, we can provide information about that it was one of your members who was seeing this OB practice for maternity care and this OB practice improved by this much over the course of the year, and therefore, that was the cause of that incentive to be paid.

So all of this infrastructure is built so you can you can see it, you can understand the value that's being created. It's really almost like by doing business with CareFirst and with the Blues generally, you're buying into a co-op that has an awful lot of buying power.

And we've talked about, you know, the strategic advantage being related to market discounts for years, but now it's not just market discounts. It's how we can get more value for the amount that's being paid and measure that value. That's the whole concept of value based care.

So as a self-funded employer, it's going to be a very small per member per month charge on your bill that is very much like an escrow account. It is going to be held in escrow, so to speak, until it's time to pay those incentives.

And then if the provider organizations did not do as well as expected, some of that money will be returned to you. If they did as well as expected, you should be very pleased that those incentives are being paid because it means that you have experienced some better value for health care, for your health care investment in that particular year.