



# Reinventing Health Care in Arizona

February 24, 2017

Banner and Aetna are working to obtain necessary indemnity insurer and HCSO (HMO) licenses from the Arizona Department of Insurance ("ADOI") for joint venture entities that will be owned by Banner Health and Aetna. If the licenses are ultimately granted by the ADOI, it is anticipated that the HCSO (HMO) will be licensed as Banner Health Aetna Health Plan Inc. and the indemnity insurance company will be licensed as Banner Health Aetna Health Insurance Company. Unless and until such licenses and the health insurance products are approved by the ADOI, insurance products will be offered and/or underwritten by Aetna Life Insurance Company and Aetna Health Inc. (Aetna). Each insurer has sole financial responsibility for its own products. Each insurer has sole financial responsibility for its own products.



# Banner & Aetna

**Banner and Aetna** have developed a proven track record with our ACO since 2011

**Together, we built** an innovative value-based care model that has saved nearly \$10 million, reduced unnecessary surgical admissions, and improved generic drug prescribing rates

**Aetna and Banner** have a shared vision and are uniquely positioned to make this partnership work

**Our collaboration** currently has over 130,000 members managed through our ACO

# Joint Venture Structure

## Banner & Aetna

### Creating a For-Profit HMO & Insurance Carrier\*

Will market co-branded insurance products to applicable segments, fund-types, geography

Shared Equity Ownership

Separate BOD (all participate)

CEO (who reports to BOD)

\*Awaiting licensure from the Arizona Department of Insurance. Unless and until the licenses and health insurance products are approved by the Department, insurance products will be offered and/or underwritten by Aetna Life Insurance Company and Aetna Health Inc.

### Aetna – Health Plan Administration

Banner & Aetna will pay Aetna to perform health plan administration functions except local care management:

#### Acquire & Retain Customers

Product Mgt  
Actuarial  
Underwriting  
Sales  
Account Mgt

#### Service Customers

Implementation  
Enrollment & Eligibility  
Billing & Collection  
Reimbursements  
Customer Service

#### Manage Cost & Quality of Care

Accreditation/HEDIS  
Delegation O/S  
Network Mgt

#### Critical Support Functions

Accounting, Treasury, Regulatory Compliance, Management Reporting

### Banner – Local Care Management

Banner & Aetna will pay Banner to perform local care management functions:

Utilization Management

Case Management

Disease Management

Wellness Services (diet, exercise, etc.)

Clinically-Integrated Network Management

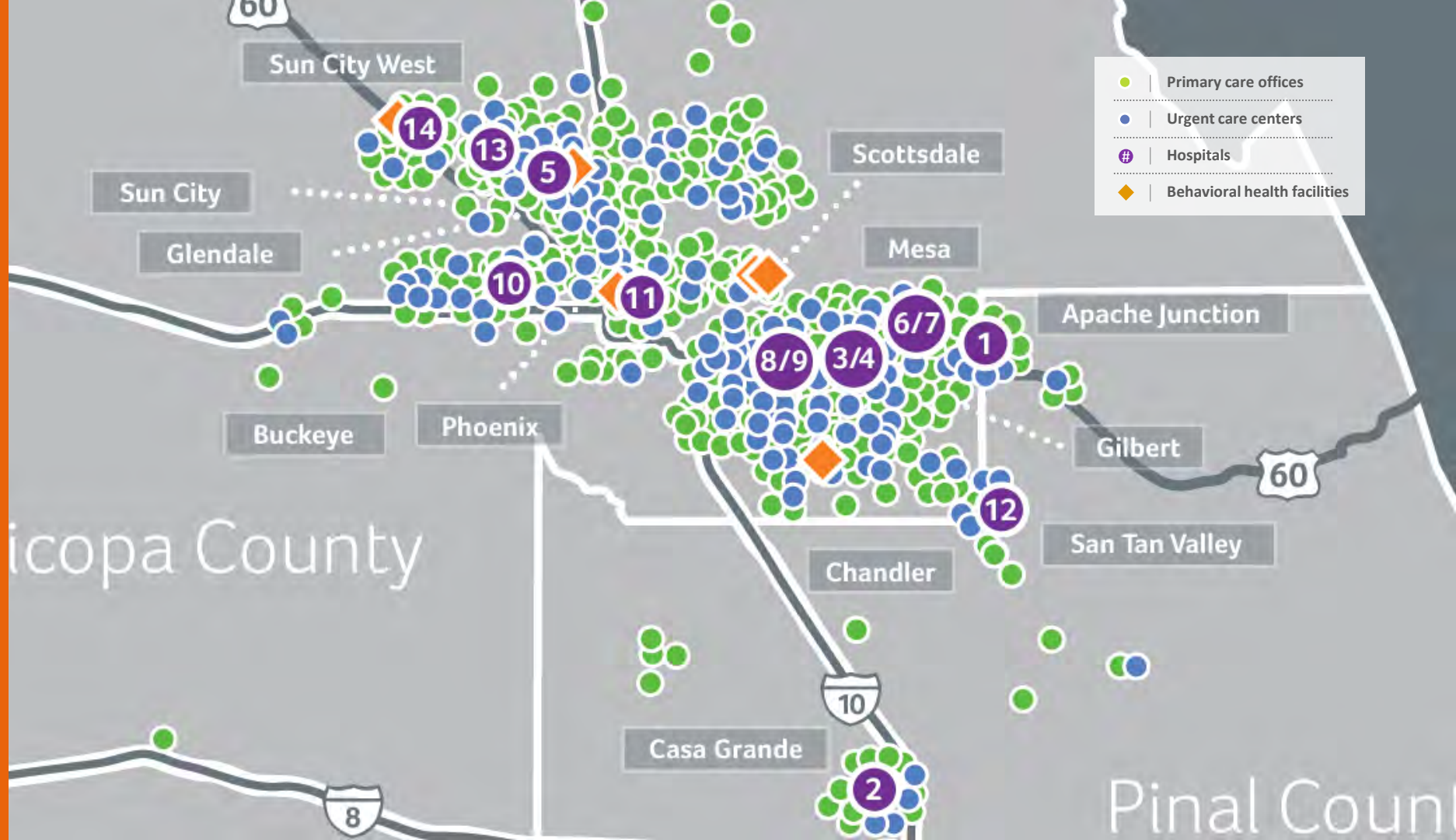
# Network configuration

A photograph of a doctor in a white lab coat examining a patient's neck. The doctor is on the left, seen from the side, with a stethoscope around his neck. The patient is on the right, looking up at the doctor. The background is a clinical setting with white walls and medical equipment.

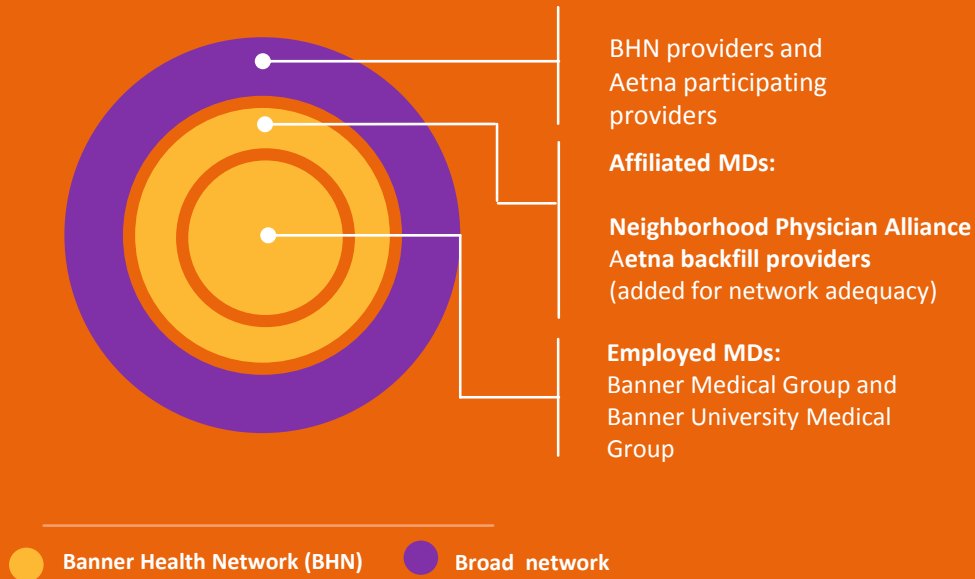
## Being strategic brings you a network of best-in-class providers

- **Over 900** primary care physicians
- **More than 5,800** specialists
- **Access to more than 125** urgent care centers
- **14 in-network** hospitals
- **9 health care** centers
- **11 emergency** centers

A full network to meet your needs whether at home, in the office or out on the town



# 2017 network composition



## The Banner Health Network in 2017

consist of all BHN MDs (employed and affiliated) and Aetna backfill providers to complement the network for adequacy purposes

## Differentiated (member experience) capabilities

will not be enabled for providers outside of the narrow network

# **Risk Share Arrangements**

# Risk Share arrangements:

## Product Offerings

### Fully Insured Product

- Risk: Up and Downside Risk Shared 50/50
- Min savings/loss rate: 0%
- Max savings/loss rate: Corridor limits
- ACP Fee: PMPM
- Trend: Market
- Large Claim Removal
- Quality: Measures are a gate to gain/share
- Claim Targets: Set based only on population managed by Provider entity

### Self-Insured Product

- Risk: Up and Downside Risk Shared 50/50
- Min savings/loss rate: 0%
- Max savings/loss rate: Corridor Limits
- ACP Fee: PMPM
- Trend: S&P index
- Large Claim Removal
- Individual Reconciliation Threshold: 2,500 members
- Quality: Measures are a gate to gain/share
- Claim Targets: Set based only on population managed by Provider entity

# Risk Share Arrangements:

## Attribution

Fully Insured Attribution and Self-Insured Attribution;  
Up to combined threshold of 5K Members

- Risk: ACP at risk based on quality
- ACP Fee: PMPM
- Quality: Measures are a gate to keeping the ACP, reconciled year end

Fully Insured Attribution; Upon reaching 5K Members

- Risk: Up and Downside Risk Shared 50/50
- Min savings/loss rate: 0%
- Max savings/loss rate: Corridor limits
- ACP Fee: PMPM
- Trend: Market
- Large Claim Removal
- Quality: Measures are a gate
- Claim Targets: Set based only on population managed by Provider entity

# Key results

# RESULTS

**24%** decrease in avoidable surgical admissions/1000

**5%** improved monitoring of patients medication therapy after a heart attack

**4%** more generic prescribing

**11.5%** overall reduction in medical costs vs. expected costs for the market

**11%** improved Intervention of pediatric patients with recurring ear infections

**\$9.9M** shared savings on Aetna Whole Health fully-insured membership over 3 years

# Quality measures & future initiatives

## Banner Health Network – quality measures & future initiatives

*Focus on 12 core quality measures*

*Neighborhood Physician Alliance*

*High Value Network*

*Bundled Payments*

YTD As Of:  
 Provider Name:  
 Office Name:  
 NPI:  
 Network:

Next Update:

# 2016 Scorecard

BHN/Network Performance Measures		Target		Current Score	
Network	Admits/K	< =220			
	Re-Admits as a Percent of Total YTD Admits	< 11%			
BHN	PMPM Expense Improvement	3% Improv.	5% Improv.		
		75%	100%		
Physician Specific Measures		Target		Current Score	
Individual Performance	Members without Office Visits	< = 5%			
	HCC Recapture Rate	> = 90%			
	In-Network Utilization Improvement %	3% or > = 90%	% of Improvement	% of Utilization	
	Quality Rating	Please See Below			

Network Specific Measures	
✓	Admits/K = 10%
✓	ReAdmit% = 10%
✓	PMPM Expense Improvement = 10%

Total Network Specific Measures = 30%

Physician Specific Measures	
✓	Members without Office Visits = 20%
✓	HCC Recapture Rate = 15%
✓	In-Network Utilization Improvement % = 15%
✓	Quality Rating = 20%

Total Physician Specific Measures = 70%

Quality Measures	
Threshold = 75%	Target = 100% Exceeds = 120%

Quality Measures		Specifications	Star Rating/ACO Measure Targets						Current Score	
			Threshold		Target		Exceeds			
Quality Metrics	Colorectal Cancer Screening	ACO 19 / STARS 02	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			71%	64%	75%	80%	78%	88%		
	Breast Cancer Screening	ACO 20 / STARS 01	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			74%	64%	77%	80%	89%	88%		
	BMI Assessment & Counseling	ACO 16 / STARS 08	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			90%	72%	93%	90%	96%	99%		
	Controlling Blood Pressure	ACO 28 / STARS 18	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			75%	60%	79%	75%	82%	83%		
	Diabetes: HA1C Testing	HEDIS CDC	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			71%	N/A	78%	N/A	84%	N/A		
	Diabetes: HA1C < 9	ACO 27 / STARS 16	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			71%	68%	78%	78%	84%	88%		
	Diabetes: Screening for Nephropathy	STARS 15	STARS	ACO	STARS	ACO	STARS	ACO	STARS	ACO
			93%	N/A	95%	N/A	97%	N/A		



Questions



This material is for information only and is not an offer or invitation to contract. An application must be completed to obtain coverage. Health benefits and health insurance plans contain exclusions and limitations. Providers are independent contractors and are not agents of Aetna. Provider participation may change without notice. Aetna does not provide care or guarantee access to health services.

**Under your Aetna Whole Health plan, if your primary care doctor is part of an integrated delivery system, your doctor and other integrated delivery system providers will generally refer you to specialists and hospitals that are affiliated with that delivery system. However, Aetna Whole Health providers that aren't part of the integrated network may not coordinate your care and the data may not be shared in the manner described.**

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Information is believed to be accurate as of the production date; however, it is subject to change. **For more information about Aetna plans, refer to [www.aetna.com](http://www.aetna.com).**