



THE HERTEL REPORT

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ACO VBN DATA EDITION
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The Source that Connects the Arizona Healthcare Community

VALUE-BASED PAYMENT ARRANGEMENTS & ACOS - SURVIVING & THRIVING IN 2021

As professionals across the health industry's continuum of care battle the COVID-19 pandemic, the world of value-based payment arrangements and accountable care organizations continues to turn, but with mounting pressure to take on greater risk and prove the promise of the quadruple aim.

In Arizona, a dozen ACOs, multiple Value-Based Networks, and a handful of Direct Contracting Entities are negotiating the complicated and sometime speculative business of value-based payment arrangements. Patient care and profits are at risk if they don't get it right.

With population-health at its focus, value-based payment and delivery models aren't going anywhere; Medicare, Medicaid and commercial insurance is changing, pandemic or not.

In a letter to congressional leaders in August 2020, the National Association of Accountable Care Organizations (NAACOS) along with allies including the American Academy of Physicians, America's Physician Groups and the Health Care Transformation Task Force, urged Congress to do more to support clinicians in Advanced Alternative Payment Models (APMs).

"This positive movement to transform our system of care must continue along with the creation of strong incentives for the delivery system to improve population health, quality, and the patient experience."

Continuing to move toward value-based care will make for a stronger healthcare system infrastructure that will also be better equipped to handle future public health crisis.

NAACOS
American Academy of Physician
America's Physician Groups
Health Care Transformation Task Force

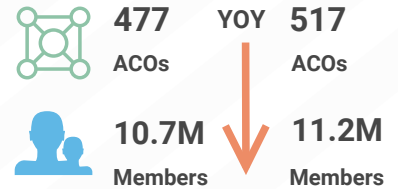
The pandemic's horrific human toll can't yet be measured nor can the financial damage to clinicians and hospitals as the fight against COVID-19 continues.

Many Healthcare professionals and organizations engaged in value-based payment arrangements, especially those taking risk through capitation, are in an enviable position to those still vested in the fee-for-service payment model.

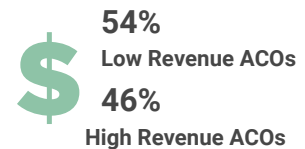
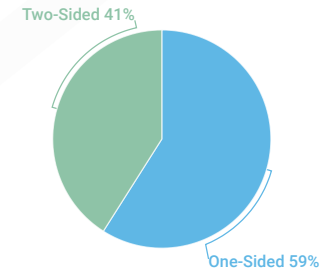
Prospective, predictive payments in a pandemic make a critical difference when utilization vanishes due to an unexpected and relentless Public Health Emergency.

Continued on Page 2

National MSSP Mix 2021 vs 2020



2021 Risk Levels



CMS Medicare Shared Savings Program



Surviving & Thriving Cont'd From Page 1

Primary Care Physicians were hit hard as in-person outpatient visits plummeted between February and May of 2020. A Health Affairs analysis found 2020 losses totaled nearly \$68,000 in gross revenue per full time physician – at least \$15 billion in losses to primary care practices.

In the Duke University Margolis Center for Health Policy July 2020 policy brief, “Enabling Health Care Resilience During and After the COVID-19 Pandemic,” authors provide a future vision for value-based payments.

“A health care organization’s ability to respond to COVID-19 is partially driven by its payment structure. Organizations operating primarily under fee-for-service (FFS) payment are experiencing significant drops in revenue and often do not have the capabilities in place to respond to the pandemic. On the other hand, organizations engaged in value-based payment (VBP) models (especially those receiving prospective payments) have more stable revenue streams, and frequently have care coordination, telehealth, and data analysis capabilities in place that allow them to respond more effectively.”

Authors of the Margolis Center report urged Congress to include \$35 billion in resilience payments as part of its COVID-19 Health Care Relief, Response, and Resilience (RRR) Payment Program to help clinicians increase their participation in APMS by 2021.

The Center is advocating PCPs who receive the payments must increase the share of payments they receive from public and private payers through advanced APMS by at least 20 percentage points, with larger increases for bigger shifts.

Expediting providers move to value-based payment models is based on data showing that during the pandemic PCPs in APMS leveraged care management support far more effectively than practices not in APMS, 82% to 51%, respectively. Premier surveyed 245 healthcare organizations about their value-based strategies and tools during the PHE.

The PCPs in APMS also outperformed their non-APM colleagues in the following areas:

- Triage call centers (55% vs 31%)
- Remote patient monitoring (49% vs 30%)
- Population health data to manage and predict cases (43% vs 20%)
- Claims data to understand care delivered outside the acute care setting (29% vs 13%)

The Centers for Medicare and Medicaid Services (CMS) provided historic regulatory flexibility to preserve its priority: Using APMS and value-based models as mechanisms to move the US healthcare system from volume to value.

Among the flexibilities CMS granted ACOs to address financial risk issues, down-side risk mechanisms and reporting burdens during the PHE was to permit them to freeze their risk level for another year.

Also, CMS canceled its 2021 application cycle, giving ACOs with contracts ending in 2020 options for extensions and an extra year to determine their 2021 plans; discussions are underway.

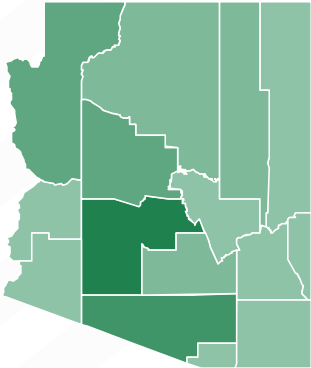
2021 Arizona MSSP Mix



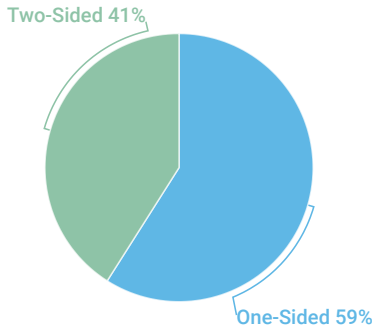
13 ACOs



Arizona MSSP Membership



2021 Risk Levels



62% Low Revenue ACOs

38% High Revenue ACOs

Source: CMS 2021 MSSP Data

Direct Contracting Entities and Next Generation ACOs not included.

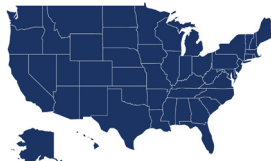
Enabling Health Care Resilience During & After the COVID-19 Pandemic



Duke University Margolis Center for Health Policy



2021 NATIONAL ACO MEMBERSHIP



10.7M

2021 National Earned Shared Savings



\$1.5B

2021 MSSP CMS Data

ARIZONA ACOs & VALUE-BASED NETWORKS MEMBERSHIP

ORGANIZATION	APM	VBN	LIVES
Abacus ACO	✓	✓	WND
Advanced Illness Partners	✓		Unknown
Apricus Health*	✓	✓	Unknown
Arizona Care Network	✓	✓	322,900
Arizona Connected Care	✓		47,623
Arizona Priority Care	✓	✓	5,300+
ASPA Connected Community	✓	✓	7,600
Banner Health Network	✓	✓	352,610
CareMore Health	✓		Unknown
Cigna Medical Group		✓	WND
Commonwealth ACO	✓	✓	14,500
District Medical Group		✓	4,500
Equality Health Network		✓	WND
Innovation Care Partners	✓	✓	168,539
Iora Health	✓	✓	WND
North Central Arizona AC	✓		15,225
Pathfinder ACO	✓	✓	20,217
Phoenix Children's Care Network		✓	159,534
Steward National Care Network	✓	✓	83,550
Summit Healthcare NEAR	✓	✓	9,976
Village MD	✓	✓	Unknown
Valleywise Health		✓	44,100

Note: Apricus Health* Self-disclosed Direct Contracting Entity (DCE); does not appear on CMS list of 51 provider and ACOs participating in the program. APMs include participants in the Medicare MSSP, Next Gen or DCE programs. Value-based networks (VBNs) include organizations in risk sharing and quality metrics with Medicaid, Medicare Advantage and commercial health plans.



MIXING UP SOMETHING SPECIAL

ACOs & VBNs *Secret Sauce*

Defining healthcare value across the care continuum as you simultaneously operationalize public health perspectives and care management platforms is risky business.

Newcomers participating nationally in the Pathways to Success MSSP program dropped from 41 to 35 between 2019 and 2020 as Arizona's ACO market remained stable.

Taking responsibility for the total cost of Medicare patients was once a growing segment of the industry. Organizations were lining up to participate; nearly 400 new ACOs from 2016 to 2018 bet on the value-based reimbursement model. With a new taste for risk, the Centers for Medicare and Medicaid Services put the model on a slower growth track, one that posits: more risk, more gain.

As the global pandemic converged with the 2018 overhaul of the ACO program, optimism for the success of the program caused many health executives to think twice about their continued participation.

2020 APRIL SURVEY NAACOS

Almost 60% of 226 ACOs in risk-based models said they were likely to quit the ACO program to avoid financial losses stemming from the pandemic.

Sophisticated ACOs and VBNs feature ingredients such as artificial intelligence, blockchain technologies, customized chronic care management platforms as well as effective PCP communications and incentives - a diverse menu, but all necessary ingredients for success.

As organizations have created their own unique recipes for delivering on the quadruple aim, payers from all market segments: Medicare, Medicaid, Medicare Advantage and commercial, remain hungry for approaches that deliver on the promise of the quadruple aim.

**Improved Population Health
Enhanced Patient Experience
Reduced Healthcare Costs
Enhanced Physician Satisfaction**

Continued on Page 4

Secret Sauce, Cont'd From Page 3

All of the Medicare ACOs are working toward broadening their payer mix, with varying degrees of success. Some Value-based networks prefer to avoid the bureaucracy of CMS and concentrate on marketing their secret sauce for specific populations to commercial, Medicare Advantage and AHCCCS plans.

In Arizona, health plans are increasingly driven to develop such value-based payment arrangements – including pressure from Arizona’s Medicaid program.

During the 2021 contract year AHCCCS requires 2021 AHCCCS Complete Care insurers to have 65% of medical spend connected to some value-based performance arrangements and 55% in arrangements connected to shared savings.

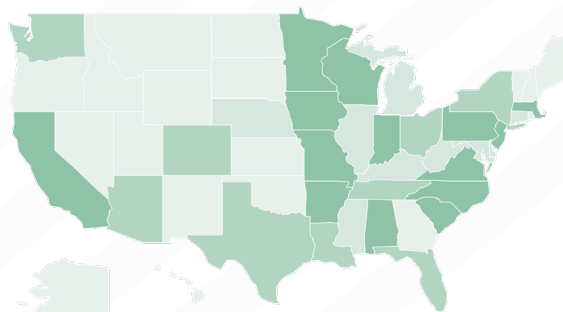
Medicaid’s move to value-based care models is a national movement as fee-for-service payment incentivizes higher volume and greater spending, rather than accountability for costs and outcomes.

CMS says there are still growth opportunities for more states to improve health outcomes and efficiency across payers including Medicare, Medicaid and private insurance.

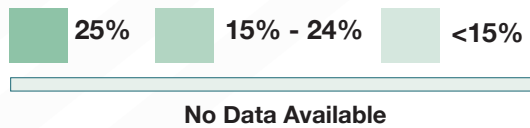


- VALUE-BASED REIMBURSEMENT OBSTACLES**
- ROI**
Not Apparent or Guaranteed
 - INFRASTRUCTURE**
Insufficient
 - FEAR OF CHANGE**
 - DATA**
Accessibility
Interoperability
 - TIGHT MARGINS**
 - ACTUARIAL**
Lacking Experience
 - CONTRACTING**
Lacking Experience
 - PAYERS**
Resistant to Collaboration

NATIONAL PROGRESS TOWARD VBN



SOURCE: KLAS Data Sept. 2020

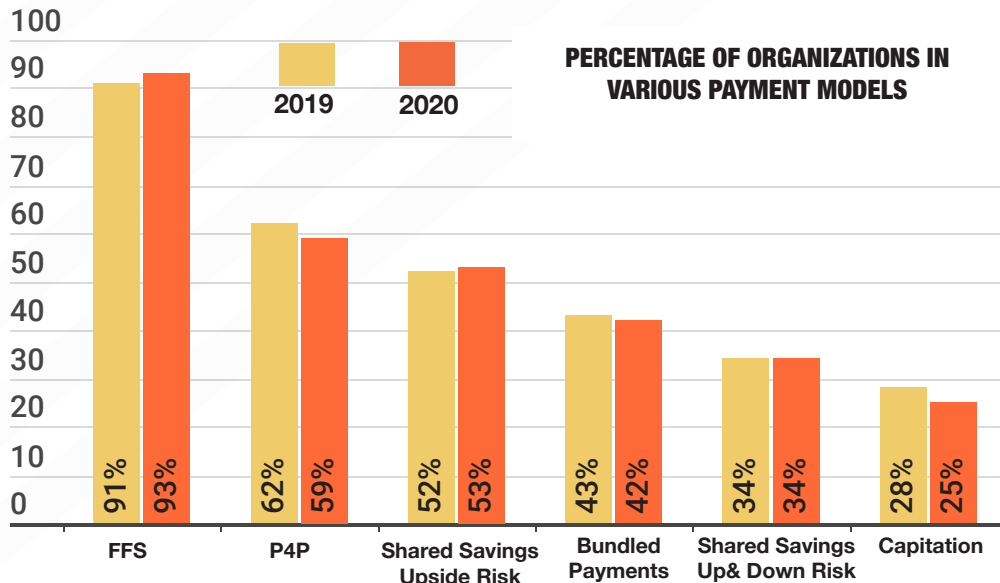


SOURCE: KLAS 2019 Population Health Management Cornerstone Summit



The not so secret sauce:

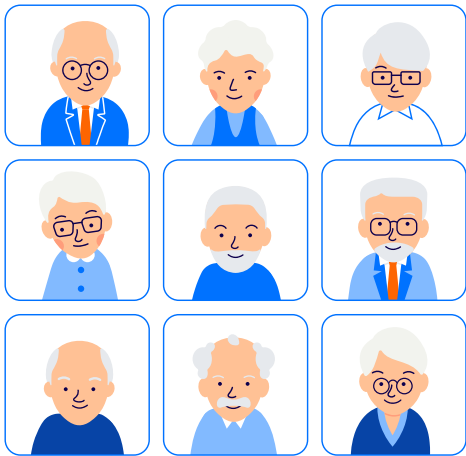
Financial incentives to deliver the best quality and best value in healthcare.



- APM GROWTH**
- | 2019 | 2020 |
|------|------|
| 26% | 29% |
- MAX GROWTH**
- 3%
P4P
Capitation

SOURCE: 2020 CHIME Digital Health Most Wired Survey

2019 ARIZONA MSSP ACO MEMBERSHIP & SAVINGS



Note: List does not include: CHSPSC ACO 16

Innovation Care Partners
56,392 *2 Sided*

Banner Health Network
54,506 *2 Sided*

Abacus Health
28,105

Prime Accountable Care West
25,619

Steward National Care Network
24,250 *2 Sided*

North Central Arizona AC
14,383 *2 Sided*

Arizona Connected Care
13,704

Commonwealth Primary Care ACO
11,287

Pathfinder Health
9,858 *2 Sided*

ASPAC Connected
6,231

ARIZONA COUNTY	ACO COUNT
Apache	1030
Cochise	2455
Coconino	4902
Gila	2055
Graham	61
Greenlee	16
La Paz	242
Maricopa	112,177
Mohave	11,461
Navajo	5934
Pima	33,979
Pinal	8718
Santa Cruz	1081
Yavapai	15,265
Yuma	91

NOTE: ACO Member Count excludes MSSP ACOs not listed above

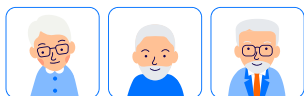
TOTAL AZ ACO MEMBERS
413,486

2019 Medicare Generated Savings ARIZONA ACOs
\$73.6M

2019 Medicare Earned Shared Savings
\$39.6M



2019 ARIZONA ACO MEMBERS
199,467



2019 ARIZONA Earned Shared Savings

INNOVATION CARE PARTNERS
\$14.6M

ABACUS
\$7.7M

STEWARD NATIONAL CARE NETWORK
\$6.7M

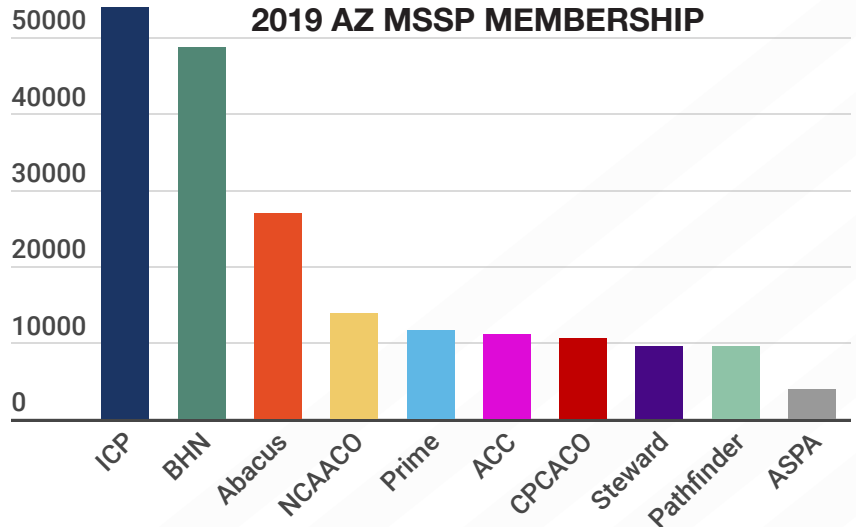
NORTH CENTRAL ARIZONA ACCOUNTABLE CARE
\$2.7M

ASPAC CONNECTED
\$1M

COMMONWEALTH PRIMARY CARE ACO
\$1M

ARIZONA CONNECTED CARE
\$887K

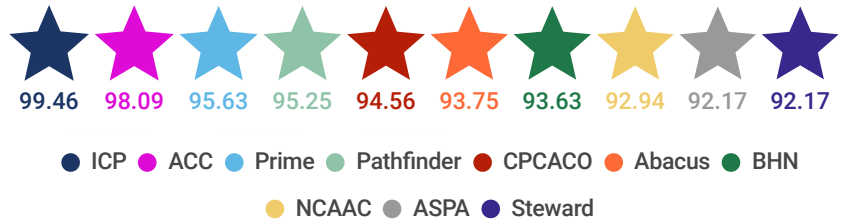
2019 ARIZONA ACOS MEMBERSHIP COMPARISON



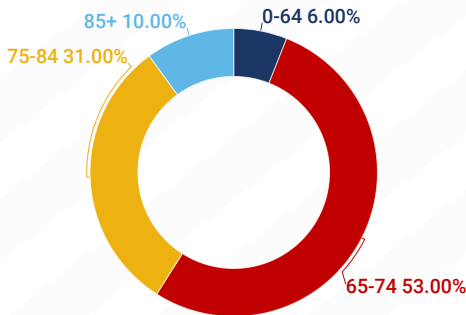
In 2019, some ACOs participated in one or two six-month performance years, while others participated, in one, 12-month performance year.

ACOs in 2019 either entered a 12-month performance year on January 1, 2019; extended their agreement by six months from January 1, 2019, through June 30, 2019; or began a new agreement July 1, 2019.

2019 ARIZONA ACOS QUALITY SCORES



2019 ARIZONA ACOS MEMBERSHIP DEMOGRAPHICS



QUALITY MEASURES FOUR DOMAINS

1. Patient/Caregiver Experience
2. Care Coordination/Patient Safety
3. Preventive Health
4. At-Risk Population

CMS focuses ACO quality performance and improvement activity on four key domains to serve as the basis for assessing, benchmarking, rewarding, and improving ACO quality performance.

An ACO's final sharing rate, which is based on quality performance, is used to determine the ACO's eligibility for shared savings and liability for shared losses for ACOs under two-sided, risk track.

In general, ACOs with relatively higher quality scores will be eligible to share in a larger amount of savings. ACOs in Track 2 and the ENHANCED track (Track 3) with relatively higher quality scores will be liable for a smaller amount of losses compared to ACOs with lower quality scores, because the loss sharing rate is determined based on quality performance. However, ACOs under the Track 1+ Model and the BASIC track's two-sided models have a fixed loss sharing rate of 30% that is not adjusted by the final quality score

In the 2019 performance year, The Centers for Medicare and Medicaid Services measured the quality of care provided by ACOs using 23 measures.

ABACUS ACO



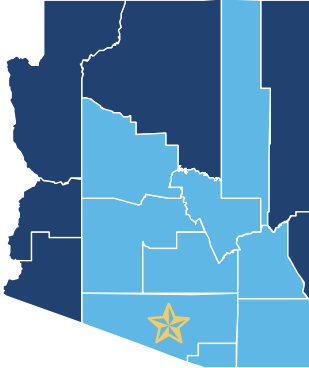
28,105

Track 1

94%

Quality Score

Counties with Attributed Members



PIMA COUNTY WINNER

24,638



\$18.1M

Generated Savings

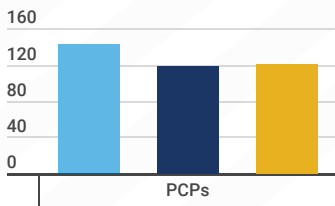


\$7.7M

Earned Shared Savings

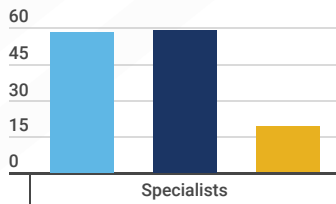


Primary Care Physicians



● 2017 ● 2018 ● 2019

Specialists



● 2017 ● 2018 ● 2019

YOY PERFORMANCE

Category	2016	2017	2018	2019
Per capita ESRD expenditures	\$64,012	\$67,128	\$64,359	\$71,324

Per capita Disabled expenditures	\$6,855	\$8,460	\$7,001	\$8,192
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Per capita Aged/Dual expenditures	\$11,403	\$13,523	\$13,381	\$11,686
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Per capita Aged/Non-Dual expenditures	\$7,227	\$8,020	\$8,010	\$8,519
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Per capita Total Inpatient expenditures	\$2,102	\$2,416	\$2,249	\$2,373
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Per capita Total Outpatient expenditures	\$1,112	\$1,262	\$1,260	\$1,336
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Note: For calendar year 2019, Abacus, Arizona Connected Care, Banner Health Network, Commonwealth Primary Care ACO and Steward National Care Network data included two performance years in the Shared Saving Program. ACOs can be in both performance years with differing beneficiary population across counties. For the tables in this data edition, totals were averaged between the two performance years.



The Hertel Report includes per capita expenditures for Arizona ACOs year-over-year.

In the MSSP program Medicare beneficiaries are assigned to one of four categories by CMS and the agency then calculates expenditures from each category.

ACOs earn shared savings when they demonstrate that they spent less on beneficiary expenditures than their benchmark – an amount CMS sets that's reflective of historical costs.

YOY ACO TABLE NOTES

Yearly annualized, truncated, weighted mean total expenditures

FOUR BENEFICIARY CATEGORIES

1. Per Capita ESRD Expenditures
Early Stage Renal Disease (ESRD) assigned beneficiary person years.

2. Per Capita Disabled Expenditures
Disabled assigned beneficiary person years.

3. Per Capita Aged/Dual Expenditures
Aged-dual assigned beneficiary person years.

4. Per Capita Non-Dual Expenditures
Aged/non-dual assigned beneficiary person years.

EXPENDITURES

Total Inpatient Expenditures
Inpatient services for assigned beneficiaries.

Hospital Provider Types
Short-term
Acute care
Long-term care
Rehabilitation
Psychiatric

Total Outpatient Expenditures
Outpatient services for assigned beneficiaries

Outpatient Facility Types
Hospital
Dialysis Facilities
Federally Qualified Health Center (FQHC)
Rural Health Clinic
Rehabilitation
Community Mental Health

AZ CARE NETWORK

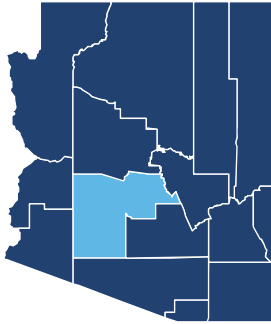
The NEXT GENERATION Program



35,751

95%

Quality Score



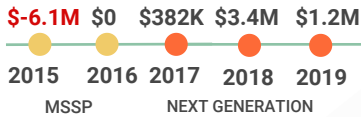
Declared Service Area



\$1.2M

Earned Shared Savings

EARNED SHARING HISTORY



96% 89% 100% 98% 95%
2015 2016 2017 2018 2019

Primary Care Physicians

1,350



2019 MSSP RESULTS

The Next Generation ACO Model *ends this year*. It is designed for ACOs that are experienced in coordinating care for populations of patients. In this model, provider groups assume higher levels of financial risk and reward than are available under the Shared Savings Program (MSSP). The model's goal is to test whether strong financial incentives for ACOs, coupled with tools to support better patient engagement and care management, can improve health outcomes and lower expenditures for FFS Medicare beneficiaries.

2020 ARIZONA CARE NETWORK FAST FACTS

NEW!
MSSP E or DCE

287,900
Value-Based Lives



MEDICAID & MA & COMMERCIAL
Quality Based Bonuses/Incentives Upside Risk Only

VB CONTRACTED LIVES

MEDICAID	Mercy Care	137,000
	Bright Health	1,900
COMMERCIAL	Aetna	20,000
	Bright Health	19,000
	Cigna	60,000
	UHC	50,000

Most Notable Success in 2020

Sustained positive financial and quality performance in Medicare & Medicaid ACO arrangements

Biggest Opportunity in 2021

Optimizing new population health analytics platform and provider tools to build upon ACN's historical performance and support continued growth support continued growth.

Todd Ricotta
Chief Operating Officer

2019 NATIONAL DATA: NEXT GENERATION ACOs

Average Quality Score
93.7%

Shared Savings
\$472.8M

Medicare Savings
\$204M

The Next Gen ACO model was likely associated with gross reductions in post-acute care spending for inpatient rehabilitation facilities and long-term care hospitals. The model also was linked to increased wellness benefits among beneficiaries.

NORC



Click

Next Generation Accountable Care Organization Model Evaluation
January 2020



at the UNIVERSITY of CHICAGO

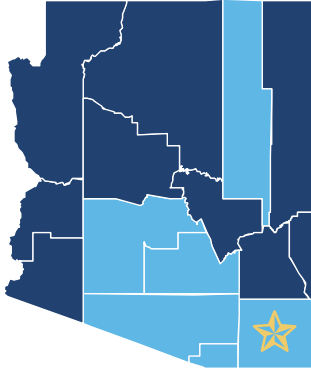
ARIZONA CONNECTED CARE



9,889

Track 1 & Basic

Countries with Attributed Members



95%

Quality Score



COCHISE COUNTY WINNER

2,602



\$0

Generated Savings

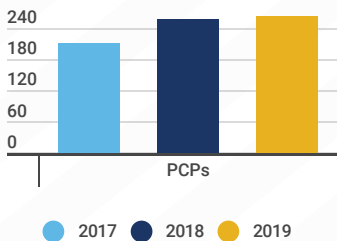


\$0

Earned Shared Savings



Primary Care Physicians



Specialists



2019 MSSP RESULTS

YOY PERFORMANCE

Category	2013	2014	2015	2016	2017	2018	2019
Per capita ESRD expenditures	\$72,472	\$68,617	\$63,914	\$74,272	\$71,987	\$71,016	\$75,169
	\$8,652	\$8,580	\$8,184	\$10,205	\$10,620	\$10,255	\$9,379

Category	2013	2014	2015	2016	2017	2018	2019
Per capita Aged/Dual expenditures	\$6,659	\$7,168	\$5,861	\$9,811	\$9,367	\$8,692	\$9,084
	\$9,737	\$9,148	\$7,170	\$9,921	\$8,760	\$8,840	\$8,947

Category	2017	2018	2019
Per capita Total Inpatient expenditures	\$3,343	\$3,140	\$2,888
	\$2,022	\$1,904	\$1,946

2020 ARIZONA CONNECTED CARE FAST FACTS

NEW IN 2021
Direct Contracting Entity



28,121
Value-Based Lives



2020 10,177 MSSP MEMBERS



526
PCPs

VB CONTRACTED LIVES

Category	Contractor	Lives
MEDICARE ADVANTAGE	BCBSAZ	3,661
	CareMore	319
	Humana	2,801
SHARED RISK	UHC AARP	11,020
	Wellcare	10,320
COMMERCIAL	CIGNA	4,657
	UHC	9,325

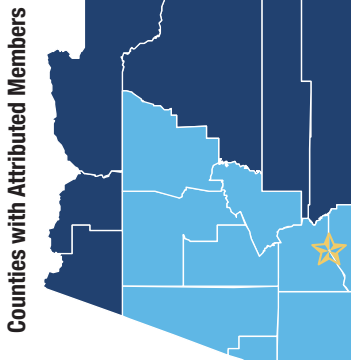
ASPA CONNECTED



6,231 Track 1

92%

Quality Score



GRAHAM/GREENLEE COUNTY WINNER

77



\$2.4M

Generated Savings

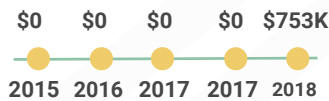


\$1M

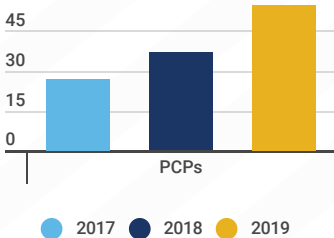
Earned Shared Savings

\$3.7M

Earned Shared History



Primary Care Physicians



2019 MSSP RESULTS

YOY PERFORMANCE

Per capita ESRD expenditures	\$61,399	2015
	\$64,962	2016
	\$60,377	2017
	\$68,538	2018
	\$72,415	2019

Per capita Disabled expenditures	\$8,309	2015
	\$8,047	2016
	\$8,324	2017
	\$8,492	2018
	\$9,426	2019

Per capita Aged/Dual expenditures	\$11,077	2015
	\$12,056	2016
	\$12,845	2017
	\$11,214	2018
	\$10,237	2019

Per capita Aged/Non-Dual expenditures	\$7,586	2015
	\$7,500	2016
	\$8,573	2017
	\$8,855	2018
	\$9,431	2019

Per capita Total Inpatient expenditures	\$2,815	2015
	\$2,891	2016
	\$3,033	2017
	\$2,966	2018
	\$2,727	2019

Per capita Total Outpatient expenditures	\$1,438	2015
	\$1,549	2016
	\$1,720	2017
	\$1,729	2018
	\$1,669	2019

2019 ACO DEMOGRAPHICS

ESRD	DISABLED	DUAL	N-DUAL
ABACUS			
48	589	125	26,878
ARIZONA CONNECTED CARE			
103	1,211	634	9,608
ASPA CONNECTED			
38	493	368	5,182
BANNER HEALTH NETWORK			
80	1705	768	50,214
COMMONWEALTH PRIMARY CARE			
18	464	169	9821
INNOVATION CARE PARTNERS			
48	1,955	676	52,504
PATHFINDER			
31	402	211	9,062
STEWART NATIONAL CARE NETWORK			
143	2,677	1144	24,528

PHYSICIAN-LED ACOs Unique Needs & Opportunities

“Because hospitals and health systems sponsored many early ACOs, the policies, payment models and care delivery models initially focused on building competencies for these groups.

However, these policies and strategies may need to be reconsidered as the model moves forward to focus on ACOs led by physicians.”

David Muhlestein
Chief Strategy & Research Officer
Leavitt Partners

ACOs: A Bridge from Fee for Service

“We have learned during this pandemic that total reliance on a fee-for-service payment model is dangerous. We now have eight years experience showing that *population-focused, total cost of care models*, such as ACOs, incentivize all providers to work together to care for the whole patient and provide quality care throughout the continuum to address patients’ social needs, manage comorbidities, and coordinate medications.”

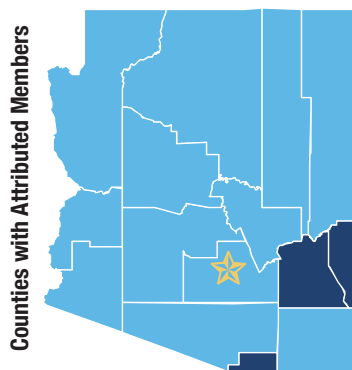
NAACOS

BANNER HEALTH NETWORK



48,735

Track 3 & Enhanced



94%

Quality Score

2019 MSSP RESULTS



PINAL COUNTY WINNER
4,202



\$5.5M
Generated Savings



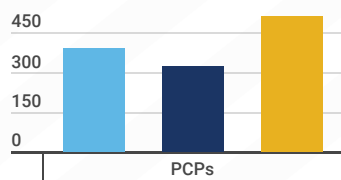
\$3.9M
Earned Shared Savings
\$3.7M

Pioneer ACO Earned Savings Earned Shared History



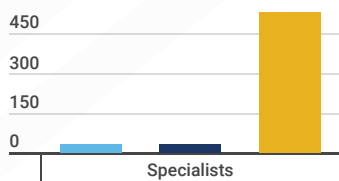
2012-2016 2017 2018

Primary Care Physicians



● 2017 ● 2018 ● 2019

Specialists



● 2017 ● 2018 ● 2019

YOY MSSP PERFORMANCE

Per capita ESRD expenditures	2017	2018	2019
	\$80,463	\$87,743	\$92,547

Per capita Disabled expenditures	2017	2018	2019
	\$9,986	\$10,201	\$9,856

Per capita Aged/Dual expenditures	2017	2018	2019
	\$13,889	\$13,450	\$14,746

Per capita Aged/Non-Dual expenditures	2017	2018	2019
	\$10,062	\$10,104	\$10,606

Per capita Total Inpatient expenditures	2017	2018	2019
	\$2,913	\$2,808	\$2,873

Per capita Total Outpatient expenditures	2017	2018	2019
	\$1,774	\$1,747	\$1,832



2020 59,581 MSSP MEMBERS

2020 BANNER HEALTH NETWORK FAST FACTS

293,029
Value-Based Lives



VB CONTRACTED LIVES

Category	Contractor	Lives
MA	Aetna	16,111
	Banner Health	1,000
	BCBSAZ	24,909
	Humana	23,232
COMMERCIAL	UHC AARP	17,639
	Aetna	67,481
	BCBSAZ	27,801
	Cigna	62,614
	United ACO	52,242

Most Notable Success in 2020

Significant member and provider growth and improved performance in shared savings generated for purchasers and participating providers, quality scores and launched improved population health tools.

Biggest Opportunity in 2021

Managing in a COVID-19 environment and success in launching new tools with physicians. Thank you to all BHN participating physicians!

Chuck Lehn
President

The Value-Based Movement

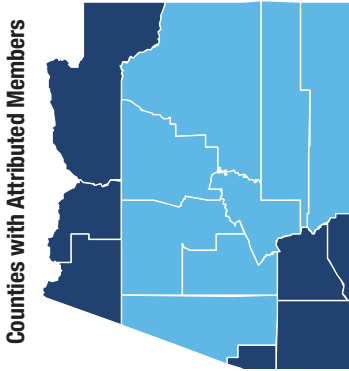
“There is a clarion call right now to double down. And people realize that 85 to 90% of the spend in the U.S. is around chronic disease. I think we should watch the behavior of the health plans. They are not a monolith and are not moving forward at equal paces. Physicians groups all over the country are having these conversations right now around their board tables, where they’re saying, we can’t stay in FFS and be on the edge another 12 months from now.”

Don Crane
America's Physician Groups

COMMONWEALTH PCACO

 10,471


Track 1 & Basic B



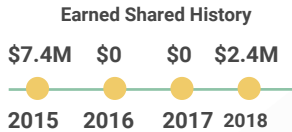
95%

Quality Score

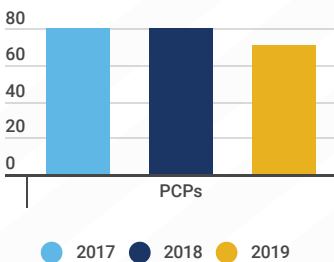
2019 MSSP RESULTS

 **\$2.2M**
Generated Savings

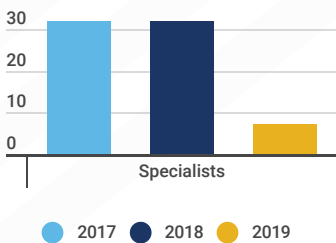
 **\$1M**
Earned Shared Savings



Primary Care Physicians



Specialists



YOY PERFORMANCE

Per capita ESRD expenditures	\$80,178	2014
	\$74,487	2015
	\$89,833	2016
	\$68,470	2017
	\$73,253	2018
	\$77,229	2019

Per capita Aged/Non-Dual expenditures	\$9,016	2014
	\$7,975	2015
	\$9,039	2016
	\$9,732	2017
	\$9,816	2018
	\$10,407	2019

Per capita Disabled expenditures	\$10,578	2014
	\$8,698	2015
	\$11,178	2016
	\$10,747	2017
	\$10,796	2018
	\$10,299	2019

Per capita Total Inpatient expenditures	\$3,132	2014
	\$2,425	2015
	\$3,215	2016
	\$2,978	2017
	\$2,838	2018
	\$3,085	2019

Per capita Aged/Dual expenditures	\$20,227	2014
	\$17,127	2015
	\$27,499	2016
	\$16,613	2017
	\$14,754	2018
	\$17,783	2019

Per capita Total Outpatient expenditures	\$1,433	2014
	\$1,271	2015
	\$1,436	2016
	\$1,444	2017
	\$1,399	2018
	\$1,455	2019



2020 10,000 MSSP MEMBERS



MEDICAID & MA & COMMERCIAL

Quality Based Bonuses/Incentives Upside Risk Only

2020 COMMONWEALTH PCACO FAST FACTS



4,500
Value-Based Lives

VB CONTRACTED LIVES

MEDICAID	UHC Community	4,500
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Most Notable Success in 2020

Medicare Bonus 2+ years in a row.

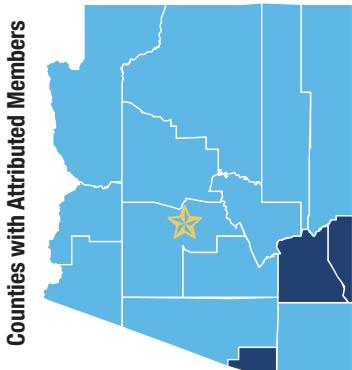
Biggest Opportunity in 2021

Creating contracts in Medicaid, commercial, and MA through a new partnership with Equality Health Network.


Lance Donkerbrook
Chief Operating Officer


INNOVATION CARE PARTNERS

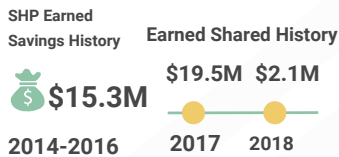
 **56,392**



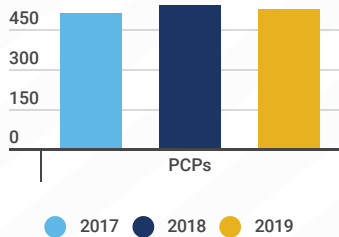
 **MARICOPA COUNTY WINNER**
52,569

 **\$24.5M**
Generated Savings

 **\$14.6M**
Earned Shared Savings



Primary Care Physicians



ICP & JCL Combined / JCL Ended 2019



A Conversation with Innovation Care Partners

Track 2

99%

Quality Score

Q: New Innovative Technologies?

Now using Natural Language Processing, Implement Machine Learning by March 2021.

2019 MSSP RESULTS

“ We’re taking all the data captured through our private HIE, Innovative Exchange, and with machine learning technology it provides us a much more accurate risk score on patients. We can replace some of the more traditional risk algorithms that are known to be 60% accurate and get in the high 80 to 90% accuracy. ”

Q: Why the name Innovation Care Partners?

“ Innovation isn’t just a name, we continue to be innovative in both technologies and how we deliver in a value-based world across a large span of providers. Core to our mission, if we do our job well providers can continue to be successful in private practice because we help make healthcare that’s really complex a little simpler. ”

Q: How does ICP approach their relationships with PCPs?

“ Our fundamental philosophy from day one is that we invite all physicians to participate and hope they can learn from us and evolve their practices. We don’t have an exclusionary approach, we don’t say, ‘you’re not good enough, we’re not going to let you in,’ instead, we give them information and the opportunity to grow and evolve. ”

Faron Thompson
Chief Operating Officer

2020 INNOVATION CARE PARTNERS FAST FACTS

111,339
Value-Based Lives



MEDICAID & MA
Quality Based Bonuses/Incentives Upside Risk Only
MA
Up & Downside Risk Pop. Based Pmnt.

VB CONTRACTED LIVES

MEDICAID	Mercy Care	22,117
	UHC Community	20,988
MA	Aetna	2,782
	BCBSAZ	5,516
	Humana	9,572
	UHC AARP	8,633
COMMERCIAL	BCBSAZ	3,311
	Cigna	26,381
	Oscar	1,251
	Banner Aetna	10,788

Continued on Page XX

ICP Cont'd From Page 13

YOY PERFORMANCE

	JCL	SHP	YR
Per capita ESRD expenditures	\$83,153	N/A	2013
	\$74,883	\$70,459	2014
	\$80,379	\$84,893	2015
	\$87,288	\$82,214	2016
	\$86,378	\$76,047	2017
	\$80,549	\$53,877	2018
	ICP	\$68,662	

	JCL	SHP	YR
Per capita Aged/Non-Dual expenditures	\$7,582	N/A	2013
	\$8,101	\$7,900	2014
	\$9,385	\$9,356	2015
	\$10,671	\$9,226	2016
	\$10,273	\$8,931	2017
	\$10,227	\$9,091	2018
	ICP	\$9,840	

	JCL	SHP	YR
Per capita Disabled expenditures	\$ 8,410	N/A	2013
	\$8,676	\$9,981	2014
	\$10,641	\$11,476	2015
	\$11,607	\$14,015	2016
	\$10,678	\$9,656	2017
	\$10,507	\$10,121	2018
ICP	\$11,123		2019

	JCL	SHP	YR
Per capita Total Inpatient expenditures	\$2,379	N/A	2013
	\$2,352	\$2,128	2014
	\$3,134	\$2,730	2015
	\$3,721	\$2,717	2016
	\$3,314	\$2,655	2017
	\$2,945	\$2,576	2018
	ICP	\$2,637	

	JCL	SHP	YR
Per capita Aged/Dual expenditures	\$11,588	N/A	2013
	\$9,415	\$14,271	2014
	\$14,597	\$17,828	2015
	\$21,198	\$20,198	2016
	\$16,865	\$14,072	2017
	\$20,233	\$16,074	2018
	ICP	\$19,558	

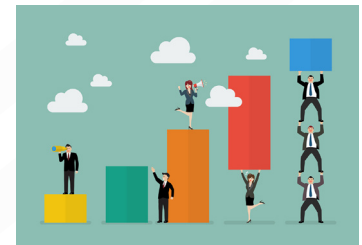
	JCL	SHP	YR
Per capita Total Outpatient expenditures	N/A	N/A	
	\$1,337	\$1,192	2014
	\$1,464	\$1,301	2015
	\$1,425	\$1,326	2016
	\$1,779	\$1,415	2017
	\$1,924	\$1,468	2018
	ICP	\$1,677	

ICP NOTES

John C. Lincoln (JCL) ACO was shuttered at the end of 2018 after years of disappointing results.

In 2019, most of its clinicians and Medicare members migrated to one of Arizona's top ACOs, Scottsdale Health Partners.

Owned and managed by ICP, the ACO also expanded its PCP community and membership rolls in 2019 when it added Summit Medical Group.



Most Notable Success in 2020

Quick pivot to support our community with COVID-19 support and leadership.

Biggest Opportunity in 2021

Complete implementation of artificial intelligence and quality/risk management technologies.

Faron Thompson
Chief Operating Officer



EXAMPLE STRATEGIES FOR COVID-19 DETECTION & CONTAINMENT BY VBP ORGANIZATIONS

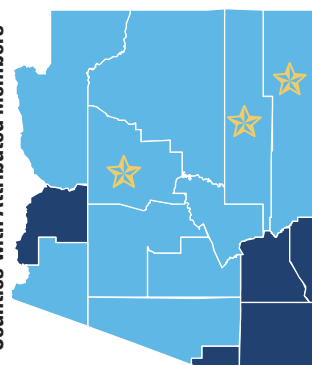
Strategy	Implementation Examples	Bundled/Episode-Based Payments
Proactive Outreach and Support to Prevent Infection and Transmission	<ul style="list-style-type: none"> Algorithmic, data-driven identification of patients at overall risk for COVID-19 or poor outcomes from the disease Virtual wellness checks with directions for testing and care when needed 	<p>Data infrastructure to track patient population</p> <ul style="list-style-type: none"> Timely analysis of key data Workforce and networks to carry out patient outreach Infrastructure support from VBP-enabler organizations for smaller practices

Source: Margolis Report

NORTH CENTRAL ARIZONA AC

 14,383

Counties with Attributed Members



Track 1+

Partner
NEAR
NETWORK

93%

Quality
Score

2019 MSSP RESULTS



A Conversation with North Central Arizona AC

Q: You received shared savings for the first time in 2019, How?

“ I think some of it is improved processes including chart checking, and we hired a new transformation specialist for process improvement and data collection. ”

Q: How are you helping providers progress in case management?

“ They often just don't have the help, so we provide them assistance. In all my years in healthcare, it's not about technology, sometimes you need people to touch the patients, follow up on medications - we hire navigators, care coordinators and community health workers; it's about finding people to work with people. ”


Q: How has COVID-19 impacted your view of the APMs?


“ ACO models, direct contracting, clinically integrated contracting, etc. keep us all healthier. It allows us to all work together as a population when there's a crisis. ”


Lori Pearlmutter
Director of Population Health

 **YAVAPAI COUNTY WINNER**
8,214

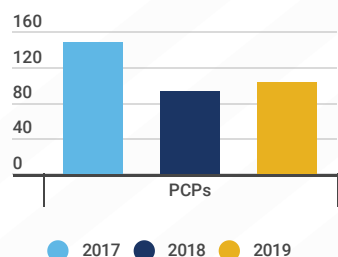
Also 1st in Apache and Navajo counties

 **\$5.7M**
Generated Savings

 **\$2.7M**
Earned Shared Savings

NCAACO Earned Savings History  **\$0**
2014-2016

Primary Care Physicians



Specialists



2020 NORTH CENTRAL ARIZONA AC FAST FACTS

NEW 2020!
Track 1+



2020 15,225 MSSP MEMBERS

Most Notable Success in 2020

Achieved shared savings for 2019, which will be used to improve processes and quality.

Biggest Opportunity in 2021

Increase provider and beneficiary engagement.
Improve quality metrics

Lori Pearlmutter
Director of Population Health

Continued on Page 16

YOY PERFORMANCE

Per capita ESRD expenditures	\$87,510	2015	Per capita Disabled expenditures	\$9,008	2015	Per capita Aged/Dual expenditures	\$10,384	2015
	\$88,192	2016		\$9,651	2016		\$13,894	2016
	\$102,596	2017		\$10,911	2017		\$18,950	2017
	\$91,445	2018		\$10,372	2018		\$18,507	2018
	\$109,420	2019		\$9,788	2019		\$14,494	2019
Per capita Aged/Non-Dual expenditures	\$8,768	2015	Per capita Total Inpatient expenditures	\$2,898	2015	Per capita Total Outpatient expenditures	\$1,642	2015
	\$8,949	2016		\$2,955	2016		\$1,720	2016
	\$9,631	2017		\$3,377	2017		\$1,905	2017
	\$9,994	2018		\$3,198	2018		\$2,240	2018
	\$10,118	2018		\$2,907	2019		\$2,361	2019

PATHFINDER ACO



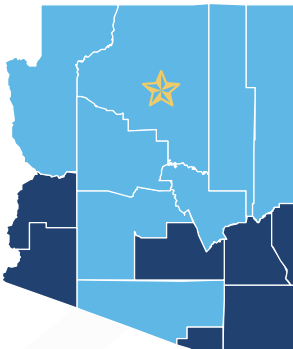
9,858

Track 1+

95%

Quality Score

Counties with Attributed Members



2019 MSSP RESULTS



COCONINO COUNTY WINNER

3,193



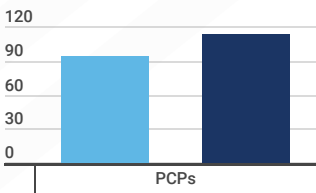
\$0

Generated Savings



Shared Savings History
2018 \$0

Primary Care Physicians



● 2018 ● 2019

YOY PERFORMANCE

Per capita ESRD expenditures	\$104,644	2018	Per capita Disabled expenditures	\$9,378	2018
	\$96,805	2019		\$10,675	2018
Per capita Aged/Dual expenditures	\$20,110	2018	Per capita Aged/Non-Dual expenditures	\$9,987	2018
	\$20,938	2019		\$10,321	2019
Per capita Total Inpatient expenditures	\$3,691	2018	Per capita Total Outpatient expenditures	\$1,811	2018
	\$3,725	2019		\$2,005	2019

Specialists



● 2018 ● 2019

Most Notable Success in 2020

Transitioning 300+ providers to virtual care in a 2 week period.

Biggest Opportunity in 2021

Behavioral Health

Timothy Dohse
ACO Director

2020 PATHFINDER FAST FACTS



10,087
Value-Based Lives

VB CONTRACTED LIVES

COMMERCIAL	BCBSAZ	4,000
DIRECT TO EMPLOYER	NAH	6,087



A Conversation with Pathfinder ACO

Q: Tell us about a recent initiative.

“We’re developing referral best practices and working with psychiatrists and psychologists on developing standards of care. We’re specifically focusing on geriatrics.”

Q: How are you helping providers make progress in case management?

“Along with more direct patient engagement, more direct outreach, one of the key drivers to change is the acceptance of technology. We’re most excited about the high efficiency of our practices. One of our key objectives this year is transforming the way we serve provider efficiency, engagement and satisfaction.”

Q: Pathfinder has taken risk for two years, what’s next?

“This is a journey and the destination is more and more risk; it’s only going to become more aggressive.”

Timothy Dohse
ACO Director

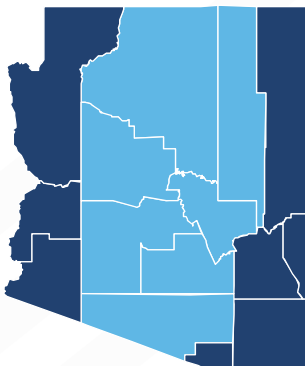
STEWARD ACO



24,250

Track 1+ & Enhanced

Counties with Attributed Members



Also Serving: OH, PA, LA, FL, NJ, AR

92%

Quality Score

2019 MSSP RESULTS



\$11.2M

Generated Savings



\$6.7M

Earned Shared Savings

2020 STEWARD ACO FAST FACTS



67,550

Value-Based Lives

NEW Track Enhanced



2020 16,000 MSSP MEMBERS



300 PRIMARY CARE PHYSICIANS

VB CONTRACTED LIVES

MEDICAID	Health Choice	25,000
	UHC Community	38,000
MA	Humana	4,500
	Imperial Health	50



MEDICAID
Shared Savings Upside Risk Only Full Capitation
MA
Shared Risk Up & Downside Risk



“Before the pandemic, VBP models gave organizations flexibility to regularly use telehealth-based models, using prospective payments or shared savings to invest in expanding platforms. These capabilities made them more prepared to ramp up their telehealth usage rapidly as shelter-in-place orders began.”

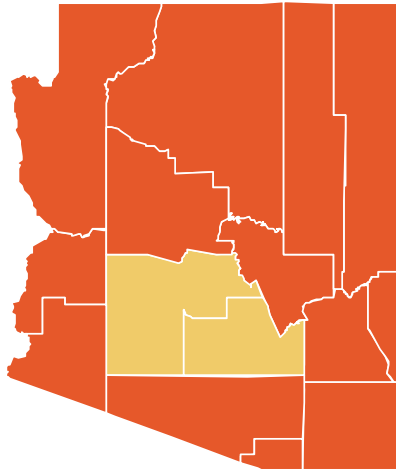
Source: Margolis Report

ARIZONA PRIORITY CARE



11,300

Estimated



Declared Service Area



**NEW 2021!
DCE**



Primary Care Physicians

512

VB CONTRACTED LIVES		
MA	BCBSAZ	5,300
	WellCare	

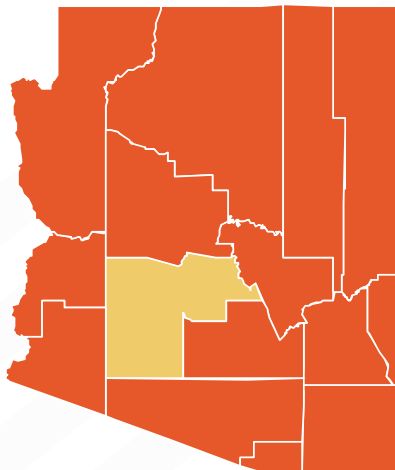


MA
Full Risk
DCE
Risk-Based

DISTRICT MEDICAL GROUP



4,519



Declared Service Area



VB CONTRACTED LIVES		
MEDICAID	Care1st	100
	Mercy Care	3,000
	UHC Community	1,000
MA	Banner Health	400



MEDICAID & MA
Quality Based Bonuses/Incentives Shared Savings Upside Risk Only



Primary Care Physicians

19

Most Notable Success in 2020

Gainsharing payment with ACN and Targeted Investment Program.

Biggest Opportunity in 2021

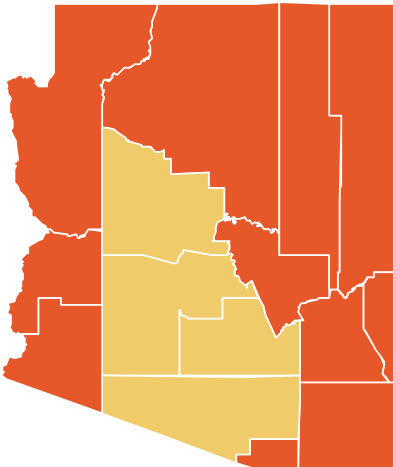
Continue to work with Health Plans to establish Value Based arrangements.

Wendy Burkholder
Chief Clinical Operations Officer

PHOENIX CHILDREN'S CARE NETWORK



159,534



Declared Service Area



VB CONTRACTED LIVES		
MEDICAID	Mercy Care	62,004
	Health Choice	12,977
	UHC Community	53,799
COMMERCIAL	Bright Health	5,215
	Cigna	25,539



Primary Care Physicians

391



MEDICAID	COMMERCIAL
Quality Based Bonuses/Incentives	
Shared Savings	
Upside Risk Only	



A Conversation with Phoenix Children's Care Network

Q: Will you tell us about your custom care management platform?

“ Because most care management platforms are primarily directed to adults, we built something from the ground up; off the shelf solutions were not a perfect fit for pediatrics.”

Q: How has COVID-19 impacted your providers?

“ Patient volumes were of concern, we spent a lot of time communicating and we created a custom plan with each of our practices to close gaps in care. We're always seeking innovative ways to address EPSDT measures; they are a common struggle for health plans. ”

Most Notable Success in 2020

Many of our PCCN practices expressed that patients who would traditionally receive their well-child visits were not coming into their PCPs offices due to fear of COVID-19. This had a negative impact in two ways: patients were not receiving the care that they need and pediatric offices were struggling to survive. Over the course of a three month period, PCCN operationalized a process that involved our Integrated Care Management and our Practice Integration programs to directly address these issues. During that period, PCCN was able to outreach to over 31,000 patients informing them of the importance of their well-child visits and the tailored plan that each office developed to keep them safe. Initial performance numbers indicate that this was a successful campaign. PCCN plans to perform a full review and analysis of the impact that we made in 2021.

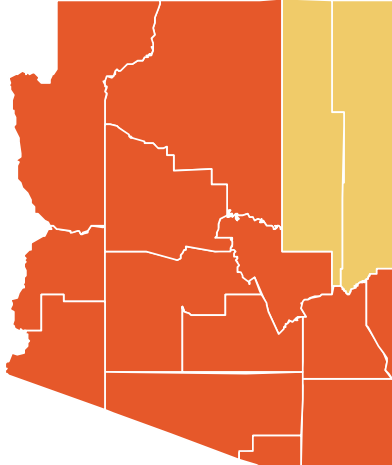
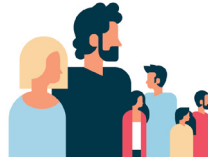
Biggest Opportunity in 2021

PCP and specialist communication has been and continues to be a struggle in the clinical space. PCCN is developing a workgroup to improve the communication between these providers using enhanced processes, technology, and quality measures.

NEAR NETWORK



9,976



Declared Service Area



Primary Care Physicians

54



Most Notable Success in 2020

Highest quality incentive payout year.

Biggest Opportunity in 2021

Finding a new MSSP partner.

Ken Allen
Chief of Physician Services

VB CONTRACTED LIVES		
MEDICAID	Care 1st	2,752
	Health Choice	2,835
COMMERCIAL	BCBSAZ	4,389

MEDICAID
Quality Based Bonuses & Incentives
COMMERCIAL
Shared Savings With Local Self Insured Entities

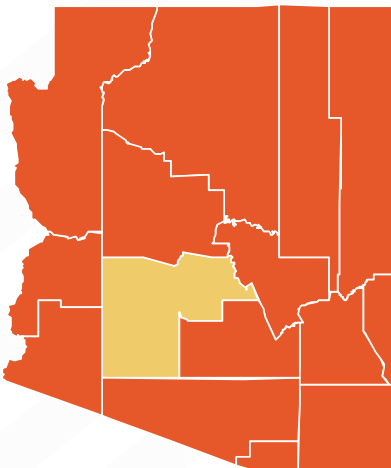
NEAR NETWORK NOTES

NEAR participates in the MSSP Program through NCAAC. About 54 NEAR PCPs attribute 4,500 lives to NCAAC in 2021.

Valleywise Health



45,100



Declared Service Area



Primary Care Physicians

68



VB CONTRACTED LIVES		
MSSP	ACN	1,000
MA	Bright Health	400
MEDICAID	Arizona Complete Health	2,000
	Banner University	1,200
	Care!st	3,000
	Health Choice	1,500
	UHC Community	36,000

MA
Quality Based Bonuses & Incentives
MEDICAID
Quality Based Bonuses & Incentives
Shared Savings Upside Risk

ESTIMATED VALUE-BASED CONTRACTED LIVES IN ARIZONA

APM OR VBN	MSSP START DATE	2021 RISK	OWNERSHIP	PCPS	TOTAL LIVES
Abacus ACO	1/1/16	Basic B	Ariz. Community Physicians	121	WND
Arizona Care Network	1/1/13	Next Gen	Dignity Health, Abrazo, PCCN	1,350	322,900
Arizona Connected Care/P3	4/1/12	Basic B	Community Providers, P3	526	47,623
Arizona Priority Care		DCE	Heritage Provider Network	512	5,300
ASPA Connected Community	1/1/15	Track 1	ASPA IPA and Wellvana Health	150	7,600
Banner Health Network	1/1/12	Enhanced	Banner Health	609	352,610
Cigna Medical Group		N/A	Cigna Healthcare	WND	WND
Commonwealth ACO	1/1/13	Basic B	Independent PCPs	100	14,500
District Medical Group		N/A	Non-Profit Medical Group	19	4,500
Equality Health Network		WND	Private Entity	WND	WND
Innovation Care Partners	1/1/13	Track 2	HonorHealth	526	168,539
North Central Arizona Accountable Care	1/1/15	Track 1+	YRMC, Dignity Health, Summit	103	15,225
Pathfinder ACO	1/1/18	Track 1+	Northern Arizona Healthcare	113	20,217
Phoenix Children's Care Network		NA	Phoenix Children's Hospital	391	159,534
Prime Accountable Care	1/1/18	Track 1	Physician Owned	105	25,519
Steward Healthcare Network	1/1/18	Basic E	Steward Healthcare	233	83,550

Estimates based on reporting from value-based networks and the latest available data from CMS.

TOTAL LIVES
1.3M

The Hertel Report

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 **Banner Health Network**