STRATEGIC APPROACH TO PAYER RELATIONS: MISSION NOT IMPOSSIBLE

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Are health plans your “enemies?”
Health Care Providers Have Three Customers

1. Patients
2. Referring Doctors
3. Health Plans

We need to treat third-party payers as customers!

How do you attract and maintain good relationships with customers?

You identify what they want and build your business model around addressing their needs.

U.S. Spending Tops World

Source: "Health Financing: Total expenditure on health as a percentage of the gross domestic product: 2012." World Health Organization
These cost pressures were behind passing of the Patient Protection and Affordable Care Act. Insurance companies will continue to be “ahead of the curve” in anticipating changing market dynamics. Perhaps now is the time to consider changing our mindset on how we approach our third-party payer relationships?

What are payers’ perspectives?

Top Trends in US Healthcare Today

“All payers are awaiting how the effect of the ACA, exchange, and Health Care reform will sift out…”

“It is quite possible that significant integration between payer’s claim databases and Health Providers EMR will occur. The two entities can no longer silo themselves against each other…”

“[Ophthalmology] Specialty providers are going to have to align with primary care practices. Primary care physicians will be responsible for the overall health performance of the patient in “pay for quality” scenarios…”

~ Current Insights from an Actual Payer

What are payers doing?

Some of the largest healthcare providers and insurers in the country continued to form the Healthcare Transformation Task Force in an effort to change healthcare industry payment models. The goal of the task force is to transform 75% of their business contracts to incentive based contracts focused on improving healthcare quality and lowering healthcare costs.

Partners Healthcare senior vice president for population health Dr. Tim Ferris stated that the focus of these efforts is aligned with payer and provider.
In the future we will need to work much more closely with health plans, other specialists, and healthcare delivery systems. Practices that figure out what those entities want and deliver on those needs will be much more successful.

What do payers want now?

What recommendations do you have for a practice in developing a payer strategy?

- **Patient Satisfaction:**
  "Important…but moving forward, efficient and quality care will be valued over semi-subjective patient satisfaction …"

- **Proactive Disease Management / Member-Patient Education:**
  "We need to help patients be more compliant …"

- **HEDIS® and (CMS) Star Ratings:**
  "A number of quality metrics/incentives are being gauged… Incredible focus on making Star rating increases. CMS has placed significant financial incentives on these …"

--- Current insights from an Actual Payer

What is HEDIS®?

Health Care Effectiveness Data and Information Set (HEDIS®)

- Set of performance measures developed by NCQA and used by health plans to measure their performance
- HEDIS® participation is required for Medicare Advantage Plans
- 85 measures in 8 categories including eye exams for diabetic patients
- Practices can help insurers with their diabetic eye exam HEDIS® measure

What is the Medicare Star Rating system?

- Method Medicare uses to grade Medicare Advantage plans
- Five star plans have advantages in recruiting patients
- Payments by Medicare to insurers are affected by star rating
- Star rating can change annually based on grading criteria
- Star ratings are based on HEDIS® scores, patient satisfaction, and other criteria


5 Star Criteria

Success requires meeting or exceeding performance standards in five different categories:

- Preventative screenings, tests, and vaccines
- Management of chronic (long-term) conditions
- Plan responsiveness and care
- Member complaints, problems getting services and choosing to leave the plan
- Customer Service

"Poor performance in just one category could significantly impact plan’s opportunity to take advantage of incentives available to those designated as a 4.5 star performer of above.”


HEDIS® Diabetes Care – Comprehensive Eye Exam

**HEDIS® Diabetic Eye Exam**

**Diabetic Eye Exam:** Members ages 18 – 75 with diabetes  
**Applies to:** EHP, Priority Partners, USFHP

**Prepared Documentation:**
- An ophthalmologist exam every two years for patients without retinopathy and every year with diabetic retinopathy.
- At minimum, documentation in the medical record must include one of the following:
  - A letter prepared by an optometrist, ophthalmologist, PCP, or other health care professional indicating that an ophthalmoscopic exam was completed, the date when the procedure was performed, and the results.
  - A chart or photograph of retinal abnormalities indicating the date when the fundus photography was performed and evidence that an eye care professional reviewed the results. Alternatively, results may be read by a qualified reading center that operates under the direction of a medical director who is a retinal specialist.
  - Documentation of a negative retinal or dilated exam by an eye care professional in the year prior to the measurement year, where results indicate retinopathy was not present (e.g., documentation of normal findings for a dilated or retinal eye exam performed by an eye care professional meets criteria).

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**What do payers want now?**

**What recommendations do you have for a practice in developing a payer strategy?**

<table>
<thead>
<tr>
<th>Participation in contracting entities (i.e., narrow networks, ACOs, CCOs, etc.)</th>
<th>“Many different types of products are being introduced to the market to try to capture successful models which are profitable and administrable. Geography limits a bit of flexibility as well as legislative hurdles…”</th>
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<tbody>
<tr>
<td>Collaboration with larger groups, IPAs, PCPs, etc., etc.</td>
<td>“Inevitable. ACA mandates require more and more infrastructure so data can be shared…”</td>
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<tr>
<td>Provider entities willing to entertain alternative reimbursement methodologies, (i.e., capitation, bundled payment, fixed fee, case rates)</td>
<td>“Inevitable…”</td>
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“Current Insights from an Actual Payer”

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**Medicare is Changing Payment Methods**

“HHS has set a goal of tying 30 percent of traditional, or fee-for-service, Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations (ACOs) or bundled payment arrangements by the end of 2016, and linking 90 percent of payments to these models by the end of 2018.”

To make these goals scalable beyond Medicare, Secretary Burwell also announced the creation of a Health Care Payment Learning and Action Network. Through the Learning and Action Network, HHS will work with private payers, employers, consumers, providers, states and state Medicaid programs, and other partners to expand alternative payment models into their programs.”
Moving away from fee-for-service to pay-for-performance requires realigning care delivery and payment incentives. ACOs and Patient-Centered Medical Homes (PCMHs) are two frequently cited examples, but there are many options for innovative new care models.

### Alternative Methodologies

- **Episodic or Bundled Payment**
  - Instead of reimbursing per service, bundled payments give providers a lump sum that represents expected costs for a particular episode of care, such as heart attack.
  - Bundled payments encourage providers to eliminate unnecessary tests and services, while still achieving a good outcome for the patient's health issue.

- **Fully/Partial Capitation**
  - Capitated models of payment offer providers a flat, per-patient fee. In theory, these models will encourage providers to be more cost conscious and stay within budget. In practice, as demonstrated by capitation models in the 1980s and 1990s, this global budgeting simply encouraged providers to avoid costly patients.

- **Shared Savings**
  - Shared savings financially rewards providers who come in under a yearly “benchmark” spending goal and adhere to quality standards.
  - Though this model preserves some of the traditional FFS infrastructure, it realigns incentives to encourage quality improvement and cost control.

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### What do payers want now?

**What recommendations do you have for a practice in developing a payer strategy?**

“[Market analytics: data/outcomes exchange, transparency tools, etc., attempt to answer the question on what defines quality.]

“This is on the forefront of the entire focus of health care today. A move to a more consumer directed health care model is proceeding rather rapidly. Trust between payers and health care providers is going to have to increase. As well, careful consideration that the delivery and/or reimbursement systems do not run afoul of FTC scrutiny will also play heavily in the development of collaborations and data transparency.”

— Current insights from an actual payer

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**Is there a model for this in Ophthalmology?**
A Provider’s Perspective

In your experience, what have been the top 3 – 5 trends in Healthcare and Ophthalmology?

1. What are the payers requiring from the physicians?
2. Payers are paying more attention to the costs and quality being provided to their members.
3. Payers are starting to compare market performance internally. For example, which doctors are providing quality services and what does it cost them?
4. Payers are narrowing their networks to cost-effective providers.
5. Payers are looking for ways to attract members with additional benefits.

~ Insights from Albert Castillo, Administrator, San Antonio Eye Center, Executive Director, South Texas Total Eye Care, OCOOS, Member Service Consultant

A Provider’s Perspective

What recommendations do you have for a practice developing a payer strategy?

1. Seek to have a clear understanding of the requirements of the payers (CMS):
   - For example, HEDIS® – required to measure quality on specific diagnosis.
   - Diabetics with ocular pathology get an exam every year. Diabetics with ocular pathology are screened every two years.
   - Payers need to meet 90% + of these measures or endure penalty.
2. Cross-reference list of patients received from payers (i.e. HEDIS®) with PCPs in geography. Presents opportunity to collaborate efforts and manage patient care proactively.

~ Insights from Albert Castillo, Administrator, San Antonio Eye Center, Executive Director, South Texas Total Eye Care, OCOOS, Member Service Consultant

A Provider’s Perspective

What recommendations do you have for a practice developing a payer strategy?

3. Look for large groups of PCPs, IPAs, similar networks as most are usually tied to a payer. Provides opportunities to proactively market and educate benefits of working with their practice to manage eye care. Open to entertaining discounts off Fee-For-Service, narrow networks, etc. This approach gets your foot in the door and establishes relationships/partnerships.

~ Insights from Albert Castillo, Administrator, San Antonio Eye Center, Executive Director, South Texas Total Eye Care, OCOOS, Member Service Consultant
A Provider’s Perspective

What recommendations do you have for a practice developing a payer strategy?

4. Analytics:
   - How many providers are on a payer panel?
   - How much does it cost the payer PMPM? Start here first, then look at retina PMPM.
   - How many patients do they have and what are their needs.
   - What are their benchmarks, cataract surgery per 1,000, expected wait times for appointments/surgeries, etc.

5. Coordinate marketing efforts with payers (August – December timeframe)
   - For example: San Antonio Eye Center staff volunteer at health fairs with PCPs, payers, and provide screenings or refractions.

   ~ Insights from Albert Castillo, Administrator, San Antonio Eye Center
     Executive Director, South Texas Total Eye Care
     OOOS, Member Service Consultant

A Provider’s Perspective

In your opinion what does a health plan want from an Ophthalmology practice?

- Happy Patients
- Cost of Care Savings
- Quality Care and reassurance that the care needed is being provided
- HEDIS® Ratings
- STAR Ratings

   ~ Insights from Albert Castillo, Administrator, San Antonio Eye Center
     Executive Director, South Texas Total Eye Care
     OOOS, Member Service Consultant

A Strategic Approach

1. Contact an insurer in your market.
2. Open discussions regarding what they want from ophthalmology:
   - “How can we better help you and your members?”
   - “What can we do to help you achieve your goals?”
3. Collaborate with them to meet their needs
   - May require data gathering on your part, and coordination with other provider entities.
4. Maintain close contact and be willing to share data.
5. Be creative – consider that now is the time to think differently with your approach to payer relationships. Trust is key and think of them as a true partner.
6. Follow up (repeat steps above with another insurer).
Thank you for listening!

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