

Accurately Modeling ACO Participant Performance

A Providence and Milliman Story

Syree Gerner, Manager Medicare Strategy, Providence

Cory Gusland, Principal and Consulting Actuary, Milliman

Sam Shellabarger, Consulting Actuary, Milliman

Noah Champagne, Consulting Actuary, Milliman





Housekeeping.....

1. If you would like to make the presentation full screen on your device, hover over the presentation and hit the double arrow button in the GoToWebinar control panel.
2. This webinar is being recorded and will be made available on NAACOS' On-Demand Webinar page within 2 business days.
3. To ask a question, click on the green "ask" button in the bottom right of the questions box. You can type in a question at any time during the presentation.

Welcome!



Syree Gerner

Manager, Medicare Strategy

Syree.Gerner@providence.org



Cory Gusland
FSA, MAAA

Principal & Consulting
Actuary

Cory.Gusland@milliman.com



Noah Champagne
FSA, MAAA

Consulting Actuary

Noah.Champagne@milliman.com



Sam Shellabarger
FSA, MAAA

Consulting Actuary

Sam.Shellabarger@milliman.com



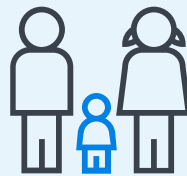
Accurately Modeling ACO Participant Performance...

ACO Analytics

Analysis = separation of a whole into its component parts



Categories



Patients



Providers

Today's Agenda

1 Providence and Milliman ACO Analytics Evolution

2 Case Studies

3 Wrap up and Key Learnings

Providence's Path to Shared Savings

Agreement Period 1

2014-2016: \$0 shared savings
Learning Period & Quality
Performance Focus

Agreement Period 3

2020-2024: BASIC Level E –
Transition to downside risk

Agreement Period 2

2017-2019: \$25M shared savings
Success brings new learnings

Providence's Path to Shared Savings

Key Inflection Points in MSSP for Providence

1. Inconsistency with beating total cost of care benchmark and minimum savings rate (MSR)
2. Using participant analysis to find the best opportunity for each participating TIN and increasing consistency to meet benchmark and targets
3. Distributing shared savings: Analyzing participant contribution to savings/losses

Milliman's evolution in supporting Medicare ACO's

The "Early Days"

How does this program work?

Should we participate?

How do we avoid losing?

Today

What/who is driving our performance?

How do we optimize results?

How do we incentivize providers?

Milliman's evolution in supporting Medicare ACO's

Typical Projects in "The Early Days"

- Program education
- Settlement review
- ACO financial quarterly performance
- ACO financial projections

Typical Projects Today

- Drill down analytics by participant
- Shared savings distribution models
- Multi-ACO strategies
- External participant profiling

Today's Agenda

1 Providence and Milliman ACO Analytics Journey

2 Case Studies

3 Wrap up and Key Learnings

Are our providers in the right program?

Providence's experience



Assessing participant strengths and opportunities for improvement



Choosing the right program



Areas focused to drive VBC performance

Are our providers in the right program?

Case Study: Intentional rebasing



Group of Providers Considering:

- Continuing in current MSSP w/ Benchmark Years 2016-2018 (33%/33%/33%)
- Joining new MSSP w/ Benchmark Year 2017-2019 (10%/30%/60%)

| | Trend & Risk-Adjusted Expenditures | | | | Regional Efficiency |
|---------------|------------------------------------|---------|---------|---------|---------------------|
| | 2016 | 2017 | 2018 | 2019 | |
| Participant 1 | \$10.9k | \$10.5k | \$10.9k | \$10.8k | 96.7% |
| Participant 2 | \$11.2k | \$10.5k | \$10.6k | \$10.6k | 99.1% |
| Participant 3 | \$9.3k | \$9.2k | \$9.1k | \$9.0k | 92.1% |
| Participant 4 | \$10.5k | \$10.4k | \$10.3k | \$10.6k | 95.1% |
| Participant 5 | \$12.7k | \$13.0k | \$12.9k | \$13.3k | 106.4% |
| Participant 6 | \$11.2k | \$11.0k | \$11.0k | \$10.9k | 100.5% |

Are our providers in the right program?

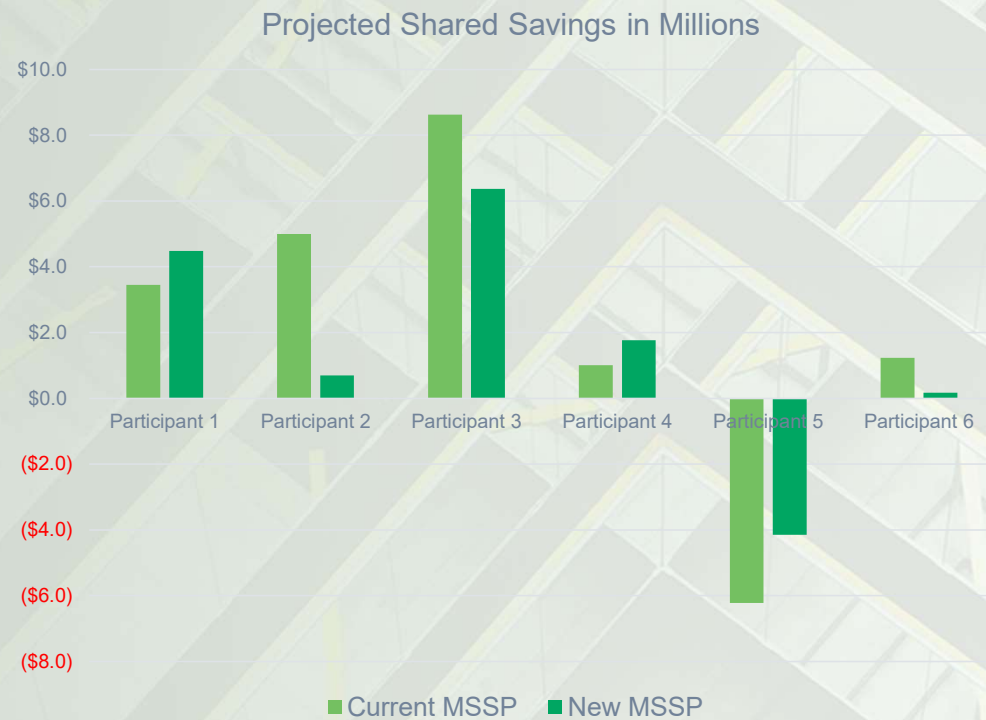
Case Study: Intentional rebasing

Projected Shared Savings:

Current MSSP: \$13.1M

New MSSP: \$9.3M

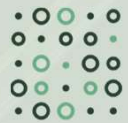
Optimized by Provider: \$16.9M



Are our providers in the right program?

Case Study: Intentional rebasing

Additional Considerations



Variability of experience



Improvement opportunity



QP Status



Risk appetite



Membership Requirements



Political concerns

How do we know if we should add a new participant?

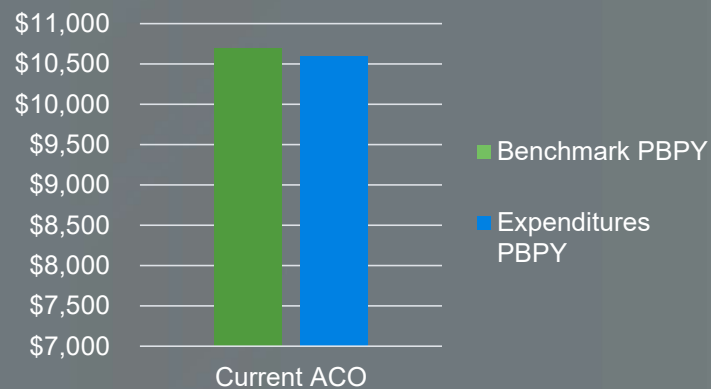
Providence's experience

“Open to all”
TINs were added without
any specific analysis



How do we know if we should add a new participant?

Current ACO



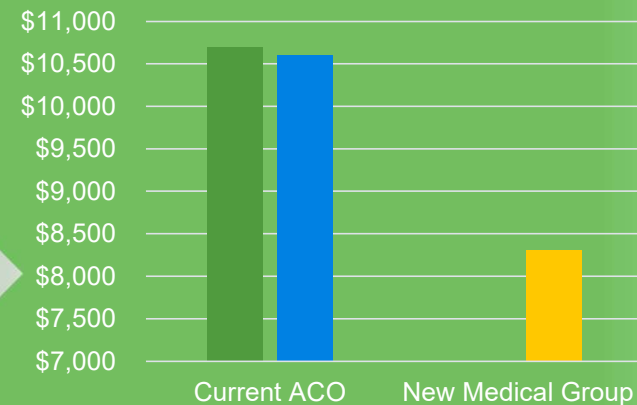
Membership: 80,000

Benchmark:
~\$10,700 PBPY

Expenditures:
~\$10,600 PBPY

Gross Savings:
~1.3%

New Medical Group



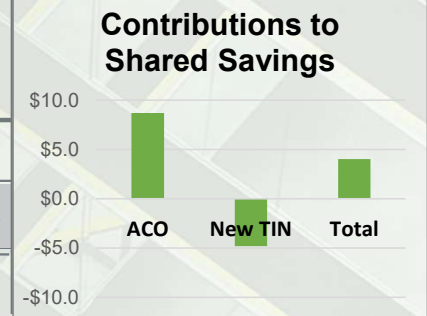
- Looking to leave their ACO
- They state that they are 'very efficient' and 'high quality'
- Provide a report showing expenditures of ~\$8,300 PBPY

How do we know if we should add a new participant?

| Information typically used to make these decisions | ACO 1.0 | ACO 2.0 |
|------------------------------------------------------------------------------------------|---------|---------|
| Prior ACO Summary Reports | ✓ | ✓ |
| Qualitative Assessment of New Participant | ✓ | ✓ |
| Most Recent PY Expenditures | ? | ✓ |
| Most Recent PY Risk Adjusted Expenditures | ? | ✓ |
| QP Bonus and QP Status | ? | ✓ |
| Historical Membership, Expenditures, Risk Score, Regional Efficiency, and Regional Trend | ✗ | ✓ |
| Reconstruction of Benchmark w/ and w/o New Participant | ✗ | ✓ |
| Analysis of Historical Utilization to Assess Potential Savings Opportunity | ✗ | ✓ |

How do we know if we should add a new participant?

| | Risk-Adjusted Exp. | | | Hist. Bnch. | Reg. Bnch. | Blended Bnch. | Most Recent PY | | Savings % |
|----------------|--------------------|---------|---------|-------------|------------|---------------|----------------|---------|-----------|
| | BY1 | BY2 | BY3 | | | | PYs | Exp. | |
| ACO | \$10.7k | \$10.6k | \$10.6k | \$10.6k | \$10.8k | \$10.7k | 83,912 | \$10.6k | 1.3% |
| New TIN | \$5.7k | \$6.3k | \$8.3k | \$6.7k | \$10.2k | \$7.4k | 6,884 | \$8.3k | - 12.5% |
| Total | \$10.3k | \$10.3k | \$10.4k | \$10.3k | \$10.8k | \$10.4k | 90,796 | \$10.4k | 0.6% |



Can we anticipate future costs and risks?

Providence's experience



Develop overall expectations for future quality, cost, and risk score trends



Collaboratively partner with participants in projecting future performance scenarios

- Goal / Target setting for each TIN
- 3 x 3 + 1 (Quality) Grid

| Expenditure Trend Scenarios | Risk Score Trend Scenarios |
|-----------------------------|----------------------------|
| No change | Medium |
| Increase | Better |
| Decrease | Worse |



Getting stakeholder buy-in, setting expectations, and communicating results to stakeholders

- Budgeting
- Expenditure & Benchmark Targets
- QP Bonus

Can we anticipate future costs and risks?

Returning to Case Study #1

How can historical analysis of participant performance...

...inform future expectations and goal setting across the ACO?

Can we anticipate future costs and risks?

Case Study: Bottom up forecasting and goal setting

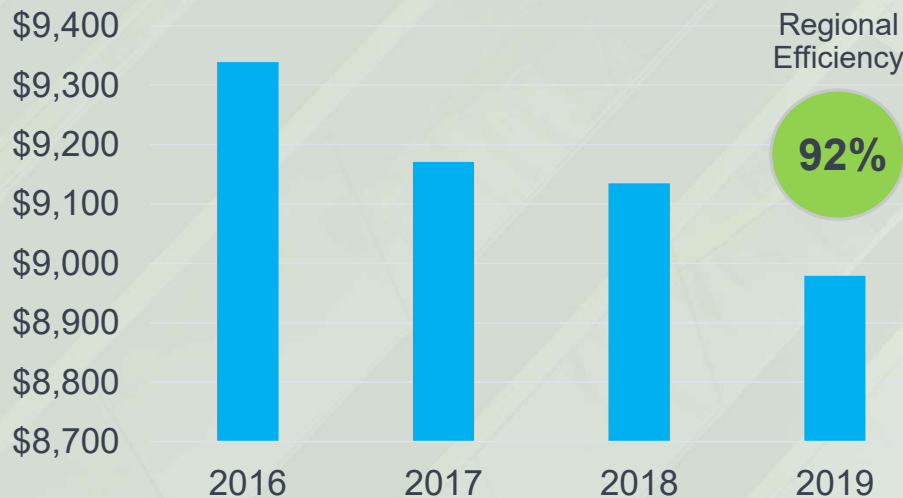
Returning to case study #1:

| | Trend & Risk-Adjusted Expenditures | | | | Regional Efficiency |
|---------------|------------------------------------|---------|---------|---------|---------------------|
| | 2016 | 2017 | 2018 | 2019 | |
| Participant 1 | \$10.9k | \$10.5k | \$10.9k | \$10.8k | 96.7% |
| Participant 2 | \$11.2k | \$10.5k | \$10.6k | \$10.6k | 99.1% |
| Participant 3 | \$9.3k | \$9.2k | \$9.1k | \$9.0k | 92.1% |
| Participant 4 | \$10.5k | \$10.4k | \$10.3k | \$10.6k | 95.1% |
| Participant 5 | \$12.7k | \$13.0k | \$12.9k | \$13.3k | 106.4% |
| Participant 6 | \$11.2k | \$11.0k | \$11.0k | \$10.9k | 100.5% |

Can we anticipate future costs and risks?

Case Study: Bottom up forecasting and goal setting

Participant 3 Historical Performance
Risk & Trend Adjusted



Key observations to inform future expectations:

- Significant reduction in expenditures relative to benchmark over benchmark period
- Strong position relative to the region

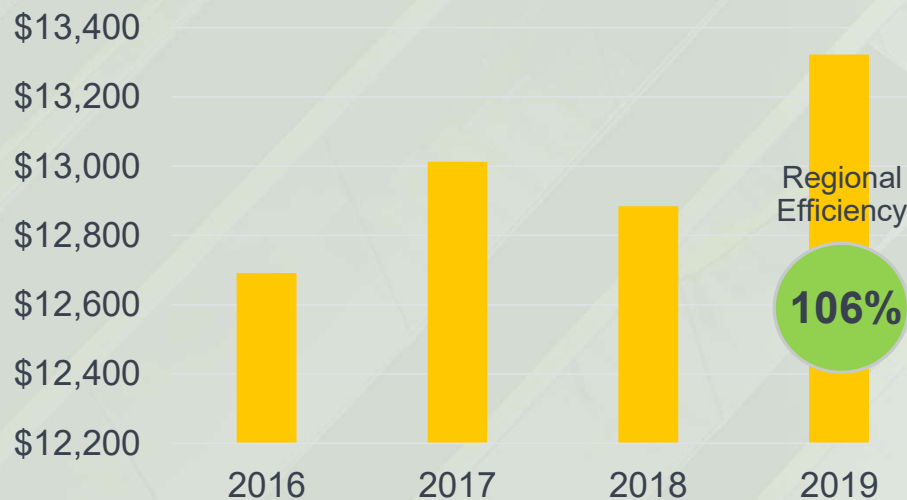
Implications:

- Simply maintaining current utilization levels will drive future shared savings

Can we anticipate future costs and risks?

Case Study: Bottom up forecasting and goal setting

Participant 5 Historical Performance
Risk & Trend Adjusted



Key observations to inform future expectations:

- Significant increase in expenditures relative to benchmark over benchmark period
- Weak position relative to the region

Implications:

- Higher potential for utilization reductions than Participant #3

Can we anticipate future costs and risks?

Case Study: Bottom up forecasting and goal setting

Returning to case study #1:

| | Trend & Risk-Adjusted Expenditures | | | | Regional Efficiency | Annual Trend Target |
|---------------|------------------------------------|----------------|----------------|----------------|---------------------|---------------------|
| | 2016 | 2017 | 2018 | 2019 | | |
| Participant 1 | \$10.9k | \$10.5k | \$10.9k | \$10.8k | 96.7% | 5.0% |
| Participant 2 | \$11.2k | \$10.5k | \$10.6k | \$10.6k | 99.1% | 4.0% |
| Participant 3 | \$9.3k | \$9.2k | \$9.1k | \$9.0k | 92.1% | 6.0% |
| Participant 4 | \$10.5k | \$10.4k | \$10.3k | \$10.6k | 95.1% | 5.5% |
| Participant 5 | \$12.7k | \$13.0k | \$12.9k | \$13.3k | 106.4% | 2.0% |
| Participant 6 | \$11.2k | \$11.0k | \$11.0k | \$10.9k | 100.5% | 3.5% |
| Total | \$11.0k | \$10.7k | \$10.8k | \$10.8k | 98.5% | 4.2% |

ACO Builder demo

Milliman Health Insurance Retirement & Benefits Risk | Careers About [Contact Us](#)

ACO ANALYTICS

Milliman ACO Builder

Leverage complete data, meaningful analytics, and Milliman's ACO expertise to analyze provider performance.

Milliman ACO Builder

[Challenge](#) [Solution](#) [Benefits](#) [Features](#) [Insight](#) [Services](#)

THE CHALLENGE

Modeling ACO participant performance requires the right data and expertise

Standard CMS Medicare ACO reports lack the richness necessary to identify top performers, develop win-win partnerships, set participant budgets, and accurately evaluate the economic impact of program changes and contract renewals.

Today's Agenda

1 Providence and Milliman ACO Analytics Journey

2 Case Studies

3 Wrap up and Key Learnings

Key Learnings

1. Understanding ACO performance requires an understanding of individual participant performance
2. Due diligences is essential in supporting ACO growth opportunities
3. ACO strategies and tactics should be assessed from the bottom up

Questions





Thank you

