



The Puerto Rico Chamber of Commerce and the
University of Miami School of Business Administration
present the...



PUERTO RICO Health & Insurance CONFERENCE 2012

Economic Transformation in Health

February 2, 2012

Conrad San Juan Condado Plaza

**Improving Quality is Part
of the Solution**

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Improving Quality is (THE LARGEST) Part of the Solution

1. Nationwide and Puerto Rico
2. The new CMS Vision
3. Mitigating Cuts with Quality
 - ☐ STAR Rating System
 - ☐ Risk Adjustment
4. Evolution is inevitable



1. Nationwide and Puerto Rico

Volatility and Accountability will Define the Next Decade



Volatility: What's to Come

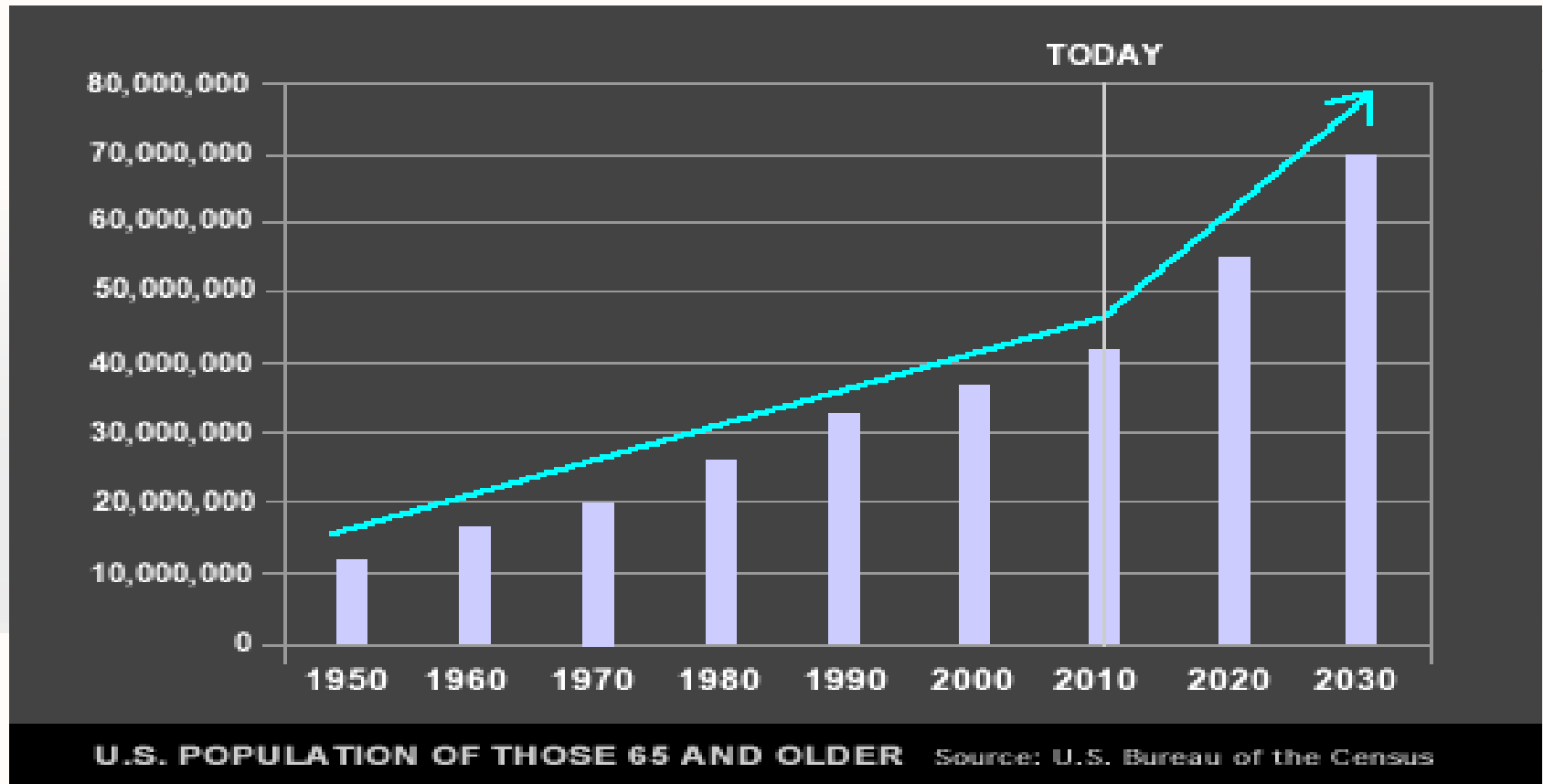
- ☐ Rates/Reimbursement
- ☐ Congressional Deficit Reduction
- ☐ Industry Consolidation
- ☐ 2012 Elections
- ☐ Medicaid changes

Accountability: It's Here

- ☐ Star Ratings
- ☐ Minimum MLRs
- ☐ Compliance
- ☐ Rate Reviews
- ☐ RADV
- ☐ ACOs



1. Nationwide and Puerto Rico



1. Nationwide and Puerto Rico



San Juan – Data from the 2010 U.S. Census show that 14.5 percent of Puerto Ricans living on the island are 65 or older, revealing an aging society.

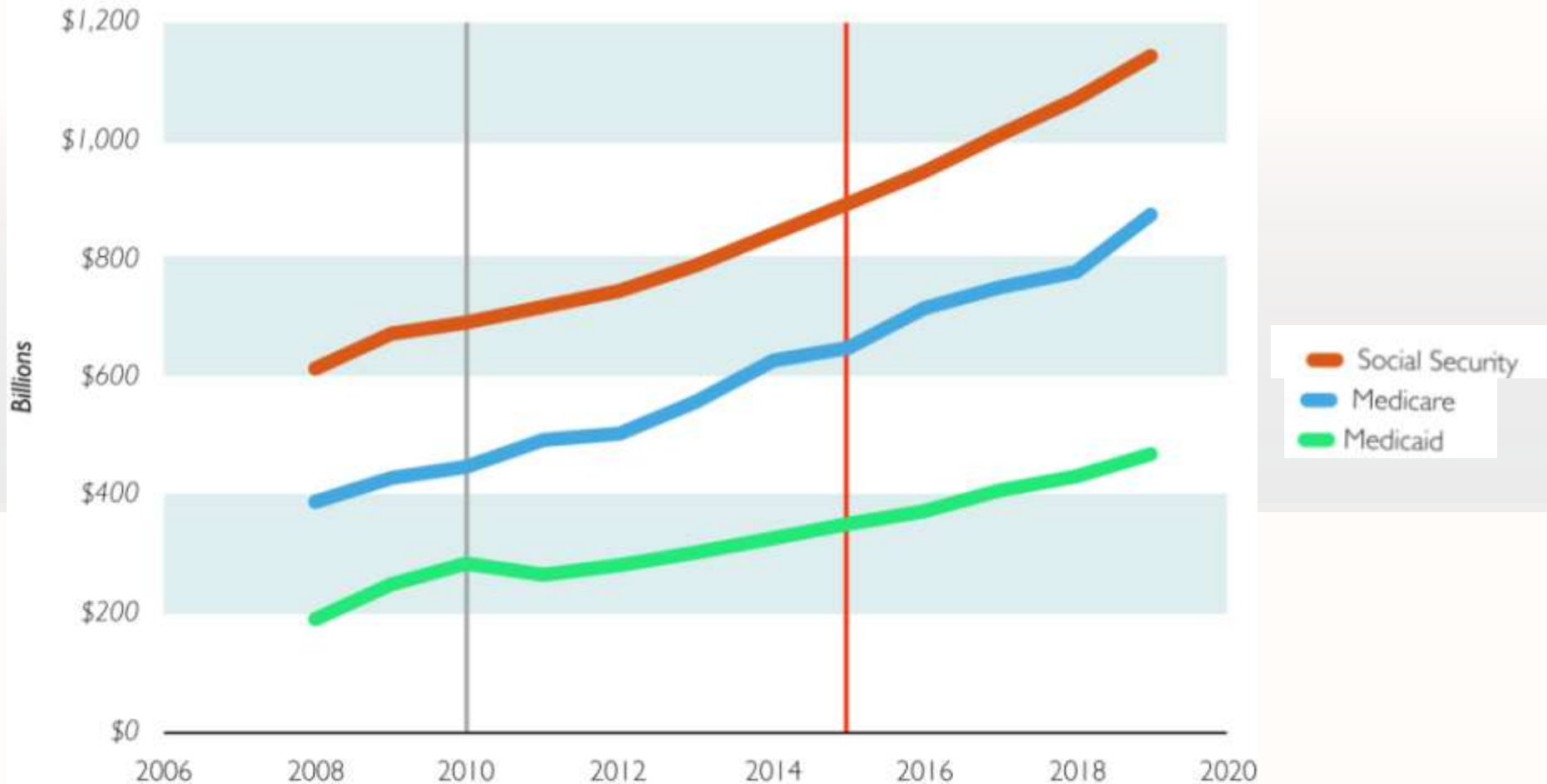
That proportion is double the 7 percent average for [Latin America](#) and the Caribbean, and is above the 13 percent figure for the [United States](#) as a whole.



1. Nationwide and Puerto Rico

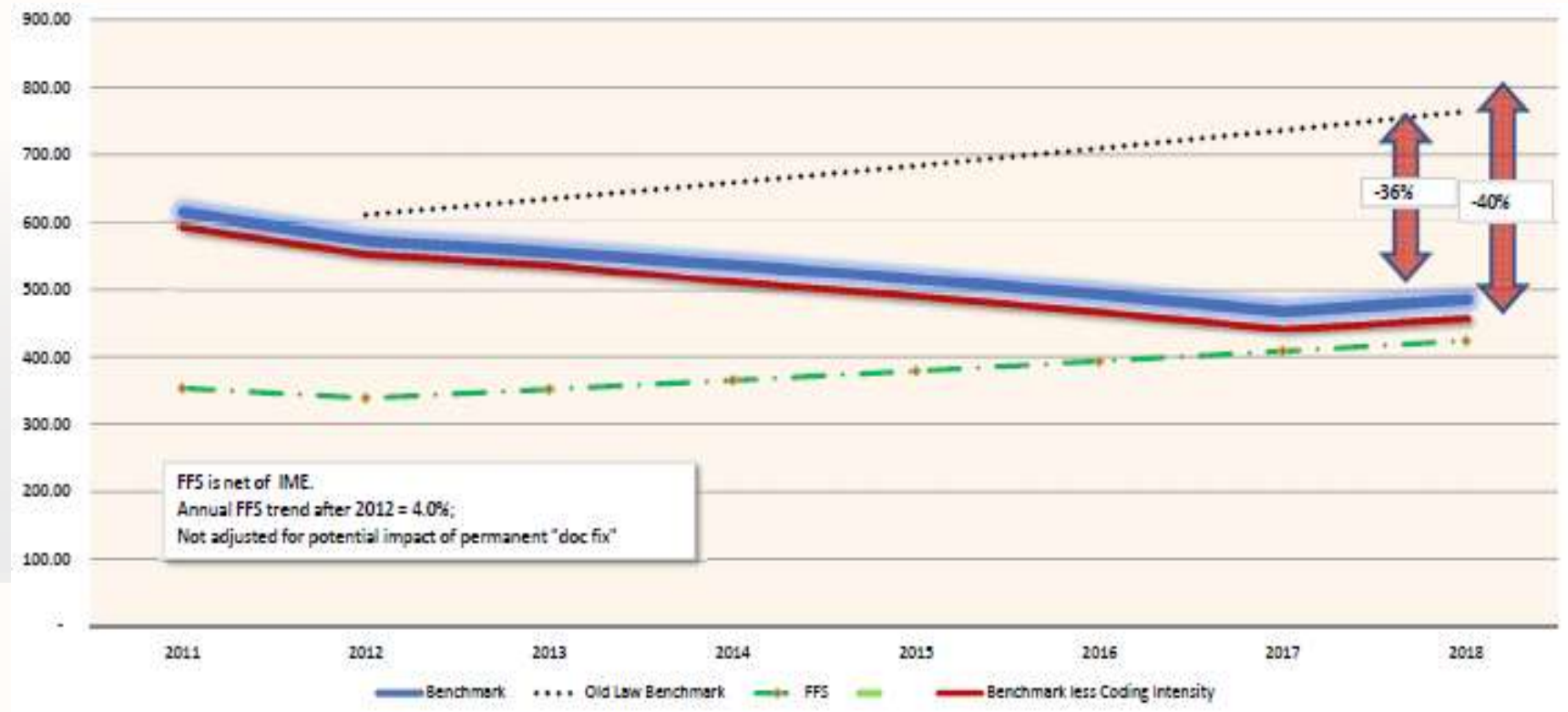
SUSTAINABILITY?

Projected Spending for Social Security, Medicare and Medicaid During 2008-2019



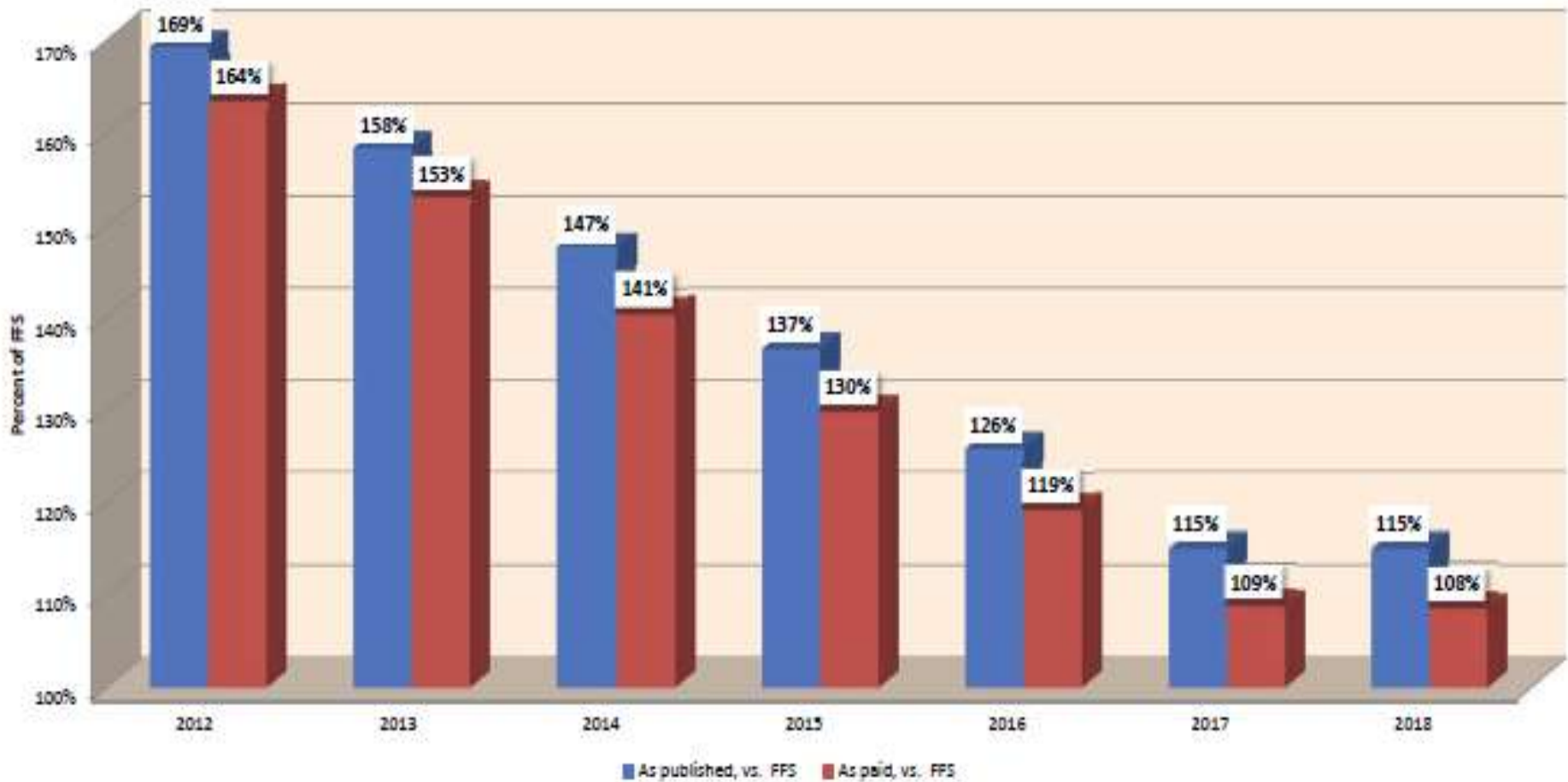
1. Context: Nationwide and Puerto Rico

CONTEXT 3: MA Rates Going Down, PR to 115% FFS in 2017



1. Context: Nationwide and Puerto Rico

MA Benchmarks vs. FFS – Puerto Rico

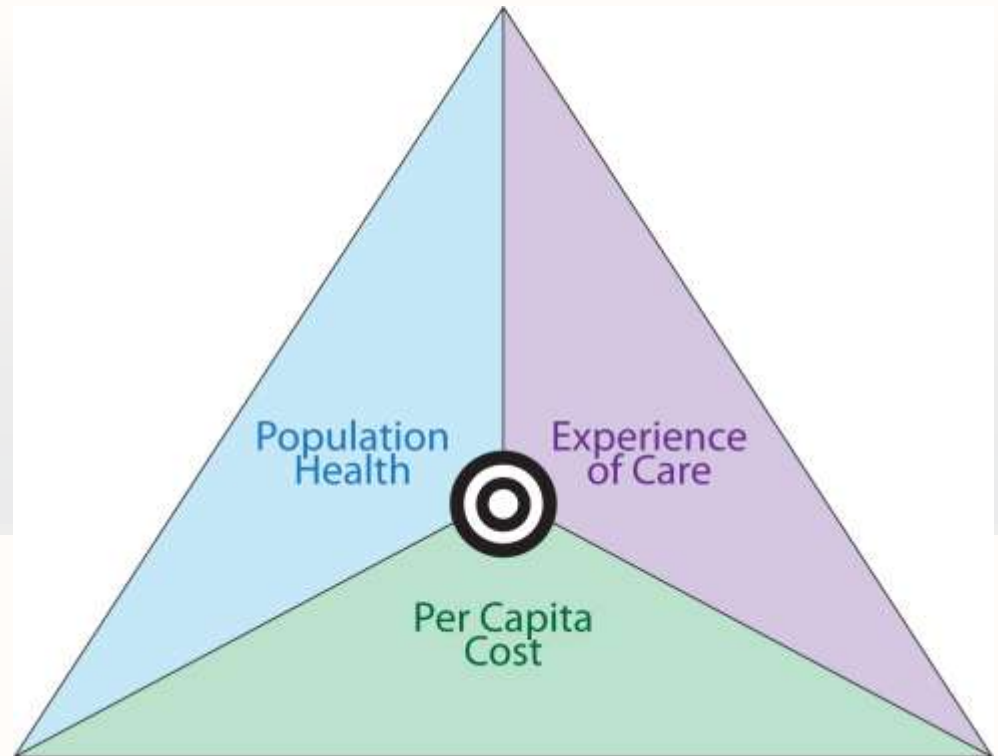


2. The New CMS Vision

His tenure was short, but his impact, enormous...



“TRIPLE AIM”



2. The New CMS Vision

BERWICK'S LEGACY

Value-based purchasing:

- ☐ Government as purchaser of best quality at lowest price.
- ☐ Integrated care, NOT managed care.

ACOs, Star Ratings, PCMH....

Incentives for:

- ☐ Chronic care management
- ☐ Member satisfaction
- ☐ Compliance

Cornerstone is transparent data reporting.

3. Quality to Mitigate Reductions

SNPs and STAR Ratings

- ❑ Star Ratings bonuses and rebates are a game-changer in MA...and a huge challenge for SNPs
 - ❑ Enrollees sicker, more comorbid, harder to reach, harder to serve – especially Duals/Platinos – but no consideration from CMS
 - ❑ SNPs typically hampered in Stars by small size
- ❑ *This isn't payment reform so much as a management and culture revolution...*

3. Quality to Mitigate Reductions

IMPACT OF STAR RATINGS: BONUS AND REBATE

BONUS

	Demonstration			ACA Rules			
Star Rating	2012	2013	2014	2015	2016	2017	2018
3.0	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%
3.5	3.5%	3.5%	3.5%	0.0%	0.0%	0.0%	0.0%
4.0	4.0%	4.0%	4.0%	3.6%	4.3%	5.0%	5.0%
4.5	4.5%	4.5%	4.5%	3.6%	4.3%	5.0%	5.0%
5.0	5.0%	5.0%	5.0%	3.6%	4.3%	5.0%	5.0%

REBATE

Star Rating	2012	2013	2014	2015	2016	2017	2018
< 3.5	66.7%	58.3%	50.0%	50.0%	50.0%	50.0%	50.0%
3.5 - 4.0	71.7%	68.3%	65.0%	65.0%	65.0%	65.0%	65.0%
4.5 - 5.0	73.3%	71.7%	70.0%	70.0%	70.0%	70.0%	70.0%

3. Quality to Mitigate Reductions

STAR RATINGS: LEAD TIME

		BONUS						
		Demonstration			ACA Rules			
2010	2011	2012	2013	2014	2015	2016	2017	2018
Actions	Rating Determined	Include bonus in bid	Bonus paid					
Bid paid based on actions in this year →								
		2010	2011	2012	2013	2014	2015	2016

MA-PD Combined Part C/D

Overall Scores CY2011 (# of Contracts)



[CMS Spring Conference, April 2011, Goldstein/Oates]

3. Quality to Mitigate Reductions

FINANCIAL IMPACT OF STAR RATINGS ON MAJOR PAYERS

Company	2012 Star Payments	2013 Star Payments	YOY Change	2012 Rating	2013 Rating	YOY Change
Aetna	\$126.3	\$153.9	21.9%	3.3	3.5	0.2
AGP	\$2.5	\$0	-100%	1.2	0.0	-1.2
Centene	\$0	\$0	0%	0.0	0.0	0.0
Coventry	\$60.7	\$81.1	33.6%	3.2	3.3	0.1
Humana	\$473.3	\$683.8	44.5%	2.4	3.1	0.7
Molina	\$5.1	\$6.5	27%	1.9	2.1	0.2
United	\$721.1	\$794.4	10.2%	3.1	3.1	0.0
WellCare	\$38.3	\$39.0	2%	2.9	2.7	-0.2
WellPoint	\$156.8	\$181.2	15.5%	2.9	3.1	0.2

3. Quality to Mitigate Reductions

ESTIMATED 2012 IMPACT ON MA Funds IN PR (Premium Benchmarks)

- ❑ With 470,000 MA members in PR, the STAR bonus means almost \$100 million to the program in PR during 2012
- ❑ The MA plans in PR are all below 3.0 in 2013 = no bonus
- ❑ The effects of lower STARs in 2013 could mean approximately \$200 million less Medicare in PR
- ❑ **We can all do something about it!**

3. Quality to Mitigate Reductions

QUALITY AND BONUSES



- ☐ **Star rating**
 - ☐ 35% HEDIS
 - ☐ 65% Compliance and Service
- ☐ **Manage physician relationships and data**
 - ☐ HEDIS
 - ☐ Member complaints and member service by physician office staff
 - ☐ Compliance issues
- ☐ **Manage health plan – member interaction**
 - ☐ Create positive interactions (don't wait for complaints)
 - ☐ Avoid compliance problems
 - ☐ Sales and marketing
 - ☐ Complaints and grievances
- ☐ **Solve problems immediately**

THE PATIENT EXPERIENCE

What is the total patient experience, from provider to pharmacy to plan...



Complaints about the Drug Plan

Members Choosing to Leave the Plan

Getting Information From Drug Plan

Rating of Drug Plan

“Old School vs. New Jack” Service Model

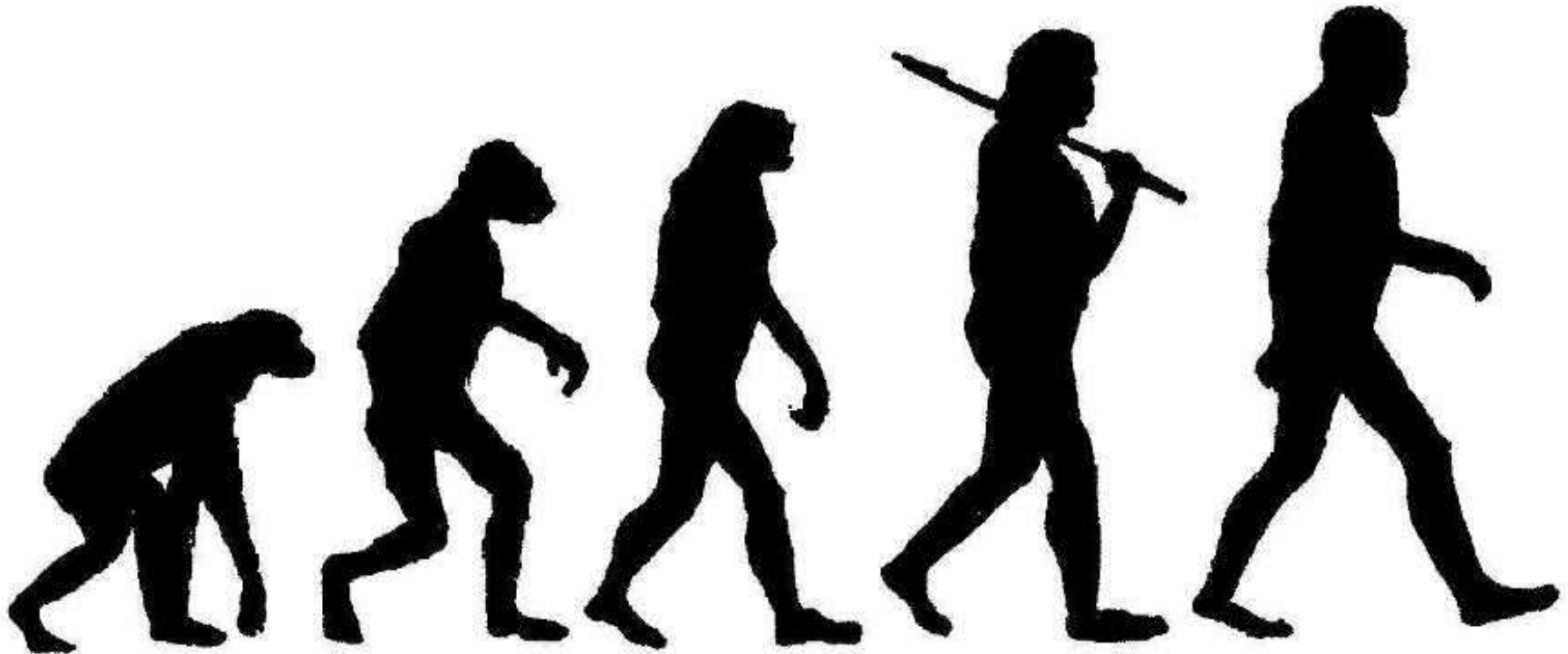
Traditional Service Model		Member-Centric Retention Model
CMS Enrollment Election Period	1	Year-round approach to the customer
Focused on claims issues	2	Focused on individual service issues
Perceived as mega-company bureaucracy	3	Perceived as localized, community service
Reactive – Impacts only the minority of members who call-in	4	Proactive – Impacts all members with multiple touches via outbound calls, mail, email
Impersonal – Focused on phone stats and member ID#	5	Personal – Builds partnership between member and CSR during life of the customer
Fragmented - Random call distribution in a broken service continuum	6	Integrated – Member interacts with the same person throughout enrollment
Employee burnout and turnover	7	Employee ownership and personal reward
Service method driven by systems technology; sometimes outsourced and uncontrolled	8	Service method driven by member needs; technology supports process not vice versa
Reps earn hourly wage – not accountable or motivated for results	9	HCCs are salaried plus reward-based performance bonus
The Bottom-line		
Dissatisfied members defect and unbonded satisfied members are easily enticed away		Very satisfied, loyal members “stick” during ups & downs of a service/product partnership



Add new areas of focus:

- Mental Health
- Smoking Cessation
- Back Pain and/or Pain Management
- Advanced Directives
- Care Giver Support
- Reduction in long term care placement
- In home assessments blazing the trail for individual care plans
- Manages and analyze data to drive member care plans on an ongoing basis and generate outcomes reports to show effectiveness

EVOLVE OR DIE



FFS: Volume
over value

FFS Model +
bonus
payments
tied to
metrics: P4P

Physician
(PCP)
participates
in upside
(savings)
only

PCP
responsible
for Part B
costs, but no
facility costs

PCMH/ACO:
capitation +
performance
measures

Conclusions

- Risk adjustment and Star Ratings are only levers available to MA plans in PR to offset cuts
- Improving Quality to PR's sickest beneficiaries = Revenue Opportunity
- 3 Stars + well-run HCC management can mean +\$5,000 PMPY to PR MA plans in 2013





Thank You!



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