The future of health care

**TODAY**
- Episodic treatment of the sick
- Rising costs and transactional care
- Independent and detached providers
- Outdated technology and communication

**FUTURE**
- Holistic care for the entire population
- Shared risk and accountability
- Transparent and engaged providers
- New tools and services needed
## Case Study: Joint Venture Provider-Owned Plan Surpasses Growth and Revenue Goals

### Provider-Owned Plan Goals
- Expand vertically, engaging directly with plan sponsors/employers and consumers
- Diversify earnings with premium revenue, a net new earnings source
- Grow patient volume

### About the Network
- Founded in 2012 as the product of a joint venture
- Integrated delivery system with five hospitals

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combine the strengths of Aetna and the health system to more effectively improve health care quality and contain costs</td>
<td><strong>157%</strong> member growth since December 2013</td>
</tr>
<tr>
<td>Use technology, programs and care managers to engage and activate members</td>
<td><strong>37% above</strong> year one revenue goals</td>
</tr>
<tr>
<td>Offer more competitively priced health plan products built on an integrated care model</td>
<td>Strong broker receptivity</td>
</tr>
<tr>
<td>Communicate plan benefits in relationships with employers</td>
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</table>

1 Aetna internal data, Oct. 2014. Includes Innovation Health Insurance Company and Innovation Health Plan, Inc.
# Case Study: Co-Branded Health Plan Product Earns Significant Shared Savings for Second Year

## Accountable Care Goals
- Provide better benefit options
- Enhance strategic relationships with employers and health plans
- Create quality and efficiency through population health management

## About the Network
- Headquartered in Arizona, with 23 facilities across 7 states
- More than 36,000 employees and 9,000 doctors

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Results</th>
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</thead>
<tbody>
<tr>
<td>Implemented patient-centered services and care management models</td>
<td>Shared savings of approximately $5 Million on Aetna Whole Health fully-insured commercial membership in 2013</td>
</tr>
<tr>
<td>Optimized wellness and manage chronic conditions in non-acute settings</td>
<td>5% decline in average medical cost on the members</td>
</tr>
<tr>
<td>Launched payer-neutral platform to extend contracting, payment and incentive model</td>
<td>Shared savings of approximately 9% reductions on avoidable admissions</td>
</tr>
<tr>
<td>Changed culture from reactive to proactive</td>
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</table>
What is population health management?

Get control of data to understand the risk, opportunity and waste with defined population.

Reconfigure the delivery system adequately to meet the needs of those at risk.

Manage high cost patients in a coordinated way across the continuum.

Identify and eliminate risk factors early on before they become costly.

Engage individuals so they share responsibility and use the system appropriately.

Align incentives so rewards are based on value delivery, not the volume of services provided.
Healthagen provides payer-neutral population health services that enable value-based care

- Clinical integration and analytics
- Performance management
- Cost and quality initiatives
- Data access and transparency
- Care coordination
- Provider-patient engagement
- High-risk patient intervention
- Utilization management
- Family caregiving
- ACO, PCMH and CIN operations
- Value-based care monetization
- Financial incentives alignment
Aetna’s Commitment and Experience to Providers

- **3.1 Million** lives managed in value-based models
- **28% of medical spend** in value-based models
- Providers recognize our **flexibility and innovation**
- **$1.5 Billion** investment in accountable care supporting solutions
- **Healthagen** launched to be our provider solutions business

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1 ACO Payers 2014: Le Tour de Risk, October, 2014. © 2014 KLAS Enterprises, LLC. All rights reserved. www.KLASresearch.com
Healthagen suite of health solutions

Healthagen businesses

- Accountable Care Solutions
- HDMS
- NOO
- ActiveHealth Management
- Practice iQ
- Medicity
- WellMatch

Solutions for:

- Population health technology
- Care management
- Accountable care
- Patient and provider engagement
- Cost transparency
- Advanced analytics

Incubators

- Healthagen Outcomes
- Smart Networks
Who does Healthagen serve?

Through a payer-neutral vehicle, we enable provider organizations to be accountable for their whole populations – including IDNs, ACOs, PCMHs and provider health plans.

With Healthagen solutions, providers engage patients to help them manage their health and close gaps in care.

Healthagen supports plan sponsors, health plans and governments who desire payer-neutral solutions.
Please Welcome

Benton Davis  
Senior Vice President, Clinical Communities & Networks  
Optum

Charles Kennedy, M.D., M.B.A.  
Chief Population Health Officer  
Healthagen, an Aetna company

Tim O'Rourke  
Vice President of Provider Development  
Humana

Dick Salmon, M.D., Ph.D.  
National Medical Director, Performance Measurement and Improvement  
Cigna
The Future of Payment Models
An Exploration of Best Practices

Dick Salmon, M.D., Ph.D.
Vice President and National Medical Officer, Performance Measurement and Improvement, Cigna
March 24, 2015
Key trends

Impacting the health care delivery system

Pressure on provider revenue
Leads to changes in practice organization

Outcome-based incentives
Require new business models

Big data and technology
Demand rapid change and innovation

Evolving financial roles of employers and consumers
Create challenges and opportunities

Changing consumer profile
Necessitates more personalized and customized care
The only thing worse than having no sight is having no vision.

– Helen Keller
Connecting care drives better outcomes

- Customer engagement
  - Clinical resources
  - Useful information
  - Incentives

- Provider engagement
  - Value-based benefits
  - Value-based reimbursement

Cigna’s QUADRUPLE aim

- Better health
- Better affordability
- Better customer experience
- Better provider experience
Our delivery system engagement models

Cigna offers delivery system engagement models across the spectrum of “volume to value” and will help providers move toward a greater value orientation, which is our primary focus.

![Delivery System Engagement Models Diagram]

- **TRADITIONAL NETWORK PARTNER**
  - Open Access Plus, provider-owned Network Alliances

- **ENHANCED NETWORK PARTNER**
  - LocalPlus® networks/Cigna Care Network®

- **CLINICAL COLLABORATOR**
  - Cigna Collaborative Care

- **DELIVERY SYSTEM ORGANIZER**
  - Independent Practice Association/POD organizer

- **DELIVERY SYSTEM ALLIANCE**
  - In joint development

- **PROPRIETARY DELIVERY SYSTEM**
  - Cigna Medical Group (AZ), Leon Medical Centers

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Connections where care is delivered

Cigna collaborates with providers to maximize success with value-based reimbursement
### Cigna Collaborative Accountable Care results

<table>
<thead>
<tr>
<th>Mature large physician groups (ACOs)</th>
<th>Overall ROI&lt;sup&gt;1&lt;/sup&gt;</th>
<th>91% Success on total medical cost&lt;sup&gt;2&lt;/sup&gt;</th>
<th>78% Success on quality&lt;sup&gt;3&lt;/sup&gt;</th>
<th>74% Success on both TMC and quality&lt;sup&gt;3&lt;/sup&gt;</th>
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</thead>
<tbody>
<tr>
<td>Evidence-based measures</td>
<td>2:1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing gaps in care</td>
<td>19%–25% better compliance rate with diabetes measures&lt;sup&gt;4&lt;/sup&gt;</td>
<td>21% more gaps in care closed&lt;sup&gt;4&lt;/sup&gt;</td>
<td>81% better than market referral rate to Cigna Care designated (high-performing*) specialists&lt;sup&gt;5&lt;/sup&gt;</td>
<td>81% generic dispensing rate&lt;sup&gt;5&lt;/sup&gt;</td>
</tr>
<tr>
<td>Specialist referrals</td>
<td></td>
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<tr>
<td>Pharmacy</td>
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<tr>
<td>Emergency room</td>
<td></td>
<td></td>
<td></td>
<td>50% fewer emergency room visits compared to market&lt;sup&gt;5&lt;/sup&gt;</td>
</tr>
<tr>
<td>122 arrangements – 1.3M customers**</td>
<td></td>
<td></td>
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### Number of CACs, 2012–2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrangements</th>
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<tbody>
<tr>
<td>2012</td>
<td>36</td>
</tr>
<tr>
<td>2013</td>
<td>71</td>
</tr>
<tr>
<td>2014</td>
<td>105</td>
</tr>
<tr>
<td>2015</td>
<td>130+</td>
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<sup>1</sup> High-performing refers to doctors who have met certain Cigna cost efficiency and quality measures; ** As of March 2015

<sup>2</sup> Cigna internal analysis of Cigna Collaborative Care, Large Group annual results for 2013 (2014). ROI Methodology = (Total Savings/Total CCF Costs)/Total CCF Costs. Reflects performance since inception of the most mature groups, with experience of two or more years.

<sup>3</sup> Average or better trend OR 4% better than market. Cigna Collaborative Care, Large Group annual results for 2013 versus market average (2014). Comparisons to “market” are established using Cigna internal claims data. “Quality is based on compliance with evidence based medicine guidelines.

<sup>4</sup> Trend 1% or more below market OR maintenance of 4% or better than market average. Cigna Collaborative Care, Large Group annual results for 2013 versus market average (2014). Comparisons to “market” are established using Cigna internal claims data. “Quality is based on compliance with evidence based medicine guidelines.

<sup>5</sup> Cigna Collaborative Care, Large Group annual results for full year 2012 performance versus market average for one physician group (2013).

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