



Humana's Approach to Value-based Reimbursement & Population Health

Bryan Loy MD MBA
Vice President
Oncology, Laboratory, and
Personalized Medicine

February 6, 2015

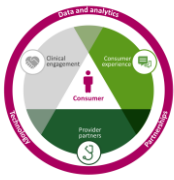


The Industry is Changing

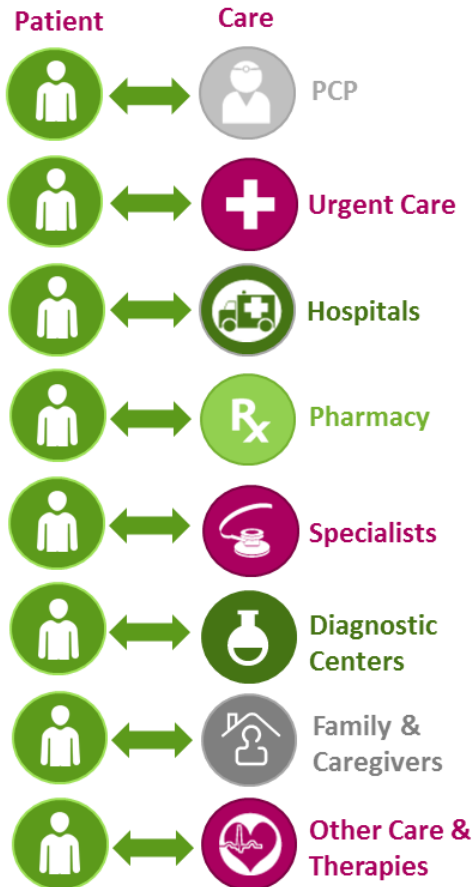


- Fee-for-service
 - Revolves around sick care
 - Inefficiencies in care
- Value-based reimbursement
 - Aligning incentives
 - Improved care coordination
 - Accountability

Healthcare is moving from traditional care to integrated care



Traditional Healthcare



RESULT:

Dis-integrated. Episodic. Conflicted.

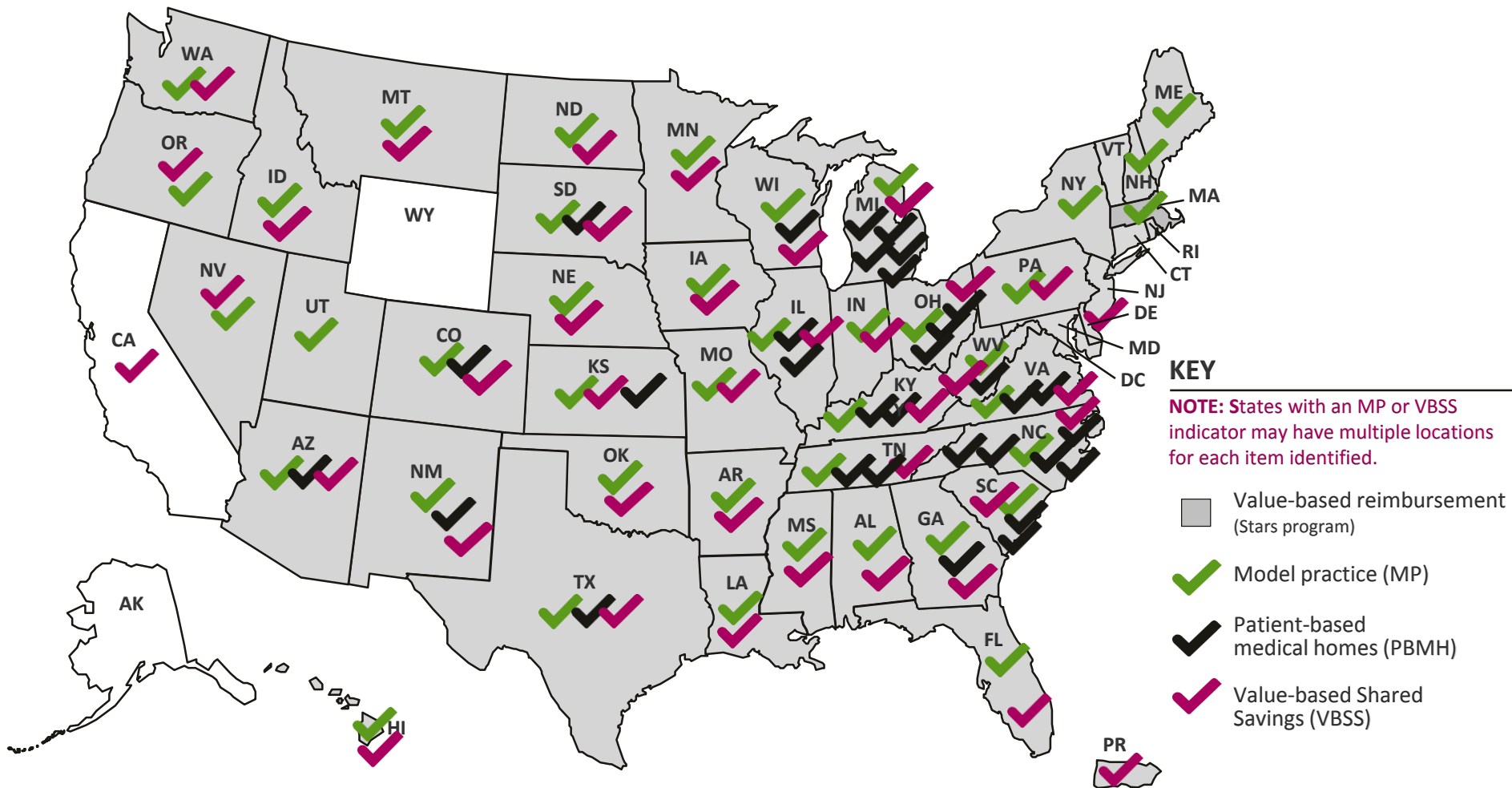
Integrated Care



RESULT:

Patient-focused. Primary care-centric. Proactive.

900+ Accountable Care Relationships



Accountable Care Relationships in **43 states and Puerto Rico**



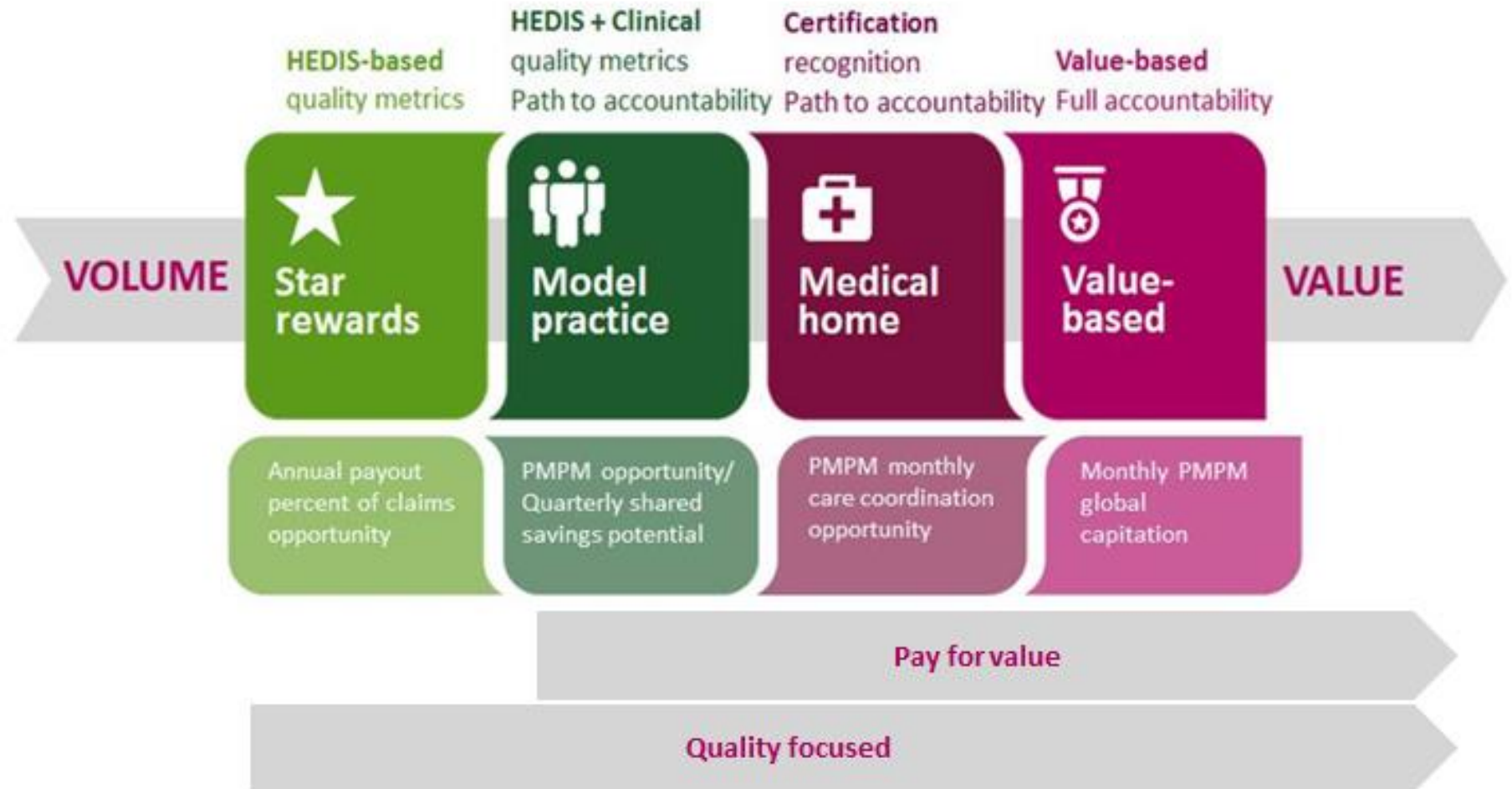
230 Integrated Delivery Systems



900+ Accountable Care relationships including **38,000 providers** caring for **1.2 million Medicare Advantage** and **230k commercial members**

Accountable Care Continuum

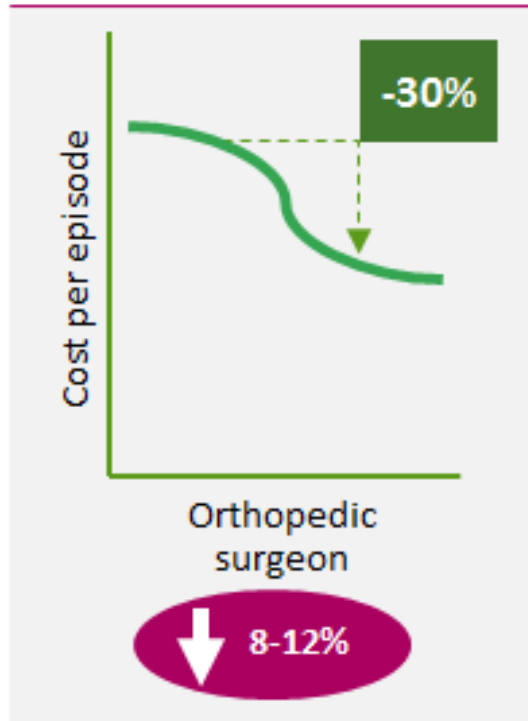
Pay for value



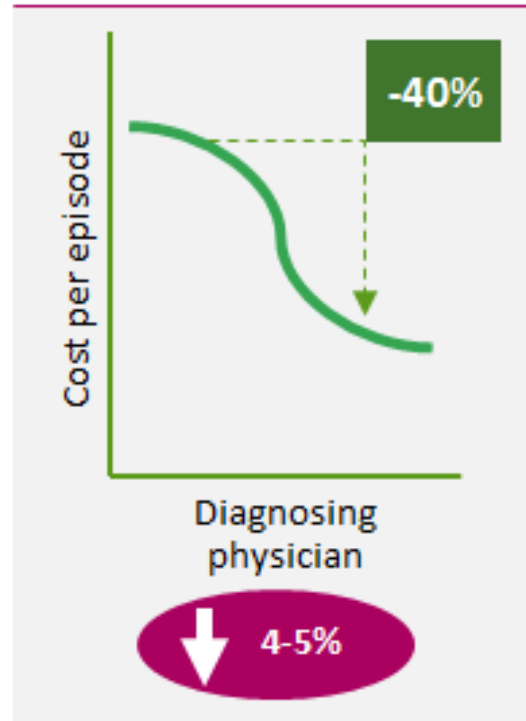
Significant opportunities for reduction of clinical and cost variations within episodes

Case Study: Provider variation in cost per episode (non-Humana data)

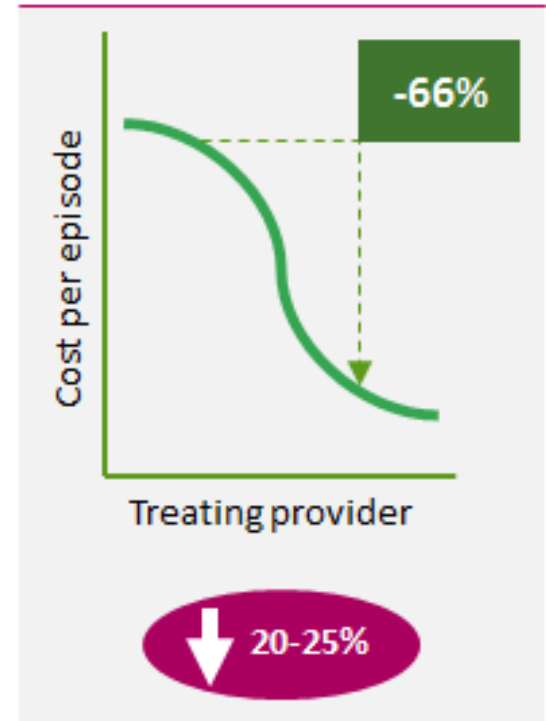
Joint replacement



Upper respiratory infection



ADHD

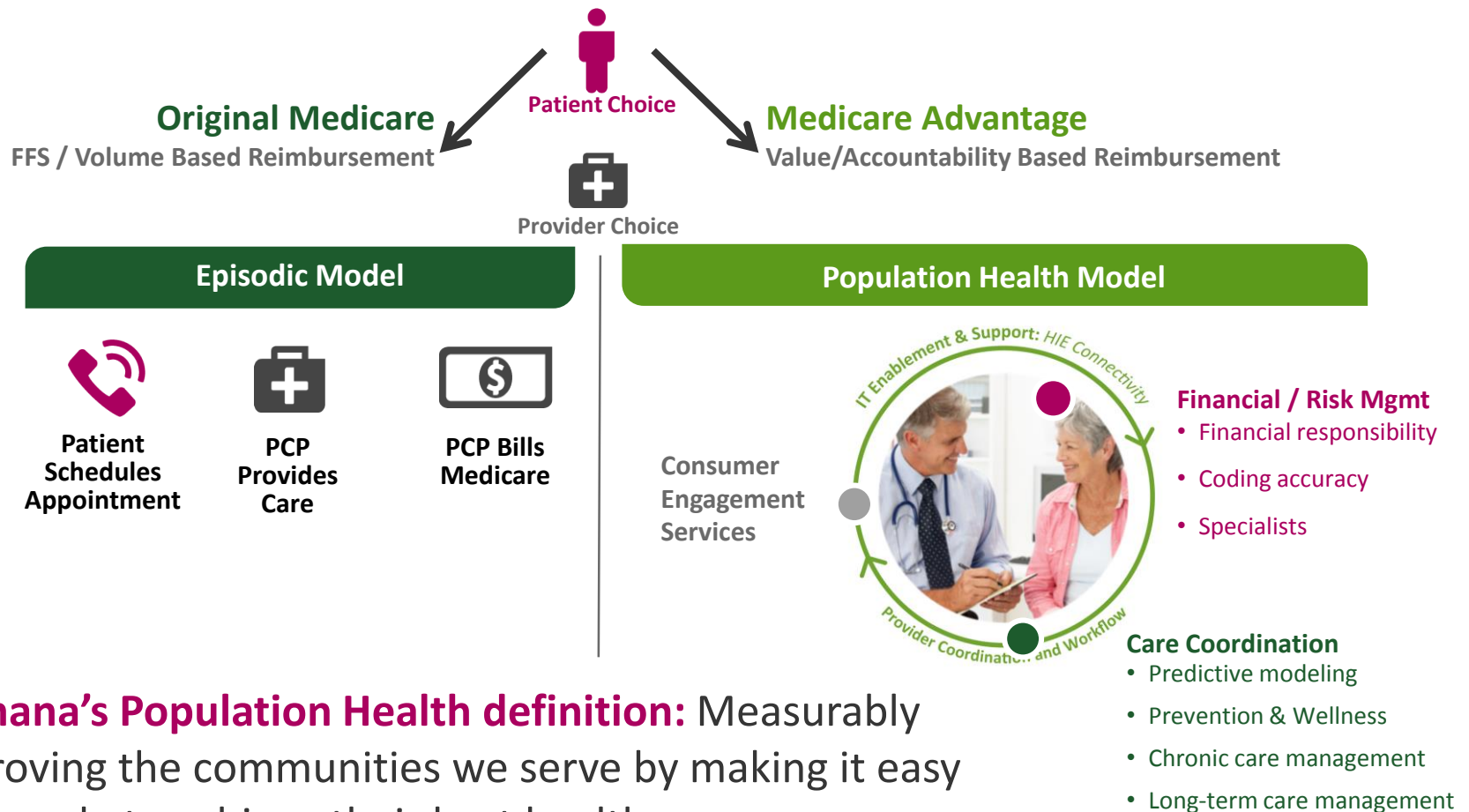


Variation in average cost per episode between the 75th percentile provider and the 25th percentile provider.

Cost reduction expected in first year.

SOURCE: McKinsey client experience

Assistance to transition from Fee-for-Service to Accountable Care



Humana's Population Health definition: Measurably improving the communities we serve by making it easy for people to achieve their best health

We are supporting providers as they transition from episodic care to population health

Population Health



Physician Engagement

- Information & transparency tools
- Value-based care
- Physician engagement model
- Aligned incentives
- Performance management



Care Management

- Data aggregation & analytics
- Quality focus
- Provider reporting
- Wellness & prevention programs
- Pharmacy services
- Chronic & acute care management



Clinical Integration

- Strategy and governance
- IT enablement tools
- Clinical best practices
- Community-wide patient view



Financial Risk Management

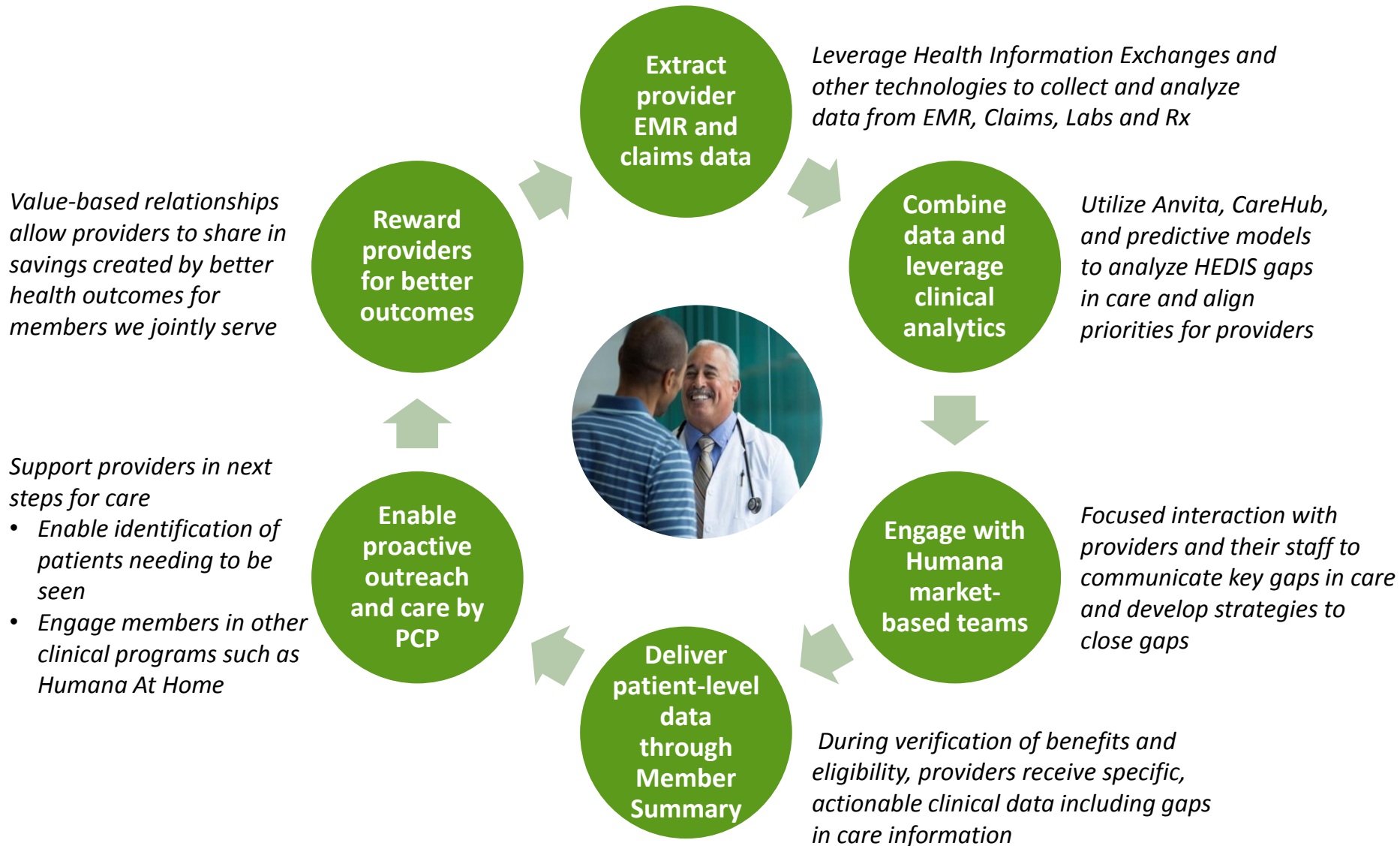
- Financial support, analytics and reporting
- Contract management
- Accurate documentation
- Risk aggregation & Stop-Loss



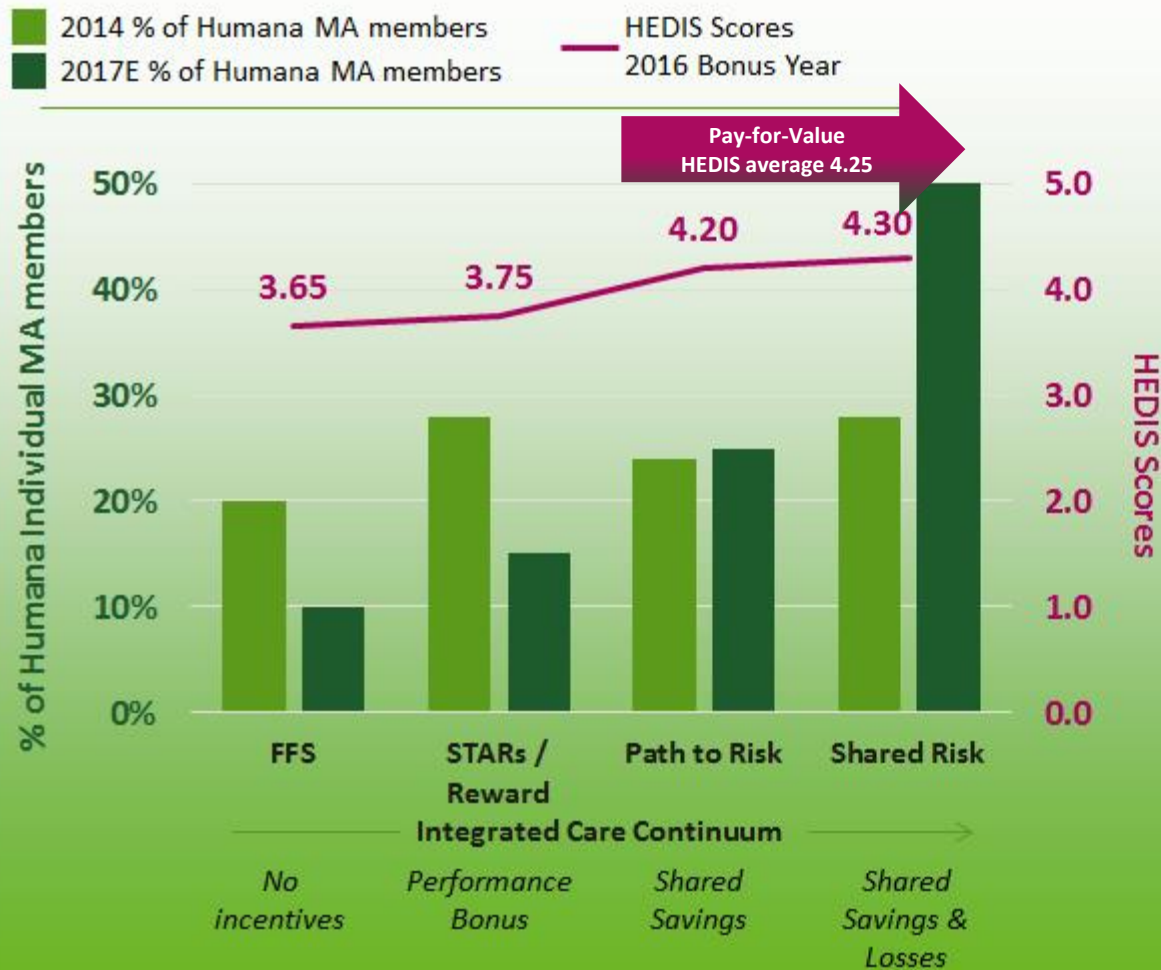
RESULT:

Patient-focused. Primary care-centric. Proactive.

Enabling population health – closing care gaps



Higher levels of provider integration across the integrated care continuum result in improved quality and



16%

Improvement in HEDIS scores for Humana providers in value-based relationships vs. FFS with no incentives

19%²

Lower medical costs for providers in value-based relationships relative to Original Medicare

Questions?

Helping people achieve lifelong well-being

