

# Accountable Care Organizations in Minnesota

The Employer Perspective

May 18, 2010

# The Health of Best Buy Depends on the Health of our Employees

- Best Buys Business Strategy is our People Strategy
- We have a vested interest in partnering with our employees and invest in their wellbeing.
- To maximize our goals we must influence the entire health care system

As a member of the Buyer's Health Care Action Group, Best Buy is committed to working collaboratively with other purchasers of health care to redirect the health care system to focus on a collective goal of optimal health and total value. Ultimately, we believe that all health care consumers should get the care they need at the right time, in the right place and at the right price.

# *What's Ailing Health Care? Our Diagnosis in 1988*

- Providers not held accountable
- Consumer isolated from true costs
- Lack of incentives to reward provider quality improvements and good health care choices by consumers



# *Choice Plus Model Objectives*

*The move toward Accountable Care Organizations circa 1988*

- Create value based competition among provider groups
- Expose differences in cost, service and quality to create incentives to improve
- Make providers directly accountable to their patients
- Get employers and plans out of the middle

# *Traditional Employer Sponsored Health Care Model*

## *Payer Centric*



Consumer



Employer



Insurance Company



Care Provider

# Choice Plus Health Care Model

## Patient Centric



Employer



Consumer



Provider



Health Plan

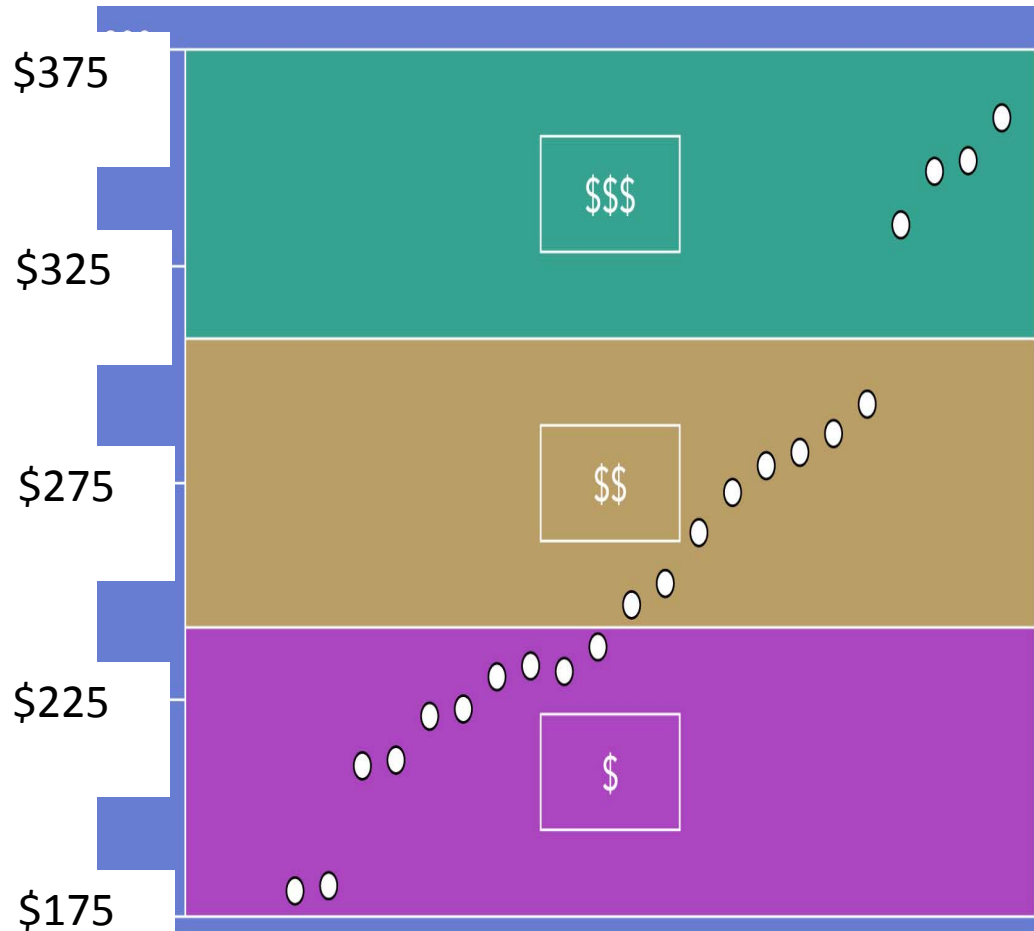
# *Our Principles - Then and Now*

- Consumer choice - providers *compete for* consumers
- Care managed by providers and patients
- Direct rewards for quality and efficiency
- Incentives for prevention and care for the sickest
- Provide useful data to help consumers make value-based decisions



# How Choice Plus Worked

(the one slide short course)



Each circle is a provider group

PMPM is the risk adjusted total cost of care for all services

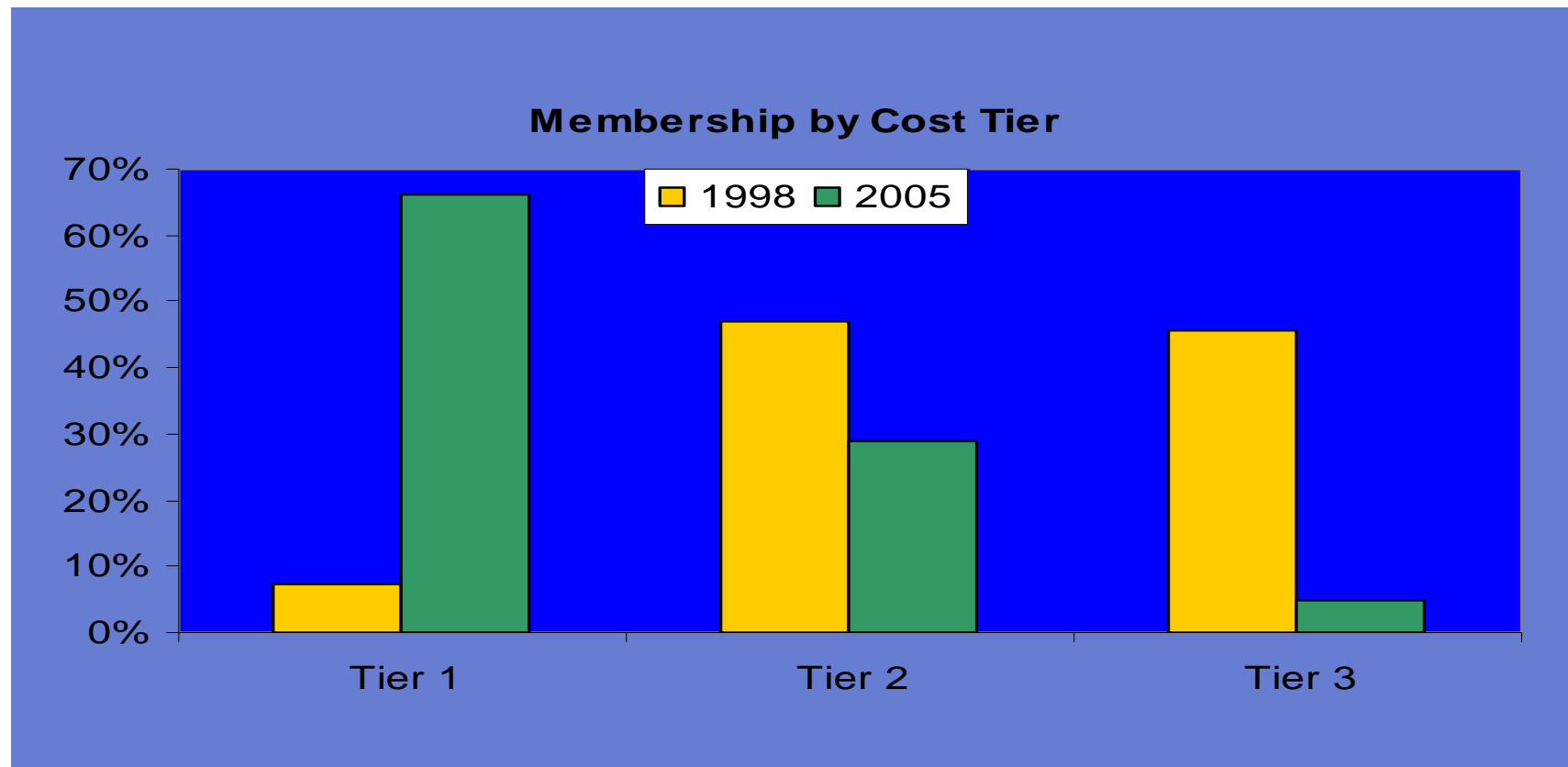
Highest cost provider groups produce care at almost TWICE the cost of most efficient groups

Colors represent tier into which each group has been placed

Price was bid by care system, NOT negotiated. Price was transparent to purchaser AND consumers

Choice Plus benefit design required that the employee paid the cost differential for less efficient providers

# *Consumers DO Migrate to Better Value*



# *What's Ailing Health Care? Our Diagnosis in 2010*

- Provider accountability for quality results is enhanced through better and more transparent outcome information but a solid reward system is not in place
- More consumers participate in consumer directed health plans, making them more price sensitive but they do have ready access to information for decision support
- Pay for performance programs are forcing evolution toward a more rational payment structure but are still focused on disease and fees, not on total health
- Public and private purchasers are united on the need for meaningful care delivery reform but don't know how to dismantle existing third party care management programs to redirect funding
- Critical mass is needed to achieve substantive and lasting payment reform



# *Accountable Care Organizations*

- Patient centered with care directed by primary care providers
- Aligned networks of specialists and ancillary providers and hospitals
- Focused on outcomes
- Emphasis on care coordination and integration
- Reward value, not volume
- Effective use of information technology to best meet the needs of people

*We CAN do it again!*