



CoxHealth: A Case Study in Launching a Co-Branded Medicare Advantage Plan

Guiding a Health System's Journey to Value with a Collaborative Payer Partner

Situation

- \$1.3 billion, five-hospital system in the Midwest with an integrated physician network

Challenge

- Differentiate the system in a highly competitive market
- Focus on MA as part of a population health strategy
- Engage physicians in developing value-based care capabilities

Outcomes

- Launched a co-branded plan: CoxHealth Medicare*Plus* garnered 14 percent market share in its first year
- Exceeded target contract performance across quality metrics
- Reduced unnecessary medical costs
- Completed over 60 percent of target Enhanced Encounters®
- Implemented a multi-pronged physician engagement approach

Takeaways:

- **Lead with an MA strategy derived from a proven model.** Partnering with a collaborative payer can support the transition to value-based care delivery and mitigate the upfront risks of starting a new plan.
- **Communicate the strategic value of change to align stakeholders.** Everyone—from the leadership team to the physicians—needs to understand how value-based care impacts them.
- **Align a strategy with a collaborative partner.** Health systems moving to value will benefit from a strategic operating partner who can guide their organization to develop value-based capabilities.

INTRODUCTION

CoxHealth is a five-hospital system with an integrated physician network in southwestern Missouri. The executive team at CoxHealth understood that healthcare is moving toward value-based arrangements, but the organization had limited experience in managing populations under risk. Like many other health system leaders, CoxHealth leadership faced several challenges:

- Understanding how internal and external factors—regulatory, market, and organizational—impact the system's strategy;
- Maintaining market share in a highly competitive market;
- Building a sustainable care delivery and business model for population health management; and
- Retaining an engaged physician network and rewarding necessary behavior changes.

The leadership team decided to focus on Medicare Advantage (MA) as part of its value-based care strategy. To proceed, CoxHealth had to evaluate the option of launching its own provider-sponsored MA plan or partnering with a collaborative MA payer. In the end, the system chose to enter into a value-based MA contract as a vehicle to catalyze the move toward a population health model.

To be successful in value-based care delivery, physicians need the right tools, information and incentives to provide high-quality care. Thus, educating physicians on how to be accountable for a population requires a completely new mindset and operational workflows. However, guiding physicians through the change is just as important strategically as it is tactically. As CoxHealth learned, clearly communicating the vision and strategy is crucial to aligning leadership, physicians and patients within this new model of care delivery.

Benefits of Medicare Advantage

There are multiple levers within MA that can yield positive clinical and financial outcomes:

- Risk-adjusted plan premium ties appropriate revenue to each member
- Opportunity to reduce unnecessary medical spend
- Star Ratings empower beneficiaries to seek high quality care and enable CMS to grant plans performance bonuses

CHALLENGE

Differentiate the Health System and Maintain Share in a Competitive Market

One of the key aspects about CoxHealth's market is the competitive dynamic of a two-system market. Each organization constantly seeks to differentiate itself. CoxHealth determined that it needed to focus on growing market share while also reducing leakage from its system—and focusing on a value-based MA contract could support these objectives.

Mitigate Risk in Launching an MA Plan Through a Partnership Strategy

Launching a provider-sponsored health plan is an attractive way for health systems to capture additional value while caring for a given population. In fact, in 2016, nearly 60 percent of new MA-plan entrants were provider-sponsored.¹ However, for every successful story, there are many tales of failure.² Starting an MA plan requires significant upfront capital investment, various state and regulatory licensure requirements, stringent compliance obligations and payer operational activities—capabilities that many health systems typically do not possess. CoxHealth determined that it made more strategic sense to partner with a collaborative payer, thus mitigating some of these upfront risks.

Questions to Ask When Launching a Provider-Sponsored Health Plan

- How does this fit our population health strategy?
- How might competing systems and payers react?
- How will our organization perform health plan-specific functions?
- What are the regulatory and capital requirements?

Prepare for a Future in Fee-for-Value—with the Right Guidance

The CoxHealth leadership team also understood that managing an MA population would enable CoxHealth physicians to start developing the requisite capabilities for managing value-based contracts with other patient populations. But with limited experience in managing risk, CoxHealth needed a supportive partner to help achieve this strategy. Working with the right collaborative partner that would support physicians through the transformation with the right programs, tools and data would enable CoxHealth to more quickly reach success.

“CoxHealth knew that in order to achieve success in launching an MA plan in a very competitive market, we had to find a collaborative partner that would allow our health system to alleviate some risk, while focusing on what we do best—care delivery.”

- Steven Edwards,
President and CEO, CoxHealth

SOLUTION

In evaluating potential partners, CoxHealth turned to Essence Healthcare, operated by Lumeris. Lumeris serves as a long-term operating partner for organizations that are committed to the transition from volume- to value-based care. Lumeris powers Essence Healthcare, an MA plan serving beneficiaries in Missouri and

¹Avalere, Physician-Sponsored Health Plans: Enrollment, Quality, and Future Impact, 2016.

²McKinsey, Physician-led health plans: The next frontier—or the 1990s all over again? 2015.

Illinois, providing value-based care services and technology to enable a collaborative payer-physician relationship that drives improved healthcare outcomes. Based on the health system's strategic goals, Lumeris helped bring CoxHealth and Essence Healthcare together in a collaborative payer-provider model to manage an MA population.

Pursue an MA Strategy with a Collaborative Payer Partner

Known for its commitment to information transparency and proven track record of working with physicians to succeed in value-based contracts, Essence Healthcare, enabled by Lumeris, brought several unique benefits to CoxHealth:

- Excellent quality ratings with 4.5-5 Stars for the last six years;
- Existing payer infrastructure through Essence Healthcare, including subject matter expertise, CMS and state licensure with the associated capital requirements, regulatory functions and operational efficiencies;
- Knowledge of the MA market and consumer trends;
- Robust physician engagement programs and methodologies based on the Accountable Primary Care Model—The Nine C's®;
- Actionable information for managing patients and populations provided in the Accountable Delivery System Platform® (ADSP);
- Supportive clinical resources and expertise to aid physicians in managing appropriate care; and
- History of collaboration to enable physician-led success.

Benefits of a Lumeris Operating Partnership

- ✓ Health plan expertise and differentiated operational capabilities
- ✓ Proven physician engagement model
- ✓ Speed, scale and flexibility
- ✓ Aligned strategy and business model
- ✓ Commitment to enabling value-based care competencies

CoxHealth could now partner with Essence Healthcare (enabled by Lumeris' operational infrastructure and expertise) to execute its MA strategy.

Design and Launch a Co-Branded Product

After thorough analysis of the market, CoxHealth and Lumeris developed a go-to-market strategy enabling Essence Healthcare and CoxHealth to launch a co-branded HMO product—CoxHealth Medicare *Plus*.

Core elements of the product included:

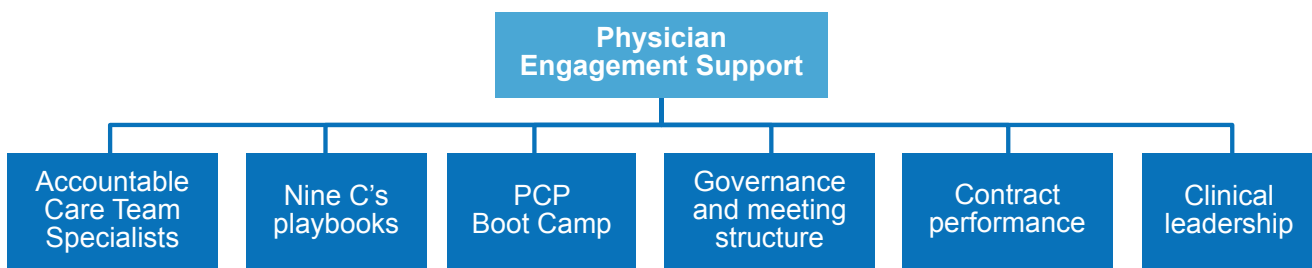
- Narrow network of the CoxHealth Network hospitals and ancillary physicians—a strategic advantage to drive down leakage;
- A subset of the CoxHealth Network primary care physicians (PCPs) acting as the gatekeeper to manage care across the continuum—a core tenet of accountable primary care; and
- Rich member benefits, such as \$0 premium, no deductibles, low maximum out of pocket and extra dental, vision and fitness benefits—to attract MA beneficiaries.

Co-branding a new product, in contrast to starting up its own health plan, allowed CoxHealth to leverage the payer functions Essence Healthcare, enabled by Lumeris, and simultaneously focus on its core strength: care delivery.

Implement a Value-based Contract and Physician Education to Drive Engagement

The leadership team at CoxHealth knew that in order to drive successful transformation, they would need a comprehensive physician engagement strategy (see **Figure 1**). First, Lumeris and CoxHealth identified a subset of PCPs to increase the likelihood of engagement. Next, Lumeris developed a value-based contract that included the appropriate goals for physicians just starting to manage risk. The system managed a contract for upside and downside risk, while physicians were engaged in a stair step approach to risk with quality measure targets. Lumeris also helped the system revise the internal compensation model for the physicians so that the incentives would start driving the right behaviors at the individual physician level. Together, this comprehensive incentive strategy provided the appropriate balance for physicians to focus on costs, quality, access to care, patient satisfaction and stewardship in their first year.

Figure 1. Comprehensive Physician Engagement. A multi-pronged approach drives effective practice transformation.



“As physicians, we want to make a difference in the lives of our patients. Lumeris’ training and education in value-based care delivery has been invaluable in helping us achieve that goal.”

- Dr. Julia Flax, MD, CoxHealth

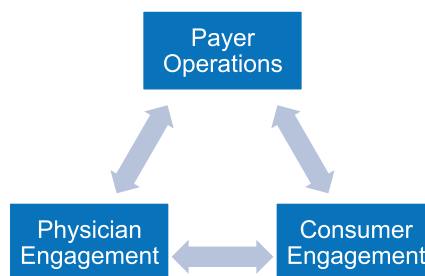
To promote behavior transformation, Lumeris supported CoxHealth in training and educating its physicians around value-based care. Using The Nine C’s, Lumeris trained CoxHealth physicians and care teams around value-based care delivery and developed workflows for the practices, using actionable information in the ADSP. Physicians also had access to Continuing Medical Education (CME) courses available in the ADSP. In addition, Lumeris offers a PCP Boot Camp—a series of experiential learning sessions devoted to helping physicians learn key behaviors for delivering value-based care. Finally, Lumeris mentored the clinical leadership at CoxHealth to create champions within the physician network and advance the governance structure.

Perform Differentiated Payer Operations that Support Physicians

Within this partnership, Lumeris acted as the operating partner that enabled Essence Healthcare to conduct differentiated payer operations required for the plan to function. As partners they managed the claims processing, utilization management, case management, Part D pharmacy management, sales and marketing, enrollment, customer service and other core health plan operational activities. In addition, they instituted quarterly Joint Operating Committees (JOCs) with CoxHealth to review cost and utilization data and engage physicians around financial performance. Together, Lumeris enabled Essence Healthcare and CoxHealth to implement a variety

of physician-driven programs that more efficiently and effectively coordinated physician and payer activities. By restructuring payer activities around supporting physicians, Lumeris empowered a stronger physician-member relationship (see **Figure 2**).

Figure 2. Collaborative Operating Model. Differentiated payer operations integrated with effective physician and consumer engagement drive success in a collaborative model.



Implement Clinical Programs Using Actionable Information

Lumeris provided CoxHealth physicians and leadership with information and tools within the ADSP to support their efforts in managing the MA population. The ADSP is a payer-agnostic platform that provides 360-degree visibility into a patient's clinical and financial data as well as population-level information. The platform is utilized by the payer and physicians to monitor and track performance on quality measures, cost of care and documentation and coding improvement efforts. The ADSP provides patient-specific Care Reminders that enable physicians to proactively identify patient-specific quality and coding opportunities and address these issues during a visit. The care teams at CoxHealth could now monitor their practice panels at the individual patient and population level, using actionable information to drive more informed decision making.

A payer-agnostic platform that provides 360-degree visibility into a patient's clinical and financial data and population-level information is essential for delivering value-based care.



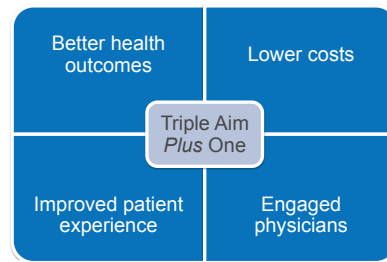
To more effectively utilize the information within the ADSP, Lumeris and CoxHealth provided dedicated analytical and clinical resources for analyzing the population and identifying opportunities for improvement. CoxHealth developed a centralized Care Management team to support population health activities such as managing referrals, conducting patient outreach and developing pre-visit plans (all integrated into The Nine C's training). By sharing responsibilities, the payer and care teams supported physicians in delivering more effective accountable primary care.

Finally, to help CoxHealth physicians understand the importance of risk adjustment in MA, Lumeris deployed the Enhanced Encounter[®] program. Because risk adjustment is not emphasized in the FFS world, many physicians are not accustomed to the need for appropriate documentation and coding. Through coordinated education, training and operations, the Enhanced Encounter program offers an effective strategy to engage physicians to learn how the revenue management and reimbursement cycle works in MA and the Lumeris model. At the core of the Enhanced Encounter is a comprehensive, extended visit between the accountable physician and the patient, enabling a thorough review of all conditions and assessment for appropriate documentation. The Lumeris team ensured that the completion of Enhanced Encounters was tied to the right incentives to encourage physicians to perform these visits, ultimately driving toward improved care and physician and patient satisfaction.

OUTCOMES

Essence Healthcare and CoxHealth launched the co-branded product in January 2015. To date, the system has demonstrated strong results and continues to perform highly as it builds its capabilities for value-based care. Lumeris seeks to enable its partners to achieve the Triple Aim *Plus One*: better health outcomes, lower unnecessary costs and improved patient experience plus physician engagement (see **Figure 3**).

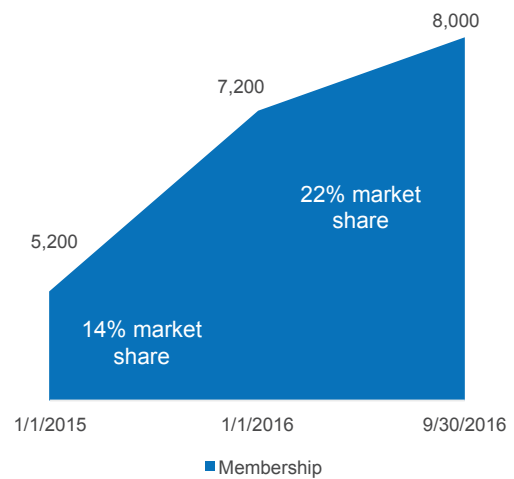
Figure 3: Triple Aim Plus One. Lumeris helps organizations achieve the Triple Aim Plus One.



Unprecedented Enrollment Growth

Two words best summarize the launch of CoxHealth Medicare *Plus*: market disruption. The co-branded product demonstrated the power of a strong system brand coupled with a high-performing MA plan. During its first Annual Enrollment Period (AEP), the plan exceeded its membership projection by 300 percent. Over four times more people enrolled in CoxHealth Medicare *Plus* than any other MA plan, garnering more than 14 percent market share after the first AEP (see **Graph 1**). In its second year on the market, CoxHealth achieved 22 percent market share and is now the second largest MA plan in the market, displacing several national MA payers. The power of Essence Healthcare’s high performance ratings coupled with the CoxHealth provider brand helped redirect membership away from established players.

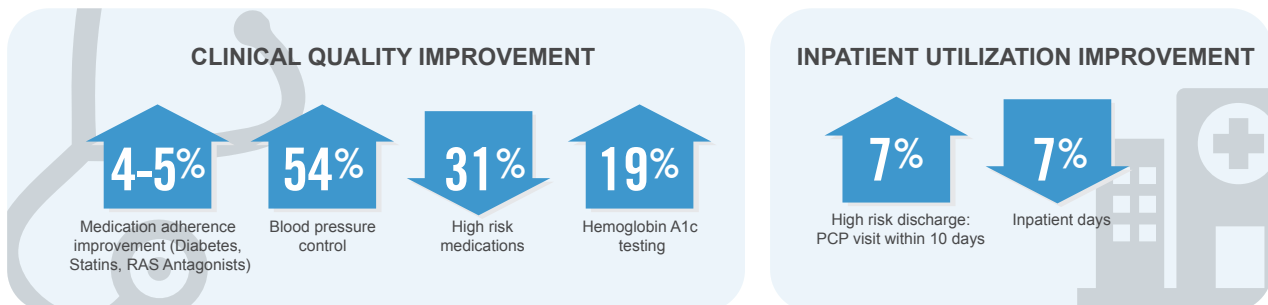
Graph 1: Enrollment. CoxHealth Medicare Plus enrollment grew rapidly during its first years in the market, exceeding expectations and displacing entrenched market players.



Improved Quality

CoxHealth exceeded target contract performance across a variety of metrics, and improved the quality of care for its MA patients, as illustrated in **Figure 4**.

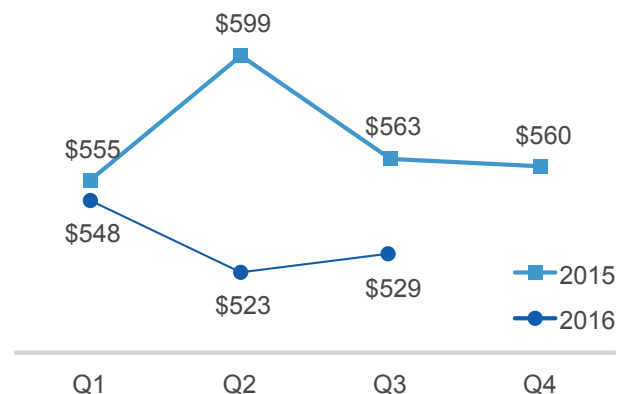
Figure 4: Improved Quality. CoxHealth demonstrated immediate quality improvements across a variety of metrics in the MA population.



Reduced Unnecessary Costs

In its first year, CoxHealth outperformed its target Medical Cost Ratio (prior to surplus distribution) by 4 percent. The narrow network design also helped CoxHealth reduce leakage by more than 25 percent between 2015 and 2016. In addition, the system continues to demonstrate improved medical expense management (Graph 2).

Graph 2. Reduction in PMPM costs. CoxHealth continues to demonstrate cost improvements over time.



Note: Latest available data through August 2016; seasonal variation may explain some variance.

Ongoing Revenue Management

CoxHealth continues to drive accurate documentation and coding with the Enhanced Encounter Program. Physicians have already completed 65 percent of the target Enhanced Encounters and are on pace to meet or exceed their target of 70 percent (see Figure 5). Understanding risk adjustment is a critical concept in MA, but it is also important as physicians enter risk arrangements for other populations that use risk adjusted models (e.g., commercial exchanges and Medicaid).

Figure 5. Revenue Management. The Enhanced Encounter program has helped CoxHealth physicians more accurately document and code their patient population.

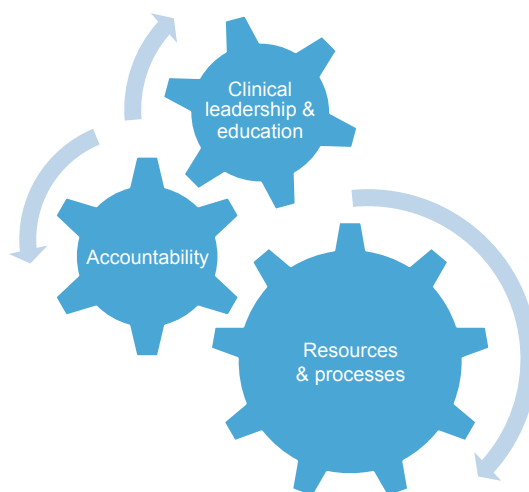


Engaged Physicians

Enabling physicians to succeed in accountable care was a core strategy for CoxHealth. Thus, several key elements cannot be overlooked when guiding physician and care team transformation (Figure 6):

- Clinical Leadership & Education:** As with any initiative, education is essential to help physicians understand the need for change and—more importantly—how it impacts them. A multi-pronged approach to physician engagement has been central to driving the behavior and workflows necessary for value-based care. Developing strong clinical leadership is also essential to drive change among physicians.

Figure 6. Physician Engagement. Keys to success in enabling physicians and care teams.



- **Accountability:** Accountable primary care rests on the idea of managing the whole population, not just patients who come in when they are sick. As such, physicians need to shift their mindsets. For example, at the moment when a member selects a PCP, that physician is responsible for that member. Care teams need to reach out to members to bring them in proactively, in addition to managing patients when they are ill.
- **Care Team Resources and Processes:** Due to the unanticipated membership growth, CoxHealth needed to improve access to care for its population. First, it expanded the PCP network. Additionally, the system opened a “Welcome Clinic” to provide another avenue for patients to receive care for immediate needs. Finally, CoxHealth and Lumeris are developing methods to balance the administrative workflow of managing referrals. Guiding physicians to understand the strategic benefits of managing a population under value-based criteria requires flexibility in addressing the care delivery needs.

KEY LEARNINGS

Lead with an MA Strategy Derived from a Proven Model

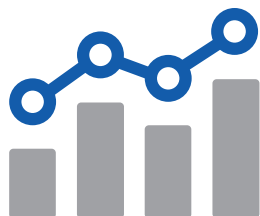
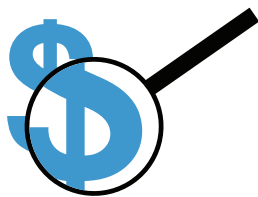
Essence Healthcare, through its relationship with Lumeris, provided the expertise and operational capabilities to enable CoxHealth physicians to focus on transforming care delivery and avoid bearing upfront risks that the system was not positioned to take. Lumeris’ years of operating a high-performing health plan, Essence Healthcare, and supporting physicians across the country in managing value-based contracts, have enabled continuous refinement of a collaborative payer-physician model that produces outcomes. By launching a product with competitive benefits, CoxHealth was able to move market share from competitors, grow membership to create sufficient patient panels and engage physicians with the right contract incentives to manage this population and change behavior. Having a sophisticated partner who evaluated local market trends, understood consumer dynamics and collaborated with physicians were significant strategic advantages for CoxHealth.

Communicate the Strategic Value of Change to Align Stakeholders

Communication. Communication. Communication. Everyone, from the leadership team to the physicians, needs to understand the need for change, what the future looks like and how value-based care impacts them. Any organizational change—large or small—must be accompanied by the right communication strategy. In CoxHealth’s situation, delivering the message of change has almost been as challenging as performing the change itself—and it continues today.



- **Understanding the Timing:** Although managing an MA population is a great stepping stone into value-based care, there is a lag in plan reimbursement through risk adjustment. This can be frustrating for physicians—managing patients effectively in this model requires more work and new operational workflows and physicians do not see an immediate benefit. Thus, clearly illustrating how the model works and explaining how new activities (such as appropriate documentation and coding) impact future outcomes is essential. In time, these new activities become routine. But, it is important to continually encourage physicians so they remain on the right track.
- **Clarity Around Compensation:** Critical to driving physician behavior change



is adapting compensation structures for value-based models. Constructing incentives and models where physicians can clearly trace the value of their actions will drive engagement. Even interim rewards are beneficial to maintain engagement.

- **Investing for the Long Haul:** Committing to a new strategy is a hard choice. The CoxHealth leadership team understood this and believed in the big picture: to be successful in value-based care delivery takes time, energy and investment. But, if done well, the payoff is rewarding in the long run. Change will not happen overnight. CoxHealth has created the foundation to drive more business toward value. And, with physicians already delivering strong results, the future outlook is promising.

Align a Strategy with a Collaborative Partner

CoxHealth selected a focused MA strategy as a step toward developing value-based care competencies, but needed a trusted partner to support its transformation. The CoxHealth leadership team did not want to partner with a health plan solely for third-party administrative functions. Rather, the system wanted a true partner to guide and assist its physicians to perform successfully under value-based arrangements. Lumeris, the operator of Essence Healthcare, brought technology, payer operations and clinical programs to engage with the physicians built on a platform of excellence. As a health plan structured around value-based care since its inception, Essence Healthcare (operated by Lumeris) has proven itself through achieving 4.5 to 5 Stars from CMS for the last six years, reducing medical expenses, and aligning incentives with physicians and members to deliver better clinical and financial outcomes. CoxHealth now envisions its potential to become the high-value, high-performing system in the market for all payers and patients.

“This partnership aligns with our strategy and was our first step toward value-based care. In our quest to continue being a top-performing system in the market, we have now begun to develop the right capabilities, infrastructure and behavior changes to drive success.”

- David Raney, Vice President, CoxHealth Network