

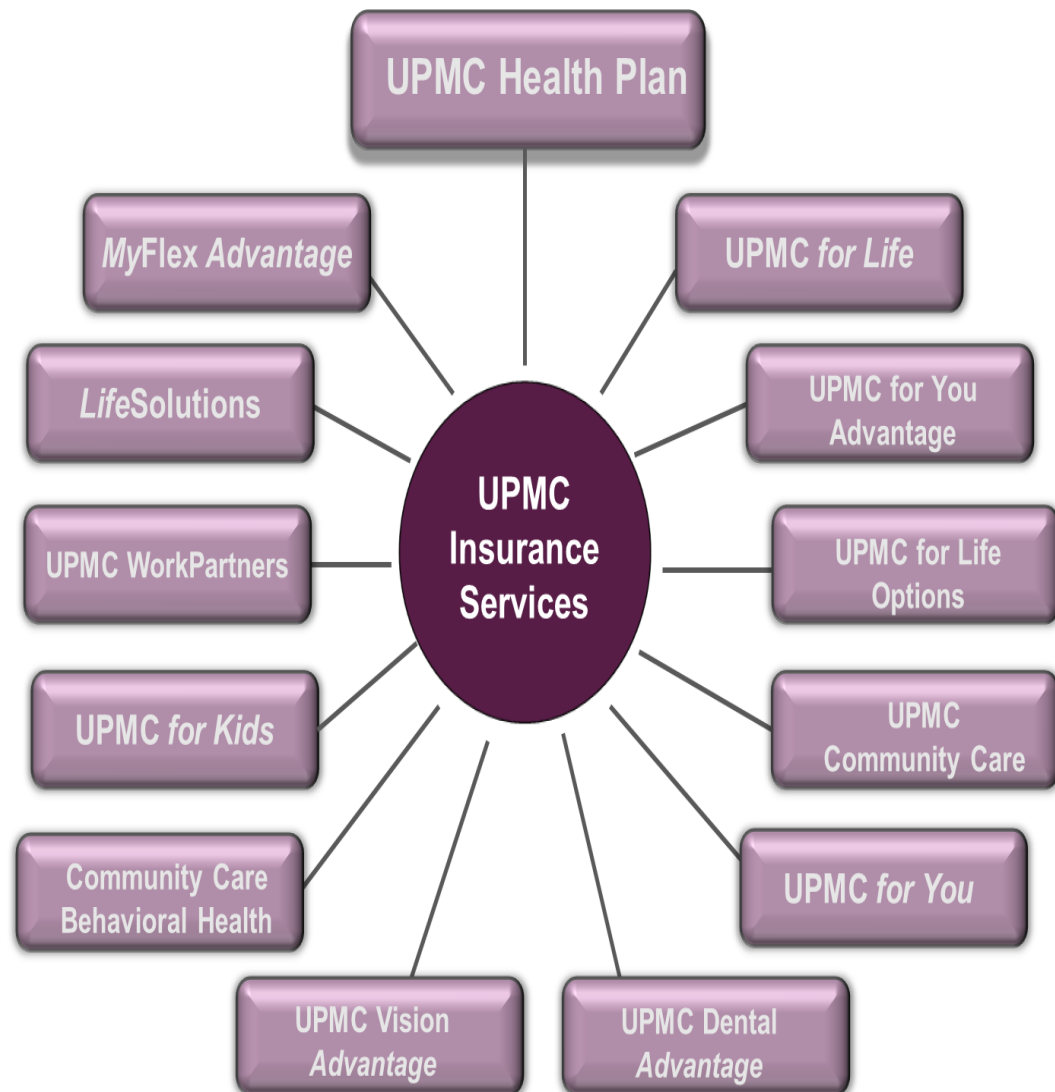
UPMC HEALTH PLAN

Network Adequacy and Integrated Delivery and Finance Systems

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UPMC Health Plan

- 2.3 Million Members
- 2nd Largest Provider Owned Insurer
- Annual Revenues \$5+B
- Integrated Population Health and Productivity Products
- 10% Average Annual Growth YOY
- 10,000+ Employer Groups
- #1 Ranked Commercial HMO in WPA U.S. News & World Report (2014)
- Fastest Growing Medicaid and CHIP Plan in PA
- 4 Star HMO MA Plan
- Highest Provider Satisfaction
- J.D. Power Certified Call Center
- National Business Group on Health Platinum Winner Times Five
- 2013 ICMI Global Call Center Award Best Customer Experience Program



UPMC Clinical System

- 20+ hospitals in Western PA; large catchment area.
- ~3500 employed physicians
 - Academic Faculty
 - Community Medicine Division
- “Hub” is large academic medical center
 - >1100 beds
 - NCI-designated Comprehensive Cancer Center
 - Large transplant programs
 - Extensive depth in multiple subspecialties
 - Associated with University of Pittsburgh School of Medicine

Integrated Delivery and Finance System (IDFS)

- Network Adequacy
 - Issues are the same: Is the provider network extensive enough to serve the insured population?
 - One end of the spectrum: insured population is matched by a closed network that serves only that population.
 - Need an insured population large enough to support specialty services.
 - Other end: Insured population extends beyond the clinical network, requiring additional provider contracting. Clinical network serves other insurers as well.
 - Results in a mixture of “capitation” and fee-for-service

IDFS Potential Advantages

- IDFS is essentially an ACO for the insured population.
- Easier to align incentives for population health and wellness than traditional fee-for-service.
 - Potential for reduced costs
- More flexibility in payment models
 - Telemedicine
 - Non face-to-face encounters
- Ability to integrate clinical data with claims data
 - Requirement for measuring and reporting “value”