

Health Benefit Design Proposals for 2018

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Agenda

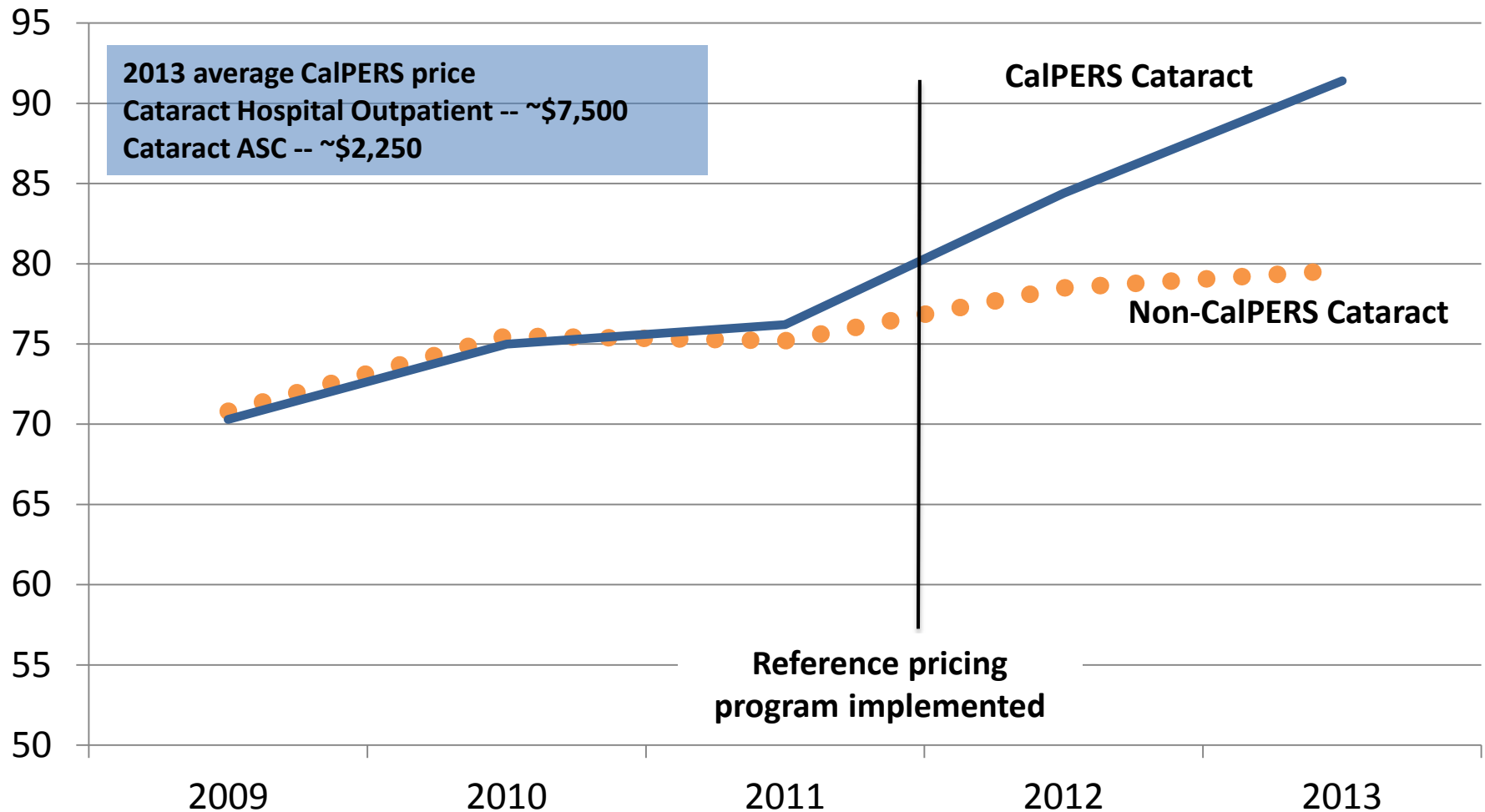
- Background
- Health Benefit Design Proposals for 2018
- Expand Value Based Purchasing Design for ASCs
- Align Site of Care for Medical Pharmacy
- Reduce Use of Emergency Room for Urgent Care
- Continue PPO Purchasing Tools



Value Based Purchasing Design for ASCs

- Colonoscopy, Cataract and Arthroscopy
 - Ambulatory Surgery Center - pay usual co-insurance and deductible
 - Hospital outpatient facility - pay usual co-insurance and deductible PLUS any costs over the reference price of:
 - \$1,500 colonoscopy
 - \$2,000 cataract
 - \$6,000 arthroscopy

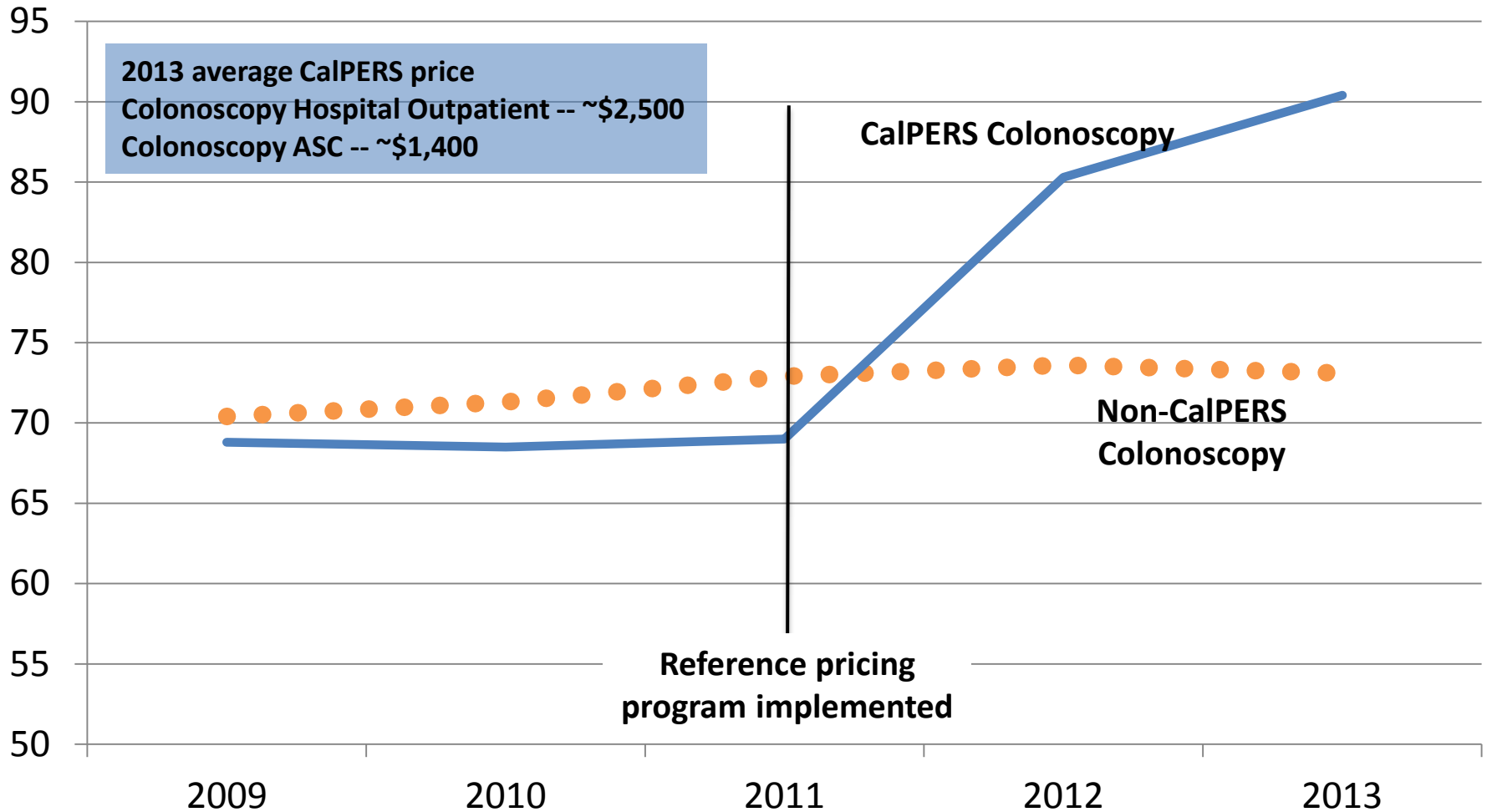
Percentage of patients choosing an ambulatory surgical center for cataract surgery, 2009-2013



Source: University of California, Berkeley analysis, February 2015.



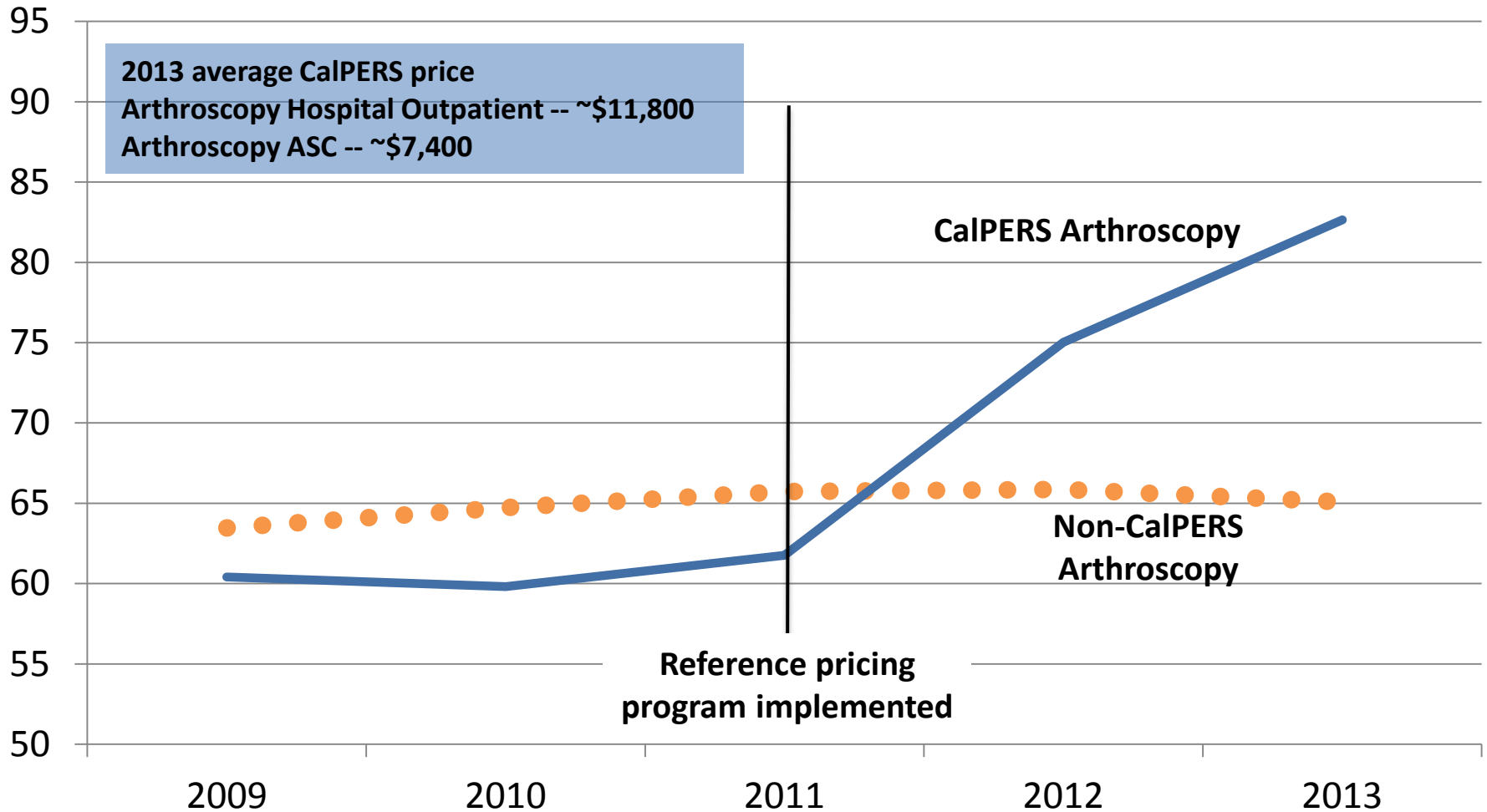
Percentage of patients choosing an ambulatory surgical center for colonoscopy, 2009-2013



Source: University of California, Berkeley analysis, February 2015.



Percentage of patients choosing an ambulatory surgical center for arthroscopy, 2009-2013



Source: University of California, Berkeley analysis, February 2015.



Results

- Cataract
 - \$1.3M in savings in first two years
 - 20% reduction in spending
- Colonoscopy
 - \$7M in savings in first two years
 - 28% reduction in spending
- Arthroscopy
 - \$2.3M savings first two years
 - 17% reduction in spending
- Total savings for all three procedures about \$5M per year
- No change in complication rates



EXPAND VALUE BASED PURCHASING DESIGN FOR USE OF ASC



ALIGN SITE OF CARE FOR MEDICAL PHARMACY



REDUCE USE OF EMERGENCY ROOM FOR URGENT CARE



CONTINUE CASTLIGHT AND WELVIE PPO PURCHASING TOOLS

Next Steps

Continue to Evaluate Options

Stakeholder Feedback

Seek Approval

