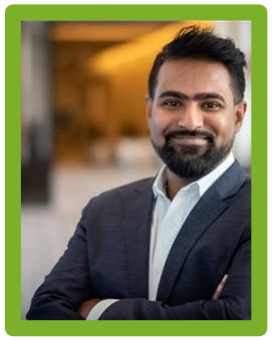
CHARTIS

USVI Cost of Care, Premium Model and SDOH/ Health Equity Opportunities

USVI DIGITAL HEALTH SUMMIT

JUNE 2023



PRAVITH NAMBIAR

Director/ Sr. Partner, Chartis

15+ YEARS of consulting and healthcare experience in payer advisory with expertise in growth strategy, cost containment, and business architecture for new and existing products.

About Chartis

Healthcare Consulting That's Different by Design

Chartis is the nation's largest independent healthcare advisory firm. We're designed with one thing in mind—**materially improving healthcare.**

WHAT MAKES US DIFFERENT?

Healthcare is in our DNA.

We are healthcare experts. It's all we do—we know it, we live it, and we love it.

We offer unparalleled breadth and depth.

Our breadth of capabilities combined with our depth of market knowledge and experience allow us to bring unrivalled capability and insight.

A thoughtful approach, lasting results.

Our teams work to understand and design solutions for your unique context, helping you thoughtfully navigate change and achieve meaningful, lasting results.

Who We Serve

Expertise across all segments of healthcare services

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NYU Langone Health
UPMC
PROVIDENCE Health & Services
Cleveland Clinic
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The Children's Hospital of Philadelphia
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JOHNS HOPKINS MEDICINE
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THE UNIVERSITY OF TEXAS MD Anderson Cancer Center Making Cancer History
Texas Health Resources
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radiology partners
Women's Health USA
Sevita
RL Datix
SPRINGSTONE
US ANESTHESIA PARTNERS
PRA
Bestvalue
GLOBAL
TEAMHealth
Covenant Physician Partners
CONTESSA HOME RECOVERY CARE
PROCARE LTC Long Term Care Pharmacy Services
Alteon HEALTH
US Radiology Specialists Imaging and Interventional Partners
BROOKDALE SENIOR LIVING
amedisys HOME HEALTH

Healthcare Payers and Payer Solutions

BlueCross BlueShield Minnesota
BlueCross BlueShield of North Carolina
CountyCare A MEDICAID HEALTH PLAN
CareFirst
Elevance Health
HPP Health Partners Plans
healthfirst Health Insurance for New Yorkers
HealthNow HealthNow New York Inc.
THE HSC HEALTH CARE SYSTEM Health Services for Children with Special Needs, Inc.
MOLINA HEALTHCARE
CAQH
Humana
UNITE US
icario
strive HEALTH
evolent HEALTH
empower HEALTHCARE SOLUTIONS
Burgess
embedded healthcare
truehealth

Meaningful Results, Long-Lasting Impact

We help clients move the needle in healthcare quality, affordability, access, and experience. Because at the end of the day, results matter.

RECENT
Partnerships Project

$100M

value realized in post-merger integration initiatives

RECENT
Credentialing Project

60%

reduction in credentialing cycle time

RECENT
Health Equity Project

$150M

secured in state funding annually to address health disparities on Chicago's South Side

RECENT
Health Plan Growth Project

$690M

strategic plan to increase revenue through membership growth

RECENT
Informatics & Tech Project

$113M

savings realized through EHR optimization

RECENT
Revenue Cycle Project

$155M

implementation to achieve identified recurring benefit and cash acceleration improvements

RECENT
Oncology Access Project

4.5 DAY

reduction from cancer screening to diagnosis

RECENT
Strategy Project

15%

annual growth in Net Patient Services Revenue through funds flow strategy

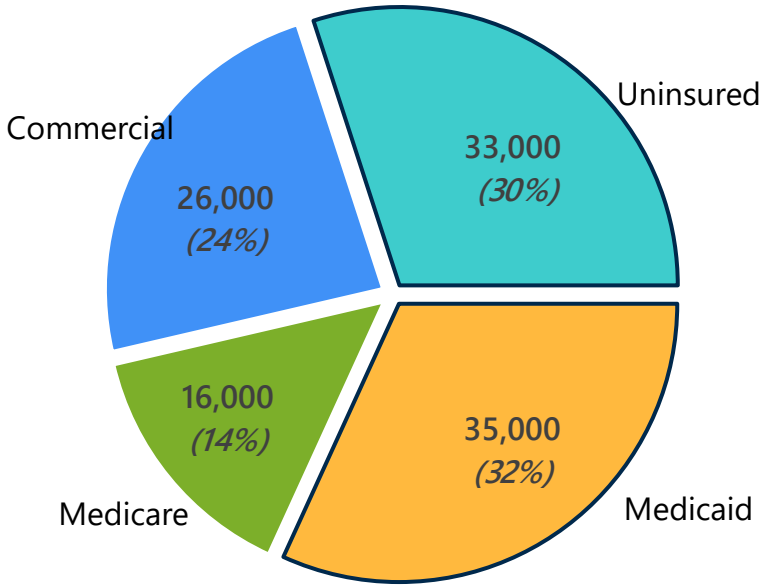
RECENT
Performance Project

11%

increase in EBITDA margin through financial performance improvement

USVI has an opportunity to improve the health of the Medicaid and Uninsured populations with availability of additional funds

USVI Health Coverage Status



Common USVI Conditions & Preventative Care vs US Mainland

	USVI	US
Obesity	32.2%	30.1%
Diabetes	16.8%	10.5%
Heart Attack	3.1%	4.4%
Stroke	2.5%	3.0%
Preventative Colonoscopy	49.9%	63.3%
Infant Mortality Rate per 1,000 Live Births	7.9%	5.8%

USVI Characteristics

- USVI is considered a "Geographic High Needs Health Professional Shortage Area"
- Patients may experience more health and non-health related needs due to economic and environmental headwinds
- Patient residing in more residential settings may experience more barriers related to transportation or telehealth options
- Recent natural disaster pre-pandemic has increased the overall number of patients with more complex needs

2 Federally Qualified Health Centers (FQHC)

2 Community Health Centers

- Operating 10 sites to provide medical, social & supportive services
- 62% served by Medicaid compared to 46% in US
- 10% of the visits are mental health/USD related

68 Primary Care Physicians
<20% accept Medicaid patients

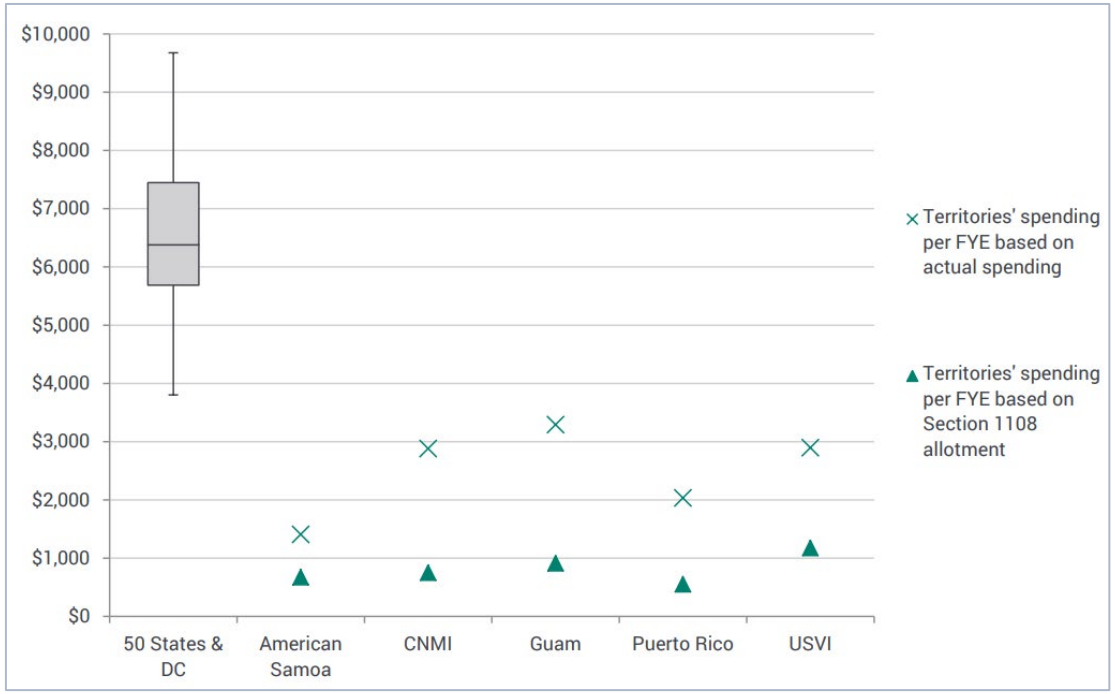
143 Specialty Care Providers
~30% accept Medicaid patients

https://doh.vi.gov/sites/default/files/USVI_CHA%202020_Final_06.02.20.pdf
https://doh.vi.gov/sites/default/files/US%20Virgin%20Islands%20Physician%20and%20Dentist%20Workforce%20Profile-2020.pdf

In FY 2020, federal Medicaid spending in USVI amounted to $77.8 million with continuous growth expected post-pandemic via additional funding

Spending per full-year equivalent (FYE) enrollee is substantially lower in USVI than in the US Mainland

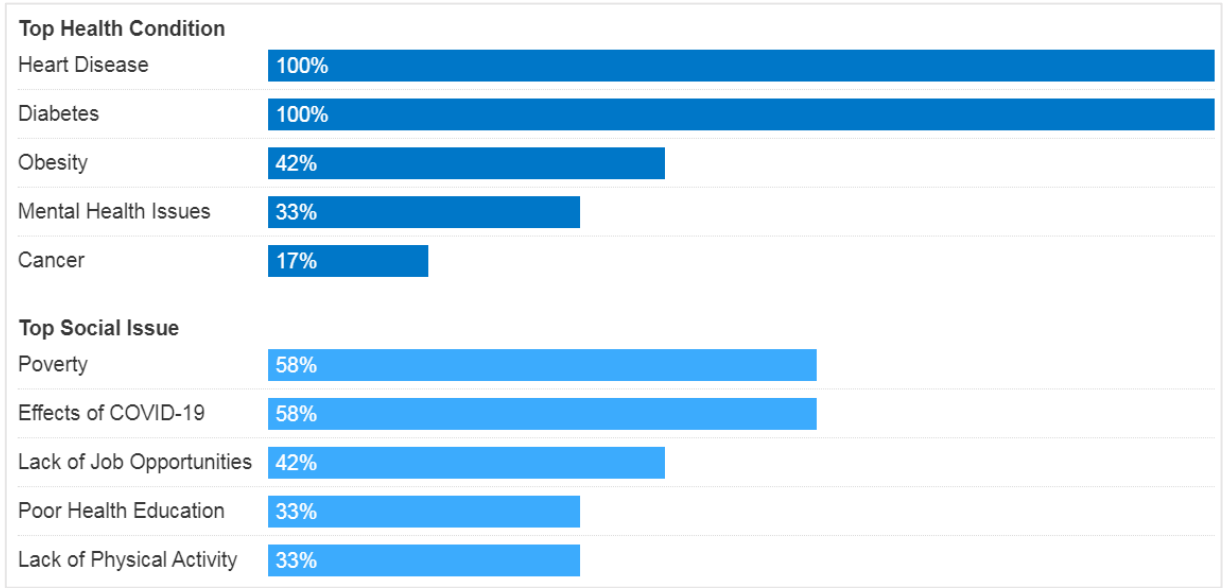
Medical Assistance Spending per Full-Year Equivalent Enrollee, FY 2019



Source: MACPAC

63% of patients receiving care in a Community Health Center are covered by Medicaid, most with chronic conditions requiring long-term care

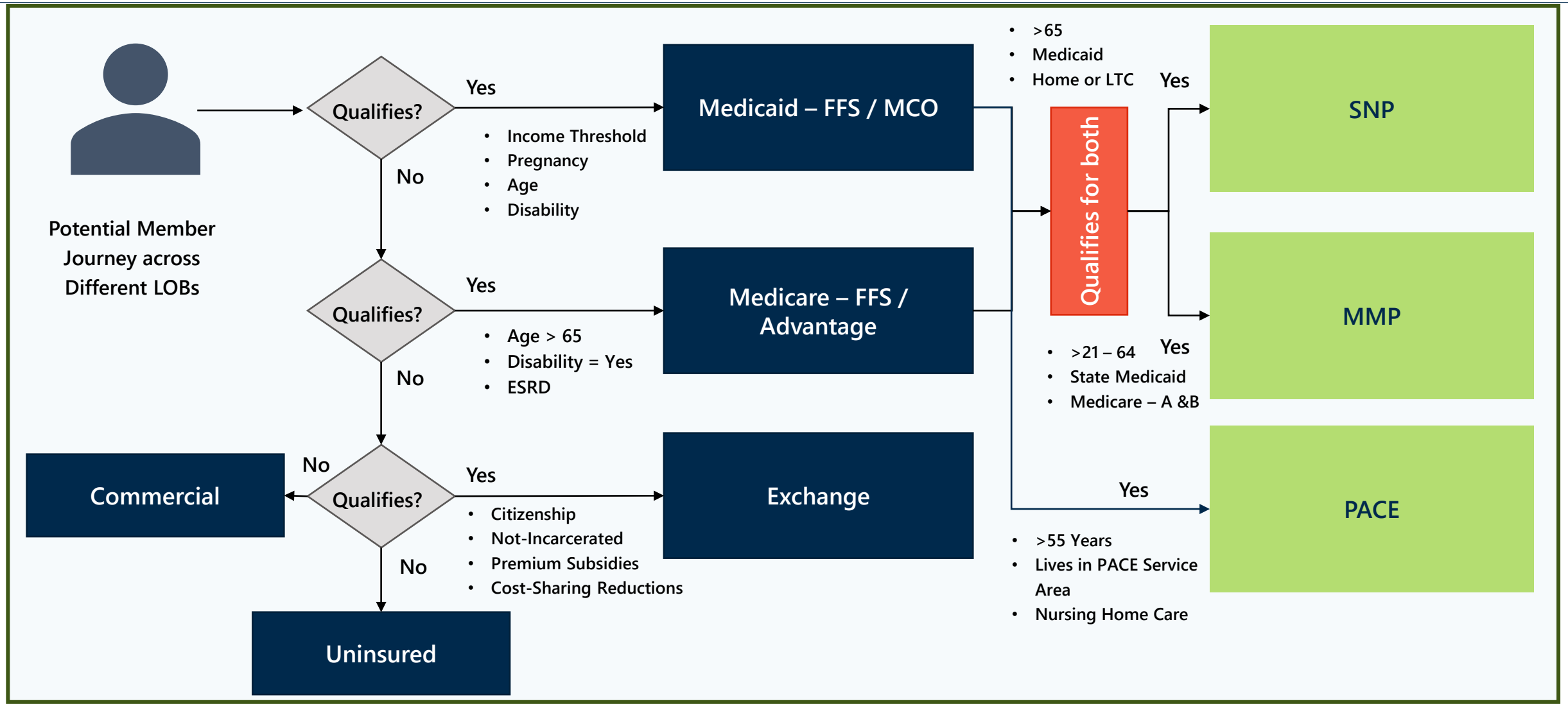
Top Health Conditions of USVI Community Health Centers



Source: KFF

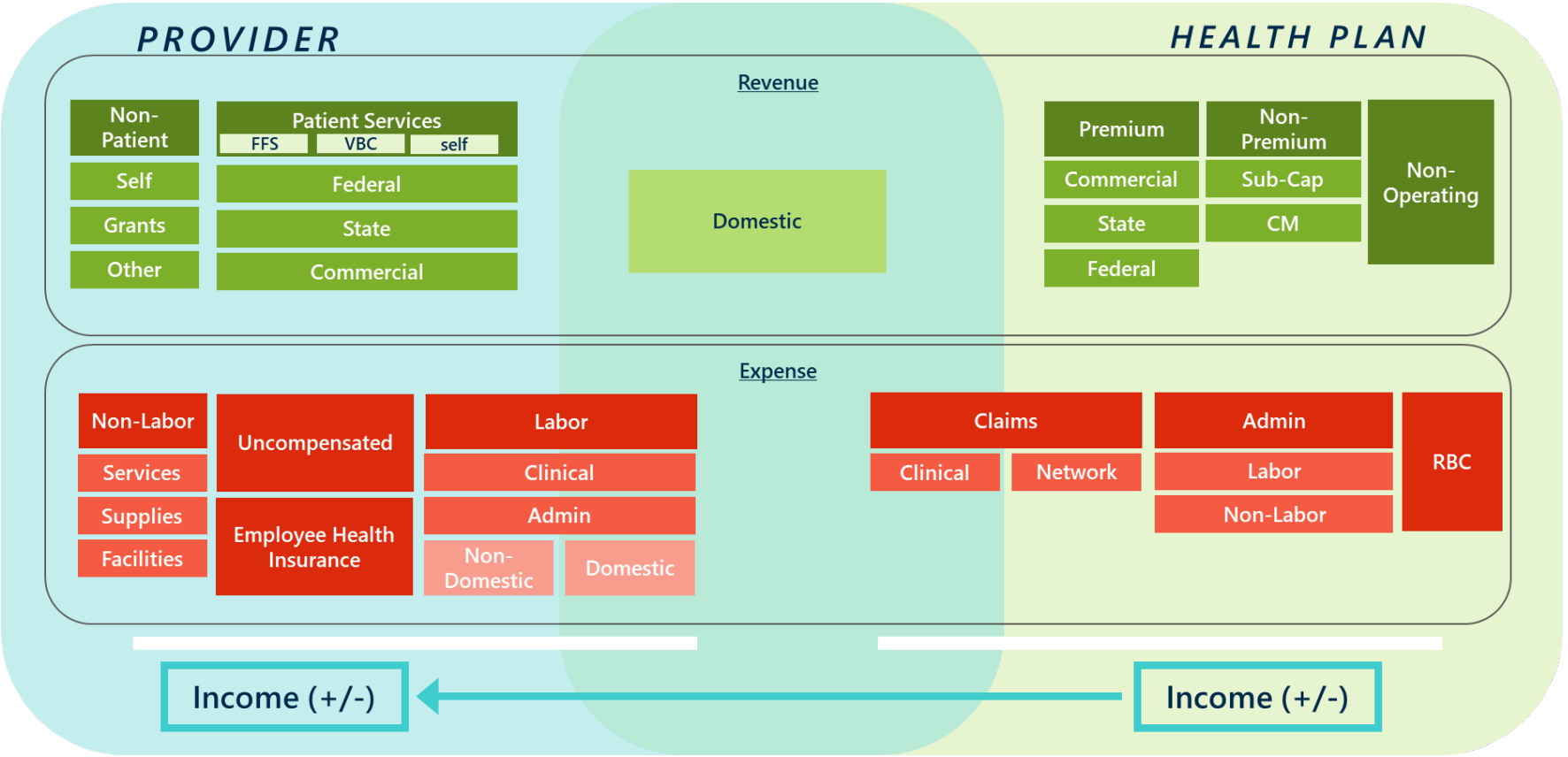
Additional Medicaid funding has become permanently available, presenting an opportunity to provide better care for the existing Medicaid populations, and expand eligibility for those uninsured

Customer long-term value should be assessed by mapping the journey of member / patient between health plan and health system across combined networks



Economic, clinical and operational levers that drive the success factors for a provider-sponsored health plan are unique and dependent on parent system

Integrated Economics Model for a Provider-Sponsored Health Plan



Key Considerations

- Definition of membership growth areas for acquisition and retention by leveraging provider / health system capabilities
- Integrated clinical management to drive quality and outcomes for the members and demonstrating value to stakeholders (e.g., State, CMS, etc.)
- Enterprise approach to admin capabilities with focus on unit-economics and margin opportunities
- Efficient management of fund flow between a health plan and provider-system(s) to maximize cash-flow

USVI providers can explore disease-agnostic cost of care models to support a transition from FFS to managed care

Primary Care Case Management (PCCM)

USVI could implement a PCCM model, a type of managed care in which a **primary care physician (PCP) is responsible for coordinating care** with a patient.

Key factors include:

- Working with the patient to develop a care plan
- Ensuring the patient receives the needed

This model helps to improve the quality of care and reduce costs.

Accountable Care Organization (ACO)

Providers can create an ACO and enter into a risk-sharing agreement with USVI government. Providers would realize a portion of **savings due to higher quality patient outcomes**. ACOs help to facilitate:

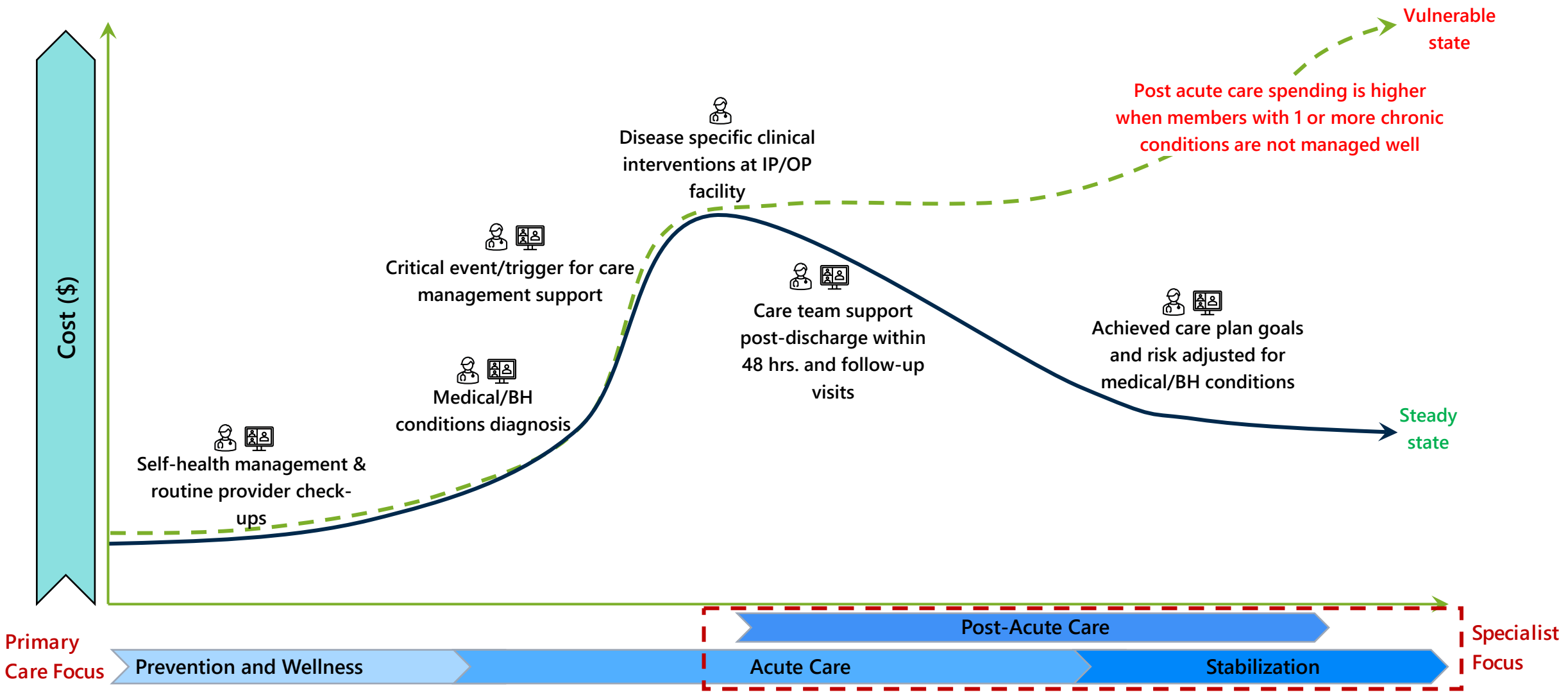
- Shared decision making to encourage patients to be involved in their care
- Care coordination across different settings
- Quality improvement by aligning across providers are specific measures

Managed Care Organization (MCO)

USVI could establish one or several MCOs, establishing a network of providers, to **improve health outcomes and control costs** for a high-need population. MCOs focus on:

- Risk sharing with providers to manage the cost of care
- Utilization management to control the use of services
- Collaboration with providers on quality improvement

A well-managed patient is more likely to achieve care plan goals and reduce costs associated with acute and post-acute care



Providers can become health homes to provide disease-specific care

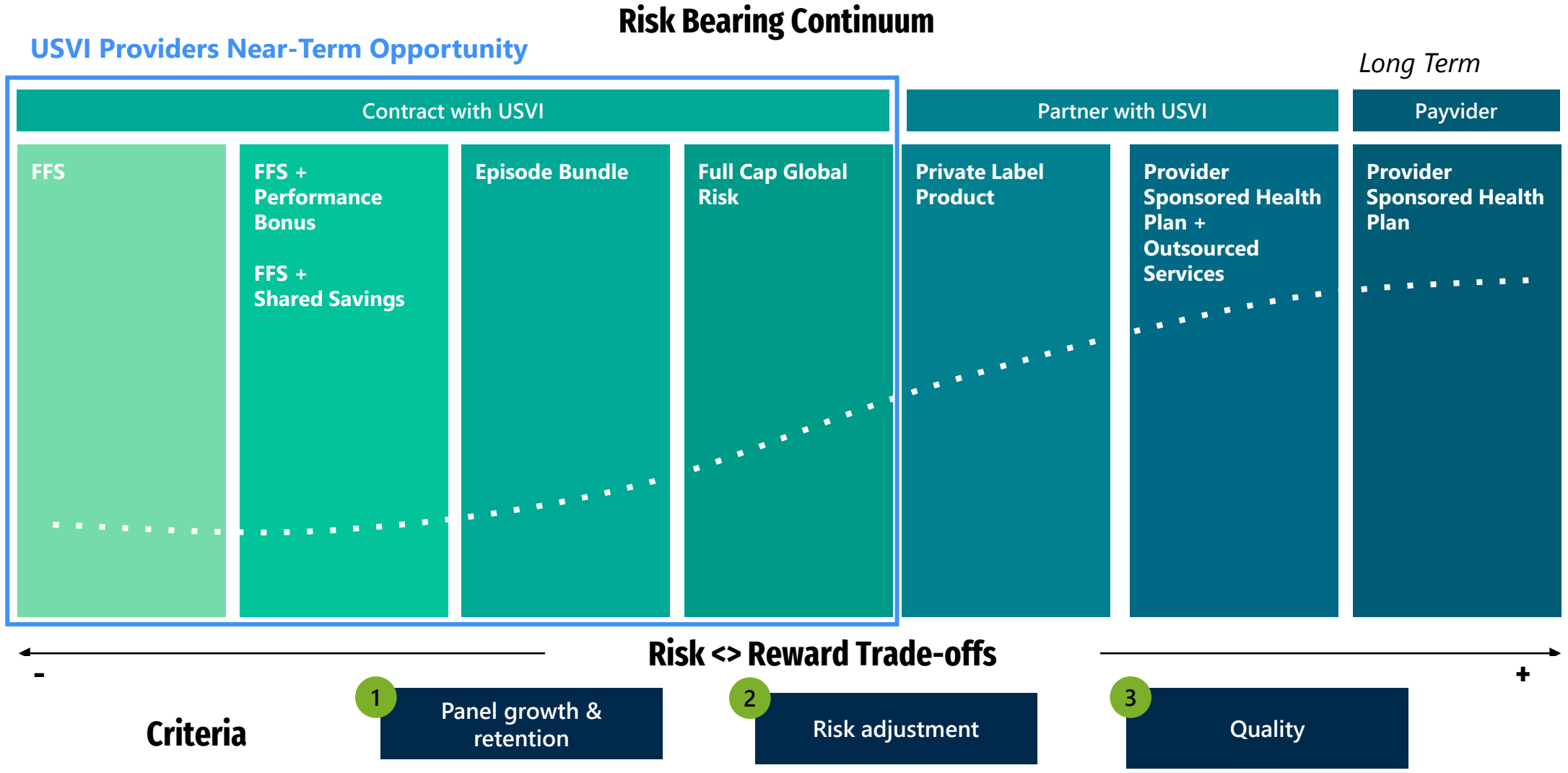
- States operate health homes through State Plan Amendments (SPAs), which must be reviewed and approved by CMS
- Health homes must include the following services:

Comprehensive Care Mgmt.	*Care Coordination*	*Health Promotion*
Comprehensive Transition Care/Follow-Up	*Individual & Family Support*	*Referral to Community & Social Support Services*

Model Type/Population	Clinical Eligibility	HH Provider Criteria	Payment Approach	Enrollment

• SUD
• SMI/SED
• HIV/AIDS
• Chronic Conditions
• Combination
 	
High Prevalence in USVI:
• Heart Disease
• Stroke
• Diabetes
• Obesity
• Mental Health
	• 3 or more chronic conditions
	• 2 chronic conditions and at risk of another
	• Serious mental illness
		• Clinical Practices/Groups
		• RHCs
		• FQHC
		• CMHCs
		• Home Health Agencies
		• BH Agencies
		• Care Coordination Orgs. (including MCOs)
		• Certifications (e.g., PCMH Accreditation)
			• FFS
			• PMPM based on tiered case rate, acuity level, or risk-based
			• Combination
			  • FFS for initial assessment & care plan development
			  • PMPM for ongoing management
				• Voluntary Opt-In: state notifies potential enrollees, may leverage MCOs or other orgs to educate community
				• Auto-enrollment/opt-out: based on Medicaid claims/encounter data, state auto-enrolls individual in HH with option to disenroll

As USVI implements a more integrated care model, providers can begin to take on risk while leveraging existing FFS infrastructure



While providers take on additional risk, there are available incentives to promote high quality and efficient care delivery

FFS + Performance Bonus	Providers are paid a base rate, plus a bonus upon meeting or exceeding set quality measures. This model enables providers to focus on providing high quality care.
FFS + Shared Savings	Providers are paid a base rate, plus a share in the savings if they can reduce the cost of care while maintaining or improving quality. This model incentivizes providers to be efficient and effective in their care delivery.
Episode Bundle	Providers are paid a fixed amount for a specific episode of care, such as a hip replacement or a heart attack. This model incentivizes providers to coordinate care and deliver high-quality care at a lower cost.
Capitation	Providers are paid a fixed amount per patient per month, regardless of the number of services the patient receives. This model incentivizes providers to keep patients healthy and avoid unnecessary services.

- ✓ Improved quality of care for patients
- ✓ Increased patient satisfaction due to focused approach on patient care

SDOH: Traditional vs. Next-Gen Approach

Traditional Market Approach	Chartis Approach
1 **Reactive:** Investments primarily driven by CMS/state mandates, and other market dynamics	1 **Proactive** approach to build financially sustainable models, comply with CMS/state requirements, and improve regulator relationships
2 **Fragmented:** Increased operational costs and inability to achieve desired outcomes	2 **Enterprise framework** to build an integrated model between payer and SDOH partners with shared focus on scalability
3 **Generic:** Models fail to meet member-specific needs, leading to poor experience and outcomes	3 **Member-centric** approach augmenting SDOH programs and interventions by targeted cohort needs
4 **Lack of Coordination:** Poor engagement with network providers to achieve critical program objectives	4 **Partnerships** with select providers to drive delivery, increase VBC arrangements and leverage provider-side financing

Targeted Value Proposition

Chartis Approach	Value Proposition
1 **Proactive** approach to build financially sustainable models, comply with CMS/state requirements, and improve regulator relationships	1 Decrease medical spend by 1.0% to 2.0% and demonstrate value to state/CMS; Develop waiver and demonstration opportunity for funding
2 **Enterprise framework** to build an integrated model between payer and SDOH partners with shared focus on scalability	2 Leverage internal clinical capabilities by building tight bi-directional integration with SDOH partners to drive efficiency, speed and scale
3 **Member-centric** approach augmenting SDOH programs and interventions by targeted cohort needs	3 Identify key targeted members through spend, conditions, profitability, tenure, location, etc. and customize program attributes and interventions
4 **Partnerships** with select providers to drive delivery, increase VBC arrangements and leverage provider-side financing	4 Improve provider relationships by building targeted partnerships and support optimization of their financing and delivery

Realized ROI: The Business Case for SDOH has network, clinical, operational and ultimately financial dimensions

Opportunity	Cost Avoidance / Savings	Investment

SDOH Cost Savings

$$

=

#

No. of Members engaged in SDOH Programs

Chronic conditions causing higher hospital visits for Medicaid members:

- BH/MH
- Septicemia
- COPD
- CHF
- Diabetes
- CKD/ESRD

x

$ Medical Spend PMPY

Reduction in Hospital Admissions and LOS

+

Reduction in Hospital Readmissions (30-day)

+

Decrease in ER, Urgent Care, Unplanned visits

Reduction in PCP and Specialist visits during IP admission

+

Increase in PCP follow-up visit and care plan adherence

+

Reduction in OON Utilization Rates for IP/OP visits

-

$

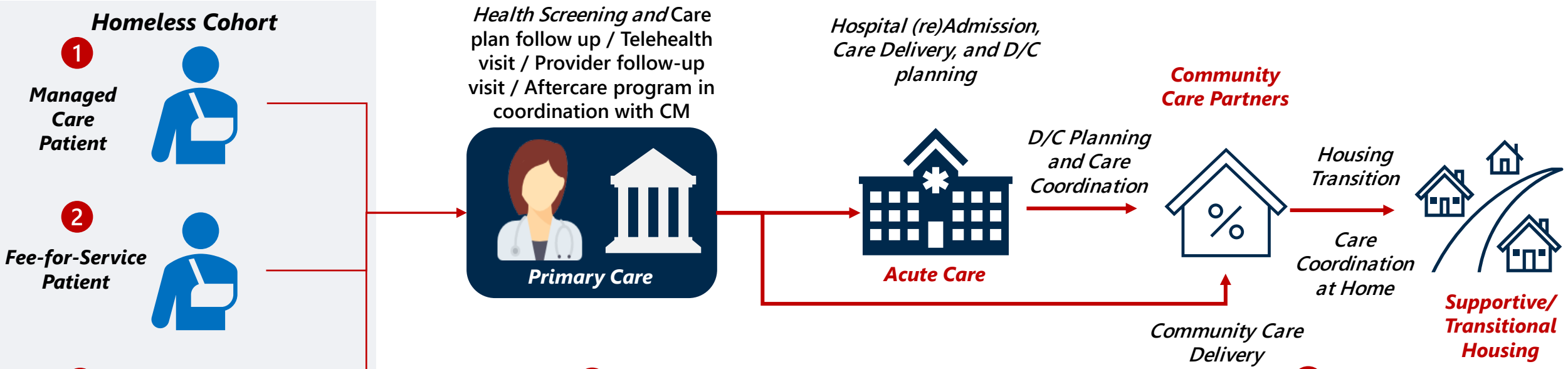
PMPY total spend in SDOH Programs*

Investments include:

- **Increase in telehealth visits, 7-day follow-ups, medication adherence**
- Integrated care management
- Partner / CBO engagement
- Direct payments (housing rent, transportation, food, child education, etc.)
- Outreach, events, CHW
- Targeted interventions based on racial/ethnic/language disparity mitigation plans

*Reimbursement for SDOH programs are increasingly covered by payers with MA payers are expanding supplemental benefits and CBO partnerships that cover SDOH costs while many state are including demonstration projects that cover SDOH initiatives

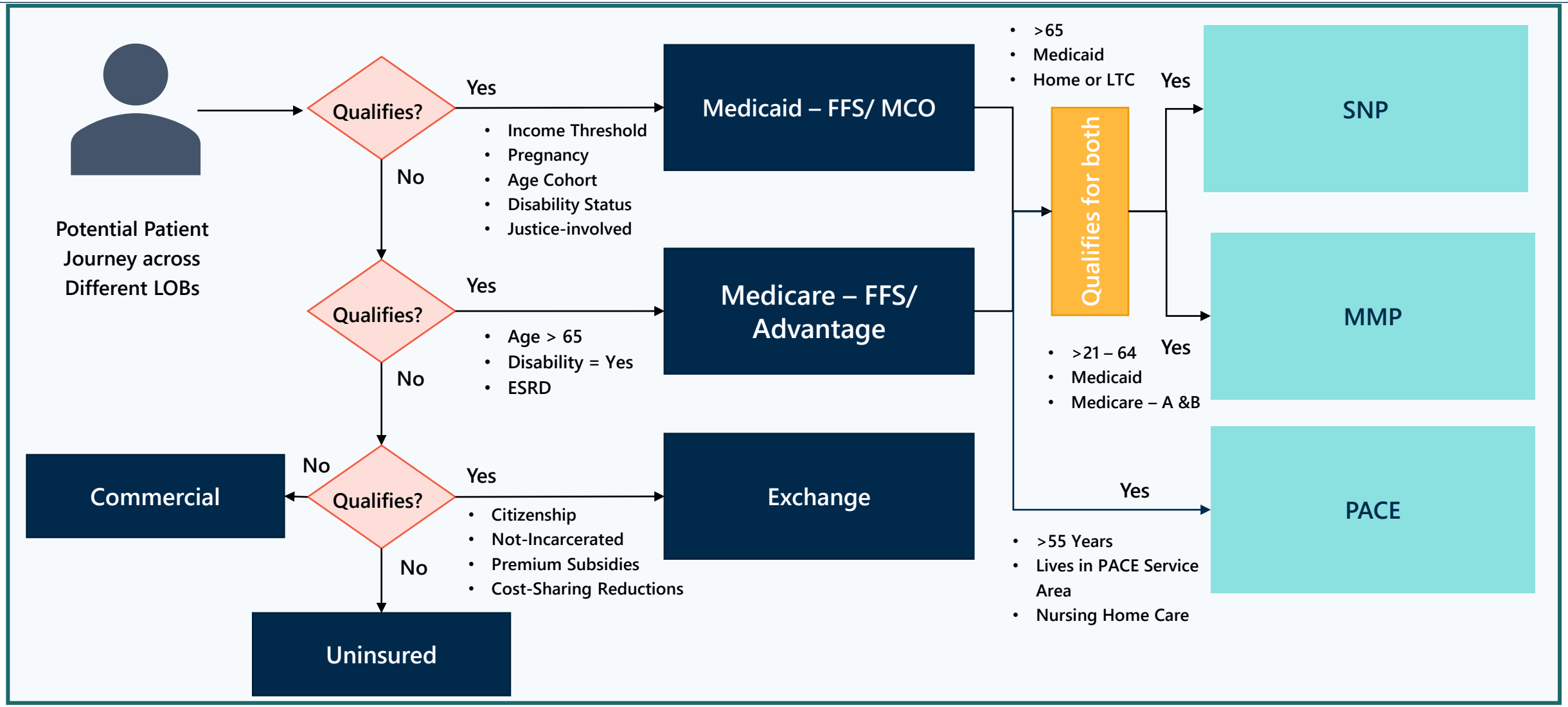
Illustration: Homeless patient journey optimized through SDOH intervention to reduce cost of care, increase quality outcomes, and maximize incentives and shared savings



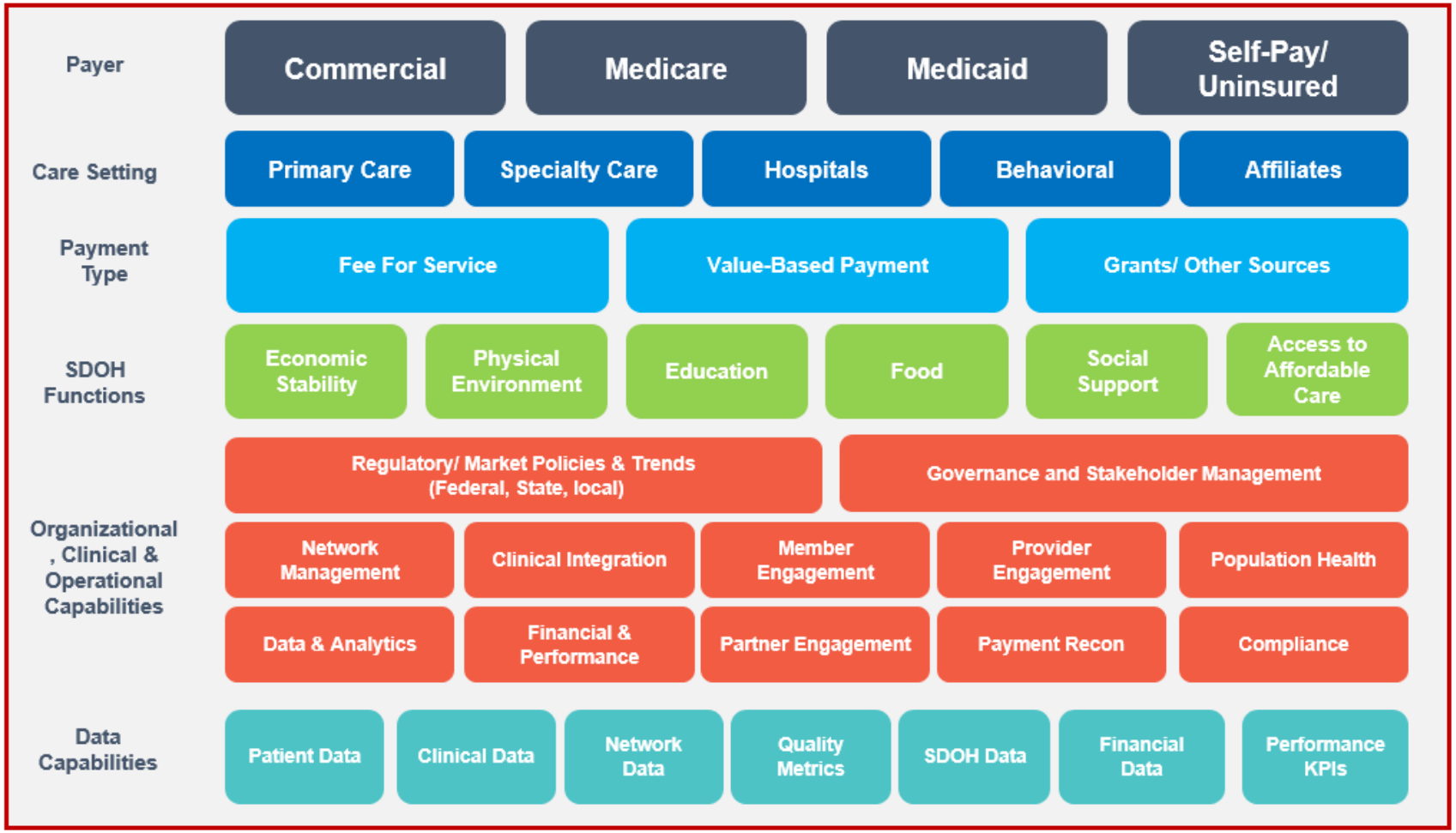
*select states

Payer-Provider Value Prop	1 Managed Care	2 Fee-for-Service	3 Un-insured
Funding Mechanism	• Sub-capitation premium • Quality Incentives • SDOH Incentives • Shared savings from cost-of-care reduction	• Hospital and Health Equity Incentives* • Reduced Readmission • Improved clinical measures	• Potential conversion to Medicaid or other programs such as ACA expansion • Reduction in uncompensated care
Overall Value	• Supportive housing coupled with care management and other supportive services provide stability, resulting in • Improved clinical outcomes: reduced IP days through community or housing transition; repurpose IP bed for higher reimbursable services (Commercial, Medicare); reduced unnecessary readmission; increased patient satisfaction; strengthening of provider network • Example: reduce IP days from 9 to 3 and reuse 6 days for commercial/ Medicare patients		

Patient-centric approach maps SDOH needs by their eligibility journey to retain within system and drive longer term health & social impacts



Approach to SDOH/ Health Equity leverages existing capabilities and enterprise operating and clinical models in building and scaling your program

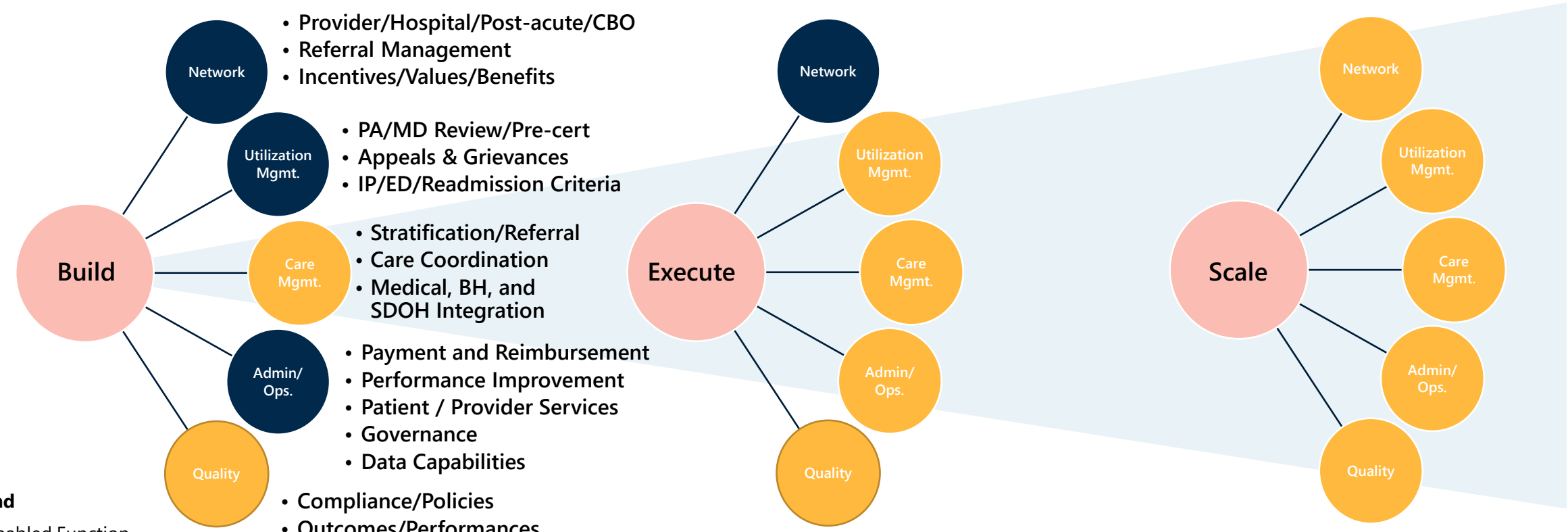


Scaling is enabled by the ability to quickly and iteratively deliver on results following the build and execute stages

Vision Map

Develop business model and enable critical functions to maximize clinical outcomes and TCoC savings → **Execute prioritized initiatives and align incrementally with other business functions** → **Scale business model across all business functions and targeted patient/member cohorts**

Functional Map



There are opportunities to stand up programs outside of medical care to fill the gap in unmet social needs

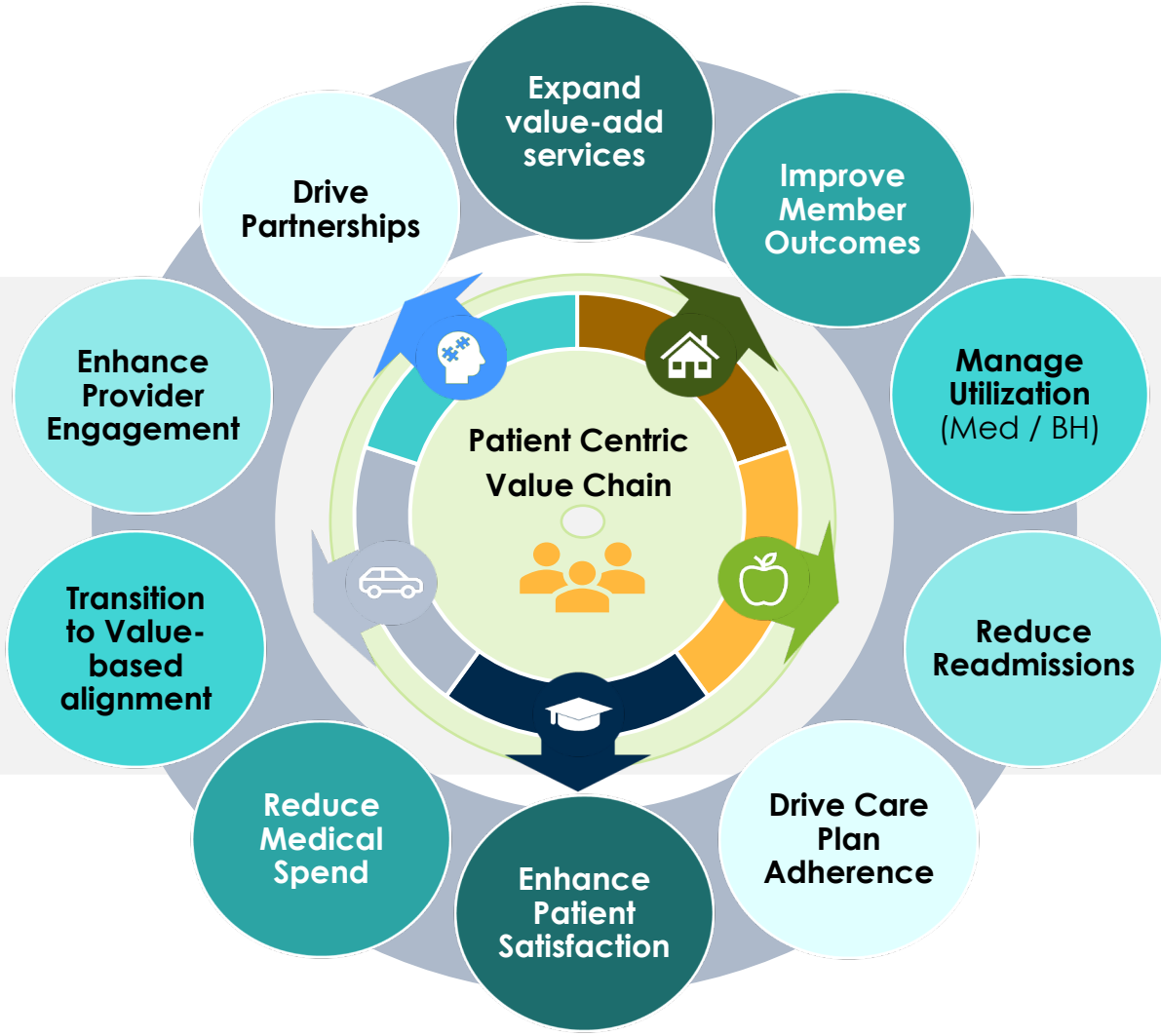
Housing Instability	Kaiser Permanente has developed a $400 million housing fund that will create or preserve 30,000 units of affordable housing
Food Insecurity	Geisinger Health (PA) developed a food prescription program for patients with Type 2 Diabetes, resulting 27% lower ED utilization and 70% fewer readmissions for enrolled patients
Transportation	Providers partner with transportation vendors, like taxis or rental services, resulting in lower rates of missed appointments
Gun Violence	Johns Hopkins, University of Chicago, UCSF and others have developed Violence Intervention Programs that provide gunshot victims with social work intended to break the cycle of violence and trauma recidivism
Substance Use	Premier Health, Kettering Health Network and Verily Life Sciences have partnered to open a technology enabled opioid rehab campus

While health systems are taking a mix of approaches to addressing social needs, **most are opting to partner with others** rather than develop new programs alone.

Shifting the paradigm to a patient centric model can mitigate challenges in the fragmented industry and lead to meaningful outcomes

Reason for Action:

1. Whole-person care
2. Member needs
3. Clinical outcomes
4. Strategic and financial alignment
5. Regulatory requirements
6. Market differentiators



Patient Outcomes:

- Removal of social barriers that impede health and wellness
- Address whole-person care
- Improved clinical outcomes
- Increased patient satisfaction

Organizational Outcomes:

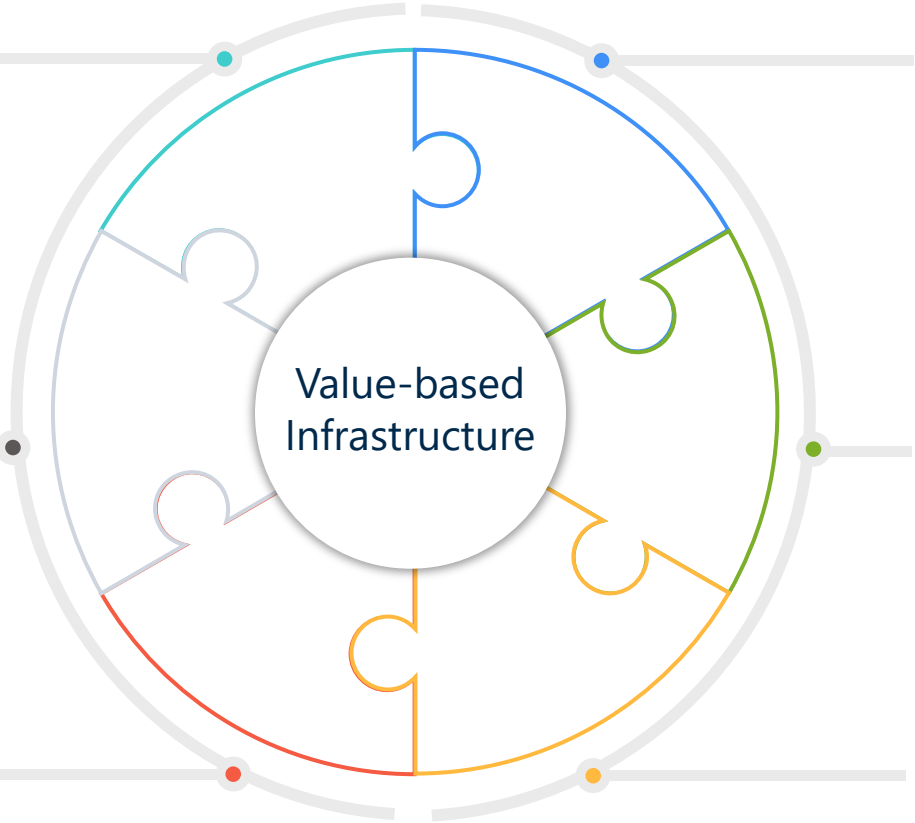
- Expansion of value-add services
- Improved experience of providers and key community partners
- Opportunity for admin savings
- Alignment with state and federal guidelines

Several key components are needed to maintain a sustainable managed care model

Long-Term Accountability
Providers should have comprehensive accountability for total cost of care with the ability to monitor performance

Member Engagement
Providers should include beneficiaries in the plan of care and communicate available resources to monitor health and non-health needs

Provider Availability
Providers serving the population should cover a range of services, including specialty care, with ability to obtain care when needed

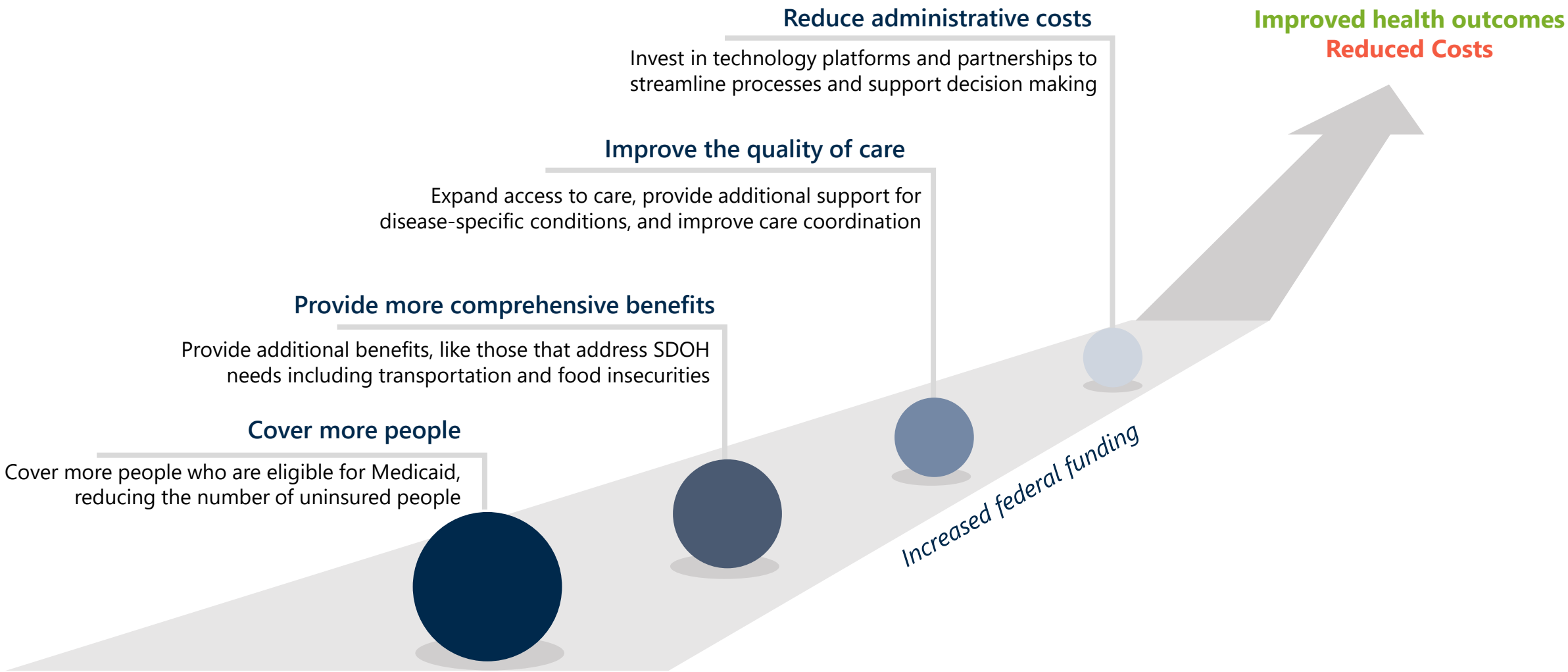


Operational Efficiency
Providers should have the ability to identify and manage their panel and leverage technology to automate activities

Robust Health Information Exchange
Providers should be able to leverage data and analytics to understand member needs, identify high-risk, high need populations, and support care coordination

Partnerships
Providers can partner with technology platforms to support operational needs, as well as community-based resources to address SDOH

USVI has the opportunity to improve the health of the island post-pandemic

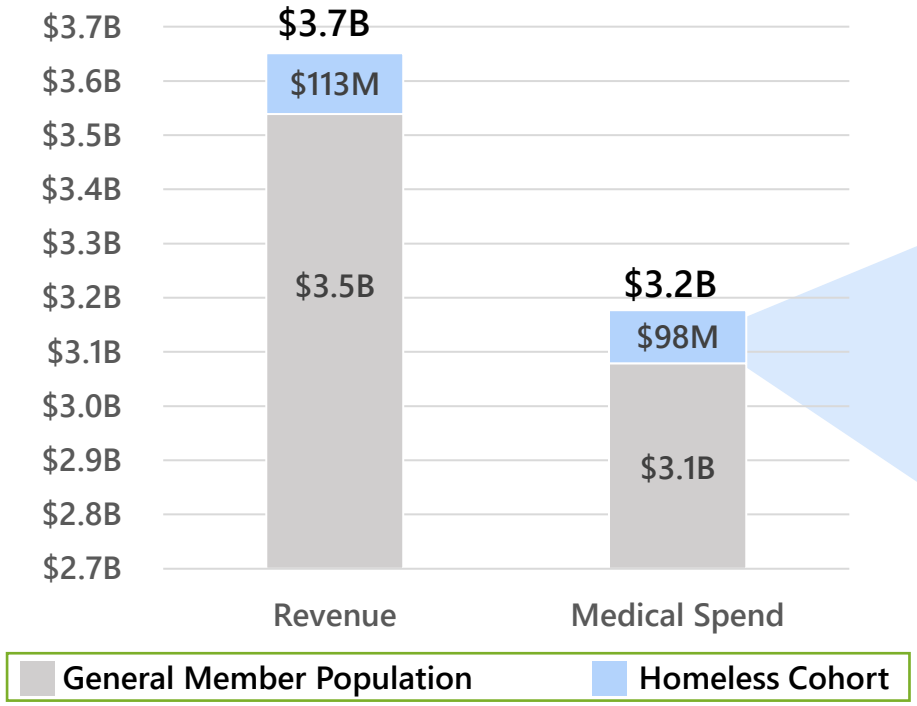


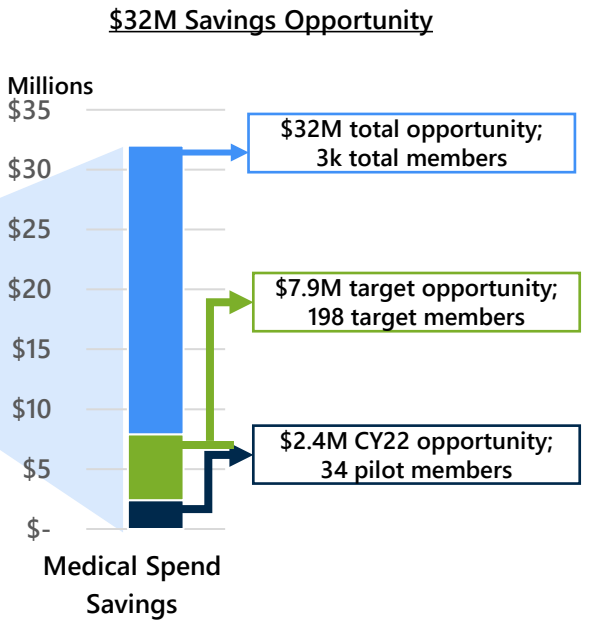
Case Studies

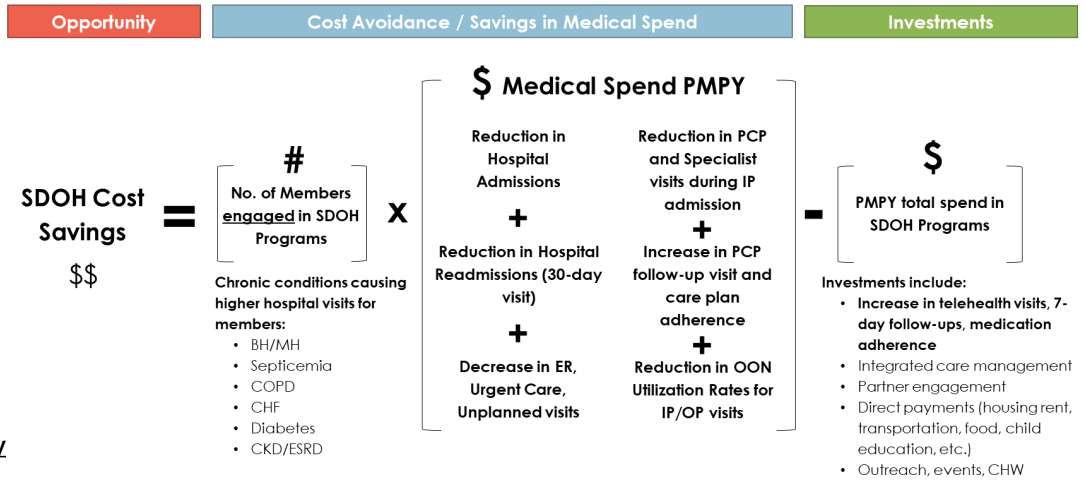
Case Study: $2.4M medical cost reduction from pilot; end-solution expected to yield $32M/year savings for 3k members

Background

- A Medicaid MCO was encouraged through state incentives to leverage housing programs more aggressively in order to reduce homelessness and achieve clinical / financial outcomes
- Homeless rate of 0.34%; higher than the national rate of homelessness among the Medicaid population of ~0.2%







Value Proposition

- The total cost savings opportunity in the e… of engaging all target member cohort in housing is ~$8M annually
- First year return of $2.4M is based on initial pilot program placing 34 high-risk-high-spend members in housing and providing hands-on care management and provider engagement intervention
- Opportunity to replicate model for other social determinants beyond housing (e.g., food, transportation, access, etc.), lines of business (e.g., Duals, Foster Care)

Case study demonstration data

	Yearly Average Prior to Housing Baseline			Months 1-3 Post Housing Date (Annualized)			Months 3-6 Post Housing Date (Annualized)		
Cohort Size	**53**			**41**			**39**		
	Av Claims	**Av Paid**	**ALOS**	**Av Claims**	**Av Paid**	**ALOS**	**Av Claims**	**Av Paid**	**ALOS**
Total Medical	**51.1**	**$21,434**		**22.7**	**$6,858**		**23.4**	**$ 6,635**	
Inpatient Medical	0.4	$2,826	4.4	0.1	$869	2.7	0.1	$902	5.0
MH Inpatient	1.0	$6,736	5.3	0.4	$3,023	6.1	0.4	$2,524	5.6
Inpatient SUD (Detox)	0.1	$294	3.4	--	--		--	--	
MH Outpatient	5.7	$689		4.3	$484		4.3	$572	
ED Visits	4.2	$819		1.9	$351		2.0	$389	
Ambulatory Visits (HEDIS)	7.0	$631		4.2	$278		3.5	$287	
	Scripts	**Paid**		**Scripts**	**Paid**				
Pharmacy	9.1	$4,310		12.3	$2,388		12.4	$911	

- ✓ MH and Ambulatory visits are declining
- ✓ ED visits are less then half
- ✓ Zero SUD/detox admissions
- ✓ Overall medical costs are down