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Successful Employer Partnerships: Lessons in Quality and Value

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Overview

- The Changing Healthcare Landscape
- What Human Resources Executives Need to Know
- A New Approach
- Next Steps

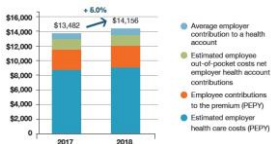
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The Changing Healthcare Landscape

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Rising Healthcare Costs



For the fifth year in a row, employers expect costs will increase by an average of 5.0% in 2018



The most cited driver of increasing healthcare trend continues to be skyrocketing specialty pharmaceutical costs.

Source: National Business Group on Health

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What Human Resources Executives Need to Know

What HR Executives Need to Know

In today's competitive marketplace, employers are looking for new cost containment strategies beyond shifting more costs to employees

- Collaborative discussions are happening, creating better communication and improving healthcare outcomes.
 - Payor+Provider+Employer+Broker
- Accountable Care Organizations (ACOs) could double by 2020.
- Taking waste out of the system is possible through integration of clinical data and reduction of variability in clinical operations



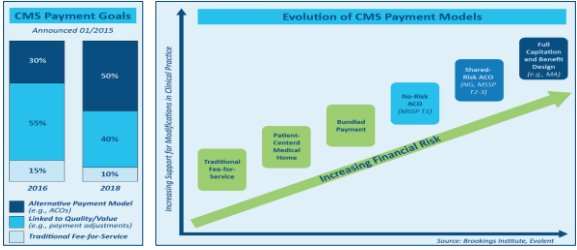
Source: National Business Group on Health

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Population Health Driver: Alternative Payment Options

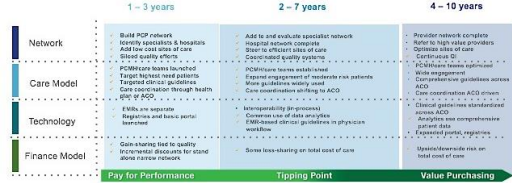
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Accountable Care Organization Journey Map

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As demonstrated by the National Business Group on Health (NBGH)



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A New Approach

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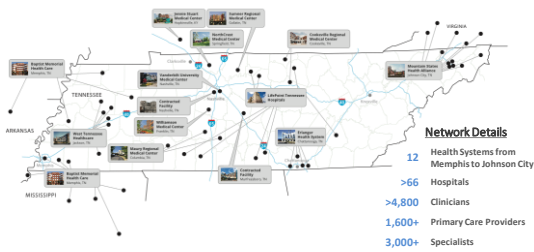
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A collaborative partnership of physicians, health systems and payors driving a new level of clinical innovation and teamwork to enhance patient care, contain costs and improve the health of our communities.

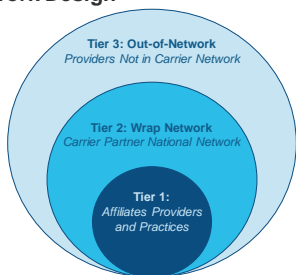
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Tiered Network Design

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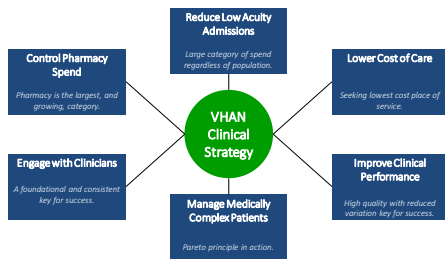
Benefits to Employers

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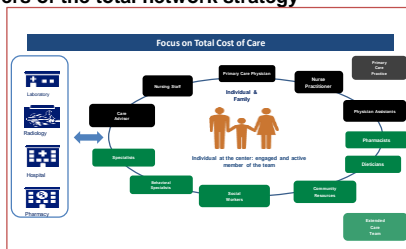
Key Clinical Strategies to Manage Cost

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Key levers of the total network strategy

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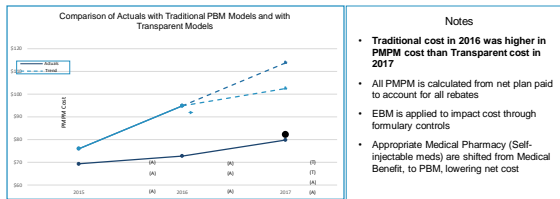


Key levers of our network's pharmacy strategy



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Pharmacy Value for Health Plans (PMPM Detail)



Notes

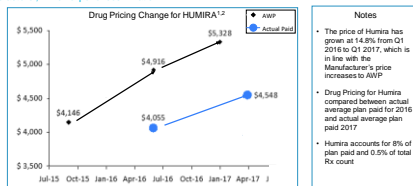
- Traditional cost in 2016 was higher in PMPM cost than Transparent cost in 2017
- All PMPM is calculated from net plan paid to account for all rebates
- EBM is applied to impact cost through formulary controls
- Appropriate Medical Pharmacy (Self-injectable meds) are shifted from Medical Benefit, to PBM, lowering net cost

Source: © Drug Spend Report, © Clinica Report

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Specialty Pharmacy Example: Humira

Any increase in price from Transparent PBM is due to the increase in the actual drug price from the manufacturer, which experiences inflation



Notes

- The price of Humira has grown at 14.8% from Q1 2016 to Q1 2017, which is in line with the Manufacturer's price increases to WPP
- Drug Pricing for Humira compared between actual average plan paid for 2016 and actual average plan paid 2017
- Humira accounts for 8% of plan paid and 0.5% of total Rx count

Source: © MMH Scan, © Clinica Report

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Next Steps

How do employers engage with networks like VHAN?

Clinical Care Program Overlay	Preferred Network Model	Product Model
<ul style="list-style-type: none"> Direct contract with employers Clinical programs managed by the network that integrate with your existing benefit plan administrator 	<ul style="list-style-type: none"> Defined network tied to insurance offered by carrier Access to care management programs integrated with network design 	<ul style="list-style-type: none"> Exclusive product offered by an insurer Employers buy the product that has a defined network and referral requirements in exchange for more tasks placed on providers
Value to Employer	Value to Employer	Value to Employer
Clinical management of employees with existing service providers	Clinical management integrated with network design	Providers take on more responsibility for outcomes

Additional Sources for Information

www.VHAN.com/healthcareinfo

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