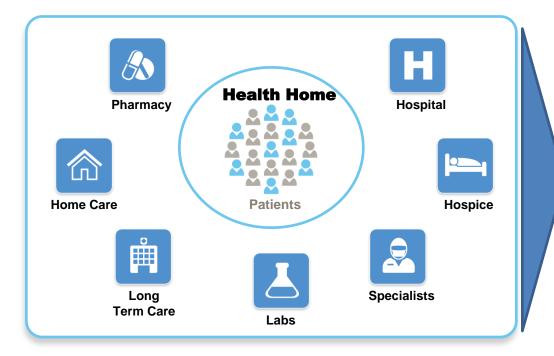
ACCOUNTABLE CARE ORGANIZATIONS (ACO)

Improving Quality and Reducing the Rate of Increase in Costs

Medical Home System and Chronic Care Management Advisory Council

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- 1. Quality outcomes. Keep healthy people well and improve the outcomes for patients when they need care through better care coordination.
- 2. Better experience/more informed patient. Ensure all appropriate care is received timely and patients are actively engaged in the care they receive and understand the costs.
- 3. Reduce the rate of increase.

 Wellmark will incent and support participating providers' efforts in lowering costs without compromising care.

 Cost savings are shared with the ACOs.



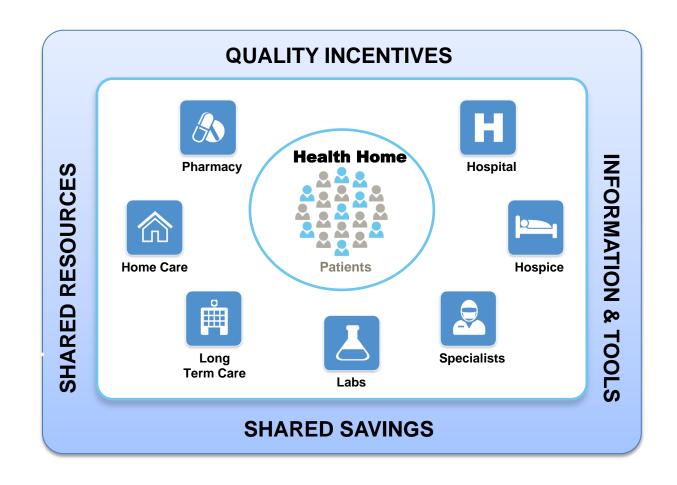
PROVIDERS AND PAYERS WORKING TOGETHER

Aligned Incentives:

Create an environment for providers that incents them to deliver value-based care versus volume.

Share Scalable
Resources: Eliminate
niche players and share our
existing care management
resources.

Provide Data: Equip providers with information that assists them in managing a population.





WELLMARK'S ACO

Improving Quality and Reducing the Rate of Increase in Costs



Wellmark ACOs are not...

Products

• Existing Wellmark insurance products remain in effect.

 Provider networks the same as they have been based on the product for which a provider is a participating provider (Blue Advantage, Blue Access, etc)

"Organizations"

 Wellmark has not gone and is not going into the medical care business with our ACO partners.

Impacted by ACA

 The Affordable Care Act does not influence the Wellmark ACO strategy.

Changing provider payment for services

- Provider payment for services remains fee schedule, outpatient payment system, inpatient payment system, etc.
- Potential ACO dollars result from creating and sharing savings and quality bonuses.

| Category | Description | |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Fully Insured | Initially, ACOs financially responsible for fully insured, attributed members only. ACO and Wellmark will "practice" and then jointly recruit self-funded employers to participate. | |
| Two Financial Targets | Most models measure performance against a trend target: Wellmark Trend Target CPI Target | |
| Quality Index Score | Single composite score measuring six domains. Claims-based measurement of population outcomes. Influenced by provider intervention and supported by external evidence. | |
| Potentially Preventable Events (PPEs) | PPEs are imbedded in the Quality Index Score. Indicate an improvement opportunity in health care delivery. | |
| Clinical Risk Groups (CRGs) | Unique approach that incorporates the "whole" person rather than disease states. More than 1,000 CRGs than can be aggregated into nine health statuses. | |

WHAT IS THE QUALITY INDEX SCORE (QIS)SM

Holistic Measure of the Care of a Population

- One aggregate measure
- 6 domains
- 18 individual measures
- Created in collaboration with physicians
- Valuable information for the consumer

| Domains | | Outcomes | |
|---------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1 | PATIENT EXPERIENCE | Studies have shown that patient experience has an impact on clinical outcomes – the better the experience, the better the health outcomes. | |
| 2 | PRIMARY AND SECONDARY PREVENTION | Measures the performance of physicians educating, immunizing, and screening to prevent disease. | An aggregate score that accounts for each measure within all six domains (positive score is good). |
| 3 | TERTIARY PREVENTION | Measures the performance of physicians preventing further deterioration of a patient's health who is already chronically ill. | |
| 4 | CONTINUITY OF CARE | Measures how well the physicians engage and manage their patients in the health care system and is correlated with lower rates of hospitalizations and higher patient satisfaction. | |
| 5 | CHRONIC AND FOLLOW-UP CARE | For patients who suffer from chronic conditions, this measure ensures that they receive appropriate care and support to better manage their health. | |
| 6 | POPULATION HEALTH STATUS | This is an indicator of whether the entire member population becomes healthier, maintains, or becomes sicker. | |



THE WELLMARK ACO





Key Components

Trigger - As a condition of making a Shared Savings Payment, certain quality measures must be equal to or better than target.

Financial Targets - 50%, 60% or 70% shared savings with two targets

- 1. Wellmark Trend Target and
- 2. CPI Target

Quality Index Score and Quality Incentive Payment - single composite score with three levels of payment targets.

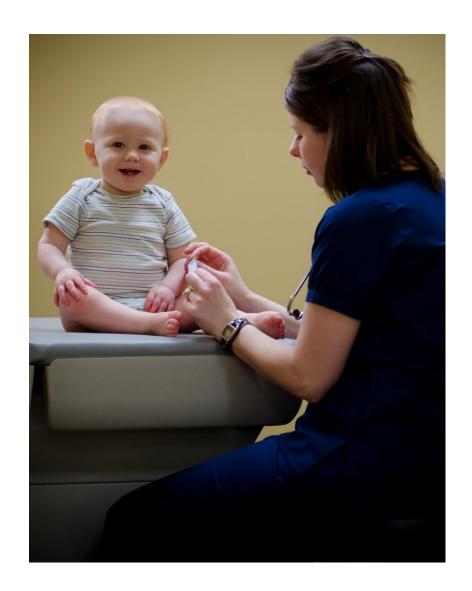


Quality – Members will continue to receive high quality patient care

Prevention – Proactive outreach to ensure that healthy people remain healthy by obtaining regular exams and immunizations and participating in preventive and/or wellness programs

Care Coordination – Seamless patient experience when setting an appointment, seeing multiple doctors, and receiving follow up care

Patient Engagement – Providers encouraging patients and their caregivers to take an active role in their health care



ACO's will expand but have limitations - they require:

- ✓ A strong primary care physician base
- ✓ A minimum number of Wellmark attributed members

ACO's will account for only about 1/3 of Wellmark's total spend

Other payment initiatives:

- ✓ Primary care Evaluation & Management (office visits) payment redesign
- ✓ Bundled or Episode Based payment
- ✓ Specialty care



COLLABORATION

Three Health Systems

- ✓ Iowa Health
 System
 (Des Moines,
 Cedar Rapids,
 Waterloo, Fort
 Dodge)
- ✓ Mercy-Des Moines
- ✓ Genesis Davenport
- ✓ Additional systems interested

