Anthem
National Accounts

Innovation with proven results:
Enhanced Personal Health Care

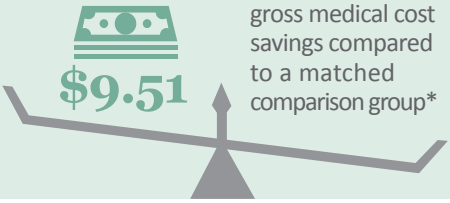
Enhanced Personal Health Care is Anthem's marquee value-based payment initiative and part of a national collection of programs called Blue Distinction Total Care. Participating Anthem providers are compensated with both up-front care coordination payments and the opportunity to earn shared savings in recognition of high-quality, efficient care. Since its beginnings in 2012, participation has grown to 47,000 Anthem network providers who care for more than 3.8 million Anthem members – a number projected to reach 4.4 million by the end of 2015.

Results from our first year

Anthem examined the cost of care received by members whose providers participated in Enhanced Personal Health Care over a 12-month period, and compared the results to a matched group of Anthem members who saw providers who were not participating in the program. The results in this study reflect care for Anthem members in our affiliated plans in California, Colorado, Ohio, New York and Virginia.

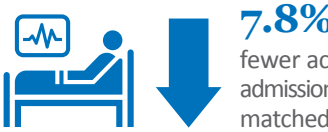
This analysis shows the effect the program had on the overall cost of care. Across the five states in which data was available, Anthem found a gross medical savings of $9.51 per attributed member, per month (PaMPM), or about $130 million in savings for the entire set of members attributed to Anthem providers over the period studied.

Taking into account the care coordination payments and shared savings Anthem paid to participating providers, in the five states studied net savings equaled $6.62 PaMPM. The savings observed demonstrate better performance for members seeing providers in the program versus the comparison group, resulting in lower overall trends for the study population. These promising results support Anthem's approach to value-based payment, and offer reason for optimism that value-based payment can move us closer to a high-functioning health care system.



gross medical cost savings compared to a matched comparison group*

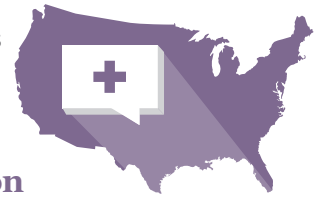
3.3% lower emergency room costs*



7.8% fewer acute inpatient admissions compared to a matched control group*

**Results reflect available claims from affiliated plans in California, Colorado, New York, Ohio and Virginia.*

47,000 participating EPHC providers across our markets and a projected **4.4 million** members under the care of participating providers by end of 2015



Better care drives savings

According to our analysis of results of outcomes for members in the five states studied, cost savings stemmed from a variety of areas, including drops in acute inpatient stays, with members attributed to a participating provider showing 7.8% fewer acute inpatient admissions, fewer emergency room visits and lower spending on outpatient care, compared to members whose providers were not participating. Utilization and cost data for members who saw participating providers also showed 3.3% lower costs for emergency room visits.

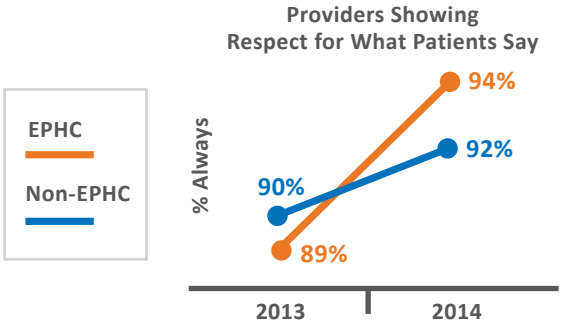
Participating providers also delivered evidence-based care, including preventive care. While a matched group analysis is not yet complete on quality performance in the program, preliminary results look promising. Enhanced Personal Health Care providers consistently demonstrated better quality performance than non-participating providers across all five sets of preventive and chronic care metrics used to gauge clinical quality and determine shared savings.

Participating providers performed better than non-participating peers:

- **9.6%** better in **pediatric prevention**
- **4.8%** better in annual **monitoring of persistent medications**
- **4.3%** better in **diabetes care**
- **4.3%** better in **cervical and breast cancer screening**
- **3.9%** better in other acute and **chronic care measures**

Members notice the difference

Members who saw Enhanced Personal Health Care providers in the five states studied rated many aspects of their care experience better than did a matching set of members who saw non-participating providers, and participating providers' scores improved over the course of 12 months.



5 percentage points
increase in number of members cared for by Enhanced Personal Health Care providers who said they felt their provider...

..."always listened to them with respect"

**Results reflect surveys of members of affiliated plans in California, Colorado, New York, Ohio and Virginia.*

As measured by member surveys in five states for which data was available:

- Members who saw participating providers reported better access to their doctors for urgent health concerns, and the number of patients who saw participating providers and answered that they "always" got an appointment for urgent care with that provider "as soon as needed" rose by 11 percentage points.
- The percentage of members cared for by EPHC providers who said they felt their provider "always listened to them with respect" rose by 5 percentage points.
- More than a third of members whose providers participated in EPHC reported that the provider asked them about addiction and mental health problems that can complicate other medical conditions – an 11 percentage point improvement from a year earlier.

Why Enhanced Personal Health Care works

Anthem collaborates with providers under a variety of contract arrangements so that providers can take on a level of risk that suits the organization's experience and comfort with risk.

Most arrangements include up-front payments that offset the costs of care coordination and care planning work. In contrast, the fee-for-service system does not compensate providers for care that happens between patient visits. Anthem has paid more than $205 million in care coordination payments over the last three years to participating providers.

Each Enhanced Personal Health Care provider is also eligible to receive shared savings, generally 30% or 35%, if after a 12-month measurement period, the cost of members' care is lower than projected and quality of care is maintained or improved.

More than 80% of participating providers in the five states studied have earned shared savings after 12 months of participation. This success is not only due to providers' commitment to delivering patient-centered care, but also to the level of support our affiliated health plans offer to match that commitment.

"We looked for an insurer who let doctors do what doctors do best—provide clinical care. We need the insurer to assist us in population management by providing real time, actionable and accurate reporting on a timely basis to allow appropriate clinical interventions. We have found that partner with Anthem."

– Thomas Raskauskas, CEO and President, St. Vincent's Health Partners, Bridgeport, Conn.

This support includes not only a range of on-demand online and virtual tools and resources – many developed in partnership with outside experts like the American College of Physicians, or the American Academy of Pediatrics – but also dozens of dedicated professionals who make up our Transformation teams and work locally in the field with providers and practice support staff.

Health care delivery transformation experts in each market work every day to help Enhanced Personal Health Care providers succeed in improving quality, controlling the overall cost of care, and delivering the best possible care experience to our members. These professionals visit practices in person and in many cases hand-deliver tools and guidance along with analyses of that practice's patient data – all designed to help providers focus on the areas where intervention can make the greatest positive difference.

The depth of this personal attention is matched only by the level of meaningful clinical data we offer participating providers. Through our Provider Care Management Solutions application, providers can see at a glance which patients will benefit most from their time and interventions on any given day.

Participating providers have enthusiastically responded to all we offer.

About our program evaluation

Anthem completed an outcomes evaluation of the program impact based on the actual observed savings as measured against a control group. The rigorous statistical analysis is the measure of the effect of Enhanced Personal Health Care (EPHC) on cost and utilization. A full analysis of the impact of the program on quality metrics is underway and results here are preliminary.

The results outlined in this document include data from approximately 744,000 members who had at least six months of plan eligibility during the baseline and study period and who were attributed to 7,974 providers from 422 Enhanced Personal Health Care Participating providers in California, Colorado, New York, Ohio and Virginia.

Our evaluation compared outcomes for members who saw Enhanced Personal Health Care providers against that of a matching set of members who saw providers who were not participating in the program. The comparison was based on two sets of 12 months of claims from five states, one beginning April 2013 referred to as Wave 1, the other beginning July 2013, referred to as Wave 2.

The outcomes results were calculated using multivariate regression difference in difference (DID) models. The models estimate the cost and utilization changes between the study group program year and the baseline year relative to the same changes in the control group. Model results isolated the effect of the EPHC program above and beyond those explained by variables that influence trend, such as differences in geographic area, product design, provider characteristics, clinical risk characteristics of the members and macro market changes such as unit cost changes, population mix and general moderations in trend.

In order to create an appropriate control group for comparison, a stratified matching process was run at the state level to find members with common characteristics, especially with respect to factors that drive cost, such as cost risk. (Table 1).

Table 1

	Before Match		After Match	
Matching Variables	**EPHC Study**	**Non-EPHC Comparison**	**EPHC Study**	**Non-EPHC Comparison**
Members	750,154	3,278,861	744,732	747,080
Average Total Cost Risk	1.25	1.36	1.15	1.17
Average Member Age	35.11	36.33	33.03	33.05
Average Provider Age	51.89	53.52	50.81	51.38
% over Age 18	0.75	0.78	0.72	0.72
% Female	0.53	0.53	0.53	0.52
% with Rx Carve-in	0.49	0.46	0.51	0.51
% HMO	0.19	0.09	0.19	0.19
% Self-Insured	0.56	0.55	0.56	0.56
% Local Group	0.81	0.82	0.81	0.81

Detailed evaluation results

In the five states studied, total medical allowed PaMPM costs decreased significantly by 3.3% relative to the comparison group, with 90th percentile confidence interval showing $7 to $12 PaMPM savings. Inpatient costs were reduced by 3.5% (a significant decrease) and were driven by a 7.8% reduction in acute inpatient admissions. Contrary to expectations, there was no change in the 30-day readmission rate of the EPHC-managed members. Outpatient PaMPM reductions exceeded our expected target and accounted for a large portion of the savings. Emergency Room (ER) allowed costs decreased significantly by 3.5%, driven by a 1.6% reduction in ER utilization. While low intensity ER visits were reduced, the finding was not found to be statistically significant, suggesting that there could be further opportunities to improve overall access to care. Exploratory analyses into other outpatient cost and surgery trends suggest a 1% to 3% reduction in referrals to elective procedures and high cost radiology (MRI, PET, and CAT scans). Early results also suggest referrals to lower cost providers.

Professional savings were also significant, with a 1.6% cost reduction overall. This was driven by savings in overall reduction in office visit costs (1.2%) While the primary care visit cost for the total population declined, the primary care visit costs for the chronic and high-risk population had a statistically significant increase of 2.3%. This may indicate a refocusing of practice patterns to provide more support to the higher risk population, which could be driving the positive ER and Inpatient reductions observed.

Pharmacy savings were significant overall at $0.79 PaMPM savings relative to the comparison group and were driven by lower costs in brand (0.9%) and significant savings in generics (1.5%), with corresponding declines in utilization. The overall decrease in scripts is inconsistent with program expectations of improved medication adherence and deserves further examination to determine other drivers of this change. Table 2 highlights key cost and utilization findings by all places of service.

Table 2

Category of Care Allowed $PaMPM	Allowed $PaMPM Gross Savings	% Chg (Rel. to Control)	P value* (Rel. to Control)	Low CI 90%ile	High CI 90%ile
Gross Medical**	**-$9.51***	**-3.3%**	**0.000**	**-$12.17**	**-$6.85**
Inpatient	-$2.00*	-3.5%	0.046	-$3.65	-$0.35
IP Acute Admits/k	-2.6*	-7.8%	0.000	-3.5	-1.7
IP Acute Days/k	-7.9*	-5.7%	0.046	-14.6	-1.4
Outpatient	-$5.03*	-5.5%	0.000	-$6.20	-$3.86
ER $	-$0.71*	-3.5%	0.001	-$1.06	-$0.37
ER Visits/k	-2.5	-1.6%	0.015	-4.3	-0.8
OP Other $	-$2.71*	-6.8%	0.000	-$3.49	-$1.93
OP Surgery $	-$1.58*	-5.1%	0.000	-$2.27	-$0.90
Professional	-$2.25*	-1.6%	0.001	-$3.12	-$1.38
Prof Office Visit $	-$0.49*	-1.2%	0.000	-$0.62	-$0.37
Prof Office Visits/k	-9.7	-0.3%	NS	-19.9	0.4
Risky PCP $***	$0.89*	2.3%	NS	$0.24	$1.53
Gross Pharmacy	-$0.79*	-1.1%	0.070	-$1.50	-$0.07
Brand Allowed $	-$0.42	-0.9%	NS	-$1.10	$0.25
Generic Allowed $	-$0.38*	-1.5%	0.002	-$0.33	$0.32
Total Pharmacy Scripts (PMPY)	-0.1*	-0.5%	0.080	-0.1	0.0

**Statistical significance in results is relative to change in control group, statistically significant using threshold of Pval<0.1. (NS = Not Significant)*
***Medical includes all members with medical coverage, including Rx carve out.*
****'Risky' members are either top 15%ile risk with Chronic Disease or had admit and in top 30%ile risk.*
Please note, individual statistical models were run for each measure, results in each place of service setting will not add up to the total medical amount.
Results above reflect available claims from affiliated plans in California, Colorado, New York, Ohio and Virginia.

Study limitations: *Our study had several limitations. Although care was taken to find the most comparable control group, differences may exist between members attributed to non-EPHC providers and those associated with a participating provider. Although the observed differences between the populations were small and the analysis adjusted for those in the difference in difference technique, there may still be a bias in the results. Additionally, the results observed for these first waves of "early" participating providers may not be sustainable as we go deeper into the pool of providers; therefore the findings may not be generalizable to other participating providers in later stages of the program. Further validation of study results, including the early quality findings, as well as analysis on additional providers participating in later stages of the program is underway.*

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