



At the Intersection of Healthy and Well: Accountable Care

Dr. Robert London
National Medical Director

Macro Trends in Healthcare

- “Retailization” of Healthcare
 - Exchanges make healthcare a personal and individual choice
 - Consumer-driven health plans, solutions and services
- An “on demand” society
 - Convenient (time and location)
 - Reasonable costs
 - Use of technology
- Affordable access to primary care
 - Shortage of primary care physicians
 - Need for additional providers to meet demand



Macro Trends in Healthcare

- Payers and providers are looking for total population health solutions
- Employer's
 - » Large Employers
 - Cost, Quality, and affordable care or will move members to exchanges: Is the self-insured market going away?
 - Onsite clinics care with larger employers
 - Goal: Healthy employees at work and productive
 - » Small Employers – move to exchange, keep <50 employees



Walgreens mission and vision

MISSION

- To be the most trusted, convenient multichannel provider/advisor of innovative pharmacy, health and wellness solutions, and consumer goods and services in communities across America...
- A destination where health and happiness come together to help people get well, stay well, and live well.

VISION

To be “My Walgreens” for everyone in America, the first choice for health and daily living

My Walgreens



Walgreens Healthcare Assets

National Network of Retail Pharmacies

- ▶ **7,800** pharmacies employing **68,000** trusted clinicians
- ▶ Located within **3 miles of ~65% of Americans = 6 M customers each day**

Specialty Pharmacy

- ▶ **#4 in the Industry**
- ▶ \$5 Billion in revenue in 2010

Infusion Services

- ▶ **#1 infusion provider** in the nation with 100 sites in 36 states
- ▶ 1000-1500 nurses deliver infusions either at home or at our sites

Hospital System Solutions

- ▶ **190 Out Patient Pharmacies** in major institutions such as Yale and Northwestern
- ▶ **Well Transitions** –reduces hospital readmits by 40%

Retail Clinics

- ▶ **~370 Take Care Health Clinics** located in Walgreens stores in **19 states + DC**
- ▶ **~1500 NPs and 40PAs**; every clinic has a collaborating physician

Employer Health Centers

- ▶ **370+ On-site health centers** at employer locations; 40+ years experience
- ▶ **160+ employer clients** in **45 states**; serving **~10 M employees** at work



Enabling the Primary Care Medical Home with a community-based population health solution



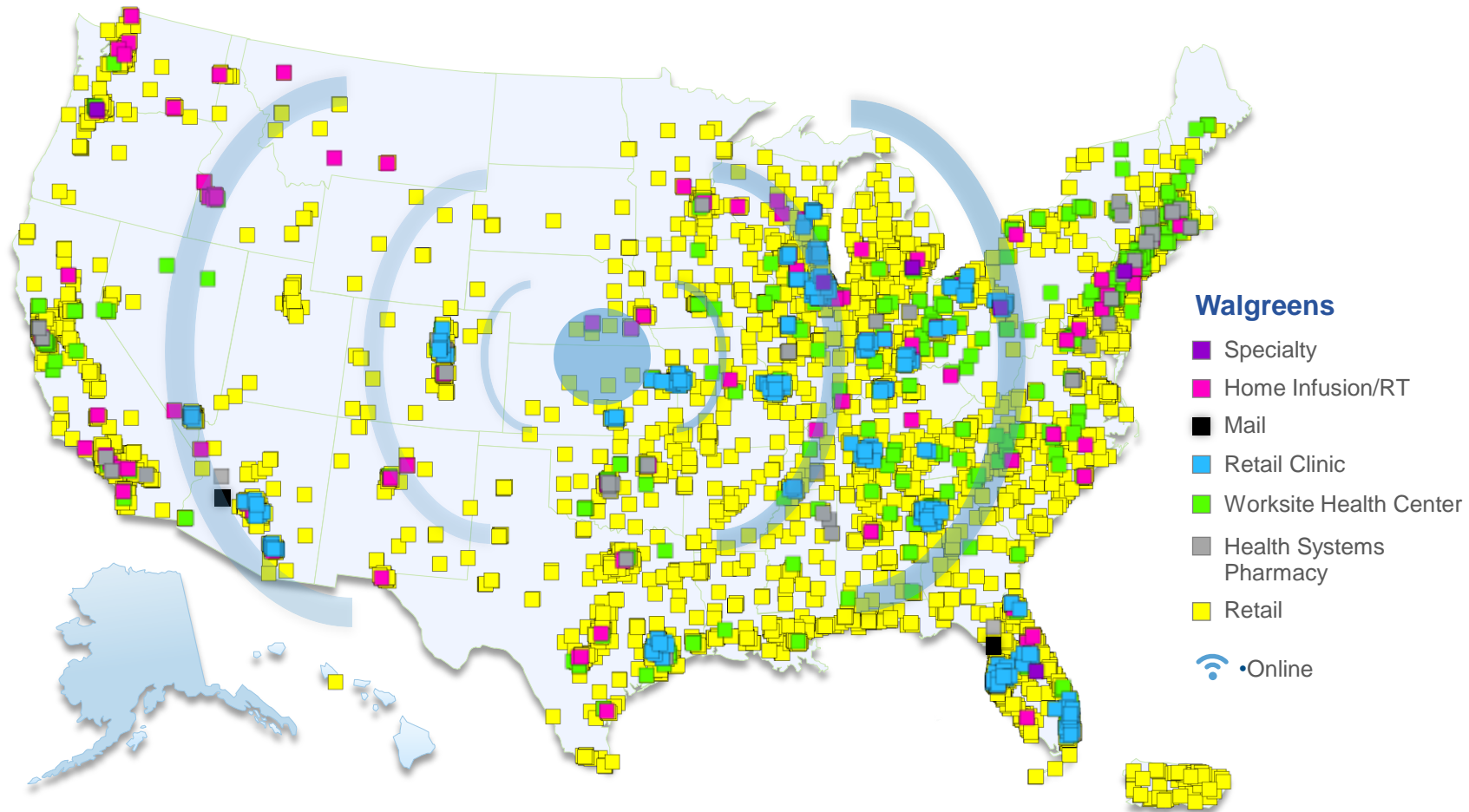
Our integrated services help identify, manage and control acute health issues and chronic conditions through affordable and convenient access to health care services



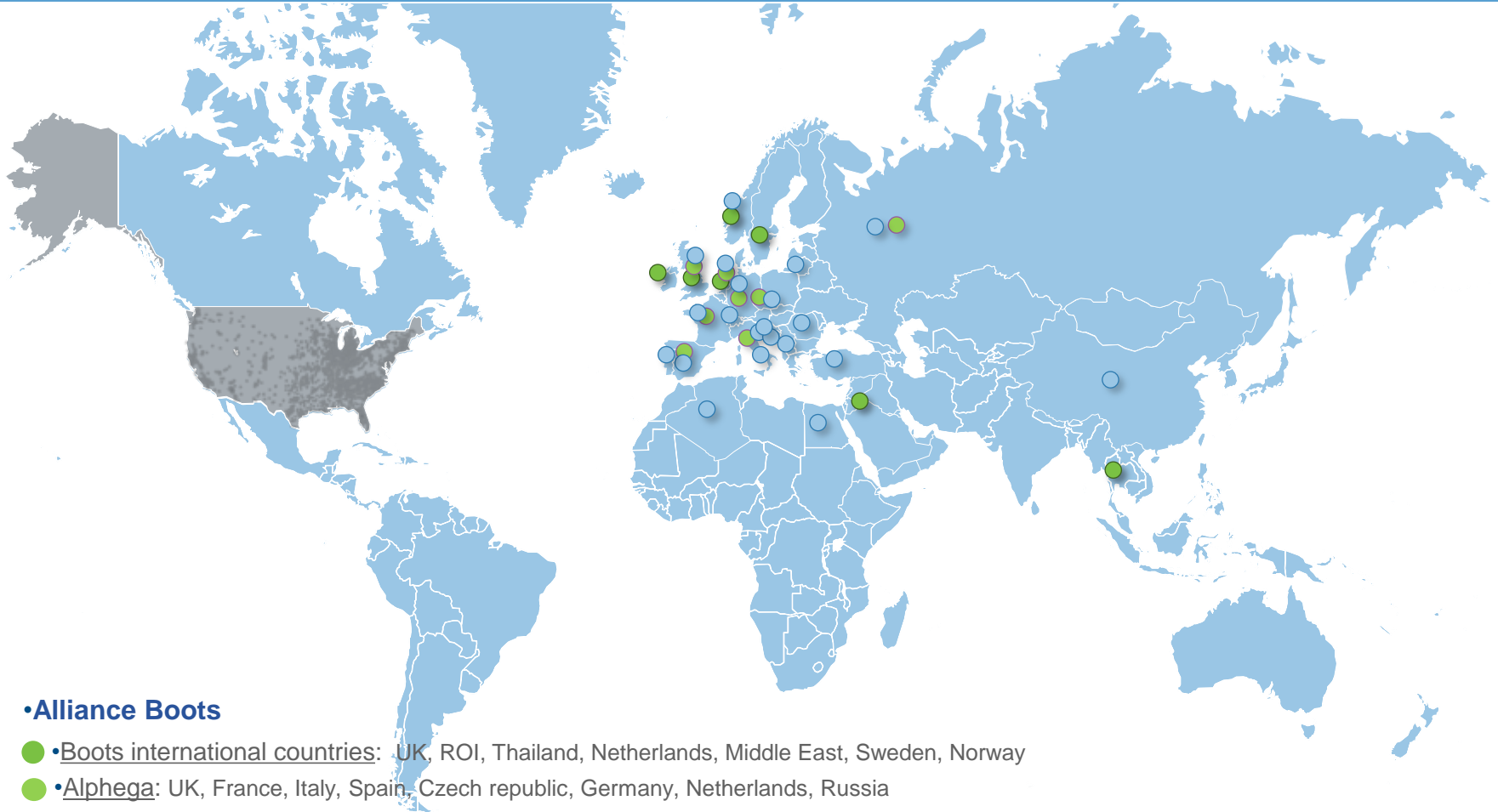
Transforming The Patient Experience: Well Experience Stores



Unequalled global access



Unequalled global access



•Alliance Boots

● Boots international countries: UK, ROI, Thailand, Netherlands, Middle East, Sweden, Norway

● Alphega: UK, France, Italy, Spain, Czech republic, Germany, Netherlands, Russia

● Wholesale countries: France, UK, Turkey, Spain, Germany, Russia, The Netherlands, Czech Republic, Norway, Egypt, Lithuania, Romania, Algeria, Croatia, Bosnia, Serbia, Slovenia, China, Italy, Portugal, Switzerland



American Medical Group Association

Brave New World of Health
Care Five Years Later

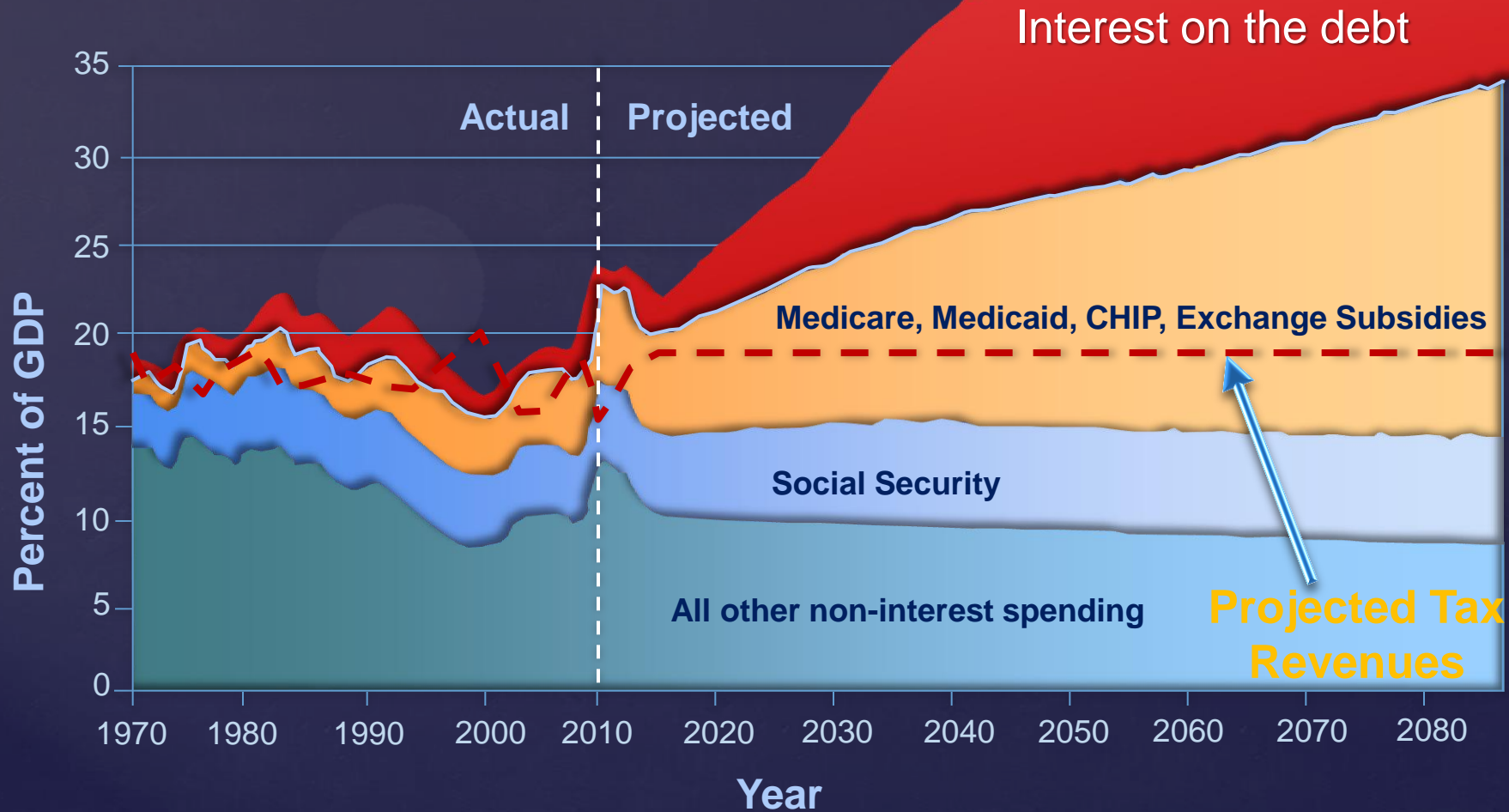
March 16, 2013

Rich Maturi
Senior Vice President
Healthcare Delivery Systems
Premera Blue Cross

The Environment:

1. Federal Budget Deficit will Drive Health Care Policy

The Environment: Federal Budget Deficit will Drive Health Care Policy

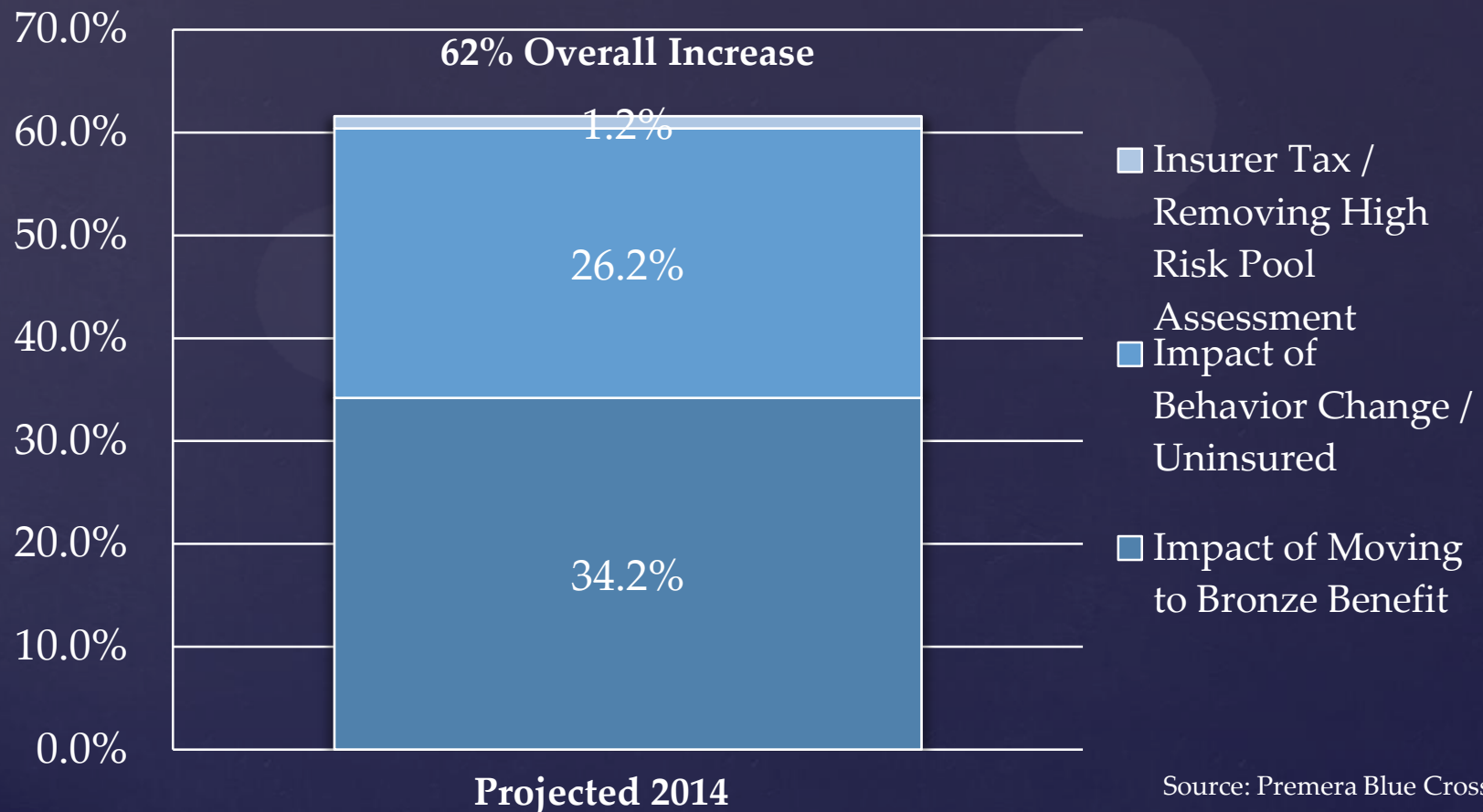


The Environment:

1. Federal Budget Deficit will Drive Health Care Policy
2. Insurance Premiums in the Exchanges will be Higher than Expected

The Environment: Insurance Premiums in the Exchanges will be Higher than Expected

Projected Increases in Individual Premiums in 2014 Post Reform



The Environment:

1. Federal Budget Deficit will Drive Health Care Policy
2. Insurance Premiums in the Exchanges will be Higher than Expected
3. Federal Government will be Pressured to Directly Control Exchange Health Care Costs
4. Employers will Continually Reconsider Decision to Stay in the Game

Health Plan Response:

1. Narrow networks return
2. Provider revenue increasingly performance based
3. Expansion of programs to incent and engage people to manage health and share accountability for health care decisions
4. New forms of direct involvement in patient care management

The Brave New World Of Health Care

**Robert E. Nesse MD
Chief Executive Officer
Mayo Clinic Health System**

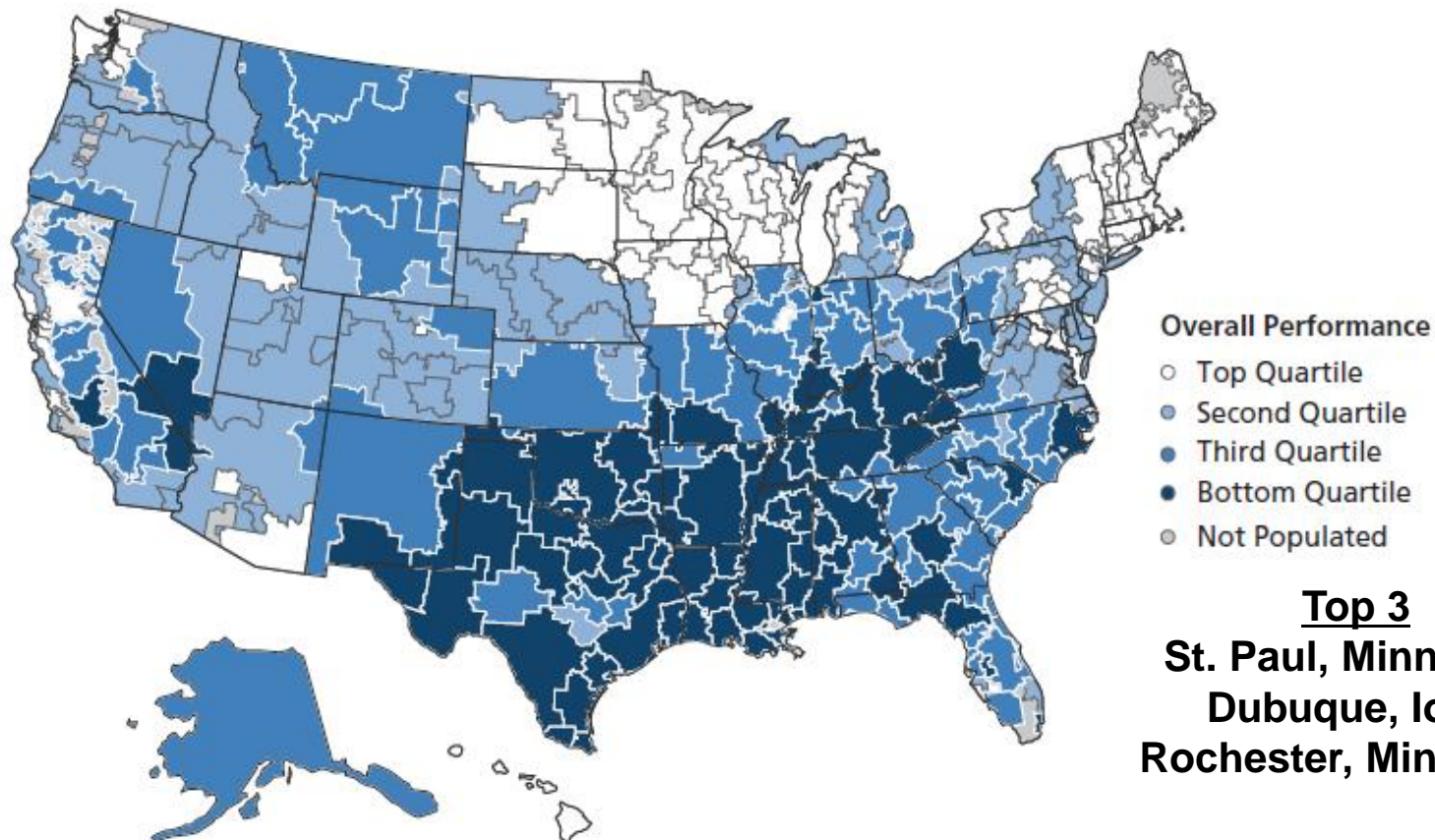
**Professor of Family Medicine
Mayo School of Medicine
nesse.robert@mayo.edu**

ACA Accountable Care Model

- **ACOs consist of providers who are jointly held accountable for achieving measured quality improvements and reductions in the rate of spending growth.**
 - **Primary Care Base**
 - **At least 5000 enrollees**
 - **Lots of measures and lots of rules**



Overall Health System Performance



Commercially Insured and Medicare Spending per Enrollee, Relative to U.S. Median Spending for Each Population

Commercial Spending

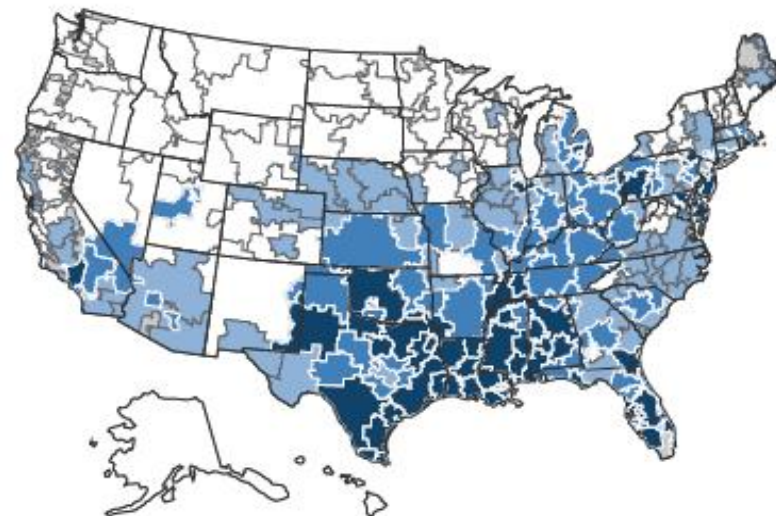
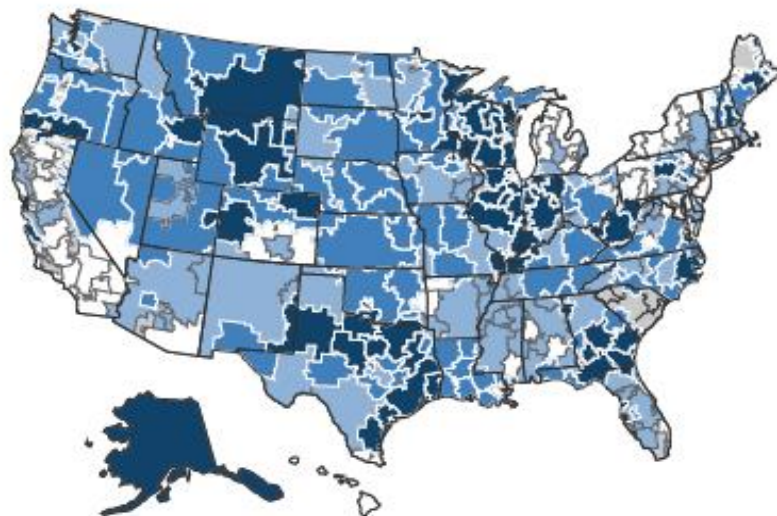
Expressed as ratio to median commercial spending

- 0.61–0.89 (71 HRRs)
- 0.90–0.99 (79)
- 1.00–1.09 (80)
- 1.10–1.53 (71)
- Not Populated or Missing Data (5)

Medicare Spending

Expressed as ratio to median Medicare spending

- 0.63–0.89 (81 HRRs)
- 0.90–0.99 (72)
- 1.00–1.09 (75)
- 1.10–2.00 (78)
- Not Populated



HRR = hospital referral region.

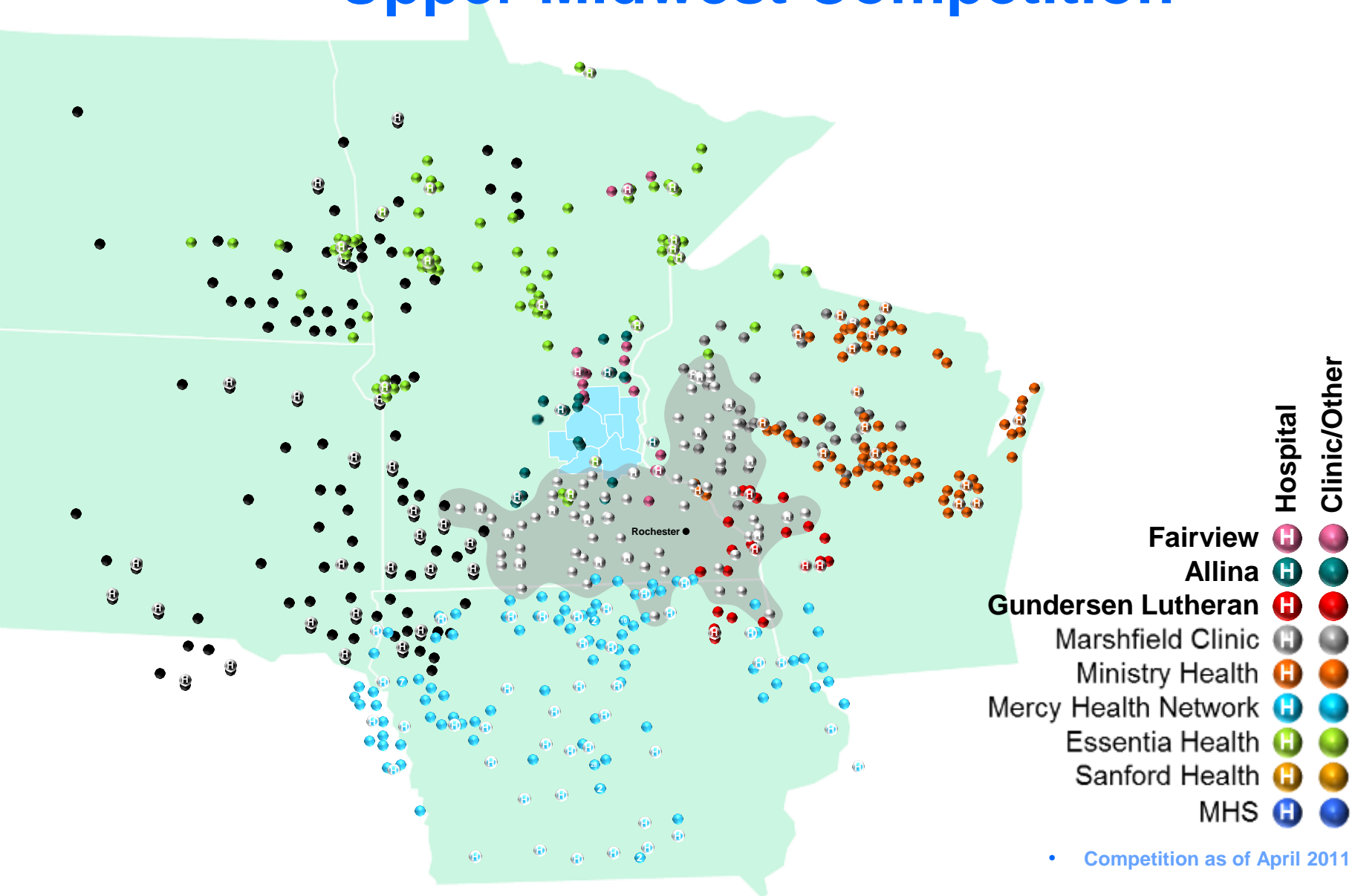
Data: Commercial – 2009 Thomson Reuters MarketScan Database, analysis by M.Chernew, Harvard Medical School. Medicare – 2008 Medicare claims as reported by IOM.
 Note: Ratio values lower than 1.0 indicate lower than median spending, ratio values higher than 1.0 indicate higher than median spending. Median spending is determined separately for the commercially insured (ages 18–64) and Medicare populations (age 65 and older).

Where are we Headed?

- We will see more patients and reimbursement for their care will decrease
- Patients no longer require a visit for care
- We will be accountable for the value of our care and our results.
- We will be at risk for cost, quality, and outcome

Systems will consolidate

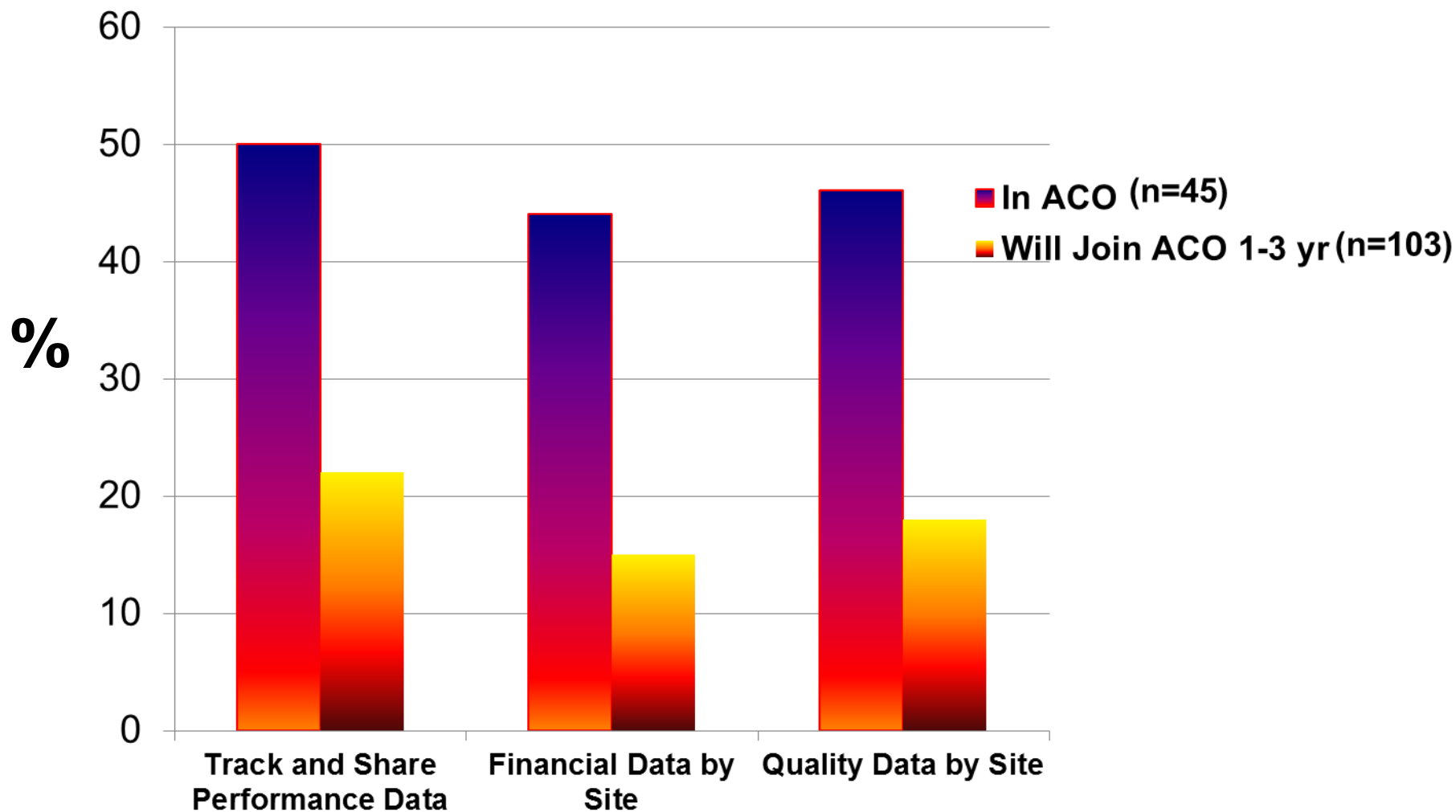
Upper Midwest Competition



What are the fundamental requirements for success ?

- **A network of providers**
 - **virtual?**
- **Alignment of purpose**
- **Coordinated care delivery**
- **Practice Analytics**
- **Financial alignment**

Hospital Reporting Status 2012



A New Approach to Health Care Reform: A Third Way?

- ***The Regulators***
 - The best way to slow increasing costs is to control the total resources going into the health care system
- ***The Marketers***
 - Competing health plans and information-empowered ..consumers would drive down costs, especially if insurance were restructured to give people the right incentives
- ***Systems Reformers.***
 - The best way to bend the cost curve is from the inside out, by creating a smarter health care system with the information base, new delivery models and payment incentives that will improve quality and lower costs.

Curbing Costs, Improving Care: The Future of Health Care

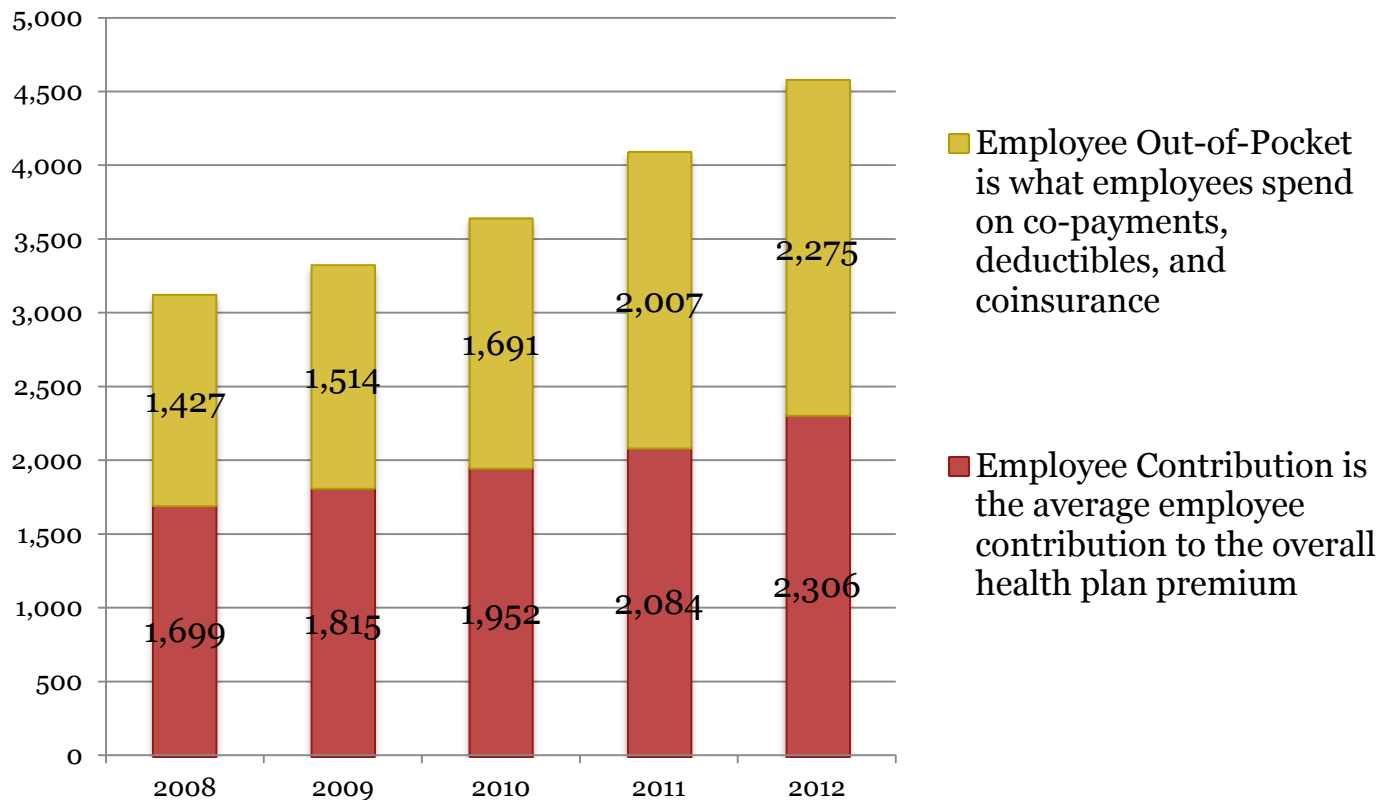


Presented by John Rother
President and CEO

March 16th ▪ AMGA in Orlando

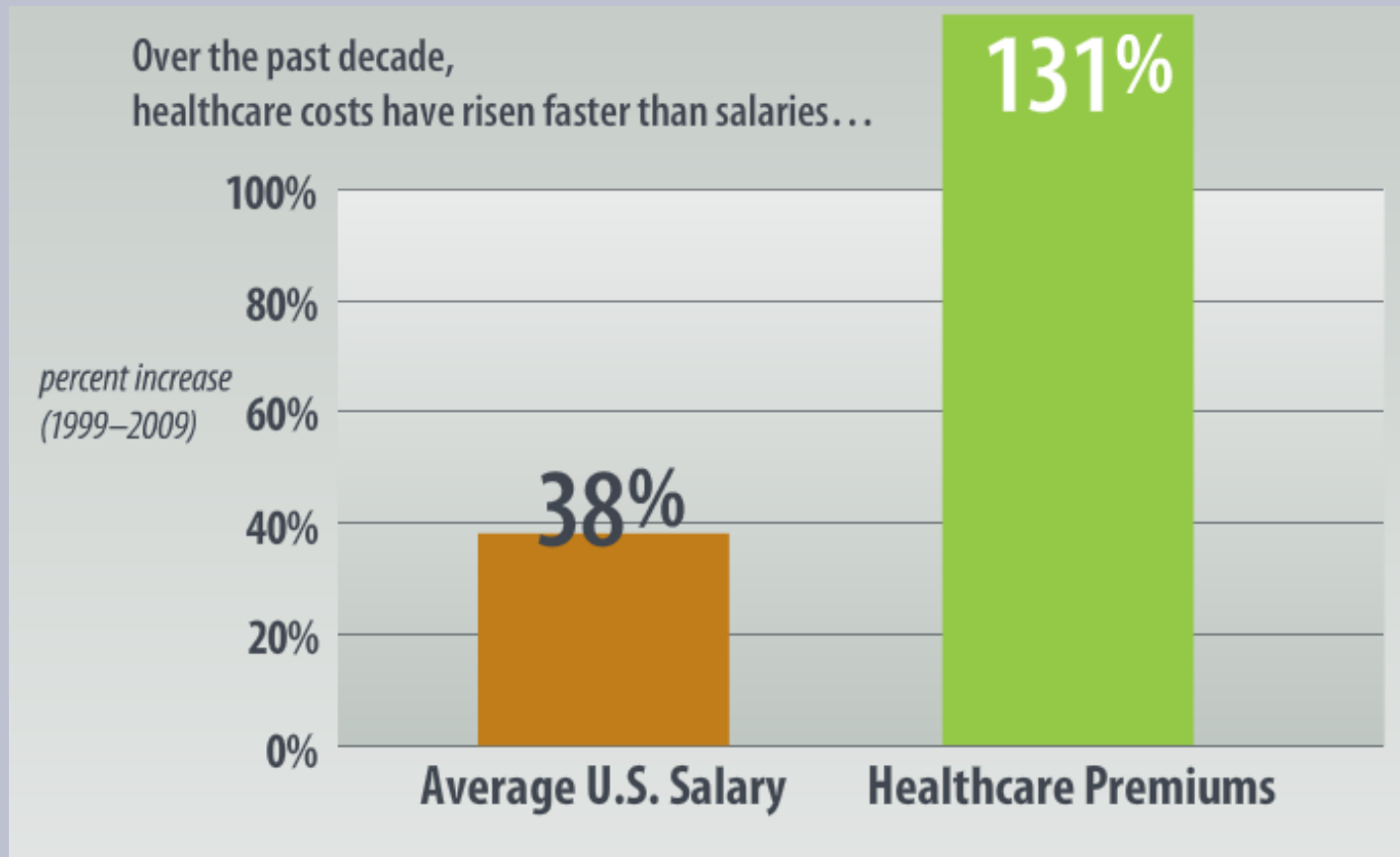
Rising Health Costs: An Economic and Social Challenge

National Avg. Employee Contributions and Out-of-Pocket Costs



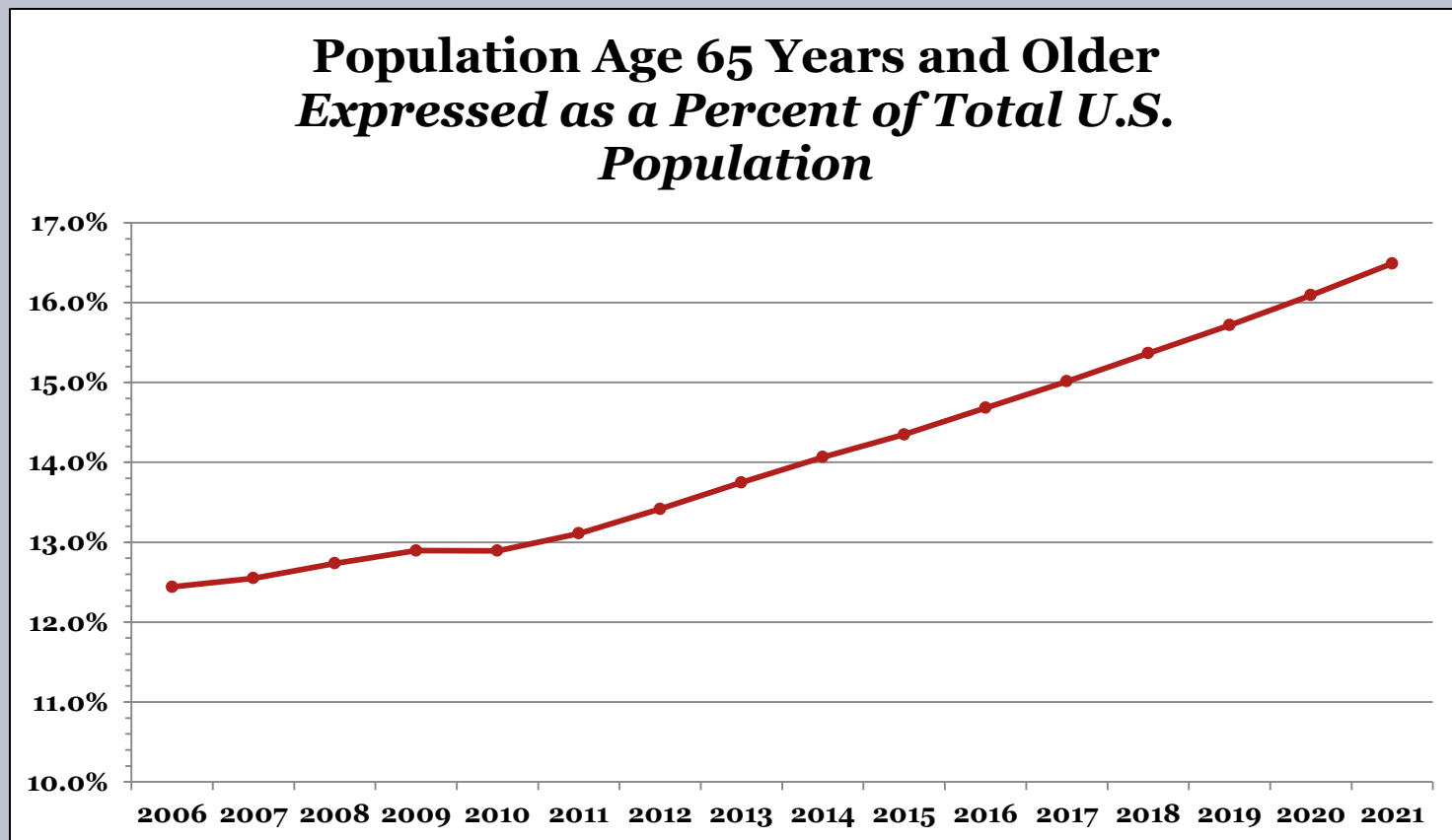
Source: adapted from Aon Hewitt, 2011. <http://bit.ly/XftQhr>

The Cost of Health Care: How does it compare?



Source: <http://resources.iom.edu/widgets/vsrt/healthcare-waste.html>

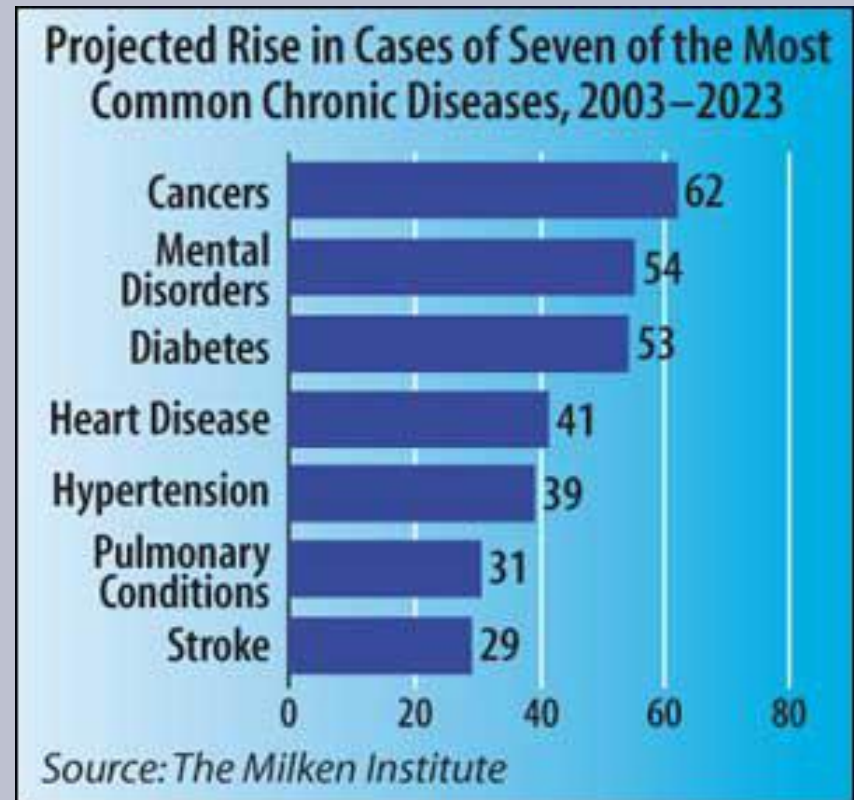
Demographic Trends in the US: Increasing Spending on Medicare



Source: Graph derived from Office of the Actuary in the Centers for Medicare & Medicaid Services NHE Projections 2011-2021. Retrieved from: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2011PDF.pdf>

“An Epidemic of Chronic Conditions”

- More than 133 million Americans, or **45% of the population**, have at least one chronic condition
 - Chronic disease is the leading cause of death and disability in the U.S.



Source: CDC (2011). <http://www.cdc.gov/workplacehealthpromotion/businesscase/reasons/rising.html>
http://www.caaccess.org/pdf/6_unhealthy_truths.pdf

Contributes to Rising Health Care Costs

- Chronic diseases account for 75% of the nation's health spending.

Of every **dollar** spent ...



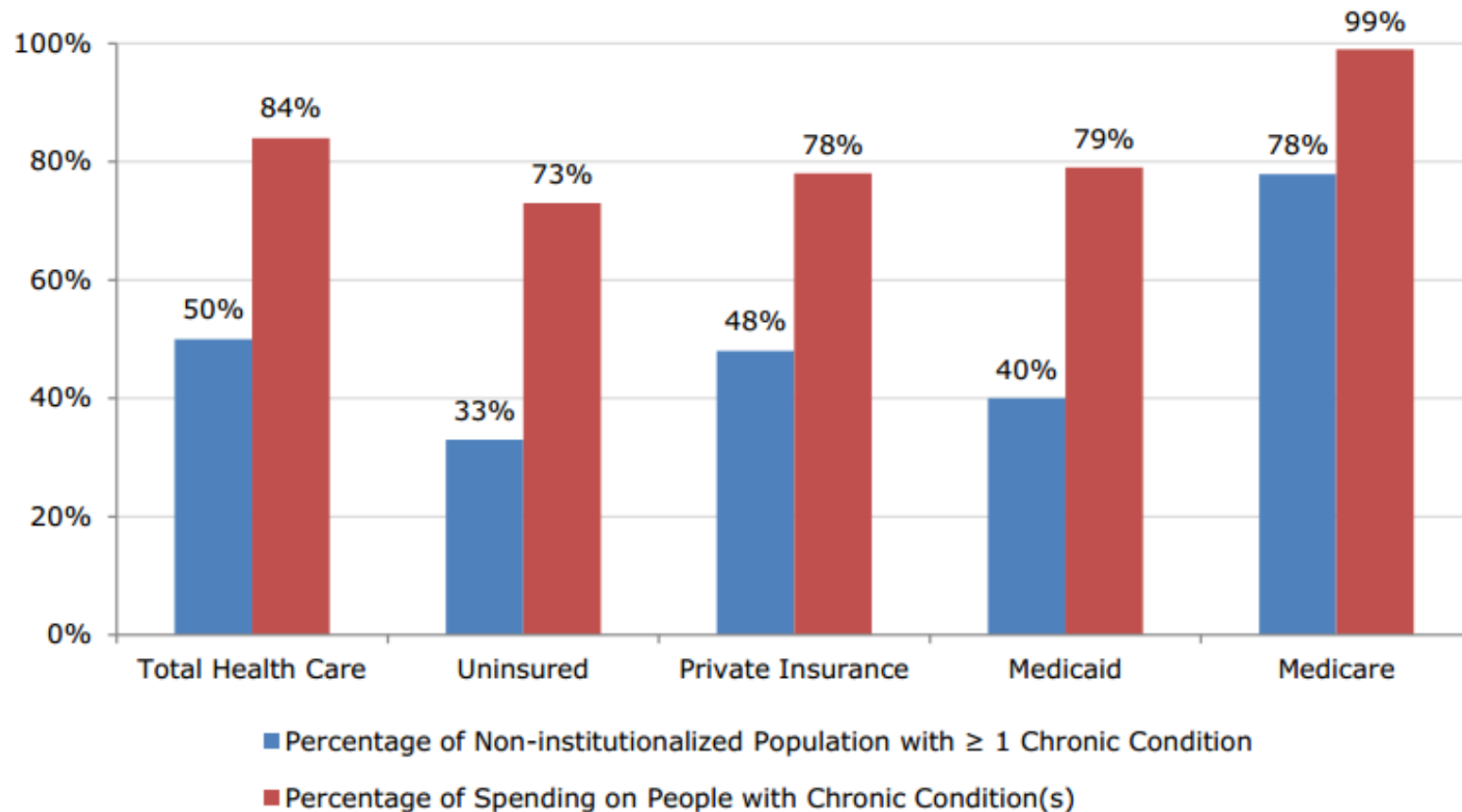
... **75 cents** went towards treating chronic disease

In public programs, treatment of chronic diseases constitute an even higher portion of spending:

More than **96 cents** in Medicare and **83 cents** in Medicaid

Source: CDC (2011). <http://www.cdc.gov/workplacehealthpromotion/businesscase/reasons/rising.html>
http://www.caaccess.org/pdf/6_unhealthy_truths.pdf

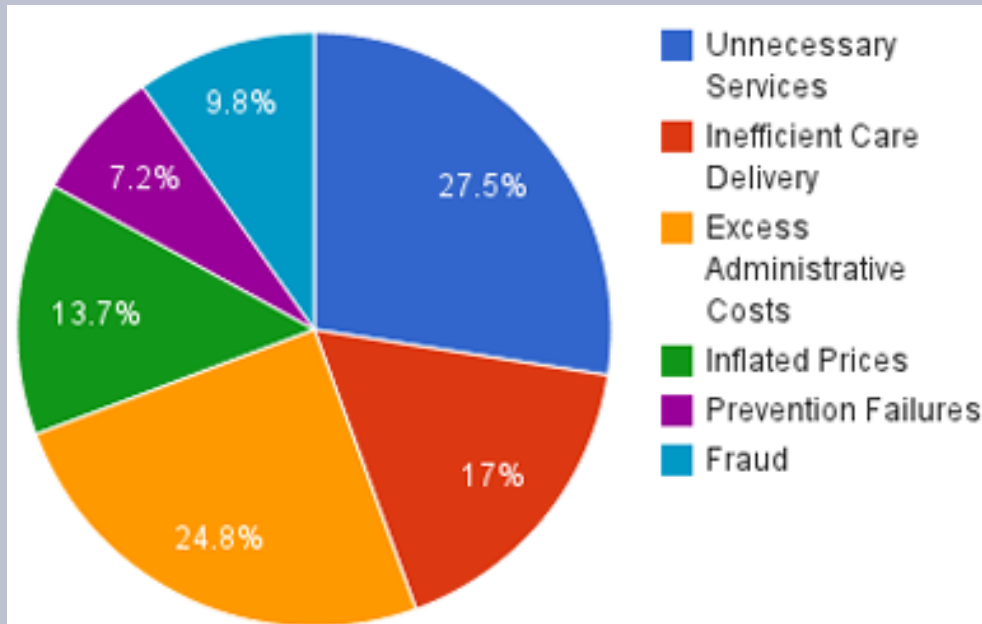
Figure 4: People with Chronic Conditions Account for 84% of National Health Care Dollars and 99% of Medicare Spending



Sources: Medical Expenditure Panel Survey, 2006 and Robert Wood Johnson Foundation, Chronic Care: Making the Case for Ongoing Care, February 2010.

Source: <http://bipartisanpolicy.org/sites/default/files/BPC%20Health%20Care%20Cost%20Drivers%20Brief%20Sept%202012.pdf>

Shedding Waste



- Adjusting for some overlap among categories, the Institute of Medicine reported that the US loses **\$750 billion annually** in unnecessary services, excess administrative costs, and other system inefficiencies.
 - In comparison, the Defense Department budgeted \$757.8 billion for the war in Iraq over the eight years it was there.

Source: <http://tinyurl.com/b8mzq5y>.

Based on data from IOM (2012). <http://www.iom.edu/Reports/2012/Best-Care-at-Lower-Cost-The-Path-to-Continuously-Learning-Health-Care-in-America/Report-Brief.aspx>

What's Needed

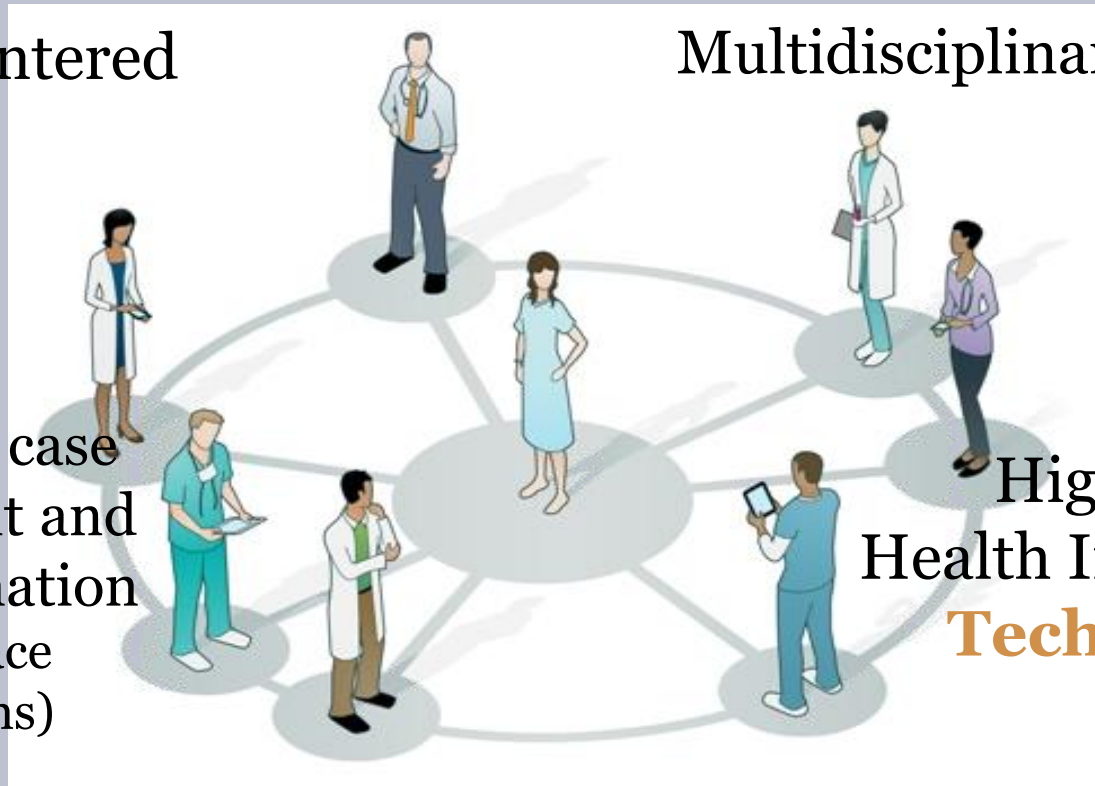
High-Value, Person-Centered Health Care

Patient-centered

Multidisciplinary **Teams**

Stratified case management and care coordination (face-to-face interactions)

High-tech Health Information **Technology**



The National Coalition on Health Care: Who We Are

More than 80 participating organizations

- Medical societies
- **Businesses**
- Health care **providers**
- Pension and health funds
- **Insurers**
- **Consumer** groups representing consumers, patients, women, minorities, and persons with disabilities.

Mission

To bring together key stakeholders in order to achieve an **affordable, high-value health care** system for patients and consumers, for employers and other payers, and for taxpayers.

Our Objectives

Scoreable Savings

Reduce deficit through nearly \$500 billion in health sector spending reductions and revenues- designed to improve health delivery without shifting costs or harming vulnerable populations.

Health System Sustainability

Transform consumer and provider incentives and move us toward a health system we can all afford for generations to come.

The NCHC Plan: A 7-Point Strategy

1. Change provider incentives to **reward value, not volume**
2. Encourage patient and consumer **engagement**
3. Use **market competition** to increase value
4. Ensure the **highest-cost patients** receive high-value, coordinated care
5. Promote smarter **workforce development and use**
6. **Reduce** errors, fraud, and administrative overhead
7. Invest in **prevention** and population health

Thank You

- **National Coalition on Health Care**

1030 15th St NW Ste. 690
Washington DC 20005

- Ph: 202.638.7151

- John Rother,
President and CEO

jrother@nchc.org

