

COVERED CALIFORNIA HEALTHCARE EVIDENCE INITIATIVE:

Leveraging data to lower costs, expand access and improve care

Version 1.0



COVERED
CALIFORNIA

HEALTHCARE EVIDENCE INITIATIVE: DISCUSSION ITEMS

- Introduction to Covered California
- The Covered California Healthcare Evidence Initiative
- Consumer privacy
- Data and tools
- Key areas of focus, initial analytic questions and analytic challenges
- Continuous improvement timeline
- Feedback



Covered California's Promise:

- Better Care
 - Healthier People
 - Lower Cost
-

How Covered California Makes the Promise Real:

**BEING AN
ACTIVE
PURCHASER**

**OFFERING
AFFORDABLE
PRODUCTS**

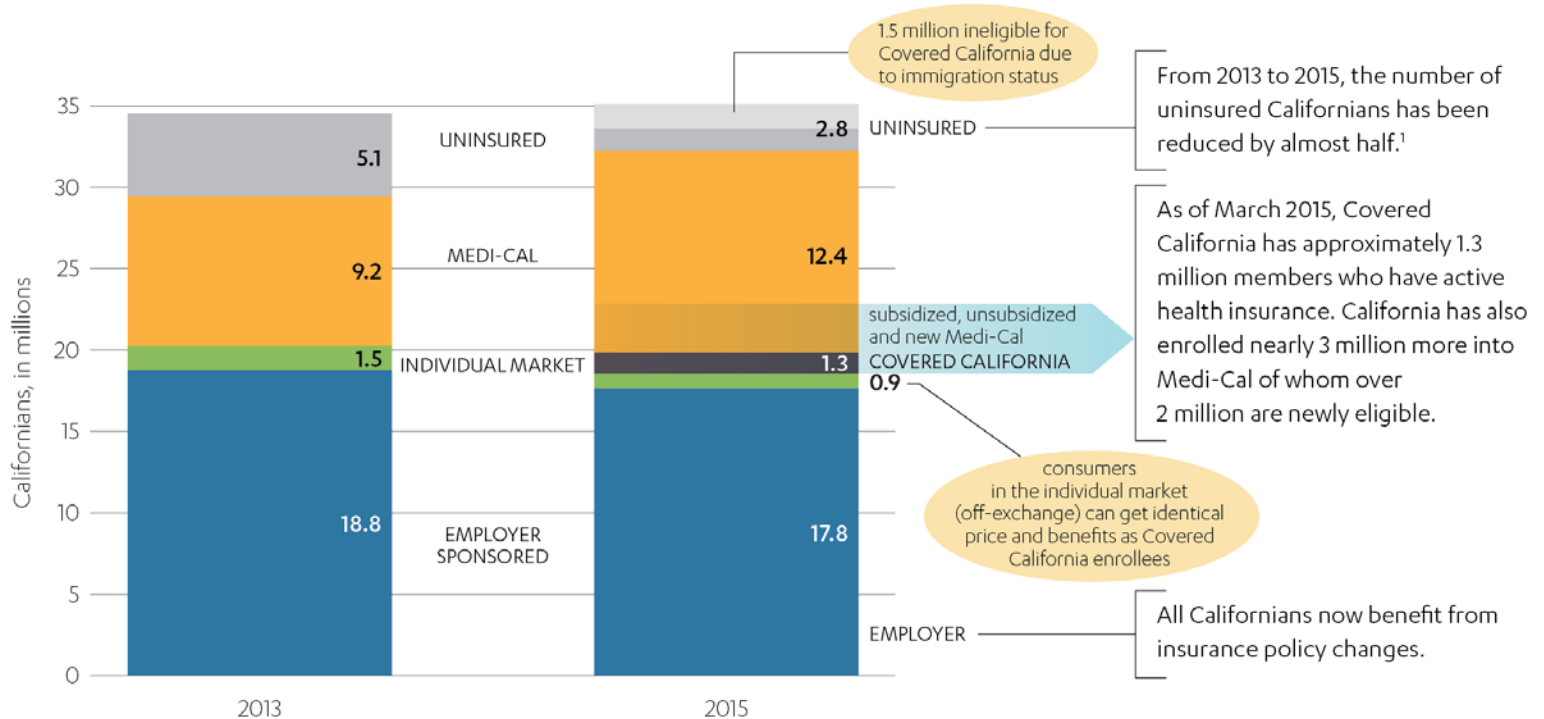
**EFFECTIVELY
REACHING
AND ENROLLING
CONSUMERS**

**ENCOURAGING
THE RIGHT
CARE AT THE
RIGHT TIME**



The Affordable Care Act Has Changed Health Care in California

The Affordable Care Act has dramatically changed the health insurance landscape in California with the expansion of Medicaid, Covered California and new protections for all Californians.



Source: Data shown in above graph is from: California Health Benefits Review Program, Center for Medicare and Medicaid Services, California Healthcare Foundation and Covered California (May 2015).

Notes: Medicare recipients and other publicly funded insured are not included in the graph.

¹ <http://www.commonwealthfund.org/publications/press-releases/2014/jul/after-first-aca-enrollment-period>



Covered California is Big and Having Big Impacts

It is now one of the largest purchasers of health insurance in California and the nation.



1.3
MILLION
consumers have active health insurance as of March 2015

Covered California is now the second largest purchaser of health insurance in the state for those under 65.

\$6.5
BILLION
estimate of funds collected from premiums in 2015

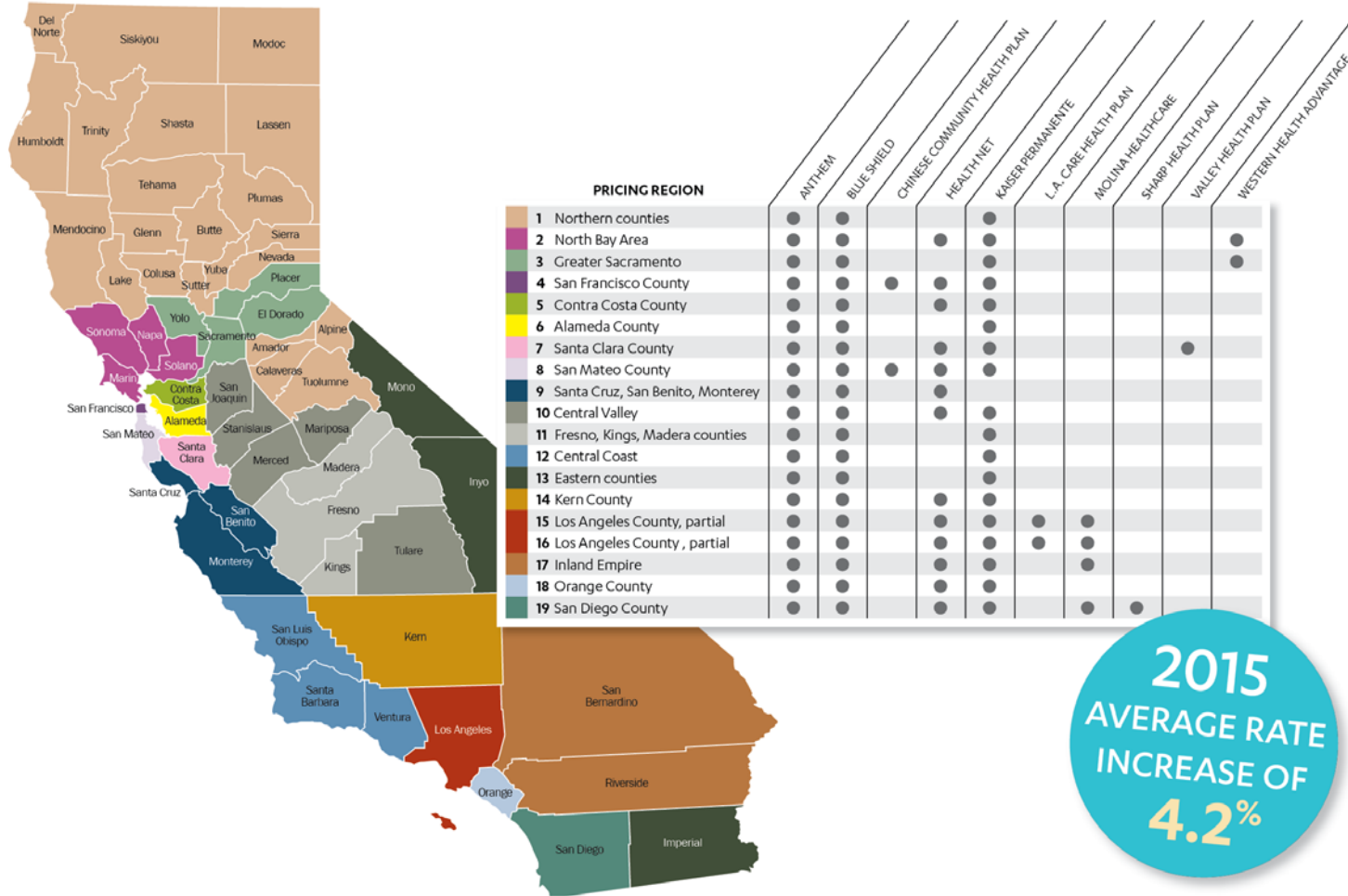
Covered California's size gives it the clout to shape the health insurance market.

1.8
MILLION
consumers served since Covered California began offering coverage

More than 500,000 Californians have benefitted from coverage through Covered California. Many of them now have either employer-based coverage or Medi-Cal.



Covered California Health Plan Offerings for 2015: Broad Choice, Local Options and Good Trend



**2015
AVERAGE RATE
INCREASE OF
4.2%**





Covered California 2015 Standard Benefit Designs

In California, standard benefits allow apples-to-apples plan comparisons and seek to **encourage** utilization of the right care at the right time with many services that are not subject to a deductible.

Benefits below shown in blue are not subject to any deductible.

2015 STANDARD BENEFIT DESIGN BY METAL TIER								
Coverage Category	Minimum Coverage	Bronze	Enhanced Silver 94	Enhanced Silver 87	Enhanced Silver 73	Silver	Gold	Platinum
Percent of cost coverage changes	Covers 0% until out-of-pocket maximum is met	Covers 60% average annual cost	Covers 94% average annual cost	Covers 87% average annual cost	Covers 73% average annual cost	Covers 70% average annual cost	Covers 80% average annual cost	Covers 90% average annual cost
Cost-sharing Reduction Single Income Range	N/A	N/A	up to \$17,235 (100% to ≤150% FPL)	17,236 to \$22,980 (>150% to ≤200% FPL)	\$22,981 to \$28,725 (>200% to ≤250% FPL)	N/A	N/A	N/A
Annual Wellness Exam	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	after first 3 non-preventive visits, pay negotiated carrier rate per instance until out-of-pocket maximum is met	\$60 for first 3 non-preventive visits	\$3	\$15	\$40	\$45	\$30	\$20
Specialist Visit	pay negotiated carrier rate per service until out-of-pocket maximum is met	\$70 after deductible is met	\$5	\$20	\$50	\$65	\$50	\$40
Laboratory Tests		30% after deductible is met	\$3	\$15	\$40	\$45	\$30	\$20
X-Rays and Diagnostics		30% after deductible is met	\$5	\$20	\$50	\$65	\$50	\$40
Generic Drugs		\$15 or less after deductible is met	\$3	\$5	\$15 or less	\$15 or less	\$15 or less	\$5 or less
Preferred Drugs		\$50 after deductible is met	\$5	\$15	\$35	\$50	\$50	\$15
Emergency Room		\$300 after deductible is met	\$25	\$75	\$250	\$250	\$250	\$150
Imaging		30% after deductible is met	10%	15%	20%	20%	20%	10%
Deductible	N/A	\$5,000	\$0	\$500 medical \$50 brand drugs	\$1,600 medical \$250 brand drugs	\$2,000 medical \$250 brand drugs	\$0	\$0
Annual Out-of-Pocket Maximum Individual and Family	\$6,600 individual only	\$6,250 individual \$12,500 family	\$2,250 individual \$4,500 family	\$2,250 individual \$4,500 family	\$5,200 individual \$10,400 family	\$6,250 individual \$12,500 family	\$6,250 individual \$12,500 family	\$4,000 individual \$8,000 family





Covered California is Building the Platform To Improve the Delivery of Care

For Covered California, being an “active purchaser” is about far more than just selecting plans and negotiating for the best possible rates. The negotiations and contract requirements are specifically designed to promote the triple aim at the delivery of care: better quality, promoting health and wellness and lowering costs.

Covered California recognizes that promoting better care delivery and reducing disparities requires coordinated action across large public and private purchasers and the plans they contract with.

The following link shows the contract terms all Covered California plans must agree to. Specifically, Attachment 7 addresses quality, network management and delivery system standards:

<http://hbex.coveredca.com/solicitations/QHP/library/QHPModelContractAttachments-Final.pdf>

Based on these, plans have requirements to:

- Participate in payment reform and quality collaboratives.
- Develop programs that chart progress in reducing health disparities in meaningful and measurable ways.
- Have a process that determines, monitors and records the health status of consumers over the age of 18 and use the information to promote better health among consumers.
- Encourage consumers to use their insurance and seek health and wellness services.
- Help consumers select a primary care physician, find a federally-qualified clinic or team-based center (medical home) to coordinate all health and wellness needs.
- Actively help consumers with chronic conditions manage their illness through providers specializing in coordinated care. Conditions could include hypertension, diabetes, asthma and heart disease.
- Provide and update information showing total costs and out-of-pocket costs for the most-used services and highest-cost services.

Covered California is assessing health plans efforts in these areas and will be “raising the bar” in coming years.



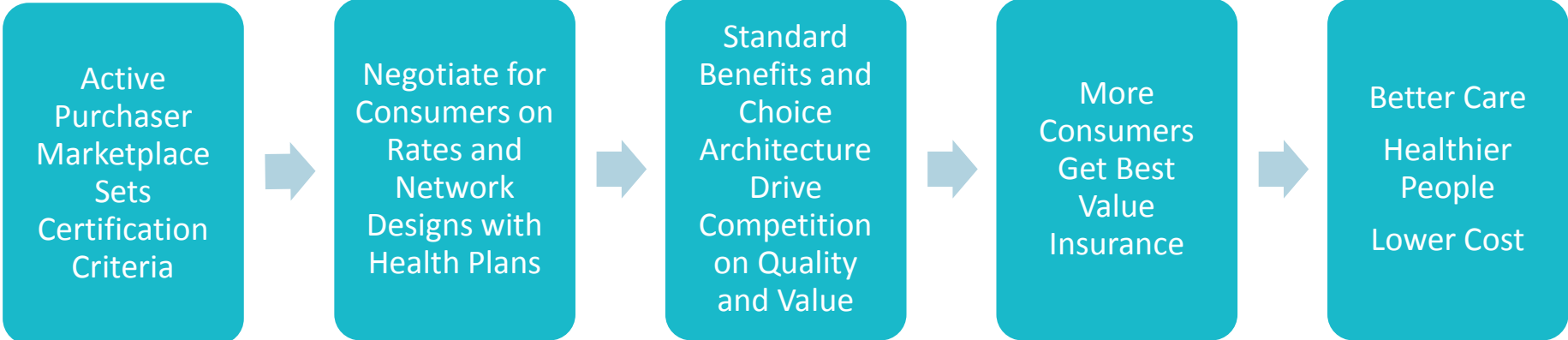
HEALTHCARE EVIDENCE INITIATIVE: PURPOSE

The Healthcare Evidence Initiative will use utilization and claims data to:

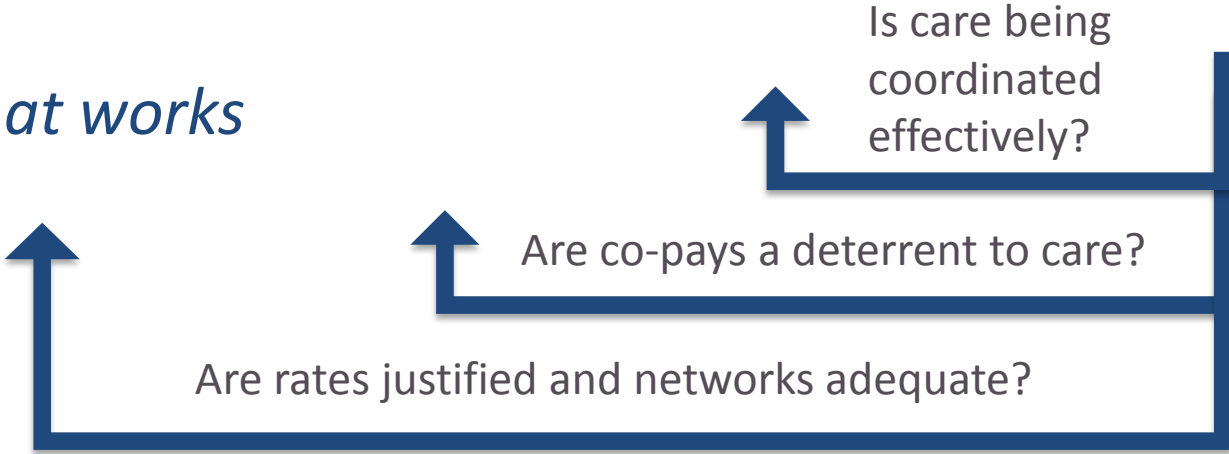
1. Provide actionable information supporting Covered California's operations and policy – improving care, lowering costs, and improving health.
2. Provide evidence to inform public and private policies so that purchasing strategies and benefit designs can improve quality, access, and value throughout the health care delivery system.

HEALTHCARE EVIDENCE INITIATIVE: ACTIVE PURCHASER MODEL

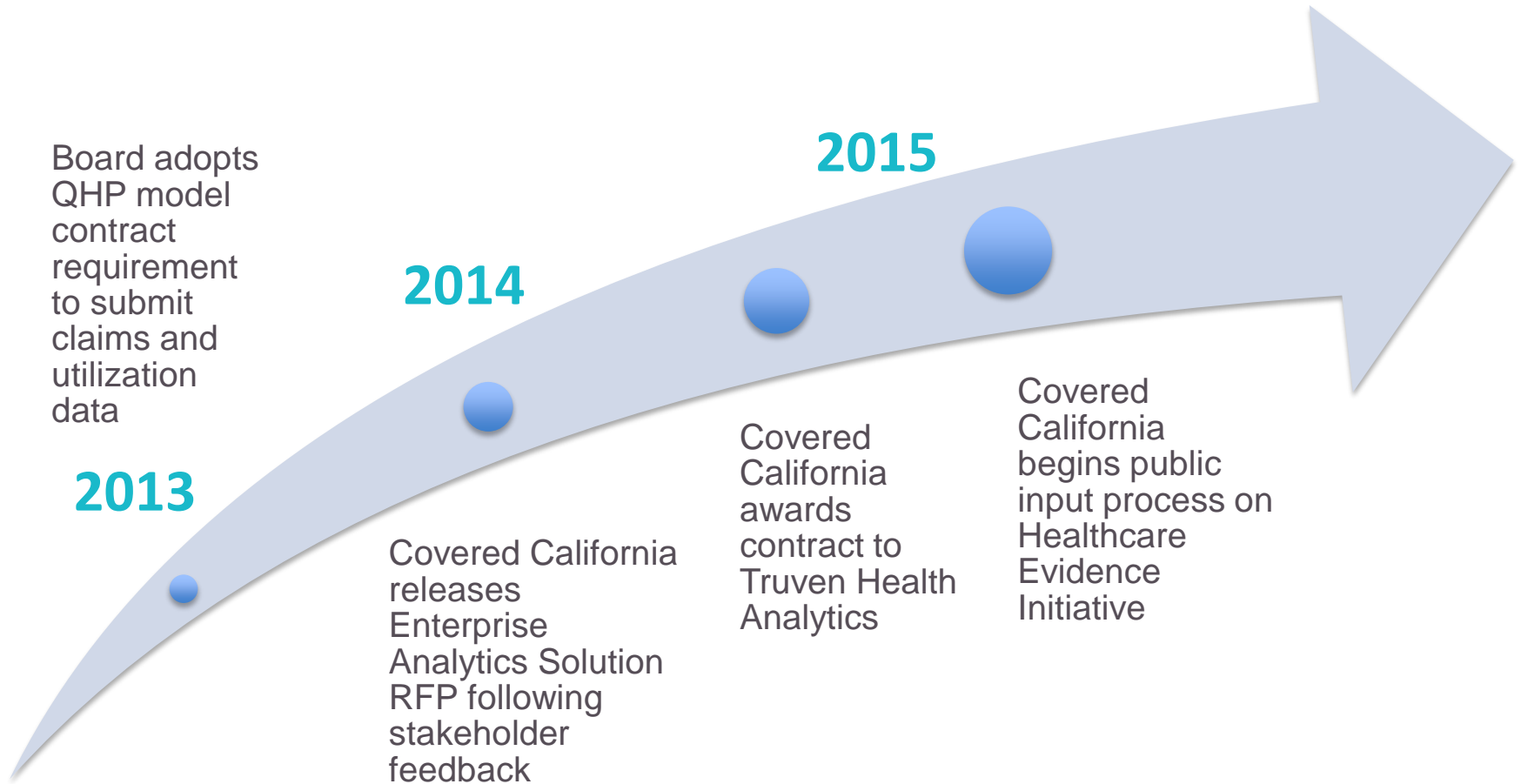
Covered California is not simply a place to enroll in coverage, but an active purchaser with a mission to improve quality, access and value for all consumers.



Evidence for *what works*



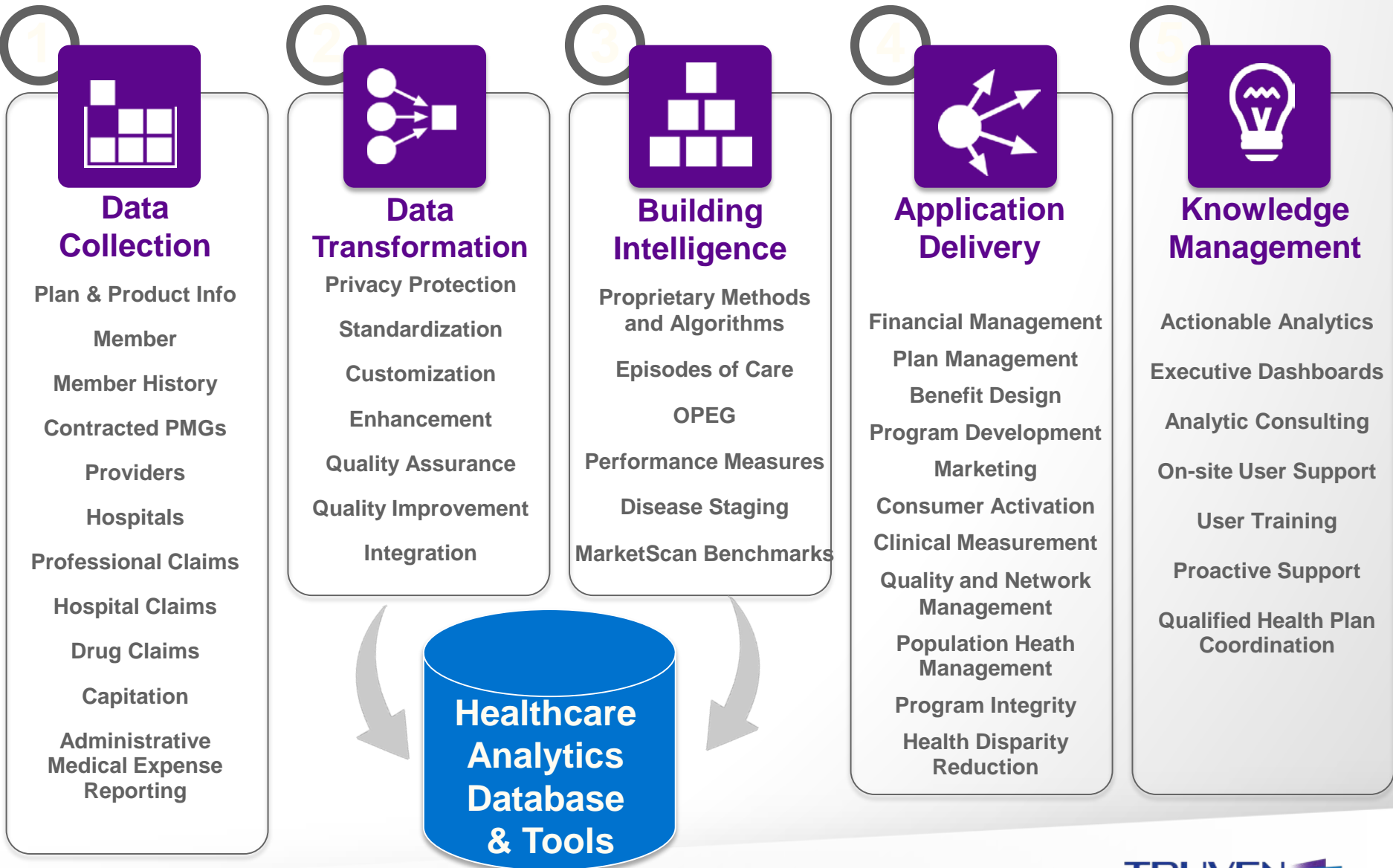
HEALTHCARE EVIDENCE INITIATIVE: RECAP OF MILESTONES TO DATE



HEALTHCARE EVIDENCE INITIATIVE: ENSURING CONSUMER PRIVACY

- **Consumer privacy:** Health plan claims and utilization data provided to Covered California will be encrypted by Truven and will not reveal the identity of any individual consumer.
- **Protecting consumer information:** Consistent with any Covered California contractor, Truven is required to abide by all state and federal laws and requirements to protect consumer information.
- **Consumer opt-out:** Today, consumers have a right to request restrictions on how their information is shared by their health plan. Covered California is working with health plans to assess implementation options for this initiative.

Building a Robust Healthcare Analytics Solution



HEALTHCARE EVIDENCE INITIATIVE: PUTTING MEMBERS FIRST

Covered California has always used available data to support evidence-based policy making with a focus on our members. The Healthcare Evidence Initiative will take it to the next level with utilization and claims data. Here are a few examples:

- **Are members getting the right care at the right time?** Covered California has estimated the number of members who have been newly diagnosed with certain diseases. The Evidence Initiative will help us make this concrete, for example, assessing what percentage of Covered California members are getting recommended cancer screenings.
- **Is Covered California negotiating competitive rates?** Covered California used state data on health care usage to help drive down the cost of premiums in 2015. The Evidence Initiative will provide a complete picture of the health status and health care utilization of our members so Covered California can make sure rates are reasonable.
- **Did members chose the right plan for their health needs?** Today Covered California can tell how many members choose a Bronze plan even though they were eligible for a Silver Cost Sharing Reduction plan. The Evidence Initiative will tell us if those members experience high out-of-pocket costs for their health care (e.g. specialty drugs).
- **Are *all* members getting the right care at the right time?** Today Covered California tracks enrollment by race and ethnicity and other demographics compared to eligibility estimates. The Evidence Initiative will tell us if preventive services are being used at equal rates across demographic groups.

AREAS FOR INPUT

1. Input on analytic dimensions, key areas of focus and early analytic questions for each focus area
2. Analytic methods / studies of utilization and claims data to leverage for the Evidence Initiative
3. “Words of wisdom” on proposed analytic questions and data sources
4. Additional data sources that could enhance results
5. Strategies for ongoing input on our work
6. What else?

HEALTHCARE EVIDENCE INITIATIVE: ANALYTIC DIMENSIONS

Across all areas of focus, Covered California will assess variations in utilization and cost by:

- Issuer
- Product
- Region
- Race / ethnicity
- Primary language
- Gender
- Age bands
- Income ranges

Feedback requested: Should we consider additional dimensions?

HEALTHCARE EVIDENCE INITIATIVE: KEY AREAS OF FOCUS

1. Right care, right time, right place
2. Standard benefit designs that reduce cost and encourage use of high-value services
3. Opportunities for payment and network design innovation to drive delivery system reform and reward quality
4. Increasing health equity and reducing health disparities

Question: Are we missing important focus areas?

ANALYTIC QUESTIONS:

Right Care, Right Time, Right Place

- Analyze the health and health care utilization of Covered California enrollees including:
 - Top conditions
 - Service mix
 - Enrollee risk profile
 - High cost/high severity conditions
 - Prescription drug utilization
- Analyze care provided against benchmarks particularly for individuals at high risk
- Analyze care variations across carriers/products/regions/demographic groups for high-volume, high-value and/or high-cost services

ANALYTIC QUESTIONS:

Standard Benefit Designs that Reduce Cost and Encourage the Use of High-value Services

- Incorporate Covered California member experience into annual development of standard benefit designs (e.g., specialty drugs)
- Analyze the extent to which members are choosing health plans that match their health needs (e.g., experience of cost-sharing reduction-eligible enrollees selecting Bronze plans)
- Analyze determinants of choice (e.g., price, utilization, networks) to predict movement based on relative changes in plans and forecast demand on networks

ANALYTIC QUESTIONS:

Payment and Network Design Innovation

- Evaluate models of care such as medical homes and accountable care organizations
- Assess the opportunity to implement payment models that promote value

ANALYTIC QUESTIONS:

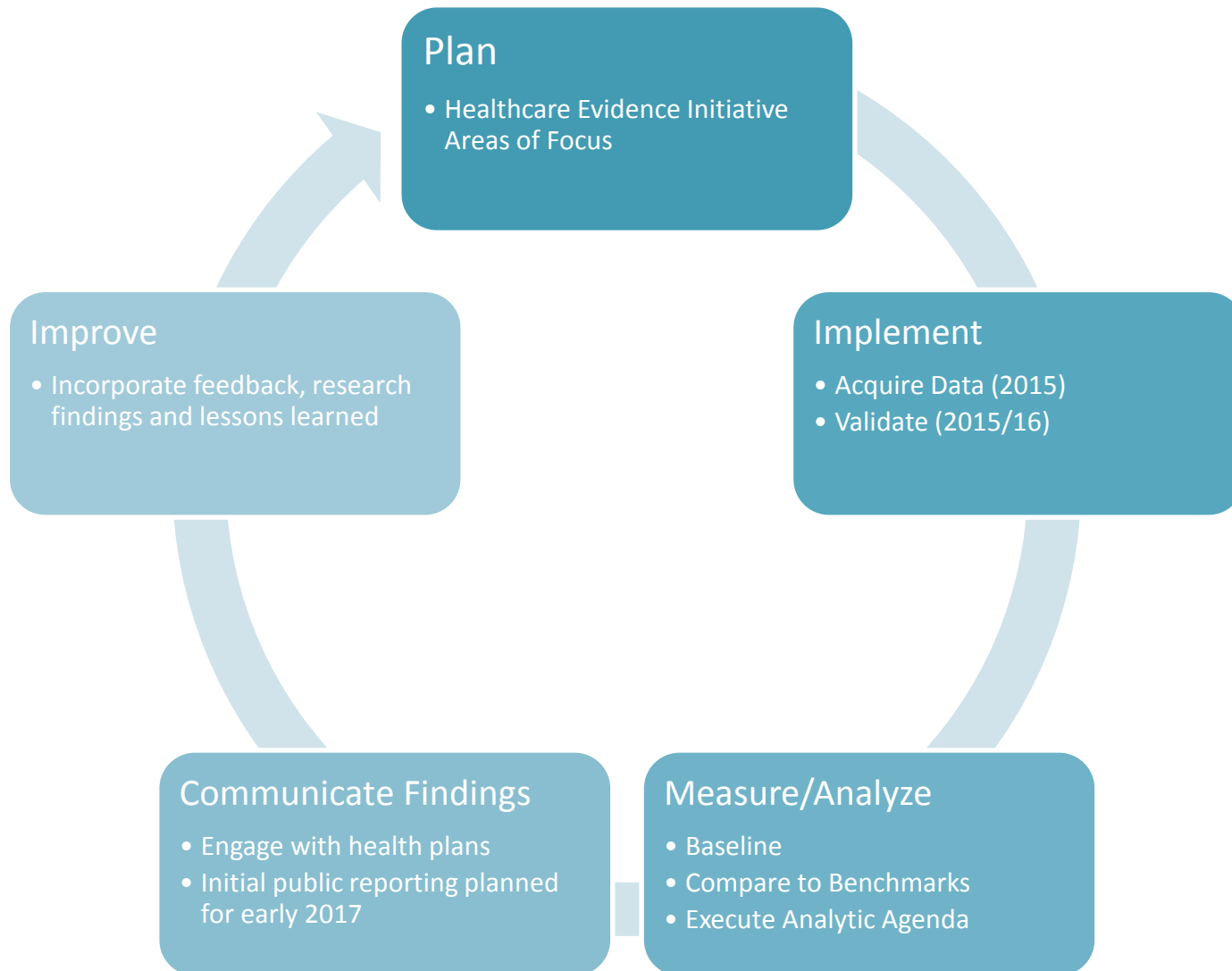
Increase Health Equity and Reduce Health Disparities

- Assess differences in utilization and access, and study trends over time, across the following dimensions to identify potential disparities:
 - Race/ethnicity
 - Primary language
 - Region
 - Gender
- Assess use of Essential Community Providers and support continued development of Essential Community Provider networks

ANALYTIC CHALLENGES:

- Gaps in Covered California's data including LGBT data and prior insurance status
- Data to compare Covered California to other markets

HEALTHCARE EVIDENCE INITIATIVE: CONTINUOUS IMPROVEMENT TIMELINE



HEALTHCARE EVIDENCE INITIATIVE: FEEDBACK REQUESTED

Covered California welcomes feedback on the Healthcare Evidence Initiative. Please send comments to katie.ravel@covered.ca.gov. We are particularly interested in feedback on the following:

1. Input on analytic dimensions, key areas of focus and early analytic questions for each focus area
2. Analytic methods / studies of utilization and claims data to leverage for the Evidence initiative
3. “Words of wisdom” on proposed analytic questions and data sources
4. Additional data sources that could enhance results
5. Strategies for ongoing input on our work
6. What else?



Information for consumers
CoveredCA.com

Information on exchange-related activities
hbex.CoveredCA.com