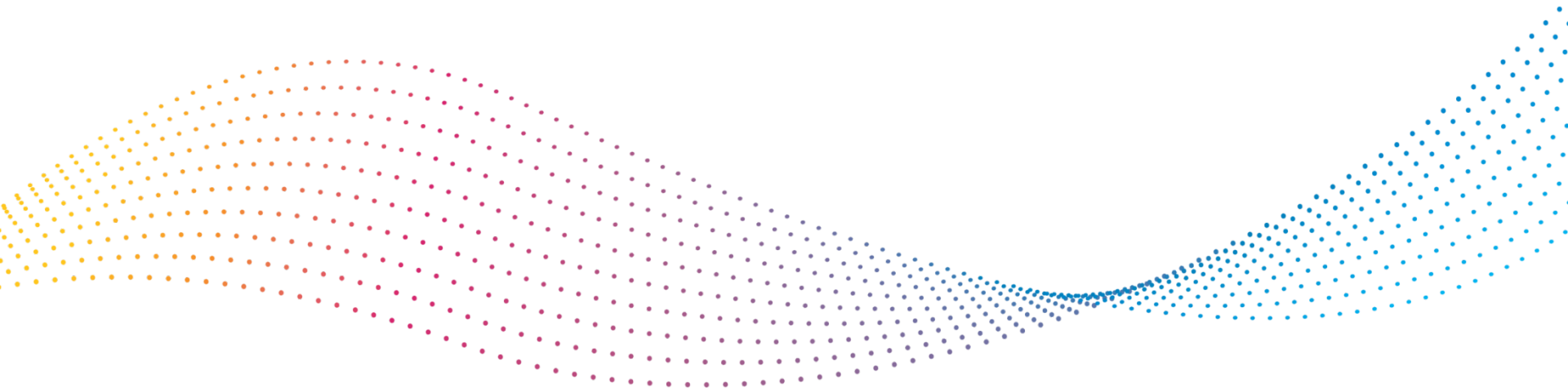


Identifying the Cost of Delivering Care

May 1, 2017



Arizona Health Plans

Bridgeway Health Solutions

- Medicaid and D-SNP health plan focused on meeting the needs of the state's Elderly and Physically Disabled population

Cenpatico Integrated Care

- Medicaid health plan that provides behavioral health services for Medicaid members as well as both medical and behavioral services to people who have been designated as having a serious mental illness

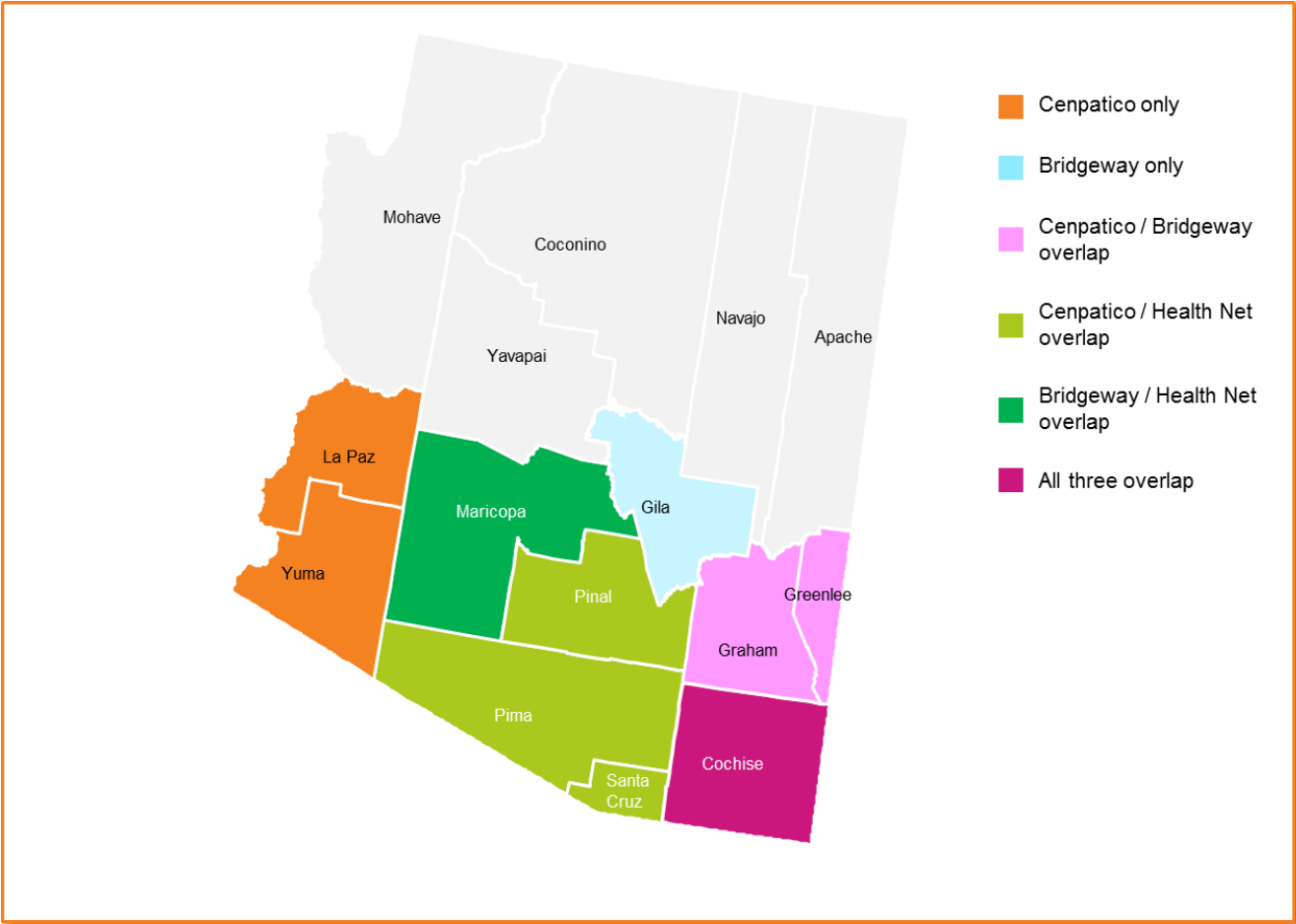
Health Net Access

- Medicaid health plan serving TANF, ABD and Medicaid Expansion members

Health Net

- Medicare and commercial health plans serving Medicare, Marketplace and group insurance members

Arizona Service Areas



- **684, 300 members**
- **15,000 primary care practitioners and specialists**
- **90 hospitals**

Organizational Commitments

1. To our Members
2. To our Providers
3. To our Customers
4. To the Communities in which our Members live
5. To our Co-Workers

Mission: Transforming the healthcare of communities, one person at a time

Provider Opportunity Analysis

- Core network across products
- Maximize overlap among product networks
- Grow deeper vs. broader
- Organized systems of care
- Value-based contractual arrangements

Value-based

The Healthcare Value Equation

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

Value-based

The diagram illustrates the value-based pricing formula. On the left, a large red letter 'V' is positioned above the word '(VALUE)' in red. To its right is a grey equals sign. Further right, a horizontal line is drawn. Above this line, an orange letter 'Q' is positioned above the word '(QUALITY)' in orange, followed by a grey plus sign, and then a blue letter 'S' is positioned above the word '(SERVICE)' in blue. Below the horizontal line, a green dollar sign '\$' is positioned above the word '(COST)' in green.

Evaluating Cost – Payor Perspective

Service Costs

- Reimbursement for services delivered for a member's condition
- Measurement model
 - PMPM
 - Risk adjusted
 - Episode cost by condition
- Avoided costs
- Behavioral/physical integration

Evaluating Cost – Payor Perspective

Administrative Costs

- Contracting
- Credentialing
- Quality monitoring
- Customer Service
- Simplification

Organized Systems of Care

- Simplify contracting and other processes
- Larger critical level of membership and funding
- Opportunities for care integration
- System accountability for quality initiatives
- Infrastructure for quality and care management
- Higher level of responsiveness
- Deeper vs. broader relationships

Opportunities

- Increase “meaningfulness” of present VBP arrangements
- Pursue simplification of business process
- Improve patient/member experience
- Utilize existing capabilities to extend health plan reach
- Partner on clinical cost initiatives