Aetna’s Pay for Performance Initiatives

Driving Improvement Opportunities

People • Over 35,000 Aetna employees worldwide

Membership • 17.467 million medical members
  • 14.166 million dental members
  • 10.951 million pharmacy members

National Presence • Nationwide network of more than 843,000 health care professionals
  • Over 490,000 primary care doctors & specialists and 4,919 hospitals
  • Network of specialist physicians (Aexcel®) based on clinical performance and cost efficiency
  • Provides benefits through employers in all 50 states

Products • First national, full-service health insurer to offer a consumer-directed health plan
  • Offers a wide array of programs and services that help control rising employee benefits costs while striving to improve the quality of health care
  • Provides members with access to convenient tools and easy-to-understand information that can help them make better-informed decisions about their health and financial wellbeing

Value-Added Technology • Aetna Integrated Informatics®, Aetna Navigator®, Aetna InteliHealth®
  • Personal Health Record
Background: Stakeholders in Performance Improvement

• Employers, employer-based health coalitions and research organizations (also known as “evaluators”) are pursuing and evaluating quality improvements

Why measure performance?

• Our customers expect us to
  – They are spending a lot of money on health care and aren’t convinced they are maximizing value
  – They genuinely want their employees to get the best care available

• Consumerism
  – Health care is a purchasing decision

• Advances in Information Technology allow for it
Background:
Aetna Quality and Total Cost Strategy

By improving the quality of care, we can reduce total cost.

- We rely on evidence-based care and a clinical orientation
  - Strengthens our ability to enable access to the right care, to the right people at the right time

- We’re built for integration and use of technology to improve care
  - More data sources, more accurate outreach, more people identified at the right time, and more ways to reach them

- We engage members and providers effectively for better results
  - Enhances patient safety, improves patient care and fosters critical collaboration

Quality & Transparency

Aexcel® Performance Networks

Provider Pay For Performance

Case Volume
Clinical Performance
Cost-Efficiency

Aexcel Designation

Improving Quality & Efficiency of Care

Health Care Transparency
Clinical Quality, Efficiency & Unit Cost
Aexcel® and Health Care Transparency

as of June 2008

Aexcel, Quality/Efficiency, Unit Price, Medical Procedure by Facility
Arizona; California (Central Valley, Los Angeles, No. California, San Diego); District of Columbia; Florida (Orlando, No. Florida); Georgia (Atlanta); Illinois (Chicago); Maine; Maryland; Michigan (Detroit); Pennsylvania (Pittsburgh); Texas (Austin, Dallas, Houston, San Antonio); Oklahoma (Tulsa); Virginia (Northern Virginia); Washington (Seattle)

Aexcel, Quality/Efficiency, Unit Price
Colorado; Connecticut; Delaware; Indiana (Indianapolis); Kentucky (northern); Kansas (Kansas City); Massachusetts (Boston); Michigan (Detroit); Minnesota; Ohio (Cleveland, Columbus); Oklahoma (Oklahoma City); Virginia (Richmond)

Unit Price, Medical Procedure by Facility
Alaska; North Carolina (Charlottesville); Washington (Spokane); West Virginia

Unit Price Only
Michigan (except Detroit – above); Nevada (Las Vegas); New Jersey (Northern and Southern); Massachusetts; Texas (El Paso); Utah; Wisconsin (Milwaukee)

* Medical Procedure by Facility tool in No. Florida is available only in Jacksonville
** Aexcel is available in Northern NJ, QE coming 1/09

Quality & Transparency

Transparency Made Tangible
Guiding Principles in Aetna’s Performance Program Development

- National strategic program that enables local adaptability to achieve maximal value for Aetna’s constituents and Aetna’s market position
- Use of standardized, industry-accepted measures that are integrated into our core business as well as our unique quality performance initiatives
- Reward both Top Performers and those showing improvement
- Collaborate with and be a recognized national and local thought-leader by national and marketplace stakeholders
- Provide tools and strategies for Health Delivery (network, medical leadership, quality management) to increasingly become a value-based purchaser of health care services on behalf of Aetna’s constituents
- Promote continuous improvement in all programs and initiatives.
- Population based approach, encompassing all product lines and funding types.

Provider Quality Performance Defined

- **Performance**: Processes of care that are evidenced-based, meet recognized clinical guidelines are administratively efficient, safe, member-focused and achieve intended, optimal health outcomes.
- **Measurement**: Measures must be nationally-recognized, where feasible NQF endorsed and, where applicable, meet NCQA PHQ standards to be compliant with Consumer Purchaser Disclosure Project endorsement.
- **Provider Incentives**:
  - Membership (volume) steerage
  - Network designation / recognition
  - Administrative relief
  - Financial reward
  - Any combination of these
- **Member Engagement**:
  - DocFind recognition of high performing providers
  - Provider Transparency information
  - Benefit differentials for choosing high performing providers
Physician Performance Programs: Bridges to Excellence®

Bridges To Excellence® (BTE) is a not-for-profit organization that designs and creates programs that encourage physicians and physician practices to deliver safer, more effective and efficient care.

- Utilizes NCQA’s, and other organizations, performance assessment programs
- Top performing Physicians can earn additional moneys for each member with the specific condition covered by a participating employer or a participating plan on behalf of all its plan sponsors.
- BTE Multipayer roll-out initiatives in some markets, frequently sponsored by local Business Groups on Health

- **BTE Measures**
  - Largely outcomes-based industry commonly accepted measures of care for patients with diabetes, cardiovascular disease and back pain, and soon to be added other clinical conditions
  - Standards for the use of IT in physician practices

**Five current Key Programs**
- Physician Office Link
- Diabetes Care Link
- Cardiac Care Link
- Spine Care Link
- Medical Home Link

**Two Ways to Implement**
- BTE Inside Certification - execution of traditional BTE programs and rewards
- Endorsement Model – Using “Recognition” in the execution of Health Plan-designed incentive and rewards program

Hospital Performance Programs: Leapfrog Hospital Rewards™ Program

- National program developed by The Leapfrog Group which scores and ranks hospitals using the quality and efficiency data submitted by the hospitals

- **Leapfrog Measures**
  - Quality measures are endorsed by the National Quality Forum (NQF) and already used by Leapfrog and its members or by The Joint Commission
  - Efficiency measures developed in collaboration with Medstat and vetted by experts and stakeholders throughout the health care industry

- Externally validated program with built-in ROI models

- Aetna is a major national leader in the redesign of the rewards program

Top Areas of Improvements
Aetna CA Commercial HMO (2004-2007)

Measure and Improvement Rate

- Diabetic Eye Exams: 55%
- Adolescent Immunizations Rates: 25%
- Childhood Immunization Rates: 13%
- Colorectal Cancer Screening rates: 13%
- Cholesterol Screening in Pts with Cardiovascular Disease (measure for 2006 and 2007 only): 6%


One Example of an Aetna Provider Quality Performance Program
CA IHA 2006 Measurement Year Paid in 2007
Total Payout: $1.7M

Clinical Quality
- HEDIS measures

Information Technology
- Use of IT to manage patient populations (e.g., disease registries)
- Use of IT to share information at point of care
- Data is self-reported and subject to NCQA audit

Patient Experience
- Results of the Patient Assessment Survey
- Survey developed by AHRQ, CAHPS, RAND, Harvard University and American Institute for Research
- Survey endorsed by NOF

Relative Improvement
- Award for relative improvement in a clinical measure from the previous year rate
Aetna Institutes Program: 2008 Expansion

Institute of Excellence™
A designation for health care providers who offer highly specialized clinical services to members with complex or rare conditions; a member’s clinical care in these cases is coordinated nationally (e.g., Transplant)

Institutes of Quality®
A designation for health care providers who offer clinical services for critical health conditions where members can be served in their regional healthcare system: a member’s clinical care in these cases is coordinated regionally (e.g., Bariatric Surgery, Cardiac Care)

How Aetna & Providers are Working Together

**Process**
- Identify gaps in quality (effectiveness) and/or efficiency and collaborators with a strong interest and ability to address them
- Perform data analysis to clearly define the problem and root causes and design solutions for iterative learning and shared risk/savings
- Operational program and ongoing results tracked
- Promote findings for wider adoption

**Results**
- Improve quality & efficiency of health care
- Savings to consumers and plan sponsors

Aetna’s High Performance Provider Initiatives (HPP’s) create a collaborative & transparent process for quality & cost improvement in health care delivery
Crozer Keystone Health System
Mid-Atlantic Region

- Facility
  - Dominant health system in Delaware County Pennsylvania serving a population of over 1,000,000 people
- Quality Domains – Safety, Effectiveness, Patient Centered
- Current Activities – Operational

Provider Collaboration
Success with Virginia Mason

Designation & Commitment
- 1-yr Provisional Aetna designation for 3 of 12 specialties
- Adopted the management methods of the Toyota Production System and set ambitious goal – defect-free medicine

Using Aexcel Data
- Created multiple Rapid Process Improvement Workgroups (RPWIs) with Aetna and corporate business leaders to focus on specific aspects of care highlighted by initial Aexcel data showing VM was not in line with the most efficient providers
- Identified areas for improvement included: GERD, migraine headaches, cardiac arrhythmias
- Starbucks suggested low back pain (LBP) as an area for focus. It is important to note that Virginia Mason met Aexcel criteria for Orthopedic Surgery, the specialty most closely related to LBP treatment. However, VM determined their evaluation and treatment of LBP presented several opportunities for quality and efficiency improvements.

Low Back Pain analysis
- VM team adopted a patient orientation and experienced the path through its system
- Designed a new process that shortens lead time and allows a patient to see a physical therapist at the start of the process
- Results:
  - Fewer MRIs and prescriptions
  - 95.5% return-to-work rate
  - Increased patient satisfaction
  - Reduction in plan sponsor costs: $700 per episode vs. $2300 per episode

Current / Planned Activities
- Identified 11 areas for improvement from Aetna’s analysis of Diagnostic Groups representing significant portions of corporate health spend for Seattle customers
- Plan to address 4 areas through establishment of Rapid Process Improvement Workgroups which will include representatives from Aetna and corporations
High Performance Initiatives

Aetna’s Work With Virginia Mason

THE WALL STREET JOURNAL.

• **Withdrawal Treatment**
  A Novel Plan Helps Hospital Wean Itself Off Pricey Tests

  By Vanessa Fuhrmans
  January 12, 2007; Page A1

  SEATTLE -- Virginia Mason Medical Center has made unusually aggressive moves in the past two years to cut health care costs. Consulting with the big insurer Aetna Inc. along with Starbucks Corp. and several other big local employers, the hospital revamped how it treated some expensive ailments, cutting down high-tech tests and high-end specialists.