



# A decade of **excellence**, a **commitment** to **value**

*A look at how Blue Cross Blue Shield of Michigan's  
Value Partnerships program has transformed  
health care in Michigan over the past 10 years*



**VALUEPartnerships**



Blue Cross Blue Shield of Michigan is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

A message from Blue Cross Blue Shield of Michigan leadership

## Transforming health care in Michigan: better care, better outcomes, better value

How's the state of health care in Michigan? It's very healthy, thanks in large part to wide-ranging collaborations between Blue Cross Blue Shield of Michigan and our hospital and physician partners statewide.

We call these collaborations Value Partnerships — an array of programs that are improving health care quality and lowering health care costs. In fact, many of our Value Partnerships initiatives have been nationally recognized and serve as a model for other states working to create high-performing health care systems. And the estimated cost savings have been substantial: approximately \$1.4 billion in health care savings over the past several years.

This report takes a look at how Blue Cross and our statewide provider partners are transforming health care and providing value that goes far beyond medical insurance to benefit all Michigan residents. We're committed to taking new steps every day to improve the quality of health care in the state.



**Daniel J. Loepp**  
President and CEO



**Dr. David Share**  
Senior Vice President  
Value Partnerships



**Thomas Leyden**  
Director II  
Value Partnerships



**Susan Burns**  
Director  
Physician Group  
Incentive Program



# Collaborating for better care

## Celebrating 10 years of innovation

Blue Cross Blue Shield of Michigan collaborates with nearly 20,000 physicians and more than 130 hospitals statewide in a collection of quality-improvement and value-based programs called Value Partnerships. The result is a more efficient, less costly, higher quality health care system.

### The nine statewide Value Partnerships programs

#### Physician Group Incentive Program

Works with Michigan's physician organizations to build an infrastructure that supports physicians in their efforts to transform care delivery and improve health care processes

#### Patient-Centered Medical Home

Guides and rewards primary care practices in their efforts to coordinate and improve patient care

#### PCMH-Neighbor

Rewards specialists who collaborate with primary care physicians to coordinate and improve patient health care

#### Provider Delivered Care Management

Offers health care management services for chronic conditions through our Patient-Centered Medical Home-designated practices

#### Organized Systems of Care

Develops and supports a community of providers that coordinates care across all health care settings for a shared group of patients

#### Collaborative Quality Initiatives

Focuses on improving medical and surgical procedures and processes to reduce complications and decrease mortality

#### Hospital Value-based Contracting

Rewards hospitals for collaborating to improve health care outcomes on a population level

#### National Solutions

Brings Michigan's value-based, quality-focused programs together with similar Blue Cross programs nationwide

#### Hospital Pay-for-Performance

Rewards hospitals that meet expectations for cost, quality and participation in select initiatives

"We chose the 'Value Partnerships' name purposefully. The 'partnership' is the missing ingredient in other health care quality and incentive programs. Value Partnerships mobilizes physician leadership. There is a true spirit of friendship and collaboration."

*Dr. Tom Simmer, Blue Cross senior vice president and chief medical officer*

# Collaborating for better care

## Physician Group Incentive Program

**Nearly  
20,000**

Participating primary  
care and specialist  
physicians

## Patient-Centered Medical Home

**1,551**

Designated  
practices

**46**

Physician  
organizations

**4,349**

Physicians in those  
designated  
practices

**78 out  
of 83**

of Michigan's counties  
have PCMH-  
designated  
practices

## Hospital Collaborative Quality Initiatives

**16**

Statewide  
initiatives

**75**

Hospitals across  
the state  
participate



"Value Partnerships has broken down the barriers between insurers and practitioners, and between practitioners and hospitals. The program structure enables us to respect one another and work together to improve patient care statewide."

*Dr. Jerry Frankel, president and CEO, Oakland Southfield Physicians*



# Cost savings

## More than \$1.4 billion in estimated health care savings

Value Partnerships efforts have saved more than \$1.4 billion in health care expenses. These cost savings have resulted in safer, higher quality health care and reduced medical complications.

Value-based Contracting

**\$100  
million**

in estimated  
savings

## Estimated health care cost savings resulting from select Hospital Collaborative Quality Initiatives (2008–13)

BCBSM, BCN, BC-MA    Total statewide

Bariatric  
surgery

**\$15.4M**

**\$34.9M**

General  
surgery

**\$189.2M**

**\$286.9M**

Cardiothoracic  
surgery

**\$11.8M**

**\$108.2M**

Angioplasty  
and vascular  
intervention

**\$67.4M**

**\$362.9M**

**Total**

**\$284M**

**\$793M**

in estimated  
statewide savings

## Health care cost savings resulting from Patient-Centered Medical Home program

**Total** (to date)

July 2008  
to June 2009:

**\$15  
million**

July 2009  
to June 2010:

**\$47  
million**

July 2010  
to June 2011:

**\$93  
million**

July 2011  
to June 2012:

**\$114  
million**

July 2012  
to June 2013:

**\$116  
million\***

July 2013  
to June 2014:

**\$127  
million\***

**\$512  
million**

\*Estimated

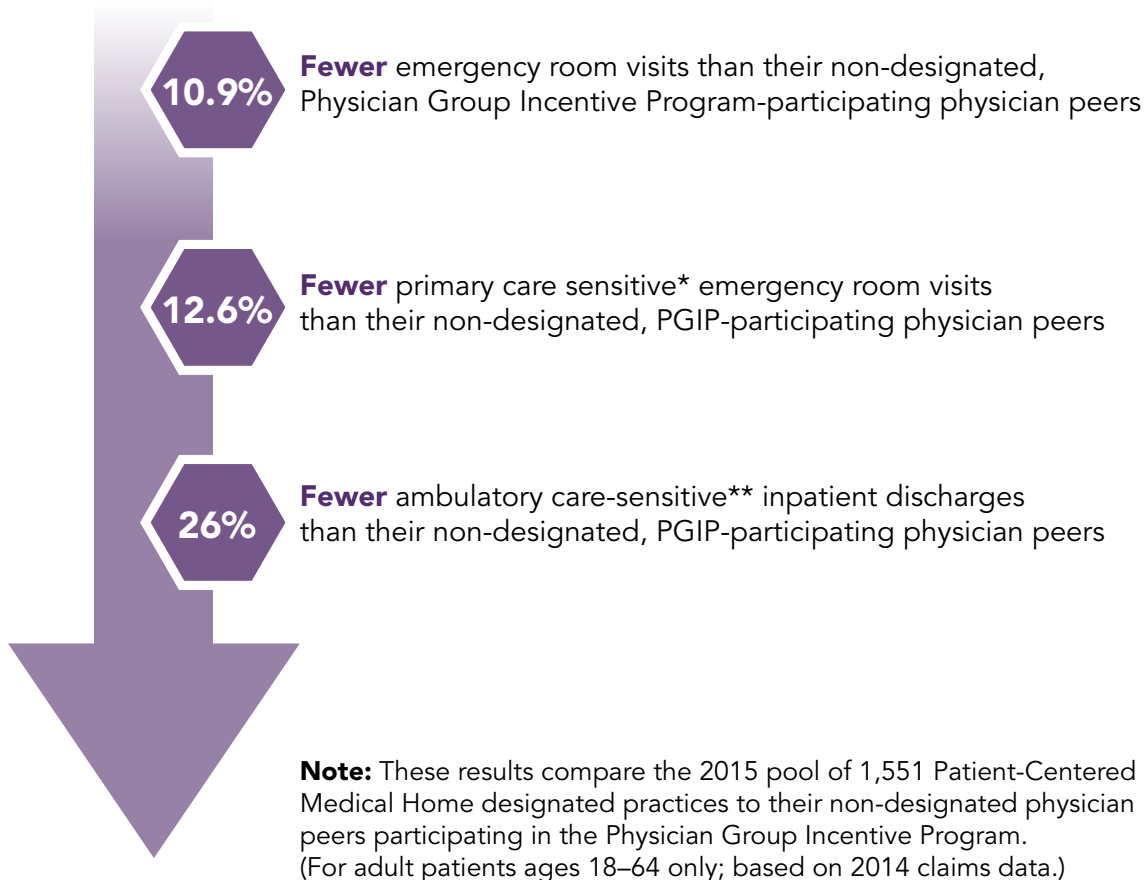
**More than \$1.4 billion  
in estimated health care savings**

# Better outcomes for patients

## Safer, higher quality health care statewide

Patients receive safer, higher quality care throughout Michigan because of the progress being made through Value Partnerships programs. The quality and safety improvements — and the dollar savings — apply to all payers and patients. So no matter which health insurance patients have, they're most likely receiving higher quality care at a Michigan hospital or a physician's office due to these collaborative programs.

### Patient-Centered Medical Home



\* Conditions where there is a high likelihood that ER visits can be avoided with timely primary care

\*\* Conditions where appropriate ambulatory care prevents or reduces the need for admission to a hospital

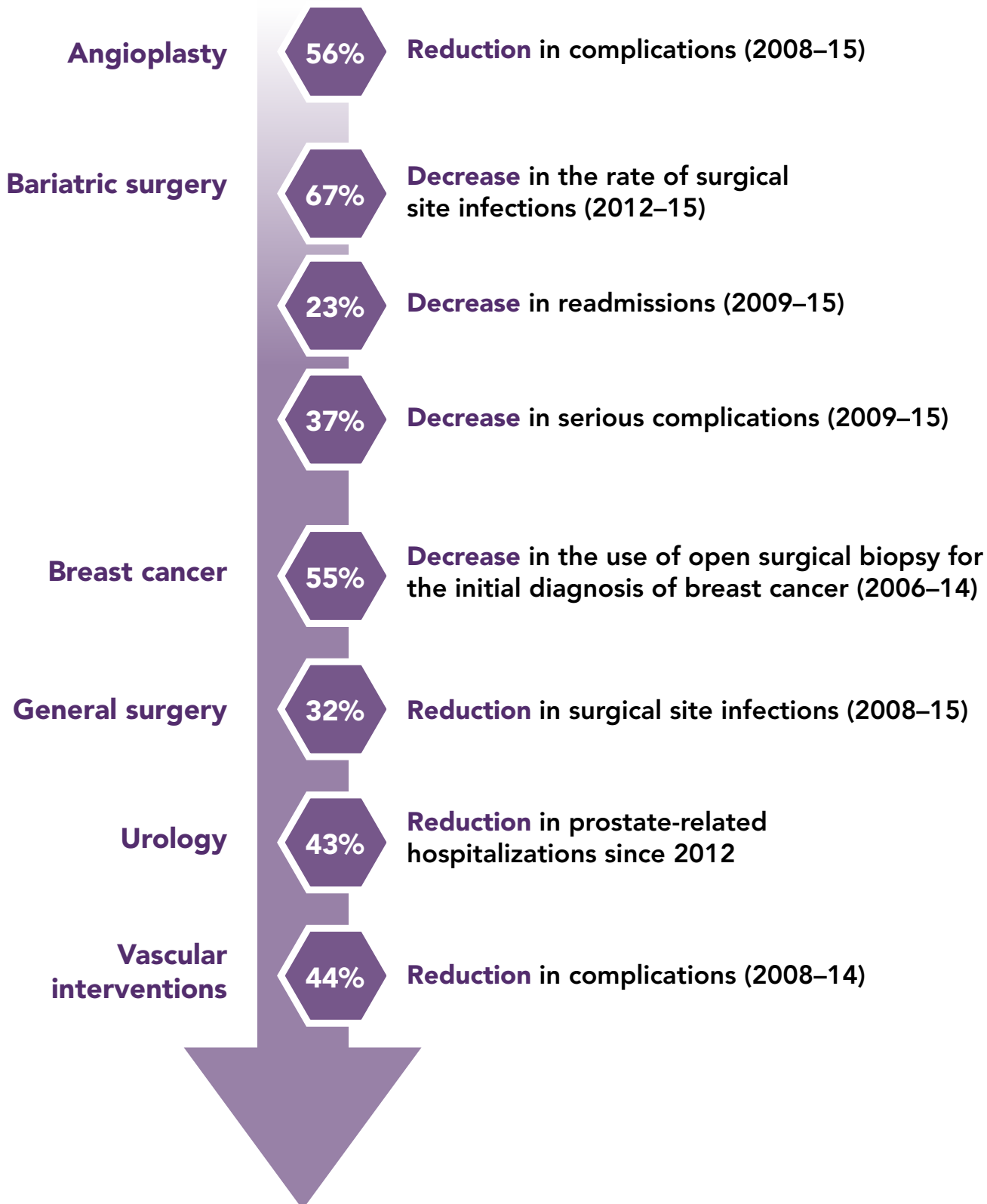
**"The Michigan Bariatric Surgery Collaborative has been a good format for us to identify strengths and areas of clinical concern. We have been able to use this data to help improve deficits and provide better patient care."**

*Dr. James Foote, Grand Health Partners, Grand Rapids, and medical director of bariatrics for North Ottawa Community Health Systems*

# Better outcomes for patients

## Collaborative Quality Initiatives

Some examples include:



# New payment models

## Moving from a fee-for-service to a value-based approach

Blue Cross Blue Shield of Michigan and our provider partners have moved from a fee-for-service to a value-based reimbursement model — an innovative approach to health care reimbursement.

**69  
hospitals**

Close to half of all hospitals in Michigan have signed a value-based contract with Blue Cross. With these reimbursement arrangements, hospitals share in the cost savings resulting from health care quality improvement for a shared population of patients.

**\$100  
million**

**Estimated savings** in the program's first two years resulting from better patient health care outcomes. Blue Cross shared more than half of those savings with hospitals to reward providers for their efforts.

**Two-  
thirds**

Nearly 20,000 of the 30,000 active physicians in the state participate in our Physician Group Incentive Program, a collaborative effort that has improved health care quality and coordination through the nation's largest PCMH designation program.

"These initiatives are improving and saving lives through prevention of complications, higher quality of care, improved outcomes and improved processes of care. Together with our provider partners, we've moved from a fee-for-service to a value-based payment model. Michigan is a state with safer, higher quality health care as a result."

*Dr. David Share, Blue Cross Blue Shield of Michigan's senior vice president of Value Partnerships*

# National recognition

## Bringing research money into the state

Blue Cross Blue Shield of Michigan and its provider partners have brought millions of dollars in research money into Michigan — funding that enables independent evaluations of our programs and helps the provider community implement new models of health care. Here's an example:

### Michigan Primary Care Transformation Project

Blue Cross Blue Shield of Michigan was instrumental in obtaining approval for a three-year statewide demonstration project funded by the Centers for Medicare & Medicaid Services. Michigan's project was one of just eight projects approved by CMS to participate in the Multi-Payer Advanced Primary Care Practice Demonstration Project, which launched in 2012. The statewide project was aimed at reforming primary care models and expanding the capabilities of Patient-Centered Medical Homes throughout the state. In late 2014, this CMS pilot was extended for another two years.

### Nationally published results for Blue Cross Blue Shield of Michigan's Patient-Centered Medical Home program

Our PCMH program has been highlighted in national peer-reviewed literature. Three articles of particular interest:

- ◆ **Health Services Research**, February 2014, showed the link between the level of Patient-Centered Medical Home transformation in a practice and the cost savings. A practice that fully implemented the program would have, on average, \$26.37 lower per-member, per-month costs than a practice that implemented no Patient-Centered Medical Home capabilities.
- ◆ **JAMA Internal Medicine**, April 2015, examined breast, cervical and colorectal cancer screening rates for practices' Blue Cross Blue Shield of Michigan patients. Evidence suggests that implementation of a Patient-Centered Medical Home was associated with higher breast, cervical and colorectal cancer screening rates across most socioeconomic levels.
- ◆ **Medical Care Research and Review**, April 2015, presents evidence that suggests that both the level and amount of change in Patient-Centered Medical Home practices are positively associated with quality of care and use of preventive services. Also, lower overall medical and surgical costs are associated with higher levels of Patient-Centered Medical Home implementation.

# National recognition

## Blue Cross Blue Shield of Michigan is a model for other Blue plans across the country

Blue Cross Blue Shield of Michigan's Collaborative Quality Initiative program for urological surgery — the Michigan Urological Surgery Improvement Collaborative — was recognized in 2015 by the Blue Cross and Blue Shield Association with its Best of Blue award for clinical distinction. This award program recognizes Blue Cross programs from across the country.

MUSIC also served as a model for the Pennsylvania Urology Regional Collaborative, which launched in early 2015. The MUSIC coordinating center, along with our Collaborative Quality Initiatives program staff, provided the tools and leadership needed to support the development of the Pennsylvania collaborative.



**"MUSIC facilitated the establishment and growth of PURC by providing strategic counseling, advice about data elements and operating procedures, organizational experience and lessons learned about recruitment and engagement of practices."**

*Dr. James E. Montie, co-director of MUSIC*

Another example of other Blue Cross plans looking to Blue Cross Blue Shield of Michigan for inspiration is the Illinois Surgical Quality Improvement Collaborative, which launched in January 2015. In developing the Illinois collaborative, program leaders used the Michigan Surgical Quality Collaborative as a model that encourages the sharing of best practices and experiences, both successes and opportunities for continued improvement.



# Improved patient care

## Using technology to increase communication and provide better patient care

Blue Cross Blue Shield of Michigan promotes the use of a statewide electronic notification service to foster more timely health care communication among providers. These efforts contribute to improved care coordination across the health care spectrum, helping to close gaps in care, elevate health care quality and give patients a better overall health care experience.

### Health Information Exchange Initiative

To encourage all hospitals in the state to share data with the statewide notification service, led by the Michigan Health Information Network, Blue Cross developed the Health Information Exchange Initiative. The initiative focuses on the timely transmission and receipt of admission, discharge, transfer and emergency room visit notifications by hospitals.

- ◆ Participating hospitals transmit daily data on patients who are admitted, discharged or transferred to another health care setting — or who visit the ER — into the Michigan Health Information Network's notification service.
- ◆ Physician organizations receive this data on a daily basis and share it with their member practitioners, enabling them to engage in their patients' health care and any health care transition process in a timelier manner.

The Health Information Exchange Initiative provides foundational support to the Patient-Centered Medical Home model of care and helps ensure that practitioners receive timely notification when one of their patients has an ADT or ER event.

25

Physician organizations  
currently participating  
in the HIE Initiative

95

Hospitals participating  
in the HIE Initiative  
*(Approximately 95% of  
hospital admissions for  
Blue Cross members  
are tracked through  
this initiative.)*

# Improved patient care

## Working in harmony for better care

Through our Organized Systems of Care program and value-based reimbursement arrangements, hospitals and physicians are working together more closely than ever before.


**Organized Systems of Care** bring together primary care practitioners, specialists and hospitals to better manage populations of patients. Blue Cross provides the necessary support to help OSCs build the infrastructure to manage patient care. OSCs serve as one of the foundations for our value-based hospital reimbursement arrangements.

**Value-based reimbursement arrangements** are one way Blue Cross is creating added value for patients, while improving health care quality. These arrangements encourage hospitals to align more closely with their provider partners and physician organizations to treat a shared population of patients. Hospitals share savings based on their performance on population-level cost measures.

Hospitals can also obtain infrastructure support to construct more efficient ways to coordinate patient care and manage populations of patients. Hospitals then share part of the savings achieved when they and their affiliated physicians successfully work together to coordinate the delivery of high-quality, efficient and effective care.

This reimbursement model requires hospitals to identify provider partners in the community and then collaborate with them to develop and implement an infrastructure plan. Such plans include an all-patient registry system that allows doctors and nurses — in both hospital and office settings — to measure a patient's health care outcome against similar populations.

OSCs, working in concert with our value-based reimbursement arrangements, are transforming health care over broad geographic areas and across all health care settings.



**"When hospitals and physicians work more closely together, there is less chance of duplicating efforts and greater coordination of care, leading to better outcomes for patients and lower costs overall."**

*Steve Anderson, vice president of hospital contracting with Blue Cross Blue Shield of Michigan*

# Improved patient care

**38**

**Organized  
Systems  
of Care**

**4,300**

**Primary care  
physicians**

**11,630**

**Specialists**

**69**

**Hospitals that have signed  
value-based reimbursement  
arrangements over the past  
four years**

**1.245  
million**

**Patients attributed to a  
primary care physician and  
cared for within an Organized  
System of Care**



"The emphasis on encouraging hospitals and physicians to work in close concert to improve patient care and lower costs is a key element in shifting our model of care from one based on volume to one that focuses on providing high-quality care at a lower cost. The hospitals joining us by adopting this model are leading an evolution in health care delivery by recognizing that patient outcomes — not patient volume — should be the foundation for reimbursement."

*Daniel J. Loepp, president and CEO of Blue Cross Blue Shield of Michigan*

# Better outcomes, lower costs

## Blue Distinction® takes value-based care nationwide

As Value Partnerships programs help to move Michigan's health care system toward value-based outcomes and payment models, we're joining Blue Cross plans across the nation in collaborating to create multistate value-based models.

In fact, the country's Blue Cross plans are now spending more than \$145 billion annually — more than one-third of the medical claim dollars they pay — on value-based care that rewards better outcomes to keep patients healthy.

Through two Blue Distinction programs, we offer national solutions that identify high-performance health care providers.

### Blue Distinction Centers

Blue Distinction Centers are nationally designated hospitals that demonstrate expertise in delivering patient health care safely and effectively for select procedures. Blue Distinction Centers+ are facilities recognized for their expertise and cost efficiency in delivering specialty health care. The program gives members an easily identifiable means of selecting facilities that better meet their needs.

Today, these programs target six high-cost procedures:

- ◆ Bariatric surgery
- ◆ Cardiac care
- ◆ Complex and rare cancers\*
- ◆ Knee and hip replacement
- ◆ Spine surgery
- ◆ Transplants

The Blue Distinction Center program will expand to include maternity care in 2016.

#### As of July 2015:

28

**Michigan hospitals have Blue Distinction designation**

90

**Michigan hospitals have Blue Distinction Center+ designation**

#### As of January 2015:

more  
than  
715

**are being recognized nationwide  
as Blue Distinction Centers+**

**Visit [bcbs.com/bdcfinder](http://bcbs.com/bdcfinder) for a current list.**

\*Blue Distinction Center designation only

# Better outcomes, lower costs

## Blue Distinction® Center

Health care facilities recognized for their **expertise** in delivering specialty care.

## Blue Distinction® Center+

Health care facilities recognized for their **expertise** and **efficiency** in delivering specialty care.

### Blue Distinction Total Care

Through Blue Distinction Total Care, Blue Cross Blue Shield of Michigan members who live in another state will have access to doctors and hospitals outside Michigan who've met nationally consistent Blue Cross and Blue Shield Association criteria for improving health care results and lowering costs. And members who have out-of-state Blue plans but live in Michigan can be seen by Blue Distinction Total Care providers.

All physicians designated by Blue Cross Blue Shield of Michigan as Patient-Centered Medical Homes, as well as hospitals and physicians participating in our Organized Systems of Care program, are considered Blue Distinction Total Care providers.

Blue Distinction Total Care launched in January 2015 with an unprecedented national footprint that included the majority of states. The program will be rolled out to Blue Cross Blue Shield of Michigan's fully insured group members in early 2016.

Blue Distinction Total Care links nearly 450 local value-based care programs across 40 states into a comprehensive solution for multistate employers. Blue Cross plans are engaging more than 188,000 physicians — 59,000 primary care physicians and 50,611 specialty physicians — in Blue Distinction Total Care programs to improve health care quality and increase value.

In addition, more than 13 million Blue Cross members have access to health care through Blue Distinction Total Care providers. That number is expected to grow significantly in 2016.

## Blue Distinction® Total Care

[valuepartnerships.com](http://valuepartnerships.com)



**Blue Cross  
Blue Shield  
Blue Care Network**  
of Michigan

Nonprofit corporations and independent licensees  
of the Blue Cross and Blue Shield Association