

# Peoples Health

## Addressing the Challenges Ahead

Carol A. Solomon, CEO

# Peoples Health

## Nationally Recognized, Louisiana Based

- Established in 1994 by medical providers – physicians and hospitals
- Proudly serving 54,000+ Medicare members in southeast Louisiana
- Corporate headquarters in Metairie
- Regional offices in Baton Rouge and Mandeville
- Field offices in area hospitals
- Over 700 Louisiana-Based employees
- All services and departments operated in southeast Louisiana
- Annual revenue of \$700+ million



# Peoples Health

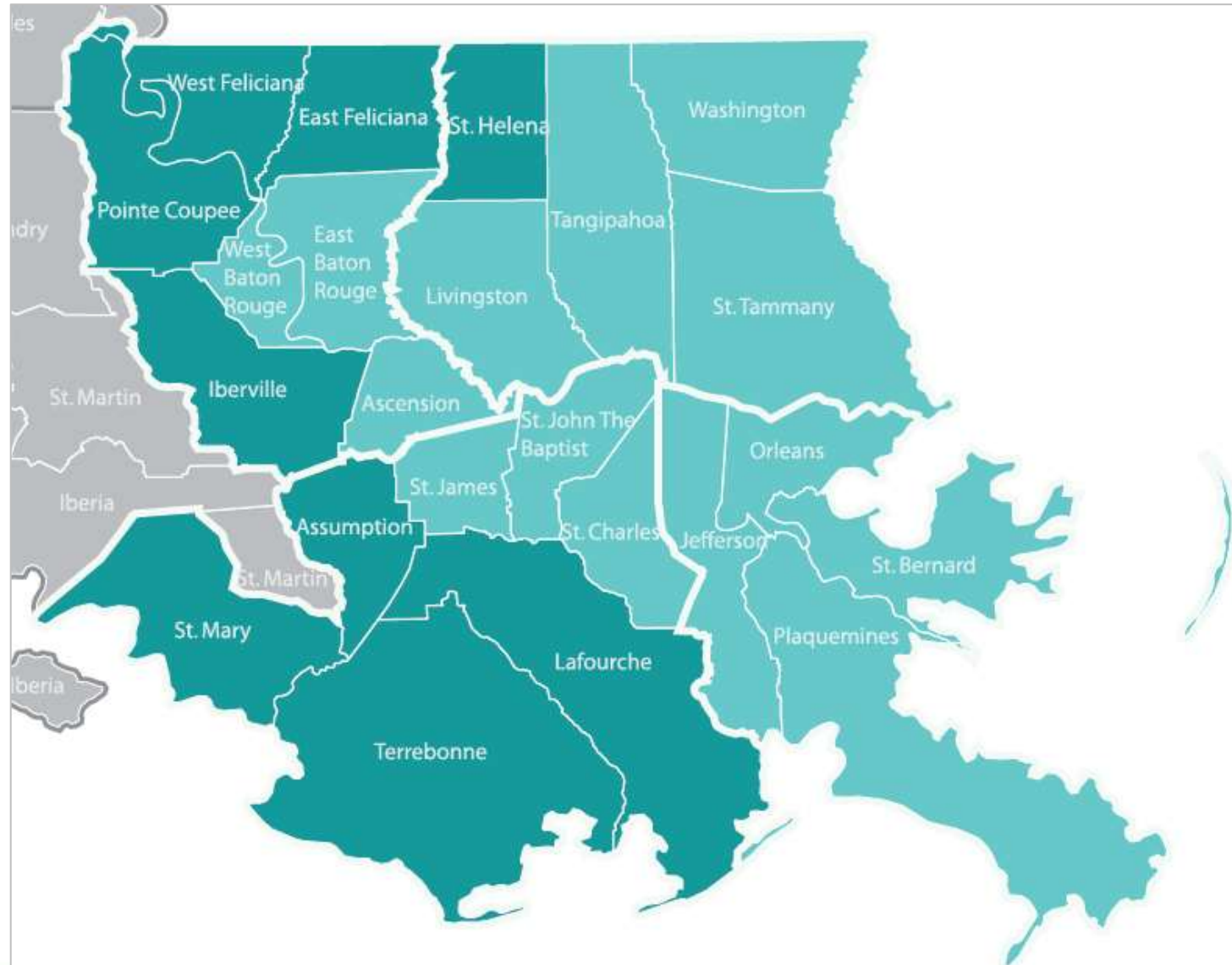
## Nationally Recognized, Louisiana Based

- People Health is a Medicare health plan
- All Medicare members live in southeast Louisiana service area
- Service area includes 23 parishes
- Provides more benefits than Original Medicare
- Administers five (5) Medicare Advantage health plans.
- URAC Accredited
- Senior Gold Choice Award





# 2013 Service Area



# Medicare Milestones

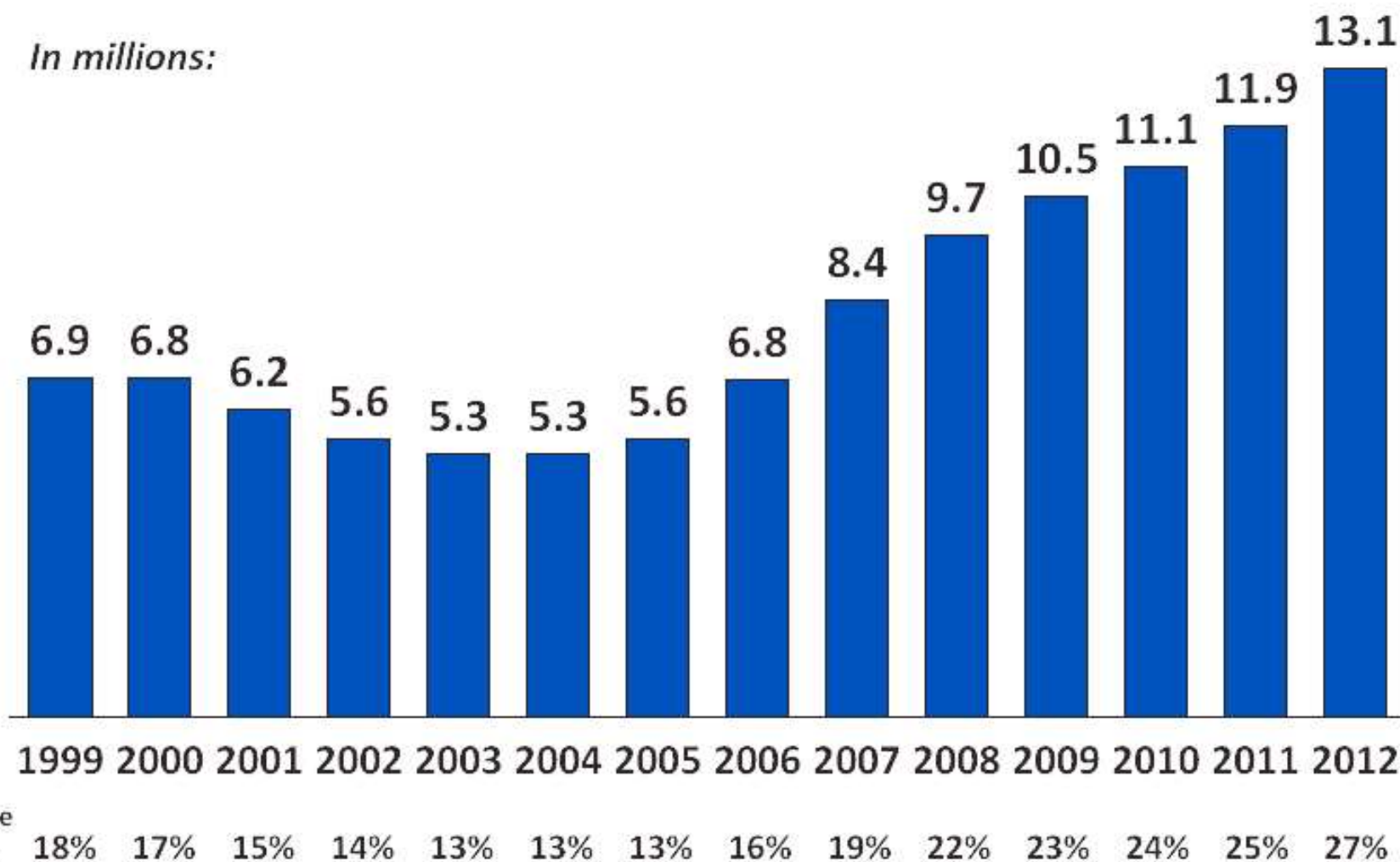
## A Complex and Changing Environment

- Medicare established in 1965 – federal health insurance program for people 65+
- Expanded in 1972 to include people with disabilities
- Balanced Budget Act 1997 – created Medicare Part C, now known as Medicare Advantage (MA)
  - Over 14 million people now in Medicare Advantage plans (26% of all Medicare beneficiaries)
- Medicare Modernization Act 2003 – created Medicare Part D (effective in 2006)
- Patient Protection and Affordable Care Act of 2010 – increased focus on quality



# Total Medicare Private Health Plan Enrollment, 1999-2012

*In millions:*



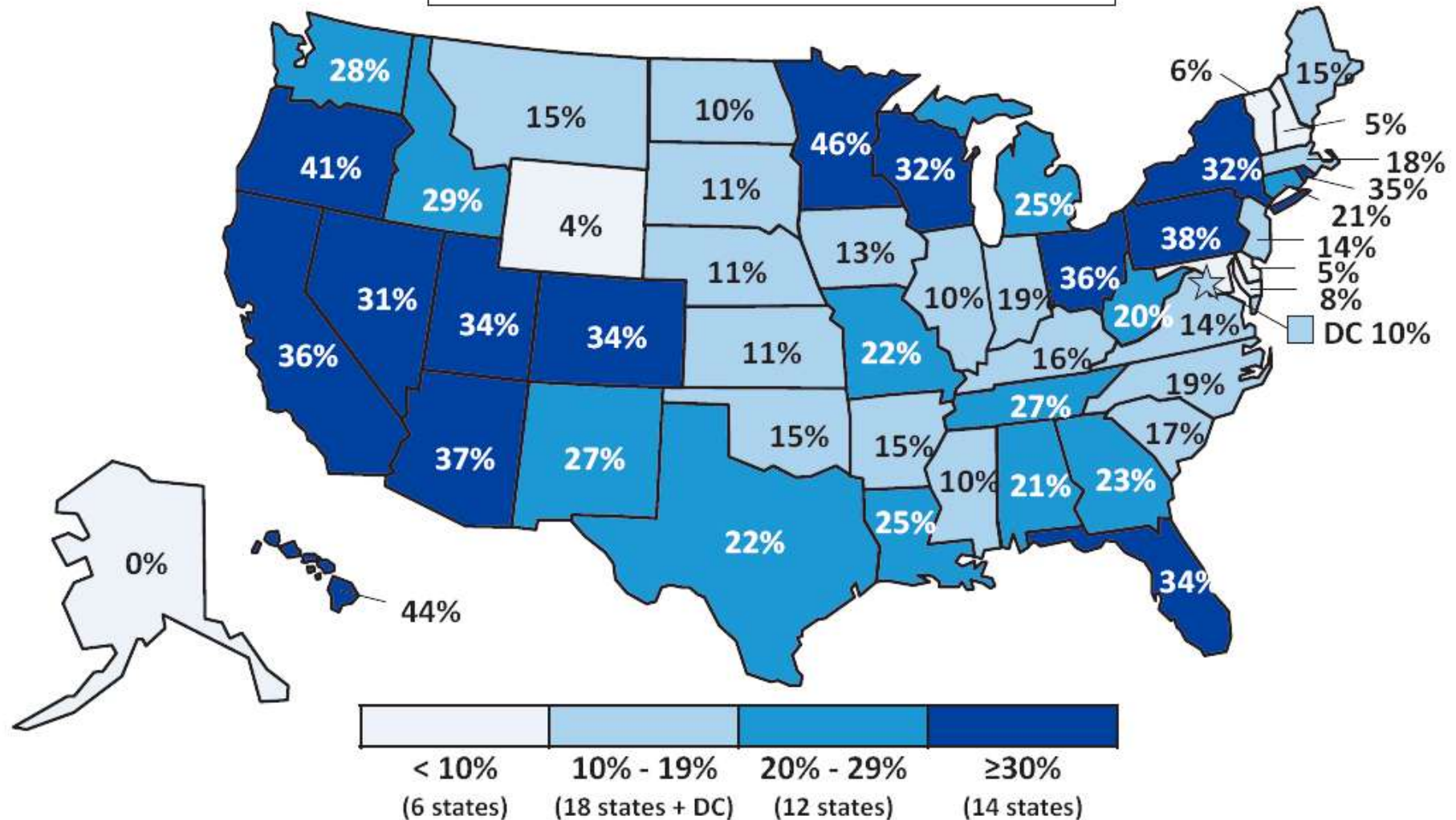
**NOTE:** Includes cost and demonstration plans, and enrollees in Special Needs Plans as well as other Medicare Advantage plans.

**SOURCE:** MPR/Kaiser Family Foundation analysis of CMS Medicare Advantage enrollment files, 2008-2012, and MPR, "Tracking Medicare Health and Prescription Drug Plans Monthly Report," 2001-2007; enrollment numbers from March of the respective year, with the exception of 2006, which is from April.



# Share of Medicare Beneficiaries Enrolled in Medicare Advantage Plans, by State, 2012

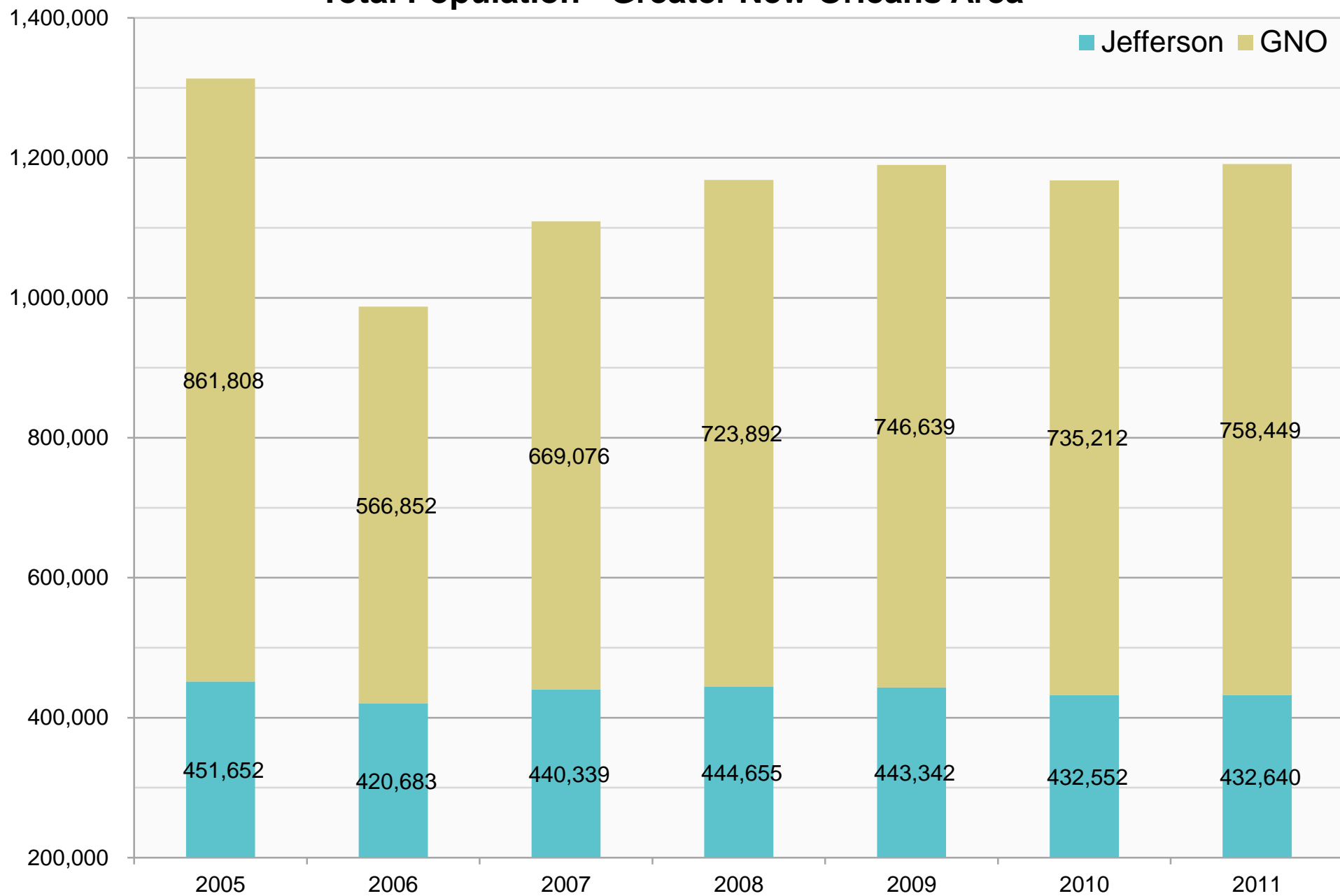
National Average, 2012 = 27%



**NOTE:** Includes cost and demonstration plans, and enrollees in Special Needs Plans as well as other Medicare Advantage plans.

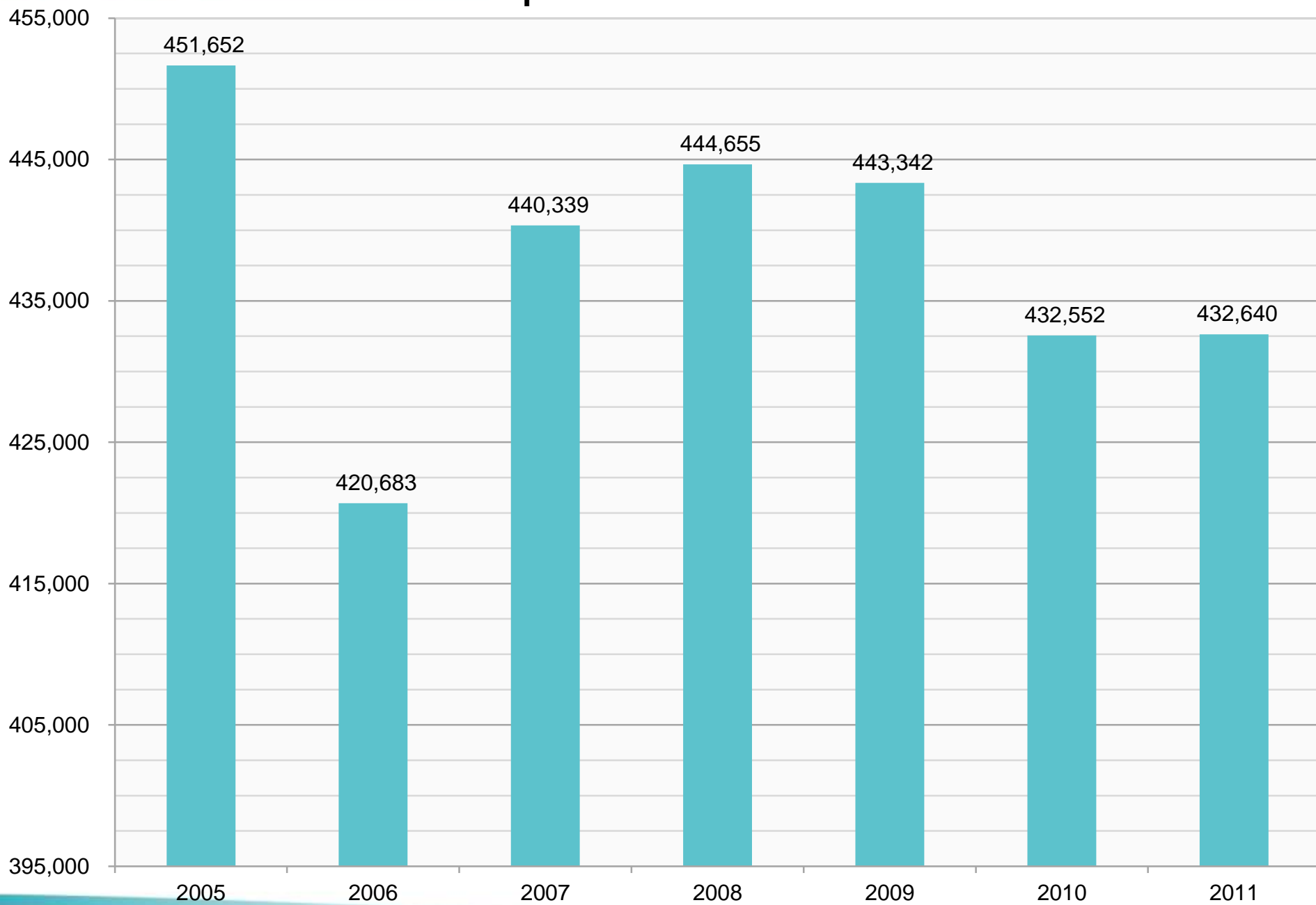
**SOURCE:** MPR/Kaiser Family Foundation analysis of CMS State/County Market Penetration Files, 2012.

## Total Population - Greater New Orleans Area

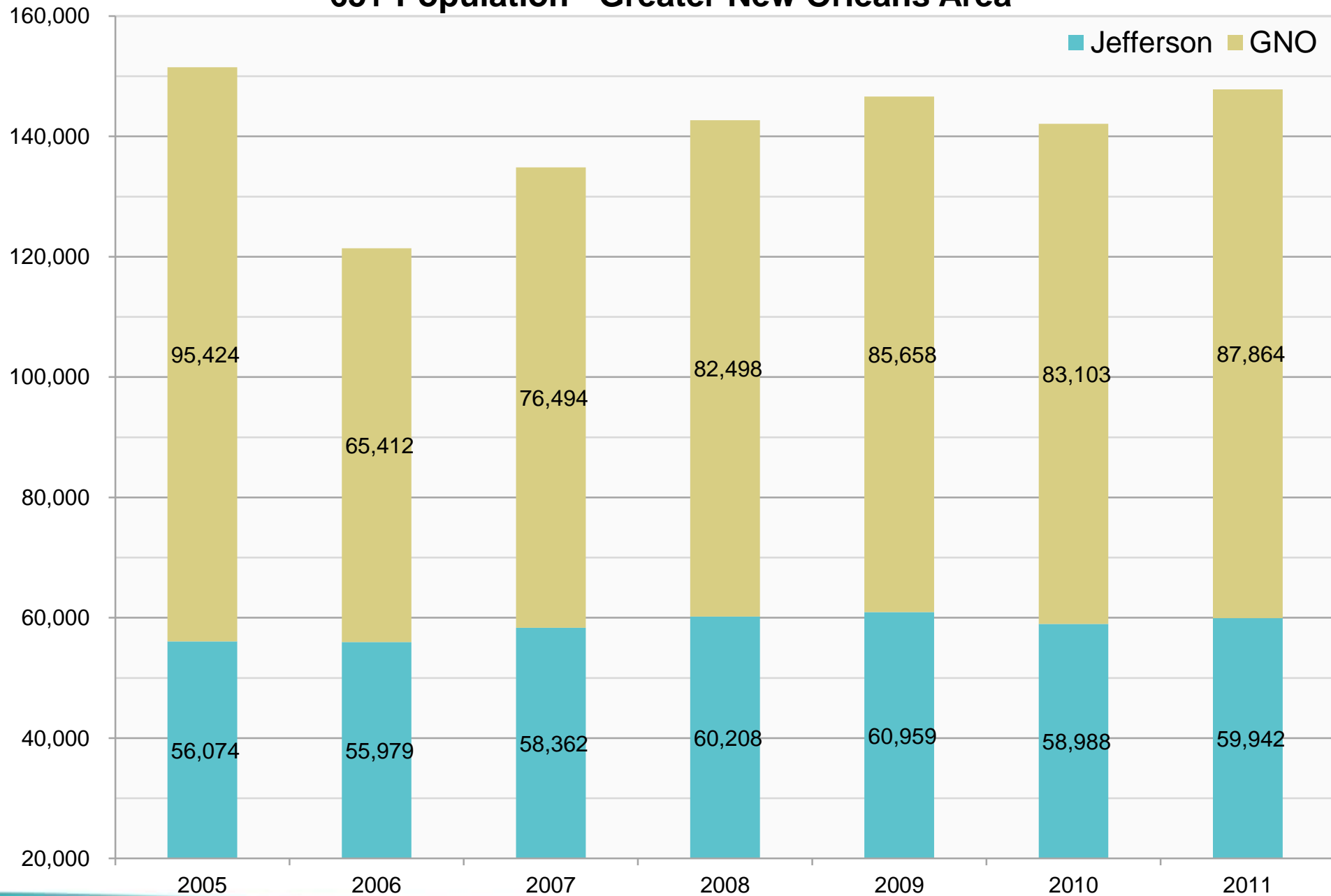




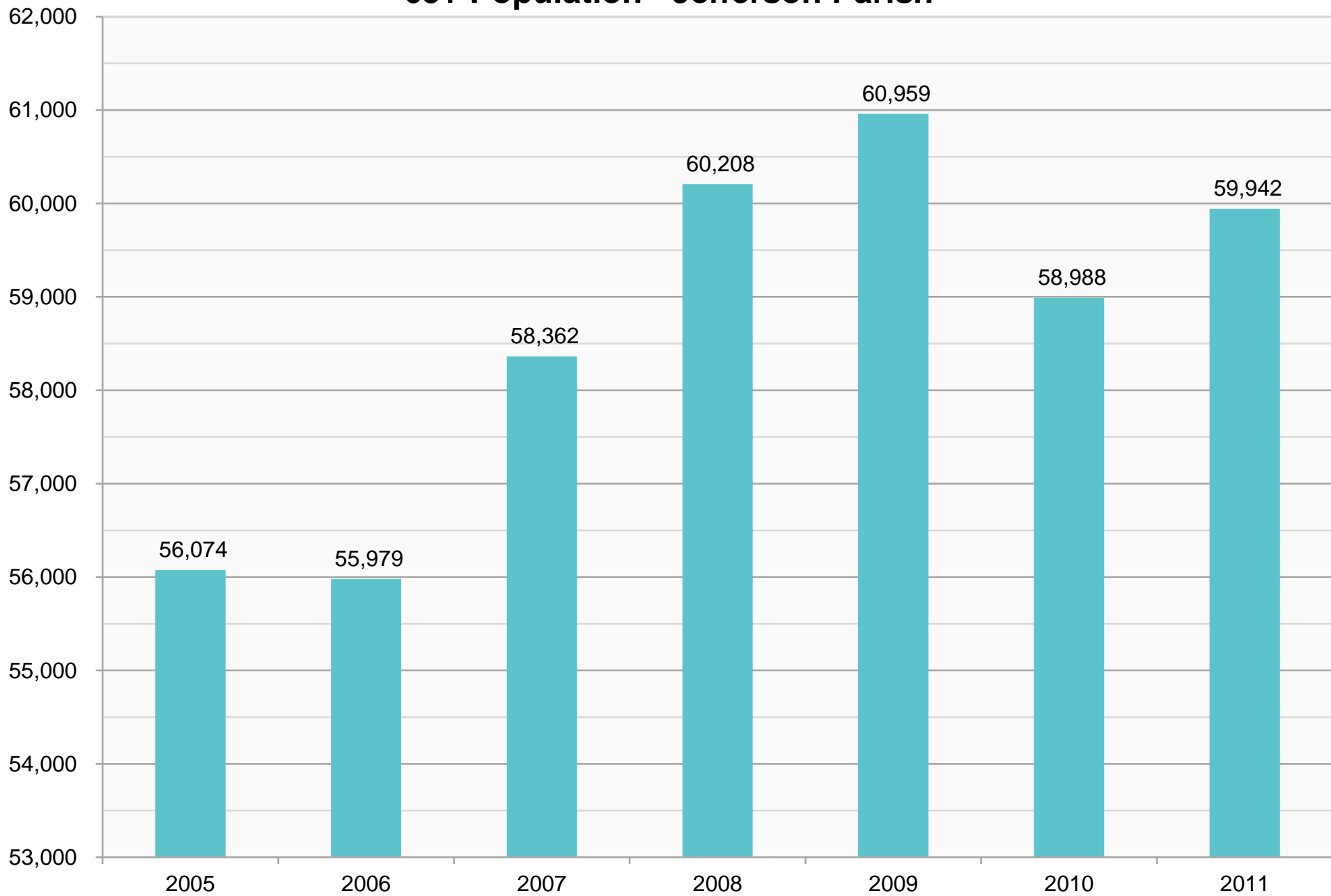
## Total Population - Jefferson Parish



## 65+ Population - Greater New Orleans Area



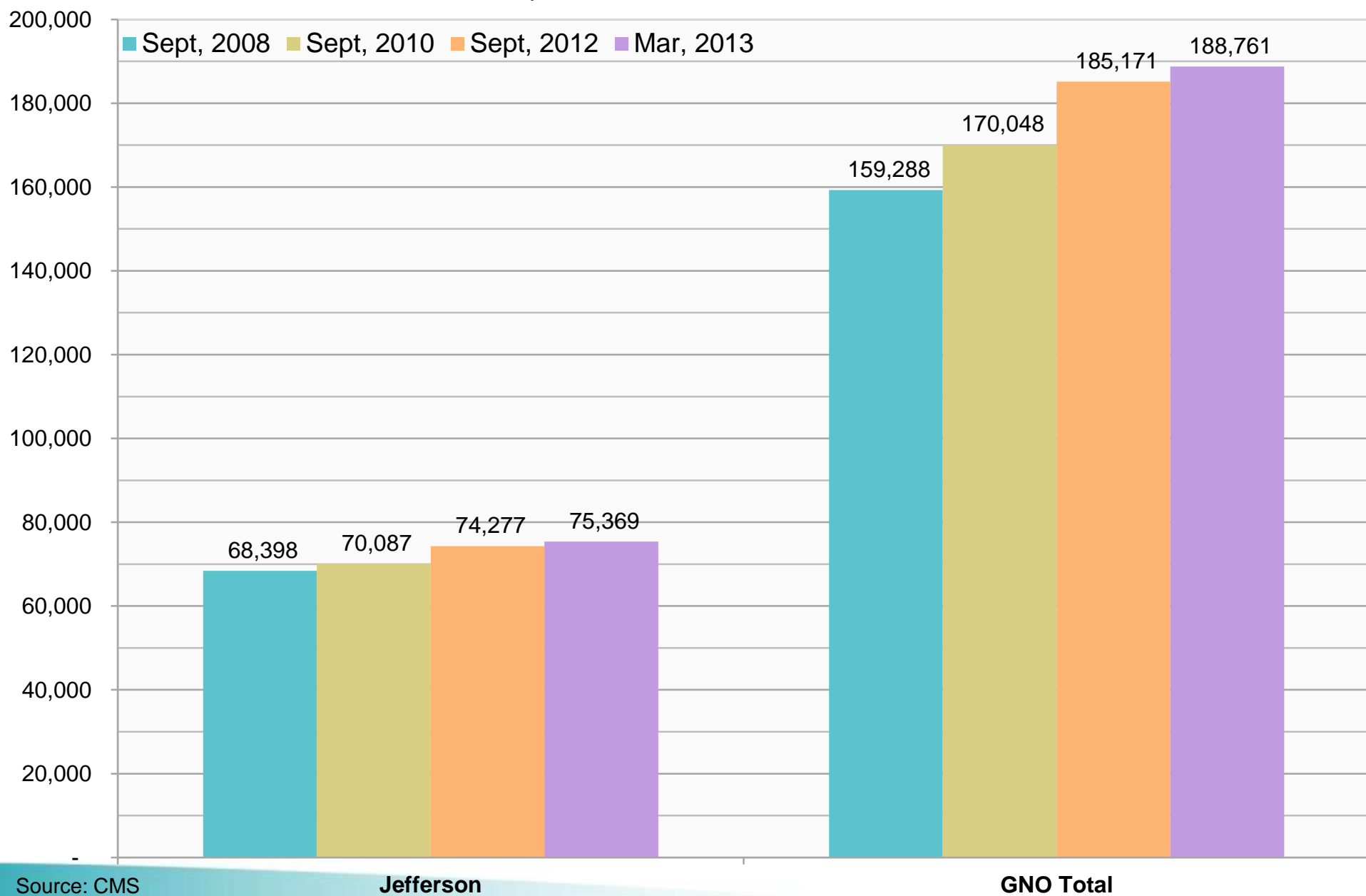
## 65+ Population - Jefferson Parish





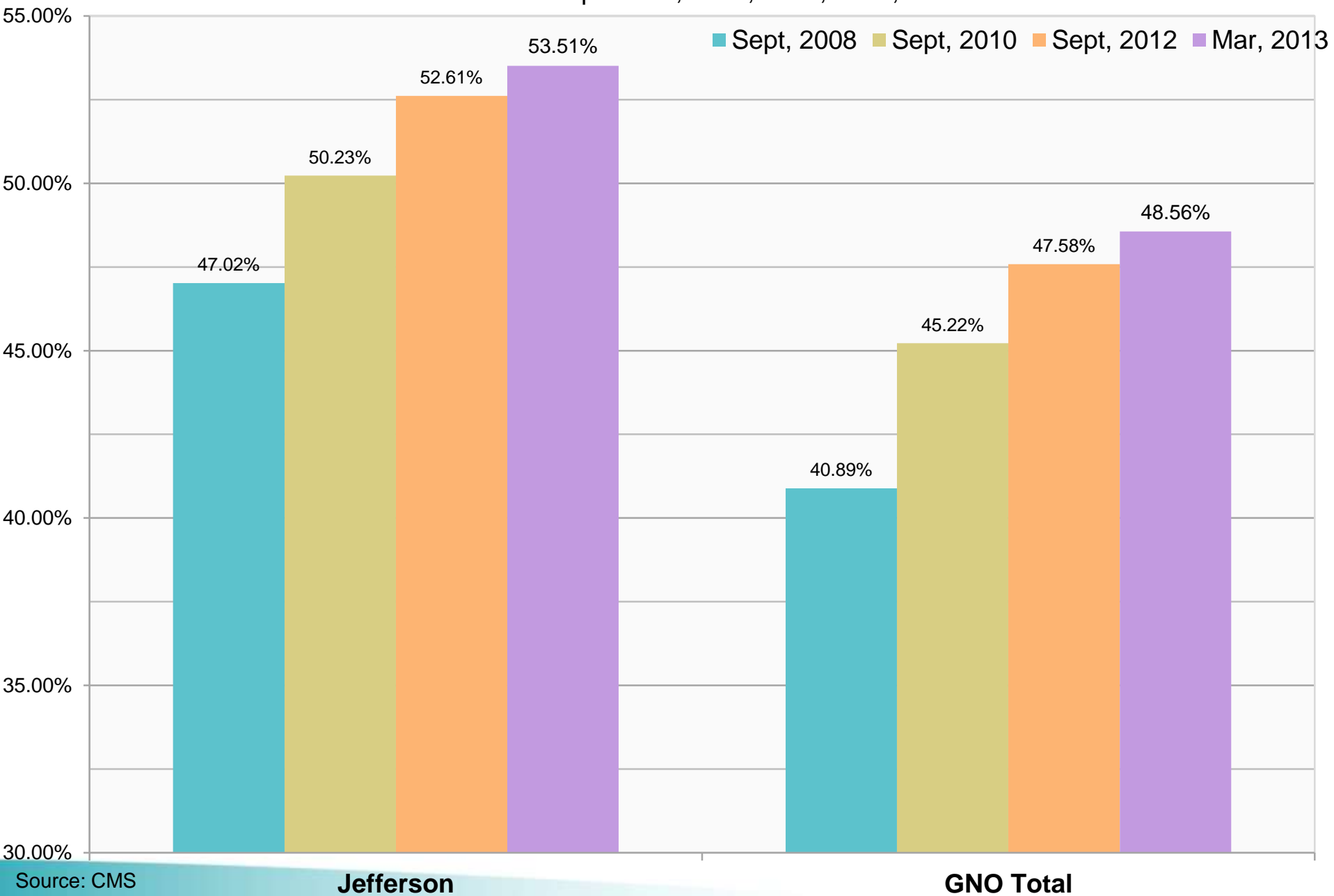
# Medicare Advantage Eligibles - Greater New Orleans Area

Trend - September, 2008, 2010, 2012, Current



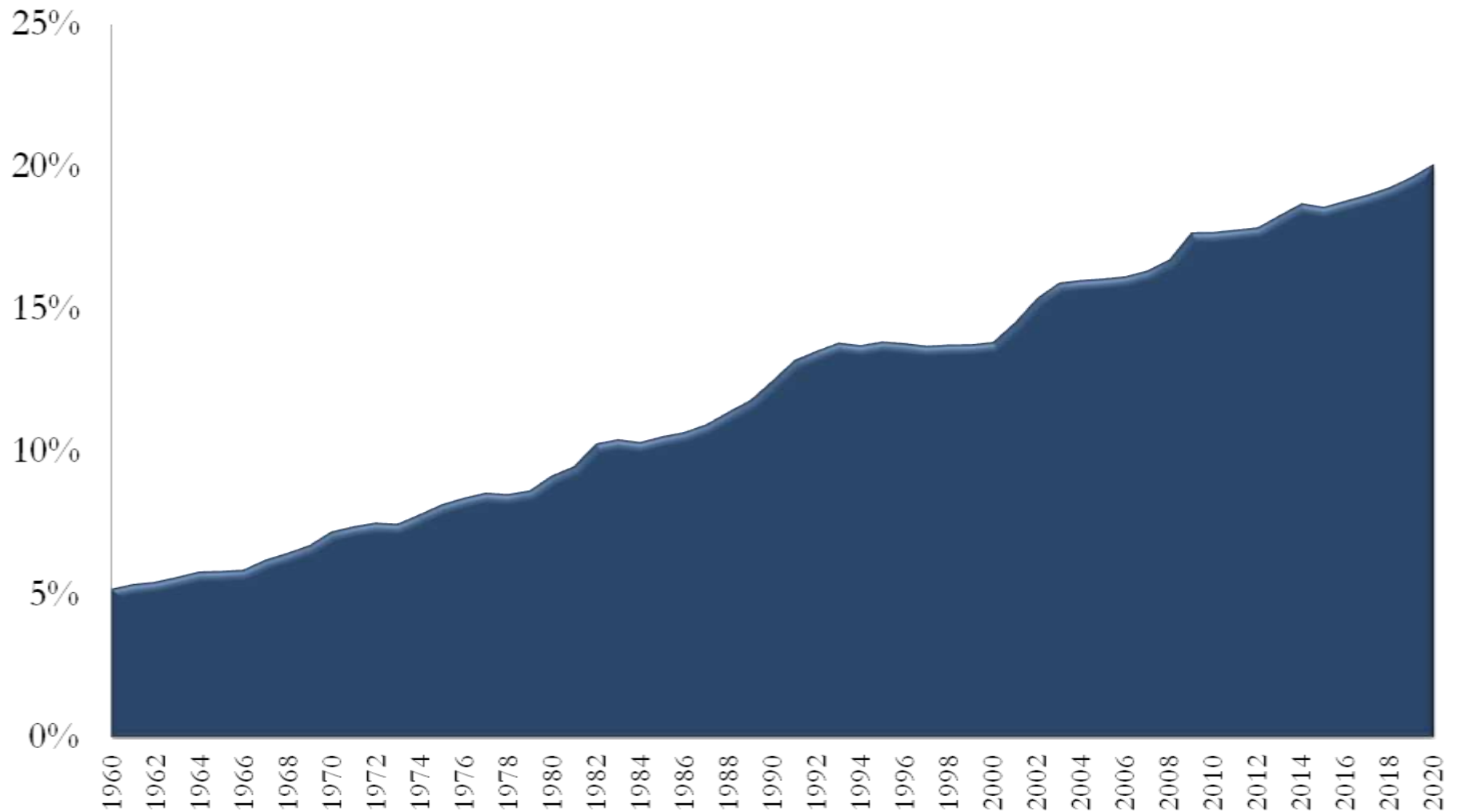
# Medicare Advantage Market Penetration - Greater New Orleans Area

Trend - September, 2008, 2010, 2012, Current



# Health Care Costs and the Economy

## NHE as % of GDP





# Health Care Cost Drivers

Medical  
liability

Demographic  
challenges

Provider  
consolidation

Bias toward  
new and  
expensive

Cost-shifting

Lack of  
Transparency

Taxes, fees,  
and  
compliance  
costs

Fee-for-Service  
(FFS)

Unhealthy  
choices/  
lifestyles

# ACA Implementation:

## Need to focus on affordability and workability

### Exchanges

- States in best position to run Exchanges
- Exchanges should maximize choice and competition; and avoid duplicative regulations
- Data and IT standards and processes should be uniform

### MLR

- Ignores main driver of premium increases: soaring medical costs
- Inhibits efforts to prevent fraud and improve quality
- Ignores other key areas of quality such as provider credentialing

### Rate Review

- Ensure the rate review process does not become overly politicized or create uncertainty for consumers
- Ignores main driver of premium increases: soaring medical costs

# Health Insurance Tax:

## MAKING HEALTH CARE MORE EXPENSIVE



### What Is the Health Insurance Tax?

The health care reform law imposes a massive new sales tax on health insurance which will increase the cost of coverage for individuals, small businesses, and public program beneficiaries with private insurance. The tax begins at \$8 billion in 2014 and rises to \$14.3 billion

in 2018, increasing annually thereafter based on premium growth. The Joint Committee on Taxation projects that between 2013 and 2022 the new tax will total \$101.7 billion.

### The Health Insurance Tax Is Larger than All the Other Industry Specific Taxes Combined



### How It Impacts the Economy

Reduce future private sector employment by 125,000

59% of jobs created would have been at small employers

Reduce potential sales by at least \$18 billion

50% of lost sales would have been made by small employers

### How It Impacts You

	IF YOU PURCHASE COVERAGE >>	ON YOUR OWN	THROUGH A SMALL EMPLOYER	THROUGH A LARGE EMPLOYER
Individual	Average increase in premiums of <b>\$2,150</b> over 10 years.	Average increase in premiums of <b>\$2,150</b> over 10 years.	Average increase in premiums of <b>\$2,760</b> over 10 years.	Average increase in premiums of <b>\$2,610</b> over 10 years.
Family	Average increase in premiums of <b>\$5,080</b> over 10 years.	Average increase in premiums of <b>\$5,080</b> over 10 years.	Average increase in premiums of <b>\$6,830</b> over 10 years.	Average increase in premiums of <b>\$7,130</b> over 10 years.
MEDICARE 65+ YEARS 	If you have a Medicare Advantage plan, the tax could cost you on average <b>\$3,590</b> more in higher premiums and reduced benefits over 10 years.			MEDICAID Medicaid health plan costs could increase <b>\$1,530</b> over 10 years, putting pressure on already strained state budgets, which could lead to decreased benefits and potentially create coverage disruption.

<sup>1</sup> Effects of the PPACA Premium Tax on Small Businesses and Their Employees. <http://www.ahip.org/Portals/0/PDF/AllUsers/research/studies/ppaca/health-insurance-tax-study-08-2011-11.pdf>  
<sup>2</sup> Estimated Premium Impacts of Annual Fees Assessed on Health Insurance Plans. <http://www.ahip.org/Workarea/Workarea.aspx?ItemID=2147485716>. The Oliver Wyman study assessed the ten year period from 2014-2023.



## 2014 Medicare Advantage Payment Provisions: Impact to Medicare Advantage Plans

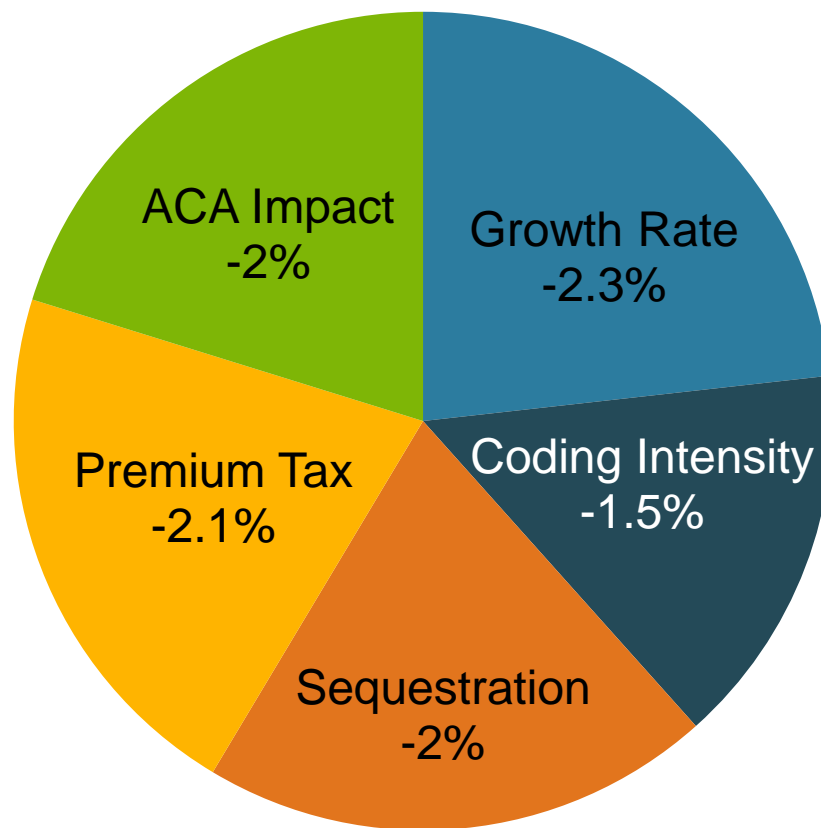
- ACA Premium Tax – Health Insurance Provider Fee enacted in the Affordable Care Act (-2.1%)
- ACA Funding Cuts – The phase in funding reduction enacted in the Affordable Care Act (-2%)
- Sequestration – Automatic, across-the-board spending reductions resulting from the Budget Control Act of 2011 (-2%)

## 2014 Medicare Advantage Payment Provisions: Impact to Medicare Advantage Plans (continued)

- Growth Rates – An estimate of the change in per beneficiary costs that determine rates (-2.3%)
- Risk Adjustment – A payment model that the uses Medicare claims data to estimate the cost of treating beneficiaries based on their diagnosis (TBD)
- Coding Intensity Adjustment – Adjusts for the difference between Medicare advantage and Medicare Fee-for-Service (-1.5%)
- Total Beneficiary Costs – Limits the year-to-year change in expected out-of-pocket costs for each enrollee (It is \$30 for 2014; compared to \$36 for 2013)

## 2014 Medicare Advantage Payment Provisions

### Components of 2014 Medicare Advantage Funding Reduction



Total Estimated Impact - \$80 (-9.9%) reduction per member per month



# Focus on Solutions

## Health Plans Leading the Way

Delivery System and  
Payment Reform

Value Based Benefit  
Structures

Transparency

# Focus on Solutions

## Higher Quality, Better Value

### Medicare Advantage

- Studies show MA beneficiaries receive higher quality care than beneficiaries in the FFS part of Medicare
- ACA cuts to the MA program will have negative consequences for beneficiaries

### Dual Eligibles

- Duals account for an ever-increasing percentage of Medicare and Medicaid spending
- Health plans' tools would help provide critical care coordination to vulnerable population

### Part D

- Proven track record of providing innovative, affordable prescription drug benefits
- Premiums and total program costs far below original estimates

### Medigap

- Allows seniors to budget for out-of-pocket costs; provides relief from paperwork; fills in the gaps of FFS Medicare
- Nearly 90% of seniors are satisfied with their coverage

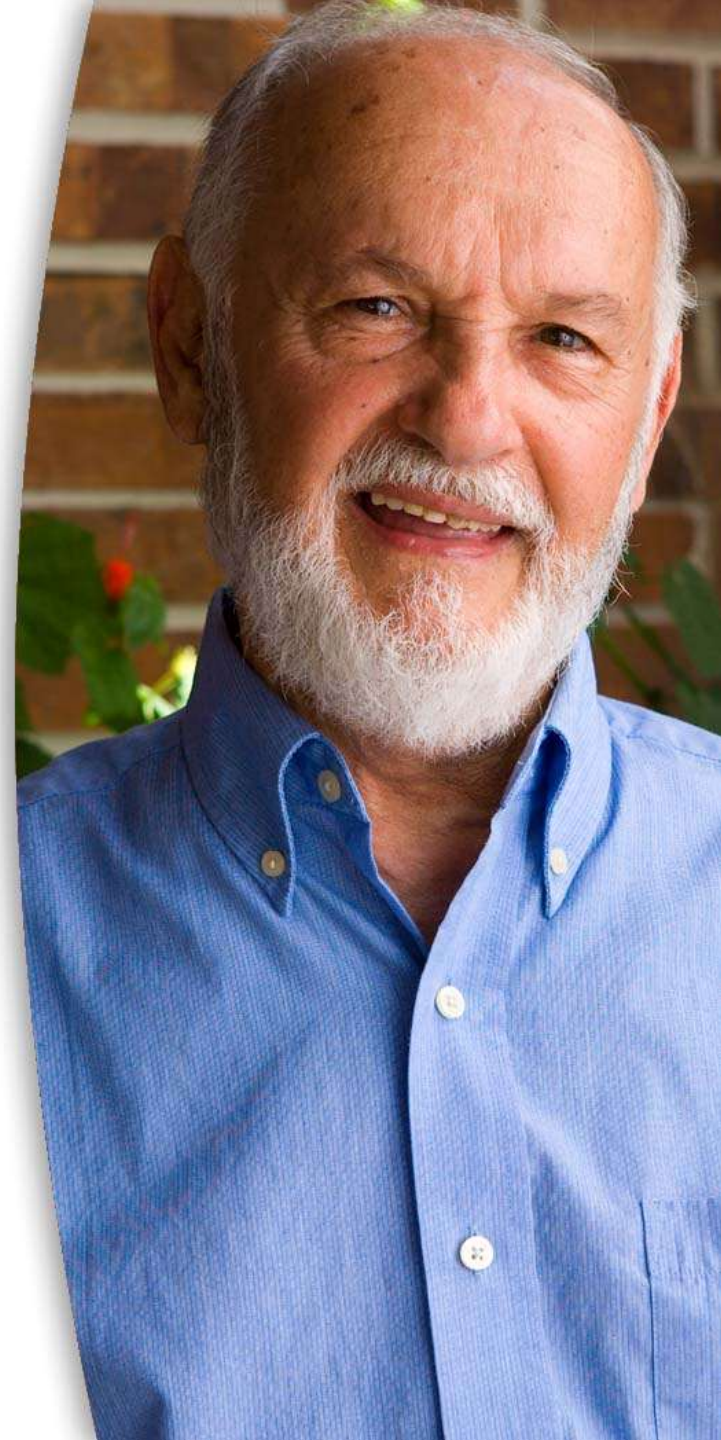
### Medicaid Managed Care

- Proven track record of outperforming state FFS programs on quality measures
- Strong alternative to help states handle budget pressures

# Focus on Solutions

## Value and Quality

- Reducing cost barriers to accessing care and protecting against unpredictable out-of-pocket costs
- Rewarding successful outcomes and high quality care
- Helping members navigate a complex system
- Working with primary care physicians to expand patient-centered medical homes
- Offering additional services including intensive case management to help high risk patients
- Embedding Nurse Navigators in provider practices
- Providing access to urgent care, after-hours and nurse help lines





# Focus on Solutions

## Better Member Outcomes

- Reducing preventable hospital readmissions

*American Journal of Managed Care* study:  
Medicare Advantage readmission rate was 13-20 percent lower than Medicare fee-for-service.

- Increasing primary care visits

*Health Affairs*: A study published in January 2012 edition found the Medicare beneficiaries in SNP plans had:

- seven percent more PCP visits;
- nine percent lower hospital admission rates;
- 19 percent fewer hospital days; and
- 28 percent fewer readmissions

- Managing Chronic Illness

The Brookings Institution: Medicare Advantage Plans outperformed Medicare fee-for-service program in 9 out of 11 clinical measures



# ***Focus on Solutions***

## **Medical Management Model**

- **Delivery System – Medical Home Model**
  - **Primary Care Physicians – Partnerships and Shared Performance Objectives**
  - **Regional Teams**
  - **Primary Care Clinics**
  - **Regional Market Service Centers**
  - **Senior Wellness Centers**
- **Measurement and Decision Support**
- **Center for Health Care Advancement**



# *The Delivery System*

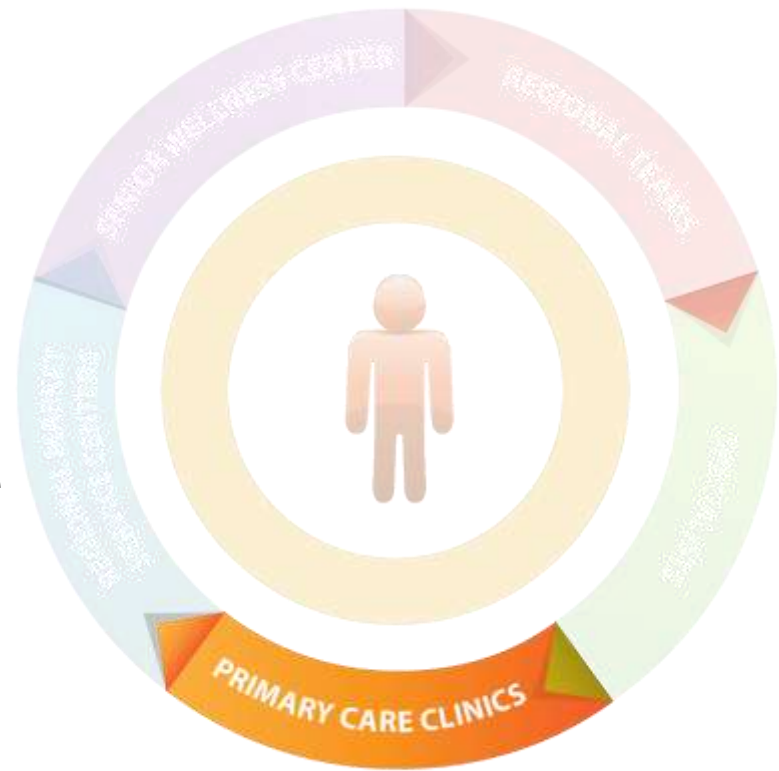
## Medical Home Model



# ***The Delivery System***

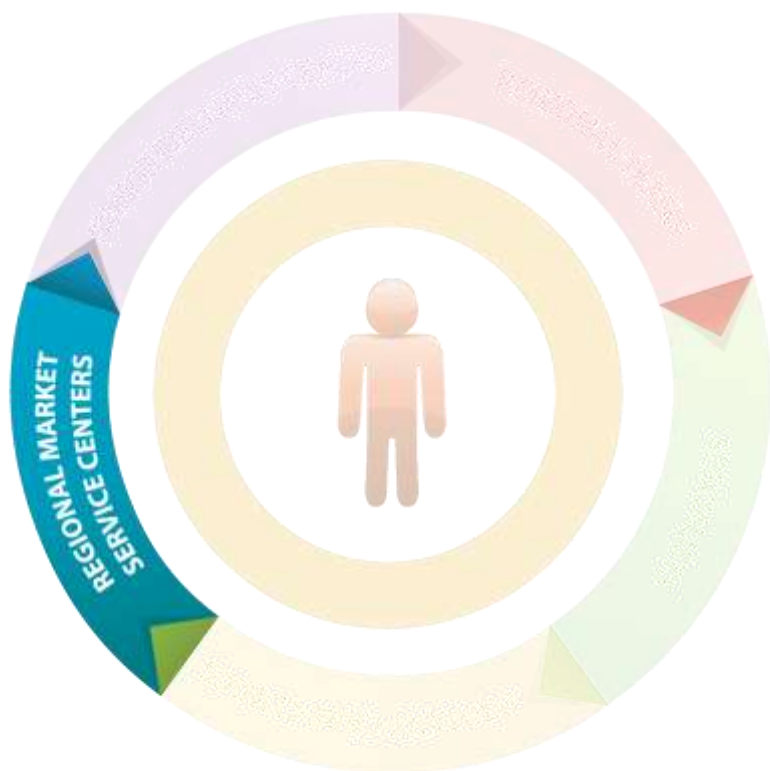
## **Primary Care Clinics**

- **Primary Care Physician(s)**
- **Nurse Practitioners**
- **Plan Navigator**
- **Extended Hours to Support Market**
- **Optimize Growth Potential**
- **Focus on Quality Measures**



# *The Delivery System*

## Regional Market Service Centers

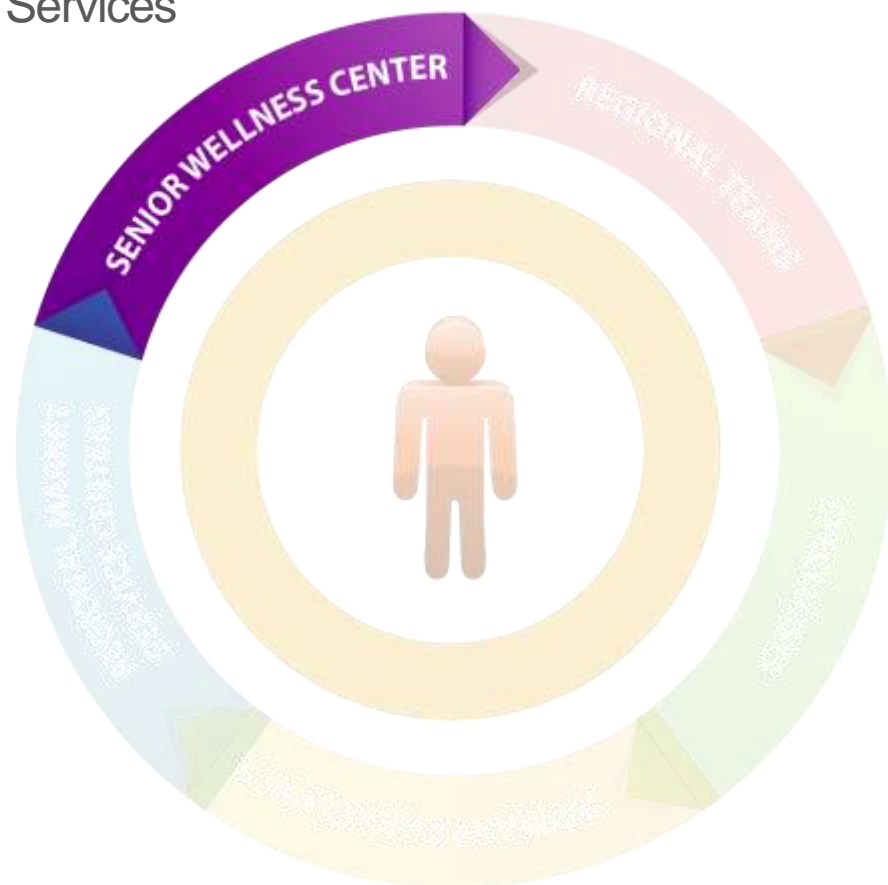


- Comprehensive Physicals and Health Risk Assessments
- Support Primary Care Physicians
  - Post Discharge Planning Appointments
  - Flu Shots & Other HEDIS Preventive Services
- Meeting Space for Community and Wellness Events
- Member Services

# The Delivery System

## Senior Wellness Centers

- Strategic Placement within Regional Markets
- Designed to Maintain Quality of Life and Support for a growing Population of Seniors “Aging in Place”
  - Social Activities and Access to Community Services
  - Wellness Events/Health Fairs
  - Fitness, Cooking & Nutrition Classes
  - Music and Art Therapy
  - Transportation
- Developing in Partnership with
  - Archdiocese of New Orleans (St. Francis)
  - Catholic Charities
  - Jefferson Parish Council on Aging
  - Orleans Parish Council on Aging
  - Baton Rouge Mayor’s Office
  - LSU School of Allied Health
  - Second Harvest Food Bank
  - Liberty Kitchen





# Center for Healthcare Advancement

An alliance between LSUHealth and Peoples Health





# Peoples Health

## Nationally Recognized, Louisiana Based

### ECONOMIC POWER

Peoples Health is one of the largest private companies – and employers – in Louisiana

### MEDICARE ADVANTAGE

Better Outcomes and Value for Jefferson Parish Medicare beneficiaries

### MEDICARE EXPERTS

Our sole focus is improving the health and well-being of southeast Louisiana residents on Medicare

### LOCAL AND PERSONAL

Have a question? Call me.

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