Caring for our customers

Our new policies and regulations

Michelle Copenhaver,

Regional VP Value Based Collaborations, SE Region

March 22, 2018

Aetna Way Values Wheel

Leading our industry with our core values and behaviors

The wheel was developed by colleagues representing all levels within Aetna to bring our core values to life.

The values and behaviors are our foundation. They inform and inspire everything we do as we work together to serve each other, our members, and our customers.

Building a healthier world begins with us.

Population Health Strategies Are Improving Results

Provider Revenue At Risk

The annual CMS payment increase of 0.5% is planned to end in 2020.[1]

The Advisory Board Company

More Cost-Conscious Consumers

Nearly 25% of covered employees are now enrolled in a high-deductible health plan (HDHP).[2]

THE HENRY J. KAISER FAMILY FOUNDATION

Efficiencies Needed in Care Delivery

As much as 30% of rising health care costs may be waste.[3]

HealthAffairs

Population Health's Proven Impact

Providers are achieving savings of 25% or more with population health man

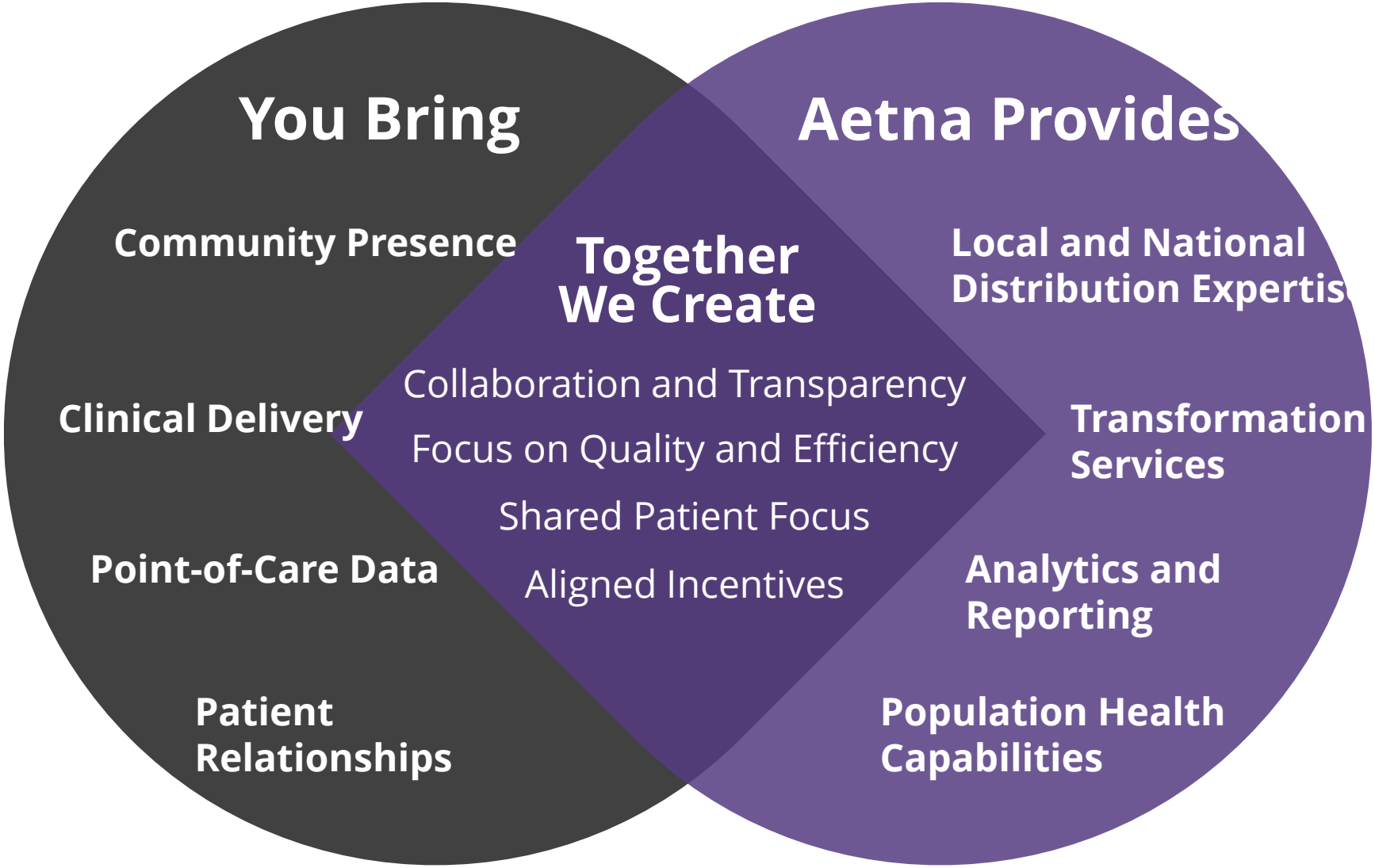
Harvard Business Review

1 HBR Org; Advisory.com
2 Kff.org
3 Healthaffairs.org
4 HBR.Org

aetna

The Value of Provider and Payer Collaboration

The strengths of providers and payers create a stronger future for value-based care.



aetna

What Makes Us Different

When you team with Aetna, you gain proven expertise, an innovative approach and a collaborator committed to your goals.

Confidence

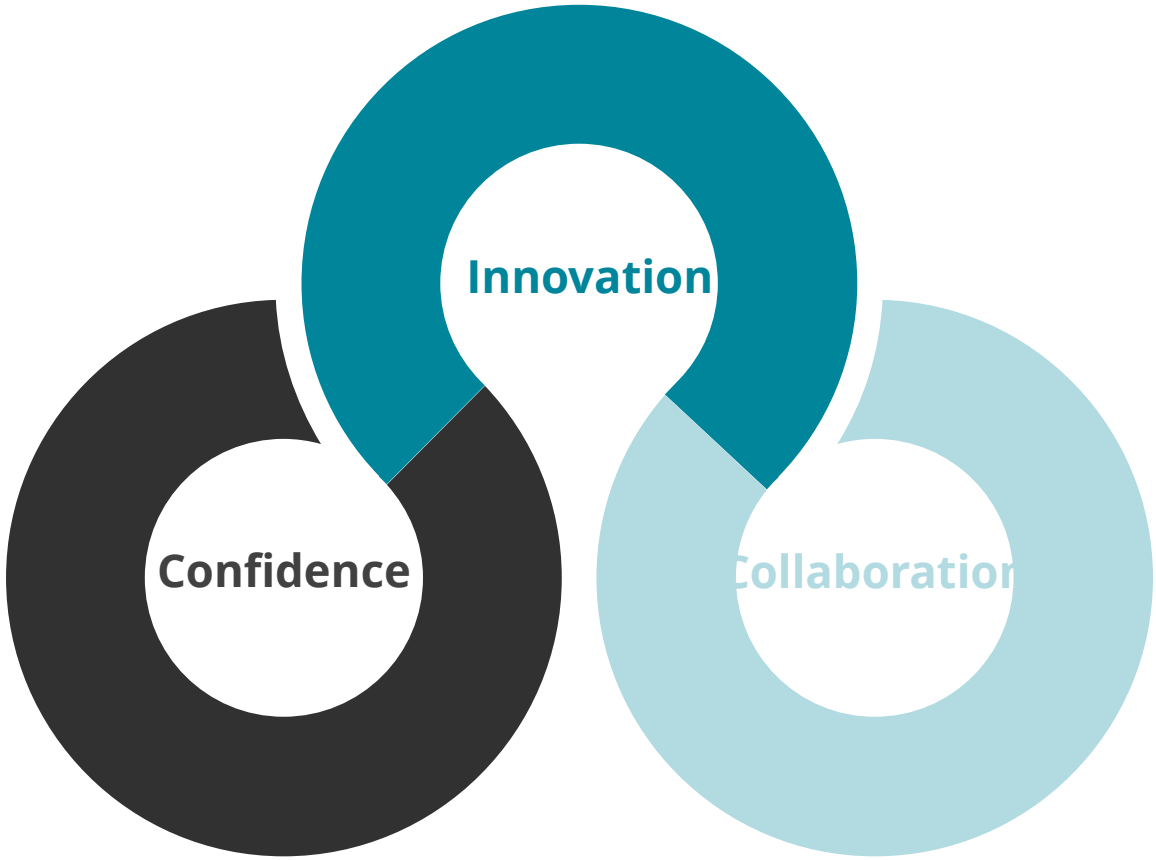
- Resources, expertise and lessons learned
- Proven approach

Innovation

- Growth and patient satisfaction drivers
- Expertise and capabilities, all in one place

Collaboration

- Goal achievement on your terms
- Collaboration along the value continuum



aetna

Long-standing commitment and experience with value-based care

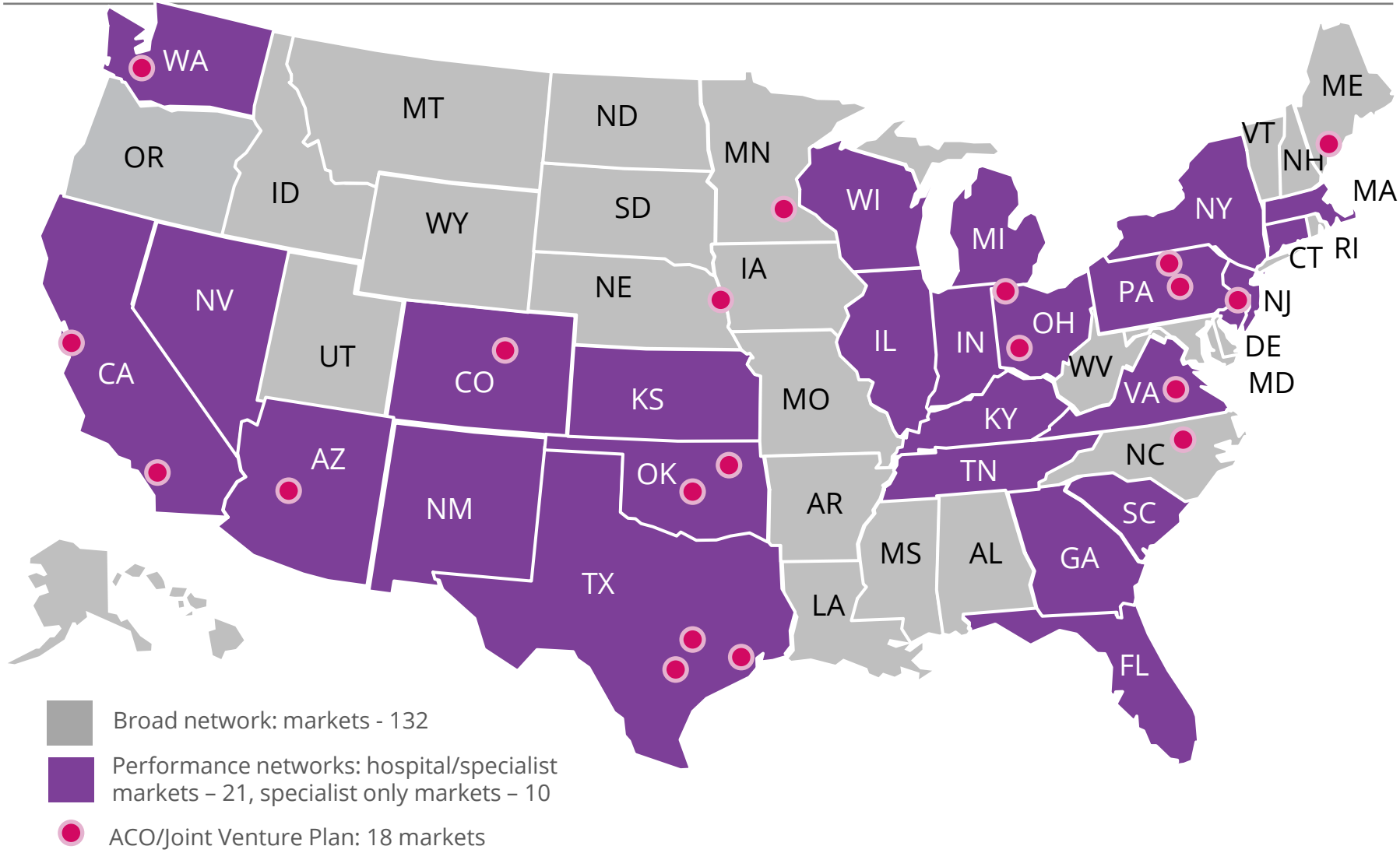
160+ years of health plans and risk management experience

7.1 million
medical members are tied to providers practicing value-based care

50% +
of our medical spend is running through value-based contracts

75%
of spending committed to value-based care models by 2020

A national network presence – APCN Plus 2018 sites



Our Proven Approach

A different approach

	Today	Enhanced Approach
Model	**Provider-centric** model **Payer-led** care management telephonic model	**Member-centric** model **Provider/payer collaborative** care management activity at the point of care, supported with payer data, experience
People	**Focus on** sick patients only **Lack of** comprehensive care coordination	**Focus on** population health **Robust care coordination** across the continuum of care **Patient engagement** through digital technology
Technology	**Early stages of** Clinically Integrated Network (CIN), multiple separate systems	**Data-driven** clinical decision making: • **Standardized** evidence based medicine • **Predictive analytics** identify patient and provider focus • **Smart segmentation** across the population • **Improved** care coordination workflows
Economics	**Focus on discounts only**	**Competitive total cost of care** based on strategies designed to reduce waste: • Improve quality • Efficient care at best site of service • Lower prices

Our ACO studies show **progress**

Medical cost trends are **lower**[1]

Quality is maintained or **improved**[1]

[1]Inaugural ACO Product Evaluation Study results based on Aetna data, October 2017, for members with 2016 effective dates.

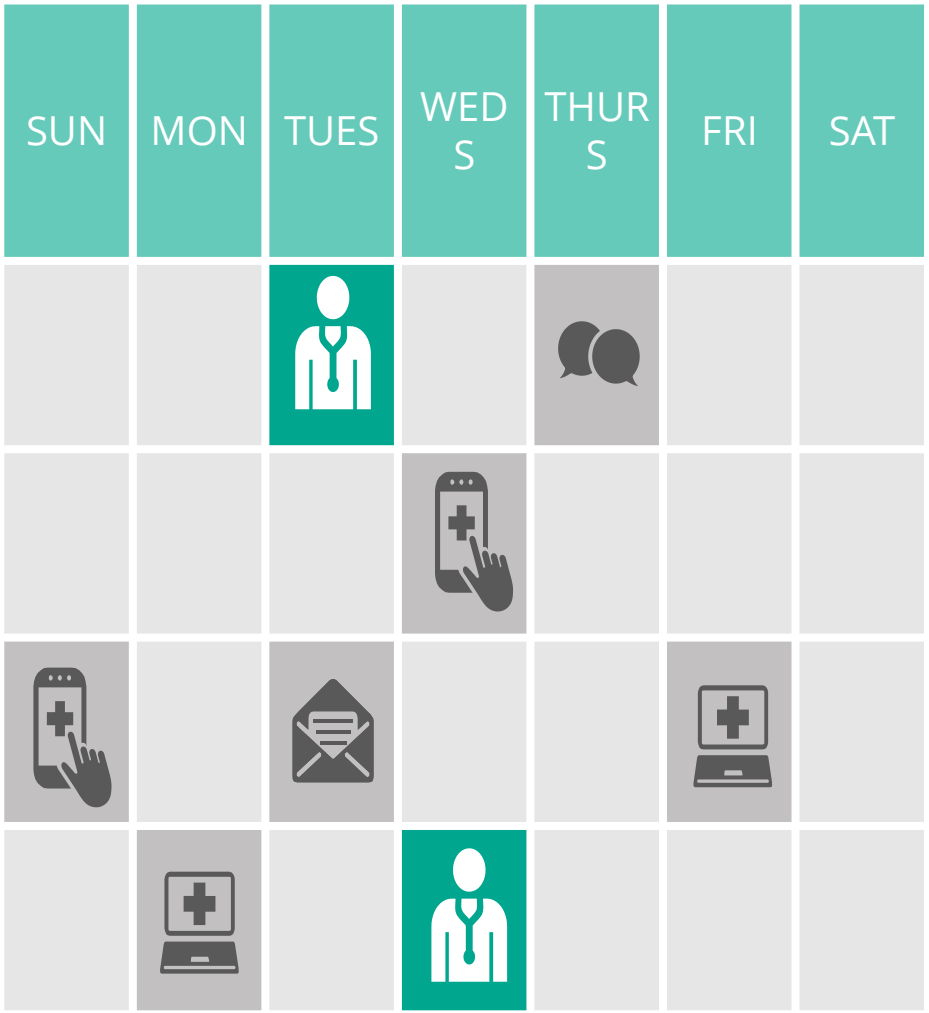
Together, we support members between office visits

Care team enabled with technology and information fills the gaps

All your employees benefit from convenient tools and proactive care

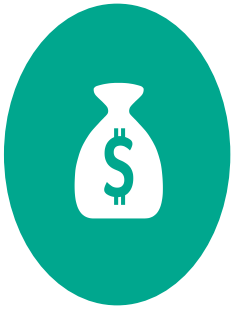
Increased engagement by the care team with Aetna Whole Health members between office visits **resulted in decreased, in-person appointments.**

And, quality of care did not suffer – the rate of diabetes and LDL testing remained equal or higher than the study group.[1]



1Inaugural ACO Product Evaluation Study results based on Aetna data, October 2017, for members with 2016 effective dates. 12-month baseline period prior to ACO effective date and 12-month study period after ACO effective date; per thousand members per year.

Through transformation of care delivery, we can:



Reduce costs

Achieve targeted savings compared to Aetna broad network plans by **8-15%***

Improve quality

80% of ACOs maintained high levels or improved diabetes HbA1C control and persistent use of medications for chronic diseases[1]

Improve member engagement

Proactive outreach to high-risk patients through a team-based approach to care

Improve the overall health and productivity

of members and their families through **personalized care plans** and reductions in care gaps

Did you know?

-Average savings of **$29.25 PMPM**[2]

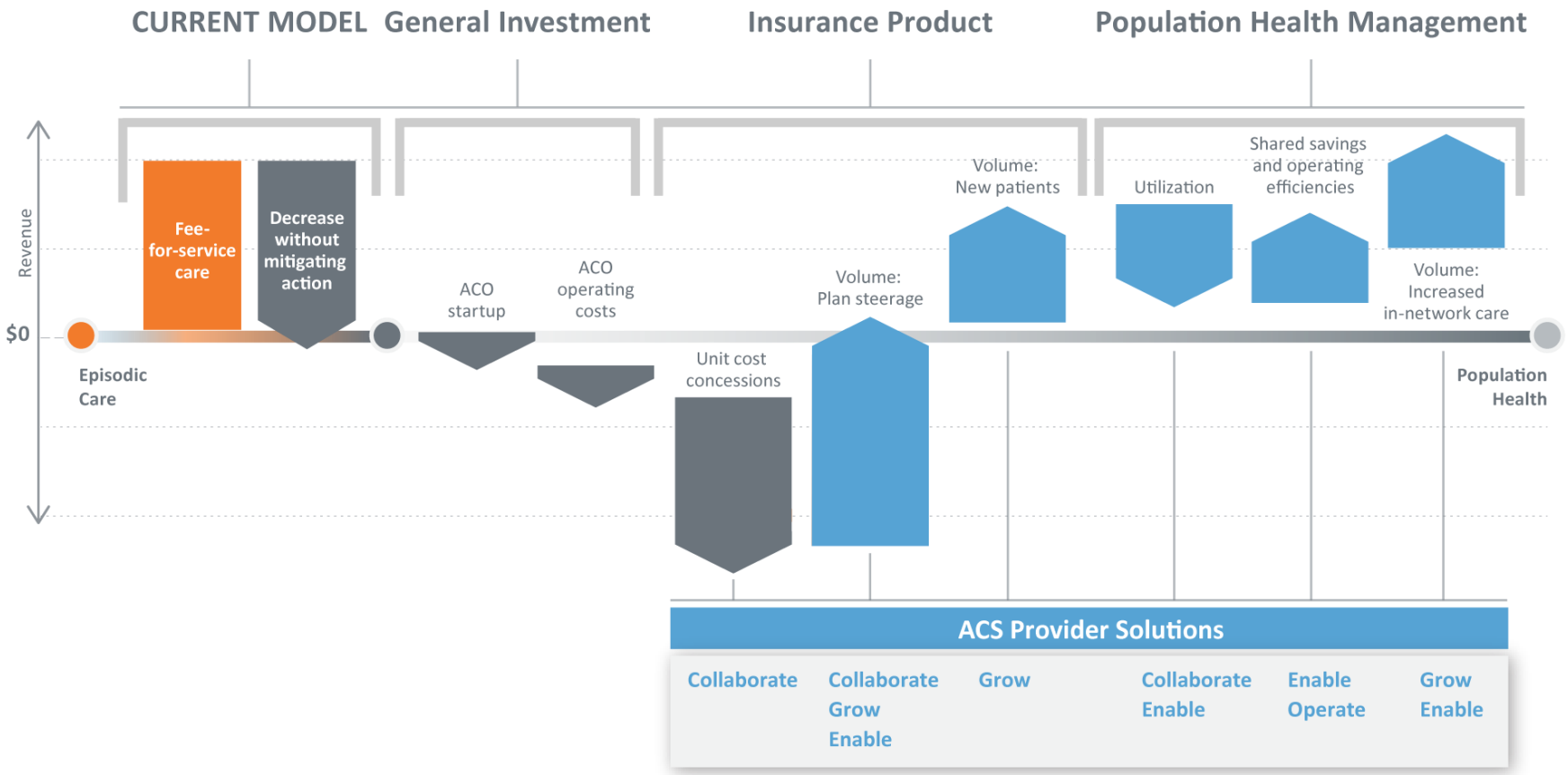
-$4.51 PMPM reduction in radiology and a

-$4.54 PMPM reduction in lab[3]
Lower unit costs for Emergency Department, inpatient, and physician visits[4]

*Actual results may vary, savings may be less when compared to other value-based network plans.
[1]12 months through June 2016 versus 12 months through June 2015. Market comparison includes all attributed non-value-based contract members. Results exclude individual, student health and coordination of benefits. Results differ due to differences in time periods and adjustments.
[2]Compared to broad Aetna network plans. Actual results may vary; savings may be less when compared to other value-based or narrow network plans.
[3]Inaugural ACO Product Evaluation Study results based on Aetna data, October 2017, for members with 2016 effective dates. Six-month baseline period prior to ACO effective date and six-month study period after ACO effective date.
[4]Inagural ACO Product Evaluation Study results based on Aetna data, October 2017, for members with 2016 effective dates. 12-month baseline period prior to ACO effective date and 12-month study period after ACO effective date; Raw data, not adjusted.

LEAP: Lasting Economic Advancement Plan

We identify key levers in a collaboration between providers and Aetna for a successful transition to value-based care.



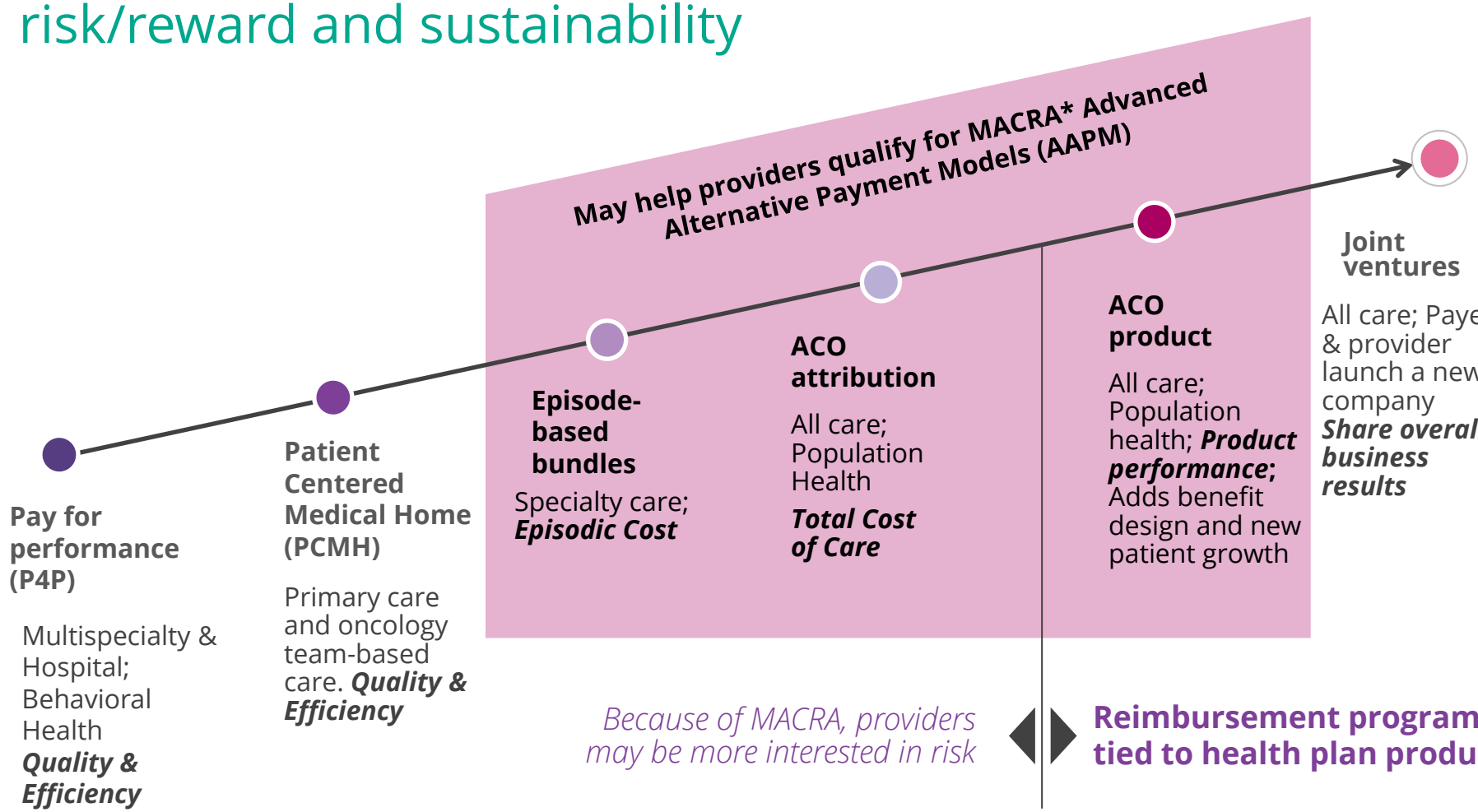
aetna

Our approach to value-based reimbursement

We meet providers where they are in their journey to build sustainable collaborations.

Identify	Implement	Execute	Progress
best fit, based on triple aim performance and practice composition (mix of primary care, specialty and facilities)	shifting portions of reimbursement from fee-for-service to fee-for-value, with a focus on improving the quality, experience and cost of care for patients	collaboration that combines Aetna population health expertise, data and reporting, with provider's care delivery assets and patient relationships	to more sophisticated value-based contract models that reward providers for delivering efficient, effective care – *including participation in narrow network products for high performers*

A continuum of options: Each level introduces broader focus/higher risk/reward and sustainability



*Medicare Access and CHIP Reauthorization Act.: In 2019, MACRA replaces Medicare's fee-for-service reimbursement with value-based physician reimbursement, motivating providers to seek out VBC arrangements that meet certain criteria required for higher payment to physicians.

aetna

Matching reimbursement to provider characteristics and performance

Practice demographics

- Service footprint:
  - Primary care
  - Specialty mix
  - Hospital facilities
  - SNF
- Geographic footprint

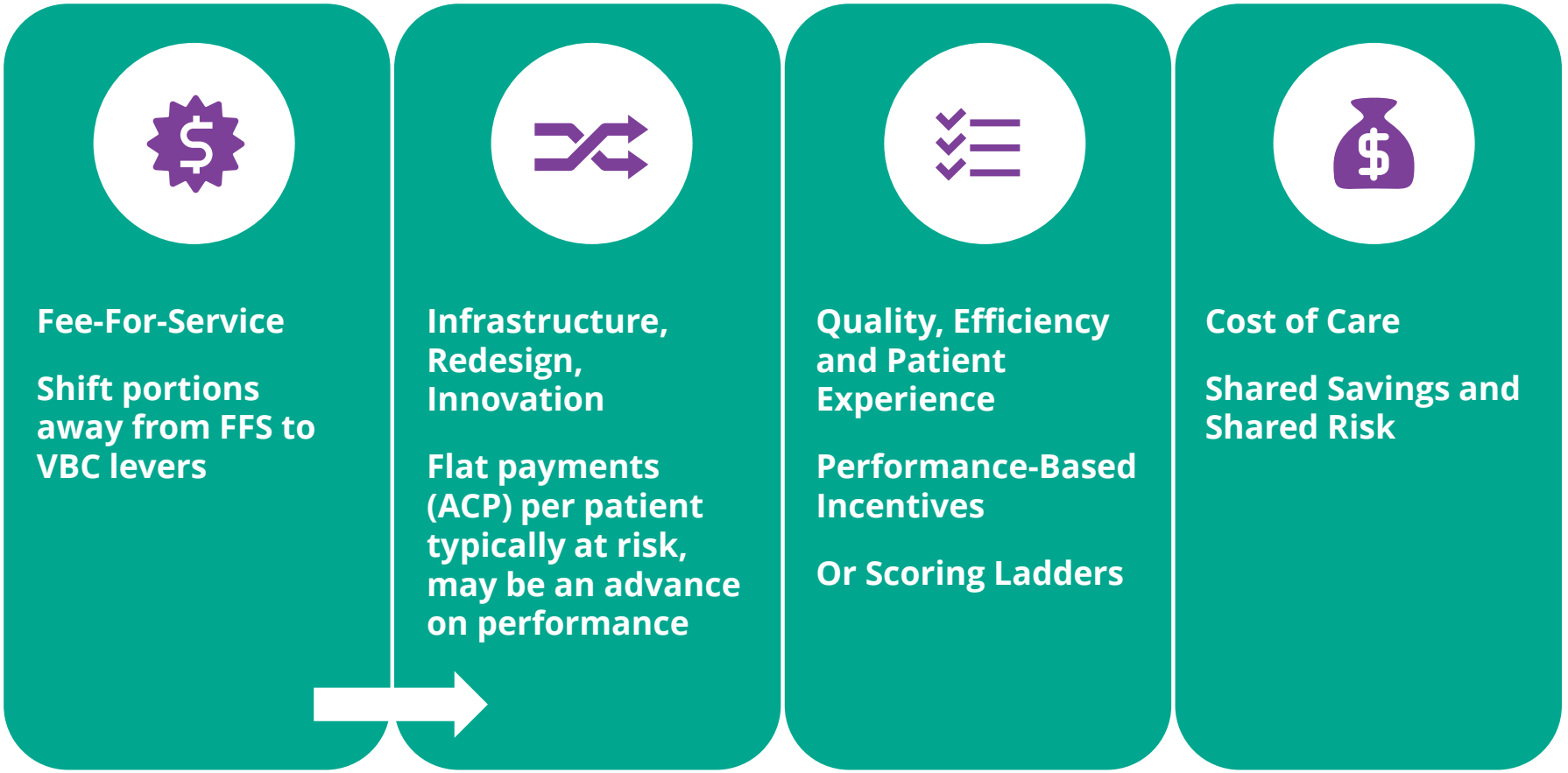
Practice capabilities

- Population health
- Personalized care
- Community connections
- Team-based care
- EMR
- Performance improvement
- Manage risk
- Innovation
- Clinical integration

Performance

- Quality of care
- Patient experience
- Utilization efficiency
- Episodic cost of care
- Total Cost of Care
- Access

Shifting away from FFS into performance-based requirements



APCN - A complete network approach adding up to quality *and* savings

Aetna Premier Care Network Plus:

One, simple national network

Best network design by market, including value-based

Easy for members to use

*Represents 2018 book of business estimate of medical cost savings and assumes 100% migration to Aetna Premier Care Network Plus providers and facilities. Actual plan sponsor savings will vary based on utilization, plan design and migration assumptions. Includes 5.7% in quality and efficiency savings plus 2.9% in out-of-network strategy savings.

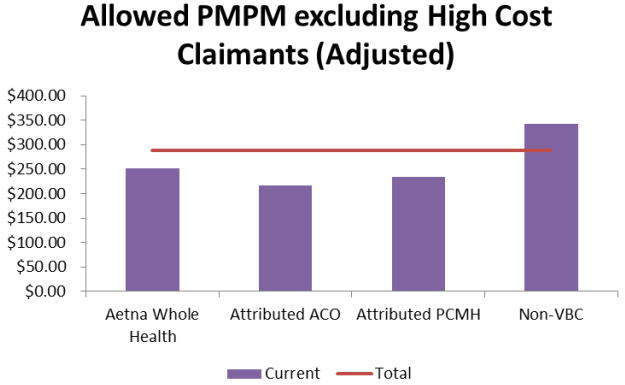
VBC Reporting Package Tailored to Plan Sponsors

The plan sponsor VBC reporting package offers a financial summary view, while also providing clinical and trend performance results

Member Profile - Current	Product VBC	Attributed VBC		Non-VBC		
	Aetna Whole Health	Attributed ACO	Attributed PCMH	Non-VBC	No Claims	Total
Average Medical Members	5,341	6,514	2,273	59,808	18,961	92,898
Percent of Total Medical Members	5.7%	7.0%	2.4%	64.4%	20.4%	100.0%
Percent of Total Allowed	7.0%	7.1%	2.8%	83.1%	0.0%	100.0%
Average Retrospective Risk Score	1.27	1.31	1.31	1.08	.82	.91
Allowed PMPM excluding High Cost Claimants[1] (risk adjusted)	$252.15	$215.61	$234.69	$341.94	$.00	$287.67
Geographic Factors	0.988	0.939	0.983	0.960	0.996	0.968
Number of Organizations Represented	2	61	40	N/A	N/A	103

1 - High Cost Claimant threshold is $100,000
The data on this table include all members, not just those who have gone through reconciliation.

This view provides a bottom line snapshot of performance…



But the report also provides a view of reconciliation and trend performance…

Accountable Care Organizations (ACO) Reconciled Population – Plan Sponsor

ACOs have different goals than PCMHs and include financial, clinical, and efficiency measures. The results for the Attributed ACOs aggregate the experience of each organization compared to its market.

- Historical context: large, integrated health systems have typically had trend higher than the market. Holding these systems to market trend and aligning incentives for beating market trend can be a significant challenge for them, but it is a challenge that we jointly agree is possible through clinical transformation. That goal can take some time to achieve, but members and customers are better off with trend improvement, even if that trend performance doesn't yet beat the market
- Small numbers impact the results seen for this subpopulation
- **70% of members attributed to an ACO are utilizing a reconciled arrangement**

Attributed ACO Member Profile	Current Period
	Attributed ACO
Average Medical Members	4,557
Percent of Total Medical Members	5%
Average Pharmacy Members	0
Percent of Total Pharmacy Members	0%
Average Age	34
Average Retrospective Risk Score	1.32
*Weighted Efficiency Index	1.00

***Reconciled Population:** Members that are attributed to a VBC arrangement that has been in place at least 12 months. Reconciliations are completed on a quarterly basis and allow for constant comparison to the market.
***Weighted Efficiency Index:** This is an index created by comparing ACO reconciled deals to the market. An index above 1.0 means the ACO is not performing as well as the market and an index below 1.0 means the ACO is performing better than the market.

*ACP is at risk for performance. In most cases, if cost and quality is not improved, ACP is returned.

11

- ***Reports are available semi-annually.***
- ***The report continues to evolve (version 2.0) and additional enhancements are scheduled.***

In addition to financial performance, the report shows clinical performance

Accountable Care Organizations (ACO) Reconciled Population – Plan Sponsor

Clinical quality and efficiency performance for ACO members is favorable in comparison to the total population or has improved period over period.

Clinical Quality Measures	Current ACO Rate	ACO % Change	Current Total Population Rate	Total Population Change	Aetna BOB Rate	
Colorectal cancer screening	38.6%	4.6	35.8%	4.0	> 38%	
Cervical cancer screening	69.3%	4.8	63.6%	3.7	> 71%	
Diabetes: Hemoglobin A1c testing	88.4%	-2.7	85.9%	-3.5	83.7%	
Child Preventive Care Visits (include well baby) Age 2 - 19	29.2%	3.7	27.2%	0.2	40.0%	

Efficiency Metric	Current ACO	ACO % Change	Current Total Population	Total Population Change	
Impactable Medical Bed Days per 1,000	14.4	-6.4%	14.1	-26.8%	
Impactable Admits per 1,000	6.4	-18.5%	5.5	-16.1%	
30 Day Readmission Rate	5.5%	0.1	5.8%	-0.2	
Avoidable ER Visits per 1,000	36.9	-28.0%	43.5	-13.7%	
Outpatient Laboratory Steerage	99.7%	1.9	79.7%	-7.9	
Outpatient High-Tech Radiology Steerage	85.7%	-8.7	54.9%	-32.9	

13

- **The report shows quality and efficiency performance for members who in ACO and PCMH models.**
- **The report compares the performance of plan sponsor members in VBC compared to the plan sponsors' total population.**
- **Where available, Aetna BOB performance is used as a comparison**

Clinical performance continues to improve over time as providers transform clinically and actively engage with Aetna in population health management.

Questions?

aetna®