Dual Demonstration Notification Begins in July 2013.

After a year of anticipation, the proposed dual demonstration project will arrive in July 2013. The Department of Health Care Services will begin notifying beneficiaries of upcoming changes. Continued...P6

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The Affordable Care Act (ACA) is kicking into high gear as the California Health Insurance Exchange, Covered California, begins its open enrollment period on October 1, 2013. It is estimated that 2.3 million California residents will enroll in a health plan through Covered California over the next three years.

The introduction of the health insurance exchange together with the California Duals Demonstration Project will lead to a change in healthcare coverage for many patients in the state.

California faces the enormous challenge of bringing quality, affordable healthcare to millions of currently uninsured and underserved individuals and families across our vast and diverse state. We, at HPN, know it can be done. Since 1979 we have been meeting similar challenges throughout Southern California as well as in other parts of the country. Our demonstrated history of mobilizing resources to deliver quality, value-based healthcare leaves us confident we can meet those new challenges.

We look forward to the day when every Californian has ready access to first-rate healthcare, and the related tools, support and knowledge they need to live with greater health and vitality.

Richard Merkin, M.D.
President and CEO of HPN

On the Horizon
California’s Health Exchange: Part One

Families and individuals who purchase their own health insurance will be experiencing some substantial changes later this year due to the Patient Protection and Affordable Care Act (ACA). Designed to provide greater accessibility to affordable health insurance, the ACA mandates the following for 2014:

**Guaranteed Issue:** Health insurance companies must provide coverage to all applicants, regardless of their health history, or pre-existing conditions.

**Essential Health Benefits:** Health insurance companies will be required to offer, at minimum, a standardized set of essential health benefits. The Essential Health Benefits mandated by the ACA are:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Prescription drugs
- Laboratory services
- Pediatric services, including oral & vision care
- Mental health and substance abuse disorder services, including behavioral health treatment
- Preventive and wellness services and chronic disease management
- Rehabilitative & habilitative services & devices

**Premium Subsidies:** Based upon income level, applicants may qualify for federal subsidies in the form of advance tax credits to help them purchase qualified health plan options through a state exchange.

The ACA significantly alters the health insurance playing field for both consumers and health insurance companies by creating state marketplaces, or exchanges, from which individuals and small businesses can obtain health insurance beginning in 2014. It’s estimated that California’s state exchange, Covered California, will serve up to 4.7 million Californians. Of that 4.7 million, an estimated 1.4 million currently insured individuals will now qualify for expanded Medi-Cal benefits. The remaining 3.25 million customers represent Covered California’s primary target market, the currently uninsured.

When implementation of the exchange begins in 2014 around 3.1 million Californians will be eligible for premium subsidies, or advanced tax credits to help them pay for their insurance premiums. It is very important to note that the subsidies are only available to beneficiaries when they obtain coverage with Covered California through the Covered California marketplace. In order to be eligible for a subsidy, an individual must be a taxpayer with a
modified adjusted gross income (MAGI) between 133% and 400% of the Federal Poverty Level (FPL). Family size is also taken into consideration when considering subsidy eligibility.

The premium subsidy is applied to reduce the amount that an individual or family pays to purchase coverage. As the name “advance tax credit” implies, the subsidy is applied up front to reduce the amount the individual will pay out-of-pocket for yearly premiums. In addition to the subsidy, insurance premium amounts are also limited to a certain threshold based upon a sliding income scale. This cap, which varies between 2% and 9.5% of income, guarantees that no qualifying individual or family will pay over a certain percentage of their income on health insurance premiums purchased through the exchange.

**Standardized Plans**

The Affordable Care Act requires that plans offered through the exchange, or by private health plans participating in the exchange, be standardized along four tiers. This standardization should allow consumers to more easily comparison shop across multiple insurance companies.

Covered California, and any private insurance companies that have been qualified to participate with Covered California, will have coverage tiers named after metals – platinum, gold, silver, and bronze. These metal plans are based upon percentage of actuarial value. Actuarial value represents the relative percentage of a standard population’s healthcare costs that are paid by the health plan. In other words, if a plan is required to pay for 75% of standard costs for a person’s healthcare, it has an actuarial value of 75%. The actuarial value of the metal plans is as follows:

- Platinum – 90% coverage
- Gold – 80% coverage
- Silver – 70% coverage
- Bronze – 60% coverage

There is also a version of the Bronze plan offering catastrophic coverage that is only available to persons under 30 years of age.

Each metal product will offer a choice between either a copay plan or a coinsurance plan. Copay plans are akin to HMO plans and coinsurance plans more closely resemble PPO plans. For a complete listing of standard benefit plan structures, visit: [www.caahba.com/PDF/Standard_Plans_2-25-13.pdf](http://www.caahba.com/PDF/Standard_Plans_2-25-13.pdf). Although participating private insurance plan products have not yet been announced at the time of this publication, they will be required to closely mirror the plan structure of Covered California metal products, offering nearly identical benefits and costs to the consumer.

Nearly all citizens and legal residents of California will be required to obtain Covered California coverage, have comparable health insurance coverage or pay a tax penalty.

Some exemptions apply, for instance, those who are uninsured for less than three months, or those who would have to pay more than 8% of their household income for premiums. For the non-exempt, in 2014, the annual penalty will be $95 per adult and $47.50 per child (up to $285 for a family), or 1% of family income, whichever is greater. Penalties will increase at a set level for 2015 and 2016, and will then increase annually with rates based upon cost of living.

For many uninsured lower-income individuals and families, paying the initial tax penalty will be cheaper than purchasing insurance, and it is expected that they will choose the penalty over the insurance, at least in the beginning. This is just one of the many challenges that Covered California will face as they outreach to those who have typically been priced out of purchasing health insurance in the past. To learn how Covered California hopes to overcome these challenges, and to learn about the structure of insurance plans under the program, join us in July 2013 for Part II of our series, On the Horizon – California’s Health Exchange.
Bakersfield Family Medical Center (BFMC) and Coastal Communities Physician Network

Regional ACO Insights

The Heritage California ACO (HCACO) in Kern, San Luis Obispo, and Tulare counties is responsible for the care of approximately 17,000 beneficiaries. HCACO’s top priority is to assist ACO beneficiaries by identifying gaps in care and responding to those gaps through coordinated care and case management programs and services. HCACO offers many benefits and resources to beneficiaries that were once only available through managed care.

Benefit to Beneficiary:
- No change in cost, coverage or choice from beneficiary’s current Medicare benefits
- Access to a Care Management Team
- Access to disease specific educational material and classes

Outpatient Case Managers:
- Outreach to ACO beneficiaries to engage them in participating in case management services
- Dedicate attention to high volume ACO provider offices for personalized service and education
- Conduct comprehensive assessment of the patient's medical, social, and psychological conditions and assess their environmental factors
- Develop a comprehensive care plan, with assistance from the physician and the beneficiary or the beneficiary’s family, which includes health education classes, disease management classes and community resources
- Assess changes in beneficiary’s conditions to identify if they no longer need complex case management and strive to get them to self-management

Inpatient Case Managers:
- Assist in coordinating care for ACO beneficiaries who are admitted to either a hospital or skilled nursing facility
- Identify potential gaps in coverage that typically occur during post discharge, such as home equipment delivery, home health services management and medication reconciliation

Over the next few months, our ACO Care Management Team will be teaming up with our Marketing Department to host various Member Outreach presentations in Kern, San Luis Obispo and Tulare counties. We will host a Medicare 101 presentation along with an ACO presentation to help address some of the questions and concerns that our ACO beneficiaries may have. We are hopeful that our providers will be supportive of these outreach efforts and provide additional encouragement to beneficiaries to attend the outreach presentations.

We trust our additional concentrated educational efforts will provide assurance to beneficiaries and providers that HCACO is here to supplement the services currently being provided.

Desert Oasis Healthcare (DOHC)

ACO Year Two – Quality is King

Evidence Based Medicine has become a buzz-word in modern healthcare. Many think the term unnecessary. Practitioners are well versed and trained in the analytical approach to medicine. Patients have benefitted from this methodology for years. However, external agencies have begun to bring more oversight to reshape the quality discussions regarding care plans and therapies. Collectively we must re-visit what these quality measures are all about. Each PCP office must evaluate what steps they can take to ensure the HEDIS or CMS 5-STAR measures are winnable. When data is published on quality and safety measures – it can be shocking to see the care gaps that exist across these measures. The logical question remains: Why?

Heritage Provider Network (HPN) and Desert Oasis Healthcare have been focusing on quality measures associated with Medicare Advantage for quite some time with a great deal of
success. Everyone is focusing on the CMS 5-STAR measures, HEDIS, NCQA, CAHPS, HOS, among others. Healthcare continues to move to a value-based system, meaning quality will become more visible, and physicians will have to operate with greater transparency. The old Ford motto, “Quality is job one” has never resounded more in healthcare than it does today.

Heritage California ACO (HCACO) must continue HPN’s and DOHC’s commitment to quality. This is because quality performance is required for ACO participation and needed to receive any shared savings with CMS. Therefore, it is not enough for HCACO to simply lower the cost curve by more than 2%. HCACO must also be able to answer yes to:

1. Did you improve the patient care experience?
2. Did you improve the safety and quality of the lives for your beneficiaries?
3. Did you make the population healthier?

Solving this multi-part equation will solidify HCACO’s leadership position among Pioneer ACOs in population health management and change the way healthcare will be delivered and paid for in the future.

What’s different about this challenge? CMS has set high performance benchmarks for success for all measures. Even with such a high bar, HCACO has never looked in any direction but up. We embrace this challenge by dedicating our collective ACO team’s efforts to meeting and exceeding this goal. Improving quality measures that overlap significantly with the CMS 5-STAR measures is important to everyone involved in the HCACO. However, with such a high bar, we need the attention, support and collective focus of everyone in HPN that can affect quality.

• Quality is our job and responsibility.
• Every PCP or patient interaction affects quality.
• Quality is the collective conscience of an organization.
• Quality is job one = job WON.

The Club Heritage Team organizes many different health and social activities for the ACO beneficiaries. Each month regional event booklets are sent to our beneficiaries so they can take advantage of health education, informational, leisure, social and recreational activities offered at no cost.

We encourage our ACO beneficiaries to bring a guests to any of our events and activities as it is recognized that strong social network is beneficial to overall health and wellness. Our friendly Club Heritage Team is available during the events to assist ACO beneficiaries and to provide any support they might need. Transportation may be provided to some of the activities.

Heritage California ACO invites your beneficiaries to attend our upcoming events that include:

- National History Museum
- Griffith Observatory
- Monday Movie Matinee
- Casino Day Trips
- Space Shuttle Endeavor at the California Science Center
- Princess Diana Exhibition at the Queen Mary
- LACMA – Los Angeles County Museum of Arts
- Huntington Library and Botanical Gardens
- What’s in Store at Ralphs (In partnership with Ralphs & Novo Nordisk)
- Health Education and Wellness classes throughout Los Angeles, Orange and Ventura Counties including: Senior Fitness, Weight Management, Nutrition, Diabetes Management, Blood Pressure/Healthy Heart, Memory/Brain Fitness, Yoga and much more!

“We have enjoyed every event we attended organized by the Club Heritage Team. The staff makes every trip and event a very memorable, pleasant and gracious experience. They pay attention to detail that makes every guest feel very important. Thank you.”

– Matt and Sally Lewis

For more information about Club Heritage and our ACO beneficiary events, please call 888.500.1185.
Dual Demonstration Notification Begins in July 2013

After a year of anticipation, the proposed dual demonstration project has arrived. We’ve anticipated changes in the way the State of California would manage its “Medi-Medi” population, or those individuals eligible to receive benefits under both Medicare and Medi-Cal.

As predicted, the Department of Health Care Services (DHCS) will begin notifying beneficiaries of upcoming changes due to the proposed demonstration in July of 2013. Enrollment will begin in October 2013. Beneficiaries can choose to keep their current Medicare fee-for-service benefits separate from this integration, but those who do not opt-out of the demonstration will be auto-enrolled with a managed care plan and a primary care physician on a phased-in basis throughout 2013 and 2014. Inevitably, we as providers can expect many questions and concerns from our patients as they receive such notifications from the DHCS, and we need to be prepared to offer as much help and information as possible.

This plan has understandably raised concerns in the local medical community. After all, these beneficiaries are among the most vulnerable and at-risk populations within the healthcare system. They often have multiple chronic conditions which frequently have gone without treatment prior to their enrolling in Medicare.

Therefore it is particularly critical that this population not experience an interruption in the continuity or quality of care for any reason. As a physician, you can do one of two things to ensure ongoing quality of care for your dual eligible patients:

1. If you are contracted with an approved Medi-Cal managed care plan in your county, be sure that you guide your patients to select that plan. You should also advise your patient to select the appropriate medical group or IPA to ensure that you remain their primary care provider.

2. If you are not contracted with an appropriate plan, or if your patients do not want to enroll in a managed care plan, be sure that they understand they must actively communicate their choice to opt-out of the managed care plan and retain their current fee-for-service coverage.

Heritage Provider Network (HPN) is working diligently through its affiliated groups to ensure that your dual eligibles receive uninterrupted care during the pilot transition. We have also deployed regional resources to help your patients make informed decisions regarding their coverage options during this transition. For more information on assistance available in Los Angeles and Orange Counties, please call 888.787.1712.

A Heritage of Great Nurses – Celebrating National Nurses Week

Heritage Provider Network (HPN) is happy to join in the tradition of honoring our outstanding nursing staff during National Nurses Week.

Did you know that the first official celebration for nurses in the United States took place from October 11 – 16, 1954 to commemorate the 100th anniversary of Florence Nightingale’s historic mission to Crimea? In later years, the observance was shifted to coincide with Nightingale’s May 12th birthday, with President Ronald Reagan eventually proclaiming May 06, 1982 to be the first National Recognition Day for Nurses. In 1990, the celebration was eventually expanded to become National Nurses Week, with observation dates being permanently set at May 6 – May 12.

A pioneer in patient advocacy, Nightingale used statistics and analytics to demonstrate that more soldiers in the Crimean War died from disease than from battle wounds. Her tireless efforts as both a healthcare professional and statistician helped to drive sweeping reforms in hospital sanitation and patient care, establishing guidelines which remain the foundation for many modern practices to this day.

Heritage Provider Network, with help from our exemplary nurses, carries on the grand tradition of inventive, holistic care championed by Nightingale. Holistic care recognizes that quality care for our patients requires attention to all aspects of their well-being, addressing not only medical concerns, but the patients’ other physical, psychological and social needs as well. HPN, like Nightingale, also regularly applies the power of statistical analysis to drive innovation and reform in healthcare, with the Heritage Health Prize analytics competition being a prime example.

We like to think that Florence Nightingale would be proud of the hard work and commitment that our nurses provide every day to better the lives of our patients. We are certainly proud of our exceptional nurses, and we are thankful for all that they do.
On Tuesday, April 16, the Bipartisan Policy Center (BPC), Heritage Provider Network (HPN), and The Advisory Board Company launched the Care Transformation Prize Series, a national contest to address the most daunting data problems U.S. healthcare organizations face as they implement new delivery system and payment reforms.

The goal of this big data challenge is to help healthcare organizations more effectively use data to drive improvements in healthcare cost and quality.

The series was announced by Dr. Richard Merkin, Founder and CEO of Heritage Provider Network, Dr. Bill Frist, Former U.S. Senate Majority Leader, and Aneesh Paul Chopra, Former U.S. Chief Technology Officer at a BPC-hosted event that featured a forward-thinking discussion on the strategies that providers, health plans, and states are using to harness data to help Americans lower their healthcare costs and improve care.

The Care Transformation Prize Series is the latest competition sponsored by Richard Merkin M.D., President and CEO of HPN, in an ongoing effort to spur innovations that improve quality and reduce inefficiencies as organizations work to implement new delivery system and payment reforms. This prize series expands upon lessons learned from past HPN data competitions to ensure that we are identifying the questions that will best support transformations in care.

“A Prize Board made up of prominent leaders from many sectors of healthcare will determine which challenges will be addressed by competing teams of leading data scientists.

Heritage Provider Network and The Advisory Board Company will offer at least three quarterly prizes of $100,000 to the teams that develop the best solutions to the selected challenges. The winning algorithms will then be made available to healthcare organizations and the public.

Every day, healthcare providers are being asked to improve care while lowering costs. Yet few organizations have the knowledge, expertise and resources to create and utilize data-driven models of care. “To be successful, providers need to access and analyze large electronic data sets, which are now becoming more available through investments in health IT,” said BPC Health Innovation Initiative Director Janet Marchibroda. “This contest is an innovative way to create ground-breaking solutions to some of the toughest problems facing healthcare organizations today.”

Faced with continuing concerns about rising healthcare costs and uneven quality, the federal government, states and the private sector are rapidly adopting new models of delivery and payment reforms that promise to improve the quality and cost-effectiveness of healthcare.

“The Advisory Board Company is privileged to be providing the data analytics platform with which our unparalleled network of member organizations is delivering better care, more efficiently,” said Richard Schwartz, EVP at The Advisory Board Company. “We’re excited to tap into the broader community of data and care experts to help accelerate these efforts.”

For more information about the Care Transformation Prize Series or to submit a question, please visit www.CareTransformationPrize.com