

UPDATED



# PowerProfile

## Advocate Aurora Health



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## How does DRG segment Accountable Care Organizations?

See the **User Guide** on the last page for more details, including:

- ✓ Comprehensive Accountable Care Organization definition
- ✓ DRG's proprietary segmentation methodology

## ABOUT DECISION RESOURCES GROUP

Decision Resources Group offers best-in-class, high-value data, analytics, and insights products and services to the healthcare industry. DRG provides the pharmaceutical, biotech, medical device, financial services, and payer industries with the tools, insights, and advice they need to compete and thrive in an increasingly complex and value-based marketplace.

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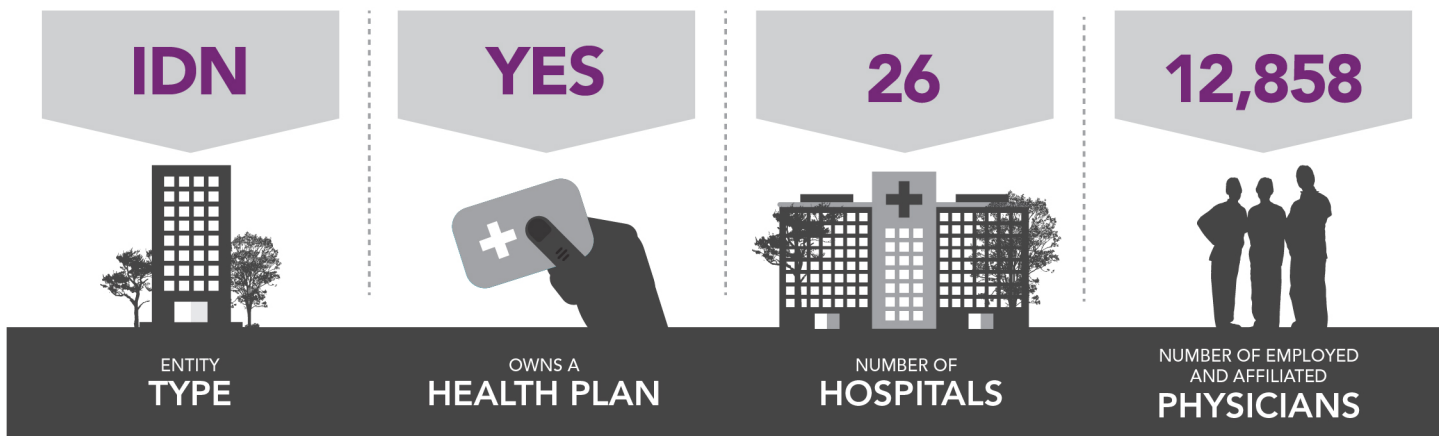
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# Power Summary

## ORGANIZATION SUMMARY



SERVICE AREA

**MULTISTATE (IL, WI)**

Source: Decision Resources Group.

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TABLE 1: RISK SUMMARY

# OF RISK-BEARING ACO CONTRACTS	# OF LIVES IN RISK-BEARING ACO CONTRACTS	CMS ALTERNATIVE PAYMENT MODELS	COMMERCIAL AND MEDICAID BUNDLED PAYMENTS	DIRECT CONTRACT WITH EMPLOYER
<b>5</b>	<b>579,628</b>	<b>Yes</b>	<b>No</b>	<b>No</b>

Source: Decision Resources Group.

Advocate Aurora propels the transition to value-based contracts in its Chicago-Milwaukee-eastern Wisconsin service areas, giving it significant influence over payer contracting. The integrated delivery network’s leadership believes full-risk products and services are the key to future financial success, and the IDN will continue to move from fee-for-service business lines to greater financial risk sharing. The IDN owns a 50 percent stake in Well Priority, a joint-venture health plan with Anthem Blue Cross and Blue Shield of Wisconsin, which will improve the IDN’s ability to expand its risk-based contracts.

Advocate Aurora, particularly through Advocate’s Illinois business, takes on the most risk through capitated contracts, and the IDN has 300,000 lives under capitation, while 1 million lives are under shared savings contracts. FFS contracts still cover 52 percent of lives, but this number will shrink in 2019.

Creating a unified value-based contracting strategy, however, will be a challenge as the IDN currently maintains two CEOs and works to merge its electronic medical record system on the Epic platform. The IDN uses its EMR to drive generic prescribing but is developing other technologies with venture capital funds to improve patient outcomes with remote monitoring and interconnectivity for the entire healthcare continuum.

The IDN’s most successful value-based contract is a Medicare ACO, but changes to the Medicare Shared Savings Program could shift Advocate Aurora’s focus to commercial ACO contracts. The IDN will continue to refine the technology-enhanced population health management offered by its narrow network to attract more contracts.

# Market Summary

Before merging, Advocate (Chicago) and Aurora (Milwaukee and the eastern edge of Wisconsin) were dominant integrated delivery networks in their respective markets, and the merger only strengthened the new IDN's ability to negotiate payer contracts and offer powerful cost management and wellness tools to employers. Chicago is a strong market for ACOs with Advocate Aurora leading in contracts, but other major systems participate as well, while Milwaukee has less widespread ACO participation, making Advocate Aurora the leader in ACO development and the shift toward higher risk sharing.

## ACO Analysis

TABLE 2: ACO CONTRACTS

INDIVIDUAL ACO CONTRACTS	ACO TYPE	INVOLVED PAYER	RISK-BEARING CONTRACTS	# OF ACO LIVES	POWER GROUP*
Accountable Care Organization of Aurora - MSSP ACO	Medicare - MSSP	Medicare	<b>No</b>	<b>5,000</b>	<b>6</b>
Advocate Physician Partners Accountable Care - MSSP ACO	Medicare - MSSP	Medicare	<b>Yes</b>	<b>143,568</b>	<b>1</b>
Aurora Accountable Care Organization - MSSP ACO	Medicare - MSSP	Medicare	<b>Yes</b>	<b>6,034</b>	<b>3</b>
The Aurora Network - Humana ACO (MA)●	Medicare Advantage	Humana	<b>Yes</b>	<b>N/A</b>	<b>3</b>
The Aurora Network - UnitedHealthcare (MA)	Medicare Advantage	UnitedHealthcare	<b>No</b>	<b>40,000</b>	<b>2</b>
AdvocateCare - BCBS of IL	Commercial	Blue Cross and Blue Shield of Illinois	<b>Yes</b>	<b>381,000</b>	<b>1</b>
The Aurora Network - Aetna	Commercial	Aetna	<b>Yes</b>	<b>49,026</b>	<b>1</b>
The Aurora Network - Anthem BCBS EPHCP●	Commercial	Anthem Blue Cross and Blue Shield of Wisconsin	<b>No</b>	<b>N/A</b>	<b>6</b>
UnitedHealthcare - Nexus ACO	Commercial	UnitedHealthcare	<b>No</b>	<b>75,000</b>	<b>2</b>
Advocate Health Care - UnitedHealthcare ACO	Medicare Advantage/ Commercial	UnitedHealthcare	<b>No</b>	<b>85,500</b>	<b>2</b>

\*Power Groups are DRG's proprietary methodology for segmenting ACO contracts by the number of lives and willingness to bear risk.

●ACO lives are not yet available for this contract.

Source: Decision Resources Group.

## Medicare ACO Contracts

Advocate Aurora, through its separate systems, embraces Medicare Shared Savings Program participation, but as the Centers for Medicare & Medicaid Services moves to require more risk in 2019 and 2020, the IDN may reconsider its participation. Advocate Aurora participates in three MSSP ACOs: two shared savings only ACO contracts and another ACO contract with the highest level of risk sharing.

## Medicare Advantage ACO Contracts

With the value of participating in MSSP ACOs unclear, Advocate Aurora is pushing ahead with Medicare Advantage ACOs with UnitedHealthcare and Humana. Both insurers have adopted national strategies of partnering with local, highly regarded systems to get enhanced care coordination for members in clinics offering specialized care for seniors. For example, Advocate Aurora partnered with Chicago-based Oak Street Health, a clinic chain offering enhanced care management for Medicare patients, to open a primary-care center in Elgin, Illinois in April 2019 (Chicago Daily Herald, Jan. 30, 2019).

## Commercial ACO Contracts

Advocate Aurora is a natural partner for commercial insurers who use ACOs to transition providers to higher risk sharing. The IDN has four commercial ACO contracts that combine a narrow network health insurance product with care coordination. Advocate's narrow network with Blue Cross Blue Shield of Illinois (BlueCare Direct) is the lowest-premium product for individual and small-group members. Advocate is at-risk under the arrangement and the payer reimburses Advocate through a capitation model. In addition, Advocate Aurora is the narrow network for UnitedHealthcare's Nexus ACO product, an insurance platform UnitedHealthcare is rapidly expanding nationwide to increase patient outcomes with established quality benchmarks.

Aurora also offers a narrow network ACO contract for Aetna members, in place since 2013. The ACO offers care coordination and care managers for employees with chronic conditions and employers save money based on how well Aurora lowers claim costs year-to-year by meeting quality benchmarks. Meanwhile, Aurora's joint-venture health insurance company with Anthem BCBS of Wisconsin, Wisconsin Collaborative Insurance Company, offers the Well Priority insurance product. Aurora's Anthem ACO builds on Aurora's population health programs to keep members well and increase provider interactions while also offering Anthem's Blue Priority network, which includes high-quality providers and systems across the state and shares patient data through Epic EMRs at all participating systems.

Both Aurora and Advocate have employee health plans that use their IDNs as narrow networks. Going forward the IDN will use its larger employer base to further perfect population health management strategies to manage a growing medical trend.

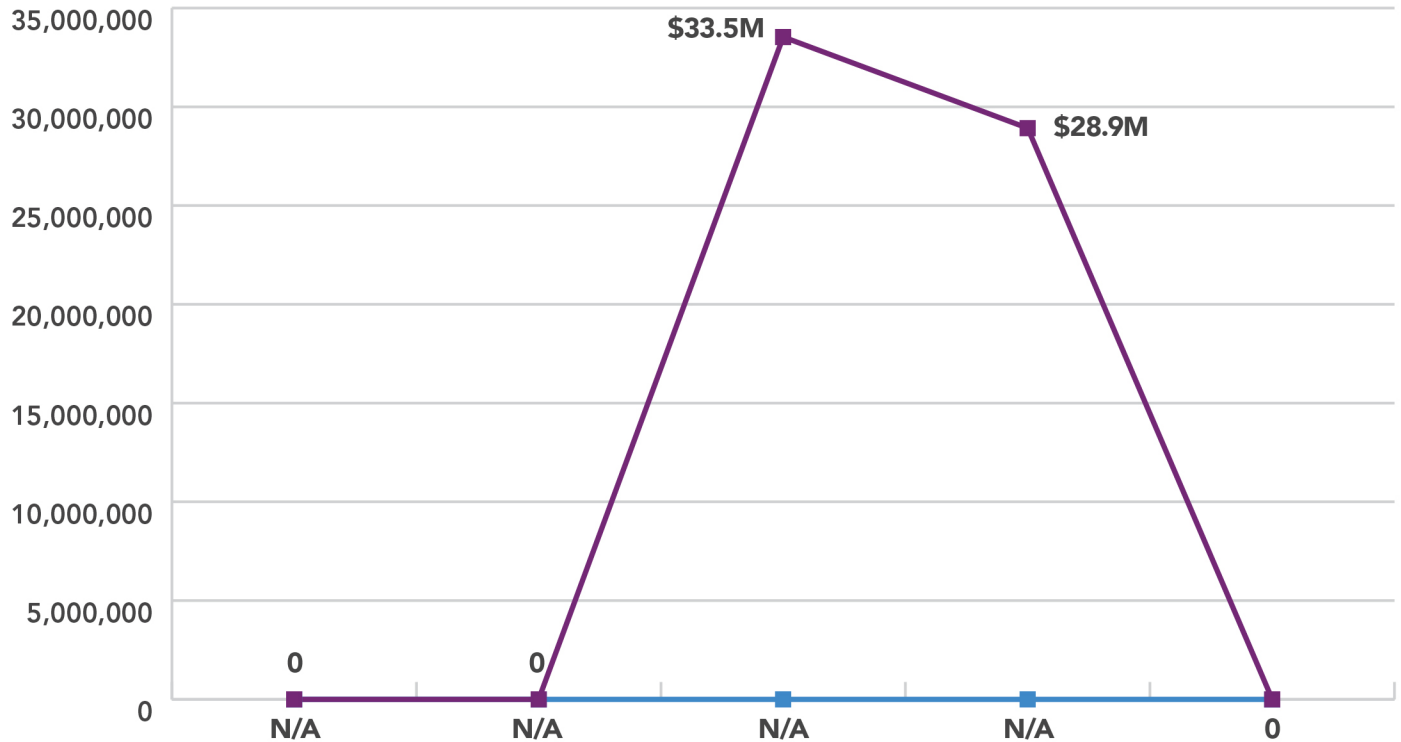
# ACO Results

## Medicare ACO Results

### MEDICARE SHARED SAVINGS PAYMENTS

■ ADVOCATE PHYSICIAN PARTNERS ACCOUNTABLE CARE - MSSP ACO

■ AURORA ACCOUNTABLE CARE ORGANIZATION - MSSP ACO



2013

2014

2015

2016

2017

Source: Centers for Medicare & Medicaid Services.

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## MEDICARE CARE COORDINATION/PATIENT SAFETY MEASURES\*

☑ TOP 10TH PERCENTILE
☑ AVERAGE PERFORMANCE
☑ BOTTOM 30TH PERCENTILE

	Unplanned Admissions for Patients with Diabetes	Unplanned Admissions for Patients with Heart Failure	Unplanned Admissions for Patients with Multiple Chronic Conditions
ADVOCATE PHYSICIAN PARTNERS ACCOUNTABLE CARE			
AURORA ACCOUNTABLE CARE ORGANIZATION			

\*For these measures, ACOs in the top 10th percentile have the fewest patients with unplanned admissions.

Source: Centers for Medicare & Medicaid Services.

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## MEDICARE PREVENTIVE HEALTH AND AT-RISK POPULATION MEASURES

☑ TOP 10TH PERCENTILE
☑ AVERAGE PERFORMANCE
☑ BOTTOM 30TH PERCENTILE

	Diabetes: Hemoglobin A1c in Poor Control*	Hypertension: Controlling High Blood Pressure	Statin Therapy for the Prevention and Treatment of Cardiovascular Disease
ADVOCATE PHYSICIAN PARTNERS ACCOUNTABLE CARE			
AURORA ACCOUNTABLE CARE ORGANIZATION			

\*For this measure, ACOs in the top 10th percentile have fewer patients with hemoglobin A1c in poor control.

Source: Centers for Medicare & Medicaid Services.

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# Alternative Payment Model Analysis

TABLE 3: ALTERNATE PAYMENT MODEL ACTIVITY

APM INITIATIVE	PAYER(S)	EPISODE(S) OF CARE	EPISODE TYPES*
BPCI Advanced	Medicare	<b>28</b>	■ Acute Myocardial Infarction
			■ Back & Neck Except Spinal Fusion
			■ Cardiac Arrhythmia
			■ Cardiac Defibrillator
			■ Cardiac Valve
Comprehensive Care for Joint Replacement	Medicare	<b>1</b>	■ Major Joint Replacement of the Lower Extremity

\*For full list of Episode Types, see PowerProfile Segmentation Tool.

Source: Decision Resources Group, Centers for Medicare & Medicaid Services.

Advocate Aurora is in the early stages of adopting alternative payment models. The IDN participates in two Medicare alternative payment models based on bundled payments for episodes of care. Under the BPCI Advanced initiative, the IDN is at-risk for 28 episodes of care, including several cardiac episodes, liver and gastrointestinal issues, and joint replacements. The IDN also participates in the mandatory Comprehensive Care for Joint Replacement, targeting major joint replacements of the lower extremity.

## Population Health Management

Advocate Aurora is merging two population health management strategies and as a first step is partnering with Milwaukee, Wisconsin-based Foxconn Health Technology Business Group. The high-profile partnership will combine Foxconn’s technological expertise to strengthen artificial intelligence–based approaches to capitalize on Advocate Aurora’s employee wellness and population health management strategies (Healthcare Dive, July 13, 2018). Advocate Aurora will continue to use precision medicine and genomics to offer individualized treatments and soon, combine predictions with treatments to avert the development of some chronic diseases.

Advocate Aurora uses technology-based partnerships to solve other care management issues, such as partnering with EmOpti, a telemedicine platform for emergency departments that improves triage and decreases wait times (Milwaukee Business Journal, Feb. 1, 2019). The IDN, along with five other Wisconsin IDNs, partners to run AboutHealth, a partnership that uses predictive analytics to reduce admissions by identifying patients at high risk of heart failure, diabetes, or COPD, and participates in the Medicaid Transformation Project, a consortium of 17 health systems working to lower costs and produce better outcomes for Medicaid recipients.



# Pharma Outlook

## OPPORTUNITIES AND THREATS ANALYSIS



### Opportunity

Advocate Aurora's growing expertise with artificial intelligence and precision medicine makes the IDN receptive to drugs with proven outcomes. Drugs that treat multiple systems for patients with chronic diseases would be valuable to the IDN's goal of improving a patient's overall outcome.



### Threat

With a high-level of clinical integration and combined Epic electronic medical record system including prompts for generic drugs, the IDN favors low-cost drugs with similar outcomes to branded options. The IDN's ACO involvement with the largest insurers in Chicago and Milwaukee makes it sensitive to prior authorization and step therapy requirements.

Source: Decision Resources Group.

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# Payer Outlook

## OPPORTUNITIES AND THREATS ANALYSIS



### Opportunity

Advocate Aurora already acts as a narrow network for major insurers and offers high-level expertise with population health management that includes an ability to predict members at-risk for chronic conditions. As a combined entity with the largest network in the greater Chicago and eastern Wisconsin markets, the IDN is a valuable partner for any insurer looking to increase efficiency and cost management.



### Threat

Advocate Aurora's population health management expertise is a double-edged sword in the market, making it a valuable partner for insurers but also a good alternative to employers who want to contract directly with the IDN. Advocate Aurora's efforts to enhance wellness programs will make it even more desirable to employers.

Source: Decision Resources Group.

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## Key Takeaways

- ✓ Advocate and Aurora each brought strong ACO participation to the merger, but the structure of the IDN's at-risk involvement is shifting to focus on narrow network offerings with large regional and national insurers. With the Medicare Shared Savings Program ACOs in flux, commercial insurer partnerships offer more stability.
- ✓ The IDN's massive size, with more than 8,100 affiliated physicians, makes it an ideal narrow network, and the IDN's strategy for commercial ACOs will focus on wellness programs and chronic disease management. Advocate Aurora is perfecting its population health programs on its own employees and will be positioned to offer direct contracts to large employers with a Midwestern base.
- ✓ Advocate Aurora relies on technology to distinguish itself among competitors. Through the IDN's new partnership with Foxconn, Advocate Aurora expects to offer employers and insurers high-level information about a patient's current and future health status as well as expected costs.

# User Guide



## DRG PowerProfile Methodology & Definition

### DRG's Accountable Care Organization Definition

An entity formed by providers, payers, or both to coordinate healthcare for a defined population while achieving specified quality objectives and constraining costs. The level of financial accountability for providers involved in an ACO can vary widely, from none to full-risk contracts.

### DRG's Power Groups

Power Groups are DRG's proprietary methodology for segmenting ACO contracts by the number of lives and willingness to bear risk.

- ✓ **Power Group 1:** Risk-bearing ACO contracts that have 35,000 or more attributed lives. Includes all Next Generation ACO contracts and all NCQA-certified ACO contracts.
- ✓ **Power Group 2:** Non-risk bearing ACO contracts with 35,000 or more attributed lives.
- ✓ **Power Group 3:** Risk-bearing ACO contracts with fewer than 35,000 attributed lives.
- ✓ **Power Group 4:** Non-risk bearing ACO contracts with 20,000-34,999 attributed lives.
- ✓ **Power Group 5:** Non-risk bearing ACO contracts with 5,001-19,999 attributed lives.
- ✓ **Power Group 6:** Non-risk bearing ACO contracts with fewer than 5,001 attributed lives.