# How Disney is disrupting orlando healthcare

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American employers experimenting with direct provider contracts usually do it on a small scale, but Walt Disney World Resorts in Orlando is fully committing with provider HMOs that insure most of the company's Orlando workforce. With a possible 70,000 Orlandoans receiving care solely from the provider networks of Orlando's two largest integrated delivery networks, the city becomes a proving ground for cutting out the insurer middleman. Furthermore, Disney's direct contracts pit Florida Hospital and Orlando Health against each other, giving the employer a clear idea of who wins as a better care manager/cost container at year's end. To be successful, Florida Hospital and Orlando Health need to capitalize on their current resources (tech, access points, and patient outreach) to really tie outcomes to prices.

**Risk involves thinking strategically, especially when you're a health system trying to keep patients out of the hospital**

Florida Hospital and Orlando Health together have more than 80 percent of the highly consolidated Orlando health system inpatient market. Both IDNs are investing heavily in land, construction, technology, and physician recruitment to build pervasive networks. But Orlando, like other metros seeing significant health system consolidation, risks higher healthcare pricing in the next few years as IDNs work toward creating greater efficiencies that are supposed to lower costs. A direct employer contract, such as Disney's, puts the brakes on price hikes for the employer. With the IDNs at financial risk for patient care, they should have an incentive to keep patients healthier, but the patients themselves are at the center of real change.

**Culture change is hard**

For employers to effectively lower healthcare costs, they must change employee culture. Employees still prefer the provider choice that comes with open network plans, and 73 percent of Orlando's self-insured commercial market is still in PPOs, according to July 2018 Decision Resources data. To gain employee buy-in to narrow network options and get the most impact from care coordination programs, more employers are turning to employee health advocacy programs. These programs offer high-level service to employees navigating the healthcare system, particularly employees considering an expensive surgery or long-term treatment options. Disney does not currently offer health advocates, instead relying on Orlando Health and Florida Hospital to offer care coordination. In contrast, Oscar Health, the technology-driven health insurance startup, hopes to set itself apart in Orlando by offering employee advocacy through its concierge approach. Oscar will expand in several new markets in 2019, including offering group coverage to the growing aerospace sector in Orange County. If Oscar sees savings from its high-touch approach, health advocacy could grow in Orlando.

**The networks are evolving**

Both Cigna, which previously administered Disney's Orlando HMO, and independent providers lose business with the new contracts. Cigna still offers a PPO, but with much higher deductibles and cost-sharing, it is less attractive. Independent physicians are responding by building their own self-contained ecosystem for direct contracting through the Integrated Independent Physicians Network, an Orlando-based clinically integrated network, says Larry Jones, executive director of IIPN. The network already is negotiating direct employer contracts, possibly with second-largest employer Orange County Public Schools. While the network will not offer hospital services, Jones says their growing network of physicians and outpatient services will be more cost effective because fees will not include the automatic markup that comes with health system-affiliated services. Plus, the network will not have an incentive to send patients to more expensive settings like emergency rooms.

**Disney hopes direct contracting enhances outcomes without the company getting burned**

Disney's new contracts follows direct contracting efforts by other large, self-insured employers, such as Boeing Co., Cisco Systems, Intel Corp., and Walmart. Disney feels pressure to instigate the big change to move its medical cost trend in the right direction—down. After several years of falling medical costs, employers are looking at a stagnating or growing trend, according to Pricewaterhouse Cooper's Medical Cost Trend: Behind the numbers 2019 report (PwC website, accessed Sept. 11, 2018). Disney's 2018 direct contract could start moving its trend in the right direction as long as providers rein in costs. With Orlando's largest employer shaking up the market, Orlando is set for more payment reform, with value-based contracts branching out to include pharma and bundled payment programs to offer set prices for specific treatments.

**Heather Johnston Johnson is a senior analyst at DRG whose work appears in Health Plan Analysis and Market Overviews.**

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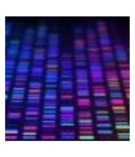
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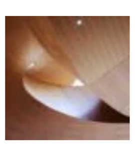
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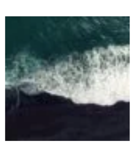
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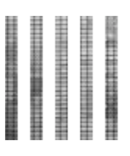
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