

Affirmant Health Partners - CEO Update

August 2017

Overall, we are under-budget and on-time for achieving all but the following milestones for the year:

- 1. Affirmant-Health Plan Collaboration**—Negotiations continue with prospective health plan partners based upon the Board-approved “Runway to Value,” with our focus on 2017 support for Affirmant’s Clinical Transformation System and rewards for improved performance on our clinical priorities for current products in 2018. We are negotiating proposed Letters of Understanding (LOU) with each plan. In addition to the LOU we have in place with PHP, we have proposed LOU language in process with BCBSM, HAP and United. Proposed Medicare Advantage contract terms have been received from United and Humana. A promising exploratory meeting took place with Aetna last month. Priority Health has indicated an interest in reengaging in negotiations now that the status of the Spectrum/Affirmant relationship has been resolved and we await their proposal for a revised LOU. Larry Green, Affirmant’s new Director of Payer Strategy, is now taking point on these negotiations. Our intent is to progress with each plan through approval of LOU and approval of contracts for current Medicare Advantage and commercial product offerings for effective dates of 1/1/18.

I am pleased to provide the update below on key Affirmant initiatives and developments:

- Information Technology/Business Intelligence (IT/BI) Committee**— The IT/BI Committee has unanimously recommended Board approval of an Affirmant contract for licensing, support and hosting of Epic Constellation. The Affirmant Board of Managers has delegated approval of this contract to the Board Executive Committee, which will take up the decision at its next meeting on August 17, 2017. This follows IT/BI Committee and Board approval of our IT/BI strategy earlier this year, identifying Epic Constellation as our preferred long-term solution for data analytics. It also follows recent multiple meetings with Epic by Affirmant Member health system IT staff and our Affirmant negotiating team. Henry Ford Health System has advanced our data analytics based upon Federation ACO and Henry Ford ACO claims data. In the past month, this has included production of a Post-Acute Care dashboard which has added great value to the work of our Post-Acute Care Work Group. We continue to work toward integrating claims data from MidMichigan patients in the POM ACO, as well as BCBSM claims from Affirmant-related Organized Systems of Care. The Analytics Work Group has developed and approved streamlined processes for quarterly Phase 1 data submissions in our Affirmant Information Management System (AIMS), and created an issues log to capture metrics-related issues within AIMS. The group has also approved best practice guidelines for validation of Affirmant-related LCIN data, and approved patient attribution logic for MSSP claims data.

Clinical Transformation Committee (CTC)—Efforts to advance the development of Affirmant’s **Clinical Transformation System** continue to progress. The Clinical Transformation Committee (CTC) has approved recommendations from our Post-Acute Care Workgroup for a standardized, evidence-based best practice program to improve the cost-effectiveness of our post-acute care. The program will focus on improving appropriateness of patient discharge setting, increasing utilization of preferred post-acute network providers, improving performance of post-acute network providers, and decreasing

readmissions. Detailed work plans and supports are under development and will be disseminated in the weeks to come. The CTC has also approved an Affirmant Physician Remediation Policy and performance measures for citizenship and engagement. COMET (Continuous On-line Medical Education and Training) will be rolled out in September (see below). Local Chapter implementation of AIMS is currently underway beginning with Lakeland as our alpha site. Roll-out to other Chapters will follow over the next few months.

- **Accountable Care Organization/Medicare Shared Savings Program (ACO/MSSP) —** Affirmant continues to meet monthly with our CMS ACO Coordinator. The Affirmant Board of Managers voted to support the decision of the Federation ACO Board not to pursue MSSP Track 1+ participation at this time. This decision was based upon the significant downside risk and low likelihood of gain in Track 1+ associated with the lack of patient disincentives for seeking out-of-network care and low historical probability of ACOs, especially relatively new ACOs, achieving savings. Our collaboration continues with Henry Ford Health System Data Analytics to (a) enhance the MSSP claims data dashboard, (b) enable MSSP quality reporting for MIPS, and (c) achieve potential MSSP shared savings resulting from Affirmant's Post-Acute Care initiatives. Work has begun with Chapters to update our provider roster to meet an August deadline for CMS submission of providers eligible for 2017 MSSP participation under approved TINs, and TIN eligibility for 2018 MSSP participation.

- **Communications and Education** –The Communications and Education Committee reviewed our final website layout in July and Group 55, our marketing consultant, is currently building the external site. The initial website, which will go live in September, will be a landing page that highlights our value proposition, our geographic footprint, links to our member systems and news. The COMET implementation team has been working to finalize details of the contract and phased launch targeted to start in September. We see four distinct advantages to utilizing COMET:

1. COMET can be a tool to helping us implement the Clinical Transformation System (CTS) and the delivery system that brings the five elements of the CTS (Guidelines, Engagement, Care Coordination, Support and Accountability & Rewards) to life.
2. COMET is available on any browser and can be accessed anywhere with internet connection.
3. COMET has the capability to push out educational materials and information to physicians and administrative staff about our organization to keep us FTC (Federal Trade Commission) compliant.
4. An additional bonus feature is the access to the CME library and opportunities for clinicians to earn CME credits.

Affirmant hosted its second Town Hall at Sparrow on August 9. More than 100 participants attended in person or through WebEx. Dr. Mayer talked about our progress with the three elements of the Fire Triangle - Data Analytics, Clinical Transformation and Health Plan Partnerships – and fielded questions from the audience regarding ACO reporting, clinical priorities and engaging physicians. Finally, as the Post-Acute Care Workgroup begins to finalize their strategy, recommendations and plans for an Affirmant best practice, communication plans and toolkits are in the beginning stages of development to support successful education and training related to this clinical priority. The PAC best practice roll-out will be the template for all future initiatives.

- **Contracting Committee**—In addition to the health plan contracting efforts described above,

the Contracting Committee is continuing its work developing a recommended incentive distribution model for Affirmant. It is anticipated that recommendations will be brought to the Board for consideration at its September meeting.

- **Employee Health Plans**— Bronson, Covenant, Lakeland and MidMichigan continue to work with Mercer on a collaborative bid process for third party administration (TPA) of employee medical and pharmacy benefit plans. Historical data is being gathered from incumbent TPAs and health system representatives will be reconvening to review the information and refine a draft RFP. The target go-live date for a single TPA and pharmacy benefit management firm is January 1, 2019.
- **Recruitment** - We are pleased to announce that Kim Bloom and Lawrence “Larry” Green, MBA have joined Affirmant Health Partners. Kim Bloom, who was Affirmant’s interim Executive Assistant, is now officially on board as Executive Assistant. Kim has over 20 years of executive administrative support experience and is a native of Washington, DC. Larry started as Director of Payer Strategy on July 24. Larry has over twenty-five years of managed care contracting, finance, strategic planning and operations experience. He has held senior leadership roles as Vice President of Managed Care and Operations in large health systems in Chicago, St. Louis, and Nashville. Larry is a native of Chicago. We are currently receiving and evaluating candidates for our Director of IT/BI position.