Health care trends in America
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It’s 2018.
How’s the health of our health care?

Health care is in a constant state of change. This creates complexities that are obstacles in an environment that is already tricky for organizations and their employees to navigate. In turn, many members are left confused or frustrated, resulting in sub-optimal choices made for their health care. Some of these challenges have been with us for a while. Some are brand new. Now more than ever, dedicated trailblazers are needed to create innovative and sustainable, enduring solutions.

Change is inevitable in health care. We recognize that it can be difficult to keep track of an ever-changing state of affairs and still maintain a competitive edge to attract top-tier talent. That’s why we continually work hard to simplify those changes, so you can smoothly make the necessary adjustments to continue making a positive impact on the lives of your employees.

Finding the right partners and resources can help alleviate some of the pressures you face as an employer and keep you at the forefront of the health care industry.
Familiar statistics

Health care costs continue to rise. Currently, the total annual US health care expenditure is $3.2 trillion—17.8 percent of our GDP¹. According to the Commonwealth Fund, the US ranked last in a study of health care performance among 11 developed nations.²

1Centers for Medicare and Medicaid Services, 2015.
2Source: Commonwealth Fund Analysis, 2017

SINCE 2008:

60% of Americans have at least one chronic health condition⁴

From 2015 to 2016, opioid deaths increased 24%³

The cost for the most popular brand-name drugs has risen 208%⁵
Our model for a clear path forward is taking the time to understand the unique challenges facing employers and developing meaningful solutions.

While consumers suffer the side effects of a costly and inefficient health care system, they also see that technological advancements have revolutionized other industries, as evidenced by Google and Amazon. They are now expecting, even demanding the same innovation from their health plans.

Driven by these and other tectonic forces, change is inevitable—and sooner rather than later. We’ve already seen many of the drivers that will accelerate this transformation: regulatory changes that will affect reimbursement models, healthcare and human enablement, personalized patient management, the shift to value-based care, precision medicine and the opioid epidemic, and the data and analytics that will inform patient care and revolutionize the efficiency with which it is utilized.

Collaboration—health plans taking the time to understand the unique challenges facing employers, then developing solutions accordingly—will be the model for the way forward.
As a leader responsible for the benefits and well-being of your workforce, you deserve more of your health plan. Give your workforce more than the status quo. Seek out partners who are moving away from conventional, one-size-fits-all solutions towards more targeted innovations and personalized approaches.

These innovations include value-based care initiatives, cross-sector collaboration and plan integration, the next generation of consumer-driven health plans, precision medicine, and above all, using data to engage with your employees in a meaningful way.

Many new tools and resources address these challenges. You play a key role in determining the right ones to make the most significant impact on the health of your workforce.

The right health plan partner can help you make the best decisions.
Innovation that endures

Data and technology are empowering tomorrow’s solutions. But it’s crucial to package those solutions in a human-centric experience. For new ideas to endure, they must be meaningful and easy to use. At Anthem, this is how we think about innovation in health care—meaningful data and practical applications to improve outcomes and lower costs.
Experience
gets an upgrade
You thought using your phone to deposit a check was impressive? Brace yourself. The industry is making huge technology investments to enhance the patient experience. The goal is not just to simplify the process for the patient-as-consumer, but to influence behavior, improve outcomes, and of course, lower costs.¹

The majority of providers currently offer online bill pay, digital communication tools, facility improvements, and a social media presence. Other services include:²

- Teledermicine
- Remote Patient Monitoring
- Online Scheduling
- Support for Caregivers and Clinicians
- Interactive Patient Engagement Systems

²Source: PwC Health Research Institute Provider Executive Survey, 2017
What it means

Providers and insurers are following the trail blazed by savvy retailers who have been watching human behavior to develop products that complement busy lives. Multitasking has become hypertasking. People have conference calls in coffee shops, work while they exercise, and juggle personal and job-related tasks across numerous apps, many times a day. The tools for reaching patient populations have been in place. Now, it’s just a matter of using those tools intelligently.

Remember, you’re not just dispensing health plans. You’re improving lives.

Companies are looking more closely at the total wellbeing of their employees. It matters that solutions are designed to meet those employees where they live and work. When people are more involved in the management of their own health, this benefits productivity while reducing costs down the line. In other words, everybody wins.

Every interaction is a data point, waiting to be used.

There’s another advantage to engagement. Patients create their own datasets—through apps they use, the services they purchase, the information they access, and even the fitness devices they wear. As the industry gets better at connecting those dots, patient experience—and health—will be better for it.

EXPERIENCE GETS AN UPGRADE

Consumer-driven health plans (CDHPs) have enriched the set of options available to the member-as-consumer. Increasingly popular, they offer a tailored solution for everyone, including healthier individuals who have a higher health literacy, established positive health behaviors, and want to save money.

IN 2018
40% of employers will only offer a consumer driven health plan (CDHP)¹

IN 2019
90% of employers will offer a CDHP as one of their plan options¹

How we can help

Engage

You want people to actually use wellness programs. That’s the only way you can see results or measure effectiveness. Engage is like having a personalized digital assistant that offers 150+ health and wellness integrations, simplifying the member experience while driving greater engagement. This fully integrated mobile app, fits seamlessly into members’ lives, providing a holistic view of benefits.

Members receive information and guidance, personalized outreach, incentives, and invitations to fitness challenges. For employers, there’s a dashboard offering realtime insights and tools for worksite wellness initiatives. Engage has made a demonstrable impact:

- **62+** net promoter score from early adopters
- **Double the utilization** for programs and preventive services
- **Nearly half** of all members return each month\(^1\)
- **92%** user satisfaction

\(^1\)Based on the utilization of Castlight’s program offering
Health care gets personal, holistic
As the industry continues to embrace patient-centered care as a better way of doing things, we’re now taking a closer look at those factors with the greatest effect on health.

According to research, individual social variables such as education, income, nutrition, and behavior have a huge influence on outcomes. To improve care, insurers have begun to incorporate alternative delivery models and incentives that improve utilization patterns and emphasize prevention. The goal is to get patients out of emergency rooms and into more appropriate and cost-effective primary care settings.

It has been estimated that health disparities account for $102 billion in direct medical costs every year.²

To address these factors, health management strategies increasingly stress personalized and holistic care, including mental and behavioral health, nutrition, and numerous non-medical factors. There’s a growing understanding that these social interventions can have a positive effect on patient outcomes.

It’s not only providers and insurers who feel this way. Consumers are also looking for more collaboration within their local community to more effectively manage health.

Effective plans actively engage members on an individual level—then applies that approach to everyone. To maximize impact, interventions should be hyper-targeted, but not only at the high-risk crowd and not only at specific times. Communication should be continuously maintained throughout each member’s journey to ensure they get the right care—not simply when it’s emergent or chronic.

A 2016 HRI report estimated that an extended-care team that includes nutritionists, social workers, and community health workers could save providers $1.2 million per year per 10,000 patients in a value-based environment.¹

How we can help

Total Health, Total You

You want a deeper understanding of a complex population. That way, you know what solutions are going to have the greatest traction with your members, and the greatest impact on your bottom line. Total Health, Total You is our end-to-end member experience that combines sophisticated data and analytics to identify potentially costly conditions sooner, and connect members with personalized resources that align with their needs and preferences.

In a recent study, our analytics identified:

- Chronic cases 163 days sooner than traditional predictive modeling algorithms
- Stratified members that were 2x more likely to be receptive to outreach.
Stepping off the fee-for-service treadmill
What’s happening

The fee-for-service model of paying physicians is the biggest driver of higher health care costs in the United States.¹ With minimal incentives for the coordination of care, it not only reinforces inefficiency. It actually rewards it.

86 cents out of every health care dollar is spent on those with chronic and mental health conditions.²

Our system is built around treating the symptoms instead of addressing the source of the problems, where a bigger impact can be made. Until all of this changes, Americans will continue to spend more and receive less.

²https://www.cdc.gov/chronicdisease/overview/index.htm. CDC: Chronic Disease Overview
Over the years, many attempts have been made to lure providers off of the fee-for-service treadmill. Some have been more successful than others. Payment models that compensate primary care physicians for important clinical interventions beyond office visits, or for maintaining health registries have been effective at lowering costs and improving outcomes.¹

By focusing on those areas where we can make a demonstrable impact—like chronic illness—value-based care is catching on.

Generally speaking, there are three areas that determine the effectiveness of a value-based approach:

First
Look for those provider incentives (payments or bonuses) that encourage cost and quality outcomes.

Second
Make sure providers have all the support, data, and tools they need to make a value-based transformation painless, and ultimately make their jobs easy.

Third
Look for an insurer with enough network clout to reach the number of members necessary to make change real.

Blue Distinction Total Care (BDTC)

Blue Distinction Total Care aligns incentives with providers to ensure care is efficient and delivers greater savings and better outcomes. Nationally, BDTC continues to drive down total cost of care trends when compared to non-BDTC providers:

- **$6.71 national aggregate PaMPM savings, year-over-year** when compared to non-BDTC
- **2.7% decrease in cost trend**

Anthem network solutions

With a perfect balance of national leverage and local presence, members have access to the nation’s largest network of value-based providers. A total of 342,283 providers are participating in Blue Cross Blue Shield value-based care arrangements today (172,581 primary care providers and 169,702 specialists)—that is more than 3 times the number of providers in our closest competitors programs. We have the means and flexibility to apply our solutions across multiple networks—large, small, ACOs, and integrated health systems.

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1Source: BCBSA BDTC Evaluation 3.0-National Aggregate Results, January 2018
2Source: BCBSA, 2017 Value-based program RFI – Topline National Stats, November 2017
Prescription drugs meet genetic sequencing
On May 6, 2018, the National Institute of Health (NIH) launched public enrollment in its massive genetic health data collection initiative. “All of Us” seeks to advance the cause of precision medicine, an emerging technology that tailors treatment based on each patient’s genes, environment, and lifestyle.¹

While the concept isn’t new—transfusions have long been matched to blood type, for example—recent advances in technology have put research into the fast lane, particularly in terms of the drugs used to treat diseases.

In 2012, the FDA approved ivacaftor (Kalydeco) for patients with cystic fibrosis who have a specific mutation in the CF gene. There has also been promising developments in clinical trials for targeted cancer therapies.²

What it means

The practical application of this promising new technology is years away. But there are real benefits for employers who are willing to look ahead. Consider the influence detailed patient data can have on prescription drug costs, for example.

**Pharmacy costs have become the fastest-growing segment of healthcare spending.**¹

You’ve heard the news stories of price hikes and personal bankruptcies. Pharmacy benefit managers are feeling intense pressure to lower costs and reestablish value. Many are reinventing payment and supply chain models, integrating pharmacy with medical, and adopting evidence-based policies. All of these approaches rely on having—and sharing—accurate, real-world data.

Comprehensive patient data, shared between providers, pharmacies, and insurers can help steer members to more appropriate drugs, including generic options. This underscores the increasing role of data in healthcare, an observation not lost on Congress.

**The 21st Century Cures Act may let drug companies use data for faster, less-costly FDA approvals.**²

By the end of 2018, this law is expected to allow drug companies to submit real-world data pulled from digital devices, EHRs and claims databases to support new indications, instead of relying on clinical trials which could approach $300 million each.³

Between precision medicine and new legislation, look for big changes in store for pharmacy. While the real-world implications of those changes may be down the road, **they offer numerous opportunities in savings and efficacy you can take advantage of now.**
How we can help

IngenioRx

When technology and strength are working for you, your employees have better outcomes at greater savings. Anthem’s integrated pharmacy experience leverages greater buying power for lower-cost drugs while basing lists on both clinical and financial data.
How to impact an epidemic
What’s happening

Opioids were responsible for as many as

64,000 overdose deaths

in 2016, up from 52,000 deaths just the year before.
It has become a complex and highly politicized problem.

Opioids are the
leading cause of death
for U.S. adults younger than 50.¹

It’s important to note that nearly half of those deaths involved prescribed opioids.² While that’s a grim statistic, it points us to a strategy for addressing the problem. It requires all of us working together to fight addiction—doctors and pharmacists, employers and insurers, state and local health officials. And as always, knowledge is power.

A successful strategy for addressing this epidemic begins with the proper coordination of care. Are there non-opioid alternatives available for the treatment? Are prescription drug monitoring programs in place for misuse? If opioids are prescribed, has your insurer adopted protocols for adherence and, if necessary, outreach and support?

Some health systems plan to restrict prescriptions and access. Many insurers have prevention strategies for fraud and abuse, partnering with various investigation and law enforcement groups.

Over half of provider executives surveyed plan to put new restrictions on opioid prescribing practices in 2018.¹

On the patient side, prevention requires being able to identify risks and behavioral markers, along with other social factors, then sharing information among members of the health care community. We’ve already seen the success of this approach in Massachusetts, where public and private health data have been combined to help the state’s Department of Public Health identify at-risk opioid patients.²

Ultimately, information and collaboration will be key to solving this problem. The more data and involvement, the better.
To fight opioid addiction, it’s important to provide your employees with options, information, and support. Anthem limits initial prescriptions for short-acting opioids, requires prior authorization for long-acting opioids, monitors controlled substance abuse, promotes provider collaboration and early identification, and leverages data for education and fraud prevention.

As part of our commitment, Anthem has contributed to a reduction of prescribed opioids filled by pharmacies by 31 percent.¹
It all comes down to data
You may have noticed a common thread for health care trends in 2018—the importance of data. Without question, it’s a powerful tool for understanding performance, influencing behavior, and reducing costs. It’s also indispensable for using the latest tools and technology to address today’s challenges.

As the industry embraces the wisdom of patient-centered, value-based care, the need for provider collaboration and shared data across a wide range of metrics has never been so important. However, many come up short.

Some clinicians collect basic demographic information for electronic health records (EHRs). Yet, responding to an HRI survey, only 4% use community social data to fill in the blanks required to appropriately match support services to patient needs.

78% of providers say they lack the data to identify patients’ social needs.¹

While data is king, it does have a shelf life. Information must be continuous and timely. Fortunately, every patient interaction is an opportunity for providers to obtain greater insight, which is why simplifying health care as a consumer experience is becoming more popular.

In addition to simply collecting data, forward-thinking health insurers are looking at new ways of beefing up their analytical capabilities. For example, some are using data to rank providers according to cost and quality criteria, which helps guide patients to more appropriate care.

Data will be the currency for health care in 2018 and beyond. By partnering with those who have the means to obtain it, analyze it and act on it, you can reap the benefits of more efficient and higher quality care for your employees and their dependents.
How we can help

Blue Distinction Total Care

When your providers have access to comprehensive patient information, they have the power to close gaps in care, improve quality, and lower costs. Blue Distinction Total Care pulls from extensive patient data, applying best-in-class analytics and reporting capabilities—for actionable insights and better health care decisions.

Provider optimization

How well do you know your doctors? Anthem leverages data to rank providers into deciles based on quality and cost, using those insights to guide patients to make better and more cost-effective health care decisions.
The more things change, the further we think ahead

We encourage you to stay informed and stay proactive. Expect more from your health plan and partner with someone who is committed to the kind of innovation necessary to address tomorrow’s biggest challenges. Contact Anthem and let’s collaborate.

We’re ready to help.

Anthem
NATIONAL ACCOUNTS