

touchpoints

Connecting you to the Heritage Provider Network **Issue 13** | July / August 2013



CALIFORNIA EXCHANGE Healthcare Coverage For All Californians: Part II

»» LATEST NEWS

Heritage is one of the ELITE: For the sixth year in a row, Heritage Provider Network and its family of medical groups has received the prestigious rank of Elite Status of Excellence for medical care from the California Association of Physician Groups 2013 Standards of Excellence Survey. *Continued...P7*

»» WHAT'S INSIDE

FEATURED STORY: California Exchange: Part Two..... P2
EXCLUSIVE: Cal-MediConnect Duals Demonstration Update..... P6
NEWS: Heritage Provider Network and TEDMED P7



With the implementation of the California Health Exchange looming, this edition of TouchPoints will continue the dialogue we began on this subject in the May/June issue. Whereas

we previously laid out the basics of Covered California, this issue delves deeper into specifics of the initiative—outreach and participating health plans. The burden of its success will not only lie with the health plans, but also with the medical groups and providers. It is important that we understand the implications of this program so we can effectively adapt to it.

In addition, I would like to note two prestigious honors, which Heritage Provider Network (HPN) recently received. Each of HPN’s affiliated medical groups earned CAPG Elite Status of Excellence. Remarkably, this is the 6th consecutive year we have earned this distinction. In May, The Heritage California Accountable Care Organization was named Medicare ACO of the month by ACO Business News, highlighting our leadership and innovation in delivering coordinated care.

Each of these honors signifies HPN’s commitment to developing healthcare programs that deliver quality, affordable healthcare—a mission shared by the California Health Benefit Exchange. Our proven track record in the arenas of managed care and healthcare reform uniquely positions us to develop a healthier California. We look forward to working with you to make this a reality.

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

TOUCHPOINTS AT THE CLICK OF YOUR FINGERTIPS:

Sign up to receive the email version of TouchPoints. Follow the link below and provide your email address.

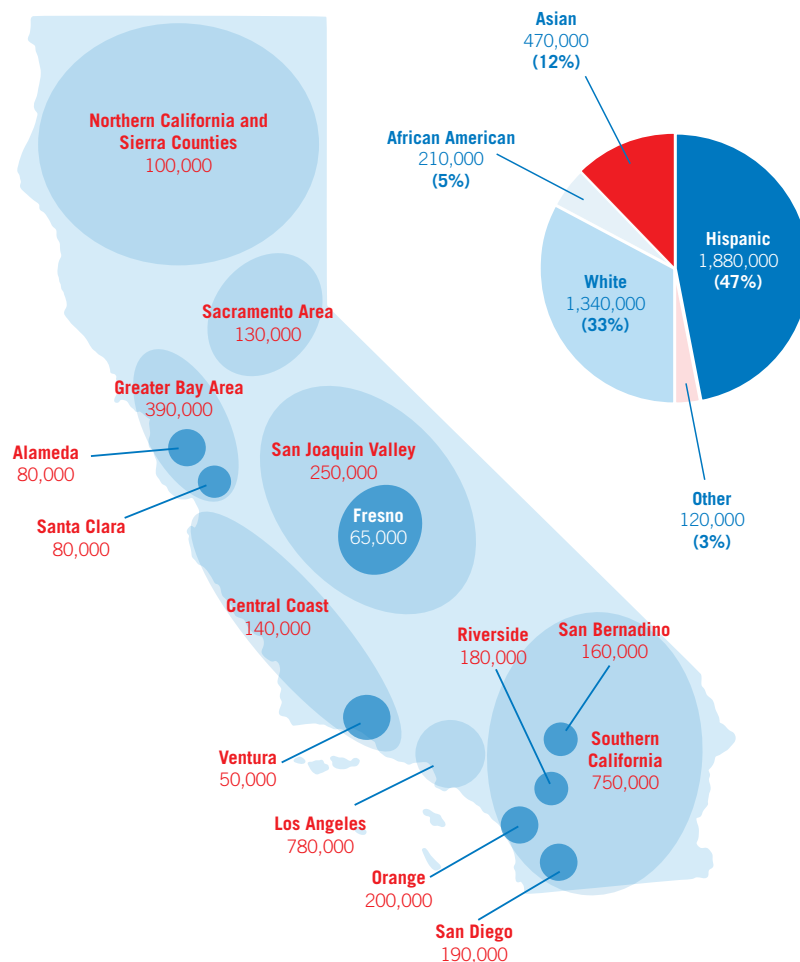
✉ www.heritage touchpoints.com

California Exchange —

California was the first state in the nation to create a health care exchange in response to the Patient Protection and Affordable Care Act (ACA). That exchange, Covered California, exists to provide an insurance marketplace wherein small businesses and individuals may access health insurance.

Our multi-part overview of Covered California began in the May/June 2013 edition of HPN TouchPoints. That segment provided a background on the essential health benefits and standardized plan structure of the program as well as information on the subsidies available to help qualified beneficiaries purchase coverage through the exchange. In this edition the second part of our series will explore Covered California’s various outreach initiatives and discuss the thirteen health insurance plans tentatively selected to work with the exchange to provide coverage.

Geographical and Cultural scope of Covered California Outreach



Healthcare Coverage for All: Part Two

Spreading the Word

Covered California outreach and enrollment is expected to be particularly challenging since the largest portion of the customer base is comprised of individuals who currently do not have health insurance. Members of this underserved population are also spread throughout California in both rural and urban communities. This means that challenges to education and participation will not only be social and cultural, but also geographical in nature, as illustrated by the images to the left.

In anticipation of this immense challenge, the California Health Benefit Exchange, the entity responsible for Covered California outreach, began mobilizing programs and resources in early 2013. The three major outreach programs are as follows:

- ① **Community Based Grant Program** – Grantees will mobilize and educate key influencers, establish market driven partnerships, manage educational outreach and collect leads. Grant awards were announced mid May 2013, and outreach was scheduled to begin in June 2013.
- ② **In-Person Assisters Program** – Working under Assister Enrollment Entities, Assisters will be the “foot soldiers” of the outreach, going directly to qualified individuals and small business owners, in-person, to educate on program and plan options, encourage enrollment and take and submit enrollment applications. In-Person Assisters will be compensated for the enrollment they generate on a flat fee basis. Assisters will be paid \$58 per each successful application, and \$25 per each successful annual renewal.
- ③ **Navigators Program** – Also funded by grants, the Navigator program is intended to fill in any gaps – geographical, or within targeted market segments – left by the In-Person Assister outreach. In addition to performing the same duties as an In-person assister, Navigators will also be empowered to conduct public education activities to reach a larger audience all at once. Grant applications

were released in June 2013, are due mid July 2013 and awards will be announced in early October 2013. Grantees will begin training mid-November 2013 and will begin enrollment assistance activities in December 2013.

Training programs for Assister Enrollment Entities (AEEs) and In-Person Assisters will begin in summer 2013. Assister Enrollment Entities will consist of eligible entities and organizations trained and registered to provide in-person information and assistance to customers as well as help them to apply for Covered California programs. They must demonstrate that they have appropriate access to Covered California’s targeted customer base, and will be selected to reflect the cultural, geographical and linguistic diversity of the program. In-Person Assisters are individuals who are linked to an Assister Enrollment Entity who will employ, train and certify them to provide face-to-face assistance to customers and help the customer to apply for Covered California programs. Since assisters will be actively enrolling beneficiaries through the exchange, they must be well-versed in both subsidized and non-subsidized health coverage, and qualified health plans. Covered California hopes that AEEs and Assisters will work through existing community resources and channels in order to reach eligible customers regardless of where they work and live.

In-Person Assistance Program	Date
Assister Enrollment Entity Application Release	Spring 2013
Assister Enrollment Entity Training Begins	Summer 2013
In-Person Assister Training and Certification Begins	Aug 2013
Open Enrollment Begins	Oct 1, 2013
Navigator Program	Date
Navigator Grant Application Release	Jun 2013
Navigator Grant Application Submission Due	Mid-Jul 2013
Navigator Grant Award	Early Oct 2013
Navigator Training and certification Begins	Mid-Nov 2013
Navigator Entities begin Enrollment Assistance	Early Dec 2013

Planning for Affordability

The California law passed to implement the Patient Protection and Affordable Care Act (ACA) gives Covered California the power to set up a competitive process to choose health plans to participate in the exchange. In accordance with this law, Covered California has set guidelines and standards for participating health plans to ensure that the health care options offered through the exchange will provide the very best choice, quality, value and service to beneficiaries.

California was the first state to establish an exchange under the ACA and is one of the first states to identify plans and release premium costs. Initially more than 32 health plans applied to offer coverage through the Covered California marketplace. At the time of this publication, 13 health plans have been tentatively selected for participation in the exchange, potentially offering quality care to millions of Californians in the individual market.

Tentatively selected health plans will now have their proposed rates reviewed by their state regulator. Those whose rate plans pass that review will enter into final contract with Covered California. It is expected that the plans reaching final contracts will offer Covered California enrollees a broad selection of networks and delivery models from which to choose. Consumers in all urban areas, and many rural areas, will be able to select from HMO, PPO and EPO health delivery models. The care delivery networks offered through the tentatively selected plans are expected to include many of California's leading academic health systems and five of the six CMS Pioneer ACOs, including our very own Heritage California ACO.

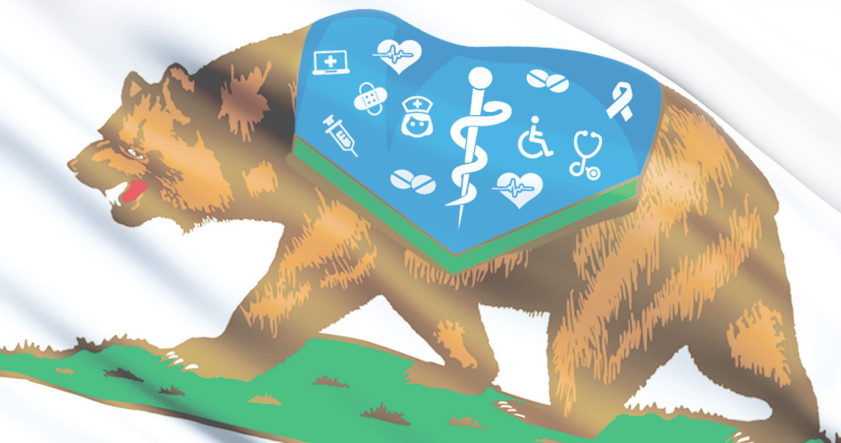
The thirteen plans that have been tentatively selected, listed alphabetically, are:

- Alameda Alliance for Health
- Anthem Blue Cross of California
- Blue Shield of California
- Chinese Community Health Plan
- Contra Costa Health Plan
- Health Net
- Kaiser Permanente
- LA Care Health Plan
- Molina Healthcare
- Sharp Health Plan
- Valley Health Plan
- Ventura County Health Care Plan
- Western Health Advantage

Each plan meets all state and federal health plan requirements and additional standards set by Covered California. This mix of plans includes larger insurers and smaller companies, regional and statewide providers and for-profit and non-profit organizations. With such a wide variety of participating plans, enrollees should have access to a wide choice of benefits and affordable premiums as well as quality doctors and hospitals, no matter where they live within the state.

Benefit Structure

In order to promote choice and affordability, Covered California has established standard benefit designs which each participating plan must follow. These standardized benefits allow consumers to more easily compare health insurance plans since the benefits are identical for all plans offered in the Covered California marketplace. Standardized benefits also assure that a consumer's out of pocket costs are defined and limited according to type of service. For example, in the following table, consumers can see how much they might pay for various types of service based upon whichever standardized metal plan they choose.



Benefit Structure Table

Coverage Category	Bronze Covers 60% average annual cost	Silver Covers 70% average annual cost	Gold Covers 80% average annual cost	Platinum Covers 90% average annual cost
Preventive Care Copay*	No Cost	No Cost	No Cost	No Cost
Primary Care Visit Copay	\$60 for 3 visits	\$45	\$30	\$20
Specialty Care Visit Copay	\$70	\$65	\$50	\$40
Urgent Care Visit Copay	\$120	\$90	\$60	\$40
Emergency Room Copay	\$300	\$250	\$250	\$150
Lab Testing Copay	30%	\$45	\$30	\$25
X-Ray Copay	30%	\$65	\$50	\$40
Generic Medicine Drugs	\$25 or less	\$25 or less	\$20 or less	\$5 or less
Annual Out of Pocket Maximum Individual and Family	\$6,350 Individual and \$12,700 Family	\$6,350 Individual and \$12,700 Family	\$6,350 Individual and \$12,700 Family	\$4,000 Individual and \$8,000 Family

Actual premium rates for each of the metal tiers vary by region, level of coverage and age. Starting this fall individuals will be able to calculate their precise coverage costs, including any available subsidy. However, Covered California has provided a very broad overview of average rates for Silver Plans offered across the state as illustrated in the following table:

Lowest Silver Plan Average	\$304
2nd Lowest Silver Plan Average	\$325
3rd Lowest Silver Plan Average	\$335
Average of these 3	\$321

A direct rate-to-rate comparison with existing commercial market premiums is all but impossible for several reasons. Current commercial market benefits lack standardization, and in 2014, commercial market premiums are expected to shift with varying degrees based upon each individual's current coverage status. Still, it is possible to generate a viable frame of reference by contrasting Covered California's proposed rates with current small group market rates in California. Such a comparison shows a variance ranging

from 2 percent above to as much as 29 percent below 2013 average small group premiums. Such competitive rates are surprising to some, especially considering that the policies offered through Covered California often provide more comprehensive coverage and essential benefits than many current small group commercial products.

States, pundits and agencies around the country are carefully watching California, seeing our program as an important indicator of whether or not health care coverage can be affordably expanded as promised under the Affordable Care Act. It's important to note that although Covered California's proposed rates are well below worst-case predictions made thus far, it is still expected that some individual consumers will see an increase in premiums in 2014.

Though state officials can't estimate how much premiums will go up, some individual health plans that are participating in the exchange are estimating an approximate 13% increase, on average, for their individual policyholders. How well consumers manage and accept that sticker shock remains to be seen, and their level of satisfaction will be an important indicator in Covered California's success.

Heritage California ACO Named Medicare ACO of the Month



ACO Business News featured Heritage California ACO as the Medicare ACO of the Month for May. Dr. Richard Merkin, President and CEO of Heritage Provider Network attributes the ACO's success to technology, more specifically,

the Q-ACO software for tracking patient activity. This in-house patented software allows the organization to monitor and stratify ACO beneficiaries at any time. This functionality is important for the ACO population who has the ability to see any provider they choose. The Q-ACO tool informs a beneficiary's providers of their

activity, including hospital visits and all provider contact.

The Q-ACO tool has yielded such successful results that Heritage has started licensing the software to other ACOs who want to run more efficiently and effectively. A major component of the software's effectiveness comes from its robust algorithms to track which beneficiaries are most likely to be hospitalized.

Heritage Provider Network has received a lot of positive feedback from their peers. With over 100,000 Medicare Pioneer members, Heritage is truly blazing the trail for coordinated care during the health care crisis.

Cal-MediConnect Duals Demonstration Update

During the months of May and June several key changes/clarifications for the Medi-Medi/Duals outreach project, now officially called Cal MediConnect, were announced:

- Instead of the most recently proposed initial notification date of July 2013, the Department of Health Care Services announced that Cal MediConnect will begin no earlier than January 2014, with initial beneficiary notification tentatively beginning in October 2013 in select counties.
- Trailer bill legislation was proposed in May to include certain "poison pill" language in the bill. That would empower California's Director of Finance to end the Cal-MediConnect initiative if it is determined that estimated savings are not being realized through the program.
- The "poison pill" language includes stipulations to allow a special enrollment period for transitioning converted beneficiaries back to acceptable Medicare coverage should the Cal-MediConnect program be ended.
- The trailer bill legislation also includes language to allow that if Medicare decides not to move forward with the duals demonstration,

California could still:

- Require all Medi-Cal beneficiaries to move to managed care plans and/or
- Require all Medi-Cal plans to provide certain Long Term Service and Supports (LTSS)
- "Opt-out" clarifications:
 - All beneficiaries selected for Cal MediConnect must be enrolled in a managed care Medi-Cal plan, and those who actively "opt-out" of MediConnect may only opt-out of managed care plans on the Medicare side.
 - Those who actively opt-in must choose an integrated plan.
 - Those who do nothing will be automatically enrolled into an integrated plan.
 - Those actively or passively enrolled in Cal MediConnect may choose to opt out of MediConnect and transition back to original Medicare coverage at any time. (Again, they may not similarly opt out of a managed care Medi-Cal plan.)

	Action	Medicare	Medi-Cal*
Dual Eligible Beneficiary Decision	Opt-Out	FFS Medicare	Must Select Medi-Cal Plan
		Medicare Advantage	Assigned to Medi-Cal Plan
	Opt-In	Choose integrated Plan	
	Do Nothing	Enroll into Integrated Plan	

*All Medi-Cal beneficiaries MUST select a managed Medi-Cal plan, even if they "opt out" of MediConnect

Heritage in the News

Heritage Provider Network Earns Elite Ranking



Dr. Richard Merkin, President and CEO of Heritage Provider Network, is pleased to announce HPN and its family of medical groups received a four star rating across the board for Excellence in Medical Care from the California Association of Physician Groups (CAPG) 2013 Standards of Excellence Survey. This is the 6th year in a row HPN has achieved Elite Status in the CAPG survey. (www.heritageprovidernetwork.com)

HPN received the coveted Elite Status of Excellence for its medical groups in all categories including Care Management Practices, Health Information Technology, Accountability and Transparency and Patient Centered Care. The CAPG survey assesses the basic requirements for healthcare

systems in California to deliver healthier patient outcomes and affordability.

"HPN is honored to receive this prestigious recognition," said Dr. Richard Merkin, President and CEO of HPN. "Our teams are dedicated to continually improving care for more than 700,000 members, leading the way for healthier populations nationwide. I congratulate all in the HPN family."

"Heritage Provider Network is a standout in California, consistently meeting our rigid standards of excellence," said Don Crane, President and CEO of CAPG. "I applaud Dr. Merkin and his entire team as they lead the way for the rest of the country providing quality, cost effective healthcare for their members."

Heritage Provider Network & TEDMED



Heritage Provider Network is proud to announce their new relationship with the TEDMED Conference. This prestigious annual gathering features

innovators across disciplines who examine the latest in health, technology and information to create a better future in healthcare. This is an exciting opportunity for our organization and is the perfect collaboration, given HPN's groundbreaking utilization of data mining competitions to encourage innovation in healthcare delivery.

A note from Dr. Merkin:

I am pleased to let everyone know that Heritage Provider Network has entered into a strategic relationship with TEDMED, the medical side of the TED Conferences. As you may know, TED stands for "Technology, Education and Design," and its motto is "Ideas Worth Spreading." Just like Heritage, TEDMED believes "passionately in the power of ideas to change attitudes, lives and ultimately, the world." Thus, we thought that TEDMED was the perfect platform to allow us to spread the Heritage message far and wide.

Every year at the TEDMED conference, numerous high-profile, exciting speakers discuss the newest developments in the world



of healthcare. Past presenters at TED and/or TEDMED have included luminaries from the worlds of politics, finance, entertainment and healthcare. Just a small sampling of past speakers include:

Bill Clinton, Michelle Obama, James Cameron, (director of the movies Titanic and Avatar), Steve Jobs, Bill Gates, Sergey Brin (founder of Google), Peter Diamandis (CEO of the X-Prize Foundation), Francis Collins (head of the National Institute of Health), Aneesh Chopra (former Chief Technology Officer of the U.S.), Colin Powell, Tony Robbins (world renowned motivational speaker), Frank Gehry (world renowned architect and designer of the Disney Concert Hall in Los Angeles), Martha Stewart, Jay Walker (founder of PriceLine.com), Todd Park (Chief Technology Officer of the U.S.), Katie Couric, Al Gore, Gabby Reece and Laird Hamilton (former Olympic Volleyball player and World Champion big wave surfer), Billy Jean King (winner of 12 Grand Slam Tennis titles), and Sanjay Gupta (CNN medical correspondent).

We hope you are as excited as we are that HPN is joining forces with TEDMED. Please share with us any ideas you might have as to what you would like to see included in TEDMED in the future, and we look forward to your participation in TEDMED.

– Dr. Merkin