blue groove®
your way to better health
we need a solution that meets everyone’s goals

- Accountable care organizations (ACO)
- Strategic network design with Patient Centered Medical Home (PCMH)
- Wellness and member engagement
- Value-based insurance design (VBID)
our sacramento ACO is the proof point

Exceeded the **$15.5M** (2010) and **$7M** (2011) savings targets for the 42,000-member population

- Inpatient readmissions (5.4% in 2009 to 4.3% in 2010 to 4.1% in 2011)
- ALOS (4.05 in 2009 to 3.53 in 2010 to 3.76 in 2011)
- COHC trend relative to Northern California PERS non-pilot population (3.9% versus 8.8%)

**Integrated network delivery model**

- Blue Shield
- Medical group
- Hospital

**Integrated processes**

**Clinical best practices**

**Data integration**

**Metrics and reporting**

**Aligned incentives:** Each partner contributes to cost savings and is at financial risk for any variance from targeted cost reduction goals
introducing the next generation of health care
Value Prop:

• An integrated approach to care delivery that combines supply-side process improvement and best practice (provider partnerships) with demand-side incentives for healthy behavior and appropriate use of services (member activation) to improve quality and drive down cost.

Principles:

• Narrow network of high quality, efficient providers through ACO partnerships

• Employee out of pocket expense tied to level of engagement, which includes physician choice, wellness participation, care plan compliance

• Wide breadth of employee choice with full transparency and support for decision-making

• Advanced view of the member based on a robust platform that facilitates member interaction and outbound engagement
a new kind of health plan

<table>
<thead>
<tr>
<th>Description</th>
<th>Lean PPO benefits</th>
<th>Select HMO with restricted PPO wrap</th>
<th>PCMH HMO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits unique to path</strong></td>
<td>Provides the basics but at a higher cost</td>
<td>Encourages and rewards healthy behavior</td>
<td>Integrated care for chronic patients</td>
</tr>
<tr>
<td></td>
<td>• Broad PPO network</td>
<td>• Narrow network of ACO providers and access to restricted PPO (up to $10K Blue Shield of California allowed)</td>
<td>• Access to a narrow network of high-performing, patient-centered providers</td>
</tr>
<tr>
<td></td>
<td>• Existing Blue Shield health and wellness programs</td>
<td>• Richer benefits and lower OOP than basic groove</td>
<td>• Richer benefits and lower OOP than wellness or main grooves</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• $500 financial incentive if certain requirements are met</td>
<td>• Coordinated and integrated care based on evidence-based protocols</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Interactive online/mobile platform for personalized engagement and support</td>
<td>• Reduced barriers to care</td>
</tr>
<tr>
<td><strong>Value to member</strong></td>
<td>Broader network for those who want to pay more</td>
<td>Financial recognition and support for a healthy lifestyle</td>
<td>Best-in-class support to manage care</td>
</tr>
</tbody>
</table>
PCMH optimizes treatment for members with select chronic conditions

Creates a high-performing care team, led by a physician champion (PCP), to best coordinate the patient’s needs based on evidence-based treatment guidelines

• Directs members to high-quality, cost-effective providers
• Results in savings without cost-shifting to members
• Channels procedures to a subset of high-quality providers with superior outcomes
• Blue Groove Care Paths:
  • Diabetes
  • ESRD-CKD
  • Heart Failure-CAD
  • Hypertension
  • Osteoarthritis
  • Cancer
value-based insurance design supports clinically appropriate, high-value services

Customizing the benefit package to support the use of evidence-based best practices that lower overall healthcare costs:

- Remove barriers to needed, valuable services
- Optimize the likelihood of members complying with recommended treatment and engaging in healthy behaviors
illustrative benefits

- Plan design is customized, based on existing benefits
- Main groove is designed with a slightly lower benefit value than existing benefits, with an opportunity for members to earn back their value through financial incentives
- Members who participate in the Main and Care+ Grooves will see a higher benefit value than those who choose to maintain the status quo in the Basic Groove.

<table>
<thead>
<tr>
<th></th>
<th>Basic Groove</th>
<th>Main Groove</th>
<th>Care + Groove</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
<td>$1,500</td>
<td>$500</td>
<td>$0</td>
</tr>
<tr>
<td>PCP Copay</td>
<td>$45/50%</td>
<td>$20</td>
<td>$0</td>
</tr>
<tr>
<td>Specialist Copay</td>
<td>$45/50%</td>
<td>$30</td>
<td>$0</td>
</tr>
<tr>
<td>Copay max</td>
<td>$7000/ $10000</td>
<td>$1500</td>
<td>$1000</td>
</tr>
<tr>
<td>Rx Deductible</td>
<td>$75</td>
<td>$75</td>
<td>$0</td>
</tr>
</tbody>
</table>
• Detailed information on each groove, including FAQs and downloadable plan details
• Blue Groove cost and benefit comparison tool
• Find a Doctor tool to help locate groove-specific providers, including detailed provider profiles
• Access to dynamic and interactive wellness tools that inspire and motivate
• Links to additional online wellness tools and resources
Employees continue to develop habits contributing to better health.

Gaming dynamics for tracking goal attainment.

Employees can “friend” others to support them in their journey toward improved health.

Email content linked to Health Action Plan is pushed to employees.

Employees view their activity progress and receive daily personalized electronic coaching through their online Blue Groove home page or mobile app.

Participating employees receive a wireless pedometer and USB antenna in the mail. Step data is uploaded wirelessly.

Employees login to BSC to complete a mini-online Health Assessment & brief Health Action Plan.

Employees login to Personal Health Engagement Platform.

Gaming dynamics for tracking goal attainment.

...through on-demand tools, apps, and devices.
360 view of the member...

- Benefit Information
- Lab Results
- Biometrics Screenings
- Exercise Program Participation
- Quit Smoking Participation
- Health Risk Assessment
- Improved Outcomes
**Patient Engagement Dashboard**

- **Name:** J00000009
- **Phone:** (222) 222-2222
- **Mailing Address:** 3475 KENTUCKY LANE, BAKERSFIELD, CA 93305
- **Email:** jeff.passaro@blueshieldca.com
- **Gender:** Male
- **Relationship:** DEPENDENT
- **Relationship to Member:** DEPENDENT
- **Birthdate:** 3/24/1956

### Groove Details
- **BlueGroove:** Care+
- **Adherence:** Adherent
- **BluGroove Effective Date:** 1/1/2012
- **Days Non Adherent:** 0

### Member Conditions Summary
- **Condition Category:** DIABETES
- **Primary Clinical Condition:** DIABETES
- **Comorbidity 1:** ANEMIA
- **Comorbidity 2:**
- **Self-Reported Condition Category:**
- **Self-Reported Primary Condition:**
- **Self-Reported Comorbidity 1:**
- **Self-Reported Comorbidity 2:**
- **Clinician Validated:**

### Utilization Metrics
- **Med-Surg Admissions:** 2
- **Med-Surg Avg LOS:** 6.2
- **Re-Admissions:** 1
- **ER Visits:** 1

### Engagement Console

<table>
<thead>
<tr>
<th>Actor</th>
<th>Engagement Name</th>
<th>Outcome</th>
<th>Interaction</th>
<th>Required</th>
<th>Action</th>
<th>Outcome Date</th>
<th>Interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care Team</td>
<td>Get Fit Program</td>
<td>BMI 25.8</td>
<td>Open</td>
<td></td>
<td></td>
<td>12/13/2011</td>
<td>Jeffrey Pz</td>
</tr>
<tr>
<td>Care Team</td>
<td>Quit Smoking Program</td>
<td></td>
<td>Complete</td>
<td></td>
<td>Select</td>
<td>12/13/2011</td>
<td></td>
</tr>
<tr>
<td>Care Team</td>
<td>Action Plan</td>
<td></td>
<td>Complete</td>
<td></td>
<td>Select Clinical Exception</td>
<td>4/1/2012</td>
<td>Jeffrey Pz</td>
</tr>
</tbody>
</table>
blue groove delivers immediate and long-term value

For employers:

• One-time premium reduction of at least 10%
• Premium trend in future years of 5% or lower
• Measurably improved quality of care

For members:

• Incentive to “know their numbers” as the first step to health management
• Personalized engagement around health in a way that improves/manages their ongoing health status
questions?