

CARE DELIVERY

CARE DELIVERY/VERTICAL INTEGRATION STRATEGY FOR A HEALTH PLAN

Developed a tangible strategy projected to serve +20% of fully insured members and materially reduce total cost of care via steerage and care management tactics

Client situation

- A regional health plan was looking to explore a primary care strategy to protect access for their members and drive total cost of care advantage
- Client asked for our support to:
 - Define their primary care vision and model for consideration
 - Identify target markets for primary care deployment
 - Determine likely market reaction to such strategic moves
 - Develop a robust business case for such an investment
 - Create a comprehensive roadmap and partner
 - Support their executive & Board buy-in process

Oliver Wyman approach

- Clarified the organization's aspirations and strategic direction; served as guiding principles for the work
- Conducted primary research of market consumers to understand member needs and demand for primary care
- Scanned and prioritized the markets ripe for primary care investment (e.g., number of lives, cost of care savings potential)
- Pressure tested long-held assumptions around primary care economics and developed a comprehensive business case
- Created a partnership-oriented execution strategy to realize the projected strategic & economic benefits
- Co-led strategy socialization efforts to drive buy-in across the executive leadership team and obtain Board approval

Key impacts achieved

- Over \$240 M USD per annum upside in P&L impact projected once all planned clinics are established and mature
- Projected to serve 20%+ of fully insured members and materially reduce their total cost of care via steerage and effective care management tactics
- Tangible and agreed set of implementation steps co-developed with client leadership approved by the Board
- Oliver Wyman supported implementation initiated with near-term focus on:
 - 1) Partnership selection; and
 - 2) Defining operational details

CARE DELIVERY STRATEGY FOR A REGIONAL HEALTH INSURER

Developed the strategy for entry into care provision and designed the initial solution and business to do so: a virtual- and home-based Next-Gen Primary Care practice that offers a better consumer care experience and improves affordability (~10–12% TCOC reduction)

Client situation

- Client was a mid-sized regional health insurer facing a rapidly transforming and increasingly innovative healthcare industry. Spurred by competitor acquisitions of PCPs and a desire to transform healthcare delivery, our payer client was considering entering care provision
- COVID-19 accelerated this debate given uncertainty around PCP economics and a sudden surge in virtual care
- Oliver Wyman was engaged to evaluate whether the health plan should enter care delivery, and, if so, answer: Why, with what solution, and how?

Oliver Wyman approach

- Assessed the care delivery landscape and trends (incl. both traditional and alternate/emerging channels)
- Engaged key leaders across the company to understand priorities and requirements for success
- Defined and evaluated a portfolio of potential options for entering care delivery
- Developed an initial business design for the new solution, including:
 - Value proposition to consumers
 - Clinical focus areas and impact
 - Capabilities and sourcing considerations
 - Path to market
 - Business case

Key impacts achieved

- Created clarity for the organization on the recommended path forward – complete with benefits and risks and strategic tradeoffs to pursuit
- Quantified significant potential medical cost savings/financial return (~10–12% TCOC improvement)
- Outlined key launch activities and start-up costs to support client's efforts to transform high-level strategy into tangible action and impact
- Developed project process playbook to enable clients to independently execute similar activities in the future

SPECIALIST PROVIDER PARTNERSHIP STRATEGY FOR HEALTH PLAN-OWNED MSO

Defined Health Plan's strategy towards specialist providers and advised on JV structure between providers and Health Plan's MSO asset

Client situation

- Client recognized need to rethink their orientation towards specialist providers, driven by several factors:
- Enterprise was under-focused on driving TCOC with specialists
- Consolidation threatened the independence of specialists - risking discount rate, partnerships, etc.
- Client acquired a Managed Services Organization (MSO) with expertise in MSK value partnerships, but was not sure how to leverage it to impact the provider market
- Client engaged OW to help articulate their strategy for partnering with specialist providers, and define how to leverage their MSO asset to accomplish the strategy

Oliver Wyman approach

- Helped client define ideal future-state provider ecosystem, the role of specialists, and key objectives to drive with specialists (e.g., maintain independent, improve TCOC)
- Developed specialist-led care model approaches to drive in the market, quantified potential impact, and identified priority specialties to engage first
- Worked closely with MSO leadership to develop go-to-market strategy in specific specialties, identified anchor partners, defined JV model (e.g., funds flow, key terms, regional structure), and supported market conversations

Key impacts achieved

- Developed GTM strategy and partnership approach to engage three initial specialty markets (Ortho, gastro, urology)
- Drove buy-in across client executive team on future-state vision for provider ecosystem, and new models to pursue with specialists
- Created financial model, based on MSO economics and value-based care opportunity (based on episode-level practice variation) to articulate value to provider groups
- Largest orthopedic group in the region signed a 'letter of exclusivity' to explore joint venture, and several other large groups are currently engaged in defining partnership models (as of March '21)

ASSEMBLING AND LAUNCHING CARE DELIVERY ASSETS FOR A REGIONAL HEALTH PLAN

Assembled cohesive set of home care, virtual care, and provider enablement assets to realize a health plan's care delivery transformation efforts

Client situation	Oliver Wyman approach	Key impacts achieved
<ul style="list-style-type: none">• The client was a regional health plan with the goal to more actively shape the care delivery ecosystem to achieve enterprise cost and quality targets• The client executive leadership sought to establish direct care delivery partnerships with innovative solutions to accelerate ecosystem transformation across:<ul style="list-style-type: none">– Home care solutions– Virtual care solutions– Value-based provider transformation via management services organizations (MSOs)• Oliver Wyman was engaged coordinate efforts and help the client stand up specific care delivery assets in the market	<ul style="list-style-type: none">• Developed overall transformation plan and roadmap to prioritize efforts across several inter-related initiatives• For the acquisition of a MSO, defined the joint operating model between client and MSO across all key functional areas• For an expansive partnership with a leading home care partner, developed partnership strategy and terms as well as supported negotiation efforts• For the health plan's existing set of value-based care and provider engagement initiatives, created a roadmap to evolve those programs and capabilities in service of new enterprise vision	<ul style="list-style-type: none">• Successful acquisition and planned integration of MSO asset that bridged two different organizational cultures and operating models (large payer vs. lean start-up)• Successful partnership established with home-care partner to serve thousands of high-need members in the region while better managing healthcare costs via value-based contracts• Consistent connectivity and rapid progress made against a myriad of competing priorities and resource constraints, including a refocus of priorities across the care delivery spectrum to ensure success in highest-impact initiatives