

# Cost-Reducing Strategy: Blue Shield of California

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Peter Long, PhD, Executive Vice President, Strategy and Health Solutions



## An Ecosystem Approach to Cost Reduction

Presentation to Office of Health  
Care Affordability





## We are rebels **with** a cause

We are a non-profit, tax-paying health plan on a mission to create a healthcare system that is worthy of our family and friends and sustainably affordable for everyone.



**7,500+**  
employees



**4.8M**  
Californians served  
across all 58  
counties



**\$24B**  
in revenue



**2%**  
pledge

# Our North Star

To create a healthcare system that is worthy of our family and friends and sustainably affordable.

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## How we'll get there

Create a  
personal,  
high-quality  
experience

Serve  
more  
people

Be financially  
responsible

Be a great  
place to do  
meaningful  
work

Stand for  
what's  
right

Be digital-  
first; make  
health care  
simple

## Who we are

Human. Honest. Courageous.





# Achieving our North Star requires **bold** moves

To radically transform healthcare and create real change for our members, we are taking on some key initiatives to:

- Reimagine pharmacy care
- Make member interactions real-time and seamless
- Enable comprehensive digital health records for our members
- Scale behavioral health services



To achieve equitable and high-quality care, improve member and provider experience, and reduce costs we believe we have to work across the ecosystem - pairing broad foundational changes with targeted interventions.

# Blue Shield of California's Pay for Value Strategy is designed to achieve the quadruple aim

## Pay for Value Goals



## Guiding Philosophy

1. Fee-for-service is a broken system, and we need to drive transformational changes to payment.
2. High-quality care can also be efficient care.
3. Build trust and improve the relationship with providers by paying them for the right work.
4. Incentives must improve outcomes in an equitable manner.



## We are implementing pay for value models across the spectrum of care



### Primary Care

Primary Care Hybrid  
Fee for Service Plus  
Large System Primary Care  
ACO 2.1



### Hospitals

Hospital Value Model  
ACO 2.1



### Specialty Episodes of Care

Orthopedics  
Gastroenterology  
Maternity  
Cardiology



### Oncology Care

Radiation Therapy  
Episodes of Care  
Palliative care



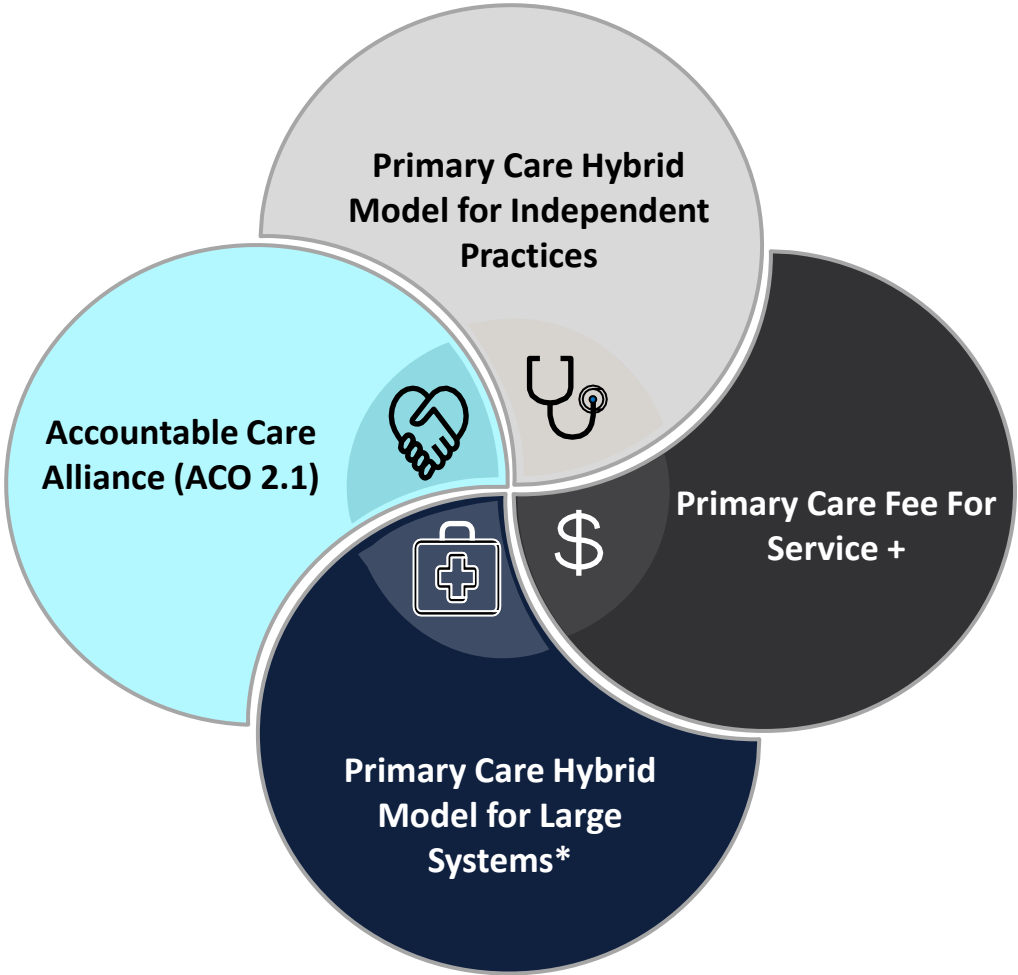
### Chronic Disease Management & Behavioral health

Crohn's and Colitis  
Rheumatoid arthritis  
Cardiology





# We have a big opportunity to impact cost and outcomes through our Advanced Primary Care models



## Early Results

9%

net savings\*

45%

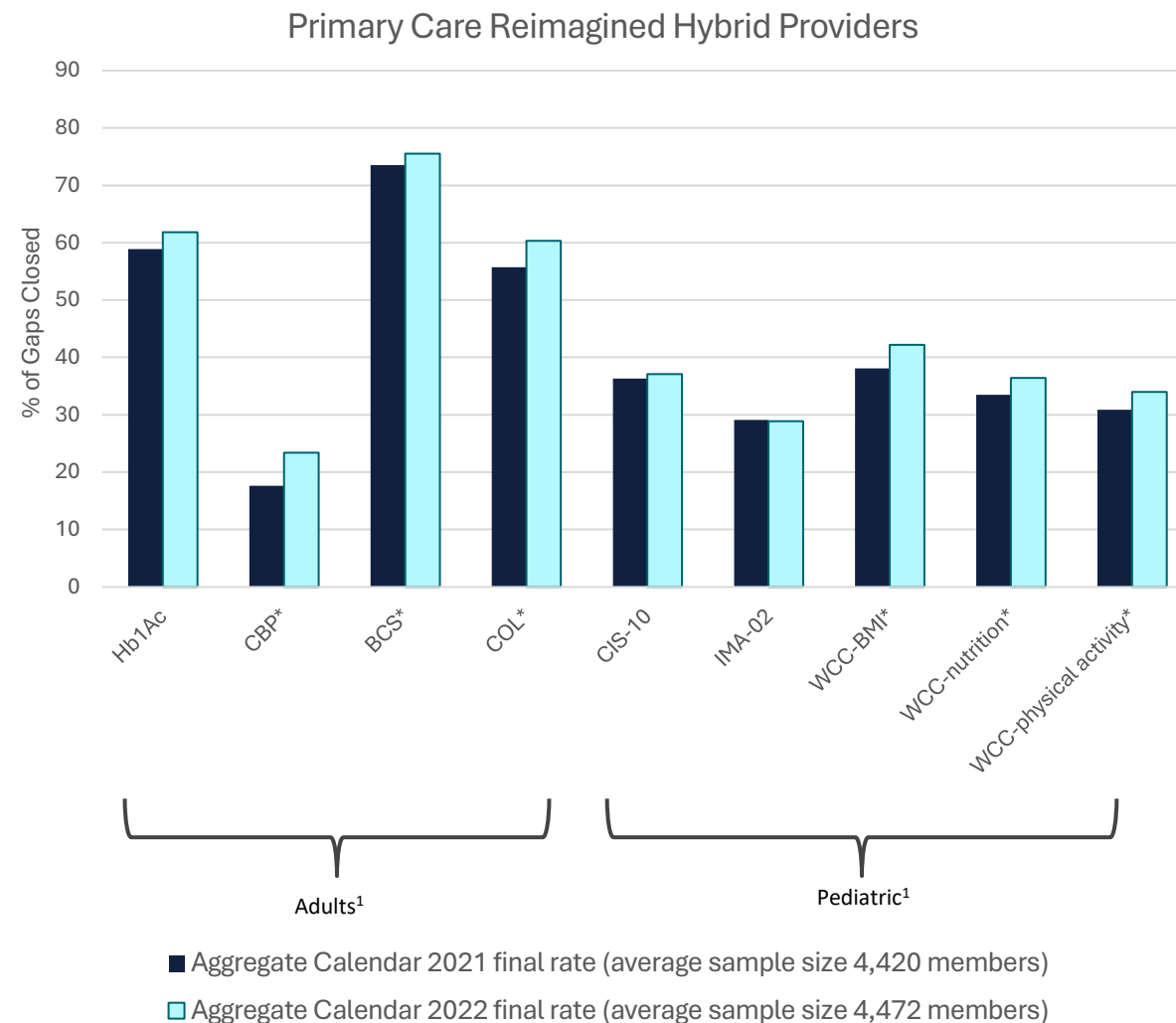
eligible independent practices on the model

*\* Net Savings results are preliminary and based on an internal study performed by Blue Shield of California. We are continuing to refine and evolve our measurement methodology.*

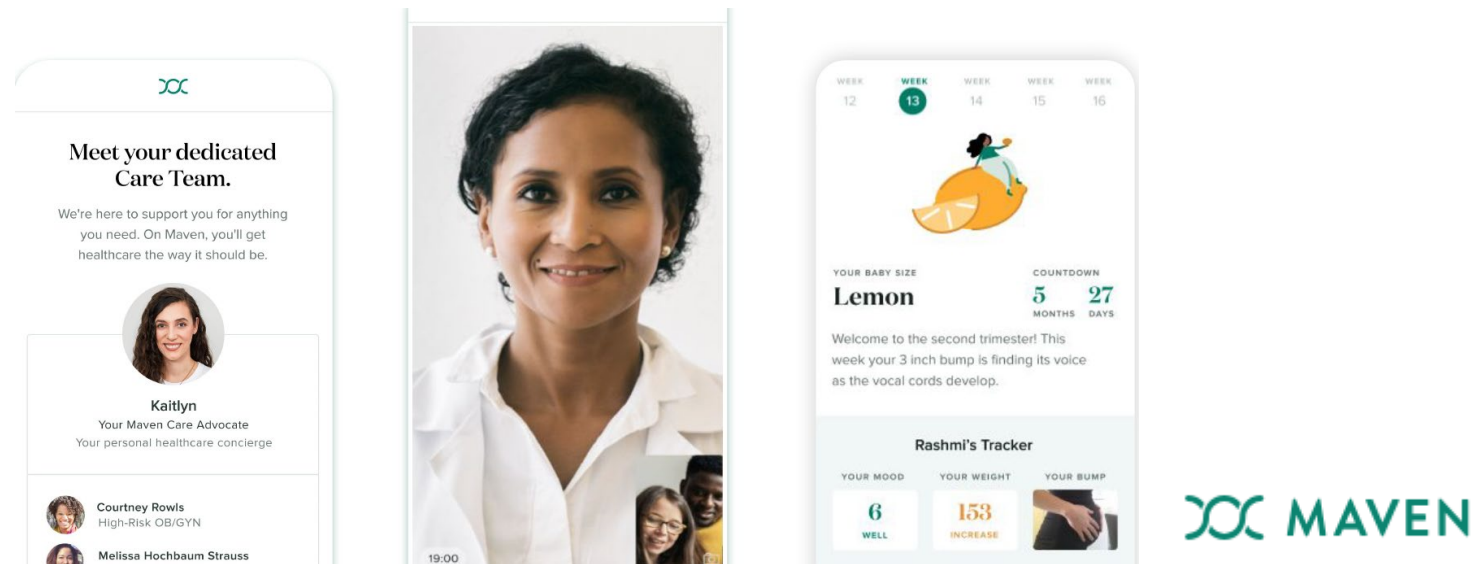
*\*\*Large system to go live in 2024*

Preliminary results\* are indicating quality improvement in key quality measures from baseline to the first measurement year

\* Improvement results are preliminary and based on an internal study performed by Blue Shield of California. We are continuing to refine and evolve our measurement methodology.



\*Indicates significant  $p \leq .05$



## We are also rapidly moving the needle for targeted populations by leveraging partnerships

### Maven

Maven is a virtual platform that offers our members a dedicated Care Advocate to help them navigate services, a specialized virtual care team to supplement care, and content and community resources to support decision making.

Through Maven, Blue Shield of California members have access to a suite of maternity services through their pre- to post-natal journey including:

- Mental health providers
- OB-GYNs
- Nutritionists
- Community forums
- Articles
- Doulas
- Lactation consultants
- Pediatric sleep coaches

# Targeted interventions like Maven deliver meaningful results for our members

## Access & Experience

- 3,000+ participants annually
- 24/7 access to dedicated Care Advocate
- Early identification and intervention: 65% joined in 1<sup>st</sup> or 2<sup>nd</sup> trimester
- Inclusive support: 40% identify as BIPOC
- Resources for those who need it: 60% high-risk
- Access to 35+ types of specialists, with 32% identifying as BIPOC: 9,650 appointments
- High utilization: 700+ classes attended, 30+ articles per participant
- Sustained engagement: 80-100+ minutes on platform per trimester
- High satisfaction: 75 Net Promoter Score

## Outcomes

- \$4,585 gross average annual savings per engaged member
- \$0.48 pmpm gross average savings
- 39% reduction in NICU days
- 2% reduction in C-section deliveries
- 10% reduction in ER visits
- 60% reduction in inpatient days unrelated to delivery

*Study performed by Blue Shield Data & Analytics team comparing Maven participants to a matched control group of non-participants*