



Humana®

# Understanding Value-based Care

## Parameters for Success and Effectiveness

<Insert month and year>

Value-based Strategies

# What is Value-based Care?

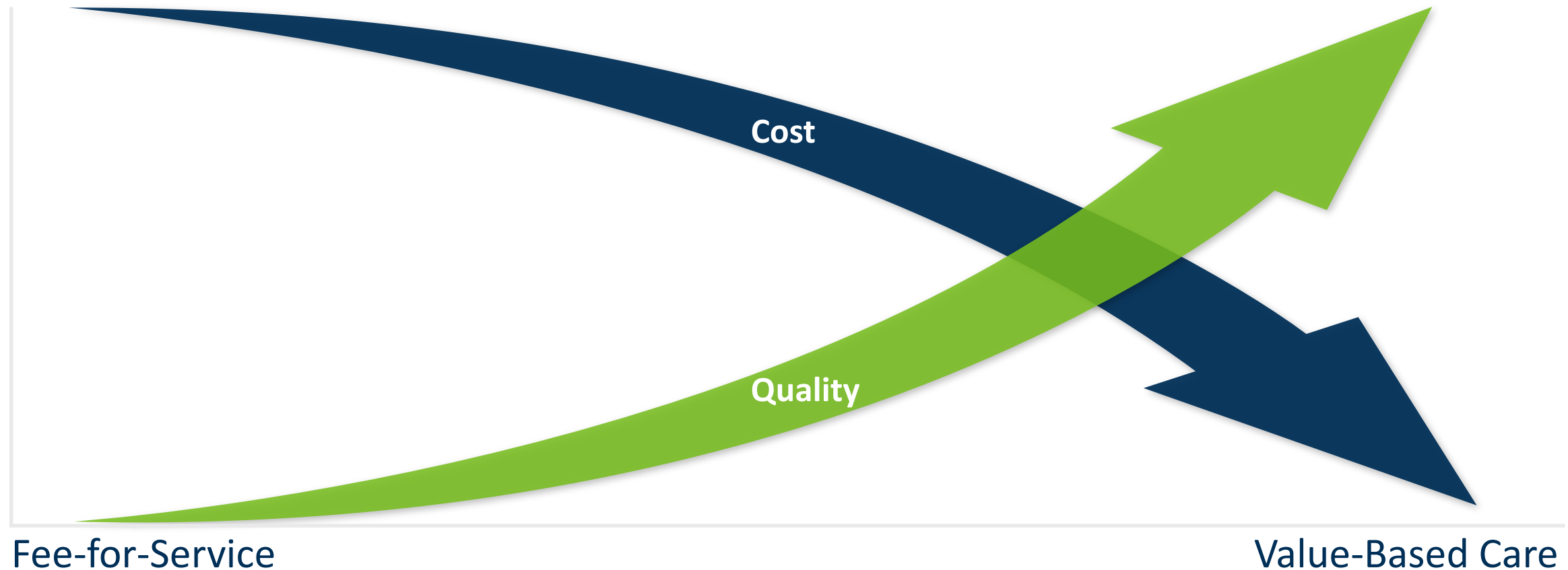
Value-based care ties payments for care delivery to the **quality of care** provided and **incentivizes providers** for **efficiency and effectiveness**. This model emphasizes quality over quantity by focusing on access, coordination of care and attention to preventive services, which results in lower costs.

Humana offers several value-based programs in support of **providing better care for individuals, improving population health management strategies** and **reducing healthcare costs**.

# Value-Based Care vs. Fee-for-Service

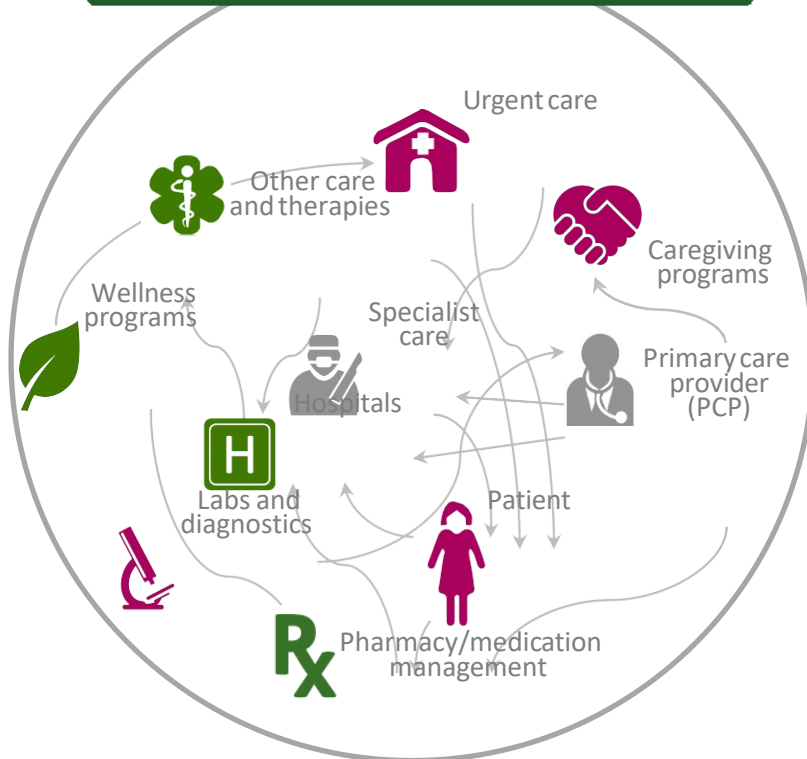
In the traditional fee-for-service reimbursement model, healthcare providers are paid for each service they perform. This may incentivize many providers to perform more tests and procedures and manage more patients, as a means to increase overall reimbursement.

In contrast, providers in a value-based care reimbursement model are paid based on how well they manage their patients' health outcomes and control cost.



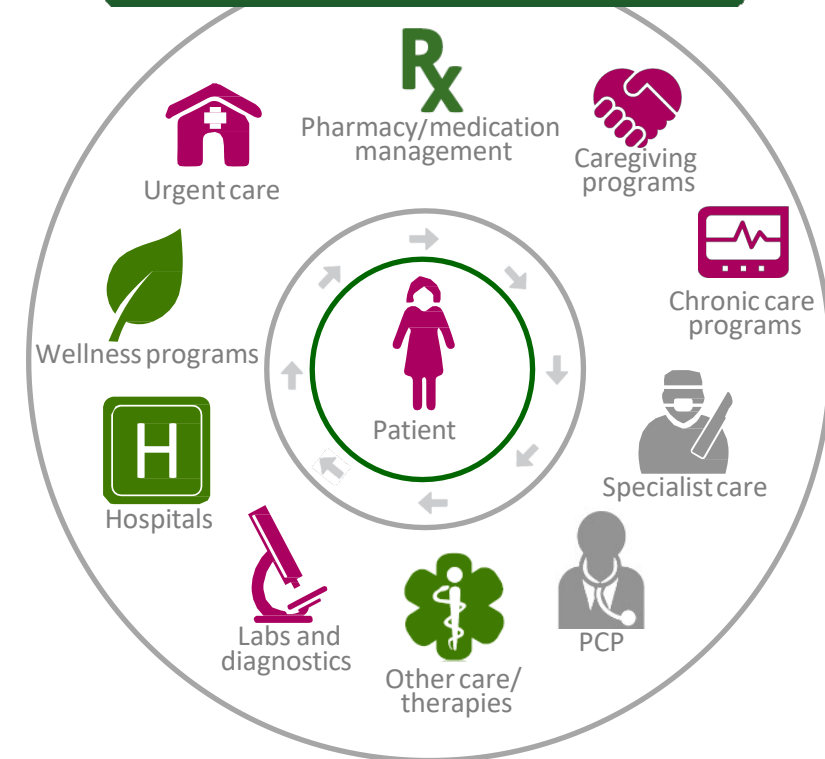
# Humana is Helping to Evolve Healthcare

## Traditional Healthcare System



- × Likely disconnected
- × Can cause patient confusion
- × Generally focused on **episodic care**

## Integrated Care



- ✓ Simple. Personalized.
- ✓ Focused on **holistic health**
- ✓ Right care at right time with lower costs
- ✓ Convenient access
- ✓ Aligned incentives

# How Value-based Care Is Different

## Fee-for-service

## Value-based

Patient Experience	→	A complicated healthcare system may confuse, isolate and frustrate patients.	→	An integrated approach puts the patient at the center of care. The primary care provider (PCP) acts as the quarterback, coordinating all aspects of the patient's care.
Delivery of Care	→	Care is often reactive and delivered in response to illness or injury.	→	Care is proactive and emphasizes a preventive approach to get and stay healthy.
Data and Analytics	→	Overwhelming amounts of data may lead to practices lacking sophisticated analytics to generate and leverage insights.	→	Advanced data analytics are leveraged to identify health risks and coordinate care at a patient-centric level.
Coordination of Care	→	The provider may not have access to the technology and support needed to proactively coordinate care.	→	Providers have access to new technology, data and support to more effectively coordinate care, inclusive of clinical and social aspects of care.
Cost	→	With a payment system incentivized by volume, healthcare costs may not correspond to health improvement.	→	A compensation model focused on quality leads to improved patient health, while lowering the cost of healthcare.

# Value-based Care: Better Outcomes, Lower Costs

15

PERCENT

Higher HEDIS<sup>®1</sup> scores for providers in a value-based setting, compared to standard Medicare Advantage (MA) settings

13

PERCENT

Lower medical costs for patients treated by providers in Humana value-based settings, versus original FFS Medicare

18

PERCENT

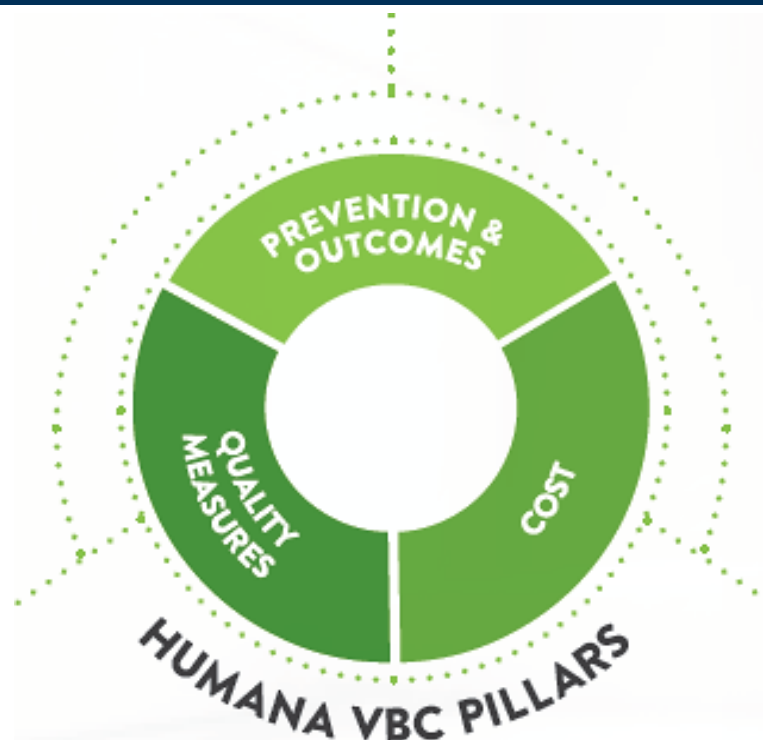
Total payments Humana distributed to healthcare providers in 2020 was to value-based PCPs

## PREVENTION

- +8% Colorectal cancer screenings
- +7% Breast cancer screenings
- +20% Blood sugar control screenings

## QUALITY MEASURES

- 15% higher overall HEDIS scores for providers
- + 90% member retention for MA members in VBC settings



## OUTCOMES

- 12% fewer Emergency department visits
- 7% fewer Hospital inpatient admissions
- 10% fewer Avoidable hospital admissions

## PAYMENTS AND COST

- 17.5% of every dollar spent on patient care went to Humana VB PCPs (vs. 5% national average)
- Total healthcare costs were 13% lower vs. original fee-for-service Medicare

<sup>1</sup> The Healthcare Effectiveness Data and Information Set (HEDIS<sup>®</sup>) is a registered trademark of NCQA.  
Data Source: Humana's 2021 Value-based Care Report, for more information visit [valuebasedcare.humana.com](https://valuebasedcare.humana.com)



Improved Quality ↑

*Providers see the value.  
Patients experience the care.*




Lower Cost ↓

# Humana's Strategy


We strive to improve the health of patients through various value-based models that bring simplicity and connectivity to the healthcare experience.

## How we execute our strategy...

By **partnering with providers** to evolve incentives from treating health episodically to **managing health holistically**



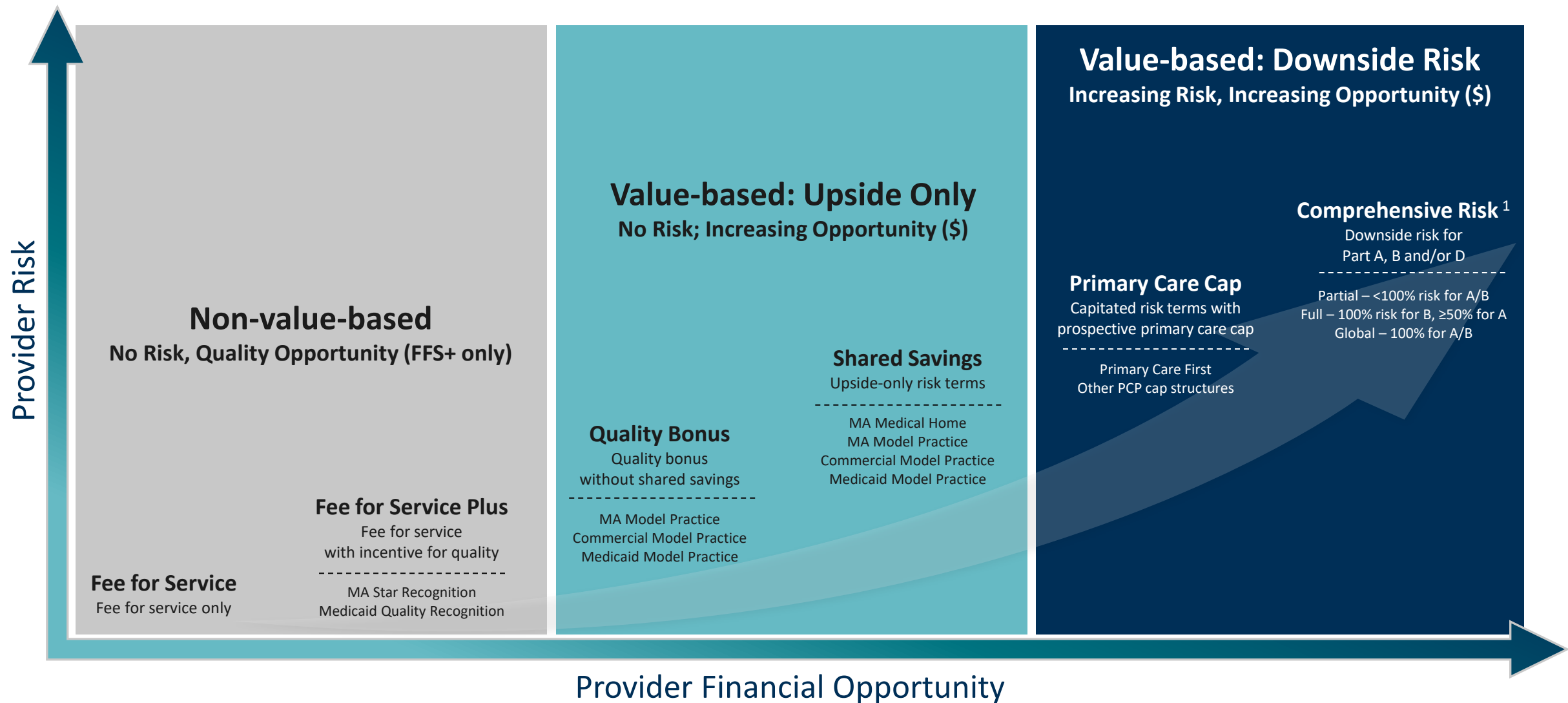
By building **trusting relationships** with our members and making it easier for them to engage in their health by providing clinical programs that intersect **healthcare and lifestyle**



By **leveraging technology** to integrate systems and simplify processes so members and providers may **engage more fully and easily in managing holistic health**



# Primary Care Value-based Continuum



<sup>1</sup> Downside risk contracts may or may not include the quality programs within the Upside Only portion of the continuum (Medical Home, Model Practice)