Johns Hopkins HealthCare LLC

Johns Hopkins Health System
50% Ownership

Johns Hopkins Medicine

50% Ownership

Johns Hopkins University School of Medicine

Johns Hopkins HealthCare LLC

EHP
Self-Funded Employer Business 50,000 Members

Priority Partners
Medicaid MCO 115,000 Members

USFHP
DoD/JHICP Contract 25,000 Members

Office of Managed Care
FFS Contracts Payer Relations Global Contracts

Ventures Division
Functional Unit Overview

Patricia M.C. Brown
President

Operations
PPMCO Administration
Client Relations
Information Systems
Corporate Support Services
Care Management
Finance
USFHP Administration

Claims
Customer Service
Provider Relations
Enrollment
System Configuration

PP Administration
EHP Business Development
Account Management
Managed Care Software
System Maintenance
Decision Support

Human Resources
Quality Improvement
Training/Performance
Improvement
Corporate Compliance

Utilization Management
Case Disease
Disease Management
Behavioral Health
Pharmacy Management

Financial Analysis
Budget Development
Actuarial Services
Accounting
Strategic Planning

FFS Contracting
Risk Contracting
Payer Relations
Global Contracts

Office of Managed Care
JHHC Mission

To provide access to high-quality and cost effective health care for our plan members in support of the Johns Hopkins Medicine mission of patient care, teaching and research.

We accomplish this by:

- Offering an excellent and accessible network of the highest-quality physicians, specialists and hospitals;
- Working with providers to ensure that care is patient-centered, timely, effective, equitable and safe;
- Providing care and disease management programs that help members manage their conditions;
- Leading the care management industry in evaluation and research of effective and efficient strategies to improve members’ health and reduce health care costs;
- Administering our members’ health benefits in an effective and efficient manner; and
- Working collaboratively with our plan sponsors to understand and meet their needs.
Where we were...

**FY 2000**

- Total Employees: 198
- Total Square footage: 58,000 sq. ft.
- Total Revenue: $188,608,890
- Net Loss: ($13,589,652)
- Total Downstream Revenue Estimate: $114,254,000
- Average Enrollment:
  - Priority Partners: 51,728 lives
  - EHP: 31,935 lives
  - USFHP: 20,911 lives
Where We Are…

**FY 2006**
- Total Employees: 469
- Total Square footage: 81,000 sq. ft.
- FY06 Revenue: $636,972,675
- FY06 Net Profit: $22,773,320
- FY06 Downstream Revenue: $259,576,907
- Average Enrollment:
  - Priority Partners: 116,247 lives
  - EHP: 44,097 lives
  - USFHP: 24,500 lives
Employer Health Programs

- Provides third party administration services and arranges for the provision of health care services for self-insured employers (ERISA plans), primarily within JHM

- Original purpose twofold:
  - Bring in-house employee benefit plan administration as measure to save costs for JHM employers
  - Defensive mechanism to assure referral stream and protect against steerage
Employer Health Programs

- Original marketing plan:
  - All JHM employers
  - Organizations affiliated with Trustees
  - Other health care organizations

- Anticipated being major player in marketplace

- Plan changed with decision to get into Medicaid risk business
Employer Health Programs

- Currently serves 9 clients, 5 of which are Hopkins’ affiliates, with over 43,000 covered lives
- As ERISA plans, all medical claims risk sits with employers
- TPA function basically break-even
Employer Health Programs

- **Strategic Value of EHP**
  - Effective mechanism to control health benefit costs for JHM employers; over the years, EHP’s health care and administrative cost trends have been lower than commercial plan averages
  - Benefit design encourages steerage to JHM providers
  - Extends higher than market provider fee schedules
  - Offers potential opportunity for JHM to develop commercial health care benefit product(s) to compete in marketplace
US Family Health Plan

- 1981: Johns Hopkins Medical Services Corporation acquires Wyman Park, previously a public health service hospital
- 1993: JHMSC enters into first full-risk managed care contract with DoD (as alternative to CHAMPUS)
- 1998: Contracts converts to TRICARE benefit
- Currently covers approximately 25,000 military retirees and dependents (one of 6 such programs across the nation)
- 2006: Recently announced military base realignments will present significant enrollment opportunities
US Family Health Plan

TRICARE

TRICARE Standard (FFS)
TRICARE Extra (Preferred Provider)
TRICARE Prime (Managed Care)
TRICARE For Life (65+ Medicare Supplemental)

US Family Health Plan
Military Treatment Facilities & MCSC
US Family Health Plan

Strategic Value of USFHP

- Profitable
- Helps support primary care mission in Baltimore City
- Maintains historical relationship with Department of Defense and military beneficiaries- proven partner for 24 years
- Referral stream to JHM
Priority Partners MCO

- Response to State’s 1996 decision to mandate managed care for all Medicaid beneficiaries
- Decision made to participate as MCO rather than only provider:
  - To ensure ability to meet mission of service to E. Baltimore community
  - To support Hopkins teaching mission through hospital-based clinics
  - To protect against steerage/loss of volume by other for-profit MCOs
  - To maximize newly built TPA capability (EHP)
Priority Partners MCO

- Partnership with Maryland Community Health System, a consortium of mission-driven federally qualified health centers, to assure primary care participation throughout much of State
- Initially enrolled approximately 60,000 members
- After CareFirst left MA market, PP membership increased by 75%; now 116,000 members
Until the last few years, PP has experienced significant losses, driven by:

- Adverse selection
- Providers’ failure to code properly
- PP use of hospital-based clinics for services (JHH and JHBMC)
- Above market provider fee schedules
Substantial progress has been made:

- Adjustments to State capitation methodology to help address adverse selection
- Improved coding of provider records to assure accurate identification of acuity and complexity of patients
- Decreases in provider fee schedules
- Successful care management, particularly in area of inpatient care and pharmacy
- Low administrative costs
So, JHHC in short:

- MCO managing 3 unique populations, with one common business goal: continually improve MLR

- How?
  - Increase revenue
  - Reduce cost for medical care
  - Reduce administrative cost
  - Therefore, improving profitability
Major Challenges

- Everyone’s budgets --- State, Feds, Employers --- are tight
- No one is happy about healthcare cost trends
- No clear policy fixes, although Feds are studying
Major Challenges cont.

- Chronically ill driving healthcare costs across the board
- As technology/clinical care improves for this population, cost will only increase
- Solution? --- Improving members health!!
Reduce Costs for Medical Care: Care Management

- Most Inpatient days favorable to local and national benchmarks
  - Medicaid
    - DHMH Report shows lower than average inpatient admissions, length of stay and overall cost but not the best in state.
  - USFHP
    - Milliman Care Guidelines shows days per thousand fall between moderate and well-managed plans
  - EHP
    - Milliman Care Guidelines shows days per thousand fall between moderate and loosely-managed plans
Reduce Costs for Medical Care

- PPMCO
  - A challenging Patient group
    - Continue focused care management initiatives for most expensive patient populations
    - Regions with Low MLR
      - Targeted marketing to increase enrollment
      - Manage costs/resources
    - Regions with high MLR
      - Revenue opportunities
      - Manage costs/resources/place of service
      - Limit new enrollment
Care Management
Utilization Management Programs

- Coordination of Care Initiatives
- Inpatient Utilization Management
  - Aggressive discharge planning
  - Movement to sub acute care
  - OB practice patterns in D.R.
- Outpatient Utilization Management
  - Cost reduction strategies: radiology, laboratory, the sites of care
Care Spectrum

Resource Intensity

Outcome Risk

Disease

15%  
Health Support  
No or Low Claims

85%  
Care Support  
Intense and Frequent Claims

70%

LOW  
Family History  
Acute  
Healthy

HIGH  
Outcome Risk  
Disease

Acute  
Chronic  
Terminal

Lifestyle Issues  
Persistant  
Catastrophic

Healthy  
Lifestyle Issues  
Persistant  
Catastrophic

Palliative  
Catastrophic Care  
Complex Case Management  
Disease Management  
Decision Support  
Screening and Secondary Prevention  
Education and Information Sharing  
Health Promotion, Wellness and Primary Prevention  
Analytics and Knowledge Engines  
Systems and Database

Adapted from Dexter Shurney, M.D., MPH
Currently at or above average (Maryland) in most indicators

Needs to be “Hopkins Quality”

Which (by the way) reduces net cost

Focused initiatives

- Diabetes
- Women’s care
- Pregnancy care
USFHP and EHP HEDIS

- EHP
  - 07 -baseline data

- USFHP
  - Benchmarking against the five other plan
  - Sharing best practices
JHHC Disease Management Programs

15,630 Members Served in FY2005

- Asthma
- Behavioral Health
- EHP
- ESRD
- High-ED Utilizers
- Complex Medical
- Guided Care
- HIV/AIDS
- High-Risk OB
- End of Life Care
- Rehabilitation
- Special Needs Children
- TeleWatch
Wellness
Healthy@Hopkins

- Focus on the well
- HRA’s
- Health coaching
- Biometrics (future)

**THE GOAL IS TO KEEP EMPLOYEES FROM MOVING UP THE RISK PROGRESSION**
Care Management
Academic and Research Activity

- Unique opportunity to function as “laboratory” for testing new care management applications and interventions in a managed care environment
- Collaboration with researchers at the Johns Hopkins Schools of Public Health, Medicine and Nursing
- Three month rotation for Preventive Medicine residents
In Conclusion,

- **Value of JHHC to JHM?**
  - Integral part of the overall JHM mission related to Teaching, Research and Patient Care
  - Supports JHM community mission to serve the poor
  - Contributes to primary care mission
  - Provides vehicle for JHM leadership in the financing of health care
  - Creates opportunities for collaboration with JHUSOM and JHSPH researchers regarding the management of health care costs
  - Positive net income to JHM