

WHAT'S GOOD FOR GM ...?

**SELF-FUNDED HEALTH PLAN SPONSORS CONTRACT DIRECTLY
WITH PROVIDERS**

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Self-Funded Plan Arrangement

- Employer/plan sponsor engages third party administrator (TPA) for a bundle of services
 - Plan design
 - Enrollment
 - Member service
 - Care management
 - Wellness programs
 - Claims administration
 - Legal compliance
 - Formation of networks and negotiation of costs with providers

The Pros and Cons of the TPA Arrangement

Pros

- TPAs are often a division of a larger insurance company so they are well equipped to negotiate network contracts
- Can offer uniform networks and rates across larger geographic areas
- Able to leverage the volume of book of business to negotiate lower costs
- TPAs manage plans' compliance with applicable laws

Cons

- Cannot tailor to the specific needs of a particular self-insured employer and its employee population
- “One size fits most” within market segmentations (large group, small group, etc.)
- Cost control

General Motors adds new “ConnectedCare” option to its health plan

- Available to 24,000 salaried employees and family members
- Reaches those residing in 7-county area
- Reduced employee contributions to participate
- Strengthened incentive to use in-network providers

General Motors/Henry Ford Arrangement

Henry Ford establishes network and provides services

- Approximately 3,000 in-network primary and specialty care providers*
- Integrated electronic medical records platform
- Henry Ford performs almost all care management

*Includes those affiliated with Henry Ford and those included through supplemental arrangements

General Motors/Henry Ford Arrangement

Blue Cross Blue Shield of Michigan provides services

- Claims administration
- Data audits
- Annual financial reconciliations

General Motors/Henry Ford Arrangement

Terms

- Payments to Henry Ford providers based on deep negotiated discounts
- Reimbursement subject to annual budget and metrics for quality, cost, and utilization
- Savings shared with Henry Ford (and GM employees)
- Henry Ford also shares in risk that costs will exceed annual budget and failing to meet metrics
- GM retains certain rights with respect to network development

Reasons for Direct Contracting

Employers	Providers	TPAs
<p style="text-align: center;">Cost and Productivity</p>	<p style="text-align: center;">Patient Stream and Improved Care</p>	<p style="text-align: center;">Customer Relationships</p>
<ul style="list-style-type: none"> • Control • Discounts • Quality • Access • Data 	<ul style="list-style-type: none"> • Coordination • Technology • Innovation • Access • Patient Relationship 	<ul style="list-style-type: none"> • Supplemental Network • Continuation of Claims Administration • New/Modified/Services

Preliminary Considerations

Employers should initially take into account

- Size and concentration of employee population
- Experience with value-based care
- Placement within medical benefit options
- Time needed to negotiate
- Internal and external resources

Preliminary Considerations

Providers should initially take into account

- Network breadth, quality, and capacity
- Experience with value-based care
- Technological capabilities
- Readiness to evaluate and accept risk and change

Preliminary Considerations

Third Party Administrators should initially take into account

- Ability to supplement network
- Ability to integrate administrative services into new environment
- New/expanded services that can be offered in data management and analysis

Issues and Concerns

Employers need to maintain medical plans in compliance with applicable law, such as

- Affordable Care Act
- Mental Health Parity and Addiction Equity Act
- HIPAA Administrative Simplification Provisions

Issues and Concerns

Employers need to be concerned about a range of factors, including:

- Implications of risk-sharing for insurance regulation
- Loss of TPA as buffer against liability
- Fiduciary duties
- Plan design

Issues and Concerns

Providers should consider

- Network leakage
- Case management and care coordination
- Extent of risk sharing
- Data management and analysis
- Legal requirements

Issues and Concerns

Third party administrators should consider

- Additional administrative burdens under the arrangement
- Coordination with network providers to avoid gaps in administration
 - Overpayments from double billing
 - Data sharing
- Technological capabilities to support the arrangement
 - Software and service solutions
 - Providing value in data analytics
- Negative impact to business by reducing the scope of their work with employers

Contractual Considerations

Direct contract between employer and provider

- Term needs to be long enough to evaluate
- Network adequacy in quantity and quality
- Care management responsibilities
- Enhancements to medical care
- Technological improvements
- Information reporting

Contractual Considerations

Direct contract between employer and provider
(financial)

- Discounts
- Value-based
- Performance metrics
- Risk sharing

Contractual Considerations

Employer/TPA Agreement

- Critical to clearly define the responsibilities of each entity (TPA and network provider) to avoid gaps
- Data transfer protections
- Data analytics and other new responsibilities

Alternatives

The GM/Henry Ford Arrangement is not the only direct contract model

- Other comprehensive arrangements
- Smaller scale direct contracting
- Pricing strategies
- Integrated health systems
- TPA arrangements