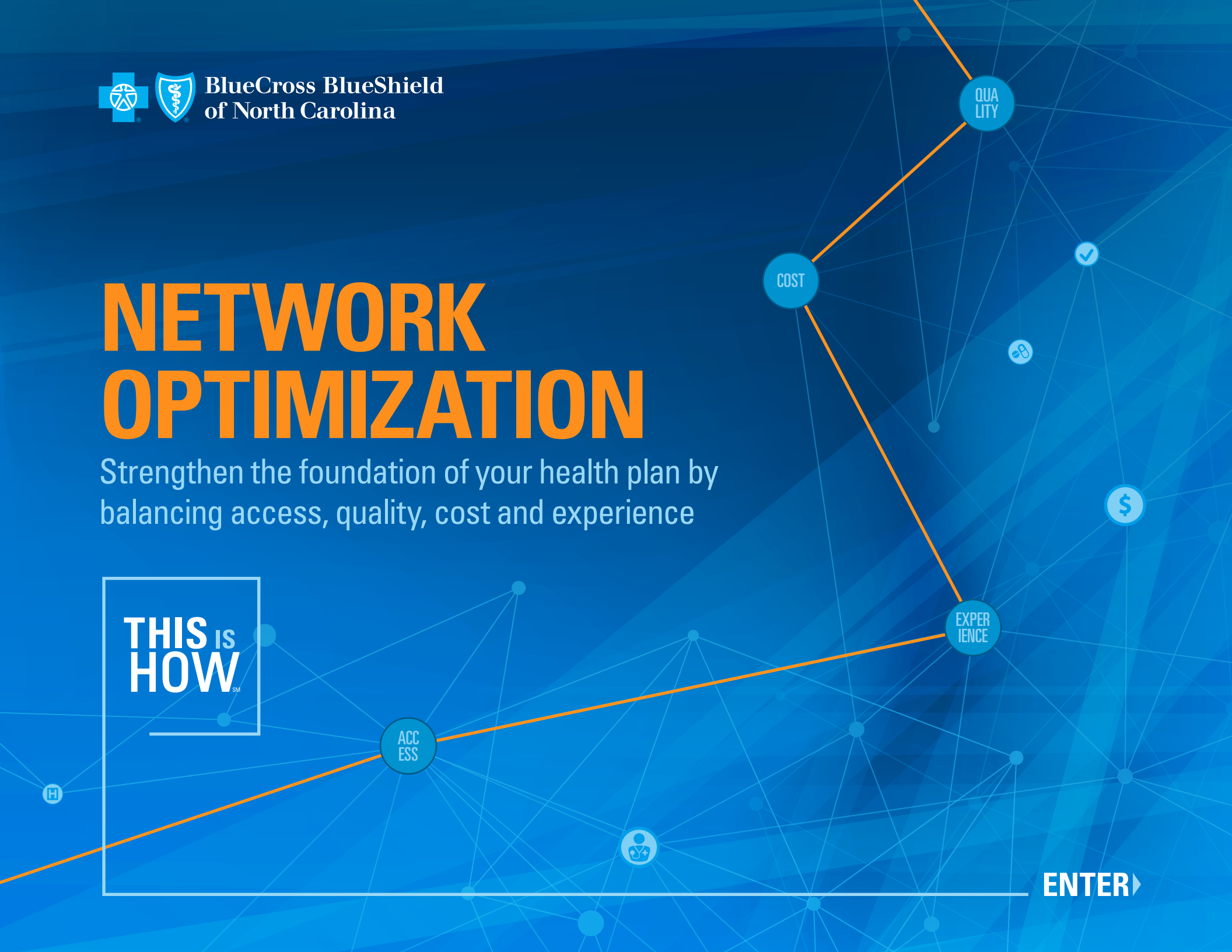
BlueCross BlueShield of North Carolina

NETWORK OPTIMIZATION

Strengthen the foundation of your health plan by balancing access, quality, cost and experience

THIS IS HOW℠



ENTER

From 2008 to 2018, the average family with health coverage through a large employer saw:[1]

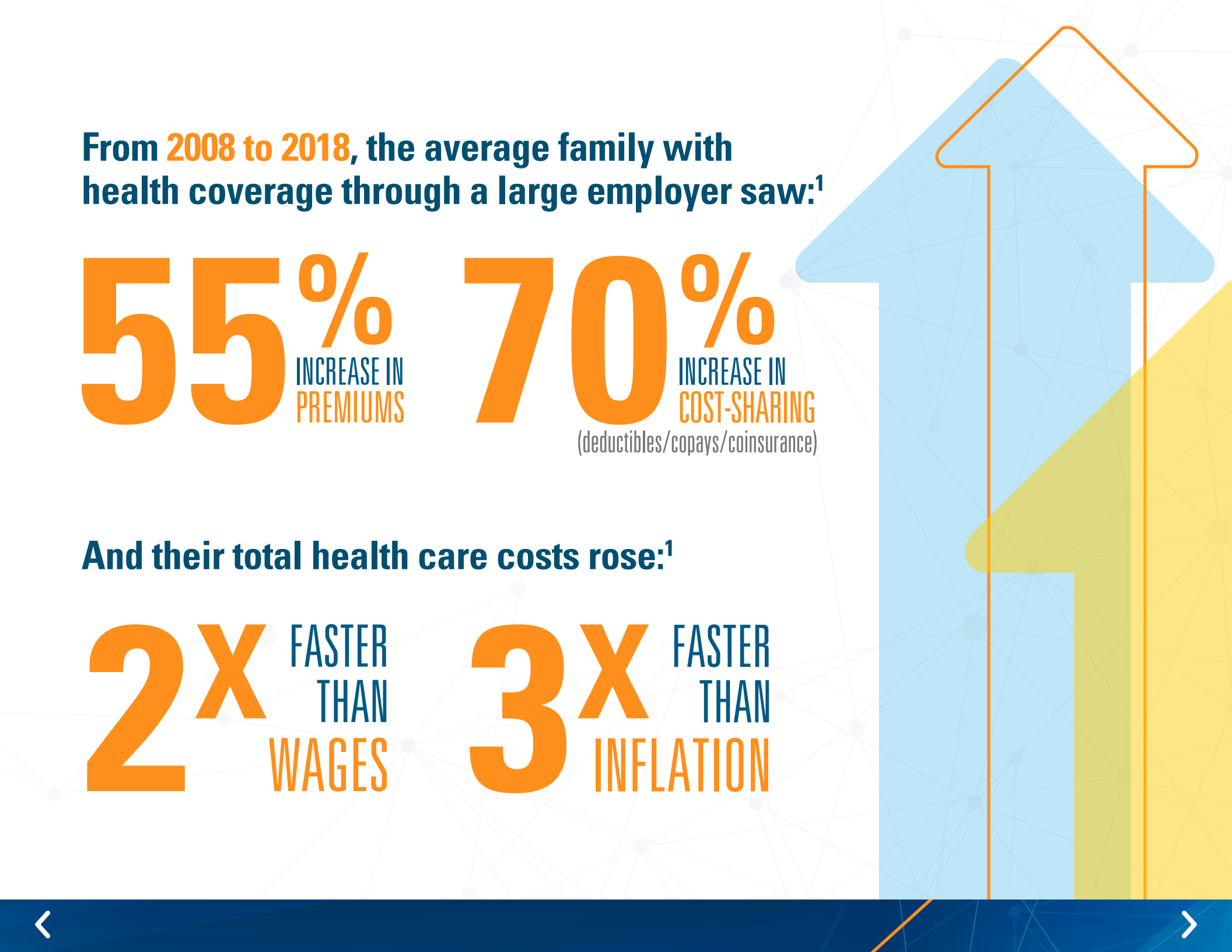
55% INCREASE IN PREMIUMS

70% INCREASE IN COST-SHARING
(deductibles/copays/coinsurance)

And their total health care costs rose:[1]

2X FASTER THAN WAGES

3X FASTER THAN INFLATION



Welcome

Network is the foundation of any health plan. Blue Cross and Blue Shield of North Carolina (Blue Cross NC) understands that better than most. We've helped hundreds of large employers build a plan that reflects their preferences and priorities, with room to grow and evolve as their needs change over time. In the following pages, we'll share our insights on network optimization to strengthen your own foundation.

This is an opportune time to recalibrate. Over the last decade, employees have seen their health care costs spiral up at a rate twice as fast as wages and three times faster than inflation. They're paying more in premiums and more in cost-sharing. Companies are footing a higher bill, too. The average premium contribution by large employers has jumped from just over $7,000 per family in 2003 to more than $15,000 in 2018.[1] And with health care costs projected to rise another 5% in 2020, employers are eager for new strategies — or dusting off old ones — to control spending.[2]

I'm excited about what Blue Cross NC brings to the table. Our value-based care program, Blue Premier℠, offers incentives to ensure patients receive the best care — coordinated across providers — at the best price. We're on track to have 50 percent of our members served by providers in value-based agreements in 2020, making Blue Premier one of the most rapid moves to value-based reimbursement in the nation.

Then, there's our Blue High Performance Network℠ (Blue HPN℠) product launching January 2021. It spans more than 55 major U.S. markets with providers committed to — and accountable for — enhancing care quality while lowering costs. Blue HPN comes on the heels of our successful 2020 launch of Blue Local℠ with Wake Forest Baptist Health, a system-centered plan in the Triad region of North Carolina that also drives coordinated care and greater savings.

In parallel with our network innovations, we're also adding or expanding products to enhance performance — from behavioral health and care management, to digital tools and concierge member services.

Blue Cross NC is rapidly transforming what "value" means in health care — and our network solutions play a vital role in that strategy. After reading this guide, I encourage you to reach out to share your vision and discuss ways to achieve it. Together, we can tackle tomorrow's challenges head on.

Until then, take good care!

Steve Crist
Vice President, Major Group Segment
Blue Cross and Blue Shield of North Carolina

What We'll Cover. . .

TAP ICON TO JUMP TO SECTION

BALANCING FACTORS

ENHANCING PERFORMANCE

NEXT STEPS

NETWORK TRENDS

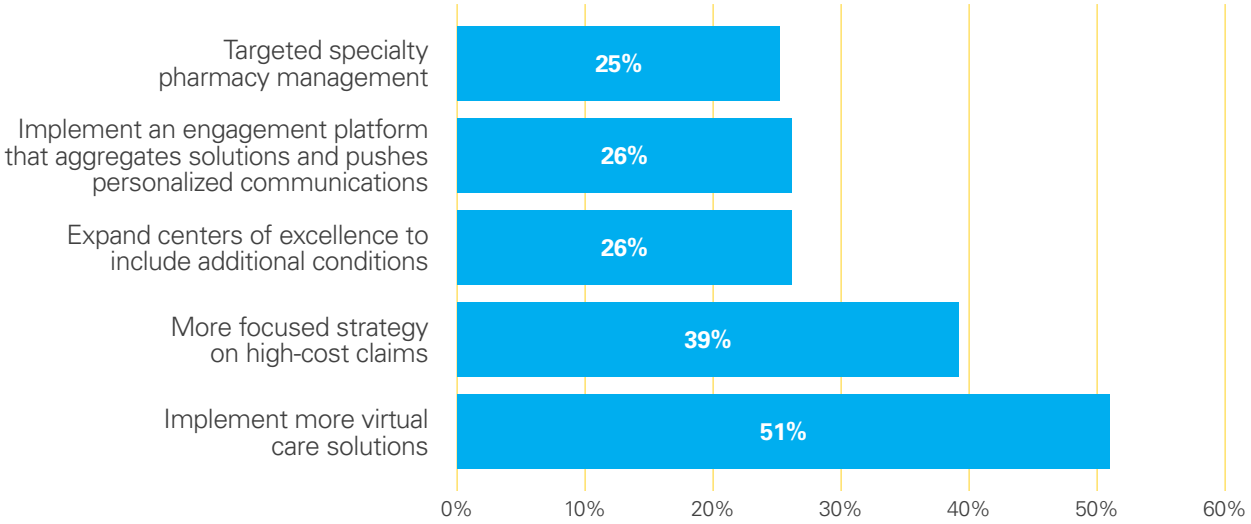
What's poised to make a true impact?

Health plans are built around provider networks. It's foundational. Thus, the ripples from a variety of health care trends can affect a company's network strategy. In this section, we'll explore factors that are likely to make waves in the coming years.

Priorities for 2020

The relentless rise in health care costs is primarily driven by growth in prices — not utilization *(see sidebar)*. So, the list of large employers' priorities in Figure 1 is not surprising. Just over half want to implement more virtual care solutions; nearly 40% want a more focused strategy to address high-cost claims; and around a quarter hope to expand centers of excellence, control specialty pharmacy and build a better employee engagement platform.

FIGURE 1 | Top Priorities for Large Employers in 2020[3]



Continued Cost Increases

Across three separate surveys from the National Business Group on Health, Willis Towers Watson and PwC's Health Research Institute, employers predict health care costs will rise 5% in 2020 (after factoring in cost management initiatives).[2,3,4]

The average premium contribution by large employers has jumped from just over $7,000 per family in 2003 to more than $15,000 in 2018.[1] Workers contribute 67% more to their health benefits than they did a decade ago; employers shoulder 51% more in premium contributions. Meanwhile, wages have increased just 26%.[5]

Prices have been a larger component of employer benefit costs than utilization since 2004; utilization has hovered around 0% growth since 2006.[4] One recent study found that utilization by employees decreased by 0.2% from 2013 to 2017 — while prices rose 17% during that time.[6] And looking ahead, CMS' Office of the Actuary projects health care-specific price growth will only accelerate between 2020 and 2027.[7]

Four out of the top five priorities are aimed directly at cost. Virtual solutions often deliver comparable services with a lower price tag attached — while also broadening (or at least maintaining) easy access for employees. High-cost claims commonly involve specialty pharmacy and/or conditions associated with centers of excellence. In a way, cost concerns even drive the desire for better engagement platforms — since employees must use the virtual solution or visit a center of excellence for such initiatives to be successful.

Four out of the top five priorities are aimed directly at cost.

Plan Design and Network Choice

Aligning plan design with overall business and workforce strategies is a priority for 87% of employers over the next three years. Companies are also focusing on value-based designs to reduce out-of-pocket costs for the use of high-value services and increase out-of-pocket costs for specific overused services.[2]

Employer satisfaction with the choice of provider networks available to them is relatively high — with 42% saying they are "very satisfied" and another 42% report being "satisfied." The cost of those network choices, however, rates less favorably — with just 11% saying they are "very satisfied" and 46% being "satisfied" with the price tag. (Large firms are more likely to be "very satisfied" with the cost of available networks, while small firms are more likely to be "dissatisfied" or "very dissatisfied.")[5]

Centers of Excellence

Over the next three years, 8 out of 10 large employers plan on evaluating which vendors are best positioned to help deliver on their organization's strategy.[2] As part of this effort, companies are looking to improve specific high-cost clinical conditions. One way to achieve that is through centers of excellence (COEs).

In 2020, the most popular COEs target orthopedics and fertility — with 47% and 38% of large employers offering them, respectively. But 81% are considering offering orthopedic COEs and 57% fertility COEs for 2021/2022.[3]

Rapid growth is also expected in employers offering COEs focused on:[3]

+ **Maternity:** From 17% in 2020 to 41% in 2021/2022
+ **Mental and behavioral health:** From 10% in 2020 to 39% in 2021/2022
+ **Substance abuse:** From 10% in 2020 to 38% in 2021/2022

Six out of 10 large employers offered more than one plan type in 2019, with 14% offering three or more.[5] As health care costs rise year after year, employers and employees are gravitating towards lower-cost options. Figure 2 shows enrollment has shifted away from PPOs, dropping from 63% in 2014 to 46% in 2019 among workers at large firms — while enrollment in HMOs grew by 5% and enrollment in high-deductible health plans with a savings option (HDHP/SO) jumped 13%. Small firms saw a similar shift, too.

FIGURE 2 Distribution of Health Plan Enrollment for Covered Workers (by Plan Type and Firm Size, 2014 and 2019)[5]

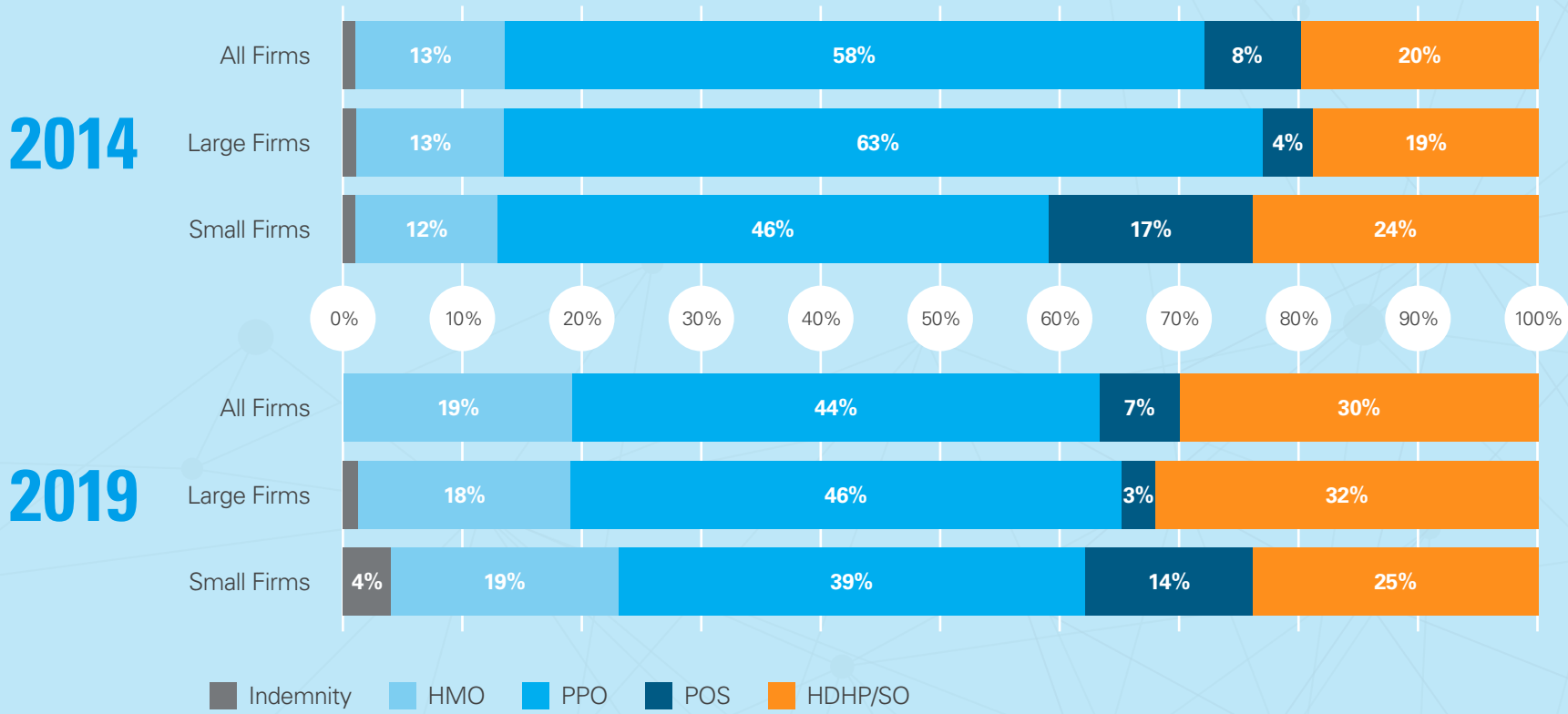
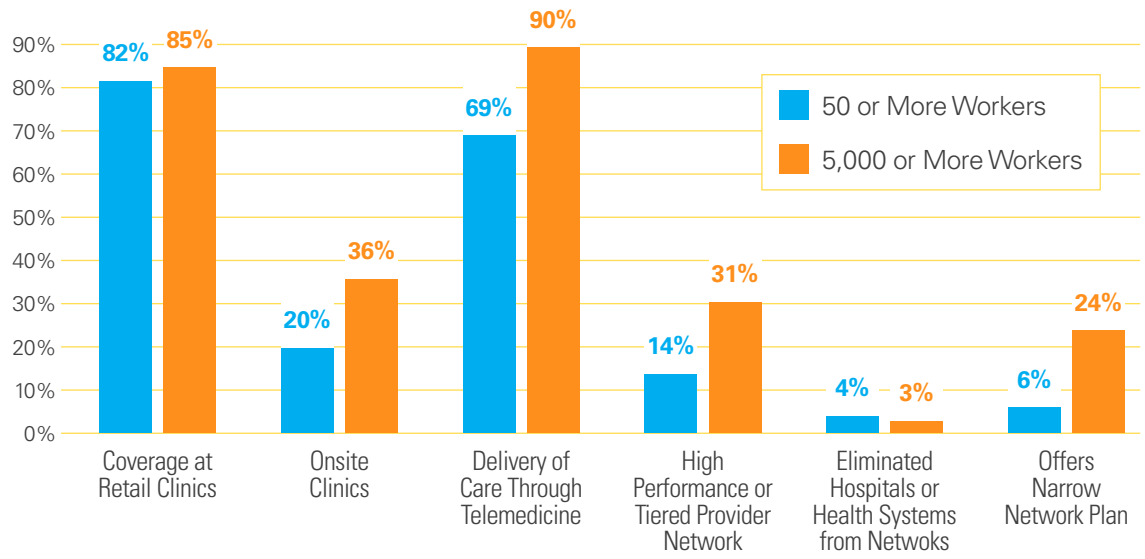


Figure 3 drills a little deeper, showing the percentage of employers whose plan includes alternative sites of care and unique provider networks. Of note:

+ **Saving time and money:** Offering convenient care at lower costs, retail clinics and telehealth are popular plan features. Retail clinics are covered by most employers, both large and small. Telehealth is offered by 9 out of 10 large employers and 7 out of 10 small companies.
+ **Growth in onsite clinics:** Companies are making health care more accessible to their employees by opening or expanding onsite clinics. More than a third of large employers currently have one. (That's up from 27% in 2014.[4]) Some are now providing primary care services.
+ **Quality over quantity:** About a quarter of large employers offer a narrow network plan. Nearly one-third offer a high-performance or tiered provider network. (By 2022, 60% of large employers could be pursuing an ACO or HPN strategy.[3])

FIGURE 3 | Among Firms Offering Health Benefits, Percentage Whose Plan Has Various Features (by Firm Size, 2019)[5]



Advanced Primary Care

Advanced primary care (APC) is highly focused on improving the patient experience and quality of care. Nearly half of large employers will have at least one APC strategy in place for 2020 — making it a rapidly emerging trend.[3]

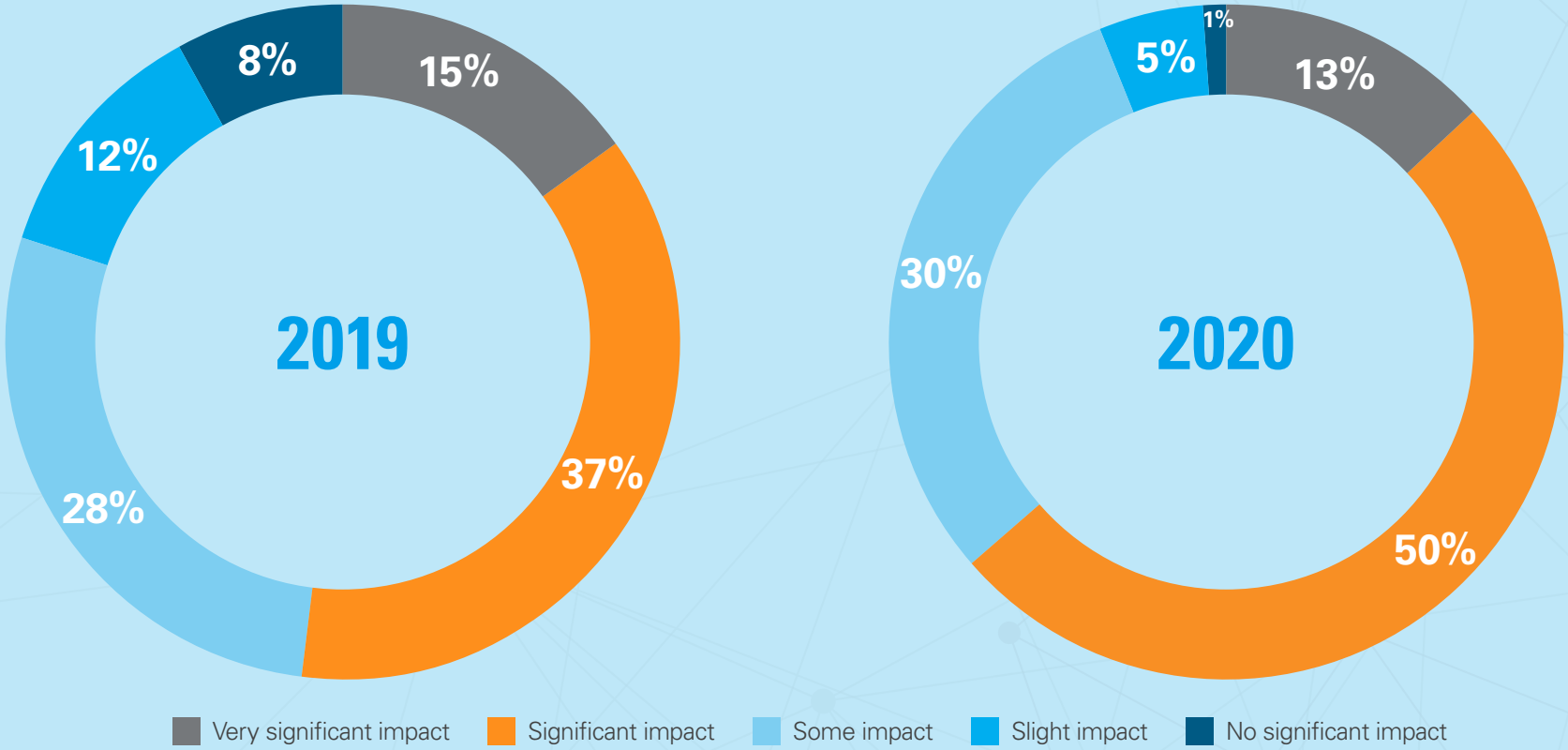
Blue Cross NC has entered into agreements with three national leaders in APC. They are opening medical practices across the state that will feature team-based care, a dramatically lower number of patients for each physician and care that addresses the social determinants of health. They'll also operate under value-based arrangements where providers are held financially accountable for patient outcomes and total health care costs.

Watch Video

Virtual Care Solutions

As Figure 4 shows, half of large employers now see virtual solutions as having a significant impact on how health care is delivered in the future. That's a 13% jump just from the prior year. More than 50% of employers will offer more virtual solutions in 2020, with the top three being telehealth services for minor acute care (99%); mental/behavioral health virtual services (82%); and weight management (60%).[3]

FIGURE 4 Large Employers' Opinion on the Role of Virtual Solutions in Health Care Delivery, 2019 vs. 2020[3]

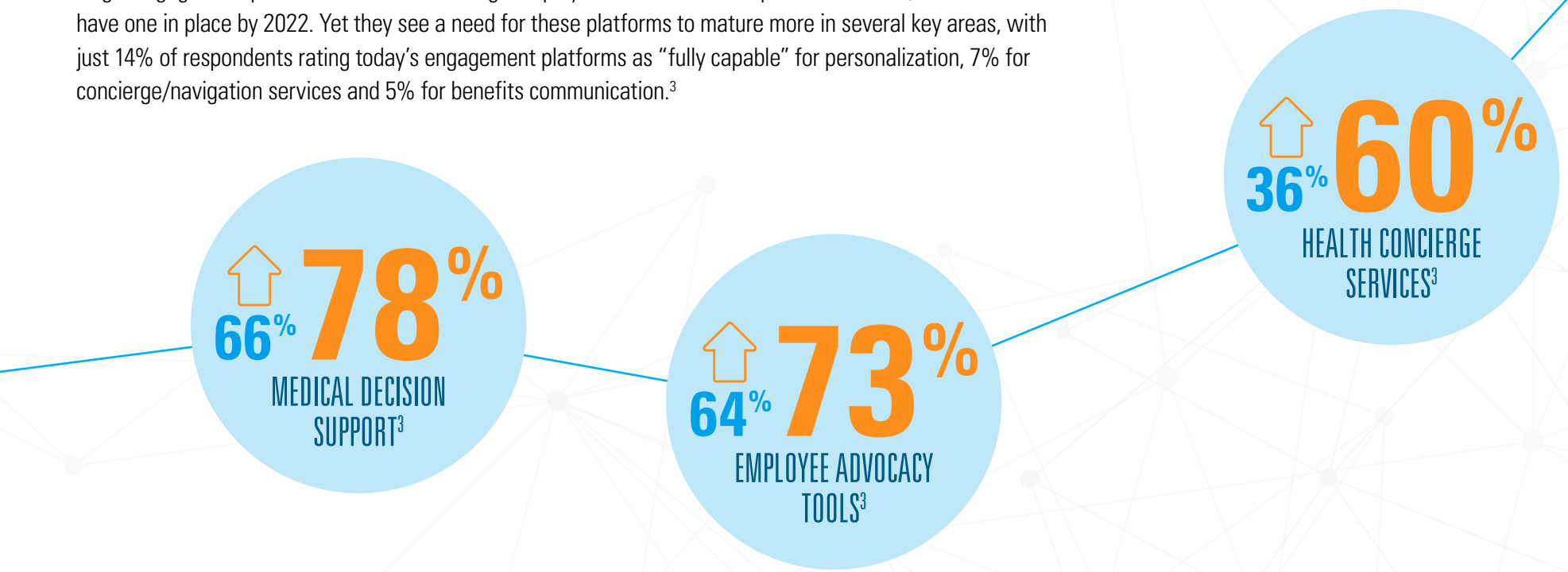


Engaging Employees

Large employers recognize the need to simplify the consumer experience and help their employees navigate the health care system. For example:[3]

+ The use of medical decision support and second opinion services continues to increase, with 78% of large employers offering them in 2020 — up from 66% in 2018.
+ Employee advocacy tools and services for claims assistance (such as bill pay and claims resolution) has risen from 64% in 2018 to 73% in 2020.
+ High-touch health concierge services is rapidly growing, jumping from 36% in 2018 to 60% in 2020.

Companies also want to create a seamless employee experience by aggregating point solutions through a single engagement platform. Four out of 10 large employers will have such a platform in 2020, while 72% could have one in place by 2022. Yet they see a need for these platforms to mature more in several key areas, with just 14% of respondents rating today's engagement platforms as "fully capable" for personalization, 7% for concierge/navigation services and 5% for benefits communication.[3]



Behavioral Health

There's been a remarkable rise in the attention employers give to mental health and substance use disorders (together, termed "behavioral health"). Two-thirds of large employers will emphasize behavioral health over the next three years.[2] It's certainly warranted, as 1 in 5 Americans will experience a mental illness in a given year.[8] There's also an estimated 9% to 17% annual savings opportunity attainable through integration of physical and behavioral health care.[9]

Today, nearly 75% of companies offer mental health disease management programs.[4] Among large employers, 65% will enhance navigation to behavioral health services over the next three years; 89% are expected to offer coverage for telebehavioral health services by 2021 (up from 72% in 2019); and 74% plan to redesign their employee assistance program (EAP) to better address emotional and financial wellbeing.[2]

Two-thirds of large employers will emphasize behavioral health over the next three years.[2]

2020 is also bringing double-digit increase in large employers offering anti-stigma campaigns and manager trainings on mental health. There are areas for improvement, however. Less than 10% report having a high-performance network for behavioral health or zero/limited copays for mental health medications treating conditions such as depression.[3]

Growing Urgency & Activism

In the 2020 Large Employers' Health Care Strategy and Plan Design Survey from the National Business Group on Health, the number of employers who see their health care strategy as integral to their overall workforce strategy rose from 27% in 2019 to 36% in 2020. Only 15% now view them separately.[3]

This is driving a greater sense of urgency as companies realize that investments in health and wellbeing create a major competitive advantage: the most engaged and productive workforce possible to boost business performance.

The same survey found that employers will continue playing an activist role to drive delivery system change — but not a solo one. The largest shift between 2019 and 2020 was away from a "wait and see" stance towards relying on partners. Four out of 10 companies (41%) now say they'll implement changes as their health plan and PBM roll out solutions.[3]

Key Takeaways

+ Health care spending is projected to rise by 5% in 2020, leading employers to prioritize cost-saving strategies such as virtual care solutions, centers of excellence and specialty pharmacy management.
+ Companies are leveraging value-based designs to encourage high-value services through lower out-of-pocket costs — and discourage certain overused services through higher out-of-pocket costs.
+ Enrollment in broad PPOs has declined as employers and employees alike gravitate to lower-cost plan types.
+ Employee engagement is crucial to the success of most cost-saving strategies employers are implementing, such as alternative sites of care and focused provider networks.
+ Employers are continuing to focus more attention on behavioral health — from expanding access to improving workplace culture and making more resources available (both onsite and digitally/virtually).

NETWORK SELECTION

The right fit is a strategic choice

As you saw in the previous section, a variety of health care trends can impact your network strategy. When it comes to selecting the right network — or networks — for your organization, a strategic approach is required. Think about your needs. Among them, what do you prioritize the most? The answer will likely point to one of our industry-leading networks below.

Industry-Leading Networks

Broad

BLUE OPTIONS® (PPO)

Strongest network access with the industry's greatest baseline savings[1]

$22 PMPM

nationwide discount advantage[1]

High Performance

BLUE HIGH PERFORMANCE NETWORK℠ (COMING 2021)

New national network focused on enhancing quality and increasing savings

>10%

nationwide savings over PPO[2]

Focused

BLUE VALUE℠
BLUE LOCAL℠

Locally-targeted network in specific markets

Up to **15%**

incremental savings[3]

Needs & Priorities

When asked to identify the most important factor they use to assess provider networks, employers are evenly divided:[5]

30% NUMBER AND CONVENIENCE OF PROVIDERS

33% COST OF PROVIDERS

36% QUALITY OF PROVIDERS

Such a split makes sense. Different employers have different needs and priorities, which must be balanced. (We'll explore that in the next section.)

It is interesting that broad access was chosen as the most important factor by the least number of employers. And while cost ranks in the middle, provider quality can help lower health care costs over time — which may be the reason it came out on top.

Broad Networks

Is your top priority offering employees *easy access* to a large pool of providers? A broad network may be the answer. Blue Cross NC offers that exceptional level of coverage with **Blue Options**. Built on the nationwide Blue Cross and Blue Shield (BCBS) BlueCard® PPO, it helps you provide the broadest access while maximizing savings. We do this with the industry's leading discount advantage — $22 per member per month (PMPM) savings, to be exact. That translates to a 5% to 9% lower total cost of care.[10]

In the U.S., BCBS plans have contracts with 1.7 million providers — including more board-certified doctors than any other health insurance company.[13] Our coverage includes 96% of all hospitals and 95% of all doctors.[14] With strong provider partnerships and the deepest market presence comes the ability to offer rates and discount advantages that are superior to any other health plan. This means that 96% percent of claims are paid at in-network rates[15], and you and your employees secure a 55% average savings on in-network claims.[16]

Broad

BLUE OPTIONS®
(PPO)

Strongest network access with the industry's greatest baseline savings[1]

$22 PMPM
nationwide discount advantage[1]

High Performance Networks

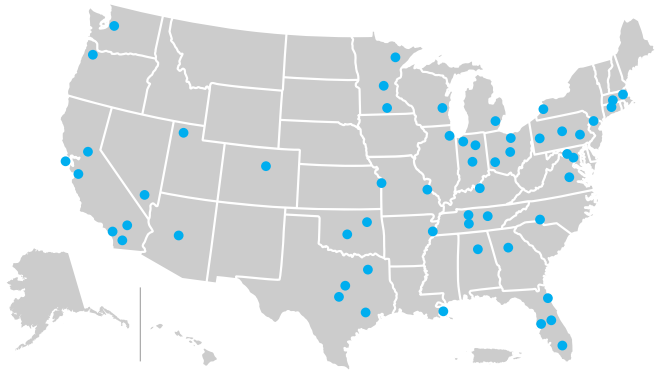
***Is provider quality* your top priority?** A high performance network may be the answer. Blue Cross NC is joining other BCBS companies to launch **Blue High Performance Network (Blue HPN)** in January 2021. It's aimed at enhancing the quality of care employees receive while lowering costs for employers and employees alike. Blue HPN will be available to more than 185 million Americans in more than 55 major markets nationwide — providing in-network access to the industry's most expansive HPN footprint and the only HPN with presence in all top 10 U.S. cities. And that's just the starting point, as Blue HPN will continue to grow and evolve as time goes on.

Providers in each market are carefully selected based on BCBS companies' local market expertise, data analytics and strong provider relationships. We believe those selected for Blue HPN will improve health outcomes, efficiency and affordability for members. And we're measuring the quality performance of Blue HPN providers by looking at clinical measures that offer significant potential to close gaps in care, improve outcomes and holistically address how effective care should be provided to your employees.

Seamless in-network only access to physicians, hospitals and specialists across

55+

MAJOR U.S. MARKETS



Anticipated market footprint for 1/1/2021. Subject to change.
Urgent and emergent care benefits in non-HPN markets.

High Performance

BLUE HIGH PERFORMANCE NETWORK℠

(COMING 2021)

New national network focused on enhancing quality and increasing savings

>10%

nationwide savings over PPO[2]

The HPN Difference

Members enrolled in Blue HPN will have seamless access to quality care through a national network that offers more than 10% total cost of care savings, on average, on top of the 5% to 9% savings already delivered by BCBS companies' broad PPO, BlueCard. **In the Charlotte, North Carolina market, employers can expect up to 15.4% total cost of care savings over the BlueCard PPO.**[11]

How? Because Blue HPN builds on Blue Cross NC's patient-focused, value-based care program called **Blue Premier** (*see below*). The same is true in many other markets. These programs are shifting away from fee-for-service payment models to focus on preventive, coordinated care — helping people get healthy faster and stay healthy longer, while making health care more affordable. Today, more than 70 percent of BCBS members — 74+ million people — have access to patient-focused care programs.[11]

High performance extends to experience, too. With Blue HPN, we'll assist you in educating and supporting your employees through simple communications, tools and resources to help them use their benefits and plan their care.

Shared "DNA"

In the Charlotte market, Blue HPN is poised to deliver exceptional savings because it shares DNA with our value-based care program, Blue Premier. One of the area's largest health systems — Atrium Health — is now participating in Blue Premier. It is already fully committed to value-based care and accountable for meeting the "Blue Premier standard" in relation to cost and quality goals. That allows us to achieve 15.4% savings entirely from discounts — something few, if any, competitors can match.[11]

Raising the Bar

Through nationally-consistent clinical measures — plus market-specific clinical measures that address local care gaps — Blue HPN measures performance in four quality areas:

1. **Appropriate care** that's patient-centric, reduces waste and prevents harm;
2. **Best practices** that use evidence-based medicine to effectively treat your employees;
3. **Better health management** to prevent illness and better manage chronic conditions; and
4. **Improved outcomes**, such as lower readmissions, to deliver better employee health.

Focused Networks

Is *lowering cost* your top priority? A focused network might be the best choice. Because they have a smaller pool of providers, these plans typically come with a smaller price tag as well. But there can be drawbacks. The most common obstacles cited by employers are:[5]

Disruption of provider relationships or employee backlash
28%

Concerns about access or convenience for employees
14%

Concerns about the cost or quality of care
12%

Employees are spread out over a large area
11%

Located in a rural area and/or there was a lack of providers
9%

Focused

BLUE VALUE℠
BLUE LOCAL℠

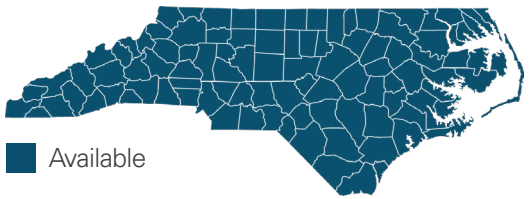
Locally-targeted network in specific markets

Up to **15%** incremental savings[3]

Blue Cross NC offers three focused networks with unique advantages that counteract many of those obstacles. **Blue Value** has a limited statewide provider network that costs less than our PPO — making it a good fit for employees that are flexible about which doctors they see. Our system-centered **Blue Local** plans — one in the Charlotte region and one in the Greensboro/Winston-Salem region — deliver significant savings and more coordinated care *(see next page).* Plus, Atrium Health and Wake Forest Baptist Health are both Blue Premier-participating health systems to foster better patient experiences, better health outcomes and lower costs.

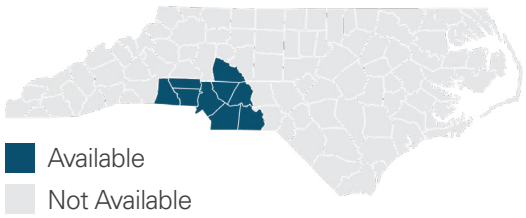
Blue Value

+ Limited Statewide Provider and Hospital Network
+ Lower Monthly Cost



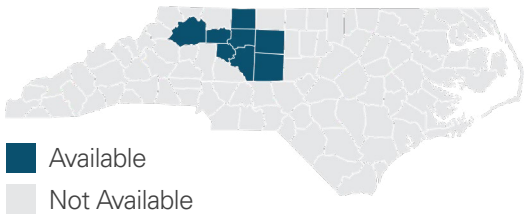
Blue Local with Atrium Health

+ Smaller, Local Network
+ Includes Nationally Ranked Atrium Health
+ Lower Monthly Premiums for Employees



Blue Local with Wake Forest Baptist Health

+ Lower Monthly Premiums for Employees
+ Smaller, Local Network
+ Integrated Providers for Quality Care



Why Coordinated Care Matters

One benefit of focused networks — particularly system-centered networks like our Blue Local plans — is more coordinated care. The Agency for Healthcare Research and Quality (AHRQ) notes several reasons why such coordination is important:[17]

+ Current health care systems are often disjointed, and processes vary among and between primary care sites and specialty sites.
+ Patients are often unclear about why they are being referred from primary care to a specialist, how to make appointments, and what to do after seeing a specialist.
+ Specialists do not consistently receive clear reasons for the referral or adequate information on tests that have already been done. Primary care physicians do not often receive information about what happened in a referral visit.
+ Referral staff deal with many different processes and lost information, which means that care is less efficient.

Blue Cross NC is also working to improve care coordination between primary doctors and behavioral health providers by leveraging the Quartet Health platform *(see "Enhancing Performance" section).*

The Right Balance

Once you've selected the right network based on your organization's needs and priorities, you can then assess the trade-offs and balance those factors to enhance performance. We'll walk you through that process over the next two sections.

Key Takeaways

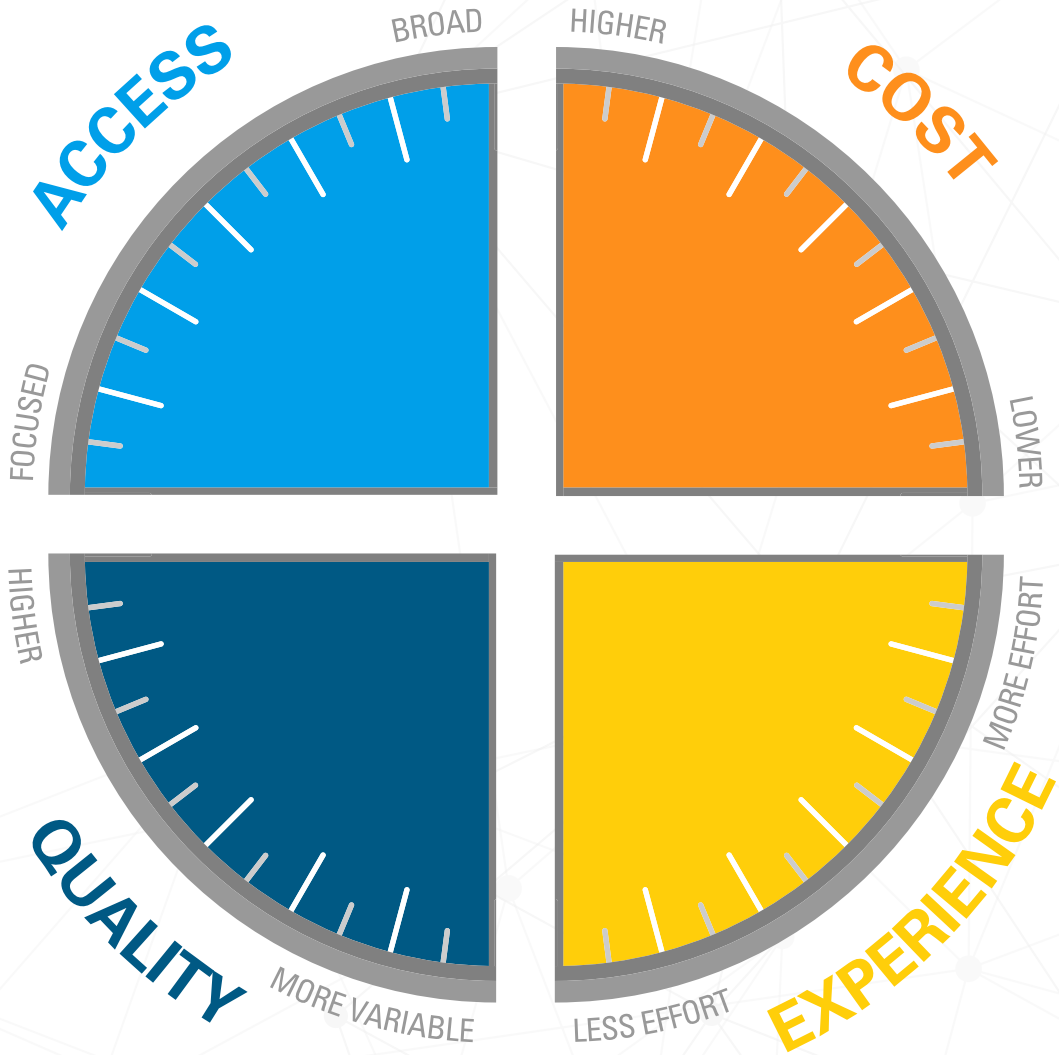
+ Selecting the right network is a strategic choice based on your company's needs and priorities.
+ If access is your top consideration, a broad PPO network like our Blue Options plan is the best bet.
+ If you need a **national** network focused on quality and savings, our Blue High Performance Network checks all the boxes.
+ For the best savings, our focused networks — Blue Value and Blue Local — have compelling benefits.

BALANCING FACTORS

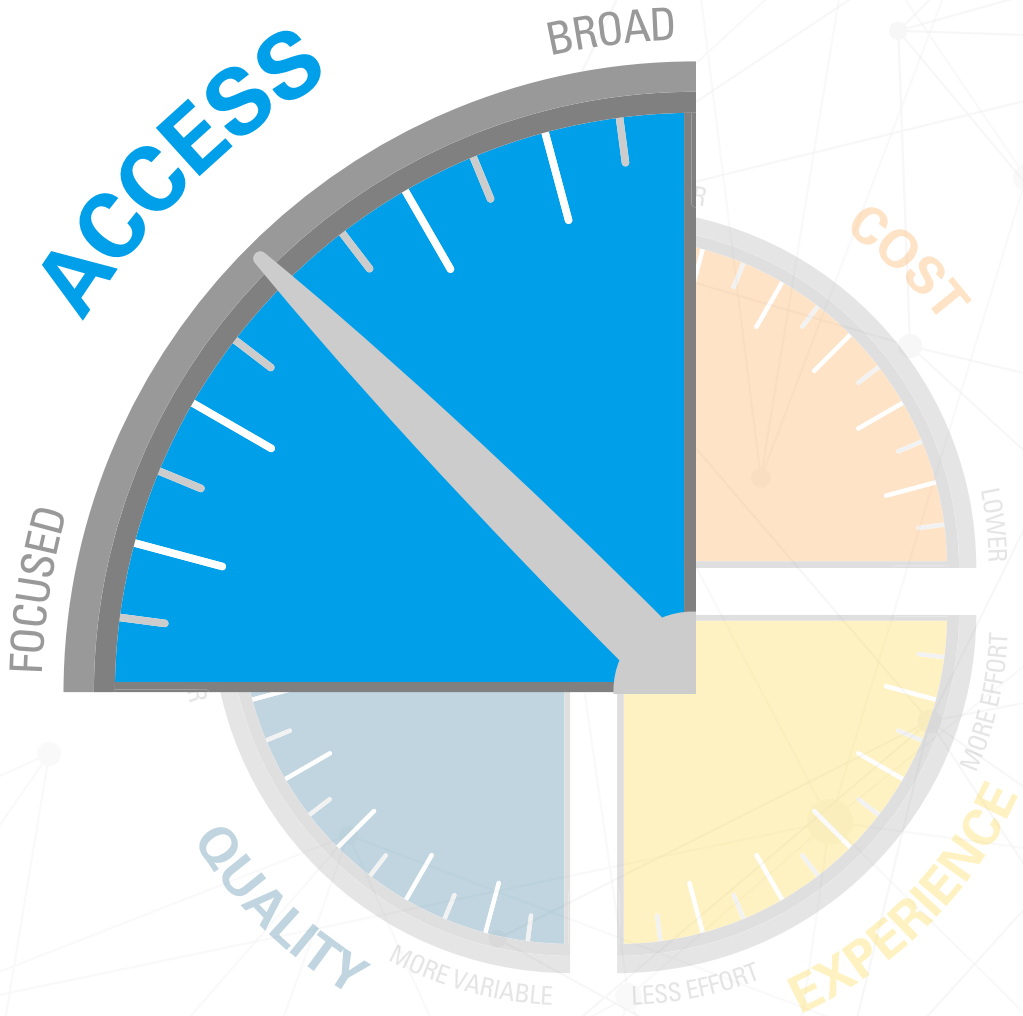
Weighing the pros and cons

One Size Cannot Fit All

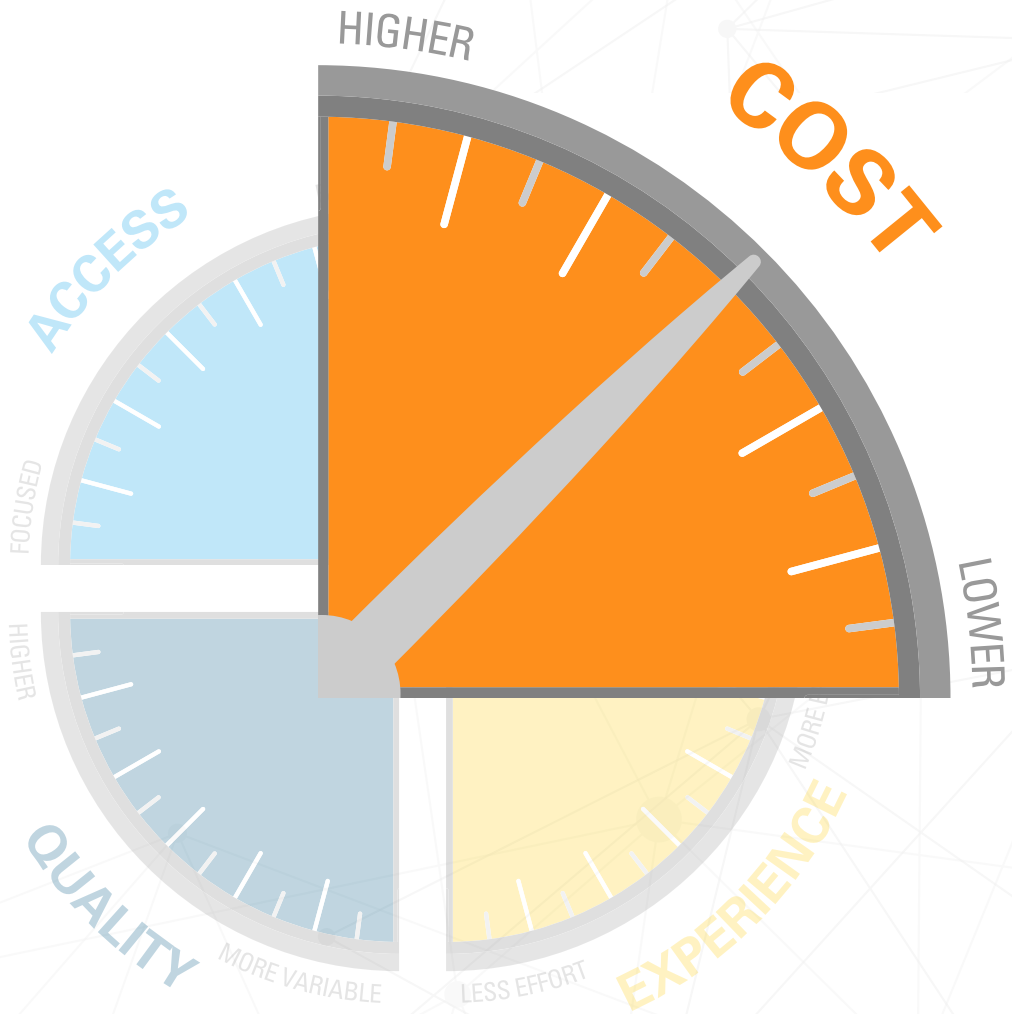
Preferences and priorities vary from employer to employer. Thus, a "one-size-fits-all" approach to network strategy simply isn't feasible or effective. The right network for your company must reflect the elements that your organization values most — yet it must also consider the trade-offs you're willing to make.



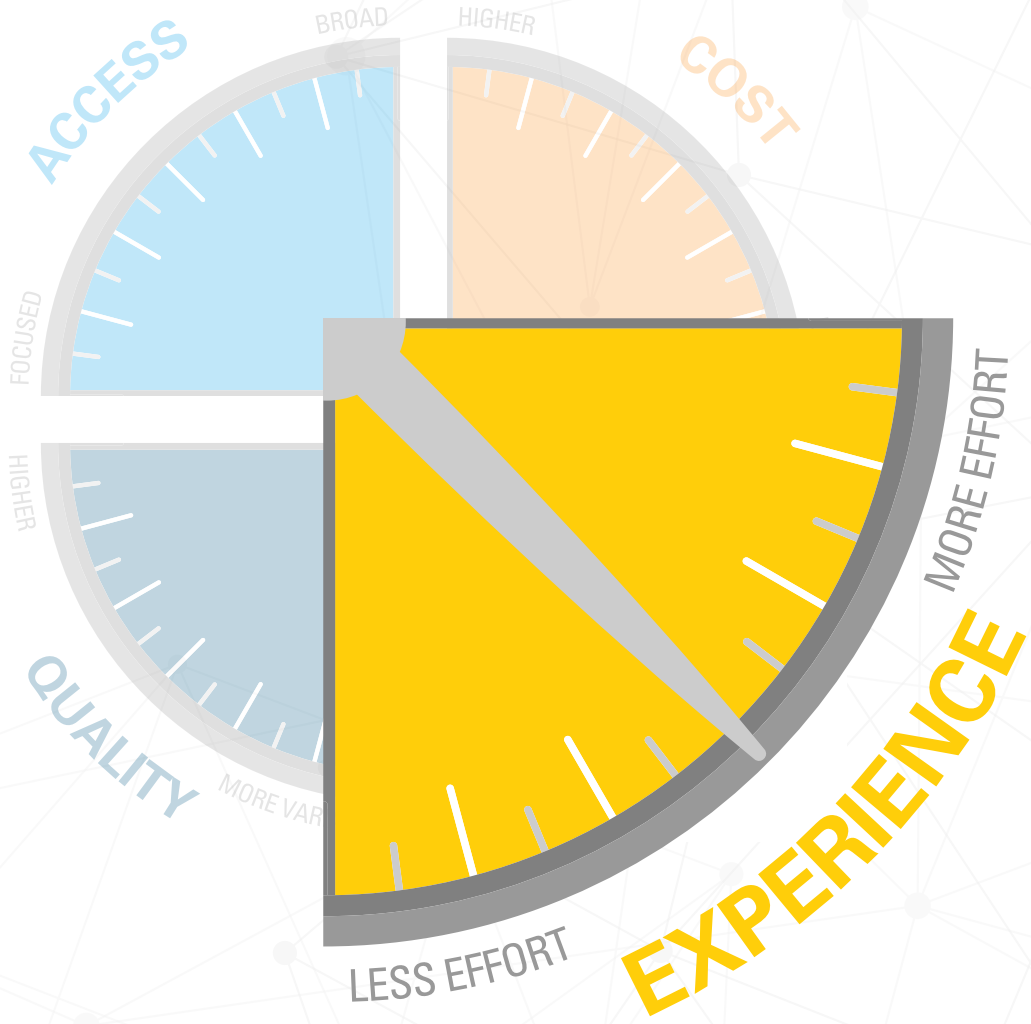
If you value **ACCESS** the most, you'll likely want a broad PPO network. This lends itself well to a simple employee experience with less friction and less need to educate employees on finding in-network care. The trade-off comes in higher costs and variability in quality because the pool of providers is so large.



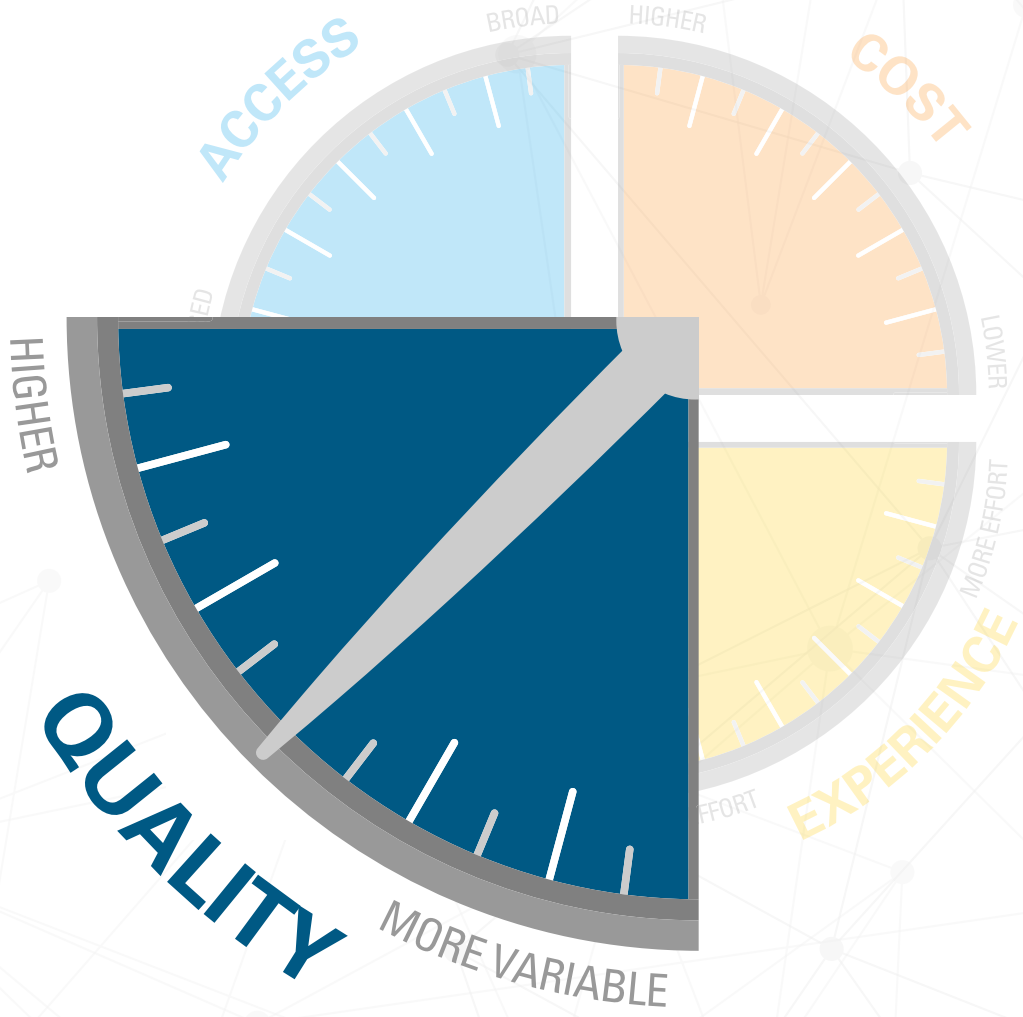
If **COST** is your top priority, a focused or high-performance network offers the best savings. They typically center on high-quality providers delivering value-based care — generating even more savings over time. The trade-off? More effort due to a smaller pool of providers. So, it's important to engage employees with ongoing education and digital tools.



If **EXPERIENCE** drives your choice, a broad network is an easy answer. Employees face less effort when seeking care, as they have plenty of in-network options. Such broad access often comes with a higher price tag. Of course, focused networks can yield positive experiences — but it will take more investment of time and resources to educate and support employees.



If **QUALITY** is your main concern, a high-performance or focused network is likely the best option. Often, a smaller subset of providers are held accountable for enhancing care quality and incentivized to deliver better health outcomes. There's also a high degree of care coordination to improve quality and efficiency. All of which supports lower costs over time, too.



Below, you can see where each of our network solutions generally fall across the four balancing factors. ("Experience" refers to an employee's view on using their plan with minimal effort — such as finding in-network providers or dealing with wide benefit differentials.)

Network	Access	Cost	Quality	Experience
BlueOptions®	 Broad	 Higher	 More Variable	 Less Effort
BlueValue®	 Limited	 Moderate	 More Variable	 Some Effort
BlueLocal®	 Focused	 Lower	 Higher	 More Effort
BlueHPN™ High Performance Network	 Focused	 Lower	 Higher	 More Effort

For Example…

An employer selects our Blue Local plan due to its attractive cost advantages and highly-coordinated care. They recognize that a system-centered plan can cause more effort in the employee experience due to a smaller pool of providers. To augment convenient access, they offer our complete telehealth package of services — and heavily promote it onsite to drive adoption and utilization. They also include Signature Service to give their employees seamless, personalized customer support.

A large self-funded employer prioritizes broad access since they have multiple locations across the state. That makes Blue Options the best fit. To help lower costs, they offer SmartShopper and Rx Savings Solutions. And they supplement that with EngageHealth for concierge-level support and care navigation.

Both employers will benefit from our value-based care program, Blue Premier. It's not a product to be "purchased;" rather, it is a driving force behind our strategy to transform value in health care. It enables healthier outcomes, lower costs and better patient experiences regardless of which plan is selected.

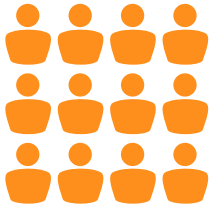
Pathway to Performance

Here are three sample pathways to guide employees to higher-value providers based on network selection.

EMPLOYEE EDUCATION

Help employees find higher-performing providers within a broad PPO through transparent information and helpful tools.

BlueCard PPO



BENEFIT DESIGN

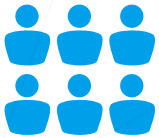
Encourage employees to seek care from higher-performing providers within a broad network without limiting access.

BlueCard PPO
+
Total Care &
Blue Distinction
Specialty Care

FOCUSED NETWORK

Offer in-network access to a subset of providers carefully selected based on quality and cost criteria.

Blue High
Performance
Network



Making an Impact

Based on your network selection, Blue Cross NC has solutions to amplify the benefits inherent in that network type — as well as solutions to mitigate the trade-offs. Some are built into all of our plans; others are buy-up options. The table below rates potential impact across the four balancing factors. ("Experience" illustrates how employees would rate the positive impact to their personal health care experience.) The next section examines these solutions — and how they can enhance your plan performance — in greater detail.

Solution		Access	Cost	Quality	Experience
Blue Premier	Blue Cross NC's value-based care program (applies to all of our networks)	●	●	●	●
Blue Premier Behavioral Health	Value-based behavioral health care (applies to all of our networks)	●	●	●	●
Quartet Health	Platform for behavioral health referrals and care coordination with PCP	◐	○	◐	●
Telehealth	Virtual care for minor illnesses and behavioral health concerns	●	◐	○	●
BCBS Global	Coverage in over 190 countries around the world	●	○	○	◐
Blue Distinction® Specialty Care	Centers of Excellence targeting 11 high-cost specialty care areas	○	●	●	○
Episodic Bundled Payments	Coordinated care and better value for knee or hip replacements	○	●	●	○

● = Major Impact ◐ = Moderate Impact ○ = Minor Impact

continues on next page

Solution		Access	Cost	Quality	Experience
SmartShopper®	Rewarding employees for finding high-value care at a lower cost for 80+ procedures	Minor	Major	Minor	Moderate
Rx Savings Solutions	Analyzes pharmacy claims to alert employees about savings opportunities	Minor	Major	Moderate	Moderate
Utilization Management	Ensures the appropriate level of care is delivered in the most cost-effective setting	Minor	Major	Major	Minor
Nurse Support Program	Nurse advocate helps those with a complex condition navigate the health care system	Minor	Major	Major	Moderate
Diabetes Progress Report	Alerts diabetic members if they are due for a recommended test or screening	Minor	Moderate	Major	Moderate
Catapult Health®	Onsite preventive check-ups for employees and their families	Major	Minor	Moderate	Moderate
Signature Service	Provides personalized support and connects employees to the right clinical programs	Minor	Minor	Moderate	Major
EngageHealth	Concierge support for members to navigate their health care needs	Minor	Moderate	Major	Major
Blue Rewards℠	Our end-to-end member engagement and incentive platform	Minor	Moderate	Minor	Major
Blue Connect℠	Member site and mobile app for finding care and managing benefits	Minor	Minor	Moderate	Major

= Major Impact = Moderate Impact = Minor Impact

Key Takeaways

+ The "right network" must reflect what your organization values most — access, cost, quality or employee experience — while recognizing the trade-offs required to achieve that goal.
+ Blue Cross NC's network options cover the spectrum to help employers find the balance of access, cost, quality and experience they desire.
+ Once you've chosen a network, strategically layer on solutions that amplify the benefits inherent in that type of network — as well as solutions that mitigate the trade-offs.

ENHANCING PERFORMANCE

Turning trade-offs into opportunities

There will be trade-offs based on the type of network you select. But often, you can balance those factors with the right mix of solutions. Let's explore some of the ways Blue Cross NC can help broaden access, mitigate cost, bolster quality and improve the employee experience.

Blue Premier

ACCESS COST QUALITY EXPERIENCE

As our signature statewide program for transforming health care in North Carolina, Blue Premier is one of the most rapid moves to value-based reimbursement to deliver real, meaningful change in the nation. It tackles three critical areas plaguing today's health care system — changing how we pay for care, putting primary care first, and better integration of physical and behavioral health.

Under Blue Premier, health care providers agree to manage total cost and improve quality of care for their patients. Participating systems will share in cost savings and share in the losses if they fall short. Blue Premier also empowers primary care providers to be the quarterback of the care planning process, and enables better access and coordination of behavioral health treatment.

Best of all, Blue Premier is infused in any network or health plan you choose from us. We're on track to have 50% of members served by providers in value-based agreements in 2020, and we're targeting 100% by the end of 2023.

These efforts are multiplied across the country, too. Through a national network of value-based care programs — called Total Care — Blue Cross and Blue Shield (BCBS) companies are partnering with doctors and hospitals nationwide to improve health outcomes for your employees and curb the rising cost of health care.

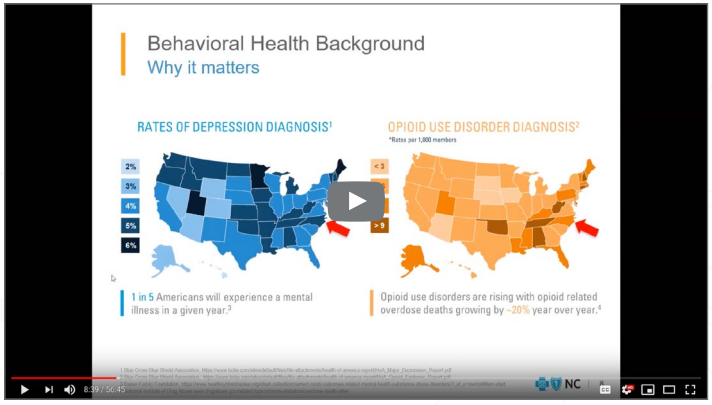
Blue Premier Behavioral Health

ACCESS COST QUALITY EXPERIENCE

It's becoming more difficult for patients to find access to affordable mental health and substance use disorder treatment, according to research by health care consulting firm Milliman.[18] Reasons include lack of participation in health plan networks by behavioral health providers as well as a shortage of behavioral health providers. That's why we're bringing value-based payments to our network of behavioral health providers, too.

Launched in January 2020, Blue Premier Behavioral Health gives our members better access to high-quality, coordinated care for mental health and substance use disorders. It rewards behavioral health providers with higher payments for achieving improvements in quality measures. We're collaborating with Quartet Health to measure quality of care and better compensate providers for improving patients' health. These changes are among the first of their kind, as plans traditionally treat behavioral and physical health separately. Plus, it's part of our overall value transformation strategy — so Blue Premier Behavioral Health applies to any network you select. It's just one example of how Blue Cross NC is tackling behavioral health challenges to foster whole-person care.

Watch our webinar recording on why a new strategy is needed for addressing behavioral health in your workforce.



Watch Video

Quartet Health

ACCESS COST QUALITY EXPERIENCE

Up to 17% annual cost savings is attainable through integration of physical and behavioral health care.[9]

Quartet Health is a technology platform that helps primary care providers (PCPs) identify adults who would benefit from behavioral health treatment — and then refer them to an in-network behavioral health provider (BHP). Early intervention helps avoid more serious or costly problems in the future. The platform also enables the PCP to monitor their patient's progress with the BHP for more coordinated care.

Access can be an issue — with 2 out of 5 Americans living in areas designated by the federal government as having a shortage of BHPs.[19] That's one reason we include behavioral health into our standard telehealth offering.

Dr. Katherine Hobbs-Knutson, our Chief of Behavioral Health, explains why behavioral health matters for population health as well as total cost of care.

Watch Video

Telehealth

ACCESS COST QUALITY EXPERIENCE

Telehealth allows members to consult a board-certified doctor anytime, anywhere. Behavioral health is also part of our standard Telehealth offering for whole-person care. (Self-funded groups can include dermatology, too.) Telehealth helps reduce cost barriers through lower copays and expands convenient access for those in rural areas or those who put off care due to limited time.

BCBS Global

ACCESS COST QUALITY EXPERIENCE

Accessing health care in another country can be a very different experience than what members are accustomed to in the U.S. International providers don't always recognize U.S. insurers and often require members to pay up front for services. Blue Cross Blue Shield Global® delivers unparalleled access and acceptance by leveraging the reach and reputations of two of the most respected brands in health care: Blue Cross Blue Shield (BCBS) and Bupa Global.

With more than 1.7 million health care professionals worldwide, the BCBS Global network brings coverage to every community in the U.S. and over 190 countries around the world. The strength of our brand and scale of operations simplifies the international health care experience by offering network guidance, driving members to the right providers at the right time and ultimately delivering an improved experience. The name employers trust for domestic coverage is the name they can trust to care for their globally-mobile employees.

Learn more from the international health care experts at GeoBlue: CorporateSales@geo-blue.com.

Blue Distinction Specialty Care

ACCESS COST QUALITY EXPERIENCE

Employer spending on individuals with complex conditions is eight times higher than healthy individuals.[4] Blue Distinction Specialty Care, our centers of excellence program, makes it easier for you to maximize quality and savings through benefit design that encourages your employees to choose providers who are delivering higher-quality care at a lower cost. It's available in the top 100 MSAs across 48 states and D.C.[20]

Overall, patients treated by Blue Distinction Specialty Care providers have better results, including fewer complications, and lower readmission rates. These providers are also more cost-efficient — with more than 20% average savings per episode.[20] It focuses on 11 high-impact complex care areas that have significant variation in quality and cost, which can considerably impact your bottom line, your employees' health care results, as well as their experience. They include: Bariatric Surgery; Cancer Care; Cardiac Care; Cellular Immunotherapy; Fertility Care; Gene Therapy; Knee and Hip Replacement; Maternity Care; Spine Surgery; Substance Use Treatment and Recovery; and Transplants. These specialty care areas account for more than $348 billion in hospital charges from 13.5 million patient discharges annually.[21]

How do you guide employees to these centers of excellence when appropriate? Blue Cross NC achieves this through point-of-adjudication flexibility within our systems to configure benefits, cost-share options, services and providers in various combinations to drive members to designated providers, places of service, value-based arrangements and custom networks for various facility and professional services. Steerage to Blue Distinction Centers is automatically included in our standard commercial products.

Episodic Bundled Payments

ACCESS COST QUALITY EXPERIENCE

Blue Cross NC works with a group of high-quality providers to offer a complete knee, hip or shoulder replacement program. The entire process is streamlined and simplified — from pre-surgery tests and office visits, to the surgery itself, to follow-up check-ins and physical therapy. So, there's improved quality through care coordination, fewer complications (4% reduction[22]) and readmissions (17% reduction[22]), better range-of-motion results and lower costs. We were one of the first insurers in the country to offer such a solution.

Buyer's Guide

PwC's Health Research Institute offers employers these three recommendations:[4]

BECOME A TRANSPARENCY STEWARD

Understand the needs of your specific employee population to buy the best benefits at the best price with the best outcomes. Be clear what those benefits cost the employee and the employer.

TAKE THE DRIVER'S SEAT TO BEAT THE MARKET

Understand your role as the purchaser of health care for employees and join the ranks of employer activists, pursuing new solutions to lower costs, improve access and enhance quality.

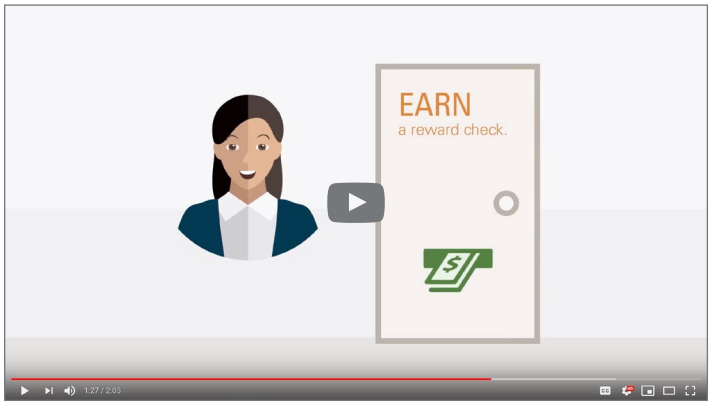
DESIGN A CARE MENU, THEN MANAGE IT

This applies to both the health plan and add-on benefits outside of the health plan, with clear communication around the cost, action to be taken by the employee and expected outcomes if action is taken.

SmartShopper

ACCESS COST QUALITY EXPERIENCE

Less than 32% of people with employer-based insurance shopped for any care in the past two years — and a lack of cost transparency was cited as the biggest barrier among those who did.[4] SmartShopper and Rx Savings Solutions *(see next page)* are two of our digital decision-support tools that help employees make well-informed choices and save money in the process. SmartShopper encourages employees to find high-value care at a lower cost for more than 80 tests and procedures. By choosing one of the lower-cost options, they get a cash reward sent right to their home. Average employer savings per incentive is $606 — with a 5:1 ROI potential for plan sponsors.[23]



Watch Video

Rx Savings Solutions

ACCESS COST QUALITY EXPERIENCE

Rx Savings Solutions analyzes pharmacy claims and clinical information against your pharmacy benefit plan to uncover savings opportunities — then sends employees a savings alert via text and/or email. Average savings per fill is $153 — with a 3:1 ROI potential for plan sponsors.[24]

Utilization Management

ACCESS COST QUALITY EXPERIENCE

Our Utilization Management programs use clinical criteria to ensure the appropriate level of care is delivered in the most cost-effective setting. They include cancer care, sleep studies, admission certification, prior review, concurrent review, prior authorization, retrospective review, peer-to-peer review, transition-of-care planning, discharge planning and more. Fully insured employers can save an average of $6.97 PMPM through prior review and $1.11 PMPM through medical review; self-funded employers can save an average of $10.87 PMPM through prior review and $1.64 PMPM through medical review.[25]

Nurse Support Program

ACCESS COST QUALITY EXPERIENCE

Our Nurse Support Program reduces the burden of managing a complex condition — from treatment plans and medications, to multiple doctors. Participants work with a nurse advocate to help navigate the health care system and remove any barriers standing in their way. The nurse advocate works with the member's doctors to create a personalized care plan and coordinate services. Other health care professionals, such as social workers, behavioral health specialists and dietitians, are brought in as needed. Our Nurse Support Program can lower readmission rates by 11% — while driving an average savings of $1.79 PMPM for fully insured groups and $3.93 PMPM for self-funded groups.[25]

For chronic conditions we offer education and one-on-one nurse coaching that's tailored to individual needs. We create unique care plans to help participants stay on track, monitor health numbers and learn self-management skills. Our "whole person" approach factors in other co-morbidities and unhealthy habits, with links to Lifestyle Coaching, Remote Device Monitoring or more intensive Nurse Advocate support. Results from our disease management nurse outreach show an average reduction of 28% in ER and inpatient utilization rates, while engagement in health management activities — including creating a care plan, scheduling a primary care provider follow-up visit and connecting with a primary care provider following discharge — resulted in savings of $4,246 per engaged member.[26]

Diabetes Progress Report (DPR)

ACCESS COST **QUALITY** EXPERIENCE

While complication rates fell among diabetics between 1990 and 2010, there's been a nationwide resurgence in recent years.[27] Staying up-to-date on recommended tests is one of the best ways to avoid such complications. With our DPR, diabetic members are alerted when they're due for an A1C test, nephropathy screening or diabetic retinal eye exam. The DPR prompts them to contact their doctor and close the gap within 120 days. Adding an incentive through Blue Rewards helps boost completion rates, too.

Catapult Health

ACCESS COST QUALITY EXPERIENCE

Self-funded groups can offer onsite preventive check-ups to employees and their families through Catapult Health. Employees get a report on their numbers, while your company receives an aggregate health report. Biometric data is also available to our care management nurses.

Signature Service

ACCESS COST QUALITY **EXPERIENCE**

Signature Service simplifies the health care experience for you and your employees. It offers access to a dedicated team of Customer Solutions Experts who learn about your company culture and specific plan offerings. They can then provide personalized support, ease the onboarding process, connect employees to the right clinical programs and help reduce barriers to care. By empowering employees to make informed health care decisions, Signature Service promotes cost savings while reducing the workload of your HR department.

EngageHealth

ACCESS COST QUALITY EXPERIENCE

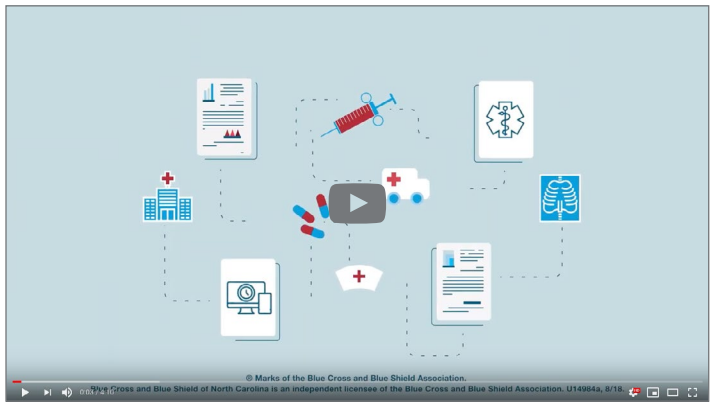
Employees who are engaged in their health make better health care choices. This can lead to better overall wellbeing and greater savings. That's why Blue Cross NC is introducing EngageHealth to the large, self-funded employer market effective January 2021. This solution has been proven effective at increasing engagement and outcomes with over 500,000 members over the last 2 years.[26] Now, EngageHealth is available to qualified employers who want high-touch, personalized support to help their employees understand and navigate the health care system no matter their health care needs – from well to complex. This service combines comprehensive clinical care management with the highest level of concierge service for a seamless and simple member experience.

EngageHealth provides a dedicated and fully integrated team of experts who know and understand your priorities, your benefits and your employees' health care needs. The care team is comprised of compassionate and professional experts including Service Advocates, Pharmacists, Social Workers, Dietitians, Nurse Advocates and a Medical Director – all acting in concert to provide the best guidance for your employees. This helps to deliver a seamless and exceptional employee experience by improving understanding, resolving issues, removing barriers and providing clinical and customer care expertise. What's more? Members have the flexibility to directly access EngageHealth through phone, live online chat, mail, and secure email or instant messaging through our mobile app, Wellframe.

continues on next page

EngageHealth

Learn more about our integrated clinical and customer care model:



Watch Video

EngageHealth can:

+ Elevate employee engagement for better total health and greater savings.
+ Proactively address the clinical, social and environmental barriers to achieving better health.
+ Simplify and personalize the overall member health care experience.
+ Provide convenient, one-on-one direct access to the help they need.

The Wellframe mobile app can:

+ Deliver a convenient and secure mobile care option for patients.
+ Provide a "nurse-in-your-pocket" experience through secure 2-way messaging with care team.
+ Provide health reminders, education, monitoring and daily messaging, if desired.
+ Deliver a significant increase in member touchpoints.

Blue Rewards

ACCESS COST QUALITY EXPERIENCE

In 2020, more employers will improve communication to help employees navigate the system and make the most of the benefits offered to them.[4] As our end-to-end member engagement and incentive platform, Blue Rewards can support that goal. It motivates employees to take good care of their health and get the most from their health plan — then rewards them for doing so with gift cards or HRA/HSA credits. Fully insured groups select one of our activity packages, while self-funded groups can design a custom solution with activities aligned to their unique needs. Our targeted, multi-touch outreach engages employees throughout the year via their preferred channels.

Blue Connect

ACCESS COST QUALITY EXPERIENCE

Employers are looking to enhance the employee experience by improving health care advocacy and navigation services — with 69% expecting to do so by 2021.[2]

Our Blue Connect portal and Blue Connect Mobile℠ app make it easy for employees to manage their care, improve their wellbeing and more. Blue Cross NC is committed to providing your employees with access to quality, coordinated care. Primary care providers (PCP) are an important part of this commitment. From routine preventative care to occasional sick visits, having a primary doctor can help your employees take control of their health. That's why Blue Cross NC asks members to select a PCP in Blue Connect.

We also offer a variety of digital tools — like Find a Doctor and Find Medical Costs — to support a positive experience.

Watch Video

Watch Video

Key Takeaways

+ There will be trade-offs based on the type of network you select.
+ You can often balance trade-offs with the right mix of solutions.
+ Blue Cross NC offers a variety of ways to help broaden access, mitigate cost, bolster quality and improve the employee experience.

NEXT STEPS

Redefining value in health care

Put our insights and innovations to work for you

Blue Cross NC's vision is to transform our health care system through unwavering commitment to quality, affordability and exceptional experience. We're rapidly advancing that vision through an array of initiatives across six areas of focus.

Value Transformation

Blue Premier

Blue Premier's outcomes-based reimbursement structure rewards higher quality at a lower total cost of care — while supporting the vital role of primary care and working hand-in-hand with our network health systems and ACO providers to evolve care delivery.

Behavioral Health

Poor behavioral health is a major driver of poor total health and high medical costs. That's why we're integrating behavioral health treatment into primary care, increasing access to high-performing behavioral health providers and reimagining how services are delivered.

Pharmacy

Our integrated approach is key to lower costs, seamless care and better experiences. In conjunction with our PBM, we're also driving value-based contracts with pharmaceutical manufacturers that go beyond just outcomes to focus on all aspects of care.

Quality

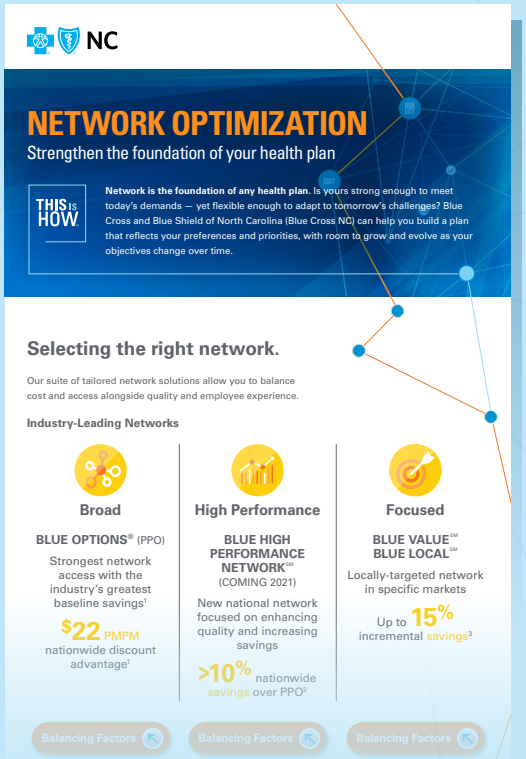
Quality is an integral component of value transformation — as it ensures timely access to appropriate care with safe and effective outcomes, exceptional experience and affordable cost for our members.

Provider Engagement

Blue Premier-participating providers want and need to monitor their progress against benchmarks to deliver high-quality, high-value care. Thus, we're working together to share timely and accurate data on their patients.

Clinical Operations & Innovations

Value transformation doesn't impact providers alone. It also means adjusting how we support our members through care management programs and population health strategies. Our goal is to make North Carolina one of the healthiest states in the nation within a generation.



Download

Download our interactive infographic to explore different scenarios for optimizing your health plan's network. Then, contact us to get started!

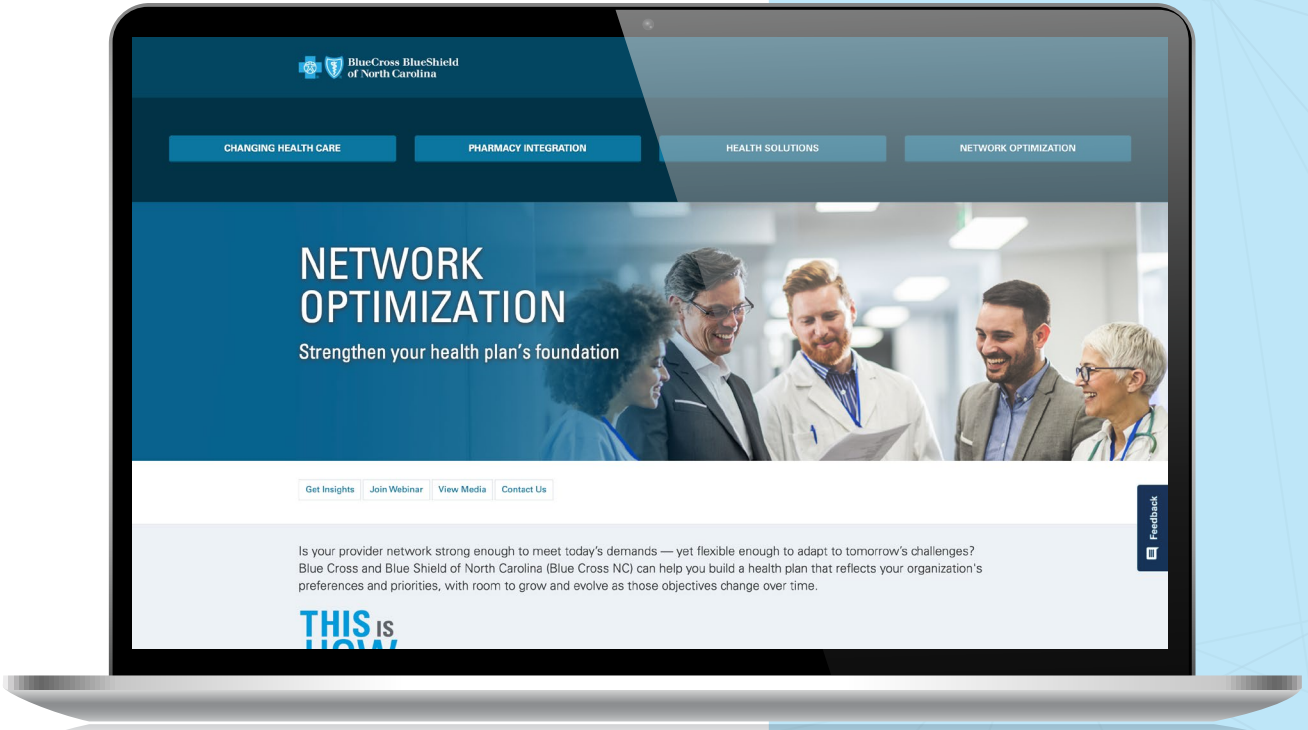
Let's Talk

Build a strong health plan that's ready for the future

With Blue Cross NC, you're getting more than just an insurer. You're getting a trusted partner. One that's committed to exceptional experience for your employees — along with best-in-class service for your organization. And together, we'll shape the future of health care by driving higher quality at lower costs.

Learn more about our approach to network optimization at **BlueCrossNC.com/NetworkSolutions.**

Learn More



Join the Conversation:

References

1. "Tracking the rise in premium contributions and cost-sharing for families with large employer coverage." Kaiser Family Foundation: 2019. Online: www.healthsystemtracker.org/brief/tracking-the-rise-in-premium-contributions-and-cost-sharing-for-families-with-large-employer-coverage (Accessed February 2020).

2. "Willis Towers Watson 24th Annual Best Practices in Health Care Employer Survey." Willis Towers Watson: 2019. Online: www.willistowerswatson.com/en-US/Insights/2019/11/2019-best-practices-in-health-care-employer-survey-highlights (Accessed February 2020).

3. "2020 Large Employers' Health Care Strategy and Plan Design Survey." National Business Group on Health: 2019. Online: www.businessgrouphealth.org/en/resources/2020-large-employers-health-care-strategy-and-plan-design-survey (Accessed February 2020).

4. "Medical Cost Trend: Behind the Numbers 2020." PwC's Health Research Institute: June 2019. Online: www.pwc.com/us/en/industries/health-industries/assets/pwc-hri-behind-the-numbers-2020.pdf (Accessed February 2020).

5. "Employer Health Benefits: 2019 Annual Survey." Kaiser Family Foundation: 2019. Online: http://files.kff.org/attachment/Report-Employer-Health-Benefits-Annual-Survey-2019 (Accessed February 2020).

6. "2017 Health Care Cost and Utilization Report." Health Care Cost Institute: February 2019. Online: www.healthcostinstitute.org/research/annual-reports/entry/2017-health-care-cost-and-utilization-report (Accessed February 2020).

7. Andrea M. Sisko, Sean P. Keehan, et al. "National Health Expenditure Projections, 2018-27: Economic and Demographic Trends Drive Spending and Enrollment Growth." Online: www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2018.05499 (Accessed February 2020).

8. "What are the current costs and outcomes related to mental health and substance use disorders?" Kaiser Family Foundation: July 2017. Online: www.healthsystemtracker.org/chart-collection/current-costs-outcomes-related-mental-health-substance-abuse-disorders/ (Accessed February 2020).

9. "Potential Economic Impact of Integrated Medical-Behavioral Healthcare." Milliman: 2018. Online: www.milliman.com/insight/potential-economic-impact-of-integrated-medical-behavioral-healthcare-updated-projections (Accessed February 2020).

10. Savings vs. competitor average based on national consulting firm CY17 benchmark data and weighted by national census.

11. Consortium Health Plans analysis, 2019.

12. Blue Cross and Blue Shield (BCBS) Plan-reported custom network snapshots, April 2019. Savings vary by geography.

13. Provider Data Repository, December 2018.

14. Consortium Network Compare Findings, Q3 2017.

15. Leading Consulting Firm National Discount Benchmarking Study, CY 2016.

16. ValueQuest Nationwide Cost Model CY 2017.

17. "Care Coordination." AHRQ: August 2018. Online: www.ahrq.gov/ncepcr/care/coordination.html (Accessed February 2020).

18. "Addiction and Mental Health vs. Physical Health: Widening Disparities in Network Use and Provider Reimbursement," Milliman Research Report: November 2019. Online: www.milliman.com/insight/Addiction-and-mental-health-vs-physical-health-Widening-disparities-in-network-use-and-p (Accessed February 2020).

19. "In Focus: Leveraging Technology to Expand Access to Behavioral Health Care for Medicaid Beneficiaries." The Commonwealth Fund. Online: www.commonwealthfund.org/publications/newsletter-article/2019/jun/focus-leveraging-technology-expand-accessbehavioral (Accessed February 2020).

20. BCBSA and registry data (where applicable), BDC/BDC+ eligible facilities vs. relevant comparison group. Results based on most recent designation cycle for each specialty. Savings based on BDC/BDC+ total episode cost. Availability based on BCBSA data, January 2019. Note: Cancer Care, Cellular Immunotherapy and Gene Therapy programs require a value-based payment arrangement.

21. AHRQ-sponsored Health Cost and Utilization Project (HCUP), 2014 (reflects all privately insured, BCBS and non-BCBS).

22. 2017 bundled program claim data analysis provided by Aver Analytics.

23. ROI applies to self-funded groups. Results based on SmartShopper's 2018 Book of Business results over the last 4 years.

24. ROI applies to self-funded groups. Results based on Rx Savings Solutions' 2018 Book of Business results over the prior 2-3 years.

25. Blue Cross NC internal data. Medical Cost Management Report. March 2018.

26. Blue Cross NC internal evaluation of DMIG99 Discharge Nurse Outreach Program, 2018.

27. David Blumenthal, MD and Shanoor Seervai. "Why is Progress Slowing on Diabetes Complications?" The Commonwealth Fund: July 5, 2019. Online: www.commonwealthfund.org/blog/2019/progress-slow-diabetes-complications (Accessed February 2020).

BlueCross BlueShield
of North Carolina