

OUTSIDE **THE** LINES

LEADERS CHANGING HEALTHCARE: HUMANA + IORA HEALTH

April 18, 2017

Earlier this month, a [Modern Healthcare headline](#) read: “Medicare Advantage plans score several wins in latest rates.” The article reported on a CMS decision to increase payment rates by 0.45%, on average in 2018, for insurers that sell Advantage plans. Medicare Advantage is Medicare’s managed care program covering approximately 18 million people, or **31%** of Medicare’s total 57 million enrollees. Medicare Advantage enrollment has been [trending up](#) and is expected to continue; in some states (Florida, Hawaii, Minnesota, Oregon, Pennsylvania), more than 40% to 50% of Medicare enrollees are in Advantage plans. The question is: How are leaders changing healthcare in this category? What models are working as health plans, ACOs and health systems manage risk and create success inside of Medicare Advantage?

In this *Outside the Lines*, we feature a partnership between Humana and Iora



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WE'RE RESTORING
HUMANITY
TO HEALTH CARE

Health, one of the innovator companies featured in [ZIGZAG Healthcare](#), an ideas and innovation library created by Strategy Advantage. Humana, headquartered in Louisville, Kentucky, is a nationwide for-profit health insurance company with a primary focus on selling private insurance under Medicare. Iora is a healthcare transformer with a mission to reinvent primary care and franchise its care model in clinics all over the United States. Touted as a “radically different medical group,” Iora runs 20+ clinics in about 10 states “sponsored” by large employers, insurers and others.

Starting in [September 2014](#), Humana and Iora Health joined forces in a value-based care partnership with aims to improve health for Medicare Advantage members in Phoenix and Seattle. Designed exclusively for Humana members, the Iora Primary Care sites feature its integrated care team model which emphasizes health coaches working alongside – and in some cases leading – doctors and nurses, while managing medication, behavioral health and social service resources. At the center of the Iora Health approach is its business model that features per-member, per-month payment plans, and as well, its care model that focuses on the patient experience and customizing care to reflect the local populations being served. According to the company’s founder and CEO, Iora Health is “... not a little different – it’s very different. We are building a brand-new version of healthcare.”

The model seems to be working. In [July 2015](#), Humana and Iora expanded its

partnership to include 7 more locations. Then, in [October 2016](#), Humana announced 5 additional Iora Primary Care practices. Today, Iora is operating 16 Humana primary care practices, including 5 in Colorado, 4 in Washington and 7 in Arizona. According to Iora, “In just the first year, Net Promoter Scores – at 90% – are consistently higher than most consumer brands, and hospitalization rates declined by 40% for patients who had been engaged for at least one year.”

Just this morning, a front-page headline in the [Wall Street Journal](#) read: “Health insurers push for clarity on law.” The article reported that a group of insurers will meet with Trump administration officials next Tuesday to get greater clarity about the future of the exchanges. In February of this year, Humana announced its plans to pull [out of the exchanges](#), opting instead to focus more on Medicare plans. Humana is making a “draw a line in the sand” strategic business choice. Are you also pushing forward with bold strategic trade-off decisions? Are you a leader changing healthcare? Watch for more Humana + Iora Primary Care locations, including one (possibly) in your neighborhood soon.

Always looking ahead,



Kim Athmann King, MBA, FACHE

DO YOU KNOW...

Many of the nation's largest health insurers say they are [paying 50% of their reimbursements via value-based care payment models](#). UnitedHealth and Aetna are moving away from traditional fee-for-service payments faster than others. According to Aetna CEO Mark Bertolini, 45% of Aetna payments today are made via some form of a value-based care method; the company's goal is to be at 75% by 2020. United is also at about 45% currently. Anthem, which operates Blue Cross and Blue Shield plans in 14 states, is at 43%, with plans to be at 50% by 2018.

DO YOU KNOW ABOUT...

[Direct Primary Care](#), or “DPC,” sometimes referred to as “flat-fee primary care”? In this model – similar to, but different from “concierge medicine” – doctors charge a fee, generally from \$50 to \$150 per month, to provide routine clinical care and consultation (sometimes including basic lab work and tests). For patients who need other care — an MRI, surgery, ED or inpatient services, for example — care costs are covered by their insurance policies. Although only a fraction of primary care doctors practice the DPC way, the proportion has grown from 2% to 3% in the past year, according to data from the American Academy of Family Physicians (AAFP), which supports this type of practice. [According to the AAFP](#): “The direct primary care (DPC) model gives family physicians a meaningful alternative to fee-for-service insurance billing, typically by charging patients a monthly, quarterly, or annual fee (i.e., a *retainer*) that covers all or most primary care services including clinical, laboratory and consultative services, and care coordination and comprehensive care management. Because some services are not covered by a retainer, DPC practices often suggest that patients acquire a high-deductible wraparound policy to cover emergencies.” Also, a [current bill in Congress](#), if passed, could spur DPC forward. The Primary Care Enhancement Act of 2016 proposes to amend the tax code so consumers can combine high-deductible plans for catastrophic coverage with the use of their health savings accounts (HSAs) for direct primary care, bypassing traditional insurance plan options.

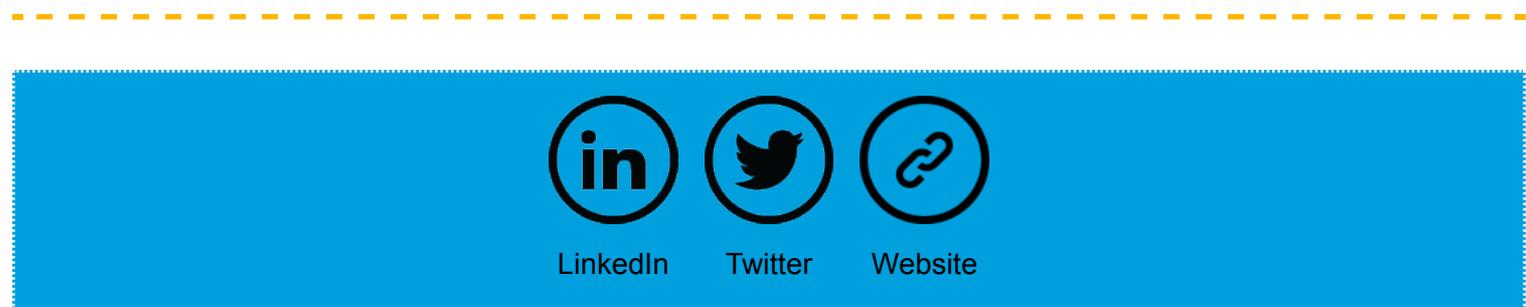
DO YOU HAVE A STRATEGY AND SOLUTION FOR THIS?

For some time, the industry has been murmuring about “the new front doors of

primary care." Spurred on by the value-based care movement, primary care physician shortages and consumer demand, this is a very real evolution. The trend will continue, and front-facing healthcare leaders are combining both traditional and non-traditional approaches to primary care, as they step out in front of, and stay on top of, this.

At Strategy Advantage, we work with leaders changing healthcare, especially leaders who are seeking to understand and explore where some of the new ideas and innovations in healthcare might apply – safely and appropriately – to their strategic, business and growth plans. Our ZIGZAG Healthcare library is a resource for leaders and features several “new front doors of primary care” innovator companies, including Iora Health and others like MedLion and Qliance. To spark your thinking, take a look at the ideas and disruptive innovators in this category; click [here](#) to contact Kala Kascht on our team to learn more about becoming a ZIGZAG Healthcare member. As of this month, we are accepting individual members and, as well, we continue to offer special packages of services for business members.

We are partners for leaders changing healthcare, with Strategy Advantage Senior Partner experts on our team. Contact [me](#) if you want to discuss how we might help you think about and activate your “new front doors of primary care” strategy.



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