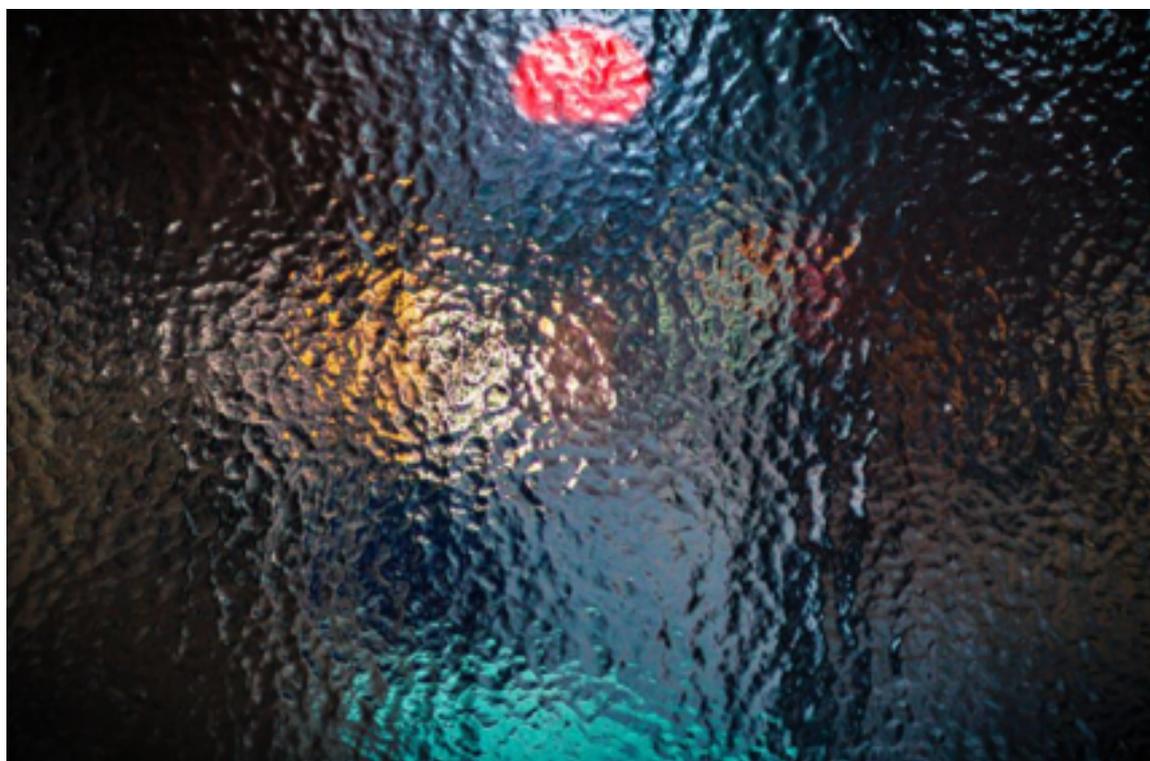


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# OUTSIDE **THE** LINES



## **THE DIRECT CONTRACTING EFFECT**

Today's Top Pick, Curated for Leaders Changing Healthcare

November 27, 2018

*Direct contracting deals between large employers and health systems are expanding from 3% in 2018 to 11% (or even as high as 22%) in 2019, paving a way for health systems to bypass health plans, drive value-based competition, and create a new stream of patients for their hospitals and doctors.*

A month ago, [Ochsner Health System announced a new health plan](#) exclusively for Walmart and Sam's Club employees in New Orleans and other areas of Louisiana. This is big news for anyone watching the movement of direct contracting, a fast-evolving trend. We know that direct deals between large employers and health systems for Centers of Excellence (COE) contracts have been increasing over the

years ... but [the new direct contract deals are different](#). They encompass the entire continuum of care for an entire population of employees in defined geographies, enabling health systems to bypass traditional health plans, drive value-based competition in regional markets, and create a new stream of patients for their hospitals and doctors.

**Employer-led direct contracting with health systems and providers is expanding, [from 3% in 2018 to 11%](#) (or even [as high as 22%](#)) in 2019.** The contract terms are different, and the model of care behind them are different too. For example, in the Ochsner plan, [a 24-hour call center was designed](#) specifically for the Walmart and Sam's Club employees, with patient engagement specialists helping and guiding them to the most appropriate care within the network. A complex case management program serves those who need more coordinated care. And Ochsner's EPIC system enables direct access for the employees to make appointments, obtain test results, and benefit from an array of other healthcare resources.

**There are many** direct deals across the country, and there will be more. As another example, [General Motors signed a deal in August with Henry Ford Health System](#) for all of its salaried employees and dependents in Southeast Michigan. Additionally, [Intel has been direct contracting](#) with health systems for years and has a few contracts in place in different markets. [Boeing has been doing the same](#) and has several contracts set-up. In Southern California, large employers are choosing another type of direct contracting arrangement via [Vivity Health](#), a joint venture that combines seven health systems (including all of their hospitals and doctors) and Anthem Blue Cross.

We are constantly scanning the horizon of healthcare, to help you stay on top of, and in front of, key trends. Large employer leaders are changing healthcare. And innovative health systems are paving the way for new opportunities via regional direct contracting models. Follow and watch these leaders. You may want to get into this game.

Always looking ahead,  
Kim Athmann King, MBA, FACHE  
Founder & President, Strategy Advantage

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## X·CO: EXPERTS TO HELP DRIVE YOUR SUCCESS



How do you coordinate and align with your physicians – to pursue change, take advantage of new contracting opportunities, re-think compensation models, or inspire “ownership” in value-based care? How might you move through a negotiation that leads to a Vivity Health-like deal? How do you build a culture to ensure your physicians are leading and walking in step with you?

[Tom Gordon](#), one of the experts on our Strategy Advantage [X·CO panel](#), is a medical group and physicians/providers expert and facilitator. Tom is available for leadership meetings/retreats or for executive-to-executive, short-term consulting and advice, to help drive your success forward. To get started with Tom, email us at [XCO@xcoadvantage.com](mailto:XCO@xcoadvantage.com) or call to 310/ 416-1400, x4.



Hear From Tom: The X·CO Difference

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### ADDITIONAL RESOURCES

Read more [here](#) about Walmart’s Employee Healthcare strategy, including the 10 direct contracting deals it has so far established.

Read more [here](#) about the General Motors and Henry Ford Health System direct contract, a first of its kind in Michigan.

Click [here](#) to access other *Outside the Lines* issues.

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This bi-weekly e-mail is curated by the expert team from Strategy Advantage and provides a look across the horizon, and outside the lines, of the healthcare industry.

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