

EVOLVING MODELS OF CARE DELIVERY

Improving access, affordability and personalization

9/4/15

Overview

Continually increasing health care costs, difficulty accessing care, and a greater need for convenience are driving consumers to demand more value out of their health care dollar and seek care that meets their needs and preferences. As a result, consumers are turning to “non-traditional” care models – such as retail health clinics, telemedicine, and self-diagnostic tools – to improve access, affordability, and convenience. The market is responding to this growing demand:

- › Non-traditional care models are rapidly expanding.
- › “Traditional” providers (e.g., office-based primary care physicians (PCPs) and specialists, hospitals) are partnering with non-traditional care providers to expand reach.
- › New parties, such as consumer product and technology companies, are entering this billion-dollar market.¹

“As consumers seek more affordable and convenient approaches to health care, we must connect traditional and non-traditional models of care to deliver a better health care experience.”

- Joan Kennedy, Vice President, Consumer Health Engagement, Cigna

Non-traditional care models have the opportunity to complement traditional care models to help improve access and affordability, and deliver a more personalized health care experience.

Market trends impacting consumer preferences

Rapid change in the health care market is driven by big data and technology developments, evolving employer and consumer financial roles and generational attitudes, and concerns about access to care.

Key market drivers:

- › Health care costs continue to rise and employers are increasingly shifting more costs to employees; from 2000-2014, premium costs increased by 149% for employers and 198% for employees.²
- › Consumers are experiencing difficulty accessing care in certain geographies and specialties.*
 - 20% of individuals report difficulty accessing primary care as a result of a shortage of PCPs³
 - Average new patient PCP wait times for non-emergent conditions can range 5-66 days across major cities.⁴
- › Public and private health insurance exchanges have increased the role of consumerism. Consumers choose from among multiple plans with a higher level of pricing transparency.
- › Consumers are seeking more easily accessible health information, creating opportunity for big data and technology companies to better serve consumers.
- › Generational shifts are expanding the traditional definition of health care and health benefits to include the health/wellness experience.⁵

As a result of these market trends, consumers are increasingly shopping for new ways to access affordable, convenient health care services and are demanding increased transparency, choice, and decision support. Millennials in particular, value flexibility, convenience, and technologies that provide a customized health care experience.⁶ New approaches to providing access are necessary to meet this increased demand for care the way consumers prefer to access it.

**For additional information about the physician shortage, please see our [white paper](#) about this topic.*

Together, all the way.®



1. PricewaterhouseCoopers, "Healthcare's New Entrants: Who will be the industry's Amazon.com?" April 2014.

2. Kaiser Family Foundation, HRET, "2014 Employer Health Benefits Annual Survey," 2014.

3. National Association of Community Health Centers (NACHC), "Access is the Answer," March 2014.

4. Merritt Hawkins, "Physician Appointment Wait Time and Medicaid and Medicare Acceptance Rates," 2014.

5. PricewaterhouseCoopers, "Top Health Industry Issues of 2015," December 2014.

6. *Ibid.*

Non-traditional care models

Non-traditional care models emerged to meet consumer-driven demand for increased access and affordability. Historically they have focused on treating minor, acute conditions and were often considered competitive threats by traditional providers. Traditional providers also had concerns about the quality of care.

Technology has fostered the development of more types of non-traditional care models. The scope of services now includes primary care, specialty care, and chronic condition management. While many traditional providers continue to consider these models as competitive threats, some are beginning to view non-traditional care providers as a complementary extension of their practices.

Improving access and affordability

Non-traditional care models help improve customer **access** by increasing:

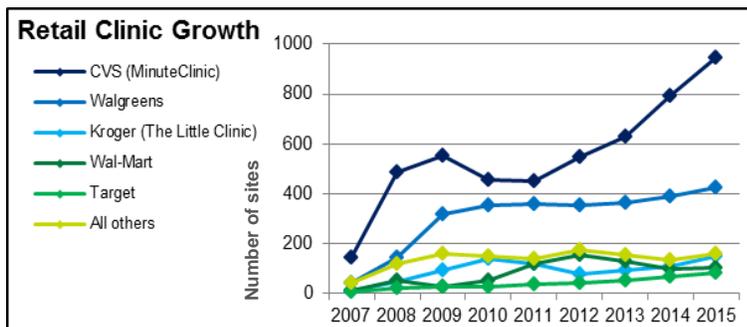
- › Delivery system capacity (e.g., offset physician shortage)
- › Provider availability (e.g., reduce provider wait times)
- › Geographic access
- › Customer convenience

Additionally, they help improve **affordability** by shifting the provision of certain care from the traditional inpatient or outpatient setting to a less expensive site of care, such as the home or a lower cost retail site.

Consumer demand and non-traditional care model supply

More U.S. consumers are willing to use non-traditional care models. About half of consumers state they would choose a new option (e.g., home diagnostic test) for more than 12 common medical procedures, and consumer use of retail clinics increased by 133% between 2007 and 2014.^{7,8} This increasing demand is driving increasing supply. The growth of these models is expected to accelerate in the future:

- › **Telemedicine video visits** are expected to increase from approximately 20 million visits in 2014 to nearly 160 million visits by 2020, more than 40% growth per year.⁹
- › Between 2009 and 2013, the number of **freestanding ED** facilities doubled to more than 400.¹⁰
- › Between 2007 and 2015, the number of **retail clinics** increased by 78% per year.¹¹
- › The market for **remote patient monitoring** is expected to grow at a compound annual growth rate of 16% between 2012 and 2019, to reach a value of \$297 million.¹²



Source: Managed Healthcare Executive, "Consumerism increases retail opportunities and access to coverage and care," 17 February 2015.

Effects on the delivery system

The growing demand and supply for non-traditional care models has forged partnership opportunities across the market:

- › **Payers** are partnering with non-traditional care providers to offer customers access to care nationwide, through contracts with companies that offer services such as telemedicine and retail clinics.
- › **Traditional providers** are partnering with non-traditional care providers to:¹³
 - Expand geographic footprint to new patient populations
 - Increase access to after-hours care for existing patients
 - Serve as a source of referrals
 - Provide care to geographically distant patients to reduce the amount of "no show" appointments¹⁴
 - Reduce care fragmentation and better manage care under value-based payment models

7. PricewaterhouseCoopers, "Healthcare's New Entrants: Who will be the industry's Amazon.com?" April 2014.

8. PricewaterhouseCoopers, "Top Health Industry Issues of 2014," December 2013.

9. Pennic, J., *HIT Consultant*, "Report: Telehealth video visits to reach 158M by 2020," 25 June 2015.

10. Galewitz, P., *USA Today/Kaiser Health News*, "Wildfire Growth of Freestanding ERs Raises Concerns about Cost," 15 July 2013.

11. Packer-Turman, J., *Managed Healthcare Executive*, "Consumerism increases retail opportunities and access to coverage and care," 17 February 2015.

12. Monegain, B., *Healthcare IT News*, "Remote monitoring market growing fast," 16 April 2013.

13. Bachrach, D., et al. The Robert Wood Johnson Foundation, "Building a Culture of Health: the Value Proposition of Retail Clinics," April 2015.

14. The Advisory Board, "Expanding Telehealth to Specialty and Chronic Care," 2015.

To date, over 100 partnerships exist between retail clinics and health systems.¹⁵ Additionally, many providers are interested in using data from new technologies, such as home diagnostic tools, to inform their treatment decisions.¹⁶

- › **Non-traditional care providers** are partnering with each other to improve care and gain a competitive advantage. For example, Walgreens plans to expand its telemedicine program to pharmacy customers in 25 states by the end of 2015.¹⁷

Scope of care

Non-traditional care models allow traditional providers to practice at the top of their license. Consumers can seek care from non-traditional care providers for minor acuity conditions, and increasingly for certain chronic and specialty conditions, while allowing office-based primary care physicians and specialists to focus on higher risk patients and more acute conditions. This redistribution of care delivery can increase traditional provider capacity and overall delivery system capacity, helping to alleviate long wait times and closed patient panels in certain geographies and increase patient satisfaction with their PCP.

Fragmented care

While these non-traditional care models have the potential to increase delivery system capacity, they also increase delivery system complexity and can create potential gaps in care. Data aggregation and exchange between traditional and non-traditional care models is required to facilitate coordinated care across settings and ensure that providers are aware of, follow, and update the patient's care plan. While partnerships between traditional and non-traditional care providers continue to develop, there are many factors limiting connectivity and coordination of care between these types of providers. Factors include federal health privacy regulations, EMR capabilities, and a lack of aligned incentives to drive continuity of care best practices.¹⁸ Additionally, consumers lack awareness about how to best use their personal health records to proactively drive more continuity across these settings.

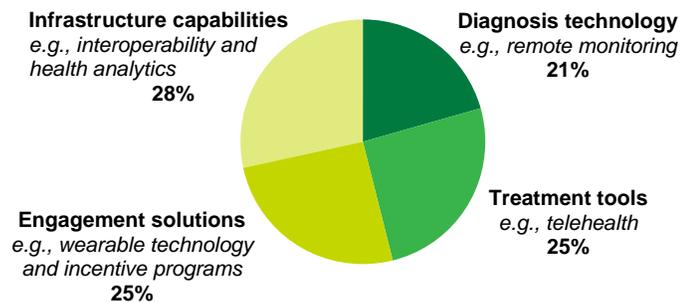
Facilitators and barriers

Non-traditional care models have the potential to reshape the delivery system and improve the customer experience. However, barriers to widespread adoption of these models remain.

Facilitators

- › **New companies with data aggregation experience** are entering the marketplace to support non-traditional care models and the transfer of data to traditional providers.
- › **Regulatory facilitators** such as legislation in an increasing number of states requiring reimbursement for telemedicine services and an expected increase in FDA approval rates for digital health tools.^{19,20}
- › **Funding growth** for digital health start-ups; between 2008 and 2013, funding grew at an annual rate of 31%, totaling \$10.2 billion (see chart to right).²¹

Digital health start-up funding between 2008 and 2013: \$10.2 billion



Barriers

- › **Privacy/HIPAA concerns** with increased information exchange and data storage.
- › **Regulatory barriers** such as provider scope of practice laws, provider and entity licensing, and FDA approval for new technology and devices.
- › **Physician resistance** stemming from concerns with how these models will impact physician-patient relationships, scope of practice, and quality of care; additionally, many physicians feel burdened by excessive data and are concerned about liability issues.
- › **Consumer resistance**; some consumers do not trust non-traditional care models.
- › **Consumer awareness** regarding the scope of services offered by non-traditional care models is limited.

15. Bachrach, D., et al. The Robert Wood Johnson Foundation, "Building a Culture of Health: the Value Proposition of Retail Clinics," April 2015.

16. PricewaterhouseCoopers, "Top Health Industry Issues of 2015," December 2014.

17. The Advisory Board, "Anytime, anywhere care: Walgreens brings telehealth to customers in 25 states," June 2015.

18. Evans, M., *Modern Healthcare*, "Fragmented care: data sharing between retail clinics, health systems hits hurdles," 15 February, 2014.

19. Rubenfire, A., *Modern Healthcare*, "Delaware becomes latest state to regulate telemedicine practices," 7 July 2015.

20. Millard, M., *Healthcare IT News*, "IT could save \$100B for US healthcare," 5 June 2015.

21. MarketWatch, "U.S. Funding for Digital Healthcare Start-ups Expected to Reach \$6.5 Billion by 2017, According to Accenture," 22 September 2014.

Cigna's position*

Expanding our view of a “network” to include non-traditional care models is essential to ensuring adequate access, affordability, and convenience for our customers. Cigna is building the foundation to deliver a customer-centric experience that expands customer access by:

- › Offering access to telemedicine services, including email consults and live video consultations, for non-emergent, acute care.
- › Empowering customers to take control of their health and lifestyle through a variety of digital applications that integrate disease and/or lifestyle management with the medical plan.
- › Bringing health coaching and lifestyle management services that are fully integrated with the medical plan to Cigna onsite and near-site clinics; Cigna Onsite Health is also currently piloting the use of virtual care.
- › Contracting with retail clinics to provide our customers with access to convenient, quality care.
- › Launching remote monitoring and diagnostic testing services to select customer groups through various arrangements.

However, we realize expanding customer access to non-traditional care models is not enough. To truly reduce costs, improve quality, and deliver a positive customer experience, we believe we must remove the silos between traditional and non-traditional care providers to improve continuity of care across settings and to create one connected consumer experience. Through data, analytics, and digital applications, Cigna can help our customers with decision support tools and concierge services that help them understand and act on their care plan, optimize their health benefits, and access the right provider, at the right time, and in the right place. By designing networks, benefits, and services based on customer choice and preferences, we can help our customers take control of their health and deliver a personalized, coordinated experience.

Cigna Total Health & Network Strategy & Insights



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