



Arkansas
BlueCross BlueShield
An Independent Licensee of the Blue Cross and Blue Shield Association

blueprint | Value

Update on initiatives

September 2024

Introduction

As our state's oldest and largest health insurer, throughout our 75-year history, Arkansas Blue Cross and Blue Shield has worked to build a better, more sustainable healthcare system and a healthier population.

Today, we are more actively engaged in that pursuit than ever before – across our state and particularly in Northwest Arkansas. Northwest Arkansas is a singular place that is ripe for and uniquely suited to innovation. The region has a dynamic mix of industry-leading companies that are invested in improving the region's quality of life and are open to collaborative initiatives. Accordingly, we view Northwest Arkansas as an ideal “test-kitchen” for progressive ideas and a value-based model for healthcare delivery and financing that can be replicated throughout Arkansas and perhaps even the entire United States.

For the past several years, the Centers for Medicare & Medicaid Services (CMS) has been headed in the value-based direction and is expecting payers like us to follow suit.

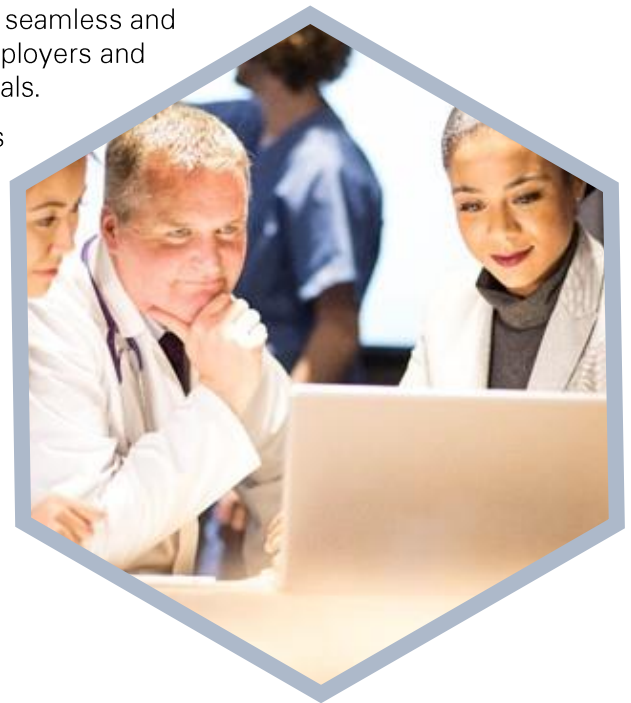
Value-based healthcare essentially means paying providers based on quality and outcome metrics, as opposed to paying a fixed amount for each service. This philosophy rewards high-value (effective) healthcare and discourages low-value care.

Blueprint | Value is the “umbrella” identity we have created to represent an array of value-based efforts that are in process throughout our company.

This value-based approach seeks to achieve a few basic aims:

- To help people enjoy better health.
- To positively impact health outcomes.
- To make healthcare affordable while equitably compensating healthcare providers.
- To make healthcare financing and delivery a more seamless and less “siloed” system in which health insurers, employers and healthcare providers are aligned around shared goals.
- To improve the healthcare experiences of patients and providers.

In this report, we will highlight several of these initiatives, the potential we see for them and the positive progress we have seen thus far.



Value-based healthcare collaboratives

For more than a decade, we have worked with health systems in regional collaborative ventures.

We have a total of **20** such ventures statewide, in which we and the participating healthcare providers agree on quality and cost targets and share in any savings that might result from good performance.

While we found this approach improved communication, managed expectations and helped us better understand providers' business challenges and perspectives – and vice versa – we realized that we were missing a significant partner: our **employer groups**, who count on affordable coverage for their employees and pick up much of the tab for the care they receive.

So in Northwest Arkansas, home to several of our state and nation's largest employers, for the past three years, we have been developing an expanded collaborative venture by working closely with NWA healthcare ecosystem stakeholders, including:

- Several large employer groups, some of whom have workforces that extend far beyond Arkansas.
- All of the region's integrated health systems (hospitals and their aligned providers).
- The region's thought leadership, including the NWA Council and Heartland Whole Health Institute.

This group makes up the **Northwest Arkansas Value-based Healthcare Coalition**.

NWA Value-based Healthcare Coalition

The coalition is working to move away from the old, outdated fee-for-service system and into a value-based system and has made the move to **shared downside risk** in record time – less than 3 years.

The coalition approach gives all stakeholders a seat at the table to achieve consensus around healthcare quality and cost goals and thereby diminish adversarial perspectives.

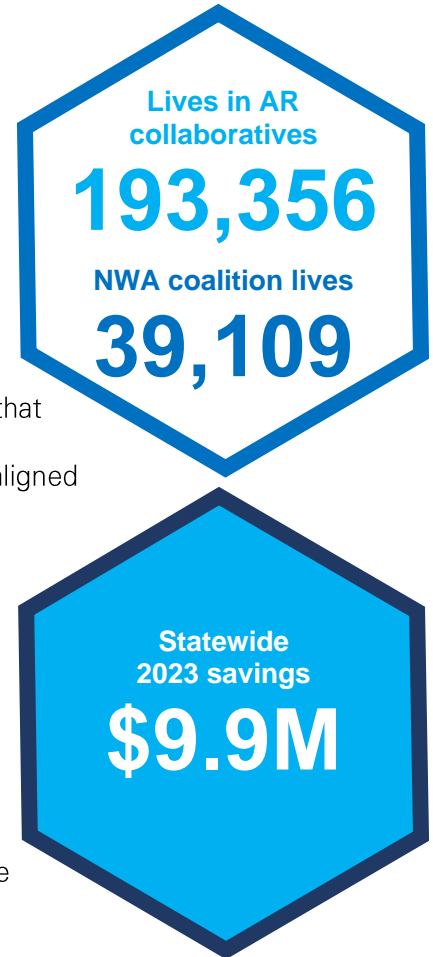
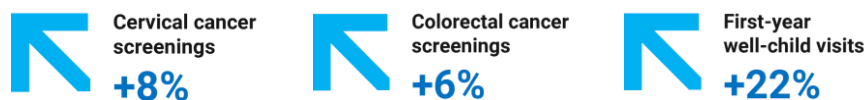
All of these stakeholders ultimately want the same thing – for people to be as healthy as possible and receive effective care when they need it.

And the early clinical results are encouraging.

Thus far **NWA coalition groups** have **better results** than groups in Arkansas that are not part of the NWA coalition:



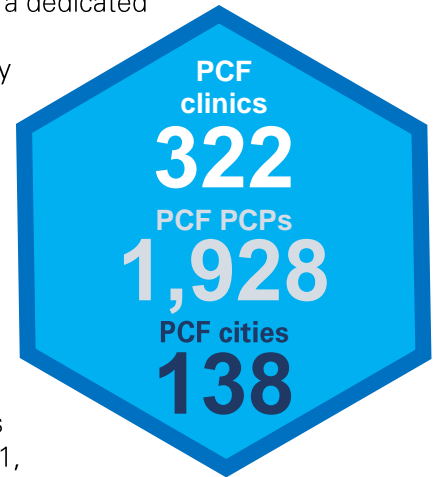
And **NWA coalition providers outperform other providers** in the region in important categories such as:



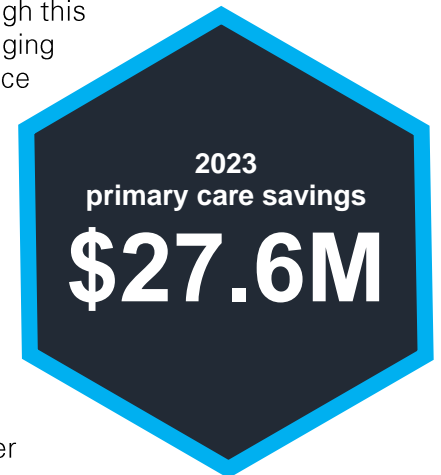
Primary care programs

Arkansas Blue Cross views primary care as the bedrock of the healthcare system and the front line of defense against escalating costs. Accordingly, Arkansas Blue Cross has a dedicated team focused on primary care and has a number of programs designed to encourage a whole-person approach and incentivize an emphasis on quality and innovation. Here are a few of those programs:

- Primary Care First (PCF)** – This patient-centered, value-based payment model gives primary care providers (PCPs) the flexibility to innovate and tailor care delivery to their unique patient population. It provides the tools and incentives for practices to provide comprehensive and continuous care, with a goal of reducing patients’ complications and overutilization of higher-cost settings. Arkansas Blue Cross partnered with the federal **Centers for Medicare and Medicaid Innovation (CMMI)** to bring this opportunity to Arkansas providers. As a partner with Medicare, this brings Medicare value dollars to the state. Since PCF’s start in 2021, participation has grown, and patient outcomes have improved.

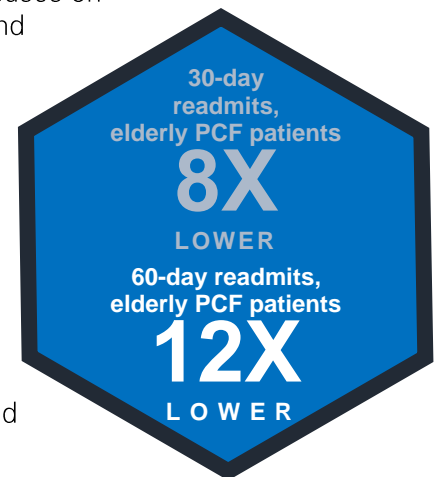


Compensation – Arkansas Blue Cross introduced **capitation** through this program. Capitation is a monthly stipend paid to providers for managing the care of each of their attributed patients. It replaces fee-for-service compensation, which pays physicians a fixed amount for services provided during office visits in their clinics. This was especially important during the COVID-19 pandemic, when patient office visits dropped precipitously.



PCPs who had strong performance in PCF in 2023 received, on average, about **30% more compensation** under PCF than they would have received under the fee-for-service system. Low-performing PCF providers received less.

Quality & utilization – PCF providers outperform non-value-based providers in quality and utilization metrics. We also have seen higher utilization of PCPs (low-cost settings) and decreased utilization of emergency department visits/inpatient admissions (high-cost settings). PCF focuses on lowering emergency department and inpatient hospital utilization and increasing the use of generic medication, as appropriate. Utilization performance is measured quarterly. In 2023, one NWA practice managed the care of their patients so well that they met all three of the utilization metrics every quarter of the year.



Social determinants of health – Arkansas Blue Cross recognizes that there are many factors in a person’s life – where they live, their job, their income, their culture, etc. – that can affect their health for better or for worse. For this reason, a focus on these social determinants of health is a key part of our primary care strategy. Most PCF clinics in NWA have incorporated a social determinants screening process and have community resources and educational information available.

Integrated behavioral health – Arkansas Blue Cross has made a concerted effort of ensuring that behavioral/emotional/mental health is strongly integrated with primary care.

Many clinics have adapted to the behavioral health screening quality metric and are doing well with getting the codes applied to close gaps. All PCF clinics are doing behavioral health screenings. An NWA clinic has highest 2024 compliance (71%, compared to 11% on average) for completing and correctly coding them. Others in PCF even added staff to assess/address behavioral health as part of their jobs.

- **eConsults** – Since 2021, Arkansas Blue Cross (at the request of CMMI, due to our prior strong performance) has been introducing the provider community to eConsults – a means of convenient, timely and **reimbursable** consultative electronic communication between PCPs and specialists about specific patients. This approach allows PCPs to better manage lower-acuity patients in their practices, with guidance from specialists, and refer when appropriate. eConsults also has potential to improve specialist access by keeping lower-acuity patients off their patient loads. This also enables patients to receive needed care more expeditiously. So far, specialists who have participated in eConsults appear to like it and not view it as a threat to their practices. An eConsults pilot is currently underway with a large health system in NWA.
- **Endowed chair in primary care** – In 2015, a \$1 million grant from Arkansas Blue Cross established an endowed chair in primary care at the University of Arkansas for Medical Sciences (UAMS). The chair focuses on innovations in primary care to meet the triple aim of health system reform through the incorporation of team-based care, health promotion, health literacy and population health strategies into primary care settings.
- **Multi-state collaboration** – For years now, Arkansas Blue Cross has been part of a regional primary care collaboration initiative with a half-dozen other payers and stakeholders across Arkansas, Oklahoma and the Kansas City area.



Behavioral health

Arkansas Blue Cross has given behavioral/emotional/mental health a greater amount of attention since before the onset of the COVID-19 pandemic and the resulting marked increase in mental health issues that ensued.

The first step was to expand coverage of mental health services delivered via telehealth, some of which previously were not covered and remove financial barriers by providing and encouraging the adoption of health benefit plans that include no cost-sharing for therapy visits.

The second step was to form a dedicated Arkansas Blue Cross behavioral health team to lead behavioral health coverage expansion and innovation, including care management teams to address the link between chronic conditions and behavioral health concerns.

Additionally, we have invested in and engaged a behavioral health company (Lucet Health) to leverage scheduling technology that helps members more quickly secure open appointments.

In NWA specifically, in 2022, Arkansas Blue Cross, the Whole Health Institute and the NWA Council convened a comprehensive behavioral health task force of stakeholders in the region to assess the area's existing resources and initiatives and identify strategies to address pressing concerns.



Independent of this work, in 2024, Arkansas Blue Cross added coverage for psychotherapy services delivered by two previously excluded classifications of behavioral health professional (licensed master social worker and licensed associate counselor) after conducting a successful 2023 pilot with a behavioral health provider based in NWA and credentialing about 135 providers in those categories. This change has increased access to mental health services.

In addition, since 2021, Arkansas Blue Cross and its nonprofit Blue & You Foundation for a Healthier Arkansas awarded nearly \$11 million in special grants for behavioral health-related programs in Arkansas, some of which are based in NWA.

Referral management & provider quality data (Embold)

Arkansas Blue Cross and some of its clients in Northwest Arkansas have engaged industry-leading healthcare analytics companies (such as Embold) who use peer-reviewed algorithms to examine provider performance. By measuring the appropriateness and efficiency of care delivery, such systems help healthcare consumers seek care from top-performing physicians, which can lead to better health outcomes and cost savings – and hopefully slow the trend of residents seeking care outside the region. The NWA Value-based Healthcare Coalition has provided a forum to share and discuss this technology and its data insights with its participating integrated health systems, so they can assess their providers' performance and identify strengths and opportunities for improvement. In 2025, this functionality is scheduled to be integrated in the provider search functions of our websites for our fully insured business – as substantial portion of our membership.



Pharmacy value

Arkansas Blue Cross has a number of pharmacy-related initiatives that improve access to healthcare services, increase quality, ensure appropriate reimbursement and reduce costs. Here is a sampling:

- **Expanding access and reimbursement** – In early 2024, Arkansas Blue Cross became the first health insurer in Arkansas to fully cover certain testing and vaccination services (including some pharmacist-ordered prescriptions) performed at hundreds of local pharmacies and those of national chains. This expansion of coverage and access was made possible by recent changes in Arkansas law. The legislative changes allow pharmacists to function with a bit more autonomy as frontline providers of basic primary care services that are appropriate to their level of clinical expertise and training. Arkansas pharmacists now have the authority to write prescriptions for certain antibiotics (to fight strep), antivirals, oral contraceptives, tobacco-cessation medication, and naloxone (a nasal spray for opioid overdose intervention); and they can test for coronavirus (COVID-19), influenza and strep throat – without the need for the involvement of a physician.
- **Specialty medications** – Synergie Medication Collective is a new contracting organization – separate and distinct from pharmacy benefits managers (PBM) – founded in January 2023 by the Blue Cross Blue Shield Association and a group of its affiliated companies, including Arkansas Blue Cross. Synergie works on behalf of about 100 million members. Through the combined scale of investing companies, Synergie is able to secure lower medication costs and expedite innovation in the medical supply chain to address the affordability and access issues associated with the rapidly rising costs of clinically delivered specialty medications.



Synergie leverages the collective bargaining power of its sponsoring organizations to improve affordability and access to costly specialty medications and advanced therapies – specifically pharmaceuticals injected or infused by a healthcare professional in a clinical setting. (e.g., cellular and gene therapies). These drugs are the fastest-growing segment of overall drug spending (at about 55% of the total). Synergie partners with pharmaceutical manufacturers and other industry stakeholders to create efficient contracting models and meaningful value-based arrangements and **is not** involved in the actual procurement and selling of medications to healthcare providers.

High-cost claimants – Total Care Navigation

High-cost claimants is a problem health plans have been working to address for decades. And the stakes are even higher today, due to the extraordinarily high and rapidly escalating cost associated with many emerging therapies, interventions and technologies.

The challenge:

High-cost claimants, which are increasing rapidly, due to the rise of expensive therapies and technologies. It is now estimated that 5% of patients account for 50% of healthcare costs.

The solution:

Arkansas Blue Cross and a national client are launching a pilot program: **Total Care Navigation (TCN)** – think of it as personalized, “high-touch” case management “on steroids.”

How TCN works:

- Clinical professionals act as full-service concierges for patients and care teams (PCPs, specialists, etc.).
- A predictive model (90%+ accuracy) identifies high-cost patients upon hospital admission.
- Patients meeting the criteria qualify for TCN services.



TCN services:

- Medication assistance and follow-up appointment scheduling.
- Coordination of in-home evaluations and transportation for healthcare visits.
- Ongoing communication between care providers.

Goal:

Prevent readmissions, improve quality of life and reduce healthcare costs.

Healthcare point solutions – Celeste

Arkansas Blue Cross and its affiliates are increasing their use of “point solutions” to help members address specific health concerns and goals for its fully insured members – and for self-funded health plans via a new brand known as **Celeste**. We are constantly looking for ways to encourage our members to play an active role in pursuing better health, and these largely virtual options appear to be gaining traction.

For the self-funded market Celeste also is teaming up with Accolade, a leader in personalization of health-management services. Celeste is taking to market a curated, vetted suite of condition-specific healthcare solutions and journeys, data-driven engagement strategies and easy-to-use tools – combined with Accolade’s capabilities for personalized guidance to help members navigate the complexities of the healthcare system every step of the way.



Since the onset of the COVID-19 pandemic, remotely delivered healthcare “point solutions” have experienced a marked upswing in popularity and are producing some impressive results. And for generations who have come of age in the era of the smartphone, we have seen a significant shift in the way they prefer to access healthcare.

Virtual point solutions are being used nationwide (including here in Arkansas) by other major health insurers as a means of increasing engagement and alleviating access issues in states (like Arkansas) that have significant rural populations and areas that have a shortage of healthcare providers and/or inadequate representation of certain medical specialties. Also, as point solutions increase in popularity and effectiveness, they are becoming a baseline expectation for many of the employer groups we serve.

A number of point solutions are presently available to members of fully insured health plans and also are being marketed to the self-funded market via Celeste, including:

- **Bright Heart Health** – A virtual tool to address substance use and pain-management.
- **Brightline** – Virtual pediatric behavioral health (therapy, psychiatry, coaching, etc.).
- **Cylinder** – A virtual program to address digestive health.
- **Lucet Health** – Virtual behavioral/mental health services and coordination.
- **Maven**[®] – Virtual pregnancy journey services and tools.
- **Rally**[®] – A personalized online wellness and health-management portal.
- **Teladoc** – Virtual mental/behavioral health services.
- **Verily Onduo** – Virtual and tech-enabled diabetes prevention and management.
- **Virta** – Virtual program for reversal of type 2 diabetes, prediabetes and obesity – without the use of surgery, prescription medicines or calorie restrictions.
- **Vori Health** – Use of virtually coordinated nonsurgical/nonopioid mitigation of back and joint pain through use of lifestyle adjustments, physical therapy, etc. – in cases where surgery may not be warranted.

Technology, informatics & innovation

Arkansas Blue Cross has made technology, informatics and innovation major areas of emphasis in recent years, as evidenced by its investments of resources, time and talent both inside the company and to support the healthcare system statewide.

- **Technology** – In 2019, Arkansas Blue Cross awarded a \$1 million grant to the University of Arkansas for Medical Sciences (UAMS) Institute for Digital Health & Innovation, which seeks to advance digital health statewide to provide patients better and more streamlined access to healthcare. UAMS has an NWA campus.

And in 2020, Arkansas Blue Cross awarded \$817,000 to the Arkansas Rural Health Partnership to help South Arkansas hospitals and clinics improve how they exchange patient information and ensure better continuity of care during patient transfers.

For years now, Arkansas Blue Cross has been an ardent supporter of and an active participant in the implementation of both the Health Information Exchange (HIE) and the State Health Alliance for Records Exchange (SHARE) in Arkansas.

- **Healthcare informatics** – In 2022, Arkansas Blue Cross partnered with the Sam M. Walton College of Business and the College of Education and Health Professions at the University of Arkansas at Fayetteville (here in NWA) to create the Robert L. Shoptaw Master of Healthcare Business Analytics Program. The master’s-degree-level program focuses on applications that facilitate analysis of business and clinical data and trends in healthcare-related fields.



- Innovation** – Arkansas Blue Cross has been a consistent champion for healthcare innovation in NWA by convening multi-stakeholder groups, focused on harnessing new technologies to help meet evolving needs. In partnership with the Employer Health Innovation Roundtable (EHIR), Arkansas Blue Cross has hosted an annual Innovation Summit bringing together employers, healthcare providers, community stakeholders, policymakers, and innovators to pair up industry challenges with emerging technologies. With the inaugural meeting in 2022, the Arkansas Blue Cross Innovation Summit has included some outstanding presentations and discussions from the likes of CMS CMMI, health system CEOs and benefits leaders from top 500 corporate employers. But the real sweet spot of the meeting is the innovator showcase. To help catalyze innovation, the summit dedicates time where healthcare startup companies can pitch their innovative solutions to the stakeholders for matchmaking opportunities. To date, 15 innovators have pitched their ideas during the summits with more than 40 stakeholders matching to the innovators for further engagement on their solutions.

The Echo Innovation Alliance has featured prominently in this work. Echo Innovation Alliance brings together Cambia Health Solutions, Mosaic Health Solutions, USAbLe Corporation (a wholly owned subsidiary of Arkansas Blue Cross and Blue Shield), and BlueCross BlueShield of Tennessee to invest in companies that support and nationally scale cutting-edge capabilities in healthcare to improve affordability, accessibility and member outcomes. The Alliance drives healthcare innovation to scale, supports meaningful healthcare impact and expands investment sourcing and industry relationships.

- Artificial intelligence (AI)** – Arkansas Blue Cross has developed a comprehensive governance-supported strategy to guide our assessment of when and how AI can be responsibly integrated into our operations.

Urgent care access – DispatchHealth

Arkansas Blue Cross has partnered with companies who provide novel care delivery models and technologies. One such company – DispatchHealth – has demonstrated medical cost-savings by delivering in-home acute and transitional care.

We know members can be challenged with finding the right venue for care and often end up unnecessarily in the emergency room.

Through a simple phone call, a member’s needs can be triaged, and a mobile care provider will be at the patient’s home within a short amount of time, able to treat nearly everything an emergency room can for patients from 3 months old to seniors. This new model of care provides additional access and complements existing brick-and-mortar clinics by meeting patients where they are. Arkansas Blue Cross has engaged DispatchHealth – starting in the greater Little Rock area of Central Arkansas.

DispatchHealth’s mobile emergency responder-style care teams consist of a physician assistant or nurse practitioner and a medical technician (consulting by phone with an emergency medicine physician, when needed). They are equipped similarly to a traditional ambulance crew.



Closing thoughts

Our members – the hard-working people of Arkansas who depend on us for their health coverage – are at the heart of everything we do. We exist to improve the health, financial security and peace of mind of the people and communities we serve. That’s a tall order, especially in an environment of unprecedented cost trends and challenges. But as hopefully is evident in this report, we are constantly seeking out ways in which we can innovate to help bring about:

- A healthier population.
- Consistently high clinical quality.
- Better healthcare outcomes.
- Greater cost efficiency.

Northwest Arkansas figures prominently in our strategy to accomplish these lofty goals. It is a singular place with entrepreneurial and aspirational DNA. We want to continue to leverage this dynamic region’s energy, talent, resources and expertise as a sort of laboratory in which innovation and invention can incubate and be refined ... and ultimately replicated throughout our state and the entire healthcare system.

