

## MARKET ALERT

# Oscar Health & Cleveland Clinic Partner to Engage Consumers

### **Introduction**

*In this market update, [HealthScape Advisors](#) explores trends in carrier – provider partnerships and defines the “missing ingredient” in many such models: effective consumer engagement.*

*As the centerpiece of this update, we examine the innovative elements of a collaborative partnership between Oscar Health and Cleveland Clinic that is founded on the premise of creating value through enhanced consumer engagement and experience.*

### **KEY HIGHLIGHTS**

- + Carriers and providers are pursuing integrated value-based partnerships in multiple forms, including traditional arms-length contracts, strategic partnership arrangements, and formal joint ventures.
- + In a recent industry survey conducted by HealthScape, we found that executives view Product Design and Consumer Engagement to be missing ingredients in these value-based partnerships, regardless of the arrangement structure.
- + The recently announced arrangement between Cleveland Clinic and Oscar Health, which is a product-based partnership, offers an interesting case study on an industry leader and industry innovator collaborating to enhance consumer engagement. We interviewed executives from both organizations to learn more.
- + We believe this consumer-centric partnership is a sign of things to come. To drive the performance results that value-based arrangements are designed to achieve, collaboration partners must place greater emphasis on advancing consumer engagement to drive improved outcomes, health maintenance and customer retention.

## Carriers and providers are seeking ways to strengthen alignment...

As healthcare financing continues to evolve toward fee-for-value payment models, the industry has witnessed carriers and providers adopting a wide array of strategies to achieve deeper levels of interoperability and aligned clinical and navigational functions, unlocking value for themselves and the consumer. Certainly, joint ventures involving Anthem (Vivity, Well Priority) and Aetna (Sutter Health, Texas Health Resources, Allina Health, Banner Health, etc.) have grabbed industry headlines. However, there are many examples of carriers and providers aligning through product-based relationships that do not require a shared P&L. Notable examples include:

- + The OMNIA Health Alliance in New Jersey (supported by Horizon Blue Cross Blue Shield of New Jersey's OMNIA products)
- + Organized Systems of Care (supported by Blue Cross Blue Shield of Michigan Personal Choice PPO)
- + Bright Health & Centura Health co-branded products

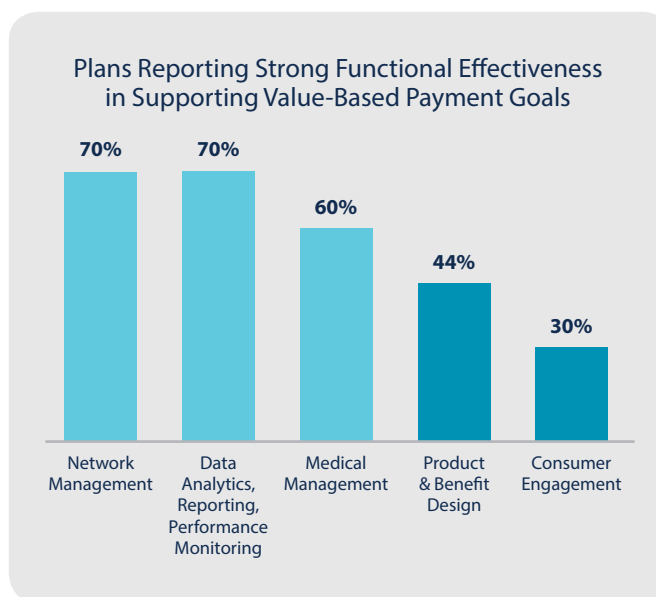
On a macro level, HealthScape believes that to remain competitive in the evolving healthcare marketplace, carriers and providers must transform the way they think about value-based payment models. Stakeholders can no longer view such arrangements as "arms-length" reimbursement contracts. Instead, carriers and providers should consider alternative payment arrangements to be virtual joint ventures that require participants to engage consumers in new ways, and to expand and deepen the business processes that govern how carriers, providers, and consumers interact.

To learn more about building an advanced operating model to support carrier – provider partnerships, see:

[Take the Lead: Unlocking the Potential of Carrier – Provider Partnerships](#)

## ...but consumer engagement continues to lag behind other priorities

[In an industry survey of over 30 carriers](#), including provider-sponsored, Blue Cross and Blue Shield, and regional health plans, HealthScape asked executives to rate the perceived contribution of key functional areas to the success of value-based care programs. The results, as shown in the graphic below, are striking.



Across the industry, executives believe that Product Design and Consumer Engagement meaningfully lag behind Network, Clinical Management, and Data Analytics / Performance Reporting. This trend was evident across all carrier types, and reflects the staged evolution that industry stakeholders have adopted in migrating from legacy fee-for-service models toward value-based financing and delivery. Initially, carriers and providers focused on aligning financial incentives around cost and quality outcomes. Recently, attention and investment have shifted toward improving data sharing, deepening analytic capabilities, and driving practice transformation. Efforts to directly engage the consumer in new and transformative ways, however, are largely absent. This is particularly concerning as the collaborations are beginning to realize that meaningful advancements in cost containment fail to materialize if the consumer is not fully engaged in efforts to achieve chronic care management and episode outcome improvements.

## The Oscar Health + Cleveland Clinic partnership seeks to close the consumer engagement gap

Given this context, [the partnership between Cleveland Clinic and Oscar Health announced on June 15, 2017](#) is intriguing. To recap, Cleveland Clinic and Oscar Health announced plans to introduce co-branded products in five counties in northeastern Ohio, with the expectation of offering products on- and off-exchange in 2018. The partnership is a first for each organization. For Oscar, the deal represents an entry into the Ohio market. For Cleveland Clinic, the partnership is the organization's first foray into the insurance market with a co-branded, fully insured product.

On its face, the partnership appears to be an unexpected pairing of new and established organizations. However, a deeper understanding of each organization shows a consistent prioritization of consumer experience. [Oscar Health](#), founded in 2012, is a relatively new market entrant that aims to disrupt established paradigms in health insurance. Oscar specializes in delivering a differentiated consumer experience through a user-

friendly digital interface, simple plan designs, and innovative wellness programs. In contrast, [Cleveland Clinic](#) is an established institution with a preeminent reputation for clinical care and patient-focused innovation both regionally and nationally. The Cleveland Clinic, for instance, was one of the first health systems in the country to create a Chief Experience Officer position within its executive team.

In public statements surrounding the announcement of the partnership, leaders of both organizations discussed the opportunity to create a differentiated member experience. To better understand the key components of the engagement model underlying the partnership, HealthScape Advisors spoke with two executives involved in the architecture of the deal: Kevin Sears, Executive Director of Market and Network Services at Cleveland Clinic, and Thorsten Wirkes, Vice President of Strategic Partnership Operations at Oscar Health.

Based on these discussions, we have outlined several innovative elements of the engagement platform supporting the partnership.

## NAVIGATION PLATFORM

### PLATFORM OVERVIEW

The Oscar Health consumer navigation platform will offer enrollees two channels to seek support in accessing care within Cleveland Clinic's clinically integrated network:

**Assisted Navigation:** The first channel will offer members a dedicated Oscar Concierge Team to deliver guided telephonic navigation. Upon enrollment, members are assigned to a consistent team of representatives who follow the member throughout his/her coverage. The Concierge Team will also deliver onboarding services to ensure the member understands his/her benefits and the available services in addition to navigation support.

### HEALTHSCAPE PERSPECTIVE

**Offering Multiple Channels:** By providing both guided and self-navigation channels, the partnership will offer product enrollees a range of effective tools that cater to members with different preferences or limitations in how they seek navigation services. The assignment of a member to a consistent Concierge Team is a strong innovation intended to engender the development of a trusting relationship between the member and the Concierge Team.

## NAVIGATION PLATFORM (CONT.)

### PLATFORM OVERVIEW

**Self-Navigation:** The second channel available to enrollees is an internet-based self-navigation platform that will allow the member to:

- + Research health needs based on the member's symptoms
- + Evaluate a list of potential treatment options, which may include a visit to a PCP, specialist, or a free "virtual visit"
- + Estimate the member out-of-pocket cost from pursuing each treatment option
- + Book an appointment with a specific provider based on availability or activate a virtual visit

### HEALTHSCAPE PERSPECTIVE

**Implementing Virtual Visits:** The virtual care visit has been an innovative hallmark of Oscar plans and is a critical element of the engagement platform. According to Mr. Wirkes, the virtual visit is both an experience enhancer for the member as well as a cost saver for the member (and plan). Oscar has experienced reductions in utilization of EDs and urgent care centers as a result of the no-cost offering.

## CLINICAL MANAGEMENT & SEGMENTATION OF HEALTH NEEDS

### PLATFORM OVERVIEW

**Clinical Management and Segmentation of Health Needs:** Upon enrollment, all members are aligned to a dedicated Cleveland Clinic Care Team that is responsible for managing the member on a longitudinal basis. Each Care Team will consist of a primary care physician and physician extenders. Importantly, during the construction of the partnership, both organizations developed work flows and IT capabilities to enable efficient sharing of member information between the Oscar Concierge Team and the Cleveland Clinic Care Team.

### HEALTHSCAPE PERSPECTIVE

**Enhanced Data Aggregation:** The navigation platform and data flows between Oscar/Cleveland Clinic provide the partnership with a unique and rich source of member-level information that can be leveraged to improve management of health across the care continuum. Real time transparency into member navigation activities may empower Cleveland Clinic Care Teams to engage the member in a more timely and targeted way compared to providers relying on periodic claims extracts to inform member outreach and management.

"Through our platform, we are able to collect a lot of data and signals about the member. One of Oscar's strengths is our ability to harness signals from the data, and leverage insights to get the member the right care in the right setting."

– Thorsten Wirkes, Oscar Health

**Bi-Directional Engagement Opportunities:** The navigation platform supporting the partnership holds the potential to serve as a strong bi-directional channel of communication between physician and patient. Bi-directional communication will enable the patient to initiate contact with a provider (either through a virtual visit or a scheduled appointment), and it will also allow a provider to initiate contact with a patient (e.g., through a virtual visit). This functionality could improve transitions of care for members following a clinical encounter, leading to reduction in preventable clinical services. Per Mr. Wirkes, the navigation platform will enable a sub-set of providers to outreach to Oscar + Cleveland Clinic members through the virtual visit function, but this functionality may be expanded in future years.

## PRODUCT DESIGN

### PLATFORM OVERVIEW

**Product Design:** At this stage, many features of the co-branded products are not publicly available and were not discussed in detail with partner executives. However, Mr. Sears indicated that the functionality of the Oscar consumer engagement platform played a role in informing product design for the partnership.

Another driving factor in the design of the co-branded products was Cleveland Clinic's success in managing medical costs for its own employees. Per Mr. Sears, product design had a strong influence in Cleveland Clinic's ability to drive negative medical trend over the past 5 years for its employee population. Within its self-insured product, benefits for members with chronic conditions are meaningfully enhanced based on the member's active participation in a Cleveland Clinic disease management program.

### HEALTHSCAPE PERSPECTIVE

**Supporting Superior Condition Management:** Despite limited detail around benefit designs, discussions with both organizations demonstrate a unified prioritization of managing members with chronic conditions, which typically represent between 20%-30% of enrollees but drive 70%-80% of medical spend. HealthScape believes that value-based insurance designs, such as those present in Cleveland Clinic's self-insured plan, offer a strong value proposition to collaborative partnerships and are necessary to elevate the engagement of priority members with these health needs.

**Integration with Cost Estimators:** The financial transparency provided by the navigation platform into the out-of-pocket costs of treatment options is exceptionally important to the consumer experience and to member retention (especially within individual markets with inherently high churn and strong adoption of high deductible plans). Member retention is paramount for collaborative partnerships that rely on population health management to drive long-term value.

"Consumer engagement was a driving factor in our partner selection process. We believe Oscar's unique capabilities and expertise enables us to get better information to the patient in a timely manner, creating a differentiated consumer experience."

– Kevin Sears, Cleveland Clinic

### What should carriers and providers take away from this partnership?

While it remains unclear if this partnership will become the aspirational blueprint for others in the industry, it's a strong indicator of the direction in which things are heading.

For providers, the financial argument is mounting in support of pursuing integrated, product-based partnerships with existing health plans rather than launching a new health plan from the ground up. Industry trends in collaborative partnerships, and the

Oscar Health + Cleveland Clinic case study highlighted above, suggest that provider organizations should evaluate potential carrier partners based on their ability to engage the right consumers under a partnership model. This should not be the **only** evaluating factor, but a prominent one.

For more established industry carriers, the partnership between Oscar and Cleveland Clinic is yet another data point demonstrating the business imperative to develop consumer engagement capabilities and to embed them effectively into provider partnerships. Despite continued

opportunities to optimize the incentive structures and information flows supporting value-based payment models, the real opportunity to unlock meaningful value will come from the introduction of aligned products and consumer-centric solutions. The industry can look to the other [recently announced partnership between Oscar and Humana](#) for further validation that national carriers will need to either quickly improve their own consumer engagement capabilities or seek partnerships to enhance the competitiveness of their products in many commercial markets going forward.

### Where can I learn more?

HealthScape Advisors is a nationally recognized healthcare consulting enterprise specializing in bringing strategic actions and sustainable value to our customers throughout their planning processes. We utilize an

award-winning data analytics platform to support our network of industry relationships, enabling us to provide superior market driven strategies and innovative problem solving to all of our engagements. HealthScape clients recognize our ability to focus on the future and our ability to help execute solutions that move their businesses forward as key differentiators. To learn more about our capabilities, [email us](#) or call us at (312) 256-8600.

To access the executive briefings and other market insights, visit our website at [healthscape.com](http://healthscape.com).

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