



CEO Healthcare ROUNDTABLE

A Partnership of The CEO Advisory Network & The Healthcare Roundtable

May Webinar 2022

“What Will Payer-Led Managed Care Look Like in the Future? What Will be the Impacts?”

With speakers from McKinsey & Company

We are pleased to share the following summary of our CEO Healthcare Roundtable Webinar **May 11, 2022**, with representatives from **McKinsey & Company** including:



Jennifer Rost
Partner



Katherine Han
Partner

See attachment for more information about the Partners' backgrounds and specialty areas.



Emily Clark
Associate Partner



Anna Stolyarova
Associate Partner

CEO Healthcare members and guests participated in a lively presentation by McKinsey & Company Partners based on their December 2021 white paper entitled,

“Innovation and Value: What payer-led managed-care models may look like”

Each Partner brought a unique perspective to the Webinar theme presenting a focus on three specific areas:

- Current Industry Overview
- Payer-Led Managed Care Models
- Implication for Providers (Hospitals, Health Systems, Physician Groups, etc.)

Emily Clark opened the presentation by sharing that major payers are increasingly shifting their focus to growth of government programs such as Medicare and Medicaid.

“It is estimated that government products, physician practices and other selected segments will result in approximately \$700 billion in EBITDA for the payers by 2025.”

Based on their research, the McKinsey team shared the following growing trends and themes:

- **Increased focus on “patient centric” care delivery**
- **Payer-led managed care is targeting the factors and expectations that will drive patient satisfaction.** When patients and members are more satisfied with their care delivery system patients:
 - Have significantly fewer visits and services
 - Are less likely to change their providers of care
 - Are 5-6 times more likely to obtain their other required services from the same providers
 - Are more likely to use technology-enabled services including patient portals more often
- **Continued Significant Shift to Outpatient and Virtual Services**
 - The pandemic has created acceptance and growth opportunities for a variety of virtual services and settings. This trend will increase in a payer-led managed care model
 - There is a potential for approximately 20% of the annual \$250 billion spent on outpatient care will shift to virtual care delivery
 - Payers will continue to expand integration of virtual health into value-based payment models
- **Growth of Ambulatory Care**
 - Ambulatory Surgery Centers will continue to shift more complex procedures and surgeries from inpatient hospital settings to ambulatory centers. Ambulatory care centers could potentially account for 1/3 of provider revenues
 - Benefit of this shift to patients will be lower costs (including co-payments / deductibles), lower complication rates and shorter lengths-of-stay.

- **Expanded Home Care**
 - It is estimated that Medicare beneficiaries could receive 3-4 times more of their care delivered in their homes by 2025
- **Value Based Care**
 - Under a payer-led managed care model the shift to value based care will grow substantially

“Based on the above trends, payers are increasingly focused on creating and acquiring innovative business models that re-imagine their role in the care delivery model.”

The benefits to payers from changing the care delivery model based on these acquisitions will include:

- Improved member experience which will translate into higher CAHPS scores, improved STAR ratings and ultimately increased enrollment and revenue
- Improved outcomes for their members
- Reductions in Total Cost of Care (TCoC) and improved Medical Loss Ratios (MLR)
- Diversification and alternate long-term, sustainable revenue streams

A few other findings on payer-led managed care models included:

- Validation that payers who have invested in payer-led managed care models and/or partnerships with providers consistently receive higher STAR ratings
- Providers who are willing to participate in risk bearing arrangements with payers also demonstrate improved performance and savings
- Optum is now the largest employer of physicians in the nation

“Finally, the rapid market shifts being created by payer-led managed care will require providers to respond across three specific dimensions:”

1. Strengthen physician relations while increasing the focus on physician and provider partner selection to ensure success in a risk-based payment environment
2. Explore new opportunities to accelerate physician alignment through participation in value-based agreements or other types of risk arrangements
3. Explore partnerships to enhance access to key data, analytics and other tools providing information on what drives consumer decision-making

“As a result of payer expansion into care delivery, providers should be prepared for demands for greater transparency and anticipate more competition for clinical as well as other healthcare related talent.”

The Webinar ended with a brief discussion on what McKinsey is observing with provider sponsored health plan activity including:

- Smaller regional provider sponsored health plans can potentially enable health systems to compete more effectively in a payer-led managed care model environment. As a result, McKinsey is experiencing more discussions from providers about entry into the health plan business with a focus specifically on Medicare Advantage.
- There has been increased activity in risk bearing arrangements with payers, including percent of premium relationships, in lieu of creating a provider sponsored plan
- A key issue for executing an effective provider sponsored plan strategy continues to be building the administrative, regulatory, and other infrastructure support which differs from traditional hospital activities and expertise

TO VIEW THE WEBINAR AND TO SHARE WITH OTHER MEMBERS OF YOUR EXECUTIVE TEAM, [CLICK HERE.](#)

At McKinsey & Company’s request, the Webinar will be available only through 6/23/2022

Given the interest in the topic of payer-led managed care and the nature of the changing relationships between payers and providers, we will be diving deeper into these topics with a series of speakers and presentations at our October Roundtable. We hope you are making plans to join us for more in-depth discussions and networking with your colleagues as well as the CEO Advisory Network Partners

SAVE THE DATE!

**Next Scheduled Fall Meeting
October 10-12, 2022**



Omni Scottsdale Resort & Spa at Montelucia

4949 E. Lincoln Drive, Paradise, AZ 85253



Marty Hauser

Facilitator, CEO Healthcare Roundtable

Alexis Matic

CEO, The Healthcare Roundtable

CEO Advisory Network

Senior Partners and Partners

www.CEOHealthcareRoundtable.com





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Webinar Speakers | May 11, 2022 McKinsey & Company



Jennifer Rost, Partner - Based out of Washington, DC., Jennifer focuses on serving payers, providers, and healthcare technology companies to develop innovative models to improve healthcare outcomes, experience, and affordability. She co-leads McKinsey's capability areas in value-based care and virtual health.



Katherine Han, Partner - Based out of Washington, D.C. Katherine leads McKinsey's client service to healthcare providers on managed care contracting strategy and operations. Specific expertise includes payer-provider partnerships and negotiations, strategic pricing, provider value-based contracting strategy, and provider data and analytics enablement. She advises more broadly on provider top-line growth.



Emily Clark, Associate Partner - Based in the Stamford, CT office, Emily is a leader in McKinsey's Healthcare and Strategy & Corporate Finance practices. She serves healthcare payers on growth and strategy topics, with a focus on how payers can unlock value for their members and patients through strategic partnerships and alliances – often through innovation in care delivery.



Anna Stolyarova, Associate Partner - Based in the San Francisco / Bay Area office, Anna is a leader in McKinsey's Healthcare and Public Sector practice. She serves healthcare payers on innovation and strategic partnerships, including strategies focused on new payer business models in care delivery and provider support services. Anna's work in public sector is focused on statewide programs in public health and behavioral health.

Contact Alexis Matic **today** at alexis@healthcareroundtable.com to reserve your spot and to receive your Zoom invitation or if you have any questions.