



NEWS RELEASE

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ALLINA HEALTH AND BLUE CROSS AND BLUE SHIELD OF MINNESOTA COMMIT TO LANDMARK VALUE-BASED CONTRACT IN MINNESOTA

New Payment Model Focused on Increasing Connected Care and Reducing Health Inequities

(Minneapolis/St. Paul) August 27, 2020 – Following more than a year of collaboration and planning, Allina Health and Blue Cross and Blue Shield of Minnesota (Blue Cross) today announced a six-year, value-based payment agreement between the two organizations, which collectively serve a significant percentage of Minnesotans. Allina Health performs more than 6 million patient visits per year, while approximately one in three residents in the state have coverage through Blue Cross. The agreement is designed to provide enhanced value for Blue Cross members while fostering even more high-quality care and healthy outcomes that Allina Health is well-known for across the state.

Months prior to the onset of the COVID-19 pandemic and its impact on nearly every aspect of the American health care system, Blue Cross and Allina Health began reimagining the traditional construct between provider and payer in order to better align the relationship around a shared vision of lower cost, higher quality and more accessible health care. The pandemic underscores the timeliness and importance of this agreement, which will provide more stable and predictable revenue, while supporting care models that aim to improve individual and community health.

The new agreement aims to reduce the cost trend of Blue Cross-specific care at Allina Health by 10 percent over five years. Notably, the portion of payments made by Blue Cross that are tied to achieving optimal patient outcomes are 5-to-10 times larger than what is outlined in typical outcomes-based risk arrangements.

Blue Cross is Allina Health's largest payer and Allina Health is Blue Cross' largest provider of care for its Minnesota members. Altogether, Allina Health and Blue Cross believe this agreement will positively impact the cost and quality of care for around 130,000 people. Both organizations believe the sheer scale of this agreement will set a high bar for value-based care, driving innovation and transformation in health care at a pace that would take decades under more moderate contract terms.

The rewards placed on additional preventive and coordinated care were designed to maximize the time available for building doctor-patient relationships, streamlining the care delivery experience and simplifying administrative requirements. Both organizations believe that such an emphasis is necessary to foster more proactive and preventive care, and catalyze work to reduce the unacceptably high rates of health disparities across our community.

"COVID-19 accelerated the imperative that health care in the U.S. needs to be more coordinated, accessible and affordable for all who need care," said Dr. Penny Wheeler, president and chief executive officer at Allina Health. "The pandemic also unearthed significant gaps throughout the health care community that contribute to unacceptable health disparities. Through this agreement with Blue Cross, we will be better equipped to address health disparities and positively impact the future of health care in Minnesota."

Pandemic is Accelerating the Adoption of Alternative Modes of Care

An increasingly popular alternative in health care contracts, value-based agreements can maintain the historic levels of revenue for a health care system, but with larger payment portions for optimal patient outcomes and quality of care. By de-emphasizing the reliance on payments for each health care service delivered, providers can be protected from loss of revenue during periods of reduced volume – such as the recent pause on scheduled procedures during the pandemic – while still maintaining access to care for the broader community through long-term health initiatives.

"We've lived in a volume-based health care world where the profitability of sickness is greater than the profitability of wellness," said Dr. Craig Samitt, president and chief executive officer at Blue Cross and Blue Shield of Minnesota. "COVID-19 has hastened the need for change, and our value-based partnership with Allina Health is already proving to be a positive example of what's possible when health care plans and health care providers work collaboratively on shared challenges to improve the physical, mental and financial health of our patients and members."

Care Coordination

Allina Health will use this agreement to expand care management services and care coordination, more affordable sites for care delivery and more diverse access channels, as well as continuing to address the societal factors that impact individual and community health. A hallmark of the agreement will be sharing appropriate, usable, timely data to inform care delivery and enhance the patient experience.

Telehealth

The pandemic rapidly increased the adoption of telehealth, as in-person care options were curtailed for the safety of providers and patients. Part of succeeding in value-based models is the ability to provide care at the most appropriate time and place. Providers and patients are increasingly comfortable with

expanded options for giving and receiving care, and this agreement will allow the expansion of these options to continue in a sustainable way.

Quality Measures and Preventive Care

Ultimately, the significant commitment to this value-based care model will help more Minnesotans to improve and maintain their health. Improving quality is foundational to the agreement and any savings will be measured against quality improvements first.

Another important metric will be the renewed focus on preventive care to help reduce future chronic and acute cases using societal factors that impact health and key health measures including, but not limited to, diabetes A1c control, statin therapy for patients with cardiovascular disease and controlling blood pressure.

About Allina Health

Allina Health is dedicated to the prevention and treatment of illness and enhancing the greater health of individuals, families and communities throughout Minnesota and western Wisconsin. A not-for-profit health care system, Allina Health cares for patients from beginning to end-of-life through its 90+ clinics, 11 hospitals, 15 retail pharmacies, specialty care centers and specialty medical services, home care, home oxygen and medical equipment and emergency medical transportation services.

About Blue Cross and Blue Shield of Minnesota

Blue Cross and Blue Shield of Minnesota, with headquarters in the St. Paul suburb of Eagan, was chartered in 1933 as Minnesota's first health plan and continues to carry out its charter mission today: to promote a wider, more economical and timely availability of health services for the people of Minnesota. A nonprofit, taxable organization, Blue Cross is the largest health plan based in Minnesota, covering 2.9 million members in Minnesota and nationally through its health plans or plans administered by its affiliated companies. Blue Cross and Blue Shield of Minnesota is an independent licensee of the Blue Cross and Blue Shield Association, headquartered in Chicago.

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