

Transforming Health Care

THE PATH TO BETTER VALUE



Blue Cross and Blue Shield of North Carolina (Blue Cross NC) continues to chart a better path to value in health care with an emphasis on lowering costs. We're committed to doing the work necessary to increase quality, improve employee experience and positively impact the total cost of care. Our solutions will give you the strong foundation needed to help you optimize your network and build the right health plan at the best value for your employees.

Lowering Costs with Blue Premier

Our value-based care program, Blue PremierSM, helps to optimize the performance of our provider networks through accountability for higher quality care that's also more affordable. Blue Premier offers providers incentives to ensure patients receive the best care – coordinated across providers – at the best price, making Blue Premier one of the most rapid moves to value-based reimbursement in the nation. Blue Premier served 1.3 million Blue Cross NC members in 2021,¹ and in its first three years of implementation, Blue Premier saved \$480 million.²

Focusing on Primary Care, Specialty Care and Behavioral Health

The program is changing how we pay for health care by putting primary care first and supporting better integration of behavioral health and specialty care. Better integration of behavioral health with physical health and improved coordination with primary care providers (PCPs) are key to lowering costs. Blue Cross NC also collaborates with Quartet Health to help PCPs recognize and address behavioral health concerns earlier and more effectively. Patients treated by our specialty care providers have better results, including fewer complications, and lower readmission rates. Blue Distinction[®] Specialty Care, our Centers of Excellence program, can help you maximize quality and savings through a benefit design that encourages employees to choose providers who are delivering higher-quality care at a lower cost.

We're also expanding to include more providers across health systems of all sizes – from large entities to independent practices, rural primary care and advanced primary care (APC) practices.

\$480
MILLION
Saved in the first three years of Blue Premier²

Blue Premier is part of a national Blue Cross and Blue Shield Association value-based initiative – Total Care.

Increasing Quality and Better Outcomes with Total Care

MORE
appropriate care

BETTER
control of chronic conditions

MORE
preventive care

LESS
utilization of unnecessary services

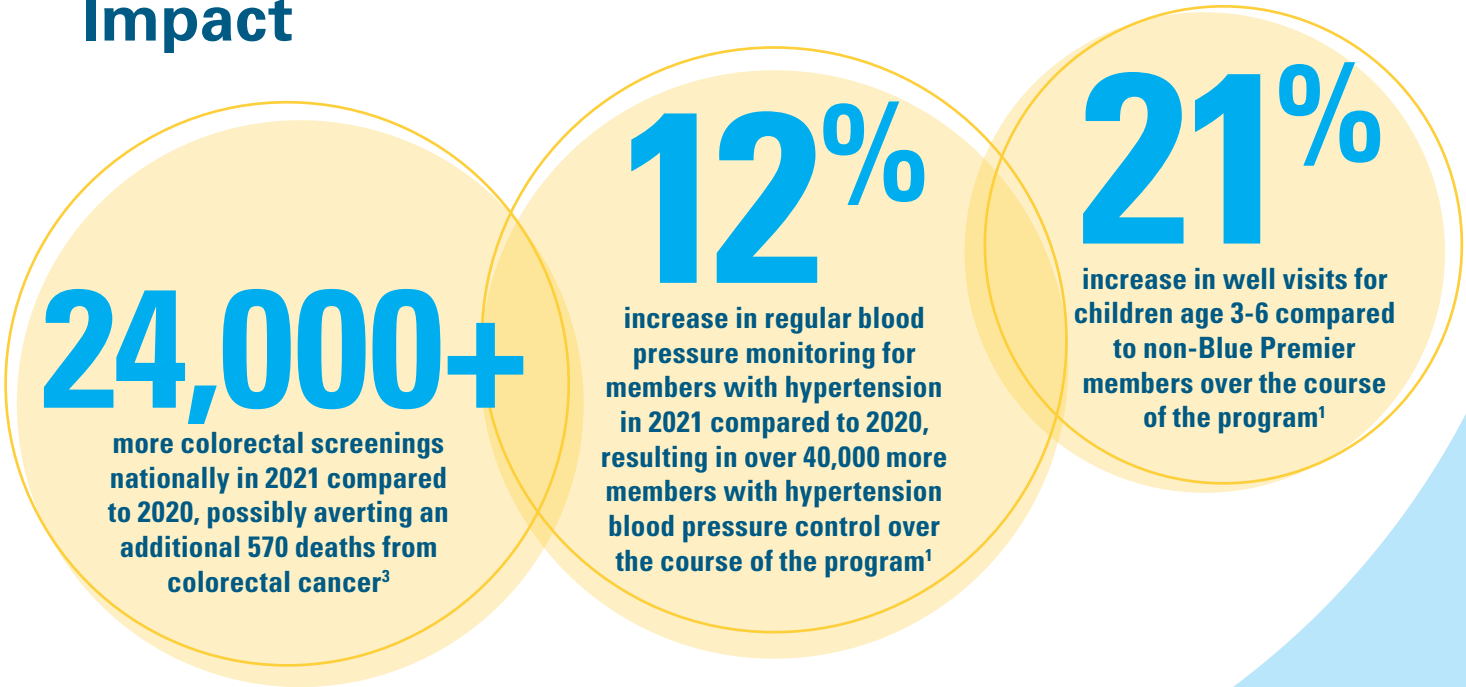
Big Picture

Blue Premier is central to our vision of transforming the health care system and bending the cost curve to provide our members with coordinated, quality care that's affordable now and for generations to come. We're rapidly advancing that vision through an array of initiatives across six focus areas.

Value Transformation



Impact



How it Works

Blue Premier is one of the nation's most comprehensive shifts from fee-for-service payment model to an outcomes-based reimbursement model. Health care providers agree to manage total cost of care and improve quality of care for their patients. With value-based care, participating systems will share in cost savings and share in the losses if they fall short. Blue Premier also empowers primary care providers to be the quarterback of care planning and enables better access and coordination of behavioral health and specialty care. We're holding providers accountable for outcomes, quality and affordability.

Provider Payment Model



Quality Bonus

- Exclusively tied to overall quality performance
- Based on nationally consistent, industry standard measures for physicians and hospitals
- Provides resources for provider infrastructure and innovation



Total Cost of Care Target

- Shared savings for lower total cost of care
- Shared risk payments when cost of care exceeds target



Quality Tied to Financial Performance

- Compensation tied to quality scorecard (the higher the score, the more compensation)
- Minimum quality standards must be achieved to realize additional revenue (for both quality bonus and total cost of care targets)

+90%

of medical expenses
are in specialty care¹

1.3 million

Blue Cross NC members served
under Blue Premier in 2021¹

Innovative Care Delivery

Sustainable value requires setting the right incentives and working hand-in-hand with our network health system and ACO providers to evolve care delivery, measurement and outcomes. The shift to rewarding value and outcomes allows for:



Physician flexibility to use higher-value approaches



Incentives to deliver cost-efficient innovations



Enhanced patient experiences



Effective population health management



More care coordination and support



Better medication management

What's Ahead

Blue Cross NC will offer additional Blue Premier specialty care focus areas, including an expansion of behavioral health services.

Current Clinical Focus Areas

- Advanced Kidney Disease
- Behavioral Health

Future Clinical Focus Areas

- Behavioral Health Advanced
- Maternity Bundle
- Cardiology
- Oncology
- Chronic Musculoskeletal
- Radiation Oncology Bundle

See how you can optimize your benefit design strategy for better quality, better experience and more value for you and your employees.

Learn more at:

[BlueCrossNC.com/SpotlightOnValueBP](https://www.bluecrossnc.com/SpotlightOnValueBP)

¹ Internal Blue Cross NC data, Blue Premier update, July 2022.

² Internal Blue Cross NC data, November 2021, 2022 Blue Premier Group Sales Presentation_FINAL.pptx.

³ Internal Blue Cross NC data, July 2022. According to health screening calculations from the U.S. Preventive Services Task Force.

⁴ Blue Cross Blue Shield Association 2021 Value-based Program RFI Topline Nations Stats, December 2021

Quartet Health is an independent company providing behavioral health care support services on behalf of Blue Cross NC. Quartet Health does not offer Blue Cross or Blue Shield products or services.

Blue Distinction Centers (BDC) met overall quality measures, developed with input from the medical community. A Local Blue Plan may require additional criteria for providers located in its own service area; for details, contact your Local Blue Plan. Blue Distinction Centers+ (BDC+) also met cost measures that address consumers' need for affordable

healthcare. Each provider's cost of care is evaluated using data from its Local Blue Plan. Providers in CA, ID, NY, PA, and WA may lie in two Local Blue Plans' areas, resulting in two evaluations for cost of care; and their own Local Blue Plans decide whether one or both cost of care evaluation(s) must meet BDC+ national criteria. National criteria for BDC and BDC+ are displayed on www.bcbs.com. Individual outcomes may vary. For details on a provider's in-network status or your own policy's coverage, contact your Local Blue Plan and ask your provider before making an appointment. Neither Blue Cross and Blue Shield Association nor any Blue Plans are responsible for non-covered charges or other losses or damages resulting from Blue Distinction or other provider finder information or care received from Blue Distinction or other providers.

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Blue Cross Blue Shield Total CareSM

National Value-Based Care Program

3x

more participating providers than competitors⁴

NEARLY

70%

of BCBS members nationally have access to value-based care providers⁴

\$229 BILLION

in annual claims tied to value-based care⁴

Delivering Quality Care

LOWERING COST

When it comes to managing total cost of care, Blue Cross and Blue Shield of North Carolina (Blue Cross NC) is committed to helping employers like you deliver quality care at a lower cost. That's why we're excited to offer Blue High Performance Network (BlueHPNSM), a national quality-based network that provides members with access to high-quality doctors, hospitals and specialists across the state and country – all while lowering costs.

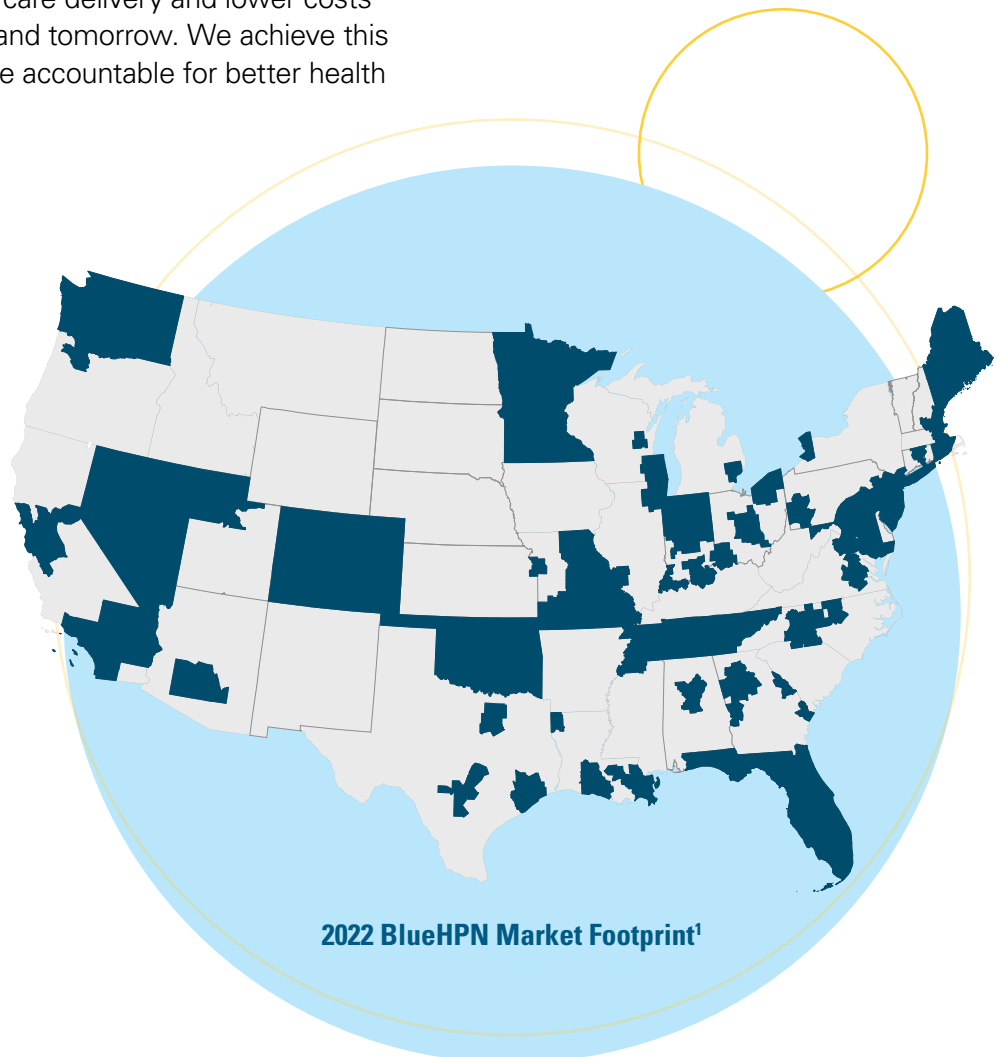
Blue High Performance NetworkSM

It's a high-value network that's built to deliver and continually influence high quality care, improve care delivery and lower costs for you and your employees, today and tomorrow. We achieve this by partnering with providers who are accountable for better health outcomes and lower costs.

Access

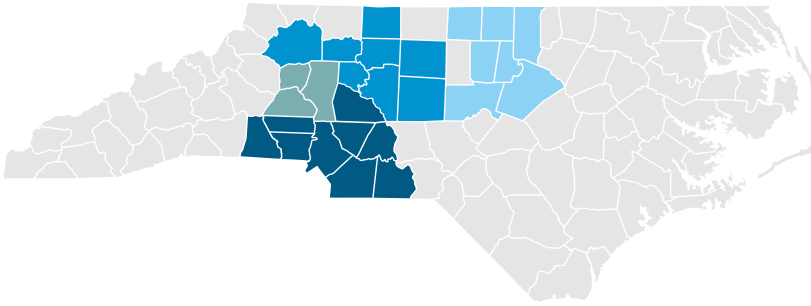
With network access that extends to 65+ U.S. markets covering all top 10 major cities, BlueHPN is ideal for employers with a dispersed workforce or those whose employees travel often.* Members have in-network access to quality care through an innovative network.¹

The [Find a Doctor tool](#)² on our Blue ConnectSM member portal or mobile app makes it easy to locate in-network options. BlueHPN can be offered as an option with other Blue Cross NC health plans.



*Eligibility may vary depending on employer.

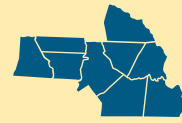
Market Service Areas of NC



Savings

See each North Carolina market's average savings over our Blue Options® PPO plan on the right side of this page. Nationally, BlueHPN offers 11% total cost of care savings on average, and up to 20% savings in some markets over our industry-leading PPO.³

Your employees may also save in lower premiums and lower out-of-pocket costs from high performance providers who deliver more coordinated care at lower negotiated rates.

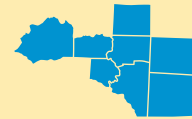


Charlotte-Gastonia-Concord

Through collaboration with the Atrium Health system:

Self-insured groups see an average **16.8% cost of care savings³**

Fully insured groups see up to **21.6% premium savings³**

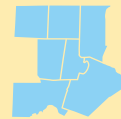


Winston-Salem-Greensboro-High Point

Through collaboration with the Atrium Health Wake Forest Baptist system:

Self-insured groups see an average **12.3% cost of care savings³**

Fully insured groups see up to **18.1% premium savings³**



Raleigh-Durham-Chapel Hill

Through a collaboration with the Duke Health system:

Self-insured groups see an average **13.3% cost of care savings³**

Fully insured groups see up to **18.7% premium saving³**



Hickory-Statesville

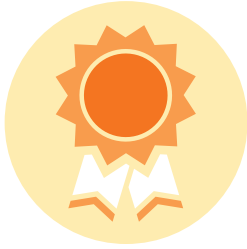
Through collaboration with the Iredell Health system and Frye Regional Medical Center (a Duke LifePoint Hospital):

Self-insured groups see an average **10.2% cost of care savings³**

Fully insured groups see up to **16.4% premium saving³**

Quality

BlueHPN was built to do more. It was designed to enhance the quality of care employees receive while lowering costs for employers and employees. BlueHPN physicians and hospitals are thoughtfully selected in each market based on factors that include:



Individual performance across meaningful national and local quality indicators



Participation in value-based care – tying payment to quality performance



Willingness to partner and become contractually accountable for improving outcomes



Efficiency and affordability in care delivery, leading to lower total costs

Ongoing evaluation ensures that we continue to maintain that high performance well into the future. That's why BlueHPN quality criteria and measurement will evolve to continually influence better care delivery and drive greater accountability.

BlueHPN Quality Performance Assessment

- 1** • **Appropriate care** that is patient-centric and reduces waste
- 2** • **Best practices** that use evidence-based medicine to effectively treat your employees
- 3** • **Manage member health** to prevent illness and better manage chronic conditions
- 4** • **Improved health outcomes**, such as lower readmissions, to deliver better employee health

Measured through:

- Nationally-consistent clinical measures aligned with industry-recognized standards
- Market-specific clinical measures that address local care gaps

Experience

For your business, we provide administrative ease through turnkey implementation and employee education support.

We support our members with helpful resources and digital tools² to help them plan care and use their benefits.



For You

Streamlined Experience

- Uses BlueCard® PPO infrastructure

Administrative Ease

- Turnkey implementation



For Your Employees

Member Services

- Customer service by phone or secure message
- Benefit navigation and provider selection support

Employee Education and Communication

- Open enrollment support, including template communications
- Education campaigns promoting in-network use

Virtual Care

- Extending employees' in-network access with virtual appointments

Digital Tools²

- Find a Doctor
- Find Medical Cost

For more insights on optimizing your benefit design strategy to provide better quality and value to your employees, visit:

BlueCrossNC.com/SpotlightOnValueHPN

Provide your employees access to a comprehensive, quality-based network of providers while lowering cost.

¹ Market footprint for 1/1/2022. Urgent and emergent care benefits in non-BlueHPN markets.

² Blue Cross NC offers several decision support tools, such as Find a Doctor and Find Medical Cost, to aid members in making decisions around their health care experience. These tools are offered for member convenience and should be used only as reference tools. Members should consult their own legal counsel, tax advisor or personal physician as applicable throughout their health care experience.

³ Total cost of care savings based on Consortium Health Plans analysis, 2020. Savings are on average and assume 100% enrollment. Results will vary based on employer locations and implementation. Fully insured savings based on Blue Cross and Blue Shield of North Carolina analysis, February 2020. Fully insured savings are premium savings which include medical, Rx, administration, premium taxes and more. Results will vary based on employer location, plan selection and implementation.

Atrium Health, Atrium Health Wake Forest Baptist, Duke Health, Iredell Health and Frye Regional Medical Center (a Duke LifePoint Hospital) are independent companies that are solely responsible for the services they are providing. They do not offer Blue Cross or Blue Shield products or services.

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Protecting Your Bottom Line

CONTROLLING COSTS THROUGH PAYMENT INTEGRITY

Blue Cross and Blue Shield of North Carolina (Blue Cross NC) is at the forefront of helping employers like you manage total cost of care – with an emphasis on lowering costs without sacrificing quality. In fact, we’re known for our efforts in driving savings.

From our industry-leading networks and highly-sought provider discounts, to our extensive benefit design options, renowned clinical expertise and employee engagement. But one of the most fundamental ways we help keep costs in check happens largely behind the scenes: Payment integrity.

\$29.50
PMPM

self-funded groups average savings from payment integrity.¹

What is Payment Integrity?

Payment integrity (PI) refers to the longstanding and evolving capabilities that all Blue Cross and Blue Shield (BCBS) plans – including Blue Cross NC – use to safeguard your health care dollars from accidental (and intentional) provider billing and coding errors. We take a data-driven approach to payment integrity, one that benefits from the collective experience of all BCBS plans no matter where a member receives care.

On average, self-funded groups save \$29.50 per member per month (PMPM) from Blue Cross NC PI activities. In a company with 10,000 covered lives, that is more than \$3.5 million in annual savings.¹

It's estimated that up to

80%

of medical bills contain errors.²

Common issues include:

Duplicate charges

Line items also covered by bundled charges

Higher severity codes than needed

Inaccurate quantities or units of time

Canceled tests or procedures

Our Payment Integrity Work

We take a comprehensive and data-driven approach to ensure the integrity of billing and payment on behalf of both our clients and plan members. Here's how:

Correcting errors prior to payment

Enhanced Claim Code Editing: Two rounds of automated coding verification on medical claims pre-payment:
 1st: Based on established clinical practice and reimbursement standards
 2nd: Reviews recent clinical guidelines and applies innovative detection logic

Itemized Bill Reviews: On top of that, our coding experts also perform a review of all claims of \$100,000 or more using itemized bills³

BCBS plans identified an average of \$18K in incorrect charges per high-dollar claim that went through itemized bill review in 2020.³

Comprehensive reviews and audits

Data Mining and Analytics: Algorithms that analyze and learn from our comprehensive claims experience to identify atypical charges

Fraud, Waste and Abuse Investigation: Across BCBS, 700+ special investigations employees nationwide analyze provider claims for compliance issues

Clinical and Contract Compliance Reviews: Audits of hospital and professional claims against medical and payment policies, provider contracts and coding requirements

Credit Balance Review: Retrospective reviews of provider accounting systems to flag credit balances and identify overpayments for reimbursement

Employers are more satisfied with BCBS' ability to limit fraud, waste and abuse than other top carriers.⁴

Accurately coordinating benefits

Coordination of Benefits: Ensures claims are paid in the proper order when the member is covered by multiple health plans

Subrogation: Identifies opportunities in which another party would be liable for the medical claim (e.g., auto insurance company)

Nearly one in five Medicare beneficiaries also have employer-sponsored insurance.⁵

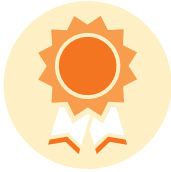
Continuous enhancements and provider accuracy

Evolving Capabilities: BCBS continuously improves our detection ability — including identifying more errors before a claim is paid

Provider Education and Support: Deep relationships with local providers means we're best positioned to share insights, data and resources through ongoing provider touchpoints to improve payment integrity processes

Blue Cross NC made enhancements to increase savings by \$30M in 2021.⁶

Our Payment Integrity Activities are Integral to Smarter, Better Health Care



Cost of Care

Finding and correcting systemic problems can help bend the curve on total cost of care



Quality

Educating providers on mistakes (and uncovering true cases of fraud) makes the health care system at-large stronger



Efficiency

Less time coordinating a third-party vendor means more time to focus on optimizing your plan

Committed to Payment Integrity

With ever-growing health care costs, the need for a health plan partner with rigorous processes and systems to navigate these complexities and reduce the risk for error is critical. Blue Cross NC is committed to payment integrity and invested in protecting your bottom line. We utilize a centralized Payment Integrity Office (PIO) to streamline operations and gain efficiencies, which allows us to not only see the big picture, but also identify and respond to emerging issues faster, while also managing all PI activities within one group and one unified strategy.

For more insights on optimizing your benefit design strategy to provide better quality, experience and value to your employees, visit:

BlueCrossNC.com/SpotlightOnValue

Blue Cross NC made enhancements to increase savings by \$30M in 2021.⁶

1 Based on internal Blue Cross NC data for commercial self-funded groups from January 2021 to June 2021.

2 "Identifying & Addressing Common Medical Billing Errors Pre- & Post-Payment." *Modern Healthcare*: August 29, 2019. Online: www.modernhealthcare.com/finance/identifyingaddressing-common-medical-billing-errors-pre-post-payment (Accessed December 2021).

3 Based on a BCBS 2021 internal study using plan-reported 2020 savings results for commercial, multi-state accounts. An individual account's experience will vary based on memberships dispersion, benefit design and claims experienced.

4 Source: BCBS 2020 B2B National Account Quantitative Study. Based on a significant difference between satisfaction between employers with BCBS coverage compared to Top Competitors at 90% confidence level for self-funded national accounts (n=182).

5 "A Snapshot of Sources of Coverage Among Medicare Beneficiaries in 2018." Kaiser Family Foundation: March 23, 2021. Online: www.kff.org/medicare/issue-brief/snapshot-of-sources-of-coverage-among-medicare-beneficiaries-in-2018 (Accessed December 2021).

6 Based on internal analysis by the Blue Cross NC Payment Integrity Office, 2021.