AN INTERVIEW WITH KAREN IGNAGNI

AN AMBITIOUS SECOND ACT

The former head of a prominent health insurance trade group, now CEO of a leading health plan in New York, discusses the power of health plan-provider partnerships at a time when managing risk is becoming ever more essential.

By Lola Butcher

After a particularly intense phase of her career—helping pass and implement the Affordable Care Act—Karen Ignagni, former president and CEO of America’s Health Insurance Plans (AHIP), could have been forgiven for heading to the beach for a while.

Instead she dove into the deep end of the pool. Last year Ignagni gave up a 20-year career as the chief lobbyist for AHIP in Washington, D.C., to become president and CEO of a regional health plan in New York City.

The company, EmblemHealth, has been losing money, and she took the helm during a turbulent time in the health insurance industry. For some people, this would seem like a risky career move.

But Ignagni sees the life vest that will keep EmblemHealth afloat as the healthcare delivery and payment sectors reinvent themselves: strong relationships with provider organizations.

As health plans and providers explore new ways to share risk for the cost and outcomes of patient care, being tight with health systems and physician practices that know how to handle risk is a stroke of good fortune.

Three years ago, EmblemHealth brought together four sizable medical practices to create AdvantageCare Physicians (ACPNY), one of the largest multispecialty physician practice groups in the New York metropolitan area. Beyond that, Ignagni says the strength of EmblemHealth’s relationships with other provider organizations will differentiate the health plan in the era of value-based purchasing.

“I knew the health plans all across the country well, and I have always been very impressed with the long-standing mission of this company to align the medical side and the health insurance side,” she says. “The presence of a very important physician group as part of the health plan and the very strong relationships that this plan has with the provider community broadly was what attracted me to this position.”

That’s a sharp departure from just a few years ago, when adversarial negotiations between health plans and providers were standard and the word “partnership” was seldom heard.

“That is the real game changer now—health plans and hospitals and physicians actually sit at a table and talk about how to create a value-based partnership,” Ignagni says. “You are now on the same side of the table versus opposite sides of the table. That is refreshing, but it is also full of opportunity to make real improvements for patients and to do it together.”

WADING INTO THE RISK BUSINESS

Serving 3.1 million individuals in the New York area, EmblemHealth sells all product lines—large and small group plans, individual coverage on and off the state’s health insurance exchange, Medicaid managed care, and Medicare Advantage.

Despite leadership at the state level—New York has set a goal of moving as much as 90 percent of Medicaid managed care payments into value-based arrangements by 2020—value-based payments are catching on more slowly in the New York City market than in other parts of the country. Observers point to a fragmented provider market, a relative scarcity of large independent medical groups, the prevalence of academic medical centers, and consumers’ affinity for health plans with broad provider networks.

In this context, Ignagni says, EmblemHealth prides itself on being a leader in the value-based purchasing movement. More than 60 percent of its HMO members receive care from physicians in value-based payment contracts, and that share is growing every year.

“Our focus, and I think the entire industry’s focus, is going to be moving as quickly as possible to ensure that all of our contractual relationships with our provider partners—our clinicians as well as our hospitals—are value-based and have some measure of risk transference,” she says.

The level of risk that a provider can accept depends on its infrastructure for collecting and analyzing
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data, its use of electronic health record technology, and the sophistication of its financial management capabilities. EmblemHealth’s provider contracts currently range from straight fee-for-service to full capitation, but Ignagni is pushing for contracts in which providers have both upside and downside financial risk. She wants to see health systems willing to be held accountable for quality indicators such as reduced readmissions, early interventions, and funneling of patients to the highest-quality providers for tertiary care.

“You can have a variety of benchmarks,” she says, “but the issue is: Are the providers ready to provide a guarantee that they will be able to organize, from an infrastructure perspective, the ability of their team to meet certain goals and objectives?”

In these newer types of arrangements, EmblemHealth’s role is to provide claims data, analytics, and care management support to promote provider-health plan collaboration that can improve patient care while keeping costs in check.

An example of this approach is EmblemHealth’s new contract with Northwell (formerly North Shore-LIJ Health System), the state’s largest healthcare provider. The parties did not announce the terms of their contract, but in a news release, the health plan described the arrangement as a move “away from fee-for-service medicine to a collaborative care approach” that will eventually include shared risk.

Through collaboration, the two organizations have reduced emergency department (ED) admissions by nearly 10 percent in locations where the program is fully operational.

SYNCHRONIZED SWIMMING

In 2013, EmblemHealth made a strategic move when it folded together four physician practices—one each serving Manhattan, Staten Island, Queens/Long Island, and Brooklyn—to create AdvantageCare Physicians. Today, ACPNY has more than 400 primary care and specialty physicians serving some 500,000 patients at 36 locations.

“These practices are customized to support culturally appropriate care delivery that is convenient, connected, and compassionate,” Ignagni wrote in a Leadership Blog post earlier this year. “We have embraced these goals and made them the center of our payment reform efforts.”

In 2015, EmblemHealth’s shared-savings program with ACPNY reduced unnecessary hospital admissions by 12 percent and ED visits by 4 percent.

ACPNY has embraced cutting-edge healthcare delivery concepts. For example, care is delivered through 165 teams, each made up of a physician, a medical assistant, a nurse, a nurse practitioner, and a patient service representative who coordinates appointments and makes sure patient records are up to date. All locations are certified as Level III patient-centered medical homes by the National Committee for Quality Assurance. ACPNY hospitalists coordinate care for the practice’s patients who are admitted to more than 20 hospitals.

All medical offices are open until 8 p.m. on weeknights and for half-days on Saturday; several have walk-in access and offer seven-day-a-week urgent care. The practice recently teamed with Zocdoc to
allow patients to book appointments online and, typically, get access within 24 hours.

Shortly after the practice was established, ACPNY hired Hospitality Quotient, a consulting company owned by famed restaurateur Danny Meyer, to train its entire staff on how to deliver a good customer experience.

In 2014, the practice introduced a single electronic health record (EHR) to all locations, and last year it became one of only five medical facilities in the state to be recognized as operating at Stage 6 on the HIMSS Analytics Electronic Medical Record Adoption Model.

Ignagni says the practice invested in the same EHR system used by most of the hospitals at which its physicians have admitting privileges. “We made that commitment so that we could seamlessly exchange data,” she says. “When you are designing value-based purchasing arrangements, it is a little easier to do it if you are on the same EHR system and you have that ability to exchange data.”

INTO THE MUNICIPAL POOL
The relationship between EmblemHealth and ACPNY is crucial to the insurer’s new contract with the City of New York and its Municipal Labor Committee, a coalition of unions that contract with the city. EmblemHealth’s HMO and preferred provider organization (PPO) plans cover about 90 percent of the city’s workforce.

According to news reports, the city is trying to generate $1 billion in healthcare savings in FY17. More than half that amount will come from lower-than-expected insurance premiums. For example, the rate increase for premiums in EmblemHealth’s HMO will be 6 percent instead of the 9 percent that the city had budgeted.

Another $150 million in savings will come from benefit design changes in the EmblemHealth plans. Individuals in the PPO will have no copay for primary care or specialist visits if they use an ACPNY practice, for example, while copays of $15 and $30, respectively, will apply if they see physicians outside the medical group.

The new arrangement represents the most significant changes to New York City’s health plans in nearly 30 years. “This partnership highlights the city’s innovative leadership by embracing value-based strategies to achieve both cost savings and improved healthcare outcomes [for] employees and their families,” Ignagni said in a news release.

HEALTH CARE’S ROILING SEAS
Despite Ignagni’s enthusiasm about the EmblemHealth-ACPNY symbiosis, she does not predict that other health plans will necessarily follow suit.

“I think every part of the healthcare arena is trying to find its ideal place in that arena,” she says. “One of the things that is very exciting now is that, because of developments in the use of data and technology, there is no one slot that a particular group falls into anymore.”

That’s why some health plans are acquiring or otherwise affiliating with provider organizations—and why health systems are entering the insurance business. “We are going to see quite a lot of that exploration continue,” Ignagni says. “In the end, there will be a variety of models.”

As of 2014, the most recent year for which information is available, 106 health systems offered at least one health plan, up from 94 the year prior, according to “The Market Evolution of Provider-Led Health Plans,” a report published by McKinsey & Co. Many of those plans cover an insufficient number of lives to reach the scale needed for financial success. In a review of 89 provider-led plans, McKinsey analysts found that more than 40 had negative margins in one or more of the previous three years.

“On the face of it, the insurance function seems very straightforward, but there is quite a lot of infrastructure that is necessary to manage risk,” Ignagni says. “The reserve requirements are challenging; the insurance functions are not easily built; and, when you buy them, it is not the same as having those functions indigenous to your operation.”

ROWING IN THE SAME DIRECTION
Ignagni was a director of the AFL-CIO’s Department of Employee Benefits before taking the helm of the American Association of Health Plans in 1993. She stayed in the top job after the organization merged with the Health Insurance Association of America to become AHIP in 2003.

Thus, to her first job leading a health plan, she brings the experience of an industry veteran but none of the weariness that perhaps comes from years of bickering with providers over money. The warm welcome from New York’s health system leaders is a highlight of her EmblemHealth experience so far. She recognizes they want value-based arrangements as much as she does.

“I have been very grateful for the reception I’ve received since joining Emblem,” she says. “That just makes me so enthusiastic to work with the people who are leading some of the most important institutions in the country, knowing that our plan can work hand in hand with them.”

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