

Physician Advisory Board
Meeting of November 4, 2011

The Physician Advisory Board met on November 4, 2011 in Fort Lauderdale, Florida.

Dr. Monte Ezratty, Dr. Thomas Garthwait, Dr. William Gee, Dr. Scott Hayworth, Dr. H. Robert Harrison, Dr. Russell Libby, Dr. Leonard Lichtenfeld, Dr. Diane Wallis and Dr. Michael Workings attended.

Also attending for Aetna were Dr. James Cross, Lynda Goodwyn, Dr. Brian Kelly, William Kramer, Alok Mathur, David Queller, Dr. Lonny Reisman and Amanda St. Amand. Attending for Aetna by phone were Steve Kelmar, Dr. Charles Kennedy and Carl King.

The meeting participants gave a brief description of their job responsibilities and backgrounds for the benefit of the Board's newest member, Dr. Monte Ezratty.

Generic Drugs

Dr. Lichtenfeld then gave a brief overview of the generic drug shortage and his recent testimony during Food and Drug Administration hearings. He shared that quality issues will be raised with drug manufacturers. Dr. Reisman suggested that the information be shared with Aetna Specialty Pharmacy and that the generic drug shortage issue be discussed in greater detail at an upcoming meeting.

Public Policy

Then, referencing information distributed in advance of the meeting, Mr. Kelmar gave a public policy update. The group discussed the current political landscape and potential changes resulting from current deficit discussions and future Supreme Court decisions on health care reform. The group discussed the potential for changes to the Medicare program and current challenges with access. Mr. Kelmar commented that Medicare changes could include extending the age, reduction of benefits, service reductions or increased consumer contributions. The group then discussed their views on other challenges within the health care system including a shortage of primary care physicians and PCP reimbursement.

Mr. Kelmar then shared an update on the Accountable Care Organization (ACO) Federal Regulation. He indicated that CMS is trying to increase participation in ACOs by reducing the risk ACOs assume and increasing the shared savings potential. There was discussion on the expense and complexity of forming ACOs and Mr. Kelmar offered that interest in public/private partnerships may increase due to the easing of anti-trust review requirements.

Mr. Kelmar then shared an overview of the deficit agreement and impact on health programs. He discussed the Budget Control Act of 2011 and the process for increasing the debt ceiling and debt reduction actions. The group discussed the various debt

reduction proposals in review by the Super Committee and their estimated savings projected over the next 10 years.

ACO Update

Next, referring to materials distributed in advance of the meeting, Dr. Kennedy gave an overview of Aetna's collaborative approach to ACOs. He shared that Aetna is working to use health information technology (HIT) as a tool to help differentiate care that is value based. He indicated that multiple sources of information show that higher cost regions do not have higher use of evidence based interventions. The ACO Opportunity is to use HIT to manage supply sensitive care and improve quality.

Dr. Kennedy indicated that the ACO approach is patient centric with physicians taking the lead in patient care. There was discussion on the difference in incentives between large practices and smaller practices. Dr. Kennedy and Mr. Queller pointed out that Aetna has a variety of ways to work with delivery system partners and that there is no single ACO model. Dr. Kennedy shared the evolving infrastructure to support accountable care, including payment methodology and support systems and services. He outlined an example of a patient's flow through an ACO and the underlying business and clinical processes designed to make the process more efficient and effective.

The group then discussed the various types of entities forming ACOs in the market place and the different models of collaboration.

Cost and Quality Initiatives

Referring to materials distributed in advance of the meeting, Mr. King then led a discussion on Aetna's total cost and quality strategy, which aligns with the company's focus on evidence-based care. He shared challenges Aetna faced with consultants regarding the interpretation of the value of discounts as well as Aetna's potential loss of membership. Mr. King outlined hospital pay-for-performance, Patient Centered Medical Homes (PCMH), ACOs and bundled payments as potential means to reduce medical costs, improve quality and increase patient satisfaction.

The group discussed ways to improve net physician reimbursement as well as methods for employers to determine how care improves their company's bottom line. Mr. King shared new PCMH data which indicates impacts on health care utilization.

The group also discussed contributing factors to the shortage of primary care physicians including low interest among medical students and lower reimbursement. The role of nurses and pharmacists in future primary care models was speculated on.

Primary Care Reimbursement

Dr. Ezratty then led a discussion on primary care reimbursement and the importance of the primary care physician. He shared examples of the role of the PCP in decreasing hospital utilization. The group discussed aspects of the fee for service payment methodology as opposed to compensation based on utilization and savings. Dr. Ezratty

outlined a potential payment methodology of reimbursement based on visit type rather than procedure.

Provider Applications

Dr. Kelly and Mr. Mathur then introduced the iNexx platform, created by Medicity, as a means for collaboration and data sharing between parties involved in patient care. They highlighted how, once the iNexx platform is downloaded within a practice, it can collaborate with other iNexx platforms, access local systems like practice management software, electronic medical record software, printers and other devices.

They gave a demonstration of the referral app which is in wide use in Michigan. It allows physician practices to share patient information throughout the referral process and can integrate with electronic medical records.

They also demonstrated the new Aetna Connect communication app which delivers a single point of access for all Aetna correspondence and eliminates the need for direct mail, email and fax. They pointed out that these apps pave the way for other desktop-based apps that can simplify interactions with payers.

Prostate-Specific Antigen Test

Dr. Lichtenfeld then spoke briefly on the Preventive Task Force's recent recommendation that the Prostate-Specific Antigen Test (PSA) not be performed for early diagnosis of prostate cancer. He indicated that the recommendation is currently in comment period and that it's possible the recommendation could change for specific situations. Dr. Cross indicated that Aetna will take the task force's recommendation under review.

South East Region Overview

Referring to materials distributed in advance of the meeting, Mr. Queller then gave an overview of activities occurring in the South East region. He shared an overview of the hospitals, physicians and membership in the region. He shared his expectation that the market for individual insurance will grow in the health care exchange environment.

Mr. Queller then outlined a new ACO relationship with Carilion in Roanoke, Virginia. He shared the member incentive approach as well as discussed methods of sharing savings with doctors and hospitals.

The group then discussed challenges in attracting hospital based physicians to participate in the network as well as the trend of hospitals buying physician practices and the impact on rates.