



TOOLS & SUPPORT
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Leveraging Market Dynamics In Health Care Innovation: Qualcomm Incorporated

Learn from Qualcomm Incorporated (Qualcomm) about how it leveraged its presence in the San Diego market by assessing the market dynamics and selecting a provider for its direct contract Accountable Care Organization. The program's success includes strong enrollment results and improved health care quality and patient experience.



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Case Study



Leveraging Market Dynamics in Health Care Innovation

Qualcomm Incorporated (Qualcomm) is a large telecommunications equipment and semiconductor company, headquartered in San Diego, California. The company was founded in 1985 and has almost 30,000 employees worldwide. Since 2016, Qualcomm has offered a Qualified Deductible Health Plan that can be coupled with a Health Savings Account (HSA) as the only health plan option for its US employees. With the exception of a charge to cover working spouses declining their own employer's coverage, Qualcomm employees pay no premiums to participate in Qualcomm's health plan.

Qualcomm is one of the largest private employers in the San Diego metropolitan area. Based on the growing footprints and capabilities of the large health care systems in the market and the increasingly flexible models offered by the carriers, Qualcomm embarked on an effort to take a fresh look at contracting for and delivering health care services for Qualcomm's San Diego population. In doing so, Qualcomm enlisted multiple partners, including Catalyst for Payment Reform (CPR), to assess the market and select a health system with which to partner, along with a carrier to support the arrangement.

CPR's main point of contact at Qualcomm was Teresa Wolownik, Senior Director of Global Benefits and Health Services. Throughout the process of conducting its market assessment, CPR also spoke with many other health care leaders and stakeholders in the San Diego market.

The Problem & Background

Seeking a better patient experience

Qualcomm's top objective was to develop a solution that would deliver a superior experience for patients. Too often were patients not adequately supported in the traditional health care delivery model - from timely access to care, to coordinating care across multiple specialists, to being stuck at the center of medical coding errors that would impact them financially if not resolved. Additionally, Qualcomm looked to drive quality and health improvement by paying providers for the value of the care they delivered, not just for the volume of services they provided. Not satisfied with the standard solutions available in the market, Teresa believed a direct, customized arrangement with one of San Diego's large and innovative health systems might best meet Qualcomm's objectives.

Of all the innovations employers and other purchasers have implemented to get higher value care, an accountable care organization (ACO) approach seemed to align most closely with Qualcomm's goals. An ACO is a high-performance network of providers that shares financial and medical responsibility for providing coordinated care to a patient population and eliminating waste in the system. As such, ACOs attempt to address the triple aim—improve patient experience, improve population health, and reduce per capita cost. In addition, Teresa wanted a model that leveraged the personal physician to help patients navigate the health care system and resolve issues. Accordingly, Qualcomm initiated a process to assess the capabilities, readiness and interests of the local health systems and carriers to develop a customized, direct contract ACO featuring strong member service and support.

The Process

While Qualcomm had a vision to improve health care delivery for its San Diego employees, it took an analytical approach to understanding the needs of its population and associated market options to shape its strategy.

1. Analysis of cost and quality variation

In 2014, Qualcomm commissioned a study of its own health claims data to understand the variations in clinical care and payment in San Diego, as well as to identify shortcomings. The study validated expectations that there was a wide range in pricing for routine services, along with variation across providers in the quality of care they delivered.

2. CPR market readiness assessment

In 2015, Qualcomm sought CPR's help with assessing the dynamics of and opportunities in the San Diego market. Over five years in five different markets, CPR had developed an investigative process to shed light on local dynamics among providers, health insurance carriers and purchasers, and which payment and delivery reforms are likely to succeed based on those dynamics. In this case, Qualcomm had a potential solution in mind, but wanted CPR's help to understand the capabilities of the key players in San Diego, including their willingness to partner on an innovative approach. CPR carried out a multi-step inquiry, which included the following:

- **General Market Assessment**

- *Market Research:* CPR gathered structural and statistical data on San Diego, such as the size of the population, the breakdown in sources of insurance coverage, and the market share held by each of the major health care stakeholders.
- *Online Survey:* CPR developed and fielded an online survey to the major health systems and carriers in San Diego to capture their views of the market—in terms of market power, innovation, and their experience with, and appetite for health care reforms.

- *Summary of Findings:* CPR analyzed the survey responses and, combined with the structural data, shared a summary of the general health care market dynamics in San Diego with Qualcomm's health benefits team. The market research and survey results demonstrated that San Diego has a highly evolved health care marketplace with multiple, competing integrated delivery systems, putting it ahead of the country in payment and delivery evolution. Many of the key players have been experimenting with payment and delivery reform for several years and were ready to pilot new approaches, suggesting that San Diego was well-suited to the customized solution Qualcomm was seeking.
- **Stakeholder Request for Information:** Based on the goals communicated by Qualcomm, CPR developed separate Requests for Information (RFIs) for health systems and for carriers to gather and compare in detail their experience with payment and delivery reforms, benefit and network offerings, focus on primary care and experience with ACOs, and innovations in maternity care, among other capabilities.
- **Recommendations:** CPR analyzed each of the health system responses and each of the carrier responses and developed a summary presentation to convey stakeholder capabilities to the Qualcomm team. Drawing on CPR's detailed understanding of payment and delivery reform as well as the research CPR conducted in San Diego, CPR presented the relative strengths and weaknesses of health systems and carriers in the market and developed recommendations for Qualcomm based on the company's goals and objectives.

As CPR sought information from key players in the market on behalf of Qualcomm, the process also served to demonstrate Qualcomm's sophistication and make stakeholders aware of their interest in contracting directly with a health system and selecting a carrier that could support a custom ACO offering. In addition, Teresa commented that the lengthy and rigorous process of the survey and RFIs helped to test the commitment of the local health systems and carriers.

3. Developing the benefit design

Qualcomm developed its ACO benefit design options based on four key principles:

- **Share a portion of expected savings with plan participants:** Reinvesting savings into richer ACO benefit designs created an economic advantage for employees to elect an ACO plan, supplementing patient quality and service advantages.

Keep in mind, no two markets are alike

Qualcomm is in a unique position to customize its health care offering, as CPR learned from assessing the market. First, the San Diego market is full of advanced players that have the capability to design a solution that meets Qualcomm's specifications. In addition, Qualcomm is a large and important customer in the San Diego market, with a covered population of about 30,000 lives. For any of these partners to gain—or lose—a portion of Qualcomm's business would have a meaningful impact on their patient volume and revenue, giving Qualcomm the leverage to field such a request to the market's key players. Other employers in other markets may not benefit from the same characteristics that support a customized direct-to-provider solution.

- **Cover members at the ACO benefit level for services delivered to dependents residing outside of San Diego:** Qualcomm wanted its ACO to be a viable option for the large number of employees with college-age students living outside of San Diego.
- **Cover out-of-network services but at a higher member out-of-pocket cost than in the broad network plan:** Qualcomm did not want the ACO benefit options to have the disadvantage of limiting provider choice. However, Qualcomm increased the cost to access out-of-network providers to encourage in-network utilization and demonstrate partnership to ACO providers.
- **Re-introduce a non-Qualified Deductible Plan:** Teresa shared, "Since implementing a full replacement Qualified Deductible Plan, many employees have adapted and appreciate the tax-advantaged savings of the accompanying HSA. But some employees still ask for a more traditional plan with less point-of-service cost-sharing and no HSA. We know that the Qualified Deductible Plan reduced utilization, and that those reductions could be reversed if we were to again offer a non-Qualified Deductible Plan with lower point-of-service cost-sharing. However, the additional accountability placed on providers to deliver quality of care and manage cost through an ACO model provided guardrails to mitigate this increased cost exposure."

Qualcomm decided to offer San Diego employees two ACO benefit design options – called "Premier" Plans - alongside its legacy broad network Qualified Deductible/HSA benefit design. One ACO benefit option is modeled off the legacy broad network Qualified Deductible Plan and offers double the Qualcomm contribution to the employee's HSA but requires higher member cost sharing to seek care from an out-of-network provider. Another option is a low-deductible benefit design with co-pays for high volume services such as primary care and generic prescription drugs. Both ACO benefit design options reimburse at the ACO benefit level for any services a provider contracted under the broad network plan delivers for dependents who reside outside of San Diego.

	New 2018 Premier PPO	New 2018 Premier Qualified Deductible Health Plan	Continuing 2018 Qualified Deductible Health Plan
Provider network	Scripps Health + Select other local providers + Carrier provided national network for dependents who reside outside of San Diego		Carrier provided national network
	All Plans include employee access to the Qualcomm Onsite Health Center		
HSA annual transition seed paid in quarterly installments	N/A	Employee only: \$1,000 Employee + Dependent(s): \$2,000	Employee only: \$500 Employee + Dependent(s): \$1,000
In-network deductible amount	\$350/person up to \$700/family (does not include co-pays)	\$1,500 Employee only \$2,750 Employee + child(ren) \$3,450 Employee + spouse +/- child(ren)	

In-network annual out-of-pocket maximum	\$2,500/person up to \$5,000/family (includes co-pays)	\$2,250 Employee only \$3,750 Employee + child(ren) \$4,450 Employee + spouse +/- child(ren)	
Co-pays	Primary Care Office Visit - \$30/visit Specialist Care Office Visit - \$50/visit (deductible does not apply)	N/A	
Additional cost for out-of-network services	\$1,500/person higher deductible, up to \$3,000/family \$2,500/person higher out-of-pocket maximum, up to \$5,000/family	\$1,500 higher deductible \$2,500 higher out-of-pocket maximum	\$1,000 higher deductible \$2,000 higher out-of-pocket maximum

4. Finding the right partners

Armed with the health care quality and cost variation analysis and CPR's market assessment findings, the Qualcomm team eliminated partners that were not likely to be fully able to support Qualcomm's goals.

Next, Qualcomm fielded Requests for Proposals (RFP) to prospective health system and carrier partners that drew on the prior RFIs and sought details specific to health system and carrier willingness to customize efforts to improve patient experience, improve quality of care, and utilize alternative, value-oriented payment methods per Qualcomm's specifications. Embedded in the specifications were requirements to simplify and standardize pricing of primary care, urgent care, maternity, cardiovascular and orthopedic services. Teresa and her team also held in-person meetings with the candidates, which enhanced Qualcomm's understanding of each health system and carrier and their capabilities and willingness to partner with Qualcomm.

A team effort is required

By March 2017, Qualcomm had narrowed the search and brought health system and carrier finalists together in meetings to test the fit of a partnership. After the comprehensive review and test fit, Qualcomm selected its partners—Scripps Health (Scripps) as Qualcomm's ACO and UnitedHealthcare as its administrator, continuing but evolving the role UnitedHealthcare had been playing for Qualcomm. For each of these partners, there was now a lot of work ahead to develop and launch the new offering for employees. Qualcomm hosted a meeting for the group to kick-off the implementation process in early April 2017.

What made them prime partners?

Scripps Health is an advanced player in the San Diego market, participating in value-oriented payment and delivery arrangements, such as ACOs with commercial payers, the Medicare Shared Savings Program, and bundled payment. While other San Diego health systems have experience with payment and delivery reform, Scripps stood out and seemed best suited to Qualcomm's needs for a few reasons.

What made them prime partners? (continued)

First, Scripps has been an innovator in quality, specifically patient experience and satisfaction. Qualcomm was particularly impressed by their patient experience scores, and their commitment to continued improvement both through planned adoption and expansion of the use of medical record technology, and through a proposed custom concierge team exclusive to Qualcomm ACO families.

Second, Scripps' geographic footprint matches well with Qualcomm's employee distribution, and more Qualcomm employees were already using Scripps than any other health system in San Diego.

Third, and perhaps most important, Scripps' proposed solution, including its custom network, concierge team, and quality and financial commitments, demonstrated that it best understood the vision that Qualcomm had for its ACO; its executive and implementation teams gave Qualcomm the confidence that Scripps was committed to delivering on its promise.



UnitedHealthcare was unique in its ability to administer a benefit design that not only provides in-network coverage for ACO providers in San Diego – but also provides in-network coverage for services received at non-ACO UnitedHealthcare providers outside of San Diego, for dependents residing outside of San Diego.

UnitedHealthcare was also able to provide a wraparound network of providers for services the ACO did not include -- for example, behavioral health, physical therapy, chiropractic and acupuncture. This was a key requirement for the selected administrator.

The Launch

Developing and planning for the launch of the arrangement was a major initiative for the Qualcomm Benefits team. After Qualcomm selected Scripps and UnitedHealthcare, Qualcomm brought the company's other partners to the table to get started, including its onsite health center leads, pharmacy benefits manager and health advocacy vendor. The team developed eight work streams with assigned Qualcomm and partner roles, tasks and key deliverables, including:

1. Network and governance
2. Marketing and launch (including open enrollment)
3. Patient experience
4. Benefit administration
5. Care delivery
6. Provider pricing
7. Operational reporting

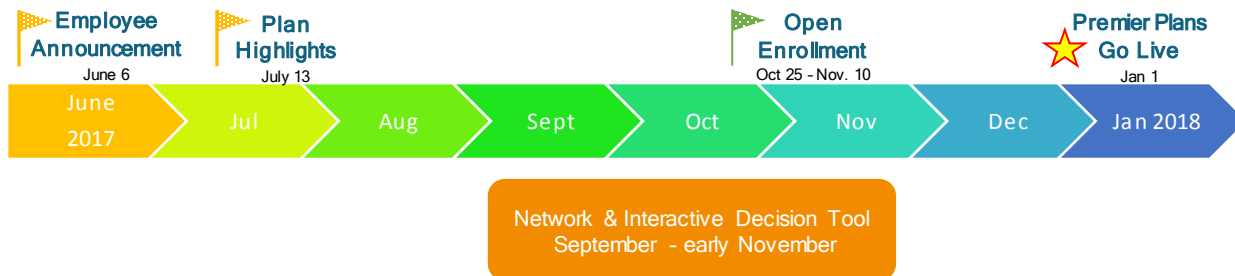
8. Vendor-program integration

Teresa commented that her team needed to build its expertise and knowledge, such as understanding Medicare pricing methodology and data, to make the arrangement work. However, in some cases they sought outside expert help, such as in developing and setting thresholds for the clinical quality measures Qualcomm and Scripps agreed to use in the arrangement. Teresa remarked that without existing in-house actuarial skills and flexibility to learn new systems and skills, the team would have required a notably larger consulting budget to design the custom arrangement.

Qualcomm, Scripps and UnitedHealthcare met at regular Joint Operating Committee meetings to monitor progress across all work streams, and jointly develop and deploy solutions to issues.

Employee Communications & Engagement

Qualcomm developed a multi-phased marketing strategy to educate its employees and their families about the new plans:



June: Qualcomm and Scripps issued a joint press release to make Qualcomm's employees aware of the strategic alliance in advance of Scripps' outreach to independent providers to join the custom network.



July: Qualcomm released information about concierge services and benefit design enhancements, drawing in its audience with eye-catching new branding, a custom video, and a lunchtime presence at cafeterias throughout its campus.

September - November: Scripps published a microsite just for Qualcomm employees, including a link to a provider directory, custom price lists and concierge service details. At the same time, Scripps Premier Plan leaders and concierge team members

joined Qualcomm's Benefits team in sharing information and answering questions about the plans at employee meetings and webinars, and at cafeterias throughout Qualcomm's San Diego campus. Over 10% of employees participated in an information session to learn about the new plans. The Qualcomm Health Center team managed by Stanford Health Care was trained to answer questions from its patients. Qualcomm launched a custom interactive plan selection tool, powered by Tango Health. The tool enabled San Diego employees to compare out-of-pocket costs under Qualcomm's broad network plan or Premier plans, pulling in historical claim

data, using a standard claim profile, or creating a custom utilization profile. Over 25% of employees modeled costs in the tool.

Open enrollment, conducted between October 25 – November 10, 2017, yielded 44% enrollment in the Premier Plans, exceeding Qualcomm's 35% target. The favorable result was attributable to compelling plan options communicated through a highly effective marketing and education campaign.

After Implementation

Qualcomm and Scripps regularly monitor Premier Plan utilization, quality of care metrics, member feedback and cost, to ensure they are delivering to their shared targets, and to continuously improve the member experience to best position them to grow plan participation in future years. Qualcomm's open enrollment for 2019 delivered 49% enrollment in the Premier Plans, an increase of 10% from the first year.

Critical to ongoing program success is the ability to engage with plan participants, both on continuous education, and in collecting feedback. To find innovative ways to continue to educate and engage employees, Qualcomm joined CPR's Collaborative on Communicating High-Value Health Care to Employees, which brought together a group of employers and other purchasers interested in communicating high-value health care options to their members. The group worked to develop and implement a communications strategy that continues to engage employees beyond open enrollment.

While employers continue to explore ways to deliver high quality care partnered with an exceptional member experience at a lower price point, Qualcomm has proven itself to be among a group of leading employers who have successfully delivered high-value health care through a direct partnership with a local health system. Qualcomm has shown further innovation by including unique features such as streamlined and standardized pricing and in-network coverage for out-of-area dependents. Qualcomm and Scripps are committed to ongoing innovation to ensure a superior experience for Qualcomm employees and their families.