



# Accountable Care Organizations & Consumerism

*Designing Health Plans  
that Support Accountable Care*

The perspective of a large employer: Target

# About Target

- ◎ \$65 Billion Annual Sales
- ◎ 1,740 Stores in 49 States
- ◎ 26 Distribution Centers
- ◎ 4 Food Distribution Centers
- ◎ 4 Import Warehouses
- ◎ 2 Target.com Warehouses



# Employee Demographic



Location Type	Population Size	% Female	% Less than 34	% Exempt
Stores	307,000	60%	60%	5%
DC	16,300	30%	40%	10%
HQ	12,300	60%	45%	75%
Total	335,600	58.5%	58.5%	8%

# Health Care Costs Concerns

- ⦿ Increase in behavior-related chronic diseases
- ⦿ Lack of employee engagement, preventive care and resulting high cost claims
- ⦿ Provider inefficiencies, waste and high degree of variability

# Actions to Bend the Cost Curve

- ⦿ Infusing health and well-being into our strong culture through encouraging:
  - ⦿ Healthier lifestyles
  - ⦿ Preventive care
  - ⦿ Consumerism

# Actions to Bend the Cost Curve

- ⊙ Incentive alignment:
  - ⊙ Health Insurance Discount
  - ⊙ Project Stork
  - ⊙ Exploring plan design incentives for utilization of:
    - ⊙ Preferred Provider Networks
    - ⊙ Centers of Excellence
  - ⊙ Considering direct provider contracting for high cost procedures (e.g. CABGs)
  - ⊙ Payment reform pilots

# Payment Reform Challenges

- ⦿ Gap in employees vs. employer definition of health care quality
- ⦿ Lack of tools that provide transparency to employees
- ⦿ A culture of “more” health care is “better” health care
- ⦿ Lack of consistency in clinical guidelines needed to measure quality



# Payment Reform Challenges

- ⦿ Multiple payment models will be confusing to providers
- ⦿ Employees want choice (or at least the perception of choice)
  - ⦿ Restricting choice may be required to ensure maximized value of health care spend

# Payment Reform Challenges

- ⦿ Highly decentralized population issues:
  - ⦿ Challenge to integrate back to community's health care system when health care is provided outside community
  - ⦿ Plan design is not equitable if employees in markets without "preferred providers" cannot qualify for an incentive
  - ⦿ Administrative challenges with multiple payment models in multiple communities

# Population Health

- ⦿ Focuses on the health and well-being of the entire population rather than only ill or high-risk individuals
- ⦿ Addresses the entire range of factors that determine health, rather than focusing on risks and clinical factors related to particular diseases
- ⦿ Improves the clinical and financial outcomes

# Critical Elements of Population Health

**Transparency**

**Technology**

**Payment  
Reform**

**Consumer  
(employee)  
centric**

**Integration**

**Education**

**Thank You**