

Driving System-Wide Growth:

How Chartis helped a Provider-Sponsored Health Plan Realize Its Full Potential



The Client Challenge

A top pediatric health system experienced financial challenges due to the pandemic, with negative impacts on volume, workforce, and facilities investments. Their health plan served a specialty pediatric population and maintained a single revenue source through a Medicaid contract. Leadership sought strategies to improve the health plan's financial viability and looked to Chartis to identify performance and growth opportunities.

Navigating to Next: The Solution

The health system partnered with Chartis to conduct an opportunity assessment specific for the PSHP. Chartis identified a need for a clear governance structure to align on short- and long-term priorities impacting the health plan and the broader organization. The health plan was not being utilized in the organization's strategic planning, missing the opportunity to position the PSHP as an asset and revenue driver for the broader health system.

Chartis identified 2 key opportunities for the PSHP to demonstrate its value proposition to support overarching financial and performance goals:

1. Revenue diversification through strategic growth, market expansion, value-based care, and non-premium revenue, which would mitigate the risk of its current single revenue source.
2. Alignment between the broader health system and health plan's leadership, including development of a governance and enterprise strategy on managed care capabilities, and enablement of shared services across entities.

Provider-sponsored health plans (PSHPs) can miss important value opportunities when not fully integrated with the parent health system's strategy:

- Meeting member needs by leveraging the parent health system's existing comprehensive network of providers.
- Closing care gaps by coordinating complex care management with the parent health system.
- Reducing administrative costs by instituting shared services between the health plan and health system.
- Driving domestic spending for member service utilization, supported by top-tier care delivery and innovation with the parent health system.

NAVIGATING TO NEXT: KEY COMPONENTS



Value-Based Care Strategy

Review health plan operational maturity to support value-based arrangements, both internally and with external provider systems



Membership Optimization

Determine opportunity for additional membership capture based on program-specific eligibility guidelines and internal pathways for health system referral to Medicaid



Membership Expansion

Assess opportunities for product expansion in local or adjacent markets, based on factors such as regulatory requirements, covered populations, and procurement process



Performance Improvement & Operational Efficiencies

Conduct high-level assessment of health plan operational capabilities and identify opportunities for performance improvement

Client Impact

By identifying an opportunity for more integration between the health system and the PSHP, Chartis identified a revenue opportunity of \$320 million to \$468 million and an EBITDA and savings opportunity of \$13 million to \$28 million. Chartis partnered with the health plan to develop a high-level execution roadmap to support the adoption of these recommendations. The effort has led to the development of a stronger partnership between the health system and the PSHP, and to the execution of targeted opportunities that are yielding greater near- and long-term financial sustainability.



How We Are Making Healthcare Better

“By aligning a parent health system and PSHP’s strategy, vision, and value, a pathway is created to improve care and health outcomes. This solidifies the organization as a true partner to its community.”

—Kirsten Bickford, Associate Principal, Chartis

The optimal model for this PSHP includes these goals:

140%

minimum increase in current membership, based on the total addressable market

60%

of member healthcare spending within the parent health system

75%

of members attributed to value-based contracts with full capitation for expanded premium capture

NEXT INTELLIGENCE:

PSHPs can go from underutilized to being a strategic asset by:

Diversifying revenue

through strategic growth, market expansion, value-based care, and non-premium revenue.

Driving domestic spending

through internal utilization of integrated care delivery and positive revenue impacts for the broader organization.

Building awareness

and understanding across the health system to foster long-term strategic alignment, evolution, and innovation.

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