

General Motors & Henry Ford Health System case study: Direct-to-Employer

Physicians interested in Direct-to-Employer arrangements can review the case study for the Direct-to-Employer arrangement General Motors offered its 24,000 non-union employees in Michigan.

Case study: Risk-based and value-based arrangements: General Motors and Henry Ford Health System

Beginning in 2019, General Motors (GM) began to offer a new health benefit option to its 24,000 non-union employees in Michigan: a Direct-to-Employer, risk-based arrangement with Henry Ford Health System.

The Henry Ford Health System is a multi-hospital, fully integrated health care system that employs or contracts with thousands of physicians. Henry Ford also maintains an experienced clinically integrated network (CIN) and accountable care organization (ACO), demonstrating significant population health, care management, data tracking and integrated EMR capabilities.

GM was driven by a desire to have greater control over the structure of its benefit plan than its third-party administrator was prepared to allow in order to provide a more responsive and convenient network for the employees living and working in the defined service area.

GM also wanted to customize its benefit plan to give providers greater flexibility by encouraging them to furnish medical care without the limitations of traditional managed care, while also creating financial incentives for providers to manage costs without sacrificing quality. Lastly, GM preferred to be directly involved in negotiating the fees for services provided, instead of delegating that function to its third-party administrator.

The result is a new, value-based benefit plan option named ConnectedCare. Under ConnectedCare, Henry Ford's costs must stay below mutually agreed upon annual limits and Henry Ford must meet 19 quality, cost and utilization metrics.

If Henry Ford achieves these objectives, it will share in any savings realized by GM. If it is unsuccessful, Henry Ford will be responsible for some amount of the losses incurred. GM and Henry Ford have agreed on prices for medical services provided to beneficiaries. Both organizations have partnered with Blue Cross Blue Shield of Michigan to manage claims-processing and otherwise administer the program.

Among its features, ConnectedCare covers hospital, outpatient, behavioral health, pharmacy and physician services in a seven-county area. It offers same-day appointments with primary care physicians, appointments with specialists within 10 days, extensive telehealth options, and an exclusive phone line for GM beneficiaries to schedule appointments and get answers to questions.

ConnectedCare is GM's lowest-cost plan option and is projected to save employees hundreds of dollars per year in payroll contributions. Functioning like a PPO, ConnectedCare has a \$1,500 deductible and has a larger cost sharing differential between in-network and out-of-network providers than GM's other plan options.

For ConnectedCare to succeed, beneficiaries need to obtain services from Henry Ford providers, and avoid out-of-network providers as much as possible. Henry Ford is financially responsible for all costs of care, including costs incurred by non-Henry Ford providers.

Review a different case study: Retainer agreement

While some practices may benefit from a value-based arrangement, a retainer agreement may be a better option for some practices. In this sample case study, after Dr. X adapted a retainer agreement, she found that the additional time she spent with patients and patient care directly translated to better outcomes for her patients, particularly reduced emergency room visits and hospital admissions and improved management of chronic conditions. Learn more about the retainer agreement case study.

More articles on Direct-to-Employer arrangements

The AMA has developed these additional materials to help physicians navigate available opportunities and negotiate terms that reflect the practices' goals and preferences.

- Case studies, custom networks and contract terms (overview)
- Snapshot: Physician-employer engagement: Direct-to-Employer arrangements
- Model checklist: Physician-employer engagement: Direct-to-Employer arrangements