

FOR IMMEDIATE RELEASE

July 23, 2009

Medica and Fairview Sign Unique Contract that Addresses Health Care Cost

Agreement builds on working partnership, shared goals of improving quality, reducing cost

MINNEAPOLIS--Medica and Fairview today announced the two Minnesota health care organizations have signed a contract that demonstrates health care reform can be addressed from within the health care system. Reached through a collaborative process, the agreement is designed to bring about systemic change, improving the way care is delivered and the way in which it is paid. The agreement takes on the fundamental issues in the national health care reform dialogue—how to improve quality and patient experience, while reducing cost.

“To truly reform healthcare, you have to change care delivery and the payment model,” says Mark Eustis, Fairview president and chief executive officer. “With this new agreement, Medica and Fairview believe we have what will be a regional example of effective private market reform.”

Fairview will be able to earn performance-based payments tied to improvements in clinical quality and to managing the total cost of patient care.

Working together, building a new payment model

The new agreement is a continuation of the work the organizations began last year. In 2008, Medica and Fairview agreed to pilot new clinical approaches designed to improve quality while lowering costs.

Throughout the last 12 months, Fairview and Medica shared information and established a common vision to collaboratively create a new contract that ultimately will lead to improved clinical outcomes, improved patient experience and reduced cost. The organizations jointly agree that payers and providers both play different, but equally important, roles in achieving these goals.

“The current trends in health care—particularly increasing costs—are unsustainable,” said David Tilford, Medica president and chief executive officer. “We believe that by providing the impetus for change, more effective and efficient models of care will be developed that result in better health for our members and better control of the costs paid by our customers. I can’t think of a better place for that change to start than within an organization like Fairview.”

According to an analysis of Medica claims data, Fairview has demonstrated the ability to more effectively manage the total cost of care for Medica enrollees. In 2008, Medica enrollees assigned to a Fairview primary clinic had an annual total cost of care that was significantly below market average. Claims data included all covered medical services—primary and specialty care, hospitalizations, pharmaceuticals and more.

Creating new and better ways to deliver care

In addition to being a lower-cost provider, Fairview is recognized state-wide for outstanding clinical outcomes. In the recent Bridges to Excellence awards, Fairview led the state with 14 awards for outstanding care in diabetes, vascular care and depression.

Fairview is rapidly creating, testing and implementing new ways to achieve even better outcomes at lower costs. Everyday, work at Fairview clinics continues to reinvent the way care is delivered, including:

- Changing the clinic care team structure to more effectively and efficiently serve patient needs.

- Creating alternative ways to interact with the care team, like e-visits with the provider, nurse-only visits or group appointments.
- Measuring patient's activation level so patient education and coaching can be appropriately tailored.

“The only people who can redesign the way care is delivered are the people delivering the care,” says Mark Eustis, Fairview president and chief executive officer. “We are doing this work at Fairview, and I'm excited about the difference we're making for our patients, families and communities.”

The new Medica and Fairview contract runs through July 2012.

About Fairview

Fairview Health Services is community-based health care system, providing a complete range of services, from prevention of illness and injury to care for the most complex medical conditions. A non-profit healthcare provider based in Minneapolis, Fairview has seven hospitals, 48 primary care clinics and a wide range of specialty services. Fairview is a partner with the University of Minnesota, supporting a shared mission of research and education.

About Medica

Serving more than 1.5 million members, Medica is a health insurance company headquartered in Minneapolis and active in the Upper Midwest. The non-profit company provides health care coverage in the employer, individual, Medicaid, Medicare and Medicare Part D markets in Minnesota and a growing number of counties in North Dakota, South Dakota and Wisconsin. Medica also offers national network coverage to employers who also have employees outside the Medica regional network.

Medica has the highest accreditation status, Excellent, from the National Committee for Quality Assurance (NCQA®) for its Minnesota Medicaid HMO plans and commercial health plans in Minnesota and North Dakota. Medica's vision is to become the community's health plan of choice, trusted for its integrity, respected for its service, and admired for its commitment to innovation and efficiency.

###

Media Contacts
Medica
Greg Bury
952-992-8427
greg.bury@medica.com

Fairview
Ryan Davenport
612-672-4164
rdavenp1@fairview.org