

# Investment in Population Health in Baden- Wuerttemberg

Reference Site Baden-Wuerttemberg + Investment & Contracting &  
Care Models using the Methodology of "Gesundes Kinzigtal"

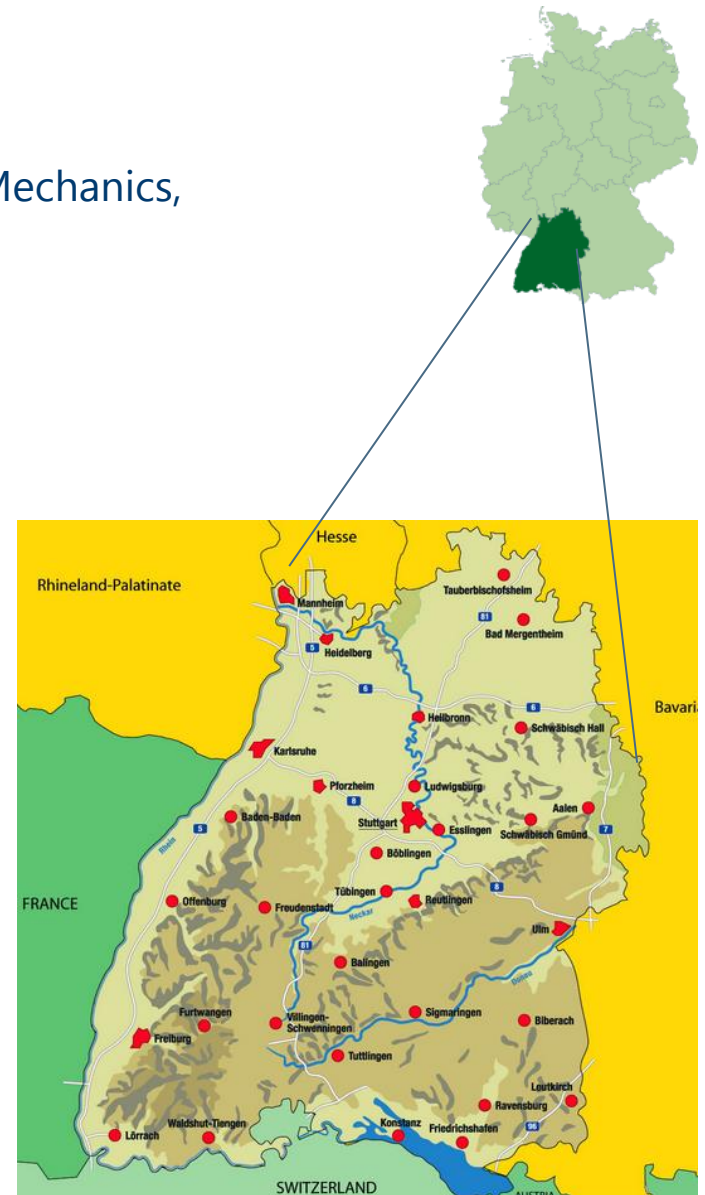
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# Some Facts concerning Baden-Württemberg

Inhabitants:	~11 Million
Industry:	Engineering, Automobile, Mechanics, Agriculture, Health Care
Purchasing Power:	23.368 € p.p.
Unemployment:	3,9 %
Welfare:	6,7 % per 10,000 inhab.
GDP:	44% higher than EC-mean
Government:	GREEN in coalition with CDU (christ democrats)
Life Expectancy:	83,9 women / 79,4 men
Care-dependants:	2,81 %
Hospitalizations:	18,66 %
Total costs of care:	22 Billion € (only SHI, ~44% AOK)



## Baden-Württemberg

### Goal: Reinforce elderly care

- ❖ Access to respective structures and assistance programs in specific social and health conditions for everyone
- ❖ Support persons who are disabled or in need of care to remain autonomous and in their familiar environment

### Experience and building of networks by several initiatives

- Several programs with an cumulative budget of ca 9 Mio Euro 2011 - 2016
- extended network of actors in health and care with Ministries of social affairs and of economy, welfare organizations, universities and research institutes, foundations and business (cluster initiative)

Further developed and continued by 2 new funding programmes

## Baden-Württemberg

### Activities for stronger cooperation of the providers

- ❖ Inter- and intraministerial Strategy for digitization in health and care:
  - 2017: 4,3 Mio Euro at the ministry of social affairs
  - up to 100 Mio Euro over all domains/ departments
- ❖ Innovation fund (federal government) with 300 Mio Euro 2016 - 2019
- ❖ Scaling up smaller regional ecosystems like
  - “Gesundes Kinzigtal” or
  - “LebensPhasenHaus” (Showroom) Tübingen
- ❖ Living lab of assistive technologies embedded in services of care
- ❖ Scaling up to Baden-Württemberg or to Germany

# Gesundes Kinzigtal: 10 years of experience as an Accountable Care Organization - since 2006

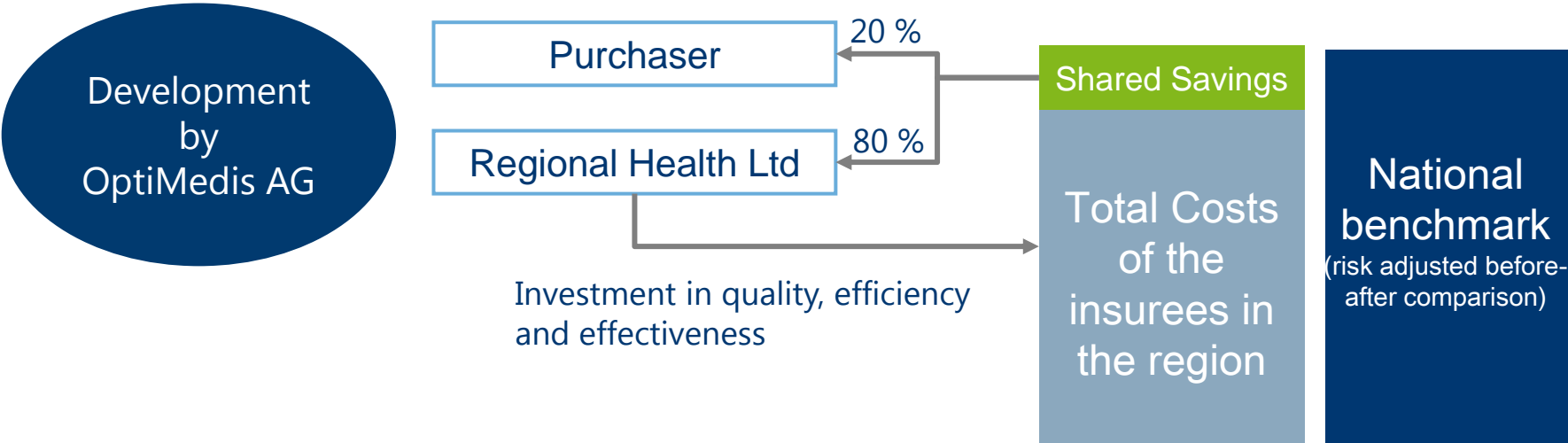
- Contracting: Gesundes Kinzigtal GmbH (shareholder = 2/3 local physician network and 1/3 OptiMedis AG) accountable for medical and economical results of a population of 33,000 insureds of the two statutory health insurers (SHI) AOK and LKK
- For SHI: No investment but shared savings / shared benefits
- For patients: Surplus health care services, coaching and free preventive offers – freedom of choice for patients
- For health providers: No risk but additionally reimbursements as incentives for defined health promotional activities, better coordination, goal setting, care plans  
58 % of all the GPs and 90% of specialists of the region have chosen partnership, around the same percentage all other providers (hospitals, therapists, pharmacists, nursing, mental health) as well as social work, voluntary clubs, schools....



# A new value-based business model: Shared Savings / Shared Benefits Contracts

In “Shared Savings Contracts” an economical benefit for purchasers for a geographically defined population is generated through wise investments, prevention and optimized care.

This economical benefit is the engine + refines the prior investment through the local “Integrator agency” → long term contract needed



# Disruption of the traditional health care systems through an integrator / Accountable Care Organization – resulting in an interest in health: The OptiMedis model of health care organisation

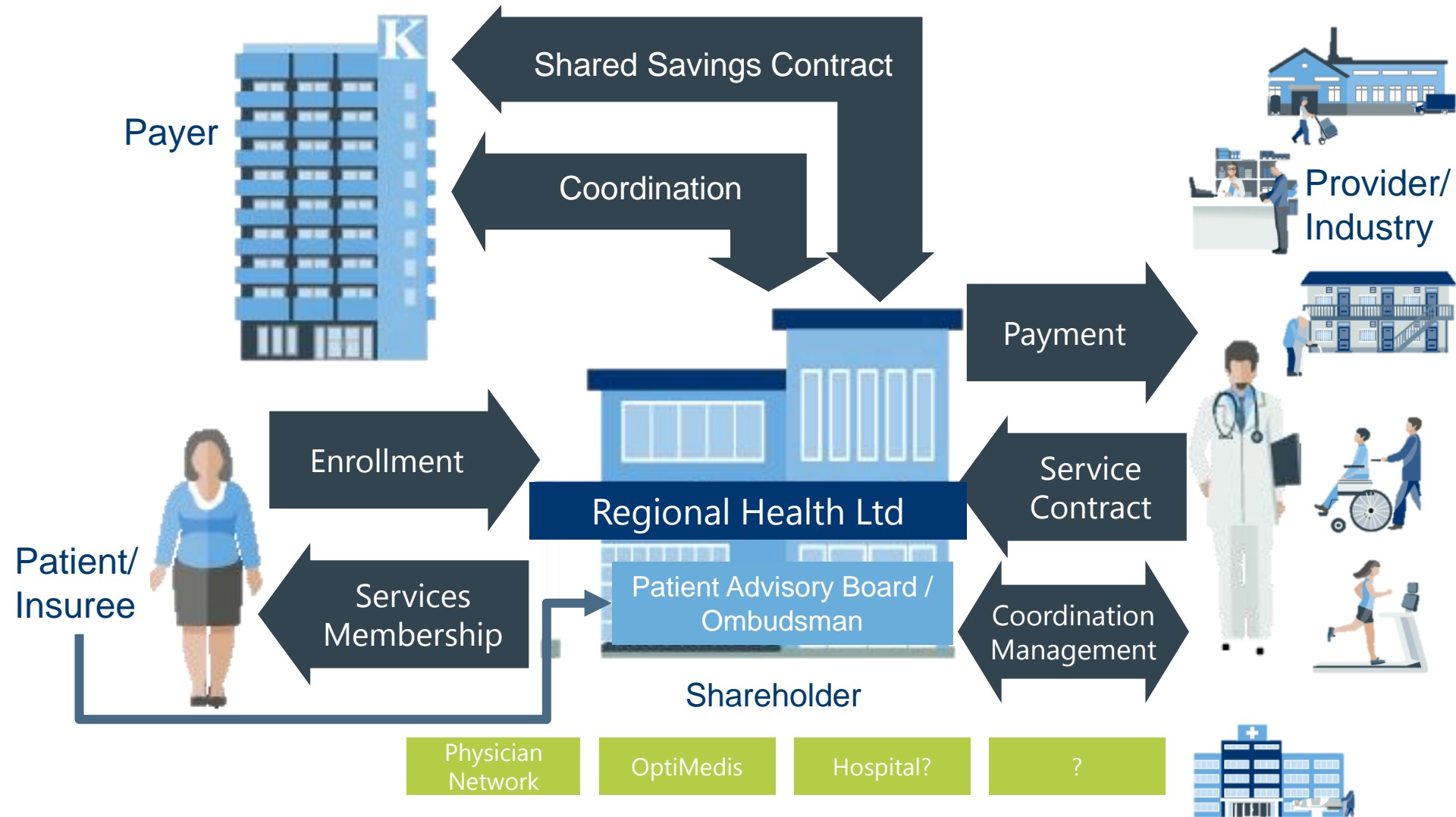


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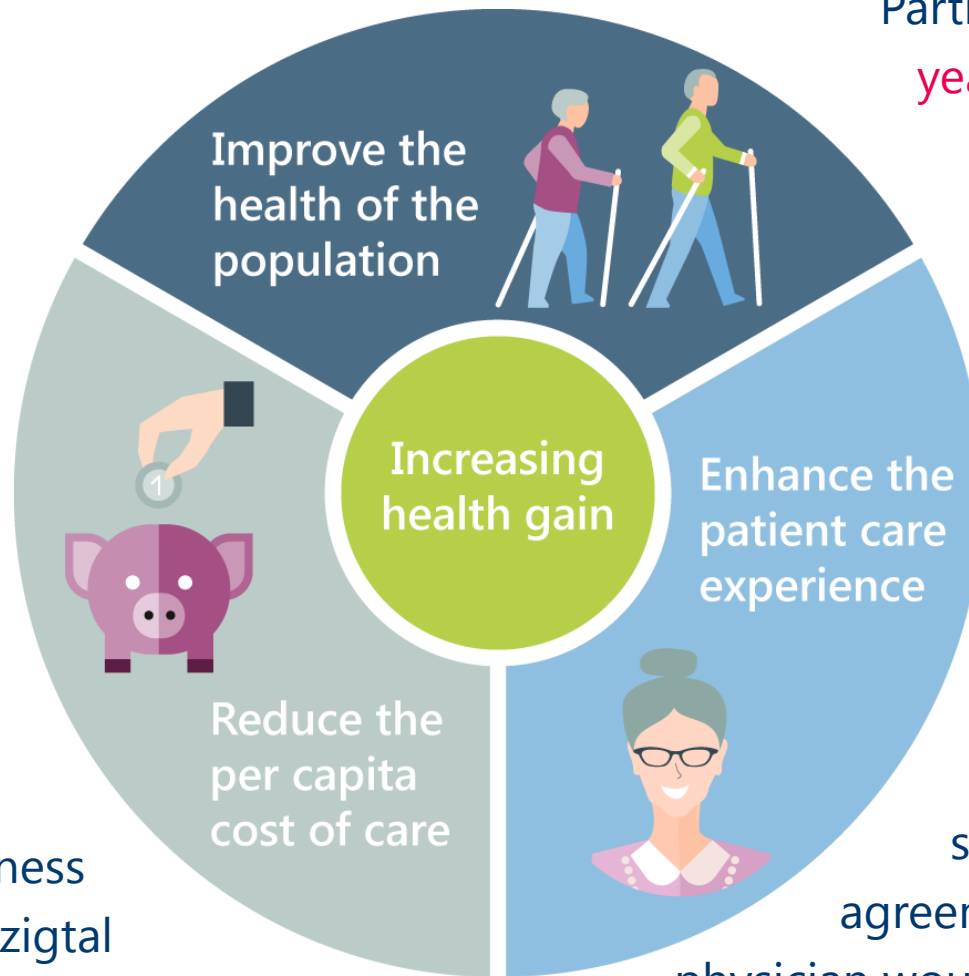




# Disruption of the traditional health care systems through an integrator / Accountable Care Organization – resulting in an interest in health: The OptiMedis model of health care organisation



# Triple Aim in Gesundes Kinzigtal: producing Value in three Dimensions



Participants live **1.2 years longer** than control group compared with their individual life expectancy

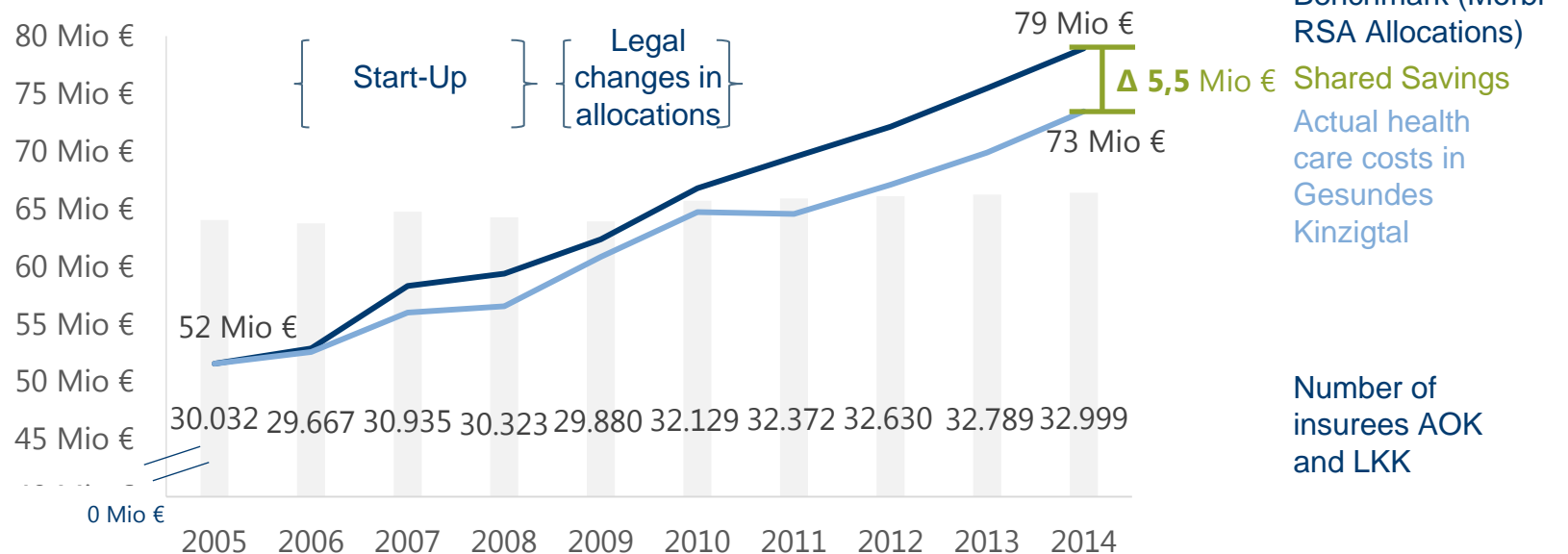
**5.5 Mio €** brutto surplus improvement for the two sickness funds in the Kinzigtal region in 2014

**98.9 %** of enrollees who set an objective agreement with their physician would recommend becoming a member to their friends or relatives

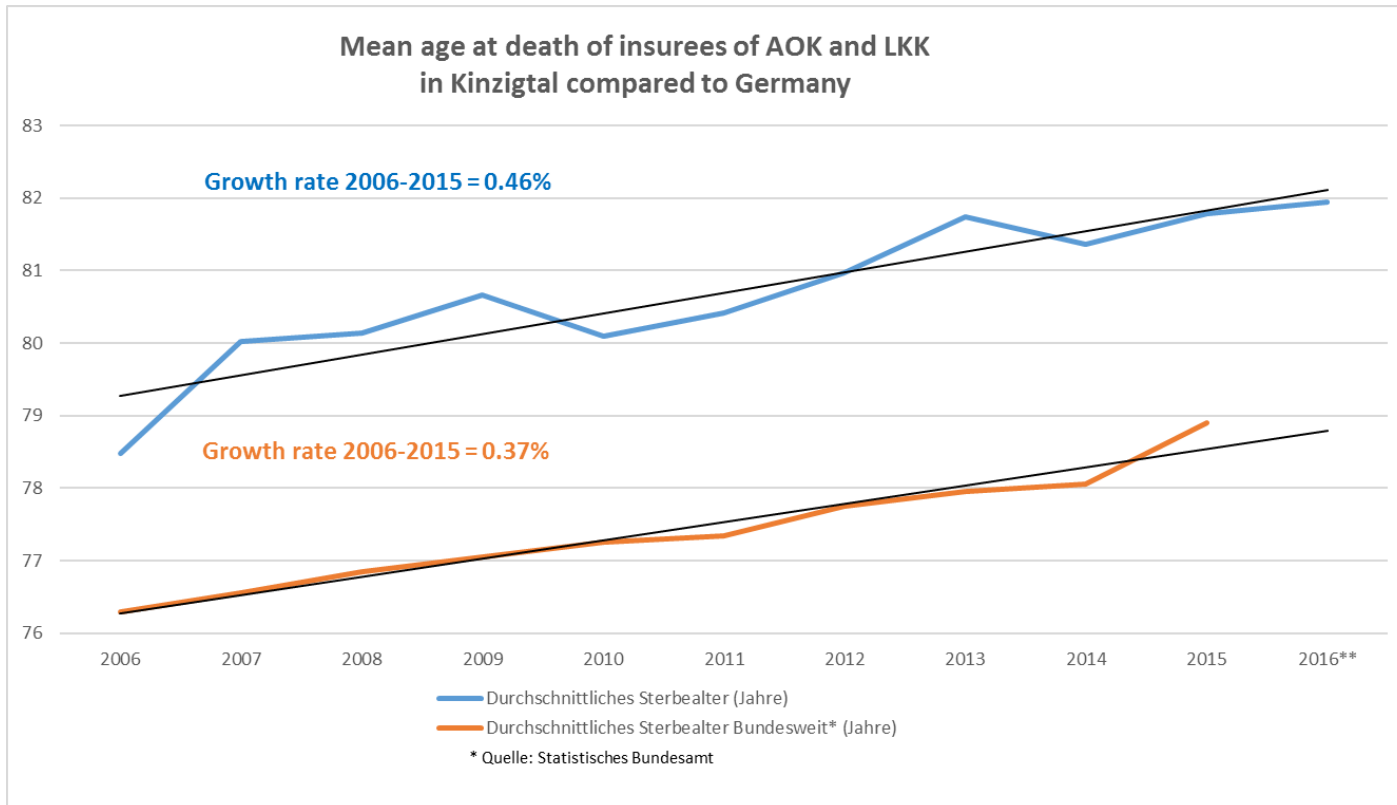
Based on the Triple Aim principles of Donald M. Berwick  
Donald M. Berwick (et al.) (2008). Health Affairs, vol. 27 no. 3, 759-769

# Triple Aim Results: Better medical outcomes

- ✓ 45% less fractures after program participation „Strong Muscles – Solid Bones“ (n= 438) for patients with osteoporosis
- ✓ 1,5 years longer survival for GK-enrollees with heart failure, less potential years of life lost (trend vs Statistisches Bundesamt)
- ✓ 40% less hospitalization Diabetes patients
- ✓ 5.5 Million € lower costs in Year 9 for 33,000 insurees of the two cooperating sickness funds



# The difference in mortality of the insurees of AOK and LKK compared to Germany increased from 2.2 to 2.9 years



# It produces value even in four more dimensions

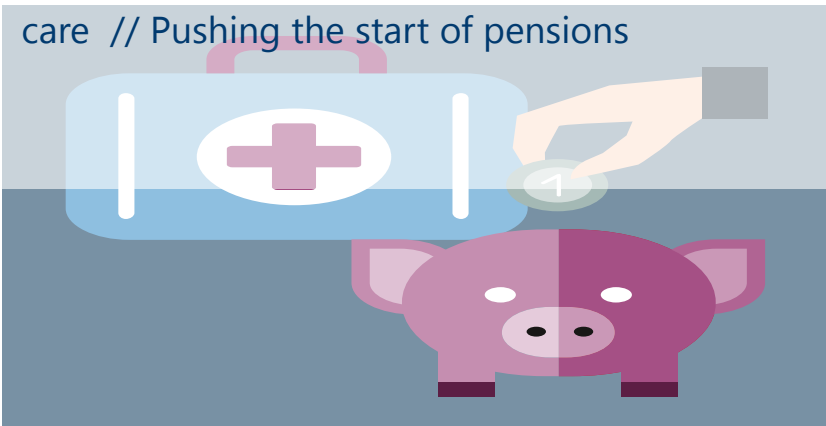
**Healthy workforce:** Companies are calling on Gesundes Kinzigtal to get support for health promotion management and activities around health at the workplace.



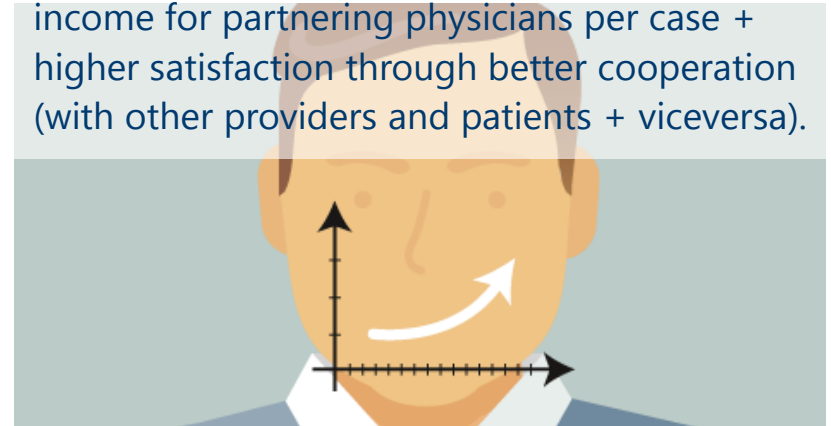
**Community building and securing health care for the region:** Local municipalities are calling on Gesundes Kinzigtal to secure the supply of health care and the staff for physician and nursing practices.



**Reducing costs for municipalities & other social systems:** Reduction in rates of nursing care // Pushing the start of pensions



**Quality of life and professional satisfaction of providers:** 15 % increase in income for partnering physicians per case + higher satisfaction through better cooperation (with other providers and patients + viceversa).



# The biggest challenge: How to finance the start-up?

~ 3-5 million € start-up investment for the first three years is needed per region (infrastructure, local management, technology, care plans, integration architecture)

- ❖ Gesundes Kinzigtal got its start-up financing through a special **investment promotion** within the SHI-system (existed only between 2004 and 2008)
- ❖ Gesundheit für Billstedt-Horn (Hamburg) got its start-up financing through a German **governmental/SHI „innovation fund“** for health care („Innovationsfonds“)



OptiMedis AG is just in negotiations for an investment series A with BonVenture, the oldest Social Impact Bond in Germany (EIF is one of the investors) – this would be the **first „Health Impact Investment“ in Germany**



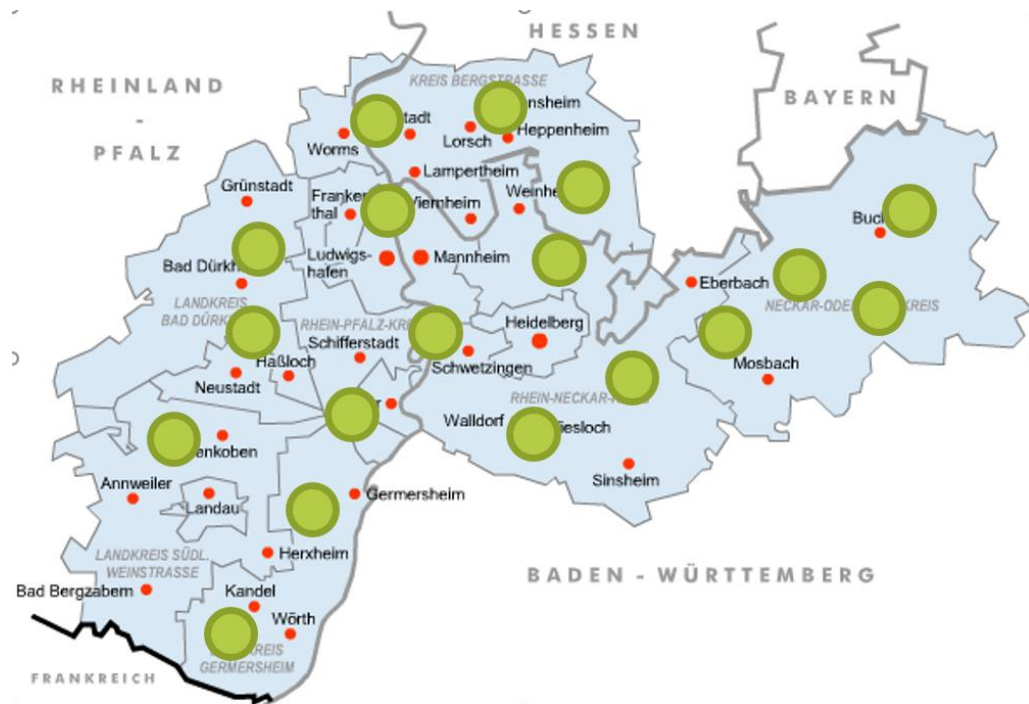
# Case: Metropolitan Region Rhine-Neckar (2.3 million inhabitants) calls for the OptiMedis model to create a „Health Lab 2025“

Striving region connecting three „Bundesländer“

Cooperation with big companies like SAP, Roche, Abbvie and universities (Heidelberg)

100 million € investment needed (being paid back within 8 years)

EIT Health interested to realize a test bed for innovations in healthy ageing, activation of patients and optimization of health care provision



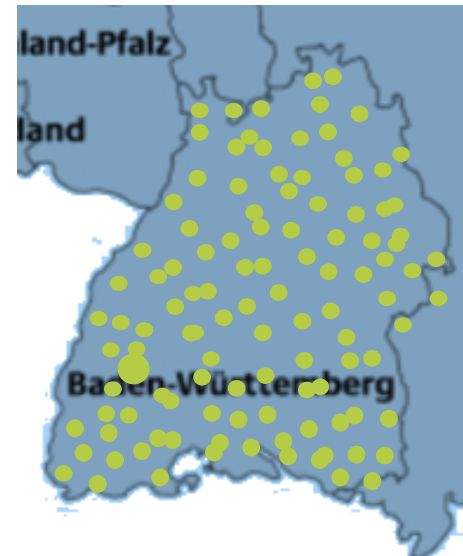
# Value Proposition: 6.36 Billion savings over ten years in health care costs of Baden-Württemberg if 100% of the population would be managed in the OptiMedis Kinzigtal-model

Kinzigtal = 0,047 %  
of insurees of SHIs in GE

Baden-Württemberg: = 13 %  
of insurees of SHIs in GE



Net cost savings for SHIs:  
- 23 Mio. €



Net cost savings for SHIs:  
- 6.36 Billion €

Plus additional benefits for patients, health care professionals, municipalities, local industry & state investment in hospitals



## Investment challenge: Start-up investment - paid back out of the shared savings within 8 years

To realize cost savings of 6,36 Billion € within ten years a start-up-investment is needed to be able to create local ACOs :

- ~ 3-5 million € start-up investment x 100 local ACOs  
=> 500 million €
- These start-up costs may be reduced by 20% through scaling up know-how and realizing synergies
- Being paid back out of the shared savings within 8 years

Social Health Insurance funds in Germany can't invest in such ACO-Start Ups ... is there a case for the European Investment Fonds ... public private partnership ... Health Impact Bonds?

# Let's get in contact

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