

## SPIRA CARE DISCLOSURE

### ASO AND COST-PLUS GROUP CONTRACTS

You have chosen to participate in Blue Cross and Blue Shield of Kansas City's (Blue KC) Spira Care program. There are some special financial features of Spira Care that were disclosed to you before you chose to participate, and which we are reminding you of here.

Introduction. Spira Care provides a financial incentive to participating healthcare providers to use their medical judgment in a fashion that provides cost effective, appropriate medical care. Spira Care healthcare providers may receive additional compensation if they operate in a fashion that shows a beneficial cost impact (as measured by standards described later in this disclosure).

Provider Partners. Initially, Spira Care will operate through an arrangement with third-party healthcare provider organizations (collectively, the "**Provider Partners**"). Members will go the Spira Care clinics to receive care from these Provider Partners through the Spira Care program.

Group's PMPM Payments. Your group will pay a per-member per-month ("**PMPM**") amount for services provided to your members through the Spira Care clinics. This PMPM amount will cover your group's expense for services provided through the Spira Care clinics, except for (a) drugs dispensed at the Spira Care clinics, and (b) any behavioral health services that are beyond what must be provided to members without cost-sharing under the Mental Health Parity and Addiction Equity Act. Your group will be required to pay those drug and behavioral health expenses in the normal way under your contract. They will not be covered by the PMPM amount you pay for services provided through the Spira Care clinics. The PMPM amount for Spira Care will vary by the age and sex of members and may adjust on January 1 of each year, regardless of your group's plan year.

Clinic Operating Loss/Gain. There are two special financial aspects of Spira Care. The first involves what is called a "**Clinic Operating Expenses**" calculation. The actual expenses in operating the Spira Care clinics (the Clinic Operating Expenses) for a year may be more or less than the total of the PMPM payments made to the Provider Partners for the year. Blue KC and/or the Provider Partners will effectively bear any clinic operating losses. Your plan will not be required to pay an additional PMPM amount to make up for any clinic operating expense shortfall. On the other hand, if the Clinic Operating Expenses are less than the Spira Care PMPM amounts paid to the Provider Partners, Blue KC and the Provider Partners will retain and share this clinic operating gain. In that case, your group will have paid a Spira Care PMPM amount, a portion of which will ultimately come to Blue KC and not back to your group.

In determining whether there is an operating loss or gain from the Spira Care clinics, the Clinic Operating Expenses will include not only items like rent, utilities, medical record software, and information technology support, but also the compensation paid to the healthcare professionals associated with the Spira Care clinics for providing care to members who have selected Spira Care. And in determining the income associated with the clinics (for purposes of determining any clinic operating loss or gain), that income will include not only the total of the Spira Care PMPM payments made for the year, but also any amounts paid for drugs dispensed at the clinic.

Sharing of Cost Savings (or Losses). The second special financial feature of Spira Care is that one or more of the Provider Partners will, while making appropriate medical decisions, have a financial incentive to generate savings in the total cost of healthcare provided to members who have selected Spira Care. By total cost of healthcare we mean not just the cost of care provided by the Provider Partner but

the cost of all covered healthcare provided to members in the Spira Care program, including care provided outside the Spira Care clinics.

In determining whether there have been cost savings, Blue KC will establish a benchmark and compare the Spira Care program's total cost of healthcare provided to members against that benchmark.

Savings. The hope is that the Provider Partners will perform well, as measured by the standard above, generating savings from what one might otherwise have projected healthcare costs to be. If so, one or more of the Provider Partners will receive incentive compensation equal to a percentage of the savings for the year in question (as those savings are determined under the calculations above).

To pay for all or part of any incentive compensation earned by the Provider Partners, groups in the Spira Care program in subsequent years may pay a larger PMPM amount for Spira Care, or Blue KC may charge higher administrative fees, or both. If successful, the group will experience the benefits of the Spira Care program in real time by seeing its healthcare costs decrease from what one might otherwise have projected them to be.

Losses. If the Provider Partners are not successful in generating savings, and the total cost of care for the Spira Care members instead shows a "loss" (determined under the calculations noted above), one or more of the Provider Partners will be required to bear a portion of that loss. In that event, one or more of the Provider Partners will make a payment to Blue KC equal to a percentage of the loss for the year. This payment will not be credited directly to your group. That means your group will have paid a Spira Care PMPM amount, as well as other healthcare expenses, a portion of which will ultimately come back to Blue KC and not back to your group.

Savings and Losses Not Based on Your Individual Group's Experience. Cost savings or losses will be determined across all groups that participate in Spira Care, including both self-insured and insured groups. This means savings or losses will not be determined based on your group's particular experience. And if any savings or losses are reflected in future years' PMPM amounts, the effect on your group will depend on the number of members in your group during the later year for which the PMPM is adjusted. Further, any PMPM adjustments for future years (to reflect savings or losses) may be different for insured groups that are not Cost-Plus groups than for ASO and Cost-Plus groups.

Blue KC or Subsidiary. The financial arrangements with the Provider Partners may actually be made between those providers and a subsidiary of Blue KC, rather than with Blue KC directly.

Agreed to and acknowledged:

By:

Name:

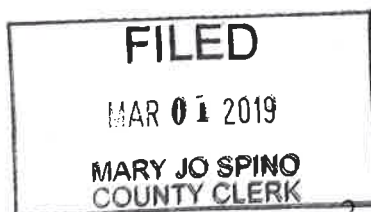
Title:

Date:

*[Signature]*  
*Frank White, Jr.*  
*County Executive*  
*2/28/2019*

APPROVED AS TO FORM

*[Signature]*  
Interim County Counselor



ATTEST:

*[Signature]*  
Clerk of the County Legislature