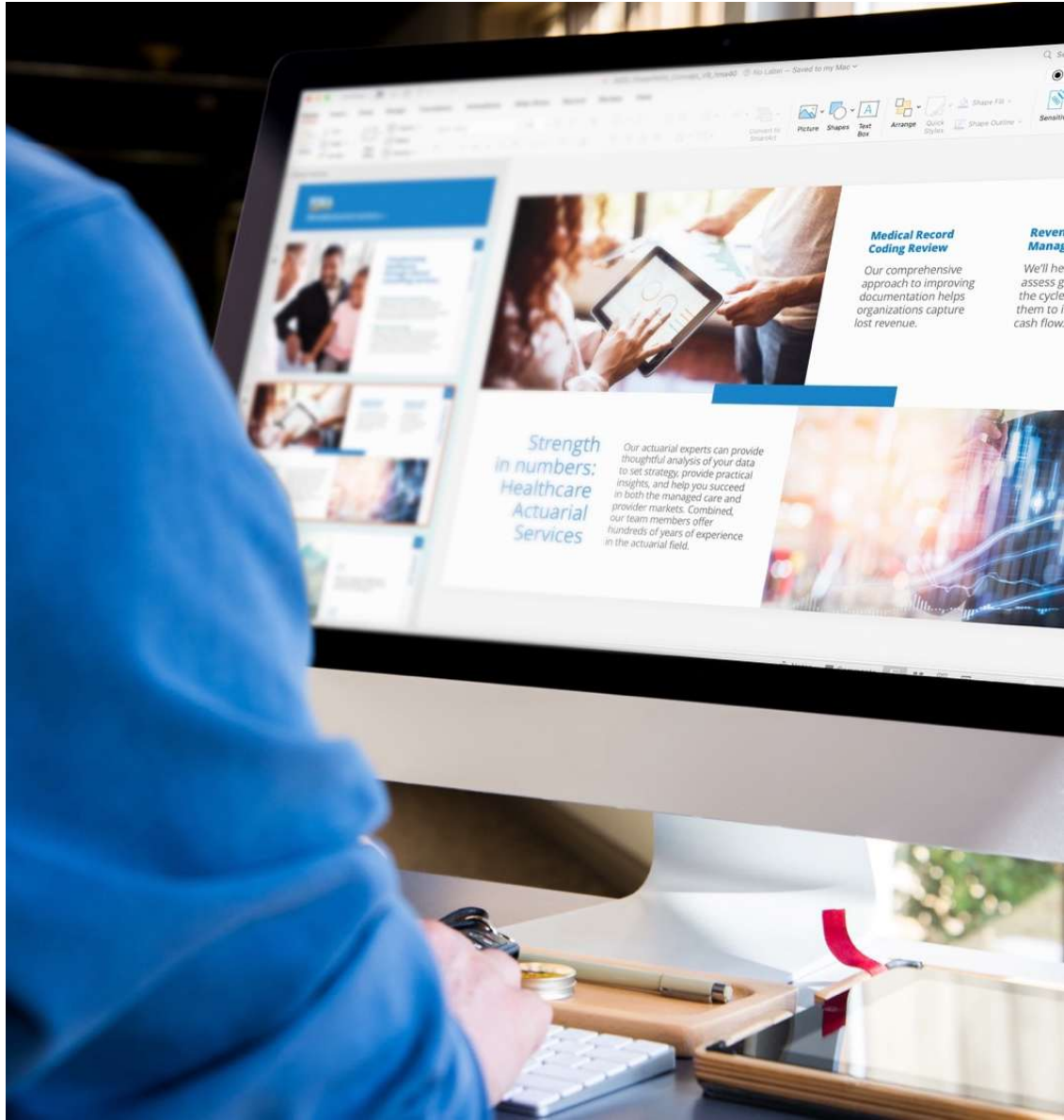




Driving Shared Savings Through Regional Efficiency

Pete Arsenault – Senior Consultant
Megan Chaffey, ASA, MAAA – Associate Actuary
Patrick Burton – SVP, Business Development

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Agenda



- > **Regional Efficiency** – overview of MSSP benchmark math and why regional efficiency is important
- > **Network Optimization**– what ACO's can do to manage complex networks
- > **Lightbeam Partnership** – ACO optimization tools backed by Wakely's predictive insights
- > **Case Studies** – examples of network optimization success from Wakely clients

MSSP Benchmarking: Regional Efficiency

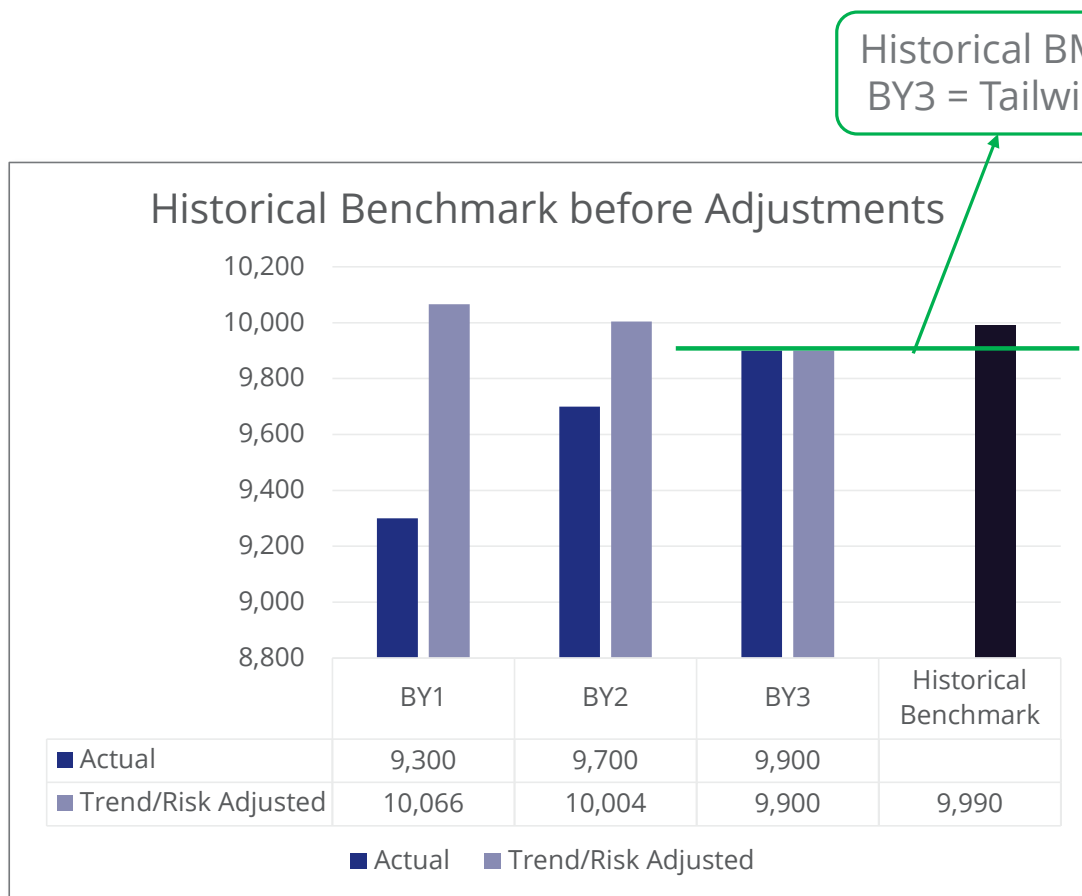


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Historical Benchmark Development

Part 1 – historical experience

- BY1 and BY2 are trended and risk adjusted to BY3 levels
- Three years are blended
- Gap between BY3 and Historical benchmark represents headwind or tailwind



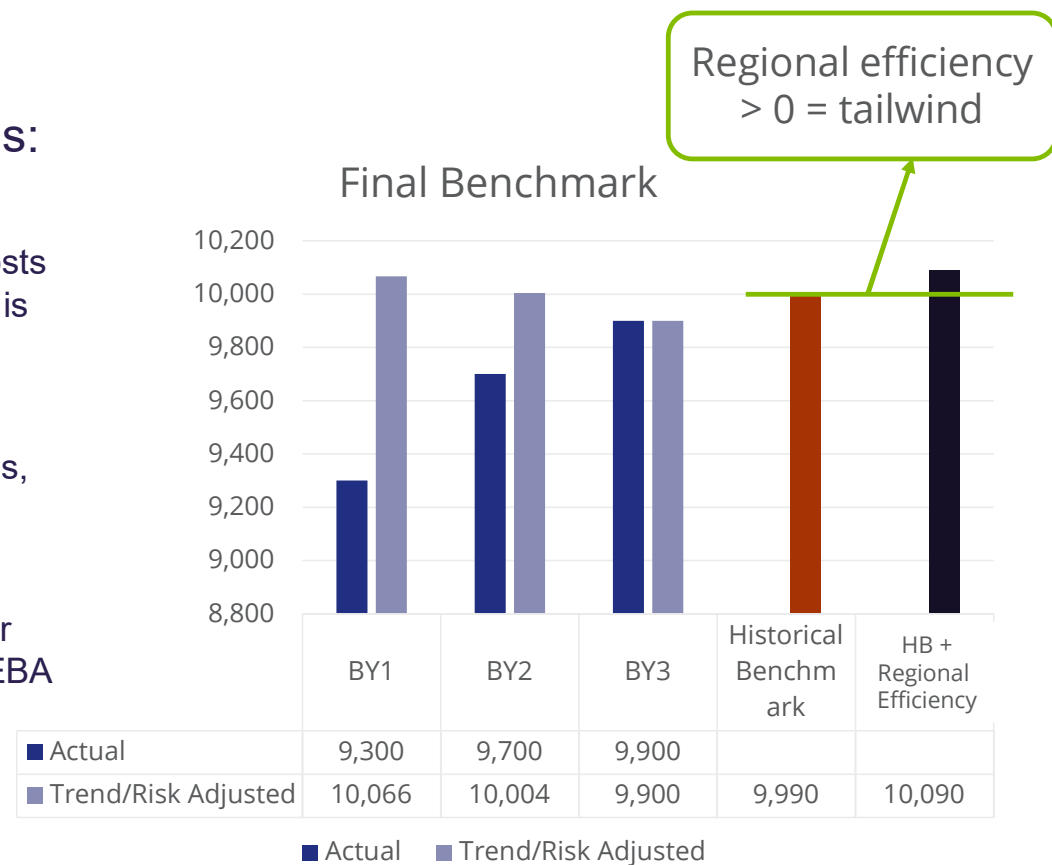
Historical Benchmark Development

Part 2 – benchmark bonus

ACO gets GREATER of these 3 calculations:

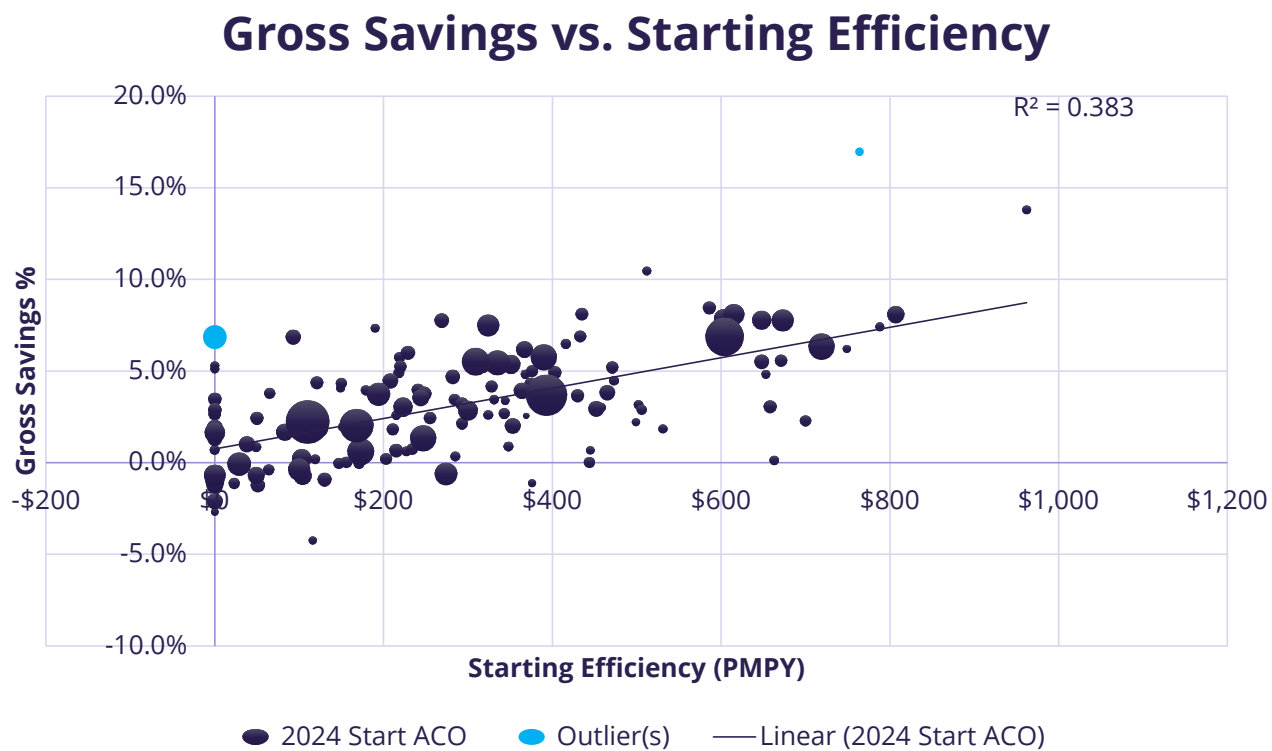
- Regional Efficiency
 - On a risk adjusted basis, if the ACO has lower costs than region, between 35%-50% of that efficiency is shared back to ACO
- Prior Savings
 - If the ACO had savings in prior agreement periods, 50% is shared back with ACO
- Health Equity Benchmark Adjustment (HEBA)
 - If >15% of population is dual eligible or eligible for part D low-income subsidy, ACO is eligible for HEBA (new for agreement periods starting in 2025+)

In this example, the ACO starts the plan year with a 1.9% tailwind. 0.9% from BY3 vs historical BM + 1.0% from Regional efficiency
 1- \$9,900 / \$10,090 = 1.9%



MSSP Starting Efficiency - 2024

Correlation between starting efficiency and gross savings



- Own MSSP?
- Participating in an MSSP?

BY3 to Performance Year Adjustments

How do we go from historical benchmark to performance year benchmark?

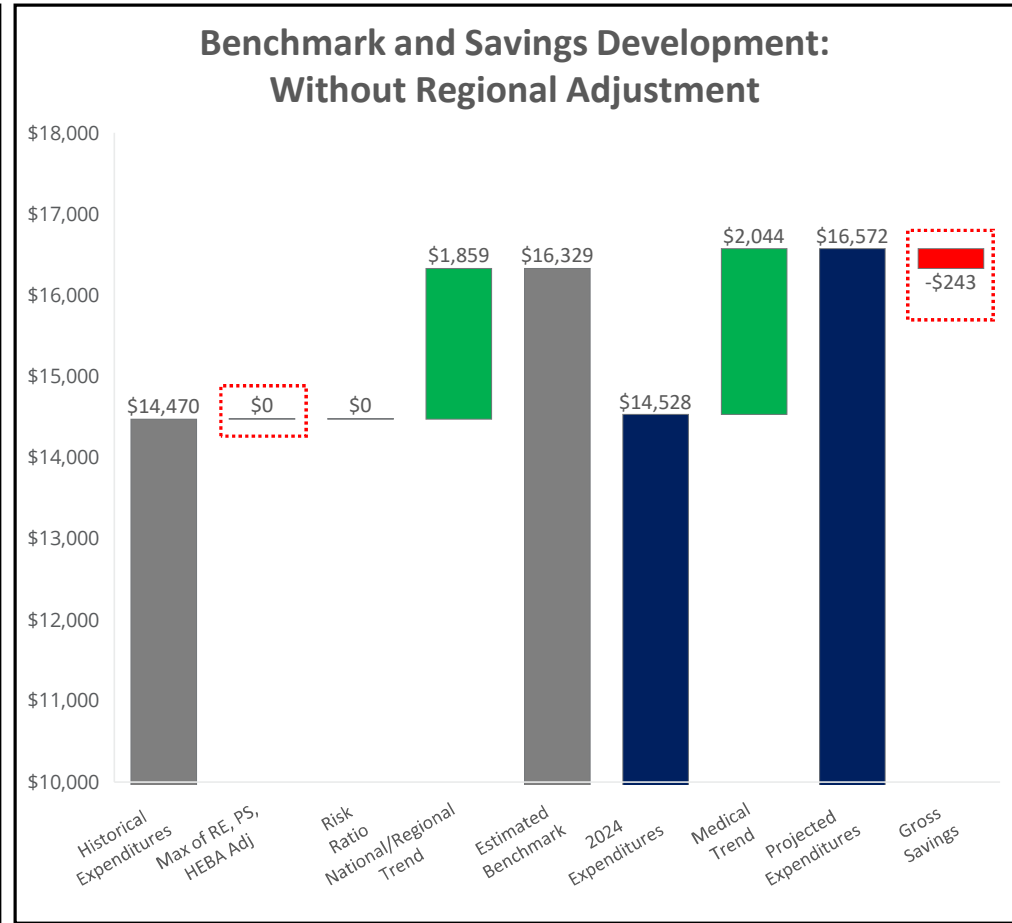
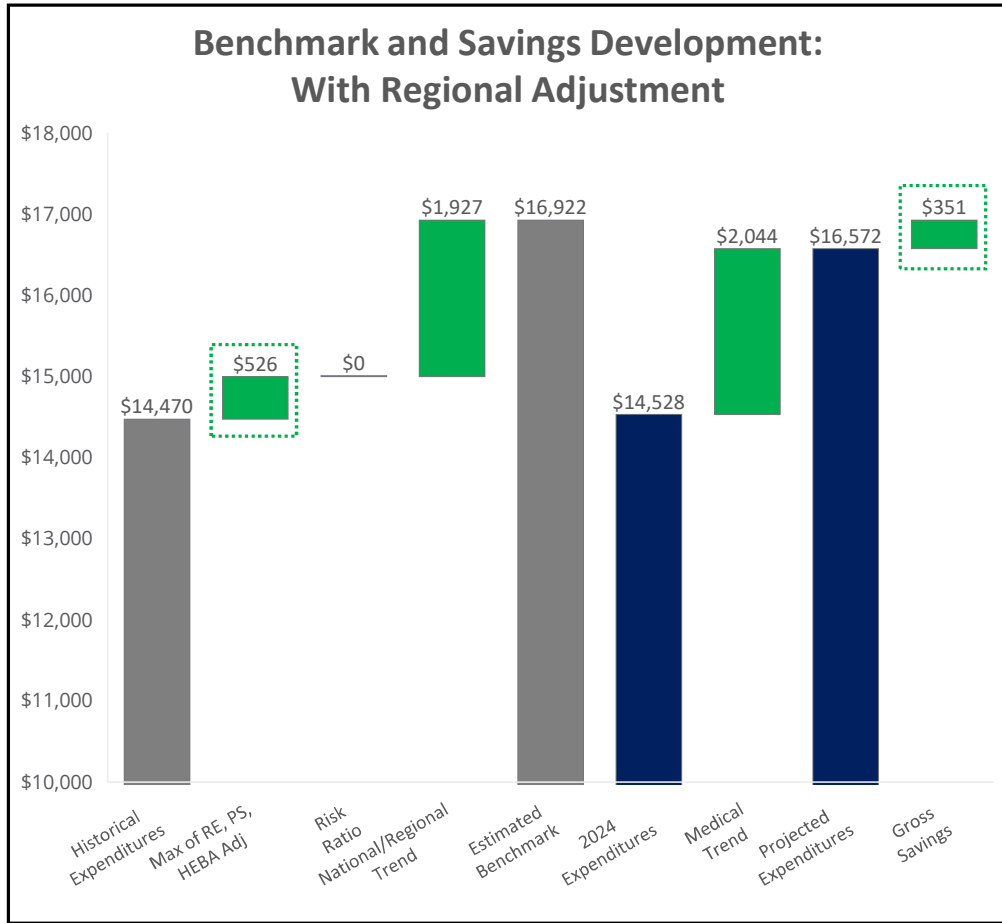
■ Adjustments

- Regional trend
 - Regional blend is developed based on the inverse ratio of ACO members vs. total members in the county
- National trend
 - Blend % = 1 – region %
- ACPT (agreement periods starting on or after 2024)
 - Fixed trend based on USPCCC set at beginning of agreement period
- ACO Risk ratio
 - Historical risk score change from BY3 to current PY

	AP<2024	AP>=2024
National Trend	1.090	1.090
Regional Trend	1.070	1.070
Region Blend %	80%	80%
National / Region Blend	1.074	1.074
ACPT	N/A	1.049
ACPT Blend %	0%	33%
National / Region Blend %	100%	67%
ACPT / National / Regional Blend	1.074	1.066
Risk Ratio	1.010	1.010
Final Trend	1.085	1.076

Gross Savings Waterfall

Regional adjustment driving savings for this ACO



Network Optimization



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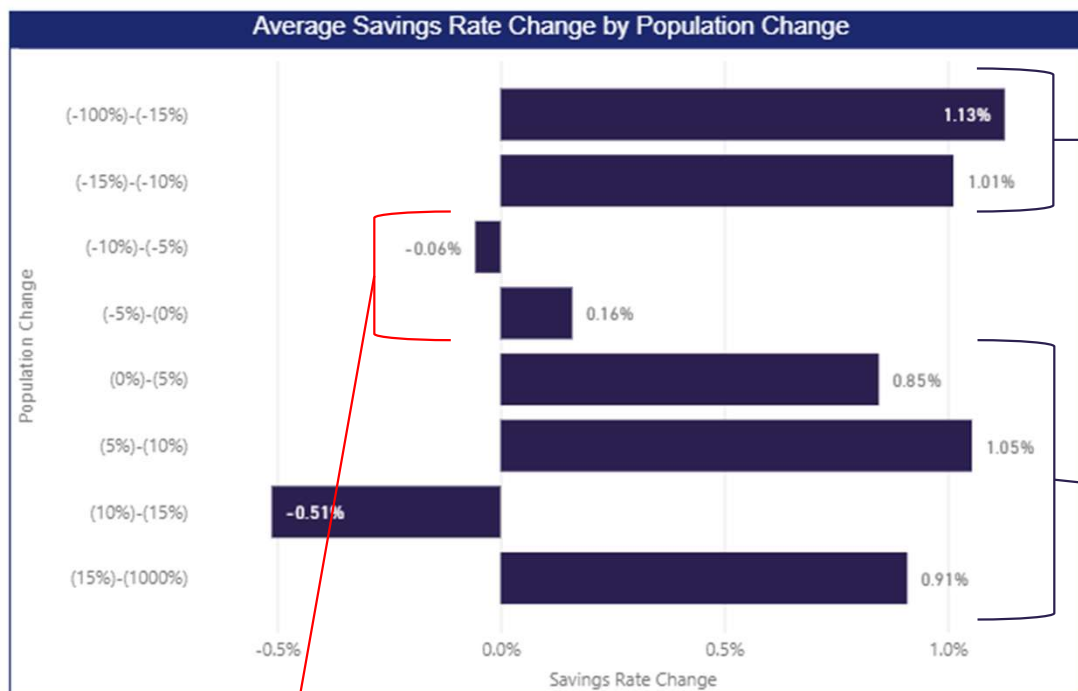
Poll Question #1



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Importance of Underwriting

ACOs that had large network changes saw increased savings



Removing participating providers increased savings rates

Adding participating providers increased savings rates

No change to participating providers decreased savings rates

Importance of Underwriting

TIN level performance methodology can impact network decisions. Evaluate TINs true contribution to ACO

Scaled ACO Benchmark Approach: Scaling ACO benchmark to the TIN's relative risk

	Benchmarking										Projected Expenditures			Shared Savings Reconciliation			
	PY Person Years	Average Historical Expenditures	Normalized Risk Score - BY3	Risk-Adjusted Regional Expenditures	Regional Efficiency %	Final Regional Adjustment	Final Historical Benchmark	"Benchmark Tailwind"	Risk Ratio	Blended Update Factor	Final Updated PY Benchmark	Base Expenditures	Assumed Trend	Projected Expenditures PY	Gross Savings / Loss	Gross Savings / Loss Rate	Total Gross Savings / Loss
ACO Total	19,290	\$14,524	1.02	\$15,024	96.7%	\$250	\$14,774	\$225	1.000	1.117	\$16,500	\$14,550	1.118	\$16,265	\$236	1.4%	\$4,546,234
Practice #1	121	-	1.13	-	-	-	-	-	1.000	-	\$18,329	-	-	\$15,550	\$2,779	15.2%	\$337,155
Practice #2	613	-	1.02	-	-	-	-	-	1.000	-	\$16,625	-	-	\$20,156	(\$3,530)	(21.2%)	(\$2,162,647)
Practice #3	2,228	-	1.00	-	-	-	-	-	1.000	-	\$16,172	-	-	\$16,176	(\$4)	(0.0%)	(\$9,707)
Practice #4	100	-	1.08	-	-	-	-	-	1.000	-	\$17,510	-	-	\$14,119	\$3,391	19.4%	\$338,250
Practice #5	105	-	1.23	-	-	-	-	-	1.000	-	\$19,911	-	-	\$31,035	(\$11,124)	(55.9%)	(\$1,163,352)
Practice #6	11,334	-	1.05	-	-	-	-	-	1.000	-	\$17,041	-	-	\$17,339	(\$299)	(1.8%)	(\$3,383,273)
Practice #7	136	-	0.83	-	-	-	-	-	1.000	-	\$13,457	-	-	\$13,951	(\$494)	(3.7%)	(\$67,305)
Practice #8	1,330	-	1.02	-	-	-	-	-	1.000	-	\$16,511	-	-	\$13,950	\$2,561	15.5%	\$3,406,872
Practice #9	3,070	-	0.89	-	-	-	-	-	1.000	-	\$14,437	-	-	\$12,328	\$2,109	14.6%	\$6,473,768
Practice #10	254	-	1.16	-	-	-	-	-	1.000	-	\$18,812	-	-	\$15,752	\$3,060	16.3%	\$776,472

ACO Contribution Approach: Building each TIN's benchmark bottom's up to understand true ACO contribution

	Benchmarking										Projected Expenditures			Shared Savings Reconciliation			
	PY Person Years	Average Historical Expenditures	Normalized Risk Score - BY3	Risk-Adjusted Regional Expenditures	Regional Efficiency %	Final Regional Adjustment	Final Historical Benchmark	"Benchmark Tailwind"	Risk Ratio	Blended Update Factor	Final Updated PY Benchmark	Base Expenditures	Assumed Trend	Projected Expenditures PY	Gross Savings / Loss	Gross Savings / Loss Rate	Total Gross Savings / Loss
ACO Total	19,290	\$14,524	1.02	\$15,024	96.7%	\$250	\$14,774	\$225	1.000	1.117	\$16,500	\$14,550	1.118	\$16,265	\$236	1.4%	\$4,546,234
Practice #1	121	\$16,701	1.13	\$17,444	95.7%	\$371	\$17,073	\$3,162	1.000	1.105	\$18,866	\$13,910	1.118	\$15,550	\$3,315	17.6%	\$402,272
Practice #2	613	\$17,347	1.02	\$16,713	103.8%	(\$317)	\$17,030	(\$1,000)	1.000	1.137	\$19,359	\$18,030	1.118	\$20,156	(\$796)	(4.1%)	(\$487,868)
Practice #3	2,228	\$14,395	1.00	\$14,751	97.6%	\$178	\$14,573	\$103	1.000	1.112	\$16,210	\$14,470	1.118	\$16,176	\$34	0.2%	\$75,059
Practice #4	100	\$13,449	1.08	\$15,656	85.9%	\$1,103	\$14,552	\$1,922	1.000	1.093	\$15,902	\$12,630	1.118	\$14,119	\$1,783	11.2%	\$177,852
Practice #5	105	\$24,143	1.23	\$23,734	101.7%	(\$205)	\$23,938	(\$3,823)	1.000	1.148	\$27,493	\$27,761	1.118	\$31,035	(\$3,542)	(12.9%)	(\$370,417)
Practice #6	11,334	\$15,560	1.05	\$15,766	98.7%	\$103	\$15,663	\$152	1.000	1.119	\$17,534	\$15,511	1.118	\$17,339	\$194	1.1%	\$2,202,876
Practice #7	136	\$12,913	0.83	\$12,546	102.9%	(\$183)	\$12,729	\$250	1.000	1.109	\$14,113	\$12,480	1.118	\$13,951	\$162	1.1%	\$22,052
Practice #8	1,330	\$12,729	1.02	\$14,263	89.2%	\$767	\$13,496	\$1,016	1.000	1.100	\$14,841	\$12,479	1.118	\$13,950	\$890	6.0%	\$1,184,189
Practice #9	3,070	\$10,727	0.89	\$12,060	89.0%	\$666	\$11,393	\$365	1.000	1.113	\$12,684	\$11,028	1.118	\$12,328	\$356	2.8%	\$1,092,824
Practice #10	254	\$14,254	1.16	\$16,401	86.9%	\$1,074	\$15,327	\$1,236	1.000	1.092	\$16,730	\$14,091	1.118	\$15,752	\$978	5.8%	\$248,147

Importance of Underwriting

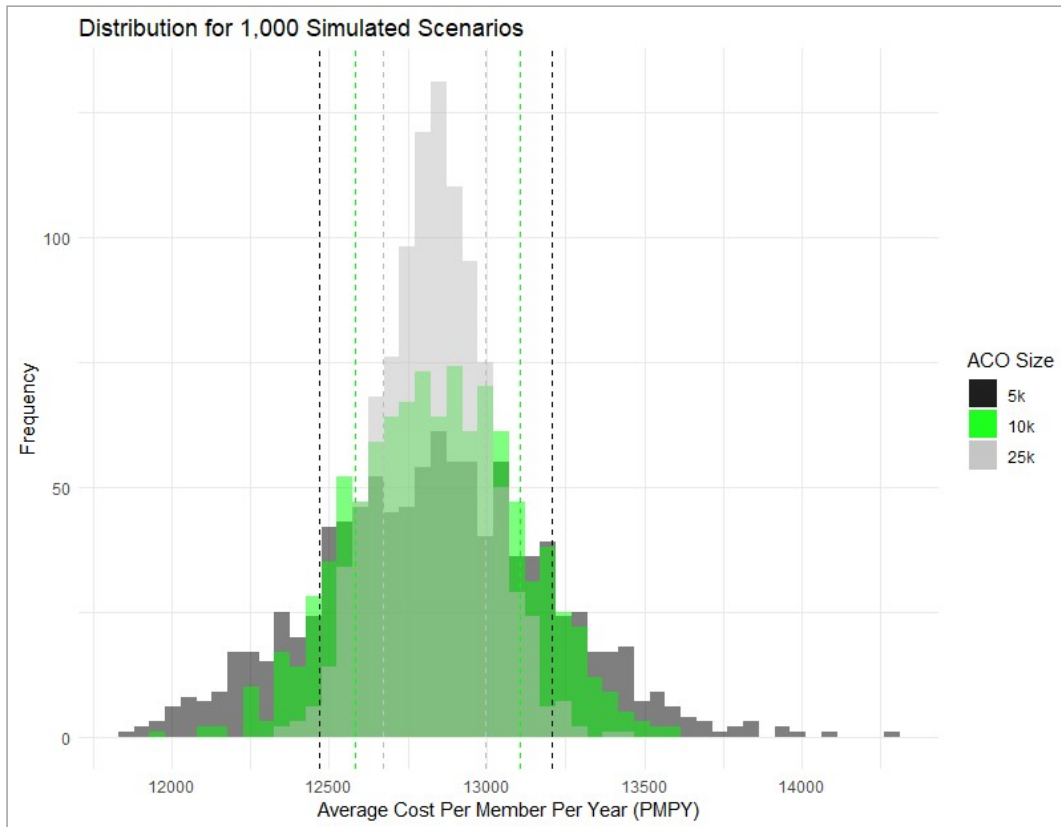
Evaluate historical trends to separate one-time anomalies from sustained patterns

	Person Years						Normalized Risk Score						Historical Expenditures PMPY						Regional Efficiency (100% = Same as Region)					
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
ACO	18,511	19,739	19,940	19,998	20,077	19,290	1.059	1.068	1.058	1.055	1.028	1.015	\$12,623	\$10,809	\$11,741	\$12,516	\$13,279	\$14,550	99.9%	99.5%	98.4%	98.8%	96.6%	95.1%
<i>Practice #1</i>	116	127	129	125	130	121	1.126	1.071	1.041	1.071	1.142	1.128	\$11,632	\$10,845	\$14,185	\$13,460	\$16,577	\$13,910	88.0%	94.9%	116.6%	108.5%	117.4%	86.5%
<i>Practice #2</i>	457	443	450	476	486	613	1.036	1.030	1.096	1.147	1.075	1.023	\$15,218	\$13,429	\$15,847	\$17,394	\$15,691	\$18,030	105.7%	111.5%	111.0%	118.3%	96.1%	103.9%
<i>Practice #3</i>	1,934	2,032	2,058	2,301	2,197	2,228	1.102	1.067	0.989	1.008	1.015	0.995	\$11,993	\$10,031	\$11,179	\$12,137	\$13,389	\$14,470	98.6%	91.7%	90.3%	95.0%	94.7%	94.1%
<i>Practice #4</i>	112	112	157	161	146	100	1.385	1.361	1.094	1.012	1.015	1.077	\$12,388	\$14,993	\$13,756	\$11,308	\$11,628	\$12,630	97.7%	136.5%	113.6%	92.3%	83.7%	82.9%
<i>Practice #5</i>	170	136	105	118	107	105	1.260	1.144	1.088	1.228	1.323	1.225	\$13,666	\$14,539	\$20,213	\$18,265	\$21,671	\$27,761	84.0%	96.7%	116.7%	105.5%	112.3%	129.4%
<i>Practice #6</i>	10,682	11,800	12,002	11,681	11,884	11,334	1.086	1.101	1.097	1.098	1.061	1.049	\$13,701	\$11,712	\$12,384	\$13,617	\$14,204	\$15,511	104.3%	104.1%	103.2%	104.8%	101.8%	99.6%
<i>Practice #7</i>	188	174	161	143	139	136	0.977	1.063	1.017	0.934	0.899	0.828	\$10,650	\$9,418	\$11,503	\$11,992	\$9,267	\$12,480	88.2%	90.1%	93.7%	96.1%	63.1%	81.0%
<i>Practice #8</i>	1,192	1,163	1,171	1,232	1,453	1,330	1.033	1.007	1.012	0.983	1.019	1.016	\$11,187	\$10,265	\$10,550	\$10,242	\$11,619	\$12,479	95.4%	100.5%	88.2%	84.8%	91.1%	86.5%
<i>Practice #9</i>	3,448	3,466	3,443	3,439	3,265	3,070	0.942	0.966	0.975	0.953	0.897	0.888	\$9,950	\$7,783	\$9,306	\$9,163	\$10,061	\$11,028	88.6%	83.1%	85.2%	80.7%	80.0%	78.8%
<i>Practice #10</i>	212	287	266	323	272	254	1.094	1.116	1.054	1.079	1.164	1.158	\$11,550	\$11,315	\$11,311	\$10,961	\$13,262	\$14,091	89.9%	99.6%	93.6%	91.9%	96.7%	95.1%

- **Practice #1:** good spend year or anomaly?
 - Provider mix change? Operational improvement?
- **Practice #5:** pattern of underperformance
- **Practice #4 and 6:** steadily improving performance

Importance of Underwriting

Understand normal variance given size of ACO, or practice



- 5,000 - 68% confidence interval = +/- 2.9%
- 10,000 - 68% confidence interval = +/- 2.0%
- 25,000 - 68% confidence interval = +/- 1.2%

ACO Scenario Testing

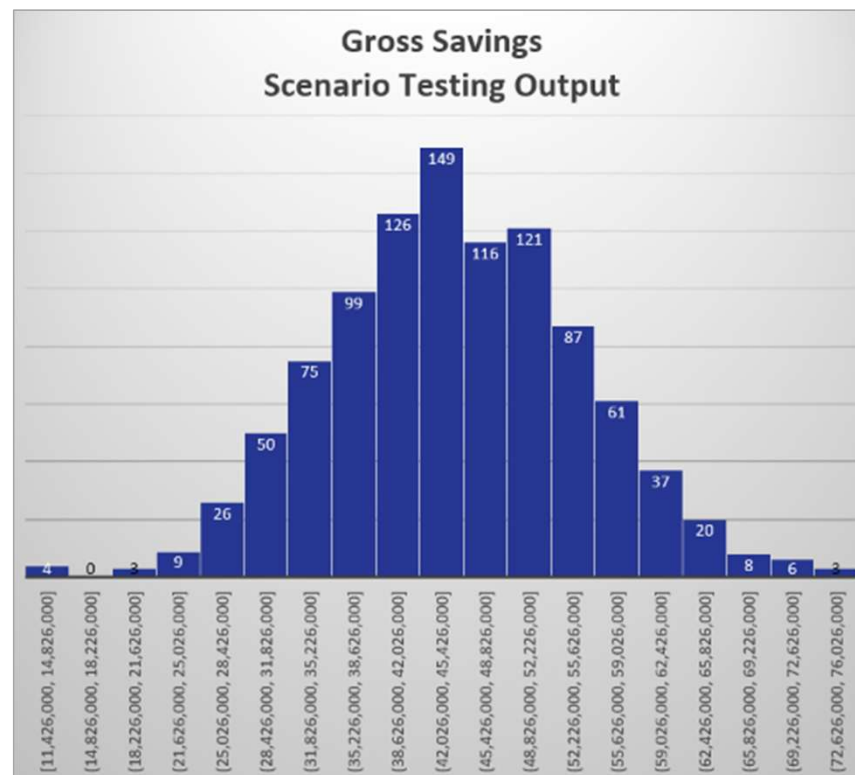
Optimizing ACO under various scenarios increases chances of sustained financial performance

■ ACO Attributes

- ACO Tracks
- MSR/MLRs
- Agreement Starts
- Assignment Methodology
- TIN Lists

■ Projected Trends

- ACO Risk
- Regional Risk
- ACO Trend
- Regional Trend
- National Trend
- Claims Seasonality



Lightbeam Partnership



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Poll Question #2



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Partnership Highlights

Complimentary capabilities for a complete solution offering

- Lightbeam has been a leader in the population health management space for over 12 years
- Tremendous opportunity to combine actuarial expertise with operational and enablement solutions
- Partnership goals:
 - Offer Lightbeam clients a unified experience between actuarial and PHM capabilities
 - Support clients with a combination of technology, enablement solutions, and expert services
 - Deliver “1+1=3” capabilities without breaking the bank

End-to-End Process

Supporting ACOs, from forecasting through earned savings

Growth:

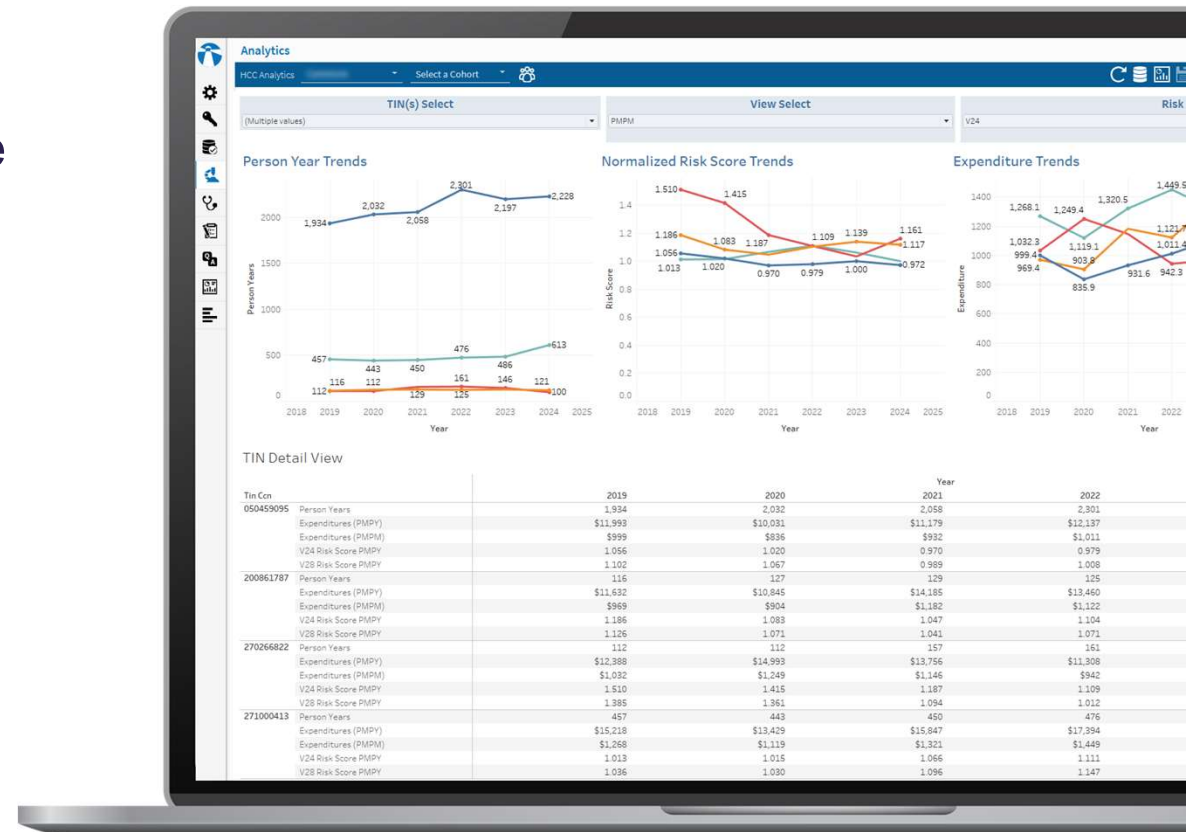
- Benchmark historical performance
- Configure network scenarios

Financial:

- Forecast performance
- Actuarial Reports & Certifications

Operations:

- Manage ACO through current PY



Lightbeam Overview

How does Lightbeam enable ACOs for success?

Lightbeam transforms disparate claims, clinical, and SDOH data into actionable information, delivering insights to clinical, operational, and patient stakeholders to support:

- Attribution Management
- Benchmark Optimization
- Quality Improvement
- Risk Adjustment Accuracy
- Cost/Utilization Avoidance
- Referral Optimization



\$16.4M

Average savings per Lightbeam MSSP client (PY2024)

\$4.3B

Total MSSP savings by Lightbeam client partners

Identifying Cost/Utilization Opportunities

Partnering with our clients to guide activities that drive success

Lightbeam Advisors work with client stakeholders to identify opportunities and recommend best practices to improve outcomes

Care management workflows are configured and automated, and programs are monitored to track progress toward targeted outcomes



Next Generation Risk Stratification

Delivering the most impactable, engageable patients for proactive intervention

Lightbeam AI predicts modifiable risk, surfaces patient-level risk factors, and recommends evidence-based “next best actions,” increasing shared savings while saving valuable time

Available Models:

- Avoidable Admissions
- Avoidable ED Visits
- Avoidable All-Cause Readmissions
- End-of-Life (Palliative, Hospice)
- Oncology
- Maternity
- Community & Individual SDOH
- ESRD & Dual-Eligibility Reclassification

39%

Relative Reduction – Admissions

22%

Relative Reduction – ED Visits

21%

Relative Reduction – All-Cause Readmits

15 min.

Average Time Savings Per Patient

Sample AI Output

Risk Factors

Clinical

- Type 2 diabetes mellitus with foot ulcer
- Essential primary hypertension
- Furosemide, loop diuretic, oral
- Shortness of breath
- Inhalation treatment for acute airway obstruction

Socioeconomic

- Very rural area
- Low household income
- Low transportation availability
- Education likely limited to high school
- Lack of other adults in household

Recommendations

Interventions

- Focus on medication compliance and access
- Activity of daily living review
- Optimize glucose control
- Explore barriers to care
- Review of symptoms: dizziness / fainting on standing

Digital-First Care Management

Scaling care management to monitor Rising Risk patients without additional labor



Transforming manual outbound outreach to automated inbound alerts with Deviceless RPM

- No new devices required (No apps, downloads, passwords)
- Accessible for all patients (Promote and elevate health equity)
- Clinically-Validated (13 Peer Reviewed Publications)
- AI-Powered Engagement (Predict and prevent patient disengagement)

\$155/PMPM
Cost Reduction – CHF Program

\$146/PMPM
Cost Reduction – COPD

\$52/PMPM
Cost Reduction – Asthma

>800:1
Average Panel Size Per FTE



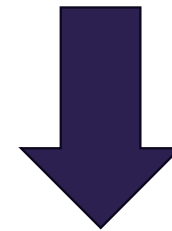
Case Studies



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Strategic Removals to Drive Surplus

- Identified two underperforming health systems that would have produced aggregate losses
- Removing them avoided a loss and created a multi-million-dollar surplus



Net impact: **Tens of millions in incremental value to the ACO**

National ACO
Convener

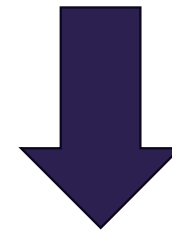
Multi Specialty
ACO

Convener Led
ACO

PCP Led
Organization

Targeted TIN Optimization

- ACO with hospital partners and multiple specialty TINs analyzed performance contribution by TIN
- Removed five underperforming TINs, improving overall ACO efficiency



Net impact: **\$5M in incremental savings added to ACO performance**

National ACO
Convener

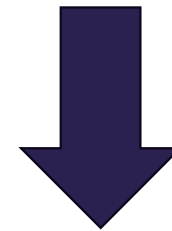
Multi Specialty
ACO

Convener Led
ACO

PCP Led
Organization

Recruiting Intelligently

- Flag providers likely to generate positive savings and avoid pulling the ACO down in aggregate
- Developed an evidence-backed story to approach the market and recruit with confidence



Net impact: **Created a strong, sustainable ACO positioned for long-term savings**

National ACO
Convener

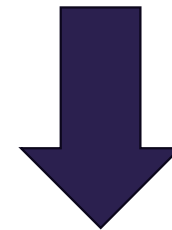
Multi Specialty
ACO

Convener Led
ACO

PCP Led
Organization

Selecting the Right Model

- PCP-led group evaluating multiple convener opportunities
- Conducted comparative MSSP model review to identify most advantageous structure



Net impact: **\$3M in incremental savings versus a stand-alone model**

National ACO
Convener

Multi Specialty
ACO

Convener Led
ACO

PCP Led
Organization

Key Takeaways

IMPORTANCE OF NETWORK OPTIMIZATION



Strategic participation decisions—who's in and who's out—can materially shift ACO performance



Data-driven network management consistently produces solid performance for a diverse group of clients



Curation, optimization, and model alignment are central to MSSP success

Q&A



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Stop by our VBCExhibitHall.com Virtual Booth



[Visit the Lightbeam exhibit booth](#)



Thank You!

For More Information Scan the QR
Code or visit [Lightbeamhealth.com](https://lightbeamhealth.com)

Or reach out directly at:
Info@lightbeamhealth.com



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