Overall, we are under-budget and on-time for achieving all but the following milestones for the year:

1. **Affirmant-Health Plan Collaboration**—Negotiations continue with prospective health plan partners based upon the Board-approved “Runway to Value,” with our focus on 2017 support for Affirmant’s Clinical Transformation System and rewards for improved performance on our clinical priorities for current products in 2018. We are negotiating proposed Letters of Understanding (LOU) with each plan and in some cases have begun exchanging draft contract language. Currently, negotiations with the engagement of our Contracting Committee Negotiating Team are proceeding apace with BCBSM and Humana for their Medicare Advantage products. We continue to target an effective date of Q1 2018 for these plan contracts. Additional negotiating sessions have taken place with PHP, HAP, United and Aetna. HAP has requested draft contract language, which we will be sharing by the end of the month. Despite multiple requests, we have not received a promised revised proposal from Priority Health.

I am pleased to provide the update below on key Affirmant initiatives and developments:

2. **Information Technology/Business Intelligence (IT/BI) Committee** - In late August, we signed our contract for Epic Constellation licensing and hosting. Constellation leverages the common platform we already have in place (Epic and Epic Care Link) to provide us with dramatically improved population health and physician decision support capabilities. It also realizes the value proposition behind our collaboration—sharing in the cost of population health management—by giving each of our Members and Chapters access to these capabilities at a fraction of the cost of licensing, implementation, maintenance and hosting—e.g., per Member implementation costs of $214,000 vs. over $1.2 million, and per member annual fixed costs of $154,000 vs. over $900,000. Epic Constellation will be transformational for Affirmant and our stakeholders, most importantly by providing physicians with actionable data at the point of care to drive more cost-effective clinical decisions. Preparations are underway for implementation and recommendations for this process will be brought for review and approval at the IT/BI Committee meeting later this month.

Henry Ford Health System has advanced our data analytics based upon Federation ACO and Henry Ford ACO claims data. Copies of the updated ACO Executive and Post-Acute Care Dashboards are included in the Board packet for your information, will be shared with all Affirmant Committees as part of their consent agendas, and will be disseminated more broadly to all Federation ACO participating physicians. We continue to work toward integrating claims data from MidMichigan patients in the POM ACO, and are working through their concerns regarding a data use agreement. All Chapter-affiliated Organized Systems of Care, with the exception of Bronson, have signed data-sharing agreements to enable Affirmant to analyze BCBSM claims data. All Affirmant Chapters have submitted quarterly Phase 1 data with the exception of Henry Ford Health System. These data are being aggregated and validated for inclusion in an Affirmant-wide performance dashboard.

3. **Clinical Transformation Committee (CTC)**—Efforts to advance the development of Affirmant’s **Clinical Transformation System** continue to progress. The Clinical Transformation Committee (CTC) has approved recommendations from our Post-Acute Care
Workgroup for a standardized, evidence-based best practice program to improve the cost-effectiveness of our post-acute care. The program will focus on improving appropriateness of patient discharge setting, increasing utilization of preferred post-acute network providers, improving performance of post-acute network providers, and decreasing readmissions. A summary of the PAC Workgroup program and recommendations have been included in the meeting packet for action at the September 21, 2017 meeting of the Board of Managers. Detailed work plans and supports continue to be developed and will be disseminated in the weeks to come. CTC recommendations for an Affirmant Performance Assurance Policy are included in the Board packet for action at our meeting on September 21, 2017. Affirmant and Lakeland have reached agreement on licensing and support for COMET (Continuous On-line Medical Education and Training). Product roll out will begin over the next few weeks once we have a reliable and valid provider directory in place (see below). Local Chapter implementation of AIMS now includes both Lakeland and Henry Ford Allegiance Health with very positive feedback on its value for Chapter CIN management. Roll-out to other Chapters will follow over the next few months.

4. Accountable Care Organization/Medicare Shared Savings Program (ACO/MSSP) — Affirmant continues to meet monthly with our CMS ACO Coordinator and we will be sending our Director of Clinical Integration and Director of Payer Strategy to the Fall Regional ACO Conference sponsored by CMS in Chicago. In August, with the help of Navigant, we successfully added 19 new Tax Identification Numbers (TINs) to our roster of MSSP participating physicians. We are in the process of identifying and contracting with a CMS-certified vendor to conduct a CAHPS survey of our MSSP beneficiaries to meet ACO provider reporting requirements under MIPS. Our collaboration continues with Henry Ford Health System Data Analytics to (a) enhance the MSSP claims data dashboard, (b) enable MSSP quality reporting for MIPS, and (c) achieve potential MSSP shared savings resulting from Affirmant’s Post-Acute Care initiatives.

5. Communications and Education – With the support and guidance from the Communications and Education Committee (CEC), we have launched Affirmant.com. This site will be a landing page that highlights our value proposition, our geographic footprint, links to our participating physician listings, Member systems and news. Next month, the CEC will also be reviewing the Communications and Education Strategy that will feed into the Communication Plan for 2018.

The COMET implementation team has been working to finalize details of the contract and phased launch targeted to start once we have an established provider directory. We see four distinct advantages to utilizing COMET:

1. COMET can be a tool to helping us implement the Clinical Transformation System (CTS) and the delivery system that brings the five elements of the CTS (Guidelines, Engagement, Care Coordination, Support and Accountability & Rewards) to life.
2. COMET is available on any browser and can be accessed anywhere with internet connection.
3. COMET has the capability to push out educational materials and information to physicians and administrative staff about our organization to keep us FTC (Federal Trade Commission) compliant.
4. An additional bonus feature is the access to the CME library and opportunities for clinicians to earn CME credits.

This month the chair of the Post-Acute Care work group will present to the Board of Managers
the impact strategies and recommendations the work group developed over the last four months. This is a milestone in the communication strategy as we will now begin to communicate the specifics of the plan and how we are making meaningful change in our network. The PAC best practice roll-out will be the template for all future initiatives.

6. **Contracting Committee**—In addition to the health plan contracting efforts described above, the Contracting Committee is continuing its work developing a recommended incentive distribution model for Affirmant. The Committee has reached conceptual agreement on the model and it is anticipated that recommendations will be brought to the Board for consideration at its November meeting.

7. **Employee Health Plans**—Bronson, Covenant, Lakeland and MidMichigan continue to work with Mercer on a collaborative bid process for third party administration (TPA) of employee medical and pharmacy benefit plans. Historical data is being gathered from incumbent TPAs and health system representatives will be reconvening later this month to review the information and refine a draft RFP. The target go-live date for a single TPA and pharmacy benefit management firm is January 1, 2019.

8. **Recruitment**—We have completed interviews for the role of Director of IT/BI and are in the process of discussing an offer with a highly qualified candidate. We have also posted the position of Director of Pharmacy and Safety to lead our pharmacy initiatives, the Pharmacy Benefit Management vendor relationship for our Employee Health Plan collaboration, and explore opportunities for practice transformation focusing on medication safety. Several highly qualified candidates have applied and are in the interviewing process. Angela Johnson, senior at Western Michigan University, started as our Communications Intern on September 5.