

What's Your Moonshine? Podcast Series

Care Reimagined: Altais Aligns Innovation with Outcomes

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They will never have the infrastructure to be able to have care managers and stuff. And so you have to recognize that and build around them.

[00:00:18] Nishant Anand, M.D.: Others are groups of 50 to 100 physicians and they want to take risk. And so we have financial models where. We could support them and we can give them the reporting that they need and give them a little bit of support.

[00:00:33] Narrator: Welcome to A&M Healthcare Industry Group's What's Your Moonshot podcast series where leaders seek to solve big problems and transform healthcare. Join us for conversations to hear how their vision and bold moonshots are becoming reality.

[00:00:50] Ken Barrette: Welcome Dr. Nishant, how are you?

Joined today with AAM Senior advisor, ninth Secretary, the Secretary of the VA and really appreciate you coming back and joining us. It's been two years and we wanted to spend some time to see how the progression has worked with Altais and how you've been able to navigate, you know, what's been some challenging waters as of late when it comes to delivering, you know, physician led, value based, highly engaged care.

[00:01:21] Nishant Anand, M.D.: Yeah, no, it's, it's a privilege to be here with both of you again, two years. Time is flying. In some ways it seems very fast. And other times there's a lot that's happened out there, but a lot of good things industry.

[00:01:34] David J. Shulkin, M.D.: So last time you were talking to us about your strategy of a population health strategy and taking risk and bending the cost quality curve. Tell us what's happened in the last two years.

Yeah, a lot of progress and heightened sense of urgency.

There are the two things what I'm very, very proud of is, you know, we have consistently performed at Milliman, well Managed, either at or below Millman, well managed for our commercial and Medicare Advantage like a business which a lot of people, that's a feat that they aspire to get to. So we're starting to figure out the Supportability curve where we have clinical programs that focus on everything from end of Life care so that people can die with dignity, respect, surrounded by their loved ones and in a hospital where they may not get that support that they Need all the way down to pharmaceutical Programs where we can actually like help People instead of getting an infusion, you know, that can be replaced with an oral agent. So it's just been, it's been a Great journey for us.

You know, that all being said, we're seeing a lot of instability in the Medicare Advantage market right now and potentially obviously the exchange population as well. And so there's some headwinds we're facing So are you saying that you're not seeing the large increase in MLR that everyone else is seeing? Why we're seeing insurers pull out of.

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[00:02:55] Nishant Anand, M.D.: Medicare Advantage medical loss ratio by definition Includes the revenue side and the expense side. So our side on the expense side I feel very comfortable that we've been able to manage the utilization Now are there unit cost increases because Of pricing for pharmaceutical and others? Yes The biggest change I've seen and the Industry has seen is the star ratings have started to drop You know, there is a time and Period where everyone was at a four star and above and that's dropped.

[00:03:19] Nishant Anand, M.D.: The second thing is with the implementation. Of the new risk adjustment models that's, That that's caused some significant pressure on there. So I think on, on the side Of affordability and getting the right clinical care for folks, we feel pretty comfortable.

[00:03:33] Nishant Anand, M.D.: I think there's some opportunity on the Revenue side for all of us.

[00:03:37] Ken Barrette: So you know, one of the things we, we've noted is, you know, obviously it's been well publicized. Some of the at scale platforms, some went to bankruptcy, some have been in divestiture and you know, may I say fire sale but Alteus has been, you know, durable. Like what are some of the other things have done and just you know how you do it is so can you talk about is it your patient mix, is it your focus? Like how have you been able to be as durable as you have?

[00:04:06] Nishant Anand, M.D.: Yeah, well thank you for saying those kind of words. I think it's a couple things. One, we've diversified our revenue stream and our business segments into three areas. We have a risk bearing business which Is where traditional insurance dynamics play out.

[00:04:20] Nishant Anand, M.D.: Two is we have tremendously improved Physician Medical Group and that's really helped us.

[00:04:25] Nishant Anand, M.D.: And third is we have a services Arm that provides services both internally as well as externally to organizations. And so one part of it might not be doing as well as the other.

[00:04:35] Nishant Anand, M.D.: But that diversification actually helps us quite a bit. We've also diversified across geographies. So Northern California may be feeling pressures, but Southern California may not. Arizona and other markets are also there too.

[00:04:47] Nishant Anand, M.D.: So we've been able to do that too is we are focused on continually Improving our administrative kind of efficiency and As we do that we can become. More efficient and we can use that, that funding to basically invest in the future.

[00:05:04] David J. Shulkin, M.D.: So obviously everybody is searching for a solution in health Care to make care accessible, affordable, improve quality.

Do you feel even with all the struggles of others in your industry who have focused on this sort of management and better care and holding costs down, do you feel that that's the answer for the country, that we need to see more models like yours, that ultimately, you know, if you think out five or 10 years, we're going to see the country organize into systems of care like yours?

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[00:05:40] Nishant Anand, M.D.: Absolutely. When you bring the payer and the financial integration with the clinical models, that's Where true success happens.

And the problem is you alluded to it, Both of you alluded to it. Some folks have actually gone too quickly with clinical transformation and then they, they Face the pressures of it. Some have focused on the financial transformation. And the clinical models weren't ready and their cost skyrocketed. And so because we've kind of been able to kind of find that in between that pacing, that adequate pacing, I Think that's what's helped us, you know, as, as we've kind of gone along.

[00:06:11] Ken Barrette: So I'm going to go off script a minute and. And you're in a unique geography, right? You're in the Bay Area of California, maybe some would claim that's the birthplace of people who created value based care.

[00:06:24] Nishant Anand, M.D.: Right.

[00:06:24] Ken Barrette: The system. How do you handle the health systems aspect of the integrated care and the patient engagement?

[00:06:34] Nishant Anand, M.D.: Yeah, I think it's been fascinating. We have obviously several large health systems. Not just in the Bay Area, but across the country that we work with. And there's been this increasing acceptance that. They have to have also a diversified portfolio. So you have fee for service revenue. If your health system, you also have to go towards upstream, towards a capitated or prepayment model.

[00:06:56] Nishant Anand, M.D.: And so we, we've been in discussions With, you know, for profit nonprofit entities in California and outside of California. And a couple things are leading them in this direction. One is the cost of physician employment is getting unsustainable.

So different CEOs that I speak with say that they lose sometimes between \$250,000 For every primary care physician and up to or above 500,000 for every specialist. That's a sustainability issue. Two is having the skills and capabilities To be able to manage risk is not always there. People, everyone wants to do it, but.

[00:07:34] Nishant Anand, M.D.: That takes investment and that's something that We bring to the table. So I think there's this increasing awareness. And comfort with now partnering with individuals and folks like us. I'm trying to understand whether you have quantitative information that the model that you're talking about is Actually either bending the cost curve or has better patient engagement rates. Whether, whether there's, whether there's evidence. Because it seems to me that there aren't many succeeding in your area and that's surprising to me.

[00:08:12] Nishant Anand, M.D.: Yeah, I think the key is you have to lead with numbers and then. Follow with a story behind it. So you know, if I look at. Just specific factors, when I look at the Millman well managed, we use that as a benchmark. I actually presented it to a health plan senior executive and their team tells.

[00:08:26] Nishant Anand, M.D.: Them it's not possible. Well, it's possible and you can do it just by having the right people getting the right care at the right time. Two is we measure net promoter score. You know, we know that it's important. As well as retention of our members that

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we see and our net promoter scores are in the 70s for healthcare. That may seem lower than others, but. That's pretty darn high. And we're just getting started on the Digital engagement, which I think will help that even more. When you look at quality scores and You look at improvement in the things. That matter, the focus on short term outcomes isn't as important in my opinion As a position as longitudinal outcomes. So did that diabetic end up actually developing complications? And we're, you know, it's still going. To take more time for us to develop those outcomes.

But those are all the indicators, indicators. That we look at both as a leading as well as over time to show that we can get there.

[00:09:14] David J. Shulkin, M.D.: Let me, let me just use this as an example. Let's take the GLP1 drugs, right, because you talk about the short term, long term gain. Right. So and again, this is just my view, physician to physician, you know, short term you're going to see large increases in your pharmaceutical costs and that's obviously putting a lot of pressure on plans and at risk groups. But long term with its, you know, reduction of metabolic disease and cardiovascular and stroke, that's where you may see those savings. So how do you manage a dilemma like that?

[00:09:48] Nishant Anand, M.D.: Well, we saw this before, right, with the hepatitis C drug. I remember about a decade ago they came out and it was, I think, I forget the exact amounts, but it Was maybe like \$80,000 in one year.

[00:09:57] David J. Shulkin, M.D.: Yeah, we were paying, we were paying close to that at va. Sure, exactly.

[00:10:00] Nishant Anand, M.D.: And then over time people didn't develop The complications which was cirrhosis or life threatening liver failure.

Well, I think that the same thing applies. What, what I think is still needing to be fine tuned. Who are the right people to actually benefit from it because just like with any medication and in a culture that wants quick fixes, you can get people who are going to, you know, and this is not a judgment, but people Who are getting married and they may want to do it, people are going on vacation, they may want to take that medication to lose some weight in That situation, I'd say that's an increase to the system, maybe a choice in other instances. You know, you're right, there's a short Term cost increase, but the longer term benefit is, is what shows up.

And that's why I think we've really as an industry got to focus On health outcomes over time. Because if you say if it costs you money now, but you save in Six years, that's a benefit to everybody.

[00:10:51] Ken Barrette: So one of the challenges also that's happened with some of the other physician led at risk primary care is how do you align the physicians and whether they're in an independent physician model or an employed physician model. And you know, two years ago we had asked you some questions about how do you really keep the physicians aligned?

[00:11:11] Nishant Anand, M.D.: Yeah.

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[00:11:12] Ken Barrette: What does that look like two years later and forward and how are you evolving that?

[00:11:16] Nishant Anand, M.D.: Yeah, yeah. A lot of dinners, a lot of meetings and a lot of face to face. I think all joking aside, you have, in my opinion, in order to be.

[00:11:25] Nishant Anand, M.D.: Successful, you have to have a flexible platform that can allow physicians to come in in a manner that they see fit. So some physicians are one or two physician practices. They will never have the infrastructure to be able to have care managers and stuff. And so you have to recognize that and build around them. Others are groups of 50 to 100 physicians and they want to take risk. And so we, we have financial models where we could subcapitate them and we can give them the reporting that they need and give them a little bit of support. We have health systems like we were talking about earlier.

[00:11:57] Nishant Anand, M.D.: Health systems have a lot of resources, but they don't always have the skill or the true capabilities. Some do, but in some examples they don't. And so our model has been flexible, it takes more time. We can't go and acquire group after group after group to do that. That's not our strategy and our approach. And even seeing Optum now is starting to divest of that strategy. And so ours is more thoughtful. It's geographically based. We're looking to get concentration.

[00:12:23] David J. Shulkin, M.D.: And as you begin to think about how rapidly technology is coming, you mentioned the digital engagement tools related to Net Promoter. But as you're thinking about it as a way of improving workflow, improving the care management type of tools. How much are you investing now and how much are you waiting to see what actually pans out to be real?

[00:12:49] Nishant Anand, M.D.: We're all in. So we have to be thoughtful and prudent. So we're never going to supersede clinical judgment. So we have our lines of what we will do and what we want to. Clinical judgment and compassion are not going to be replaced by technology. But outside of that, artificial intelligence has been a game changer for us. We deployed ambient listening to our physicians and we found out that their connections with their patients were more empathetic. So instead of documenting, they're focused on the therapeutic relationship.

We started a program on prior authorization. Instead of trying to read 300 pages of documentation to determine if it's, you know, if it's correct or not, we started saying let's summarize that, let's not focus on that.

[00:13:28] Nishant Anand, M.D.: But is it the right care for the right person at the right time? And that's where our clinical care managers are both happier and there. So I've challenged our team and said: Let's just put our whole platform as. To be tech enabled, but let's not do it like from the beginning. You can't design a system and healthcare. In my opinion, from start to scratch. From beginning to end by itself. And so we're taking the key friction points and we're focusing. So prior auth we're going to keep.

[00:13:52] Nishant Anand, M.D.: Pushing the limits on there, the physician ambient, the expectation and we're using NLP to read documentation and provide those summaries like I mentioned. But we're going to do everything from a contract. You know, the minute a contract is signed, we're going to digitize that information. And then go all the way down to what the

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pharmacist is doing to have that information available. And that's truly where we can bend that cost curve, especially around the administrative waste. Excellent.

[00:14:16] Ken Barrette: So, you know, as we come towards the end of this discussion, we touched on different aspects of the stakeholders.

How's it working having a parent who's a large payer. Influential payer.

[00:14:33] Nishant Anand, M.D.: Yeah. Just for those who may not know, Altaeus was founded by as a subsidiary. Of Blue Shield of California back in 2019. And what's come of that? This year, you know, as we've kind.

[00:14:44] Nishant Anand, M.D.: Of matured, there's a new nonprofit parent company that was formed called Ascendian. Now Ascendian, what it allows us to do is actually to fulfill our mission.

[00:14:53] Nishant Anand, M.D.: So we have Blue Shield of California, which is a great payer has almost 5 million members. That becomes an environment where you can transform the payer side. Altais can actually focus on making sure.

[00:15:05] Nishant Anand, M.D.: The delivery system can keep up. Being both a payer and a provider and a services organization. We can kind of take all of that. And now we have a third company Called Stellaris that can bring forth that technology innovation that can help us. So I think it's a strength. And especially, you know, when we were. When we were a subsidiary of Blue Shield of California, we had to really focus on kind of what we were doing, what Blue Shield is doing. Now we have this ability, having a Nonprofit parent company called Ascendian that can Actually bring the best of all three. Of those worlds together to transform healthcare.

[00:15:37] Ken Barrette: Excellent.

[00:15:38] David J. Shulkin, M.D.: Well, we really enjoyed catching up with you and hope you'll come back in two years and tell us what's new and how you're doing.

[00:15:45] Ken Barrette: Yeah.

[00:15:46] David J. Shulkin, M.D.: Congratulations on all the progress you've done.

[00:15:48] Nishant Anand, M.D.: Yeah, no, thank you both. I appreciate it. And I think two years is a long time. Maybe we'll catch up before then. But it's, you know, it's an exciting time in healthcare right now, and I think we just have to be very thoughtful. We have to be intentional, and we have to lead with compassion. So I appreciate both your time.

[00:16:02] David J. Shulkin, M.D.: Thank you, Doctor.

[00:16:03] Ken Barrette: Thanks for spending time with us today. We value your time and we valued your relationship and from time to time, even working with you to see your mission through. So thank you.

[00:16:22] Narrator: Alvarez and Marsal, Leadership. Action. Results.

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