Succeeding With Value-Based Reimbursement: Organizational Competencies & Management Best Practices For Value-Based Contracting

OPEN MINDS

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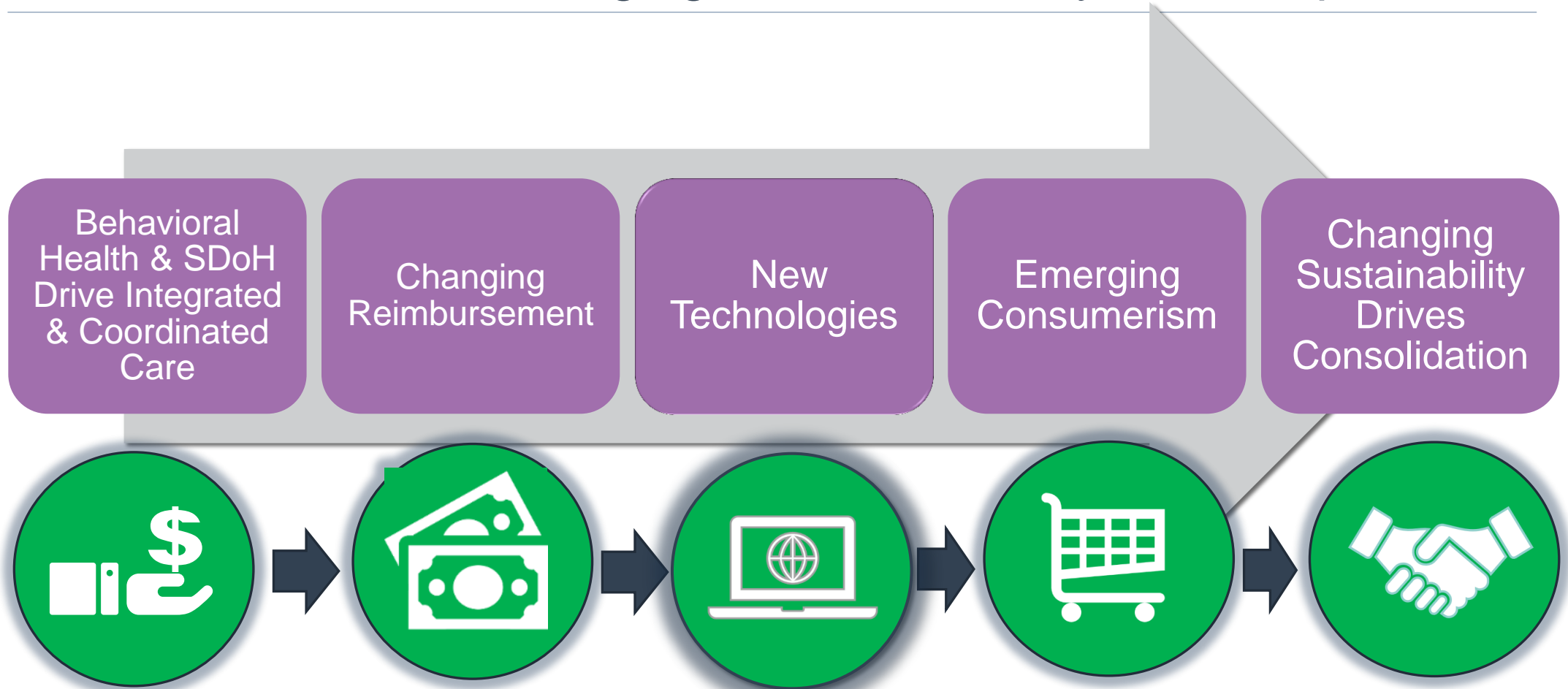
Agenda

I. The Drivers Shaping The Movement To Value-Based Contracting

II. The Value-Based Reimbursement Business Models

III. Critical Competencies For Success In Value-Based Contracting

IV. Questions & Discussion

I. The Drivers Shaping The Movement To Value-Based Contracting

The Drivers Of The Changing Service Delivery Landscape

Behavioral Health & SDoH Drive Integrated & Coordinated Care

Changing Reimbursement

New Technologies

Emerging Consumerism

Changing Sustainability Drives Consolidation

Payers & Health Plans Looking To "Care Coordination" & "Integration" To Reduce Costs – By Shifting Service Model

Facility-based   **Community-based**   **Home-based**

Acute care

Post-acute care

Primary care

Long-term care

Social and human services

Most of our spending is still here

Changing Provider Reimbursement Models To Support "Integration"

Of the 38 states with Medicaid managed care, 22 require the Medicaid health plans to implement VBR with provider organizations

- At least 11 states have Medicaid ACOs
- 81% of Medicaid health plans have P4P FFS payments for behavioral health organizations
- 47% of Medicaid health plans have bundled payments for specific acute episodes

Nationally, specialty provider organizations with VBR revenue:

- 41% of primary care organizations
- 33% of behavioral health organizations
- 34% of child and family services organizations
- 14% of I/DD and LTSS organizations

NEWS REPORT 05/29/2018 11:00 pm ET

UnitedHealthcare's Bundled Payment Program For Joint Replacement Cut Readmissions 22%

Cigna's Accountable Care Program Lowers Cost, Improves Care at The Jackson Clinic

## Humana contracts with CleanSlate Centers for opioid-addiction services

BCBSA Value-Based Plan Outperforms in Key Health Metrics

Humana Expands Value-Based Orthopedic Specialty Care Model To Seven More States

Value-Based Reimbursement Here To Stay Because...

- Political and competitive pressure on payers – federal government and employers
- Downward price pressure on health plans
  - Pressure on health plan medical loss ratios
- The success of 'some' ACOs
- The early findings of the Medicare bundled rate initiative

Return to fee-for-service not feasible – only "lever" in FFS is to reduce rates

"Integration" for improved cost and quality

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Value-based reimbursement

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Technology adoption

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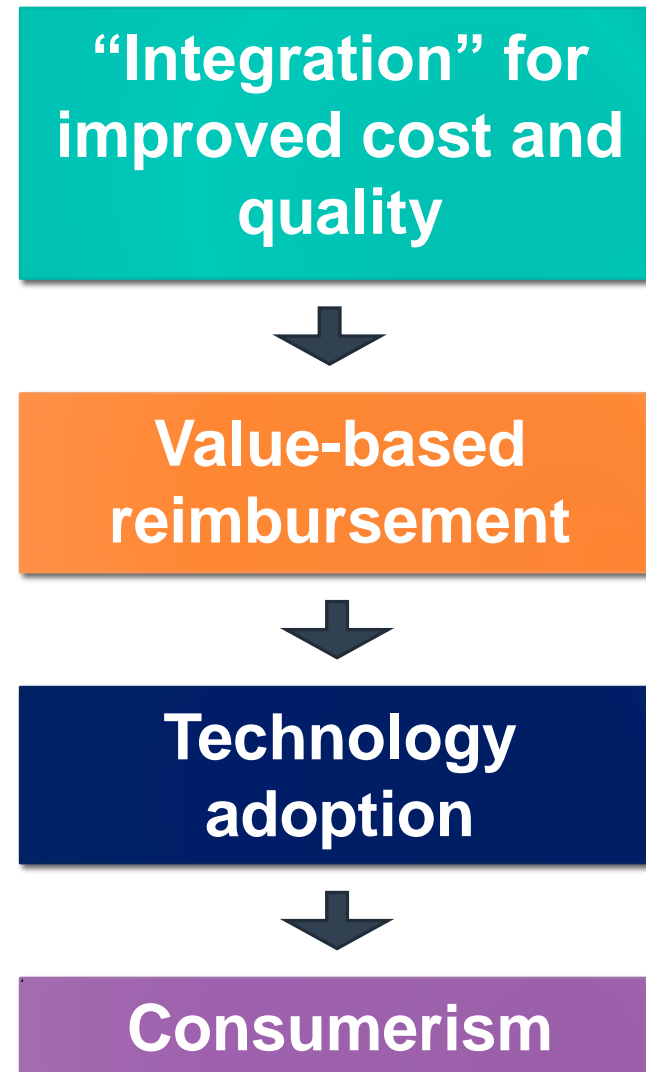
Consumerism

Competitive Advantage Driven By Value To Payers & Consumers

$$\frac{\text{Product Benefit} + \text{Brand Equity} + \text{Marketing Benefit}}{\text{Price}} = \textbf{Value}$$

II. The Value-Based Reimbursement Business Models
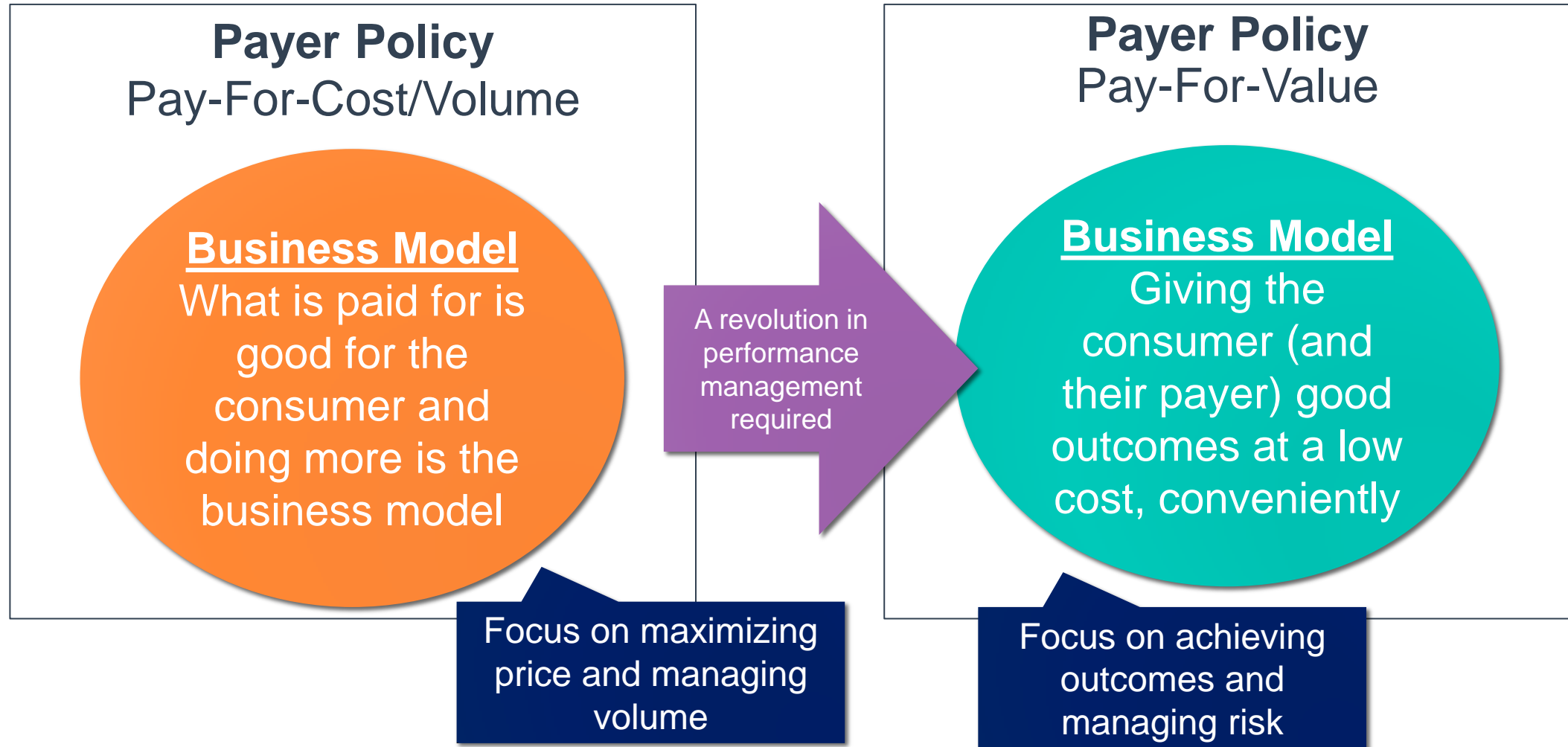
The Shifting Reimbursement Market

A Change In Focus:
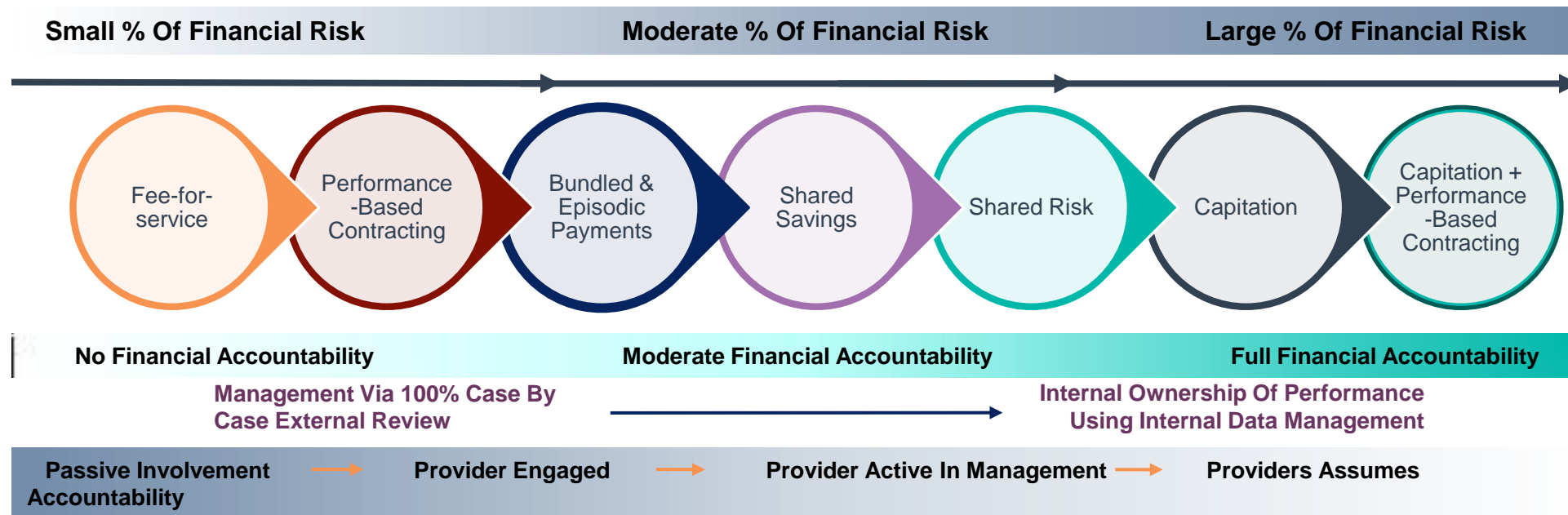Reducing Costs While Delivering & Demonstrating Value

A Change In Methods:
Managed Care & Value-Based Purchasing
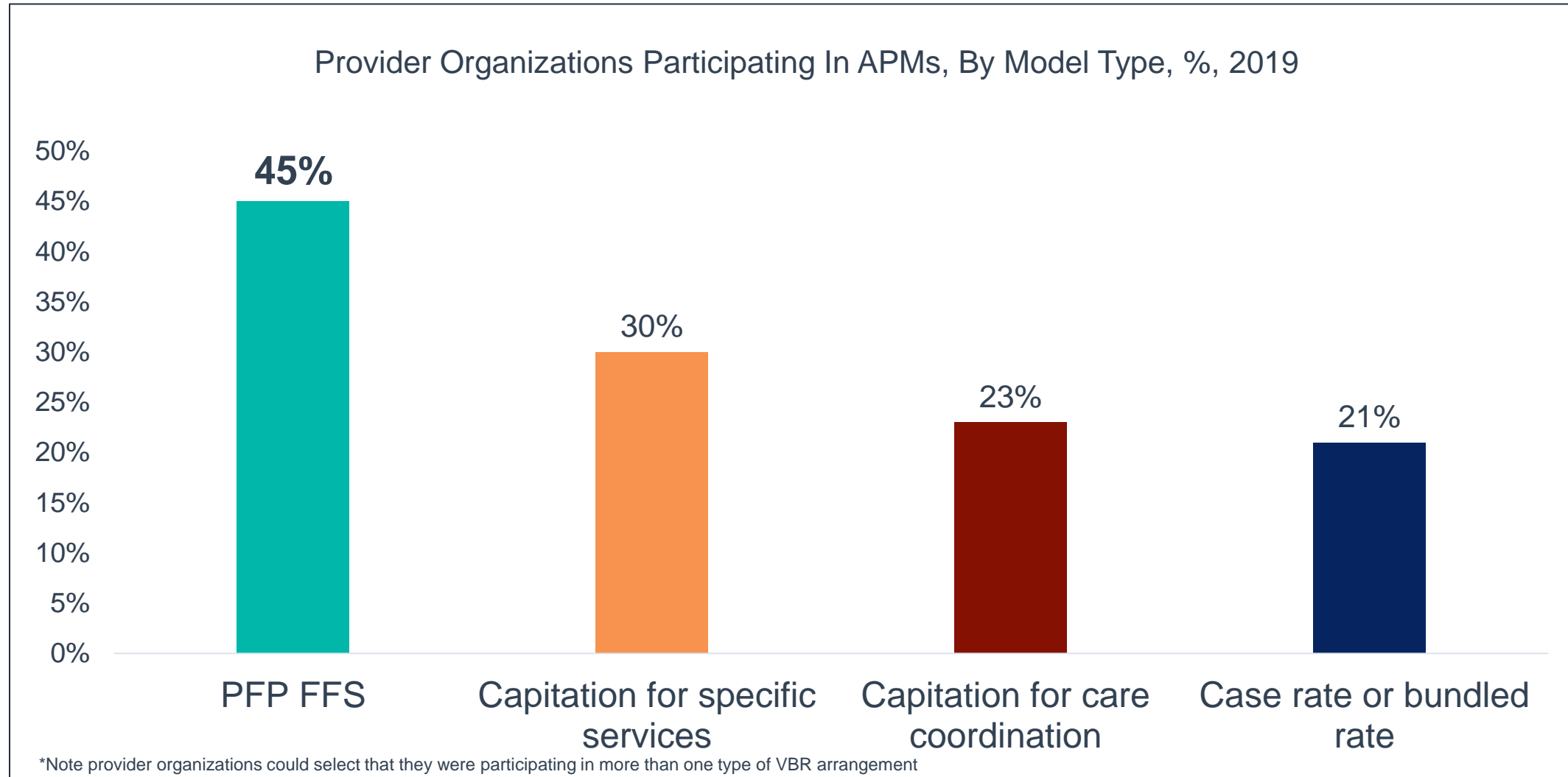
Business Model Transition For Provider Organizations

Payer Policy
Pay-For-Cost/Volume

Business Model
What is paid for is good for the consumer and doing more is the business model

A revolution in performance management required

Payer Policy
Pay-For-Value

Business Model
Giving the consumer (and their payer) good outcomes at a low cost, conveniently

Focus on maximizing price and managing volume

Focus on achieving outcomes and managing risk

Transition Of Payment To Provider Organizations From Volume To Value

Compensation Continuum By Level Of Financial Risk

Small % Of Financial Risk   **Moderate % Of Financial Risk**   **Large % Of Financial Risk**

- Fee-for-service
- Performance-Based Contracting
- Bundled & Episodic Payments
- Shared Savings
- Shared Risk
- Capitation
- Capitation + Performance-Based Contracting

No Financial Accountability   **Moderate Financial Accountability**   **Full Financial Accountability**

Management Via 100% Case By Case External Review   **Internal Ownership Of Performance Using Internal Data Management**

Passive Involvement Accountability → **Provider Engaged** → **Provider Active In Management** → **Providers Assumes**

Distribution Of VBR Models Is Changing

Provider Organizations Participating In APMs, By Model Type, %, 2019

45% — PFP FFS

30% — Capitation for specific services

23% — Capitation for care coordination

21% — Case rate or bundled rate

*Note provider organizations could select that they were participating in more than one type of VBR arrangement

Follow-Up After Hospitalization & Readmission Rates Are The Most Popular Measures For Determining Performance

Top Five Performance Measures In Value-Based Contracts, %, 2019

Measure	%
Follow-up after hospitalization	36%
Readmission rates	32%
Emergency room utilization	23%
Patient/consumer satisfaction	22%
Access to care measures	22%
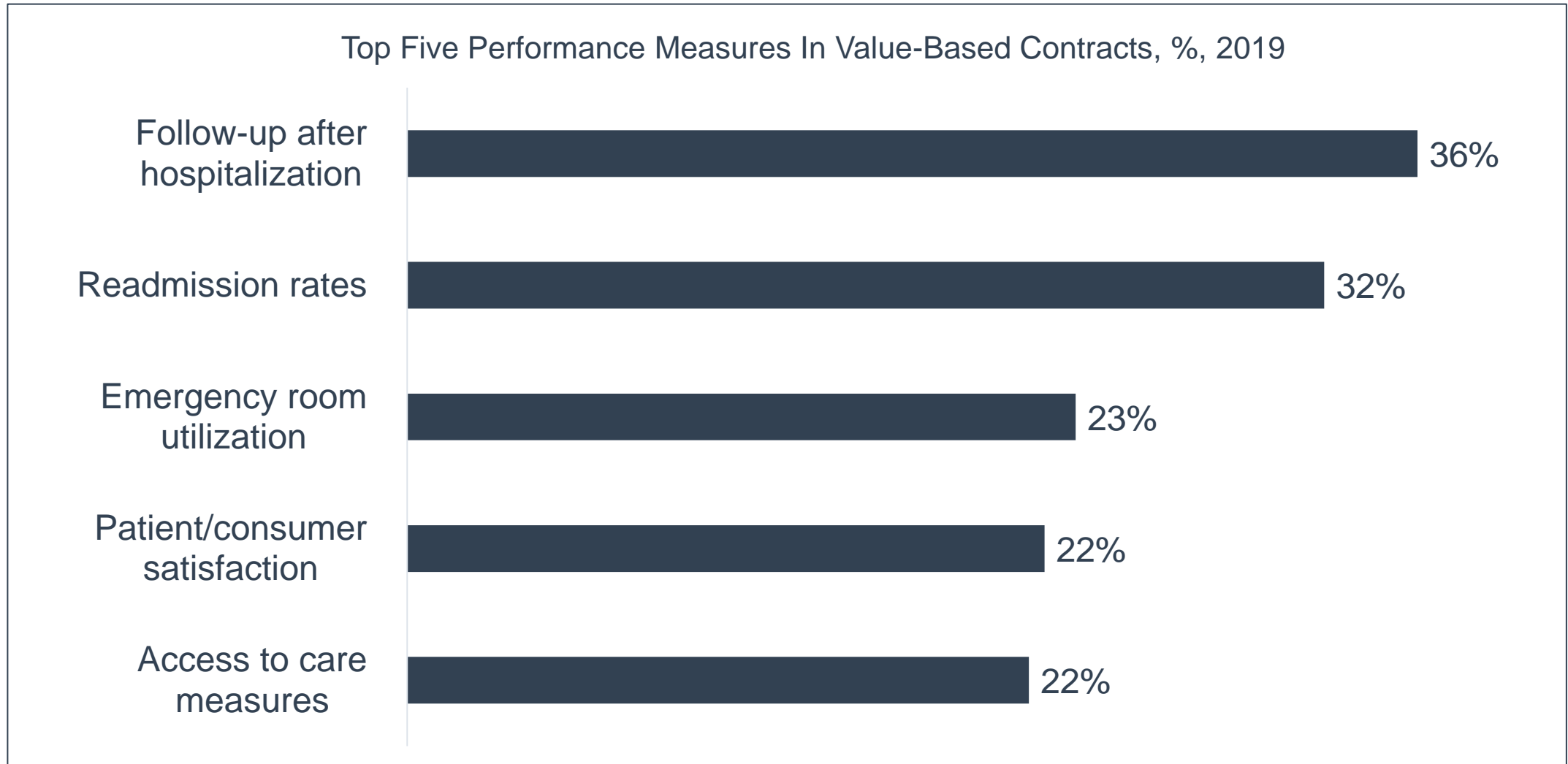
Top Five Performance Measures In Value-Based Reimbursement Contracts With Specialty Provider Organizations, By Market, %, 2019

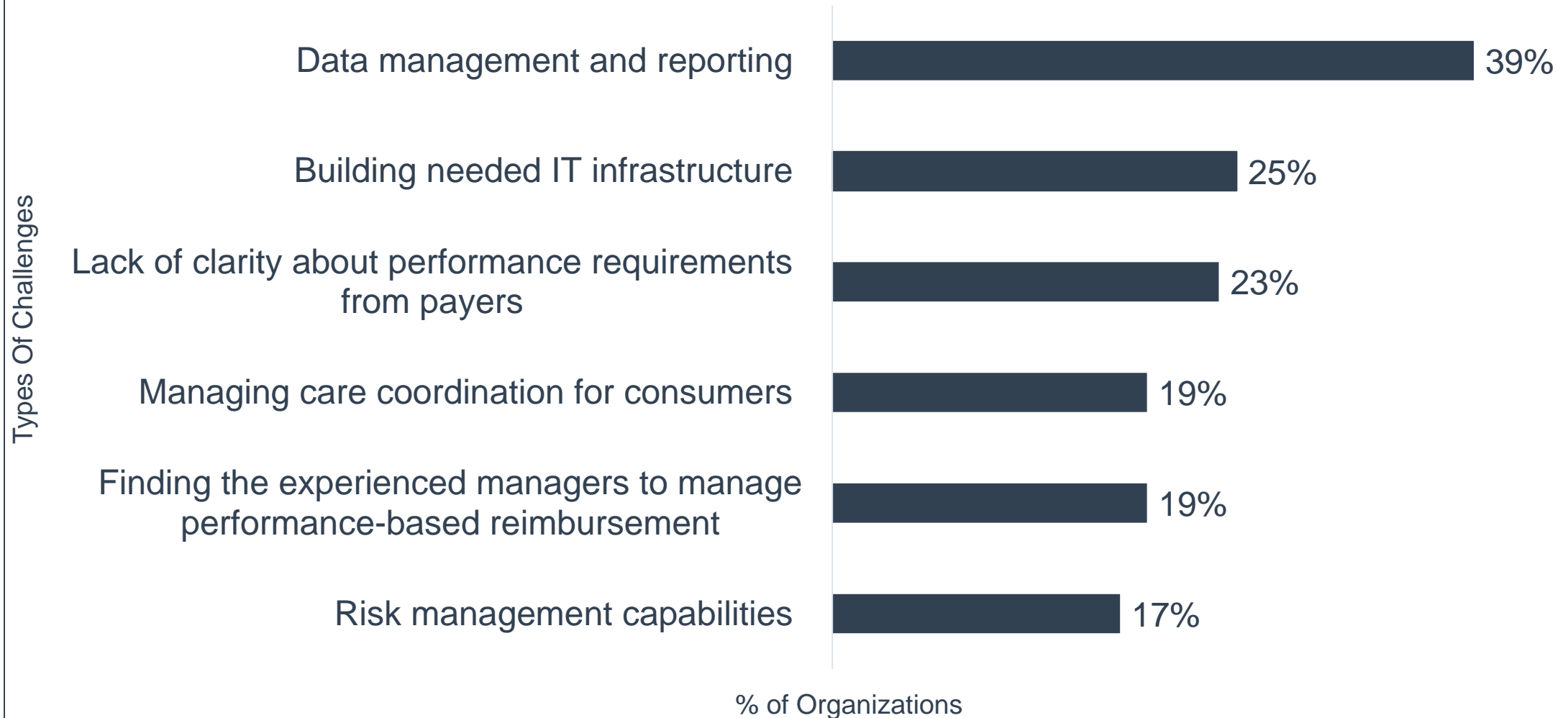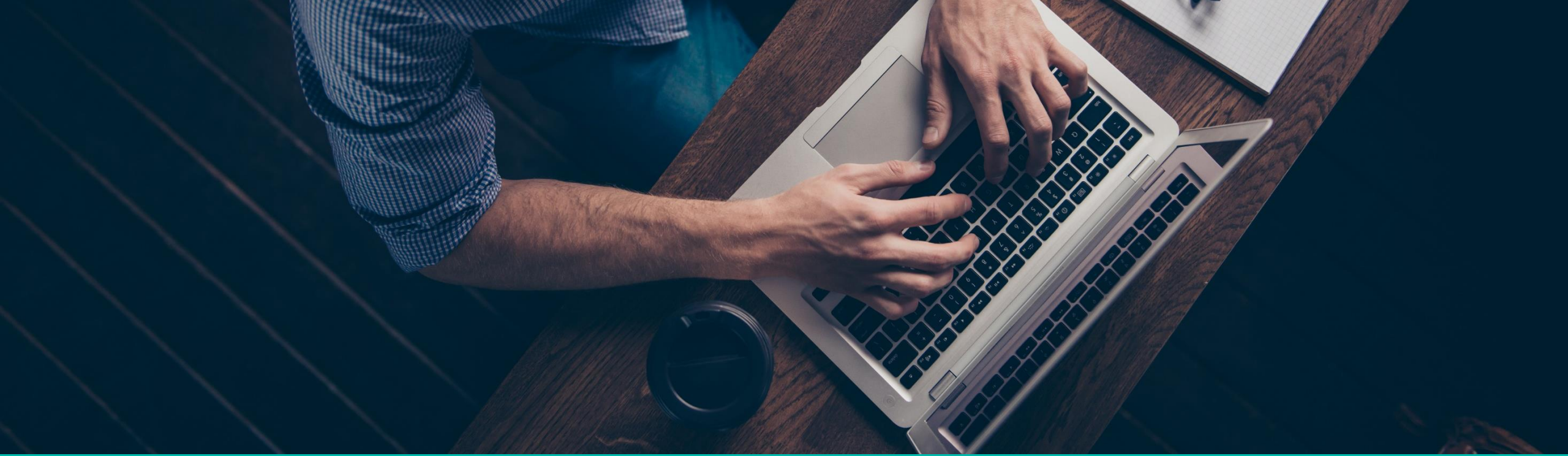| Top Five Performance Measures By Market, %, 2019			
Behavioral Health	**Child Services**	**I/DD & LTSS**	**Primary Care**
1. Follow-up after hospitalization – 41% 2. Readmission rates – 33% 3. Access to care measures – 27% 4. Patient/consumer satisfaction – 26% 5. Emergency room utilization – 24%	1. Readmission rates – 19% 2. Follow-up after hospitalization – 16% 3. Emergency room utilization – 13% 4. Access to care measures – 10% 5. Patient/consumer satisfaction – 10%	1. Use of evidence-based care protocols – 24% 2. Follow-up after hospitalization – 21% 3. Readmission rates – 21% 4. Patient/consumer satisfaction – 14% 5. Emergency room utilization – 14%	1. Readmission rates – 58% 2. Follow-up after hospitalization – 54% 3. Emergency room utilization – 46% 4. BMI assessment – 46% 5. Annual flu vaccine – 42%

Key Effects Of Moving From FFS To Managed VBR

Focus On Outcomes

Create A Data-Driven Culture

Data, Analytics, Change Management

Implement Effective Technology

Manage Unit Costs & Financial Risk

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Top Five Challenges To Managing Value, %, 2019
Specialty Provider Organization Executive Teams

Types Of Challenges	% of Organizations
Data management and reporting	39%
Building needed IT infrastructure	25%
Lack of clarity about performance requirements from payers	23%
Managing care coordination for consumers	19%
Finding the experienced managers to manage performance-based reimbursement	19%
Risk management capabilities	17%

III. Critical Competencies For Success In Value-Based Contracting

Six Domains In *OPEN MINDS* Model For Assessing Value-Based Reimbursement Management Readiness

I. Provider Network Management

II. Clinical Management & Clinical Performance Optimization

III. Consumer Access, Service, & Engagement

IV. Financial Management

V. Technology & Reporting Infrastructure

VI. Leadership & Governance

Four Competencies Of Provider Network Management

1. Network Management & Credentialing

2. Care Coordination & Care Management

3. Consumer Screening, Care, Provider Referrals & Case Authorizations

4. Integration of Physical Health, Behavioral Health & Social Services

1. Network Management & Credentialing

Focus:

Ability to negotiate contracts, manage credentials of clinicians, and meet the requirements of payer organizations

Key Competencies for Success

- Accreditation in serving consumers with complex needs
- Payer relationship management
- Identification of payer needs
- Effective workflows for managing clinician credentials

2. Care Coordination & Care Management

Focus:

Ability to identify care management needs, obtain payer authorizations and refer to appropriate services

Key Competencies for Success

- Processes in place to receive care management referrals, assess needs and refer consumers for services
- Authorizations expertise
- Focus on integration, follow-up and communications

3. Consumer Screening, Care Provider Referrals & Case Authorizations

Focus:

Ability to identify high-risk and high-needs individuals and ensure the more effective care management plan and services

Key Competencies for Success

- Ability to identify high-utilization consumers
- Process to screen, assess and refer consumers to the appropriate level of service
- Systems to track usage of other community providers

4. Integration Of Physical Health, Behavioral Health & Social Services

Focus:	Key Competencies for Success
Focus: Ability to ensure that chronic physical health issues are integrated into the care plan	▪ Established referral and data sharing relationships with primary care ▪ Established protocols for referrals and care transitions ▪ Focus on identifying consumer preferences when making primary care referrals

Two Key Competencies Of Clinical Management & Performance Optimization

1. Decision Support & Care Standardization

2. Clinical Performance Tracking, Assessment & Optimization

1. Decision Support & Care Standardization

Focus:

Ability to use data to determine the most effective evidenced-based practices

Key Competencies for Success

- Standardized guide to care management and treatment
- Implementation of data-informed planning, treatment and referral
- Continuity of care planning and transition between care settings

2. Clinical Performance Tracking, Assessment & Optimization

Focus:

Ability to track outcomes, assess how to optimize services, and implement performance improvements

Key Competencies for Success

- Established KPIs
- Leading Indicators when needed
- Ability to measure clinical outcomes
- Process to assess outcomes against KPIs and improve quality
- Key tools
  - Business process flowcharts
  - Root cause analysis
  - Agile

Root Cause Analysis

- RCA helps organizations avoid the tendency to single out one factor to arrive at the most expedient (but generally incomplete) resolution.

- It also helps to avoid treating symptoms rather than true, underlying problems that contribute to a problem or event.

- Most RCA experts believe that achievement of total prevention by a single intervention is not always possible and see RCA as an ongoing process that strives for continuous improvement.

Root Cause Analysis – Steps

1. Define the problem.

2. Gather information, data and evidence.

3. Identify all issues and events that contributed to the problem.

4. Determine root causes.

5. Identify recommendations for eliminating or mitigating the reoccurrence of problems or events.

6. Implement the identified solutions.

This becomes even more challenging when the process cuts across multiple agencies, such as followup by a behavioral health provider after an ED visit
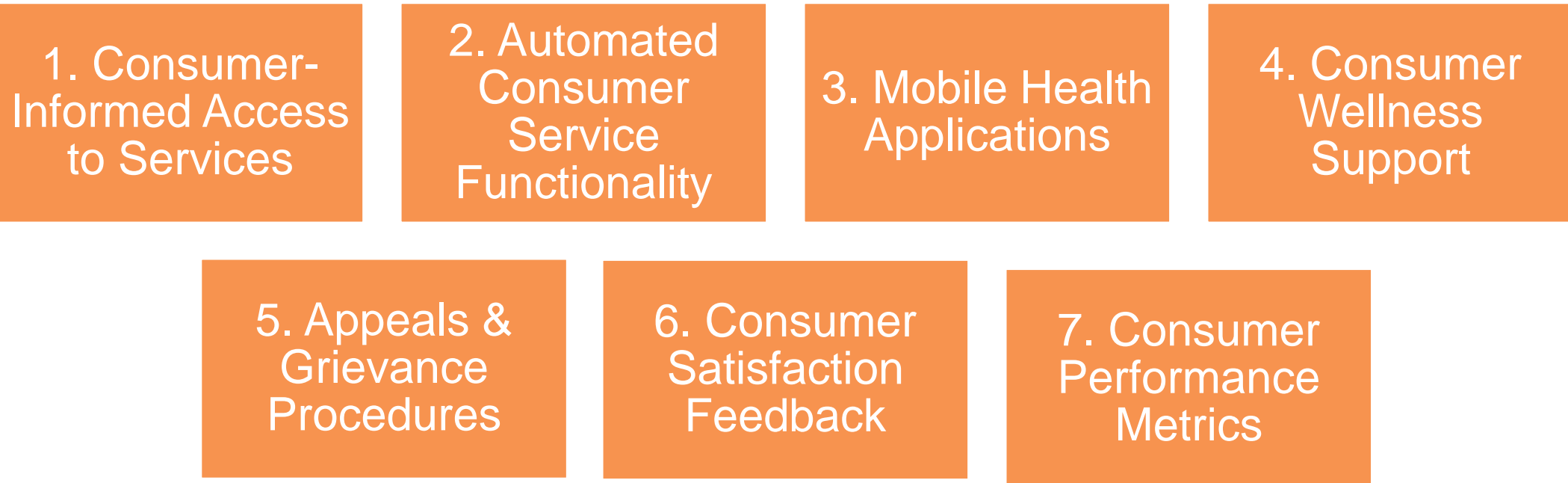
1. Consumer-Informed Access To Care

Focus:

Technology to improve consumer access to self-service tools for both clinical and administrative services

Key Competencies for Success

- Access to online forms and assessment tools
- Centralized call center with 24/7 accessibility
- Web-enabled provider network access and self-referral process
- Web-enabled follow-up care processes

2. Automated Consumer Service Functionality

Focus:

Ability for consumers to seek information and self-refer to services in a timely fashion

Key Competencies for Success

- Focus on identifying and responding to consumer access preferences
- Identification and removal of consumer barriers to health information
- Care and treatment approach that involved consumers and family members
- Prompt availability of services

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3. Mobile Health Applications

Focus: Ability to maximize consumer engagement through the use of mobile health applications	**Key Competencies for Success**
	▪ Availability of mobile technology that assists with assessment, clinical decision support, treatment, and cognitive function restoration ▪ Availability of mobile technology supporting early detection of relapse and relapse prevention ▪ Availability of mobile technology that makes treatment more accessible ▪ Link of mobile technology to care coordination functionality

4. Consumer Wellness Support

Focus:

Ability to educate, provide resources, and document effectiveness related to wellness support

Key Competencies for Success

- Processes and program to engage consumers in ongoing wellness support and self-management

5. Appeals & Grievance Procedures

Focus:

Ability to receive, investigate, and resolve consumer concerns in a fast, effective manner

Key Competencies for Success

- Function to notify consumers of rights processes related to grievances and appeals
- Established processes for receiving, tracking, investigating and resolving consumers' grievances
- Process to inform systems of provider organizations in system of care of appeal and grievance issues, with the focus on preventing avoidable grievances

6. Customer Satisfaction Feedback

Focus:

Assess ability to obtain frequent consumer feedback through easy, non-obtrusive methods

Key Competencies for Success

Survey tools and processes for obtaining consumer feedback on the consumer experience including:

- Access to care
- Facilities
- Interactions with staff
- Effectiveness of treatment
- Net promoter score (consumer willingness to refer other for treatment)

6. Clinical Performance Metrics

Focus:

Ability to track and analyze outcomes, identify options to improve services, and quickly change processes

Key Competencies for Success

- Systems in place to measure clinical quality of care, patient experience and service cost measures
- Transparent process to publicly report outcomes
- Collaborative efforts to identify performance improvement initiatives

7. Using Data for Process Change/Improvement

Focus:	**Key Competencies for Success**
Ability to track and analyze outcomes, identify options to improve services, and quickly change processes	▪ Systems in place to measure clinical quality of care, patient experience and service cost measures ▪ Transparent process to publicly report outcomes ▪ Collaborative efforts to identify performance improvement initiatives

Four Key Competencies Of Financial Management

1. Revenue Cycle Effectiveness

2. Encounter Reporting

3. Value-Based Payment Capabilities

4. Financial Performance Monitoring

1. Revenue Cycle Effectiveness

Focus:

Ability to align operational and financial processes to assure adequate cash flow

Key Competencies for Success

- Effective processes for reconciliation of authorizations and payment verification to credentialed provider organizations
- Ability to submit invoices to payers for services delivered under value-based reimbursement agreements

2. Encounter Reporting

Focus:

Ability to capture, analyze, and report granular utilization data to payers and to internal teams for management

Key Competencies for Success

- Ability to electronically capture and report reliable encounter data in the format and in the timeframe required by payers
- Ability to analyze encounter data to manage service outcomes and utilization
- Aggregation of encounter data to manage value-based reimbursement agreements

3. Value-Based Payment Capabilities

Focus: Ability to track and manage contractual outcomes and payments	Key Competencies for Success
	▪ Ability to report on actual performance data – outcomes and financial performance – against budget and against contractual targets ▪ Ability to bill for multiple types of value-based reimbursement models ▪ Adequate financial reserves for risk-based reimbursement models

4. Financial Performance Monitoring

	Key Competencies for Success
Focus: Ability to monitor actual financial results against contracts, budgets, and forecasts	▪ Ability to report incurred but not reported (IBNR) liabilities ▪ Ability to monitor service utilization and costs and reconcile to service and revenue projections ▪ System to link population health management and value-based contracting strategies to resources planning and reporting ▪ Comprehensive set of key performance indicators for short-term and long-term financial health

Seven Key Competencies Of Technology & Reporting Infrastructure

1. Capacity to Collect Data

2. Capacity to Analyze Data for Population Health Management

3. Ability to Manage Value-Based Contracts

4. Ability to Exchange Healthcare Information

5. Care Management Functionality

6. Consumer Portal Functionality

7. IT Performance Monitoring

1. Capacity To Collect Data

Focus:	**Key Competencies for Success**
Technology infrastructure to collect data strategic in identifying health needs of the population of consumers served	■ EHR core functionalities fully implemented ■ Structured data collection around assessments, diagnoses, and services ■ Workflows and processes to ensure data integrity ■ Ability to collect data at the time and source of service provision

2. Capacity To Analyze Data For Population Health Management

Focus:	Key Competencies for Success
Ability to perform strategic analysis of data for risk stratification and care management	- Development of or access to consumer data registries - Deployment of data analysis tools - Implementation of risk stratification strategies - Ability to integrate multiple sources of data

3. Ability To Manage Value-Based Contracts

Focus:	**Key Competencies for Success**
Ability to track performance metrics, submit invoices, and maximize performance of value-based contracts	- EHR functionality that meets billing requirements for value-based purchasing models - Integration of clinical, operational and financial data - Unit costing and cost accounting capabilities - Predictive modeling and forecasting capabilities

4. Ability To Exchange Health Care Information

Focus:
Ability to exchange clinical and financial information with other health care provider organizations

Key Competencies for Success

- Health information exchange agreements with key providers
- Secure infrastructure, policies and workflows that comply with HIPAA and HITECH
- Service notification agreements, automation and processes with other providers

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5. Care Management Functionality

Focus:

Ability to manage eligibility, coordination of benefits, inquiries/referrals, decision support, care authorization, care coordination and utilization management

Key Competencies For Success

- Automated risk assessment tools
- Redesigned workflows to maximize care management technology
- Provider referral database to aid in care matching and management

6. Consumer Portal Functionality

Focus: Ability to provide service data, resources and interaction options with consumers through the EHR

Key Competencies for Success

- Convenient, secure access to personal health information through the internet
- Ability to access staff and services through technology
- Access to forms and account payment functionality

7. IT Performance Monitoring

Focus: Ability to monitor actual IT outcomes against established goals

Key Competencies for Success

- Established key performance indicators
- Ability to generate real-time reporting on performance under value-based reimbursement arrangements

1. Strategic Alignment Around Population Health Management

Three Key Competencies Of Leadership & Governance

1. Strategic Alignment Around Population Health Management

2. Culture of Innovation

3. Workforce Adequacy

1. Strategic Alignment Around Population Health Management

Focus:

Alignment of leadership around population health management and the ability to manage financial risk

Key Competencies for Success

- Resources and infrastructure to manage clinical and financial risks of population health management

2. Workforce Adequacy

Focus:

Ability to attract and retain the right staff to succeed at population health management

Key Competencies for Success

- Workforce culture, experience, and capacity to innovate and adapt to new service and business models
- Ability to attract, develop, and retain staff with expertise in clinical innovation, technology. and financial management
- Compensation alignment with performance outcomes and strategic priorities

3. Culture of Innovation

Focus:

Ability to adapt and realign current services to meet the needs of population health management – staff openness to change and ability to develop new services

Key Competencies for Success

- Established and effective quality improvement processes in place – Lean, Root Cause Analysis, Six Sigma
- Experience and expertise creating new services lines
- Blue Ocean Strategy
- Three Box Solution

IV. Questions & Discussion

Turning Market Intelligence Into Business Advantage

OPEN MINDS market intelligence and technical assistance helps over 550,000+ industry executives tackle business challenges, improve decision-making, and maximize organizational performance every day

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