The Future of Healthcare

Goals of Our Session

- Provide an overview of the current state of revenue transformation in the industry
- Introduce “Revenue Portfolio Design”
- Present examples of how you can assess your organizational state of readiness for transformational change

“Revenue Portfolio Design”: Setting the Stage for Conversation

- The complexity of payment reform is increasing exponentially.
- “Revenue Portfolio Design” and the transition to APMs require a novel transformation of clinical processes.
- Timing of the transition, whether market-specific, is real and accelerating.
- Change Leadership and pace of change is crucial.

Some Truths

Principles Driving Development Of Alternative Payment Models

1. Value-based incentives should be intense enough to motivate providers to invest in and adopt new approaches to care delivery.
2. APMS will be classified according to the dominant form of payment when more than one type of payment is used.
3. Centers of excellence, accountable care organizations, and patient-centered medical homes are examples, other than categories in the APM framework because they are delivery systems that can be applied to and supported by a variety of payment models.

Principles Driving Development Of Alternative Payment Models

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Alphabet Soup Of Alternative Payment Models

Pay for Performance (P4P): Overview

OBJECTIVE:
Create long-term savings through improved primary health care, use of preventive health services, coordination across providers, and practice improvements.

DEFINITION:
Type of reimbursement that rewards providers for meeting specific performance targets, as set between parties, which are generally defined by quality of care or patient outcomes achieved.

DEFINITIONS:
-/shared savings
- shared gain
- per diem
- pay for performance
- accountable care organization
- integrated care
- network
- payer
- employer
- patient
- provider
**Bundled Payments: Overview**

Bundled Payments is a payment model that has been piloted in many Veterans Health Administration hospitals. The idea is to bundle hospitalization payments for all care related to a designated "episode of care" and that payment is decided between the provider(s) and payor before the patient enters the hospital.

**OBJECTIVE:** Incentivize efficiency and high quality care with improved coordination and reduced rehospitalization for patient access to high-value care.

**Financial Incentives:**
- Providers are financially incentivized to efficiently manage patient care, avoid costly complications and expensive services (Emergency department or inpatient admission).
- Payer agnostic
- All hospitals and health systems
- Proactive for the next mandated episode

**Actions:**
- Identify high-risk patients
- Define and track performance
- Review and reconcile charges
- Utilize healthcare services

**DEFINITION:**
Collective accountability for patient outcomes through team-based care.

**Date of Effective:**
- 10/1/2013
- 1/1/2014
- 4/1/2014
- 7/1/2014
- 10/1/2014
- 1/1/2015
- 4/1/2015
- 7/1/2015
- 10/1/2015

**Distribute Shared Savings**
- Below a defined spending target.

**Process Claims**
- Define the episode of care
- Define and track performance metrics

**Bundled Payment Participation**
- Bundled Payments are bigger than BPCI & CJR

**Episodic Care Management**
- All hospitals and health systems
- Proactive for the next mandated episode

**Medicare Shared Savings Program**
- Map of the United States
Clinical Practice

• Oncology Care Model Two-Sided Risk Arrangement (OCM)
• Comprehensive Primary Care Plus (CPC+)

Proposed Models:

19

"Revenue Portfolio Design"

15% 15% 15%

Advanced APM (Qualified Participant = QP): complex portfolio of models and payment methods

Global Payments

Effectively manage net revenue across an increasingly

Revenue

Becoming Risk Capable

"Revenue Portfolio Design"

Starting in 2019, all medical practices will fall into one of two categories under the Quality Payment Program established in MACRA:

- 2019 to 2021: 50% of Payments
- 2022 to 2024: 75% of Payments

\*THRESHOLDS

Awaiting final rule and partially qualifying APM status is available

Continued transition from traditional fee-for-service to APMs

Significant portion of Medicare Revenue flows through an

The Risk Capable Organization

"Revenue Portfolio Design"

MEASURE

LEVEL OF FINANCIAL RISK

\( \text{LEVEL OF RISK} = \text{LEVEL OF INTEGRATION} \times \text{LEVEL OF CAPABILITY} \)

\( \text{LEVEL OF INTEGRATION} = \text{LEVEL OF INTEGRATION} \)

\( \text{LEVEL OF CAPABILITY} = \text{LEVEL OF CAPABILITY} \)

\( \text{LEVEL OF RISK} = \text{LEVEL OF RISK} \)

- Healthcare finance leaders must take a proactive approach in
- Deciding the need for a "next-gen" revenue management platform focused on a portfolio perspective, reinforcement across multiple revenue models, and aligned model funds distribution.

Revenue Portfolio Design – Think Investment Portfolio

- Continual transition from traditional fee-for-service to APMs
- Requires providers to redesign their revenue portfolio to effectively manage net revenue across an increasingly complex portfolio of models and payment methods
- Healthcare finance leaders must take a proactive approach in the development and design of their revenue portfolios

Designing Your Future State Revenue Portfolio

"Revenue Portfolio Design"

- Current State
- Future State
DHG Approach To “Revenue Portfolio Design”

Current State Assessment: Discovery and Analytics

Discovery and Analysis: What are We Answering?

- How are you performing under CMS VBP?
- Are you meeting your performance under episodic payment models?
- Do your commercial contracts include VBP or other metrics that include risk sharing?
- Is there MSSP participation in your market?
- What are your market peers doing in this model?
- Do you have any direct to employer contracts?
- Is finance involved in the Clinical redesign processes to understand the impact on payments and volume?
- What are your competitors doing? What aggressiveness are they pursuing APMs?
- What about other providers in the market?
- Based on current state, what APMs make sense for your organization?
- Who owns “total revenue risk” in your organization?
- Do you have an effective TCM Plan for patients?

Clinical Documentation and APMs

Key Elements of Clinical Integration

Post-Acute Care Performance Impacts

Direct to Employer Contracting

Analytics
Episodic Payments - How are you Performing

Employer Alignment
Increasing Commercial/Managed Lives
Employers seek to align through a variety of programs and engagement vehicles implemented in a phased approach.

Employer Alignment Examples
- Service Line Maturity
- Onsite Health Education
- Health Fairs
- Wellness Program with Biometric Screenings and HRA's
- PCP Connections
- Digital Engagement Platform
- Onsite / Near-site Clinics
- Direct Contracting - Bundles / CoEs / APMs
- Narrow Network Development

Phase 1
MD Lectures
Setting up a Booth

Phase 2
Disease Specific Group Workshops
Based on Claims Scheduling Preventive Screenings

Phase 3
Biometrics + HRA with Preventive Scheduling

Scheduling PCP appointments via Online portals
Includes custom content for hospital services and MDs
Occupational and Acute Care Services

Phase 4
Primary Care and Disease Management
Managed Care Contracting

Employer/Employee centric model puts interests of covered lives and self-funded health plan at center of decision making
Full alignment between purchasers of care and providers of care
Ability to customization solutions around population health goals and interventions
Accountable to key goals:
- Improving health outcomes of plan members
- Increasing member satisfaction
- Lowering total cost of care
- Achieving collaborative, integrated environment to drive care transformation

Managed Care Contracting

Conclusion: “Revenue Portfolio Design”
- More risk is coming - how will you choose to plan for it?
- The pace of improvement in quality metrics is critical
- You need plans at least 3 years ahead of the current year
- Accurate and complete Clinical Documentation has never been more important
- Planning and organizing across the continuum and across all payers and critical account holders
- Accurate and complete Clinical Documentation
- How to partner and work with patients and competitors

Audience Questions