The Times They Are A Changing

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The Changing Landscape

- $$ must be squeezed out of current health care expenditures: 20+% of GDP by 2020 is not acceptable
- **Both** price and quantity of services must be reduced
- Changes will happen in the delivery system, fundamental not cosmetic
- For health systems, PRESSURE TO GROW AND SUSTAIN PATIENT VOLUME

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Coincidental Presence of Models for Change (old and new)

- Prevention and population health
- Community well-being
- Bundled payment
- Value based purchasing
- Managed care organizations
- Accountable care organizations

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Demand for services will shift

- Expansion of Medicaid enrollment with some federal help in paying providers, but limited
- Expansion of enrollment in the individual and small group markets
- Balancing changes in disproportionate share payments
- CAN'T EXPECT CURRENT/HISTORIC APPROACHES TO DELIVERING AND FINANCING CARE TO RESPOND TO THIS SHIFT

Changes in Finance / Payment: Value based purchasing

- Inpatient payment to PPS hospitals effective October 1, 2012
- Will be developed for outpatient payment
- Demonstration project for CAH payment
- Value based modifiers for physician payment

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Other payment changes

- Bundled payment
- Payment for different modalities: telemedicine involving providers, telemedicine to the home, payment for lay health workers

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Finance Change: Payer mix

- Decrease in uncompensated care
- Increase in covered lives (commercial health plans) and therefore "negotiated" prices
- Increase in Medicaid coverage and shift of that client base toward different payment schemes
- Non patient revenues subject to turns in the economy

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Changes in delivery system: Patient-Centered Medical Homes (PCMH)

- Not your father's "medical home"
- Potential future of primary care
- Emphasis on integrated services, management of chronic conditions, team-based, patient-centered care

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Changes in the delivery system: Accountable Care Organizations (ACO)

- Including Medicare Shared Savings Program (MSSP)
- But don't wait for that to sink or swim
- Including Pioneer Demonstration from Centers for Medicare and Medicaid Innovation (CMMI)
- And much more…..

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The future is NOW in many places

- Private action: Brookings-Dartmouth learning sites, Premier, CIGNA, Others
- Public Sector: Beacon communities, Practice Group Demonstrations, Medicaid, Medicare
- Urban based, FOR NOW
- But reaching beyond: Carilion System in Virginia

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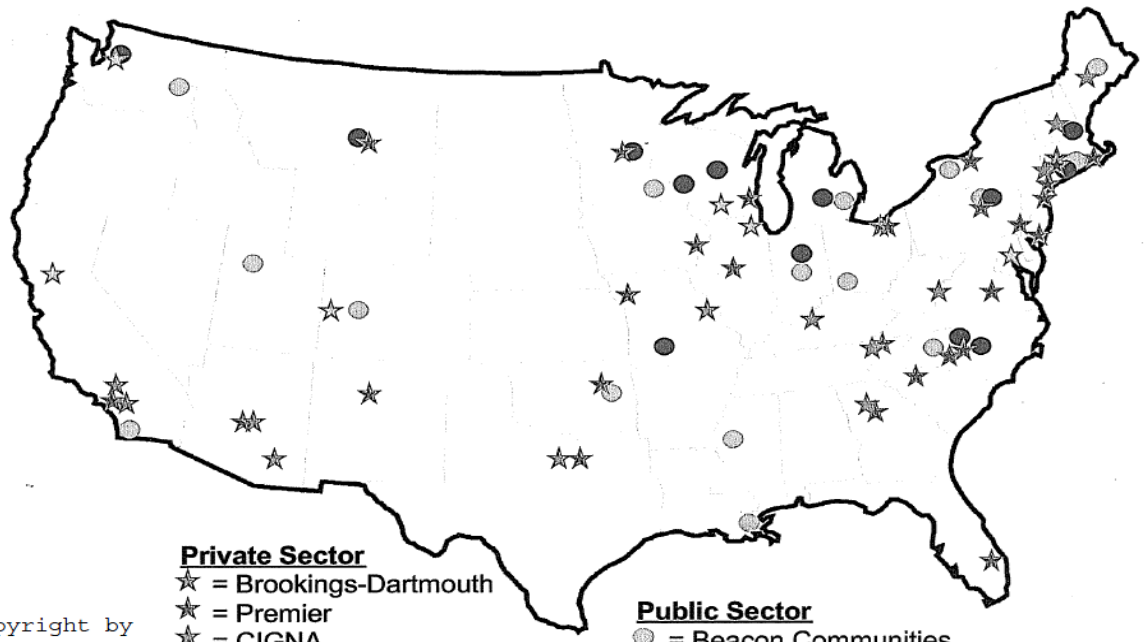
The National Map: Constructed by the ACO Learning Network

Looking back: the obvious progress
Many moving forward with ACOs



www.acolearningnetwork.org

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So, we need these conversations

- "Spread" is critical to those who are driving change
- Including rural specific language in the Affordable Care Act
- Systems that buy rural presence
- Lives, volume, lives

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Pursuing a Greater Good

- Affordable care
- Access to high quality care
- And being held accountable

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While maintaining the enterprise

- Mission matters
- Payment formulae matter
- Community orientation matters

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Moving forward

- What are the preparatory activities?
- What can we learn from the policy activities?
- What should be done to prepare to succeed?

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Lessons From Large Organizations: Scott & White attributes of Ideal Systems

- Information continuity
- Care coordination and transitions
- System accountability
- Peer review and teamwork for high-value care
- Continuous innovation
- Easy access to appropriate care

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Eight Rural Constraints

- From *Journal of Rural Health*. Winter, 2011 article by MacKinney, Mueller and McBride
- Rural provider autonomy
- Rural practice design
- Low rural volumes
- Historic rural efficiency

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Continued

- Urban motivations
- Urban provider cost structure
- Legal and regulatory barriers
- Rural leadership inexperience

Changes in Approaches to Population Health and Community Well-Being

- Coverage of preventative services without copayment
- Programs for wellness in workplace, schools, for young elderly (55 - 64)
- How hospitals view community contribution (new rules)
- Community transformation grants from CDC
- Public health fund in Title IV of the ACA

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Pressures on the system: Increased demand for services

- The new market in health insurance exchanges: implications for enrollment strategies and patient services
- Medicaid expansion: eligibility, enrollment, payment

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A New Bottom Line?

- Payment structure is changing
- So what about the cost structure?
- Strategic positioning
- Different management strategies

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Times Are Changing

- The demise of cost-based fee-for-service reimbursement – slow … but sure
- The rise of patient-centered care, with new sense of what that means, including patient responsibility
- The buzzword is VALUE, not cost or volume
- The pathway to value is being constructed

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Wild Cards

- Co-op plans
- Medicaid in vice – expansion at a time of pressure on the budget
- Medicare in the same vice
- US Supreme Court decision on the individual mandate in 2012
- What happens with workforce supply and utilization

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For Further Information

The RUPRI Center for Rural Health Policy Analysis
http://cph.uiowa.edu/rupri

The RUPRI Health Panel
http://www.rupri.org

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