Rural Health Strategies for a Value-Based Future

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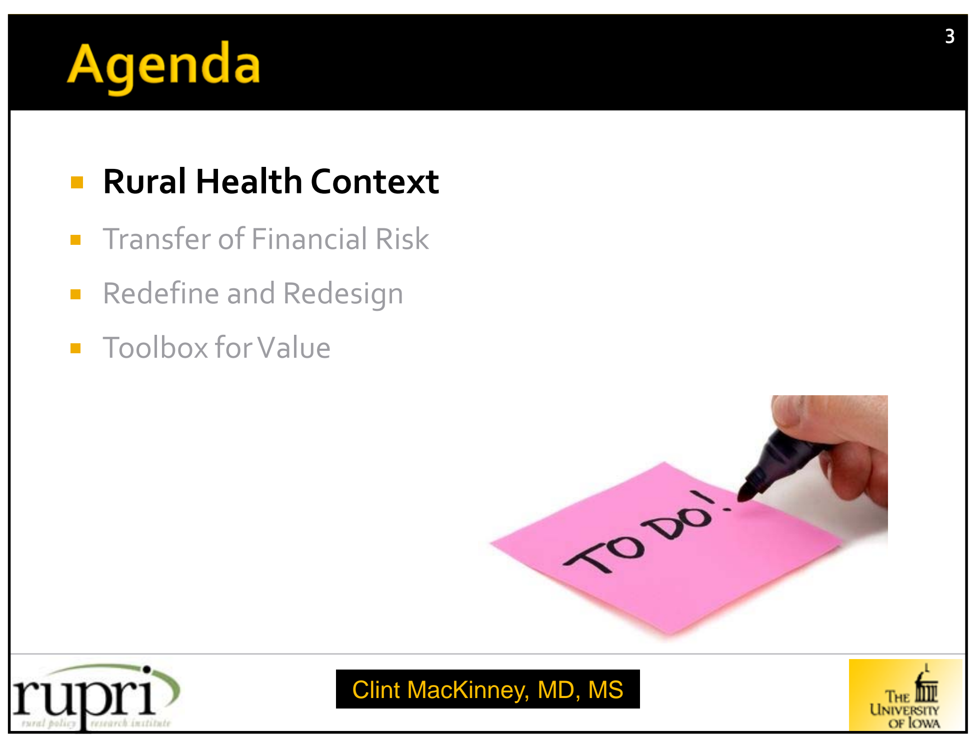
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Agenda
Rural Health Context
Transfer of Financial Risk
Redefine and Redesign
Toolbox for Value
TO DO!
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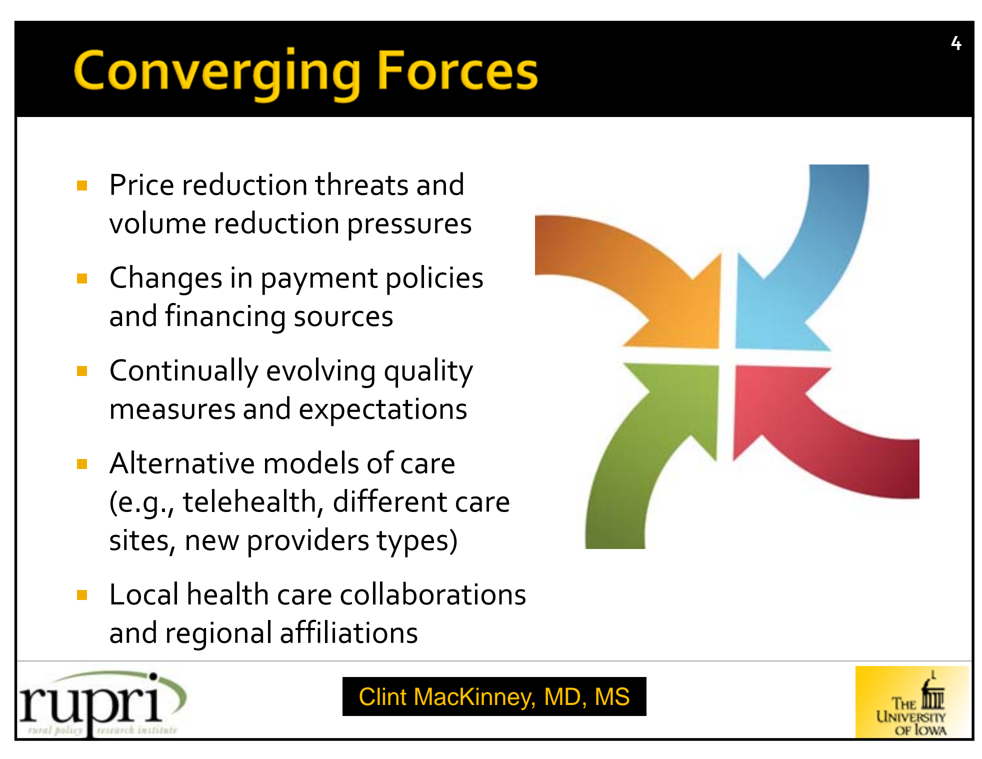
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Converging Forces
Price reduction threats and volume reduction pressures
Changes in payment policies and financing sources
Continually evolving quality measures and expectations
Alternative models of care (e.g., telehealth, different care sites, new providers types)
Local health care collaborations and regional affiliations
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Affordable Care Act (and More)
New ACA emphases
Insurance coverage
Primary care
Financing innovation (incremental)
Major ACA *themes*
Demand for health care *value*
Transfer of financial risk
Collaboration and competition
Not just the ACA!
Macro economic forces will continue to drive health care reform
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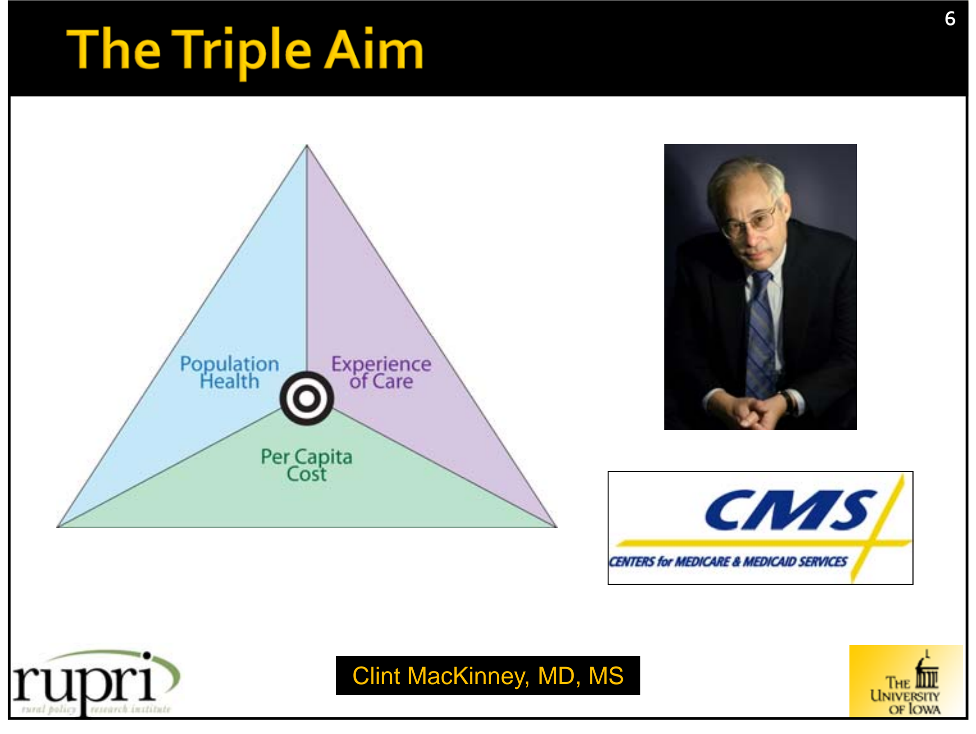
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The Triple Aim
Population Health
Experience of Care
Per Capita Cost
CMS
CENTERS for MEDICARE & MEDICAID SERVICES
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Value Equation

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$$\text{Value} = \frac{\text{Quality} + \text{Experience}}{\text{Cost}}$$

But does our current volume-based payment system impede delivering health care of value?

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Tyranny of Fee-for-Service

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- "Successful" physicians and hospitals seek to maximize:
  - Office visits per day
  - Average daily inpatient census
  - Admission percent from the ER
  - Profitability
- Is this how to identify and reward a great physician or a world-class hospital?
- **No, but what to do?**

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The Value Conundrum

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You can always count on Americans to do the right thing – after they've tried everything else.

- Fee-for-service
- Capitation
- Market
- Single payer

- **What about paying for health care value?**

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Form Follows Finance

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- How we deliver care is predicated on how we are paid for care
- Health care reform is changing both
- Fundamentally, reform involves a **transfer of financial risk** from payers to providers

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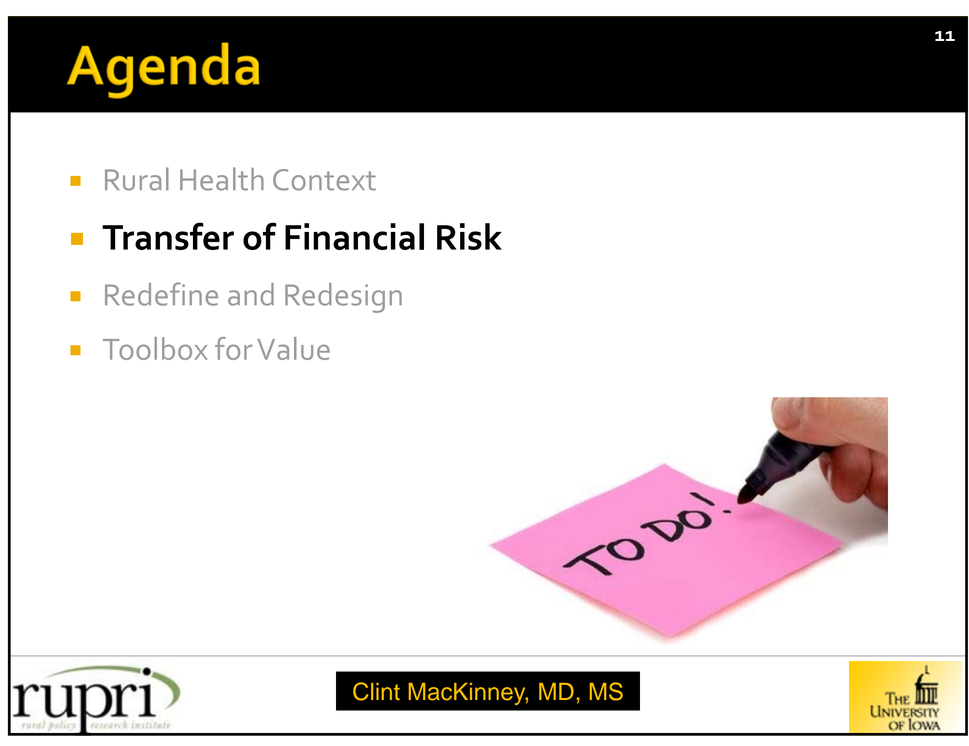

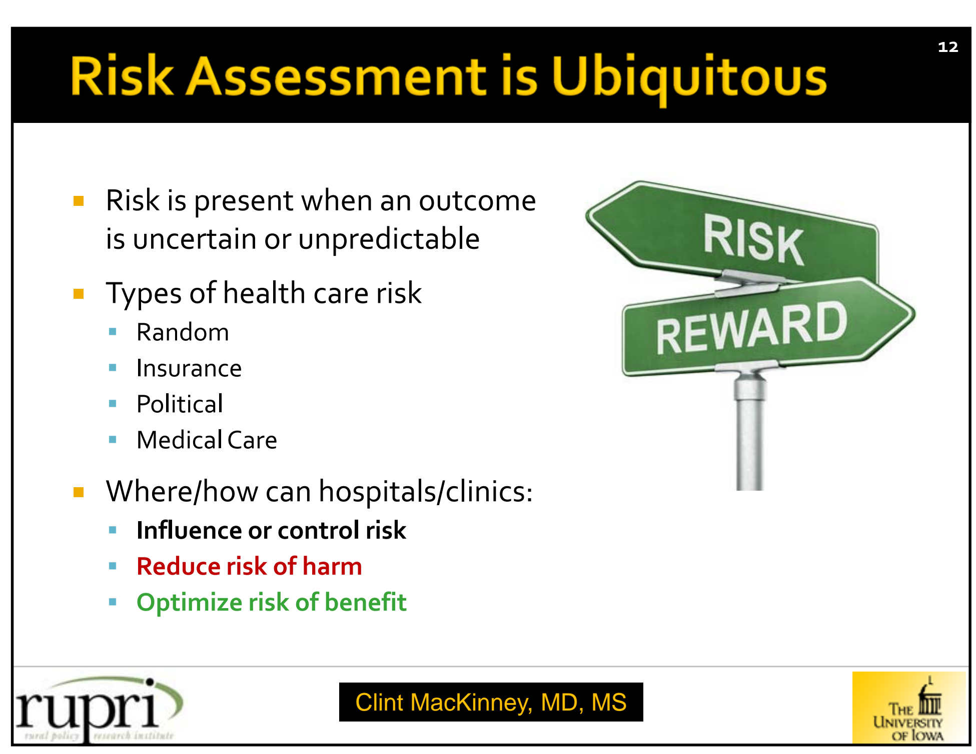

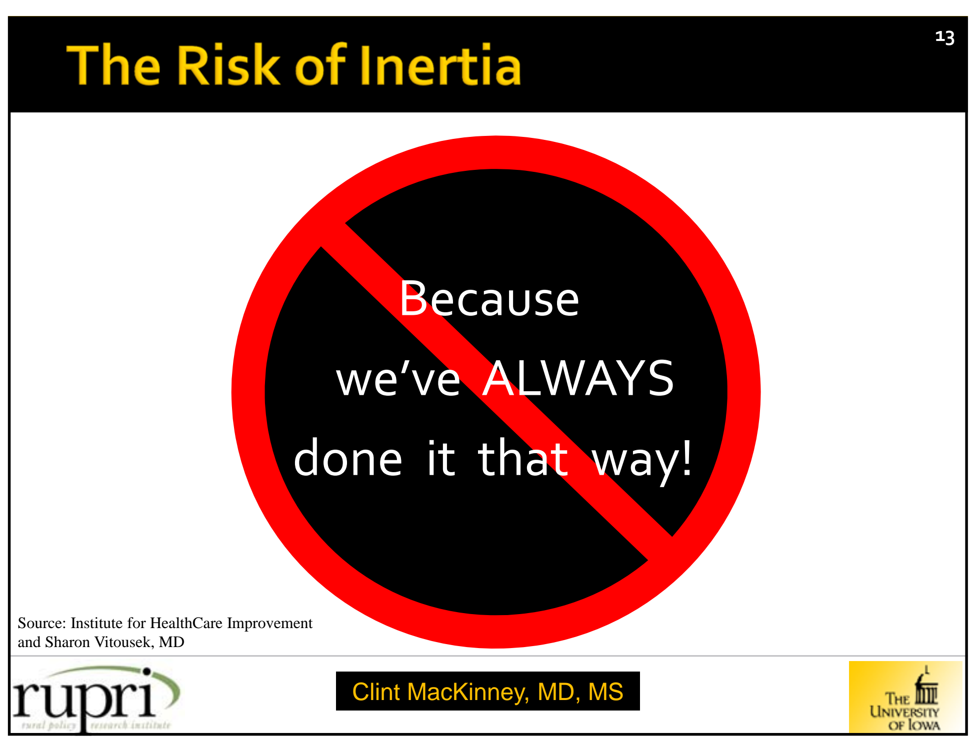
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The Risk of Inertia
Because
we've ALWAYS
done it that way!
Source: Institute for HealthCare Improvement
and Sharon Vitousek, MD
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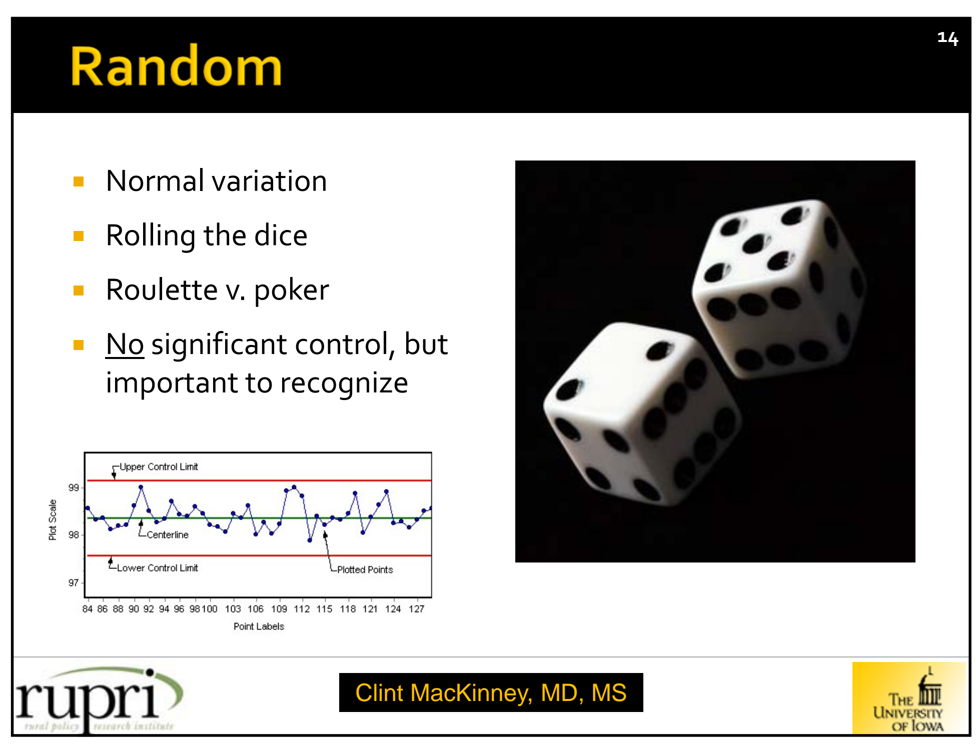
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Random
Normal variation
Rolling the dice
Roulette v. poker
No significant control, but important to recognize
Upper Control Limit
Centerline
Lower Control Limit
Plotted Points
Plot Scale
Point Labels
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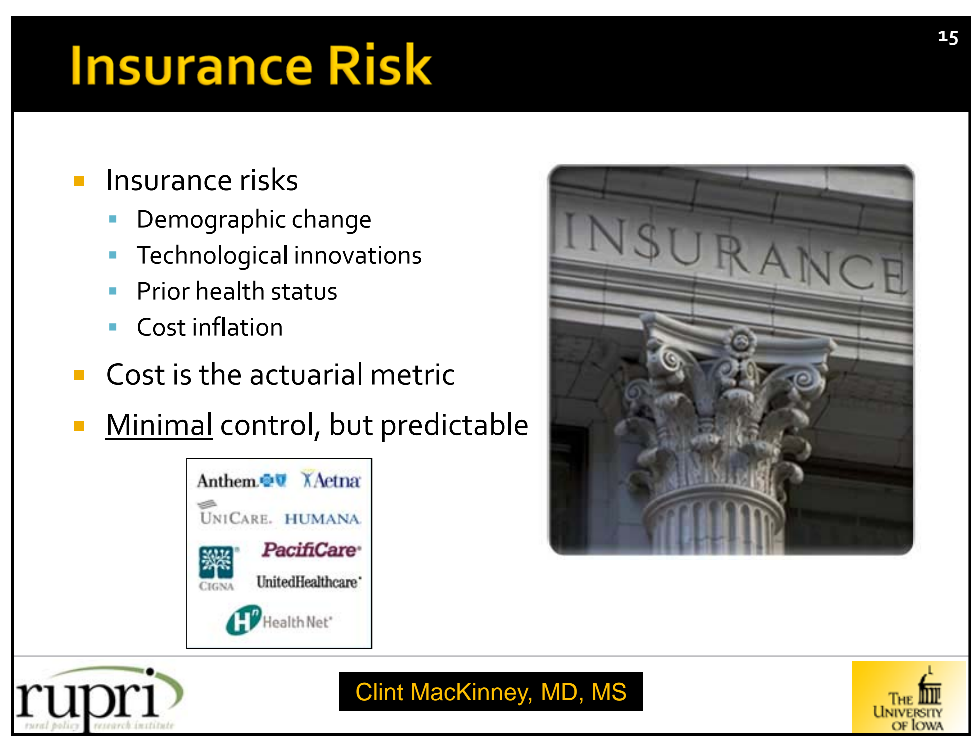
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Insurance Risk
Insurance risks
Demographic change
Technological innovations
Prior health status
Cost inflation
Cost is the actuarial metric
Minimal control, but predictable
INSURANCE
Anthem
Aetna
UniCare.
HUMANA
PacifiCare
CIGNA
UnitedHealthcare
Health Net
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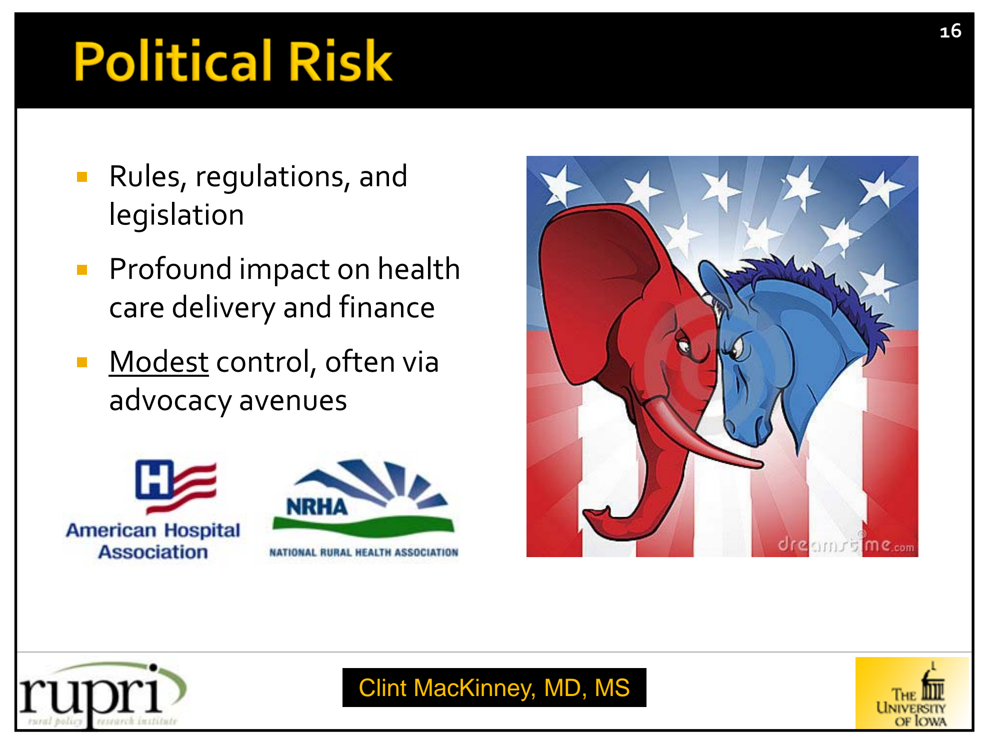
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Political Risk
Rules, regulations, and legislation
Profound impact on health care delivery and finance
Modest control, often via advocacy avenues
American Hospital Association
NRHA
NATIONAL RURAL HEALTH ASSOCIATION
dreamstime.com
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Medical Care Risk

- Medical care *variation*
  - Diagnostic accuracy
  - Care plan implementation
  - Guideline use compliance
  - Pharmaceutical choice
  - Procedural skill
  - Efficient resource use
- Our clinical choices influence health care ***value***
- <u>Greatest</u> control, how we deliver care

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Drive Out (Most) Variation

- Measure individual provider performance and discuss
  - Learn from one another
- Care <u>should</u> vary by unique *patient* needs, not by
  - Doctor or nurse
  - Day of week, or time of day
- Not cookbook medicine, many opportunities for
  - Clinical judgment
  - Thoughtful interactions
  - The "art" of medicine

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Rural Risk?
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BRANXTON LIONS CLUB
DRIVE CAREFULLY
60
We have
TWO CEMETERIES
NO HOSPITAL
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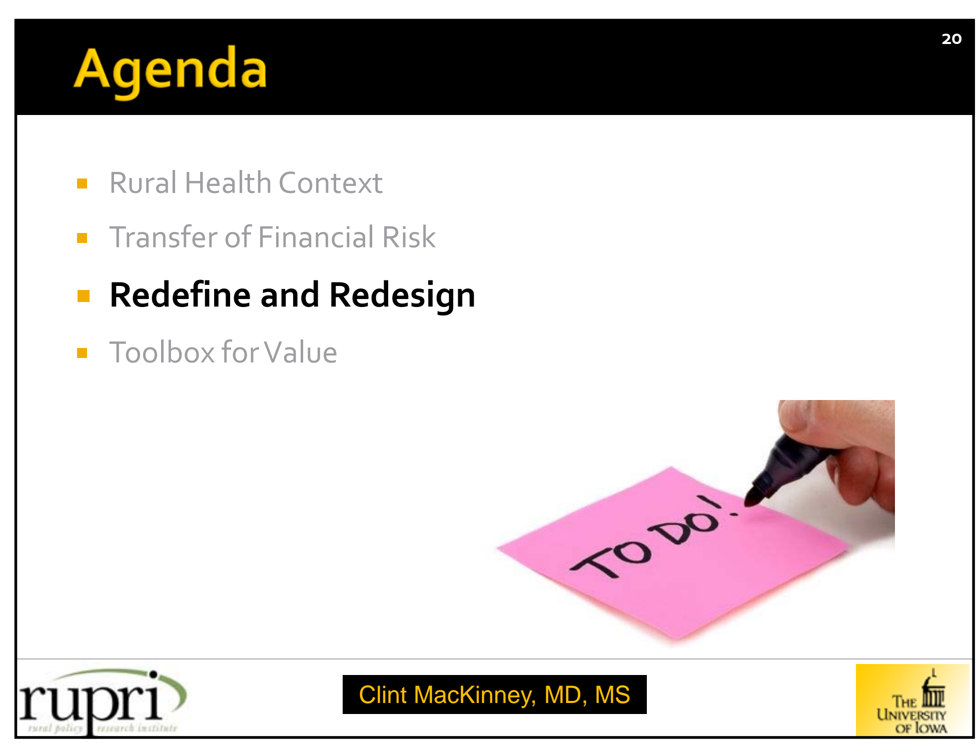
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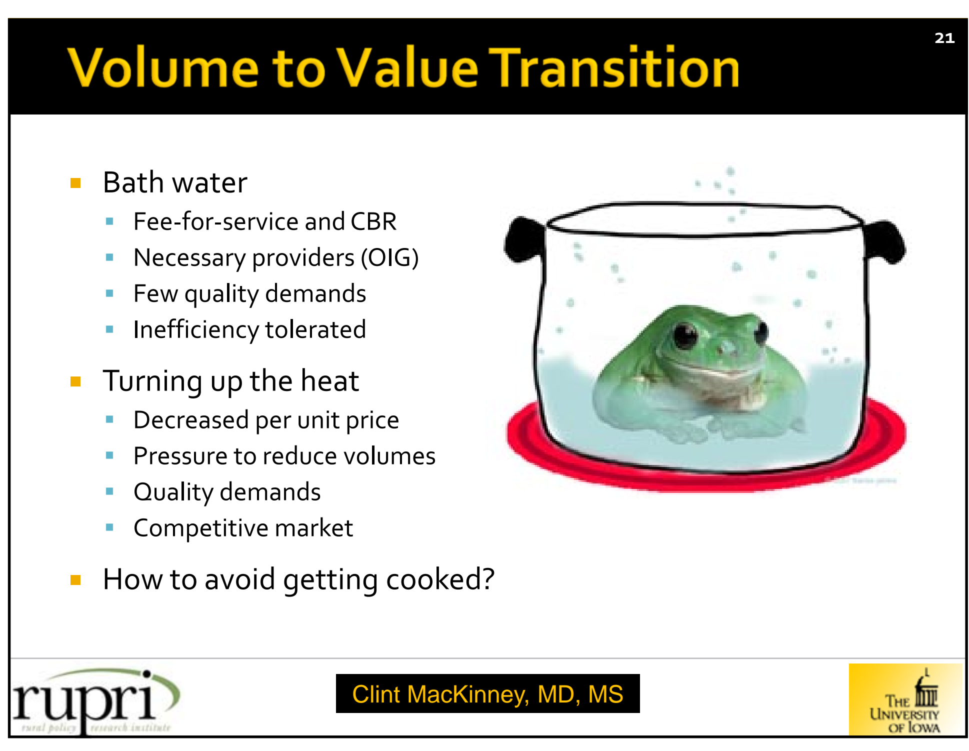

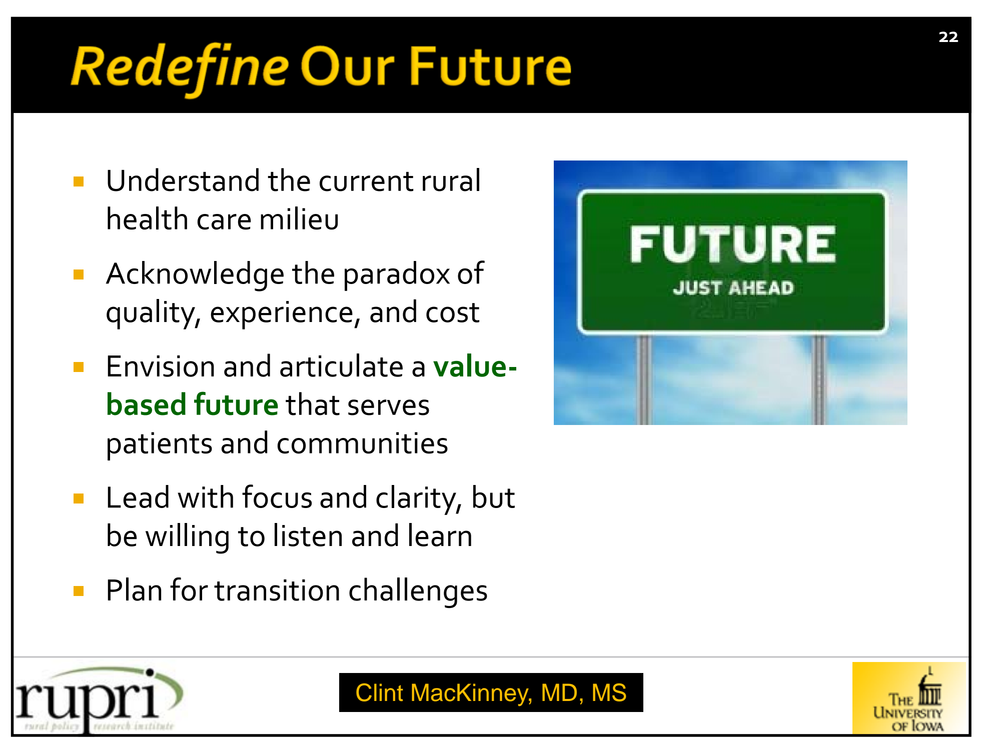

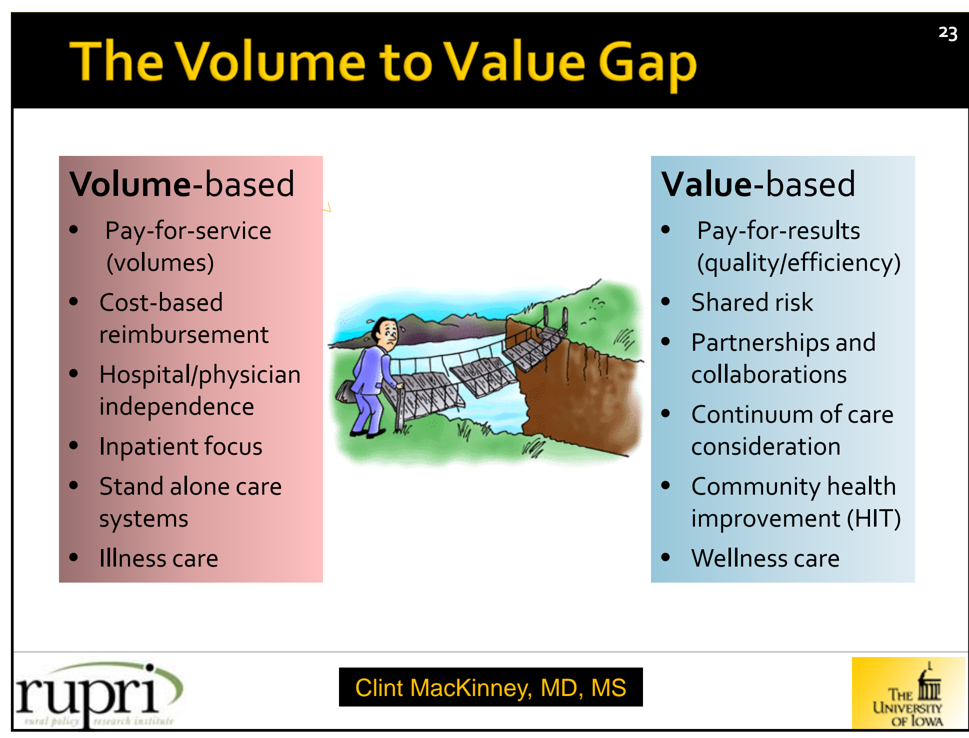
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The Volume to Value Gap
Volume-based
Pay-for-service (volumes)
Cost-based reimbursement
Hospital/physician independence
Inpatient focus
Stand alone care systems
Illness care
Value-based
Pay-for-results (quality/efficiency)
Shared risk
Partnerships and collaborations
Continuum of care consideration
Community health improvement (HIT)
Wellness care
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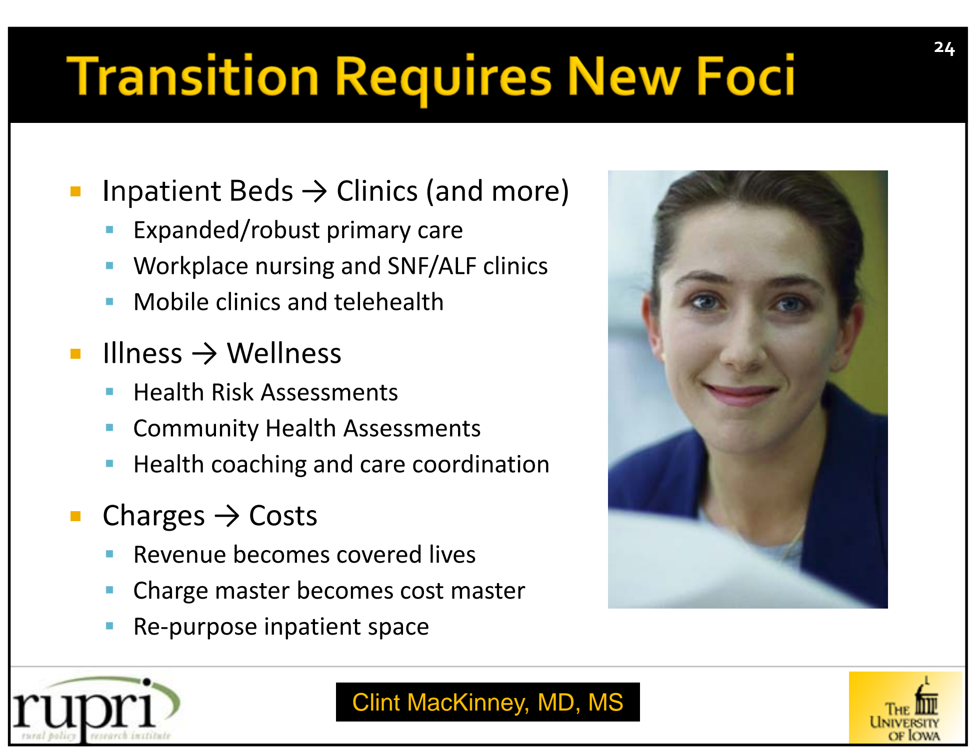
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Transition Requires New Foci
Inpatient Beds → Clinics (and more)
Expanded/robust primary care
Workplace nursing and SNF/ALF clinics
Mobile clinics and telehealth
Illness → Wellness
Health Risk Assessments
Community Health Assessments
Health coaching and care coordination
Charges → Costs
Revenue becomes covered lives
Charge master becomes cost master
Re-purpose inpatient space
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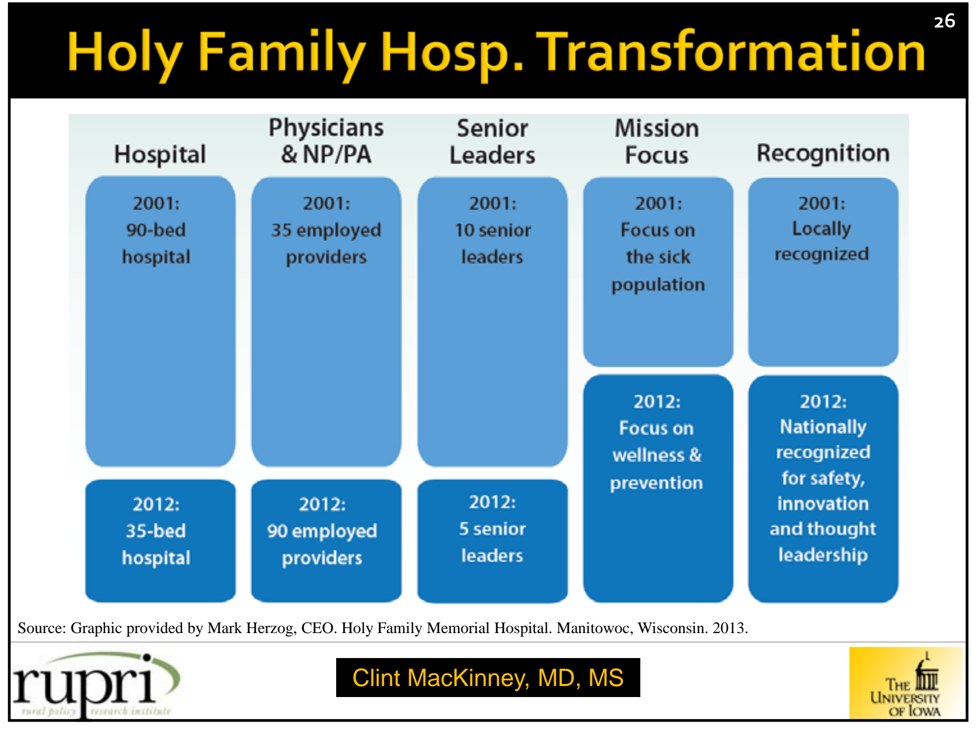

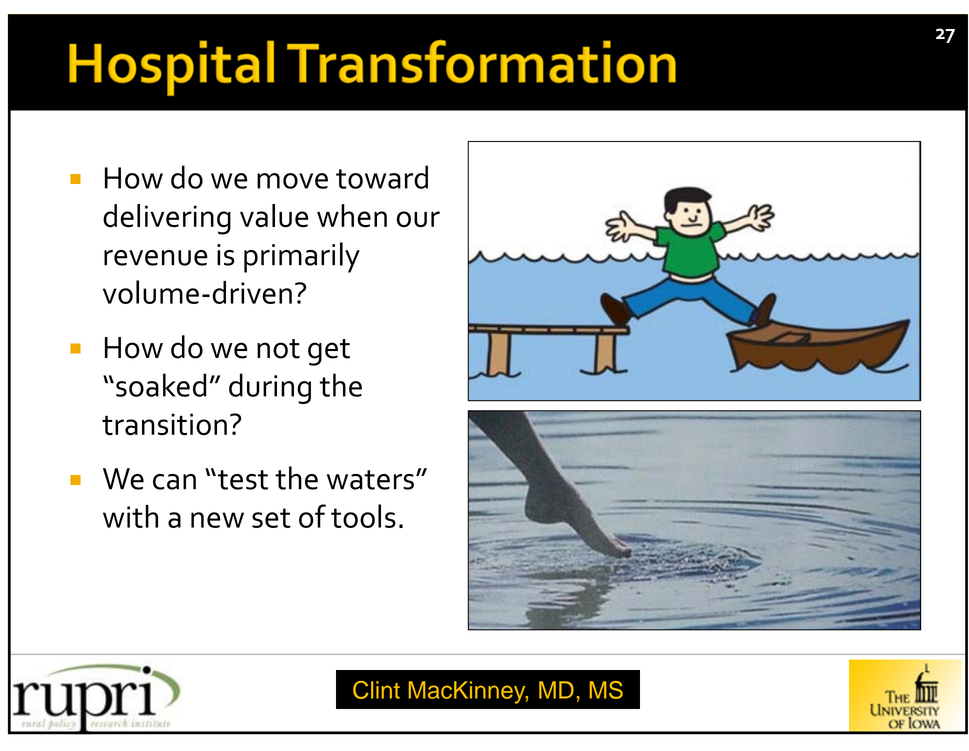
Hospital Transformation
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How do we move toward delivering value when our revenue is primarily volume-driven?
How do we not get "soaked" during the transition?
We can "test the waters" with a new set of tools.
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Provider Toolbox
1. Fee-for-Service Attention
2. Measure, Report, and Act
3. Performance Improvement
4. Operations Efficiency
5. Payment for Quality
6. Physician Engagement
7. Patient-Centered Medical Homes
8. New Skill Development
9. Care Coordination
10. Referral Patterns
11. ACOs and Regionalization
12. Community Engagement
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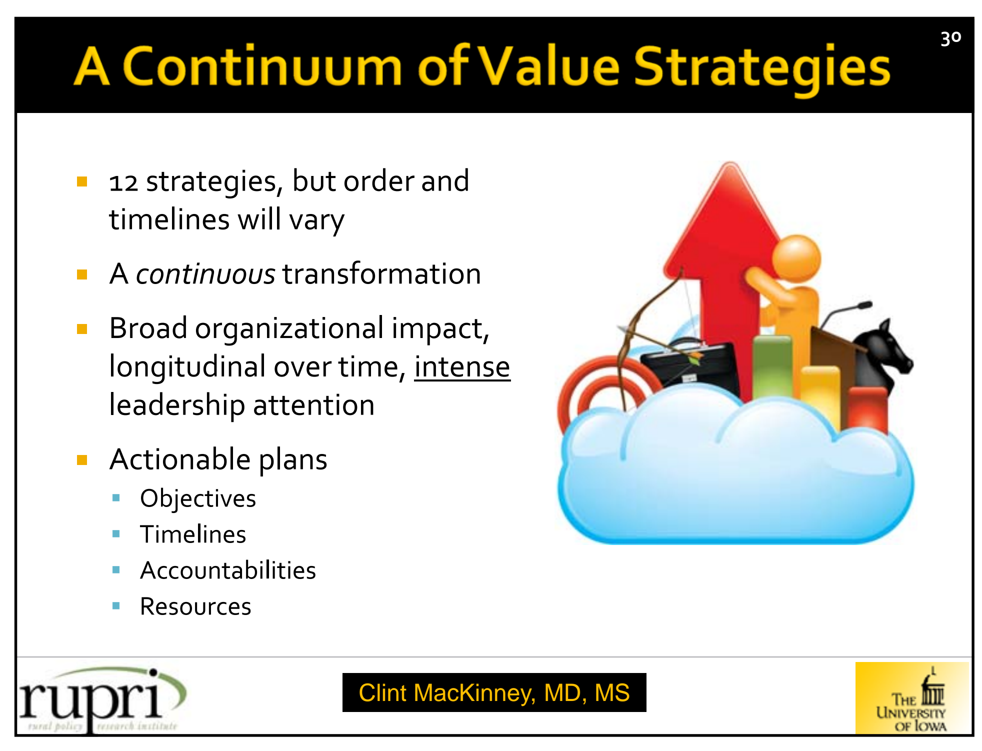
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A Continuum of Value Strategies
12 strategies, but order and timelines will vary
A continuous transformation
Broad organizational impact, longitudinal over time, intense leadership attention
Actionable plans
Objectives
Timelines
Accountabilities
Resources
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1. Get Your FFS House in Order
Attention to
Market share
Expense management
Revenue cycle
PQRS/Meaningful Use
Payer contracts
Purchasing contracts
Inventory management
Appropriate volumes
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2. Measure, Report, and Act
Measure and report performance
We attend to what we measure
Attention is the currency of leadership
Tell the performance story
Data → information → insight
We are all "above average," right?
Let the data set you free
When possible, control the data
Market share – who's leaving and why
Our costs to payers, and our competitor's costs
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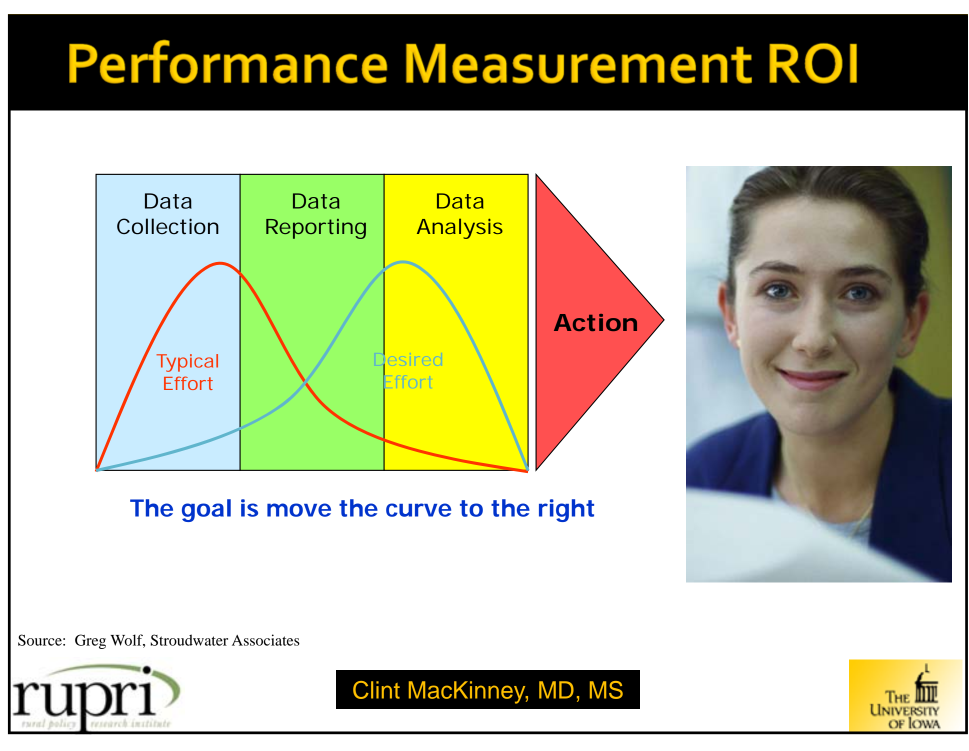
Performance Measurement ROI
Data Collection
Data Reporting
Data Analysis
Action
Typical Effort
Desired Effort
The goal is move the curve to the right
Source: Greg Wolf, Stroudwater Associates
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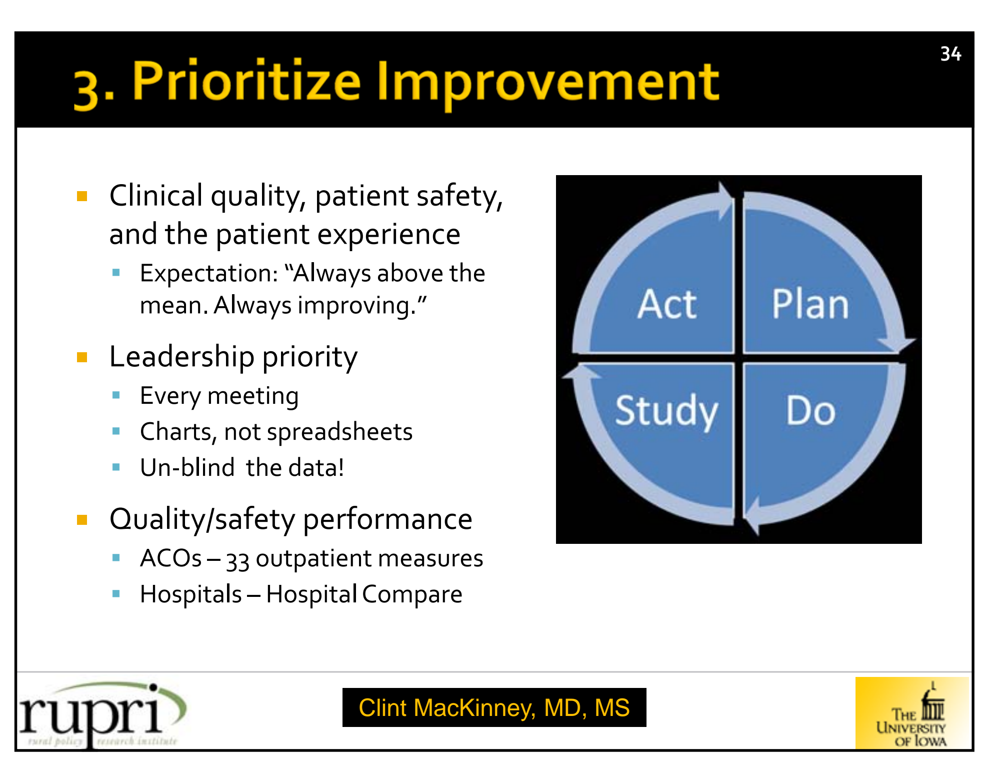
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3. Prioritize Improvement
Clinical quality, patient safety, and the patient experience
Expectation: "Always above the mean. Always improving."
Leadership priority
Every meeting
Charts, not spreadsheets
Un-blind the data!
Quality/safety performance
ACOs – 33 outpatient measures
Hospitals – Hospital Compare
Act
Plan
Study
Do
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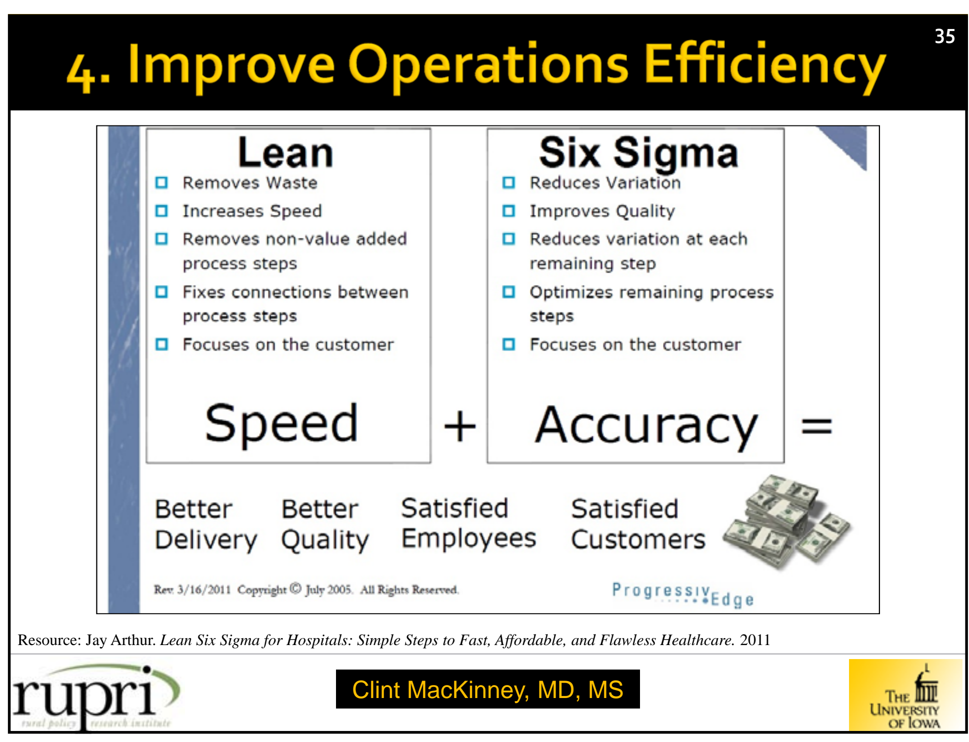

Medical Staff Relationships

The hospital CEO's most important job is developing and nurturing good medical staff relationships.

Source: Personal conversation with John Sheehan, CPA, MBA

Physicians

- Physicians see themselves as independent autonomous, and in control!
  - The antithesis of team work?
- Yet, hospital-physician alignment is essential to delivering value
- Need physician leaders to devise new care models and create sustainability
- Primary care could potentially control large amounts of dollars, so…
  - ($5,000/pt/yr x 2,000 pts/phys x 20 phys = **$200 million/yr**)

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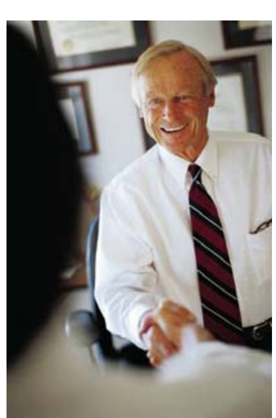
6. Engage Medical Staff *Deeply*

- Educate, mentor, and engage physician leaders
  - Clinical co-management expected to grow
- Include physicians in key governance decision-making
  - Beyond traditional clinical, credentialing, and quality committee work
  - Offer direct ability to influence outcomes
- Offer rewarding, yet reasonable salary
  - Based on what physicians identify as desirable characteristics and behaviors



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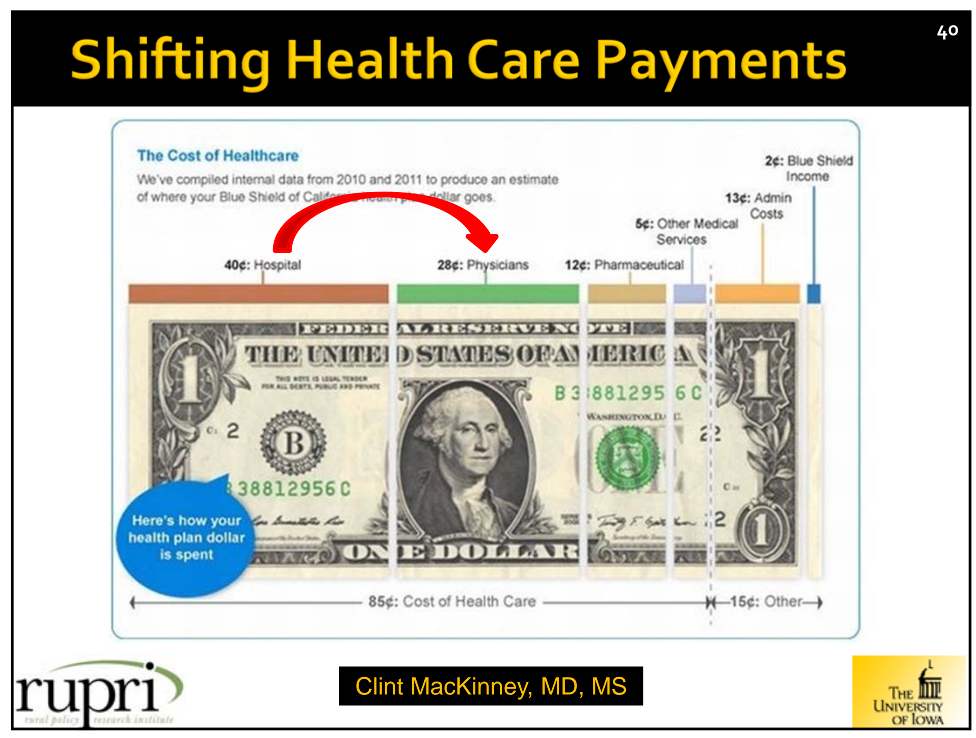
Shifting Health Care Payments



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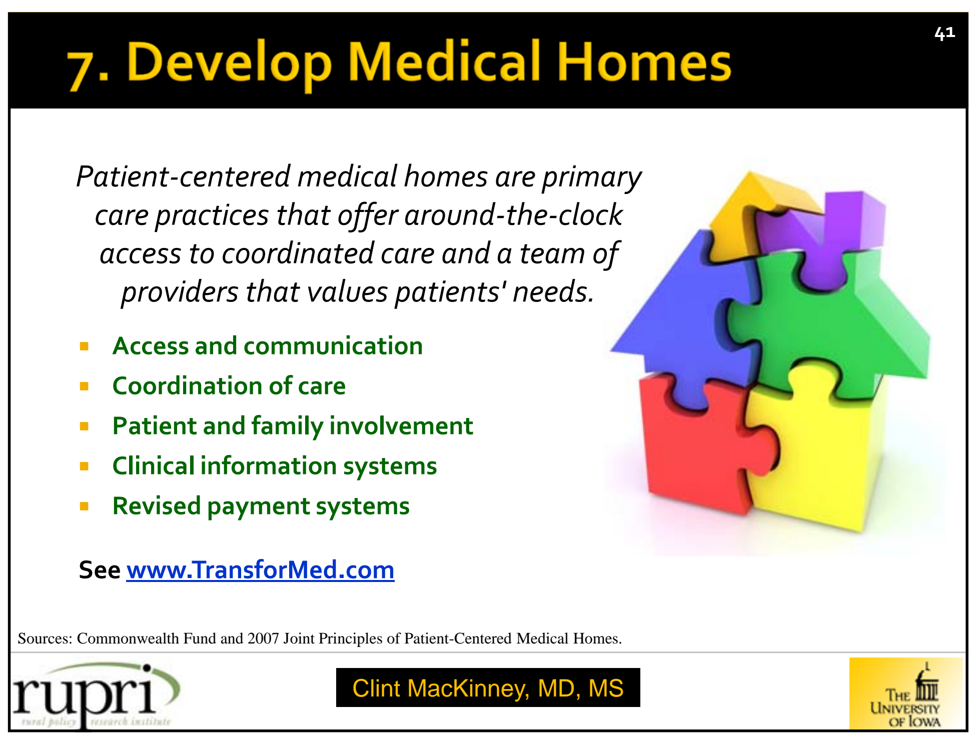
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7. Develop Medical Homes
Patient-centered medical homes are primary care practices that offer around-the-clock access to coordinated care and a team of providers that values patients' needs.
Access and communication
Coordination of care
Patient and family involvement
Clinical information systems
Revised payment systems
See www.TransforMed.com
Sources: Commonwealth Fund and 2007 Joint Principles of Patient-Centered Medical Homes.
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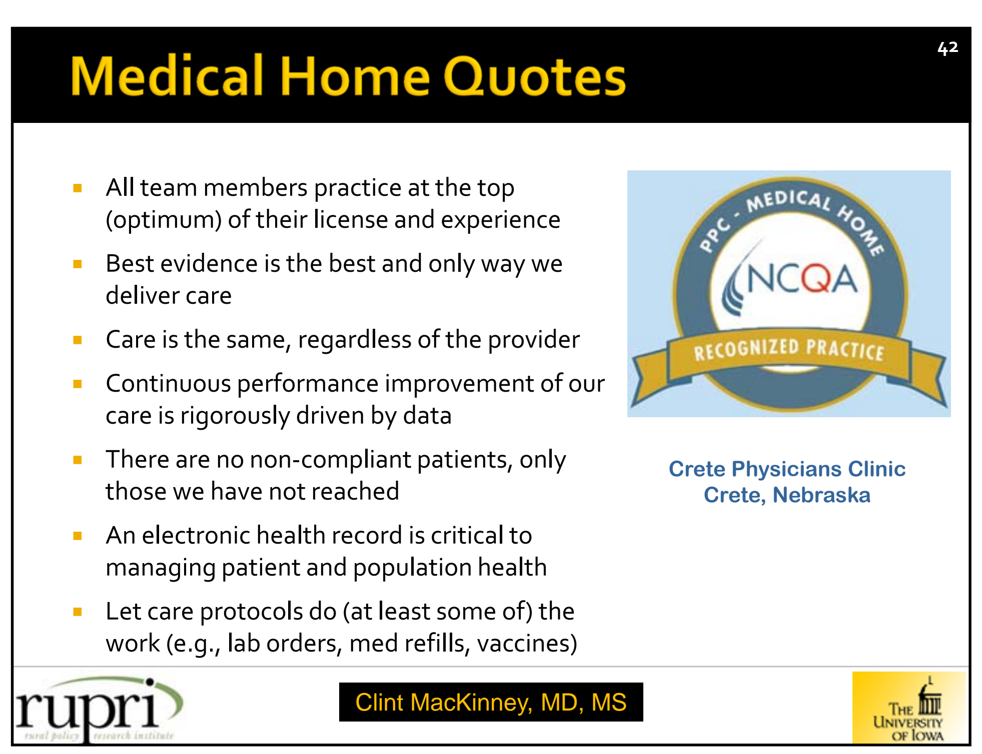
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Medical Home Quotes
All team members practice at the top (optimum) of their license and experience
Best evidence is the best and only way we deliver care
Care is the same, regardless of the provider
Continuous performance improvement of our care is rigorously driven by data
There are no non-compliant patients, only those we have not reached
An electronic health record is critical to managing patient and population health
Let care protocols do (at least some of) the work (e.g., lab orders, med refills, vaccines)
PPC - MEDICAL HOME
NCQA
RECOGNIZED PRACTICE
Crete Physicians Clinic
Crete, Nebraska
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8. Cultivate New Skills
New skills required
We are *comprehensivists*
Data analytics
Quality improvement
Cost management
Team management – "leader" need not be a physician
But I don't want to change!
Static fee-for-service prices – working harder for less
No bonuses – less pay for subpar quality
Volume at risk – from poor economy, high deductibles, and skilled competitors
We Can Do It!
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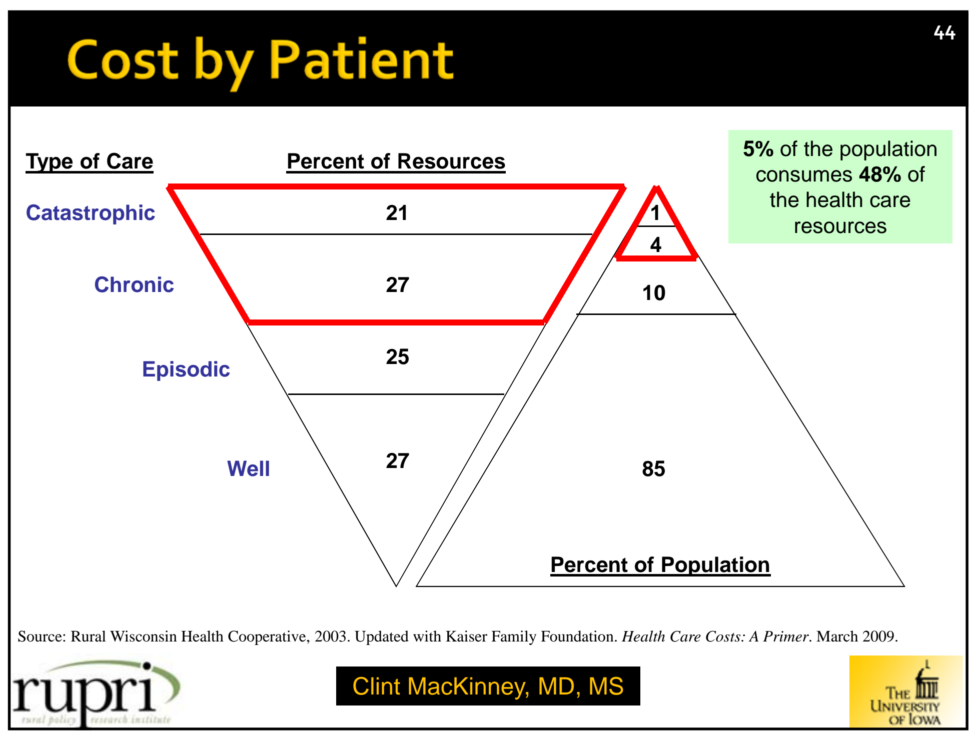
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Cost by Patient
Type of Care
Percent of Resources
Catastrophic
Chronic
Episodic
Well
21
27
25
27
1
4
10
85
Percent of Population
5% of the population consumes 48% of the health care resources
Source: Rural Wisconsin Health Cooperative, 2003. Updated with Kaiser Family Foundation. Health Care Costs: A Primer. March 2009.
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9. Coordinate Care

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- Supports provider care plans
- Supports patients with frequent contact
- Helps patients prepare for office visits
- Identifies high-risk patients
- Develops disease registries
- Monitors reminder systems
- Provides patient education
- Coordinates care and transitions
- The go-to person to connect the dots

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10. Refer Based On Value

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- Who provides the best care to your patients?
  - How do you know?
- Who provides the best value to your patients?
  - How do you know?
- What kind of care do you want your mom to have?
- Referral hospitals and specialists should <u>earn</u> our referrals

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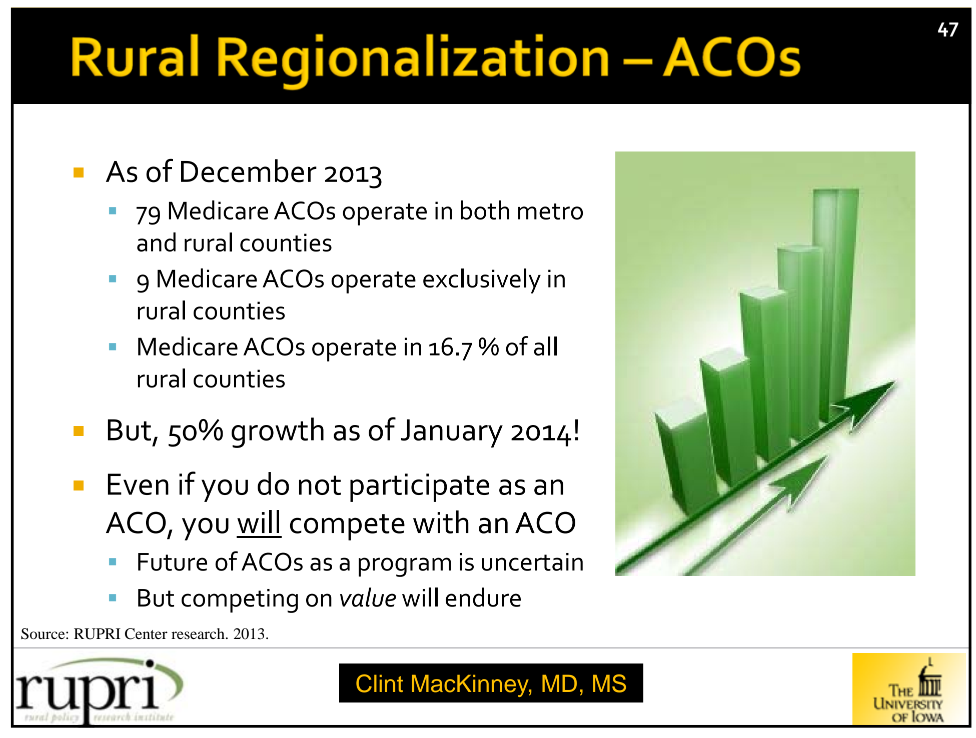

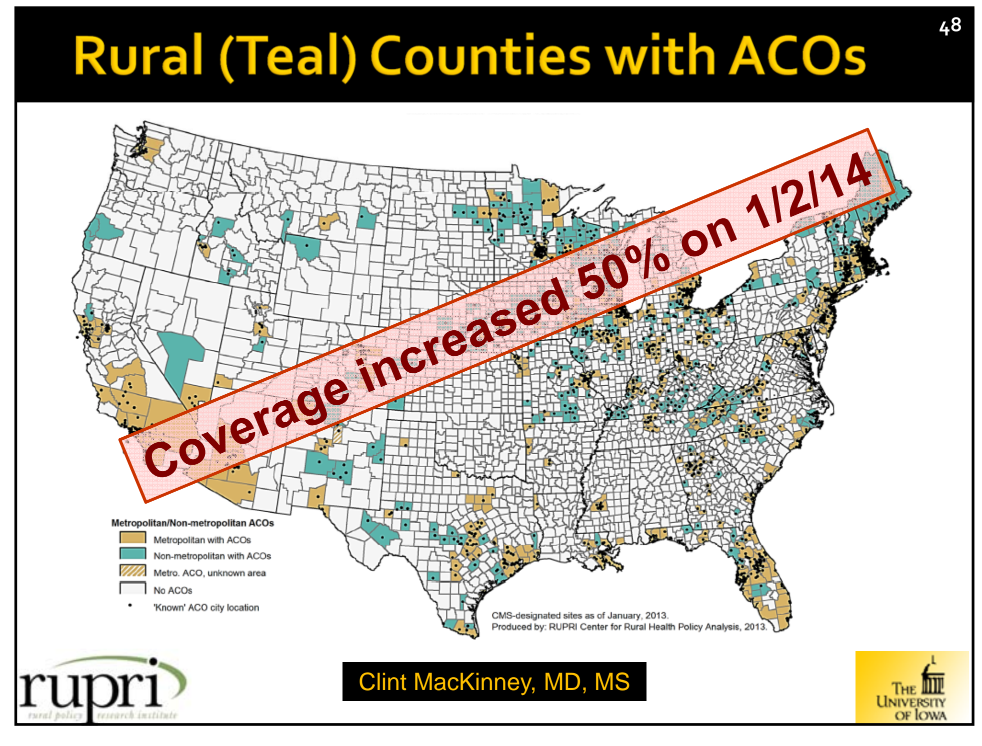

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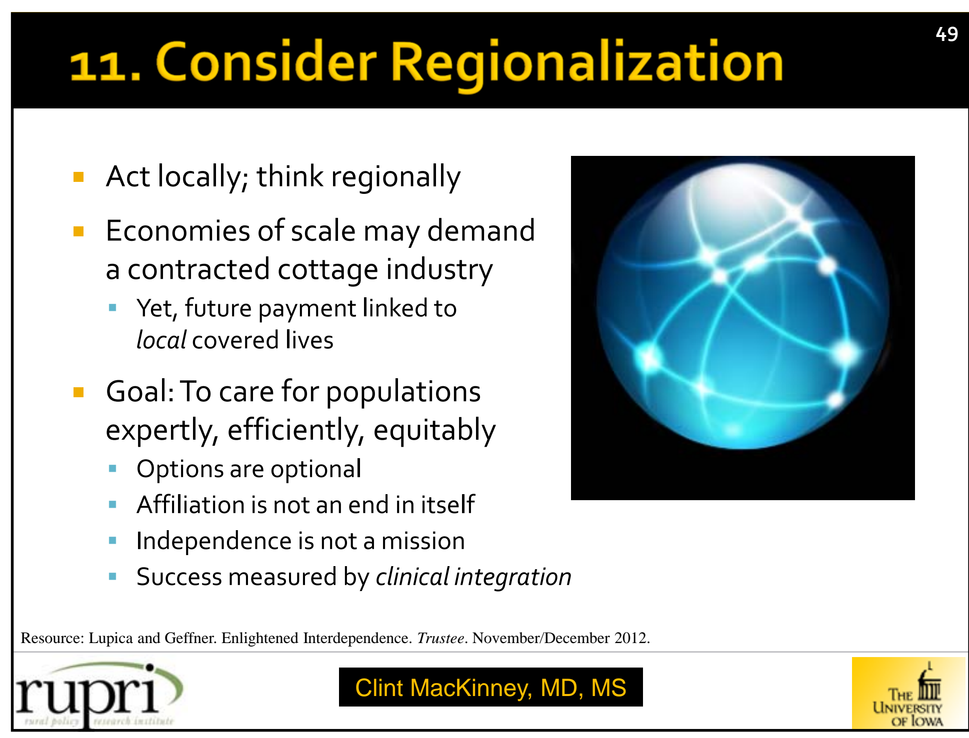

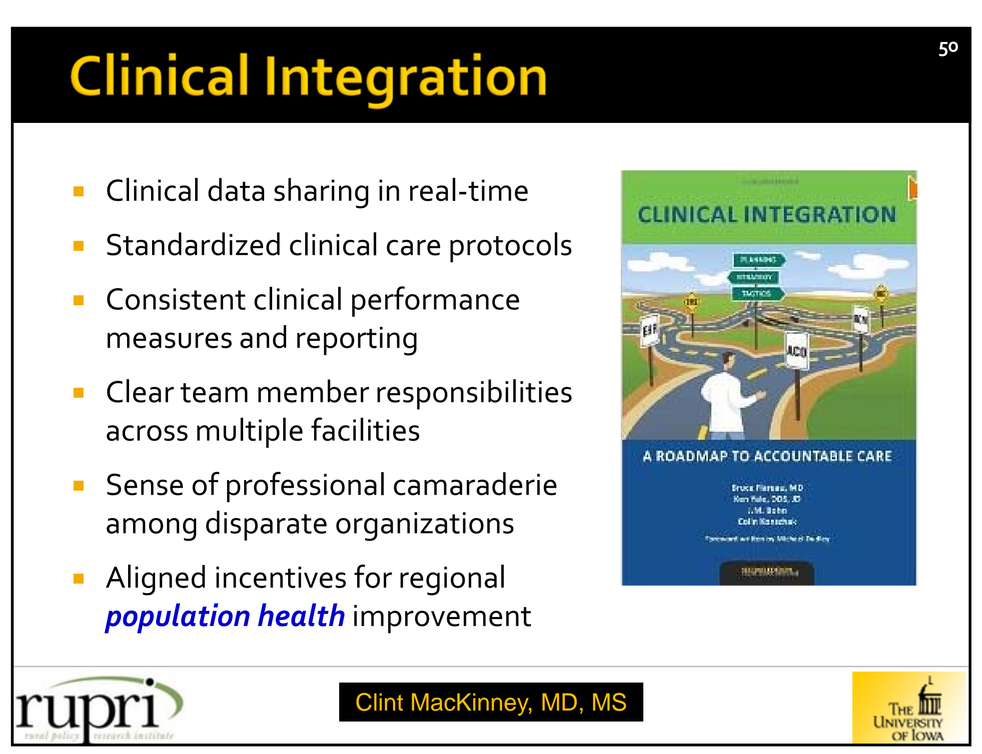

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12. Engage Your Community
What is available locally to improve health care value?
Public Health
Social Service
Agency on Aging
Community health workers
Care transition programs
Churches and foundations
Community Resources
Do not duplicate!
Collaborations are less expensive than new clinic/hospital services – and build good will
Do what's right
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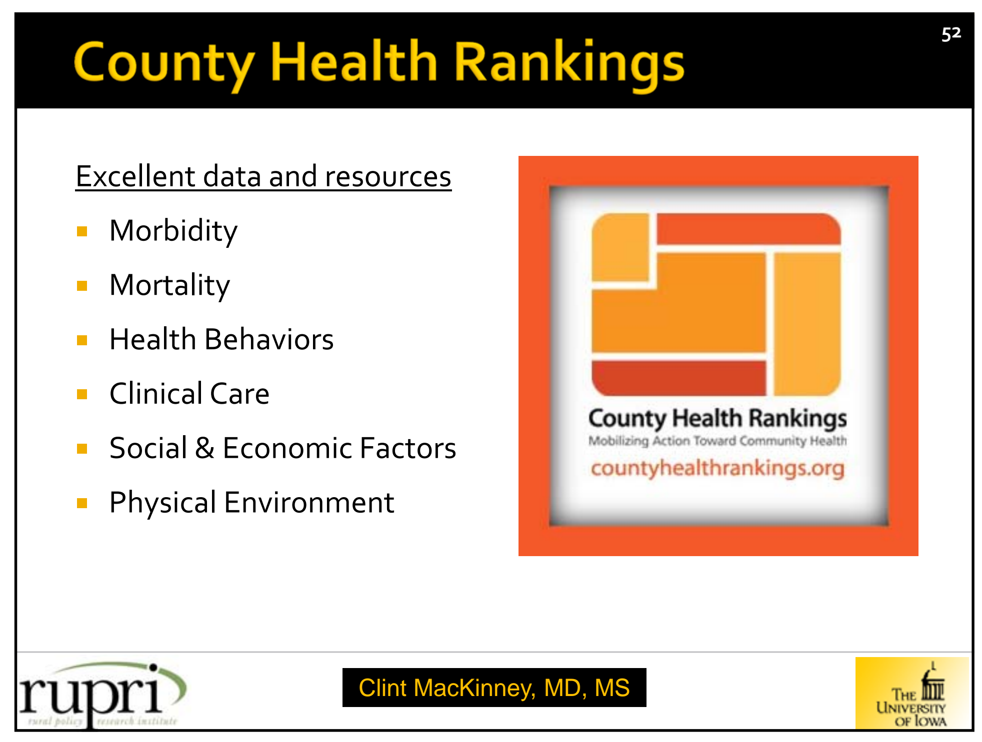
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County Health Rankings
Excellent data and resources
Morbidity
Mortality
Health Behaviors
Clinical Care
Social & Economic Factors
Physical Environment
County Health Rankings
Mobilizing Action Toward Community Health
countyhealthrankings.org
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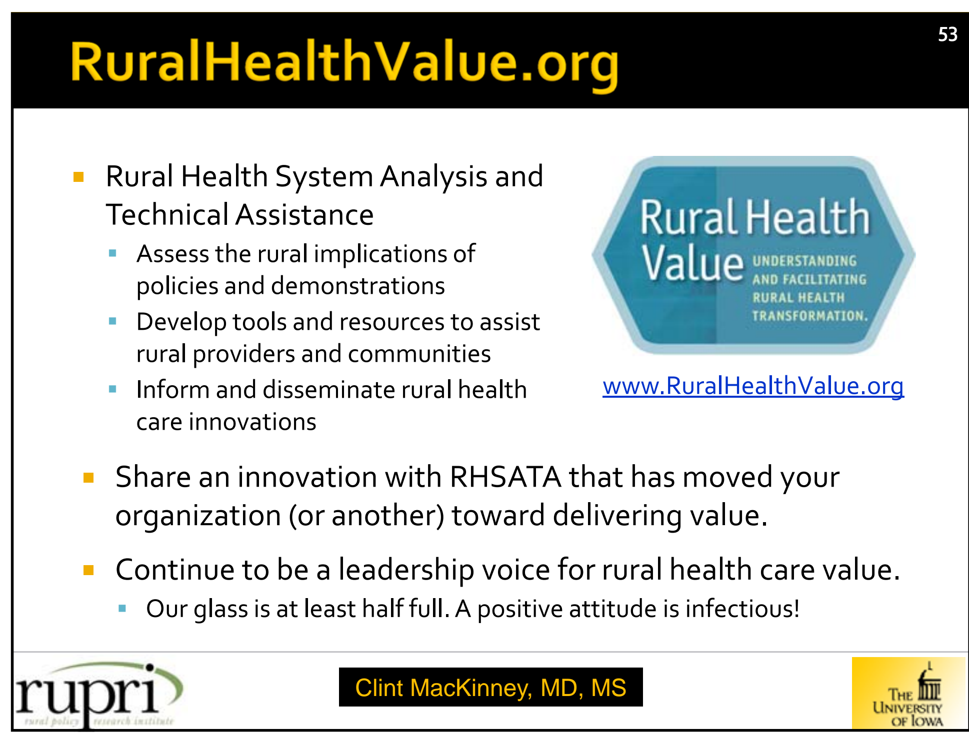
RuralHealthValue.org
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Rural Health System Analysis and Technical Assistance
Assess the rural implications of policies and demonstrations
Develop tools and resources to assist rural providers and communities
Inform and disseminate rural health care innovations
Rural Health Value
UNDERSTANDING AND FACILITATING RURAL HEALTH TRANSFORMATION.
www.RuralHealthValue.org
Share an innovation with RHSATA that has moved your organization (or another) toward delivering value.
Continue to be a leadership voice for rural health care value.
Our glass is at least half full. A positive attitude is infectious!
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The Risk of Something New
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Healthy People and Places
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