**Climate of Change**

- 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
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

The Triple Aim©
Value Equation

Value = Quality + Experience

Cost

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

Tyranny of Fee-for-Service

- “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?
The Value Conundrum

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?

Right place, time, provider, price

Better yet, how about care in the home, workplace, or not at all? Preventive care may reduce the need for acute care!
**Volume to Value Transition**

- Bath water
  - Cost-based reimbursement
  - Fee-for-service
  - Few quality demands
  - Inefficiency tolerated
- Turning up the heat
  - Decreased per unit price
  - Pressure to reduce volumes
  - Quality demands
  - Competitive market
- How to avoid getting cooked?

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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
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.
Tool Box for Delivering Value

- Patient-Centered Medical Homes
- Accountable Care Organizations
- Regionalization
- County-Based Purchasing
- Connected Community Resources
- Information and Innovation

Medical Home Definition

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

Sources: Commonwealth Fund and 2007 Joint Principles of Patient-Centered Medical Homes.
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/population health
- Let care protocols do (at least some of) the work (e.g., lab orders, med refills, vaccines)

Accountable Care Organizations

- A coordinated network of providers who share responsibility to provide high quality and low cost care to their patients.*
- Medicare requires excellent clinical quality and patient satisfaction based on 33 outpatient measures.
- Medicare “shares” savings with ACO if Medicare’s total costs are less than predicted.

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Rural (Teal) Counties with ACOs

Coverage increased 50% on 1/2/14

Regionalization

- Act locally; think regionally
- Economies of scale demand a contracted cottage industry
  - Yet, future health care payment linked to local covered lives
- Goal: To care for populations expertly, efficiently, equitably
  - Options are optional
  - Affiliation is not an end in itself
  - Independence is not a mission
  - Success measured by clinical integration

PrimeWest Health Background

- In 1990s, rural counties were concerned about Medicaid HMOs
  - Ignoring county needs, interests, and culture
  - Excluding local providers from networks
  - Denying payments and shifting cost to counties
  - Not reinvesting profits locally
  - Not integrating public health, social services, and medical providers

- A county-based health plan: owned, governed, and managed by 13 rural Minnesota counties

- Over 28,000 public health insurance enrollees and over 8,000 contracted providers

PrimeWest Health Achievements

- Accountable Rural Community Health (ARCH) – integrates public health, social services, behavioral health, and medical providers using value-based reimbursement

- Video-conferencing to increase mental health care access

- Technology to improve care coordination

- Reduced preventable institutionalizations and other unnecessary health care costs

- $10 million in profits reinvested locally as grants to improve access, quality, and health status

- 2 NACo Achievement Awards (2006): Innovation and Best in Category
Connected Community Resources

- 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

- Do not duplicate
  - Collaborations are less expensive than new services – and build good will!

County Health Rankings

Excellent data and resources
- Morbidity
- Mortality
- Health Behaviors
- Clinical Care
- Social & Economic Factors
- Physical Environment
Rural Health Value

- 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

- 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!

Healthy People and Places