The Race To Value-Based Payment

Presentation to Pennsylvania Rural Health Model Summit
Keith J. Mueller, PhD
Director, RUPRI Center for Rural Health Policy Analysis
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Harrisburg, PA
The Change in Payment

• Starting line is fee-for-service (ffs), determined by allowable cost
• The slow lane is to modify incrementally with incentives
• Moderate lane supports elements of restructuring health finance but leaves in place current core (ffs)
• Fast lane blows past current design to a total redesign of payment, aligned with quality measures
The Vehicles: Knowledge and Tactics

• Understanding financial risk
• Knowing what influences health outcomes
• Managing care (patient)
• Managing health (population)
The Driver: Health Care Organization (Hospital) Leadership

• Generating resources and investing strategically
• Local leadership
• Facilitating coalitions
Policy Motivator: Cost

- Total expenditure growing faster than Gross Domestic Product: crowds out other uses of GDP
- Strain on national, state, local budgets
- Cost of private insurance predicted to exceed $14,000 annually
- What is the return on investment of this use of GDP?
Track 1: The Slow Lane for Providers

- Incentives affecting small percentage of payment
- Payment change for only a small portion of patients
- Adjustments to limited number of services
- Retaining the FFS payment design
Track 2: A Moderate Pace with Potential for More Rapid Pace: ACO Model

- Fee-for-service chassis remains in place
- But payment tied to total expenditures
- With an element of quality measurement and accountability
- Accountable Care Organization: each term has meaning
Why Travel Down the ACO Lane?

• Opportunity to test (training wheels)
• Strategic investments using advance payment or other commitments
• Building delivery systems that can negotiate contracts
Medicare Results Are Mixed

- There have been savings to the Medicare program, significance in the eyes of the beholder
- Some ACOs receiving shared savings: some rural ACOs exceeding $2 million in shared savings
- Quality scores have improved
- Is the lane most traveled: following slides show Medicare Shared Savings Plan growth, based on beneficiaries attributed to ACOs
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# State-Level County ACO Presence and Enrollment - NON-METROPOLITAN

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Medicare ACO Presence, non-Metropolitan Counties: 2014

Produced by: RUPRI Center for Rural Health Policy Analysis, 2017.
Medicare ACO Presence, non-Metropolitan Counties: 2015

Produced by: RUPRI Center for Rural Health Policy Analysis, 2017.
Fast Lane to Controlling Cost: Fixed Cost Contracting

• Managed Care Organization (MCO) contracts in Medicaid programs
• Fixed budget between states and MCOs, “negotiated” prices between MCOs and providers
• MCO managing care: utilization generally and use of specific services
• Medicare approach with Medicare Advantage plans (MA): combine quality scoring with payment, resulting in higher outlay
• Provider payment determined by the MA plan
Percent of Eligible Medicare Non-Metropolitan Beneficiaries Enrolled in Medicare Advantage and other Prepaid Plans: Pennsylvania, March 2017

Legend
- 113th Congressional Districts
- Metropolitan counties

Percent Enrolled by County
- Less than 5%
- 5% - 14.9%
- 15% - 24.9%
- 25% - 29.9%
- 30% - 68%

Source of data: Centers for Medicare and Medicaid Services (CMS) data, as of March 2017.

Produced by: RUPRI Center for Rural Health Policy Analysis, 2017
Track 3, Fast Lane: Global Budgeting in Maryland

• Meeting the spending targets of the demonstration (rate of growth below that of the state’s economy)
• Total Medicare savings of $429 million 2013 – 2016; net savings of $319 million
• Quality measures also improving

Track 3, Fast Lane: Global Budgeting in Maryland

- The story of McCready Health in Crisfield, population 2,726 (service area approximately 7,000)
- Increased capital investments
- Build new services

“The switch from volume payment to value payment is driving McCready to understand and improve the health status of its populations”

Sources: Joy A. Strand. “Global Budget in a Rural Hospital.” Presentation to the NRHA CAH Conference. September 22, 2016
Track 3: Fast Lane: Direct Contracting

- System-owned insurance plans
- Contract directly with large groups
- Develop products for exchanges
- Other: could be association plans
Building the Race Car: Engine is Finance

- Current finance: pro forma
- Operating in a shared savings environment
- Understanding cross-payer issues (helps tremendously to be an all-payer demonstration)
- Operating at full risk
- Crucial to keep it lubricated: in McCready biweekly meetings of CEO and CFO to make rate adjustments
The Wheels for the Car

- Community partnerships
- Maintains continuous progress toward community health objectives
- Maintaining tire pressure: spreading resources to meet health needs through the appropriate agency
The Body of the Car: Strategies and Tactics

- Care management for high risk patients
- Identifying pressure points driving expenditures and work to control (readmissions down in MD; “high flyers” in emergency rooms)
- Population health measures to achieve community health goals
Tactics: Community-Wide Efforts

- The Heart of New Ulm Project lead by the New Ulm Medical Center (CAH): 36-member steering committee from multiple sectors focused on healthy lifestyle behaviors; diet, daily aspirin, exercise – will impact utilization

- Mt Ascutney Hospital and Health Center in Windsor, VT (CAH) formed community health infrastructure to close fragmented and decentralized care services, establishing new infrastructure and programs; result is 34,248 individuals receiving assistance in social services and numerous antidrug programs being introduced; needed to build trust with community partners, sharing credit
  

- Dansville, NY Noyes Health: in healthiest county in NY; work with community partners across the continuum of care; from CEO: “We no longer see ourselves as a standalone organization, but rather as part of the region’s broader healthcare ecosystem.”
  
Tactics: Addressing Patient Social Needs

• Winona MN hospital: network formed to support chronically ill individuals with services that included purchasing meals post discharge: ED visits fell 91% in first three months, readmission rates 94%

• St Joseph’s Hospital in Highland, IL: rigorous discharge review, including daily huddles during inpatient stay
  Source: John Commins, “This Tiny CAH Says ‘No Excuses’” HealthLeaders Media September 16, 2015)

• Anson County hospital in North Carolina: designed hospital to improve communication, patient flow and create a “healing environment”; use medical home approach to care; use community health advocates and patient navigators
Tactics: Population Health

• Garden City, KS St. Catherine Hospital formed Finney County Community Health Coalition, was awarded a grant in 2007, results: drop in teen binge drinking, grew into new 501(c)(3) organization that had success with no-smoking ordinance, bus service, child health initiatives

Source: “Garden City harvests a thriving crop of community health improvement projects.” *AHA News* September 12, 2014

• Employee wellness program in Mason District Hospital, Havanna, IL saved money for the hospital and improved community health; KishHealth System in DeKalb IL using CHNA to influence programming

Conclusion

• The tracks are still being defined, especially track 3
• The shift to track 3 is underway, but at different paces in different places and from different payers
• Lots of pieces already in place or available to build and drive the car
For further information

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

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

Rural Telehealth Research Center
http://ruraltelehealth.org/

The Rural Health Value Program
http://www.ruralhealthvalue.org
Keith Mueller, PhD
Interim Dean, College of Public Health
Gerhard Hartman Professor, Health Management & Policy
Director, RUPRI Center for Rural Health Policy Analysis
145 Riverside Drive, S153A, CPHB
Iowa City, IA  52242
319-384-1503
keith-mueller@uiowa.edu
Collaborations to Share and Spread Innovation

✓ The National Rural Health Resource Center
  https://www.ruralcenter.org/

✓ The Rural Health Information Hub
  https://www.ruralhealthinfo.org/

✓ The National Rural Health Association
  https://www.ruralhealthweb.org/

✓ The National Organization of State Offices of Rural Health
  https://nosorh.org/

✓ The American Hospital Association
  http://www.aha.org/
The Rural Health Research Gateway provides access to all publications and projects from eight different research centers. Visit our website for more information.

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Center for Rural Health
University of North Dakota
501 N. Columbia Road Stop 9037
Grand Forks, ND 58202