Building Capacity for Value

Missouri Rural Health Conference
August 15, 2017

RUPRI
RURAL POLICY RESEARCH INSTITUTE

Rural Health Value
UNDERSTANDING AND FACILITATING RURAL HEALTH TRANSFORMATION.

StratisHealth

Rural Health Value

Vision: To build a knowledge base through research, practice, and collaboration that helps create high performance rural health systems

- 3-year HRSA FORHP Cooperative agreement
- Partners
  - RUPRI Center for Rural Health Policy Analysis and Stratis Health
  - Support from Stroudwater Associates, WIPFLI, and Premier
- Activities
  - Resource development and compilation, technical assistance, research

What is Health Care Value?

Evolving view of value…

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

Depends on your point of view…

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

- **What about paying for value?**
- **And why is this important?**

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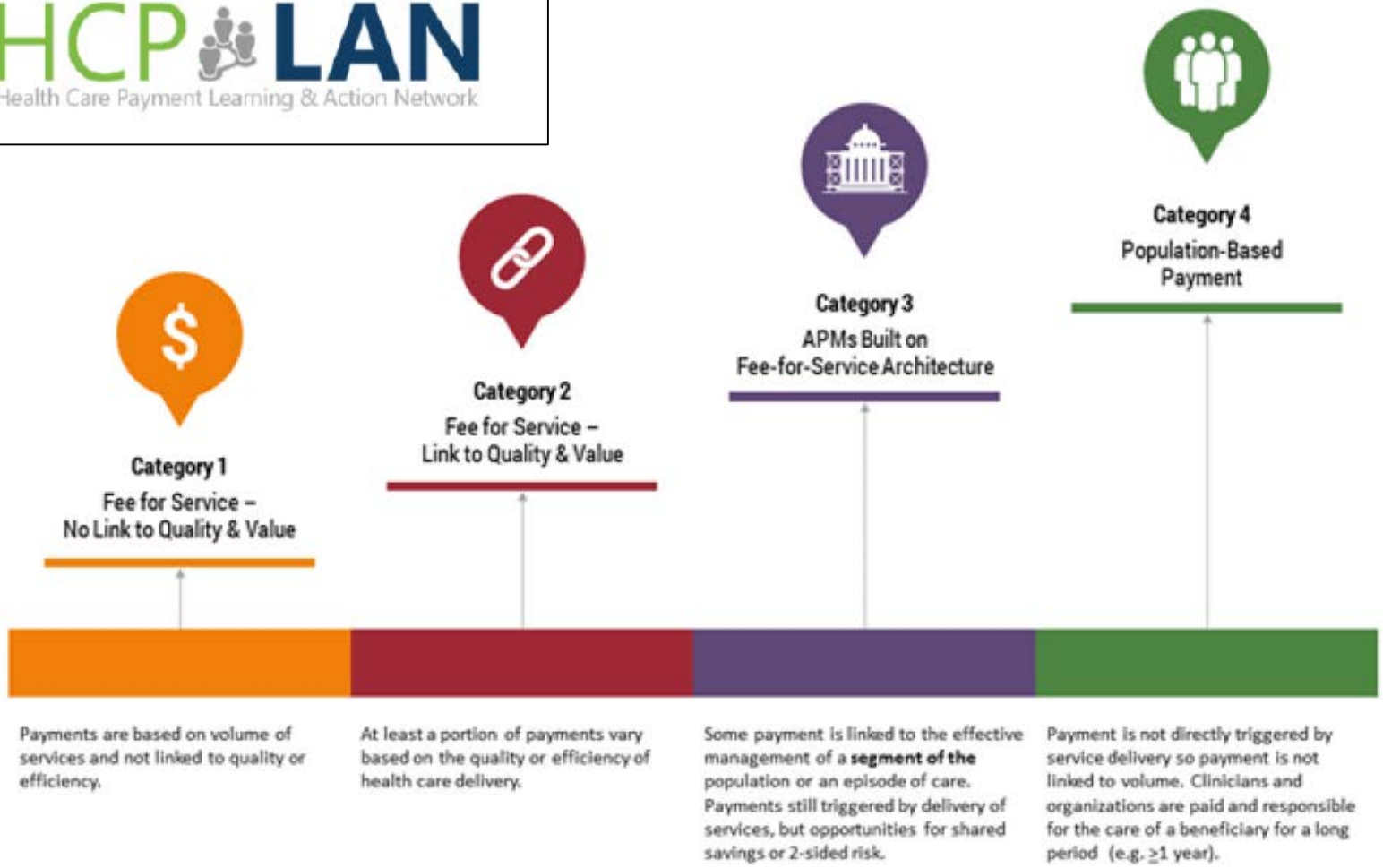
Form Follows Finance

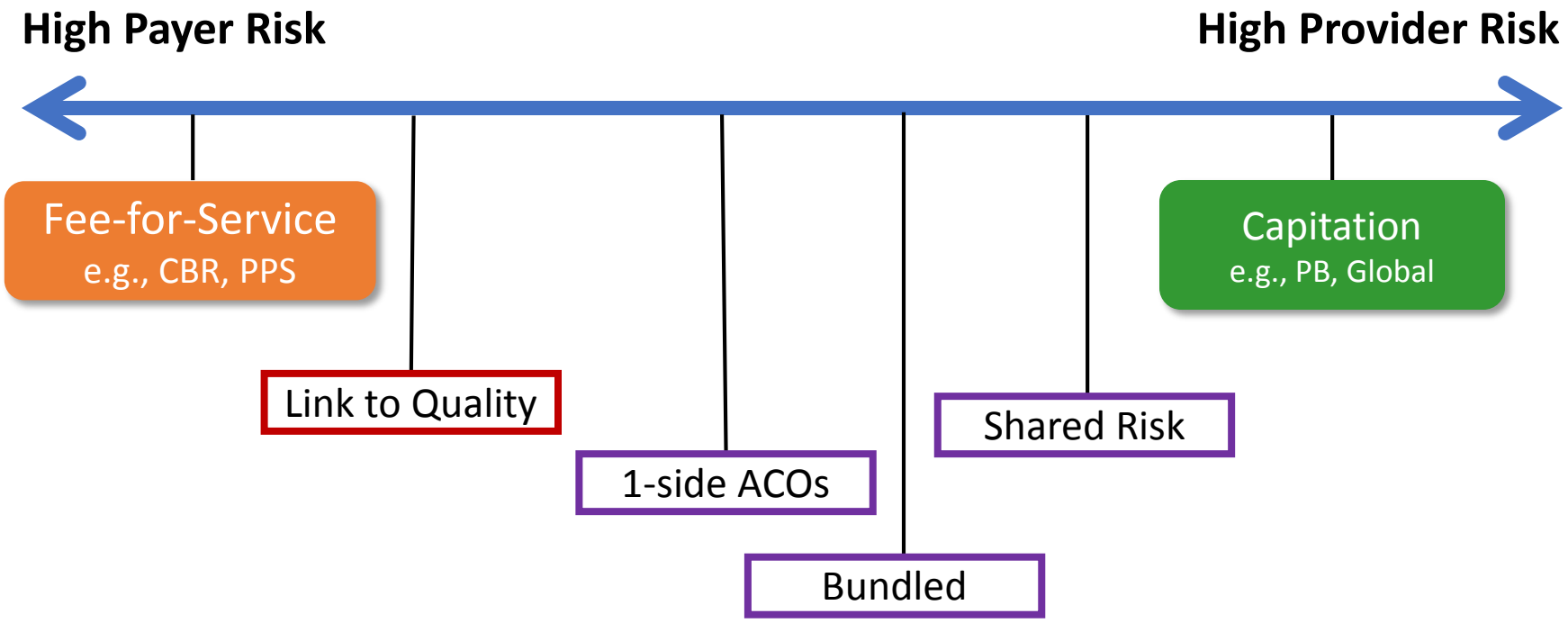
- How we deliver care depends on how we are paid for care.
- Health care reform is changing both payment and delivery.
- Fundamentally, reform involves transfer of financial risk from payers to providers.

HCP LAN
Health Care Payment Learning & Action Network



https://hcp-lan.org/groups/apm-framework-refresh-white-paper/

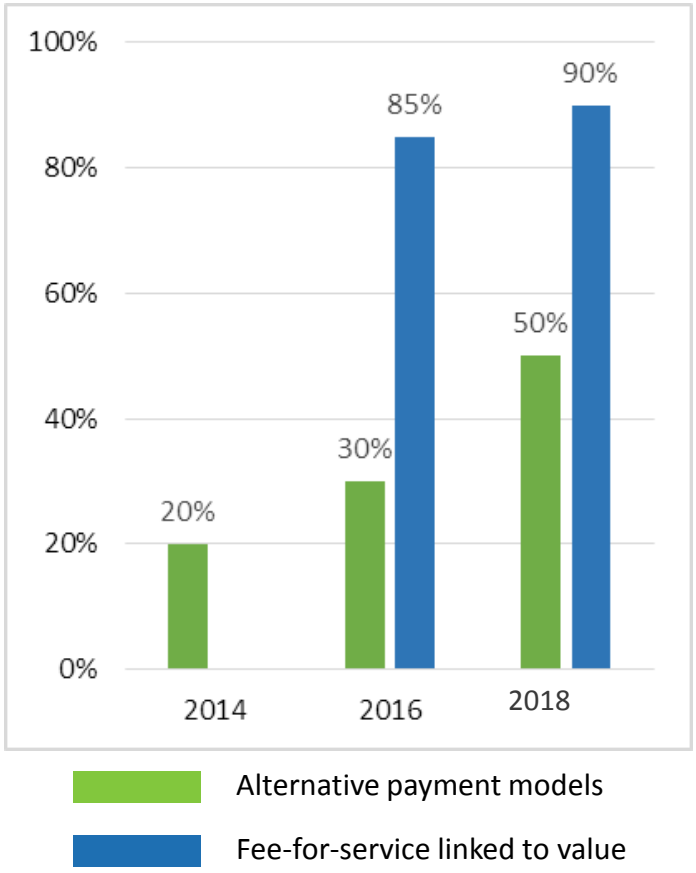
Payment Risk Continuum



CMS Payment Goals

- Alternative Payment Models
  - Shared savings program (ACOs)
  - Patient-centered medical homes
  - Bundled payments
- Remaining fee-for-service payment linked to quality/value
- Aggressive timeline favors:
  - large systems,
  - population health mgmt. experience,
  - and deep pockets
- *Accelerate provider affiliations*

Percent of Medicare Payment Goals



CMS Drive to Value-Based Payment

- Hospital Value-Based Payment
- Medicare Shared Savings Program (Accountable Care Organizations)
- Quality Payment Program (as a result of MACRA, the Medicare Access and CHIP Reauthorization Act)
  - MIPS (Merit-based Incentive Payment System)
  - Advanced Alternative Payment Models

CMS Hospital Value-Based Purchasing (VBP) Program

- 2% withhold, which can be "clawed back" through performance
- 2017 performance domains
  - Experience of Care/Care Coordination (25%)
  - Safety (20%)
  - Clinical Care (30%)
    - Clinical Care – Outcomes (25%)
    - Clinical Care – Process (5%)
  - Efficiency/Cost Reduction (25%)
- VBP is for PPS hospitals only
  - CAHs are excluded
  - What's the down-side?

Accountable Care Organizations

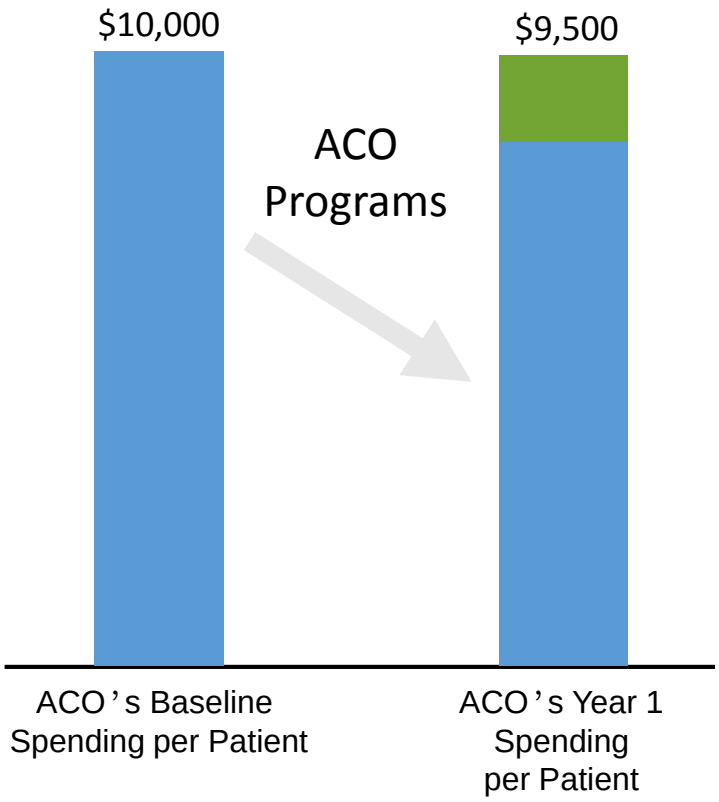
*Groups of providers (generally physicians and/or hospitals) that receive financial rewards to maintain or improve care quality for a group of patients while reducing the cost of care for those patients.**

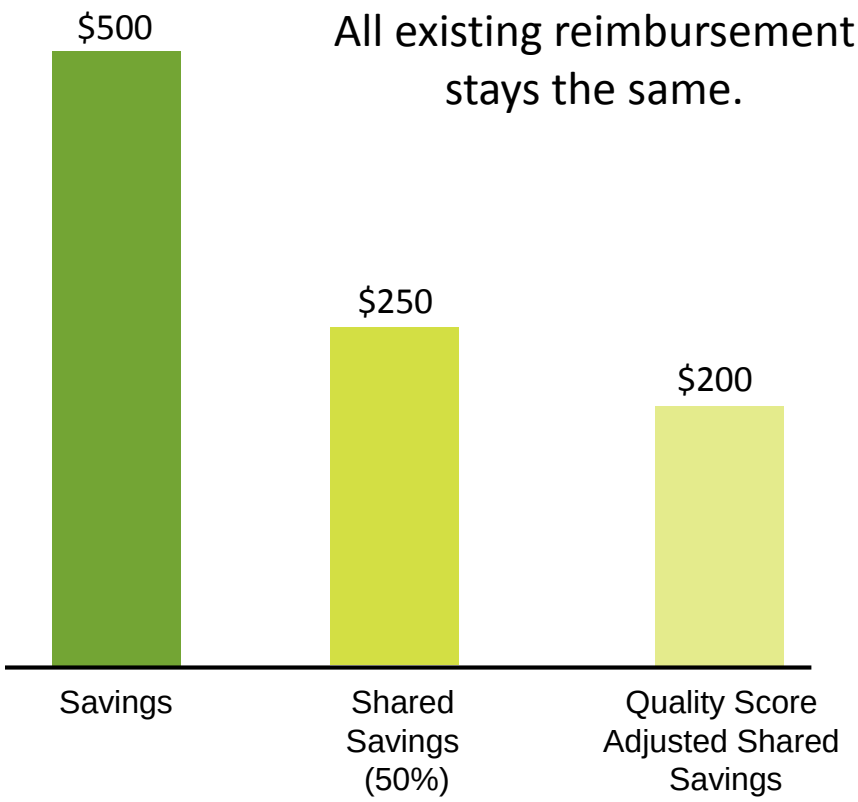
How Medicare ACOs (called Medicare Shared Savings Programs) work:

- Beneficiaries attributed to ACO based on where they receive primary care
- Medicare pays fee-for-service (not capitation)
- CMS shares 50% of difference between estimated and actual cost
- But shared savings percent will be reduced if suboptimal quality

*Source: David I. Auerbach, et al, Accountable Care Organization Formation Is Associated With Integrated Systems But Not High Medical Spending, *Health Affairs*, 32, no. 10 (2013):1781-1788.

ACO Financing





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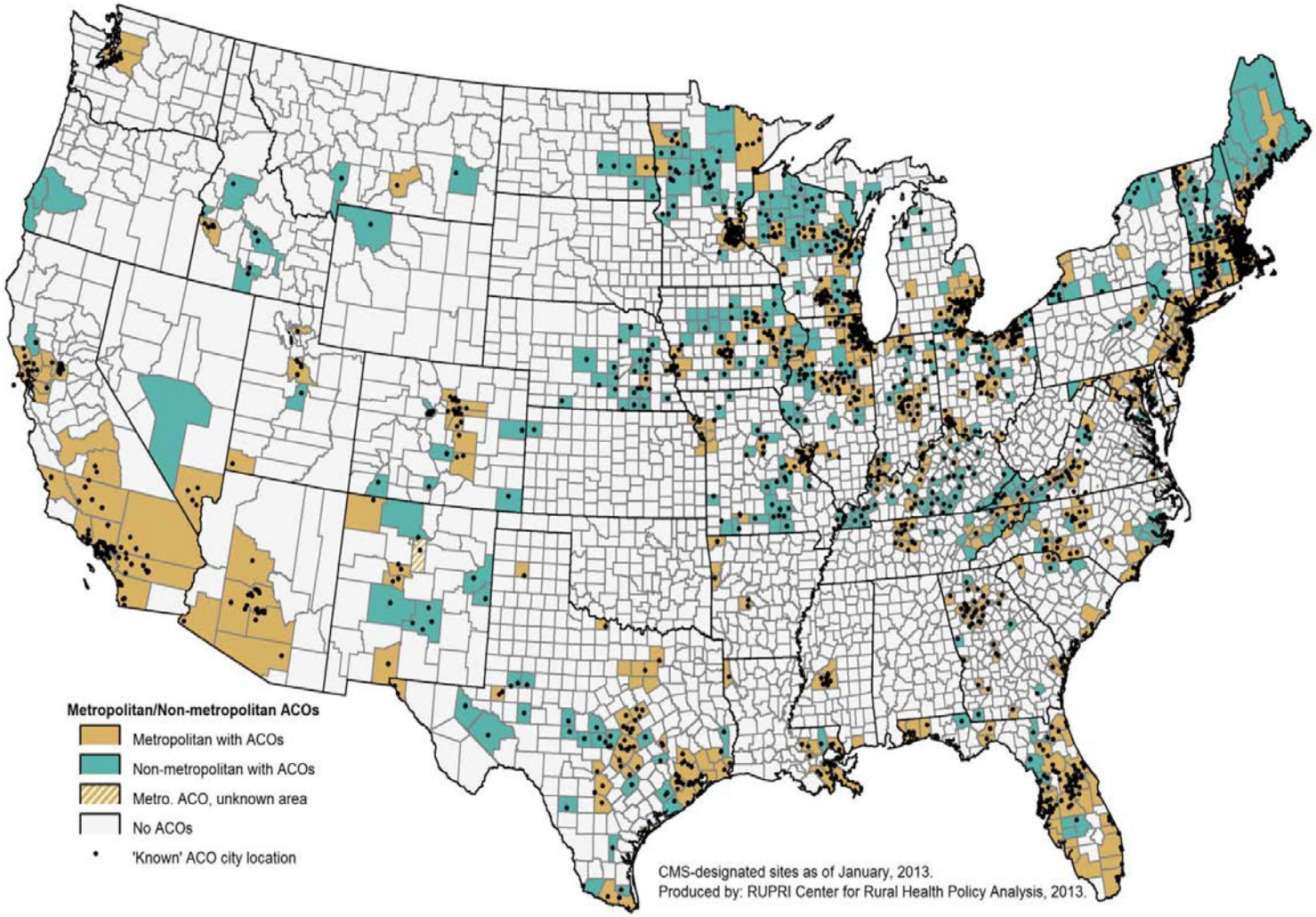
2013 Medicare ACOs by County



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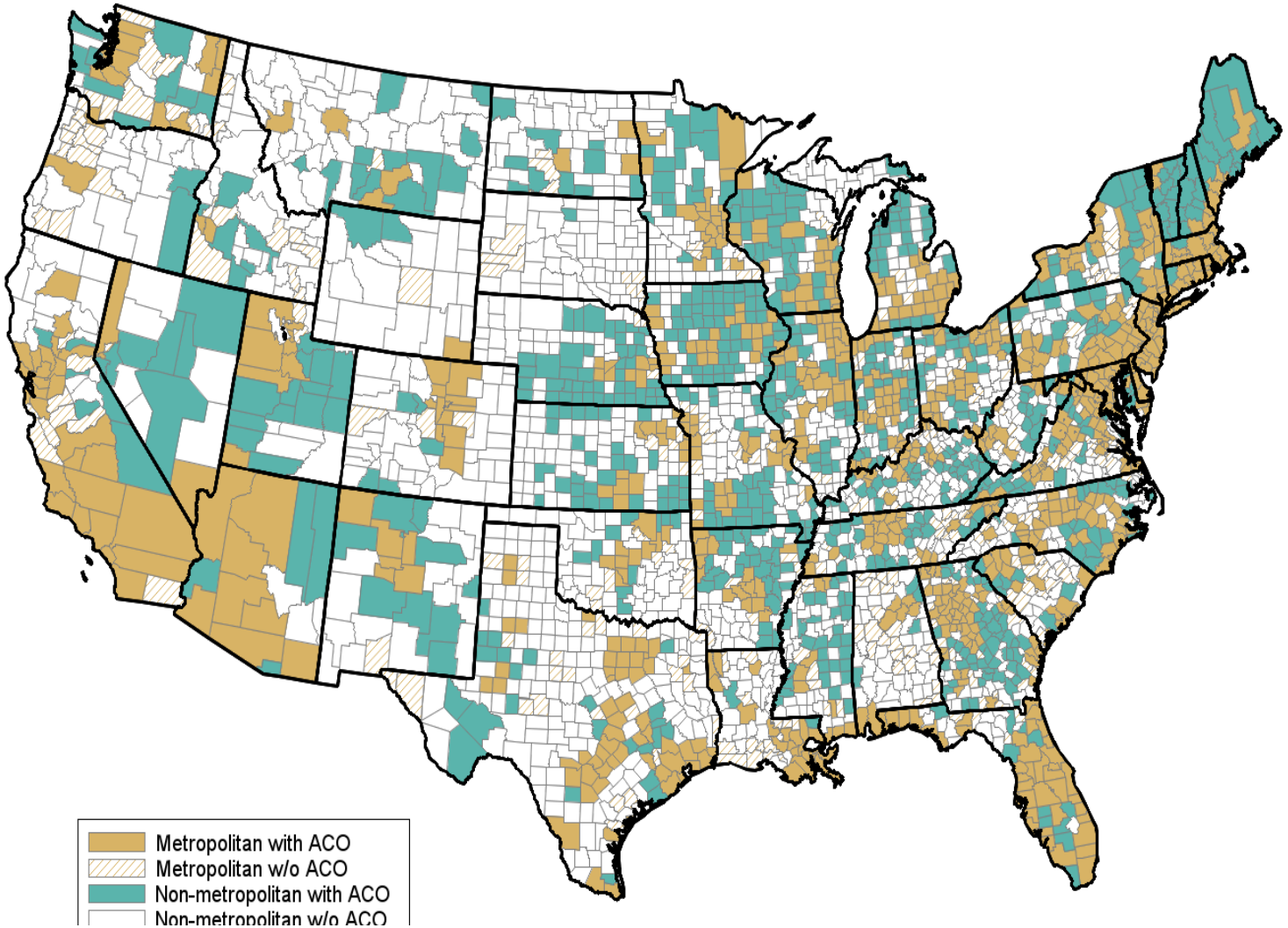
2015 Medicare ACOs by County



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Quality Payment Program (QPP)

- Medicare's new approach to paying physicians and other clinicians
- Two tracks:
  - Merit-based Incentive Payment System (MIPS)
  - Advanced Alternative Payment Models (APMs)
- Most physicians/ clinicians will initially be paid under the MIPS track
  - Consolidates three existing programs (PQRS, VBM, MU) and adds a new category (improvement activities)
  - Bonus/penalty
    - Baseline data gathering 2017
    - First bonus/penalty 2019

MIPS

What is the Merit-based Incentive Payment System?

Performance Categories

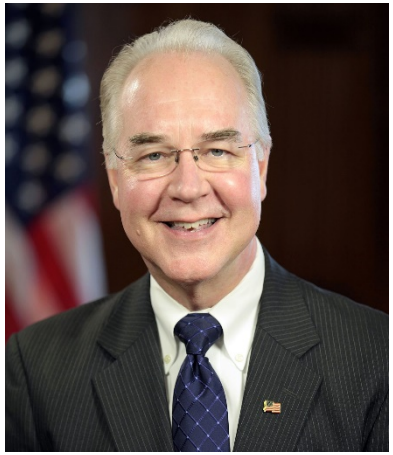
Source: Centers for Medicare & Medicaid Services. Getting Started with the Quality Payment Program. 2017.

New CMS Physician Payment Reality

- Minimal FFS payment increase
  - 0.5% x 5 years, then 0% x 5 years
  - Actually payment decrease (inflation)
- Merit-Based Incentive Payment System
  - Eventually **-9%** to **+27%** adjustment in pay
  - Plus, up to **10%** Exceptional Performance Incentive Payment (budget neutral exclusion)
  - Up to **46%** payment differential in 2024!
- Or, 5% APM bonus
  - Excluded from MIPS performance reporting requirements
- For technical assistance on QPP in Missouri:
  - TMF Health Quality Institute: https://tmf.org/Health-Care-Providers/Physicians/Population-Health-Management/Quality-Payment-Program

What do leadership changes mean for value-based payment?

- President Donald Trump
- HHS Secretary Tom Price
- CMS Administrator Seema Verma
- House Speaker Paul Ryan
- Senate Majority Leader Mitch McConnell
- Congressional Committees
  - House Ways and Means
  - House Energy and Commerce
  - Senate Finance



CMS Models Are Only Part of the Story

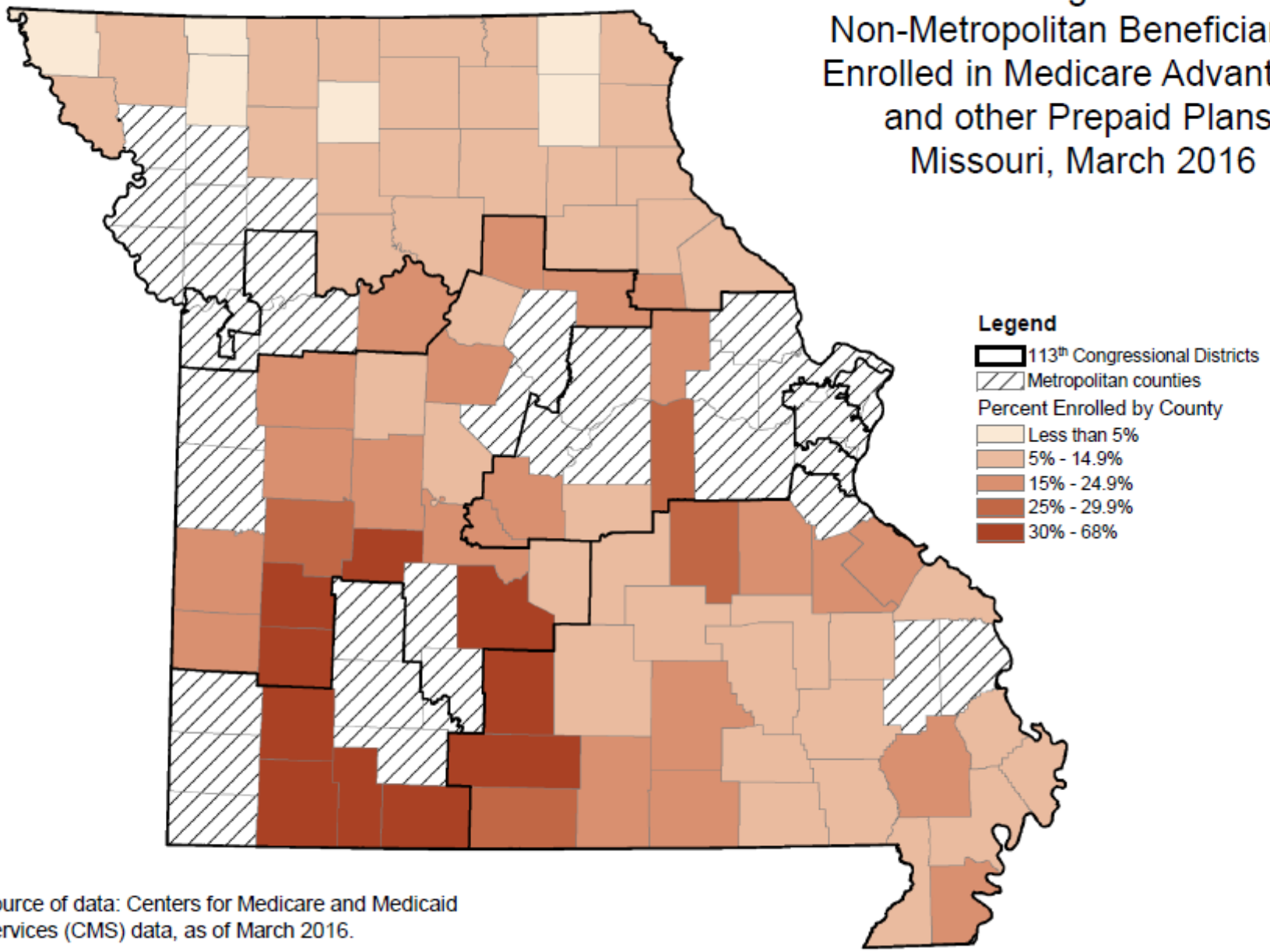
- Growth in Medicare Advantage
  - *Rural* enrollment in 2016: 2.2 million (21.8%)
  - In Missouri varies from less than 5% to 68%
- State Medicaid Program Redesign
  - Managed Care
  - ACO-type payment structures
- Commercial/Private Insurance
  - Increasing costs/patient risk-sharing
  - Narrow networks

Value-based payment is here to stay!

(but acronyms and programs likely to change)

Medicare Advantage Data: https://www.public-health.uiowa.edu/rupri/maupdates/nstablesmaps.html

Percent of Eligible Medicare Non-Metropolitan Beneficiaries Enrolled in Medicare Advantage and other Prepaid Plans: Missouri, March 2016



Source of data: Centers for Medicare and Medicaid Services (CMS) data, as of March 2016.

Produced by: RUPRI Center for Rural Health Policy Analysis, 2016

Keeping the End in Mind

Characteristics of a High Performance Rural Health Care System:

- **Affordable**: to patients, payers, community
- **Accessible**: local access to essential services, connected to all services across the continuum
- **High quality**: do what we do at top of ability to perform, and measure
- **Community based**: focus on needs of the community, which vary based on community characteristics
- **Patient-centered**: meeting needs, and engaging consumers in their care

http://www.rupri.org/wp-content/uploads/2014/09/The-High-Performance-Rural-Health-Care-System-of-the-Future.pdf

How does a rural health system move to value?

Model for Transforming Care

Stratis Health developed the framework to assist organizations with visioning and planning for value.

The framework can help health care leaders:

- Understand the full scope of actions required to succeed under value-based models.
- Understand organizational gaps and needs, set priorities, and allocate resources.
- Identify the essential components to assist with defining a vision for their organization in a delivery system reformed world.

TRANSFORMING CARE | Alternative Payment Models and Delivery System Reform

ACTIONS TO BUILD THE FOUNDATION

- Provide Visionary Leadership and Promote a Learning Culture
- Embed Strong Organizational Change Skills Supported by Quality Improvement Methods
- Redesign Care to Consistently Use Evidence-Based or Best Practices
- Establish an Enabling IT Platform With Interoperable EHR and Effective HIE

ACTIONS TO BUILD RELATIONSHIPS, MANAGE POPULATIONS AND ADD VALUE

Address Health Equity and Social Determinants

OUTCOMES

- Better Care
- Better Health
- Lower Cost

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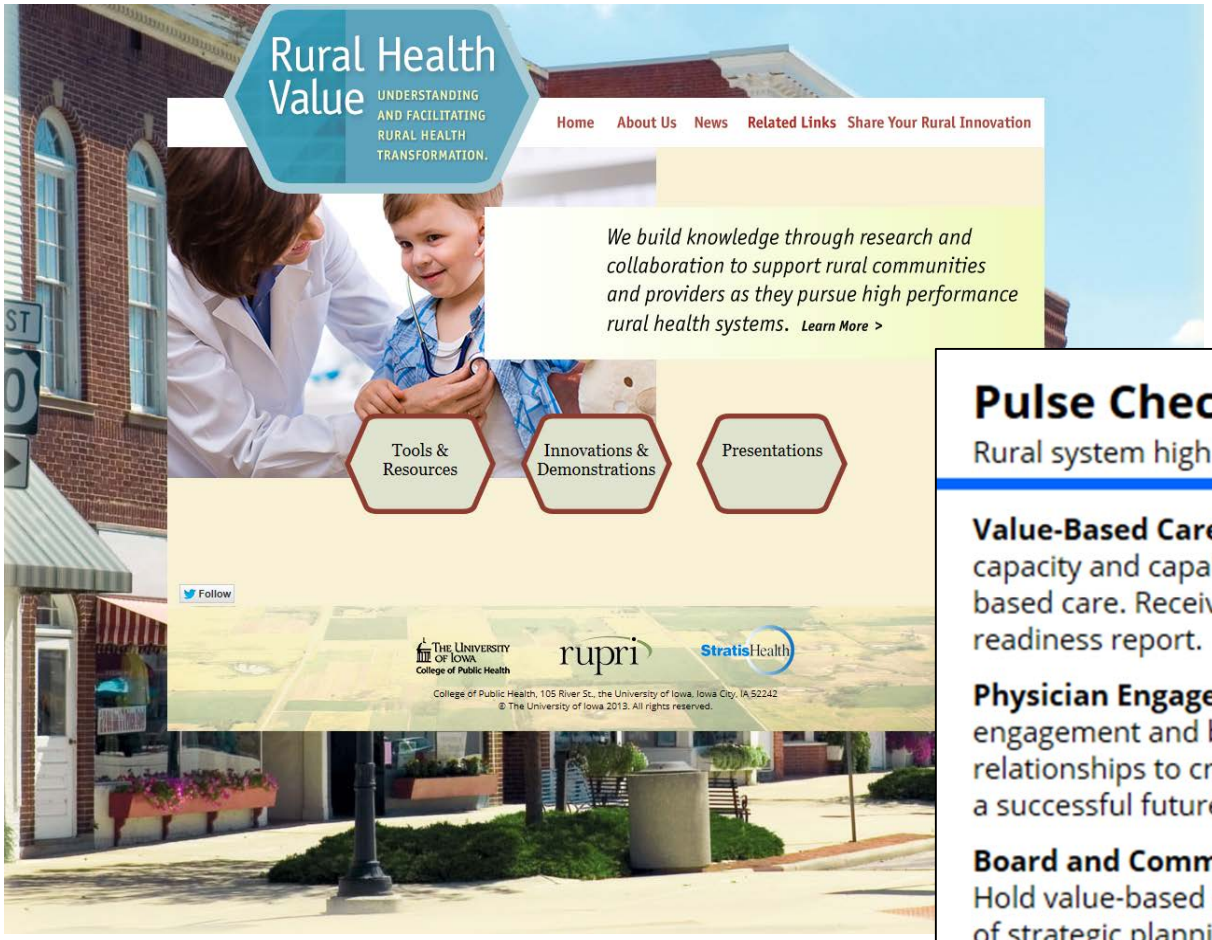
Sources: The Strategy That Will Fix Health Care, Michael E. Porter and Thomas H. Lee, Harvard Business Review, October 2013. The Chronic Care Model, Edward H. Wagner.

Tools and Resources

www.ruralhealthvalue.org



Pulse Check

Rural system high performance

Value-Based Care Assessment - Assess capacity and capabilities to deliver value-based care. Receive an eight category readiness report.

Physician Engagement - Score current engagement and build effective relationships to create a shared vision for a successful future.

Board and Community Engagement - Hold value-based care discussions as part of strategic planning and performance measurement.

Social Determinants of Health - Learn and encourage rural leaders/care teams to address issues to improve their community's health.

More tools and resources

- Critical Access Hospital Financial Pro Forma for Shared Savings
- Critical Access Hospital Financial Pro Forma
- Demonstrating Critical Access Hospital Value: A Guide to Potential Partnerships
- Care Coordination: A Self-Assessment for Rural Health Providers and Organizations
- Catalog of Value-Based Initiatives for Rural Providers

Profiles in Innovation

- **Global Budget Process as an Alternative Payment Model:** McCready Health, Crisfield, Maryland
- **Health Outside Hospital Walls:** Chadron Community Hospital and Health Services, Chadron, Nebraska
- **Integrated Care in a Frontier Community:** Southeast Health Group, La Junta, Colorado
- **Using Community Connectors to Improve Access:** Tri County Rural Health Network, Helena, Arkansas

Discussion

- How do you see the shift from volume to value happening rural Missouri?
- What are your payers and providers saying about value?
- How is your organization planning for or implementing value-driven care?
- What would help you on your journey to value?

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