

Critical Access Hospital R&D: Investing in Value Based Care Capacity

An interactive panel discussion with CAH CEOs and
Board Members.

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Plan for Today

- Orientation to health care *value*
 - Value-based care
 - Value-based payment
 - Success factors
 - Research and development (R&D)
- Panel discussion
- Introduction to Value-Based Care Strategic Planning Tool
- Audience Q&A

Please note that the views expressed by the conference speakers do not necessarily reflect the views of the American Hospital Association.

IHI's Triple Aim, or CMS's Three Aims

Improved
community
health

Better
patient care

Smarter
spending

Triple Aim[©] Equals Value

The healthcare value equation (2006)

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

But we have a problem...

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?**

Form Follows Finance

- *How we are paid for health care determines how we deliver health care*
- CMS and other payers are reforming health care payment to reward **value**
- Fundamentally, payment reform involves **shifting financial risk** from payers to providers

Value-Based Care

- Value-based care
 - Health care that improves clinical quality, increases community health, and uses resources wisely
- Value-based care *capacity*
 - Resources, processes, policies, infrastructure, etc. required to deliver value-based care
 - Resource examples:
 - Disease management software
 - Population health manager
 - Cost-accounting system

What is Value-Based Payment?

- **Payment** for one or more parts of the Three-Part Aim
 - Better care
 - Improved health
 - Lower cost
- Not payment for a “service;” that is, NOT fee-for-service

Value-Based Payment Approaches

- Category 2
 - Pay-for-performance
- Category 3
 - Accountable Care Organization
 - Care Coordination payment
 - Bundled payment
- Category 4
 - Global payment (AKA capitation)

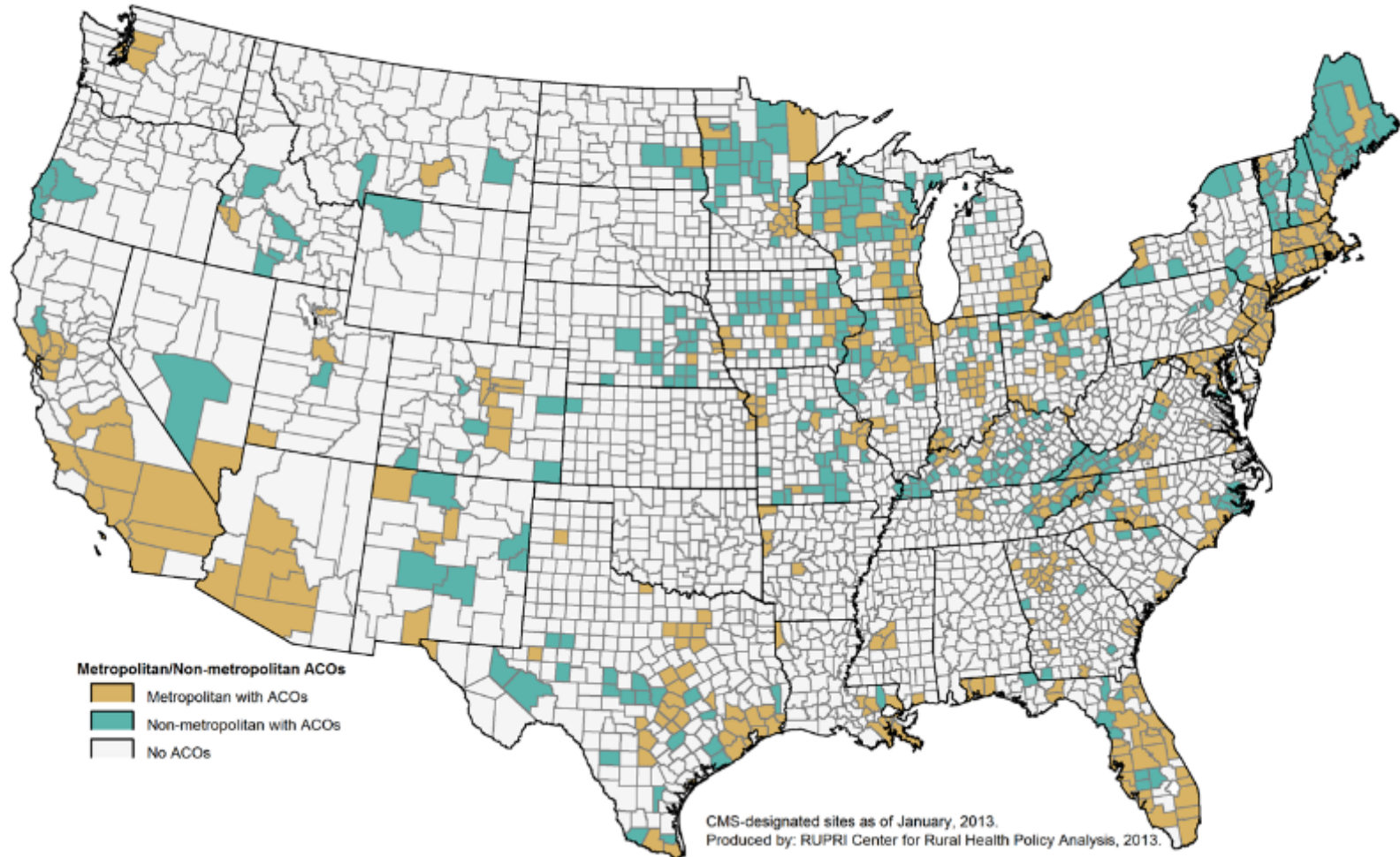
Value-Based Payment Expansion

- 923 public and private ACOs (2017)
 - 32.4 million covered lives
 - 480 Medicare ACOs
- 57% of health care payment linked to value (2016)
- Value-based payment has legs!
 - Maybe not ACOs...
 - ACOs (etc.) are *pointing the way*
 - Weaning providers off FFS

Muhlestein, Saunders, McClellan. Growth Of ACOs And Alternative Payment Models In 2017. Health Affairs Blog. June, 28, 2017.
Health Care Learning and Action Network Infographic. 2016.

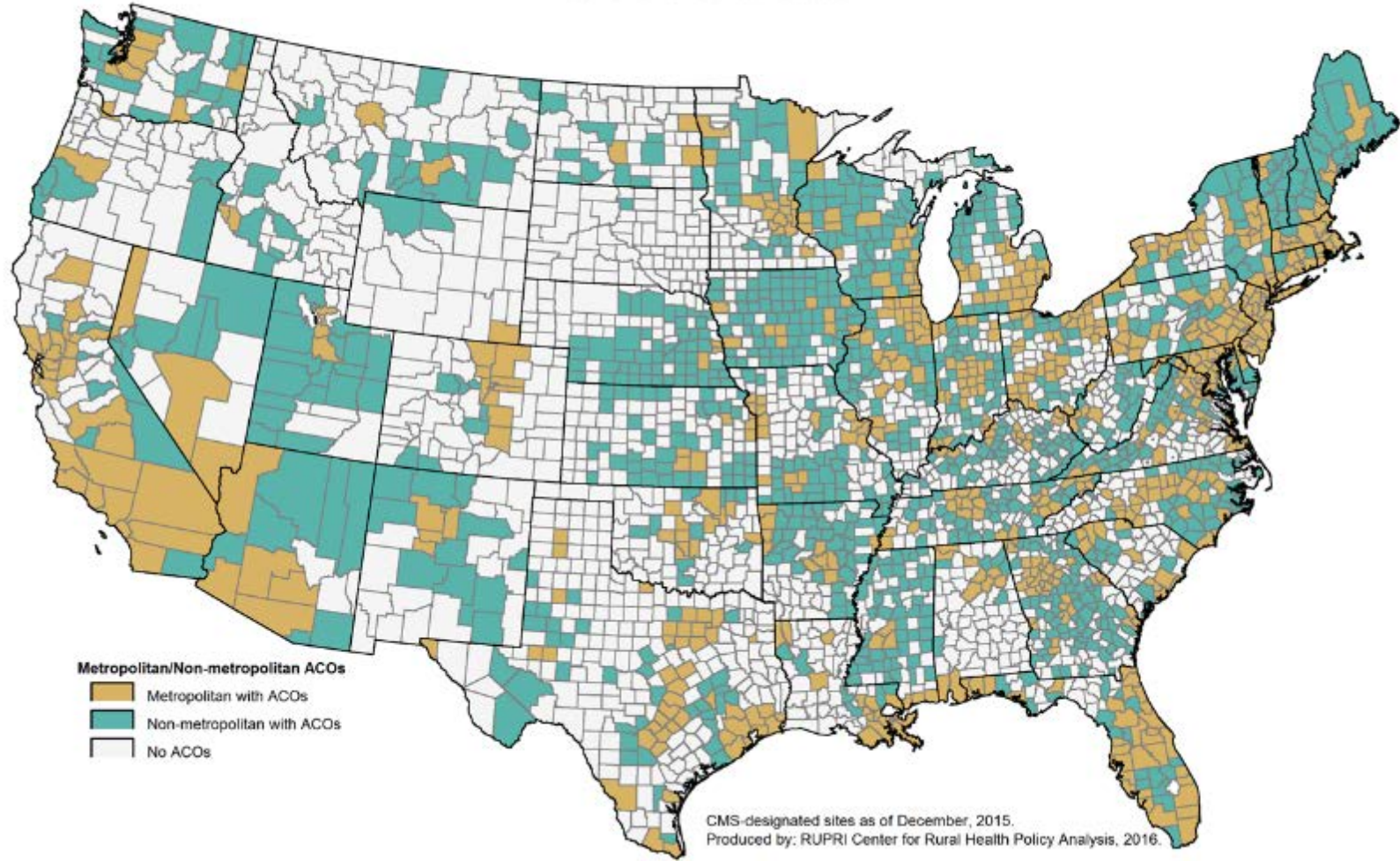
2013 Medicare ACOs by County

County Medicare ACO Presence
Continental United States



2015 Medicare ACOs by County

County Medicare ACO Presence
Continental United States



Summary of ACO Success Variables

- Physician engagement and leadership, including prior activity
- Collaboration across key providers, especially physicians and hospitals
- Sophisticated information systems
- Scale for investment or an initial outside source of capital
- Effective feedback loops to clinical providers

D'Aunno, Broffman, Sparer, and Kumar. (2016). Factors That Distinguish High-Performing Accountable Care Organizations in the Medicare Shared Savings Program. *Health Serv Res.* doi:10.1111/1475-6773.12642

What's the Future?

- “We’re likely heading toward regional integrated systems of health that provide both *delivery and financing of health on an at-risk basis to populations.*”
- “But getting from where we are to there is a messy process.”

Paul Keckley

Research and Development

- Investments designed to create new things and future success; may not realize short-term gain
- Health care: Investment in capacity to deliver value-based care, and thus receive value-based payment
- Value-based care *capacities* are health care organization resources, processes, policies, infrastructure, etc. required to deliver value-based care.

Health Care R&D Investments

- Human resources
 - Additional time
 - New positions
 - Education and training
- Information technology
 - Electronic health record
 - Population and patient health modules
 - “Big Data” analytics
 - Cost accounting system
- Compliance and reporting
- Leadership and board focus

Consider the Big Questions

- What is CMS trying to accomplish through value-based payment?
- What does value-based payment mean for rural hospitals?
- How might value-based payment lessen, or deepen, rural/urban disparities?
- How should rural hospitals and their communities respond to value-based payment?

Critical Access Hospital R&D Panel

Cole Memorial Hospital Coudersport, Pennsylvania

- Ed Pitchford, CEO
- Dave Crandall, Trustee

Virginia Gay Hospital Vinton, Iowa

- Mike Riege, CEO
- Therese Foth, Trustee

Rural Health Value Project

- Project Goal
 - To facilitate rural provider and community transitions from volume-based to value-based health care and payment
- **Rural Health Value** resource examples
 - Value-Based Care Strategic Planning Tool
 - Physician Engagement Primer for Health Care Leaders
 - Demonstrating CAH Value: A Guide to Potential Partnerships
 - Critical Access Hospital Pro Forma for Shared Savings (ACO)
 - Engaging Your Board and Community in Value-Based Care Conversations
 - Profiles in Rural Health Care Innovation
- www.ruralhealthvalue.org



Value-Based Care Tool Purpose

- Assist rural healthcare organizations develop *value-based care* capacity
- Educate leaders, directors, stakeholders
- Prioritize action as part of strategic planning
- Identify tools and resources to benefit rural healthcare people, places, and providers

Value-Based Care Tool Design

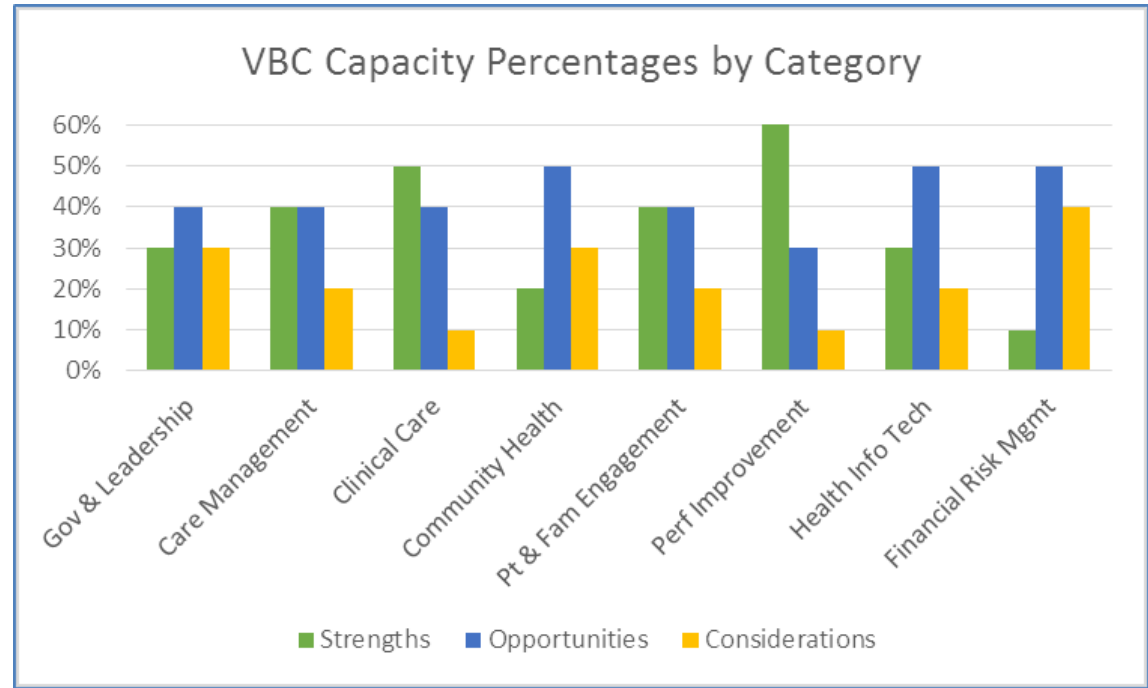
- An online assessment tool
- Designed to assess 121 value-based care *capacities* grouped in eight *categories*
 - Governance and Leadership
 - Care Management
 - Clinical Care
 - Community Health
 - Patient and Family Engagement
 - Performance Improvement
 - Health Information Technology
 - Financial Risk Management

Value-Based Care Tool Capacities

- Value-based care *capacities* are health care organization resources, processes, infrastructure (etc.) to deliver value-based care
- VBC Tool Capacity Examples
 - HCO assesses and identifies patients at high risk for poor outcomes or high resource utilization, and assigns care managers to them.
 - For non-urgent clinic visits, pre-visit planning occurs for complex patients.
 - HCO strategic planning incorporates measurable population health goals that reflect health needs of the community.

Value-Based Care Readiness Report

- Summary
- Strengths
- Opportunities
- Considerations
- Next Steps



<https://cph.uiowa.edu/ruralhealthvalue/TnR/vbc/vbctool.php>