



NATIONAL  
RURAL HEALTH  
RESOURCE CENTER

DRCHSD Financial Webinar Series Session 1

# Post Pandemic Priorities for Rural Health Systems

July 1, 2022



Delta Region Community Health System Development (DRCHSD) Program Supported By:



# Delta Regional Authority

U.S. Department of Health & Human Services



Federal Office of Rural Health Policy

*This project is supported by the Health Resources and Services Administration ([HRSA](#)) of the U.S. Department of Health and Human Services ([HHS](#)) under grant number U65RH31261, Delta Region Health Systems Development, \$10,000,000 (0% financed with nongovernmental sources). This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by [HRSA](#), [HHS](#) or the U.S. Government.*



# Diversity, Equity, Inclusion, & Anti-racism



## **Building a culture where difference is valued.**

The Center is committed to DEI and anti-racism. We create an environment that reflects the communities we live in and serve; a place where everyone feels accepted and empowered to be their full, authentic selves; and where everyone belongs.

We understand the impact of and seek to defeat racism and discrimination in ourselves, our workplace, and the world. This guides how we cultivate leaders, build our programs and resources, and deliver our technical assistance.

We are an organization that honors, celebrates, and respects all dimensions of diversity. These principles are central to our mission and to our impact.

*[Read more at ruralcenter.org/DEI](https://ruralcenter.org/DEI)*



NATIONAL  
RURAL HEALTH  
RESOURCE CENTER

# Today's Speaker



Eric Shell, BACC, MBA, CPA  
Chairman  
Stroudwater Associates



NATIONAL  
RURAL HEALTH  
RESOURCE CENTER



*Post Pandemic Priorities: What you can  
do now to Improve your Finances*

DRCHSD Financial Webinar Series 2022

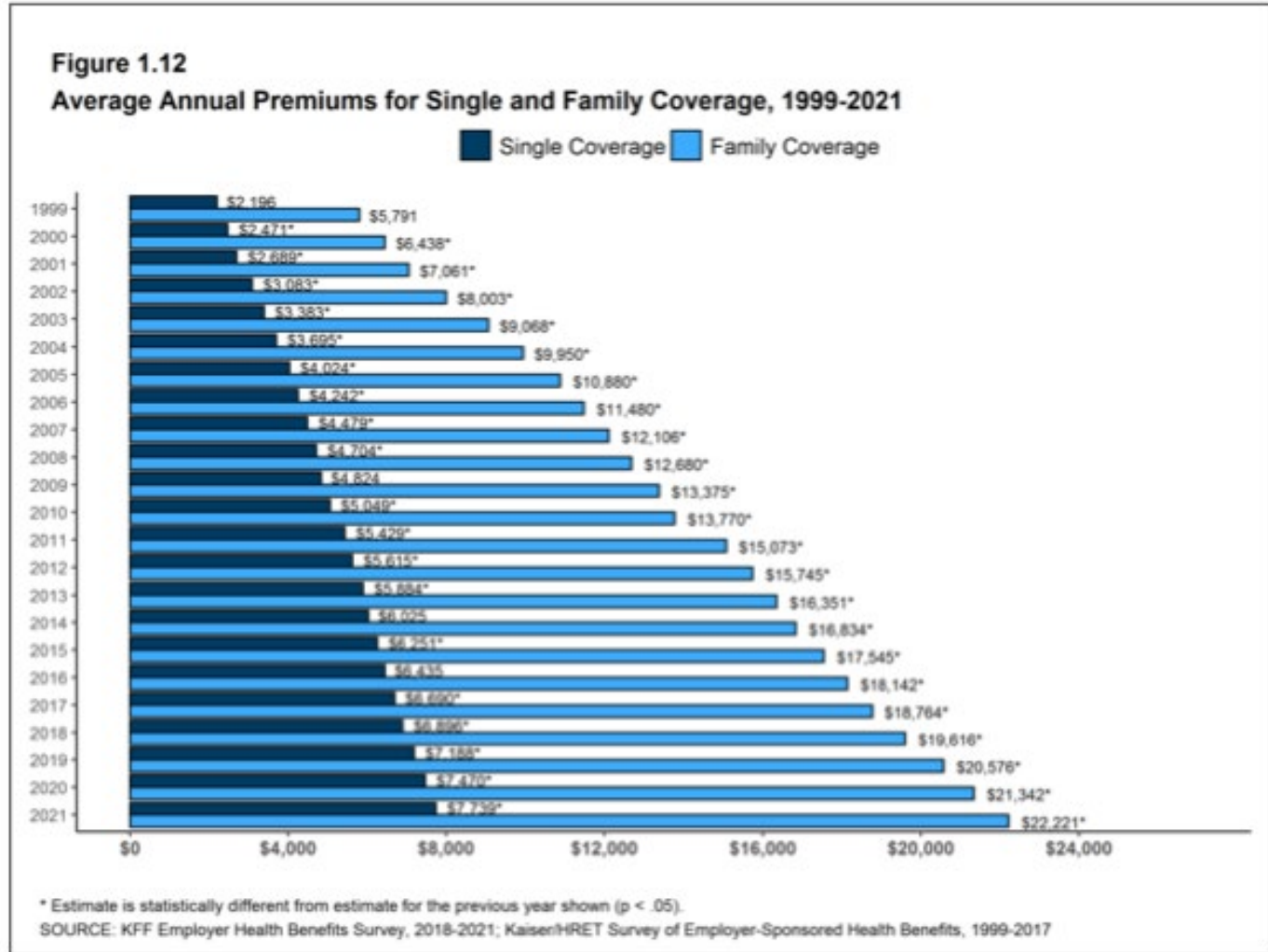
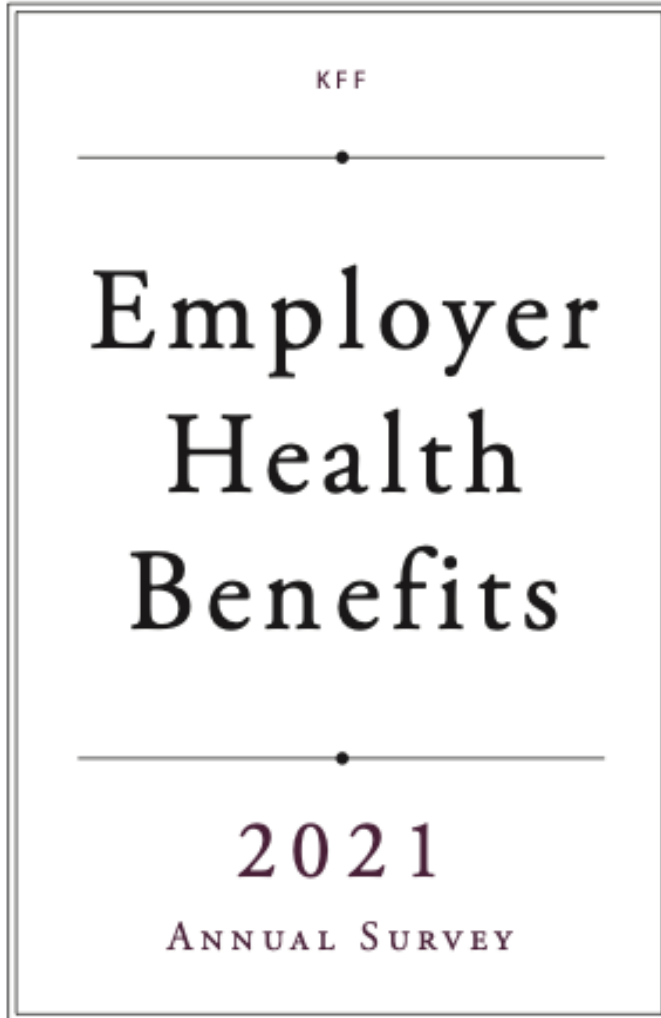
Eric K. Shell, MBA, Chairman

July 1, 2022

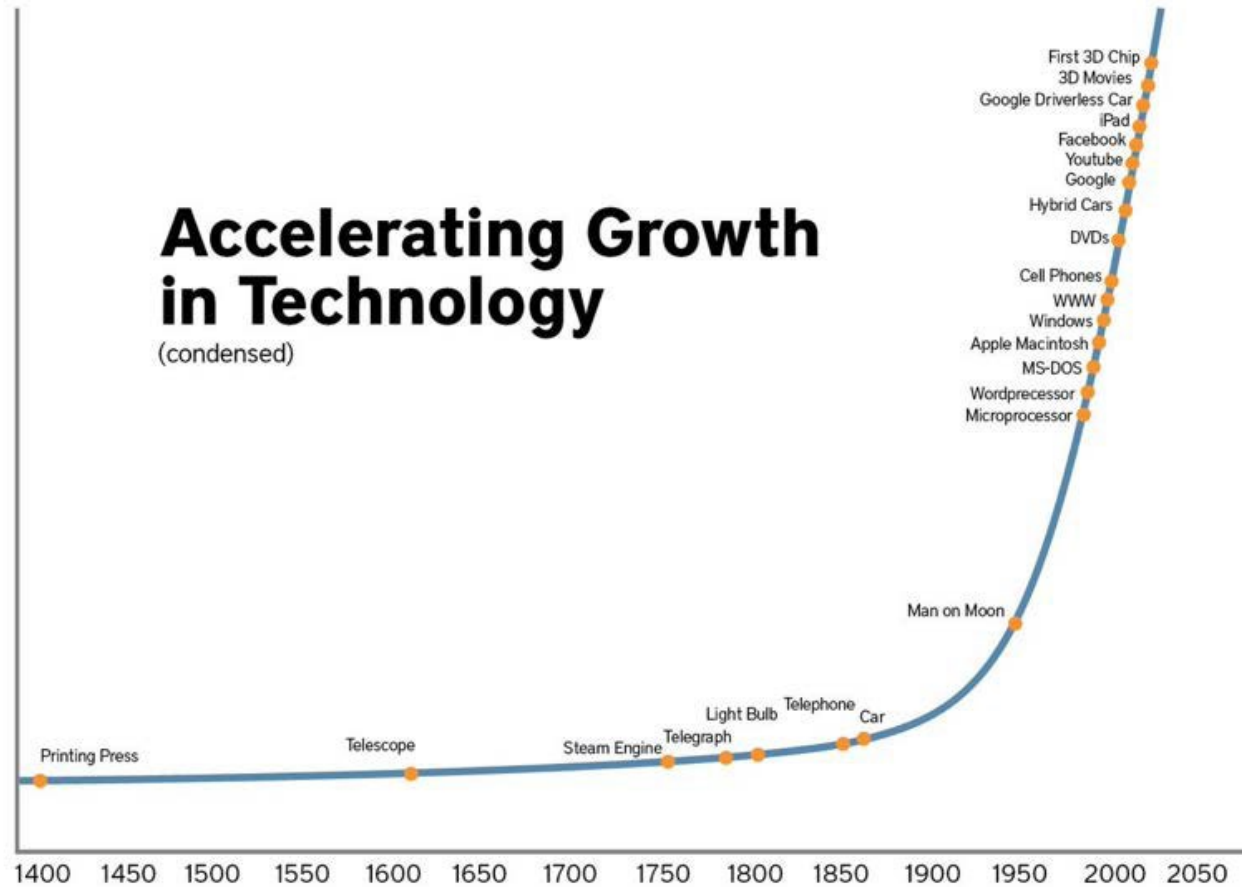
# Market Has Not Stopped Moving During The Pandemic

- **Cost of healthcare continuing to rise**
  - Kaiser Family Foundation reports 2021 family health insurance premiums have risen to \$22.2K
- **Advances in technology and new market comfort for telehealth have led to an acceleration of new market competition**
  - Amazon
  - Walmart
  - Walgreens
  - CVS
  - Google
  - Etc.
- **Hospital IP and OP volume declines**
- **Federal government maintains commitment to transitioning payment system**
  - “WE NEED TO FIND A WAY TO BRING EVERYONE ALONG. WE CAN’T HAVE FEE-FOR-SERVICE REMAIN A COMFORTABLE PLACE TO STAY.” Dr. Liz Fowler, Director CMMI
- **Payment system is transitioning from FFS to accountable care**

# Call to Action: Insurance Premiums



# Call to Action: Advances in Technology

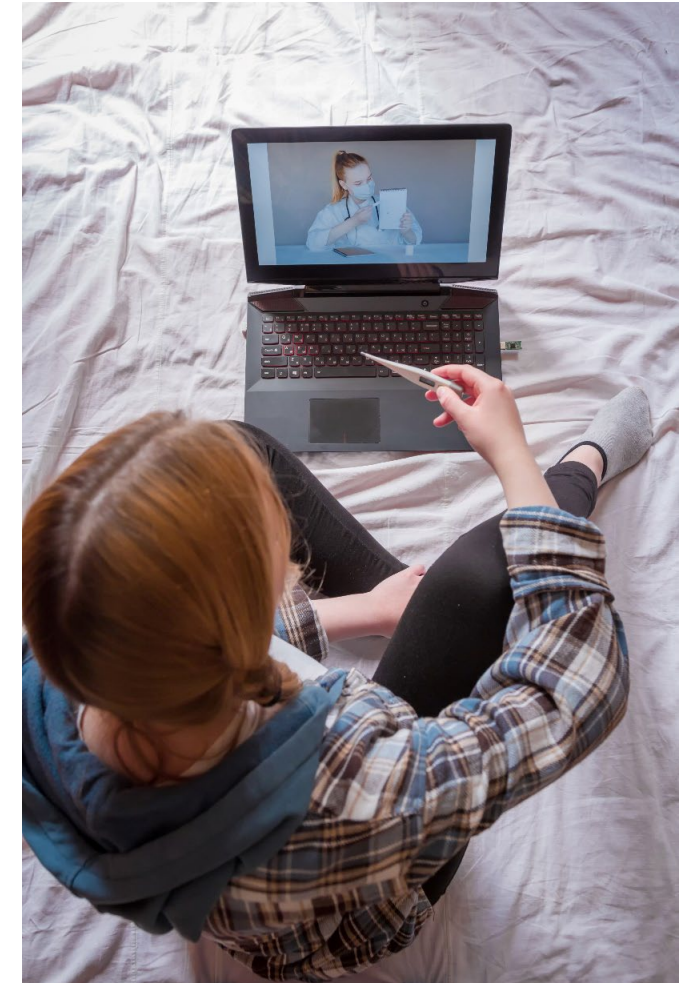


Source: Khalid Hamdan, [Accelerating Growth in Technology](#)



# Amazon Expands Amazon Care

- On March 17, 2021, Amazon announced the expansion of Amazon Care, its first primary care offering accessible by non-Amazon employees.
  - In February 2022, Amazon announced that its telehealth services are now available nationwide.
- Amazon Care was originally limited to Amazon employees in Washington State. It is now available to employees in every state and to employees of new customers including Whole Foods, Silicon Labs and TrueBlue.
- In-person locations are now in Seattle, Baltimore, Boston, Dallas, Los Angeles, Washington, D.C., Austin, Texas, and Arlington, Virginia, with further expansion planned for this year targeting 20 cities
- Amazon care has two components
  - Telemedicine
  - In-person care, where a professional is dispatched to a patient's home
- Amazon Care provides both urgent and non-urgent services including such as COVID-19 testing, vaccinations, prescription refills and preventive care






Sources: Becker's Hospital Review, *Amazon Care rolls out telehealth services nationwide: 4 notes*, Katie Adams 2/8/2022 <https://www.beckershospitalreview.com/disruptors/amazon-care-rolls-out-telehealth-services-nationwide-4-notes.html?origin=CIOE> <https://www.aboutamazon.com/news/workplace/amazon-care-to-launch-across-u-s-this-summer-offering-millions-of-individuals-and-families-immediate-access-to-high-quality-medical-care-and-advice-24-hours-a-day-365-days-a-year>; [https://www.modernhealthcare.com/information-technology/amazon-jumps-healthcare-telemedicine-initiative?utm\\_source=modern-healthcare-am-Thursday](https://www.modernhealthcare.com/information-technology/amazon-jumps-healthcare-telemedicine-initiative?utm_source=modern-healthcare-am-Thursday);

# Amazon Introduces Amazon Pharmacy

- Amazon introduces pharmacy services
  - Consumers can shop for best price with known prices
  - Pharmacists that work with prescriber and insurance
  - Deliver medications



## Shop common medications

Prescription Required	Prescription Required	Prescription Required
		
<p><b>Insulin Lispro (Pen Injector)</b>  <b>\$50<sup>09</sup></b> <del>\$174.24</del>                      72% OFF includes Prime savings or view copay price in cart                      amazon pharmacy Free Delivery                      FSA or HSA eligible</p>	<p><b>Atorvastatin (Generic for Lipitor, Oral Tablet)</b>  <b>\$13<sup>10</sup></b> <del>\$120.60</del>                      90% OFF includes Prime savings or view copay price in cart                      amazon pharmacy Free Delivery                      FSA or HSA eligible</p>	<p><b>Pantoprazole (Generic for Protonix, Delayed Release Oral Tablet)</b>  <b>\$14<sup>60</sup></b> <del>\$169.50</del>                      92% OFF includes Prime savings or view copay price in cart                      amazon pharmacy Free Delivery                      FSA or HSA eligible</p>

## There's more to Amazon Pharmacy

BENEFITS	The average pharmacy	Amazon Pharmacy
Accepts most insurance plans	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reviewed by pharmacists	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Available to you 24/7	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Show prices upfront	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Delivers to your door	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Meds are as low as \$1/month	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Offers 6-month supply	<input type="checkbox"/>	<input checked="" type="checkbox"/>

# Through Numerous Acquisitions and Initiatives, Walmart Plans to Become Major Force in Healthcare (10/19/21)

- Joining other major retailers such as CVS, Amazon, and BestBuy, [retail giant Walmart seeks to become a major healthcare provider and transform the way Americans engage with their health](#)
- Walmart plans to use technology to streamline the consumer healthcare experience and capitalize on its reputation for low-cost products to build trust and confidence in its healthcare offerings
- Over the last few months, Walmart has added [virtual care, discount drug programs, a unified EHR system, and a discount drug program to its healthcare services for both consumers and employees](#)
- Among other healthcare ventures, Walmart currently operates and/or provides:
  - Walmart Health Centers within its stores
  - Freestanding health centers in Georgia, Texas, Arkansas and Chicago
  - Direct-to-consumer telehealth through purchased app Ro
  - Telehealth partnership with Doctor on Demand to offer services to its 1.3 million workers at a reduced price
- In October, it began a partnership with healthcare technology platform Transcarent to streamline its self-funded healthcare offerings for employers, the first time Walmart has made such an agreement to offer its prices on pharmaceuticals and other healthcare services to other employers
- **Cheryl Pegus, M.D., executive vice president of Health & Wellness at Walmart: “We are committed to providing care to customers and the communities we serve through an integrated, omnichannel approach that improves engagement, health equity and outcomes”**

Sources: Becker’s Hospital Review, *Walmart to bring telehealth nationwide with acquisition of MeMD: 8 details*, Jackie Drees and Hannah Mitchell, 5/6/21 <https://www.beckershospitalreview.com/telehealth/walmart-health-to-acquire-telehealth-provider-6-details.html?origin=CIOE>; FierceHealthcare, *Walmart unveils employer market team-up with Transcarent*, Paige Minemyer, 10/15/21 [https://www.fiercehealthcare.com/payer/walmart-unveils-employer-market-team-up-transcarent?utm\\_source=email](https://www.fiercehealthcare.com/payer/walmart-unveils-employer-market-team-up-transcarent?utm_source=email); Fierce Healthcare Tech; *Tech HLTH21: Where Walmart is focusing its health efforts in the next 5 to 10 years*, Dave Muoio, 10/19/21

# Walgreens Pushes Into Primary Care, Aiming to Keep People Out of Healthcare System

- Walgreens has made major investments in primary care and post-acute services
- The Walgreens Boots Alliance has invested \$5.2 billion in VillageMD to roll out physician-staffed clinics across the country and \$330 million in post-acute and home care company CareCentrix
- At a Forbes Healthcare summit, CEO Roz Brewer shared that Walgreens' push into primary care aims to keep people healthy enough to avoid returning to the healthcare system

"Imagine a day when 45 percent of our Walgreens stores ... where you can walk in and see a primary care physician that's attached to a Walgreens drugstore. And you come into this beautiful lobby and there are eight exam rooms with two physicians and a staff...And they can do the testing that you need that day. ... That's our goal."

Walgreens CEO Roz Brewer

# Call to Action: CVS Targets 65B Healthcare Interactions by 2030

- CVS continues its expansion into retail healthcare, setting a goal to facilitate 65 billion healthcare interactions over the next 10 years
- Key strategies include
  - Continuing to grow HealthHUB stores
  - Rethinking care delivery based on lessons learned during COVID-19
  - Investing in community health
- CVS opened 650 HealthHUBs in 2020 and is on track to reach 1500 by the end of 2021
  - HealthHUB stores offer both in-person and virtual services.
- CVS grew during the pandemic, becoming the largest private provider of COVID-19 testing and providing over 20k visits at its newly launched telehealth platform E-clinic



Source: FierceHealthcare, *CVS wants to facilitate 65B healthcare interactions by 2030. Here's how*, Paige Minemyer, 3/31/21 <https://www.fiercehealthcare.com/payer/cvs-wants-to-facilitate-65b-healthcare-interactions-by-2030-here-s-how>



# UnitedHealth Buys OptumCare

*“When you begin to pencil out the math, as we move people into value-based arrangements, that will be a major driver of how we'll move to a \$100 billion book of business.”*

*OptumHealth CEO Wyatt Decker, MD*

---

Managed care company UnitedHealth Group has purchased OptumCare, which comprises 56,000 physicians and 1600 clinics, and plans to grow it to a \$100B business through value-based arrangements.

---

Per OptumHealth (OptumCare parent) CEO Dr. Wyatt Decker, under the new arrangement, physicians will be paid to keep patients healthy instead of for treating them when they are sick.

---

OptumCare is also launching a virtual care platform called Optum Virtual Care that supports its plan to integrate virtual care, home care, and care clinics across all 50 states.

Source: Becker's Hospital Review, *How UnitedHealth plans to make Optum a \$100B business*, Ayla Ellison, April 23, 2021, <https://www.beckershospitalreview.com/finance/how-unitedhealth-plans-to-make-optum-a-100b-business.html?origin=CIOE>

# Call to Action: Anthem Expands Virtual Primary Care Services

- On 2/8/22, Anthem announced the expansion of its telehealth primary care services to 11 new states, with plans to offer virtual services to all of its service area and cover 10 million self-insured lives by the end of 2022
- Anthem launched its “virtual-first” program during open enrollment this year. *The plan requires members to see a provider via telehealth before visiting one in person and is available in six states.* Expansion of this type of plan depends on regulatory approval.
- While other insurers expanding into primary care tend to buy up physician practices, Anthem differentiates itself by using technology to connect independent physicians and promote value-based care through facilitating use of new payment models
- The company also invests heavily in value-based care companies including Vera Health, Privia Health, Caremax and K Health
- In 2021, approximately 60% of Anthem's 45.4 million members' medical spend came from value-based relationships

**"Our strategy is being a digital platform for health... That being the case, it's what can we connect and interoperate is the primary driver for us, versus needing to own our care delivery."**  
**Rajeev Ronanki, chief digital officer**

# Call to Action: Primary Care Investments & Alignment with Non-Traditional Players (Recent Highlights)

## Q1/2021

CVS targets 65B healthcare interactions by 2030, driven by investments in HealthHub and community health<sup>1</sup>

Digital health companies offering primary care brought in the second most funding in Q1 2021, driven by Ro (\$500M), Dispatch Health (\$200M), and Eden Health (\$60M)<sup>2</sup>

## Q3-Q4/2021

Carbon Health banks another \$350M from PE firm to become 'largest primary care provider in the U.S.'<sup>4</sup>

OneMedical acquires Iora Health, a leading value-based primary care group serving Medicare patients at 47 offices. "Together, we'll deliver exceptional, human-centered, technology-powered primary care to more people in more places — across every stage of life"<sup>5</sup>

UnitedHealthcare buys OptumCare, which comprises 56,000 physicians and 1,600 clinics, and plans to grow it to a \$100B business through value-based arrangements<sup>3</sup>

OptumCare is also launching a virtual care platform called Optum Virtual Care that supports its plan to integrate virtual care, home care, and care clinics across all 50 states

## Q2/2021

Humana plans to expand its health centers for older adults with \$600M investment from PE firm<sup>6</sup>

PE firm invests \$500M in FL-Florida based primary care physician group and managed services organization<sup>7</sup>

Aledade (software company helping physicians and primary care transition to value-based care) launches new health services unit via an acquisition of Iris healthcare<sup>7</sup>

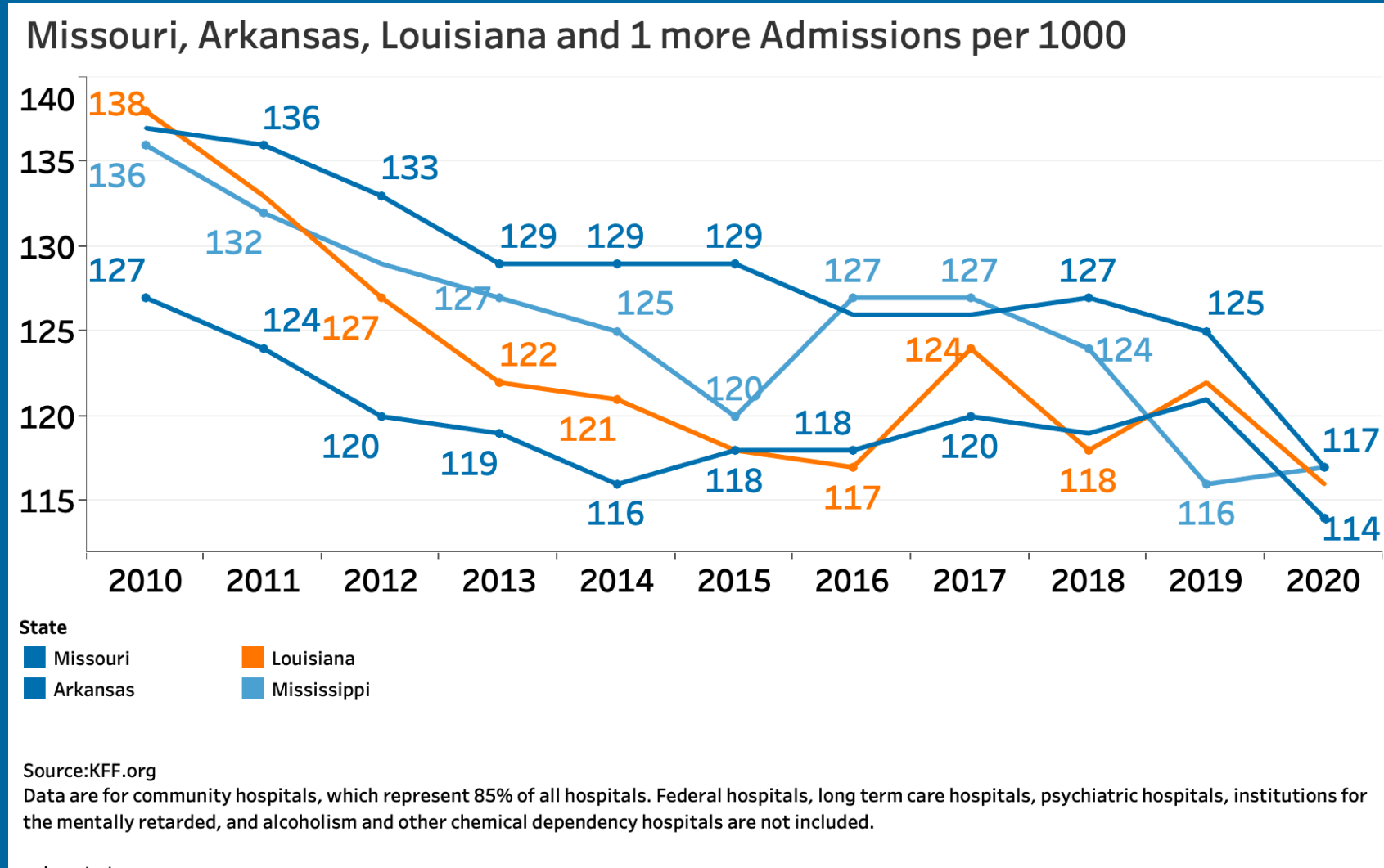
## Q1/2022

Sources:  
<https://www.fiercehealthcare.com/payer/cvs-wants-to-facilitate-65b-healthcare-interactions-by-2030-here-s-how>  
<https://rockhealth.com/insights/q1-2021-funding-report-digital-health-is-all-grown-up/>  
<https://www.beckershospitalreview.com/finance/how-unitedhealth-plans-to-make-optum-a-100b-business.html?origin=CIOE>  
<https://www.fiercehealthcare.com/tech/carbon-health-banks-another-350m-to-become-largest-primary-care-provider-u-s>  
<https://www.onemedical.com/about-us/>

[https://www.modernhealthcare.com/insurance/humana-grows-private-equity-backed-primary-care?utm\\_source=modern-healthcare-am-friday](https://www.modernhealthcare.com/insurance/humana-grows-private-equity-backed-primary-care?utm_source=modern-healthcare-am-friday)  
[https://www.fiercehealthcare.com/finance/physician-partners-kinderhook-500m-investment-value-based-care?utm\\_source=email](https://www.fiercehealthcare.com/finance/physician-partners-kinderhook-500m-investment-value-based-care?utm_source=email)  
<https://www.fiercehealthcare.com/tech/jpm-2022-aledade-scoops-up-advance-care-planning-startup-iris-healthcare-to-build-out-health>



# Call to Action - Declining IP Volume



# Call to Action - Declining OP Volume



In 2018, US hospital outpatient visits declined for the first time since 1983, specifically in the number of emergency outpatient visits



Per the American Hospital Association's [2020 Hospital Statistics report](#), 6,146 US hospitals delivered 879.6 million outpatient visits in 2018, 0.9% less than in 2017, when they delivered 880.5 million outpatient visits



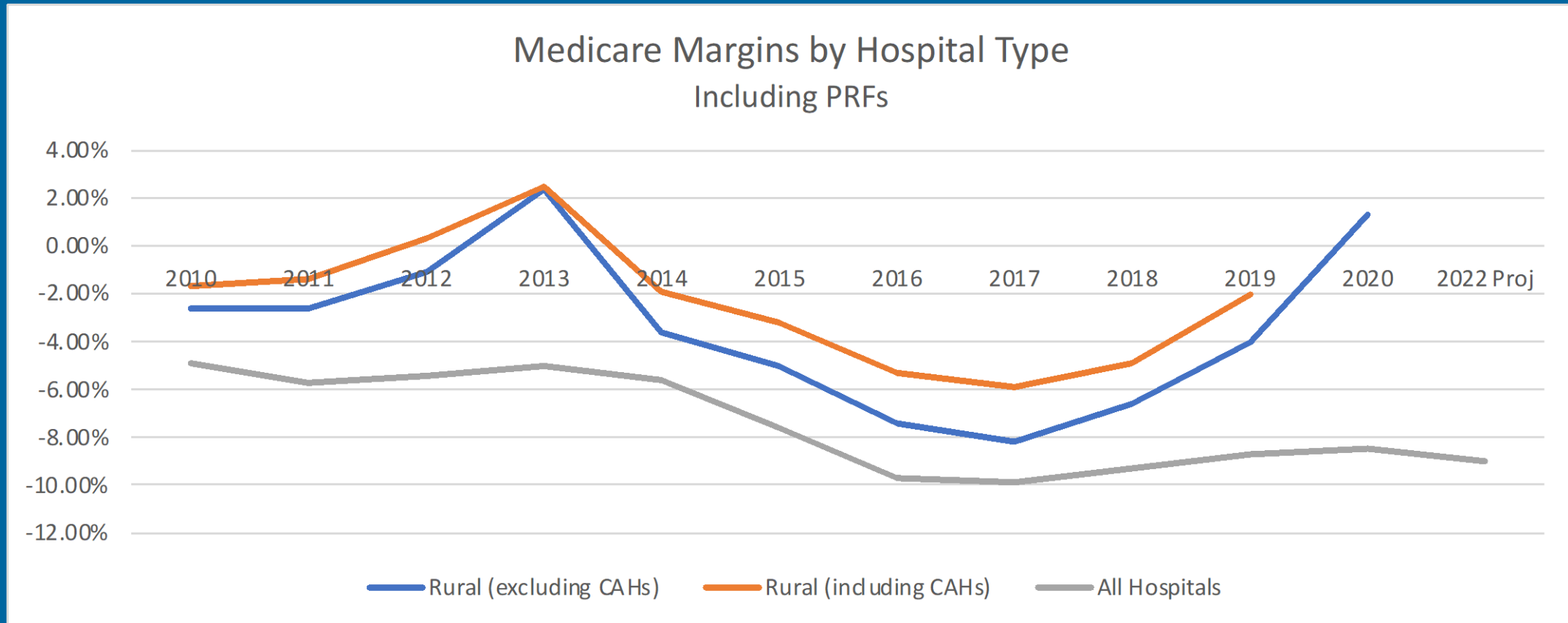
The report cites that the amount of outpatient care delivered has most likely increased, but that care is being delivered in competitive new options such as urgent care centers and retail clinics such as those recently launched by CVS Health



Insurers have contributed to the trend, with UnitedHealthcare recently refusing to pay for certain outpatient surgeries in hospital settings to save money

Source: Modern Healthcare, *U.S. hospitals see first decline in outpatient visits since 1983*, Tara Bannow, 1/7/20, [https://www.modernhealthcare.com/operations/us-hospitals-see-first-decline-outpatient-visits-1983?utm\\_source=modern-healthcare-am-wednesday](https://www.modernhealthcare.com/operations/us-hospitals-see-first-decline-outpatient-visits-1983?utm_source=modern-healthcare-am-wednesday)

# Call to Action: Declining Medicare Margins



Source: MedPAC Report to Congress, March 15, 2022

# New CMMI Director Dr. Liz Fowler on “Strategic Refresh”

**“WE NEED TO FIND A WAY TO BRING EVERYONE ALONG. WE CAN’T HAVE FEE-FOR-SERVICE REMAIN A COMFORTABLE PLACE TO STAY.”**

“We need to have a clear path for the innovators who are ready and willing and able to take on...risk, but I think we also need to push the laggards and then we need to reach those who have challenges participating....It may not be one-size-fits-all.”

*On CMMI innovation models:* “A lot of what we’ve done has been aimed toward certification of models to become a permanent part of Medicare....In trying to get a model certified, it really does suggest a very specific model and a very specific way of thinking about evaluations and the assessment by actuaries. I wonder if we can instead think about the overall goal being transformation of the system instead of certification, or both.”



Source: HFMA.org, *Why the federal agency that oversees healthcare payment innovation is rethinking its approach*, Nick Hut, 4/26/21 [https://www.hfma.org/topics/news/2021/04/why-the-federal-agency-...utm\\_source=rasa\\_io&PostID=29248522&MessageRunDetailID=5032322143](https://www.hfma.org/topics/news/2021/04/why-the-federal-agency-...utm_source=rasa_io&PostID=29248522&MessageRunDetailID=5032322143)

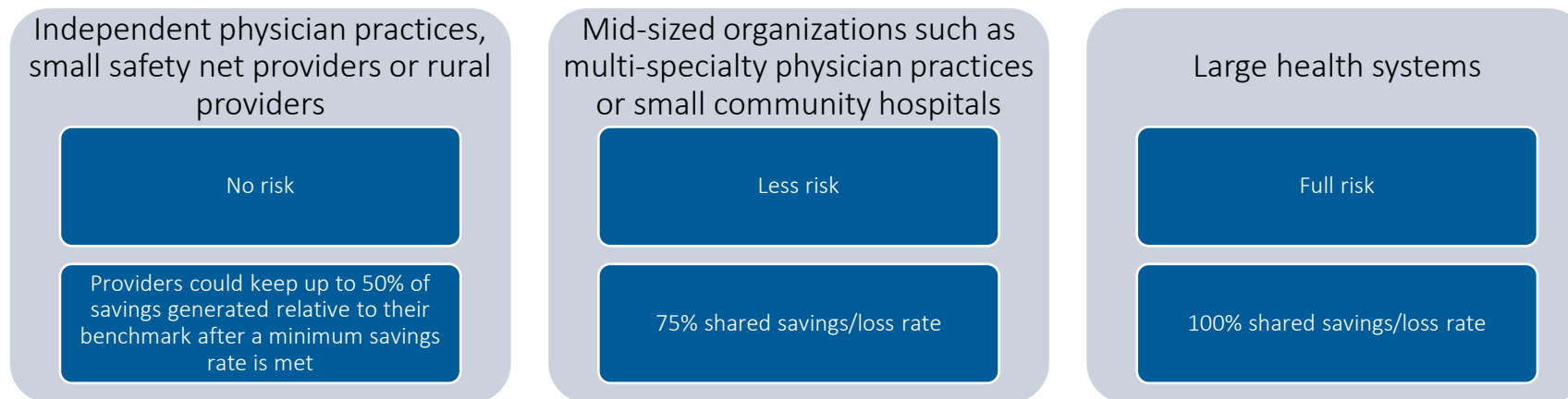
# Call to Action: MedPAC Recommends Payment Updates for FY 2023

- MedPAC commissioners unanimously approved a recommendation to update hospital payment by 2%, to keep physician payment at current levels, and reduce payment rates for skilled nursing facilities, home health agencies and inpatient rehabilitation facilities by 5%
- Other Recommendations include:
  - Congress update 2023 payment rates for long-term care hospitals by the amount specified in current law;
  - Congress update 2023 Medicare payment rates for physician and other health professional services by the amount specified in current law, and the Department of Health and Human Services require clinicians to use a claims modifier to identify audio-only telehealth services; and
  - Congress eliminate the 2023 update to Medicare base payment rates for hospice providers, and the Department of Health and Human Services require hospices to report telehealth services on Medicare claims

Source: Modern Healthcare, *MedPAC: Increase hospital pay, no changes for physicians*, Maya Goldman, 1/14/21; AHA MedPAC Update – MedPAC votes on 2023 payment recommendations; <https://www.aha.org/news/headline/2022-01-13-medpac-votes-2023-payment-recommendations>

# Call to Action: MedPAC Proposes Hypothetical Alternative Payment Model

- In an effort to move more providers and beneficiaries toward risk-based payment models, MedPAC has outlined a hypothetical new model with three risk tracks and administratively-set savings benchmarks
  - Administratively-set benchmarks would encourage participation by allowing provider organizations to avoid the current “ratchet effect” where benchmarks are based on past performance, making them increasingly difficult to exceed
- The three-track model would divide providers into three categories with different levels of risk:



- Industry reaction to the hypothetical model was mixed, with some leaders questioning whether risk should be based on size and questioning how long providers could stay in lower-risk models
- CMS has set a goal to have all Medicare beneficiaries in a value-based payment arrangement by 2030

# Call to Action: In Summary



Traditional fee-for-service payment will continue to transition to value-based payment



Pressure for operational efficiencies and human and capital resources will continue to accelerate



Clinical integration will create advantages to systems of accountable care (Value based payment, re-admission rates and preventable re-admissions, bundled payments, accountable care organizations, etc.)



Flexibility must be ingrained into any short to medium term strategies as a direct result of increased regulatory and environmental uncertainty

# Future Health System Financial Value Equation

- ACO Relationship to Small and Rural Hospitals
  - Revenue stream of future tied to Primary Care Physicians (PCP) and their patients
  - Small and rural hospitals bring value / negotiating power to affiliation relationships as generally PCP based
    - Smaller community hospitals and rural hospitals have value through alignment with revenue drivers (PCPs) rather than cost drivers but must position themselves for new market:
      - Alignment with PCPs in local service area
      - Develop a position of strength by becoming highly efficient
      - Demonstrate high quality through monitoring and actively pursuing quality goals



# Payment System Drives Functional Imperatives



## Finance

### Macro-economic Payment System

- Government Payers
  - Changing from F-F-S to PBPS
- Private Payers
  - Follow Government payers
  - Steerage to lower cost providers

## Function

### Provider Imperatives

- F-F-S
  - Management of price, utilization, and costs
- PBPS
  - Management of care for defined population
  - Providers assume insurance risk

## Form

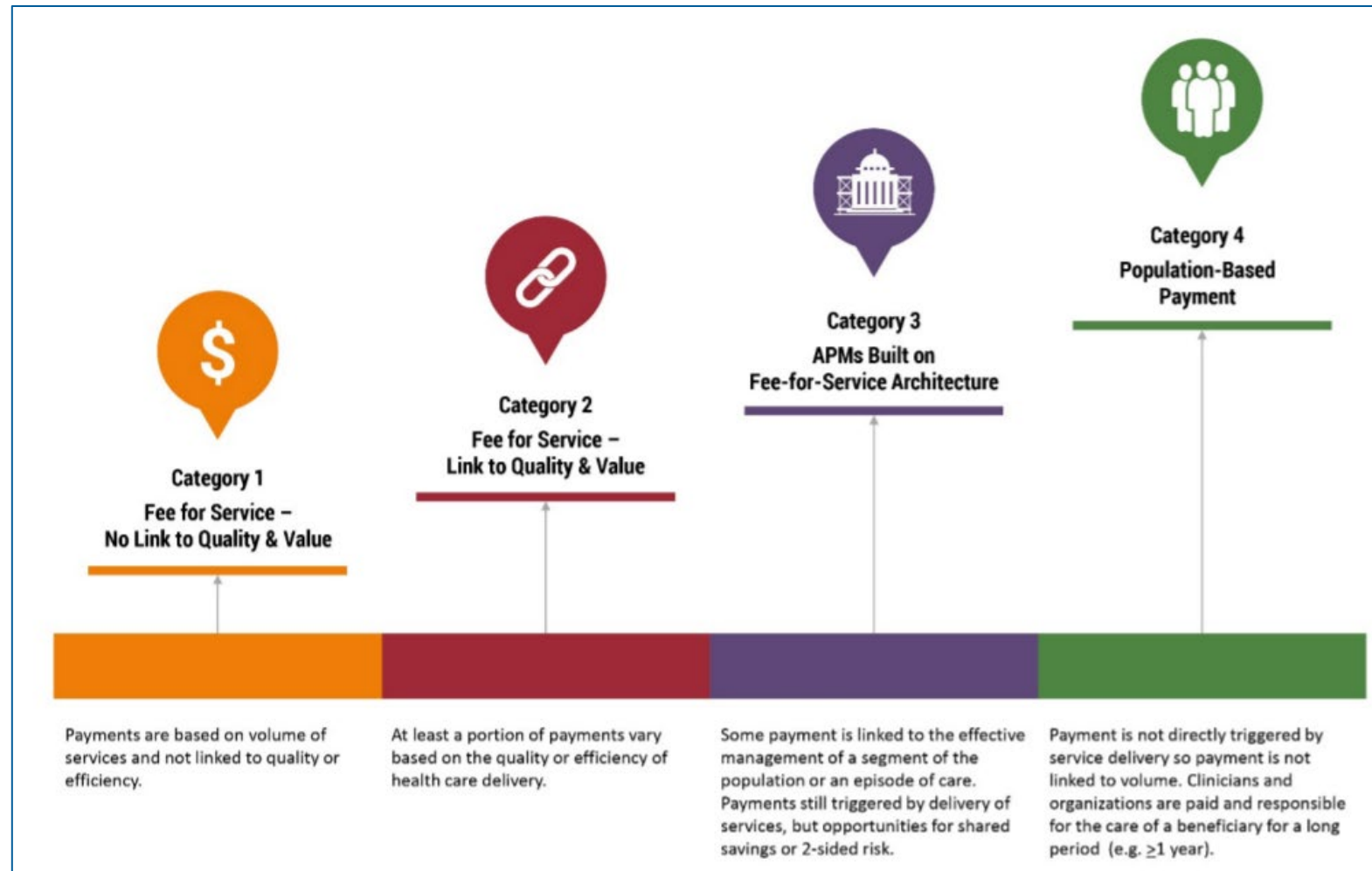
### Provider organization

- Evolution from
  - Independent organizations competing with each other for market share based on volume to
  - Aligned organizations competing with other aligned organizations for covered lives based on quality and value

### Network and care management organization

- New competencies required
  - Network development
  - Care management
  - Risk contracting
  - Risk management

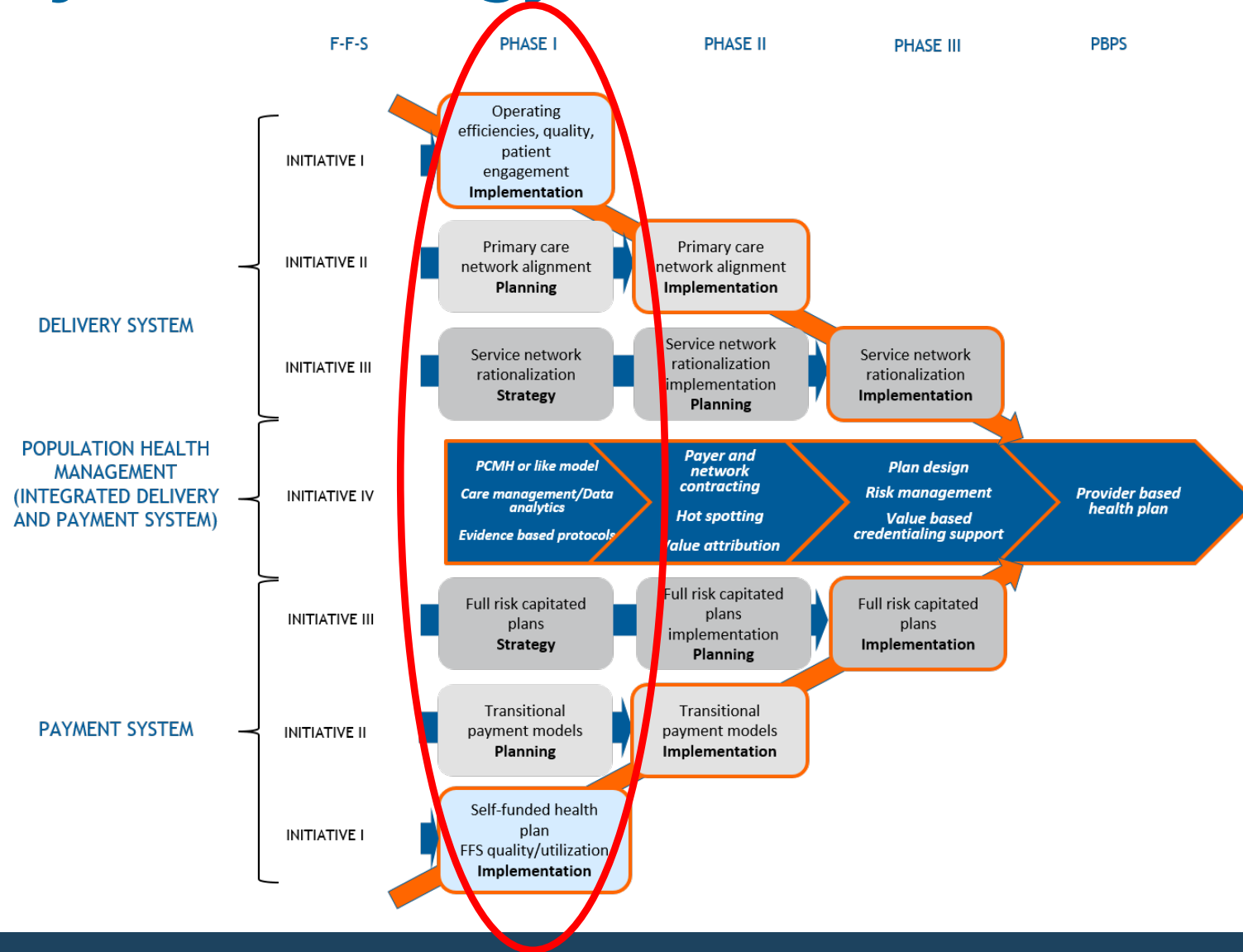
# Payment Transition: CMMI's Original Payment Model



# The Challenge: Crossing the Transition



# Health System Strategy - 2021-2030



# Initiative I - Operating Efficiencies, Patient Safety and Quality

- Hospitals not operating at efficient levels are currently, or will be, struggling financially
- “Efficient” is defined as
  - Appropriate patient volumes meeting needs of their service area
  - Revenue cycle practices operating with best practice processes
  - Expenses managed aggressively
  - Physician practices managed effectively
  - Effective organizational design



Graphic: National Patient Safety Foundation

# Operating Efficiencies, Patient Safety and Quality

- Focus on Quality and Patient Safety
  - As a strategic imperative
  - As a competitive advantage

Highest Score ■  
 Above State Avg. ■  
 Below State Avg. ■  
 Lowest Score ■

U.S. HHS Hospital Compare Measures	National Avg.	MA Average	Fairview Hospital	Berkshire Medical Center	Baystate Medical Center	Columbia Memorial Hospital	Sharon Hospital	Saint Peter's Hospital	Brigham and Women's Hospital	Mass General Hospital	Albany Medical Center	Charlotte Hungerford Hospital
<b>Patient Survey Summary Star Rating:</b>			5	3	3	2	4	3	3	4	2	3
<b>Patient Satisfaction (HCAHPS) Average:</b>	71%	70%	84%	68%	66%	61%	73%	67%	71%	74%	64%	65%
Nurses "Always" communicated well:	80%	80%	92%	81%	75%	73%	84%	77%	80%	83%	75%	77%
Doctors "Always" communicated well:	82%	81%	90%	78%	77%	74%	84%	76%	80%	82%	70%	75%
"Always" received help when wanted:	68%	66%	88%	64%	59%	58%	71%	59%	69%	65%	62%	60%
Pain "Always" well controlled:	71%	71%	83%	73%	68%	70%	72%	70%	69%	72%	65%	69%
Staff "Always" explained med's before administering:	65%	64%	78%	64%	61%	56%	69%	59%	61%	66%	58%	58%
Room and bathroom "Always" clean:	74%	72%	86%	73%	67%	63%	78%	63%	66%	72%	66%	72%
Area around room "Always" quiet at night:	62%	53%	68%	46%	48%	45%	60%	47%	56%	54%	43%	40%
YES, given at home recovery information:	87%	89%	94%	89%	88%	83%	85%	87%	89%	90%	83%	91%
"Strongly Agree" they understood care after discharge:	52%	53%	70%	50%	49%	41%	51%	49%	51%	59%	46%	47%
Gave hospital rating of 9 or 10 (0-10 scale):	72%	70%	88%	65%	65%	53%	73%	69%	80%	82%	65%	60%
YES, definitely recommend the hospital:	71%	74%	91%	65%	73%	50%	72%	76%	84%	90%	70%	61%

Source: www.hospitalcompare.hhs.gov

# Initiative II - Primary Care Alignment

- Understand that revenue streams of the future will be tied to primary care physicians, which often comprise a majority of the rural and small hospital healthcare delivery network
  - Thus small and rural hospitals, through alignment with PCPs, will have extraordinary value relative to costs
- Physician Relationships
  - Hospital align with employed and independent providers to enable interdependence with medical staff and support clinical integration efforts
    - Contract (e.g., employ, management agreements)
    - Functional (share medical records, joint development of evidence-based protocols)
    - Governance (Board, executive leadership, planning committees, etc.)
  - *Potential Model for Rural:*
    - *New PHO/CIN/IHN*

# Initiative III – Rationalize Service Network

- Develop system integration strategy
  - Evaluate wide range of affiliation options ranging from network relationships, to interdependence models, to full asset ownership models
    - Interdependence models through alignment on contractual, functional, and governance levels, may be option for rural hospitals that want to remain “independent”
    - Explore / Seek to establish interdependent relationships among small and rural hospitals understanding their unique value relative to future revenue streams
- Identify the number of providers needed in the service area based on population and the impact of an integrated regional healthcare system
- Conduct focused analysis of procedures leaving the market
  - Understand real value to hospitals
    - Under F-F-S
    - Under PBPS (Cost of out of network claims)



# Payment System Strategy - Initiative I

## Develop self-funded employer health plan

- Hospital is already 100% at risk for medical claims thus no risk for improving health of employee “population”
- Change benefits to encourage greater “consumerism”
  - Differential premium for elective “risky” behavior
- “Enroll” employee population in health programs – health coaches, chronic disease programs, etc.

## FFS Quality and Utilization Incentives

- Maximize FFS incentives for improving quality or reducing inappropriate utilization (e.g., inappropriate ER visits, re-admissions, etc.)
- Annual Well visits, Chronic Care Management (CCM) and Transitional Care Management (TCM) FFS payments
- Maximize MIPS incentive payments
  - MIPS ACO

# Payment System Strategy - Initiative II

## Initiative II: Implementation planning for transitional payment models

- Transitional payment models include:
  - FFS against capitation benchmark w/ shared savings
  - Shared savings model Medicare ACOs
  - Shared savings models with other governmental and commercial insurers
  - Partial capitation and sub-capitation options with shared savings
- Prioritize insurance market opportunities
- Take the initiative with insurers to gauge interest and opportunities for collaborating on transitional payment models
- Explore direct contracting opportunities with self-funded employers

# Population Health Strategies - Phase I

- Phase I: Develop Population Health building blocks
  - Goal: Infrastructure to manage self-insured lives and maximize FFS Utilization and quality incentives
  - Initiatives:
    - PCMH or like structure
    - Care management
      - Discharge planning across the continuum
        - Transportation, PCP, meds, home support, etc.
      - Transitions of care (checking in on treatment plan)
        - Medication reconciliation
        - Post discharge follow-up calls (instructions, teach back, medication check-in)
        - Identifying community resources
        - Maintain patient contact for 30 days
    - Develop claims analysis capabilities/infrastructure
    - Develop evidenced based protocols

# Rural Health System Financial Imperatives

- “Shaky Bridge” crossing will require planned, proactive approach
  - Market forces at play will require new strategies
  - Strategic thinking is essential - Doing next year “a little better” will no longer suffice
  - A foundational premise of all health system strategic plans is a transitioning payment system
    - Changes the future functional imperatives 180 degrees
- **Important elements that must be addressed include:**
  - Operating efficiencies, quality, patient engagement
  - Medical staff alignment
  - Service area rationalization
  - Population health management
  - Transitioning payment systems
- **Immediate priorities**
  - 12-month cash plan factoring returned cash
  - Meet with commercial insurers to discuss increasing costs and imperative for higher reimbursement
  - Prepare interim cost reports that recognize higher labor/non-labor
  - Leverage goodwill received during the pandemic to recapture lost market share
  - New consumer-oriented strategies (i.e., open access in clinics, telehealth)
  - Aggressive and proactive approaches to maintain/enhance staffing
  - Political advocacy recognizing rural is disproportionately impacted by staffing shortages



# Thank you

Eric Shell, Chairman

[EShell@Stroudwater.com](mailto:EShell@Stroudwater.com)

1685 Congress St. Suite 202

Portland, Maine 04102

207.221.8252

[www.stroudwater.com](http://www.stroudwater.com)