

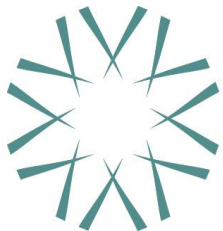
Network's Role in the Transition to Value-Based Models

Terry Hill and Network TA Team

July 2015

Rural Health Innovation's Purpose

Rural Health Innovations (RHI), LLC, is a subsidiary of the National Rural Health Resource Center (The Center), a non-profit organization. Together, RHI and The Center are the nation's leading technical assistance and knowledge centers in rural health. In partnership with The Center, RHI connects rural health organizations with innovations that enhance the health of rural communities.



NATIONAL
RURAL HEALTH
RESOURCE CENTER



Main Points

- US health system is changing from volume to value
- The road ahead for rural health organizations will be challenging but could be rewarding
- Rural health networks are a critical part of the new health system
- Using a framework will help networks achieve their goals and supporting members creates network value

My Mom & Grandson



Current Health Care Business Model

Based on volume,
the more you do,
the more money
you make



Results of Current Business Model



- High cost
- Low quality
- High chronic illness
- Low access

It's Changing!

Triple Aim

- Better health
- Better care
- Better cost



Future Health Care Business Model

$$\begin{array}{r} \text{Quality} \\ + \text{Service} \\ + \text{Population Health} \\ \hline \text{Cost} \end{array}$$



Basic Assumptions about the Future



- Payment rates: decline overall
- Quality and efficiency: rewarded
- Readmissions and low quality: penalized
- Population health: factored into reimbursement formulas

Predictors of Health Status

- 20% Clinical Care
- 40% Social and Economic
- 30% Behavioral
- 10% Environmental

Therefore: Health care providers can't change the U.S. health outcomes alone.

Market Overview

- Medicaid expansion
- State budget deficits
- Lower inpatient volumes
- High deductible plans (Bronze)
- Medicare reduced payment
- Networks are forming: Accountable Care Organizations (ACOs)



Understand Shared Savings Models

- Accountable Care Organizations (ACOs)
- Medicaid shared savings/capitation
- Private payer contracts with shared savings features

ACOs = Network

Accountable Care Organizations:

- A mechanism to monetize value by increasing quality and reducing cost
- A group of health care providers that takes responsibility for the cost and quality of care for a group of patients or individuals



What is Needed for Shared Savings

- Organizational transformation
- New electronic & social technologies
- Data warehouses & analytics
- Chronic illness management
- Care coordination
- Provider/patient collaboration

Network Members Benefit

Good Payer Relationships

- Shared information between payers and providers
- Pay for care coordination services
- Pay for performance and quality
- Shared savings arrangements

Understand How Your Members will be Paid

- Fee for Service
- Pay for Performance
- Shared Savings
- Full Capitation
- Private Label Partnership
- Provider Sponsored Health Plan with Outsource
- Provider Sponsored Health Plan

Source: American College of Healthcare Executives

Network Members Can be Optimistic

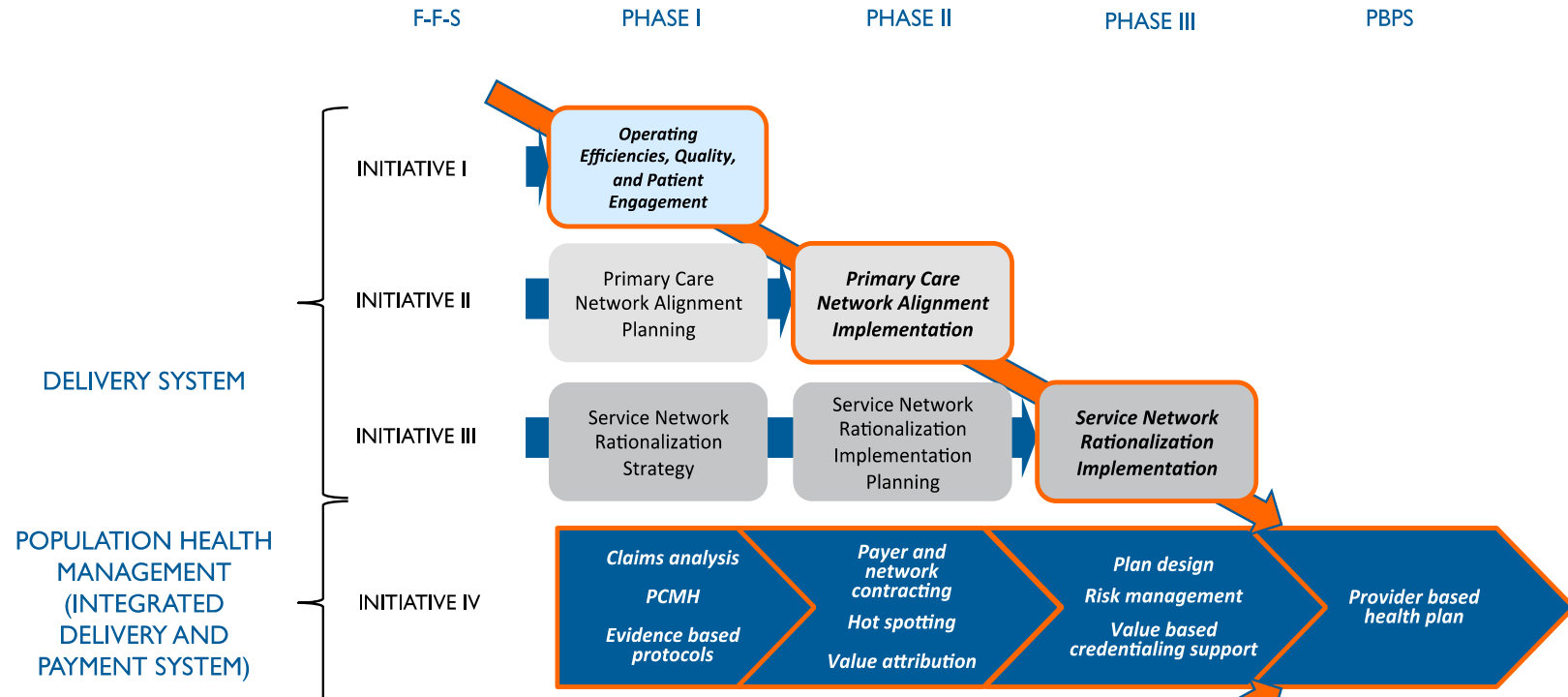
- Revenue streams of the future are tied to primary care providers
- Lower beneficiary costs in rural
- Critical access hospitals (CAHs), rural health clinics (RHCs), and federally qualified health centers (FQHCs) reimbursement advantages
- Rural can change more quickly
- Rural is more community-based

Crossing the Shaky Bridge

The Challenge



Delivery System Path



- Delivery system must respond at a similar pace to changing payment models in order to maintain financial viability
- Getting too far ahead or lagging behind will be hazardous to their health

How Networks Can Support their Members

- Determine where members are now in their preparation for value and population health
- Provide support and services to bridge the gap and help members prepare for value models and population health



It's Complicated!

“Even small health care institutions are complex, barely manageable places. Large health care organizations may be the most complex organizations in human history.”

- Peter Drucker



Focus on Networks



Network Leadership

- Keeps a compelling mission and vision in the forefront of their work
- Educates and engages the network board about the critical role of value-based purchasing and population health
- Ensures the network board works with formal by-laws and membership agreements



Network Strategic Planning

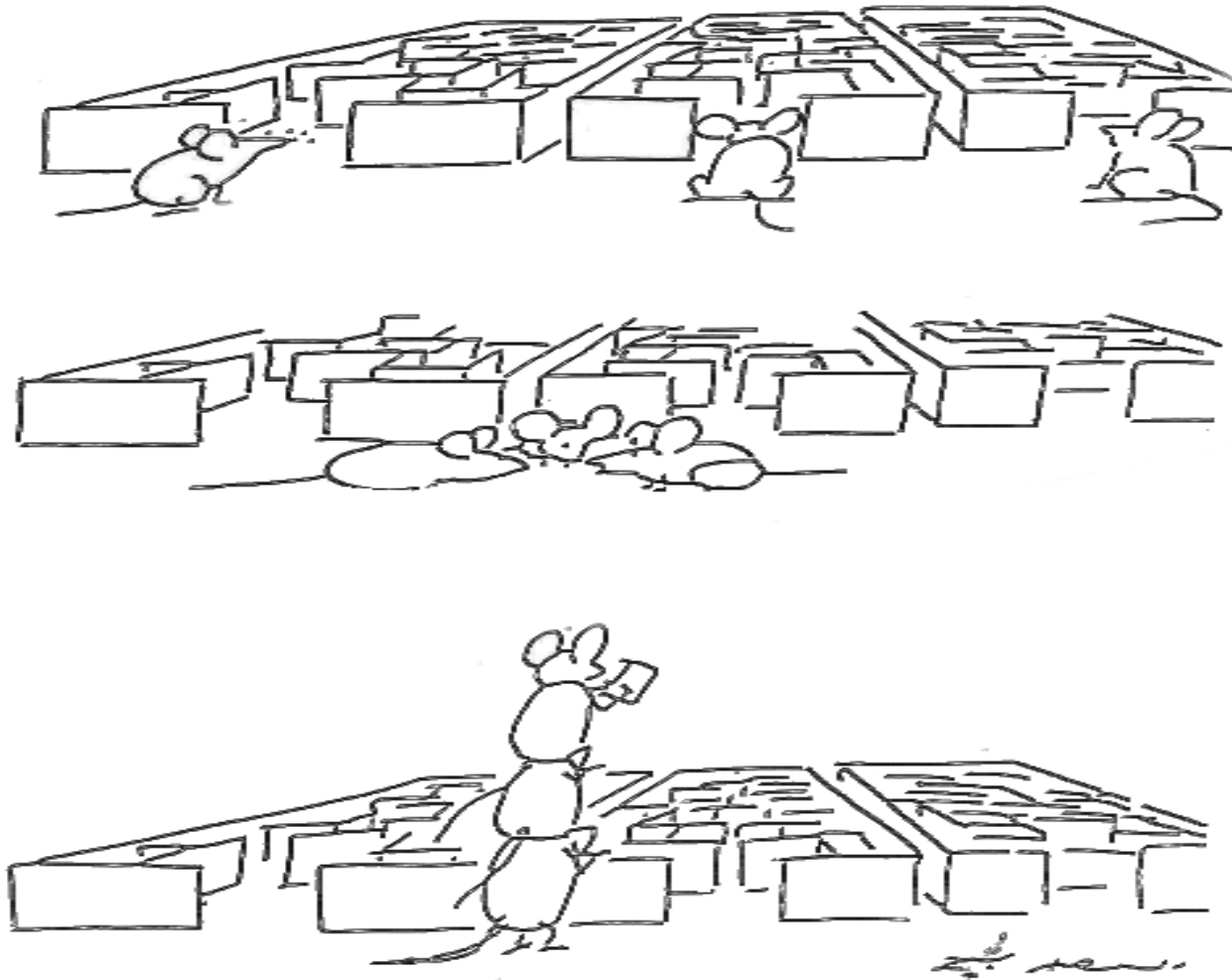
- Network uses a strategic plan process that is holistic
- Strategies are aligned with the networks mission and vision
- Network mission, vision and strategic plan are widely communicated in easy to understand language
- Network incorporates value-based strategies



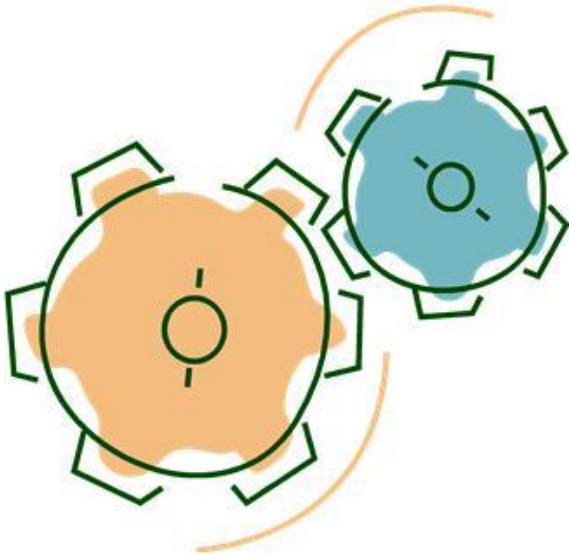
Network Members, Partners & Communities

- Network understands transition to value needs of its members and incorporates these needs into its strategies
- Network understands health needs of its community and incorporates these needs into its strategies
- Non-traditional health network leadership and strategic planning roles, such as public health, social service, schools, dentistry, mental health, long-term care, local business

A Collaborative Effort



Network Processes & Operations



- Network has established policy and procedures in place
- Network routinely uses process improvement tools and techniques to maximize organization efficiency
- Technology is used to support effective communication and meaningful collaboration

Network Information & Knowledge

- Use a scorecard to monitor progress and success
- Develop network metrics for strategies, operations and financial outcomes
- Provide best practice sharing opportunities among members



Network Staff & Culture

- Develop a workplace culture that is change-ready and adaptable
- Nurture staff orientation toward customer service and collaboration
- Build staff knowledge of value-based models
- Focus on staff satisfaction



Network Outcomes & Value

- Use a dashboard to tell the story of network success toward outcomes and value
- Include strategic, operational and financial outcomes
- Share and talk about the compelling vision
- Demonstrate how working together is better for improving health and reducing costs



Networks Provide Solutions for Members



Member Population Health Focus

- Educate members on the transition toward population health
- Develop and implement worksite wellness programs
- Develop and implement patient education and chronic disease prevention programs
- Advocate for members at county, state and national decision making bodies
- Build collaborative opportunities across counties and regions: network networks

Member Care Management

- Help members develop effective care coordination teams and processes
- Help develop multi-disciplinary and multi-stakeholder care coordination teams
- Enable collaborations between members and other health care and community organizations for seamless patient flow across different health, social and community services

Member Health Information Technology

- Develop solutions for effective health data storage and analysis tools
- Increase access to telehealth services
- Incorporate internet, mobile and social technology
- Enable direct and secure data exchange within collaborations
- Support member's privacy and security challenges across collaborations

Members Process Improvement

- Support members with Lean techniques for continuous improvement
- Help members in reducing waste and optimizing revenue cycles
- Develop clinical quality analysis and reporting capability



Summary



“Even if you’re on the right track, you’ll get run over if you just sit there.”

- Will Rogers

Network TA Team

218-727-9390, Ext. 233

NetworkTA@ruralcenter.org

<https://www.ruralcenter.org/rhi/network-ta>

Get to know us better:



@RHRC