



# FINANCIAL UPDATE

Preparing For and Succeeding Under Value Based Reimbursement Models



# VALUE BASED REIMBURSEMENT MODELS

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- There is significant confusion and varying opinions regarding potential organizational benefits
- Confusion and varying opinions leads to apprehension
- Apprehension leads to avoidance
- There may be a price to be paid with avoidance

# AGENDA

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- Financial challenges and opportunities
- Garnering support
- Key financial focus areas for preparation



# THE FINANCIAL CHALLENGES

Many leaders can only see a downside to successful implementation of population health strategies

- Initial investment
  - Time
    - Potential solutions – external resources
  - Money
    - Potential solutions – aggregators
    - Alternative models with lower cost of entry
  - Dwindling finances

# THE FINANCIAL CHALLENGES CONTINUED

Many leaders can only see a downside to successful implementation of population health strategies

- “How and why would I voluntarily enter this model when we are already struggling financially?”
  - Fear of change
  - Fear of the unknown
  - Fear of the work involved
  - Confident this will lead to reduction in services
  - Confident this will lead to financial deterioration
    - Current financial obligations
    - Future financial obligations/needs
  - Confident this will be the beginning of the end
- Important to acknowledge these feelings and perceptions as their reality

# THE FINANCIAL CHALLENGES FINAL

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Many leaders can only see a downside to successful implementation of population health strategies

- Long term avoidance may create additional risk as models continue to grow and become mandatory or otherwise necessary to be relevant in the market

# THE FINANCIAL OPPORTUNITIES

1. Shared Savings
2. Enhanced Reimbursement
3. Provision of Wellness Services
4. Market Share Growth





# SHARED SAVINGS

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- Potential for shared savings based on historical cost per assigned beneficiaries
- Models may also include risk for higher costs
  - Especially as the models mature
- Promotes management of care





# ENHANCED REIMBURSEMENT

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- Potential for per member per month reimbursement for care management/coordination
- Potential for increased reimbursement rates for meeting reporting and/or quality metrics



# PROVISION OF WELLNESS SERVICES

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- Value based methodologies are usually based on getting the right care at the right time in the right setting.
- Increases in the volume of wellness services can drive new revenue streams



# MARKET SHARE GROWTH

- Focus on patient and value
- Can drive increase brand recognition and brand loyalty
- Increases in recognition and loyalty can lead to increased market capture (growth)
  - But it must be marketed to work.....



# SO WHERE DO THE COST SAVINGS COME FROM?

- Reduction in higher cost interventions
  - Often provided by outside providers
- Reduction in air/ground ambulance
- Reduction in pharmaceutical costs
  - Improved management
  - Increased adherence
- Other?



# ULTIMATELY.....

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- Value based reimbursement is coming (if not already in your market)
- Value based reimbursement is not going away
  - Payors driving new programs
  - Patients attracted to benefits
    - Cost
    - Health





**HOW TO GARNER SUPPORT??**

# WHO AND HOW?

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## Who

- Board members
- C-Suite
- Organizational staff

## How

- Facts over fiction





# SELLING POINTS

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## Shared Savings

- Provide details on mechanics for potential models
- Include upside and downside risk

## Enhanced Reimbursement

- Provide details on mechanics for potential models
- Identify potential roadblocks to be overcome to qualify for enhanced reimbursement



# SELLING POINTS CONTINUED

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## Wellness Pays! (FINALLY)

- This is the real meat
- Great opportunity to educate each stakeholder on their specific opportunities
- Not many providers are taking full advantage of these opportunities
- Requires a little heavy lifting



# WELLNESS PAYS - FINALLY

## Welcome to a Medicare preventative visit

- One-time preventative visit
- First 12 months under Medicare Part B
- Includes
  - Medical and social history
  - Height, weight and blood pressure
  - BMI
  - Simple vision test
  - Potential risk for depression and review of level of safety
  - Offer to discuss advance directives
  - Written plan of screenings, shots and other preventative services

# WELLNESS PAYS – FINALLY CONTINUED

## Annual Wellness Visit

- Annual after 12 months on Medicare Part B
- Health risk assessment
- Medical and family history review
- Current provider and prescription updates
- Height, weight, blood pressure and other routine measurements
- Detection of cognitive impairment
- Personalized health advice
- List of risk factors and treatment options
- Screening schedule for appropriate preventative services

# ANNUAL WELLNESS SERVICES ARE CONFUSING!

It is not a physical!

Significant education is required

Practitioners

Staff

Patients

Must set expectations

Dedicated visit versus dual visit?

Provides for significant data capture

Drives preventative service utilization



# WELLNESS PAYS – FINALLY FURTHER

## Leads to:

- Annual Alcohol Misuse Screening
  - 1 screening per year
- Face-to-Face Behavioral Counseling for Alcohol Misuse
  - 4 brief face-to-face counseling sessions per year for follow up
- Annual Depression Screening
  - 1 screening per year
- Annual, Face-to-Face Intensive Behavioral Therapy for Cardiovascular Disease
  - Once per year
- Cardiovascular Disease Screenings
  - Cholesterol, lipid and triglyceride levels
  - 1 every 5 years
- Obesity Screening
  - All eligible for screening



# WELLNESS PAYS – FINALLY ONCE MORE

## Leads to:

- Counseling for Obesity
  - BMI of 30 or more
- Diabetes Screening
  - Up to 2 screenings per year, based on results of screenings
- Diabetes Outpatient Self-Management Training
  - Coinsurance and deductible apply
- Medicare Diabetes Prevention Program
  - Must meet eligibility criteria
  - Once-per-lifetime
    - 16 core sessions over 6 months
    - Less intensive monthly follow up sessions for 6 months
    - Additional 12 months ongoing maintenance if goals met





# WELLNESS PAYS – FINALLY ADDITIONALLY

## Leads to:

- Medical Nutrition Therapy
  - Must meet coverage criteria
  - 3 hours one-on-one therapy in first year
  - 2 hours one-on-one therapy in subsequent years
- Counseling to Prevent Tobacco Use
  - 8 face-to-face visits during 12-month period
- Lung Cancer Screening
  - Once every 12 months if coverage requirements met
- Ultrasound Screening for Abdominal Aortic Aneurysm
  - Once per lifetime
- Prostate Cancer Screening
  - Digital rectal examination and PSA Test
  - Once every 12 months
  - Coinsurance and deductible apply to digital rectal examination



# WELLNESS PAYS – FINALLY AGAIN

## Leads to:

- Cervical and Vaginal Cancer Screening
  - High Risk – once every 12 months
  - Normal – once every 24 months
- Colorectal Cancer Screenings
  - Screening fecal occult blood test – Once every 12 months
  - Screening flexible sigmoidoscopy
    - Once every 48 months after flexible sigmoidoscopy or barium enema
    - Once every 120 months after screening colonoscopy
  - Screening colonoscopy
    - Once every 120 months (24 months for high risk) or 48 months after flexible sigmoidoscopy
  - Screening barium enema
    - Once every 48 months (24 months for high risk) if used instead of sigmoidoscopy or colonoscopy
    - 20% coinsurance applies
  - Multi-target stool DNA test
    - Every three years if conditions met

# WELLNESS PAYS – FINALLY FURTHERMORE

## Leads to:

- Screening Mammography
  - Once every 12 months
- Bone Mass Measurements
  - One measurement every 24 months (more if medically necessary)
- Glaucoma Tests
  - Once every 12 months
  - Coinsurance and deductible apply
- Hepatitis B Virus (HBV) Infection Screening
  - Annually if high risk and no Hepatitis B vaccination
  - Pregnant women
- Hepatitis C Screening
  - One-time screening if coverage requirements met
  - Annual repeat screening for certain high-risk individuals



# WELLNESS PAYS – FINALLY MOVING FORWARD

## Leads to:

- HIV Screening
  - Every 12 months if coverage requirements met
  - 3 times during pregnancy if coverage requirements met
- Sexually Transmitted Infections Screening
  - Pregnancy and/or increased risk
  - Once every 12 months or certain times during pregnancy
- Sexually Transmitted Infections Counseling
  - 2 individual 20-30 minutes high-intensity behavioral counseling session each year
- Flu Shots
  - Once each flu season
- Hepatitis B Shots
  - Medium to high risk
  - Three shots needed
- Pneumococcal Shots
  - Most only need 1 per lifetime



# WELLNESS PAYS – FINALLY CONTINUING

## Transitional Care Management

- Meant to help patients transition from a hospital to community setting
- 30-day period from date of discharge
  - Inpatient Acute Hospital
  - Inpatient Psychiatric Hospital
  - Long-Term Care Hospital
  - Skilled Nursing Facility
  - Inpatient Rehabilitation Facility
  - Hospital outpatient observation or partial hospitalization
  - Community Mental Health Center partial hospitalization
- Requirements
  - Interactive contact within 2 business days of discharge
  - Face-to-face visit
  - Non-face-to-face services



# WELLNESS PAYS – FINALLY FORWARD

## Chronic Care Management

- Meant to help patients with multiple chronic conditions manage their health
- Two or more chronic conditions expected to last at least 12 months or until the death of the patient
- Significant risk of death, acute exacerbation/decompensation or functional decline

# WELLNESS PAYS – FINALLY PLUS

## Chronic Care Management

- Requirements
  - Comprehensive care plan
  - At least 20 minutes per month
  - Multiple CPT codes
- Can lead to
  - Improved patient compliance
  - Improve patient health status
  - Increase patient loyalty
  - Improved brand recognition
  - Increased clinic visits
  - Decreased emergency room visits
  - Decreased admissions



# WELLNESS PAYS – FINALLY

- Services tend to be those provided or can be provided by local providers
  - New services – Expansion of opportunities
  - Maintained or increase volumes



# WELLNESS PAYS – FINALLY FINAL

- Extra Benefits of ACO Participation
  - Programming
  - Claims Data
    - Better information than any marketing data you could purchase?
    - Better information than any surveys?
    - Better information than any CHNA?

# SELLING POINTS ONCE MORE

## Market Growth – Image and Loyalty

- CCM – ongoing contact
- AWV – planning their preventative care for services with little to no cost sharing
- TCM – keep the patients out of the hospital

This increase in brand loyalty can be used to drive increased market share. This is the key to maintaining total volumes.



# **FINANCIAL MONITORING PREPARATION AND ONGOING**

Preparation requires  
ensuring the best possible  
starting financial position





# **FINANCIAL MONITORING PREPARATION AND ONGOING CONTINUED**

## **Days in Accounts Receivable**

- Push to reduce below performance benchmarks in preparation
- Invest in training on billing and technology to ensure ability to capture and bill for new services



# FINANCIAL MONITORING PREPARATION AND ONGOING ONCE MORE

## Days Cash on Hand

- Maximize in preparation for potential temporary reductions in volumes as well as billing challenges encountered with new services



# **FINANCIAL MONITORING PREPARATION AND ONGOING FURTHER**

Total Margin and  
Operating Margin

- Maximize these margins in preparation
- Margins allow for capture of necessary cash flow





## **FINANCIAL MONITORING PREPARATION AND ONGOING AGAIN**

Establish system to monitor non-financial indicators that can lead to success

- AWW %
- CCM % of eligible
- Mammography %
- Colonoscopy %
- Readmission %
- ER Visits / 1000
- Clinic Visits / 1000



Success under value-based reimbursement is not guaranteed and will have its challenges.

However, the alternatives of lost payor contracts and market share will also have its challenges.

Early planning and adoption can help better position your organization for the future.

Now is the time to plan and create your organization's future.





# QUESTIONS?

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# THANK YOU

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