



NATIONAL
RURAL HEALTH
RESOURCE CENTER

Flex Coordinator
Learning Collaborative 201
Week 2

The Paradigm Shift

Shannon Calhoun
August 5, 2019

The Center's Purpose

The National Rural Health Resource Center (The Center) is a nonprofit organization dedicated to sustaining and improving health care in rural communities. As the nation's leading technical assistance and knowledge center in rural health, The Center focuses on five core areas:

- Transition to Value and Population Health
- Collaboration and Partnership
- Performance Improvement
- Health Information Technology
- Workforce



Context

- What to expect over the course of the webinar series
 - Understanding components of healthcare transformation
 - How transformation affects CAHs and RHCs
 - Tools and resources for providers to engage in transformation



Today's Agenda

- Preview of the webinar series
- State of Healthcare beyond Medicare
- Elements to Manage the Paradigm Shift
- Impact on rural health



Webinar Series

1. ***CMS is leading healthcare Transformation***
 - Understanding Payment and Delivery Reform
2. ***The Paradigm Shift***
 - Transformation from Volume to Value
3. ***Accountable Care Organizations and other pay for value programs***
 - Opportunities, Barriers for Rural providers
4. ***Clinically Integrated Networks***
 - Opportunities, Barriers for Rural Providers
5. ***How to win with the Tyranny of Small Number***
 - Collaborations, Coalitions and Networks
6. ***The Big Picture—Results Matter***
 - Demonstrate worth, value and quality



The Paradigm Shift In Healthcare



Paradigm Shift

Merriam Webster's definition of a paradigm shift is

“an important change that happens when the usual way of thinking about or doing something is replaced by a new and different way.”



2017 Commonwealth Study

The study, the only to include survey data to measure and compare patient and physician experiences across wealthy nations, ranks the U.S. last overall, and on providing equally accessible and high-quality health care, regardless of a person's income.

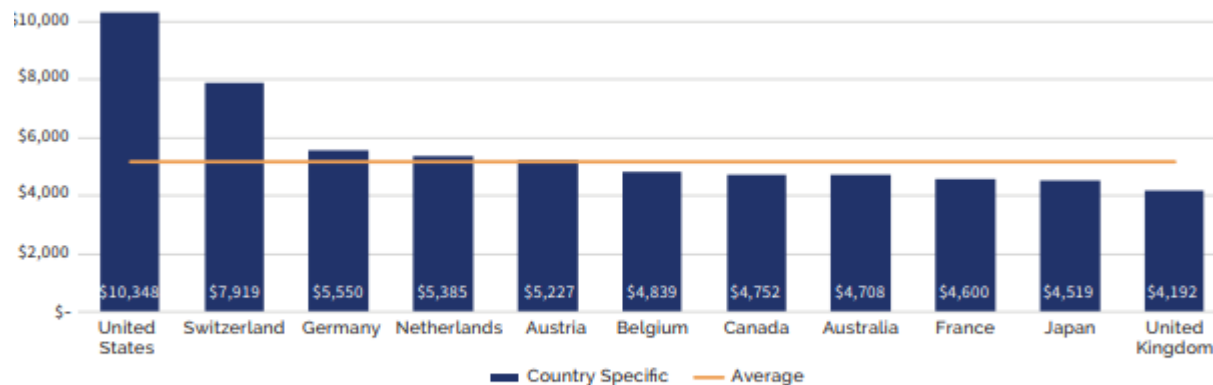
Health Care System Performance Rankings

	UK	AUS	NETH	NZ	NOR	SWE	SWIZ	GER	CAN	FRA	US
OVERALL RANKING	1	2	3	4	4	6	6	8	9	10	11
Care Process	1	2	4	3	10	11	7	8	6	9	5
Access	3	4	1	7	5	6	8	2	10	9	11
Administrative Efficiency	3	1	9	2	4	5	8	6	6	11	10
Equity	1	7	2	8	5	3	4	6	9	10	11
Health Care Outcomes	10	1	6	7	3	2	4	8	9	5	11



Health care in the United States represents 18 percent of the gross domestic products compared with 11 percent in comparable countries such as the United Kingdom.

Figure 1
2016 Per Capita Expenditures



Source: Sawyer, Bradley, and Cynthia Cox, How does health spending in the U.S. compare to other countries? Health System Tracker, Feb. 23, 2018, https://www.healthsystemtracker.org/chart-collection/health-spending-u-s-compare-countries/?_sf_s=compare#item-average-wealthy-countries-spend-half-much-per-person-health-u-s-spends. Accessed Aug. 2, 2018.



The 5/50 Population

According to a 2016 Agency for Healthcare Research and Quality (AHRQ) study, more than half of the cost of health care can be attributed to 5 percent of the population.

This is referred to as the Chronic Disease Burden...



Demographic Changes

Influencing the framework:

- Baby Boomers entering retirement age,
- Millennials seeking healthcare through technology

A growing divide in consumer demand for delivery:

- Aging with complex chronic conditions require long term management of diseases
- Young measuring value through convenient access to primary care and wellness



Current State of Healthcare

Fragmentation of care leads to additional costs and duplication of effort. This applies to both providers and payors!

The current state is not sustainable.



THE Paradigm Shift

We are in a discovery phase of THE Paradigm Shift in healthcare.

It is currently referred to as Transformation...to address both payment and delivery reform.

The shift is from reactive care to proactive care, from provider siloed to patient centered, and from transactional payments to outcome-based payments.

And there is opportunity to be successful!



A New Way of Thinking

Traditional Healthcare

Curing Disease

Diagnosis, treatment and cure.
Volume of services

Fee for Services

Doctor is center of authority

Purpose

Values

Methods

Assumptions

Population Health

Keeping people healthy

Prevention and wellness.
Quality, Cost-effective services

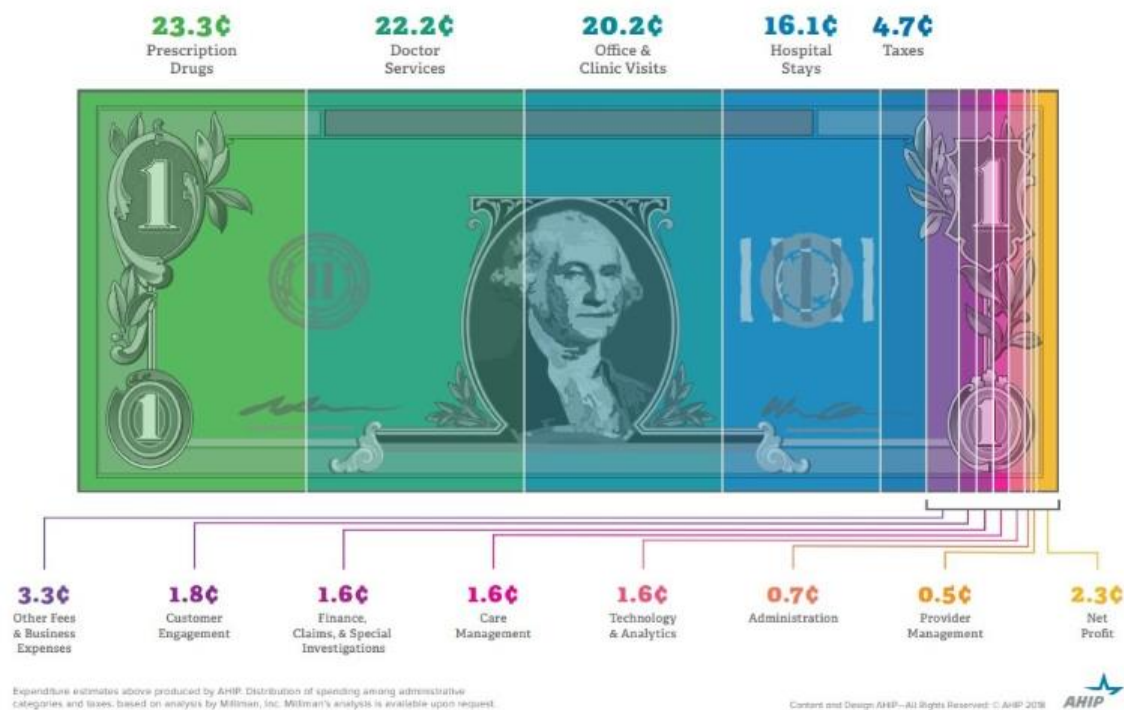
Value based payments

Doctor is center of care team



Thinking from a Payor perspective

81.8 cents for
the medical
Budget!



What are we thinking?

- We provide a service and we get paid, right?
- Has that changed?
- What service do we provide?
- How do we get paid?
- We are different!
- We are too small!
- We are exempt!
- That we are valuable because....?



data

MUST

reflect your story

in order to demonstrate

value

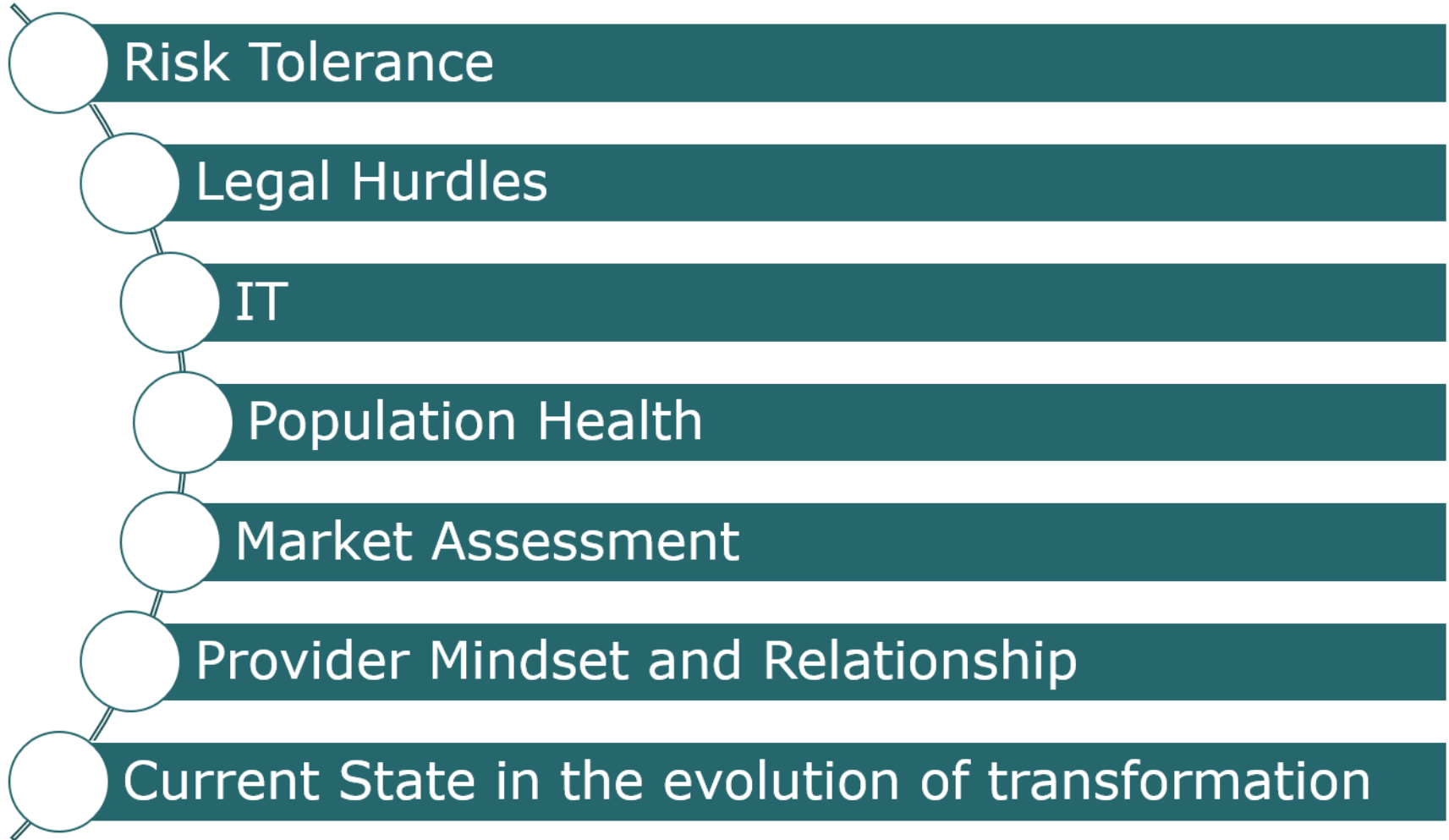


Overwhelmed with Options

- What is the right vision, the right trajectory, the right plan?
- What is the effect in my local market?
- What will happen to rural designation/payments?



Managing the Paradigm Shift



Risk Tolerance

The Paradigm Shift requires change, and to some degree that requires risk:

Risk in change

Risk in no change

Risk in collaboration

Risk in payment methods

☐ What is the risk tolerance in your community?

☐ What can you do to garner support for change?



Legal

Aligning the healthcare community may require changes in the legal structures or the development of new organizations:

- ☐ Do you employ physicians?
- ☐ Is there payment for value in physician contracts?
- ☐ Do you need to purchase or build new service lines or practices?
- ☐ Do you have existing solutions that need to be retooled? Or will you need to create new ones?
- ☐ What is the most valuable solution for your planned vision?



Information and Technology

The newest component in healthcare transformation is predictive analytics. This requires providers to use EMS and to document to the highest level of specificity. It also requires a technology tool that can store discreet data from disparate systems and offer a platform to analyze the data.

- ☐ What components do you have in place?
- ☐ Will you have to purchase a system?
- ☐ Who manages the system and the information?



Population Health

With the belief that prevention and early detection of diseases will “bend the cost curve”, population health and wellness are the most prevalent delivery changes in this transformation period.

- ☐ Are your providers taking advantage of the new wellness codes and services such as Chronic Care Management and Transitions of Care Management?
- ☐ Are they actively providing Annual Wellness visits to every Medicare patient?

Market Assessment and Response

The Paradigm Shift has an impact in the payor market which ultimately impacts your market.

- ☐ What are the changes in your payor mix?
- ☐ How will you manage the reduction of government fee for service?
- ☐ What is the demographic trend for the next 5 and 10 years?
- ☐ What responses to the changes in all your payor mix can you align?

Provider Mindset and Relationship

Physicians/practitioners are most important an impacted component of the Paradigm Shift.

- ☐ Are you supporting your physicians responding to the change?
- ☐ Do you have a physician champion for the cause?
- ☐ Are you facing provider “burnout”?
- ☐ Does your contractual relationship with providers prevent your success?
- ☐ How can you collaborate with others in the health care community?



Current State in the of Evolution of Transformation

Providers can jump in any time, but the sooner the better. Where are you now?

- ☐ How capable is your system to demonstrate change in total patient spend?
- ☐ Can you demonstrate the value of services delivered by your system and or by the community?



Another New Way of Thinking

Moving from Being a Healthcare
Provider to Creating a Platform for
Health and Healthcare in Your
Community



Becker's Article

A recent article published in Becker's Hospital Review noted

“healthcare providers are moving from a traditional strategy of buying and building hospitals and simply providing care into a new and more dynamic strategy that focuses on ***leveraging the platform they have*** in place to ***create more value and growth*** via new and often more profitable streams of revenue.



Becker's Article continued

Simply stated, the healthcare delivery systems of today will increasingly **leverage the platform and resources** that they have in place to become a **hub for both health and healthcare in the future.** There is a level of urgency to move quickly. Many feel that if they don't expand the role that they play in both health and healthcare in their community, someone else will step in.”



The effect of the Paradigm Shift

The shift effects EVERYTHING!

how providers get paid

how healthcare is delivered

how new technology is critical

what healthcare systems look like

and more...

So the shift requires a new way of thinking
about EVERYTHING!



What is the *Rural Option?*



Virtual Integrated Delivery System

“In virtual integration, each of the major segments of the health care system—the physicians, the institutional providers, the payors/MCOs, and the ancillary providers (e.g. pharmacy) *act in concert for a common cause, but none is an employee or subdivision or another.* This allows each party to manage its own affairs and meet its own financial goals without being managed by another segment of the industry.”



Contact Information

Shannon S Calhoun

c.361.648.9799

shannonscalhoun@networkeffectus.com

