Flex Coordinator
Learning Collaborative 201
Week 5

How to win under the “Tyranny of Small Numbers”
Collaborations, Coalitions and Networks

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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

Tyranny of Small Numbers

How to use the benefits and leverage the barriers

Collaborations, Coalitions and Networks
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 Tyranny of Small Numbers
Rural providers’ delivery and payment models are defined and are limited by the relatively small number of patients they serve. The effect of low volume, narrow margins, few options results in being ruled by the “tyranny of small numbers”.

The unintended consequence is that in statistical terms rural providers are “outliers”.
In **statistics**, an **outlier** is a data point that differs significantly from other observations. An **outlier** may be **due** to variability in the measurement or it may indicate experimental error; the latter are sometimes excluded from the data set. An **outlier** can cause serious problems in **statistical** analyses.
Outlier. more … A value that "lies outside" (is much smaller or larger than) most of the other values in a set of data. For example in the scores 25,29,3,32,85,33,27,28 both 3 and 85 are "outliers".
Outliers can range from being unimportant to being really important.

- **Outliers are unimportant** if they capture inaccurate information, and/or if they carry little weight in the analysis.

- **Outliers are really important** if they carry a lot of weight, and/or if they give you important information that the more “normal” data don’t.
The *Tyranny of Numbers* not only warns about the ways the statistics are being misused in government policy in the United States and abroad but *explains how this process can end up injuring vulnerable groups* or distorting the workings of the democratic system. By Nicholas Eberstadt (Author)
In the current state of health care reform—both payment and delivery reform—due to the spiraling increase in cost of care—the entities that pay provider’s bills, or payors, are seeking to control cost. In doing so, they use data to determine their risks and the result is identifying and ultimately excluding outliers.

The US Census Bureau reports that there are approximately 60 million people in rural American, and yet rural health is considered an outlier.
Thinking from a Payor Perspective

81.8 cents for the medical Budget!
Thinking from a Payor Perspective continued

Managing the medical budget involves risk and risk analysis. Risk analysis requires statistics. And in statistics there are outliers. Because of the tyranny of small numbers, *rural providers are outliers.*

Outliers are unimportant if they capture inaccurate information, and/or if they carry little weight in the analysis. Outliers are really important if they carry a lot of weight, and/or if they give you important information that the more “normal” data don’t.
What is the biggest barrier for rural providers to succeed in today’s transformation of healthcare?

The tyranny of small numbers that create outliers: low patient volume and current payment structure/models.
The historical effect of the Tyranny of Small Numbers= experience in payment and delivery reform

<table>
<thead>
<tr>
<th>Payment Model</th>
<th>Delivery Model</th>
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<tbody>
<tr>
<td>All Inclusive Rate</td>
<td>Critical Access Hospital Designation (CAH)</td>
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<td>Disproportional Share Payments (DSH)</td>
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<td>Rural Health Clinics</td>
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<td>Cost Based Reimbursements</td>
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Oh, and then there is the tyranny of small decisions....

What results when a person, group of people, business or organization make a number of small decisions over a period of time. These decisions are not bad decisions on their own but, taken together over a period of time, the result of the decisions are diametrically opposite from the outcome desired.

Unintended Consequences
Problem Solving

How do we solve these problems?

New Payment Models based on Value
Low Patient Volume
Low Data Volume
Collaboration, Coalitions, Networks
Collaborations, Coalitions and Networks
Coalitions

Temporary grouping of rival entities (such as buyer and sellers, sellers and sellers, or different political parties) formed for a short-term and narrow aim (such as countering a common enemy). Unlike an alliance, a coalition does not usually involve meeting of minds and pooling of resources.

Read more:
http://www.businessdictionary.com/definition/coalition.html
Collaborations

1. General: Cooperative arrangement in which two or more parties (which may or may not have any previous relationship) work jointly towards a common goal.

2. Knowledge management (KM): Effective method of transferring 'know how' among individuals, therefore critical to creating and sustaining a competitive advantage. Collaboration is a key tenet of KM.

3. Negotiations: Conflict resolution strategy that uses both assertiveness and cooperation to seek solutions advantageous to all parties. It succeeds usually where the participants' goals are compatible, and the interaction among them is important in attaining those goals.

Read more:
http://www.businessdictionary.com/definition/collaboration.html
A **business network** is a **complex network of companies**, **working together to accomplish certain objectives**. These objectives, which are strategic and operational, are adopted by business networks based on their role in the market. There are two categories of business networks — business associations and company aggregations — that help **small and medium-sized enterprises (SME)** to become more competitive and innovative. Wikipedia
Opportunities

Volume
- Patients
- Data
- Empirical Evidence of Value

Infrastructure
- Shared services
- Shared Governance
- Shared Cost

Vehicle
- Participate in payment models

Platform
- Virtual integration
- Collaboration

Foundation
- Act as an enterprise
- Maintain financial autonomy
<table>
<thead>
<tr>
<th>Obstacles</th>
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<tr>
<td>Legal</td>
</tr>
<tr>
<td>Collaboration</td>
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<tr>
<td>Volume</td>
</tr>
<tr>
<td>Infrastructure Cost</td>
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<tr>
<td>Its not a payment model</td>
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</tbody>
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What is the Rural Option?
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....?
Measurement of Cost and Quality resides in the Data

data **MUST** reflect your story in order to demonstrate value
Become statistically important!
A New Way of Thinking

Moving from Being a Healthcare Provider to Creating a Platform for providing VALUE in Health and Healthcare in Your Community
“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.”
Clinical integration includes both horizontal integration (coordination at the same stage of delivery of care) as well as vertical integration (the coordination of services at different stages).
Rural Healthcare Providers define our Value Proposition

data
*MUST*
reflect your story
in order to *demonstrate*
value
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