



NATIONAL
RURAL HEALTH
RESOURCE CENTER

Flex Coordinator
Learning Collaborative
Week 6

Success In Healthcare Transformation

The Big Picture—RESULTS MATTER

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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



Webinar Series

1. Healthcare Transformation: Understanding Payment and Delivery Reform
2. Success in Transformation: How Population Health can grow Primary Care (the leader of healthcare transformation).
3. Delivery Reform for Payment Reform: Practice Transformation
4. How to demonstrate Value: Hierarchal Condition Category Coding
5. Return on Investment to Value Based Care
6. The Big Picture-RESULTS MATTER



Rural State of Affairs



Rural Hospital Closures



Rural Hospital Closures since 2010*

88

Rural Hospital Vulnerability Heat Map**



Losing vulnerable rural hospitals would jeopardize...



11.7M

Patient Encounters
within 1 year**



99,000

Healthcare Jobs Lost
within 1 year**



137,000

Community Job Lost
within 1 year**



\$277B

Loss to GDP within 10
years**



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Rural State of Affairs (con't)

2018

Multiple pressure points are pushing a greater number of rural provider operating margins into the red (2018)**



*January 2018, Sheps Center, University of North Carolina, **2016 Rural Relevance Study, iVantage Health Analytics, ***2018, The Chartis Center for



Rural Hospital Closures



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Rural State of Affairs (final)

Impact of Medicare Cuts on Rural Communities Negative Operating Margins



40%
2017



44%
2018

The percentage of rural providers operating in the red jumped four percentage points in 12 months.*

Impact of Existing Cuts to Rural Provider Revenue Sequestration, Bad Debt, PPS Coding Offset, 340B*



\$55M

Revenue lost within 1 year



12,000

Jobs lost within 1 year



\$1.4B

GDP lost within 1 year



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Medicare continues to Drive Payment and Delivery Reform

- CMS anticipates enrolling 25% of Medicare fee-for-service beneficiaries into one of its **two new risk models** that make up its new Primary Cares Initiative:
 - **Primary Care First** is primarily targeted at **smaller practices with less experience in value-based payment models**. It offers coordination of care payments and other financial support, with performance-based payments and **some financial risk**. A version of this model will be targeted at the seriously ill population and will provide extra support for patients who need hospice or palliative care services and effective care coordination.
 - **Direct Contracting** is for practices with at least 5,000 Medicare beneficiaries and offers a 50% savings/losses risk-sharing option, **a 100% savings/losses risk-sharing** option and a total care capitation model, which would provide capitated, risk-adjusted monthly payments for all participants and preferred providers.
- **CMS is offering benefit flexibility to MA plans**, allowing non-medical in-home care as a supplemental benefit for MA plans in 2019. For 2020, CMS also announced that MA plans can **cover any benefit** that is "likely to improve or maintain the health of beneficiaries with chronic conditions."



Payors are embracing Delivery Reform

- **Humana partners with Doctor on Demand to launch a new telehealth-centric plan design** that will offer virtual primary care visits for urgent care, preventive care and behavioral health services. Members can get referrals to specialists in Humana's network for in-person visits, as needed. A Humana spokesman said the plan's average monthly premiums would be nearly half those of the company's most popular purchased plan
- **Cambia Health Solutions partners with Pager** to connect members through video, voice and text to nurses, physicians and other care team members to support clinical decision making.



Payment Reform is Driving Delivery Reform

- **Partnerships with major payers to expand to new states and regions.**
 - **Cityblock and Iora Health announced** in March that they will expand their clinics into North Carolina with Blue Cross and Blue Shield of North Carolina as their anchor payer partner.
 - **Sanitas USA will open 10 integrated primary care centers in Texas** in partnership with Health Care Service Corporation (HCSC), in a potential precursor to a rollout across HCSC's five states. The medical centers will accept Blue Cross and Blue Shield card holders, self-pay patients and seniors with traditional Medicare coverage.
 - **Oak Street has contracted with Aetna** to allow any of the payer's Medicare Advantage (MA) members to seek care at its Indiana and southeast Michigan locations. Oak Street is also adding **two new outpatient centers** in Flint, Mich., which will be in-network with Health Alliance Plan. Oak Street's model focuses on offering comprehensive primary care services and dedicated care teams to coordinate patient health needs.
- **VillageMD is partnering with Walgreens to open five clinics** adjacent to Walgreens stores in Houston—an apparent response to CVS' recent launch of HealthHUB locations in Houston.



Virtual Integration

“In virtual Integration, Each of the major segments of the healthcare system---the physicians, the institutional providers, the payors/MCOs, and the ancillary providers (pharmacy,etc)—act in concert for a common cause, but none is an employee or subdivision of another.”

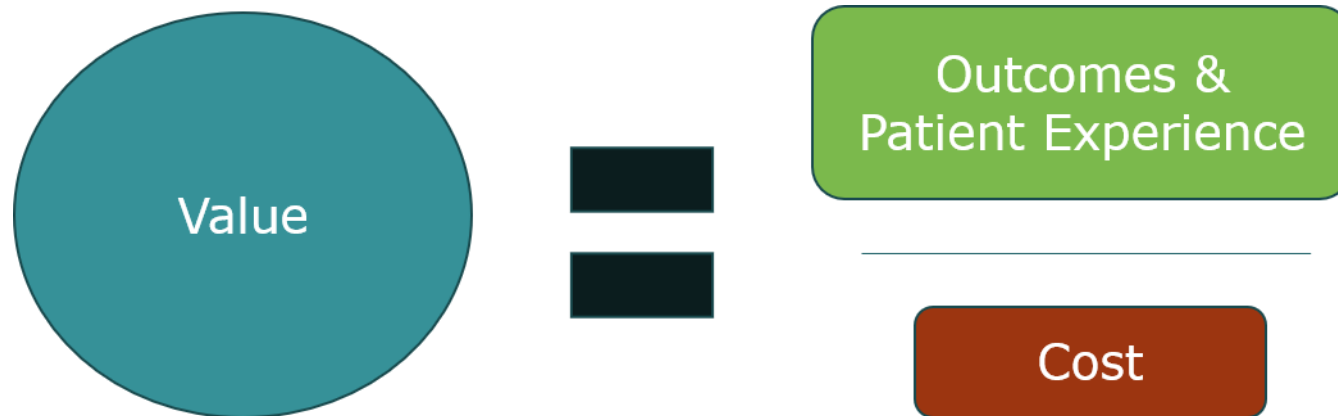
“This allows each party to manage its own affairs and met its own financial goals without being managed by another segment of the industry.”

“The Managed Care Handbook” by Peter Kongsvedt



Value

What Value do Rural Providers offer to CMS and other payors payors?



The Big Picture - Results Matter

Sustainability is dependent on fair and equitable payments; Payment is dependent on results!

- Results = measurable positive changes in available data.
- Available data = claims + some reports.
- Providers are measured on results found in claims data and other publicly available data; and their revenue is directly impacted by these data



Blue Cross Blue Shield Example

The BLUEQ Scorecard

- Used Data for measurement was publicly available data
- 427 hospitals measured

The BLUEQ Ribbon Network

- Ranked as Exceeds, Meets, Does not Meet, Not Enough Data, or Declined
- Marketed directly to patients as an option for a provider network with a lower co-pay or deductible.
- Most rural hospitals did not have enough data. The results was that patients were ***incentivized to chose a provider in the network instead of close to home.***



Risk or Risk?

The risk to engage in Transformation activities is becoming clearer but

What is the risk of not participating?

Where is the data that shows value of rural providers?

At what point will the risk to participate be less than the risk to not participate?



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