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Transitioning to a Value-Based Health Care Future

Improving Health in a Climate of Change
NACo
San Diego, California
January 31, 2014

Healthy Counties
AN INITIATIVE OF THE NATIONAL ASSOCIATION OF COUNTIES

rupri

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Climate of Change

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- Price reduction threats and volume reduction pressures
- Changes in payment policies and financing sources
- Continually evolving quality measures and expectations
- Alternative models of care (e.g., telehealth, different care sites, new providers types)
- Local health care collaborations and regional affiliations

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Affordable Care Act (and More)

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- New ACA emphases
  - Insurance coverage
  - Primary care
  - Financing innovation (incremental)
- Major ACA *themes*
  - Demand for health care *value*
  - Transfer of financial risk
  - Collaboration and competition
- Not just the ACA!
  - Macro economic forces will continue to drive health care reform

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The Triple Aim©

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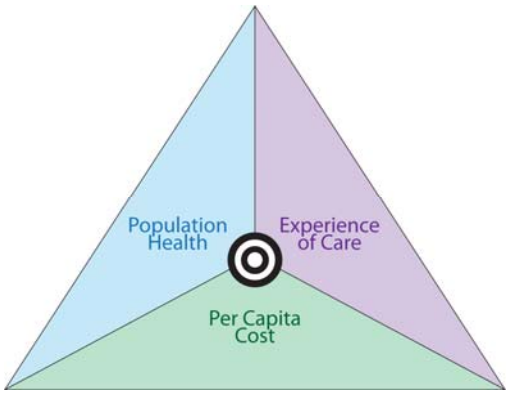

CMS CENTERS for MEDICARE & MEDICAID SERVICES

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Value Equation

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$$\text{Value} = \frac{\text{Quality + Experience}}{\text{Cost}}$$

But does our current volume-based payment system impede delivering health care of value?

Tyranny of Fee-for-Service

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- "Successful" physicians and hospitals seek to maximize:
  - Office visits per day
  - Average daily inpatient census
  - Admission percent from the ER
  - Profitability
- Is this how to identify and reward a great physician or a world-class hospital?
- **No, but what to do?**

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The Value Conundrum

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You can always count on Americans to do the right thing – after they've tried everything else.

- Fee-for-service
- Capitation
- Market
- Single payer

- **What about paying for health care value?**

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Right place, time, provider, *price*

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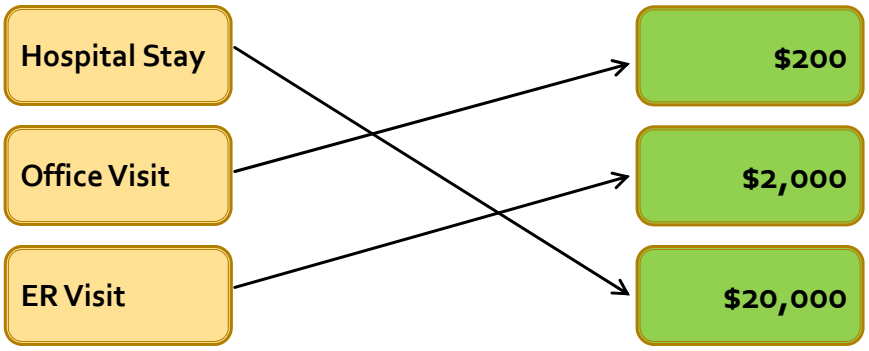

Better yet, how about care in the home, workplace, or not at all?
Preventive care may reduce the need for acute care!

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Volume to Value Transition

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- Bath water
  - Cost-based reimbursement
  - Fee-for-service
  - Few quality demands
  - Inefficiency tolerated
- Turning up the heat
  - Decreased per unit price
  - Pressure to reduce volumes
  - Quality demands
  - Competitive market
- How to avoid getting cooked?

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The Volume to Value Gap

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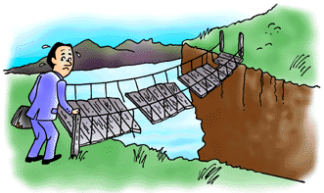
Volume-based

- Pay-for-service (volumes)
- Cost-based reimbursement
- Hospital/physician independence
- Inpatient focus
- Stand alone care systems
- Illness care



Value-based

- Pay-for-results (quality/efficiency)
- Shared risk
- Partnerships and collaborations
- Continuum of care consideration
- Community health improvement (HIT)
- Wellness care

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Rural Transition?

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Health Care Transformation

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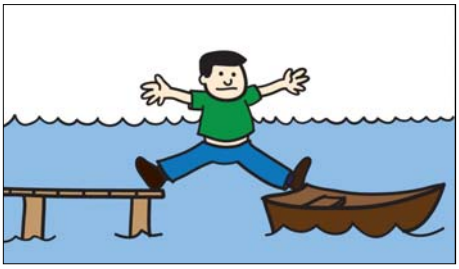
- How do we move toward delivering value when our revenue is primarily volume-driven?
- How do we not get "soaked" during the transition?
- We can "test the waters" with a new set of tools.



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Tool Box for Delivering Value

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- Patient-Centered Medical Homes
- Accountable Care Organizations
- Regionalization
- County-Based Purchasing
- Connected Community Resources
- Information and Innovation

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Medical Home Definition

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Patient-centered medical homes are primary care practices that offer around-the-clock access to coordinated care and a team of providers that values patients' needs.

- Access and communication
- Coordination of care
- Patient and family involvement
- Clinical information systems
- Revised payment systems

Sources: Commonwealth Fund and 2007 Joint Principles of Patient-Centered Medical Homes.

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Medical Home Quotes

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- All team members practice at the top (optimum) of their license and experience
- Best evidence is the best and only way we deliver care
- Care is the same, regardless of the provider
- Continuous performance improvement of our care is rigorously driven by data
- There are no non-compliant patients, only those we have not reached
- An electronic health record is critical to managing patient/population health
- Let care protocols do (at least some of) the work (e.g., lab orders, med refills, vaccines)

Crete Physicians Clinic
Crete, Nebraska

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Accountable Care Organizations

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- A coordinated network of providers who share responsibility to provide high quality and low cost care to their patients.*
- Medicare requires excellent clinical quality and patient satisfaction based on 33 outpatient measures.
- Medicare "shares" savings with ACO if Medicare's total costs are less than predicted.

*Source: Robert Wood Johnson Foundation. Accountable Care Organizations: Testing Their Impact. 2012 Call for Proposals.

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Rural (Teal) Counties with ACOs

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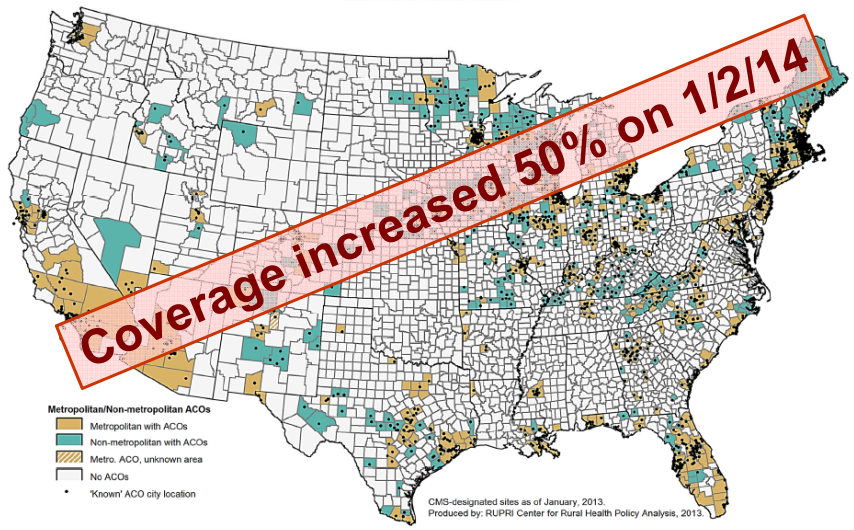

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Regionalization

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- Act locally; think regionally
- Economies of scale demand a contracted cottage industry
  - Yet, future health care payment linked to *local* covered lives
- Goal: To care for populations expertly, efficiently, equitably
  - Options are optional
  - Affiliation is not an end in itself
  - Independence is not a mission
  - Success measured by *clinical integration*

Resource: Lupica and Geffner. Enlightened Interdependence. *Trustee*. November/December 2012.

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PrimeWest Health Background

- In 1990s, rural counties were concerned about Medicaid HMOs
  - Ignoring county needs, interests, and culture
  - Excluding local providers from networks
  - Denying payments and shifting cost to counties
  - Not reinvesting profits locally
  - Not integrating public health, social services, and medical providers
- A county-based health plan: owned, governed, and managed by 13 rural Minnesota counties
- Over 28,000 public health insurance enrollees and over 8,000 contracted providers

http://www.primewest.org

PrimeWest Health Achievements

- Accountable Rural Community Health (ARCH) – integrates public health, social services, behavioral health, and medical providers using value-based reimbursement
- Video-conferencing to increase mental health care access
- Technology to improve care coordination
- Reduced preventable institutionalizations and other unnecessary health care costs
- $10 million in profits reinvested locally as grants to improve access, quality, and health status
- 2 NACo Achievement Awards (2006): Innovation and Best in Category

http://www.primewest.org

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Connected Community Resources

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- What is available locally to improve health care value?
  - Public Health
  - Social Service
  - Agency on Aging
  - Community health workers
  - Care transition programs
  - Churches and foundations
- Do not duplicate
  - Collaborations are less expensive than new services – and build good will!

County Health Rankings

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Excellent data and resources

- Morbidity
- Mortality
- Health Behaviors
- Clinical Care
- Social & Economic Factors
- Physical Environment

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Rural Health Value

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- Rural Health System Analysis and Technical Assistance
  - Assess the rural implications of policies and demonstrations
  - Develop tools and resources to assist rural providers and communities
  - Inform and disseminate rural health care innovations

Rural Health Value — Understanding and Facilitating Rural Health Transformation.

www.RuralHealthValue.org

- Share an innovation with RHSATA that has moved your organization (or another) toward delivering value.
- Continue to be a leadership voice for rural health care value.
  - Our glass is at least half full. A positive attitude is infectious!

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Healthy People and Places

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