

The Role of Value-Based Payments in Fostering Delivery System Reform

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By the numbers (pre acquisition)

- ▶ 175,000 patients
- ▶ 28 clinical Sites
- ▶ 380 providers
- ▶ 1200 staff
- ▶ Budget \$220mm

By the Operating Components - Infrastructure

- ▶ Analytics and Informatics Department - Clinical and Claims and Financial
- ▶ Clinical Quality Department
- ▶ Care Management Department
- ▶ Credentialing (Delegated NCOA)

By Contract

- ▶ Medicare MSSP owner with 10,000 lives shared savings achievement \$3.9mm
- ▶ Two side risk contract - Medicaid Population 13,000 lives \$1.8 million in reserve
- ▶ Two sided risk contract - Medicaid Population 22,000 lives - no reserve
- ▶ By Governance
 - ▶ 3 owners of the MSSP; shared equally, distribution by attributable life and quality scores
 - ▶ 2 owners of the 13,000 lives; 10% owned by BH IPA, and 90% owned by HRHCare
 - ▶ 6 Owners of the 20,000 lives; shared equally

The Five Pillars - Ownership/Governance, Information, Alignment, Payment, and Education.

Ownership & Governance:

- ▶ The approach to this Pillar depends on who owns the contract:
 - ▶ IF owned by entity exclusively, then governance issues may simply be limited to informing and educating the Board as to the level of effort needed to succeed under the contract, irrespective of the upside or downside elements of the agreement
 - ▶ IF owned by a consortium (2 or more owners), then governance issues become more complicated as the entity no longer owns the contract, instead owns the entity that owns the contract, therefore:
 - ▶ Resolutions and approvals from the entity's board to create a new entity for the purposes of VBC.
 - ▶ Determination of the Articles of Incorporation, Tax Status (FP, NFP), Operating Agreement and Participating Provider Agreement that is premised on succeeding under the VBC.
 - ▶ Consideration for such issues as: Anti-trust in light of "what services are be negotiated for along with what payment"
 - ▶ Consideration for such issues as: Quality of Care measures to be agreed upon
 - ▶ Effort to establish trust, likely in the absence of information about the underlying premise
 - ▶ Effort to establish resolution to tension between authority and autonomy, control and influence
 - ▶ Determination of attribution of lives
 - ▶ Determination of committee structures, capital structure, voting rights
 - ▶ Determination as to how services are to be delivered by consortium to its owners/members: e.g. MSO

Information

- ▶ Clinical and Financial Information is essential to foster confidence that you know where your organization is heading. Seems obvious, NOT SO.
- ▶ Payer participation is critical. Pick a payer partner that is as motivated as your organization to foster and different model of care. If the payer is only interested in behaving as an insurer and wishes to push risk to your organization without concomitant commitment to transforming how they foster changes in their organization, likely, going to be frustrating for both parties beyond typical expected frustrations between payers and providers.
 - ▶ Can the payer deliver claims data? At what level of claim detail? How frequently? To review that data, are you required to go to their portal? Or, can you obtain a data feed?
 - ▶ Does the payer delivery care management services v. utilization review services
 - ▶ How does the payer calculate a medical budget or total cost of care?
 - ▶ What can the payer tell you about the assignment process, recertification process, and stability of enrollment assigned to your provider.
 - ▶ Does the payer know the severity of illness of the patient population.
 - ▶ Is the payer organized so that it is managing the entire patient or has it subbed out mental health, behavioral health or dental health to a third party.

Information

- ▶ Data Management, Analytics, Scientists, Actuaries
 - ▶ Does this competency exist within your organization. If not, do you buy the competency, rely on others, build it, or a combination of both.
 - ▶ Data management and analytics is becoming somewhat of a commodity in the VBC, VBP space.
- ▶ Clinical Quality: Does the payer report Quality (HEDIS) to its state DOH or DOI? IF so, how do they risk adjust the patient population? How does risk adjustment impact the budget?
- ▶ Other considerations: Is the plan NFP or FP? Is the plan's enrollment growing, stable, declining? Is the plan financially strong? Has the plan entered into other VBCs. Is management stable or is there high turnover? How much leverage do you have at the negotiating table?

Alignment

Payer and Provider

- ▶ Both wish to save money
- ▶ Both wish to improve quality
- ▶ Both wish to improve the patient experience
- ▶ Both wish to simplify the system
- ▶ Both may **not** necessarily wish to equitably share risk
- ▶ Both may **not** necessarily agree on the role of the Payer and the Provider
- ▶ Both may **not** agree on how to address social determinants
- ▶ Both may **not** agree on how to build the infrastructure to delivery to the service
- ▶ Both may view each other with **more** skepticism not less
- ▶ Will require trusting a different way of doing business.

Alignment

Provider and their system of Care

- ▶ How to transition from FFS to Capitation
- ▶ How to understand cost
- ▶ How to redeploy people
- ▶ How to redefine jobs
- ▶ How to train people for different jobs
- ▶ How to stop doing certain work that is no longer of value

Leadership and Culture

- ▶ How to express and engage all constituents about the expectations of VBC
- ▶ What changes to the organizational chart are needed: Administrative, Financial, Clinical
- ▶ What expectations regarding shift in roles and responsibilities
- ▶ What expectations should the Board of Directors have about:
 - ▶ Oversight, Budgeting, Assumption of Risk

Alignment

- ▶ Public Policy, Payer and Providers
 - ▶ What are the rules of the road?
 - ▶ What is the policy guidance under which each party engages?
 - ▶ What new authorities have been conferred to engage in new systems and models of care?
 - ▶ What new funding, if any, may be available to support the transformation work?
 - ▶ How are respective Associations aligned to support the goals of VB delivery of services?

Payment

Show me the money or Does FORM FOLLOW FINANCE

- ▶ FFS with Global Budget
- ▶ FFS with Medical Loss
- ▶ % of Premium
- ▶ Fully capitated
- ▶ Reinsurance
- ▶ Care Management Fees
- ▶ Shared Savings
- ▶ Upside/Downside Risk

The payment structure can be an accelerant to fostering delivery system redesign and model of care changes.
And, always CASH FLOW.

Education

Learning, Learning and Learning\

My own experience has taught me that LEARNING how to behave differently under a VBC is the hardest part of the work. It requires rethinking the entire premise of delivering care. And it requires new ways of understanding how to evaluate success and failure. It requires developing new management skills and working with a different cadre of people. It may also require challenging that what created success in the past may not be the formula for creating success in the future. Such concepts that are used, but may not be fully understood in terms of their implications. To name a few:

- ▶ Population Health
- ▶ Cost Accounting
- ▶ Care Management
- ▶ Delegated Credentialing
- ▶ Social Drivers of Health
- ▶ Claims data, utilization and cost
- ▶ Risk adjustment and scoring
- ▶ Budgeting for variable revenue based on outcomes not utilization.
- ▶ Alignment, Analytics and Attribution