



Accountable Care Transformation

Transitioning to Value Based Care in the Post-COVID Environment

August 26, 2024

Today's discussion

01

How do we define
“value”

02

How do we start
transforming?

03

What can success
look like?

Defining Value

The “value equation” is simple,
but the devil is in the details

$$\text{Value} = \frac{\text{Benefit}}{\text{Cost}}$$

The Advisory Board

describes Four Tensions

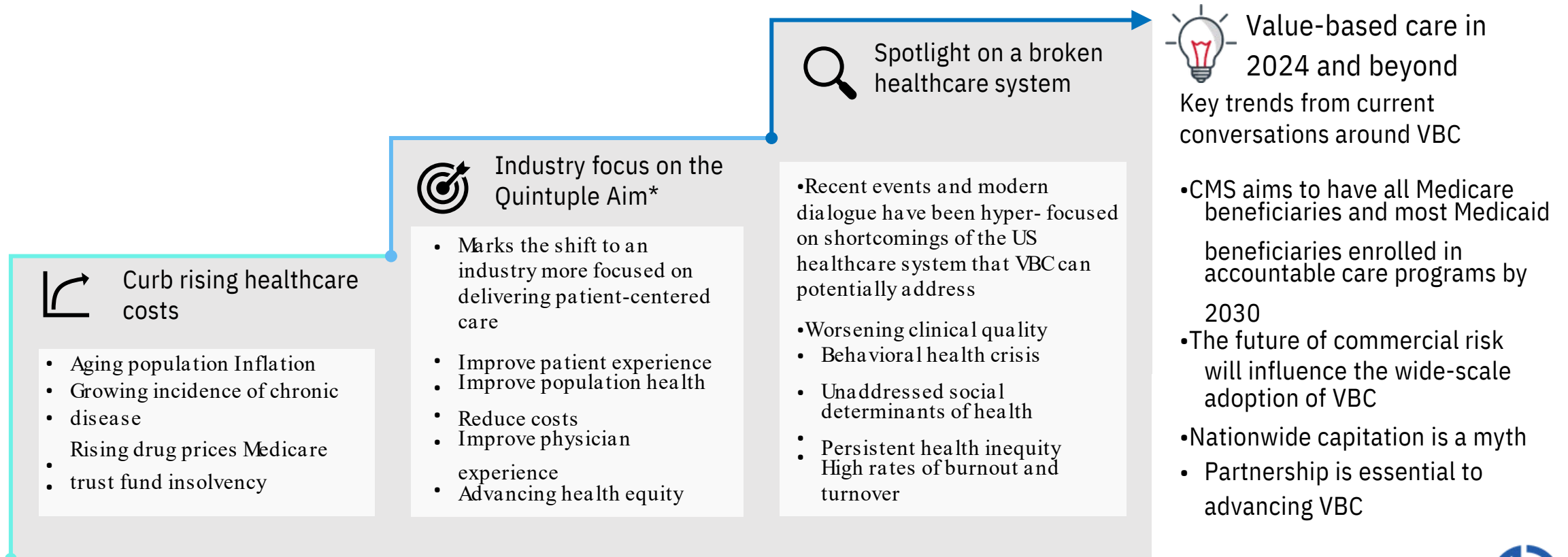
- When is the value accrued?
 - Short term or long term? How long can your organization wait for an ROI?
- Who is accruing value?
 - The individual? The population? The provider?
 - How targeted can your organization be?
- What is value based on?
 - Services and access, or cost of care and overall outcomes? Do we overemphasize some areas just because they're easiest to measure?
- How is value delivered?
 - Established models, or more entrepreneurial approaches? Are organizations avoiding opportunities because they're too experimental?



Source: Overcoming four tensions limiting healthcare value, Advisory Board 2024



What's keeping VBC Around?



Starting the transformation



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Finding the transformation balance

The “Goldilocks Zone” is the balance between transformations

“In over our head”

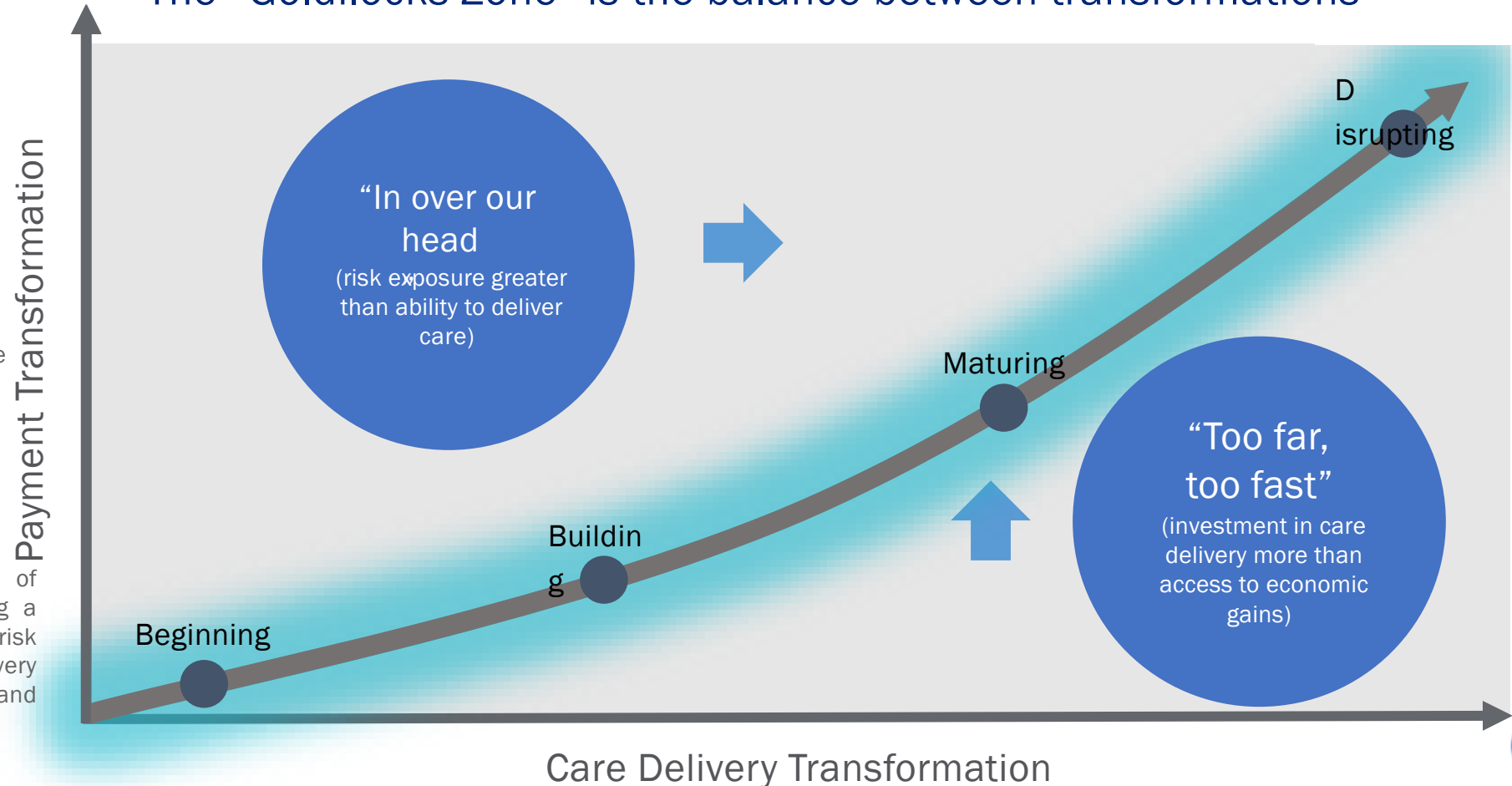
Improve accountable care operations to capture maximum value from VBC contracts

“Too far, too fast”

Transform contracting to increase exposure to risk and capture the value of efficient operations

The “Goldilocks Zone”

Maximize the financial value of improved operations by striking a balance between exposure to risk and investment in care delivery programs, resources, and innovation



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Pillars of Accountable Care

Each organization needs to establish a baseline of performance in these 5 key areas

Organizational Development	Analytics & Reporting	Payment Transformation & Management	Network Curation & Management	Care Transformation & Management
1. Dedicated leadership structure focused on value-based care	5. Accessible data Value-based care	9. Ability to identify and segment patients based off risk	12. Comprehensive physician alignment strategy	15. Real-time, patient-level utilization
2. Physician-led governance	6. KPIs defined and tracked	10. Contract inventory that enables leaders to understand and evaluate contracts	13. Adequate provider market penetration and access	16. Data driven, effective care management
3. Platform for shared hospital-physician decision making	7. Automated reporting	11. Financial model of value-based care operations	14. Referral management strategy	17. Population health strategy and initiatives
4. VBC strategy and roadmap	8. Using data to drive and evaluate VBC initiatives			

Key considerations for Five Pillars

Organizational Development
<p>Key Considerations:</p> <ul style="list-style-type: none"> • Is there a dedicated leadership structure focused on value-based care • How much physician oversight exists • What platforms are there for shared hospital-physician decision making
<p>What “Good” Looks Like:</p> <ul style="list-style-type: none"> • VBC strategy and roadmap exist • Organization is making efforts to align its vision and value with value-based care • Physician-led governance in place

Analytics & Reporting
<p>Key Considerations:</p> <ul style="list-style-type: none"> • What is the accessibility of data • What current value-based care reporting exists • Is the reporting automated • What level of visibility into performance do operational leaders have
<p>What “Good” Looks Like:</p> <ul style="list-style-type: none"> • VBC KPIs are defined and being tracked • VBC measures include both leading and lagging indicators • VBC measures cover strategic objectives and are used to evaluate and improve performance

Payment Transformation & Management
<p>Key Considerations:</p> <ul style="list-style-type: none"> • What capabilities exist to identify and segment patients based off risk • Is there a contract inventory that enables leaders to understand and evaluate contracts • Do the capabilities exist to track financial performance of VBC
<p>What “Good” Looks Like:</p> <ul style="list-style-type: none"> • Understanding of contracts in place and quality measures impacting financial performance • Portfolio management strategy exists • Understanding of financial performance throughout the year

Network Curation & Management
<p>Key Considerations:</p> <ul style="list-style-type: none"> • Is there a comprehensive physician alignment strategy • What is the network adequacy • What is the provider market penetration and access • What is the referral management strategy
<p>What “Good” Looks Like:</p> <ul style="list-style-type: none"> • Some incentives in place to promote physician alignment • Physician incentives are aligned with VBC strategy • Understanding of market penetration and demand • Referral management strategy in place

Care Transformation & Management
<p>Key Considerations:</p> <ul style="list-style-type: none"> • Can the provider track real-time, patient-level utilization • Does the provider have data driven, effective care management • What population health initiatives has the provider under taken
<p>What “Good” Looks Like:</p> <ul style="list-style-type: none"> • Care management program in place for subset of patients • Patient-level utilization being tracked • Data being used to improve quality of care • Population health strategy exists

How do we focus our efforts

Prioritize

Choose one tension to focus on

- What is biggest gap to goal?
- Which one is most feasible?
- Which one is most urgent?

Partner

Value based care is a collaborative effort. Partnering is key to success

- What are common priorities with my payer partners?
- What local organizations can aid my goals?
- What healthcare startups are working with my populations?

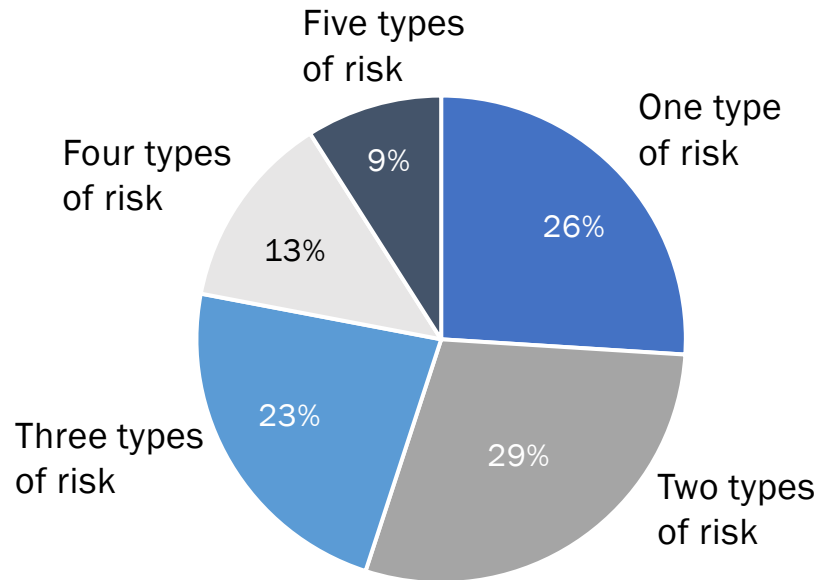
VBS Success Stories



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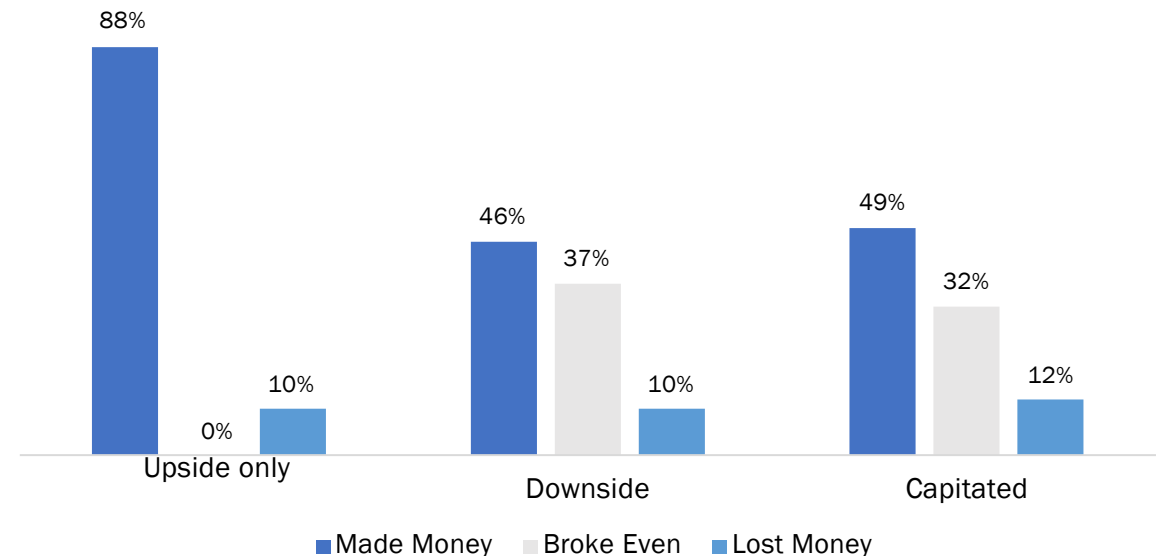
What does national participation look like?

Most provider organizations participate in more than one risk model*, with nearly half across multiple business lines*



*Risk models defined as upside only, bundles, shared/downside risk, professional capitation, and global capitation

AND providers bearing risk were much more likely to make money than lose money





Fear of loss remains a big barrier

Executives were twice as likely to report “threat of financial loss” as a barrier to success in VBC compared to any other answer choice

HOWEVER, physicians surveyed showed growing confidence in VBC compared to 2021 (from 27% to 43%)

Success spotlight: TORCH

Clinically Integrated Network

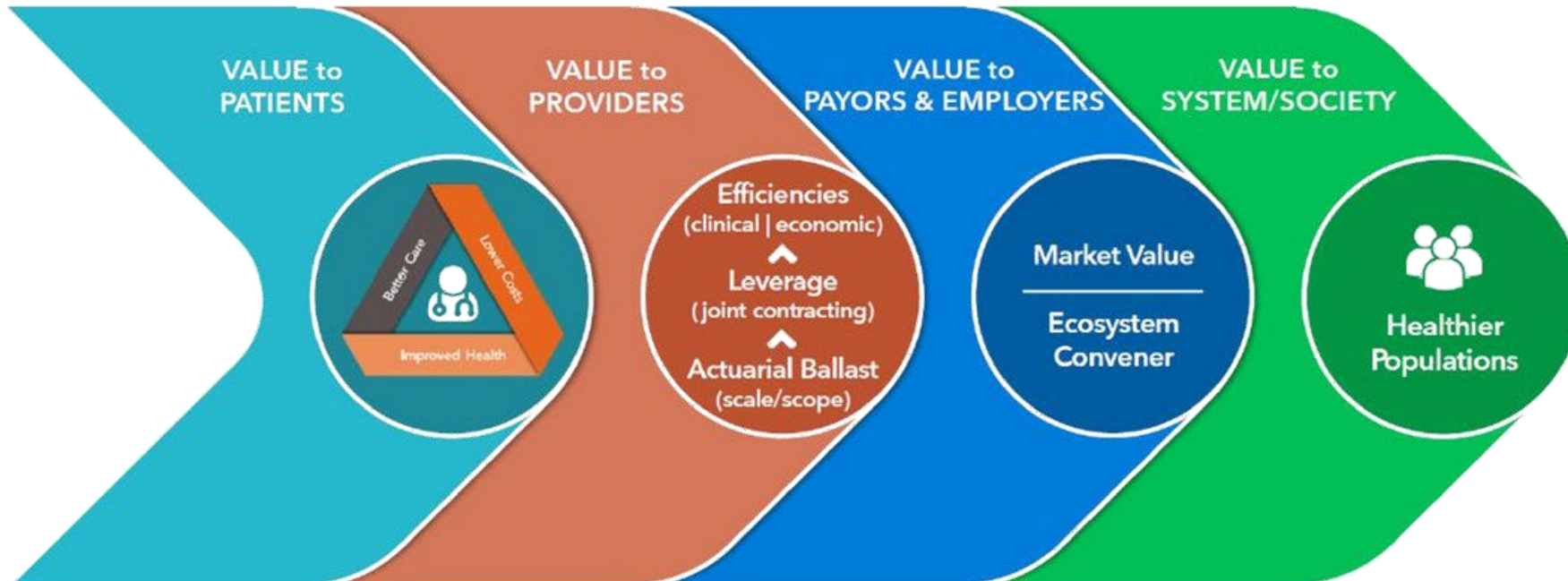
Purpose: To create a high performing statewide network of aligned healthcare providers to engage in clinical and financial integration programs; specifically, to participate in joint VBC/PCM initiatives and enable innovative methods for sharing contractual risk among

Participants

Launched in January 2022, the TORCH CIN has 31 participant hospitals and active VBC contracts with United, Amerigroup, and Aetna as well as participation in MSSP and MA plans. They've also received grants from United and Molina to develop their data exchange and telehealth capabilities.

TORCH CIN's Vision

■ Benefits to All



TORCH CIN Takeaways

TORCH actively sought
partnerships



TORCH defined who value is
created for



TORCH is creating infrastructure
alongside payment transformation



Startup Spotlight:

Matter Health

Matter Health is a new provider organization building small primary care clinics on site at senior care facilities. Along with primary care services, they also have community building initiatives such as social events. Their focus on preventative, whole-person care is funded through professional fee capitation with commercial payers, traditional Medicare and Medicare Advantage. They are likely to start working with both traditional and managed Medicaid.

Matter Health Takeaways

Matter Health is focusing on a specific population and narrow focus



As a startup, Matter Health is more flexible but less proven



Companies like Matter Health are potential disruptors to the status



Key Takeaways

1. The healthcare industry has moved towards VBC, but it has been longer and slower than many anticipated. As an industry, healthcare underestimated the difficulty of moving to VBC. Though we've learned a ton and made progress, the change has been and will continue to be difficult.

2. VBC is not one, but two transformations at the same time. Providers have to ensure that they are organizationally ready to perform in value based care, but need to be actively engaged with partners to ensure the financial transformation is in line to ensure sufficient revenue for value based services. There are also “no-regrets” investments that can support both FFS and VBC models.

3. Despite common hesitancy, there have been resounding successes in value-based care. Best practices are emerging. With careful strategy, providers can be successful.

Thank You

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