Lessons Learned: A Close Up Look at Cost-Effective Population Health Strategies

Hospital and Physician Relations Executive Summit

March 2, 2015
Today’s Speakers

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McKesson Business Performance Services

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President
Pioneer Medical Group
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<td>Keys to Success</td>
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<td>Case Study: Pioneer Medical Group</td>
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Shifting Landscape
Payment Models Shifting
Shift from fee-for-service to value-based reimbursement

Evolving payment models will drive many physicians to seek out organizations that can help them financially survive and remain clinically autonomous.

TRANSFORMATION

50% Increase over 7 years
Number of Physicians Accepting Non Fee-for-Service Payment Arrangements

GOAL

Population Based
Alignment of Reimbursement Incentives with Clinical Outcomes to Control Costs and Enhance Patient Care

Episode Based
Pay for Performance
Bundled Payments
Global Payments for Discreet Populations

Source: Leavitt Partners, % Increase 2012 - 2019

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Payments Influence Delivery Models
From payments per unit to performance based

Payment

- Fee for Service
- Pay for Performance
- Gain Share
- Shared Risk
- Bundled Payment
- Episode Based Payment
- Partial or Full Capitation
- Global Budget

Payment and administrative complexity grows as risk is shared

Measurement changes as accountability and data is shared

Delivery model must demonstrate performance and care outcomes

Delivery Models

- Medical Home
- ACO
- Clinically Integrated Networks
- Alliance
- Narrow Network

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Flow of the Commercial Premium Dollars
(For Illustrative Purposes Only - A Version of Value-Based Reimbursement)

Historical Cost for One Beneficiary $500 per Month

Network Advance $15 pmpm

Medical Pool $435 pmpm

Medical Claims $410 pmpm

Shared Surplus $25 pmpm
60/40 Split

Payer Retention $50 pmpm

Quality Contingencies

$30 pmpm

$15 pmpm

Risk Adjustment “RAF Score”

$60 pmpm

$10 pmpm

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Medicare Advantage Model
(For Illustrative Purposes Only - A Version of Global Risk)

- CMS Historical Cost for One Beneficiary: $900 per Month
- CMS Pays Premium to Contracted Payer: $880 pmpm
- Network Advance: $72 pmpm
- Medical Pool: $720 pmpm
- Medical Claims: $620 pmpm
- Payer Retention: $88 pmpm
- Shared Surplus: $100 pmpm (75/25 Split)
- Quality Contingencies: $75 pmpm (75/25 Split)
- Medical Claims: $25 pmpm (75/25 Split)
- Payer Retention: $113 pmpm (75/25 Split)

ICD-9 Risk Adjustment “RAF Score”
Keys to Success
# What Will It Take to Succeed?

## Key Market Needs

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<tr>
<th>Practice Growth</th>
<th>Practice Optimization</th>
<th>Clinical Optimization</th>
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<td>Patient Recruitment &amp; Retention</td>
<td>Physician Revenue Cycle Management</td>
<td>Care Coordination and Disease Management</td>
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<td>Physician Network Development and Participation</td>
<td>Administrative Management</td>
<td>Patient Engagement - Care Management</td>
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<td>Data collection and Workflow Tools (i.e., EMR &amp; PM)</td>
<td>Population Analytics</td>
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<td>Medical Equipment &amp; Supplies / SCM</td>
<td>Actuarial Analysis</td>
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Four Foundational Pillars for Success

Pillar 1: Planning & Strategy
Build the transformational road map with the strategy and planning required to navigate the local landscape of providers, facilities and payers and develop a clear path to success.

Pillar 2: Network Development
Integrate and develop a clinically integrated network of primary care and specialty physicians and high-quality, low-cost facilities to actively participate in a streamlined care delivery model.

Pillar 3: Practice Transformation
Transform with the experience that comes from expert professionals who provide hands-on services so doctors and staff begin making adjustments in patient flow and care delivery needed to thrive in fee-for-service and value-based reimbursement environments.

Pillar 4: Care Coordination
Achieve clinical success by tracking and communicating patient care across the care continuum, including transitions. Employing Managers, RNs and RN Assistants for care coordination, oversight and utilization management is a vital component of fully transforming a practice.

Population Health Insights: Across the four pillars, the ability to bring sources of disparate data together and turn it into useful information is a critical part of the transformation process.
Pioneer Medical Group:
What Success Looks Like
PIONEER MEDICAL GROUP (PMG)

52 Provider Multi-Specialty Medical Group
- 8 Clinical Locations in California
- Primary Care
- Employed Specialists
- 5 Mid-Level Providers

Special Services and Programs
- 2 After Hours Clinics
- Diabetes Clinic
- Coumadin Clinic
- Imaging Center
- Homebound Program
- Nutrition Program
Dr. Berwick’s “Triple Aim”

1. Improving the individual experience of CARE;

2. Improving the HEALTH of populations; and

3. Reducing the per capita COST of care for populations.
• Physicians are responsible for 33,000 lives
• The challenge: fixed cost and limited resources
• They accomplish this in three ways:
  – Optimize quality
  – Maintain the highest patient satisfaction levels possible
  – Keep costs down
Pioneer Medical Group: Applying the Four Foundational Pillars for Success
Pillar 1: Strategy & Planning

- Develop network and onboarding
- Create financial incentive structure
- Define accountability for all staff
- Set up infrastructure
  - Type of ACO
  - Multiple specialty clinics and service programs
Elements of the Coordinated Care Model

1. Capitation (pre-payment)
2. Delegation
3. Institutional Use Incentives
4. Quality Incentives
5. Appropriate State Regulation
Pillar 2: Physician Network Development & Communications

- Identify and enroll physicians
- Extensive surveys with physicians
- Define specialists and sub-specialists
- Partner with local hospitals for better care coordination
- Develop communication plan
- Oversee physician network efforts
2. Delegation

Typically, California capitated groups are delegated certain functions by the health plans, including:

• Claims Adjudication and Payment
• Credentialing
• Quality Management
• Utilization Management
3. Institutional Use Incentives

Three ways in which groups can be rewarded for controlling institutional use:

1. “Shared” Risk: Health plan has a budget, contracts with hospitals, splits surplus (or deficit) with medical group.

2. “Dual” Risk: Hospital takes a capitation as well; it and the group has a deal at “cost”; they share balance.

3. “Full” or “Global” Risk: Group takes both caps and contracts with hospitals directly (requires KK).
Risks

• Fundamentally, we’re in the underwriting business.

• Need adequate base to appropriately socialize the risk.

• Need a comprehensive network of contracted providers – PMG has 631.

• Need good claims adjudication and payment systems.

• Need a good hospital partner.
Challenges

• Non-Contracted Providers
• Health Plan Contracting
• Cash Management
• And…Hospital-Based Physician Contracting
Pillar 3: Practice Transformation

• Conduct initial assessments and training
• Offer customized tools and resources
• Review quality measures monthly with reports
• Ensure alignment with strategic goals
Pillar 4: Patient Care Coordination and Case Management

- Define the population
  - Type of ACO
- Manage the population
  - Committees
    - Utilization Management
    - Quality Management
    - Pharmacy and Therapeutics
  - Preventative care planning
  - Chronic disease management
  - Patient self-management
- Track patient care
  - Compliance
  - Metrics and Tracking
The Secret to Cost Containment: Not Population Health but Subpopulation Health

![Chart showing concentration of health care spending in the U.S. population, 2008.](image)
Population Management

Oversight Committees

- Utilization Management
- Quality Management
- Pharmacy and Therapeutics
Utilization Review Criteria

1) It has to be medically appropriate.
2) It has to be medically necessary.
3) The patient has to meet the guidelines.
4) The patient has to have the benefit.
Population Management

• Evidence Based Medicine

• Preventive Care
  • Annual wellness exams
  • Immunizations
  • Cancer screening

• Chronic Disease Management
  • Diabetes
  • Asthma
  • Congestive Heart Failure

• RN Case Management
Population Management

Pharmacy and Therapeutics

• Generic Medications
• Brand Medications
• Injectables
### Tools - You Need a Foundation

*Population Health Insights*

#### Internally
*(EHR, PM system)*

- ICD Codes
- CPT Codes
- Patient Visits
- Demographic Information
- Lab Data – tests ordered and values

#### Externally
*(CMS, Health Plans, Clearinghouses)*

- Pharmacy Data
- Some Lab Data
- Hospital/Institutional Data

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Internal Tools

VENDOR SERVER
Registries:
P4P, Risk Adjustment, Medicare Stars, ACO

Practice Data Uploads
- Lab Data Weekly Upload
- Pharmacy Data Monthly Upload
- BMI & Blood Pressure Data Monthly Upload
- Appointments Weekly Upload
- ACO Enrollment Quarterly Upload
- ACO Claims Data Weekly Upload

Vendor Data Uploads
- Enrollment Data Weekly Upload
- Encounter Data Weekly Upload

Patient Detail Reports
- Management Reports
- P4P Measure Scores
- Patients Due Reports
- Trending Reports
- HCC & RAF Scores
- Suspect Reports

Communications, Tasking & Letters Module

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The Importance of Data

You need to turn that **DATA** into **INFORMATION**

For this, you need a data accumulator and analytics engine:

- A data **depository** that is accurate, secure and trustworthy; and
- Has the ability to:
  - Establish registries based on disease state and
  - The ability to generate actionable reports on
    - The Group level, by metric, and
    - The Individual PCP level
## Physician Trending Report

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N/D = Numerator/Denominator

*Sample report from Pioneer Medical Group, 2013
Success for Pioneer Medical Group

- Named one of 5 “Top Performers” for Los Angeles in IHA’s Pay for Performance Program (3 years)
- Awarded “Elite” Status in CAPG’s Standards of Excellence Program (6 years)
- Finalist for the national “American Idols of Medicine” study
Summary
Key Takeaways

• Four pillars are key to engaging leadership, physicians
• Manage risk with contract negotiations
• Manage costs with specialty specific strategies
• Utilize population health models to improve patient care
• Leverage the relationships you have with hospital-affiliated physicians
• Use data intelligently
• Partner with an expert to accelerate cash flow and improve collections
Getting Started

Build Your Foundation
- Define Pop Health strategy
- Tie to hospital goals
- Actionable and achievable cost containment strategies
- Limit scope
- Position in the market
- Gain leadership buy-in

Integrate Your Network
- Grow your network of physicians and hospitals

Transform Your Organization
- Physicians are your champions
- Educate & incentivize

Achieve Better Clinical Outcomes
- Measure and report frequently
- Data and tools are key

Recognize success!
Questions?
Thank you!