Critical Access Hospital R&D: Investing in Value Based Care Capacity

An interactive panel discussion with CAH CEOs and Board Members.

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Plan for Today

• Orientation to health care *value*
  • Value-based care
  • Value-based payment
  • Success factors
  • Research and development (R&D)

• Panel discussion

• Introduction to Value-Based Care
  Strategic Planning Tool

• Audience Q&A
Please note that the views expressed by the conference speakers do not necessarily reflect the views of the American Hospital Association.
IHI’s Triple Aim, or CMS’s Three Aims

- Improved community health
- Better patient care
- Smarter spending
Triple Aim© Equals Value

The healthcare value equation (2006)

Value = Quality + Experience

Cost

But we have a problem...
The Value Conundrum

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?
Form Follows Finance

• How we are paid for health care determines how we deliver health care

• CMS and other payers are reforming health care payment to reward value

• Fundamentally, payment reform involves shifting financial risk from payers to providers
Value-Based Care

• Value-based care
  • Health care that improves clinical quality, increases community health, and uses resources wisely

• Value-based care capacity
  • Resources, processes, policies, infrastructure, etc. required to deliver value-based care
  • Resource examples:
    • Disease management software
    • Population health manager
    • Cost-accounting system
What is Value-Based Payment?

• **Payment** for one or more parts of the Three-Part Aim
  • Better care
  • Improved health
  • Lower cost

• Not payment for a “service;” that is, NOT fee-for-service
Value-Based Payment Approaches

• Category 2
  • Pay-for-performance

• Category 3
  • Accountable Care Organization
  • Care Coordination payment
  • Bundled payment

• Category 4
  • Global payment (AKA capitation)
Value-Based Payment Expansion

• 923 public and private ACOs (2017)
  • 32.4 million covered lives
  • 480 Medicare ACOs

• 57% of health care payment linked to value (2016)

• Value-based payment has legs!
  • Maybe not ACOs...
  • ACOs (etc.) are *pointing the way*
  • Weaning providers off FFS

Health Care Learning and Action Network Infographic. 2016.
2013 Medicare ACOs by County

County Medicare ACO Presence
Continental United States

Metropolitan/Non-metropolitan ACOs
- Metropolitan with ACOs
- Non-metropolitan with ACOs
- No ACOs

CMS-designated sites as of January, 2013.
Produced by: RUPRI Center for Rural Health Policy Analysis, 2013.
2015 Medicare ACOs by County
Summary of ACO Success Variables

- Physician engagement and leadership, including prior activity
- Collaboration across key providers, especially physicians and hospitals
- Sophisticated information systems
- Scale for investment or an initial outside source of capital
- Effective feedback loops to clinical providers

What’s the Future?

• “We’re likely heading toward regional integrated systems of health that provide both delivery and financing of health on an at-risk basis to populations.”

• “But getting from where we are to there is a messy process.”

Paul Keckley
Research and Development

• Investments designed to create new things and future success; may not realize short-term gain

• Health care: Investment in capacity to deliver value-based care, and thus receive value-based payment

• Value-based care *capacities* are health care organization resources, processes, policies, infrastructure, etc. required to deliver value-based care.
Health Care R&D Investments

• Human resources
  • Additional time
  • New positions
  • Education and training

• Information technology
  • Electronic health record
  • Population and patient health modules
  • “Big Data” analytics
  • Cost accounting system

• Compliance and reporting

• Leadership and board focus
Consider the Big Questions

• What is CMS trying to accomplish through value-based payment?
• What does value-based payment mean for rural hospitals?
• How might value-based payment lessen, or deepen, rural/urban disparities?
• How should rural hospitals and their communities respond to value-based payment?
Critical Access Hospital R&D Panel

Cole Memorial Hospital
Coudersport, Pennsylvania
• Ed Pitchford, CEO
• Dave Crandall, Trustee

Virginia Gay Hospital
Vinton, Iowa
• Mike Riege, CEO
• Therese Foth, Trustee
Rural Health Value Project

• Project Goal
  • To facilitate rural provider and community transitions from volume-based to value-based health care and payment

• **Rural Health Value** resource examples
  • Value-Based Care Strategic Planning Tool
  • Physician Engagement Primer for Health Care Leaders
  • Demonstrating CAH Value: A Guide to Potential Partnerships
  • Critical Access Hospital Pro Forma for Shared Savings (ACO)
  • Engaging Your Board and Community in Value-Based Care Conversations
  • Profiles in Rural Health Care Innovation

• [www.ruralhealthvalue.org](http://www.ruralhealthvalue.org)
Value-Based Care Tool Purpose

- Assist rural healthcare organizations develop value-based care capacity
- Educate leaders, directors, stakeholders
- Prioritize action as part of strategic planning
- Identify tools and resources to benefit rural healthcare people, places, and providers
Value-Based Care Tool Design

• An online assessment tool

• Designed to assess 121 value-based care capacities grouped in eight categories
  • Governance and Leadership
  • Care Management
  • Clinical Care
  • Community Health
  • Patient and Family Engagement
  • Performance Improvement
  • Health Information Technology
  • Financial Risk Management
Value-Based Care Tool Capacities

• Value-based care capacities are health care organization resources, processes, infrastructure (etc.) to deliver value-based care

• VBC Tool Capacity Examples
  • HCO assesses and identifies patients at high risk for poor outcomes or high resource utilization, and assigns care managers to them.
  • For non-urgent clinic visits, pre-visit planning occurs for complex patients.
  • HCO strategic planning incorporates measurable population health goals that reflect health needs of the community.
Value-Based Care Readiness Report

- Summary
- Strengths
- Opportunities
- Considerations
- Next Steps

https://cph.uiowa.edu/ruralhealthvalue/TnR/vbc/vbctool.php