Value Based Care: Hope for the Future

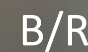
ACOI

October, 2023

Virginia Irwin-Scott, DO, MBA, CPE, FASN, FACOI

National Director, Specialist at ChenMed

© 2023 ChenMed, LLC



Chen Senior Medical Center

Dedicated Senior Medical Center

JenCare Senior Medical Center

Disclosure

I have no actual or potential conflict of interest in relation to this program/presentation.

Fun Fact:

B

© 2023 ChenMed, LLC

Learning Objectives

- List the 4 principles underlying the Value-based Primary Care Revolution
- Review an example of how this has been applied successfully in full risk Medicare Advantage
- Identify the importance of physician leadership and the doctor-patient relationship in Value Based Care.

B

© 2023 ChenMed, LLC

RED OCEAN STRATEGY	VS	BLUE OCEAN STRATEGY
Compete in **existing** market space		Create **uncontested** market space
Beat the competition		Make the competition **irrelevant**
Exploit **existing** demand		Create and capture **new** demand
Make the value-cost trade-off		**Break** the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of **differentiation or low cost**		Align the whole system of a firm's activities with its strategic choice of **differentiation and low cost**

How much I understood about VBC in January 2023

The State of U.S. Healthcare

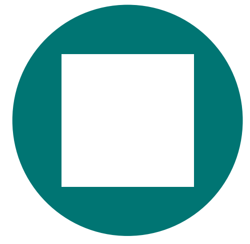
B

© 2023 ChenMed, LLC

We need to move to a new place that makes the old place obsolete

NATIONAL HEALTHCARE SPENDING

AVERAGE 6.8 TRILLION BY 2030 7.1 - 2031



5.1% **NATIONAL HEALTHCARE SPEND = GDP**

HEALTH SHARE OF THE GDP IS 19.6% IN 2030

HOW MUCH OF THE SPEND IS WASTED CARE?

Special Communication

October 7, 2019

Waste in the US Health Care System

Estimated Costs and Potential for Savings

William H. Shrank, MD, MSHS[1]; Teresa L. Rogstad, MPH[1]; Natasha Parekh, MD, MS[2]

Author Affiliations

JAMA. 2019;322(15):1501-1509. doi:10.1001/jama.2019.13978

Abstract

Importance The United States spends more on health care than any other country, with costs approaching 18% of the gross domestic product (GDP). Prior studies estimated that approximately 30% of health care spending may be considered waste. Despite efforts to reduce overtreatment, improve care, and address overpayment, it is likely that substantial waste in US health care spending remains.

Objectives To estimate current levels of waste in the US health care system in 6 previously developed domains and to report estimates of potential savings for each domain.

Evidence A search of peer-reviewed and "gray" literature from January 2012 to May 2019 focused on the 6 waste domains previously identified by the Institute of Medicine and Berwick and Hackbarth: failure of care delivery, failure of care coordination, overtreatment or low-value care, pricing failure, fraud and abuse, and adminis-

JAMA. 2019;322(15):1501-1509.
doi:10.1001/jama.2019.13978

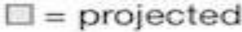
B

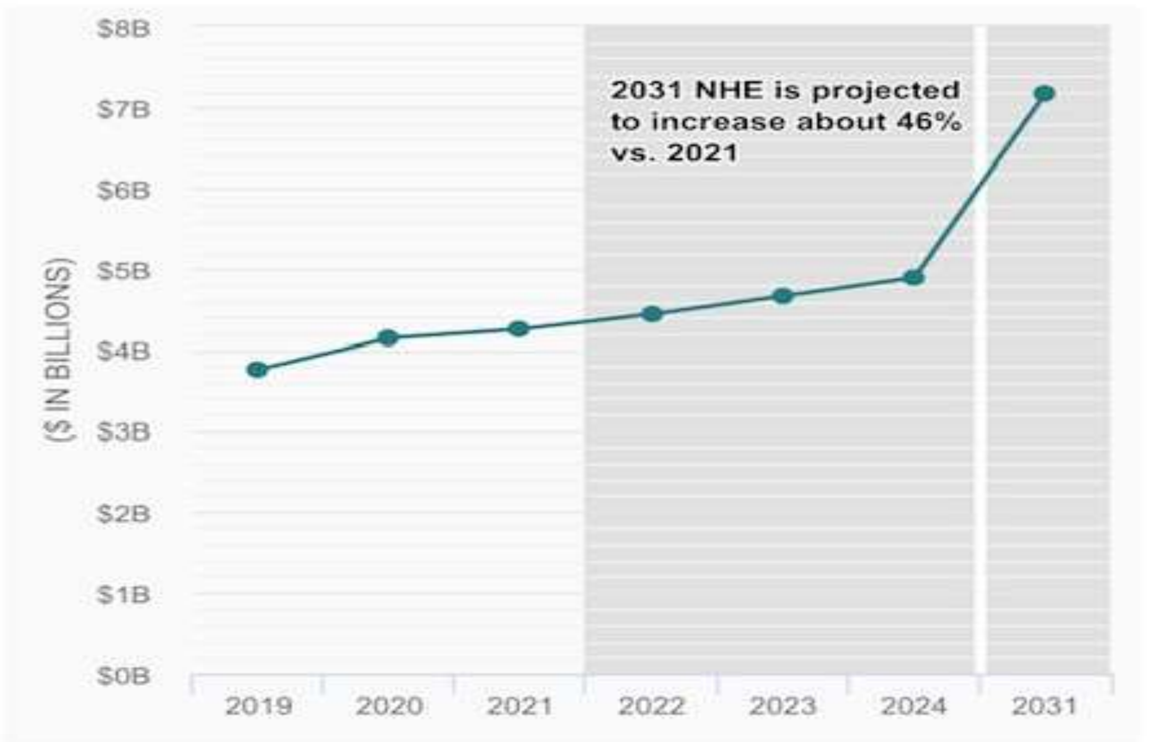
© 2023 ChenMed, LLC

The Silver Tsunami

- **Medicare Advantage growth "future state“**
  - **80 million Americans will be Medicare Eligible by 2030**
  - **60 million : currently 50:50 Medicare and MA**
  - **Baby boomers entering Medicare at a rate of 10,000 daily until 2030.**
  - **In 2029 : 20% of the population will be > 65 yo**
  - **In context in 1970 there were 20,000 Medicare enrollees**
  - **By 2030 Medicare wants all patients remaining in Medicare to be in a risk-based contract (MSS, ACO’s)**
  - **By 2030 70-80% of the country will be in a Medicare advantage plan. (estimated to be 90% of ESRD population)**

Modern Healthcare:
5.4% average rise/year
growing more rapidly than the economy

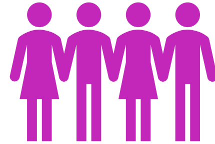




If you want to bring a fundamental change in people's belief and behavior you need to create a community around them where those new beliefs can be practiced, expressed and nurtured

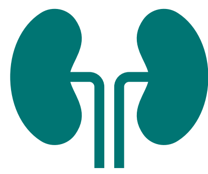
Malcolm Gladwell,
The Tipping Point

Nephrology stats



37 million CKD patients 15 % of population

786,000 ESRD projection 1.2 million by 2030



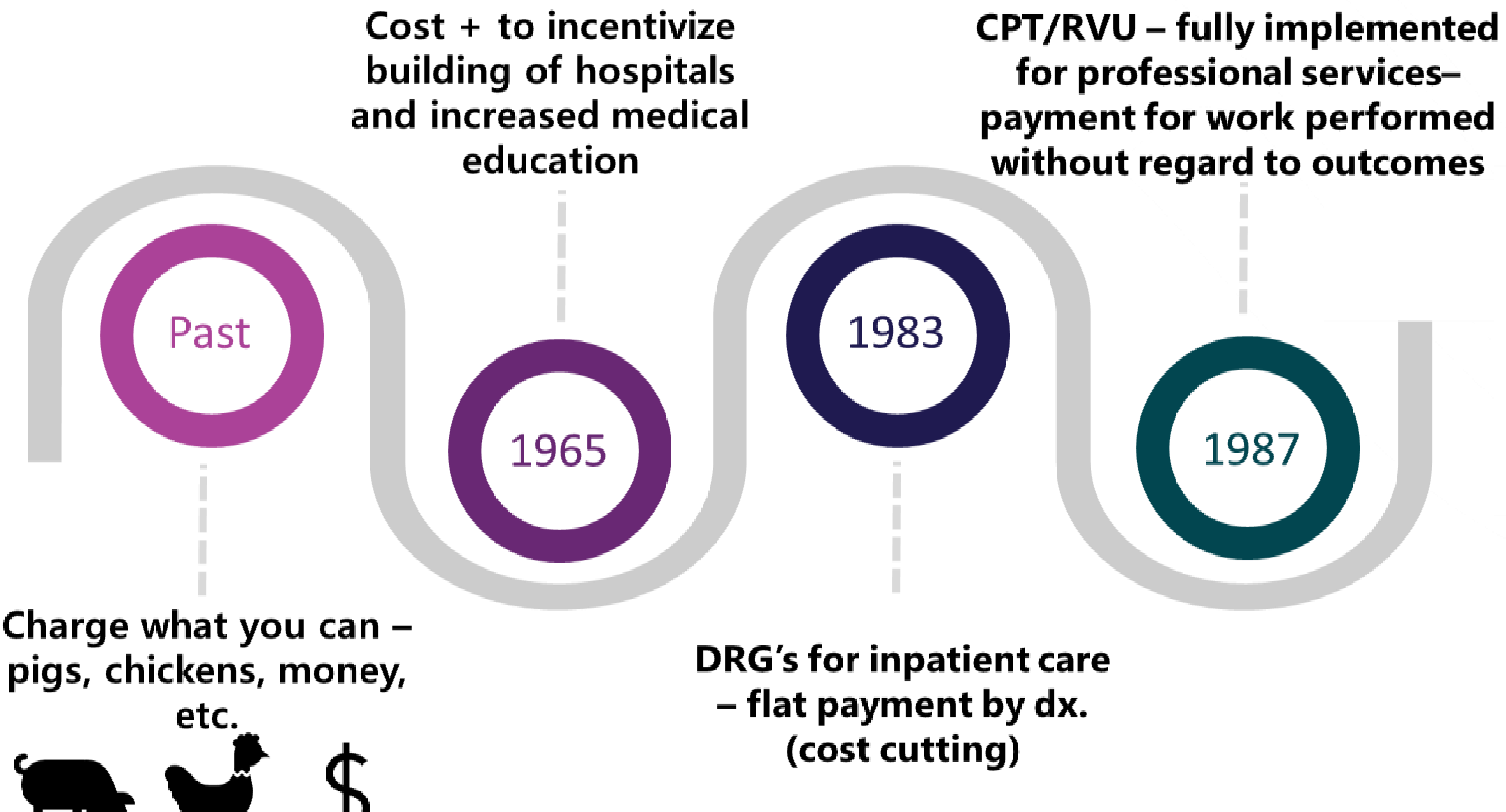
Medicare Spend:

CKD (exclude ESRD) > 65 yo costs exceeds $70 billion a year, 24 % of the total Medicare cost.

ESKD 1 % of the Medicare Population 7 % of the spend

Another way to look at it is the cost of dialysis is nearly 1% of the entire federal budget. For every $100 of taxes $1 goes to dialysis

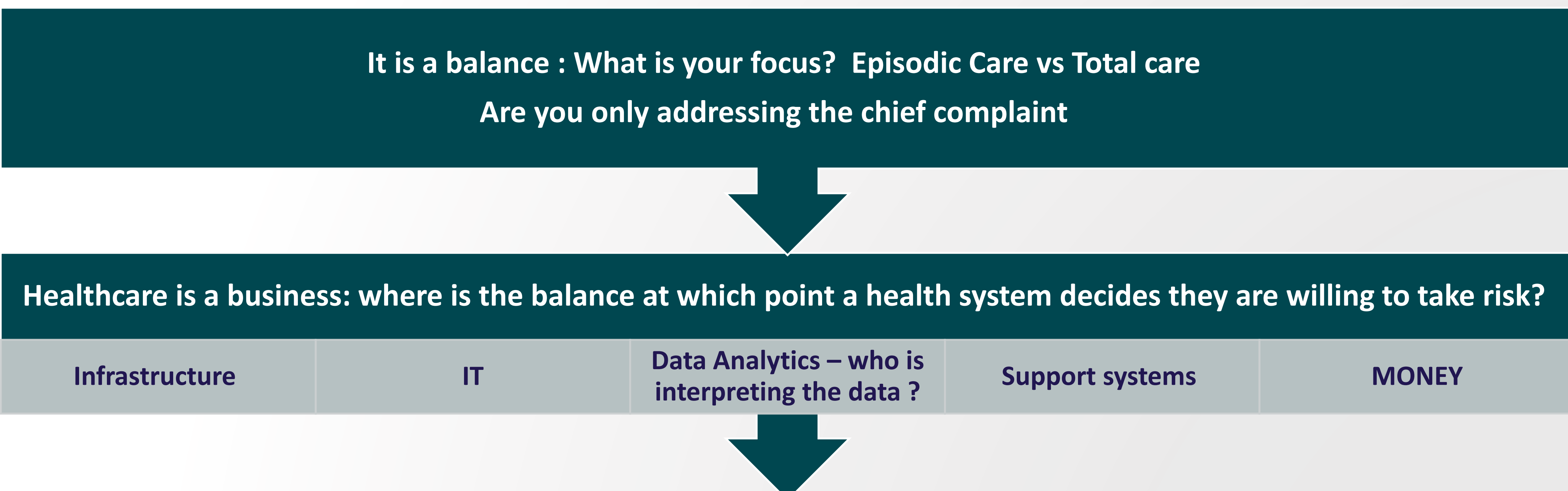
Medical Billing History



R

© 2023 ChenMed, LLC

Value Based care vs Fee for Service



Expert Insight
Q&A: What *Boeing* has learned from their VBC strategy — and what they're doing next

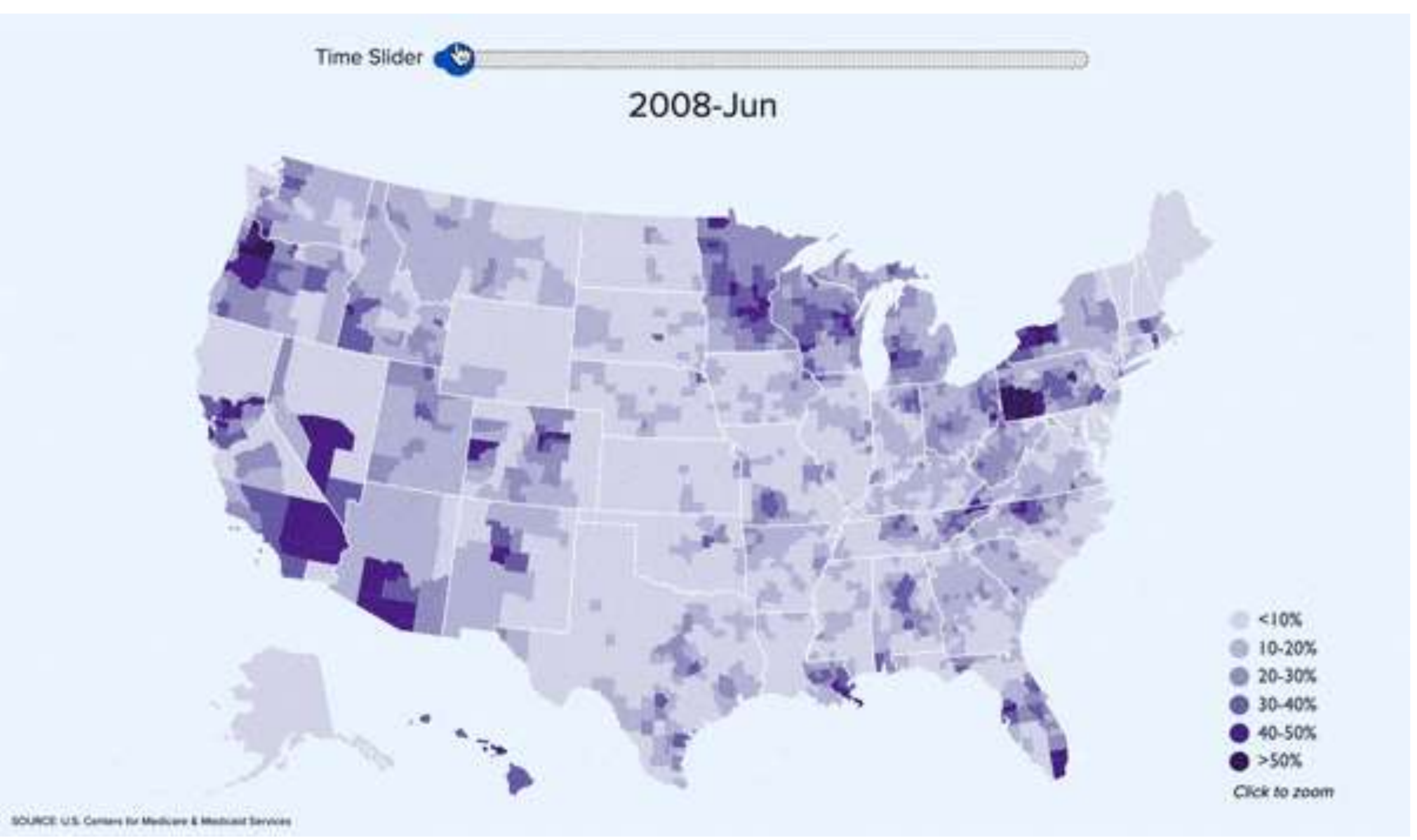
Interview with Jeff White Senior Director of Global Health Benefits at *Boeing*

- **Q: What's the greatest challenge that you expect to tackle next with your VBC strategy?**

- **We are really interested in enabling effective referrals from the PCP to specialists - creating value**
- **Currently referrals are often based on *personal relationships* -incentives should be aligned to enable referrals to the highest value and quality specialists.**
- **Value in 'e-consults' makes it very easy for our members to get a specialist opinion without having to go through the trouble of an actual office visit to a specialist.**
- **We need to ensure specialists are getting paid appropriately - huge value here for employers from a productivity perspective.**

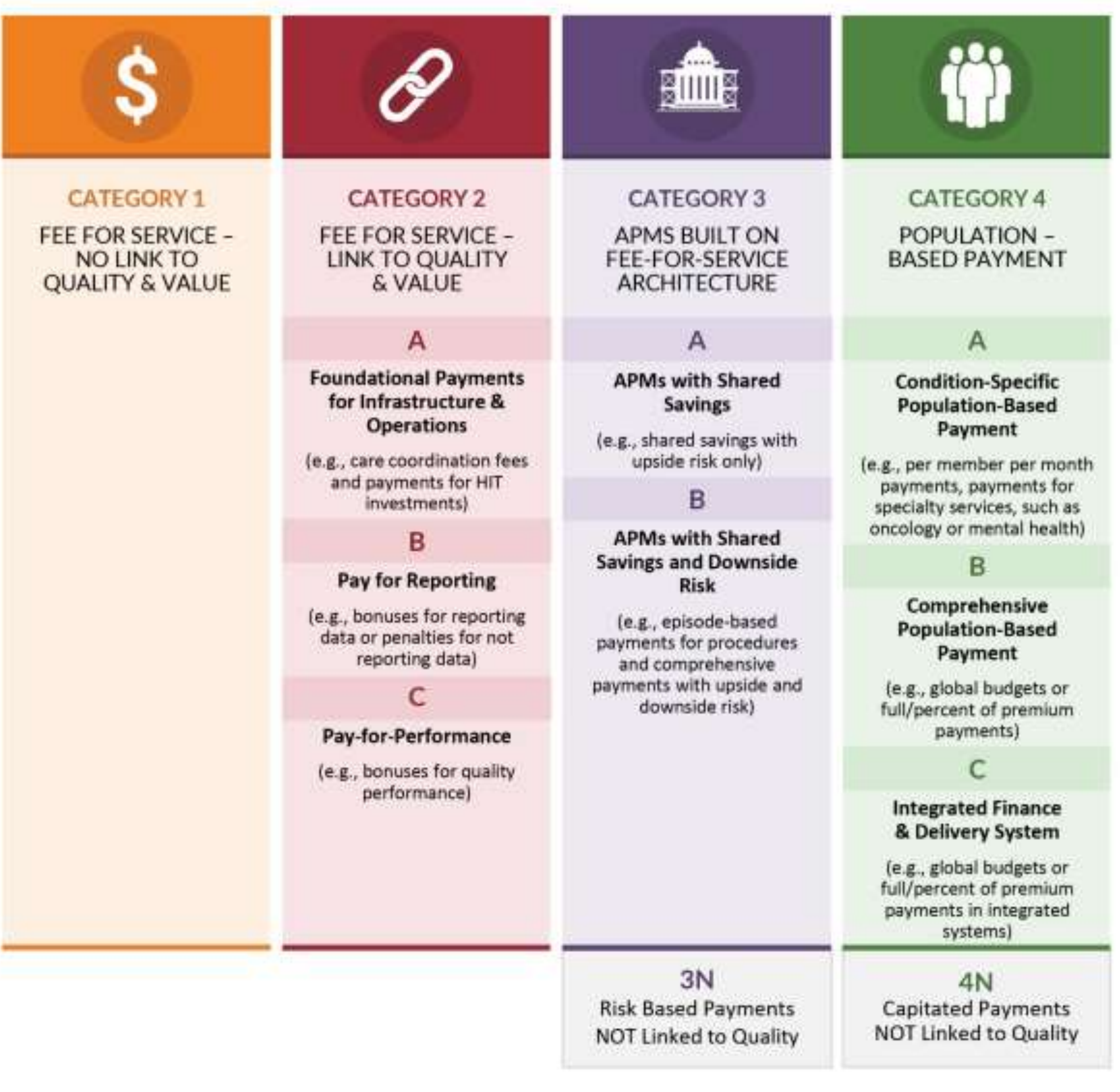
What are the demographics of MA

- **57% Female**
- **9 million are below 200% poverty ($14,580-$27,180)**
- **50% are minorities**
- **In 2022 there were 39 MA plans on the market**



Source: U.S. Centers for Medicare and Medicaid Services

2017 APM Framework Private and public sector



File Edit View Sign Window Help

COMPARISON CHART
for health plan, health system, and physician leaders

Payer and provider partnerships in commercial risk

This chart displays the key elements of strategic payer-provider partnerships that cover commercially insured populations.

Most partnerships in value-based care focus on risk-based contracting. But not every contract is a strategic partnership. Changing the method of payment is only half the battle.

Successful partnerships require shared goals, shared investments, streamlined communication channels, change leadership, long-term commitments, robust data sharing—and even tactical trade-offs from both sides.

Depending on business, clinical, and relationship factors, certain partnerships work better for certain organizations. Use the attached chart to understand five evergreen partnership models in commercial risk.

To learn more, view our deep dive on the five partnership models, here.

Advisory Board

	Model 1 Custom risk-based contract	Model 2 Payer branded value program	Model 3 Third-party mediated relationship	Model 4 Risk-bearing network collaboration	Model 5 Joint venture insurance product
Definition	Exclusive risk-based contract between a payer and a provider with shared goals and investments.	Dominant payer designs a value-based care program with similar risk-based contracts for multiple providers.	Intermediary organization (PHO, MSO, etc.) contracts with a payer on behalf of multiple provider groups.	Payer(s) and providers create a risk-bearing and regional network (ACO, CIN, etc.) in close collaboration.	Health plan(s) and provider(s) create a new insurance product which is jointly owned by both organizations.
Typical partners	• A single payer organization • A single provider organization	• National or regional payer • ACOs, health systems, primary care groups, and specialty care groups	• Third-party organization • Payer organization • Small and independent physician groups	• Single or multiple payers, depends on exclusivity agreement • Multiple providers across care continuum	• National or regional payer • Provider organization
Typical market and organizational profile	Any market where payers and providers want to move into risk. Both partners have a history of collaboration.	A consolidated payer market and an unconsolidated provider market.	Markets with independent physician groups with limited resources. Third-party entity doesn't own the physician groups.	A competitive market where providers have a history of collaboration. Partners have some market share (5%-15%).	An uncompetitive market, often suburban or rural, with ample room for growth. Provider partner has market dominance.
Time investment	• Contracting: 9-18 months • Contract length: 1-10 years. Long-term length is considered 5-10 years.	• Model design: ~18 months • Contracting: 18-24 months • Launch period: ~12months • Contract length: 3-5 years	• Contracting: 9-12 months • Launch period: 9-12 months • Contract length: 1-3 years	• Contracting 12-24 months • Contract length: 3-5 years	• Model design: 6-15months • Contracting: 18-36 months • Contract length: 3-5+ years
Example	Mayo Clinic, Blue Cross and Blue Shield of Minnesota	Blue Cross of North Carolina's Blue Premier	Aledade	Canopy Health	Banner | Aetna
Implementation difficulty	Somewhat difficult	Somewhat easy	Difficult	Very difficult	Extremely difficult
Degree of commonality	Extremely common	Somewhat common	Somewhat common	Very rare	Very rare

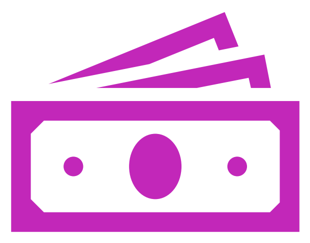
Moving to Fee for Value

- FFS-> FFV:
  - Shift the thoughts of the practice/organization prior to taking risk
  - Take advantage of economies of scale
  - Participate in or build your own: ACO, CIN
  - Track quality and cost metrics and tie incentive to outcomes
  - Don’t overreach on the outset

Second Generation Models

- **Taking advantage of FFV requires alignment**
  - **Newer alignment allows for more physician empowerment : greater variety of integration strategies**
  - **Compensation and Governance are heavily negotiated to attain alignment (organization and market) Transparency crucial to success**
  - **Data exchange and outcomes**
  - **Centralizing contracting to benefit all participants. The ability of the CIN to negotiate collectively with the payers is critical.**

Compensation



The need to reinvent compensation

Basic 4 component model

Base, productivity incentive, non-productivity incentive, and other

Much harder to measure than RVU's

Needs to be a hybrid

Strategy for Success

PRACTICES MUST ANALYZE PATIENT POPULATION AND PAYER MIX

PHYSICIANS NEED TO FULLY UNDERSTAND THEIR PROVIDER BASE

Health Care Disrupters

6:58
◂ Messages
businesswire Log In Sign Up

Oak St. Health

OakWell Launches to Provide High-Quality Primary Care Directly to Kidney Patients in Dialysis Centers

Value-Based Care Leaders Oak Street Health and Interwell Health Partner on Joint Venture

March 22, 2023 08:30 AM Eastern Daylight Time

CHICAGO--(BUSINESS WIRE)--Oak Street Health (NYSE: OSH), a network of value-based primary care centers for adults on Medicare and the only primary care provider to carry the AARP name, and Interwell Health, a kidney care management company that partners with physicians on its mission to reimagine healthcare, today announced the launch of OakWell, a joint venture that will offer the highest-quality primary care to end-stage kidney disease (ESKD) patients directly in the dialysis center. This unique approach to primary care for ESKD patients aims to reduce hospitalizations, increase kidney transplantations, and improve outcomes to lower the total cost of care.

"There is a significant opportunity to leverage the time spent by dialysis patients in-center

businesswire.com

CISION PR Newswire

CVS Health Completes Acquisition of Signify Health

NEWS PROVIDED BY
CVS Health →
29 Mar, 2023, 08:30 ET

CVS Health.
CVS Health (PRNewsFoto/CVS Health)

signifyhealth.
Signify Health (PRNewsfoto/CVS Health)

FIERCE Healthcare Subscribe

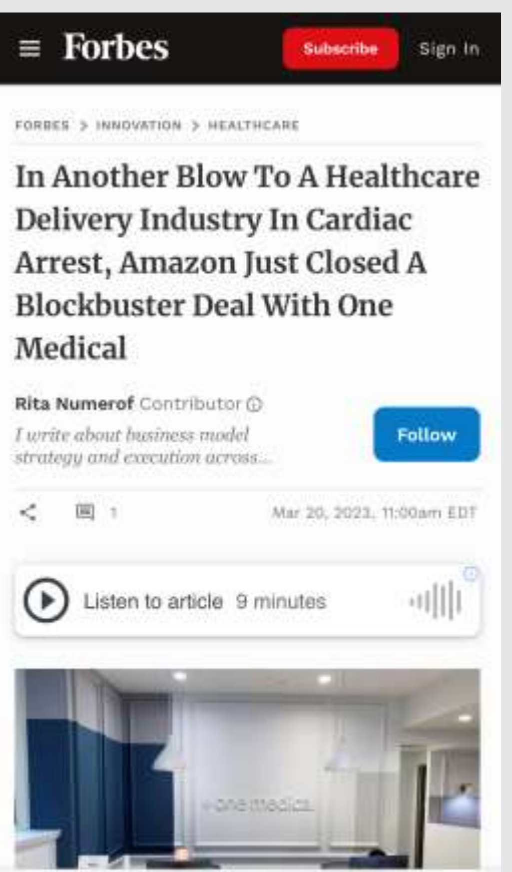
PROVIDERS

CVS closes $10.6B acquisition of Oak Street Health to expand primary care footprint

By **Heather Landi**
May 2, 2023 09:30am

CVS Health | Oak Street Health | Primary Care | Value-Based Care

Share



Forbes Subscribe Sign In

FORBES > INNOVATION > HEALTHCARE

In Another Blow To A Healthcare Delivery Industry In Cardiac Arrest, Amazon Just Closed A Blockbuster Deal With One Medical

Rita Numerof Contributor
I write about business model strategy and execution across... Follow

Mar 20, 2023, 11:00am EDT

Listen to article 9 minutes

The Promise of Full Risk

- Population based reimbursement shifts focus from quantity to quality
- Health care providers accountable for outcomes
- Paid a fee / patient for total cost of care
- Insurers incentivize services that offer benefit
- Alignment of interests – measurable outcomes
- Example: Intermountain reduced annual "waste" by $688 million, decreasing total costs down 13%.
- Episodic care transitioned to social determinant practices

HCC 101: Set of codes, linked to specific diagnosis used by MA, ACO, some ACA plans

- HCCs represent costly chronic health conditions, some acute
- V28:2 024 update – 3 years to be phased in. 115 categories decrease to 7770 codes
- Risk adjustment score: measure that estimates cost of an individual's care based on disease burden and demographic information.
- Each HCC assigned relative factor, averaged with any other HCC and a demographic score. Score then multiplied by predetermined dollar amount to set PMPM capitation for next period of coverage.

This Photo by Unknown author is licensed under CC BY-SA.

WHY ENGAGING SPECIALISTS IN HCC CAPTURE IS 'NO-REGRETS'

HCC capture introduces specialists to a population-based approach to care. *Identifying complex chronic conditions helps specialists become more aware of the need to manage to control costs and improve patient outcomes*.

HCC capture is not a primary care-only issue. The chronic disease burden is growing, with the number of adults with three or more chronic conditions expected to almost triple by 2030.

Provider organizations need all physicians involved to ensure appropriate compensation for the high-risk beneficiaries Don't leave money on the table.

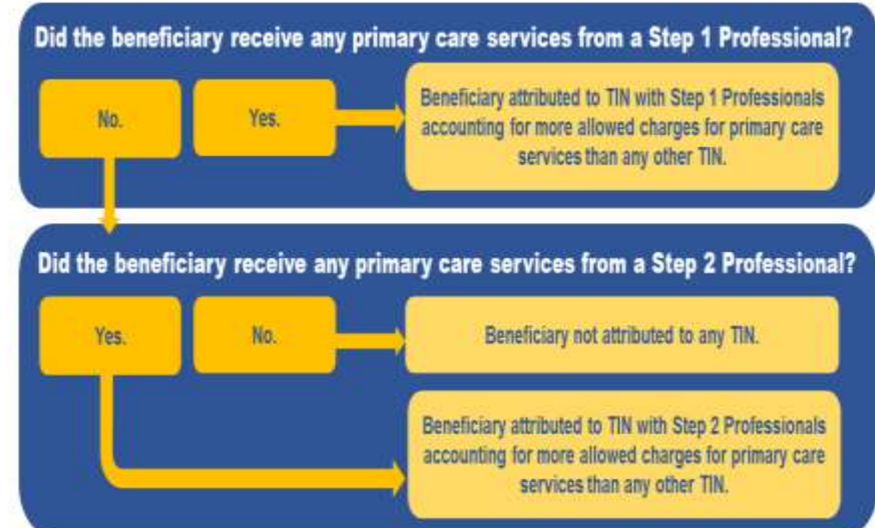
Not only does HCC documentation drive short-term reimbursement rates (such as care management codes) but also future performance benchmarks (for MSSPs and Next Gen ACOs).

C-SNP Chronic care Special Needs Plan

- **Type of MA (Part C) plan**
- **Can be Medicare**
- **All include part D coverage**
- **Administered by private insurance carrier – not every plan every state**
- **Chronic condition**
- **I-SNP : institutional**
- **C-SNP – predominantly NH, assisted living, community housing**
- **Patients enroll, often driven by brokers**
- **Hospice carve out – MA (trials of carve –in)**
- **Example Gold Kidney Health Plan : ESRD C-SNP new alternative, Arizona – contracted with US Renal, DaVita, Banner Health – inception 9/22**

Attribution

Figure 1. Two-step attribution methodology



Case Study: Attribution to a Single Specialty, Non-Primary Care Practice

Figure 3: Patient Attribution Flow Chart

The Patient Attribution Flow Chart shows a process for starting with patient self-report of his/her primary care provider, if available, and where not available, moves to a claims/encounter-based approach. The claims/encounter-based approach requires verification with the patient.

From: **Comparison of Care Quality Metrics in 2-Sided Risk Medicare Advantage vs Fee-for-Service Medicare Programs**

JAMA Netw Open. 2022;5(12):e2246064. doi:10.1001/jamanetworkopen.2022.46064

Characteristic	OR (95% CI)
IP admission	0.82 (0.79-0.84)
ED visit	0.89 (0.86-0.91)
IP acute admission (through ED)	0.94 (0.91-0.97)
ED treat and release (avoidable)	0.86 (0.82-0.89)
IP stroke or MI incident	0.90 (0.83-0.98)
COPD exacerbation (IP admission)	0.56 (0.50-0.62)

Characteristic	RR (95% CI)
IP readmission within 30 d	0.91 (0.86-0.98)
ED bounce-back within 30 d	0.94 (0.91-0.98)

Figure Legend:

Forest Plot of Adjusted Measures of Association for 8 Outcome Metrics, Comparing Medicare Advantage (MA) With Fee-for-Service (FFS) MedicareGroups were matched exactly on age group, sex, and state and adjusted for baseline inpatient (IP) and emergency department (ED) visits after matching. COPD indicates chronic obstructive pulmonary disease; MI, myocardial infarction; OR, odds ratio; and RR, rate ratio.

Date of download: 05/19/2023

CJASN

Complex Interventions Across Primary and Secondary Care to Optimize Population Kidney Health

Taylor et al., CJASN 18: 563-572

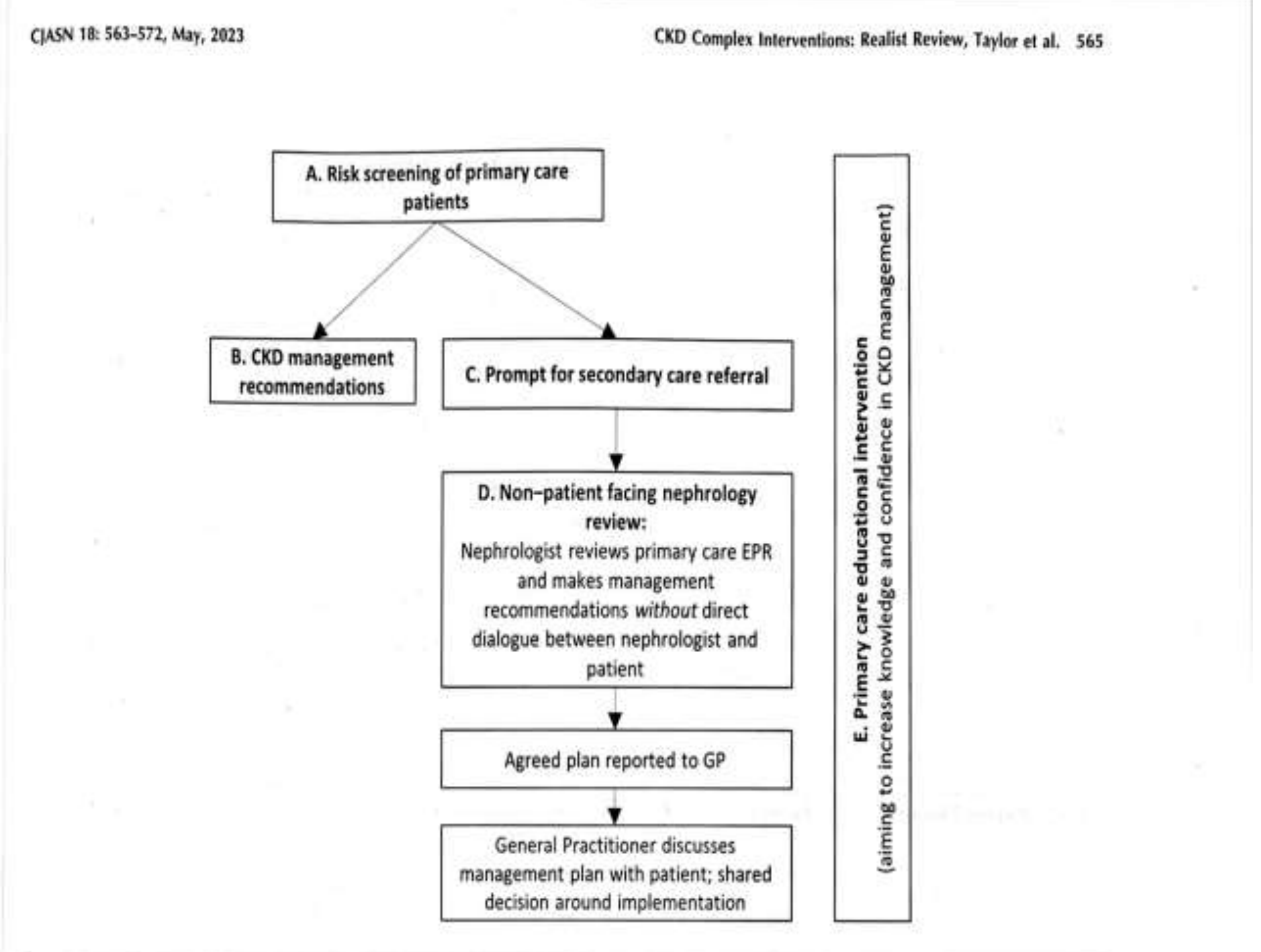

CJASN 18: 563–572, May, 2023

Figure 1. Key components of identified interventions identified in initial scoping review. EPR, electronic patient record; GP, general practitioner.

Specialist : PCP Relationship Core to success

- **THE STRATEGY: HAND-BACKS TO PRIMARY CARE**

- **Well-managed patients in specialty care create a bottleneck to access for new patients.**

- **Rare for provider organizations to establish effective patient hand-backs from specialty to primary care when appropriate. This is due to two mutually-reinforcing challenges: (easier for specialists to continue to see patients in their panel, patients themselves may prefer to stick with their specialist and resist hand-back efforts) the messaging must change**

- **What we mean: Once patients are well-managed in specialty care, a hand-back is the process of transitioning patients from specialty to primary care for ongoing care management. (example: Stable CKD Stage 2, 3)**

Examples of Full-Risk Medicare Advantage Organizations

ChenMed –JenCare, Dedicated Senior Medical Center, IntuneHealth

Oak Street

WellCare

Contract with payors in the Medicare Advantage space to take full-risk for the "members"

"Relationships" with the insurer, company and members is the DNA for success.

Breaking past the culture of who you are being paid for

- Change management is needed to be successful
- WE take care of patients
- WE are responsible for outcomes

The Full Risk Value Based Care Business Model

Show me the money

What's left in this bucket at the end of the year is what you get to keep

Patients + Dx+ HCC/MRA

There's a Hole in My Bucket!

Size of Hole Determined By:

- Hospital/ED Costs- Part A
- Professional Fees- Part B
- Drugs- Part D

The Doctor Patient relationship is the key to plugging…

B

© 2023 ChenMed, LLC

Future State of Primary Care
Physicians Focus on Complex Patients

On Demand Urgent care

Retail Clinic

Teledoc

Continuity of Care
- DM
- HTN
- CKD
- HLD

How to Coordinate

Complex Chronic Care Management example: ChenMed

Well Care
- Exercise
- Coaching
- Screenings

Condition Specific Care
- CHF
- DM

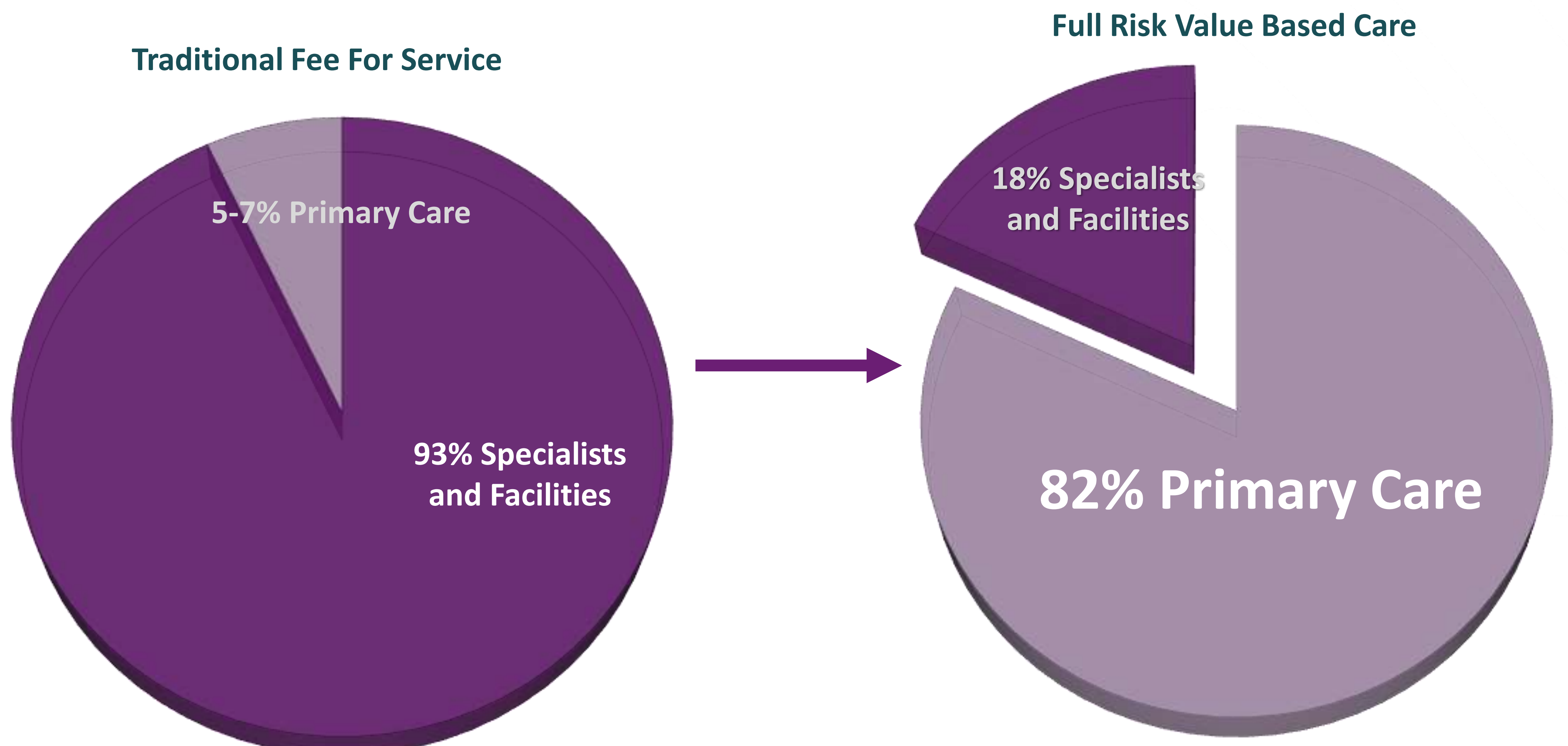
ChenMed
- Primary Care
- Walk In (patients in need)
- Cardiology
- Case management
- Transportation
- PSYC
- LCSW
- Pharmacy

R

Adapted from: Reframing Healthcare: A Roadmap For Creating Disruptive Change by Zeev Neuwirth, MD, 2019

© 2023 ChenMed, LLC

Change in Revenue Source Varies by Payment Models



R

© 2023 ChenMed, LLC

The State of U.S. Physicians

© 2023 ChenMed, LLC

Changing the Narrative

NYT 2/5/23 Dr Eric Reinhart editorial "Doctors aren't burned out from over work. We're demoralized by our Health System "

Podcasts – Fixing Healthcare: The hope for a better tomorrow: Gladwell and Pearl, Faisel and Friends, Relentless Health Value

InHospitable: Documentary directed by Sandra Alvarez Released 8/15/2022

Where we will be tomorrow: students and residents of today can lead the change revolution: tech no longer the hinderance

Coaching for health

vs consulting for sickness

> "The patient's role in producing health can outweigh any physician's role. . .the choices they make… what they eat, what they drink, whether they climb the steps or take the elevator. . . . Health Systems need to shift to thinking about what matters to the patient" -- Vivian S. Lee, The Long Fix

© 2023 ChenMed, LLC

R

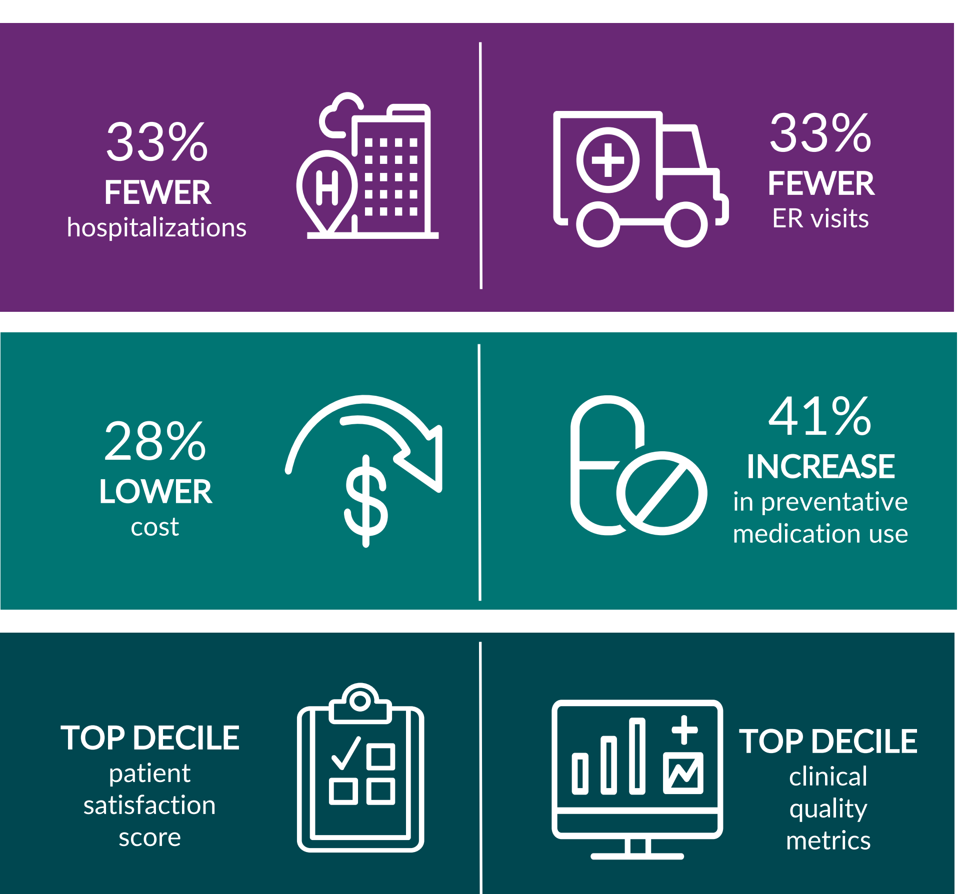
High Touch Care = Better Outcomes

Patient affordability

Better patient health

Physician leadership

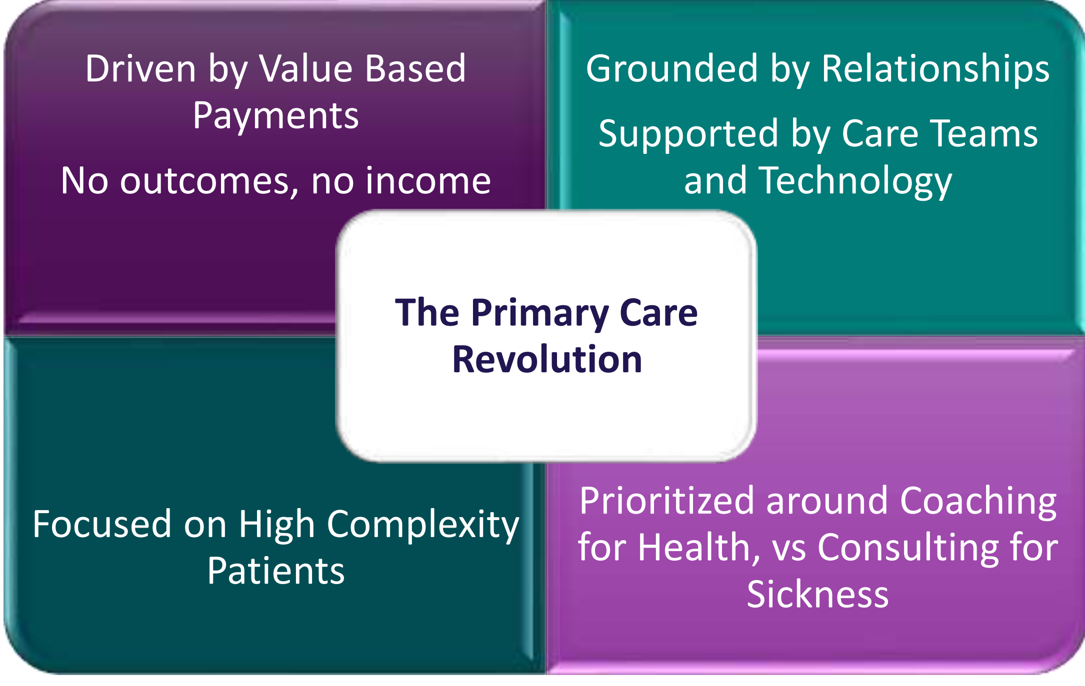
Health plan quality, margins, and growth



B

© 2023 ChenMed, LLC

4 Principles of the Primary Care Revolution



F

Adapted from: Ellner AL, Phillips RS. The Coming Primary Care Revolution. J Gen Intern Med. 2017;32(4):380-6.

How much I understand VBC today

Life Lessons

12 Ted Lasso Leadership Lessons:

1. Believe in yourself
2. Doing the right thing is never the wrong thin
3. All people are different people
4. See good in others
5. Courage is about being willing to try
6. Vulnerability is a strength not a weakness
7. Tell the truth
8. Winning is an attitude
9. Optimists do more
10. Stay teachable
11. Be a Goldfish - If you do something wrong d not let it define you. Forget it - like a goldfish - within 10 seconds.
12. Happiness is a choice

References :

- CMS office of the Actuary Releases 2021-2030 Projections of National Health Expenditures, 3/22/22 cms.gov
- New Study estimates US healthcare waste costs nearly 1 trillion each year, Medical Economics 10/9/ 2019, Reynolds
- Projecting ESRD incidence and Prevalence in the US through 2030- www.ncbi.nlm.nih.gov