

Case Based Learning

Value Based Reimbursement Model

LVHN's net patient service revenue is contractually linked to ~ 70% FFS (fee for service) contracts, with ~ 30% tied to value-based contracts. There is opportunity to succeed in greater value-based arrangements if you can manage costs / risk and improve the health of your patient populations. The executive team is considering moving to a 50-50% blend with their largest payer. There is a significant upside opportunity should you succeed, and a moderate downside should performance not meet expectations. The LVHN Board is asking for a formal recommendation from key stakeholders to finalize the contractual details.

Prework – review the following roles and answer the questions posed.

Stakeholder Roles:

CEO: You are the visionary. You see the revenue transformation occurring and are considering how you can ensure LVHN continues to be the leading health system of the future. You need to pace and optimize the model for value in an ideal sequence to sustain the network given the ongoing presence of FFS revenue. You are ultimately responsible for your organization's performance. You must ensure the organization can manage risk with robust, population health resources built upon a platform of excellent clinical service delivery with aligned incentives. **Where do you see the biggest challenges for this role?**

Chief Financial Officer: LVHN is more efficient and cost effective than other organizations, but still largely obtains revenue through the FFS model. Realizing the changes ahead, you are concerned about the risk of negatively impacting your financial model and short-term sustainability. In addition, you are skeptical about the future of the VBR model and its success in influencing the total cost of care. **What will be your financial focus areas through this transformation? What questions will you be asking?**

Population Health/Care Management: Your role is to monitor patient populations from a high level, directing targeted interventions to influence the health of a group of individuals. This requires managing patient resource utilization (such as ER visits and hospitalizations) and optimizing quality performance. This shift will significantly increase the network reliance upon your work. With this comes greater financial risks and rewards. Your work will include clinical pathway development, patient / clinician outreach and clinical initiatives that influence key patient populations and those with chronic disease. **Where do you see the biggest challenges for this role?**

Employed Primary Care Clinician: You have significant control over the cost of care, but not much knowledge or awareness around your impact and role. This revenue model change would impact how you work, how you are paid, and who is a part of your larger team. Compensation plans will be modified to better align with how the organization is paid, with a stronger lens on patient outcomes. In addition, your clinical team in the office, and within the medical group, will play a much larger role in helping your patients manage disease better, navigate the system more smoothly, and control their overall costs. **How can employed clinicians be successful in this climate? What areas can they focus on to support their patients and overall team's success?**

Independent Primary Care Clinician: You have significant control over the cost of care, but not much knowledge or awareness around your impact and role. This VBR change would not impact how you are paid in the office to a significant degree, but your performance will help determine your ability to participate in rewards programs (such as the PHO ACE program), and to which LVHN resources you have access. In addition, key payers will be less interested in partnering with lower performing clinician offices, driving expectations even higher for lean independent offices. **What are the most important variables for Independent offices to be successful?**

Specialty Clinician: You have significant control over the cost of care, but not much knowledge or awareness around your impact and role. LVHN has been a specialty focused network for decades, but there is evidence suggesting for the same condition, care by a specialist is more costly than care by a PCP. Considering this, think about how your patients are managed and when you refer patients back to primary care. Total cost of care is impacted when patients are using the system less, efficiency and effectiveness (assuming high quality) are crucial at bending the cost curve. **What can a specialty clinician do to be successful in VBR?**

Patient: As the health system moves more risk to employers (that pay for the bulk of healthcare), health systems (that provide care), and patients (that utilize healthcare), you are finding that your financial responsibility is increasing. Premiums for your insurance increase with less coverage or you find yourself with a high deductible health plan. **How would a healthcare consumer succeed in this space? What are the key variables you will focus on as you need to engage with healthcare organizations? What can patients do to be successful long term?**

Chief Information Officer: You oversee the use of clinical and claims data. This information is vital in determining readiness and success in this transition. LVHN has a tremendous repository of data – but what is actionable and how do you find it? In addition, timing of data and data integrity is key. Payers are pushing for EMR access to gain insights from our patient data and security risks are at an all-time high. Lastly, clinician and staff burnout are pervasive, ensuring technology advancement without increasing burden must be at the forefront of any change process. **How would you prioritize technology requests given all these variables? Where would you begin if you were in this role?**

Insurance Payer: You are entering in this fee for value arrangement, but still hold most of the risk given the minimal down-side for LVHN. You need as many members as possible insured with your product to spread risk, and you are banking on your relationship with LVHN to facilitate that. **As a payer, what would you do to collaborate with a healthcare organization? What would be a win-win patient-centric initiative for both payer and LVHN in driving performance in a VBR contract?**

Employer: You are the business owner of a company with 200 employees (total 500 insured with dependents) that currently uses a broad network insurance product (no provider restrictions). The sales pitch is that this new “narrow network” product can reduce your cost because LVHN is better managing your population’s health - therefore, utilization and cost improve. No guarantees. **Think about the impact of this new product on your employee satisfaction, what would that mean?**

Group Session – breakout will occur with each group taking one of the following 5 roles

- Population health / care management
- Employed Primary Care Clinician
- Independent Primary Care Clinician
- Specialty Clinician
- Patient

Questions

1. From your assigned perspective, how would this shift from volume to value change your role and responsibilities?
2. What risks or barriers do you perceive from your assigned perspective, to moving to a more value-based?
3. If the contract moves forward, what will this new world look like? What will be good? What drawbacks do you see?
4. Based on your role, what is your recommendation?