

The Race To Value-Based Payment

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Rural Health
Value

UNDERSTANDING
AND FACILITATING
RURAL HEALTH
TRANSFORMATION.

The Change in Payment

- Starting line is fee-for-service (ffs), determined by allowable cost
- The slow lane is to modify incrementally with incentives
- Moderate lane supports elements of restructuring health finance but leaves in place current core (ffs)
- Fast lane blows past current design to a total redesign of payment, aligned with quality measures



The Vehicles: Knowledge and Tactics

- Understanding financial risk
- Knowing what influences health outcomes
- Managing care (patient)
- Managing health (population)

The Driver: Health Care Organization (Hospital) Leadership

- Generating resources and investing strategically
- Local leadership
- Facilitating coalitions



Track 1: The Slow Lane for Providers

- Incentives affecting small percentage of payment
- Payment change for only a small portion of patients
- Adjustments to limited number of services
- Retaining the FFS payment design

Track 2: A Moderate Pace with Potential for More Rapid Pace: ACO Model

- Fee-for-service chassis remains in place
- But payment tied to total expenditures
- With an element of quality measurement and accountability
- Accountable Care Organization: each term has meaning

Track 3 Fast Lane: Global Budgeting

- **McCready Health in Crisfield MD, population 2,726 (service area approximately 7,000)***
 - Increased capital investments
 - Build new services
 - *“The switch from volume payment to value payment is driving McCready to understand and improve the health status of its populations.”*
- **Pennsylvania Rural Health Model**
 - All-payer, focused on rural hospitals
 - 5 hospitals launched January 2019
 - Inquiries from more than 20 states about process/program

*Sources: Joy A. Strand. “Global Budget in a Rural Hospital.” Presentation to the NRHA CAH Conference. September 22, 2016

“Global Budget Process as an Alternative Payment Model.” *Rural Innovation Profile*. Rural Health Value. www.ruralhealthvalue.org.

Track 3: Fast Lane: Direct Contracting

- System-owned insurance plans
- Contract directly with large groups
- Develop products for exchanges
- Other: could be association plans



The Driver: Health Care Leadership

- Identifying resources and investing strategically
- Culture of organizational learning and improvement
- Engaging clinicians, patients, and caregivers
- Facilitating and/or supporting coalitions to address community needs



Building the Race Car: Engine is Finance

- Current finance: pro forma
- Operating in a shared savings environment
- Understanding cross-payer issues (helps tremendously to be an all-payer demonstration)
- Operating at full risk
- Crucial to keep it lubricated: in McCready biweekly meetings of CEO and CFO to make rate adjustments



The Wheels for the Car



- Community partnerships
- Maintains continuous progress toward community health objectives
- Maintaining tire pressure: spreading resources to meet health needs through the appropriate agency

The Body of the Car: Strategies and Tactics

- Care management for high risk patients
- Identifying pressure points driving expenditures and work to control (readmissions down in MD; “high flyers” in emergency rooms)
- Population health measures to achieve community health goals



Conclusion

- The tracks are still being defined, especially track 3
- The shift to track 3 is underway, but at different paces in different places and from different payers
- Lots of pieces already in place or available to build and drive the car

For further information

The RUPRI Center for Rural Health Policy Analysis

<http://cph.uiowa.edu/rupri>

The RUPRI Health Panel

<http://www.rupri.org>

Rural Telehealth Research Center

<http://ruraltelehealth.org/>

The Rural Health Value Program

<http://www.ruralhealthvalue.org>

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Collaborations to Share and Spread Innovation

- ✓ The National Rural Health Resource Center <https://www.ruralcenter.org/>



- ✓ The Rural Health Information Hub <https://www.ruralhealthinfo.org/>



- ✓ The National Rural Health Association <https://www.ruralhealthweb.org/>



- ✓ The National Organization of State Offices of Rural Health <https://nosorh.org/>



- ✓ The American Hospital Association <http://www.aha.org/>

