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Partner, DHG Healthcare
2015-16 Chair, HFMA

South Texas HFMA
2016 Annual Spring Institute
May 16, 2016
Objectives of Today’s Presentation

• Identify areas where finance professionals are being called to go beyond in an evolving healthcare environment.

• Discuss what that means for you as individuals and for your organizations.

• Describe resources that can help you meet the challenges of the current environment.
Go Beyond the Status Quo
Reform Across the Continuum

Advanced Payment Models: Commercial/Medicare/State

Larger share of $  
Transparency  
Ability to shop

Skilled Nursing VBP  
Star Rating  
Hi End of Spend Continuum

Value Based Purchasing (VBP)  
Meaningful Use  
Comp Care For Total Joints  
Star Rating Roll out

Home Health VBP  
Star Rating  
Low End of Spend
Dependency & Convergence

There is crossover in:

- Metrics
- Spend
- Models
- Care Management
“For the hospital CEO or CFO out there who says, ‘I’m doing really well in fee-for-service so I’m just going to stick with it and it’s going to be OK,’ eventually it will not be OK, and I actually predict it will not be OK in a much shorter time frame than they might imagine.”

Patrick Conway, MD,
Deputy Administrator and Leader of the Center for Medicare and Medicaid Innovation
Centers for Medicare & Medicaid Services
What is Driving the Pace?

- Commercial Activity
- State Efforts
- Center for Medicare & Medicaid Innovation
Medicaid Expansion in the U.S.

Other State Reform Efforts

- Mandated Bundles
- DSRIP
- ACO/MCO Models
# Summary of Innovation Models

<table>
<thead>
<tr>
<th>Accountable Care</th>
<th>Episode Based Payment Initiatives</th>
<th>Primary Care Transformation</th>
<th>Medicaid &amp; CHIP Population</th>
<th>To Accelerate Testing of New Models</th>
<th>Speed Adoption of Best Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACOs</td>
<td>BPCI Models 1-4</td>
<td>Advanced Primary Care Initiatives</td>
<td>Reduce Avoidable Hospitalizations for NF residents</td>
<td>State Innovation Models: Round 1 &amp; 2</td>
<td>Beneficiary Engagement Model</td>
</tr>
<tr>
<td>Advanced Payment ACO</td>
<td>ACE Demonstration</td>
<td>Comprehensive Primary Care Initiative</td>
<td>Financial Alignment Incentive for Medicare &amp; Medicaid</td>
<td>Frontier Community Health Integration</td>
<td>Community Based Care Transitions</td>
</tr>
<tr>
<td>Comprehensive ESRD Care Initiative</td>
<td>Oncology Care Model</td>
<td>FQHC Advanced Primary Care Practice</td>
<td>Strong Start for Mothers &amp; Newborns</td>
<td>Maryland All Payer</td>
<td>Health Care Action and Learning Network</td>
</tr>
<tr>
<td>ACO Investment Model</td>
<td>Specialty Practitioner Payment Model</td>
<td>Graduate Nurse Education</td>
<td>Medicaid Innovation Accelerator Program</td>
<td>Health Care Innovation Round 1 &amp; 2</td>
<td>Innovation Advisors Program</td>
</tr>
<tr>
<td>Next Generation ACO Model</td>
<td>Comprehensive Care for Joint Replacement (CJR)</td>
<td>Independence at Home</td>
<td>Medicaid Prevention of Chronic Diseases</td>
<td>Health Plan Innovation Initiatives</td>
<td>Million Hearts</td>
</tr>
<tr>
<td>Pioneer ACO</td>
<td>Multi Payer Advanced Primary Care Practice</td>
<td>Medicaid Emergency Psychiatric Demonstration</td>
<td>Medicare Care Choices Award</td>
<td>Partnership for Patients</td>
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</tr>
<tr>
<td>Rural Community Hospital Demonstration</td>
<td>Transforming Clinical Practice</td>
<td>Medicaid IVIG Demonstration</td>
<td>Medicare Home Health Value Based Purchasing</td>
<td>Cardiovascular Disease Risk Reduction</td>
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<tr>
<td>PACE</td>
<td></td>
<td></td>
<td>Medicare Adv Value Based Ins Design</td>
<td></td>
<td>Enhanced Medication Therapy Management</td>
</tr>
</tbody>
</table>
The framework situates existing and potential APMs into a series of categories.

### Table: APM Framework At-A-Glance

<table>
<thead>
<tr>
<th>Category 1: Fee for Service – No Link to Quality &amp; Value</th>
<th>Category 2: Fee for Service – Link to Quality &amp; Value</th>
<th>Category 3: APMs Built on Fee-for-Service Architecture</th>
<th>Category 4: Population-Based Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Foundational Payments for Infrastructure &amp; Operations</td>
<td>A: APMs with Upside Gainsharing</td>
<td>A: Condition-Specific Population-Based Payment</td>
<td></td>
</tr>
<tr>
<td>B: Pay for Reporting</td>
<td>B: APMs with Upside Gainsharing/Downside Risk</td>
<td>B: Comprehensive Population-Based Payment</td>
<td></td>
</tr>
<tr>
<td>C: Rewards for Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D: Rewards and Penalties for Performance</td>
<td></td>
<td></td>
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</tbody>
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Work Group’s Goals for Payment Reform

MSSP Delivering Mixed Results

434 ACOs in MSSP for 2016, But Few Generating Shared Savings So Far

Financial Performance of MSSP ACOs

<table>
<thead>
<tr>
<th>2012-2013 Performance Period¹</th>
<th>2014 Performance Period²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held Spending Below Benchmark, Earned Shared Savings</td>
<td>26%</td>
</tr>
<tr>
<td>Reduced Spending, Did Not Qualify for Shared Savings</td>
<td>27%</td>
</tr>
<tr>
<td>Did Not Hold Spending Below Benchmark</td>
<td>46%</td>
</tr>
</tbody>
</table>

2016 Participation Overview

- 147 Early ACOs renewing participation in MSSP, 2016
- 100 New ACOs joining MSSP, 2016
- 22 ACOs accepting downside risk in either Track 2 or Track 3, 2016

Key Takeaways

- New ACOs continue to join MSSP each year
- Majority of early MSSP participants renewed for second contract
- More organizations opting for higher risk, higher reward tracks
- Some organizations using MSSP as a starting place, migrating to higher risk over time

¹ 2012 cohorts had performance periods of 18 and 21 months; percentages may not add to 100 due to rounding.
² Percentages may not add to 100 due to rounding.

Source: Advisory Board
NGACO Tests Full Performance Risk

Model Significantly Expands Tools to Engage Patients, Control Utilization

<table>
<thead>
<tr>
<th>Financial Model</th>
<th>Engagement Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prospective benchmark</strong> using one year baseline historical spending, trended forward using regional factors</td>
<td><strong>Beneficiary alignment</strong> through prospective attribution and voluntary beneficiary alignment</td>
</tr>
<tr>
<td><strong>Risk arrangements</strong> include 80%-85% sharing rate or full performance risk</td>
<td><strong>Coordinated care reward</strong> up to $50 annually for beneficiaries receiving at least 50% of care from ACO</td>
</tr>
<tr>
<td><strong>Payment mechanisms</strong> include traditional FFS (with optional infrastructure payments), population-based payments, or capitation</td>
<td><strong>Benefit enhancements</strong> through payment and program waivers for telehealth, home health, and SNF admission</td>
</tr>
</tbody>
</table>

**Diverse Origins of Next Generation ACO Model Participants**

21 = 8 + 7 + 6

- Total Next Gen participants
- Former Pioneer ACO participants
- Former MSSP\(^1\) participants
- Organizations without direct Medicare ACO experience

Bundled Payments are Spreading
MACRA: MIPS or APM?

- Starting in 2019, all medical practices will fall into one of two categories under Medicare Access and CHIP Reauthorization Act (MACRA):

<table>
<thead>
<tr>
<th>Measure Categories</th>
<th>Year 1 (2019)</th>
<th>Year 2 (2020)</th>
<th>Year 3 (2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality (PQRS)</td>
<td>50%</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>Resource Use (VM)</td>
<td>10%</td>
<td>15%</td>
<td>30%</td>
</tr>
<tr>
<td>Meaningful Use of EHR</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>New—Clinical Practice Improvement Activities</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

No downside risk on Physician Fee Schedule if a significant portion of Medicare Revenue flows through an APM:

1. Need to be in an Advanced APM
2. Qualify for thresholds
   1. Medicare Option
   2. All Payer Combination Option

Current Advanced APMs:
- Oncology Care Model two sided program
- Comprehensive ESRD Model
- Medicare Shared Savings Program Track 2 & 3
- Next Generation ACO
- Comprehensive Primary Care +
- Patient Centered Medical Homes (PCMH)

*Weights might change

*based on proposed rules April 2016
Patient Centered Medical Home counts toward Advanced APM status if:

- Accredited through:
  - NCQA
  - Joint Commission designation
  - Accreditation Association for Ambulatory Health care
  - Utilization Review Accreditation Commission
  - Medicaid Medical Home or Medical Home Model
  - NCQA Patient Centered Specialty Recognition

Source: [https://www.pcpcc.org/initiatives/state](https://www.pcpcc.org/initiatives/state)
Metrics Beyond Measure?

Categories of Quality Measures Listed in the National Quality Measures Clearinghouse (NQMC).
The guiding principles used by the Collaborative in developing the core measure sets are that they be meaningful to patients, consumers, and physicians, while reducing variability in measure selection, collection burden, and cost. The goal is to establish broadly agreed upon core measure sets that could be harmonized across both commercial and government payers.

The first 7 core sets:

- Accountable Care Organizations (ACOs), Patient Centered Medical Homes (PCMHs), and Primary Care
- Cardiology
- Gastroenterology
- HIV and Hepatitis
- Medical Oncology
- Obstetrics and Gynecology
- Orthopedics

Your Comprehensive Value Resource

hfma.org/valueproject
Go Beyond Traditional Roles
HFMA Is Reaching Out

Physician Practice Resources

Financial expertise has never been more important to physicians and other professionals who manage physician practices. Whether it's preparing for new payment models, managing rising operating costs, or engaging with your patients as consumers, an understanding of healthcare finance is key to success. HFMA has long been a trusted source of information on healthcare finance. In these pages, HFMA offers a collection of resources expressly designed to help physician practice managers navigate challenges and opportunities in this new era of health care.

Featured Content

Getting Physicians to Follow the Metrics

UCSF's Gurpreet Dhallwal, MD, illustrates how healthcare organizations can engage physicians in performance improvement by giving them a say in how they are measured.

Top News Stories

Medicare Is Stingy in First Year Of Doctor Bonuses
From Kaiser Health News (KHN)

Lessons from the Field

Physician Finances Benefit from Rural Setting
Ebook: Elevating Physician Practice Performance

Resources for Health Plans

Health plan leaders today are increasingly challenged to innovate, collaborate with other key stakeholders, and engage with their members as healthcare consumers. HFMA has long been a trusted resource for healthcare leaders. In these pages, HFMA offers a collection of resources expressly designed to help health plan leaders navigate challenges and opportunities in this new era of health care.

Featured Content

Sharing Stories of Healthcare Transformation

As the spirit of collaboration grows throughout the industry, traditional boundaries between providers and health plans are being erased. See how your colleagues are working together to transform health care.

Top News Stories

Large Insurers Lead Administration’s Learning Network
New Medicare ACO Option Offered

Lessons from the Field

The Next Generation ACO Model: CMS's Living Lab for Accountable Care Evolution
Aetna's Accountable Care Approach

hfma.org/physician

hfma.org/healthplan
Go Beyond Comfort Zones

“Once we accept our limits, we can begin to go beyond them.”
~Albert Einstein
Centralized care facilities increase costs exponentially. Digital health enables the hospital of the future: in the home.

<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Past)</td>
<td>(Present)</td>
<td>(Future)</td>
</tr>
<tr>
<td>Centralized</td>
<td>Hub &amp; Spoke</td>
<td>Patient Centered Medical Home</td>
</tr>
</tbody>
</table>

Evolution of the Hospital
Major delivery shifts are in process, and more are on the way.

Industry Value Chain - How Care is Delivered - The Clinical Process

Industry Shifts that impact how care is delivered:

1. New and Disruptive Technologies
2. Shift to Health Maintenance from Sick Care
3. Increased Social Care and Population Management
4. Affiliations and the Need for Data Sharing
5. Consumerism, Value Purchasing and Data Democratization

The future vision of a healthcare system is cemented with connectivity as the foundation.
The Digital Health Journey

From Healthcare “Sickcare” to Patient Centric Integrated Care & Wellness

- **Traditional Healthcare**
  - Fragmented
  - Limited integration
  - Stand-alone

- **Digital Hospitals, EPR & Integration**
  - Digital Hospitals
  - Integrated Electronic Patient Record
  - Workflow automation, real time alerts & messages
  - Hospitals / GP integration

- **Integrated Care**
  - Patient Centered Information sharing and care coordination at Community level incl. social care
  - Patient & Providers eHealth portals
  - Telehealth & home care

- **Personalized Wellness**
  - Preventive & predictive wellness – mobile medical apps & wearables
  - Personalized, evidenced based medicine, advanced decision support
  - Extended collaboration with industry & academia

Clinical Outcomes | Patient & Staff Experience | Hospital Efficiency

- Transform to a hybrid infrastructure
- Protect your digital enterprise
- Empower the data-driven organization
- Enable workplace productivity
On a scale of 1 to 5, how well has your organization addressed price transparency (defined as patients’ out of pocket financial responsibility)?

a) 1 – not well at all

b) 2

c) 3

d) 4

e) 5 – very well

26%
21%
8%
17%
28%
Best hospitals in Austin, TX

1. St. David's Medical Center
   - 70 reviews
   - University of Texas
   - 919 E 32nd St
   - Austin, TX 78705
   - (512) 476-7111
   - I was recently in St. David's "stepdown" ICU area for six days following a DIEP Flap reconstruction surgery following breast cancer. The care I received was nothing short of... read more

2. St Davids North Austin Medical Center
   - 94 reviews
   - 12221 N Mopac Expwy
   - Austin, TX 78758
   - (512) 901-1000
   - I delivered my second child at this wonderful facility. After my first delivery experience at Fort Hood, this hospital was a dream come true. My OBGYN was awesome (Dr. Clarissa... read more

3. Seton Medical Center Austin
   - 74 reviews
   - Bryker Woods
   - 1201 West 38th Street
   - Austin, TX 78705
   - (512) 324-1000
   - Hospitals, Emergency Rooms

Showing 1-10 of 1133
**California Charges**

**About**

View and compare charges for several common surgeries within 8 major surgery groupings. The data come from reports submitted semi-annually by all California hospitals. The surgery procedures shown are for scheduled elective inpatient procedures hand-picked by OSHPD.

**2014 Common Surgery Charges at Hospitals**

**Gallbladder Removal (laparoscopic) in Alameda County (2014)**

<table>
<thead>
<tr>
<th>Hospital Name</th>
<th>Category</th>
<th>Score</th>
<th>Trend</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGHLAND HOSPITAL</td>
<td>$</td>
<td></td>
<td></td>
<td>$31,330</td>
</tr>
<tr>
<td>ALTA BATES SUMMIT MED CTR-ALTA BATES CAMPUS</td>
<td>$$</td>
<td></td>
<td></td>
<td>$40,148</td>
</tr>
<tr>
<td>CHILDRENS HOSPITAL AND RESEARCH CTR AT OAKLAND</td>
<td>$$$</td>
<td></td>
<td></td>
<td>$45,725</td>
</tr>
<tr>
<td>ALAMEDA HOSPITAL</td>
<td>$$$</td>
<td></td>
<td></td>
<td>$53,506</td>
</tr>
<tr>
<td>WASHINGTON HOSPITAL - FREMONT</td>
<td>$$$$</td>
<td></td>
<td></td>
<td>$59,097</td>
</tr>
</tbody>
</table>

Source: [http://gis.oshpd.ca.gov/atlas/topics/financial/common_surgery](http://gis.oshpd.ca.gov/atlas/topics/financial/common_surgery)
Represents a 60 day episode of care and amounts paid vs charged.
Setting the Foundation for a Better Patient Experience

HEALTHCARE DOLLARS & SENSE™

Price Transparency

Patient Financial Communications

Medical Account Resolution

hfma.org/dollars
Connect with HFMA and Each Other

facebook

LinkedIn

#hfmagobeyond

Melinda Hancock @MelindaHancock9 · Jul 25
My new plates are here!!!! #hfmagobeyond

DHG Healthcare @DHGHealthcare · Jul 2
The new HFMA Chair will be traveling the nation helping healthcare financial leaders ‘Go Beyond’ ow.ly/P5F4g. #hfmagobeyond

Malinda Hancock, 2015-16 HFMA Chair – full presentation from ANI 2015
In Conclusion…

FAITH is daring the soul to go beyond what the eyes can see
GO BEYOND