

POPULATION HEALTH MANAGEMENT: THE PATH TO VALUE

AMDIS 2019

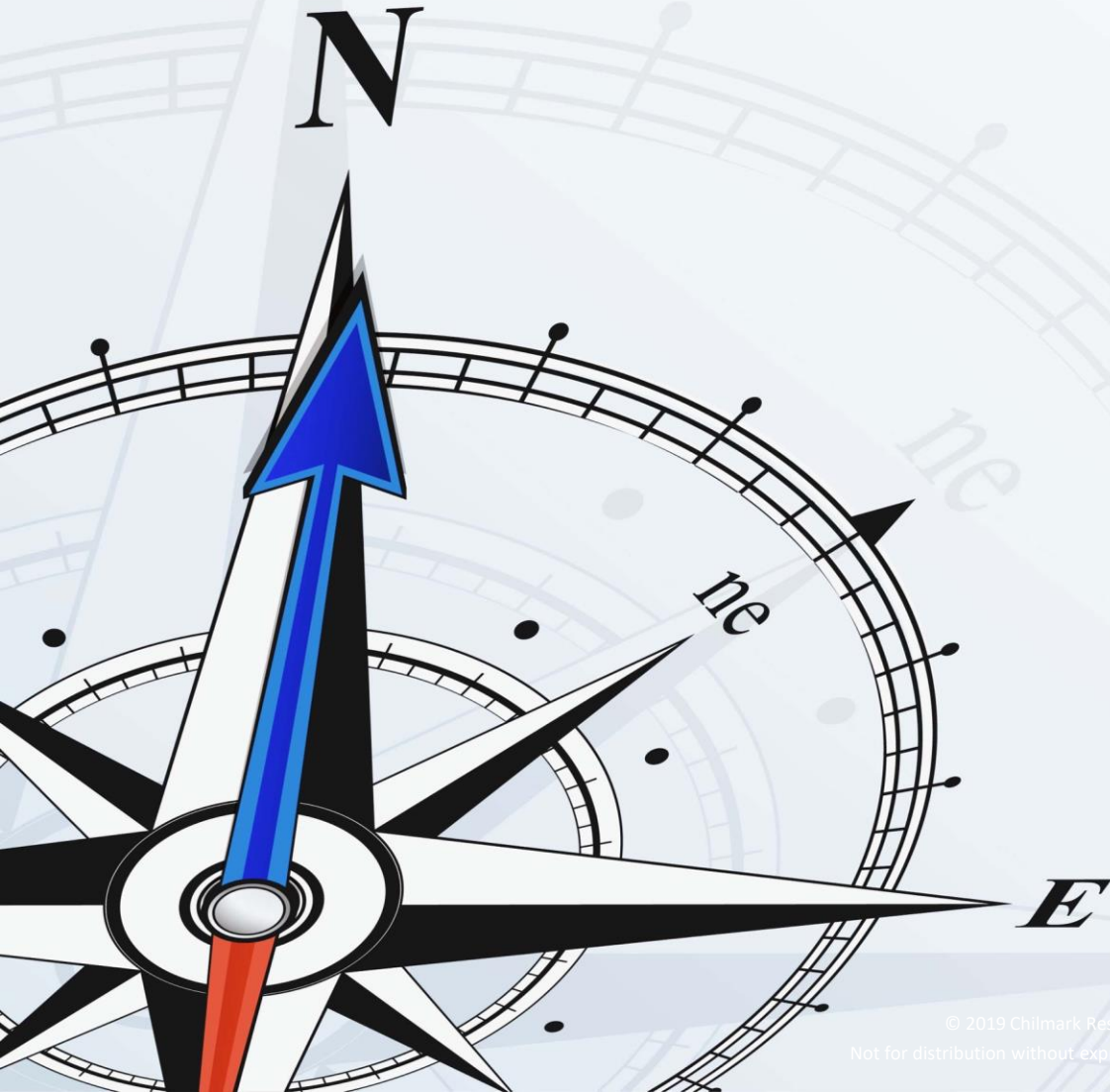
Presented By: John Moore

June 18, 2019



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ABOUT CHILMARK RESEARCH



- Founded in 2007
 - ▶ Sole focus: Healthcare
- Mission Driven
 - ▶ Through our research, help organizations adopt, deploy and use IT to improve the patient experience
- Research Focus
 - ▶ Technologies that will be transformative to the delivery of care
- Values
 - ▶ Provide highest quality, objective research & advice
 - ▶ Foster intellectual curiosity
 - ▶ Contribute to the "Social Good"

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A DIGITAL ECONOMY



A NEW WORLD ORDER



**Data is the
Lingua
Franca**

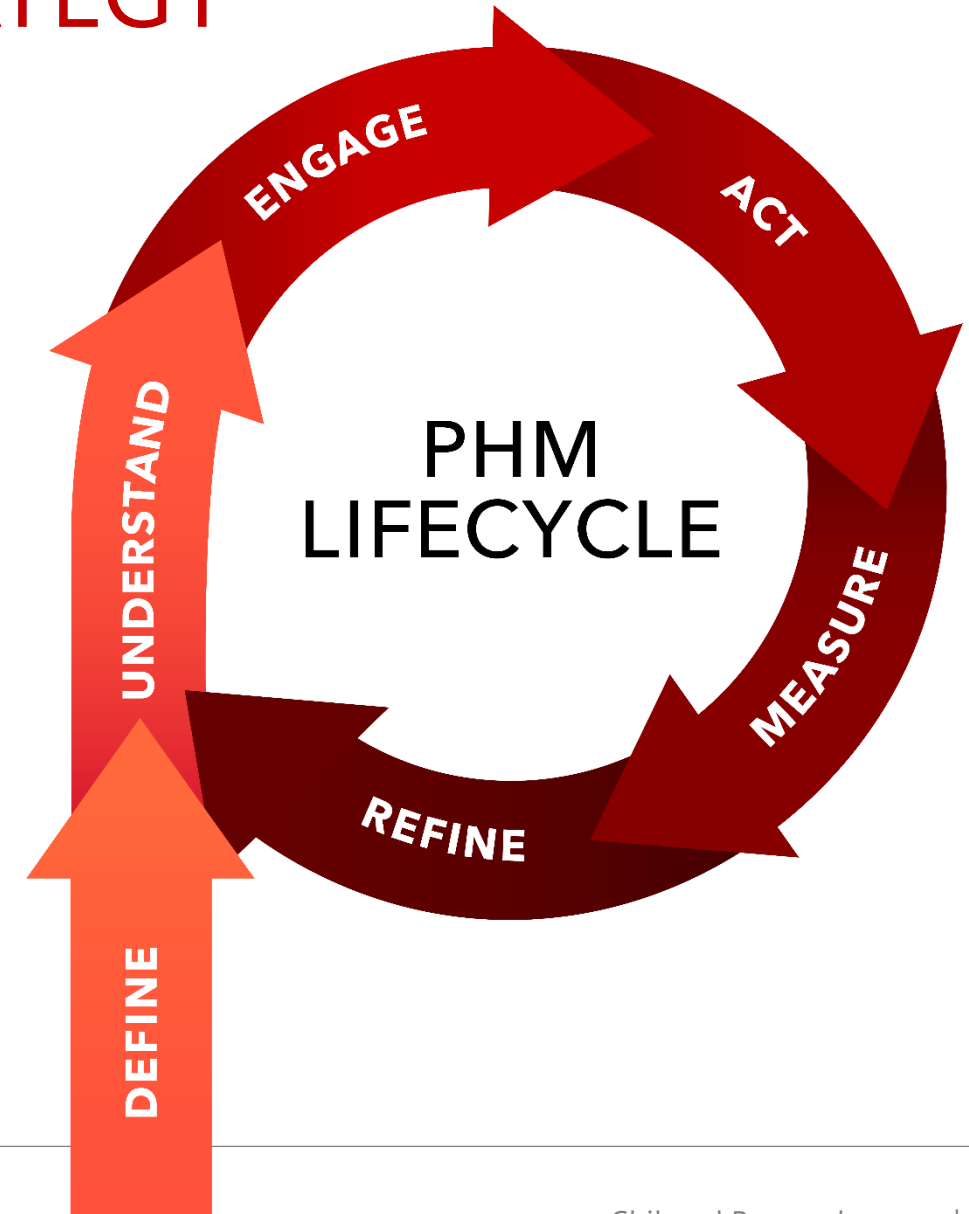
**Analytics
Enabled**

**Intelligence
Augmented**

**Real-Time
24/7**

PHM: A DATA DRIVEN STRATEGY

*The **proactive management** of the health of a given population by a **defined network of financially linked providers in partnership with community stakeholders** (e.g., social workers, visiting nurses, hospice, patient, caregivers/family, etc.).*



PHM IS RESPONSE TO VALUE-BASED CARE

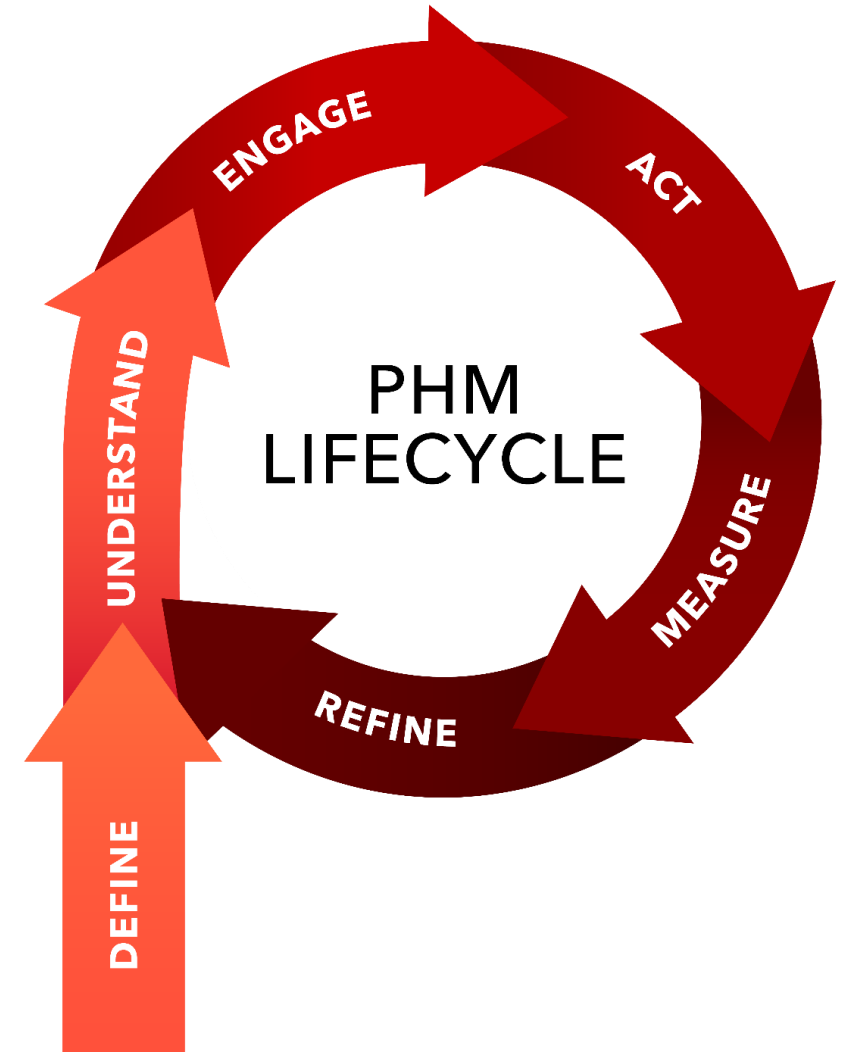
Increase Quality, Lower Costs by...

- Shifting Risk
 - ▶ Payer -> Provider
- Moving from Reactive to Proactive Care
 - ▶ Minimize Rising Risk
- Reduce Unwarranted Variability
 - ▶ Evidence-based Medicine

Small Problem...
Who Defines Value?

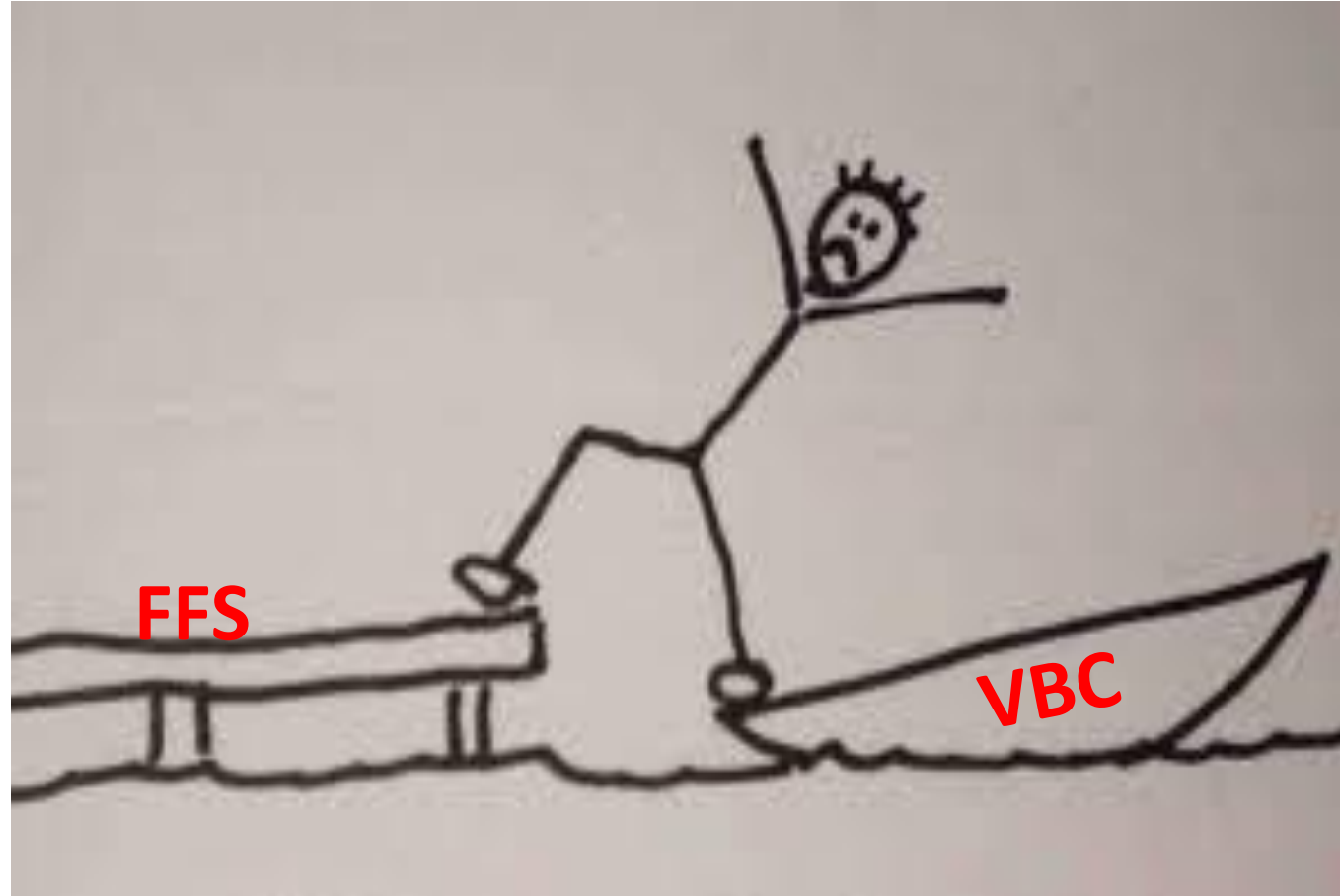
FOUR CORE ELEMENTS TO ENABLE PHM

- Enterprise Data Warehouse
 - ▶ Analytics (algorithms), Visualization Tools
 - ▶ Understand, Track, Report
- Interoperability Engine
 - ▶ Extract Data from EHRs & Others
 - ▶ Deliver Insights into Clinical Workflow
- Care Management
 - ▶ Chronic Care
 - ▶ Lower Utilization Costs
- Patient Engagement
 - ▶ Enable Self-care

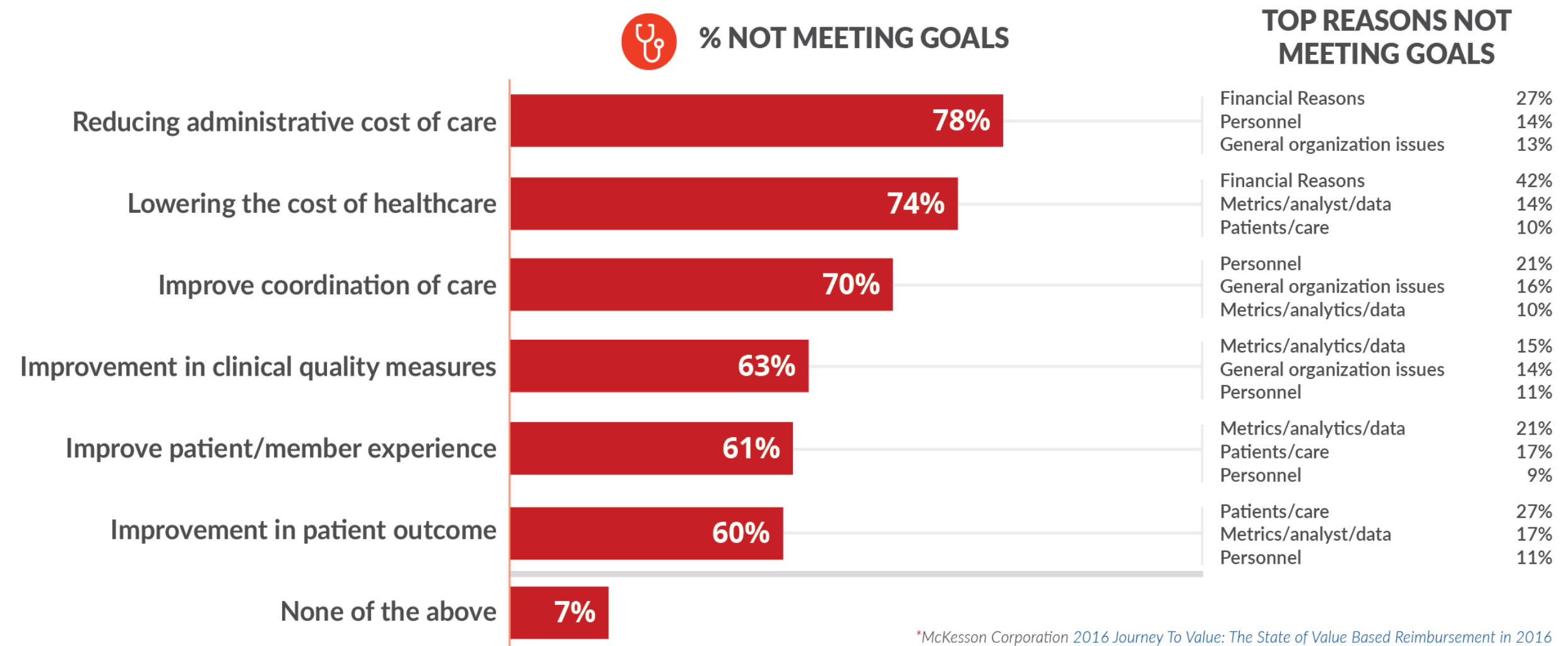


THE CHASM

- FFS Remains Primary Source of Revenue
 - ▶ VBC Revenue 15%>
- Regulatory Uncertainty
 - ▶ Invest or Wait
- VBC Requires Restructuring, Resources, Executive Commitment
 - ▶ Leadership to Drive Cultural Realignment



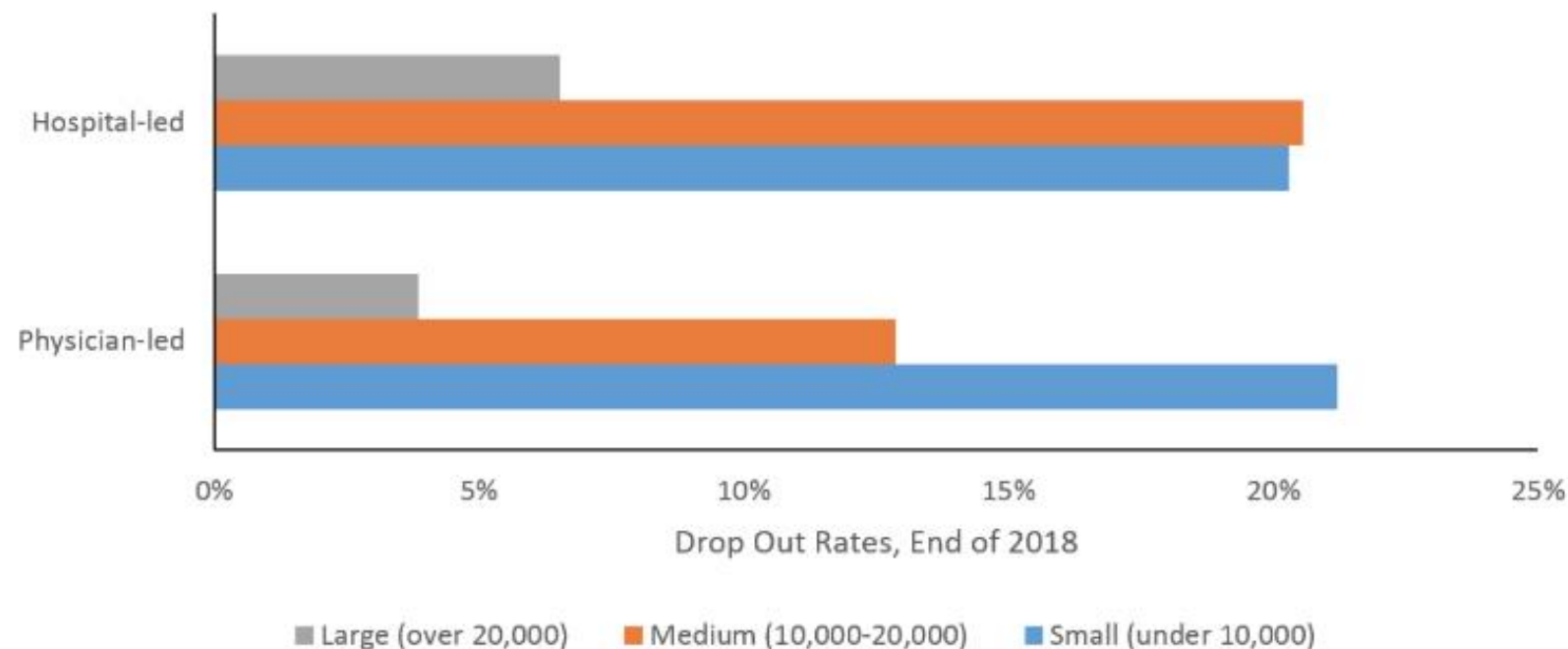
PROVIDERS ARE MISSING VBC GOALS



*McKesson Corporation [2016 Journey To Value: The State of Value Based Reimbursement in 2016](#)

LARGE ACOS STRUGGLE WITH MSSP MODEL

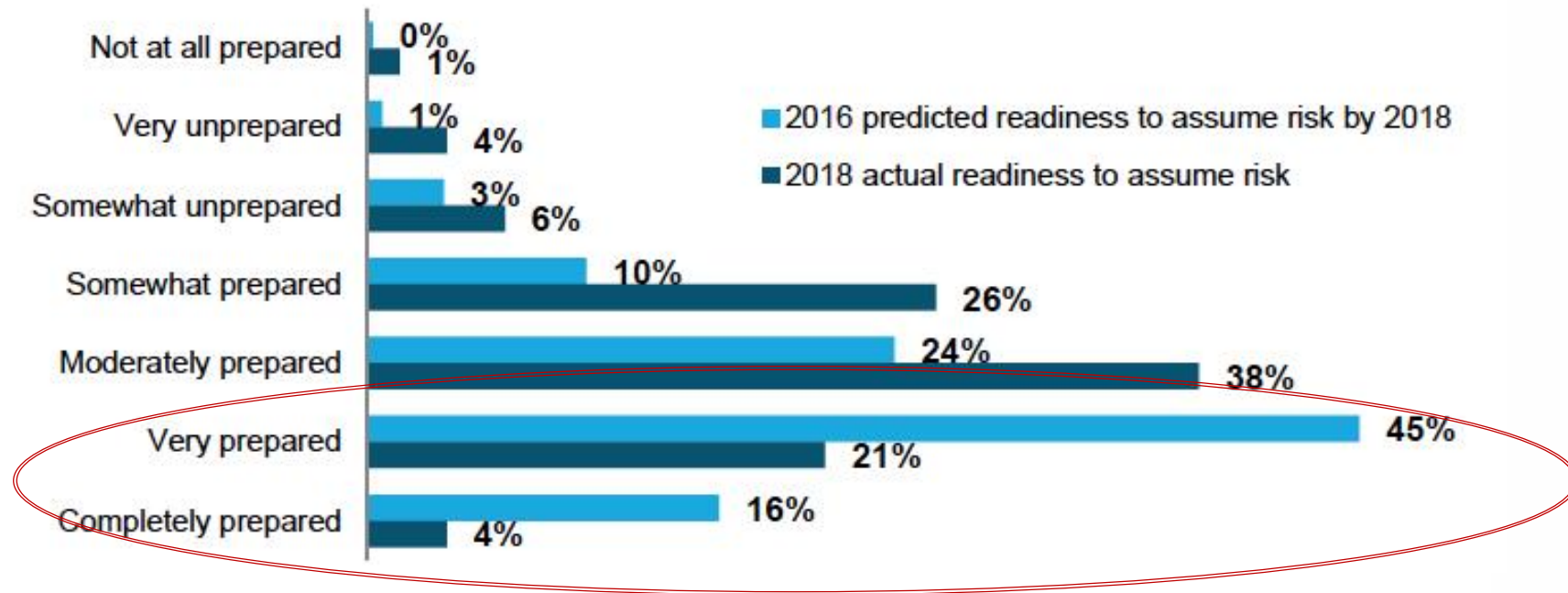
Exhibit 3: Percentage Of 2018 ACOs Dropping Out Of The MSSP At The End Of 2018, Stratified By ACO Type (Hospital- Versus Physician-Led) And Current ACO Population Size



Source: *Following Medicare's ACO Program Overhaul, Most ACOs Stay...* Health Affairs Blog, March 15, 2019

ABILITY TO ASSUME RISK

Figure 2: Respondents' readiness to assume risk falls extremely short of their prediction 2 years ago



Source: The State of Population Health: Fourth Annual Numerof Survey Report, March 2019

Dramatic Drop from 61% to 25%



***Despite Hesitancy
and Challenges...***

MORE ACTIVIST CMS/HHS

■ Strong Push for Providers to Take on Risk

▶ MSSP ACO "Pathways to Success"

* Downside risk after first year

■ Willingness to Accept More Waivers

▶ Let Experimentation Bloom

■ Relax Stark Law

▶ Still Being Discussed

* Greater partnering flexibility

■ Several States Moving to Capitated Medicaid



GROWTH IN MEDICARE ADVANTAGE

- Over 50% of New Beneficiaries
- Accelerating Partnerships Between Providers & Payers

- ▶ Improve HEDIS Scores

- * Hit Five Stars => Maximize bonus

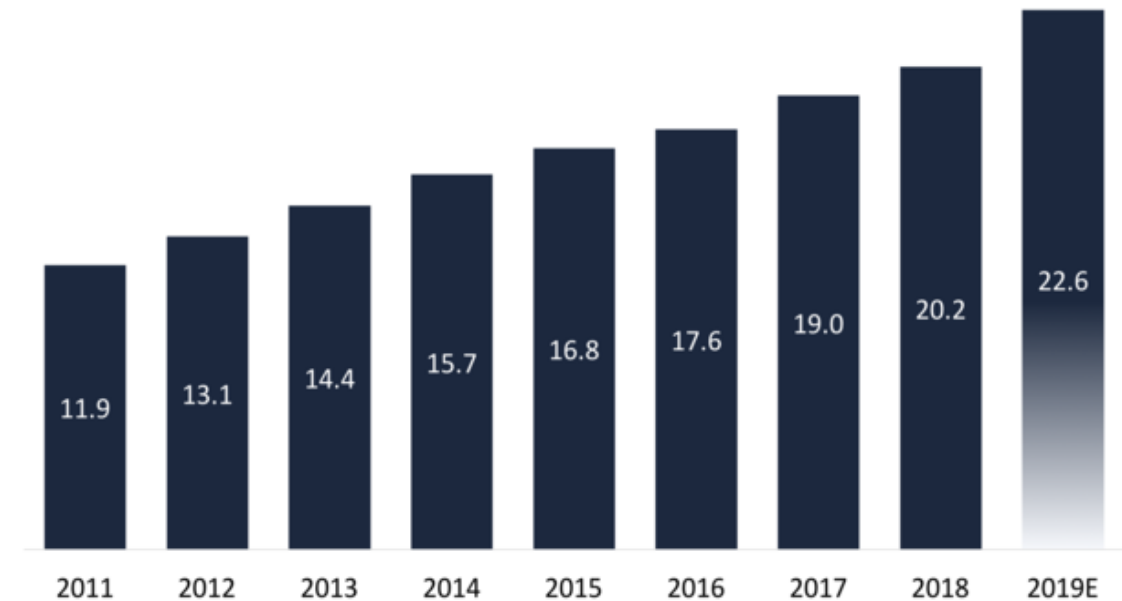
- Key Driver for Provider-Payer Convergence

- Blossoming of New Entrants

- ▶ Bright Health, Clover Health, Devoted Health, Oscar Health

Medicare Advantage Is A Stable And Growing Market

Enrollees, millions

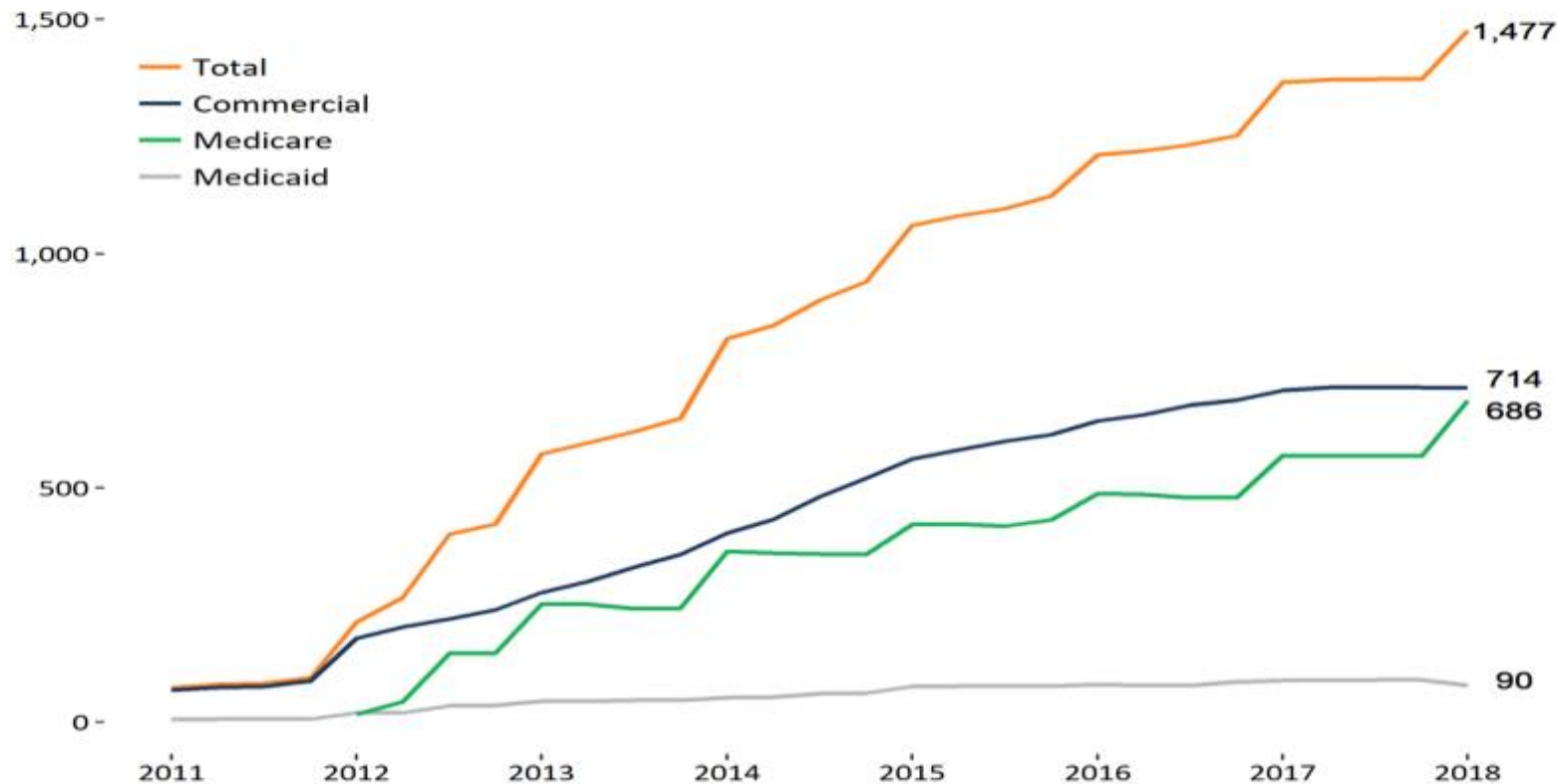


Source: Kaiser Family Foundation 2018

EMPLOYERS DRIVING VBC GROWTH AS WELL

■ By 2020:

- ▶ Employer Supported ACOs will Double to Nearly 50%
 - * Employers Participating in Bundles Projected to Double as Well
- ▶ Employers Increasing Direct Contracting → High Perf. Networks



**At End of 2018...
32.7 Million Lives
in VBC Program**

“ WE CANNOT SOLVE
OUR PROBLEMS WITH
THE SAME THINKING WE
USED WHEN WE
CREATED THEM. ”

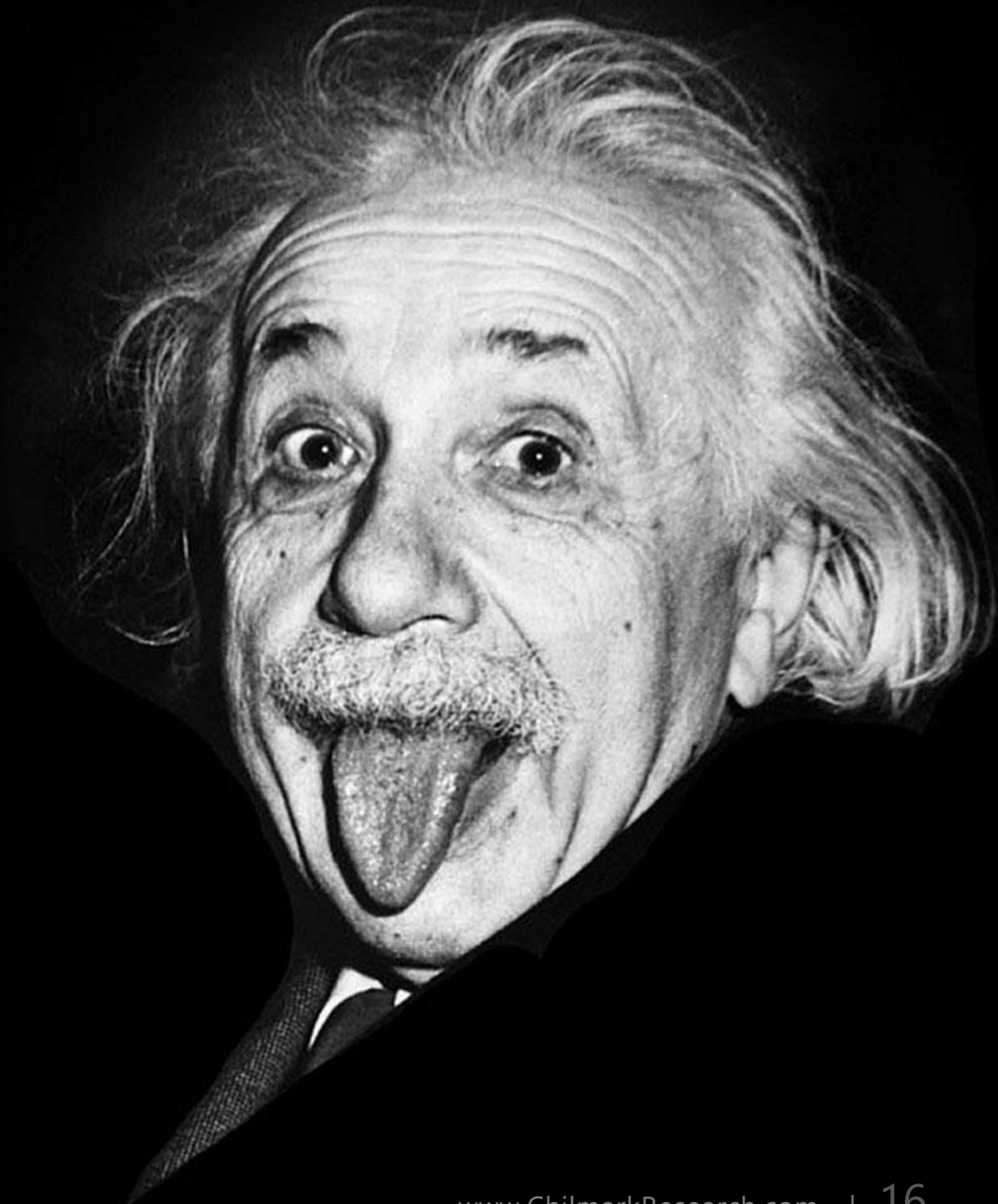
ALBERT EINSTEIN



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OBSERVATION

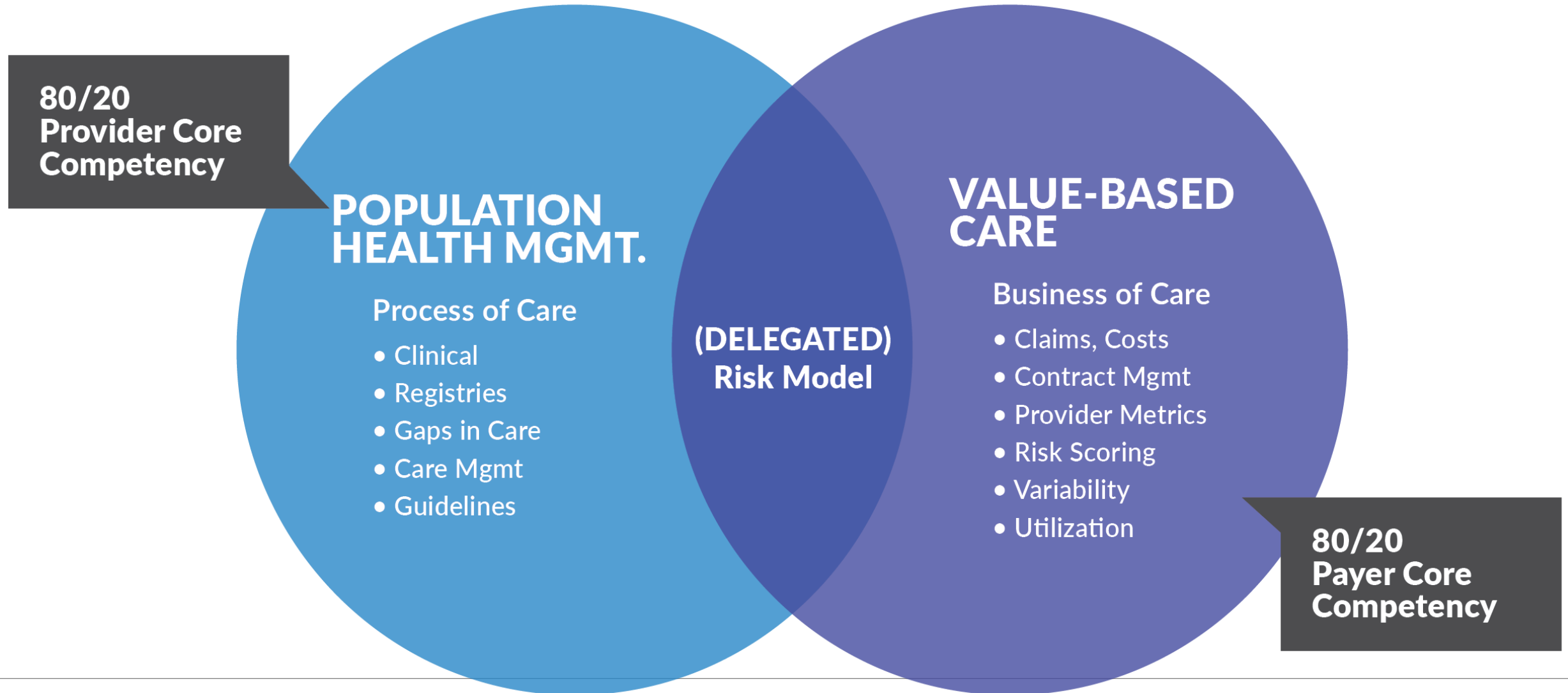


■ Provider/Payer Relationships Increasing

- ▶ Multiple Financial and Clinical Models Prevail
- ▶ No clear “winners”

**Emerging Provider/Payer Market Requires
New Business & Technology Strategies**

OVERLAP, MISALIGNMENT AND GAPS PERSIST



PROVIDERS

CONVERGENCE

PAYERS

CONVERGENCE



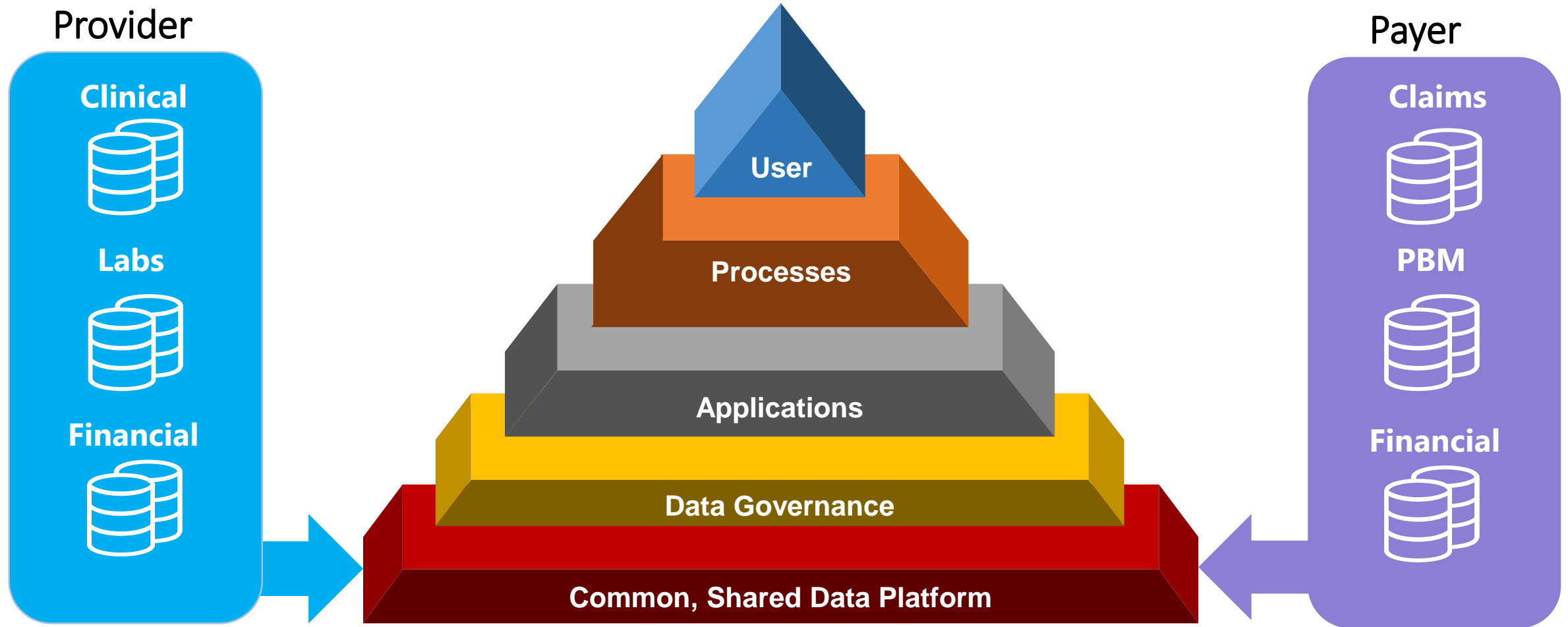
THE FUTURE OF PROVIDERS + PAYERS

NOW

NEAR FUTURE

FUTURE

CONVERGENCE DOA WITHOUT DATA



SINGLE VERSION OF TRUTH DRIVES STRATEGY

■ Common Shared Data Platform Enables

- ▶ Streamline Prior Auth Processes
- ▶ Optimize Care & Utilization Management
- ▶ Deliver Deeper Insights to Point of Care
 - * Care gaps, med lists (and fills), visits, evidence-based care pathways, etc.
- ▶ Enable Deeper Consumer/Patient Engagement
 - * Longitudinal record
- ▶ Reduce Redundancies Across Delivery Chain

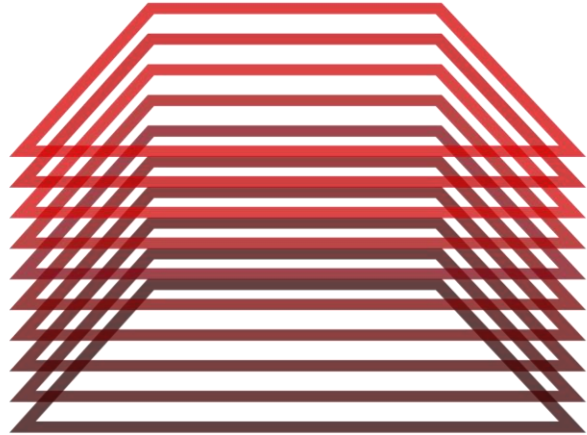


Evolution of PHM

STEADY EXPANSION OF CAPABILITIES

Stage	Vendors	Introduced	Notes
PHM 1.0	Medecision, Optum, Truven (IBM Watson Health)	Mid 90's	Payer: Isolated, stand-alone, analytics (claims data), optimize UM/CM/DM, reduce MLRs
PHM 2.0	Conifer, Lightbeam, Phytel, Wellcentive, ZeOmega	~2010	Payer & Provider: Dominated by small, best of breed vendors, rely heavily on claims data, focus on care gaps (FFS) , rudimentary risk scoring
PHM 3.0	EHR vendors, Change Healthcare, Health Catalyst, HealthEC, Orion Health	~2013	Provider: Clinical & claims data, registries, analytics remain focused on reporting (quality, some costs), limited care mgmt. functionality, modest engagement
PHM 4.0	Evolent, Enli, CareEvolution, Forward Health	~2015	Payer & Provider: Multiple data sources (Ops, clinical, financial, other), improving delivery of insights into clinical workflow, patient impactability scoring, more integrated care mgmt
PHM 5.0	Too early to tell	~2020+	Market Agnostic: PHM as a true, open API platform/ecosystem, Built atop robust EDW/analytics engine, engage full care continuum (behavioral health, LTPAC, Community orgs, patient, care giver) optimize UM/CM

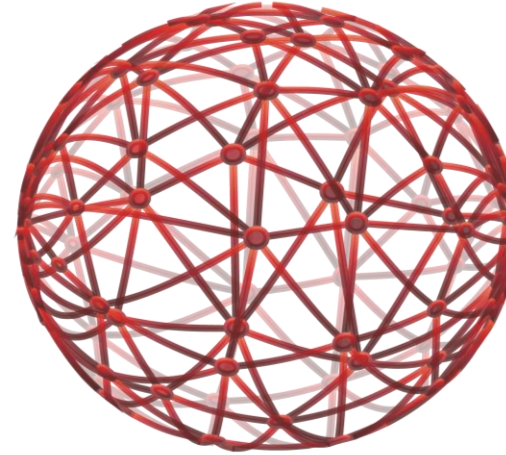
PHM - A SYSTEM OF ENGAGEMENT



SYSTEM OF **RECORD**

Hosting Processes

- Highly Structured
- Hierarchical
- Transactional
- Slow Response
- Long Deployment Cycles
- Inward Focus

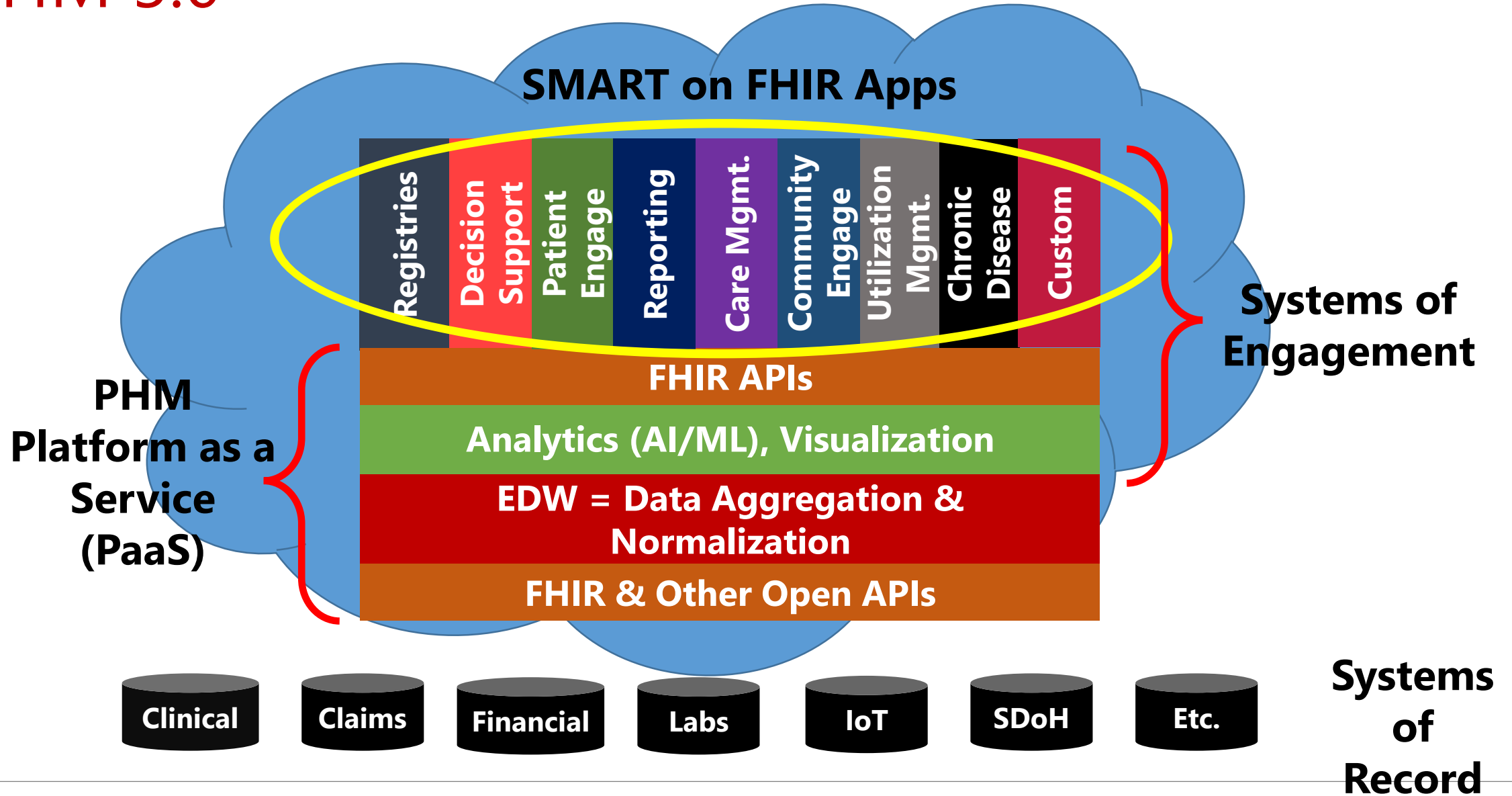


SYSTEM OF **ENGAGEMENT**

Touching People

- Dynamic, Loosely Structured
- Responsive, Adaptive
- Conversational
- Fundamentally Social
- Short, Rapid, Iterative Releases
- Edge of Care

PHM 5.0



WHO BRINGS PHM PAAS TO MARKET



- Massive Scale
- FHIR-Enabled
- HIPAA Compliant
- Increasing Array of AI/ML Tools



PHM/ANALYTICS CHALLENGES REMAIN

- Establishing Clinically Integrated Network
 - ▶ Insights at Point of Care
 - * In workflow
- End User Trust => Engagement
 - ▶ Transparency Critical
- Data Quality & Latency
- Immaturity
 - ▶ Dearth of Analytics Skillsets
- Patient Reported Outcomes Weak
- SDoH – Just Getting Started



Path to Value

THREE MAJOR ADOPTION PROFILES

■ Innovators

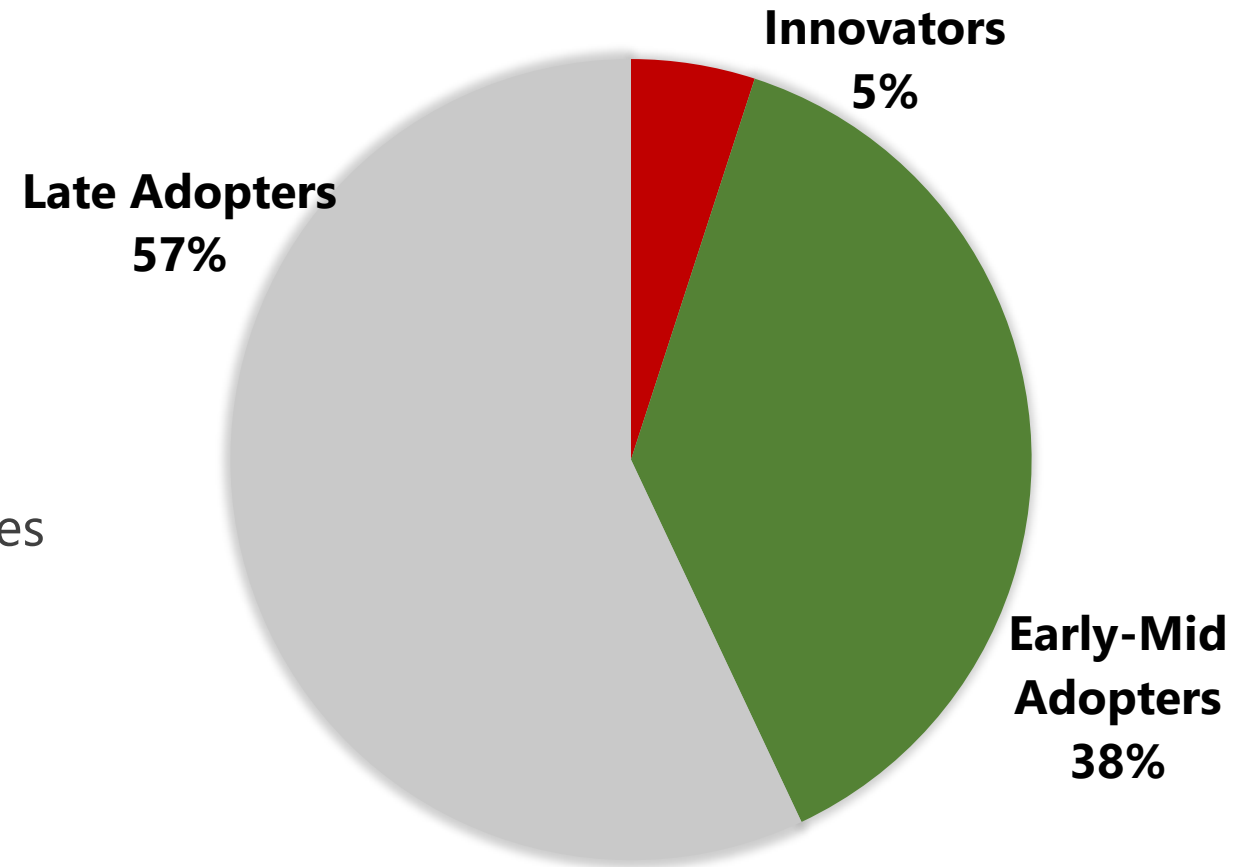
- ▶ Strategic Focus
 - * Value as a core competency
- ▶ Strong Focus on Costs
 - * Quality - a given

■ Early-Mid Adopters

- ▶ Process Focus
 - * Workflow, contract agnostic measures
- ▶ Low Focus on Costs
 - * Meet contract(s) requirements

■ Late Adopters

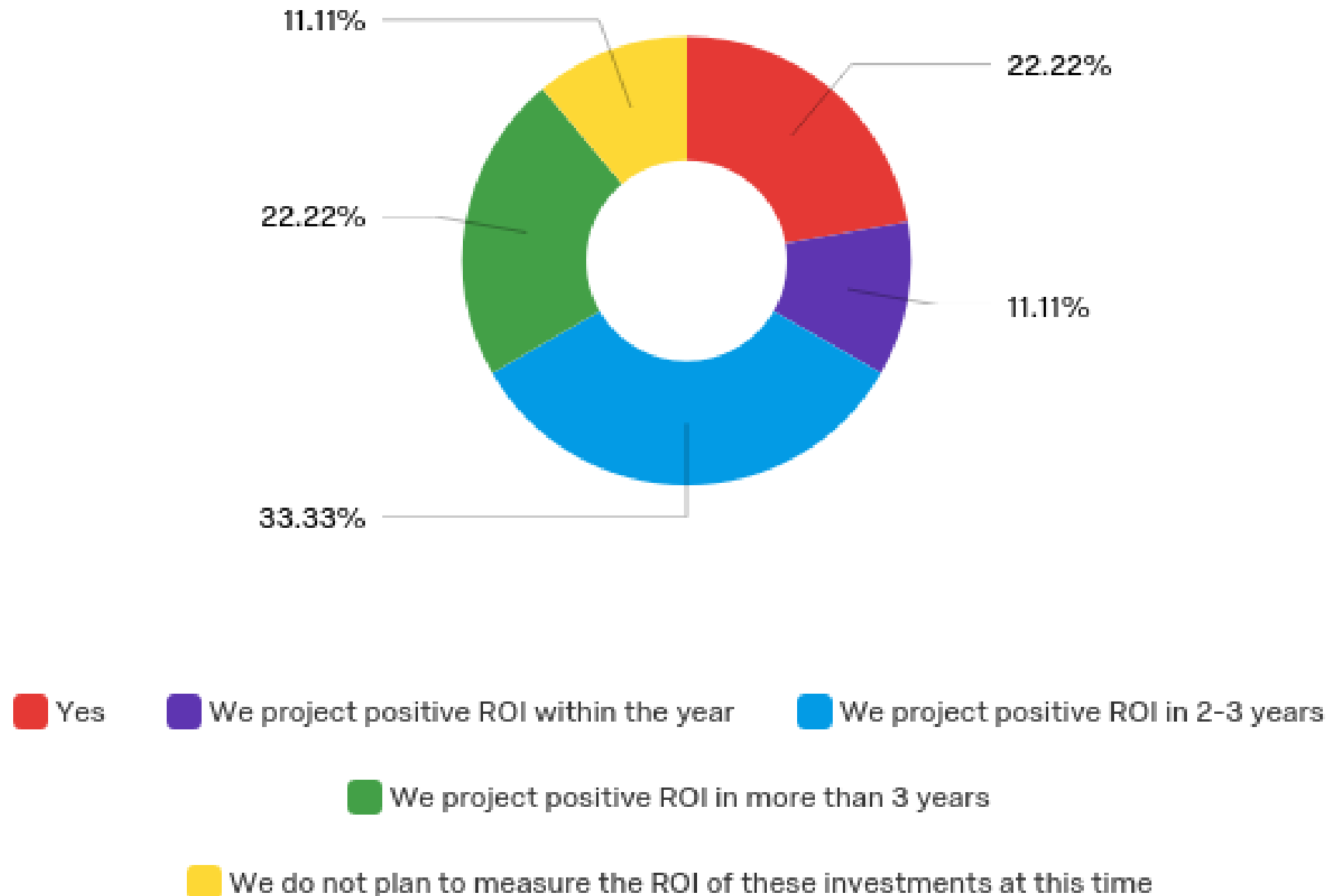
- ▶ Tactical Focus
 - * Contract specific



VALUE IS THE ELEPHANT IN THE ROOM



ROI REALIZED?



DOES ROI INCLUDE SUNK COSTS?

■ “Return? Yes. Paying for Itself? No”

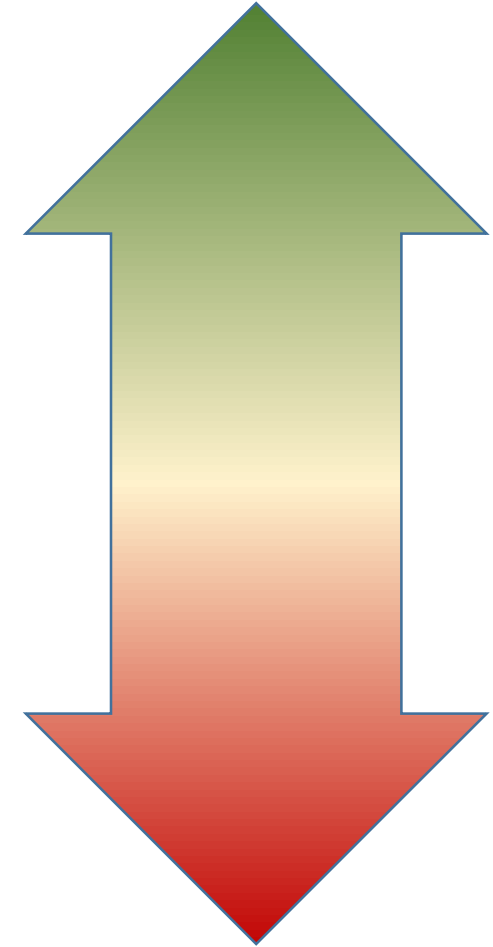
- ▶ Bonus Received
 - * Sense of accomplishment
- ▶ No One has Seen True ROI!
 - * But trending in right direction...

■ Challenge: Value is a Moving Target

- ▶ No Roadmap
 - * No consistent, repeatable way to track costs

■ Motivation to Continue?

- ▶ No Choice, VBC is Inevitable
- ▶ Imperative to Remain Competitive



KEY LEARNINGS

- Begin with Medicare Advantage
 - ▶ Lowest Barriers, Highest Growth
- Focus on Ambulatory, not Acute
- Leverage Registries Based on Utilization
 - ▶ Top 2-10% of High Utilizers
 - * Identify ability to self-manage
- Simplify Physician Burden
 - ▶ Standardize on Strictest Reasonable Measures
 - * Not all measures are reasonable!
 - ▶ Seek out Operational Efficiencies Alongside Program



WHAT TO EXPECT

■ Increasing Clouds

- ▶ PHM Becomes an IT-enabled Services Play
 - * Analytics as a Service, Network Design as a Service, etc.

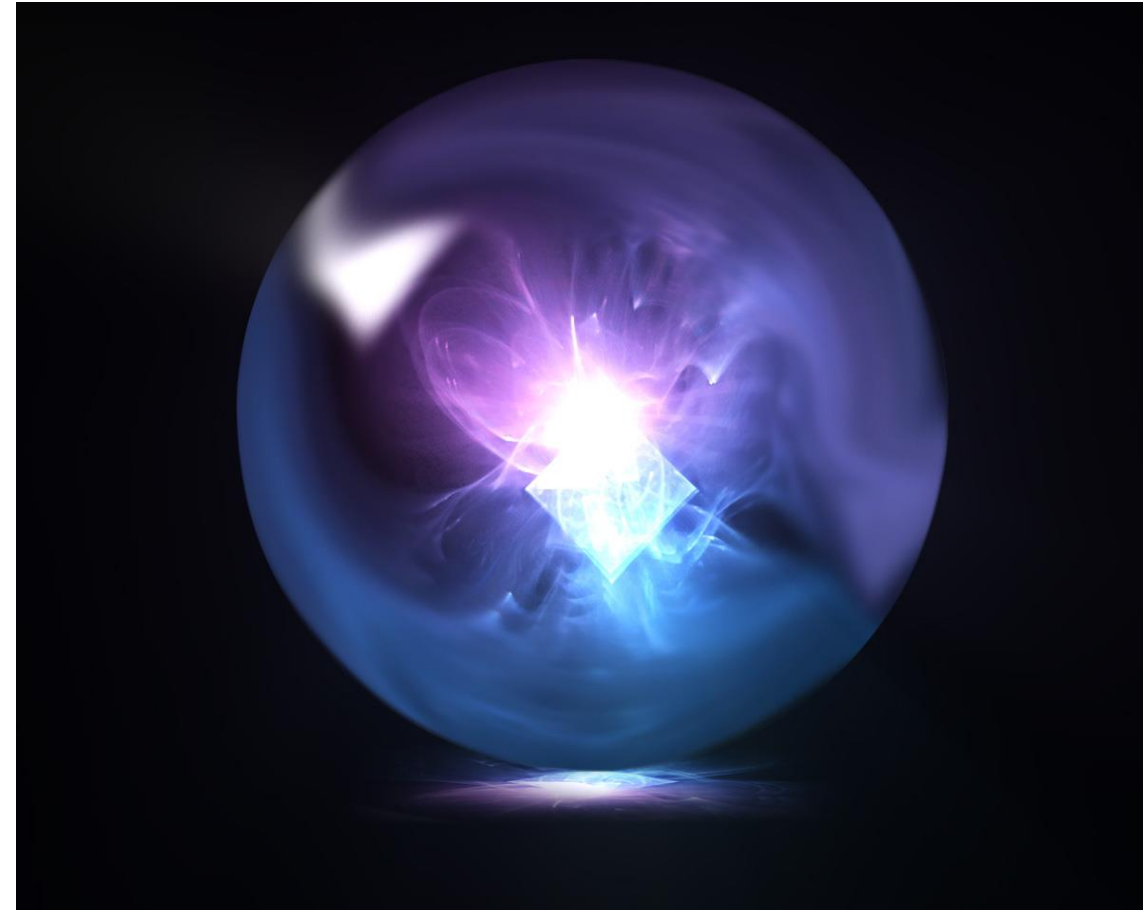
■ EHR Vendors Take Lion's Share Today

- ▶ In Workflow but Cannot Solve All Needs
 - * Extension into community poor

■ Vendor as Partner

■ ROI Remains Elusive

- ▶ Value Coalesces at Regional Level



CLOSING THOUGHTS

- Migration to VBC Accelerates
 - ▶ Few Fully Ready Today
 - ▶ Culture, Process, Leadership
 - * Specialist remain key challenge
- Smaller the HCO, Bigger the Challenges
 - ▶ Limited Resources
 - * Need "At-Risk" partner
 - * More Services
- Clean Data is the "Coin of the Realm"
 - ▶ VBC Necessitates a Data-Driven Enterprise
 - * Analytics specialists in short supply



***“We are only as good as the information
we have delivered at the point of
decision.”***

***- Dr. David Blumenthal
Former Director ONC***



One Beacon St., 15th Floor
Boston, MA 02108

www.ChilmarkResearch.com
john@chilmarkresearch.com