Exploring the State of Value-Based Care

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Rural Health Value

- A collaboration between the RUPRI Center at the University of Iowa and Stratis Health, funded by the Federal Office of Rural Health Policy
- To facilitate rural transitions from *volume-based* to *value-based* health care and payment.
- Rural Health Value's charge:
  - Develop tools and resources
  - Interpret health policy
  - Disseminate best practices
  - Provide direct technical assistance
  - Highlight rural experience and opportunity

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Overview

- Ensure shared context:
  - Value-based care and payment
  - Sustained progression of towards value-based models
- Describe potential strategies state agencies and organizations may employ to assist rural healthcare organizations deliver value-based care and receive value-based payment.

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What do we mean by "Value"

$$\text{Value} = \frac{\text{Quality*} + \text{Experience}}{\text{Cost}}$$

**Safe, Timely, Effective, Efficient, Equitable and Patient-centered*

*Six Domains of Healthcare Quality | (ahrq.gov)

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Value-based Care (VBC)
Care-delivery that incorporates a focus on ***quality and patient experience*** as well as improving ***efficiency*** and ***reducing potentially avoidable utilization*** (e.g., readmissions or non-urgent emergency department utilization).

Value-based Payment (VBP)
A method by which ***purchasers*** of health care (including government, employers, and consumers) and payers (public and private) ***hold the health care delivery system*** (physicians and other providers, clinics, hospitals) ***accountable*** for both ***quality and cost*** of care.

Value-based payment *rewards health care organizations for providing* ***value-based care*** *which includes keeping people healthy – and providing the right care, at the right time, in the right place.*

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The Road: Payment Models

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- **Starting line:** Fee-for-service (FFS)
- **Slow lane:** Incremental modifications with incentives (ex. quality scores)
- **Moderate lane:** Elements of restructuring health finance but leaves in place current FFS infrastructure (ex. ACO, shared savings)
- **Fast lane:** Blows past current structure to a total redesign of payment, aligned with quality measures (ex. global budget)

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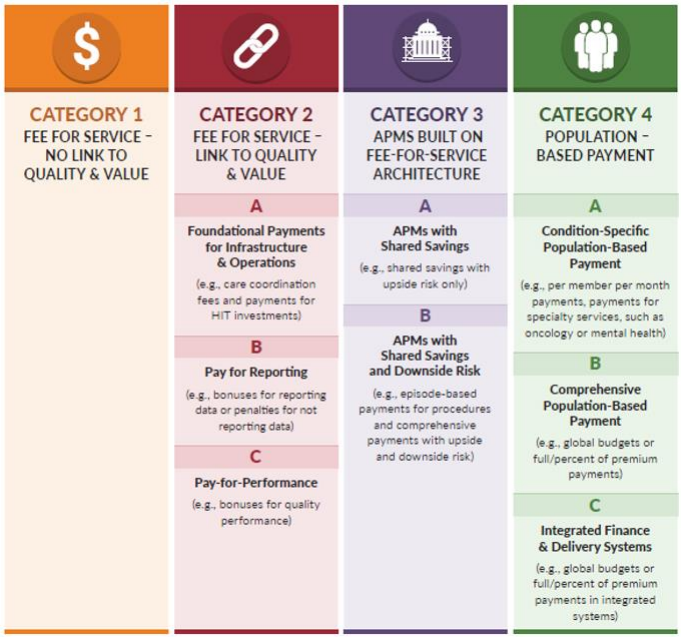
Health Care Payment Learning and Action Network (HCP LAN)

Alternative Payment Model Framework



Source: http://hcp-lan.org/workproducts/apm-framework-onepager.pdf

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Road Condition: Market Factors

- Growth in Medicare Advantage
  - Rural enrollment in Medicare Advantage plans has grown steadily to 43.7% nationally in 2023* (30% in South Dakota)
- State Medicaid Program Redesign
  - Managed Care
  - ACO and other value-type payment structures
- Commercial/Private Insurance
  - Variety of VBP incentives
  - Increasing costs/patient risk-sharing, narrow networks
- The shift to the fast lane is underway, but **road conditions matter:** different paces in different places and from different payers

*Source: Medicare Advantage Enrollment Update 2023 RUPRI Center for Health Policy Analysis.
State maps (county level) and data tables are available.

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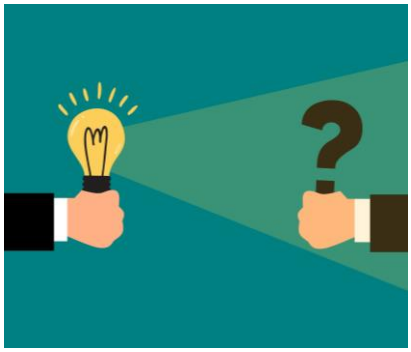
Why Should State Organizations and Leaders Care?

- CMS is setting a clear direction:
  - All Traditional Medicare beneficiaries to be in an accountable relationship by 2030. Vast majority Medicaid beneficiaries to be similarly engaged.
  - Expanded focus on multi-payer state-level models that may drive broader systemic transformation
- Fee-for-service payments will likely not keep up with rising healthcare costs.
- Rural healthcare organizations are participating in value-based care contracts, but often without the resources and experience to be as successful as urban!



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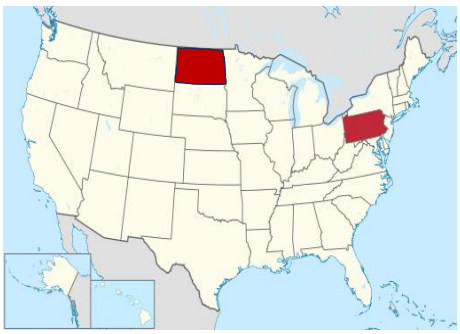
Rural Health Value State-Based Efforts

Rural Health Value — Understanding and Facilitating Rural Health Transformation

- The Rural Health Value team works not only at the federal level, but also at the state level.
- State-level engagements to advance value-based care and payment:
  - Pennsylvania (PA) with the Pennsylvania Rural Health Model (PARHM)
  - North Dakota (ND) with the University of North Dakota Center for Rural Health
- From these experiences, share strategies, intentions, and lessons learned to advance rural value-based care at the state level.



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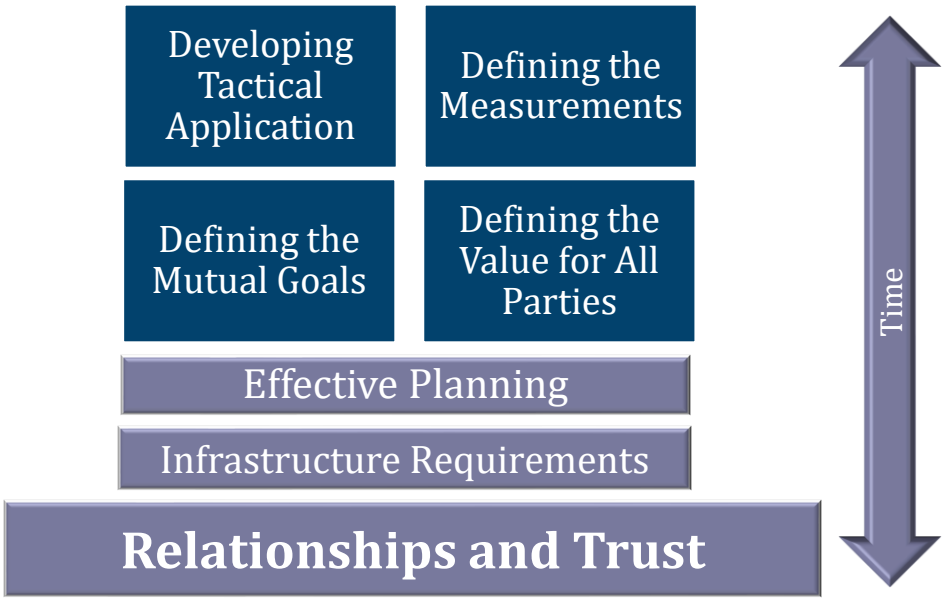
RURAL HEALTH REDESIGN CENTER

Rural Health Redesign Center | (rhrco.org)

Building Infrastructure for Value-Based Change



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Opportunity: Environmental Analysis

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Strategy

- Document state-wide or hospital service area demographics, health status, and healthcare services.

Intention

- Provide a data-driven informational base with which wise decisions can be made about healthcare resource allocation.

Lessons learned

- Too much data is paralyzing.
- Know your audience and select data for presentation that are relevant and actionable.

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Opportunity: State-Wide Education

Strategy

- Expand education regarding value-based care and payment to all interested persons and organizations in the state.

Intention

- Bring a basic understand of value-based care and payment concepts to persons and organizations who have been less engaged in value-based care discussions.

Lessons learned

- Unless value-based contracts are actively in play, healthcare leaders may be preoccupied with other issues.
- Need to make a clear case for relevance and priority.

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Opportunity: Value-Based Care Assessment

Strategy

- Assess individual healthcare organization's capacity to deliver value-based care in eight domains through an 80-question online tool.

Intention

- Help a healthcare organization understand where they are and prioritize activities to advance value-based care.

Lessons learned

- The assessment tool is best completed by the leadership team (not an individual).
- Action plans based on the results are key to making substantive change.

Value-Based Care Assessment Tool | RuralHealthValue.org

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Opportunity: Financial Analysis

Strategy

- Develop high-level pro forma for hospitals to assess the financial impact of status quo payment versus a value-based payment contract.

Intention

- Help hospital leaders understand financial-impact on their hospital of no reimbursement system change compared to value-based payment contracts.

Lessons learned

- The unfavorable and often unsustainable financial trend of the current payment system highlighted value-based payment as a new revenue opportunity.

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Opportunity: Transformation Planning

Strategy

- Develop SMART goals and action plans to reduce potentially avoidable utilization and/or improve community service for hospitals receiving a global budget as part of PA RHM.

Intention

- Assist hospitals explore and test opportunities to provide value-based care without negatively impacting revenue.

Lessons learned

- Getting out of a fee-for-service mindset can be challenging.
- Goal setting and action planning are not universally known.

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Opportunity: State Policy and Payer Partner Conversations

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<u>Strategy</u>

- Hold conversations with state policy makers and payers regarding the unique aspect of rural health care. Convene professional and trade association partners to increase understanding and align on shared messaging.

<u>Intention</u>

- Learn policy makers' and payers' priorities to help influence and advance unique rural and state-specific considerations when designing and implementing value-based care policies and payment systems.

<u>Lessons learned</u>

- Due to higher patient numbers and service volumes, urban is prioritized for value-based care innovation, making rural advocacy that much more important.

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State of VBC: PA and ND

PA Rural Health Model

- All 18 rural hospitals that joined the model have stayed engaged
- Consistency of payment method has helped improve financial stability for some participants
- Focus on transformation plans has supported decrease in potentially avoidable utilization, improvements in quality scores - recognition that global budget not fully sufficient to fund transformation activities

North Dakota

- In a state with few payers and many frontier hospitals, there was cautious interest and engagement in VBC and VBP, and the project propelled the development of a ND clinically integrated network
- Ongoing discussions with state policy leaders and payers

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Opportunities for Consideration

- **Environmental Analysis** – What is the current state of VBC in South Dakota and what key parties need to be involved
- **State Policy and Payer Partner Conversations** – Ensure awareness of rural environment, understand priorities, seek alignment
- **State-wide Education -** Common context and understanding is critical for engagement and to identify mutual value and goals
- **At the health care organization and community level**:
  - Assess: leadership, skills, infrastructure, finances
  - Action planning: identify SMART goals and work plans targeting key VBP strategies and engaging local partners

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www.ruralhealthvalue.org

Pulse Check

Rural system high performance

Value-Based Care Assessment - Assess capacity and capabilities to deliver value-based care. Receive an eight category readiness report.

Physician Engagement - Score current engagement and build effective relationships to create a shared vision for a successful future.

Board and Community Engagement - Hold value-based care discussions as part of strategic planning and performance measurement.

Social Determinants of Health - Learn and encourage rural leaders/care teams to address issues to improve their community's health.

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Don't judge each day by the harvest you reap but by the seeds that you plant.

- Robert Louis Stevenson

- (or William A. Ward?)

- Quote Investigator®

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