Healthcare Realignment: What It Means for You, Your Organization, and HFMA

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Realigning Is Erasing Traditional Healthcare Boundaries

Driven by demands for care transformation, the healthcare industry is realigning at an unprecedented pace.

The IHI Triple Aim

The Triple Aim framework was developed by the Institute for Healthcare Improvement in Cambridge, Mass. (www.ihi.org).
The Urge to Merge Is Strong

42% Senior financial execs who have entered into an acquisition or affiliation arrangement in the past 5 years

64% Interested in entering into an arrangement in the next few years

58% Cite cost efficiencies and economies of scale as the key driver for affiliations

57% Expect improvement in patient population data analytics across the organization as a result

Source: Based on a survey of HFMA’s senior financial executives conducted in Fall 2013. HFMA Value Project, 2014. Acquisition and Affiliation Strategies. hfma.org/valueproject
New Combinations Are Emerging

• Healthcare system & health plan
• Academic medical center & regional health system
• Health plan & multiple health systems [e.g., Vivity]
• Health system & large multispecialty physician group
• Multisystem collaborative
• Innovation company
Health Systems Are Acquiring Clinics, Physician Practices, & Digital Resources


- **2006-2010A**
  - 32% Hospital
  - 64% Non-Acute Provider (e.g., clinics, practices)
  - 1% Digital

- **2011-2014A**
  - 21% Hospital
  - 74% Non-Acute Provider (e.g., clinics, practices)
  - 1% Digital

- **2015-2018P**
  - 6% Hospital
  - 84% Non-Acute Provider (e.g., clinics, practices)
  - 8% Digital

Sources: Accenture Analysis and S&P Capital IQ
Realigning Around Value: A Fundamental Shift in Focus Is Needed
HFMA Guides the Value Transition
“Providers should compare ACO earnings not with what they could earn in today’s fee-for-service payment environment but with what they could expect to earn in the future if they didn’t participate in such alternative payment models.”

CMS Accelerates the Tipping Point

“…HHS goal of **30 percent** traditional FFS Medicare payment through alternative payment models by the end of 2016… **50 percent** by the end of 2018”

*HHS Press Office 1-26-15*
HFMA Convenes Stakeholders Around Payment Innovation

This event encourages physicians, payers, and providers to connect and learn about successful strategies to implement value-based payment arrangements with private and public sector payers.

hfma.org/npis
Where Is the Patient in All of This?

“The biggest changes are likely to come from reimagining the role of the patient—the single most underused person in health care.”

--David M. Cutler, Professor of Applied Economics, Harvard University.

I believe that alternative payment models that put the provider at risk for the quality and cost of patient care should:

1. Put full responsibility for patient outcomes on the provider

2. Split responsibility for patient outcomes between providers and patients by, for example, creating financial incentives that reward or penalize patients for decisions that affect their health or care outcomes

Source: HFMA Thought Leadership Retreat, Oct. 2015
But Patients Don’t Speak the Language of Health Insurance Today…

Figure 10

Consumers Needing Help Understanding Basic Insurance Concepts, 2015

Among your Program’s clients who considered or purchased QHPs, how many needed help understanding basic insurance terms, such as “deductible” or “in-network service”?

- Most 44%
- All or Nearly All 30%
- Some, but less than half 18%
- Few or None 5%
- Don’t Know 3%

NOTE: Data may not sum to 100% due to rounding.
SOURCE: Kaiser Family Foundation, 2015 Survey of Health Insurance Marketplace Assister Programs and Brokers, August 2015.
…and They May Not Identify with the Language of Value-Based Care Tomorrow

<table>
<thead>
<tr>
<th>We say…</th>
<th>Consumers said…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical home</td>
<td>“It sounds just like a nursing home.”</td>
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<tr>
<td></td>
<td>“First you go to the medical home, then you go to the funeral home.”</td>
</tr>
<tr>
<td>Integrated care</td>
<td>“It sounds like a sales pitch in a cheap brochure.”</td>
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<tr>
<td>Accountable</td>
<td>“It’s kind of scary. I am going to go there and something bad is going to happen and someone has to be held accountable for it.”</td>
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<tr>
<td>Value</td>
<td>“It means things are cost effective. They are going to keep the value down. You aren’t getting the best care.”</td>
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Action Plan for Building a Foundation for Patient Engagement

1. Educate consumers.
2. Improve the patient financial experience today.
3. Get consumer input as you prepare for value-based payment tomorrow.
1. Educate Consumers

- Describes how to request price estimates, step by step
- Clarifies what estimates may or may not include
- Explains in-network and out-of-network care
- Defines key terms
- Available for posting on your website at no charge
- *Hardcopies available for purchase in bulk at a nominal price through AHA’s online store: ahaonlinestore.org*

hfma.org/dollars
2. Take the Hassle Out of the Experience

Hassle Map: Elective Surgery for an Insured Patient

Get a referral to a surgeon

Find out if the surgeon, anesthesiologist, pathologist, and radiologist are in your network

Find out if the hospital is in your network

Call to get a preauthorization from your health plan (or realize later that you forgot)

Figure out where your out-of-pocket costs for pre-op tests will be lowest (or don’t think about this until you get the bill)

Find out how much the operation will cost you out-of-pocket (or hold your breath until the bill comes)

Worry about whether you will have to pay anything in advance, and if so, how much

Have the surgery

Spend a month dreading getting the final bill in the mail

Source: Based on the hassle-map construct developed by Slywotzky (2011).
Be Transparent About Out-of-Pocket Prices

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8. Have the surgery
9. Spend a month dreading getting the final bill in the mail

Source: Based on the hassle-map construct developed by Slywotzky (2011).
Few Use Health Plan Transparency Tools

Source: Catalyst for Payment Reform, 2013 National Scorecard on Payment Reform
What Patients May Hear When They Ask Their Doctor’s Office for an Estimate

The price depends on what the doctor finds during the exam.

You’ll need to give us the CPT code before we can give you an estimate.

Please hold and I’ll transfer you.

You also need to contact the hospital and the anesthesiologist but I don’t have those phone numbers.

Current State of Health Care - 2016
Call Light Response Times

Trigger: Patient pushes call lights
Human Enters Room: Immediately
Completed: Staff member physically enters the room.

Average call light wait time: 50 minutes
Look for Ways to Fix the Hassle Map Across Care Settings and Over Time

Example of Incremental Improvements

- Inform patients that follow-up care is billed separately
- Provide price estimates for follow-up care
- Integrate billing for standard follow-up care into billing for a clinical episode
Train Front-end Staff for Expanded Roles

- No longer a purely transactional role
- “Soft skills” and communication skills are key
- The patient’s financial experience is in their hands

hfma.org/dollars
Demonstrate Your Commitment to Your Community

- Adopters to date include:
  - Duke University Hospital
  - Geisinger Health System
  - MetroHealth System of Cleveland
  - St. Luke’s Health System (Kansas City)
  - UAB Medicine

- Recognition demonstrates commitment to best practices in patient financial communications

- Based on HFMA review of an application and supporting documentation

- All provider organizations may apply. Recognition valid for two years

hfma.org/dollars
It Takes Collaboration

• **Health plans** should serve as the principal source of price information for their members.
  – They need provider agreement to do so.

• **Providers** should be the principal source of information for uninsured patients and out-of-network care.

• **Referring physicians and other clinicians** should use price information to benefit patients.

Physician Groups Are Now on Board with Price Transparency

“We suggest that medical centers take the following steps to promote cost transparency and to train physicians and patients how to have open discussions about costs and the risks of financial harm:

• **Provide medical professionals and patients with local cost information about tests, procedures, and medications.**

• **Publicize Hospital Compare data on costs and quality.**

• **Increase monitoring of patients who are at high risk for financial harms…”**
But Physician Attitudes Vary

“One of our senior physicians told a patient, ‘Don’t worry about what they tell you it’s going to cost. You don’t have to pay it.’”

--HFMA focus group participant, October 2015

“Transparency, when used responsibly, is a good thing. To rein in the high cost of healthcare and eventually make doctors better healthcare providers, transparency is likely a necessary thing.”

3. Get Consumer Input on Value-Based Payment

- Provide opportunities for active, in-person interaction with organizational decision-makers.

- Offer a “ladder of engagement”—a pathway for consumers to participate in increasingly active roles within the organization.
  - e.g., move from focus group participant to advisory board member to serving on the board of directors

- Develop a representative recruitment process that represents the diversity of consumer views and identifies individuals who are interested in using their personal experiences to create broader system improvements.

- Designate specific organizational resources to be used to support consumer input structures.

  - Source: Community Catalyst, Best Practices for Meaningful Consumer Input in New Health Care Delivery Models, communitycatalyst.org
My organization:

1. Actively and sincerely solicits patient input on both clinical and operational processes through formal structures (e.g., patient advisory council)

2. Welcomes patients’ feedback on their experience, but has no formal structures for receiving this input (beyond HCAHPS)

3. Does not effectively seek patient input

Source: HFMA Thought Leadership Retreat, October 2015
Short Term: Three Steps to Take Now

• Resolve to improve consumers’ financial experience in 2016.
  – Ask consumers…
  – Do a “walk-through” of your processes.
  – Engage a patient advisory panel.

• Do price transparency NOW!

• Ask consumers for feedback on the financial services page of your website.

• Check out the resources at hfma.org/dollars
  – Route information about the Patient Financial Communications Training Program and Adopter Program to the right people.
  – Start assessing how your organization’s practices measure up to consensus-based best practices.
Long Term: Improve the Financial Experience for a Care Episode

• Clinical episodes are being redefined to extend across care settings and over time.

• As a long-term goal, financial episodes should mirror clinical episodes.

• This will require a new level of collaboration and coordination among all stakeholders—including consumers.

• Treat consumers as...CONSUMERS!
Align Around Shared Goals

- Transparency—to enable better healthcare decisions
- Patient Engagement—to help ensure success of new care delivery models
- Population Health Management
- High-Value Health System
Logic will get you from A to B. Imagination will take you everywhere.

--Albert Einstein