

Encounter-Based Strategies to Population-Based Strategies

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Forces Motivating Change

- “Form follows finance”
- Commercial insurance changing, and employer plans changing
- Medicare changes are dramatic and could be more so
- Medicaid changes spreading



Commercial Insurance and Employers

- Value-based insurance design to steer utilization: wellness, disease management, medication management
- Payment methodologies shifting to value-driven, at least in part
- Employers seeking deals, including national employers such as Walmart and Lowes



Medicare Payment Changes

- Uncertain future (at best) for cost-based reimbursement
- Demonstrations of new methods, including bundled payment, shared savings
- Value-based purchasing across provider types
- Includes non-payment for certain situations



Medicaid

- ACO development being seen as an answer to cost of current and expanded program
- Reduced payments in systems based on pay for service
- Other innovations to reduce cost such as primary care case management, divert from emergency rooms



Concluding discussion of payment change with reminders of reality

- Payment per event will moderate
- Tolerance for services of questionable use will diminish
- Systems will form and spread
- Multiple payers moving in similar directions, opportunities to influence should be captured and exploited
- Future is in *health improvement* for population served (community)

Convincing Evidence

- Change is underway (not just “coming”)
- Driven largely by needs to refinance
- But also involving reorganizing to meet quality objectives
- Respond to change or lead change but **CHANGE**



All About Value

- Value will determine payment, initially partial eventually all
- Responding to those changes
- Value will take on a new meaning beyond the hospital/clinic walls



A Continuum of Value Strategies

- 12 strategies, but order and timelines will vary
- A *continuous* transformation



1. Get Your FFS House in Order

Attention to

- Market share
- Expense management
- Revenue cycle
- PQRS/Meaningful Use
- Payer contracts
- Purchasing contracts
- Inventory management
- *Appropriate volumes*



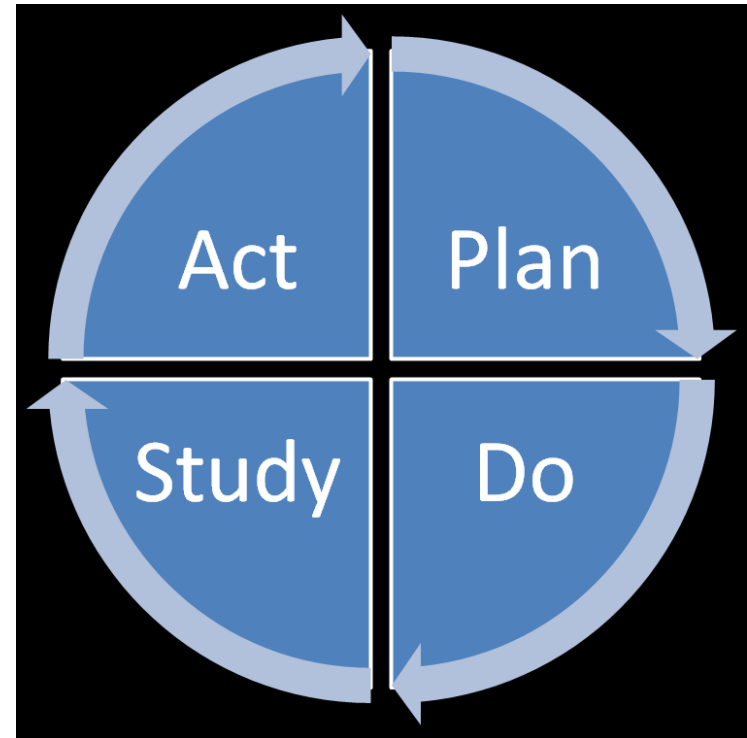
2. Measure, Report, and Act

- Measure and report performance
 - We attend to what we measure
 - *Attention* is the currency of leadership
- Tell the performance story
 - Data → information → insight
- When possible, control the data
 - Market share – who's leaving and why
 - Our costs to payers, and our competitor's costs



3. Prioritize Improvement

- Clinical quality, patient safety, and the patient experience
 - Expectation: “Always above the mean. Always improving.”
- Leadership priority
 - Every meeting
 - Charts, not spreadsheets
 - Un-blind the data!
- Quality/safety performance
 - ACOs – 33 outpatient measures
 - Hospitals – Hospital Compare



4. Improve Operations Efficiency

Lean

- ❑ Removes Waste
- ❑ Increases Speed
- ❑ Removes non-value added process steps
- ❑ Fixes connections between process steps
- ❑ Focuses on the customer

Speed

Six Sigma

- ❑ Reduces Variation
- ❑ Improves Quality
- ❑ Reduces variation at each remaining step
- ❑ Optimizes remaining process steps
- ❑ Focuses on the customer

Accuracy

+

=

Better
Delivery

Better
Quality

Satisfied
Employees

Satisfied
Customers



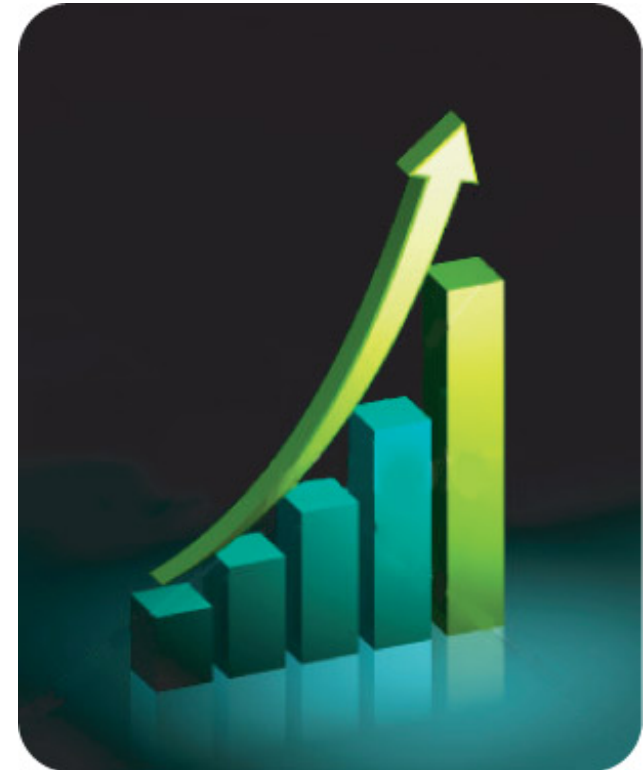
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ProgressivEdge

Resource: Jay Arthur. *Lean Six Sigma for Hospitals: Simple Steps to Fast, Affordable, and Flawless Healthcare*. 2011

5. Get Paid for Quality

- Aggressively apply for value-based demonstrations and grants
- Negotiate with third party insurers to pay for quality
- Consider self-pay and employees first for care management



6. Engage Medical Staff *Deeply*

- Educate, mentor, and engage physician leaders
- Include physicians in key governance decision-making
- Offer rewarding, yet reasonable salary



7. Develop Medical Homes

Patient-centered medical homes are primary care practices that offer around-the-clock access to coordinated care and a team of providers that values patients' needs.

- **Access and communication**
- **Coordination of care**
- **Patient and family involvement**
- **Clinical information systems**
- **Revised payment systems**
- www.TransforMed.com



Sources: Commonwealth Fund and 2007 Joint Principles of Patient-Centered Medical Homes.

8. Cultivate New Skills

- New skills required
 - We are *comprehensivists*
 - Data analytics
 - Quality improvement
 - Cost management
 - Team management – “leader” need not be a physician



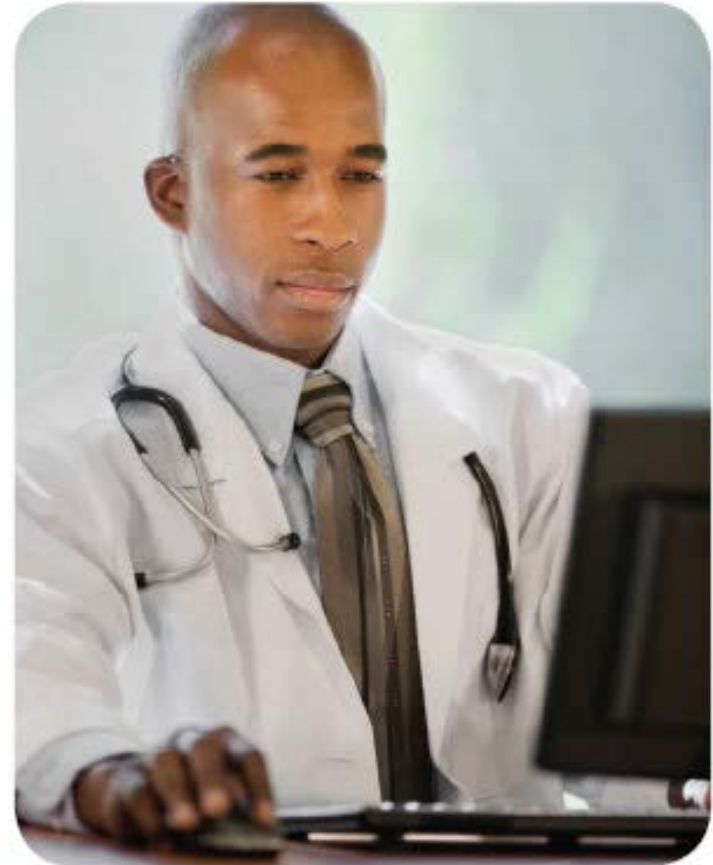
9. Coordinate Care

- Supports provider care plans
- Supports patients with frequent contact
- Helps patients prepare for office visits
- Identifies high-risk patients
- Develops disease registries
- Monitors reminder systems
- Provides patient education
- Coordinates care and transitions
- The go-to person to connect the dots



10. Refer Based On Value

- Who provides the best care to your patients?
 - How do you know?
- Who provides the best value to your patients?
 - How do you know?
- What kind of care do you want your mom to have?
- Referral hospitals and specialists should earn our referrals



11. Consider Regionalization

- Act locally; think regionally
- Economies of scale may demand a contracted cottage industry
- Goal: To care for populations expertly, efficiently, equitably



Resource: Lupica and Geffner. Enlightened Interdependence. *Trustee*. November/December 2012.

12. Engage Your Community

- What is available locally to improve health care **value**?
 - Public Health
 - Social Service
 - Agency on Aging
 - Community health workers
 - Care transition programs
 - Churches and foundations
- Do not duplicate!
 - Collaborations are less expensive than new clinic/hospital services – and build good will
- Do what's *right*



Lessons from Hospitals in Healthiest Counties

- Dansville, NY: “change from thinking about the care that is given while the patient is within our walls to thinking about the care of the patient outside our walls”
- Dansville: “We no longer see ourselves as a standalone organization, but rather as part of the region’s broader healthcare ecosystem”

Lessons from Hospitals in Healthiest Counties

- Oakland CA: “just as our focus on total health—integration, prevention, and empowerment—drives internal planning for our members, it also drives planning for improving the health of our community”
- Oakland CA: “we work closely with the county and state public health departments, reviewing various sets of data, including mortality and morbidity data, as well as substance abuse, drinking, and tobacco consumption figures”

Lessons from Hospitals in Healthiest Counties

- **Raleigh, NC: “a physician-led effort in partnership with the hospital to provide integrated, patient-centered care. This means coordination of care, more involvement in prevention as well as a more active role in helping people manager their overall health outside of the healthcare setting.”**

Source: Rizzo E (2014) Population Health Lessons From Hospitals in the U.S.' Healthiest Counties: 3 CEOs Share Successes. *Becker's Hospital Review*. June 2.

Other Innovations

- Chief Medical Financial Officer in Banner General Hospital in Sandpoint, Idaho (CAH)
- Chief Patient Experience Officer named at Johns Hopkins Medicine
- All about value for the patient/customer

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