AHA CENTER FOR HEALTH INNOVATION | MARKET SCAN

02.18.20 The Latest Developments Driving the Transformation of Care

THIS WEEK

Hospitals make progress on value-based payment models

Payers and providers don't always move at the same pace or have the same priorities when it comes to transforming health care. And if results from a new national survey are any indication, payers and providers are on somewhat divergent paths on key issues like embracing value-based care payment models and how they see their roles in meeting rising consumer expectations.

The 2020 Industry Pulse Report from Change Healthcare, a technology company that provides data and analytics solutions to improve clinical and financial outcomes, found payers were far more likely than providers to have migrated to value-based care strategies. The survey drew from a sample of 445 respondents — health care payers, providers and third-party vendor organizations — but illustrates some key issues about work remaining on these important issues.

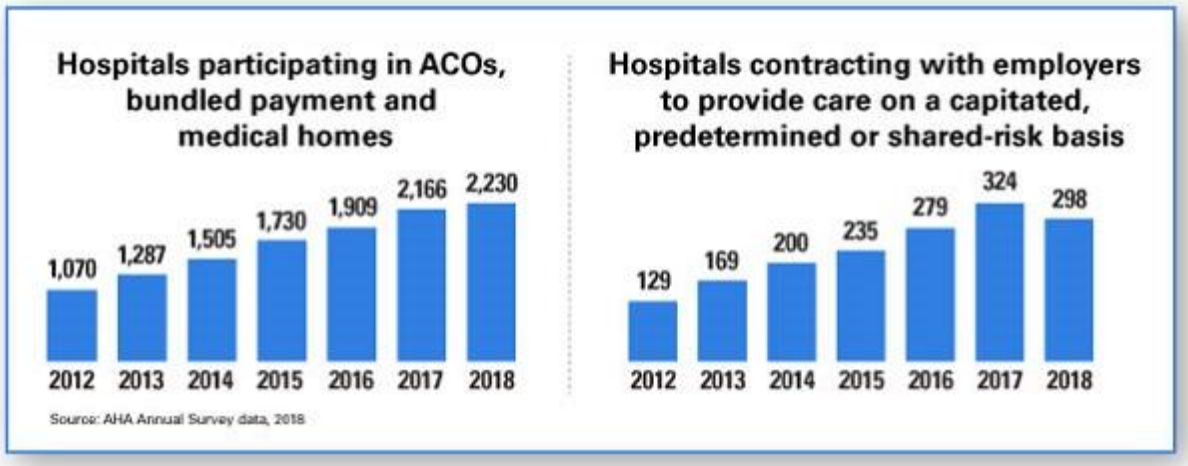
For instance, 62% of payers and 43% of providers say they are participating in alternative payment models linked to quality. Payers also are far more likely to report full capitation use — 9% vs. only 2% of providers. The parties also don't align on whether payers should standardize

cost and quality data to orchestrate high-value care, with providers nearly twice as likely to support this notion as payers.

Further illustrating the divide on value-based care adoption, 43% of providers say they derive less than 10% of their revenue from these payment models vs. 21% of payers. As for what's hindering progress in this area, providers and payers see things differently. Providers are far more likely to cite unclear or conflicting performance measures and regulatory/political uncertainty as an impediment to value-based care while payers are significantly more likely to cite their lack of or limited IT infrastructure.

Priya Bathija, vice president of the AHA's Value Initiative, says the Change Healthcare survey data don't adequately reflect the level of progress provider organizations are making in embracing value-based care models.

"AHA's Annual Survey data [based on a far larger sample size] show that a higher percentage of providers are participating in alternative payment models," Bathija says. AHA Annual Survey data for 2018 show that 53% of community hospitals participate in an ACO. "The number of hospitals participating in accountable care organizations, bundled payment programs or medical homes has increased steadily since 2012. In addition, more hospitals are taking on risk in a number of ways," she adds.



For example, more hospitals are contracting directly with employers to provide care on a capitated, predetermined or shared-risk basis. In addition, an increasing number of hospitals are contracting with commercial payers to connect payment to performance on quality or safety metrics, Bathija says.

In addition to the barriers noted in the Change Healthcare survey, Bathija says that providers need to build cultures that support value-based care delivery and ultimately the move to value-based payment models. Examples include providing a climate that promotes delivery of high-quality care at a lower cost for patients, and discussing value with hospital and health system board members, patients and families.

Providers and payers are similarly on different tracks regarding how they're responding to the consumerization of health care. Payers are more likely to have robust consumer-centric strategies, survey data show.

While a small minority of providers (18%) and payers (24%) report having a consumer-centric strategy in place, 14% of providers report having no strategy and 34% say their strategy is in its earliest stages. In comparison, all payer respondents say they either have a consumer-centric strategy in place or have one in development.

Providers and payers also are sharply divided on which group is more suited to provide consumers with cost and quality data. Nearly three quarters of payers feel they are better positioned to provide this information, especially in sharing government-driven ratings, while 42% of providers believe they are better positioned in this area, particularly when it comes to patient satisfaction scores and consumer reviews. The divide was much narrower on health outcomes data, with 49% of providers and 42% of payers saying they are more likely to deliver this information to consumers.

WHAT'S BEHIND HUMANA'S EXPANDING INVESTMENTS IN SENIOR-FOCUSED CLINICS?

If you continue building, will they still come? In a nutshell, that's what some analysts wanted Humana Inc. President and CEO Bruce Broussard to answer on a recent earnings call regarding his company's $600 million joint venture with private equity firm Welsh, Carson, Anderson & Stowe to help finance building 50 more Humana Partners in Care clinics over the next three years.

The new primary care clinics, which will cater to Medicaid patients, will further add to Humana's presence in the health care market. Humana now operates 262 clinics directly or indirectly through joint ventures and partnerships — and serves about 250,000 Medicare Advantage patients through these facilities, MedCity News reports.

Broussard says this care model has been effective with patients and physicians for some time and that there remains an opportunity to serve seniors better with these types of facilities. He acknowledges that these clinics lose money in the first few years but earn a solid return on investment over time. Humana expects to see a benefit from the clinics early on from the insurance side of its business, as more members shift to value-based care. To up its chances for success, Humana looks to place the new clinics in communities that don't have primary care or a hospital nearby.

MAKE BEHAVIORAL HEALTH MORE ACCESSIBLE: ARE YOU UP FOR THE CHALLENGE?

One in five American adults live with a behavioral disorder. Roughly half of these people don't receive treatment. So, what should the health care field do to improve access and affordability?

The 2020 AHA Innovation Challenge aims to disrupt behavioral health care, inspire new strategies and test bold ideas that will make it easier for people living with psychiatric or substance-use disorders to obtain and afford better treatment, shatter the stigma commonly

associated with behavioral health conditions and change lives for the better.

Sponsored by First American Healthcare Finance and open to all AHA members and their partners, the challenge will be judged on the following criteria: increase access, reduce costs and improve health outcomes. Applications must be submitted by May 15. The top three proposals will receive $100,000, $25,000 and $15,000, respectively, to bring their ideas to life. Award recipients will be honored at the AHA Leadership Summit July 19-21 in San Diego.

To learn more about submission requirements and to access the application form, visit the 2020 AHA Innovation Challenge website.

We want to hear from you! Please send your feedback to Bob Kehoe at rkehoe@aha.org.

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