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Risky Business:

What Every CFO Should Know Before Taking On Risk

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Presenter

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A Quick Primer on Value Based Care

Value Based Care

Is a system in which reimbursement is driven by quality of care and patient outcomes.

It is…

Not driven by volume, use, or "heads in beds"

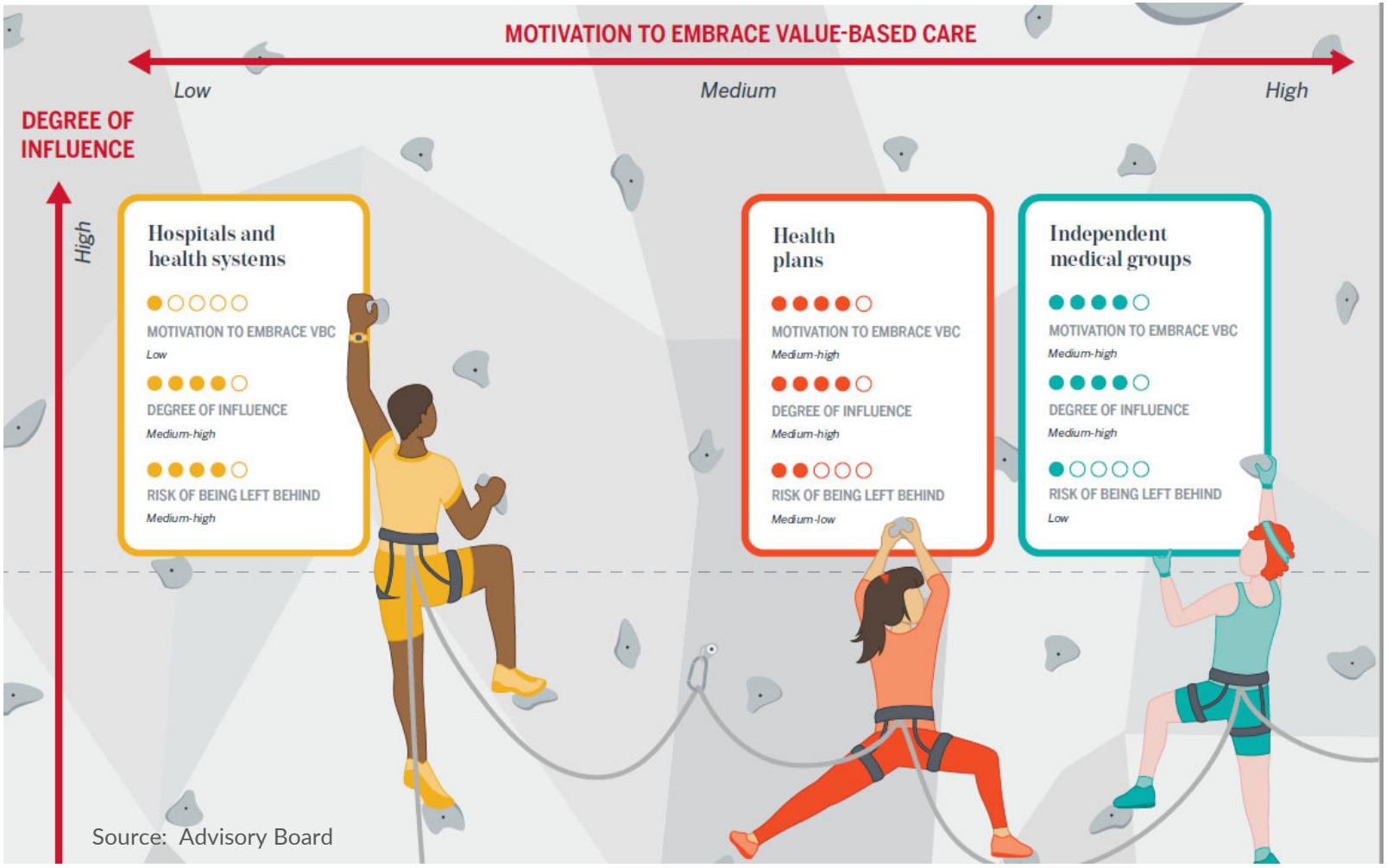
About full continuum performance

Focused on Prevention

Payment is based on expected cost of care

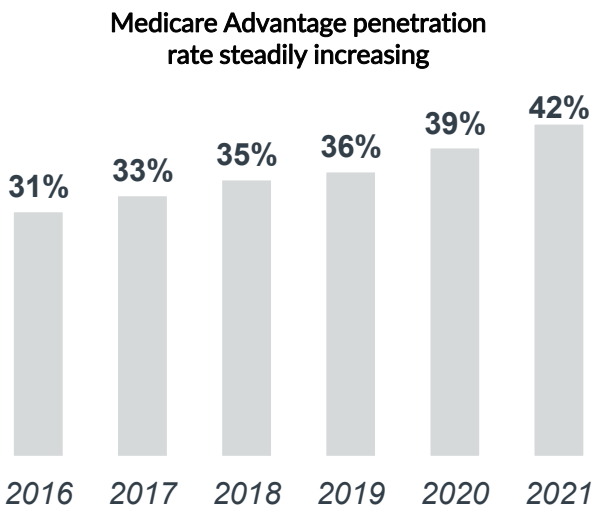
Value Based Care is ***Risk Based Care***

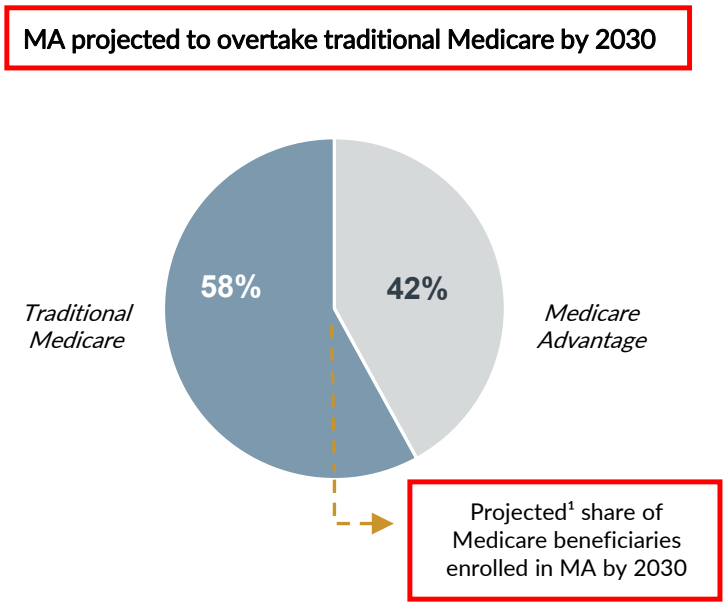
The Climb to Value Based Care



Source: Advisory Board

Why Make the Climb?



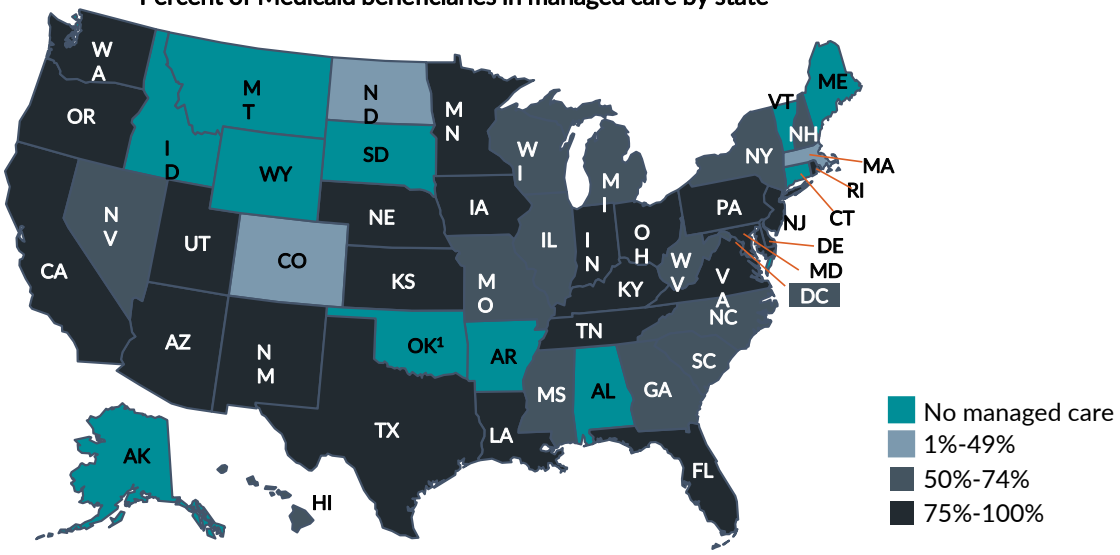


Source: Advisory Board

Source: Freed M, Damino A, Neuman T, " A Dozen Facts About Medicare Advantage in 2020," KFF, April 2020; Jacobson G, Freed M, Damico A, Neuman T, "Medicare Advantage 2020 Spotlight: First Look" KFF, October 2019; Freed M, et al., "Medicare Advantage in 2021: Enrollment Update and Key Trends", KFF, June 2021; "Health Care Spending and the Medicare Program, Medpac, July 2020.

Climbing Further…

Percent of Medicaid beneficiaries in managed care by state



As of July 2021, Oklahoma shift to managed care on hold after state's Supreme Court ruling overturning MCO contracts.

As of December 2020.

61 million

Medicaid beneficiaries enrolled in managed care plans[2]

69%

Of Medicaid members are enrolled in managed care nationally

Source: Advisory Board

Sources: Hoban R, "NC Medicaid switches to managed care, patients and providers wait to see how it will play out," North Carolina Health News, July 2021; Hoberock B, "Fate of Medicaid privatized managed care uncertain after Oklahoma Supreme Court ruling," Tulsa World, June 2021; "November 2020 Medicaid & CHIP Enrollment Data Highlights," Centers for Medicare and Medicaid Services (CMS), April 2021; "Total Medicaid MCOs," Kaiser Family Foundation, July 2018.

The “Nuts and Bolts” of Value and Risk Based Reimbursement

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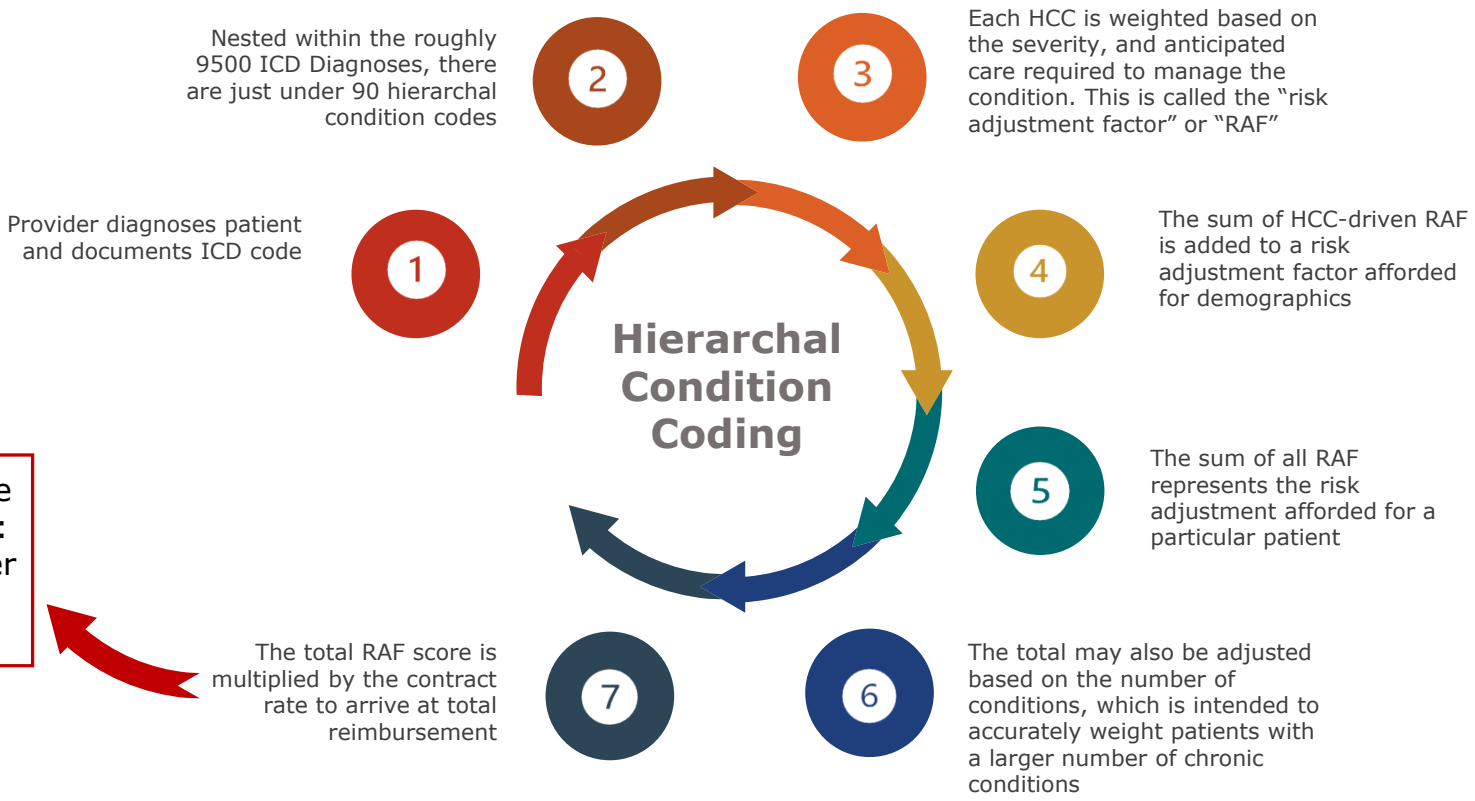
Risk Reimbursement at a High Level

- Foundational Premise: Patient and/or Procedural volumes do not drive reimbursement
- Payment is made for the *expected* cost of care per member per month ("pmpm")
- *Expected* cost of care is risk adjusted using Hierarchal Condition Codes (HCC's) based on specific patient conditions and basic demographic profile
- The calculation of the patient's weighted disease specific risk is called the risk adjustment factor (RAF)
- In simplest form, RAF is multiplied by the payment rate to arrive at the reimbursement

Hierarchal Condition Coding



Average Value of 0.1 of RAF: **$70-$150** per member per month

Making a diagnosis is not enough to claim the HCC
You must document a plan for management

Monitor signs and symptoms, disease progression, further regression, etc.

Evaluate tests and diagnostics, effectivity of meds or therapies prescribed, and overall response to treatment

Assess by ordering tests, evaluations, diagnostics, or records

Treat with medications, therapies or other treatment

A Tale of Two Clinics…

Clinic A

Condition	Risk Adjustment Factor (RAF)
78 year old male living in community	0.460
Height/weight: 217 pounds. No BMI calculated, "obese"	0
Diabetes with Circulatory Impairment	0.302
Multiple late-stage wounds on right foot, documentation shows "pressure ulcer"	0
Congestive Heart Failure	0.331
No assessment of psychosocial condition	0
Total RAF	1.093
Sample Medicare Advantage Payment	$14,776 annually

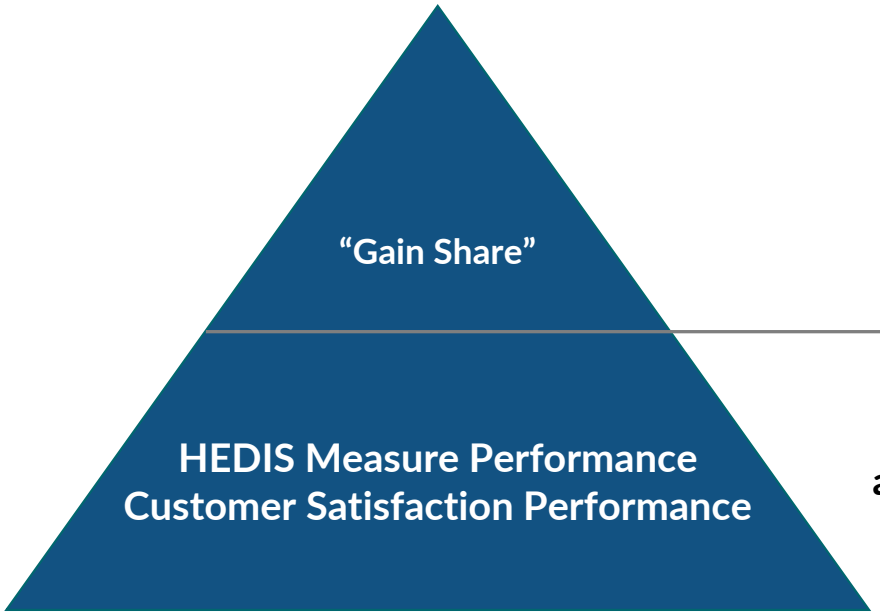
Clinic B

Condition	Risk Adjustment Factor (RAF)
78 year old male living in community	0.460
Height/weight: "5 feet tall, 217 pounds, BMI 41"	0.250
Diabetes with Circulatory Impairment	0.302
Multiple chronic late-stage wounds on right foot, staged and documented individually	0.515
Congestive Heart Failure	0.331
Major Depression as a result of condition impact (PHQ-9)	0.309
Total RAF	2.167
Sample Medicare Advantage Payment	$28,548 annually

+$13,772 as a result of value based operational focus

** Sample simplified for exemplar purposes only, using 2020 risk adjustment modeling and exemplar payment rate.

Payment on a Risk Platform

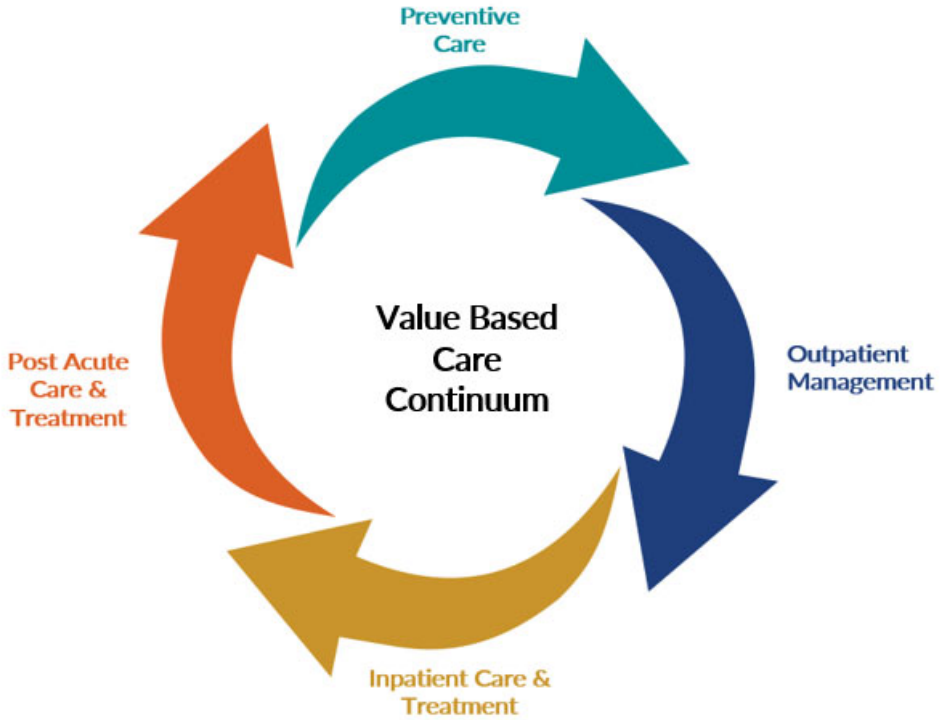


Total Cost of Care against Expected Cost of Care

Gain/share is often contingent on achievement of at least a 4 star rating on foundational quality measures

Winning or Losing in Value and Risk Based Agreements: The Must Haves

You Must Know and Leverage the Full Continuum



Providers Must be “All In”

Providers Must

- Understand (in detail) how it works
- Believe in the value
- Help drive the evidence-based care behind it

Primary Care Operations Must Run Efficiently

Visit capacity optimized: Must see the right patients at the right frequency to identify and manage conditions

Top of License: Every member of the staff plays a role in risk capture and condition management

Visit Outcomes: Operational protocols must support evidence-based care pathways to capture and manage risk

Electronic Health Record Optimized: Your record must support the protocols and the documentation for RAF capture

Everyone in the office must understand RAF and why it is important to care and reimbursement

Measuring Ambulatory Efficiency

Visit Capacity & Scheduling

- Annual Wellness Visits Completed (%)
- Call Time to Visit
- No Show/Cancel Rate

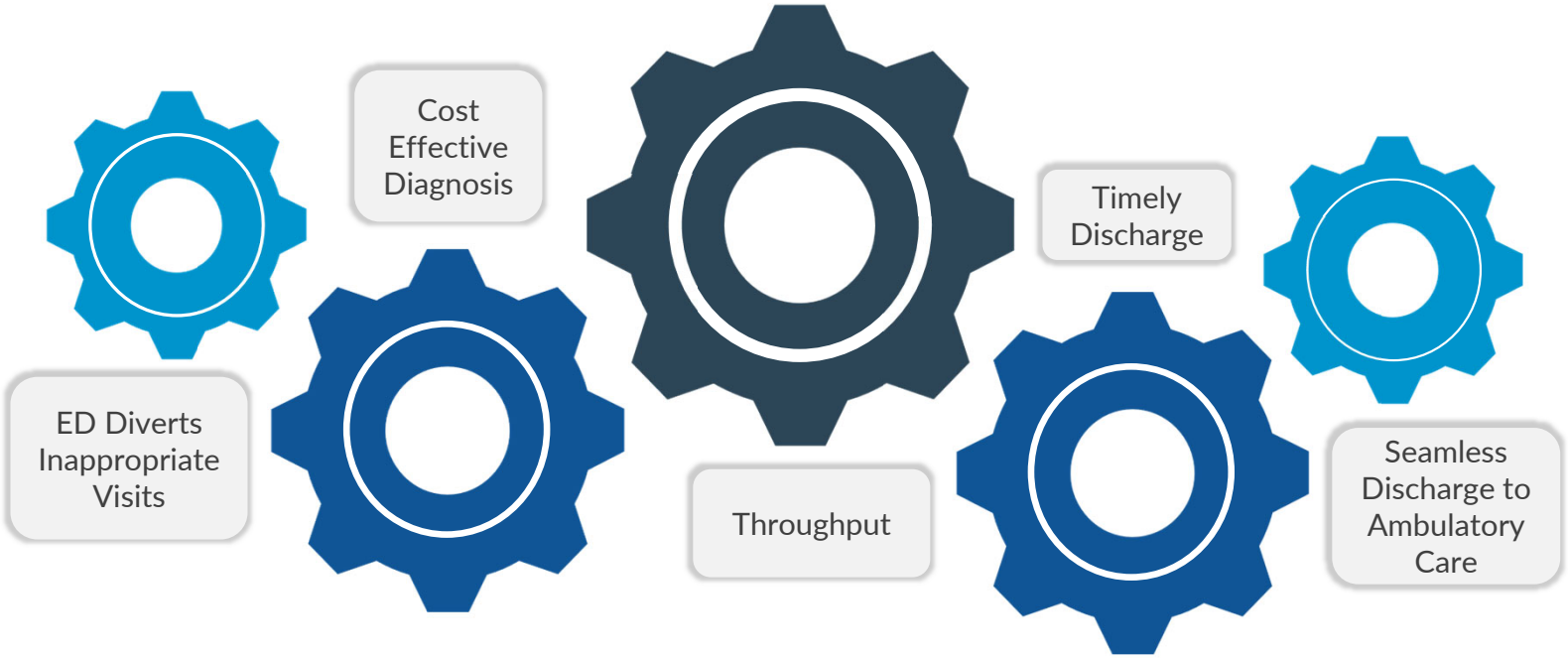
HCC Capture and Accuracy

- Coding Accuracy
- HCC Capture v. Benchmarks
- HEDIS measures

Chronic Condition Management

- Monthly Interactions
- ED Utilization Rate
- Acute Utilization Rate
- Med Adherence Rates

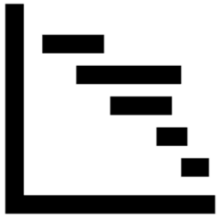
Acute Care Must Run on Value



Analytics Must Support The Enterprise

You can't afford to have a bad day and learn about it months later

Analytics staff must understand value based care and the operations that support it



If you can't produce analytics to the provider level on a monthly basis (ideally a weekly basis), you need an overhaul


Efficiency is doing things right.
Effectiveness is doing the right things.
-Peter Drucker

Q&A

Contact your presenter

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Thank you for attending