



Advancing Community and Population Health Strategies

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Every aspect of the healthcare industry is now witnessing a tremendous demand for value-based care delivery—care that simultaneously delivers high quality and cost efficiency. The driver of this demand is the largest payer of all, i.e., the Centers for Medicare and Medicaid Services (CMS), which is rolling out a value-based payment model for physicians directed by the Medicare Access and CHIP Reauthorization Act (MACRA) legislation of 2015 and 32 new bundled payments for services ranging from orthopedics to cardiology.

Regardless of whether you refer to this movement as a shift toward value-based care, accountable care, or population health management, subsidiary board members who oversee children’s hospitals, hospice programs, clinically integrated networks, and other provider organizations need to know how this dramatic change will affect the work that they manage. Subsidiary boards especially need to be able to answer the following questions:

1. **How does your organization contribute to a care model that consistently delivers higher value (defined as quality per unit of cost) to the patients served?** For instance, if you are a board member at a children’s hospital, you might consider if there is a well-designed set of evidence-based care guidelines around common childhood diseases (e.g., asthma, autism, or type 1 diabetes). Do these guidelines describe care across the continuum that is well-coordinated so that patients seamlessly traverse the system in a way that reliably produces high quality and low cost?
2. **Is your hospital organized to operate successfully under new value-based payment (VBP) models (e.g., bundles, pay-for-performance, or shared savings programs)?** As the industry slowly moves from a fee-for-service to a fee-for-value model, the name of the game will be to capture the largest market share of VBP agreements in the local marketplace.

Key Board Takeaways

The healthcare industry is moving rapidly from a volume-based to a value-based business model. This will have significant ramifications for subsidiary board members overseeing these healthcare organizations. Subsidiary boards should:

1. Realize that value-based healthcare will require simultaneous delivery of high-quality outcomes in the most cost-efficient manner possible.
 2. Focus on designing new care processes and procedures, redesigning current processes and procedures, leveraging technology effectively (especially to deliver care in a virtual fashion), and reaching out to the community to partner with other providers and caregivers in order to reliably deliver high-quality care at lower costs.
 3. Understand the Triple Aim (high-quality care for patients, improvements in population health, and lower costs across the healthcare Industry) and use this to guide their organization’s strategic and tactical activities.
 4. Familiarize themselves with value-based reimbursements (e.g., bundles, shared savings, pay-for-performance, and capitation) that will become more the norm in the near future.
3. **How prepared are you to innovate and design new care delivery models that leverage novel technologies, diagnostic techniques, drug therapies, surgical equipment, and other modalities to deliver higher-value care to your patients?** For instance, home health and hospice care are

being delivered effectively and efficiently today via mobile technology that can bring the provider to the bedside in a virtual fashion.

4. **Is your organization delivering on all three elements of the Triple Aim: delivery of high-quality patient care, improved population health, and overall per-capita cost reduction?** The successful providers of the future are now focusing simultaneously on all three of these goals and learning how to fill in any gaps within their delivery model.
5. **How are you holding your management team responsible for overseeing the transition from volume to value, and do your senior leaders understand the imperative to make change?** Subsidiary board members need to ensure that they understand the system strategy toward value-based care delivery and create a sub-strategy for their subsidiary that supports the broader goals and objectives of the system. In addition, they need to be sure that the management team at the subsidiary level is working toward specific goals that support this system strategy and are held accountable for achieving these objectives. For instance, the

board of a home health subsidiary needs to understand how home health services can leverage technology to achieve higher value, particularly lower costs, for the system and hold management responsible for vetting and implementing the right technologies for this purpose. In brief, the transition to value-based care delivery will require unprecedented changes to occur within all components of any healthcare organization. Thus, the system strategy must be understood by all subsidiary boards, so that they can set strategy and hold their managers accountable for carrying out a subsidiary strategy that contributes in the most effective way to the transition to a value-based care model.

In summary, healthcare is undergoing unprecedented transformation into a new business model that holds the promise of providing consumers with much higher value than now delivered by the current system. Change, however, does not come easy and is not without risks. Careful oversight of this transition process by board members will be essential if the organization is to succeed.

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