

Aligning Population Health & Fee-for-Service Strategies During the Pandemic

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AGENDA

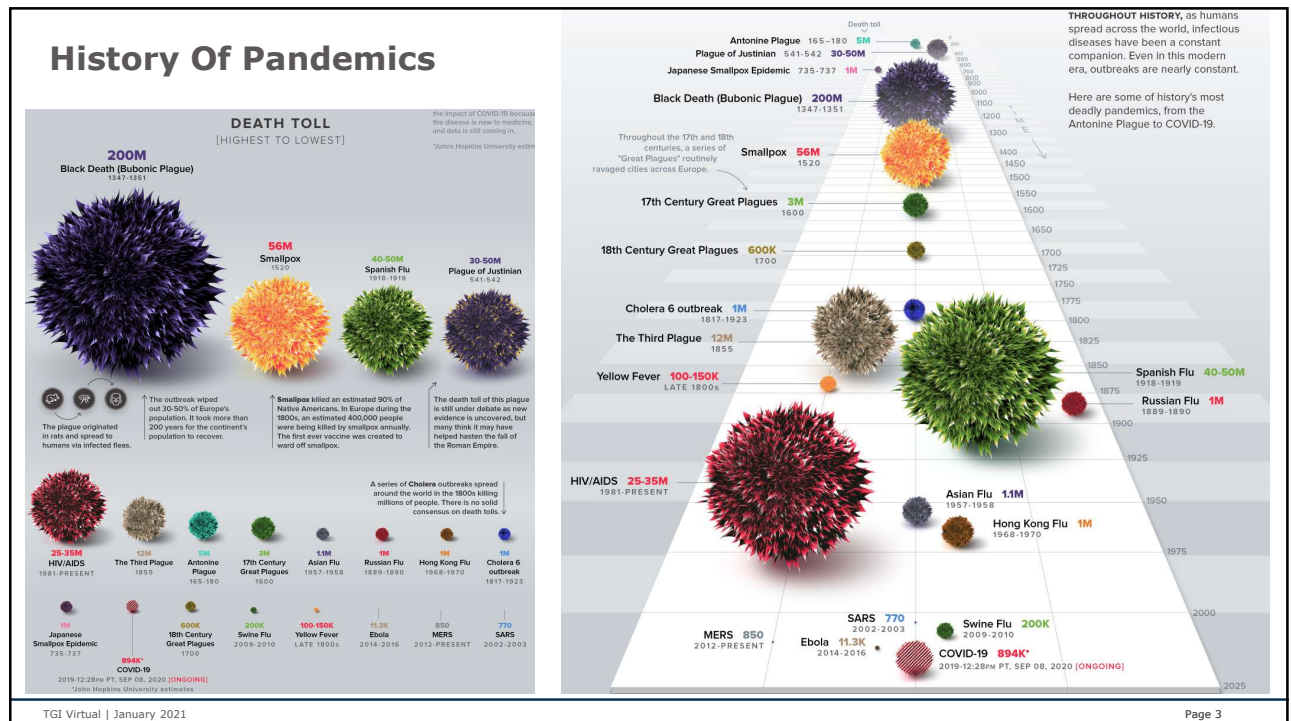
DISEASE CYCLES
MARKET REALITY
STRATEGIES
WHAT'S NEXT

TGI Virtual | January 2021 Page 1

1

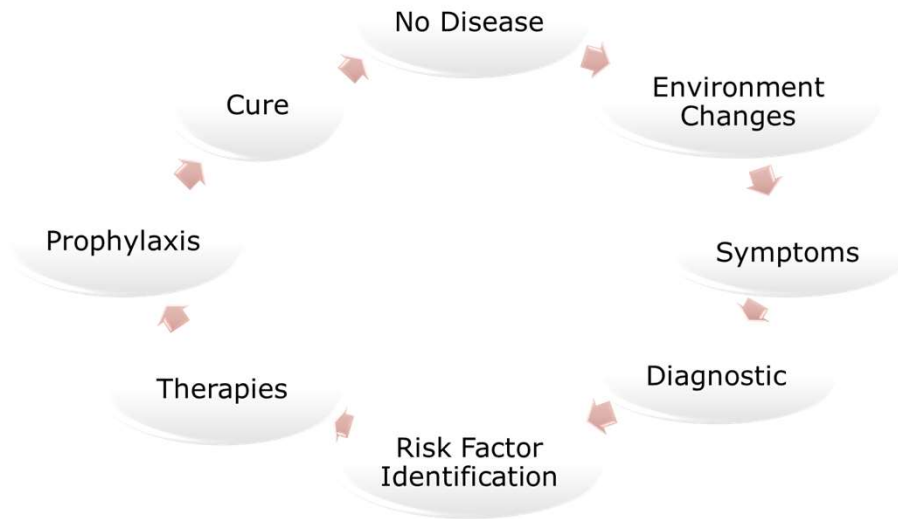


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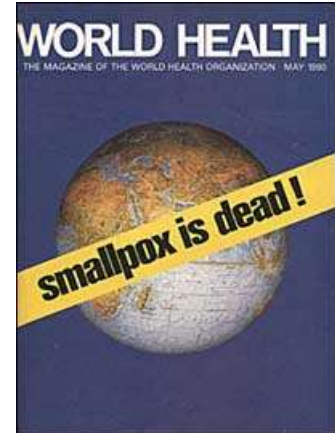
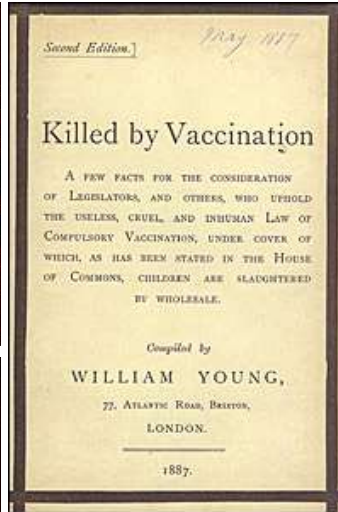
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Disease Follows Cycles



4

Disease Cycle Progresses...And Then Hopefully End....



Source: http://www.nlm.nih.gov/exhibition/smallpox/sp_threat.html

5

What Are You Going To Do Regarding COVID-19 Vaccination?

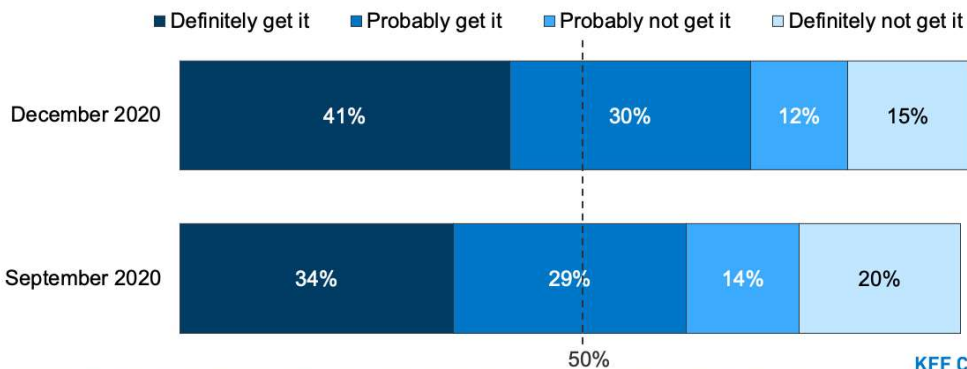
- I Have Been Vaccinated
- I Want To Get Vaccinated
- I Don't want to get it yet
- I Don't want it at all

6

What's Going to Happen to COVID-19?

Share Saying They Would Get A COVID-19 Vaccine If It Were Free And Deemed Safe By Scientists Has Increased Since September

If a COVID-19 vaccine was determined to be safe by scientists and available for free to everyone who wanted it, would you...?



SOURCE: KFF COVID-19 Vaccine Monitor (KFF Health Tracking Poll, Nov. 30-Dec. 8, 2020); KFF/The Undeclared Survey on Race and Health (conducted Aug. 20-Sept. 14, 2020). See topline for full question wording.

KFF COVID-19
Vaccine Monitor

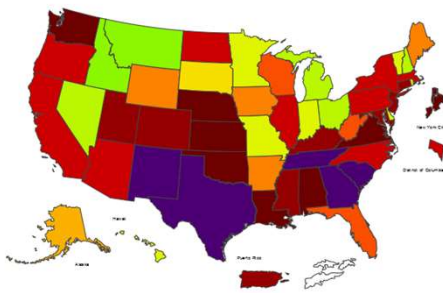
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What A Difference A Year Makes

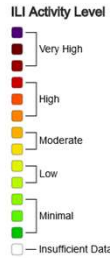
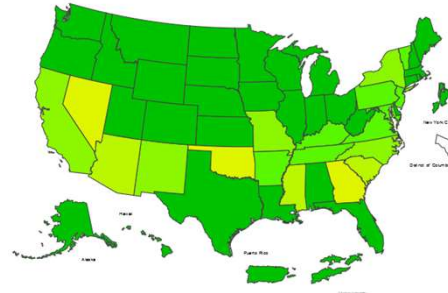


A Weekly Influenza Surveillance Report Prepared by the Influenza Division
 Influenza-Like Illness (ILI) Activity Level Determined by Data Reported to ILINet

2019-20 Influenza Season Week 1 ending Jan 04, 2020



2020-21 Influenza Season Week 53 ending Jan 02, 2021



<https://www.cdc.gov/flu/weekly/weeklyarchives2020-2021/week40.htm>

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Page 8

8

Disease and Risk Needs to Be Managed

2018 US 10 Leading Causes of Death by Age Group

Total predicted number of excess deaths since 2/1/2020 across the United States:

328,900 - 446,406

Source: https://www.cdc.gov/nchs/nvss/vsrr/covid19/excess_deaths.htm#dashboard

Rank	Age Groups										Total
	<1	1-4	5-9	10-14	15-24	25-34	35-44	45-54	55-64	65+	
1	Congenital Anomalies 4,473	Unintentional Injury 1,226	Unintentional Injury 734	Unintentional Injury 692	Unintentional Injury 12,044	Unintentional Injury 24,614	Unintentional Injury 22,667	Malignant Neoplasms 37,301	Malignant Neoplasms 113,947	Heart Disease 526,509	Heart Disease 655,381
2	Short Gestation 3,679	Congenital Anomalies 384	Malignant Neoplasms 393	Suicide 596	Suicide 6,211	Suicide 8,020	Malignant Neoplasms 10,640	Heart Disease 32,220	Heart Disease 81,042	Malignant Neoplasms 431,102	Malignant Neoplasms 599,274
3	Maternal Pregnancy Comp. 1,358	Homicide 353	Congenital Anomalies 201	Malignant Neoplasms 450	Homicide 4,607	Homicide 5,234	Heart Disease 10,532	Unintentional Injury 23,056	Unintentional Injury 23,693	Chronic Low. Respiratory Disease 135,560	Unintentional Injury 167,127
4	SIDS 1,334	Malignant Neoplasms 326	Homicide 121	Congenital Anomalies 172	Malignant Neoplasms 1,371	Malignant Neoplasms 3,684	Suicide 7,521	Suicide 8,345	Chronic Low. Respiratory Disease 18,804	Cerebrovascular Disease 127,244	Chronic Low. Respiratory Disease 159,486
5	Unintentional Injury 1,168	Influenza & Pneumonia 122	Influenza & Pneumonia 71	Homicide 168	Heart Disease 905	Heart Disease 3,561	Homicide 3,304	Liver Disease 8,157	Diabetes Mellitus 14,941	Alzheimer's Disease 120,658	Cerebrovascular Disease 147,810
6	Placenta Cord. Membranes 724	Heart Disease 115	Chronic Low. Respiratory Disease 68	Heart Disease 101	Congenital Anomalies 354	Liver Disease 1,008	Liver Disease 3,108	Diabetes Mellitus 6,414	Liver Disease 13,945	Diabetes Mellitus 60,182	Alzheimer's Disease 122,019
7	Bacterial Sepsis 579	Perinatal Period 62	Heart Disease 68	Chronic Low Respiratory Disease 64	Diabetes Mellitus 246	Diabetes Mellitus 837	Diabetes Mellitus 2,282	Cerebrovascular Disease 5,128	Cerebrovascular Disease 12,789	Unintentional Injury 57,213	Diabetes Mellitus 84,946
8	Circulatory System Disease 428	Septicemia 54	Cerebrovascular Disease 34	Cerebrovascular Disease 54	Influenza & Pneumonia 200	Cerebrovascular Disease 567	Cerebrovascular Disease 1,704	Chronic Low. Respiratory Disease 3,807	Suicide 8,540	Influenza & Pneumonia 48,888	Influenza & Pneumonia 59,120
9	Respiratory Distress 390	Chronic Low. Respiratory Disease 50	Septicemia 34	Influenza & Pneumonia 51	Chronic Low. Respiratory Disease 165	HIV 482	Influenza & Pneumonia 956	Septicemia 2,380	Septicemia 5,956	Nephritis 42,232	Nephritis 51,386
10	Neonatal Hemorrhage 375	Cerebrovascular Disease 43	Benign Neoplasms 19	Benign Neoplasms 30	Complicated Pregnancy 151	Influenza & Pneumonia 457	Septicemia 829	Influenza & Pneumonia 2,339	Influenza & Pneumonia 5,858	Parkinson's Disease 32,988	Suicide 48,344

COVID Death Total	32	19	54	494	2,129	5,559	14,963	37,235	252,868	313,171
All Cause Death Total	17,750	3,276	5,247	33,598	68,807	97,549	178,444	412,045	2,355,197	3,171,913
Population (2019)	3,783,052	15,793,631	40,994,163	42,687,510	45,940,321	41,659,144	40,874,902	42,448,537	54,058,263	328,239,523
COVID Rate (per M)	8	1	1	12	46	133	366	877	4,674	954
All Cause Rate (per M)	4,692	207	128	787	1,498	2,342	4,366	9,707	43,568	9,663

https://www.cdc.gov/nchs/nvss/vsrr/covid_weekly/index.htm

9

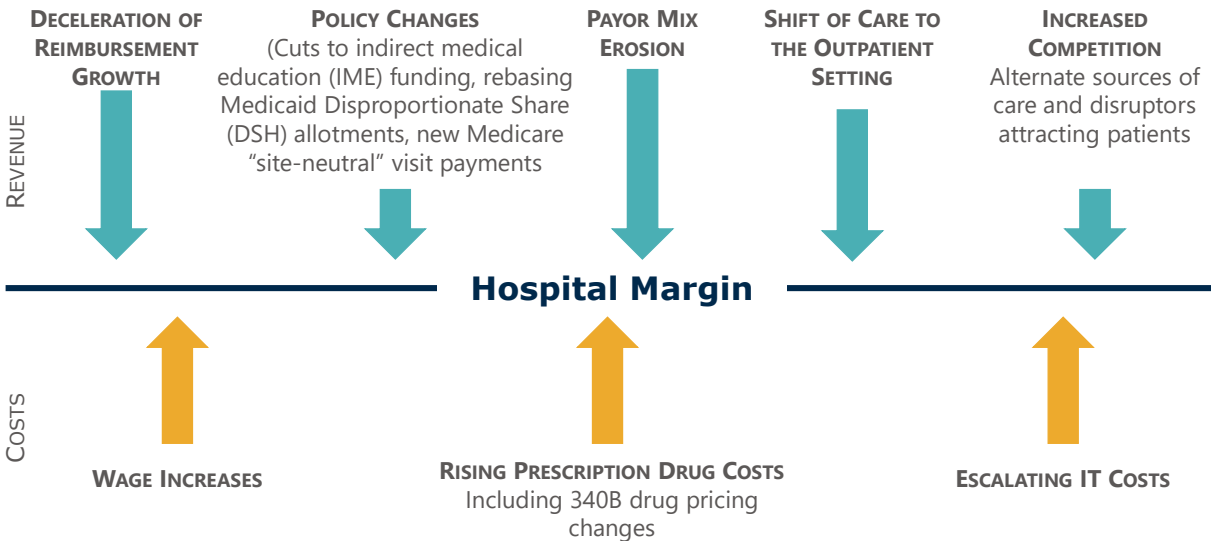


AGENDA

DISEASE CYCLES
MARKET REALITY
STRATEGIES
WHAT'S NEXT

10

Multiple Factors Were Squeezing Hospital Margins Prior To COVID



11

COVID Accelerated The Burn

Completed OR cases (inpatient and outpatient) for 2020 compared with 2019 baseline

% of 2019 volume^{1,2}



OR, operating room.

¹ Q5: When comparing 2019 to 2020, what percentage change in operating room surgeries (inpatient and outpatient) did your system perform in 2020 compared to the same month in 2019? (eg, 70% decrease in procedures in April 2020 compared to April 2019).

² Q8: What percentage change in operating room surgeries (inpatient and outpatient) do you expect your system to see for the remainder of 2020 compared to the same month in 2019? (eg, 40% decrease in volume compared to the same month in 2019).

Source: McKinsey survey of 25 large US hospital systems (>1,200 inpatient beds)

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Page 12

12

CARES Act grants will cover short-term losses for many (but not all) hospitals

	AHA estimate	MedPAC estimate
Reduced operating profit change in April (prior to grants)	-\$50.7 B	-\$20B to -\$30B
Enacted grants and payment changes	N/A	\$91.8 B
Months of April-level losses supported by grants (ON AVERAGE)	N/A	~ 3 to 5 months (higher for rural, CAH)




MECPAC

Note: AHA (American Hospital Association), CAH (Critical Access Hospital).
Data are preliminary and subject to change.

6

13

COVID Has Multiple Implications To Provider Strategy

 Patient Financials	Strategically Strengthened Payers	 Consumer Fear	Evolved Clinical Delivery Model	 Digital Adoption
<p>Surging unemployment will shift payer mix at an unprecedented scale, while individuals will rethink care affordability in response to a more constrained financial environment.</p>	<p>Shift in the balance of strategic power from health systems / providers to payers</p>	<p>Some consumers will be heavily inclined to delay care for fear of exposure resulting in worsened health status</p>	<p>New models focused on home-based care and alternative settings, which patients are more comfortable with</p>	<p>Patients will expect to access services virtually when physical interaction is not a necessity</p>

14

What % Impact Did COVID Have On Your 2020 Revenue?

- <20%
- 20% - 40%
- 40% - 60%
- >60%
- Don't Know

15

The Health Care Marketplace Shift Is Accelerating

...How Care is Paid for

Mandatory and Voluntary Payment Models



...How Care is Accessed

Product Design

Purchasing Channels



...How Care is Delivered

IT / Analytics

Care Models

Patient Engagement

Consumerism



16



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DISEASE CYCLES
MARKET REALITY
STRATEGIES
WHAT'S NEXT

17

Strategies for Transitioning to Value-Based Care Can Also Support Fee For Service

- Focused on better supporting physicians
- Improved patient relationships, including increasing the number of annual wellness visits
- Doing a better job of managing beneficiaries with costly or complex care needs
- Managing hospitalizations, working to reduce avoidable hospitalizations, and finding alternatives to the emergency department
- Managing relationships with skilled nursing facilities and home health by creating lists of preferred providers and doing warm handoffs into and out of post-acute care
- Working to address behavioral health needs and the social determinants of health
- Using technology to improve care coordination and overcome interoperability issues.

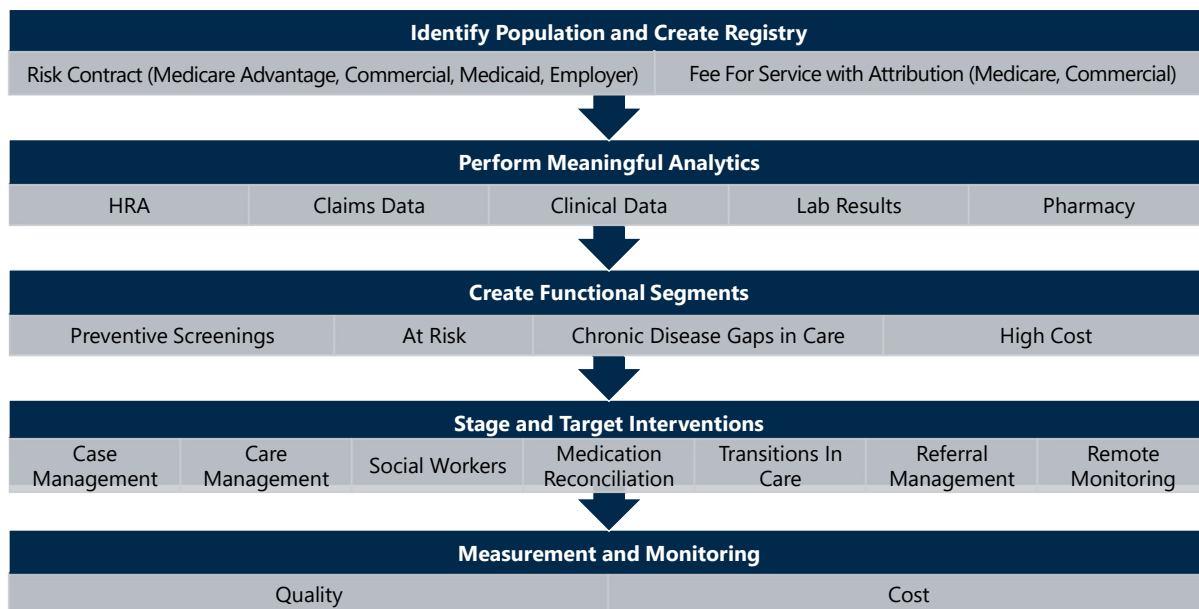
<https://oig.hhs.gov/oei/reports/oei-02-15-00451.pdf>

TGI Virtual | January 2021

Page 18

18

The Science Of Population Management

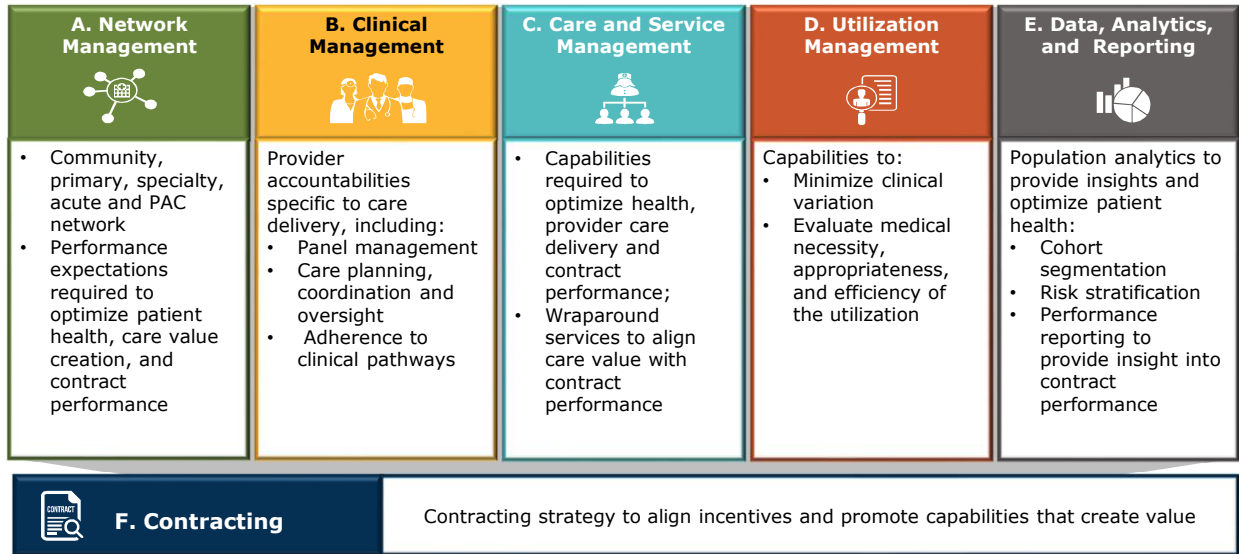


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Page 19

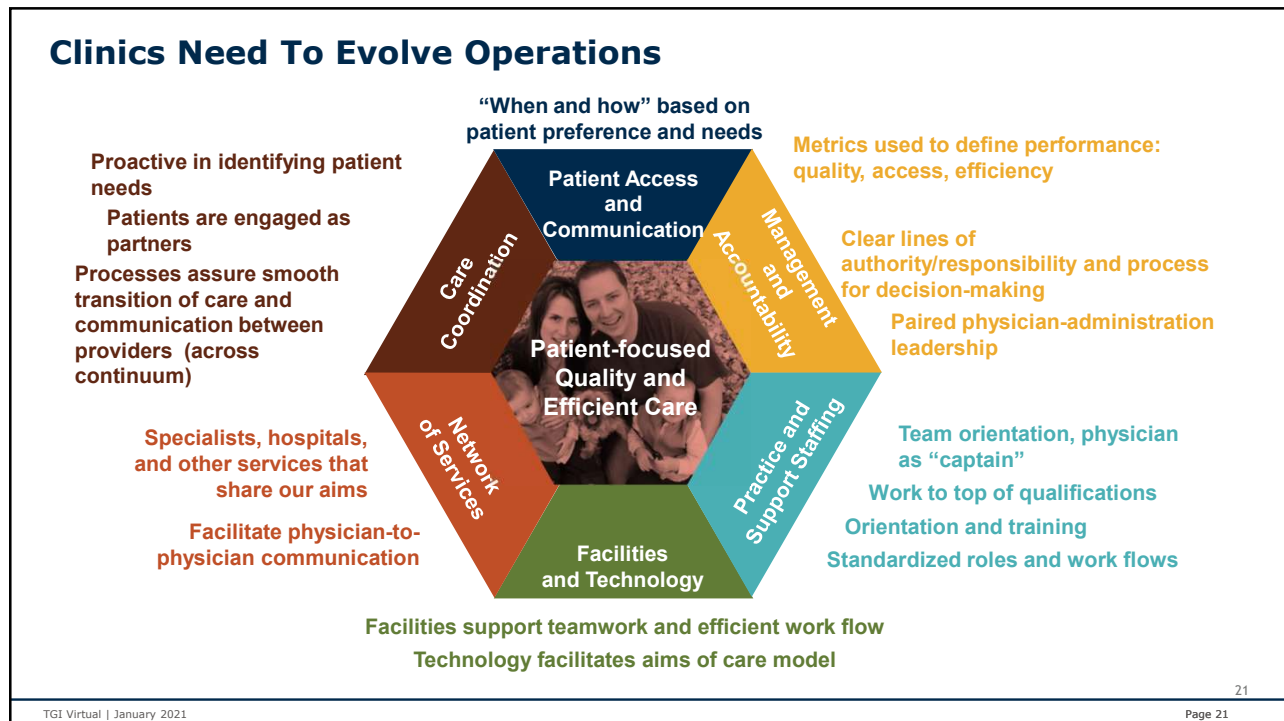
19

Required Capabilities For The Future



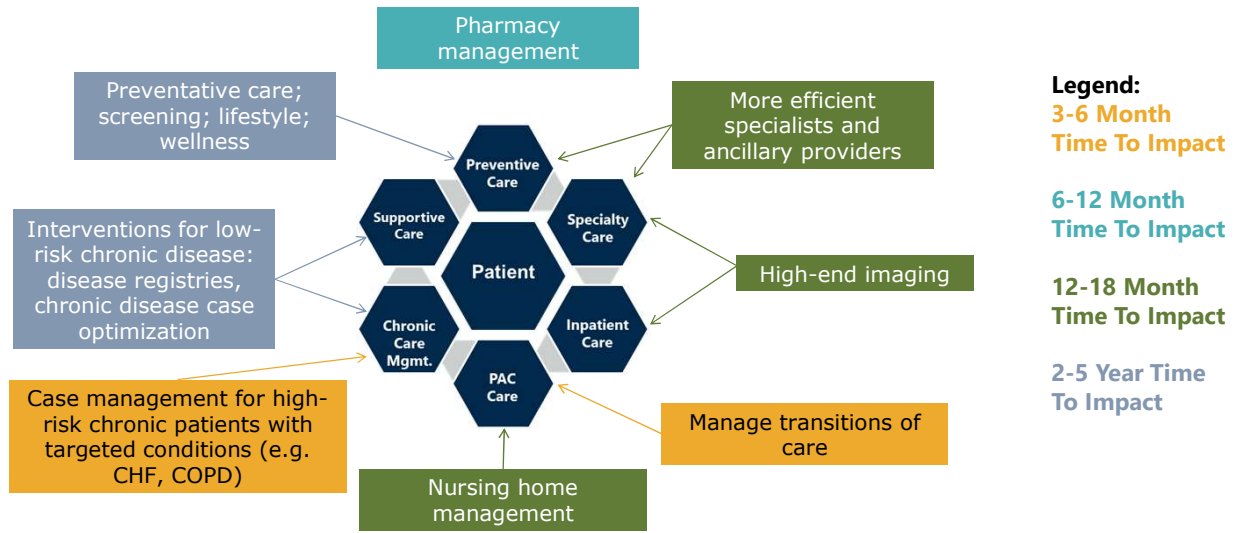
20

Clinics Need To Evolve Operations



21

Initiatives Across the Care Continuum Will Have Different Payoff Periods



22



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DISEASE CYCLES
MARKET REALITY
STRATEGIES
WHAT'S NEXT

23

Sustaining Vision in the Fog of War: Organizational Intent



Photo credit: National Archives and Records Administration.

24

The Role of Consumers and Disruptors

Physicians (and traditional acute care providers) will need to determine how to address increasingly demanding consumers, as well as the market 'disruptors' seeking to meet consumers' demands. Getting leap-frogged will lead to a decline in practice activity and erosion in positive financial margin.



Consumers seeking:

- Rapid access
- Efficient service
- Convenience
- High-value (low cost, high quality)
- Price transparency
- Sophisticated electronic patient portal or platform



Disruptors

- Urgent care, retail clinics, telemedicine, e-visits, mobile health
- Low-cost diagnostic centers or devices
- Price transparency platforms
- Integrated narrow networks, direct-to-employer

Potential Strategies to Avoid Being 'Leap-Frogged':

PARTNER
with Disruptors

OFFER SIMILAR SERVICES/
Compete with Disruptors

Form a
HIGH-VALUE NARROW NETWORK
to Enhance Patient Retention

25

Delivering the Future Needs Requires Integrated Capabilities



VIRTUAL CARE

Care delivery at a distance, enabled by communication technologies

FOR EXAMPLE

E-visits
Video consults
Tele-diagnostics
Telemonitoring

PATIENT SELF-SERVICE

Technology-enabled service model enhancements that empower patients to manage their health and treatment

FOR EXAMPLE

Patient-directed referrals
Direct scheduling
Self-triage
Online communities

CONNECTED SOLUTIONS

Smart devices connected to communication hubs driving decision support, monitoring and interventions

FOR EXAMPLE

Care environment sensors
Real-time location systems
Wearables
Smart diagnostics

PERSONALIZED CARE

Augmented patient profiles supporting the design and delivery of more tailored, effective treatments and customized experiences

FOR EXAMPLE

Patient-reported outcomes
Customer preferences
Customer relationship management
Genomic data



OPERATIONAL AUTOMATION

Re-engineering operations using data and analytics to drive quality and efficiency

FOR EXAMPLE

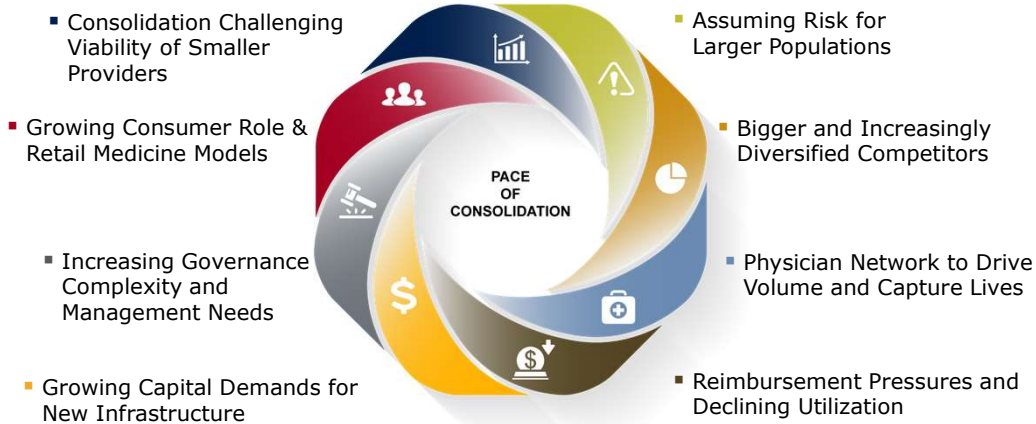
Patient-reported outcomes	Revenue cycle automation	Enhanced workforce planning	Supply chain optimization
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Increasing Value of Data Aggregation and Advanced Analytics

26

Changing Landscape is Driving New Approaches to Partnerships

Sweeping changes to the traditional health system business model continue to accelerate the pace of consolidation in healthcare.



27

Consequences: The Impact of Clinician Burnout

Physician burnout presents real challenges to the viability and sustainability of a hospital or health system



Clinician Burnout

- Loss of joy, passion, motivation for career and “calling”
- Disengagement in daily patient care activities and practice operations
- Increase in apathy and erosion of professionalism
- Risk to physician’s own care and safety (suicide rates)
- Depression and other mental health concerns



Patient

- Reduction in time and attention to patients
- Significant negative impact on quality of care and patient outcomes
- Significant rise in patient dis-satisfaction



Hospital / Health System

- Erosion of physician community, and clinician collaboration
- Permeating sense of negativity and dissatisfaction within the health system
- Increase in clinician turnover and staffing challenges
- Drop in patient loyalty, and loss of patient volumes
- Brand damage

Change: Leadership and Management Required



Source: ABCforMBAs.com.

Leadership vs Management

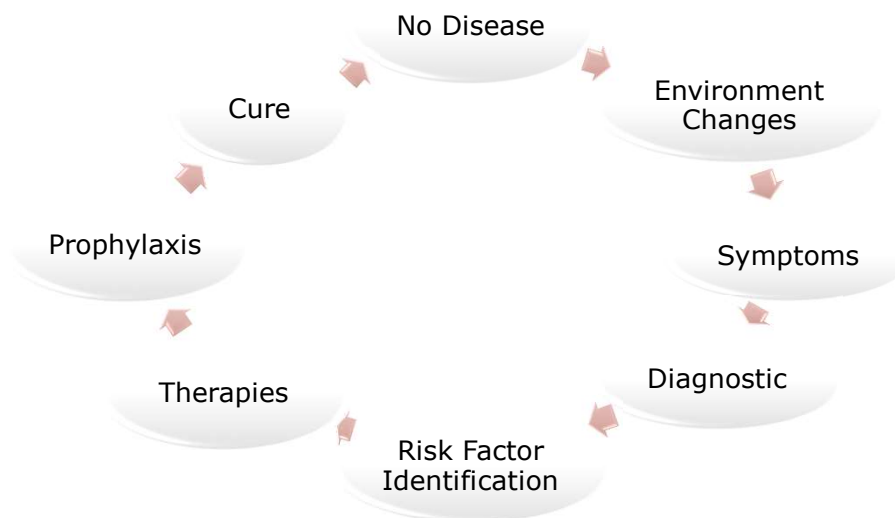
When Noah heard the weather forecast he ordered the building of the ark.
—Leadership

Then he looked around and said, “Make sure the elephants don't see what the rabbits are up to.”
—Management

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30

Disease Follows Predictable Cycles



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Page 31

31

Key Ingredients To Operationalize Population Health Management

- Accurately assess population health market opportunity
- Develop clinical leadership
- Contracting expertise including alignment of incentives across contracts
- Functional IT system including analytics and workflow
- Effective patient segmentation and interventions
- System of care designed around the patient (vs. office transformation)
- Engaging and activating patients
- Identify and foster a performance network
- Strategic selection of partners including community organizations
- Incentives aligned with transparent clinical and financial performance metrics