



## Pandemic Lessons on Value-Based Care

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**It's hard to think about renovating a house that is on fire.** The pandemic has created significant opportunities and challenges for each one of us and much of what we have logically focused on is the immediate needs. However, we are reaching a point where it is time to think about renovations to the healthcare system. This article offers some ideas about how to do this from a value-based care perspective.

### Managing COVID and Other Healthcare Needs

COVID is not going away for years, if ever. In the history of man there is only one disease that we have eradicated globally—smallpox. The effort required to accomplish this took decades of coordination. Every other disease, including the bubonic plague, is still around. In fact, over 2,000 people a year still get it, although it is usually only a handful in the U.S. Thus, we should plan on a future that includes management of COVID in some form or fashion. Hopefully our ability to manage COVID through public health measures, vaccines, and therapeutics will continue to increase.

While the current attention on COVID has been necessary, it has come at the exclusion of other health needs. Everything from management of chronic disease to preventative services has become a lower priority. It will take time to determine the actual impacts of this as it is likely that we have been avoiding some necessary care. However, it is also likely that we are not focused enough on the known top causes of mortality including heart disease and cancer.

### Positive Changes Arising from the Pandemic

A benefit of COVID has been the ability to accelerate remote care and telemedicine. While the technology has been in place for years, payment was variable, and adoption slow. With in-person care no longer an option, telehealth services became covered and

volumes went up like a rocket. This service has now been solidified as a viable form of care delivery. Ironically, MedPAC is considering ways to modify the payment for these services as they are now concerned about overuse.

Another benefit of COVID is that organizations that made investments in value-based care contracts have seen significant payouts. While the pandemic has decimated finances for almost all providers, payers have been having windfall profits. Although value-based care delivery has been called a fad and adoption has been very slow in most markets, COVID has established a clear and firm place for this strategy.

## Enhancing Value-Based Care Delivery

Value-based care delivery requires operations that are not contained in traditional healthcare delivery to identify who needs what, when, and how. There are several key elements that boards and senior leadership should consider as they think about leveraging the COVID context to develop or enhance their value-based care delivery operations.

### → Key Board Takeaways

As boards and senior leadership work to develop or enhance their value-based care delivery strategy, they should:

- Revisit and consider increasing the organization's investment in value-based care delivery efforts as both a hedge against fee-for-service and build out of a core capability.
- Make it a priority to have a functional segmentation and interventions process to better manage patients and improve outcomes. This includes having the data and analytical capabilities needed to implement the organization's value-based care strategy.
- Ensure that staff have the right workflow tools to operationalize the segmentation and reach out to the right patients with the right proactive care options. These tools should feed into dashboards to monitor the right metrics, and these dashboards can be used by management and boards to set goals and track progress towards those goals.

## ***Improve Segmentation and Intervention Efforts***

The core of value-based care delivery is mass customization of segmentation and interventions to help better manage outcomes for patients with disease; and to a lesser extent, reduce risk from future diseases. To bring this strategy to life requires data and analytical capabilities that are typically not a core competency of most hospitals or health systems. As healthcare organizations have recognized this need, it has received increased attention. However, most of the source data is historical claims, which is not a good predictor for the future on an individual basis. In addition to more sophisticated segmentation and interventions is the workflow tools to implement the new process and dashboards to monitor progress. These dashboards can be used by management and boards to set goals and track progress towards those goals.

## ***Recognize the Challenges in a Clinical Setting***

In an acute care setting, every patient with the same clinical presentation requires the same care regardless of their payment status. However, in a clinic setting the strategies and operations to manage clinical care can be dramatically different. For example, if a patient presents with shortness of breath due to congestive heart failure, the protocols and pathways are going to be the same. However, if the same patient is managed in a clinic setting without any acute symptoms, the management of the patient could be dramatically different. The key intervention for this patient type may be behavior modification to impact diet and medication compliance. In a fee-for-service model, the incentive is to deliver more acute care and there are no systems and processes in place to prevent the breakdowns that result in admissions. Boards and management must understand how complex it is to break down the traditional silos while encouraging forward progress.

It is very challenging to deliver different types of care to patients in a clinic setting. The most notable difference is the process to manage patients before they have an acute crisis. Many physician offices today don't have the capacity to even see patients on the same day that they have an issue. In a value-based care environment, the clinic shifts focus from managing the problems to identifying potential problems and implementing interventions to avoid the breakdowns. This requires a completely different operational setup than the fee-for-service environment. If a segment of the patients in the clinic is fee-for-service and another segment is value-based, it is operationally difficult, if not impossible, to deliver both models of care.

## ***Ensure Value-Based Clinics Are Set Up for Success***

Current operations are typically focused on volume of patient visits, relative value units, and the resultant revenue from these activities. Value-based clinics require a completely different set of success metrics, as well as tools to achieve these goals. For example, a value-based clinic is more concerned with the total cost of care of the patients that are either enrolled or attributed to the clinic rather than the revenue from patient visits. Since the fundamental care model is different, the staff will need tools to operationalize the segmentation and reach out to the right patients with the right proactive care options. This requires workflow tools to support outreach to the right patients at the right time. Then these tools need to feed into dashboards to monitor the right metrics. These dashboards should be part of the standard management reports that the board monitors.

## **Conclusion**

The time to revisit and invest in value-based care delivery is now. Investing in value-based care delivery is a great financial hedge to the inconstant fee-for-service volumes due to COVID, and it also provides a pathway to improve the health of a community. Value-based care delivery really only applies in the clinic setting and thus you can leave your acute care operations unchanged. Hospital and health systems can certainly take advantage of this trend by creating a separate organization that manages the value-based population contracts, while simultaneously preparing for the cost and volume changes to the current business. Boards and senior leaders should highly consider increasing the organization's investment in value-based care delivery to both improve finances and the health of the communities they serve.

*The Governance Institute thanks Brian J. Silverstein, M.D., Managing Director, Health Care Wisdom, and Governance Institute Advisor, for contributing this article. He can be reached at [briansilverstein@hcwisdom.com](mailto:briansilverstein@hcwisdom.com).*

