



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

Brian Silverstein, MD

April 20, 2021

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Agenda

Disease Cycles

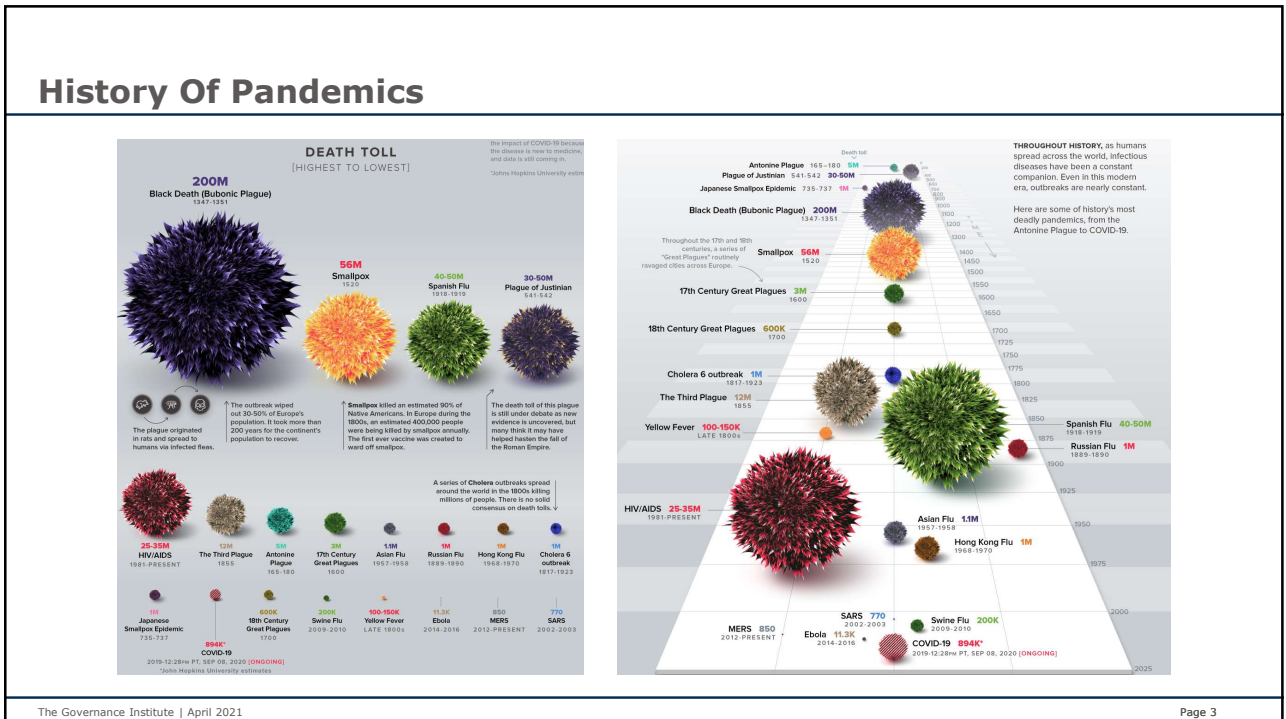
- Market Reality
- Strategies
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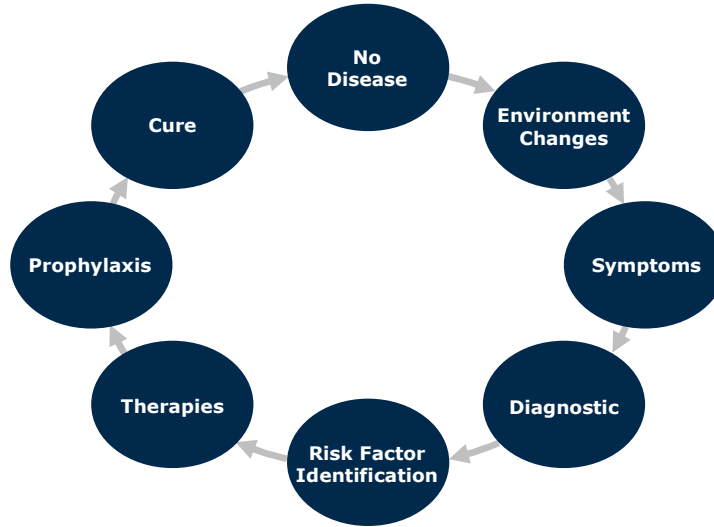


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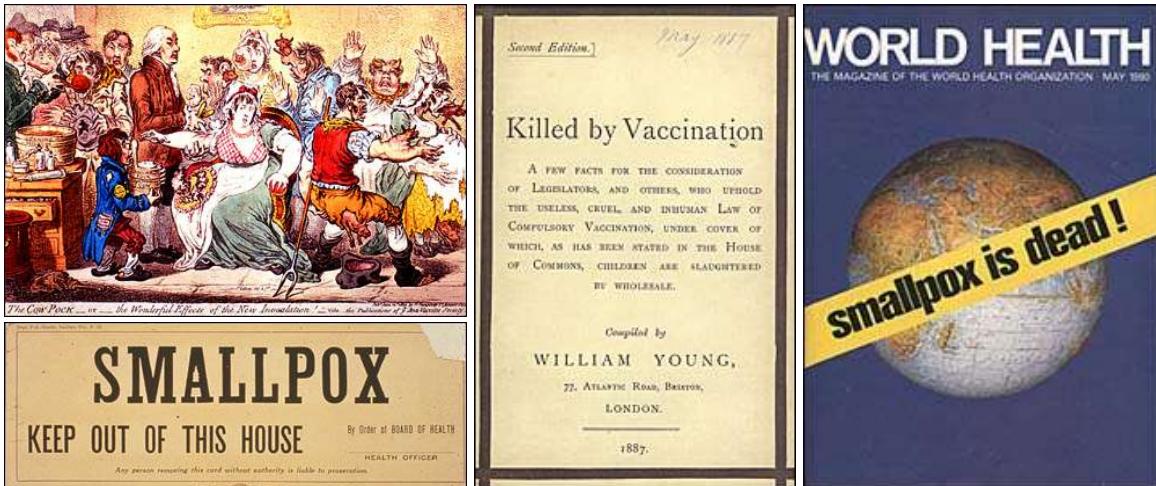
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Disease Follows Cycles



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



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

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What A Difference A Year Makes



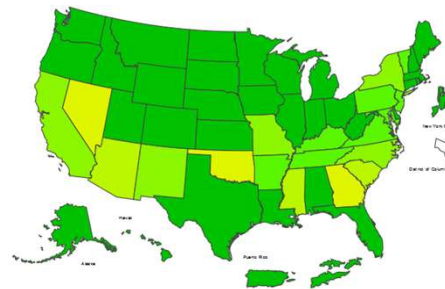
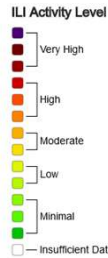
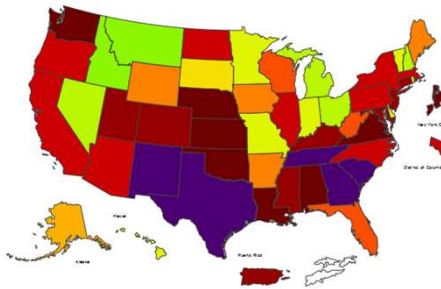
A Weekly Influenza Surveillance Report Prepared by the Influenza Division

Influenza-Like Illness (ILI) Activity Level Indicator 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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Disease and Risk Needs to Be Managed

2019 US 10 Leading Causes of Death by Age Group

Total predicted number of COVID Deaths United States (through April 2021):

539,723

Source: <https://www.cdc.gov/nchs/covid19/mortality-overview.htm>

Rank	Age Groups										All Ages
	<1	1-4	5-9	10-14	15-24	25-34	35-44	45-54	55-64	65+	
1	Congenital Anomalies 4,301	Unintentional Injury 1,149	Unintentional Injury 714	Unintentional Injury 778	Unintentional Injury 11,755	Unintentional Injury 24,516	Unintentional Injury 24,070	Malignant Neoplasms 35,587	Malignant Neoplasms 111,765	Heart Disease 531,583	Heart Disease 659,041
2	Short Gestation 3,445	Congenital Anomalies 416	Malignant Neoplasms 371	Suicide 634	Suicide 5,954	Suicide 8,099	Malignant Neoplasms 10,695	Heart Disease 31,138	Heart Disease 80,837	Malignant Neoplasms 435,462	Malignant Neoplasms 599,601
3	Unintentional Injury 1,266	Malignant Neoplasms 285	Congenital Anomalies 192	Malignant Neoplasms 404	Homicide 4,774	Homicide 5,341	Heart Disease 10,499	Unintentional Injury 23,359	Unintentional Injury 24,892	Chronic Low Respiratory Disease 133,246	Unintentional Injury 173,040
4	SIDS 1,248	Homicide 284	Homicide 155	Homicide 191	Malignant Neoplasms 1,388	Malignant Neoplasms 3,577	Suicide 7,625	Liver Disease 8,098	Chronic Low Respiratory Disease 18,743	Cerebrovascular Disease 129,193	Chronic Low Respiratory Disease 156,979
5	Maternal Pregnancy Comp. 1,245	Heart Disease 133	Heart Disease 91	Congenital Anomalies 189	Heart Disease 872	Heart Disease 3,495	Homicide 3,446	Suicide 8,012	Diabetes Mellitus 15,508	Alzheimer's Disease 120,090	Cerebrovascular Disease 150,005
6	Placenta Cord Membranes 742	Influenza & Pneumonia 122	Chronic Low Respiratory Disease 69	Heart Disease 87	Congenital Anomalies 390	Liver Disease 1,112	Liver Disease 3,417	Diabetes Mellitus 6,348	Liver Disease 14,385	Diabetes Mellitus 62,397	Alzheimer's Disease 121,499
7	Bacterial Sepsis 603	Perinatal Period 57	Influenza & Pneumonia 52	Chronic Low Respiratory Disease 81	Diabetes Mellitus 248	Diabetes Mellitus 887	Diabetes Mellitus 2,228	Cerebrovascular Disease 5,153	Cerebrovascular Disease 12,931	Unintentional Injury 60,527	Diabetes Mellitus 87,647
8	Respiratory Distress 424	Septicemia 53	Cerebrovascular Disease 37	Influenza & Pneumonia 71	Influenza & Pneumonia 175	Cerebrovascular Disease 585	Cerebrovascular Disease 1,741	Chronic Low Respiratory Disease 3,592	Suicide 6,238	Nephritis 42,230	Nephritis 51,565
9	Circulatory System Disease 406	Cerebrovascular Disease 52	Septicemia 35	Cerebrovascular Disease 48	Chronic Low Respiratory Disease 168	Complicated Pregnancy 532	Influenza & Pneumonia 951	Nephritis 2,269	Nephritis 5,857	Influenza & Pneumonia 40,399	Influenza & Pneumonia 49,783
10	Necrotizing Enterocolitis 354	Benign Neoplasms 49	Benign Neoplasms 31	Benign Neoplasms 35	Cerebrovascular Disease 158	HIV 486	Septicemia 812	Septicemia 2,176	Septicemia 5,072	Parkinson's Disease 34,435	Suicide 47,511

COVID Death Total (2020)	43	24	67	587	2,527	6,617	17,905	44,631	305,477	377,878
All Cause Death Total (2020)	19,146	3,469	5,556	35,470	72,678	103,389	189,397	436,886	2,492,737	3,358,728
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

https://www.cdc.gov/mmwr/volumes/70/wr/mm7014e1.htm#F1_down

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What Is The Risk You Are Most Concerned About for Your Community?

- COVID
- Heart Disease
- Cancer
- Unintentional Injury
- Other

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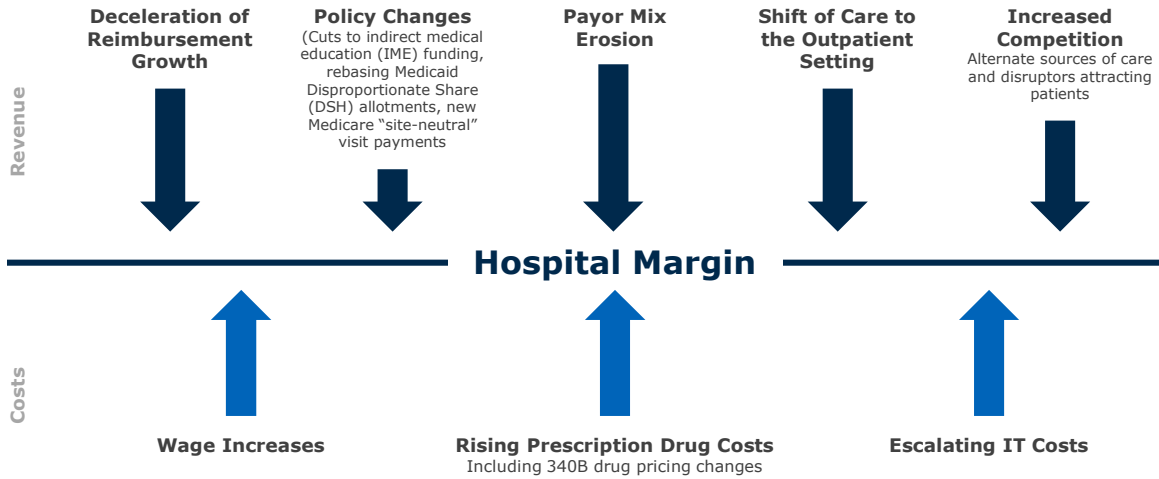
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Multiple Factors Were Squeezing Hospital Margins Prior To COVID



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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 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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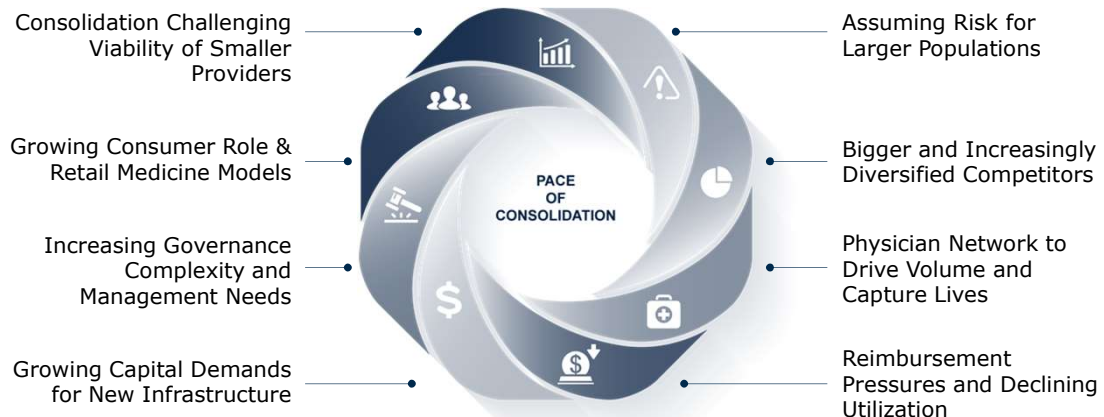
COVID Has Multiple Implications To Provider Strategy

 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>

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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.



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Myriad Efforts Underway Aim to Impact Value

Mandatory and Voluntary Payment Models
(e.g., ACO/shared savings arrangements, bundled payments, pay for performance)

Purchasing Channels
(e.g., public exchanges, private exchanges, direct-to-employer)

Product Design
(e.g., Narrow Networks, high-deductible health plans)



Care Models
(e.g., team-based care, social service integration)

IT / Analytics
(e.g., performance measurement, clinical decision support)

Patient Engagement
(e.g., self-management)

Consumerism
(e.g., diverse modalities, pricing transparency)

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What is Your Current Revenue Compared to Pre-Pandemic Levels?

- Up Substantially (<20%)
- Up (5 – 20%)
- About the Same (+/- 5%)
- Down (-5-20%)
- Down Substantially (<-20%)

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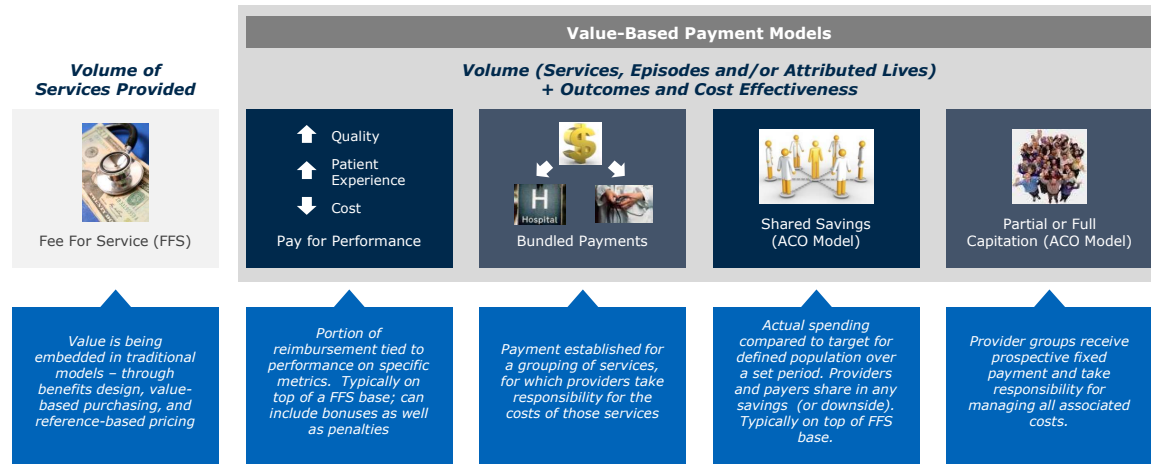
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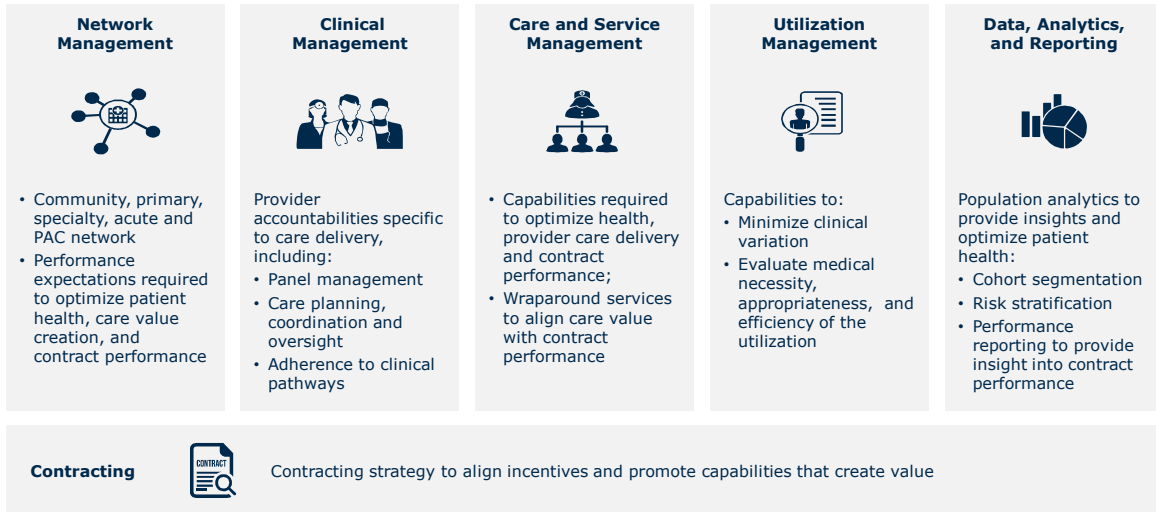
New Payment Models

Payment models that support this transition to "value" are taking many forms- from incremental pay-for-performance incentives layered on top of fee-for-service, to comprehensive full risk for attributed populations.



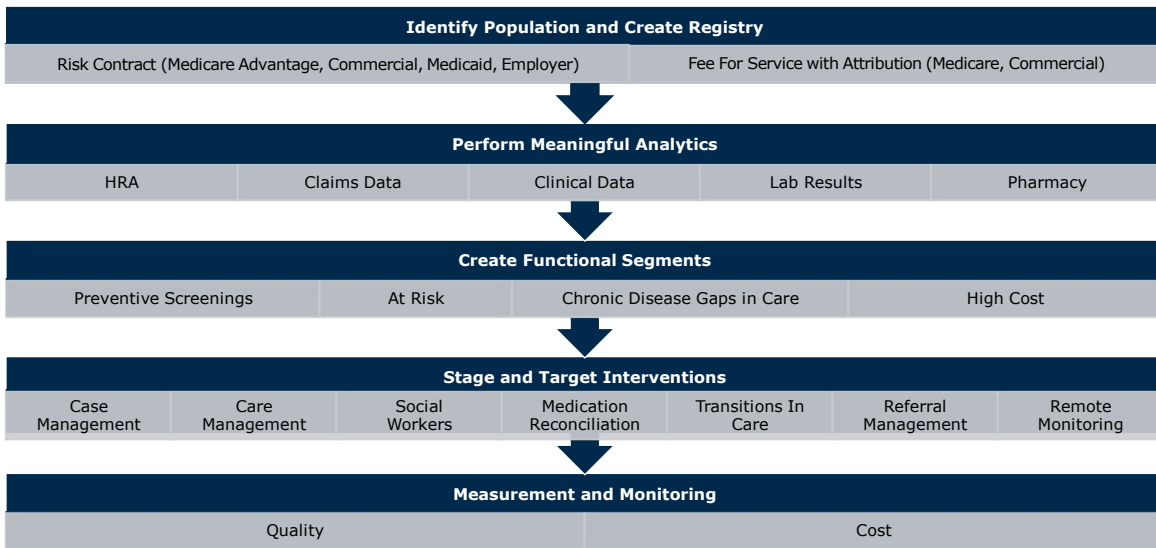
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Required Capabilities For The Future



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The Process for Value Care Delivery



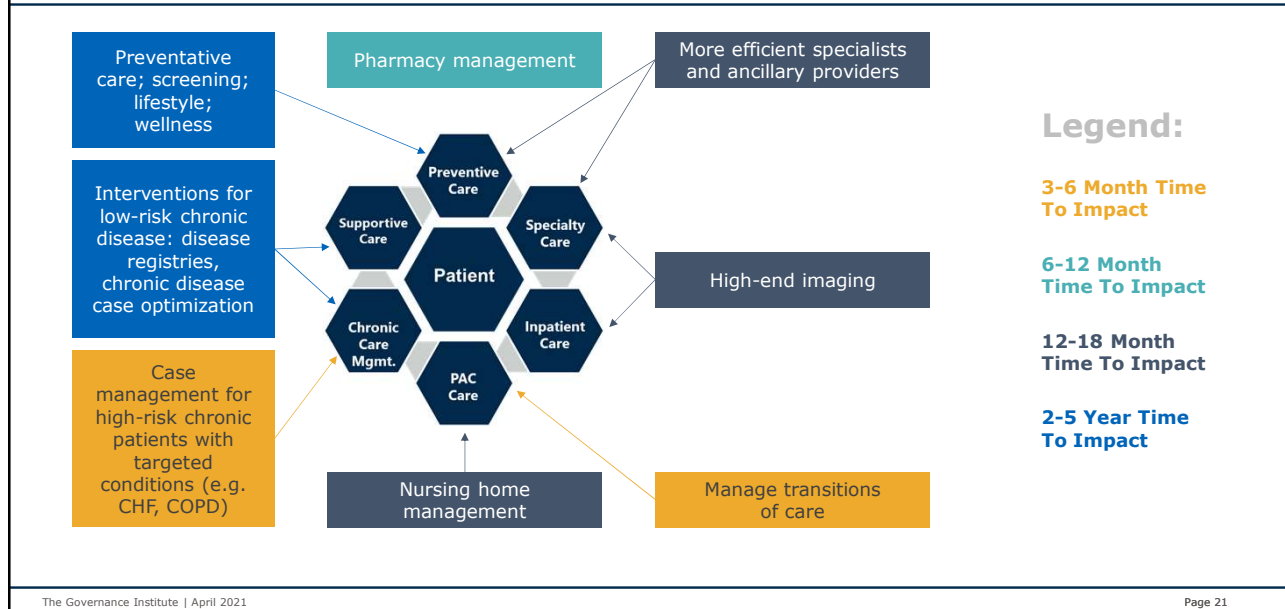
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Clinics Need To Evolve Operations



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Initiatives Across the Care Continuum Will Have Different Payoff Periods



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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>

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Do You Believe That Value Based Care Delivery Can Work?

- Absolutely
- Perhaps
- Unknown
- Unlikely
- No Way

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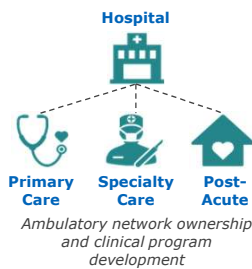
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Redefining Role of Health System

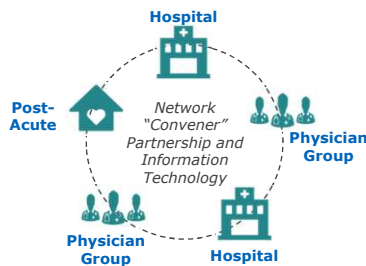
HOSPITAL-CENTRIC

Success requires developing and aligning with referral networks to drive inpatient volume to centralized hospital facilities



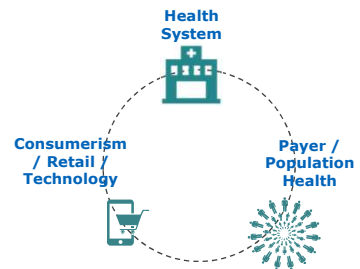
NETWORK-CENTRIC

Success requires participating in heterogeneous networks, consisting of aligned, un-aligned, and competitive members, to improve the health outcomes of populations



HEALTH-CENTRIC

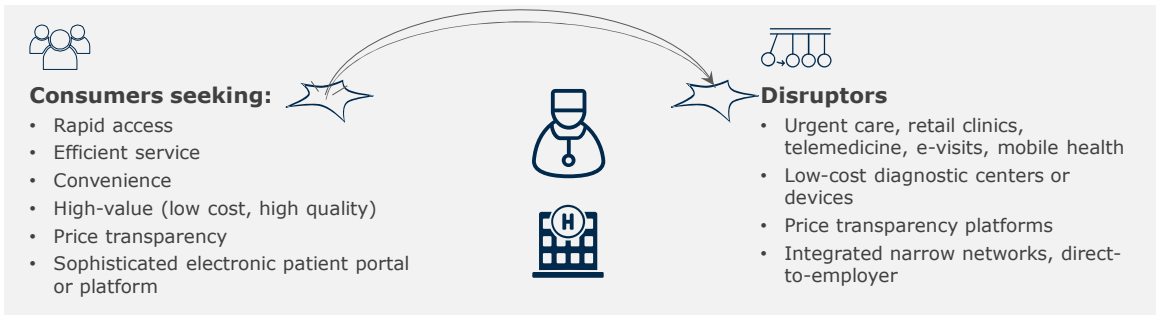
Success requires caring for the whole patient through expansion into businesses beyond the core provider business such as payer, technology, retail, etc.



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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.



Potential Strategies to Avoid Being 'Leap-Frogged':

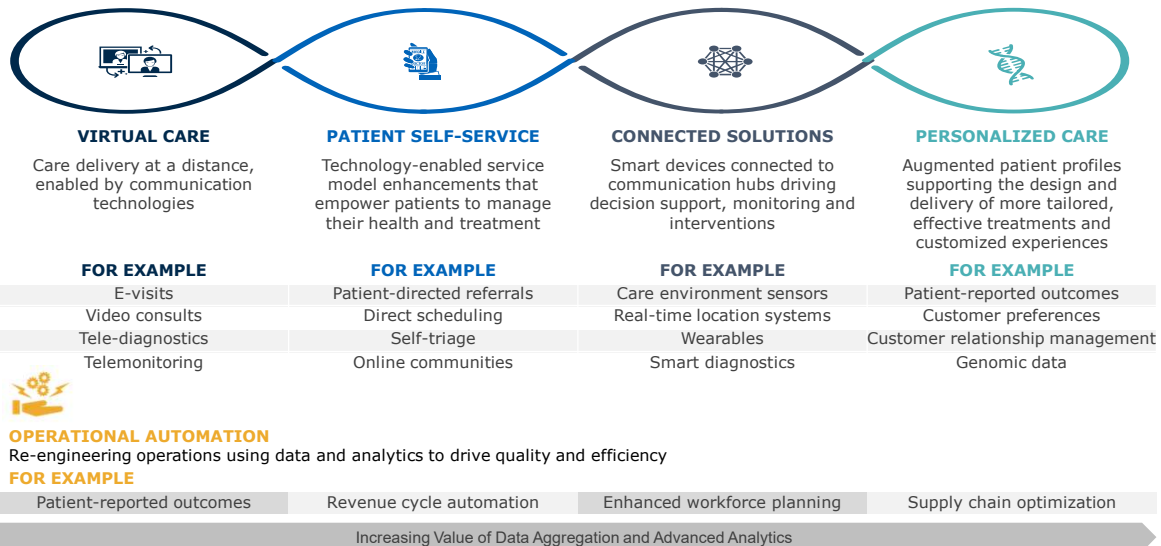
PARTNER
with Disruptors

OFFER SIMILAR SERVICES/
Compete with Disruptors

Form a
HIGH-VALUE NARROW NETWORK
to Enhance Patient Retention

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Delivering the Future Needs Requires Integrated Capabilities



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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

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Trends Play Out Over Decades And There Is Always The Exception



The Blockbuster store in Bend, Ore., has 4,000 account holders and adds a few new ones every day.
Ryan Brennecke/The Bulletin, via Associated Press

The World’s Last Blockbuster Has No Plans to Close

With the closing of a Blockbuster store in Australia, the one in Bend, Ore., will be the last to survive changes in technology and shopping that reshaped the way people watch movies at home.

The first Blockbuster store opened October 19, 1985, in Dallas, Texas, with an inventory of 8,000 VHS and 2,000 Beta tapes

	2004	2010	2020
# Of Stores	9,094	6,500	1
# Of Employees	84,300	25,000	3+

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Brian Silverstein, MD
Health Care Wisdom
briansilverstein@hcwisdom.com
bsilverstein@chartis.com
443.602.4016