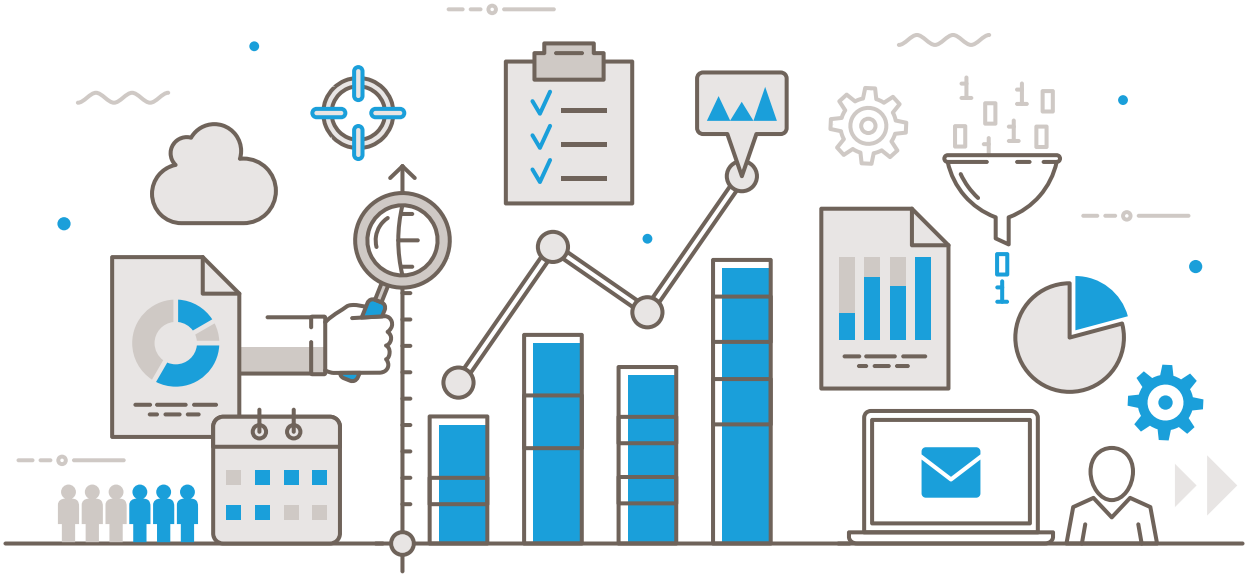
FUELING FUTURE GROWTH WITH ATTRIBUTED PATIENT POPULATIONS

CONIFER HEALTH SOLUTIONS®

Succeeding at the Risk Equation

There's no mistaking it; Provider margin pressures persist despite a recovered economy. Traditional hospital revenue streams remain compressed due to an unhealthy mixture of declining reimbursements and rising expenses because of escalating labor and pharmaceutical costs, along with general market uncertainty.[1]



As a result, many hospitals and health systems are looking at new strategies for growth, including assuming risk through attributed patient populations. Forging this type of business relationship can create new sources to drive revenue, while decreasing out-of-network leakage.[2] A move to this type of arrangement presents great opportunity, but is not without challenges. To successfully enter into a risk-based contract, health systems must have the capabilities to synthesize data to understand their patient population, restructure payor-provider relationships, and more.

If you're a health system already responsible for managing the health of your employees, you may have more of a head start in assuming risk for attributed patient populations than you realize. After all, the arrangement is not that different from the financial liabilities inherent in a self-funded employee health plan. For example:

- Employee wellness and benefit programs are by their very nature population health management undertakings.
- Most likely internal capabilities already exist to identify and engage population members at risk for a variety of measures ranging from network compliance to misguided utilization or avoidable complications and expenses. Plus, your team is accustomed to engaging a population with diverse characteristics such as age, socioeconomic status, education and various levels of health and healthcare needs.

Your organization obtained this knowledge because it is responsible, or at risk, for the first dollar of healthcare, as well as less tangible forms of risk, such as avoiding sick days and employee productivity. Your existing health plan capabilities and infrastructure can be leveraged as a model to apply to new, risked-based attributed patient populations.

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Is Your Organization Ready to Manage Attributed Patient Populations?

There are some notable challenges that should be addressed before branching out from employees to the broader community. First and foremost is the challenge that attributed population members don't work for your organization. There are no Human Resources (HR) levers, break room flyers, or announcements to keep members focused on healthcare goals.

Jumping this non-employer hurdle is not insurmountable, but it will involve:

- Data insights to enhance risk stratification
- Payor negotiations to effectively manage cost and quality outcomes while mitigating risk
- Smart and coordinated outreach to increase physician and member engagement.

Before moving into external populations, you will want to make sure you are indeed capable of managing them with non-HR levers. We recommend creating "simulated" risk scenarios with your employees in order to get your organization comfortable with that type of arrangement. You can then use that same infrastructure for attributed patient populations.

Conifer Health's Program for Simulated Attributed Patient Populations Scenarios

Health systems can assess and accelerate capabilities needed for attributed patient populations, including how to:

Model fiscal year budget and potential savings opportunities

Determine interventions to act on to set reporting budget for the coming fiscal year

Create simulated hospital/physician payment structure and reporting

Revisit current quality metrics to finalize for the upcoming fiscal year

Audit claims to tie to financials and make data changes as needed

Assign network optimization specialists to work with individual practices to identify opportunities and design local interventions

Set up monthly operational checkpoints

Establish quarterly executive checkpoints

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5 Steps for Managing Attributed Patient Populations

1. ESTABLISH A BASELINE FOR ATTRIBUTED PATIENT POPULATIONS USING CLAIMS DATA AND ACTIONABLE ANALYTICS.

Begin analyzing data of the right kind, detailed and actionable enough to guide decision making. If the data can't be used to impact workflows and actions, it's not doing you much good. Make sure you have access to this data at the right time, ideally before accepting risk. Establishing a prior experience snapshot plus a baseline period is critical to success.

2. DEVELOP REPORTING AND INCENTIVE STRATEGIES TO EDUCATE AND ALIGN PHYSICIANS.

Create a simulated Per Member Per Month (PMPM) cost reporting package and governance process to start shifting physician attitudes toward managing employee risk. Physicians managing employee health often do so with a fee-for-service mindset. Ongoing conversations and communications with physicians to educate on appropriate alternative clinical therapies that reduce costs is a critical interim step before entering into contracts with payers for attributed patient population members. One way to reshape this thinking prior to undertaking risk is with information that underscores the PMPM breakdown of expenses, including costs attributed for the panel of employees managed by each primary care provider (PCP). This report ideally will offer:

- Drill downs to highlight cost drivers and views to compare PCPs using appropriate benchmarks
- Artificial risk pool accounting to show how much is earned (or lost) for the PCP's panel of employees
- Suggested clinical interventions that would have mitigated cost drivers
- Tying physician incentives to the simulated at-risk program is another way to begin reinforcing mindfulness and alignment. (*See **Figure A** below for an example PMPM report for PCPs*)

3. CRAFT A CUSTOM PHYSICIAN ENGAGEMENT PROGRAM.

Establish a clear governance policy that encompasses both contractual and operational terms so that every party – system and clinical team - is

FIGURE A: Sample PMPM Report for PCPs

SPECIALTY GROUP	COMMERCIAL			MEDICAID			SENIOR		
	TOTAL	PMPM	Benchmark	TOTAL	PMPM	Benchmark	TOTAL	PMPM	Benchmark
Allergy & Immunology	$150	0.10	0.10	$12,300	0.10	0.20	$0	0.00	0.20
Ambulance	$0	0.00	0.00	$0	0.00	0.00	$0	0.00	0.00
Anesthesiology	$8000	1.10	1.60	$55,000	0.50	1.20	$800	6.70	6.10
Cardiology	$4500	0.60	0.60	$52,000	0.50	1.00	$1,000	9.00	10.50
Cardiovascular Surgery	$0	0.00	0.00	$400	0.00	0.00	$0	0.00	0.00
Chiropractic	$0	0.00	0.00	$0	0.00	0.10	$0	0.00	0.20
Colorectal Surgery	$0	0.00	0.00	$0	0.00	0.10	$0	0.00	0.30
Dermatology	$1,200	0.20	0.40	$35,000	0.30	0.30	$0	0.00	1.60
Dialysis Facility	$0	0.00	0.10	$5,000	0.10	0.20	$0	0.00	0.70
Durable Medical Equip.	$0	0.00	0.00	$35,000	0.30	0.50	$0	0.00	2.80
Emergency Medicine	$12,000	1.60	1.60	$225,000	2.10	2.80	$600	5.50	6.40
Endocrinology	$1,800	0.30	0.10	$25,000	0.20	0.20	$0	0.00	0.70
Family Planning	$0	0.00	0.00	$44,500	0.40	0.70	$0	0.00	0.00
Family Practice	$2,250	0.30	0.40	$16,000	0.20	0.30	$0	0.00	3.60
Gastroenterology	$7,500	1.00	0.50	$50,000	0.50	0.90	$1,000	8.90	3.60
General Practice	$2,400	0.30	0.10	$50,000	0.50	0.30	$0	0.00	1.10
General Surgery	$7,900	1.00	0.70	$50,000	0.40	0.60	$100	0.80	2.80
Hematology/Oncology	$300	0.10	1.20	$15,000	0.10	1.10	$0	0.00	5.40
Home Health	$0	0.00	0.00	$225	0.00	0.00	$0	0.00	0.10
Hospital	$13,500	1.80	1.00	$75,000	0.70	1.10	$500	4.20	5.70
Hospitalist	$0	0.00	0.40	$800	0.00	0.40	$0	0.00	3.10
Total	**$61,500**	**$8.40**	**$8.80**	**$746,225**	**$6.90**	**$12.00**	**$4,000**	**$35.10**	**$54.90**

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fully aware of their respective accountability in going at risk, including:

- Select a physician system leader and champion to forge trust, ongoing open communication and alignment.
- Establish positive incentives in the right place and of the right type to motivate positive actions, decisions and behaviors.

4. **ADAPT AND ENHANCE EMPLOYEE POPULATION ENGAGEMENT STRATEGIES.** As mentioned before, it's pragmatic and smart to leverage what's been working for your employee plan and apply those capabilities to attributed patient populations. Assess and build on these competencies:

- Evaluate the similarities and differences (age, disease states, etc.) between your employees and any potential new attributed patient population groups.
- Assess your capacity to reach the extended population.
- Research what strategies and interventions have worked best for successful engagement with similar patient types. This step includes determining which patient engagements have led to desired outcomes (i.e. network utilization, change in behavior, cost avoidance).
- Identify opportunities for improvement and deploy pilot interventions with your employees for better outcomes.

5. **NEGOTIATE THE RISK-BASED CONTRACT.** Once you have mastered the previous four steps, you should be ready to extend those capabilities to external populations, with the addition of the critical last step of negotiating the risk-based contract. Key to this step is aligning contract terms with your priorities:

- Establish a Clear Division of Clinical Responsibility (DOCR). There may be some high cost services for which your system may not want to assume responsibility. Examples include transplants, burn unit/trauma, formulary management, and behavioral health. If there are doubts whether your system can adequately impact the quality and cost of a service, don't agree to take on risk for it.
- Establish a Clear Division of Financial Responsibility (DOFR). If you aren't at risk for or delivering a service, you shouldn't be at risk for the associated dollars either. Understanding the population data and negotiating with payers for a favorable DOFR is essential to your success. (*See **Figure B** below for an example of a DOFR.*

FIGURE B: Sample DOFR Matrix of IPA and Payer Risk Services

	IPA RISK SERVICES	PAYER RISK SERVICES	HOSPITAL RISK SERVICES
ACUPUNCTURE	NOT COVERED UNDER THIS AGREEMENT		
ALLERGY TESTING	X		
ALLERGY TREATMENT AND SERUM	X		
ALPHA-FETOPROTEIN TESTS	NOT COVERED UNDER THIS AGREEMENT		
AMBULANCE (Air or Ground) In Area			X
AMBULANCE (Air or Ground) Out of Area		X	
AMNIOCENTESIS TESTING - Facility Component			X
AMNIOCENTESIS TESTING - Professional Component	X		
ANESTHESIA - Facility Component			X
ANESTHESIA - Professional Component	X		
ANGIOGRAPHY	SEE DIAGNOSTIC TESTING		
ANGIOPLASTY (PTCA)	SEE SURGERY		
APNEA MONITOR			X
ARTIFICIAL EYES (Prosthetic)	X		
ARTIFICIAL LIMBS (Prosthetic)	X		
AUTOLOGOUS BLOOD DONATION	NOT COVERED UNDER THIS AGREEMENT		
BIOFEEDBACK	NOT COVERED UNDER THIS AGREEMENT		
BLOOD AND BLOOD PRODUCTS from Blood Bank or provided in Hospital - Hemophelia related Blood Factors			X

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How Conifer Health Supports the Management of Attributed Patient Populations

Serving healthcare organizations, provider-sponsored health plans and employers, Conifer Health offers proven expertise in helping care delivery organizations assume and manage financial risk. We provide critical risk assessment of potential populations along with essential tools to aggregate data and stratify high risk populations; insight and strategies for effective payor negotiations; and a proven 7-step process to align physicians and form a clinically integrated network.

Succeeding in the risk equation requires new competencies in care coordination, physician alignment and margin performance, and a proven partner can help you navigate success in your transition to attributed populations.

References

1. **Moody's Global Credit Research (2017, May 16).** Moody's: Preliminary FY 2016 US NFP hospital medians edge lower on revenue, expense pressure. Retrieved from https://www.moodys.com/research/Moodys-Preliminary-FY-2016-US-NFP-hospital-medians-edge-lower--PR_366813
2. **Anderson, C. (2016, Feb. 10)** Taking a Comprehensive View of Population Health Management. Retrieved from http://www.hfma.org/Leadership/Archives/2016/Winter/Taking_a_Comprehensive_View_of_Population_Health_Management/
3. **Figure A Source:** *Conifer Health's Value-Based Care's book-of-business comparison (illustrative and not representative of actual benchmarks) Source: Conifer Value-Based Care, LLC, May 2018
4. **Figure B Source:** Conifer Value-Based Care, LLC, May 2018.

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