



Forging Renewed Value through Integrated Community-Based Provider Partnerships

In this Executive Brief, HealthScape will discuss how health plans can use their relationships with local health systems to create new integrated provider partnerships that go beyond current value-based relationships and bring forward the value in vertically integrated partnerships.

Introduction and Value Proposition

Over a decade after the passage of the Affordable Care Act, the US healthcare system's transition from "volume to value" has been modest at best. While value-based care payments have steadily increased, they have largely been built on a fee-for-service chassis that lacks incentives on mutual long-term interest. Moreso, the vast majority of value-based strategies the Centers for Medicare and Medicaid Services (CMS) has launched have been unsuccessful in fundamentally evolving the ecosystem of care as intended.

Despite CMS' efforts to accelerate the transition to value, some health plans have taken the mantle around innovation with the launch of localized, integrated payer-provider community-based partnerships. These can provide opportunities for "hometown" plans to leverage strong relationships with local providers for a uniquely integrated member experience. This authentically local experience creates a local navigation model that can deliver lower cost, better quality and an enhanced experience through community-based engagement.

Integrated partnerships can also offer incremental margins as well as reduce system waste through shared product offerings, integrated clinical programs and combined value-add services. The key to deploying a successful integrated community-based partnership model is to identify, build and augment core competencies that align incentives between the plan and provider.



BUILDING THE FOUNDATIONS OF A COMMUNITY-BASED PARTNERSHIP

A successful community-based partnership requires an initial focus on defining the population in scope. The partnership should begin with a small subset of the population (e.g., a population served by primary care services) to position it to expand strategically and sequentially. As the partnership evolves, a new product to build membership strategically could support expansion. Lastly, further expansion could be achieved through overlapping geographic areas regardless of PCP to drive scale.

It is important to note that when defining the in-scope population, a common flaw of integrated partnerships is implementing with too small of a population, limiting meaningful impact and the ability to transform to scalable arrangements.

Driving membership to the provider partnership can help mitigate this risk as this will also incentivize both parties to transform how care is delivered and financed.

Successful partnerships require a comprehensive design of critical components to create an aligned value proposition for both plans and providers through 4 pillars—consumer experience, clinical model, product, and operations—which are supported by economic integration and cultural transformation (see Figure 1). The remainder of this paper will explore these pillars and define the transformations at each stage of a community-based integrated partnership.

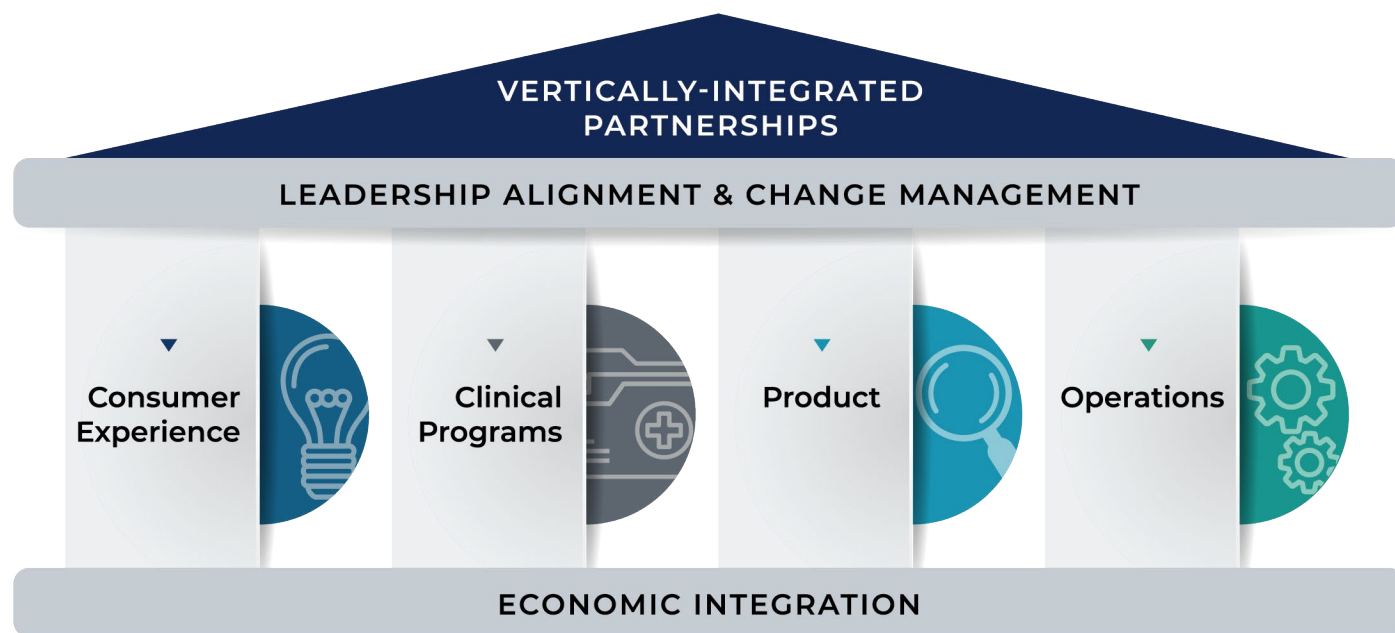


Figure 1: Vertically Integrated Partnership Components



CONSUMER EXPERIENCE

Foundational to a successful and meaningful partnership is a shared vision of the consumer. An expanded and inclusive view of the consumer is enabled by plan and provider alignment on local community health objectives, creating a holistic, integrated experience. This integrated experience contributes to increased consumer engagement, improved value and consumer stickiness.

Plans have several opportunities to support providers transitioning to this member-centric, integrated model. By connecting the dots between plans and provider, increased visibility and transparency promote improved, end-to-end member health. Additionally, plans can also streamline provider operations by concentrating care within the attributed health system as opposed to multiple sites of care, different systems, etc. As such, integrated partnerships leverage both provider and plan-focused patient data to understand common pain points to identify the greatest impact and value on consumers.



Optum launched DocASAP, a patient access and engagement platform for plans and providers to help members find the right care at the right time in the right care setting. This personalized digital solution puts consumers at the center of their care, enabling an improved and integrated experience.





CLINICAL PROGRAMS

Integrated plan-provider partnerships connect the dots and allow greater coordination between plan medical directors and practicing providers. Enabling providers to manage their patient population through support of the health plan empowers those providers and yields a comprehensive clinical model.

A successful plan-provider partnership develops programs aligned to the strengths of the partner health system while also making investments to create a shared model. Local providers can help identify the clinical programs and care management processes for their patient populations that will help ideate and bring new and integrated resources to partners. As a baseline, these partnerships should expand PCP models and invest in preferred levels of access through additional clinicians (e.g., social workers, care navigators).

There is additional opportunity for investment in specialty-based models, such as outpatient and ASC centers which can target high-volume and high-cost populations. The opportunity to manage episodes of care and conditions of polychronic, complex populations requires focused, facilitated care coordination between plans and the provider.



Kaiser Permanente and Emory Healthcare's partnership of a fully integrated care model has seen positive results. This collaboration allows Emory to learn from Kaiser's medical 'playbook' related to value-based care approaches while Kaiser patients have access to high quality care in the Atlanta metro area, each of which affords the organizations opportunities for growth.





PRODUCT

Vertically integrated partnerships rely on differentiated products that feature the partnership and can achieve scalability. At inception, health plans can focus organizational efforts on a narrower set of lines of business and / or products to avoid operational complexity. However, as the partnerships expand, technology enhancements and investments provide the opportunity to scale products, deliver provider support and education and potentially avoid niche market share.

As health plans explore options within integrated partnerships, product development and supporting capabilities will be critical to navigate as the “look and feel” of products will be different from the provider entity. The partnership can infuse population health capabilities along with tailored benefit offerings in product design. Commensurate to product design and development will be the expansion of technology and digital health to allow consumers to engage with their health in innovative ways (e.g., hybrid model inclusive of brick and mortar, virtual care, and home paired with the ability to access a wide range of services remotely) given greater adoption of technology.



CDPHP opened 1785 Health in partnership with several local medical practices. 1785 aims to improve the patient experience by centralizing many different services (e.g., specialty care, behavioral health, pharmacy, lab, telemedicine) at one facility to create a one-stop shop experience where all medical needs are served without having to schedule multiple appointments or travel to multiple locations.





OPERATIONS

Integrated partnerships can simplify existing operating models. Plans and providers have administrative costs that they are always trying to manage. A partnership not only enables a better member experience with improved clinical outcomes but also an opportunity to be more operationally lean. Plans and providers can eliminate duplicative functions and

infrastructure that exists in the current model and also collaborate to increase efficiencies. Identifying shared operations opportunities begins with defining the activities they need to stop doing individually and outlining the activities that they can share jointly, as described in the figure below.

Where are the Shared Operations Opportunities?





ECONOMIC INTEGRATION

Successful partnerships will be built upon a platform of economic alignment and risk-sharing to support the in-scope populations and products. While these partnerships may initially prioritize upside / downside risk models across individual and MA markets, they should ultimately transition to a truly integrated margin model in which margins generated relative premiums collected are mutually shared (at an agreed upon proportion). Moving to an integrated play may be more expensive at the onset as the care delivery model changes, but the structure creates mutual incentive to reduce overall cost of care and expand coverage.

This shift from rate-based negotiation to a total cost of care view replaces historical tug-of-war economic scenarios to a unified view wherein providers focus on system costs versus plan reimbursement schedules. Transitioning to this

model requires addressing a few key questions:

- What costs can the plan and provider share?
- What are the joint investments that need to be funded upfront to enable the transformation?
- How quickly can the provider get to the end state (i.e., integrated margin model)?
- How quickly can the partnership pursue a formal or virtual joint venture (i.e., getting to an end state in which incentives are truly aligned)?

Health plans and providers can accelerate economic integration by understanding major drivers of provider cost and referral / leakage, defining value creation opportunities for further integration (e.g., provider operating model improvements, clinical / pharmacy collaboration) and developing a mutually beneficial joint economic model.

LEADERSHIP ALIGNMENT AND CHANGE MANAGEMENT

Foundational to cultural transformation is driving behavioral changes as a partnership emerges. It is critical for leaders to align on the value of the partnership and how it's communicated to their teams to create a culture of partnership and accelerate change management. Aligning strategic values and a shared mission propagates meaningful change throughout the organization rather being concentrated at the executive level. Integration and transformation can be championed through both a bottoms-up and top-down approach. However, executive leadership must ultimately set the tone and direction for adopting organizational change. Leaders who clearly articulate the vision of the

partnership over the subsequent 2-3 years and highlight how the integration will serve and transform the community will be best positioned for a successful and effective transformation.

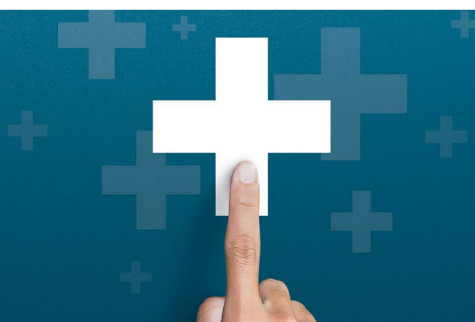
In a bottoms-up model, teams will need to be deliberate in diffusing the “arms race” between plans and providers on short-term issues such as fee-for-service rates and related contract negotiations. This may require compromising near-term priorities for long-term wins. While it may not be possible to avoid all conflict, plan and provider leaders will need to encourage their teams, particularly those who manage the relationship, to “give a little bit” in the day-to-day operations to enable long-term change.



Challenges

Underlying the appetite for collaboration and integration on the part of plans and providers is the understanding that this new territory comes with several headwinds which may limit material progress:

- ① **Unclear Initiative Governance:** The inability to clearly define participating plans' roles and responsibilities within a collaboration opportunity presents challenges in accountability and execution ownership. Furthermore, plans may have bandwidth constraints across leadership and operational resources to pursue collaboration efforts.
- ② **Different Technology Capabilities:** Creating joint solutions across (or differing from) plans' native technology platforms present challenges in operationalizing opportunities and aligning on preferred systems/platforms. Even after these solutions are launched, sharing data in a compliant, secure manner requires extensive communication and defined, agreed upon technical requirements.
- ③ **Differences in Leadership Priorities:** Gaining buy-in and alignment on prioritized initiatives is difficult given differences in strategic short- and long-term goals of plans' leadership.
- ④ **Limited Influence to Drive Change:** It can be difficult to exert enough of a dollar influence on the total economics of the provider partner to incentivize change; while a local provider may be a sizable portion of a plan's business, the inverse may not necessarily be true as providers have other payers, including Medicare and Medicaid.
- ⑤ **Provider Financial Feasibility:** Local providers with significant fixed costs that struggle with profitability represent headwinds for collaboration.
- ⑥ **Historically Adverse Relations:** After years of traditionally strained relationships between health plans and providers, it can be difficult to foster organizational and cultural change. In order to create successful partnerships, health plans and providers will need to rebuild their relationships based on mutual trust and transparency.





How Plans Should Approach

Despite the challenges, health plans are uniquely positioned to segment and identify provider partnership opportunities within local markets. Plans may leverage a provider segmentation strategy for identification and evaluation across 3 key factors—size and brand, cost management capabilities and disposition towards value-based reimbursement models—to indicate the level of engagement and depth of collaboration. This may require short- and long-term investments to align strategic objectives with shared risk and the local market in mind.



Size and Brand

Segment providers based on the plan's book of business, providers' market breadth and their level of services may inform the level of influence a partnership may have on the target population.



Cost Management Capabilities

Identify providers that have demonstrated a willingness to operate under more advanced risk models and provide an improved and increasingly integrated member experience.



Disposition towards Value-Based Reimbursement Models

Build advanced partnerships that leverage innovative value-based models and alignment on technology with a focus on ROI.

HEALTHSCAPE CAN HELP

Market forces will continue to evolve the health plan and provider relationship. We have supported plans position themselves favorably with local providers in their market to achieve mutually desired outcomes.

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