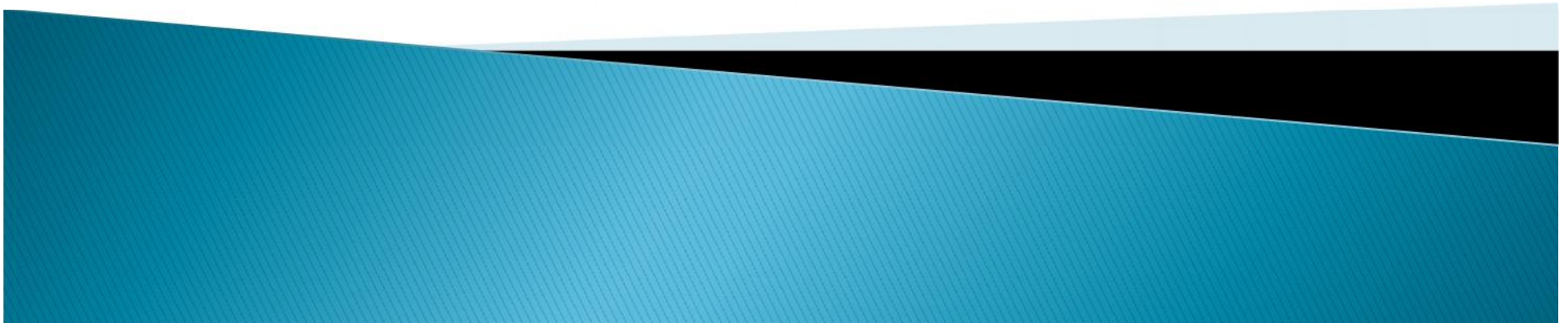


How to Succeed in a Value Based Model

A Managed Care Update

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Objectives:

- 1) What is Value Based Care? How to be successful in the future?
- 2) IT Tools: Friend or Foe? Care Opportunity Reports (COR), Registries, and Dashboards
- 3) HCC Codes, Risk Assessment Factors.
What are they and how do they affect the bottom line?



Value Based Care (VBC)

-VBC = Patient Satisfaction + Quality
Cost Efficiency
= “Triple Aim”

-“Quadruple Aim” = Includes the addition of
care team satisfaction



Value Based Care

Why is it important?



Value Based Care—IT's Impact

Allows for the measurement of outcomes and processes founded on evidence based medical guidelines, notifies providers of opportunities for improvements

Identification of/outreach to patients who are overdue for preventive services or need follow up of chronic medical problems

Built in checks for allergies, medication interactions and reconciliation, & enhanced communication all promote patient safety



Value Based Care—Financial Impact

Providers will no longer be compensated solely by the # of wRVU's or E&M billings for patients seen under the current Fee For Service Model.

Transformation to the VBC model will dictate that a significant component of future payment for services be determined by a provider's performance on quality and satisfaction metrics, not volume!



Value Based Care—Financial Impact

CMS has proposed that **50% of payments** for healthcare payments will be based on VBC by 2018, and where Medicare goes insurers are bound to follow.

For those not prepared, the financial impact itself can be considerable and the transformation to a value based model takes time.



Electronic Health Records (EHR) Friend or Foe?

If used only as another way to chart—the EHR is an extremely expensive substitute for a paper chart.

However, when the EHR is utilized properly, its population health/chronic disease management tools, templates, medication reconciliation, and improved communication portals can improve patient care, outcomes, and safety!



Electronic Health Records (EHR) Friend or Foe?

A proper EHR can assist with ICD 10 coding and proper IT support tools can also help communicate to payers the severity of your patients' disease burden when you submit claims.

But be aware of the truism, “**garbage in, garbage out**”! Taking time on the front end to enter data correctly will pay dividends when tabulating and analyzing data later.



Electronic Health Records (EHR) Friend or Foe?

Some key components you should become familiar with to help in the understanding of EHR usage...



Key Terms

COR: The Care Opportunity Report, a listing of preventative health and chronic disease measures that should be addressed at the time of an office visit to help fulfill quality metrics (the basis for population health, chronic disease management)

Problem List: Template containing **all diagnosed chronic ongoing and acute health problems that will need continued management.** If no longer requiring care, the problem should either be moved to Past Medical History or resolved/deleted



Key Terms

Registry: A Data File built to capture designated information on a given disease or category (timeliness of service, medications, labs or appropriate tests). Used to monitor and improve care by identifying deficiencies and outreaching to patients.

Dashboard: A collection of performance data/ratings that can be analyzed by individual provider, clinic site, or system to compare performance.



Registries

Currently Available:

- Diabetes
- Congestive Heart Failure
- Coronary Artery Disease

Coming soon:

- ACO—CMS Quality Metrics
- Chronic Obstructive Pulmonary Disease
- Hypertension



Registries

Future Buildouts:

- Pediatric Wellness, Immunizations
- Pain Management
- Adult Wellness

Registries are usually populated by the ICD codes in the Problem List, therefore, **it is critical to keep this up to date! Equally important, the PCP needs to be correctly identified in order for results to be directed to the appropriate dashboard.



Dashboards

Will allow sharing of performance data for quality improvement at the individual, clinic site, system, and national level against set benchmarks

Used to improve patient care for preventive health and chronic disease measures by identifying strengths and weaknesses, promoting successful methods to educate and improve care team performance

Performance thresholds will likely be the basis that determines how a significant portion of future compensation for “value” is assigned/distributed



Impact of Registries and Dashboards

CMS and insurers require reports on a defined set of quality metrics and patient satisfaction. A minimum threshold is required to be eligible for “incentive compensation”, and better performance metrics reap bigger financial compensation.

In a value based model, cost savings might be achieved—however, if quality and satisfaction thresholds are not met the “shared or at risk” dollars are forfeit (e.g.–the Nevada ACO last year with \$20 million retained by CMS when they failed to meet the minimal metric thresholds)



Hierarchical Condition Category
(HCC) Codes and
Risk Assessment Factors (RAF)



HCC Codes

Hierarchical Condition Categories:

Codes for 79 specific disease categories that identify the specificity and severity of a patient's disease burden



Risk Assessment Factors

Risk Assessment Factor (RAF):

A numeric value is assigned to each HCC code. These are used as part of a predictive tool that reflects the extent a patient's disease burden is expected to contribute to that patient's healthcare costs

CMS will assign the diagnosis within a given HCC category that is associated with the greatest severity of illness submitted on a claim that year (the highest RAF)



Weighted Risk Assessment Factor

$$\text{Weighted RAF} = \text{Demographic Factors} + \text{Sum HCC Values}$$

Formula used to compare patients/estimate expenses using HCC code values assigned to a patient's diagnoses, demographic data (an estimate of socioeconomic factors based on zip code information, age, and gender), disability status, and Medicaid eligibility.

“Compare apples to apples”



HCC Codes and Risk Assessment Factors

*How do they financially impact
your Practice?*



HCC Codes and RAF, Financial Impact

By determining the amount of expenditures a third party payer expects for a patient population over the coming fiscal year, in essence setting the budget that you will need to beat in order to be successful...



HCC Codes and RAF, Financial Impact

All billing codes (ICD-9/10) must be supported by documentation in a progress note generated by a face-to-face visit and signed by a qualified provider. **If not documented, it doesn't exist. CMS and insurers contractually can and do perform audits!**

CMS and other third party administrators
Weighted RAF data is based on the ICD codes submitted on claims, not the E&M codes



HCC Codes and RAF, Financial Impact

If more is spent than the budget/minimum savings goal:

In a shared savings model, providers could work hard, provide great care, and have superior patient satisfaction—but not share in any savings to compensate for the extra effort

Even worse, in a risk contract they would have to “pay back” any of that year’s earnings to make up the deficit—a truly undesirable outcome!



HCC Codes, Financial Impact

Example Calculation:

$$\begin{array}{rcccccc} 0.94 & + & 1.112 & + & 0.365 & = & 2.389 \\ \text{Asthma} & & \text{Complicated} & & \text{Demographic} & & \text{Weighted} \\ & & \text{Diabetes} & & \text{Value} & & \text{RAF} \end{array}$$

If the baseline RAF is 1.00 and \$10 K/point is budgeted for next year's expenditures, 2.389 ~ \$24K, ~\$14 K that would be available if the claim is coded correctly (or lost if it isn't).



HCC Codes, Financial Impact

Last year we had 29,115 Medicare patients that were attributed to us under the CMS Medicare Shared Savings Product

8,337 of those had no HCC codes submitted.

Without accurate HCC coding, **it is projected losses as high as \$924 pmpm can occur for each 10% of under coding.**



Summary

- ▶ Value based care requires a whole new approach as to how we approach healthcare for our patients.
- ▶ The potential to improve quality of care and cost efficiency is great.
- ▶ To thrive, however, physicians and the care teams need to learn the rules, have an effective IT platform for their EHR, and practice evidence based medicine.
- ▶ Understanding/implementing the correct coding tools is critical for success.

