Road Map

Assessing Your Readiness for Value-based Care: 7 Key Areas to Focus On
In a recent survey of healthcare leaders, 94 percent revealed they were on a path to implementing some form of value-based care (VBC) in their organizations. However, more than half say their level of preparation is somewhat or very weak. The roadblock standing in the way of incorporating VBC is clear: large capital investments are required but value-based revenue streams are still uncertain.

Regardless of the obstacles, the shift to VBC appears to be inescapable. The Affordable Care Act re-energized the push toward Accountable Care Organizations and the recent release of the rule on MACRA will drive Medicare providers to some form of Alternate Payment Method or incentive based payment program. The Department of Health and Human Services (HHS) has already announced the ambitious goal of shifting 85% of Medicare payments to value-based models in the next year. It’s no longer a question of “if” but “when” value-based care becomes an integral part of every healthcare organization.

The most effective way to begin planning for a value-based care program is to conduct a thorough, comprehensive assessment of your current readiness. Here are seven key areas to consider as you begin your move into value-based care.

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**Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018**

- **2016**
  - All Medicare FFS: 30%
  - FFS linked to quality (Categories 2-4): 85%
  - Alternative payment models (Categories 3-4)

- **2018**
  - All Medicare FFS: 50%
  - FFS linked to quality (Categories 2-4): 90%
  - Alternative payment models (Categories 3-4)
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1. Hospital Administration
Determining how value-based care will impact your organization should be the first step when assessing your readiness. Nearly every aspect of your organization will be affected and it's critical to identify and understand how the change will affect each department, service line and revenue stream.

Negotiating contracts as you move from fee-for-service to value-based care is especially crucial since this has the greatest financial implications for your organization. Since VBC contracts are based on shared savings, tracking performance becomes critical. This requires a level of sophistication in system infrastructure and business office operations that are not yet prevalent in most organizations. Your best approach is to formulate a plan to meet the advanced requirements of at-risk contracts.

2. Technology
VBC requires the capturing, processing, analyzing and reporting of data on a wide range of clinical measurements. Tracking incentive-based payments requires significant upgrades in IT systems to ensure you get the right data at the right time and are able to report efficiently.

Many organizations are hamstrung with legacy systems and electronic health records (EHRs) that don’t necessarily communicate with each other, making the task even more difficult. VBC models require aggregating data from all care settings, including third party providers and building a data warehouse to report on outcomes, costs, quality and patient experiences.

Most EHRs were developed in a fee-for-service environment and struggle to adapt to VBC payment methodology. They act more as documentation tools focused on workflows organized around providers and not necessarily patients – a key difference in a VBC model.

As you prepare to move to VBC, review your systems to determine what you will need to do to upgrade your technology infrastructure to meet the new demands.
3. Revenue Cycle

Obviously the most significant impact to the switch to VBC will be on your revenue stream. Before you move to the risk-based VBC model, you should review your revenue cycle metrics to see how they compare to both regional and national norms. This will help you determine the types and scope of revenue leakage that may be impacting your organization. You should also examine your process for assessing potential waste in staffing or overhead.

Succeeding in a VBC environment requires a concerted effort from the entire organization. If you haven’t yet shared with staff how they impact key cost drivers, now is the time to begin. This is also a good time to consider initiatives to streamline operations to reduce costs.

Having the ability to identify and document services patients are receiving is crucial in a VBC model. Tracking and understanding your financial performance for each defined population of patients is also a key aspect of VBC.

Finally you should be looking to drive continuous improvement to positively impact the bottom line. Providing feedback on a regular basis to senior leaders in the organization is an important element to a continuous revenue cycle improvement program.
4. Clinical Care
At the heart of the shift to VBC is the goal of providing higher levels of care to patients. Participating in VBC requires having a series of protocols that all physicians should follow to reduce variance in the delivery of care.

Staffing is also a key factor in delivering quality care. You will need to determine whether you have the correct number of primary care, specialists and network physicians. You should also evaluate your network, emergency department and contracted services such as lab and radiology. It’s also important to have an ongoing education program to bring all providers up to speed on the requirements of VBC.

Managing population health is a cornerstone of VBC. You need to have the ability to track patient groups, stratify and manage high risk and chronic condition populations and identify which groups would most benefit from preventative measures and education.

5. Caregivers and Patients
There are a number of programs available to help you make the leap to VBC including Chronic Care Management (CCM), Patient Centered Medical Home (PCMH), Physician Quality Reporting System (PQRS), Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS), The Joint Commission (TJC), American Osteopathic Association Healthcare Facilities Accreditation Program (AOA/HFAP) and others. Consider one or more of these programs to get you headed in the right direction.

You should also consider reviewing your process for handling case management. Remote care is growing in popularity so telehealth capability, the ability to manage chronic patients and deploying a remote medical device monitoring program are all worthy of consideration.

Another aspect of VBC is closely monitoring patient care in-hospital from pre-admittance screening, length of stay through to post discharge care plans.
6. Efficiency and Cost Reduction
In addition to achieving better care outcomes, the goal of VBC is to deliver that care at reduced costs. To that end, you should consider developing an ongoing efficiency and cost reduction program if you don’t already have one in place.

The program should include understanding your cost to deliver a unit of care and the ability to evaluate the cost implications of moving to a VBC model. You will also need a working knowledge of the various cost savings models that support VBC such as shared risk, shared savings and capitation. Your entire organization including billing and revenue cycle staff will need to be educated on the concept and impact of VBC.

While the transition to VBC is inevitable, the shift will be gradual so you will need to understand how to manage both VBC and fee-for-service models simultaneously.

7. Quality Assessment & Performance Improvement (QAPI)
Measuring quality is a vital element in a VBC model. This requires extensive data collection and analysis and the ability to provide evidence that each of your quality indicators is related to improved health outcomes. Determining the appropriate scope, method and frequency of the data collection is crucial to providing that evidence.

You will also need to provide proof that your improvement activities focus on areas that are high risk, high volume or problem prone. VBC also requires verification that you are conducting distinct performance improvement projects and that those projects are proportional to the scope and complexity of your organization’s services and operations.

Other quality issues that must be addressed include patient safety, causal analysis tracers and broad QAPI requirements and leadership responsibilities.
Moving to VBC represents a dramatic change for most organizations, but one that is fast becoming unavoidable. If you don’t fully understand the risks posed by your patient population you could suffer a significant negative financial impact going forward. Now is the to prepare for this inevitable future.

The good news is that you don’t have to face the transition alone. Hayes has developed a tool for organizations that are planning for a move to VBC. Contact us for a comprehensive VBC assessment that will help you set a firm foundation as you move into the world of VBC.
Hayes Management Consulting
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