



Lessons from Higher Performing Networks

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- Smarter healthcare spending has not happened by itself
- Financial performance and improved performance is uneven
- What are the lessons from higher performing networks that are already producing financial results?

A critical mass of responsible providers
with the right support, authority, and
aligned financial incentives
will perform significantly better
than the typical health program.

High Performance Networks can achieve:

- Measurable quality improvement
- Much less waste in the system with cost savings passed along to purchasers
- Lower administrative costs and ultimately fewer after-the-fact disagreements
- Greater membership growth with financial and operational support from purchasers

- Pilots and initiatives
- Care coordination and quality measurement
- Alternative payment models
- Management
- Infrastructure

1) Implement multiple initiatives aimed at financial results (supported by new payment systems on some initiatives). Initiatives extend beyond quality improvement and are targeted to the line of business (such as Medicare, Medicaid, employer, or individual)

- Condition-specific initiatives (beyond just chronic)
- Waste reduction (practice variation, complications, advanced pharmacy)
- Channeling for all services
- Collaboratives with state governments, key providers and the private sector
- Joint hospital and physician organization strategies
- Administrative simplification
- and many more

2) Improve Care Coordination and Member Engagement

- Team-based care
- Enhanced primary care access
- Whole-person approach to care management
- Patient engagement with personalized goals and a focus on self-care and risk reduction
- Promote behavior change to reduce avoidable risk
- Reduce acute exacerbations that lead to high-cost services

3) Manage future high-risk members - not past illnesses

- Next generation predictive identification tools – with multiple inputs
 - Disease registries / number of chronic illnesses
 - National and international tools
 - Case manager suggestions
 - Provider references - they often know their at-risk patients who need extra support
 - Prospective risk scores from claims data
 - ED utilization, admission, and prescription drug use patterns
- Invest in managing high-risk population (even though direct compensation options may be limited)
 - Face-to-face meetings elicit greater member engagement
 - Understand what's in the patient's way, e.g., lack of self-care, psychosocial issues, etc.
- Transitional care may involve varied timeframes

4) Choose a limited set of measures that demonstrate value, linking financial results to utilization and quality outcomes

- Target a few key measures that focus on evidence-based care and improved health outcomes
- Distinguish internal operational reporting and quality improvement data requirements from evaluation measures
- Encourage outcomes measurement and advanced quality reporting from clinical registries and electronic health records

- 5) Develop strong ongoing financial agreements on overall costs (with purchasers)
- Financial targets must include both upside and downside risk
 - Include almost all costs and services inside the network (limit carve-outs)
 - Build incentive payments around specific goals
 - Complex analytic issues
 - Risk adjustment that increases overall payments from buyers can increase trends
 - Some attribution methods create regression to the mean and can overstate savings
 - Real financial impact on providers is marginal revenue (after expenses). Bonuses often have more impact than claims.
 - **Agreement on total cost target with a single organization is essential, but does not produce ongoing higher performance by itself.**

6) Implement selective “aligned incentives” with providers

- Use capitation, incentive payments, reduced administration, or additional support to promote a broader role for primary care physicians and office staff
- Reduce complicated care in hospitals with new payment approaches for hospitals and key specialists
- Payment reform for individual providers is essential - but it is done very selectively
- Use payment models for hospitals that incent management of the length of events around the stay including payment per admission or case rate (bundles)
- Provider-based programs can be effective managers of large claims if the right payment method is used

7) Use the full resources and unique capabilities of responsible, informed providers – from the executives to individual providers

- Leadership and governance
- Build around high-performing physicians
- Provide training and support to improve future performance
- Blend the strengths of health plans, physicians and hospitals

- What can be done?
- Who is the right person to fix it?
 - Physician
 - Hospital
 - Health plan
 - Staff
 - Member
 - Employer
- What resources are needed to create a solution?

8) Reduce waste and related internal operating expenses across the system

- Requires executive commitment with designated responsibilities
 - Target multiple waste reduction initiatives
 - Manage the system, not just the population
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- Waste reduction means underlying provider expenses as well as claims
 - otherwise gains are not sustainable

9) Communicate with allies in deep and blunt discussions (cost drivers, responsibilities, duplicate tasks, etc.)

- Create alliances across the industry
- Share information
- Reinforce communications through aligned financial incentives to individual providers

10) Use multiple data sources to create useful reports to prioritize, create initiatives, and support the individual taking action

- Continually improve data analytics and reporting
- Provide useful, timely reporting to the right person
- Target information reporting to the right audience – management, hospitals, physicians and employers
- Collaborate for benchmarking and shared insights

11) Develop infrastructure to support informed action at the right time by the right individual

- Strong infrastructure with key functions centralized
- Get information to people making decisions
- Let physicians and providers focus on their core job – patients
- Optimize workforce
 - Support staff for high-risk members at the physician's office
 - Health professionals working at the “top of their license”
 - Ongoing and extensive professional training in health and management

12) Monitor economies of scale - particularly for smaller organizations and individual providers

- Manage resources and technology
- Minimize duplication of effort
- Obtain support from allies to manage operating costs
- Leverage educational collaboratives and/or joint purchasing options
- Where feasible, use more virtual and less formal structures

Purchasers can drive strong programs through actions including:

- Distinguish between HPNs and boilerplate typical networks
- **Assess how your health plans and allied providers are performing**
- Understand the health plan's plan to improve your key markets.
- Build key initiatives into on-site clinics.
- Conduct due diligence on the structure of affiliated provider contracts and the organization of hospital contracts.
- Identify and encourage innovation and implementation of stronger initiatives.
- Continue to communicate your goal to improve financial performance within the triple aim.
- Incent members to utilize responsible providers through communication, plan design, and stand-alone network choices.
- Leverage employer coalitions to drive local improvement even on the most complex issues.
- Monitor and encourage provider efforts to reduce waste across all purchasers.

- Leadership, Governance, Organization and Experience
- Member Identification and Engagement
- Provider Engagement, Support and Feedback
- Care Management and Population Health
 - Care Coordination
 - Medically Complex Patient Management
 - Behavioral Health Integration
- Quality Measurement and Improvement
- Network Management, Contracting and Financial Model
- Prescription Drug Management and Optimization
- Health IT, Data Integration and Reporting

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Lessons from Higher Performing Networks: A Guide for Employers

http://www.pbgh.org/storage/documents/commentary/HiPerfNetworkBrief_Final3.pdf