

# Fourteenth National Value-Based Payment and Pay for Performance Summit

*Preparing for the Launch of CMMI's New Mandatory Downside-Risk Payment Models*

HYATT REGENCY LAX, LOS ANGELES, CA  
February 25 - 27, 2019

## Bold Improvements to Enhance a Successful Pay-for-Success Program for Asthma

Tuesday

Mini Summit XVII 4:00 - 4:30 pm



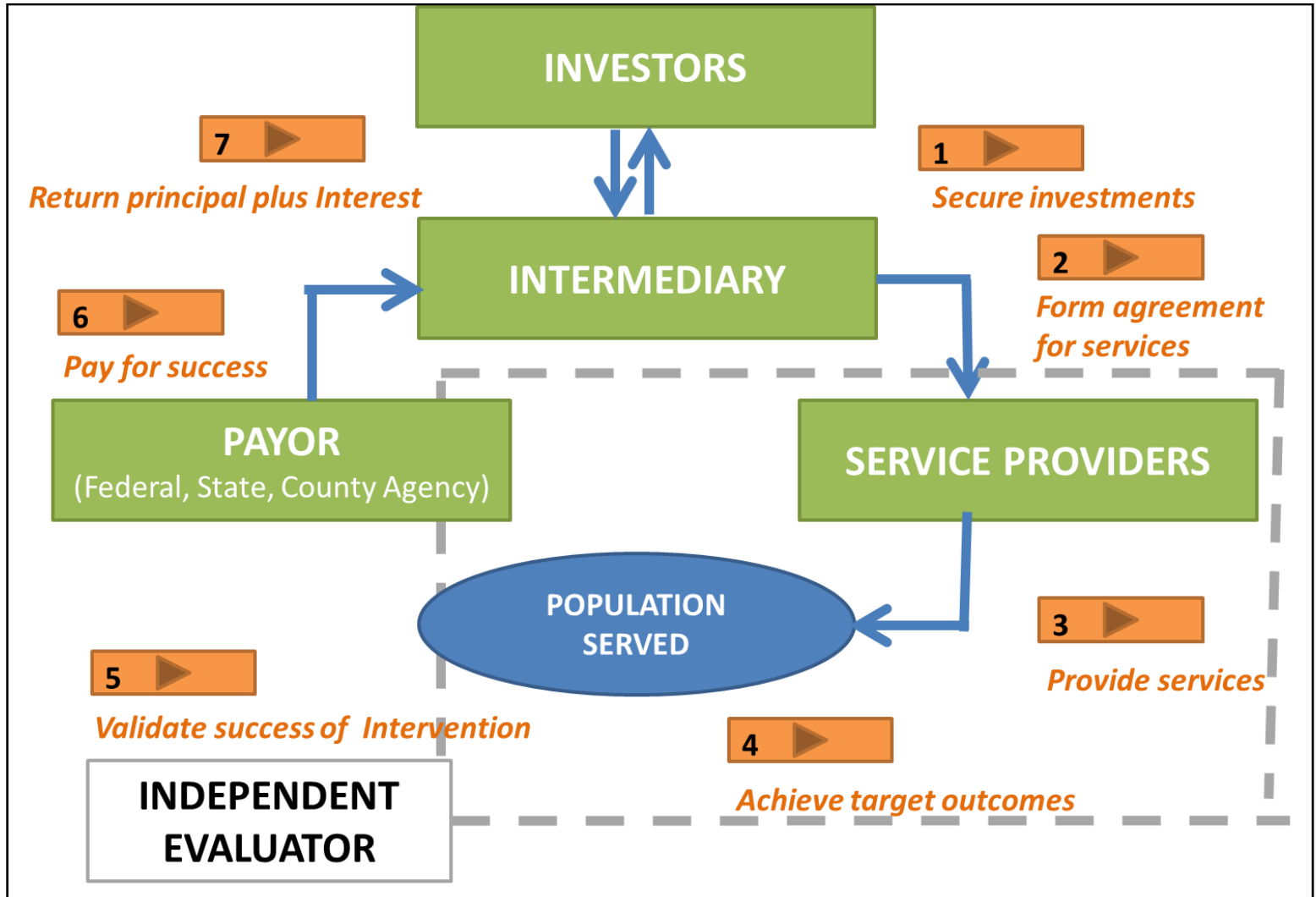
# The Burden of Asthma in Alameda County

- Average charges for pediatric hospitalization: **\$23,248**  
(When we started in 2016 it was **\$16,545**)
- Average cost of ED visit: **\$3,500** (Children's Hospital of Oakland)
- Average cost of EMS Response (Paramedics and Transport to Hospital): **\$2,944**
- **17%** of Oakland's school children diagnosed with Asthma were chronically absent—missing 10% of the school year and reducing Average Daily Attendance (ADA) by **\$894 per student per year**

# The Purpose of the Asthma PFS Initiative

- Can we improve the lives of children with uncontrolled asthma?
  - Improve overall quality of life
  - Reduce presence of known asthma triggers
  - Reduce hospital emergency department visits by 70%
  - Reduce hospital days by 50%
  - Reduce missed days of school by 30%
- Will there be enough cost of care savings to engage end payors in financing this work using a Pay for Success Financing?

# Pay for Success 1.0



# Alameda County Key Agencies and Organizations

Oversite by The Alameda County Health Services Agency/ Board of Directors

## **Alameda County Healthy Homes Department**

- Project Management
- Intervention Implementation

## **Alameda County Public Health Department**

- Project Management
- Intervention Implementation

## **Better Health East Bay— Sutter Health Foundation**

- Invest financial support for community engagement
- Provide in-kind assistance with medical “hot-spotting” for high utilizers

## **Turner Consulting and Actuarial Services, LLC**

- Review patient utilization data

## **Third Sector Capital Partners**

- Ensure project readiness and optimal design for PFS
- Guide preparation for securing private investors in Phase 2, if appropriate

## **UC Berkeley School of Public Health, Health Research for Action Center**

- Review intervention design
- Evaluate results

## **Impact4Health, LLC**

Project Facilitation, Coordination & Technical Support



# Two Existing Interventions Working Together

## Asthma START

- Conduct psycho-social assessment of health needs
- Provide health education
- Insure Asthma management plan is in place
- Check-in to affirm behavior changes
- Refer to Healthy Homes for environmental and home remediation

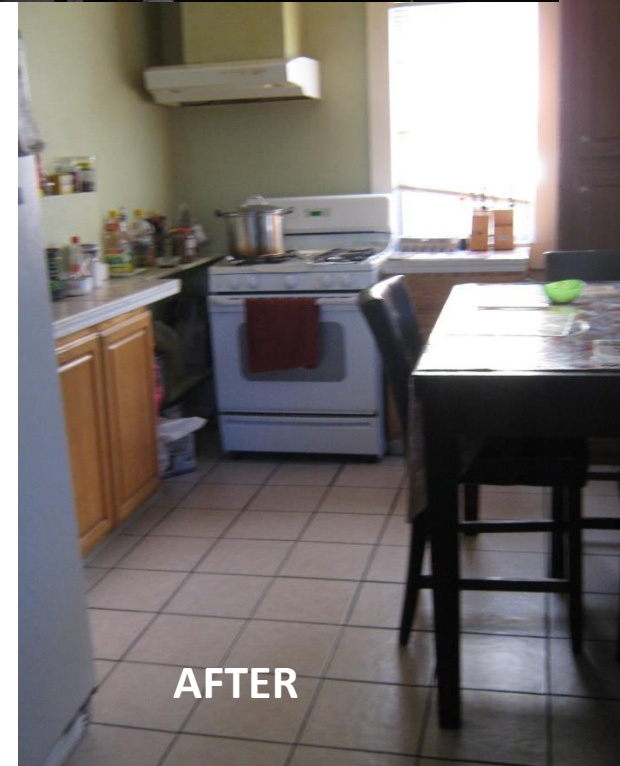
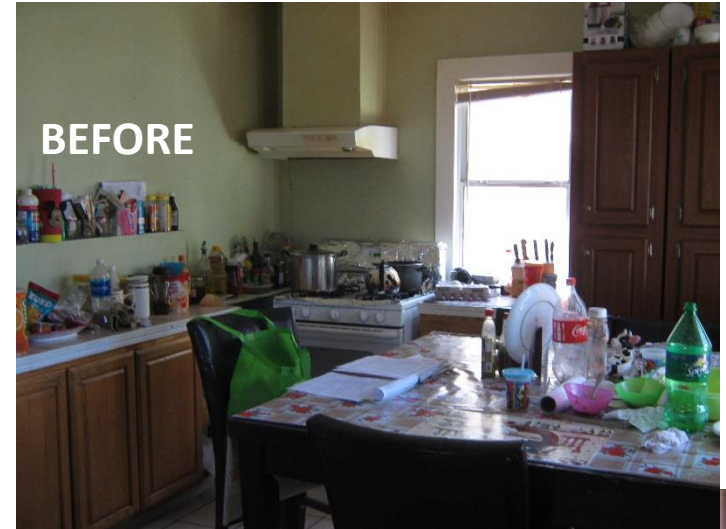
## Department of Healthy Homes

- Healthy home visual assessment
- Conduct occupant health and housing education
- Conduct environmental treatment
- Removal of known asthma triggers and address safety issues
- Provide technical assistance to property owner and coordinate with Code Enforcement as necessary



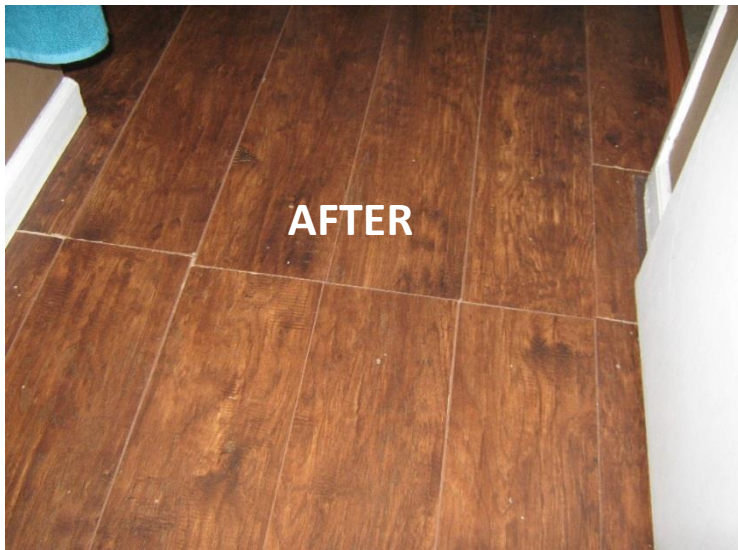
# Project Impact

- Improve Indoor Air Quality
- Reduce Moisture
- Eliminate Mold
- Prevent Pests from Entering Living Space





# Project Impact





# Current Outcomes

## Program Outcomes

- Total number of ED visits reduced by 51.6%
- Inpatient days of stay were reduced by 80.0%.
- Participants' asthma control test (ACT) score improved on average 3.5 points, from not well-controlled to well-controlled status
- Emergency Department and inpatient billed and paid charged were reduced, respectively, by 68.3% and 73.9%.

## ROI Calculations

Projected ROI over 2 years:

- **6.60 - 9.62** for “Billed Charges”—the defined cost of services provided to participants
- **.27 -.98** for “Paid Claims”—the net costs of care after adjustment for provider contracted payments

# The Complexity of Calculating Health Care Cost Savings

**"There's one party — the hospital who provides the service. There's a second party — the patient, who receives the service. And there's a third party — the insurance, who pays for the service." That third part is where health care pricing *gets really squirrely*."**

*Bruce Rueben, President Florida Hospital Association Nov 15 2014 NPR  
They Paid How Much? How Negotiated Deals Hide Health Care's Cost.*

Our final ROI calculations will improve with more time and additional data on the impact of the intervention on participants.

# A Pay for Performance Scenario

**\$340** Current reimbursement for Asthma Start

**\$910** Cost of completed intervention

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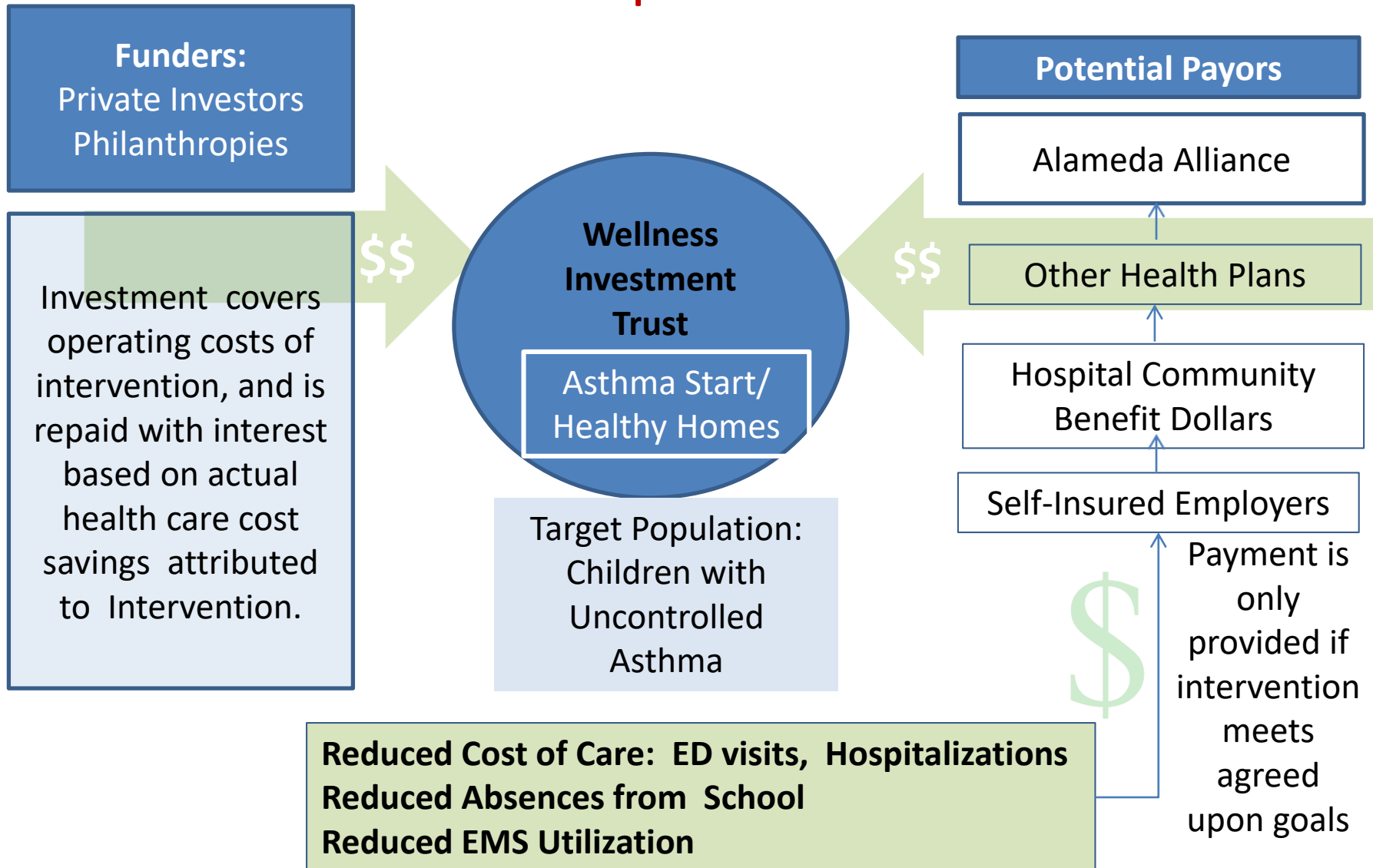
*A Pay for Performance agreement would require a contract for the true cost of the intervention to be paid to intervention provider in full*

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**Pay For Performance would not provide the opportunity to scale**

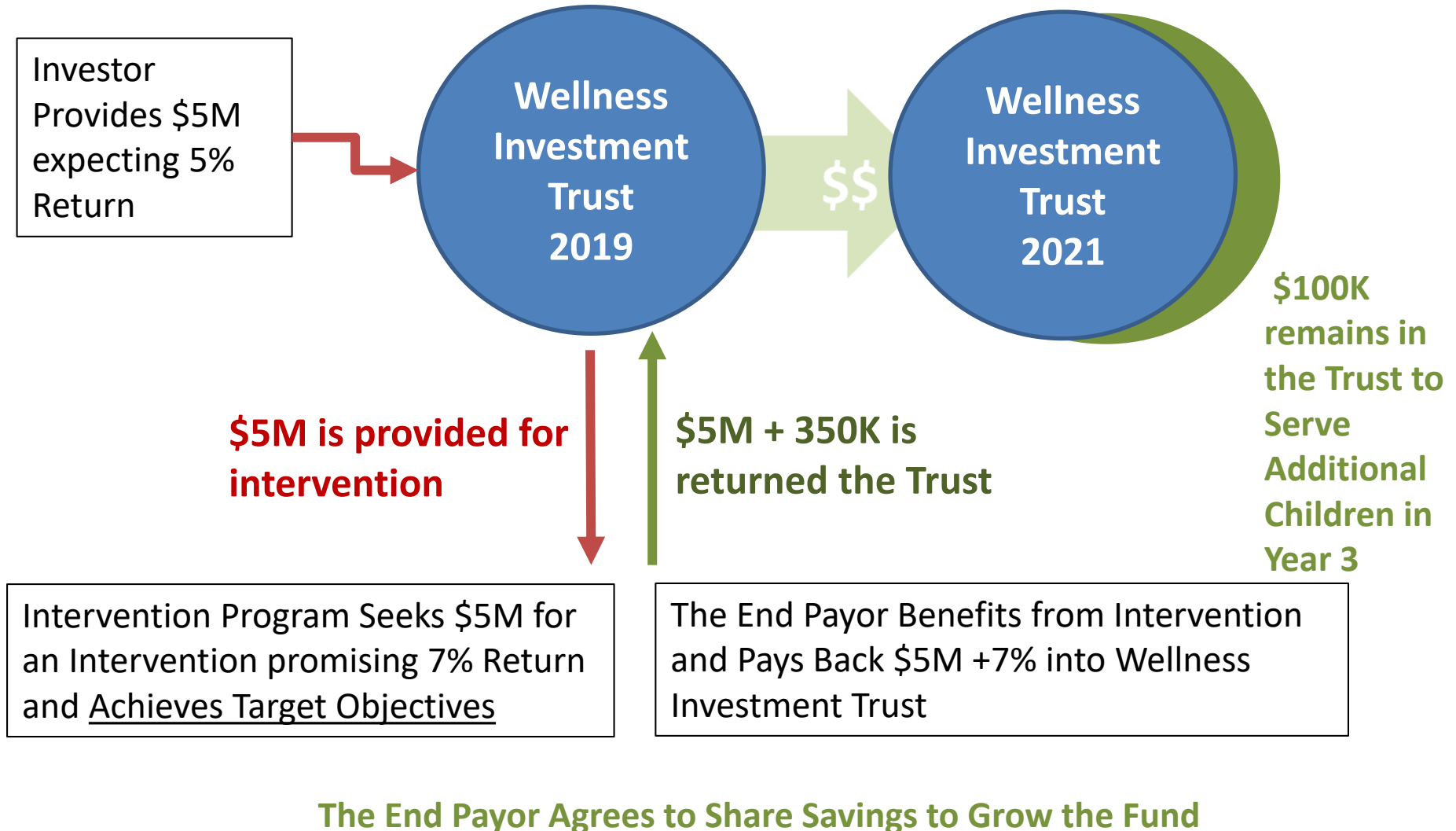
# Alameda County PFS Financing Model

Proposed





# Sample Scenario for Wellness Investment Trust



# Creating the Wellness Investment Trust

- Identify additional payors that benefit by improving the lives of children with uncontrolled asthma
- Target 1,000 children per year
- Minimal investment amounts need to be defined—For example \$5Million to meet the needs of 1000 children each year for five years
- Build awareness on indirect vs direct savings (healthcare expense)
- Factor the cost of capital
- Use a CDFI for fund management
- Potentially use SOPACT.com to track impact of savings in SDG format



**THE CENTER**  
*at Sierra Health Foundation*

***LAUNCHED OCT 2018***

# San Joaquin Valley Impact Investment Fund

- Initiated October 2018
- Sierra Health Foundation and Dignity established \$25M fund through Center for Health Program Management (The Center) and Avivar Capital
- Reinvest in high performing mission-driven funds and innovative development partners to improve health and prosperity for all residents in a nine-county region of the San Joaquin Valley.



***Innovations to Advance Health Equity***



# The Potential of PFS 2.0

## The Promise

- Attracting new investors/dollars for social impact initiatives
- Creating long term sustainable funding for upstream interventions
- Testing innovative solutions at low risk to county, state or federal government

## The Challenges

- The complexity of creating a PFS adds administrative, evaluation, costs and external players
- Measuring impact is challenging with current internal data management and evaluation capacity
- Investors need to be in it for the long term.

## New Directions

- A more intentional and coordinated effort across nonprofits, hospitals and agencies working with the same population to enhance program impact at scale



# *New Approaches Moving Forward*

## **Program Changes**

- Reduce cost of intervention:
  - Clean homes only if truly needed
  - Reduce total visits
- Use of more self-help materials/resources
- Shorten total span of days to complete the intervention (<90 days)

## **Engage Other Stakeholders to Go to Scale**

- School Engagement
- Tenant Rights Groups
- Community Watch Groups
- Church/Faith Based Organizations
- Employers who Benefitted from Reduced Presenteeism
- Affordable Housing Task Forces
- Workforce Development (Trainees to support home remediation)



# Thank You!

Maria Hernandez, PhD

President & COO

Impact4Health, LLC

[maria@impact4health.com](mailto:maria@impact4health.com)

510.340. 9312

@drmghernandez

LinkedIn/In/MariaHernandez



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# *More on PFS 2.0*

## *Bill Barberg, CEO*

INSIGHTFORMATION INC.



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