

Volume 5 | Issue 5

December 2019

Delaware Journal of

Public Health

A publication of the Delaware Academy of Medicine / Delaware Public Health Association



Health Policy

The Road to Value-Based Care



DELAWARE
ACADEMY of
MEDICINE

DPHA
DELAWARE PUBLIC HEALTH ASSOCIATION

www.delamed.org | www.delawarepha.org



AMERICAN PUBLIC HEALTH ASSOCIATION
For science. For action. For health.

Delaware Hospitals Make Significant Investments in Value

Wayne A. Smith
President and CEO, Delaware Healthcare Association

Health care affordability and the delivery of excellent care continue to be top of mind for many Americans, including our friends and neighbors in our state. Delaware's hospitals are in our communities, listening to these concerns and making significant changes to assure the delivery of the highest value health care.

Hospitals and health care systems provide value to patients and the community by investing in strategies that increase quality, improve outcomes and implement payment systems that incentivize health to reduce chronic disease and preventable illness. We are proud Delaware's investments in quality are being recognized for excellent results: U.S. News & World Report ranked Delaware #1 in the nation for Hospital Quality in 2019, based on hospital success in performing nine common procedures.¹ U.S. News and World Report uses market research approaches of physician surveys, hospital risk-adjusted mortality and patient experience surveys in its rankings.

Value in health care is a broad term. Defining value only as cost would be detrimental to the delivery of quality health care. For example, X-rays can be expensive, but if your provider suspects you have a broken bone, an X-ray is necessary to determine a correct course of treatment. You would not want a medical provider to abandon the X-ray simply to cut costs. No one wants the quality of treatment to suffer in pursuit of a lower medical bill. Addressing affordability while maintaining quality in health care go hand-in-hand, and this is the best way to define value.

The major components of Delaware hospitals' commitment to and investment in value include pursuing improved health in all of our communities, increasing access and delivering the right care in the right setting at the right time, and moving to alternative payment models, which promote the provision of high-value care (see Figure 1). That means, moving beyond paying for services and moving to paying for health outcomes.

COMMUNITY BENEFIT AND HEALTH

All of Delaware's hospitals (all of our general acute care and pediatric hospitals are nonprofit hospitals) provide tremendous value to the community on a daily basis through their community benefit work: providing uncompensated care, conducting Community Health Needs Assessments, and addressing Social Determinants of Health.

UNCOMPENSATED CARE

Here in Delaware, hospitals contributed more than \$348.9 million statewide in community benefit spending in 2016, the most recent reporting year. More than half (\$200.2 million) of this amount stems from the unpaid costs of patient care, including charity care. Delaware's nonprofit hospitals treat all patients who enter, regardless of their ability to pay. It is important to note the unique status of Delaware as one of the few states without a public general acute care hospital for the underserved. In the absence of a public hospital in our state, Delaware nonprofit hospitals serve as a much-needed safety net for a large portion of the population.

The remaining \$148.6 million in community benefit provided by Delaware hospitals includes community health improvement services, such as preventative care and screenings, health profession education and other high-value innovative programs.

COMMUNITY HEALTH NEEDS ASSESSMENTS

To focus their community health improvement efforts, Delaware's hospitals undertake an evaluation process to identify the health needs of their communities. This Community Health Needs Assessment (CHNA) is conducted every three years and also includes an implementation plan containing strategies to help address these needs.



Figure 1. Delaware Hospitals' Investment in Value

While each hospital develops its own CHNA and priorities in its communities, there are often shared challenges across Delaware. In 2016, mental health and/or substance use rose as top concerns for many communities across the state and therefore were reflected as priorities in each hospital's CHNA. Since that time, numerous partnerships have been developed to provide wraparound services for those with various behavioral health needs.

SOCIAL DETERMINANTS OF HEALTH

Delaware's hospitals are currently working on completing their 2019/2020 CHNAs and a common priority has emerged: Social Determinants of Health (SDOH). Although medical care is very important, it only impacts about 20 percent of a population's overall health. The other 80 percent is attributed to environmental and socioeconomic factors, collectively known as SDOHs. An individual may get a medical check-up every year, but they will not see positive health outcomes unless, for example, they have the right foods to eat, clean water to drink, safe housing, and social support.

When working toward value in health care, simply addressing clinical medical care in a vacuum will not contribute to better outcomes. Reflecting this, reimbursement contracts are moving toward incentivizing value, and carry disincentives for worse outcomes and higher costs. As these new payment systems in effect align health systems to address non-medical factors that contribute to an individual's health, finding ways to look beyond hospital walls and address SDOHs that shape a community's health is critical. For this reason, our health systems have launched multiple initiatives to tackle SDOHs and deliver the right resources to address these needs.

Exciting and significant initiatives by our member health systems are underway. Saint Francis Healthcare and its parent organization, Trinity Health, announced in 2018 that they had invested \$1 million to launch the Wilmington Healthy Neighborhood Fund with Cinnaire. This community-driven revitalization effort was established to address SDOHs, including safe and affordable housing, in Wilmington. ChristianaCare is also addressing SDOHs with a \$1 million gift to REACH Riverside Development Corporation to support community health and youth development in Wilmington's Riverside community.

Over the last year, Nemours began a pilot program to implement a screening tool for SDOHs. This will help identify gaps in community services and also provide assistance to individuals who have immediate needs.

ChristianaCare is investing in a social care framework, including the launch of a community partnership fund to address the SDOHs and a coordinated care network platform to connect patients with these services. In partnership with community groups, ChristianaCare will launch Unite Us, an electronic social care referral system that connects health care providers and a network of community partners via a shared technology platform. "If a patient screens positive for food insecurity or transportation needs, the system sends a referral to the

appropriate community organization for the necessary services. The provider refers the patient, the community partner reaches out to the patient to provide the services needed, and they have the ability to send a note back in the platform to let the provider know that the needed services were provided," said Erin Booker, Vice President of Community Health and Engagement at ChristianaCare. The ability for medical providers to make a timely referral for needed community services, and receive information back that assistance was indeed given, is critical to contributing to and tracking healthy outcomes.

Hospitals and health systems have the staff, equipment and experience to treat acute medical problems and manage chronic conditions. Understanding and treating broader social needs, ranging from food insecurity to providing a safe living environment, would be a major deviation from the day-to-day routines of most doctors and nurses. That is why the community partners are so important.

Delaware hospitals and health systems are pleased to work hand in hand through public-private partnerships with the State of Delaware and the Department of Health and Social Services (DHSS) through the Healthy Communities Delaware initiative. Healthy Communities Delaware (HCD) is a collective-impact initiative aimed to coordinate and amplify the investments in Delaware's communities to address SDOHs.

Accomplishing value requires considering a patient's entire well-being, beyond acute medical needs. Having eyes on patients for regular check-ups is essential to keeping tabs on the aspects of their lives that contribute to positive health outcomes. Delaware hospitals recognize that providing access to those check-in points is critical to population health and have worked to comprehensively address our access to care challenges in Delaware.

INCREASING ACCESS AND DELIVERING THE RIGHT CARE IN THE RIGHT SETTING AT THE RIGHT TIME

Access to health care is vital to creating a healthy community. The ability to see a clinician on a regular basis to prevent problems before they arise can help keep individuals healthier longer. In the value equation, where you get your health care is also important. A patient with a bad cold who sees their primary care doctor for treatment will incur much lower medical bills than a patient that visits a hospital's emergency department (ED) for the same illness.

As hospitals look to increase quality and health outcomes in their communities in a value-based payment environment, they are spending significant resources to deliver the right care in the right setting at the right time.

An important component of the "right setting" is access and use of primary care. A strong primary care system allows for more healthy individuals while also ensuring EDs are used for true emergencies. Similarly, hospital stays are less frequent through better avoidance and management of chronic conditions. Primary care is essential for keeping individuals out of the emergency room, as evidenced by Nanticoke Health Services' own health plan that has been successful at reducing

ED utilization by simply requiring employees see their primary care providers and get a physical annually. This allows for both prevention care and early identification and treatment of multiple chronic conditions that otherwise may result in costly and debilitating outcomes. All of these ripple effects contribute to the value brought by our Delaware health care systems by improving outcomes, reducing costs and supporting a high quality of life for the communities we serve.

Unfortunately, there is a primary care shortage across the nation. The Association of American Medical Colleges estimates that by 2030, there will be a shortfall of between 14,800 and 49,300 primary care physicians.² Delaware is also feeling the effects of the strain on primary care. A 2018 DHSS report on primary care indicated that the estimated number of full-time equivalent primary care physicians in Delaware decreased from 707 in 2013 to 662 physicians in 2018.³ Given our demographics, this is movement in the wrong direction. Delaware is the seventh-oldest state in the nation⁴ and is an attractive location for retirees. An aging population means demand will continue to increase beyond simple population growth.

Our Delaware Healthcare Association (DHA) members believe that a robust system of primary care is the linchpin of a high-value health care delivery system for the neighbors we serve. This is why Delaware hospitals currently invest significant resources – and in fact lose millions of dollars annually – to recruit, maintain and support primary care service providers that in many cases would not exist in certain geographic areas absent health system support. A 2019 DHA survey of its members found that the total financial loss incurred by four health care systems in maintaining and supporting primary care services in Delaware was \$16.1 million in Fiscal Year (FY) 2018 alone. Delaware hospitals and health systems are investing to support primary care services and increase access in the state to improve quality and value. Despite significant financial losses incurred with these investments, our hospitals are committed to supporting a comprehensive system of primary care because we recognize this as the key to an overall high-value health care delivery system in our state.

Playing the long game is an important part of the road to value. Many Delaware hospitals are also investing in securing future primary care providers by creating and expanding Delaware-based residency programs in primary care specialties (programs such as internal medicine, family medicine and pediatrics).

ChristianaCare has more than 100 years of experience with postgraduate medical education (GME) and supports nearly 300 current resident and fellow slots, including 24 residents in family medicine and 36 residents in internal medicine. There is tremendous opportunity associated with having robust residency training programs. Continuing its focus on the future of primary care and medical practice in Delaware, ChristianaCare recently joined with a coalition of regional hospitals in bidding for 550 residency slots now available due to Hahnemann University Hospital in Philadelphia's bankruptcy, to support access to care in our region now and in the future.

Nemours/Alfred I. duPont Hospital for Children also has a strong existing residency program in pediatrics, and Saint Francis Healthcare has hosted residents in family medicine for

40 years. Bayhealth announced this spring that its new residency and medical education program will begin in 2021. Again, recognizing the tremendous need and resulting value to our surrounding communities, Bayhealth's residency programs will start with family medicine and internal medicine with general surgery and emergency medicine to follow in subsequent years.

Bayhealth is also partnering with area medical schools to host medical students for a portion of their Undergraduate Medical Education (UME) clinical rotations. Upon graduating medical school, these students may later apply for one of Bayhealth's residency programs. In addition, Beebe Healthcare has applied for and received a federal grant for seed money to start a residency program for internal medicine and family practice.

Medical practitioners tend to practice near where they received their medical education or serve their residency. Investing in residency programs that bring more medical providers to learn and stay in Delaware is critical to increasing the supply of primary care providers in our state. Increasing access to and the quality of primary care providers can be a critical tool in improving population health and is a crucial component in Delaware hospitals' commitment to value.

INVESTING IN ALTERNATIVE PAYMENT MODELS

Focusing on population health and increasing access to primary care are important tools in promoting value in health care. To truly arrive at value, however, payment reform must be implemented. Traditional fee-for-service payment models must transition to alternative, value-based payment models. The fee-for-service system can make health care more costly than it needs to be due to incentives inherent in that approach to reimbursement. The promise of tying reimbursement to Value rests in different models broadly called value-based contracts.

The key to addressing the economics of health care is to align payment and reimbursement with value. The long-established fee-for-service system incentivizes quantity over quality – more tests and more visits mean more billable items. Readjusting those incentives to emphasize quality and outcomes is central to value-based contracting. Such a system spreads risk between hospitals, providers, insurance companies/payers, individuals, and plan sponsors. Value-based contracts aim to make everyone in the system accountable in best supporting healthy behavior, population health and primary care.

Delaware's hospitals and health care systems are leading the way on payment reform and have committed to the goal of having 60 percent of patients under value-based contracts by 2021 (see Figure 2).⁵ Over the past several years, Delaware hospitals, along with participants in Delaware's State Innovation Model (SIM) initiative, worked to transform our state's health care system by developing and implementing new delivery and payment models. These include Accountable Care Organizations (ACOs), bundled contracts, and other innovations. Establishing these new models has required significant investment from Delaware's hospitals, ranging from care coordination and care management expenditures to building or modernizing information technology (IT) and data tracking systems.

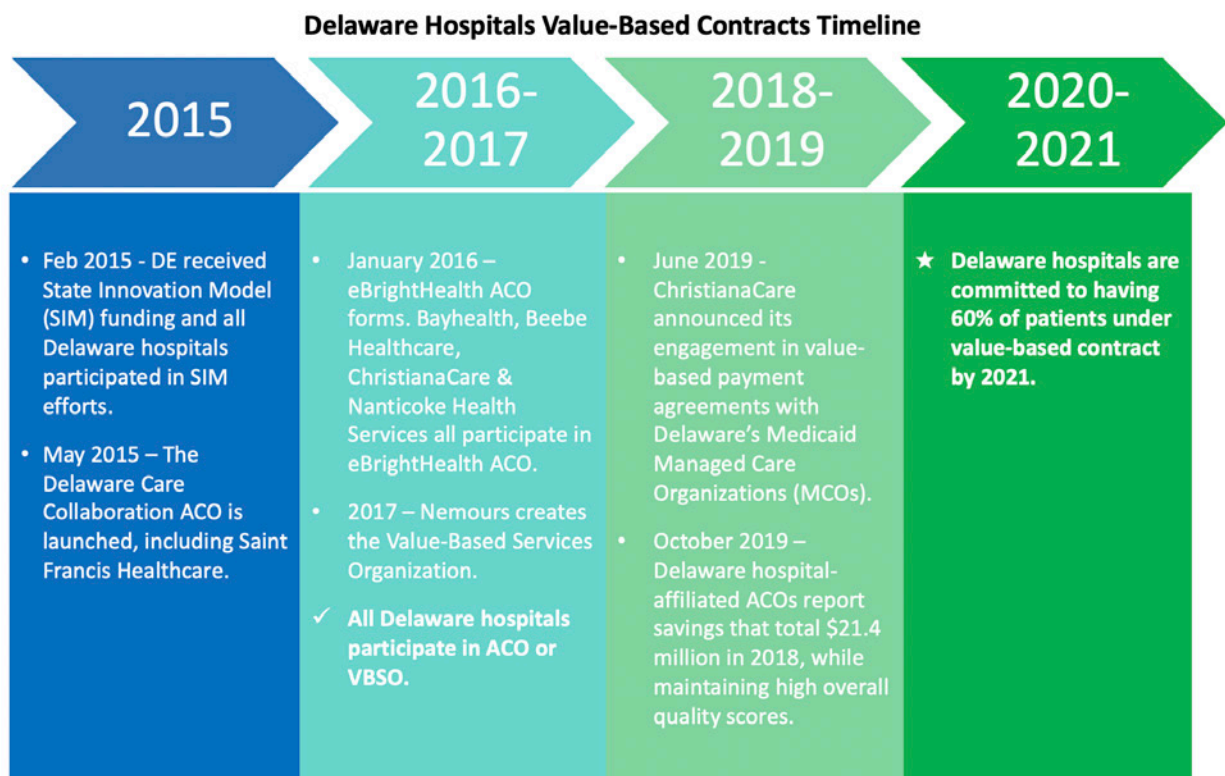


Figure 2. Delaware Hospitals’ Value-Based Contracts Timeline

ACCOUNTABLE CARE ORGANIZATIONS

ACOs are nationally recognized as an important step in the move toward value-based payment models. Leading the way, all adult general acute care hospitals in Delaware have been Medicare ACO participants since 2016. Medicare ACOs are shared savings programs (also known as Medicare Shared Savings Programs/ MSSPs) where groups of doctors, hospitals and other medical providers come together to provide coordinated high-quality care to Medicare patients. If those providers successfully collaborate to reduce total costs of care, while meeting high quality outcome measures, they may share a small percentage of the savings produced.

Importantly, hospital-affiliated ACOs are providing real value. According to the American Hospital Association, ACOs are saving patients and Medicare millions of dollars – \$174 million in net savings to Medicare in 2017 alone.⁶ In Delaware, our hospital-affiliated ACOs – eBrightHealth ACO and Delaware Care Collaboration – have produced total savings of \$21.4 million in 2018.

ACOs, like other alternative payment models, require significant investments in infrastructure, IT, staffing and training and cannot be built overnight. According to the American Hospital Association, single health care systems typically invest approximately \$5 million to \$12 million initially and \$6.3 million to \$14.1 million annually in time and resources to establish and maintain ACOs.⁶

Four of our Delaware hospitals participate in the eBrightHealth ACO: Bayhealth, Beebe Healthcare, ChristianaCare and Nanticoke Health Services. This statewide collaboration brings together over 1,200 primary care and specialty care clinicians

and incentivizes the delivery of high-quality health care services across the continuum of care from hospital to home for approximately 50,000 Medicare beneficiaries.

To Tom Brown, Senior Vice President & President of the Nanticoke Physician Network, Nanticoke Health Services, eBrightHealth ACO is a game changer: “The change in environment that allowed and encouraged the hospital systems to come together under the eBrightHealth ACO to say that we are going to work together to do this – because we know that individually, we will work at cross-purposes or won’t have scale – is an amazing thing.” Scale is important, particularly for a small hospital because the investments needed to build the infrastructure to support ACO work is incredibly expensive. Collaborating with other hospitals across the state to leverage resources is what makes eBrightHealth ACO an excellent model for value-based care in Delaware.

Investments needed to have the infrastructure ready to transform into ACO includes IT systems, increasing and staffing care coordination teams, and assessing data and outcomes in order to manage value-based care. These investments cost millions of dollars.

For example, Bayhealth recently invested \$42 million in an EPIC electronic health data system. The hospital system has been working to connect community providers to the EPIC electronic health record to enhance care coordination. With multiple providers looking at the same record, a specialist can see if a primary care provider already ordered a test, to avoid redundancies that increase costs. Streamlining electronic health records also allows for quality data to be shared to encourage and manage performance.

ChristianaCare's Carelink CareNow provides much of the care coordination for the eBrightHealth ACO. Carelink CareNow uses IT that integrates multiple sources of health data to identify patients who are at high risk and who have significant care needs. Once identified, clinicians and social workers can proactively reach out to connect individuals with the programs and care they need to stay healthy or manage chronic conditions. This includes getting patients in to see their primary care providers. Carelink CareNow not only represented a significant investment by ChristianaCare, but it also was recognized as being nationally innovative by winning the John M. Eisenberg Patient Safety and Quality Award in 2017.

Delaware health care systems provide training, education and regular touch points with primary care providers to equip them with the tools and skills to provide coordinated care under an ACO model in order to maximize value. For example, Bayhealth hired an ACO medical director to educate providers on their patient care outcomes. Each primary care office is visited at least once a month to assess outcomes, status and different approaches needed to meet goals. The medical director sits down with the primary care providers to identify those patients who are returning to the ED repeatedly and discuss strategies to meet their needs in a more cost-effective way. ChristianaCare primary care physicians are provided with a dedicated administrator to free up more of the provider's day for care coordination. They also have practice meetings on a regular basis to coordinate care with specialists and align treatment.

These tremendous investments have yielded positive results, with the eBrightHealth ACO receiving high scores in all quality domains. The ACO also saved Medicare approximately \$1 million each year in 2016 and 2017. In 2018, eBrightHealth ACO reduced overall health care spending by \$11.3 million, as compared to the CMS benchmark, for its 50,000 Medicare beneficiaries. The ACO also achieved an overall quality score – measuring patient experience, care coordination, patient safety, and more – of 88%. This is a truly effective picture of value-based care.

Saint Francis Healthcare in Wilmington, along with the Medical Society of Delaware, participates in the Delaware Care Collaboration. This ACO is a collaboration with 58 participating physicians and consists of 8,000-9,000 attributed beneficiaries. The ACO focus is on monitoring more than 31 different patient experiences, care coordination, preventative health and at-risk population related metrics as part of its Medicare Shared Savings Program (MSSP). This partnership aims to achieve high value by improving quality while lowering the total cost of health care delivery. Through the collaboration, physician partners have the tools needed to achieve better outcomes, provide better care and lower costs. These tools include comprehensive data analysis; a robust ambulatory care coordination program that includes a variety of health care professionals, such as nurse care managers, social workers, community health workers, behavioral health specialists, and health coaches; and access to a diverse, integrated health care delivery system.

The Delaware Care Collaboration ACO achieved \$10.1 million in savings for Medicare in 2018 while maintaining a 98.64% overall quality score. Notably, the organization will receive nearly \$4.9 million in shared savings under the MSSP as a result. These positive results are the product of hard work: "Delaware Care Collaboration's outstanding performance is the direct result of the engagement, collaboration and dedication of our participating providers, working in concert with clinical and care coordination professionals to ensure the Medicare beneficiaries we care for receive the right care at the right time in the right place," said Dan Sinnott, MBA, President and CEO of Saint Francis Healthcare.

BUNDLED PAYMENT MODEL

Bundled Payment programs, developed by Medicare for specific episodes of care, are an example of a value-based contract in which several Delaware hospitals participate. Organizations participating in the bundled payment arrangement must meet financial and performance accountability leading to more coordinated and better quality of care at a lower cost for Medicare.

Beebe Healthcare participates in bundled payment arrangements with Medicare for joint replacements and heart failure. Under the program, Beebe has invested in a team of care coordinators, IT infrastructure and staff to look at data for opportunities to lower utilization. As part of the program, Beebe also provides clinical support at skilled nursing facilities, ensuring a patient that had a joint replacement done at Beebe, for example, is receiving optimal care and is moving toward safe discharge. Beebe Healthcare has successfully reduced cost in the bundled payment program. Alex Sydnor, Vice President of External Affairs, and Chief Strategy Officer at Beebe Healthcare stated: "Over the first three years of the contract, Beebe has essentially cut direct cost in the program by \$1.5 million. Since that money is shared, the actual savings is likely double that in term of the reduction of cost to Medicare."

Bayhealth also participates in a voluntary bundled payments program with Medicare involving emphysema, Chronic Obstructive Pulmonary Disease (COPD), congestive heart failure, myocardial infarction, and hip and femur fractures. Initial indications show that this program has saved Medicare a significant amount of money. To ensure quality, coordinated care, Bayhealth has created an improved infrastructure around when a patient leaves the hospital. Bayhealth's Senior Vice President, Chief Medical Officer, Gary Siegelman, MD, said that Bayhealth "added a department of clinical integration, which is specifically designed to help us coordinate care. Hospitals are traditionally focused only on the hospital care, but we were trying to change the model and make sure that there is a good transition of the patient when they leave." For example, Bayhealth has developed a scorecard for nursing homes across the state to measure factors ranging from length of stay to patient satisfaction. The scorecard is presented to patients, as well as nursing home facilities, as

a way to ensure accountable care once a patient leaves the hospital. Bayhealth also has added staff, including a post-acute administrator, and three care coordinators to ensure patients are receiving appropriate, quality care after they are discharged from the hospital.

Realizing the potential opportunity to positively impact the value of the care provided to its patients, Saint Francis Healthcare has been actively expanding participation in the bundled payment model and is estimating to quadruple its program size this year. The hospital has identified high touch care navigation subsequent to discharge as a key tactic to mitigate readmission risk and resulting in success of the program. A unique feature to this alternative model is that health systems are held accountable for care expenditures up to 90 days after their acute hospitalization. Ralph Gonzalez, MD, Saint Francis' Chief Medical Officer, supports this expanded, more longitudinal perspective of the care continuum and feels that "this component of the program represents further paradigm shift away from fragmented episodic health care and empowers hospitals to be active participants in their patients care well beyond their acute stay."

ADDITIONAL INNOVATIONS

At Nemours, the majority of contracts include some element of value-based contracting. This is not surprising since Nemours took major steps to build an infrastructure that prioritizes value-based care throughout the health system. The health system created a Value-Based Service Organization (VBSO) to house all of the elements that go into value-based care under its umbrella from IT, Medical Management and population health management to primary care. "Primary care is a foundational element of providing value-based care, it's the patient's medical home and where a lot of the management happens," said Chris Manning, Director, Delaware Valley Government Relations for Nemours. In addition, Nemours partnered with community pediatricians and family practitioners to develop Delaware Children's Health Network, the only pediatric Clinically Integrated Network in Delaware. Working together through Delaware Children's Health Network, providers in the network are committed to improving pediatric health care in the state. Like many other health systems, Nemours has made significant investments in its electronic health record, EPIC, as well as population health software, Healthy Planet. Through these systems, Nemours can look at patterns of utilization and develop strategies to help children that may not be meeting their care plan goals and redirect efforts to minimize the chance of a return trip to the ED or hospitalization. The VBSO is beneficial to Nemours in avoiding fragmentation and addressing all the elements of value-based care – outcomes, quality of care, access and quality of life – in a systemic and comprehensive way, including the management of a patient's medical, behavioral and social needs. Earlier this year, ChristianaCare announced it has formed collaborative value-based contracts with Delaware's Medicaid managed care organizations (MCOs), AmeriHealth Caritas and

Highmark Health Options. Under the agreement, ChristianaCare and each MCO will share accountability for the total cost of providing health care to Medicaid participants being cared for by ChristianaCare providers. This total-cost-of-care arrangement includes upside and downside risk: if the health outcomes for the population and cost reductions are not achieved, ChristianaCare would receive less reimbursement than it would have in a traditional fee-for-service payment model. On the other hand, if health outcome targets are accomplished at costs that are lower than standard market value, then ChristianaCare and the MCO are both able to retain some of those savings. These contracts incentivize providers to deliver the right care in the right setting as well as to address non-medical needs, such as Social Determinants of Health that may be contributing to an individual's health outcomes.

This is an exciting time. Delaware hospitals have made the commitment to delivering high value health care to all Delawareans. Building the infrastructure needed to address health in the community beyond the hospital walls, delivering care in the right setting at the right time, and shifting to new alternative payment models require significant financial investments. Delaware hospitals and health systems have spent millions of dollars to build the infrastructure for a value-based system. We look forward to working with other providers, health insurers and our state partners as we move toward value-based payment models and strive to create an excellent environment for enabling every Delawarean to be as healthy as they can be.

REFERENCES

1. U.S. News and World Report. (2019). Health care quality rankings, 2019. Retrieved from: <https://www.usnews.com/news/best-states/rankings/health-care/healthcare-quality>
2. Association of American Medical Colleges. (2018). The complexities of physician supply and demand: projections from 2016-2030. Retrieved from: https://news.aamc.org/press-releases/article/workforce_report_shortage_04112018/
3. Delaware Department of Health and Social Services. (2018, Dec). Primary care physicians in Delaware 2018. Retrieved from: <https://dhss.delaware.gov/dhss/files/primarycarestudy.pdf>
4. TIME. (2017). These are the youngest states in America. Retrieved from: <https://time.com/5000792/youngest-oldest-us-states/>
5. Townsend, B. & Bentz, D. (2018). Delaware General Assembly. Senate Bill 227, Retrieved from: <http://legis.delaware.gov/BillDetail?LegislationId=26743>
6. American Hospital Association. (2019). Hospitals advancing accountable care. Retrieved from: <https://www.aha.org/system/files/2019-01/accountable-care-organizations.pdf>