Innovation & Coordination: The Keys to Providing Accountable Care in a World of Integration

Dennis Morrison, PhD
Chief Clinical Officer
@DrDennyM
Netsmart at a Glance

- Founded in 1968
- Largest healthcare IT company serving Health and Human Services sector
  - 42 state systems; 20,000 provider organizations
  - 1,000+ clinics, hospitals
  - Serving 20,000,000 Americans
  - #1 in behavioral health

- Complete suite of solutions
  - Electronic Health Record
  - Patient Billing
  - Practice Management
  - Managed Service Offering
  - Connectivity/HIE
  - Health Home/Care Coordination Systems

- Broad range of Managed Services
  - IT Hosting/SaaS
  - IT Outsourcing
  - Revenue Cycle Management

- 650 Associates in 4 locations
  - New York, Kansas City, Chicago, Dublin
Primary care teams that include behavioral health specialists manage both the mental and physical conditions of patients.

What Is Driving Hospital’s Patient-Safety Errors?

Make Patient Safety Goals Part Of Meaningful Use

At Long Last...Pay for Outcomes to Replace Pay for Performance

Privacy As An Enabler, Not An Impediment: Building Trust Into Health Information Exchange

The Affordable Care Act Becomes Law

Outcome-based payment: a new beginning?
PLAYING OFFENSE
Revenue Generation
Revenue Generation

- Shifting socio-economics
- Push-pull on volume
- Decreasing reimbursement?
Driving Health Care System Transformation

Healthcare Delivery System 1.0
Episodic Non Integrated Care
Fee for Service

Healthcare Delivery System 2.0
Accountable Care
Volume based payments -> performance-based Payments
Continuous quality improvement and measurement
Transparency

Healthcare Delivery System 3.0
Integrated Health
Full risk or capitated payments
Bundled payments across levels of care
Population health focus
Risk & Accountability Continuum

Small financial risk
- Fee-for-service
- Performance based Contracting
- Bundled and Episodic Payments
- Shared Savings
- Shared Risk
- Full Capitation

Medium financial risk
- No Accountability
- Moderate Accountability

Large financial risk
- Full Accountability
Revenue Generation

Market Share & Operational Costs
Market Share & Operational Costs

• Healthcare operating expenses & capital requirements will outpace payment increases
• Provider consolidation
• New forms of partnerships
Operating Expenses & Capital

- Labor costs increasing faster than revenue
- Grow market share to drive revenue
- Technology & facility investments
Competitive Strategy

Potential Entrants
- For-profit Health Systems
- Tele-psych
- eTherapies/Virtual

Threat of new Entrants

Suppliers
- Clinicians
- Exec. Mgmt
- IT Staff
- Real Estate

Bargaining Power of Suppliers

Segment Competitors
- Other BH/SA/IDD Providers
- Private Dr.’s
- Hospitals

Bargaining Power of Buyers

Buyers
- Medicaid
- Federal Government Grants
- Private payers

Threat of Substitute Products or Services

Substitutes
- Institutions
- FQHCs

$↑

$↓
Growth in an Era of Dynamic Healthcare Change

1. Market Share Growth
   - M&A
     - Overhead Reduction
     - Economies of Scale
     - New Geographies
     - Remove Over Capacity
     - Human Capital Expansion
     - Payer Diversification

2. New Offerings
   - e-Therapies
   - New Programs
   - Managed Services
   - Health Homes
   - Adjacent Markets
   - Primary Care
   - Inpatient (outpatient) Facility
   - MCO

3. Market Expansion
Behavioral Health M&A Trends

- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012

Years: 2006 to 2012

Values: 0 to 90
Care Coordination
Disproportionate Cost for Members with Behavioral Health Comorbidity

- 5%: 78.9%
- 20%: 19.5%
- 25%: 1.5
- 50%: 0.9
- 78.9%
- 19.5%

Member Rank Percentile vs. Cost Percentile
US Millions

- Cancer: $48M Treatment, $271M Lost Economic Output
- Hypertension: $33M Treatment, $280M Lost Economic Output
- Mental Disorders: $46M Treatment, $171M Lost Economic Output
- Heart Disease: $65M Treatment, $105M Lost Economic Output
- Pulmonary Condition: $45M Treatment, $94M Lost Economic Output
- Diabetes: $27M Treatment, $105M Lost Economic Output
- Stroke: $14M Treatment, $22M Lost Economic Output

US Millions
Dual Eligibles

- **8.1 million people**
- 18% of Medicaid pop., 46% of expenditures
- 16% of Medicare pop., 27% of expenditures
- 50% carry a diagnosis of SMI
Innovations Designed To Improve Care & Reduce Costs

• Health Homes
• Integrated Care Organizations
• Dual Eligibles
  – BH
  – Elderly
  – Physically disabled
• I/DD Care Coordination
• Managed Foster Care
Impact of Behavioral Health Co-Morbidities on Medicaid Costs

<table>
<thead>
<tr>
<th>Condition</th>
<th>No Mental Illness and No Drug/Alcohol</th>
<th>Mental Illness and Drug/Alcohol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asthma and/or COPD</td>
<td>$8,000</td>
<td>$24,598</td>
</tr>
<tr>
<td>Congestive Heart Failure</td>
<td>$9,488</td>
<td>$24,927</td>
</tr>
<tr>
<td>Coronary Heart Disease</td>
<td>$8,788</td>
<td>$24,443</td>
</tr>
<tr>
<td>Diabetes</td>
<td>$9,498</td>
<td>$36,730</td>
</tr>
<tr>
<td>Hypertension</td>
<td>$15,691</td>
<td>$35,840</td>
</tr>
</tbody>
</table>
Opportunity

Adults with Mental Health Conditions

29% of Adults with Medical Conditions Also have Mental Health Conditions

68% of Adults with Mental Health Conditions Also Have Medical Conditions

Robert Wood Johnson, 2011 – Mental Health Comorbidity
Care Coordination

- Providers will adopt new care models
- Health system alignment for continuum of care will be key
- There will be a changing landscape for physicians
- Prevention
- Growth in long-term care and skilled nursing facilities
- Transparency of cost and outcomes is critical
Potential Savings

• $580 billion over 25 years
• $1.27 trillion for Dual Eligibles

Source: UnitedHealth Group Center for Health Reform and Modernization
Implications

• Care management a major core competency
• Care and services will be fully integrated
• Coordination will be essential with hospital networks and provider networks
• Increased emphasis on population data analytics
• Sharing of health information through HIE
• Capitated payments
What Is A Health Home?

• Not a residence or building, but a care management model
• A formal integrated network of providers
• Provider network is linked by IT
• Takes primary responsibility for a client for health and social needs
• Care coordination is the one Medicaid Funded Service
Health Home Services

• Defined by Section 1945(h)(4) of ACA:
  – Comprehensive care management
  – Care coordination and health promotion
  – Comprehensive transitional between LOC
  – Individual and family support
  – Referral to community/social support services
  – Use of HIT to link services
Health Homes

• Created by Section 2703 of ACA
• Eligibility:
  – Medicaid eligible
  – Two or more chronic conditions, or
  – One chronic condition and at risk for another, or
  – A serious and persistent mental health condition
Eligible Conditions

• Mental health disorders
• Substance use disorders
• Asthma
• Diabetes
• Heart disease and overweight (BMI>25)
Fundamental Change in Orientation

Needs of the patient

Support of the individual provider at the point of care

Treatment of chronic disease

Islands of automation

Needs of the population

All providers across the spectrum of care

Management of chronic disease

Integrated information access across providers, settings & activities
## Change Of Focus Required

<table>
<thead>
<tr>
<th>Element of Change</th>
<th>Today</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care focus</td>
<td>Sick care</td>
<td>&quot;Healthcare&quot; wellness and prevention, disease management</td>
</tr>
<tr>
<td>Care management</td>
<td>Manage utilization and cost within a care setting</td>
<td>Manage ongoing health (and optimize care episodes)</td>
</tr>
<tr>
<td>Delivery Model</td>
<td>Fragmented/silos</td>
<td>Care continuum and coordination (right care, right place, right time)</td>
</tr>
<tr>
<td>Care Setting</td>
<td>In office/hospital</td>
<td>In home, virtual (e-visits, home monitoring, etc)</td>
</tr>
<tr>
<td>Quality measures</td>
<td>Process-focused, individual</td>
<td>Outcomes-focused, population-based</td>
</tr>
<tr>
<td>Payment</td>
<td>Fee-for-service</td>
<td>Value-based (outcomes, utilization, total cost)</td>
</tr>
<tr>
<td>Financial incentives</td>
<td>Do more, make more</td>
<td>Do better, make more</td>
</tr>
<tr>
<td>Financial performance</td>
<td>Margin per service, procedure (bed, clinician, etc)</td>
<td>Margin per life</td>
</tr>
</tbody>
</table>
Steps to Driving Accountable Care

Clinical Innovation
- EHR & Medication Management
- Meaningful Use
- Clinical Decision Support

Care Coordination
- Information Exchange
- Primary Care Integration
- Population & Community Health Management
- Benchmarking Data Analytics

Business Efficiencies
- Hosting & SaaS
- Revenue Cycle Management
- Managed Services
- Technology Partners

Delivering Accountable Care

Improve Outcomes

Reduce Cost
INTEGRATED CARE: HEALTH HOMES
NYS High Needs Population

Developmental Disabilities
- 52,118 Recipients
- $10,429 PMPM

Total Complex
- N=976,356
- $2,338 PMPM
- 32% Dual
- 51% MMC

Mental Health and/or Substance Abuse
- 408,529 Recipients
- $1,370 PMPM

Long Term Care
- 209,622 Recipients
- $4,509 PMPM

All Other Chronic Conditions
- 306,087 Recipients
- $698 PMPM

FEGS Health & Human Services
Coordinated Behavioral Care in New York

Health Home
*Enrollment/Demographics*

Care Management Agencies
*Assessments | Notes | Care Planning*
- Brooklyn
- Queens
- Manhattan
- Bronx
- Staten Island

Care Provider(s)
- BH
- Inpatient MH Facilities
- Social Services
- Hospital(s)
- PCP(s)
Kansas Approach

Health Homes

Acute Care 1 → Acute Care n → KHIE

Primary Care

CMHC 1 → CMHC 2 → CMHC 27

Some Consumers Shared

Payers

Optum Health
Centpatico
Amerigroup
Massachusetts Approach

Integrated Care Organization

Risk Bearing Entity

Primary Care  MHC  Primary Care  MHC  Primary Care  MHC

CMHC  Hospital  Social Services
Technology To Support New Models

Behavioral Health, Public Health, I/DD

Netsmart

Acute Care Hospitals and Ambulatory Practices

Epic, Allscripts, Cerner
Healthcare Costs

If other prices had followed the same trend as healthcare...

One dozen eggs would cost $55
A gallon of milk would cost $48
A dozen oranges would cost $134

Source: The Healthcare Imperative, Institute of Medicine
Payers

• Health plans are very active in strategic initiatives as they define their future
  – Acquisition of providers
  – Focus on population health
  – Consolidation of Medicaid plans
  – Self-insured population management
  – Partnering with providers
Payers Will Be Looking For...

- Comprehensive providers for high-risk populations
- Cross level of care accountability
- Incorporation of community services into delivery system
- Sharing accountability/risk/leveraging incentives
- Creative contracting
  - Pay for Performance
  - Shared Savings Models
  - Partial capitation
- Facilitator of transparency of performance
Government

• Keep an eye on the government
  – State budgets still a mess
  – Focus on reducing Medicaid costs
  – Medicaid expansion will exacerbate above
  – Regulations changing quickly; need to move fast
HITECH Legislation Update

• H.R. 2957 Behavioral Health Information Technology Act of 2013
  – CMHCs, inpatient psychiatric hospitals eligible for incentives under the facility definition
  – Adds psychologists to EP list

• Senate version introduced recently
  – Same as above but also adds LCSW

Track at: www.ntst.com/legislation
Regulatory

• ICD-10
• DSM-5
• Meaningful Use Stage 2, Stage 3...
• Move to behavioral and I/DD managed care
• Evolution of privacy & transparency
• Access to more HITECH funding
Privacy And Transparency

• Control over release of information
  – Transparency of provider outcomes
  – Transparency of provider price
• Health Information Exchange
• 42CFR Part 2
Consumer Centricity
Consumer Centricity

- Changing demographics
- Condition self-management
- Clinical social media
What Can We Learn From These Guys?
Digital Natives... want it their way
Condition Self-Management

- Smart homes
- Wireless devices
  - Glucometers
  - Scales
  - Blood pressure
  - Medication devices
- Tele-health
- CCBT
Clinical Social Media

- Patients Like Me
- Big White Wall
- My Strength
- Will require regulation or be part of capitated systems
Technology

- Technology and care
- Meaningful Use
- $1000 Genome
- Technology integration and mobility
- Consumer portals to access EHRs
- Data Management/Analytics
- Telemedicine
- IT will continue to consume a greater part of budget
## IT Spend By Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>IT Spend</th>
<th>Percent of Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Businesses¹</td>
<td>5.9%</td>
<td>100%</td>
</tr>
<tr>
<td>General Healthcare²</td>
<td>3.5%</td>
<td>59.3%</td>
</tr>
<tr>
<td>Behavioral Health²</td>
<td>1.8%</td>
<td>30.5%</td>
</tr>
<tr>
<td>Substance Use</td>
<td>0.7%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Public Health</td>
<td>0.5%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

1 Gartner: 2008/2009
2 SATVA: 2009
Employees

Top 10

Revenue Generation • Market Share & Operational Costs • Care Coordination • Payers • Government • Regulatory Change • Consumer Centricity • Technology
Employees

• Difficult employer-employee relations are coming
• Increased focus on engagement and culture
• Leadership is key for retention
• Growth helps solve problems
• Clinician’s traditional roles challenged
Leadership
Leadership

- Evolving leadership roles
- Talent gap
- Retention

NOT your father’s CMHC
Are You Ready?
“In the midst of chaos, there is also opportunity”

— Sun-Tzu
Surprise…

That wasn’t chicken.
Summary

• Consolidation has begun

• Already one of the lowest cost parts of the healthcare ecosystem

• Already work in multi-disciplinary teams

• Have field staff to lead health homes/ICO's

• Live through regulatory change with every change in Governors

• Include consumers, peers and families in consumer’s recovery

• Have dedicated, consumer-focused staff
Pivot

(*piv·ot /ˈpivət*)

- **Verb:** Turn on or as if on a pivot.

When used in relation to entrepreneurship, pivot generally refers to a shift in strategy to find the right customer, value proposition, and positioning.

Pivots imply keeping one foot firmly in place as you shift the other in a new direction.

In this way, new ventures process what they have already learned from past success and failure and apply these insights in new areas.
Americans

I love the American people, they always do the right thing after they have tried everything else.

Winston Churchill
In Case You Haven’t Had Enough...

YouTube TEDxBloomington
http://www.youtube.com/watch?v=zQbtDaJCi0M
Thank You

Dennis Morrison, PhD
Chief Clinical Officer
Netsmart
dmorrison@ntst.com
Twitter: @DrDennyM