Transitioning Rural to Value Based Purchasing (VBP) via Accountable Care Organizations (ACOs) and Quality Payment Programs

NOSORH Annual Meeting
Wednesday, October 16th, 2019
How we will spend the next hour...

This *conversation* will revolve around the MCRH journey to building VBP internal capacity, and facilitating VBP culture in rural MI...

- Partnering with private payors to incentive providers on performance
- Convening and executing two rural MI ACOs
- The development and outcomes of a MI rural CIN
- The transition to a "super-ACO" to reduce variation, spend and reduce risk.

SORHs will understand how they can work with state and national partners in transitioning their rural healthcare providers (including CAHs and RHCs) to value-based payment.
Michigan Center for Rural Health

Our vision: “the Michigan Center for Rural Health will be universally recognized as the center for expertise for rural health in Michigan through creative and visionary education, service, and research.”

Our mission: “to coordinate, plan, and advocate for improved health for Michigan's rural residents and communities.”

Board of Directors:
- Michigan State Senate
- Michigan Osteopathic Association
- MDHHS - Bureau of EMS Trauma and Preparedness
- Michigan State Medical Society
- Michigan Department of Health and Human Services – Policy, Planning and Legislative Services
- Michigan Health & Hospital Association
- Michigan Nurses Association
- Michigan Association for Local Public Health
- Michigan House of Representatives
- Michigan Primary Care Association
- MSU College of Osteopathic Medicine
- Office of the Governor
MCRH Programs

Standard FORHP Programs (our foundation)
• State Office of Rural Health
  – Assist states in strengthening rural health care delivery systems by maintaining a focal point for rural health within each state
  – Continuing Education
  – Recruitment/Retention
• Medicare Rural Hospital Flexibility Grant Program
• Small Hospital Improvement Program

Supplemental Programs
• Hospital Improvement Innovation Network (GLPP HIIN)
• Great Lakes Practice Transformation Network (GLPTN)
• Quality Payment Program
• Managed 2 ACOs (transitioned in January 2019)
• Manage a Clinically Integrated Network
• RCORP Planning and Implementation
• Opioid Focused Sub-Contract
  – MDHHS – Prescription Drug Overdose Prevention Initiative
  – Rural Access to Treatment Grant Program
Focus on value is not diminishing...

• “Value-based payment under the Trump administration is the future," said Verma. "So, make no mistake — if your business model is focused merely on increasing volume rather than improving health outcomes, coordinating care and cutting waste, you will not succeed under the new paradigm.”

  — Seema Verma, CMS Administrator, September 2019
  (Remarks to the American Hospital Association Hospitals)

Source: https://www.modernhealthcare.com/payment/americans-fed-up-high-healthcare-costs-surprise-billing-verma-says
Michigan’s Rural Landscape

• 13 Rural PPS Hospitals
• 37 Critical Access Hospitals
  – Ascension (3)
  – Aspirus (4)
  – LifePoint (1)
  – McLaren (1)
  – MidMichigan Health – Michigan Medicine (1)
  – Munson Healthcare (3)
  – OSF (1)
  – ProMedica (1)
  – Sparrow (2)
  – Spectrum Health (4)
  – Trinity (1)
  – Independents (15)
    • Allegan, Baraga, Deckerville, Eaton Rapids, Harbor Beach, Hayes Green Beach, Helen Newberry Joy, Hills and Dales, Mackinac Straits, Marlette, McKenzie, Munising, Scheurer Healthcare Network, Schoolcraft, Sheridan
Michigan’s Rural Landscape

13 Rural PPS Hospitals

Independents

• Hillsdale Community Health Center/Hillsdale Hospital
• Sturgis Hospital
• Three Rivers Health
• War Memorial Hospital
• Dickinson County Memorial Hospital
• Owosso Memorial Hospital
A look at the Independent Facilities Transition to Value

• 22 rural facilities whom are not affiliated with a larger system.
  – 2016 MSSP ACO = 17 hospitals
  – 2019 MSSP ACO = 3 new hospitals

• 91% of independent rural hospitals in Michigan participated/are participating in a MSSP ACO.
MCRH Journey
2018-2019 Program:
- Hospital-wide patient safety assessment survey at least once every two years
- Determines up to 6 percent of a rural hospital’s payment rate for the following year. Participation is mandatory.
ACO Investment Model (AIM)

- The AIM funded Medicare Shared Savings Program (MSSP) is a Medicare/CMS program that allows providers to **continue to be paid fee-for-service and/or cost-based reimbursement**, while gaining the infrastructure, tools, and knowledge to manage population health.

- If a group of providers are successful in reducing costs, while meeting patient satisfaction and quality thresholds, they can share in up to 50% of the savings. If costs go up, there is no penalty or payment due from the providers.

- Three year program January 1, 2016 – December 31, 2018
November 2014 – MI CAH Conference

Outside view

Inside the Conference room
ACO Investment Model Payment

ACOs participating in the AIM funded MSSP received these payments on January 1, 2016:

- an upfront fixed payment of $250,000
- an upfront variable payment of $36 per assigned Medicare beneficiary (based on preliminary prospectively-assigned beneficiaries); and
- a monthly payment of $8 per Medicare beneficiary per month (based on preliminary prospectively-assigned beneficiaries).
Outreach – The Story

• December 2014: Four page document sent to all CAH and rural PPS hospital CEOs. Two PPS hospital CEOs are interested.
• January 2015: ditto and first meeting at Coldwater Hospital with 3 PPS hospital CEOs.
• February: ditto, conference call, and vetting process for backroom analytics.
• March: ditto, weekly calls & Caravan Health presentation.
• April: ditto, ditto & Scheurer Hospital presentation.
• May 1: Letter of Intent to CMS & Caravan Health.
• May – July: ACO Applications are written.
• June – July: Operating Agreements signed, conference calls & planned an August meeting.
• July 31: Two applications are submitted to CMS.
Outreach – The Story

• August: Meeting of the members in Grayling.
• August – September: Schoolcraft Hospital crisis.
• November: Second meeting of the members, two board of managers formed, officers and medical directors elected.
• December: Applications approved by CMS.
• January 1, 2016: ACOs begin operation, each ACO receives $250,000 up-front payment, $36 per Medicare beneficiary up-front payment, and the $8 PM/PM payment begins.
MSSP ACO Investment Model

Core Components of the Program

– Care Coordination
  • Care Coordination Management and Transitional Care Management Billing
– Annual Wellness Visits
– Claims Data Analysis (core to reducing costs and improving population health)
  • Referral Patterns
  • Patient usage/spend
  • Chronic Conditions
Michigan’s Rural ACOs

Greater MI Rural ACO

- Sheridan Community Hospital (CAH)
- Scheurer Hospital (CAH)
- Hills & Dales General Hospital (CAH)
- Marlette Regional Health System (CAH)
- McKenzie Health System (CAH)
- Helen Newberry Joy Hospital (CAH)
- Schoolcraft Memorial Hospital (CAH)
- Alcona Health Center (FQHC)

Southern MI Rural ACO

- Hayes Green Beach Memorial Hospital (CAH)
- Sturgis Hospital (PPS)
- Three Rivers Health (PPS)
- Hillsdale Hospital (PPS)
- Community Health Center of Branch County (PPS)
- Allegan General Hospital (PPS)
- Memorial Medical Center (CAH)
- Deckerville Community Hospital (CAH)
Results

• SMRACO
  2018 FINAL ACO Savings and Losses: $9,914,678
  – Earned Shared Savings Payment: $4,373,477
  – Net Earned Shared Savings Payment after AIM: $4,212,917
  – 90% Quality Score

• GMRACO
  2018 FINAL ACO Savings and Losses: $4,538,431
  – Earned Shared Savings Payment: $2,044,977
  – Net Earned Shared Savings Payment after AIM: $2,044,977
  – 92% Quality Score
Results

The Caravan Health ACO Model Works.

Caravan ACOs Show Consistent Savings Year After Year

<table>
<thead>
<tr>
<th>Year</th>
<th>SAVED PER BENEFICIARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$107</td>
</tr>
<tr>
<td>Year 2</td>
<td>$126</td>
</tr>
<tr>
<td>MSSSP National Average</td>
<td>$222</td>
</tr>
</tbody>
</table>

The majority of ACOs struggle to drive savings. Our proven ACO model vastly outperforms national averages and continues to help our partner ACOs improve over time.
2019 MSSP ACO Participation

2016 Communities (MI)
- Alcona Health Center (FQHC)
- Hayes Green Beach Memorial Hospital (CAH)
- Helen Newberry Joy Hospital (CAH)
- Hillsdale Hospital (PPS)
- McKenzie Health System (CAH)
- Schoolcraft Memorial Hospital (CAH)
- Three Rivers Health (PPS)

2019 Communities (MI)
- 7 continued participation in Collaborative ACO
- 8 Discontinued participation
  - 2 formally joined a larger system
  - 4 signed a network agreement with a larger system
  - 2 discontinued due to cost

Success??

The Michigan Center for Rural Health
Results

• The Caravan Health ACO Model Works.
• The ACO members view it as a “Scholarship” to learn and implement a Value-Based Program.
• MCRH is getting a Value-Based Program education.
  – Importance of strong governance
  – Attribution Modeling
  – Shared Savings Distribution
  – Data Analytics
  – Chronic Disease Management
  – Risk Modeling
  – HCC Coding
Risk Analysis of McKenzie Health System’s Attributed Medicare Beneficiaries
### Using Claims Data to Leverage Partnerships

#### Post Acute Care Work Group

<table>
<thead>
<tr>
<th>City</th>
<th>Attending Provider</th>
<th>Facility</th>
<th>Diagnosis/Description</th>
<th>Facility Spend</th>
<th>Pt Total (All Facilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deckerville</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Age-related physical debility</td>
<td>$ 86,228.24</td>
<td>$ 86,228.24</td>
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<tr>
<td>(blank)</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Encounter for surgical aftercare following</td>
<td>$ 79,830.80</td>
<td>$ 79,830.80</td>
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<tr>
<td>Deckerville</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Necrotizing fasciitis</td>
<td>$ 74,113.48</td>
<td>$ 74,113.48</td>
</tr>
<tr>
<td>Snover</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Age-related physical debility</td>
<td>$ 53,024.86</td>
<td>$ 64,681.78</td>
</tr>
<tr>
<td>Brown City</td>
<td>GOLECHHA, NITIN</td>
<td>MARLETTE REGIONAL HOSPITAL-SWING BED</td>
<td>Other malaise</td>
<td>$ 14,625.52</td>
<td>$ 39,276.17</td>
</tr>
<tr>
<td>Sandusky</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Encounter for surgical aftercare following</td>
<td>$ 38,623.76</td>
<td>$ 38,623.76</td>
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<tr>
<td>Sandusky</td>
<td>ENGLISH, MARK</td>
<td>SANILAC MEDICAL CARE FACILITY</td>
<td>Displaced intertrochanteric fracture of left</td>
<td>$ 14,032.48</td>
<td>$ 37,536.80</td>
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<tr>
<td>Deckerville</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Chronic obstructive pulmonary disease</td>
<td>$ 35,222.69</td>
<td>$ 35,222.69</td>
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<tr>
<td>Sandusky</td>
<td>ENGLISH, MARK</td>
<td>SANILAC MEDICAL CARE FACILITY</td>
<td>ST elevation (STEMI) myocardial infarction</td>
<td>$ 8,802.13</td>
<td>$ 33,808.79</td>
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<tr>
<td>MARLETTE</td>
<td>AQIL, ARSHAD</td>
<td>FISHER SENIOR CARE AND REHAB CENTER</td>
<td>Unspecified fracture of shaft of humerus, unspecified</td>
<td>$ 31,973.78</td>
<td>$ 32,463.26</td>
</tr>
<tr>
<td>Ubly</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Acute interstitial pneumonitis</td>
<td>$ 29,756.72</td>
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<tr>
<td>Sandusky</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Sepsis, unspecified organism</td>
<td>$ 28,896.68</td>
<td>$ 28,896.68</td>
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<tr>
<td>Carsonville</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Encounter for other specified surgical after</td>
<td>$ 28,383.87</td>
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<tr>
<td>Sandusky</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Weakness</td>
<td>$ 5,010.05</td>
<td>$ 28,198.81</td>
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<td>Sandusky</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Aftercare following surgery for neoplasm</td>
<td>$ 27,911.38</td>
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<td>Sandusky</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Cerebral infarction, unspecified</td>
<td>$ 27,382.18</td>
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<tr>
<td>Carsonville</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Weakness</td>
<td>$ 26,490.48</td>
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<tr>
<td>IMLAY CITY</td>
<td>ER DOCTOR</td>
<td>MCKENZIE MEMORIAL HOSPITAL</td>
<td>Other specified fracture of right pubis, subcutaneous</td>
<td>$ 26,442.36</td>
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</tr>
<tr>
<td>(blank)</td>
<td>ENGLISH, MARK</td>
<td>SANILAC MEDICAL CARE FACILITY</td>
<td>Unspecified fracture of right pubis, subcutaneous</td>
<td>$ 26,307.02</td>
<td>$ 26,307.02</td>
</tr>
<tr>
<td>Minden City</td>
<td>ENGLISH, MARK</td>
<td>AUTUMNWOOD OF DECKERVILLE</td>
<td>Chronic obstructive pulmonary disease, unspecified</td>
<td>$ 25,472.66</td>
<td>$ 25,472.66</td>
</tr>
</tbody>
</table>
Where do we go from here....

• Growth in Medicare Advantage
  – *Non-metro* enrollment in 2017: about 2.4 million nationally (23%)

• State Medicaid Program Redesign
  – Managed Care
  – ACO-type payment structures

• Commercial/Private Insurance
  – Increasing costs/patient risk-sharing
  – Narrow networks

**Value-based payment is here to stay!**
(but acronyms and programs likely to change)

Medicare Advantage Data: https://www.public-health.uiowa.edu/rupri/maupdates/nstablesmaps.html
Leveraging Success in MSSP ACOs to other payors...

• **Michigan Clinically Integrated Health Network**
  
  – The Michigan Clinically Integrated Health Network supports the Members’ collective intention to enhance the quality of care for individuals, improve the health of our communities and lower the cost of care.
  
  – 12 Organizations/ 20,000 Assigned Medicare Beneficiaries
Leveraging Success in MSSP ACOs to other payors...

- **Michigan Clinically Integrated Health Network**
- Partnering with other payers to replicate the ACO model of care with other patient populations
  - Medicare Advantage Plans
  - Medicaid
  - Private Payers
Leveraging Success in MSSP ACOs to other payors...

• Michigan Clinically Integrated Health Network

• Challenges
  – Geography
  – Together Health Network (CIN)
    » 5-year effort by Ascension, Michigan Medicine and Trinity to contract with payors and achieve shared savings

• Current Opportunities
  – Priority Health
  – BCBS
Questions?

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