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Value-based care strategies for financial resiliency

By Dave Friederichs, Senior Director, Health Network Foundation, Cerner

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Author Peter Drucker once said, “The greatest danger in times of turbulence is not the turbulence; it’s to act with yesterday’s logic.” As some provider organizations look to the future amid a continued battle with COVID-19, it’s tempting to plan for tomorrow using the model of the past – fee-for-service. But as nice as it sounds to go “back to normal,” there’s no normal to go back to.

The path to financial resiliency, durability and longevity

COVID-19 exposed two fatal flaws in healthcare – the unpredictability of fee-for-service volume and the financial vulnerability of depending on it. Concurrently, the past 10+ years have seen growing pressure from consumers, payers, employers and governments against fee-for-service and the ever-escalating costs they’re asked to bear. Moving forward, organizations reliant on fee-for-service may find themselves in an increasingly frustrating business model that puts them at odds with consumers and leaves them vulnerable to innovative disruptors. Diversifying into value-based reimbursement models can help pave the path to financial resiliency, durability and longevity.

The path to value won’t always come naturally if you haven’t already started. Changing your organization’s financial, clinical and operational DNA can be hard. A well-known Chinese proverb says it best – “The best time to plant a tree is twenty years ago. The second-best time is now.” Your organization’s resiliency depends on planting value-based care strategies into your DNA today.

Four must-have value-based care competencies

Success with value-based care will require that you continue to apply the effective strategies already embedded in your organization in addition to adding these four competencies:

1. Create collaborative payer relationships

Payer-provider relationships can be complex. Providers sometimes see payers as an administrative burden and patient relationship hurdle. Meanwhile, payers can struggle with trusting providers to deliver cost-effective care. There are kernels of truth in each perspective, but both sides need each other. Providers and payers who develop collaborative relationships can grow together, make life easier for each other and serve their members more effectively.

What are the characteristics of collaborative payer relationships?

- Shared financial incentives to perform highly in clinical quality, total cost-of-care and patient experience
- Fully transparent data sharing

- Adequate dollars for providers to finance value-based care efforts and offset potential loss of fee-for-service revenue
- Joint efforts to increase market share, enabling both sides to grow together

While it might be hard to picture this, especially while renegotiating your payer contracts, there are proven paths to build collaborative payer relationships and examples of how they're mutually beneficial.

2. Build a collaborative delivery network

The term "network" implies members interacting toward a common goal, but in healthcare, this is not always realized. Networks cannot simply be listings of providers who accept a particular insurance or have arm's length relationships with each other.

A collaborative healthcare delivery network should:

- Include providers and healthcare organizations who excel at efficiently and effectively fulfilling needed healthcare services – even if your organization doesn't own the venues or employ the providers.
- Have a legal structure that enables a framework for collaboration and shared incentives.
- Overlay and enhance members' existing core technologies with additional technology capabilities that support the network's clinical, financial and operational initiatives, such as care coordination, referral management, quality management, coding and documentation, cost and utilization management, provider performance and social determinants of health.
- Have shared incentives and measurement structures to understand performance and reward members for contributing to network goals.

Hard to envision this as well? Like collaborative payer relationships, there is demonstrated value from establishing shared delivery networks.

3. Be relentless about continual process improvement

Providing efficient and effective care should always be prioritized, and doubly so in value-based models where revenue is increasingly capitated. Process improvement opportunities abound in multiple areas, such as scheduling utilization, enabling top-of-license practice and re-engineering clinical and financial workflows. These approaches can help reduce cost-of-care, enhance revenue collection and improve resource utilization. To do this, your organization needs:

- Analytics and intelligence that show improvement opportunities across technologies, venues and processes.
- Integration of insights and potential actions into native workflows of heterogeneous core technologies (e.g., electronic health records, enterprise resource planning, patient-facing applications) that enable in-the-moment behavior change.
- Subject matter and process experts who identify and implement process improvement.

Chances are, your organization already has process improvement initiatives, but you'll need to expand and accelerate those efforts to move deeper into value-based care while remaining fiscally responsible.

4. Engage directly with consumers

Payers can be more motivated to work collaboratively with providers who serve a critical mass of their members. How your organization will acquire and retain those members has changed dramatically in the last decade. Consumers often times expect to engage with your organization in the same way they engage with other service businesses. They want simple access, transparent pricing and a concierge experience. In many cases, they're also less tied to provider relationships, distrust advertising and make decisions based on their own or others' experiences. For your organization to help win and keep consumers, you'll need:

- A customer relationship management system that manages lifelong relationships.
- Engagement tools (e.g., scheduling, bill payment and messaging) that provide consumer experiences across heterogeneous core technologies.
- Clinically driven, personalized outreach that engages consumers and shows attentiveness to their needs.
- People and processes that address consumer inquiries in a consistent and efficient manner.

Your organization must prioritize the patient and provider experience equally. It may be a major cultural change, but without it, your competitors who prioritize consumer experience could attract and retain patients you consider to be "yours".

Some organizations have developed several or all of these competencies. Many have tried but haven't yet found the success for which they'd hoped. Many more feel overwhelmed by the task and haven't began their journey to value. The good news is that it doesn't matter where you are – what matters is that you start.

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