

RURAL **HEALTH** WORKSHOP

High Value Networks—The Key to Preserve Independence



Speakers

- Nathan White
 - President, Newpoint Health
 - Interim Executive Director, Rough Rider Network



- Ben Bucher
 - CEO, Towner County Medical Center
 - Board Chair, Rough Rider Network



High Value Networks: *Key to Preserve Independence*

WELL AHEAD: Rural Health Workshop

June 21, 2023



Who We Are ...



Nate White
President, Newpoint Health
CEO, Rough Rider Network



Ben Bucher
CEO, Towner County MC
Chair, Rough Rider Network

Newpoint Viewpoint: Current Environment



- I. Are we heading towards a recession? Regardless, many economic headwinds exist: significant inflation, increased borrowing costs, challenging labor market, and conservative banking landscape.
- II. COVID-19 here to stay, with continued localized waves, driving testing and treatment costs.
- III. The Great Resignation: generation of workers continue to speak critically about their work, with burnout hitting healthcare especially hard.
- IV. Geopolitical uncertainty persists, with historically high political division, an existing war in Eastern Europe and a cold war brewing with China.
- V. Healthcare moves towards asset-lite model, mergers and other consolidations continue, public-sector payers expand in share, and industry cost-containment accelerates.

Newpoint Viewpoint: What We Know

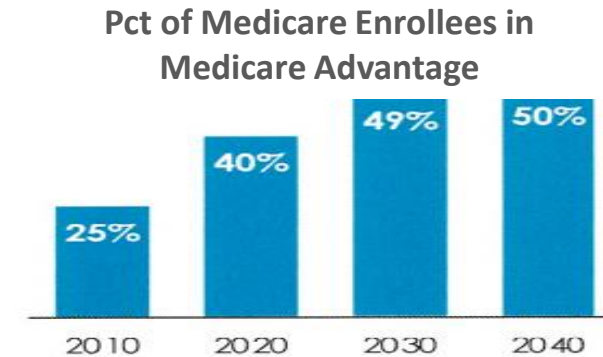
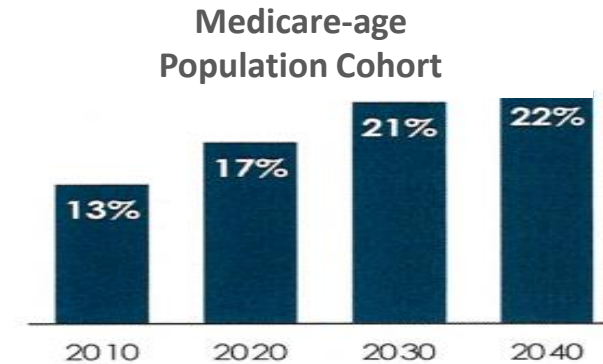


- Hospital margins negative for 2022, expenses up 19% from 2019 (led by labor costs up 22%)
- Outpatient visits up ~20% from 2019, with telehealth leveling out at 8% of those visits
- Funding for new healthcare ventures at record highs, none of them want to be a hospital and all of them want to take a few percentage points of your volume.
- Hospitals must demonstrate “Value” through increased focus on outcomes achieved per dollar spent

Newpoint Viewpoint: Medicare Advantage a Primary Driver

The **Big Boom** has arrived. Medicare-Aged population will grow 30% by 2030, another 11% by 2040.

- Medicare patients utilize 3x that of commercial patients
- Half of Medicare enrollees will opt into **Medicare Advantage**
- For Critical Access Hospitals – shift away from cost-based reimbursement



**MA is a Primary Strategic Driver for Large National Players
(Humana, Oak Street Health, Signify)**

Source: US Census Bureau. "Data." 2017 National Population Projections Datasets. United States Census Bureau, Web; 2021 Annual Report of The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medicare Insurance Trust Funds. Medicare Board of Trustees. 30 Aug. 2021.

National Brands are Building Health Systems ... Without Hospitals

Headlines:

- CVS acquires Signify
- Humana acquires Oakstreet
- UnitedHealth Group employs 60,000 physicians
- Amazon purchases One Medical

- Reduce reliance on FFS.
- Affiliate with payers to align incentives
- Prepare for Medicare Advantage
- Align with providers to align care delivery and finances
- Develop shared structure and services to deliver *value*
- Embrace and manage change



“Change is the Price of Survival.” – Winston Churchill



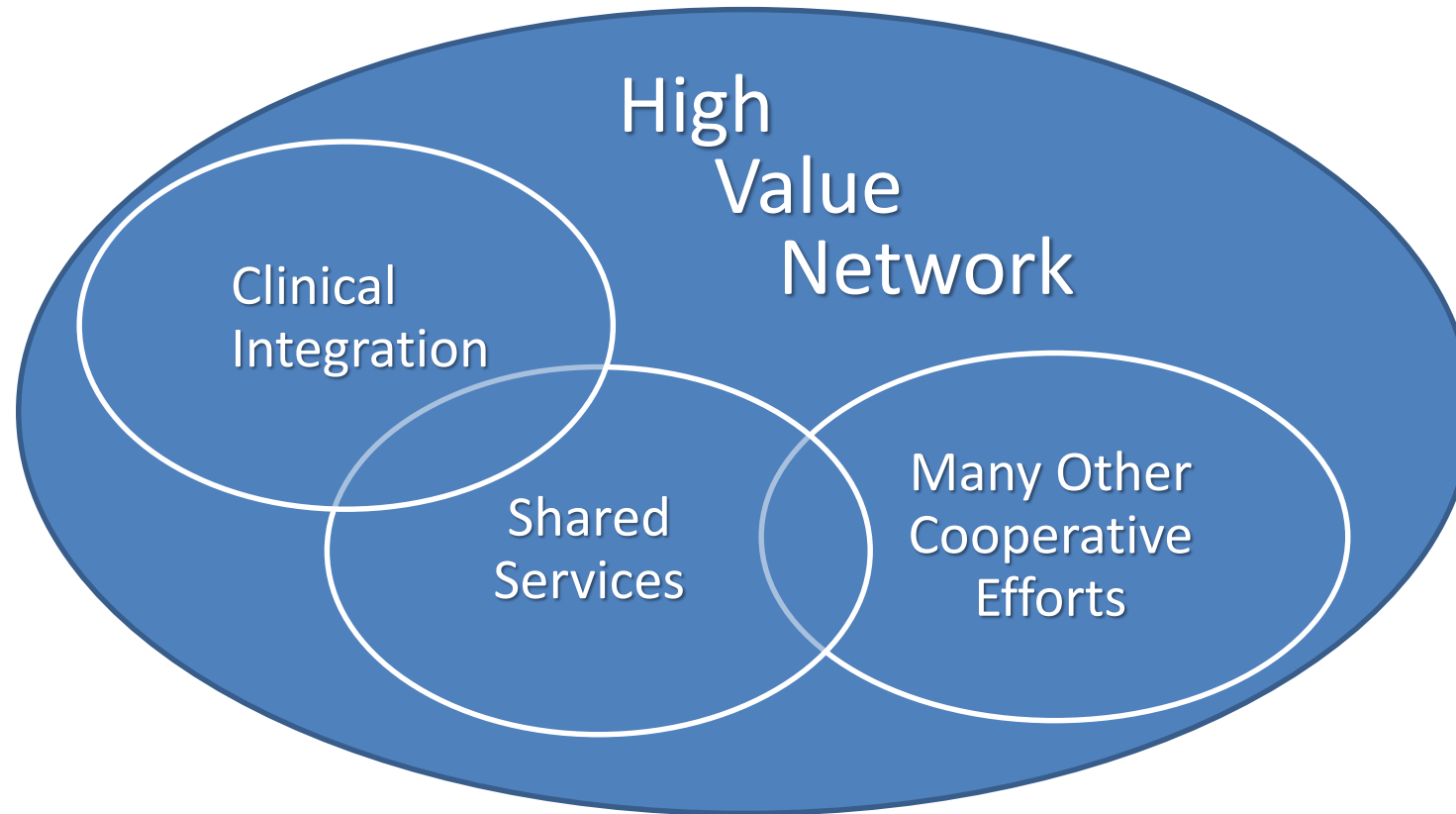
- A **cooperative** is membership organization, who work together to achieve **common goals**.
- Members have **mutual authority**, **collective accountability**, and all profits are shared among the members.

Depending on the needs of its members, co-ops can provide a shared service for its members, such as IT, financial services, or joint marketing.

Others use economies of scale in the supply chain to sell goods to its members at reduced prices, or jointly develop new products for market.

High Value Network: Key Concepts

- Much like a co-op, an HVN is **collective effort** by hospitals to establish a mutually beneficial relationship to achieve common goals.
- Your HVN will include *shared responsibility; mutual authority and accountability* for success; and *sharing of resources and rewards*.

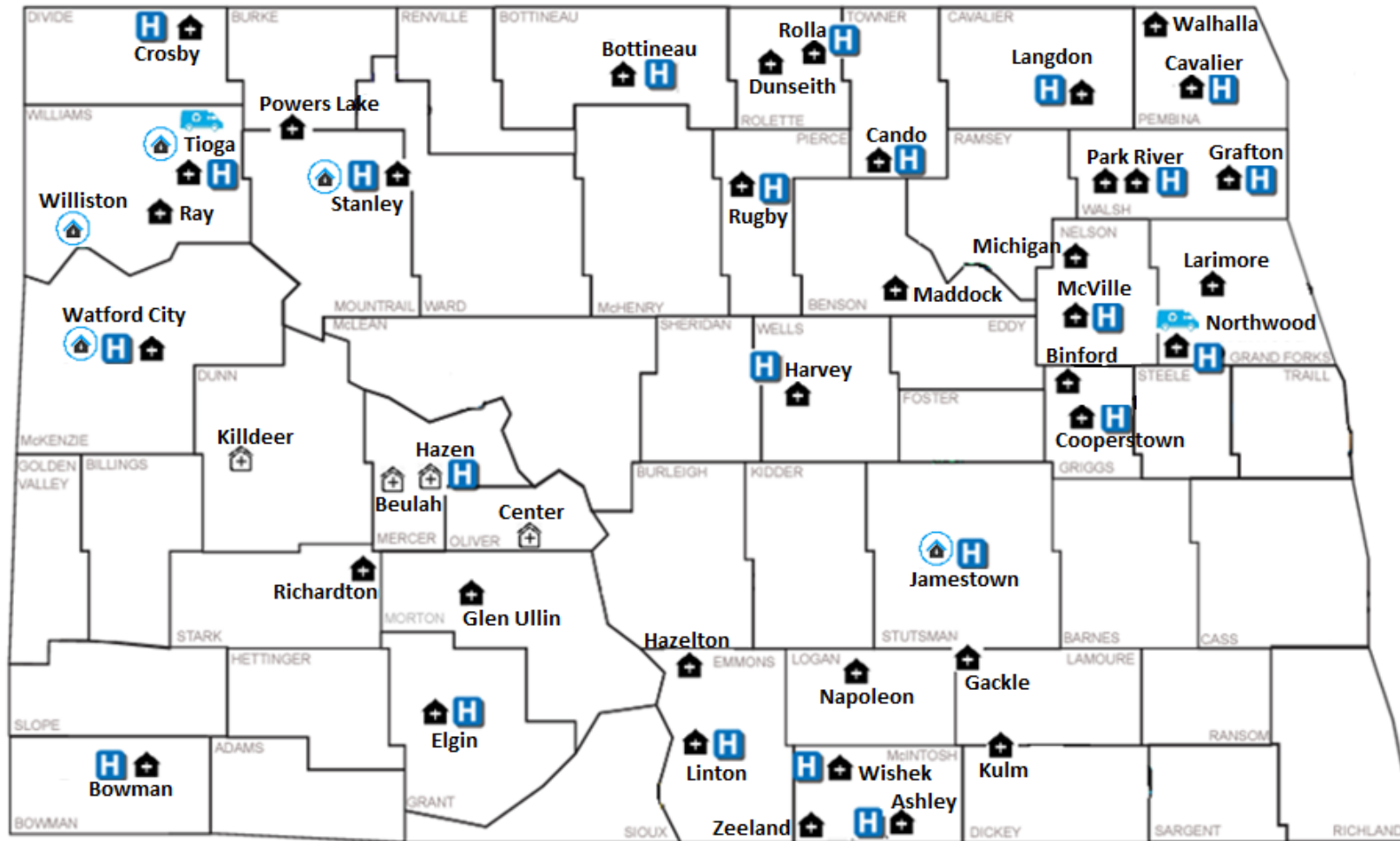


HVN Concept: Learning from Others


- Many national examples
- Rural Wisconsin Health Cooperative
 - In operation since 1979
- Illinois Critical Access Hospital Network
 - Successfully contracts with Blue Cross/Blue Shield
- Rough Rider High Value Network (North Dakota).



Rough Rider High Value Network (RRHVN)



1/5/2023

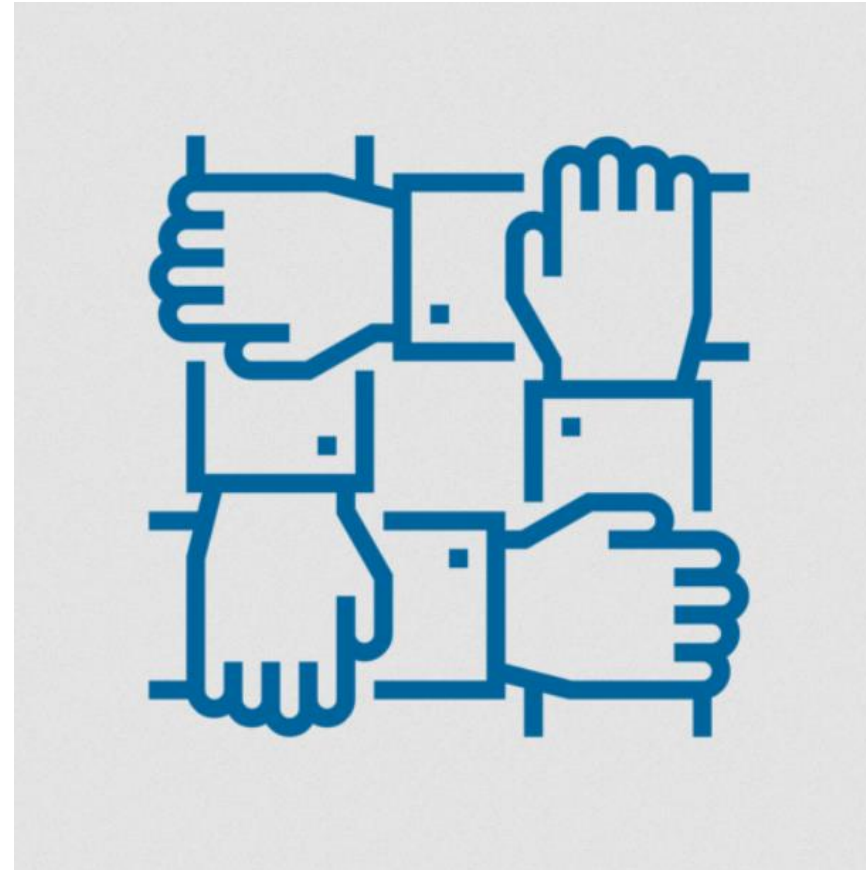
- 
Center for Rural Health
University of North Dakota
School of Medicine & Health Sciences

- 23 rural North Dakota hospitals – *and growing!*
- **~250,000 persons** – 65% of North Dakota's rural population
- **~\$500 million** in *net* revenue
- As in a farmers' cooperative, we are stronger ***together***.



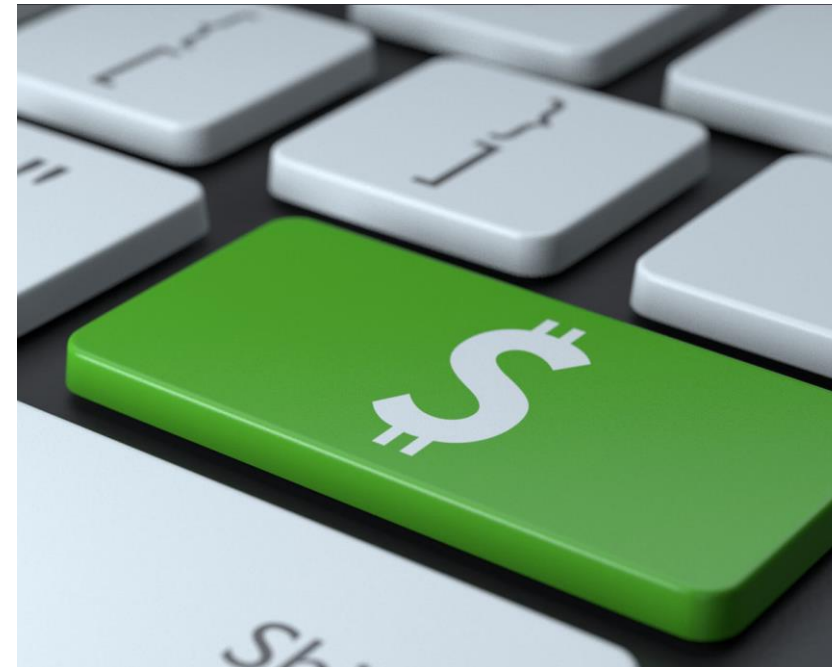
RRHVN: Clinical Strength

- Clinical Integration Committee - RRHVN clinicians will belong to a **state-wide team**.
- Share best practices.
- Continuously improve healthcare quality for rural North Dakotans.
- Promote healthy rural North Dakota communities.

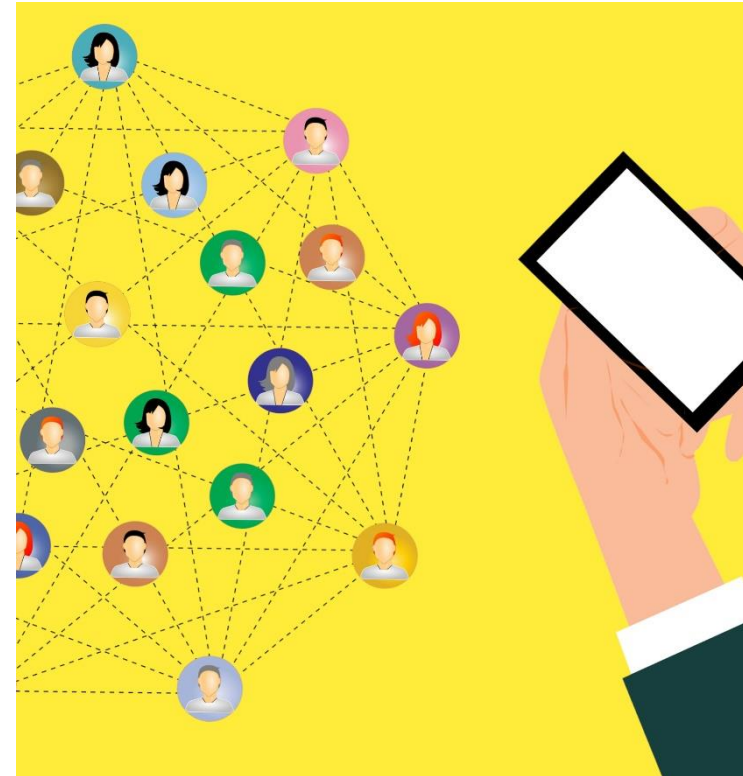


RRHVN: Access to New Payments

- New payment model opportunities, such as
 - BCBS-ND Blue Alliance
 - Medicare ACOs
 - North Dakota Medicaid
 - White Labeled Products: Commercial/MA
- Access to grants
 - Applying for a **\$1.2 million** grant (over 4 years) to develop the RRHVN.
 - Received **\$3.5 million** state-based grant to build value-based care capabilities

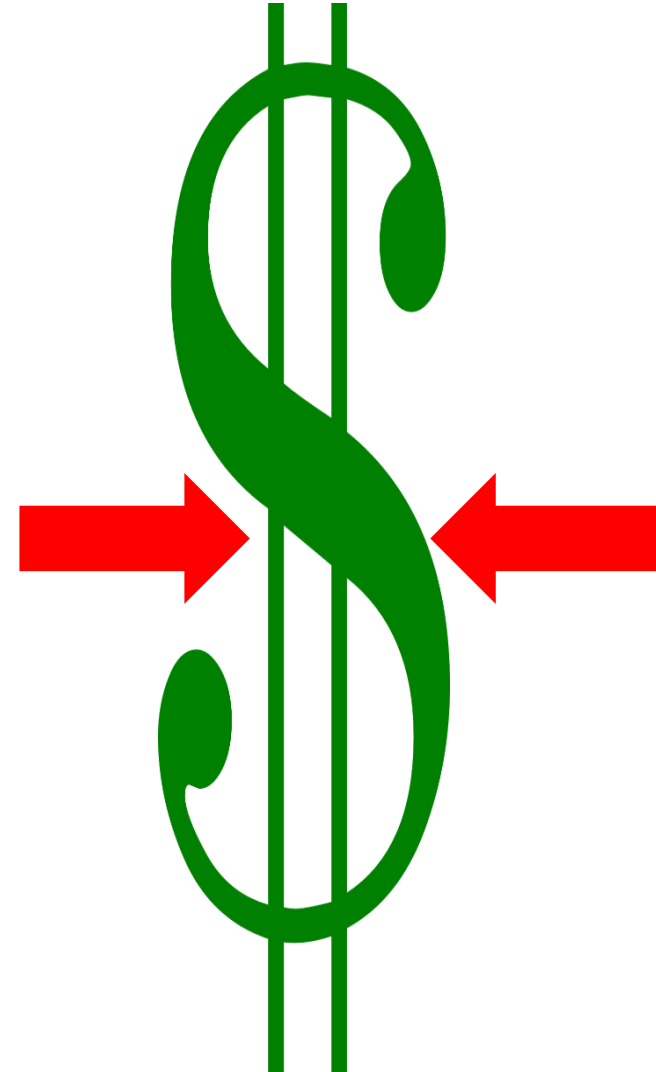


- **Business Integration Committee**
- Clinical services, such as
 - Mobile imaging, reference lab, network nurses
- Business services, such as
 - Contracting, technology support, group purchasing
- Education services, such as
 - Nurse residency, continued education, preceptorships
- Shared investment in VBC capabilities



RRHVN: Funding

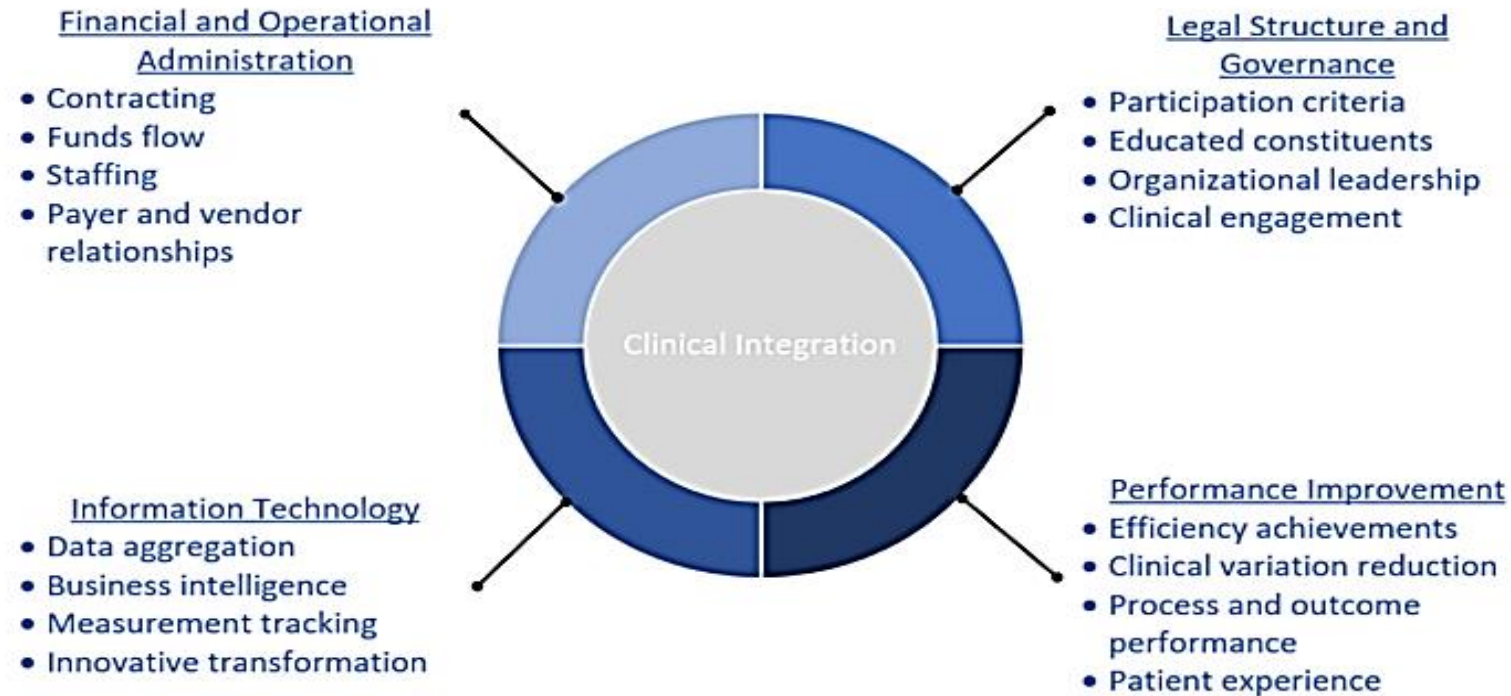
- \$30,000 – 2-year Start-Up Cost
 - \$15,000/year Member Dues
 - ~\$7,500/year after cost reimbursement
 - Goal – Annual Dues below \$10,000
- Investment covers contract staffing, professional fees, travel, etc.
- Many opportunities to recoup that investment
 - Shared and new services
 - New payments/revenue streams
 - Grant funding
- Negligible risk: any member may exit the RRHVN at the conclusion of any year.



Clinically Integrated Network (CIN)

A CIN is an arrangement in which independent hospitals and/or providers share performance improvement, quality, value, and efficiency goals that result in **improved quality** and coordinated care at a **lower cost**.

A Level Deeper – the Components of a CIN

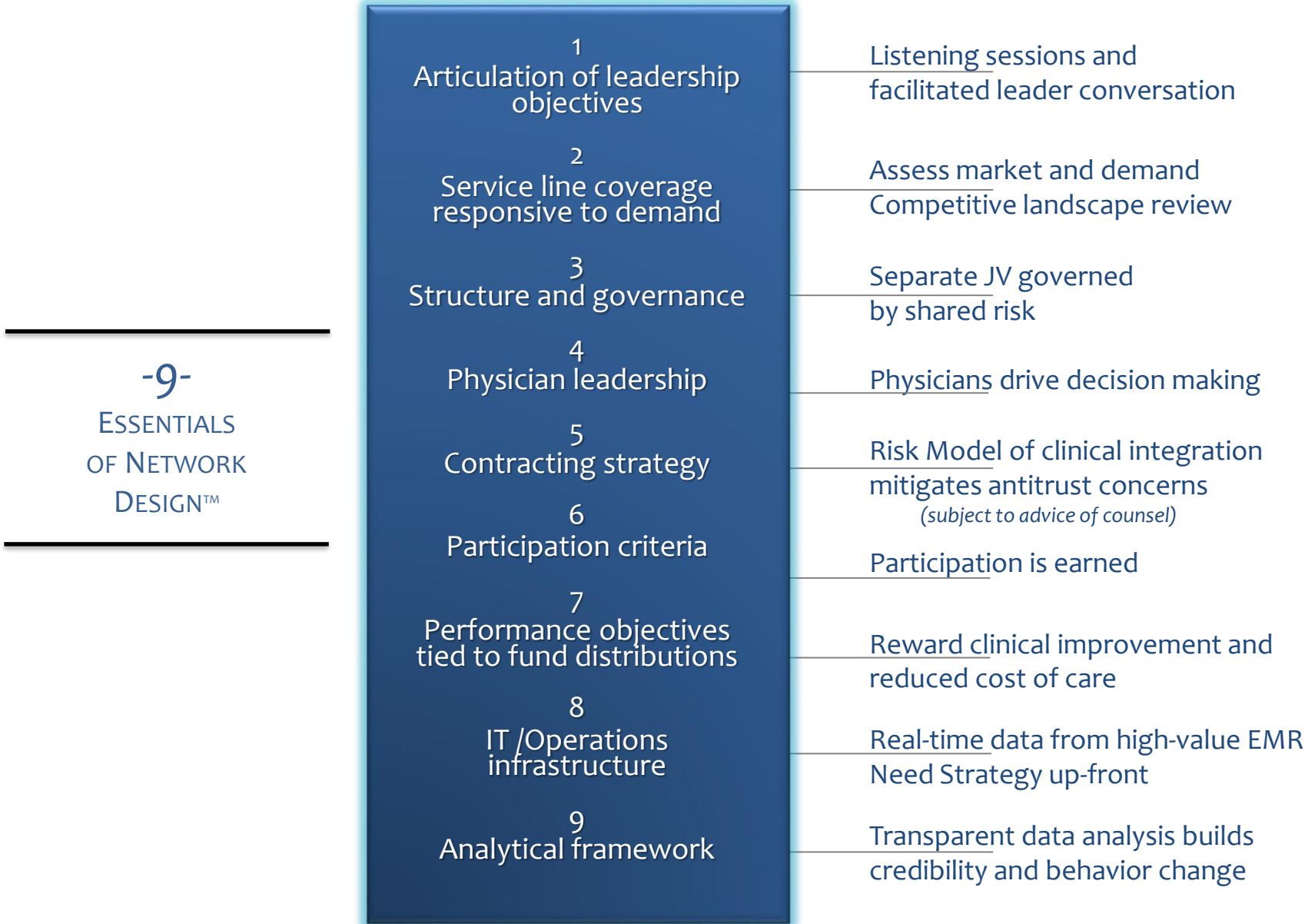


CIN: Antitrust-Compliant Vehicle

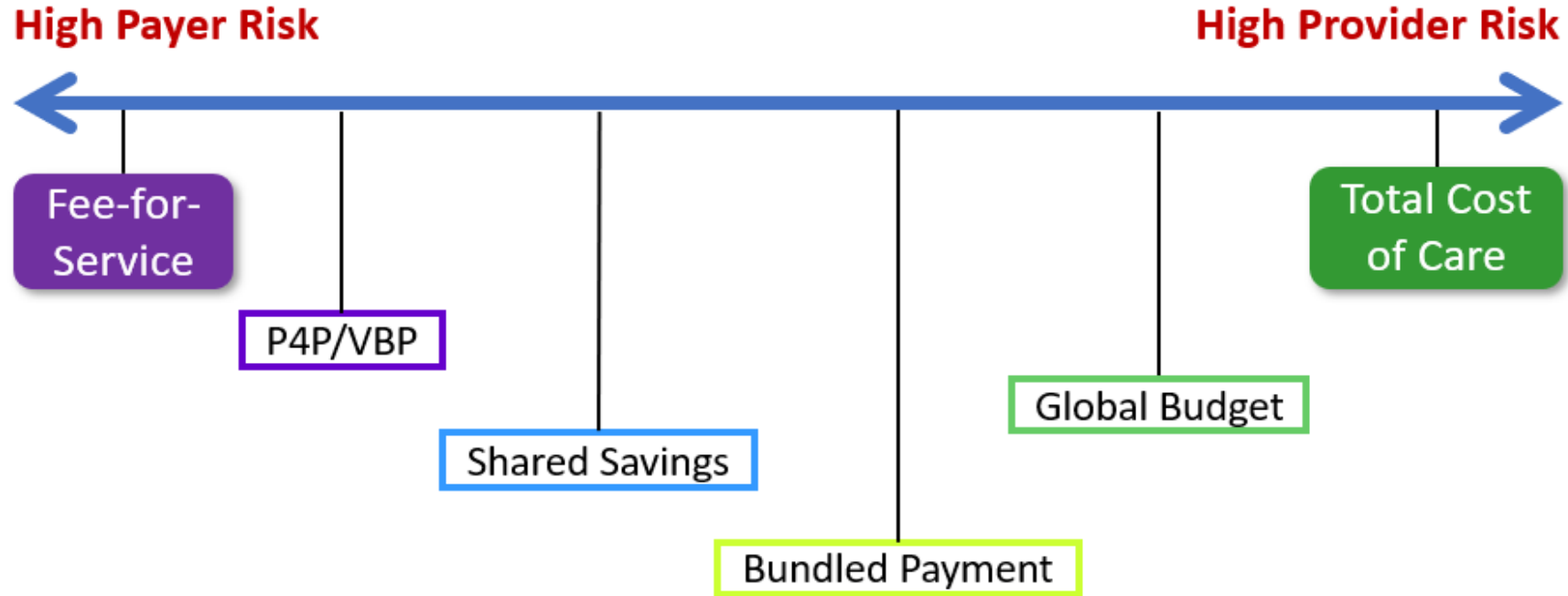
- A CIN is an organized system of care that allows independent providers to **negotiate jointly** with payers.
- CIN members must objectively share substantial **risk** and/or share **protocols** to demonstrate the **interdependence** needed to achieve **clinical integration** and survive FTC scrutiny.

FTC Enforcement Memo:

- CIN members must "share substantial risk"
or
- "Implement an active and ongoing program to evaluate and modify practice patterns"
to
- "Create a high degree of interdependence"
(1996)



Volume to Value



Strategies must Align with both VBC & FFS Environments

Improve	<u>Clinical Standardization</u> : Improve efficiency/quality to create a lower cost structure
Pay	<u>Pay For Performance</u> : Capture P4P incentives from VBC contracts
Network	<u>Network Retention</u> : Reduce outmigration to out-of-network providers
Create	<u>VBC Services</u> : Create programs to bill for VBC (Annual Wellness Visits, Care Mgmt, etc.)
Engage	<u>MA Strategy</u> : Engage payors on aligned strategies (HCC Scores, Star Ratings, Member Growth, etc.)
Reduce	<u>T.O.C. Mgmt</u> : Reduce cost in areas that don't impact revenue (Pharmacy, Post-Acute, etc.)
Collect	<u>Admin Services</u> : Collect PMPM fees from payors for assigned admin services
Collaborate	<u>New Products/Lives</u> : Collaborate with payors to create new products based on value and T.O.C.

**Members can benefit from horizontal interdependence
in compliance with antitrust laws and without threatening independence**

Shared Services Platform

- ✓ Maximize Member resources
- ✓ Build economies of scale
- ✓ Reduce cost
- ✓ Improve patient care
- ✓ Share best practices

Potential Opportunity Examples:

- Coding Support/Audit Services
- External Peer Review
- Professional Education Services
- CIO/IT Services
- CIN/ACO Management
- Legal/Professional Services
- Recruitment/Staffing Solutions
- Digital Technology
- Insurance Programs
- Care Coordination/Management

Ensure that care from disparate providers is ***not*** delivered in silos, to improve quality and eliminate redundant tests and procedures



Successful Traits

- ✓ Easy access to range of health care services
- ✓ Focus on total health of the patient
- ✓ Clear and simple information for patients
- ✓ Sharing of best practices

Rethinking System Relationships

- ✓ Requires better care coordination with tertiary/quaternary care providers.
- ✓ Promotes communication and effective care transitions.
- ✓ Opens door to enhanced service offerings

What's in it for Members?

- ***Shared Services:***

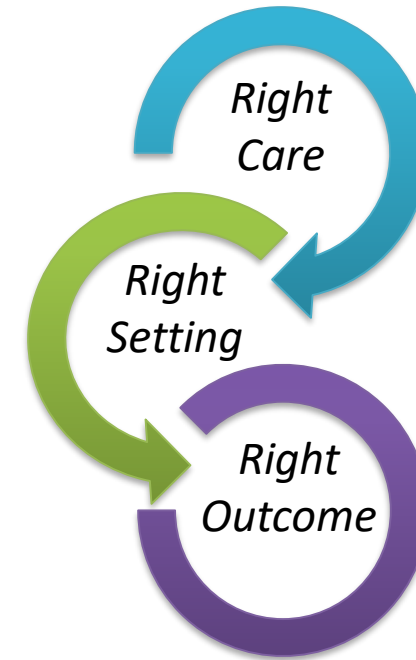
- Pooling of resources and services
- Economies of Scale
- Expanded investment in core competencies

- ***Clinically Integrated Network:***

- Opens door to new contracting strategies.
- Financially incentivizes improved quality, patient satisfaction and efficiency of care.

- ***Clinical Care Coordination:***

- Reduces silos between disparate providers.
- Creates care models designed to keep the right care local.



Newpoint Viewpoint: Why some affiliations work better than others

- ✓ Clear goal-setting, attention to community objectives
- ✓ Keeping objectives foremost throughout the development and negotiation of the affiliation agreement
- ✓ Insisting on clear contractual commitments
- ✓ Having confidence in what partner providers can offer *you*, not just what you offer them
- ✓ Similar core values, missions, business strategies



Questions?

We want to hear from you!

<https://www.surveymonkey.com/r/BW59S9F>



RURAL **HEALTH** WORKSHOP

Networking Lunch: 11:45 a.m. – 1:00 p.m.

