



Conducting A Market Assessment

Understanding Your Marketplace

Market Assessment Tool

Structuring & Guiding Your Work

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Introduction to
the external
assessment

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Importance of
conducting an
external
assessment

3

Incorporating
external assessments
within organizational
processes

Market Assessment Tool

Getting Started



Market Assessment

Step 1: Identify Organizations To Assess

- Start with a basic search to identify health systems, hospitals, FQHCs, ACOs, physician groups, health plans, etc. in your area
- Identify their size and catchment areas
- Map out your organization's formal and informal, and direct and indirect, ties to each entity.
- Consider calls/referrals from their staff, your clients' involvement with their services, past or present partnerships, and shared advocacy or networking groups

Considerations

You'll want to know of every healthcare provider and plan operating in your region, their relative size and coverage, and the degree to which your organization is formally and informally connected to them.

Market Assessment

Step 1: Identify Organizations To Assess



Market Assessment | Resources

Resources, research suggestions, and basic information about health care activity to assist in the completion of the market assessment.

Website Resources

Website	Details	Link
CMS Hospital Compare	Identifies hospitals in market, provides key information	https://www.medicare.gov/hospitalcompare/search.html
CMS Nursing Home Compare	Identifies skilled nursing facilities (SNFs) in market, provides key information	https://www.medicare.gov/nursinghomecompare/search.html?
CMS Home Health Compare	Identifies home health (HH) providers in market, provides key information	https://www.medicare.gov/homehealthcompare/search.html
CMS Medicare Advantage Enrollment	Identifies Medicare Advantage (MA) plans by state, county and plan type, provides details on number of beneficiaries served by plan on a monthly basis	https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Monthly-MA-Enrollment-by-State-County-Plan-Type.html
CMS Innovation Center	Identifies some reform activity for various provider types	https://innovation.cms.gov/initiatives/map/index.html#state=%27CA%27
Medicare Enrollment Dashboard	Identifies beneficiary counts by payer for Medicare and MA	https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMSProgramStatistics/Dashboard.html
Medicare Advantage Quality and Performance Ratings	Provides star rating and quality measures for MA plans	https://www.medicare.gov/find-a-plan/(S(1hp4zh45baqbl52pt1bliq2m))/results/planresults/planratings/compare-plan-ratings.aspx?PlanType=MAPD&AspxAutoDetectCookieSupport=1
American Hospital Directory	Profiles hospitals, provides key information	https://www.ahd.com/
U.S. News Health Care	Profiles hospitals, provides key information	http://health.usnews.com/best-hospitals/search

**There are a number of additional resources available online. Do not forget to utilize provider websites, general search engines (like Google), popular news sources (such as Becker's Hospital Review, HealthPayerIntelligence, Morning Consult) and additional nonprofit/association/research organization websites (such as state hospital association websites).*

Market Assessment

Step 2: Identify Market-wide Activity

- Start with wide-ranging searches
- Make connections
- Understand state and federal programs, what entities are involved in them, and which of those entities operate in your region
- Review local, state, and federal resources, including planning documents and roadmaps, which contain valuable market insights



Considerations

Know the range of services your organization can offer, as well as how those services benefit healthcare organizations, in order to best connect the dots as you conduct your research.

Market Assessment

Step 2: Identify Market-wide Activity

Healthcare Reform Programs and Initiatives				
Program Name	Overview	Improvement Focus	Potential Opportunities	Link
Bundled Payment for Care Improvement (BPCI) Demonstration	BPCI is a demonstration program that consists of 4 models and various risk tracks. The intent of the demonstration is to bundle services for selected diagnoses for a given period of time following an initial hospital admission. Model 2 and 3 bundles extend in to the post-acute care period for a patient for either 30, 60 or 90 days, which also includes readmissions. The payment for these two models is retrospective and a bonus or penalty is calculated based on the performance of the bundle in relation to set benchmarks.	Length of Stay Use of Post-Acute Care Readmission Rates Overall Cost of Services	BPCI participants, which are often either hospitals, physician groups, or skilled nursing facilities, must closely monitor eligible bundles to ensure that costs remain low. Often this means reducing costs by choosing a lower next setting of care that is more affordable than PAC facilities, as well as working diligently to avoid readmissions.	For more details on the program and to see a list of participants: https://innovation.cms.gov/initiatives/bundled-payments/
Bundled Payment for Care Improvement (BPCI) Advanced Demonstration	BPCI Advanced is a voluntary demonstration program modeled very similarly to the original BPCI model. Under BPCI Advanced, participants receive a single retrospective payment for a qualified 90-day clinical episode. The demonstration includes bundled payments for 29 inpatient clinical episode diagnoses and 3 outpatient clinical episode diagnoses. The payment that providers receive for the bundles is dependent on their performance for costs and quality measures.	Adoption of Best Practices Coordination of Care Length of Stay Readmission Rates Overall Cost of Services	Like with BPCI, BPCI Advanced participants will monitor eligible bundles to ensure that costs remain low. Focusing on reducing costs by choosing lower cost care settings is likely to be a primary approach for cost containment.	For more details on the BPCI Advanced program and to see a list of participants: https://innovation.cms.gov/initiatives/bpci-advanced
Comprehensive Care for Joint Replacement (CJR) Model	CJR is a bundling program that is currently in place in 67 geographic areas, some of which are mandatory and others optional. CJR holds hospitals in these areas accountable for quality and care for knee and hip replacements, including both the inpatient stay and 90 days following, including readmissions. Target prices are set (risk adjusted) and actual prices are compared at end of year. Based on performance, hospitals may receive a penalty or a bonus.	Length of Stay Use of post-acute care Readmission Rates Overall Cost of Services	CJR participant hospitals are likely closely monitoring knee and hip replacement patients to ensure that their inpatient stay is brief and without complication. Following the inpatient stay, many hospitals are working to avoid or reduce the stay in PAC facilities, often aiming for a discharge to the community. These hospitals are also often interested in processes to make care transitions for these patients seamless to avoid	For more details on the program and to see a list of participant hospitals: https://innovation.cms.gov/initiatives/CJR

Market Assessment

Step 3: Investigate Individual Organizations

- Dive into their website
- Review their CHNAs, charitable activities, and 990s
- Gather key performance metrics via CMS and other databases:
 - Providers: Readmissions, ALOS, TPS, Star Ratings, Penalties
 - Payers: Enrollment Volume/Share, Star Ratings, Competition...
- Conduct a news search of the organization
- Understand their direct and indirect activities in relation to state and federal programs as well as private market activities

Considerations

Get a feel for their business as much as their mission and philosophy.

Market Assessment

Step 3: Investigate Individual Organizations



Market Assessment | Health Systems Review

Utilize the table below to collect additional information on the health systems identified. To complete this table, be sure to use a variety of resources, including publicly available data, provider and association websites, and other resources (see **Resources tab** for suggestions).

The categories and examples listed below are for guidance only. You may not find every detail for each organization you assess. You may also find relevant information beyond these categories that may help you understand the demands, incentives and challenges for the organization.

	[Health System]	[Health System]	[Health System]
Type of Health System (e.g. Multi-hospital, integrated delivery system, community hospital, etc.)			
Overview of Organization (e.g. Nonprofit / for-profit, types of services / plans offered, brief history / background)			
Service Area (e.g. States / Counties / Areas served)			
Size (e.g. Locations, number of employees, number of individuals served)			

Market Assessment

Step 4: Additional Research Avenues

- Ask around your organization (staff, board, volunteers, etc.) to identify individual connections and insights
- Contact healthcare organizations directly for basic information
- Connect with state agencies and industry associations, if appropriate

Considerations

What reputation do certain healthcare organizations have in your area? What social and community-based services do they offer or connect their patients or members to? Who are the partnership champions and advocates?

Market Assessment

Step 5: Analyze What You've Collected To Identify Potential Partners In Your Market

- Synthesize and analyze your research data and findings, looking for outliers, trends, and insights that identify trends as well as the most potential partners.
- You'll factor local demographics, primary challenges experienced, your potential impact, and partner typologies.

Considerations

This is a combination of objective and subjective reasoning for prioritizing potential partners.

Market Assessment

Step 5: Analyze What You've Collected To Identify Potential Partners In Your Market

Hospital	Catchment Area:	Volume Beds-Discharge	Financials Total Patient Revenue	Average LOS	MSSB	Total Performance Score	CMS Overall Quality Rating	Readmissions Performance 2019 Penalty% Tiered	Hospital Acquired Conditions Penalty	Value-Based Payment Activities	Website
Alice Peck Day Memorial Hospital Lebanon, NH 03766	03766 (13.8%) 03784 (12.5%) 05001 (7.7%)	24 - 1,005	\$106,452,382	2.54	NA	NA	4	NA	<1%		https://www.alicepeckday.org/
Androscoggin Valley Hospital Berlin, NH 03570	03570 (60.2%) 03581 (56.3%) 03588 (48.6%)	25 - 989	\$90,935,390	3.6	NA	NA	4	NA	<1%	An initiative developed by CMMI designed for organizations participating as ACOs in the Shared Savings Program; AIM is a model of pre-paid savings in both upfront and ongoing per beneficiary per month payments to encourage new ACOs to form in rural and underserved area and to transition to arrangements with greater funding risk	http://www.avhnh.org/
Catholic Medical Center Manchester, NH 03102	03102 (55.2%) 03103 (32.1%) 03104 (31.9%)	251 - 11,824	\$1,309,372,106	5.8	0.99296	33.875	3	.33% (D)	>1%		https://www.catholicmedicalcenter.org/
Cheshire Medical Center Keene, NH 03431	03431 (66.3%) 03446 (69.7%) 03470 (65.6%)	115 - 4,369	\$607,371,399	5.18	0.98618	33.875	3	.40% (U)	<1%		https://www.cheshire-med.com/
Concord Hospital Concord, NH 03301	03301 (68.8%) 03303 (77.5%) 03275 (59.5%)	221- 13,013	\$1,357,755,154	4.38	0.98724	36	4	.13% (D)	<1%	NH-Cares ACO is a joint venture between three hospitals and ACO professionals. It's a not-for-profit organization based in Concord, NH and founded in 2018. The ACO consists of more than 630 healthcare providers employed by Concord Hospital, Mid-State Health Center, Riverbend Community Mental Health, Concord Regional Visiting Nursing Association, Speare Memorial Hospital and Exeter Health Resources who coordinate the health care of more than 24,000+ Medicare Fee-for-Service beneficiaries in their combined service areas. Concord Hospital Medical Group, and D-H Concord participate in shared savings programs with all three major payers in NH. The overall payments made to Concord Hospital and its affiliates by one type of alternative payment method (APM) or another is approximately 52% of total revenue	https://www.concordhospital.org/
Cottage Hospital Woodsville, NH 03785	03785 (52.8%) 03774 (36.7%) 05081 (43.5%)	35-596	\$64,283,639	8.83	NA	NA	2	NA	<1%	An initiative developed by CMMI designed for organizations participating as ACOs in the Shared Savings Program; AIM is a model of pre-paid savings in both upfront and ongoing per beneficiary per month payments to encourage new ACOs to form in rural and underserved area and to transition to arrangements with greater funding risk	www.cottagehospital.org

			Enrollees (Jan. 2019)			Plan Quality (1-5, where 5 is best)			Non-Medical Benefits Offered				Clinical Programs and Other Activities			
Carrier & Plan	Plan Type (FP=For-profit)	Service Area (# of counties)	King	Snohomish	Total in K&S Counties	Total Star Rating	Part C Star Rating	<4 Related Star Ratings	Transportation	Meals	Home Mods	Caregiver Services	Care Coordination / Transitions / Case Management	Other	Alignment Areas	Key Contacts
Aetna Medicare Value Plan H3931	FP HMO	7	5.1K	1,3K	6,4k	3.5	4	Readmissions Improve/maintain physical health Reduce fall risk Plan quality improvement	No	No	No	No	Aetna Health Connections offers health support and information services that are provided by Aetna-employed clinical professionals, including doctors, nurses, pharmacists, social workers, wellness counselors, nutritionists and weight loss therapists.	In January 2019, Aetna and the National Quality Forum launch a 9-month SDoH project to research best practices that are replicable and scalable. Aetna and MOWA partnered in 2017 to offer meals, social support, and safety checks to high risk members. Effective January 2019, Aetna is contracting with GA Foods to offer post-discharge home- delivered meals in some MA markets.	Clear interest in and willingness to pay for post-discharge home- delivered meals and in-home, community-based supports. Minimal evidence of interest in other non-medical services at this time.	Benjamin DeCoudres, Product Manager, Aetna (Seattle)
Aetna Medicare Select Plan H5521	FP PPO	28	4.9k	1.5k	6.4k	4	4	Improve/maintain physical health Improve/maintain mental health Reduce fall risk Care coordination Plan quality improvement					Aetna Community Care is a local, in-home care coordination service connecting members to health and social services.			
Amerigroup (Anthem) Amerivantage H1894	FP HMO	6	896	324	1,220	3	3	Plan quality improvement Medication reconciliation Reduce fall risk Diabetes blood sugar control	No	No	No	No	Phone-based community resource support services coordination (via My Advocate)	Amerigroup contracts with Aunt Bertha for online community resource directory. Through its CareMore integrated plan and delivery system, Anthem is developing programs to combat older adult isolation (not in WA).	Featuring the Aunt Bertha community resource directory shows they are focusing on non- medical services, but there doesn't seem to be a coordinated social services program in place. Transportation and meal services for D-SNP members shows that they are beginning to offer non-medical services, which could migrate to non-D-SNP members, and expand to other service areas like home modifications and family caregiver services.	Daryl Edmonds, Plan President, Amerigroup WA Barbara Johansson, V Healthcare Programs, Amerigroup WA
Amerigroup (Anthem) Amerivantage D- SNP H1894	FP HMO D- SNP	6	156	41	197	3	3	Plan quality improvement Medication reconciliation Reduce fall risk Diabetes blood sugar control	60 trips - vendor unliste d	1 wk after hosp stay	No	No	Phone-based community resource support services coordination (via My Advocate) Live Health: online/phone support from clinicians			

Market Assessment

Step 6: Institute Ongoing Market Assessment Activities To Stay Current On Trends

- Identify market assessment lead
- Define ongoing assessment expectations and mechanisms for information sharing
- Build habits and get out of comfort zones
- Scan resources including healthcare publications, Concord Monitor, LinkedIn, etc. – who is saying what about SDoH and integration?

Considerations

Watch for signals of change --we are on the forefront of systems transformation!

The Market Assessment

As Part Of An
External Assessment
Process



Group Work

- Encouraging stronger market awareness within your organization
 - Why? (think policies + marketplace)
 - How? (think structure + culture)
 - Who? (think roles + skills + interests)
- Revisit your market awareness score from before. What would it take to move that score up one or two places?
- Report out



Signals From The Future...

#socialdeterminantsofhealth

Why Every Drug Should Have a Social Care Strategy, but Most Don't (9/5/19)

<https://www.mmm-online.com/home/channel/features/why-every-drug-should-have-a-social-care-strategy-but-most-dont/>

The Thinning Line Between Health Care and Social Services (5/2/19)

<https://www.openminds.com/market-intelligence/executive-briefings/expanding-coverage-for-a-whole-person-model-of-care/>

3-2-1 Contract! MA Plans' Emerging Supplemental Benefits Strategy for Social Determinants (8/30/19)

<https://medium.com/patchwiselabs/3-2-1-contract-ma-plans-emerging-supplemental-benefits-strategy-for-social-determinants-3c33756dba13>

10 Things to Know About Medicaid Managed Care

<http://files.kff.org/attachment/Issue-Brief-10-Things-to-Know-about-Medicaid-Managed-Care>

Kaiser Permanente Building Infrastructure to "Connect the Dots" for Social Determinants

<https://www.fiercehealthcare.com/hospitals-health-systems/kaiser-permanente-launches-social-health-network>



Making the Business Case



How To Make A Business Case

Victor Tabbush, Ph. D.

Business Case: Definition

Making the case that your service results in **an attractive return on investment** for the health system partner.



Three Common Ways To Express The Business Case

Formula

$$Net\ Benefit = B - C$$

$$Benefit\ to\ Cost\ Ratio = \frac{B}{C}$$

$$ROI = \frac{B - C}{C}$$

Requirement

Dollar number needs to be positive

Ratio needs to be > 1

ROI percentage needs to be positive & above a threshold level

**Expressing And Demonstrating A
Favorable ROI To The Partner Is An
Effective Way To Make The CBO
Business Case.**

A Business Case
Typically Begin
With The **Existence**
Of A Financial
Burden If No
Investment Is Made



Examples Of Financial Burdens

- Average inpatient spending for frail, high cost group is \$23,704 per beneficiary per year (1).
- The cost to Medicare of a CHF hospital readmission is about \$13,000 (2).
- The annual Medicare spending for an individual with three or more co-morbidities and with dementia is about \$50,000 (3).

(1) Source: Joynt, K. E., Figueroa, J. F., Beaulieu, N., Wild, R. C., Orav, E. J., & Jha, A. K. (2017, March). Segmenting high-cost Medicare patients into potentially actionable cohorts. In *Healthcare* (Vol. 5, No. 1-2, pp. 62-67). Elsevier.

(2) Source: <https://www.hcup-us.ahrq.gov/reports/statbriefs/sb172-Conditions-Readmissions-Payer.pdf>

(3) Source: Rodriguez S, Munevar D, Delaney C, Yang L, Tumlinson A. Effective management of high-risk medicare populations. 2014. <http://avalere.com/news/avalere-issues-white-paper-on-the-management-of-high-risk-medicare-population>.

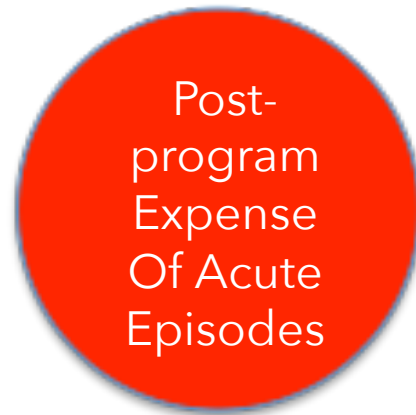


The Conceptual Model

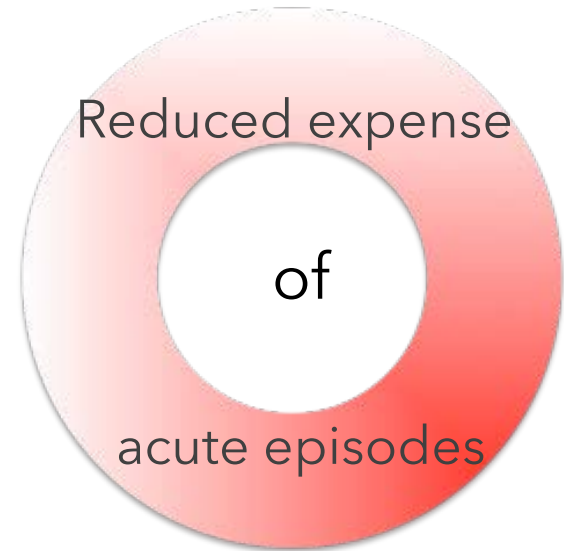
Financial Burden & Outcomes From Cross Sector Partnerships



Potential
economic
benefit

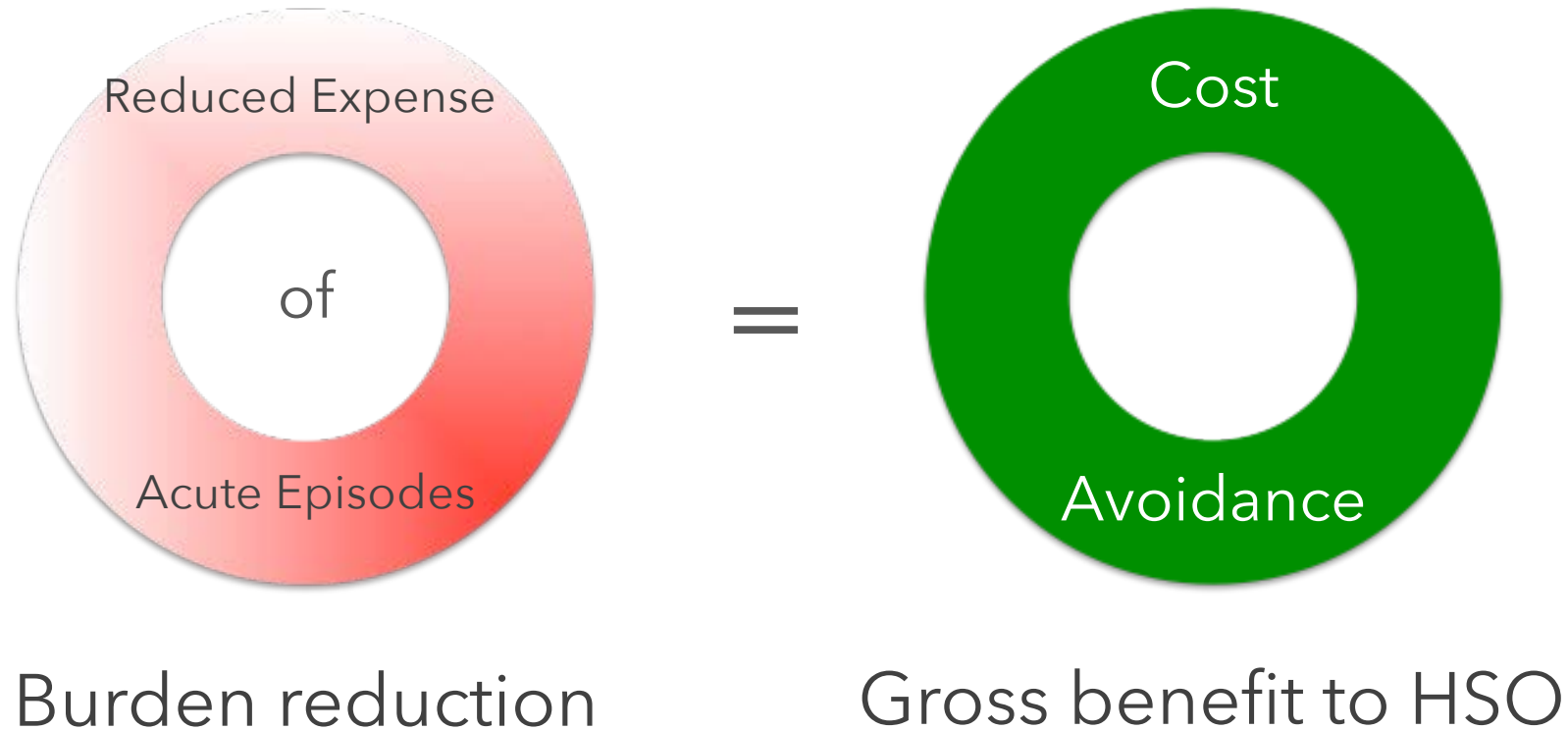


Intervention is
effective
(burden is less)

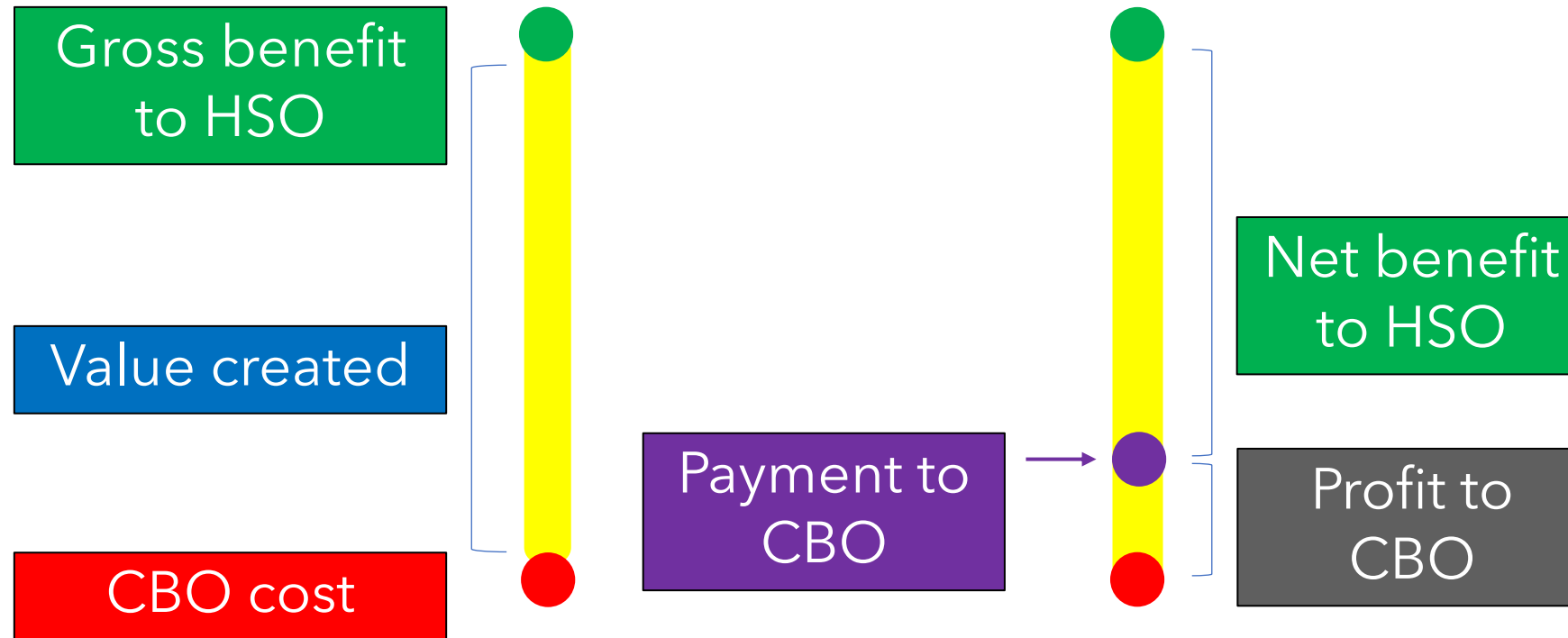


Extent
of
effectiveness

The Burden Reduction Becomes The Gross Benefit Of The CBO Service





The Payment Level Must Be Mutually Advantageous



You must know your costs!

Use The The Business Case Tool To Estimate Costs & ROI

<div><div></div><div>Collaborative Consulting</div><div>Where Ideas Evolve Into Action</div></div>		Building the Case for Partnership Introduction																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Importance of Building the Case for a Partnership	Once your organization has decided to pursue health care partnerships and you've gone through the process of identifying potential partners and opportunities for partnership, you are then ready to initiate conversations with the potential partner about partnership. Developing a compelling case for the partnership is instrumental in gaining the interest of the partner and should be a key component of the partnership operation.	<div><div></div><div>Collaborative Consulting</div><div>Where Ideas Evolve Into Action</div></div>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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Introduction to the Building the Case for Partnership Tool	This tool helps you use this process to guide you in developing a compelling case for your organization's potential partnership. Though you may develop a case, it can be used in a variety of ways.	<div>Follow the prompts below to identify the costs associated with the delivery of the service you are proposing, including fixed and variable costs.</div> <table><tr><th colspan="2">Identify the Staff</th></tr><tr><th>Staff Position</th><th>Annual Salary</th></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td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The Data Model

Outcome (Cost Avoidance) Measured By Difference Between Predicted And Actual Utilization

- Predicted utilization means that level of medical utilization that would have resulted in the future from “usual care” if the status quo were maintained.
- Actual utilization means that level that results from the experience of implementing an integrated care program that incorporates your services.
- The expectation is that the predicted level will exceed the actual level.
- The difference between predicted and actual is a measure of the outcome of adding CBO services.

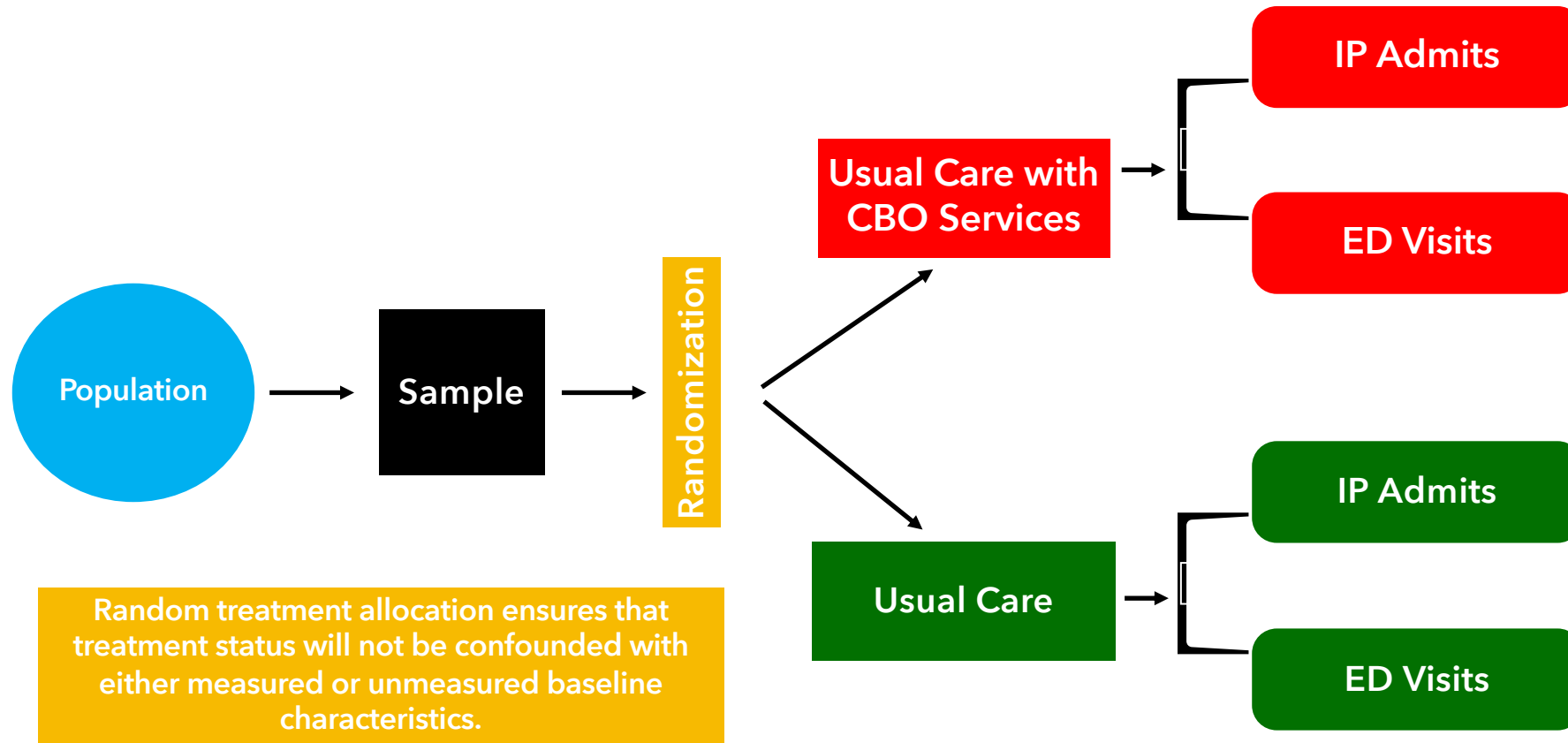
Prediction Methods

- Randomized control trials
- Propensity matching
- The past as a guide to the future

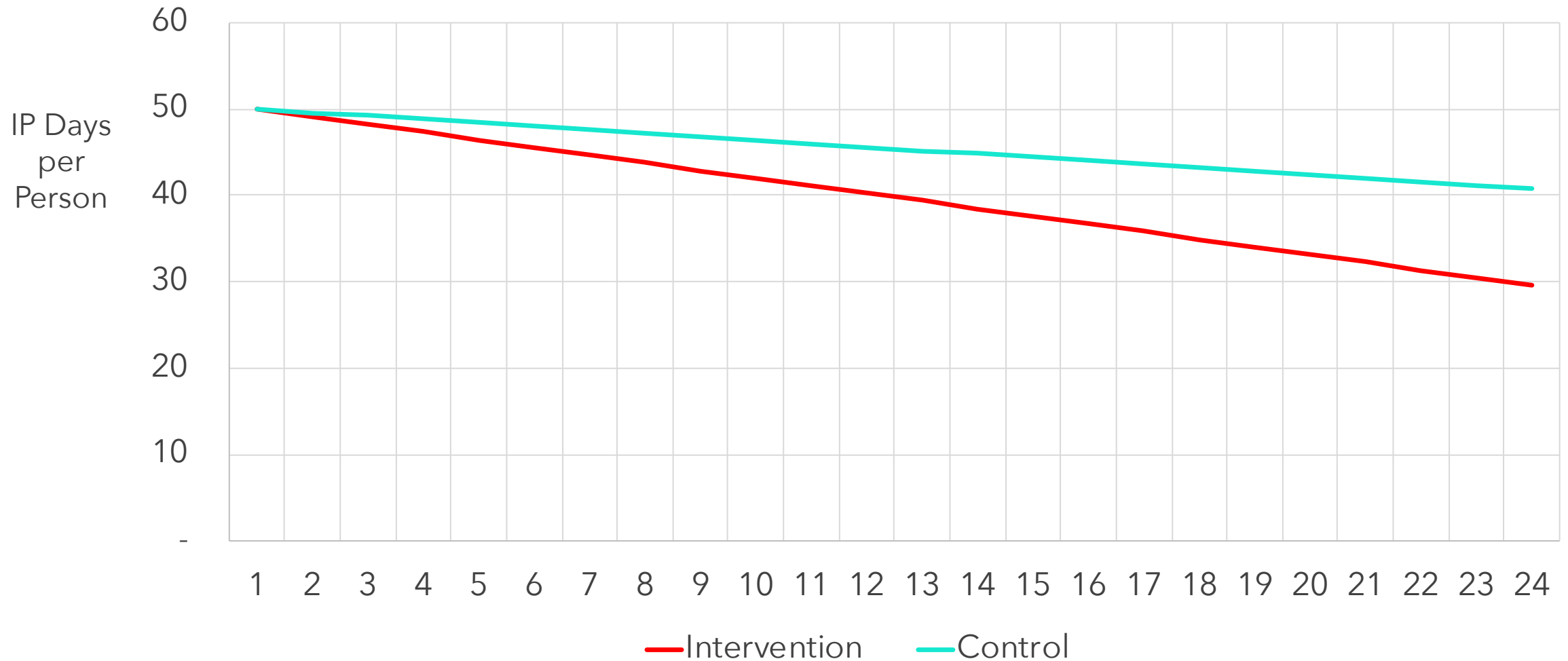


The Gold Standard For Measuring Outcomes

Randomized Control Trials (RCT)



Differences In Differences (DID)



Differences In Differences (DID)

Isolates the differential effect of a treatment on a 'treatment group' versus a 'control group'.

Enhanced Care

Baseline	Follow Up
3.4	2.0

Usual Care

Baseline	Follow Up
3.4	2.1

DID

DID
0.1

Annual ED Visits per Person

Data drawn from the VA Palo Alto

RCT Are Often Impractical

Option: Propensity Matching

- For observational studies (non randomized).
- Challenge: Must account for systematic differences in baseline characteristics between treated and untreated subjects when estimating the effect of treatment on outcomes.
- Solution: Match those in the program with others having similar characteristics that are thought to be most influential in shaping outcomes.
- Matches could come from a program waiting list.
- Track and compare outcomes for both groups.

What If These Methods Are Not Feasible?

- How likely is the driver to make an error?
- What if the forward view was totally obscured?
- What would you use for guidance?



Example: SF Health Network Intensive Outpatient Care Program

	Inpatient Admissions	Inpatient Days	ED Visits
Total 0 - 12 months prior	92	547	323
Total 0- 12 months post	68	395	208
Change	-26.0%	-28.0%	-36.0%

Often We Use Pre-enrollment Utilization As A Proxy For Predicted Utilization

Two biases

Natural condition/disease trajectory may not be flat.

1. Post enrollment costs might have regressed (reverted) to the mean without the special care.
2. Post enrollment costs might have progressed to a deviation beyond the mean without the special care.

Advice On Regression To The Mean

- If you are selecting patients to enroll on the criterion of high cost in the prior year, you are subject to this phenomenon.
- You cannot claim credit for the reduction in utilization here.
- To avoid this:
 - Eliminate from the baseline measure the utilization immediately prior to enrollment
 - Calculate the baseline utilization by averaging utilization over a period longer than a year
 - Use DID (if you have a control group)

Notes On Progression From The Mean

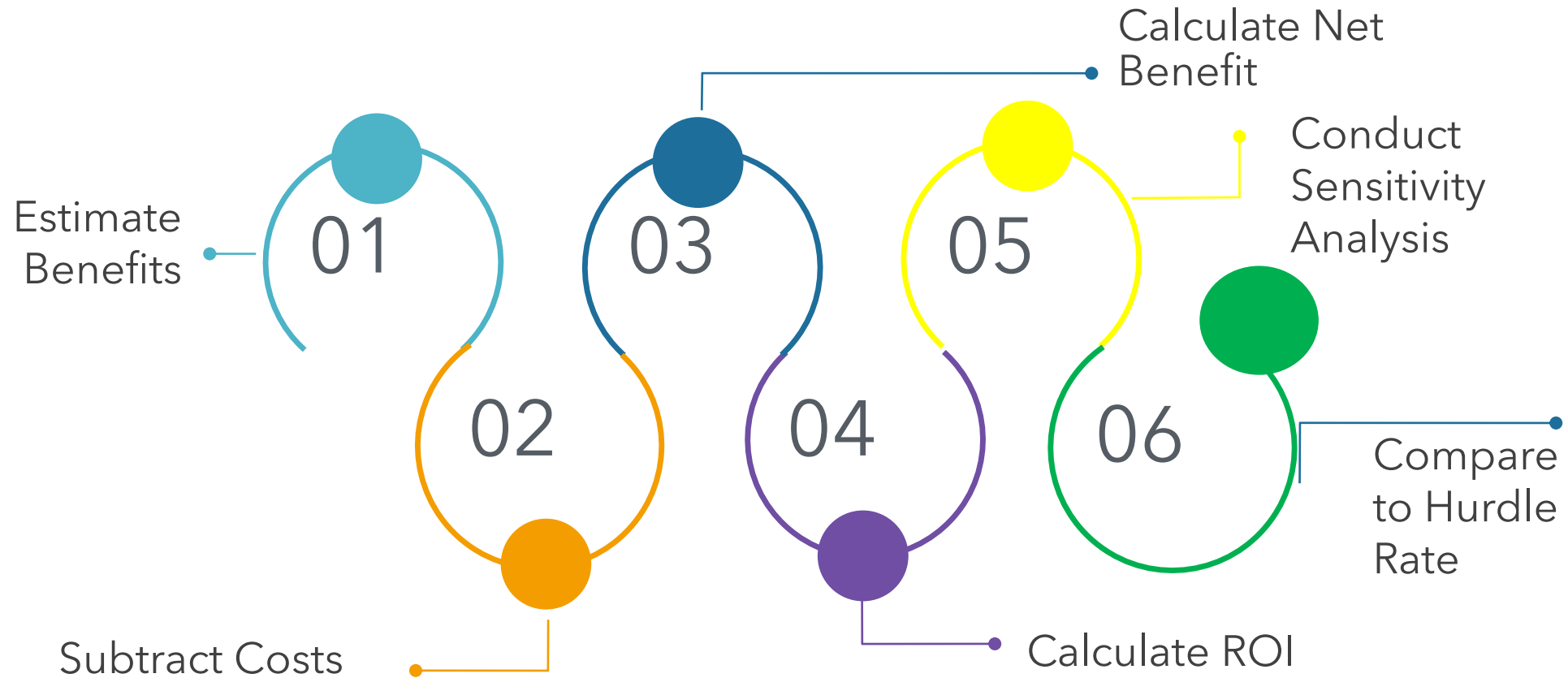
- This phenomenon results in understating the outcomes of a CBO service.
- If you are selecting patients to enroll on the criterion of current high risk, you are subject to this phenomenon.
- Progression can stem from patients being targeted as being “rising risk” - not yet experiencing the high utilization that is forthcoming.
- Progression may result from the patients’ new eligibility.

Cost Avoidance Benefits To The HSO Maybe Augmented By Higher Revenues



- ACO shares in cost savings in Medicare
- Medical group receives a payment for Chronic Care Management
- Hospital retains more revenues due to lower HRRRA penalties

Steps To Calculate The ROI For The Partner



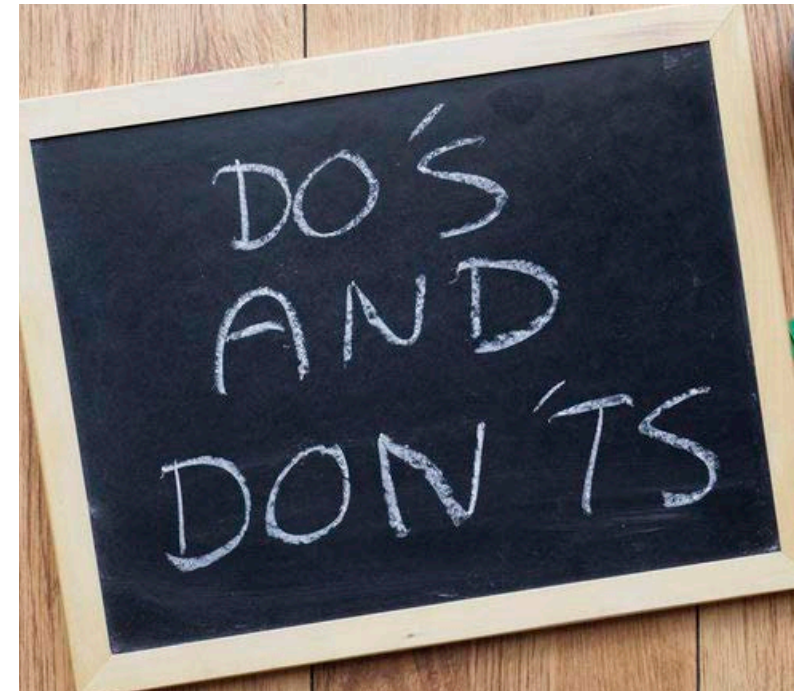
Sample ROI Estimates For Two Care Coordination Programs

Program	Annual Cost Per Member	Annual Savings	ROI
Transitional Care Model	\$1,492	\$5,334	257%
GRACE	\$2,201	\$4,291	95%

Source: Avalere Health LLC: Effective Management of High-Risk Medicare Populations, September 2014.


Six Factors Making For A Favorable Business Case





5 Do's

- 1 Be mindful of perspective
- 2 Consider hard-to-quantify benefits
- 3 Calculate incremental ROI
- 4 Conduct sensitivity analysis
- 5 Check for cost-effectiveness & competitiveness



1 Be mindful of perspective

- Consider hard-to-quantify benefits
- Calculate incremental ROI
- Conduct sensitivity analysis
- Check for cost-effectiveness & competitiveness

Perspective

- Be sure to adopt the perspective of the partner & consider only the benefits that are meaningful from its perspective
- Not all the benefits or costs may accrue to the investing entity.
- Ignore external effects

- 1 Be mindful of perspective
- 2 Consider hard-to-quantify benefits
- 3 Calculate incremental ROI
- 4 Conduct sensitivity analysis
- 5 Check for cost-effectiveness & competitiveness

Other Benefits

- Patient or client experience
- Physician satisfaction
- Staff satisfaction
- Market share of the partner

- 1 Be mindful of perspective
- 2 Consider hard-to-quantify benefits
- 3 Calculate incremental ROI
- 4 Conduct sensitivity analysis
- 5 Check for cost-effectiveness & competitiveness

Incremental ROI

- Often the question is how large the program's scale ought to be?
- When confronted with an extent or scale decision, you must use incremental analysis
- Otherwise there may be over-investment in the program
- Example: Risk stratification of a population to determine who should receive a service

Example Of Incremental ROI

	Cost	Benefits	Net Benefits	ROI
Highest Risk (Top 10%)	\$100,000	\$140,000	\$40,000	40%
Top 20%	\$200,000	\$235,000	\$35,000	17.5%
Moderate Risk (Second 10% Only)	\$100,000	\$95,000	-\$5,000	-5%

- 1 Be mindful of perspective
- 2 Consider hard-to-quantify benefits
- 3 Calculate incremental ROI
- 4 Conduct sensitivity analysis
- 5 Check for cost-effectiveness & competitiveness

Sensitivity Analysis

- The values of the key variables in the business case assessment will be subject to uncertainty and debate
- To avoid accusations that your ROI is dependent on questionable assumptions, try a reasonable range of values
- Can you demonstrate that even were the ROI calculation to assume pessimistic values the ROI would be favorable?
- If so, your business case can be considered “robust”.

Example: Sensitivity Analysis

	Pessimistic	Most Probable	Optimistic
Gross Benefit	\$325,000	\$350,000	\$375,000
Cost	\$225,000	\$200,000	\$175,000
ROI	44%	75%	114%

- 1 Be mindful of perspective
- 2 Consider hard-to-quantify benefits
- 3 Calculate incremental ROI
- 4 Conduct sensitivity analysis
- 5 Check for cost-effectiveness & competitiveness

Cost-Effectiveness

- Just because you can demonstrate a high ROI, does not mean the business case is compelling.
- Are there other ways or other organizations to achieve the goal?
- Are you the most cost-effective option?
- Does your program offer the best value proposition?


Don'ts

- 1 Don't use the ROI to select between projects
- 2 Don't exaggerate cost savings in the benefit measure
- 3 Don't confuse charges with costs
- 4 Don't ignore possible your impact lasting over time
- 5 Don't' shy away from lack of data

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ROI Does Not Account For Scale

	Program A	Program B
Gross Benefit	\$250,000	\$350,000
Cost	\$125,000	\$200,000
ROI	100%	75%
Net Benefit	\$125,000	\$150,000

- 
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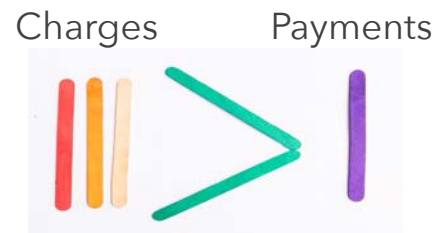
Savings Are Variable Costs Only

- If your program reduces medical utilization, the resulting saving (and therefore benefit) is best measured by the variable and not the average cost of the avoided services.
- Average cost includes fixed as well as variable costs.
- You are unlikely to be able to reduce fixed costs as utilization falls.

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Charges Are Irrelevant

- **Charges** are \$'s a provider bills a payer
- **Payments** are \$'s the provider receives from the payer

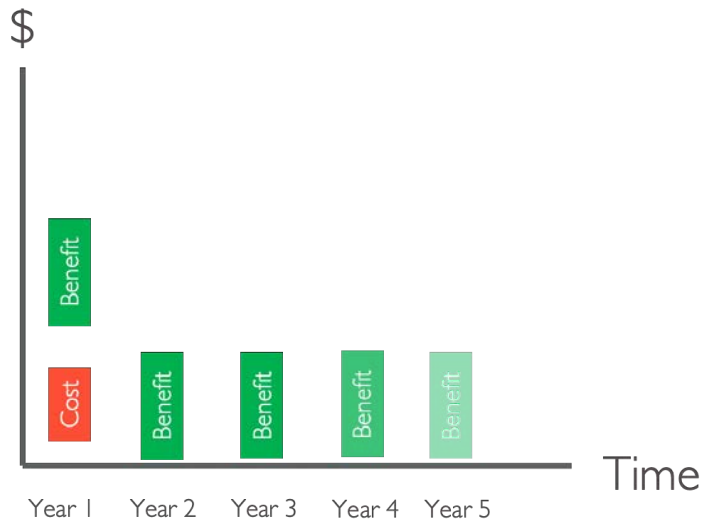


- **Cost** is \$'s of expense incurred
- ✓ Cost for a plan is \$'s paid to a provider
- ✓ Cost for a provider is \$'s to produce a service

Payments can be higher or lower than provider costs.

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Services Are Investments



- Many services create delayed & continuing outcomes.
- Need to consider and add up the benefits (and costs) over multiple periods and not just those accruing during the period of investment.

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If Not Proof, Then Plausibility

- You cannot always know the magnitude of a key input in order to calculate a ROI for an intervention.
- You can still be convincing with your business case.
- Start with a target ROI.
- Then ask and answer the following question: What must be the critical magnitude of each variable if that target is to attained?
- Sometimes the result is such a plausible one that the audience for the business case will be convinced to support you.

Plausibility Without Outcome Data

How effective must a PCC program which costs an incremental \$500 per person per year be in order to demonstrate a favorable ROI?

- The program is designed to reduce 30-day hospital readmissions.
- Each readmission cost the MA plan \$10,000.
- The program has 1,000 enrolled.
- Baseline readmission rate is 500 per 1,000 members.
- For breakeven, readmissions would only need to fall by 50 or 10%.
- Might seem plausible.

Respond to Q. 3

Calculate the ROI.

Your Ultra Learning Plan

- From now until you meet again November 6th, 2019
 - Get familiar with each CBO accelerator tool (market assessment & building the business case)
 - Reach out to CC if you have questions regarding the use of the tools
 - Determine the process you will use to complete the steps outlined in the tools
 - Create a project plan that identifies tasks, accountabilities, and timelines
 - Prepare to share your project plan and any aspects of the plan have been activated and/or completed with the group during the November session
- Enjoy the process of learning and practicing!



**"The difficulty lies not so much
in developing new ideas as in
escaping from old ones"**

- John Maynard Keynes



Get in Touch!

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