HEALTH MANAGEMENT ASSOCIATES

# Primary Care in the New Normal: Practice Transformation and Payment Reform

**Art Jones, MD**
**Principal, HMA**
**CMO, Medical Home Network**
**October 20, 2020**

## LEARNING OBJECTIVES

- Identify key drivers which impact total cost of care in a virtual model
- Understand key reimbursement concepts supporting virtual care
- Determine types of data required to inform assumptions for a business plan
- Utilize templates and key concepts to develop a business plan
- Be able to differentiate clinical model of care options that can be feasibly implemented under one versus both of these two payment methodologies

# Proportion of encounters amenable to telehealth

| Proportion of encounters amenable to telehealth | | | | |
|---|---|---|---|---|
| **Telehealth amenable encounters** | All Physicians | | Primary Care Physicians | |
| | n | % | n | % |
| **Yes** | 299,347,453 | 35 | 165,333,984 | **42%** |
| **No** | 551,348,168 | 65 | 228,884,017 | 58 |
| **Total** | 850,695,621 | 100 | 394,218,001 | 100 |

Source: RGC Analysis of the 2016 National Survey of Ambulatory Medical Care Survey weighted by patient weight.

Notes: Telehealth amenable encounter was coded as `0' when at least one of the services required physical presence of the physician and `1' if physical presence was not required.

ROBERT GRAHAM CENTER

# Market Events: **Disruptive Primary Care and Retail Moves**

OAK STREET HEALTH

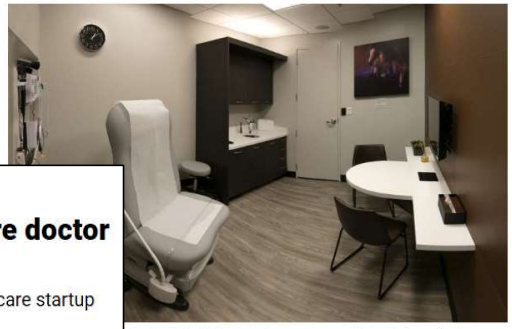
***Oak Street Health*** *Announces Filing of Registration Statement for Proposed Initial Public Offering*

GeekWire

**Amazon plans 20 healthcare clinics across U.S. for warehouse employees and their families**

Monica Nickelsburg 22 hrs ago

Amazon plans to establish healthcare facilities for its warehouse workers and their families across the country. The company unveiled the plan Tuesday, starting with a clinic in the Dallas-Fort Worth region.



July 08, 2020 07:42 AM

**Walgreens plans hundreds of in-store doctor offices**

The chain is investing $1 billion in Chicago-based primary care startup VillageMD, expanding their existing partnership.

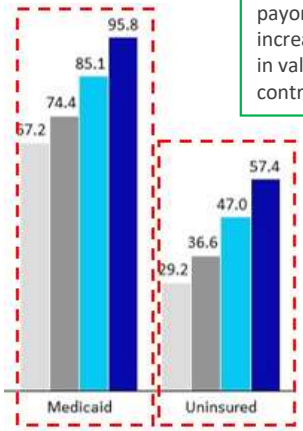
STEPHANIE GOLDBERG

TWEET SHARE SHARE EMAIL REPRINTS PRIN


***Walgreens and Village MD –*** *Primary Care delivery innovation in response to consumer demands for* Access, Location, Convenience

**COVID-19 Unemployment Tipping Point Puts Medicaid on the Radar New Competitors**

As Medicaid numbers grow, payors likely to increase interest in value-based contracting




**Implications:**

- ❑ **Competition** will grow in the Safety Net
- ❑ **Network linkage & clinical asset differentiators** key
- ❑ **Total Cost of Care and true risk assumption critical –** not just care coordination and shared savings
- ❑ **Data liquidity and interoperability** an imperative
- ❑ Developing **member loyalty and consumerism focus** is table stakes

## COMMUNITY HEALTH CENTERS FACE NEW COMPETITORS

**July 8, 2020** – Walgreens Boots Alliance, Inc. (Nasdaq: WBA) and VillageMD announced today that Walgreens will be the first national pharmacy chain **to offer full-service doctor offices co-located at its stores** at a large scale, following a highly successful trial begun last year.

This expanded partnership will **open 500 to 700 "Village Medical at Walgreens" physician-led primary care clinics in more than 30 U.S. markets** in the next five years, with the intent to build hundreds more thereafter. The clinics will uniquely integrate the pharmacist as a critical member of VillageMD's multi-disciplinary team.

The clinics will accept a wide range of health insurance options, and offer comprehensive primary care across a broad range of physician services. Additionally, **24/7 care will be available via telehealth and at-home visits**. **More than 50 percent will be located in Health Professional Shortage Areas and Medically Underserved Areas/Populations.**

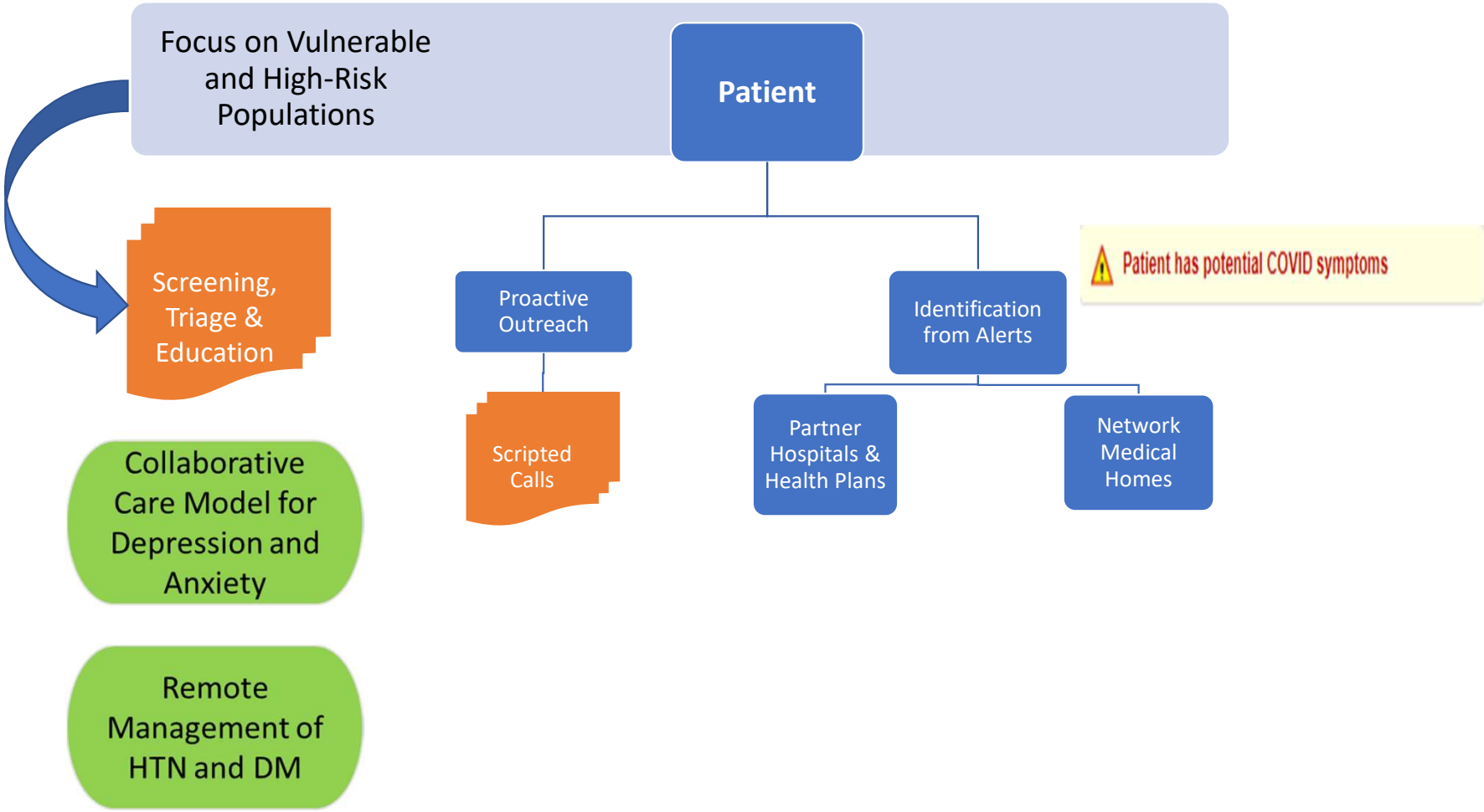
## CURRENT MANAGEMENT OF HYPERTENSION

- Nearly half of American adults have high blood pressure.
- About 11 million of them do not know their blood pressure is too high and are not receiving treatment.
- Only about 1 in 4 adults with hypertension have their condition under control (below 130/80 mm Hg).
- **65% of FQHC patients nationally with hypertension had their blood pressure controlled to less than 140/90 mmHg.**
- Depending solely on office BP readings leads to treatment errors (white coat effect and masked hypertension)
- Strong scientific evidence shows that self-measured blood pressure monitoring (SMBP), plus clinical support helps people with hypertension lower their BP and is recommended by the AHA

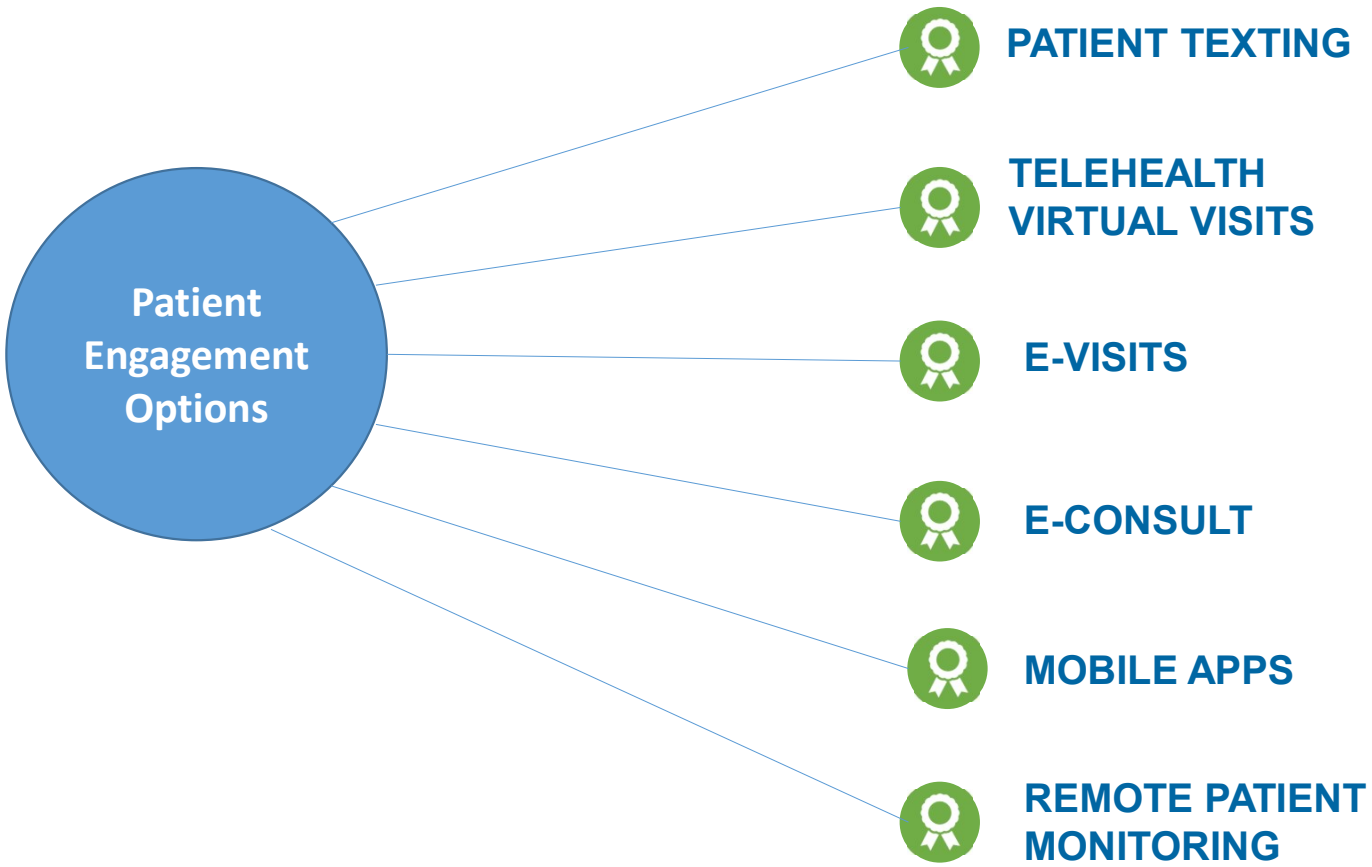
## PRACTICE TRANSFORMATION UNDER PRIMARY CARE CAPITATION

### Reducing barriers to patient self-management and improved outcomes

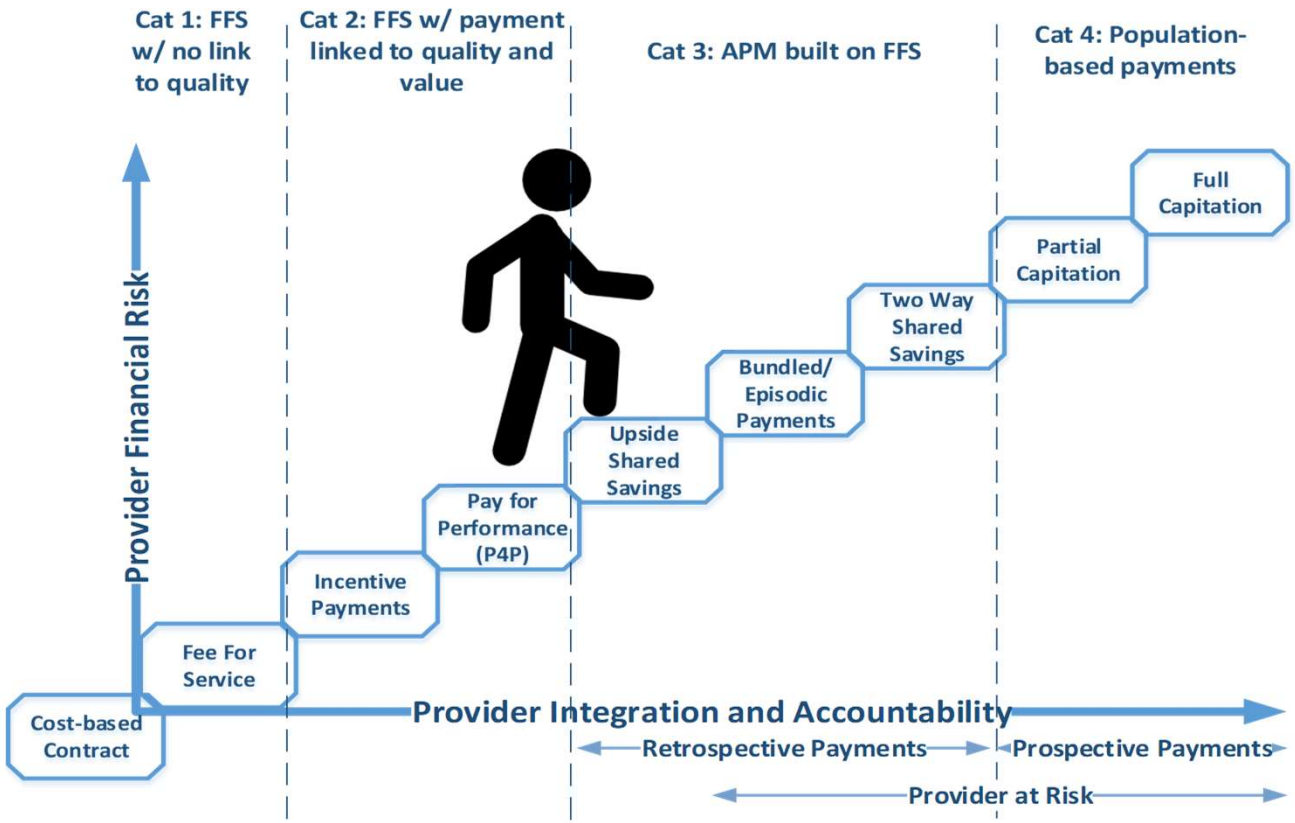
# COVID 19- Model of Care:



## DIGITAL HEALTH: TOOLS TOO OFTEN LEFT IN THE TOOLBOX



# NEW THINKING: PERHAPS THE STEPS ARE OUT OF ORDER



## MEDICAL HOME NETWORK FQHC CAPITATED ALTERNATIVE PAYMENT METHODOLOGY

2019 Primary Care Revenue

# of empaneled Medicaid Member Months in 2019

= PER MEMBER PER MONTH APM RATE*

*Rate is inflated annually


CohnReznick
ADVISORY • ASSURANCE • TAX

# FINANCIAL SUSTAINABILITY FOR VIRTUAL CARE

## Financial Planning Considerations

Presented by: Peter R. Epp, CPA, Community Health Centers Practice Leader

October 20, 2020

CohnReznick LLP

A member of Nexia International

CohnReznick is an independent member of Nexia International

# OVERVIEW

- How Telehealth Has Changed The Visit Lifecycle
- How Telehealth Will Impact A Center's Financial Model
- How Telehealth Will Impact Key Financial Operations Assumptions
- Telehealth and Financial Modeling Considerations
- Planning for the Future – Virtual Care

# HOW TELEHEALTH HAS CHANGED THE VISIT LIFECYCLE

- Most FQHCs jumped into telehealth in “shot-gun” fashion and implemented short-term telehealth technology solutions
  - Many of the EHR vendors quickly developed telehealth solutions that were not effective so many centers had to adopt a separate telehealth solution
  - Need to implement a texting platform to communicate among care team members
  - Providers require 2 screens – 1 for EHR and 1 for telehealth video
  - Increased traffic in the patient portal
  - Some patients prefer communicating through social media (HIPAA concerns)
  - Now FQHCs are looking for more appropriate, longer-term solutions
- Patients and providers working remotely had issues with accessing telehealth services due to personal technology limitations
- The implementation of telehealth required an increase investment in technology

# HOW TELEHEALTH HAS CHANGED THE VISIT LIFECYCLE

- The implementation of telehealth differs by service/specialty
  - Behavioral health embraced –
    - Higher % of telehealth visits and reduction in no-show rates
    - Higher use of audio-only visits
  - Medical – telehealth implementation differs by specialty
  - Dental – very limited implementation of telehealth services

- Some services that require taking vital signs and use of medical equipment/devices cannot be performed virtually (milestone visits)
  - Beginning to define guidelines/milestone visits by health status/chronic condition that must be face-to-face (F2F)

- Providers feel telehealth visits take more time (reduced productivity)
  - In addition to traditional clinic time, providers spent more time with patients on technology issues
  - The patient often asks more questions in a telehealth environment as they feel they have more of the provider's attention then in a F2F environment

# HOW TELEHEALTH HAS CHANGED THE VISIT LIFECYCLE

- The telehealth modality impacts the workforce
  - Staff reductions versus replacement with technology
  - Staff repurposed for telehealth environment
  - New staff hired for new roles/activities
  - Increase in support staff time offset by reduction in provider time
- The use of telehealth and social distancing will impact the physical plant design/layout (long-term)
  - One center considered building telehealth rooms at each site but could not bring to scale fast enough
  - Dedicate rooms in the center for patients to access telehealth services
  - One Center created capacity grids for each site for the maximum number of F2F visits that can be provided to assist with scheduling

# HOW TELEHEALTH WILL IMPACT A CENTER'S FINANCIAL MODEL

- Tracking visits volume by service modality (F2F versus telehealth) by department
- Assessing reimbursement rates for telehealth services
- Changes in provider productivity
- Changes to support staff ratios
- New technology costs
- Impact on facility costs (long-term planning)

# HOW TELEHEALTH WILL IMPACT VOLUME

- The below table shows an example of the allocation of visit modality by service/department (reported as % of total visits)
  - Notice the variances in service modality (Face-to-face (FTF); Telehealth – audio-only (TH(A)); Telehealth Video/Audio (TH(V)) between departments

| Adult Medicine | Jan | July | Aug-Dec |
|---|---|---|---|
| FTF | 99.90% | 92.40% | 92.40% |
| TH (A) | 0% | 2.40% | 2.40% |
| TH (V) | 0.10% | 5.20% | 5.20% |
| **Pediatrics** | **Jan** | **July** | **Aug-Dec** |
| FTF | 100.00% | 93.88% | 93.88% |
| TH (A) | 0% | 0.36% | 0.36% |
| TH (V) | 0.00% | 5.76% | 5.76% |
| **Behavioral Health** | **Jan** | **July** | **Aug-Dec** |
| FTF | 94.60% | 13.90% | 19.71% |
| TH (A) | 0% | 23.20% | 11.59% |
| TH (V) | 5.40% | 62.90% | 68.70% |

| Dental | Jan | July | Aug-Dec |
|---|---|---|---|
| FTF | 99.80% | 99.90% | 99.90% |
| TH (A) | 0% | 0.00% | 0.00% |
| TH (V) | 0.20% | 0.10% | 0.10% |
| **Nutrition** | **Jan** | **July** | **Aug-Dec** |
| FTF | 97.90% | 66.00% | 70.50% |
| TH (A) | 0% | 18.00% | 9.00% |
| TH (V) | 2.20% | 16.00% | 20.50% |

**NOTES:**
Jan = January 2020 (pre-COVID)
July = July 2020 (actual)
Aug-Dec = August – December 2020 (projected)

# HOW TELEHEALTH WILL IMPACT REVENUE

- The table below is an example of the varying reimbursement rates by payer and modality
- As many payers implemented temporary reimbursement regulations during the public health emergency, it is important to monitor developments relative to the continuation or discontinuance of current telehealth regulation*

| | Total Average Payer Mix | | | |
|---|---|---|---|---|
| | FTF | TH (V) | TH (A) | Total |
| Medicaid FFS | 7% | 2% | 2% | **6%** |
| Medicaid MC | 46% | 53% | 49% | **47%** |
| Medicare FFS | 4% | 5% | 10% | **5%** |
| Medicare MC | 8% | 6% | 14% | **8%** |
| Dual Eligible | 1% | 1% | 1% | **1%** |
| Commercial | 19% | 26% | 17% | **20%** |
| Self Pay | 15% | 6% | 7% | **14%** |
| | **100%** | **100%** | **100%** | **100%** |

| | Total Average Rates | | |
|---|---|---|---|
| | FTF | TH (V) | TH (A) |
| Medicaid FFS | $ 167 | $ 139 | $ 126 |
| Medicaid MC | $ 114 | $ 88 | $ 46 |
| Medicare FFS | $ 171 | $ 171 | $ 56 |
| Medicare MC | $ 182 | $ 70 | $ 37 |
| Dual Eligible | $ 113 | $ 93 | $ 39 |
| Commercial | $ 131 | $ 86 | $ 74 |
| Self Pay | $ 84 | $ 36 | $ 28 |

* Please see guidance published by CMS on October 14, 2020 - *"State Medicaid & CHIP Telehealth Toolkit: Policy Considerations for States Expanding Use of Telehealth - COVID-19 Version"*

# HOW TELEHEALTH WILL IMPACT PRODUCTIVITY

- The table below shows an example of the impact on productivity due to the implementation of telehealth
  - Note the changes in productivity level of providers within the different specialty areas

| | January | July | % Change since Jan |
|---|---|---|---|
| **Total Medical** | 2,825 | 2,278 | *-19%* |
| *Medical - MD* | *2,492* | *2,337* | *-6%* |
| *Medical - NP* | *3,124* | *2,202* | *-29%* |
| *Medical - PA* | *2,500* | *2,705* | *8%* |
| **Behavioral Health** | 1,003 | 1,247 | *24%* |
| **Dental** | 2,343 | 1,908 | *-19%* |
| **Nutrition** | 951 | 1,088 | *14%* |

# TELEHEALTH AND FINANCIAL MODELING CONSIDERATIONS

- Departmental budgeting is REQUIRED
  - Given the varying levels of telehealth acceptance between service lines, departmental budgeting is required based on the impact telehealth has on revenue and expense assumptions

- Must project visits by service modality (face-to-face, telehealth – video/audio, telehealth – audio-only) by department
  - Consider the impact of the following:
    - Changes in physical plant and maximum visit capacity for F2F visits
    - Project telehealth visits based on patients stratified by health status utilizing clinically-based treatment protocols for milestone visits (F2F) versus telehealth utilization assumptions
    - Movement from audio-only visits to video/audio as the future of reimbursement for audio-only is uncertain?

- Understand reimbursement rates by payer AND service modality
  - Monitor developments of changes in reimbursement rates post-public health emergence
  - *Be involved with developments of Medicaid FQHC Alternative Payment Models (APMs)!*

# TELEHEALTH AND FINANCIAL MODELING CONSIDERATIONS

- Understand how telehealth will impact provider productivity
  - Blending of telehealth versus F2F visits based on changes to appointment scheduling processes
  - Working at the center versus remotely (physical space constraints)
- Changes to the workforce
  - Repurposing of staff and/or changes in support staff ratios
  - New staff required for new roles/responsibilities
- Investment in technology
  - Investment in new telehealth platform(s) – purchase versus lease
  - Additional cost for connectivity (bandwidth)
    - Providers working from home
    - Patient access
  - Cybersecurity concerns!

# PLANNING FOR THE FUTURE – VIRTUAL CARE

- Watch revisions to emergency reimbursement regulations issued during the public health emergency
- Monitor transitions to payment models reimbursing on a per member basis versus per visit to avoid the financial crisis created by COVID-19 and volume driven reimbursement
  - Development of FQHC Medicaid APMs
  - Conversion to capitation payment models
- Understand the intersection of clinical treatment plans with visit modalities (e.g. milestone visits vs telehealth)
- What will the evolution be for telehealth?
  - Where is the patient – home versus center
  - Where is the provider – home versus center
- Long-term Capital Planning!


Q
&
A

# BEFORE WE GO

We care deeply about the FQHC Community and that includes all of you. We wish you, your teams, your families and the patients you serve all the best and are here for you.

STAY SAFE!