

What Does Value Mean?

How ACOs, Bundled Payments, Capitation, and Narrow Networks Will Change Labs' Relationships with Providers

Pam Maxwell, Chief Growth Officer, Orange Health Solutions / MZI HealthCare

Charles Halfpenny, CTO Halfpenny Technologies

Jack Redding, Sr. VP Sales/Marketing Halfpenny Technologies



Evolving Healthcare Delivery

2

Reimbursement
Models

Fee-for-Service

Value-Based

Care Delivery
Models

Episodic Care

Integrated Patient Care

Market
Segments

PCPs-ACOs

IPAs/PHOs

Payors-Hospital Systems

Consumers

Distribution
Channels

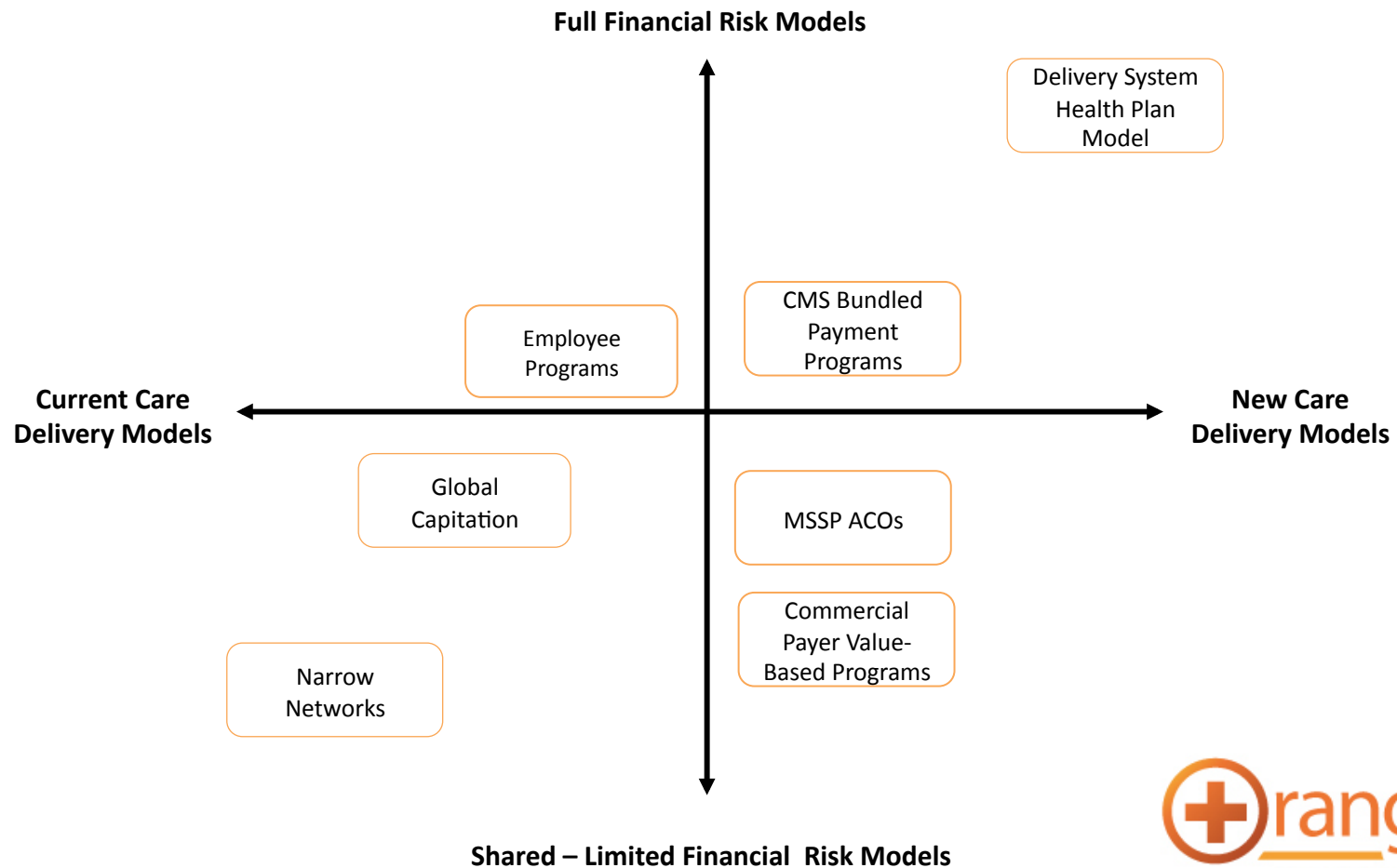
Private

Public

Evolving Healthcare Landscape

3

The health care industry is rapidly moving to more value-based reimbursement and care delivery models.



New Models of Value



- ACO's – Commercial & Medicare Shared Savings Program (MSSP) provide incentive for coordinating care and reducing overall cost without sacrificing quality



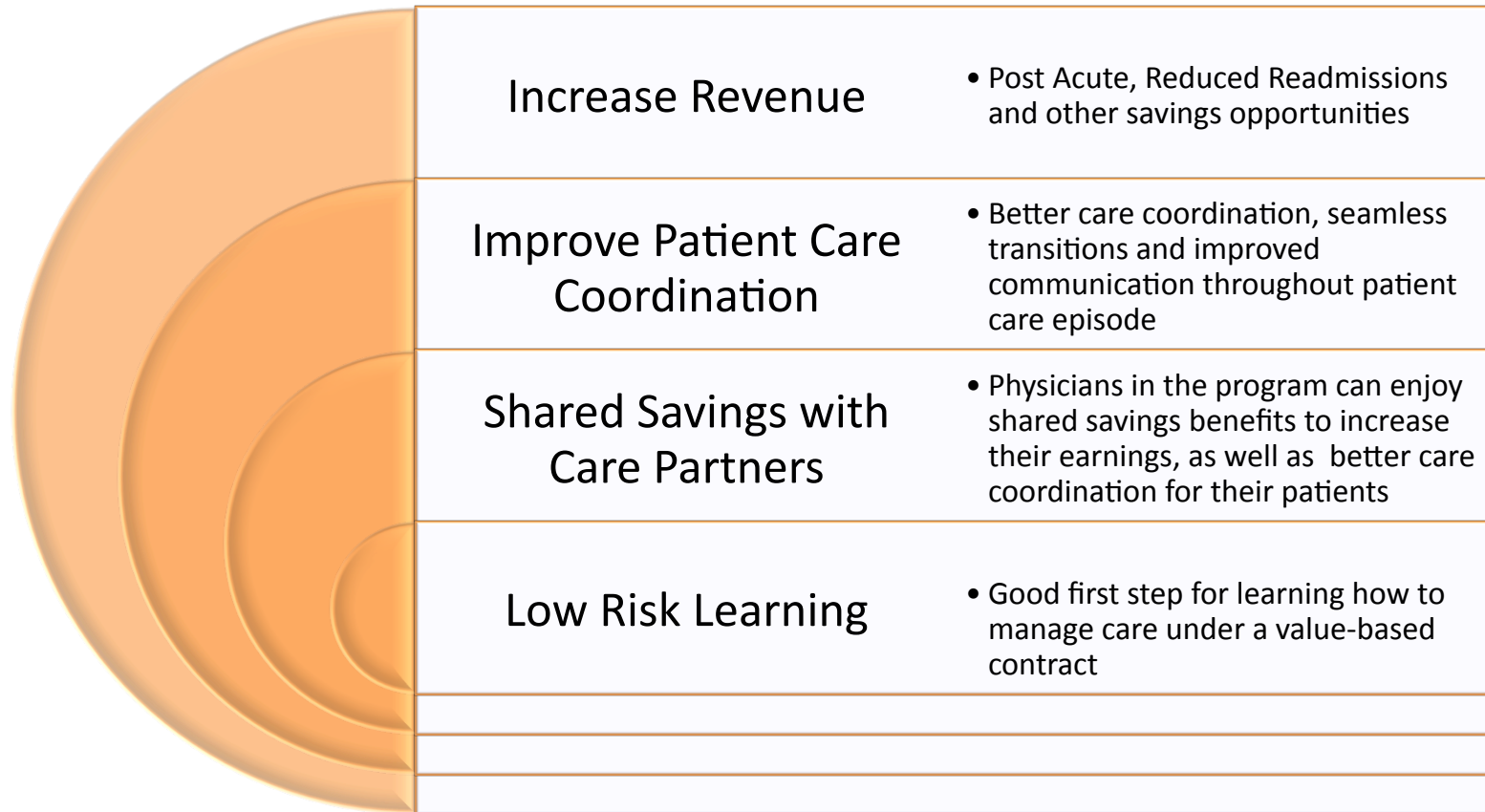
- Bundled Payments – Reward systems to manage the continuum of an episode vs. the pieces



- Patient-Centered Medical Home – Similar to ACO focus on the continuum of care but often lack the shared savings and cost accountability component

Early Value-Based Adoption Benefits

5



Accountable Care Organizations (ACO)

What's an ACO?

Accountable Care Organizations (ACOs) are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to their Medicare patients.

The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors.

When an ACO succeeds both in both delivering high-quality care and spending health care dollars more wisely, it will **share in the savings** it achieves for the Medicare program.

Source: CMS.GOV



Accountable Care Organizations (ACO)

As a healthcare provider, must I participate in an ACO?

Participating in an ACO is purely voluntary for providers. We realize different organizations are at different stages in their ability to move toward an ACO model. We want to try to meet you where you are. Our hope is to show you models of participation that will encourage you to participate in and begin this work, no matter your organization's stage.

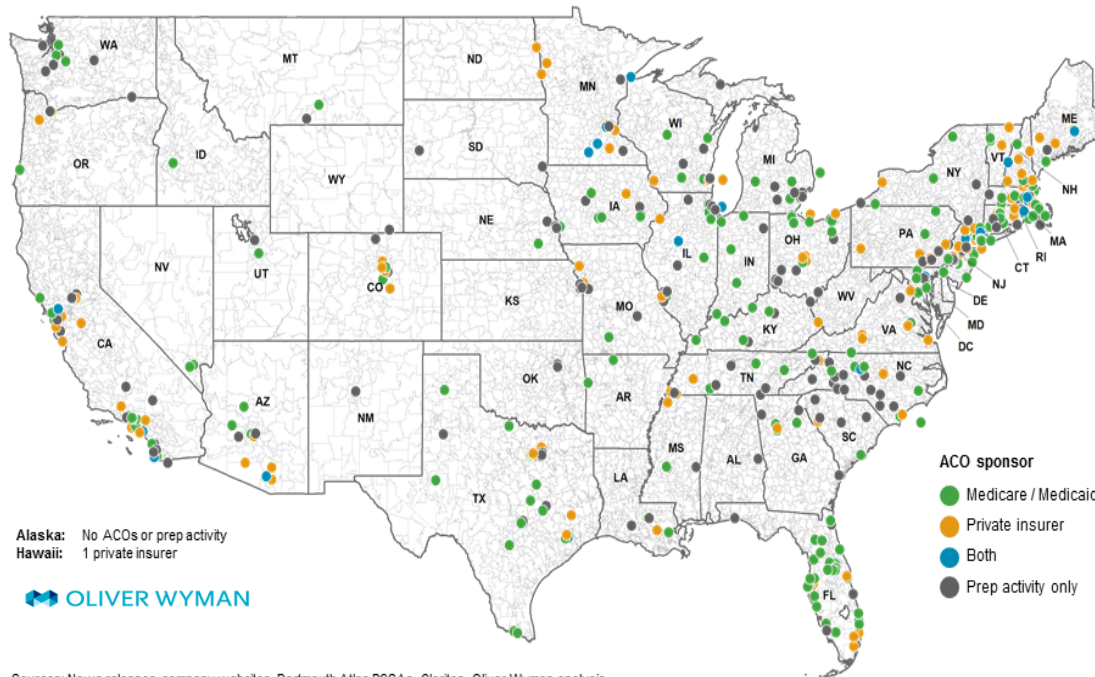
What are the rights of my Medicare patients if they see providers who participate in a Medicare ACO?

Fee-for-service Medicare patients who see providers that are participating in a Medicare ACO maintain all their Medicare rights, including the right to choose any doctors and providers that accept Medicare. Whether a provider chooses to participate in an ACO or not, their patients with Medicare may continue to see them.

Source: CMS.GOV



ACO's across the Country



Sources: News releases, company websites, Dartmouth Atlas PCSAs, Claritas, Oliver Wyman analysis
ACOs defined as providers participating in Pioneer ACO, Medicare Shared Savings, a Medicaid ACO, PGP Transition, or a shared savings / risk arrangement with a commercial payer
Prep activity defined as participation in a learning collaborative or other active preparation to become an ACO

TYPES

- ✓ Hospital-led
- ✓ Hospital-physician groups
- ✓ Independent physician groups

360+ MSSP ACO's
520 Total

- ✓ January 2013 +106
- ✓ January 2014 +123

ACO Cost Savings Opportunities



Quality

- Hospital Inpatient
 - Unmanaged cardiac
 - High cost facilities
- Network Management – specialties and ancillary
- Medical Cost Programs
 - ER diversion & patient education – urgent care settings
 - Transition of care post discharge
 - Care Coordination

Orange's Lab Value Perspective

- Identification of gaps in care or non-compliance
- Immediate notification of place of service allows for fast follow-up by primary care
- Assist in developing standards for managing patients with chronic illnesses.
- Determine protocols for lab ordering that guide the physicians to the best test choices and reduce unnecessary orders



Early Adopter Challenges



- Visibility to the spectrum of care and associated costs
- IT infrastructure
- Resources for care coordination
- Analytics capabilities to turn data into action
- Access to clinical data currently in silos

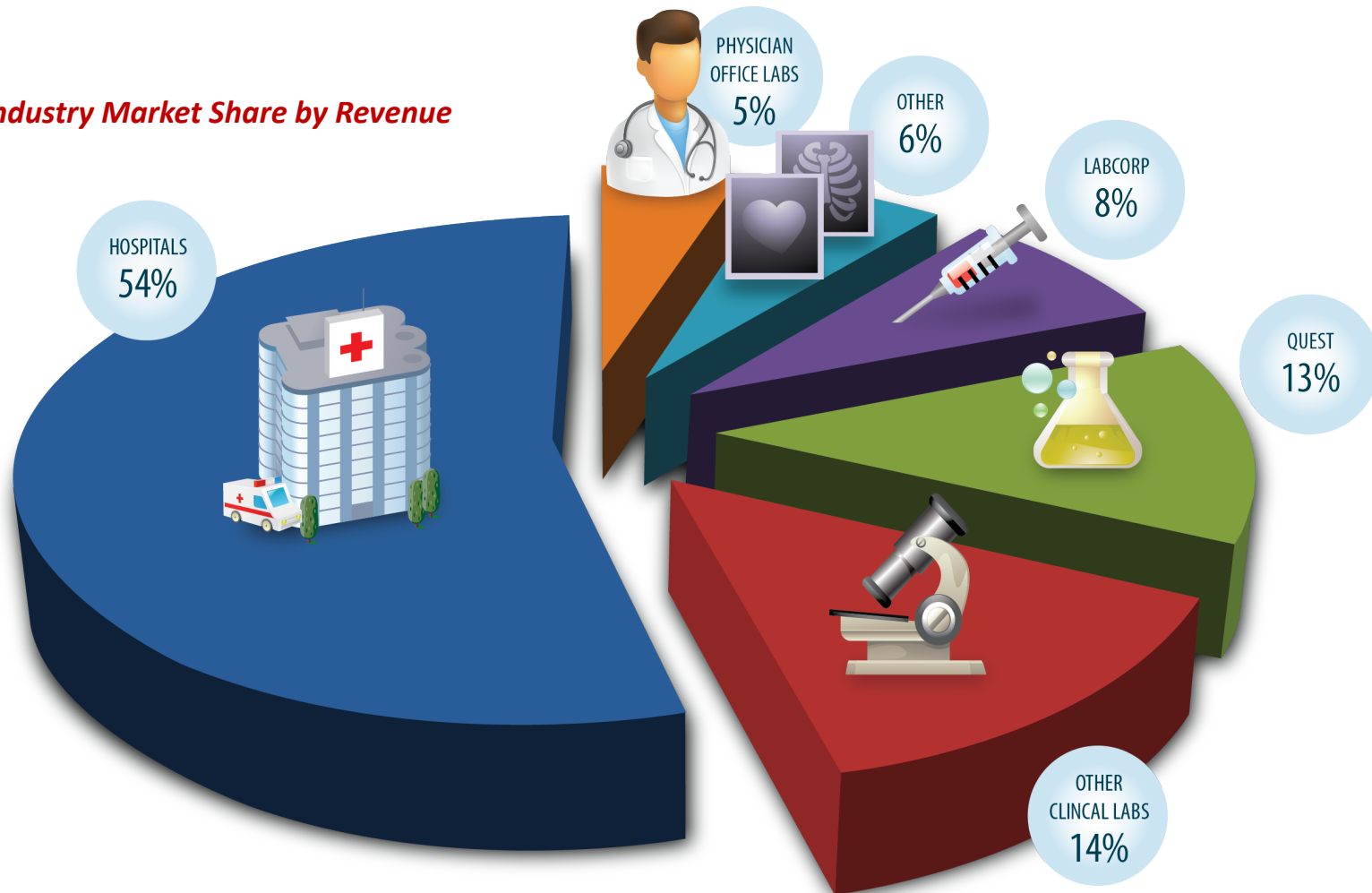
Orange's Lab Value Perspective

- Analyze actual physician ordering patterns against patient outcomes
- Develop or implement standardized and best practice guidelines which
 - creates a more efficient delivery of care
 - reduction of cost
 - higher levels of quality
- Single point of clinical integration is critical



Where does lab data come from?

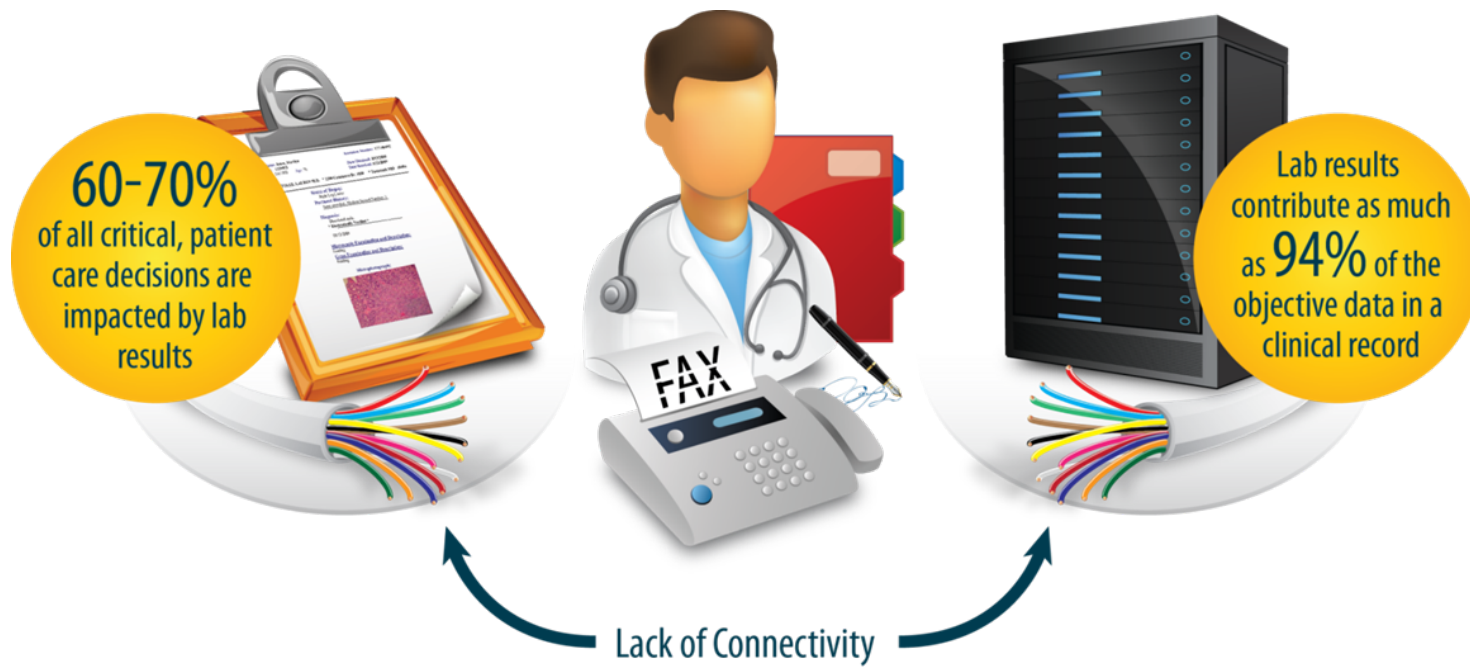
Lab Industry Market Share by Revenue



8 billion tests/Y by more than 10,000 hospital and independent labs: FRAGMENTED

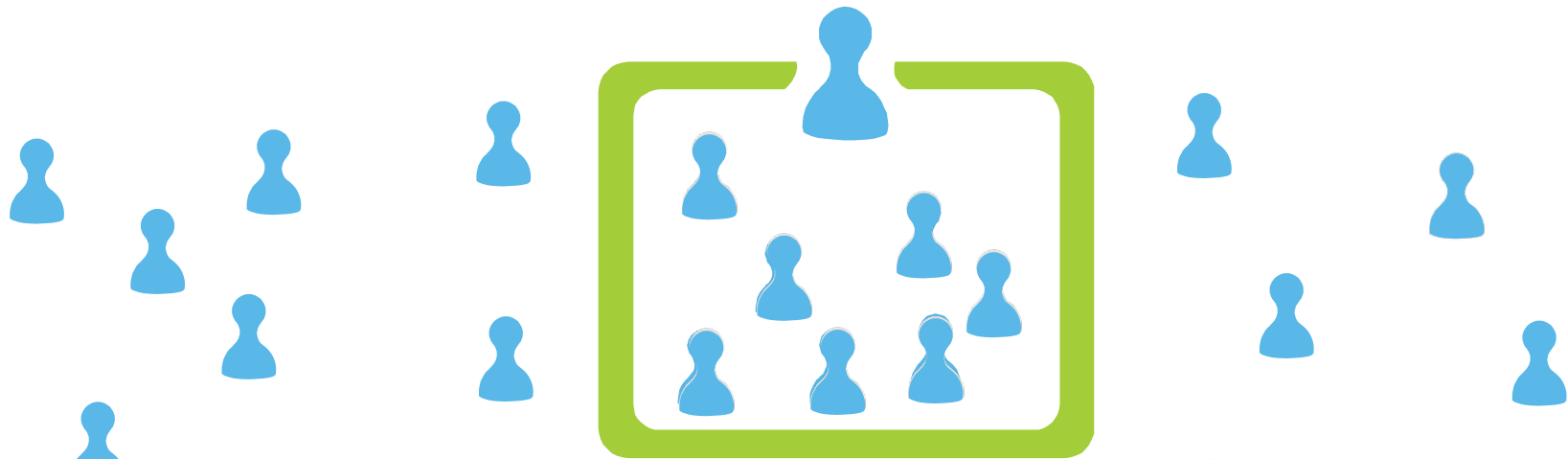
Source: G-2 Lab Institute





Regan M, Forsman R. *Disease Management* 2006;9(2):122-130

The Power of Lab Data in Care Management



Lab data and patient history are used to identify high-risk patients for targeted interventions. Technologies like AI and machine learning help in population management and identifying at-risk patients.

Why the ACO's Value Lab Data

- Majority of critical patient care decisions are impacted by lab results
- Complete member profiles with the lab real-time results increases quality of care , coordination of care , and reduces medical cost
- Broader physician access to results data reduces duplicate testing

LAB DATA =

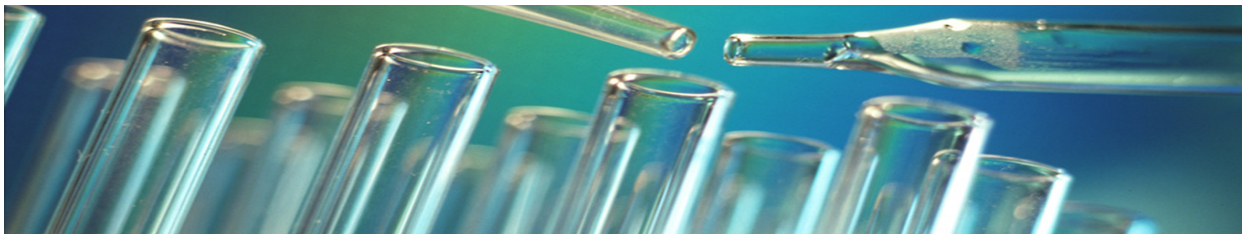


Improved Care Management

- Care Management programs typically implement a variety of interventions tailored to needs of specific groups of affected individuals.
- A model that identifies individuals who have a high risk of complications has greatest potential to impact outcomes and lower healthcare cost
- Complete and real-time lab results can model individuals who have high risk of complications, greatest potential to impact outcomes, and lower healthcare cost
Chronic states – ex. diabetes, kidney disease, cardiac
- Lab results indicate the effectiveness of care management programs

Goals for ACOs regarding lab data

- Not about managing the cost of tests – for ACO's its all about the “visibility”.
- Manage outcomes
- Find gaps in care
 - Scheduled orders
- Compliance with care plans



Laboratory Data Role in ACO

Management

- Improve disease management for patients with chronic diseases
- Quality Reporting (GPRO, PQRS, internal)
- Eliminate drug contraindications through Rx cross referencing
- Increase breadth of clinical alerts sent to physicians
- Benchmark performance within and across ACO's

Why the Labs should care?

- ACOs are more likely to negotiate the cost of diagnostic imaging studies vs. lab & pathology tests
 - NOT ABOUT PRICING
- Educate providers on protocols of the “levels” of testing
- Consolidate the number of labs they contract with to simplify process

Chronic Kidney Disease Population Report

William Osler, MD

South Farmington Family Practice

25 Active Patients

1/3/2010

	Estimated GFR On time	Urine ACR On time	Hemoglobin On time	LDL-Cholesterol On time <100		Electrolytes On time	Calcium On time	Phosphorus On time	Parathyroid Hormone On time	Serum Albumin On time
Your CKD Patients (n=25):	60%	76%	76%	48%	36%	92%	32%	32%	12%	16%
All PE Systems CKD patients (N=6,503):	61%	32%	55%	69%	53%	78%	12%	9%	4%	22%
Top 10% of All Providers:	68%	62%	88%	91%	81%	93%	60%	55%	42%	33%

Criteria for on-time differ for each test by stage of CKD. Please see the following pages.

Stage	Number of Patients	Definition
5	2	Renal failure; eGFR <15
4	3	Severely depressed filtration with eGFR 15-29
3	9	Moderately depressed filtration with eGFR 30-59
2	8	Proteinuria with preserved filtration; eGFR ≥60
"A"	1	Acutely depressed filtration and possible CKD. Diagnosis of CKD requires depressed eGFR for >90 days
"P"	2	Newly discovered proteinuria with no estimate of filtration on file
Inactive	8	Not receiving PES services.

Summary

- Understand the importance of the Laboratory Data Role in value-based models
- Awareness of physicians participation with value-based models
- Work with ACO's to meet their reporting needs

Contact Information

- **Pam Maxwell**, Chief Growth Officer, Orange Health Solutions / MZI HealthCare
855.427.0262
pmaxwell@orangehealth.net
- **Charles Halfpenny**, CTO Halfpenny Technologies
610.277.9100 x 103
chalfpenny@halfpenny.com
- **Jack Redding**, Sr. VP Sales/Marketing Halfpenny Technologies
610.277.9100 x 151
jredding@halfpenny.com

