

Hitchhiker's Guide to Population Health



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Health Care Market Transformation - 2 Major Vectors of Change

	<u>Before 2014</u>	<u>2014 - 2020</u>	<u>2020 and 2025</u>
<u>Insurance Coverage Transformation</u>	Regulatory Reform/Private Sector Restructuring <ul style="list-style-type: none"> Federal/state regulations Interpretation and preparation Private exchange investments Rationalizing DB health coverage/self vs fully insured 	Implementation & Adaptation <ul style="list-style-type: none"> Public exchanges open Private exchange adoption Movement from B2B to B2C Benefit and network redesign Re-emergence of PSP models Consumer activation and agitation 	New Normal
	Innovation, Proto-types and Proof of Concept <ul style="list-style-type: none"> Patient Centered Medical Homes Bundled Payment/(warranty) Accountable Care Organizations EMR, HIE and Analytics P4P, Shared savings, Shared risk 	Volume to Value <ul style="list-style-type: none"> <i>Provider-driven</i> health management Carve-in / re-aggregation of total costs Provider accountability/control Adaptation/maturity of care models Emergence of new enablers/intermediaries – data, analytics, services, devices 	New Normal
<u>Care Delivery & Reimbursement Transformation</u>			Localized choice Level playing field & competition Regulatory refinement Broad range of collaborative care models Cost, quality and patient experience transparency Competition based on cost and quality Clinical data interoperability Radical improvement in quality & value

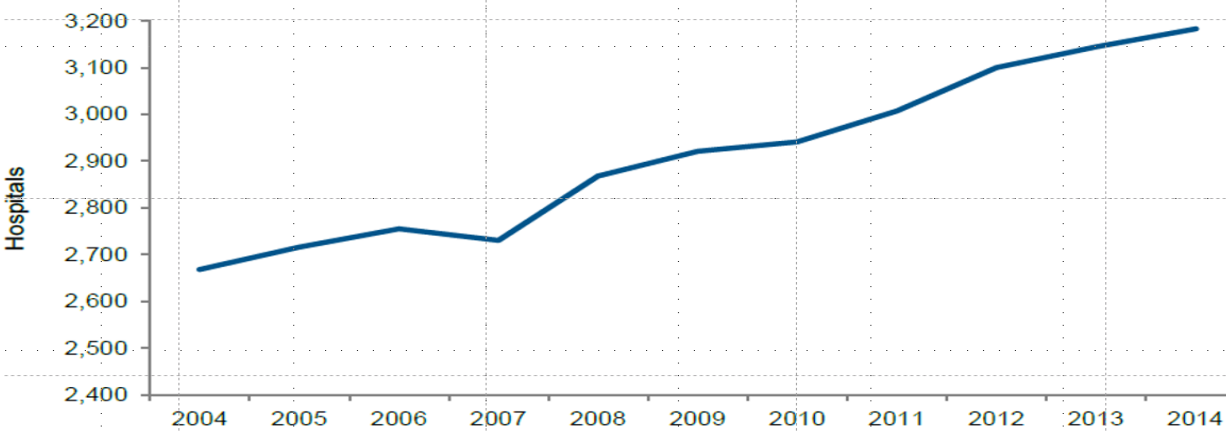


Macro Context: Provider Consolidation

Delivery systems and providers continue to consolidate

- Access to capital
- Collective contracting power
- Improved access to information technology
- Economic viability and survival for community hospitals
- Acquisition of primary care foundational for population health and referral volume capture

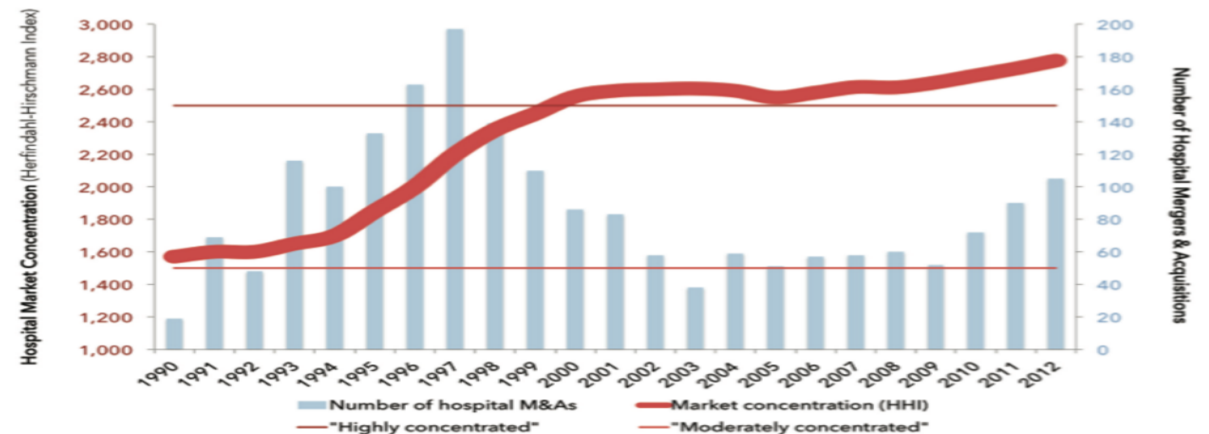
Number of Hospitals in Health Systems,⁽¹⁾ 2004 – 2014



With more scale, health systems are better positioned to succeed with value-based contracts

- Scale creates leverage against dominant incumbent payors
- Duopoly dynamics in many markets triggers advanced strategies for capturing market share, particularly with top 1 and 2 health systems

Figure 18. Impact of Mergers and Acquisitions on Hospital Market Concentration, 1990–2012



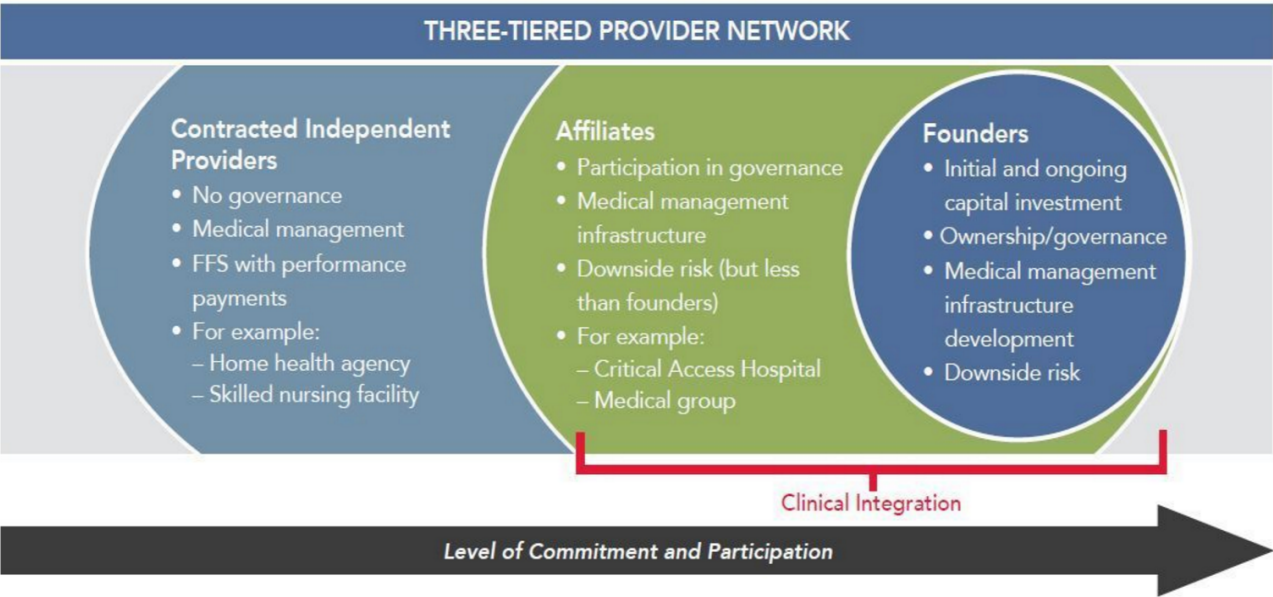
A new wave of hospital mergers is driving market concentration higher. The blue bars denote the number of hospital merger and acquisition transactions in a given year; in the 1990s, penetration of managed-care insurers, with a mandate for more aggressive cost control, led hospitals to merge in response, strengthening their market power over the insurers. The Federal Trade Commission and the U.S. Department of Justice normally consider markets with HHI above 1,500 as “moderately concentrated” and markets with HHI above 2,500 as “highly concentrated,” triggering antitrust litigation. However, consolidated hospital markets have largely avoided antitrust litigation. Today, more than half of the hospital markets in the United States have an HHI above 2,500, meaning that the DOJ and FTC would consider them to be “highly concentrated.” (Source: A. Roy analysis, Robert Wood Johnson Foundation, Martin Gaynor, Irving Levin Associates, HHS ASPE)

Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals.
 (1) - Hospitals that are part of a corporate body that may own and/or manage health provider facilities or health-related subsidiaries, as well as non-health-related facilities including freestanding and/or subsidiary corporations.

Macro Context: Shift of Network Definition

Provider Networks Have Evolved

- Promise of better value as a result of integration
- Alignment of incentives among in-network providers – value based payments
- Affiliations are still relevant, even with consolidation

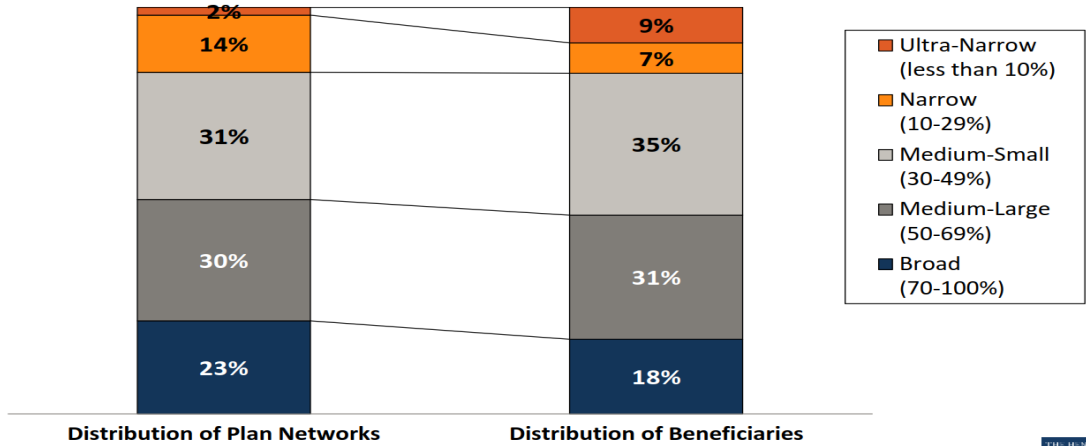


Prevalence of Narrow Networks

- 47% of Medicare Advantage networks are narrow or small (< 49% of hospitals in network)
- 51% of MA beneficiaries are in a small or narrow network (≈8.7MM lives)
- Tradeoff between cost and access from both members and plan sponsors

Figure 5
Distribution of the Size of Plans' Hospital Networks Versus Medicare Advantage Plan Enrollment

Beneficiaries are disproportionately enrolled in plans with ultra-narrow networks



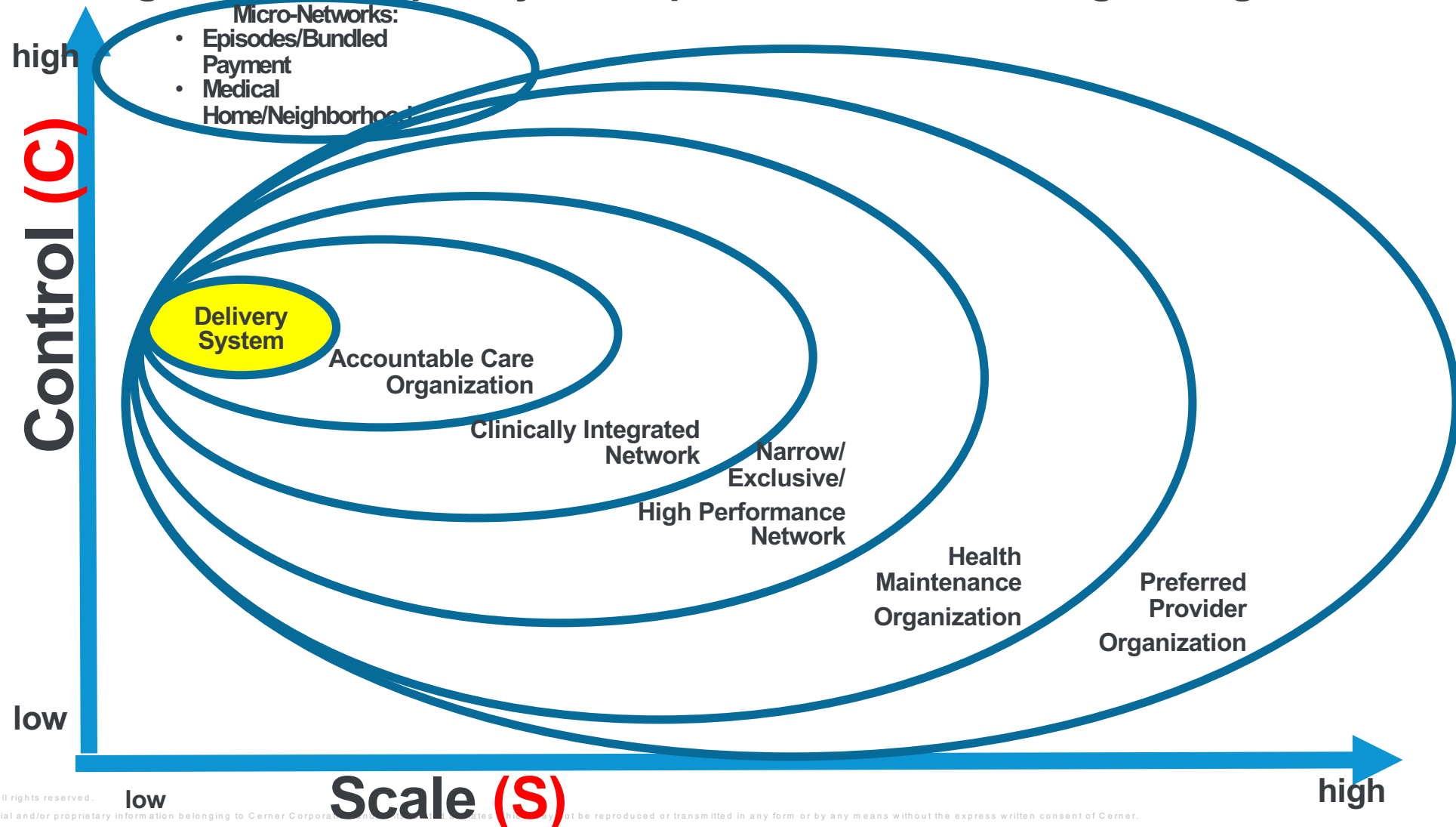
SOURCE: Kaiser Family Foundation analysis of Medicare Advantage plans' hospital networks in 20 counties, 2016.



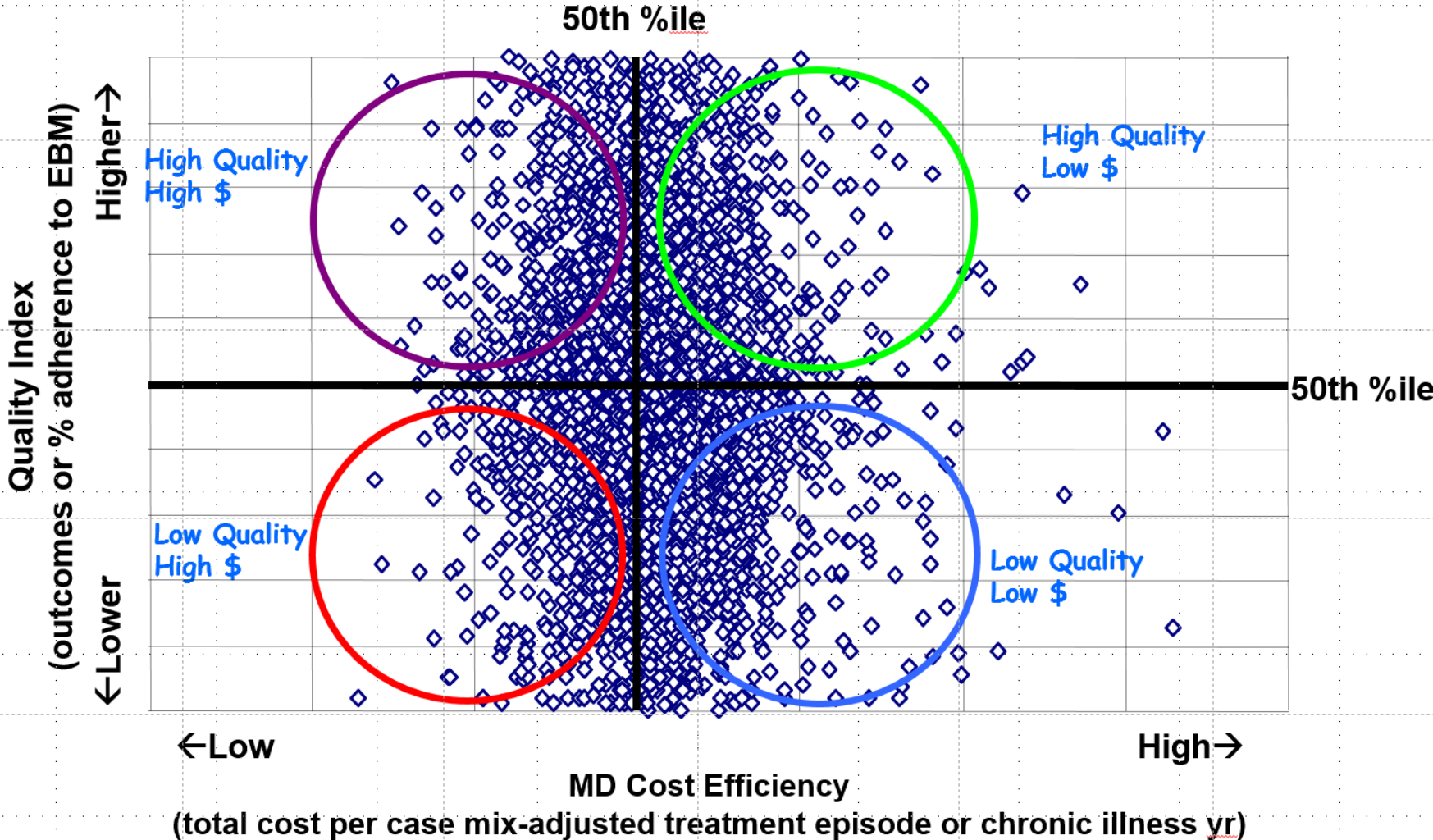
Jacobson, Gretchen, Ariel Trilling, Anthony Damico, and Marsha Gold. "Medicare Advantage Hospital Networks: How Much Do They Vary?" Menlo Park, CA: The Henry J. Kaiser Family Foundation, June 20, 2016. <http://kff.org/medicare/report/medicare-advantage-hospital-networks-how-much-do-they-vary/>.

Provider Network Performance Management

C ∝ 1/S: Control - the ability to manage performance, is inversely proportional to the scale, heterogeneity & complexity of the provider network being managed



Credible Provider Performance Measures



Opportunities

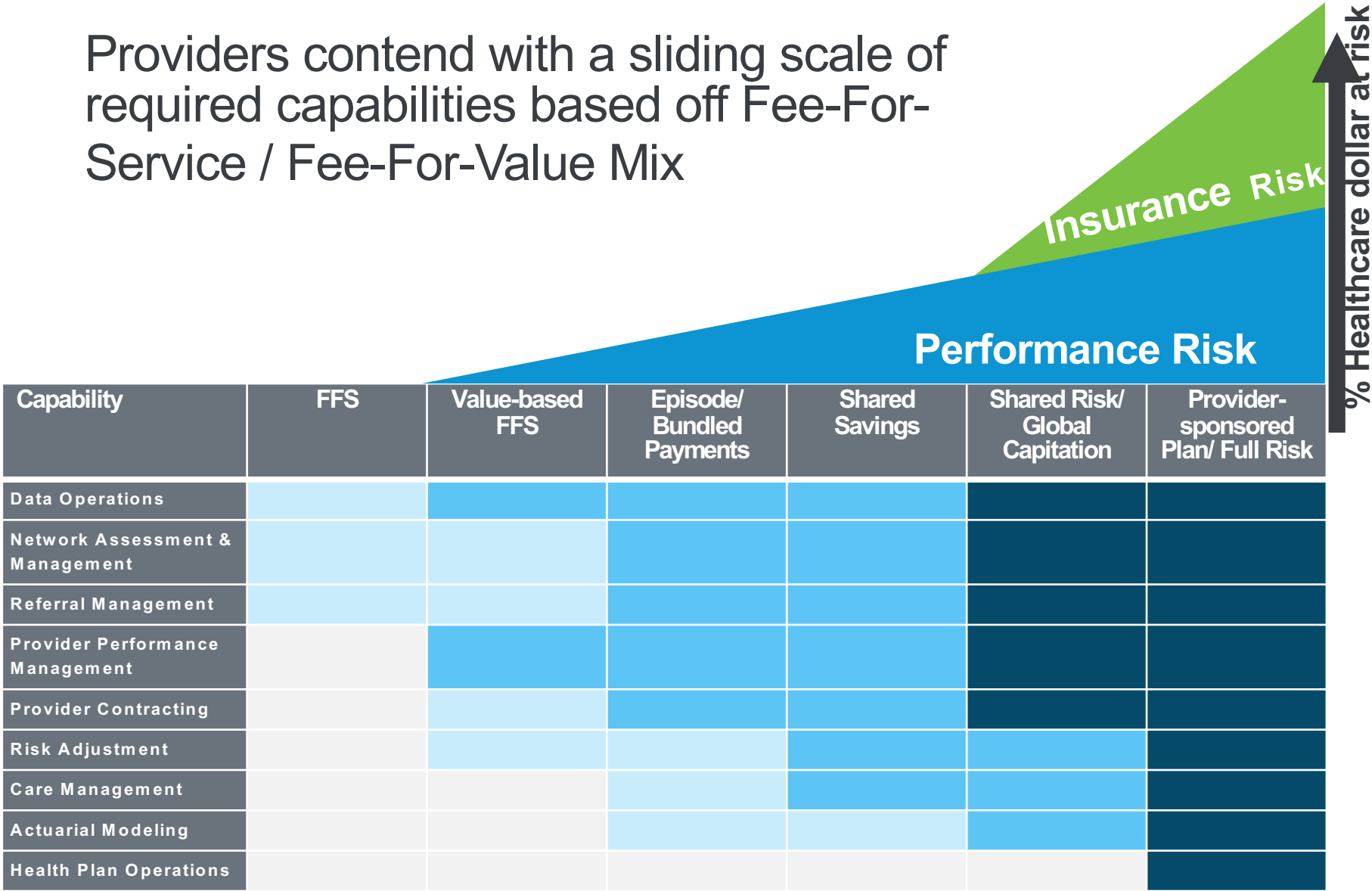
- ✓ Increase high performer volume through-put
- ✓ Drive up lower performers
- ✓ Trim poor performers

Source: Mercer Analytics Milstein/Herschman 2005

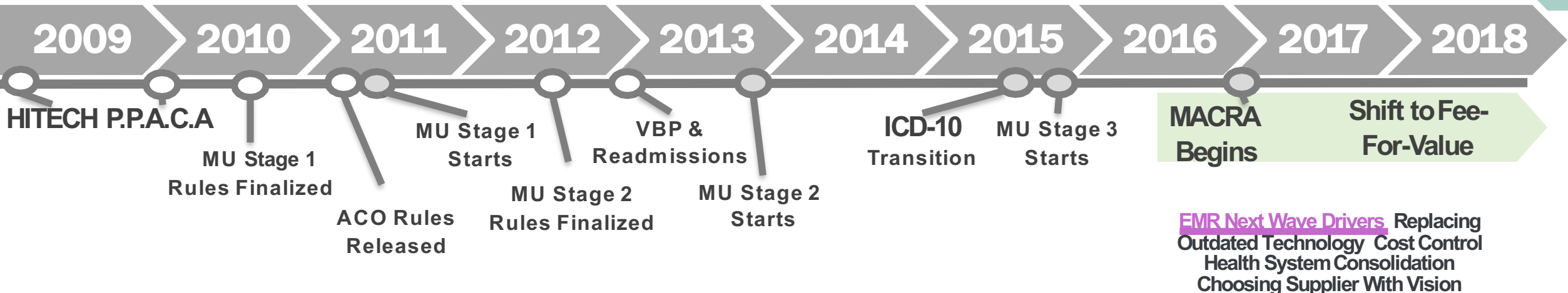
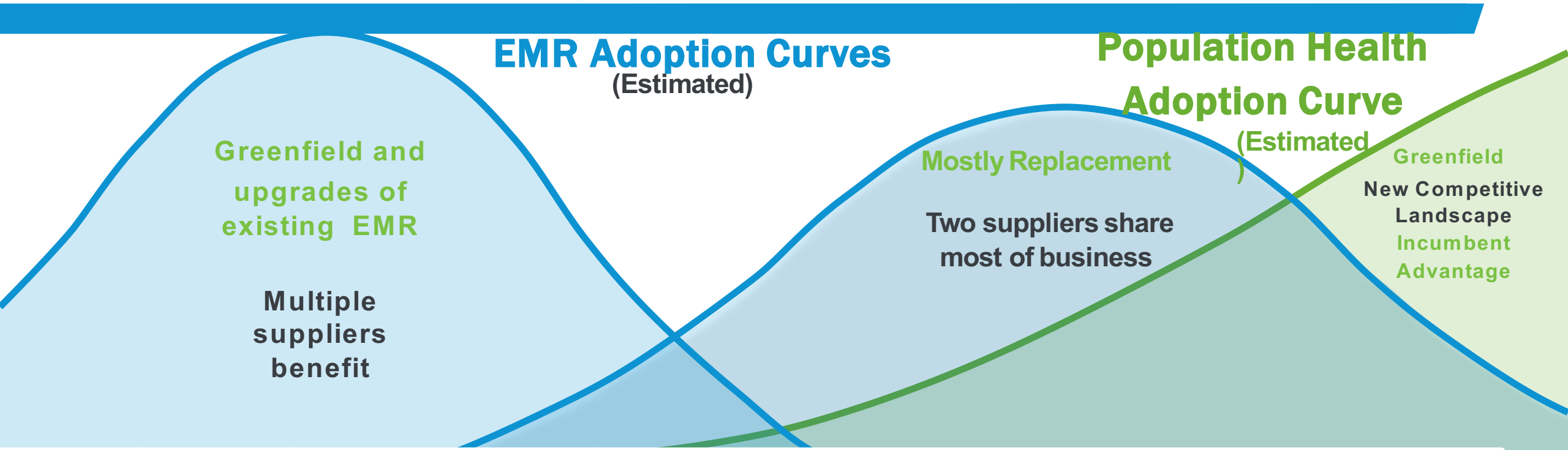
Provider Risk Continuum & Capabilities

Sophistication Required
None
Basic
Intermediate
Advanced

Providers contend with a sliding scale of required capabilities based off Fee-For-Service / Fee-For-Value Mix

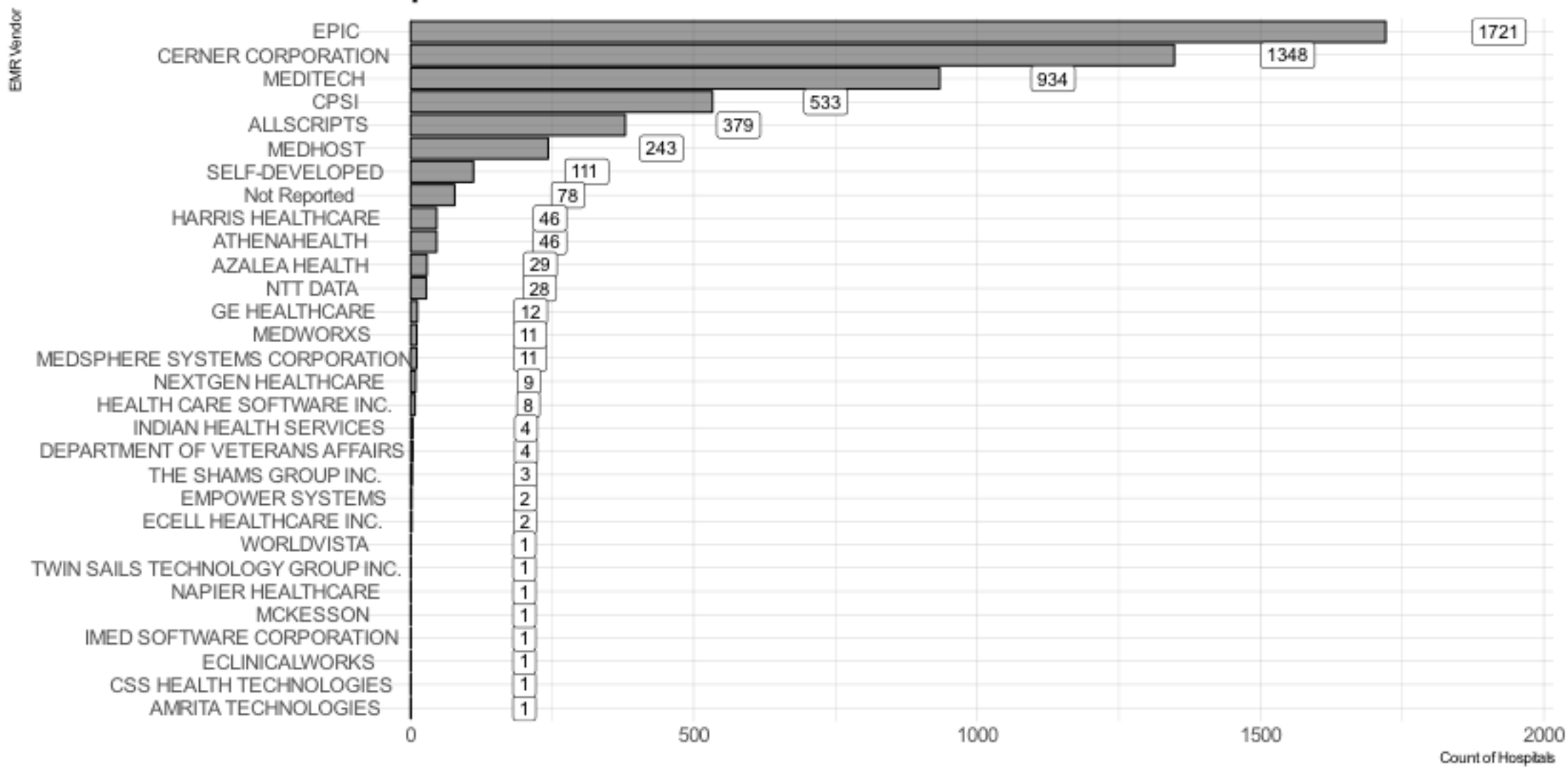


EMR Waves Transition to Population Health



The acute EMR market is saturated

Hospital EMR Vendor Market-share



From Point Solutions to Population Health Platforms

Aggregate and normalize



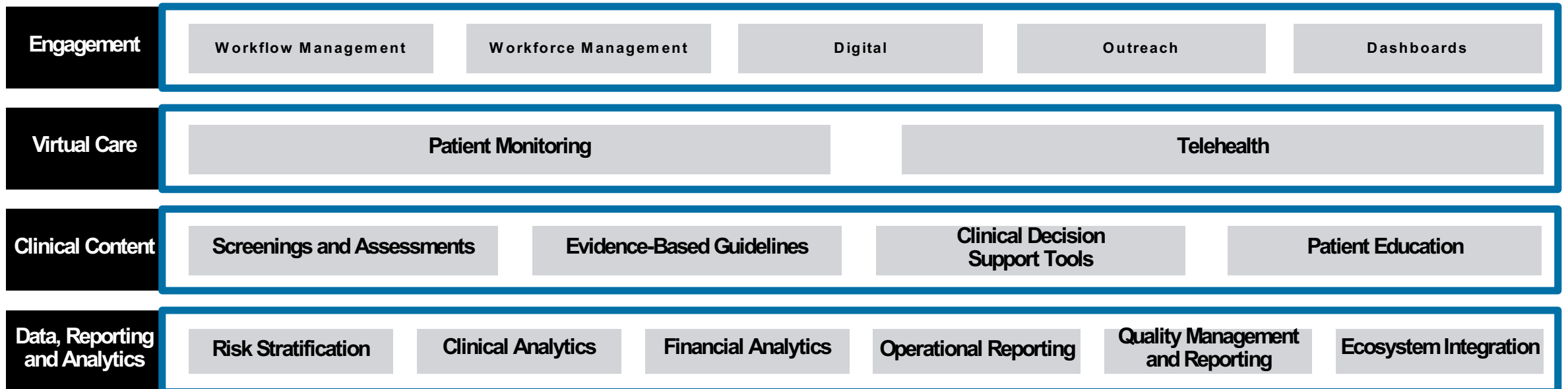
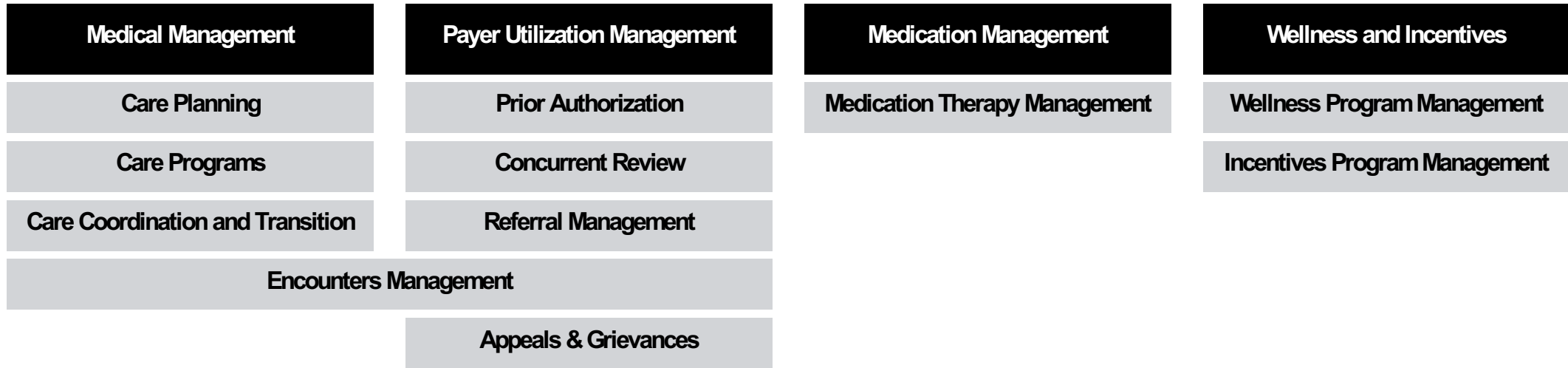
Create and apply intelligence



Act and measure



Population Health Management Capabilities Maturity Framework

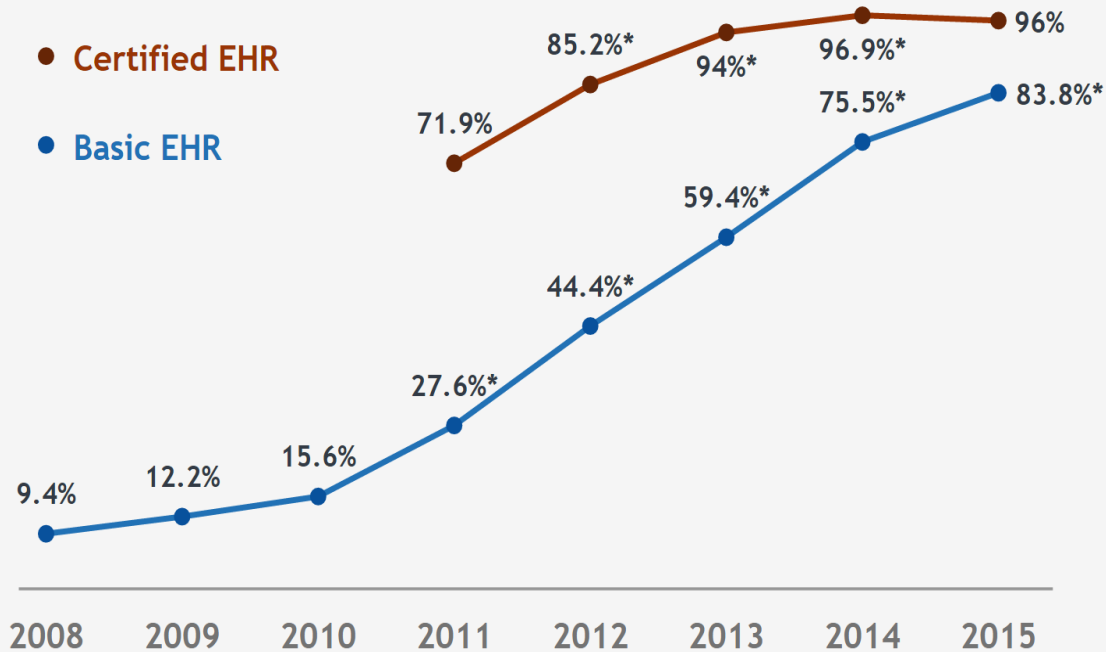




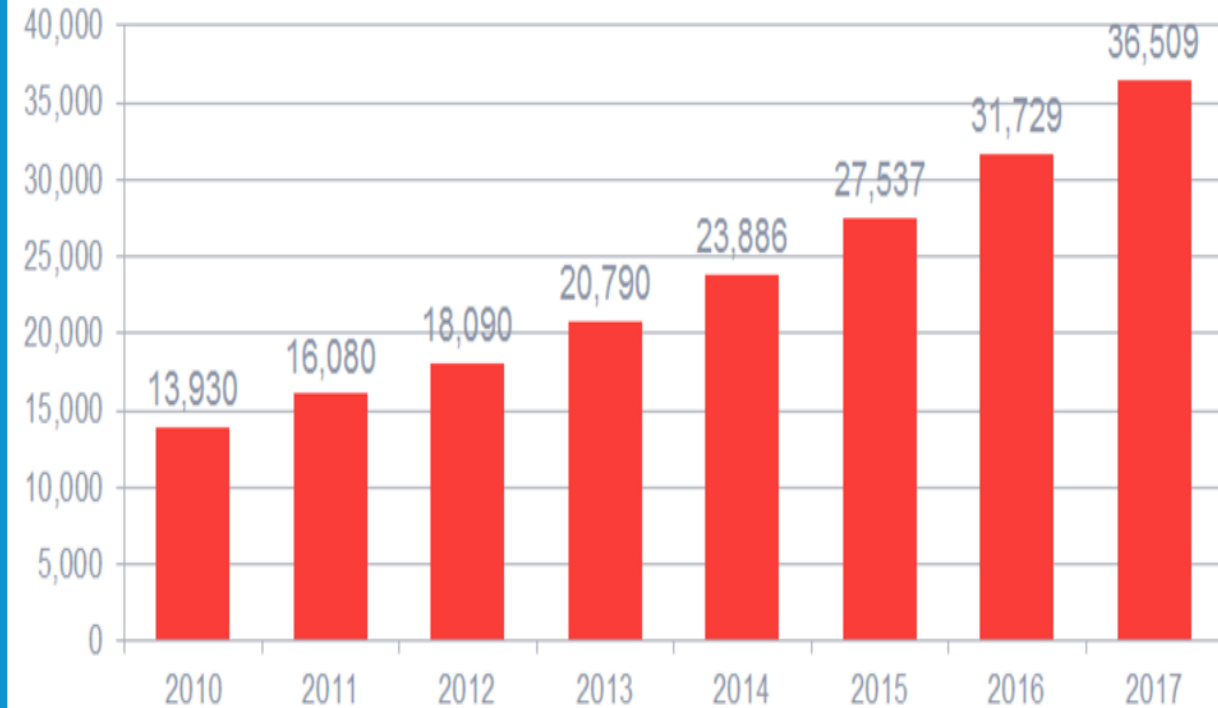
Parallel Technology Growth Paths – EHRs and CRM

Basic EHR adoption increased while certified EHR adoption remained high

Figure 1: Percent of non-Federal acute care hospitals with adoption of at least a Basic EHR with notes system and possession of a certified EHR: 2008-2015

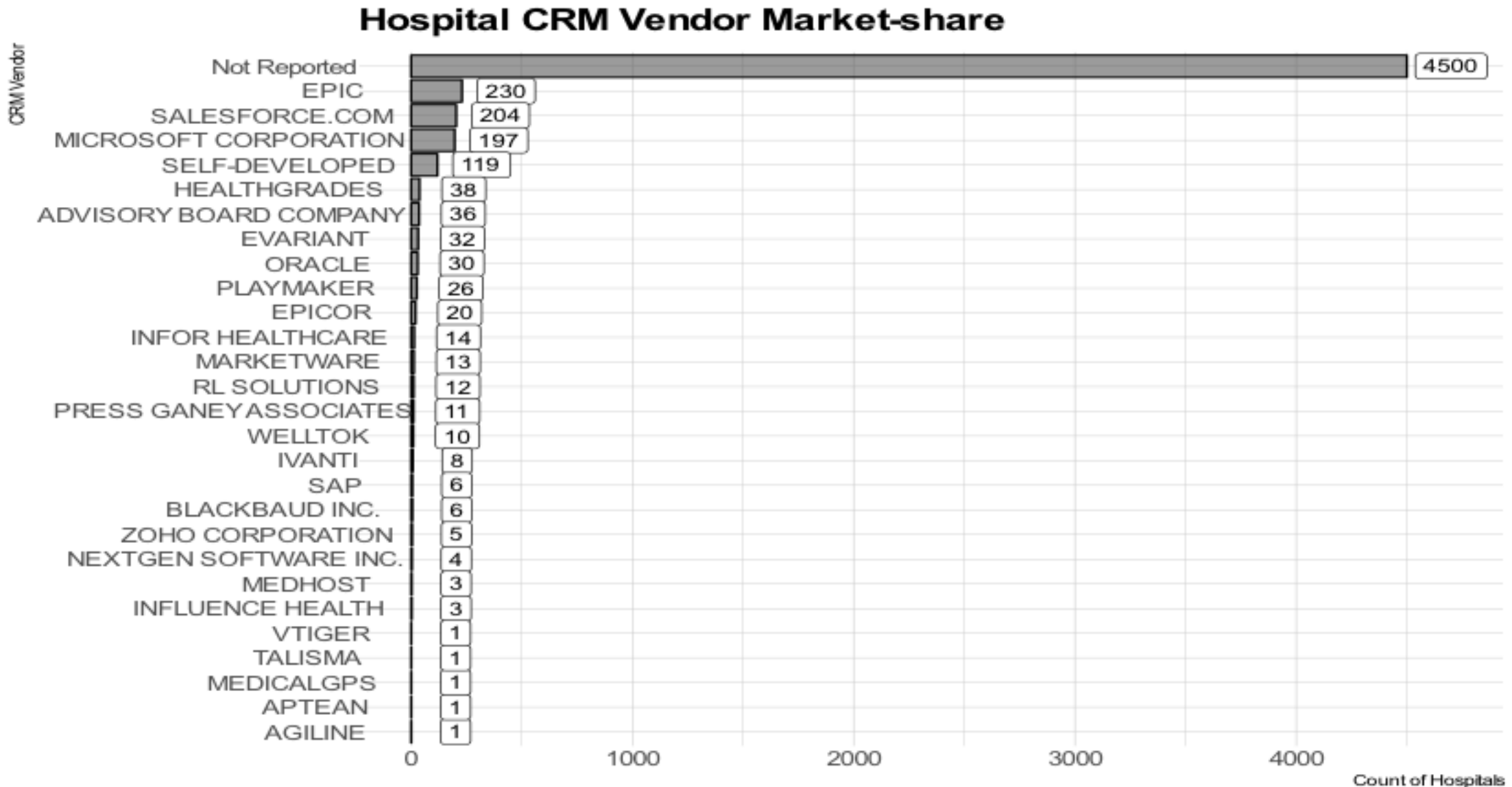


CRM software revenue forecast (millions of U.S. dollars)



Gartner Says CRM Became the Largest Software Market in 2017 and Will Be the Fastest Growing Software Market in 2018









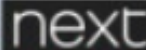



































Healthcare + CRM is a Greenfield Market



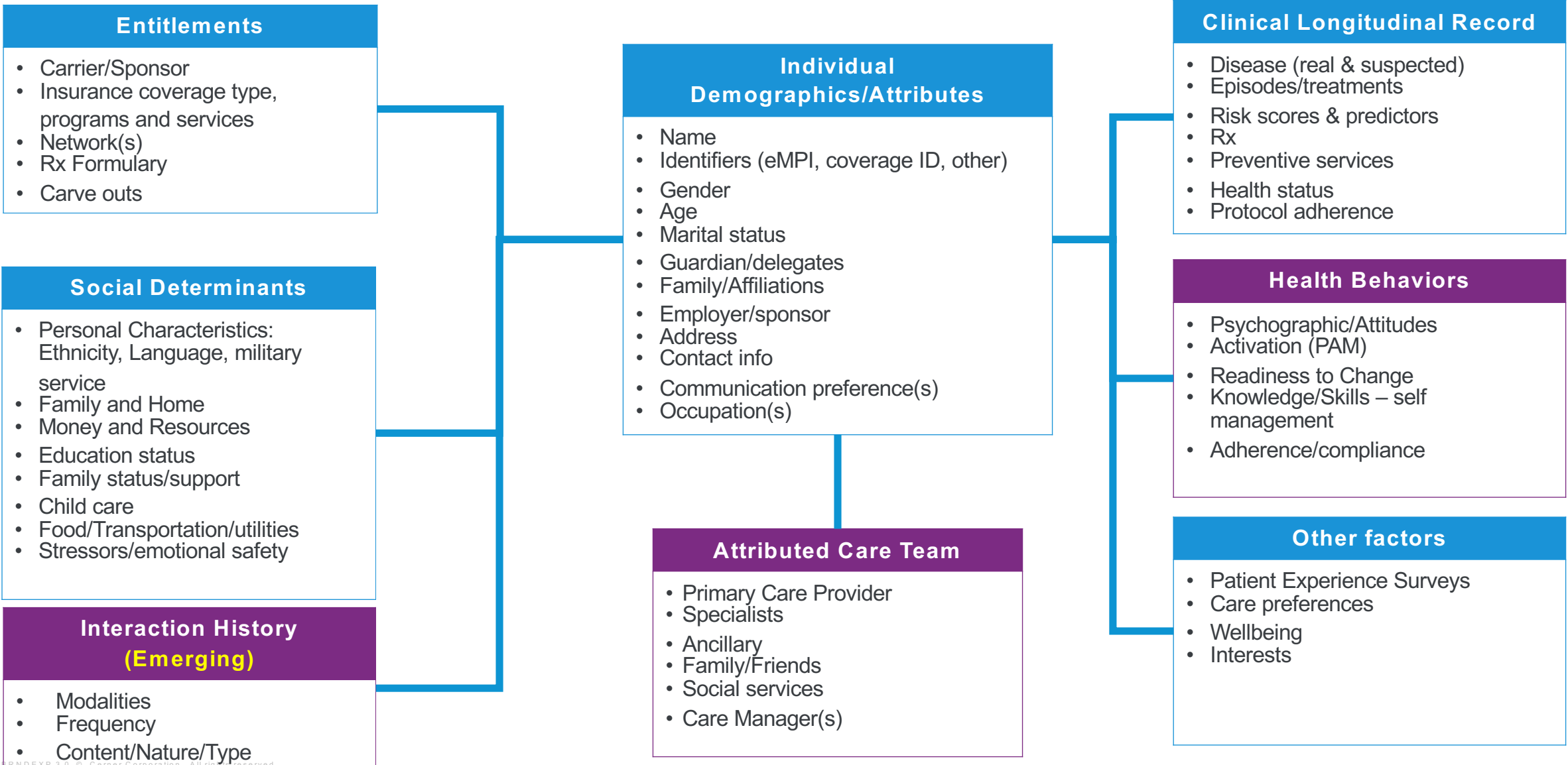
Profile Driven Health Care

Consumer Profile: Visual Profile

I am creating a visual profile for the consumer of the product. Making a visual profile will help me to get 'under the skin' of my consumer and find out what their life is like. This will benefit me because it will allow me to create a product that will interest the consumer, be able to fit in their accommodation and how much they will spend on a product. My chosen consumer is a male first time buyer.

Types of Brands the Consumer would buy	Types of Clothes the Consumer would wear	Types of Products the Consumer would buy	Types of place the Consumer would live	Hobbies and Interests
            	         	       	     	      

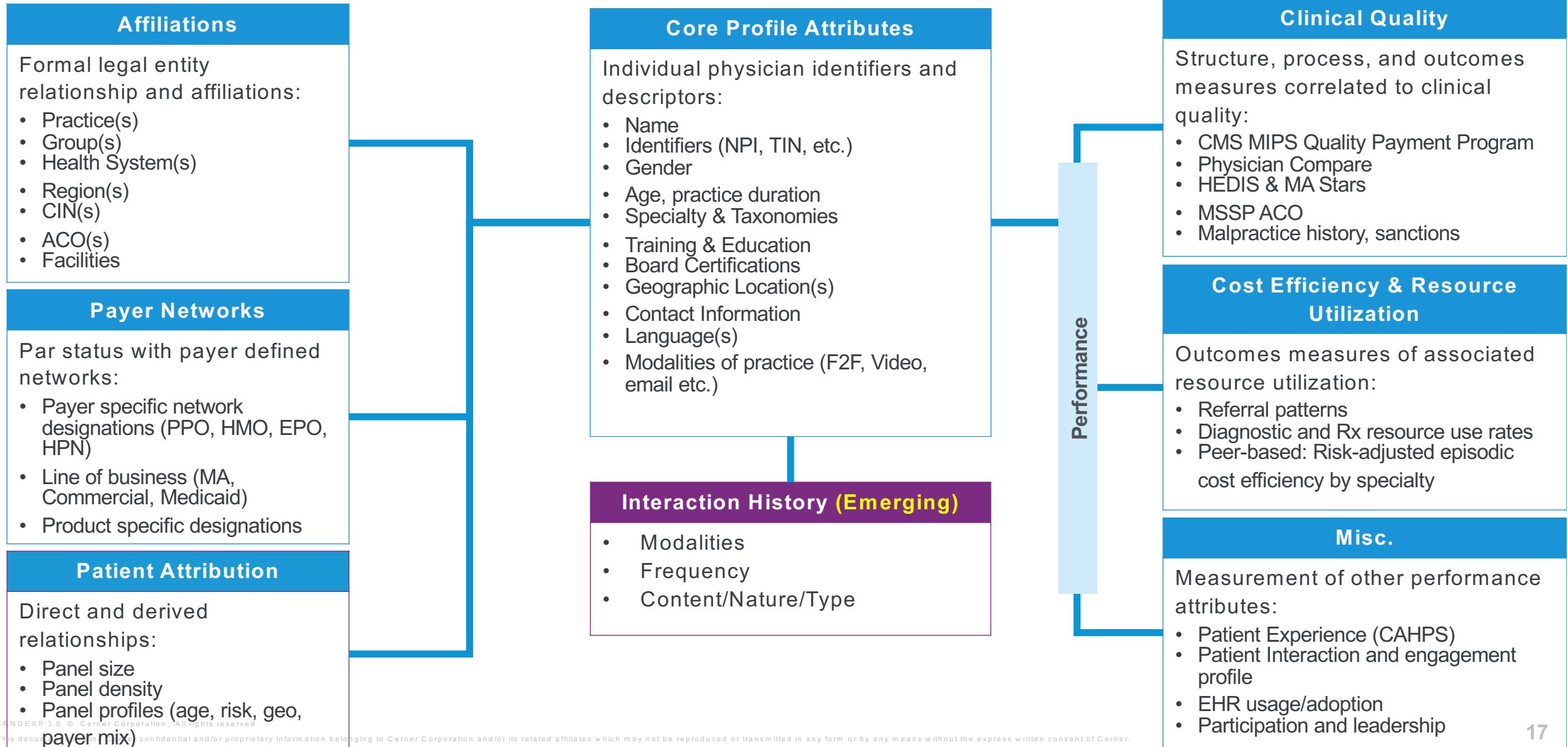
Master Consumer Profile



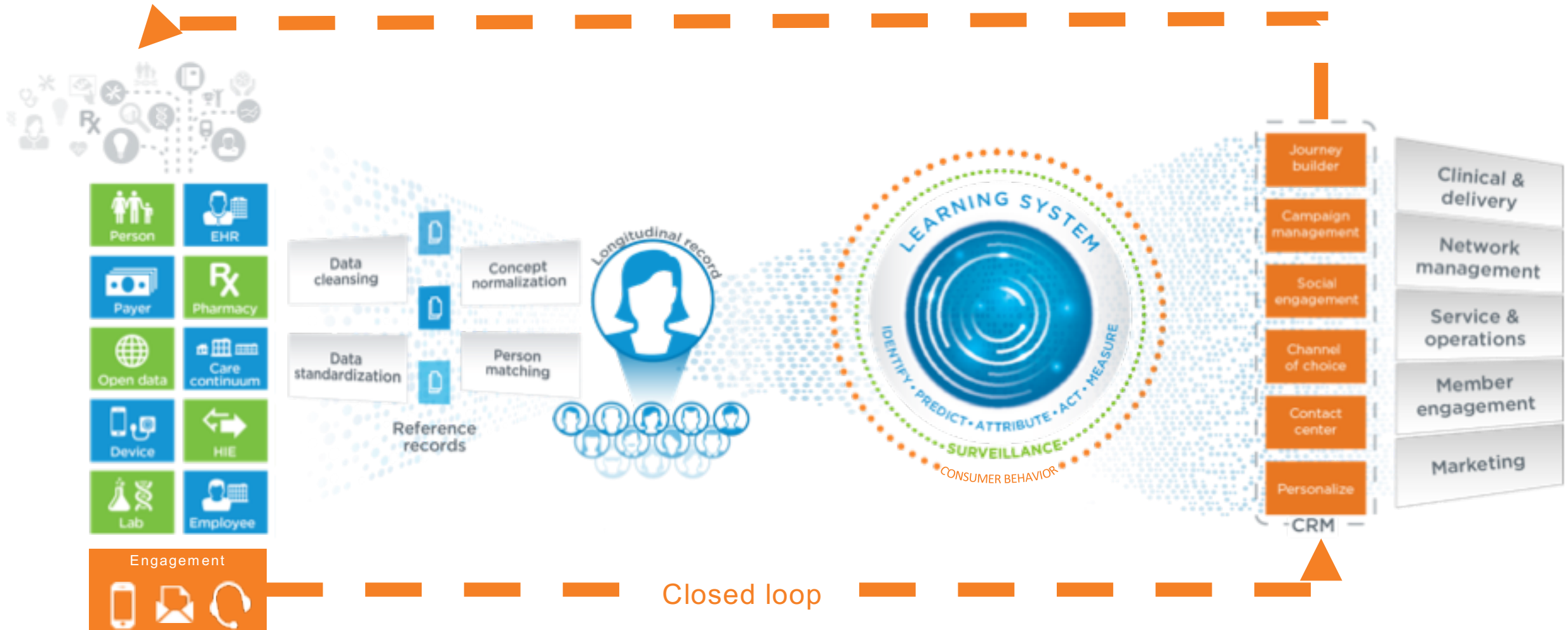
Profile Driven Health Care



Master Physician Profile



Intelligent Data and Content Powering Precision Engagement



Enterprise Perspective

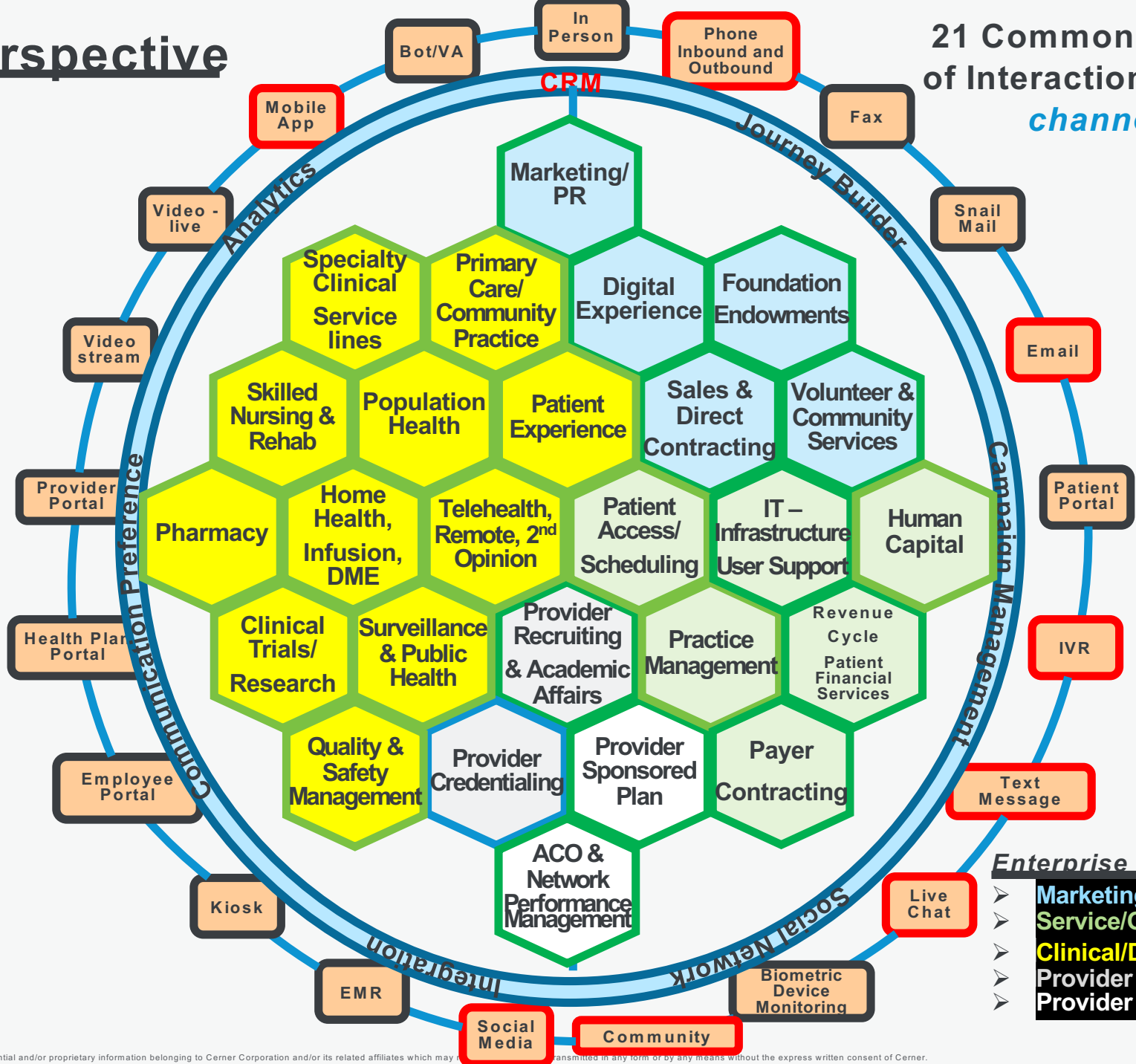
21 Common Modes of Interaction: *omni-channel*



New Governance Models

Orchestration of Engagement Strategies

Integration of Touchpoints



Enterprise Stakeholder Categories

- Marketing
- Service/Operations
- Clinical/Delivery
- Provider Sponsored Plan
- Provider Network

