

QUICK-HITTING SURVEY POPULATION HEALTH INVESTMENT

Executive Summary

Methodology

In February 2018, The Health Management Academy conducted a quick hitting survey of 25 Leading Health Systems regarding investment in population health. With a 72% response rate, the 18 responding Population Health Executives represent health systems with an average Net Patient Revenue of \$5.4 billion that own or operate 300 hospitals with almost 68,000 beds and approximately 3.1 million admissions annually.

Key Findings

- The most common value-based programs in which responding health systems participate are Medicare bundled payment models (89 percent), Medicare ACOs (83 percent), and Medicare Advantage (83 percent).
 - Among these models, health systems meet all or some of their objectives most commonly in Medicare bundled payment models (69 percent), and less so in Medicare Advantage (33 percent) or Medicare ACOs (29 percent).
- At most (82 percent) health systems, between 1-5% of total spend goes toward funding population health initiatives. However, over two-thirds (67 percent) of respondents do not think their health systems is investing enough in population health initiatives.
- Top barriers to success include organizational culture (67 percent), lack of physician alignment (67 percent) and inconsistent care delivery (50 percent).

Results

The most common value-based programs in which responding health systems participate are Medicare bundled payment models (89%), Medicare Accountable Care Organizations (ACOs) (83%), and Medicare Advantage (83%) (Figure 1). Other programs in which health systems participate include Commercial risk-based contracting (61 percent), Commercial ACOs (50 percent), Managed Medicaid (44 percent), Primary care APMs (22 percent), multi-payor arrangements (17 percent), specialty-specific APMs (11%), and/or other value-based payment arrangements (11 percent) such as direct to employer arrangements and/or Medicaid and commercial upside shared savings programs.

FIGURE 1. IN WHICH VALUE-BASED PAYMENT ARRANGEMENT(S) DOES YOUR SYSTEM PARTICIPATE? PLEASE CHECK ALL THAT APPLY.

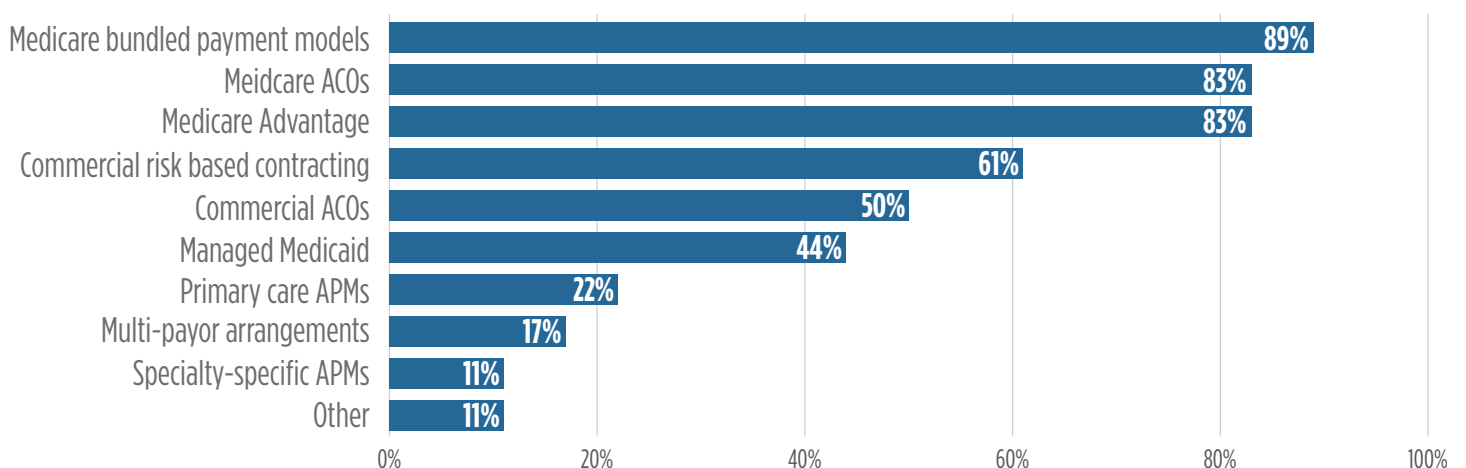
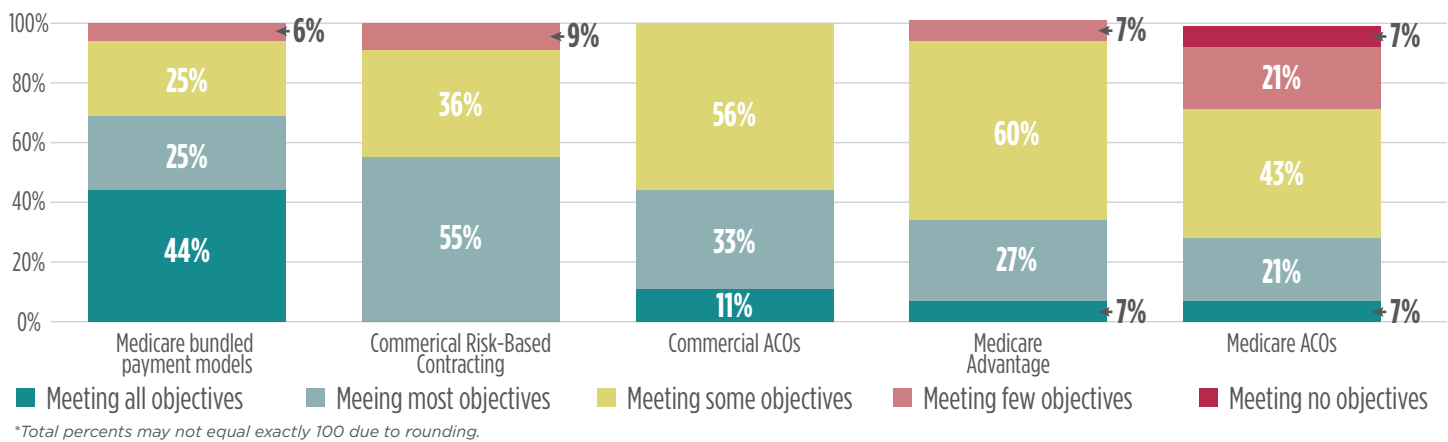


FIGURE 2. FOR EACH TYPE OF VALUE-BASED PAYMENT ARRANGEMENT IN WHICH YOU PARTICIPATE, PLEASE INDICATE WHETHER YOU ARE MEETING YOUR OBJECTIVES, AS DEFINED BY YOUR HEALTH SYSTEM.



For the most common programs in which health systems are participating, health systems meet all or most of their objectives most frequently in Medicare bundled payment models (69 percent), commercial risk-based contracting (55 percent), and commercial ACOs (44 percent) (Figure 2). Health systems meet all or most of their objectives less frequently in Medicare Advantage (34 percent) and Medicare ACOs (28 percent). Respondents referenced challenges around aligning incentives, data availability, and care coordination as well as a lack of experience as barriers to meeting their objectives in these programs.

“There is much more work to be done around paying for performance, aligning incentives, and having supportive care coordination.” (Population Health Executive)

On average, respondents indicated that 17 percent of revenue at their health system is derived from value-based reimbursements (range: 1 – 50 percent), while 23 percent of their patient populations are receiving services reimbursed via value-based arrangements (range: 1 – 50 percent).

Although approximately one-fifth of care is delivered via value-based arrangements, most responding organizations (82 percent) allocate between 1 – 5 percent of the health system’s total spend to funding population health initiatives (Figure 3).

Health system executives report funding for population health initiatives has increased, with 76 percent of respondents indicating the percent of total spend allocated toward population health initiatives has increased significantly (23 percent) or somewhat (53 percent) in the last three years (Figure 4).

FIGURE 3. WHAT PERCENTAGE OF YOUR HEALTH SYSTEM’S TOTAL SPEND WOULD YOU ESTIMATE GOES TO FUND POPULATION HEALTH INITIATIVES?

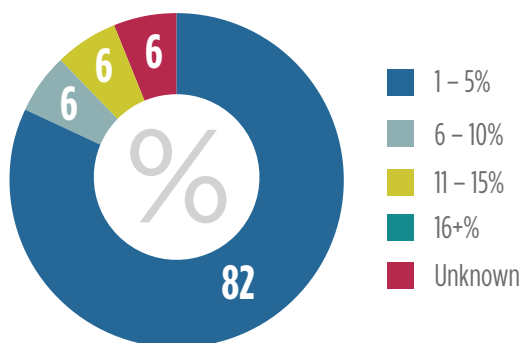
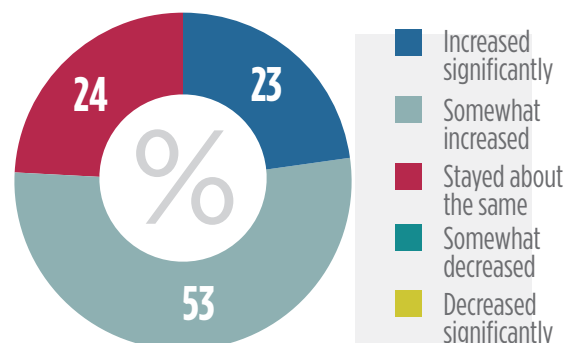


FIGURE 4. HOW HAS THAT PERCENTAGE CHANGED OVER THE LAST 3 YEARS?



Although most health systems have increased spending on population health initiatives, over two-thirds (67 percent) of responding executives do not think their health system is currently investing enough in population health to be successful (Figure 5). These executives report health systems should be investing somewhat (67 percent) or significantly (33 percent) more in population health in order to attain success.

The top area in which health systems are investing in population health is all types of care management programs (all funding excluding IT/analytics) (61 percent) (Figure 6). Additional areas in which health systems are commonly investing include contracting strategy and execution (39 percent), care redesign/efficiency improvement (39 percent), creation/support of Clinically Integrated Networks (CINs) and/or affiliated post-acute networks (excluding IT/analytics funding) (33 percent), and IT/analytics (33 percent).

FIGURE 5. DO YOU THINK YOUR SYSTEM IS CURRENTLY INVESTING ENOUGH IN POPULATION HEALTH TO BE SUCCESSFUL?

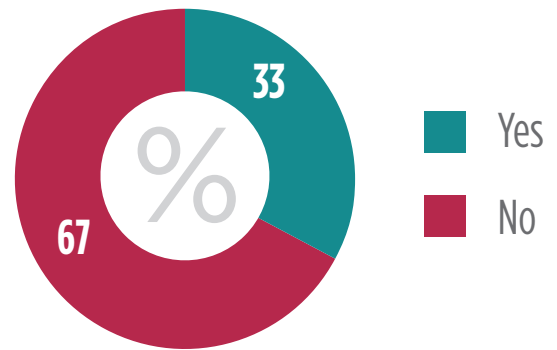
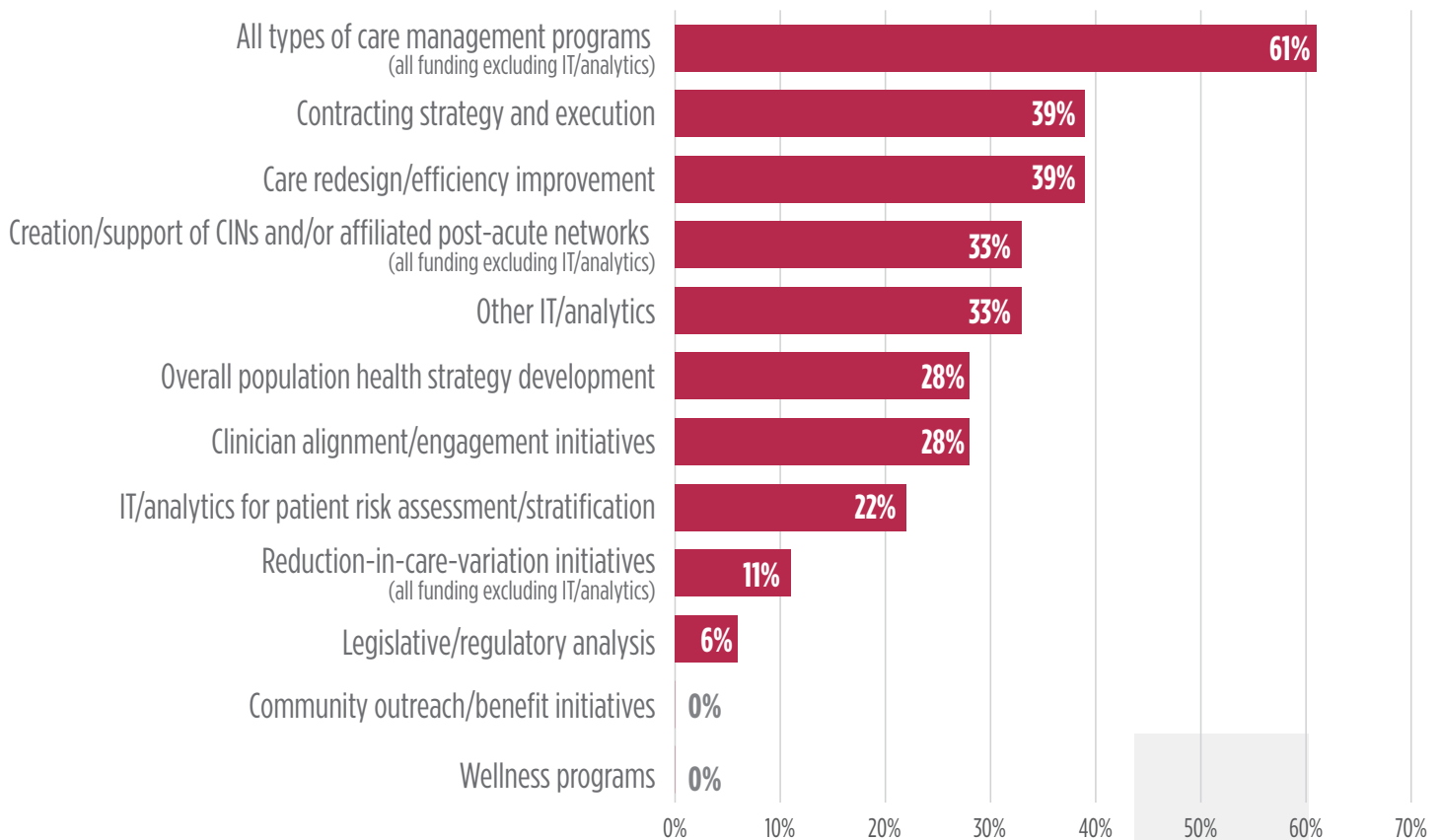


FIGURE 6. PLEASE RANK THE TOP THREE AREAS IN WHICH YOUR HEALTH SYSTEM INVESTS IN POPULATION HEALTH.



The most common barriers for responding health systems in achieving their goals relative to value-based care are organizational culture (67 percent), lack of physician alignment (67 percent), and inconsistent care delivery (50 percent) (Figure 7). Other reported barriers include inadequate analytics, lack of timely data, misaligned incentives (i.e., physicians are paid via RVU models), and a lack of a robust primary care network.

FIGURE 7. WHAT ARE THE TOP BARRIERS IN ACHIEVING YOUR SYSTEM'S GOALS RELATIVE TO VALUE-BASED CARE? PLEASE CHECK ALL THAT APPLY.

