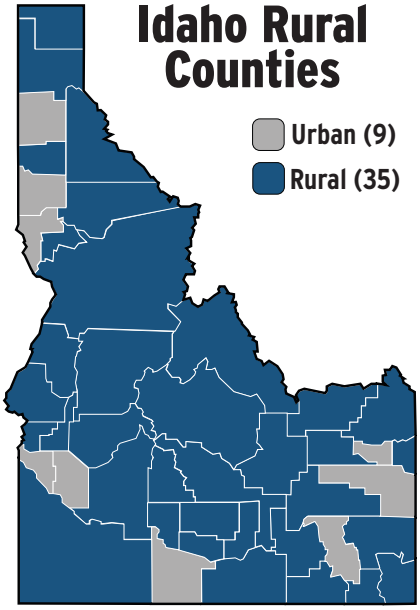
Idaho Division of Public Health

Value-Based Healthcare & the Healthcare Transformation Council of Idaho

Background

Value-based healthcare is a delivery model whereby providers, including hospitals, clinics and physicians, receive payments based on patient health outcomes and cost of care. Value-based payment agreements reward providers for helping patients to receive appropriate health screenings, benefits from preventive healthcare, improved health, reduced effects and incidences of chronic diseases, and live, overall, healthier lives. Patients receive cost-effective care that is designed to avoid unnecessary services, duplicative testing, or more expensive care than is necessary to achieve the desired outcome.



The Difference Between Value-Based Care and Fee-for-Service Care

In the fee-for-service model of care, providers receive payments based on the amount of healthcare services they deliver, regardless of whether the service was necessary, harmed the patient, or if a less expensive option would have produced the same or better outcome. The reimbursements do not reward quality, which creates adverse incentives that drive up costs. Fee-for-service payments also promote fragmentation, because providers receive payments for each service delivered, as opposed to value-based payments that, in the most advanced models, are fixed payments for all care or an episode of care that helps integrate and coordinate care.

Healthcare in Idaho

Idaho lags behind the nation in adopting value-based payment models. For rural and frontier providers, hospitals and clinics, implementing value-based payment models remains particularly difficult, as they often have limited financial resources to invest; lack interoperable data systems; face challenges with managing population health over large, sparsely populated geographical areas; and experience burdens of satisfying performance measurement and reporting requirements.

59% National rate for value-based payments

29% Idaho rate for value-based payments

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Benefits of Value-Based Care

Transitioning to a value-based healthcare delivery model provides many benefits to the state, including:

- Developing programs to align with public expectations of the healthcare delivery system while focusing efforts on containing state healthcare costs.
- Providing incentives for healthcare providers to deliver the best care at the lowest cost and help individuals achieve their best possible health.
- Advancing healthcare quality, improving population health and containing or reducing healthcare costs.

The Healthcare Transformation Council of Idaho (HTCI)

In February 2019, the state established the HTCI to continue Idaho's transformation efforts and movement towards value-based payment models. HTCI receives support from the Office of Healthcare Policy Initiatives (OHPI) in the Bureau of Rural Health and Primary Care, Division of Public Health.

HTCI and OHPI's Goal: By 2023 advance Value-Based Payments in Idaho from

29% to 50%

Statewide Coordination, Collaboration and Support

HTCI provides leadership, coordination and communication to advance value-based healthcare in Idaho, in addition to leveraging resources strategically to overcome fragmented systems of care.

OHPI supports HTCI by implementing strategies and tactics that encourage the adoption of value-based models, so that Idaho can achieve a more efficient healthcare system with improved outcomes. OHPI also convenes workgroups, under the direction of HTCI, to move ideas into action. Current initiatives include advancing telehealth, identifying cost drivers to contain healthcare costs and developing an innovative value-based model for rural and frontier areas.

Although the four-year Statewide Healthcare Innovation Plan (SHIP) successfully initiated the shift from volume to value, additional time and collaboration remains critical to advancing healthcare reform in the state. Achieving value-based healthcare outcomes is a long-term, time-consuming and labor-intensive endeavor for healthcare providers and organizations. No state has already solved this problem that would allow Idaho to simply implement a solution. Many providers are already engaged in transformation efforts and are increasingly working toward value-based payment arrangements; however, challenges and barriers persist.

What Will Help the State Transition Successfully?

- Sustained funding for HTCI and OHPI to continue developing, implementing and leading statewide value-based efforts.
- Providers are investing significantly in the infrastructure necessary to be successful under value-based arrangements and incurring financial losses in the transition, which often takes years. Providers participate because it's the right thing to do, however, it is contrary to their best interest in the fee-for-service environment. Continuing to engage them in this is critical to success.
- Providers, clinics, hospitals and health system leaders must improve clinical quality, reduce inefficiencies and manage costs to thrive in a value-based setting.
- Resources, education and technical assistance will help support healthcare transformation to value-based models, especially in rural and frontier areas.

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Examples of How Patients Benefit from Value-Based Healthcare

Care coordination contributes to value-based healthcare and improved health.

Scenario: Mr. Jones is a 54-year-old man with asthma

Fee-for-service model:

Mr. Jones makes repeated trips by ambulance to the hospital emergency department for shortness of breath. Each time, the emergency room physician and staff provide the necessary medications and treatments to alleviate his shortness of breath and discharge him home. Mr. Jones' shortness of breath continues to worsen, and he is transported to the emergency room nearly every three to four weeks. He receives multiple bills every time he is transported and treated, and he can no longer afford to pay the amount due.

Value-based healthcare model:

Mr. Jones made a trip by ambulance to the hospital emergency department for shortness of breath. The emergency room physician and staff provided the necessary medications and treatments to alleviate his shortness of breath and, before discharging him home, he and his family met with the nurse case manager. The case manager learned that Mr. Jones has a primary care provider that prescribed appropriate asthma medications, and that his clinic recently hired a nurse care coordinator. The care coordinator visited Mr. Jones at home and learned about issues impacting his health that were not apparent to his provider: his adult daughter recently moved home and smokes in the house; and Mr. Jones cannot afford his prescription medications but was embarrassed to tell his provider. The care coordinator spoke with Mr. Jones and his daughter to develop a plan to maintain a healthier home environment and spoke to his provider and pharmacy to find a more affordable medication. Mr. Jones had no trips to the emergency department in the following months.

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Appropriate screening contributes to value-based healthcare through early detection.

Scenario: A primary care clinic has a very low rate of colon cancer screenings for their patients.

Fee-for-service model:

Clinic staff understand that age-appropriate disease screening is essential to prevention, early detection, and management; however, patients just do not seem to schedule their colonoscopy when it is recommended and, under fee-for-service, there is no incentive for the clinic to spend the additional resources needed to reach out to patients and make the case for why they should proceed with the screening.

Value-based healthcare model:

The primary care clinic recently joined a value-based care network of providers. They were unhappy to learn their colon cancer screening rates were below every other clinic in the network. The clinic generated a list of eligible patients that had not received their colon cancer screening and contacted each patient. They learned the screenings did not occur for a variety of reasons and staff worked with every patient to resolve the issues. They referred patients for testing and followed up with them to assure the screening was completed. Months later, the clinic is the top performer in the network. Additionally, six patients were found to have cancerous lesions and had interventions while the cancer was early, more manageable, and far less costly to treat.

Advanced care planning contributes to value-based healthcare while aligning with a patient's end-of-life wishes.

Scenario: Mrs. Smith is an 89-year-old woman with diabetes and heart failure.

Fee-for-service model:

Mrs. Smith recently moved to Idaho to live with her son and daughter-in-law. Before moving to Idaho, she was hospitalized four times in the past nine months, was prescribed 11 different medications, and used oxygen to walk more than 20 feet. Her doctor also told her that her kidneys were failing, and she would need to start dialysis. Her care providers assumed she would opt for all possible treatments, but no one took time to sit down with her and her family to discuss her wishes.

Value-based healthcare model:

Mrs. Smith sees a new provider after moving to Idaho. In preparing for the appointment, her new provider reviewed her medical records and scheduled a longer visit to discuss her end-of-life wishes. Mrs. Smith's son accompanied her to the appointment and said he had never broached the subject with her. The provider discussed her current health status, including the need for dialysis, and asked Mrs. Smith about her personal preferences. She told her doctor that if her condition worsens, she wanted to remain comfortable and stay at home. The provider connected Mrs. Smith and her family to hospice and palliative care for the support and care she had requested. The patient remained at home and kept comfortable; had meaningful interactions with her family and friends up until the end; and significant hospital, intensive care, and physician costs were averted.

Telehealth is a strategy providers may use to support value-based healthcare by providing readily accessible care instead of higher cost alternatives.

Scenario: Cody, an active 10-year-old, wakes up early in the morning to get ready for school. He is complaining about red and itchy eyes.

Fee-for-service model:

Cody's mom is getting ready for work and is not sure whether it is safe to send Cody to school. She decides to take him to an urgent care clinic for a diagnosis and get to work as quickly as possible. Unfortunately, there is a long wait. While Cody's mom is finally glad to hear he has severe allergy symptoms and not an infection, she has missed more time off work than anticipated.

Value-based healthcare model:

When Cody wakes up with red, itchy eyes, his mom connects to their primary care provider's practice through a secure audio and video connection. The provider reviews Cody's health history, asks his mom some questions, and examines his eyes via webcam. They determine Cody can be safely treated with over-the-counter antihistamines and understand they would be referred for an in-person visit, depending on how he responds. Cody's primary care provider group is part of a value-based healthcare network. Providers are incentivized to deliver the most efficient and effective care at the lowest cost. Cody goes to school and his mom does not miss much work as a result of the appointment.

Hospitals and health systems positively impact the social determinants of health by reinvesting shared savings from value-based healthcare models.

Scenario: A local hospital serves an area of the state with high poverty and low per capita income. Food insecurity is often an issue for their patients and newly diagnosed diabetics cannot access the type of food needed to achieve better health.

Fee-for-service model:

The hospital advises patients about a small, local foodbank; however, the foodbank does not have the resources to keep up with demand or the fresh produce needed for the hospital's diabetic patients. While the hospital supports the food bank through local fundraising by volunteers, their patients cannot achieve their best possible health without proper nutrition.

Value-based healthcare model:

The hospital participates in a value-based shared savings model with public and commercial payers. At the end of the year, the hospital receives a portion of the money saved and reinvests the savings in the community. This reinvestment will improve the health of the community and continue to drive down healthcare costs, which will result in even more savings. This year, the hospital establishes a collaborative partnership with other health and social service agencies in the community. The partnership is focused on increasing access to healthy food and education for diabetic patients. They also create a program for newly diagnosed diabetics and provider education, two months of appropriate food, and a weekly visit from a community health worker — all at no charge to the patient. As a result, the hospital is reducing unnecessary hospital admissions and emergency department visits, while the clinic is seeing an overall improvement in outcomes for diabetic patients.