Emerging Trends in Ambulatory Strategy and Operations

March 17, 2022

hfma
Topics for Today’s Webinar

How leading organizations are:

- Overcoming industry change, including consumerism, telemedicine, and operational constraints
- Developing innovative management services organization (MSO) models to align with providers, coordinate care, improve quality, and support overall practice operations
- Enhancing ambulatory operations and services in preparation for alternative payment models, including downside risk, to establish steady revenue streams
The ongoing pandemic has sparked unprecedented challenges.

Rise in Healthcare Consumerism
- Changing Expectations
- Ubiquitous Technology
- Improved Medical Devices
- Competition for Consumers
- Online Health Information

Factors Driving Consumerism
- Increased Consumer Purchasing Power
- Emphasis on Prevention
- Patient-Centric Care Delivery

Navigating Financial Challenges
- Lower Reimbursements
  - Comparably low reimbursements; more uninsured patients due to economic situation
- Increased Expenses
  - Response to resource constraints and workforce dynamics (e.g., staffing costs)

Health System Strategic Response
- Digital health investment
- Care model innovation
- Operational and financial stewardship
- New ambulatory alignment models

Major Financial Issues
- Lower Revenues
  - Shutdown of regular operations (i.e., scheduled and elective procedures)
Paradigm Shift in Healthcare Consumerism

**Past**

- Hospital-based outpatient services and clinics
- All care delivered in person
- Physicians in independent practices/groups
  - Fragmented practice locations
  - “Onesie-twosie” practices

**Present and Future**

- Competitive prices and more contemporary relationships between physicians and hospitals (e.g., ASCs, concierge medicine)
- Balanced mix of virtual and in-person care delivered in a manner appropriate and convenient for patients and families
- Integrated provider networks
- Access to data for care coordination across the continuum
- “Big box” ambulatory centers containing colocated practices
Leading Change for Today’s Ambulatory Enterprise
Framework for Change

Building Blocks of Ambulatory Transformation

Ambulatory Transformation

Provider and Patient Experience

IT Optimization and Data Reporting

Appropriate Clinic Staffing and Consistent Workflows

Standard Clinic Operating Expectations
## Components of a High-Performing Ambulatory Transformation

| Ambulatory structure that promotes collaboration and assigns accountability |
| Execution of ambulatory operating plan linked to system strategy |
| Patient- and family-centric physician deployment strategies |
| Consistent provider work standards and expectations |
| Increased patient- and family-centric service and access |

| Standardization of policies, procedures, and workflows across all clinics |
| Standardization of staffing roles, ratios and responsibilities |
| Alignment between operations and IT |
| Purposeful focus on ambulatory quality and alignment with community providers |
| Robust analytics support |
Patient-centric technology is driving access and care coordination.

<table>
<thead>
<tr>
<th>Today’s Technology Needs</th>
<th>Sample Vendors</th>
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<td>Wait Time Management</td>
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<td>Clinic Tracking Boards and Kiosks</td>
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<td>Improved User Scheduling</td>
<td>Clockwise.MD</td>
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<td>Texts and Reminders</td>
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<td>Telemedicine and Virtual Care</td>
<td>MyChart</td>
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<td>Contact Center Operations</td>
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<td>Patient Portal and Self-Scheduling</td>
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<td>Customer Relationship Management</td>
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<td>Postvisit Feedback</td>
<td>Zocdoc</td>
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<td>Chatbots/ Symptom Checker</td>
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Standardizing Telemedicine

The New Normal

100% of Prepandemic Visits

80% In Person

20% Telehealth

- Emerging Trend for Health Systems
- 80/20 Split Varies by Specialty

Defining Enterprise Ambulatory Telehealth

**What** is the workflow for qualifying a patient for a telehealth visit and conducting that visit?

**How** will communication occur between providers and scheduling staff for follow-up telehealth appointments?

**Who** will be responsible for pre- and postvisit activities in support of providers?

**When** will telehealth visits occur: during clinic sessions or at dedicated times?

**Where** will staff and providers be located to conduct telehealth visits?
Organizational Snapshot
Children’s National is a top-10 pediatric hospital in the country, serving over 250,000 patients every year through its subspecialty network of 750 physicians. It is a nonprofit organization with $1.3 billion in annual revenue.

ECG’s Role and Relationship
• ECG was engaged as a strategic partner to address constraints in patient access to Children’s National’s ambulatory care network.
• With expected growth in patient volumes and current access issues, ECG led improvement efforts in
  • Access/scheduling
  • IT/Digital Health
  • Policy Development
  • Patient Experience
  • Clinic Staff/Care Model

Key Results
• Alongside Children’s leaders, ECG assisted the organization in creating 1,500 new-patient slots.
• Key project wins included:
  • Establishing new policies that expanded session lengths and standardized office workflows.
  • Developing a digital health strategy to interact with patients in and out of the clinic walls.
  • Increasing the percentage of new patients seen within 14 days of scheduling from 30% to 50%—the ultimate goal for the project.
  • Achieved insurance verification on 95% of all patients at the time of scheduling.
The Growing Primary Care Physician Shortage

In many organizations, APCs have been considered equitable to 0.66 physician FTEs in terms of productivity and workload. Given the expected shortage in primary care providers in coming years, organizations should ensure their APC strategy allows independence in panel management.

Source: AAMC Workforce Studies, June 2020 analysis.
Increased Need for Provider Deployment and APC Alignment

1. APC Intake Clinic
   - Patients are seen within 48 hours by an APC.
   - An APC directs the patient to the appropriate physician for a full workup.

   - Patients are able to be seen quickly, which increases access and gives organizations a competitive advantage in the market.
   - The APC intake clinic replaces the clinical review process to aid with sooner appointment times.
   - Patients are guided to the right physician for follow-up care.

2. APC Support Model
   - Patients are seen by a physician for the initial visit.
   - An APC conducts ongoing follow-up care when deemed appropriate by a physician.

   - Physicians and APCs work together to develop treatment plans and ensure that APCs are being used appropriately according to their training.
   - Physicians are able to see more new patients and spend less time on routine care.
Projected Change in Site-of-Service Visit Trends: 10-Year Forecast, 2019 to 2029

- Offset physician shortage
- Enhance continuity of care
- Increase access to care
- Support alternative care models

Increased Role for APCs to:

- Focus on enhanced digital health capabilities and alternative care models
- Increase in acquisitions/JVs as payers direct patients to lower cost-of-care settings
- Focus on management of high-risk/aging population in home and virtual settings
- Focus on management of high-risk/aging population in home and virtual settings

Office Based: 0%
Freestanding/HOPD Imaging/ASC: +10%
Outpatient Rehab: -1%
SNF: -5%
Hospital/Inpatient: -1%
Home: +15%

Aging Populations’ Influence on Payer Mix

The senior population will be larger than any historical precedent as baby boomers reach Medicare age.

- By 2030, those eligible for Medicare will make up **one-fifth** of the **total population**.
- **Utilization rates will increase**, as this senior generation is **living longer**.

### Aging Population

<table>
<thead>
<tr>
<th>Year</th>
<th>MA</th>
<th>Total Medicare</th>
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<tbody>
<tr>
<td>2020</td>
<td>24</td>
<td>67</td>
</tr>
<tr>
<td>2019</td>
<td>22</td>
<td>65</td>
</tr>
<tr>
<td>2018</td>
<td>20</td>
<td>60</td>
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<td>2017</td>
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<td>58</td>
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<tr>
<td>2016</td>
<td>18</td>
<td>57</td>
</tr>
<tr>
<td>2015</td>
<td>17</td>
<td>54</td>
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**MA penetration continues to increase and will likely outpace FFS growth.**

- In the last year, total MA enrollment increased by **9%**, consistent with the growth rate in prior years.
- The Congressional Budget Office projects that the share of all Medicare beneficiaries enrolled in MA plans will rise to about **51%** by 2030.

Sources: MedPAC and Kaiser Family Foundation.
Innovative MA Strategies Leading Value-Based Care Initiatives by Providers and Payer-Provider Partnerships

- Expanding geographic reach through strategically placed senior/MA clinics
- Utilizing MOB/senior center hubs for multidisciplinary care (e.g., imaging, specialties, outpatient procedures)
- Establishing chronic disease clinics for chronic-condition management, including group visits, education, and fully integrated care teams

- Expanding virtual health/telehealth to manage care
- Deploying biomonitoring devices to support care at home
- Implementing annual home assessment/AWV programs delivered by APCs
- Developing or partnering on a house-call model to manage high-risk patients

- Investing in a personalized benefit design that addresses specific health concerns in the market’s population
- Expanding community relationships (e.g., daycares, therapeutic massage providers, caregiver support) to address social determinants of health
Organizations must evolve to be successful at accountable care.

Critical Success Factors

- Physician/APC alignment/empowerment
- Leadership and accountability
- Cross-continuum integration
- Market differentiation and growth
- Quality and clinical effectiveness
- Financial strength
- Balance of rapid decision-making and inclusion
Second-Generation MSOs
MSO as a Strategy

- Improved Operations
- Health Systems
- Specialty Groups
- ACOs
- Payers
- Cost
- Improved Health Outcomes

MSO 2.0
First-Generation MSOs
Historically, MSOs were used as cost-cutting measures and a way for medical practice owners to *relieve the administrative burden* and focus on practicing medicine.

Second-Generation MSOs
Recently, MSOs have been reemerging as a strategic tool to more closely align entities. These second-generation MSOs offer the *same benefits as first-generation MSOs* but have a *greater focus on strategic collaboration* and coordination among their members.

### Typical MSO Services

<table>
<thead>
<tr>
<th>Practice Management</th>
<th>IT</th>
<th>Patient Access</th>
<th>Revenue Cycle Management</th>
<th>Decision Support and Analytics</th>
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<tbody>
<tr>
<td>Finance, Accounting, and Payroll</td>
<td>Systems Management</td>
<td>Patient Scheduling</td>
<td>Front End</td>
<td>Business Intelligence and Clinical Warehousing</td>
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<tr>
<td>HR</td>
<td>Security</td>
<td>Call Centers</td>
<td>Coding and Charge Capture</td>
<td>Care Management and Population Health</td>
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<tr>
<td>Corporate Compliance</td>
<td>Technical Support</td>
<td>Patient Outreach</td>
<td>Back End</td>
<td>Quality Program Management</td>
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<td>Payer and Hospital Contracting</td>
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MSOs are evolving to address the increasingly demanding value-based marketplace.¹

Performance monitoring and quality reporting are essential but burdensome. With many insurers now tying reimbursement to quality and outcomes, tracking performance and being able to meet clinical measures and metrics is becoming as arduous as any other administrative work within a practice.

MSOs offer clinical solutions, as well as administrative and management services. Some MSOs can help develop clinical guidelines and standards of care, provide care coordination services, and fully integrate members clinically to take advantage of upside bonuses and shared savings from insurers.

Traditional gaps between payers and providers make transitioning to a value-based model difficult. MSOs can work closely with payers and help providers gain access to additional value-based contracts and succeed under new payment models, including pay for performance, shared savings, bundled payments, and capitation.

Strategically and Operationally Designed for Growth and Sustainability

Build it right. Grow it right. Get it right.

ECG’s Perspective

• We believe MSOs are a great model for aligning provider organizations without shared employment.
• We believe the only way to achieve that alignment is through an MSO that is more than a transactional service provider.
• We believe strategically implemented MSOs can enhance collective value.
• We believe the benefits extend beyond financial performance to quality of care and patient experience.

Concept Ideation

Formulate the right structure for your MSO.
• How will an MSO help your clients achieve financial, operational, and strategic success?
• How will the MSO clients coordinate and collaborate?
• What competitive advantages can and should be developed?

Due Diligence

Evaluate the practices to identify opportunities to add value.
• What MSO services provide the greatest value to the participating organizations?
• How can information systems improve operations and patient care?
• How much change can the practices tolerate?

Implementation

Plan and execute the MSO build quickly and successfully.
• How will you partner with physician leaders to promote engagement?
• What is a realistic timeline for implementation?
• What technologies and partners will best support the goals and implementation timeline?

Path to Maturity

Assess your current MSO for ways to improve practice performance and valuation.
• What is the strategic growth plan for the MSO, and how does it impact each MSO client?
• What revenue generation opportunities can be realized through the MSO structure?
• How will the MSO remain competitive in a space of rapid innovation?
Phasing to a Mature MSO

1. Design
   - A shared vision, operating and technology model, governance structure, and financial forecasts for MSO services are developed.
   - Key MSO leaders are hired to begin detailed current-state assessments and plan for the transition to MSO services.
   - On average, no material synergies or economies of scale are realized.

2. Build
   - The MSO is operational with optimized services in place, including advanced technologies and data analytics.
   - HR, finance, and other necessary systems are selected and implemented.
   - MSO operational leads support the process standardization necessary to realize value.
   - Staffing is optimized based on need and skill mix.

3. Grow
   - The MSO has a well-established operating model with future growth targets through service expansion and alternative revenue enhancement opportunities.
   - Enhanced value-added services are evaluated and offered in conjunction with other alignment vehicles.
   - Synergies between divisions are fully realized, and integration is maximized.
   - The focus is on strategic support.

3 to 6 Months
6 to 18 Months
Ongoing
Potential Pitfalls of an MSO

The success of an MSO arrangement is directly dependent on the ability to drive value for the practices. As MSOs have become more common, many lessons learned can be gleaned from their performance—or lack thereof.

- Ensure **strategy alignment** across the various entities in the near and long term.
- Deploy **dedicated resources** at the right time to maintain and enhance service-level expectations.
- Define **growth expectations** and processes for adding new members.
- Allow for **nimble decision-making** in response to diverse market environments.
- Maintain a **focus on value** across cost, revenue, technology, and care delivery models.
Organizational Snapshot

- National Care Delivery System with 56 affiliated nonprofit organizations
- 21 of 56 affiliates operating 216 health centers in 21 states and conducting 1.2 million visits annually
- Sought assistance designing a consolidated operating model to establish a single standard for patient-centered care delivery backed by streamlined support services and an enhanced digital health ecosystem

MSO Implementation Process

- Collaborative and inclusive process organized around more than 90 staff members, including CEOs, affiliate board members, affiliate staff subject matter experts, and ancillary organization staff members.
- Eight work groups with constant analytical support to inform a decision-making process through consensus, thoughtful discussion, and paramount objection.
- Development of future-state operational models and governance structure.

Key Results

- Consolidated operating model transforming affiliates from generalist to expert model.
- Formulated roadmap for future development of a Clinically Integrated Network.
- Developed plan to decrease annual expenses by $6.6 million and revenue growth by $3 million through expanded patient reach.
Case Study #3

Organizational Snapshot

- Regional physician-owned health plan with over 360,000 members and a network of 10,000 physicians.
- To support independent specialty practices reeling from COVID-19 related financial losses, the health plan developed an **Integrated Delivery System (IDS)**
  - Improve health outcomes for its membership,
  - Lower the total cost of member care, and
  - Sustain the independent physician practice model

MSO Implementation Process and Key Progress to Date

- Selection and **assessment of potential provider organizations** to achieve the IDS strategy.
- **Selection of MSO services** to support provider organizations.
- Design of the **MSO Operating Model**, including ownership, implementation, and operational budget projections.
- Collaborative **transition of staff and selection of IT systems** for MSO Operating Model.

High-Level MSO Operating Model
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Key Takeaways

- The paradigm shift to consumerism requires that organizations be able to drive transformation.
- Ambulatory enterprises should build efficient operations and then transform them to meet consumer demands.
- Value-based care is providing systems with an opportunity for financial improvement, and organizations must evolve to be successful at accountable care.
- Governance, APC workforce management, MA participation, and KPIs are key strategies for value-based success.
- Health systems must maintain alignment with providers for operational efficiency and value-based success.
- New players are entering the healthcare delivery market through second-generation MSOs, which health systems must build a response to.
Questions & Answers