



Emerging Trends in Ambulatory Strategy and Operations

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Malita Scott

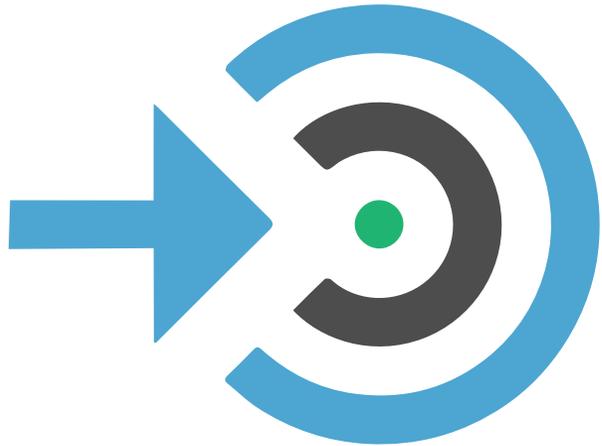
Principal



Rich Clough

Senior Manager

Topics for Today's Webinar

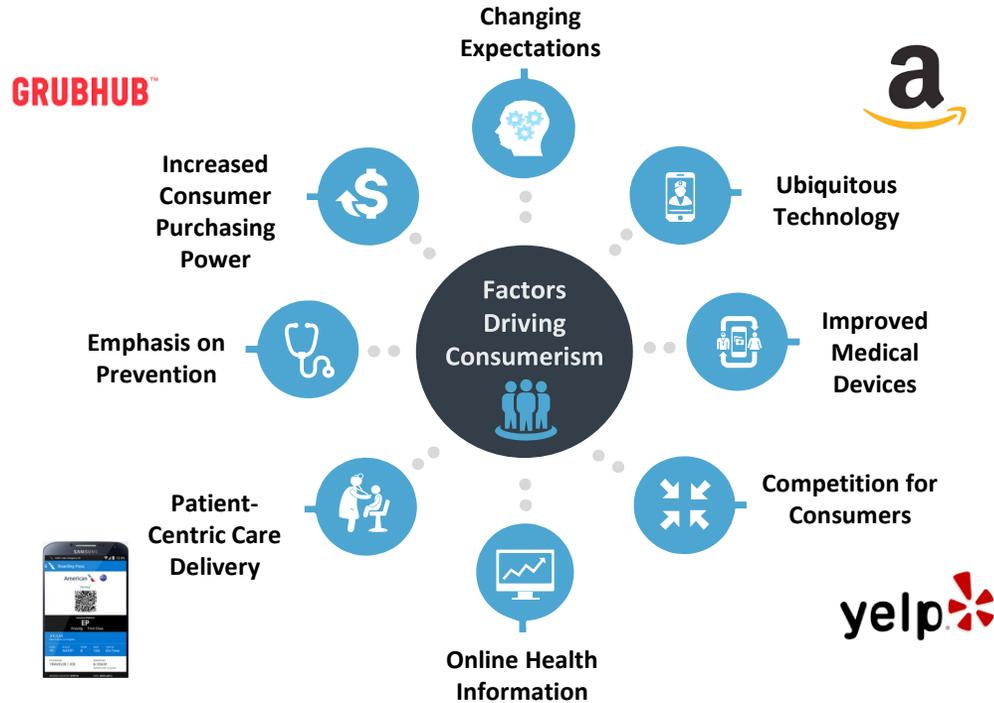


How leading organizations are:

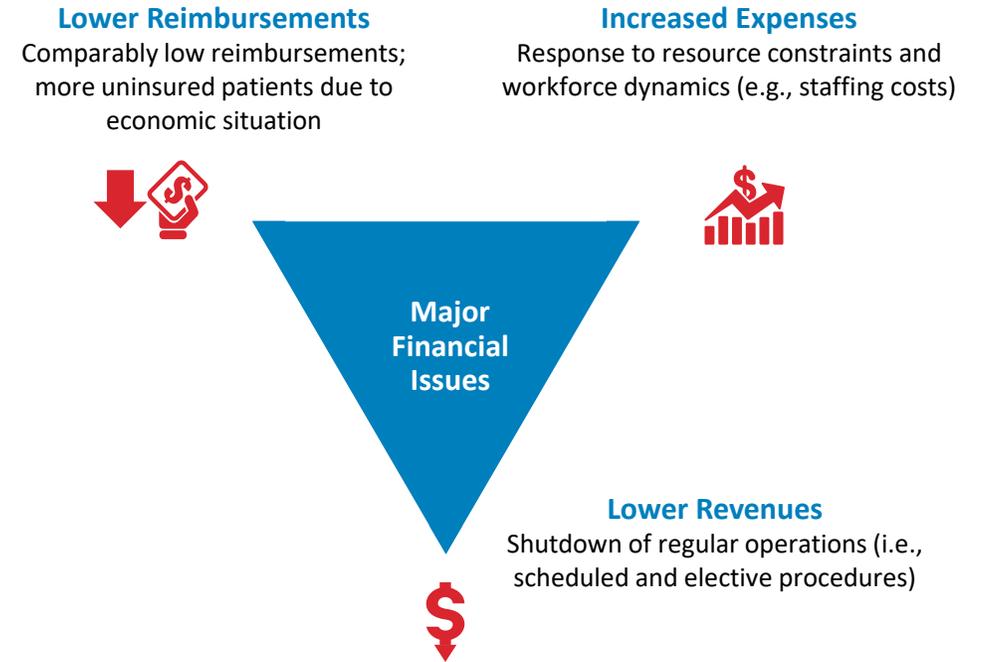
- Overcoming industry change, including consumerism, telemedicine, and operational constraints
- Developing innovative management services organization (MSO) models to align with providers, coordinate care, improve quality, and support overall practice operations
- Enhancing ambulatory operations and 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



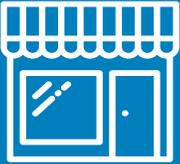
Navigating Financial Challenges



Health System Strategic Response

- ▶ Digital health investment
- ▶ Care model innovation
- ▶ Operational and financial stewardship
- ▶ New ambulatory alignment models

Paradigm Shift in Healthcare Consumerism

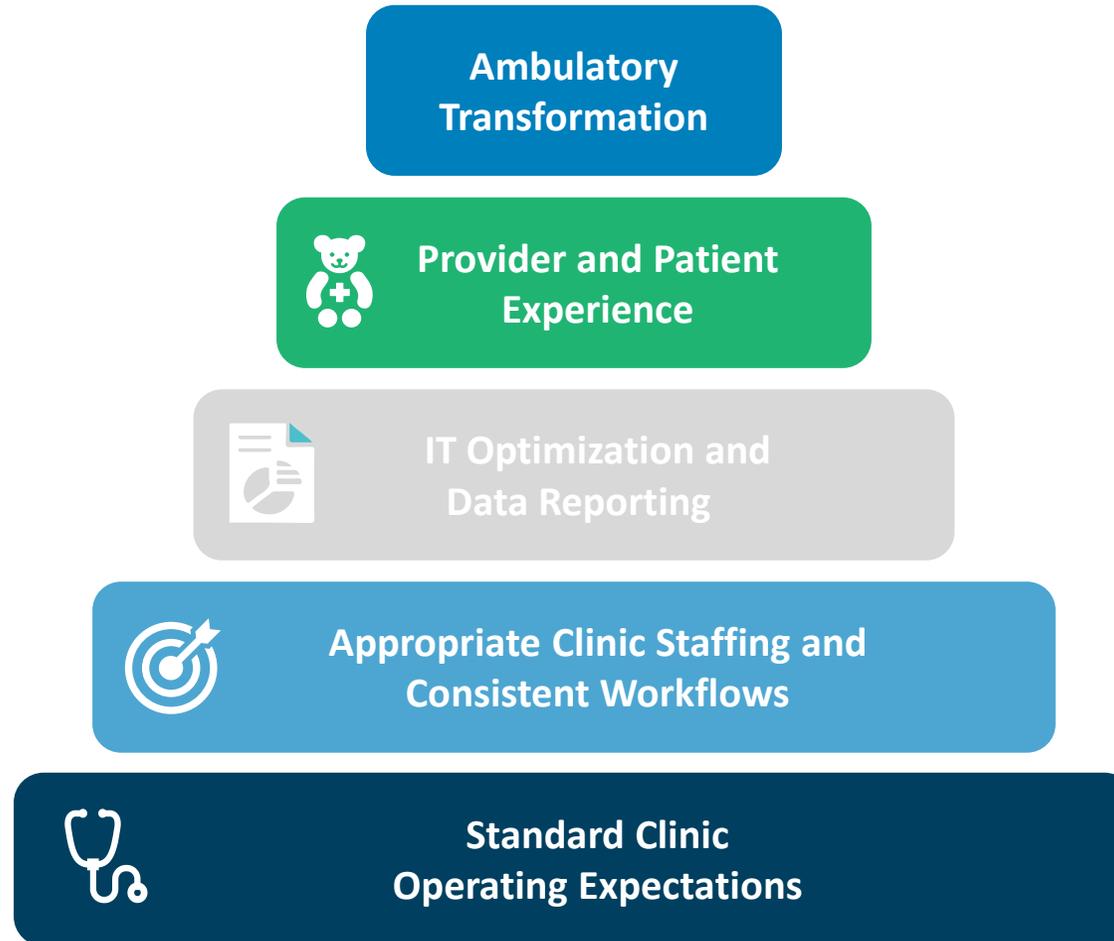
| Past | | Present and Future | |
|---|--|---|---|
|  | Hospital-based outpatient services and clinics | Competitive prices and more contemporary relationships between physicians and hospitals (e.g., ASCs, concierge medicine) |  |
|  | All care delivered in person | Balanced mix of virtual and in-person care delivered in a manner appropriate and convenient for patients and families |  |
|  | Physicians in independent practices/groups | <ul style="list-style-type: none"> • Integrated provider networks • Access to data for care coordination across the continuum |  |
|  | <ul style="list-style-type: none"> • Fragmented practice locations • “Onesie-twosie” practices | “Big box” ambulatory centers containing colocated practices |  |



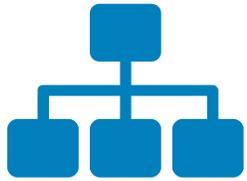
Leading Change for Today's Ambulatory Enterprise

Framework for Change

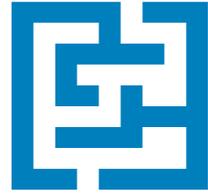
Building Blocks of Ambulatory Transformation



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

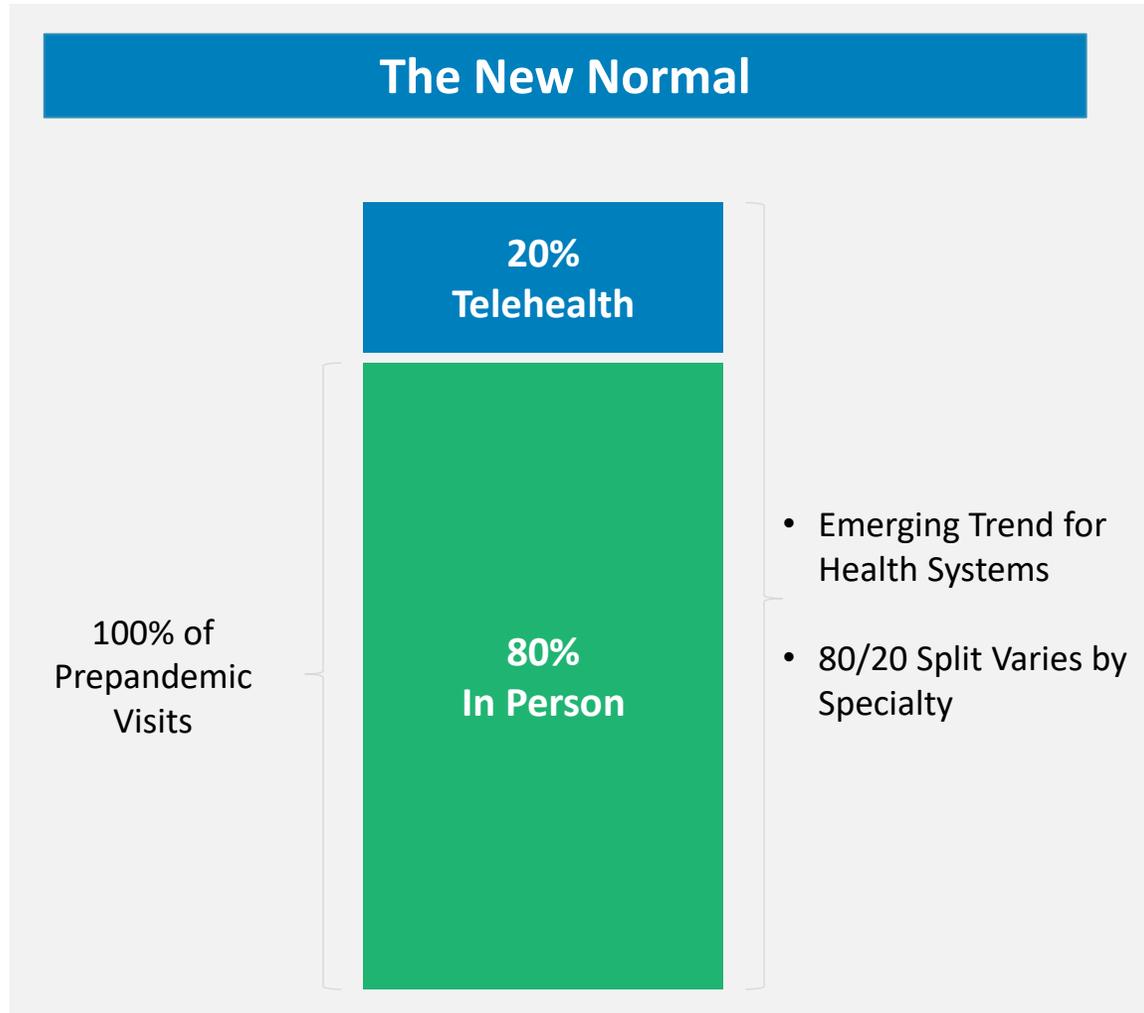


Robust analytics support

Patient-centric technology is driving access and care coordination.

| Today's Technology Needs | | | Sample Vendors | | |
|-----------------------------------|---------------------------|------------------------------------|---|--|--|
| Phone Interconnectivity | Documentation Capture | Wait Time Management |      | | |
| Clinic Tracking Boards and Kiosks | Improved User Scheduling | Texts and Reminders |      | | |
| Telemedicine and Virtual Care | Contact Center Operations | Patient Portal and Self-Scheduling |     | | |
| Customer Relationship Management | Postvisit Feedback | Chatbots/ Symptom Checker |      | | |

Standardizing Telemedicine



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?

Case Study #1



Children's National

Transforming Pediatric Ambulatory Care and Access

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**

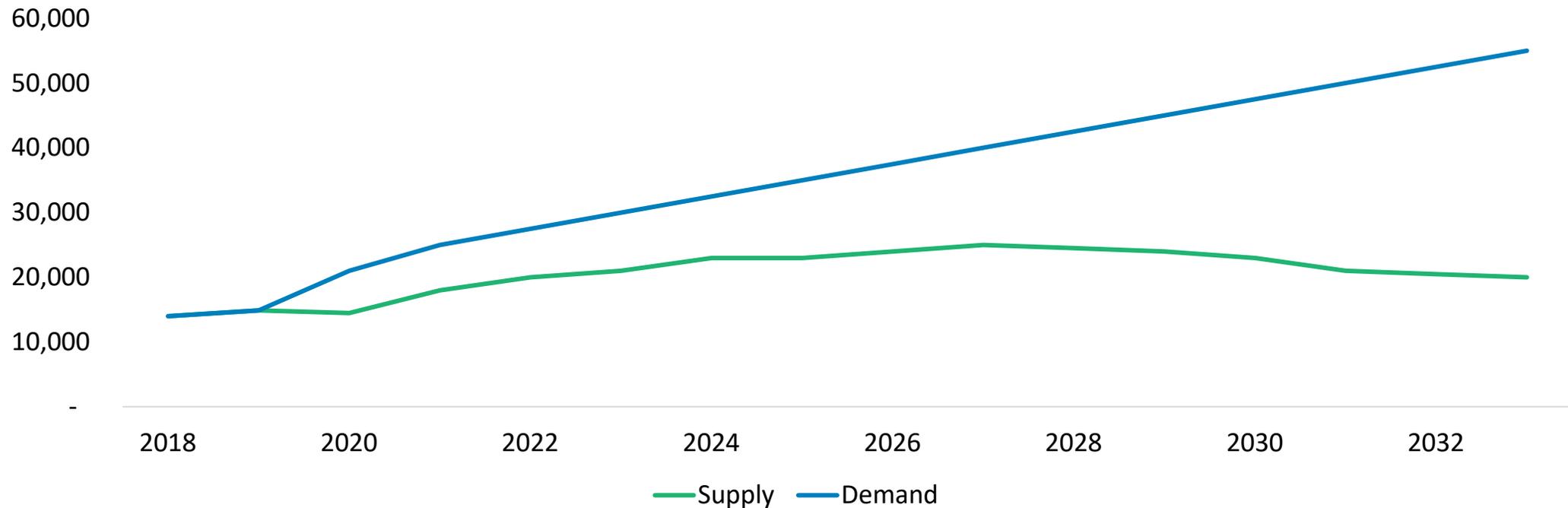
Key Results

- 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

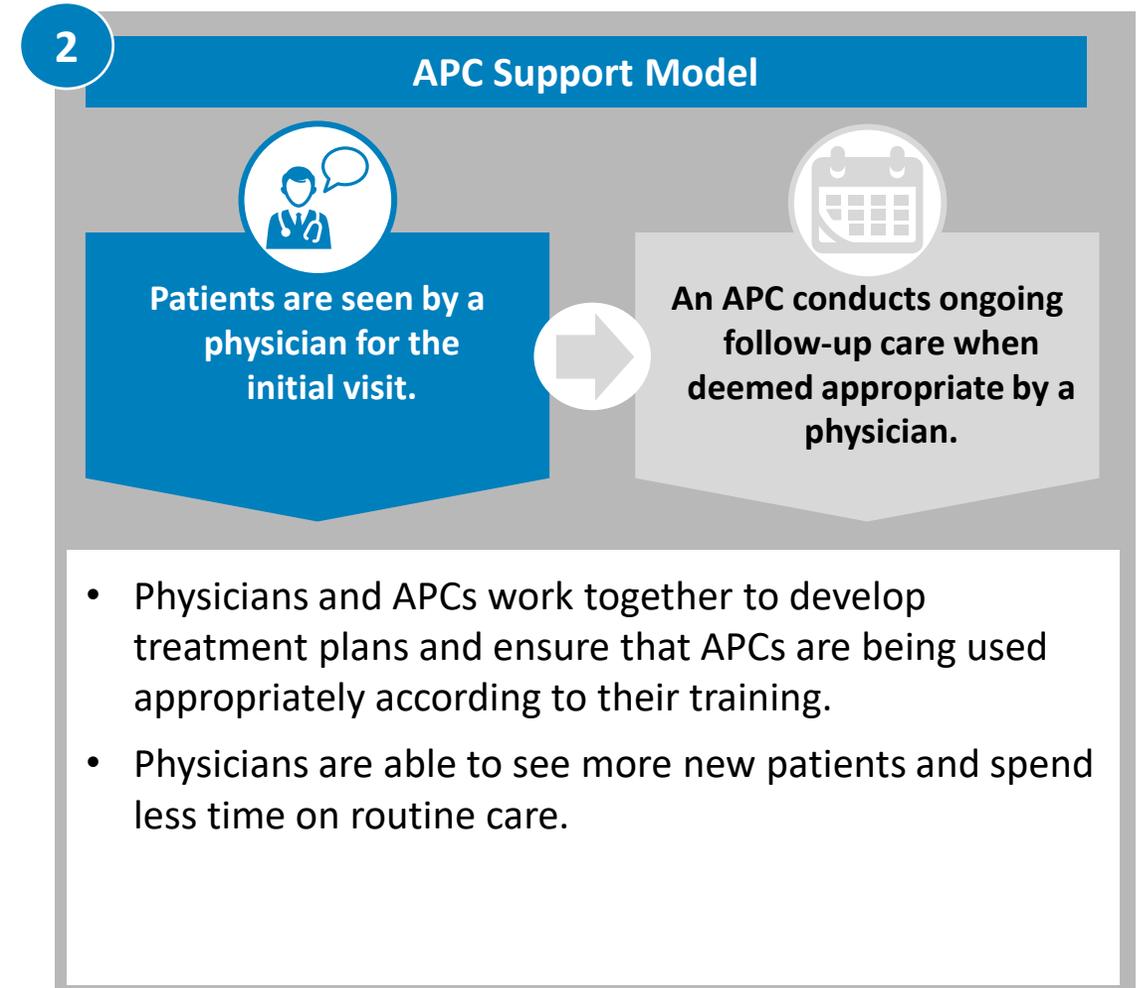
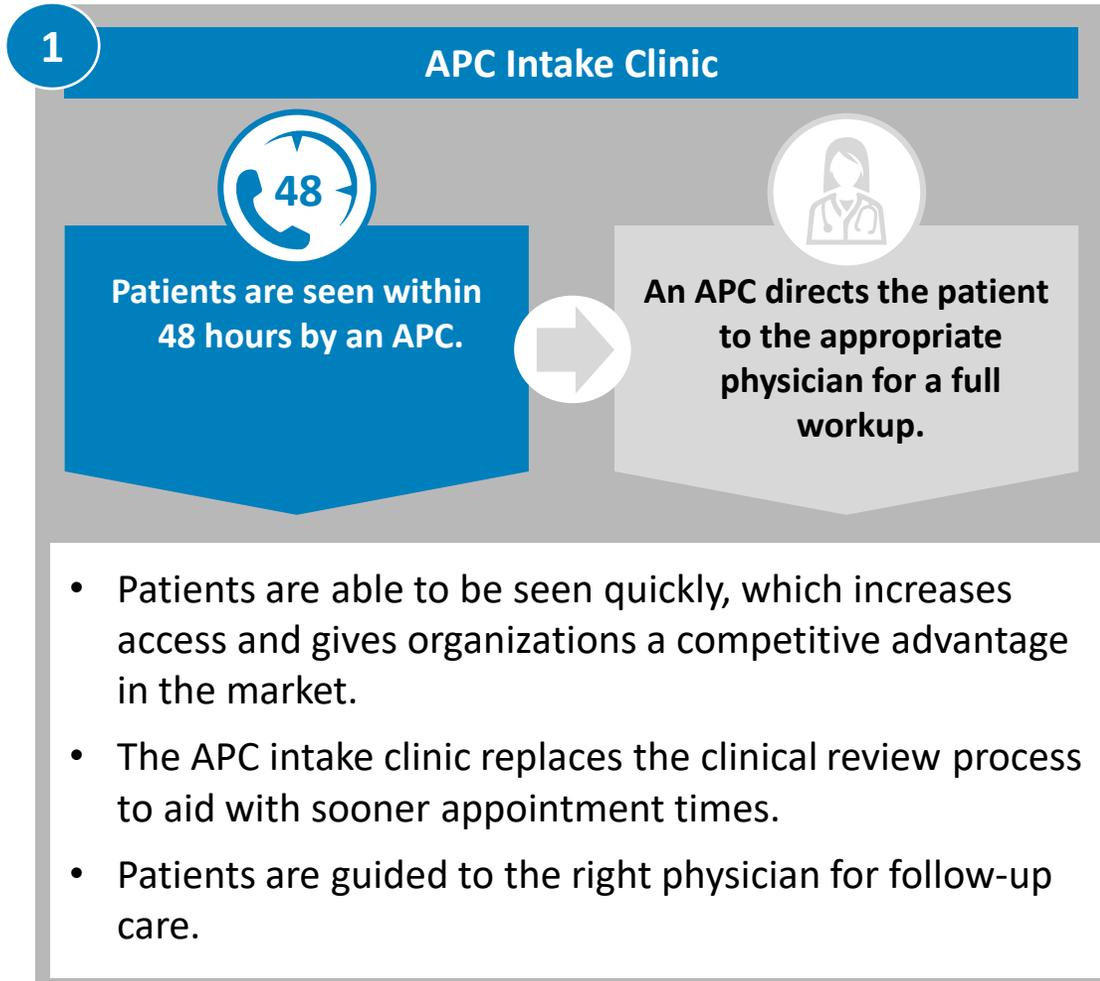
In many organizations, APCs have been considered equitable to 0.66 physician FTEs in terms of productivity and workload. Given the expected shortage in primary care providers in coming years, organizations should ensure their APC strategy allows independence in panel management.

Projected Primary Care Physician Supply and Demand

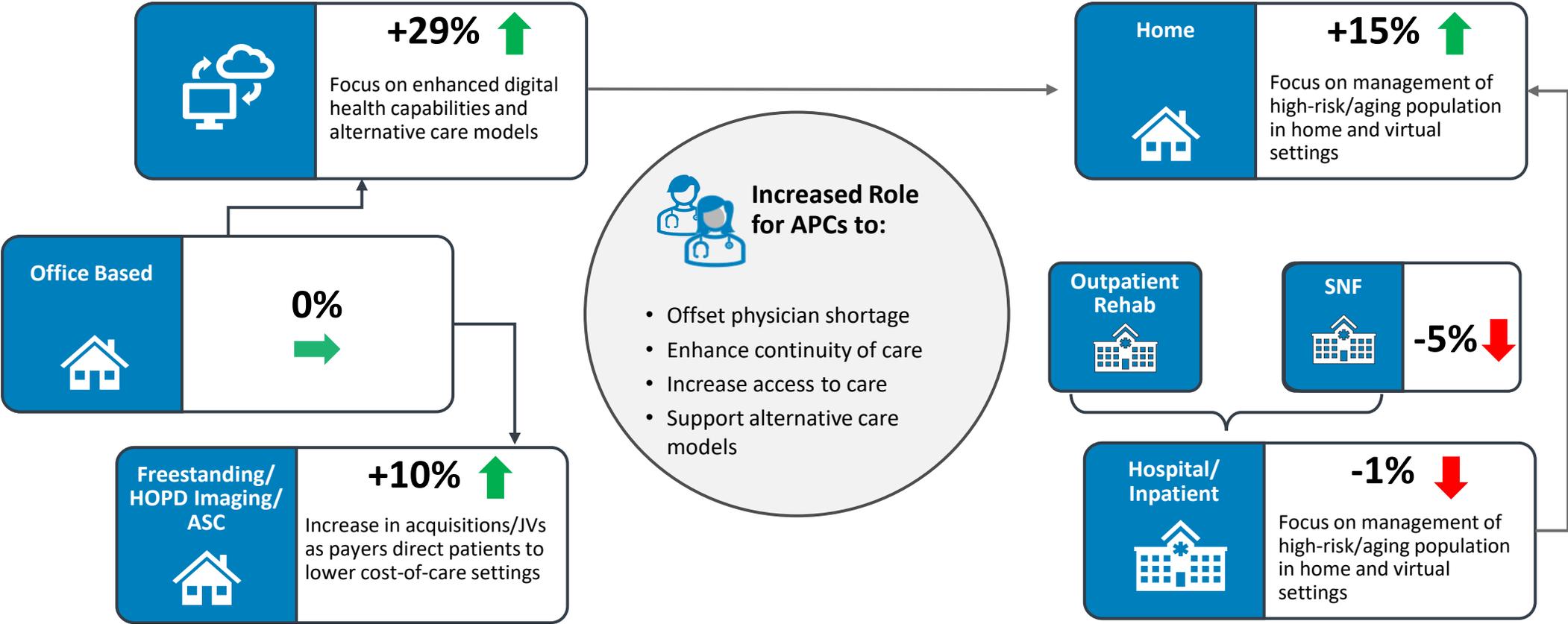


Source: AAMC Workforce Studies, June 2020 analysis.

Increased Need for Provider Deployment and APC Alignment



Projected Change in Site-of-Service Visit Trends: 10-Year Forecast, 2019 to 2029



Sources: 2021 Impact of Change Forecast Highlights: COVID-19 Recovery and Impact on Future Utilization (Sg2). Healthcare Cost and Utilization Project National Inpatient Sample (Agency for Healthcare Research and Quality, Rockville, MD, 2018). Sg2 All-Payer Claims Data Set, 2018. The following 2018 CMS Limited Data Sets: Carrier, Denominator, Home Health Agency, Hospice, Outpatient, and Skilled Nursing Facility (SNF). Claritas Pop-Facts, 2021. Sg2 Analysis, 2021. AAMC Vizient Clinical Practice Solutions Center, 2021. Vizient Clinical Data Base/Resource Manager. National Patient and Procedure Volume Tracker. American Hospital Association DataQuery.

Aging Populations' Influence on Payer Mix

Aging Population

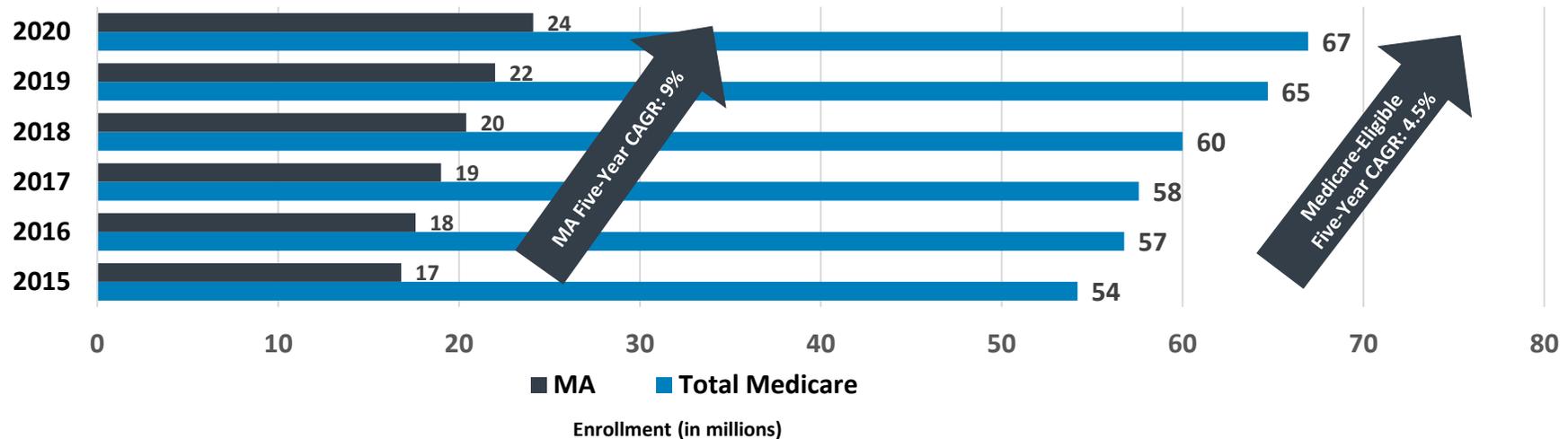
The senior population will be larger than any historical precedent as baby boomers reach Medicare age.

- 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**.

Medicare Advantage (MA)

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 biomonitors 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



Develop Geographic Access Points

Expand Health at Home

Build Patient Engagement

Organizations must evolve to be successful at accountable care.



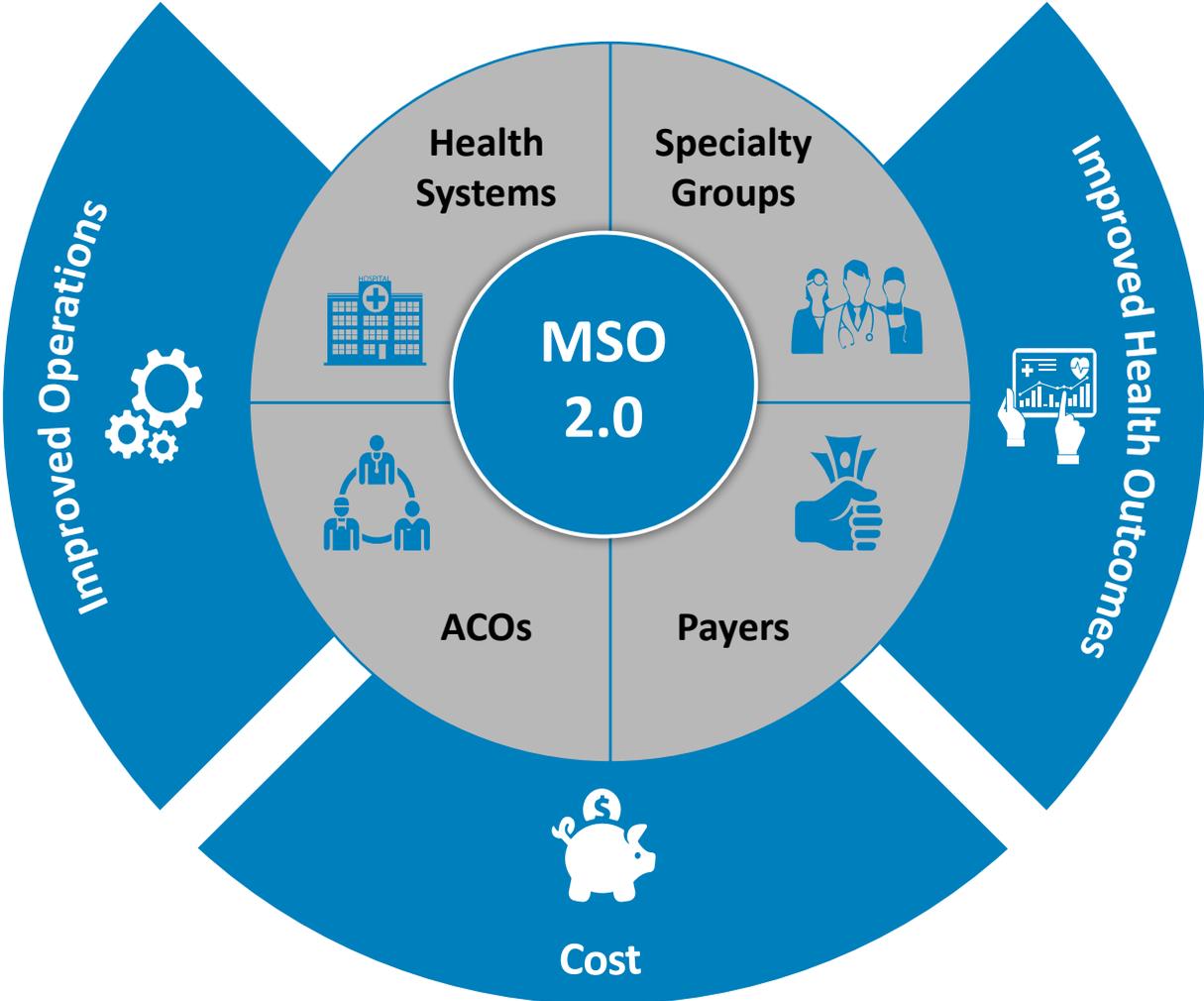
Critical Success Factors

- 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

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Second-Generation MSOs

MSO as a Strategy



First-Generation versus Second-Generation MSOs

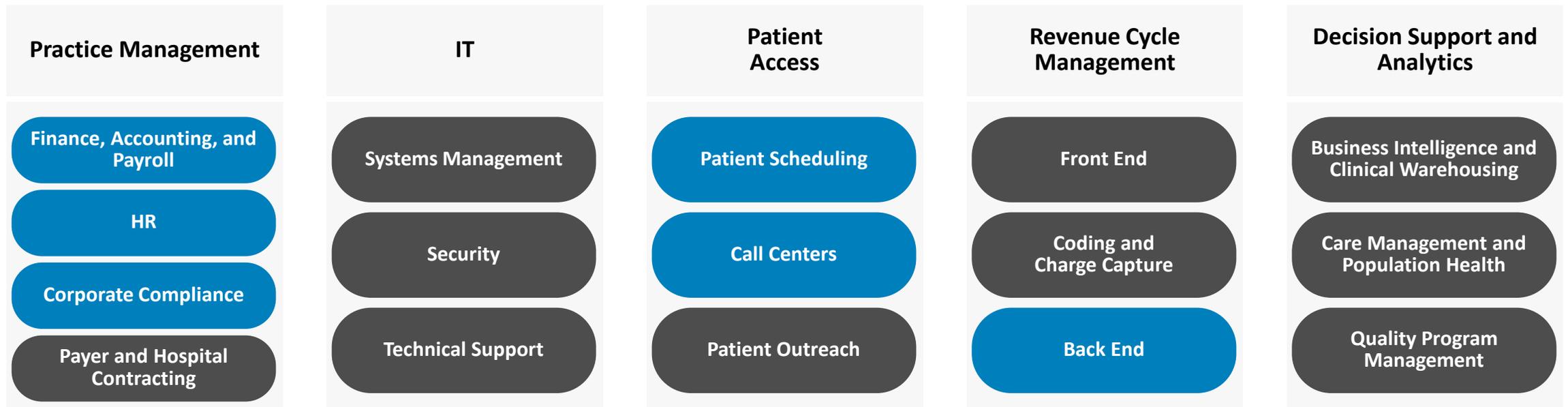
First-Generation MSOs

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.

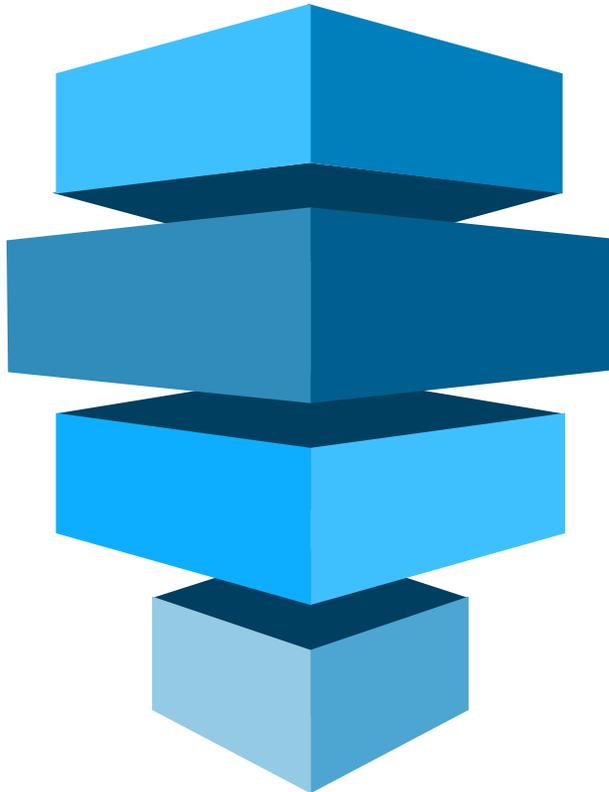
Second-Generation MSOs

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



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.

¹ <https://www.physicianspractice.com/view/understanding-management-services-organizations-msos>.

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?

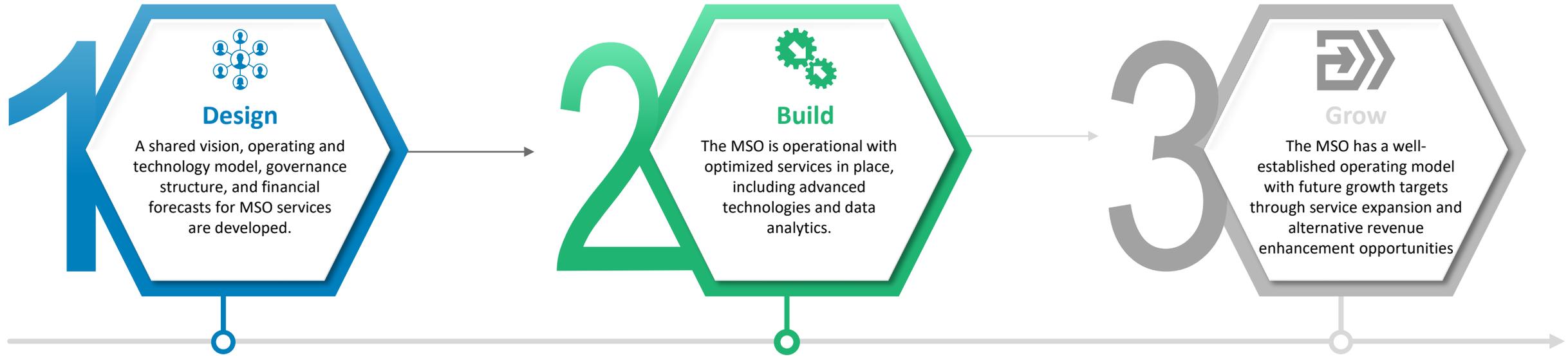
Path to Maturity



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



3 to 6 Months

- 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.

6 to 18 Months

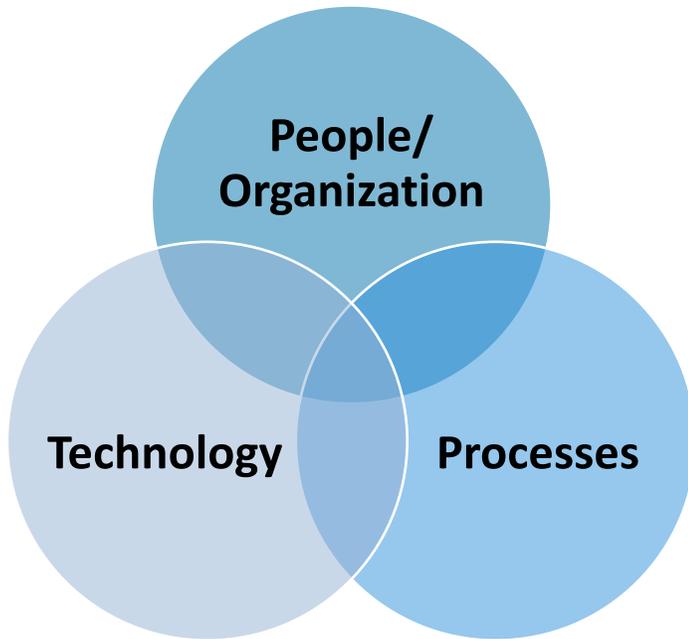
- HR, finance, and other necessary systems are selected and implemented.
- MSO operational leads support the process standardization necessary to realize value.
- Staffing is optimized based on need and skill mix.

Ongoing

- 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.

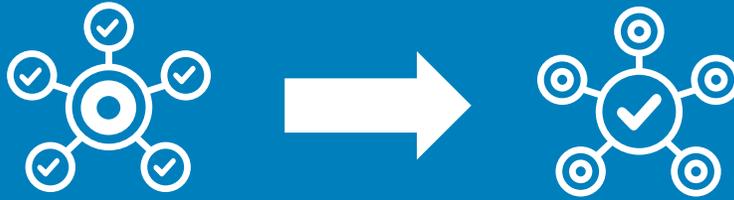
Potential Pitfalls of an MSO

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.

Case Study #2



Transforming a National Federated Model for a Sustainable Future

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



Building an Independent Specialist MSO

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)** to
 - 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



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

