



PROVIDER RISK READINESS REPORT

June 2019

hfma[™]

Lead. Solve. Grow.

NAVIGANT

Overview

170
Respondents

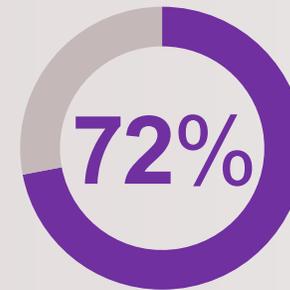
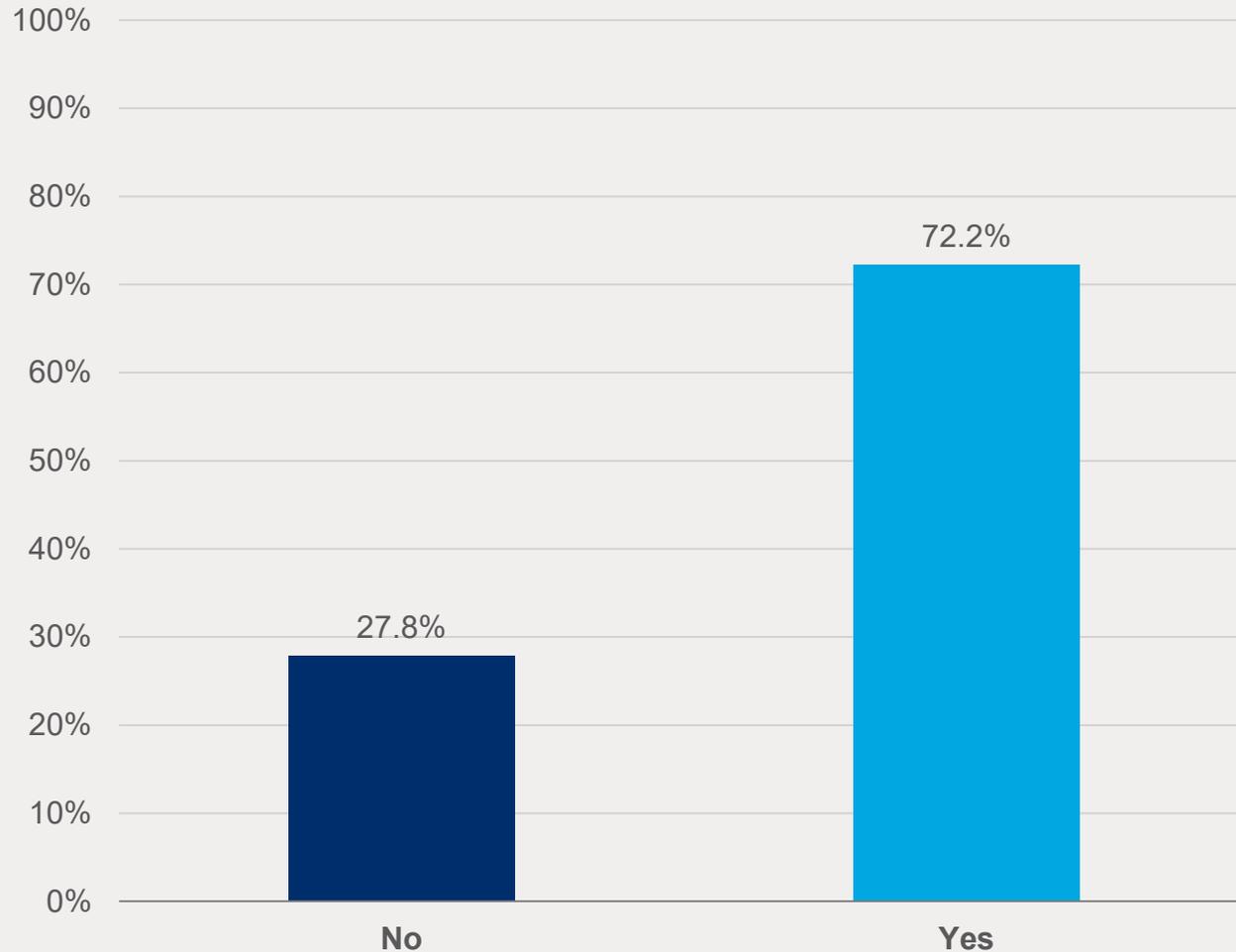


- 112** From Hospitals
- 58** From Health Systems



- 104** Finance VPs, Directors, or Supervisors
- 66** C-level

Q. Does your organization currently have the capabilities needed to support increased levels of risk?

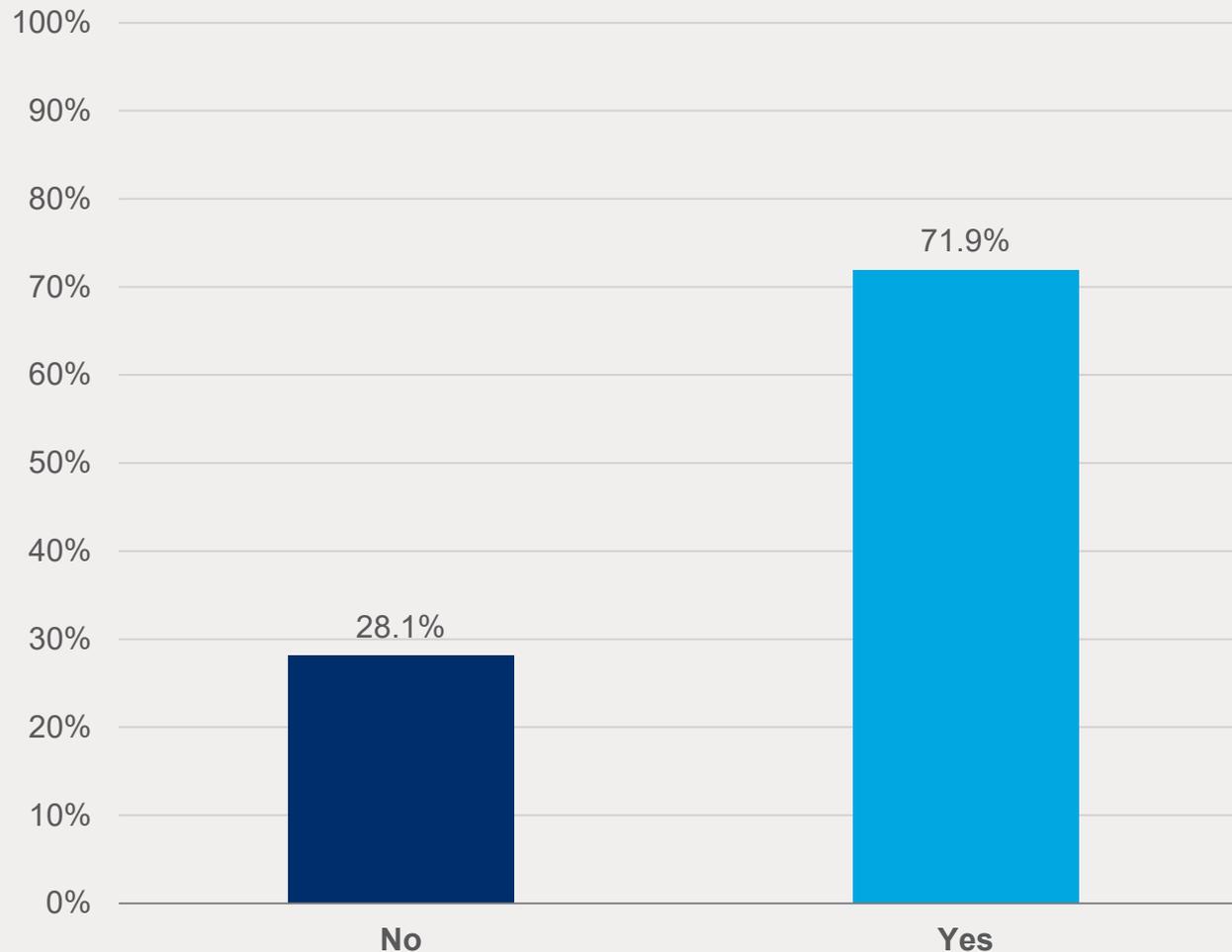


of respondents believe their organizations **currently have the capabilities needed** to support increased levels of risk.

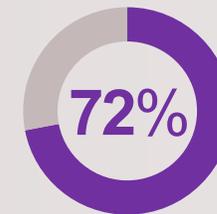
81% vs. 68%

More **health system** than **stand-alone hospital** respondents believe their organizations are prepared to take on additional risk respondents.

Q. Is your organization planning to assume additional risk (Ex: Medicare Advantage, Medicare/commercial ACOs) in the next 1-3 years?



Of those executives believing their organizations are prepared to take on additional risk:



say they're planning to assume more risk **in the next 1-3 years.**

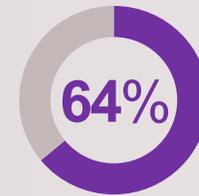
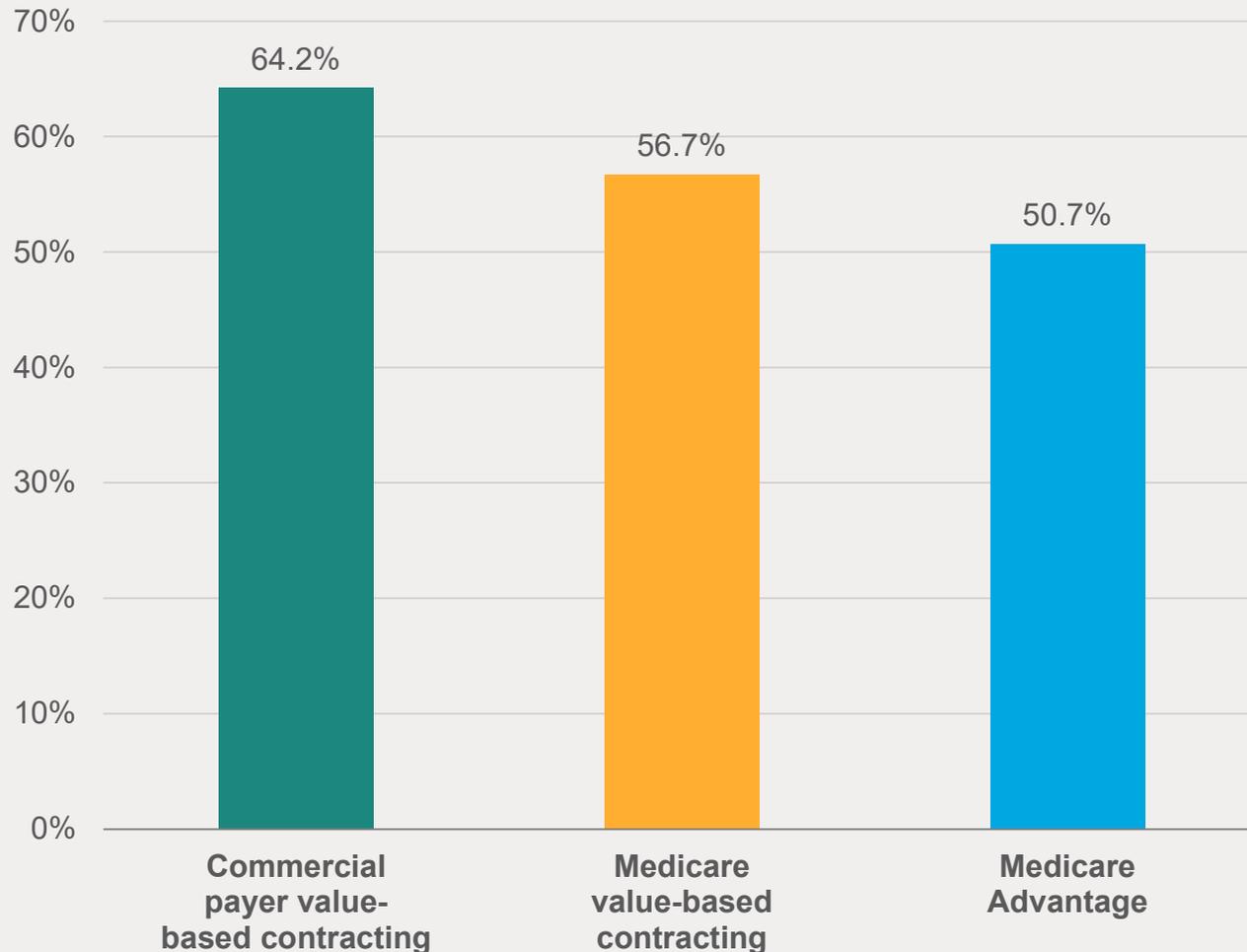
86% vs. 68%

More **health system** than **stand-alone hospital** respondents say they're planning to assume additional risk in the next 1-3 years.

56%

Lack of local market demand was cited by more than half of those not planning to take on additional risk.

Q. Through which model(s) is your organization planning to assume additional risk in the next 1-3 years? (Select all that apply.)



64% of respondents predict **commercial payer contracting models**.



57% of respondents predict **Medicare contracting models**.

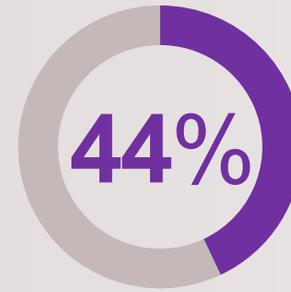
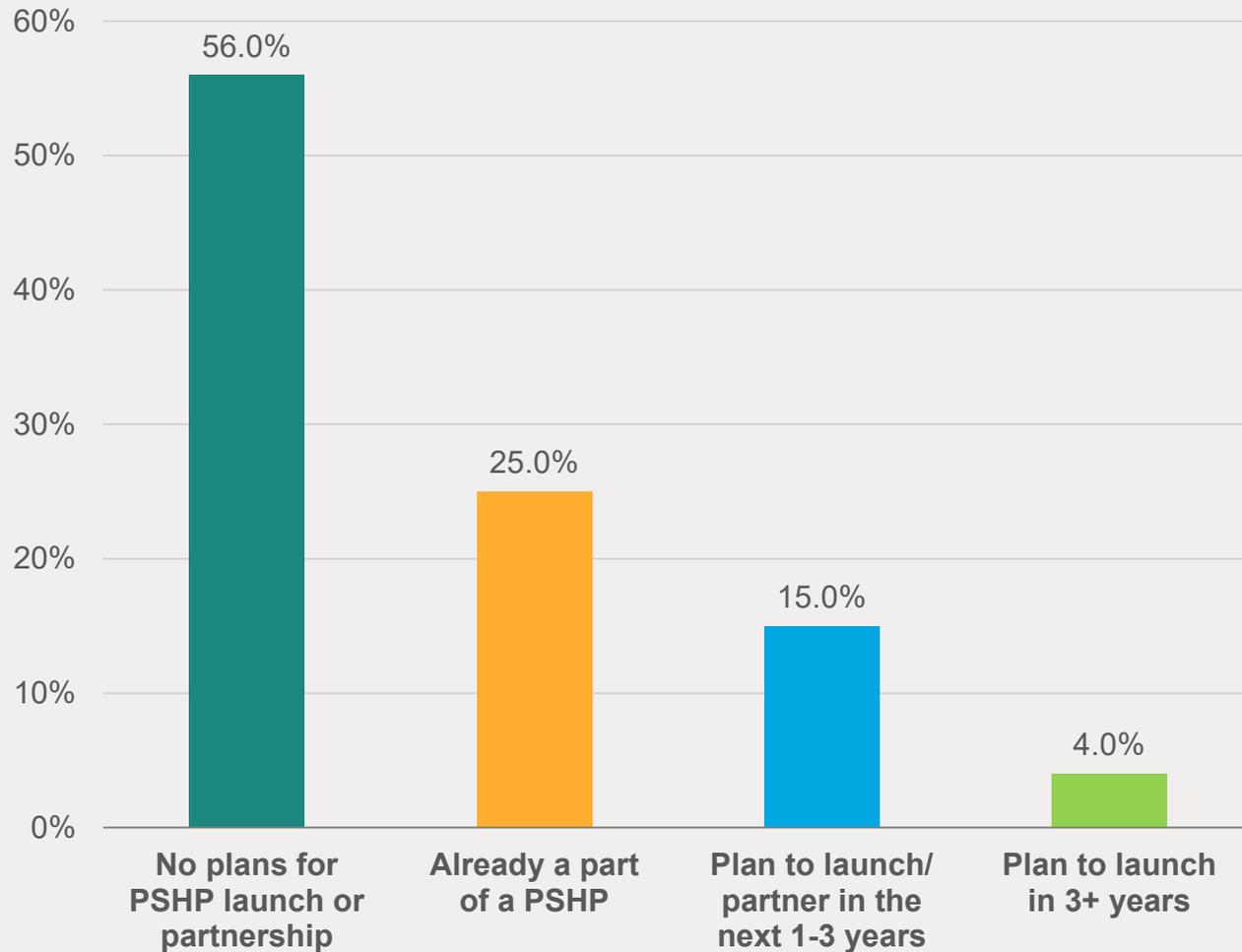


51% of respondents predict **Medicare Advantage**.

75% vs. 58%

More **health system** than **stand-alone hospital** respondents predict an increase in commercial payer models.

Q. What are your organization's plans related to launching or partnering on a provider-sponsored health plan?

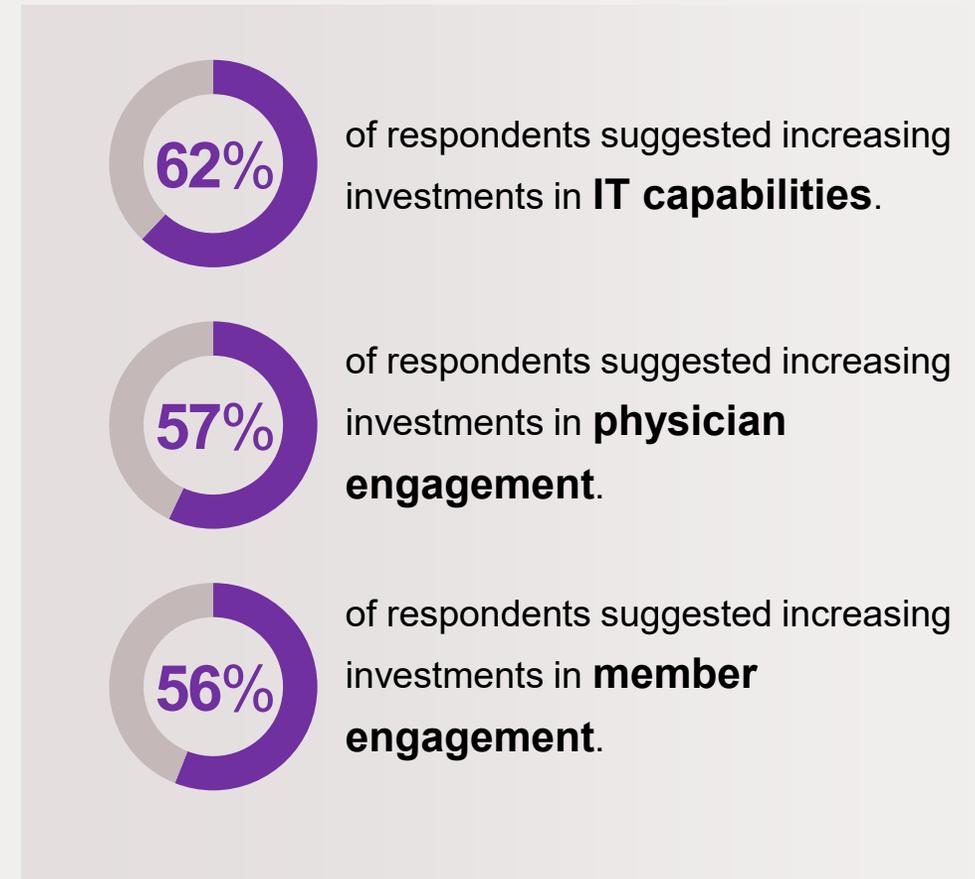
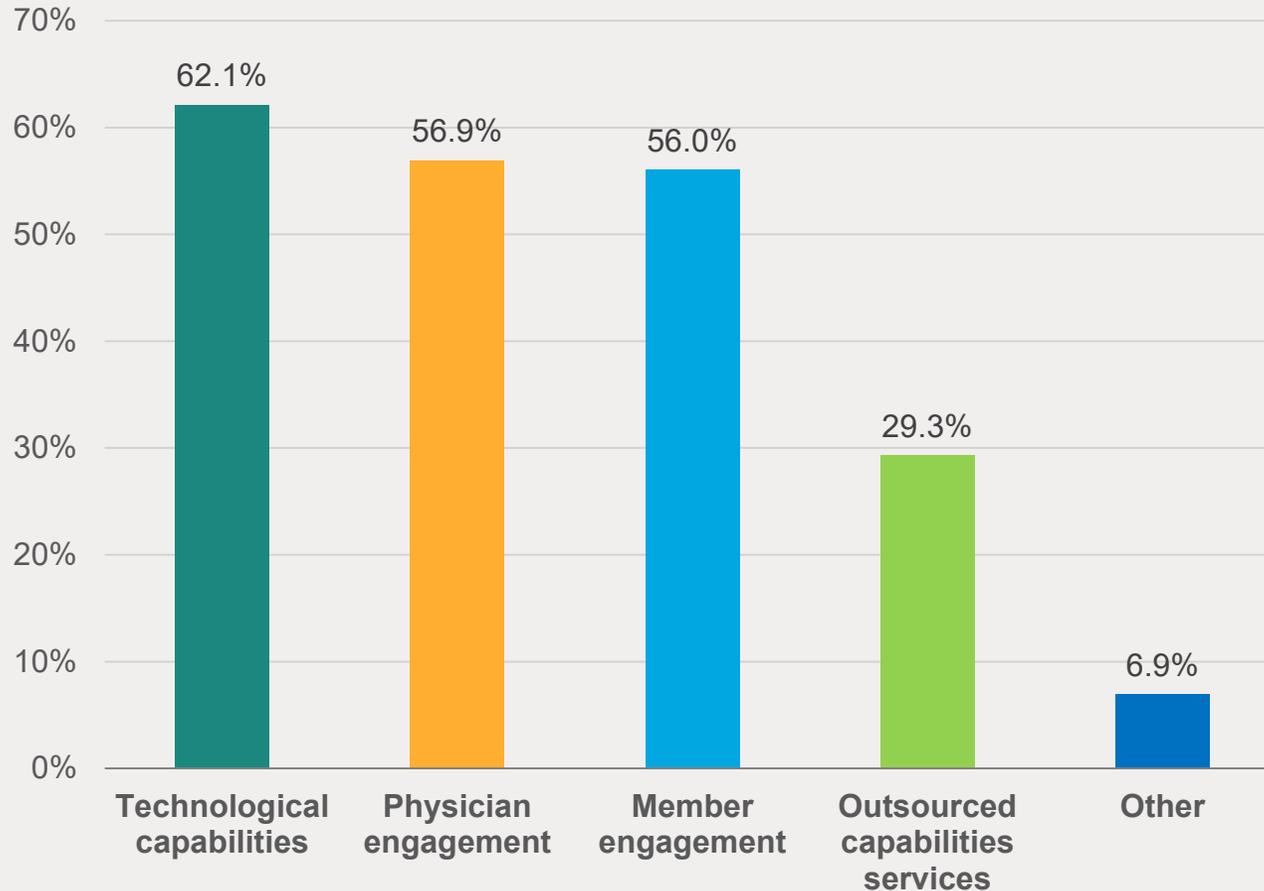


of respondents say their organizations are **already part of or plan to launch a PSHP.**

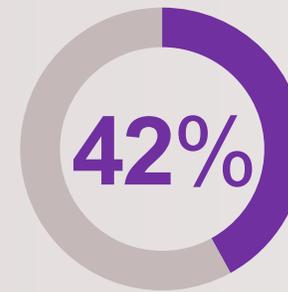
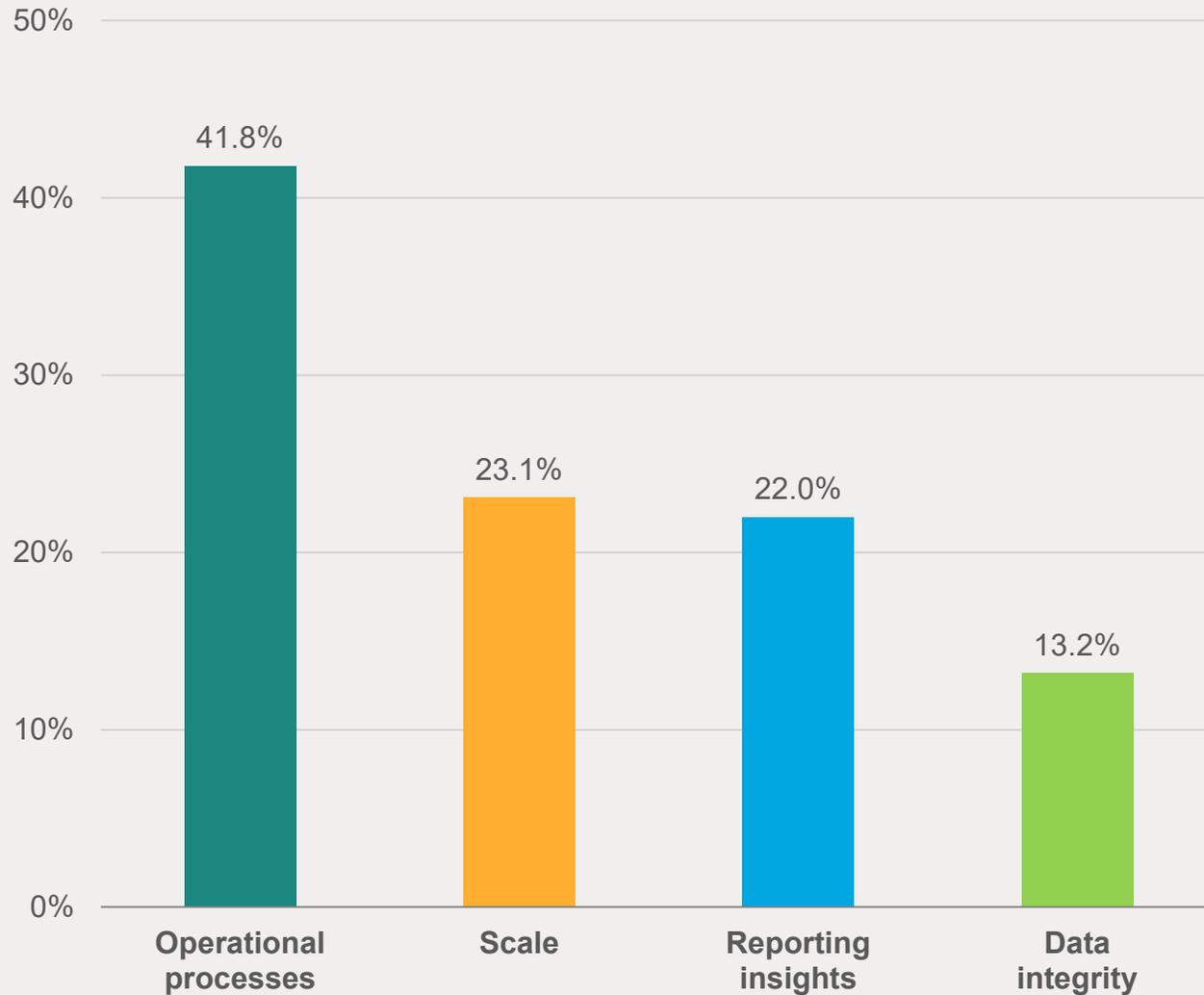
34% vs. 21%

More **health system** than **stand-alone hospital** respondents say their organizations are already part of PSHP.

Q. In what areas are you planning to increase investments (financial, labor) to enhance payer collaboration and support increasing levels of risk? (Select all that apply.)



Q. What is your top challenge with maintaining risk-based capabilities?



of respondents cited **operational processes** (contract execution, care coordination/ management) as the top challenge per maintaining risk-based capabilities.

28% vs. 15%

Almost twice as many **stand-alone hospital** than **health system** respondents cited scale as the top challenge.

Strategies for FFS and Value-Based Growth

Providers will inevitably continue to operate in a market primarily driven by fee-for-service (FFS) payments, but the path forward does not have to be an either/or scenario.

Provider Strategies for FFS and Value-Based Revenue and Margin Growth



Engage physicians to drive clinical standardization through a Hospital Quality and Efficiency Program, a contract between a health system and an ACO or clinically integrated network.



Focus cost reduction on more discrete areas, such as post-acute care, pharmacy care, and management of high-risk patients.



Emphasize in-network customer keepage by building tight provider network relationships through IT connectivity, a shared referral management infrastructure, and common standards for access, quality, and cost.



RICHARD BAJNER

Navigant Managing Director
and Healthcare Value
Transformation Practice Leader

“With most health systems anticipating continued downward pressure on margins, accepting risk can represent a lever for revenue growth - as long as providers clarify internal accountabilities and commit enough of their resources to risk. These results show the value-based movement may be coming full circle, and this time providers will benefit from previous experiences in designing their approach.”



KAI TSAI

Managing Director, Navigant

“Sharing risk must be a collaborative pursuit between payers and providers. It’s clear that providers have built the capabilities needed to support enhanced levels of risk and are planning to increase their risk assumption in the near future. Both entities need to partner more closely to lessen the gap between the supply of and the demand for risk arrangements in markets nationwide.”

ABOUT NAVIGANT

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage, and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the firm primarily serves clients in the healthcare, energy, and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at [navigant.com](https://www.navigant.com).



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