

# Are There Healthcare Dollars for In-Home Interventions?

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Yes!

...and sort of

# Overview

- ▶ From fee for service to value-based healthcare Models
- ▶ Mid-stream population health management
- ▶ Support for in-home interventions

# From Fee-For-Service to Value-Based Healthcare Models












A surgeon wearing a blue scrub suit, a white surgical mask, and a green surgical cap is shown in an operating room. The surgeon is holding a pair of surgical forceps in their right hand, which is gloved in white. The forceps are holding a US \$100 bill. The background is slightly blurred, showing the sterile environment of an operating room.

**Fee-for-service** is a system of health insurance payment in which a doctor or other health care provider is paid a fee for each particular service rendered, essentially rewarding medical providers for volume and quantity of services provided, regardless of the outcome.

Source: <https://www.healthinsurance.org/glossary/fee-for-service/>

# Fee-for-Service Payment Model



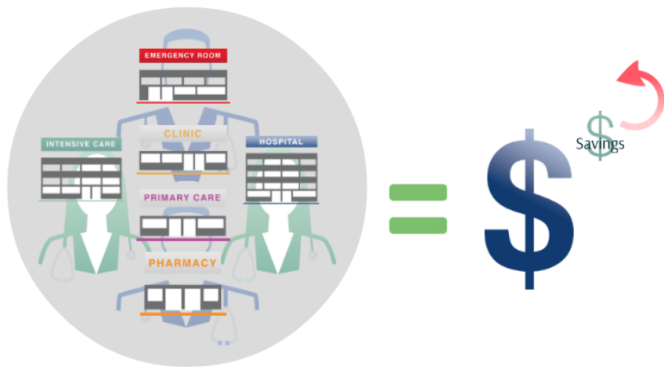
**Value-based** healthcare is a healthcare delivery model in which providers, including hospitals and physicians, are paid based on patient health outcomes. ... Value-based care differs from a fee-for-service or capitated approach, in which providers are paid based on the amount of healthcare services they deliver.

Source: *What is Value-Based Healthcare?*, NEJM Catalyst, 2017-01-01;  
<https://catalyst.nejm.org/what-is-value-based-healthcare/>



# Value-Based Care Payment Models

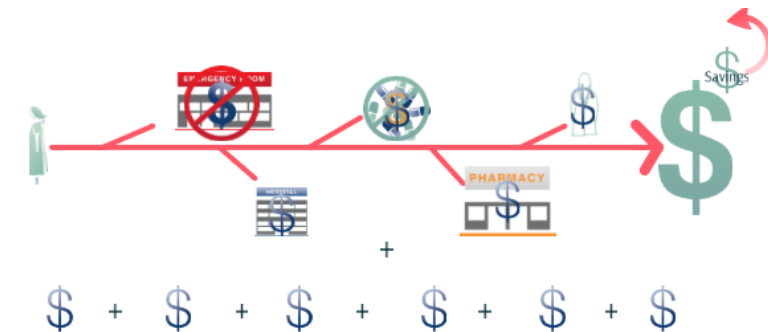
## Accountable Care Organizations



## Bundled Payments

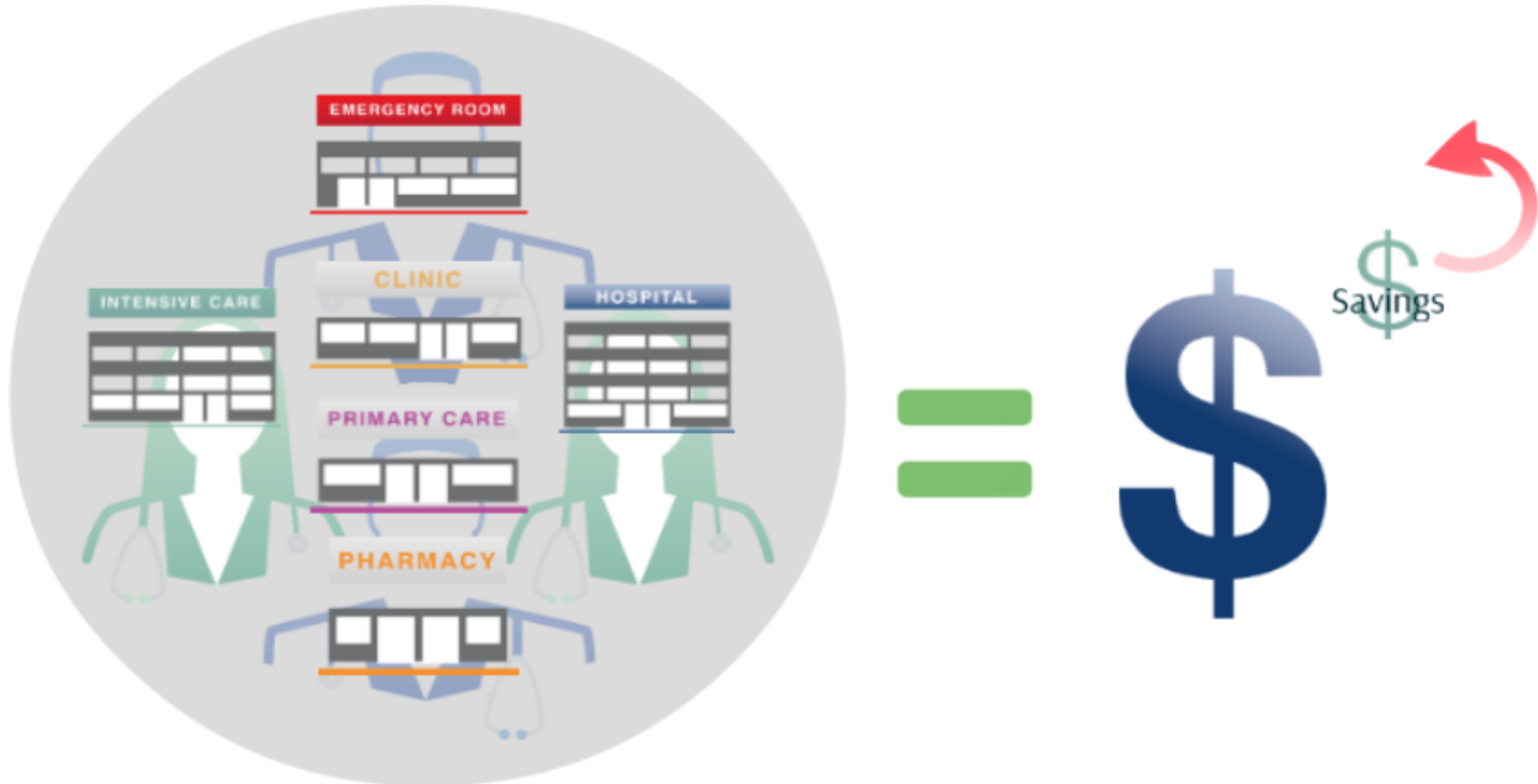


## Patient-Centered Medical Home

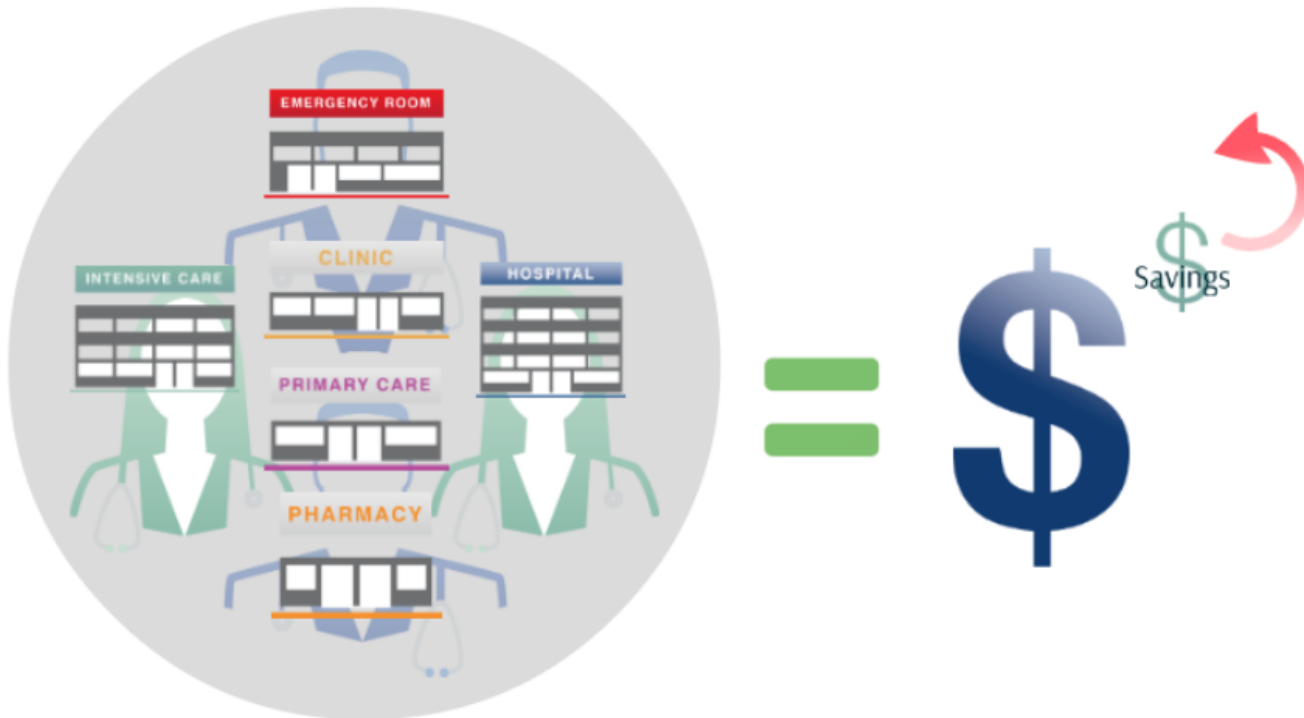




# Accountable Care Organizations



# Accountable Care Organizations

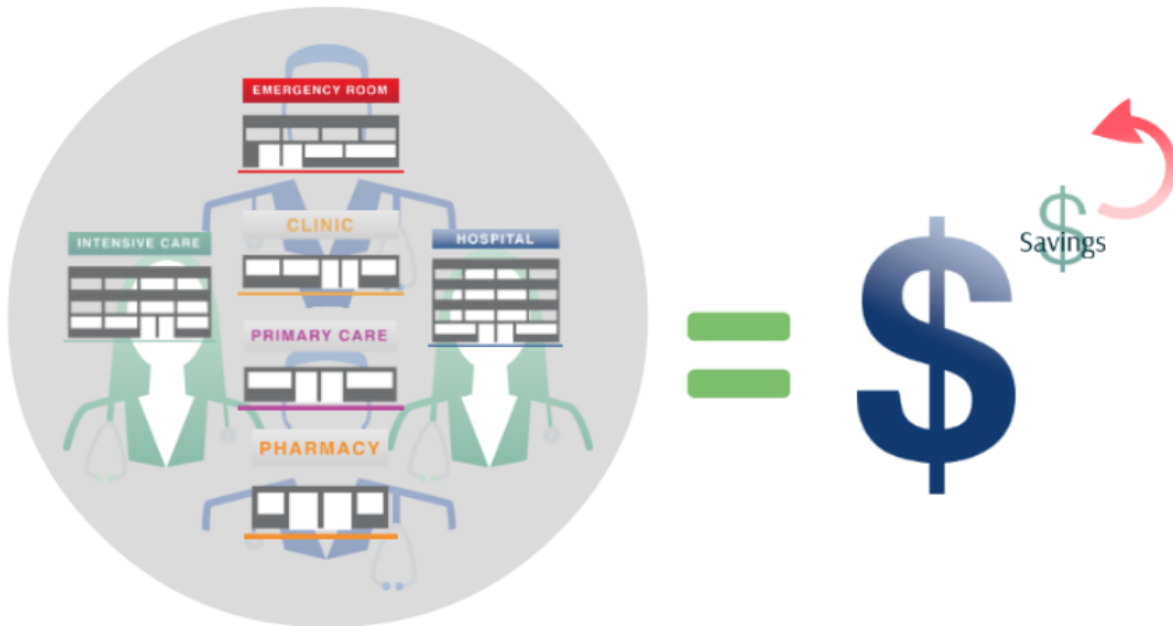


- (ACOs) are groups of providers across different settings— primary care, specialty physicians, hospitals, clinics, and others – who chose to come together to jointly share responsibility for overall quality, cost, and care for a large patient population.



# Accountable Care Organizations

- The ACO physicians bill the way they always do, but the total costs get compared to an overall target.
- Plus, they have to measure some of their patient outcomes, to prove that they hit certain quality benchmarks.
- If costs are higher than the target, the ACO may get penalized.
- In the end, if they are under the cost target and satisfy their quality measures, they get a share of the savings.



# Bundled Payments



# Bundled Payments



- A health care bundle estimates the total cost of all of the services a patient would receive per episode over a set time period for a certain problem, like a knee replacement or heart surgery.

# Bundled Payments



- For example, a payer such as Medicare or an insurance company could calculate that a hypothetical 30-day bundle for a knee replacement surgery costs \$10,000.
- The payer reduces the total cost of the episode by 2-3%, and hands the bundle over to the provider – in the knee surgery example, that becomes \$10,000 minus 2%, so \$9,800.
- The provider is then responsible for *all* costs of treatment – whether or not it exceeds the amount of money they were originally given.

# Bundled Payments



- If the provider keeps costs low, they can keep the margin on the bundle, while the insurance company already saved by reducing the cost of the episode by a small percentage when they created the bundle.
- So, in our example, if the provider was able to meet quality benchmarks and the total cost of the 30-day episode was \$9,000, they get to keep the extra \$800.

# Patient-Centered Medical Home



# Patient-Centered Medical Home



- Set themselves apart by providing set monthly payments on top of existing funding models, in order to fund a highly coordinated team of primary care professionals, which may include, depending on the patient's needs, physicians, nurse practitioners, medical assistants, nutritionists, psychologists, and possibly even specialists.
- The team works closely to build a strong relationship with each other, with their patients and their caregivers.

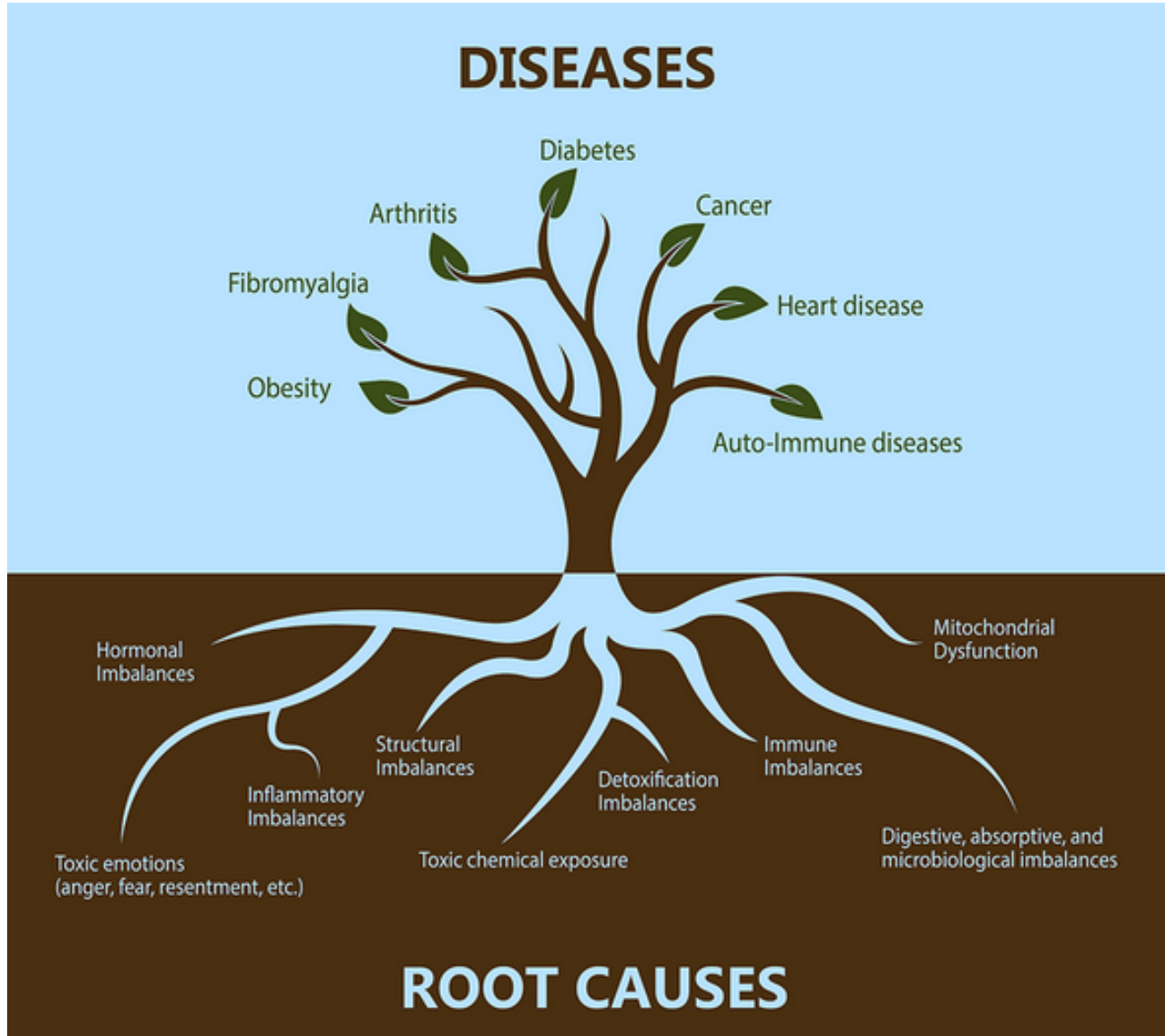
# Patient-Centered Medical Home

- This extra money can be used to hire nurses or agencies to give special care and attention (by phone or home visits, for example) to high-risk patients, with the goals of reducing emergency room visits and other preventable problems in the long run.
- In the end, the savings from better coordinated care make the extra monthly payments worthwhile.



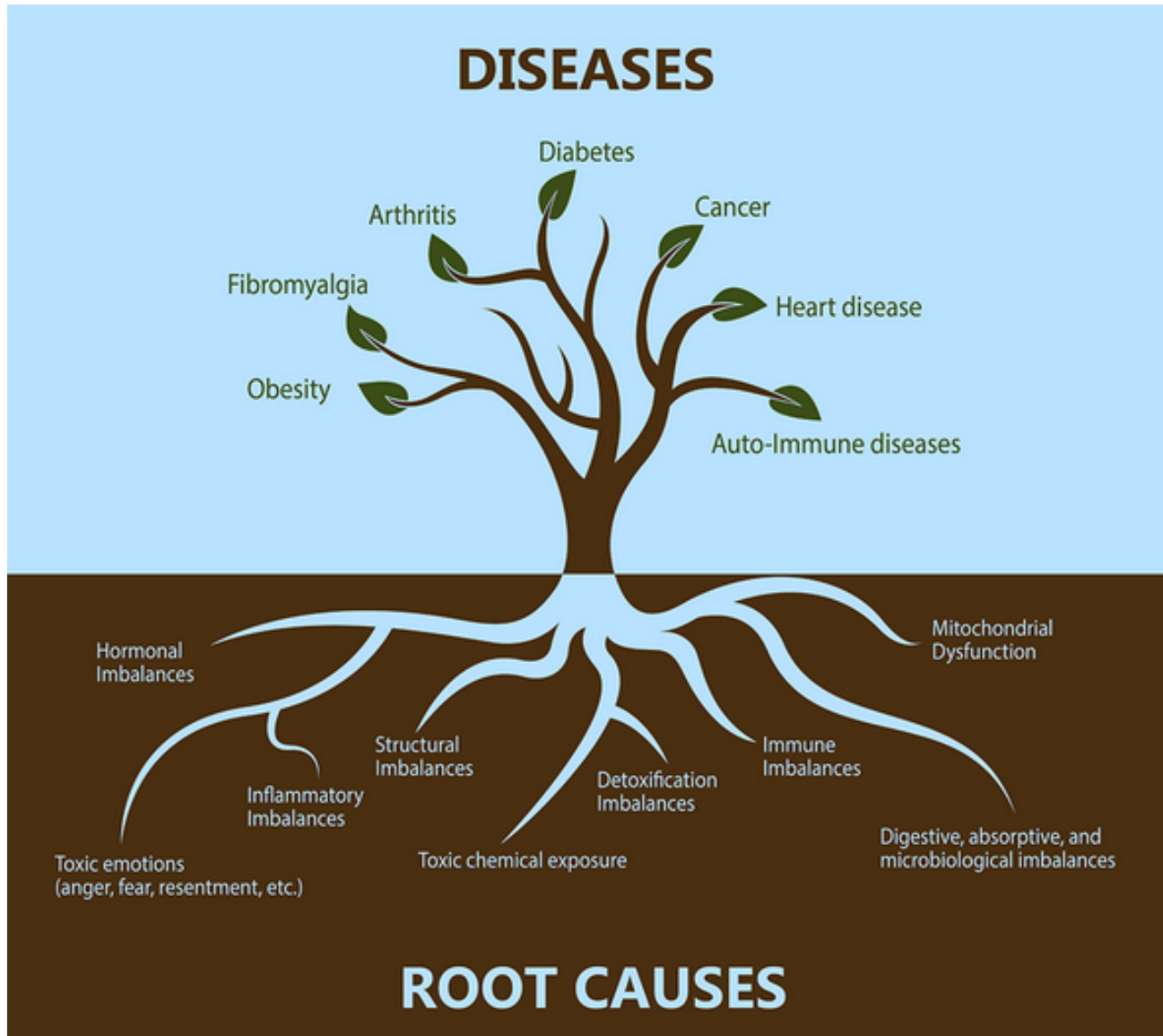


# Mid-Stream Population Health Management



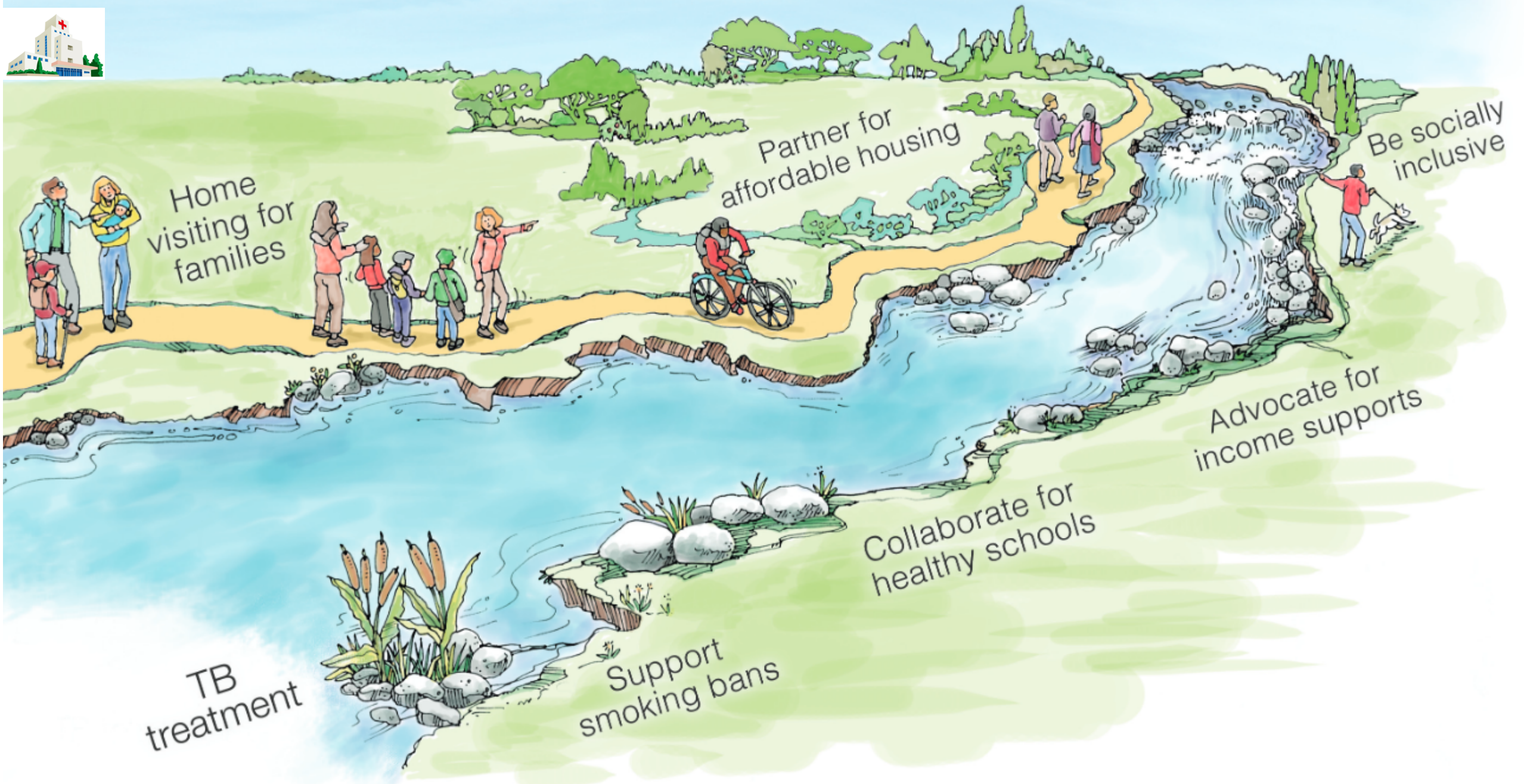
## Social Determinants of Health

Conditions in the places where people live, learn, work, and play affect a wide range of health risks and outcomes. These conditions are known as social determinants of health (SDOH) -Centers for Disease Control and Prevention



## Population Health Management

“The science and art of preventing disease, prolonging life, and promoting health through the organized efforts and informed choices of society, organizations, public and private communities, and individuals.” *C-E.A. Winslow, Founder of the Yale School of Public Health*





## Downstream Healthcare

Addresses *Immediate* health needs of patients

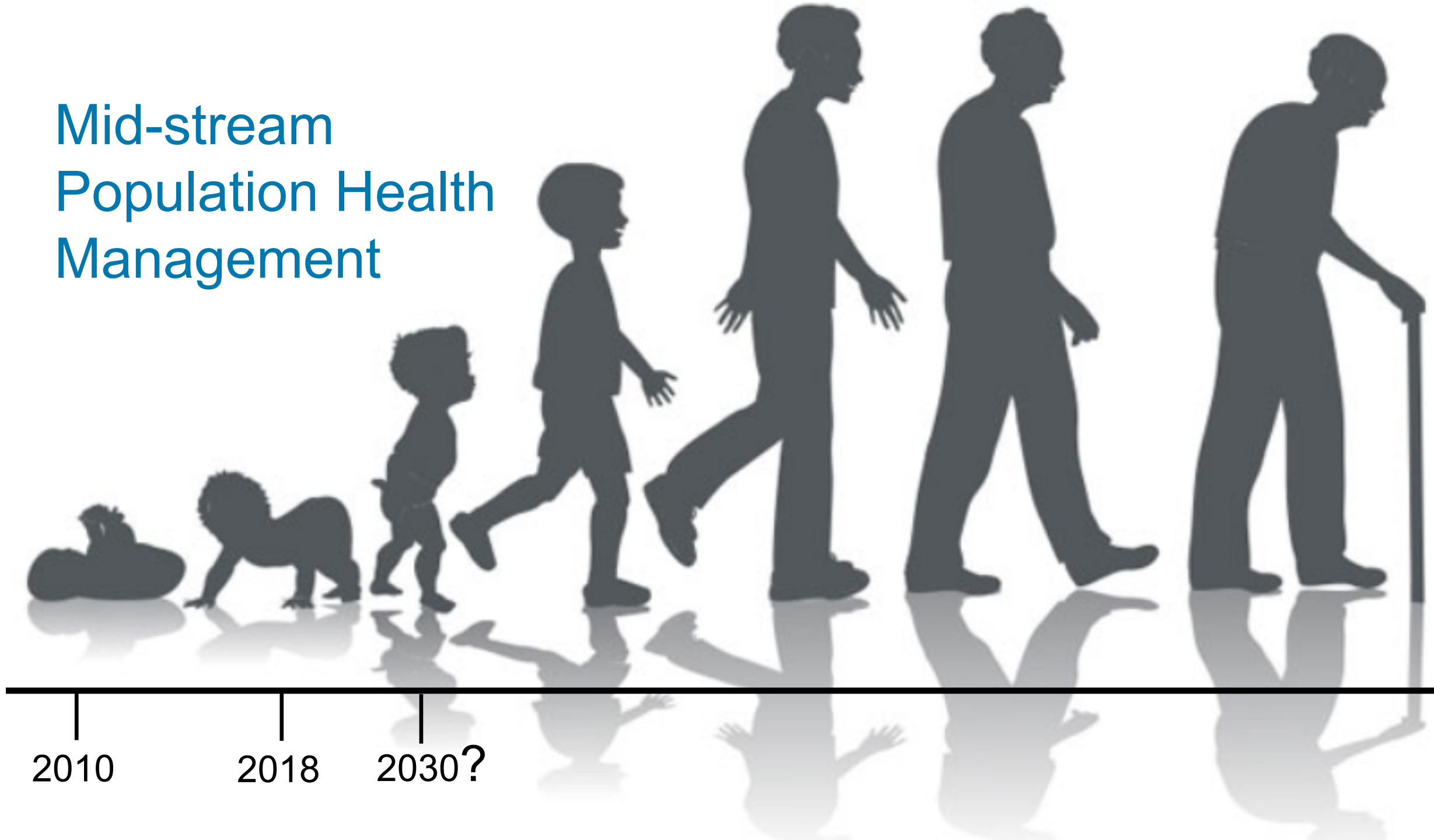
## Mid-stream Healthcare

Addresses *Intermediate* determinants, or material circumstances of patients such as housing conditions, employment, and/or food security, etc.

## Upstream Healthcare

Addresses *structural* determinants such as social status, income, racism, and exclusion.

# Mid-stream Population Health Management





*Photo: Tasos Katopodis/Getty Images*

- HHS Secretary Alex Azar just three weeks ago said Medicaid may soon allow hospitals and health systems to directly pay for housing, healthy food or other solutions for the “whole person.”
- "What if we gave organizations more flexibility so they could pay a beneficiary's rent if they were in unstable housing, or make sure that a diabetic had access to, and could afford, nutritious food?" Azar said in his prepared remarks. "If that sounds like an exciting idea ... I want you to stay tuned to what CMMI is up to." –Alex Azar

# Support for In-home Interventions



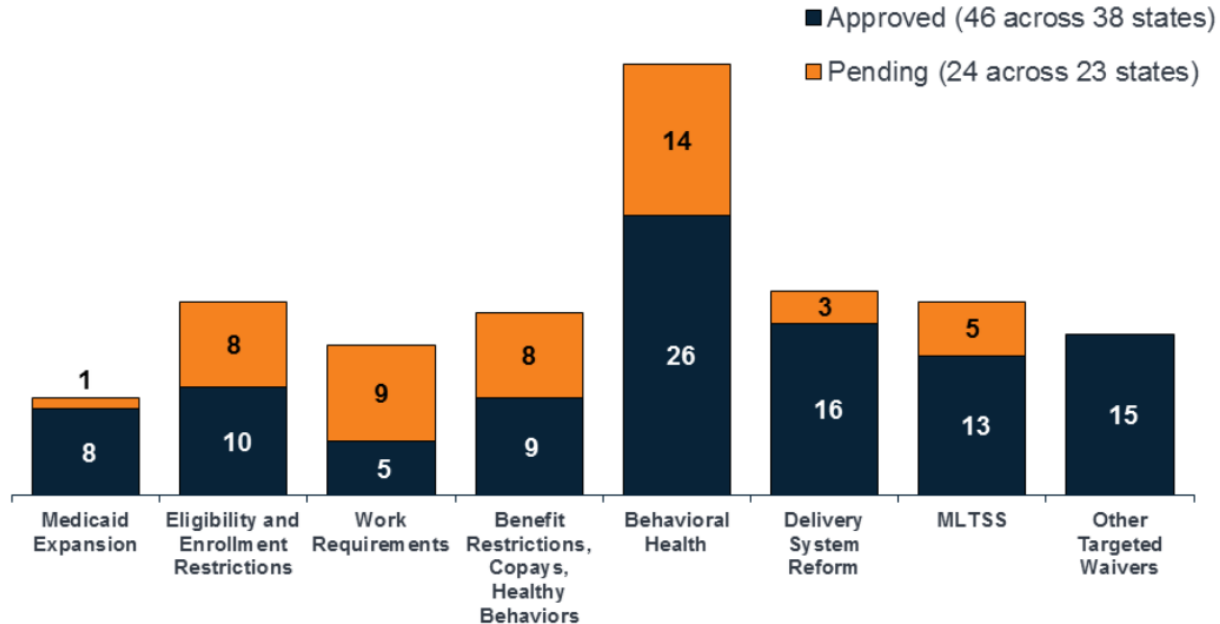
# Preventive Services Under the Affordable Care Act



- The federal Affordable Care Act (ACA) includes a special focus on providing newly required coverage for a wide range of health preventive and screening services.
- 63 distinct preventative services
- Mostly covers:
  - Disease screening
  - Immunizations
  - Counseling (e.g. Diet, Smoking, Sexually Transmitted Diseases, etc.)

# 1115 Demonstration Waivers

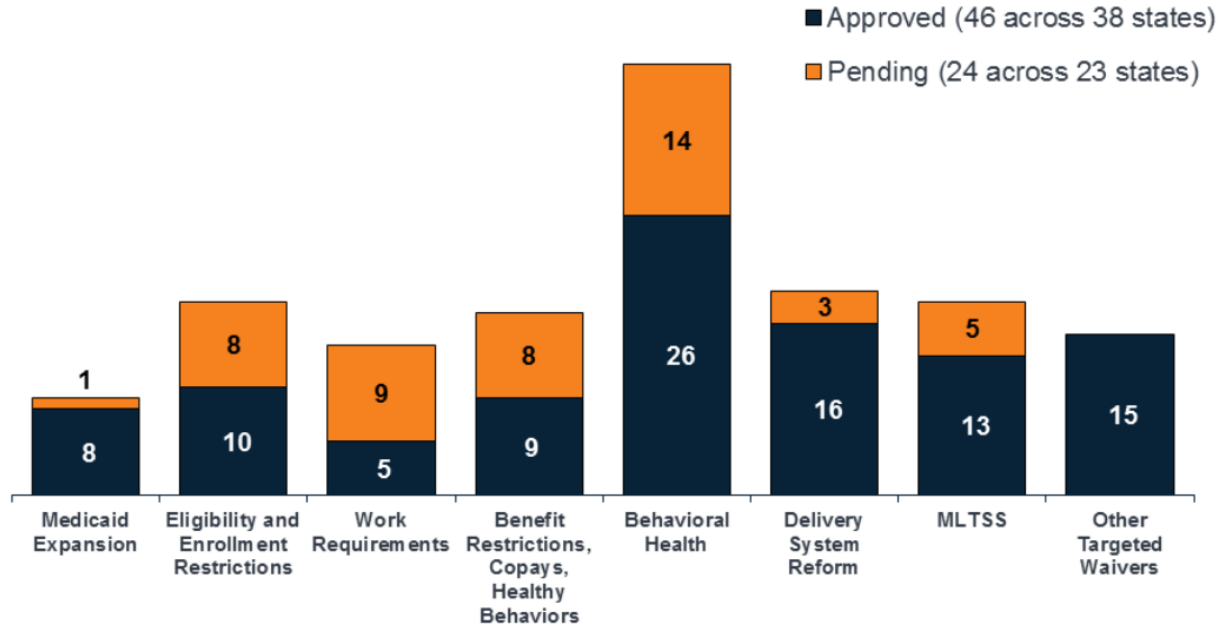
Landscape of Approved vs. Pending Section 1115 Medicaid Demonstration Waivers, November 27, 2018



- This authority permits the Secretary to allow states to use federal Medicaid and CHIP funds in ways that are not otherwise allowed under the federal rules
- Section 1115 Medicaid demonstration waivers provide states an avenue to test new approaches in Medicaid that differ from federal program rules.
- Waivers can provide states considerable flexibility in how they operate their programs, beyond what is available under the law.
- Waivers generally reflect priorities identified by states and the Centers for Medicare and Medicaid Services (CMS)

# 1115 Demonstration Waivers

Landscape of Approved vs. Pending Section 1115 Medicaid Demonstration Waivers, November 27, 2018



- Massachusetts: *Children's High-Risk Asthma Bundled Payment Demonstration Program*
  - Home visits, care coordination, supplies (vacuums, air filters, bedding, etc.), and integrated pest management

New York: *Delivery System Reform Incentive Payment (DRIP) Program*

- Develop Performing Provider Systems (PPS) that provides education, home assessments, and asthma trigger remediation

Oregon: *Coordinated Care Organizations Program*

- Asthma case management

# Center for Medicare and Medicaid Innovation



- The CMS Innovation Center funds innovative projects that test and implement compelling new models of service delivery or payment improvements.

## Examples:

- Accountable Health Communities Model (31 organizations)
- New England Asthma Innovations Collaborative (NEAIC)
  - Education, counseling, asthma action plans, community awareness
- Nemours/Alfred I. duPont Hospital for Children
  - Community support services

# Social Impact Financing Models

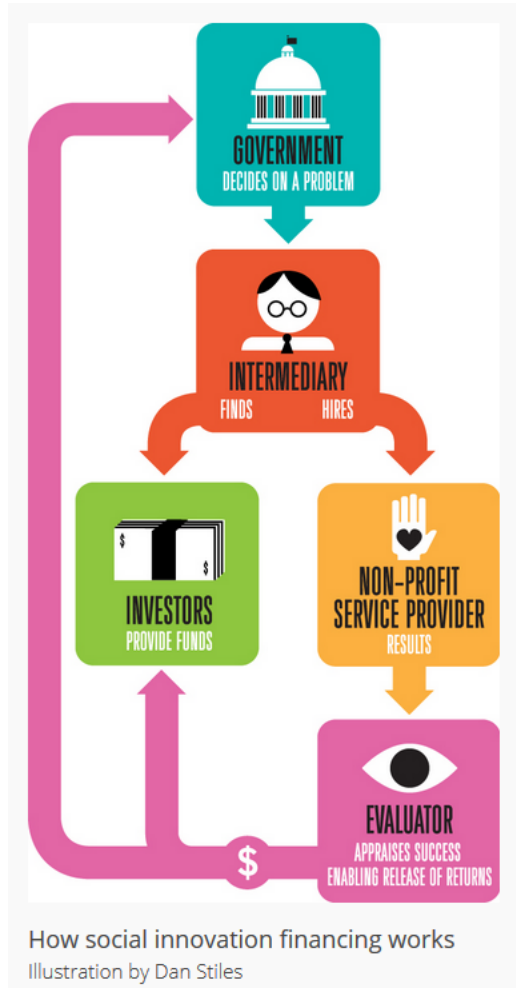
- Also referred to as Pay for Success, Social Impact Bonds

VERY basic explanation

- Investors pay upfront costs for social services.
- Have opportunity to share in savings generated to the health sector (e.g. insurer, MCO, hospital) as a result of decreased healthcare expenditures

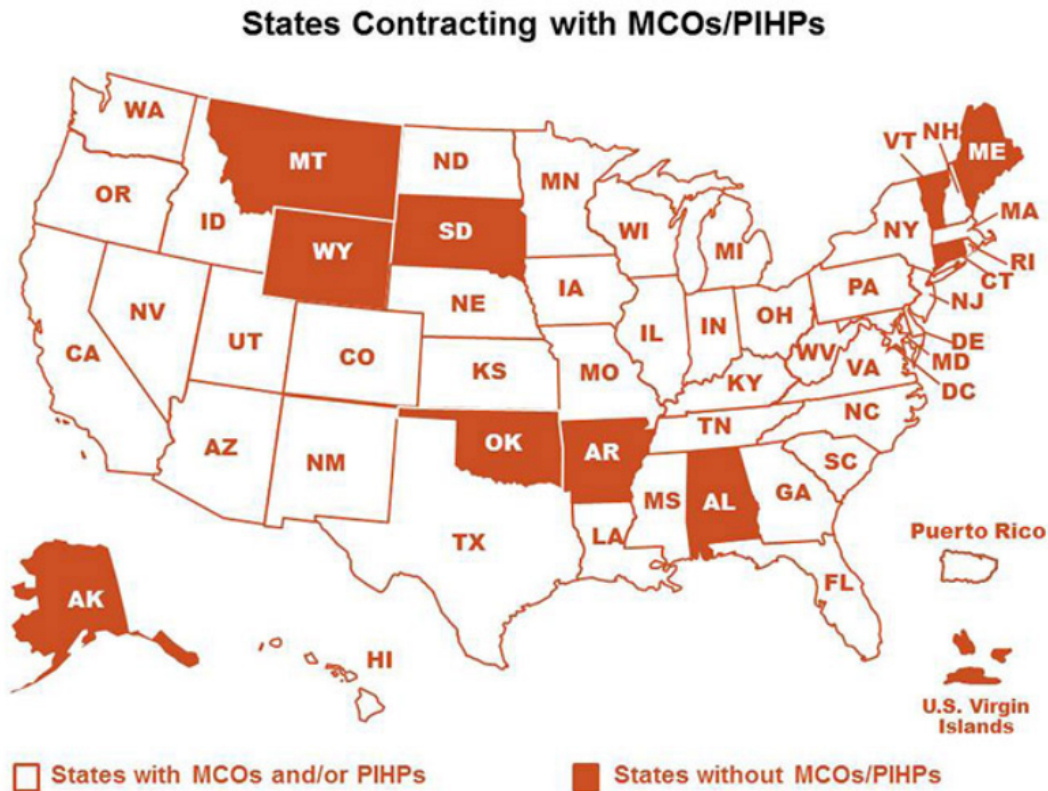
Example:

- Green & Healthy Homes Initiative





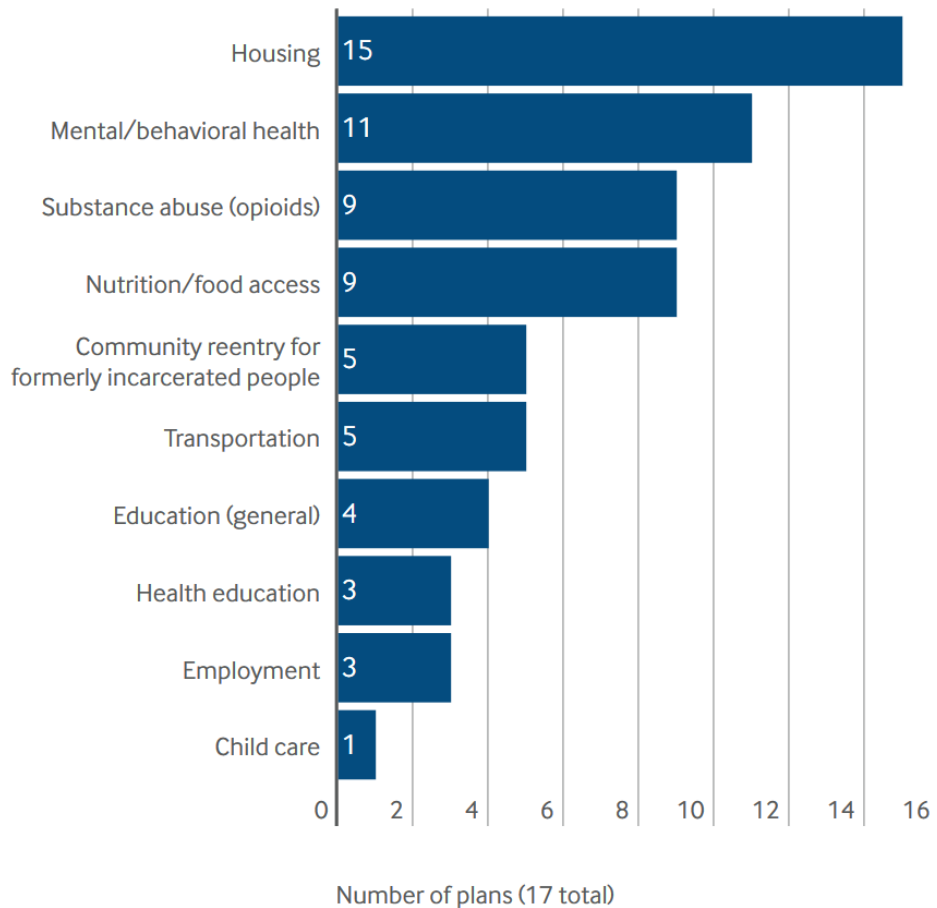
# Medicaid Managed Care



Source: [www.Medicaid.gov](http://www.Medicaid.gov)

- Medicaid managed care provides for the delivery of Medicaid health benefits and additional services
- Medicaid agencies contract managed care organizations (MCOs) that accept a set per member per month (capitation) payment for these services.
- Some states are implementing a range of initiatives to coordinate and integrate care beyond traditional managed care.

# Medicaid Managed Care



- The Commonwealth Fund Study: *Medicaid Payment and Delivery Reform: Insights from Managed Care Plan Leaders in Medicaid Expansion States*
- **Housing**
  - Consolidating health and social services in a single setting
  - Conducting housing needs assessments and supportive services in emergency department settings and developing shelter services for homeless patients following hospital discharge
  - Adding housing management as a plan offering and support for transitional housing
  - Emergency housing for refugees

# Private Health Insurance



- “There is a massive shift underway from payer-based care management to population health management driven by providers.”
- Insurers’ New Multi-Billion Dollar Play: Population Health
- “United Health has invested \$350 million since 2011 in affordable housing in 14 states.”
- “Anthem has committed more than \$380 to affordable housing over the last decade.”
- “Blue Cross Blue Shield of Massachusetts wants to reward hospitals – for keeping patients out of hospitals.”

Source: “From Care Management to Population Health Management,” [healthcatalyst.com](http://healthcatalyst.com), 2013-06.

Source: “Insurers’ New Multi-Billion Dollar Play: Population Health,” [forbes.com](http://forbes.com); 2015-07-20.

Source: “To Keep you Healthy, Health Insurers May Soon Pay Your Rent,” [forbes.com](http://forbes.com); 2018-08-14.

Source: “Blue Cross Blue Shield of Massachusetts Wants to Reward Hospitals – For Keeping Patients Out of Hospitals.” [Bostonglobe.com](http://Bostonglobe.com), 2018-10-29.



# Non-Profit Hospital Community Benefit Funds

## Breakdown of financial benefits for nonprofit hospitals and supporting organizations, 2002

State corporate income tax: <b>\$0.5 billion</b>	Federal income tax: <b>\$2.5 billion</b>
State sales tax: <b>\$2.8 billion</b>	Use of federally tax-exempt debt (bond financing): <b>\$1.8 billion</b>
State and local property tax: <b>\$3.1 billion</b>	Federal deductibility of charitable contributions: <b>\$1.8 billion</b>
<b>Total state and local: \$6.4 billion</b>	<b>Total federal benefits: \$6.1 billion</b>

**\$12.6 billion\***

**Total federal, state, and local benefits**

*Credit: Martha H. Somerville, The Hilltop Institute*

- Nonprofit hospital organizations are required by federal tax law to spend some of their surplus on “community benefits,” which are goods and services that address a community need.
- Allowable purposes of community benefits are to improve access to services, enhance the health of the community, advance medical knowledge, and reduce government burden.

# Non-Profit Hospital Community Benefit Funds

- **Yale-New Haven Hospitals (CT):** Regional Lead Treatment Center.
- **St. John's Health Systems (IN):** Healthy Families Indiana Program.
- **Mercy Medical Center (IA):** runs the Children's Home Asthma Management Program.
- **Boston Children's Hospital (MA):** Community Asthma Initiative
- **Boston Medical Center (MA):** Affordable Housing Program.
- **St. Vincent Indianapolis (IN):** Affordable Housing Support
- **St. Mary's Health System (ME):** Affordable Housing Initiative



Source: "Hospital Community Benefits," National Center for Healthy Housing, [www.nchh.org](http://www.nchh.org)

Source: "Boston Medical Center Has a New Prescription for its Patients: Housing," Boston Globe, 2017-12-27

# State and Federal Housing Grant and Financing Initiatives

- Resource: <http://www.astho.org/HiAP/Environmental-HiAP/Housing-Financing/>
- Federal Agencies with relevant healthy homes programs: CDC, DOE, HUD, USDA, HHS

## Example Programs

- HUD
  - Healthy Homes Demonstration Grant Program
  - Lead-Based Paint and Lead Hazard Reduction Demonstration Grants
  - Community Development Block Grant Program
- DOE
  - Weatherization Assistance Program
  - Low-Income Home Energy Assistance Program

# Thank you

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