Advocates for
Human Potential, Inc.

Provider Affiliations: Community Partners in Business, Technology & Quality Services

Ron Kercheval

Innovation Key Concepts

- ***Discontinuity & Disruption*** **(P. Druker)**
- ***Instability*** **(A. Toffler)**
- ***Decay & Irrelevance*** **(G. Hammel)**
- ***Tipping Point*** **(M. Gladwell)**
- ***Strategic Inflection Point*** **(A. Grove)**
- ***Value Migration*** **(A. Slywotzky)**
- ***Disruptive Innovation*** **(C. Christensen)**

Why Form Provider Networks?

- **Integrate Fragmented System**
- **Consolidate & Simplify Administration**
- **Consolidate Revenue Management & Position for Reimbursement Reforms & New Methodologies**
- **Standardize, Collect & Measure Outcomes**
- **Decrease Operating Costs**
- **Improve Access to Care & Services**
- **Enhance Continuity of Care**
- **Standardize & Optimize Quality**
- **Develop the Workforce**

What to Expect? More…

- **Emphasis on Mission-Critical IT Infrastructure, Certified Systems, & Meaningful Use**
- **Aggressive Contracting with Commercial Payers & Discounts**
- **Managed Care & Utilization Review**
- **Medication Assisted Treatment (MAT)**
- **ACOs & Patient-Centered Medical Home (Health Home) Models (Integration & Consolidation)**
- **Care Coordination & Medical Case Management**
- **Standardization of Practice Guidelines**

More…

- **Complex Coding & Electronic Billing (EDI)**
- **Demand for Data Management & Reporting**
- **Competition**
- **Integration**
- **Merger & Acquisition**

Demand for…

- **Stronger Business Acumen**
- **Aggressive Strategic Planning**
- **Accelerated Business Modeling**
- **Subject Matter Expertise**
- **Resources & Capabilities to Execute**
- **Affiliation, Joint Ventures, Mergers & Acquisitions – <u>Strength in Numbers!</u>**

What Problems Should We be Solving?

1. **Complexity & Variation: Multiple Payer Systems, Enforcing Disparate Code-Sets & Applying Different Business Rules with Varying Approaches to Reimbursement**
2. **Changing Business & Regulatory Environments**
3. **Increased Competition & Medicalization**
4. **Demand for Integration & Consolidation**
5. **Selecting & Implementing IT**
6. **Access to Sufficient subject matter expertise**
7. **Access to Capital**

Integration

Vertical Integration

- Unify the Supply Chain Under One “Roof” or “Umbrella”
- Each “Link” in the Chain Produces a Market-specific Service that Satisfies a Common Need, Coming Together for a Single Service Experience
- Examples: Apple, Google, Amazon, FedEx

Horizontal Integration

- Strategy for Increasing Market Share by Associating with, Merging with or Acquiring Like Companies in Adjacent or Overlapping Markets
- Unifying Marketing Capabilities to Present a Common Brand Image

Provider Affiliation or “Network” Models

- **Independent Practice Association (IPA)**
- **Management Services Organization (MSO)**
- **Administrative Services Organization (ASO)**
- **Technology Services Organization (TSO)**

Critical Success Factors

- **Credibility & Reputation of Participants**
- **Trust & Collegial Relationships**
- **Alignment of Financial Incentives**
- **Adequate Time for Implementation**
- **Professional Management & Access to Expertise**
- **Financial Plan & Access to Capital**

Common Concerns

- **Insurance Laws (Being Careful NOT to Become a Licensed HMO)**
- **Anti-Kick-Back Laws (& Anti-Referral Laws)**
- **Anti-Trust Laws (Observing Price-Fixing & Monopolies)**
- **Reimbursement (Cannot Bill for Centralized Services)**
- **Discontinuing Relationships (Survivability of Contracts)**

Network Options At-a-Glance

MSO	IPA
❑ Practice Management ❑ Billing & Collections ❑ Information Technology ❑ Credentialing ❑ Standards of Practice ❑ Case Management ❑ Quality Assurance ❑ Human Resources ❑ Strategic Planning ❑ Marketing Functions ❑ Board & Public Relations ❑ Work Force Development & Training ❑ Call Center	❑ Insurer/Managed Care Negotiations & Contracting ❑ Fee Schedule Negotiation ❑ Actuarial Analysis ❑ Assumption of Financial Risk (capitation) ❑ Benefits Management ❑ Claims Processing ❑ Legal & Compliance ❑ Plus MSO Options

Network Options At-a-Glance

Providers identify & select from menu of options

MSO	IPA (IPA only in red)
❑ Practice Management ❑ Billing & Collections ❑ Information Technology ❑ Credentialing ❑ Standards of Practice ❑ Case Management ❑ Quality Assurance ❑ Human Resources ❑ Strategic Planning ❑ Marketing Functions ❑ Board & Public Relations ❑ Work Force Development & Training ❑ Call Center	❑ Insurer/Managed Care Negotiations & Contracting ❑ Fee Schedule Negotiation ❑ Actuarial Analysis ❑ Assumption of Financial Risk (capitation) ❑ Benefits Management ❑ Claims Processing ❑ Legal & Compliance ❑ MSO Services

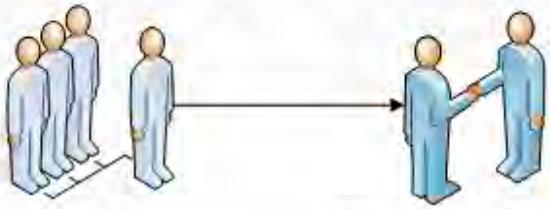
IPA may offer MSO services

MSOs cannot bargain collectively on behalf of its provider members per Anti-Trust laws. Only IPAs can do that

IPAs regulated by State Department of Insurance Commissioner

MSO

Centralized services can be paid for by providers on a flat monthly subscription/dues basis, per transaction or "pay-as-you-go" basis, or a "fair share" basis based on size, revenues, numbers of employees or numbers of patients served basis



Member Providers

Agree to subscribe to centralized management & administrative services. Could be spun off as a for-profit or non-profit.

Structure & Governance of MSO

Billing

AR/AP

Payroll

Facilities Mgmt

Legal

IT & Data Mgmt

Consulting & Tech Support

Hardware & TeleComm

HR

Accounting

Marketing

Sales/Contracting

QA

Suppliers & Procurment

IPA

- Insurer/Managed Care Negotiations & Contracting
- Fee Schedule Negotiation
- Actuarial Analysis
- Assumption of Financial Risk (capitation)
- Benefits Management

Payers of all kinds contract with specialty/ preferred provider networks like behavioral health ASOs. Behavioral health providers can explore a variety of models including those that are strictly about pre-negotiated discounts on fee-for-service as well as models that involve more comprehensive managed care services, partial risk on claims, full-risk capitation, sub-capitation or Global Payments on behalf of participating providers.

Revenue can also be generated by leasing the network on a *per member per month* admin fee basis in relation to Medicaid MCOs, ACOs and CCOs, MBHOs, health plans and employers. These models may eventually explore risk-based contracts though may want to start with performance-based contracting.

Reporting

Structure & Governance of ASO

Marketing

Claims Processing

Care Coordination with & between PCP, CCO, & PCMH

Sales/Contracting

IT, Data Mgmt & Web Portals

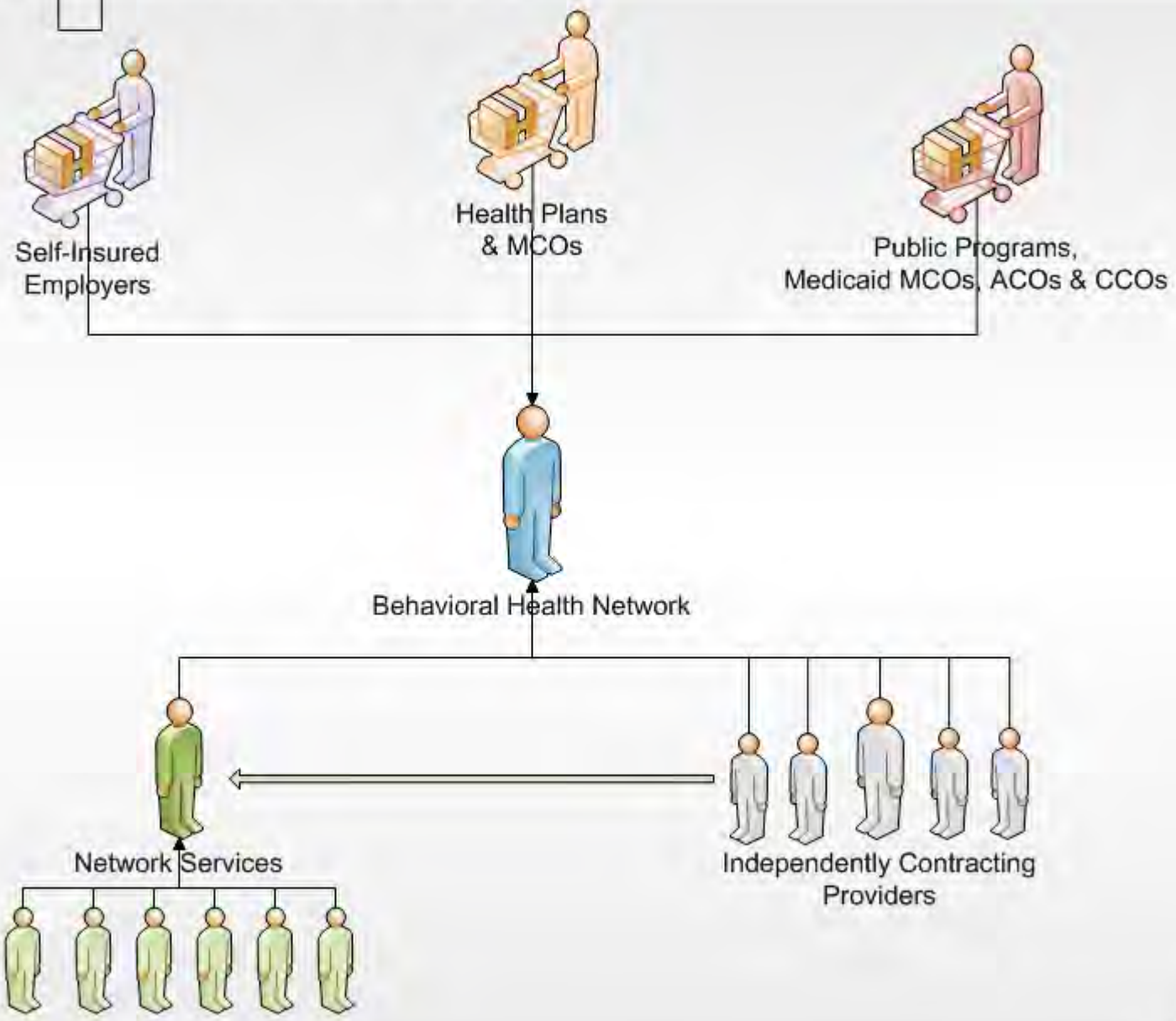
Credentialing Access & QA

Enrollment

Patient, Family & Provider Education

Call Center 24 hours Crisis/Triage

Relational Model



Provider Network Development Cycle

Ability to Manage Reimbursement Reforms

Options

- Practice Management
- Credentialing
- Billing
- Information Technology
- Quality
- Human Resources
- Standards of Practice
- Call Center
- Case Management
- Strategic Planning
- Marketing Function
- Public Relations
- Work Force Development

Option A:
Join an Existing MSO

Option B:
Build an MSO of Your Own, Outsourcing SOME of the Functions

Option C:
Build an MSO of Your Own, Outsourcing ALL of the Functions

- ***Plan***
- ***Budget***
- ***Vendor Evaluation***
- ***Vendor Selection & Contracting***
- ***Implementation Support***

Options

- Practice Management
- Credentialing
- Billing
- Information Technology
- Quality
- Human Resources
- Standards of Practice
- Call Center
- Case Management
- Strategic Planning
- Marketing Function
- Public Relations
- Work Force Development

Option B:
Build an MSO of Your Own, Outsourcing SOME of the functions

Option C:
Build an MSO of Your Own, Outsourcing ALL of the Functions

- *For-profit?*
- *Non-Profit?*
- *Staff & Office Space?*
- *Open to New Members?*
- *Closed network?*

Implications: Start-Up & Ongoing

1. **IT/IS infrastructure – Expert Staff, Hardware, Software (MIS), Implementation, Training, Information Exchange/EDI, & Telecomm**
2. **Compliance – Legal, Technology & Operational Subject Matter Expertise**
3. **Quality - Software, Reporting Tools, Staff, P&P**
4. **Licensure & Legal - TPA, MCO, Contracts, Risk Management.**
5. **Accreditation - CARF, JCAHO, URAC, NCQA**
6. **Capital, Risk & Reserves - Stop-loss/Reinsurance (Underwriting, Actuarial Subject Matter Expertise (for IPAs) & Financial Systems/Data Warehouse)**
7. **Structure & Governance - Executive Team, Board, Management, Staff, Provider/Member Committee.**
8. **Bricks n' Mortar - Office Space, Call Center**

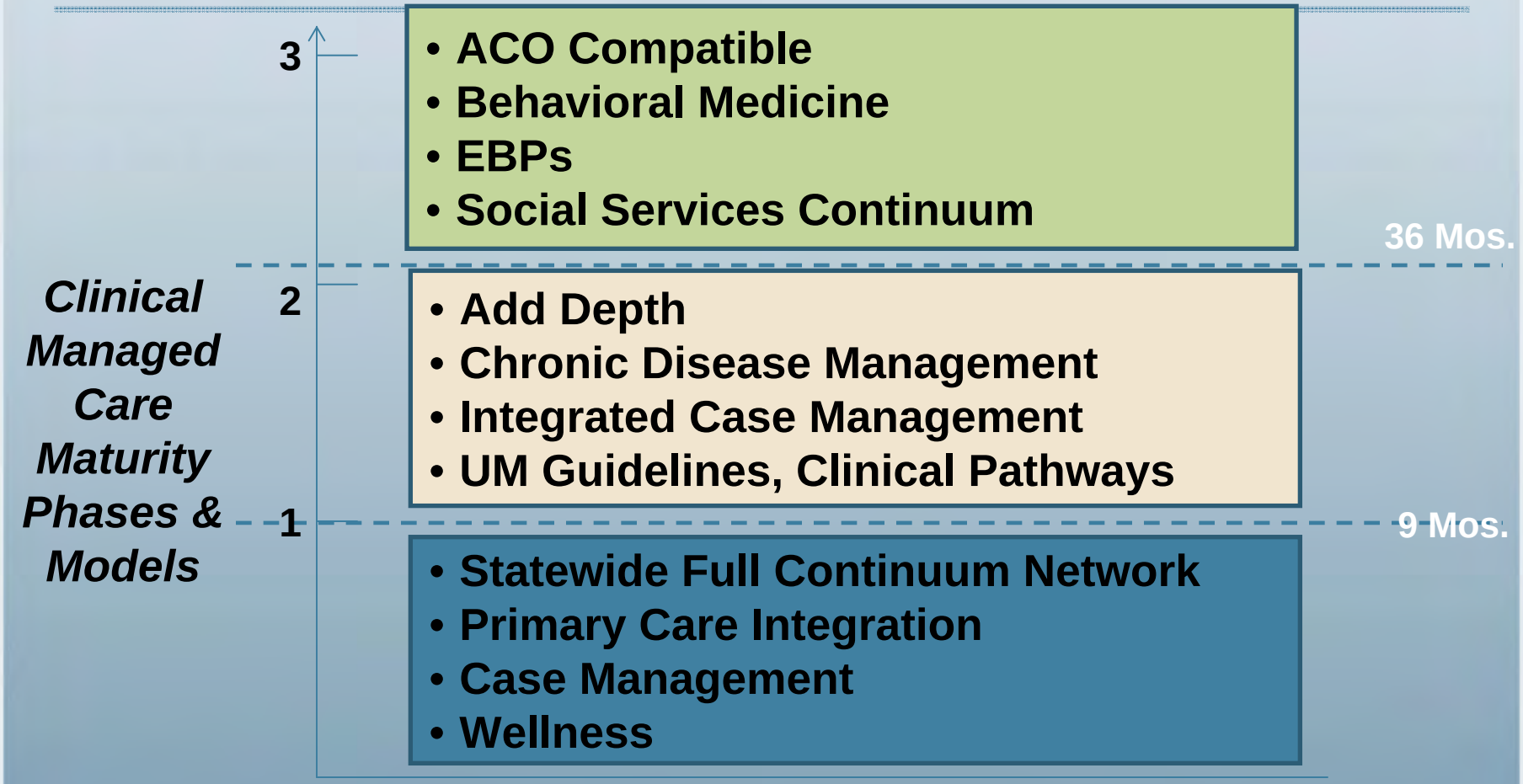
10 Common Problems

1. **Lacking Strategic Focus & Vision (&/Or Passive Disagreement).**
2. **Mission Misalignment.**
3. **Not Focusing on Building the Appropriate Culture Necessary to Support the Change Process.**
4. **Eroding Goodwill Between Partners.**
5. **Difficulties Related to Autonomy Versus the Direction of a New Business Entity.**

10 Common Problems

6. **Failing to Clearly Establish Quality & Other Criteria for Membership**
7. **Failing to Anticipate Difficulties of Contracting with Providers Outside the Immediate Network.**
8. **Trying to Implement a Business System Transformation without a Good Business Plan to Provide Guidance.**
9. **Operational, Administrative & Clinical Misalignment.**
10. **Failing to Conduct the Due Diligence Necessary to Select IT Products Adequate for the Demands of the Environment.**

Provider Networks: *Emerging Behavioral Health Care Systems*



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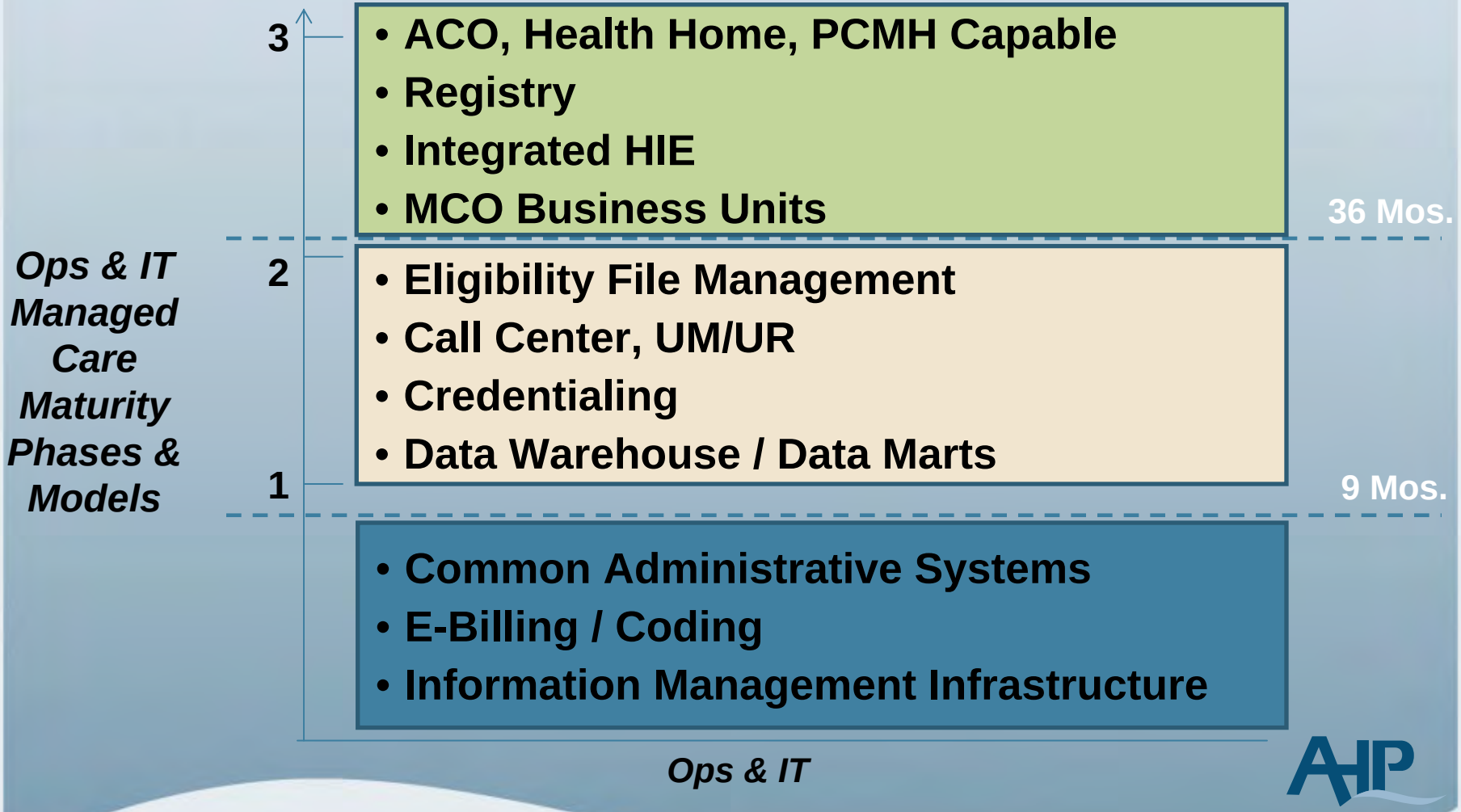

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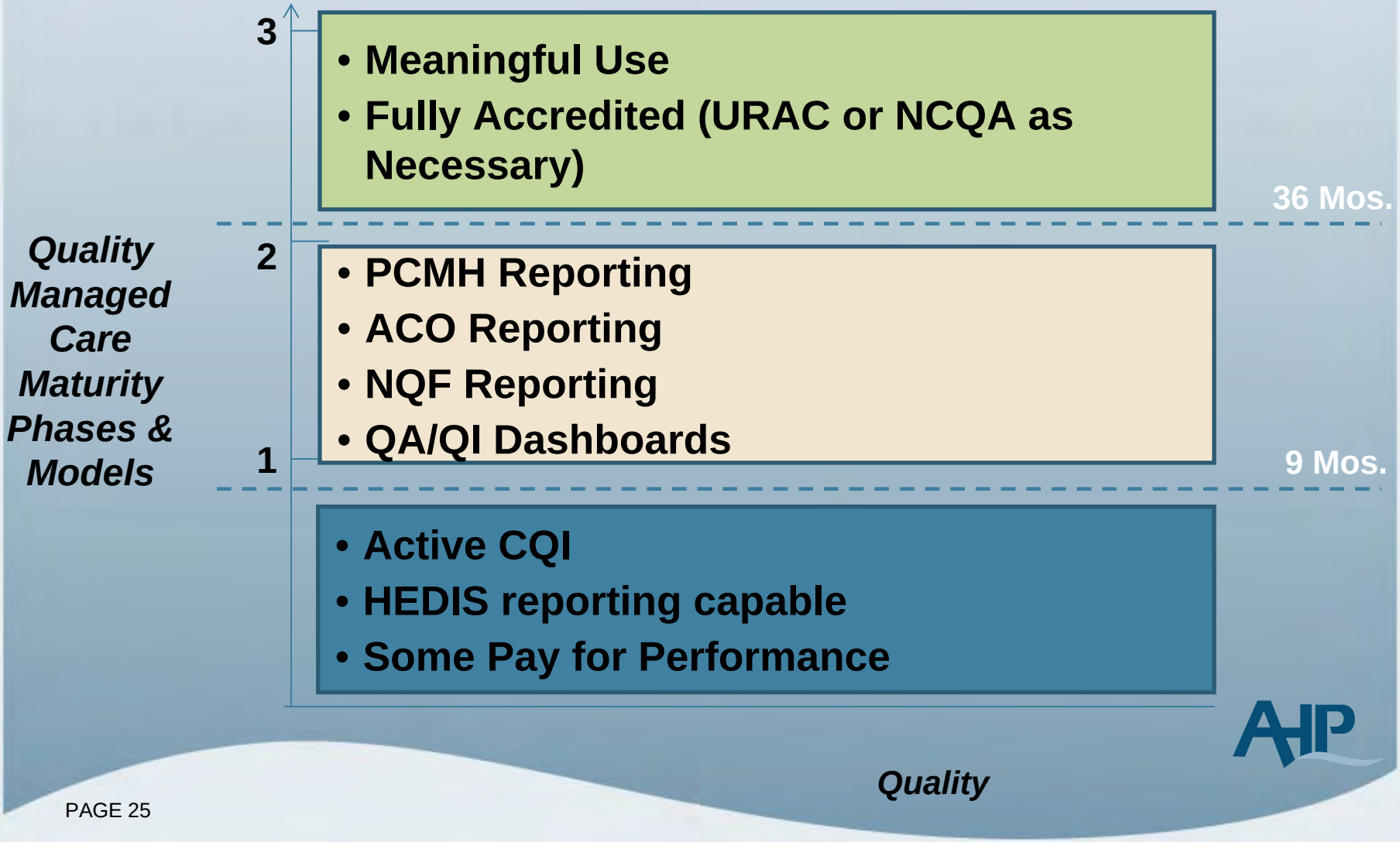

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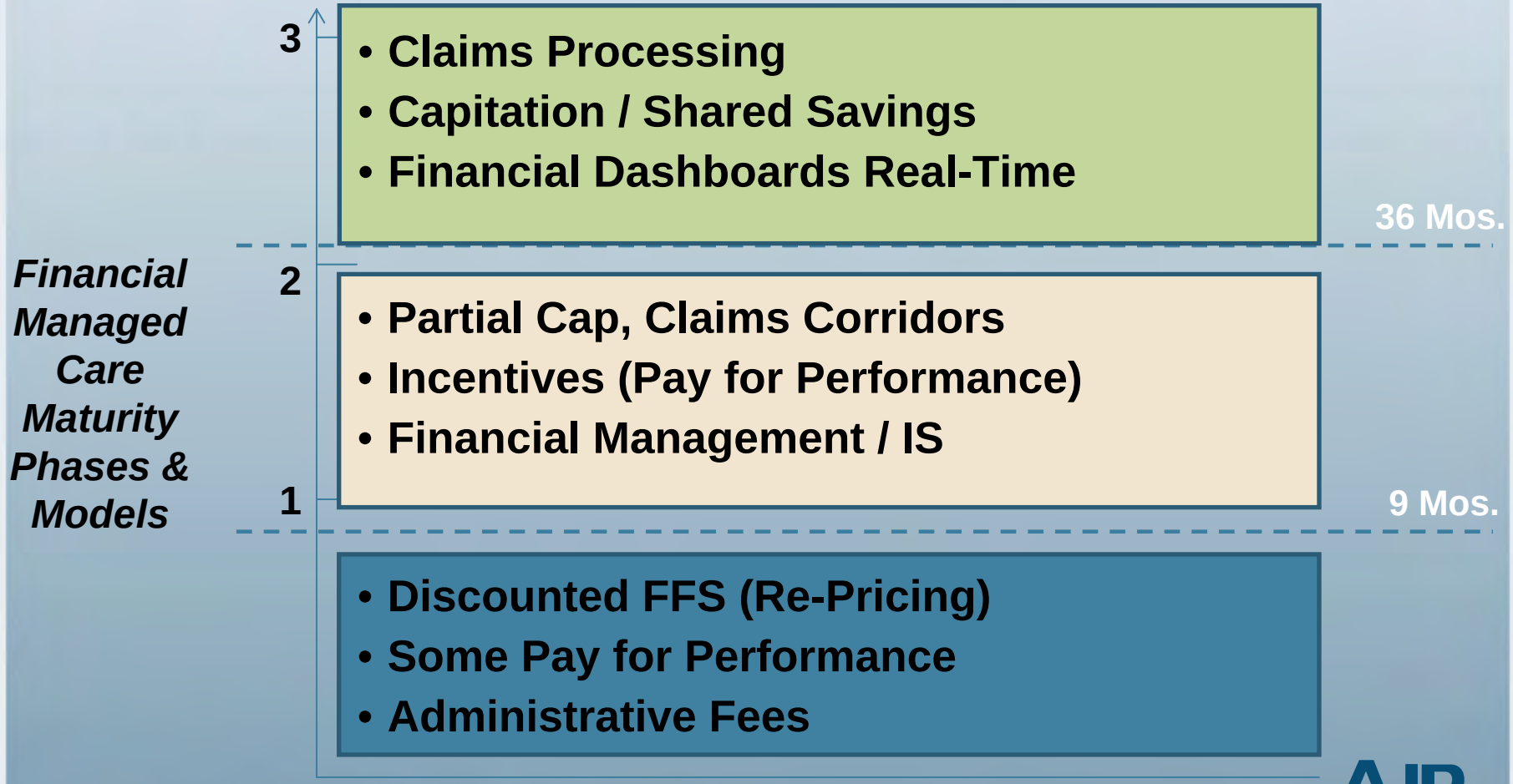

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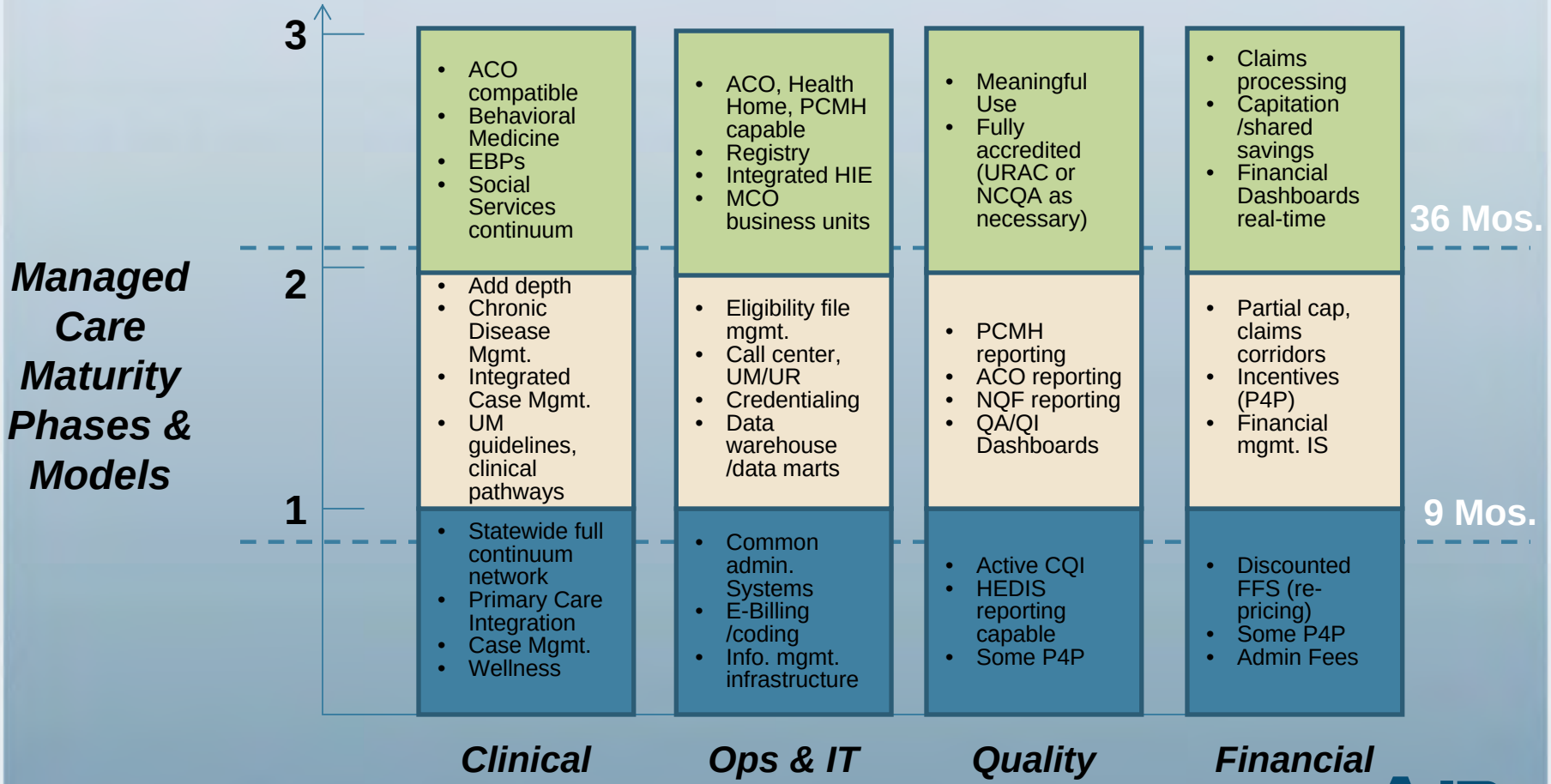
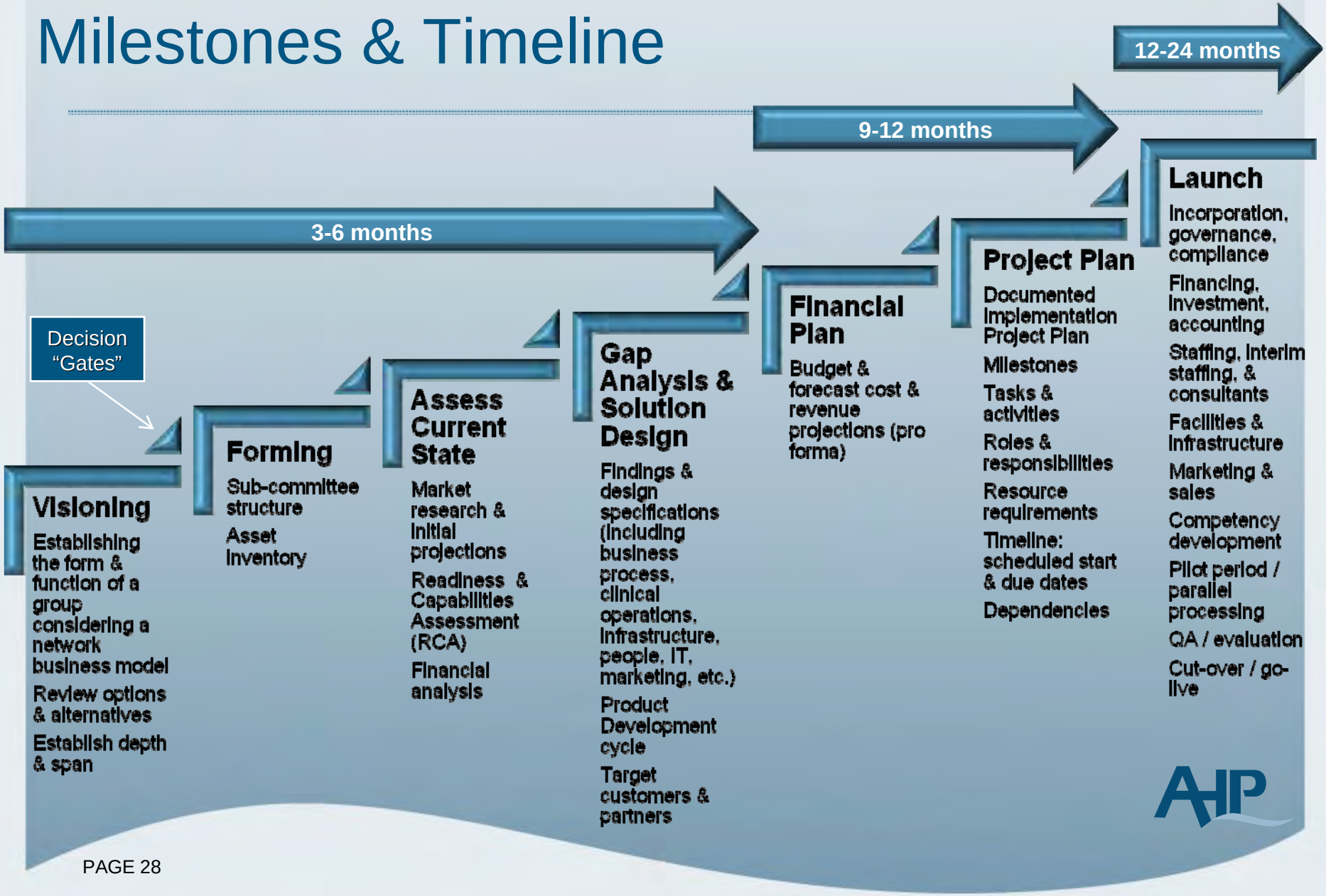


Network Development:
Milestones & Timeline



Maintaining a Network Vision

1. **A Network is a New Business Venture**
2. **A network is Likely Going to Entail a Joint Venture Business Model**
3. **Starting a New Business Requires Commitment of Time Measured in Years**
4. **Starting a New Business – Propping up a Network – will Require Significant Investment of Cash**
5. **Starting a New Business like a Network Requires Dedicated Leadership, Management, Coordination & the Guidance of Subject Matter Experts**

TECHNOLOGY INFRASTRUCTURE

Technology Dimensions

Software	Hardware
Interface & Exchange	Aggregation, Analysis & Reporting

Technology Dimensions

Hosting Services •Server Administration •Operations •Connectivity •Disaster Recovery •Hardware & Operating Systems Upgrades	**ASP Services** •Software Patches, Upgrades & Maintenance •User Support •Training •Implementation •Reporting
Electronic Data Interchange (EDI) & Health Info Exchange (HIE) Services •Data Integration Mgmt •Data Warehousing •RHIO Participation •Transaction Processing •Business Intelligence	**Consulting Services** • Strategic Planning • Process Improvement • Help-Desk • Email • Office Automation • Project Mgmt

ASP Services

- **Key benefits include expert Applications Support, System Configuration Management, Help Desk Management & Software Upgrade Support.**
- **Sample Services:**
  - ✓ **Software Maintenance – Application Configuration, DBMS Management, Management of Software Patches & Major Software Upgrades for Hosted PSO-Standard Applications**
  - ✓ **User Support – Problem Resolution & Vendor Liaison Support for Hosted PSO-Standard Applications**
  - ✓ **Application Training – End User Training for Hosted PSO-Standard Applications**

ASP Services

- **Key benefits include expert applications support, system configuration management, help desk management & software upgrade support.**
- **Sample Services:**
  - ✓ **Implementation Support – Project Management Associated with the Installation & Implementation of Hosted PSO-Standard Applications**
  - ✓ **Report Development – Analysis, Design & Development of Application Based Reports for Hosted PSO-Standard Applications**

EDI/HIE Services

- **Key Benefits Include Access to a Central Technology & Support Organization to Implement & Manage Health Information Exchange Activities.**
- **Sample Services:**
  - ✓ **Data Integration Management – Planning, Management, Implementation & On-Going Monitoring of Interfaces & Data Integration Tools Including Interface Engines & ETL Tools**
  - ✓ **Data Warehousing – Development of Data Warehouse/Repositories & Associated Interfaces/Extracts**
  - ✓ **RHIO Administration – Coordination & Planning with Data Sharing Partners**

EDI/HIE Services

- **Sample Services:**
  - ✓ **Transaction Processing – On-Going Operations, Management, Monitoring, Maintenance & Problem Resolution for EDI/HIE Transactions**
  - ✓ **Business Intelligence– Analysis, Design & Development of Reports, Portals & BI Tools**

Consulting Services

- **Key Benefits Include Access to More Cost-effective IT Professionals on an As-Needed Basis to Enhance Members' Existing IT Resources**
- **Sample Services:**
  - ✓ **Planning – Strategic Planning, Needs Assessment & Product Evaluation**
  - ✓ **Operations Improvement – Business Reengineering & Operations Improvement Associated with PSO-Standard Applications**
  - ✓ **Help Desk Support – Receipt, Triaging, Logging, Dispatch & Tracking of Service Requests**

Consulting Services

- **Sample Services:**
  - ✓ **E-Mail Support – Administration & Maintenance of Email Accounts**
  - ✓ **Office Automation Support – Administration & End User Support for Hosted Office Automation Applications (e.g., Word Processing, Spread Sheets & Publication Software)**
  - ✓ **Project Management – Planning & Oversight of IT Related Projects (e.g., Product Selection & Implementation)**

Examples

- **Community Health Access Network (CHAN)**
  - **CHCs in New Hampshire**
  - **Technical & Application Support Services for E-Mail, Internet Access & 3 Software Applications: EMR, PMS, Finance**
- **Health Choice Network (HCN)**
  - **Florida-Based, CHCs & Other Providers in 10 States**
  - **Strategic Planning, Application Hosting, Network Administration & Various Other IT Services.**
- **Council of Community Clinics (CCC)**
  - **CHCs in San Diego & Imperial Counties**
  - **Project Management, Application Hosting, Network Administration & Various Other IT Services**

Examples

- **Oregon Community Health Information Network (OCHIN)**
  - **State of Oregon, CHCs in Oregon/California, CareOregon, & HRSA**
  - **ASP support for EPIC EMR & other IT services**
- **Community Health Center Association of NY State (CHCANYS)**
  - **More than 50 CHCs throughout New York State**
  - **Funding advocacy, best practice collaboration, vendor coordination, & IT leadership & direction of New York Health Choice Network (NY HCN)**

Questions?

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