Impactful Virtual Health in a Value-Based World

Healthcare Perspective

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VIRTUAL HEALTH NOT ONLY ALLOWS PROVIDERS TO CONNECT WITH PATIENTS OUTSIDE OF THE TRADITIONAL CLINIC OR HOSPITAL LOCATIONS,

BUT ALSO ENHANCES CARE IN TRADITIONAL CARE SETTINGS.

Lisa, a young woman with diabetes, was pregnant with her first child. A serious condition like diabetes can affect not only the expectant mother but also the baby in utero. Lisa was at risk of developing labor and birth complications, including high blood pressure and preeclampsia, and her baby was at risk of being too large (causing complications during delivery or obesity later in life) or too small.

Due to her condition, Lisa required weekly follow-up visits and monthly physical exams. She found herself struggling to balance work and family commitments due to the numerous appointments required to monitor her blood glucose levels and overall prenatal condition. Her physician, looking to provide a better patient experience at a lower cost, offered her the option of testing her glucose at home and submitting the data electronically. The doctor also provided virtual visits via videocam, which cut the number of visits to the clinic significantly while keeping her condition in check.

Lisa's physician is one of an increasing number of healthcare providers looking to transform their operations to provide better care at a lower cost, as value-based programs begin to take hold over the next couple of years.

Value-based programs represent an ongoing shift away from the existing fee-for-service model, in which doctors and hospitals are paid based on the quantity of healthcare services ordered, such as office visits, procedures, and diagnostics. Critics agree that fee-for-service is an unsustainable model for payors as it leads to unnecessary or redundant tests and office visits.

Lisa's story highlights the central role that virtual health can play in helping providers deliver cost-effective, high quality care. Within this piece, we explore the broader impact of virtual health in enabling organizations to compete and thrive in a value-based world.

THE FOCUS TODAY

- Value-based care models, in which reimbursements are tied to quality of care and patient experience, are increasing.

- Value-based care will require healthcare providers to employ population health strategies to realign care to maximize value and improve clinical outcomes.

- Leveraging virtual health for success in the value-based world requires careful strategic visioning with a focus on enterprise-wide engagement.

SIZING THE IMPACT OF THE VALUE-BASED MODEL

Value-based payments fundamentally redefine the criteria on which providers are evaluated and compensated. As a result, many provider organizations may feel uncertainty in realigning operations and patient care for success within the new value-based model.

New patient care models are being driven by the Centers for Medicare & Medicaid Services' (CMS) value-based programs along with those in private payor community. These programs share financial risk and penalize or reward healthcare providers based on the quality of care and patient experience they provide to beneficiaries. Value-based care introduces questions to providers around how to realign care delivery to maximize value and improve outcomes.

Currently, the U.S. spends two to three times as much per capita on healthcare as most industrialized countries.[1] Quality of care, however, is not directly correlated to spending: The U.S. ranks 28th—below almost all other wealthy countries—when it comes to the quality of its healthcare when assessed by U.N. parameters.[2] In an effort to increase quality and lower federal

healthcare spending, the U.S. Department of Health and Human Services (HHS) is in the process of shifting 50 percent of all Medicare payments to alternative payment models (APM) by 2018. Overall, HHS seeks to have 90 percent of Medicare payments tied to quality or value by 2018.[3]
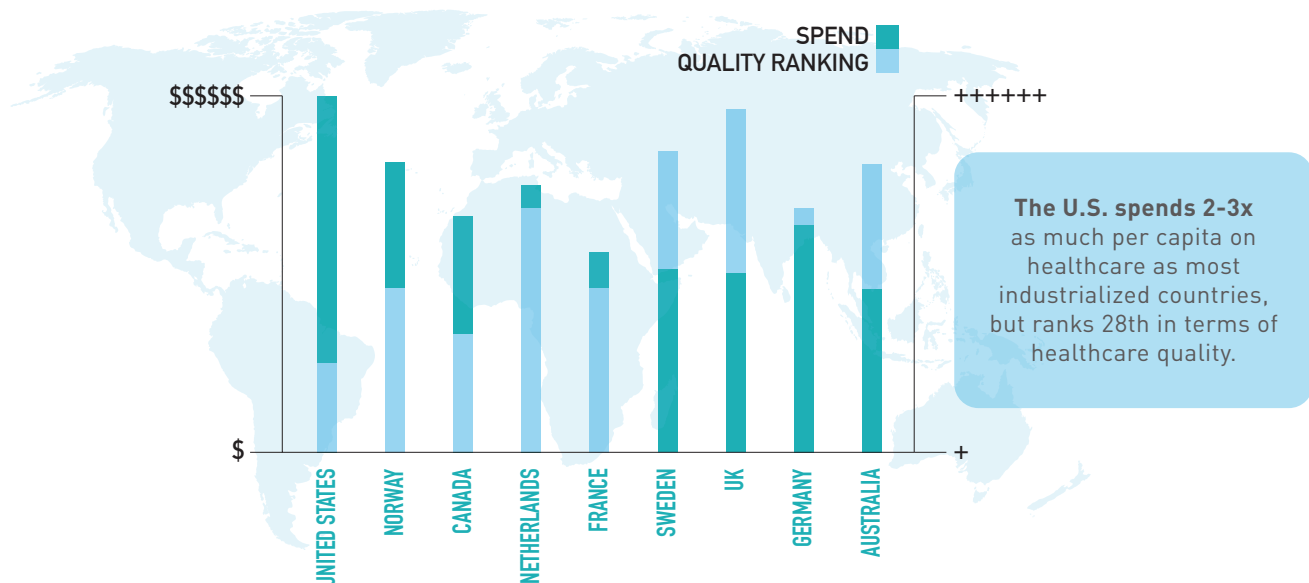
CMS' four original value-based programs are designed to link provider outcomes and quality to payment. Among them are the Hospital Value-Based Purchasing (HVBP) Program, which rewards acute-care hospitals with incentive payments for the quality of care they provide to Medicare beneficiaries,[4] and the Hospital Readmission Reduction (HRR) Program, which provides financial incentives to hospitals to reduce costly and unnecessary hospital readmissions.[5]

Private providers and insurers are following suit and adopting value-based care payment models in increasing numbers, albeit slowly.[6] A broad-based group of more than 40 healthcare stakeholders, including insurers, health systems, patients, and major employers formed the Health Care Transformation Task Force in 2015 to call for "sweeping transformation" of the U.S. healthcare system. The task force committed to a common goal of putting 75 percent of their business into value-based payments by 2020.[7]

This goal is attainable based on current trends:

- As of Q1 2017, over 10 percent of Americans (32 million) receive coverage through an Accountable Care Organization (ACO).[8]

- 45 percent of Aetna medical members were receiving care from providers in value-based arrangements, as of early 2017. The organization is tracking towards an objective of 75 percent by 2020.[9]

- UnitedHealth Group makes around 45 percent of its total annual medical spend through value-based care arrangements.[10]

- Montefiore Health System links 22 percent of its net patient revenue to risk-based contracts.[11]

U.S. HEALTHCARE **SPEND vs QUALITY**

SPEND
QUALITY RANKING

$$$$$$ ++++++

$ +

UNITED STATES — NORWAY — CANADA — NETHERLANDS — FRANCE — SWEDEN — UK — GERMANY — AUSTRALIA

The U.S. spends 2-3x as much per capita on healthcare as most industrialized countries, but ranks 28th in terms of healthcare quality.

VIRTUAL HEALTH IS THE FOUNDATION OF A POPULATION HEALTH STRATEGY AS VALUE-BASED PAYMENTS TAKE HOLD

The shift to value-based care demands that providers focus on population health—healthcare that encompasses the full continuum of care to include preventive strategies, traditional brick-and-mortar care, and home-based disease management. Providers must transition from the auto repair shop model, where revenue is generated by fixing broken vehicles, to a population health model, designed to keep those vehicles (patients) out of the shop and running smoothly. While actively managing population health is the overall answer to the question of how to compete, and thrive, in a value-based care environment, virtual health is the "must-have" foundation of any population health strategy.

As a result, providers can embrace virtual care, which is the evaluation, diagnosis, treatment, and/or monitoring of patients remotely using technology. Virtual health not only allows providers to connect with patients outside of the traditional clinic or hospital locations, but also enhances care in traditional care settings. Technology including video conferencing, biometric monitoring, and automated clinical decision support, are the de facto tools of the virtual health trade.

Virtual health presents providers an opportunity to both increase revenue and help mitigate and stabilize the risks and challenges that the new payment models present. However, in today's world of fragmented reimbursement for virtual health, providers must proceed cautiously during the transition to new payment and care models. The transition is happening, but it is happening slowly. Dr. Randall Moore, President of Mercy Virtual, caveats organizations on the move to virtual care: "You have to figure out how... [to] get from here to there without imploding and going bankrupt in between."

As value-based programs and bundled payments become the norm, the real opportunities to leverage virtual health arise. Implementing virtual health presents a significant opportunity to increase quality while reducing the cost of

healthcare. Effectively, it's a tool to mitigate the increased risk that providers assume in value-based arrangements by extending the care experience beyond the brick-and-mortar environment.

While virtual health can be used to improve quality, reduce risk, and seek ways to lower the costs of care, providers must also look for ways to innovate and grow service lines in today's highly competitive marketplace. Virtual health programs can be deployed as a strategic initiative to grow patient encounters, as today's healthcare consumers, increasingly accustomed to on-demand services like Uber and Netflix, are now often demanding teleservices. That's where virtual health comes into play.

The benefits of virtual health can also pay dividends to experience, outcomes, and—ultimately—value. Patients (and their families) enjoy increased satisfaction due to reduced travel and wait times and avoidable transfers, and studies show patients generally like receiving care at home over more expensive acute-care institutions.[12] Virtual health can improve clinical outcomes, as communities with provider shortages gain access to in-demand specialists, and proactive patient monitoring improves compliance with best practices.

- Partners Healthcare reduced cardiac-related readmissions by 50 percent utilizing virtual health.[13]
- The U.S. Veterans Administration, using virtual health, has reduced costs per patient by $6,500 annually.[14]
- In the California Public Employees Retirement System, virtual health was associated with a lower rate of follow-up visits. 6 percent of virtual health visits resulted in a follow-up visit, versus a 13 percent follow-up rate on office visits and a 20 percent follow-up rate on emergency room visits.[15]

DELIVERING VALUE WITH VIRTUAL HEALTH IN HEART FAILURE CARE[17]

Since 2008, a leading health plan had deployed virtual health capabilities to help treat patients with heart failure.

Virtual health is particularly well-suited to deliver value in cardiovascular care, allowing organizations to monitor conditions remotely before they require hospitalization or critical intervention. In this case, the health plan introduced an Interactive Voice Response system (IVR), enabled by landline or mobile phone, that prompted patients with a series of questions aimed at identifying worsening conditions. The platform's Bluetooth technology also allowed for the capture of patient weight data remotely—a key metric in the diagnosis of heart failure.

Ultimately, this program helped the organization perform on the key drivers shaping success in a value-based world:

- Improved clinical and operational outcomes: proactive care enabled treatment before heart conditions became life-threatening

- Reduced admissions: 23 percent reduction in 30-day admission rate and 38 percent reduction in 90-day readmission rate

- Cost efficiency: A 3.3-times return on investment in the virtual health program, with an estimated 11 percent cost reduction

The clinician also benefits in this model. The ability to outsource on-call requirements can improve physicians' quality of life. Reduction in travel time can also provide relief to a physician's already over-packed schedule. Even turnover rates for nurses have been proven to improve with the introduction of virtual health. One study, conducted by Pennsylvania State University, showed a 42 percent lower turnover rate for nurses employed by an organization that leverages virtual health.[16]

Ultimately, virtual health offers providers the opportunity to deliver on the key operational imperatives brought by value-based care:

- Improve outcomes while increasing speed to care, proactive chronic disease management, and best practice decision support tools.

- Optimize high-cost resources: Healthcare systems can pair expensive clinicians with lower cost clinicians like advanced practice providers (APPs) to lower the cost of care.

- Maximize all resources: Healthcare systems can use virtual health to have all clinicians cover more beds, locations, and a larger patient base.

- Grow margins by increasing patient volume and reducing leakage with existing service line expansion, shorten average length of service, and minimize avoidable readmissions.

MOBILIZING YOUR ORGANIZATION TO DELIVER VALUE WITH VIRTUAL HEALTH

If your organization has decided to pursue virtual health in approaching the strategic imperatives introduced by value-based care, here are several key considerations for successful program implementation.

1. **Define program parameters.** Service level agreements with providers, inclusion and exclusion criteria for delivery of care virtually, and professional standards for remote clinician workplace environment and dress code should all shape program guidelines, protocols, and workflow requirements. An effective program framework should also include detailed workflows for communication between originating site and remote clinicians, downtime procedures, an initial and ongoing education and training plan, and new program success factors and key performance indicators.

2. **Align cross-functional teams.** Virtual health is not an IT project; rather, it is a clinically-led project supported by IT. Virtual health represents a fundamental change in the way patient care is delivered, and it requires extensive planning, testing, and ongoing process improvement, supported by clinical leadership and expertise. A firm understanding of clinical operations is a critical component on the implementation team, and organizations must fully establish and develop program guidelines, protocols, and workflows to support this new care methodology and guide IT's role.

3. **Assess today's capabilities.** Conduct a full review of capabilities, determining where you can use existing resources, such as EMRs, in the future growth of your program. Keep a focus on where technologies may be redundant in your organization. Consolidating vendor contracts where possible is an opportunity to minimize costs—a key to success in a value-based care environment.

4. **Prioritize enterprise-wide solutions.** When evaluating virtual health technology vendors, focus first on solutions that can meet enterprise-wide needs before considering solutions for individual service lines. A streamlined solution, implemented with clinical best practices, lends itself to greater alignment, consistency, and efficiency than siloed systems.

5. **Ensure compliance.** Virtual health has several complex regulatory, legal, and procedural clinical components. Ground your virtual health initiative in an understanding of the regulatory landscape, and design a program that satisfies related compliance requirements, including clinician licensure and credentialing, state and local requirements and certifications for practicing medicine virtually, and shifting reimbursement requirements.

Value-based care is the future of healthcare, and the future is now. As population health becomes a key determinant for success in value-based environments, virtual health is one answer by transforming how patients are evaluated and treated, and how physicians interact with each other and with patients. Implementing virtual health can help providers reduce readmissions, improve quality of care, lower cost of care, and manage and reduce risks across care settings.

For Lisa, virtual health helped to drive engagement, reduce risks to her and her unborn child, and empowered her to play a part in the management of her chronic condition, all from the comfort of her own home. Her doctor also benefited by being able to provide a high level of care, including proactive recommendations and treatments, that she would have received during more expensive office visits—but in a lower cost, lower risk environment that maximizes value for everyone involved throughout the continuum of care.

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ABOUT NORTH HIGHLAND

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Tina is the global lead for North Highland's Healthcare team with over 20 years of experience in consulting. Tina specializes in helping clients achieve higher performance through strategic initiatives, margin growth, and operational excellence.

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