



The Future of Accountable Care

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Healthcare: Why This is Our Chosen Path



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Value-based Care and ACOs: The Transition from Fee-For-Service to Fee-For-Value



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National Trends in Accountable Care



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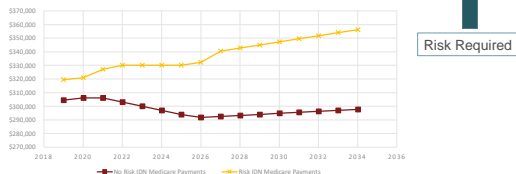
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Physician Fee Schedule Increases Will Not Keep Pace With Inflation

2015 and earlier	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 and later
Fee Schedule Updates	0.5 %	0.5 %	0.5 %	0.5 %	0	0	0	0	0	0	0.75% QAPM 0.25% Non-QAPM

MEDICARE PAYMENT PER PCP/SPECIALIST TRIAD RISK VS. NO RISK



Medicare payments include fee schedule reimbursement, MIPS adjustments and shared savings.

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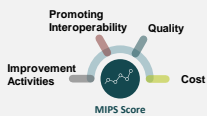


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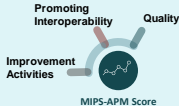
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MIPS APM Participation Improves Scoring

- MIPS**
- MACRA: Cost must become 30% of MIPS score by 2021



- MIPS-APM**
- One MIPS score for all providers
- Exempt from cost
 - Automatic 100% for CPIA
 - Weighted average Promoting Interoperability score
 - ACO quality score from PCPs meets quality requirement for all providers



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What Are the Benefits of the New Program-Pathways to Success?

- 1 Five year performance period accumulates more savings over time
- 2 Prospective assignment allows you to know which patients will be attributed to you at the end of the year
- 3 New HCC methodology allows you to get credit for up to 3% based on increased severity and improved coding
- 4 Regional benchmark component rewards efficient providers

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Bottom Line on Final Rule

- Uncertainty finally lifted for Medicare Shared Savings Program**
- Agreement period extended from three to five years and shared savings rate increased significantly to 40% for BASIC levels A - B**
- CMS follows through on commitment to push risk**
 - Elimination of Tracks 1, 1+, 2, and 3 and replaced with BASIC and ENHANCED options
 - BASIC option begins with one-sided risk but requires participants to take on increasing levels of risk over the agreement period
 - Lower revenue (physician, rural, and smaller hospital-affiliated) given extra time in non-risk
 - Continued expansion of non-financial benefits of risk participation
- Several significant but small changes to benchmark calculations finalized**
- Risk score growth up to 3% over the agreement period will be recognized in updated benchmarks**

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Pathways to Success: BASIC Track



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BASIC & ENHANCED ACO Options

	BASIC					ENHANCED
	Level A	Level B	Level C	Level D	Level E	
Risk	Upside only		Two-sided	Two-sided	Two-sided	Two-sided
Shared Savings	1st dollar savings, rate of 40%		1st dollar savings, rate of 50%	1st dollar savings, rate of 50%	1st dollar savings, rate of 50%	1st dollar savings, rate of 75%
Shared Losses	NA		1st dollar losses, rate of 30%, not to exceed 2% of revenue or 1% benchmark	1st dollar losses, rate of 30%, not to exceed 4% of revenue or 2% benchmark	1st dollar losses, rate of 30%, not to exceed nominal risk standard (currently 8% of revenue or 4% of benchmark)	1st dollar losses, rate of 1 minus sharing rate (40-75%), not to exceed 15% of benchmark
QPP Status	MIPS APM			Advanced APM		Advanced APM

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Why Take Risk?



ACO participants taking risk will get 5% lump sum payments that are not counted in shared savings and are exempt from MIPS reporting – making your clinicians happier and more attractive to others in value-based payments.



CMS is steadily increasing incentives for risk-takers

- ✓ Higher rewards for MSSP performance
- ✓ Reduce risk corridor to 0.5% or lower
- ✓ Direct admissions to SNFs
- ✓ Telehealth to patient homes as a billable visit
- ✓ Exempt from MIPS and Meaningful Use
- ✓ 0.5% higher annual increases in Part B starting in 2026 that will accumulate over time to the clinicians NPI.



Beginning in 2026, every year a clinician does not take risk his lifetime earning potential decreases by 0.5%.

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Annual Elections

- **Level advancement**
 - Applicable to Basic option Levels A, B, and C
 - May always “skip” one or more Levels to move to higher risk
 - New, low revenue ACOs may opt to remain at Level B for an additional year, but must jump to Level E for the remaining two years
- **Prospective or retrospective patient attribution**
 - Applicable to all years, regardless of risk
 - May switch between performance years
- **Minimum savings rate (MSR) / Minimum loss rate (MLR)**
 - Applicable to two-sided risk Levels
 - Fixed symmetrical rate of 0%, 0.5%, 1.0%, 1.5%, or 2.0%; or
 - Variable based on the number of beneficiaries assigned to the ACO

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Extra Elections for Two-Sided Risk ACOs

- **SNF 3-day waiver (July 1, 2019)**
 - Expanded to include providers furnishing SNF services under swing bed arrangements
- **Beneficiary Incentive Program (July 1, 2019)**
 - Allows ACOs to offer up to \$20 cash equivalent incentive each time an eligible beneficiary receives a qualifying service
 - Payments must be of equal monetary value
- **Telehealth option (January 1, 2020)**
 - Only available to ACOs selecting prospective attribution
 - Allows the beneficiary's home to be a permissible originating site type

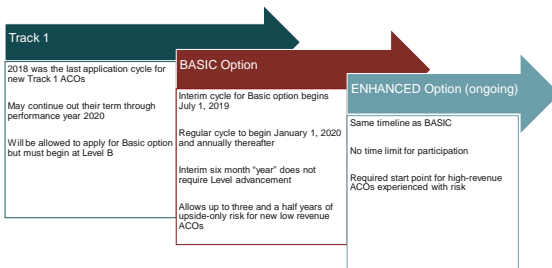
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Agreement Cycles



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Options for Existing ACOs



Most payment & regulatory changes have an applicability date of July 1 or for new agreement periods starting after July 1; most changes DO NOT apply to ACOs operating under existing agreements

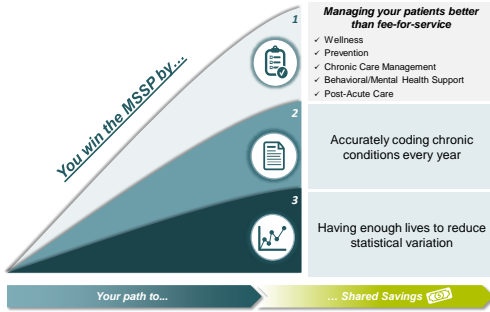
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How Do You Win in the MSSP?



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Consider the Collaborative ACO Model

- Collaboration, with accountability
- Attributed lives:
 - Accountable for cost and quality
- Local governance, community representation
- Practice-level support
- Not dependent on geography.
- The key to success is to implement the tools and tactics and to do the work!
- Maximizes a proven model to take advantage of benefits of scale



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The Caravan Health Methodology



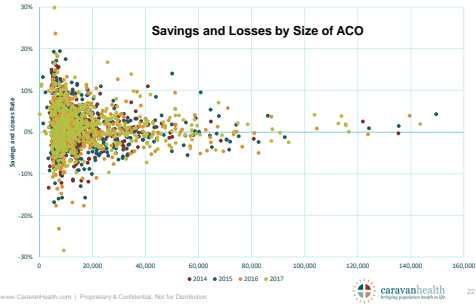
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You Need 50,000-100,000 Lives to Take Risk

Small ACOs experience savings and losses plus or minus 10-30% simply due to statistical variation in health care spend and in HCC coding in performance and benchmark years.



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About Caravan Health

Helping Providers Navigate the Challenges of Value-Based Payments

Practice Transformation	Data and Analytics	Network Development	Accountability and Performance Improvement
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- 170 employees
- Accountable Care Organizations ranging from 5,000 to 250,000 attributed lives
- CMS Practice Transformation Network
- >350 health systems
- >14,000 clinicians
- >500,000 attributed Medicare lives



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43 Collaborative ACOs Since 2014

40 Regional Collaboratives

The Caravan Health National Collaborative ACO

- 132 participants
- Serving ~230,000 attributed patients



The Mississippi Collaborative ACO

- 29 participants
- Serving 65,000 attributed patients, ~130,000 total Medicare patients



Florida Hospital Association

- Launched 3/21

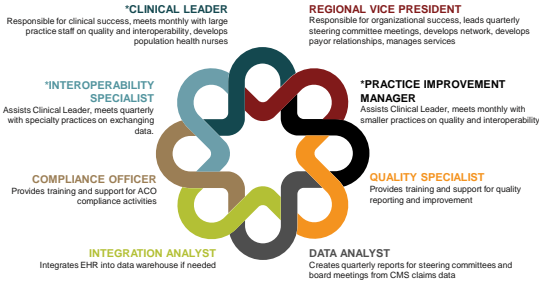


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Your Regional Caravan Team: Roles and Responsibilities



*Positions are Supplied by Partnership Clients, Managed by Caravan Health

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Patient Centered Care



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Maximize Power of Claims and EHR Data

- 1 Analyze your population to understand prevalence of chronic illness, hospitalizations and related costs.
- 2 Prioritize areas for improvement and identify where you need additional resources based on which population has the most clinical and financial risk.
- 3 Plan early for in-house and outsourced expertise. Ingesting claims data and drawing meaningful reports takes time.

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Caravan Health ACO Model Creates Results

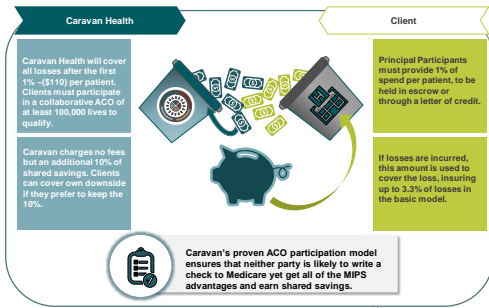


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How Will Risk Work With Caravan Health?



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Shared Governance: Shared Accountability, Local Control

Membership

- Principal Participants are Medicare providers that coordinate care across ambulatory, outpatient, acute and post-acute care settings
- Support ACO costs on behalf of their own and community clinicians
- Participants are accountable for care but not financially responsible for ACO operating costs unless shared savings is earned

Voting

- Each Principal Participant allotted one vote
- Votes cast at Participant Steering Committee and are binding on the board
- Participants approve waivers, admit and discharge participants, approve triple aim initiatives recommended by physician leaders, changes in shared savings distributions and manage ED and vendors

Flow of funds

- If shared savings are earned:
- Caravan Health earns 10% of the fees if in an upside-only model or 20% if the ACO shares risk;
 - the principal participants recover their fees;
 - the remaining shared savings is paid to the participants based on attribution, quality, and effort.

Expectations

- Required to promote and document wellness, prevention and chronic care management services
- Report quality measures and comply with program regulations
- If not in Basic Level E, must also report Promoting Interoperability and use 2015 CEHRT

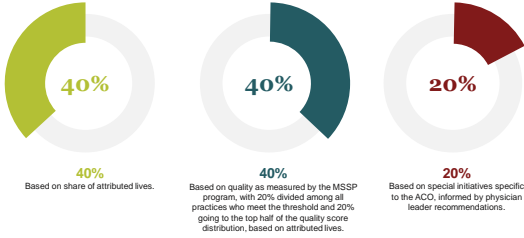
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Shared Savings Distribution

The ACO will ultimately determine the sharing distribution, but Caravan Health recommends the following based on its experience:



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The Collaborative ACO Model

The map shows the state of Mississippi filled with small, colorful icons (circles with house-like shapes) representing the locations of collaborative ACOs across the state.

- Proven success with accountability and governance with >40 ACO collaboratives, each with 5-15 health systems**
- Scaling in 2018 to achieve >100,000 lives in each state**
 - Combined 90% now merged into a single ACO
 - Formed first state-wide ACO with the Mississippi Hospital Association
- Master core competencies for provider-based risk**
 - Value-based Purchasing
 - MACRA
 - Medicare ACO risk
 - Medicare Advantage
 - Medicaid Managed Care
 - Employer plans

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What Does the Future Hold?

- We must rely on value-based payments for income – therefore these payments must become reliable.
- We need to get more of the premium dollar, but small plans will perish and independents will perish.
- Risk is inevitable, and there is no turning back.
- The new Pathways program will grow rapidly and produce \$200-\$300 per patient per year at scale
- Caravan Health has a proven ACO Model that allows you to move collaboratively into risk.

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In Summary



Value-based Payment is Here to Stay

More than a third of all providers will participate in these programs. Reducing healthcare cost growth is critical for our future. Get maximum upward adjustments of Part B payments and shared savings to supplement frozen fee for service revenue.



Now is the Time to Take Action

Early adopters reaped the benefit of risk-free participation. The move to risk is accelerating and it is important to gain experience and prepare for the future reimbursement system.



Statistical Variation will Hurt your ACO

The effects of statistical variation create unreliable and spurious results that can wrongly penalize or reward providers.



Strengthen Provider Reputation

MIPS scores will be much higher for APM participants. CMS will post this data on Physician Compare in 2019 and publish for third-party use.



Maximize Value-based Reimbursement

Joining a 100,000+ life ACO increases the likelihood of predictable shared savings, higher MIPS adjustments, reduces risk and sets the stage for future success in value-based payments, clinical integration and provider-based health plans.

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Thank You

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