

RHP DISTRICT 10 Joint Committee

September 5, 2012

Goals for Today

- ▶ UC update
- ▶ Understand latest Program Funding and Mechanics Protocol – impact on Region 10
- ▶ Develop pricing strategy and begin to apply to projects being developed

Updates

- ▶ UC Tools
 - Expect re-posting of hospital and physician practice tools this week
 - County ambulance and dental services – ??
- ▶ Interim UC payments will be made to DSH hospitals in October

Program Funding and Mechanics Protocol – As of September 5

- Finalized DSRIP allocations at the provider level
 - Need to review your allocation for errors
- Finalized the requirement for Region 10 that 30% of amounts allocated to private (for profit and not for profit) hospitals must be funded in order for the region to participate in Pass 2 funding

Program Funding and Mechanics Protocol – As of September 5

- Requires that Categories 1 and 2 projects be connected to Category 3 outcomes
 - Category 3 is being revised
 - Webinar on Friday, September 7

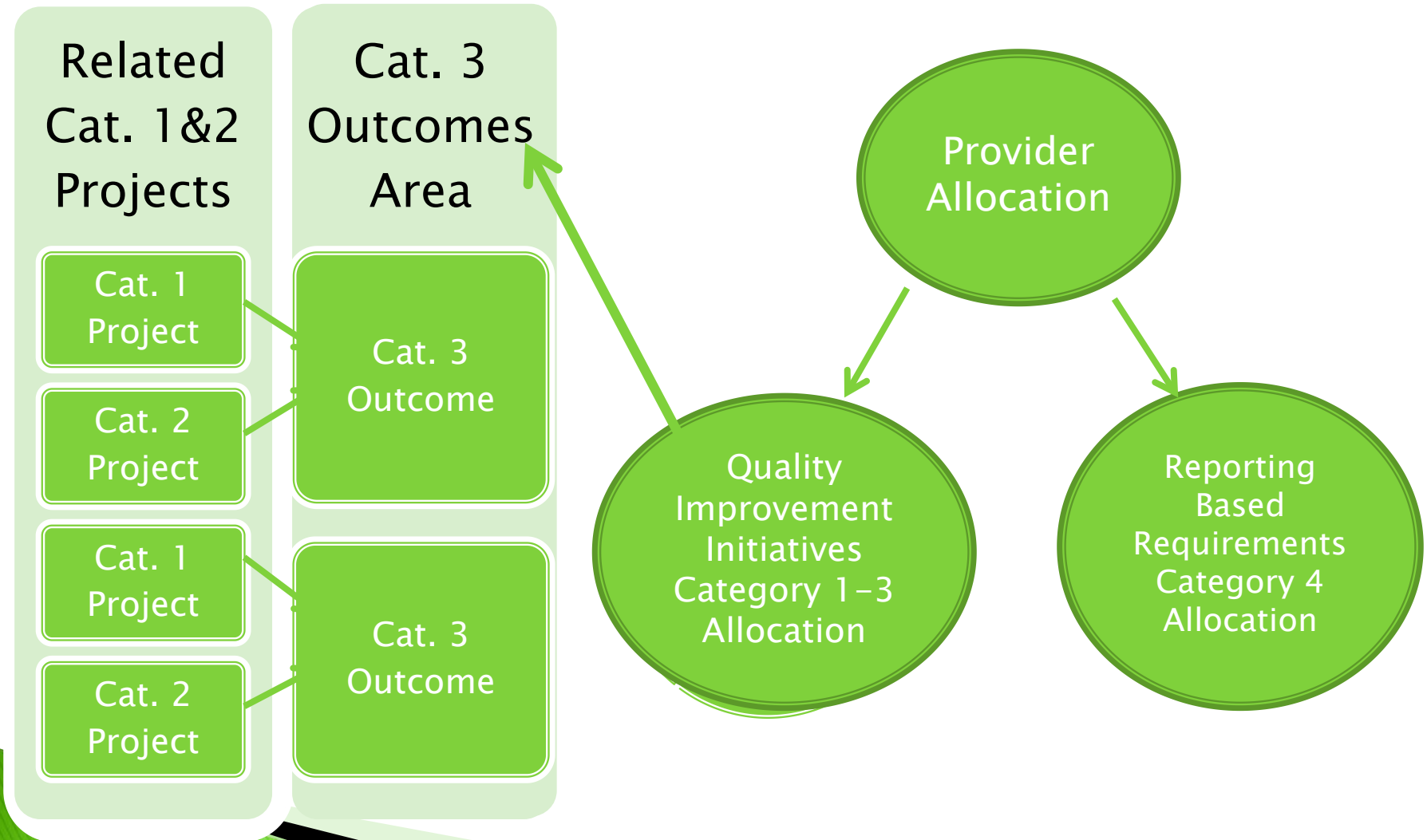
- Webinar on August 31 – announced the final percentages of DSRIP funding by category

- Category 3 must be at least 15% in DY4 and 33% in DY5
 - Which is the amount at risk of your total DSRIP funding
 - Approximately 20% of total funding is Category 3
 - Only about 12% in DYs 4 and 5

Program Funding and Mechanics Protocol – As of September 5

- ▶ Provided more guidance on project valuation
 - Maximum project value is the GREATER of
 - 10% of a provider's pass 1 allocation, or
 - \$20 million
- ▶ For the first time, discussed the possibility that CMS would reject the price of a project
- ▶ Establishes the need for reasoned valuation

DRAFT DSRIP Valuation Framework



Pricing Philosophy – Region 10

- ▶ Triple Aim Goals
 - Improving the experience of care
 - Improving the health of populations
 - Reducing per capita costs of health care

- ▶ Increasing patient satisfaction and improving health outcomes requires 2 types of changes
 - Capital investment in new delivery systems
 - Represented through Categories 1 & 2
 - Payment system reform
 - Represented through Category 3 payments
 - HHSC commented that Category 3 is seen as the “bonus” payment for reform efforts

Pricing Philosophy – Region 10

Category 3 outcomes represent the value that CMS hopes to achieve through the waiver.

Accordingly, Region 10 will base the valuation of our projects on the computed value of successful Category 3 outcomes.

Pricing Philosophy – Region 10

- With respect to non-hospital providers, we may have to define the outcomes that meet the triple aim goals.
- Hospital providers may also define a different outcome, but must satisfy the goals of the waiver.

Pricing Philosophy – Region 10

Outcomes Definition

Measures that assess the results of care experienced by patients, including patients' clinical events, patient's recovery and health status, patients' experiences in the health system, and efficiency/cost.

Pricing Process – Population Definition and Expected Improvement

- ▶ Define the population that will be measured for improvement
 - Example: Diabetics, ages 18–30, Tarrant County, homeless
- ▶ Quantify the total population and the percentage of the population you will be including in your measures
 - Example – population that is assigned to a medical home

Pricing Process – Population Definition and Expected Improvement

- ▶ Determine what outcome you are going to measure and improve
 - Example: Inpatient admissions
- ▶ If baseline doesn't exist, determine how it will be developed
- ▶ Determine the amount of the expected improvement
 - Example – Reduce inpatient admissions by 10%

Pricing Process – Determining Value of Expected Improvement

Data Gathering Effort

- Health Care System Costs and Potential Savings
- Individual Costs and Potential Savings
- Community Costs and Potential Savings

Pricing Process – Determining Value of Expected Improvement

Health Care System Costs and Potential Savings

➤ Examples:

- Cost of inpatient stay
- Overuse of emergency department
- Ambulance services
- Costs of preventable drugs, labs, other tests
- Other?

Pricing Process – Determining Value of Expected Improvement

Individual Costs and Potential Savings

- Examples:
 - Loss of ability to work
 - Caretaker impact
 - Extension of life
 - Improved life quality
 - Direct expenses of health issues
 - Other?

Pricing Process – Determining Value of Expected Improvement

Community Costs and Potential Savings

➤ Examples:

- Patient's ability to pay taxes rather than depend on the community
- Safety
- Insurance premiums
- Social services required as result of early death/disability
- Other?

Pricing Process – Assigning Value to Categories 1 Through 3

- Determine annual value assuming outcomes have been achieved
- Compute 5 years worth of value
- The percentage of the dollars allocated to Category 3 in the final protocol will be the total valuation of Category 3
- Determine the value of any Categories 1 and 2 projects related to the Category 3 outcome

Pricing Process – Assigning Value to Categories 1 Through 3

Possibilities for Category 1 / 2 projects with Category 3 outcomes

1 Category 1 / 2 Project \longrightarrow 1 Category 3 Outcome

2+ Category 1 / 2 Project \longrightarrow 1 Category 3 Outcome

1 Category 1 / 2 Project \longrightarrow 2+ Category 3 Outcomes

2+ Category 1 / 2 Project \longrightarrow 2+ Category 3 Outcomes

Next Steps

- Review model
 - Provide feedback
- Determine the Category 3 outcomes related to your intended projects
- Develop Category 3 outcome valuations
 - Identify correct valuation factors

Next Steps

- We are working on some of the “general” research
- Set up a time to work with us on your valuations
- Remember we are “creating the wheel”

Contact Information

- Website for downloading the model:
<http://www.jpshhealthnet.org/RHP/Tools-and-Resources.aspx>
- Deb Anderson
 - debra.anderson@andersonroers.com
 - 612-272-2407
- Brian Roers
 - brian.roers@andersonroers.com
 - 952-210-7460