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Research Reveals Network Performance Putting Health Systems and ACOs at Risk in Value-Based Care

As care networks sprawl under increasing value-based care reimbursements, new research reveals many health systems are at risk of failing value-based care contracts.

The State of Value-Based Care Readiness

The state of value-based care (VBC) is a hot topic among healthcare providers, payers and care network leaders today, especially as we cross the one-year mark of the pandemic and its effects threaten to linger into 2021. As some health systems are on the verge of buckling under the added pressures of staff shortages, declining inpatient volumes, sprawling networks and changing consumer behaviors, others are finding value-based models are helping to soften the impact.

The Centers for Medicare and Medicaid (CMS) and commercial payers are moving forward with their programs designed around paying for value rather than paying for volume. As a result, providers are banding together, whether by acquisition, partnership or network affiliations, to find new economies of scale and have greater control over the quality of care that is delivered to their populations.

But what are providers doing today to improve their chances of succeeding when it comes to VBC? Many are looking at the performance of their care networks and just starting to discover that these new-age challenges cannot be solved with traditional approaches and existing technologies.

To better understand the state of VBC readiness, Lumeris recently commissioned Porter Research to conduct an in-depth study of the top trends and challenges facing network leaders today and how they are preparing for the future.

Key Findings:

- **70%** have less than **25%** of their revenue tied to value-based care contracts today and **94%** expect this to grow in the coming years
- **54%** have spent more than $1M on improving network performance, and **96%** are still not fully satisfied with performance
- **100%** agree that improving network performance is important yet the majority are still struggling to articulate and execute a holistic network strategy.

The State of Network Performance

The shift toward value-based care is accelerating in part due to the pandemic, as health system leaders look for new ways to reduce the cost of care and share the responsibility of keeping patients healthier. This is evident not only in the Porter Research findings, with 94% expecting an increase in the percentage of their revenue that will be tied to value-based contracts; but also, as described in a March 2021 Modern Healthcare CEO Power Panel survey where three-quarters of CEOs plan to take on more value-based contracts as a result of the COVID-19 crisis.[1]

As the percentage of value-based revenue grows, so does the importance of the network performance. Value-based contracts only work if all participants clearly understand the goals, are aligned around common incentives and are able to share both clinical and performance data to optimize the network.

Among Porter Research survey respondents who are participating in some form of value-based care arrangements today, the majority have signed population-based shared savings (70%) and shared/loss (66%) contracts.

While many organizations are still early in their transformation to VBC, their current approaches do not appear to be working as they try to overcome the initial challenges that are sure to grow as VBC-based revenues grow. So, what are most providers doing today?

According to the survey, many networks (60%) have introduced provider incentives that align with performance goals, and 52% have created special onboarding and training programs to ensure their providers understand what is expected.

The vast majority (88%) are turning to traditional tools, like their electronic health record (EHR) systems, for data reporting and analytics. This introduces significant risk

for care networks, particularly when the entire network is not on the same EHR platform. These platforms were not designed to address shared savings models or the unique demands of accountable care organizations (ACOs) that stretch across populations, care settings and provider entities.

A chief operating officer of a regional health system in New York shared his perspective on these challenges: "We are still evolving when it comes to building a cohesive strategy for influence network performance. We've been trying to build better tools to help us monitor the network, but it is difficult given the fact that we have practices and hospitals that aren't on the same EHR system. Without having a common platform, it is extremely challenging."
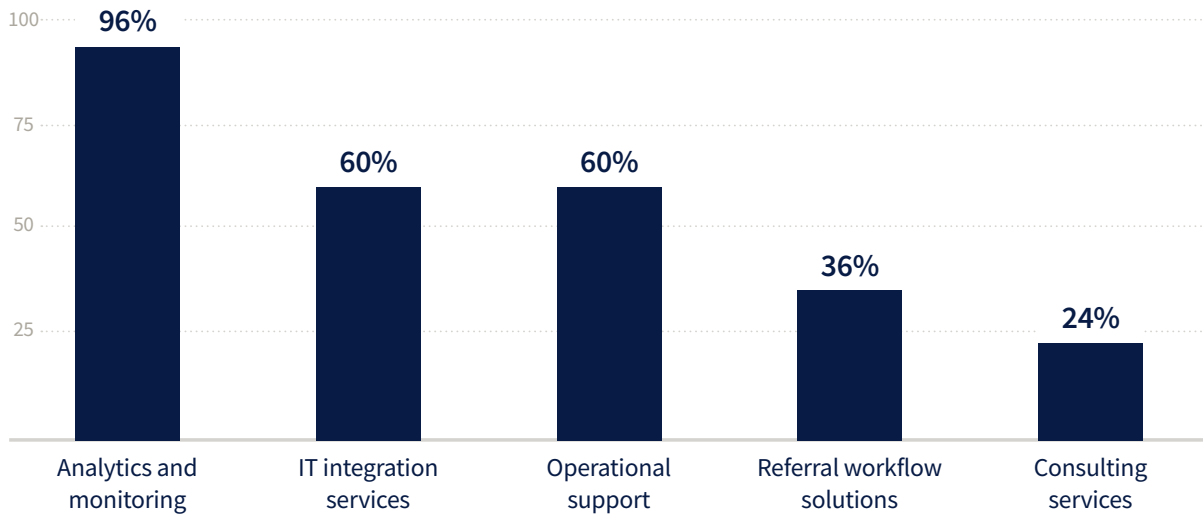
Top Challenges

Despite their best efforts and the millions of dollars being invested in network performance and interoperability, 96% of survey respondents are still not fully satisfied with their current network performance.

"The ability to get the big picture and also be able to drill down to see current practice-level specifics of their network is the ultimate challenge facing organizations today" observed Amanda Surber, Lumeris Vice President Product Strategy and New Markets, "and becomes even more critical as they look to shift into value."

From a technology standpoint, data is often locked away in siloed systems, requiring massive investments of money and time to access. This makes it nearly impossible for network leaders to have timely access to the data to help them measure and monitor network performance. Unfortunately, many health systems are turning to existing technology solutions, such as their EHR systems and standard reporting modules, to get access to what they need. And they're coming up short.

Providers are also spending millions of dollars trying to get these traditional tools to talk to each other under the premise of interoperability. But as budgets tighten due to the massive disruption COVID-19 has brought to our health systems, IT integration budgets and projects are often the first line items to be cut.

Current Investments to Improve Network Performance

96%	60%	60%	36%	24%
Analytics and monitoring	IT integration services	Operational support	Referral workflow solutions	Consulting services

According to one SVP of Finance at a large academic medical center in the Midwest, "We've made major investments in analytics tools, and we were on the cusp of turning those on when COVID hit. A lot of things have been sidetracked because of COVID, and our efforts have now stalled. I'd say we are now about a year and a half behind on starting to get the insights we need to more actively manage our network."

Another chief medical officer from a mid-sized health system in Tennessee commented, "We had plans to purchase more purpose-built technologies to help us optimize our network, but all of our financial spending right now is on a freeze due to the pandemic. We hope to get back on track soon so we can have access to the data we need to make better network decisions."

Lack of access to data also makes it challenging for providers understand where and why network leakage is occurring. This not only results in lost revenue opportunities, but also inhibits the system's ability to control care costs and quality as patients move through alternate care sites.

Other providers are throwing people at the problem, trying to onboard, educate and incent providers at record speeds. While the onboarding process is important, constant attention to each provider can require a massive investment in human resources – both clinical and non-clinical. In fact, according to the Modern Healthcare CEO Power Panel, 63% of the panel expects staffing and labor to be their fastest-growing expense in 2021.[2] This one-dimensional, manual-intensive strategy flies in the face of the goal of moving toward electronic, more efficient means of delivering higher quality healthcare.

As organizations seek a "silver bullet" to help improve network performance, the current solutions they are applying are disconnected and are not able to answer fundamental questions such as, "Why are patients receiving care outside of the network? Why are my care costs so inconsistent? What types of providers do we need to add to the network?"

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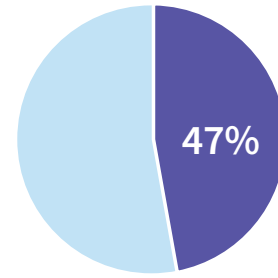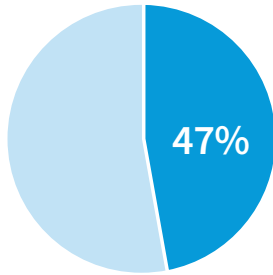
Biggest Network Performance Challenges

67%
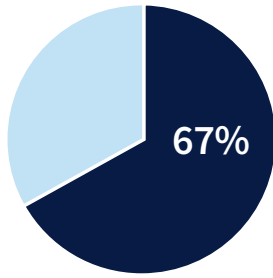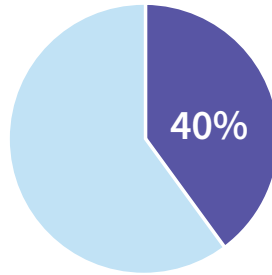
Lack timely/accurate data
to track network performance

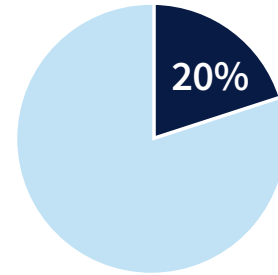**67%**
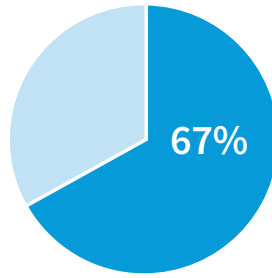
High levels of network leakage

47%

Inability to measure/monitor
network performance

47%

Unable to effectively manage
the referral process/policies

40%

Provider incentives not aligned
to performance

20%

Lack of network integrity/coverage

To build a sustainable network, leaders must focus on all three main areas of network performance:
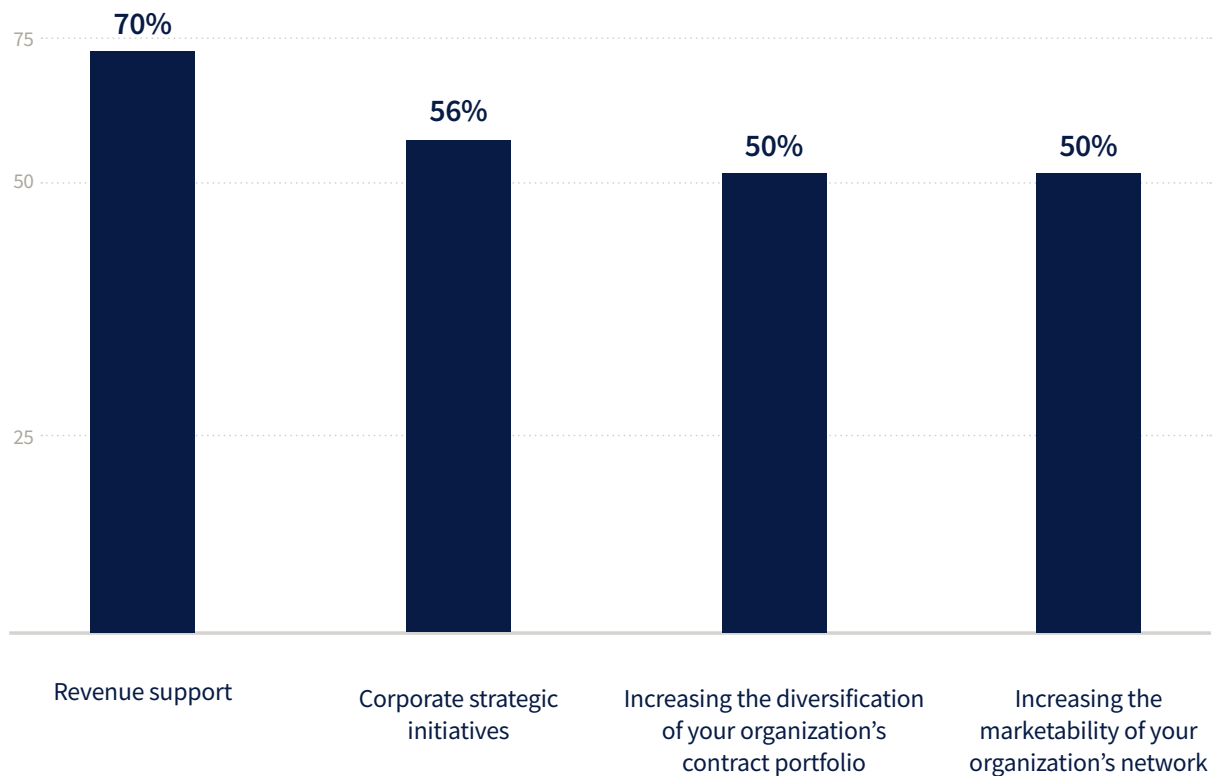
People

Process

Technology

This three-pillar approach can also promote multiple dividends. Lumeris enables health systems to optimize network performance through best practices, governance and communication frameworks and fit-for purpose technology. While designed to increase care retention and network integrity, these integrated components can also help enhance patient access and foster safer more coordinated care priming the organization for a future shift to value-based care.

Positive Impact For Patients and Providers

Improved brand perception in the community and growth in the number of patients receiving care in the network are also biproducts of a high-performing care network. This not only helps those providers who have more revenue tied to value-based contracts, but it also helps participating network partners who are still heavily dependent on fee-for-service revenue, such as post-acute care providers.

Addressing issues such as network leakage and care retention can provide both short and long term benefits for these providers. It can spark an immediate revenue bump by increasing care contained within the network and improving care coordination, and foster high-performance in value-based contracts by reducing cost and improving care quality.

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Top Positive Impact Points for Value-Based Care

70%	56%	50%	50%
Revenue support	Corporate strategic initiatives	Increasing the diversification of your organization's contract portfolio	Increasing the marketability of your organization's network

When networks are optimized, everyone wins. Patients get greater access to quality care services and providers reap the financial benefits of positive performance. Survey respondents have big aspirations for the role that value-based care will play in their future success.

Three Things Every Network Leader Must Consider in 2021

Healthcare consumer preferences and behaviors are changing at never-before-thought-of speeds due to COVID-19, which in turn is driving the expansion of care networks. As these networks expand, so do the complexities of trying to optimize performance. New providers require education and onboarding and introduce more risks of network leakage if not handled properly. More entities with different EHR systems and varying degrees of maturity come into the fold.

Taking a holistic approach is the secret to sustainable network success:

1 *People/Strategy Advisory:* As many networks are at the beginning of their value-based care journeys, now is the time to establish a flexible approach and partnerships that can help them navigate the rapidly changing market dynamics. Lumeris works as collaborative operating partner with health systems. As part of its solutions, Lumeris performs a deep dive assessment that looks at the network holistically- from the system level down to the practice and provider level. Lumeris works with the health system to define a strategic plan for optimizing their network performance that is managed on an ongoing basis to stay in step with the organization, with Lumeris working side-by-side with the health system.

2 *Process/operational expertise:* CIOs, CMOs, CFOs, COOs and CEOs must work together more closely than ever before to ensure network performance, contract performance and clinical best practices are aligned properly. This can be complicated as governance structures are constantly evolving as the network expands. Aligning with an organization who has deep domain expertise and works with many other care networks can give leaders valuable insight into best practices for running complex care networks. Leveraging over a decade of practical experience in managing value-based care contracts, including running a high-performing Medicare Advantage plan, Lumeris helps organizations build their contracting strategy, optimize utilization and implement network design and governance structures designed to enhance their network performance. In doing so, Lumeris enables health systems to deliver high-performance today and be positioned for future success in risk-based contracts.

3 *Technology and Services:* Major technology innovations are taking place to address the new challenges triggered by the COVID-19 crisis, and providers should not depend on traditional tools, such as their EHR systems, alone. Lumeris enterprise solutions enable organizations to utilize their existing systems and provide an EHR-agnostic centralized platform for managing their value-based care. The Lumeris platform enables health systems to integrate information from across the network, including employed and independent providers and specialists.

For any solution to be most effective, empowering people with the knowledge of how to properly use the technology and data to optimize the network performance also must be considered. Lumeris utilizes a physician-led, patient-centered approach based on insights and experience gained over 15 years of managing value-based contracts. Together with a proven model for VBC, Lumeris arms health systems with the tools, best practices and know-how to build a sustainable framework for managing a high-performance network and improving patient outcomes.

"Organizations need to move beyond traditional tools designed for volume and incorporate a more holistic approach that can scale with the network performance demands of risk-based strategies." – Amanda Surber, Lumeris Vice President Product Strategy and New Markets.

A Step in the Right Direction

Providers must consider a more modern approach to addressing these emerging challenges or risk failing when it comes to value-based care contracts. The precarious position that our US healthcare system is in due to COVID-19 requires leaders to think more holistically and leverage experienced resources to help guide them through these unchartered territories.

Methodology

The research involved a quantitative survey of approximately 50 clinical and business executives, including CEOs, CMOs, CFOs, COOs, from health systems and ACOs as well as a series of qualitative phone interviews conducted by Porter Research. The findings have been incorporated into this paper to enable network governance teams to be more prepared while leading their organizations into the future of VBC.

About Lumeris

Lumeris enables a new model for Value-Based Care. As the trusted partner for next-generation health systems, Lumeris helps providers deliver extraordinary clinical and financial outcomes. With health systems partners across the country, we align providers and payers with a proven model that coordinates operational processes, resources and technology to achieve high-quality, cost-effective care with very satisfied consumers and engaged physicians. Lumeris is a proven operating partner for health systems moving toward Value-Based Care and total cost of care management. Lumeris brings a broad set of best-in-industry operating capabilities, deep expertise in managing insurance risk, and a highly aligned business model to its health systems partners. Lumeris is focused on enabling health systems to create sustainable, scalable, high-performing healthcare delivery systems in local communities across the country. To learn more, visit: https://www.lumeris.com.

For more information go to lumeris.com

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End notes:
[1] https://www.modernhealthcare.com/finance/providers-focus-adding-nurses-expanding-outpatient-care
[2] https://www.modernhealthcare.com/finance/providers-focus-adding-nurses-expanding-outpatient-care