Annual Health System Chief Strategy Officer Roundtable

Jackson Hole, Wyoming
August 26-27, 2021

Roundtable Proceedings

On August 26-27, a small group of strategists from not-for-profit health systems in 8 states gathered in Jackson Hole, Wyoming for the second annual CSO Summit. The agenda focused on the future for U.S. healthcare in the next 2-3 years and longer term. The discussion was moderated by Paul H. Keckley, Ph.D., Managing Editor of The Keckley Report and sponsored by Lumeris.

Organizational Response to COVID-19

Context:

The fourth wave of the pandemic is impacting every community. Hardest hit are those in areas where vaccination rates are low. How is the current pandemic impacting your strategies?

Key Takeaways:

The Delta-variant pandemic has not altered strategic plans for any organization.

The most significant impact has been in maintaining the health and performance of our workforce.
Mandated masking is generally supported by healthcare workers but pockets of resistance in nursing homes, community hospitals and other settings is problematic. Vaccine resistance among healthcare workers is many pockets of the workforce: it impacts how we compose our work teams and staffing in patient care units to keep vaccinated and unvaccinated workers separated.

Regulatory guidance from the CDC and other government sources has been inconsistent lending to lack of clarity and confusion in health system operations. Even in the face of the confusing evidence, many health care institutions are gearing up to give third “booster” shots for Covid to battle Delta variant.

Comments:

“Covid has helped us move the needle towards more convenience for patients, telehealth, remote monitoring and care pathways for patients to better self-manage without provider involvement.”

“The CDC has not advised that a booster is necessary formally but the administration is encouraging it. That lends to confusion. We’re struggling to understand regulatory guidance.”

“We have little or no pushback about masking from our employees but pockets of pushback in the community.”

“We’re finding our vaccinated employees don’t want to work with unvaccinated colleagues. And we have an issue with Unvaccinated teams taking care of non-Covid patients.”

“If we mandate masks, people will go work for our competition.”

”30% of home-based health plan workers say if it’s mandated, they’ll quit.”

Comments Continued:

"For us, revenue diversification is a strategy. Having a health plan is good though…the politics between the acute operations and the plan is a barrier to making it work…the challenge is that no one has figured out funds flow between health plan and aggregate units. If you could create a soft landing with a provider-sponsored health plan (PSHP), you could diversify your revenue stream."

"Health plans try to be clinical: they should eliminate all of that and just function as a TPA and become really good at administration via good service and member experience and physicians differentiate on clinical outcomes. Health plans can't differentiate on diabetes care!"

"Private equity is a factor looking forward: they cherry pick profitable sectors and programs and leave less lucrative hospital and specialty programs in place. We're watching PE more closely."

The Role & Scope of Value-Based Care Strategies

Context:

Much attention has been given to value-based care and the transition away from fee-for-service reimbursement. How is your organization thinking about its value-based care strategies?

Key Takeaways:

Value-based care is a focus but systems differ widely on how it is defined and pursued strategically.

The transition from volume-based to value-based incentives for providers will continue but alternative payment models (APMs) might not be the primary lever due to APM fatigue.

While lowering operating costs remains an intense focus, positioning health systems as the low-cost provider to consumers and payers is not desirable. Maintaining quality and positioning around total cost-of-care is the preferred alternative.

Medicare Advantage might be the optimal route to value-based care, especially if expanded to younger enrollees and integrated with managed Medicaid and private insurance.

Comments:

"Value based care is a big focus for our organization. We have to figure out how to retain our quality at a more affordable price."

"Our focus is on the total cost of care (TCOC), not rates. We don't want consumers to think of us as the lowest cost. As long as the quality is there, it's ok to show your costs are in line."

"Being called the "low-cost provider" or "hospital" is not desirable. There's a complex interaction between high value and lower cost. Consumers think 'you get what you pay for'.

"Everyone talks about value and no one thinks it's accurately measured."

Comments Continued:

"Academic institutions have a hard time with the notion of value. Is value a healthcare word? It's hard to argue that an AMC provides value for those not very sick. Different consumers have a different view of value, especially based on their health status at the time."

"There is fatigue around all these APMs. What about going big with Medicare Advantage? Managed health in Medicare and Medicaid—run by private companies—could be the future. It's also a factor in the possibility of reducing the eligibility age to 55."

"Medicare Advantage could be the long ball, and everything else is just variations on a theme. Not Medicare for all, but MA for all. Or, what if there was no more FFS Medicare, and it all became MA? Not politically possible."

"There were too many bundles and ACO models in the mix and they keep changing. CMS made it too complicated."

"It's a conundrum for academic medical centers who have faculty often not inclined to think about community-based care...they're researchers and scientists first."

"Medicare Advantage will be under scrutiny, but once right 'controls' in place, it could be the private option that is still managed health. And savings are guaranteed."

"Traditional MA plans do not move the needle to prepare a provider enterprise to operate in a managed care model, taking total cost of care responsibility. They control care management instead of delegating it to providers."

"We need to be skeptical about Medicare Advantage. MA plans are closer to 10% admin cost, which is still significantly higher than Medicare—so that's adding expense."

"Why doesn't Medicare negotiate better rates for post-acute care? It needs to do a better job coordinating care between acute and post-acute settings."

The Long-Term Outlook for Healthcare

Context:

Looking ahead 7-10 years, react to these six future state scenarios' by indicating how likely you think they are on a scale of 1 to 5, with 1 indicating very unlikely to 5 indicating very likely.

Scenario 1: The federal government will take over the Medicaid programs.

Mean: 3.00
Distribution: Wide distribution—half think it unlikely, half likely
CSO Sentiment: It's unlikely but possible depending on the political environment and relationships between states and the federal government.

Scenario 2: The U.S. healthcare system will bifurcate into a public/private system in which 15% of our population use the private system and the rest use the public system.
Mean: 2.6
Distribution: 6 think it unlikely
CSO Sentiment: Though evolving, the private system will pay a bigger role long-term.

Scenario 3: Employer-sponsored health insurance coverage will disappear as employers shift responsibility to their employees.
Mean: 2.7
Distribution: 6 of 10 think it unlikely vs. none thinking it likely
CSO Sentiment: Employer-sponsored benefits will continue though employees will have more financial risk.

Scenario 4: Community health service organizations and medical groups will replace hospitals as the hubs for local health services activity in communities.
Mean: 2.70
Distribution: 6 think it unlikely vs. 4 likely
CSO Sentiment: Large integrated health systems are best positioned to provide BOTH.

Scenario 5: Physicians will become better organized and exert more influence in the health system than they have in the past.
Mean: 2.00
Distribution: 8 believe it's Unlikely/Very Unlikely
CSO Sentiment: Physician influence will continue but through their employer (hospitals, insurers, private equity); a national union or alternative "voice" is unlikely.

Scenario 6: The $3.5 trillion reconciliation bill, which includes significant changes for healthcare, will pass.
Mean: 3.45
Distribution: 3 believe it's Likely/Very Likely to pass vs. 7 who are unsure
CSO Sentiment: The legislation will pass with some modifications.

Final Thoughts From The Moderator

The Jackson Hole Health System CSO Roundtable was enlightening: despite the pandemic and uncertainty about the impact of new policies from the Biden administration, strategies remain focused on value, growth and diversification.

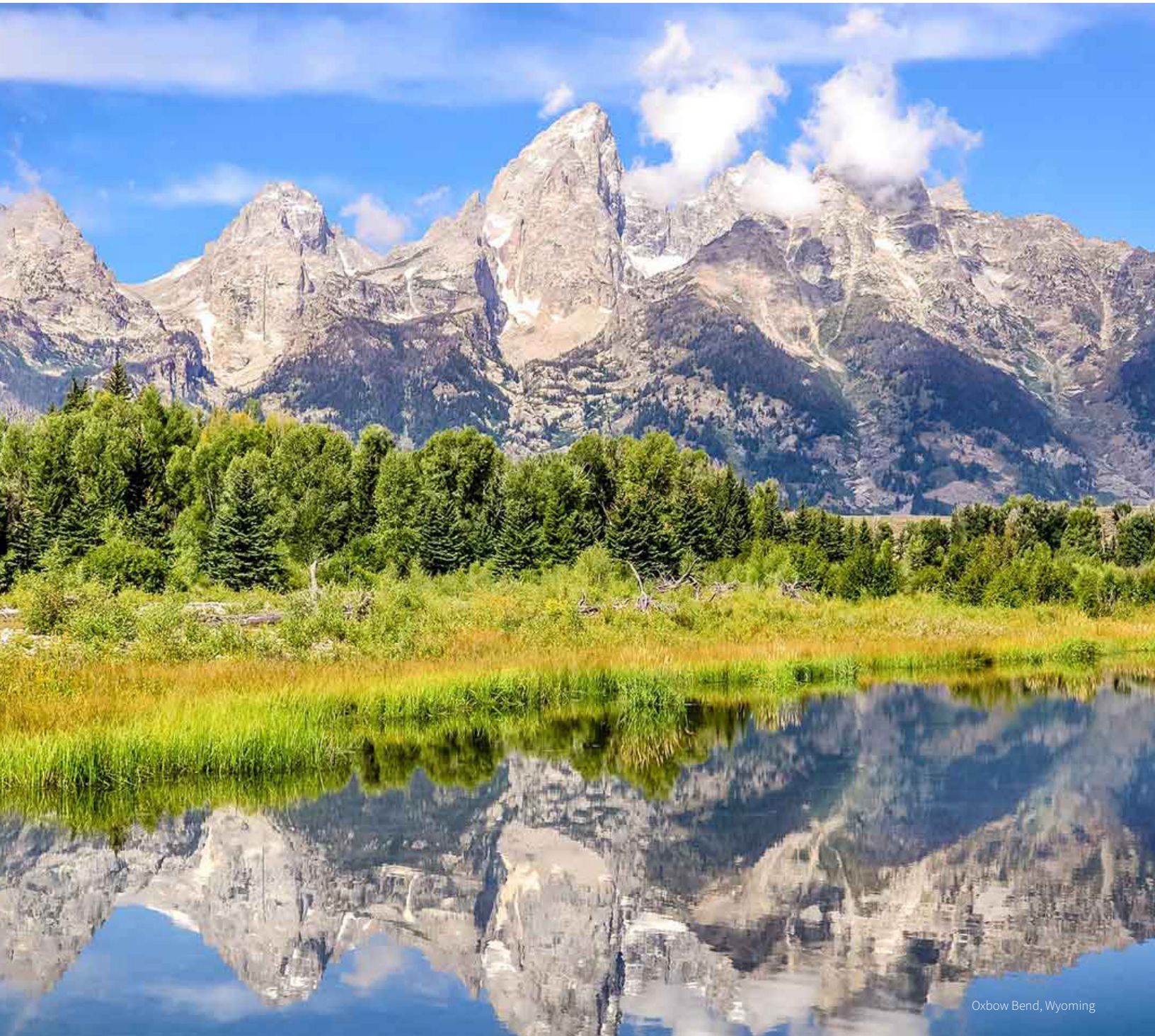
All believe 'value-based care' is transformational to the entire health system and a necessary focus in their organizations but think CMS' alternative payment models have been ineffective in advancing efforts. Most think provider-sponsored health plans and/or participation in Medicare Advantage better strategies for advancing high quality, affordable care management services.

Health systems' strategies have not been paralyzed by unknowns in their competitive and regulatory environments but risks are far higher than in previous era. For that reason, CSOs are playing bigger roles in their organizations as future-state scenarios are considered.

-Dr. Paul H. Keckley, Ph.D., Managing Editor of The Keckley Report

About Lumeris

Lumeris enables health systems to successfully deliver exceptional value-based care through its market leading population health solution – the PHSO (Population Health Services Organization). The PHSO is the best solution in the market for health systems looking to manage outcomes for Medicare, Medicaid, Commercial and Individual populations. Lumeris has partnered with leading health systems to deploy its PHSO to more than 1 million patients and 7,000 physicians, managing $10B of medical spend in 15 markets around the US. By providing health systems with a comprehensive value-based care delivery model, enabled by the industry's best predictive analytics and technology-enabled workflows, Lumeris' health system partners consistently deliver more accessible, higher quality, lower cost, sustainable health outcomes. To learn more about Lumeris, please visit www.lumeris.com.



Oxbow Bend, Wyoming