

# Getting Ready for Value Based Payment Systems: The Local Perspective

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## **Maureen West McCarthy, CPA**

Maureen is the President and Founder of MBA, LLC, a firm specializing in Healthcare Consulting and Practice Management issues for all types of healthcare providers/entities. Prior to that she was a partner and shareholder with the firm Snyder Cohn, PC and served as the Director of the Healthcare Consulting Division.

Her extensive 25+ years of experience with healthcare organizations has allowed her to be one of the medical community's most valuable assets. She has aided many organizations by consulting on a wide variety of practice management projects for private practice physicians, hospitals, medical trade associations, and medical billing companies. Specific services include managed care contract negotiation, revenue cycle management, sales and mergers, and litigation support for healthcare entities, including federal and state payor audit defense. Maureen is actively involved in the healthcare community and is frequently called on by the local medical societies, hospitals, and practice management associations for presentations and advice. In addition, she has taught at American University, Georgetown University, George Washington Medical School, George Mason University's Healthcare Administration Department, as well as the University of Maryland's Robert Smith School of Business Physician Program in conjunction with MedChi.

## Overview of Current Marketplace:

- 5 major payors = 85% of market
- One payor is 50% of the market
- All rates seem to be tied to Medicare
- As the number of payors has decreased, so have the reimbursements

## The Concerns:

- Growing level of reimbursements will be at risk (enter value based contracting with cost & quality targets)
- Balancing multiple revenue models
- Deciding what is a fair payment?



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## The Concerns:

- And... how we measure health goals/metrics?
- Penalty or reward based?
- Increased enforcement & audits



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# The Value Based Contract Theory: “Shift the FOCUS of Healthcare”

- Improve outcomes/quality
- EHR to track results
- Reduce spending/control costs
- Increase access to care
- Involve patients
- Coordinate care



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Currently, payor payments are volume based

- Move towards risk based contracting (Déjà vu all over again)
- Payors offering more products (ACA, HDHP)
- Behavior based penalties



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# How does a provider/practice prepare and respond?

- Verify/create your own internal metrics & controls (clinically & operationally)
- Managing 2 systems internally
- Focus on FFS payments NOW, while preparing for VBPS



# Know Your Practice...Build Your Destiny

- Contracting: Who, when and how?
- Communicate Within:
  - Track practice patterns and frequencies. Discuss clinically and administratively how they affect outcomes (medically & financially)



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## Know What's on the Table:

- Allow for adequate prep time before your required Renewal Dates
- Have a definitive Action Plan/Goal
- Be persistent and unwavering
- Patience is a MUST
- Educate yourself on each payor's payment methodology



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# NOW Let's look into the Future

- How, Where, When, and What???



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# An Eye to the Future...the Future is Now

## ACA – The Era of Acronyms

### How much do you need to know?

- ACO
- PCMH
- VBC
- TCPI



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## Resources Available for Montgomery County:

- AMA Education Modules
- TCPI Grant Money
  - VHQC
  - Health Partners / Del Marva
- Seminars, Conferences, Articles, Books



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## WHERE are rates going?

Move from FFS to....

- Value based payment system (VBPS)
- Payments based on level of risk
- Performance based payments (in conjunction with FFS to start)

## WHEN?

- Next couple of years
- Definitely on any negotiations after 2016/2017
- Won't happen all at once

## WHAT will it look like?

- “Shared Savings”
- Incentives to reduce spending for a defined patient population (through a course of treatment and beyond)
- Will share % of net savings realized



## HOW will all the change happen?

- Increases must be EARNED
- RCM Dept & functions will change (FFS and VBPS run simultaneously)
- Results MUST be reported and proven (pre-defined measures)
- Maintain results-oriented DATA (statistics and performance info)



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## Take Initiative, Don't Wait:

- Foster and welcome the needed change in behavior for ALL your team members
- Usher in the culture of *Educate, Coordinate, Measure, and Report*



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## KEY Measurement Areas:

- Clinical Performance
- COSTS
  - Know the costs of all of your services
  - Be LEAN: Best approach might be to spend more on some services to reduce the need for others.

## Game Plan for Your Future!

- Look at your current contracts and pull together all of your practice information, as described previously
- Know your practice stats

# Game Plan for your Future!

- Evaluate/research your opponents (other practices, health systems, etc.)
  - WHO TO PARTNER WITH
  - WHO NOT TO PARTNER WITH....

Run stats from your EMR/PM system on a regular basis to evaluate your practice.

Start small with some set goals:

- Flu shot and vaccine compliance
- % of physicals
- Hospitalizations or ER visits (for all patients or a particular DX group)



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- Keep adding benchmarks to your list to evaluate
- Measure your costs for a group of high cost patients / DX group



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- Utilize information you get from payers about how your practice is doing to help measure yourself
- Contact payers, ask questions





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Who's doing (a form of) this now?

- Local and Natl Health Systems
- CareFirst PCMH
- Clinically Integrated Networks
- Commercial Payer Report Cards
- UMD Medical Center (Full Risk Contracts)



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# **What is your Key to Success?**

**Best Advice:**

**Don't get left behind!!**

**Start Now!**

**Educate Yourself and your Practice!**

**Prepare for your Future!!**



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Any Questions?

