HOSPICE & PALLIATIVE CARE

LEADERSHIP & ADVOCACY CONFERENCE

2019

Marketing Hospice to ACOs

Strategies for Hospice Leaders

Sue Lyn Schramm, MA

Schramm Consulting, LLC

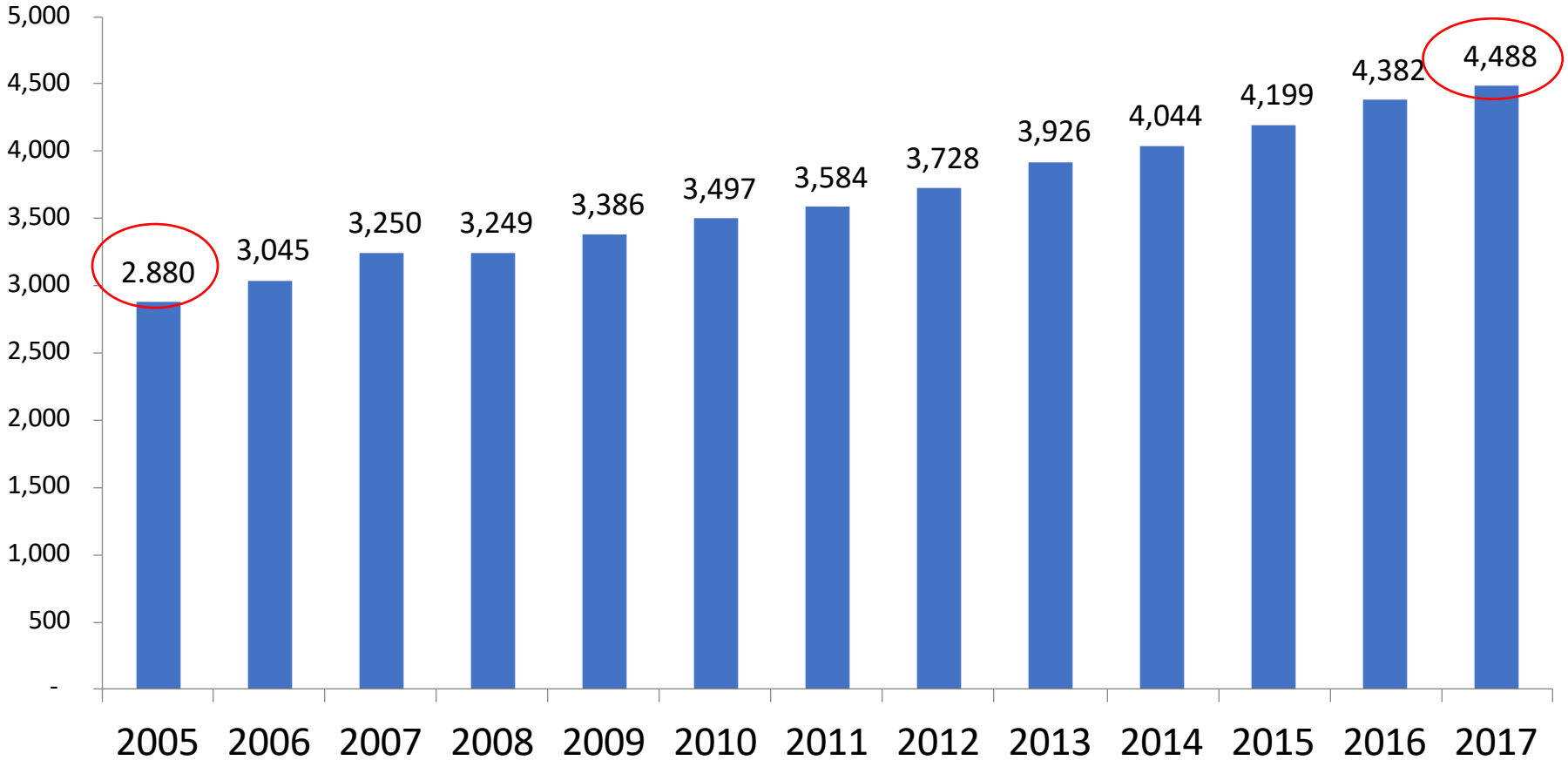
National Hospice and Palliative Care Organization

Session Objectives

- Prioritize your strategic plan to take advantage of business opportunities with ACOs
- Know how to make the case to ACO leaders why hospice should be included in their network
- Identify the best potential business partners for your organization in your market

Why Should Hospices Care about ACOs and Other Advanced Payment Models?

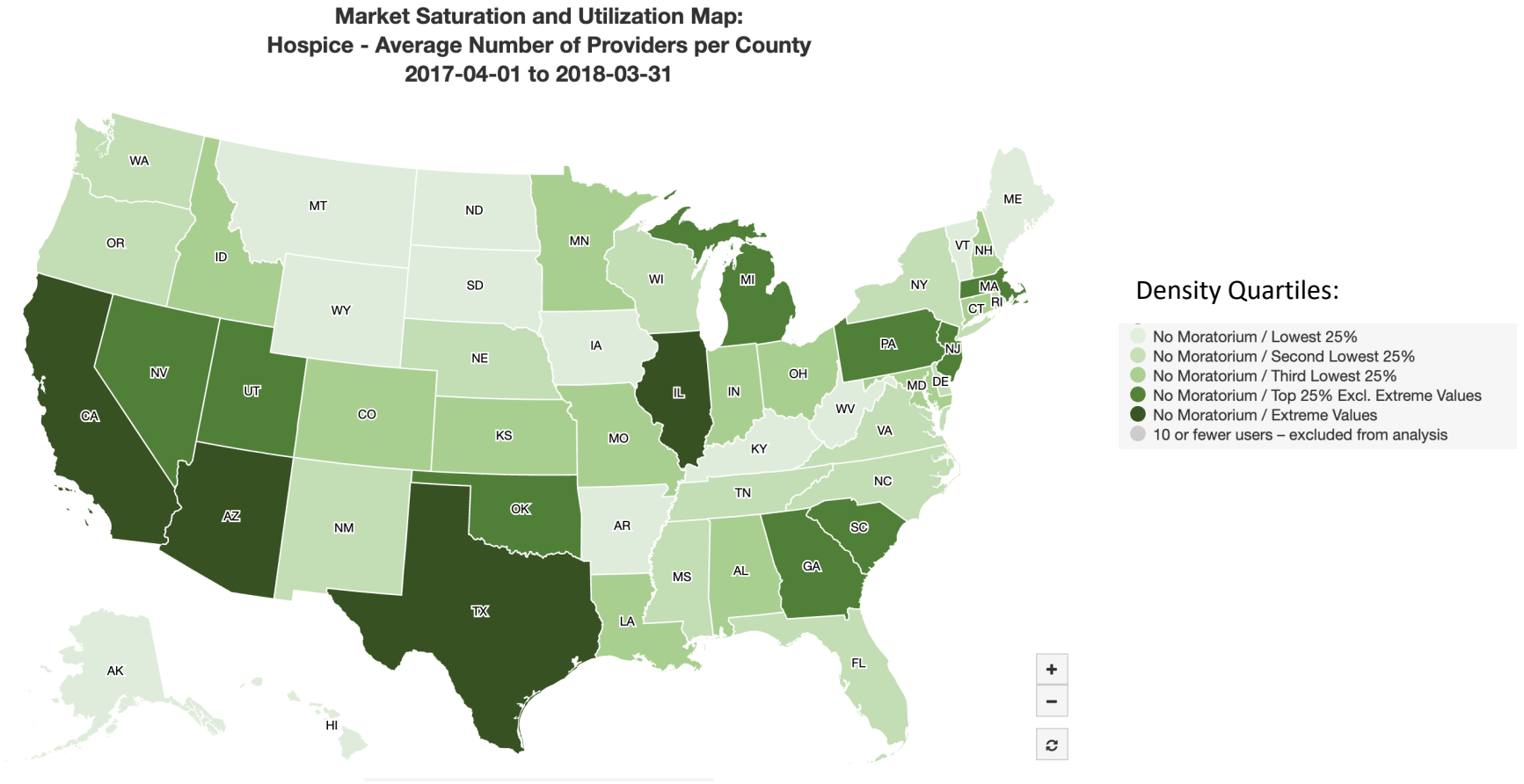
Number of Medicare Certified Hospices



Source: "Hospice Services: Assessing Payment Adequacy and Updating Payments," from *Report to the Congress: Medicare Payment Policy*, MedPAC (Medicare Payment Advisory Commission), Washington, DC, March 2019, p.318.

Hospice Providers are Facing More Competitors than Ever Before in Many State

Density of Competition in Hospice Care



Source: Center for Medicare and Medicaid Services (CMS), https://data.cms.gov/market-saturation, accessed April 9, 2019.

So What's Next for Hospice & Palliative Care Providers?

- Adjust to flattened prospects for growth as competition heats up
- Fight for share of patients with both hospice and non-hospice providers

OR

- look for opportunities to partner with other parts of the healthcare continuum in new ways
- Take advantage of our skills in managing frail patients in the community

Opportunities for Hospice and Palliative Providers

Understanding What ACO and APM Partners Want, and Why They Need You!

Why Good Hospice and Palliative Care is Important for ACOs

ACOs are evaluated by CMS-set benchmarks for the total cost of care – <u>including hospice and end of life care</u>

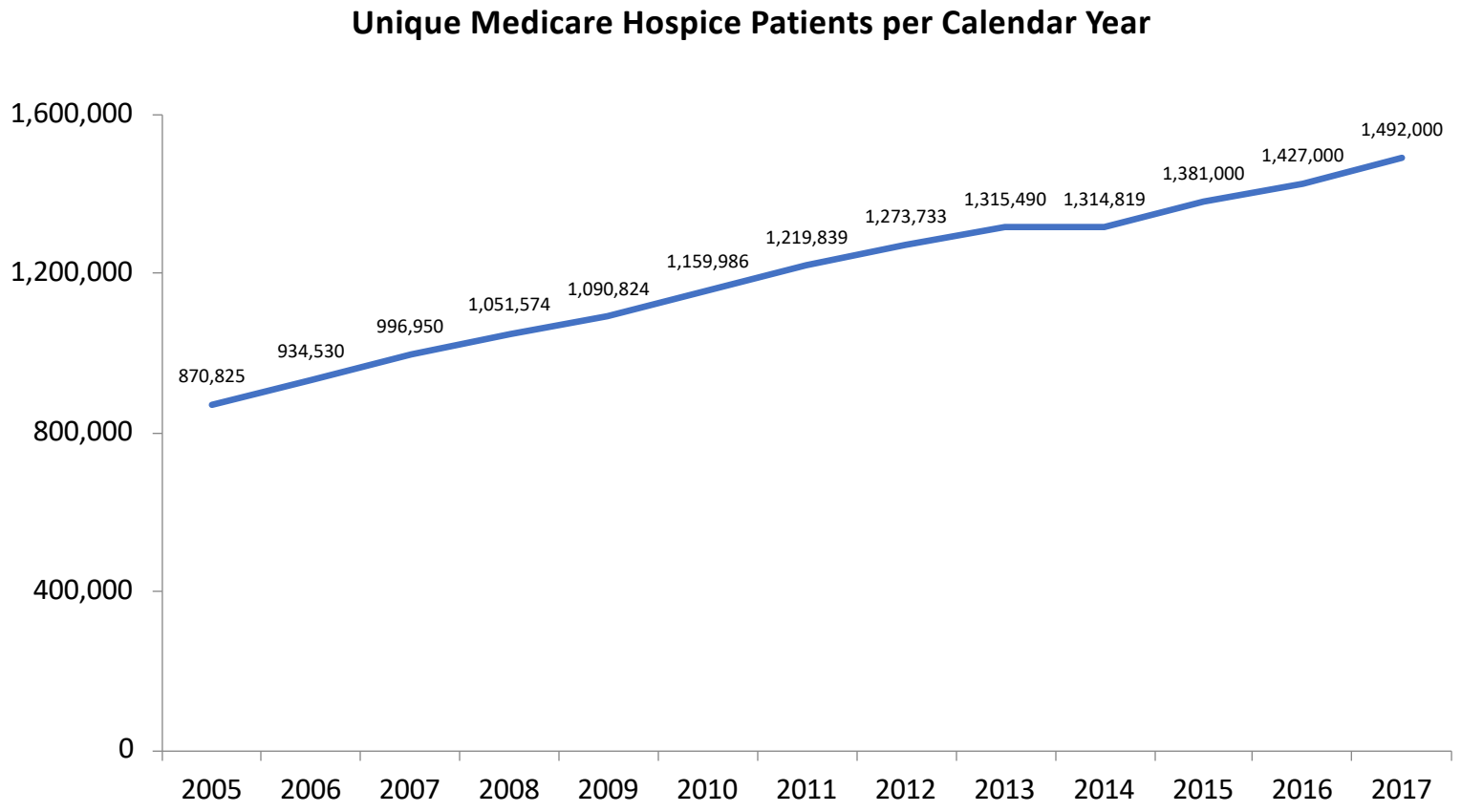
In addition, hospice and palliative care can help ACOs reduce costs in some of their highest-priority spending areas

Movement Towards Risk for ACOs Creates More Opportunity for Hospice & Palliative Care

- Hospice is already experienced at managing risk
  - Medicare Hospice Benefit is one of the original experiments in fixed per diem payments
- Hospice and Palliative Care can help reduce total cost of care for ACOs
  - Reduce hospital readmissions
  - Keep patients out of expensive hospital settings
  - Even Hospice GIP care is much lower cost than hospital daily cost
  - Palliative care can help manage chronically ill patients in their communities

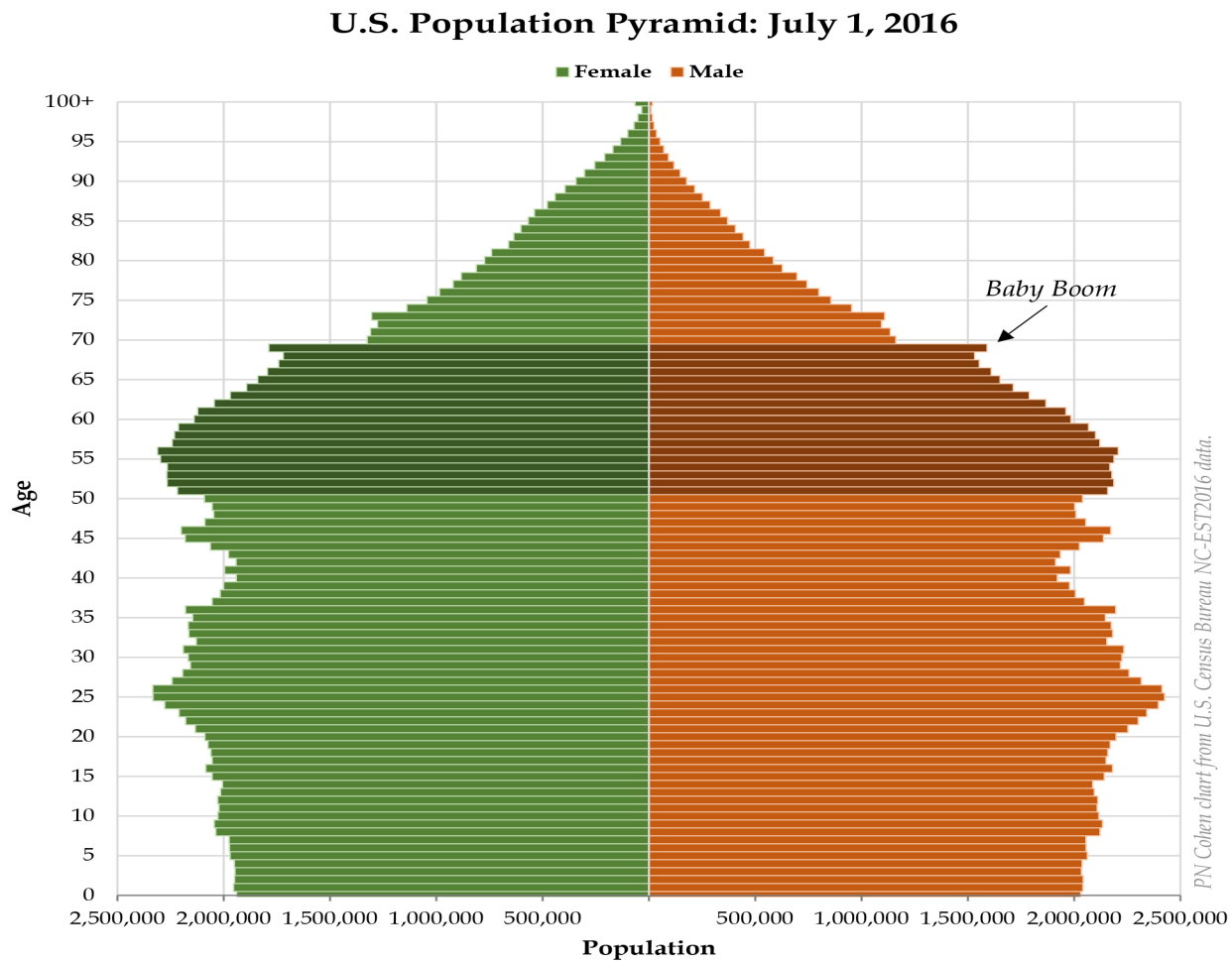
U.S. Hospice Volumes Are Increasing

As Americans Age and Increase Acceptance of Hospice



Source: "Hospice Services: Assessing Payment Adequacy and Updating Payments," from *Report to the Congress: Medicare Payment Policy*, MedPAC (Medicare Payment Advisory Commission), Washington, DC, March 2019, p.319.

Baby Boomers Are Just Beginning Old Age



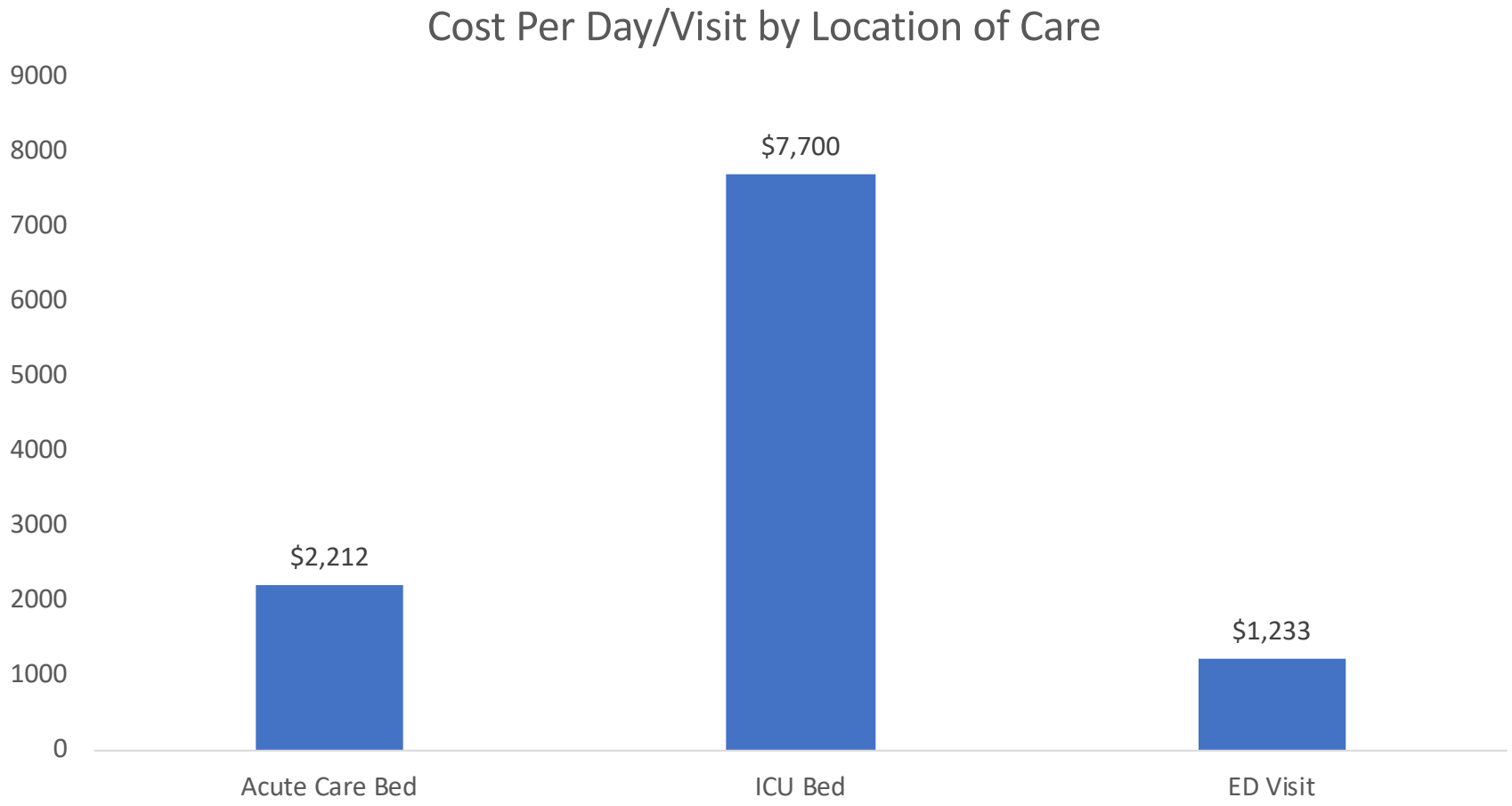
Source: Philip N. Cohen, "2016 U.S. population pyramid, with Baby Boom," from the blog "Family Inequality" using U.S. Census Bureau 2016 data; accessed at https://familyinequality.wordpress.com/2017/06/03/2016-u-s-population-pyramid-with-baby-boom/ on March 31, 2019.

Top Focus Areas for ACOs

Objective	Percent of ACOs with Objective
Prevent hospital readmissions	58%
Manage chronic conditions	56%
Prevent ED visit and inpatient admissions	54%
Integrate post-acute care	35%
Integrate mental health care	18%
Improve end-of-life care assessment	16%
Improve pharmacy or medication adherence	14%
Improve patient engagement	12%
Provide palliative care	11%
Avoid overuse of specialty care/redundant imaging & diagnostics	10%

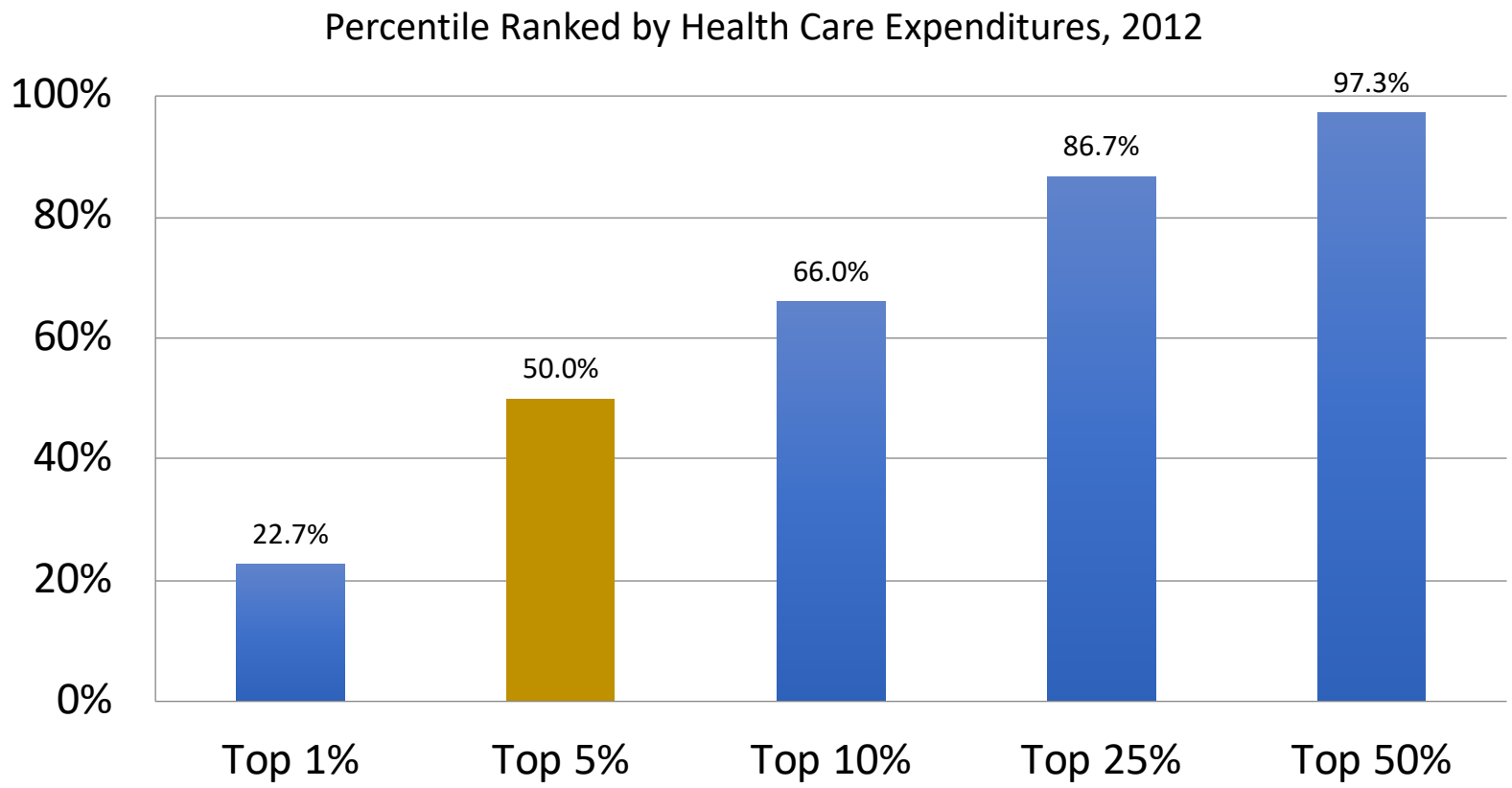
Source: "The 2017 ACO Survey," *HealthAffairs Blog*, October 4, 2017, http://healthaffairs.org/blog/2017/10/04/the-2017-aco-survey-what-do-current-trends-tell-us-about-the-future-of-accountable-care/. Accessed October 25, 2017.

Hospital Costs are Biggest $ Target for ACOs



Sources: ACU per diem: Kaiser Family Foundation State Health Facts; ICU per diem: JPM, Vol. 19, No. 11, 2016; ED median cost per visit: "Patient Charges for Top Ten Diagnoses in the Emergency Room," PLOS One, Vol. 8, No. 2, February 2013.

The Top 5% of Patients Account for 50% of All Healthcare Spending



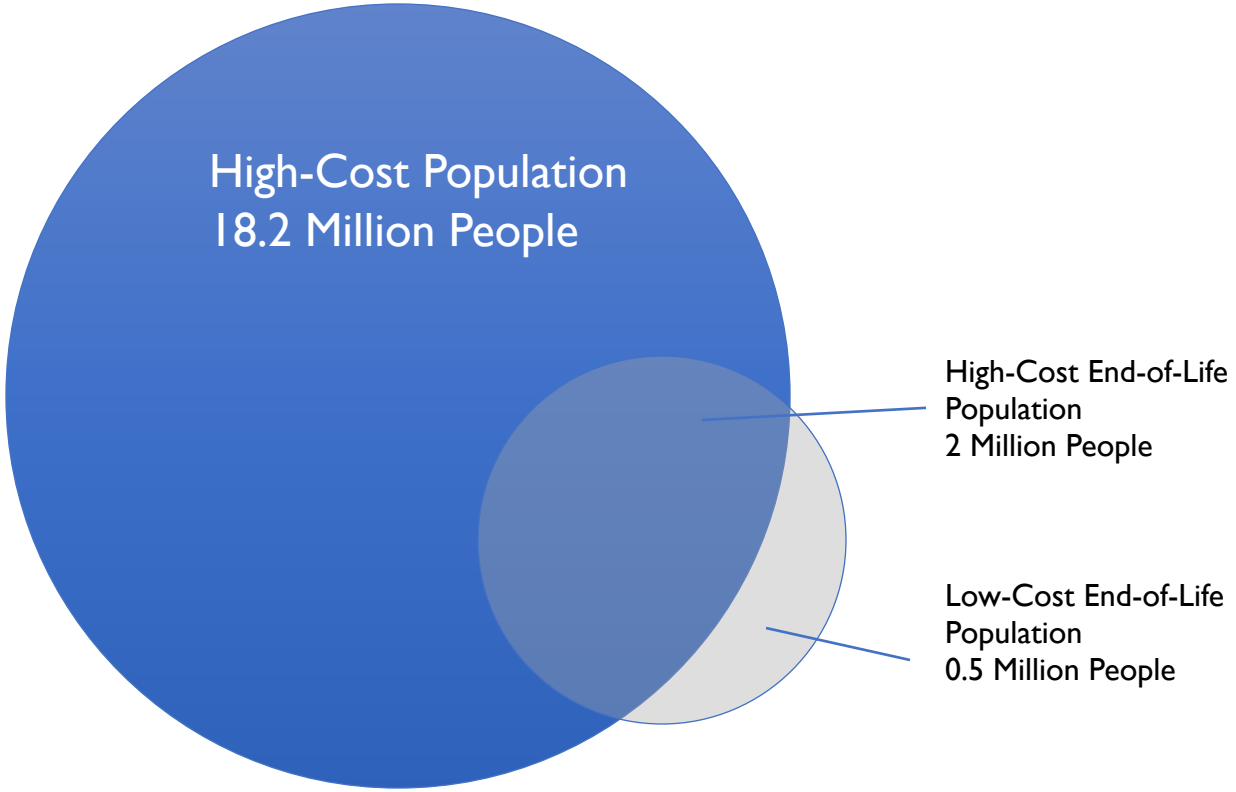
Source: Steven B. Cohen, Ph.D., "The Concentration of Health Care Expenditures and Related Expenses for Costly Medical Conditions, 2012," Statistical Brief #455, AHRQ, October 2014.

Top Five Most Costly Medical Conditions

1. Heart disease
2. Trauma-related disorders
3. Cancer
4. Mental disorders
5. COPD/asthma

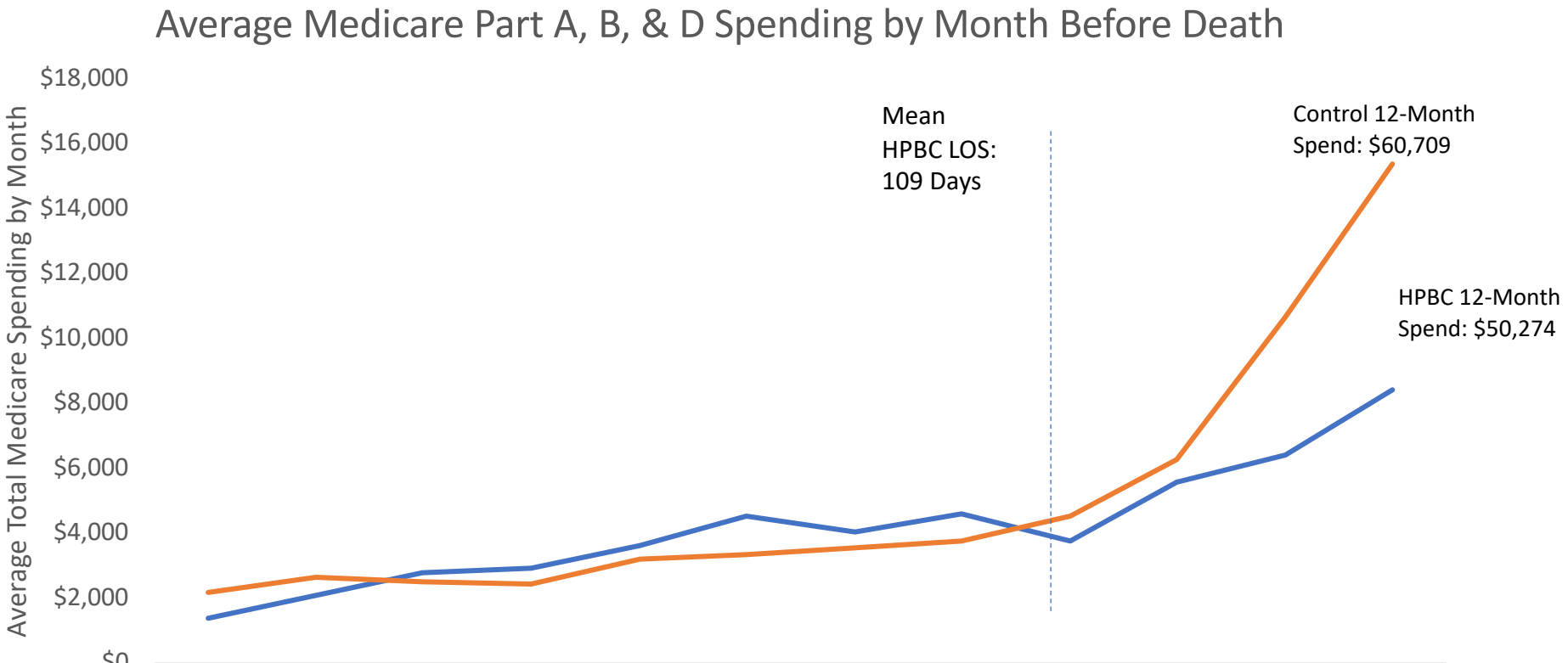
Source: Steven B. Cohen, Ph.D., "The Concentration of Health Care Expenditures and Related Expenses for Costly Medical Conditions, 2012," Statistical Brief #455, AHRQ, October 2014.

Beyond Care of the Dying: The High-Cost Population Is Not All at End of Life



Source: *Dying in America: Improving Quality and Honoring Individual Preferences Near the End of Life*, Institute of Medicine (IOM), The National Academies Press, Washington, DC, 2014, Appendix E, p.27.

Palliative Care Savings in an ACO



	11	10	9	8	7	6	5	4	3	2	1	0
HPBC	$1,394	$2,090	$2,827	$2,931	$3,657	$4,506	$4,053	$4,589	$3,807	$5,564	$6,423	$8,432
Control	$2,190	$2,681	$2,494	$2,479	$3,208	$3,366	$3,533	$3,798	$4,539	$6,317	$10,712	$15,391

Source: Dana Lustbader, MD, FAAHPM, et al., "The Impact of a Home-Based Palliative Care Program in an Accountable Care Organization," *Journal of Palliative Medicine,* August 20, 2016. Note that Medicare Part A spending shown here includes costs from those patients referred to hospice prior to death.

The Unpalatable Reality

Many hospices may be ahead of ACOs in their market in understanding the incentives and how they can be good business partners to ACOs.

So Far, Very Few ACOs Have Focused on Hospice and Palliative Care

Study Findings:
Little Change in EOL Care

- No increase in use of hospice or hospice days
- No change in number of transitions or days at home
- Slight reduction in aggressive care at end of life (ICU use or tube placement)
- Three quarters of ACOs didn't include hospice and palliative providers in contracts

Why?

- Weak incentives under Track 1 MSSP program
- Conflict with hospital fee for service revenue for aggressive end-of-life care
- More focus to date on higher-spend easy targets like SNF use
- ACOs lack experience

Source: Lauren G. Gilstrap, et al., "Changes in End-of-Life Care in the Medicare Shared Savings Program," Health Affairs 37:10, October 2018, p.1693.

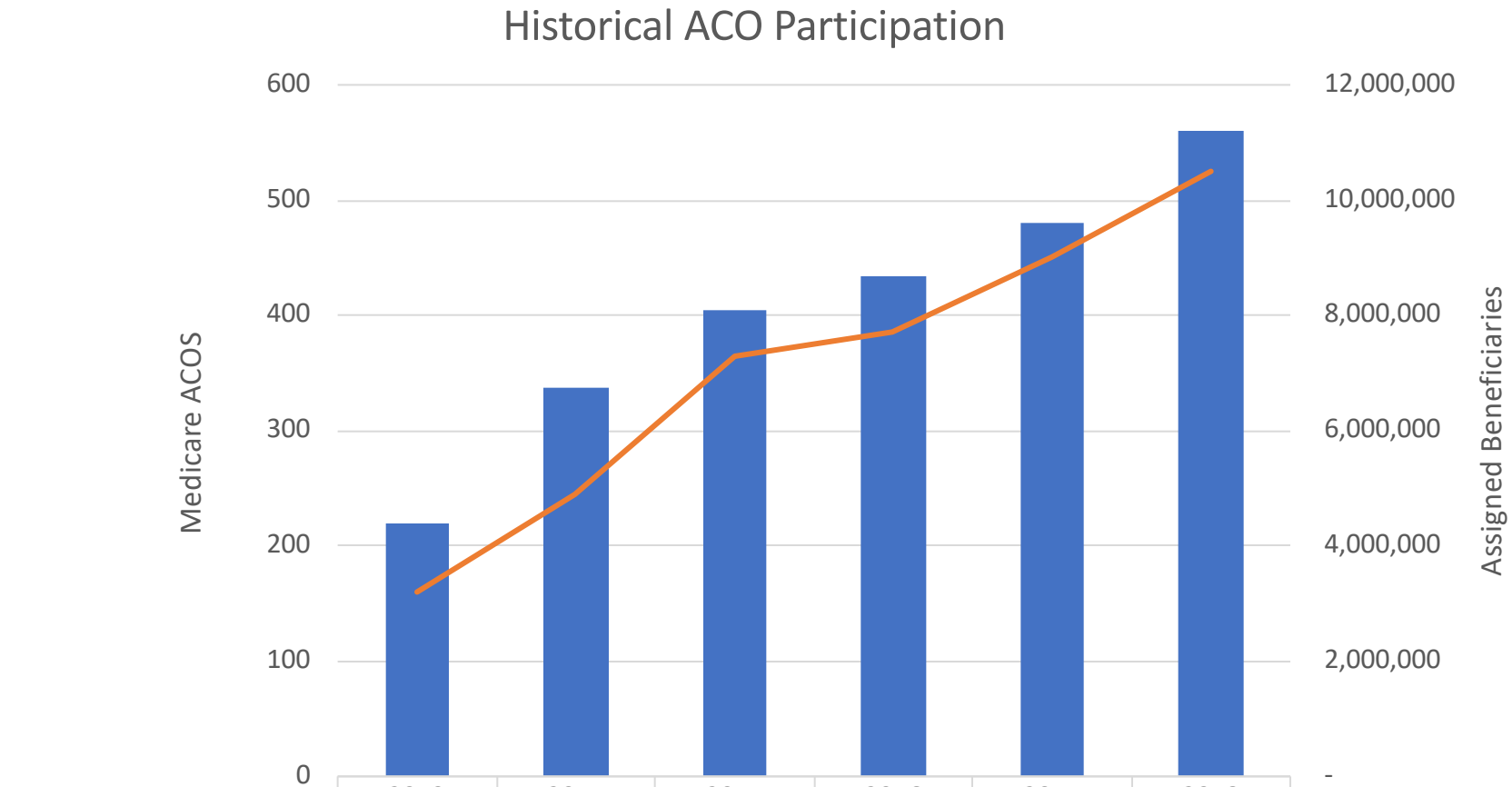
Understanding 2019's Radical Changes for Medicare ACOs

And How this Can Work for Hospice and Palliative Care Leaders

CMS Has Experimented with Many ACO Forms and Levels of Risk

- Pioneer ACOs (Discontinued)
- Next Generation ACOs (51 active participants)
- Investment Model ACOs (45 active participants)
- Medicare Shared Savings Program ACOs (561 participants)

Medicare MSSP ACOs Grew Quickly from 2012 Inception

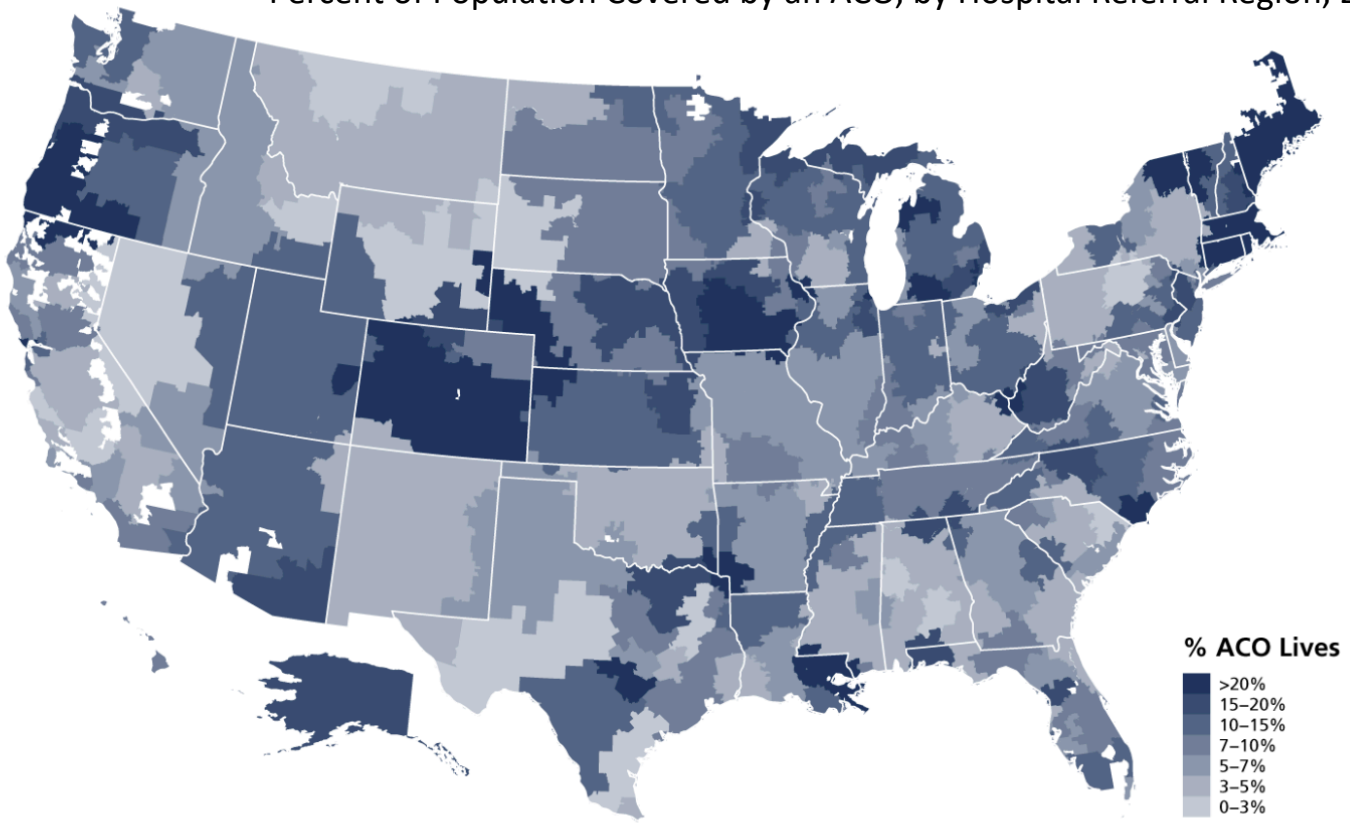


	2013	2014	2015	2016	2017	2018
ACOs	220	338	404	433	480	561
Assigned Beneficiaries	3,200,000	4,900,000	7,300,000	7,700,000	9,000,000	10,500,000

Source: "Medicare Shared Savings Program Fast Facts," Center for Medicare and Medicaid Services, January 2018.

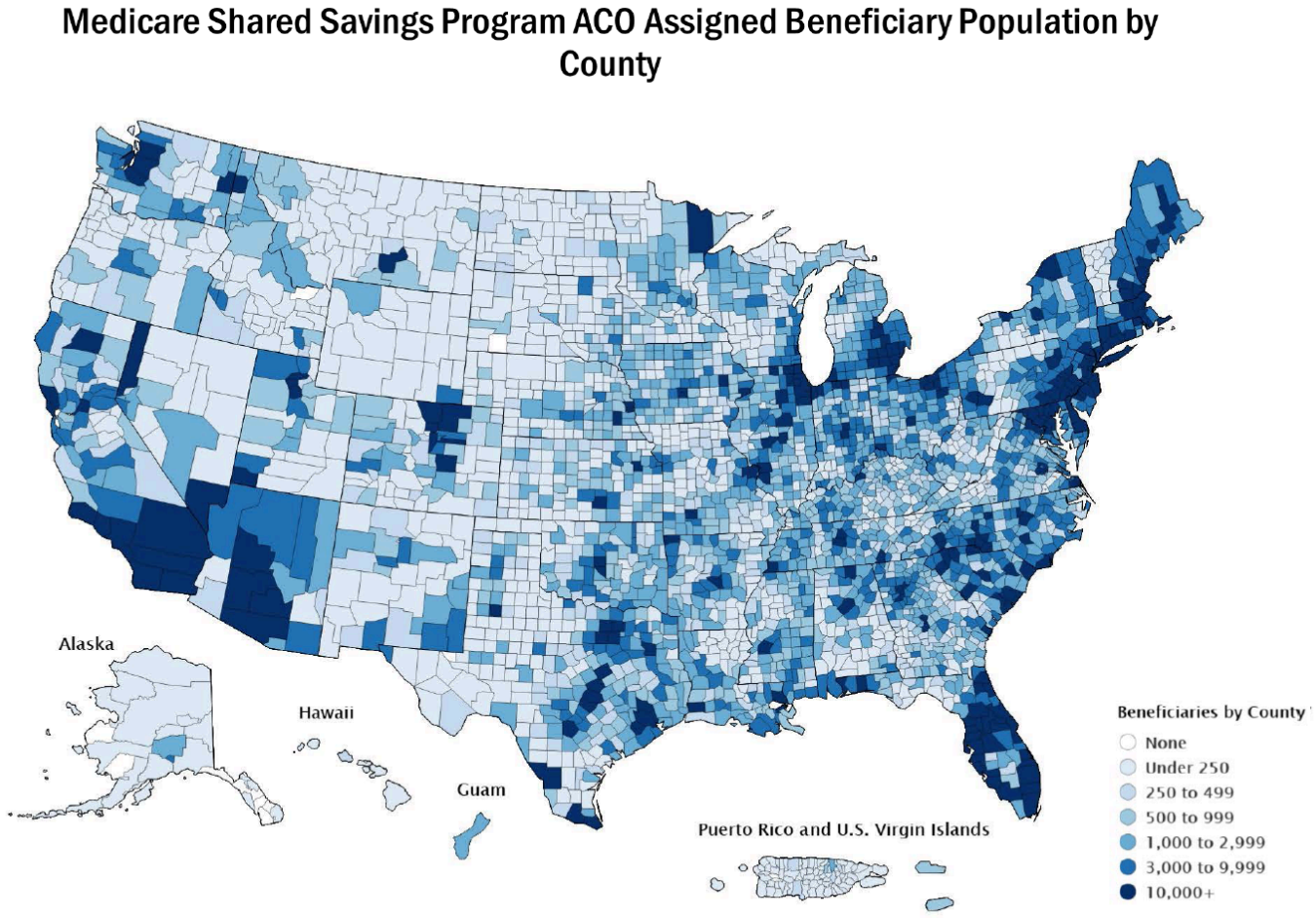
ACO Penetration 2018
(Includes Commercial ACOs)

Percent of Population Covered by an ACO, by Hospital Referral Region, 2018



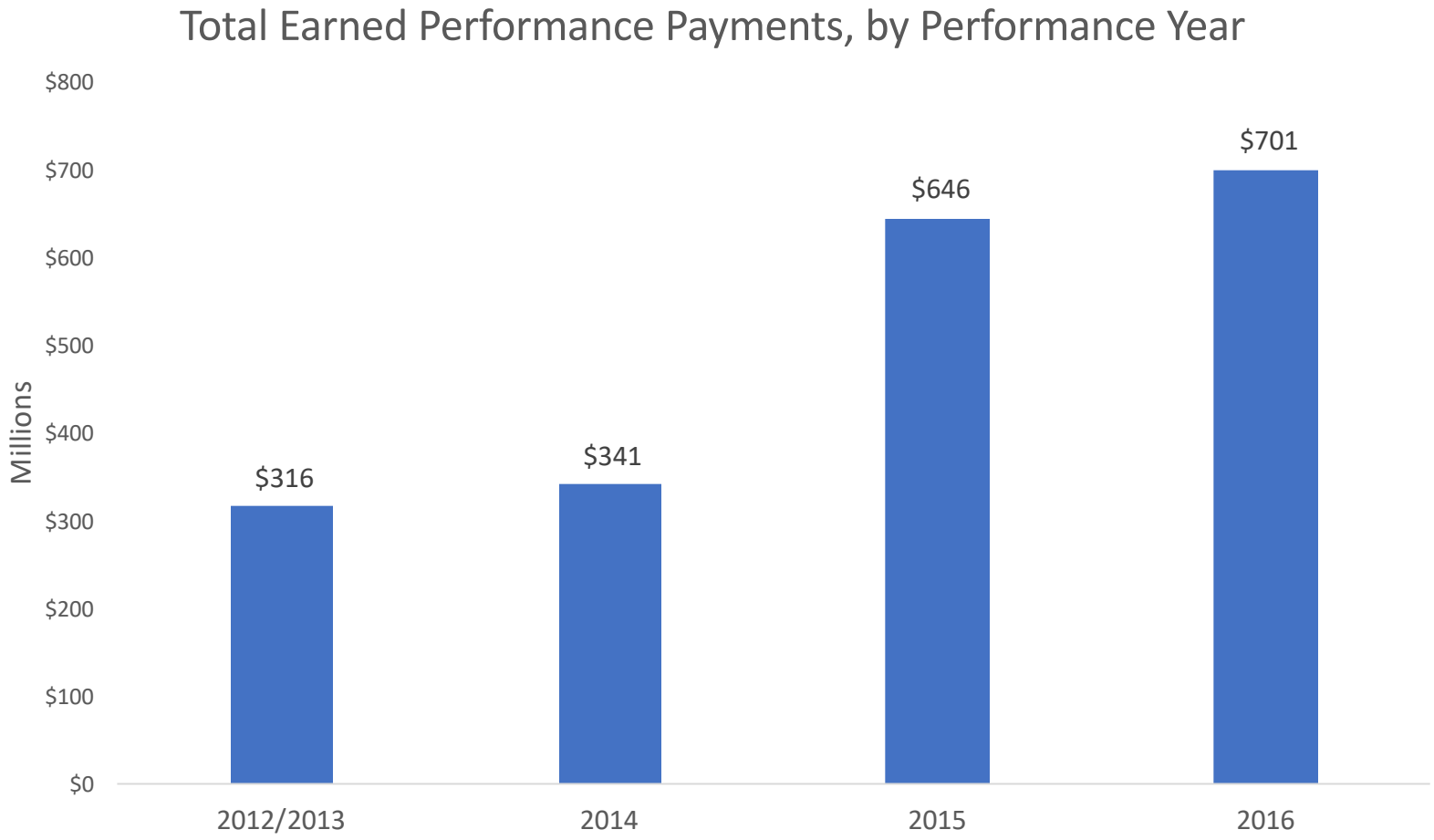
Source: Leavitt Partners' accountable care organization database, as reported in "Recent Progress in the Value Journey: Growth of ACOs and Value-Based Payment Models in 2018," Health Affairs Blog, David Muhlestein et al., August 14, 2018.

Medicare ACOs Have Been Especially Concentrated in Urban Centers



Source: "Medicare Shared Savings Program Fast Facts," Center for Medicare and Medicaid Services, January 2018.

ACOs Have Earned Payouts from Medicare



Source: "Medicare Shared Savings Program Fast Facts," Center for Medicare and Medicaid Services, January 2018.

But Out of 561 Medicare ACOs in the MSSP, Only a Small Minority Accepted Down-Side Risk

ACO CHARACTERISTICS

	ACOs	Percent
Non-Risk Based:		
Track 1	460	82%
Risk Based:		
Track 1+ Model	55	10%
SNF 3-Day Rule Waiver	31	–
Track 2	8	1%
Track 3	38	7%
SNF 3-Day Rule Waiver	30	–

DISCONTINUED

Source: "Medicare Shared Savings Program Fast Facts," Center for Medicare and Medicaid Services, January 2018.

Understanding Risk Terminology

Upside Risk

- Provider shares in any savings, but does not lose money if targets aren't met

Downside Risk

- Provider shares in losses with CMS if targets are not met

Two-Way (Upside & Downside) Risk

- Associated with greater payouts if there are savings
- Risk of significant provider losses if cost-reduction efforts fail

New ACO Rules Are Meant to Speed the Transition to Accepting Risk

- Not enough ACOs were accepting downside risk
  - Too many were staying in Track 1, with no risk of losses
  - Many Track 1 ACOs were not meeting targets, generating losses for CMS while taking advantage of waivers of some federal requirements
- New structure permits only two primary ACO tracks:
  - BASIC: Upside risk only, but more risk phases in over time
  - ENHANCED: Multiple variations that include upside and downside risk
- All ACOs are expected to transition to ENHANCED track over time
  - ACOs have 1-3 years to begin accepting downside risk

New ACO Rules Announced in Late December

- Changes to program announced December 21, 2018
- No new ACO agreements this January
- Expiring agreements allowed to continue for another 6 months
- New agreements under the new rules begin July 1, 2019

So Far, ACOs are Staying in the Program

- Most ACOs expressed intent to renew this July
- Therefore most will be moving towards increased risk within the next 3 years (along the BASIC glide-path)

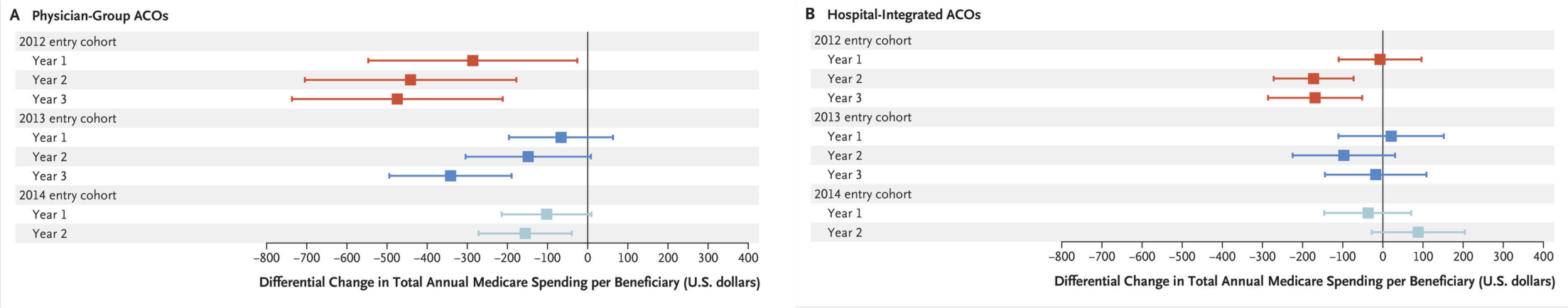
- BUT
  Physician-led ACOs have shown higher drop-out rates than hospital-owned ACOs

Assessing Possible Partners for Hospice and Palliative Providers

Choosing the ACO and APM Partners You Want to Work With

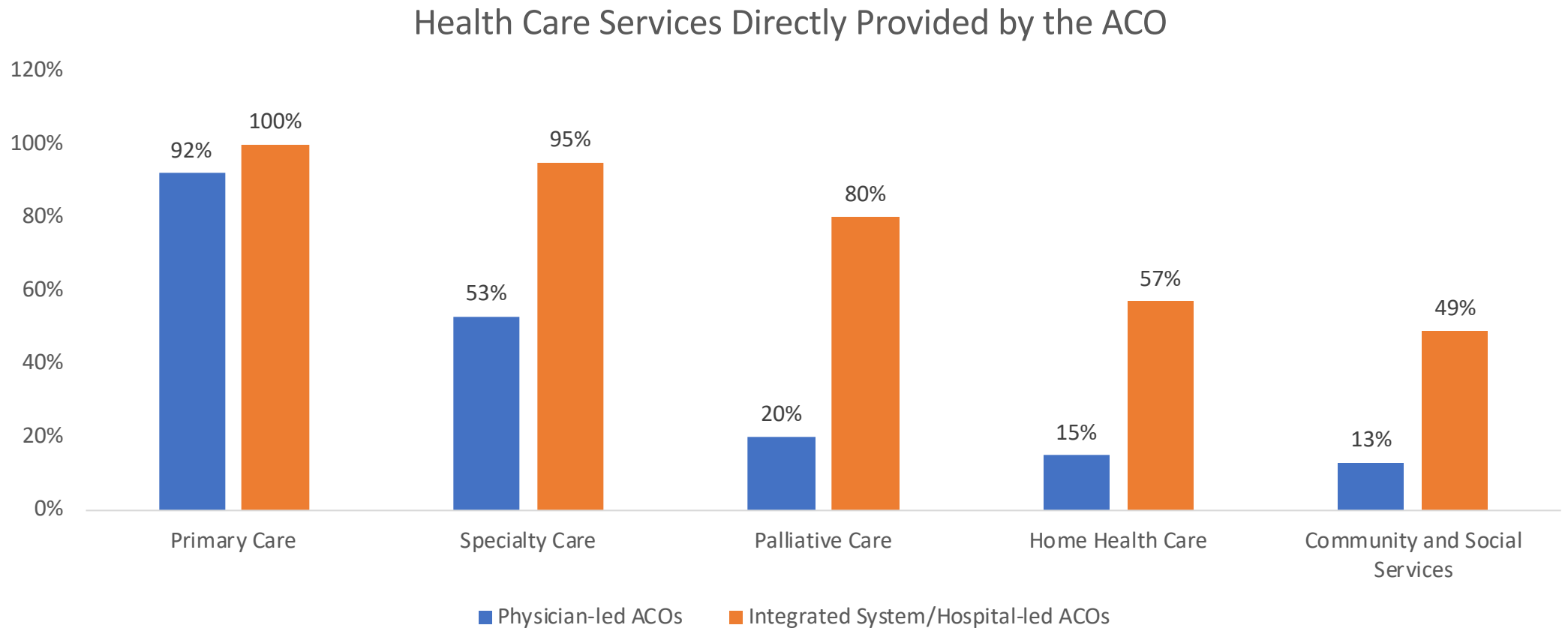
Two Main Types of ACO Ownership: Physician v. Hospital & Integrated System

Physician-Led ACOs Have Shown More Success in Many Areas for Cost Savings



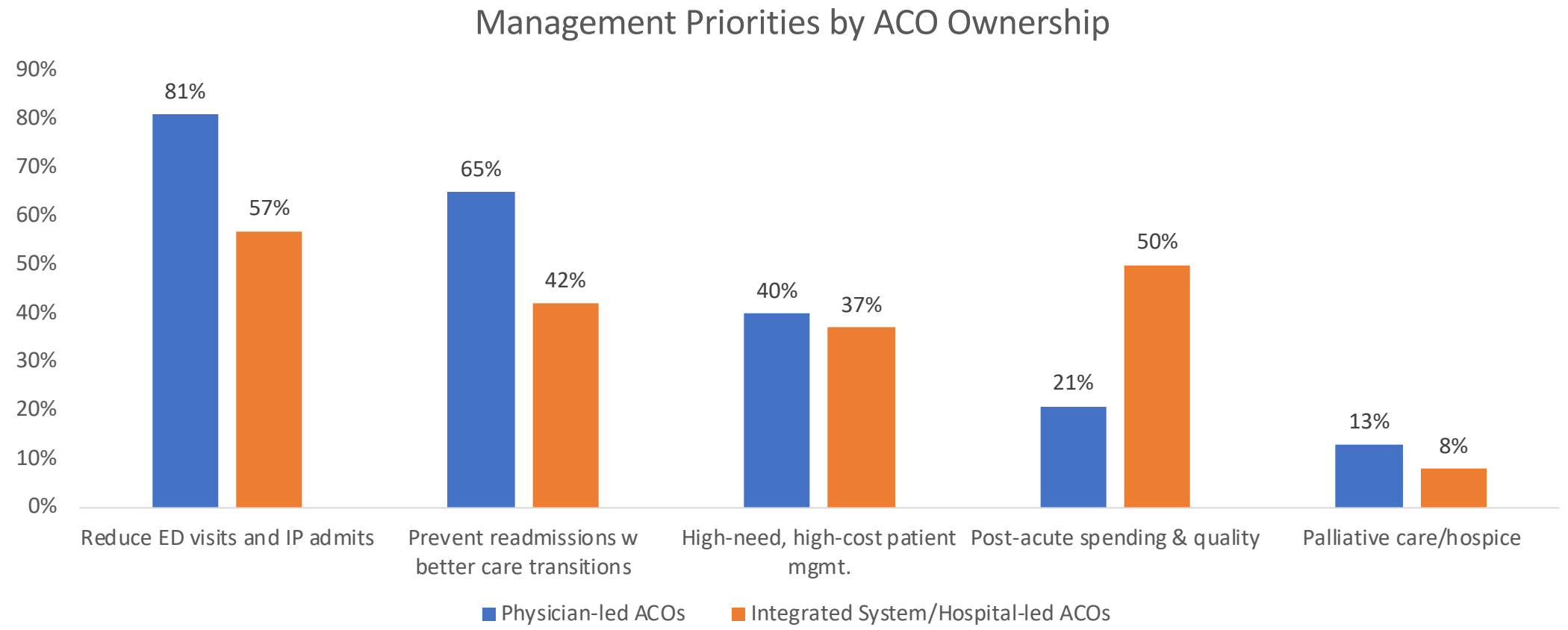
Source: J. Michael Williams, MD, PhD, et al., "Medicare Spending after 3 Years of the Medicare Shared Savings Program," *The New England Journal of Medicine*, September 20, 2018, p.6.

Hospital-Led ACOs More Likely to Invest in Non-Physician and Post-Acute Care



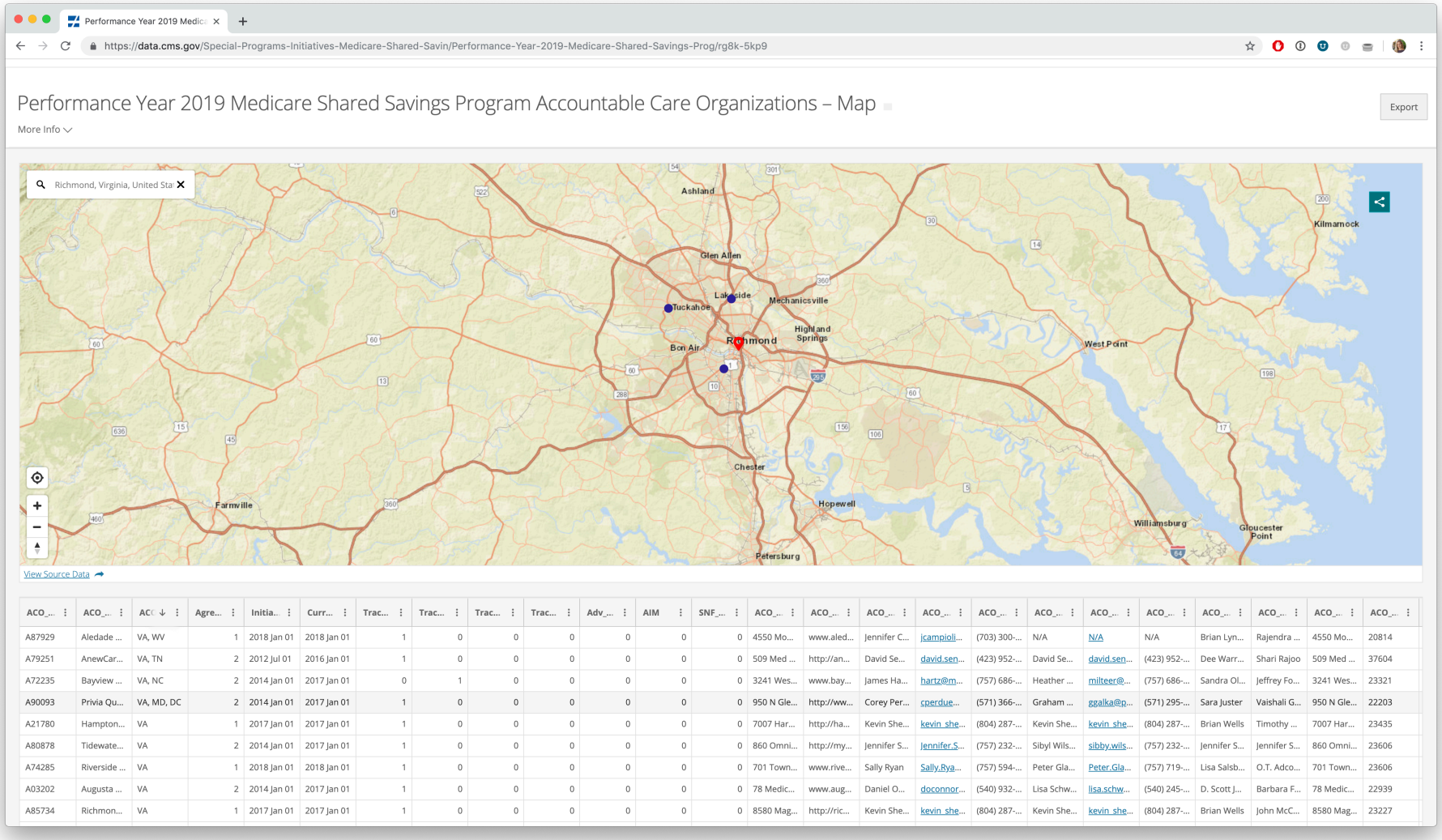
Source: "The 2018 ACO Survey: Unique Paths to Success," Leavitt Partners, March 2019, p.6.

Hospital ACOs May Suffer from Conflicting Incentives with Hospital FFS Revenue



Source: "The 2018 ACO Survey: Unique Paths to Success," Leavitt Partners, March 2019, p.7.

CMS Website Will Help You Know Your Potential ACO Partners



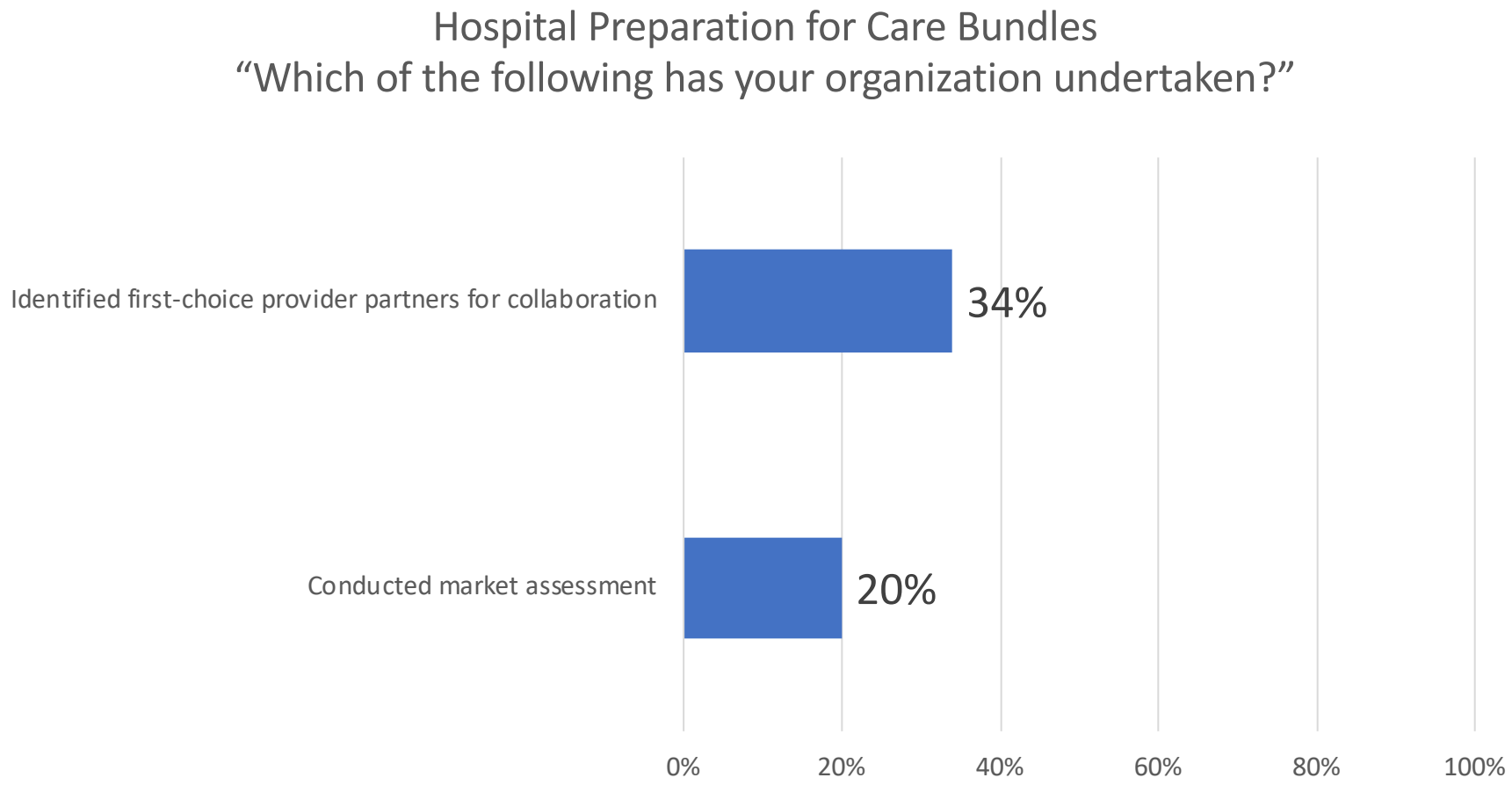
Source: "Performance Year 2019 Medicare Shared Savings Program Accountable Care Organizations – Map," Center for Medicare and Medicaid Services, accessed March 31, 2019 at www.data.cms. gov .

ACO Public Use Files Have Performance Data for Each ACO

ACO_Num	ACO_Name	Sav_rate	MinSavPerc	QualScore	UpdatedBnchmk	HistBnchmk	Per_Capita_Exp_TOTAL_PY	chf_adm	copd_adm	readm_Rate_1000
A79251	AnewCare Collaborative, LLC	3.5%	2.9%	0.8778	$ 10,238	$ 9,656	$ 9,884	16	20	204
A22066	Qualuable Medical Professionals, LLC	3.1%	2.4%	0.8788	$ 9,110	$ 8,729	$ 8,829	15	18	190
A90093	Privia Quality Network, LLC	4.1%	2.0%	0.9499	$ 9,337	$ 8,990	$ 8,954	12	8	150
A39151	MD Value Care	6.5%	2.7%	0.9377	$ 8,459	$ 8,315	$ 7,913	12	4	137
A80878	Tidewater Accountable Care Organization, LLC	1.9%	2.5%	0.9472	$ 8,985	$ 8,972	$ 8,811	17	8	137
A36039	Loudoun Medical Group ACO LLC	3.0%	2.9%	0.9136	$ 8,771	$ 8,721	$ 8,507	13	8	146
A03202	Augusta Care Partners, LLC	0.9%	3.1%	0.9055	$ 9,160	$ 8,826	$ 9,079	18	7	166
A72235	Bayview Physicians Group	1.8%	2.5%	0.8737	$ 9,211	$ 9,161	$ 9,049	19	14	164
A72677	Signature Partners	-2.2%	2.4%	0.9175	$ 10,042	$ 9,229	$ 10,260	17	12	165
A07732	Mary Washington Health Alliance, LLC.	6.7%	2.6%	0.8541	$ 10,431	$ 9,753	$ 9,733	16	17	148
A24144	Physicians Accountable Care Solutions, LLC	1.6%	2.0%	0.8261	$ 10,896	$ 10,322	$ 10,723	16	13	174
A87299	Aledade Primary Care ACO LLC	-1.0%	3.1%	0.9151	$ 10,623	$ 9,993	$ 10,727	17	12	165
A94900	Western Maryland Physician Network LLC	-8.5%	3.5%	0.88	$ 12,966	$ 12,580	$ 14,068	17	21	180
A98243	USMM ACCOUNTABLE CARE PARTNERS, LLC	8.5%	2.5%	0.9206	$ 27,911	$ 27,834	$ 25,546	39	26	220
A93261	Rural Solutions, LLC	0.5%	2.7%	0.8213	$ 11,977	$ 11,295	$ 11,920	19	19	172
A70007	OICP	-5.2%	2.4%	0.9492	$ 11,407	$ 10,821	$ 11,996	22	26	186
A53342	Eastern Kentucky Clinical Partners, LLC	2.7%	3.2%	0.9864	$ 10,106	$ 9,572	$ 9,833	23	25	193
A58031	Winding River ACO	1.6%	2.7%	0.9934	$ 9,643	$ 9,166	$ 9,494	13	18	150
A41540	Ohio River Basin ACO	1.8%	2.8%	0.9719	$ 10,606	$ 10,032	$ 10,409	19	20	174
A79194	Aledade West Virginia ACO, LLC	8.0%	3.2%	0.9577	$ 9,574	$ 8,991	$ 8,812	18	14	171
A02551	Genesis Healthcare ACO, LLC	-28.5%	3.1%	0.907	$ 27,079	$ 28,018	$ 34,788	37	23	234
A28163	CVCHiP	5.4%	3.6%	0.8344	$ 11,357	$ 10,886	$ 10,744	23	15	180
A74494	Peninsula Regional Clinically Integrated Network, LLC	-3.5%	3.0%	0.9535	$ 11,986	$ 11,359	$ 12,409	13	11	154
A43804	Aledade Accountable Care 12, LLC	-0.6%	2.8%	1	$ 8,851	$ 8,601	$ 8,903	18	19	178
A94754	Mid-Atlantic Collaborative Care, LLC	3.1%	2.9%	1	$ 13,111	$ 12,716	$ 12,703	17	10	176
A85734	Richmond Good Help ACO	3.0%	2.4%	1	$ 9,637	$ 9,457	$ 9,346	14	7	157
A21780	Hampton Roads Good Help ACO	1.6%	3.0%	1	$ 10,093	$ 9,712	$ 9,935	23	12	166
A79765	BetterCARE Partners	-4.4%	3.0%	1	$ 10,220	$ 9,875	$ 10,670	9	16	142
A44621	Novant Health UVA Health System Accountable Care Organization, LLC	1.3%	3.5%	1	$ 9,083	$ 8,884	$ 8,968	16	11	148

"2017 Shared Savings Program (SSP) Accountable Care Organizations (ACO) PUF", Accessed https://data.cms.gov/Special-Programs-Initiatives-Medicare-Shared-Savin/2017-Shared-Savings-Program-SSP-Accountable-Care-O/gk7c-vejx/data, March 31, 2019.

Providers May Still Have Time to Forge Relationships with Referral Partners



Source: "Strategy & Annual Bundles Survey, 2015/2016 Results" Strategy& PwC, http://www.strategyand.pwc.com/, copyright 2016.

Use Your Own Data to Make the Business Case to ACO Leaders

- Use retroactive analysis of your hospice patients
  - Admissions and ER usage before hospice admission
  - Compare usage post-hospice admit
- Pull out studies of the right diagnoses
  - COPD
  - CHF
  - “High risk survivors”, i.e., discharges from hospital
- Suggest a cooperative study with the local health system (if your relationship permits)
- Work with the ACO to find out how much they know about their covered population

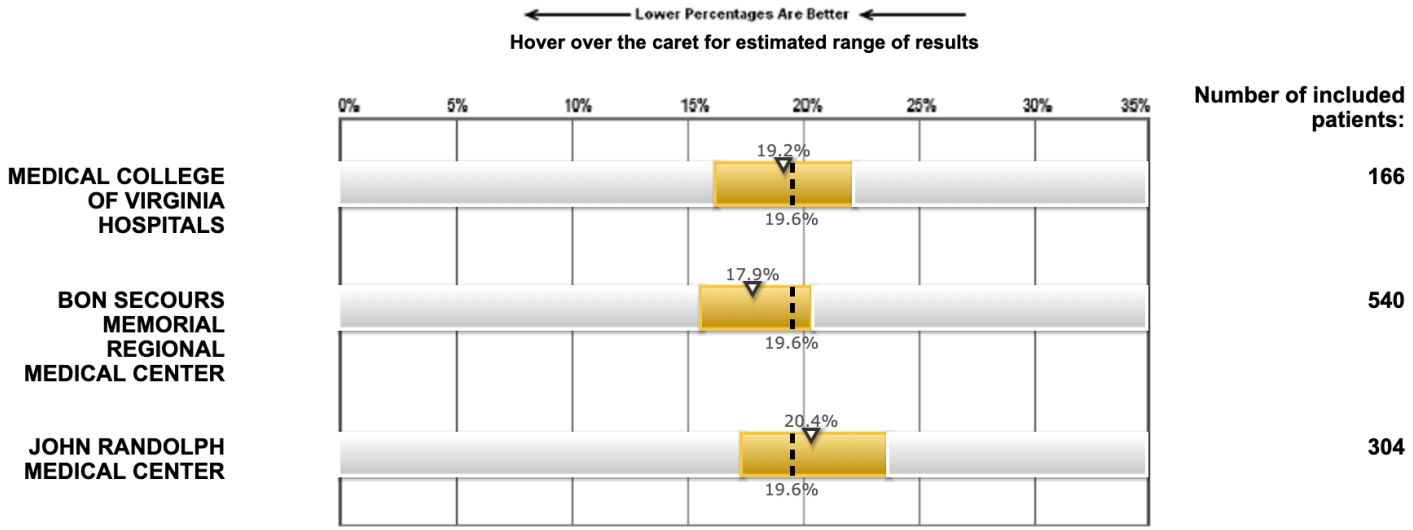
Using CMS Hospital Compare:
COPD Readmissions

Rate of readmission for chronic obstructive pulmonary disease (COPD) patients

Why is this important?

Hide Graph

VHA data are not displayed in these graphs.View VHA data for this measure.



National rate of readmission for COPD patients = 19.6%

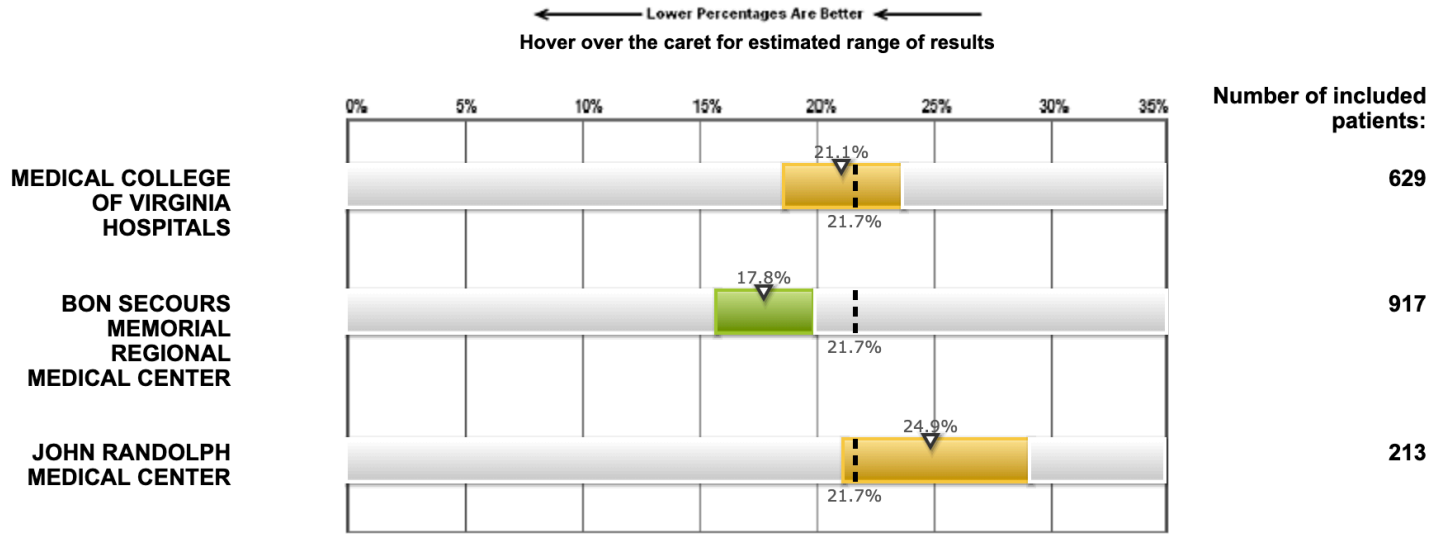
Source: http://www.medicare.gov/hospitalcompare, accessed April 8, 2019.

Using CMS Hospital Compare:
CHF Readmissions

Rate of readmission for heart failure patients

Why is this important?

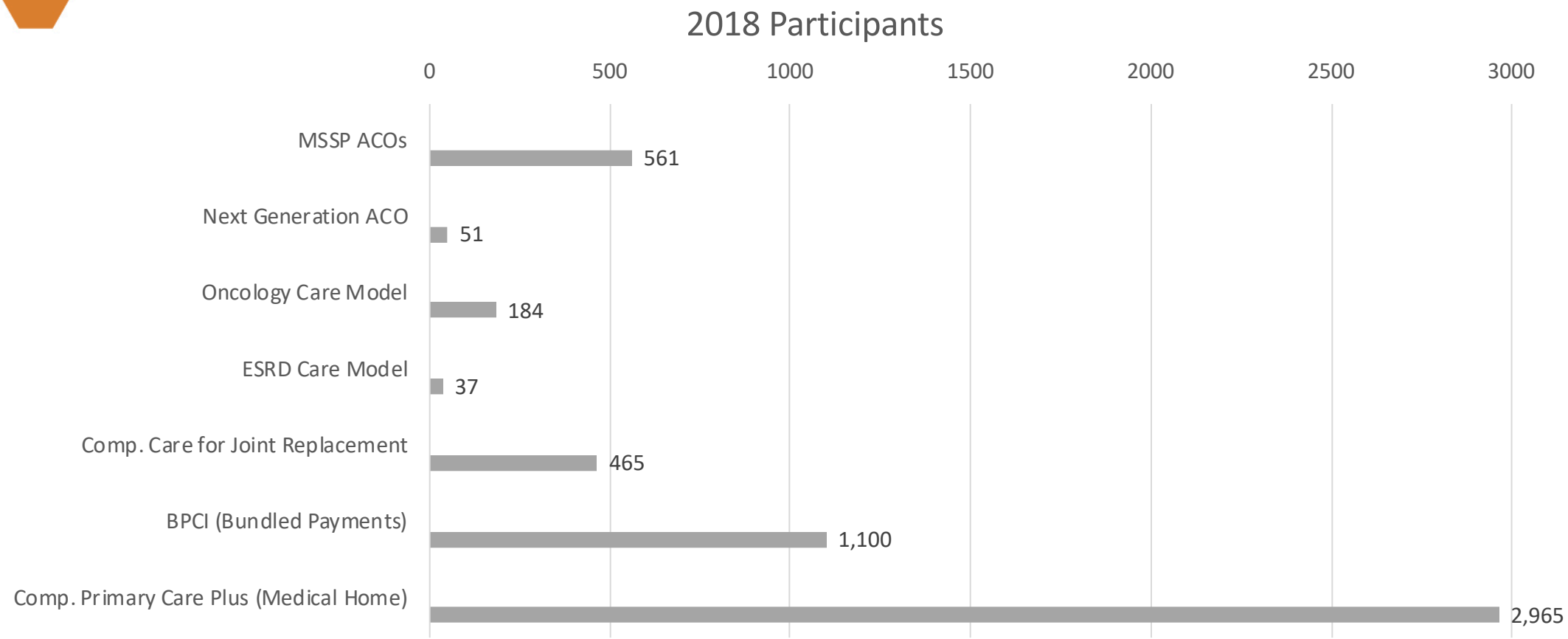
Hide Graph



National rate of readmission for heart failure patients = 21.7%

Source: http://www.medicare.gov/hospitalcompare, accessed April 8, 2019.

These Lessons Apply for More than ACOs



Source: David Muhlesten, et al., "Recent Progress in the Value Journey: Growth of ACOs and Value-Based Payment Models in 2018," Health Affairs Blog, August 14, 2018.

Strategy Case Study: AccentCare

AccentCare Acquires Steward Home Care and Hospice in December 2018

- AccentCare is a Dallas-based post-acute care company
- Acquired Steward Home Care and Hospice December 31,2018
  - Steward Home Care and Hospice operates in Massachusetts and New Hampshire
  - Previously the Hospice was owned by Steward Health Care, affiliated with one of the nation's 51 Next Generation ACOs
  - Acquisition gives AccentCare a chance to gain a new market with instant affiliation with an at-risk ACO

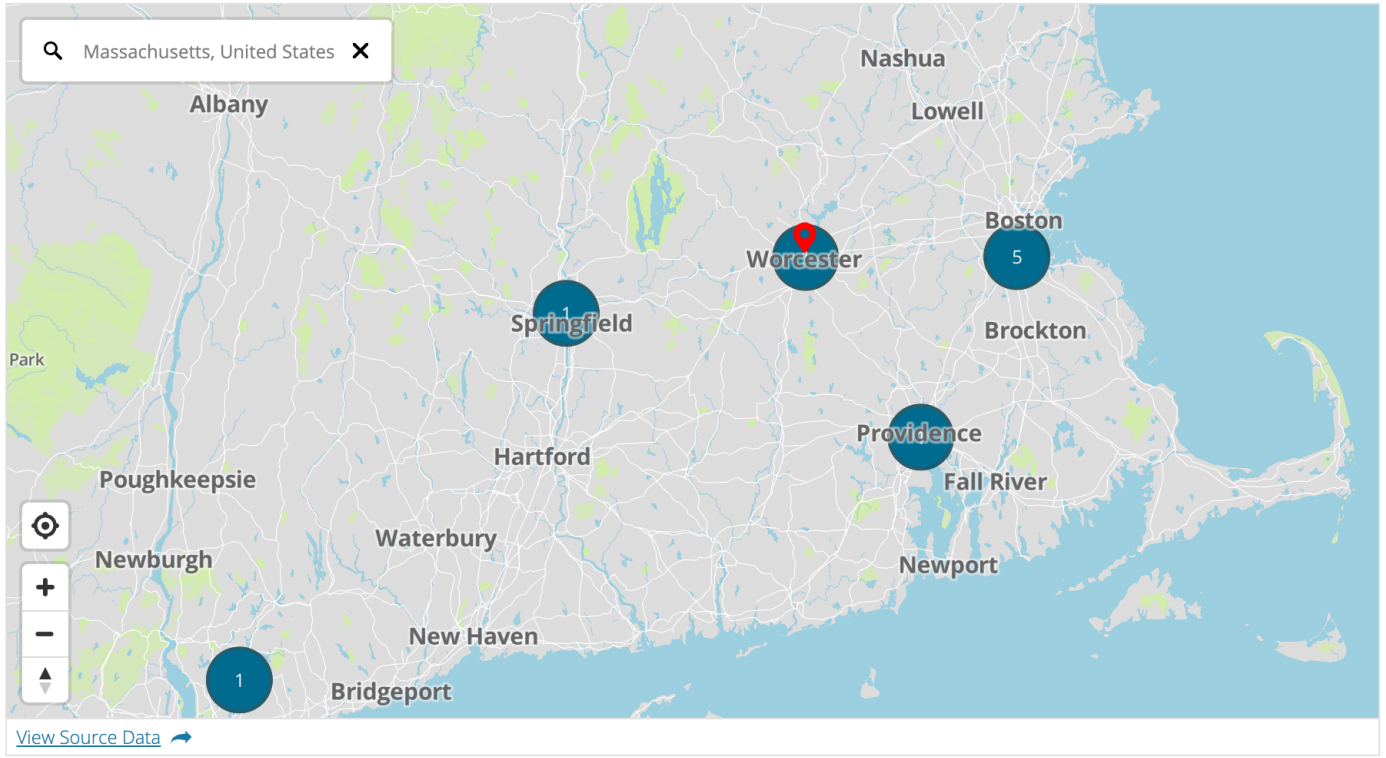
AccentCare's Website Touts Partnerships and Innovation

From AccentCare's Website:

In more than 30 strategic healthcare partnerships, we are continuing to build on a foundation of excellence to improve the healthcare system for our partners and patients. We achieve this by:

- Implementing effective care models for patients with acute and chronic needs including proprietary clinical pathways, care management and transition services across the full continuum of care
- Developing and implementing payment models, including bundled payments, to reduce the cost of care
- Utilizing innovative technology to collect performance and outcome data such as HEDIS and STAR measures at the point-of-care, addressing care gaps for patients and improving clinical outcomes

Nine Next Gen ACOs Are Already in Massachusetts Accepting Downside Risk under that Advanced Model



Preview of Next Generation ACO Models

Source: Center for Medicare and Medicaid Services, https://innovation.cms.gov/initiatives/next-generation-aco-model/, accessed April 8, 2019.

ACO Strategy a Key Reason for the Deal

"One of the other most attractive things about the Steward deal is that they run one of the largest ACOs in the country. As part of the deal with Steward, we're actually contracted into their ACO in the Massachusetts marketplace– and will be moving into more shared-risk arrangements with them around their ACO within the first year."

Steve Rodgers
AccentCare CEO

Source: Robert Holly, "AccentCare Lands ACO Relationship with Latest Acquisition," Home Healthcare News, January 7, 2019.

Healthcare's New Mantra

The **right** care, in the **right** place, at the **right** time.

SCHRAMM
CONSULTING

Slides and Report Prepared by

Sue Lyn Schramm
Principal
Schramm Consulting, LLC
Aldie, Virginia
703-533-0416
sschramm@schrammconsulting.com
www.schrammconsulting.com

National Hospice and Palliative Care Organization