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## Staying Two Steps Ahead

**C**hange in health care has been the norm for years, but due to the recent reform nationwide, it's never been as demanding and involved as it is today. Successful health care organizations will be those that are responsive, rather than forcibly reactive, to the changing environment. Responsive systems are supported by nimble governance and leadership structures that successfully balance a critical understanding of system-wide trends and local market dynamics with empirical data and which incorporate qualitative insights from internal and external stakeholders. Such structures enable leadership to confidently guide organizations to make crucial decisions in times of accelerated change and great uncertainty. This column wraps up our series on the five key attributes of thriving value-based enterprises with a discussion about what it means for hospitals and health systems to be responsive.

### Why "Wait and See" Doesn't Work

As reimbursement models continue to evolve under health care reform, health systems and provider groups must have processes in place to adapt to the increasing importance of value-based metrics. The pressure from payors is balanced by consumer desires for improved access and lower costs, which are forcing organizations to reconsider traditional care delivery models. Organizations and service lines must also be responsive to the needs of physicians, particularly cardiologists, who are in a position to improve continuity of care and control costs in a population health environment.

Recently adopted Medicare legislation mandates that an increasing percentage of reimbursement be allocated to value-based measures over the next several years. Forward-thinking organizations are able to take advantage of incentives (e.g., shared-savings programs), as well as cost benefits associated with innovative reimbursement models such as bundled payments. As fee-for-service revenue dwindles, cardiac groups and service lines need to respond to the shift to value-based payment models in order to ensure long-term viability.

For a concrete example of how to be responsive, consider a clinically integrated network. Through the care transformation process, the network realized efficiencies, which resulted in a lower cost of care for its patients and expense savings. However, in doing so, utilization of services decreased, and revenue was negatively impacted. A responsive organization would proactively open negotiations with health

plans to change the contracts in order to be compensated for value and cost savings rather than the standard fee-for-service.

We also see responsive organizations beginning to track non-reimbursable quality metrics. To increase efficiency within your cardiology group, you might measure the average outpatient exam wait time for patients, for instance. While your organization may not receive differential reimbursement for lowering wait times, staffing efficiencies and overall patient satisfaction could be gained, which then lead to downstream benefits such as cost savings and revenue enhancement.

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### Designing a Responsive Organization

While most clinical and administrative leaders agree that making their organizations more adaptable to change is an important strategic objective, putting it in practice—and in a timely manner—can be difficult. However, here are some basic components of designing a responsive organization that apply regardless of your current circumstances:

**Incentive Alignment** — Both private and government payors are integrating value-based components into reimbursement. Therefore, providers should be incentivized by their compensation plans based on similar metrics. This is particularly relevant for cardiology groups that have already begun the transition away from full fee-for-service and recognize the benefits of non-reimbursable services (e.g., outreach, disease management).

**Streamlined Decision-making** — Governance and leadership structures need to be designed to ensure clear decision-making channels and adaptability in

a continually evolving health care environment. For cardiology, this is essential in dealing with the mix of inpatient and outpatient services, where effective patient management is necessary to ensure that siloes are reduced and care is managed across the full continuum.

**Consumer and Provider Needs** — Cardiac patients will continue to want improved access and more transparent pricing of services, both at a lower cost. This puts a continual strain on care delivery for cardiologists. These concerns can be addressed by engaging physicians throughout the change management process, particularly in efforts to drive cost savings where cardiologists are often keenly aware of the most impactful opportunities.

**Population Management** — As organizations seek to design more effective care management processes, understanding ways to control costs for cardiac patients, especially those who are chronically ill, is vital. Clinical care protocols that are designed for specific disease states are an effective care management tool that leading programs are already putting to use (e.g., heart failure prevention).

**IT Investments** — Improving the quality of and access to data through investments in IT is critical to success in a consolidating provider environment that is transitioning to value-based reimbursement. While these investments represent immediate costs, they are a prerequisite for your organization's long-term viability.

### There's No Time Like the Present

While past legislation to adopt new health care policies has been met with delays and partisan gridlock, there is a new wave of change happening, and it is essential that your organization is prepared for it. Reactive organizations merely brace for change; in contrast, systems that are focused on value actually embrace change and harness it to drive their organization to fulfill both immediate and long-term goals. Health systems with lean and well-defined decision-making frameworks will be successful in responding to this transformative environment, acting upon strategic priorities, and realizing results. ■

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