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focused on consumer with chronic conditions and complex needs

Where Are We On The Road To Value? The 2021 *OPEN MINDS* Performance Management Survey

The 2021 *OPEN MINDS* Performance Management Institute

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The Two Faces Of “Performance”

1. Performance needed for organizational success and sustainability
2. Performance needed to optimize value-based payment arrangements and alternative payment methodologies

OPEN MINDS Performance Domains For Health & Human Service Provider Organizations

“High Performing” On Payer Contracts

- National health home measures
- NCQA HEDIS measures
- CMS STARS measures
- Most common health plan contract measures
- Specific health plan contract measures
- Specific funder performance measures

The Speed & Cost Factors

- Unit cost
- Search engine ranking and optimization
- Online reputation
- Inquiries
- Inquiry response time
- Inquiry conversion rates
- Time to appointment
- Service rates
- Rate-value linkage

The Consumer Experience

- Net promoter score
- Customer satisfaction
- Customer experience monitoring (“mystery shopper”) results

Clinically Cutting Edge

- Consistency in “treatment model” – lack of unexplained variability
- Current in clinical and service practices
- Short time to evaluation and adoption of new treatment technology

Financial Sustainability

- Revenue – by service line
- Liquidity – current ratio, days cash outstanding, cash flow from operations, days of accounts receivable
- Profitability – revenue growth and net operating profit margin, by service line
- Leverage – debt to equity ratio

VBR Reimbursement Brings A Different Set Of Organizational Competencies

1. EHR with interoperability across multiple systems
2. Assessment-based service delivery system with replicable guideline-driven treatment protocols
3. Metrics-based consumer care
4. Flexible metrics measurement system, combining data from multiple sources
5. Centralized inquiry, intake, and admissions system
6. Technology-driven care coordination process
7. Ability to aggregate care costs by unit, by case, by consumer
8. Population health management support via targeted analytics support
9. Financial system capable of accepting/managing fee-for-service, metrics-based incentives, case/bundled rates, and capitation
10. Subcontractor/provider network management capability
11. Management team with metrics-based management and population health management expertise and experience

Also a different set of reporting requirements to maximize reimbursement

While many organizations have resisted reimbursement arrangements with downside financial risk, that may no longer be an option to maintain revenue and market share....

A Medicaid VBR Snapshot

1. 73% of Medicaid consumers are enrolled in some type of health plan
2. 28 state Medicaid plans require their health plan contractors to reimburse provider organizations using APMs
3. 93% of Medicaid managed care organizations (MCOs) reported using value-based payments (VBPs) or alternative payment models in 2019
4. All Medicaid health plans covering more than 250,000 consumers reported using VBPs or APMs
5. 33% of Medicaid payments were linked to value—10% were predominantly pay-for-performance; 17% were APMs built on FFS architecture; and 6% were population-based payments

So What's Happened In The Past Year... In Medicaid

1. Oklahoma Awards \$2.2 Billion To Four Medicaid Health Plans
2. Aetna Launches Kentucky SKY Medicaid Managed Care Program For Youth In Foster Care Effective January 2021
3. Maine DHHS To Expand Addiction Disorder Treatment With New IMD Waiver
4. North Carolina Issues Request For Applications For Medicaid Managed Care Specialty Plans
5. Tennessee Medicaid Launches Telemedicine Service For People With Intellectual/Developmental Disabilities
6. Hawaii Medicaid Releases RFP For Managed Behavioral Services For Adults With Serious Mental Illness

A Medicare VBR Snapshot

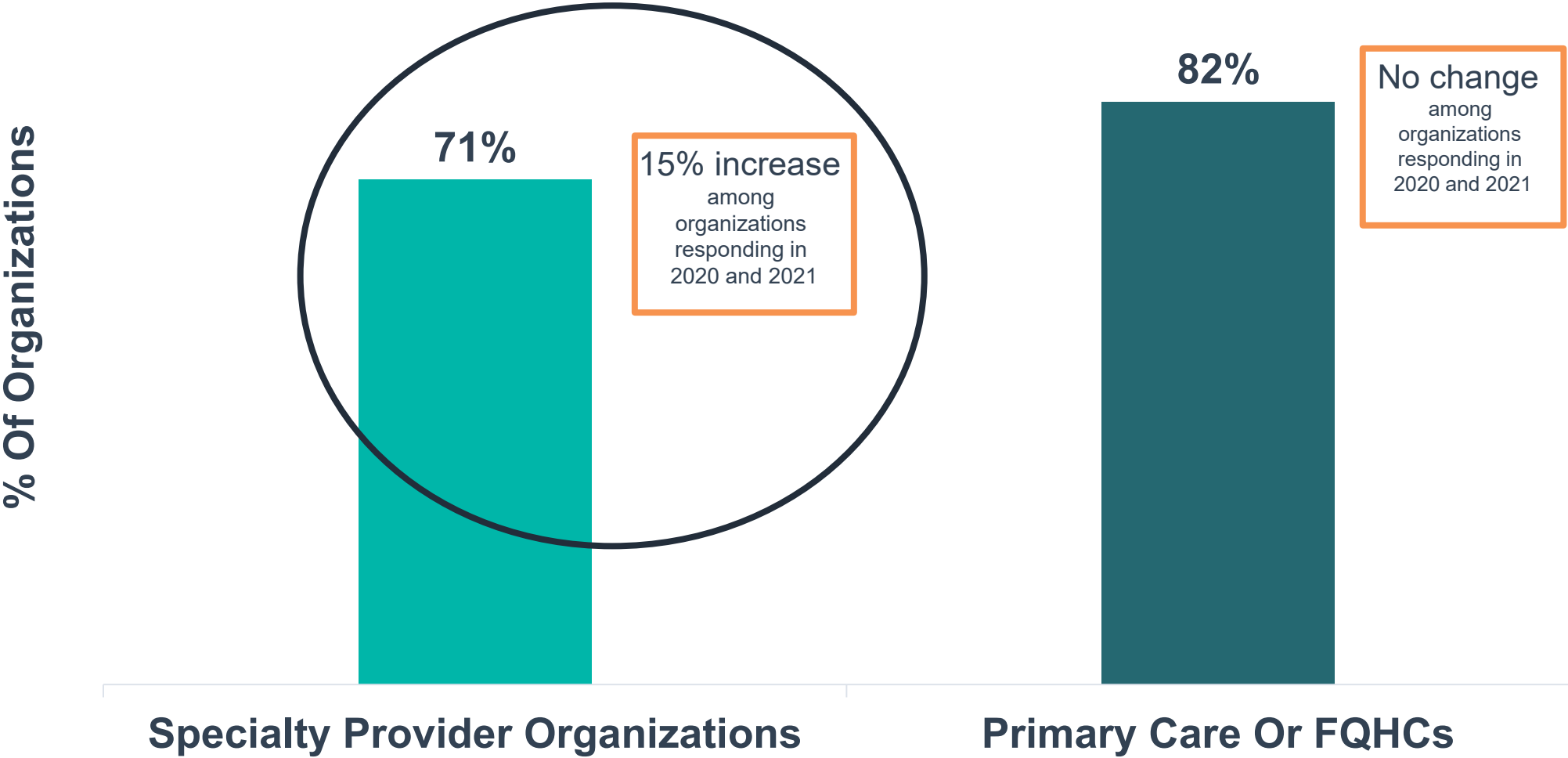
1. Medicare covers 18% of the U.S. population—with 19.4% of the Medicare population being dually eligible for Medicaid
2. Medicare ACO models have grown
3. Medicare Primary Care First models getting traction
4. Patient Driven Payment Model, starting October 2019, changed reimbursement for nursing homes - every resident is assigned a case-mix classification that drives the daily reimbursement rate
5. Patient-Driven Groups Model, effective January 1, 2020, for home-based services, changed reimbursement, connecting it to patient characteristics
6. Three new direct contracting models - Global, Professional, and Geo
 - The Professional model offers 50% savings/losses and provides a capitated, risk-adjusted monthly payment for enhanced primary care services.
 - The Global model offers 100% savings/losses and provides a capitated, risk-adjusted monthly payment for all services provided by direct contracting participants and preferred providers with whom the DCE has an agreement.
 - Geo model is the most like a traditional insurance plan—with entities assuming financial risk for total cost of care for Medicare FFS beneficiaries in a defined target region.

Key Findings Of This Year's Survey

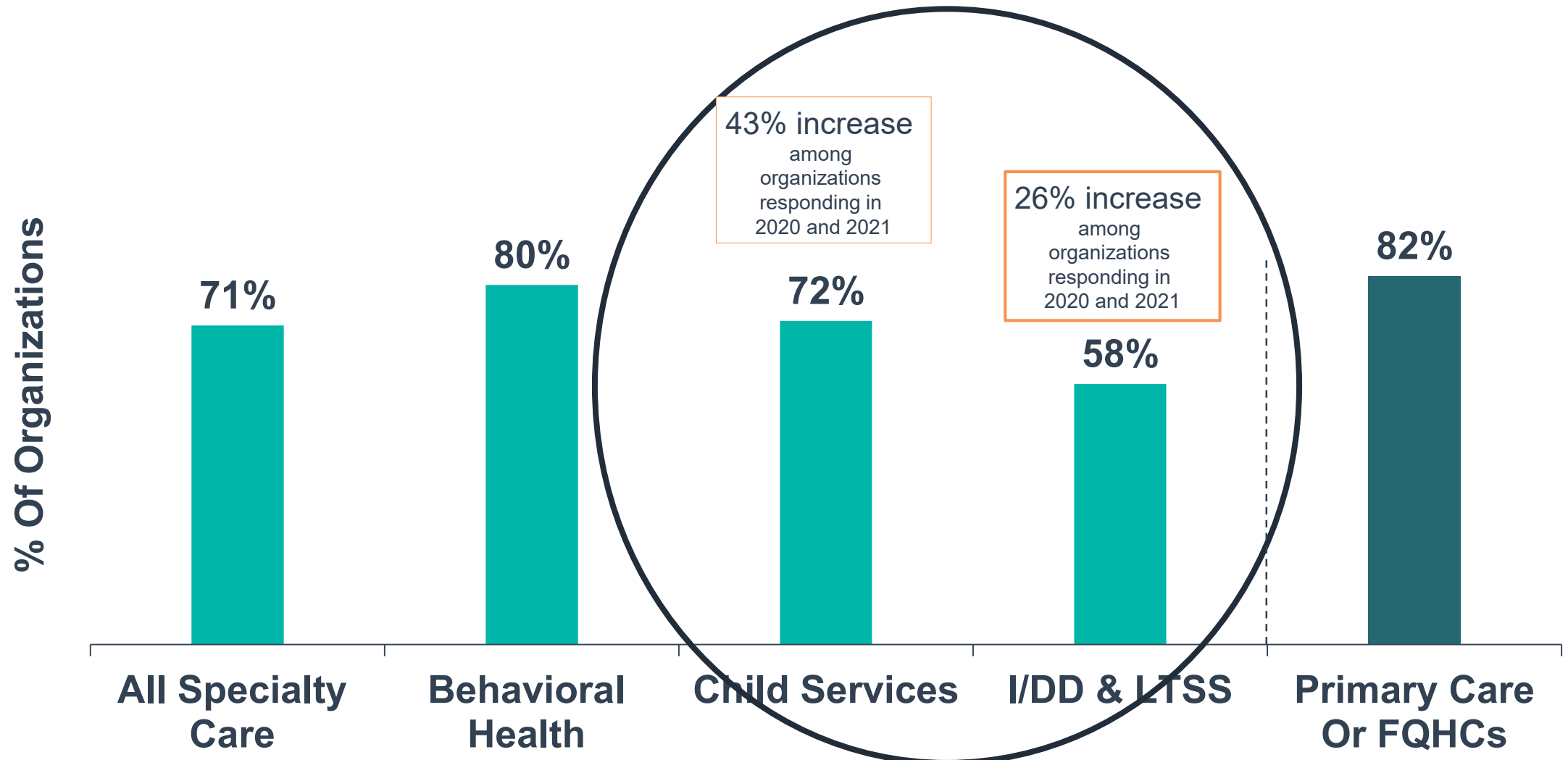
1. More specialty provider organizations working with health plans
 - Increases with children's services and IDD/LTSS provider organizations
 - More health plan contracts with smaller specialty provider organizations
2. Over half of specialty provider organizations participating in some form of VBR
 - Largest year-over-year increase seen in IDD/LTSS sector
3. Of specialty organizations participating in VBR, largest year-over-year increases seen capitation-type contracts
4. 12% of specialty provider organizations report 20% or more of their revenue tied to VBR agreements



Specialty & Primary Care Provider Organizations With Health Plan Or ACO Contracts, %, 2021

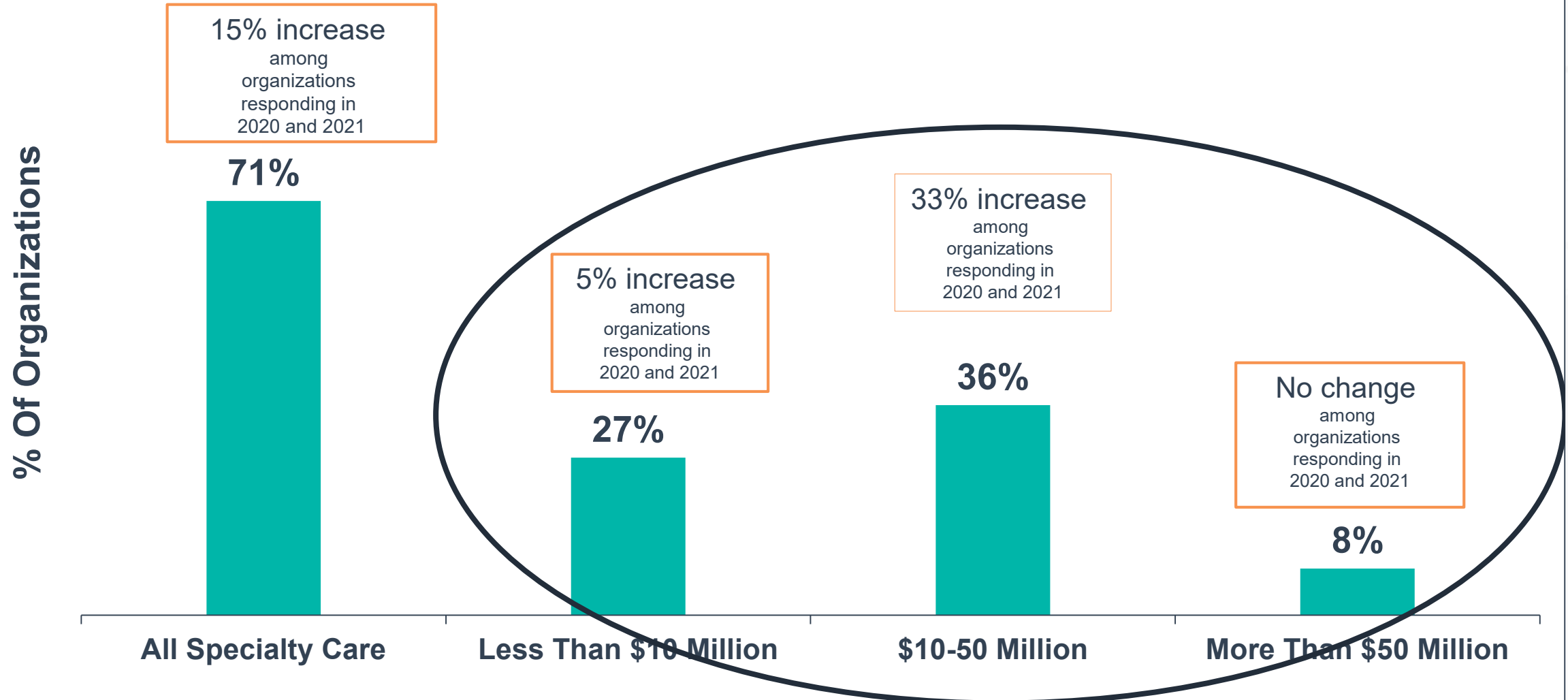


Specialty & Primary Care Provider Organizations With Health Plan Or ACO Contracts, By Market, %, 2021



Health plan includes commercial health plans, Medicaid managed care plans, and Medicare Advantage plans

Specialty Provider Organizations Only With Health Plan Or ACO Contracts, By Revenue, %, 2021

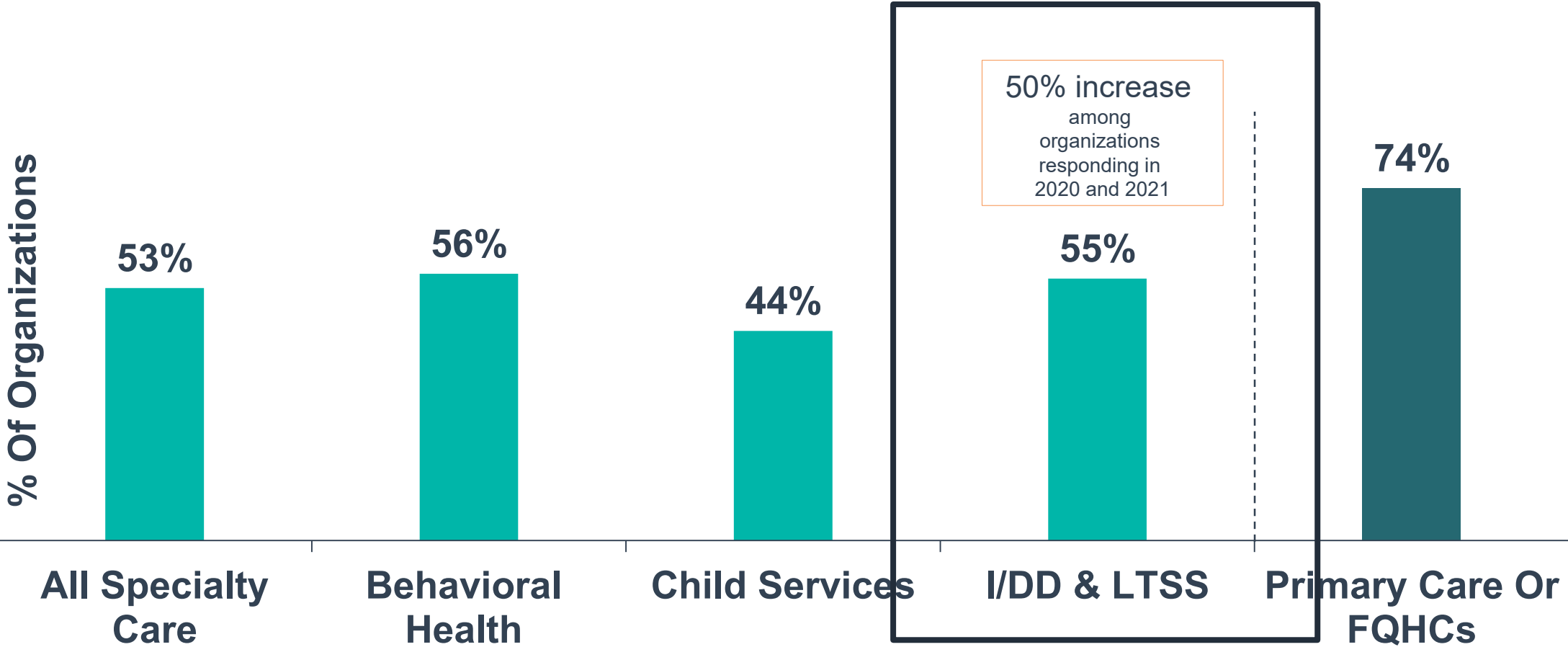


Health plan includes commercial health plans, Medicaid managed care plans, and Medicare Advantage plans

Specialty & Primary Care Provider Organizations Participating In VBR Arrangements, %, 2021



Specialty & Primary Care Provider Organizations Participating In VBR Arrangements, By Market, %, 2021



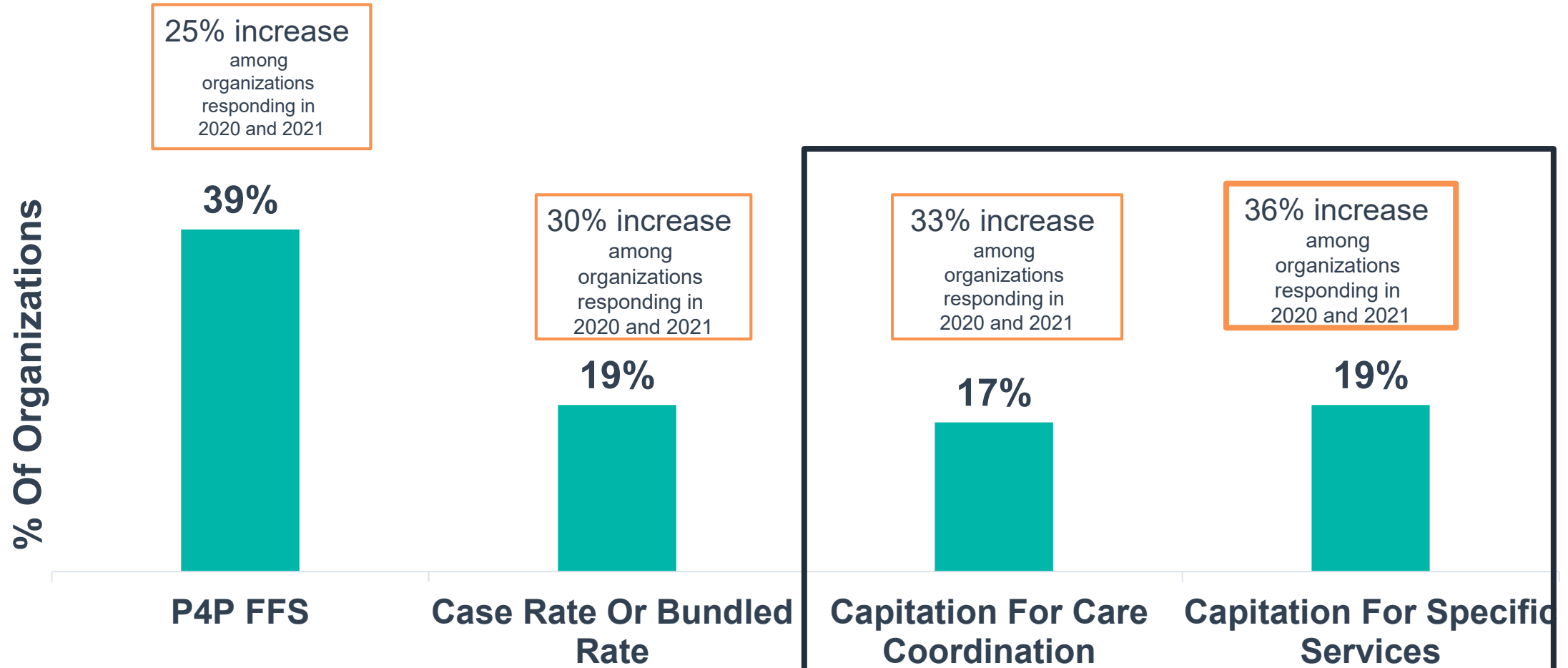
Health plan includes commercial health plans, Medicaid managed care plans, and Medicare Advantage plans

Specialty Provider Organizations Only Participating In VBR Arrangements, By Revenue, %, 2021



Health plan includes commercial health plans, Medicaid managed care plans, and Medicare Advantage plans

Specialty Provider Organizations Only Participating In VBR Arrangements, By VBR Type, %, 2021

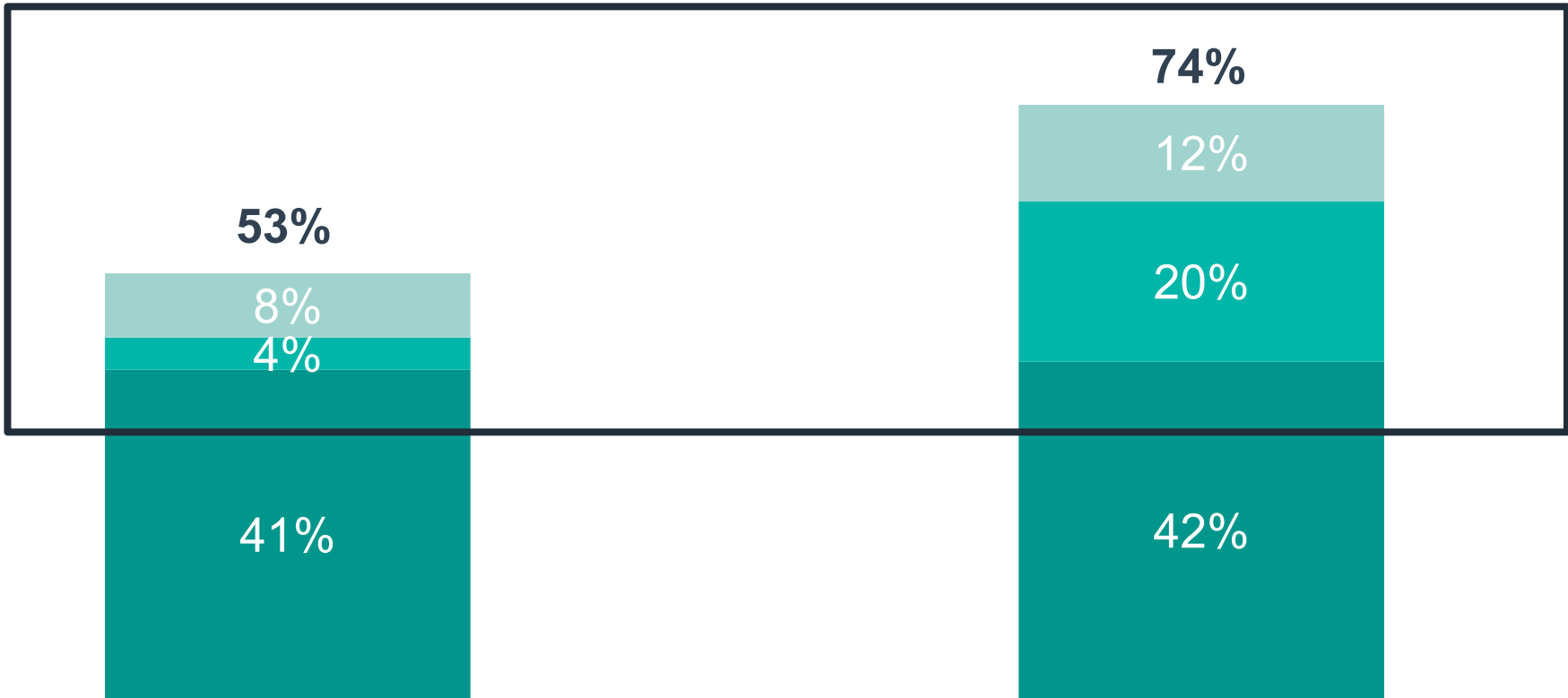


*Note provider organizations could select that they were participating in more than one type of VBR arrangement

Specialty Or Primary Care Provider Organizations' Revenue In Value-Based Arrangements, By Market, %, 2021

■ 1% - 20% ■ 21% - 40% ■ 41%+

% Of Organizations

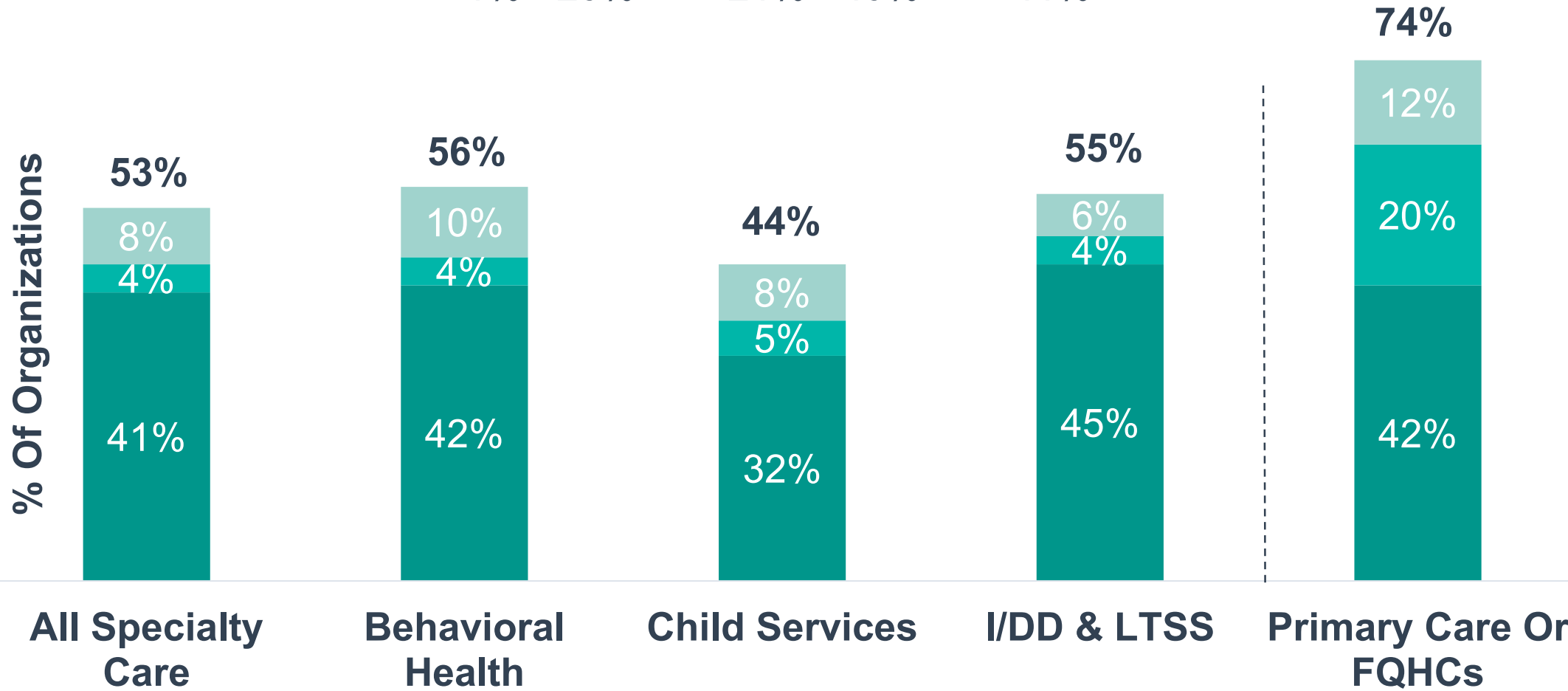


Specialty Provider Organizations

Primary Care Or FQHCs

Specialty Or Primary Care Provider Organizations' Revenue In Value-Based Arrangements, By Market, %, 2021

■ 1% - 20% ■ 21% - 40% ■ 41%+



Top Five Performance Measures In Value-Based Contracts, Specialty Provider Organizations, %, 2021

Follow-up after hospitalization 36%

Access to care measures 26%

Readmission rates 25%

Emergency room utilization 22%

Patient/consumer satisfaction 19%

Top Five Performance Measures In Value-Based Contracts, Primary Care Or FQHCs, %, 2021

Readmission rates 56%

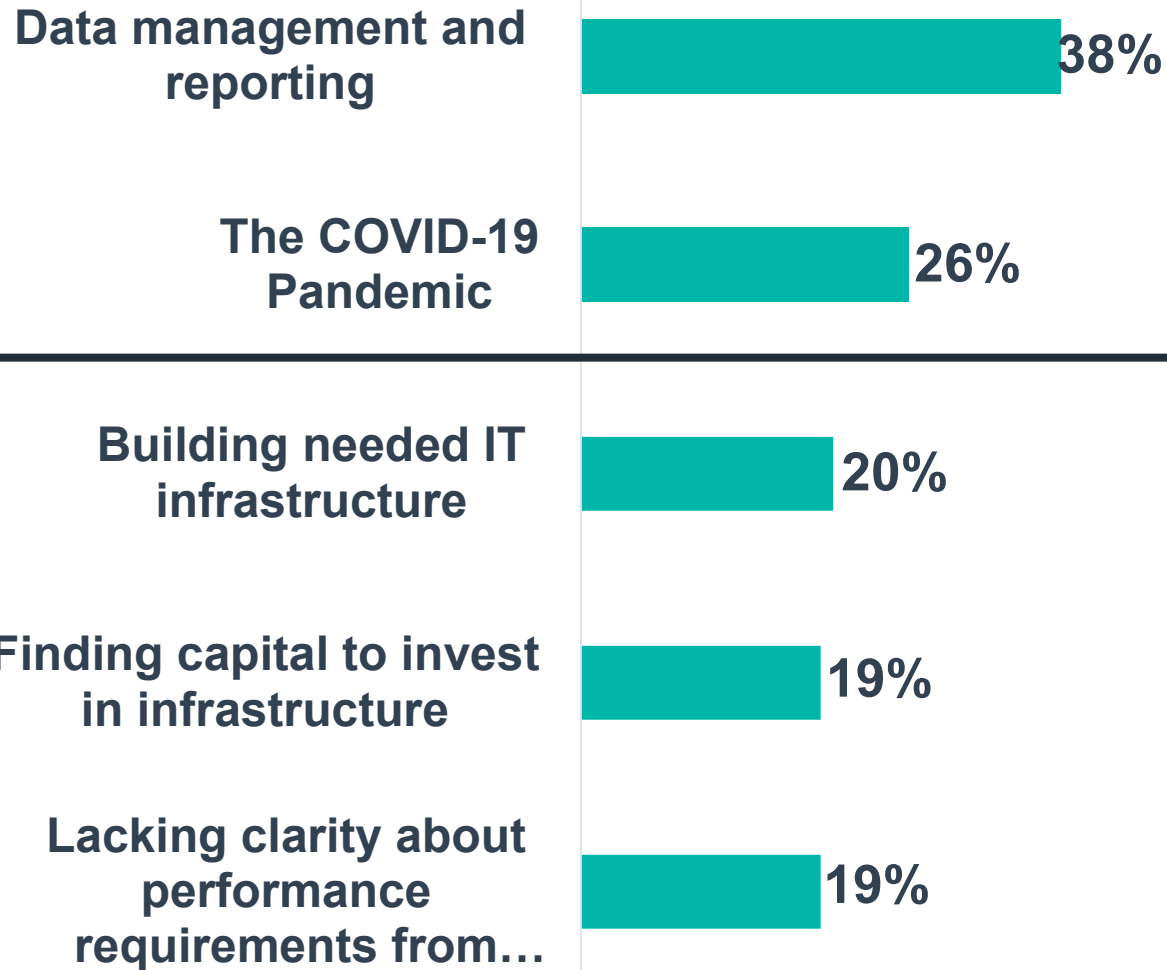
Follow-up after hospitalization 46%

Emergency room utilization 46%

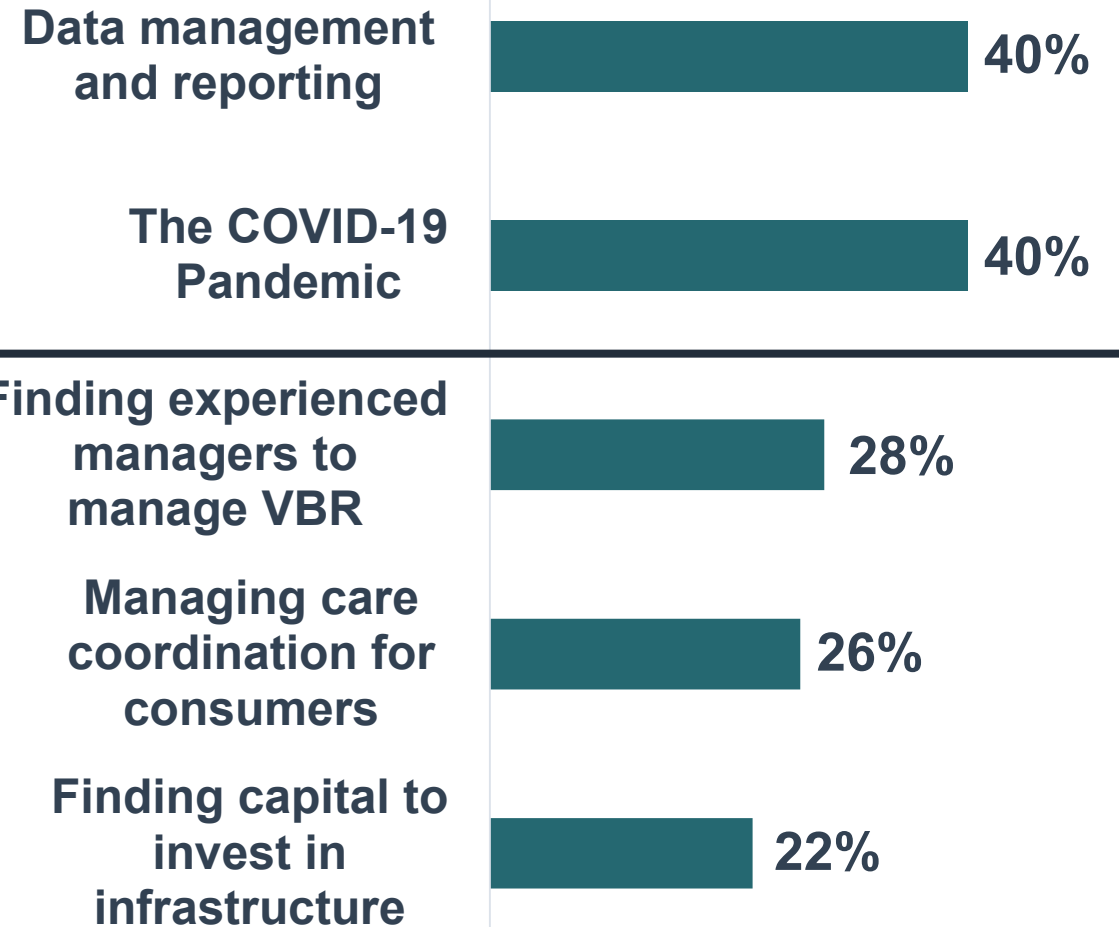
Access to care measures 38%

Depression screening and follow-up 34%

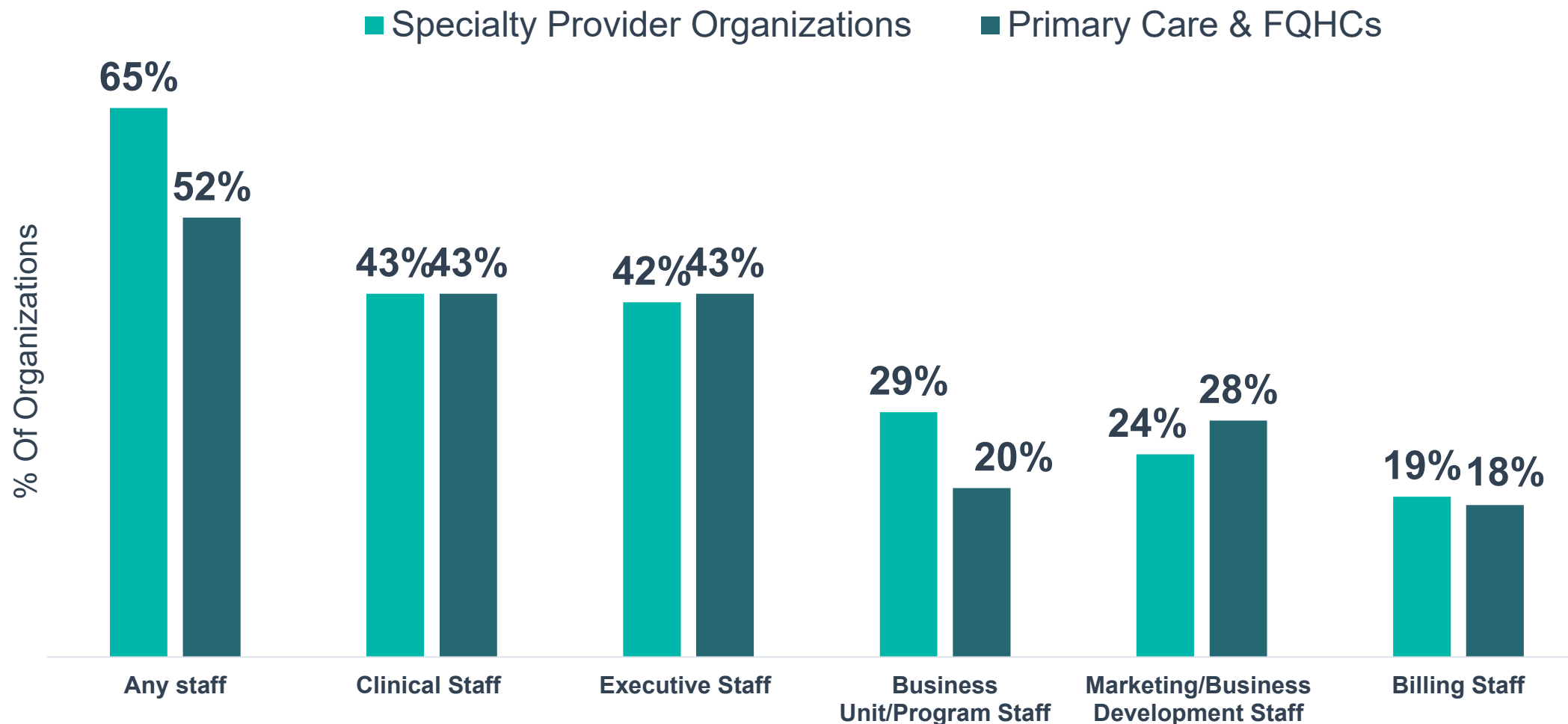
Top Five Challenges To Managing Value, Specialty Provider Organizations, %, 2021



Top Five Challenges To Managing Value, Primary Care Or FQHCs, %, 2021



Specialty & Primary Care Provider Organizations, With Performance-Based Compensation For Staff, By Staff Type, %, 2021



*Note: Organizations could select that more than one category of staff who were participating in performance-based compensation

Strategic Implications Of the Current Focus on Performance

- Reporting needed for VBR contract management and the related tech infrastructure remain high on the list of challenges for success with VBR – competitive advantage opportunity for some organizations
- Specialty provider organizations need to focus on access and care transitions follow-up – key in current VBR arrangements
- Aligning organizational objectives and staff compensation will be critical for the future



Survey Methodology & Survey Response Demographics

Survey Demographics

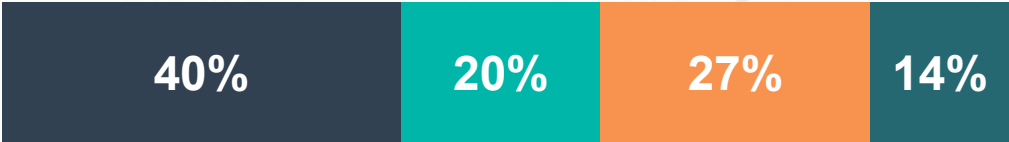
2021 Respondents, By Revenue, %

■ Less than \$10 million ■ \$10-50 million ■ More than \$50 million



2021 Respondents, By Market, %

■ Behavioral Health ■ Child Services ■ I/DD & LTSS ■ Primary Care or FQHC



Respondents Who Responded In 2020 & 2021, %

■ 2020 & 2021 Respondents ■ New 2021 Respondents



Methodology

Over 15,000 specialty and primary care provider organization executives were contacted by *OPEN MINDS* for the completion of this survey between January and February 2021.

The survey was emailed to recipients a total of four times. Follow-up phone calls were conducted to organizations that did not respond via email. Respondents were asked a series of seven questions and sub-questions.

A total of 442 health and human services organizations responded to the survey and were included in the final survey results. In total, 45 respondents were excluded for the analysis since they completed less than 25% of the survey.

For comparison of 2020 and 2021 data, only organizations that were surveyed in both years were included in the analysis. For this analysis, there were a total of 77 respondents.

Survey Questions

1. How many staff members are currently employed at your organization as of January 2021?
 - In comparison to the total number of staff members employed at your organization in January 2020, has the number of staff members changed due to the COVID-19 pandemic?
 - What was the overall change in the total number of staff?
2. Is the compensation of any of your staff members tied to their individual performance and/or the performance of their area of responsibility?
 - Which staff members have compensation tied to performance?
3. Does your organization have service contracts with any of the following?
 - Medicaid Fee-For-Service (FFS), Medicare FFS, or State/County contracts
 - Commercial Health plan, Medicaid Managed Care plan, Medicare Advantage plan, or Accountable Care Organization (ACO)

Survey Questions

4. If your organization has health plan contracts, do those contracts include any of the following reimbursement arrangements
 - Has the COVID-19 pandemic impacted your organization's ability to fulfill service contracts?
5. What approximate percentage of your organizational service revenue is in value-based purchasing arrangements?
6. What performance measures are monitored as part of your contract?
7. What are the major challenges for your organization to successfully manage performance-based reimbursement?

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