Hospital AT Home
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Payment Partnerships:
Value-based Financing for Hospital at Home Programs

In today's health care system, financial support for Hospital at Home can come from many sources. Not only is Medicare payment current available for the program, but increasingly both managed Medicare and Medicaid plans are interested in care alternatives for their members.

It is unlikely that the trends towards privatization of Medicare and Medicaid and shifting risk to providers will end any time soon. These trends create new opportunities to find payment partners that can supplement or replace traditional fee-for-service.

Entities with whom programs might partner for financial support include:

- → Medicare Advantage Plans
- → Medicaid Managed Care Plans
- → Commercial health plans
- → Accountable Care Organizations (ACOs)
- → Population health offices in health systems seeking to develop more robust services for the seriously ill
- → Practices participating in Bundled Payment Arrangements
- → Primary Care Medical Homes, including Comprehensive Primary Care (CPC+) and Primary Care First practices

What might a potential partner need from Hospital at Home?

Many health plans and risk-bearing providers are challenged in caring for their high-cost/high-need members and patients, and may need help with:

- → Improvements in the patient experience
- → Reductions in potentially preventable utilization
- → Achieving performance and quality metrics
- → Changing high-variable practice patterns

Identifying Potential Partners

When trying to identify potential partners, the best starting point is your current relationships. Whose members and patients are you already serving, and who may already be familiar with your services and the value you generate?

Additionally, you should perform a basic needs assessment of the providers and payers in your geographic area. Are there any that may be struggling with their own performance metrics and might benefit from an innovative program offering Hospital at Home services, perhaps packaged with a 30-day bundle?

Potential Partner	Research and Evaluation
Currently Contracted Health Plans	Who is paying you today? Evaluate your payer mix by plan to see where larger numbers exist.
Current Referral Sources	Who is depending on you today? Check out public websites like the Center for Medicare and Medicaid Innovation to see if any are in a Medicare or Medicaid value-based payment arrangement themselves.
Solution Organizations and Vendors	Are there synergistic organizations or businesses serving your payers or referral sources? Is a vendor already responsible for the seriously ill?
Plans or Providers Seeking to Performance	Who in your geographic area might need to improve their own performance? Look at Medicare compare websites and Star ratings.

Starting with a Pilot

Once you have identified a potential partner who is interested in the services your program can provide, it is best to start the relationship by suggesting a pilot (or sharing the outcomes from a pilot created under the CMS waiver). **A pilot can help both parties experience what the relationship and the patient care results are like.** This "test period" of a relationship allows for clarifying each party's expectations, gathering data on the actual population, planning and improving processes, and building communication channels between the program, providers, and payer.

Participants in innovative clinical programs across the country have offered some advice to get to a pilot:

- → Learn as much as you can about a payer and their expectations. Ask them what their highest priorities are in terms of care of their seriously ill members. Ask them what other solutions they have tried or are currently using.
- → Remember not to over-promise; best to meet or exceed expectations to build trust and demonstrate impact over time.
- → Do not be afraid to ask—partners are all working toward the same goals. If it makes sense for you, it should make sense for them, and they may be willing to adapt, if presented properly.

Return on Investment (ROI)

One of the most common metrics that payers use to decide whether to move forward with a new service or approach is the Return on Investment, or ROI. A basic ROI is calculated by the cost savings generated by the program minus the payments to the program in the numerator, and the program payments (again) in the denominator. If a Hospital at Home admission can be delivered for less than the cost of a hospital DRG, and, in addition, offers (for example) additional documentation of key diagnoses or a 30 day bundle to avoid any readmissions. . .

The pilot should hopefully demonstrate the value of the program to the payer partner, so remember to keep track of key performance measures throughout the pilot. If performance is lagging, do not wait until the end of the pilot—schedule period check-ins with your partner and develop course corrections.

What to Do Next

Find the right resources. Seek the assistance of contracting professionals to protect against taking undue risk, ensure analyses of the right data, and build win-win relationships. Actuarial and legal expertise is required before any serious discussions begin.

Contracting Conversations: Whom to Speak With

Larger Health Systems or Independent Practice Associations	Smaller or Independent Programs
→ Currently Contracted Health Plans, Health System Medical Directors, Chief Medical Officers, and Population Health Offices/Officers → Finance and/or Actuarial Team → Managed Care Contracting Officers *The needed expertise is likely available within your organization.*	→ Contract negotiations between providers and health plans → Expertise in state and federal compliance *The needed expertise is likely needed to be brought into your organization. Make sure to request proposals with descriptions of the firm's qualifications, ask for references, and compare firms* ***before finalizing your legal and actuarial team****.*

Remember that communication is key to relationship building. It takes time, interpersonal skills, and expertise in appreciative inquiry, meaning the ability to ask about and listen to the context, constraints, and opportunities of your partners so that effective identification of shared goals and mission alignment can occur. **These are not one-time-only conversations**. As in any relationship, ongoing communication is of crucial importance:

→ Understand what problems your partner is trying to solve
→ Assess what you can offer
→ Prioritize partners and resources

Additional Resources

→ Center for Medicare and Medicaid Innovation
→ Getting to Yes: Book
→ Harvard Business Review: Simple Rules for Making Alliances Work

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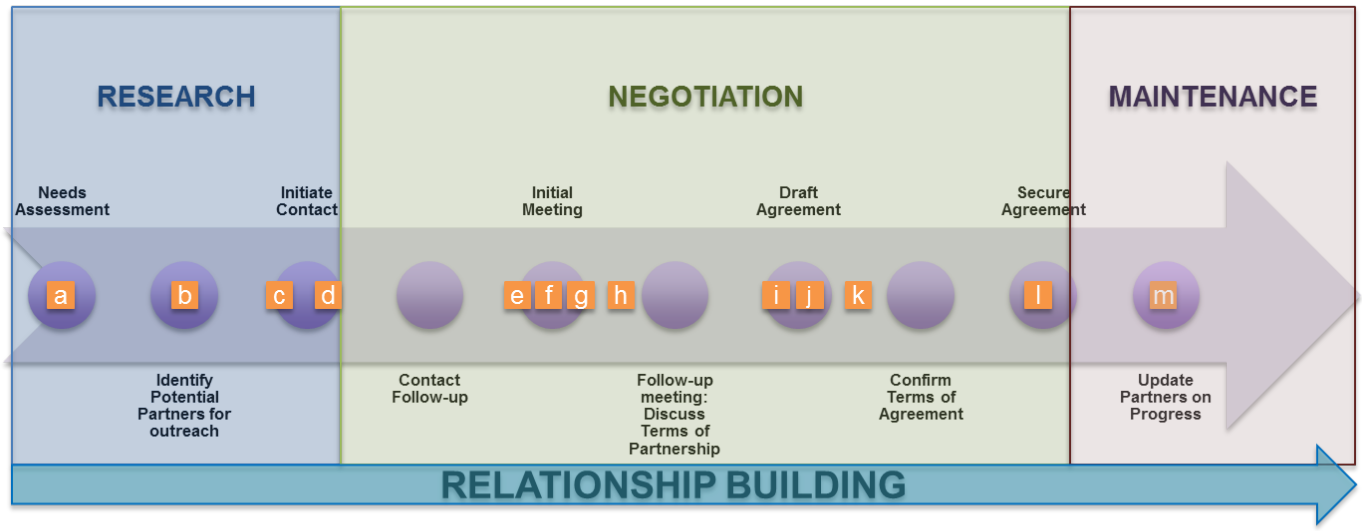
NEGOTIATION TIP SHEET FOR DEVELOPING PARTNERSHIPS

Below are words of advice from several program innovators who have experience developing partnerships, as well as words of wisdom from a lawyer with expertise in this arena. Below is a sample, *rudimentary* timeline for initiating and developing a partnership to provide some context for their insight. Note that while this is a simplified example, no matter how simple or complex your process or experience, **the underlying factor is *always* a focus on building relationships.**



a. Know how many members/patients you already serve
b. Do not assume that a health plan is only in it for saving money – that's not true and can be offensive
c. Do not assume you know everything – your partner might know something you don't
d. Know your partner's interests and "pain points" and share any data you have that speaks to those
e. Seek areas of mutual benefit: It's not "us vs. them"
f. Be flexible! Show a willingness to pivot when you don't get what you want (or when something is not working as planned)
g. It's about personal relationships, but don't take anything personally!
h. This takes time: Be prepared for many layers of review and months of delay
   "if a partner gives you a timeframe, multiply by 3"
i. Trust but verify (language/calculations/ measurements)
j. Add examples into contract (e.g. example of exactly how shared savings will be calculated)
k. Always re-read the final contract before signing
l. After signing, take the time necessary to build and maintain relationships with your partner's representatives – this can help if there's a dispute later

(Excerpted from Value-based Payment Toolkit, Center to Advance Palliative Care)