



Health Care

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CPAs & Advisors

Everyone needs a trusted advisor. Who's yours?

Financial Planning for the CHC of 2025



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***“The only thing we know
about the future is that it will
be different”***

-PETER DRUCKER

CHALLENGES & OPPORTUNITIES AHEAD

Typical challenges facing CHCs of Tomorrow



Upstream
Competition



Regulatory
Compliance



Staffing &
Productivity



Accounting
Standards



Payment
Reform

Revenue Recognition | Information Technology Concerns

Managed Care | Aging Population | 340b Reform

Protected Health Information | Medicaid PPS Changes

Benchmarking | Population Health | Advanced Payment Models



WHAT'S COMING DOWN THE ROAD?

Upstream Competition

- Health Systems
- Large Retailers
- Pharmacies

Era of Consolidation to Begin?

- Many of our small CHCs are going to find it hard to transition away from fee for service
- Keep your eyes open for those that are “treading water”

Reserves

- The stronger the balance sheet, the less risky full-risk contracts become
- Think more like an insurance company than a CHC



KEY PARTNER- SHIPS & AFFILIA- TIONS

Hospitals and Health Systems

- It will likely become more important to have strong relationships with local hospitals
- Relationships have to be win-win long-term to be successful
- Information flow – sharing information back to the patient's medical home

ACOs

- Much better opportunities exist in vertical ACOs that affiliate inpatient, outpatient, home health & long-term care to control costs

Other Potential Relationships

- CMHCs
- Long-term Care Providers
- Retailers- Other



MEDICARE STRATEGY

Planning for the Aging Population

- Medicare will become a much more significant payer to CHCs as the population ages – what is your strategy to capitalize on this opportunity?

Fee Schedule and G Codes

- Important to remember to update your fee schedule and G codes at least annually remembering compliance issues in setting your charges

Consider needs of Aging Patients

- Consideration should be made for a separate clinic or at least a separate waiting area for Medicare patients



UP YOUR IT GAME

Consider Adding a Chief Information Officer (CIO)

- Managing big data is likely to be a key part of providing health care – if your current finance and IT staff are already maxed out, who will analyze this data?

Closely Monitor IT Needs

- Software continues to improve and should be updated regularly
- Information should be protected but be able to be shared as needed
- Development of an App-based scheduler and patient portal

Billing and Collecting will remain key

- Getting paid for every visit you provide would cure a lot of financial issues



TAKE TIME TO DEVELOP A STRONG CULTURE

Tone at the Top

- Humility
- Your Vibe Attracts Your Tribe
- Culture Coach?

Customer Service

- Examples of the good and the bad
- In a highly competitive primary care environment, customer service can make the difference

Strong Communication

- CEO vs. CFO
- Administration vs. Providers
- Billing vs. Front Desk
- CEO vs. Board
- Generational issues



ADD BENCH STRENGTH TO FINANCE & ACCOUNT- ING

Stressed out Finance Departments

- Barely meeting deadlines or missing deadlines are symptoms of a bigger problem
- CFO must have time to participate in strategic planning

Aces in their Places

- Do you have finance staff in the right seat on the bus?
- Using consultants or contract personnel at the right times

What is a fully-staffed Finance Dept.?

- CFO who has time for forward thinking
- Controller that has the financial statements nailed down
- Other staff as appropriate
- Internal Audit/Automation/outsourcing, etc.



GRANTS MANAGEMENT CONSIDERATIONS

Grants Management

- HRSA still stressing grants management (CHC's still lacking)
- Budget acts and changes
- Site visits and the Health Center Compliance Manual
- AIMS audits – 2019

Required Policy Language

- Division of Financial Integrity – Financial Management Reviews

Program Income

- Required policies for in and out of scope spending
- Program income exception
- Tracking in general ledger
- Reserves



SYSTEMS THAT AID IN COMPLI- ANCE

Integration of Systems

- Monitoring weekly vs. monthly
- What are hospitals doing?
- Manual work...
- Internal audits in finance

Dashboards

- Billing
- Financials
- Others

Software for Grant Compliance

- Payroll and time and effort reporting
- Tracking grant revenue and expense in the general ledger
- Cash management considerations
- Procurement..
- Period of availability and supplemental grant funds



ACCOUNTING CHANGES

Revenue Recognition

- Fiscal years beginning 1/1/2019 and later
- Are you in the year of adoption?
- Are your financials GAAP if you do not adopt?

Lease Accounting

- Will this standard be delayed?

Grants and contribution accounting

- Changes to NFP reporting model
- Net asset changes



What will the HC Industry Look like?

Modern Healthcare Feb 2018

Q&A with Dr. Patrick Conway: “I do believe we need more outcome oriented measures”

MH: To what extent did the Trump administration taking over and the future of the Innovation Center drive the decision?

Conway: I worked on value-based care in Republican and Democratic administrations. I believe the Innovation Center and the work on value-based care will continue. It's driven in both the public and private sectors. **Private insurers are driving value-based care models like accountable care organizations and bundled payments.**

We've got over 80% of payments tied to quality and value in some way in Blue Cross North Carolina and now it's taking it to the next step of really scaling these ACO models and bundled payments across the state.



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MSSP ACOs	Episode Payment Models (Bundles)	Primary Care Transition	Medicaid and CHIP	Acceleration Models	Speed Adoption of Best Practices
Tracks 1-3	ACE Demonstration	Advanced Primary Care Initiative	Reduce Avoidable Hospitalizations	State Innovation Models	Beneficiary Engagement Model
Advanced Payment ACOs	BPCI Model 1, 2, 3, 4	Comprehensive Primary Care Initiative	Financial Alignment Incentive for Medicare and Medicaid	Frontier Community Health Integration	Community Based Care Transitions
ACO Investment Model	Oncology Care Model	FQHC Advanced Primary Care Practice	Strong Start for Mothers and Newborns	Health Care Innovation Rounds	Health Care Action and Learning Network
Next Generation ACO	CJR	CPC+	Medicaid Prevention of Chronic Diseases	Health Plan Innovation Initiative	Innovative Advisors Program
Track 1+	BPCI Advanced	Transforming Clinical Practice	Medicaid Emergency Psychiatric Demonstration		Million Hearts

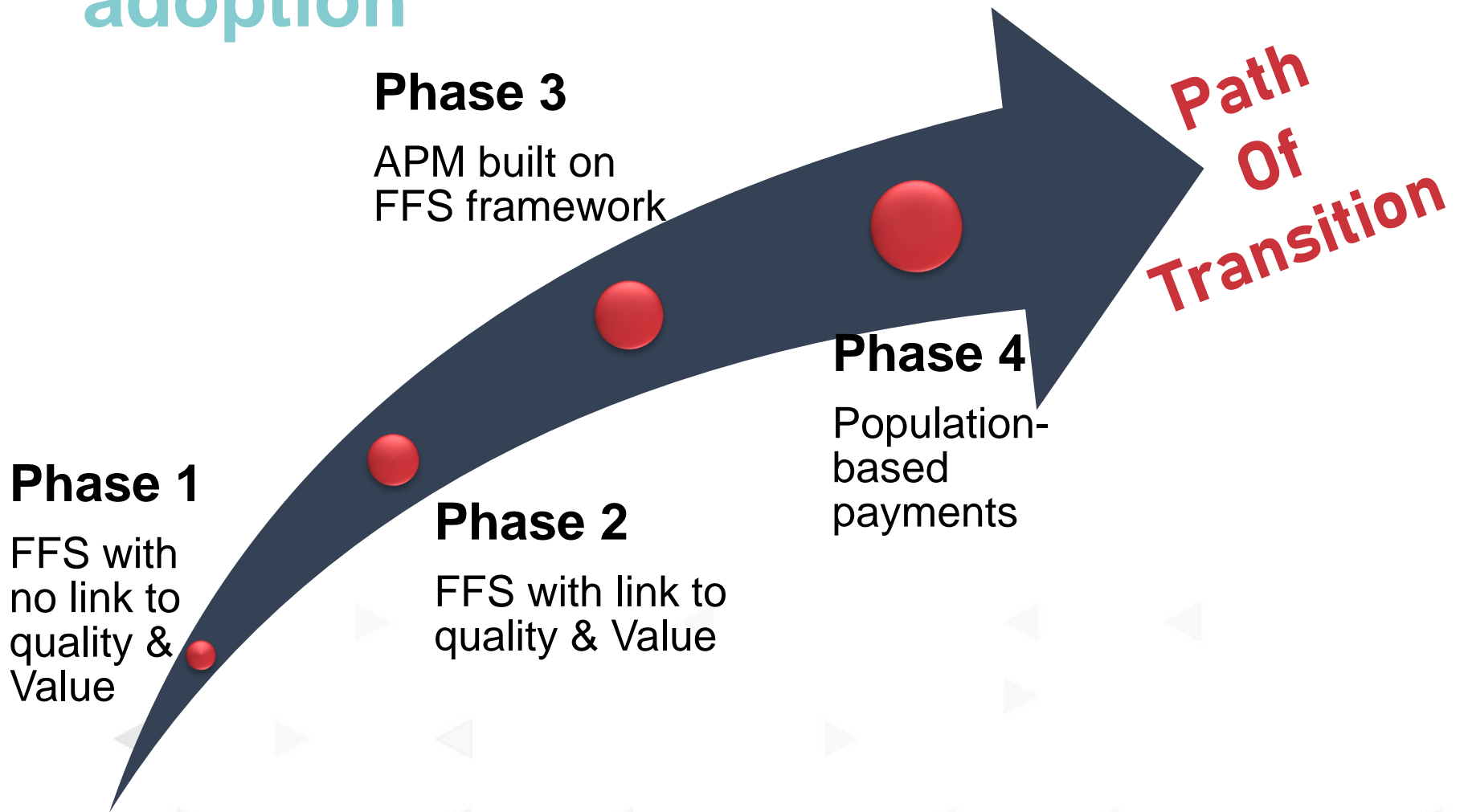
Pathways to Success

Primary Care Initiative

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Risk models experiencing higher adoption



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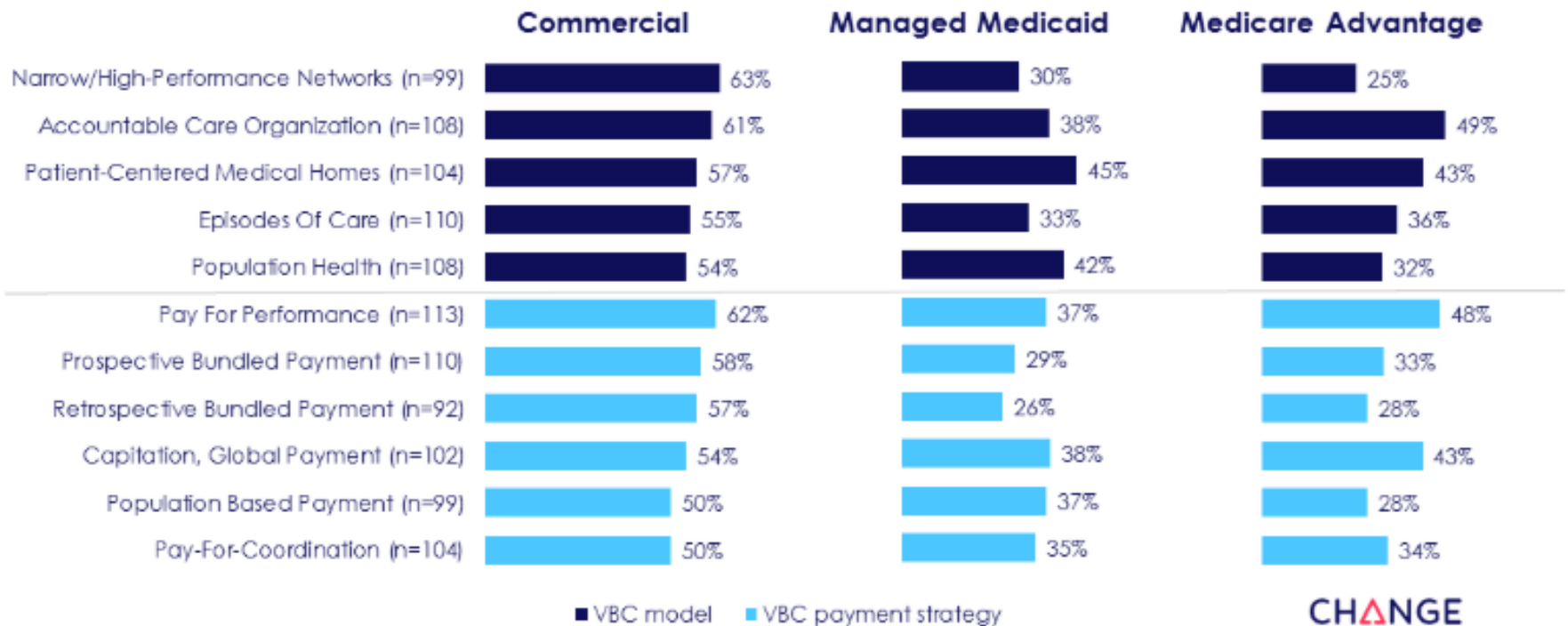
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VBR Expansion across Payers

Commercial Lines of Business Leading the Way



Value-Based Care Models and Payment Strategies by Line of Business



Source: Change Healthcare; Finding the Value: The State of Value-Based Reimbursement in 2018

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MACRA 2019

MIPS

- Quality, Cost, EHR, Improvement Activities
- More providers included
 - New clinician categories
 - Low volume threshold increased
- Additional scoring and reporting flexibility



Advanced APMS

- Increased Advanced APM track thresholds
- More models included
- Increased interest from hospitals and providers

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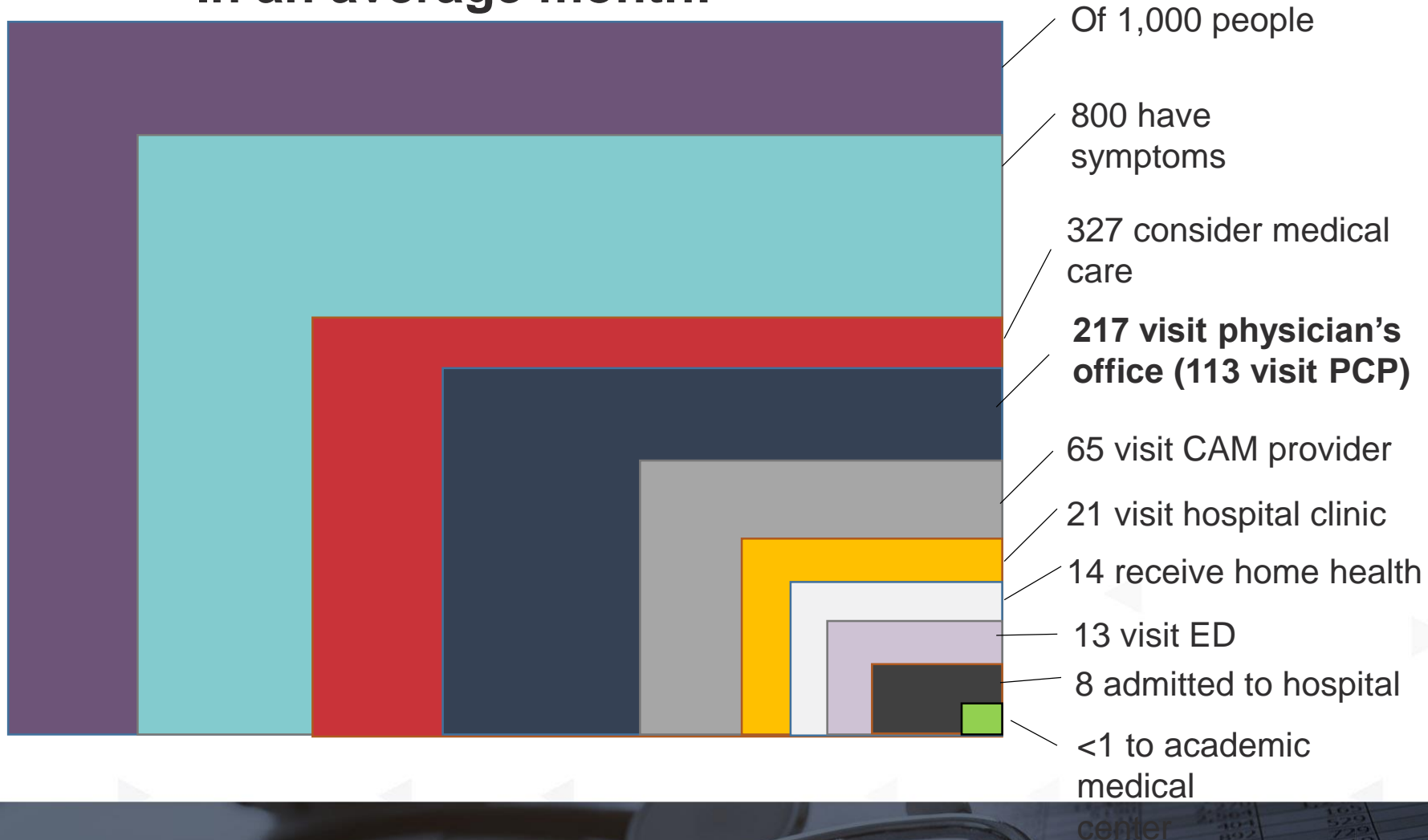
Strategic Considerations

- Timing
- Volume
- Governance & Oversight
- Build Vs. Buy
- Clinically Integrated Network
- Physician Alignment
- Change Management & Culture
- Data Analytics Capabilities



The Ecology of Medical Care

In an average month:



Source: Green LA, Fryer GE, Yawn BP, Lanier D, Dovey SM. The ecology of medical care revisited. N Engl J Med 2001;344:2021–2025.

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Treating Complex Patients

Patients with Chronic Conditions Who Visited or Talked to a Physician

Condition	Total Patients	Visited Primary Care Physician	Percent	Visited Subspecialist	Percent
Hypertension	62,170,492	52,086,268	84%	44,432,708	71%
Diabetes	25,663,376	22,019,702	86%	18,765,232	73%
Asthma	19,047,216	15,723,148	83%	12,700,747	67%
Arthritis	15,379,356	12,487,497	81%	12,831,979	83%
Glaucoma	4,193,069	3,109,622	74%	3,893,425	93%
Congestive Heart Failure	1,976,929	1,675,103	85%	1,786,331	90%
Multiple Sclerosis	695,295	528,726	76%	585,317	84%
Parkinson's	541,854	508,272	94%	521,756	96%

Source: Medical Expenditure Panel Survey (MEPS) (2014)

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The State of Primary Care

Reimbursement favors procedures

- Flawed RBRVS system
- \$135,000 compensation gap

PCP Aging provider workforce

- > 25% are older than 60 years of age



PCP Physician shortage

- Estimated shortage between 14,800 and 49,300
- Rural & underserved areas

Care falling short of patient expectations

Physician burn out

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Remarks by CMS Administrator Seema Verma at the 2019 CMS Quality Conference

“Seventeen percent of Medicare beneficiaries have six or more chronic conditions, and spending on that group alone is more than half of fee-for-service Medicare spending.”

“Much of what ails our system can be attributed to the under-lying flaws in reimbursement. The current financing structure treats episodes of sickness rather than promoting a lifetime of health, and it doesn’t reward providers who deliver high quality care, and positive results.”



CMS Primary Cares Initiative

5 year, voluntary demonstration model

26 regions (CPC+ & eight additional)

Primary Care First models (CPC+ extension)

- General
 - Population-based payments
 - Flat primary care visit fee vs standard FFS
 - Performance-based adjustment
- High-Need Population

Direct Contracting models (ACO “like”)

- DC Professional
 - Capitated payments for PCP services
 - 50 percent savings/losses for total cost of care (TCC)
- DC Global
 - Capitated choice – PCP or TCC for all services
 - 100 percent savings/losses
- DC Geographic
 - 100 Percent savings/losses for a geographic region



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Success Factors: Risk-Based Environment



KNOWING YOUR PATIENTS

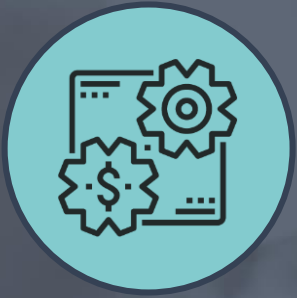
Attribution

- Plurality of primary care
- Prospective vs retrospective
- Voluntary alignment

Patient Panels

- Risk stratification
 - Hierarchical Condition Coding (HCC)
- Social determinates of health

Information Exchange



DATA MINING

Analytic Tools

Claims Data

- Disease
- Provider
- Hospital and post-acute utilization
- LOS
- ED visits & readmissions

Care Coordination & Management Opportunities

Cost Reduction Opportunities



DEPLOYING RE- SOURCES

Staffing Models

Patient Access Strategies

Quality Improvement Initiatives

Patient Education

Partnerships

- Hospitals and specialists
- Community based organizations

Influencing Care Outside Four
Clinic Walls

Telehealth



KNOWING YOUR PATIENTS

- **Dashboards / data transparency**
- **Ongoing financial analysis of contracts**
- **Total cost of care**
- **Annual wellness visits**
- **Patient satisfaction**
- **Quality outcomes**
- **Patient-reported outcome measures (PROMS)**
- **Coding assessments**

Questions?

Thank You!