

Data and Analytics Strategies for Advancing Value-Based Care Contracts

Intro

Health systems and their providers face extreme financial and operational pressures due to the lasting impact of the pandemic, rising expenses, and labor shortages. According to the American Hospital Association, these expense increases have been severely detrimental to hospital finances, leading to billions in losses and over 33 percent of hospitals operating on negative margins.

Meanwhile, those providers still working primarily in fee-for-service (FFS) or with limited exposure to value-based care (VBC) contracting are also feeling the financial and operational pressure to change their delivery models to meet the growing expectation of VBC delivery. VBC contracts include incentives for providers to deliver higher quality care more cost-effectively, a pivot from the traditional FFS reimbursement model where medical expenses are driven primarily by the number of tests, treatments, or services provided.

Transitioning from FFS to VBC requires an organization to integrate clinically and financially around care delivery, driving foundational capability needs with the data and analytics foundation, and industry expertise to guide an organization through successful contract negotiations. Advancing effective VBC

contracts begins with a data strategy that encompasses insight into an organization's data sources and supports their analytics capabilities for high-value care decisions.

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Identify Data Sources from VBC Networks

Access to claims data will be essential in managing ongoing VBC arrangements with a health plan or insurer, especially when moving across the VBC continuum towards a downside risk contract. A healthcare organization should identify what type of data the practice or administration is receiving. While access to paid claims data is not always readily available to a health system, such as in an entry level pay-for-performance arrangement, sourcing the right available data enables informed VBC contract discussions and negotiations.

Important clinical data sources to consider in addition to claims include—but are not limited to—EHRs, admission, discharge, transfer systems (ADTs), and health information exchanges (HIEs). These clinical data sources are leading indicators of real-time insight into patient care delivery and that a healthcare organization's data foundation is ready for VBC delivery and reporting.

Healthcare organizations contemplating VBC participation need to answer data source questions, including the following:

- How strong is our digital backbone to extract data from transactional source systems?
- Can we combine disparate data sets into a unified source of truth and query the dataset directly?
- Can we organize disparate data sources to enable analytics?

Having answers to data source questions gives healthcare organizations the knowledge to manage the complexities of VBC contracting and supports proactive disease management for population health. In short,

health systems moving through VBC contracting must prioritize the following two data principles:

1. Clinical data sourcing is a primary driver for timely patient interventions and quality improvement efforts.
2. Claims data sourcing for all providers and locations within the provider network can help accomplish clinical integration.

In addition, providers can assess their risk tolerance level and visualize insights into the contract performance for the healthcare organization.

Assess Analytics Capabilities to Measure VBC Performance

FAs described above, identifying data sources is a critical first step in VBC contracting and program management. Next, supporting long-term viability in VBC arrangements requires analytics capabilities that span a patient's care journey by leveraging claims and clinical data. The ability to access, organize, and analyze massive, unique, structured, and unstructured data sets drives high-value insights for an organization. Analytics can quickly identify the most valuable opportunities for VBC performance improvement across the continuum.

VBC delivery demands active participation from providers and payers throughout the patient care journey. Data and analytic insights can align providers, payers, and other VBC stakeholders to ensure patients stay healthy and receive timely care. Completing preventive tests or necessary screenings through proactive care and adhering to physician care

recommendations can positively impact care quality and cost, and ultimately VBC performance. High-value analytics provides actionable steps to close care gaps and achieve cost-improvement opportunities in target areas. In addition, patient satisfaction and experience metrics can gauge patient engagement levels for the current population.

Comprehensive benchmarking and actual performance in areas such as post-acute care, ED utilization, and inpatient care can guide healthcare organizations to higher-quality care while predicting profitability and VBC contract performance. Insights gleaned from data analytics support a provider's most impactful and strategically prioritized clinical interventions. Without a strategy that includes sophisticated analytics, it will be challenging to predict proper coverage for quality disease management across the continuum.

Leverage VBC Expertise in Establishing Provider Network Terms

The industry challenges of labor shortage, staff fatigue, and physician burnout create a disadvantage for many healthcare organizations by preventing timely access to quality patient care. Luckily, VBC contracts open the door for a payment model that doesn't reward a higher volume of patients or tests. A strong provider alignment within the healthcare network will be advantageous throughout the entire contract lifecycle, including contract negotiations, budget discussions, patient panel modeling, and ongoing contract management.

Defining the right terms for contract success begins with addressing key questions that can be measured across patients and providers.

1. How do we align provider incentives with our long-term vision for VBC?
2. Can we measure our quality or current VBC performance?
3. How flexible is our risk tolerance?
4. Is our patient population engaged with us in their care?
5. Do we have the network and intervention capabilities to improve care across the continuum?

Providers can also leverage their current FFS performance, network coverage, patient satisfaction metrics, and market position as a starting point to gauge VBC market penetration and potential. An integrated provider network will improve negotiating power in a VBC discussion with payers looking to partner with those who can deliver efficient and high-quality care. Thinking long-term, an integrated provider network is the foundation for population health entities, including accountable care organization (ACO) and clinically integrated network (CIN) development, proving significant in cost containment. For example, CMS announced in August 2022 that the Medicare Shared Savings Program (MSSP) saved Medicare \$1.66 billion in 2021 through its work with ACOs.

High performing provider networks can lead an organization to a better delivery system with the right plan for valuable and accountable care across patient populations. Establishing the provider network terms can become a complex undertaking but is achievable with experts who have vast experience in VBC contracts.

Create Viable VBC Contracts with a Data and Analytics Success Framework

Entering VBC contractual arrangements has been an ongoing objective for healthcare organizations with the resources and technical infrastructure to support expanded partnerships. Healthcare providers newer to VBC and the associated contractual agreements need help to make the shift. Provider organizations that want to make more meaningful moves towards VBC and at-risk contracts must clearly understand their data sources and analytical insights to succeed.

VBC contracts continuously evolve to meet the needs of patients and communities. An organization's path to VBC requires a success framework that starts with the following components:

1. Proper incentive alignment with VBC contract terms that are both positive and accountable for all parties involved.
2. A clear path to risk with the understanding that the VBC journey is a marathon effort supported by data and analytics, rather than a sprint.
3. Short- and long-term success plans with measurable milestones that can assess performance and areas for improvement.
4. Proactive and dedicated ownership in the VBC contracting process to ensure that the payer does not solely determine the contract terms. A solid data foundation enables the healthcare organization to gain proactive ownership in the VBC agreement.

Organizations that proactively prepare, project anticipated benchmarks, and have the data across provider networks to ensure accurate performance metrics will have an advantage at the negotiation table with payers.

Whether a healthcare organization is beginning to explore VBC contract opportunities or looking to expand into other markets, establishing data governance standards and risk tolerance levels across provider networks can become complicated to manage in-house.

Healthcare providers that look to partnerships for expert guidance will be poised to make an immediate impact on care quality, cost management, and revenue through VBC agreements. Working with a trusted, experienced partner like Health Catalyst can help healthcare organizations and providers build a success framework for value-based contracting.