



2021 Provider of Choice Summit

Competing as a provider of choice in the peri-Covid era

Your facilitators



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Today's agenda

1-2:15 ET



Keynote Address

Competing as a provider of choice in the peri-Covid era

2:20-3:05



Breakout Round 1

3:10-3:55



Breakout Round 2

Objectives for this discussion

1. Give you insight into the most critical stakeholders to appeal to for future growth opportunities
2. Evaluate how they define value in specialty provider partners, and how those definitions align and differ
3. Provide some tools for predicting major changes in stakeholder expectations, and how to align your growth strategy accordingly

Unsurprisingly, 2020 was not the year for growth



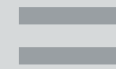
Elective surgery
cancellations



30% decrease in
hospital discharges
during peak



Reluctance to
return to hospital
setting

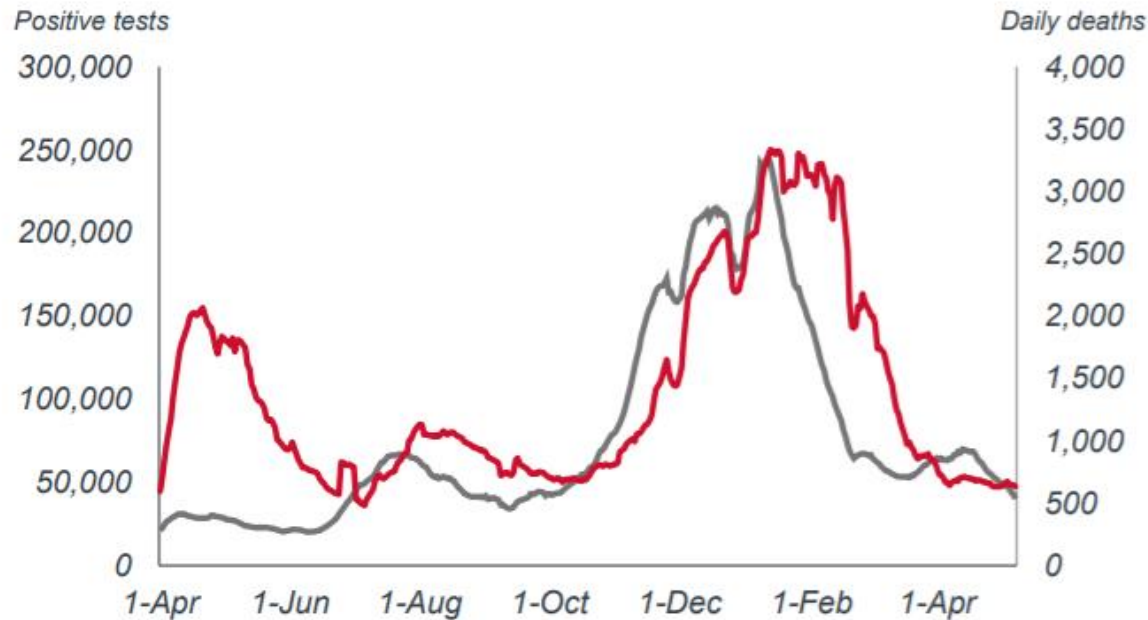


\$53 - \$122 billion in
revenue loss expected
for U.S. hospitals in
2021

2021 a pandemic turning point

Daily Covid-19 deaths and positive tests

Rolling 7-day average from April 1, 2020 to May 8, 2021



Covid-19 hospitalizations per 100,000 people

Rolling 7-day average from April 1, 2020 to April 24¹, 2021

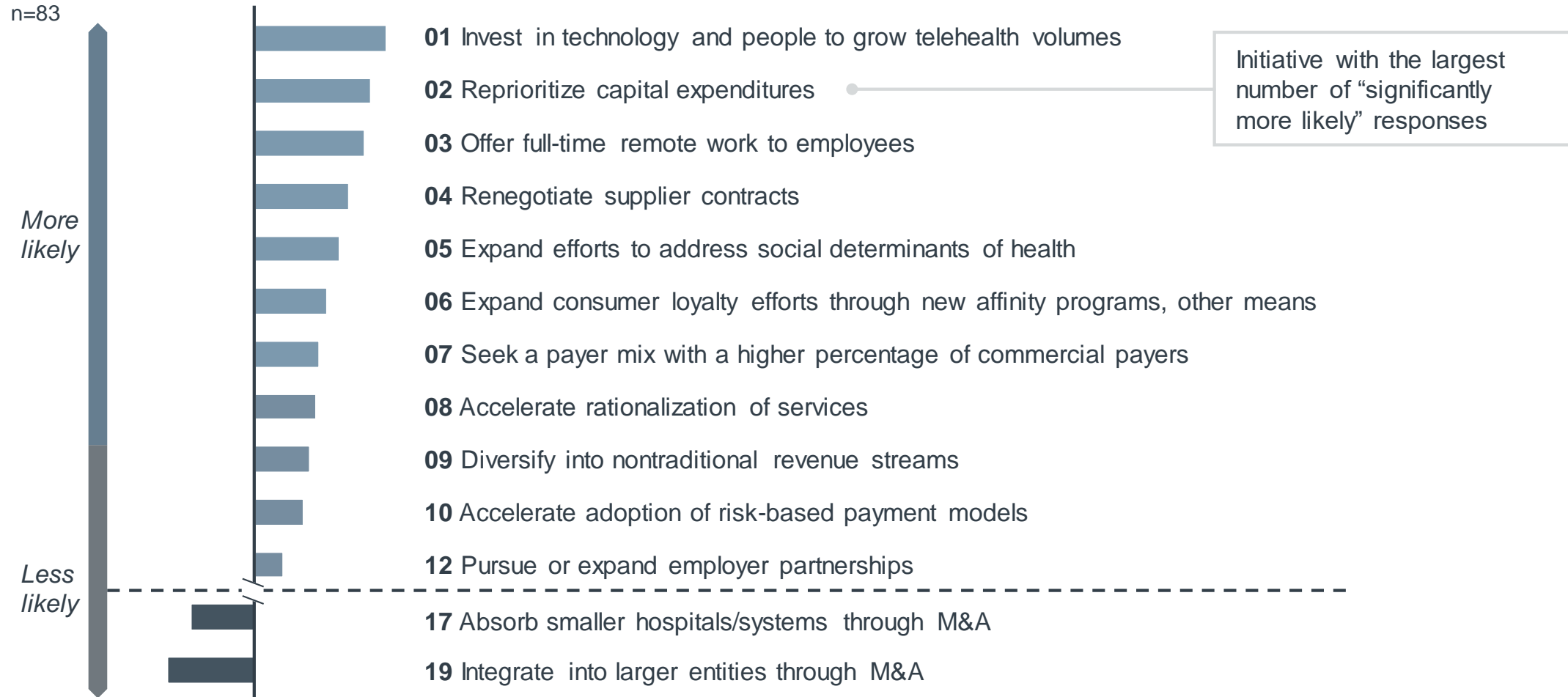


1. Most recent complete data.



Planner priorities focus on pandemic recovery

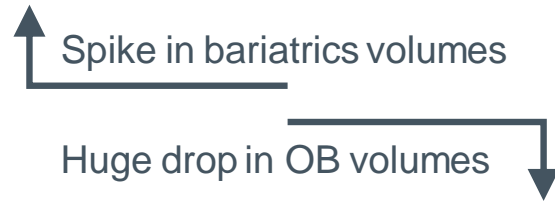
Average response across initiatives, ranked by likelihood to pursue action in the next year



Future demand is more variable and unpredictable

Short-term

Dramatic impact on short-term volumes forecasts



Intermediate

Moderate impact on 1–3-year projections

- Delayed cancer screenings creating variable volumes over next few year
- Backlog of joint surgeries
- Potential “silent wave” of patients who delayed care in 2020

Long-term

Unknown long-term health impacts of Covid-19

- Will Covid survivors be predisposed to lung cancer or heart disease?
- How will Covid “long-haulers” need to interact with the health system?

Forecasting and growth planning is no longer a ‘set it and forget it’ solution—re-evaluate your plan every few months, not every few years

 RELATED TOOL
[Market Scenario Planner](#)

Source: “[The U.S. Birthrate Has Dropped Again. The Pandemic May Be Accelerating the Decline.](#)” NYTimes, May 5, 2021; “[Bariatric surgery is booming, as obese patients worry about their Covid-19 risks.](#)” Advisory Board, September 30, 2020; Advisory Board Market Scenario Planner.

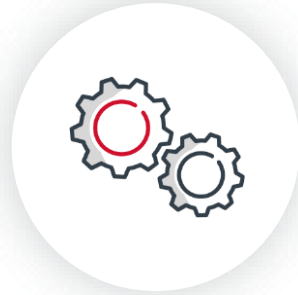
A strategic approach to service line growth is essential

IMMEDIATE CONSIDERATIONS



Patients

- Ensuring access and timely care
- Capturing latent demand
- Winning future loyalty



Operations

- Making up for revenue hits of 2020
- Patient throughput
- Right-sizing service offerings

LONG-TERM CONSIDERATIONS



Future priorities

- Anticipating future care needs based on changing demand (need for care flexibility, potential facility changes, virtual investments, ambulatory network redesign)
- Meeting evolving purchaser expectations

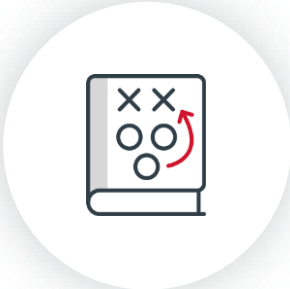
Five dynamics challenging traditional growth strategy

Trends accelerated and/or magnified by Covid-19

Emerging trend



Increasingly unpredictable demand



Shift in competitive landscape



Revisiting M&A strategies



Site of care shifts



Growing influence of “traffic controllers”

Patient consumerism a goal, but still not a reality

Use of patient transparency tools is still limited

1%

Of patients needing lower-limb MRI reported using a price transparency app in 2018¹

67%

Of Americans using tools say it is “somewhat or very difficult” to find out what a service would cost

Necessary market conditions for shopping are still lacking in health care



Choice

Meaningful variation in access, price, and/or quality of services



Transparency

Ability to compare between different options that are available



Financial responsibility

Consumer has significant financial stake in purchasing process

1. In 2018 National Bureau of Economic Research study analyzing behavior of individuals age 19 to 64 with private insurance.

Source: Chernen M, Cooper Z et al, “Are health care services shoppable? Evidence from the consumption of lower-limb MRI scans,” National Bureau of Economic Research, July 2018; Hamel L, et al., “Kaiser Family Foundation/LA Times Survey Of Adults With Employer-Sponsored Insurance,” KFF, May 2019.

QUICK POLL

Compared to pre-pandemic, how active are patients in directing their care decisions?

- A. More active than before
- B. Less active than before
- C. About the same

What behaviors are patients exhibiting when it comes to care decisions today, relative to their pre-pandemic behaviors? *(Select all that apply)*

- A. Increased emphasis on safety
- B. Increased emphasis on cost
- C. Increased emphasis on access
- D. Continued deferral of care

Core elements of patient growth strategy remain the same

No regrets strategies to appeal to patients during and beyond the pandemic

- ▷ Invest in patient experience, including the simplification of entry points, care navigation, and education
 - ▷ Provide messaging on cost and quality in patient-centric terms
 - ▷ Provide timely access to in-person and virtual care

Diagnostics may be the entry point for consumerism



Less reliance on referrals

Patients have more choice over who they see for diagnostic services; can schedule appointments over the phone or online



Diagnostics fall under patient deductible

Unlike higher-acuity services, which tend to surpass out-of-pocket limits, patients can be responsible for paying for diagnostic services



Price transparency tools more accessible

While use is still limited, regulators and payers are trying to give patients more tools to compare costs



Perception of quality differentiation lower for diagnostic services

Patients are more willing to go to cheaper options for non-invasive services than they would be for higher-acuity procedures

Focusing on three traffic controllers for today's discussion



Health plans



Employers



Disruptor primary care groups

Each has a different definition of value—and what they're looking for in a provider-of-choice

QUICK POLL

Which “traffic controller” do you think will have the biggest impact on your growth over the next 5 years?

- A. Primary care disruptors
- B. Employers
- C. Health plans

Plans becoming more aggressive on directing patients

Plans pursuing **predictability** in cost and quality, **lower cost** alternatives, appropriate **care utilization**, and **provider transparency** through many strategies

Plan strategies

Aligning incentives



In practice

Value-based agreements

Lower cost sites of care



Shifting care out of HOPD
Site-of-service reviews

Directing patients to preferred providers



Centers of Excellence
Network tiering
Narrow networks

Strategic priorities for provider organizations

- 1 Invest in data management and analysis tools or a dedicated quality team to keep track of organization performance
- 2 Analyze the potential benefits of plan arrangements to test for alignment with health system goals
- 3 Proactively evaluate readiness and prepare to compete for and deliver on plan agreements

A menu of options for plans to select from

Steering patients



- **CareFirst BCBS** provides PCPs in their PCMH¹ a custom network dashboard, incentivizes them to refer to the highest-value specialists
- **BCBS** Blue Distinction program for cardiac care tiers providers on quality foremost, then cost
- **Anthem** offers Kentucky state employees cash rewards for choosing lowest cost CV providers
- **Tufts Health Plan's** MyRewards program incentivizes members to choose cost-efficient CV providers
- **BCBS NC** provides \$150 incentive to select lower cost PCI provider

Alternative Payment Models



- **Horizon BCBS NJ** “Episodes of Care” program includes HF, CABG
- **Independence Blue Cross** launched episodic payment contract with Cardiology Consultants of Philadelphia for HF, CAD, hypertension
- **UPMC Health Plan** developed risk-based contracting model with AstraZeneca for blood thinner, tying payment to outcomes

Disease Management



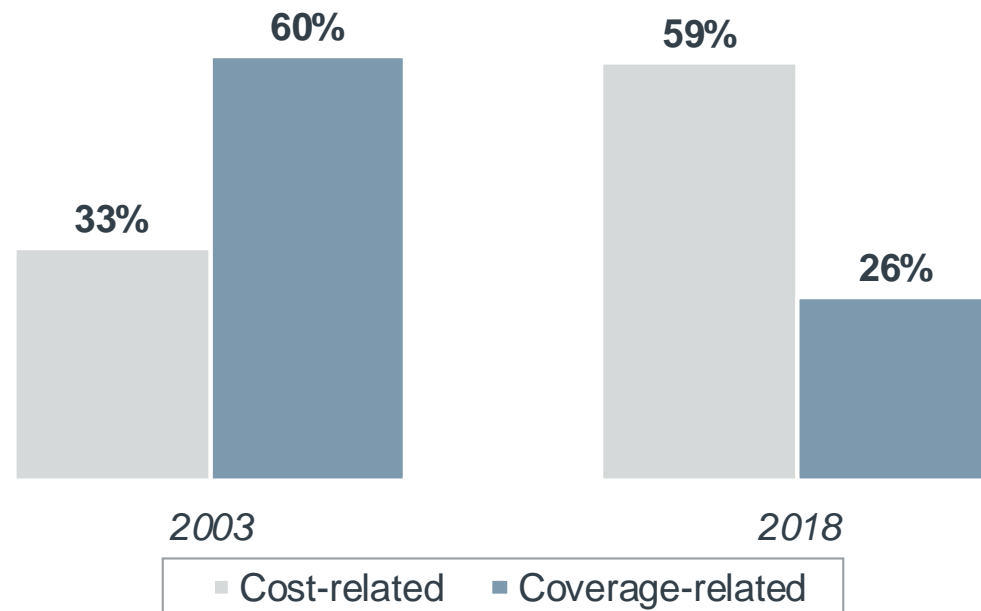
- **Oscar Health** partnered with Cardiogram to provide high-risk members with remote Afib monitoring
- **BCBS CA** partnered with Solera Health to offer 70 health apps that address smoking, diabetes, stress
- **UHG** offers “Motion” incentive program for members to track daily activity with Apple Watch
- **Aetna and Apple** developing “Attain” wellness program leveraging health data app and Apple Watch
- **Devoted Health** is first Medicare Advantage plan to subsidize Apple Watch as a benefit to plan members

1. Patient-Centered Medical Home.

Employers gaining confidence and feeling heat to act

Cost sharing increased acceptance of managed care

Percent of people who report cost or coverage-related features as the most important aspects in a health plan



82%

of employers believe that COEs will reduce annual health care costs per employee

92%

of employers believe that COEs will impact the quality of care for employees

Source: Kirzinger Ashley, "Data Note: Americans' Challenges with Health Care Costs," Kaiser Family Foundation, June 2019; "How Employers Think About Addressing Rising Prices of Health Insurance," AJMC, October 14, 2020, <https://www.ajmc.com/view/how-employers-think-about-addressing-rising-prices-of-health-insurance>.

Employers redefining value in specialty care

Employers prioritize loss of productivity, employee and caregiver experience



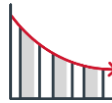
Total cost of an episode of care



Timeliness of recovery, return to work



Employee experience with their benefits



Reduction in inappropriate use of expensive procedures/treatments



Patient access, ease of travel to care



Caregiver, family engagement

Strategic priorities for provider organizations

- 1 Evaluate readiness for employer partnerships and alignment with service line priorities
- 2 Audit current performance and consider investing in internal changes to better compete for employer contracts
- 3 Track the right performance data to prove value as perceived by employers

New evolutions in employer partnerships

MSK¹ and Carrum Health aligned visions and capabilities to offer cancer care bundles to employers

FINDING A PARTNER WITH SHARED GOALS

MSK

sought to align financial incentives while doing what's best for patients

Carrum

wanted to offer higher value to the employers they serve

Both organizations

spent the prior **5-6 years** working independently on cancer care bundles

DESIGNING SOLUTIONS THAT PROMOTE QUALITY AND VALUE

DETERMINING PRICE

1.5 years spent contracting

MSK had dedicated team studying costs to determine bundle pricing

Carrum provided real-world data to inform cost analyses

DEFINING SERVICES

2 -year bundles for non-metastatic breast and thyroid cancer patients

MSK provides cancer care services for a single upfront payment from employers

Carrum

- provides patient with case manager and digital communication platform
- sends MSK all relevant patient records
- coordinates between MSK and local oncologists
- organizes patient travel

1. Memorial Sloan Kettering Cancer Center.

Source: Carrum Health, San Francisco, CA; Memorial Sloan Kettering, New York, NY.

Bundle options offer value, flexibility to meet employers' needs

Guidance bundle

Virtual connection between MSK specialists, local oncology providers, and patients with any cancer diagnosis

- Includes:
 - Genetic testing and other diagnostic workup
 - Second opinions
 - Treatment guidance
 - Ongoing collaboration with patient's local oncologist
- Relies on Carrum's digital communication platform

Treatment bundle

In-person cancer-related care received at MSK

- Multiple bundles correspond with different treatment pathways
 - 5 basic breast cancer bundles depend on elements of treatment (e.g., surgery, radiation, chemo) and whether cancer is HER2+
 - 3 thyroid cancer bundles dependent on treatment decisions
- Includes drugs, ED visits due to chemotherapy toxicity, and any other cancer-related care

Hybrid bundle

Combination of guidance bundle and excision surgery treatment bundle

- Patients receive excision surgery at MSK
- Chemotherapy, radiation therapy, and other cancer treatment is received locally



KEY MILESTONE

Roll-out will start in **May 2021** with three employers

Source: Carrum Health, San Francisco, CA; Memorial Sloan Kettering, New York, NY.

Primary care disruptors growing in size, scope



One Medical

Membership-based primary care provider network with **90+ locations** across the US

- Provides:
 - Same- or next-day appointments
 - 24/7 virtual care
 - On-site lab services

30% growth in membership base in 2020

57% net revenue increase in 2020

ChenMed

Network of **primary care medical centers** for seniors



Expanding from primary care and have added **cardiologists** at locations across the country

70 ChenMed centers nationwide

Looking for value through more than just acute costs

Primary care disruptors rely on more than legacy referral relationships



Care coordination, timely return to PCP for care



Long-term outcomes and complex care management



Timely access for patients



Proof of appropriate utilization of procedures



Total cost management



Patient experience

Strategic priorities for provider organizations

- 1 Don't disregard primary care disruptors because they aren't in your region right now—be ready to take advantage of new partnership opportunities that could arise quickly
- 2 Define your value proposition as a preferred specialty partner to this group, and prepare to earn referrals with data-based conversations on how you meet their definition of value
- 3 Anticipate how care pathways may change, as PCPs take on more of the care continuum

A partnership in practice

Village MD

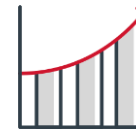
- When commercial plans delegate network management to VillageMD, VillageMD contracts with specialists in the market to create custom, lower-cost networks
- Specialist partners accept discounted rates for MA patients in exchange for higher referral volumes

VillageMD forms partnership with CV group in the Houston market



VillageMD

Negotiates reimbursement rates below typical Medicare rates for MA lives at preferred specialist locations



Cardiology group

Enjoys preferred relationship with VillageMD

Modeling the potential impact of traffic controllers

STAKEHOLDER

5-YEAR FORECAST

Conservative

Moderate

Aggressive

Plans



20% of insured lives under value-based contracts

40% of insured lives under value-based contracts

60% of insured lives under value-based contracts

Employers



40% of local employers using regional COE models
10% of local employers using national COE models

50% of local employers using regional COE models
15% of local employers using national COE models

60% of local employers using regional COE models
20% of local employers using national COE models

Primary care disruptors



National virtual and retail chains have competitive presence in our market

National virtual and retail chains have competitive presence in our market
ChenMed and OneMedical have competitive presence in our market

National virtual and retail chains have competitive presence in our market
ChenMed, OneMedical, Tia, Forward, Oak Street Health, and others all have competitive presence in our market

QUICK POLL

Which of these scenarios do you think will be your reality in five years?

- A. Conservative
- B. Moderate
- C. Aggressive

How prepared are you TODAY for succeeding in that scenario?

- A. Not prepared at all
- B. A little unprepared
- C. Right in the middle
- D. Fairly prepared
- E. Very prepared

Take a walk in your customers' shoes



Stakeholder assessment exercise

Key stakeholders in your market



Employers



PCP
disruptors



Health
plans



Questions to answer for each stakeholder



How will they define “value”?



What problems can we solve for them?



What challenges could they face in using our services?



What would influence them to use our competitors over us for this service?

Stakeholder assessment: Primary Care Disruptors

**How will they define “value”?
What problem(s) can we solve
for them?**

**What challenges could they
face in using our services?**

**What would influence them to
use our competitors over us for
our services?**

CHAT IN

What changes or investments do you need to make to appeal to primary care disruptors moving forward?

Resources to support your scenario planning analyses



EXERCISE

How service line leaders should envision the future of health care

Plan for additional CV scenarios in your workbook or by accessing our **Futurism in Health Care** research

[Access now](#)



TEMPLATE

Service line strategic plan template



DATA TOOL

Market Scenario Planner

Today's service lines expected to manage new priorities

Traditional strategic considerations focus on **what can we do**



What **acute infrastructure** do we need to build as we expand services?



In which **technologies** should we invest?



Which physicians do we need to **employ**?



How can we appeal to **specialist** preferences?



We need to focus on **what our consumers and traffic controllers need**



How can we look **further upstream** to better manage patient's overall health?



Do our service offerings **align with demand** in the market?



What is our value proposition to **patients, PCPs, employers, plans**?



Can we compete with **lower-cost** specialty providers or new non-traditional entrants?

An opportunity for non-providers as well

Evaluate opportunities for differentiated provider-supplier partnerships

- How do these changes in stakeholder behavior affect your customers' priorities?
- What level of steerage activity are you seeing from plans, employers, and PCP groups in markets you work with?
- How do your customers define value in this environment as their purchaser and referrer expectations change? What are their metrics of success?
- What is the unique value proposition of your products given the market forces providers are up against?
- Is there additional wraparound support you could provide to help providers become the provider of choice in their markets? (E.g., appropriate use, total cost reduction, access, patient engagement)

What do you have to do to compete for stakeholders?

TODAY'S BREAKOUT SESSIONS

01

In purchasers' shoes: explore plan priorities—and how you can influence them

Speakers: Christoph Dankert, Ben Umansky, Natalie Trebes, and Deirdre Saulet

02

Direct-to-employer partnerships: Your guide to navigating proven and emerging models

Speakers: Sebastian Beck, Jai Seth, and Megan Director

03

Primary care disruptors: Specialty referral threats or opportunities?

Speakers: Julie Bass and Fanta Cherif



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