



Data Gen[®]

Insights for Healthcare

**A Sage Growth
Partners and
DataGen
Market Report**

A provider outlook on value-based innovations in care delivery

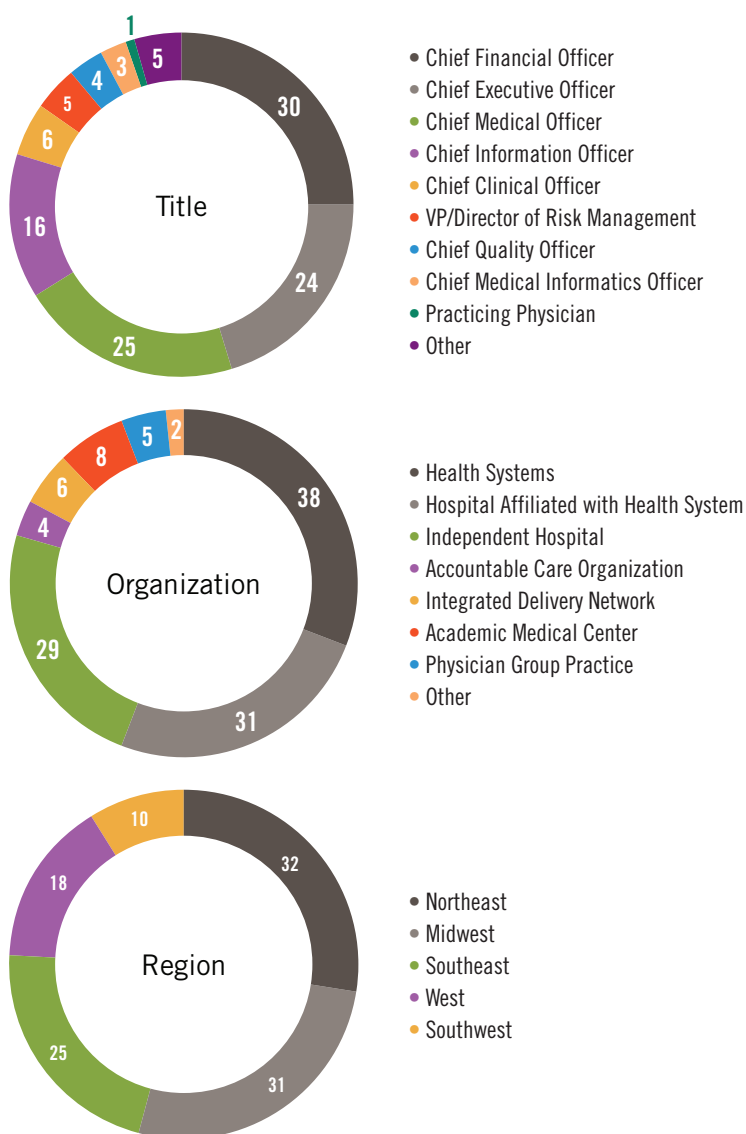
EXECUTIVE SUMMARY

As the U.S. emerges from a global pandemic, providers must address shifting healthcare forces and understand how they impact their strategic goals. These trends include changes in patient volume, care delivery beyond the hospital, innovations in care delivery models, increased utilization of telehealth and remote patient monitoring, and participation in value-based programs.

To understand the prevalence and implications of new and rising forces, Sage Growth Partners and DataGen conducted a market study to capture real-world perspective from today's leading health systems, hospitals, accountable care organizations, integrated delivery networks, academic medical centers and physician group practices.

The survey, conducted in June 2021, includes results from 103 respondents hailing from health systems, hospitals, accountable care organizations, integrated delivery networks, academic medical centers and physician group practices.

Who responded to the survey



KEY FINDINGS

- ✦ **The market anticipates accelerated movement of patient care to settings beyond the hospital. The future of healthcare requires data-driven tools and technology to enable this shift in care delivery.**
- ✦ **Innovation in care delivery models is quickly moving to the top of hospital and health system priorities.**
- ✦ **Hospital and health system leaders now view telehealth and remote patient monitoring, among other digital enablers, as critical to success.**
- ✦ **There will be acceleration and renewed interest in value-based care delivery models.**

MARKET FORCES

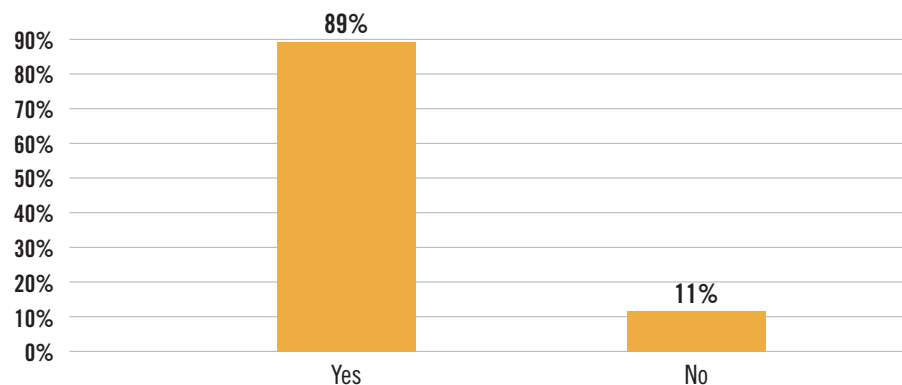
Care is shifting beyond the hospital to meet patient demand

Healthcare innovation accelerated drastically during the pandemic. Providers are working to integrate innovations in care delivery as a result of new changes in consumer behavior and access to care. Moreover, health systems are innovating to be more resilient after lessons learned during the pandemic.

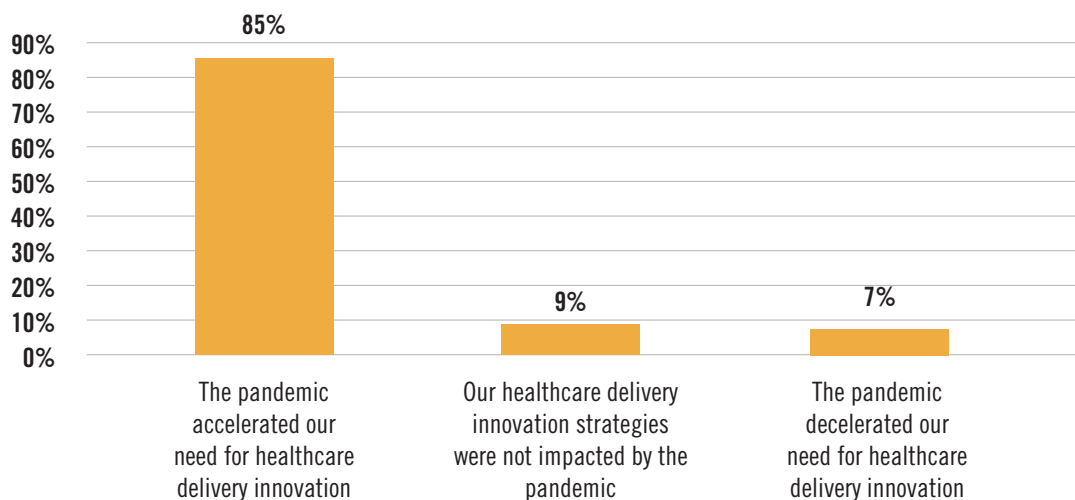
According to our survey, providers everywhere are experiencing increased demand for care delivery that reaches beyond the hospital and includes options for tech-enabled and or home-based care. Telehealth and remote patient monitoring utilization has increased and this trend is expected to continue indefinitely. Providers once hesitant to use telehealth are now embracing it as a way to increase their service line offerings and stay connected with their patients. This is transforming traditional care delivery to be more community-oriented, coordinated and collaborative. Now more than ever, providers on the forefront of care delivery are looking to data-driven tools and technology solutions to support care integration efforts to meet future healthcare needs.

The vast majority of organizations are discussing opportunities for healthcare delivery innovation. The main drivers are patient convenience, reducing cost of care, and addressing the increased competition from traditional and non-traditional providers.

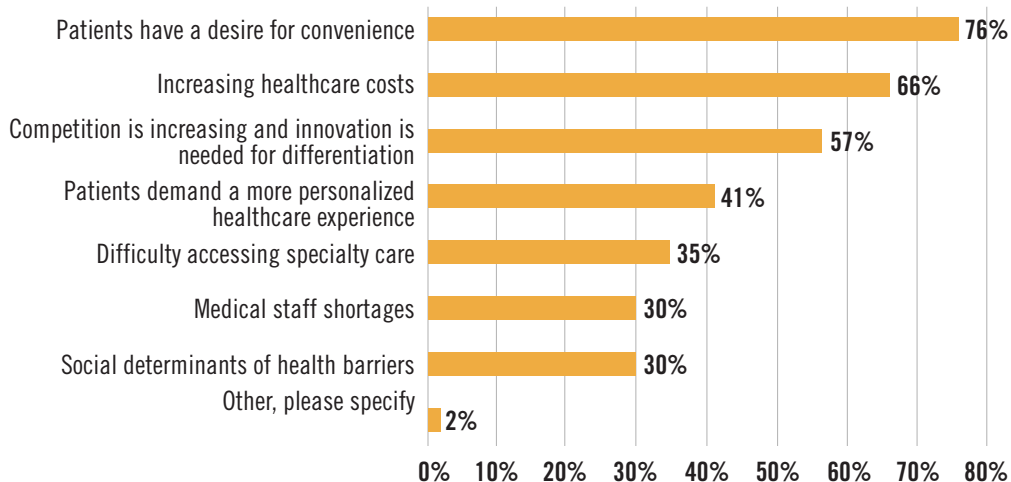
Does your organization currently discuss opportunities for healthcare delivery innovation? (n=103)



How did the pandemic affect your healthcare delivery innovation strategies? (n=93)

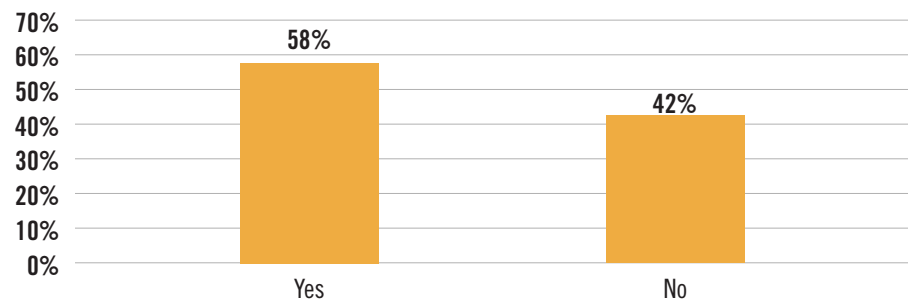


What are some of the drivers that are causing your organization to think about healthcare delivery innovation? (n=92)

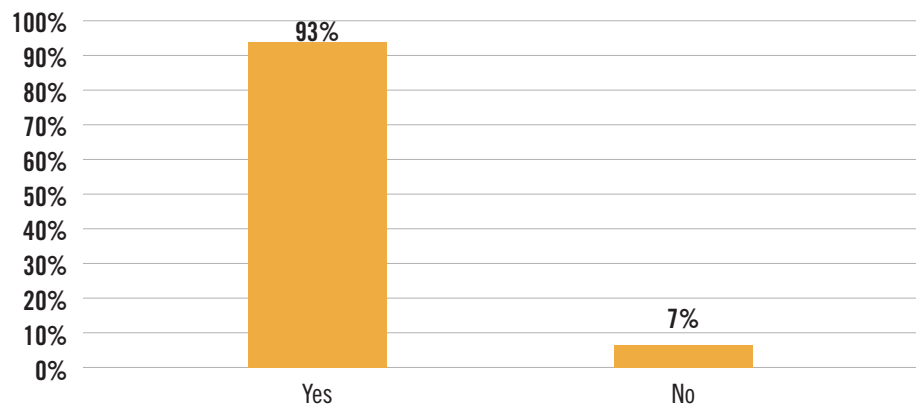


Pre-pandemic, 58% of providers leveraged telehealth. Today, 93% of providers are leveraging telehealth services. 62% of providers expect an increase in telehealth and 50% in remote patient monitoring over the next five years. The majority of providers believe their patients will expect telehealth services going forward. Providers currently using telehealth say their medical staff would be open to increasing their service line offerings via telehealth.

Did your organization leverage telehealth services pre-pandemic? (n=103)

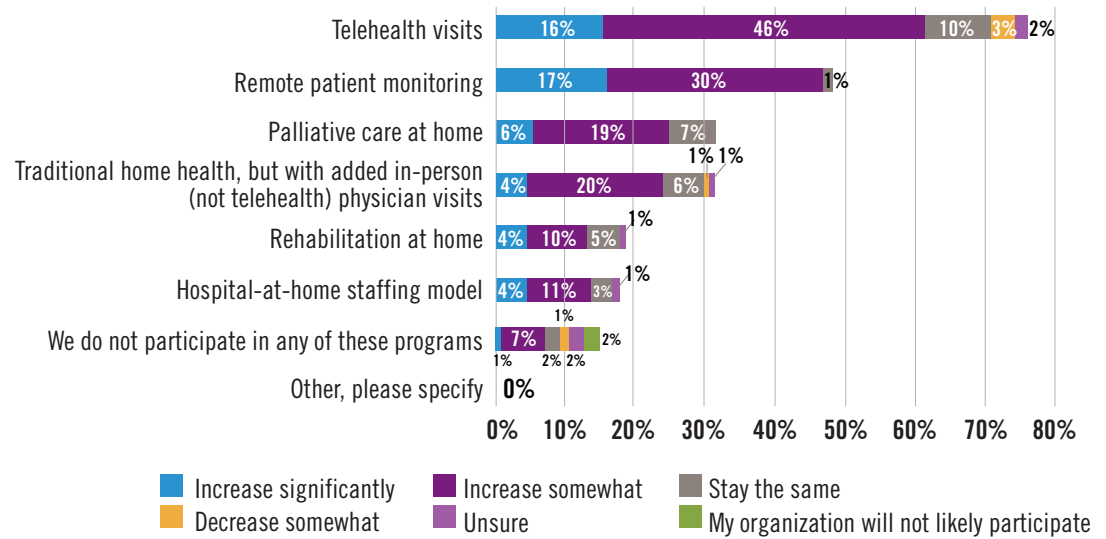


Does your organization leverage telehealth services today? (n=103)

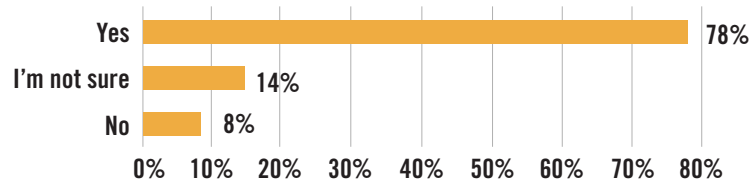


62% of organizations anticipate an increase in telehealth visits to treat patients over the next 5 years; nearly 50% expect remote patients monitoring to increase.

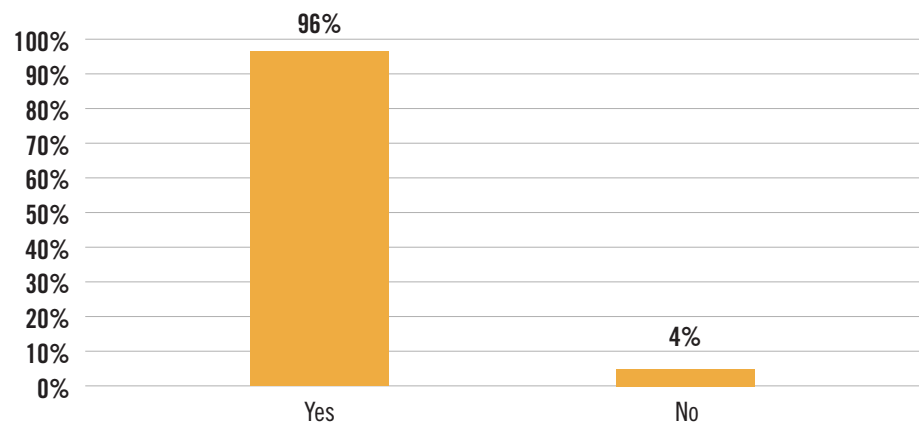
Looking out 5 years, what is your best guess as to how the percentage of treating patients at home will change for each of the programs you selected? (n=103)



Do your patients expect telehealth services when clinically appropriate going forward? (n=103)

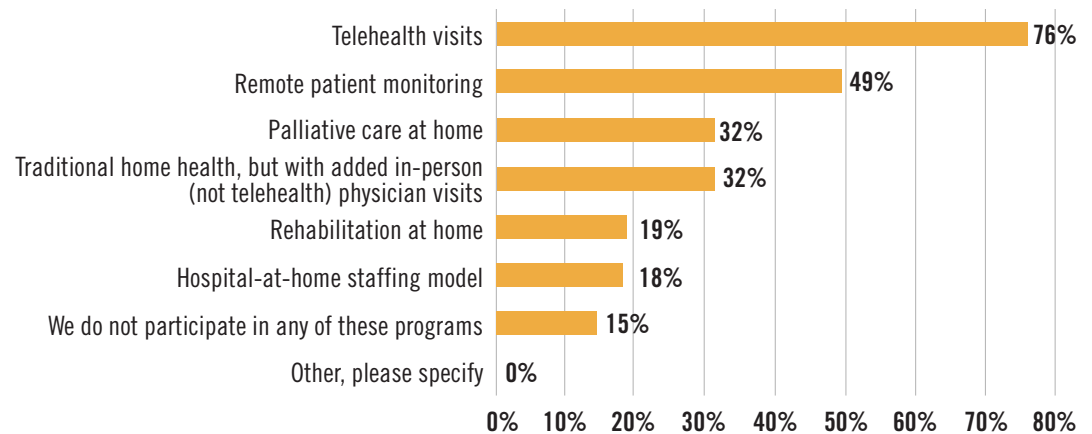


Is your medical staff — employed and voluntary — open to increasing services via telehealth? (n=96)

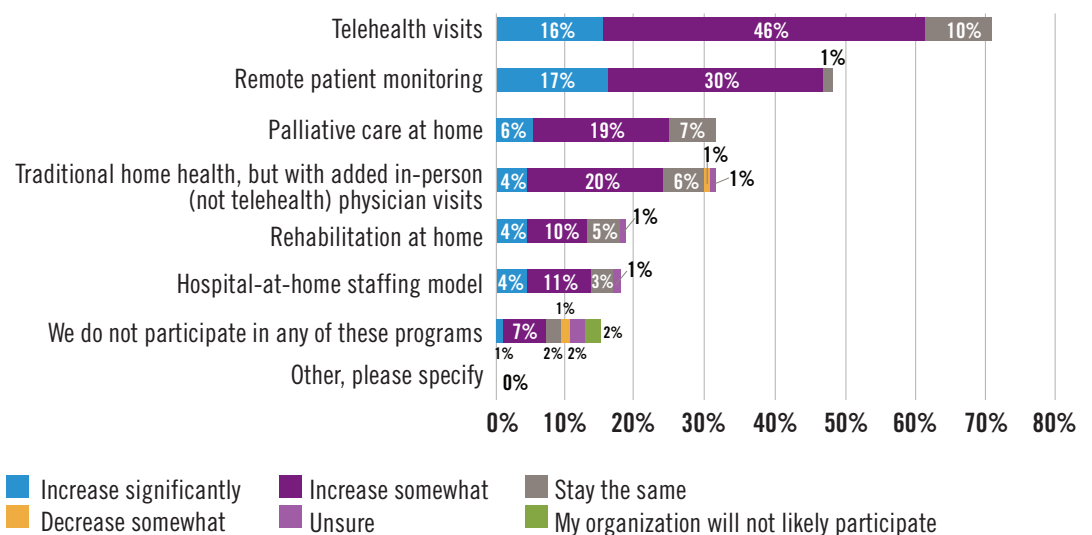


76% of providers use telehealth and 49% offer remote patient monitoring programs to treat acute patients at home today.

Which of the following programs does your organization participate in to treat acute patients at home? (n=103)



Looking out 5 years, what is your best guess as to how the percentage of treating patients at home will change for each of the programs you selected? (n=103)



Innovations in care delivery include home-based care:

To support the shift of care delivery beyond the hospital, providers are expanding their participation in telehealth, remote patient monitoring and hospital-at-home programs.

Implementing these kinds of programs has resulted in reductions in hospital length of stay, medical costs, readmission rates and complications. These programs are also correlated with higher levels of patient and family member satisfaction than traditional care.¹

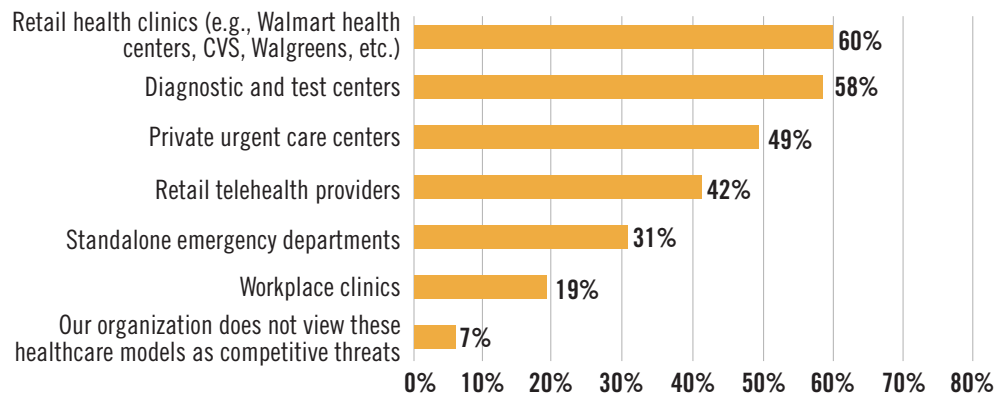
Hospital-at-home programs have been adopted by 41 hospitals, health systems and intermediaries

in the U.S. and Canada. During the pandemic, to support existing models of at-home hospital care CMS expanded its Hospital Without Walls program to become the Acute Hospital Care at Home program.

Providers considering this innovation should conduct a readiness assessment to ensure there is a need within their organization, the capacity to implement the program and data analytics to monitor program performance. Programs can be set up differently to meet the needs of patients and in accordance with current and or future payment models.

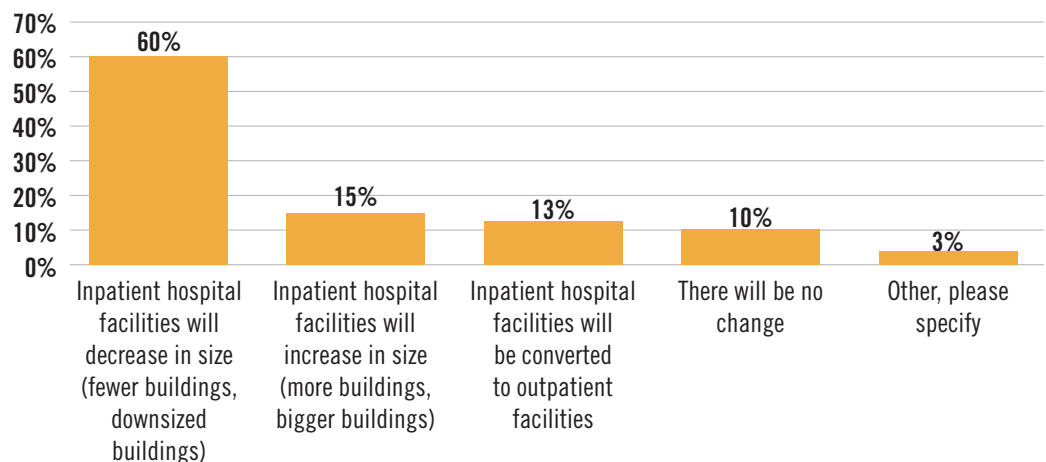
Providers face competition from retail health clinics, diagnostic test centers and private urgent care centers for care delivery outside the hospital.

Non-traditional care models with services like primary care, specialty care, urgent care and chronic care management are emerging due to consumer demand. Which non-traditional models do your organization view as competitive threats? (n=103)

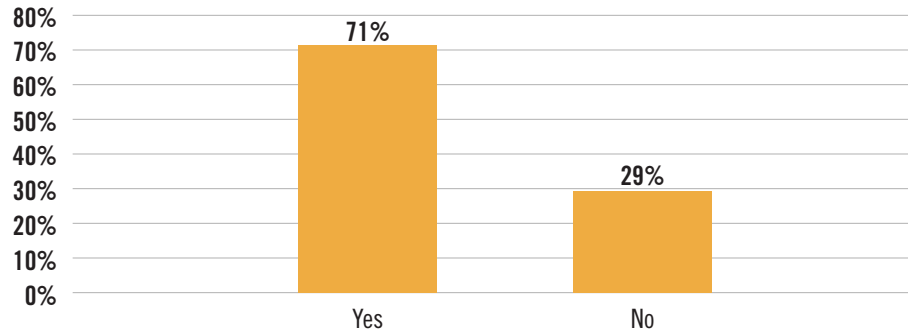


Providers are expecting a shift away from inpatient care. Over half of respondents believe inpatient admissions will continue to decrease and providers expect to see a shift in inpatient to more outpatient procedures that offer patients increased flexibility and choice. Providers are familiar with the removal of procedures from the Medicare Inpatient Only List and are quantifying the impact on their organizations.

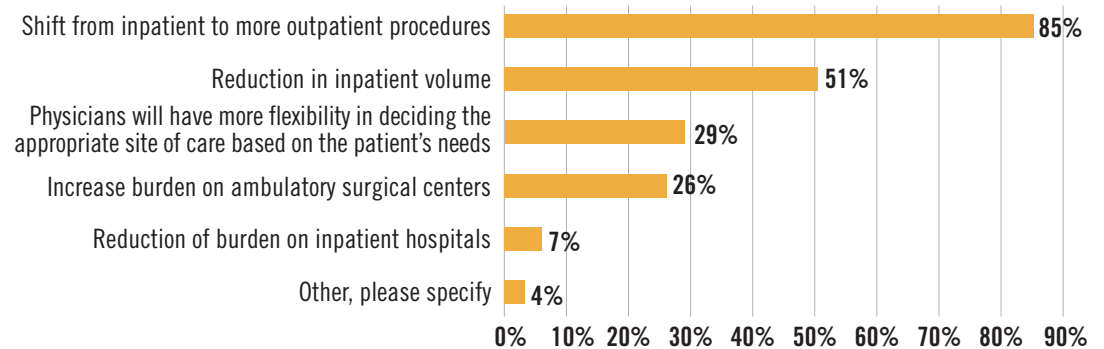
When thinking about healthcare delivery 5 years from now, how do you think care delivery innovation will impact hospital facilities? (n=103)



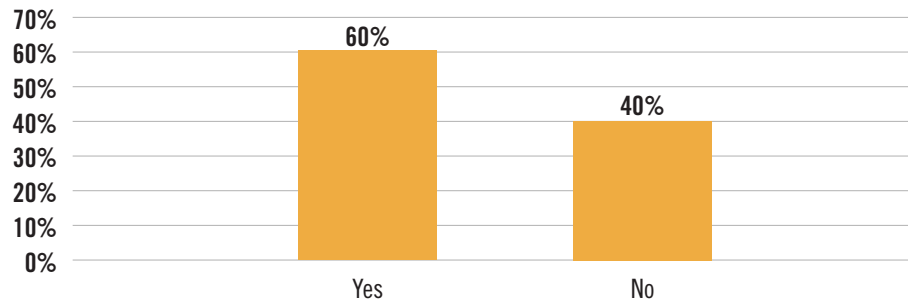
Are you aware of the removal of procedures from the Medicare Inpatient Only List? (n=103)



What impact do you think the Medicare Inpatient Only List changes will have on your organization? (n=73)



Have you considered the quantifiable impact the Medicare Inpatient Only List changes will have on your organization? (n=73)



HEALTHCARE REFORM

Changing market forces are accelerating demand for technology and active care coordination

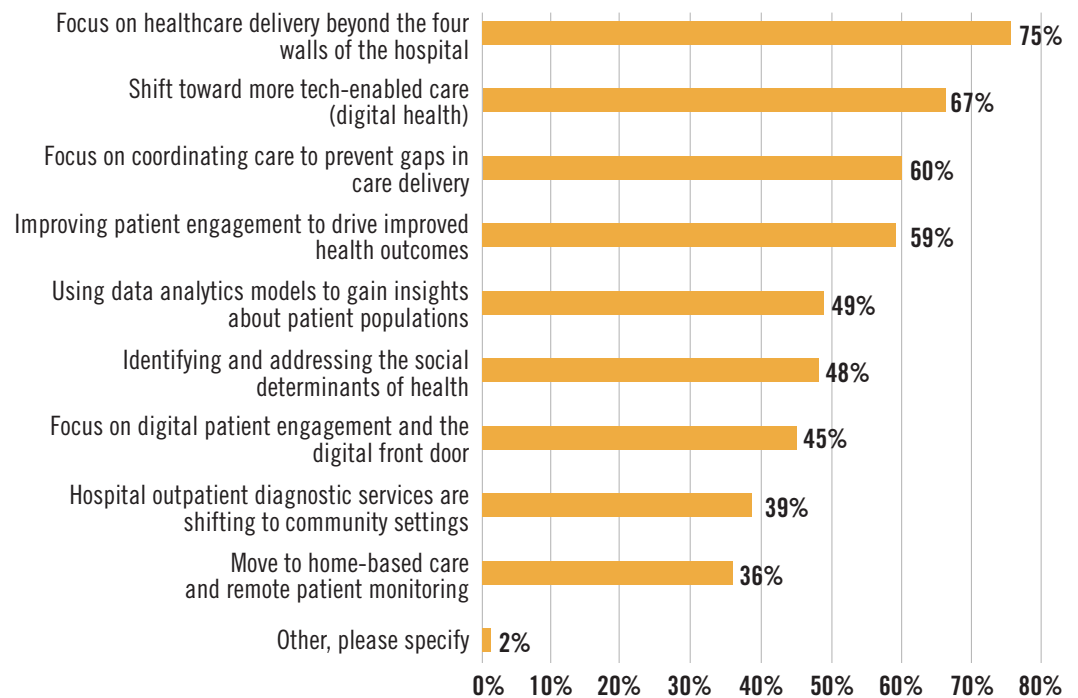
The top three rising healthcare forces — care delivery outside the hospital, shift toward tech-enabled care and care coordination to prevent gaps in care — are key drivers for reforming how healthcare is delivered. Providers believe these healthcare trends will persist several years — or indefinitely.

Payment reform has been around for 15 years. Medicare's initial foray into payment reform and alternative payment systems was through accountable care organization models. The ACO initiative was intended to save Medicare money and spur change in healthcare delivery from a volume-based to value-based paradigm. This hasn't worked.

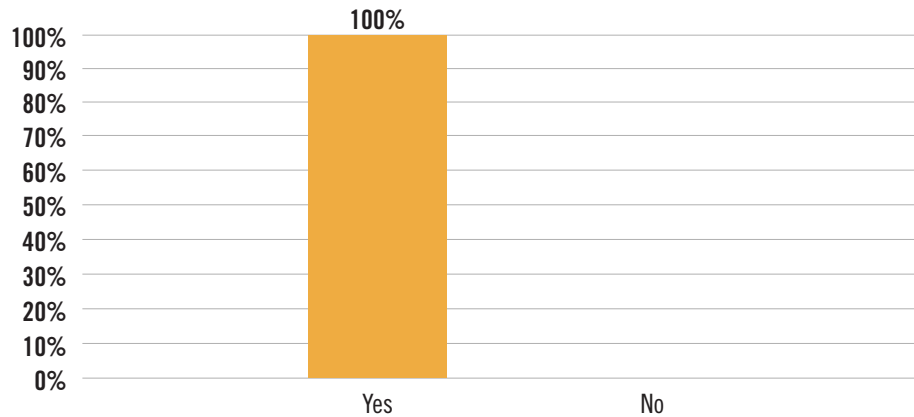
The pandemic helped illustrate what happens when our volume-based healthcare economy gets disrupted: hospital and health system finances suffer incredibly.

During the pandemic, the U.S. healthcare system quickly responded with support for virtual and home-based care. **This survey shows that providers think these trends will persist and are working hard to integrate virtual and home-based care into coordinated delivery systems. But someone has to pay. The question is: Will payment follow reform or will reform follow payment?**

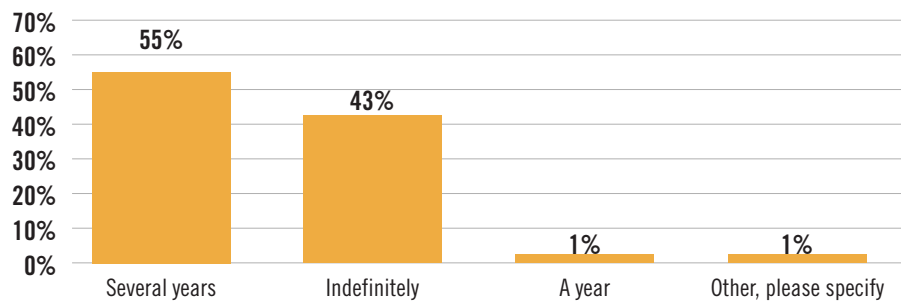
What are some of the rising key healthcare trends in your service area? (n=103)



Do you think the healthcare trends you selected will persist? (n=103)

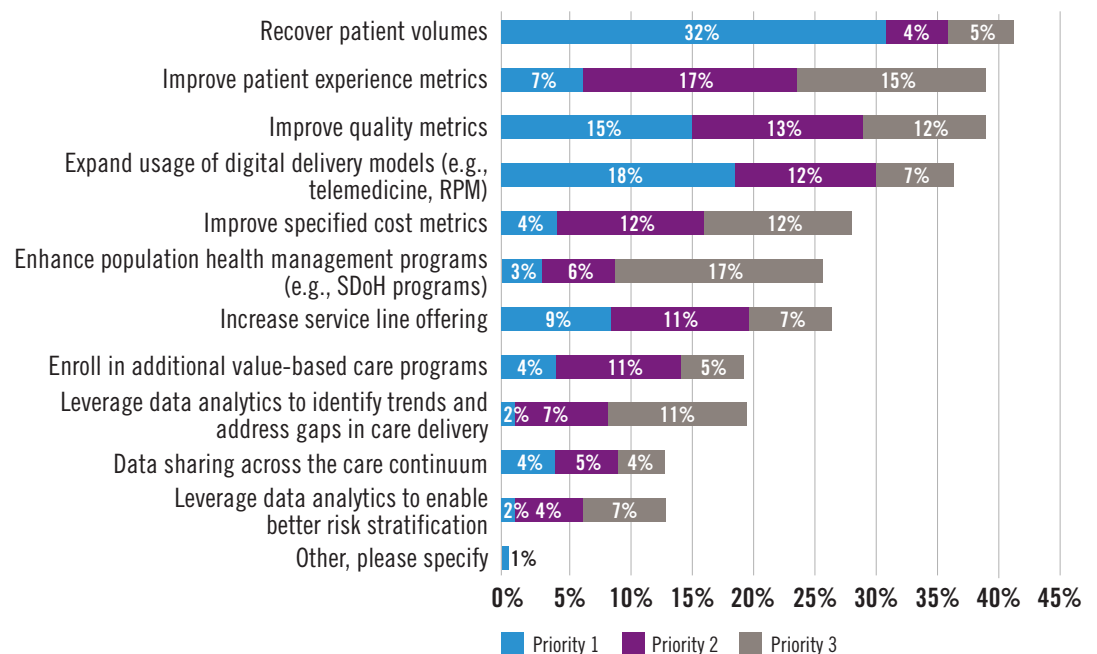


How long do you think the trends will last? (n=103)

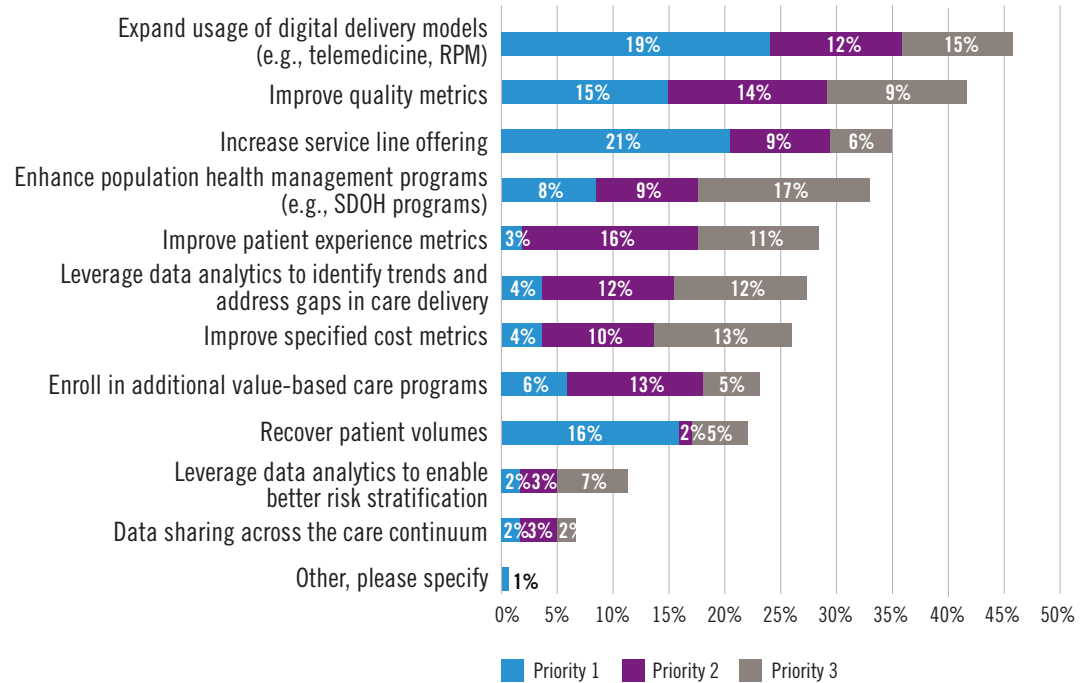


Over the next three years, providers will shift strategic priorities toward innovating care delivery models, improving quality and increasing service line offerings. Nearly half of providers are focused on recovering patient volumes as their top priority over the next 12 months.

What are your organization's top 3 strategic priorities for the next 12 months? (n=103)

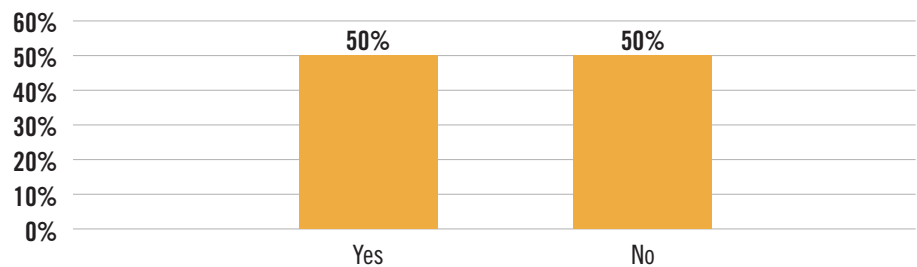


What are your organization's top 3 strategic priorities for the next 3 years? (n=103)

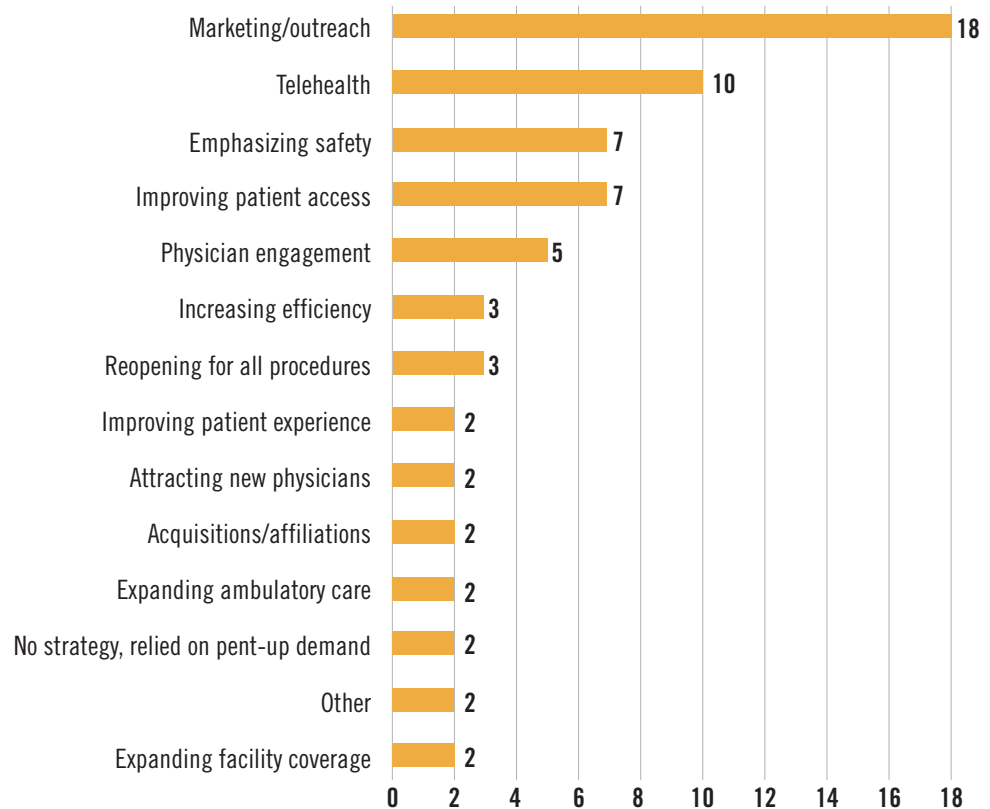


Half of providers surveyed have recovered patient volumes to pre-pandemic levels as a result of marketing.

Has your healthcare organization's patient volume returned to pre-pandemic levels? (n=103)



What strategies were implemented to drive patient volume growth? (n=51)



Post-pandemic resiliency — A new concept for healthcare:

Our healthcare system is now more resilient as a result of the pandemic. After enduring drastic changes in human behavior, supply chain distribution challenges, job loss, avoidance of care and even death, we learned a great deal. Instead of asking what went wrong during the pandemic, we are now able to reflect on what went right and apply critical learnings to plans for the future of healthcare. The concept of resiliency, accepted in other high-risk industries, is relevant to healthcare because it focuses on reliability and the ability to address complexities such as consumer demand, clinical capacity challenges, innovations in care delivery and payment reform.²

DELIVERING VALUE

Innovations in care delivery are driving acceleration and renewed interest in at-risk and value-based programs

Changing market forces are influencing provider participation in value-based care programs as they look to the future of healthcare. Our survey indicated that providers are thinking about new ways to deliver care to their patients, with 58% of respondents planning to increase participation in at-risk and value-based programs over the next 12 months to drive quality improvement.

While the market is ripe for expansion of value-based care, the economic burdens from the pandemic have intensified pressure to reduce healthcare spending. Payers, providers and consumers alike are demanding greater value for their healthcare spend.

CMS has announced it plans to double down on value-based care and move 100% of Medicare providers into two-sided risk arrangements by 2025. Providers must act now to get ahead of these changes to avoid financial penalties and unlock greater savings.

What to know about accountable care and other alternative payment models:

Alternative payment models are a cornerstone of payment and delivery reform initiatives developed by the Center for Medicare and Medicaid Innovation. Now, CMS is introducing new APM programs into the mix, adding more opportunities for healthcare providers, including new ways to participate and capitalize on the benefits these programs can offer.

Participation categories include:



ACCOUNTABLE CARE: Accountable Care Organizations and similar care models aim to incentivize healthcare providers to become accountable for a patient population and to invest in infrastructure and redesigned care processes that enable coordinated care, high quality and efficient service delivery.

- **Programs include:** Medicare Shared Savings Program, Kidney Care Choices, Next Gen



EPISODE-BASED PAYMENT INITIATIVES: These models hold healthcare providers accountable for the cost and quality of care beneficiaries receive during an episode of care, which usually begins with a triggering healthcare event (such as a hospitalization or chemotherapy administration) and extends for a limited period thereafter.

- **Programs include:** Comprehensive Care for Joint Replacement Model, Oncology Care Model, Bundled Payments for Care Improvement and Radiation Oncology Model

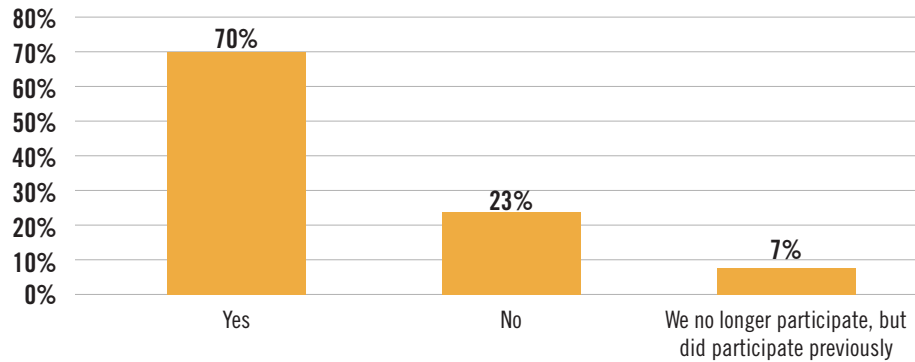


PRIMARY CARE TRANSFORMATION: Primary care providers are a key point of contact for patients' healthcare needs. Strengthening and increasing access to primary care is critical to promoting health and reducing overall healthcare costs. Advanced primary care practices — sometimes called medical homes — use a team-based approach to achieve program goals, while emphasizing prevention, health information technology, care coordination and shared decision making among patients and their providers.

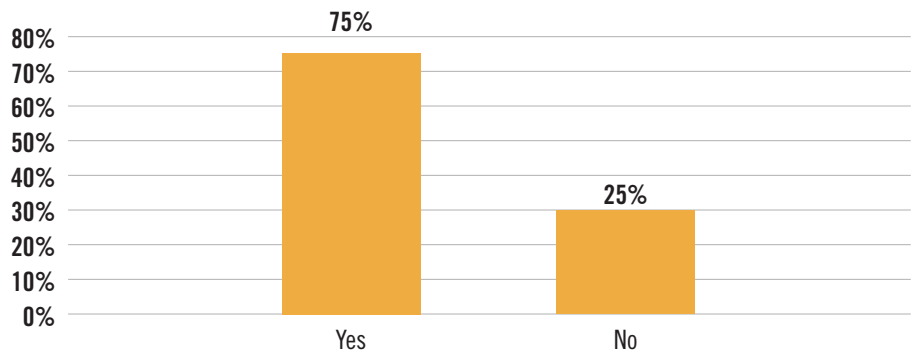
- **Programs include:** Primary Care First

70% of providers surveyed currently participate in at-risk or value-based programs. Three quarters of providers who are not participating said they considered but decided against participation. Over half of providers participating in at-risk or value-based programs plan to add contracts within the next 12 months.

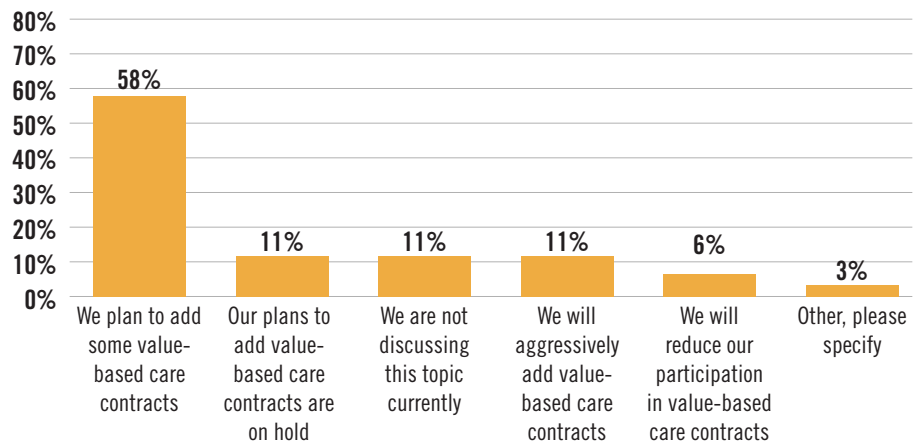
Does your organization participate in at-risk or value-based programs? (n=103)



Has your organization considered participating in at-risk or value-based programs? (n=24)

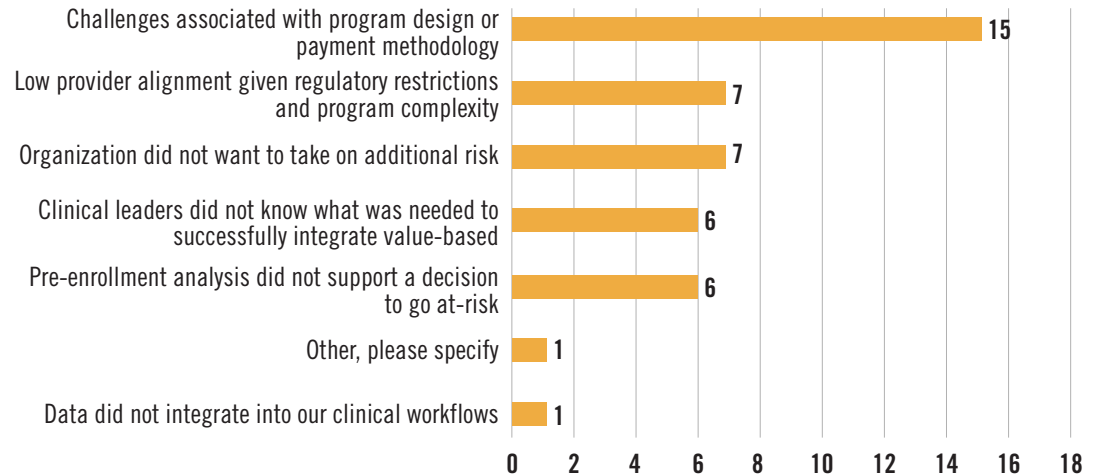


How do you see your participation evolving over the next 12 months? (n=72)

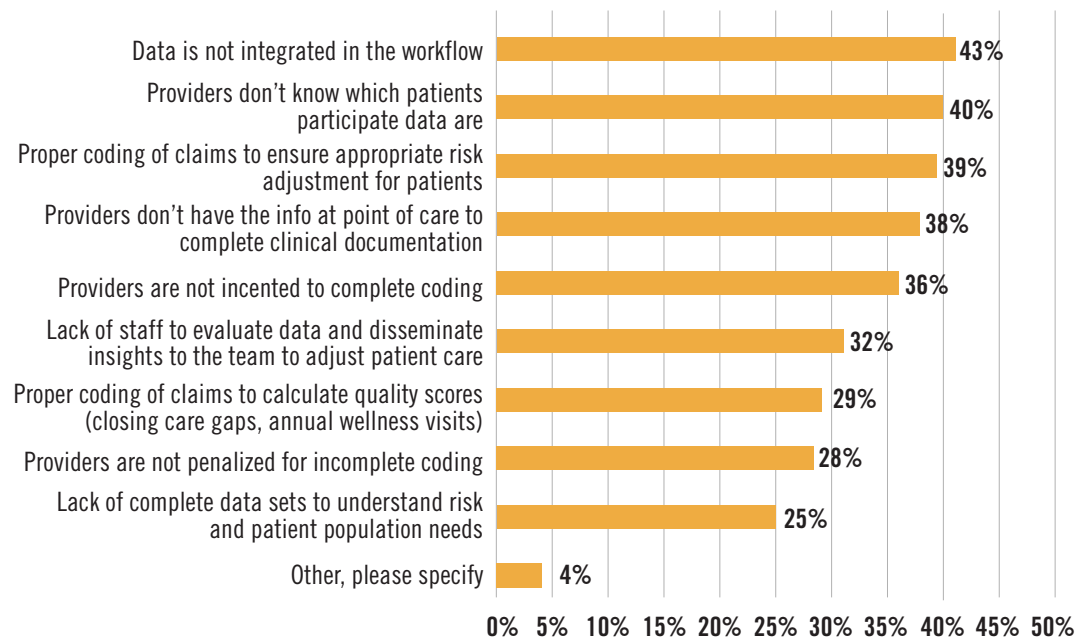


Providers say challenges with program design or healthcare payment methodology contributed to their decision to forego certain at-risk or value-based programs. Success with value-based contracts can be challenging due to issues with data integration and lack of clarity regarding which patients participate in value-based programs. Two-thirds of provider organizations would be willing to add value-based risk arrangements if these obstacles are addressed.

Why did your organization decided not to move forward with participation in at-risk or value-based programs? (n=72)



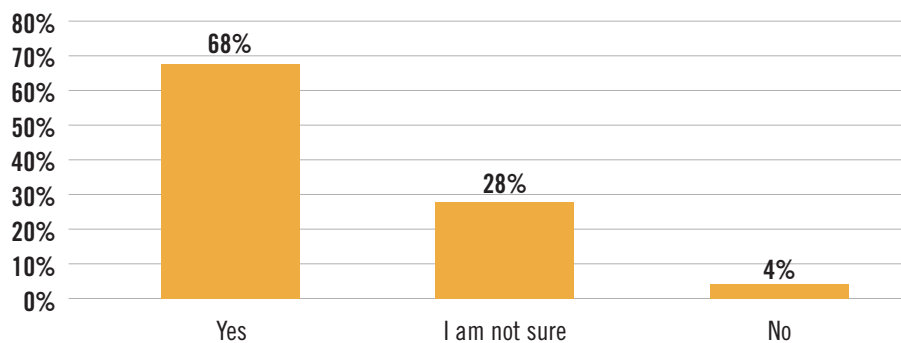
What obstacles have you faced/are currently facing in being successful with these contracts? Select all that apply (n=72)



How to address data integration challenges:

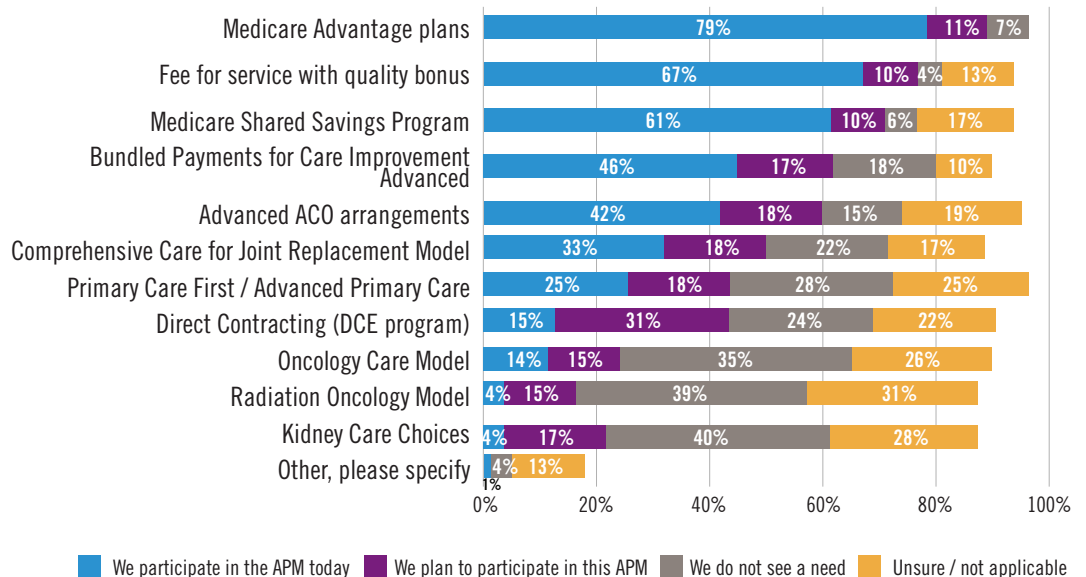
- Establish a sound infrastructure and capabilities to measure baseline and ongoing quality and financial performance.
- Create an actionable strategy to ensure effective execution of at-risk and or value-based programs.
- Secure knowledgeable analysts to ensure accuracy and data integrity.
- Share key analytics and findings with stakeholders to maintain buy-in and show success.

If your organization could solve for these pain points, would your organization be more willing to take on additional risk arrangements? (n=72)



90% of respondents currently or plan to participate in Medicare Advantage plans; over 60% indicated participation in FFS with quality bonus and Medicare Shared Savings Program.

Which of the following alternative payment models (APMs) does your organization currently participate in? (n=72)



Conclusion

The survey reveals that the shift in healthcare delivery beyond the hospital is gaining momentum and offers new opportunities for healthcare innovation. Providers are considering new care delivery models and need to invest in data-driven knowledge, processes and tools that enable innovation and drive payment reform.

Providers can leverage the power of data insights through third-party resources and partners to monitor their current program performance and assess the impact of their participation in new value-based programs. Investment in data will allow providers to access real-time and actionable data to drive performance improvements. Data insights will also help to drive understanding of the benefits of risk-based contracts for advancing strategic goals today and tomorrow.

Methodology

In June 2021, DataGen commissioned research and strategy firm Sage Growth Partners to conduct a survey for hospital executives across the country.

SURVEY RESPONDENTS:

- **Title:** chief financial officer (30), chief executive officer (24), chief medical officer (25), chief information officer (16), chief clinical officer (6), vp/director of risk management (5), chief quality officer (4), chief medical informatics officer (3), practicing physician (1), other (5)
- **Organization:** health systems (38), hospital affiliated with health system (31), independent hospital (29), accountable care organization (4), integrated delivery network (6), academic medical center, (8) physician group practice (5), other (2)
- **Region:** Northeast (32), Midwest (31), Southeast (25), West (18), Southwest (10)

REFERENCES:

1. <https://psnet.ahrq.gov/innovation/hospital-homesm-care-reduces-costs-readmissions-and-complications-and-enhances>
2. S. A. Jeffcott, J. E. Ibrahim, P. A. Cameron, Resilience in healthcare and clinical handover. 2009. BMJ Publishing Group, Ltd.



About DataGen

For more than 20 years, DataGen has been an essential partner to healthcare organizations across the country, illustrating the financial implications of payment policy changes and promoting a pragmatic view of how changes will affect revenue and profitability. DataGen provides data analytic support to hospitals, health systems, state hospital associations and other healthcare groups across the nation as they strive to improve quality, outcomes and financial performance. Drawing on specialized health policy and payment expertise, as well as in-depth understanding of the power of analytics to drive change, DataGen simplifies the complexities of healthcare payment change.

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Sage Growth Partners accelerates commercial success for healthcare organizations through a singular focus on growth. The company helps its clients thrive amid the complexities of a rapidly changing marketplace with deep domain expertise and an integrated application of research, strategy, and marketing.

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