

Succeeding in Population Health Management: Why the Right Tools Matter

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The landscape of reimbursement in U.S. healthcare is changing and evolving, spurring increasing urgency for health systems to enter into risk-based contracts. But, despite this momentum, healthcare has lacked a clear definition of population health and well-defined guidelines on how to proceed towards value. To succeed in value-based care (VBC), organizations need comprehensive population health data, a platform that integrates and harmonizes data from multiple sources, and insights from expert partners.

This report discusses current trends in population health, the corresponding market response, and challenges to success and considers the requirements for a capable population health solution—both the technological and service components.

National Trends Show Health Systems Increasingly Take on Financial Risk for the Health of Populations

ACOs are continuing their upward trend nationally, both in terms of the number of lives covered and the number of models. According to [Health Affairs](#), as of 2018, there were over 1,000 ACO models in the United States, covering 32 million lives. The market projects that, by the end of 2022, ACOs will manage 90 million lives, meaning an estimated one in three Americans will be in an ACO model.

There's growth across the ACO market overall, but more significantly, there's growth across contract types. While commercial ACOs lead in terms of numbers, trends show commercial organizations slowing down, while Medicare ACOs are steadily rising. Medicaid ACOs are also growing nationally.

Several notable events and trends are driving the trend towards risk bearing:

The December 2018 Update to the Medicare Shared Savings Program (MSSP) Model

In making changes to the MSSP model that nudge health systems to take on more risk more quickly, CMS differentiates between high- and low-revenue ACOs, asking high-revenue ACOs to take on risk more quickly than low-revenue ACOs. Attribution is also shifting, allowing ACOs to elect prospective beneficiary assignments, and some retrospective reconciliation, as well as expanded use of regional factors and benchmarking.

The Increasing Prevalence of the Medicare Advantage Model

Medicare Advantage is experiencing ongoing growth. In 2019, more than 20 million Medicare beneficiaries (i.e., one in three Medicare patients) are enrolled in a Medicare Advantage plan. Between 2017 and 2018, enrollment in Medicare Advantage grew by about 8 percent, an identical growth rate compared to prior years and a significant and ongoing yearly increase.

Primary Cares Initiative

To encourage organizations to take on more risk, in April 2019, CMS announced its Primary Cares Initiative, which aims to accelerate the movement from volume to value. CMS announced five sub-models within the Primary Cares Initiative; overall, these models recognize that primary care is the medical home base for the patient and ties payment to what's taking place in the primary care practice.

The Primary Cares Initiative comprises topics encompassing two types of models and a total of five sub-models:

- 1 The two Primary Care First models (general and high-need populations) are designed for fairly sophisticated primary care practices that are prepared to accept increased financial risk as well as potential rewards, based on practice performance. A simple payment mechanism allows clinicians within the practice to drive care. Ultimately, clinics will receive a population-based payment as well as a flat primary care visit fee, with some adjustments based on performance.
- 2 The three Direct Contracting models (global, professional, and geographic) focus on high-needs populations with a similar theme around performance-based payments that reward primary care physicians around maintaining quality of care and outcomes for Medicare patients.

The Direct Contracting payment models have a similar theme of transforming primary care but aim at a different audience than the Primary Care First programs. These three models aim to draw in entities such as ACOs, Medicare Advantage plans, Medicaid, and managed care organizations (MCOs) with experience in taking on financial risk and serving much larger patient populations. And, similar to the Primary Care First models, participation in these models would involve fixed monthly payments and, ultimately, payment tied to outcomes.

Health and Human Services (HHS) anticipates that about a quarter of traditional Medicare beneficiaries may be opted into some of these initiatives.

Self-Insured Employers

Much of the shift to taking on risk for populations is taking place among self-insured employers, who are exploring innovative approaches to better managing their employee populations. Haven—the joint venture between Amazon, JPMorgan Chase, and Berkshire Hathaway—is one intriguing example. Though not much is known about Haven, its stated focus areas include easing healthcare system navigation and access to affordable treatment and prescription medication.

Population Health Remains a High Priority

As VBC continues to grow, driving innovations and new risk arrangements, population health remains a high priority. In a 2019 Health Catalyst poll of 101 healthcare leaders from across the U.S., over 60 percent responded that population health was either very important or extremely important (Figure 1). Only 16 percent said it was somewhat important or not at all important. So, very clearly, and despite its changes and dynamics, population health remains a high national priority.

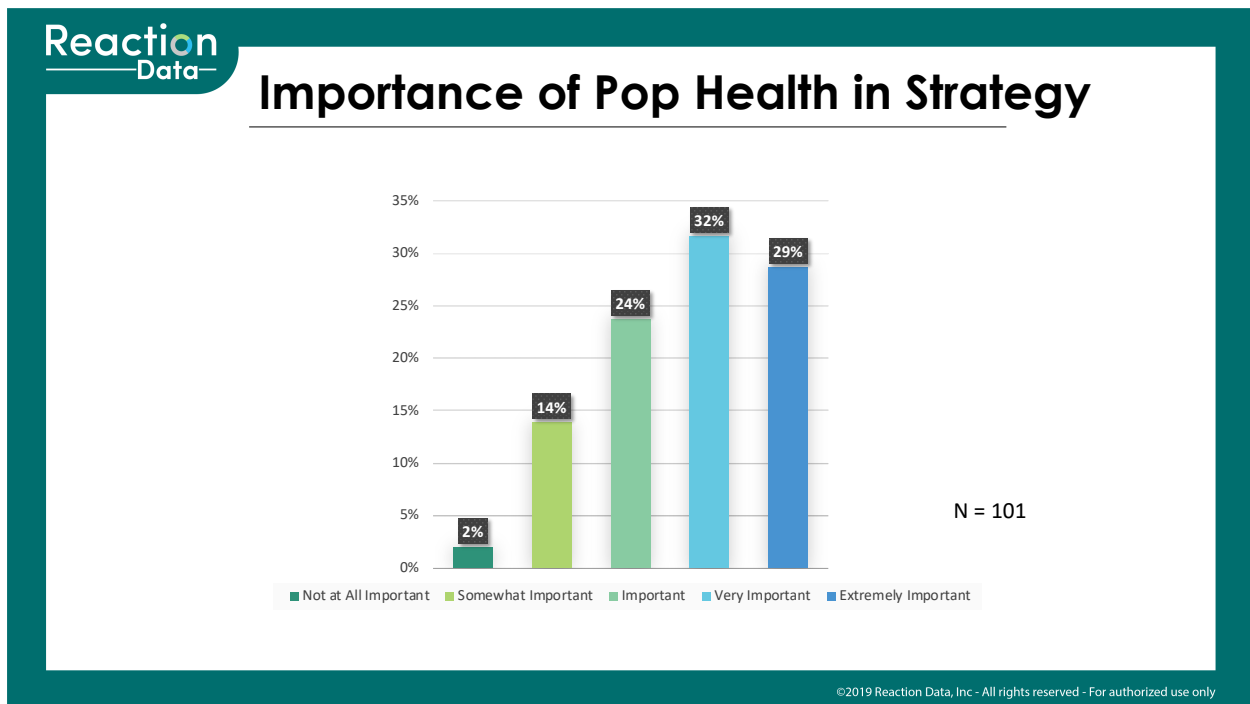


Figure 1: Population health remains a high priority.

Signify Research, a market research company specializing in population health, has also tracked definite trends upwards in population health (Figure 2). They've broken the market into three product areas:

- 1 Care management/care coordination.
- 2 Patient engagement.
- 3 Aggregation, analytics, and stratification.

The purple bars in Figure 2 represent the aggregation, analytics, and stratification components of the market.

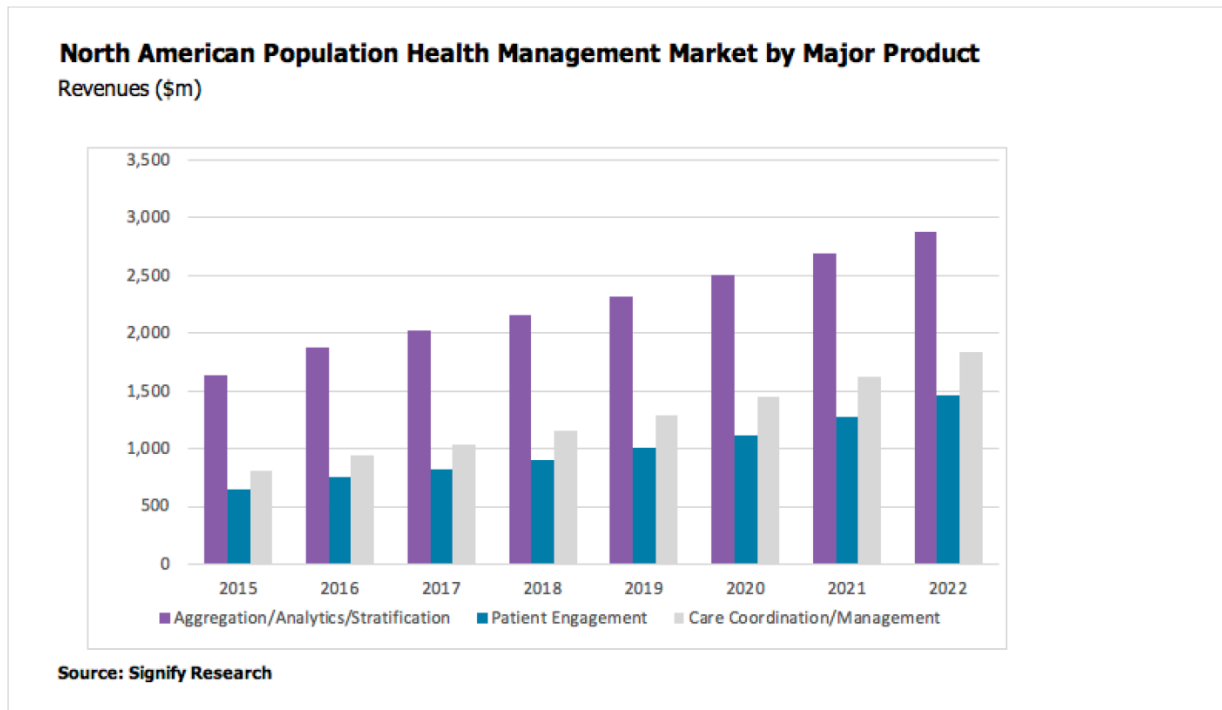


Figure 2: Three population health product market areas.

The Other Side of ACO Story: Exit Trends and Main Challenges

On the other side of the ACO growth story, a number of ACOs are dropping out. [Entry and exit trends](#) over time show that while there were 232 new ACOs in 2017, during that same time, 35 ACOs exited the program. Many ACOs are still struggling to succeed in improving performance while lowering trends. With a likely net increase in ACO growth, there will also be an ongoing flow of organizations leaving the ACO model.

Healthcare organizations can't simply ride the momentum towards population health; they must understand and address its key challenges. Common barriers to VBC success include the following:

- Predicting contract performance: Organizations frequently struggle around predicting contract performance, with knowing when, and if, to enter into a risk contract and understanding the implications over time.
- Patient stratification: Organizations struggle to identify and stratify the right patients for specific programs and define the impactability of those patients.
- Structural changes: Organizations struggle with structural changes, including changes to payment models and clinical models (without impacting or worsening physician burnout).
- Transitioning to VBC while maintaining a viable FFS business: Organizations grapple with transitioning to VBC while still being viable in their fee-for-service business lines.

A Framework for Success in Population Health

As population health trends upwards, organizations need specialized resources and capabilities in place to meet these critical needs:

- Integrated claims and clinical data sets to gain deep insights on patients and their risk.
- Flexible and powerful platforms to support sophisticated analytics needs, such as artificial intelligence (AI)- and machine learning-powered tools to better manage their populations.
- Expertise and experience to navigate a dynamic healthcare market, as organizations need partners to help them adapt to changes and ensure that the right data and insights drive their decisions.

With the above challenges, plus the lack of a standard industry definition of population health, organizations may benefit from a key-step framework (e.g., the Health Catalyst® Population Health Management Transformation Framework, Figure 3) as they transition from fee for service to fee for value. The right solution for risk management today requires a data- and analytics-first approach, a platform that aggregates data across multiple sources, and partners with deep expertise in PHM.

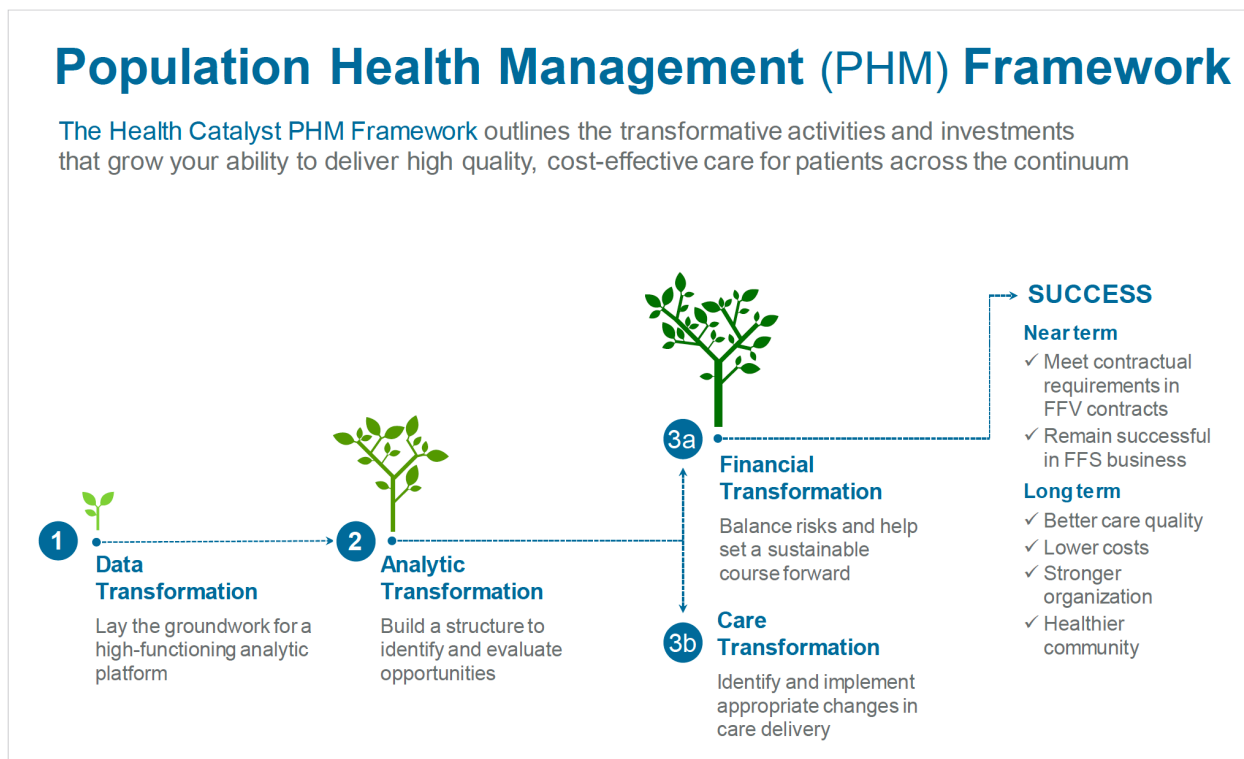


Figure 3: The Population Health Management Framework.

Foundational Steps in Population Health Transformation

Health systems can embark on the following foundational steps to transform to population health organizations:

- 1 Data transformation: Most organizations start with data transformation, laying the groundwork for a high-functioning analytics platform. Data transformation involves identifying which data sources are key and investing in the technology and people to ingest and aggregate those sources to ultimately gain insights from organizational data.
- 2 Analytics transformation: Analytics transformation again involves investing in both the technology, expertise, and staff to identify and evaluate opportunities from that data.
- 3 Financial transformation: Financial transformation involves the organizational steps to evolve the business and financial model to be successful in an ACO or risk-bearing contract, while remaining viable in a fee-for-service business.
- 4 Care transformation: Care transformation is the work to evolve the clinical model so that it's well equipped and has the infrastructure in place to take care of the health of a population over time (e.g., investments including primary care, care management, etc.).

An Effective Population Health Solution

As health systems and ACOs build population health capabilities, they're rightly interested in cost-effective, rapid time-to-value solutions. Point solutions can appeal but don't have the robust data capabilities for the long haul, as most typically operate from a limited set of data. Capable data platforms must support a growing and dynamic list of data sources. The right population health solution creates a strong foundation in data and analytics, allowing organizations to meet their most pressing population health needs while laying the foundation for a scalable, adaptable future.

The Health Catalyst® [Population Health Foundations Solution](#), for example, blends technology and services to support population health transformation and ongoing success. These tools and services help organizations leverage multiple data sources to understand their patient populations and create meaningful views of financial and clinical quality performance.

Key elements make the Health Catalyst Population Health Foundations solution effective in supporting the needs of risk-bearing entities:

- A data platform that can adapt to the many different data sources that organizations need to understand and manage the health of their populations (in this case, the Health Catalyst® [Data Operating System \[DOS™\]](#)).
- An analytics starter set that organizations can build on based on their needs (versus “black box” population health applications).
- Essential analytic tools for success under value-based risk arrangements:
 - Unified claims and clinical data for a comprehensive cross-continuum view of each patient.
 - Transparent, Excel-friendly, tools for ad hoc analysis.
 - A web-based patient stratification and registry building tool to create population rules (e.g., the [Population Builder™: Stratification Module](#)).
 - A customizable dashboard of quality and financial performance metrics (e.g., [Leading Wisely™: Population Health](#)).

- An analytic accelerator to slice and dice the measures needed to manage populations (e.g., the Community Care analytic accelerator).
- A flexible, enabling analytics starter set upon which organizations can build.
- Side-by-side partnership with population health experts (access to a team with PHM experience).

Moving Towards Value with the Right Toolset

With a projected 90 million Americans in an ACO by 2022, the transition from volume to value is becoming a greater reality for U.S. health systems. Organizations must now get serious about volume-to-value transformation, from acquiring and managing the needed comprehensive population health data to ensuring they have the analytics platforms and expert guidance to support their journey. An organization's best bet is a population health solution that delivers the appropriate capabilities, technology, and understanding and is fully customizable to a health system's individual needs. 📌

About the Authors



Dr. Amy Flaster joined Health Catalyst in August 2016 as the Vice President of Care Management Services. In this role, she is concurrently employed by Partners Healthcare as an Assistant Medical Director of Population Health Management. She continues to see patients as an internist at the Brigham and Women's Hospital in Boston and is an Instructor of Medicine at Harvard Medical School. Prior to joining Health Catalyst, Amy completed her residency in the Division of General Medicine and Primary Care program at the Brigham and Women's Hospital. Amy has previously co-founded a healthcare IT startup (TrueNorth Healthcare) which operates in the end-of-life space, and has worked as an advisor to other startups through her work with the BWH iHub incubator. She has worked extensively on provider innovation and transformation through her work with the Brigham and Women's Physicians Organization. Amy has earned a BA from Dartmouth College, an MD from Harvard Medical School and an MBA from Harvard Business School.



Eric Just is the Senior Vice President and General Manager for Product Development at Health Catalyst. His team is responsible for a broad portfolio of applications including a patient registry platform, patient safety decision support, and incorporating new technologies like machine learning and natural language processing.

Eric has spent the majority of his career innovating technology to improve healthcare and health sciences. During the early part of his career, he built a genomics data resource to support a global research community at Northwestern University Feinberg School of Medicine. Then Eric transitioned to the clinical data warehouse team at Northwestern as one of the principal architects and ensuring the data warehouse was effectively leveraged to power outcomes research, care improvement, and recruitment of patients into research studies.

Since joining Health Catalyst in 2011 as the fifth employee, Eric has enjoyed a variety of roles within the company. Outside of work, he is a dedicated husband and dad and is involved in school, sports, and enjoying outdoor life in his adopted hometown of Salt Lake City.