Overview
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IBM Watson Health
“Flipping Healthcare”: A Sign of the Times

IF OUR BEDS
ARE FILLED,
IT MEANS WE’VE FAILED.
Moving To A 24/7 Person-Centered Community

- Clinical Analytics
- Clinical Decision Support
- Advanced Care Planning

Care Management

Patient Engagement
- Mobile
- Automated Outreach
- Patient Portals

Patient Population of the Primary Care Office

Primary Care Office

Care of a patient

Distance Monitoring
- Telehealth/Telemedicine
- Remote Patient Monitoring

Others who supply/require information and coordination
- Specialty Care
- Hospitals
- Device
- Radiology, Lab, Rx
- Referral Tracking/HIEs

Claims and Cost
- Risk Stratification

Payer
It’s Coming: Value-Based Payment Will Dominate

<table>
<thead>
<tr>
<th>Historical performance</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>0%</td>
<td>~70%</td>
</tr>
</tbody>
</table>

- **Alternative payment models** (Categories 3–4)
- **FFS linked to quality** (Categories 2–4)
- **All Medicare FFS** (Categories 1–4)

But, Preparing for Value is a “Work In Progress”

<table>
<thead>
<tr>
<th>PHM Strategy Confirmed</th>
<th>Mixed Financial Incentives</th>
<th>PHM Infrastructure Evolving</th>
<th>Front Line Not Yet “Top of Skills”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy/Affiliate to Complete Care Continuum</td>
<td>FFS Dominant but Shifting</td>
<td>Multiple Systems and Data Sources to Integrate</td>
<td>Workflows Largely Manual and Vary Across Practices</td>
</tr>
<tr>
<td>Secure ACO, CIN and Direct Employer Contracts</td>
<td>FFS Contracts Include Quality Bonuses</td>
<td>Analytics Initially Focused on Cost and Care Gaps</td>
<td>Actionable Data Minimal</td>
</tr>
<tr>
<td>Reduce Total Cost of Care</td>
<td>Medicare and Commercial Shared Savings</td>
<td>Interoperability Not There Yet</td>
<td>Focused on “Tip of the Iceberg”</td>
</tr>
<tr>
<td>Scale PCMH</td>
<td>Funding for Care Teams Unstable</td>
<td>Medical Neighborhood Loosely Coordinated</td>
<td>Patient Engagement Episodic and Visit-Centered</td>
</tr>
</tbody>
</table>
Moving to Value Can be A Rollercoaster Ride

Providers/Payors must embrace this transition.

FFS Peak
- Reduced ER Visits
- Reduce Re-admissions
- Reduce Admissions
- Reduced Specialty Visits
- Reduced Procedures/1000

Revenue Control
- "Loss Valley"

Population Management Peak
- Capitated Risk
- Gainshare Contracting
- Care Coordination/ Pt. Engagement
- PCMH/PCP Engagement
- EMR/Central Data Repository

Producers/Payors must embrace this transition.
Managing the Transition to Value is Key

<table>
<thead>
<tr>
<th>Increase Revenue</th>
<th>Decrease Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFS visits to close care gaps</td>
<td>Avoid admissions and readmissions</td>
</tr>
<tr>
<td>Medicare CCM fee</td>
<td>Bundled payments</td>
</tr>
<tr>
<td>PCMH and PHM incentives</td>
<td>Medicare Shared Savings Programs</td>
</tr>
<tr>
<td>Medicare value payments to MDs</td>
<td>Manage self-insured risk</td>
</tr>
<tr>
<td>Worksite clinics</td>
<td>Lean out waste</td>
</tr>
</tbody>
</table>
A New Model of Care

**Traditional View**
Patients Who Arrive

**New View**
Entire Patient Population

Fee for Service

Value-Based Care

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Value-Based Care Creates New Questions

What is risk profile of my population?
How do I compare to others on quality & costs?
Who are my high-cost, high-risk patients?
Which patients are likely to develop chronic conditions?
How do I most effectively engage my population?
How do I effectively manage them?
How do I get paid for performance?
“Bottom Up” Model Drives Scale and Improvement

- Data Integrity
- Line of Sight
- Enabled Care Teams
- Patient Engagement
- QI

Intelligent, Accessible, Scalable Technology
Requirements to Optimize PHM

Technology
PHM and Engagement
EMR Analytics

Processes
Efficient Ways of Working, Scale

People
Knowledge, Skills, Teams, Leadership, Culture

LEAN & Process Design

Automation

Training
# HIT is Fundamental: Creating Smart Care Teams

## Current State

<table>
<thead>
<tr>
<th>Care team</th>
<th>Broad PCP-led team, with coordination across specialty and ancillary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data &amp; analytics</td>
<td>Integrated with hospital and specialty data using analytics based on clinical data and implied financial impact</td>
</tr>
<tr>
<td>Team activity</td>
<td>Patient engagement pre/during/post visit using an approach based on patient segmentation</td>
</tr>
<tr>
<td>Workflow tools</td>
<td>Clinical decision support tools within EMR and care management workflow solutions that leverage broad set of information</td>
</tr>
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</table>

## Future State

| Patient-centered team fully integrated with specialty and ancillary that is multi-channel and 24/7 |
| Integrated clinical, claims, financial, lifestyle, and biometric data providing real-time cognitive analytics |
| Longitudinal engagement across care settings that is personalized and adaptive in real-time |
| Automated and actionable using full range of clinical, financial & lifestyle data, with a single integrated workflow across care team |
Let’s Harness The Exogenous Data to Drive Behavior Change

- **Exogenous data**
  (Behavioral, Socioeconomic Environmental)
  60% of determinants of health

- **Genomics data**
  30% of determinants of health

- **Clinical data**
  10% of determinants of health

- 1100 TB generated per lifetime
- 6 TB generated per lifetime
- 0.4 TB generated per lifetime

Source: “The Relative Contribution of Multiple Determinants to Health Outcomes”, Laura McGovern et al., Health Affairs, Health Policy Brief, 2014
Population Health: One Person at a Time

- Data and knowledge driven
- Every person has a plan
- Automation to manage a population down to the individual
- Team based
Roadmap Elements: Moving to Value

**Risk Management**
- Clinical, cost, & claims data integration
- Measure and track quality performance
- Historical and projected utilization
- Provider performance and variance
- Financial, future cost and risk management
- Predictive and cognitive analytics

**CARE MANAGEMENT**
- Patient Experience
- Improved Quality
- Decreased Cost
- Population profiling; risk stratification
- Identify and close care gaps
- Coordinate care and engage population continuously
- Transform care delivery model
- Advanced clinical decision support
- Lean out and scale care management
Where is Your Organization On the Journey to Value?

Max risk

FULL CLINICAL RISK
New risk contracts fail to return significant margins without clinical transformation

Balanced Pathway to Value Transformation

OPTIMAL VALUE CREATION AND VALUE CAPTURE

Max transformation

OPTIMAL CLINICAL DELIVERY
Clinical transformation allows value creation to accrue predominantly to the payer