

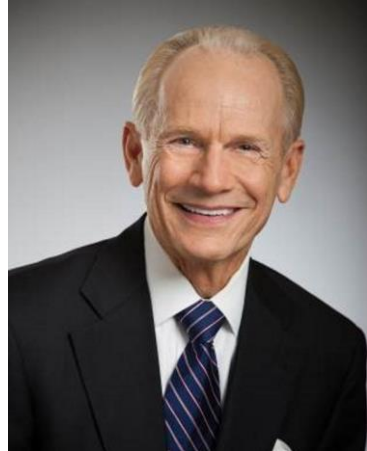


Financial Sustainability Post-Covid:
Maximizing Revenue From Fee-for-Service and Value-based Payment
Contracts and Other Arrangements
June 4, 2020

Introducing Our Presenters



Allen Miller
Principal and
Chief Executive Officer



C. Duane Dauner
Executive Advisor



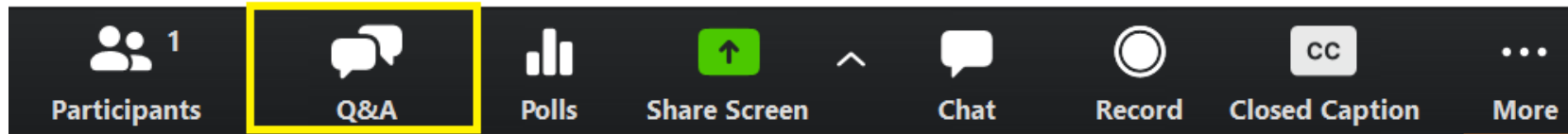
Brent Hardaway
Principal



Carla D'Angelo
Vice President

Housekeeping

- Please enter questions through the Q&A feature in Zoom (screenshot below), and we will answer questions at the end
 - You may also email questions directly to info@copehealthsolutions.com



- Attendees will receive a PDF copy of the presentation, a link to the recording and a written Q&A
- After the presentation, COPE Health Solutions will send out a brief survey—we'd greatly appreciate you sharing any comments or feedback!

Agenda

1. Overview of Covid-19 Crisis and Impact on Revenues
2. Contracting Market Drivers and Considerations
3. Maximizing Revenue Under Current Contracts and Other Funding Sources
4. How to Prepare for a Successful 2021 Contracting Year
5. Questions & Answers (Q&A)

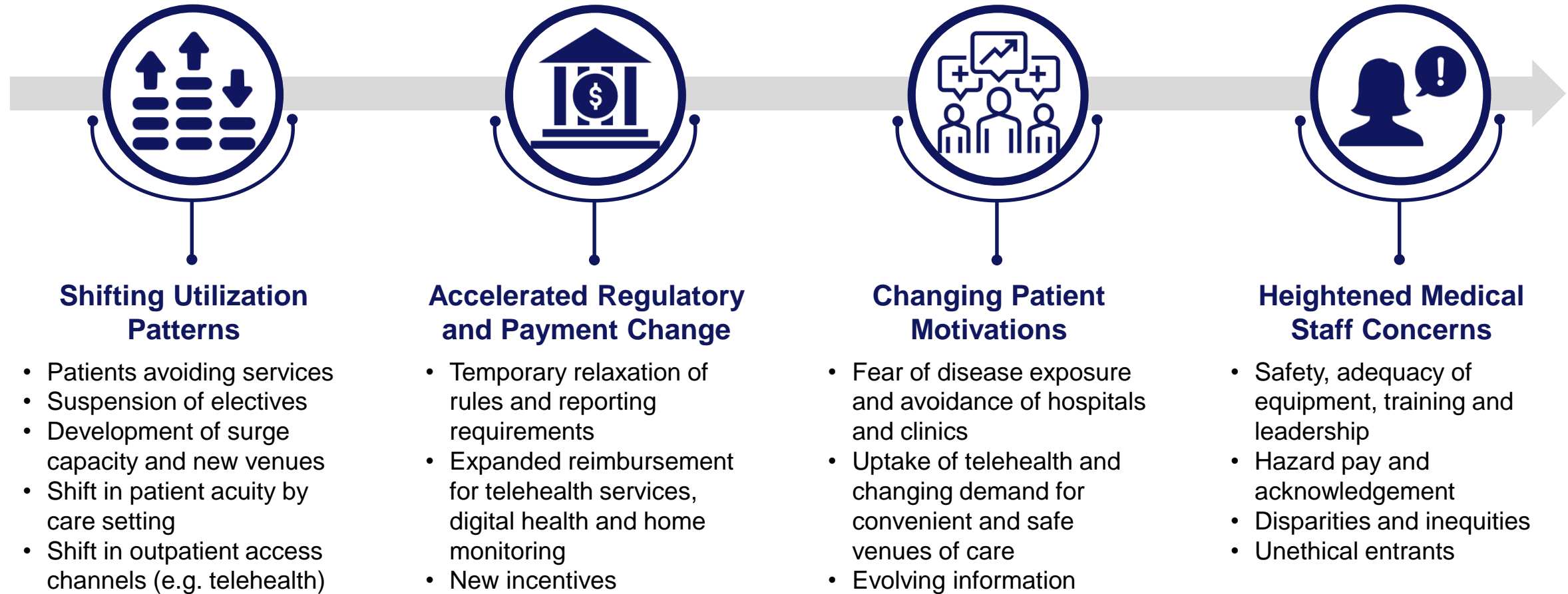
Covid-19 Crisis and Impact on Revenue

- According to an American Hospital Association report, the **total financial impact is estimated to be over \$200 billion in losses** as a result of Covid-19 related expenses and lost revenue for hospitals and health systems over a 4 month period
- Providers need to be strategic while dealing with the emergent challenges created by Covid-19 in order to **ensure access to care, maximize revenue and reduce costs**
- It is more important than ever to **identify and act on targeted opportunities** to improve revenue through 2020, into 2021 and beyond
- It is also critical not to lose track of the **remaining and potential additional federal relief funding** targeted at health care organizations and yet to be released

Contracting Market Drivers and Considerations

What Are We Seeing In Today's Market?

As Covid-19 hit, the health care market was forced to abruptly react. Adjustments made by plans, providers, regulators and others have made significant market impact.



Uncertainty and Disruption

As the market evolves into a new world of health care delivery, the path will not be linear.

Misinformation

- Widespread distribution of misinformation and soft “facts”
- Conflicting messages

Political Influence

- Appetite and will for policy change intertwined with political agendas
- Trusted spokespersons

Individual Behavior

- Dependency on individual compliance with new healthcare norms
- Enforcement policies and penalties
- Patient and public demands

Economic Instability

- 1 in every 4 workers is unemployed
- Slow and uneven economic reopening
- Financial pressures and competing priorities

Leadership Failures

- Lack of trust in leadership
- Delays in decisive action and lack of clear solutions
- Inadequate communications

Social and Societal Values

- Tension between individual self-interest vs. collective benefit
- Push for “new normal” and “return to normal”

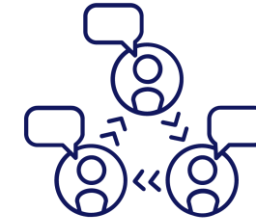
Recovery: Steps to Take Moving Forward

Providers should take steps to optimize their current operations and position for the future. A big part of making this financially sustainable is in how payers are engaged through contracting.



Reorganization and Optimization of Care Delivery and Provider Operations

- Engage patients, employees and community constituents
- Build trust and goodwill for enterprise/network development
- Integrate new technologies into business model to advance care
- Redesign space for physical and mental health restoration
- Prepare governance, supply chain, policies, etc. for next wave of coronavirus or other pathogens
- Revisit care model to incorporate latest best practices and innovations in access, safety, quality, security, etc.



Sustainability Planning and Payer Engagement Strategy

- Collaborate and provide leadership with payers, patients, elected officials, and employers
- Ensure behavioral health coverage (crisis, regular/preventive services and special services)
- Develop delivery model options (build on Covid-19 experiences)
- Restructure financial and payment arrangements
- Develop pilot programs and targeted patient technologies
- Return of volumes in same settings vs. new world

Maximizing Revenue Under Current Contracts and Other Funding Sources

Relief Fund Availability Tracking

Funding Available for Providers	Fund Amount	Type	Funding Status	Eligibility
CARES Act: Public Health and Social Services Emergency Fund (Provider Relief Fund, including general and targeted allocations, i.e., Uninsured Testing and Treatment Fund)	\$100 billion	Grant	Specific Allocations still Available	All health providers that bill Medicare
CARES Act: FCC Covid-19 Telehealth Program	\$200 million	Grant	Available	Non-profit providers
FEMA: Public Assistance Program	\$87 million	Grants	Available	Emergency Departments, non-profit only
Paycheck Protection Program and Health Care Enhancement Act: Amendment to the PPP	\$310 billion	Loan	Available	Small physician practices (<500 employees)
Federal Reserve: Main Street Lending Program	\$600 billion	Loan	Available Soon	Small and medium sized businesses
Paycheck Protection Program and Health Care Enhancement Act – Provider Relief	\$75 billion	Grants	Not yet allocated	All health providers
CARES Act: Small Business Loans/ Paycheck Protection Program (PPP)	\$349 billion	Loan	No longer available	Small physician practices (<500 employees)
CARES Act: Accelerated and Advance Medicare Payments	\$100 billion	Grant	No longer available	Hospitals and other providers
CARES Act: Economic Injury Disaster (EIDL)	\$10 billion	Grants and Loans	No longer available – may be replenished	Hospitals, outpatient facilities, rehab centers, LTCFs
Paycheck Protection Program and Health Care Enhancement Act: Economic Injury Disaster (EIDL)	\$10 billion	Grants and Loans	No longer available - may be replenished	Hospitals, outpatient facilities, rehab centers, LTCFs

Maximizing All Lines of Business Contract Revenue

Revenue Cycle



- Fee-for-service (FFS), value-based payment (VBP) and other payment arrangements
- Upside Medical Loss Ratio (MLR)
- Hierarchical Condition Category (HCC)
- Retail pricing strategy
- Initiate discussions and negotiations of extensions of telehealth and Covid-19 payments

Network Development and Optimization



- Physician and hospital clinical integration
- Close care gaps
- Develop an FQHC strategy
- Optimize telehealth and e-visits including telepharmacy, telepsych, etc.
- Grow panels
- Reduce leakage

Contracting During Covid-19 and Maximizing Revenue

Operations



- Telehealth, virtual and digital health
- Reconciliations
- New protocols
- Restoration of electives, outpatient and clinic services
- Waivers, exemptions and reporting
- Reconnection with community, reinforcing trust and dependence/information and outreach

Additional Sources of Funding



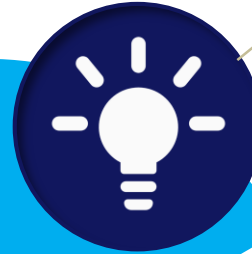
- Emergency funds accessing all funding opportunities available
- Grants
- Donations

How to Prepare for a Successful 2021 Contracting Year

Contracting Post-Covid Emergency Period

Telehealth and Technology

- Acceptance and demand for telehealth and technology
- Increase in utilization of telehealth services (e.g. telepsych, telepharm)



Innovative Pilot Programs

- CBO, FQHC Partnerships
- High-risk patients (e.g. diabetes, COPD)
- Practice Transformation for VBP Alignment

Payment Terms

- Pricing structure
- Quality measures
- Continued shift to VBP



Post-Covid Contracting



Flexible Provisions

- Prepare for extraordinary emergencies
- Potential additional wave(s) of Covid-19

Utilization Fluctuations

- Accommodate for unexpected decreases in utilization
- Leverage capitation



Communication Strategies

- Outreach to community, engage and support physicians with information and resources to make patients feel safe to receive care

Focus on Quality

Although CMS postponed quality reporting this year, there is still incentive to focus on quality to:



Focus on the available dollars that are still available in incentive programs such as MCO programs



Develop workflows that provide high quality care through telehealth and other means



Complete health risk assessments to identify care gaps



Patients must feel safe to come and receive care in order to close care gaps



Accurate risk scores and quality ratings will help with maximizing revenue and contract negotiations

Rethinking the Structure of Contracts

Current and historical contracts will need to be evaluated and rethought to ensure success in the future



Focus on preventive care

- Closing care gaps will help in the long term
- Some key examples include high blood pressure screening, mammograms, vaccinations, etc.



Rethink the pricing strategy

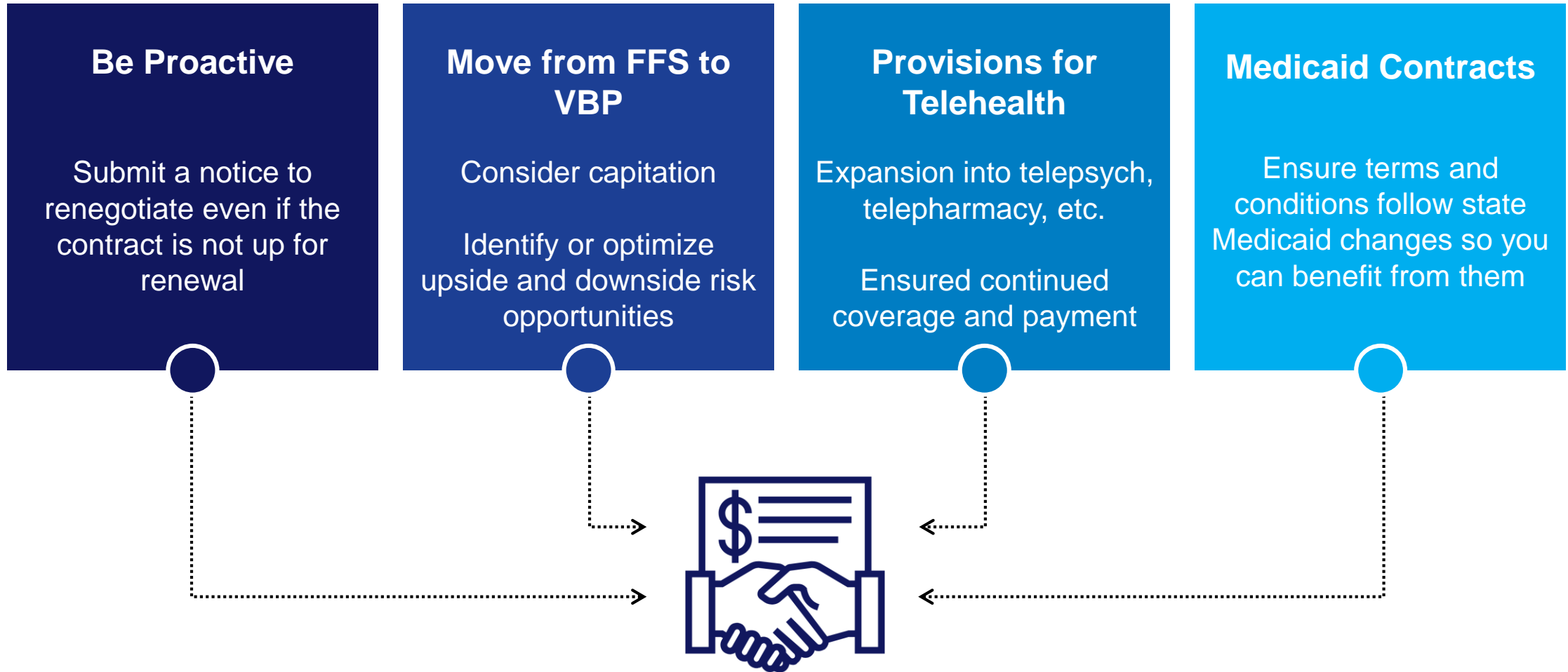
- Since a significant amount of revenue has been lost from high margin complex services that were halted during Covid-19, health systems may consider negotiating higher margins on ambulatory and outpatient services
- Health systems should proactively identify patients most at risk, develop outreach plans and estimate the financial impacts of the lower visit levels caused by Covid-19



Future-thinking models with prospective payments

- Develop VBP reimbursement strategies (e.g. capitation, bundled payments, Gainshare, etc.)
- MCOs can use prospective payments to encourage in lieu of services or value-added services that could be delivered or supported by health care providers (e.g. housing transition, recuperative care)

Deal Points Considerations for the Future



In Summary

Key Takeaways

The Market Has Changed And It Is Important To Adapt

- Adapt to changing patient expectations and needs with long-term access to telehealth, home monitoring and community-based care management
- Ensure both patients and providers feel safe returning to brick and mortar sites
- Monitor regulatory changes that will impact to clinical integration
- Prepare for future emergencies and a potential “2nd wave” of Coronavirus, including surge capacity
- Keep an eye on federal emergency relief funding yet to be committed

Focus On Activities Now That Will Impact Both Current And Future Revenue

- Optimize revenue cycle, including telehealth coding
- Prepare deal points for 2021 contract negotiation
- Optimize coding and quality care gap closure to improve 2021 revenues and be a good health plan partner

Questions & Answers (Q&A)

For more information on how COPE Health Solutions can provide quick, prepared and valuable services during a critical time of need, please contact our team at info@copehealthsolutions.com or [213-259-0245](tel:213-259-0245).

www.copehealthsolutions.com



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