



Life Sciences Companies Can Lead in Value-Based Care

There are numerous opportunities for pharmaceutical and device manufacturers to demonstrate the quality and value of their products.



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Leadership in Value-Based Care



Top performing health care organizations understand that value-based care is a transformational force in health care.

Effective value and quality strategies can help organizations adapt to the demands of a changing health care system.

This presentation reviews:

- Market forces driving value-based care
- A framework for quality strategy development
- An action plan to move forward

Market Forces Driving Value-Based Care

A close-up photograph of a silver stethoscope resting on a laptop keyboard. The background is a blurred medical setting with a person's hands visible. The image has a blue tint and a semi-transparent dark blue overlay.

Federal Value-Based Incentives Continue to Increase



98% of Quality Payment Program (QPP) Merit-based Incentive Payment System (MIPS) eligible clinicians participated in 2018, up from 95% in 2017



89% of MIPS eligible clinicians in small practices participated in 2018, up from 81% in 2017



Advanced Alternative Payment Model (Advanced APM) participation in the QPP nearly doubled from 2017 to 2018, increasing from

99,076 to 183,306



For the 2022 QPP payment year, CMS estimates the total lump sum of APM incentive payments will be approximately

\$500-\$600 million

Most States Use Value-Based Reimbursement & Care Models

In five years, there has been a seven-fold increase in the number of states and territories implementing value-based reimbursement (VBR) programs for health care providers.

■ States/Territories with VBR Programs



Image source: Change Healthcare, 2019

Number of States and Territories with VBR Programs

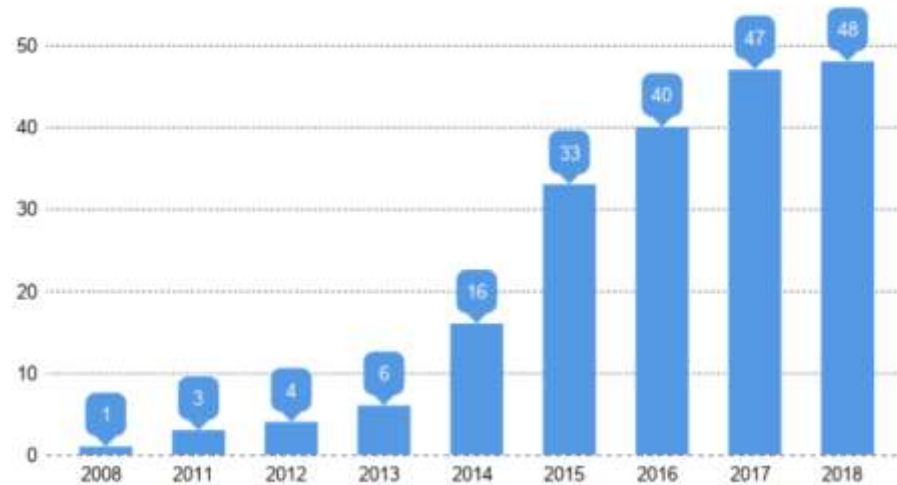
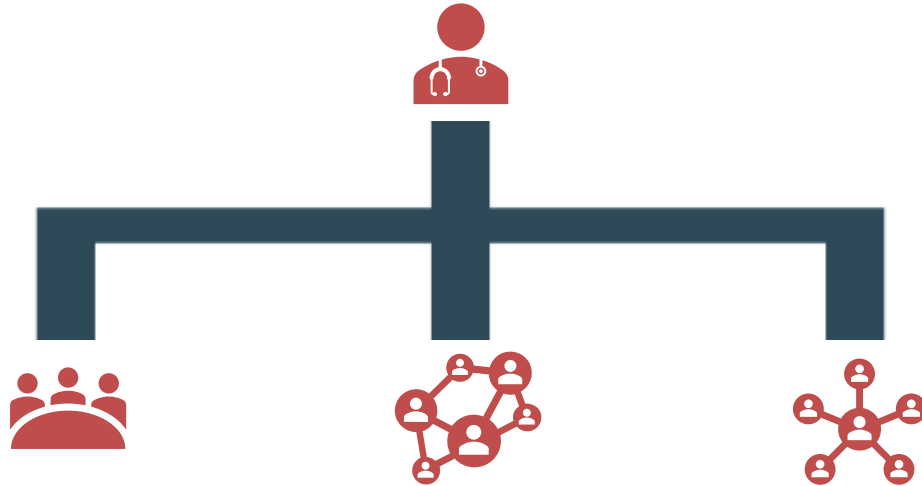


Image source: Change Healthcare, 2019

Providers and Health Systems Are Integrating Value-Based Care Into Their Business Models



Hospitals and physicians have formed more than 1,000 accountable care organizations across the US.

Organizations such as Kaiser Permanente, Geisinger Health System, and the Cleveland Clinic have implemented value-based models.

Approximately 13,000 physician practices with 67,000 clinicians are recognized as patient-centered medical homes.

Health Plans Are Making Substantial Investments in Value-Based Care



Estimates that by the end of 2020, it will have \$75 billion of payments to care providers tied to value-based care relationships, up from \$64 billion in 2017.



Has 800+ value-based care arrangements with care providers in use today.



Surpassed its goal of tying 50% of its Medicare and commercial health reimbursements to value-based care models in top markets by 2018, saving more than \$600 million in the process.



Teamed with Memorial Sloan Kettering Cancer Center to provide more coordinated chemotherapy care.



Rapidly increased value-based spending over the past decade.

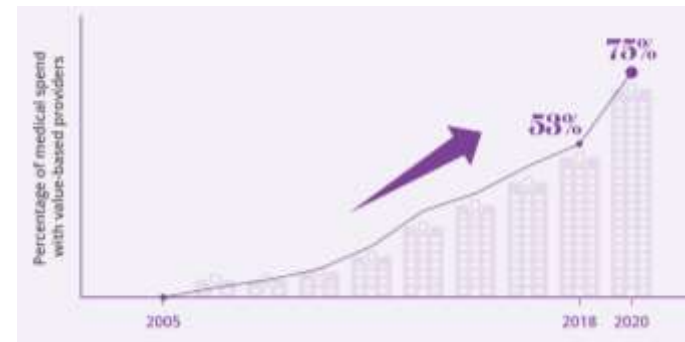


Image source: Aetna, 2019

Meeting Patient Needs is Key to Value-Based Care Models



Patient Engagement

- A 2017 study found that better patient-provider communication and higher patient satisfaction scores can reduce the likelihood of rehospitalization by 39%.
- Patients who perceive their doctors as truly listening to them were 32% less likely to be readmitted.



Technology Adoption

- The Nationwide Children's Hospital adopted virtual reality technology to improve the patient experience for children who have trouble coping with procedures.
- The accountable care organization Triad HealthCare Networks adopted a tool to support extensive patient outreach efforts.

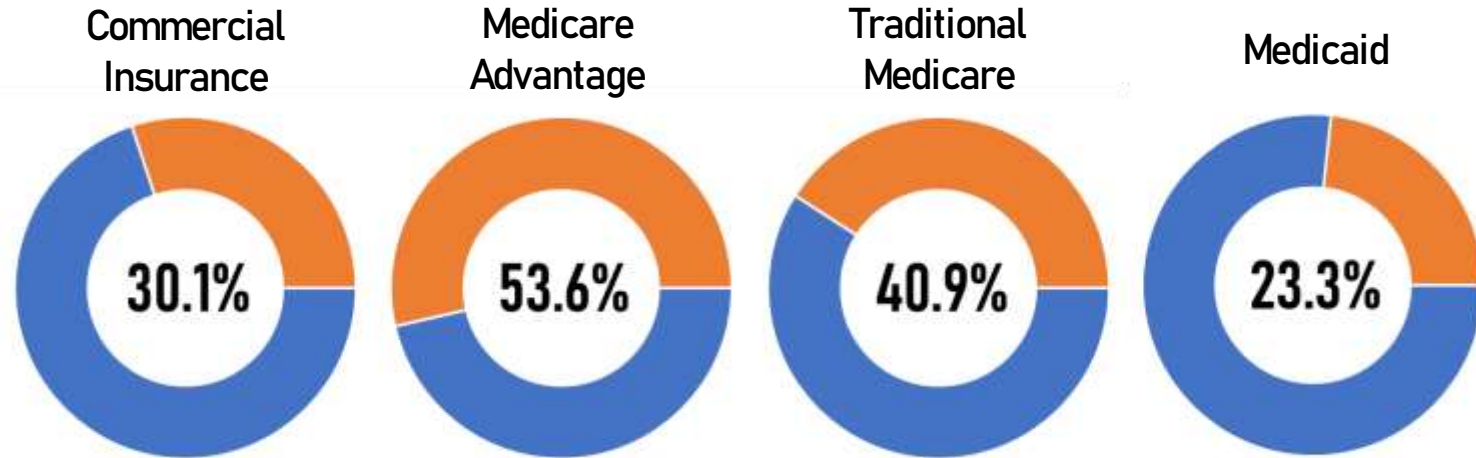


Social Determinants of Health

Medical care is estimated to account for 10-20% of modifiable contributors to healthy outcomes for a population. The other 80-90% are social determinants of health, including health-related behaviors, socioeconomic factors, and environmental factors

Value-Based Payment Is a Major Force in Health Care

In 2018, more than a third of total U.S. health care payments flowed through alternative payment models that reward quality and value.



91% of payers expect value-based payment to increase.

Life Sciences Quality Strategy

Leading Life Sciences Companies Engage in Value-Based Care



Understand the measure environment and how measures and incentives are used in value-based care programs to improve care delivery.



Engage with thought leaders, payers, providers, and regulatory agencies to shape the value-based care environment.



Demonstrate through evidence the ways in which their products help patients and providers to achieve value-based end-points.



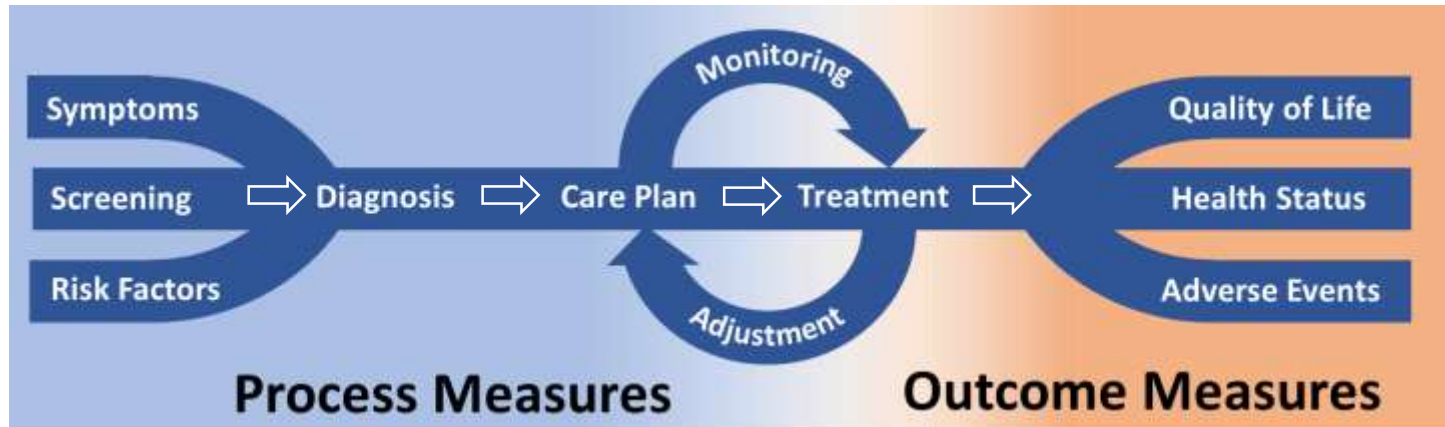
Educate their sales force about key quality and value-based challenges facing their customers.



Build solutions and partnerships that will drive improvement in care delivery and outcomes.

Performance Measures Are the Foundation of a Quality Strategy

At each stage of the patient journey, measures can define and influence key care decisions.



Understanding existing measures (and where there are gaps) should inform decisions related to: Evidence Generation; New Measure Development; and Stakeholder Engagement.

Life Sciences Best Practices: Organizational Quality Leadership

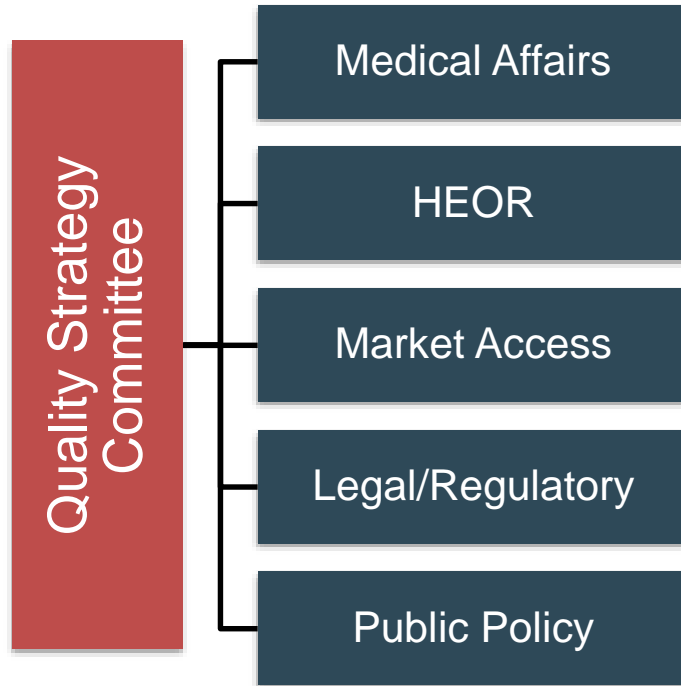
The need for interdepartmental coordination and communication on quality and value has grown and evolved as the landscape has shifted.

Evolution of Life Sciences Quality Leadership



- **Quality Lead:** Point person for quality-related issues or tasks/projects
- **Quality Champion:** Staff member responsible for bringing teams together to support quality-related activities, program, and/or training
- **Ad Hoc Quality Group:** Cross-functional committee of department leads convened to advise/support a quality project or initiative
- **Quality Steering Committee:** Standing committee serving a leadership role within the organization on quality/value, responsible for overseeing and advising on quality strategy implementation

Leading Life Sciences Organizations Establish Cross-Departmental Quality Strategy Coordination



Quality Strategy Committee

- A cross-functional team that leads quality and value strategy across the organization.
- Provides opportunities to share knowledge about quality and value-based care across different business units.
- Brings together quality champions to align on a company-wide quality strategy.
- Reviews and disseminates educational content to better understand the evolving value-based environment.

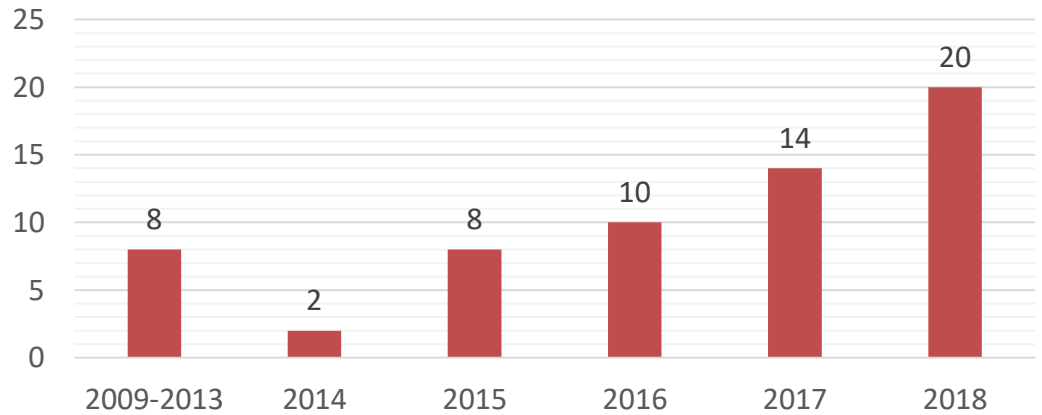
- **Quality Strategy Foundation**
 - Evidence Generation
 - Guideline Alignment
 - Pathway Alignment
- **Performance Measures**
 - Promote Use/Adoption of Existing Measures
 - Seek Modification of Existing Measures
 - Develop New Measures
 - Promote Adoption of Existing Improvement Activities
 - Develop New Improvement Activities
- **Engagement Strategies**
 - Deploy Risk-Based Contracting Models
 - Develop Provider Education Materials (or Enhance Existing Materials)
 - Develop Provider Support Tools or Resources
 - Develop Patient Engagement Resources
 - Engage with Community Partners to Address Social Risks

Life Science Companies Are Implementing New Contracting Models



Numerous life sciences organizations are investing in new tools, service-focused business models, joint ventures, and risk-sharing contracts.

■ Number of value-based contracts publicly announced in the US



Taking Action on Value-Based Care

Leading life sciences organizations:

- Monitor the quality environment for gaps and opportunities
- Understand how quality measures influence care delivery
- Build internal mechanisms to coordinate multi-disciplinary efforts to engage in value-based care
- Seek partnerships with outside stakeholders to align on issues related to quality and value
- Engage in contracting models that reward better patient outcomes and value



Discern helps life sciences organizations plan for and reach these goals.

Contact Us



Discern Health works with clients across the private and public sectors to improve health care through quality-based payment and delivery models.

Contact us to learn how Discern can help you define and implement your quality strategy.



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