Health Enhancement Community Initiative

Population Health Council: Finance Design Team

July 30, 2018
2:00 – 3:30 p.m.
WEBINAR
Today’s Objectives

Confirm HEC model elements for inclusion in concept paper:
I. Geography
II. Attribution
III. Payment Model
IV. Funds Flow
HEC Geographies

Design Principles
1. Statewide coverage (all areas would be part of an HEC)
2. No overlapping boundaries (an area may be in only one HEC)
3. Minimum population required: Necessary to be able to measure changes and minimize risk
4. “Rational” boundaries to avoid “cherry picking;” boundaries need to be functional

Proposed Process
• Iterative formation process between the State and prospective HECs
Potential Variation in HECs’ Geographic Configurations

**Example 1**
Existing Community Collaborative

**Example 2**
Existing Community Collaborative + Additional Communities

**Example 3**
Multiple Existing Community Collaboratives + Additional Communities

Central Structure
HEC Attribution

• Attribution is a key element of HEC accountability. Attribution determines:
  o Population whose health the HEC is accountable; and for whom the HEC may be eligible for shared savings
  o Denominator for performance measurement
• During last meeting, we reviewed three options: (See Appendix for examples)
  o Retrospective
  o Prospective
  o Snap-shot in time (beginning/end)
### ACO Attribution: Snapshot Example

#### Snapshot Attribution - Example
In any given performance snapshot, include all persons who resided within a HEC geographic boundary.

#### Example: 10-Year Medicare Demo Waiver

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<thead>
<tr>
<th>Demonstration Year</th>
<th>Attribution</th>
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<td>Attributed Population 2030</td>
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Baseline

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First opportunity for shared savings

Second opportunity for shared savings
HEC Attribution: Snapshot approach

**Snapshot Approach:** Uses a methodology to capture a defined population group at a point in time, which can be repeated at a subsequent point in time

- **Key advantage:** Does not require longitudinal person-level data to establish a record of ongoing residency within a HEC geography

- **Payer Preference:** Payers and other HEC funders may have specific preferences about attribution due to the availability of data and/or their own goals and interests.
**HEC Attribution: Snapshot approach**

**Snapshot Approach:** Uses a methodology to capture a defined population group at a point in time, which can be repeated at a subsequent point in time

- **Potential disadvantage:** There will be some environmental, economic, or health factors that occur which influence HECs’ ability to “move the needle.” Examples include: in/out- migration of higher or lower socioeconomic groups; broader changes in cultural attitudes toward diet and exercise; funding for other government programs (e.g., food security, access to pre-K, etc.)

- **Question:** What, if anything, should be “controlled for” —meaning, changes in prevention indicators over time that HECs should *not* be held accountable for?
How will HECs be funded?

**New Funds**
- Debt and Equity
- Grants
- Tax Credits

**Outcomes- Based Financing**
- Capture and Reinvest (e.g., shared savings arrangements)
- Outcomes Rate Cards

**Flexible Funds**
- Braided Funds
- Blended Funds
- Wellness Trust

Source: Nonprofit Finance Fund (NFF)
HEC Social Finance Options: Considerations for Priority Health Areas

How will HECs be funded?

HEC Social Finance Options for Priority Health Areas

- **Debt & Equity**
  - Foundation Program-Related Investments
  - Foundation Mission-Related Investments
  - Community Development Financial Institutions
  - Commercial Banks / CRA
  - High Net Worth Individuals / Wealth Advisor

- **Grants**
  - Hospital Community Benefit
  - Philanthropy

- **Tax Credits**
  - New Markets Tax Credits
  - Low Income Housing Tax Credits

- **Flexible (Hybrid) Models**
  - Blended Funding
  - Braided Funding
  - Wellness Trust

- **Outcomes-Based Financing**
  - Pay for Success/Social Impact Bonds
  - Outcomes Rate Cards
  - Capture & Reinvest

Likely option
Possible option
Unlikely option

Source: Nonprofit Finance Fund (NFF)
Payment Model: Likely Sources of Funds

Years 0 to 4
- Philanthropy
- Braided Funding
- Wellness Trust
- Other options rated “possible”

Year 5
- Capture & Reinvest: Shared Savings tied to Prevention Benchmark

Years 6 to 9
- Philanthropy
- Braided Funding
- Wellness Trust
- Other options rated “possible”

Year 10
- Capture & Reinvest: Shared Savings tied to Prevention Benchmark

Confirm
Example: Medicare Funds Flow

Medicare Agreement

Medicare

State of Connecticut

HEALTH ENHANCEMENT COMMUNITY

HEC Fiscal Intermediary

HEC Governing Entity

HEC Partner Organization $ A

HEC Partner Organization $ B

HEC Partner Organization $ C

Attributed HEC Population

Shared savings tied to achievement on prevention benchmarks

Confirm
Funds Flow

Example: Medicare Funds Flow

1. **Payer**
2. **HEC Fiscal Intermediary**
3. **HEC Governing Entity**
4. **HEC Partner Organization**

- Assuming shared savings are achieved, HECs will receive distribution of savings (e.g., every 5 years)

- Distribution of funds within HEC pursuant to its governance structure.
- The parameters for HEC funds distribution may be subject to State approval.
- Reporting on the distribution of funds will be required (Example: hospital community benefits reporting)
Funds Flow

Example: Philanthropic funding

Philanthropic funding could be distributed to one or more levels within an HEC.
Appendix
## HEC Attribution: Options

<table>
<thead>
<tr>
<th>Description</th>
<th>Retrospective</th>
<th>Prospective</th>
<th>Snapshot</th>
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<tr>
<td><strong>Description</strong></td>
<td>• Retrospective (also referred to as “concurrent” or “performance year”) attribution assigns patients to providers based on historical claims at the end of the performance period measured</td>
<td>• Uses historical claims to identify the persons included in a providers’ patient roster prior to the start of a defined performance period</td>
<td>• Uses a methodology to capture a defined population group at a point in time, which can be repeated at a subsequent point in time</td>
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<td><strong>Considerations</strong></td>
<td>• Ensures the patient actually received care from the attributed provider during the performance year</td>
<td>• Roster of patients is known before the performance year begins. (Patients can “fall out” of the attribution methodology during the performance year, but new people cannot be added.)</td>
<td>• May be more consistent with a population health approach</td>
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<td>• Proponents of retrospective attribution argue that providers should treat all patients in the most effective and efficient manner; therefore, advance notification is unnecessary</td>
<td>• Quality and cost data can be shared with provider on a timely basis during performance year</td>
<td>• “Open group” approach does not account for in- or out-migration</td>
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<td>• Could adjust methodology to account for significant changes in makeup of a community over time</td>
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ACO Attribution: Rolling Retrospective Example

Rolling Retrospective attribution - Example
In any given performance year, include all persons who reside within a HEC geographic boundary, except the following:
- Persons who did not live in the HEC geography for 12 or more of the previous 60 months (5 years)
- Persons who did not live in the HEC geography during any part of the of the most recent 12 months
- Newborns of mothers who fall into the previous exclusions (#1 and #2)

Example: 10-Year Medicare Demo Waiver

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ACO Attribution: Fixed Prospective Example

Fixed Prospective Attribution - Example
In any given performance year, include all persons who resided within a HEC geographic boundary during the 60 months (5 years) prior to the beginning of the Demonstration Period except persons who moved out of the HEC geographic boundary. Include any newborns of mothers who fall into the first category.

Example: 10-Year Medicare Demo Waiver

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- Subtract individuals who move in/out of HEC geography
- Add newborns of mothers who resided in the HEC geography from 2016 - 2020
## ACO Attribution: Snapshot Example

### Snapshot Attribution - Example
In any given performance year, include all persons who resided within a HEC geographic boundary.

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Existing Shared Savings Models Do Not Adequately Reward Prevention

**Complementary Shared Savings Model**
- Views improvement on longer time horizon
- Rewards upstream prevention through social, environmental, and genomic interventions
- Creates need for new measures for quantifying long-term impacts of health/wellness improvement activities
- Opportunity to harness non-traditional and private investments

**Existing Shared Savings Model**
- Based on a Risk-Adjusted Clinical Measures Benchmark

**Community/Prevention Savings**
- Traditional Savings Based on Claims Expenditures

**Health Enhancement Communities**

**Prevention Service Initiative**

**Primary Care Modernization**
End