Voyage to Value: In the Eye of the Hurricane

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Disclosures

• Nothing to disclose
• Thank you to ECG, Paul Weber
• Rutgers Health Steering Committee.

Defining Value: Dictionary

• A fair return or equivalent in goods, services, or money for something exchange
• Relative worth, utility, or importance
• A numerical quantity that is assigned or is determined by calculation or measurement
The New Value Equation

\[ V = \frac{Q}{C} + PE \]

\( V \) = Value  
\( Q \) = Quality (patient outcomes and safety)  
\( PE \) = Patient Experience  
\( C \) = Cost (total expense to all purchasers of healthcare)

Principles of Value-Based Health Care Delivery

- The overarching goal in health care must be value for patients, not access, cost containment, convenience, or customer service

\[
\text{Value} = \frac{\text{Health outcomes}}{\text{Costs of delivering the outcomes}}
\]

- Outcomes are the health results that matter for a patient's condition over the care cycle
- Costs are the total costs of care for a patient's condition over the care cycle

Solving the Health Care Problem

- The core issue in health care is value for patients

<table>
<thead>
<tr>
<th>Value</th>
<th>Health outcomes that matter to patients</th>
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<tbody>
<tr>
<td></td>
<td>Costs of delivering the outcomes</td>
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</table>

- Delivering high and improving value is the fundamental purpose of health care
- Value is the only goal that can unite the interests of all system participants
- Improving value is the only real solution versus further cost shifting, restricting services, or dramatically reducing the compensation of health care professionals

Creating a Value-Based Health Care Delivery System

The Strategic Agenda

1. Organize Care into Integrated Practice Units (IPUs) around Patient Medical Conditions
2. Measure Outcomes and Costs for Every Patient
3. Move to Bundled Payments for Care Cycles
4. Integrate Care Delivery Systems
5. Expand Geographic Reach and Serve Populations
6. Build an Enabling Information Technology Platform

Value Agenda: Schematically
Examples of How Physicians Can Reduce Total Health System Costs Using Each APM

<table>
<thead>
<tr>
<th>Payment model</th>
<th>Potential areas for cost reductions</th>
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<tbody>
<tr>
<td>Bundle payment for colon cancer screening and surveillance colonoscopy</td>
<td>Following clinical guidelines for intervals between procedure and improved education or proper preparation technique to lower procedure rates.</td>
</tr>
<tr>
<td>Oncology Care Model</td>
<td>Restructuring practices to expand care coordination, provide 24/7 access to clinicians, and report clinical and quality data.</td>
</tr>
<tr>
<td>- $160 per beneficiary per month care management payment for each patient.</td>
<td></td>
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<tr>
<td>- Fixed, global target price for six-month-long chemotherapy episodes.</td>
<td></td>
</tr>
<tr>
<td>- Global prices cover chemotherapy drugs plus all Part A (hospital) and Part B (outpatient hospital and physician) services such as lab, imaging, ER visits, and radiation therapy.</td>
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</tbody>
</table>

Oncology Care Model OCM

- Two tracks high/low risk reward
- 160$ PMPM, 6 months
- Part B and D and radiation and Imaging
- 32 quality measures
- Evidence based drug usage and total cost of care
- 24/7 care
- Private payers invited

Physician Risk Sharing (CMS)

- Oncology Care Model
  - Restructuring practices to expand care coordination, provide 24/7 access to clinicians, and report clinical and quality data
  - $160 per beneficiary per month care management payment for each patient
  - Fixed, global target price for six-month-long chemotherapy episodes.
  - Price based on historical costs
How Community-Based Organizations Can Support Value-Driven Health Care

Preparing your practice for value-based care

Make the shift to value-based care and benefit both your practice and your patients

What is value-based care?

Value Based Care is a care model intended to at least partially link payments to patients' health outcomes and/or quality of care, unlike traditional fee-for-service care models.

Five steps to prepare for value-based care

1. Identify your patient population and opportunity
2. Design the care model
3. Partner for success
4. Drive appropriate utilization
5. Quantify impact and continuously improve

Rutgers, The State University of New Jersey

- Chartered in 1766 and celebrating its 250th anniversary in 2016
- Leading National Research University – invited to join Association of American Universities in 1989
- Academic medical center mission dramatically expanded in 2013 with transfer of most of University of Medicine and Dentistry of New Jersey
- Joined BIG TEN Conference and BIG TEN Academic Alliance in 2014
- President Obama delivered the Rutgers 2016 Commencement address in May
Rutgers University: Overview

Rutgers, The State University of New Jersey, is the largest and most comprehensive higher education institution in New Jersey.

Students
- 67,000 students from all 50 states and more than 115 countries
- 48,000 undergraduates and 9,000 graduate students
- New Jersey residents: 91%, Out-of-state: 14%
- Over 80% of students receive financial aid

Faculty and Staff
- 8,000 full- and part-time faculty
- 14,000 full- and part-time staff

Alumni
- 486,000 alumni live in all 50 states and on six continents

Benefits of Integration

- Connect the Rutgers brand to health, care delivery, industry
- Strengthen private-public partnerships
- Expand opportunities for research education and the health care industry
- Attract increased federal research funding
- Strengthen recruitment of top faculty

Rutgers Biomedical and Health Sciences (RBHS)

In 2012, the New Jersey Medical and Health Sciences Education Restructuring Act was signed into law by Governor Christie.

- The law integrated all units of University of Medicine and Dentistry of New Jersey (UMDNJ) except University Hospital in Newark and the School of Osteopathic Medicine in Stratford.
- The transferred units were combined with certain Rutgers schools and colleges to form a new organizational unit known as Rutgers Biomedical and Health Sciences.
- The integration was completed on July 1, 2013.

Financial Impact

- University revenues grew from $2 billion to $3.4 billion from FY2013 to FY2014.
- Net assets grew from $2.8 billion to $3.2 billion.
- Rutgers refinanced over $475 million of UMDNJ debt.
- Dollar value of research grants and sponsored programs rose by 22% over the past two years.

RBHS: New Jersey’s Academic Medical Center

Benefits of Integration

- Enhance educational opportunities
- Strengthen recruitment of top faculty and students
- Attract increased federal research funding
- Expand opportunities for research collaborations and for translating scientific knowledge into clinical practice
- Strengthen private-public partnerships between higher education and the health care industry
- Connect the Rutgers brand to health care delivery

Rutgers Healthcare Entities

<table>
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<tr>
<th>Schools</th>
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<tbody>
<tr>
<td>Ernest Mario School of Pharmacy</td>
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<tr>
<td>Graduate School of Biomedical Sciences</td>
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<tr>
<td>New Jersey Medical School</td>
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<tr>
<td>Robert Wood Johnson Medical School</td>
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<tr>
<td>Rutgers School of Dental Medicine</td>
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<tr>
<td>School of Health Related Professions</td>
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<tr>
<td>School of Nursing</td>
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<tr>
<td>School of Public Health</td>
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<th>Centres/Institutes</th>
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<tr>
<td>Brain Health Institute</td>
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<tr>
<td>Center for Advanced Biotechnology and Medicine</td>
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<tr>
<td>Environmental and Occupational Health Sciences Institute</td>
</tr>
<tr>
<td>Institute for Health, Health Care Policy and Aging Research</td>
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<tr>
<td>Rutgers Cancer Institute of New Jersey</td>
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Non-RBHS Schools/Units

- Graduate School of Applied and Professional Psychology
- School of Social Work
- Rutgers Health Services
- School of Nursing - Camden

Shifting Funding Sources for AMCs

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<th>Description</th>
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<tbody>
<tr>
<td>Includes categories such as clinical revenue, other revenue, and any other administrative support.</td>
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<td>Includes state appropriations and any other teaching-related support.</td>
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<td>Includes programmatic support related to strategic initiatives and recruit-related payments for uncompensated care.</td>
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Funding Sources

<table>
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<th>3-Year Trend</th>
<th>Description</th>
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<tr>
<td>Clinical 51.2%</td>
<td>Includes categories such as clinical revenue, other revenue, and any other administrative support.</td>
</tr>
<tr>
<td>Admin 5.0%</td>
<td>Includes categories such as clinical revenue, other revenue, and any other administrative support.</td>
</tr>
<tr>
<td>Research 28.1%</td>
<td>Includes state appropriations and any other teaching-related support.</td>
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<tr>
<td>Teaching 9.2%</td>
<td>Includes programmatic support related to strategic initiatives and recruit-related payments for uncompensated care.</td>
</tr>
<tr>
<td>Other 6.5%</td>
<td>Includes categories such as clinical revenue, other revenue, and any other administrative support.</td>
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*Based on fiscal year 2013 figures reported by the Liaison Committee on Medical Education Part I-A Annual Medical School Financial Questionnaire administered by the Association of American Medical Colleges (AAMC). “Other” includes gifts and miscellaneous sources.

Key Trends Impacting Academic Healthcare

- Focus on population health and keeping people healthy vs treating illness
- Healthcare delivery moving into the community
- Changes associated with the Affordable Care Act
- Challenges to business model for academic medicine
- Rapid pace of change in medicine, technology, and teaching
- The shift to a new healthcare model that requires greater interprofessional collaboration and innovation
AAMC Advisory Panel Recommendations

“AMCs have four options: form a new system (if they have capital and wherewithal to do so), partner with others in a collaborative network model, merge into a system, or be prepared to shrink in isolation.”

“The Panel recommends a true group practice … [Integration] will provide the basis to address cost and productivity issues, implement service line programs, make strategic investments needed to create networks, and develop capabilities to succeed as systems of care.”

— Association of American Medical Colleges (AAMC), 2014


Aggressive Movement Toward Value

January 26, 2015

“The first time we [Health and Human Services] are going to set clear goals and establish a clear timeline for moving from volume to value . . .”

- Sylvia Mathews Burwell (HHS Secretary)

By 2016
- 30% of Medicare reimbursement through alternative payment models
- 85% of all Medicare payment tied to quality or value

By 2018
- 50% of Medicare reimbursement through alternative payment models
- 90% of all Medicare payment tied to quality or value

Payor Models Reallocating Risk

Payment systems are being designed with an end-state vision of evolving from isolated episodes of care to a more collaborative approach with greater accountability.

Changes to CMS Physician Reimbursement

Physician Fee Schedule (PFS) Updates

Merit-Based Incentive Payment System (MIPS)

Rutgers Health

- Established in April 2016 as an innovative, statewide academic health care provider organization
- One of the first academic healthcare provider organizations in the nation to integrate a full range of health-related services
  - Medicine
  - Dentistry
  - Pharmacy
  - Nursing
  - Clinical Psychology
- Over 1000 clinical faculty
- Affiliation agreement with Robert Wood Johnson University Hospital, RWJBH in progress.
Rutgers Health: New Jersey’s Preeminent Source for Interdisciplinary Health Care Services

**Newark County**
- New Jersey Medical School
- School of Dental Medicine
- School of Health Professions
- School of Pharmacy
- School of Public Health
- School of Nursing
- School of Social Work
- Ernest Mario School of Pharmacy
- School of Biomedical Engineering
- School of Biomedical Health Care
- Cancer Institute of New Jersey

**Middlesex County**
- Robert Wood Johnson Medical School
- School of Health Professions
- School of Nursing
- Ernest Mario School of Pharmacy
- School of Biomedical Engineering
- School of Biomedical Health Care
- Cancer Institute of New Jersey
- New Jersey Medical School
- School of Dental Medicine
- School of Nursing
- School of Health Professions
- University Behavioral Health Care
- Cancer Institute of New Jersey (satellite)

**Camden County**
- Rutgers Camden School of Nursing
- School of Nursing
- School of Health Professions

**Essex County**
- New Jersey Medical School
- School of Dental Medicine
- School of Nursing
- School of Health Professions
- University Behavioral Health Care
- Cancer Institute of New Jersey

Over 1600 clinical providers located in 16 of the 21 New Jersey Counties and over 50 municipalities.

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**Vision**

To be a state-wide, integrated Rutgers faculty practice that attracts and retains the best providers and serves as the foundational component of a premier academic health center; an effective partner to patients, hospitals, community providers, and other affiliates; and a leader in delivering consistent, value-based healthcare that improves our patients’ well-being.

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**Organizational Model for Rutgers**

- Clinical brand of Rutgers
- Advisory body to EVP-HA
- Shapes key policies impacting all health professionals

**Rutgers Health Group**

- Rutgers Health Network

- Large, integrated multispecialty medical, dental, and nursing practice
- New Rutgers-affiliated nonprofit entity; single infrastructure
- Accountability for clinical practice performance

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**Essential Transformation Requirements**

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<tr>
<th>Traditional</th>
<th>Value-Based</th>
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<tr>
<td>Patient Care Delivery</td>
<td>Patient care is siloed across providers and settings</td>
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<tr>
<td>Provider Network</td>
<td>Physician-centric and specialist-focused with limited coordination</td>
</tr>
<tr>
<td>Clinical and Business Informatics</td>
<td>Limited standardization of clinical/business processes, decentralized and paper-based systems</td>
</tr>
<tr>
<td>Payment Models</td>
<td>P4P, shared savings, and risk-based arrangements encourage value-based business models</td>
</tr>
<tr>
<td>Organizational Foundation</td>
<td>Segmentation based on provider type and care setting</td>
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**The Virtuous Cycle**

- Recruitment
  - Recruit and retain the best faculty, offer the highest quality and specialized services, and train the next generation.
- Finance
  - Improve collective financial position of the AIDS and make smart reinvestments in academic programs.
- Reputation
  - Improve stature regionally and nationally as an R1 with halo effect for university, increase value of the brand, and compete more effectively.
- Academic
  - Increase research productivity and faculty; strengthen teaching programs, foster inter-professional training, and advance research.

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**Advancing the Social Good**

- Improve Access
- Enhance Health
- Reduce Burden
- Advance Knowledge

Enhance the health of the community through the identification of essential needs and providing high quality care.

Advance medical and health care knowledge and translate research into new cures; become an innovation hub.
Benefit to Rutgers

- **Network Hub**: Rutgers Health serves as a highly valued centerpiece of the new network.
- **Geographic Reach**: This statewide practice along with other Rutgers Health entities will have a significant geographic reach that benefits patients and demands attention from the marketplace.
- **Cost/Value Driver**: Large physician/provider organizations have unmatched control in achieving cost efficiency and value for patients.
- **Premier AMC**: Anchored by an integrated FGP and revamped hospital partnerships, this model will put Rutgers on a path to becoming a premier AMC that is attractive to future recruits.
- **Financial Strength**: RHG and Rutgers Health will demand the best contracts and benefit from the cost efficiency of a shared cost structure.

Summary Impact

- Prepare Rutgers for the new world of value based care
- Achieve scale, academic excellence, and competitive intelligence
- Able to speak with "one-voice" to payors and affiliates
- Create opportunities to generate efficiencies through shared practice management

Questions & Discussion

http://www.rutgershealth.org/