Population Health Advisors

CHI ST. LUKE'S HEALTH

CHI St. Luke's Health in Houston seeks out and bulks up population health skills to achieve the CEO's "big hairy goals" for the future. The chief medical officer's advice on value-based contracting: "If you start too soon without the right skill sets, it's like rolling the dice in Las Vegas."

Baylor Scott & White HEALTH

During a strategic planning retreat in late 2015, CHI St. Luke's Health (CHI St. Luke's) Chief Executive Officer Michael Covert unveiled what he called his "big hairy goals" for population health:

- 1 million covered lives
- 1,000 primary care providers and extenders
- At least 100 clinics, free-standing emergency departments and retail locations
- At least 100 direct-to-employer relationships
- 10 percent earnings before interest, tax, depreciation and amortization to fund it all.

And he wanted it accomplished in 1,000 days.

"Everyone wants to know what day we're on," he chuckled. The Episcopal Diocese of Texas transferred ownership of St. Luke's Episcopal Health to Catholic Health Initiatives (CHI), the nation's third-largest faith-based health system, in 2013. Colorado-based CHI operates in 19 states and includes 105 hospitals. Among its CHI peers, it was "dead last" in the pursuit of population health, according to James McDeavitt, MD, CHI St. Luke's chief clinical integration officer and dean of clinical affairs and senior vice president of growth and strategy at Baylor College of Medicine®.

CHI St. Luke's Health includes an academic partnership with Baylor College of Medicine and the Texas Heart ®Institute (THI) and is comprised of eight hospitals, eight emergency centers, a Diagnostic & Treatment Center, a Radiation & CyberKnife® Center, and numerous Baylor St. Luke's Medical Group locations throughout the Greater Houston Area.The division also includes two other health systems, CHI St. Luke's Health—Memorial (three hospitals and a long-term acute care facility in East Texas) and CHI St. Joseph Health System (five hospitals and several St. Joseph Medical Group locations in the Brazos Valley).

Dr. McDeavitt said, "The journey to population health is littered with failed experiments. We saw some value in consulting people who had done it before, who had real-life experience. We did not want to make the same mistakes they made. Value-based care is an emerging paradigm. We are no different than other health systems. We are hospital-centric. We had no core competency in risk-based or value-based contracting. The economics require a distinctly different skill set. The strategy is about quality improvement rather than being rate-centric."

Dr. McDeavitt noted the information technology strategy also is different. He said hospital IT focuses on keeping electronic medical record systems functioning while population health is more concerned with network analytics, or how claims-based and clinical data can be used to improve outcomes.

He said CHI had national resources and purchasing economies of scale that could help jump-start the population health process, but did not offer an internal consultancy. To fill that void, CHI St. Luke's turned to Dallas-based Population Health Advisors (PHA).

PHA developed Baylor Scott & White Health's accountable care organization (ACO) called the Quality Alliance. Baylor Scott & White is the largest not-for-profit health system in Texas. The ACO is one of the nation's largest, including a network of more than 4,600 physicians, 49 hospitals and post-acute care facilities. St. Luke's Health and Baylor Scott & White are members of the Texas Care Alliance, a partnership of 12 Texas health systems designed to build expertise in population health management and share best practices.
Covert saw Baylor Scott & White as a kindred spirit – a regional health organization that has become an integrated delivery system by partnering with physicians. That's the same direction CHI St. Luke's was headed.

Covert, who was president and CEO at Palomar Health in San Diego until 2014, has been getting used to the state's large population of independent physicians.

"In Texas, they cross prairies with their Winchesters," he quipped.

Dr. McDeavitt said PHA showed CHI St. Luke's a systematic approach to operating an ACO.

Strategies Included:

- Paying more attention to physician governance and how information flows throughout the organization.
- Better assessment of network development and adequacy. Dr. McDeavitt said CHI St. Luke's had done geomapping of physician locations but PHA "offered another level of sophistication. You have to look at physician panel availability. If you have a network of physicians who have no more available appointments, it doesn't help."
- Creating a more efficient structure for physician engagement to ensure doctors were talking to other doctors about quality improvement.
- Altering payer negotiations to include funding of care management infrastructure.
- Better financial modeling to measure return on investment.

7%

reduction in total expected health care costs

St. Luke's Health decided its first population health target would be employees. It combined its 10,000 member workforce with the 14,000 of joint venture partner, Baylor College of Medicine. The initiative began in January 2017. Baylor Scott & White's Quality Alliance used the same strategy by starting with its employees. After two years, the Quality Alliance reduced its members' hospital admissions by nine percent and hospital readmissions by 10 percent. The effort saw a reduction in total expected health care costs of about $24 million dollars, or an average of seven percent a year.

Dr. McDeavitt said, "We can't go to a company and say, 'Let us help you lower your health care costs' without being able to answer the question of how we did that for our own employees. We see more potential direct-to-employer relationships. We hope to be able to show that we can improve health of company's employees because we did it for ourselves."

He said the health system does a good job of treating the sickest percent of patients who incur a disproportionate share of health care costs.

"We know who those people are. They are in our hospitals or touching our hospitals. We have decent mechanisms to manage them. We wanted to focus more on the rising risk populations, who have two to four chronic conditions," Dr. McDeavitt said.

Unlike the highest-risk patients, population health strategies can target the risk factors and behaviors that cause chronic disease in the rising-risk population. This can halt, or even reverse, disease progression. Research shows that one out of five rising-risk patients can become high risk every year. In a given patient population, about three to five percent are considered high risk while 20 to 30 percent have rising risks. Data analytics use claims and clinical data to stratify those patients for the appropriate treatment strategies.

Dr. McDeavitt said CHI St. Luke's newly acquired population health skills have paid off in the marketplace.

"We've developed technology, people and infrastructure. We've developed the scope and scale of a network that's drawn the attention of the insurance industry. We're a more attractive force. We have a couple of contracts with private insurers. We're easing into it. There is more financial benefit for improving care and not much downside risk initially. As the contract matures, there is more financial risk," he said.

CHI St. Luke's is in the third year of its Medicare Shared Savings Program (MSSP), covering 13,000 lives. The ACO showed no savings in the first year. In the second year, it saved $2 million on an actuarial basis but needed $3 million to trigger a bonus. The system's executives are confident its augmented population health infrastructure will improve its MSSP performance.

Covert praised PHA's performance.

"They did everything they said they would do in a non-competitive way. They were excellent consultants. They knew when to help and when to allow us to stand on our own two feet. They shared the mistakes they made. They did an excellent analysis of our strengths and weaknesses. I would recommend PHA to anyone. I saw these people every week. There was a level of momentum and accountability. We did the blocking and tackling together," he said.

Deirdre Marek James, PHA vice president, said St. Luke's Health was an ideal client.

"They (system executives) listened to our advice and had the desire and willingness to push through tough decisions to make things happen. Leadership must change the culture to embrace value-based care and they really did that," she said.

James pointed out that population health consultants often deliver value-based care plans without coaching clients about the necessary tactics to achieve the strategy. She said PHA is able to share the Quality Alliance's successes and mistakes to shorten a health system's learning curve.

Dr. McDeavitt also was complementary of PHA's population health advice and counsel.

"They jump-started our network. Whether it was case managers, finance people or physician leaders, it was clear that they had lived through it and had deep experience. This was not an academic exercise. Our process is obviously much better. Our doctors are more engaged, and there is a better information flow. We have a sense of substance to what we're doing. We can show we can move the quality needle," he said.

Dr. McDeavitt had advice for systems looking to tackle population health: "If you wait until you feel completely competent to do risk-based contracting, you'll probably lose most of your market. If you start too soon without the right skill sets, it's like rolling the dice in Las Vegas."