



Population Health 2.0:  
*The Age of the Consumer*

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## EXECUTIVE SUMMARY

Population health management programs are now solidifying into successful hospital initiatives with real results. Along with this trend, health systems are recognizing that viewing patients as consumers is vital to creating a point of difference in their marketplace – as healthcare becomes a “buy” decision. This paper takes a look at these industry dynamics, explores how hospitals can leverage this movement, and offers two hospitals’ ventures into consumerism:

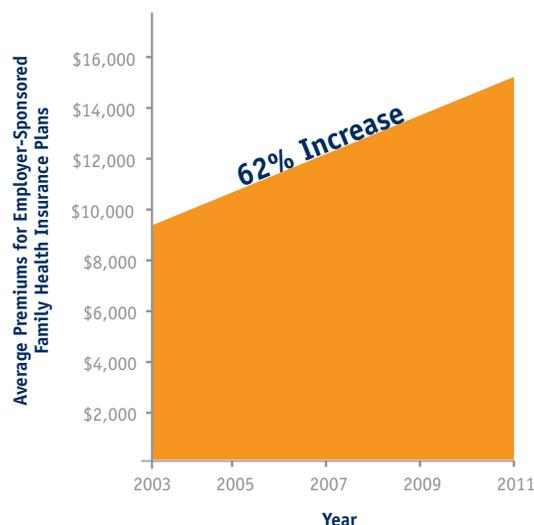
1. Memorial Health System (Chattanooga, TN) launches a clinically integrated network.
2. Community Hospital of Monterey Peninsula (Monterey, CA) takes its population health management model to the next level.

## POPULATION HEALTH 2.0: THE AGE OF THE CONSUMER

A startling metamorphosis is taking place in the American healthcare marketplace, generated in part by the industry's most disruptive innovation since Medicare was introduced. The Affordable Care Act (ACA) of 2010 is ushering in changes that are escalating the transformation of patients into consumers – and for the first time ever, putting them front and center in making healthcare “buy” decisions.

The trend toward consumerism, although relatively new, has its genesis in the long battle Corporate America has waged against skyrocketing healthcare costs. According to a report issued by the Commonwealth Fund, average premiums for employer-sponsored family health insurance plans rose 62 percent between 2003 and 2011, from \$9,249 to \$15,022 per year. During that period health insurance costs rose far faster than incomes in all states.

Employers tried to mitigate the financial burden by designing insurance plans that required workers to pay more out-of-pocket costs. Their share of health insurance premiums rose by 74 percent on average; and deductibles more than doubled, up 117 percent between 2003 and 2011.<sup>1</sup> According to the Kaiser Foundation's 2013 Employer Health Benefits Survey, the average premium for family coverage has increased 80 percent over the last 10 years.<sup>2</sup>



The escalating financial burden has had two effects:

1. During this period half of Americans said their family cut back on medical care because of cost concerns, according to the Kaiser Family Foundation 2011 study. This mirrors another Kaiser report that healthcare spending grew just 4.2 percent between 2008 and 2012 – a historical low – and that 77 percent of the decline was due to the economy.<sup>3</sup>
2. The other result of paying more for their healthcare is that Americans are becoming more discriminating about how they spend their dollars. They are comparing costs, quality and outcomes and, as a result, are beginning to understand their options even more. Some employers are encouraging this trend by offering health insurance coverage through tax-advantaged account-based health plans (ABHPs). ABHPs typically include a deductible offered together with a personal account such as a health savings account or health reimbursement arrangements that can be used to pay a portion of the medical expense not covered by the plan. Many integrate support tools that help consumers better manage their health, healthcare and medical spending.

<sup>1</sup> <http://www.commonwealthfund.org/News/News-Releases/2012/Dec/Employer-Health-Insurance-Premiums.aspx>

<sup>2</sup> <http://kff.org/report-section/2013-summary-of-findings>

<sup>3</sup> <http://kff.org/health-costs/issue-brief/assessing-the-effects-of-the-economy-on-the-recent-slowdown-in-health-spending-2>

*When asked to prioritize the desired outcomes of their health plans, employers' top three choices focus on engagement and health improvement:*

**76%**

seek to increase participation in wellness, health improvement and disease management programs.

**75%**

seek to raise awareness of, and decision making related to, healthcare issues.

**65%**

seek to reduce employee and dependent health risks.

According to Aon Hewitt's 2013 Health Care Survey<sup>4</sup> of nearly 800 large and midsize U.S. corporations, employers are increasingly embracing plan designs that are cost effective, promote consumer choice and accountability, and encourage employees to be more deliberate in how they spend their healthcare dollars.

Of course, the ACA itself hinges on the concept of selection and choice for those consumers who have been uninsured – or underinsured – in the past. The health insurance exchanges that many states have created offer a variety of options for medical coverage for individuals and families. As they compare plans and costs, Americans will become more healthcare savvy and discriminating in their choices.

**For hospitals and health systems, the trend toward consumerism presents a golden opportunity.**

There are fewer gatekeepers between patients and their care providers than at any other point in our recent history. Yet at some worksites, up to 30 percent of the workforce does not have a primary care physician, even though they have a commercial insurance card in their wallets. This simple reality means healthcare organizations have an opening to develop strategies that differentiate them from the competition and capture the hearts, minds and dollars of consumers.

<sup>4</sup> [http://www.aon.com/attachments/human-capital-consulting/2013\\_Health\\_Care\\_Survey.pdf](http://www.aon.com/attachments/human-capital-consulting/2013_Health_Care_Survey.pdf)

## THE SHIFT TOWARD POPULATION HEALTH MANAGEMENT

The ACA set another important mandate into motion: population health management. The act's signature delivery model, the Accountable Care Organization (ACO), is founded on the Triple Aim of reduced costs, improved outcomes and heightened patient experiences. As a result, payers are moving toward value-based reimbursement, and away from fee-for-service payments that reward providers for every test, procedure and office visit. And employers are following suit, asking for value in their healthcare expenditures as well.



### MEMORIAL HEALTHCARE SYSTEM CHATTANOOGA, TN

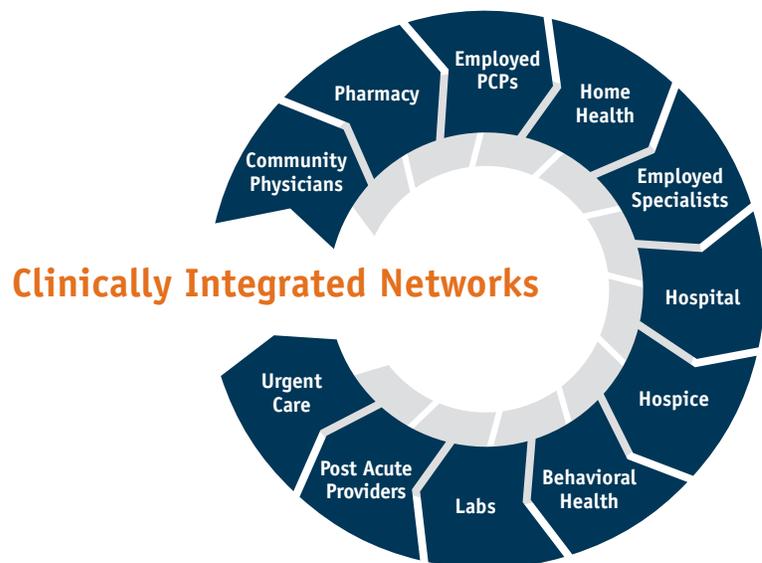
Providing stellar value was the primary motivation behind Catholic Health Initiative's newly established Clinically Integrated Network (CIN) at Memorial Health Care System in Chattanooga, TN.

**“Employers in our community are asking about risk-sharing when it comes to funding the care of their employees,”** states Carol Newton, director of acute care for the East/Southeast Division of Catholic Health Initiatives. “We are hearing more from employers about VALUE – what are they getting for what they are spending? Of course, that has not been the mindset of hospitals in the past. Our strategy going forward is trying to be part of the solution, and population health management is our model of choice for how we will deliver that value to employers and consumers overall.”

Memorial's newly formed CIN is designed to bring all touch points along the delivery continuum together in one coordinated system of care. It will link primary care practices, specialists, home care, labs, pharmacies, nursing homes, ambulatory care centers and hospitals together in

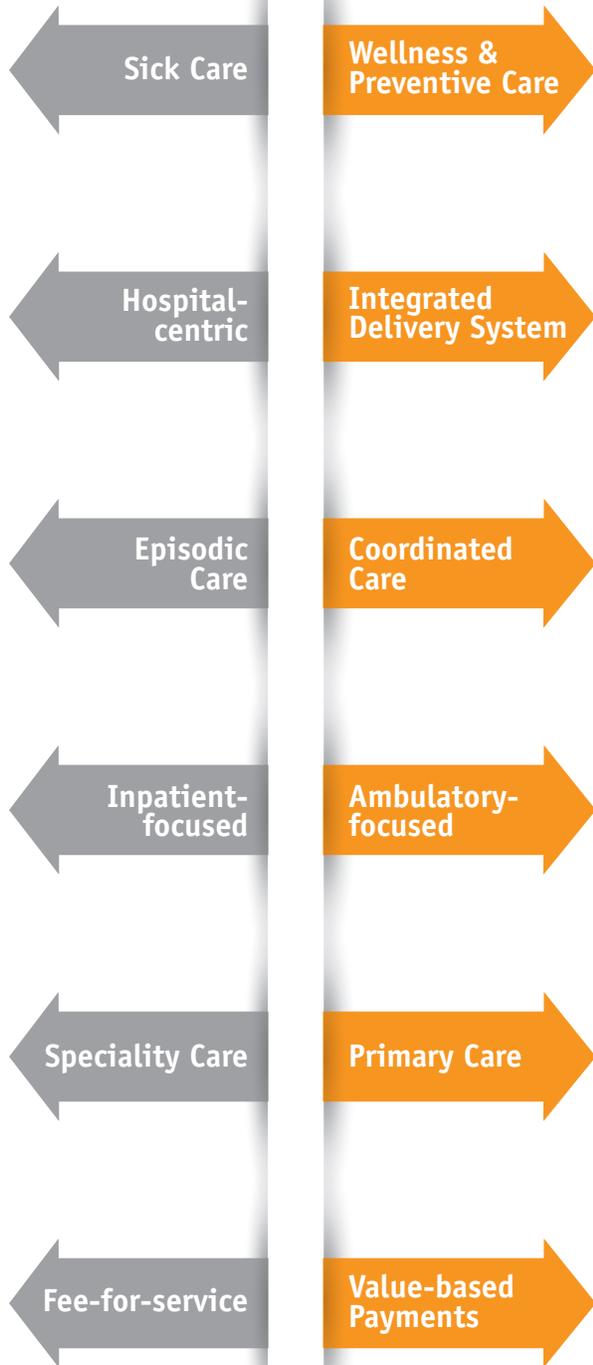
coordinating clinical delivery and sharing payments for patient care. “We're moving from being hospital centric to more of an integrated system where care is coordinated across different sites in the community,” Newton notes. “And we've realized we need to provide non-traditional services, such as nutritional counseling, access to medications, transportation and psychosocial support. We need to perfect seamless handoffs so that patients receive the right care, at the right level, at the right place and at the right time.”

To provide the critical linkages that Memorial will need with local employers to effectively manage population health, the system is employing an ongoing outreach strategy. Memorial works with local employers on collecting personal health profiles from employees to help businesses manage their wellness initiatives. “Our care models can connect those employees at risk for certain diseases to the services they need. The goal is that they never even need to go the hospital.”



# Population Health 2.0: Healthcare Looks Very Different

## REACTIVE VS. PROACTIVE



Of course, most healthcare organizations are still reimbursed under the traditional model of fee-for-service. This simple reality has made the transition to value-based reimbursement a complex undertaking. “We’re building for the new vision, but are very much in the old world,” Newton asserts. “It’s still early in our journey. But our goal is to let employers know we are applying evidence-based practices via care models.”

### DATA-DRIVEN HEALTH

Providing care outside the walls of the hospital and along the entire care continuum will clearly become the focus of the American healthcare delivery system. In this environment data is key. Healthcare organizations will need to find ways to engage consumers as they never have before.

While numerous health systems have migrated onto electronic medical records, many of these are not designed for consumer engagement. Hospitals must be able to collect and track data that demonstrates the results of their efforts outside their walls aimed at creating healthier communities. Many strategic organizations are engaging in outreach activities in the broader community, such as workplaces, school systems, churches and at civic events. Along the way, they are gaining a better understanding of consumers whether they are patients or not. The strategy allows health systems to build relationships with consumers before they become patients.

## BRIDGING THE GAP: THE POPULATION HEALTH PORTAL

Many hospitals have implemented a Web-based portal as the site where patients can go to check test results or lab values. But offering a hospital-branded population health portal is an ideal strategy for health systems to use in engaging consumers. These portals allow individuals to view their personal health reports, while tracking health metrics such as weight, cholesterol and blood glucose levels. Providing health information on nutrition guidelines for weight loss or stress reduction is just the tip of the iceberg. Some offer online health coaching and even allow patients to register for classes or communicate with their providers. They are easy for patients to use, available 24/7, and can integrate with existing patient records.

Using new technology such as mobile screening devices in the field, hospitals are sending health professionals out to engage consumers where they live, work, play or worship. They can capture health metrics “real time” and foster instant engagement with consumers, linking them up on the spot to patient portals that can help them achieve their health goals.

When it is aggregated, the data collected via population health portals can focus community health priorities in areas such as tobacco cessation, physical inactivity and diabetes awareness. This data also allows health systems to personalize their communications with each individual and build closer relationships, which goes a long way toward fostering loyalty.

Because of increased out-of-pocket expenses, consumers are looking for anyone who will help them maintain good health and keep them out of the health system. The power of a relationship built when a consumer is trying to stay healthy will benefit providers when these same consumers have to choose a PCP or hospital for services. By addressing health risks early on, hospitals build healthier communities that fulfill the goals of **Triple Aim** while engaging consumers in meaningful ways.

### PRINCIPAL CONCEPTS FOR ADVANCING THE TRIPLE AIM

INCREASES FOR	DECREASES FOR
Preventative care	Emergency room visits
Immunization rates	Inpatient hospitalizations
Coordination of care	Healthcare costs
Health outcomes	Duplicate or unnecessary tests and procedures

*Clearly, population health portals are a concept whose time has come. According to a study conducted by the Pew Research Center as part of the Internet & American Life Project:*

- » **60 percent** of U.S. adults say they track their weight, diet or exercise routine; and 33 percent track health indicators or symptoms like blood pressure, blood sugar, headaches or sleep patterns.
- » Additionally, **46 percent** of trackers state this activity has changed their overall approach to maintaining their health or the health of someone for whom they are a caregiver.
- » **40 percent** say that tracking has led them to ask a doctor new questions or to get a second opinion from another doctor, and 34 percent say it has affected a decision about how to treat an illness or condition.

## BUILDING EMPLOYER RELATIONSHIPS

Health systems that partner with employers to offer population health portals are able to help leadership track and manage employee health metrics and medical trends across their workforce. Data collected through portals also provides additional information to underwrite risk sharing contracts. The aggregated data offers insight to the best investments of their dollars in wellness activities that will have the biggest return on investment.

Working in partnership with their local hospitals, employers have access to programs and resources designed to engage employees across the entire continuum of care. This creates an advantage for the employer and the health system. Population health portals also allow for more precise tracking of employees' health-status improvements for awarding incentives and effective administration of risk management.

## HEALTH SYSTEMS AS HEALTH PLANS

Many of the ACOs that are designated as such by the Centers for Medicare and Medicaid Services also have a health plan component. This is a trend that is taking off in the commercial setting as well. Most of these models are clinically integrated networks (CIN). CINs can direct more effective utilization through care coordination and cost efficiencies set out to ensure outstanding care, access and experiences. They also rely on health information technology (HIT) to manage patients' health risks.

When a health system is also the health insurer, understanding consumer behavior is critical. Relationships begin with enrollment in the plan, not referrals for inpatient or outpatient services. HIT, coupled with consumer acquisition and management systems such as population health portals, provides the framework for attaining shared cost savings under value-based reimbursement and shared-risk agreements with providers.



### COMMUNITY HOSPITAL OF MONTEREY PENINSULA – AN EARLY ADOPTER OF POPULATION HEALTH MANAGEMENT IN CALIFORNIA

Community Hospital of Monterey Peninsula (CHOMP) was an early adopter of the population health management model. “We recognized several years ago that the fee-for-service system was not sustainable,” says Dan Limesand, director of

business development and contracting for CHOMP. “With a payer mix that amounted to 70 percent government-based health plans, we were having to cost shift to commercial payers to an unsatisfactory degree. As a partially self-funded employer, we were also seeing our own health plan expenses increasing and decided we needed to do something about it. We started to develop our own internal disease management and wellness programs in 2007, and contracted with Aegis Health Group to offer wellness programs to our local employers as well. That made us part of the solution to mitigate their rising costs.”

CHOMP enjoyed some early successes in improving

the health of its employees. That experience inspired CHOMP to develop integrated population health management tools that it could implement in the broader community when the time was right. The Patient-Centered Medical Home (PCMH) model seemed especially appropriate to CHOMP's patient population, which is 54 percent Medicare.

"In addition to working with local physicians to develop the PCMH concept over the last three years, we have been building a health information exchange that links them with data from the hospital," notes Dan. "It will eventually be multidirectional within the medical community that allows us to share clinical information. Collectively, these tools and resources will give us the foundation for managing risk-based contracts." CHOMP is also utilizing OneCommunity, a health portal developed by Aegis Health Group, to manage relationships with consumers and help local employers track the health improvements of their workers.

In January 2012 the CHOMP Foundation developed

a subsidiary, Community Health Innovations, focused on integrated population management tools, including sophisticated case management capabilities. Transitional care managers in the hospital and virtual or embedded case managers in primary care practices ensure seamless transitions throughout the care continuum. All of these initiatives have taken CHOMP from a community-based hospital to a full-fledged delivery system with multiple companies working toward integrated population health management.

CHOMP's latest strategy is the development of a Medicare Advantage plan called Aspire Health Plan. Open enrollment began in fall 2013 with a go-live date on January 1, 2014. **"We fundamentally believe that we are strategic players who can bring solutions to our local marketplace. At the end of the day, care is local.** Our thought is we can do better by getting the dollars upfront by being a health plan and partnering with our physicians to use those dollars wisely by changing the focus on keeping our members healthy and avoiding unnecessary hospitalizations."

## THE LONG VIEW

As hospitals and health systems adjust to the realities of a consumer-based marketplace, those who are the most nimble in meeting their customers' needs will have a significant advantage. Patient/provider relationships are not a one-time business transaction. The more health systems know about their patients' healthcare priorities, the more effectively they can respond. Harnessing every tactic in the toolkit of population health management requires having the right technology, conducting diligent information gathering, and deploying thoughtful and targeted communications. Combine that with proper analytics that measure health improvement, utilization and overall healthcare costs, and health systems will be right on target for the Triple Aim – with a bull's eye on long-term financial viability.

## 2013 POPULATION HEALTH MANAGEMENT RESEARCH, INDEPENDENT SURVEY RESULTS

In fall 2013 Aegis Health Group conducted its second research study of hospital decision-makers. It evaluated current and future strategies regarding Population Health Management.

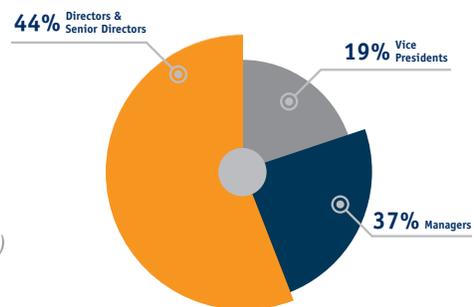
### HOSPITAL LEADERSHIP – CURRENT AND FUTURE STRATEGIES, INSIGHTS: KEY TRENDS 2013

- » PHM programs are now solidifying into successful initiatives with real results.
- » Responsibility for PHM is moving to operational departments and gaining executive support.
- » With this taking place hospitals are now expanding into new market segments to expand their reach across their communities.

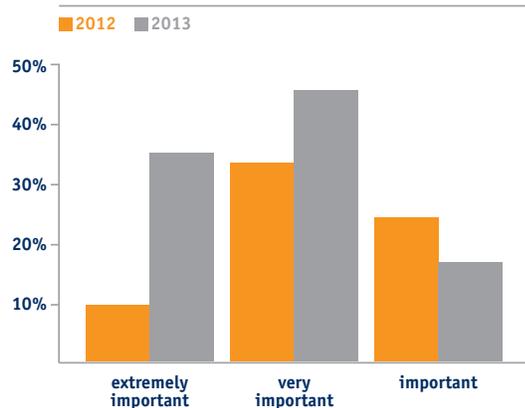
#### Some interesting findings include:

- 93% currently have community outreach initiatives to include health fairs, educational lectures, etc.
- Slightly more than half (54%) have a formalized PHM program. Another 29% are looking to add one within the next year and 17% within 2-5 years.
- 76% have partnerships with local employers (workforce health) with 20% looking to expand within one year and 4% within 2-5 years.
- Respondents showed a heightened interest in growing new markets, especially schools, employer and religious groups, and community organizations.

2013 Respondent Profile



#### Importance of PHM to Mission



When asked to rate the importance of Population Health Management to their hospital's overall mission and strategic planning:

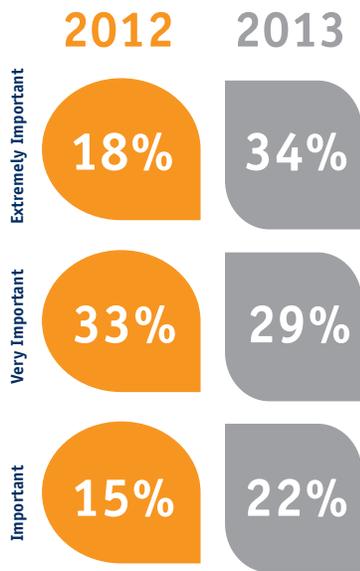
#### 2013 Results

- » 34% rated "extremely important"
- » 44% rated "very important"
- » 17% rated "important"

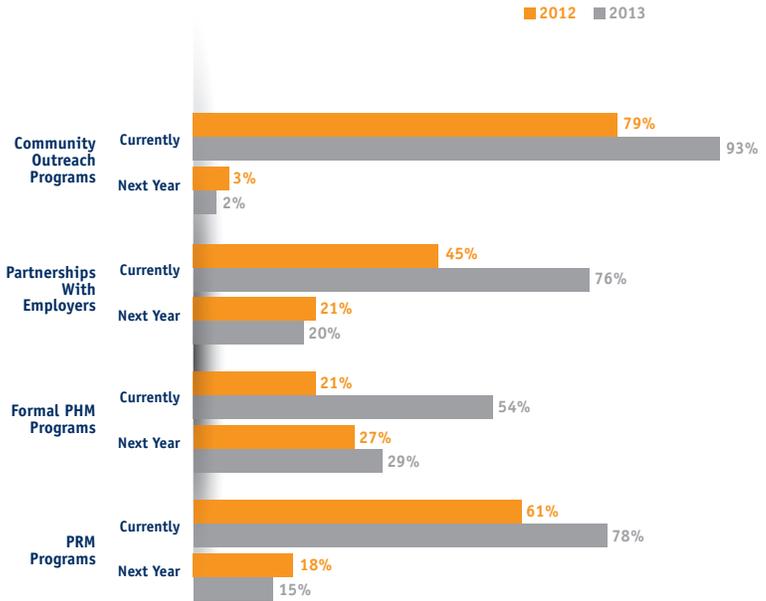
### Focusing on Consumer Values

This increased significantly as an “extremely important” strategy for hospitals in 2013 vs. 2012 as this trend gained prominence.

#### The Importance of Focusing on Customer Values



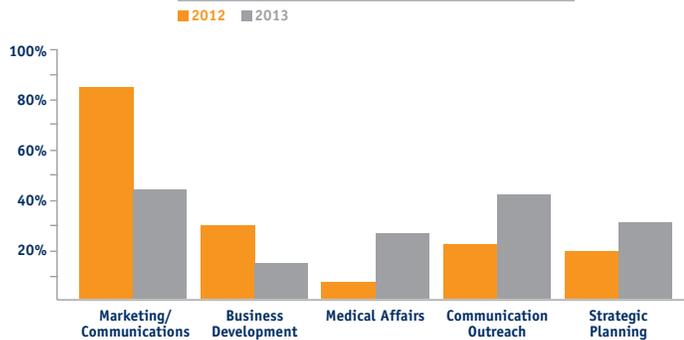
### Hospital Program Deployment View



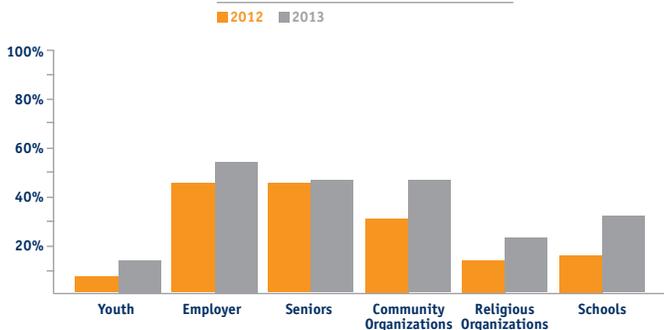
### Responsible Departments

In 2013 the responsibility for PHM Programs is shifting away from marketing and business development to operational departments like the medical affairs or community outreach departments.

### Shifting Department Responsibilities



### Shifting Target PHM Markets



### Targeted Market Shifts

Interest in Medicare, Medicaid and senior market segments changed very little in 2013. However, respondents did show a growing interest in new markets like community organizations, religious groups and schools.

Aegis Health Group



Aegis Health Group, healthcare’s most experienced business development company, has assisted hundreds of hospitals with proven-effective strategies for 25 years. Aegis’ strategic Population Health and Employer Relationship Management solutions enable hospitals to grow market share and revenue by identifying and intelligently managing the health risks of local consumers and employer groups within the communities they serve. Their portfolio also includes OneCommunity, a hospital-branded, customizable population health portal uniting the health system, the community, employers and employees, in a common goal of good health.

Complementing this, Aegis’ data-driven Physician Relationship Management program creates strategic alignment between hospitals and their medical staff to drive service-line growth.

Using proprietary software, Internet applications, data aggregation systems, educational initiatives and the skills of a talented team of associates, Aegis’ approach provides a synergy through which everyone wins.

- > **Hospitals win** by positioning themselves as central to the community’s healthcare solutions and by retaining the best local physicians, who drive market share into their facility.
- > **Physicians win** through increased opportunities to influence hospital leadership, grow their practices and provide quality services to their patients.
- > **Employers win** by fostering a healthier workforce, which lowers health-related costs and increases productivity.
- > **The community as a whole wins** through greater access to hospital services and programs specifically geared to them and improved health, which is the foundation for business and economic growth.



 Check out the Aegis blog: [www.aegishi4.com](http://www.aegishi4.com)  
**HI4: Hospital Intel, Insight, Innovation, Impact**

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