

# Navigating the Rocky Waters to Value-Based Healthcare

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Problems in healthcare seem overwhelming, with at least 17 different factors cited as driving unsustainable spending, according to a presentation at the Academy of Managed Care Pharmacy's Managed Care & Specialty Pharmacy Annual Meeting held April 23-26, in Boston, Massachusetts.

Two executives from Precision for Value LLC, Jorge Fant, MPH, and Elizabeth Oyekan spoke about "Charting the Shifting Value-Based Healthcare Landscape: Emerging Developments for 2018 and Beyond" and offered advice about what healthcare companies can do to succeed.

Fant described the healthcare landscape as "the perfect storm for change." The question is, he asked, who is going to make the push to make it happen? He reviewed early attempts that left many dissatisfied, from initial payment bundles, to commercial pay for performance programs, to newer narrow network programs, which are not yet mainstream.

"There's a lot to believe that the managed care industry has failed us," he said. But he thinks the industry may have reached the "tipping point" to value-based care, with heavy credit given to the ultimate payers: government and employers.

He noted several [barriers to value-based care](#), including:

- Technology and analytics, where interactive interoperability means not just getting the data but being able to analyze it.
- Finances and cost, meaning both the financial investments required by small- and mid-sized provider groups and the size of corresponding incentives.
- Performance measurement, which he defined as the lag time between change and measurement, a lack of standardization, as well as no uniform insurance company reports on performance.
- Behaviors and accountability, stemming from an overall resistance to change, complexity in understanding various relationships, not fully understanding who owns which responsibilities and a lack of patient and provider engagement.

Precision for Value has come up with its own acronym called TEDs, created by Oyekan, and by that they don't mean the ubiquitous public speaking series of the same name. In their view, TED stands for trends, entrants, and developments in healthcare.

Based on this TED model, they see 6 areas focused on transforming healthcare and bringing value.

## **Alternative care delivery models**

Under alternative care delivery models, they group retail clinics, social determinants of health, and the government, through the [Medicare Access and CHIP Reauthorization Act of 2015, or MACRA](#).

Retail clinic examples include Target, Walmart, CVS-Aetna, King Soopers and others, operating outside conventional physician offices. Once thought of as simply a place to get a vaccination, retail clinics are coming up with new business models of primary care. The impact is that payers may be able to leverage lower cost and have more control, but doctors may face lower revenue and the loss of patient continuity. Pharmacists may see expanded roles with care management and care coordination.

[Social determinants of health](#) are getting increased attention, as it's a way to affect health in ways that do not take place inside of a doctor's office. Examples include ProMedica and the American Hospital Association, Aetna, and more. Pharmacists could leverage community data to identify health patterns.

Despite complaints from providers, MACRA is not going away anytime soon and will continue the shift from volume to value, FANT said.

## **Technology**

In the tech bucket they place health information technology (HIT) interoperability and plans by Amazon, Berkshire Hathaway, and JPMorgan Chase to create a new healthcare company.

“Employers are angry and they're doing something about it,” Fant said. “There’s a great deal of dissatisfaction with the current PBM [pharmacy benefit manager] model.”

HIT interoperability would enhance clinical data access across providers. There's an emergent trend towards moving control of electronic health record data to patients.

“Technology in and of itself is not going to transform healthcare,” Fant said, calling it an “enabler” that will help drive transformation.

## **Advanced analytics**

Advanced analytics includes using real world evidence and prescriptive and predictive analytics. RWE is being used to inform decisions alongside of randomized control trials. For payers, it can reduce unwanted variations in the treatment of diseases, improve outcomes, and reduce costs.

Examples of real-world data includes electronic medical and health records, pharmacy data, hospital visit service details, claims databases, consumer data, and even social media.

While predictive and prescriptive analytics can help industries make better decisions on a timely basis, they answer different questions. Predictive analytics gives you the ability to extrapolate data; prescriptive analytics

shows you what the likely outcome would be, answering, how can something be made to happen?

### **Innovative and personalized therapies and tools**

Fant focused on biologics, biosimilars, and digital therapeutics when speaking about innovative and personalized therapies and tools. He noted that the biosimilar market in the US is moving slower than expected compared to Europe and that payers are caught between short-term issues of losing rebates from originator drugs versus the long-term potential of lowering total drug costs if they make the switch to biosimiliars.

In the drug pipeline are Zarxio (a biosimilar to Neupogen) and 3 biosimilars to Remicade: Renflexis, Inflectra, and Ixifi.

Digital therapeutics involves using software to personalize treatment, helping providers engage people before they become patients, perhaps used with remote monitoring behavior modification and other interventions.

### **Bending the cost curve**

Cost control approaches including a new generic non-profit company, the Health Transformation Alliance, and the merger-driven integration of medical benefits.

The Intermountain Healthcare generic drug initiative is a new not-for-profit drug company formed by Intermountain, Ascension, SSM Health, and Trinity Health, focused on making generic medications available and affordable. Fant questioned, though, what will happen if the group actually saves money and improves efficiency. Will it lower total costs, or become another profit center?

Of the Health Transformation Alliance (HTA), Fant called “a sleeping giant awakening.”

The HTA is an employer-based purchasing alliance with a focus on reducing costs, value-based purchasing and transparency. It buys prescription drugs for over 6 million lives. IBM is one of the employer partners and as such is using its IBM Watson Analytics service to analyze data on 4 million lives over 3 years to look for trends. “Anything and everything is on the table right now,” Fant said, including direct contracts with manufacturers or contracting for bundled services on common conditions. He said PBMs should be concerned about the loss of market share and tighter margins. Health plans not participating in the HTA payment programs may need to develop comparable models.

Looking ahead, Fant said the integration of medical and pharmacy benefits will continue to grow, driven by the need to combine utilization, cost and case management functions.

### **People**

Oyekan said this all means that healthcare companies need to have leaders who are comfortable with leading through uncertainty in order to implement value-based care. Organizations need to identify and build people

with the potential and behavioral traits who can be those leaders, and identify core elements of high-performing teams.