

PROVIDERS PREPARED TO INCREASE RISK MODEL PARTICIPATION

Navigant/HFMA Survey
JUNE 2019

navigant.com/RiskReadiness

Healthcare providers are ready and planning to assume increased levels of risk through commercial payer and Medicare contracting models and Medicare Advantage, according to a new Navigant/HFMA survey. Results from the survey of 170 hospital and health system senior finance executives also show providers are partnering on or launching provider-sponsored health plans (PSHPs) as a part of their risk-assumption strategy.



Increased Risk Assumption

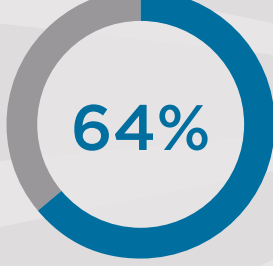


72% of executives both:

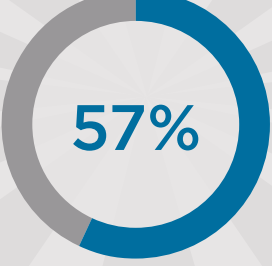
- believe their organizations **have the capabilities needed** to support increased risk
- plan to **take on additional risk** in the next 1-3 years

Risk-Based Model Participation

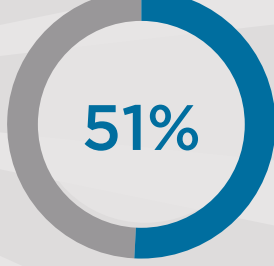
Models through which providers plan to assume additional risk in the next 1-3 years:



Commercial payer contracting models

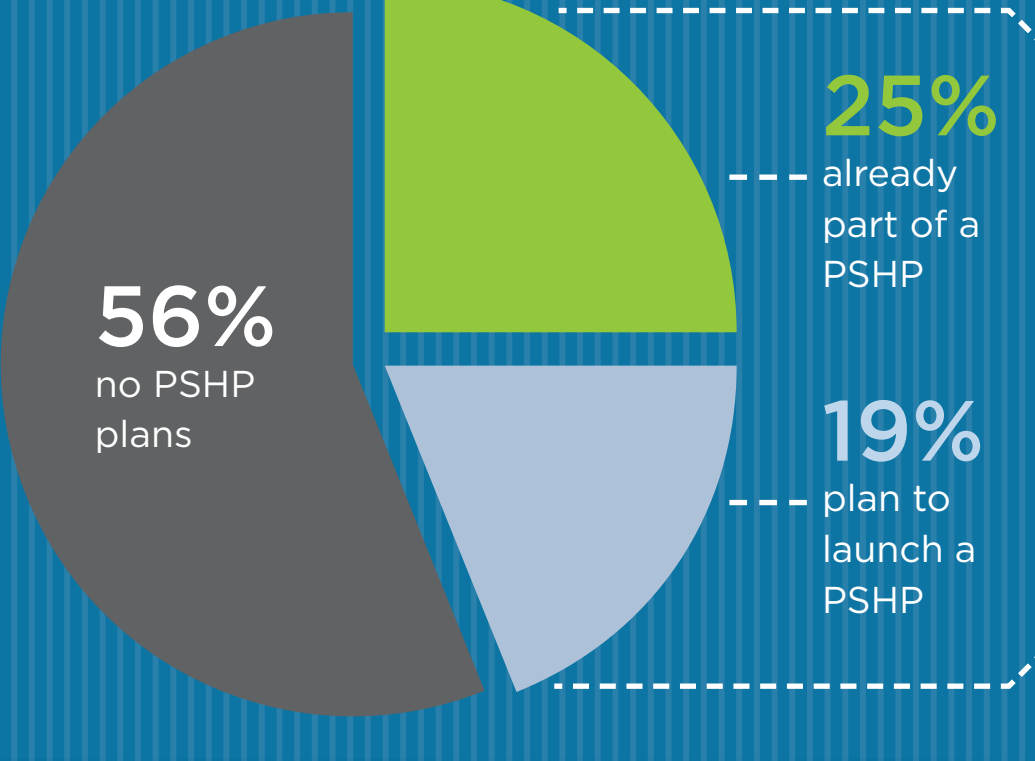


Medicare contracting models



Medicare Advantage

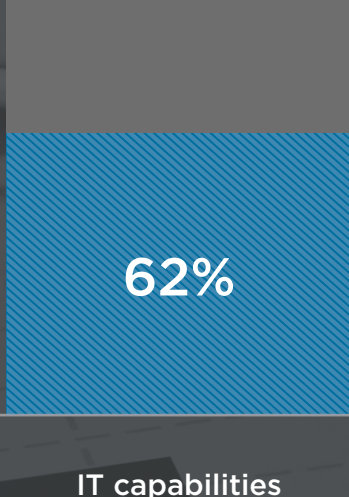
Provider-Sponsored Health Plan Participation



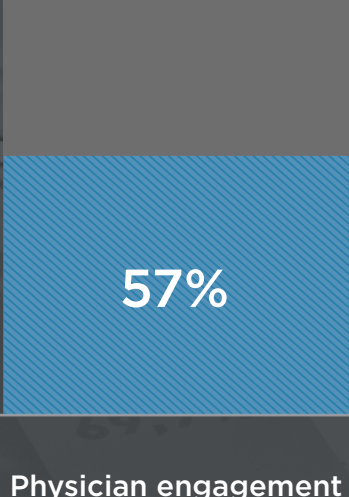
44% of respondents say their organizations are already part of a PSHP or plan to launch one in the future

Payer-Provider Partnership Investments

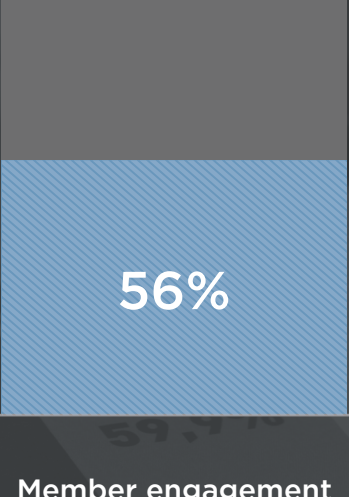
Areas in which providers plan to increase investments (financial, labor) to enhance payer collaboration and support increased levels of risk:



IT capabilities



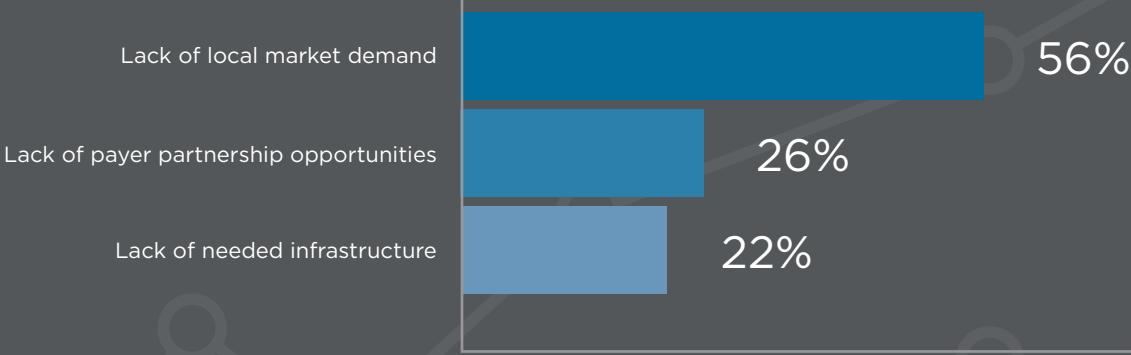
Physician engagement



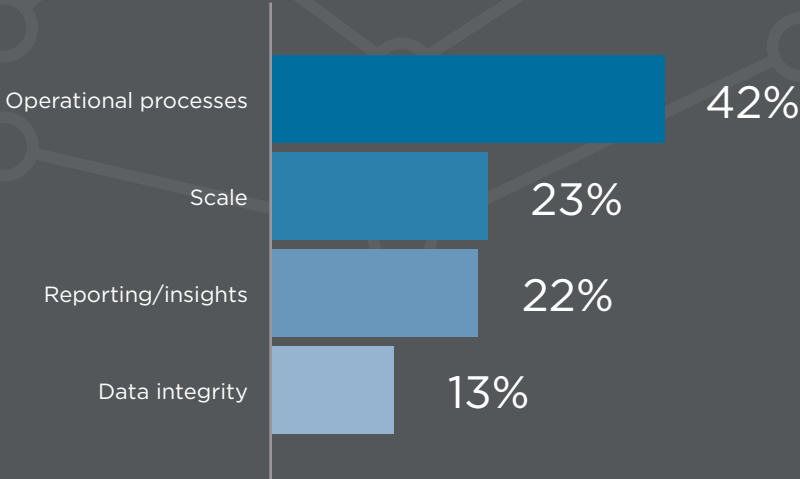
Member engagement

Risk Deterrents

Reasons executives say their organizations will not pursue additional risk models:



42% of executives cite operational processes (e.g., contract execution, care coordination/management) as the top challenge to maintaining risk-based capabilities:



Strategies for FFS and Value-Based Growth

Providers will inevitably continue to operate in a market primarily driven by fee-for-service (FFS) payments, but the path forward does not have to be an either/or scenario.

Provider strategies for FFS and value-based revenue and margin growth



Engage physicians to drive clinical standardization through a Hospital Quality and Efficiency Program, a contract between a health system and an ACO or clinically integrated network.



Focus cost reduction on more discrete areas, such as post-acute care, pharmacy care, and management of high-risk patients.



Emphasize in-network customer keepage by building tight provider network relationships through IT connectivity, a shared referral management infrastructure, and common standards for access, quality, and cost.

Executive Insights



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With most health systems anticipating continued downward pressure on margins, accepting risk can represent a lever for revenue growth — as long as providers clarify internal accountabilities and commit enough of their resources to risk-based models. These results show the value-based movement may be coming full circle, and this time providers will benefit from previous experiences in designing their approach.

RICHARD BAJNER
NAVIGANT MANAGING DIRECTOR AND HEALTHCARE VALUE TRANSFORMATION PRACTICE LEADER

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Sharing risk must be a collaborative pursuit between payers and providers. It's clear that providers have built the capabilities needed to support enhanced levels of risk and are planning to increase their risk assumption in the near future. Both entities need to partner more closely to lessen the gap between the supply of and the demand for risk arrangements in markets nationwide.

KAI TSAI
MANAGING DIRECTOR, NAVIGANT



About Navigant

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