Investing in Social Services as a Core Strategy for Healthcare

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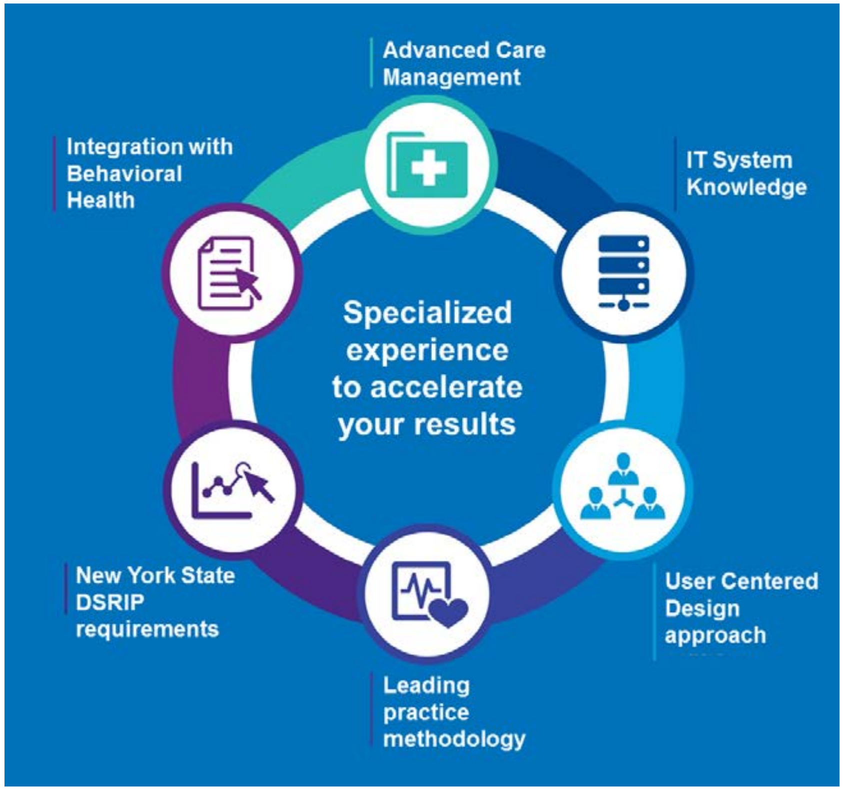
About KPMG

- We provide a wide range of Tax, Audit and Advisory services in all 50 states
- We have a long history working with clients from across the care continuum – both in healthcare delivery and healthcare policy



- My personal focus includes:
  - Delivery system reform
  - Payment reform
  - New care models

What is required to stimulate SDOH investment by healthcare?

- **New risk-based payment models are allowing healthcare organizations more flexibility to invest.**
- **The influence of social determinants of health (SDOH) is very pronounced on healthcare utilization of vulnerable high-need, high-cost (HNHC) populations.**
- **Policymakers are increasingly focusing on SDOH-driving policies and incentive structures.**
- **…yet the perceived uptake of social services into healthcare business models is slow.**
- **Need to explore the barriers to uptake of social services in healthcare models and ways to overcome them.**
- **Providing tangible, example business cases to the healthcare and social services community to learn from.**

A field-driven research approach

Methods

- Conducted 17 structured interviews across 15 payer and providers organizations that accept financial-risk for high-need, high-cost patients primarily in Medicare and Dual Eligible populations.
- Queried interviewees on their interpretation of social services, perceived barriers, current initiatives, and investments.
- Convened an Advisory Council and Social Services Forum to discuss insights and findings.

Find the report at: https://institutes.kpmg.us/government/articles/2018/investing-social-services-core-strategy-for-healthcare.html

Interview and Forum Participants

- Bellin Health
- Blue Cross Blue Shield of Massachusetts
- CareMore
- Centene Corporation
- Common Ground Health
- Commonwealth Care Alliance
- Geisinger Health
- Health Plan of San Mateo
- Hennepin County
- Innovative Health Alliance of New York
- Landmark Health
- Lowell General Hospital
- Medstar
- Molina Healthcare
- New York City Administration for Children's Services
- New York State Office of Mental Health
- OneCity Health at NYC Health + Hospitals
- Trinity Health
- WellCare

Key observations from interviews and literature review

1. There is wide recognition of the necessity to invest more in social determinants of health to bring down cost and improve outcomes.
2. Healthcare organizations rarely consider their investment in a social service as a real business strategy and a part of their business model. It's "the right thing to do", which leaves investments vulnerable and often temporary.
3. Language matters: what is considered an investment often gets confusing in practice. There are three archetype models of investment that we found during the research.
4. Contrary to general assumptions: investments in social services can yield a return on investment (ROI) in a short period of time (12-18 months).
5. Many business cases typically include the 'wrong' costs and returns when trying to prove a business case (often retroactively).
6. There is a lack of consistent and standardized data collection and data sharing.

Key Observation #3

What constitutes a social service "investment"?

- **Excluded:**
    - Any financing that is already included in a rate-benefit package or funded through another financial mechanism already.
- **Focus:**
    - Any investment for which the healthcare organization bears risk without any safety net or guaranteed payback mechanism.

Key Observation #3

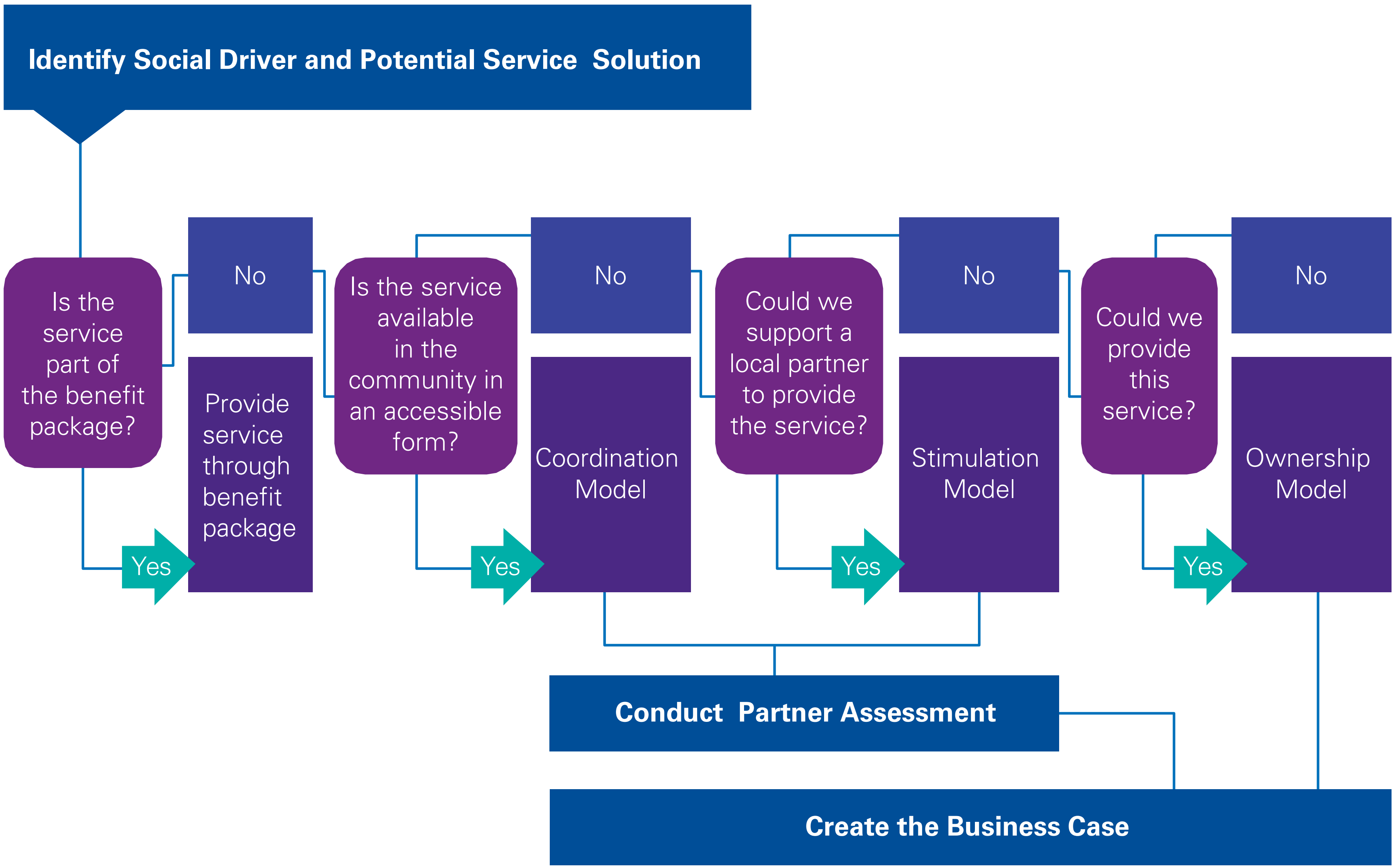
There are three archetype investment models.

Coordination	The investment is made to set up or improve the coordination, collaboration, and connectivity with a third party (social service agency, nonprofit group, CBO, etc.) that already provides the desired social service. **See Health Plan of San Mateo business case in guide**.
Stimulation	The investment is utilized to temporarily fund or provide a grant to a third party that provides a social service with the purpose of helping the third party close a gap in their business approach (organizational, business model, data, etc.). **See WellCare business case**
Ownership	The investment pays directly for the provision of a social service, either by reimbursing a third party out of pocket for the service, or by incorporating the service into your own organization. **See Molina business case or CareMore-Lyft spotlight.**

- Typically, the field tends to think of investments as falling into the “ownership” model.
- Most of the models explored for this research fell into the “coordination” category.
- In practice, investment strategies may encompass all, or any combination, of the archetypes.

Prevent duplication of effort by leveraging existing resources

Process map outlining key considerations for social service investment model choice:



Key Observation #4

Investments in social services can yield a return on investment in a short period of time (12-18 months)

- A common heard assumed barrier is that investments in social services take years to recoup.
- Our interviewees noted several targeted social service initiatives that have an immediate impact on healthcare outcomes and cost, allowing for the realization of ROI within a year to 18 months.

Health Plan of San Matteo	**Measured total net savings of $1.4M on their target population in the six months after starting a housing support project as opposed to the six months prior.**
WellCare	**Measured $2,500 PMPY in savings on their target population in the year after starting a CommUnity connection as opposed to the year prior.**
Molina	**Measured $7,854 PMPM gross savings in the year following the start of their Jail Diversion Program.**

Key Observation #5

Many business cases include the ‘wrong’ costs and returns

- Many healthcare organizations struggle to define their total operating costs per patient across the care continuum that they manage.
- As a result, they often use reimbursement rates as a proxy.
- Since reimbursement is based on relatively arbitrary assumptions, there is no correlation to actual operational costs.
- As a result, the business cases do not reflect true ROI to the investing organization, making business cases easy to dismiss and the social service investment prone to cancellation in more financial trying times.
- Often, the business cases are set up so that *someone else* (usually a government payer) is to be convinced to cover the cost, rather than to keep it as a true investment of the healthcare organization.
- Lastly, ROI is often an afterthought and business cases are made retroactively rather than thought out up front.

Key Observation #6

Lack of consistent and standardized data collection

- Consider the WellCare business case…

Level 1

Grant funding for SDOH providers to build data sharing capabilities.

Level 2

Aggregate data sharing contract with SDOH provider.

Levels 3-6

Contracts for encounter-based data reporting by SDOH provider.

Annual contract costs

$1,000 → $15,000

Barriers exist that make investing a challenge

Challenges in coordination, communication, and data sharing between medical and social organizations

A need for increased dialogue.
Using the other side's nomenclature.
Understanding what healthcare needs to make its business model successful.

A lack of legal and regulatory clarity on degrees of freedom on social service investments

Depending on the type of investment structure, this need not be an issue for healthcare.

Lack of up-front approach to prove the business benefit to the own organization

Setting up a business case takes time and preparation: see our 6-step approach in the paper.

Inability to track or measure actual cost of care changes

This is very linked to preparing the upfront business case properly. Often the inability is a result of trying to prove the case after the fact.

A lack of payment codes makes social services "invisible" to rate-setting parties

This is an issue that can be solved in dialogue with regulators.

A good business case prior to investment can help overcome some of the barriers

Overview of the six social service business case steps:

See the guide for details on each step.

Crawl, walk, run: what are things you can start doing today?

Understand needs

- Identify key social needs at the person level that are impacting their health outcomes, independence and mobility.
- This will help you start to use data to risk-stratify your members and prioritize SDOH to address with healthcare partners.

Initiate conversation

- Oftentimes, healthcare organizations are not aware of the full spectrum of services in their community and what each service has to offer them of value to their patients.
- For social service organizations: make yourselves heard. Go to the same conferences as your healthcare counterparts and participate in community needs assessments.

Find out what the other parties need from you

- For healthcare organizations: find out what help your neighboring social service agencies and organizations may need to help them enter into more sophisticated levels of data sharing – this will be the bedrock for any business case or shared venture.
- Build collection of this information into your everyday processes.
- For social service organizations: what are you doing that could impact the factors that the healthcare organizations bears risk on (the specific outcome indicators in their value-based contracts, for example).

For questions, please contact:

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