



# The Critical Role of Data Connectivity in Health System Change

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November 20, 2019

# Affordability Challenge Drives Consumer Sentiment

#1

issue for Democrats (45%)  
& Republicans (30%)

67%

of consumers filing  
bankruptcy cited healthcare  
as primary reason

84%

of consumers believe  
drug prices are  
unreasonable

90%

of consumers  
support Medicare  
price negotiation

40%

of Americans have  
saved enough to cover a  
\$1,000 emergency

102M

Americans have a  
pre-existing condition

57%

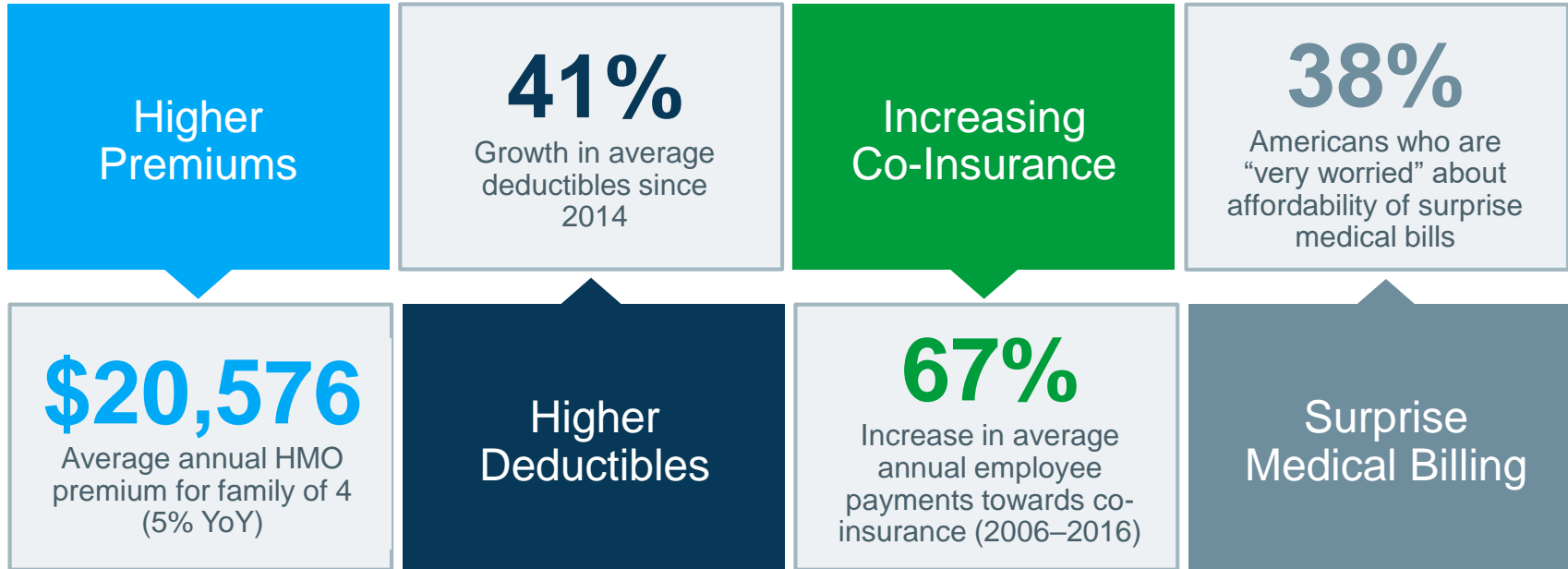
of employees are  
offered a high  
deductible plan

\$13K

Average employee health  
benefit cost



# Greater Proportions of Healthcare Costs are Being Passed on to the Patient

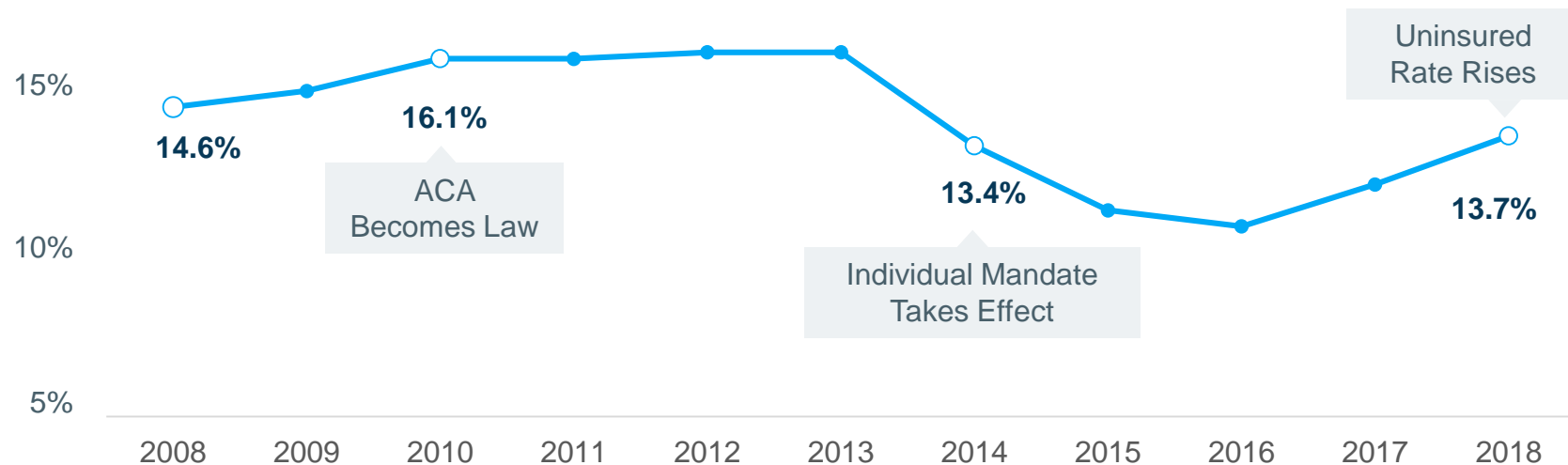


Source: Claxton G. Increases in cost-sharing payments continue to outpace wage growth. P-KHST. 2018: <https://www.healthsystemtracker.org/brief/increases-in-cost-sharing-payments-have-far-outpaced-wage-growth/>. Kaiser Family Foundation. "Data Note: Americans' Challenges with Healthcare Costs." 2019. <https://www.kff.org/health-costs/issue-brief/data-note-americans-challenges-health-care-costs/>. Cubanski J. "How Will The Medicare Part D Benefit Change". 2019. <https://www.kff.org/medicare/issue-brief/how-will-the-medicare-part-d-benefit-change-under-current-law-and-leading-proposals/>



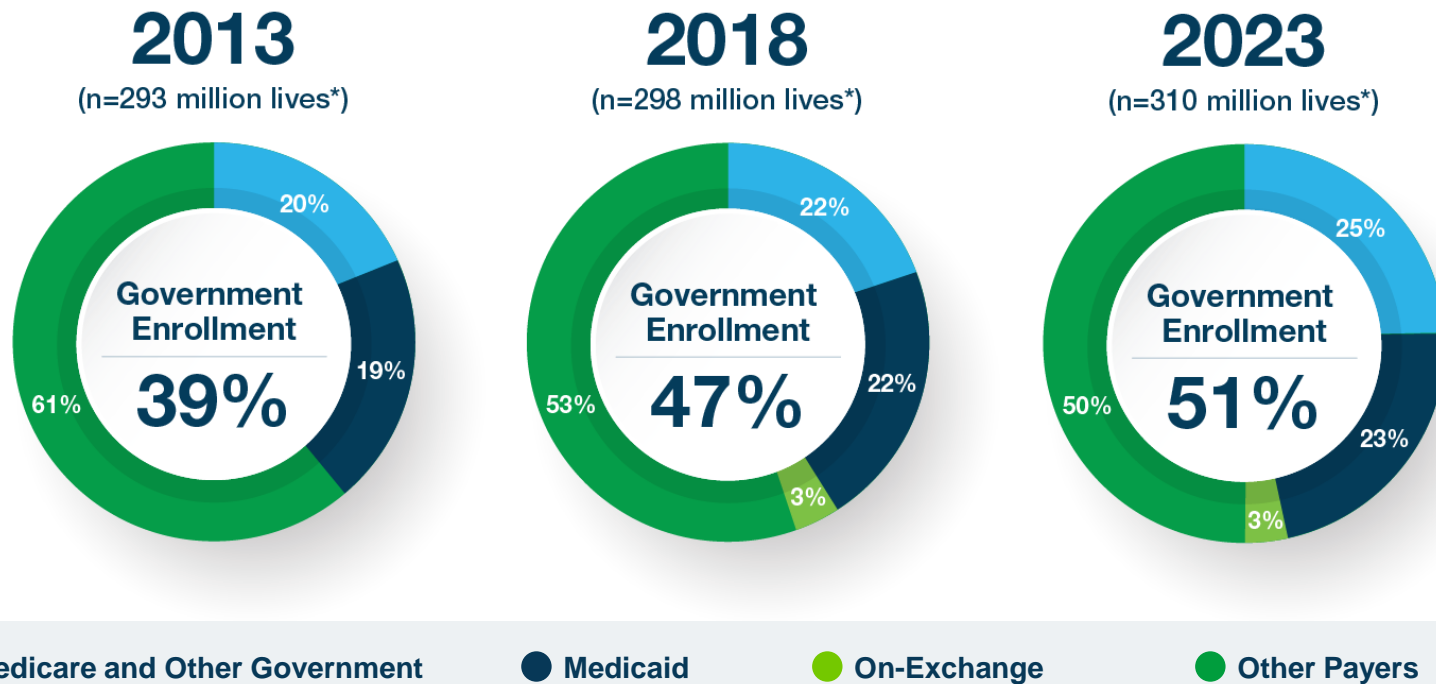
# Increase in the Uninsured – Also an Affordability Issue

## The Uninsured Rate, 2008–2018



Slippage has provided a catalyst for the political debate on expanding public coverage (e.g., Medicare Buy-In, Public Option, Medicare for All).

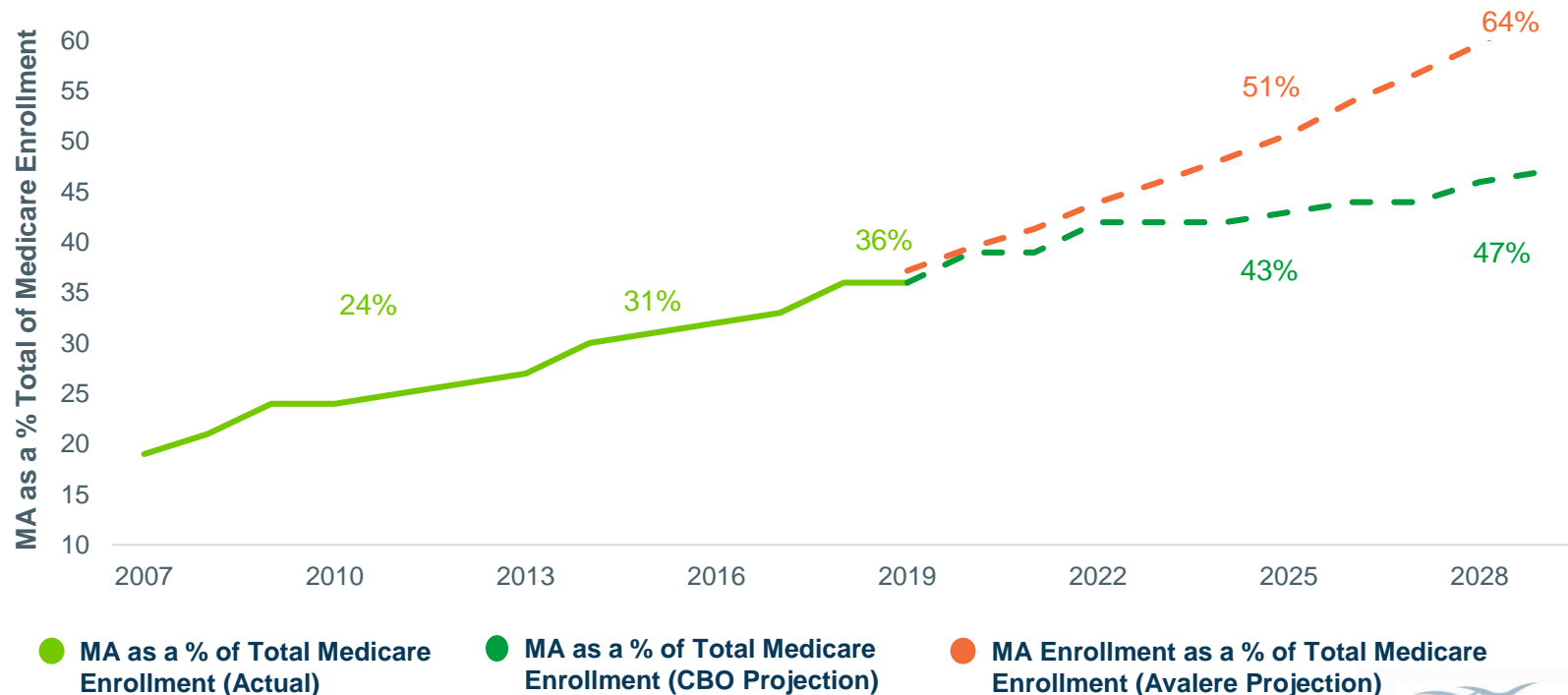
# The Government's Role as a Payer Is Growing



\*Number of insured lives in the given year. Uninsured are excluded from the total.  
Source: Avalere Proprietary All-Payer Enrollment Model. September 2018.

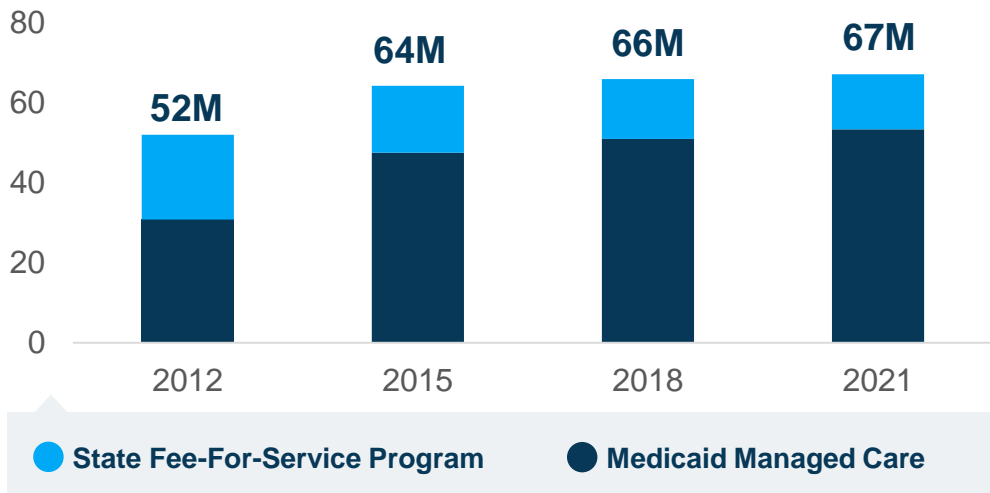
# Capitation Becoming the Dominant Form of Medicare

## Medicare Advantage Growth Projections /



# Plans Already Dominant Form of Medicaid

## Projected Medicaid and CHIP Non-Dual Enrollment (In Millions), 2012–2021



# 43%

of all births were covered by Medicaid in 2018

# 7 States

have more than 58% of children born into Medicaid

Source: Avalere Medicaid Managed Care Enrollment Model, updated January 31, 2018. Totals may not sum to 100% due to rounding. Enrollment for MMCO with State Formulary Control includes MMCO enrollment in states that carve out the drug benefit from MMCO contracts or that require MMCOs to follow a state-generated drug list.

CDC National Center for Health Statistics. "Birth Data." 2018. <https://www.cdc.gov/nchs/nvss/births.htm>

Kaiser Family Foundation. "State Health Facts: Births Financed by Medicaid." October 2019. <https://www.kff.org/medicaid/state-indicator/births-financed-by-medicaid/?activeTab=map&currentTimeframe=0&selectedDistributions=percent-of-births-financed-by-medicaid>



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# Payers Are Increasingly Focused on Addressing Social Determinants of Health

## 35

States Will Have MCO Requirements Related to SDOHs by 2020

## 80%

Of Payers Report Taking Steps to Integrate SDOH into Member Programs

Education and  
Job Training

Safety

Food and  
Nutrition

Transportation

Housing

Community Vitality  
and Environment

Source: Kaiser Family Foundation. "50-State Medicaid Budget Survey Archives." 2019. <https://www.kff.org/medicaid/report/medicaid-budget-survey-archives/>  
Change Healthcare. "8th Annual Industry Pulse Report." 2018. <https://www.prnewswire.com/news-releases/change-healthcare-releases-8th-annual-industry-pulse-report-300596765.html>





# Government Wants Delivery System Transformation

## CMMI Direction and Focus Areas

“Big Risk, Big  
Reward”

“Mandatory” is  
Permissible

Multiple Entry Points  
for Value Based  
Contracting

Focus on High-Cost  
Patients and Social  
Determinants

Increasing  
Participation in  
Advanced APMs

Market-based  
Innovation Models

Physician Specialty  
Models

Prescription  
Drug Models

Medicare Advantage  
Innovation Models

State-based and Local  
Innovation

Mental and Behavioral  
Health Models

Program  
Integrity



# Patient Data Can Provide Real-Time Insights, Save Costs, and Improve Quality of Care

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## Cohort Evaluation

Identify patients with gaps in care

## Predictive Analytics

Stratify patients into risk levels

## Targeted Intervention

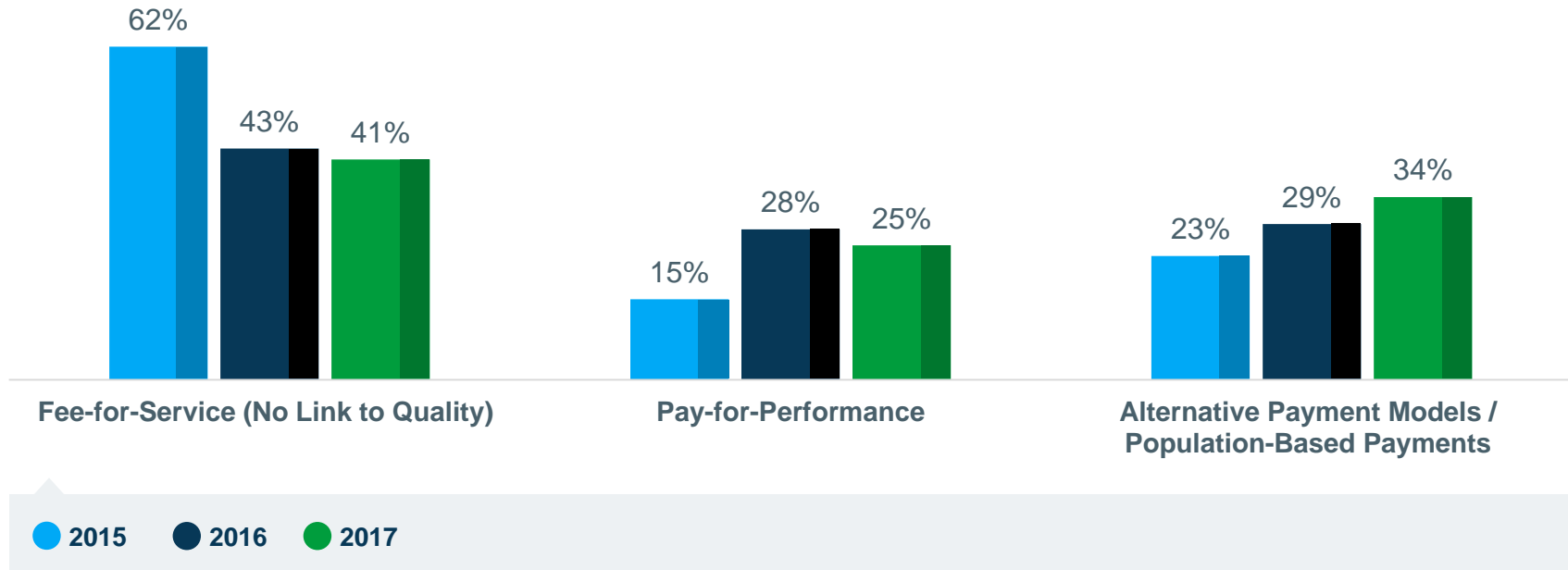
Leverage risk profile to develop interventions

## Impact Assessment and Process Improvement

Evaluate return on investment

# Healthcare Payments Are Increasingly Based on Quality and Value

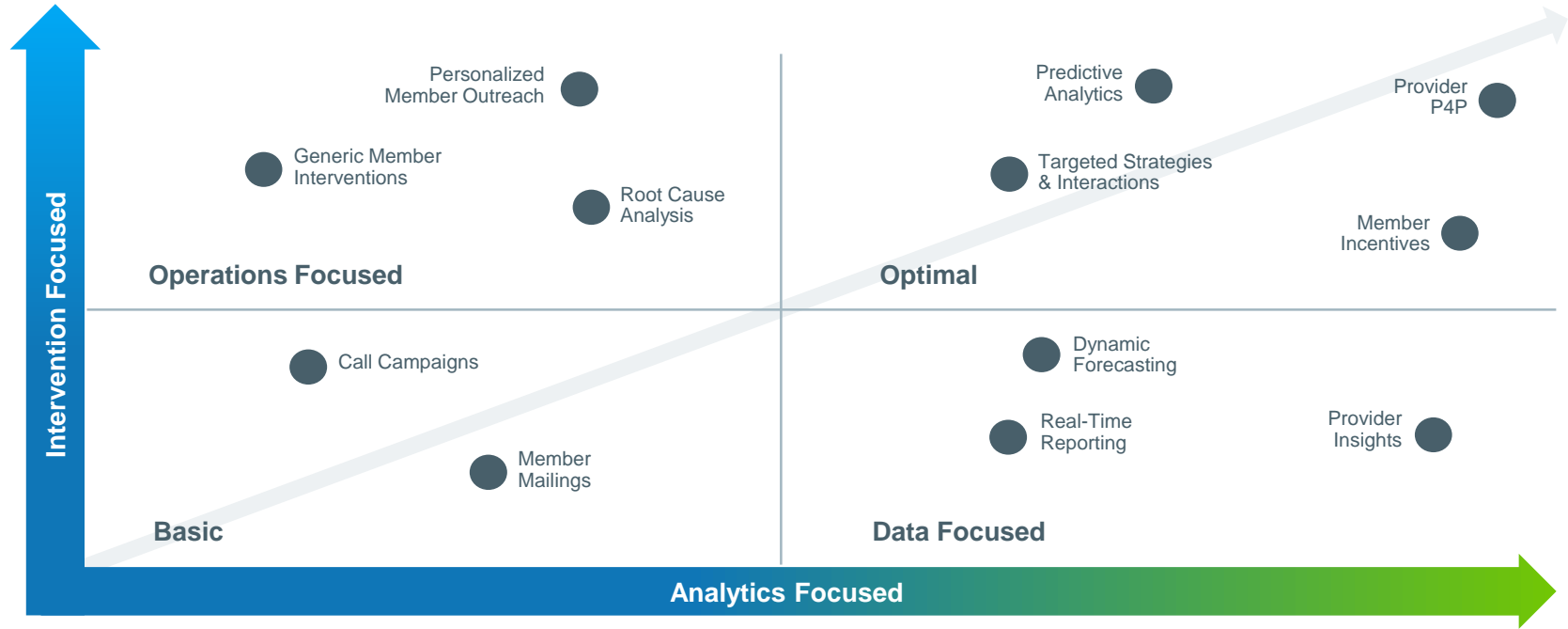
## Payments Tied to Quality and Value HCP LAN Survey,\* 2015–2017



\*Data reflects survey of select plans and states. 2015 data reflects approximately 67% of US covered population, 2016 data reflects approximately 84% of US covered population and 2017 reflects approximately 77% of US covered population.  
Source: Health Care Payment Learning & Action Network. APM Measurement. <http://hcp-lan.org/workproducts/apm-discussion-2018.pdf>



# Analytics Plays Increasingly Prominent Role in Health Plan and Provider Activities



# Health Plans Use Analytics to Drive Population Health Management, Operational Efficiency

## Trends Will Shape the Market for 2020 and Beyond

## Key Outstanding Questions Will Determine Impact

### Shifting ESRD Beneficiaries into MA

- Starting in 2021, beneficiaries with ESRD can enroll directly into MA plans

- How many beneficiaries will choose to enroll in MA?
- Are payment rates sufficient to cover the cost of care?

### Optimizing Provider Network Performance

- Plans are increasingly establishing innovative arrangements to drive better outcomes and lower costs

- Which providers are most efficient?
- Which provider groups are most effectively managing care?

### Managing Rising Drug Costs

- Innovation in pharmaceutical products means the proliferation of novel but high-cost drugs

- How widely do costs associated with particular treatments range across plans?
- What steps can plans take to manage costs?

### Addressing Social Determinants of Health

- Plans now have the flexibility to target supplemental benefits to address the social determinants of health, particularly to those with chronic conditions

- Which populations can benefit most from new services?
- How can plans integrate benefits to address social determinants?

### Adapting to MA Risk Adjustment Changes

- CMS may consider recalibrating the MA risk adjustment model using encounter data

- How would this change impact risk scores and payment?



# Providers Use Data Analytics to Position for Risk-Based Paradigm, Drive Business

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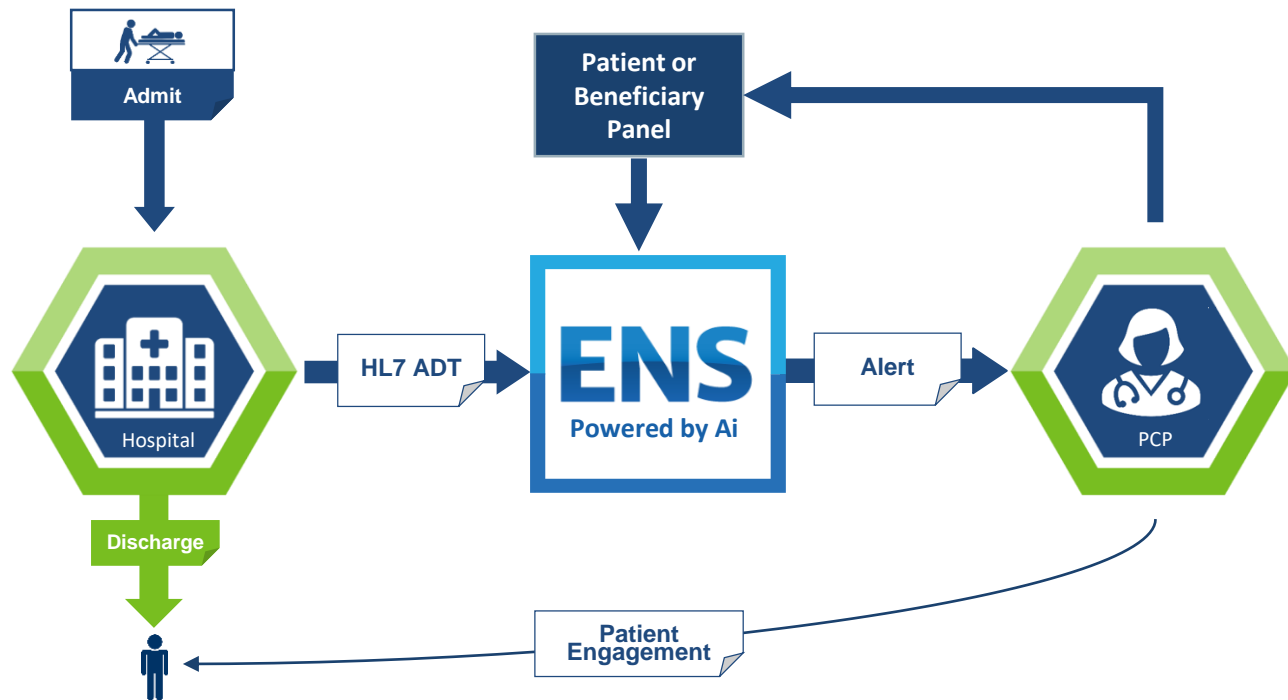
- Leverage Expansive Data Sets
- Evaluate Physician and Facility Performance
- Identify Opportunities for Improvement
- Create High-Value Networks

- Define the Pain Points for Key Payers
- Define the Measures that Matter
- Evaluate Potential Contracting Models
- Craft Win-Win Contracts

- Ingest Complex Data Feeds
- Build Real-Time Monitoring
- Refresh Payer Engagement Plans
- Identify New Areas for Collaboration

# How Encounter Notifications Impact Transitions of Care

- Effective care coordination requires awareness and data exchange during a transition.
- CMS has established incentives to improve transitions of care post-hospitalization.
- Real-time notification services enable providers and care managers to engage patients.



# Life Sciences Analytics Need to Anticipate Changes

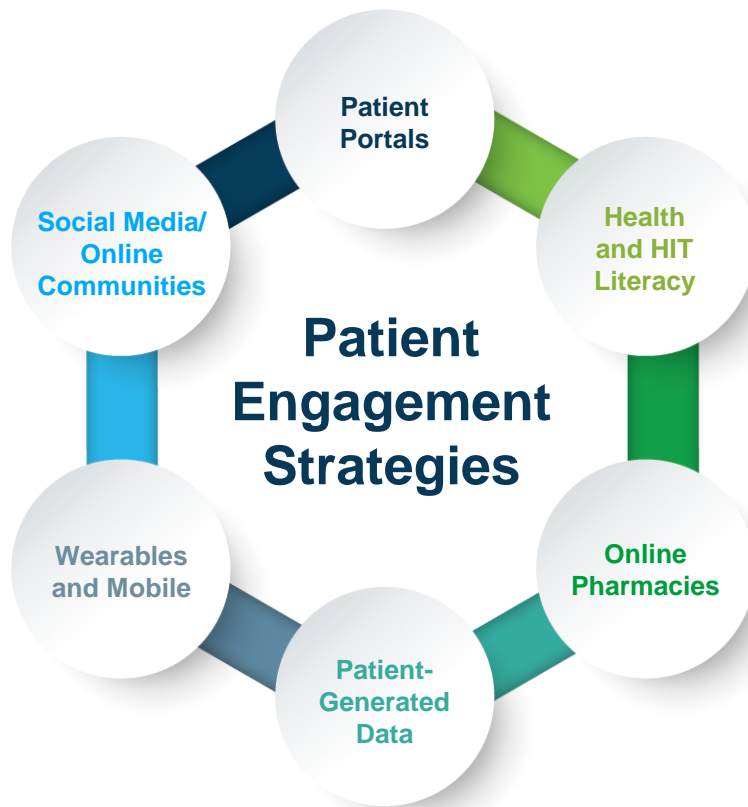
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# Data Connectivity Central to Patient Centricity

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# Big Tech Sees Opportunity to Link Big Data Resources to Patient Health Data to Address SDOH

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**Challenge:** Hospitals are beginning to allow tech companies access to EHR data to build digital risk profiles that encompass vast data resources

## Google

Prescriptive analytics can reduce preventable harm, manage risk, and personalize interventions

- Implementing AI and machine learning to better understand EHR Data
- Risk over privacy of sensitive health data.

## Facebook

Data from social networks can be used to improve patient outcomes

- Exploring suicide prevention, opioid addiction and cardiovascular health
- Advocates concerned over Facebook's use of health data

# Privacy and Security Always Critical to Data Agenda

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Google partnered with Ascension to collect personal health information of millions of patients to tailor individual care using AI and machine learning

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## **“Project Nightingale” has received public criticism and concern over HIPPA compliance, storage of PHI in the cloud, and general transparency”**

- Office for Civil Rights in the Department of Health and Human Services launched an investigation into compliance of Project Nightingale and Google’s use of patient data
- Lawmakers have expressed concern, calling for a moratorium on data arrangements like Nightingale, highlighting that Google is already under consent degree for potential data privacy and security violations
- Stakeholders have asked for new legislation that would govern the collection and use of PHI for purposes of delivering care and research



# Ridesharing Companies See Opportunity in Non- Emergency Medical Transportation

**Challenge:** SCI Solutions Estimated The Total Cost of Missed Healthcare Appointments to be \$150 Billion a Year

## Lyft

Partnered with EHR vendor Allscripts and medical transportation company LogistiCare

- Non-emergency medical transportation is available to Medicaid beneficiaries in 5 states
- Launched grocery access program in 12 cities

## Uber

Launched Uber Health integrated in Cerner EHR and collaboration with transportation company American Logistics

- Uber Health is paid for by healthcare organizations, not at point of service
- Expect roll out in multiple states in the coming weeks, still currently a pilot program

# Health System Change and Data Evolution are Linked

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Consumer affordability driving political agenda in pricing and coverage

Government payers increasingly favor health plans and integrated systems

Data and analytics driving value creation and quality improvement

Connectivity, privacy, security, and patient centricity will drive evolution



# About Us

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Avalere is a vibrant community of innovative thinkers dedicated to solving the challenges of the healthcare system. We deliver a comprehensive perspective, compelling substance, and creative solutions to help you make better business decisions. As an Inovalon company, we prize insights and strategies driven by robust data to achieve meaningful results. **For more information, please contact [info@avalere.com](mailto:info@avalere.com).**

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