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COVID-19: Impact on Managed Care Portfolios

For several years now, we've been hearing about the promise of telehealth to transform healthcare. The benefits are many, including ease of access and convenience for patients, flexibility and efficiencies for providers, and lower costs across the system. However, supporters of the status quo pointed to the required capital investments, privacy and quality concerns, and potentially misaligned incentives as examples of the hurdles continuing to restrain telehealth from becoming a truly transformative, widespread marketplace tool. Indeed, opponents of telehealth continued to believe a telehealth visit was an inadequate substitute for a face-to-face, in-office visit.

“Just take any step, whether small or large. And then another and repeat day after day. It may take months, maybe years, but the path to success will become clear.” This quote from Aaron Ross fairly describes the decade-long journey that those who have been telehealth advocates have traveled ... until now.

As our nation has responded to the novel coronavirus pandemic, health systems previously focused on removing inefficiency and excess capacity are suddenly severely under-equipped to handle the forecasted patient demand. Our healthcare industry has seen otherwise normal in-office visits essentially disappear except in emergent situations, and CMS has quickly relaxed some rules originally promulgated through its highly structured rule-making

process. Several long-held assumptions and foundational beliefs within the healthcare industry needed to be reexamined and evolve quickly, including what telehealth champions have touted for years — that telehealth can be a transformative tool, increasing patient accessibility and a health system's bandwidth to deliver care.

Once the world moves on to a new normal, the industry will also have to adjust to a new normal vis-à-vis the role of telehealth in mainstream care. We can expect CMS to reinstate some of its rules, especially those relating to HIPAA-compliant communications, and we can also expect many who value the interpersonal nature of the provider-patient relationship to revert to in-office visits. However, it is short-sighted to think that patients and providers who

have appreciated the benefits of using a new technology will easily give up the newfound convenience and efficiency. Thus, healthcare systems are likely to make material investments in telehealth so that their patients continue to have ease of access, and so that payers and the health systems themselves can also benefit from its efficiencies.

A shift to more telehealth services introduces potential challenges for providers and health systems participating in risk arrangements, particularly regarding risk adjustment. FTI has outlined three key questions designed to help health systems that are planning for future telehealth investments ensure they are fully planning for the near- and long-term implications of increasing telehealth use:

1. Does your health system have an integrated health plan, participate in value-based care arrangements, or partner with managed care organizations?

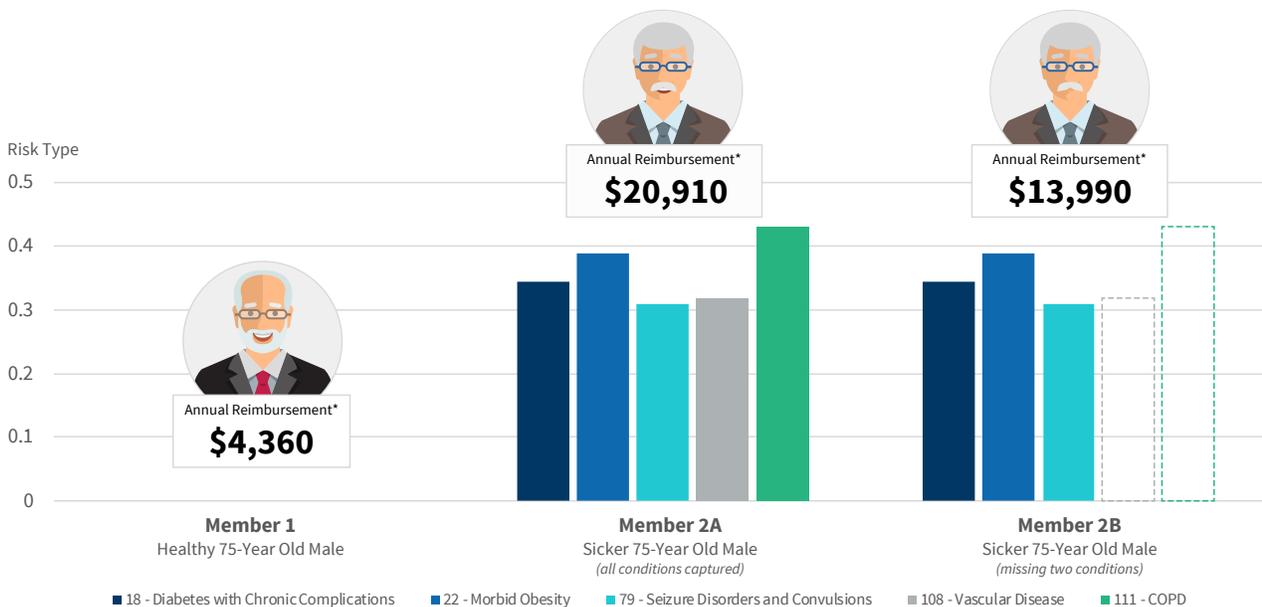
If the answer is “yes,” your health system likely has a material portion of its revenue tied to risk-related programs and risk adjustment. Organizations that are primarily still fee-for-service based will likely be most concerned with post-pandemic telehealth reimbursement rates relative to the investment made and on-going time and services provided. However, health systems with significant risk-adjustment revenue need to ask further

questions, such as how telehealth will impact your ability to document certain chronic conditions, and whether there could be a decrease in related risk scores. An example showing the importance of accurately capturing risk scores and the impacts of documenting HCCs is in Exhibit 1.

2. Does your organization have robust dashboards and analytics that help you understand the ramifications to patient care and health system reimbursements for patients seen via telehealth, compared to those that are seen in a more traditional environment?

Telehealth is an extremely convenient and efficient means to provide care, but it is not ideal in all situations. To fully assess and document many complex chronic conditions, a patient needs a face-to-face encounter incorporating the appropriate level of testing. For example, a provider cannot assess or diagnose a patient’s COPD via telehealth, and the same can be said for many other chronic conditions subject to risk adjustment. Health systems thus need effective dashboards and analytical tools to understand which health conditions have been assessed, properly documented and reported to CMS. These analytical tools should also guide care management decision-making, patient prioritization and timing.

Exhibit 1 - Reimbursement Comparison Example



*Annual Reimbursement calculation assumes a 2019 CMS Parct C HC Model with adjustments for normalizations and coding intensity, with an average of \$850 Monthly Bid Rate and a full year payment

In addition, effective analytics should provide an “early warning” system to providers, even in this unprecedented environment. A health system’s existing dashboards and analytical tools should already be detecting lower levels of patient visits, reassessments and recapture rates compared to prior years. As a result, health systems should be proactively identifying patients most at risk, developing outreach plans and estimating the financial impacts of the lower visit levels.

3. Does your health system have a Patient Assessment Plan that gives your health system and your patients a choice of where they can receive their assessment and care?

Patients who are relatively healthy and access healthcare via telehealth may seldom return to in-office care unless their overall health deteriorates. Conversely, providers may be dismissive of telehealth and vehemently voice the strength of the provider–patient relationship. However, reality often sets in for these providers if asked whether they would similarly give up shopping at Amazon because they prefer the personal shopping experience at WalMart.

In the Covid-19 emergency, few patients are being seen in-office unless the situation is emergent. Consequently, unless CMS provides some relief to managed care organizations for risk adjustment, as it did for STARS, health systems will have significant work ahead in assessing, treating and documenting health conditions

before the end of the year, resulting in substantial revenue at risk in 2021. Moreover, even if CMS does provide some relief for 2020 dates of service, the reality is that some number of patients will simply decide to not return to the office unless their health conditions deteriorate significantly. Alternatively, this means managed care organizations will need to identify these patients, understand their risks, and have alternative plans in place to assess and treat their chronic conditions, so that data can be submitted to CMS.

Healthcare is a highly data-driven business, and success is directly correlated to a health system’s ability to analyze and interpret member and diagnoses data. The most successful organizations can quickly see oncoming challenges, and they possess the operational strength to adapt if their current capabilities will not meet the emergent challenges identified by the organization’s dashboards and analytics.

In summary, telehealth has tremendous potential as an option for delivery of care, both in terms of patient satisfaction and in creating health system and payer efficiencies. However, health systems and payers also need to understand the potential ramifications of telehealth as it relates to value-based care populations and the associated reimbursement. Organizations committed to material investment in telehealth should also assess their risk-adjustment analytics and care delivery options to ensure they can adapt to likely changes stemming from adoption of telehealth.

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