



NATIONAL ASSOCIATION OF
Community Health Centers®

VALUE-BASED CONTRACT FINANCIAL MODELING TOOL



**Value-Based Payment Series
Supplemental Session**
October 15, 2024



THE NACHC MISSION

America's Voice for Community Health Care

The National Association of Community Health Centers (NACHC) was founded in 1971 to promote efficient, high quality, comprehensive health care that is accessible, culturally and linguistically competent, community directed, and patient centered for all.



NACHC Hosts



Cheryl Modica, PhD, MPH, BSN
Director, Transformation & Innovation



Gervean Williams
Director, Finance Training & Technical Assistance



During today's session:

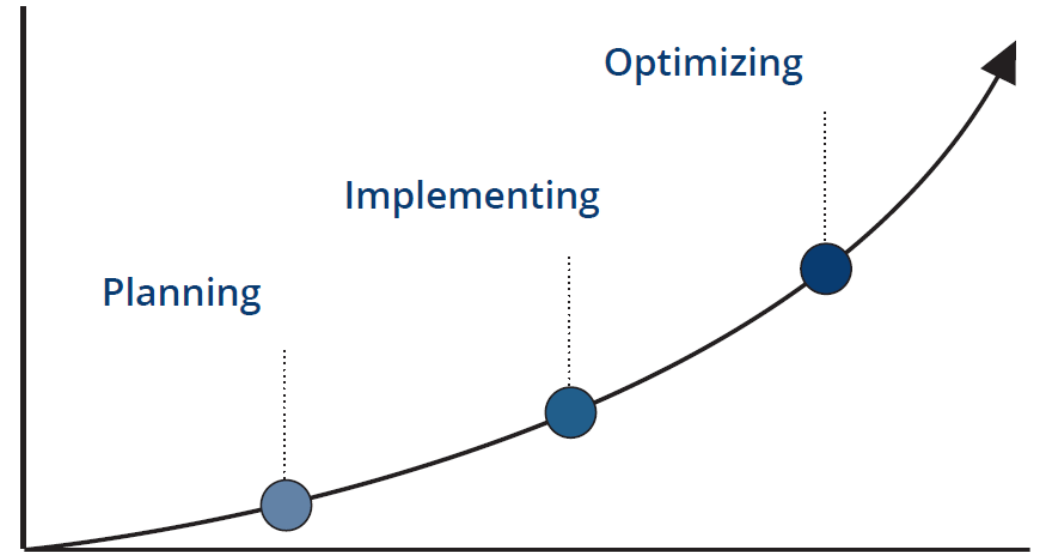
- **Engage with us!** Throughout the webinar, type questions and comments in the chat feature. Be sure to send them to "Everyone"! There will be Q&A and discussion at the end.
- **Access resources!** Select to access related NACHC resources, tools, **and the slides for this webinar!**

Value-Based Payment Readiness

Planning: Health centers in the *Planning* stage are aware of the importance of value-based care and working to increase knowledge in this area and prepare for value-based payment arrangements. Reliant on prospective payment system (PPS) with little or no participation in pay-for-performance (LAN2).

Implementing: Health centers in the *Implementing* stage are reliant on PPS payments though may participate in one or more alternative payment models, such as pay for performance (LAN 2) or an upside shared savings model (LAN 3a). Developing capability and legal structures to allow clinical and financial integration with external partners. Exploring or moving toward risk arrangements.

Optimizing: Health centers in the *Optimizing* stage are in upside and downside risk arrangements (LAN 3a-4). Includes strategies to transform care and services and working to deliver on the Quintuple Aim and value-based care metrics important to payers.



Value-Based Payment Financial Projection Tool



Learning Objectives:

- ✓ Showcase a health center modeling tool designed to inform FQHCs in their pursuit of advanced alternative payment models (APM)s that include shared savings/risk agreements.

Q&A

Featured Speakers



Art Jones, Physician Principal

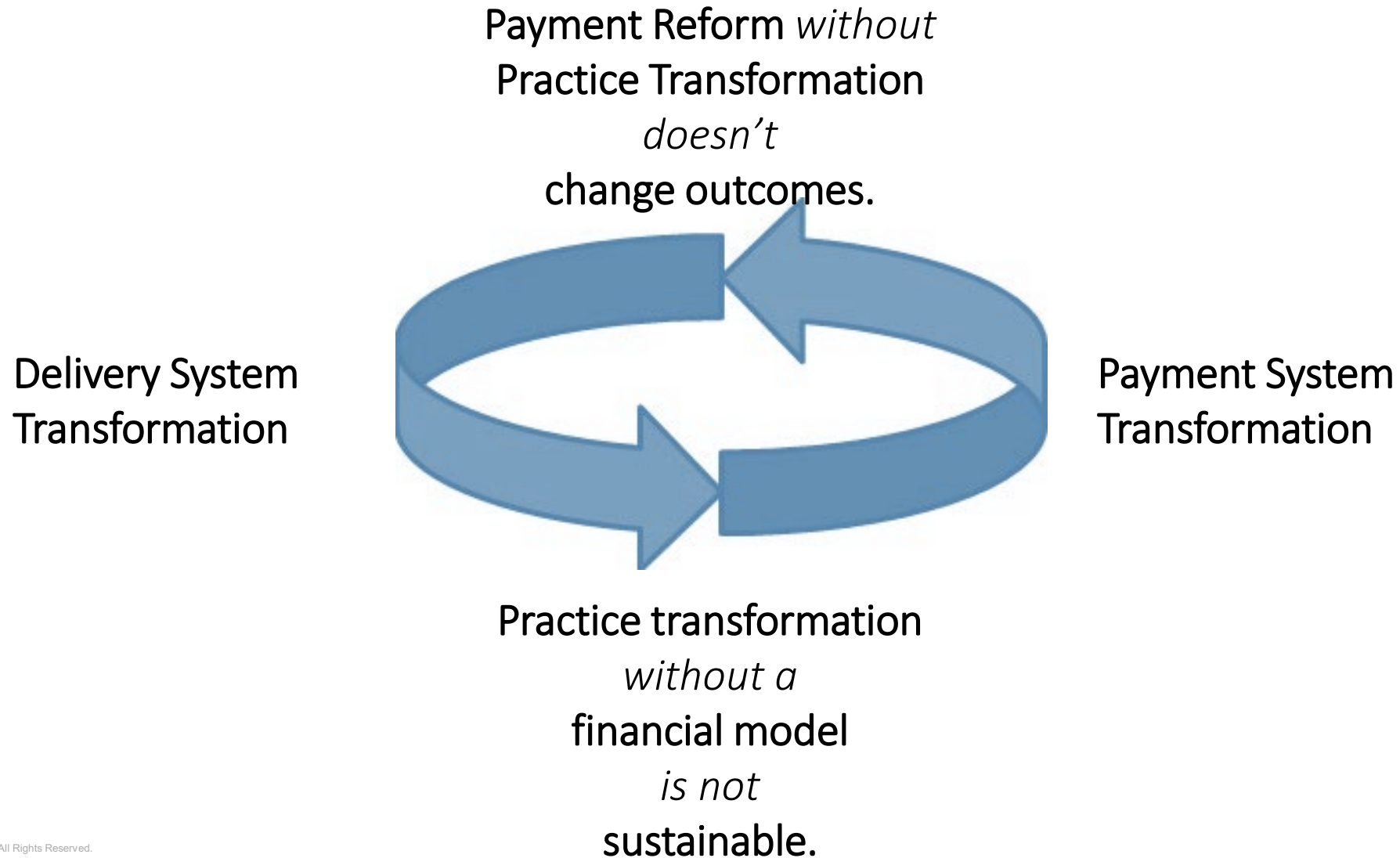
Art Jones, M.D. has 27 years of experience as a primary care physician and CEO at a Chicago area community health center that has adopted advanced alternative payment models since 1987. He was one of the founders and continues to serve as the Chief Clinical Officer for Medical Home Network (MHN) and MHN ACO comprised of fourteen FQHCs and three health systems serving 180,000 Chicago area Medicaid recipients. MHN is completely delegated for care management and successfully operates under a global risk arrangement for total cost of care. MHN supports 80 FQHCs in ACO REACH or MSSP. Dr. Jones is a principal at Health Management Associates where he focuses on helping FQHCs and their clinically integrated networks succeed in advanced alternative payment models.



Andrew Rudebusch, Actuarial Consultant II

Andrew Rudebusch has 10 years of experience as an actuarial consultant. He has experience performing rate setting analyses, developing and populating cost reports to evaluate business decisions, creating data visualization tools and performance metrics, data analysis, and risk mitigation design and monitoring. Andrew Rudebusch is Actuarial Consultant II at Edrington Health Consulting, a Health Management Associates Company.

THE IMPORTANCE OF JOINT PLANNING



USES OF THE VALUE-BASED FINANCIAL MODELING TOOL

- 1) A financial modeling tool that using a health center's current and recent revenue streams, staffing and other expenses as a baseline and trends that information to project future financial performance.
- 2) A tool that allows a multi-disciplinary group of staff to explore change in staffing or new clinical and care coordination initiatives to anticipate new expenses, additional revenue, and financial sustainability.
- 3) A tool that can inform redesign of the care team under either a fee-for-service or capitation payment system.
- 4) A tool that can inform value-based payment contracting strategies.
- 5) A tool that can help monitor financial outcomes of new initiatives versus projections.

OVERALL PROCESS BUSINESS PLANNING



1

Learn the Business Planning Tool

Group and individual mentoring so users understand the financial planning process and use of the tool

2

Gather Data for Input Into the Tool

Clarify data definitions and sources

3

Assess Baseline Financial Performance

Assure that the financial proforma accurately reflects financial performance; use results to inform site selection for PHMI

4

Finalize the Composition of the Expanded Care Team

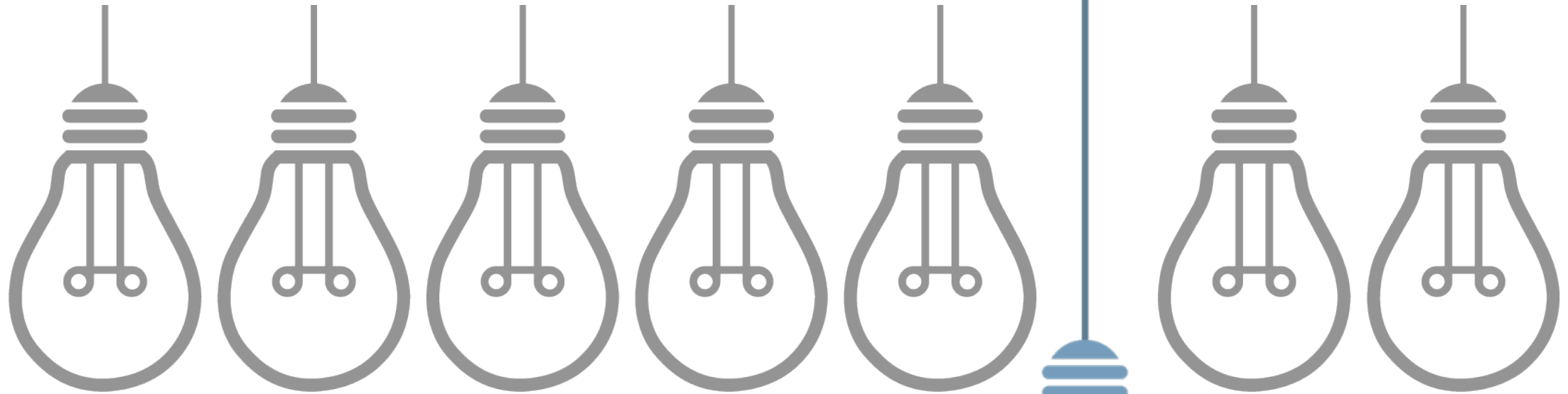
Test various scenarios for financial reasonableness to finalize the care team composition and model of care

5

Monitor and Modify Implementation

Teach how to use actual experience to validate and modify assumptions, to reforecast outcomes and inform modification to the approach

DEMONSTRATION OF THE TOOL



Questions & Discussion



ACCESS TO THE TOOL

The tool is available to health centers at no charge

Contact Art Jones, MD at

Ajones@healthmanagement.com

To inquire about customization of the tool (fee required)

Contact Andrew Rudebusch at

arudebusch@healthmanagement.com

Value-Based Payment Resources



Value-Based Payment Readiness & Financial Projection Tool



This tool is provided to assist community health centers in evaluating their financial readiness for value-based payment models as well as estimates of projected revenues, costs and returns on investment for various alternative payment arrangements. To assess your organization's financial position, please review the following directions before completing the subsequent worksheets.

Please note: The workbook is meant to provide high-level financial projections using national averages and benchmarking information. Other factors influencing your organization's ability to assume value-based arrangements (i.e. geography, average salaries, cost of living, patient demographics, risk adjustment, etc.) would need to be evaluated separately.

Additionally, the glossary worksheet contains helpful definitions and source data used for benchmarking purposes.

Directions:

Complete the following tabs:

1. VBP Readiness Check: Answer each question in the "response" column to the best of your knowledge. When you have completed the assessment, a score will populate at the bottom of the page indicating high, medium or low financial readiness for VBP arrangements based on your responses. In this section, value-based payment contracts are defined as capitated payments, pay-for-performance contracts, care coordination payments as well as alternative payment models (bundled payments, capitated arrangements, etc.)

2. Projected Revenue: populate the following information for each of your current and/or potential future value-based payment contracts to generate total projected revenues. For definitions of the revenue categories, please reference the Glossary tab.

of lives included in contract
 Contractual revenue (per member per month)
 At-risk revenue (annual total)

3. Projected costs: populate the following information to view the total projected costs for your value-based care contracts:

of covered lives across all contracts
 # of providers participating in VBP contracts
 Annual salary+benefits for future FTEs lists associated with implementation of incremental value-based care services (optional; if salary is not known, then MCMA median salary will be used)
 Annual costs of non-FTE related expenses

4. Projected ROI: view the projected return on investment by contract, calculated by taking the outputs from tabs #2 and #3

6. Next Step: review the high-level next steps based on your organization's phase in value-based payment adoption as well as the suggested NACHC resources.

HMA Business Case Financial Model for FQHCs

1. Staffing and Salary Cost Site NACHC

Key:
User input
Formula or Label

Current Full Care Team Staffing at Implementation Clinic Sites			
Staff Type	Functions	# of Full Time Employees (FTE)	Salary Cost/FTE
CORE TEAM MEMBERS			
Physician (MD/DO)	Evidence-based primary care	70.00	\$ 235,000
Nurse Practitioner (NP)	Evidence-based primary care	36.00	\$ 155,000
Physician Assistant (PA)	Evidence-based primary care	20.00	\$ 150,000
PCP subtotal		126.00	
BH Provider (LCSW/MFT or other)	Evidence-based behavioral health care	42.00	\$ 88,000
Medical Assistant (MA)	Evidence-based primary care	190.00	\$ 44,000
Community Health Worker (CHW)/Peer Support	Linkage to resources to address SDOH		
Core Team subtotal		358.00	

For Health Centers at the *Planning* or *Implementing* stages of VBP

[Value-Based Payment and Financial Readiness Tool](#)

For Health Centers at the *Implementing* or *Optimizing* stages of VBP

To request the tool, email ajones@healthmanagement.com

NACHC: Value-Based Payment Resources



Health Center Value-Based Care Glidepath Aligned with the Value Transformation Framework (VTF)

This tool is designed to provide a glidepath or roadmap for a health center's transition to value-based care. It outlines key actions for consideration during three critical phases of transition: planning, implementing, and optimizing. While it recognizes there is no 'right' way or singular path, it offers guidance on crucial steps for consideration at key phases in the journey.

Use this guide as a checklist or reference tool to support organizational conversations and planning for value-based care and achievement of the Quintuple Aim goals: improved health outcomes, improved patient experiences, improved staff experience, reduced costs, and equity.

Feedback and comments are welcome at qualitycenter@nachc.org and will help us improve the tool.

CARE DELIVERY	VTF Change Area	VTF Assessment Tool Question Set	<input checked="" type="checkbox"/>	Task	Planning	Implementing	Optimizing	
	Population Health Management	Data sources	Analyze existing value-based care models for model effectiveness, risk level, and eligibility					
		Risk Stratification; Empanelment	Develop a strategy for risk stratification and supporting stratified care management and coordination					
			Use risk stratification to identify and manage high-risk individuals					
			Support multiple levels of analysis (population, provider, patient)					
	Patient-Centered Medical Home	Application of PCMH model	Evaluate current methods to track patient engagement and identify key areas for improvement					
			Train staff in patient experience/engagement					
	Evidence-Based Care	Evidence-Based Guidelines Care Gaps Integrated Services	Using best-practice research, develop a specific strategy to support highly complex patients					
			Develop defined care pathways specific to patient's diagnosis and risk level; strategies to address gaps in care					
			Integrate behavioral health into primary care					

Health Center Value-Based Care Glidepath Aligned with the Value Transformation Framework



VBP Series Slides & Recordings

A 7-part series designed to meet health centers and health center partners along the VBP readiness continuum. Designed for individuals who are directly supporting health center VBP activities, such as leadership, finance, clinical, and quality improvement.

Action Briefs

- Developing VBP Goals
- Attribution
- Attribution Thresholds
- Payor Data

A Systems Approach to Transformation

Value Transformation Framework



Step-by-Step

Guided Application

Trainings & Resources

- ✓ Supports systems change
- ✓ Organizes and distills evidence-based interventions
- ✓ Incorporates evidence, knowledge, tools and resources
- ✓ Links health center performance to the Quintuple Aim
- ✓ **Assess** health center transformation progress



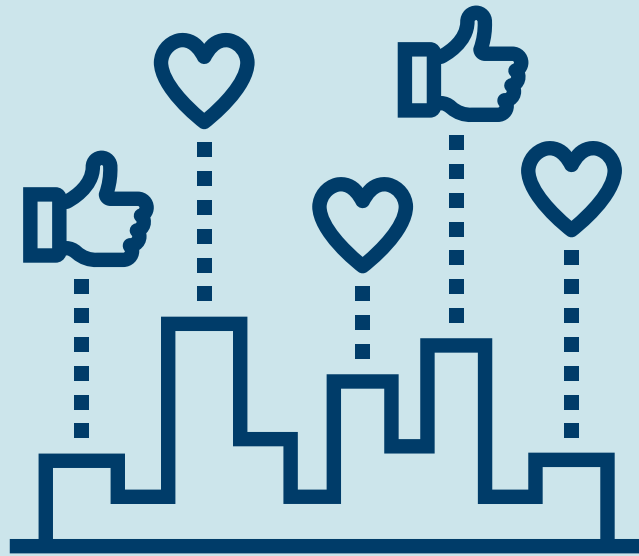
National Learning Forum

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Provide Us Feedback

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