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Connecting Communities and Health Care

Launching a Community-Integrated Health Network: Function and Form

August 12, 2021

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Today's Agenda

1. Context and Definitions
2. The Case for Community-Integrated Health Networks
3. Network Functions
4. Network Forms

1. Context and Definitions

Community-Integrated Health Network (“CIHN”)

A CIHN is a coordinated group of CBOs lead by a Network Lead Entity (“NLE”) for the purpose of entering into contracts with payers (*health systems, managed care, etc.*) for the delivery of social services and supports to the payer’s members/patients/beneficiaries

Network Lead Entity (“NLE”)

- Coordinates the services of the CIHN
- Facilitates a unified and consistent approach to program delivery across a geographic area
- May provide some or all business operations, administrative oversight, and/or network governance functions

2. The Case for Community-Integrated Health Networks

Why CIHNs and NLEs Matter

- CBOs are more likely to successfully expand their missions if they belong to integrated networks with diverse partners.
- An integrated network contracting with payers to address SDoH are more effective at improving medical outcomes and lowering costs

Health Care Providers

- Providers transitioning from volume-based to value-based reimbursement
 - Assuming risk for specified population's total cost of care
 - Screening for social determinants of health
- Providers poorly positioned to address social determinants of health (whether they believe it or not)
- Opportunities to partner with CBOs to serve target population

Health Care Payers

- Medicare Advantage Special Supplemental Benefits for Chronically Ill (SSBCI)
- Medicaid MCOs
- Greater employer engagement in plan design

What Providers and Payers Want

- Well-defined target population and scope of services
- Reliable coverage
- One-stop shopping
- Ease of administration
- Performance standards
- Transparent pricing
- Reporting (feedback loop)

What NLEs/CIHNs Offer CBOs

- Access to new business opportunities through provider/payer engagement
- Cost-sharing
- Professional management
- Well-defined performance standards

3. CIHN Functions

Building a CIHN – Form Follows Function

1. Convene interested parties to define objective
2. Determine exactly what is necessary to accomplish that objective
3. Identify the self interests each party wants to protect
 - Stated another way – what is each party willing to give up to gain the benefits of network participation?

Example

Leaders of an existing association of CBOs identify opportunity for CBOs to work together to overcome obstacles that prevent individual CBOs from securing favorable contracts with payers

What Is Necessary?

- Payer engagement
- Defined product with appropriate pricing
- Well-developed contracts with reasonable terms
- Infrastructure and processes to perform contractual duties
- Sufficient level of participation to meet payer demand

Parties' Self-Interests

- Alignment with party's overall business strategy (luxury vs. necessity)
- Ability and willingness to make upfront financial commitment
- Expectations regarding return on investment
- Capacity to provide services
- Operational control
- Ability and willingness to assume risk
- Competition

NLE Functions

- Payer engagement and contracting
- Establish and enforce service standards
- Complement participants' existing operations
- Commitment with consequences

4. NLE/CIHN Form

Two Distinct Approaches

Single Contracting Entity	Facilitator
Marketed as single entity with multiple participants	Marketed as collaborative among independent organizations
Pursue specific opportunities at governing body's direction	Identify and evaluate opportunities for participants' consideration
Single statewide/regional contract	Standard contract terms utilized by multiple CBOs (excluding price)
Non-competition agreement among participants	Final decision on any contact remains with individual CBO (specific reasons for rejecting contract)
Responsible for ensuring participants' performance under terms of contracts	Define performance standards to which participants are expected to adhere; provide support services on as-needed basis
Bills and collects for services in its own name and then distributes funds to participants in manner approved by governing body; participants share risk	Participants bill and collect for services in their own name (third-party billing company); no risk-sharing among participants
Operating expense funded through revenues (initial contributions treated as loans)	Operating expenses funded by ongoing assessment on participants

Three Potential NLE/CIHN Forms

Central Authority

- Distinct legal entity with representative governing body and participants
- Most appropriate for single contracting entity approach
- Highest start-up costs, usually funded through capital contributions
- Requires diligent oversight

Lead Agency

- One CBO serves as contracting entity with subcontractors; shared infrastructure costs
- Workable for both approaches
- Lower start-up costs
- Requires high level of trust and transparency
- Thorny liability issues

Federation

- Vehicle to pool resources and coordinate activities among members as determined by those members
- Most appropriate for collaborative model
- Lowest start-up costs
- Demands continued engagement by participants

Forming a Federated NLE/CIHN

- NLE authority, functions, and costs are limited
- Vehicle to facilitate discussions and decision-making
 - Good-faith engagement in process, not commitment of resources
 - Build it as you fly it
- Options
 - Utilize existing infrastructure (e.g., association)
 - Memorandum of Understanding

NLE/CIHN Federation Compacts

- Each CBO remains independent, but each cedes the same specific tasks/duties to federation
 - e.g., relationship between states and federal government (national defense, post office)
- For each such task or duty, CBOs enter into formal **compact**
 - Consensus decision-making; all or none
- Less-than-all CBOs can enter into separate **contracts**
 - Transparency

Implementing Compacts

1. Identify task force
 - Representative from each CBO
 - Task force leader(s)
2. Task force develops operational plan
 - Tasks, timeline, talent, treasure
 - Management responsibility
 - Performance metrics
3. CBOs unanimously approve operational plan
 - Includes each CBOs' resource commitments
4. NLE implements operational plan
5. Task force evaluates progress and refines operational plan

Example: NLE Retains Managed Care Contracting Specialist

- Objectives
 - Market research to identify specific opportunities
 - Engage with Medicaid MCOs, Medicare Advantage (MA) plans
 - Focus on product development
 - Use information to inform decision on payer contract terms (e.g., single contract with NLE vs. standard contract with each individual CBOs)
- Terms
 - Scope of work and qualifications
 - Contracts (with contracting specialist, among CBOs)
 - Shared expenses

NLE Funding Options

- Assessment based on specified metric
 - e.g., FTEs, net revenue, potential volume
- In lieu of initial assessment (or reduced amount), smaller CBOs commit small percentage of revenue earned on future payer contracts
 - Financial contribution tied to realized financial benefit
 - Ensure smaller CBOs can cover costs of providing services
 - Revenue re-distributed to those CBOs that paid higher initial assessments
- Larger CBO “sponsors” smaller CBO
 - Parties decide terms of relationship
- Philanthropy, grant funding

CIHN Access Fees

- Vehicle for funding ongoing NLE operations
- Negotiated amount paid by payer for the value of centralized negotiations (network access fee)
 - Lump sum payment to network entity
 - Add-on payment to providers to fund assessments
- Common arrangement in healthcare provider/payer contracts

Questions???