CHILMARK RESEARCH

ANALYTICS FOR VBC

MARKET TRENDS REPORT

ABOUT CHILMARK RESEARCH

Founded in 2007, **Chilmark Research** is a preeminent global research and advisory firm focused exclusively on tracking the market evolution of healthcare information technologies (health IT) and use cases.

Our team is united by the belief that new health IT tools are critical for improving the quality and efficiency of care in a modern world. It is therefore our mission to foster the effective adoption, deployment, and use of these new solutions (and enabled services) through objective, high-quality research into those technologies with the greatest potential to impact care delivery.

This laser-sharp focus allows us to provide our community with the most in-depth, future-forward research on the critical technology and adoption trends occurring throughout the healthcare sector.

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KEY TAKEAWAYS

Success in Value Based Care starts with an exceptionally strong analytics foundation

▶ Without a strong analytics foundation and the data to support it, success at VBC is virtually impossible

▶ New interoperability rules and the growing adoption of APIs makes developing and integrating new data sources easier than ever

▶ Interoperability tools - open APIs, e.g. FHIR - will significantly strengthen the ability to deliver analytic insights into clinical workflows

▶ AI/ML algorithms for VBC and population health management are expanding exponentially

CMS is driving the transition from fee for service to VBC reimbursement models

▶ Most risk-based VBC programs are being sponsored by CMS, which is now trimming a number of less successful programs to focus on MSSP ACO, REACH ACO and Medicare Advantage

▶ Commercial payers are following CMS's lead, however most attention is being paid to Medicare Advantage

▶ Large, self-insured employers are pursuing VBC via direct contracting with health systems in regions with high employee numbers.

No vendor excels in all three, main functional categories of analytics for VBC

▶ Analytics for VBC addresses three, overarching categories: network design and optimization, facilitating care management and contract negotiation and management

▶ All vendors have varying capabilities in these three categories, however, most immature is in area of contract negotiation and management

▶ Strongest, most mature capabilities across the vendor landscape are found in network design and optimization.

CORE ATTRIBUTES OF ANALYTICS FOR VALUE-BASED CARE (VBC)

Enterprise Data Warehouse Combining Multiple Datastreams to Enable...

▶ Care Management

   ◆ Registries

   ◆ Care gaps

   ◆ Population and patient risk

▶ Network Optimization

   ◆ Network design

   ◆ Referral management

▶ Contract Negotiation and Management

   ◆ Contract modeling

   ◆ Revenue assurance

   ◆ Forecast and optimize
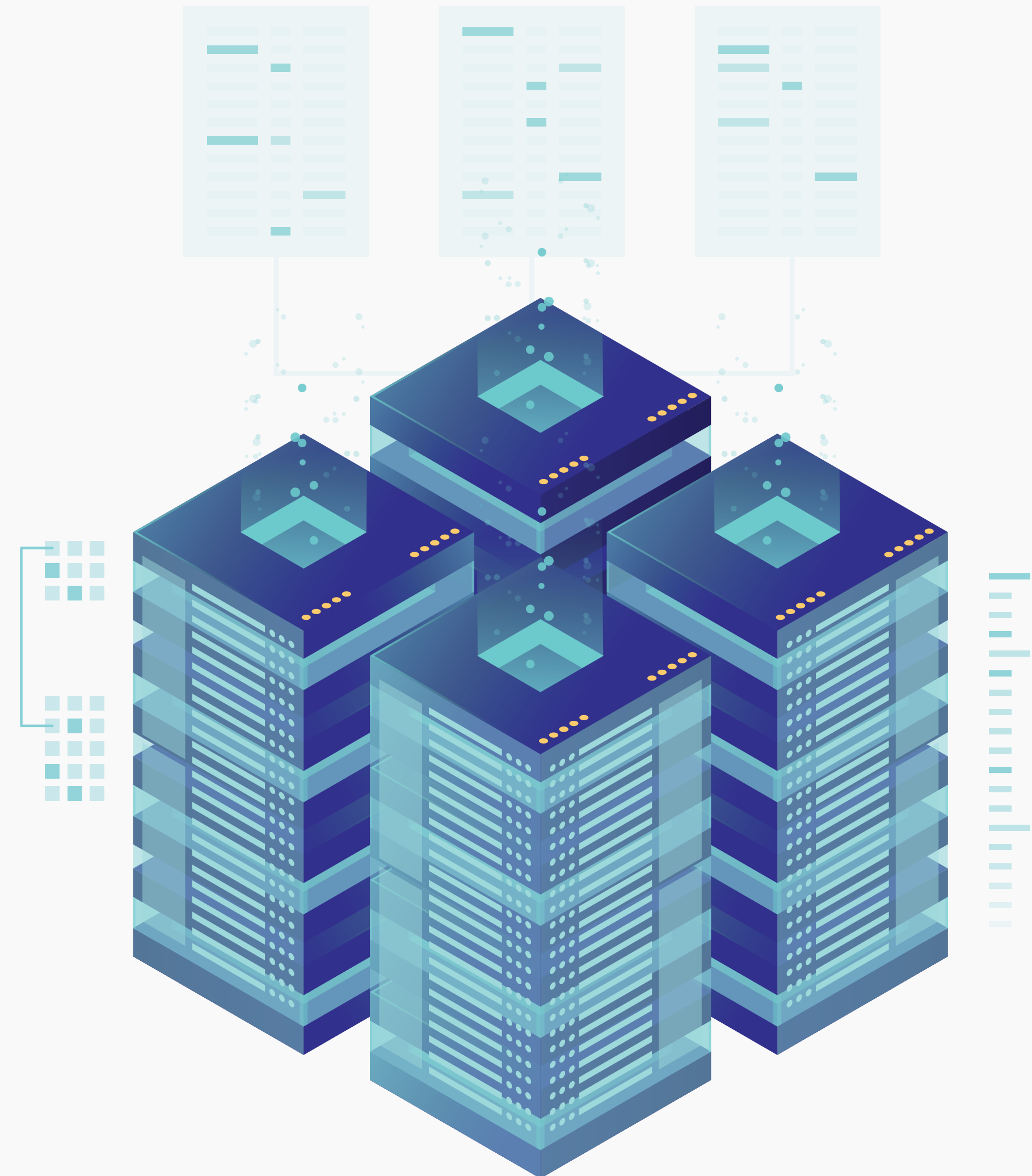
HOW ANALYTICS ENABLES VALUE-BASED HEALTHCARE

Opportunity Analysis

Contracting Team

▶ What kind of VB program should we build given our past cost and quality performance?

▶ What VB program are our competitors involved in?

▶ How will we perform if we accept the terms being offered to us by organization X, or Y, or Z?

▶ Can we make changes to our processes to increase the odds of success with these terms?

Contract Execution

Delivery Team

▶ How are we doing right now in existing VBC programs?

▶ How will we end the contract year based on our current trajectory?

▶ What workflow changes should we make now to improve our projected performance?

Partnership and Network Optimization

Network or Service Line Planning

▶ Do all participants have access to the same data?

▶ What other VBC programs are our partners involved in?

▶ Can we succeed with our existing provider partners, or will we need to change our network to meet our performance goals?

ANALYTICS FOR VBC: PRODUCT TRENDS

SELF-SERVICE ANALYTICS FOR HEALTHCARE

INCREASING CONVERGENCE OF PAYER-PROVIDER NEEDS

▶ Self-service analytics is typically self-service business intelligence

◆ Analytics is more than visualization

▶ Self-service data management remains an unmet need

▶ Require same view of performance → functional capabilities

◆ Common understanding of data elements, data definitions, calculations and transformations in support of VBC

▶ Ever-broadening applicability in VBC and Population Health Management use cases

Examples:

▶ Discovery of "Undiscovered Cohorts"

◆ Optimize contract terms and network design for assigned population

◆ For specific purposes (real cost drivers not just cost correlators)

▶ Predictive Risk Scoring

◆ AI and NLP to review unstructured data (clinical notes)

▶ Prescriptive Care Planning

◆ AI/ML models defining ideal clinical care pathways

◆ Lower utilization management costs

▶ Apply to Network Design and Optimization

▶ Patient-facing AI/ML for Self-triage

◆ Optimize venue choice for clinical care services
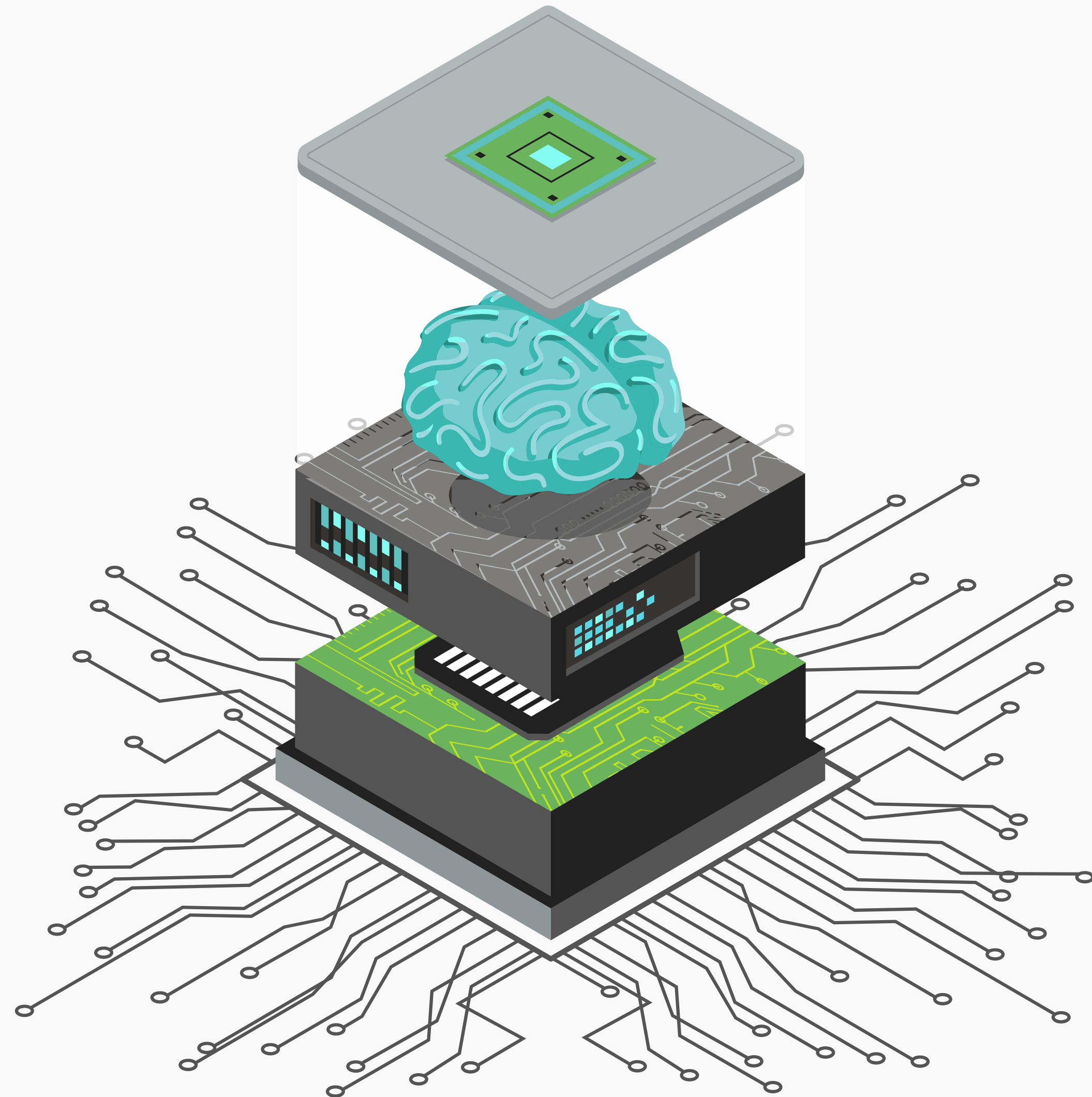
GRAVITY AND DA VINCI PROJECTS

▶ Gravity Work Group Tasked with building out FHIR resources for SDOH

◆ Address SDOH assessments, interventions, referrals, etc.

◆ Use FHIR for sharing across network of providers and community services

▶ Medicaid is primary target population

▶ Da Vinci Project Group building FHIR resources for Provider-Payer data sharing

◆ Share patient/member populations and associate cohorts

☐ Identify risks and rising risk patients

◆ Facilitate and automate administrative tasks

◆ Deliver payer-derived, care gaps into clinical workflows
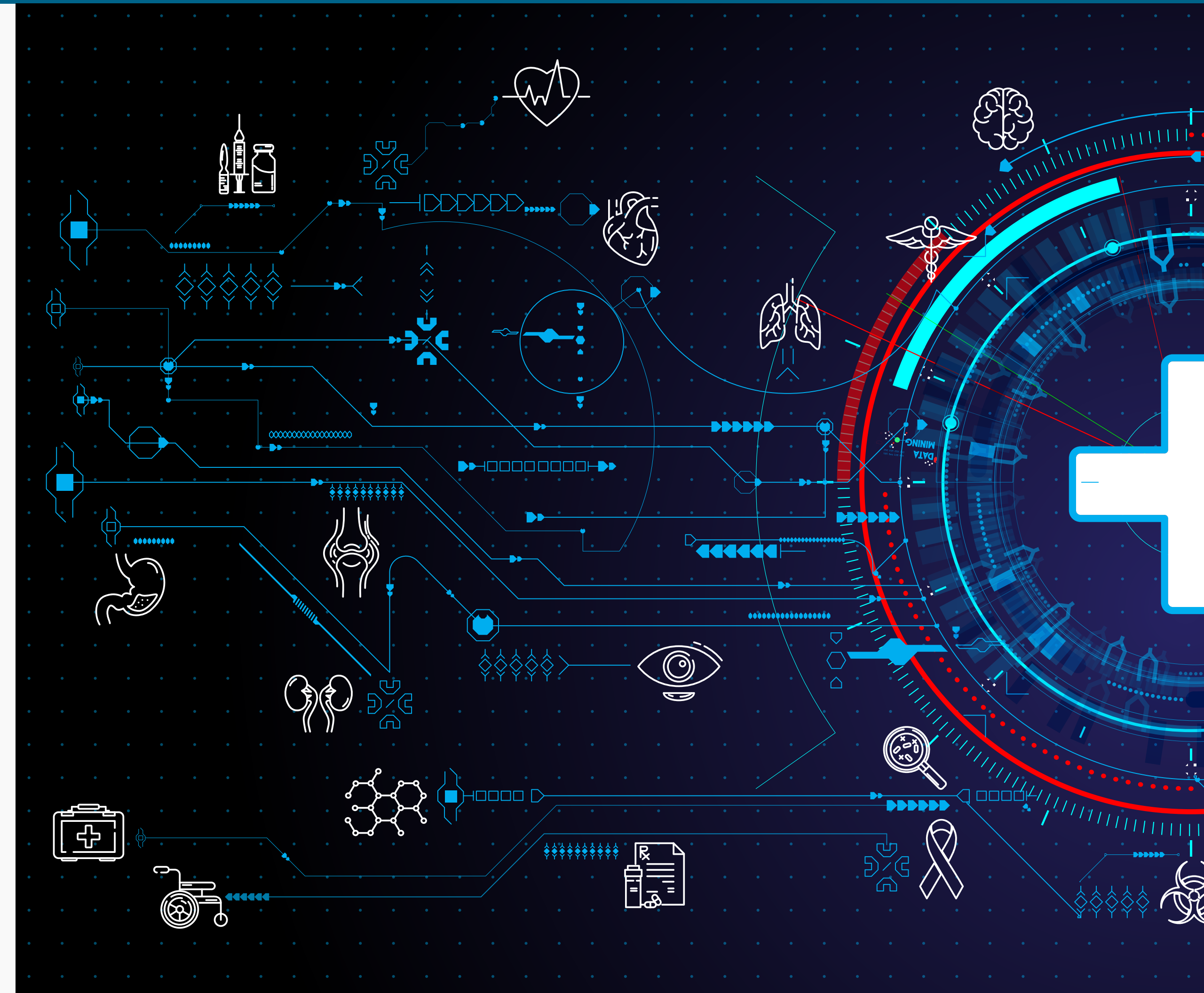
FUTURE OPPORTUNITIES LOOK BRIGHT FOR VBC

▶ Steady march forward as policies and incentives align to VBC

◆ VBC seen by policy makers as most viable option to "bend the cost curve"

◆ Medicare Advantage seeing rapid adoption among population

❑ Strong support by payers

◆ ACO programs delivering savings

▶ IT-based becoming ever more robust

◆ AI/ML and NLP to define risk, design optimal networks, automate tasks, etc.

◆ Remote patient monitoring, virtual care, etc. to lower utilization costs

▶ TEFCA & 21st Century Cures Act

◆ Foster data liquidity across health sector

❑ Vastly improved analytics capabilities, deliver insights into clinical workflows

BEST-OF-BREED

Strengths

▶ Often most innovative, especially in use of AI/ML

▶ Exceptionally strong in areas of core competency

▶ Target any organization requiring an analytics solution for VBC

▶ Most are smaller, more nimble companies with high responsiveness to client needs

Challenges

▶ Generally providing niche solutions addressing a specific aspect of VBC analytics

▶ Other solutions will be needed to fully address VBC analytic needs

▶ Often, smaller companies with a higher risk/viability profile

▶ Dependent on provider and third-party cooperation for data access

PRODUCT CATEGORIES AND DESCRIPTIONS

QUALIFICATIONS AND CAVEATS

8 Product Categories

▶ Facilitate Care Management

▶ (3 categories)

▶ Network Optimization

▶ (2 categories)

▶ Contract Negotiation and Management

▶ (3 categories)

Caveats

▶ The product categories we define in this market may not align exactly with existing offerings

▶ A vendor's offering may combine the functionality defined by us as discrete with other functionalities

ANALYTICS FOR VBC

Cloud-enabled, Enterprise Data Warehouse

Facilitate Care Management

- Create Patient Registries
- Identify Care Gaps
- Assess Patient and Population Risk

Network Optimization

- Network Design
- Referral Management

Contract Negotiation and Management

- Program and Contract Modeling
- Revenue Assurance
- Forecast and Optimization
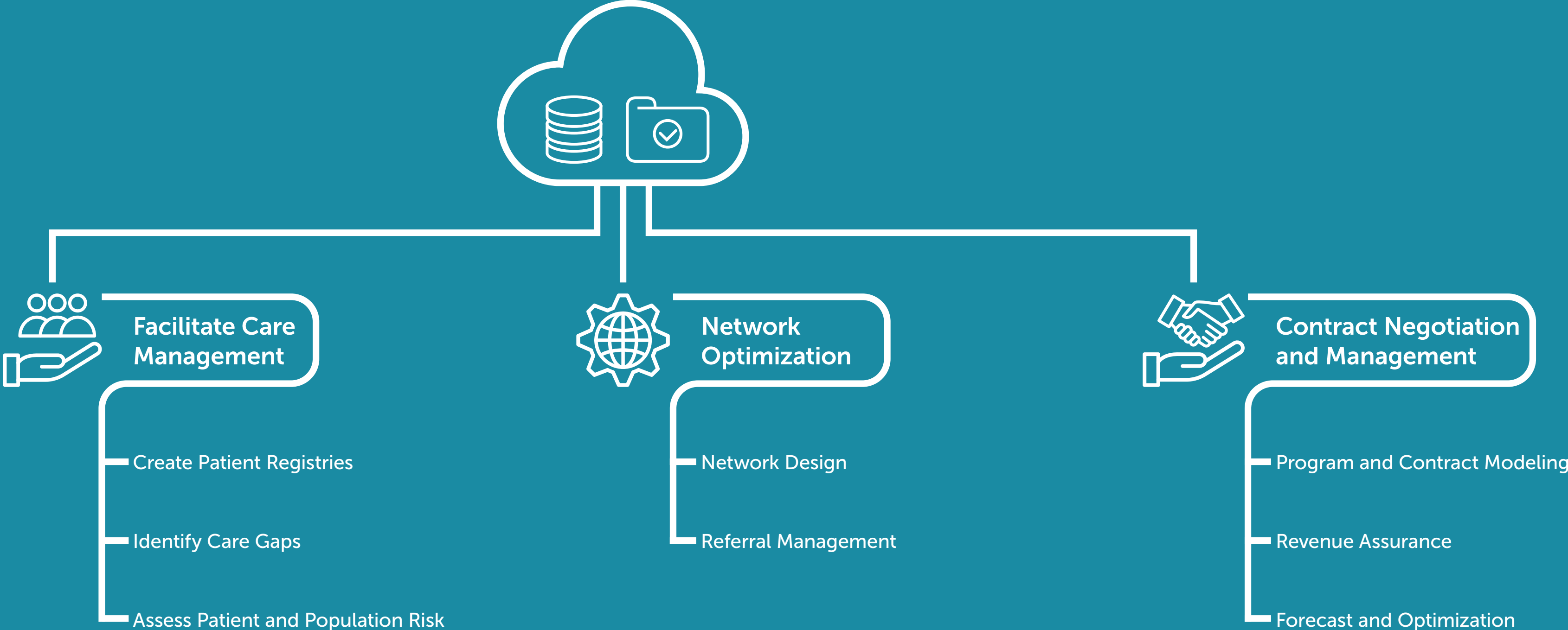
MARKET CATEGORIES AND DESCRIPTIONS

MARKET CATEGORIES

Category	Description
Hospital or Health System	Any facilities-based care delivery organization that own or control hospitals.
Independent Community Provider	Any care delivery organization that is not owned by, controlled by, or sited in hospital or health system.
Outpatient/Ambulatory Network	A care delivery organization offering access to both primary and specialty care, with multiple locations.
Self-Insured Employers	An organization assuming all financial risk for providing health care benefits to some or all employees.
Payers	Any organization which pays for healthcare services on behalf of members.
Consumers	Individuals purchasing a device or service independently.
Post-Acute/Skilled Nursing Facility	Locations or organizations offering specialized short- or long-term care for patient recovery or support.

NOTABLE VBC ANALYTICS MARKET LEADERS

Network Optimization and Care Management

- Robust, integrated platform with the most mature Network Optimization capabilities

- Acquisition of CareSignal for Facilitating Care Management

- Referral Selection tool that matches specific patients with best specialists and for identifying leakages and build optimal networks is the most mature offering in this area

Contract Design Management

- Data integration and acquisition capabilities are very strong

- Development of What-If modeling in contract design in 2022

- Strong automation capabilities to improve integration of analytics into workflows

- Range of data sources that include SDoH and genomics is strong

Facilitating Care Management

- Horizonal, integrated platform

- Focused approach to strategic assets of hospitals

- Relatively straightforward implementation facilitates adoption

- Competitive edge over tools created by EHR vendors for scheduling

Contract Design Management

- Ability to combine operational, administrative and clinical data for comprehensive enterprise view

- Deep clinical data analytics expertise

- Best-in-class labor and activity-based costing capabilities

- SDoH data capabilities improving

COMPANIES TO WATCH

CrossBridge

- ▶ Provides specialized VBC analytics for episodes of care related to rheumatology patients

- ▶ Dashboards that help drive savings, reduce care variation, and improve outcomes.

- ▶ Performance metrics for selected diseases and potential savings

- ▶ Integrates clinical and financial data

- ▶ Risk stratification, retrospective budgeting, shared savings.

Motive — Practicing Wisely Solutions

- ▶ Payer/Provider solution

- ▶ Evaluation of value-based contracts and readiness for VBC contracts

- ▶ Developing referral pattern analytics in 2022

- ▶ Scores ROI and network analyses

- ▶ Customizable analytics and AI/ML related solutions in development

ABOUT THE ANALYST TEAM

John Moore II launched Chilmark Research in 2007. From those humble beginnings, John has built Chilmark Research into a respected analyst firm that provides market-leading coverage of the most transformative sectors of healthcare IT. Of great personal interest to John is the role that the consumer will ultimately play in the rapidly evolving healthcare market.

Dr. Jody Ranck has nearly 30 years of experience working in the global health arena and has helped lead a number of major health technology initiatives throughout his career. Author of two books on digital health, he is a globally recognized thought leader on digital health and has been listed in the "Always On" top 100 minds in Global mHealth (2013).

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