aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Health Care Homes
Payment Management

Presented by

Danny Haydon
- National President AAPM
- Member HCH Implementation Advisory Group

Tracey Johnson
- Practice Manager
- Member HCH Evaluation Working Group

Stuart Chan
- Director Cutcher & Neale Specialist Medical Services Division

Cutcher&Neale
ACCOUNTING AND FINANCIAL SERVICES

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Disclaimer

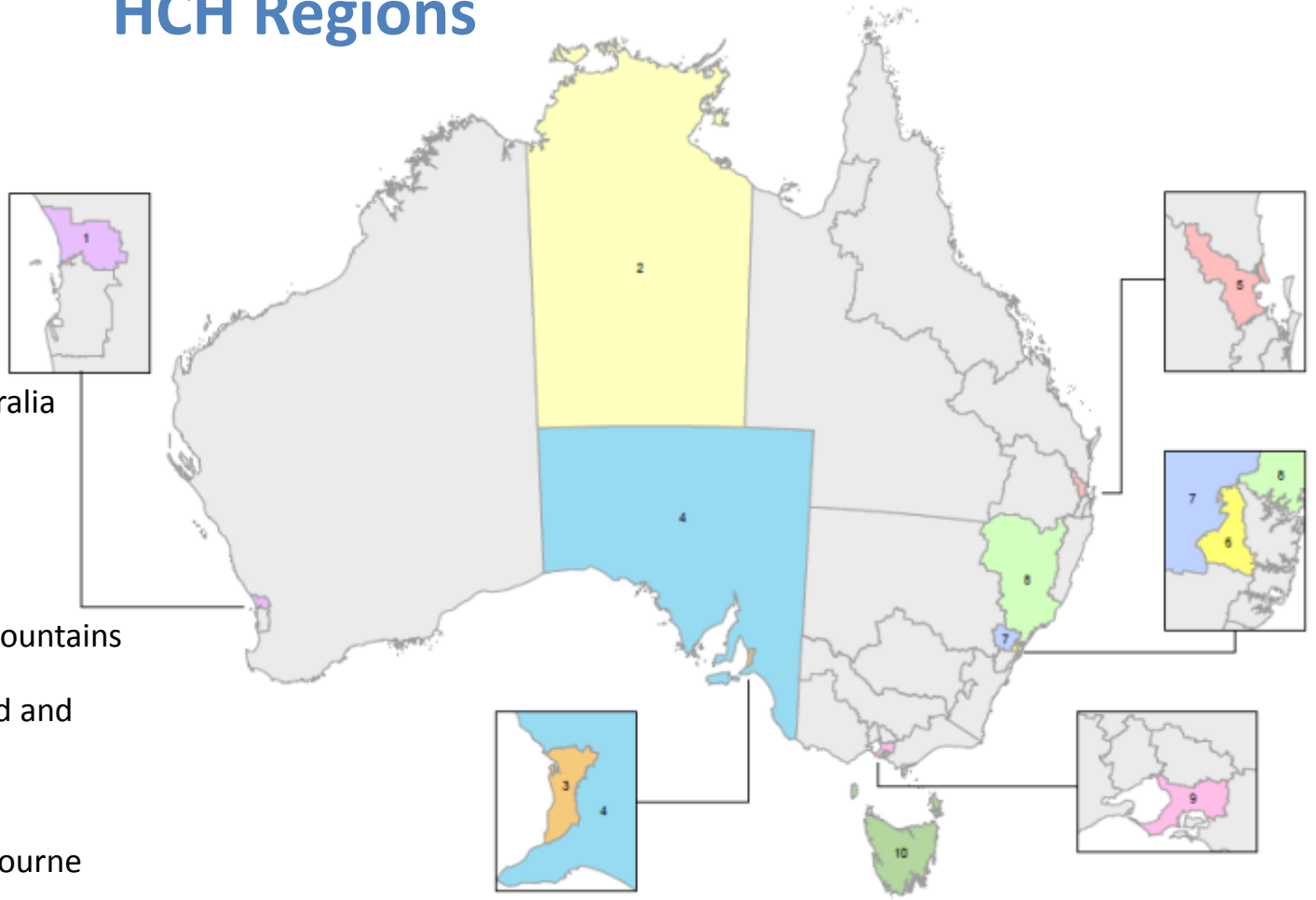
This webinar is for general information only and is not intended to give advice as it was prepared without taking into account the objectives, financial circumstances or needs of you or any particular person.

Before acting on anything contained in this webinar, you should consider the appropriateness to your situation and you should seek advice based on your individual circumstances.

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Selected HCH Regions

1. Perth North
2. Northern Territory
3. Adelaide
4. Country South Australia
5. Brisbane North
6. Western Sydney
7. Nepean and Blue Mountains
8. Hunter New England and Central Coast
9. South Eastern Melbourne
10. Tasmania



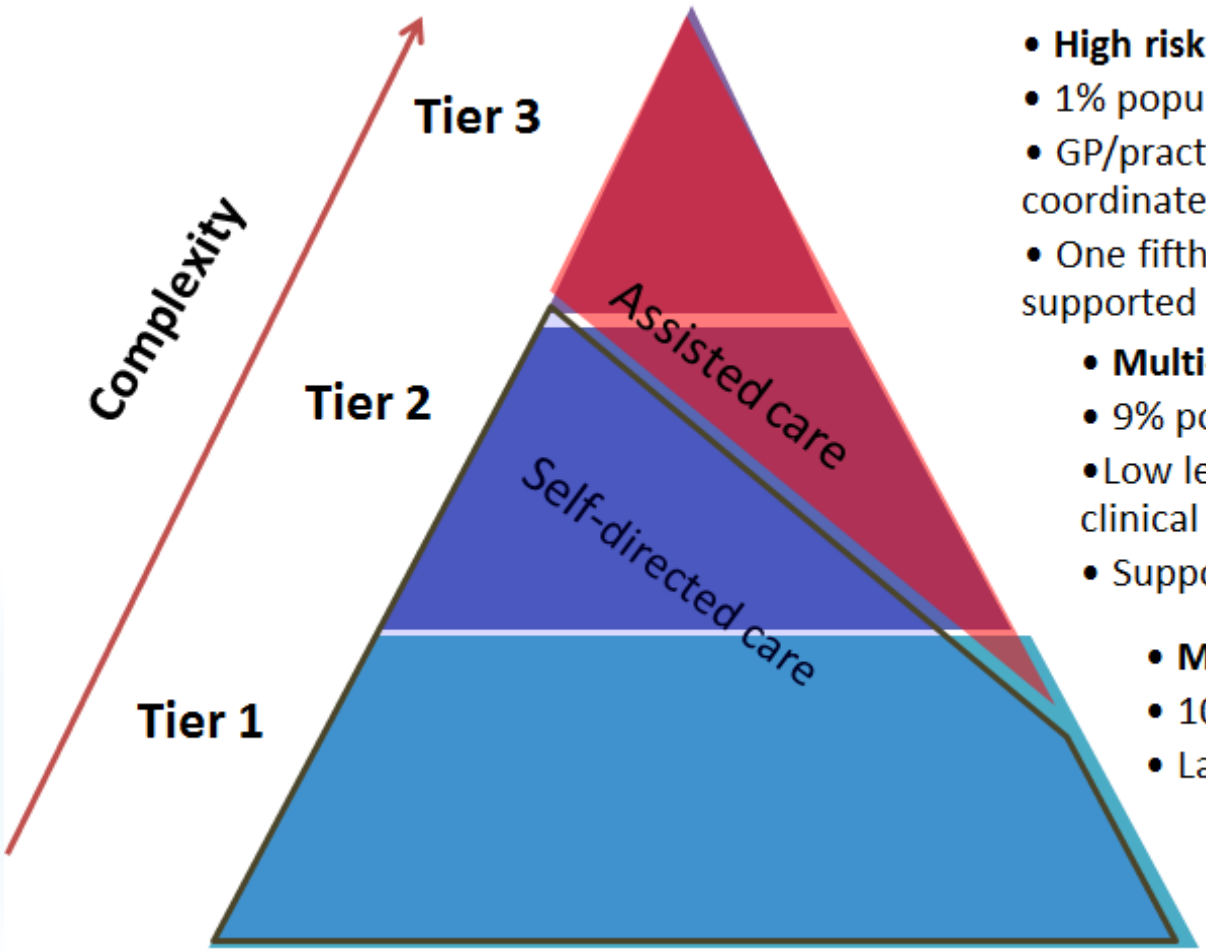
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Vision for Health Care Homes

- Better coordinated, more comprehensive and personalised care;
- Empowered, engaged, satisfied and more health literate patients, families and carers;
- Improved access to medical care and services, including through appropriate use of non face-to-face phone and internet based digital health options;
- Improved health outcomes, especially for patients who have chronic conditions;
- Increased continuity and safety of care, including more consistent adherence to clinical guidelines;
- Increased productivity of health care service providers;
- Increased provider satisfaction, working to full scope of their license; and
- Enhanced sharing of up to date health summary information.

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Better Targeting Resources According to Patient Risk Factors



- **High risk chronic and complex needs**
- 1% population*
- GP/practice high level of clinical coordinated care
- One fifth of this group may be best supported with palliative care options

- **Multi-morbidity and moderate needs**
- 9% population*
- Low level clinical coordination and non clinical coordination
- Supported self-care

- **Multiple Chronic conditions**
- 10% population*
- Largely self-managing

*Indicative estimates

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Health Care Home model

- Eligible patients will voluntarily enrol with a participating medical practice known as their “Health Care Home”.
  - Includes General Practices and Aboriginal Medical Services
- Patients will nominate a preferred clinician within the HCH who is responsible for overseeing their care.

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Health Care Home model

- The practice will provide a patient with enhanced access to a ‘home base’ for ongoing coordination, management and support.
  - Clinically appropriate use of non face-to-face phone and internet based digital health options
- Better use of care coordination and team-based care
- Support for regional clinical ‘patient pathways’ development and more consistent adherence to clinical guidelines
- Engagement in the national IT infrastructure and enhanced sharing of up to date health summary information

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Service Development

New Delivery Channels

- Telephone
- Email
- Virtual monitoring/ Portals

New Delivery Models

- EN or Medical Assistants employed to support Tier 3 patients
- Nurse led clinics targeting disease groups eg Diabetes, CVD, Mental Health
- Drs roster of three 1/2 hour appts + 30 mins of phone + 1 hr 10 min appts

New Delivery Players

- Non-dispensing Pharmacists, Mental Health Nurses, Allied Health
- Links Workers, Social Workers, Case Managers
- Nurses of all types from AN to Nurse Practitioners

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Reform

- Health Care Homes will be funded to provide care related to a patient's chronic and complex conditions through new bundled payments.
  - Periodic (Monthly) payment for each patient – delivery and coordination of care as identified in the patient's care plan.
- Bundled payments will be tiered for the level of patient complexity and risk.
- A patient contribution can be applied for HCH services
- Fee for service payments will be maintained for routine non-chronic disease related care.
- Existing MBS items for allied health services will remain.
- Practices in Stage 1 will receive a $10,000 incentive payment

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Reform

- Bundled payments will be tiered for the level of patient complexity and risk
- Level of complexity will be determined using the HARP risk stratification tool.

Level	Criteria	Annual Payment
Tier 3	High risk chronic and complex needs	$1,795
Tier 2	Multi-morbidity and moderate needs	$1,267
Tier 1	Multiple Chronic conditions, self managing	$ 591

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Analysis

- There are some unknowns that make it difficult to fully analyse the impact of the HCH model.
- Prior to commencement of Stage 1 it is not possible to determine…
  - How many patients are eligible?
  - How many patients will enrol?
  - Which patients will be eligible for the respective Tiers?
- The purpose of the Stage 1 implementation phase, involving 200 practices, is to test the modelling and help to address these questions.

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Analysis

- What we do know…
- Fact Sheet: Stage One Modelling

  http://www.health.gov.au/internet/main/publishing.nsf/Content/health-care-homes

  1. Estimate the average fees claimed for the current cohort of patients accessing chronic disease items is $862.
  2. Around 70 patients are anticipated to enrol per full-time GP.
  3. Of the population participating in stage one, it is estimated that approximately ;
     - 9.5 % will be tier 3
     - 45 % will be tier 2
     - 46 % will be tier 1

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Analysis

GP FTE	**5.0**
Anticipated cohort	**350**

	Payment	%	Patients	Revenue	Average ($862)	Variation
Tier 3	$ 1,795	9.5%	33	$ 59,235		
Tier 2	$ 1,267	45%	158	$ 200,186		
Tier 1	$ 591	46%	161	$ 95,151		
			352	**$ 354,572**	$ 303,424	$ 51,148

Break Even Analysis

	Payment	%	Patients	Revenue	Average	Variation
Tier 3	$ 1,795	9.5%	33	$ 59,235		
Tier 2	$ 1,267	45%	158	$ 200,186		
Tier 1	$ 591	46%	161	$ 95,151		
			352	**$ 354,572**	$ 354,573	-$ 1.12
				Break Even	**$1,007.31**	

* This analysis does not include the additional fee for service payments for routine non-chronic disease related care.

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Analysis

Case Study 1

Patient cohort audit results

- Clinical Audit Tool report on multiple comorbidities
- Cohort - Patients with 5 or more chronic conditions
- 28 patients – high end in terms of comorbidities
- Total fees billed in the past 12 months = $37,297 (inc. patient contributions)
- What if scenarios?
  - If all 28 are Tier 3 – HCH Payment = $50,260 (ex. patient contributions)
    - Surplus of $12,963 + MBS for non-chronic disease visits
  - If all 28 are Tier 2 – HCH Payment = $35,476 (ex. patient contributions)
    - Deficit of $1,821 + MBS for non-chronic disease visits
  - Expected that the majority of these patients will be Tier 3

Payment Analysis

Case Study 2

Diabetes Management in this new world

- IPC has 20% of patients with a diagnosis of diabetes
- For those “owned” by IPC (ie >700) currently use CDM approach
  - ✓ Annual GPMP & TCA + Nurse Item Numbers
  - ✓ Half yearly or quarterly MP Reviews
  - ✓ >75 years get Annual Health Check
  - ✓ Immunisation visit to coincide with Nursing Review
  - ✓ Other periodic appointments + Mental Health Plan?
  - ✓ Avg value $1200-$1500 MBS billing
  - ✓ Potential value $1267-$1795 + MBS for non-chronic disease visits

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Payment Management

The management of the payments once received by the practice is one of the most important considerations for HCH practices.

The bundled payment mechanism creates opportunities that did not previously exist under fee for service.

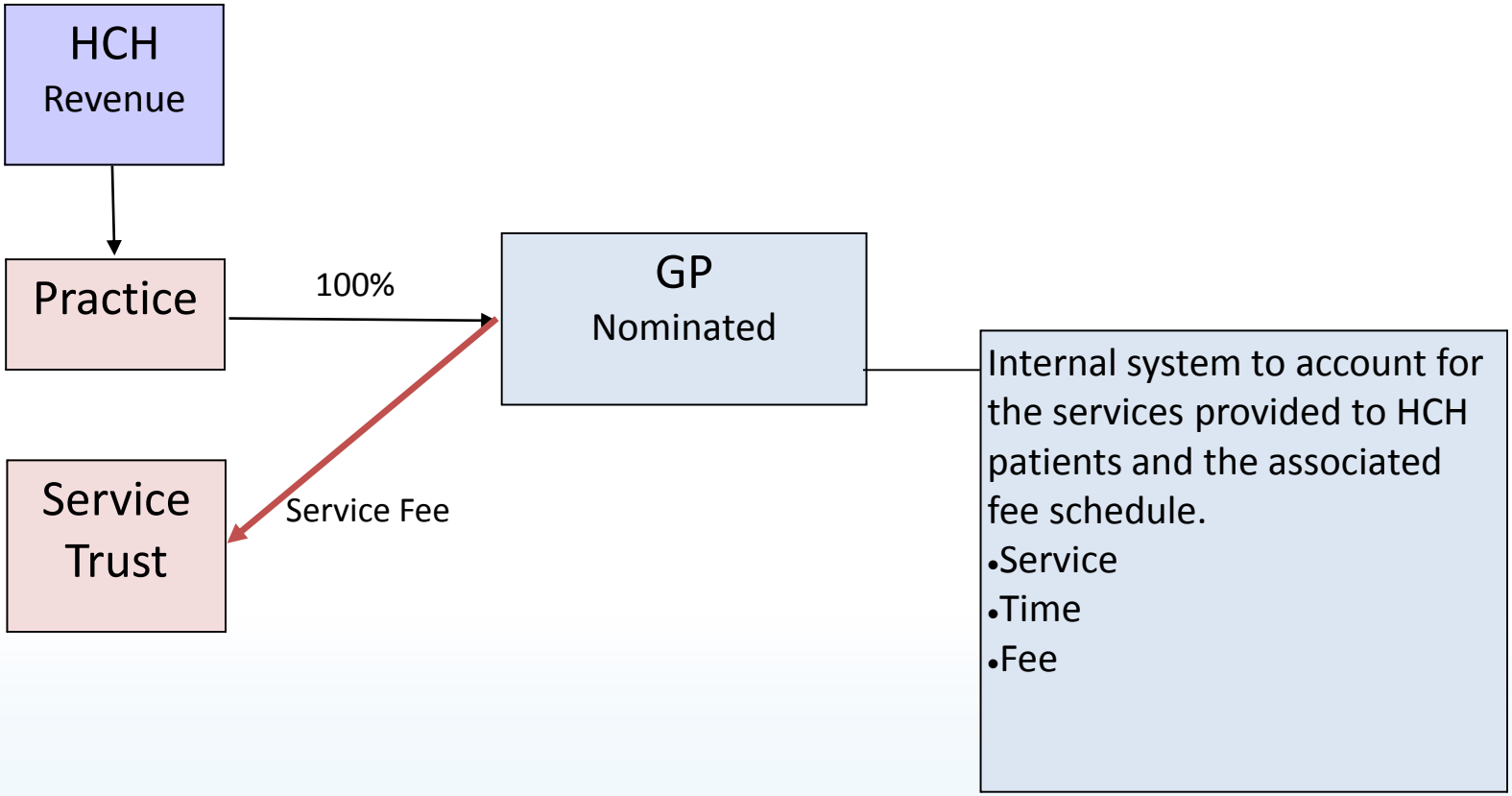
The fundamental difference between the bundled payments and the MBS fee for service payments is that the bundled payments are paid to the practice. It is up to the practice to determine the means of managing these funds internally.

The first priority is for practices to determine their service delivery model before deciding on their approach for managing the payments internally.

The service delivery model should drive the approach to managing payments rather than the payment management approach driving the service delivery model.

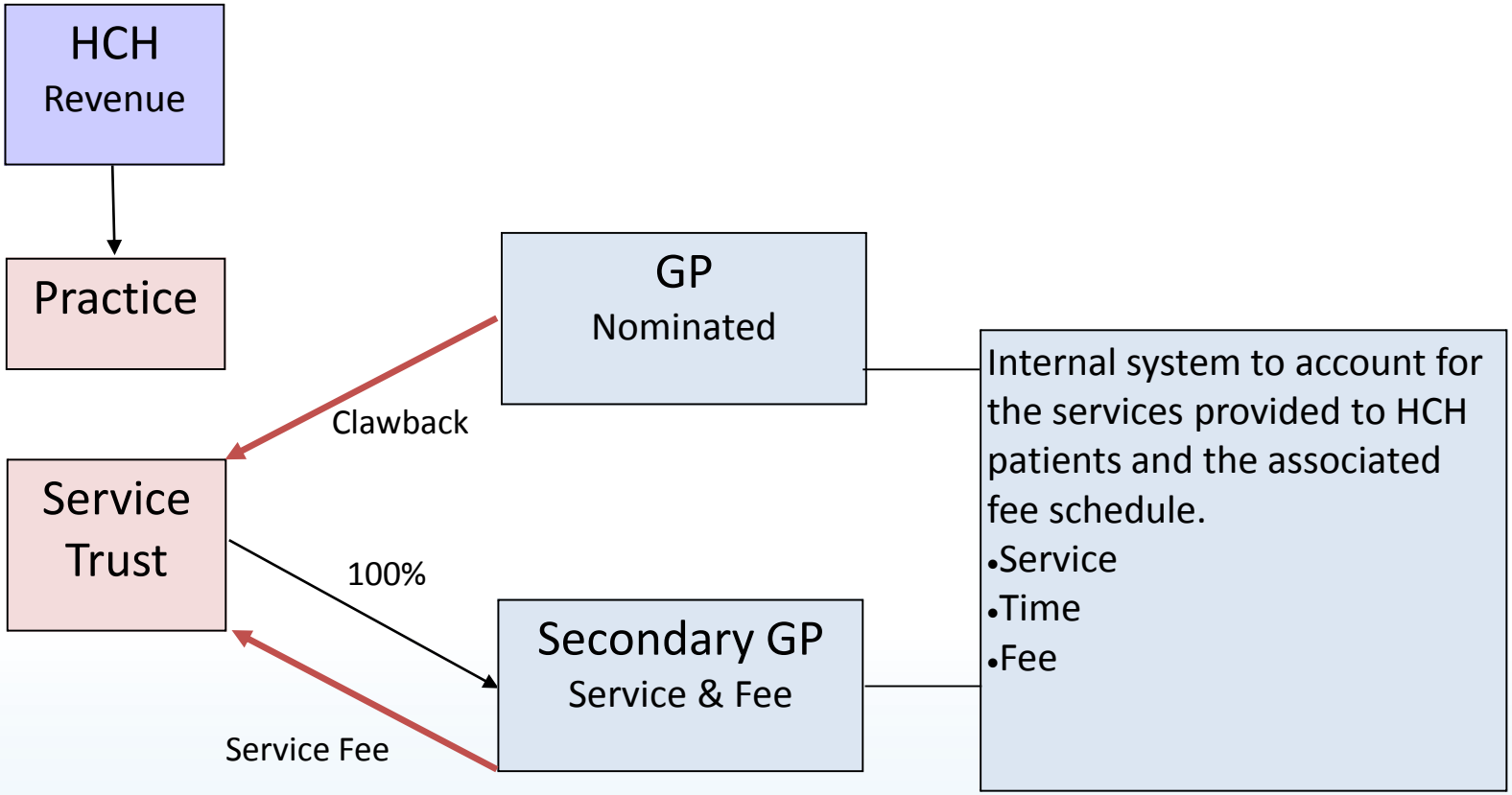
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Distributed Funding Model



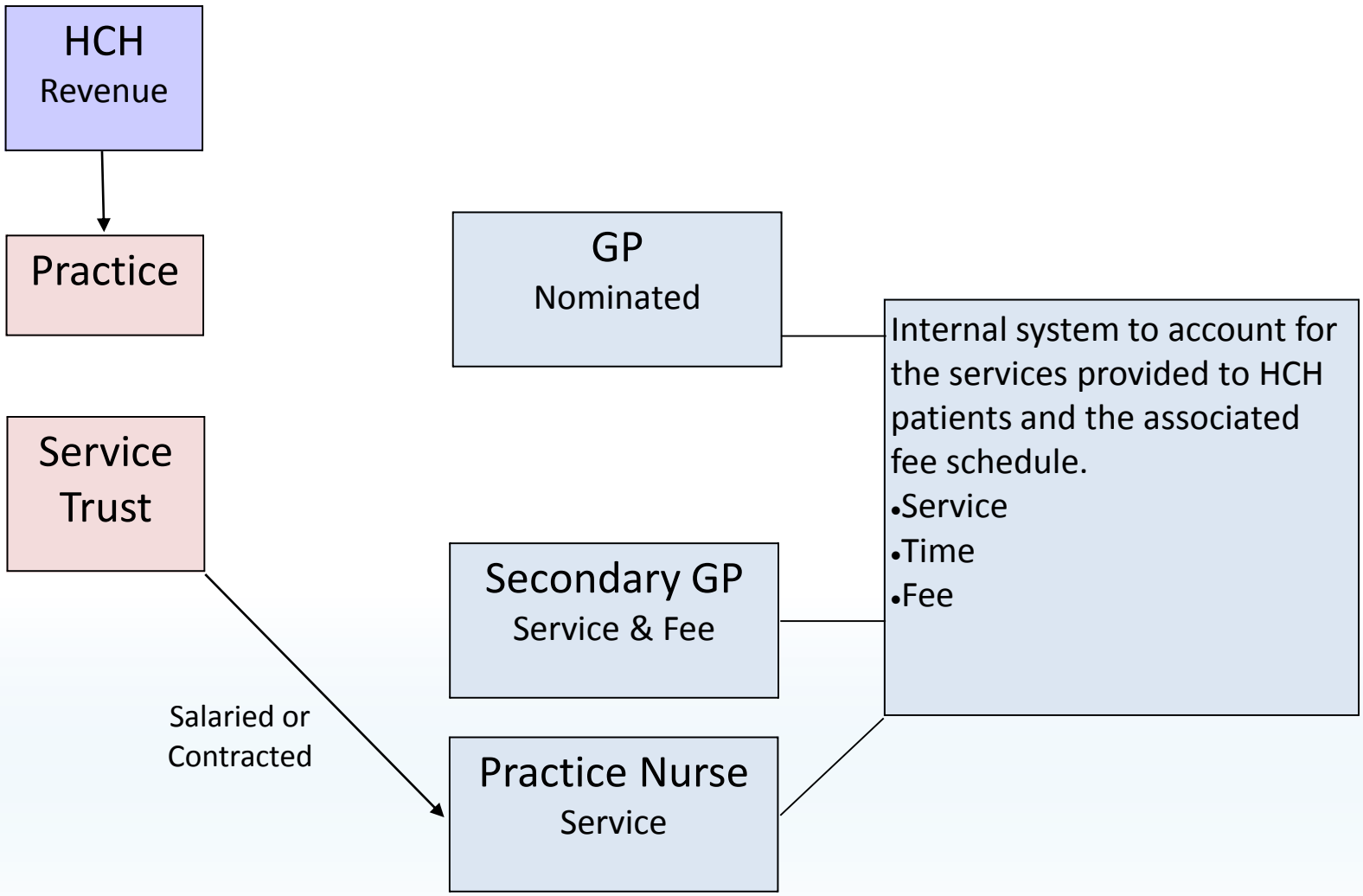
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Distributed Funding Model



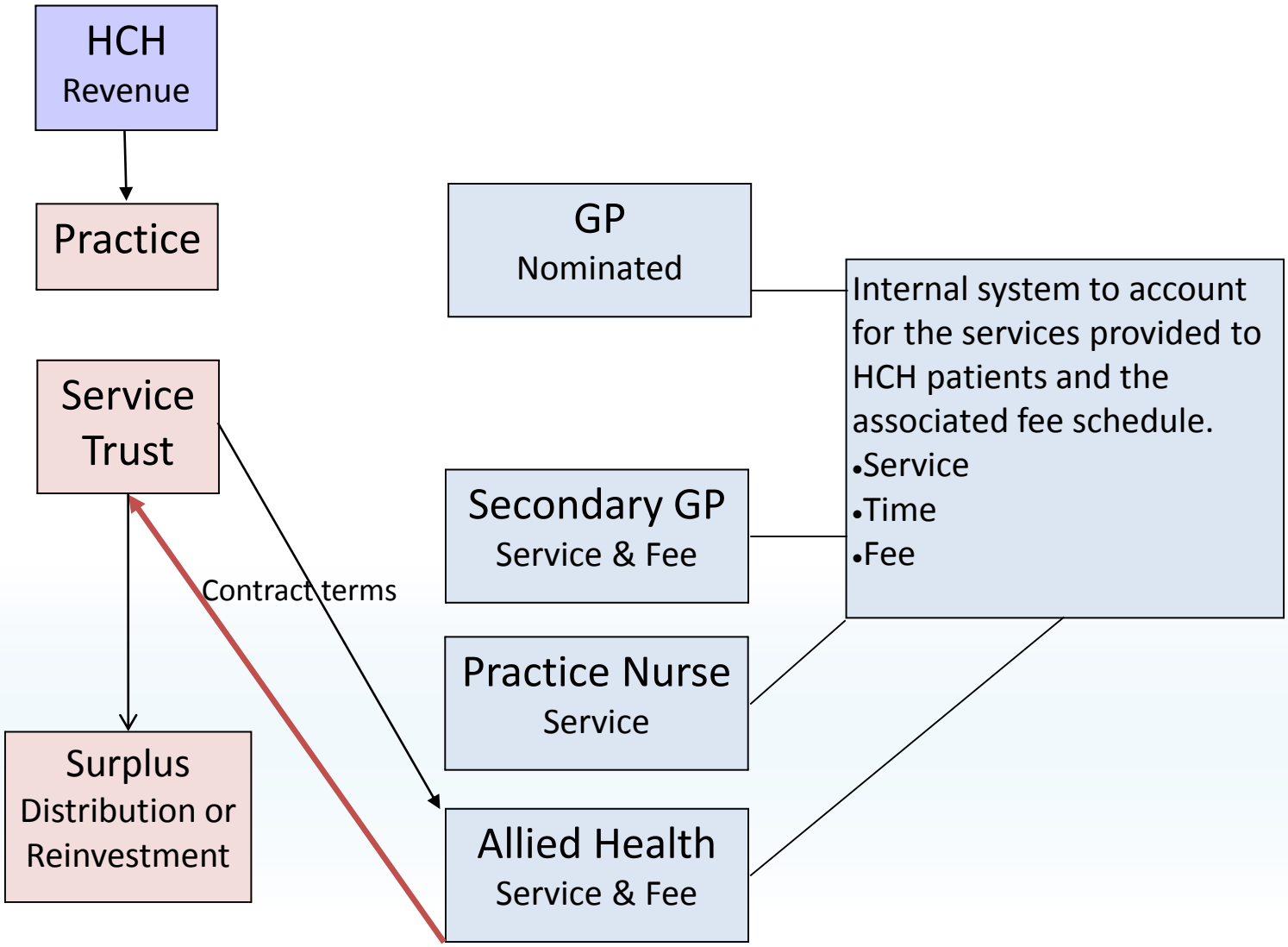
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Distributed Funding Model



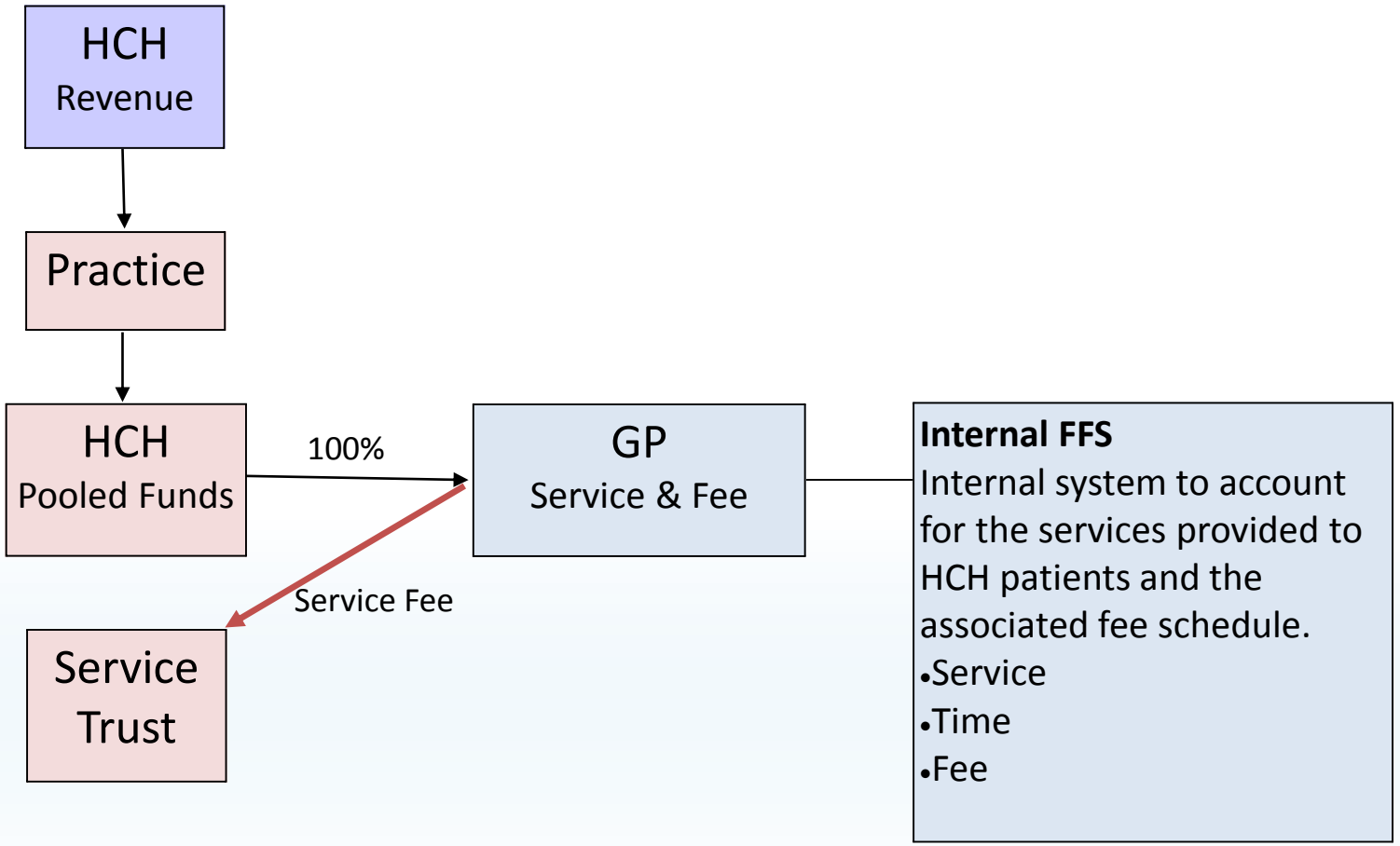
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Distributed Funding Model



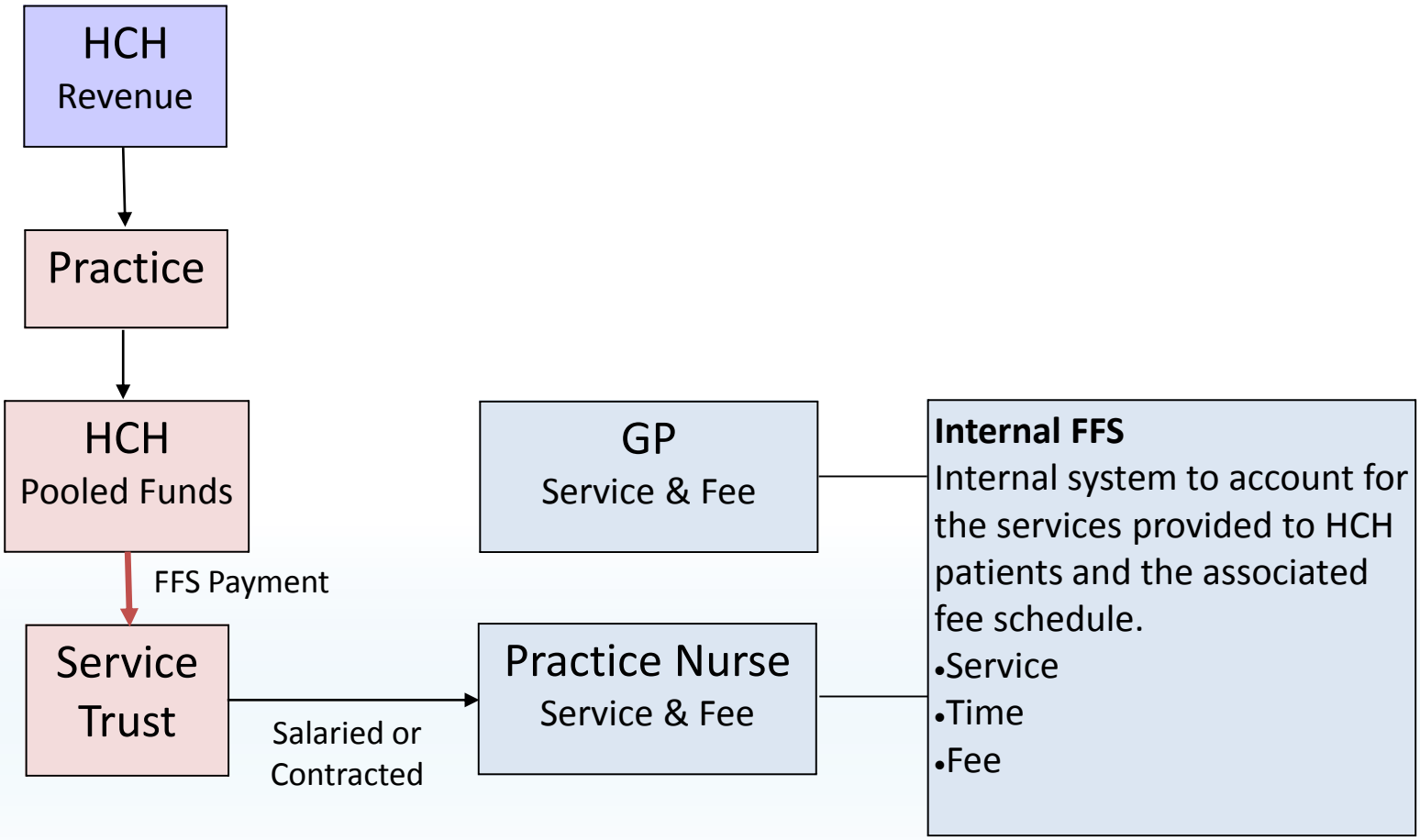
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Pooled Funding Model



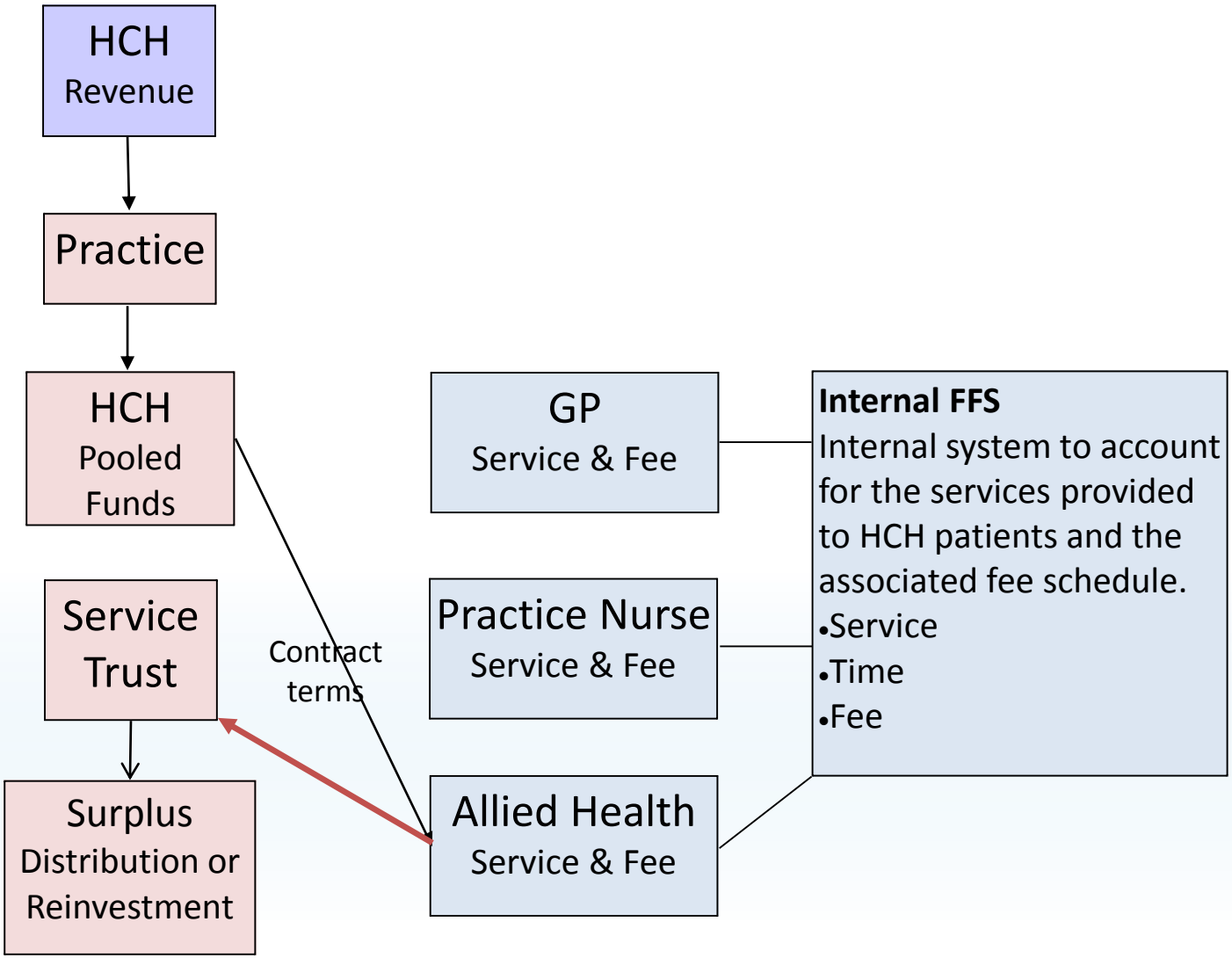
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Pooled Funding Model



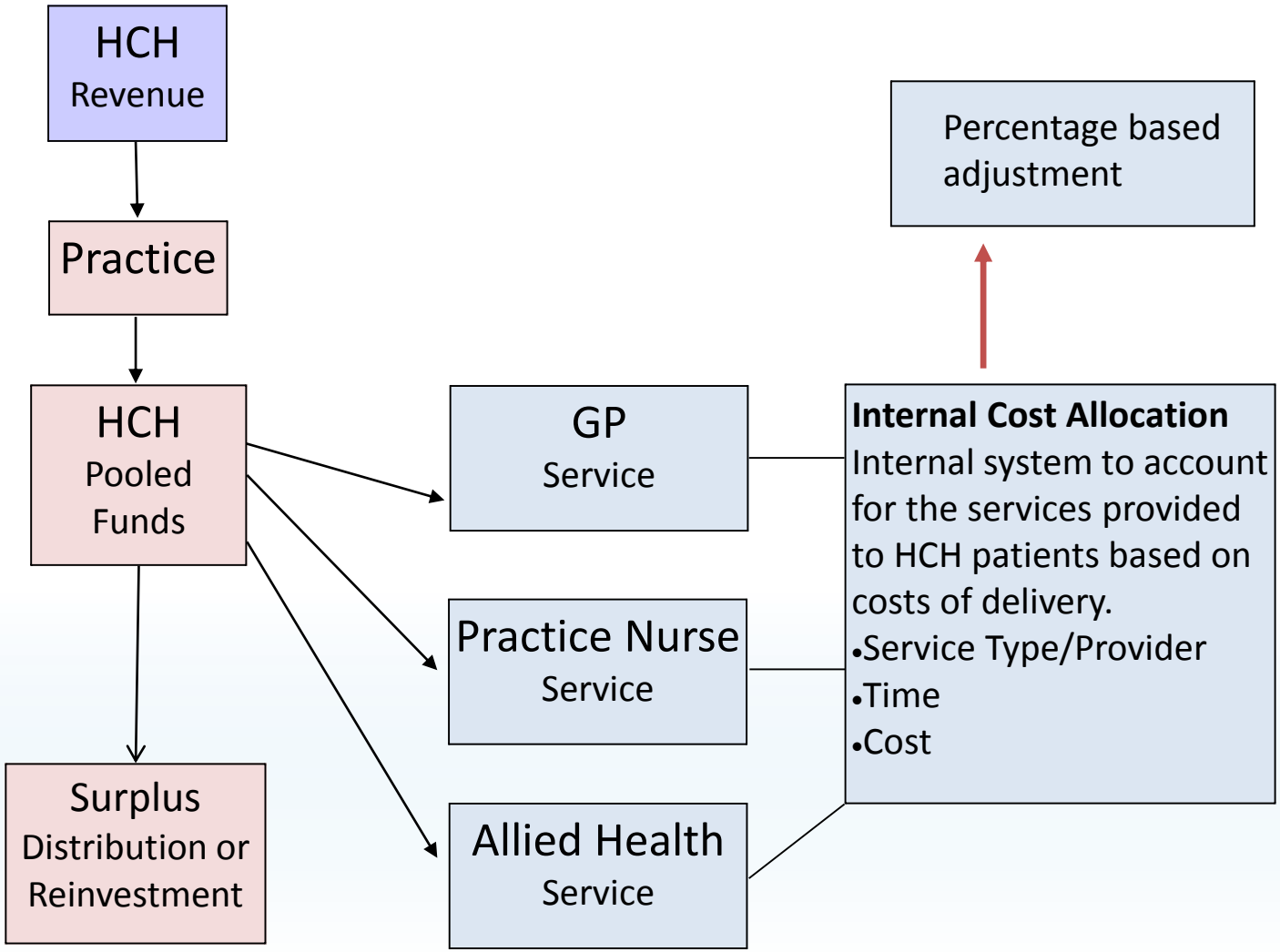
aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Pooled Funding Model



aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Salaried Funding Model



Patient Contribution Option

- All these models can be adapted to include a patient contribution
- Many patients with chronic and complex conditions are bulk billed for PHC services. HCHs are strongly encouraged to continue to 'bulk bill' for enrolled patients.
- The determination and management of patient contributions will be up to each HCH and must be agreed with the patient at the time of enrolment.
- A patient contribution is collected at the point of service
- The patient contribution will not be associated with any Medicare rebate
- The management of the patient contribution should align with the payment model used for the bundled payments
- An alternative is for the practice to collect the patient contribution and retain this revenue, but this approach may change the dynamics of the existing contractual arrangements

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Accounting Considerations

- Assumption that HCH bundled payments are patient fees on account of the practitioners in the practice – so still income between Doctor/Practice on agreement
- With flexibility in the delivery model significant changes are not necessarily required to accommodate the HCH funding model
- The allocation of the HCH income depends on the delivery model
  - Distribution model
  - Pooled model
  - Salary model

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Accounting Considerations

- Key to successfully managing the HCH payments is to have an efficient internal accounting system to reconcile/ allocate the income and monitor expenses (budgets)
- There may also be extra costs and these need to be noted in your budget or internal accounting system
- No forced change from service arrangements to salary arrangement
- Caution: If practices do utilise more employees as the delivery players, they need to monitor the salary costs, including potential payroll tax costs

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Accounting Considerations

- Payroll tax (each state is different)

State	Payroll Tax Threshold (1/7/16)	Payroll Tax Rate (1/7/16)
TAS	$1,250,000 pa	6.1%
VIC	$575,000 pa	4.85%
ACT	$2,000,000 pa	6.85%
NSW	$750,000 pa	5.45%
QLD	$1,100,000 pa	4.75%
SA	$600,000 pa	4.95%
NT	$1,500,000 pa	5.5%
WA	$850,000 pa	5.5%

- Success: Budget and monitor the HCH income payments and the delivery cost of your delivery method

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Key Principles

- HCH is a unique opportunity to redesign your service delivery model for chronic disease management to make it more effective in improving health outcomes.
- Designing a system that is fair for the practitioner and for the practice
- Practices should determine a payment model that suits their circumstances and preferred service model.
- Payment approaches need to be congruent with current contractual arrangements. If not, contractual arrangements will need to be revised.
- An internal system is required to account for HCH activity and expenditure.
- Budgeting to monitor these funds is highly recommended.
- Practice nurse salaries for HCH activities should be funded through the HCH revenue.
- Seek to simplify the approach and model wherever possible.
- Source independent accounting advice for your particular circumstance.

aapm
Australian Association of Practice Management Ltd
excellence in healthcare management

Health Care Homes
Payment Management

Questions?

For more information about stage one implementation of HCHs and the Approach to Market documentation visit - http://www.health.gov.au/internet/main/publishing.nsf/Content/health-care-homes

Cutcher&Neale
ACCOUNTING AND FINANCIAL SERVICES