AIDS UNITED

Community Building
Policy & Advocacy
Strategy
Capacity Building
Technical Assistance

Leadership
Formative Research
Grantmaking
Individual Coaching

Any HCBO interested in individual coaching by The Menges Group regarding establishing and strengthening relationships with payer organizations should reach out to Zach Ford and/or Paola Barahona at AIDS United’s Sector Transformation email address, ST@aidsunited.org

After eligibility screening, HCBOs will be put in contact with The Menges Group to set up introductory meetings
Presenter

• Kathye Gorosh, MBA
• SVP Strategic Initiatives
• AIDS Foundation of Chicago
Collaborative Learning: Opportunity & Innovation – What you can do

Kathy Gorosh, MBA
SVP Strategic Initiatives
AIDS Foundation of Chicago
Kgorosh@aidschicago.org
No More “business as usual”
POLL #1   WHAT TYPES OF HCBOS ARE HERE TODAY?

1. CBO – Non-clinical services
2. CBO located in a Clinic
3. HIV Medical Clinic – Hospital-based
4. HIV Medical Clinic - FQHC
5. Health Department
General Challenges: Ryan White and ACA

1. RW Reauthorization and **Longevity** uncertain
2. **Proving** that what we do works – what is our value-add?
3. **Model adaptability** to new health care landscape
4. How best to **measure** impact?
5. Addressing **payor of last resort**
6. Helping clients to **navigate** and improving health plan literacy
HIV IS GOING FROM LONG HISTORY OF GRANTS TO FFS ➔ ➔ TO ➔ ➔ ➔ CAPITATION

<table>
<thead>
<tr>
<th>TODAY (YESTERDAY)</th>
<th>FUTURE (NOW)</th>
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<tbody>
<tr>
<td>1. Volume over Value</td>
<td>1. Value over Volume</td>
</tr>
<tr>
<td>2. Focus on Quality Can Hurt Bottom Line</td>
<td>2. Focus on Quality Rewarded</td>
</tr>
<tr>
<td>3. Payment &amp; Accountability Fragmented</td>
<td>3. Payment &amp; Accountability Aligned</td>
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<tr>
<td>4. Care Coordination often NOT reimbursed</td>
<td>4. Cost-effective Care Mgmt seen as an investment</td>
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FUNDAMENTAL FUNDING SHIFT: ENTIRE HEALTH/MEDICAL SYSTEM
<table>
<thead>
<tr>
<th>Service Delivery</th>
<th>Integration, ACO, Care Coordination, Screening Tools</th>
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<tbody>
<tr>
<td>Finances</td>
<td>Health Insurance Marketplace/Exchange, Third Party Billing, Medicaid</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Workforce; Performance Outcomes; Business Capabilities; Data /IT</td>
</tr>
<tr>
<td>Rules/Regs</td>
<td>HIT/EHR, Compliance, Contracts, MOUs/BAA, Confidentiality</td>
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</table>
1. Continuity: to serve some/many (?) of the clients you have been serving

2. Expand: To apply your experience and expertise to be able to serve thousands more

3. Diversify: funding sources

4. Adaptability & Sustainability
Prepare for increased amounts of financial risk
Develop List of Business Development Opportunities for Consideration

- Service line extensions
- New payer for current services
- New markets for current services
- New services for current customers
- New services for new markets
- Strategic Alliances
STRATEGIC READINESS

Checklist for Managed Care/Health Plan Contracts

- Know your costs
- Know your capacity
- Define your competitive advantages
- Know your market & define for each MCO
- Understand the requirements & standards of each MCO
POLL #2: Have you calculated unit costs for each service you could potentially market to health plans?

1. No, don't see the need to do that
2. No, not sure where/how to start
3. Seeking technical/capacity-building assistance
4. Yes, working on it
5. Yes - DONE!
Unit cost is the cost incurred by a company to produce, store and sell one unit of a product including all fixed and variable costs.

AUDIENCE: WHY IS THIS IMPORTANT??
UNIT COST ANALYSIS

Considers all resources associated with providing a specific service and calculates how much it costs to provide that service.

Steps:
1. Identify the service whose cost you want to know
2. Choose a set time period to analyze your costs – recent FY – and # of units
3. Calculate direct costs (salaries/benefits; supplies....)
4. Use a process map to determine UNIT pricing
UNIT COST ANALYSIS

INDIRECT COSTS:
• Indirect costs – not directly consumed during the provision of a service but crucial to the service; typically shared by more than one service (i.e. admin supports, insurance premiums, facility costs)
• Your organization may want to account for indirects differently for unit cost pricing
• Optional: depreciation

>> Now determine full unit cost
Walk the Process

- Process Mapping

Example – Making Coffee:

10 Collect Ingredients
- Coffee type: DF1
- Coffee age: N
- Milk Type: DF2
- Milk Age: N

20 Measure Ingredients
- Coffee amount: DF3
- Measurement: SOP

30 Boil Water
- Tap or filter: DF4
- Water amount: SOP

40 Add Water to Ingredients
- Time prior adding: DF5

80 Add Sugar (if required)
- White or brown: DF8
- Measurement: SOP

70 Taste
- Method: SOP

60 Cool
- Time: DF7
- Ambient: N

50 Stir
- Stir time: DF6
- Stir direction: SOP
- Stir pattern: SOP

DF = Design/Controllable factors which can be adjusted and controlled
SOP = standardized and documented
N = noise; uncontrollable

Continuous Improvement Toolkit: www.citoolkit.com
It’s About Balancing Costs, Price, and Margin.
• A LOB (line-of-business) is a general term that describes the products or set of related products that serve a particular customer transaction or business need.

• A company that manufactures solid state disk drives, for example, might claim their LOB is data storage.
What Services are you doing “today”? 

RW Services 

Funded Services 

Program 

Program 

Program
How To Approach LOB

Steps:
1. Inventory current distinct services
2. Determine/catalog which services can be “free-standing”
3. Do an external scan to see what gaps YOU can fill by offering this service
4. Identify any weak spots to see how they can be strengthened
5. List features/benefits for each LOB
Service Line Extraction – Ouch!

Developing Lines of Business

1. CommunityLinks process @ AFC
2. Marketing
3. Contracts
4. Direct experience
What Now?
# INVOICE

**[Company Name]**

**[Street Address]**

**[City, ST, ZIP]**

**Phone:** (020) 000-0000

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<tr>
<th>INVOICE #</th>
<th>DATE</th>
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<tr>
<td>2014</td>
<td>5/1/2014</td>
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<table>
<thead>
<tr>
<th>CUSTOMER ID</th>
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<tr>
<td>504</td>
<td>Net 30 Days</td>
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**BILL TO**

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<td>[Street Address]</td>
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**SHIP TO**

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**DESCRIPTION**  | **QTY** | **UNIT PRICE** | **AMOUNT** |
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<tr>
<td>Service Fee</td>
<td>1</td>
<td>200.00</td>
<td>200.00</td>
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<tr>
<td>Labor 5 hours at $57/hr</td>
<td>5</td>
<td>57.00</td>
<td>285.00</td>
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<tr>
<td>New client discount</td>
<td>(50.00)</td>
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**TOTAL**

£25.00

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*Thank you for your business!*

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If you have any questions about this invoice, please contact [Name], Phone: [Phone], email: [email@address.com]

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PHOTOS BY [Photo], © 2014 [Photo].
OPTIONS to medical billing

• Pilot or Demonstration projects
  – Services, Savings, Value-based services

• Non-medical services

• Partnership with MCOs

• Hospitals/Health Systems
Customer Value Proposition

• Customer Value Propositions (CVP) address customers’ perceived value and attempt to position services such that the value returned to the customer is greater than perceived cost.

• The CVP is specifically targeted towards potential customers and is designed to convince them that one particular vendor’s products or services will add more value or better solve a problem than competitors’ in the market.
3 MAIN POINTS: Must be carefully crafted in a simple statement to address your business

• **Who** are your target customers?

• **Why** should the customer buy your brand?

• **What** are you delivering?
STRATEGY AND MARKETING: WHAT IS YOUR VALUE-PROPOSITION?

• Why a customer should buy a product or use a service from YOU. Specifically targeted towards potential customers such as third party payers.

• Designed to convince customers that one particular product/service will add more value or better solve a problem than others in its competitive set. Remedy an unmet need.

• Needs to be clear, concise and compelling.

>> Why should XXX (insert: MCO, other health plans) purchase services from your agency” –

Or, what do you bring to the table that others do not?
So how do I create a CVP?

• Define target audience – know your customer
• Define the needs your product or business meets
• Know your competitors
• Create a clear mission and message
• Bring it to life – pull it all together
That Specific benefits and business values to clients:

Unlike The competition:

Who Provide solution, features, functions, benefits:

For The target customer:

Who Specific needs, demands, buying criteria, etc.:

We Provide Solution name/brand description:

That Specific benefits and business values to clients:

Unlike The competition:

Our Company Better approach, solution functions, benefits:

That Offers a better Customer experience:

Final CVP Statement
WHAT DOES THIS REALLY MEAN?
HOW WILL YOU BE IMPACTED?

1. Staffing Capacity: Prevention, Care, Housing
2. Data: Collection, Analyze, Transmit
3. IT: hardware, software for data; fiscal; MCO reports
5. Evaluation: Outcomes; ROI
6. Communications: Website - different “visitors”
7. Funding: $ for Business Development; Legal
8. Operations
9. Policy
POLL # 3: HOW’S IT GOING WITH MANAGED CARE HEALTH PLANS?

1. Haven't done too much
2. Thinking about what to do
3. Have met with a few health plans but nothing has happened
4. Actively meeting with health plans and negotiating contracts
5. I like things just as they are now - no changes needed
Prior to approaching Health Plans/Health Systems:

- Assess Funding/Medicaid landscape
- Review IL HIV specific claims data if accessible
- Develop Lines of Business
- Establish unit costs and pricing strategies
- Prepare material for your proposals
Meetings With MCOs – BE PREPARED

- Prepared a priority list
- Asked for meetings w/ Exec & Program staff to introduce ourselves
- Presented “Who We Are & What We Do”
- Made the “ask” (w/ HIV metrics)
- Identified next steps
- Follow up; Follow up; Follow up and MORE
CHALLENGES

• Different Language
• Need to meet MCOs where THEY are at
• Making “braided services” REALLY work (RW services; ADAP, Housing; Testing; L2C)
• Compatible database systems; exchange data
• Staffing Capacity
• Risk Management
HURRY UP and WAIT

• Health Plans new to your market and/or population
• Revolving Door of Executive MCO staff
• Contracts with the “community” – new or different concept; round peg/square hole
• Contract/procurement staff not always aligned with their clinical/program staff
• Delegation vs “co-manage”
• Many Contract negotiation “hoops”
CONTRACT REVIEW –
Be Thorough!

• Basic steps – topline view:
  ▪ Preparation process – do your homework
  ▪ Contract analysis + what you want to add
  ▪ Negotiation with MCO
  ▪ Clear performance expectations
  ▪ Clearly stated outcomes

• Domains: business, operational, clinical, and legal perspectives (risk; HIPAA, BAA,)

• Start small – manageable number of members enrolled
RESOURCES SAMPLER

2 General Types

1. Reports
   a. Enhancing sustainability of RW-funded ASOs and CBO’s – National Center for Innovation in HIV Care
   b. National Center for Innovation in HIV Care Resource Library:
   c. Financing HIV Prevention: https://www.nastad.org/Financing-HIV-Prevention

2. Tools:
   a. Organizational Self-Assessment Tool:
   b. Collection of topics: https://careacttarget.org/topics
   c. Billing for clinical services:
      https://www.naccho.org/programs/community-health/other/billing-for-clinical-services
ACTION - What Can You Do NOW ??

1. Understand your State Medicaid plan – where/how does Managed Care fit?

2. Assess Needs, Identify appropriate partners

3. Educate/engage Medicaid leadership, MCOs, new partners

4. Determine level of risk you can take

5. Determine your level of readiness
   a) How do your services fill an unmet MCO need?
   b) Can Value-add be demonstrated?
   c) Infrastructure to support new service delivery & payment models?

6. Identify $ or personnel for TA/Coaching

7. Collaborative Options for “Network Formation”:
   a) Management Services Organization (MSO)/Provider Services Organization (PSO)
   b) Independent Practice Association (IPA)
   c) Mergers/Strategic Alliances
   d) Data Exchange Coordination
Shifting Gears

BE PART OF THE SOLUTION.

MAKE AN IMPACT.
Questions?
Upcoming Webinars in this Series

April 11, 2019: Collaborative Learning
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