



NAVIGATING CHANGE IN PERPETUITY:

Health Care's 2022 Industry Forecast

Four Strategies to Consider When Creating
Opportunities from the Ongoing Crisis



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Health care executives have speculated about the “post-pandemic” era for more than a year and a half, as if the end of COVID-19 were predictably just around the corner. Yet the recent detection of the most transmissible variant to date of the SARS-CoV-2 virus—the omicron variant—illustrates all too powerfully that the pandemic is far from over.

The cataclysm produced by the virus has prompted lasting changes across the care continuum. In 2020 and 2021, the sector had to adapt to the crisis quickly, flexibly, repeatedly, and in real-time. Although the future isn’t clear, it seems likely that health care executives will face the ripple effects and ongoing change in 2022 and beyond.

One manifestation of the new reality may be an ongoing shift toward value-based care (VBC). COVID-19 exposed multiple problems with fee-for-service (FFS), as declines in volume of everything—from emergency department visits to elective surgery—slashed revenues, even as expenses from treating COVID-19 soared. In contrast, organizations paid under VBC arrangements, such as capitation, better withstood the declines and still had resources to meet pandemic-driven needs.

Other aspects of the new reality include the capacity to deliver health care virtually, through tools such as telehealth and remote monitoring. The pandemic also emphasized the need for improved systems of delivering behavioral and mental health care, as millions of Americans suffered from mental health challenges caused or exacerbated by the crisis.

What lies ahead for health system operations and finances, the transition to VBC, greater integration of behavioral health care, and adoption of virtual care and other modalities? These were among the topics discussed by industry professionals during the Moss Adams 2021 Health Care Executive Webcast Series. Over three sessions, speakers explored overarching themes and discussed how health systems can position themselves for the changes ahead.

Inside, you’ll find key takeaways from the series designed to help executives navigate the lasting changes put in motion by COVID-19. While we all look forward to a post-pandemic reality someday, health care has already entered a new epoch. We hope you find these insights helpful as you adapt.

Moss Adams 2021 Health Care Executive Webcast Series Sessions and Speakers

2021 State of the Union: Health Care

Presented by: Ford Koles, Vice President and National Spokesperson for The Advisory Board

CMMI’s Vision of Future Payment Models and Value-Based Care

Presented by: Mark McClellan, Director of the Margolis Center for Health Policy at Duke University and Liz Fowler, Deputy Administrator and Director of the Center for Medicare and Medicaid Innovation, Centers for Medicare and Medicaid Services; Moderated by Susan Dentzer, Senior Policy Fellow at the Duke-Margolis Center for Health Policy

Behavioral Health Transformation and Payment Reform

Presented by former U.S. Representative Patrick J. Kennedy, founder of the Kennedy Forum; Shawn Coughlin, President and CEO of the National Association for Behavioral Health-care; John Arch, Nebraska State Senator; Moderated by David Lloyd, Senior Policy Advisor at The Kennedy Forum





1. Remember lessons learned but look ahead

COVID-19 has altered the delivery of health care across the continuum, from driving telehealth innovations to exposing persistent inequities among vulnerable communities. But it's too simplistic to assert these changes will be permanent, or that health care will ever revert to the pre-pandemic status quo.

There's a third option introduced by Ford Koles of The Advisory Board: We don't know what will happen because the story is still unfolding. But if we listen, learn, and remember, health care leaders can influence where things go from here.

What do we want our future to be? This became the session's war cry, encouraging participants to identify opportunities, overcome barriers, and create opportunities for action on the

part of payers, providers, patients, suppliers, employers, and others across the health care ecosystem.

Koles provided multiple scenarios for each of six inflection points: price transparency, reimbursement, physician placement, telehealth, home-based care, and health equity.

These open-ended scenarios reflect the reality that nothing is concrete. But stakeholders can influence the future, including whether price transparency revolutionizes health care (or not), or whether virtual models become universal rather than specialized.

If industry leaders take meaningful action, new possibilities can emerge. If they do not, the status quo prevails. And based on lessons learned from the pandemic, the status quo isn't sustainable for health care's future.





2. Reimagine what's possible with risk: *Alternative Payment Models*

The second webcast presentation featured the Centers for Medicare and Medicaid (“CMS”) Innovation Center (“CMMI”) Director, Liz Fowler, and Mark McClellan, former administrator of CMS and Director of Duke University’s Margolis Center for Health Policy. Echoing the first session, they emphasized that health care executives’ focus should be forward-looking—not just on COVID-19 as the catalyst for VBC, but also in terms of comprehending and internalizing CMMI’s 10-year strategic vision.

Reflecting on the decade-plus since the CMS Innovation Center’s creation under the Affordable Care Act, Fowler spoke of the multiple reimbursement models that have been tested in that time. Notably, the pandemic exposed the potential of certain ones over others,

particularly how organizations whose payment is value-based—and which have received steady payments throughout the pandemic independent of procedural and encounter volume—were best positioned to endure the shock of 2020.

“This session gave us an inside look at how the CMMI is actively taking all of the learnings from the past ten years, and even over the last year, and putting them to really good use in service of this transition from volume to value,” said Susan Dentzer, who moderated the session with Liz Fowler and Mark McClellan. **“Of course, CMMI has always led payment system reform experimentation, but it’s more urgent than ever.”**



CMMI's Vision for the Decade Ahead

On October 20, 2021, CMMI published a [white paper](#) exploring its vision for the decade ahead: equitable health care through high-quality, person-centered, and affordable care.

This vision is predicated on five objectives:

- 1. Drive accountable care**
- 2. Advance health equity**
- 3. Support innovation**
- 4. Address affordability**
- 5. Partner to achieve system transformation**

These strategic objectives aim to guide development of CMMI's future models related to costs, quality, and outcomes for Medicare and Medicaid populations. CMMI emphasizes it will measure the progress of these objectives and assess their impact on beneficiaries, providers, and the market as a whole. Notably, from the white paper, "...the renewed vision also calls for a more streamlined portfolio of models that can deliver high-quality, person-centered care, and drive health system transformation."

One major driver of that urgency, discussed in all three sessions, is health equity. The pandemic exacerbated the disparities in care and outcomes experienced by marginalized communities and reinforced the potential of VBC to further reduce these disparities. At the same time, as CMMI's white paper pointed out, many of the worst-affected populations had been cared for in safety-net institutions, most of which have not had the wherewithal to transition to value-based payment models that expose them to greater risk.

This reality underscores a broader truth: CMMI will need to meet providers wherever they are in their ability and inclination to move to VBC. Fowler acknowledged that, while she had previously spoken in favor of more mandatory models that would force many providers into new arrangements, she now believes it will be more useful to create more "on-ramps" for a variety of providers. One example she pointed to was CMMI's accountable care organizations (ACO) investment model, developed to meet the needs of providers that lacked the capital to invest in infrastructure for population care management. CMS provided upfront financial support to these ACOs to make infrastructure investments and develop new ways to improve care for Medicare beneficiaries.

Fowler and McClellan also addressed the desire to create more alignment across payers, bringing more commercial health plans and employer-purchasers into value-based arrangements in Medicare and Medicaid. To date, only a handful of CMMI's models have been multi-payer, and there's a clear recognition that providers need more uniformity in payment arrangements across payers to undertake a lasting transition to VBC.



3. Approach behavioral health as a new imperative

Behavioral health is now an imperative—not just for mental health specialists, but all providers.

That was the takeaway of the final session of the Moss Adams webcast series, in which panelists spoke of the history surrounding federal and state parity initiatives as well as challenges in mental health equity, labor shortages, pediatric needs, and VBC that were once on the fringes of behavioral health topics but now take center stage.

These trends have helped to expand behavioral health beyond any one specialty. With the demand for mental health care confronting workforce barriers—plus regulatory requirements and progress toward VBC—there is an urgent need to integrate care continuum-wide.

“I see medical parity for mental health and addiction as a medical version of civil rights because it’s basically saying we’re no longer going to treat mental health conditions as separate. To really bring us back, we have to reintegrate mental health into all of the rest of health care. So, oncologists need to be trained on mental health because if they diagnose someone with cancer, they had also better know about trauma, anxiety, and depression treatment,” said Hon. Patrick J. Kennedy, former US Representative and founder of The Kennedy Forum.

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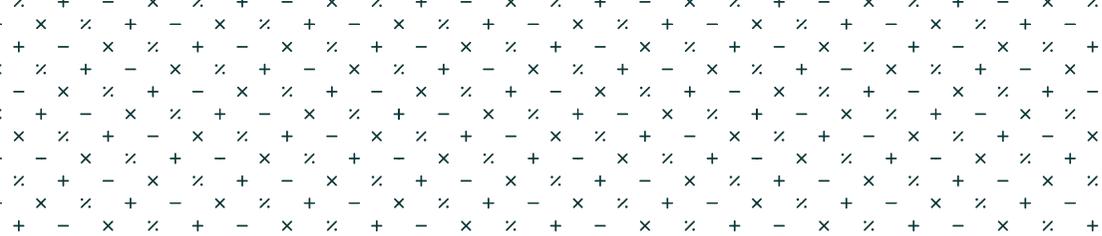
As moderator, David Lloyd, Senior Policy Advisor from the Kennedy Forum, identified increasing interest around mental health and industry-wide motivation to break through barriers. Like Kennedy, he also sees the need for behavioral health integration within standard care models.

“We certainly saw in the discussions as well as the audience questions and poll responses that there are deep concerns with mental health and how we can prevent mental health challenges from becoming severe while improving outcomes,” Lloyd said. “I think that’s indicative of a perspective shift, in which stakeholders are now asking the big questions about how to alter health care systems to better integrate mental health within physical health treatments. The brain is, after all, a part of the body.”

But the path toward such transformations is not straightforward. For example, difficulties in measuring outcomes may challenge the behavioral health VBC movement, given the individualized nature of the field compared to medical-surgical treatment.

These and other problems aren’t insurmountable, as explained by the National Association for Behavioral Healthcare’s President and CEO, Shawn Coughlin. While many mental health measures are subjective, objective metrics have a place in this specialty, as evidenced by substance use disorder cases. Aspects like the length of time in therapy and readmission are worth considering.





4. Shift operating models with resilience in mind

Whether the conversation was around uptake in virtual care, managing costs and risks, payment parity, or other aspects, all panelists called for resilience in this changing environment.

COVID-19 was a recent impetus for that resilience, but there have been crises before and there will be ones after. Stakeholders who can embrace the uncertainty and adapt operating models in real-time will be best equipped to weather what comes.

“Unfortunately, it seems like there’s always some massive new policy, environmental variable, cultural shift, or some other change agent that leaders will be grappling with,” said Brian Conner, national hospital practice leader at Moss Adams. “As we learned in this year’s sessions, leaders have an opportunity to learn from each one, iteratively, to endure and thrive in change.”





Creating Opportunity from Sustained Change

While last year's webcast series spoke of the magnitude of the pandemic's changes, it focused on what's ahead: the ongoing opportunities for payers, providers, patients, employers, and everyone else across the care continuum.

Public and private leaders are ready to create meaningful change across priorities, from health equity and VBC to behavioral health. If the diverse representation in this Moss Adams webcast is any indication, other stakeholders are too.

"We had great representation across the health care spectrum, which was good to see, with particularly high numbers of registrants coming from the employer space, as employers are very cognizant of rising health care costs and exploring new models of care. With the many insightful questions these participants had—and the engaging discussions put on by our panelists—it's evident that these themes are important to us all and have staying power in the years ahead," said Conner.

View all three sessions of the [2021 Health Care Conference on-demand.](#)



Industry Influencers

Liz Fowler

Deputy Administrator and Director of the Center for Medicare and Medicaid Innovation, Centers for Medicare and Medicaid Services

Liz Fowler has over 25 years of experience in health policy and health services research. She previously served as executive vice president of programs at The Commonwealth Fund and vice president for global health policy at Johnson & Johnson. Fowler also served as a special assistant to President Obama on health care and economic policy at the National Economic Council.



Susan Dentzer

Senior Policy Fellow, Duke-Margolis Center for Health Policy

Susan Dentzer is one of the nation's most respected health and health policy thought leaders and a frequent speaker and commentator on television and radio, including PBS and NPR, and an author of commentaries in *Modern Healthcare*, the *New England Journal of Medicine* and other prominent publications. She focuses on health system transformation, biopharmaceutical policy, and other key health policy issues. Dentzer is also the editor and lead author of the book *Health Care Without Walls: A Roadmap for Reinventing U.S. Health Care*.



Mark McClellan

Director, Margolis Center for Health Policy at Duke University

Mark McClellan is a physician-economist who focuses on quality and value in health care, including payment reform, real-world evidence, and more effective drug and device innovation. He's at the center of the nation's efforts to combat the pandemic and the author of a roadmap that details the steps needed for a comprehensive COVID-19 response and safe reopening of the United States. McClellan is the former administrator of the Centers for Medicare and Medicaid Services and former commissioner of the US Food and Drug Administration, where he developed and implemented major reforms in health policy.



Ford Koles

Vice President, National Spokesperson, The Advisory Board

As one of The Advisory Board's preeminent thought-leaders in the area of health system economics and strategy, Ford Koles heads the faculty at the annual series of chief executive officer meetings. He's also the keynote speaker at the annual series of meetings for the firm's flagship program, the Health Care Advisory Board. Koles is one of the best-known and most requested public speakers in the health care industry. He's sought after to address significant reform initiatives: coverage expansion, vertical integration and physician partnership models, managed care and payer contracting, horizontal integration and system economics of scale, and quality-based payment.



Industry Influencers

Patrick J. Kennedy

Former US Representative, US House of Representatives

During his 16 years in the US House of Representatives, serving Rhode Island's First Congressional District, Patrick J. Kennedy fought to end discrimination against those with mental illness, addiction, and other brain diseases. He's best known as the lead sponsor of the landmark Mental Health Parity and Addiction Equity Act (Federal Parity Law), which was passed with bipartisan support and signed into law by President George W. Bush on October 3, 2008. The Federal Parity Law provides millions of Americans access to mental health and addiction treatment by requiring insurance companies to cover treatment for mental health and substance use disorders no more restrictively than treatment for illnesses of the body, such as diabetes and cancer.



Shawn Coughlin

President and CEO, National Association for Behavioral Healthcare (NABH)

Shawn Coughlin brings more than 30 years of advocacy experience to the association. He's a leading health care advocate and policy expert who works with patient and provider groups, regulators, public and private payers, and trade associations. As CEO, Coughlin serves as the association's principal lobbyist, oversees the association's advocacy work on Capitol Hill, and helps to set and implement strategic policy goals that support high-quality, evidence-based behavioral health care for Americans living with mental and substance use disorders.



David Lloyd

Senior Policy Advisor, The Kennedy Forum

David Lloyd focuses on a range of behavioral health policy issues, including implementation of the federal Mental Health Parity and Addiction Equity Act and state-level parity laws. Previously, he was vice president at Voices for Illinois Children and director of its fiscal policy center, which was part of the Center on Budget and Policy Priorities' State Priorities Partnership. Lloyd also served as a legislative assistant to US Senator Debbie Stabenow, covering a variety of issues including housing,



John Arch

Nebraska State Senator

Senator John Arch represents District 14 in the Nebraska Legislature and serves as chair of the Health and Human Services Committee and as a member in the General Affairs and Urban Affairs Committees. Before beginning his first term, in 2019, Senator Arch served in health care administration for over 30 years. For the last 25 years, he worked for Boys Town in its health care division, the last seven as executive vice president of health care and director of the National Research Hospital and Clinics.





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