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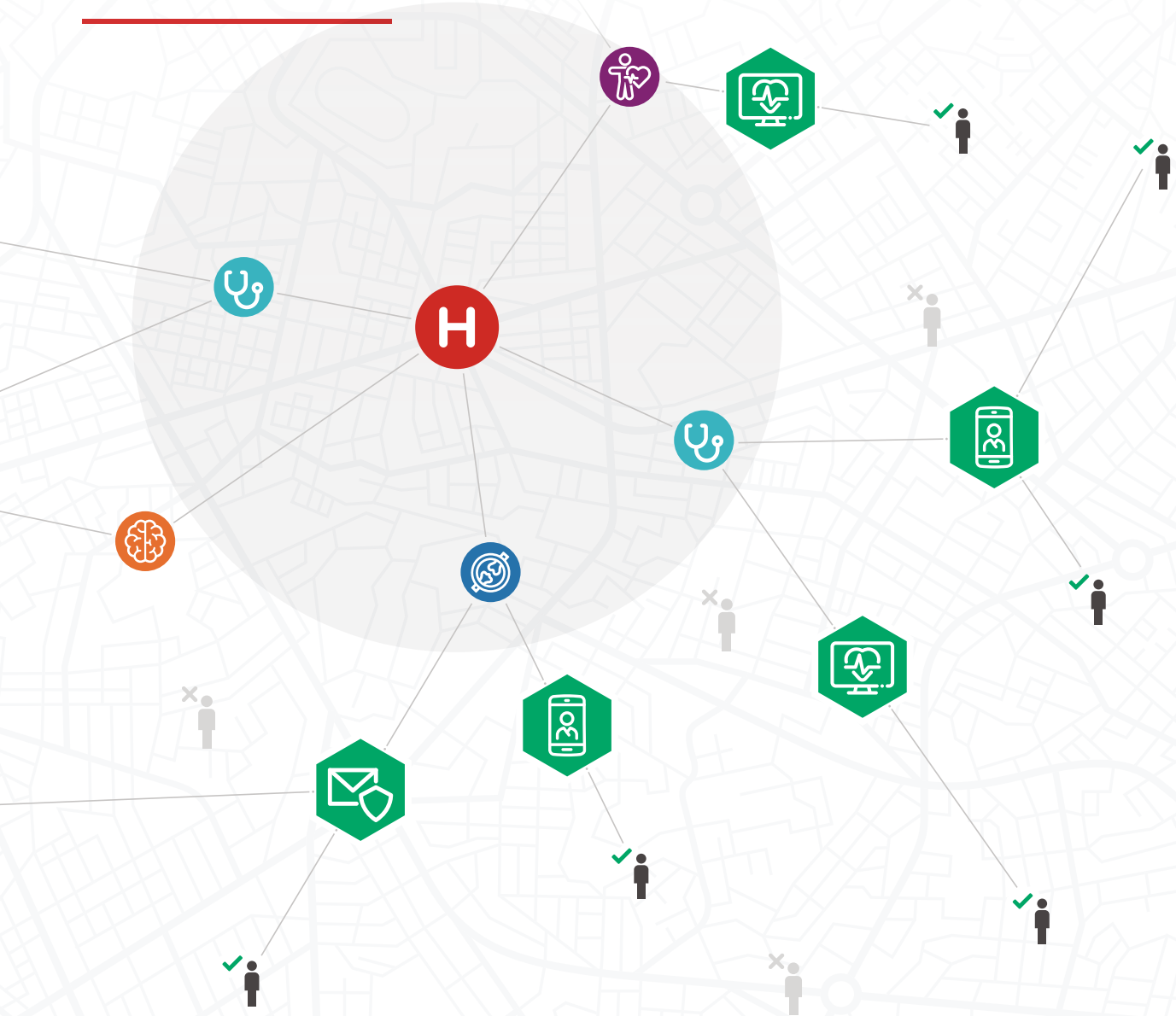
Ambulatory Care Transformation: Consumers Won't Wait



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Let's face it: ambulatory care delivery has not evolved much over the past several decades. Many health systems remain inpatient-centric delivery systems. That's understandable; most of these organizations' resources, revenue, and margin are derived from inpatient care of the sick and injured.

But consider that in 2018, outpatient visits outnumbered inpatient visits nearly 23 to 1, and this ratio continues to increase. For most Americans, their only experience with the healthcare system is through the ambulatory environment. And in an increasingly consumer-centric and digital environment, competition is fierce.

These trends are challenging the traditional hospital organizational structure in which outpatient services are adjunct functions of inpatient care departments. The increased importance of the ambulatory enterprise has required organizations to rethink how they operate, deliver patient-centric care, and manage costs as a system.

Additionally, the COVID-19 pandemic has completely shaken American healthcare, serving as a catalyst for regulatory reform, expense reduction, and virtual care delivery. It has also shown the importance of having the requisite infrastructure in place to allow for a coordinated and agile response to such a disruptor. Digital health is part of that infrastructure, and the notion of seamlessly integrated virtual care solutions is no longer "nice to have" but paramount to continued relevance.

Put simply, the need for health systems to transform their ambulatory enterprise has accelerated. Health system leaders should explore three strategies to ensure their ambulatory enterprise is contemporary and effective:

Establish the ambulatory enterprise as a vital component of the system.

Optimize care delivery to allow for nimble adaptation to the changing demands of the patient population.

Keep a critical and innovative eye on the performance and costs of nonclinical functions.

Healthcare organizations can no longer afford to adapt to the changing market gradually; **the time for transformation is now.**

The Ambulatory Enterprise: No Longer Second Fiddle

Ambulatory care continues to evolve. Between 1995 and 2018, the proportion of outpatient services to total hospital revenue grew from 30% to 49%. Given this rapid growth rate, paired with the additional catalyst of the COVID-19 pandemic in 2020, ambulatory services will likely overtake inpatient services as the majority of hospital revenue with the continued and more sophisticated use of digital health technologies over the next several years.

This shifted focus toward ambulatory care means health systems must aim to design, implement, and integrate effective models for high-quality care delivery, operational efficiency, financial performance, and physician engagement. By integrating the ambulatory enterprise into the health system and defining an ambulatory governance structure, organizations can provide convenient care in an efficient and financially responsible manner.

HEALTH SYSTEM INTEGRATION

Optimizing clinical, economic, and functional integration is key to a health system's competitive positioning as pressure to preserve and gain market share, reduce costs, and deliver high-quality care threatens an organization's viability. This is particularly evident now, as systems respond to a pandemic that has challenged the provision of high-quality clinical care and forced rethinking near- and long-term care delivery strategies.

Additionally, as the focus on population health and new payment models continues to stimulate various degrees of clinical integration among hospitals and physicians, the need to drive deeper clinical and financial integration across the continuum of services is more important than ever.

Effective clinical partnerships with meaningful economic alignment among health systems and providers who share the same ideals, priorities, and goals are requisite to sustaining safe, seamless, high-value care. Such partnerships may be shaped by direct employment and various professional service arrangements that provide sufficient flexibility and reliability to attract the right providers. Other types of partnership may include innovative arrangements with payers and/or nontraditional players in the market.

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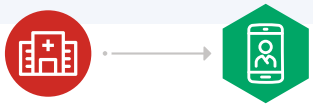
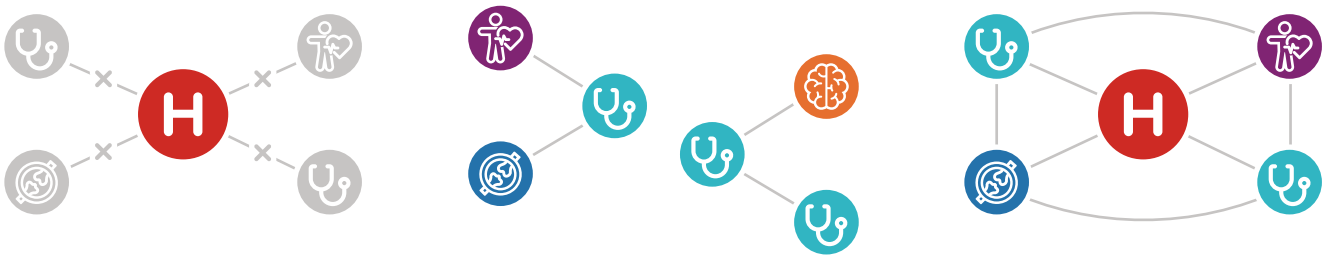


DEGREE OF INTEGRATION BETWEEN PHYSICIAN PRACTICES AND HEALTH SYSTEMS

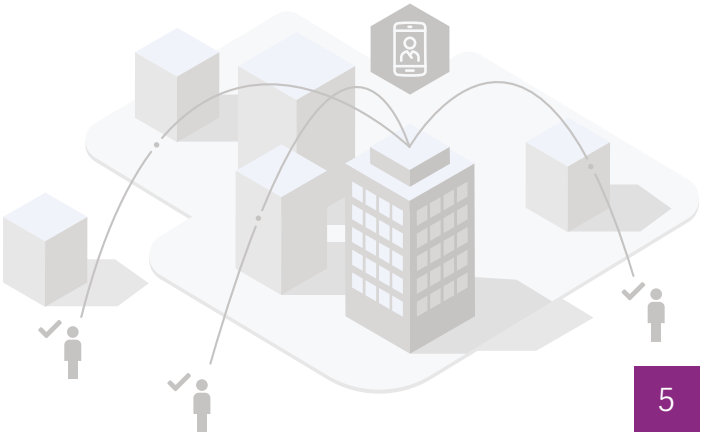


FEDERATED PRACTICE MODEL	INTEGRATED PRACTICE MODEL	INTEGRATED PROVIDER ENTERPRISE
50% OF PRACTICES	**42%** OF PRACTICES	**8%** OF PRACTICES
Independent practice resources (e.g., governance, IT, billing)	Coordinated resources (e.g., IT, billing, access center)	System-wide cohesive infrastructure
Minimal performance management	Structured performance management	Advanced IT and data analytics
Physician-centric	Physician engaged	Physician led and highly engaged
High performance is driven mostly by incentives	High performance is mandated by administrative leaders	High performance is culturally ingrained

Figure 1: Degree of Integration between Physician Practices and Health Systems

System-wide functional integration promotes effective management of the enterprise and avoids duplication of costs for all parties by providing shared services, standardized electronic health records, and sophisticated tracking of health status, costs, and outcomes. For example, the current environment has heightened the reliance on technology (e.g., telehealth) to deliver immediate care and provide ongoing, coordinated care. Health systems are better positioned than independent providers to establish the technology platforms that not only support urgent adoption but also help bind and sustain partners for long-term success.

Overall, deeper levels of integration require collaborative leadership; properly structured, physician-led governance; and investment in a robust infrastructure that aligns physicians and hospitals to endure and deliver sustainable, high-quality care.



AMBULATORY ENTERPRISE GOVERNANCE

Various governance models can provide the infrastructure for linking acute care, ambulatory care, physician enterprises, and other parts of the continuum with the focus of developing and managing key clinical, digital, and payer strategies that demonstrate value to all stakeholders. Ambulatory governance, as part of larger system governance, is particularly important as shifts from traditional, inpatient-focused care result in greater reliance on ambulatory alternatives.

If there is a silver lining in an emergency that dramatically disrupts operations, it is the opportunity to reorganize and rebuild, eliminating legacy processes and structures that no longer apply. An organizational structure with clear lines of accountability and responsibility, while fundamental, is now more necessary than ever to direct the strategy and operations for the ambulatory enterprise going forward.

The ambulatory enterprise governance structure is vital to the establishment of cohesive policies and procedures to achieve standardization, consistency, and reliability across the enterprise. In a rapidly changing and volatile environment, it will be important to have an ambulatory enterprise governance committee that can quickly assemble and make nimble and proactive decisions. Membership on the Ambulatory Enterprise Governance Committee should be representative of physicians, advanced practice providers (APPs), and the ambulatory services staff. This committee serves to inform and advise executive leaders, establish cohesiveness and standardization across the ambulatory enterprise, and help drive implementation of agreed-upon priorities.

IF YOUR ORGANIZATION has not recently evaluated its ambulatory governance structure, now is the time. The **Ambulatory Enterprise Governance Committee** should reimagine and reshape the ambulatory enterprise to specifically address:

- ☑ Collaboration and coordination among provider leaders and across specialty and primary care.
  - Establishing collaborative and seamless coordination of care across the continuum for patients, especially pertaining to care planning, scheduling, and accessibility to health records for all components of ambulatory, acute, and home care
  - Consolidatiing support services and infrastructure
- ☑ Prioritizing business and network development plans, consistent with organizational strategic plans.
- ☑ Chartering growth initiatives.
- ☑ Prioritizing operational improvement initiatives for safe, high-quality, efficient, and reliable care managed successfully in both virtual and traditional care settings.
- ☑ Developing enterprise-wide policies and procedures that drive change toward the organization's strategic objectives.

Redesigning Ambulatory Operations to Support Optimal Care Delivery

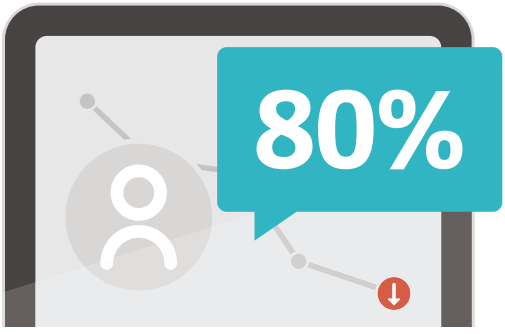
The COVID-19 pandemic has placed added stress on healthcare organizations and their patients, resulting in significant changes to both overall visit volumes and provider and patient expectations. The uncertainty caused by PPE shortages during the initial phase of the pandemic, financial and operational instability due to fluctuating patient volumes, and overall discomfort felt by both providers and patients acclimating to new social distancing guidelines have all contributed to less-than-optimal healthcare interactions. Combined with the fact that 59% of patients report deferring non-COVID-19-related care, the growing backlog of patients will have high standards as they reenter the healthcare environment.

Driven by ubiquitous technology, changing patient expectations, and increased consumer purchasing power, patients are already seeking care that is both convenient and cost-effective. To meet the demand of this growing consumer population while balancing provider resources, ambulatory care groups will need to adapt their care delivery models to incorporate virtual care modalities. To do so effectively, organizations must redesign and implement changes to their scheduling models, support functions, clinical operations, and staffing models while also ensuring the right tools and technologies are in place to facilitate best practice workflows.

DISRUPTION TO IN-PERSON VISIT VOLUMES AND THE EXPECTED FUTURE STATE OF AMBULATORY CARE

In-person visit volumes are not expected to revert to historical levels after the public health emergency (PHE), as patient preferences and safety concerns, loss of insurance coverage, and the virtual visit precedents set during the pandemic have changed how patients will want (or be able) to receive care. A recent TransUnion Healthcare report revealed that 60% of surveyed patients utilized telehealth in the last year instead of visiting their healthcare provider's office, and nearly 70% would be "at least somewhat likely to continue utilizing telehealth visits once a COVID-19 vaccine is available and distributed." The implications are clear: to meet patients where and when they want to be seen, ambulatory care groups must be prepared to change how healthcare is delivered.

To understand prospective views, concerns, and key priorities for the delivery of care, ECG obtained the perspective of executive leaders in a survey of healthcare organizations nationwide. Survey respondents described their experience with virtual



of ECG survey respondents anticipate a decrease in in-person visits post-COVID-19.

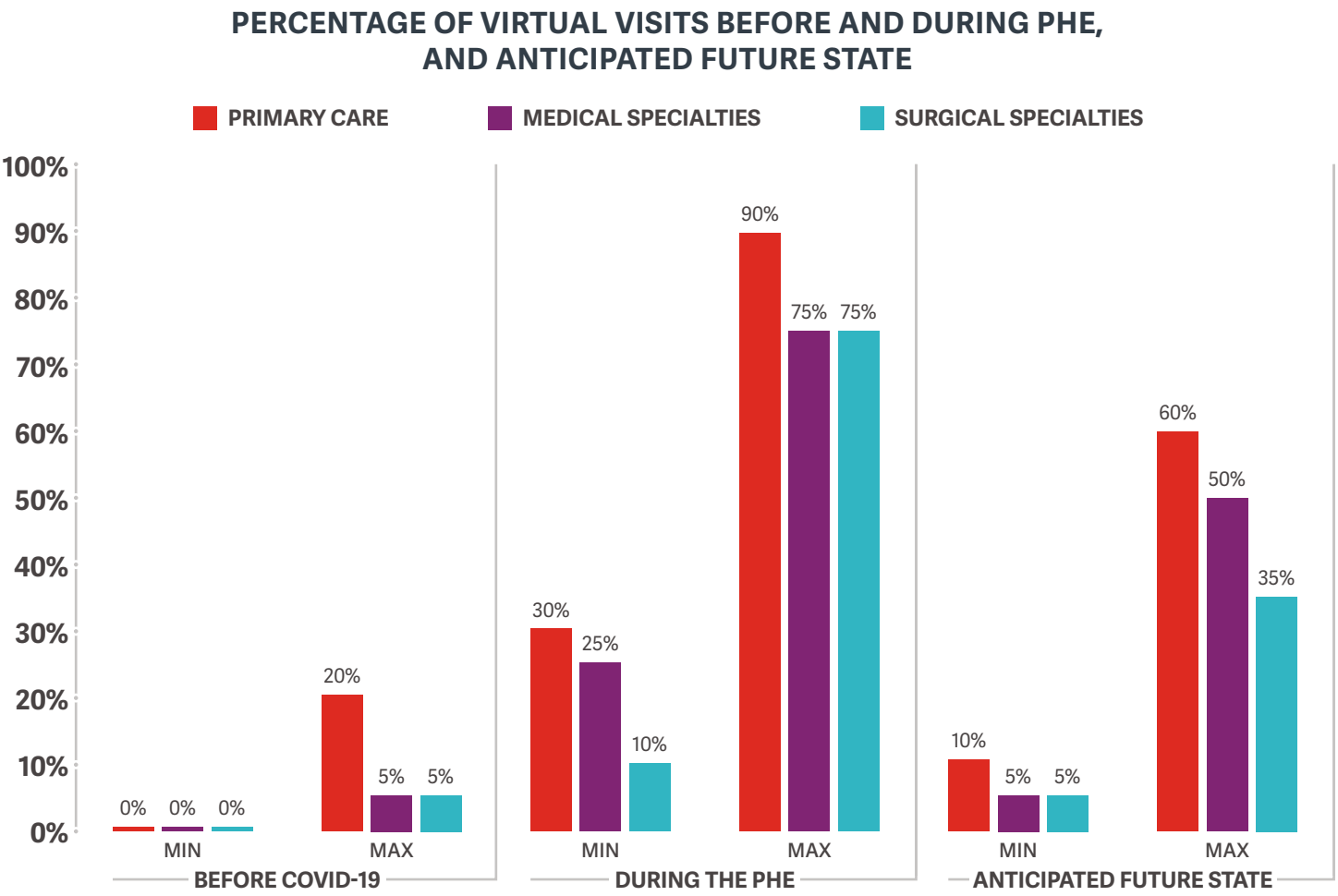


Figure 2: Percentage of Virtual Visits before and during PHE, and Anticipated Future State

visits before and at the height of the pandemic and provided anticipated future volumes given the systemic changes caused by COVID-19. Figure 2 was compiled based on survey responses to provide guidance on the proportion of total future visits expected to be virtual. In general, respondents anticipate that future virtual visit volumes will represent a 30% to 40% increase over pre-pandemic volumes.

Even if the pandemic ended today, virtual care is positioned to remain a more prominent component of the ambulatory healthcare delivery model than it was before the PHE. Ambulatory practices should strive to maximize virtual visit options.

Because every organization was in a unique situation with respect to the provision of virtual care services prior to COVID-19, the roadmap to providing maximum virtual visits will be different for each. Those organizations that did not provide virtual care before COVID-19 should incorporate these modalities into their evolving delivery models, and those that were already providing virtual care should consider expanding or diversifying their offerings. The ideal model is one that seamlessly integrates virtual care into in-person ambulatory operations.

VIRTUAL VISITS AND BEYOND

Ambulatory enterprises should redefine care pathways to determine which patients will continue to require in-person care and which can be cared for via virtual visits or other modalities such as asynchronous questionnaires, remote patient monitoring, and/or secure messaging. Just as importantly, ambulatory enterprises will need to determine how to operationalize virtual visits as a key service delivery channel. Figure 3 provides a range of options for ambulatory enterprises to integrate virtual visits into their daily operations.

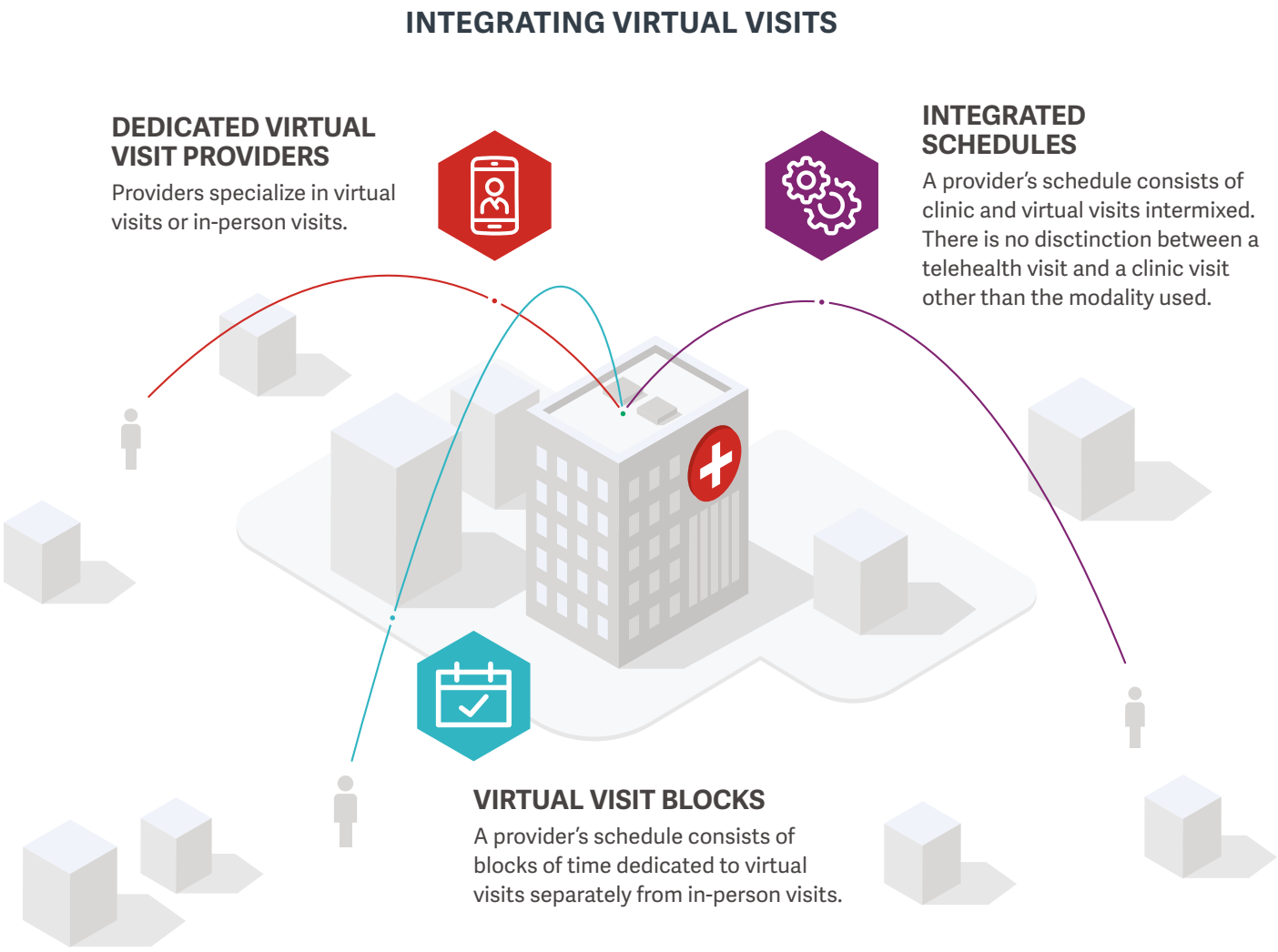


Figure 3: Integrating Virtual Visits

It is imperative that ambulatory enterprises take a thoughtful and systematic approach to defining their strategy in order to support seamless access and continuity of care for their patients. The strategy will include the clinical decisions about which services can be provided virtually and which modalities are best suited to provide that care, as well as decisions on how to integrate those modalities and care pathways into daily operations. Figure 4 provides an overview of various encounter types.

VISIT MODALITIES

DOCTOR/APP IN-PERSON VISITS

The need for in-person visits will not go away anytime soon. However, growing volumes will require ambulatory enterprises to find ways to allocate the in-person visit time to those patients who most need it.

VIDEO OR PHONE VISITS

Video or phone visits may be used to replace an in-person visit. When utilizing technology, ensure the tool is easy for the patient to access and use. Consider adding screening questions to your previsit process to ensure the patient has access to the tool and an adequate Wi-Fi connection.

ASYNCHRONOUS VISITS

Patients can access questionnaires that assist providers in gathering patient history and present illness and determining a diagnosis and plan of care. Asynchronous visits can be used to replace common visits.

SECURE MESSAGING

Asynchronous or real-time secure messaging applications offer another option for patients to receive answers to questions regarding their diagnosis, care plan, and medications. If using asynchronous messaging, ensure that your response time is quick enough.

REMOTE MONITORING

Remote monitoring may take a variety of forms, from the simple to the advanced. This may include patient self-reporting, data from a wearable device being uploaded to the EHR, and the use of real-time remote monitoring tools. The specific tools will be patient-dependent, but organizations will need the capability to use them all.

Figure 4: Visit Modalities

REDESIGNING CLINIC OPERATIONS AND ENABLING OPTIMAL SUPPORTING TECHNOLOGY

Prior to COVID-19, health systems had already begun embracing technology to enhance the previsit patient experience in ambulatory clinics. Online check-in, automated pre-appointment messages, and mobile check-in have become commonplace at many organizations in response to patient demand for convenient communication with their providers. Now, given heightened restrictions, additional contactless options are expected and becoming mainstream.

PATIENT JOURNEY FRAMEWORK: VIRTUAL OR IN-PERSON

PREVISIT	ARRIVAL/ CHECK-IN	ROOMING	VISIT	CHECKOUT	POSTVISIT
Seamless navigation through various modalities	Electronic check-in processes	Constant and accurate wait time updates	Minimal paperwork	Electronic orders placed for testing and referrals to specialty care	Coordination of subsequent care
Self-directed and automated scheduling	Coordinated clinic arrivals	Coordinated staff support for in-person virtual care	Seamless handoff for education and/or ancillary services	Electronic visit summary	Referral reconciliation/care continuity
Contactless payment methods	Limited waiting room activity	Agile virtual waiting room	Real-time thorough documentation		Secure bidirectional messaging
Electronic access to visit instructions, technical requirements, and forms		Seamless handoff between staff and providers	Various modalities to support synchronous and asynchronous care		Remote monitoring
Coordinated previsit testing			Patient support with SDOH		Patient, provider, and staff satisfaction monitoring
Patient support with SDOH					Patient support with SDOH

SUPPORTING TECHNOLOGY

- Patient portal
- Online appointment scheduling
- Secure messaging/text
- EHR
- Video platforms
- Smartphones, tablets, desktop computers
- Remote monitoring devices

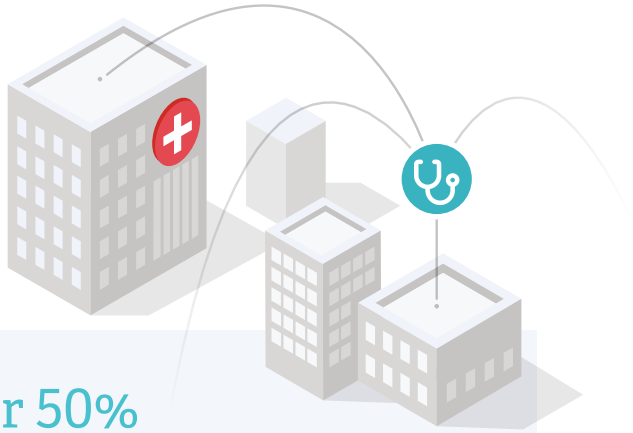
OTHER OPERATIONAL CONSIDERATIONS

- Support staff roles and responsibilities
- Patient and staff satisfaction and experience
- Locations and hours of operation
- Visit throughput
- Schedule availability and utilization

Figure 5: Patient Journey Framework: Virtual or In-Person

In addition, non-healthcare-related industries have changed consumer expectations for optimized technology platforms that make interactions seamless. These expectations have transferred to the healthcare industry, and technology innovation will be needed to support not only patient access, but also the delivery of care. Organizations should prioritize investing in and deploying reliable technology that can meet patients' expectations and facilitate virtual and in-person visits, as shown in figure 5.

Economic Considerations to Achieve Transformation



Ambulatory care transformation is a long-term investment for health systems wanting to remain relevant in the future environment. While leadership may support this investment, few organizations are positioned (whether due to lack of resources, financial or otherwise, or infrastructure) to execute an ambulatory care strategy. Virtual care strategies, while in demand from patients and payers, cannot completely replace the revenue lost from many in-person services. Therefore, health systems must pursue expense-reduction strategies facilitated by technology and operational efficiency to support the investment needed to transform their ambulatory care environment.

PHYSICAL SPACE CONSOLIDATION

The incorporation of virtual care into the ambulatory care delivery model gives organizations an opportunity to consider their physical footprint. As physician practices are acquired into a medical group, they often maintain their lease or office ownership arrangements. These arrangements contribute to increased costs for medical groups in which distribution of locations is necessary to reach all patients in their network. However, the expansion of telehealth allows organizations to gain scale through consolidation of physical space.

When considering consolidation, operational factors to be evaluated include the overall allocation of space (e.g., exam rooms, office space, work stations, collaboration space), the ability to provide in-person and virtual care, and the ability to maintain social distancing guidelines.

Over 50%

of both integrated and independent medical groups in ECG's survey stated that **they anticipate a change in their physical footprint**. In other words, it is only a matter of time until this consolidation becomes a reality. The goal of consolidation is to right-size an organization's space requirements (thus reducing costs) while continuing to meet the needs of the communities it serves. Give careful consideration to the operational workflows that drive the seamless integration of in-person and virtual care across your ambulatory care environment while maintaining the right level of facility investment to forge ahead.

SUPPORT FUNCTIONS REDEFINED

As the past year has shown, ambulatory services and novel ways of delivering care are paramount for healthcare entities to be prepared to respond to healthcare disruptors. Health systems must continue to explore ways to differentiate themselves from their competitors and maintain sustainable financial performance. A key responsibility of an ambulatory enterprise governance committee is to address the expenses and inefficiencies that arise from duplicate or uncoordinated services across entities and to propel the system into the redefined ambulatory landscape.

SHARED SERVICES

Consolidating back-office services across the enterprise can improve performance or drive down costs while promoting consistent operational strategies and processes. Implementing a shared services model reduces duplication of efforts by housing the function centrally to support the entire organization.

Proceed with caution, however. Creating a central team does not necessarily mean colocating staff. Just as the pandemic has forced employers to accept working from home as the norm, you will need to ask yourself, "Can we effectively provide this service with distributed staff?" Deploying centrally managed resources to local practices and care centers allows these teams to maintain relationships and understanding of local nuances.

CENTERS OF EXCELLENCE (COEs)

While full consolidation is ideal for many functions, others require local support to effectively deliver services on the ground. Creating COEs for these functions allows locations to retain local support staff while providing expert resources centrally. The COEs develop the strategy, compile best practices, and create resources to support local staff. This model blends central control with local delivery to quickly share and implement best practices across the organization.

MANAGED CARE STRATEGY

Health systems need to ensure their managed care strategy considers multiple factors to sustain the current momentum on reimbursement related to ambulatory care delivery models. Key topics for consideration in developing a strategy include contract negotiations, APPs, the changing physician landscape, value-based care, and integrated delivery systems (IDSs).

DILIGENT PAYER CONTRACT REVIEW AND NEGOTIATIONS

Managing payer contracts proactively is an important strategy for organizations to position for the investment in ambulatory transformation. Most payers update contract language on a regular basis, changing reimbursement schedules, requirements, rates, and network participation. Reviewing contract language annually will ensure that organizations remain knowledgeable of potential pitfalls and can proactively engage in negotiations with payers for contract amendments to include covered services and desired rates.

APPs

As ambulatory care delivery models continue to evolve, organizations must reassess their contracts to maximize revenue by understanding how all providers, including APPs, are reimbursed. The rise of telehealth and the development of the Advanced Practice Registered Nurse (APRN) Compact, allowing APRNs to practice in multiple states, have expanded APPs' roles and capabilities. Although many commercial contracts have either vague or no terms about telehealth services rendered by APPs, it is imperative to gain clarity on how these services are reimbursed. Those rates, as well as all covered services for APPs, need to be specified in managed care contracts.

CHANGING PRACTICE LANDSCAPE

When evaluating their managed care strategy, organizations should consider the changing physician landscape. The industry is expecting to see an increase in practice consolidation. For the consolidators, the physicians in the group or network will expand, providing greater value and geographic coverage to the payers. The increased value needs

to be recognized. However, regardless of the level of consolidation within each local market, all physician practices will need to review, and negotiate, their contracts to ensure revenue optimization.

VALUE-BASED CARE CONTINUUM

The overwhelming number of healthcare disruptors may lead more organizations to move further along the value-based care continuum to increase the revenue associated with managing cost and improving quality. Managing population health, and the financial incentives for doing so, will become increasingly important. The continued volatility of the healthcare environment has caused organizations to seek more steady revenue streams. More organizations may be willing to consider financial risk for services, particularly if there is a significant, steady revenue stream associated with a patient population.

IDSs

Physicians who are part of an IDS will also have to consider the impact of rate increases on the hospital system and the relationship with the payers. There needs to be a balance of physician rate increases and hospital increases. Too often the physician rates are low, with the payer and IDS rationale being that the hospital rates "cover" the physician rates. The physicians need to be recognized for their value, as if they were a stand-alone organization, with no trade-off between physician and hospital rates. Physicians need to achieve reimbursement at market-competitive rates.

High-Speed Transformation Is a Must

The shift toward ambulatory care has monumental consequences for how integrated health systems need to consider their ambulatory enterprise. Leaders must take action to build the operational structure for in-person and virtual innovation while responding to changing consumer demands. The development of an ambulatory enterprise governance structure is the first step in this process. From there, a health system's ambulatory enterprise must be positioned as a priority for the entire organization.

Health systems must seize the opportunity to begin the ambulatory enterprise transformation now. Recent market changes have primed the healthcare environment for a renewed shift toward understanding and optimizing the value of the ambulatory enterprise. Increasing consumerism and added financial pressures compounded with the volatility of the economy will drive consolidation, new and unconventional alignment models, and—for those who do not take heed—financial peril. Organizations that wish to remain competitive must take the appropriate actions to remain significant and indispensable.

ABOUT ECG

With knowledge and expertise built over the course of nearly 50 years, ECG is a national consulting firm that is leading healthcare forward. ECG offers a broad range of strategic, financial, operational, and technology-related consulting services to providers, building multidisciplinary teams to meet each client's unique needs—from discrete operational issues to enterprise-wide strategic and financial challenges. ECG is an industry leader, offering specialized expertise to hospitals, health systems, medical groups, academic medical centers, children's hospitals, ambulatory surgery centers, and healthcare payers. Part of Siemens Healthineers' global enterprise services practice, ECG's subject matter experts deliver smart counsel and pragmatic solutions.

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