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Planning For Success In A Changing Mental Health & Addiction Treatment Market
The Ohio Council's 2023 Annual Conference

Monica E. Oss, Chief Executive Officer, *OPEN MINDS*
10:30 – 12:00, Tuesday, October 10, Columbus, Ohio

The Market Trends Shaping The Future Of Consumer Care
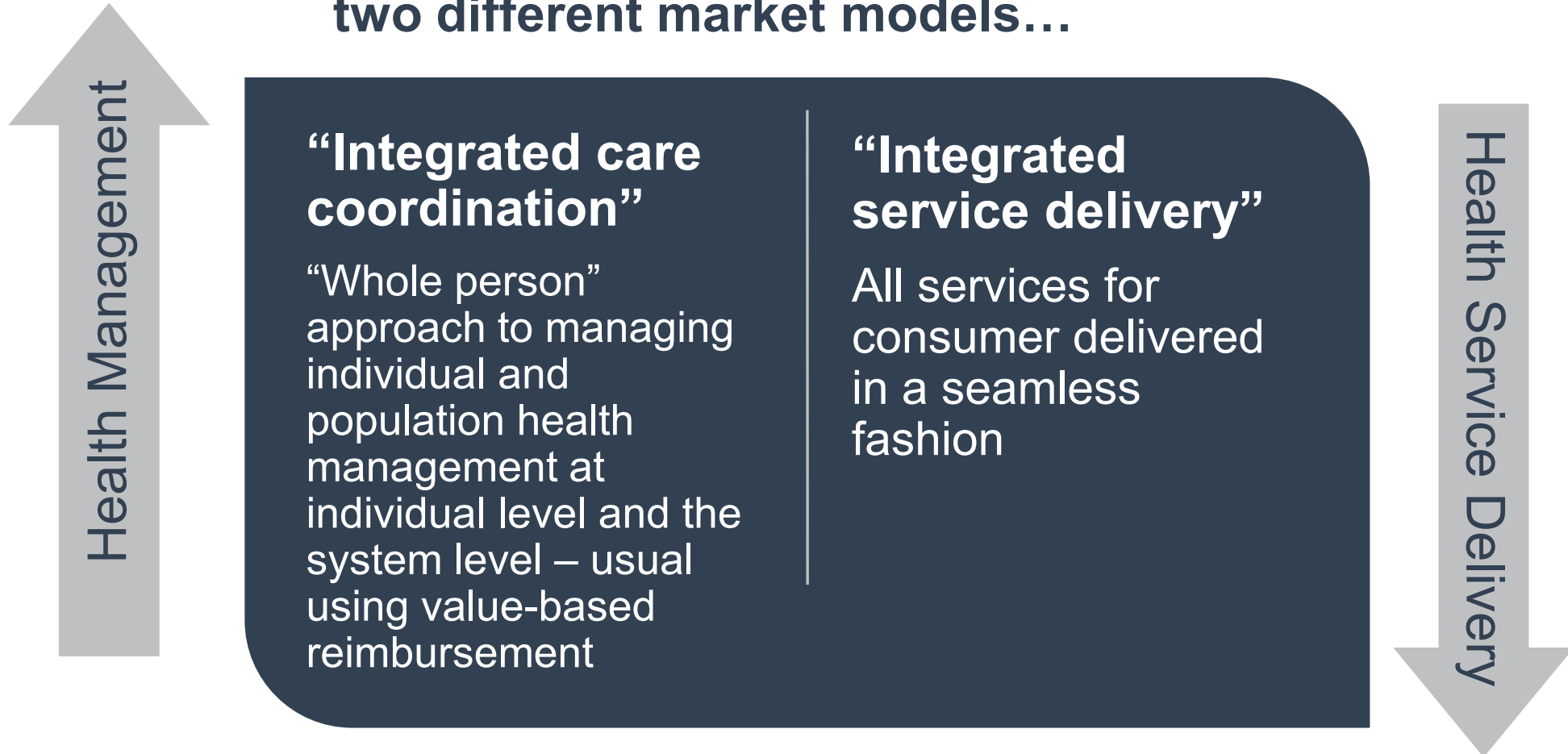
Forces Driving Changing Service Delivery Models…

1. New models of integration and the 'value' imperative

2. Consumerism and the retail phenomenon

3. The post-pandemic workforce

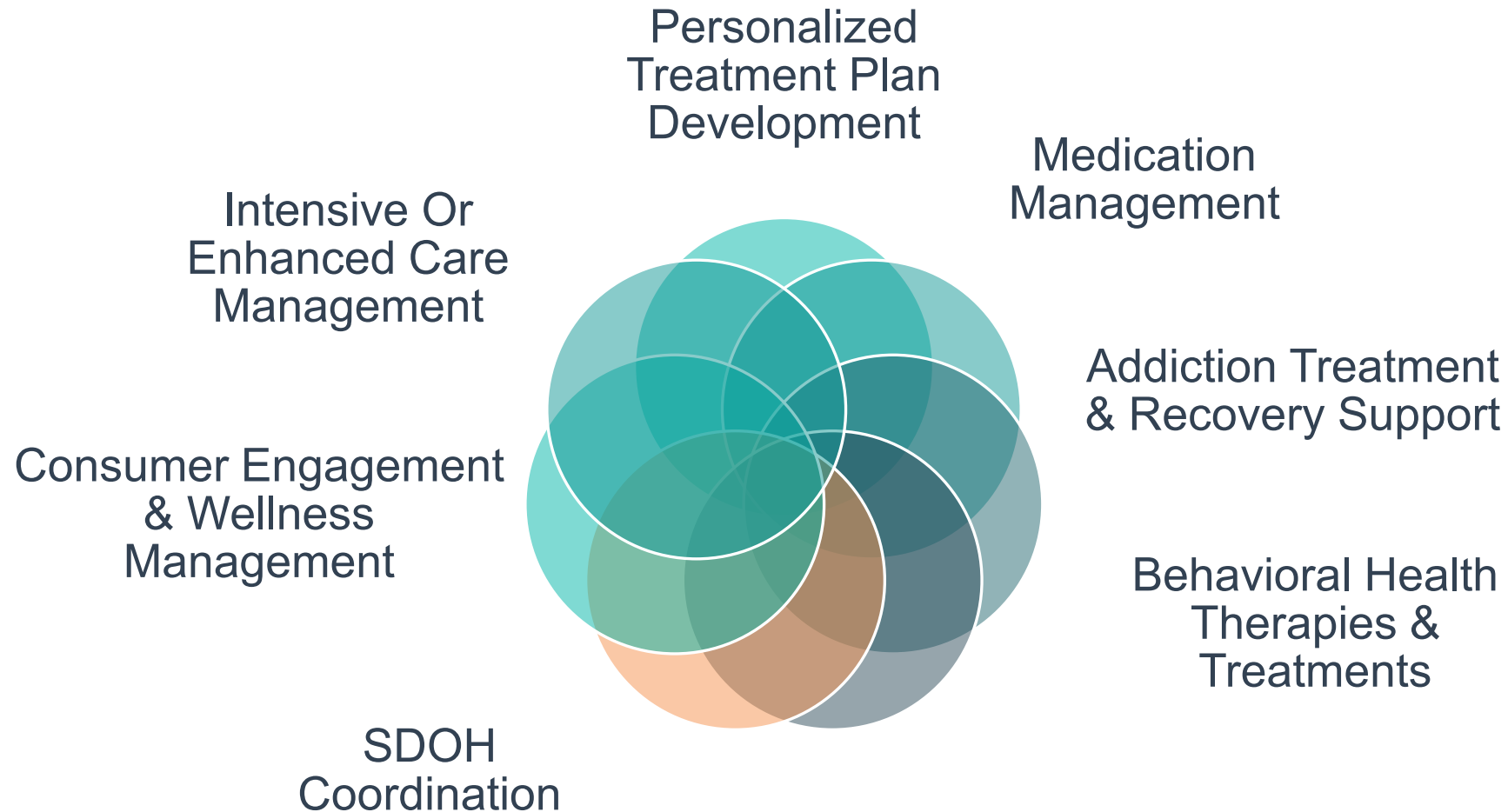4. Technology and the digital transformation of health care

Trend #1. New Models Of Integration & The Value Imperative

"Integration" is an imprecise label for two different market models…

Health Management ↑

"Integrated care coordination"

"Whole person" approach to managing individual and population health management at individual level and the system level – usual using value-based reimbursement

"Integrated service delivery"

All services for consumer delivered in a seamless fashion

Health Service Delivery ↓

Functions of Whole Person Care/Integrated Health Models

Personalized Treatment Plan Development

Medication Management

Addiction Treatment & Recovery Support

Behavioral Health Therapies & Treatments

SDOH Coordination

Consumer Engagement & Wellness Management

Intensive Or Enhanced Care Management

Why The Adoption Of Integrated Care Models?

For Payers

- Easier administration
- No pre-existing condition limitations
- No annual/lifetime limits*
- Reduced total health care costs

For Consumers

- Improved experience
- Less service duplication, lower cost
- Better outcomes

*Medicare lifetime limits will still be in place.

The Evidence: Whole Person Care & Integrated Care Models

- Review of studies found improved consumer experience, improved health status and clinical outcomes, and reduction in total cost

- Savings in total spending from providing additional proactive community-based care to people with serious mental illnesses and chronic physical health needs

- Higher ROI with value-based reimbursement, particularly with downside financial risk arrangements with provider organizations

Every Organization - Specialty Or Primary Care - Needs An Integrated Care Strategy

15% of primary care visits for mental health concerns

Primary care professionals write 79% of all antidepressant prescriptions and 45% of antipsychotic medication prescriptions

There are over 10,000 primary care practices with NCQA-certification as Patient Centered Medical Homes

There are 456 Medicare ACOs serving over 13 million patients – largely owned/operated by health systems

Behavioral health benefits moving from 'carve out' models to integrated models of financing

19% of health care premiums paid in models with downside financial risk

Health plans are moving to include behavioral health in primary care capitation models

Key Decision – What Integrated Care Models To Develop?

Integrated Care Service Line Options: The *OPEN MINDS* Framework

Specialty care options

- Specialty care – as tech-enabled referral partner
- Specialty care – co-located in primary care setting
- Specialty care – as part of collaborative care model
- Specialty care – as part of a clinically integrated network

Primary care options

- Primary care – as tech-enabled referral partner
- Primary care – co-located in behavioral health setting
- Primary care - as part of collaborative care model
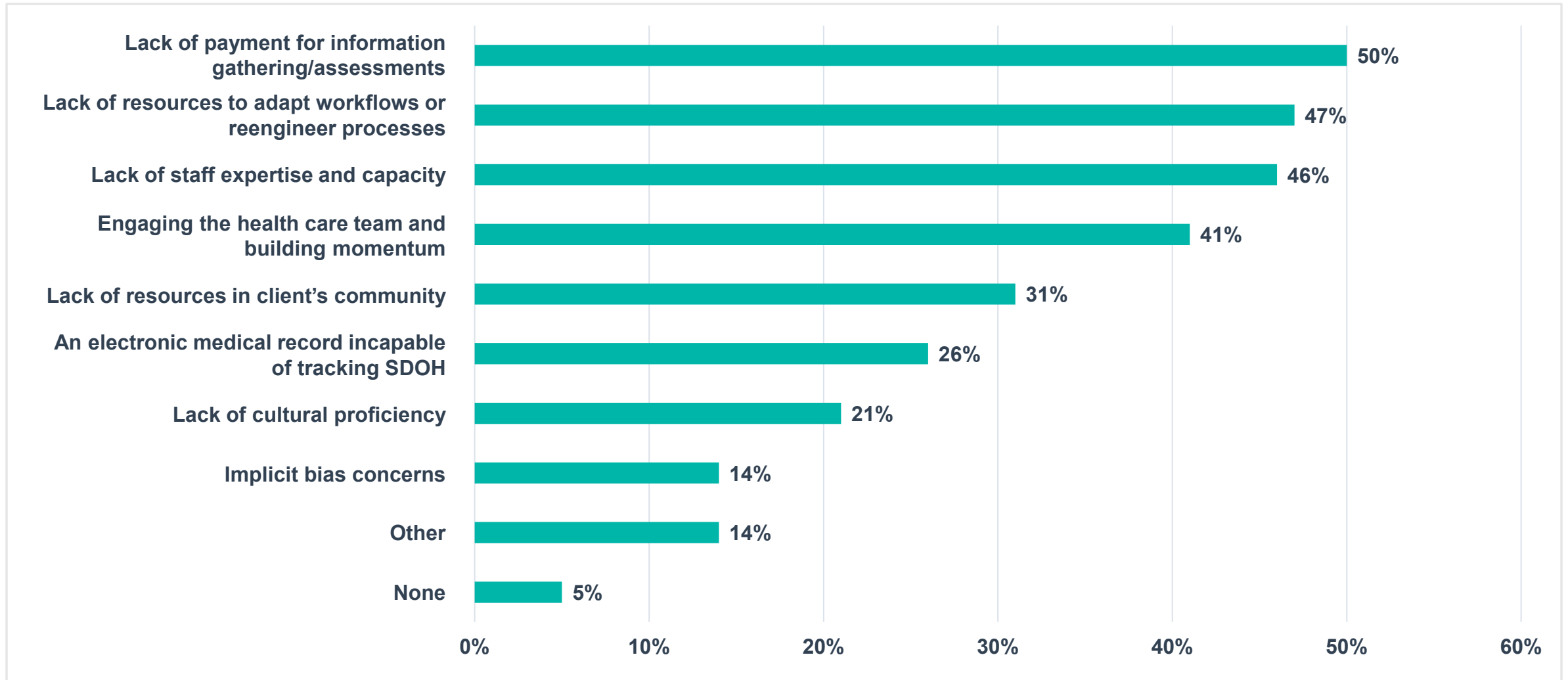
Care coordination/care management models

- Whole person care (WPC) screening services
- Targeted case management services
- Navigator/community health outreach worker (CHOW) services
- Community care team services

Patient-centered medical home or health home

Primary care and behavioral health service delivery models

- Behavioral health and primary care on-site
- Behavioral health on-site and primary care in-home
- Behavioral health on-site and primary care virtual
- Primary care on-site and behavioral in-home
- Primary care on-site and behavioral virtual
- Certified Community Behavioral Health Clinic (CCBHC)
- Federally Qualified Health Center (FQHC) or FQHC "Lookalike"

Barriers To Integrated Care

Barrier	Percentage
Lack of payment for information gathering/assessments	50%
Lack of resources to adapt workflows or reengineer processes	47%
Lack of staff expertise and capacity	46%
Engaging the health care team and building momentum	41%
Lack of resources in client's community	31%
An electronic medical record incapable of tracking SDOH	26%
Lack of cultural proficiency	21%
Implicit bias concerns	14%
Other	14%
None	5%

Challenges To Implementing Integrated Care Strategies

1. Infrastructure development costs

2. Interoperability

3. Care coordination model and platform

4. Consumer engagement model and platform

5. Connecting consumers with social support services

6. Staffing, workforce, and talent acquisition costs

7. Competition for contracts

8. Attribution from health plans

Trend #2. Consumerism & The Retail Phenomenon

- **CVS** expanding Oak Street Clinics to 25 states from 21 by the end of this year—adding 50 to 60 new clinics next year. Currently 9,614 CVS pharmacies, 1,800 MinuteClinic, and 169 Oak Street Clinics locations, with 25% of CVS revenue is from delivering health care services
  - Most of Oak Street Clinic revenue is from capitated arrangements, with 40% of their membership are Medicaid/Medicare dual eligibles. They provide services for schizophrenia, bipolar disorder, and substance abuse.
  - CVS recently opened mental health clinics in their Los Angeles locations

- **Kroger Health** is the second-largest operator of retail health care locations through its "Little Clinic" business, more 220 retail clinics in 35 states.
  - Major investment in "Food As Medicine" program and creating "medically prescribed" meals
  - Albertson's grocery stores will be offering buprenorphine injections in their pharmacies in partnership with Bicycle Health

- **Amazon** acquired One Medical—and now has over 200 locations and 815,000 members in its primary care programs—opening new locations in Connecticut, Wisconsin, and California with the
  - Now offering telehealth services in all 50 states and D.C – a $199 annual membership fee

- **Walmart** will have 75 health clinics by end of 2024 – health care is 11% of Walmart revenue
  - Offering first capitated direct service

"Convenient care" on the increase – the services of companies and health care systems that provide consumers with accessible, affordable, quality health services in retail-based location

Retail clinics – fast access, lower prices, digital experience – focus on 80% of the population

Retail clinics have seen a 200% increase in utilization over the past five years – and continued expansion planned in 2024 and 2025

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Consumer Metrics In The Current Market

Experience
(Net Promoter Score)

- **BetterHelp:** -50 with 0% Promoters, 50% Passives, and 50% Detractors

- **CVS Health:** 10 with 44% Promoters, 22% Passives, 34% Detractors

- **Teladoc:** 22 with 52% Promoters, 18% Passives, and 30% Detractors

- **Cleveland Clinic:** 37 with 62% Promoters, 13% Passives, and 25% Detractors

- **One Medical:** 49 with 67% Promoters, 15% Passives, and 18% Detractors

- **Talkspace:** 67 with 67% Promoters, 33% Passives, and 0% Detractors

- **Walmart Health:** 80

- **Genoa Pharmacy:** 93

Access

- Average wait time at a MinuteClinic is 22 minutes.

- At Teladoc, 10 minutes.

- Average wait time for Walmart virtual care visit is 8 minutes

- Therapist response time on Talkspace is 4 to 6 hours of sending a message

- Average U.S. consumer appointment wait time is 26 days (November 2022)

Cost
- Low-cost services
- Low out-of-pocket spending

Trend #3. The Post-Pandemic Workforce

Competition for labor is raising workforce expense –

- Prescribers – average salary $221,000
- Licensed therapists – median base salary of master-level social worker $70,000
- Direct care/support staff – median salary of group home worker $25,250
- Managerial talent
- Executive talent

Demographics are destiny:

- Aging U.S. population and aging workforce
- Multi-generational workforce the norm
- New workforce characteristics

The Changing American Workforce

U.S. Human Capital Stats

- 21% of adults are illiterate
- 54% cannot read at the 6th grade level
- 36% are obese
- 26% are disabled
- 15% have a mental illness
- 11.3% have Type 2 diabetes
- 9% have an addiction
- 8.7% under age 65 have a disability
- Labor force participation rate 62% in December 2022 - 67.3% in 2000 – 10 million fewer workers

U.S. Workforce Communication Stats

- Average attention span of adults is 47 seconds
- Average adult spends 147 minutes on social media per day
- Check their email 77 times a day
- Children ages 4 to 18 watch an average of 91 minutes of TikTok each day
- 49% of adults have read a book in the past year

U.S. Workforce Economic Stats

- 60% of millennials (ages 29-43) have parents subsidizing their shelter
  - 24% – parents pay their rent
  - 17% – parents pay their mortgage
  - 19% – live with their parents
- Half of baby boomers (ages 59 – 77) have less than $134,000 in savings – 57% are planning to continue working

Trend #4. Technology & The Digital Transformation Of Health Care

- ~50% telehealth in behavioral health, post pandemic
- Digital provider organizations gain traction with consumers and health plans – particularly in behavioral health
- Health care not using technology to improve 'consumer experience'

Consumer experience in health care still 'miserable'

- Most important factors to consumers include timely access (50%), treated with respect and listened to (50%), and transparency in pricing (40%)
- 60% said they have had a negative health care service experience in past year
- 30% of consumers selected a new provider organization or clinician in 2021, up from 26% in 2017
  - 25% switched based on negative experiences—up from 18% in 2017

Competition on 'experience' will be driven by retail

Key future digital developments:

- Consumer experience and engagement tools
- Remote monitoring tool evolution
- Everything at home – rehab, long-term care, skilled nursing, acute hospital services, and more
- AI-based, self-directed therapy tools

Every Strategy Needs To Address Technology –
The *OPEN MINDS* Tech Platform Framework
For Community-Based Specialty Provider Organizations

Integrated Data & Analytics For Decision Making | **Service Performance Optimization**

Competitive Advantage

Electronic Health Recordkeeping System

- Mobile
- User optimized
- Interoperable – integration of data – medical, specialty, social support
- Consumer assessment data, measurement-based care, decision support

Hybrid Service Delivery Platform

- Virtual – telehealth, secure text, self-directed
- Home-based – electronic visit verification, route optimization, remote monitoring, smart home
- Integrated – centralized online scheduling for consumers, online scheduling of team

Consumer Experience & Engagement Platform

- Optimized end-to-end virtual consumer experience – website, social media, information, data portal, scheduling, fee schedules, billing, communication
- App/smartphone connectivity
- Consumer decision making support and treatment tools
- Health and wellbeing management tools

Value-Based/Risk-Based Reimbursement Platform

- Platform for tracking payer contract requirements and reimbursement
- Value measurement and financial risk management functionality
- Population health management tools and predictive analytics

Integrated Human Resources Information System & Financial/General Ledger System

- Financial/General Ledger System
- Automated end-to-end revenue cycle management
- Automated recruiting/talent credentialing and talent management
- Schedule management/shift bidding

The Current State Of Specialty Provider Organization Technology

56% have technology to support SDOH (assessment, data capture, planning/coordination) or are implementing that technology

47% use several system to collect data for whole person care

38% using two or more separate systems for managing integrated care services

8% have moved back to paper systems to manage integrated care

The Financial Sustainability Question For Behavioral Health Provider Organizations

The strategy issue of the day – the sustainability of traditional business models is eroding…

Business model – how an organization creates, delivers, and captures value

- Business model lifespan (across all fields) has fallen from about 15 years to less than 5
- Caused by many disruptions – new science, political changes, changing consumer preference, new competitors, innovators not subject to historical regulations…

Business model – how an organization creates, delivers, and captures value.

The core aspects of an organization – purpose, customers, offerings, business processes, infrastructure, and margins

Margin Compression

- FFS rates flat – and not keeping up with inflation

- Consolidation of purchasing power among payers/health plans – 10 largest health insurers have 53% of insureds
  - Payvider phenomenon reducing contracting opportunities

- Consumer cost sharing on the rise
  - Consumers covered by Medicare will likely need $200,000 to cover their out-of-pocket costs in their lifetime
  - Workers with employer-sponsored health coverage pay an average of $6,106 annually

Changing Competition

- Payviders – health plans now own provider capacity

- Retail players – focused on consumers with mild/moderate conditions but expanding into chronic condition management

- Health system (hospital) expansion and diversification – step-down services and ACO contracting

- For-profit provider organization newcos – profitable niches in the field

- Expansion of traditional provider organizations – diversification of payer mix, expansion of service lines, and growth of geographic service area

Changing Scale –
Big Enough Is Bigger

- Increase in mergers, acquisition, and consolidation – across all sectors (health plans, health systems, retail, specialty care)

- Increasing number of 'billion dollar' provider organizations

- Drivers are sustainability and capital for investment in new services, technology, and marketing

The Future Of Clinical Service Delivery

What We Know About The Emerging Health & Human Service Market Landscape

1. **"Whole person" integrated care coordination models preferred**

2. **"Hybrid' models becoming dominant in ambulatory therapy – in clinic, virtual, in home, remote monitoring**
   - What can be done by telehealth or by new technologies? What needs to be done "face to face"? In clinic? In home?
   - The rise of hybrid service bundles
   - Home-based/virtual primary care model

3. **Facility-based services transitioning to 'hybrid' and bundled**
   - Home-based/virtual addiction treatment
   - Home-based/virtual long-term care
   - SNF at home
   - Hospital at home

4. **Price sensitivity + risk-based reimbursement**

5. **New competition for many consumer segments**

The Opportunities Are Many…

Many traditional provider organizations will lose consumers with mild/moderate conditions to new competitors

Available market shifting to the 5% to 10% of population using 50% of health care resources

1. Programs to manage the care of consumers with complex needs – integrated "whole person" care coordination (risk-based, tech-enabled)
2. Primary care services for consumers with complex needs (behaviorally-led primary care)
3. Community-based supports for consumers with long-term needs
4. Targeted social supports programs
5. "In lieu of" services (community supports) offering alternatives to traditional residential and inpatient care
6. Home-based services
7. High-acuity episodes of care

Advantage goes to any organization with "better" performance and cost data….

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Consumer Engagement Model & Platform: An Integrated Care Challenge

- Better consumer engagement increases treatment plan adherence and decreases costs
- Many tech tools for consumer engagement:
  - Patient portals with web-based educational materials
  - Email and text communication programs
  - Personal outreach with peers and health educators
  - Avatar peers for recovery support and treatment plan adherence

- Consumer engagement approaches must be muti-pronged to assure that consumers are able to access those services, including language, internet access, and literacy issues.

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Connecting Consumers with Social Supports: An Integrated Care Challenge

- Model of service delivery include:
  - Consumer-facing portals that include directories of social service agencies and identification of available services
  - Written recommendations "prescriptions" as referrals for social service programs
  - Warm handoffs to social service supports
  - Creation of 'packages' of support services that are reimbursable
- Standardized social supports needs assessment is best practice – to identify needs
- The primary challenge is lack of funding and lack of availability of services
  - Certain Medicaid waivers are now including components of social supports - Food as Medicine and Housing First models

Staffing, Workforce, & Talent Acquisition Costs: An Integrated Care Challenge

Staff functions for integrated care:

- Care coordination
- Primary care consultation/service delivery
- Psychiatry and/or addiction medicine consultation/service delivery
- Behavioral health therapies
- Health coach
- Peer support

- The roles of these functions and FTE equivalents per beneficiary depends on the model
- Technology is essential to having competitive costs for integrated service delivery – interoperability, care coordination, consumer engagement, documentation, etc.

Navigating A Health & Human Service Landscape In Flux

Navigating A Health & Human Service Landscape Moving To Integrated Care

1. Increase organizational resilience to assure sustainability

2. Develop the 'next big thing' – market positioning and service lines for success in future market

3. Create a strategy for success - objective-focused, scenario-based strategic plan

4. Build the team required to make plans a reality

1. Increase Organizational Resilience To Navigate Change & Add New Integrated Care Capabilities

The *OPEN MINDS* Framework For Financial Sustainability

1 A growth-oriented, sustainability-focused strategic plan

2 An organizational structure and processes for successful implementation of strategic initiatives

3 Data-driven decision-making and metrics-based management

4 Nimble service line portfolio management

5 A structured process for new service line development

6 An infrastructure facilitating competitive payer and health plan partnerships

7 Talent management and talent optimization strategies

8 The marketing competencies and infrastructure to drive growth strategies

9 An efficient customer-centric hybrid service delivery system that improves access and experience

10 An integrated technology platform that supports both organizational strategic objectives and data strategy

11 Financial strength to capitalize growth plans and infrastructure development

12 An executive team and leadership prepared for the new challenges

2. Create A Vision For New Services & A Structured Process For Development

Responding To New Market Opportunities

1. Create a market intelligence system to track customer wants and competitive gaps

5. Formalize launch planning – proof of concept, pilots, and scaling

2. Develop a standard service line concept testing process

4. Create a standard service line development process

3. Establish a cross-functional development team (with a dedicated manager)
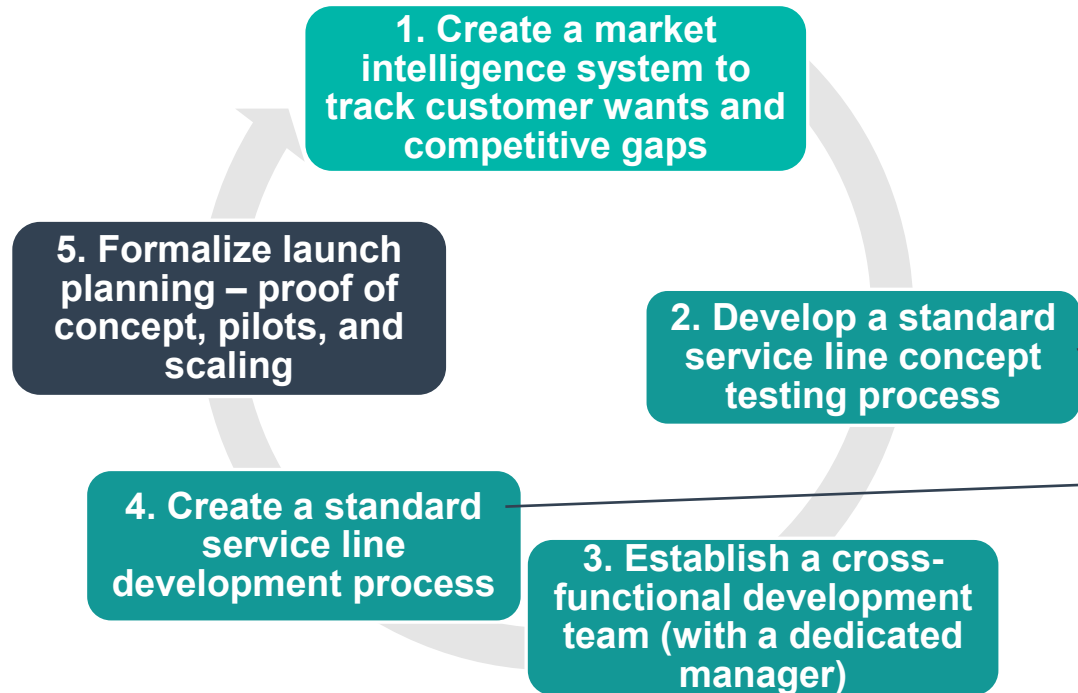
OPEN MINDS Process For Metrics-Based Evaluation Of New Business Opportunities

#1 - Develop an itemized list of business development opportunities for consideration

#2 - Develop a list of factors or metrics to be used in evaluating new business opportunities

#3 - Develop a scoring scale for each metric

#4 - Assign weights to each metric – reflecting organizational priorities

#5 - Research and score each business opportunity, using the key metrics and weighting of metrics to rank the business opportunities

#6 - Qualitative research and discussion of each of the top-rated opportunities for final selection for formal feasibility analysis

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OPEN MINDS Service Line Development Process

Phase I: Conducting a Feasibility Analysis
- Define the new service line
- Analyze market and competition for the new service line
- Financial feasibility analysis

Phase II: Final Service Line Development & Launch
- Service line design
- Service line launch preparation
- Service line launch management
- Service line launch and pilot test

3. Develop A Strategy For Navigating A Changing Market

Strategy is about making choices of how to apply your unique strengths (or exploit a competitor's weaknesses) to create marketplace positions and operational approaches that can create a lasting competitive advantage.

- Build vision for market competitive advantage – current and future – through clarifying purpose, values, and strengths

- Focus on the organization as a whole

- Set quantifiable objectives

- Plan for market scenarios

- Budget tested

- A structured implementation plan

➢ Strategy implementation is an on-going process, updated regularly and occasionally 'refreshed'
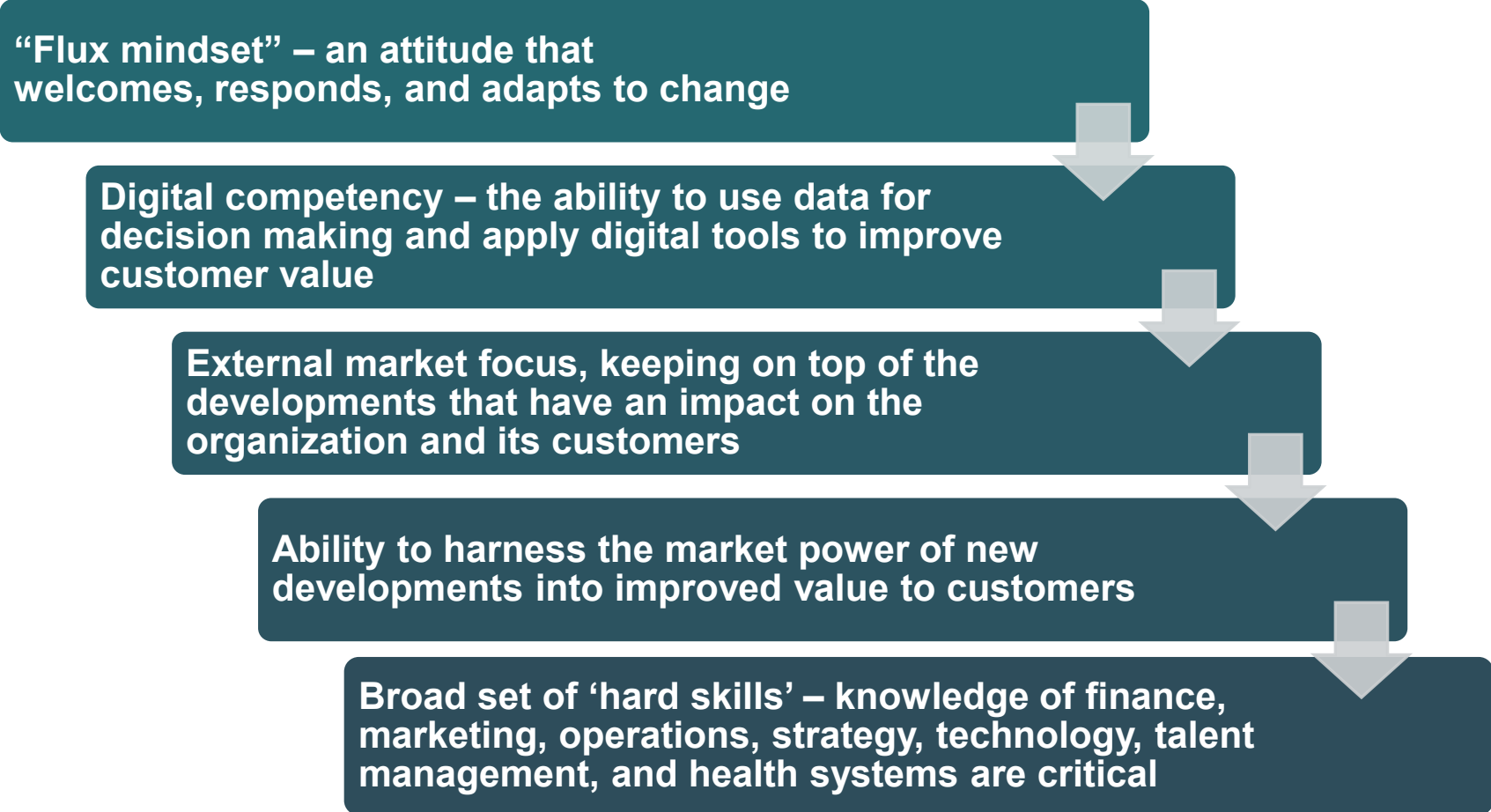
The OPEN MINDS Strategic Planning Model

Strategy With A Focus On Sustainability – The OPEN MINDS Model Links Performance To Strategy

Understand The Landscape – Your Organization's Performance Metrics + Industry Market Metrics

Market Framework – Planning starts with metrics – both your organization's own performance metrics and the metrics from the market.

Implementation-Focused – No strategy is successful without a focus on implementation. Performance metrics are used to create and manage implementation pans.

Build A Future Vision

Build Future Vision – On Purpose, Values & Strengths – Create a strategy for competitive advantage – current and future.

Strategy

Organizational Performance Management

Set Organizational Objectives

Performance-Driven – Objectives drive the strategies selected and the tactics in the plan, aligning investments in new services, people, and technology.

Strategic Initiatives To Implement Strategy
- Development of integrated care approaches and programs
- Improved managed care functionality with optimized revenue cycle management
- Improved consumer access and engagement
- Service line development, diversification, and new revenue streams
- New technology strategy and investments
- Mergers, acquisitions, and affiliations

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4. Build An Executive Team For A Constant Change Landscape

- The characteristics of the "ideal" executive team has changed
- Transformational leadership skills required

➢ The successful executive team is "relentlessly talent-centric and future-forward"… their mindset drives strategy…

The Transformational Executive Team

"Flux mindset" – an attitude that welcomes, responds, and adapts to change

Digital competency – the ability to use data for decision making and apply digital tools to improve customer value

External market focus, keeping on top of the developments that have an impact on the organization and its customers

Ability to harness the market power of new developments into improved value to customers

Broad set of 'hard skills' – knowledge of finance, marketing, operations, strategy, technology, talent management, and health systems are critical

Nimble Matters
Making Timely Decisions

- For organizations with limited human and financial resources, every day and dollar spent on 'non-strategic' activities is a day and dollar not spent on implementing a future-minded strategy…

- Set a deadline for making decisions – for new investments, for killing new investments, for opening new programs, for closing new programs…

"I have always found that plans are useless, but planning is indispensable."

President Dwight D. Eisenhower

Turning Market Intelligence Into Business Advantage

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