

THIS WEEK



Full speed ahead for risk-based contracts? Maybe not

The days of shared-risk, value-based contracts (VBC) dominating health care are seemingly just around the corner. But that reality may not materialize as quickly as some envision, based on results of the [9th Annual Industry Pulse Survey](#) recently released by Change Healthcare and the HealthCare Executive Group.

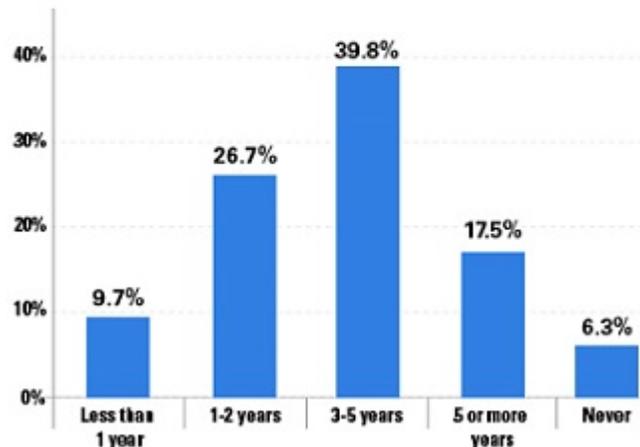
The survey found that nearly two-thirds of responding hospital leaders, third-party administrators, health plan executives, academics and other stakeholders believe that VBC won't be dominant for another three to five years or more. And 6 percent believe that it will never happen.

What's hindering progress? Respondents cited obstacles like limitations in data sharing; no agreement on outcome measures; and a lack of incentives for payer and providers to work together. All of this has left health care leaders feeling unable to tackle the challenges of implementing and managing these contracts, the report concludes.

Making rapid change on such a large scale also may be an impediment, with the report noting that VBC will require major changes in business models — beyond simply operationalizing the steps from concept to contract to claims processing. A new AHA Market Insights report [Evolving Models of Care](#) delves much deeper into the successes and challenges providers face in aligning care delivery models with emerging payment models.

The Pulse Survey also explored ways that payers can more effectively support providers in facilitating high-value care. Standardizing quality and outcome measures was the most common suggestion, cited by 28 percent of the respondents, followed by co-developing payer-provider risk-management programs (22.6 percent), sharing performance data (14 percent) and co-developing bundled payments around episodes of care.

When do you expect the majority of value-based relationships within the health care market to contain both upside and downside risk?



Source: 9th Annual Industry Pulse Survey, Change Healthcare, 2019

Pulse Survey respondents plan to take actions within 12 months to address nonmedical barriers to care. These are the top five:

- **Care coordination:** Slightly less than two-thirds of respondents will work to better coordinate care.
- **Transportation:** Nearly 40 percent of organizations plan to make it easier for patients to get to their appointments. A growing number of providers nationally are working with Lyft and Uber to transport patients to doctor visits and hospitals, helping to avoid the costs of delayed or missed care.
- **Food insecurity/access:** More than one in four respondents will address this social determinant of health. App-based food delivery services are a promising tool to fight the health hazards of food insecurity.
- **Benefits coordination:** Twenty-three percent will work to improve benefits coordination to help qualified patients receive public assistance.
- **Social isolation:** Nearly one in five respondents will address this area of care, which is gaining attention, because loneliness and isolation can exacerbate health problems, increase mortality and lead to higher costs.

WHY DID AMAZON REALLY ACQUIRE PILLPACK?

It's easy to get lost in the high-finance numbers when examining Amazon's massive push into



health care. But to understand what's really driving its moves in pharmacy, it's important to know the back story of Amazon's \$750 million-plus acquisition of PillPack, an online pharmacy for most medications that consumers can get from their local drugstores. PillPack sorts all of a customer's medications by dose and delivers them right to their front door. Printed on the outside of each packet is the list of medications to take at the

recommended time of day. Not only that, patients receive automatic prescription refills and customer support 24/7.

A recent CNBC [report](#) pieces together the origins of the deal and what led Amazon to PillPack even as many other suitors were pursuing the company. Turns out, PillPack's CEO TJ Parker and Amazon's Nader Kabbani, vice president of consumables, had a meeting of the minds in May 2018. They shared one common concern: Neither the pharmacy industry as a whole nor its most dominant players were willing or able to put the customer first.

And when the Amazon-PillPack deal was announced on June 28, 2018, Amazon made no mention of its plans to surpass \$1 billion in pharma revenues by 2020 or that PillPack soon would be negotiating with large insurers to get its service to more people while aggressively building the technology to serve them.

Now Amazon and PillPack are seen as a threat to pharmacy benefits managers in the nearly \$500 billion U.S. prescription and medication business. Other takeaways from the report:

- The average PillPack user in 2018 generates \$5,000 in revenue, which is far more than the average Amazon Prime member, who spends about \$1,300 a year.
- Amazon is now heavily promoting PillPack to its Prime subscribers.
- CNBC also obtained a confidential document showing that Blue Cross Blue Shield, which covers more than 100 million Americans, has reached out to PillPack about providing service to its members.

Elliott Cohen, PillPack's co-founder and chief product officer, will address consumer-driven innovation and health care in his talk called "Addressing Disruption Through Innovation and Value" at the [AHA Executive Forum](#) July 11 in Boston.

ARE YOU A FUTURE-READY LEADER? THERE'S A QUIZ FOR THAT.

Technology is transforming how the world works. Automation, artificial intelligence and machine learning are reshaping the roles humans hold, and the responsibilities we carry out. While this shift creates uncertainty, it also creates opportunity for organizations that are open and adaptive to new ways of working.



So, what determines if an organization is positioned to succeed in this new economy? Well, its people — in particular, its leaders — are a major factor. To excel in a world in which people work at the direction of algorithms and alongside robots, you need to cultivate a workforce that asks: "What will this technology do for me, versus what will it do to me?" said James McQuivey, vice

president and principal analyst, Forrester, at the research and advisory firm's annual Digital Transformation & Innovation event last week.

To assess who is future-fit and who isn't (yet), Forrester offers an assessment for leaders that scores them along nine future-ready attributes that include curiosity, agility, comfort with risk and a collaboration bias. Take the [quiz](#) for yourself. The assessment and your results are free; additional reports and guidance are limited to Forrester clients.

We want to hear from you! Please send your feedback to Bob Kehoe at rkehoe@aha.org.

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