The Keys To A Successful Recovery Strategy – The Path From Crisis Management To Post-Crisis Sustainability

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OPEN MINDS
Three Strategic Questions

- What will be the lasting impact of these crises on the health and human service landscape?
- How does my organization's strategy – and our service lines – need to evolve to maintain a competitive advantage and sustainability?
- How does our executive team transform our organization to make that strategy a reality and thrive in this new environment?
So, What Keeps CEOs Up At Night?

Identifying the factors that will shape the post-pandemic market
The Recovery Unknowns

1. The shape of the recovery
2. Effect of reopening ACA exchanges
3. The workforce issues – fear, vaccination refusal, childcare, public support payments, competition from other sectors, etc.
4. Issues and timing to opening of schools
5. Issues and timing to opening of commercial enterprises
6. Timing of a return to full employment
The Galloping Digital Evolution

- Talkspace launching nationwide psychiatry service with prescription options
- Aetna, Inpathy expand virtual mental health partnership
- CMS approves 5 more hospitals for hospital-at-home initiative, raising total to 56
- Head2Toe Pediatrics, a concierge-style clinic, offers house calls 24/7 in St. Petersburg
- Premera Blue Cross launches its first virtual primary care health plan
- UnitedHealth launches employer virtual primary care service
- Texas Virtual Primary Care HMO created by Community Health Choice & Doctor On Demand
- UPMC launches new virtual primary care model
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A Flood Of Investments

….a big uptick in digital mental health startup funding in 2020, with $588 million invested in the first six months of 2020, compared to $539 million in all of 2019…

Lyra Health Files Paperwork To Raise $175 Million

Livongo

Teladoc & Livongo Health To Merge In Deal Valued At $18.5 Billion

Acorn Health Acquires Family Of ABA Therapy Companies From Concord Foundations

Broadstep Behavioral Health Receives Growth Investment From Bain Capital Double Impact

Telemedicine Primary Care Service 98point6 Raises $118 Million

Talkspace To Go Public In Deal Valued At $1.4 Billion

98point6 launches new virtual care service to address rising demand for mental health support
The Juggernauts

Amazon Launches Amazon Pharmacy for Medications

Amazon opens 4 more primary care clinics with Crossover Health

Amazon's telehealth arm quietly expands to 21 new states

Amazon Alexa Virtual Assistant Now Supporting HIPAA-Compliant Services

CVS Health Boosts Chronic Disease Management Access at HealthHUBs

McLaren Healthcare, Walgreens partner for new health clinics

Walgreens Boots Alliance Accelerates VillageMD Investment and Large-Scale Rollout of Primary Care Clinics

Walgreens

Oak Street Health To Open Primary Care Clinics At Three Walmart Stores In Dallas-Fort Worth Area

Walmart Health Opens Two Primary Care Clinics at Retail Supercenters in Chicago with Plans to Open Seven Florida Locations in 2021

Walmart

Save money. Live better.
Health Plans

Accelerated Move Away From Fee-For-Service

- The Medicare transformation
- Medicaid VBR requirements
- Employers embrace high-performance networks

Humana to offer Primary Care First model across 48 states

Optum and Merck Collaborate to Advance Value-Based Contracting of Pharmaceuticals

In the last three years, the amount of UnitedHealthcare’s care-provider reimbursements tied to value-based care programs has nearly tripled to $64 billion annually. By the close of 2020, that...
Health Plan

‘Payvider’

Backward integration with health plans owning service delivery system – and hiring clinical professionals to provide direct services
The ‘Next Normal’ Landscape

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   - Home-based/virtual primary care model
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8. **Economies of scale critical for on-going competitive success**
How Technology Adoption In The Pandemic Has Changed Competitive Advantage
The New Consumer Expectations

- Easy and convenient online access – both online presence pre-service and for service selection
- On-demand services with real-time online scheduling
- Virtual care – both synchronous and asynchronous (telephone, text, email, video, etc.)
- AI-driven self-directed tools
- Single record via interoperability
- Customized service via CRM-like functionality
- Personalized care via decision support tools
# The New Payer Expectations

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<th>Hybrid service delivery capability – virtual and face-to-face (clinic and home) in integrated platform</th>
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<tr>
<td>Interoperability and data sharing (and receiving) capabilities</td>
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<td>Standardized services via decision support tools with data-driven algorithms</td>
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<td>Measurable performance – both consumer and health system</td>
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<td>Auditable and transparent services (electronic visit verification, etc.)</td>
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<td>Ability to accept value-based contracts with downside financial risk</td>
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The New Price Point Drivers

- Scale changes amortization of overhead costs
- Automation of administrative functions
- Automated remote monitoring
- Route optimization for community-based workers
- Predictive analytics to reduce unnecessary spend
- More “acute” services in less expensive settings
The Result Of These Three Market Changes?

- Many traditional services have declining demand
- Many traditional services have declining price points
The opportunities are many…
But require new business models.

The needs of consumers with chronic conditions and complex needs will not diminish – but advantage will go to “Centers Of Excellence” treatment models, crisis/readmission response programs, or integrated care coordination models (medical, behavioral, social) that leverage new technologies with value-based reimbursement.

The primary care market for consumers with complex needs exists now – fueled by consumer needs, gaps in the market, and the closing U.S. primary care practices.

Fear of hospitals, residential facilities, and nursing homes – and less nursing home capacity with an aging and increasingly disabled U.S. population – will bring opportunities for a wide array of home-based services.

The housing instability will worsen in the economic recession brought on by the pandemic crisis and services for the housing insecure will grow.
How To Get From Here To There?

Three building blocks of the path to the next normal…
Planning For The ‘Next Normal’

- What is your “vision” for the market position of your organization’s service lines in the post-crisis period?
- What services will be the anchor of margins and sustainability in the new market landscape?
- What services do you need to add?
- What services do you need to terminate?
- What is required to assure competitive positioning – merger, technology, contracts, new service model, etc.?
- Can your organization maintain financial stability in the “next normal” at its current scale?
- Does your organization’s mission need to change?
- How do you compete for the talent to succeed in the “next normal”? Clinical team, leadership team, board?
The Performance-Strategy Link

Organizational Performance
- Payer/health plan contract performance
- Access measures — price, time to appointment, convenience, etc.
- Consumer experience
- Clinical and service performance
- Revenue, margins, and financial sustainability

Strategy

Organizational Performance Management

Culture Change

Strategic Initiatives
- 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 investments
- Contracts and systems for value-based reimbursement
- Margin improvement with operational process reengineering and unit cost management
Three Strategic Market Positioning Options

1. Cash-paying market niche – great specialty in right geography
2. Center of excellence – state-of-the-art service with demonstrated outcomes for hard-to-treat severe conditions
3. “Preferred” health plan (and other payers) contracting
Within those three options, management teams need to find a profitability replacement for traditional services.

The ‘Next Big Thing’ for your service line portfolio

- Community-based
- Tech-enabled
- Customer-centric
- Data-driven
- Risk-based

High Value
First, Build A Framework To Accelerate New Service Line Development

Make Innovation Part Of Standard Operating Procedures – With Staff & A Budget….

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

2. Develop a standard service line concept testing process

3. Establish a cross-functional development team (with a dedicated manager)

4. Create a standard service line development process

5. Formalize launch planning – proof of concept, pilots, and scaling
Start With Your Current Customers - Or Desired Future Customers…

Then, Identify Available Market Gaps

1. Inventory of current service delivery capacity, customer-facing performance metrics, service line profitability, and current customer/payer mix
Start With Your Current Customers - Or Desired Future Customers…

2. Interviews with current customers – perceptions of your current services versus competitors, their pain points, current and future buying behavior, etc.

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3. Develop a list of potential new service lines – based on current service inventory and customer market research.
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4. Prioritize potential new services lines – use a standardized evaluation/ranking system
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5. High-level feasibility analysis of high-priority new service lines – revenue projections, cost assumptions, breakeven analysis and cash flow projections, etc.

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6. From feasibility analyses, select service lines for development

Then, Identify Available Market Gaps
Finally, For Each Potential New Service, Use Digital Functionality As The Core Of Service Line Design

Digital as the starting point …
Service reimagination with digital as the starting point – from the customer perspective with digital as a foundation and ‘no rules’ re: reimbursement

New payment models from the start …
Evaluate new models for payer partnerships to bring new concepts to market – centers of excellence, hybrid models, pay-for-success, etc.

Don’t start without planning for ‘proof of concept’ and a plan for scale …
Develop a formal plan for staging – proof of concept, pilots, and launch

No ROI for customers is a deal breaker …
Collect the information needed to make a ‘return on investment’ case to payers
This trend will exacerbate the digital divide and the educational divide.
- Accommodation for these social factors is critical – addressing these with no-cost/low-cost technology and providing support in use of technology

Consumer preference for virtual vs. face-to-face a different issue.
- Already financial incentives to opt for virtual primary care and high-performing narrow networks
- Online services will be less expensive
- Cost/benefit analysis of what cohorts will need to be exceptions
Use A Metrics-Based Approach To Monitor & Improve Organizational Resilience

The ability of the organization to perform during crisis and bounce back from disruptions.

Not just return to where the organization was but also to evolve and grow from the experience. . .
The Path To Sustainability In The ‘Next Normal’

1. Strategy needs to address market positioning, brand, and sustainability in light of the changes in the market

2. A ‘Digital First” service delivery system redesign is needed to fulfill brand promise and assure sustainability

3. Virtual marketing function designed for push/pull through with payer contracts and consumer referrals
"The way to get started is to quit talking and begin doing."

Walt Disney

Executive Web Forum—April 1, 2021 at 1:00 p.m. (ET)

Kristen Daugherty, Chief Executive Officer, Emergence Health Network
Ashley Sandoval, Associate Chief Executive Officer, Emergence Health Network
Jen Zajicek, Vice President of Operational Excellence, Mosaic
The **OPEN MINDS Circle**…

The **OPEN MINDS Circle** is the best source of market and management information for executives of organizations serving consumers with chronic conditions and complex support needs.

**OPEN MINDS** brings you more than what is happening. We provide the insights needed to determine what new developments mean for your strategy. And, we go one step further. Our field-tested management models and hands-on executive experience help your executive team turn strategy into organizational sustainability and success.

The key to a winning strategy is the right information, expert insights, and an implementation plan that comes from experience.

…Puts You On The Path To Competitive Advantage

1. **Understand The Market Landscape With Our Market Intelligence**
2. **Grow Management Competencies With Our Management Best Practices Resources**
3. **Empower Executive Decision-making With Our Strategic Advice**
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If you have questions, just contact us for a web meeting or a private demonstration of the full suite of Elite market intelligence benefits.

Send us an email: info@openminds.com

Give us a call: 855-559-6827

And, to learn more about the OPEN MINDS Circle Elite-level market intelligence service, visit our website: www.openminds.com/elite.

“Thanks for what you and your team do every day to help our industry manage through crisis, recovery and beyond – by informing our perspectives for both short- term and long-term view. I can’t imagine trying to think strategically in the midst of so many moving parts without your market intel.”

~ Luanne Welch, President & Chief Executive Officer, Easter Seals UCP NC & VA

“We saw your strategic advice on cash-paying customers and we’re trying to think about how to do that. You help us stay tuned to new market opportunities and business development possibilities.”

~ Patrick Maynard, President & Chief Executive Officer, I Am Boundless

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Who We Are

OPEN MINDS is a national market intelligence and strategic consultation firm specializing exclusively in the markets of the health and human service field that serve consumers with chronic conditions and complex support needs.

Our Mission

Our mission is to continuously advance the quality of services delivered to individuals with chronic conditions and complex support needs.

For over three decades, we’ve advanced this mission by providing the quality market information and the management knowledge health and human service organizations need to improve their organizational efficiency, effectiveness, and performance.
Turning Market Intelligence Into Business Advantage

OPEN MINDS market intelligence and technical assistance helps over 550,000+ industry executives tackle business challenges, improve decision-making, and maximize organizational performance every day.