

Population Health NEWS

Thought Leaders' Corner

Each month, *Population Health News* asks a panel of industry experts to discuss a topic suggested by a subscriber. This month, there are two questions.

Q. How will the increasing emphasis on population health impact hospital finances?

In a traditional sense, population health adversely impacts hospital finances because of population health's focus on reducing avoidable utilization, and hospitals' traditional reliance on revenue from any hospitalizations and emergency room visits. That said, value-based care (such as ACOs and other "at-risk" models) changes the equation significantly by shifting hospital reimbursement so that it is more aligned with the population health model.

If we define population health based on its original definition of keeping populations happy, healthy and in control of their health (and reducing unnecessary and avoidable test, procedures, and utilization), then no one can argue that population health is aligned with the "public good." This definition is far broader than the current usage of the term, which is essentially focused solely on caring for the sick in order to reduce avoidable hospitalizations and emergency room visits. The original definition is far deeper with its roots in improving patient access, satisfaction, mental and physical decline, quality, medication adherence and health literacy. In other words, the intent of population health is to improve all of the components described above, and thereby reduce avoidable utilization. All said, in a vacuum, it would seem sensible and desirable that the concepts of "public good," greater cost efficiency and profitability be aligned. That is the intent of population health and also the intent of the shift to value-based care.

The reality is that value-based care is going through growing pains and some of the desired alignment has not manifested itself. The transition to population health and at-risk models is challenging hospitals' operating margins because some of these hospitals do not have the infrastructure to manage their finances based on population health metrics, and they are having a difficult time shifting their finance models to account for this way of thinking. Compounding this is the fact that hospitals are also challenged with labor and wage pressures because of the tight market for healthcare workers.

Another dimension of this equation is data and its relationship to outcomes and infrastructure. In other words, who are my patients who need help, why do they need help, and what can I do about it? For example, why are pediatric asthma patients consistently showing up in the emergency room and hospital? Who are the patients that need the most help? Is this the kind of help that hospitals can provide to them? Data seeding population health programs need to include social determinants of health so that hospitals can understand the combination of clinical, socio-economic and psycho-social factors that can influence health and consequently hospitals (in partnership with health plans and other entities) can craft health programs (most of which needs to occur outside of the hospital or doctor's office) that can truly impact a person's future health status.



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