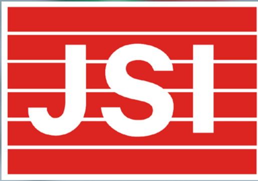

CASE STUDY

Health Center Coalition: The Federally Qualified Health Center Urban Health Network

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The Federally Qualified Health Center Urban Health Network (FUHN), established in 2013, is a health center led network that pursued an accountable care organization (ACO) contract with the state Medicaid agency in order to deliver accountable care in local communities. FUHN is a network that consists of nine health centers and one health center look-alike, which together have nearly 40 service sites across seven counties in the Minneapolis-St. Paul area. Under a three-year accountable care organization (ACO) contract with the state of Minnesota, the coalition is held accountable for meeting established quality and cost benchmarks for a defined Medicaid patient population which, as of 2016, included over 33,000 patients. If quality and total cost goals are achieved, the ACO partners are eligible to share in any savings with the State of Minnesota. By participating in FUHN, the health centers are able to leverage shared resources and expertise to demonstrate their capacity to deliver high-quality, low-cost care to Medicaid patients.

FUHN

Locations: Nine health centers and one look-alike in the Twin Cities area

Patients served: 33,000

Number of primary care providers: 32

Number of physicians: 45 FTE

Revenue: $100.8 million

This case study will examine the origins of the FUHN coalition and the governance model that evolved over time to drive decision making for the group. It will also examine FUHN's payment model and funding streams, as well as the key components of their clinical care model. Finally, it will summarize the benefits and challenges FUHN faces as a result of their collaboration and examine the implications of this model for other health centers seeking to work together to form and operate a Medicaid ACO.

Motivation for Organizational Innovation

The Health Care Delivery Systems (HCDS), more recently re-named the Integrated Health Partnerships (IHP) demonstration, was a key component of legislation passed by the Minnesota legislature in 2010 to build upon the state's comprehensive health reform legislation in 2008.[1] The 2010 law mandated the Department of Human Services to adopt the HCDS demonstration to test innovative delivery systems, such as ACOs for Medicaid beneficiaries.

The nine health centers and one health center look-alike in FUHN pursued the demonstration as a way to compete successfully for patients against consolidating systems in Minnesota.[2] Horizontal and vertical integration in Minnesota's hospitals, insurers, and integrated delivery systems has resulted in a highly consolidated marketplace, with high levels of managed care and several large, hospital-based systems. Feeling pressured by this rapidly consolidating health care marketplace, the ACO demonstration was viewed as an opportunity for the health centers to join together to form a wider, more integrated system that represented their collective interests.[3] By working together with other health centers to form an ACO, health center leaders in the Twin Cities believed they could shift from being "providers of last resort" to being a "preferred provider."[4] The demonstration gave them greater control over their reimbursement and a basis to promote their emphasis on primary care services, which would ultimately bring the benefits of innovation and reform to their underserved communities.

The FUHN collaborative grew out of the Minnesota Association of Community Health Centers (MACHC), through which a subset of health centers met regularly to coordinate efforts around emergency preparedness, billing support, and local quality improvement initiatives. Eight of the ten future FUHN members were already members of the MACHC-affiliated Neighborhood Health Care Network, which later was repurposed to serve as the organization to implement the demonstration project. The health centers that decided to take advantage of the opportunity were located in the metro area of the Twin Cities. Rural centers decided against joining the demonstration project.[5] Rural centers, due to their geographic isolation, lacked the required capabilities in data analytics and staffing as well as a "burning platform" to drive change.[6]

Leadership by some of the larger health center players, particularly the largest health center in Minnesota, West Side Community Health Services, was instrumental in driving the FUHN effort forward. Jason Fournier, then the CEO of West Side Community Health Services, initially served as the chairman of FUHN's board of directors and was a champion of this collaborative effort.[7] West Side Community Health Services was large enough that it could have pursued the demonstration on its own but decided to partner with other health centers, lending credibility to the whole enterprise.[8]

> "We preferred to be driving the bus. We could either be on the bus, driving the bus or under the bus."
>
> **Jaeson Fournier**
> Chief Executive Officer of the West Side Community Health Services

FUHN's leadership believed the move towards accountable care helped to position their group of health centers to better compete and secure long-term sustainability in the post-ACA health care environment. In July 2011, ten CEOs formed the FUHN board and actively developed a response to the state's request for proposals for Medicaid ACOs as part of the IHP demonstration.[9] FUHN was one of six groups selected for the demonstration; the other five were large health systems in the state. The Centers for Medicare & Medicaid Services (CMS) and the State of Minnesota were both initially skeptical of FUHN's proposed virtual model[10] because they did not have partnerships with any hospitals. However, FUHN's leadership was able to convince CMS that the coalition was large enough such that it could leverage its shared resources and extended primary care network to negotiate contracts with individual hospitals.[11] It is notable that this network did not have any formal hospitals partners as part of the ACO, which was a departure from previous CMS/ACO programs.

Governance and Management Structure

Though all ten of the FUHN health centers vary greatly in their size and capabilities, the governance structure of the coalition is democratic and collaborative. There was a high degree of comradery born from their shared missions, and the board members met bi-weekly to discuss the ongoing implementation of the program. Additionally, there are several committees that meet to discuss financial and management reporting, access improvement, consumer satisfaction and reporting, and clinical quality improvement.[12] The governance structure is outlined in Exhibit 1.

The formation of FUHN was facilitated by the administrative partnership with the Minneapolis-headquartered health services and data management firm, Optum, a division of United Health Group. Optum provided critical management and data analytic support for FUHN. The choice to pursue a partnership with Optum was precipitated by the coalition's need for data and lack of an integrated electronic medical record across participating health centers. Optum was selected through a competitive RFP process to develop data tools, strategic and operational insights, and other services to support clinic-level improvement and network-wide data infrastructure. In return for its significant upfront investment, this vendor was promised a portion of any shared savings that were achieved for the duration of its initial agreement. Optum took on significant financial risk by assuming the initial investments required; however, as part of their contract, they were entitled to a significant portion of the shared savings, which made the deal worthwhile.[13] This arrangement with Optum resembles that of other health center independent provider associations in that health centers are relying on another outside organization for management services and financial support. Optum served in this role until November 2018, when FUHN began developing its own internal organizational capacity. To build this capacity, FUHN hired new staff members, including Dawn Plested, the current Executive Director of FUHN, as well as a full-time Quality Director, an IT Project Manager, and a contracted pharmacist for pharmacy/diabetes case management across the system.

> "FUHN wouldn't be where they are today without Optum jump-starting it."
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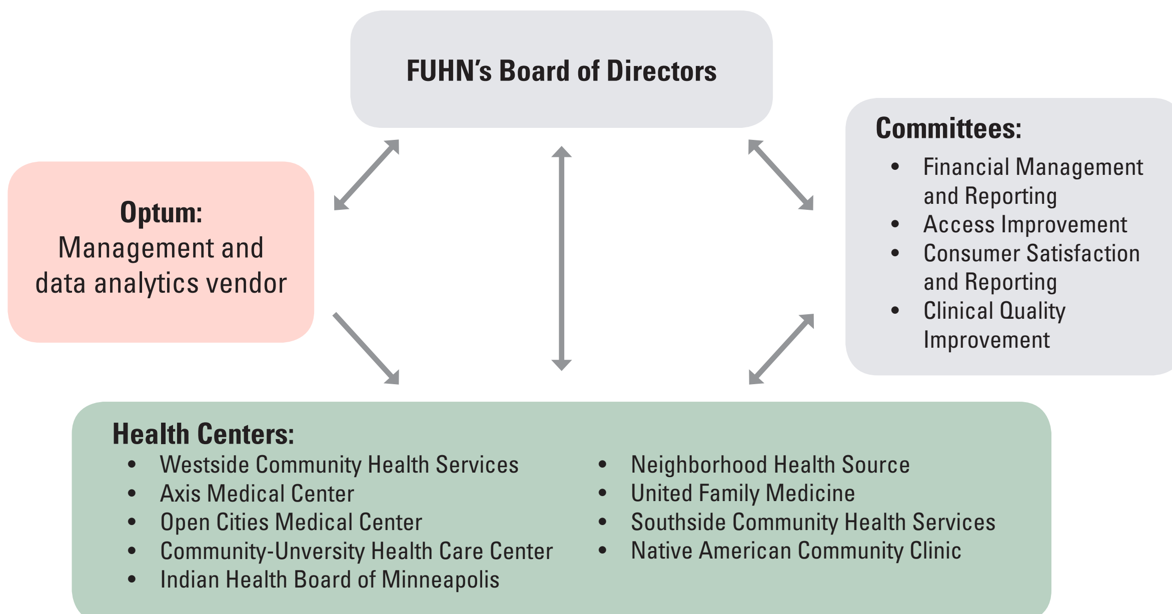
> **Dawn Plested**
> Executive Director at FUHN

Exhibit 1. FUHN Governance Structure



Payment Model

The three-year contract period of the IHP demonstration first involved establishing a total cost of care benchmark and measuring achievement of cost goals by comparing to the initial benchmark. The contract was gain-sharing only, with no downside risk. Savings were shared by the members of FUHN and the state. Performance targets for annual total cost of care across the health centers were at least 2% lower than the previous year to receive payout for shared savings.[14] Over the first 3 years of implementation, FUHN achieved over $17 million in savings, with $7 million going to FUHN and $7 million to the state (Exhibit 2).

Minnesota requires IHPs to report on 32 quality metrics, which are scored as nine aggregate metrics. The clinical and patient experience metrics are: depression remission at 6 months, optimal diabetes care, optimal asthma care, optimal vascular care, timely appointments, provider communication, helpful office staff and a high provider rating.[15] IHP phases in shared savings distributions tied to quality performance over a three year period, and they place increasing emphasis on the quality of performance each year. Thus, FUHN was required to report quality data in the first year and show improvement in subsequent years in order to remain eligible for shared savings. Initially, the health centers planned to meet quality targets in the second year and beyond; instead, FUHN's leadership negotiated with the state's Medicaid Agency and, eventually, the state agreed to use overall improvement on the coalition's baseline quality scores rather than achievement of targets established by the state.[16]

Exhibit 2. Shared Savings Total ($) by Year

Year	Savings
2013	3.7 million
2014	5.9 million
2015	4.7 million
2016	7 million (projected)

FUHN has participated in this shared savings arrangement with the state from 2013-2018, and is currently negotiating a new contract, and will shift from a shared savings payment model to care coordination payments. After the first year of the new contract, FUHN may transition to downside risk based on total cost of care.

All health centers in FUHN are not equal in terms of their contributions to the ACO's financial outcomes or the number of patients they bring to the table. FUHN's Financial Management and Reporting Committee designed a formula to distribute shared savings among the health centers while accounting for factors such as need for investment and variance in size and performance. This formula is updated annually.

Health centers in the FUHN network continue to receive the federally-mandated Medicaid Prospective Payment System (PPS) payments for visits incurred by attributed IHP members as well as any other Medicaid Patients. Any shared savings from FUHN are on top of their standard PPS rates. Unlike other states such as Oregon and California, there is no discussion about reforming the basic PPS system, which provides the bulk of health center revenue.

Delivery System Improvements

Although health centers involved in FUHN have distinct clinical care models, FUHN is working with Optum to drive continuous quality improvement through: 1) achievement of the practice changes necessary to receive patient centered medical home (PCMH) certification; 2) data analytics; and 3) care redesign through performance coaching.

The foundation of FUHN's model is making all the necessary practice changes to achieve PCMH certification. Introduced by the state's 2008 health care reform legislation, PCMH certification is a rigorous process that requires the use of effective team care delivery, patient registries to identify gaps in care, pre-visit planning, care plans to track patients' progress over time, patient experience surveys, and ongoing partnerships with community resources.[17] PCMH certification is in line with FUHN's overall clinical focus on frequent interactions, and FUHN is well on its

way to reaching its goal of certifying all ten coalition members.[18] Since FUHN does not have a hospital partner, the network is focusing on improving its model by enhancing care transition management to reduce preventable readmissions and emergency department visits through strengthened community partnerships with local hospitals and specialists.[19]

With the help of Optum, FUHN implemented an analytic tool called ImpactPro, which is designed to improve the utility of administrative claims data by producing reports that monitor cost, utilization, and quality trends for individual, high-risk, patients, as well as for providers and clinics. The tool produces four types of reports: 1) patient follow-up reports that identify opportunities for preventive services and follow-up care; 2) panel view reports that give physicians information on their patients' historical utilization of care and relative risk; 3) high-risk patient management reports that use quality measures, evidence-based care protocols, and predictive analytics to identify opportunities to help patients at highest risk of hospitalization; and 4) clinic-specific performance reports that track each health center's progress in meeting overall cost and quality benchmarks. The reports aim to drive continuous improvement activities and measure their impact in reducing utilization and improving the quality of care.[20]

To enable effective use of the data available through ImpactPro, FUHN has worked to embed performance improvement advisors at each of the health centers. Performance improvement advisors and medical directors work directly with staff to analyze clinic performance, identify improvement strategies, and monitor their implementation. Performance improvement advisors help design care coordination processes aimed at reducing emergency department and inpatient utilization, in particular for high-risk populations and patients with high hospital utilization. Additionally, performance improvement advisors study high-performing clinics and bring recommendations to the governance committees for spreading effective practices across the network.[21]

To further spread effective population health management strategies, clinical quality improvement teams (CQIs) from FUHN health centers meet weekly to share best practices. These meetings promote collaboration and learning across health centers.

> "The collaboration within the CQI group is one of the best things that have come out of FUHN. Both change and population health happens here, as a result of the powerful synergy from working across the centers."
>
> **Dawn Plested**
> Executive Director at FUHN

Conclusion and Implications for Other Health Centers

FUHN represents a unique model of a health center coalition coming together to form an ACO to serve their Medicaid patients. Other health center coalitions in Massachusetts are following FUHN's lead and developing similar health center-led ACOs. With the support of Optum, FUHN was able to make major improvements in quality while reducing the total cost of care. FUHN achieved these results without incorporating hospitals into its formal governance structure, overcoming the concerns of state policymakers and CMS. The exclusion of hospitals in FUHN's governance structure was ultimately an advantage rather than a drawback, as there were no competing cost incentives stemming from a hospital's need to fill inpatient beds and keep a steady flow of ED patients. As such, all of FUHN's incentives were aligned with the objective of achieving cost savings across the health system.

FUHN's health center governance model has also proven to be sustainable. Although FUHN faces challenges of complex joint ventures, it has been able to maintain organizational commitments despite the fact that not every health center is making an equal contribution to the shared savings.

As many complex joint ventures fail in the health care as well as other sectors,[22] sustaining the FUHN governance model is a notable achievement in its own right.

FUHN offers important implications for other health centers interested in pursuing accountable care contracting arrangements:

1. Giving primary care access to shared savings based on reducing total cost of care is an effective way to reward health centers for their contributions to the broader healthcare system, not just the productivity and efficiency of their clinics. Additionally, shared savings (savings to state Medicaid programs) can be achieved while maintaining the FQHC Prospective Payment System (PPS) under the Medicaid program. In fact, maintaining the level of income from its PPS payments gave financial stability to FUHN as it pursued care transformations to achieve shared savings.
2. Substantial startup funding is required to build necessary infrastructure, especially for data analytics. FUHN demonstrates the value of leveraging the assets of a strong administrative services partner, which offered to provide initial funding in exchange for part of the shared savings.
3. Infrastructure for continuous quality improvement is critical for executing accountable care strategies. FUHN deployed performance improvement advisors to individual clinics to help illuminate care coordination opportunities based on analysis of patient data. These efforts, in turn, drove identification of high-risk patients and reduced total cost of care through case management for select individuals.
4. Effective care coordination that extends beyond the four clinic walls supports quality improvement initiatives and population health management. With the help of Optum, FUHN developed standardized clinical tools to help coordinate care across settings, and it is working toward interoperability within its electronic health record systems.
5. Care redesign is a challenge that requires fortitude on the part of coalition leadership. In FUHN's case, this trust was fostered by strong leadership and a commitment to advancing health centers' primary care-centered model of care, and FUHN's leaders displayed the skill and will to successfully implement changes to its services delivery model by working through the challenges of transformation. Led by enlightened leadership at West Side Community Health Services and other health centers, the coalition was able to collaborate together towards providing better quality care, rather than competing with one another for patients. FUHN demonstrated that health centers can achieve financial gains by collaborating rather than competing with one another.

Endnotes

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5. Interview with Chief Executive Officer of West Side Community Health Services Jaeson Fournier. Telephone; August 19, 2016.
6. Ibid.
7. Interview with Chief Executive Officer of West Side Community Health Services Jaeson Fournier. Telephone; August 19, 2016.
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