The Additional 8th Force Among The Law Of The Land For I/DD Services

by Jim Vail

Each of the 7 forces noted in Tom Schramski's compelling article (Vertess; Volume 4, Issue 7) are certainly reshaping I/DD services. In our opinion, however, the following trend will roil all aspects of the I/DD landscape.

8. I/DD providers will soon be identified—primarily—as health care providers and secondarily as human services and/or LTSS organizations. The information below illustrates this impending eventuality.

As Tom notes, it appears to be an inexorable trend that MCOs will contract (as administrators and payers) with increasing numbers across state Medicaid services. There are simply too many lives to cover and too much money at stake to prevent MCOs from finding a path to success in this market.

MCOs have a core competency related to squeezing costs out of a system – primarily through tough rate negotiation and zeroing in on all areas of expense reduction. Additionally, "playing" one provider against another provider is another winning approach MCOs historically bring to the cost-cutting table. Using these tactics in the I/DD space seems to be the game plan.

Based on recent external research studies and our analysis presented to CMS, health care costs for people with I/DD are high and expanding quickly. With constant or declining LTSS rate reimbursement and health care costs likely increasing at almost double-digit annual rates, there will be a crossover point in the not-too-distant future.

For providers in states with low LTSS reimbursement rates, the crossover point—aggregate health care costs for people supported exceeding LTSS expense—will occur in approximately three years. We expect the crossover point will occur for all states and providers within the next five to seven years. Consequently, from a cost perspective, I/DD services will squarely be in the health care business. In the eyes of funders, I/DD providers will become health care entities.

MCOs well understand that a large percentage of health care costs are due to preventable behaviors. Recent studies indicate that 13% of all early deaths are due to nutrition or the foods that people consume. If ongoing studies confirm that 10 – 15% of all health care costs can be forestalled (pushed into future years), or completely eliminated, via improvements to nutrition, this area of cost containment will become a laser focus for MCOs.

LTSS providers are an easily identifiable agent of change. In most cases, these organizations are directly responsible for procuring and preparing meals for people supported. Or, the provider is responsible for helping people supported make informed and responsible choices regarding food consumption. There is recognition within the industry regarding this responsibility and opportunity to intervene; a respected I/DD provider in the Midwest notes: "Choice does not mean helping a person supported eat themselves into a poor quality of life and early death."

Value–based purchasing is already a priority for acute care hospitals because CMS and insurance companies are zeroing in on the total cost of long-term care for patients. As a result, if a hospital provides substandard care (or care that requires unexpected follow-up and/or readmission after discharge), the hospital may not be reimbursed for all or some of the cost incurred with the readmission.

We now hear MCOs talking to I/DD providers with the same terminology – value-based purchasing. As such, we expect the next "shoe" to drop soon – a single capitated rate for each consumer that includes LTSS *and* health care expense. If the combination of LTSS and health care costs are below this rate for the person supported, there would be a split in the "savings" between the MCO and the provider. Conversely, if LTSS and health care costs are above this rate, providers will be on the line for some or all of this expense overage.

Based on trends, activities and our experiences in the human services industry, our conclusion can only be that the 8th force—**I/DD providers will soon be identified—primarily—as health care providers**—is a monumental shift that will necessitate bold leadership, innovation, pencils very well sharpened, and both stethoscopes and spatulas at the ready.

. . . Need more evidence that providers are morphing into, and being thought of as, health care businesses? Look at private equity/venture capital activity. Recent I/DD provider equity infusions/purchases have predominately been from health care-centric PE groups. Additionally, note the changes in the C suite within large I/DD providers, which increasingly includes executives with health insurance or direct health care experience.

About Jim . . .

James D. Vail holds his MBA from Northwestern University's Kellogg School of Management and is long experienced in both the health care and human services industries. He is President and CEO of Mainstay, Inc. and its *My*25 and EatUp! programs.

Jim has an impressive background spearheading critical health improvement, person-centered choice enhancement, nutrition elevation, and expense reduction (food, labor, PRNs, acute care, prescription medications, risk and compliance) outcomes achievement across thousands of LTSS settings, throughout the U.S.

Mainstay's programs are centered on Strategic Mealtime™ & Technology-Supported Mealtime™ for human services entities supporting people with IDD, SPMI, TBI, and behavioral challenges. The company's foundation was built in partnership with the USDA and through collaboration with professionals from the Feinberg School of Medicine at Northwestern University. The World Health Organization has substantiated *My*25's approach to nutrition enhancement for people with IDD as the fundamental solution behind improved health and reduction of multiple chronic conditions—leading to better quality of life and more robust opportunities.

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