

# Are You Ready for the New Revenue Models?

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If you are like many hospital finance leaders, you are probably still deciding how intensely you want to pursue the many new revenue models—such as ACOs, bundled payments, value-based payments, risk sharing. Even if you are undertaking the complex financial analysis of these contracts, along the lines described in the cover story for the April 2013 issue of hfm (Harris, J.M., and Hemnani, R., “The Transition to Emerging Revenue Models”), someone will inevitably ask, are we ready?

Although you can find 100-page assessment tools designed to help you measure your readiness, from our experience, 14 questions in five key areas are sufficient to help you assess whether you are on track to succeed under these new revenue models.

Here is the readiness test: For each question below, give yourself 5 points if you are “ready,” 3 points if you are “in progress” and 0 points if you “haven’t started.”

## PHYSICIAN LEADERSHIP

1. Do we have a mechanism/structure in place to engage both employed and independent physicians (e.g., PHO, joint venture)?
2. Do aligned physicians recognize that revenue models are changing?
3. Can physician leaders name three quality improvement and cost reduction initiatives?



## CARE MANAGEMENT

4. Do physicians support guideline/protocol development? Are some guidelines/protocols already in place?

5. Are we managing down readmissions and thinking about how to decrease costs through care coordination beyond the hospital?
6. Are we building population health capabilities?

### QUALITY MONITORING

7. Are we recognizing the limitation of quality data, but not letting perfection get in the way of performance improvement?
8. Are we measuring physicians on their individual outcomes?
9. Are we gathering data from aligned practices?

### DATA SHARING

10. Are we already sharing data (or implementing a solution) to support care management and coordination across the continuum?
11. Are we monitoring opportunities for improvement as well as financial outcomes?

### PAYER ENGAGEMENT

12. Are we in conversations with payers to consider shifting more care to new revenue models?
13. Are we proposing quality measures, clinical programs, and financial incentives rather than waiting for payers to do so?
14. Are we starting to think in terms of population health and value rather than volume?

**Even the best-performing organizations still struggle with getting everyone on board, monitoring quality and sharing data.**

If you scored a 5 on all, give yourself an extra 30 points. If you scored only 3s and 5s, give yourself an extra 15 points.

Even the best-performing organizations still struggle with getting everyone on board, monitoring quality and sharing data. If you scored more than 50, you are ahead of the game. If you scored above 30, focus on areas where you are weak rather than on perfecting areas where you have already made substantial progress. If you haven't gotten started, don't delay—it takes time to build capabilities, trust, and institutional wisdom, and you don't want to fall too far behind.

No matter where you are in the evolution toward new revenue models, tailor your approach to your unique situation. The best strategies are customized to local market dynamics, and build on existing capabilities and infrastructure. ●

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