CBO innovation in the era of value-based care
Home and community are near to our hearts
Value-based health plans and providers offer upstream care

Share of payments made in 2018

- Fee-for-service, not linked to quality of value: 39.1%
- Fee-for-service, linked to quality or value: 25.1%
- APMs built on fee-for-service architecture: 30.7%
- APMs using population-based payment: 5.1%

Werner, Emanuel, Pham, & Navathe, 2021
Home-and-community-based care are ripe for innovation

Initial Patient Destinations Following an Inpatient Hospital Stay for Medicare Beneficiaries, 2019

- Community: 58%
- Formal Post-Acute Care Settings: 36%
- Skilled Nursing Facilities: 19%
- Home Health Agencies: 13%
- Other: 4%
- Death: 3%
State Adoption of Managed Long-Term Services and Supports Programs (MLTSS)
Technology and science are ready
The home-based care market is huge

$95.9B
Revenue in 2021

$122.4B
Revenue in 2026

IBIS World, 2021
Private Equity Likely to Deploy $1.5 Trillion War Chest in Home-Based Care Market

By Joyce Famakinwa I February 18, 2020

Private equity players are sitting on more dry powder than ever before, entering 2020 with a reported $1.5 trillion in dry powder. In all likelihood, a portion of this cash will be deployed in the in-home care space.

Kaiser Permanente, Mayo Clinic invest $100M in hospital-at-home company

The health systems are sinking a combined $100 million into Medically Home Group, which enables clinicians to provide hospital-level care in patients' homes. The funds are intended to scale the company's operations and expand access to its care delivery model.

How Geisinger, Mount Sinai, Intermountain, and more are building the 'hospitals of the future'

The 'hospital of the future' will focus more on serving patients in their homes and communities, Laura Landro reports for the Wall Street Journal—and several top health systems are already embracing these trends.

Does your state support telehealth?

Why hospitals need to change
Key healthcare players are bringing care to home
Community-based organizations (CBOs) are well-positioned to innovate
CBOs are the biggest providers of and experts in community-based support

Each year, ~300,000 human service nonprofits provide critical services for 1 in 5 Americans. These services are worth more than 200 billion dollars.
A robust community infrastructure is a strong value-proposition for health systems

- 22% lower readmission rates
- 20% lower mortality rates
- Lower rates of smoking and obesity and higher rates of exercise.

Mays, 2016
The adoption of low-cost technologies allows CBOs to become more
But CBOs are not in the big picture of innovation
Many new companies/start-ups are innovating how care is delivered at home and in the community.
40 SDoH Companies raised $2.4B
Debunk some CBO innovation myths
CBOs can’t innovate because they are small

More than 60% of human service nonprofits report financial instability

20% — 30% of CBOs could close within one year

National Council of Nonprofits, 2019; Nonprofit Business Advisor, 2020; The Alliance for Strong Families and Communities, 2018

Nonprofit Business Advisor, 2020
But ~70,000 CBOs have more than $5m annual revenue
CBOs can’t innovate because they don’t have the infrastructure to innovate

~$100 billion waste in nonprofits due to lack of infrastructure and inefficiency

National Council of Nonprofits, 2019; Nonprofit Business Advisor, 2020; The Alliance for Strong Families and Communities, 2018
● Oftentimes, innovation doesn’t require a sophisticated infrastructure but a systematic process.

● Successful software companies spend 20% of revenue on R&D, but what about CBOs?
To enable equitable and sustainable community health, **CBOs** need to innovate.
Find early adopters
Consider the following

• Explore out-of-pocket customers and employers

• Leverage gov fundings and donations to develop programs of long-term interest across service lines and measure the "right outcomes"
2 Test something small iteratively

What many CBOs are doing:

What works:
Find innovation partners and join a learning network

~6,000 hospitals  ~$900 B  VS  ~300,000 CBOs  ~$200 B
Find innovation partners and join a learning network

• To gain diverse knowledge
• To share technology infrastructure
• To share manpower
• To increase negotiation power
To facilitate CBO innovation, health plans and healthcare systems may consider the following
Invest in CBO infrastructure (potentially using the community benefit fund)

Young et al., 2018
Using family caregiver support as an example
Having a healthy caregiver is a value proposition

If a caregiver is depressed:

↑$1,300 patient Medicare costs over 6 months

↑4% caregiver total medical care cost

Coe et al., 2019
Ankuda et al., 2017;
Friedman et al., 2019
Caregiver groups are cost-beneficial

<table>
<thead>
<tr>
<th>Input</th>
<th>Outcomes</th>
<th>Net Cost Savings</th>
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| **Cost: PM $450** (One time) | **Patient**
  ↓ Outpatient costs
  ↓ Total costs |
| **Personnel**
  1 social worker at 0.25-0.5 FTE | **Caregiver**
  ↓ Outpatient costs
  ↓ Total costs |
| **Other**
  Space | ↓ Depression
  ↓ Burden
  ↑ Peer support
  ↑ Physical functioning | **Patient**
  **PMP2Y $2,937** |
|                     | **Caregiver**
  **PMP2Y $1,707** | |

Toseland, 2006
~10,800 Human Services Nonprofits in Indiana
Feel free to reach out to us!

Sarah Rosenbaum, MD, MPH
Psychiatrist

Venus Wong, PhD, BCBA
Psychologist

vwhwong@stanford.edu
Innovate together