Identifying Population Health Management Opportunities, Determining Scope and Scale

The seven-level framework for pursuit of population health management (PHM) opportunities provides detailed guidance on developing a financially sustainable role in PHM through critical interrelated analyses and decisions (Figure 1). Numerous activities described within this framework may occur simultaneously as an organization pursues value-based PHM opportunities. This Snapshot describes Level 4 — Identifying PHM Market Segments and Opportunities, and Level 5 — Determining Scope and Scale of Required PHM Network. Other Snapshots address specific levels in greater depth.

**FIGURE 1. The Framework for Pursuit of PHM Opportunities**

1. Understand and Organize Around PHM
2. Determine Market Stage
3. Evaluate Position and Gaps
4. Identify PHM Market Opportunities
5. Determine Scope of PHM Network/Role
6. Define PHM Contracting Strategy
7. Identify Path – Build, Buy and/or Partner

**Level 4 – Identify PHM Market Segments and Opportunities**

Identifying entry and/or expansion points into the PHM arena is complex and critical work. The strongest organizations will be looking for opportunities to operate a risk-bearing network that spans delivery and financing/insurance plan functions across a care continuum. Most hospitals will be looking for PHM opportunities that will enable them to contract with another entity to provide services and thus foster delivery system growth. Some hospitals will be looking for a mix of the two.
Key variables related to opportunities include:

- The specific patient population, which should be segmented and considered by how it is insured
- The overall insurance market, including available networks, product types, benefit designs, enrollment, pricing and other items
- The value proposition the organization would offer within its community based upon its unique mix of access, service, quality and cost

The organization’s PHM strategy should be objectively defined within its integrated strategic-financial plan so that risk is effectively managed as the organization transitions to new value-based payment mechanisms.

**Level 5 – Determine Scope and Scale of Required PHM Network**

Effective and sustainable PHM requires the design of a high-performance provider network covering the care continuum (Figure 2). In moving away from fee-for-service care delivery and financing models, organizations must scrutinize their networks, or a network in which they participate, in a different light.

Many traditional criteria for a viable network still apply (e.g., access points, competitive position), but the following four criteria also will need to be assessed on the basis of populations served and insurance plan coverage:

- **Network essentiality (size/scale):** This often is tied to an organization’s primary care network and measured based on the population that can be attributed to the provider network/delivery system. (In fragmented hospital markets, such as Los Angeles, health system-developed networks without sufficient size may find health plans unwilling or unable to work with them to develop PHM models.)
- **PHM care continuum (breadth/depth):** Most hospitals and health systems will find it prohibitively expensive to acquire capabilities across the full continuum of care settings; collaborative partnerships and affiliations will be needed.
- **Network performance and outcomes:** Performance will be monitored against specific cost, quality and access targets in applicable risk contracts.
- **Overall “network adequacy”:** This refers to an entity’s ability to deliver the benefits promised under the contract terms by providing access in a service area to a sufficient number of in-network physicians, and hospital and other services.

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FIGURE 2. Coordinating Care in the Continuum of PHM Settings

Snapshot 1.11 will describe the steps an organization can take to define a contracting strategy to support PHM opportunities.

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About CHA's Population Health Management Program
The information provided here was taken from CHA’s Population Health Management:  
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