

PHM INITIATIVE

BUSINESS CASE GUIDE



Population Health Management Initiative (PHMI), a California collaboration of the Department of Health Care Services, Kaiser Permanente, and community health centers.

BUSINESS CASE GUIDE

EXECUTIVE SUMMARY

Why a Business Case Matters

Providing high-quality population-based primary care requires a team and sustainable financing right from the start to ensure success. A clear understanding of your unique business dynamics contributes to your financial wellbeing and aids you in taking advantage of new opportunities to create revenue while navigating around challenges like rising healthcare salaries.

What the Business Case Guide Offers

The Business Case Guide helps organizations develop a financial model for an optimized care team to support population health management. It helps determine the expenses and potential revenues that result from investing in and then implementing population health management. The business case guide presented here includes adaptations for federally qualified health centers (FQHCs) and their specific payment mechanisms. If your practice is not a health center, some parts of this guide and the accompanying tools may not directly apply to you, but can be adapted for your use.

Though the specific business case for improving population health management varies for each organization based on the patient composition and payor mix of practices, in general the goal of this guide is to leverage high-performing care teams to proactively support patients and families in improving their health. Using provider time appropriately, reducing waste and rework, avoiding expensive emergency department visits, and leveraging value-based payment arrangements are all components of building the business case for population health management.

For organizations interested in **Going Deeper**, additional content is available on moving further into value-based care through capitated payment or shared savings arrangements to support the adoption of new care team roles and service delivery modes. Finally, the guide covers business case topics **On the Horizon**.

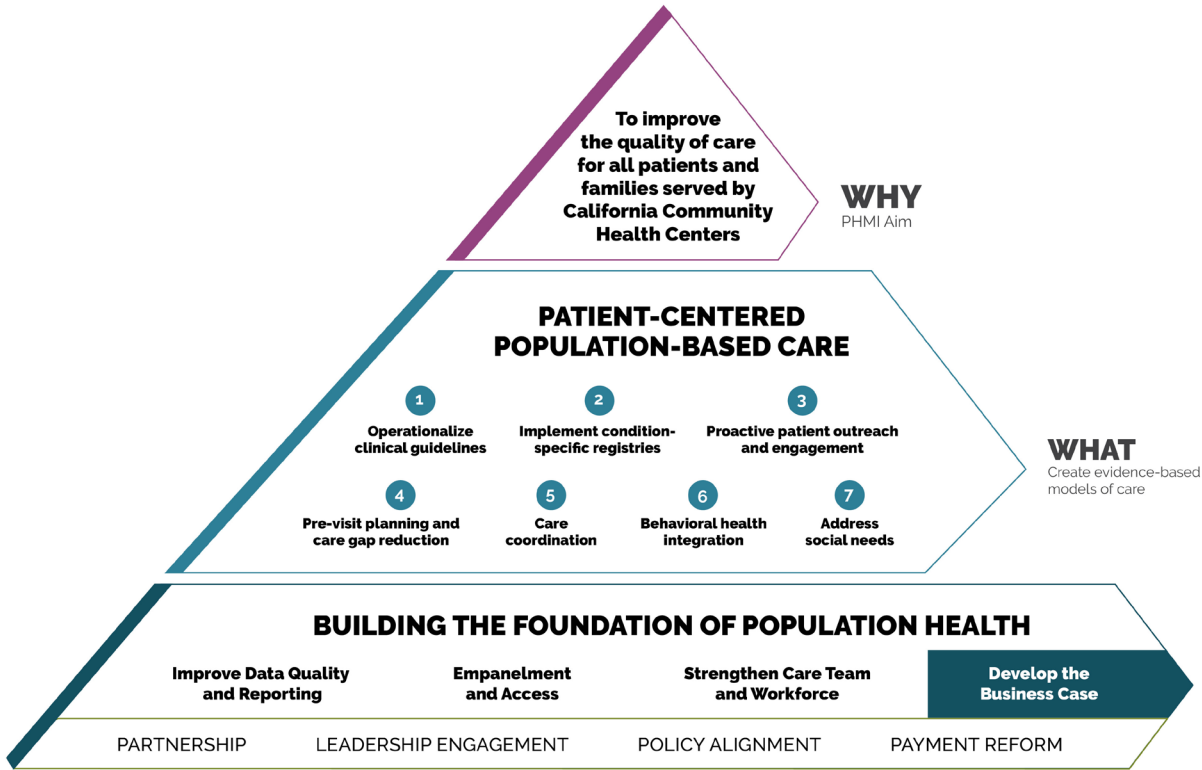
Using the business case tool is most helpful during the planning phase of an initiative. We recommend you define your business case prior to finalizing your approach to population health management.

Who Needs to Be Involved in the Work

This Business Case Guide was developed for practice leadership from different disciplines (financial, clinical and operations) who are working to set goals, develop an action plan and realize it over time.

When to Use the Business Case Guide

The business case is a critical foundation for patient-centered population-based care. This guide is fourth in the "Building the Foundation" series of implementation guides. It provides a way to think about how care team changes impact revenue and expenses in real time. Using the business case is most helpful during the planning phase of an initiative, before you begin implementation. We recommend developing the business case before you have finalized your approach to population health management.



Advancing Equity through Your Business Case

Operationalizing health equity in practice means getting serious about aligning your operational model with the needs of specific subpopulations. Building your business case will help you consider how to distribute resources to effectively reduce health disparities. Consider the following as you think about revenue streams, service lines, care models, team composition and skill sets needed to achieve health equity:

- Assess how organizational equity goals are reflected in operations.
- Examine the resource allocation required to reach patient subpopulations that need additional support. You may, for example, need to increase your budget to enhance the work of community health workers on specific teams.
- Assess the impacts of different payment models on the sustainability of your equity-based work. Consider where savings or additional revenue from one service line may support the sustainability of another service line.
- Remember to periodically realign your budget and operational decisions with your equity priorities as you learn new information.

Summary of Key Activities

The key activities below will guide you through the process:

1. Take a multidisciplinary approach to sustainability planning.
2. Use the Business Case Tool to develop financial projections for care team expansion.
3. Continue using the Business Case Tool to monitor financial outcomes (actuals vs. projections) and make midcourse corrections.

After working through the key activities above, you will be able to:

- Form a multidisciplinary team to complete the Business Case Tool.
- Complete the Business Case Tool with a multidisciplinary team.
- Develop an implementation plan that includes necessary care team functions for population health management and have it approved by leadership.
- Implement the plan.

Additional content is available for practices interested in **Going Deeper** and exploring what's **On the Horizon**.

Tools and Resources

These tools were developed for PHMI and can also be used by a wide range of primary care practices. They are open-source. We encourage you to take these tools and adapt them to best meet the needs of your organization and the community you serve.

Resource	Description
Business Case Resource 1: Business Case Tool	An interactive Excel spreadsheet that uses site-specific data to model the financial outcomes of various approaches to population health management service delivery and staffing.
Business Case Resource 2: Summary of California CHC Revenue Streams	A PowerPoint that provides an overview of the multiple revenue streams for CHCs in California to assist the evaluation of revenue opportunities.

Contacts for Support

If you are part of PHMI, please contact your coach. If you are part of Equity and Practice Transformation (EPT), visit the [EPT website](#) or contact your managed care plan. Otherwise, reach out to us at phm_initiative@kp.org

About PHMI

Community health centers, Regional Associations of California (RAC), California Primary Care Association (CPCA), Department of Health Care Services (DHCS), and Kaiser Permanente are partnering to transform care for Medi-Cal beneficiaries. Together, we are working to advance population health management capabilities in order to eliminate health disparities and improve the health of people and communities.

Through co-design with community health centers and the support of Kaiser Permanente, PHMI is aligning with CalAIM and APM 2.0 to:

- Focus on shared priority measures and populations, including children, pregnant people, people with behavioral health conditions, and adults living with chronic conditions and preventive care needs.
- Engage resources and expertise to create population health management solutions that work.
- Invest in technology solutions to improve data capabilities.

