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How are CBOs faring with healthcare contracts? New report reveals insights, data

By **Beth Blair** and **Suzanne R. Kunkel**

Editor's note: The SCAN Foundation, The John A. Hartford Foundation, the Administration for Community Living, the Gary and Mary West Foundation, the Marin Community Foundation and the Colorado Health Foundation have united to fund a three-year grant to develop and establish the Aging and Disability Business Institute (goo.gl/nz7ykU), housed within n4a. Under the grant, ASA and n4a are collaborating on a series of articles and case studies in **Aging Today** that will help to prepare, educate and support community-based organizations and healthcare payers to provide quality care and services.



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To improve the health and well-being of individuals living in the community, healthcare providers and systems are increasingly developing partnerships with community-based organizations (CBO) to address the social and behavioral determinants of health. By paving the way for better integration of health, and social and behavioral supports, these partnerships improve the quality of life for older adults and people with disabilities.

Business Institute Data Revealed

New data from the Aging and Disability Business Institute, which is led by the National Association of Area Agencies on Aging (n4a) and Scripps Gerontology Center at Miami University, show that more and more CBOs recognize this trend and are readying themselves for partnerships with the healthcare sector. The results of a 2018 survey (tinyurl.com/ybd34rbs) show that the proportion of CBOs partnering with healthcare entities has grown more than 3 percent over the past year, from

38 percent in 2017 to 41 percent in 2018. The survey responses provide insight into the needs of CBOs at a range of stages in the contracting process, while offering a glimpse of the challenges that may hinder CBOs looking to launch the process.

Also, the 2018 survey found that the most common healthcare partners for CBOs are Medicaid Managed Care Organizations (41.6 percent), state Medicaid (28.5 percent) and hospitals and hospital systems (26.5 percent). Other partners include Veterans Administration Medical Centers, commercial health insurance plans and Medicaid–Medicare duals plans. While a small proportion of CBOs reported contracting with Medicare Advantage (MA) plans, the proportion of CBOs entering into new partnerships with MA plans increased—from 5.4 percent in 2017 to 8.9 percent in 2018. Additionally, more CBOs are now billing Medicare Fee for Service, with that proportion more than doubling, from 4 percent to 8.9 percent.

The survey found the services most commonly provided by CBOs partnering with healthcare entities build on CBOs' unique strengths, such as a long-standing history of connecting individuals to vital community services and supports. CBOs most often provide the following services through their contracts with healthcare entities: case management/care coordination/service coordination (50 percent), care transitions services (38 percent), eligibility assessments for long-term services and supports (30 percent) and evidence-based programs (30 percent).

Survey responses show that, in addition to preparing themselves for partnerships with healthcare entities, growing numbers of CBOs are entering into such contracts as part of a network. In the survey, a network was defined as a “coordinated group of community-based organizations that pursues a regional or statewide contract with a health care entity.” In 2017, 19.7 percent of CBOs with contracts did so as a part of a network, whereas in 2018, nearly a third (30.2 percent) were in a network.

Such CBO networks provide a one-stop-shop for contracting, in addition to delivering services on a regional or statewide basis, which can be more attractive to some healthcare partners. There are many benefits for CBOs in developing a network, including economies of scale related to management and administrative functions.

Contracting Yields Benefits—and Challenges

Although CBOs at varying stages of contracting (with a contract, pursuing a contract or having unsuccessfully pursued a contract) experienced unique challenges, common themes emerged for all three categories: difficulties relating to a common understanding of proposed programs and services, attitudes of healthcare professionals toward CBOs and integration of services into a healthcare system workflow.

Among CBOs with contracts, 33.9 percent reported that the length of time it took to establish a contract was a challenge, as were referrals and volume (for 27.4 percent of those surveyed). With CBOs that are pursuing but do not yet have a contract, the willingness of their organizations to take financial risk emerged as a top challenge (27.9 percent), while CBOs that had unsuccessfully pursued contracts identified competing priorities within the healthcare community (35.7 percent) as a barrier.

Receiving a consistent stream of referrals from the healthcare partner can be a struggle for CBOs that have achieved contracts. For example, a CBO that has a contract with a hospital to provide care transitions at a fixed price may not be able to cover its costs if the hospital does not refer enough clients to ensure efficiency. Some CBOs also shared strategies for overcoming challenges. One CBO reported, “The health plans and hospitals all think they can just do it themselves. They would rather re-create the wheel, so to speak. We have done this work for over 40 years, but they do not appear to recognize what we do.”

However, the same CBO also reported that they “have a champion at the local hospital. Having someone ‘on the inside’ who believes in you makes all the difference. We still don’t have a contract

with the hospital, but we are working on some partnerships with them that I hope lead to contracts down the road.”

CBOs contracting with healthcare entities reported that these relationships have led to a variety of benefits for their CBO and the individuals they serve. CBOs report that they obtained funding from new sources (55.6 percent), positioned their agencies as valuable healthcare partners (47.0 percent), expanded or enhanced the types of services offered (34.8 percent) and expanded their organization’s visibility in the community (33.3 percent).

By equipping CBOs with detailed knowledge about the processes of developing contracts and much needed information on the nature of these partnerships, the Business Institute provides CBOs with the resources necessary to forge successful partnerships with healthcare entities. ■

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