Disruption (& Strategic Planning) Come To The I/DD Space

September 26, 2017 | Joe Naughton-Travers, Ed.M.

Greetings from Gettysburg and the first day of our 2017 *OPEN MINDS* Executive Leadership Retreat! Yesterday, my colleague and *OPEN MINDS* Chief Executive Officer Monica E. Oss wrote about some of the key points from her pre-retreat workshop in the article, Leadership Lesson #1 – Don't Be Surprised! I was particularly interested in her list of key market disruptors in the health and human service verticals serving consumers with complex conditions.

It made me think about how provider organization executives can plan for this disruption and position their organization to be sustainable in the face of new competition – and this was the subject of my session today, From Strategy To Action: A Guide To Building & Implementing A Strategic Plan That Works. In particular, I've been thinking about the market for consumers with intellectual/development disabilities (I/DD), which is in the middle of a big market shift due to increased enrollment in managed care, integrated service delivery models, value-based reimbursement, and new technologies.

It's easy to see why provider organizations in the I/DD space are facing big challenges when it comes to strategy – 50% of consumers with I/DD already get their health/behavioral health benefits through Medicaid health plans and 15% of those consumers have their long-term services and supports (LTSS) also included in managed care models. In addition, 10 states have or are planning shortly to move those

LTSS benefits to managed care models (see Success In An Era Of Uncertainty: Does Size Really Matter?).

I/DD Services in MLTSS Varies By State

States with MLTSS including I/DD (2016)	
1. Arizona	6. Michigan -- MSSP
2. California	7. Mississippi (2018)
3. Florida (optional)	8. North Carolina
4. Iowa	9. Rhode Island
5. Kansas	10. Wisconsin (optional)
States with MLTSS excluding I/DD	
1. Delaware	6. New Jersey
2. Hawaii	7. New Mexico
3. Illinois	8. New York-MLTC & MAP
4. Massachusetts	9. Tennessee
5. Minnesota	10. Texas

This is a fundamental change in financing and in sustainability for provider organizations serving the I/DD population and is driving the many discussions about new service line development, technology infrastructure, marketing, and mergers. For organizations serving consumers with I/DD, these unique challenges mean that the strategic planning process will involve a lot bigger changes and a lot of tough decisions.

First, a big part of I/DD executives planning should focus on developing new organizational competencies to thrive in the world of competition for contracts and value-based care. With new services and populations moving to Medicaid managed care, these executives are now facing the strategic market challenges that mental health provider organizations faced ten years ago. Operating in a managed care environment requires organizations to develop a new set of administrative (billing processes, utilization review processes, managed care compatible documentation, etc.) and management (metrics-based performance management, use of decision support tools, customer service, etc.) competencies to succeed in a risk-based environment.

Next, there is the financial sustainability issue. Not all service models will be equally successful in a value-based environment. Organizations need to focus on programs that have demonstrated outcomes, are community-based, and are based on greater integration with physical and mental health and social support services. In this transition, executive teams

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may need to close some services or "revamp" others to improve their margin, while developing new service lines.

Finally, executives need to understand when to pull the trigger on these new competencies and new services. Timing is everything. To do this, solid market intelligence and scenario-based planning are key (see Considering Future Scenarios: The *OPEN MINDS* Guide To Scenario-Based Planning) – along with a change-ready team that can handle turbulence and complexity.

Strategy Development - Common Strategic Options For Consideration

- Closure of services/service lines that are not profitable and/or affordable and/or "good fit"
- Strategies to improve margins of existing service line
- Building "value added" products to increase margins
- Expansion of successful service lines (expansion of geography, new customer base, etc.)
- Diversification of revenue sources
- Reconfiguration of services within "value chain"
- Strategies to address shifting "economy of scale" issues

The challenges of a value-based market are not unique to the I/DD market, but for provider organizations serving the I/DD market, they are front and center. I'll be doing a deeper dive into strategy development and sustainable business models on Friday, in my post-retreat workshop, Reinventing Your Organization In A Complex Market: How To Build A Sustainable Strategy. Can't join us this week here in Gettysburg? Follow our live coverage of the retreat on Twitter @openmindscircle – #OMLeadership.

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