

Overview

Being on the funder deliverable treadmill is tiring and the dollars aren't always reliable. We created this toolkit to give harm reduction leaders guidance on how to pursue healthcare financing for their organization.

What is healthcare financing?

Healthcare financing means getting paid for services that you offer via direct billing to insurance or through collaborative partnerships with healthcare entities. The passage of the Affordable Care Act (ACA) in 2010 required health systems to proactively serve low income people with insurance -but they didn't know how to engage clients with multiple competing health needs because they had excluded them from their networks.

This led to a shift towards **value-based payments**, which means that insurance providers (public and private) and people who are insured hold the healthcare delivery system accountable for both the quality and cost of care. There is a system of incentives (and disincentives) to encourage better healthcare decision making by tying compensation to certain performance measures (AAFP 2021). Many of the health entities (e.g. federally qualified health centers, hospital systems) have initiatives and goals set to improve individual and community health -and they need support from harm reduction programs that offer wrap-around services to do it. **This is where harm reduction programs come in!**

How do harm reduction programs get paid?

Direct billing:

Billing insurance companies directly for services that you provide. Your organization gets paid a rate set by the insurance company for services. You'll need staff for billing/coding, an audit-worthy system for documenting care, and high level of insured clients to bill for services to make it cost effective.

- **Benefits:** cut out a middle-partner and direct bill for what you provide, pick and choose what you do and don't bill for
- **Drawbacks:** large administrative component to set up billing infrastructure, low reimbursement rates for those who are on Medicaid/Medicare, requires asking for ID and insurance, and not cost-effective if you don't have enough capacity to offer services

Value-based payments:

Offering services and/or coordinating some of the care for people under various health plans or receiving care from health homes. You'll need to create partnerships with healthcare entities receiving payments, system for tracking services that contribute to improved health outcomes, staffing for more in-depth outreach or services.

- **Benefits:** less administrative burden of billing and audits, structure for payments may be more flexible and less risky, similar to other forms of collaborations/grants that harm reduction programs are familiar with
- **Drawbacks:** takes time to build partnerships with healthcare entities, logistics related to contracting and data sharing, and may need ongoing cultural competency training for partners

What's your value to the healthcare system & how do you share that with healthcare partners?

*Through stating your **value proposition** with potential partners to enter paid agreements for how you will support their value-based payments.*

Value propositions are your pitch about what your harm reduction program offers that benefits the health system and community health outcomes.

Some key points to share include:

- Harm reduction programs are often serving people who may have one or more of the following: substance use, at risk of overdose, at risk of injection-related infections that could lead to endocarditis and more complication/costly hospital admissions, co-occurring chronic health conditions that would benefit from intentional care coordination, and/or access emergency department services in lieu of primary care.
- Harm reduction programs offer value to health systems that are looking to offer consistent preventative care to avoid high-cost treatment down the road.
- Harm reduction programs have built trust with people who use drugs and may have varying health needs — we have the relationships and meet people where they're at.

CHOOSE YOUR OWN HEALTHCARE FINANCING ADVENTURE

Are you pursuing direct billing of insurance?

yes

no

Have you discussed with your team about the culture and staffing capacity shifts that would be necessary to pursue direct billing?

yes

no

Do you know the breakdown of how people you serve are insured?

Go back and discuss with your team about the cultural, staffing capacity, and systems implications to pursue this option (page 21 of the workbook)

Are you interested in pursuing partnerships with healthcare entities to receiving funding and ready to do work?

yes

no

Have you had conversations with key community stakeholders and feel clear about your values around potential partnerships?

Sounds like you're not ready for this or it isn't a top priority - come back when you're ready or reach out for a consultation at training@harmreduction.org

yes

no

yes

no

Have you conducted a cost-benefit analysis with the information you have about existing and potential people to receive services by service type and rate of reimbursement?

Review your data and consider doing a short survey to assess type of insurance and basic demographics to better inform feasibility of direct billing

Have you created your value proposition document and/or presentation and shared with staff?

Go back to your notes and write out what would need to be in place for stakeholders to feel comfortable and in alignment with your organizational values; check in with members of those conversations for validation

yes

no

yes

no

Direct billing is a feasible pathway for your organization! Move on to contracting

Write out the types of insurance and corresponding estimates of people you serve x the projected number of services and reimbursement rates to budget out the cost benefit

Great! You're ready to map out potential partners and set up meetings for further discussion

Go back to Writing Your Organization's Value Proposition (page 24 of the workbook)