TRANSFORMING IDEAS INTO ACTION
As we look back on 2017, the theme of transforming ideas into action closely captures the essence of Altarum’s work. Whether conducting the data analysis needed to enhance a process within a health care system, or deploying technology to improve health care outcomes for vulnerable populations, our work is about implementing good ideas grounded in rigorous research and analysis.

This approach also describes how Altarum helped address some of the most challenging population health problems of 2017, including the opioid crisis. To draw greater attention to the scope of opioid misuse and dependency, we estimated the economic toll of the crisis at the national and state level. Additionally, we created a roadmap that states and municipalities can use to ensure they are effectively deploying all available resources to end the epidemic in their communities.

Building on our work to expand long-term supportive services to older adults, Altarum made notable progress last year in testing and enhancing existing models of care—specifically PACE, the Program of All-Inclusive Care for the Elderly—which has the potential to meet the care needs of the burgeoning numbers of aging adults.

Transforming ideas into action also characterizes the work of our three wholly-owned subsidiaries in 2017. Palladian Partners, a communications firm, helped the FDA improve public perceptions of generic drugs; KAI Research supported the Department of Defense in advancing new and promising medical treatments for warfighters; and Payformance, a technology start-up, provided the software platform and tools that payers and providers need to implement value-based care contracts in a manner that benefits both parties.

Altarum has a long history of innovation in the public sector dating back over 70 years. In recent decades, we have leveraged our rich cultural legacy of rigorous research, analysis and technical assistance to focus more closely on improving health and health care in the United States. In each of our stories, there is evidence of progress, especially for people with the greatest need.

Lincoln Smith
President and Chief Executive Officer

Rosemary Gibson
Board Chair
Community leaders in Lorain County, Ohio, turned to Altarum’s Center for Behavior Health to help tackle the growing opioid crisis in their community. Lorain County, a suburb west of Cleveland with a population of 300,000, was hit particularly hard with more than 130 deaths from fatal opioid overdoses in 2016—more than double the number in the previous year.

In 2017, we conducted an assessment that revealed gaps in their existing local treatment and recovery services that were hindering the community’s ability to respond at full capacity. Additionally, our quantitative impact analysis of the economic burden of the crisis demonstrated the burden on various key stakeholders and showed that too little was being spent on treatment and prevention. This research served as a foundation to help determine where improvements could be made to maximize the value of existing resources and what type of new interventions would be most effective.

Local municipalities are struggling to build the capacity needed to address the opioid epidemic. How can we help them identify, implement, and optimize the treatment, recovery and prevention services needed to end the crisis?

The assessment included interviews and focus groups with local stakeholders in recovery services, social services, law enforcement, health care, criminal justice, workforce development, higher education, faith-based service, and government. By engaging with organizations on the frontline of the crisis, Altarum uncovered a strong willingness to collaborate across the community that could be leveraged to improve the quality of existing services. From that work, a community task force was formed.

Altarum also conducted a systematic review of evidence-based practices currently in place in other states and localities. From all this, we developed a comprehensive report and roadmap for behavioral health system transformation in Lorain County, including an outline of concrete strategies and tasks, which the community task force is now implementing.

Read more at Altarum.org/LorainCounty
With funding from the Michigan Health Endowment Fund, Altarum’s Program to Improve Eldercare last year launched a pilot project with PACE, the Program of All-Inclusive Care for the Elderly, in Ypsilanti, Michigan, to test reforms to the program needed to expand access to PACE to those who currently cannot use its services due to eligibility and affordability obstacles.

PACE is a federal and state program that provides medical care and long-term supportive services mostly to low-income seniors who qualify for both Medicare and Medicaid. It is one of the most promising ways of expanding access to long-term supportive services to the growing numbers of aging adults who need them.

Yet there are significant barriers to expanding the program. For example, Medicare-only participants wishing to join would face a staggering increase in monthly prescription drug premiums due to conflicting provisions in federal statutes. To resolve this, Huron Valley PACE and Altarum have submitted a PACE and Part D waiver to the Centers for Medicare and Medicaid Services (CMS) that would allow participants to keep their Part D plan while remaining enrolled in PACE, resulting in hundreds of dollars of savings each month for individuals.

Altarum and Huron Valley PACE are also preparing to pilot supplemental services packages that would make PACE more affordable and accessible to those wishing to purchase long-term services and supports out of pocket. Under a policy solution we are pursuing, older adults and Medicaid would share the overall costs of PACE services and supports. The upshot is that overall costs to individuals and Medicaid would be lower, and more elderly persons would be able to live at home longer.

Learn more at Altarum.org/ExpandingPACE
Improving Care Coordination for Dually-Eligible Populations Using Consolidated-Clinical Document Architecture

Altarum developed a solution to reduce the burden for those who coordinate care for individuals who are eligible for both Medicare and Medicaid, and streamline the process for creating, updating, and sharing patient-centered care plans with members of the care team.

Patient-centered care coordination is key to bridging the gap between the physical health, long term care, and behavioral health systems. However, due to its multifaceted nature, streamlining the process for creating, updating, and sharing patient data with members of the care team becomes difficult to accomplish. How can we help improve this process for both patients and providers?

The Michigan Department of Health and Human Services is one of 15 states to be awarded a contract from the Centers for Medicare and Medicaid Services to develop an integrated care program for the dually-eligible population. Health plans participating in this project, known as MI Health Link, are required to create a person-centered care plan that allows beneficiaries to sit in the driver’s seat when navigating their health care, with the assistance of a designated care coordinator.

Altarum developed an electronic care plan using consolidated-clinical document architecture (C-CDA) and paired it with a complementary rendering tool for a customized view of the care plan for members of the care team. The solution enables care team members to view the plan within electronic health records (EHRs), facilitating a faster and more effective process of sharing health information. For care team members without an EHR, the care plan is configurable to view and print via a secure portal. Since this implementation, now more than 300 C-CDAs are exchanged weekly, offering fast, real-time coordinated care across the state.
Many state Medicaid programs are interested in moving to value-based payment models, but struggle to convert their managed care organizations to a new contract system. How can we help them gain the insights needed to identify areas primed for value-based improvements and coordinate a smooth transition to a new model?

Altarum is helping New York State in its ambitious effort to shift $40 billion in yearly Medicaid fee-for-service payments to value-based payments. Using PROMETHEUS Analytics, our proprietary health care data analytics tool, Altarum processed hundreds of millions of medical and pharmacy claims covering three years of the Medicaid program, and identified two areas that were ripe for improvement—the management of chronic conditions, and maternity cases.

Altarum worked with professional services firm KPMG to model two value-based payment contracts—a global maternity bundle that includes pregnancy, delivery, newborn costs, and post-discharge care, and an integrated primary care bundle that includes routine preventive and sick care, and all of the chronic medical and behavioral conditions for a Medicaid plan member. The state continues to use PROMETHEUS Analytics to calculate episode costs on an ongoing basis.

The maternity and integrated care value-based payment arrangements are being piloted in contracts between a number of New York’s Medicaid managed care organizations and providers, bringing a consistent approach to risk contracting and moving the state from fee-for-service to value-based payments. The maternity bundle model also has been adopted by the National Health Care Payment and Learning Action Network and serves as a model for many payers moving to value-based payment.
Since 2006, Altarum has supported the Defense Health Agency (DHA), which focuses on increased readiness and the delivery, quality and cost of health services across the Military Health System (MHS). The MHS provides health care to roughly 9.4 million beneficiaries at nearly 700 military facilities. Our work with DHA—known as Data Extraction and Presentation (DX/P)—is broad, applying research and analytics to large MHS data sets and surveys to identify findings and provide actionable intelligence that leadership can use to improve medical services and patient experience.

As part of this work, we assess patient experience using beneficiary surveys, and our findings play a key role in establishing the MHS Quadruple Aim to deliver high value through improved readiness, population health, and experience of care, as well as lower per capita cost. Patient experience also has been closely linked to patient treatment adherence, patient safety, quality of care and patient outcomes, so it is important to ensure this data is available and at rates that are statistically significant.

Patient experience is an important indicator of health facility performance. Yet patient experience response rates within the Military Health System have been steadily declining over the past decade. How can we improve the survey process to encourage higher response rates in order to obtain the insights and data needed to improve care?

To overcome declining patient experience response rates, our team in 2017 developed and established an innovative process to invite Service Members to participate in online surveys while keeping sensitive data behind the US Department of Defense firewall. These efforts resulted in our ability to send thousands of email surveys from behind the firewall in very little time. To date, we have emailed close to 1 million surveys using the DHA email processor we developed. Our solution has significantly bolstered response rates and enhanced DHA’s ability to accurately understand patient experience, and thereby make evidence-based system improvements.
The US Department of Agriculture’s Food and Nutrition Service (FNS) encourages states implementing SNAP-Ed to plan multilevel social marketing campaigns to enhance nutrition education efforts and reach larger segments of the low-income population. Using FNS core nutrition messages and other state-adapted messages, SNAP-Ed marketing campaigns seek to promote increased consumption of fruits and vegetables, family meal time, physical activity, and other healthy behaviors. Campaigns often use multiple communication channels—such as billboards, radio, television, digital media, and print materials—and are coordinated with local partners to increase reach.

Through a variety of evaluation methods, Altarum assisted states in developing and disseminating evidence-based campaigns to bolster nutrition education efforts. We measured awareness of and receptivity toward SNAP-Ed messages on various communication channels, and tracked these trends over time. Additionally, we conducted focus groups to test messages, and identified best practices that have yielded more effective strategies for SNAP-Ed in crafting messages, identifying target audiences, and choosing the best channels.

In 2017, Altarum conducted this work in six different states, including Alabama, Indiana, Maine, Michigan, Mississippi, and Ohio. SNAP-Ed implementing agencies have seen improvements in their social marketing outreach, including higher rates of engagement, an increase in traffic to their websites, and more inquiries for their services and resources by target audiences. This work has been published in the Journal of Nutrition Education and Behavior, adding to the body of research and evidence informing SNAP-Ed social marketing and related public health communication initiatives.

Learn more at Altarum.org/SnapEd
Using Strategic Communications to Change Attitudes about Generic Drugs

In September 2017, Palladian Partners launched a national campaign for the FDA’s Center for Drug Evaluation Research to dispel myths and improve perceptions of generic drugs among providers and consumers. It was important to reach a wide variety of people from all walks of life, as well as a more elusive audience of prescribers. Palladian began by conducting research and testing to understand the target audience's attitudes, perspective, and motivation in order to craft breakthrough messaging. This revealed that consumers were most persuaded by the affordability and effectiveness of generics, a message which became the foundation of the campaign. Palladian created a public service announcement (PSA) that ran on some of the most popular daytime broadcast television programs, including “Fox & Friends” and “Ellen.”

The PSA, featuring an animated character called “Blue,” has become a hit, already winning several industry awards for its creativity and potential to influence. Ads in both English and Spanish also ran on nationally-syndicated radio programs and on social media. Palladian also executed a Spanish-language social media advertising campaign, and a Spanish-language version of the FDA site on generic drugs called “Medicamentos Genéricos.”

Prescribers were another important audience that FDA needed to reach. Palladian identified scientific journals and professional publications most important to them, and ran ads during periods of highest readership, such as special issues related to a theme or conference. Palladian also reached them through ads that tapped into professional networks of prescribers on LinkedIn. While the campaign is still in its infancy, it is expected to reach millions over the course of the multi-year initiative.

Greater use of generic drugs in place of brand-name drugs can help reduce health care costs for everyone. But how do we get consumers and prescribers to feel more comfortable using generics over expensive brand-name drugs?
Precision medicine has the potential to markedly improve the prevention and treatment of serious disease through greater understanding of individual health factors. But to realize the benefits of precision medicine, medical researchers need data from a large-scale research participant group. How can we communicate the vision of the project to recruit the one million volunteers needed?

Palladian in 2017 began working with the Office of the Director, National Institutes of Health, to promote a new research program as part of the Precision Medicine Initiative (PMI). PMI was a priority for the Obama Administration, and was even announced during the President’s 2015 State of the Union address.

The All of Us Research Program is central to PMI’s efforts to develop more effective treatments for diseases and promote overall health. The aim of the program is to enroll one million or more volunteers who are willing to share information about their lifestyle, environment and biology that researchers can use to advance the delivery of precision medicine. The audience is the general public along with organizations that represent minority populations.

Palladian is a key partner in the consortium that administers the program, providing support and strategic communications counsel, including creating collateral materials, developing creative digital content, crafting messaging, and ensuring coordination and strategic alignment across the consortium.

We also played a central role in the program’s website, allofus.nih.gov, launching the site and posting fresh content to engage readers. Additionally, we improved the performance of the site in terms of search optimization, faster load times, and compliance with federal accessibility standards.

Learn more at allofus.nih.gov and joinallofus.org
AI Research is working within a complex stakeholder and regulatory environment to help accelerate the pace of research and development of focused ultrasound, an early-stage, non-invasive therapeutic technology that uses ultrasonic energy to target deep tissues in the body, allowing patients to obtain treatment without surgery or radiation.

This work involves a variety of distinctive projects. For example, we’re working with the Focused Ultrasound Foundation and clinical research investigators based in several countries to develop an international registry to manage data from pancreatic cancer patients undergoing focused ultrasound treatment. We helped create a set of core and disease-specific data elements that can be added, tracked, and reused in future trials.

The regulatory and stakeholder landscape in which clinical research is conducted is constantly shifting. How do we work within a complex environment to efficiently bring to patients safe and innovative new therapeutic technologies that improve outcomes and save lives?

We also developed a safety monitoring program for a European-based manufacturer of focused ultrasound devices to successfully track and report all activities to regulatory authorities for device review, authorization, and approval. Because of this work, patients can now choose a non-invasive treatment for benign tumors, avoiding potential complications of surgery.

In addition to our technical expertise, our ability to navigate a study involving many stakeholders—from foundations and academic institutions to device companies and patient groups—through a complex regulatory landscape was central to achieving the outcomes needed to bring this promising new technology to patients.
KAI Research last year supported multiple clinical research studies and patient registries for the Department of Defense and private companies for the benefit of warfighters. Among these projects, we managed a clinical trial for the evaluation of a therapy, known as Magnetic e-Resonance Therapy, which treats traumatic brain injury and post-traumatic stress disorder. KAI managed the full-service implementation of the clinical trial, including project management, protocol development, electronic data capture, data management, site selection and management, device safety, analysis, and reporting.

The Department of Defense in 2017 relied upon us for device safety and clinical research services, including data monitoring and regulatory submissions, for its transhumeral osseointegration research program. The program seeks to evaluate the safety of osseointegration, which involves attaching an external prosthesis directly to the skeleton of patients who have lost a limb.

Breakthrough medical technology has the potential to transform the quality of life for injured warfighters, and bring new advances to the larger civilian population. How can we support the clinical process so that leading-edge medical technology that is safe and effective reaches those who need it most?

KAI also served as the Data and Statistical Coordinating Center for a study in support of the Uniformed Services University of the Health Sciences, Department of Medical and Clinical Psychology. The study, titled Post Admission Cognitive Therapy, seeks to evaluate the efficacy of a cognitive behavioral intervention program for military service members and beneficiaries admitted for inpatient care resulting from suicidal thoughts or a recent suicide attempt.
Value-based contracts are becoming more prevalent, but there’s still much confusion surrounding them. How can we help payers and providers navigate the complexities in a way that rewards value over volume?

In 2017, Payformance began working with the Michigan Association of Health Plans (MAHP) to launch a pilot program in which the state’s Medicaid managed care organizations (MCOs) will have the opportunity to use Payformance’s TrustHub solution to collaborate through data sharing and strategic planning to uncover the best opportunities in value-based contracting.

The program calls for competing Medicaid managed care plans to leverage TrustHub to securely share and analyze data—without compromising competitive differentiators—to identify opportunities to improve care and lower costs through value-based reimbursement and alternative payment models. Each of the Medicaid MCOs operates with its own disparate information technology systems. TrustHub serves as the catalyst for collaboration in a value-based ecosystem where competing plans will work together to drive Michigan’s transition to value-based care.

Through TrustHub, MAHP members will aggregate historical claims data to analyze and model alternative payment options based on therapeutic condition, geography, and cohort.

Payformance’s TrustHub software assists health plans and providers with the design, measurement and collaboration of value-based reimbursement programs as a neutral third party. The pilot project is being made available to Medicaid managed care plans throughout Michigan, which cumulatively represent more than 1.8 million covered lives and over $8 billion in spending. Upon successful completion of the pilot, MAHP and Payformance plan to begin implementing the TrustHub solution for all products of MAHP members to use during value-based contracting negotiations with providers.
2017 was a year of transition for Altarum—involving three strategic “moves.”

- The year started off with the onboarding of the Health Care Incentives Improvement Institute (“HCI3”), which significantly expanded our capacity to meaningfully impact the affordability and quality of health care through payment and benefits innovations. This combination involved investment commitments in HCI3’s legacy programs and technology as we merged operations.

- In February, Altarum spun-off our DoD/VA revenue operations unit—creating a new and independent small business, Federal Advisory Partners, LLC. This divestiture created a sizable gain to the organization over the course of 2017 and will continue to offer return in 2018.

- In April, leveraging key HCI3 intellectual property, we launched a technology start-up, Payformance Solutions, Incorporated (“PSI”), to contribute new solutions in the rapidly growing value-based payment marketplace.

After accounting for both the Federal Advisory Partners spin-off and the HCI3 combination, our 2017 consolidated operating revenue was more than $86 million, up over 5% from 2016. Despite this top-line growth, the divestiture reduced our internal operating scale. Coupled with the HCI3 and PSI investments, this significantly reduced contribution from operating activities.

On the plus side, the divestiture’s balance sheet benefit more than offset this effect. Altarum’s consolidated tangible net assets grew by 10% in 2017, and the overall financial position remains strong, with total assets of approximately $63 million.

This solid financial position enables Altarum to continue to invest in strategic initiatives, both internally-chartered and client-supporting, ensuring the organization can make positive and lasting impacts within the health care sector long into the future.

Alicia M. Torres
Chief Financial Officer and Senior Vice President, New Ventures