

The Governance Institute

Laying the Foundation for Successful Clinical Integration

Webinar

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Today's Presenters



Daniel M. Grauman, president & CEO of DGA Partners, has assisted hospitals, contracting organizations and health plans, and other healthcare businesses throughout the nation. His experience includes: strategic and business planning; mergers, acquisitions, and affiliations; medical staff development plans; community need and fair market value studies; market and financial feasibility studies for hospitals and healthcare services; business valuations; payment arrangements between providers and purchasers; and managed care and cost management strategies for providers and purchasers.



Pamela R. Knecht, president of **ACCORD LIMITED**, has provided consulting services to a wide range of industries and organizations over her 29-year career. She focuses on assisting the boards and CEOs of not-for-profit hospitals and health systems with governance assessment, restructuring, and development; board retreats; strategic planning; organizational diagnosis and change management; team effectiveness; physician–hospital collaboration; and merger/affiliation facilitation.

Objectives

- Clarify the terms “clinical integration” and “physician alignment”
- Provide an update on the national context
- Describe the foundation required for successful clinical integration
- Discuss the board’s role in clinical integration efforts

CLARIFYING TERMS

A Clinically Integrated Organization...

...Involves substantial collaboration and cooperation among hospitals, physicians, and payers to achieve improved quality and cost-effective care.

...Is better prepared for the current and future payment landscape.

Clinical Integration

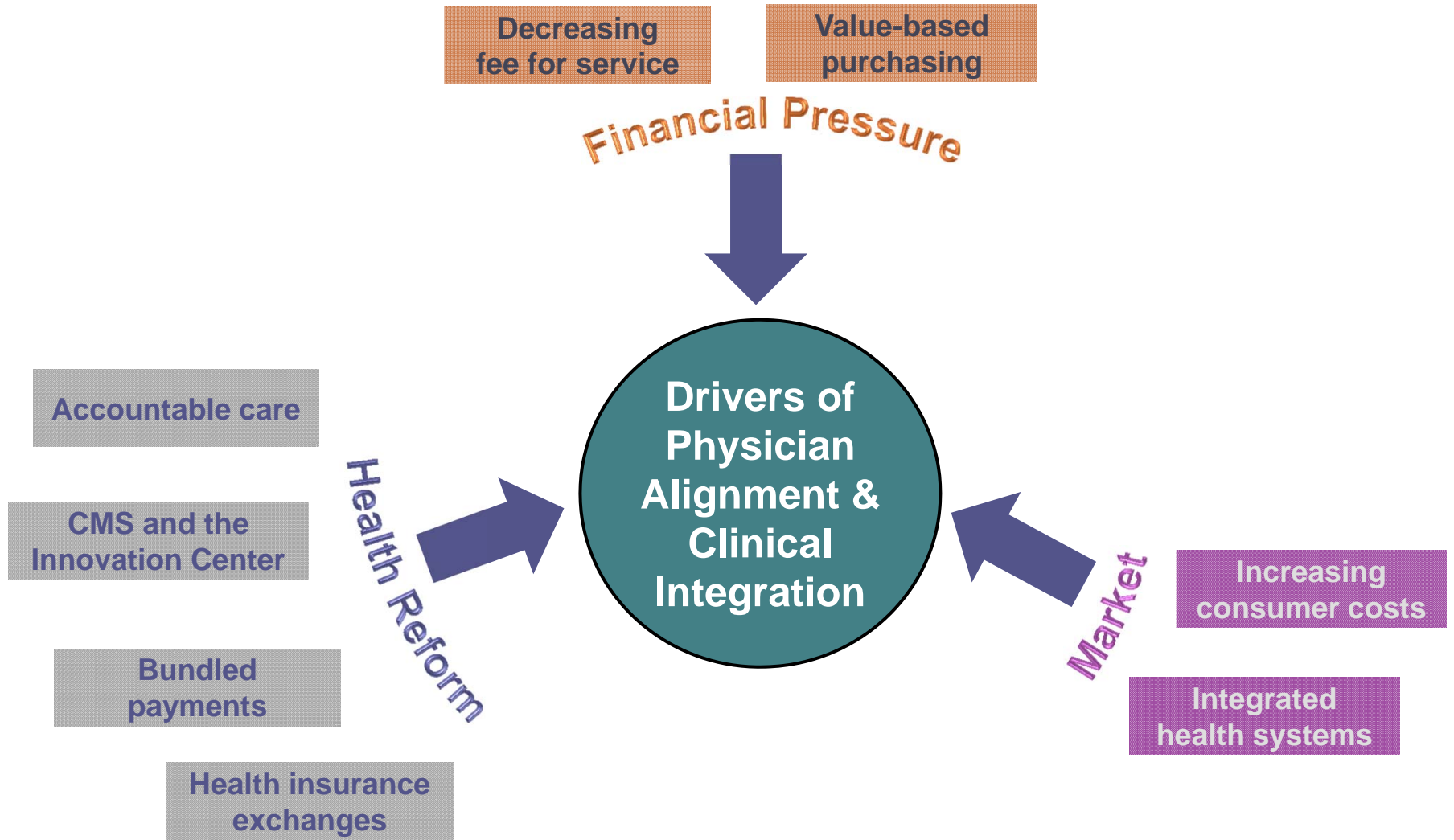
- **Clinically integrated organizations**
 - > Integrated delivery systems (IDSs) that align incentives and create robust systems and processes to increase coordination and cooperation across sites and providers (e.g., Geisinger Health System, Kaiser, etc.)
 - > Customized models to meet the Federal Trade Commission (FTC) criteria that allow hospitals, employed physicians, and independent practicing physicians to contract together with payers (e.g., Advocate Physician Partners; TriState Health Partners)
- **Hospital/health system clinical integration strategies**
 - > A variety of strategies aimed at increasing the coordination of care across provider settings (e.g., care pathways and protocols; disease management; case management)

Physician Alignment

- **Physician Employment**
 - > Hospitals *and* physician groups that hire physicians
- **Hospital–Physician Business Deals and Models**
 - > Hospitals and physicians that develop contractual arrangements and/or create legal entities (e.g., medical directorships; income guarantees; practice support; specialty-specific institutes; co-management arrangements)
- **Hospital–Physician Alignment**
 - > A collaborative relationship, not a business “deal”

NATIONAL CONTEXT

Key Drivers



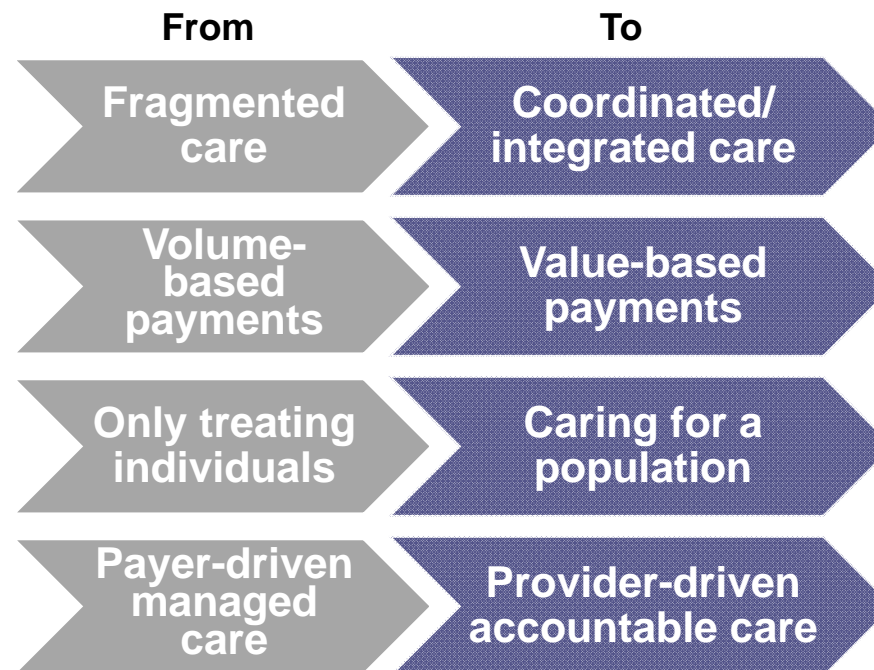
Pressure on Traditional Payment Levels

- No federal matching for Medicaid healthcare-acquired conditions
- Medicare Advantage program payment reductions
- Market basket productivity reductions
- Penalties for high readmission rates or infections
- Penalties for lack of quality reporting

Payers Reward Quality and Accountability

- Pay-for-performance
- Tiered networks
- Care coordination payments
- Patient-centered medical home

ACO Final Rule: A More Realistic Opportunity for Change



- An ACO is an entity that will be clinically and fiscally accountable for the entire continuum of care that a given patient population may need.¹

¹ Partners In Health

Less Onerous Requirements (Excerpt)

Area	Proposed Rule	Final Rule
Start Date	<ul style="list-style-type: none"> January 1, 2012 Three-year program 	<ul style="list-style-type: none"> Multiple start dates 2012 starts; year 1 ends Dec. 31, 2013
Eligible Entities	<ul style="list-style-type: none"> Professionals in group practice Networks of individual practices Hospital and professionals partnerships Hospitals with employed professionals Other approved entities 	Same plus:¹ <ul style="list-style-type: none"> FQHCs RHCs

¹ The Advanced Payment Model financially incentivizes physician-owned providers to form Medicare ACOs.

More Reasonable Quality Reporting and Scoring

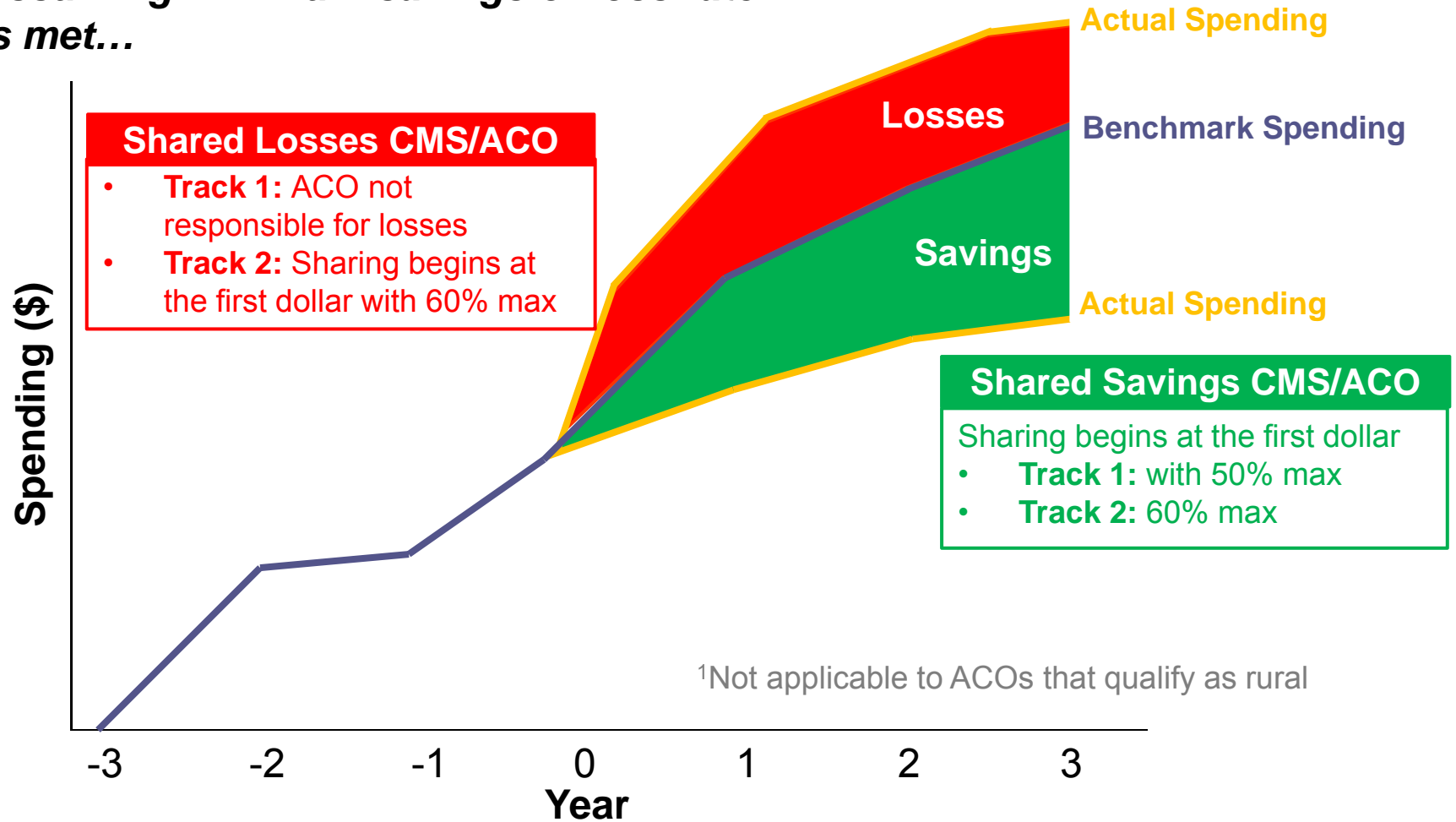
Proposed Rule	Final Rule
<ul style="list-style-type: none"> 65 measures; 5 domains Pay-for-reporting year 1 Pay-for-performance begins year 2 	<ul style="list-style-type: none"> 33 measures; 5 domains Pay-for-reporting year 1 P4P begins years 2 & 3

Quality Measures Scoring Methods - Example					
Domain	# Individual Measures	# Measures for Scoring	Maximum Points	Example Point Value	Domain Score
Patient/Caregiver Experience	7	2	4	3.7	93%
Care Coordination/Patient Safety	6	6	14	10.5	75%
Preventative Health	8	8	16	16	100%
At-Risk Population	12	7	14	11.9	85%
Total	33	23	48	-	-
Final Quarterly Performance Score (each domain weighted at 25%)					82%

Source: Fried, B.M., McDermott, M., "CMS ACO Regulations Part 2, A Deep Dive into the Revised Regulations," Second Annual ACO Congress, 2011.

ACO Shared Savings Changes¹

Assuming minimum savings or loss rate is met...



Innovative Provider-Driven Initiatives vs. Legislative-Driven Demonstrations

Provider-driven

- > Select Center for Medicare and Medicaid Innovation programs:
 - Hospital Engagement Contractors
 - Innovation Advisors Program
 - Pioneer ACO Model
 - Advance Payment ACO Model
 - Comprehensive Primary Care Initiative
 - Bundled Payments for Care Improvement

Legislative-driven

- > Select CMS programs:
 - Medicaid Bundled Payment Demonstration Project
 - National Pilot Program on Payment Bundling
 - Medicare Shared Savings Program
 - Community-Based Care Transitions Program

Provider–Payer Integration: An Effective Strategy to Capture Market Share

- Narrow networks
- Lower premiums
- Integrated information technology
- Robust care process management
- Integrated brand
- Ability to “guarantee” care

Provider–Health Plan Alignment Aiming to Decrease Care Costs

- Health plans purchasing hospitals
 - > Highmark purchased West Penn Allegheny Health System (five-hospital system) for \$475 million.
- Insurance companies merging with or employing primary care physicians
 - > UnitedHealth Group merged with PacifiCare Health Systems, a California-based health service company, and Sierra Health Services, a Las Vegas-based health benefits and services provider.
 - > CIGNA owns a Phoenix-based medical group and serves patients at 32 locations.
 - > WellPoint, Inc. recently acquired senior-focused healthcare delivery provider, CareMore Health Group.
 - > Humana bought Concentra, which has over 300 medical centers in 42 states, the largest number of urgent and occupational care clinics.

FOUNDATION FOR SUCCESSFUL CLINICAL INTEGRATION

Key Ingredients of Clinical Integration

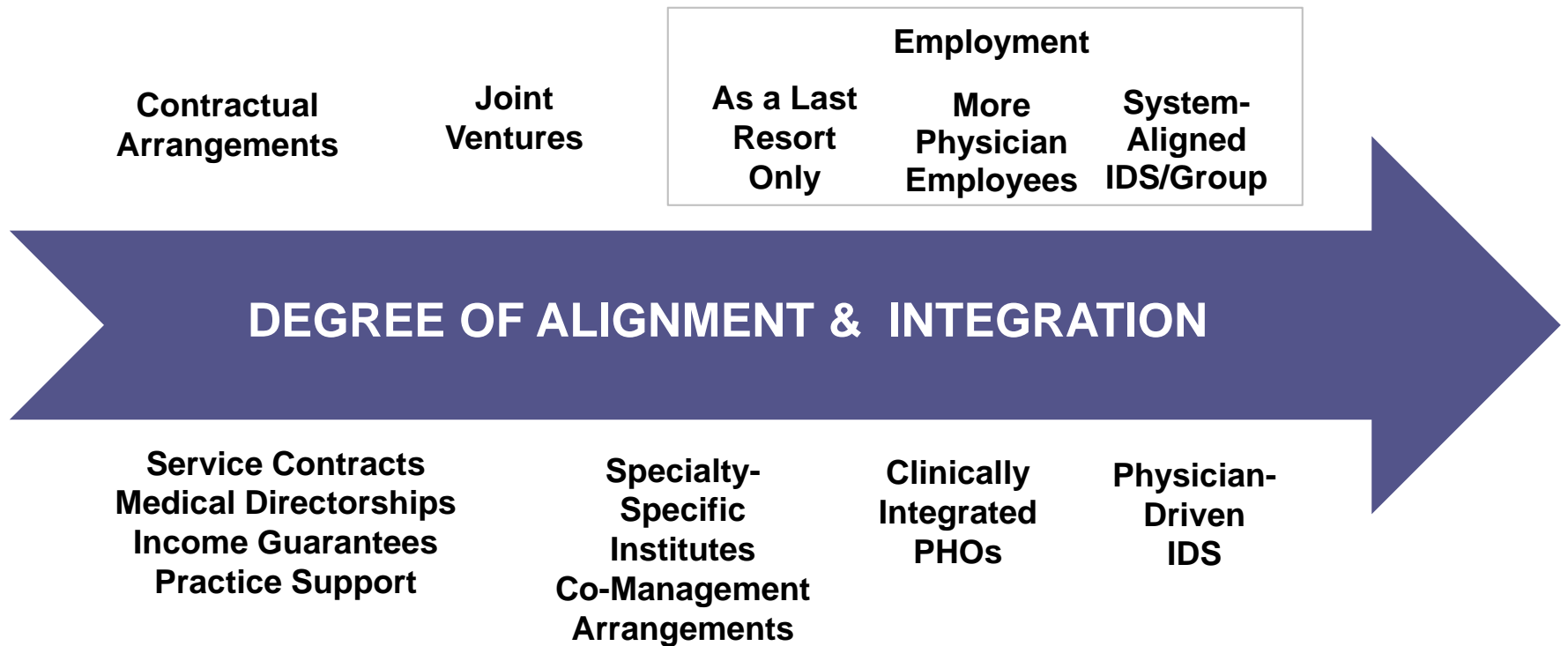
- 1 **Physician Alignment & Leadership**
- 2 **Care Management Programs**
- 3 **Data and Information Sharing**
- 4 **Quality Monitoring Program**
- 5 **Payment Arrangements**

The Physician Alignment Imperative

“Alignment and engagement are the fundamental conditions necessary for us to work with physicians to create value.”

Bob Porter, President and Chief Strategy Officer,
SSM Health Care-St. Louis, “Aligning Hospitals and
Physicians Toward Value,” *Healthleaders Media
Breakthroughs*, December 2009

The Relationship Transcends Everything



Physician Alignment Success Factors

1. Patient-centered mission and values
2. Clear, shared vision, strategy, and goals
3. Operational excellence and performance focus
4. Shared decision making
5. Aligned incentives and shared risk
6. Information transparency
7. Ongoing education and communication
8. Culture of teamwork
9. Trusting relationships

From Bader, Kazemek, & Knecht, *Aligning Hospitals and Physicians: Formulating Strategy in a Changing Environment*, The Governance Institute, Fall 2008

Active Physician Involvement & Leadership Is Key to Success

- Trusting relationships, built through doing real work together
- Active, committed physician participation in all plans and processes (e.g., vision and goal creation; clinical protocol development; quality and cost improvement processes)
- Rigorous credentialing and monitoring of participating physicians to ensure high quality
- Physicians leading *all* efforts (e.g., dyad management), supported by robust physician leadership development “institute”
- Physician involvement in management and governance at all levels of the organization

Opportunities for Governance Involvement/Leadership

- Health system board
- Hospital board
- Hospital-owned physician enterprise board
- Physician group practice board
- Hospital–physician group practice joint venture board
- Clinically integrated physician–hospital organization board

Targeted Guideline & Initiative Development

High-Priority Focus

Case Management

Clinical Quality Management

Chronic Disease Management

Utilization Management

Factors for Initiative Selection

Internal

- Patient demographics
- Financial considerations
- Physician buy-in and execution

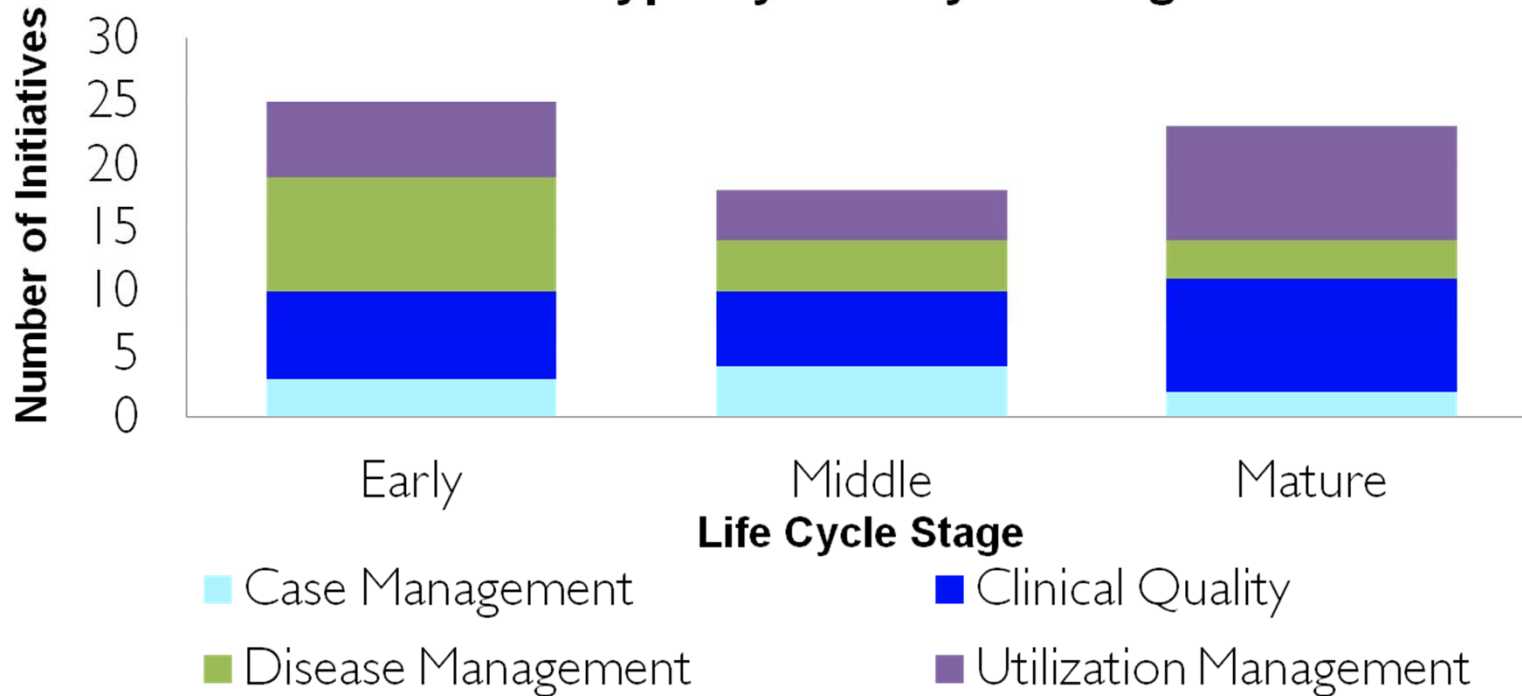
External

- Publicly reported measures
- Best practice examples
- Published frameworks for priority selection

Care Management Programs

Initiative Evolution: From Disease Management to Clinical Quality/Utilization Management

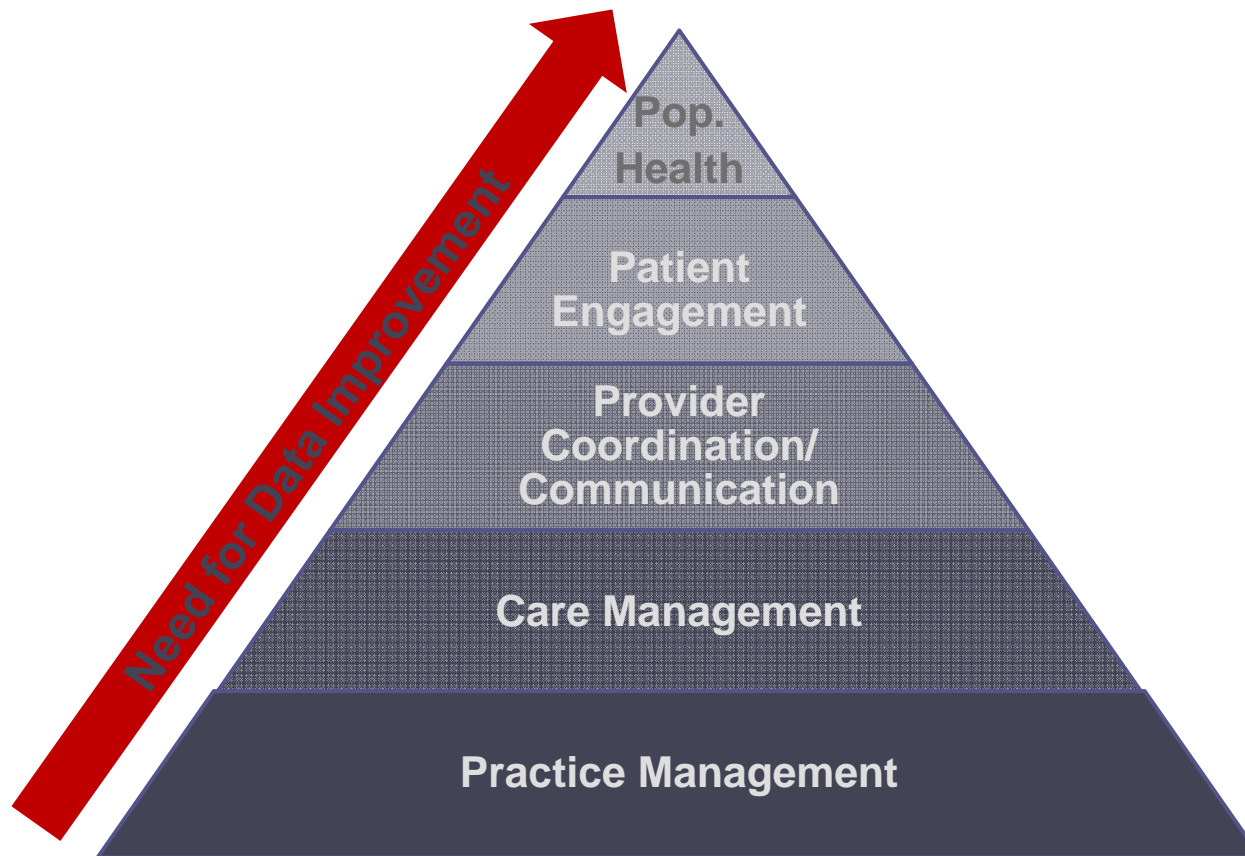
**Advocate Physician Partners:
Initiative Type by Life Cycle Stage**



Source: Based on DGA analysis of Advocate Annual Reports

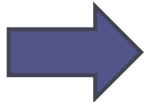
Build on Existing Practice Capabilities

Building a Successful Data Strategy



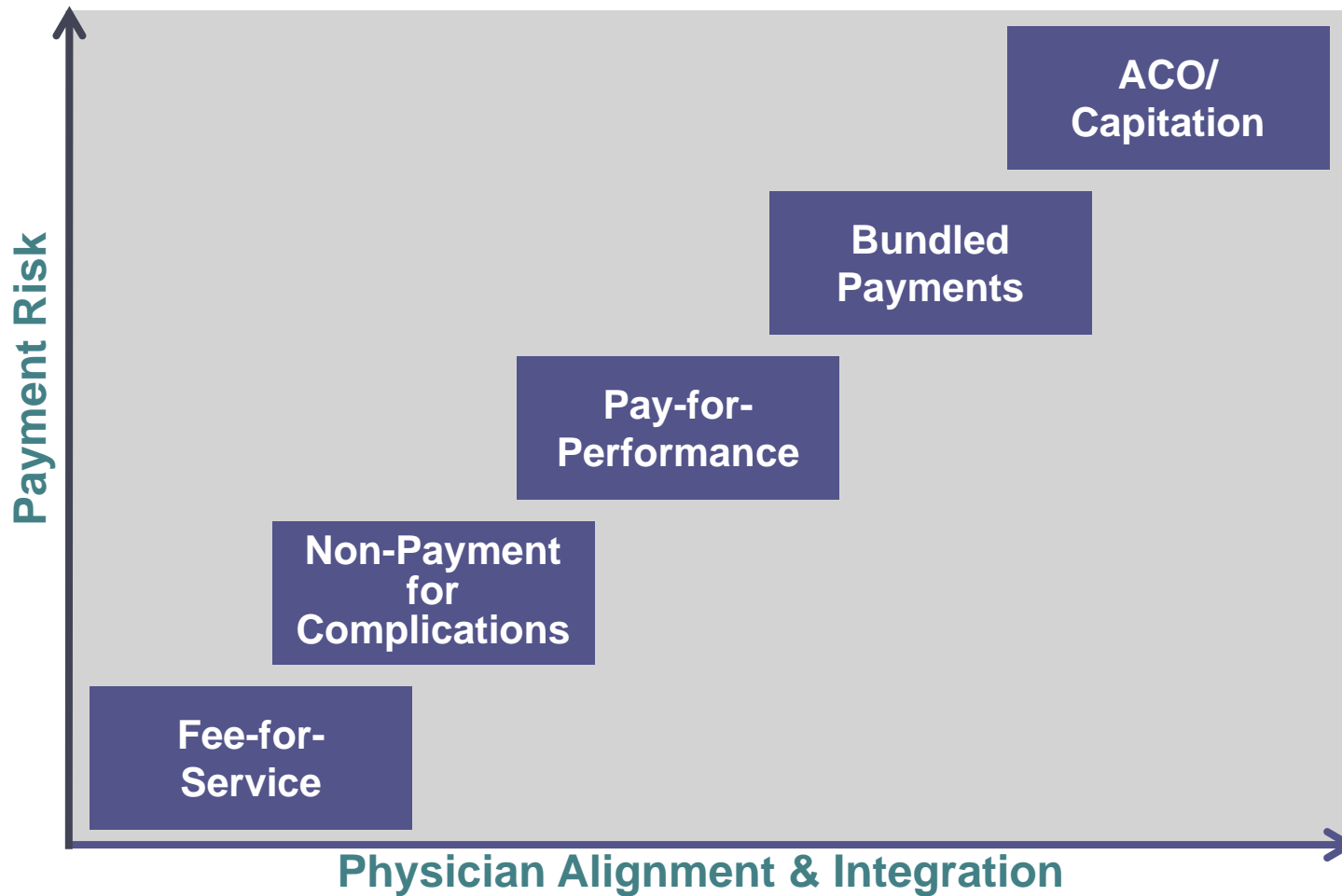
Quality Monitoring Program

Key Components of a Quality Monitoring Program

<ul style="list-style-type: none"> • Metrics  • Report cards • Financial Incentives • Compliance 	Illustrative Quality Measures		
	High-Level Criteria	Original Goals	Proposed Measures
	Clinical Quality	<ul style="list-style-type: none"> • Coordination of Care • Clinical quality and care management • Preventative, proactive care 	<ul style="list-style-type: none"> • Care plans developed • Care plans followed • Active follow-ups
	Utilization Management	<ul style="list-style-type: none"> • Ensure appropriate use of resources • Decrease required inpatient admissions 	<ul style="list-style-type: none"> • ER visits • Inpatient admissions • Limited ancillary duplication (lab, imaging)
	Disease Management	<ul style="list-style-type: none"> • Ensure appropriate use of resources • Decrease required inpatient admissions 	<ul style="list-style-type: none"> • Measures specific to disease targets
	Patient Satisfaction	<ul style="list-style-type: none"> • Increase patient engagement, access, and satisfaction 	<ul style="list-style-type: none"> • Timely scheduling of appointments • Patient satisfaction

Payment Arrangements

Payment Reform Driving Physician Alignment



Clinically Integrated Organizations vs. Others

	Geisinger Health System	Intermountain Healthcare	Average Health System
1 Physician Alignment & Leadership	Physician leaders Physician involvement on board and committees	Integrated clinical and financial management systems	Administration leads; not physicians Physician involvement in governance limited
2 Care Management Programs	Initiatives and guidelines across the continuum (e.g., PCMH, navigators)	Care management medical home model	Disparate care management, minimal coordination
3 Data and Information Sharing	Wide electronic medical record use	Advanced EHR: reminders, care pathways, and predictive modeling	Hospital EMR, imaging and lab systems, physician practice management, and limited EMR
4 Quality Monitoring Program	Financial incentives for hospital and physician quality reporting	Physician financial incentives	Hospital reporting, limited physician reporting, no financial incentives
5 Payment Arrangements	Innovative payment models with integrated provider health plan (e.g., bundling, etc.)	Innovative payment models with integrated provider health plan (Select Health)	Standard FFS and some pay-for-performance; little bundling

THE BOARD'S ROLE

The Role of the Board

- Get and stay educated (e.g., terms and trends)
- Engage physicians and other clinicians in joint education, discussions, and planning
- Add clinicians to boards and committees (appropriately)
- Develop a baseline assessment of your organization's clinical integration capabilities and current physician alignment (e.g., assess risk management capabilities; understand current partnerships; determine information technology needs; discuss capital needs)
- Convene strategic planning retreats to determine vision for the future (e.g., ACO, medical home) and set measurable indicators of success
- Monitor progress toward the clinical integration strategies and goals
- Hold management and physicians accountable for achieving the desired level of clinical integration and physician alignment

QUESTIONS & DISCUSSION

Contact us...

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