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CINs as a Physician Alignment Mechanism

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Many hospitals and health systems have made significant investments in physician practice acquisitions and employment. Often, this has been a defensive strategy, pursued without an expectation of direct profits. Instead, their new employers anticipated that these physicians would "pay for themselves" through downstream inpatient and ancillary service revenues once employed.

As healthcare reform has progressed, however, utilization of inpatient and emergency department services has fallen. Hospitals and health systems are finding that the performance of their physician enterprises needs improvement and that they cannot sustain the losses that would be associated with further physician enterprise expansion.

Taking further employment off the table leaves these organizations without a familiar tool for developing an aligned group of physicians, ready to respond to emerging value-based payment initiatives. Instead, they find themselves considering other approaches for engaging remaining independent community physicians in a significant and meaningful way, without assuming the full financial risk of physician practice acquisition and employment.

Clinical integration is an attractive and effective option for these organizations. A clinically integrated network (CIN) enables hospitals and physicians to work together in a jointly governed entity to improve the value of the healthcare that they collectively deliver and to potentially be rewarded by payers for their success in doing so.

A CIN allows voluntary admitting physicians to preserve their prized independence while replacing an "us versus them" mentality with a framework in which they can collaborate with other physicians, the hospital, and, most important, the patients that they both serve. The importance of the focus on patient care improvement in CIN and other value-

based initiatives cannot be overstated, as it inspires physician involvement in a way that cost reduction does not.

If executed properly, the process of developing a CIN will itself generate goodwill among physicians and contribute significantly to their engagement in the new network. Convening a CIN development steering committee with a diverse mix of both hospital-employed and independent physicians (with an emphasis on the latter group) helps break the boundaries between the groups and leaves everyone with a greater sense of unity.

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Open discussions about how the CIN will be structured, governed, and positioned to succeed will build trust and the commitment to making it work. As a partner in the CIN, hospital management is certainly involved in these efforts, but must be willing to defer to the physicians as their leadership is critical to success.

As the process moves forward, the physicians who served on the steering committee will be essential in recruiting the larger pool of independent physicians the CIN requires. They will be best positioned to explain the goals of the CIN, what will be required of participating physicians, how patient care will be improved, and how it will be positioned to respond to new payment arrangements.

In short, the independent physicians on the steering committee can get their fellow physicians excited about working together with the hospital or health system to improve delivery of care and prepare for the transformation of healthcare payment.

Article reprinted from the hfm Healthcare Finance Blog, July 2014.

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