Is a Formula Emerging in the Move Toward Accountable Care?

Jeff Moser
Vice President, Sg2
Agenda

Framing the Picture
Focus: Leading Practices in the Move to Accountability
Creating the Album
Is the Middle Game Over?

- **Health care reform** highlights tension between increased access and cost control.
- **Payers** are piloting new models that reward coordination, quality and efficiency.
- **Evidence-based multidisciplinary care** that spans the care continuum is a required competency for programs.
- **Clinical practice research** continues to uncover opportunities to improve care.
- **Focus on decreasing inpatient costs** continues as hospitals try to control staffing, length of stay (LOS) and device costs.

PPACA = Patient Protection and Affordable Care Act; VBP = value-based purchasing; HAC = hospital-acquired condition.
A New Product Emerging

Adult Inpatient Forecast
US Market, 2012–2022

Millions

20 25 30 35 40

2012 2017 2022

Sg2 IP Forecast
Population-Based Forecast
Sg2 OP Forecast

Note: Forecast excludes 0–17 age group, psychiatry and obstetrics service lines and the not assigned category. IP = inpatient; OP = outpatient. Sources: Impact of Change® v12.0; NIS; PharMetrics; CMS; Sg2 Analysis, 2012.
Inpatient Utilization and the Impact of Value

Adult Inpatient Impact Factors
Cumulative Discharges, 2012–2022

Note: Forecast excludes 0–17 age group, psychiatry and obstetrics service lines and the not assigned category.
CARE = Clinical Alignment and Resource Effectiveness. Sources: Impact of Change® v12.0; NIS; Sg2 Analysis, 2012.
Long-term Sustainability Demands a Continuum View to Leverage OP Growth

Overall Sites of Care Forecast, US Market, 2012–2022

10-Year Growth Rate

Note: Forecast excludes ages 0–17, and obstetrics and psychiatry service lines. ASC = ambulatory surgery center; ED = emergency department; SNF = skilled nursing facility. Sources: Impact of Change® v12.0; NIS; PharMetrics; CMS; Sg2 Analysis, 2012.
Confidential and Proprietary © 2012 Sg2
Markets Will Develop at Different Speeds

Sg2 Map of Market Accountability Readiness, 2012

Decision Scale

Level of Readiness

Note: Geographic boundary files obtained from www.dartmouthatlas.org/tools/downloads.aspx#boundaries.
Source: Sg2 Analysis, 2012.
Understanding Payment Evolution Helps You Time Your Strategy

Payment Evolution

Growth Strategy
- Referral Channel Management
- Targeted Program Development
- Targeted System of CARE Development
- Share of Care™ Optimization

Performance Strategy
- Variance and Cost Reduction
- Unnecessary Care Reduction
- Clinical Restructuring
- System Optimization

CARE = Clinical Alignment and Resource Effectiveness.
Agenda

Framing the Picture

**Focus: Leading Practices in the Move to Accountability**

Creating the Album
Accountable Care Strategy Requires Many Focused Pixels (Not Exhaustive!)

- Build the Right Footprint
- Stratify the Population
- Build the New Team
- Engage the Patient
- Reduce Variation
- Market the Right Services
- Encourage Wellness
- Leverage Innovation
- Incentivize the Stakeholders
Identify Gaps and Set Priorities

Geisinger Health System, Danville, PA

Primary Care Network Activities

- Consider expansion of medical home.
- Evaluate physician panel size.
- Assess mix of urgent and retail care.
- Expand use of advanced practitioners.
- Examine out-of-network utilization.
- Deploy an e-visit strategy.

Source: Sg2 Interview With Geisinger Health System, April 2012.
Build the Right Footprint

Accelerate Access for Unscheduled Visits

Increasing Acuity of Access Centers

<table>
<thead>
<tr>
<th>Retail Clinics</th>
<th>Primary Care Practice</th>
<th>Extended Hours</th>
<th>Urgent Care Centers</th>
<th>ED Fast Track</th>
<th>ED</th>
</tr>
</thead>
</table>

Complaints Treated at Each Access Site

- **Strep Throat/Vaccinations/UTI/Body Fluid Collection**
- **Retail Clinic Care + Disease Management**
- **Retail Clinic Care + Fractures, Sprains, Wounds, IV Therapy**
- **All Urgent & Emergent Care (e.g., chest pain, head injuries, bleeding and severe trauma)**

**Sutter Medical Foundation—Sutter Health, Sacramento, CA**
- Operates 3 urgent care centers; 4 more are planned.
- Integrated with retail care, occupational health and diagnostic centers
- Future plans to collaborate with FQHCs to manage new Medicaid enrollees
- Fast-track access for 10 diagnoses

UTI = urinary tract infection; IV = intravenous; FQHC = Federally Qualified Health Center.
Source: Sg2 Analysis, 2011.
Stratify the Population

Target High-Risk Populations to Maximize Savings

Boeing Intensive Outpatient Care Program (IOCP), Puget Sound, WA

- Focused on employees contributing to highest health care costs
- Partnered with 3 clinics, incentivized through per-patient-per-month fee
- Care teams included RN care manager, IOCP physician, current PCP
  - Patient involved in development of personalized care plan
  - Education in disease self-management
  - Team huddles to assess patient status, discuss follow-up plan

- Improved functional status, depression scores, patient and provider satisfaction
- Met clinical quality metrics for diabetes care, high blood pressure, high cholesterol
- Reduced per capita spending by 20%

PCP = primary care physician.
A Top-Down, Structured Approach Accelerates Change, Improves Quality

Background
- Achieved gains in focused clinical areas, but challenged to broaden quality efforts to safety net population

Solution: 4-Step Structured Approach
1. Create a comprehensive approach to patient care.
2. Appoint a person or department to take responsibility for quality and safety.
3. Create programs to manage high-risk and high-opportunity clinical situations.
4. Implement systems to reduce variability in patient care processes and outcomes.

Impact to Date
- Ranked by UHC as first in quality of 112 academic medical centers with the lowest (0.55) observed-to-expected mortality ratio, which improved from 28th ranking in 2008
- 70% of patients with hypertension have controlled blood pressure.
- >50% of diabetic patients have low-density lipoprotein levels at target.
- Lowest cesarean section rate in UHC, with no unexpected full-term fetal mortality
- Only 2 sentinel events in 2010 across the entire system

UHC = University HealthSystem Consortium.
Source: Gabow PA and Mehler PS. Health Aff (Millwood) 2011;30:612–618.
Targeted Care Redesign: Dual Approach Helps At-Risk Population

“We are moving away from patient-centered care and toward person-centered care to serve a population of 1 million.”

—Senior VP of Clinical Services, University Medical Center Brackenridge, Member of the Seton Healthcare Family

System Optimization

- Partnership with FQHC to provide care to under- and uninsured population
- “Extensivist” clinics to care for high-acuity patients with enhanced support
- Pediatrics program for chronic care patients; started with asthma patients, now expanding
- Pilots with AMC for improved CHF care

Unnecessary Care

- Transitions program to home with remote monitoring for high-risk population
- Establishment of risk stratification tool to identify patients at greatest risk for readmissions

AMC = academic medical center; CHF = congestive heart failure.
Source: Sg2 Interview, March 2012.
“Extensivist” Clinics to Care for Uninsured

University Medical Center Brackenridge, Austin, TX

Situation

- 9,000 patients who used services often were responsible for 42% of the net hospital losses.

Solution

- Identified 4 patient classifications for the program
- Established an expanded care team: physician, social worker, nurse practitioner, 4 community health aides
- Empowered care team to “do whatever it takes”
- Created a program phone line to be a direct point of contact

Results

- Anecdotal reduction in ED and hospital utilization

Source: Sg2 Interview, April 2012.
Build the New Team

“Extensivist” Clinics to Care for Uninsured (Cont’d)

University Medical Center Brackenridge, Austin, TX

Key Impact

Hospitals that create innovative care models can improve patient care—with the right patient, in the right setting, with the right care.

Source: Sg2 Interview, April 2012.
Situation
Diabetes patients not optimally managed

Solution
Create pharmacist-run management program
- Provide diabetes, hyperlipidemia medication management
- Pharmacists have prescriptive authority, titrate medications

Results
- Diabetes patients showed improved outcomes.
- Physician workload reduced, providing more time with other patients.

Sources: Sg2 Interview With Dreyer Medical Clinic, March 2012; Padiyara RS et al. J Manag Care Pharm 2011;17:456–462.
Forge and Manage Partnerships

Mary Washington Healthcare, Fredericksburg, VA

Situation
- Diverse partnership portfolio to enhance care continuum

Partnership Philosophy and Approach
- Allows partners to “do more with less”
- Employs full spectrum of partnership models
- Defined partner evaluation criteria

Partnership Success Factors
- Disciplined oversight committees
- Agreed upon clinical and operational models
- Defined operating expenses and working capital needs
- Balanced use of counsel, IT and physicians

GPO = group purchasing organization; IT = information technology; MWHC = Mary Washington Healthcare.
Source: Sg2 Interview With Mary Washington Healthcare, March 2012.
Avoid Revenue Leakage

Henrico Doctors’ Hospital, Richmond, VA

Problem

- Loss of 20 patients a month for follow-up studies to abnormal mammogram
- Significant lag time (2 weeks) between abnormal screening and follow-up appointments
- Centralized schedulers not equipped to answer questions, relieve anxiety

Solution: Nurse Navigators

- Implemented a nurse navigation model where the navigator stays with the patient from suspicious finding to treatment
- Nurse navigators call patients within 24 hours of an abnormal mammogram to talk about additional tests and answer any questions.

Results

- Reduction in annual out-migration, from 240 patients to 28 patients
- Increased retention led to an additional $350,000 in net revenue.
- Reduced time from suspicious finding to diagnosis: 20 days in 2006 to 10 days in 2010

Partner With Organizations That Have Similar Missions...

YMCA Healthy Lifestyle Village

Wheaton Franciscan Healthcare (WFH), YMCA of Metropolitan Milwaukee
- WFH opened an OP clinic next to existing YMCA.
- Combined campus includes physician offices, GI center, pain management center, radiology and lab, urgent care center, YMCA, and aquatic center.

Shared Programs, Events and Activities
- Select WFH patients are referred to YMCA and receive complimentary 30-day membership; YMCA refers members to WFH services and physicians.
- The YMCA’s Pathway to a Healthier Weight adult weight-management program can include services offered by a WFH health coach, dietitian and therapist.
- YMCA child care is available to patients during their appointments.
- WFH physician presents to YMCA’s SilverSneakers® senior program.

GI = gastrointestinal.
Source: Sg2 Interview, March 2012.
Engage the Patient

...To Increase Access and Cross Collaborate

YMCA Healthy Lifestyle Village

Results

- 383 new YMCA members in first year; only YMCA in metropolitan area to have membership growth
- 12% of physician referrals became YMCA members within their first year.
- WFH offered flu shots at all 5 local YMCAs.
- More than 600 people attended open house in August 2010.
- High attendance for community education sessions presented by WFH physicians

Keys to Success

- Collaborate before building.
- Find a partner that shares values for natural partnership.
- Patience—it takes time to see results.

Source: Sg2 Interview, March 2012.
Restructuring Incentives to Encourage Healthy Behaviors

Leverage the perverseness of the mind.

- **Commitment Contracts**: A deposit approach where funds are earned back when goals are met. Often employer led, with matching funds and/or other rewards.

- **Daily Challenges**: Social network platforms focusing on small, everyday activities that everyone can do to improve well-being.

- **Anti-Charity Giving**: An extra incentive tool where lack of reaching goals prompts funds to be donated to a charity that conflicts with a person’s beliefs.

Control Costs by Managing the Network

Reference Pricing of Joint Replacement in California

CalPERS and Blue Shield of California

- $30,000 benefit cap for hip/knee replacement
- Patients responsible for costs above the cap
- 6.8% increase in volume at designated facilities
- Average facility paid amount per procedure lowered by 26.5%
- Expanding to colonoscopy, cataract surgery and outpatient arthroscopy in 2012

Situation
High sepsis rate

Solution
Created sepsis protocol with the goal of decreasing mortality
- Prompt evaluation in ED, sepsis alert packet
- Early administration of antibiotics
- Pilot program with EMS

Results
- Mortality reduced from 61.7% to 16.7%.
- Discharge rate to home increased by 199%.
- Anecdotal financial benefit

EMS = emergency medical services.
Extend Outreach to Capture Downstream Revenue

ThedaCare, Appleton, WI

Results During 2.5-Month Campaign
- 10% of targeted patients scheduled and completed a colonoscopy.
- 28% increase in the average number of colonoscopies performed
- ThedaCare is preparing to roll out program to other clinics and service areas.

Overall Increase in Screening Rate
- 21% increase to 73% between 2005 and 2010 (also due to disease management efforts)

Source: Sg2 Interview, 2011.
Encourage Wellness

Health System Led Community-Wide Collaborative to Promote Health

Allegiance Health, Jackson, MI

- 345 beds; sole hospital in multicounty area
- Residents had lower-than-average health status.
- Health plan premiums were increasing by up to 40%.

Health Improvement Organization Collaborative:

- Health and Productivity Management
  - It’s Your Life workplace-based program including health-risk appraisals, personalized health coaching and wellness education
  - CEO roundtable “call-to-action” forum and employer health management consortia

- Chronic Disease Management and Prevention
  - Interactive school-based sessions for youth obesity prevention
  - 13-week weight management program for adults
  - Other initiatives: faith community nursing, smoking cessation program, infant mortality, community health assessment and Jackson County EMR

Encourage Wellness

Collaborative Reduced Risk Factors for County Residents

Allegiance Health, Jackson, MI

Results
- Set up 501(c)(3) public foundation affiliated with Allegiance
- In 2006, 5,000 individuals from >70 businesses participated in It’s Your Life program.
- Increased physical activity by 50% and lost a total of 667 pounds
- Improved employee self-image; greater job and life satisfaction

Keys to Success
- Buy-in from key stakeholder groups is crucial.
- Start small; expand over time.
- Share results often to demonstrate value to stakeholders.
- Continually seek funding.
- Be patient—success takes time.

E-Visits Can Shift Care to Less-Expensive Settings

- E-health system with free personal health record
  - Comprehensive documentation across care settings (IP, OP)
  - Secure messaging
  - Decision support
  - Real-time connectivity to lab, pharmacy, radiology, ancillary systems
- **Decreased office visit rates**
  - Total office visits: ↓ 26.2%
  - Primary care: ↓ 25.3%
  - Specialty care: ↓ 21.5%
- **Phone visits increased 8 times.**
- **Email messaging increased 6 times.**


Leading Practice: Kaiser Permanente—KP HealthConnect®
Advocate Physician Partners
Incentive Fund Design

Incentivize the Stakeholders

Group/PHO Incentives (30%)

Group/PHO Distribution

Tier 1 (50%)
Tier 2 (33%)
Tier 3 (17%)

Residual Funds

Residual funds are rolled over into a general CI fund (not tied to individual physician or originating PHO) to be distributed in the following year.

Individual Incentives (70%)

Group/PHO Criteria
Individual Tiering Based on Physician’s Individual Score

Individual Criteria

Individual Distribution

Residual Funds

PHO = physician hospital organization; CI = clinical integration.
Incentivize the Stakeholders

Standardize Radiology Ordering Process to Improve Diagnostic Utility

Institute for Clinical Systems Improvement, Bloomington, MN

Innovation: Standardized Orders

- Designed a clinical decision support system that grades the tests being ordered based on information and purpose
- Decision support system approved by ACR, ACC and ACP
- System offers evidence-based alternatives.
- Piloted by 5 medical groups completing more than 1 million imaging tests per year between 2007 and 2010

Results

- Shorter radiology ordering and approval times
- 10% improvement in diagnostic utility
- Estimated savings of $84M
- No increase in claims for imaging

ACR = American College of Radiology; ACC = American College of Cardiology; ACP = American College of Physicians; M = million.
Agenda

Framing the Picture
Focus: Leading Practices in the Move to Accountability

Creating the Album
Successful Strategy Requires Management and Engagement
Key Questions: Placing Yourself in the Growth/Value Continuum

Market Factors
- How consolidated is your local market for health care services? Health insurance?
- What is the 10-year growth outlook for your market?
- Are there large health care-savvy employers or employer coalitions in your market?
- Is there a history of risk contracting in your local market?
- How far along is adoption or planning of HIEs in your market?

Organizational Factors
- How strong is your balance sheet?
- How well does your System of CARE perform—capacity, integration, etc?
- How effective is information integration across your System of CARE?
- What is your recent track record in driving new patient acquisition?
- What percentage of your PCPs are employed or closely aligned?

Intangibles
- Are there leaders with the passion, position and influence to drive change?
- How strong are relationships across organizations that comprise the System of CARE?
- How strong are relationships between your organization and local payers?
- What is your board and leadership team’s tolerance for risk? Openness to partnerships?
- What is your organization’s track record for execution and innovation?

HIE = health information exchange.
Drive Growth and Performance Strategy

Market Factors

Organizational Factors

Intangibles

Growth Strategy

Referral Channel Management

Targeted Program Development

Targeted System of CARE Development

Share of Care™ Optimization

Payment Evolution

Variance and Cost Reduction

Unnecessary Care Reduction

Clinical Restructuring

System Optimization

Performance Strategy
Reach for Different Growth Strategies as Payment Evolves

- Recruit/employ physicians.
- Any head in a bed
- Key metric: monthly census

- Initiate service line-focused development.
- Create separate outpatient division.
- Deploy technology.
- Key metric: program-specific market share

- Improve access, navigation and patient experience.
- Initiate disease-coordination pilots in high-growth services.
- Update management model.
- Key metric: system leakage

- Turn payment models to your advantage.
- Steal market share through superior products.
- Develop new system-level financials.
- Key metric: unique patient lives
Reach for Different Performance Strategies as Payment Evolves

Focus: Improving operations
- Supply chain—renegotiate implant contracts
- Flex staffing to align with soft volumes
- Improve turnaround time (LOS management, ED triage, chemotherapy chairs, etc) for greater efficiency and volumes

Focus: Decreasing avoidable, duplicative services
- Readmissions
- Medical necessity guidelines for imaging
- Programs such as watchful waiting in addition to screening

Focus: The who and where of care delivery
- Utilizing advanced practitioners: NPs, pharmacists
- Use of observation units, palliative care
- Better coordination of transfer/discharge

Focus: Preventive care through clinical integration and population health
- Disease registries
- IT-enabled preventive services
- Disease-based medical homes
- Patient engagement strategies

NP = nurse practitioner.
Confidential and Proprietary © 2012 Sg2
Sg2’s analytics-based health care expertise helps hospitals and health systems integrate, prioritize and drive growth and performance across the continuum of care. Over 1,200 organizations around the world rely on Sg2’s analytics, intelligence, consulting and educational services.

www.sg2.com     + 1 847 779 5300