



The Role of Financial Incentives in Healthcare - Gainsharing Update

Private Sector Gainsharing Update



GOODROE HEALTHCARE SOLUTIONS, LLC
Changing Healthcare

Significant Events in Gainsharing

1990: Medicare Coronary Artery Bypass Demonstration Project

– Lessons Learned

- Full range of opportunities
 - Issues with data
 - Utilization of resources clearly decreased while quality improved
 - Physicians had a “new” role in improving quality and cost reduction.
- Project ended with no clear action taken from lessons learned.

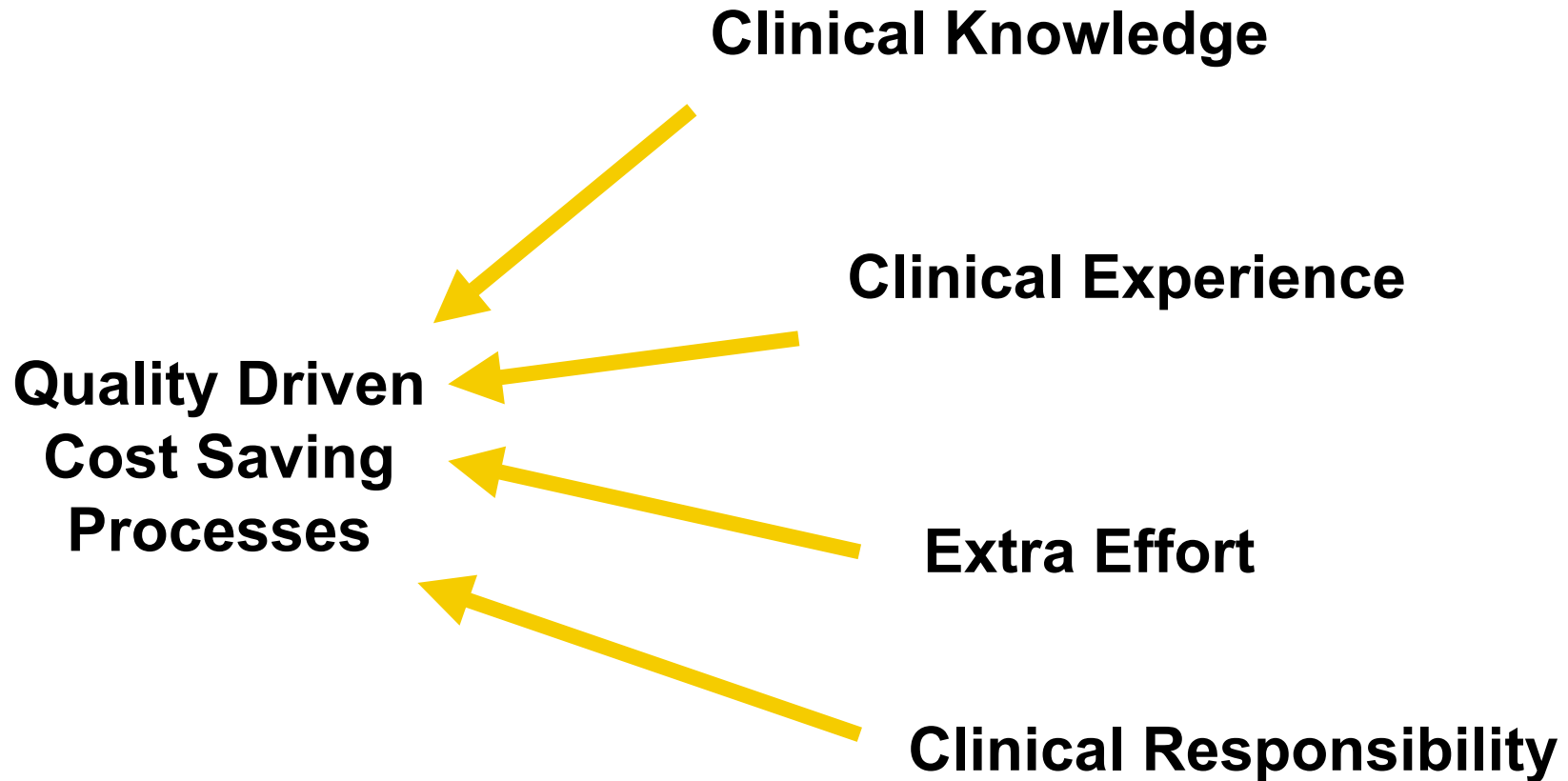


Significant Events in Gainsharing

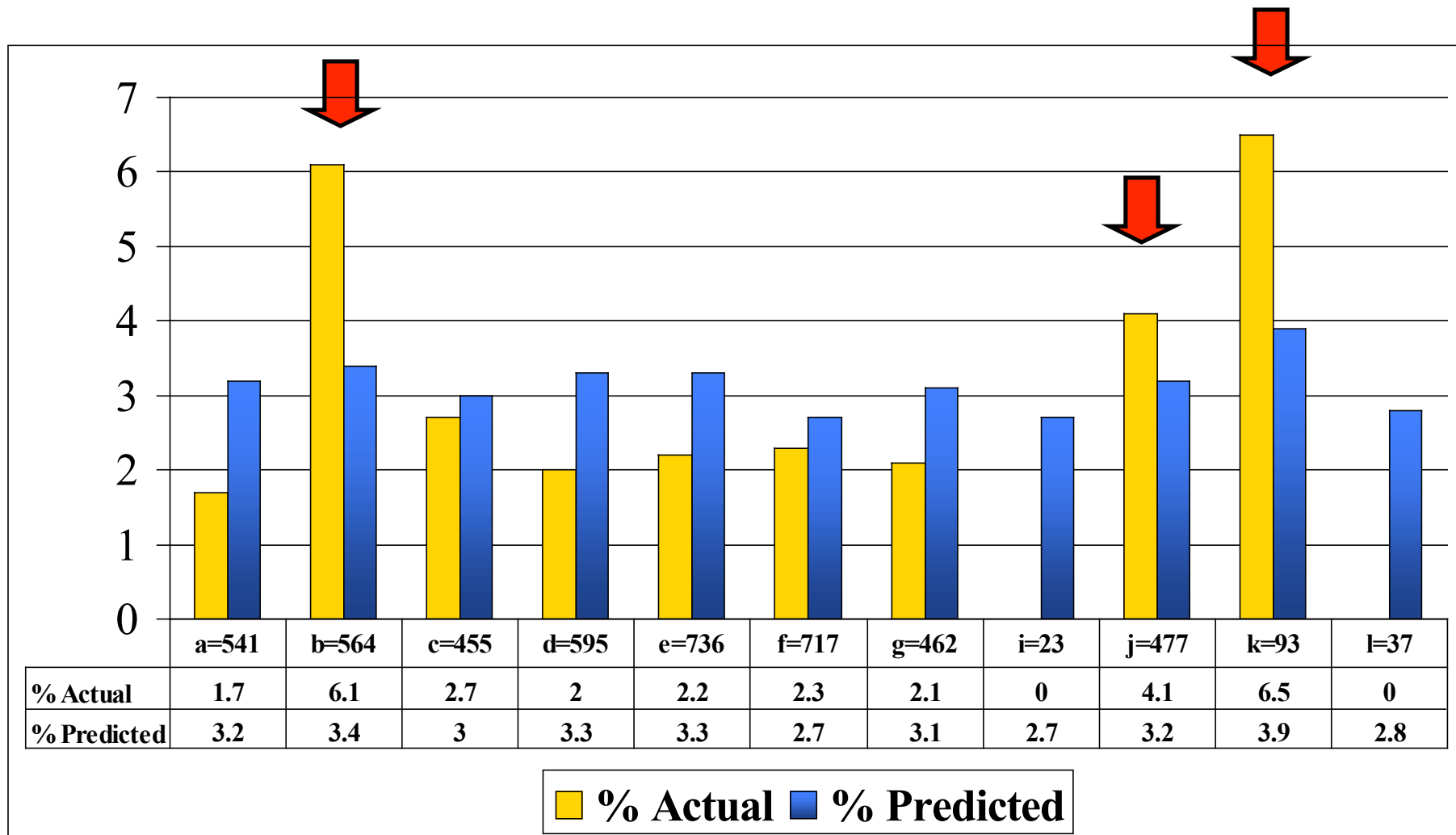
- **1999: Gainsharing not allowed by OIG**
- **2001: Approval achieved on supplies utilized in open heart surgery**
- **2005: Six additional OIG opinions and Congressional Hearing**
 - Positives:
 - Draw attention to the opportunities
 - Reenergize the subject of hospital-physician alignment
 - Negatives:
 - Overall concept not always understood
 - Threatening to the vendor market
- **2006: Demonstration Projects Announced**



Hospitals' Need Physicians for Cost Management

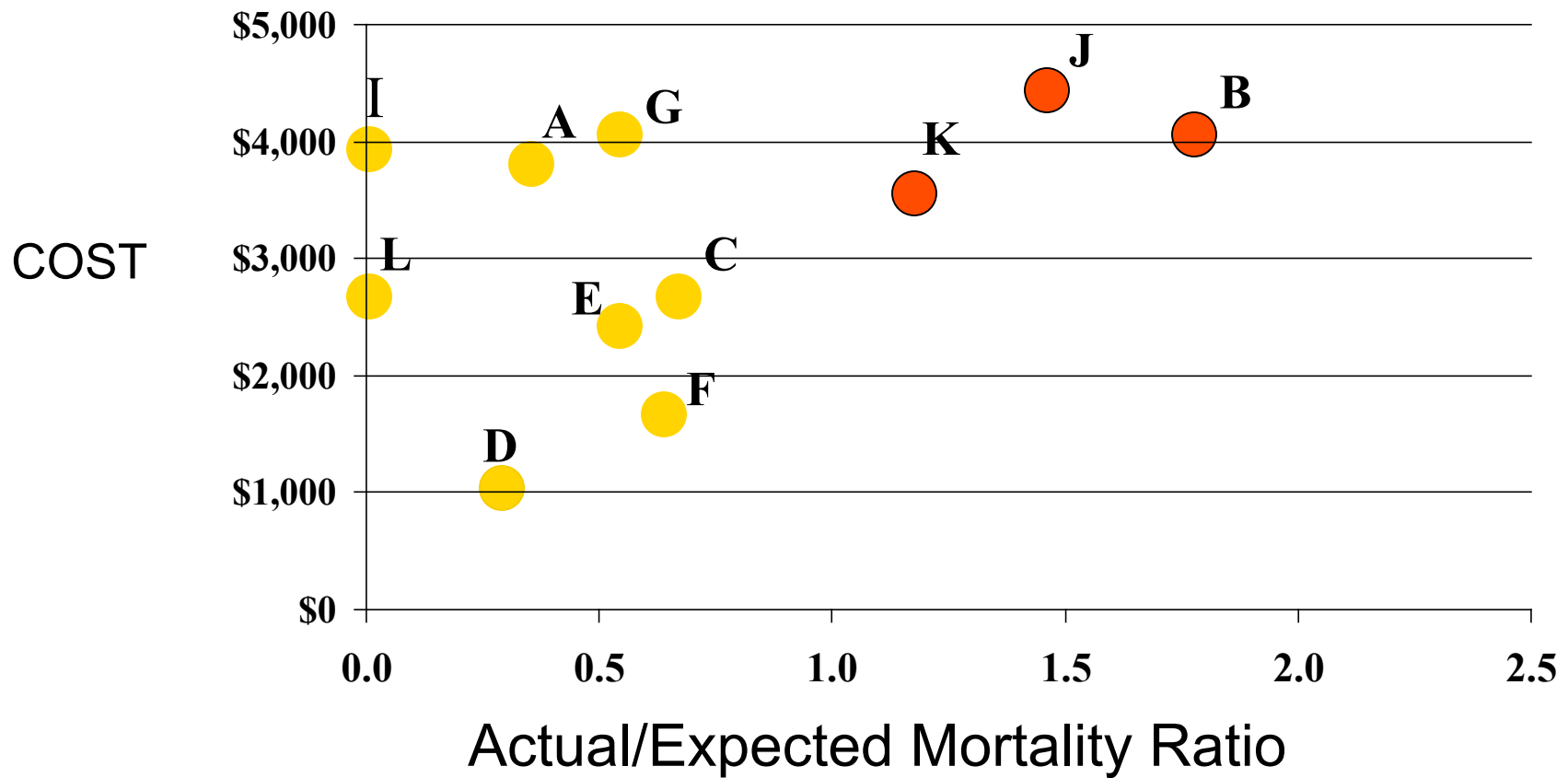


1998-2000 Mortality By Physician Overall CABG

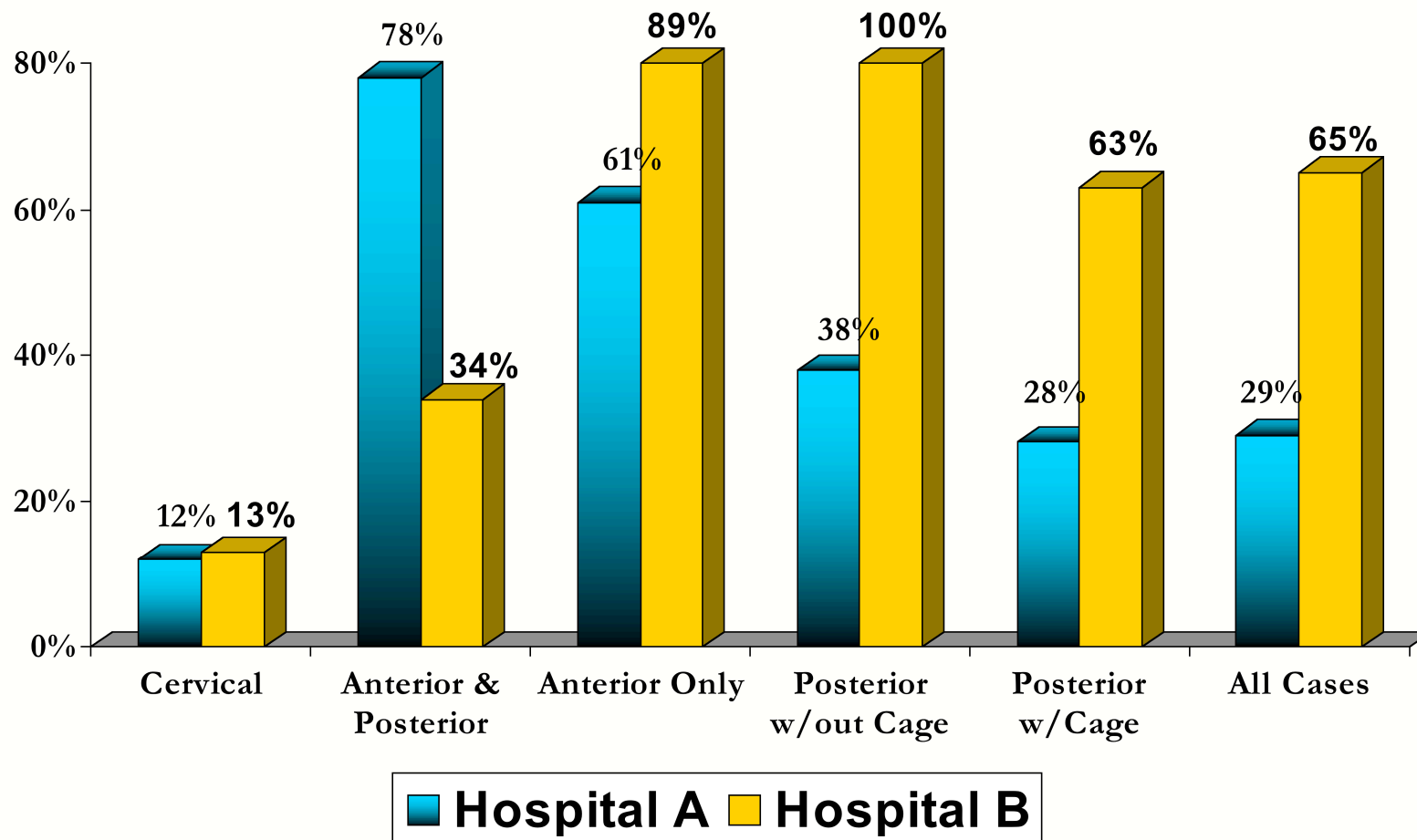


Physicians less than 20 cases excluded due to statistical variance

OR Cost and Mortality Ratio

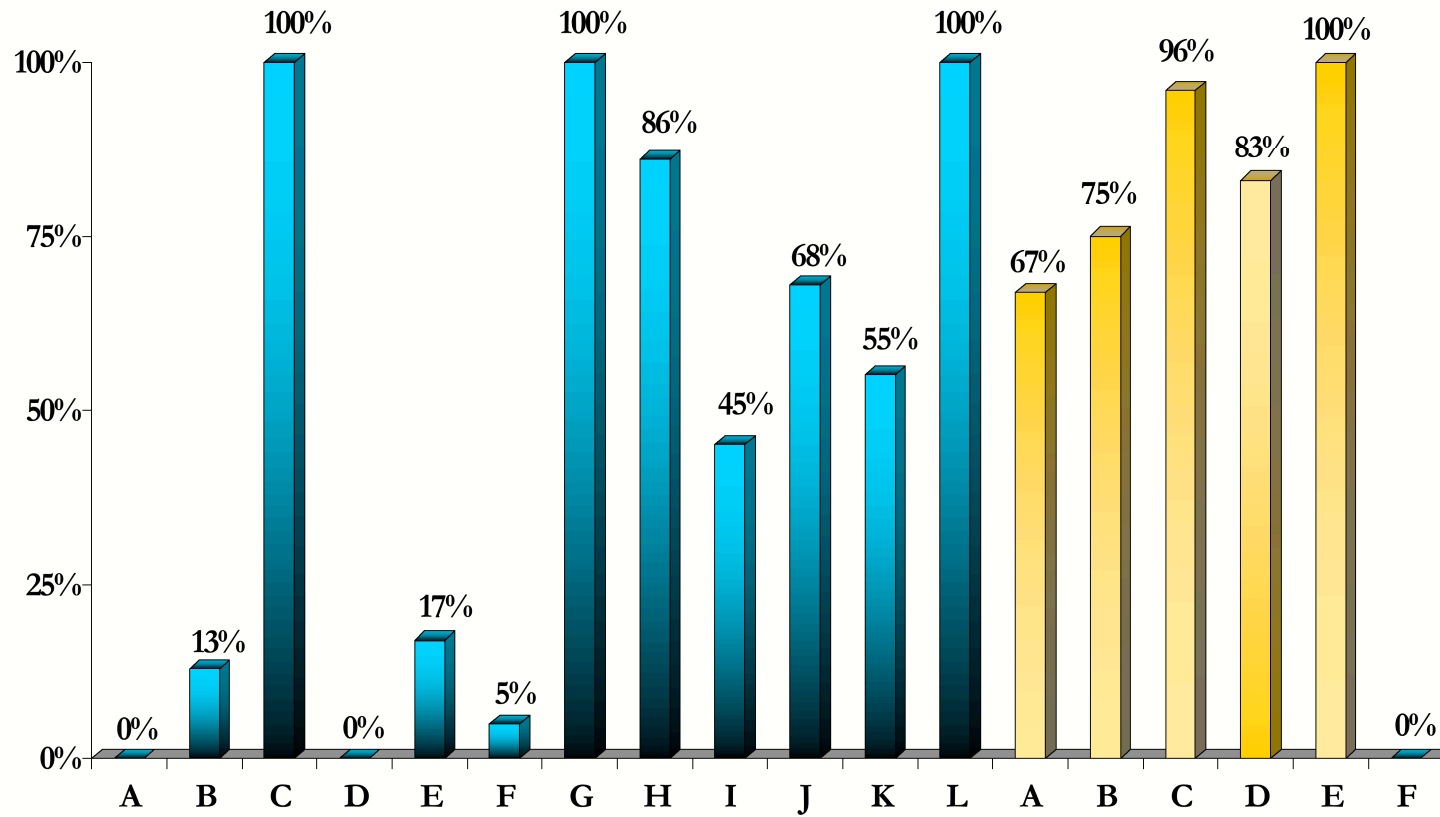


Bone Morphogenetic Protein Utilization



Bone Morphogenetic Protein Utilization By Physician

Lumbar and/or Thoracic Patients



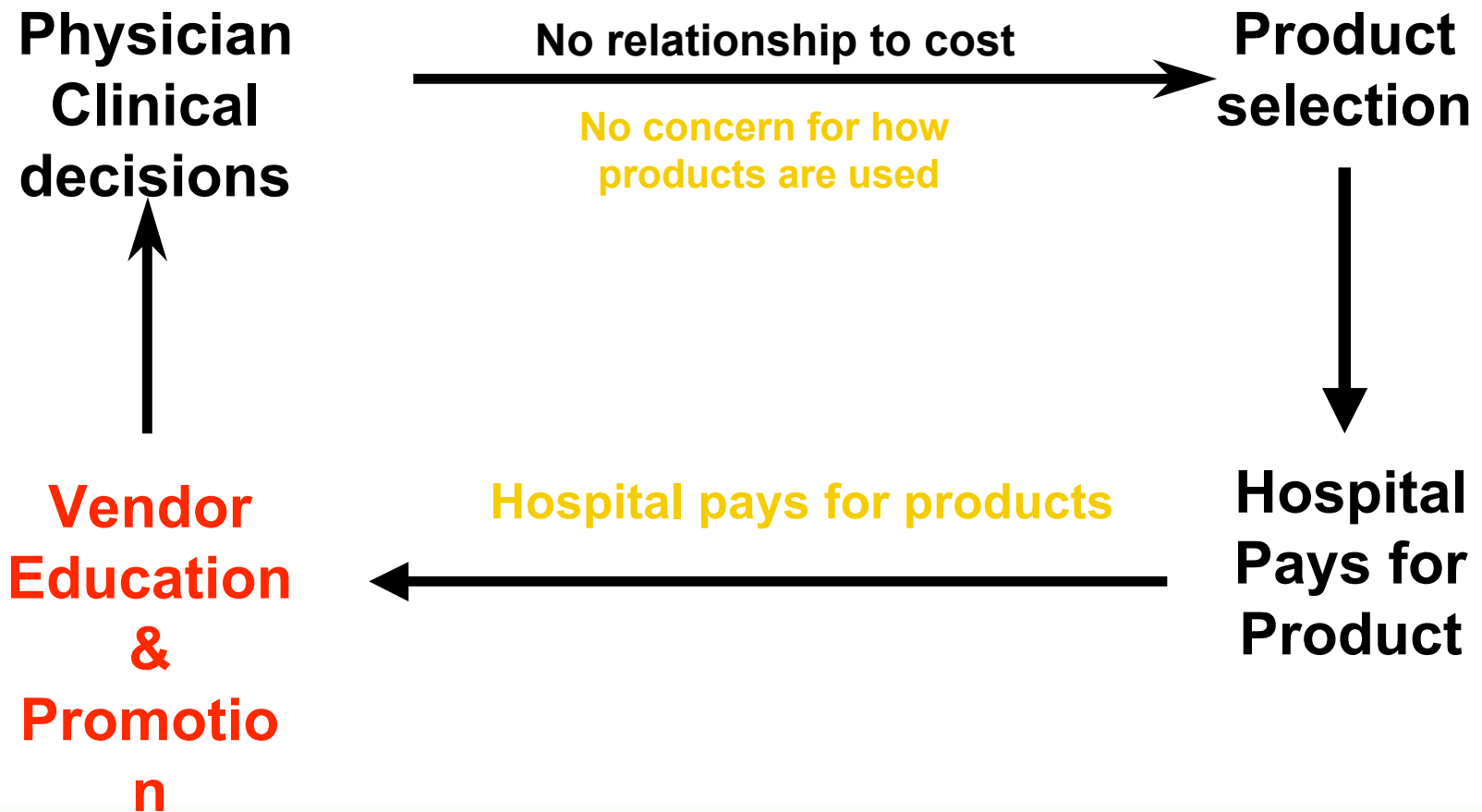
Hospital A

Hospital B

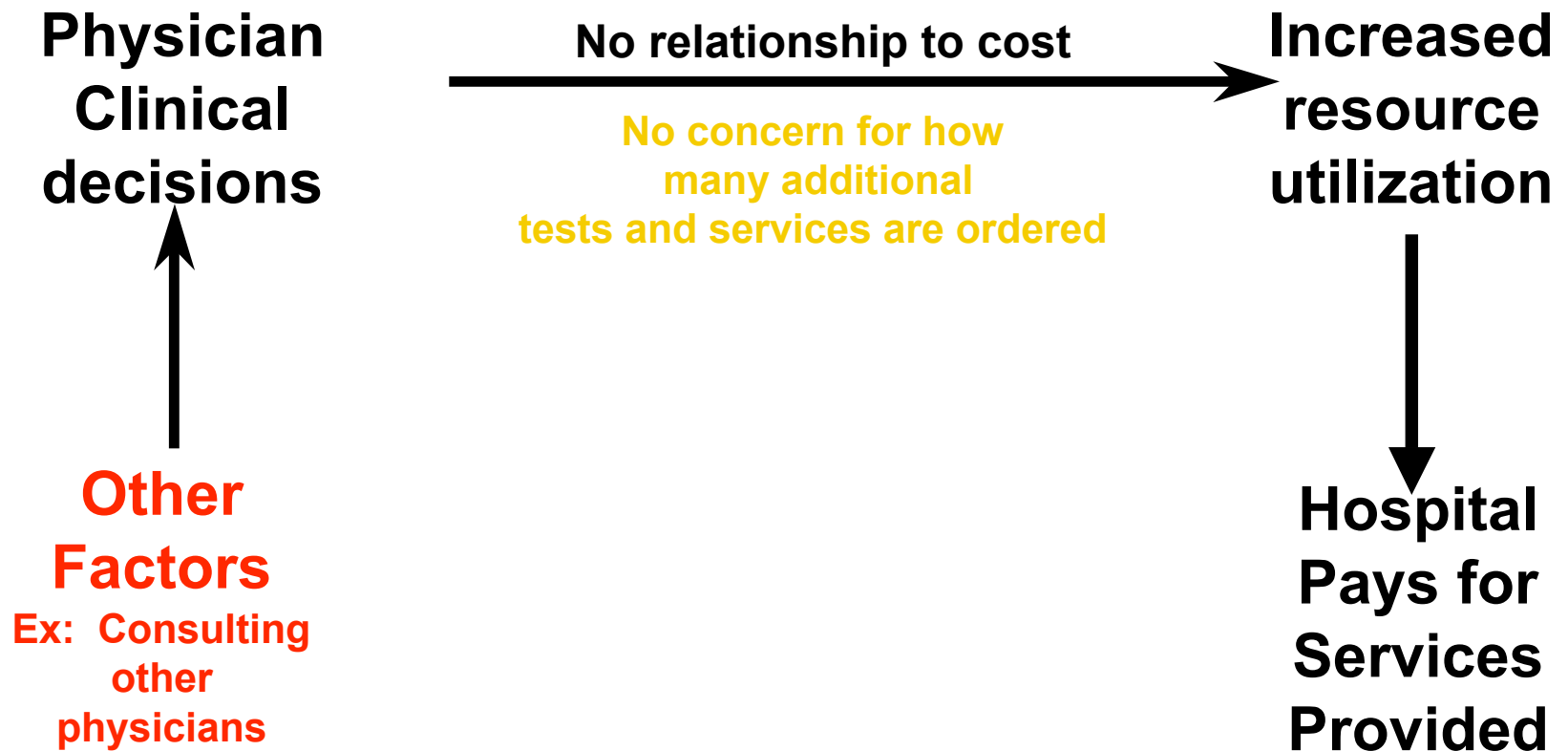
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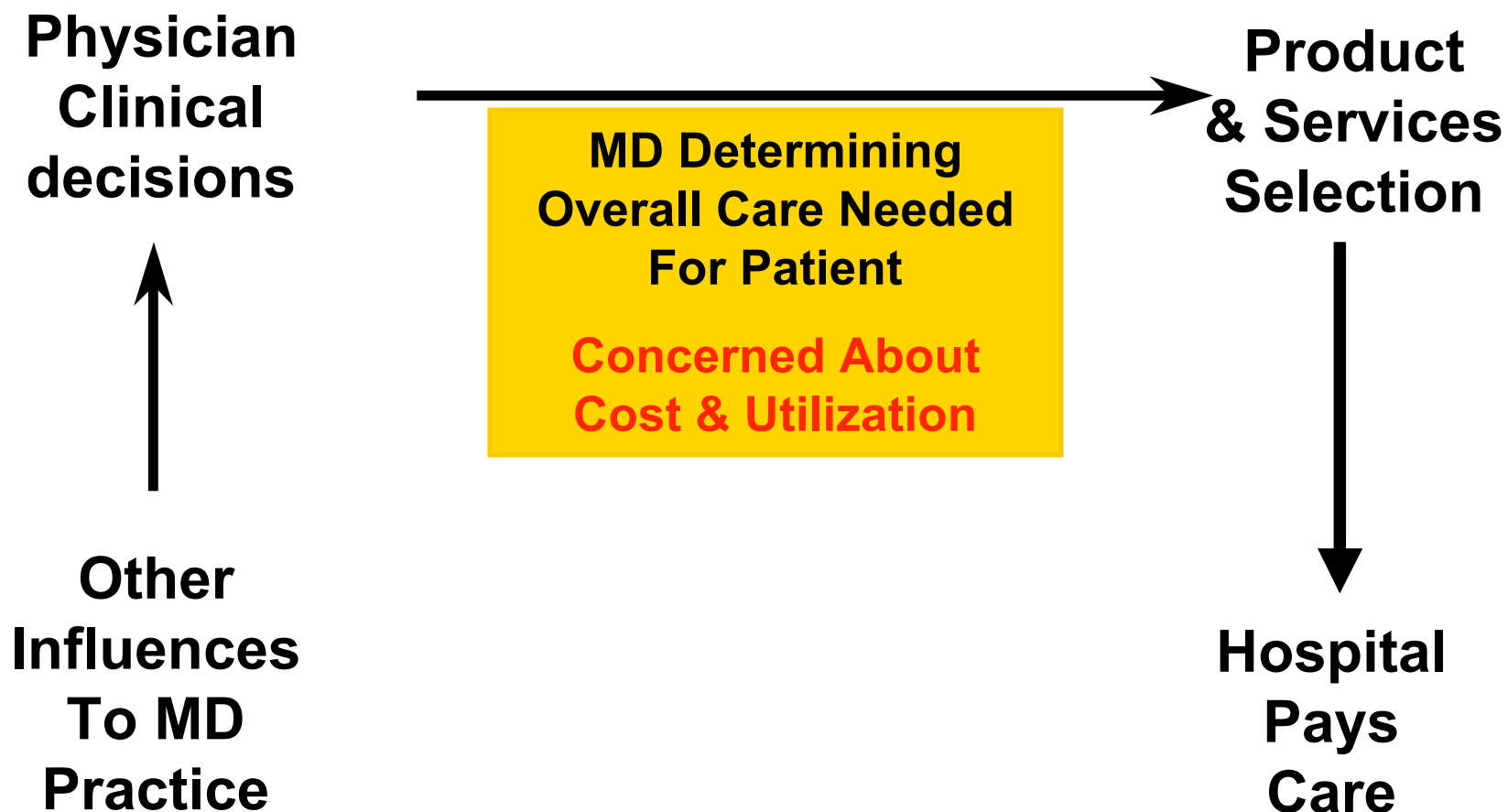
Traditional Hospital - Physician Relationship



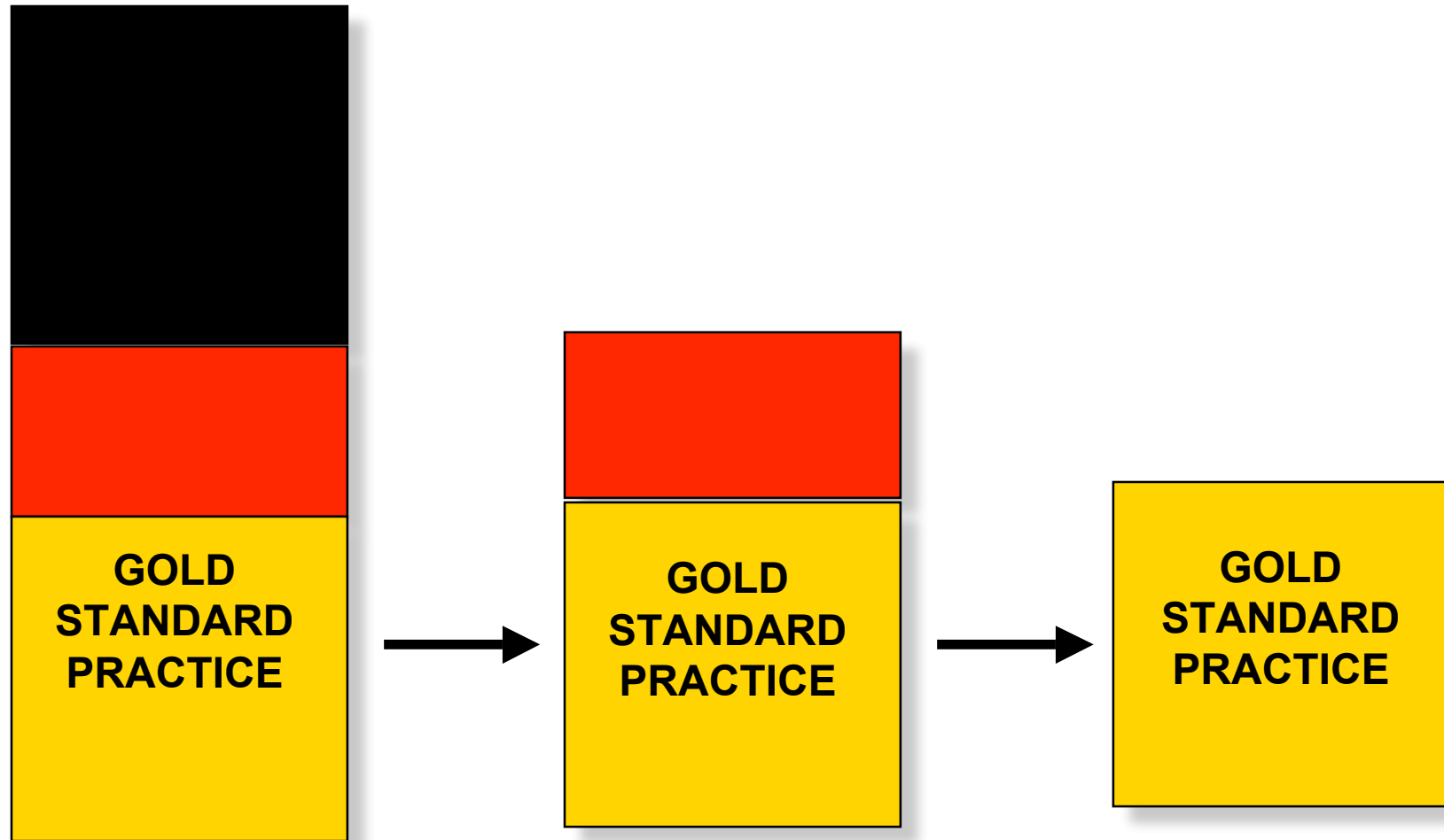
Traditional Hospital - Physician Relationship



Gainsharing Relationship



Quality with Cost Efficiency



Achieving Cost and Quality Efficiencies

- There is a compelling reason to align hospitals and physicians.
- Data: clinical, cost and utilization.
- Gainsharing is only one method of alignment.
- Opportunities for improvement extend beyond current procedure related efforts.
- Create a situation that benefits the patient first.

