



Improving Care Thru Aligned Incentives: A Case Study Integrating 2,400 Independent Physicians

Lee B. Sacks, M.D.

President

Mark S. Shields, M.D., M.B.A.

Senior Medical Director

4th National Pay for Performance Summit

March 10, 2009

San Francisco, CA



Presentation Overview

- Market Realities
- Advocate Physician Partners History
- Strategic Plan Leading to Clinical Integration
- Structures
 - Governance & Incentive Plan
- Clinical Integration Program
- Lessons Learned



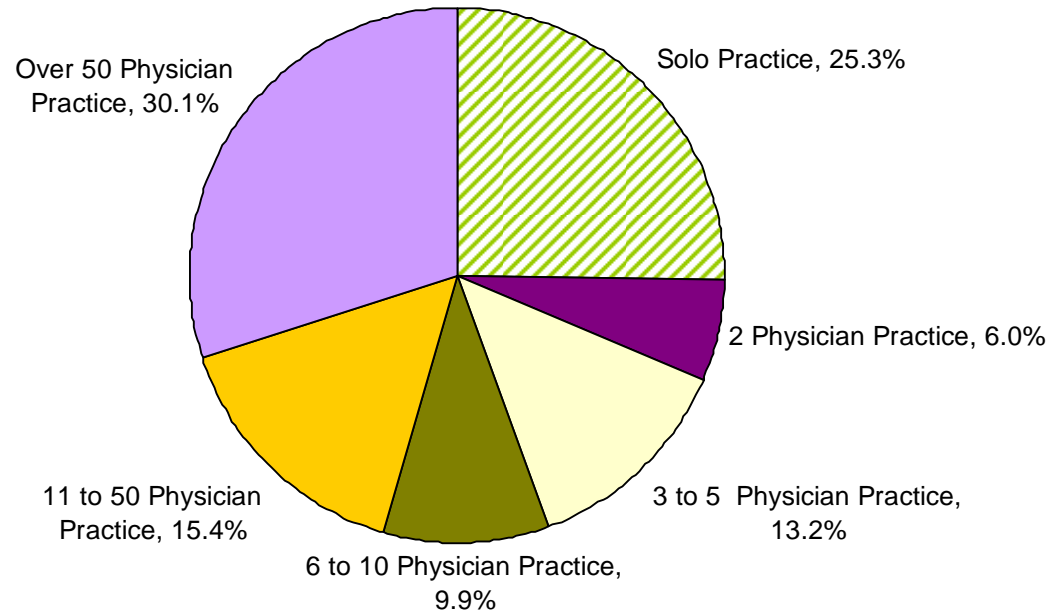
Market Realities



Market Realities

- Risk Contracts Which Fund Care Management are Disappearing
- Large Multi-specialty Groups are the Exception
- Infrastructure is Required to Drive Quality Outcomes Demonstrated by Multi-specialty Groups

Distribution of Physicians by Size of Practice - 2005*



*Percentages may not sum to 100 because of rounding.

Source: 2001 Patient Care Physician Survey of nonfederal patient care physicians, American Medical Assoc.; Medical Group Management Association, Center for Research, Universe of Group Practice, 2006



A Clinically Integrated Group



History

- First PHO Created 1982
- 2 Medical Groups Experienced w/Global Capitation
- One IPA Experienced Bankruptcy
- Advocate Health Care Formed January 1995
- Advocate Health Partners Founded 1995



Evolution

- Adoption of Common “Back Office”
- PHO Directors Become APP Employees
- Messenger Model Contracts at Request of Payers
- 1998-99 Strategic Planning



Strategic Plan

- Adoption of Vision: *APP will be the leading care management and managed care contracting organization in Chicagoland.*
- Physicians Identified 3 Areas of Focus:
 - Information Technology
 - Demonstrating Value to Payers
 - PPO Contracting




Recent History

- 2005 Focus on Governance Enhancement
 - Outside Director
 - Term Limits
 - Formal Job Descriptions / Performance Reviews
 - Committee Charters
 - Governance Compensation
- 2006 Negotiating FTC Consent Decree



Strategic Plan Updated - 2006

- Four Pillars
 - Optimizing Clinical Outcomes
 - Enhancing the Patient Experience
 - Creating a Culture of Committed Physicians
 - Funding Our Future



Clinical Integration Era

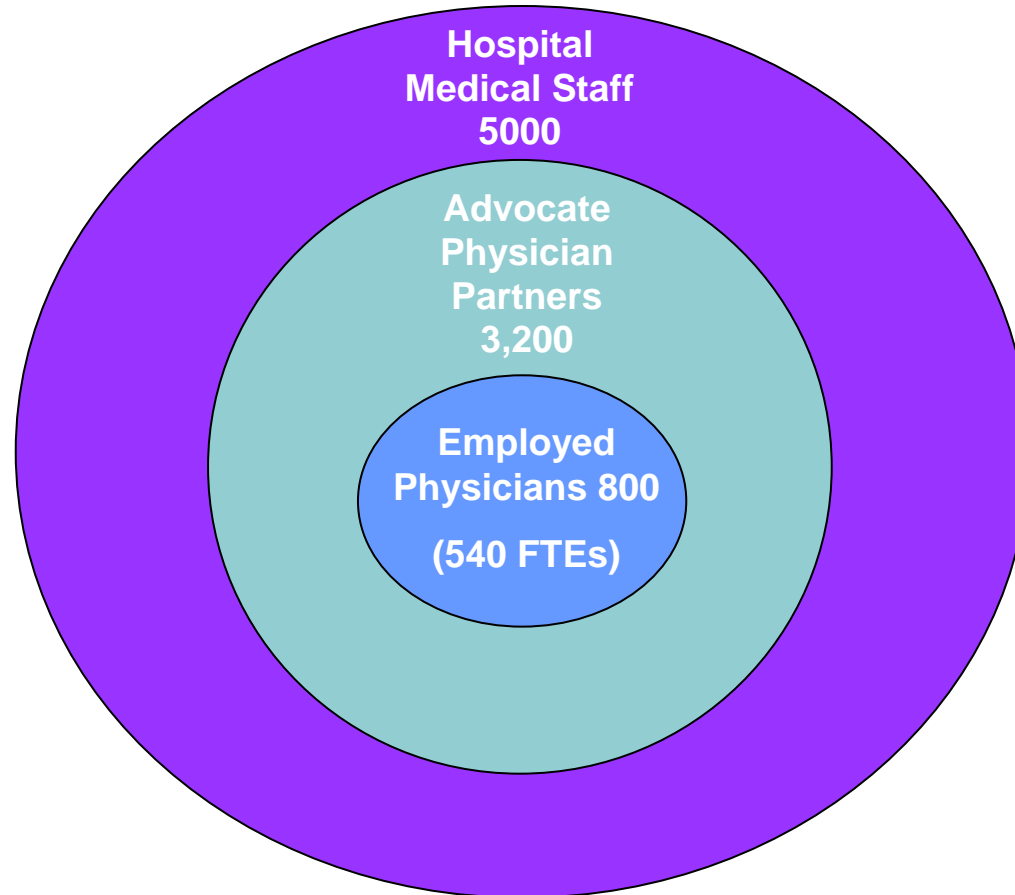
- February 2007: FTC Consent Decree
- 2007: Name Changes to Advocate Physician Partners
- 2007: Direct-to-Consumer Marketing
- Dec. 1, 2007: United Contract
- 2008: Add 2 Specialists to APP Board



Structures: Governance & Incentive Plan



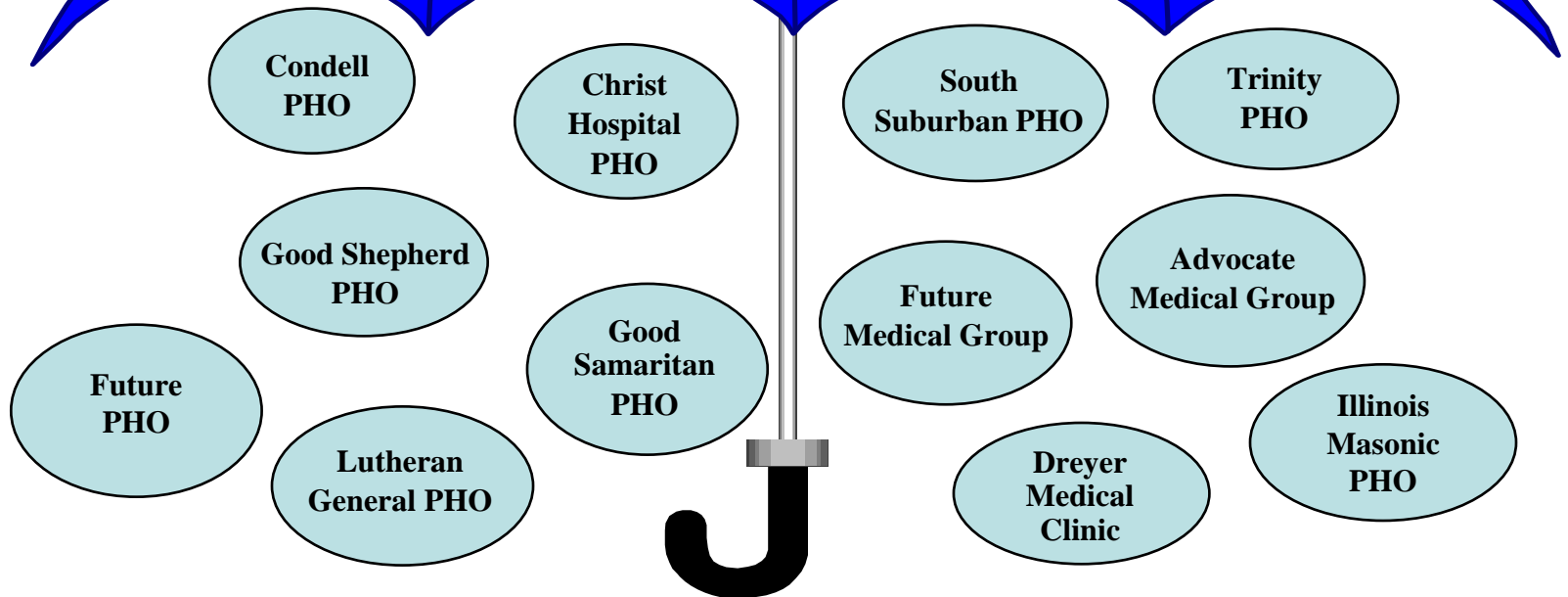
Physician Business Partners Help Drive Key Result Areas



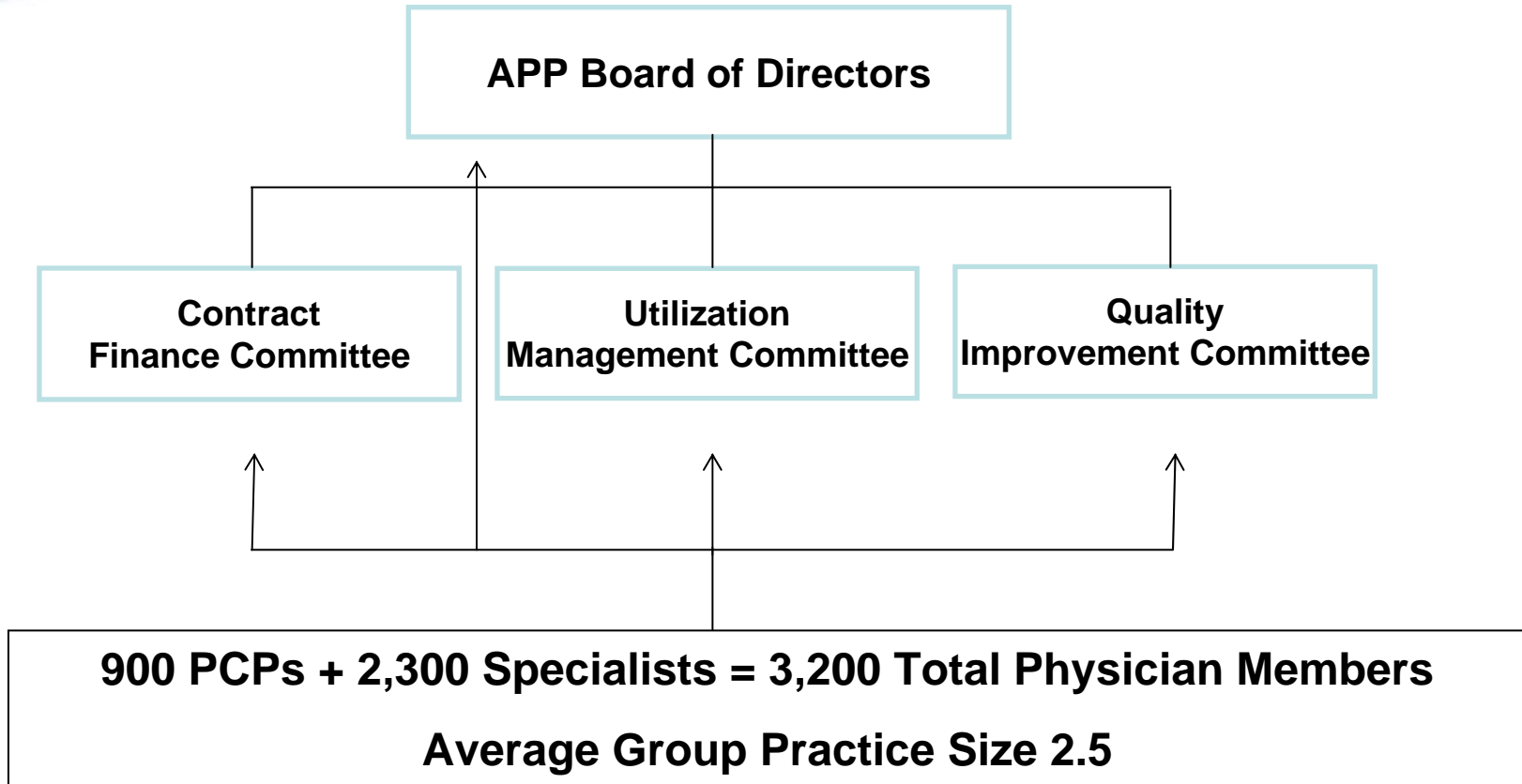
Advocate Physician Partners



**The Vision of APP is to be
the leading care management
and managed care contracting
organization in Chicagoland.**

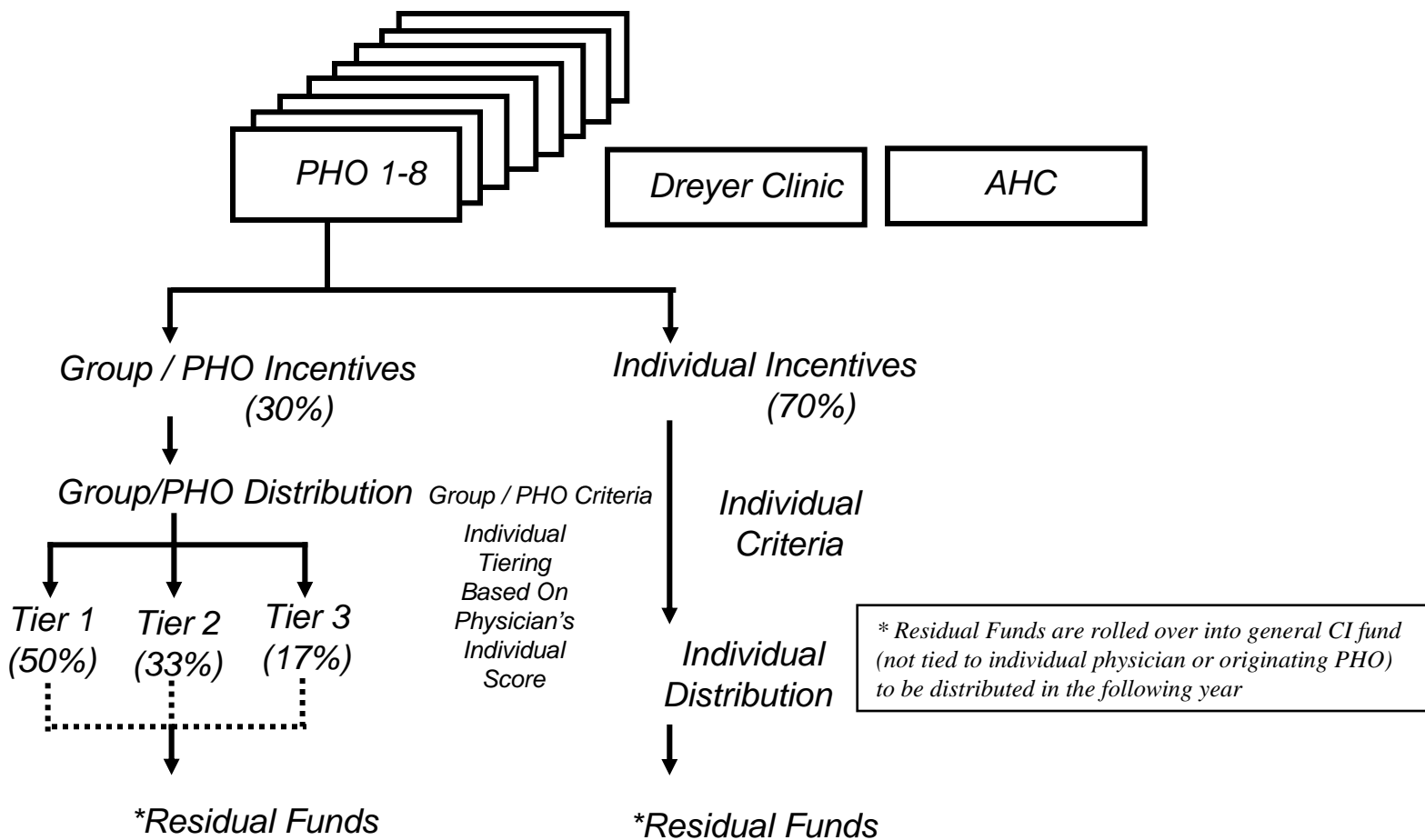


APP Board and Committee Structure





Advocate Physician Partners Incentive Fund Design





Collaboration

- Examples of How “Groups” Can Be Defined for Various Measures
 - PHOs
 - Practice Group
 - Hospital Based
 - ED Physicians
 - Department of Surgery



Incentives for Outcomes

CI Incentive Funds Distribution	
Performance Year	Funds Distributed
2005	\$12.4 Million
2006	\$16.7 Million
2007	\$25.0 Million
2008*	\$30.0 Million

- 280,000 Capitated Lives / 700,000 PPO Lives
- Unearned Funds Roll Over into Next Year
- Great Clinical Outcomes and Good Business

*To Be Distributed May, 2009



Advocate Physician Partners Clinical Integration Program



Participating Health Plans

- Risk and Fee-for-Service Contracts
- Base and Incentive Compensation
- Includes All Major Plans in the Market
- Same Measures Across All Payers
- Common Procedures at Practice Level for All Contracted Plans



Clinical Integration: Definition

A structured collaboration among APP physicians and Advocate Hospitals on an active and ongoing program designed to improve the quality and efficiency of health care. Joint contracting with fee-for-service managed care organizations is a necessary component of this program in order to accelerate these improvements in health care delivery.



Clinical Integration Program Initiatives

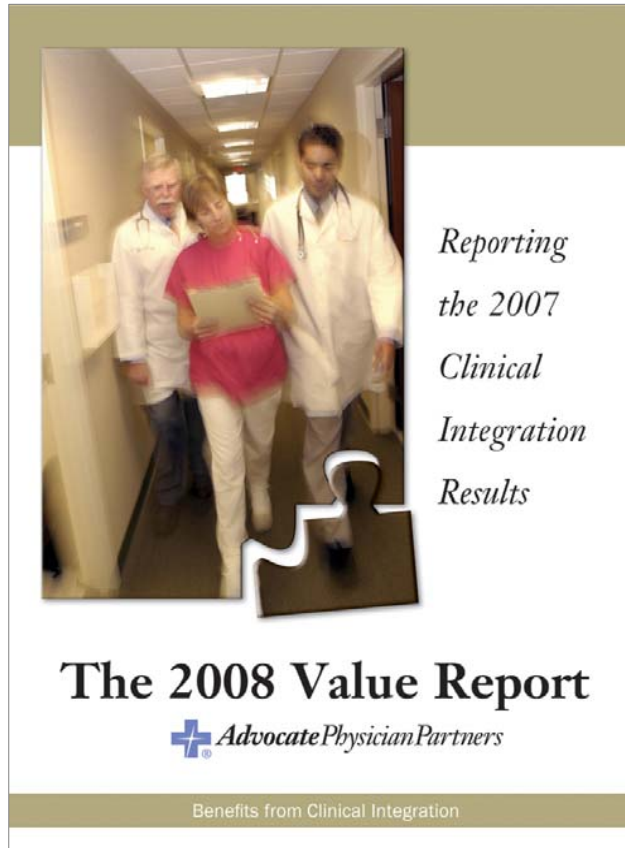
Areas of Concentration:

- Clinical Effectiveness (73)
- Patient Safety (10)
- Efficiency (12)
- Medical & Technological Infrastructure (8)
- Patient Experience (3)



Joint Contracting & Non-Exclusivity

- Joint Contracting Is Essential for APP to Achieve Its Great Results
 - Same Measures Across All Payers
 - Common Procedures at Practice Level for All Contracted Plans
 - Same Network for All Payers
 - Stable Networks
 - Efficiency in Credentialing
- APP is Non-Exclusive

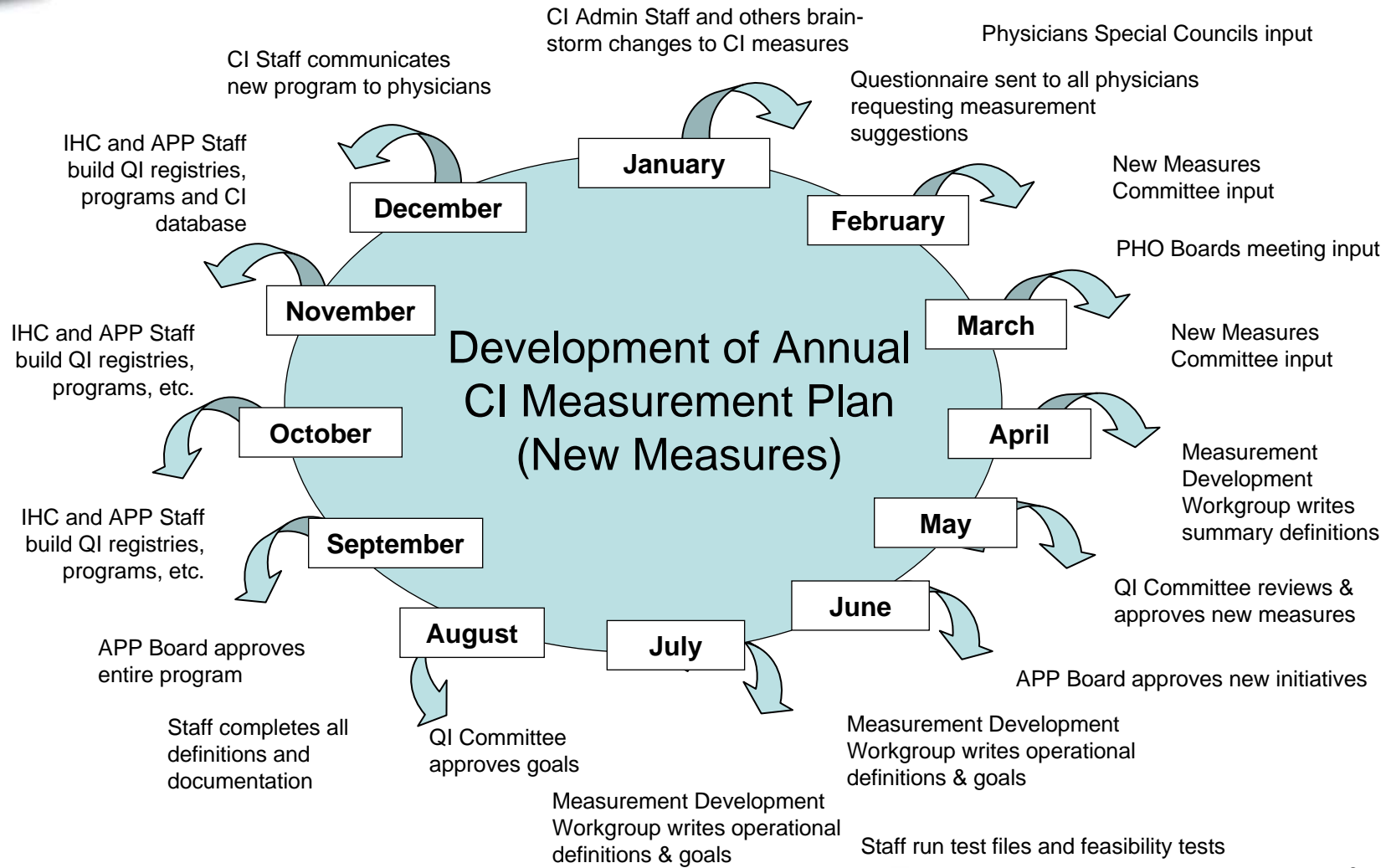


To obtain a copy of the
2008 Value Report, go to
www.advocatehealth.com/app

or call 1.800.3ADVOCATE
(1.800.323.8622)

Coming in April 2009: The 2009 Value Report

Annual CI Measurement Plan Development Process





Lessons Learned




Critical Success Factors

- Physician Driven
- Same Metrics Across All Payers
- Minimize Additional Administrative Costs
- Additional Funds Recognize Extra Work by Physicians and Staff
- Infrastructure Necessary to Support Improvement
- Physician / Hospital Alignment



Obstacles

- Incomplete Data: Health Plans
 - Technical Issues
 - HIPAA
- Disease Management “Carve Outs”
- Health Plan Disintermediation
- Antitrust Review



Mechanisms to Increase Compliance

- APP QI / Credentials Committee
- Membership Criteria
- Peer Pressure / Local Medical Director
- Mandatory Provider Education / CME
- Physician's Office Staff Training
- Financial Incentives / Report Cards
- Targeted Programs

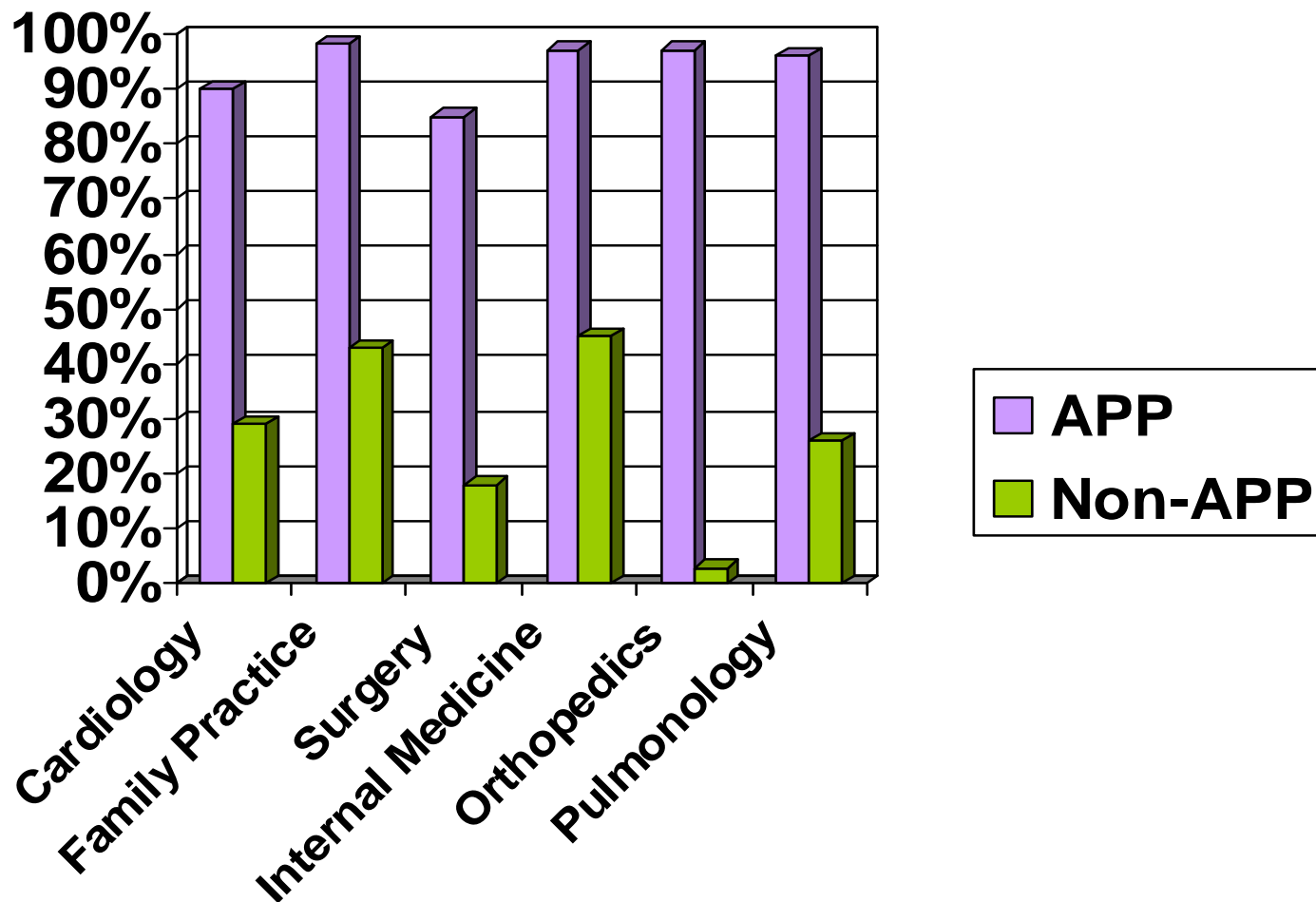


Value for Hospitals

- Creates Business Partnership with Key Physicians
- Focuses Physicians on Hospital Goals
- Strengthens Loyalty
- Physicians Drive Clinical Outcomes

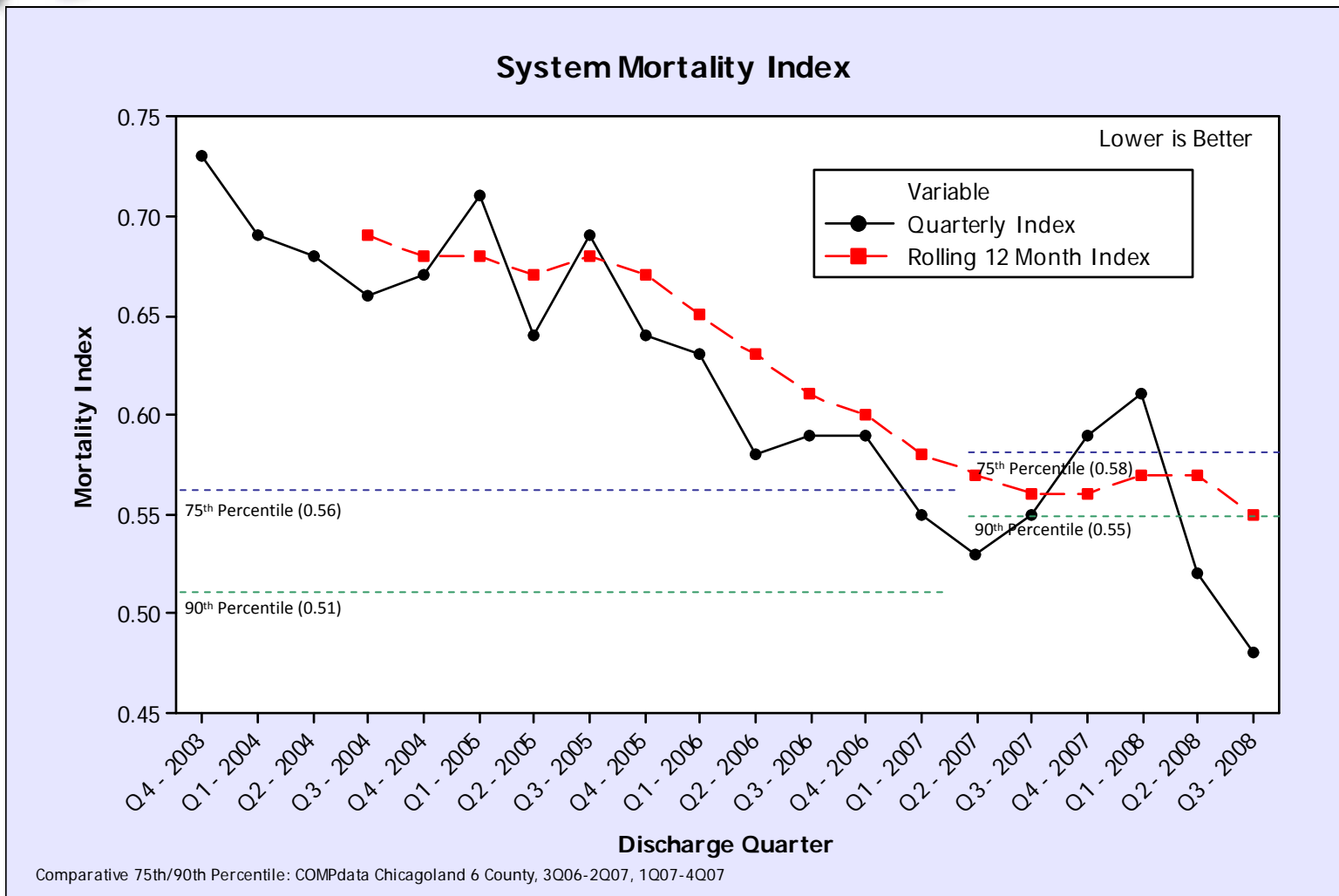


Adoption of eICU[®]





System Mortality Index





Value for Physicians

- Better Alignment with Hospital
- Marketplace Recognition
- Focus on Outcomes
- Incentives Compensate for Additional Work
- Interface with Multiple MCOs

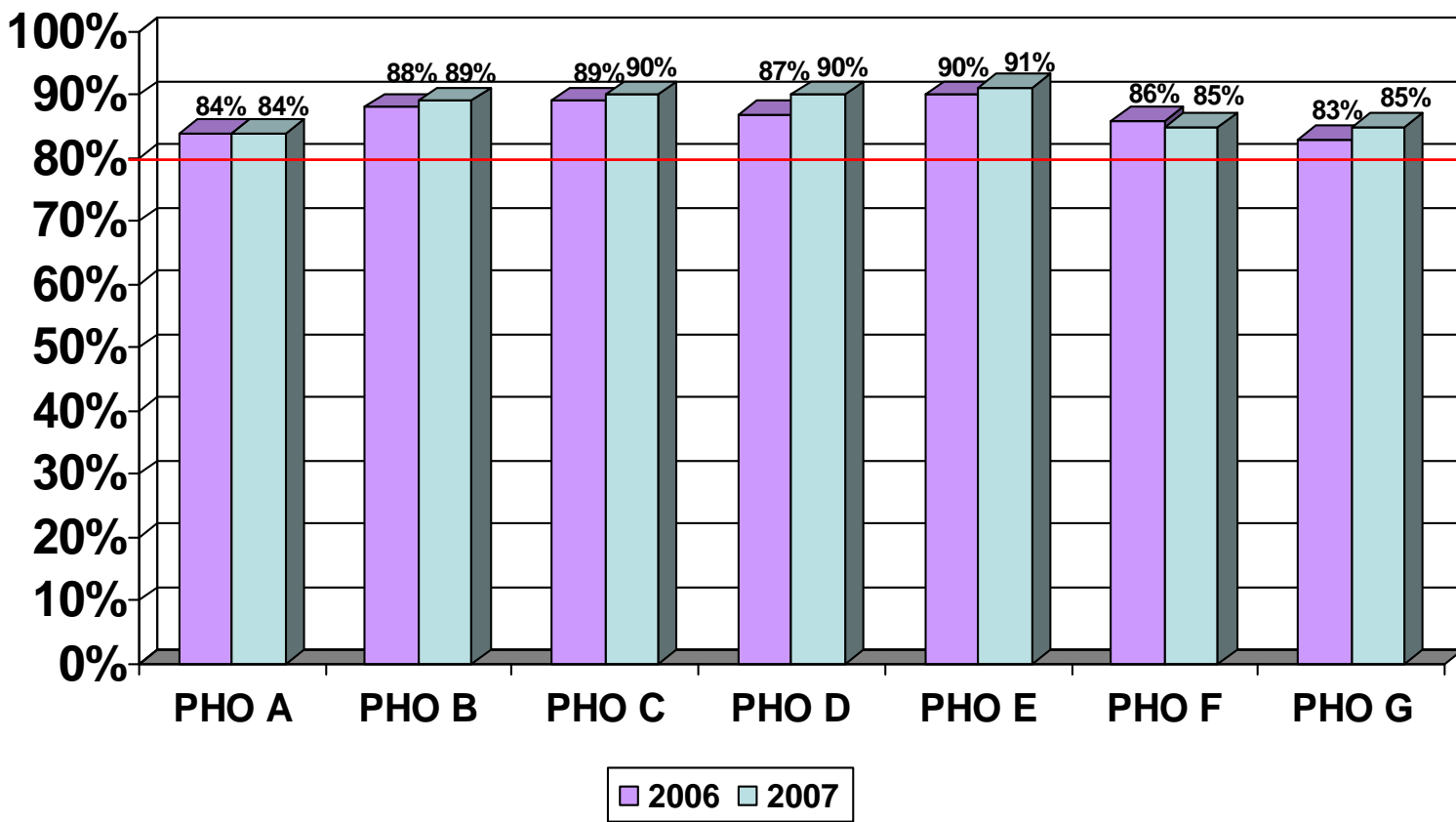


Value for the Marketplace

- Focus on Clinical Outcomes
- Demonstration of Efficiencies
- Ongoing Improvement
- Stable / Cohesive Network
- Measure and Display Results
- Led by Physicians



Percent of Claims by EDI



--- Community performance per Managed Care Organization, 2007



Generic Prescribing Results

- Increased Use of Generic Drugs to 66 Percent in 2008
- Generic Use Rate Increased by 27 Percent Over 3 Years
- Increased Use of Generic Medications Saving Over \$31M Per Year



Diabetic Care

2008 Outcomes

- Exceeded Targets
- Performed Above National Averages for 7 of 8 Diabetic Care Related Measures

Diabetic Care Results - 2008



Measure	Nat'l HMO 2007 Results (%)**	APP HMO & PPO 2008 Results (%)*	Variance
HbA1C Testing	88.1	90.0	1.9
Poor HbA1c Control >9 (Lower is better)	29.4	21.3	8.1
Good HbA1c Control ≤ 7	---	47.7	---
Eye Exams	55.1	53.2	(1.9)
LDL-C Screening	83.9	87.3	3.4
LDL-C Control (<100)	43.8	52.6	8.8
Monitoring Nephropathy	80.6	81.9	1.3
Blood Pressure Control (<130/80)	32.1	39.8	7.7
Blood Pressure Control (<140/90)	63.9	70.9	7.0

(*) Calculated Using HEDIS Methodology

(**) National HMO Results are drawn from NCQA's State of Health Care Quality 2008 – National Averages (Commercial)




2008 Diabetes CI Results Compared to National Best Practice

Measure	Nat'l NCQA Best Practices 2007 Results (%)**	APP HMO & PPO 2008 Results (%)*	Variance
HbA1C Testing	91.9	90.0	(1.9)
Poor HbA1c Control >9 (Lower is better)	22.5	21.3	1.2
Good HbA1c Control \leq7	---	47.7	---
Eye Exams	70.8	53.2	(17.6)
LDL-C Screening	87.0	87.3	0.3
LDL-C Control (<100)	49.1	52.6	3.5
Monitoring Nephropathy	84.0	81.9	(2.1)
Blood Pressure Control (<130/80)	35.7	39.8	4.1
Blood Pressure Control (<140/90)	69.6	70.9	1.3

(*) Calculated Using HEDIS Methodology

(**) National Best Practices Results are drawn from NCQA's State of Health Care Quality 2008 – Top Region (Commercial)



Summary of Key Points

- P4P Incentives Are a Catalyst
- Successful P4P Programs Need Provider Input
- Clinical Integration Creates Value
- Infrastructure and Support Drive Pay for Performance Results
 - Governance
 - Program Development
 - Report Cards
 - Feedback / Coaching



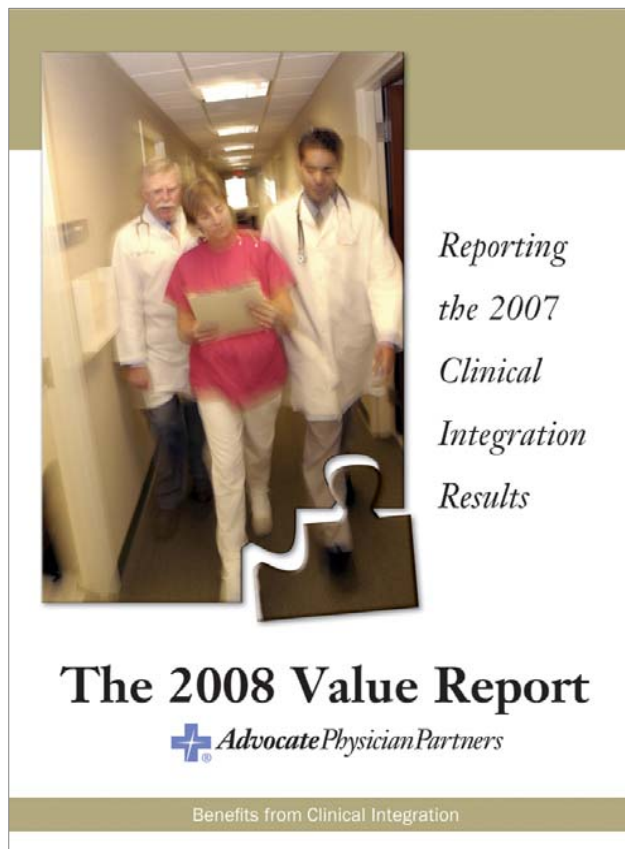
Summary of Key Points

- One Program Across All Payers
- Culture Evolves Over Time and Takes Effort
- CI Overcomes Barriers to Improvement
 - Small Physician Practices
 - Traditional Medical Staff Structure
- Joint Contracting Essential to Success
- Same CI Metrics Across All Payers



Summary of Key Points

- Physician Engagement Requires Physician Involvement
- CI is Evolutionary



To obtain a copy of the
2008 Value Report, go to
www.advocatehealth.com/app

or call 1.800.3ADVOCATE
(1.800.323.8622)

Coming in April 2009: The 2009 Value Report