Impact of Physician-Hospital Alignment on CV Service Line and Practice Performance

A Precursor to Developing ACOs
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Presenters
About Paragon Health

Advancing the Business of Cardiovascular Care

• Each Paragon resource has 20+ years of leadership experience in cardiovascular business
• National exposure and expertise
• Extensive physician-hospital integration & cardiovascular program development experience
1. Implement successful alignment across cardiovascular service lines with acquired and partnered practices.

2. Create a sustainable and an accountable cardiovascular enterprise to address future payment models.
• Drivers for Change
• Preparation: CV Practice and CV Service Line
• Alignment Strategies
• Spectrum of Alignment
• Cardiovascular Enterprise
• Move to ACOs
Drivers for Change

Today’s Pressures

- Financial
- Quality & Efficiency
- MD Workforce/Patient Boom

Physician-Hospital Alignment

Tomorrow’s Uncertainties

- Accountable Care
- Health Reform
- New Competition
Preparation
Physician Practice

• Background
  – Cultural Insights
  – History of Employment and Compensation Plans
  – Physician Demographics
  – Unique Positions / Activities / Job Requirements
  – Group Dynamics
Physician Practice

Internal Environment

• Key Specialty Issues
• Physician-Administration Rapport
• Information Systems
• Operational Efficiencies
• Locations

External Environment

• Government Involvement/Health Reform
• Relationship with Community Physicians
• System Employment of Referring Physicians
• Community / Patient Environment
• Payer Mix
• Market Factors
Physician Practice

• Project Logistics
  – Decision-Makers / Process
  – Level of Physician Involvement
  – Key Dates / Events

• Positioning of Practice
  – Governance
  – Authority Matrix
  – Staff Protection
  – Ancillary Services
  – Real Estate
What is a Service Line?

• Meaningful Array of Services
• Unified Point of Care
  – Access; Coordination; Quality
  – Across Pertinent Providers
• Consolidated Business Structure
  – Strategy; Operations; Finance
  – Governance
Why Service Line?

• Unified Leadership and Governance
• Unified Vision-Strategy
• One Financial/Reporting System
• Aligned Incentives
• Common Staff Direction
• Increased Opportunities to Impact:
  – Evidence-Based Medicine
  – Operational Efficiencies
  – Patient Satisfaction
  – Cost Drivers (Supplies, Coding, Documentation, Education)
What is a Service Line?

- Shared Governance by Key Cardiovascular Stakeholders
  - Hospital Leadership
  - Physician Leadership
    (Cardiology, CT Surgery, Vascular Surgery)
  - Service Line Leadership
  - Practice Management
  - Nursing Management
What is a Service Line?

• Shared Governance – Mechanism for Establishing a Unified Strategy
  – Develop Vision and Annual Strategic Plan
  – Clinical Objectives
  – Efficiency Objectives
  – Governance Empowered to Oversee Implementation in Hospital and Practice(s)
  – Consideration and Involvement – Mixed Medical Staff
  – Budget involvement and understanding
What is a Service Line?

• Management Infrastructure
  – Accountable to CV Board
  – All CV Business Units “roll-up” (understanding pluses/minuses)
  – Physician-Service Line Administrator Dyad
  – Dyad Accountable for Implementation of Unified Strategic Plan
  – Business Unit Plans and Budgets are Consistent with Enterprise but Specific
    • Just because an area is expanding (EP, Vascular, etc...), does not mean it makes a positive contribution
Service Line: Elements of Success

- Leadership
- Structure
- Vision ➔ Strategy ➔ Tactics
- Measures
- Innovation
Always Ask: Why do I want to align?

RIGHT REASONS
• Improve quality of care
• Reduce costs
• Improve efficiency
• Provide additional services to the community
• Prepare for Health Reform

WRONG REASONS
• Create a new referral stream
• Keep physicians happy
• Prevent physicians from referring elsewhere
• Everyone else is doing it (“Flavor of the Month”)
• My competitor bought one
Training and Development

• American College of Healthcare Executives (ACHE) identifies top issues as:
  – Financial Challenges – 77%
  – Healthcare Reform – 53%
  – Governmental Mandates – 32%
  – Patient Safety & Quality – 31%
  – Physician-Hospital Relations – 30%

• As Leaders, we must understand how we can do more to elevate our training and development
Training and Development

**Hospital/Service Line Admin**
- Establish a Vision
- Pull back the Curtain
- Understand Cultural Diff
- Design Governance Matrix
- Develop Dashboard
  - Outcomes by CV Area
  - Financial Data/Education
  - Structure Communication Plan
  - Outline Operational Significance
  - Market Review

**Practice Admin**
- Establish a Vision
- Pull back the Curtain
- Understand Cultural Diff
- Understand Authorities
- Develop Dashboard
  - Outcomes within Practice/Hospital
  - Financial Performance (wRVU, Expense/Patient and Exp by Physician, New Patients, Repeat Utilization, etc...)
  - Patient Origin
  - Utilization of MLPs

*Understand importance of Metrics towards Partnership/ Addressing Future Models*
Moving Towards Alignment

• Following Hospital and Practice Inventory:
  – Establish Key Governance Roles (Do not require separate groups but must manage Agendas)
    • Advisory Board – Strategic, Final Decision-making/Recommendations, Budgetary Guidance
    • Operations – Efficiencies, Costs, Clinical Outcomes
    • Business Development – Market, Payers, Communication Plan, Satisfaction Scores (internal and external)
  – Define what Gaps Exist between Hospitals/Physicians
    • Communication
    • Understanding Each Business
    • Patient’s Demographics (Age, Utilization, Follow-up, Loyalty, Satisfaction, etc...)
Considerations - Integration

• Multiple models exist within Employment – Even in Corporate of Medicine States (California/Texas, etc...)
  – Group Subsidiary
  – Foundation Models
  – Physician Integration

• Multiple Options to Employment exist
  – Co-management
  – Management Service Agreements
  – Practice Lease
  – Professional Service Agreements
Where are we going?

- Increased push for employment;
- Integration does NOT equal alignment;
- Assistance or Strain?
  - ACO and/or Healthcare Reform;
  - Aging Medical Staff;
  - Aging Patient Population;
  - Shift in Hospital/Physician relationships;
    - More Requests
    - Partnership Push due to pending Regulations
Physician Employment – Leaders

- Primary Care
- Cardiology
- Hospitalists
- Orthopedics
- General Surgery

Is this trend on target? 
Who comes first?
CV Enterprise
Centers of Excellence

MEDICAL STAFF:
CARDIOLOGISTS; CT AND VASCULAR SURGEONS; INTERVENTIONAL RADIOLOGY

ALIGNMENT
VISION
GOVERNANCE
OPERATIONS
OUTCOMES
EMPLOYMENT
PSA/LEASE STRUCTURES
CO-MANAGEMENT

CLINICAL INTEGRATION

4/5/2011
Becker Webinar
As You Plan for Alignment - Revisited

• Understand Cultural Differences
• Realize a model approved in one state does not mean it will be approved or is appropriate for yours
• Plan for Governance/Decision Making
• Develop a Plan and Educate Admin/Med Staff
• Review and create Service-Line Specific Financials
• Begin development of Key Performance Goals
  – Quality
  – Efficiencies
  – Market
  – Financial
Preparation

• Begin Communication
• Evaluate:
  – Demographics
  – Population
  – Market
  – Financials (All – but Specific)
  – Sensitivity Analysis
    • Change in PCP Base
    • Change in Specialty Base
    • Shift in Market Share
    • Competitors (Traditional and New)
What do we know?

- Only General Guidelines have been outlined
- Formal Guidelines TBD
- Implementation – 1/1/12
- General Guidelines
  - PCP base to manage 5,000 Medicare Beneficiaries
  - Processes to Address Quality and Cost Measures
  - Formal Legal Structure
  - List of Participating PCPs and Specialists
  - Minimum of 3 years
Key Components

- Executive
- Physician
- Service Line

Leadership

- Communication
- Decision-Making
- Providers (Payers, MD, Hospital)

Infrastructure

- IT
- Legal
- Reporting
- Knowledge
- Shared Savings Model

Relational

- PCP-Base
- Education
- Evidence
- Outcomes

Patient-Focused
Current Limitations

- Understanding our patient population;
- Working relationship with MDs;
- Different approaches to Patient Management;
- EGOs and Historical Healthcare Industry;
- Time;
- Communication;
- Infrastructure;
- Small Margin to be Wrong;
- Understanding of Both Part A and Part B Payment Structures, Rates, and ability to model
1. Emphasis on New Direction
2. Focus on the Patient
3. Focus on Teamwork
4. Shift to Value & Outcome
5. Reducing Unnecessary Readmissions
6. Data Richness is essential
7. Defining Successful ACOs
8. Preserving Patient Choice
9. Choosing Measurements
10. Generating Capital
11. Enforcement Issues
12. Payments to ACOs

Summary of Don Berwick presentation written by Leigh Page
Case Study: Spectrum Health and West Michigan Heart
Creating value in physician integration

Suzette Jaskie
Executive Director, Frederick Meijer Heart & Vascular Institute
CEO, West Michigan Heart
Cardiovascular program overview

- $2.6 billion organization
- 7 hospitals, 140 service sites
- 2,000 hospital beds
- 7 hospital Value Health Partners
- 17,000 employees
- $1 billion in acquisitions on the table
- Meijer Heart Center:
  - 1,000 open heart procedures
  - 3,500 interventions
  - 2,100 EP procedures
Integration process

- Based on existing relationship
- Based on consistent geographic footprint
- Based on shared vision of the future
  - Reform ready
  - Shared governance
  - CVSL
- Timeframe = approximately 2 years
Burning platform for change…

Resistance to change is the antithesis of leadership.

Measure of a Leader,
Aubrey Daniels and James Daniels
The promise of integration

- Aligned physician group and hospital strategies improve collective market, financial and operations performance.
- Physician engagement and leadership in pursuing aligned goals believe to enhance performance.
- Integrated approach organized around patient conditions will create value for patients.
- Greater likelihood to develop “healthcare reform” readiness.
Integration as strategy…
Three primary notions:

- Physician as leaders
- Physician change physicians
- Governance support leadership
Heart & Vascular Institute

- Regional service line strategy
- Clinical, research and education programs
- Responsible for strategic, budget, capital and operations of service line
- Shared governance - Leadership council
- Physician and senior non-physician leadership materially engaged in management
- Non-WMH physician participation in institute
- Committee substructure for business components, clinical program, research program, education program
- Physician engagement
The equation - building of an institute

Meijer Heart Center
Regional Infrastructure
Physicians
Research
Education
Meijer Heart & Vascular Institute
New Neighbors
Leveraging competencies to raise the bar
## Physician composition

<table>
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<tr>
<th>Specialty</th>
<th>Employed</th>
<th>Independent</th>
<th>Total</th>
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<tbody>
<tr>
<td>Cardiologists</td>
<td>36</td>
<td>12</td>
<td>48</td>
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<tr>
<td>CT Surgeons</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Vascular Surgeons</td>
<td>6</td>
<td>0</td>
<td>6</td>
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<tr>
<td>Interventional Radiologists</td>
<td>0</td>
<td>14</td>
<td>14</td>
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<tr>
<td>CV Adv Imaging Radiologists</td>
<td>0</td>
<td>6</td>
<td>6</td>
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<tr>
<td>CV Anesthesiologists</td>
<td>0</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>55</strong></td>
<td><strong>98</strong></td>
</tr>
</tbody>
</table>

Note: Other specialties desiring participation: pediatric cardiology, pulmonary, emergency medicine
# Department of Cardiovascular Disease

**Divisions:**
- Cardiothoracic Surgery
- Vascular Surgery
- Cardiology
- CV-Radiology
- CV- Anesthesiology

**Sections:**
- EP
- Heart Failure & Transplant
- Prevention & Rehab
- Vascular Diseases
- CV Imaging
- Invasive Cardiology
- Clinical Cardiology

**Programs:**
- Structural Heart*
- Aorta
- Women’s Heart
- Congenital Heart
- Genetic
Optimize alignment

- Hospital and physician alignment
- Shared governance model
- Structural/Strategic/budgetary and operational alignment
- Structure to match care model (multidisciplinary)
- Disbursed accountable physician leadership
- Dyad relationship between physician and non-physician with specific responsibility of each
- Strategic and operations alignment with system
Creating value on the front end:

- Quality development alignment
- Provider based billing on ancillaries
- Supply chain improvement
- Development of strategic industry relationships
- Operations efficiency engagement
- Market development alignment
- Program development alignment
- Physician recruiting
- Management effectiveness
In Conclusion

- We learned about Challenges facing our physician and hospital relationships;
- Emerging models in Shift to Health Reform;
- Designs towards ACO-Development; and,
- Spectrum Health Case Study
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