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FEATURE | COSTS OF HEALTHCARE



Looking Ahead: Healthcare Cost Reform Remains Top Issue

By Debra Wood

Changing the culture of health care to reduce cost, enhance quality, and improve the patient experience — a triple aim of health-care reform — presents challenges to physicians, health systems, and others on the front lines. Universally, those responding to a query about the biggest issues they are dealing with described reducing health-care costs and evolving to survive in a new environment of falling reimbursements, value-based payments, shared savings, and quality metrics.

"The biggest issue of ours is a reflection of the biggest issue to the public, and to distill it down to one thing: it's the cost of health care," said Jamal

Hakim, M.D., interim president and CEO, Orlando Health.

That requires coordinating care and integrating decision making across settings from acute to long-term to end-of-life. "If you can integrate care so all the separate systems are functioning as one and there is no waste and a common plan of care for the patient's disease state and wellness goals, you can drop the cost of care dramatically," Hakim said.

Orlando Health brought on hospitalists who have the same goals to ensure discharged patients do not bounce back. Consequently, it reduced readmission rates by 25% to 30%, dropping the cost of

health care and avoiding some penalties for readmissions from the CMS. That process requires connecting patients with a primary care provider for follow up, seamlessly transitioning patients to the next level of care and engaging the patients in their self-care management.

However, reducing readmission comes at a cost of services the hospital could bill for related to a second stay. Hakim said the health system understood the financial consequences, but leaders feel "doing the right thing is more important than that extra billing." It plans to make up the revenue in other places or through increased volume.

Orlando Health entered into collaborative agreements with several specialty practices and Walgreens. Patients can visit one of the pharmacy's retail clinics and stay within the "Orlando Health system." It increases access to care in the evening, without clogging up the emergency department and facilitates continuity through reports sent to the primary care physician. Patients can use the clinics for acute, chronic and preventive services.

"We're not happy to give up that reimbursement opportunity, but it's the right thing for patients," Hakim said.

Orlando Health earned money through the Medicare Shared Savings Program. Its accountable care organization (ACO) Collaborative Care of Florida saved the government \$3 million on 10,000 patients and split the savings. It was one of about a dozen Florida Medicare ACOs that succeeded. The health system will participate in future CMS innovation demonstration projects.

Orlando Health also has partnered with two commercial insurers in similar shared-savings programs. To work, payors and patients have to transition from being viewed as customers to becoming partners. "[The projects] clearly demonstrated we can drop the cost of care while maintaining excellent quality," Hakim said. "The opportune place for healthcare to be, hospitals in particular, is partnering in a meaningful way, with accountability at both sides."

ACO BRINGS FINANCIAL GAINS TO PHYSICIANS

"Primary care practice transformation is the biggest issue," said Rich Lucibella, CEO of Accountable Care Options in Boynton Beach, with 40 practices, another organization that succeeded in the Medicare Shared Savings Program. "We see the movement by CMS away from pay for service toward pay for performance."

bottom line. The ACO also earned a 100% quality score from CMS.

"You have an upside potential of additional shared savings if you do things right," Lucibella said. "If you get into an ACO and learn the pay-for-performance model, it will hold you in better stead. I don't believe primary care is going to be practicing in the traditional fee-for-service, volume-based model in five years. It gives them an opportunity to get ahead of the game, even if they do not receive shared savings."

The practices work in a team atmosphere with nurse practitioners and medical assistants coordinating care, reminding patients about preventive care measures and providing education about patient self-management. Everyone in the practice works to the highest level of their education and expertise. The ones that are successful motivate other physicians.

"It's a fascinating time to be in primary care," Lucibella said.

HEALTH SYSTEM-PHYSICIAN ALIGNMENT

"No one was certain how health-care reform and the Affordable Care Act was going to affect providers and hospital systems," said Esther Surujon, chief executive officer of the Memorial Health Network in Hollywood, a clinically integrated network of 1,100 physicians and six hospitals formed in 2012 to address the changing health-care environment and the need for physicians and hospitals to become more aligned and collaborative in the treatment of patients and populations.

"Memorial knew going through the next few years in partnership with the medical staff and physician leaders was going to be better than to navigate these waters separated," Surujon said. "We thought we had the right culture



Rich Lucibella



Dr. Ira Fox

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— Rich Lucibella, CEO of Accountable Care Options, an organization that succeeded in the Medicare Shared Savings Program

In addition to reimbursement changes, the influx of newly insured patients covered through Affordable Care Act exchange policies, is straining the existing primary care practices, Lucibella said.

Accountable Care Options saved the Medicare program \$12.75 million last year, at 11%, one of the best savings rates in the country. Each participating practice received \$150,000 for the year, \$500 for each Medicare beneficiary attributed to that practice by CMS. Physicians received reimbursement for the Medicare services billed, just as they normally would. The \$150,000 flowed to the

at Memorial and our physicians also felt the urgency to affiliate with the hospital system."

The network is responsible for the health care of about 45,000 people covered by commercial insurance plans and shares with those plans any savings resulting from the collaboration.

"To be clinically integrated is the foundation of any risk-bearing provider network," Surujon said.

The network tracks about 30 evidence-based quality

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and efficiency metrics focused on population health, such as preventive screenings, and provides participating physicians feedback quarterly, showing how their efforts can move the dial when they focus on those metrics. About 10% of the 200 participating primary care practices are designated patient-centered medical homes, but others function in many of the same ways, engaging patients and offering wellness programs.

Memorial began the process by educating physicians about clinical integration, how it benefits all stakeholders, including patients, and how it was the best vehicle for moving into the future. The network provides greater leverage with commercial insurers. Surujon said the health system had to overcome trust issues by being transparent in all activities.

past 10 years, as expenses continue to increase.

"You have to be more productive and more efficient, and you have to look for opportunities to make additional means," said Fox, who has practiced for about 25 years and recently saw his 54,000th new patient at Anesthesia Pain Care Consultants. The practice employs nurse practitioners and physician assistants, but every patient sees the physician, which adds efficiency but also increases overhead.

Additionally, patients' co-pays and deductibles have gone up, and many cannot afford the recommended care. Also, health plans may not cover the necessary treatments. For instance, an insurer may cover an epidural injection at only one level, not the two that are needed, or it will not cover a minimally invasive lumbar decompression for spinal stenosis.

Volume has increased as pill mills closed and primary care physicians have referred patients for pain management.



Esther Surujon

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“Over time and over transparent negotiations, those barriers broke down,” Surujon said. “The thing we strive for every day is to provide value to our stakeholders. Our stakeholders are first and foremost our patients, the health plans that have entrusted us with the care of the patients and our providers. We try to live up to being the high-performing network we are striving to be.”

PHYSICIANS RESPOND TO CHANGE

Ira Fox, MD, president of Anesthesia Pain Care Consultants in Tamarac, reports a steady and dramatic decline in reimbursement for pain medicine over the

“Our practice is flourishing, and we’re busy,” Fox said. “Treating people in pain is the biggest honor and coolest thing in the world.”

These challenging times will persist, but many Florida providers are surviving and thriving as they adjust to a changing health care environment.

“I do have a feel for what people need to do and it has more to do with personal responsibility and what you can do for yourself, as less and less will be done for you at greater and greater expense. It’s time to learn or perish,” said general surgeon George Sadowski, MD, medical advisor of the Wellness & Hormone Centers of America in St Augustine. ■