



SIMPLE BUT POWERFUL SOLUTIONS THAT PRODUCE RESULTS

Not A “Pioneer” But Recognize New Market Requirements? January 2012

CMS recently named 32 Pioneer ACOs and has begun funding Innovation Grants to help prepare for new models of care delivery. Readiness to adapt to expected changes in payment methods varies. Even if you are not participating in these CMS initiatives, you know that change is on the way. You can test the waters and prepare for new payment arrangements or risk loss of the ability to influence your future.

Many Healthcare leaders remain legitimately skeptical of pioneer programs in general and ACO certification in particular:

- “Pioneers” take big risks (new frontiers are fraught with risk!).
- The Medicare ACO payoff is far from clear.
- Critical capabilities that enable movement from volume based to value based payment systems are missing, i.e. physician alignment, IT infrastructure or scale.
- Organizational readiness varies among key constituents: physicians, network partners, and payers.
- Limited capital hinders required investments, and
- We have forgotten or remember all too clearly our experiences with managed care and physician integration from the 90’s.

In 2012, smart forward thinking CEOs are repositioning and redesigning their systems to operate successfully in a **coordinated care** environment, are putting cost reduction programs in place to be prepared for reimbursement cuts beginning in 2013 and are selectively testing bundled payment models. You don’t have to create an ACO to be ready for value based payment.

How Do Leaders Successfully Navigate Through The Transition?

First, let’s acknowledge the elephant in the room: the need to maximize income from current payment system complicates the transition to a new system. Leaders face an enormous dilemma. Hospital income for the next few years will continue to be a function of volume, costs and payment rates. Hospital and physicians will get minimal if any direct financial benefit from investing in population health and aggressive disease management which, when successful, decrease demand. No leader can ignore this reality. The challenge is to be able to make the investments which anticipate new payment methodologies while continuing to pay careful attention to revenue production from the current payment system.

Leaders Prepare Their Organizations For Success By:

1. Painting a clear picture of their current and desired future states including acknowledgment of what is known and what is simply a best guess, including:

- Who will be served or targeted: Medicare, exchange patients, commercial groups, Medicaid, the uninsured.
- The required primary care based care delivery model incorporating needed relationships with specialists and other care providers.
- The network of hospital, physician (employed and affiliated), and other clinical

- resources required to provide access to and serve targeted populations.
- Infrastructure/technology required to deliver care cost effectively with a high degree of consumer satisfaction
- Integration vehicle(s) needed to align care delivery and economic interests with the desired outcomes,

2. Defining and developing the core competencies required to manage under a value based or populations payment system including:

- Creating culture of accountability.
- Establishing new clinical and administrative leadership roles.
- Robust and real-time integration of clinical and financial information to support performance-based payments and population health.
- Building strategic community and payer relationships.
- Building expertise to predict and manage financial risk.

Leaders take **next steps** now, before the transition from volume based payment becomes mandatory:

- A detailed Gap Analysis to fully understand what's required to successfully operate under this new payment system and through the transition.
- A detailed design of the elements of the required care delivery system, and
- A detailed implementation plan.
- Regular adjustment to the vision, strategy, market conditions as necessary.

The Basic Building Blocks For A Coordinated Care System.

Primary Care Teams	<ul style="list-style-type: none"> • Multidisciplinary Primary Care Teams that share accountability for a panel of patients supported with an appropriate incentive program, analytic resources and training.
Coordination of Care	<ul style="list-style-type: none"> • Patient-centered and effective processes to manage access, referrals and hand-offs of patients among specialists, ED and primary care providers.
Care Management	<ul style="list-style-type: none"> • Complex Case Management by primary care teams. • Disease Management by primary care in collaboration with specialists.
Population Health Management	<ul style="list-style-type: none"> • Strategic management of populations across the coordinated system through education, prevention and early detection supported by software that provides information to manage.
Managing the Coordinated Care System	<ul style="list-style-type: none"> • Building competencies in managing care, • Create needed administration and management capabilities to manage care. • Develop competencies for managing contracts with financial risk for defined populations.

What Gets In The Way?

Our experience, re-enforced by our recent engagement in a nearly yearlong “accountable or coordinated care” design assignment for a major safety net organization suggest five major challenges leaders must overcome to navigate this transition.

1. Timing/Urgency. Your competition and commercial and governmental payers continue to test new approaches and are making inroads in your market. To remain competitive, a comprehensive and simultaneous approach to creating the new systems and initiating the necessary changes in care processes is needed rather than the more comfortable piecemeal and incremental approaches of the past.

2. Mind-Set. Coordinated care systems must incorporate a retail mind set not common among hospital operations leaders. Establishing community based primary care and outpatient support services as a focal point of the new model is very different than the hospital centric focus of the past. Outpatient services can no longer be subordinate to inpatient; in the new environment the two sectors become equal partners in management of the enterprise. Physicians need to be engaged to work in alignment with the new model. When patients or consumer have choice, then access, customer service and patient satisfaction become critical to the production of value. We recommend that hospital and health system leaders position their coordinated care initiative at the level of priority and authority needed for success.

3. Leadership Talent. Available physician and executive leadership talent to plan and execute this new model does not meet the demand. We believe this talent needs to be recruited early in the planning process to ensure that an executable plan is developed and implemented. The urgency is real and you want this initiative in the hand of the most experienced people available. So do your competitors.

4. Time. Developing an effective accountable or coordinated care initiative takes time. Many of the "pioneers" have been under development for more than ten years. Expect to spend at least six months in design and planning. The focus is on building more effective and efficient processes rather than new cost centers; the distinction is enormous. The changes are about how people work with each other to care for patients, not simply about what tools they use. Making the changes requires perseverance and hard work.

5. Managing the Change. Painting the picture and hoping for the best will not be sufficient. Leaders will have to regularly and consistently make the case for change throughout their organization. Moving from a volume-based system to one that is value-based requires compelling, engaged and dynamic leadership.

We Can Help

Hindin Healthcare Advisors and its Partners at ZOLO Healthcare Solutions can help you overcome the challenges to establishing a new model of care and help you design and implement your coordinated care system. ZOLO's senior consultants include physicians, nurses and executives with significant experience operating in fully integrated and highly successful delivery systems. We can complete a high level readiness assessment, a comprehensive "gap" analysis, design a new delivery model, help you implement your plan, or provide coaching and advise as needed.

Call or email me or Deb Lowry @ 925.388.6211 or deb@zolohealthcare.com for additional conversation. Be sure to mention this newsletter!



Edward M. Hindin
Hindin Healthcare Advisors, LLC
1100 Clinton St. Suite 302, Hoboken NJ 07030
201 656 1004 (O) • 201 656 1444 (F) • 201 208 7161 (C)
email: ehindin@hhadvisors.com • Visit us online at: www.hhadvisors.com