Emerging Models of Care Delivery
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St. Joseph Heritage Healthcare

- Founded in 1994
- Manage **7 Medical Group Professional Services Agreements** (PSAs)
- Support **3 distinct “Affiliated Networks** (75,000 lives-not an “IPA”) in SoCal
- More than 1.5 million patient encounters per year in group models
- **170,000 capitated** assigned HMO lives in Orange County
  - 28,000 are seniors for whom SJH/SJHH has dual risk

SJH and Blue Shield created an ACO effective January, 2012. The BSC partnership required SJH to begin establishing organizational infrastructure to manage the 28,000 BSC ACO lives in Orange County.
Economics of Today’s U.S. Healthcare System

• The fee-for-service (FFS), volume-based payment model is often blamed for providing incentives that ultimately lead to the overspending of healthcare providers
  – Today’s FFS providers are paid when their patients receive more services. This volume-based reward system adds cost to the system.

• While the industry has operated under this paradigm for many decades, the bottom is finally falling out and the nation’s debt crisis is demanding a change
Providers Who Want to Survive in this new Era will have to Embrace Performance-Based Payment Models that Require Coordinated Care

Degree of Complexity vs. Scope of Risk

- Inpatient Case Rates (i.e., DRGs)
- Fee for Service
- Bundled Payment for Acute Care (Inpatient Only)
- Bundled Payment for Episodes of Care
- Condition-Specific Budget/Medical Home
- Shared Savings/Global Budgets
- Prepaid Capitation
- Insurance Product
- P4P/Value-Based Purchasing
- Inpatient Case Rates (i.e., DRGs)

Low to High complexity and risk levels.
From Volume to Value Based Performance

Physician Quality Reporting System
Patient Centered Medical Home
Value Based Pay for Performance
Medicare 5 Stars
EHR Incentive/meaningful Use
ePrescribe
Value Based Payment Modifier
Medicare Primary Care Incentive Payment
Designing to Meet Our Mission in the Changing Environment

Current Systems

Future System

Community-Based Care

Acute Care

Recovery & Rehab Care

Designing for a Regional ACO

3 Medical Groups

3 Affiliated Provider Networks

3 Hospitals

Accountable Care Organization
Metrics for Success

- Average length of stay
- Admissions per 1000
- ER visits per 1000
- Hospital readmission
- Generic utilization
- Per member per month
Cost Management and Utilization

- Capture patient level costs throughout the continuum
- Perform monthly analysis with comparisons
- Understand extreme variations in quality and cost
  - Patients
  - Providers
  - System
- Identify departments with high spending and compare quality outcomes
- Remove waste in the process
- Sometimes you need to spend to save. Understanding gaps in care
Care Coordination

- **Complex Care**
  Patients with multiple, ongoing medical and social concerns

- **Case Management**
  Patients with acute, time-limited medical needs

- **Disease Management**
  Patients with single (or non-complicated) chronic conditions

- **Health Promotion**
  Wellness support and preventive services for healthy patients

Graphic adapted from California Quality Collaborative, 2011
Nurse Care Manager

• Dedicated Nurse Care Manager
• Intake visit
• Shared action plan
• Physically present in the physician offices
• Regular contact with patients
• Access: 24/7 access by patient to provider
• Transition of care
• Same day access

Population Comparison of Cost VS. Risk: Members w/ Risk Score >2.5
Transitions of Care
Patient Engagement

Improved Communications

- Remote monitoring
- Home devices
- Patient portal
- Online scheduling
- Call center
- 24 hour nurse advice line
Achieving Profitability under Emerging Model Contracts

- Align incentives
- Invest in preventive care and wellness
- Identify costs, eliminate variation and drive down costs
- Grow
- Engage in new partnerships
What Does this Mean for the Medical Technology Industry?

- Need for companies to demonstrate quality outcomes
- New markets will emerge for technologies that offer alternatives to costly procedures, reduce adverse events and better manage chronic diseases
- Increase in demand for technologies that are “patient friendly” and connect to provider information systems
- Hospitals and providers may standardize purchasing
- The healthcare industry needs to protect innovation