



BUSINESS CONSULT

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Integration: You Can't Provide Value Without It

In last month's column, five foundational attributes that healthcare organizations must possess to thrive in a value-based world were introduced. Within the value-based enterprise framework, health systems need to work closely with their physician networks to develop service lines that are optimally (1) integrated, (2) scaled, (3) rationalized, (4) informed, and (5) responsive. This column delves into the first attribute, integration, and offers guidance on ways to develop arrangements with strategic partners that are mutually beneficial, feasible, and, most importantly, effective.

Employment, Affiliations, Alignments, and Other Terms of Endearment

Historically speaking, care delivery has been compartmentalized among physicians, hospitals, ancillary services, and other post-acute care services. As healthcare wades deeper into population health and value-based care, hospitals and providers (in both primary and specialty care) must find ways to break down clinical, administrative, cultural, and geographic barriers to build and sustain clinically and financially integrated networks. Attaining meaningful integration, however, is not a simple task. The complexities involved, as well as the tools required to make integration initiatives successful, require both clear vision and sophisticated expertise. The wave of cardiology employment over the last 6-8 years has certainly helped this endeavor, but there are a number of other affiliation models emerging that are demonstrating comparable results. For instance, groups that are either: a) not interested in employment, or b) unable to become employed, have begun pursuing alternative alignment models like professional services agreements (PSAs) and co-management models.

Alignment structures are as varied as the organizations that are pursuing them, but the expectation for all integration efforts is to create a better platform for increased practice stability and coordinated care delivery.

Clinically Speaking

Clinical integration is often an ambiguously used term, but the ultimate goal is to realize seamless, standard-

ized, and coordinated care across providers and settings. To achieve this, clinical data and relevant information must be exchanged among providers throughout a health system or across network partners. Additionally, uniform care practices and processes need to be well-understood and adhered to. Clinical integration efforts take time, as well as extensive physician involvement, particularly when you consider the changes to care delivery, communication and collaboration, payment and incentives, and provider culture that are needed to be successful. Hospitals that employ cardiologists are wise to elicit insights from their cardiologists by having them lead service line planning and the design of care processes. Cardiologists need to respond to the call and/or find opportunities to assert themselves in integration efforts.

The vast majority of cardiology practices and service lines are still in the early stages of true integration—even if a robust CV service line is already in place, and their focus is on tracking and monitoring select performance measures. An increasing number of organizations, though, are focusing on development of standardized care pathways for related disease states (eg, congestive heart failure, arrhythmia). Beyond traditional program development, the objective behind these initiatives is to create a more integrated delivery system for CV specific disease conditions. This requires significant physician input and more extensive use of clinical and support staff to more tightly manage patient care.

Bringing administrators and cardiologists together to redesign care delivery and incentive structures, and create responsive governance and management structures, produces a collective expectation and dependency around the goals of improving clinical outcomes and lowering costs of care.

Financially Speaking

Like its clinical cousin, financial integration requires organization and/or network participants to share financial data, resources, risk, and rewards. There is significant pressure to prepare for value-centric payment models. The Department of Health & Human Services (HHS) announced a plan in January 2015 calling for 30% of Medicare payments to be tied to performance-based alternative payment arrange-

ments by the end of 2016 and 50% by the end of 2018. With more reimbursement at risk, hospitals and physicians must pull in the same direction. Still, few organization/physician partners have developed the necessary compensation or funds flow structures to truly facilitate a financially aligned arrangement.

So what will financial integration look like for cardiologists and CV service lines? Organizations likely will not completely dissociate from the WRVU payment model any time soon. But an increasing percentage of total compensation will be tied to non-WRVU productivity performance, particularly as cardiologists adopt a greater role in service line management and care protocol design. This percentage will probably correlate with new reimbursement methods that the organization may be adopting, and it will be important that cardiologists participate in designing these new structures and the associated compensation incentives. Forward-thinking organizations are introducing revised incentives before the reimbursement models have changed.

Ultimately, creating and implementing the appropriate incentive structure frees organizations and providers to focus chiefly on what is best for the patient and the health of the population.

Setting the Foundation for Value

As we shift toward a value-based environment, healthcare organizations must consider their near- and long-term positioning strategies. Integration is a foundational attribute of thriving value-based enterprises. To develop this attribute, hospitals and physicians must better manage care delivery and risk, and develop aligned financial incentives to create greater efficiencies between the hospital and physicians. As cardiologists, your engagement and guidance in these efforts is vital for ensuring high quality care and improving financial performance. So if opportunities to participate in integration efforts are not presented to you, demand them. The future health of your patients (and your practice) may be at stake. ■

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