

***Making Things Happen and Stick:  
Innovative Strategies to Transform Our Health  
Care Delivery System***

December 12, 2012

Carol.™

# The Ugly Truth #1

*Expecting our massive, very well-financed, high revenue, high margin, high growth, healthcare infrastructure to voluntarily reduce costs and prices and expecting them to voluntarily and spontaneously improve either outcomes or care quality is unfortunately naive. It is almost entirely funded by a steady and massive stream of fees and cash payments that have no linkage to either care quality, efficiency or results. It is magical thinking to believe that health care delivery can, or even could, reform itself in any significant way. There is no economic reward for improving care.*

George Halvorson, CEO of Kaiser-Permanente

## Ugly Truth #2

*“Today, we are spending over **\$2 trillion a year** on health care -- almost **50 percent more per person than the next most costly nation**. And yet, as I think many of you are aware, for all of this spending, more of our citizens are uninsured, **the quality of our care is often lower**, and **we aren't any healthier**. In fact, citizens in some countries that spend substantially less than we do are actually living longer than we do.*

*“Make no mistake: The cost of our health care is a threat to our economy. It's an escalating burden on our families and businesses. **It's a ticking time bomb** for the federal budget. And it is unsustainable for the United States of America. “*

President Barack Obama in an address to the AMA June 15, 2009.

# Where Does Your Health Insurance Dollar Go?



\*Includes prevention, disease management, care coordination, investments in health information technologies and health support.

\*\*Includes the inpatient costs of hospitals and the outpatient costs of hospitals and free-standing clinics.

Based on a PricewaterhouseCoopers' analysis, *Factors Fueling Rising Healthcare Costs 2006*. © 2006 America's Health Insurance Plans



## Ugly Truth #3

### Plan

- Cost per unit
- Number of units
- Price transparency
- Benefit design



### Provider

- Price per unit
- Number of units
- Cost efficiency
- Revenue cycle mgt

L. P. Casalino, S. Nicholson, D. N. Gans et al., "What Does It Cost Physician Practices to Interact with Health Insurance Plans?" *Health Affairs* Web Exclusive, May 14, 2009, w533–w543.

# Question - Nirvana in Health Care ?

## Answer – Accountable Health Care Organizations !

How to define ?

“If you’ve seen one, you’ve seen one”

# Iowa Health System

- **A. Accountable Care Organizations**

- This change would create integrated organizations (hospitals and physician groups) explicitly focused on a clinical culture that supports quality care. Such organizations could be evaluated, compared and held responsible for their clinical outcomes.
- Current Medicare volume growth is unsustainable, quality of care is uneven across the country and lack of care coordination is common. **Accountable care organizations are a mechanism that can counteract the incentive for volume growth and reward improved quality.**
- Accountable care organizations are responsible for all patients, not just those with multiple chronic conditions or those admitted to a hospital. The key incentives for accountable care organizations are to keep patients healthy and reduce hospital admissions.

# Iowa Health System (continued)

- Iowa Health System has designed a medical home model (primary care providers rendering comprehensive, preventative and coordinated care centered on patient needs; using health information technology and other process innovations to assure high quality, accessible and efficient care) **which is a springboard for movement to an accountable care organization**. We seek to be chosen by the Centers for Medicare and Medicaid Services (CMS) as a demonstration site to pilot a medical home model. We also are an ideal candidate to pilot an accountable care organization care model in future CMS or other federal demonstration projects on health-care delivery reform.



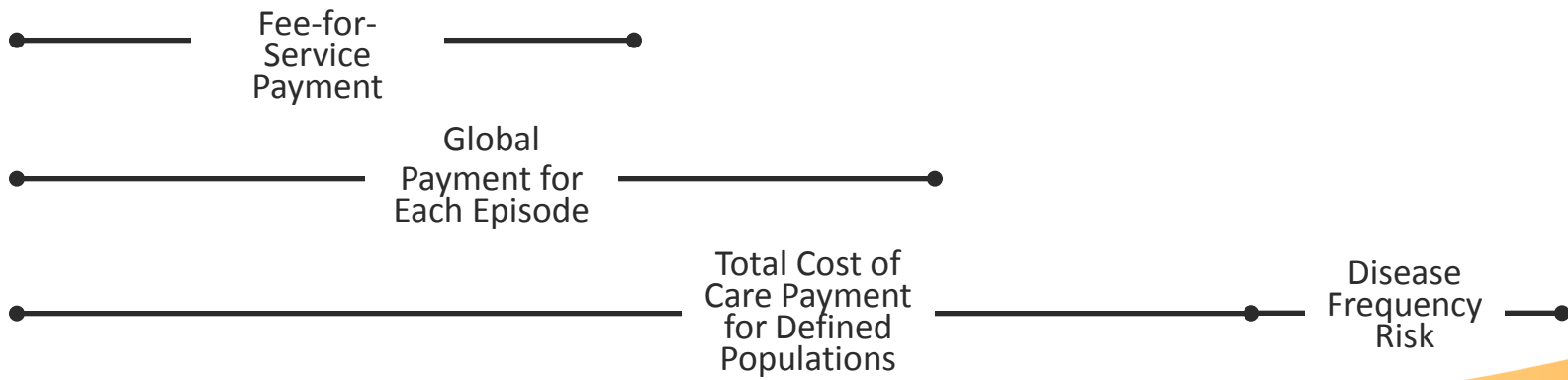
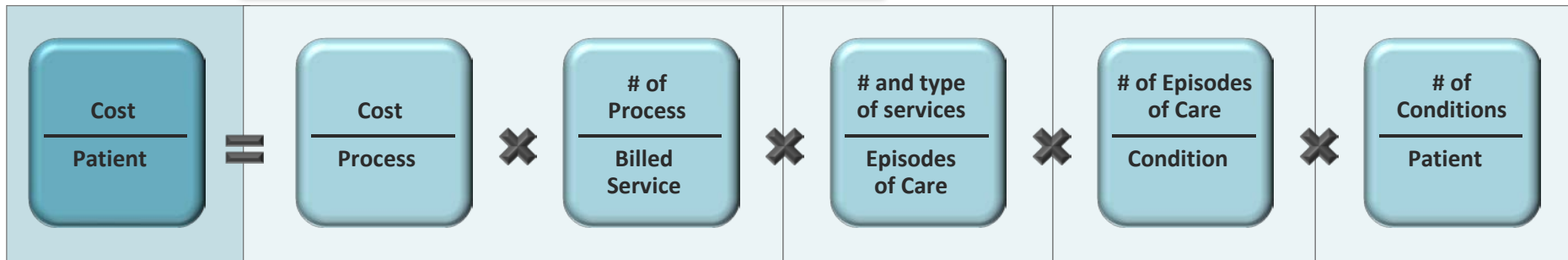
# Options for Different Payer Contracts with Varying Levels of Risk

Accountable Care Organization

Bundled or Care Packaged Organization

Medical Home

?



# Bundled or Care Packages That In Compilation Achieve Overall Panel Management

## Chronic

### Diabetes Care Packages

Control, No Comp

Control, Comp

No Control, Comp

No Control, No Comp

### AD Care Packages

Comp

Comp

Control, No Comp

Control, No Comp

### Asthma Care Packages

Comp

Comp

Comp

Comp

### ABC Care Packages

Package

Package

Package

Package

## Acute

### Orthopedic Care Packages

Care Package

Care Package

Care Package

Care Package

## Healthy

### Men's Preventive Care Packages

Care Package

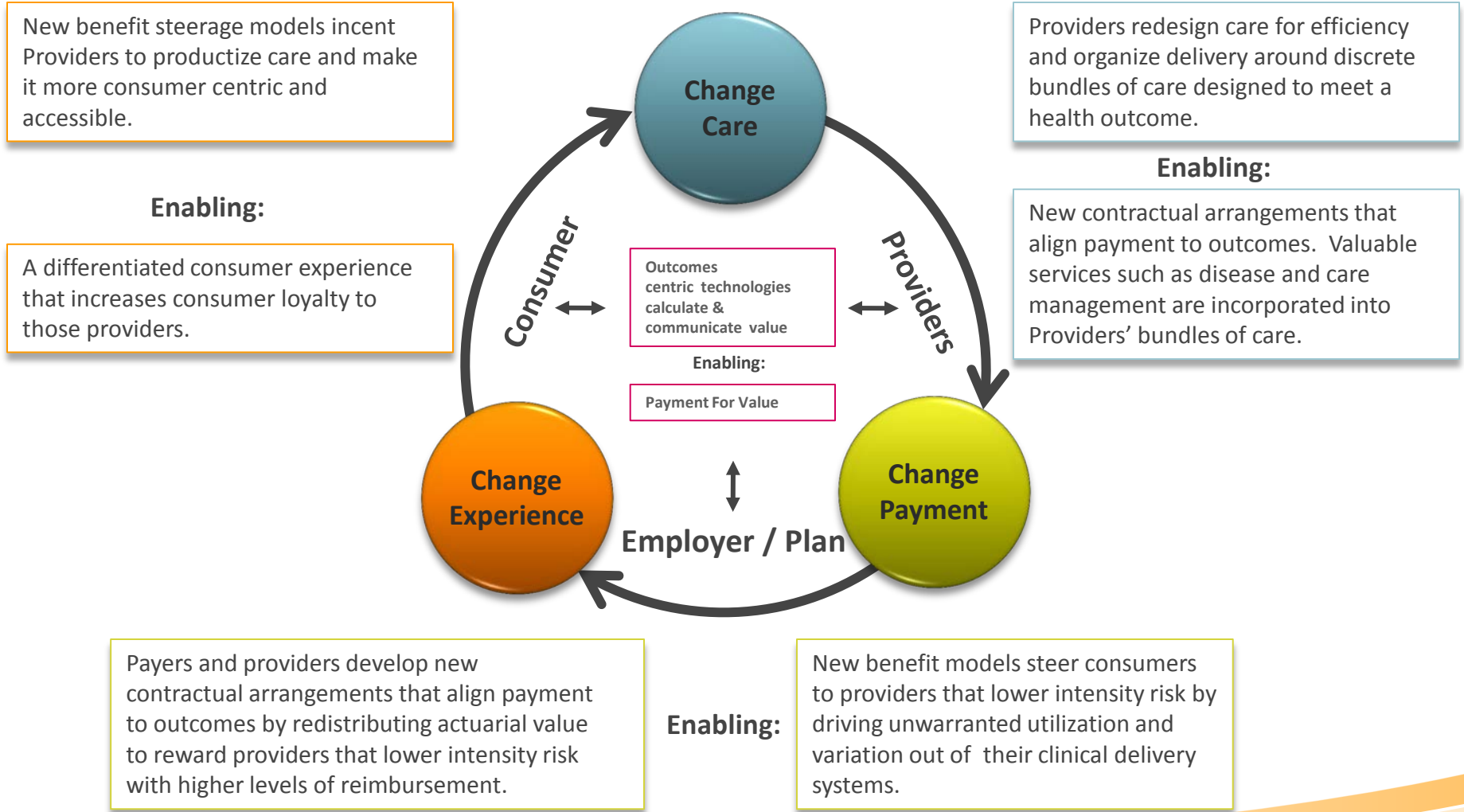
Care Package

Care Package

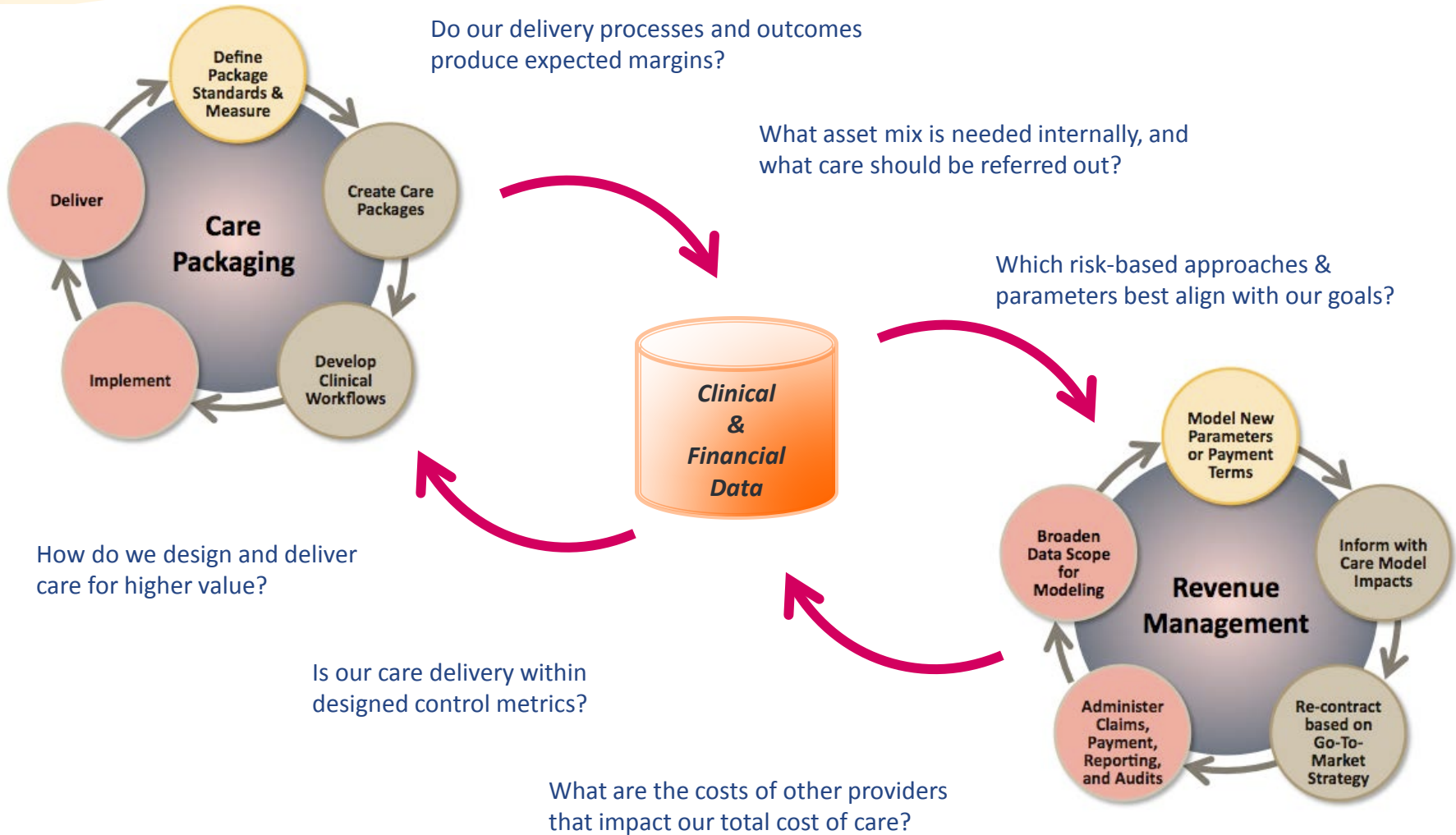
Care Package

These Care Packages Alone Address ~60% of Patient Population

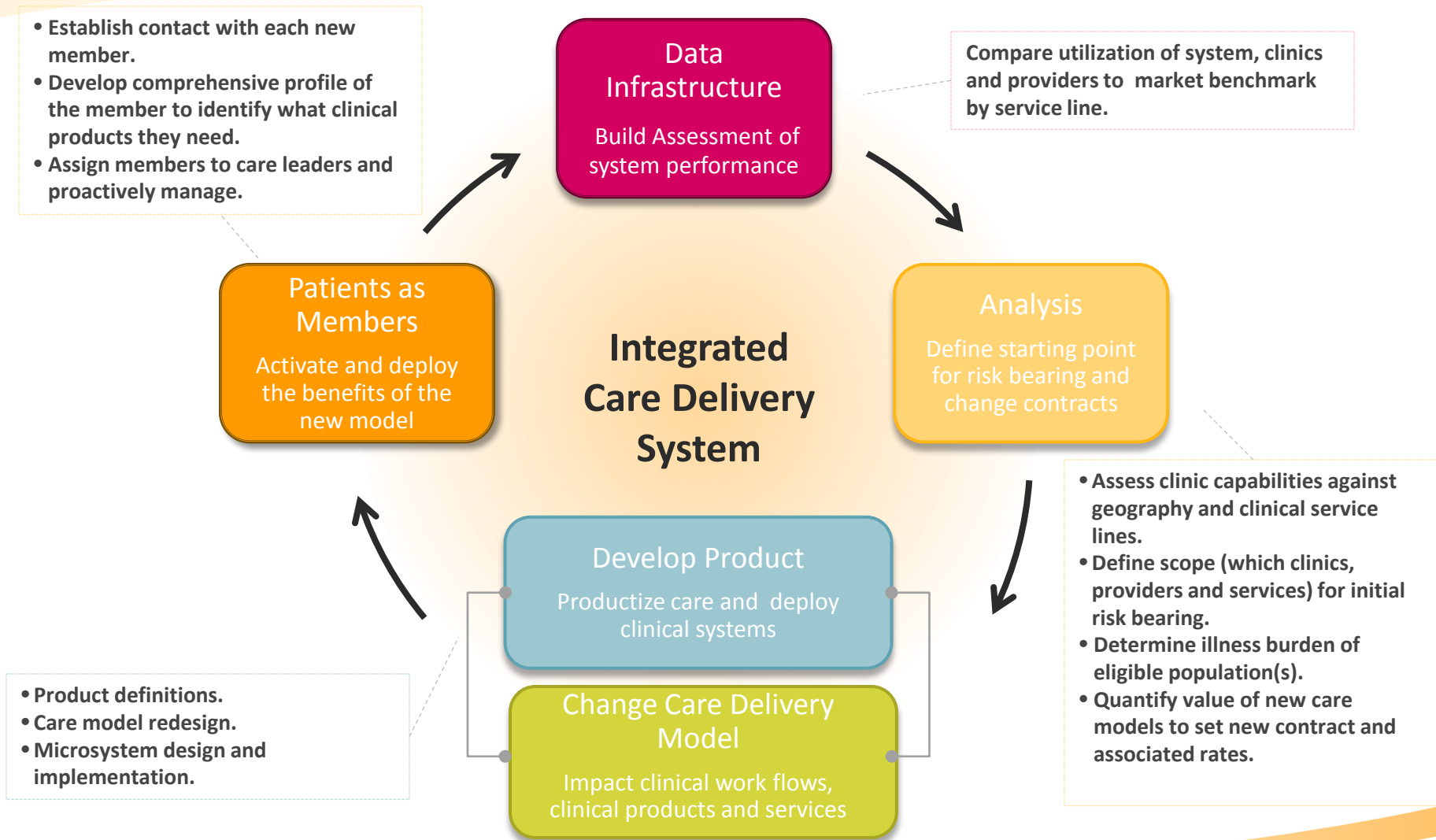
# Care Packaging a New Value Chain



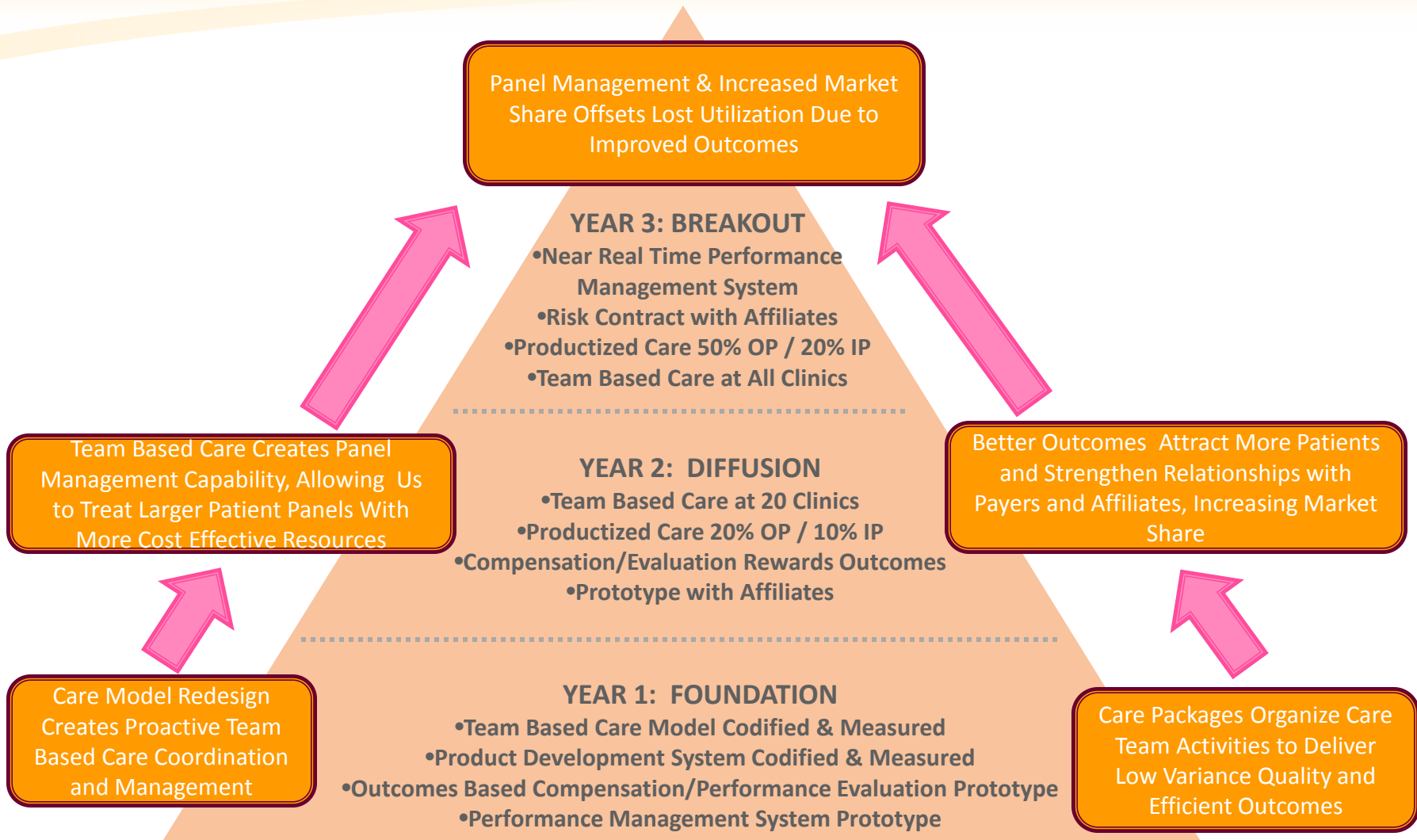
# Framework: Data Infrastructure



# Transition from a Volume-Based Business Model to a Value-Based Business Model, i.e., Care Packaging



# Fairview Health Services – Innovation Journey



# The Partnership

LEGEND: Prof. Services Software Fairview Only

	Year 1	Year 2	Year 3
Assess Performance	<span style="background-color: #00b050; color: white; padding: 5px;">Models to Quantify and Forecast Fairview's Differential Value</span>	<span style="background-color: #00b050; color: white; padding: 5px;">Weekly feedback on clinical &amp; financial performance embedded in work flow</span>	
	<span style="background-color: #0070c0; color: white; padding: 5px;">Near real time BI provides feedback on clinical &amp; financial performance embedded in workflow</span>		
Determine Risk Bearing Ability and Change Contracts	<span style="background-color: #00b050; color: white; padding: 5px;">Models to ID areas to take risk &amp; Forecast Performance under risk contracts</span>	<span style="border: 2px solid #a52a2a; background-color: #00b050; color: white; padding: 5px;">Monitor weekly performance of risk contracts</span>	
	<span style="background-color: #00b050; color: white; padding: 5px;">Clinically Informed Risk Scoring Model</span>	<span style="background-color: #0070c0; color: white; padding: 5px;">Clinically Informed Risk Scoring Module</span>	
Productize Care	<span style="background-color: #00b050; color: white; padding: 5px;">Implement 10 CPs</span>	<span style="border: 2px solid #a52a2a; background-color: #00b050; color: white; padding: 5px;">CPs for 20% of OP / 10% IP</span>	<span style="border: 2px solid #a52a2a; background-color: #00b050; color: white; padding: 5px;">CPs for 50% of OP / 25% IP</span>
Deliver Care	<span style="background-color: #0070c0; color: white; padding: 5px;">Gaps In Care Module</span>		
	<span style="background-color: #0070c0; color: white; padding: 5px;">Capacity Planning Module</span>		
	<span style="background-color: #0070c0; color: white; padding: 5px;">Production Scheduling Module</span>		
Membership Enrollment and Activation	<span style="background-color: #00b050; color: white; padding: 5px;">Manual Patient Assignment to Panel</span>		<span style="background-color: #0070c0; color: white; padding: 5px;">Patient Assignment Module</span>
	<span style="background-color: #00b050; color: white; padding: 5px;">Manual Patient Enrollment and Activation</span>		<span style="background-color: #0070c0; color: white; padding: 5px;">Patient Enrollment &amp; Activation Module</span>
Care Delivery Change Management	<span style="background-color: #00b050; color: white; padding: 5px;">Team Based Care in 4 Clinics</span>	<span style="background-color: #00b050; color: white; padding: 5px;">Team Based Care Transition in 20 Clinics</span>	<span style="background-color: #00b050; color: white; padding: 5px;">Team Based Care Transition in All 50 Clinics</span>
Compensation	<span style="background-color: #a52a2a; color: white; padding: 5px;">Outcomes Based Comp Model Prototype in OP</span>	<span style="background-color: #a52a2a; color: white; padding: 5px;">Outcomes Based Comp Model Prototype for OP &amp; IP for Service Line</span>	<span style="background-color: #a52a2a; color: white; padding: 5px;">Outcomes Based Comp Model for System</span>

So, where are we in our search for  
Innovative Strategies?



Thanks,

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