Physician/Hospital
IT Alignment Strategies
That Work

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AGENDA

- Overview

- Technology Alignment Strategies

- Other Components of Physician/Hospital Collaboration
Many healthcare alliances today are driven out of the need to improve technology and/or become clinically integrated, or to reduce the cost of information technology spending or to improve relations with their medical staff.

All of the alliances and partnerships must include a cohesive technology strategy to be successful. The recent improvements in healthcare technology, specifically EHR, have created opportunities for multiple stakeholders to collaborate.
Each party must prepare before entering into technology arrangements.

This session focuses on:

1. What every physician must know before participating in a physician/hospital collaboration strategy
2. What every hospital must know before aligning with its medical staff
3. What are the implications and legal issues from Stark Laws and other legislation.
4. Other alignment strategies to consider
COLLABORATION

A process where two or more people or entities work together toward a common goal - typically an intellectual endeavor - that encompasses a variety of actions, such as communication, information sharing, coordination, cooperation, problem solving, and negotiation.
Collaboration
The Issues

• As the medical market is being reshaped and reorganized, it is critical that hospitals, physicians, non-physician providers, and administrators work as partners.

• The support of primary care development is paramount to the success of a hospital.

• The support of all providers by the hospital is essential to the continued provision of healthcare in the community.
THE ISSUES

• Change is an indisputable fact of today’s environment
  ➢ It demands new attitudes, new relationships, and new roles

• Physicians are independently reviewing their opportunities to generate more revenue and offset costs through specific collaborative initiatives:
  ➢ Physician to Physician
  ➢ Physician to Hospital
  ➢ Physician to Investor (Private)
• In 2006, 40% of 871 CEOs ranked “Physician/Hospital Relations” as the second biggest issue facing their hospital, second only to “Financial Challenges”.*

• Key environmental issues include:
  • Provider shortages
  • Call demands
  • Reimbursement declines
  • Outpatient volume growth
  • Competing needs for providers time
  • Generational differences
  • P4P
  • IT/EHR

* Source: Healthcare Executive, March/April 2007

The Bottom Line: Hospital and provider interests will be increasingly at odds unless aligned.
TECHNOLOGY ALIGNMENT STRATEGIES
THE NEW MARKET REALITY

• The Department of Health and Human Services will make it legal for hospitals, to pay up to 85% of the cost for EHRs for doctors and other clinicians.

• The idea is that hospitals and doctors will share information about the patients they both treat.

• There are a few caveats:
  • The system must have e-prescribing
  • The system must be CCHIT certified
  • The system must be a new install

• Safe Harbor Expires Dec 31, 2013

• How many vendors can sustain in this market?
## The New Market Reality

<table>
<thead>
<tr>
<th>Donation Category</th>
<th>In</th>
<th>Out</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services</strong></td>
<td>• Training.</td>
<td>• Office staffing.</td>
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<td></td>
<td>• Help desk.</td>
<td>• Prior EHR conversion.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Abstracting/scanning.</td>
</tr>
<tr>
<td><strong>Software Licenses</strong></td>
<td>• EHR, including Integrated PM.</td>
<td>• Nonintegrated PM or unrelated software</td>
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<tr>
<td><strong>Hardware and</strong></td>
<td>• Central hardware refresh.</td>
<td>• Office hardware.</td>
</tr>
<tr>
<td><strong>Telecommunications</strong></td>
<td>• Connectivity.</td>
<td></td>
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<tr>
<td><strong>Maintenance</strong></td>
<td>• EHR, including Integrated PM.</td>
<td></td>
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Contracting is the greatest risk

Assume nothing - - -

Data Divorce
Splitters
Ancillaries
Acceptance
Assignment
Termination
Warranty
Support
ACUTE CARE VS. AMBULATORY

Episodic Care

Longitudinal Care
Taking Your System to Market

How is it SOLD!
STABILITY

Your Practice

First PC/IBM 1983

Vendors 1979

Cerner 1979
Misys 1982
M/M 1982
IDX 1986
Eclipsys 1995
### GOING TO MARKET

<table>
<thead>
<tr>
<th>Your System</th>
<th>Traditional Vendor</th>
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<tbody>
<tr>
<td>Value</td>
<td>Profit</td>
</tr>
<tr>
<td>True Integration</td>
<td>Expensive Interfacing</td>
</tr>
<tr>
<td>Pay as you go</td>
<td>100% upfront</td>
</tr>
<tr>
<td>Small Investment</td>
<td>30K per physician</td>
</tr>
<tr>
<td>Quality</td>
<td>You Develop</td>
</tr>
<tr>
<td>Patient Safety</td>
<td>You Develop</td>
</tr>
<tr>
<td>Decision Support</td>
<td>You Develop</td>
</tr>
<tr>
<td>Predictable Cost</td>
<td>Unpredictable</td>
</tr>
<tr>
<td>Reduces Uncertainty</td>
<td>High Uncertainty</td>
</tr>
<tr>
<td>Resources</td>
<td>You Develop</td>
</tr>
<tr>
<td>Multiple Dimensions</td>
<td>Single Dimension</td>
</tr>
</tbody>
</table>
SIMPLIFICATION & AFFORDABILITY

Your Community

Data Center
- eCare Helpdesk
- eCare Technical Team
- eCare Design Team
- eCare Application Specialist

Secure Connection
**THE BENEFITS**

This would not be possible with any off-the-shelf EHR.

**Incremental Physician Alignment Strategy**

- Reduces physicians’ cost to deploy EHR
- Extends health system’s current infrastructure
- Integration of critical clinical information, creates greater alignment
VALUE OF CLINICAL INTEGRATION

What benefits does clinical IT integration bring?

1. Continuity of clinical care & patient data
   **Shared Data & Access:**
   - Allergies
   - Problems
   - Medications
   - Immunizations
   - Family & Social History
   - Medical & Surgical History
   - Staff & Patient tables
   - Results
   - MPI Data
     - Demographics
     - Insurance
   - Single sign on to Portal
   - Images via Portal

2. Consistent content to support clinical practice
   **Shared Content:**
   - Drug database (FDB)
   - SNOMED CT
   - Medical Necessity Rules
   - ICD-9, CPT-4, E&M rules

3. Extend existing investments in technology
   **Shared Architecture:**
   - Hardware platform
   - Security
   - Report Writer
   - Interface engine
VALUE OF CLINICAL INTEGRATION

What is lost by not participating?

1. Continuity of clinical care & patient data
   - Allergies
   - Problems
   - Medications
   - Immunizations
   - Family & Social History
   - Medical & Surgical History
   - Staff & Patient tables
   - Results
   - MPI Data
     - Demographics
     - Insurance
   - Single sign on to Portal
   - Images via Portal
   - My Chart

2. Consistent content to support clinical practice
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THE SIMPLE SOLUTION

Hospital Connectivity
Your Solution

Patient Connectivity
Your Solution

Ambulatory EHR
Your Solution

Practice Management
Your Solution

Connectivity & Outsourcing
Your Solution
FRIEND OR FOE

Does Your Vendor Support This?
Vendor Alignment

- Market conflicts
- ASP Agreements
- Multiple TINs
- Break the Glass
- Out of scope services
- License Fees, including third party
- Recurring fees – add to the run rate
Other Physician/Hospital Collaboration
**Reasons for Collaboration**

- Response to competition
- Managed care/reimbursement
- Growth strategy
- Centralizing purchases
- Competitive response
- Cost containment
- Provider recruitment/retention
- Ancillary services development
- **Information (data) sharing**
COLLABORATION — WHAT DOES IT MEAN?

Hospitals
- Enhanced alignment with physicians
- Physician leadership in clinical care redesign
- Ability to share data with physicians electronically

Physicians
- Shared clinical information
- Access to electronic systems to enhance patient care efficiency
- Strength in numbers

Patients
- Reasonable access to care and information
- Enhanced ability for greater quality of care due to shared clinical information
• Hospitals can leverage their technology and system innovations as a recruitment tool to attract highly qualified physicians.

• Hospitals can lead the initiative for community health records.
1. Managed care networks (IPAs, PHOs)
2. Mergers (group formation)
3. Equity model group assimilation (jointly-owned practice)
4. Clinic model
5. Management services (administrative, IT)
6. Provider equity (joint ventures, investments)
7. Employment (full integration)
COLLABORATION OPTIONS

8. Clinical co-management (service line management)
9. Recruitment guarantees/incubation
10. Call coverage stipends
11. Medical directorships
12. Surgicalist/laborist programs
**Clinic Model**

- **Hospital and Medical Staff Fully Aligned**
  - All providers employed
  - Total emphasis upon delivery of care and quality outcomes
  - Economic incentives merged
  - Full continuum of services across the system

- **Focus on the Providers**
  - Employment discourages competition
  - Hospital sometimes considered an “ancillary” service of the providers

Examples
  - Mayo Clinic, Cleveland Clinic, Carilion Clinic, Lehey Clinic
MANAGEMENT SERVICES ORGANIZATION (MSO)

• Management processes provided to practices
  - Revenue cycle
  - Personnel/human resources
  - Information technology
  - Compliance

• MSO ownership
  - Joint hospital/provider
  - Hospital only
  - Private investors

• Strategy to align with providers

• Also may be in the form of an ISO (Information Services Organization)
CLINICAL CO-MANAGEMENT
(SERVICE LINE MANAGEMENT)

• Series of contracts with one or more groups of providers, with providers providing medical management services for a specific hospital inpatient or outpatient service line

• Compensation to providers ("managers") is fair market value, partly performance-based, and tied to specific objectives including financial outcomes, quality assurance, patient satisfaction, and others

• Service line management may be structured as a stipend for providers usually within a specialty for overall encompassing services to hospital
  
  ➢ E.g., cardiology, general surgeons, orthopedics, neurosurgery, etc.
  ➢ Inclusive of call responsibilities/pay
10 Areas of Focus when Choosing a Business Partner

1. Financial performance
2. Relative acuity level
3. Patient base
4. Managed care experience
5. Ownership status
6. Geographic or market penetration
7. Information systems integration
8. Legal issues
9. Ancillary services development
10. Cultural compatibility
Regulatory Considerations

Non-IT regulations, but important to know for any type of hospital/physician collaboration.
Hospitals and practices need to be aware of the impact of their collaborations under various regulatory guidelines. These included:

- Stark Laws
- Anti-kickback statutes
- OIG Opinions
The laws provide that if a physician has a financial relationship with an entity, then the physician may not place a referral to that entity for the purpose of providing certain designated health services for which payment may be made under Medicare or Medicaid. These services are divided into 11 categories from labs to outpatient services.
Stark Laws-Physician Services

• The rule: Physicians who have a compensation relationship may make referrals to other physicians within the same practice IF that physician or another physician member of the practice actually performs the services; the group can not pay a physician in the group for referrals made to another physician within the group

• This is conditional upon meeting the requirements of a group practice; an example of the requirements are the joint use of office space and personnel
Stark Laws and Ancillary Services

• Stark II legislation now prevents groups from compensating a physician based on how much revenue that physician generates for ancillary services, such as lab and x-ray; however, revenue from ancillary services may be distributed equally to each physician in the group, regardless of whether he or she generated this revenue.

• The recently revised Stark regulation, provide specific guidelines as to how to provide ancillary services in compliance with Stark rules.
Thank You

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