Geisinger’s Innovative Care Delivery: A Model for ACO Implementation

2012 Annual Joint Dinner
Metropolitan Philadelphia Chapter
American College of Surgeons
May 21, 2012

Glenn Steele, Jr., MD, PhD
President & CEO
Geisinger Health System
National Health Expenditures by Source, 2005-2020
Projected Increase +76% from 2010 to 2020

$4.6 Trillion

%GDP:
2005: 16.0%
2010: 17.6%
2015: 18.3%
2020: 19.8%

Federal Revenues and Primary Spending, by Category, Under CBO’s Extended-Baseline Scenario, June 2011

Percent of GDP

Note: The extended-baseline scenario adheres closely to current law, following CBO’s 10-year baseline budget projections through 2021 and then extending the baseline concept for the rest of the long-term projection period.

Source: Congressional Budget Office, The Long-Term Budget Outlook, June 2011.
Growth in Private Costs per Person Projected to Exceed Medicare and Medicaid, 2010-2020

Cumulative Percent Increase

- Medicare spending per enrollee (2.8% annual growth)
- Medicaid spending per enrollee (3.8% annual growth)
- Private insurance spending per enrollee (4.7% annual growth)

Question: And now what?

Answer: Reengineering Care!
Where We Are Now

• Unjustified variation in quality, access, and cost of care
• Unwarranted and fragmented care-giving
• An addiction to perverse payment incentives
  – Piece rate Medicare/Medicaid payment model
    ➢ Driving up units of work
    ➢ Driving up cost
    ➢ Diminishing value and quality
• Few incentives to fundamentally innovate clinical care
Where Do We Want to Be?

• Affordable coverage for all
• Payment for value
• Coordinated care
• Continuous improvement/innovation
• National health goals, leadership, accountability
The Quality of Health Care Delivered To Adults In the United States


BACKGROUND
We have little systematic information about the extent to which standard processes involved in healthcare—a key element of quality—are delivered in the United States.

METHODS
We telephoned a random sample of adults living in 12 metropolitan areas in the United States and...received written consent to copy their medical records...to evaluate performance on 439 indicators of quality of care for 30 acute and chronic conditions as well as preventative care...

RESULTS
Participants received 54.9 percent of recommended care.

CONCLUSIONS
The deficits we have identified in adherence to recommended processes for basic care pose serious threats to the health of the American public. Strategies to reduce these deficits are warranted.
Cost/Quality “Correlation”

MD Longitudinal Cost Efficiency Index
(total cost per case mix-adjusted treatment episode)

Adapted from Regence Blue Shield; Arnie Milstein, MD - Mercer
Cost \downarrow = \text{Quality} \uparrow
2006-2010
GHS Innovations

Cost/Quality \neq R
2003

Cost \downarrow \text{or Quality} \uparrow
1993-1994
Hillary-Care ‘Debate’
Commonwealth Fund Commission ACO Recommendations

- Strong Primary Care Foundation
- Accountability for Quality of Care, Patient Care Experiences, Population Outcomes, and Total Costs
- Informed and Engaged Patients
- Commitment to Serving the Community
- Criteria for Entry and Continued Participation That Emphasize Accountability and Performance
- Multi-payer Alignment to Provide Appropriate and Consistent Incentives
- Payment That Reinforces and Rewards High Performance
- Innovative Payment Methods and Organizational Models
- Balanced Physician Compensation Incentives
- Timely Monitoring, Data Feedback, and Technical Support for Improvement

Geisinger Health System
An Integrated Health Service Organization

Provider Facilities
- Geisinger Medical Center
  - Hospital for Advanced Medicine, Janet Weis Children's Hospital, Women's Health Pavilion, Level I Trauma Center
  - Geisinger Shamokin Community Hospital
- Geisinger Northeast (3 campuses)
  - Geisinger Wyoming Valley Medical Center with Heart Hospital, Henry Cancer Center, Level II Trauma Center
  - South Wilkes-Barre Adult & Pediatric Urgent Care, inpatient rehab, pain mgmt, sleep center
  - Geisinger Community Medical Center
- Marworth Alcohol & Chemical Dependency Treatment Center
- Mountain View Care Center
- >69K admissions/OBS & SORUs
- 1,372 licensed inpatient beds

Physician Practice Group
- Multispecialty group
- ~1000 physician FTEs
- ~520 advanced practitioner FTEs
- 65 primary & specialty clinic sites (37 community practice sites)
- 3 Ambulatory/outpatient surgery centers
- >2.1 million clinic outpatient visits
- ~360 resident & fellow FTEs

Managed Care Companies
- ~298,000 members (including ~63,000 Medicare Advantage members)
- Diversified products
- ~30,000 contracted providers/facilities
- 43 PA counties
Transforming Healthcare with Technology

- Fully integrated electronic health record ("EHR")
  - Live since 1996
  - Running cost: 4.4% of annual revenue
  - >3 million unique records
  - MyGeisinger patient portal, ~195,000 users
  - GeisingerConnect (non-Geisinger provider access), ~4,400

- Regional Health Information Organization

- Clinical Decision Intelligence System ("CDIS")
  - Clinically-rich data warehouse supporting evidence based practices

- Earning Meaningful Use incentive payments
Geisinger’s Accountable Care Experience

- ~63K member MA plan is a long-standing success
- 5-year participation in PGP (prototype “ACO”) through March 2010
- PGP Transitions Demo CY 11 and CY 12
- Consulting Practice
- Keystone Beacon Community
- CMMI Bundles Initiative
-changing landscape

Positive Momentum

From the Commonwealth Fund\(^{(1)}\)
A year ago, accountable care organizations (ACOs) were little more than a concept that offered both promise and peril in the reform of health care delivery. Now, with the proliferation of private payer ACOs, the new Medicare Shared Savings Program ACOs, and the Pioneer ACOs, there will soon be several hundred health care organizations with payment contracts in place that meet the key criteria of the ACO model…

- CMS reviewing 150 applications for July 1

\(^{(1)}\) The Commonwealth Fund Blog – ACOs: Making Sure We Learn From Experience
April 12, 2012 By Elliott Fisher, M.D. and Stephen Shortell, M.D.
Changing Landscape

Positive Momentum

Changing Landscape

Positive Momentum

- More JVs with insurance companies
- More physician groups without hospital participation
- More tools and management service companies
- Accreditation - NCQA
Changing Landscape

Neutral / Negative Momentum: Too many opportunities

http://innovations.cms.gov/
Why Organize for Performance-Based Payments?

- Long term positioning for accountable care
- Secure / defend market share
- Financial return
- Consistent with mission and values
The Functional Components of Accountable Care Communities

- Cultural Transformation
- Value Driven Population Care, Clinical Redesign
- Data Driven Care and Leadership Evolutions
- Value Driven Primary Care
- Value Driven Post-Acute Care: TOC, SNFist
- Value Driven Specialty Care: Medical Home
- Value Driven Acute Care
- Value Driven Actuarial and Operational Informatics

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Strategic Elements

- Soft criteria – relationships, history, people
- Quality
- Efficiency
- Financial strength
- Volumes / Practice
- Competitive relationship
- Resources
- Care management
- Culture / Governance
Strategic Elements

Culture / Alignment

• Balancing fee for service mindset with accountable care goals
  ➢ LOS
  ➢ Readmissions
  ➢ Use of post acute
  ➢ Reduced use of ancillaries
Strategic Elements

IT / Data Plan

- Availability of data
- Infrastructure – transmit / receive / store data
- Analytic capability

Do you have a resource for pulling it together?

- Insurance partner
- Hospital contracting department
- MSO
- Other experienced leader
The Functional Components of an ACO

Cultural Transformation

Value Driven Population Care
ProvenHealth NavigatorSM, Clinical Redesign

Value Driven Acute Care: ProvenCare Acute

Value Driven Post-Acute Care: TOC, SNFist

Value Driven Specialty Care: PHN Integration

Data Driven Care and Leadership Evolutions

Value Driven Actuarial and Operational Informatics
Efficient Specialists: Key ACO Partners

• Help PCPs
  ➢ Know when to refer
  ➢ How to manage low acuity patients

• Manage complex patients
  ➢ Communicate with PCPs / Medical Home Care Managers
  ➢ Be attentive to resource utilization
    – ED visits
    – Admissions
    – Diagnostic tests
  o Acknowledge and help address end of life issues
    – Patient communications
    – Palliative care

• Link in with available IT and technology tools
  ➢ Home monitoring
  ➢ Patient registries / population management
  ➢ HIE
GHS Receives “All In” Global Fee

• One fee for the ENTIRE 90-day period including all surgery-related care:
  ➢ ALL surgery-related pre-admission care
  ➢ ALL inpatient physician and hospital services, including cardiologists, cardiac surgeons, anesthesia, consultants, etc.
  ➢ ALL surgery-related post-operative care
  ➢ ALL care for any related complications or readmissions

• Aligns incentives across provider, patient and payor
ProvenCare® for Acute Episodic Care

ProvenCare®
- Identify high-volume DRGs
- Determine best practice techniques
- Deliver evidence-based care
- GHP pays global fee
- No additional payment for complications
ProvenCare® CABG

Reporting Period: FY2011 Q4 Apr-Jun
Update Date: July 5, 2011
## ProvenCare® CABG

### Clinical Outcomes: Pre vs. Post ProvenCare® protocols

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Before ProvenCare®</th>
<th>After ProvenCare®</th>
<th>% Improvement (Deterioration)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-hospital mortality</td>
<td>1.5 %</td>
<td>0.5 %</td>
<td>67 %</td>
</tr>
<tr>
<td>Patients with any complication (STS)</td>
<td>38 %</td>
<td>34 %</td>
<td>10 %</td>
</tr>
<tr>
<td>Atrial fibrillation</td>
<td>24 %</td>
<td>20 %</td>
<td>16 %</td>
</tr>
<tr>
<td>Permanent stroke</td>
<td>1.5 %</td>
<td>1.3 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Prolonged ventilation</td>
<td>5.3 %</td>
<td>4.9 %</td>
<td>8 %</td>
</tr>
<tr>
<td>Re-intubation</td>
<td>2.3 %</td>
<td>1.4 %</td>
<td>40 %</td>
</tr>
<tr>
<td>Intra-op blood products used</td>
<td>24 %</td>
<td>12 %</td>
<td>48 %</td>
</tr>
<tr>
<td>Re-operation for bleeding</td>
<td>3.8 %</td>
<td>2.4 %</td>
<td>37 %</td>
</tr>
<tr>
<td>Deep sternal wound infection</td>
<td>0.8 %</td>
<td>0.2 %</td>
<td>76 %</td>
</tr>
<tr>
<td>Post-op mean LOS</td>
<td>5.2 d</td>
<td>5.0 d</td>
<td>4 %</td>
</tr>
</tbody>
</table>
ProvenCare® CABG: Financial Outcomes

**Hospital:**
- Contribution margin increased 17.6%
- Total inpatient profit per case improved $1946

**Health Plan:**
- Paid out 4.8% less per case for CAB with ProvenCare® than it would have without
- Paid out 28 to 36% less for CAB with GHS than with other providers
ProvenCare® Portfolio

ProvenCare®:

- CABG
- PCI (Percutaneous Coronary Interventions Angioplasty/Angioplasty + AMI)
- Hip replacement
- Cataract
- EPO
- Perinatal
- Bariatric surgery
- Low back
- Lung cancer
- Knee Replacement
- Epilepsy
Developing a Viable Structure

ACO Governing Board

- ACO Executive
- Coordination of board activities
- CMS/Insurer Interface
- Liaison with participating hospitals/hospitals/other partners
- Legal interface
  - Compliance
  - Antitrust
  - Stark etc

Finance/Accounting
- ACO budgets, LRFM, ROI analysis
- 3rd Party Contracting/Negotiations with insurers
  - Drive process
  - Execute distributions/collections
- Gain/Loss sharing
- Financial Statements
  - Preparation
  - Presentation
  - Required edits
- Financial compliance

Reporting and Analysis
- Prepares data submissions for CMS, other payers (Quality, data use, agreements, other)
- Receives data from payers
  - Analysis
  - Opportunity reports
  - Annual contract performance analysis
- Assists partners with analysis of internal data

Technical Support
- EHR support
- Care management software
- HIE
- eTools

Clinical Re-engineering Services (Effector Arms)
- Medical Home infrastructure & support
- SNIIST Infrastructure & support
- Transition Management services
- Targeted efforts specific to hospitals/physician groups

Quality/Continuum Management
- Assessment
- Reporting
- Improvement
- Connectivity and Care trajectory optimization
- Tie to financial incentive
Developing a Viable Structure

• Keep it as simple as possible!!!
• Spend less time with lawyers, more time with clinical leaders and analytic experts
• Cover the key areas
  ➢ Clinical leadership
  ➢ Actuarial analytics
  ➢ Finance / Administration
  ➢ Quality
Challenging Strategic Questions

- Right partners / right population
- Include high volume / inefficient providers?
- Where does the money come from?
- Governance / Control
- Anti-competitive concerns
- Multiple ACOs?
- Timing
Global Strategic Concerns

• Contract design
  – Risk / Reward
  – Payment threshold & caps

• Organizational capabilities
  – Presumed vs. validated

• Impact on patients
  – Can needs be met?
  – Can you engage them?

• Impact on community level health and costs

(1) The Commonwealth Fund Blog – ACOs: Making Sure We Learn From Experience
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Prognosis

Access
Demand

Perverse incentives – Old

“Piece rate” Medicare/Medicaid payment

\[ \text{units of work} \uparrow \]
\[ \text{cost} \uparrow \]
\[ \text{value} \downarrow \]

Plus population health risk incentives – New
↑ Value → Shared Savings

or Quasi-capitation
   (i.e., population health accountability)

or

Fee-for-Service
   (with ↓↓ fees)
Winners will provide

More value for patients!
Or

"Price controls!!"