Provider Sponsored Health Plans

By William DeMarco

We have a collision with the future. You have probably noticed the number of mergers acquisitions and consolidation in the past months. As reform draws closer to a reality, even the most skeptical of providers and health plans realize their business needs to change. While many are building the fortress of the future by consolidating hospitals and or physicians, it occurs to most of us that consolidating cost centers just becomes a bigger cost center and needs to be fed more and more money until it’s forced to cut back on staff and resources because it -- the system -- was not as efficient as was originally thought. While systems thinking is a vital part of strategy, the kind of system the future is going to demand is a system that integrates dollars and the delivery system not more bricks and mortar.

Fighting Against Taking Risk.

With all of the hospitals and physician driven IPAs getting out of the risk business, you would think it’s even taboo to talk of risk to any provider, but what purchasers are learning is that shared savings is a workable model. That the risk, if described as a limited risk that is only lost if performance does not improve, is an acceptable risk especially to those young doctors and new hospital administrators who really did not learn risk management for the institution or their practice but rather continue to try to operate under fewer and fewer dollars of reimbursement. In some cases revenue cycle management has helped but only when all the ducks are in a row.

That is to say, from patient engagement through diagnostic documentation and coding and then payment and charges, all must click to make an episode of care a win for the patient and the physician.

ACO mHealth Strategy: How Mobile-to-Mobile Online Care Will Drive Sustainability

By William C. Thornbury, Jr., MD

"The culture that shops online, banks online, buys books--movies--music online, will conduct a portion of their healthcare online. The question is, 'With whom will they conduct it?""

Wm C. Thornbury, MD HIMSS 2013

Winners Offer Many Lessons to the Wise. They run a little horse race in Kentucky about once a year, you may have heard about it. They call it the Kentucky Derby. In 2009, a horse won that race in such a fashion that, it serves to demonstrate an important lesson in economics, and in life. It is a lesson that Accountable Care executives and health systems may wish to consider when looking at emerging market trends, distribution of finite resources, and sustainability.

In 2009, Mine That Bird came from dead last, to win. Jockey, Calvin Borel, chose a breath-taking path to catch and pass horse-after-horse in his heart stopping ride to victory. Indeed, a brilliant ride; however, it is the circumstance and strategy of the ride that is applicable to our understanding of the health delivery market. Mine That Bird, indeed, came from last place to win; but, being in last place happened to be an opportunity unseen my most. While the jockey’s magnificent strategy to cut between horses was the path that led to victory, the simple fact was that none of the horses saw him coming....there simply wasn’t enough time for the competitors to build momentum and the horse won going away. The point being, sometimes market circumstances that appear to be irrelevant or burdensome may, in reality, be the catalyst for disruptive opportunity. The ability to recognize which are the correct circumstances that meet such criteria is the trick.

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Recognizing the Cusp of Megatrends and Opportunity in Healthcare. Healthcare has a very serious distribution problem. Not only can our health system diagnose more problems, we offer more treatments, and patients are living longer. It is the impending avalanche of expectant health needs of the “Baby Boomers” that tip the scale -- health delivery and sustainability become no longer tenable within the construct of today’s health system.

Today, we largely seek care in the same manner that our grandparents did … in chronically congested medical offices. That is not going to continue. The market will find a solution -- Urgent Clinics, Retail Clinics, and the tide of telehealth vendors that line the streets of healthcare have been attempts in this effort. However, there remains room for further efficiency. There is the consumer peripheral device, there is mobility.

Consider the broader, 30,000 foot view. Today's culture has steadfastly moved into the digital age and engendered e-commerce. Simply consider how much your family purchased over the Internet this year. Do you honestly believe that it will decline next year, or the year after? In 2010, Blockbuster recorded a profit of $160 million, the following year, not appreciating the impact of the Internet economy, they filed for bankruptcy. Senior leadership needs to appreciate the cataclysmic change perched over healthcare that the Internet economy -- specifically, mobility and mobile platforms, will have on health distribution and the global healthcare market.

Mobile-to-Mobile, the Second Generation of Telehealth (The Rule of 15’s). If distribution of care is one of the principle drivers of health costs, it therefore follows that, solutions to distribution have the potential to influence sustainability. Of course, this is only if the solution impacts productivity and profitability. Viewed another way, distribution is directly related to economic viability.

Consider the case for mobility, the use of smartphones, tablets, and other peripheral devices. The “house call by smartphone with your own physician” is no long the missing Holy Grail of mHealth. It now exists in the marketplace -- and well I should know, as our team developed it three years ago. We did so in search of a solution to help the 40% of patients in our clinic transition into a virtual clinic … one with the same patient-physician relationship as they had always maintained.

After reviewing the literature for safety of online care (Munger, et. al.), and the known experience of online care within the Medical Home model (Adamson and Bachman), we felt comfortable applying it to our practice. We then engineered the visit through a smartphone in such a way as to present to the physician a complete HPI (history), brief PMH (medical record), and deliver an exceptional care plan with information back to the patient … in under four minutes (what we deemed functional to engage the physician). It took some engineering, and a patent attorney, but our patients, staff, and providers loved it. Simple and efficient.

Once you begin to conduct care through mobility, it becomes immediately apparent that you've opened a new generation of telemedicine -- one that's cheaper and more efficient than other previous forms. Telemedicine for the common man. We see it as a compliment to current academic models that provide subspecialty care to disparate populations. More importantly for us was the fact that it was efficient -- efficient enough to engage our physicians, meaning that for the first time, online care and telemedicine could be conducted within the Medical Home. Yes, the same Medical Home demonstrated by every study conducted to lower costs and improve outcomes would now become available to private physicians and health systems.

The last statement bears some examination. The business end of online care within the Medical Home is that, not only can minor acute care be provided online -- but, our study demonstrated, that moderate acute care and stable chronic disease care (the latter representing 75% of the health dollar) could be safely provided. Our two-year data was made public at HIMSS-13 revealing that in a fee-for-service model, clinic capacity improved 15% -- that is, an extra hour each day to add value. Further, the per-capita cost of care decreased 15% -- critical for health systems struggling on a 1-2% margin. We refer to it as the, “Rule of 15’s”. Most importantly, surveyed patients frankly loved it. To restate: we provided care in less time, using less resources … and, patients actually preferred it.

Our model estimates that in outpatient care alone, the United States can save $30 Billion a year. It wouldn't be difficult for a medical economist to extrapolate that, using this tool, lost productivity, translation in hospital discharge follow-up, and non-reimbursable ED costs. In fact, Price-Waterhouse-Coope reported in June of this year that for Europe, mHealth savings by 2017 would be estimated at 100 billion Euros annually, and allow almost 25 million more patients access to care with the same number of physicians. Indeed, mobility allows a new delivery model that has the intention of bending the healthcare cost-curve for the first time. Our medical system is transitioning from the model of Blockbuster to Netflix.

The Implications of Mobility. Mobility in online care is one of the very rare times when change actually improves each aspect of the health system -- usually, some benefit is accompanied by an offsetting loss. Walking through each principle in the health system demonstrates mobility's cascading impact and disruption.

The health system comes to a position of true mobility … freedom. Patients may receive care from their own health provider anytime, anywhere. Medical providers may offer increased access and lower liability compared to undocumented phone calls.

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Now, e-commerce makes it possible to retain compensation for their intellectual work and assumption of risk in out-of-clinic encounters. Medical practices are more productive, having the ability to add new patients and broaden provider panels; they can offer same day appointments; they may enable increased provider time with high acuity patients (proven to lower future health expenses).

Practices have improved morale as efficiencies improve the quality-of-life for patients, providers, and staff. Employers see less absenteeism and presenteeism resulting from better access for minor care and routine chronic disease follow-up online. Ultimately, low acuity translates to stabilize insurance costs. Third party insurers see less acuity burden from a displacement of ED, Urgent Clinic, and physician in-office overhead for routine care. And governmental entities increase access, lower cost of care, and make their medical workforce more efficient.

The real winner, however, is the care model design of the ACO, part risk-barer, part health provider. Health systems open a new, a permanent source of revenue: e-commerce. They realize increased productivity from outpatient clinics as mobility will be appropriate to both medical specialties and primary care. However, critically, bringing primary care providers to the table allows the technology to be translated to other clinical areas. Primary care allows them to reduce readmissions. If studies demonstrate that a care coordinator can reduce readmissions 25%, how much can the physician most familiar and responsible for care of the discharged patient prove? Primary care can render service to ED misuse.

If the technology that costs pennies to use were offered to patients coming to the ED with low acuity issues, how much savings in uncompensated care, productivity, and resource reassignment might be offset? Further, as a secondary benefit, patients can be mobilized into primary care clinics (which have become more efficient from the benefit of mobile online care, and have the capacity to accept them -- thus, minimizing the risk of a return ED visit for undiagnosed or uncontrolled chronic disease).

Health systems also benefit in a reciprocal way. They now stake a claim on the most valuable real estate in healthcare, the hand-held peripheral device. In essence, mobility offers them a communication tool directly to their patients. Relational databases will be able to provide health maintenance reminders to the handheld, and they'll be able to offer disease-specific information on occasion, as well, all while adding a marketing or public relations communication to their community. Health systems will no longer simply be the "building on a hill that everyone goes to when they get sick."

Health systems will provide care, advice, and information to their community wherever they travel. Consider if you had a family member ill during business travel. Would you want them guessing the appropriate setting or facility for their care or contact their private physician (health system) for triage and advice?

Lesson learned? Telemedicine, in all its forms, has traditionally been an economic sink to health systems. Mobility, however, provides a second generation of telehealth that decisively increases engagement and productivity for both sides of the equation, patient and provider. Indeed, it is mobility that allows the fulfillment of technology's promise to make medical care more efficient and affordable. In one fell swoop, the mobile platform expands the Medical Home relationship increasing the breadth of diagnoses available for care online; it lowers per-capita and global costs; and, unlike all previous telehealth models, it increases health professional productivity. Thus, it not only meets the goals of the Triple Aim, it becomes a competitive necessity in the marketplace -- a marketplace already ingrained by a culture that conducts e-commerce through peripherals fluently.

The lesson of Mine That Bird, a horse that came unseen from behind to win the 135th Kentucky Derby, should be considered by the nation's largest health concerns. Mobile technology, and the underlying databases that drive it, allow for individualized care -- and individualized marketing, a bond not easily broken. Once a community comes to depend upon a reliable health system that has staked its claim on a smartphone's real estate, it may be very, very difficult to regain market share.

A new model of health delivery is beginning to emerge and will drive care into the virtual space. The Internet culture of today that embraces e-commerce will, likewise, champion online healthcare. It is simply more intimate and less disruptive to the hectic pace of their lives. For hundreds of years, people had to go where healthcare was to receive treatment. Now, technology can change the paradigm to bring individualized healthcare to the patient. Indeed, mobility's influence is likely to be so pervasive that it may be the underlying solution to how Accountable Care Organizations, State Medicaid programs, and the Affordable Care Act are implemented and become sustainable. Leaders that recognize this megatrend will position their health system for success moving forward.

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References: