

Healthcare reform Half empty or Half full?

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Today's Agenda

- Overview of Healthcare Reform – PPACA!
- Effect on your practice
- Strategic
 - Vision/mission
 - Reaction strategies
 - Decision making model
- Tactical
 - Process management
 - Costs
 - Revenue
 - Staffing
 - Data and IT applications
 - Project management
- Future plan for survival

How is your Glass?

- Is the glass half empty?
 - Lower reimbursement
 - Hassles
 - Lose autonomy
- Is the glass half full?
 - Increased patient flow
 - Smoother operations
 - Part of the future



Highlights

- 2010
 - Coverage 26 and under
 - \$250 rebate for donut hole
 - Pre-existing conditions for children
 - Annual & lifetime limits prohibited
 - Preventative services covered (2018 mandatory)
 - Early retiree coverage
 - New regulations on appeal
 - = 35% Small business tax credit, < 50 employees (50% in 2014)
 - W2 and 1099 reporting
 - Comparative Effectiveness
 - Patient Centered Medical Home

More...

- 2011
 - Annual Medicare wellness visits free
 - 50% discount on brand drugs, Medicare Advantage
 - Tax/administrative burden free cafeteria plan
 - >\$200K/250K payroll tax increase from 1.45 to 2.35%
 - Work force – training, loan and pay incentives for PCP and general surgeons – Include Medicaid (2012)
 - Pre-authorization and controls for Fraud/abuse

Still more...

- 2012
 - Accountable Care Organization
 - Re-admit controls
- 2013
 - FSA limit to \$2,500
 - Employer tax deduction on Medicare D – gone
 - Part A tax increase by 0.9% (plus for investment income)
 - Uniform standards for health information exchange
 - Payment bundle trial plans

Will it ever end (start?)

- 2014
 - All citizens must have health insurance coverage, fine \$95, \$325 in 2015, \$695 in 2016, adjusted thereafter
 - Health insurance exchange eligibility standards
 - Business with 50 or more are fined \$2,000 or \$3,000 for not offering coverage
 - Maximum wait of 90 days
 - All pre-existing condition coverage issues waived
 - Annual fee on health insurance providers based on market share if premiums exceed \$25M

Finally ... yeah right!?

- 2015
 - Value based physician payment options
- 2018
 - Cadillac excise tax on plans costing \$27,500 for families, \$10,200 for individuals

What does all this mean?

- Patient care
 - Quality, access
 - Efficient or effective? Or both!
- Practice issues
 - Tax
 - Hassle or less hassle?
 - Mission
 - Safe, affordable, effective, patient centered, evidence based
 - Not mission
 - Duplicate care, treatments, eliminate overuse, misuse of treatment options
- Business model
 - Join together?

What have patients indicated they want from YOU?

Is it something like this:

Healthcare that is available when and where they need it and how they want to receive it, with a core emphasis on convenience and accessibility?

Alternatives for YOUR future

- Stay as you are
- Concierge
- Join (merge) a group practice
- Join MSO to help improve efficiency of practice
- IPA
- PCMH
- ACO
- Sell to hospital or group practice

Scope

- Strategic –
 - Long term
 - Include mission statement
 - 30,000 foot level
- Tactical –
 - Shorter term
 - Implementation
 - Reporting

Risk

- All
 - FFS = insurance company
 - Capitation = provider
- Insurance - carrier
 - Whether an individual gets ill (how sick or well patients are, except for conditions created by provider)
- Performance - provider
 - The ability to successfully treat the illness in a cost effective way (risk/severity adjusted, stop loss, reinsurance)

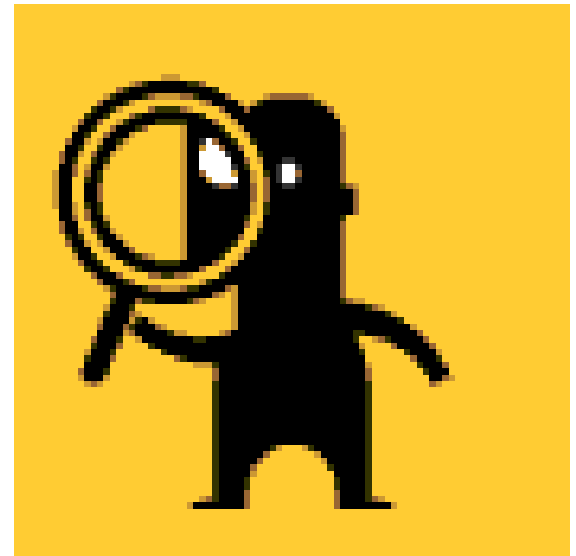
Strategically speaking

“A strategy delineates a territory in which a company seeks to be unique.”

Michael Porter

Vision and mission

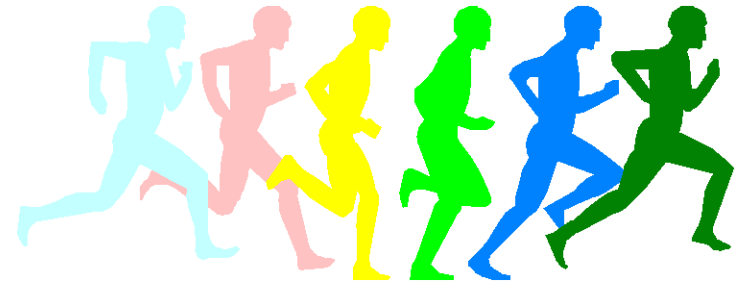
- What are your plans now for your practice?
- What do you “see” as the future as opposed to what you “saw” two years ago?



Mission

The intersection of the practice founding principles and its environmental scan

**Environmental
Scan**



ADDRESSES THESE POINTS:

- Who, What, Why, and Where
- Goals
- Employee perspectives

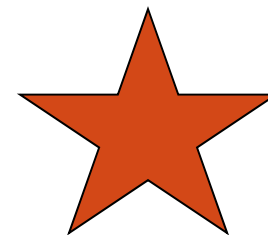
**Founding
Principles**



Decision Making Procedure

- Define the issue (not necessarily the problem)
- Determine who best to make the decision, individual or team
- Enable with authority, tools, training
- Authority to implement
- Insure parameters are set
- Request and receive feedback

Matrix



	Define	Clinical	Corporate
Culture	Perceptions, mission, values, ethics, focus	Independence, patient care vs. money	Support, open, honest, communication, trust
Expectations	Of whom External - patient, managed care organization, referring physician Internal – other physicians, staff, self	Quality of life, cure, full recovery, palliative care, compliance with guidelines	Bottom line, short term or long term, patient satisfaction,
Organization structure	Hierarchy, flat, team work, who decides, delegation, reorganization, turnover of key staff	Clinical guidelines, committee, evidence based	Executive committee, tight or loose
Politics	Vested interest, spin, hidden agenda, passive aggressive	Research base, criteria, who does what, patient recruitment and schedule	Authority, respect, control, power base
Resources	Time, capital, too few or wrong staff/equipment, training, staffing	Diagnostic tests – in office, EMR	Budget, FTE's, ROI

Decision Matrix

Level	Plan	\$\$\$	Schedule
Board	Strategic	=/>\$10,000	Annual review
Practice manager	Strategic/tactical	\$500 - \$10,000	Annual, quarterly, monthly, and daily
Supervisor	Tactical	\$100 - \$499	Per procedure and guidelines
Employee	Tactical	<\$100	Day of visit, incident based

Patient Centered Medical Home

- defined as "an approach to providing comprehensive primary care... that facilitates partnerships between individual patients, and their personal Providers, and when appropriate, the patient's family". The provision of medical homes may allow better access to health care, increase satisfaction with care, and improve health.
- Tools used:
 - EMR
 - Patient registry
 - Patient education
 - Chronic disease management
 - Responsive scheduling
- Components of the ACO but not equal to a complete ACO

ACO Definitions

- “A set of providers responsible for the healthcare of a population of Medicare beneficiaries”
MedPAC
- “An entity that can implement organized processes for improving the quality and controlling the costs of care and be held accountable for the results” Shortell/Casalino
- “Healthcare provider or group of that accepts accountability for the total cost of care received by a population” – Center for Healthcare Quality and Payment Reform

Primary Goal of ACO

- “enable and encourage healthcare providers to *take greater responsibility* for reducing, or at least controlling the growth of, *healthcare costs* for a *given population of patients*, while maintaining or improving *quality of care* whose patients receive from both a *clinical perspective* and in terms of *patient experience and satisfaction.*” CHQPR
- Ensure all patients get the right:
 - Care
 - Time
 - Place
 - Provider

Customer Service

- The patient is number 1
 - Profit will come if we meet the customer's needs (Peter Drucker)
- The doctor is number 2

Tactically speaking.

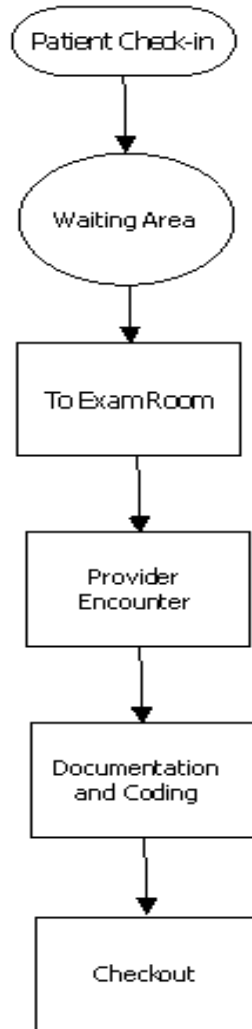
“Systematic determination and scheduling of immediate or short-term activities required in achieving the objectives of strategic planning.”

Process Focus (Ongoing)

- **Why have a process focus?**
 - So we can understand how and why work gets done
 - To characterize patient/physician/payer relationships
 - To manage for maximum patient/payer/staff satisfaction while utilizing minimum resources
 - To see the process from start to finish as it is **currently** being performed
 - Blame the process, **not** the people

proc•ess (pros'es) *n.* – A **repetitive and systematic** series of **steps or activities** where **inputs** are modified to achieve a value-added **output**

Patient Visit – Primary Process



- We start with the 'always' process steps, such as
 - The patient checks in (starting point)
 - The patient waits in the waiting room
 - The patient is escorted by someone to the exam room
 - The patient sees the provider
 - The encounter is documented and the coded
 - The patient checks out
- The assumption is that all patients will experience at least these steps
- ***HOW MUCH TIME DOES A PATIENT SPEND IN YOUR OFFICE? CHECK IN TO CHECK OUT?***

What is Six Sigma

- An improvement model designed to reduce the variability that exists within any given process
 - Eliminate errors and mistakes
- Six Sigma is a metric measured in unacceptable events per million
 - $6 \sigma = 3.4$ per million
 - $5 \sigma = 233$ per million
 - $4 \sigma = 6,210$ per million
 - $3 \sigma = 66,810$ per million
- Sigma measures variation rather than averages
- Six Sigma is counter-intuitive in that the process is within control up to a variation of six standard deviations

What is Lean?

- Lean is all about reducing waste
 - Reduce the time it takes to deliver a service and increase efficiency without sacrificing quality
 - Shorten the time between when you see the patient and you get the cash
- Lean looks at the value stream of any process with the goal to eliminate steps that do not provide
 - Value to the organization, or
 - Value to the customer
- Lean is more applicable to medical practices
 - Shorter improvement cycle
 - Less expensive delivery system
 - Fewer resources

What is Lean Six Sigma?

Lean Six Sigma combines the strengths of each system into one

- **Lean**

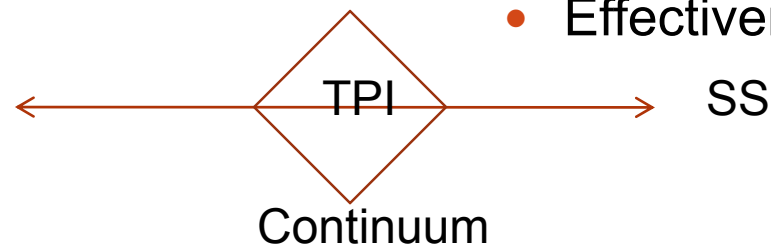
- Guiding principles based operating system
- Relentless elimination of all waste
- Creation of process flow and demand pull
- Resource optimization
- Simple and visual

- Efficiency
Lean

- **Six Sigma**

- Focus on voice of the customer
- Data and fact based decision making
- Variation reduction to near perfection levels
- Analytical and statistical rigor

- Effectiveness



Primary TPI Metrics

- Profit and profitability
- Capacity
- Cycle times
- Contract effectiveness
- Performance and productivity
- Utilization
- Resources

TPI Begins with Benchmarking

- Current state or condition of operational components
- PMS and other IT systems
- Find and review MCO contracts
- Accounting system and financial performance benchmarks
- Capacity (Maximum, minimum, excess, over, etc.)
- HR policies and practices
- Value stream efficiencies

- Is it best practice?

- OR **NEXT PRACTICE!!!!!!!!!!!!!!!!!!!!!!**

How to calculate cost

- Total expenses for period of time divided by number of patients seen during that same time period, e.g., one year.

$$\$365,761 / 6,250 = \$58.52$$

Financial Statement

Overall Practice Activity				
	Annual	% Income	Per Visit	Cost Category
All Sources Income	\$579,794	100.0%	\$ 92.77	
Expenses				
Bank charge	\$ 1,011	0.2%	\$ 0.16	V/I
Billing service	\$ 16,368	2.8%	\$ 2.62	V/I
Contributions	\$ 183	0.0%	\$ 0.03	V/I
Depreciation	\$ 8,410	1.5%	\$ 1.35	F
Dues & Sub	\$ 2,893	0.5%	\$ 0.46	V/I
Ins - Bus & Mal	\$ 12,400	2.1%	\$ 1.98	F
Ins - Employee	\$ 16,255	2.8%	\$ 2.60	V/D
Sales	\$ 30,548	5.3%	\$ 4.89	V
Legal & Acct	\$ 6,131	1.1%	\$ 0.98	V/I
Marketing	\$ 9,055	1.6%	\$ 1.45	V/I
Med supplies	\$ 33,618	5.8%	\$ 5.38	V/D
Ofc exp	\$ 17,912	3.1%	\$ 2.87	V/I
Payroll	\$136,094	23.5%	\$ 21.78	V/D
Payroll tax	\$ 10,581	1.8%	\$ 1.69	V/D
Rent	\$ 55,491	9.6%	\$ 8.88	F
Rep & Maint	\$ 1,123	0.2%	\$ 0.18	V/I
Taxes	\$ 1,337	0.2%	\$ 0.21	V/I
Telephone	\$ 6,299	1.1%	\$ 1.01	F
Training	\$ 53	0.0%	\$ 0.01	V/D
Total	\$365,761	63.1%	\$ 58.52	
Net income	\$214,033	36.9%	\$ 34.25	

Costs



- Fixed costs
 - Costs that tend to remain constant regardless of changes in the volume of business
- Variable costs
 - Costs that tend to vary in total as business activity varies
- Direct costs
 - Costs that are directly related to services provided
- Indirect costs
 - Costs that are necessary but do not relate directly to services provided

Reducing Expenses

- Staff pay and benefits
- Eliminate FTEs
- Pinch capacity
- Reduce overhead

- Bottom line:
 - Quality is expensive

Care Plans

Diabetes

- Office visits - quarterly
- Laboratory (hgba1c)
- Podiatrist
- Ophthalmologist
- Pharmacy

Hypertension

- Office
- Laboratory
- Pharmacy

Alternative Methods of Payment



Fee for Service
(FFS)

FFS +
Shared
Savings

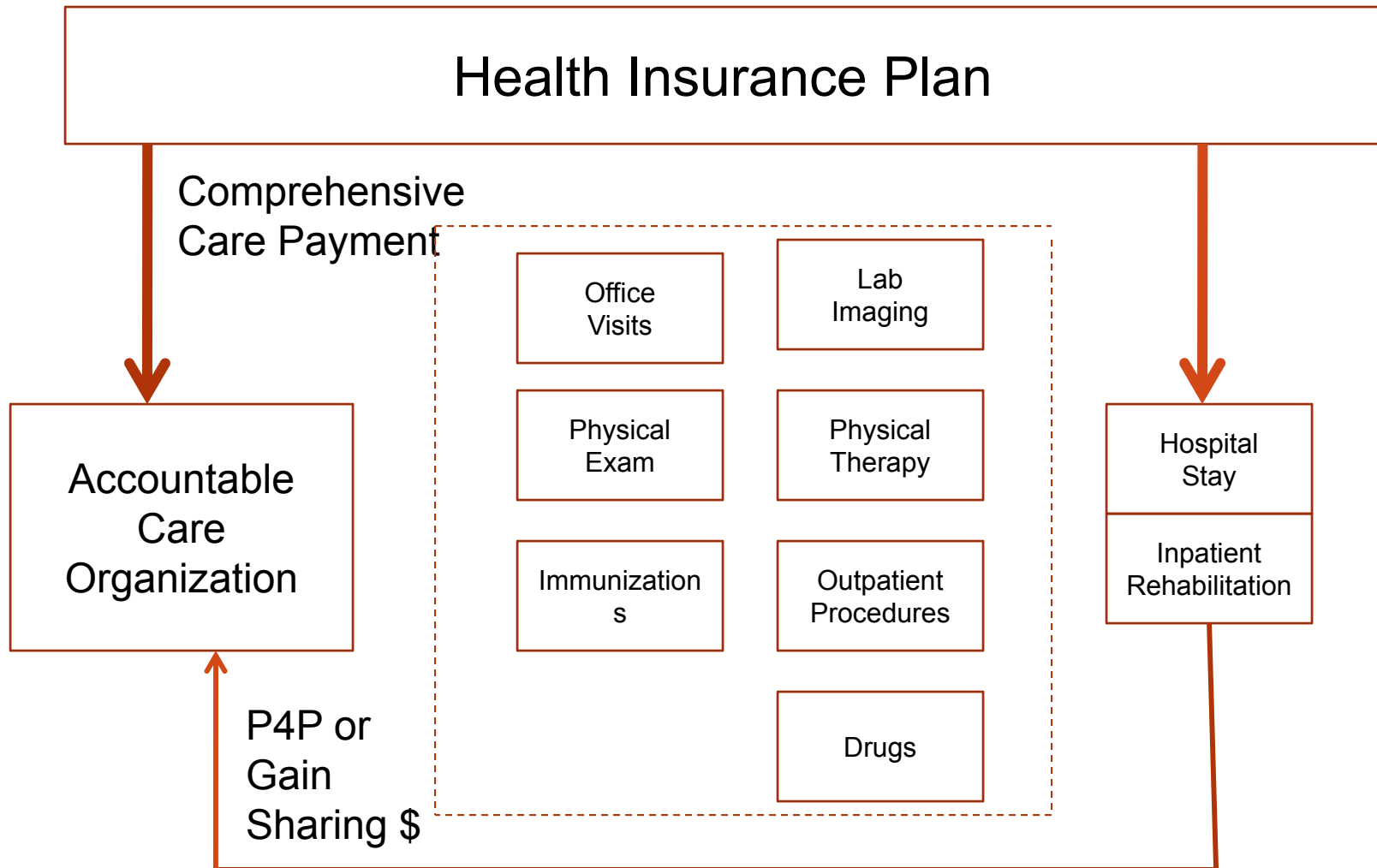
Episode
Payment

Partial
Comprehensive
Care Payment
+ P4P

Comprehensive
Care (Global
Payment)

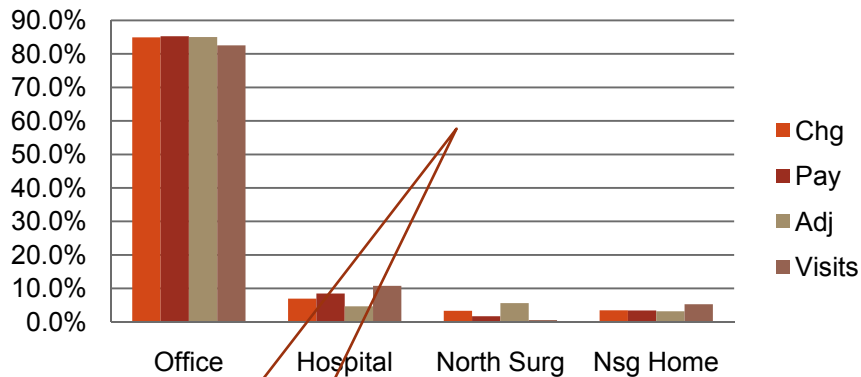
Capitation

Partial/hybrid payment options



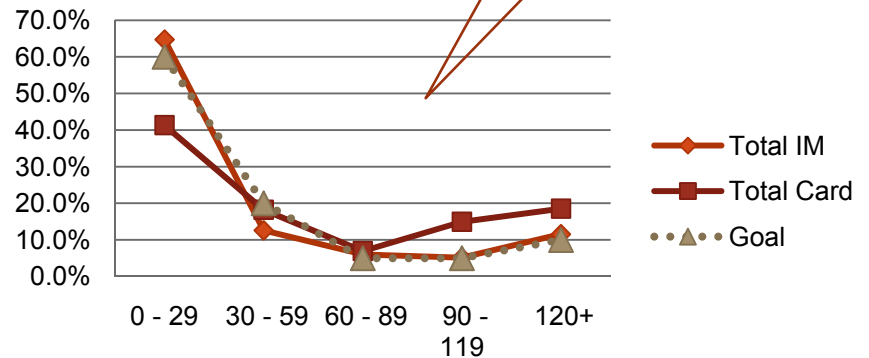
Dashboards

Activity Comparison



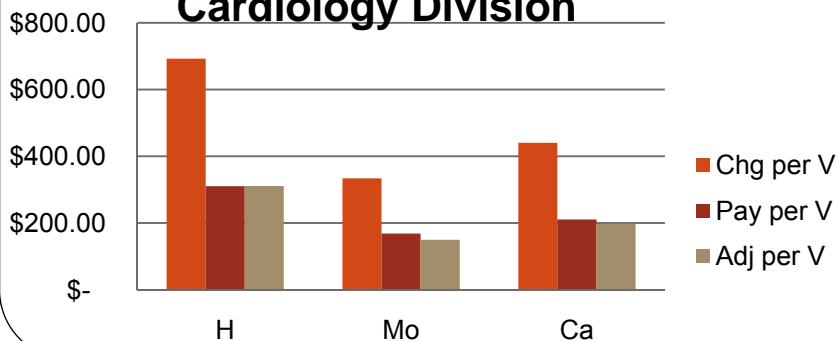
Office Activity most productive, hospital & Nsg Home - time consuming for \$??

AR aging by Division

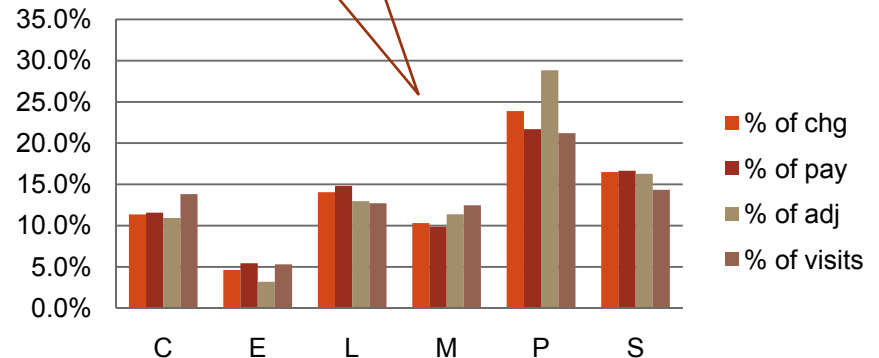


IM "Division" on goal line, Cardiology collections = problem, Dr. H 90 - 119 an issue to be checked

Per Visit Comparison - Cardiology Division



% Individual within IM Division



Dr. C visit ratio high, Why Dr. P Adj high?

Generations

- Traditionalist (1945)
 - Medicine is a vocation, profession and self identity one and the same
 - Respect hierarchy, join professional orgs, not computer literate, never request pay for being on call
- Boomers (1946 – 1964)
 - Work to acquire material
 - Failure to work = guilt, loyal, don't fear debt, rebel to authority, not joiners, not likely to sacrifice personal pleasures for the good of the group
- Gen X ((1965 – 1978)
 - Manage time and balance life are primary values
 - Transactional and seek immediate stability, disaffected by governance, lack trust in leadership, loyal to principles and not the organization
 - Comfortable working with others in team based approach, techno-savvy
- Millennials (1979 +)
 - Similar to boomers but high tech, immediate reinforcement, need to understand mission

*“Overcoming Generational Differences”
Joseph S. Bujak, MD, FACP
Healthcare Executive, Sept/Oct 2009*

High Tech operations – care - marketing

- Sharing of more data (insurance knows more about you than you do)
- Use of unstructured data, social networking sites
- Decision management:
 - Can we improve in treatment planning and delivery – improve outcomes?
 - Will more data help us directly?
 - How can we control errors and over-use at the same time provide effective-use
 - What metrics will help make more informed decisions
- All of this at what cost and how do we finance?

Count the “f’s”

FINE POINT

It is easy to miss the
finer
points in life. Folk are
frequently guilty of
falling
into this trap.

What is a project? (Beginning & End)

- Any temporary, organized effort that creates a unique product, service, process or plan
- Projects bring together people from a wide range of jobs and provides them with the opportunity to collaborate in a unique way
- A Project Charter is a written document that is used as a foundational guide for conducting a process improvement project
 - Establishes rules of game
 - What project includes, what it doesn't (boundaries)
 - Goals, constraints, success criteria

Project Charter

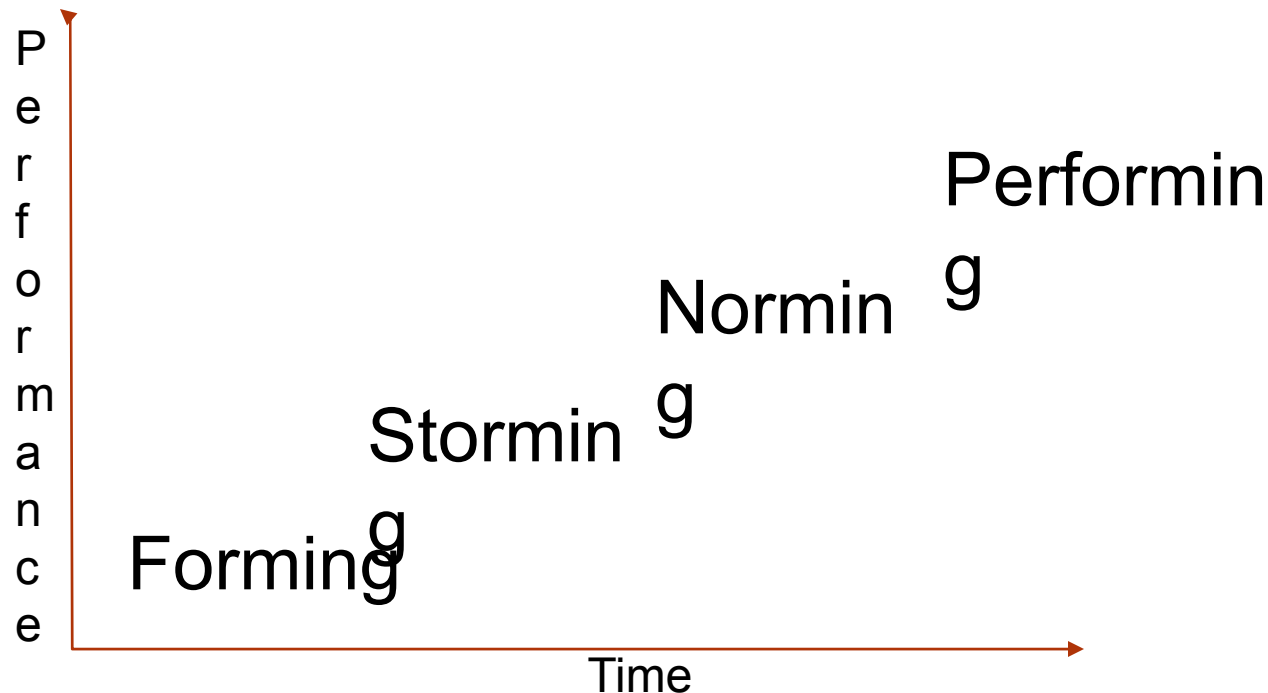
Project Name		Start Date	
Team:	Leader		
	Members		
	Facilitator if needed:		
	Stakeholders		
Problem statement or business case			
Purpose/Goal (business need)			
Objectives (measurable)			
Assumptions			
Risks			
Deliverables			
Boundaries			
Task	Assignment/duties	Due Date	To Whom
Milestones			
Communication strategy			
Budget			
Final presentation	Who:	Date	
Recommendation			
Accepted/revision:		Date:	

A Good Project Charter

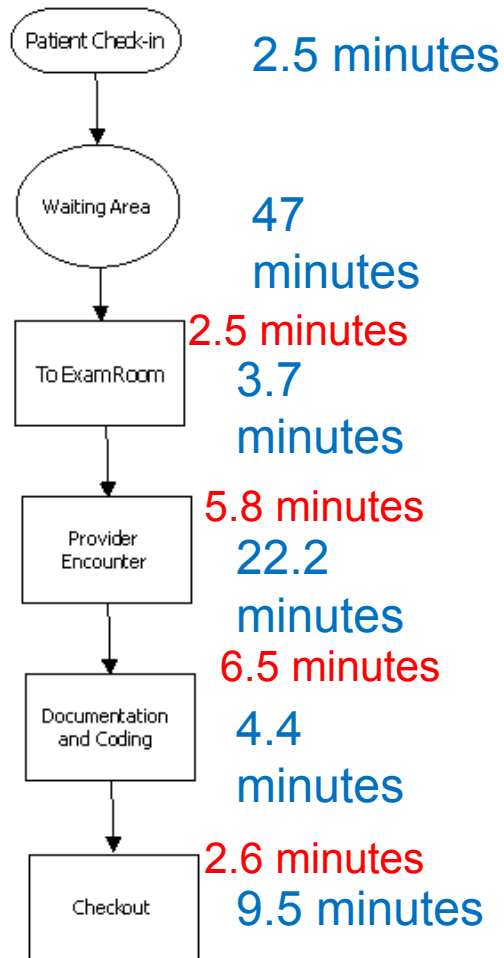
- Describe issues or situation motivating the project
- Describe the objective (outcome) of the project
- Identify the customers (patients, staff, payers, etc.)
- Stipulate boundaries (specific targets and/or goals)
- Estimate financial impact
- Define what the final deliverable will look like

Team Stages

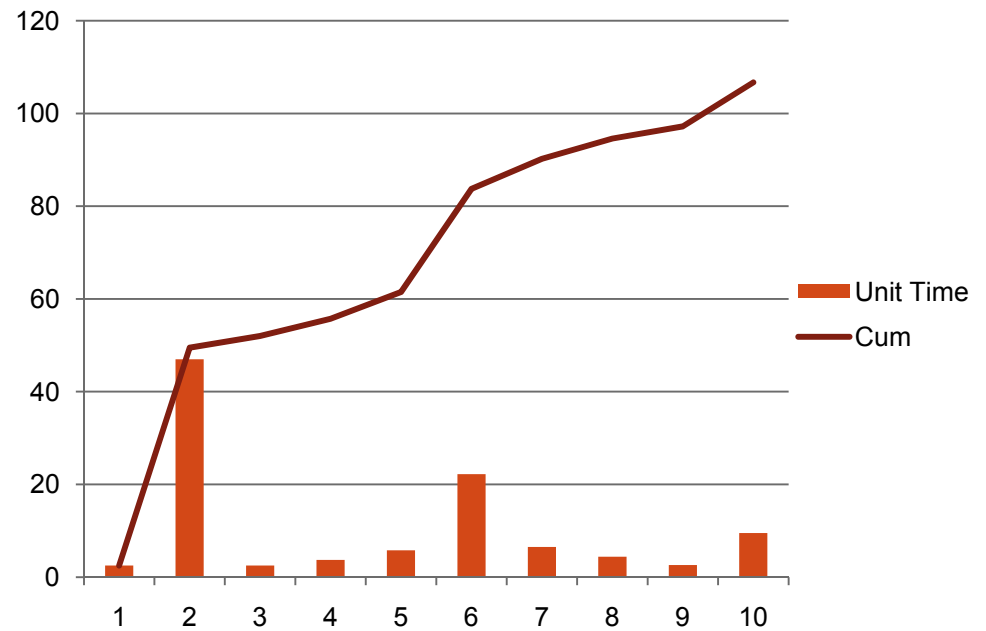
- Most teams go through four development stages before they are able to be considered effective
- As members are added and/or removed from a team, they may go through these stages again, as follows:

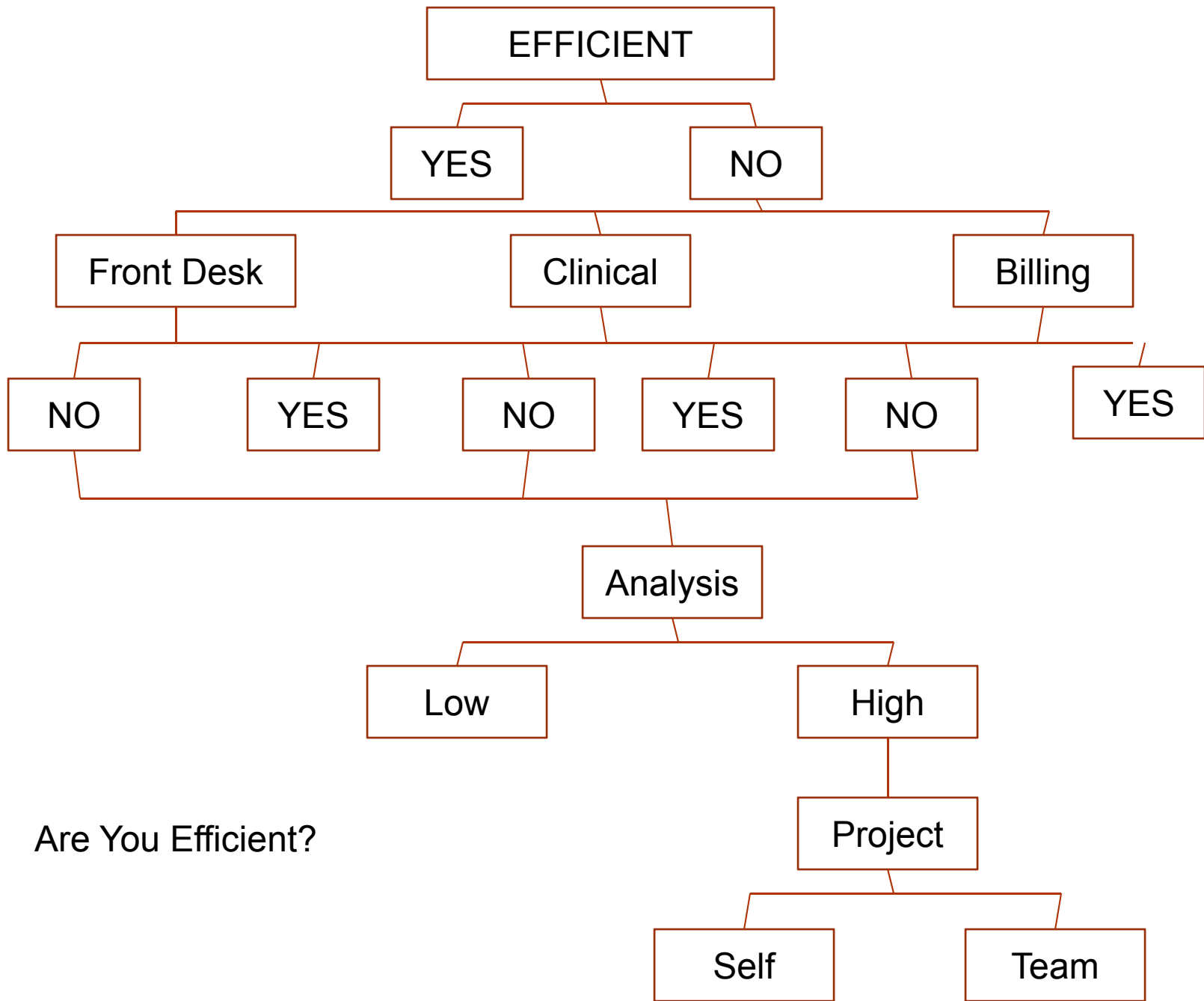


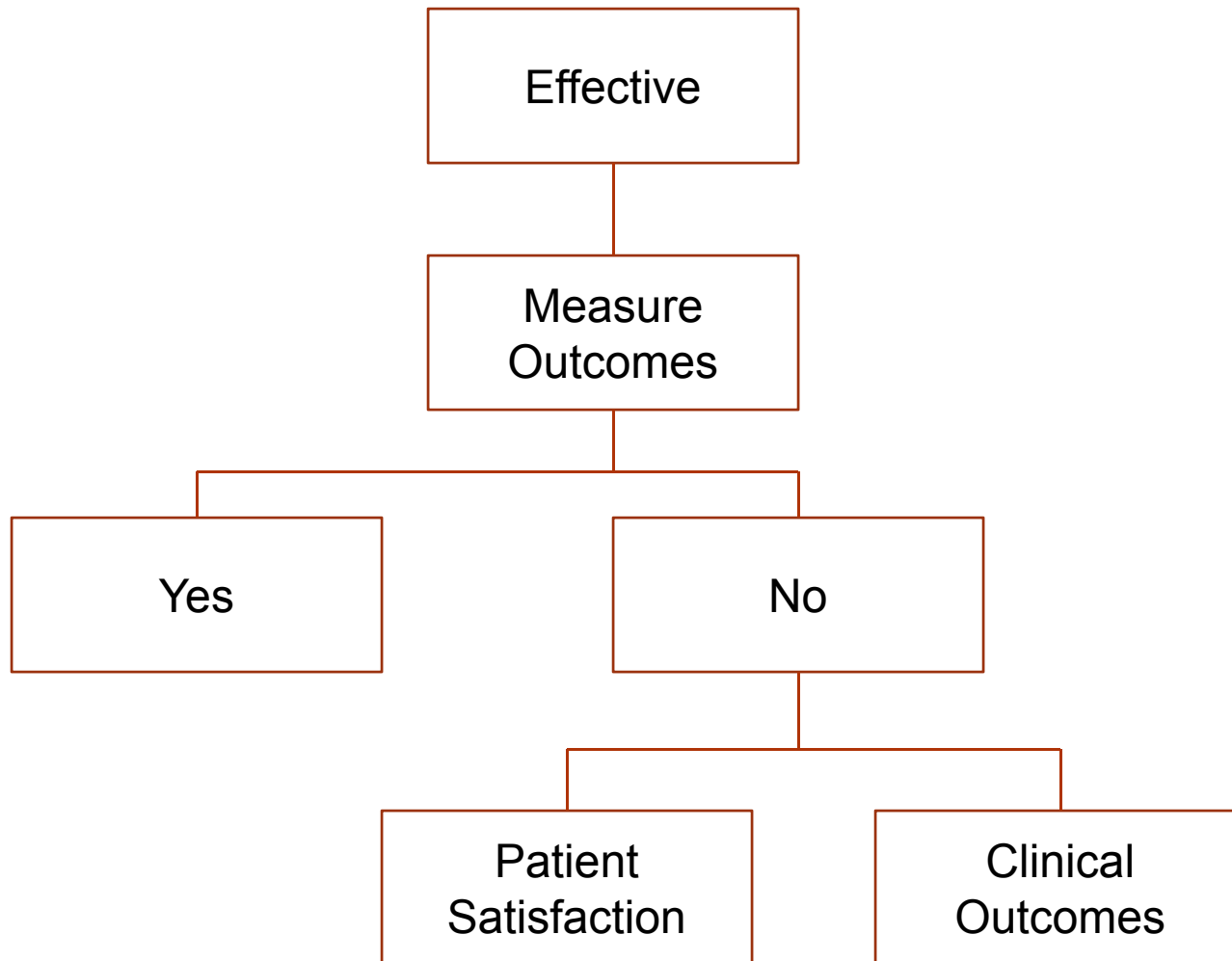
Example of Time Analysis – Est. Visit



Total patient visit cycle time = 106.7 minutes (1.8 hours)








Are you effective?

Success Stories

- Wait time – 23 - 14
- Days in AR – 37 - 28
- Increased the number of referrals – 10%- to 10%+
- Inventory -  \$200K

NCQA's PO certification

NCQA's Physician Organization (PO) Certification Program is available to organizations that provide primary, multi-specialty or single-specialty health care services through the use of practitioners of appropriate disciplines and perform the functions required in the standard category (or categories) for which they seek certification. The three standard categories for certification review are Quality Management and Improvement (QI); Utilization Management (UM); and Credentialing and Re-credentialing (CR). This program focuses on the PO's role as a delegate or agent performing a function on behalf of Health Plans (HP).

NCQA Recognition Programs

- PPC- Patient Centered Medical Home
- Back Pain Recognition Program
- Diabetes Recognition Program
- Heart/stroke Recognition Program
- Physician Practice Connection
- Physician Recognition Software Certification

Implementation

- Leadership commitment
- Teamwork
- Infrastructure
- Goals
- Measurements

Implementation

- Internal
 - Base line
 - Through year – key metrics defined
 - Reporting and tracking capabilities, process and outcomes
 - Doctors
 - Treatment (care) plans
 - Compensation
 - Management
 - Manage – overall infrastructure to meet expansion
 - Analytics – what to measure
 - Functionality
 - Documents

Implementation

- External
 - Target docs/groups
 - Specialty
 - Geography
 - Marketing
 - Letters
 - Visits
 - Individual
 - Meetings
 - Payer relationships
 - Individual reps/contact folks
 - Their philosophy

Be prepared to change

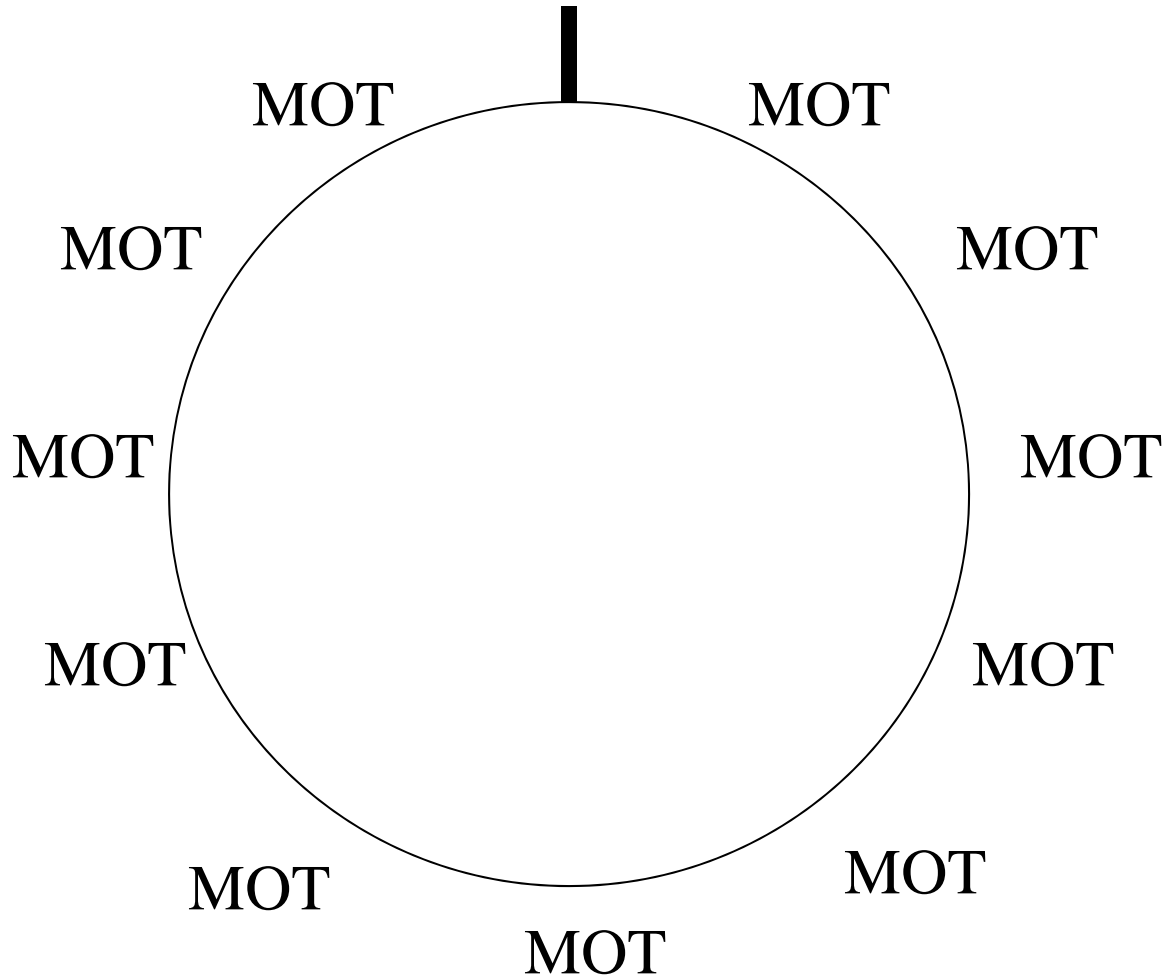
- Lewin's model for change management:
 - Unfreeze
 - Freeze
 - Re-freeze

Moment of Truth

Any episode in which the customer (patient) comes into contact with any aspect of the practice and gets an impression of the quality of its service.



Cycle of Service



Cycle of Service- Doctor's Office

- Call for an appointment
- Drive to the office
- Find a parking place and park
- Enter the building
- Read the signs - where to go
- Ask for directions
- Take elevator or walk
- Check in at the front desk
- Show insurance card/fill out forms
- Sit and wait
- Go to exam area
- Vital signs taken
- Discuss physical condition
- Tests and measurements
- Exit interview
- Check out and pay
- Find way out
- Drive away
- Wait for results
- Receive, read, and react
- Call for next appointment



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