American Hospital Association

From Volume to Value: Toward the Second Curve

AHA Sections for Metropolitan and Small or Rural Hospitals
A Network Affiliation the Preserves Hospital Independence
Nebraska Regional Provider Network

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Across Nebraska a regional provider network (RPN) is being developed among independent hospitals to manage changes that have emerged as purchasing migrates from volume to value.

**Learning objectives:**

- How nine hospitals and systems have coordinated efforts to achieve the Triple Aim and stay ahead of the curve
- How the RPN governance allows flexibility without compromising performance of networked providers
- How state-wide collaboration across providers allows them to pool risk and integrate clinically
- The role of a rural hospital in a larger provider network.
Methodist Health System, Omaha

Methodist Hospital:
- 423 licensed beds
- 11,696 discharges
- 26,652 surgeries
- 23,377 ER visits

Methodist Women’s Hospital:
- 112 licensed beds*
- 4,836 discharges**
- 4,029 surgeries***
- 6,185 ER visits
- 3,914 births

Methodist Jennie Edmundson:
- 206 licensed beds
- 4,876 discharges
- 8,116 surgeries
- 20,199 ER visits
- 377 births

Anchor Service Lines:
- Women’s Services
- Therapeutics and Diagnostics
- Orthopedics and Neurosciences
- Cardiovascular Services
- NICU
- Oncology

*Includes NICU
**Exclude Normal Newborns
***Included in NMH total
Bryan Medical Center

Gastroenterology   ENT
Pulmonology       Geriatrics
Cancer            Gynecology
Cardiology        Neurology
Orthopedics       Nephrology

Bryan Medical Center vital statistics:

- 356 beds
- 21,901 admissions
- 12,207 surgeries
- 148,007 outpatient visits
- 71,430 ER visits
- 2,866 births
CCH Vital Statistics:
- 47 Inpatient Acute Beds
- 4 Long Term Care Beds
- 2,416 Admissions
- 687 Surgeries
- 55,598 Outpatient Visits
- 10,447 ER Visits
- 606 Births

CCH Services:
- Surgery
- Skilled Nursing
- Certified Trauma Center
- Comprehensive Imaging
Nebraska Medicine, Omaha

Nebraska Medicine Services:
- 24/7 Trauma
- Transplant
- Neurology
- Oncology
- Cardiovascular
- Biocontainment

Two Hospitals
1000+ Physicians
39 ambulatory clinics
5,300 employees

NMC vital statistics:
- 678 beds
- 27,981 discharges
- 426,923 outpatient visits
- 77,544 ER visits

Nationally Ranked in Six Specialties by U.S. News & World Report

American Hospital Association
The RPN members will collaborate and innovate to:

- Improve Outcomes
- Gain Efficiencies
- Deliver Value to the Populations We Serve

**Strategic Goals**

1. Create a platform to share best practices to improve the quality of care.
2. Reduce the cost of delivering care through shared services and best practices.
3. Develop favorable positioning of participating providers for value-based reimbursement.
The opportunity to participate in the RPN is based on a three-tiered methodology centered on the degree of commitment to the RPN.

- **Contractors**
  - Nonmember participants that are contracted and subcontracted with on a select basis.
  - Medical management participation.
  - Limited shared administrative services.

- **Affiliates**
  - Participation in risk contracting (however, not exclusive).
  - Medical management infrastructure development.
  - Shared administrative services.

- **Members**
  - Participation in risk contracting (starting with EHP).
  - Medical management infrastructure development.
  - Shared administrative services.
  - Initial and ongoing capital investment.
Location

Figure 2: RPN Providers and Nebraska CAHs - K. Russel, Sept. 2013

- Founding Health Systems
- Critical Access Hospitals
Governance

RPN Board of Managers
- Senior Executives
- Physicians
- 2 At-large Affiliate Members

Working Committees
- Shared Services
- Finance and Payer Contracting
- Clinical Leadership and Quality
- Data and Information Technology
- Network Membership
- Regional Membership
Clinical Integration

Goal: Form a clinically integrated organization that will improve the quality and efficiency of the care being delivered.

RPN will need to achieve standards of clinical integration to participate in joint contracting, including:

- Interdependence.
- Participation of primary care providers and specialists, with a requirement for in-network referrals.
- Investments in standards and clinical protocols.
- Integrated IT infrastructure.
- Penalties for noncompliance with standards and protocols.

RPN is building its population health management capabilities for members’ self-insured employee health plans, which will then be expanded to other populations in the future.
Payer Contracting

Goal: Develop payer relationships and payment structures that align incentives to reduce cost and promote higher-quality care.

RPN will align with health plans to develop **risk-based contracting** arrangements. Opportunities include:

- Commercial shared-risk and pay for performance programs
- Medicare and Medicaid programs
- Direct contracts with self-insured employer health plans

RPN will provide the **support and infrastructure** required to succeed under these arrangements, including:

- Medical management
- Integrated information technology
- Payer contracting negotiation and execution
- Funds flow and incentive designs
- Risk management
Goal: Reduce the cost of delivering care through shared services.

**Rationale for Shared Services:**

- Enhance communication channels to share and implement best practices irrespective of joint contracting.
- Negotiate using the combined size for greater purchasing power with vendors outside of GPOs.
- Effectively deploy capital dollars with a combined approach to strategic planning.

**Areas of Opportunity:**

- Vendor contracts and pricing.
- Provider credentialing.
- Best practices and education.
- Medical delivery support.
- Centralized corporate functions.
Health Information Technology

**Goal:** Develop the optimal IT infrastructure for managing population health.

**Health info exchange capabilities:**
Data linkages necessary to exchange clinical data at the point of care.

**Analytics and reporting:**
- Tracking provider performance, identifying clinical variation, and reporting.
- Implementing a population management and risk assessment tool across the network to identify opportunities for care improvement and cost savings.

**Effective IT utilization:**
Support efforts to improve the use and functionality of members’ existing technologies. Examples include assisting with achieving EHR meaningful use requirements and sharing best practices.
Is going it ALONE still an option for your hospital?
Next Steps
Discussion

We invite your questions and comments.
Resources

Increasing Consumer Choice in Coverage and Care: Implications for Hospitals

Environmental Factors
- Increasing focus on improving quality and efficiency, greater clinical integration, assuming more financial risk and accountability
- Critical access hospital
- Small/rural hospital
- Safety-net health care system
- Independent community hospital
- Academic medical center
- Multifacility health system
- Specialty hospital

Answer
Top 10 Strategic Questions
1. What are the primary community health needs?
2. What are the long-term financial and clinical goals for the organization?
3. Would the organization be included in a narrow/preferred network by a health insurer, based on cost and quality outcomes?
4. Is there a healthy physician-hospital organization?
5. How much financial risk is the organization willing or able to take?
6. What sustainable factors differentiate the organization from current and future competitors?
7. Are the organization’s data systems robust enough to provide actionable information for clinical decision making?
8. Does the organization have sufficient capital to test and implement new payment and care delivery models?
9. Does the organization have strong capabilities to deliver team-based, integrated care?
10. Is the organization proficient in program implementation and quality improvement?

Identify
Potential Paths
- Redefine: To a different care delivery system
- Partner: With a care delivery system or health plan
- Integrate: By developing a health insurance function or services across the continuum of care
- Experiment: With new payment and care delivery models
- Specialize: To become a high-performing and essential provider

Implement
Must-Do Strategies
1. Aligning hospitals, physicians and other providers across the continuum of care
2. Utilizing evidence-based practices to improve quality and patient safety
3. Improving efficiency through productivity and financial management
4. Developing integrated information systems

Master
Organizational Capabilities
- Accept financial risk
- Conduct information exchange
- Expand reach
- Deliver core performance (quality and efficiency)

Integrate
Multifacility health systems with health insurance function

Experiment
Small/rural hospitals, independent community hospitals, academic medical centers, multifacility health systems, specialty hospitals

Partner
All hospitals

Specialize
Specialty hospitals, centers of excellence, service lines within all hospitals

Redefine
All hospitals
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