

Carilion Clinic Conversion Enters New Phase, Will Pilot New Payment Structure for Private Insurance and Medicare

Roanoke, VA - July 21, 2009

Carilion's conversion from a traditional, hospital-centric health care organization to a multi-specialty, patient-centered clinic is entering a new phase. The conversion began three years ago with a commitment to improve patient care, improve service and eventually decrease health care costs.

"We've made remarkable progress in building the organization and infrastructure necessary to fulfill our promise," said Carilion Clinic president and CEO Edward G. Murphy, M.D. "We've added more than 200 doctors, a physician leadership structure and a comprehensive electronic medical record. At the same time we've improved our academic profile by developing a new medical school and research institute with Virginia Tech."

According to Murphy, Carilion is now turning its attention to problems inherent in the current medical payment system, which rewards over-treatment while providing no incentive to keep people well. Two new pilot programs aimed at improving patient care, efficiency and wellness while lowering costs will begin in 2010.

Carilion Pilots Brookings-Dartmouth Model

A new and innovative, nationally-recognized health care model that rewards providers for improving patient outcomes while lowering cost growth will soon be pilot tested in Roanoke through a cooperative effort by the Engelberg Center for Health Care Reform at Brookings, The Dartmouth Institute for Health Policy and Clinical Practice, and the Carilion Clinic. The "Accountable Care Organization" (ACO) model encourages physicians, hospitals, insurance companies, and the government to work together to coordinate care, improve quality, and reduce costs.

The Engelberg Center and the Dartmouth Institute have selected Carilion Clinic to be a pilot site to implement the model through the Brookings-Dartmouth ACO Pilot Project. In an ACO, providers assume greater responsibility for the quality and cost of the care they deliver – supporting providers when they take steps to keep their patients healthy, deliver high-quality care, and avoid costly medications and procedures. It makes it financially feasible for doctors to practice preventive care and to provide enhanced disease management for patients with chronic conditions such as heart disease and diabetes.

"The Brookings-Dartmouth ACO Pilot Project and Carilion Clinic are on similar paths," said Murphy, "We understand that rising health care costs are not sustainable and that provider leadership is essential to reforms that reduce costs, improve efficiency, and are accountable for

clinical outcomes. As providers, we are best equipped to develop solutions that keep patient care and quality at the center of the discussion.”

“Carilion’s work in developing an integrated multi-specialty physician group provides a strong foundation from which to pilot the payment reforms central to ACOs,” said Elliott Fisher, director of the Center for Population Health at Dartmouth.

“Accountable Care Organizations are a model for delivery reform that can help transform our nation’s health care system from one that rewards overuse to one that delivers high-quality care at lower costs,” said Mark McClellan, director of the Engelberg Center for Health Care Reform and Leonard D. Schaeffer Chair in Health Policy Studies at the Brookings Institution. “We look forward to working with the partners in Roanoke and with other sites around the country to test this promising new model.”

Carilion Clinic will receive technical assistance in setting up, implementing and testing the ACO concept, and will develop a pilot process for payment and delivery system reform based on accountability for quality improvement and cost reduction. Brookings and Dartmouth will assist with various components of the pilot to ensure the success of the multi-year effort, with the ultimate goal of generating a structure that can be easily replicated across the country.

Several insurance payers including Anthem, CIGNA, United Healthcare and Southern Health have expressed interest in participating with Carilion Clinic in the ACO pilot and are in discussions with Carilion, Brookings, and Dartmouth.

Medicare Health Plan

Carilion Clinic has received conditional federal approval to operate a Medicare Advantage Plan. The new organization, called Carilion Clinic Medicare Health Plan, will offer a variety of plan designs with no or low member premiums, affordable co-payments, prescription drug benefits, and wellness care.

Medicare Advantage Plans are paid a flat monthly fee, which makes it possible for participating doctors to provide wellness and preventative care. Quality, outcomes and patient satisfaction measures will be monitored to ensure patients are happier and healthier as a result.

Enrollment in the Carilion Clinic Medicare Advantage Plan for 2010 is expected to begin on November 15, 2009.

###

About the Brookings-Dartmouth ACO Pilot Project

The ACO Pilot Project is led by the Engelberg Center for Health Care Reform at Brookings and The Dartmouth Institute for Health Policy and Clinical Practice. It aims to implement and test a replicable model that can be used nationwide. During the project, participating pilot sites will negotiate, implement, and refine the ACO model in their region in a multi-payer, multi-stakeholder environment.

The Engelberg Center for Health Care Reform is committed to producing innovative solutions that will drive reform of our nation's health care system. The Center's mission is to develop data-driven, practical policy solutions that promote broad access to high-quality, affordable, and innovative care in the United States. The Center conducts research, makes policy recommendations, and facilitates the development of new consensus around key issues and provides technical support to implement and evaluate new solutions in collaboration with a broad range of stakeholders.

The Dartmouth Institute for Health Policy and Clinical Practice is a dynamic force within Dartmouth College, dedicated to improving health care through education, research, policy reform, leadership improvement, and communication with patients and the public