

Accountable Care, Medical Homes and Health Care Reform

***Senate Finance Committee - Health
and Human Resources Subcommittee***

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Carilion

- Headquarters: Roanoke, VA
- 8 Hospitals
- Significant teaching program
- Large physician group
- \$ 1.3 Billion net revenue
- 11,000 employees

Medical School & Research Institute

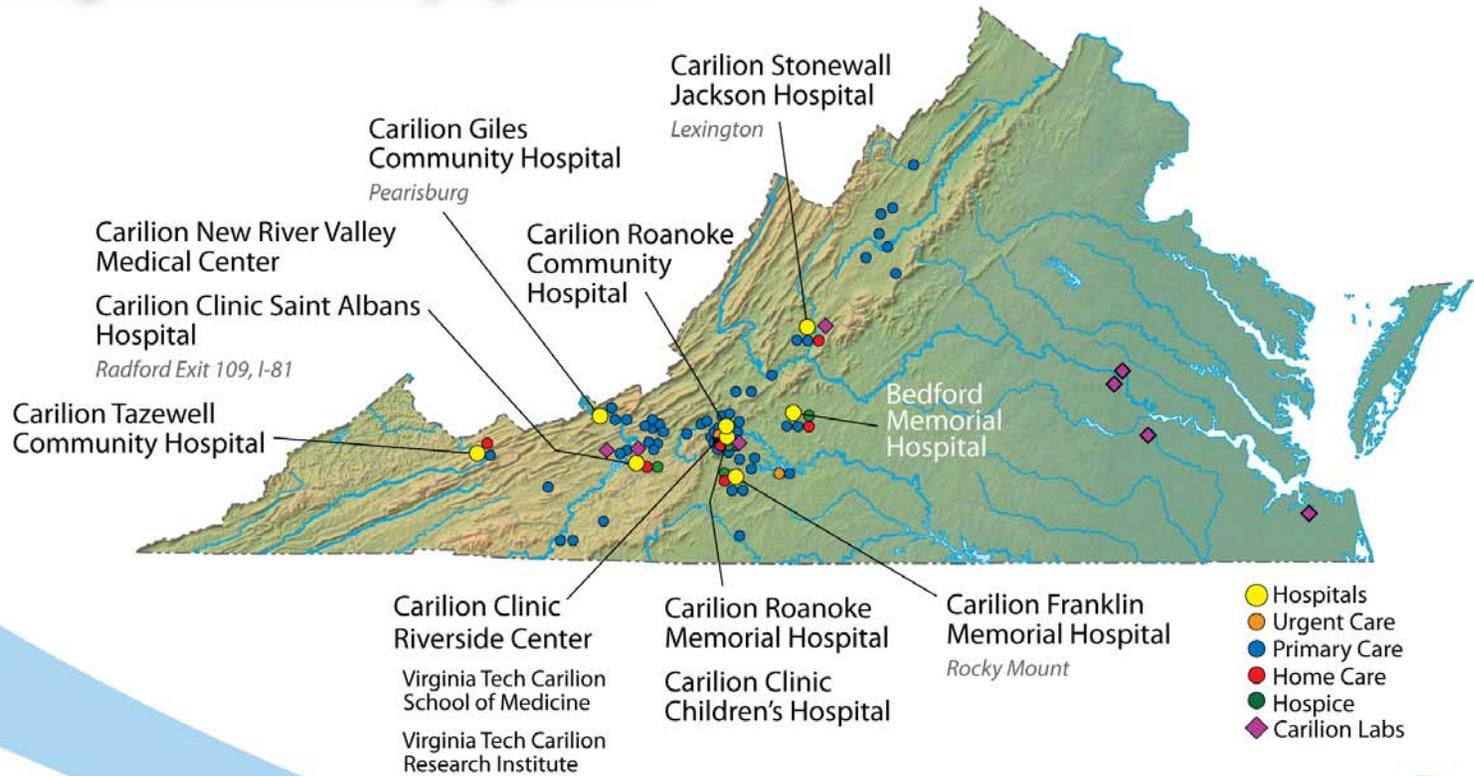
*Classes began August 2010 with
inaugural class of 42 students.*



VTC
Virginia Tech Carilion
SCHOOL OF MEDICINE

VTC
Virginia Tech Carilion
RESEARCH INSTITUTE

Integrated Delivery System



Our View of a Clinic

- Large interdisciplinary group practice dedicated to integrated and coordinated care producing excellent efficient patient care supported by education and informed by research
- Physicians are key leaders
- Organized around the physician group
- Hospitals work together with physicians in support of patients' needs

Why “Accountable Care”

- Came to quickly realize that we needed to merge provider system reforms with payment system reforms
- Needed bridge strategies and new approaches with payors
- Fulfill vision for patients, community, and providers- required some fundamental shifts in our work

Accountable Care Organizations

Two Questions:

- 1) Accountable to who?
- 2) Accountable for what?

Questions

1) Accountable to who?

- Patients
- Community
 - Ultimate payors



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Questions

2) Accountable for what?

- Outcomes
- Service
- Costs
 - i.e., making them lower



Costs

- Cost reduction is the key driving force behind ACO advocacy.
- Total cost of care
 - *The all-in-per-capita cost of treating a population for a year.*

Prime Focus – Service Volume

Cost Savings Opportunities

- Pharmaceuticals
- Hospital admissions
- E.D. Usage
- Procedures
- Ancillary services, esp. high cost imaging (e.g., C.T.)



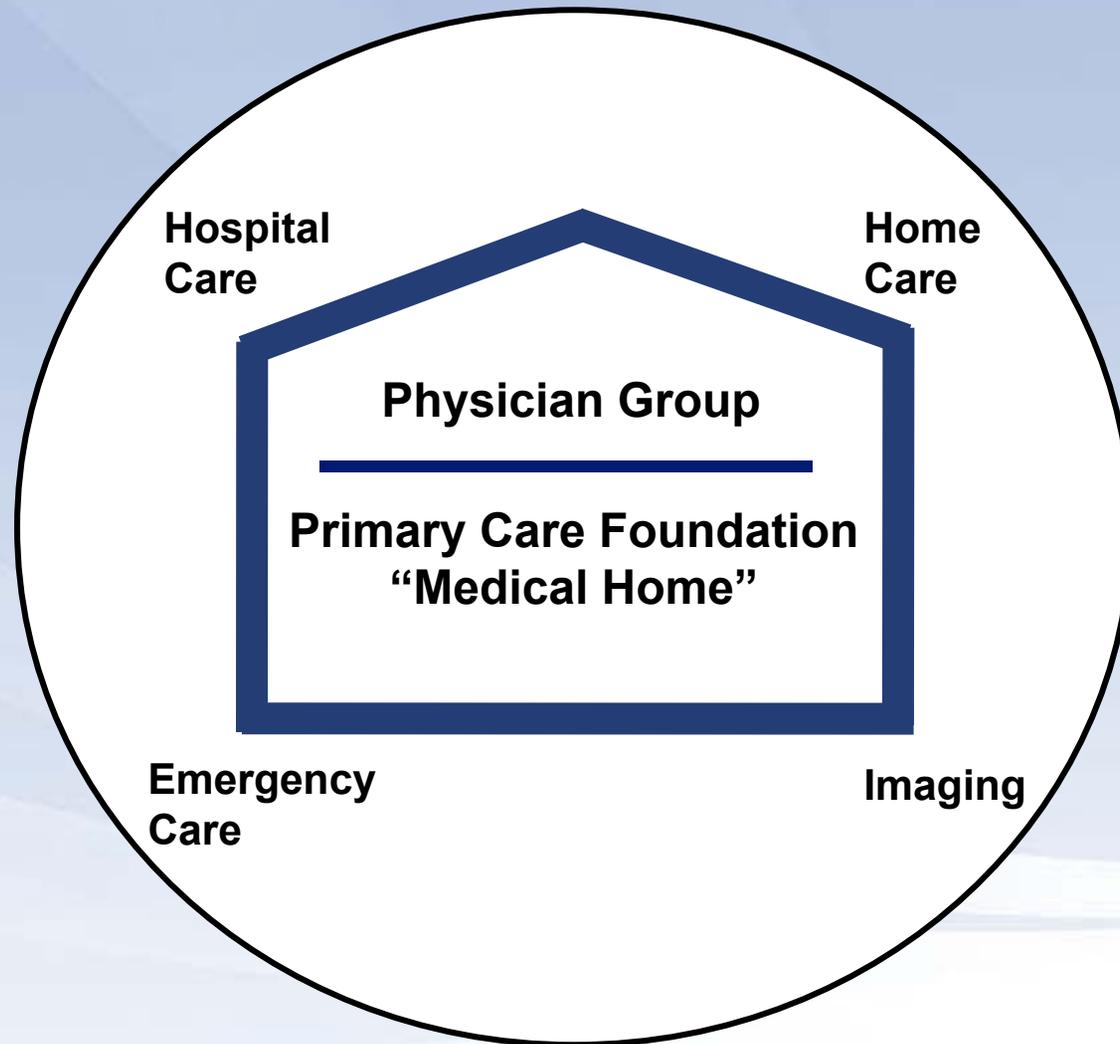
Significant Business Model Conflict

- Health care is a volume driven, transaction oriented business.
- ACO's are a care management/efficiency value proposition.
- We're set-up to deliver services ... not manage care.

ACO Success

- Requires execution on a whole new body of work / new competencies
 - Case management
- Largely the work of physicians and physician support personnel/ services.

ACO



**Everyone is important but physician group
is at the center.**

Investments

1) Comprehensive EMR; Epic

- 3 year project
- 10 year Total Cost Ownership

\$100,000,000 !

2) Physician Group

- 300 → 600

3 years !



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Medical Home

The Primary Care Foundation

- Comprehensive Primary Care
 - Wellness
 - Management of chronic diseases
 - Robust case management function



Carilion's Medical Home Journey

NCQA Standards / Certification

- Pilot Experimentation
 - 2 practice locations (test sites)
 - 1+ year testing different activities



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Carilion's Medical Home Journey

NCQA Certification Process

- 1st Test Site Application
 - July '09
- 1st Certification
 - Sept '09

*** 1st NCQA Level 3 certification in VA.**

Carilion's Medical Home Journey

NCQA Certification Process

- Current Certifications
 - 6 sites
 - 29 physicians
- Thanksgiving
 - 11 sites
 - 42 physicians

Carilion's Medical Home Journey

NCQA Certification Process

- Goal: Summer 2011
 - 19 sites
 - 74 physicians
- Current state in VA, **non-Carilion** NCQA Level 3 certifications:
 - 3 sites
 - 20 physicians

Moving Beyond Setting the Foundation

- Beginning to report data now
- Reports by: Dr.; Practice Site; Region
 - Panel size / Panel
 - Disease registries
 - ED visit rate
 - Readmission rate: 30d, 60d, 90d
 - Avoidable admissions (ARHQ definition)
 - High-end imaging

Business Model Conflict

1) Nature of work

- Data
- Structure
- Incentives
- Payor relationships **

2) Revenue model



ACO Success

- Threatens existing revenue
 - ↓ Admissions
 - ↓ ED usage
 - ↓ High end imaging

ACO Success

**You can't reduce
health care costs
without spending less!**



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Funding Strategies

- Shared Savings
- Case Management Fee
- Budgeted Payments



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Summary

ACO's

- Potential for high patient and societal value

but...

- ***A very complicated transition.***



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