



# Clinically Integrated Networks

## Central PA Population Health Symposium

May 2, 2019

**Jaan Sidorov, MD, MHSA**  
CEO and President  
Care Centered Collaborative at the  
Pennsylvania Medical Society



## Insurers

- Enrollment
- Premium adequacy
- High Performance
- Network options

## Pittsburgh Post-Gazette: Pennsylvania aims to promote 'value-based' health care approach

Friday, September 11, 2015

The Pennsylvania

Department of Health  
wants insurance companies  
to pay doctors and hospitals  
based on how effectively  
they treat patients, not  
solely on how much care  
they supply

**aetna**

Aetna

About **40 percent** of Aetna claims payments are going to doctors and providers who practice value-based care. Aetna has committed to increasing that number to **75 percent by 2020**.

**Anthem**  
BlueCross BlueShield

Anthem

"Currently, we have more than \$38 billion in spend tied to value-based contracts, representing **30 percent** of our commercial claims and approximately 40,000 providers."

– Joe Swedish, Anthem CEO

**Cigna**

Cigna

"Cigna has been a leader in value-based care reimbursement since 2008 and we are **well on the way to having value-based reimbursements represent the majority** of our arrangements with providers by 2018."

– Mark Slitt, Cigna PR

**UnitedHealthcare**

UnitedHealth

UnitedHealthcare's total payments to physicians and hospitals that are tied to value-based arrangements have **nearly tripled in the last three years to \$36 billion**. Those payments are expected to increase 20 percent to \$43 billion in 2015 and hit **\$65 billion by the end of 2018**.



### NCQA Health Insurance Plan Ratings 2017-2018 - Summary Report (Private)

Search for a health insurance plan by state, plan name or plan type (Private, Medicaid, Medicare). Click a plan name for a detailed analysis.

In 2017, NCQA rated more than 1,000 health insurance plans based on clinical quality, member satisfaction and NCQA Accreditation Survey results. This way of rating plans emphasizes care outcomes (the results of care people receive) and what patients say about their care.

Information about the ratings, including how they are calculated, is available [here](#). To license the underlying data, go [here](#).

2017 - 2018

Private(Commercial)▼

Pennsylvania▼

Enter Plan Name

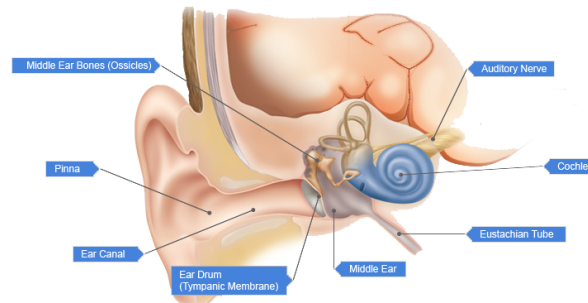
Search

Lower Performance

Higher Performance

≤1.01.52.02.53.03.54.04.55.0

Rating	Plan Name	States	Type	NCQA Accreditation	Consumer Satisfaction	Prevention	Treatment
4.5	Highmark Choice Company	PA	HMO	Yes	4.5	3.5	3.5
4.5	UPMC Benefit Management Services, Inc.	PA	PPO	Yes	3.5	4.5	4.0
4.5	UPMC Benefit Management Services, Inc.	PA	HMO	Yes	4.5	4.5	4.0
4.5	UPMC Health Coverage, Inc.	PA	HMO	Yes	4.5	4.5	4.0
4.5	UPMC Health Network, Inc.	PA	PPO	Yes	3.5	4.5	4.0
4.5	UPMC Health Options, Inc.	PA	PPO	Yes	3.5	4.5	4.0
4.5	UPMC Health Plan, Inc.	PA	HMO	Yes	4.5	4.5	4.0



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## What are we hearing from physicians?

Value-based payments are well-intentioned.

Value-based payments are getting to critical income mass.

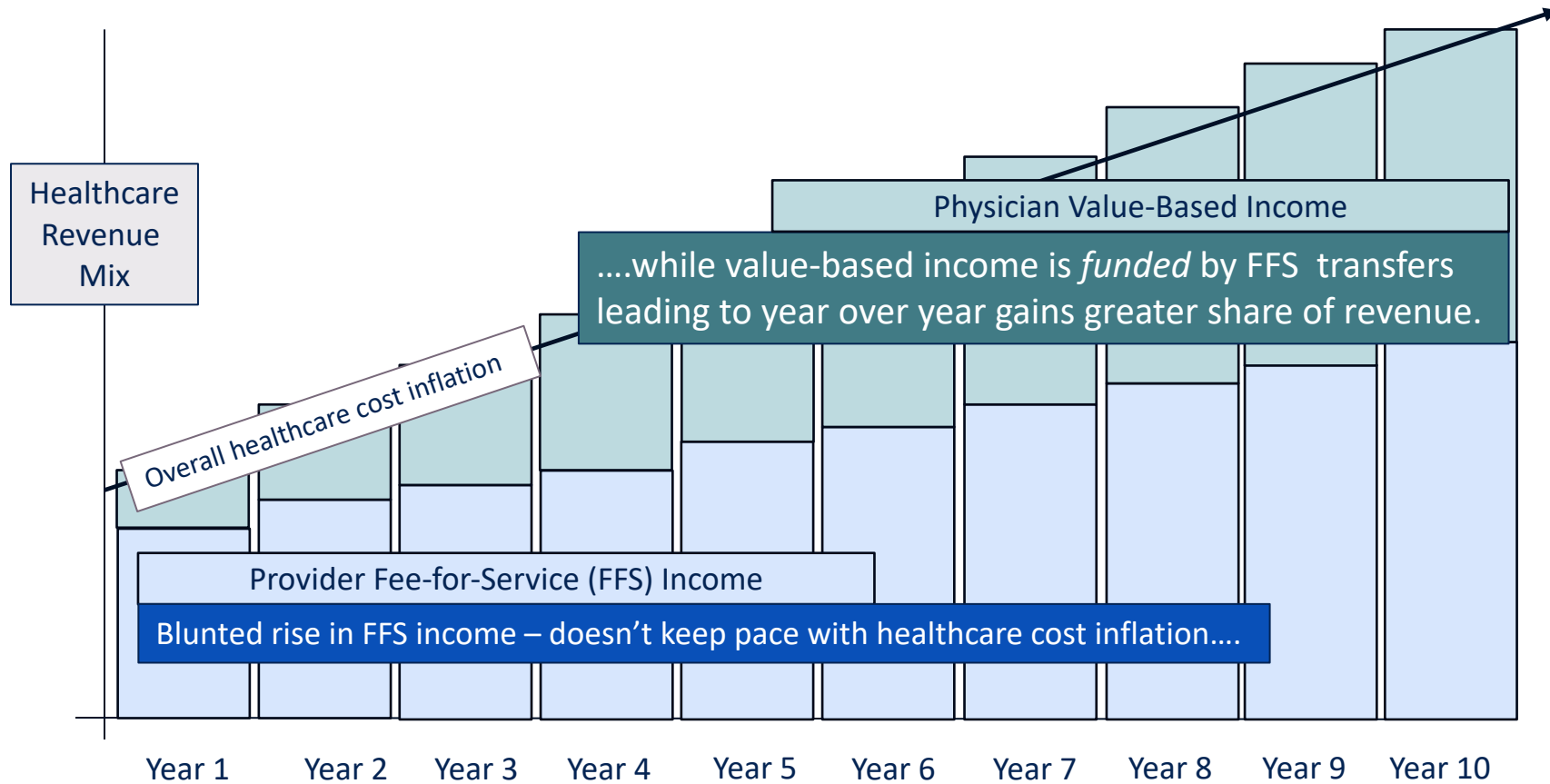
But, they are deeply flawed

- ✓ **Statistically Suspect:** low numbers mixed with ordinal data
- ✓ **Opaque:** HEDIS, Stars, inclusion criteria and outside standard reporting
- ✓ **Simplistic:** claims-based and disconnected to the real world
- ✓ **Burdensome:** documentation and appeals are costly
- ✓ **Futile:** deep skepticism that this is the key to value-based transformation

“Check box medicine”



Plus, value-based payments are being funded by inadequate fee schedules....





So, what's the “treatment?”





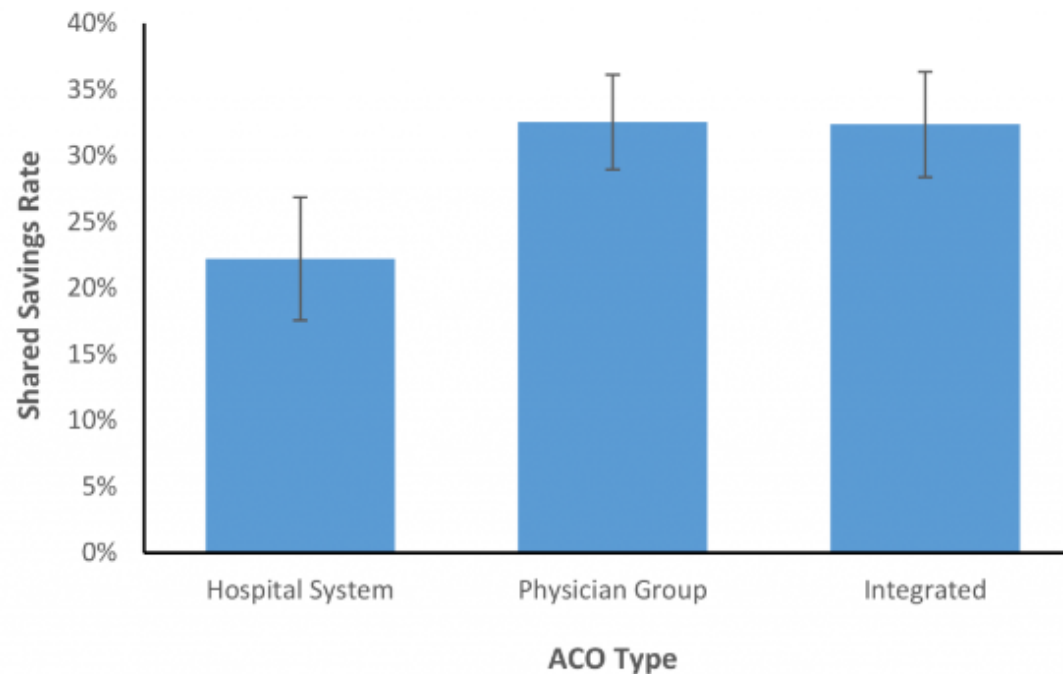
# Physician-Led Success

## Medicare Accountable Care Organization Results For 2015: The Journey To Better Quality And Lower Costs Continues

David Muhlestein, Robert Saunders, and Mark McClellan

September 9, 2016

**Exhibit 7. Rate Of Shared Savings Bonus For Different Types Of ACOs (Hospital Systems, Physician Groups, Or Integrated)**



# The Secret Sauce of Physician Leadership



Commentary

American  
College of  
Medical  
Quality

A  
C  
M  
Q

## Just What the Doctor Ordered? Physician Participation in Organization C

Jaana Sidorov, MD, MHS

American Journal of Medical Quality  
2016, Vol. 31(3) 281–283

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SAGE

**“You do not want to (only)  
win an argument.**

**You want to win.”**

**- Nassim Nicholas Taleb**

Healthcare Firms do well when:

- Physicians have accountability –  
i.e., “skin in the game”
- Physicians drive governance
- Physicians hire the staff
- “Extensive & active involvement of  
clinicians....in decision making.”





Decline in independent physicians is bottoming out....

### Physicians Identifying As Independent Practice Owners or Partners

2018	2016	2014	2012
31.4%	32.7%	34.6%	48.5%

.... while skepticism over hospital employment lingers

### Do Not Agree That Hospital Employment of Physicians Is A Positive Trend Likely to Enhance Quality of Care and Decrease Costs

2018	2016	2014	2012
57.5%	66.2%	62.9%	75.6%



2018 SURVEY OF

## AMERICA'S PHYSICIANS

Practice Patterns & Perspectives

An Examination of the Professional Morale, Practice Patterns, Career Plans, and Perspectives of Today's Physicians, Aggregated by Age, Gender, Primary Care/Specialists and Practice Owners/Employees

Survey conducted on behalf of The Physicians Foundation by Merritt Hawkins. Completed September, 2018. Copyright 2018, The Physicians Foundation, [www.physiciansfoundation.org](http://www.physiciansfoundation.org)

**Harvard  
Business  
Review**

## Do Most Hospitals Benefit from Directly Employing Physicians?

by Jeff Goldsmith, Alex Hunter, and Amy Strauss

MAY 29, 2018

*....hospitals' multi-specialty physician groups lost almost \$196,000 per employed physician. (They are) treating physician group losses and CIN expenses as loss leaders for value-based contracts and then losing yet more money on those contracts.*





BUSINESS

# Behind Your Rising Health-Care Bills: Secret Hospital Deals That Squelch Competition

Contracts with insurers allow hospitals to hide prices from consumers, add fees and discourage use of less-expensive rivals

By Anna Wilde Mathews  
Sept. 18, 2018 10:46 a.m. ET

596 COMMENTS



- Favorable fee schedules;
- Tiering;
- Dis-incent lower-cost alternatives;
- Tiering and co-pays to steer patients;
- Non-disclosure/gag clause agreements.
- Inflated value-based arrangements



# “Clinically Integrated Networks”

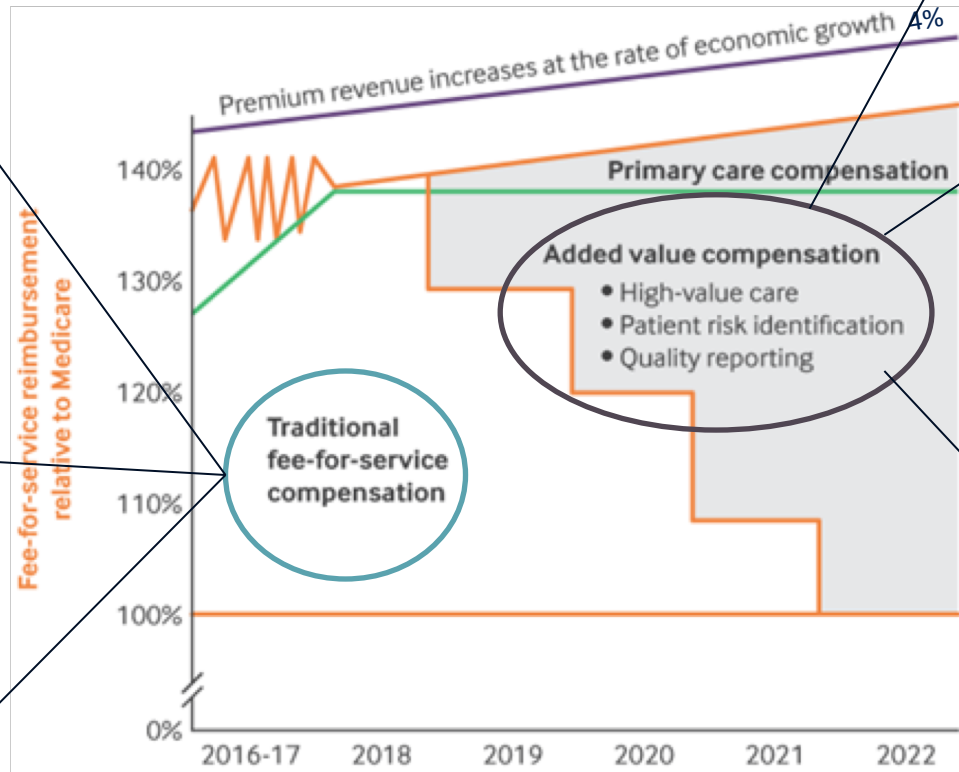


**“Value-Based Care” or VBC:** A healthcare delivery model in which providers, including hospitals and physicians, **are paid based on patient health outcomes.....**

Declining fee-for-service fee income

“Providers”  
One-on-One  
“Encounters”  
Unit Pricing  
Coding  
Volume

*Can’t work smarter;  
Can’t be scaled*



Growing Value-Based Income

Panels  
“Cohorts”  
“Attributed”  
“Populations”  
“Covered Lives”  
**Value**

*Can  
work  
smarter  
Must be  
Scaled*

**....and financed by declining fee-for services payments.”**

# How can physicians across Pennsylvania respond?



Commitment to  
Quality with  
Economic Efficiencies



Meaningful  
Physician Leadership



Funds Flow

High Cost  
CIN Enablers  
Resourced by PAMED

Data Management, Sharing ,  
Review and Insights

Care Management  
Personnel in a  
Team-Based  
Approach to Care



Credentialing



Performance Improvement



Contracting

Physician-Led  
Clinically Integrated  
Network

Guidelines & Protocols



# Strategy



1. Recruit the smaller independent practices who trust and welcome PAMED

Competitors:

a) Venture backed entities -



b) Physician-Hospital Organizations

2. Enable, build on and leverage the high performance *already in place* in the smaller independent practices

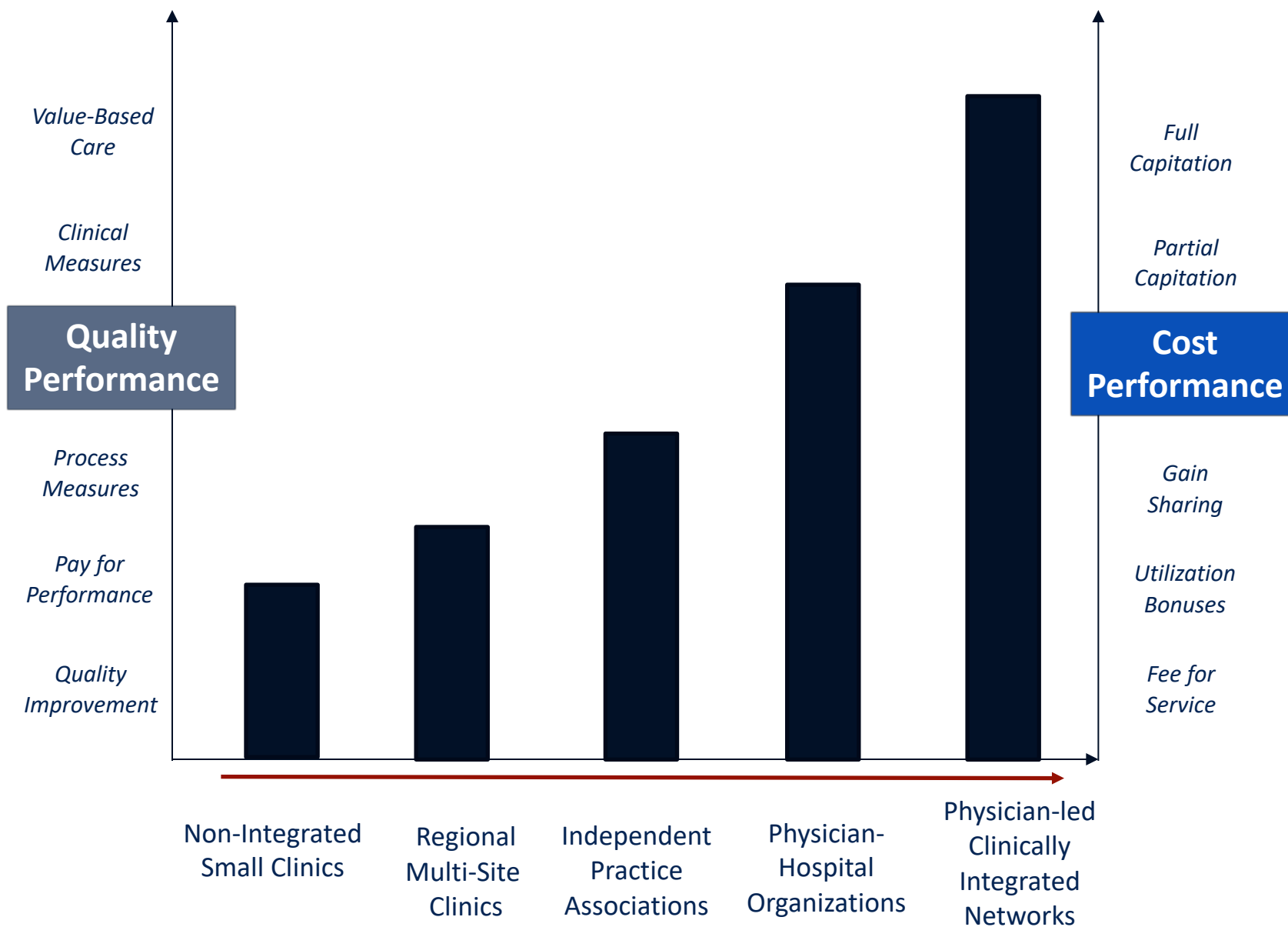
a) Build IT, Case Management and Contracts simultaneously

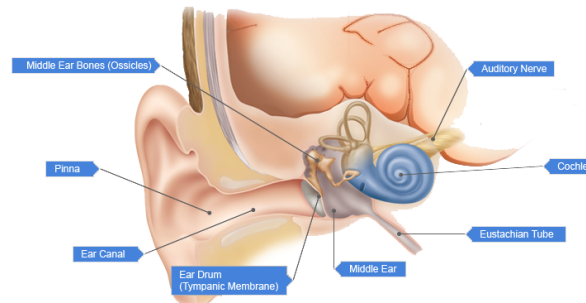
3. Translate, consolidate multiple quality measures

4. Proof of concept, early wins for 2019

5. Aggressive contracts for 1/1/20

# Physician-led clinically integrated networks can outperform...





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Value-based payments are well-intentioned.

Value-based payments are getting to critical income mass.

**And can be improved and *can be accelerated* by**

- ✓ **Statistically Accurate:** high number of pooled covered lives
- ✓ **Transparent:** buy an EHR-agnostic reporting warehouse
- ✓ **Meaningful:** collaborate on the measures that count
- ✓ **Streamline:** better documentation with timely trending
- ✓ **Impactful:** ask us – we want to help, make it happen

~~“Check box medicine”~~