Physician-Hospital Integration in the 21st Century: A MemorialCare Alignment Story
Six Nationally-Recognized Hospitals

- Long Beach Memorial
- Miller Children’s Hospital Long Beach
- Community Hospital Long Beach
- Orange Coast Memorial
- Saddleback Memorial Laguna Hills
- Saddleback Memorial San Clemente
Fully Engaged for Excellence

Traditional Engagement Approaches
- Academic Affiliations & Medical Education
- Medical Directorships
- Managed Care Risk/Capitation Agreements
- Saddleback Physician Services – MSO
- Recruitment: Income Guarantees

Innovative Engagement Approaches
- Physician Society
- Physician Leadership Academy

Evolving Engagement Strategies
- Electronic Medical Record – Inpatient & Ambulatory
- Outpatient Specialty Clinics (1206D)
- Medical Foundation (1206L)
- Joint Ventures
- Retail Medicine
Levels of Alignment

**INDEPENDENT**
- Solo/Private Practice

**PHYSICIAN PRACTICE**
- Small Group Single Specialty
- Large Group Multi-Specialty

**HEALTH SYSTEM BASED**
- Foundation Model

**PHYSICIAN CONSIDERATIONS/CHOICES**

**PERSONAL**
- Lifestyle
- Autonomy
- Risk

**BUSINESS/OPERATIONS**
- Human Resources
- Payor Contracting
- Purchasing
Industry Assessment
Pressures Impacting Hospital/Physician Alignment

- Reimbursement Methodologies
- Health Care Reform
- Expense Management
- Payor Consolidation
- Quality Reporting/Pay-for-Performance
- Biotechnology Advances
- Competition
- Physician Shortages
- IT Linkages
- Chronic Disease Management

Health Care Reform

Chronic Disease Management

IT Linkages

Physician Shortages

Biotechnology Advances

Payor Consolidation

Quality Reporting/Pay-for-Performance

Expense Management

Reimbursement Methodologies
Health Care Reform as Currently Outlined:
- Create a Public Plan
- Increase Integration
- Improve Quality
- Decrease/Control Costs (i.e. Bundle Payments)
- Develop Accountable Care Organizations

MedPAC Defines an ACO as:
- An integrated health care delivery system that relies on a network of primary care physicians, one or more hospitals, and sub-specialists to provide care to a defined patient population.
- Under the model, hospital and physician networks would be responsible for the quality of care delivered to patients and would receive bonuses for providing high-quality, low-cost care (and penalties for delivering low-quality, high cost care).
AAMC Projections Show that Primary Care and Surgical Specialties Face Greatest Shortages

FTE Physicians

Primary care

Other patient care

Surgery

Medical specialties

Square = Demand  Circle = Supply

Physician Shortage Projections
85 percent of Physicians Seek… Employment Models

According to the 2010-11 Occupational Handbook from the Bureau of Labor & Statistics

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<tbody>
<tr>
<td>Physicians and surgeons</td>
<td>29-1060</td>
<td>661,400</td>
<td>805,500</td>
<td>144,100</td>
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NOTE: Data in this table are rounded. See the discussion of the employment projections table in the Handbook introductory chapter on *Occupational Information Included in the Handbook*. [PDF] [XLS]
Physician Ownership Declines

Under new ownership
Officials at the Medical Group Management Association spotted a trend recently in its annual compensation survey—an uptick of hospital employment of physicians. Combing through its data, the association found that the percentage of practices owned by hospitals nearly doubled between 2002 and 2008.

Medical practice ownership trends

Provider* ownership trends

*Primarily physicians, but also includes a small percentage of physician extenders
TOP 5
Things Physicians are Looking for…

1. Work/Life Balance

2. Work Collaboratively in a Team Environment Security: Competitive Pay and Benefits

3. Practicing Medicine / Patient Care,

4. Not Billing, HR, Contracting, etc

5. Supportive Technology
Key Drivers to Our Integration Outlook
1. Growing and consolidating to meet population health needs
2. Responsible for the health of hundreds of thousands in our communities
3. Healthiest health system in the nation
4. World class employee engagement
5. Working directly with employers through health improvement and reducing costs
6. Cost of care 20% lower than today
7. Total number of patients in our hospitals decrease but number in our care increase
8. Preferred partner of physicians in all practice models
9. Quality and service ensuring we receive all pay for performance monies available
10. Gold standard in our market
### Hospital Pressures
- Health Care Reform
- Market Frenzy/Consolidation
- Best Year Financially
- Cost Pressures—need for a partner

### Medical Group Pressures
- Health Care Reform
- Market Frenzy/Consolidation
- Best Year Financially
- Cost Pressures—need for a partner
A Shared Vision

Mission
To improve the health and well being of individuals, families, and our communities through innovation and the pursuit of excellence.

Vision
Advancing health in extraordinary ways—together.
Current Statistics

- 276 Primary Care Physicians
  - 121 Employed Physicians
  - 155 Exclusively contracted
  - 20 more MD’s committed next 3 months
- 1350 Specialists contracted or employed
- 28 clinical locations (Group only) including
  - 3 Retail Clinics (Health Express)
  - 5 Urgent Care Centers
- Enrollment
  - 135,000 Commercial HMO
  - 21,000 Medicare Advantage
  - 1/3 revenues FFS (Group only)
MCMF Business Services

• Business office in Tustin & Newport Beach

• Primary services include:
  – Billing/Coding/Collections/Claims
  – Finance/Human Resources
  – EMR and IT support (Data Center)
  – Staffing (>800 staff including MA’s, NP’s, PA’s)
  – Contracting/Credentialing
  – Quality & Performance Improvement
  – Risk & Utilization Management
Integration Early Wins

- Clinical Quality
  - Best Practice Teams
  - Clinical Committee
  - Physician Society
- Financial
- Human Resources
- Contracting
- Information Systems
- Business Development
50 Years of Culture

• Physician Driven Organization
• Integrity/Fairness
• Quality/Service
• Transparency

Board of Directors
Physician Statistics
Culture

• Recognition and Reward
  – Hagadorn Awards
  – Performance Incentives
    • Productivity
    • Patient Satisfaction
    • Quality Measures
    • Risk Adjustment

• Entrepreneurship
  – BPIG’s, CMGIC, Ascender Software, Inc.
Cultural Integration Strategies

- Focus on shared vision and improving the culture
- Build a Strategic Plan together
- Guiding principles and core values
- Create process to engage doctors in bringing in new doctors/groups
- Mix committee members: QI, PI, Credentialing, UM, PCC, rotate docs
- Steering/Integration Committee, Orientations/BPU
- Social events: Dinners, CME, Leadership
Integration End State

• **Maximum value** to patients, practitioners and MemorialCare will be achieved through identification and capture of all possible synergies.

• Every opportunity will be addressed, even if the change may be difficult.
Future Milestones

• Accountable Care Organization through true clinical/financial integration across the patient care continuum:
  – Lower readmissions
  – Lower length of stay
  – Greater access to care

• Robust physician recruitment model to achieve population health management
Thank You!

Laurie Sicaeros
lsicaeros@memorialcare.org