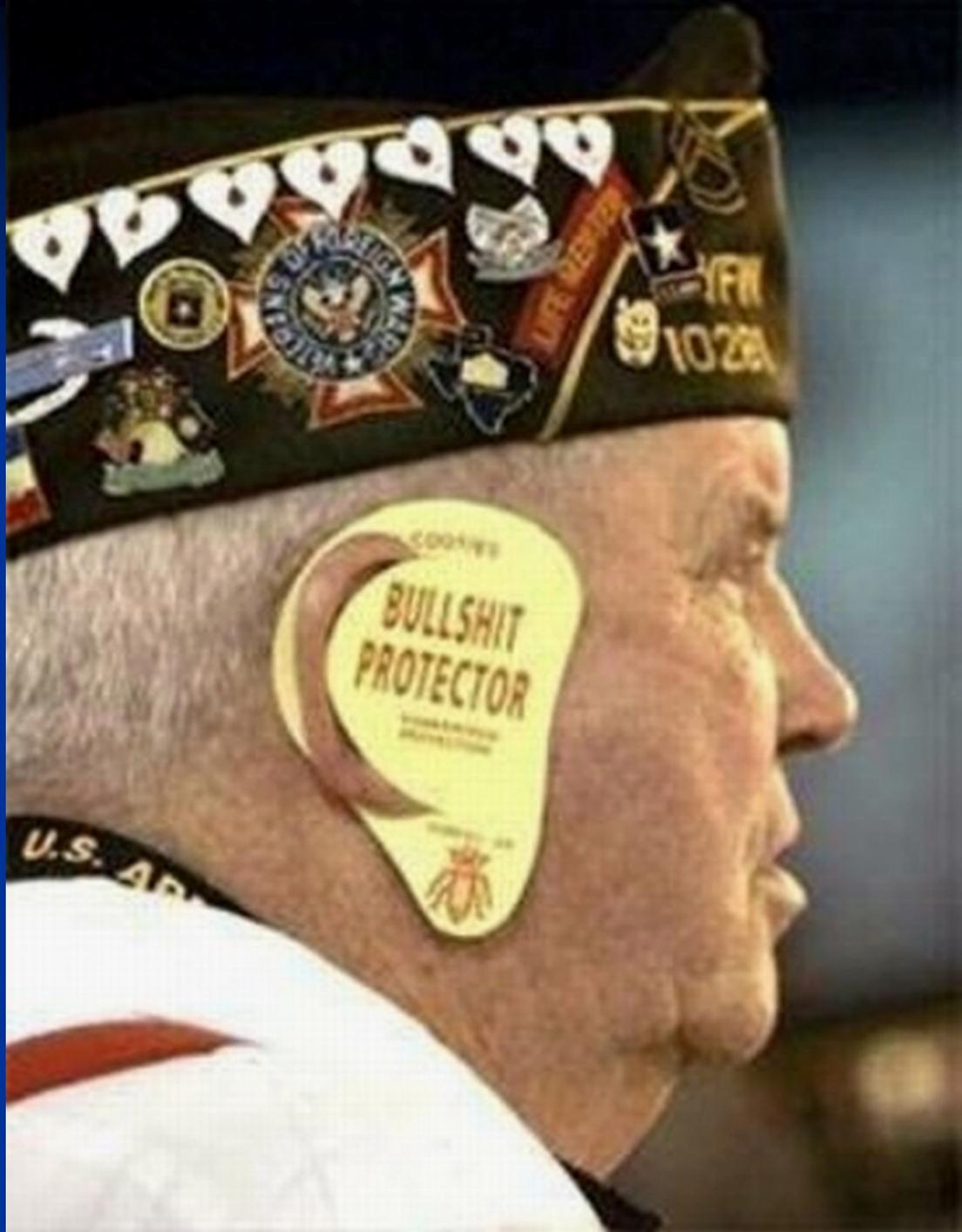


Accountable Care Organizations: Can we prepare for them??

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Accountable Care Organizations

- “An ACO is a local health care organization and a related set of providers that can be held accountable for the cost and quality of care delivered to a defined population”

Accountable Care Organizations

- **Access to care** will be expanded
- Evidenced based medicine with focus on **outcomes and “quality”** will be the primary focus for care delivery and payment
- **Cost management** will be implemented into the health care delivery system

Accountable Care Organizations

- Section 3022 of the Senate's Patient Protection and Affordable Care Act calls for the creation of ACOs by 1/1/12 and the use of value based purchasing demonstration projects by 10/1/12
- Anecdotal evidence suggest that private 3rd party payors are embracing the ACO concept in new managed care arrangements

Accountable Care Organizations

Current House proposals offer 2 different types of ACO payment methods for Medicare

- Shared savings program (SSP) based on FFS payments
- Partial capitation based on population based payment (PBP)
- This legislation calls for each to be pilot tested

Accountable Care Organizations

- ACOs that will develop in the near future will hopefully be enterprises **driven by MDs** focusing on essential goals and capabilities
- ACOs will be composed of providers and provider affiliated entities
- Have a **solid data infrastructure**, i.e. capabilities to capture care assessment & management data

Accountable Care Organizations

- Include supportive personnel resources such as D/C planners, care managers to coordinate care
- Use formal decision making involving evidence based medicine
- Be able to **accept global reimbursement** and be capable to distribute those funds to providers based upon services rendered

This ultimately raises the question..

Can the private practice of
orthopedic surgery survive the 21st
century??

Best Health Care in the World!!

- Cancer survivorship 5 yrs S/P Dx;
U.S.: 65 %
England : 46 %
Canada : 42 %
- Diabetics receiving tx.w/in 6 mos. S/P dx:
U.S.: 93%
England :15 %
Canada : 43 %
- Seniors obtaining THA w/in mos. of dx.
U.S.: 90 %
England 15 %
Canada 43 %

As our new health care legislation
pushes us deeper into debt, how
much debt is too much?

Does America Owe Too Much?

- U.S. public debt is 53% of GDP
- Japan is 192%
- France is 80% of GDP
- Canada is 75% of GDP
- England is 69% of GDP
- India is 60% of GDP
- Saudi Arabia is 20% of GDP
- China is 18% of GDP

Debt..

- Ratio of public debt to GDP is an indicator of a country's economic health
- U.S public debt is \$7.5 trillion
- U.S. is 53%
- Japan is 192%
- Recent study from Nat'l. Bureau of Economic Research noted that public-debt levels become perilous when they reach 90% of GDP
- At current spending, we will hit 100% by 2020

The “*Issues*” with Private Practice

- Demographics of private practice
- External sources attempting to control us
- Internal sources (ourselves) i.e. physician psychopathology
- An attempt at a solution.

Practice based on Salary Source:2006

- 48% private orthopedic group
- 24% private solo: *(Thus, \approx 72% of orthopedic surgeons are in private practice)*
- 7% private multi-specialty group
- 19% other;
 - 7% academic
 - 2% HMO employed
 - 4% hospital employed
 - 2% military
 - 2% academic private

Orthopedic Surgeon Practice Setting

<u>Type of Practice</u>	<u>2004</u>	<u>2008</u>	<u>% Change</u>
• Priv. Practice-Solo	25.8%	20.9%	↓ 19%
• Priv. Practice-Group	50.6%	46.4%	↓ 8.3%
<i>Total Private Practice Groups & Solo = 67.3%</i>			
• Priv. Pract.-Multi sp.	7.3%	8.2%	↑ 12.3%
• Academic Practice	8.4%	8.5%	↑ 1.2%
• Hospital Employed	3.8%	6.4%	↑ <u>68.4%</u>

Orthopedic Surgeon Practice Setting: 9,400 returned practice surveys

<u>Type of Practice</u>	<u>2004</u>	<u>2008</u>	<u>% Change</u>
• Priv. Practice-Solo	25.8%	20.9%	↓ 19%
• Priv. Practice-Group	50.6%	44.3%	↓ 8.3%
<i>Total Private Practice Groups & Solo = 65.2%</i>			
• Priv. Pract.-Multi sp.	7.3%	8.3%	↑ 12.3%
• Academic Practice	8.4%	8.5%	↑ 1.2%
• Hospital Employed	3.8%	6.7%	↑ <u>76%</u>

In Office “Services”

- 98% have in office X-ray
- 46% offer PT or Occ. Therapy
- Average orthopedist offers 2.6 additional services in their offices
- Ave. age of orthopedist is 51 yrs.
- 4.3% are female.

Reasons for leaving private practice

- ↓ reimbursements
- Difficulty in practice management e.g. ancillaries
- Difficulty in marketing to match competition
- ↑ malpractice insurance premiums
- Unwillingness to provide uncompensated care while on call
- Lifestyle issues (particularly work/home balance) & less worry about management issues

Willingness to switch?

- 58% in private practice said they would consider moving to being employed full-time!
- ***Ironically***, “among those ***currently employed***, 58% said they would consider making the move to private practice”

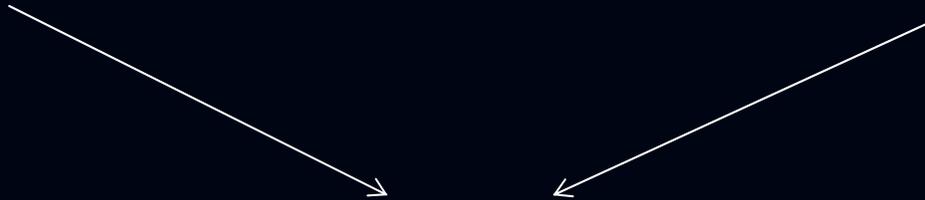
Schizophrenia



Private Practice



Employed Physician



↑ Stress

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Externally.....

- HMO's and managed health care plans
- Hospitals (Employ up to 40 to 60% of sports medicine fellows S/P fellowship)
- Private insurance plans
- Federal government and state controlled health care plans

“Health care plans as they get larger are obtaining..”

- Hospital ownership
- Insurance plan ownership
- EMPLOYED PHYSICIAN CONTROL!!

This results in a ...

ELECT
LARY
S

BOARDWALK



PRICE \$400



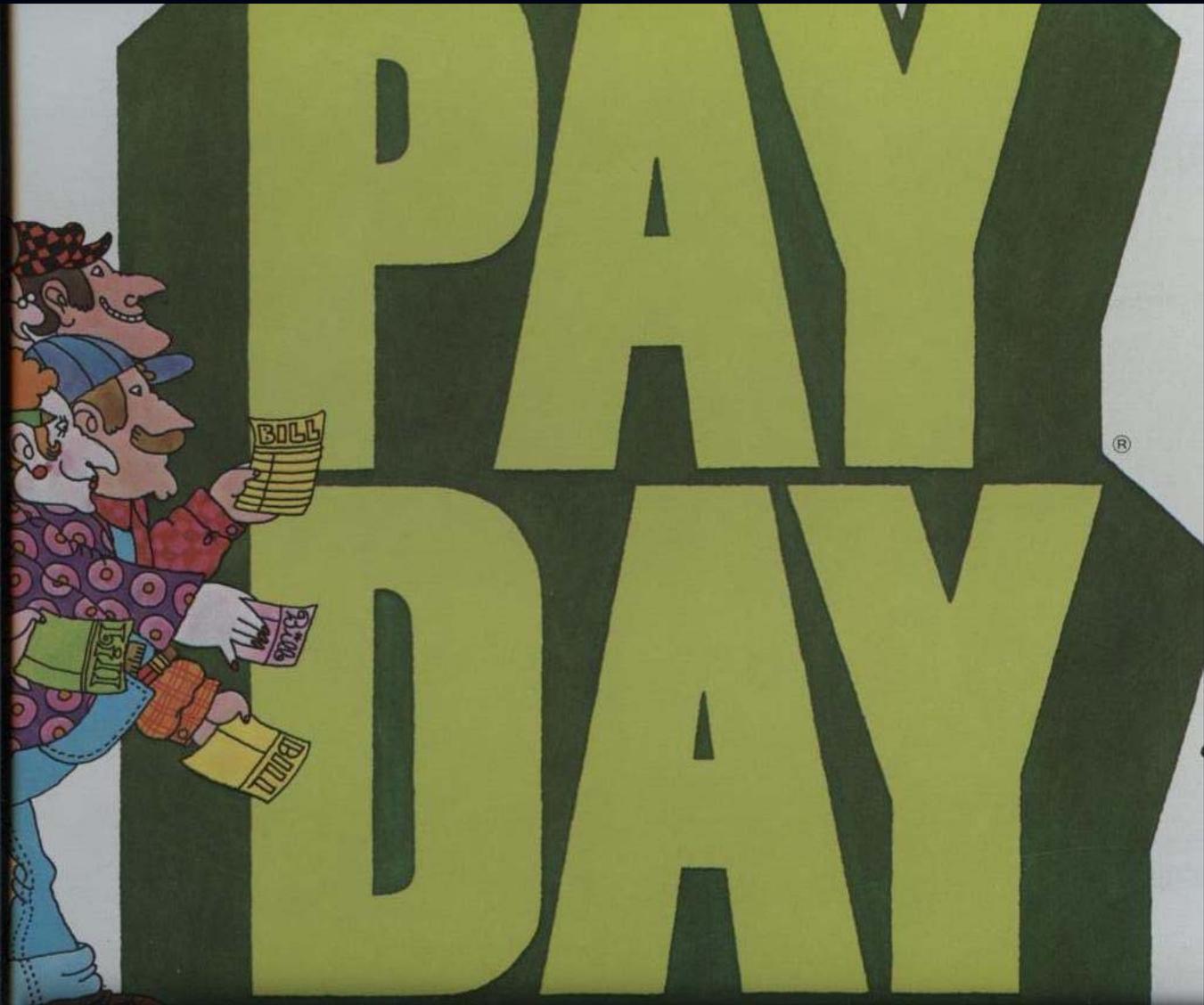
LUXURY
TAX

PAY \$75.00

PARK
PLACE

PRICE \$350

MONOPOLY[®]



*“It’s not the money,
it’s the money!”*

Managed Care owns the MD, hospital & ancillaries...

- See patients on a consulting basis only!
- Send ALL patients to the hospital and its ancillary services: ASC, MRI, PT, etc.
- Eventually this becomes a “doomsday scenario” for the private practice orthopedic group which has only one further outcome.....

The MCO hires its own
orthopedic department!!!!

Lobbyists for AHA & private ins. comps. both nationally and locally....

- Greedy
- Self- Serving
- We over-prescribe

Wood, et al , JBJS, 2005



We need more data regarding physician utilization to counter the previously stated comments!!!

But, what is the value of an
intermediary insurance company???

HMO audit (MN)

- \$.44 of every \$1.00 collected for health care insurance was spent on;

Claims Management & overhead

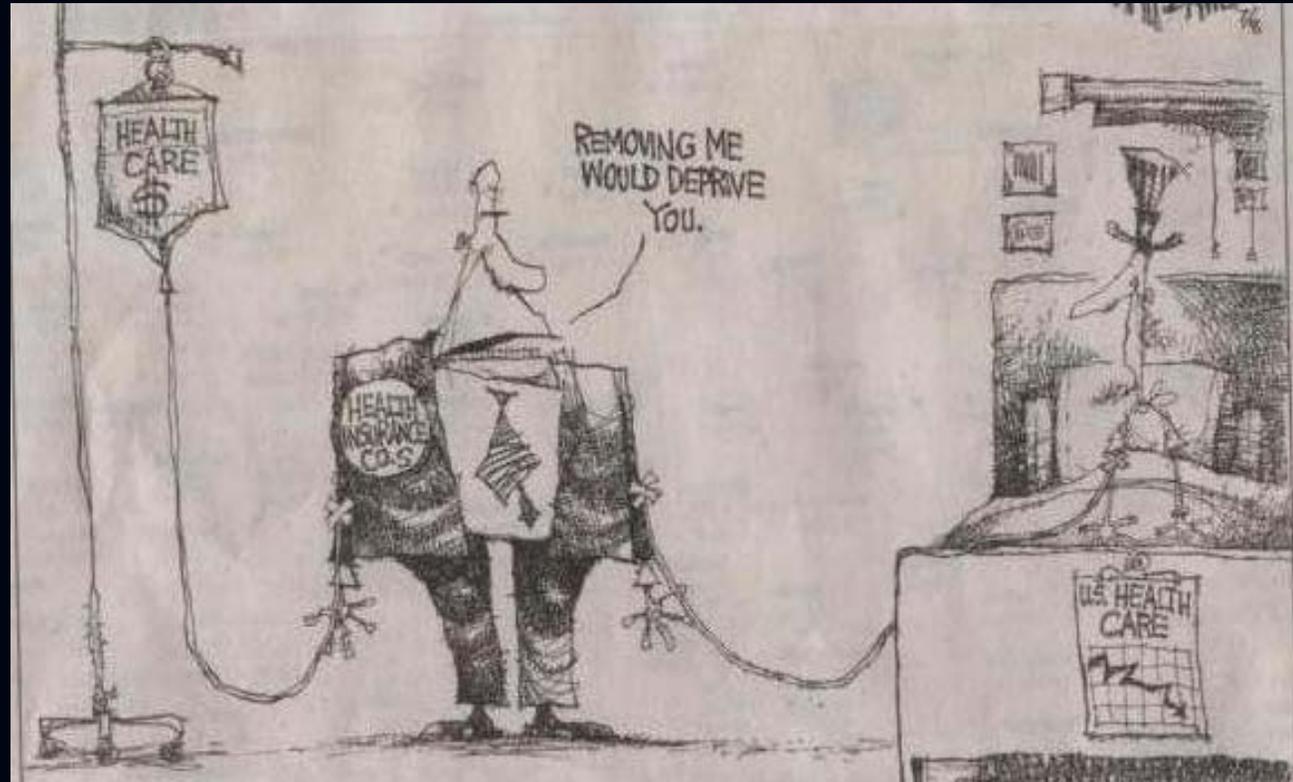
Profit for the insurer

Stockholder dividends

- Thus only 56% of the money collected from businesses and policy holders actually was utilized for patient care!!!

Medicare Claim Costs

Medicare cost/claim is ≈ 7 to 9% with almost 90% of every dollar utilized for patient care expense.



Future of reimbursement?

- Large physician groups could go to the state and even federal government and offer direct care for knee pain, shoulder pain, etc.
- We control the costs of care of these symptom pathways (Mitt Romney has suggested this concept in Mass., USA Today)
- Transparency
- No 3rd party administrators
- All care run thru MD owned ancillary services
- If hospitalization required, use MD managed!

Goals for the 21st Century..

- We MUST get involved in the political process within our own states and attempt to explain to the legislators where the costs of medical care really are!
- They DON'T HAVE A CLUE! They are being educated by lobbyists who are hired by the AHA and MCO's and have no idea what the real truth is!
- In 2009, AHA spent over \$25 million....
ALL of 2008, they spent \$5 million!!!!

Goals for the 21st Century..

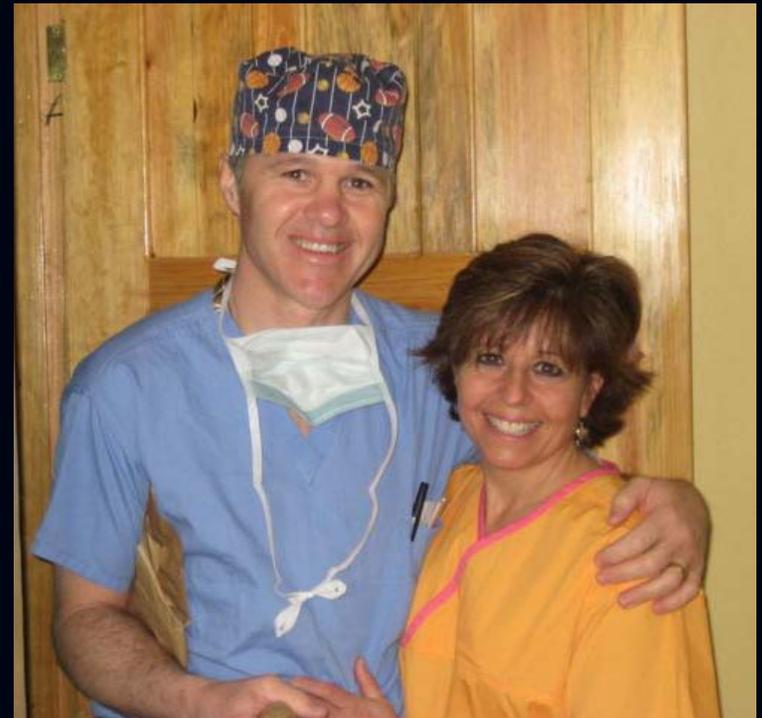
- Must attempt to take back the control of *medical care* from the hospital systems, HMO's and MCO's who are only interested in making money and NOT on administering the highest quality care at the lowest cost which we as MD's can do IF WE OWN AND CONTROL our own ancillary services as well as ASC's and in some cases the hospitals themselves!!

One of the penalties for refusing to participate in politics is that you end up being governed by your inferiors!

Plato, date??

Goals for the 21st Century..

- Choose someone in your group to be the politician to interact with the state legislators: pay that person well for his time because **YOUR ECONOMIC FUTURE** just may be a result of his or her success at the state and possibly federal level!!



The greatest myth EVER perpetuated in health care is that.....

- Administrators, politicians, and insurers have a better understanding of how to deliver health care to patients **BETTER than PHYSICIANS do!!!!**
- How is that possible when they have never, ever cared for a single patient???????







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Attempting to control internal “issues” (ourselves): MD behavior

- Trained to be “independent thinkers”
- Difficult accepting what we don’t know
- *“All knowing”*
- Confident in a crisis

The irony

- “Control issues”: we are being told what to do on a daily basis by those with;
 - Less education
 - Less training
 - Less intelligence

We are being controlled by..

- Insurers
- Hospital administrators
- Managed care executives
- Claims managers
- Government employees

Constant struggle....

- MD frustration
- Increased stress
- Higher rates of psychiatric morbidity
- Higher rates of substance abuse with increase rates of suicide and alcoholism (including spousal misuse)

Riley, MJA, 2004

Firth, Br J Gen Pract, 1998

Brooks, BMJ, 1998

Serry, MJA, 1994

Schlicht, MJA, 1990

Why are MD's stressed?

- High demands with no power or authority to alter the situation termed “**perception of low control**”
- MD surveys exhibit high work intensity, conflicting time demands and heavy professional responsibility with the ever present threat of malpractice

Siegrist, J Occ Health Psych, 1996

Why are MD's stressed?

- Limited ability to alter the conditions under which they work
- This results in a sense of “powerlessness” and negative reward that we tend to feel as MD's.
- Obsessively committed to perfection (which is the enemy of good)
- Inflexible
- Dogged persistence and often unable to relax

Schattner, Med J Aust, 1998

Hamilton, Psychiatry, 2000

Why are MD's stressed?

- **Overly obsessional individuals have an intense perceived need to control their environment!**

If the psychologists are right, why do we so easily give in when we are unable to solve a political, hospital, physician personality or business issue?

Why do we join a hospital system or
HMO and let a college educated
administrator control our future?

Is the answer really this simple?

- Since we don't feel we have control of our environment, don't understand business issues, and don't understand the political landscape in our area, we will just let someone else make these decisions for us, it's easier BUT, the result is even less control, which results in becoming more stressed, feeling a greater sense of powerlessness, which results in more personal depression and allows others to control our destiny??

600 physician survey

- “Sense of control” over the practice environment was the **most important predictor** of psychological well being, satisfaction and professional commitment

Freeborn, Permanente J, 2000

The “*Issues*” with Private Practice

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- An attempt at a solution.

You simply have to get as big as
you can!!!

Why did Northwest and Delta
airlines merge?

To get BIGGER to CONTROL
their marketplace!!

How can you possibly be part of an ACO unless you are big enough to control the health care delivery to the patient, with or without a hospital partner?

5 man group beginnings...

- 1993: Single room in office surgery center
- 1994: Beta site in office .25 T extremity MRI



Umbrella Merger



Landmark
Orthopedics

Summit
Orthopedics



Summit/Landmark Orthopedics, Ltd
Common Provider # and Pension Plan

Summit Orthopedics, Ltd.

- 26 partners, boarded orthopedists
 - 11 employed “doctors” (39 total by September)
 - 2 podiatrists
 - 3 conservative care orthopods
 - 1 full time pain manage. spec. (&1 part time)
 - 1 GP “sports medicine” specialist
 - 3 Occupational Medicine MD’s
 - 1 PMR MD
- Pending hires: 3rd spine surgeon, NSG

Summit Orthopedics, Ltd

362 employees including 24 MD assistants

Summit Orthopedics, Ltd.

- 3 room ASC with pain center (4th room with recovery area)
- Joint Venture 3 room ASC with large HMO system that controls 250 GP's (WE manage it & charge a 6% management fee)
- 4 PT depts. (soon to be 5)
- 4 MRI's (2 extremity, one S-scanner w spine)
Recent purchase of 2, 1.5 T units
- Occupational Health Dept: 500 businesses, employs 3 Occ. Health MD's

Summit Orthopedics, Ltd.

- 7 office locations
- IME Company: Employs 120 MD's of various subspecialties in MN (expanded to 5 states)
- After hrs. "Ortho quick" clinics staffed by PA's
- DME department: Orthotics, braces, "game ready" units, CPM's
- Full time orthotist
- In office pharmacy, "vending machine pharms."
- Continued growth of non orthopedist "doctors" and PA's in clinics providing conservative care

Goals for the 21st Century..

- Get bigger and attempt to control the marketplace and develop your own ancillaries!!!
- Control the service lines that you use
- Own your own ASC, PT, MRI, potentially a specialty hospital
- In CON state consider JV with hospital and manage their service lines, OR's and inpatient units
- Help your colleagues and you will help yourself!

The other orthopods in the
community ARE not our
enemies!

Most everyone else however is!!

Our own paranoia...

- “Representative error” ..thinking that is guided by a prototype *so*, we fail to consider the possibilities that contradict the prototype
- “Attribution error” ..when other doctors (or patients) fit a negative stereotype
- “Confirmation bias” ..what you accept to find by selectively accepting or ignoring information
- The above common attitudes are what make us difficult to get along with each other..

Advantages of staying solo

- You are your own boss.. *PRICELESS!*
- You are able to hire and fire whomever you want without asking anybody!!
- You can come and go as you like!!

Disadvantages of staying solo

- You are your own boss.. **PRICELESS!**
THE AMOUNT YOU GET IS GOING TO BE DECREASING BY 20.5% SOON...
- You have no ability to financially support ancillaries
- You can come and go as you like (**AS LONG AS YOU HAVE BACK-UP..**)
- Forget about having any clout in ACO decision making..you will be collateral damage

The advantages of getting bigger

Bigger is better for;

- Increased **Capital**
- Ability to **Recruit**
- Fraternity
- Reduces fear of “being selected out” for business and contracts

The advantages of getting bigger

Bigger is better for;

- **Negotiating** Payor Contracts
- **Capturing** Local Market Share
- **Increasing Throughput** to Ancillaries
- **Negotiating Politically**
(Afford fulltime lobbyists)
- **Better Call Coverage**

The disadvantages of getting bigger

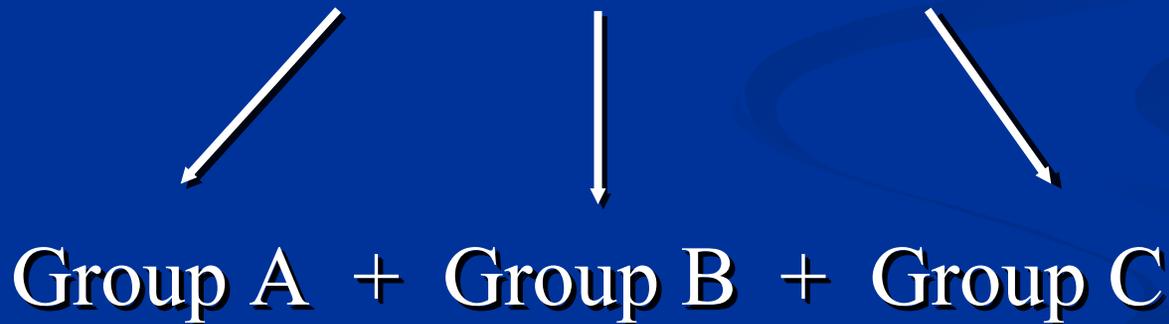
- Administrative hassles
- Dealing with partners

Get a “Corporate Mindset”

- Achieve **market share diversity!**
- **Control the marketplace** as much as possible with multiple locations and referral sources so the payers are forced to use your group!

Form an Umbrella Corporation with separate divisions and multiple satellite locations

COMBINED ORTHO.,Ltd



Umbrella Corporation

- Combined Orthopedics is the parent company
It is the contracting entity
It is comprised of board members from each group
- * Groups A, B, & C are managed locally & are divisions of Combined Orthopedics

Benefits of Umbrella Merger

- Avoids “bigness” within each division
- Allows for some economies of scale for purchasing & some common office fxns.
- **SINGLE CONTRACTING ENTITY!**
- Wide geography
- Mergers are MUCH easier!

Get together with your colleagues!!

- Embrace them!
- Work with them!
- Ignore their bizarre personality traits!
- Ignore past grievances!

Get together with your colleagues!!

- Get as **BIG AS YOU CAN!!!**
- It's your **ONLY** chance to feel at least some sense of control
- Remember according to **ALL** the psychological conclusions and physician surveys.....

The happiest physicians
are those that feel at least
some sense of control!!!

Thank you!

“The economy is so bad in California,
that the parents in Beverly hills fired
their nannies and learned their
children’s names!!”