

# INTEGRATING CARE DELIVERY IN FOUR ESSENTIAL HOSPITALS

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## KEY FINDINGS

Characteristics of a successfully integrated delivery system include the following:

a clear vision that aligns with the organization's mission, creating a brand identity and commitment to integration

strong relationships with strategic partners, including federal and state governments

a culture of accountability and transparency to improve outcomes and drive change

long-term investments in population health, primary care, behavioral health, and information technology to sustain transformation

The Affordable Care Act (ACA) aims to reduce health care costs, increase quality of care, and improve population health. One of the ways the government is implementing these goals is by shifting provider reimbursements from a volume- to a value-based system. This shift

has generated deep interest in the integrated delivery system (IDS) as a means to provide safe, efficient, and effective care and capitalize on value-based payment incentives.

Integrated health care is a key priority for America's Essential Hospitals and its members. Filling a safety net role in their communities, essential hospitals have long been committed to serving all patients, especially the most vulnerable. These hospitals provide a range of inpatient and outpatient services to millions of people across the country, many of whom are economically disadvantaged, non-English speaking, and suffer from chronic health conditions. Successful integrated health care in these complex settings can serve as a model for other organizations and a fundamental resource for reform.

To better understand the features of successfully integrated essential hospitals, Essential Hospitals Institute (the research arm of America's Essential Hospitals) explored four of the association's members: Boston Medical Center (BMC), Cambridge Health Alliance (CHA), Harris Health System, and UW Medicine. Institute researchers determined that the four examples of a successful IDS share nine features

## Research Methodology

Institute researchers developed this brief using the following process:

- established a research framework with oversight from an eight-member advisory committee comprising essential hospital leaders
- conducted a literature review to determine commonly discussed characteristics of an effective IDS, particularly for serving vulnerable patient populations
- administered a 31-question survey to more than 150 members of America's Essential Hospitals to explore issues identified during the literature review
- conducted site visits to BMC, CHA, Harris, and UW Medicine between October 2012 and February 2013 ■

*Note: See [essentialhospitals.org](http://essentialhospitals.org) for the full literature review and a full IDS report, coming in 2014.*

that other hospitals may consider in their pursuit of more integrated health care.

### Health systems benefit from a clear and explicit vision of system integration that aligns with the organization's mission.

Regardless of individual health system characteristics, the system's leadership must articulate a clear vision for integration that advances the organization's mission. Success is most evident when everyone from the board and administrators to clinicians and other staff align their work with this vision. One way to do this is through a strategic plan that combines integration with the organization's values. Cambridge Health Alliance and UW Medicine, for example, have made considerable efforts to use their mission and vision as the platform on which to build an integration strategy.

CHA's mission is to improve community health. The system has developed a strategic plan based on this mission by focusing on patient-centered care and the patient experience—both of which lead to better community health. The plan incorporates physician input from across the system, which has helped align physicians with CHA's vision of integration and has created a more effective plan.<sup>1</sup> To incorporate nonphysician staff into the integration journey, CHA consistently communicates the organization's focus to clinical, administrative, and other staff members. This dialogue helps create a common sense of culture and shared values. Leadership at CHA describes this strategy as the best way to achieve integration and provide high-quality patient-centered care.<sup>2</sup>

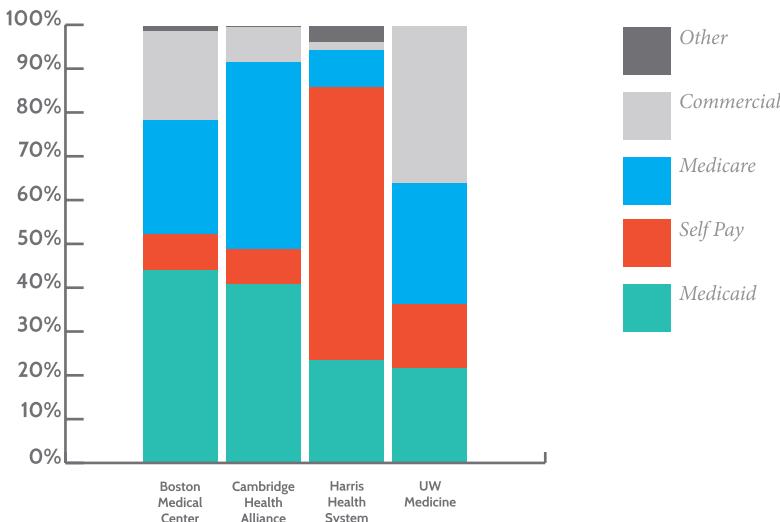
UW Medicine's mission to improve public health is also at the core of its strategic plan. UW Medicine's

strategic plan uses five pillars to support integration and system transformation: (1) clinical programs to improve patient care; (2) building networks and affiliations; (3) excellent service delivery; (4) high-quality, safe, effective patient care; and (5) integrating research, teaching, and patient care.<sup>3</sup> According to leadership, UW Medicine's pillars use integration to help align the work of frontline clinical staff with the process of improving public health.<sup>4</sup> To reinforce its vision, UW Medicine convenes physicians in quarterly engagement meetings and links patient satisfaction and quality indicators to employee performance.<sup>5,6</sup>

### Collaboration with federal and state governments strengthens hospitals' efforts to develop integrated care strategies that align with financial incentive programs.

Given their large percentage of Medicaid, Medicare, and uninsured patients, essential hospitals rely heavily on public programs for funding. As shown in Figure 1, Medicaid accounts for more than 20 percent of each participating health system's payer mix. Building incentives for delivery system integration into public programs such as the Medicaid Program could help provide the resources hospitals need to implement this type of change. See Table 1 for a list of select state and federal initiatives that serve to align integration strategies with financial incentives.

**FIGURE 1: PAYER MIX AT ESSENTIAL HOSPITALS**



Source: America's Essential Hospitals<sup>7</sup>

Note: BMC's 'Other' category represents Commonwealth Care.

To this end, Section 2705 of the ACA establishes the Medicaid Global Payment Demonstration Project to support states' efforts to shift from the current Medicaid fee-for-service payment structure for essential hospitals to a global capitated payment model, which reimburses a set amount of money for a defined patient population.<sup>8</sup> As part of this project, in 2009–2010, BMC began discussing establishing a Medicaid accountable care organization (ACO).

The next year, BMC proposed an ACO as part of its Medicaid Section 1115 waiver renewal application. As a starting point for the ACO, in 2013 BMC began collaborating with the commonwealth of Massachusetts on the Medicaid Primary Care Payment Reform Initiative (PCPRI).<sup>9</sup> The goal of the PCPRI is to improve access to care, patient experience, quality of care, and efficiency through a new care delivery model emphasizing patient-centered medical homes, integrated primary care and behavioral health services, and a new payment mechanism.<sup>10</sup>

BMC plans to implement this initiative within its primary care base of approximately 164,000 patients and its comprehensive network of providers—both on the BMC campus and at 6 of the 15 Boston HealthNet (BHN) community health centers.<sup>11</sup> BHN is a 230,000 member statewide managed care organization.<sup>12,13</sup>

Ultimately, BMC's fully integrated ACO would improve the health of the low-income population, accept and manage appropriate per member per month risk-adjusted capitated payments, develop and implement patient-focused care strategies, and improve quality.<sup>14</sup>

**TABLE 1****STATE AND FEDERAL INITIATIVES THAT ALIGN INTEGRATION STRATEGIES WITH FINANCIAL INCENTIVES**

INITIATIVE	DESCRIPTION
Section 1115 Medicaid Waiver	This Medicaid waiver gives the secretary of the U.S. Department of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of Medicaid and the Children's Health Insurance Program (CHIP).
Medicare Shared Savings Program (ACA Section 3022)	This Medicare program rewards ACOs that meet cost benchmarks while meeting quality performance standards and putting patients first.
Center for Medicare & Medicaid Innovation (ACA Section 3021)	The Innovation Center was established by the Centers for Medicare & Medicaid Services with the goal of testing innovative payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care for those individuals who receive Medicare, Medicaid, or CHIP benefits.
Medicaid Global Payment Demonstration Program (ACA Section 2705)	This Medicaid demonstration program enables up to five states to set up Medicaid demonstration projects under which safety net hospital systems or networks are paid under a global capitated payment.
Pediatric ACO Demonstration Project (ACA Section 2706)	This demonstration project provides funding for the development of pediatric ACO demonstration projects.

Source: Centers for Medicare & Medicaid Services, *The Commonwealth Fund Blog*<sup>15,16,17</sup>

**To achieve integration, systems will need to create a culture of accountability for clinical and fiscal outcomes.**

To become a successfully integrated health care delivery system, essential hospitals need to increase efficiency and reduce costs while continuing to provide high-quality services. All four systems that participated in this research are working to achieve these goals. For example, BMC has launched several initiatives to standardize care and improve

the patient experience. Focusing on transitions of care; access to care, including clinician workforce capacity; and optimal inpatient space,<sup>18</sup> BMC is reinforcing clinical and fiscal outcomes as metrics for success.

CHA coordinates care using a team-based, four-step process in its patient-centered medical home accredited sites. Within this model, a team of providers work together at each of four points in a patient's care: pre-visit, visit, post-visit, and between visits (see Figure 2). This team-based approach creates more

coordination and has fundamentally changed the way care is delivered. The focus has shifted to creating the best treatment plan for each individual patient and improving clinical outcomes.

UW Medicine's strategic plan mandates the system not duplicate services. As the system has become increasingly integrated, it has strategically placed services based on each hospital's strengths. While some hospitals have lost services and others gained, UW Medicine has allowed each hospital to define its specialty services while simultaneously standardizing practice across the system.<sup>20</sup> UW Medicine uses a central outpatient call center to direct patients to the setting that has the appropriate services to treat them.<sup>21</sup>

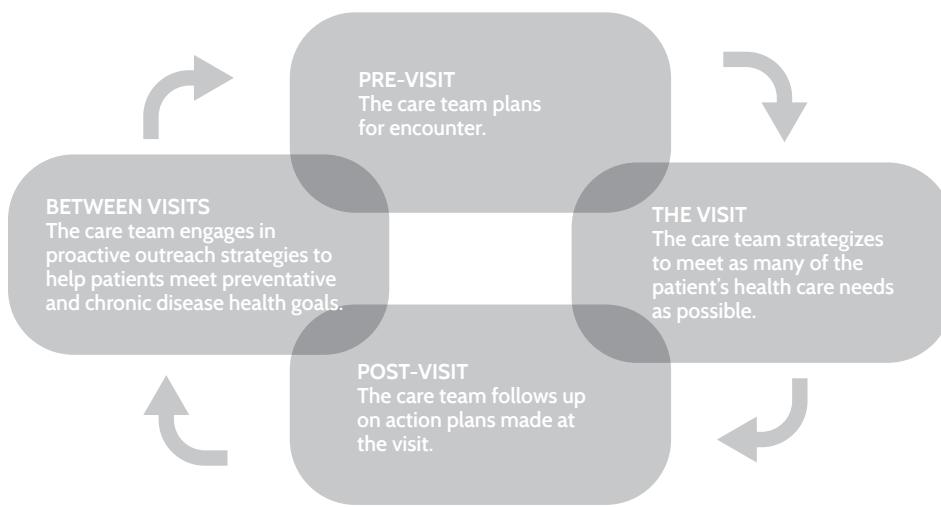
For example, Harborview Medical Center is the only designated level I adult and pediatric trauma and burn center in the state of Washington. It serves as the regional trauma and burn referral center for Washington, Alaska, Montana, and Idaho. UW Medical Center is the only hospital within the UW Medicine system that focuses on organ transplant.<sup>22</sup> Several other departments within the UW Medicine system utilize shared services, including compliance, risk management, strategic marketing, patient safety, and contracting.<sup>23</sup>

UW Medicine is increasing accountability for clinical outcomes by standardizing practices and honing in on specialty services. Fiscal outcomes are strengthened by integrating resources to create economies of scale.

**Organizations that collect, share, and use data are uniquely informed to strategically drive system change and improve patient satisfaction and quality.**

Hospitals that successfully use data uniformly collect and assess departmental performance metrics across the system and set clear benchmarks for achieving goals. For example, UW Medicine systematically collects staff performance scores and allows all staff to see their colleagues' scores. This system has improved quality ratings across the organization.<sup>24</sup> CHA collects data through patient experience surveys. Leadership's open willingness to address patient feedback has improved patient satisfaction in the emergency department (ED).<sup>25</sup>

**FIGURE 2: CAMBRIDGE HEALTH ALLIANCE TEAM-BASED CARE COORDINATION MODEL**



Source: Cambridge Health Alliance<sup>19</sup>

**Integrating population health, primary care, and behavioral health is costly but beneficial to health systems and the patients they serve.**

Essential hospitals are often the foremost community providers of behavioral health services. For example, CHA serves as the area's major mental health provider, accounting for more than one-quarter of all of Massachusetts' mental health stays for the uninsured.<sup>26</sup>

Integrating primary and mental health care enhances care for vulnerable patients with multiple health conditions and few resources. Information sharing and care

coordination improve health outcomes and reduce hospital costs. Robust health information technology (HIT) helps hospitals better coordinate these services. However, implementing these HIT systems is costly, and essential hospitals need continued federal support to achieve these goals.

### **Established relationships with strategic partners capitalize on shared interests to better serve the community.**

Many times, numerous providers—ranging from medical to social services—offer similar services to the same patient population in a single community. Essential hospitals should collaborate with these community partners, particularly focusing on referrals and case management, to create a more seamless, cost-effective, and integrated care process.

BMC has achieved this goal through its partnership with Boston HealthNet. This relationship has enabled BMC to effectively manage patients' needs through seamless referral and case management processes. For example, BHN primary care physicians are notified when a patient shows up in BMC's ED. BMC staff input visit notes into the patient's electronic health record (EHR) for primary care physicians to access. Additionally, BMC provides shuttle bus transportation for patients between BHN's community health centers and BMC. These buses transported more than 200,000 patients and families in 2012.

Our research also found that incentives coupled with shared savings opportunities help organizations form a successful partnership. However, several laws and regulations, such as the "Stark Law" (42 U.S.C. Section 1395nn) and the Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) can inhibit these relationships. The Anti-Kickback Statute "prohibits offering, paying, soliciting, or receiving anything of value to induce or reward referrals or generate Federal health care program business."<sup>27</sup> The Stark Law "prohibits [with few exceptions] a physician from referring Medicare patients for designated health services to an entity with which the physician (or immediate family member) has a financial relationship."<sup>28, 29</sup>

### **Hospital branding should highlight essential features and contributions to the community.**

Clearly communicating the distinct value of essential services to policymakers and to the market requires strategic vision and branding. For example, Harris Health System refreshed its brand in September 2012. Formerly Harris County Hospital District, Harris rebranded to reinforce its role in the community: a hospital system with community health centers and specialty centers that provide comprehensive, high-quality services.<sup>30</sup> In addition, by eliminating the word "County," Harris hopes to eliminate the incorrect perception that the system delivers second-tier care. By replacing "Hospital" with

"System," Harris hopes to more accurately reflect the wide scope of services provided within its integrated system.<sup>31</sup>

Harris plans to accelerate its transformation into a high-performing, fully integrated health care delivery system—demonstrated in its strategic plan for 2012–2016—and the rebranding reflects this vision.<sup>32</sup> For example, Harris intends to improve service utilization across the continuum of care, fully develop its primary care delivery network throughout the region, and develop free-standing ambulatory surgery capability.

Harris also intends to brand and improve two of its hospitals based on each one's individual focus. Ben Taub Hospital's focus as a tertiary center for trauma care, diagnostics, interventional and vascular care, and complex surgeries will be strengthened. Lyndon B. Johnson Hospital's focus as a community acute care hospital and regional women's and children's services and geriatric care hospital will be strengthened.<sup>33</sup>

UW Medicine has also rebranded to reflect its transforming and growing system. In 2010, it contracted with the Studer Group, an internationally recognized consulting firm that works to bring structure and focus to health care organizations through accountability and execution.<sup>34</sup> The Studer Group worked to build a strategy around the principle that patients are first.

"Patients are first" is a central theme in UW Medicine's strategic plan and evident in each of the

strategy's five pillars.<sup>35</sup> This focus defines the organization's contribution to the community and distinguishes it from competition.

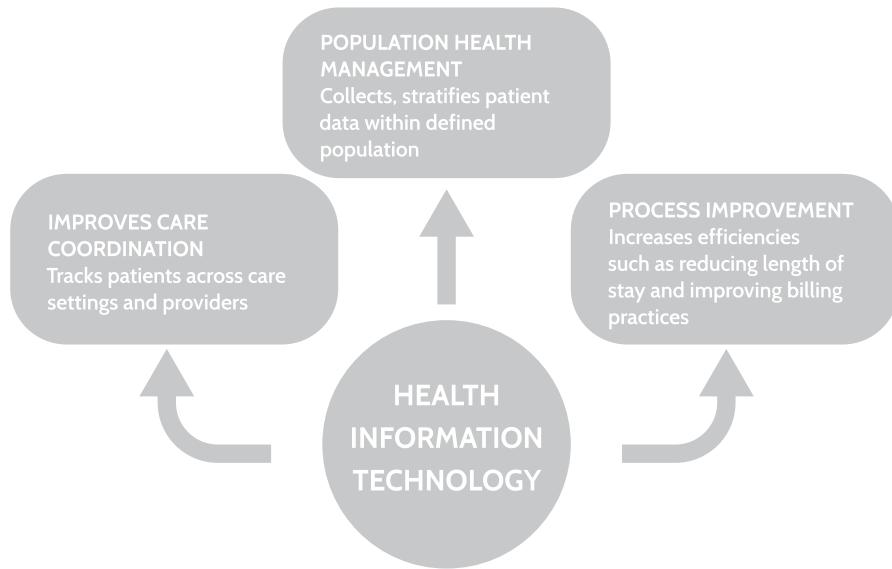
### HIT is a critical tool for achieving clinical integration, improved care coordination, and population health management.

HIT serves as a foundation for other key components of integrated care, such as care coordination, population health management, and process improvement (see Figure 3).

For example, Harris uses its EHR system to manage approximately 800,000 unique patient records across the inpatient and outpatient settings. The system facilitates care coordination and provides analytics for managing community health and process improvement initiatives.<sup>36</sup> Harris started implementing its EHRs on the outpatient side and has improved patient identification and systemwide billing practices. On the inpatient side, EHRs have led to a reduction in average length of stay by identifying beds that staff unnecessarily held in queue.<sup>37</sup> EHRs will soon allow patients to access remote help and self-diagnose certain issues using a patient portal. Harris is also developing a patient portal accessible by iPhone and Android phones.<sup>38</sup>

Essential hospitals require robust systems, especially on the outpatient side, given the large amount of ambulatory care they provide. However, creating robust IT requires substantial capital and intensive resources, which are often difficult

**FIGURE 3: HIT LAYS THE FOUNDATION FOR INTEGRATION**



*Source: America's Essential Hospitals*

for essential hospitals to acquire and allocate due to their smaller financial margins and disproportionate reliance on public funds such as Medicaid and disproportionate share hospital payments.<sup>39,40,41</sup> Harris initially invested approximately \$72 million to develop and adapt its EHR system. The organization estimates a five-year return on investment of nearly \$330 million, mostly through better billing capture.<sup>42</sup>

### Long-term investment is needed to sustain transformation.

Successful practices now in place at each site reflect strategic decisions made years ago that have created a foundation for system integration. Practices such as investing in information technology, aligning systems and processes with financial incentives, and redefining

strategic objectives to transform organizational culture take time and diligence to produce sustainable results.<sup>43</sup>

The members of America's Essential Hospitals are fully engaged in transforming their care delivery. This commitment began before national health reform but was accelerated by the ACA. The four essential hospitals profiled in this brief are each building an IDS that can deliver on the Institute for Healthcare Improvement's Triple Aim—better care, lower costs, and improved health. They provide a sample of the leadership and strategic vision essential hospitals are demonstrating as they improve care for even the most underserved, vulnerable patients.

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