



SIMPLE BUT POWERFUL SOLUTIONS THAT PRODUCE RESULTS

New Rules, New Roles, New Actions For Sustainability October 2014

While timing and circumstance may vary by market, the transformation from our historical episodic fee for service model to some form of accountable care is well on its way. Providers will be at economic risk for health of specific populations. Nimbly executing a ***“bridge strategy”*** successfully transitioning your organization from its current payment environment to the next stage is critical to sustainability.

New rules, new roles and new actions will be required. Here’s why:

Post-reform reimbursement pressures, heavily influenced by demographic, economic and competitive trends, are having an ever increasing impact on hospitals:

1. Inpatient volume continues to decline nationally despite upticks in a few specific markets resulting from successful competitive initiatives and increases in insurance coverage.
2. Consolidations and the advent of market wide or regional accountable care initiatives among affiliated providers and insurance companies continue to increase; this portends a substantive change in future competitive success factors.
3. CMS continues its cost reduction initiatives including readmission penalties and soon to be introduced APCs.
4. CMS, commercial payers and employer groups are continuing to innovate and introduce new reimbursement mechanisms that reward quality and efficiency while financially punishing hospitals and other providers for errors, rework and the cost of care devoted to treating avoidable illness.
5. While Medicare ACOs and commercial ACOs are demonstrating mixed results, all payers and market leading providers will continue to experiment with delivery models that reduce illness and thus the volume and cost of care.
6. New entries (CVS, Walgreens etc.) continue to look for ways to profit from weaknesses in the existing delivery model while device and tech companies continue to develop and offer alternative products and services to reduce costs.

New Rules: What’s Going to be Required

Maintaining a market leadership position in terms of technical quality of care, cost, access, consumer satisfactions and ability to generate needed investment will not be sufficient in the post reform world. Successful healthcare organizations must:

1. Engage consumers (and payers) in new, informed and engaged outcome oriented inter-dependencies, accountability, and partnerships.
2. Continue to build and support primary care as the “manager” of patient centered care.

3. Foster ease of access for needed services.
4. Ensure that patients and consumers receive demonstrably effective care: the right care at the right time and the right place and at the right price.
5. Integrate all elements of care: acute, post-acute, and primary care (**the full life cycle of the accountable care supply chain**) to allow the most cost effective care to be delivered. This will require shedding silo institutional thinking.
6. Deploy cost efficient, user friendly technology solutions necessary to effectively and transparently support emerging delivery models.

New Roles: Sustainability

Staying in business will require healthcare organizations to remain “community competitive” irrespective of the market circumstances and challenges noted above. Going forward, leaders have only two options to remain sustainable in the post reform world:

1. Become the “go to” integrator of care that builds and sustains the **accountable care supply chain** that routinely delivers the right care at the right time in the right setting with the right outcomes in terms of quality, cost and satisfaction regardless of the population group or payer source.
2. Become an effective and efficient partner and supplier of high quality cost effective care continuously adjusting or “right sizing” your portfolio of services and the facilities and manpower to demand.

New Actions: The Difficult Choices Ahead

The imperatives, enablers and options in your specific market, require careful and immediate attention. Waiting for clarity is not an option.

1. Quickly assess your current situation and the readiness for change of both your organization and the other components of the delivery system your patient population uses for care (the **accountable care supply chain**).
2. Design your new role and delivery model and prepare (educate) your team and associated providers in preparation for full deployment.
3. Begin execution of your plan as quickly as possible. Readmission penalties are only the tip of the iceberg, and the financial risk posed by inadequate population health systems is growing rapidly.

We Can Help

Future issues of “**Simple But Powerful Solutions That Produce Results,**” will address strategies of assessing your market situation, and the design and development of alternative primary care based delivery models.

Call or email me @ 201 656 1004 or ehindin@hhadvisors.com for additional conversation about how we might help you complete your assessment and your plan.

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