Hospital-Physician Partnerships – A Replay of the 90’s or a New Era?
Positioning Your Medical Practice
Why I care?  
We are on the same radar.
Better than “we’re all in this together”
Agenda

I. Comparison of 90’s and Today

II. Application of Theory

III. Brief Discussion and Questions
What’s going on?

The Good, the Bad, OR the Ugly...quite simply, healthcare is dynamic.
2014 Trends in Healthcare

1. Insurance exchanges will provide mixed results to providers.
2. New care and payment models will continue to develop and expand.
3. Consolidation of providers will continue…the big will get bigger.
4. Physician shortage begins to take effect, and alignment is a priority.
5. Marketing and creating a strong brand will be important.
6. Transparency will continue to increase.
7. Large employers will increase their partnering with providers.
8. Expect continued deployment of new technology.
9. Health systems and hospitals will continue to expand their continuum of care within their market.
10. Labor relations will continue to be a challenge.

Coming Soon to a Location Near You!

http://vimeo.com/13163423
Response after a couple of years…

It has been disappointing to see the IPA leadership, some of whom were instrumental in founding the PHA, turn physicians away from integration to separation. But their concerns are rational, and IPAs have been constructive organizations in many communities, including Central Oregon. However, separate, competing entities: Hospitals, providers, and insurers made more sense in a fee-for-service world. With reimbursement reform being imposed, and the complexity, cost and demand for health care increasing, integration and coordination seem to offer a more logical way to deliver high-quality care at the most reasonable cost. The solution to this “collision course” will be found in active, frank dialogue and appropriate action. Maybe physician leaders can diminish the paranoia. Maybe the SCHS leaders can begin rebuilding their credibility by saying what they mean, and doing what they say. [Boldfaced for emphasis]

Michel Boileau, M.D.
Founding member of COIPA
Member, PHA Steering Committee

http://www.comedsoc.org/index.php?m=47&s=431&id=447
Similarities
## What looks the same?

<table>
<thead>
<tr>
<th>The 90’s</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recession: July 1990 to March 1991</td>
<td>• Recession: December 2007 to June 2009</td>
</tr>
<tr>
<td>• Fragmented market</td>
<td>• Fragmented market</td>
</tr>
<tr>
<td>• Insurance reimbursement</td>
<td>• Insurance reimbursement</td>
</tr>
<tr>
<td>primary source of</td>
<td>primary source of</td>
</tr>
<tr>
<td>revenue</td>
<td>revenue (with a slow</td>
</tr>
<tr>
<td></td>
<td>wave building)</td>
</tr>
</tbody>
</table>
Differences
What looks the different?

The 90’s
• Catalyst of change: Businesses/Insurers
• Technology: paper records, written scripts
• System had “excess”: Managed care discounts
• Physician Employment Preference: 2001: 3% preferred to be employed

Now
• Catalyst of change: Federal Government
• Technology: EHR, e-prescribing, HIE, mHealth
• Little or no excess in the system
• Physician Employment Preference: 2011 65% of established and 49% new were hospital employed
Why this time may be a new era...
Breaking News  November 16, 2010  9:47 am EDT

The Centers for Medicare & Medicaid Services have officially established the Center for Medicare & Medicaid Innovation, which is intended to study ways of delivering care and paying providers and can save money for the Medicare and Medicaid programs and improve quality.
Delivery System Reform

New Organization Structures
- ACO
- PCMH

Payment Reform
- Value Based Payments (PQRS, Value based modifiers, MU)
- Bundled Payments
North Carolina ACO Landscape

ACO Present

Source: Leavitt Partners
Who are they?

- Accountable Care Alliance (Wilmington Health), Wilmington, NC
- Accountable Care Coalition of Caldwell County, LLC, Lenoir, NC
- Accountable Care Coalition of Eastern NC, New Bern, NC
- Bayview Physician Group, Chesapeake, VA
- Boice Willis Clinic, Rocky Mount, NC
- Cape Fear Valley Health System, Fayetteville, NC
- Carolina Advanced Health, Durham, NC
- Carolinas ACO, LLC, Charlotte, NC
- Carolinas Healthcare System, Charlotte, NC
- CaroMont Health, Gastonia, NC
- Central Virginia Accountable Care Collaborative, LLC, Lynchburg, VA
- Coastal Carolina Quality Care, Inc., New Bern, NC
- Cornerstone Health Care, PA, High Point, NC
- Duke Connected Care, Durham, NC
- Key Physicians, Raleigh, NC
- Mission Health Partners, Asheville, NC
- North Carolina Community Care Networks, Inc, Chapel Hill, NC
- Novant Health, Winston-Salem, NC
- Pinehurst Accountable Care Network, Pinehurst, NC
- Triad Healthcare Network, LLC, Greensboro, NC
- UNC Health Care, Chapel Hill, NC
- Wake Forest Baptist Medical Center, Winston-Salem, NC
- WakeMed Key Community Care, Raleigh, NC
- WNC IPA, LLC, Asheville, NC
Here are the percentages of health care costs you pay for each type of plan:

- Bronze plan: 40%
- Silver plan: 30%
- Gold plan: 20%
- Platinum plan: 10%
Shifting reimbursement models...

Lives Under Age 65 Covered by HSA-Qualified High-Deductible Health Plans as a Percent of Total Commercial Health Plan Enrollment, by State, January 2013

Source: AEIP Center for Policy and Research
Physician Salaries

Who’s Up, Who’s Down Since 2010?

- Ophthalmology: 9%
- Pediatrics: 5%
- Nephrology: 4%
- Rheumatology: 4%
- Oncology: 4%
- Family Medicine: 2%
- Internal Medicine: 2%
- Diabetes/Endocrinology: 1%
- Urology: 1%
- Gastroenterology: 1%
- Pulmonary Medicine: 1%
- Plastic Surgery: -1%
- Dermatology: -2%
- HIV/AIDS: -3%
- Obstetrics/Gynecology: -3%
- Psychiatry: -3%
- Cardiology: -5%
- Anesthesiology: -5%
- Neurology: -5%
- Emergency Medicine: -8%
- Radiology: -10%
- Orthopedics: -10%
- General Surgery: -12%
Primary Care Shortage

Primary Care Physician Supply vs. Demand (Thousands)

- Demand for Primary Care Physicians
- Supply for Primary Care Physicians

Source: AHA When I'm 64
Shortage of Surgeons Pinches U.S. Hospitals

“There’s a ‘perfect storm’ forming for a shortage of doctors and surgeons because of the time it takes to train doctors—typically three to seven years—and the fact that the number of senior citizens in the USA is growing rapidly.”

- Percentage of Total Doctors in U.S. Age > 55
  - 1985 – 27%
  - 2006 – 34%

- 250,000 Doctors Retiring by 2020

- 1980 – 2005:
  - Annual Medical School Enrollments = 16,000
  - Increase in U.S. Population = +70 million
  - Annual Medical School Enrollments in 2006 = 17,800
Specialty Shortage

Physician Shortage for Select Specialties
(in thousands)

Cardiology
- 2005: 2.7
- 2010: 4.3
- 2015: 6.3
- 2020: 9.2

Orthopedic Surgery
- 2005: 4.4
- 2010: 5.6
- 2015: 7.4
- 2020: 9.9

Gerontology
- 2005: 13
- 2010: 15
- 2015: 19
- 2020: 24

General Surgery
- 2005: 12.7
- 2010: 15.9
- 2015: 19.7
- 2020: 23.8

Other Medical Specialties
- 2005: 0.2
- 2010: 3.4
- 2015: 7.1
- 2020: 12.1

Source: AHA When I'm 64
### NerdWallet's Top 15 Medical Specialties

<table>
<thead>
<tr>
<th>Best Specialty Ranking</th>
<th>Specialty</th>
<th>Average Salary</th>
<th>Percent of Time Spent on Administrative Tasks</th>
<th>Patient visits/week</th>
<th>Total Hours Worked/Week</th>
<th>Percentage That Would Choose the Same Specialty</th>
<th>Percentage That Would Choose a Career in Medicine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gastroenterology</td>
<td>$342,000</td>
<td>20%</td>
<td>73</td>
<td>56</td>
<td>58%</td>
<td>44%</td>
</tr>
<tr>
<td>2</td>
<td>Orthopedics</td>
<td>$405,000</td>
<td>24%</td>
<td>83</td>
<td>55</td>
<td>56%</td>
<td>37%</td>
</tr>
<tr>
<td>3</td>
<td>Radiology</td>
<td>$349,000</td>
<td>19%</td>
<td>57</td>
<td>43</td>
<td>51%</td>
<td>33%</td>
</tr>
<tr>
<td>4</td>
<td>Oncology</td>
<td>$278,000</td>
<td>24%</td>
<td>67</td>
<td>55</td>
<td>57%</td>
<td>51%</td>
</tr>
<tr>
<td>5</td>
<td>Cardiology</td>
<td>$357,000</td>
<td>20%</td>
<td>79</td>
<td>60</td>
<td>54%</td>
<td>40%</td>
</tr>
<tr>
<td>6</td>
<td>Emergency</td>
<td>$270,000</td>
<td>20%</td>
<td>84</td>
<td>46</td>
<td>41%</td>
<td>52%</td>
</tr>
<tr>
<td>7</td>
<td>Anesthesia</td>
<td>$337,000</td>
<td>16%</td>
<td>49</td>
<td>55</td>
<td>46%</td>
<td>39%</td>
</tr>
<tr>
<td>8</td>
<td>Pulmonary</td>
<td>$263,000</td>
<td>23%</td>
<td>75</td>
<td>59</td>
<td>39%</td>
<td>59%</td>
</tr>
<tr>
<td>9</td>
<td>Neurology</td>
<td>$216,000</td>
<td>25%</td>
<td>62</td>
<td>55</td>
<td>60%</td>
<td>43%</td>
</tr>
<tr>
<td>10</td>
<td>OB/GYN</td>
<td>$242,000</td>
<td>22%</td>
<td>79</td>
<td>51</td>
<td>37%</td>
<td>53%</td>
</tr>
<tr>
<td>11</td>
<td>General surgery</td>
<td>$279,000</td>
<td>22%</td>
<td>55</td>
<td>58</td>
<td>47%</td>
<td>41%</td>
</tr>
<tr>
<td>12</td>
<td>Psychiatry</td>
<td>$186,000</td>
<td>25%</td>
<td>51</td>
<td>46</td>
<td>50%</td>
<td>47%</td>
</tr>
<tr>
<td>13</td>
<td>Pediatrics</td>
<td>$173,000</td>
<td>24%</td>
<td>78</td>
<td>47</td>
<td>44%</td>
<td>55%</td>
</tr>
<tr>
<td>14</td>
<td>Family</td>
<td>$175,000</td>
<td>24%</td>
<td>85</td>
<td>49</td>
<td>28%</td>
<td>62%</td>
</tr>
<tr>
<td>15</td>
<td>Internal medicine</td>
<td>$185,000</td>
<td>23%</td>
<td>73</td>
<td>54</td>
<td>19%</td>
<td>66%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td><strong>$270,467</strong></td>
<td><strong>22%</strong></td>
<td><strong>70</strong></td>
<td><strong>52</strong></td>
<td><strong>46%</strong></td>
<td><strong>48%</strong></td>
</tr>
</tbody>
</table>

### Physician-Hospital Collaboration: Practice Factors Cited as “Very Important” by Physicians Under 50

<table>
<thead>
<tr>
<th>Top Priority</th>
<th>Percent “Very Important” Male</th>
<th>Percent “Very Important” Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time for family/personal life</td>
<td>66</td>
<td>82</td>
</tr>
<tr>
<td>Flexible Scheduling</td>
<td>26</td>
<td>54</td>
</tr>
<tr>
<td>No/limited on call</td>
<td>25</td>
<td>44</td>
</tr>
<tr>
<td>Percent working part time</td>
<td>4</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: AAMC

### Practice Settings – Residents

<table>
<thead>
<tr>
<th>Practice Settings – Residents</th>
<th>2003</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Specialty</td>
<td>30%</td>
<td>23%</td>
</tr>
<tr>
<td>Partnership</td>
<td>41%</td>
<td>24%</td>
</tr>
<tr>
<td>Multispecialty Group</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Hospital Employee</td>
<td>4%</td>
<td>22%</td>
</tr>
</tbody>
</table>

NOVEMBER 8, 2010

When the Doctor Has a Boss
More Physicians Are Going to Work for Hospitals Rather Than Hanging a Shingle

Source: MGMA Physician Compensation and Production Survey Report
Trends Impacting Physician Recruitment - Gender

Source: AMA Membership Data, May 2006
Summary

• The Physician as an entrepreneur is waning.
• Competition for the patient is much more intense.
• Gender shift in physician workforce affects total available FTE hours.
• Patient demand – Provider shortage
• Hospitals can pay physicians in multiple ways
Why this time might be déjà vu…
Technology and the Consumer
Technology – Lower Cost of Care

The Future of Healthcare

Get 24/7 access to doctors and therapists by video or phone!

Get Started

MDLIVE App Now Available

Doctor visits are easier than ever with the new MDLIVE iPhone App!

Download Now

Welcome to MDLIVE

Do you get MDLIVE as a benefit through your employer or group?

Activate Your Account
Mobile Health

- Actively engages patients in health care
- Connect physicians to information
- Telepresence technology
- Consistency in communication
- Data Analytics

ECG signals wirelessly transmitted to an Android mobile phone via a low-power interface. (Credit: Image courtesy of Interuniversity Microelectronics Centre (IMEC))
Tools: Then and Now
HITECH ACT/ARRA

- Infrastructure shift opportunity
- MU Phase 2 in effect
- Patient Portals beginning to shift engagement
- Niche products most likely next evolution
Electronic Medical Records – Practice Perspective

• Utilize this opportunity to better understand your patients and their needs

• Patient safety, quicker delivery of results, organized and standardized

• Mine the data

• Be proactive…stratify the database, provide information, help them know what they need

• Let them have access to their information and participate in their healthcare
The Cloud

• One to One Marketing

• Recovery Act Broadband Initiatives – Pushing the internet to rural communities

• Dial up is gone…just sayin..

• Changing system from paternalistic model to a facilitative model of physician/patient interaction

• Mobile Health is likely game changer
What are we doing?

**POPULAR ACTIVITIES ON INTERNET**

- **92%** Emails
- **92%** Using Search Engines
- **83%** Health or Medical Info
- **83%** Hobbies
- **82%** Search for Directions
- **81%** Check weather
- **78%** Info search on buying products
- **76%** Reading News
- **72%** Entertainment
- **71%** Buy a Product

Source: http://www.mindjumpers.com/blog/2012/05/time-spend-online/
There is still more to go…

Tim Berners-Lee, the recognized father of the WWW said:

*Buying books from Amazon.com and stocks from E-trade is not all there is to the Web. Neither is the Web some idealized space where we must remove our shoes, eat only fallen fruit, and eschew commercialism.*

*(Weaving the Web, 1999)*
Can Physicians give up control?

• Equalizing of Extenders and Physicians

• Being informed of what quality is

• Leap of faith that new system will evolve
Summary

• Innovation overcomes desperation.
• Economics 101 – Physician service demand will create market opportunity.
• Information sharing will allow for market independence.
• Individualism will create opportunity.
• Being a physician still has value.
Now what…
Do this or do that?

Healthcare is changing very, very rapidly. Preparation is no longer an option…it is a requirement for future success. Hanging out a shingle is no longer the main requirement for success.
Figuring out your Road
The Road Less Traveled or The Prepared Road for All
Questions?

Contact
Cameron M. Cox, III
Cameron.Cox@msochealth.com
919-960-0336 (office)
919-368-0741 (cell)
Thank You