As seen in **Becker's Spine Review**

4 Strategies to Prepare for Changes in Reimbursement

By Patrick Vega

There are four key strategies hospitals and physicians should use to prepare for upcoming reimbursement changes:

1. Develop medical staff-hospital collaborations that include both private and employed physicians
2. Develop integrated and comprehensive continuums of specialty care
3. Deliberately invest in and implement clinical and functional outcomes collection and reporting
4. Proactively define quality with payors and pilot alternative reimbursement models

Physician-hospital collaboration

As a result of market changes fostering unprecedented collaboration, physicians will have more opportunities for leadership and accountability in specialty program development, delivery and management than ever before. One common barrier is that of historical distrust between administration and medical staff. According to Michael J. Dacey, MD, FACP, SVP MA and CMO for Kent Hospital in Warwick, R.I., "Most doctors believe that very few administrators understand physicians and the problems they face. And most administrators at both hospitals and insurance companies would say the same thing about doctors. And both groups are correct." He further comments that in the current and near-future environment, hospitals and physicians are co-dependent for clinical and financial success. (HealthLeaders, 2/23/12)

The most successful collaborations will engage physicians, regardless of private or employed status, in mutually beneficially initiatives where benefits accrue to those willing to invest in program development that benefits patients, practices and specialty programming.

Hospital must lead with resources — almost without exception, every hospital and medical staff has a long-standing organizational skepticism. That is, when faced with or given the opportunity to engage in a new initiative, many will react with skepticism. It is not uncommon that new projects, initially bright and compelling, are discarded when faced with a lack of progress due to poor planning and implementation. Hospital staff and physicians are reluctant to invest their time and reputations in endeavors that do not arise out of a common vision, are not well planned and therefore have little chance of achieving key milestones and producing lasting change.

In the most successful health systems, administration actively seeks physician participation in service line development and management of clinical, financial and business development matters with decisions made based on shared vision and values. Carrie Willets, director of orthopedics at Sports Medicine & Rehabilitation at Rockingham Memorial Hospital in Harrisonburg, Va., can attest to the impact of alignment. RMH has experienced a dramatic growth in their Total Joint Replacement Program, in large part due to the institution of key elements of effective service line development. Vital among them is administrative support and the deep involvement of employed and private orthopedists in all aspects of the program.

In addition to the fundamentals of a comprehensive strategic plan, RMH challenged their medical staff to take leadership and accountability for both their patients and program quality as well. This included not only the orthopedic surgeon's involvement in leadership council but also leadership from anesthesia and radiology. All stakeholders review program operational, clinical and financial metrics regularly and manage the program from these metrics.

Develop integrated and comprehensive continuums of specialty care

While hospital-physician alignment and collaboration, exploration of alternative reimbursement models and mutually defining quality with payors are both important to prepare for the future, ultimately, each is fundamentally dependent on the organization and delivery of specialty care. Well-defined, standardized and reliable systems of care are inextricably linked with medical staff-hospital collaboration and quality, which set the stage for novel reimbursement pilots and models.

The commitment to effective systems, structures and resources for specialty care is a prerequisite for the future of orthopedics, spine and pain management. When preparing for any of these initiatives, it is not uncommon that systems must be redesigned and protocol developed to allow the organization/service to reliably perform at a remarkably high level, elevating the staff, patient and service above routine crisis, ultimately achieving consistently impressive patient outcomes, experience and metrics.

Clinical and functional outcomes to substantiate effectiveness

"One of these days we will be paid for our outcomes…" I recall that statement over 20 years ago from a hospital administrator as he chain-smoked in his office. Even then it made sense. Yet, aside from the development and use

of standard assessment tools, surprisingly little has been done to bring measures of effectiveness to orthopedics and spine on a larger and national scale. That is about to change. Pay for performance and bundled reimbursement will dramatically alter care organization and delivery. According to the Dartmouth Institute, "Payor-driven shared-risk payment models will force increased hospital/physician collaboration on programs that reduce cost and increase efficiency without sacrificing quality care."

Collection, reporting and application of operational, clinical and functional outcomes data will emerge as a primary driver for contracting and reimbursement, and will increasingly become a source of comparative effectiveness for physicians and hospitals. When conducting assessments, we routinely ask medical and hospital staffs what they collect for outcomes. While virtually every hospital and physician will acknowledge they should be (and should have been) collecting outcomes, very few actually do. Most hospitals reply that they collect patient satisfaction and mandated measures. The most common physician response is that they (anecdotally) have high patient satisfaction. One surgeon shared that an Oswestry was collected on every surgical spine patient but the information was not used.

John Pracyk, MD, PhD, a neurological surgeon and medical director for the Center for Spine and Brain Health at Mercy Medical Center in Oshkosh, Wis., coined the term "surgical meritocracy" to denote a new culture of measurement. Because consistent and broadly based outcomes have not been collected, many surgeons are naturally skeptical of the means and uses of such data. Dr. Pracyk's experience is that measurement precedes understanding and provides a genuine basis for improving care and substantiating value. "The surgeon may believe they are good, but does someone who's keeping score or paying for care believe they are good? Physicians will be weighed, measured, and perhaps found wanting. Performance of all types, including the level of patient engagement and satisfaction are now, or will soon be, subject to measurement."

While this can be a challenging transition, Dr. Pracyk offered encouragement. "This is the new culture that could bring a new found honesty and satisfaction back to the practicing surgeon," he says. "Being able to translate outcomes data into actionable items is the next step."

At present there are few nationally established standards for collection of orthopedic, spine and pain care outcomes. Several professional associations have initiatives to define standards but none are universally accepted. This absence creates opportunities for physicians and hospitals to advance the definition of best practice for outcomes. When done properly, outcomes collection, reporting and application is a joint responsibility for hospital and physicians. Because of their operational infrastructure and resources, in most cases, initiatives should be resourced by hospitals and collaboratively managed by both hospital and medical staff.

Defining quality

With the advent of pay for performance and other reimbursement models, hospitals and physicians will increasingly measure and report data such as:

- Patient experience
- Functional outcomes (i.e., non-surgical, post-surgical/interventional results)
- Operational data (i.e., ALOS)
- Clinical indicators (specialty specific)
- Financial data (i.e., contribution margin, market share)

This data will be used to benchmark individual hospital and physician care against national, regional and payor data on a specialty specific basis. Additionally, data can be used to seek specialty certification, accreditation, preferred reimbursement, or in the mid- to long-term, inclusion or exclusion from provider panels. This will require investment now to yield long-term benefits.

Our perspective is that there will be a window of opportunity for hospitals and their medical staff to proactively and collaboratively define quality metrics with their payors. While the Centers for Medicare and Medicaid Services and other government agencies will proceed with quality and payment demonstrations; community, academic and private hospitals have an incredible opportunity to pilot with private payors on a small scale and proliferate novel and effective models of care and management.

Furthermore, rather than being dictated to, providers can collegially define quality and best practice. According to physiatrist John Hart, DO, of PeaceHealth Medical Group, "This is the time for institutions and hospitals to learn from their past and step into the future. By inviting the insurers, not only to the table, but into the living room and having a long discussion on what the ideal future should look like, proactive institutions and physicians can be fundamentally involved in constructing their future in matters of quality. Simply put, if we do not engage with payors, they will dictate the future to us ... and with reason." With the history between providers and payors being antagonistic, such proactive collaboration can result in trusted partnerships that lead to true innovations and sustained engagement.

Changes in reimbursement and greater physician-hospital collaboration will alter the landscape of healthcare. Those that accept that change is inevitable and proactively prepare for it can have a significant role in shaping their futures and avoiding the prospect of having change dictated.

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