

Integrated Delivery Networks and Hospitals Trends and Strategies: C-Suite Perspective

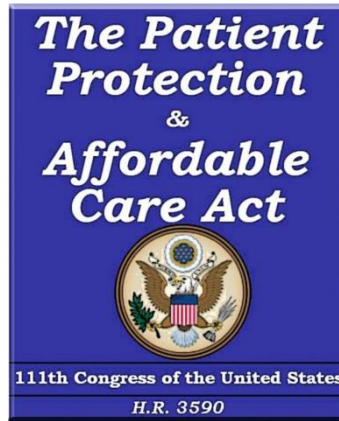
**Becker's Hospital Review Webinar
After the EHR: The Next Big Step for
System-Wide Integration**

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Healthcare reform is accelerating and is here to stay



2009



2010



Over next 6 years,
\$250+ billion
in reduced
Medicare payments

A CEO's Perspective

- 1. Moving from a volume to value driven system**
 - Manage population health
- 2. Changing the care delivery model to create value**
 - Change the care, change the experience, change the payment model
- 3. Hospital consolidation and physician alignment**
 - Another record year of IDN consolidation
 - More physician employment and stronger clinical integration
- 4. Cost containment**
 - Make money on Medicare pricing – reduce costs 15 – 20 percent

Impact on Integrated Delivery Networks (IDNs)

- **Radical operational performance improvement – make money on Medicare**
 - Reduce costs and improve operating margin – make money on Medicare, cut costs 15 – 20 percent.
 - Average margin on Medicare is a negative 9.9 percent
- **Creating Accountable Care Organizations, population health capabilities, and new models of care**
 - Patient-centered medical home
 - Fundamental care model changes with triple aim focus
 - Care bundles, pathways, care coordinators, care management, and more
 - Clinically integrated networks of physicians
 - New Financing models

Impact on Integrated Delivery Networks (IDNs) (continued)

- **Physician consolidation and integration**
 - Primary care, specialists, and all others – potential for alignment (more than 50% of MDs are employed 2012)
- **IDN and hospital mergers and consolidations**
 - Strong get stronger, weaker will have to consolidate
 - Consolidation needs to leverage scale to decrease costs
- **Significant capital/cash is being used for**
 - Electronic Health Records (EHRs)
 - Physician network creation and practice acquisitions
- **Different sectors of IDNs are going to behave differently**

Key questions from the C-suite

- **How can we make money on Medicare reimbursement?**
- **How can we change the care model with largely independent physicians?**
- **How fast should we design and implement the new care model and the new payment systems that recognize value?**
- **Does our hospital/system utilize scale effectively?**

...What role does integration play as part of the solution?