

# Insight and Perspectives

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## Welcome

We are pleased to offer our latest installment of *Insight and Perspectives*. This newsletter is dedicated to sharing healthcare news, trends and developments impacting our brokers and insured customers.

In this particular installment you will find an article written by Kathy Wire, principal of Kathryn Wire Risk Strategies, discussing obstacles to physician integration into risk and quality, while giving examples of new models that strive to better integrate and align the delivery of healthcare services.

We appreciate the support you've given Endurance U.S. Healthcare and we welcome your feedback, requests and suggestions for future issues.

Yours Truly,

Kim Willis

## About Us

Endurance U.S. Healthcare offers lead and capacity healthcare professional liability coverage to community-based hospitals and large-physician groups.

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## Physician Integration – Opening the door to a changed vision

By Kathy Wire

Principal, Kathryn Wire Risk Strategies

**Nicolaus Copernicus accurately described our solar system: the planets (including Earth) orbit the Sun, each interdependently controlling the others with gravitation fields. He suffered ridicule and humiliation during his lifetime, as most of his contemporaries believed all the heavenly bodies circled the Earth. Healthcare providers have similar dependent relationships, and their “reality” of perceived relationships to each other has also shifted dramatically in a single generation. Physicians, once viewed and/or treated as the center of healthcare, have shifted to an interdependent but equally important role.**



Reimbursement, quality and risk concerns now require a more team-based process focused on global outcomes and standardized processes. Yet physicians, many of whom began to practice under the “old” order, now must navigate more complicated and complex pathways to improved patient care. Their offices contain tools that support the former ways. Their training never covered topics such as “core measures,” “never events” and mortality rates. Healthcare organizations that successfully engage the knowledge and energy of their “old” physicians in addressing these “new” issues will prevail in this new environment.

Three key obstacles interfere with physician integration into risk and quality:

- Financial incentives are skewed to maximize the quantity of fee-for-service care, with no real consideration of the quality or appropriateness of the services. Arguably, only payors win when patients receive LESS care.
- Solutions may exceed the financial ability of physicians to participate. For example, small practices may struggle to finance information technology or improvement tools such as simulation training.
- The historical relationship between hospital and medical staff arose from a non-integrated model in which the interests of both sides often conflicted. This dynamic stifled efforts to cooperate and communicate on many projects.

Some providers have approached these issues individually. Developing new communication processes with physicians and helping to finance electronic records are two such examples. Several Endurance clients have purchased simulation tools and provide incentives for their

medical staff members to use them as part of departmental team training. These efforts can successfully overcome barriers to successful physician engagement.

However, there are more global approaches that demonstrate the potential to break down all of the obstacles. One involves operational management (SSM Healthcare) and the others look at reimbursement (Prometheus Payment and Geisinger).

St. Louis-based SSM Healthcare has recently initiated several units that tie participating physicians directly to financial and quality goals.<sup>1</sup> The St. Louis unit (initiated at St. Joseph hospital in Kirkwood and to be re-created at the new St. Clare Hospital) is managed by a joint venture between the hospital and selected physicians and enjoys a segregated nursing staff. Physicians who practice the most in the special units agree to financial, quality and patient-satisfaction objectives, and the joint physician-hospital management company has financial incentives related to those objectives. Some of the indicators derive from outside quality goals, and the hospitals develop others based on local needs. According to Eunice Halverson, SSM's Corporate Vice President for Quality Resources, each of the units has operated profitably, in spite of higher nurse/patient ratios. Patient satisfaction scores in the units have also improved.

The SSM concept has also generated some challenges. The higher nursing ratio makes profitability an ongoing challenge, even though the model can reduce other costs. SSM does not expect to utilize the concept exclusively in any of its hospitals, as the collaborative environment is not a good fit for all communities and service lines.

SSM has initiated other general aids to physician involvement, including physician leadership classes that educate their "students" about hospital operations, quality and patient safety. System hospitals also identify patient safety champions on the medical staff, leveraging those individuals' interest and energy without changing the medical staff structure. SSM also emphasizes quality and patient safety priorities with employed and contracted physicians, generating change that spreads to other medical staff members.

The Prometheus Payment project ([www.prometheuspayers.org](http://www.prometheuspayers.org)) develops evidence-based treatment bundles for specific conditions and calculates appropriate global payment amounts for those packages of care. Primarily funded through grants from the Robert Wood Johnson Foundation, Prometheus anticipates it will develop accepted clinical approaches and combine those with fully

transparent operational and financial processes. The treatment team will receive a single payment for the accepted treatment protocols—period.

Geisinger Health System, a physician-led organization, has initiated a similar program with a flat payment rate for selected procedures.<sup>2</sup>

These initiatives connect all providers in a single payment process that is calculated based on quality care, making the success of each participant dependent on symbiotic relationships with the others.

Undoubtedly, the whole healthcare industry will continue to develop innovative programs that unite participants in the search for safer, better care. But like Copernicus, these explorers have opened the door to a changed vision. ◀

#### **Kathryn Wire**

is a healthcare risk management consultant with special interests in complex systems and ERM. She is a frequent educator, author and speaker on developing risk management issues.

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1 See Feldstein, "SSM Partners With Doctors in Joint Venture," St. Louis Post-Dispatch, March 12, 2008.

2 See Carbonara, "Geisinger Health System's Plan to Fix America's Health Care," Fast Company (October 2008), accessed at <http://www.fastcompany.com/magazine/129/the-cure.html>.



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