



Beyond the Employed vs. Independent Physician Debate: Introducing the Inter- Dependent Physician

Presented to the
15th Annual Illinois Staff Physician Recruiters Conference
November 12, 2015



Discussion Topics

- Background of Northwestern Medicine and NMPP
- The Imperative for Change
- Emerging Practical Models of Care
- Recent Payer/Market Developments
- Key Take Away Points for Recruiters
- Questions & Answers

About Northwestern Medicine

Northwestern Medicine is the shared strategic vision of Northwestern Memorial HealthCare and Northwestern University Feinberg School of Medicine to transform the future of healthcare and become one of the nation's premier destinations for patient care. Each day, 25,000 clinical and administrative staff, medical and science faculty and medical students come together with a shared commitment to superior quality, academic excellence, scientific discovery and patient safety.

About the Feinberg School of Medicine

- One of the Nation's Top Ranked Research-Intensive Schools of Medicine
- More Than 3,400 Faculty Members
- 27 Fully Approved Residency Programs & Dozens of Advanced-Level Fellowships
- The Numbers:
 - 670 Medical Students
 - 652 PhD Students & Research Fellows
 - 657 Masters and Professional Program Students
 - 1,090 Residents & Fellows
- Awarded \$398.8 Billion in Research Grants Last Year

About the NM Hospitals

- Northwestern Memorial Hospital – 894 Bed AMC
- Central DuPage Hospital – 380 Bed Tertiary Facility
- Lake Forest Hospital – 201 Bed Community Hospital
- Delnor Hospital – 159 Bed Community Hospital
- Planned Acquisition of KishHealth System

Recognitions:

- Multiple National, Regional & Local Top Rankings
- Nursing Magnet Status Designation At All Hospitals
- \$565 Million in Charity Care & Community Benefits

What Is NMPP?

- Northwestern Medicine's Vehicle for Emerging Population Health, Value-Based Contracting, Payment & Care Delivery Models
- Population Health Management Company
 - Physician-Led
 - Informatics Rich
 - Change Management
- Broad Network of Physicians/Providers
- Payer/Employer Contracting Organization
- Meets Legal Criteria for "Clinical Integration"
- Common Approach Across All Payers & Physicians



The Imperative for Change

Leading Causes of Death and Disability in the U.S.

- Chronic diseases & conditions—such as heart disease, stroke, cancer, diabetes, obesity, and arthritis—are among the most common, costly, and preventable of all health problems
- About half of all adults—117 million people—had one or more chronic health conditions, while one of four adults had two or more chronic health conditions
- Seven of the top 10 causes of death in 2010 were chronic diseases. Two —heart disease and cancer—together accounted for nearly 48% of all deaths
- Obesity is a serious health concern: more than 1/3 of adults (about 78 million people) and nearly 1 in 5 youths are obese
- Diabetes is the leading cause of kidney failure, lower-limb amputations other than those caused by injury, and new cases of blindness among adults

Costs of Chronic Conditions in the U.S.

- 86% of all health care spending in 2010 was for people with one or more chronic medical conditions
- Total costs of heart disease & stroke were \$315.4 billion in 2010
- Cancer care cost \$157 billion
- Total cost of diagnosed diabetes was \$245 billion
- Medical costs linked to obesity is \$147 billion. Annual medical costs for people who are obese is \$1,429 higher than those for people of normal weight
- For the years 2009-2012, economic cost due to smoking is estimated to be more than \$289 billion a year
- Economic costs of drinking too much alcohol were estimated to be \$223.5 billion, or \$1.90 a drink

Transitioning to Better Solutions

“The Stone Age didn’t end because we ran out of stones. We transitioned to better solutions.”

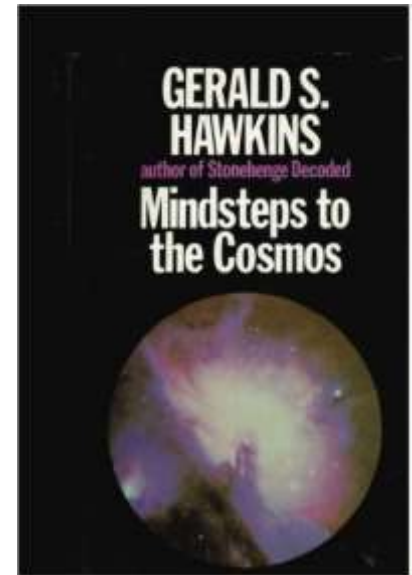


Steven Chu
Former U.S. Energy Secretary

Mindsteps to Population Health

- Gerald Hawkins' 1983 Reflection on the Structure of Scientific Revolutions
- Observed Patterns of Progressive & Irreversible Changes to Paradigms for Looking At and Understanding the World
- Common Characteristics:
 - ✓ Each Step Represented a Bold Advance
 - ✓ Yielding Significantly Greater Understanding
 - ✓ Occurring with Increasing Frequency Over Time

... *Change Is Accelerating*



What Is Population Health?

- Mainstream Medicine Focus: Individual Patient Level
- Population Health Defined:

“A state of complete physical, social and mental well-being, and not merely the absence of disease...”.

(World Health Organization, 1946)

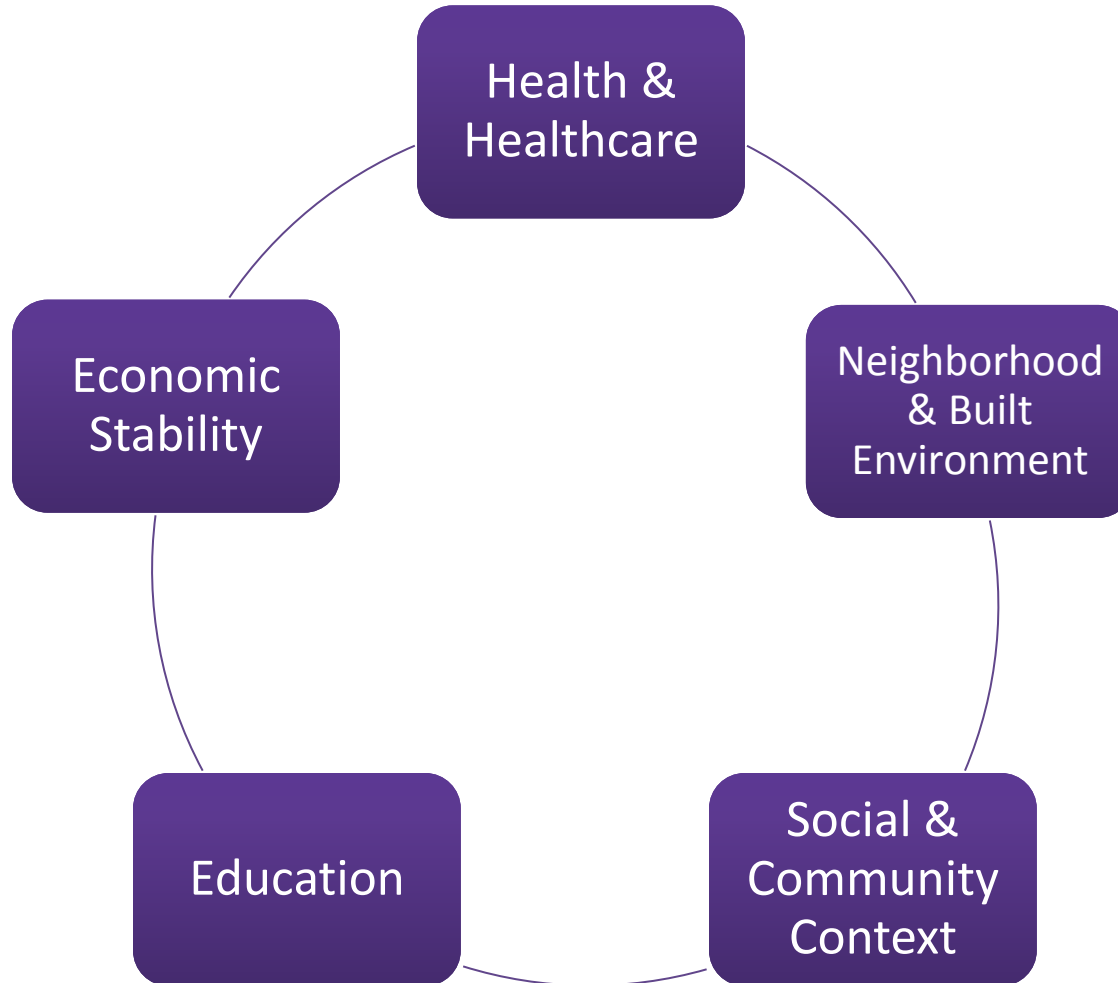
“The health outcomes of a group of individuals, including the distribution of such outcomes within the group”.

(Kindig, et al, American Journal of Public Health; March 2003)

- Public Health Focus: Social Determinants of Health
- In the U.S., SDOH's Are Estimated to Account for 70% of Avoidable Mortality

(McGinnis, et al; Health Affairs 21:78–93)

The Social Determinants of Health



Changing Health Care Landscape

- Pressures on Unit Price
- New Insurance Products
 - Tiered Benefit Plans
 - Narrow Network Products
 - Commercial Shared Savings/ACOs
 - Insurance Exchanges
- “Quality & Patient Experience Scores Used to Adjust Payment
- Increasing Electronic Connectivity



Reflection in 'A Distant Mirror'

“The 14th century, like the 20th, commanded a technology more sophisticated than the mental and moral capacity that guided its use.”



Barbara Tuchman

The Essential Problem: Lack of Innovation

“The cause of runaway healthcare costs is malpractice, but not the medical kind. Rather, we’re guilty of business model malpractice on a grand scale.”



Clayton Christensen,
Harvard Business School,
Author of
‘The Innovator’ s Dilemma’

Practical Barriers & Considerations

- “We Can’t Solve All the World’s Problems”
- Expectations to Be Paid More for Doing More
- Fragmentation & Lack of Inter-Operable Systems
- But... Emerging Body Evidence-Based Management
 - Patient Centered Medical Home
 - Wagner Chronic Care Model
 - Triple Aim Concept
 - Accountable Care Organization

The Camry Effect

Over the Span of Multiple Decades:

- By Continuous Improvement in Process
- With Fewer Defects & Lower Production Costs
- Enabling More “Creature Features”
- And Improved Safety Features
- At Same Price





Emerging Practical Models of Care

The Future Is Now ...

“The future is already here. It’s just not very evenly distributed”.



William Gibson

Categories of Approaches

- Nationalized Health Systems
 - British National Health System
 - All Other Industrialized Nations
- Vertically Integrated Approaches
 - Kaiser-Permanente
 - Geisinger, UPMC, Sentara, etc.
- Pluralistic Clinical Integration Programs
 - Brown & Toland
 - Advocate Physician Partners
 - Many Others

Definition of Clinical Integration

“... an active and ongoing program to evaluate and modify practice patterns by the network's physician participants and create a high degree of interdependence and cooperation among the physicians to control costs and ensure quality.

This program may include:

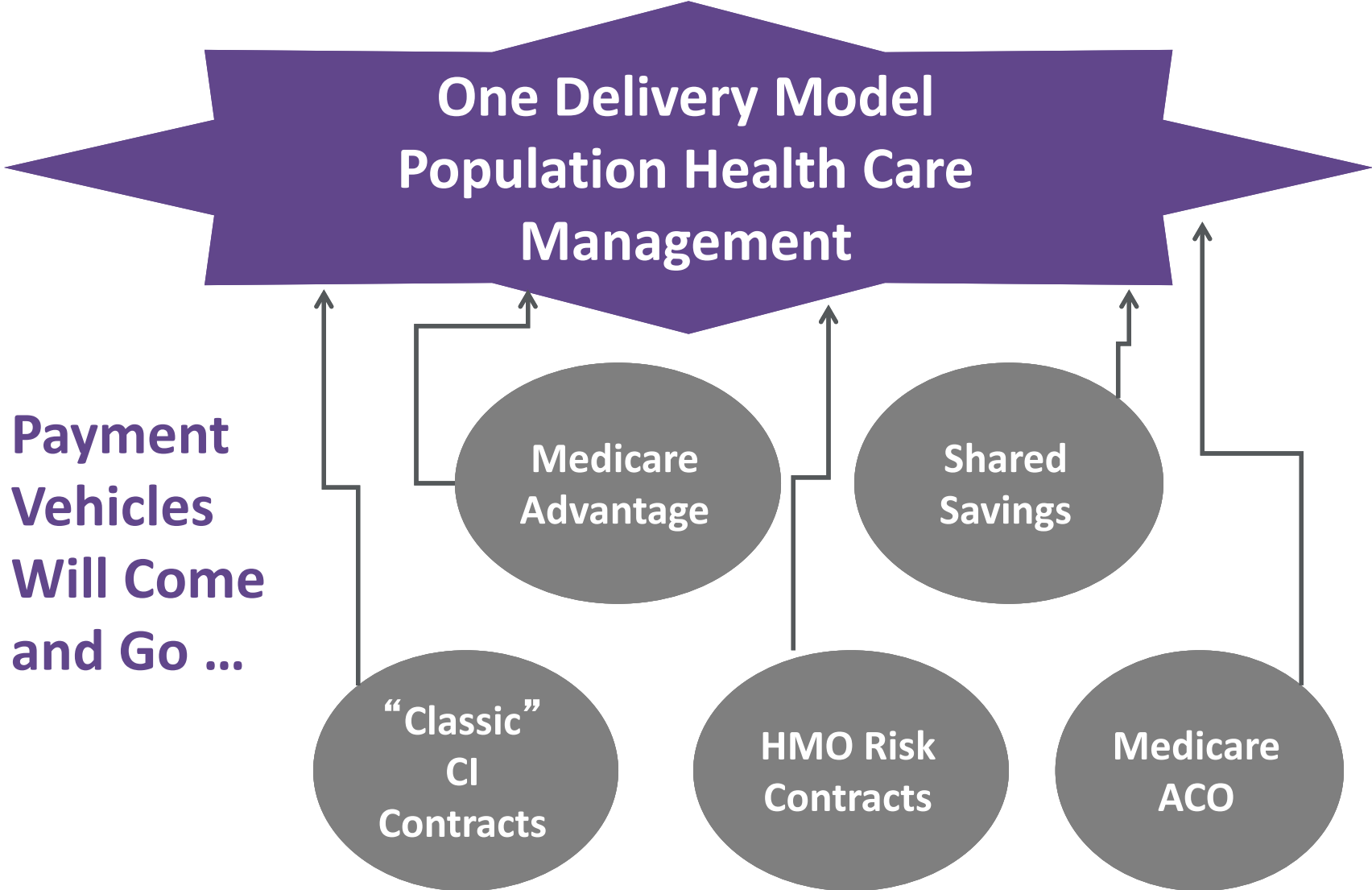
- 1) Establishing mechanisms to monitor and control utilization of health care services that are designed to control costs and assure quality of care;
- 1) Selectively choosing network physicians who are likely to further these efficiency objectives; and
- 2) The significant investment of capital, both monetary and human, in the necessary infrastructure and capability to realize the claimed efficiencies”.

Source: 1996 Joint Statements of Antitrust Enforcement Policy in Health Care by the Federal Trade Commission and U.S. Department of Justice.

Comparison of Paradigms

	Old	Emerging
Model	Reactive	Proactive
Approach	Treat Illness	Promote Wellness & Prevention, Manage Disease
Timeframe	Episodic	Lifetime
Care Coordination	Assumed, Intra-Episodic	Across Continuum, Over Time
IT Platform	Silos	Comprehensive 360 Degree View
Cost Focus	Unit Price	Total Cost PMPY, Risk Adjusted
Outcomes	Assumed, Often Un-Measured	Actively Managed, Well Rewarded
Network	Loose, > 50% Leakage	Tight, > 70% In Network

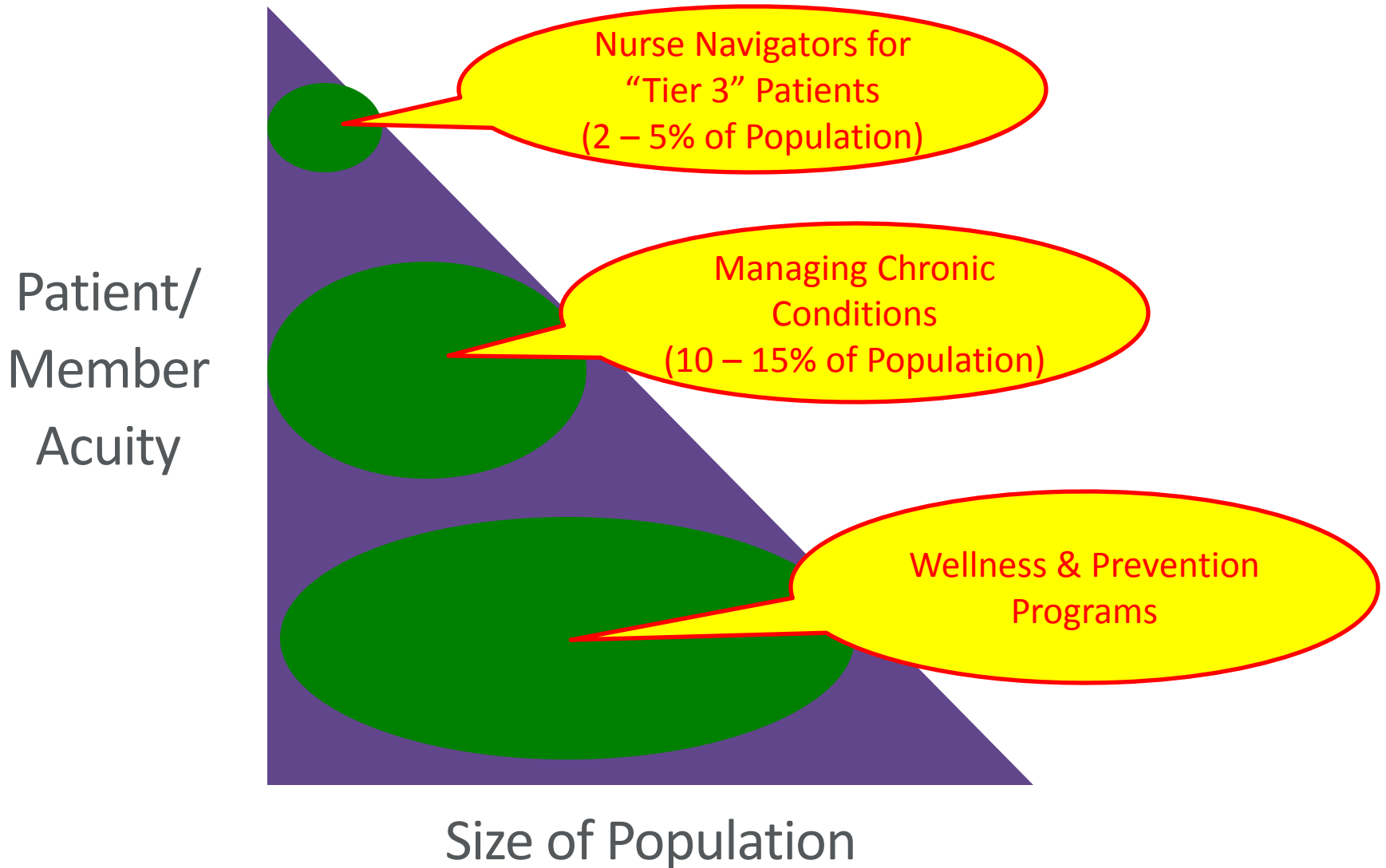
True Clinical Transformation Occurs When Critical Mass Is Achieved ...



Common Features of Organized Systems of Care

- Physician-Led Governance
- Program Measures
- Robust Supporting Information Technologies
- Clinical & Operational Protocols
- Nurse Care Management Program
- Access & Scheduling
- Physician/Office Manager Training
- Inbound/Outbound Call Centers
- Reminders/Outreach to “Conditioned” Patients
- Patient Education Materials
- Pharmacy Management Program
- Pay-for-Performance Incentive Program

Population Health Program Focus





Recent Payer/Market Developments

Recent Payer/Market Trends & Developments

- Payer Consolidation: Bigger & More Aggressive
- Changes to Public Insurance Exchange
- Narrower Narrow Networks
- Return of the HMO
- Commercial & Medicare ACO Penetration
- Quality & P4P Payments in Lieu of Base Rate Increases

Commercial & Medicare ACO Penetration

- Medicare ACO
 - 12 ACOs in Chicago Market
 - 50% Penetration of FFS Market (Excludes MA)
- Blue Cross Commercial ACOs
 - 9 ACO Contracts with 50% PPO Market Penetration
 - Goal of 16 ACO Contracts
- Cigna Commercial ACOs
 - 3 Contracts
 - Goal 75% PPO Market Penetration
- CMS Plans
 - Move 75% of Payments to Value/Episode Basis by 2018
 - Coupled with Age Wave

Key Takeaways

- Market Is Transforming Rapidly
- It's Increasingly Perilous Not to Participate/Evolve
- Provider Organizations Are Developing Significant & Scalable Internal Population Health Management Capabilities
- Practice/Culture Transformation Will Be Hardest Part
 - Managing Change vs. Putting Down Rebellion

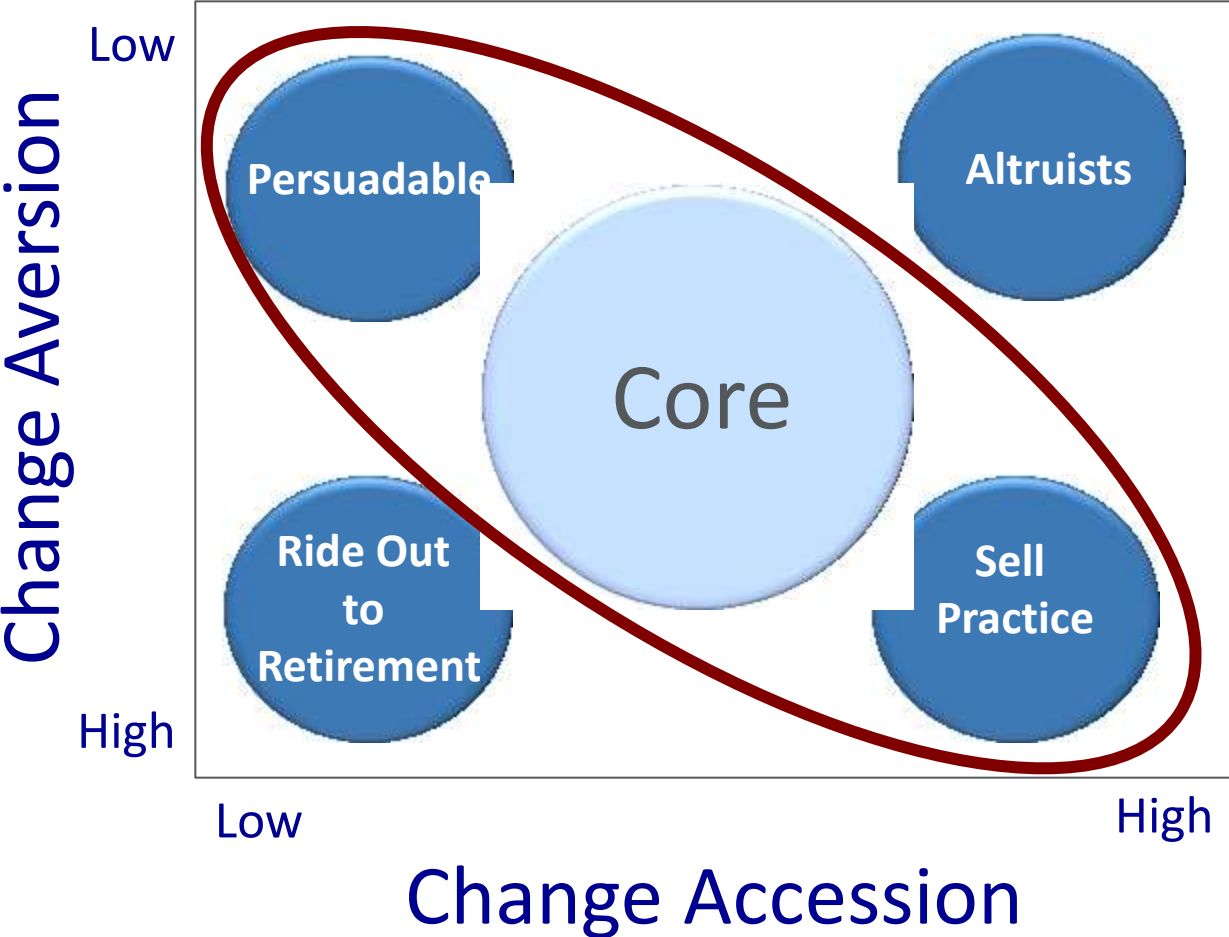


Key Takeaways for Recruiters

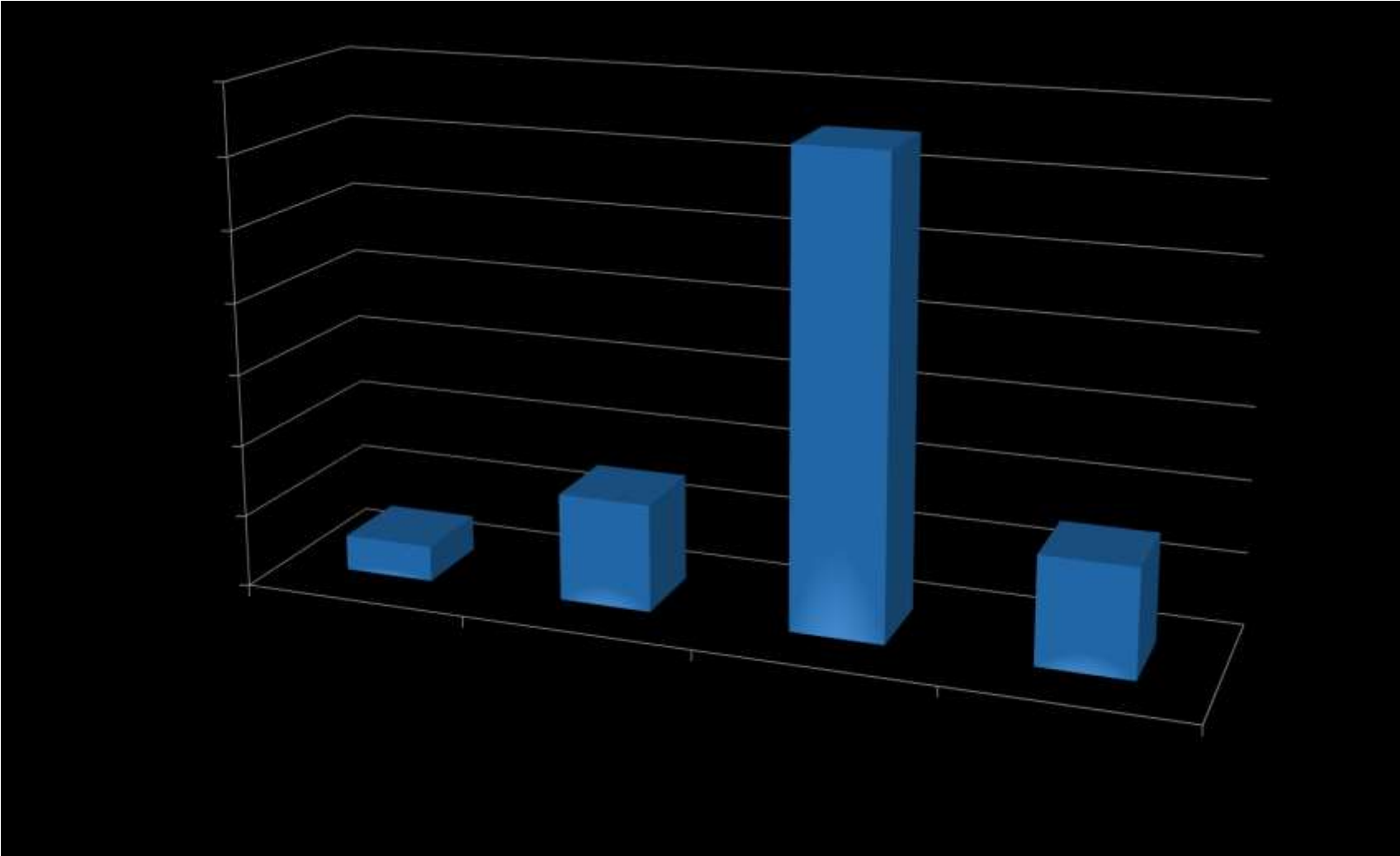
Key Takeaways for Recruiters

- Assess Your Client/Organization Relative to:
 - Emerging Care Delivery Models
 - Payer/Market Expectations for Accountability
- Understand the Requirements of The New Reality
 - Emotional Intelligence
 - Ability to Work Inter-Dependently
 - At Top of License
- Hire for Attitude/Aptitude; Train for Skills
 - ✓ Inclination for Team-Based Care
 - ✓ Capacity for Learning
 - ✓ General Suitability

Change Inclination Profile



Physician Sort and Court





Questions & Answers



Thank You!