Primary Care Innovation to Improve Health of High Risk Populations

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Excellent primary and integrated care is a major unmet need for the US. It’s virtually impossible to have an affordable health care system without it. One can make a strong argument that the capabilities of primary care have become weaker over the last 25 years.

Everyone is looking to strengthen their primary care base – advent of the medical home, core strategy of every ACO, back in the game of purchasing practices. However, the vast majority of organized effort is in the context of larger integrated delivery systems or hospital based systems.

A minority of nation-wide efforts have been through companies focused on building primary care through bottom up innovation. There are structural and strategic reasons why these efforts drive more rapid innovation than existing entities. We will highlight some of these reasons through a look at Chen Med and additional examples of primary care innovation.
Health care has now become the primary future cost driver of federal government spending

**Federal Spending on Major Health Care Programs, by Category, Under CBO’s Extended Baseline Scenario**
*(Percentage of gross domestic product)*

Source: Congressional Budget Office
Many Health Systems have positioned themselves as a potential ACO

ACO Rewarded with Shared Cost Savings when Quality of Care Standards Met
But disruption in business models has been the dominant mechanism for making things more affordable

<table>
<thead>
<tr>
<th>Yesterday</th>
<th>Today</th>
<th>Emerging</th>
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<tbody>
<tr>
<td>• Ford</td>
<td>• Toyota</td>
<td>• Chevy Volt</td>
</tr>
<tr>
<td>• Dept. Stores</td>
<td>• Wal-Mart</td>
<td>• Internet retail</td>
</tr>
<tr>
<td>• Delta</td>
<td>• Southwest Airlines</td>
<td>• Air taxis</td>
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<td>• JP Morgan</td>
<td>• Fidelity</td>
<td>• ETFs</td>
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<td>• Xerox</td>
<td>• Canon</td>
<td>• Zink</td>
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<td>• Linux</td>
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<td>• Cullinet</td>
<td>• Oracle</td>
<td>• Salesforce.com</td>
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<td>• AT&amp;T</td>
<td>• Cingular</td>
<td>• Skype</td>
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<tr>
<td>• State universities</td>
<td>• Community colleges</td>
<td>• Online universities</td>
</tr>
<tr>
<td>• Sony DiskMan</td>
<td>• Apple iPod</td>
<td>• Smart Phones</td>
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Snapshot of Chen Med

- Privately held primary care led physician group
- Focus on low to moderate income Medicare eligibles with multiple chronic conditions
- Vast majority are HMO Medicare Advantage; risk adjusted capitation (percent of premium) varies from $10k - $20k per year
- One stop shop centers focused on the relationship with a patient with multiple co-morbid centers
- 2010 – 5 centers in FL; 2013 end – 35 centers in FL, VA, LA, KY, GA, IL
To positively change American Healthcare though primary care innovation for the neediest populations
How we compete

1. Focused factory business strategy
2. Physician led and driven culture
3. Proprietary information technology
4. Right leverage points in integrated care
5. Import ideas outside of healthcare
6. Innovation platform
1. A focused approach

- Low to moderate income seniors
- 5 or more chronic conditions
- Urban areas with health system competition
- Vast majority of patients are HMO Medicare Advantage
- Take full capitation risk-adjusted capitation done through Hierarchical Condition Categories
- Joint venture outside of Florida with a single payor
Chronic conditions drive health care spending, especially in Medicare

**Average per capita health care costs by number of chronic conditions**

![Graph showing average per capita health care costs by number of chronic conditions.](image)

**Medicare spending for patients with 5+ chronic conditions**

![Bar graph showing Medicare spending for patients with 5+ chronic conditions.](image)

Source: Medical Expenditure Panel Survey, 2006
People with chronic conditions have significant unmet needs

Percentage of Physicians Who Believe Access Is Difficult or Very Difficult

- Mental health care: 84%
- Adequate health insurance: 80%
- Respite care for family: 78%
- Patient special education or training: 75%
- Prescription drugs: 65%
- Medical specialists: 56%
- Other health care professionals: 55%
- Primary care doctors: 53%

Designing the operations of a focused factory

One-stop shopping enhances coordination, collaboration, convenience, and compliance

Reproducible layout resembles an Ambulatory ICU

- Primary care doctors lead the care team and do not have private offices
- Onsite specialists to encourage physician to physician dialogue
- Onsite supportive services for convenience
- Capacity to keep patients out of hospital (e.g., IV Antibiotics, Diuresis)

Door-to-door transportation to our clinical sites improves access to care
2. Building the physician culture

- **Physician leadership**
  - 70% of board are physician
  - Medical directors as general managers

- **Employ the right internist**
  - Must like complex patients and medicine
  - Skilled relationships with patient, team and each other
  - Comfortable at working in a high performance culture – Apple vs. GM

- **Panel size of 400 – 450 patients**
  - Significantly increased time with the physician and patient
  - 95% of the visits with the same physician
  - Time to address important, not urgent issues

- **Accountability and peer review**
  - 3 times a week review of patient care in M&M conference
  - Real time data and feedback of population outcomes
  - Preserve balance of professional autonomy vs. evidence based practice

- **Physician value proposition**
  - Restoring medicine back to its roots
  - Primary care led
  - Salary in top quintile; getting paid to be smart
3. Creating your own information technology

Vendor issues

- Business needs are different than other health systems – would need customization anyway
- Vendors trap health systems
- High implementation costs

Benefits

- Costs of technology development has gone down dramatically in last decade
- Benefits of customization
- Rapid iterative cycles through Agile methodology
Creating a Java, Cloud Based “Dashboard” for a Physician to Manage Panels . .
Widgets can get customized for each physician
We view technology as being broader than electronic medical records

Registration and Intake
- Patient Life Cards
- Greeting and eligibility displays
- Air Traffic Controller

Physician Encounter
- Electronic Medical Records
- Diagnostic accuracy algorithms
- Decision support for HEDIS

Orders – pharmacy, education
- Robotic digitized pharmacy replacement system
- iPad apps for patient education and physician education

Continuum of Care
- Hospital “twitter” with hospitalists and care managers
- iPhone call system
- Physician toolkit to review population outcomes

Cheaper to build than to adjust vendor’s technology
Rapid cycle development with front line input
Use of consumer based platforms (e.g., Java) rather than healthcare legacy systems
Monitoring Performance and Creating Decision Support in the Physician’s Toolkit

- Hospital Admissions & Readmissions
- Real-time inpatient clinical data
- Claims Data
  - Part A
  - Part B
  - Part D
- Customer Service Feedback
- Comprehensive outpatient clinical data
- Real-time internal HEDIS Metrics
- Real-time patient flow metrics (i.e. wait times)
- High Risk patient home assessments
- CMS revenue

ChenMed
4. Looking for the right leverage points in integrated care

“Integrate through the patient relationship”
- Over-invest and manage the patient relationship over time
- Primary care, chronic disease specialists, nursing
- > 85% touches with the patient within a year in our 4 walls
- Get decision making, communication and coordination right

“Collaborate to manage episodes”
- Discrete episodes of high cost care
- High existing fixed cost investment by existing system
- > 70% of costs in current system
- Payment by FFS or bundles
- Build sequenced collaborative relationships
What are the key drivers of success in integrated care?

<table>
<thead>
<tr>
<th>Focus on the patient relationship</th>
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<tr>
<td>▪ Entire team owns the relationship</td>
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<td>▪ Relationship evolves over time</td>
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<tr>
<td>▪ &gt;85% of the touch-points</td>
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<tr>
<th>Physician decision-making</th>
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<tbody>
<tr>
<td>▪ Selection and culture</td>
</tr>
<tr>
<td>▪ Decision support at point of care</td>
</tr>
<tr>
<td>▪ Positive incentives – the “tuned” patient panel</td>
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<table>
<thead>
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<th>Convenience matters</th>
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<tr>
<td>▪ Redesigned system of on-site physician drug dispensing dramatically improves adherence</td>
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<tr>
<td>▪ On-site behavioral health model coordination</td>
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<th>Communication</th>
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<tr>
<td>▪ Coordination of care</td>
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<tr>
<td>▪ Specialist – PCP communication in person</td>
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<tr>
<td>▪ Team conferences</td>
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<tr>
<td>▪ 3 times a week review of patient care by the physician group</td>
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<tr>
<td>▪ Transparent review of outcomes with all physicians</td>
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### Example Outcomes: Miami 2011

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<th></th>
<th>ChenMed</th>
<th>National</th>
<th>Difference</th>
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<tbody>
<tr>
<td>Consumer Net Promoter Score</td>
<td>92</td>
<td>40-50</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Medication Possession Ratio</td>
<td>73</td>
<td>42</td>
<td>73%</td>
</tr>
<tr>
<td>Hospital Days</td>
<td>1058</td>
<td>1712</td>
<td>(38%)</td>
</tr>
<tr>
<td>Percent of Ambulatory Encounters on Site</td>
<td>86%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LDL of Patients on Statins</td>
<td>94</td>
<td>120</td>
<td>(22%)</td>
</tr>
<tr>
<td>PCP Visits with Same Physician</td>
<td>88%</td>
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5. Bringing in ideas outside of healthcare

Central COEs and SS allow for rapid scaling

**Shared services**
- Payroll
- Accounting
- Transaction processing
- Insurance
- Billing
- Reporting

**Centers of expertise**
- Network
- Nursing
- Pharmacy
- HEDIS
- Diagnostic Accuracy
- Physician Education
- Clinical services investigation
- Business Intelligence

Interaction model archetypes

**Central**
- Shared Services

**Markets**
- Medical Network Dir
- Nurse Case Mgrs

1. Medical Network Dir
2. Nurse Case Mgrs
3. Nurse Case Mgrs

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Takeaways

- Increased investment in primary care on the front end can pay off
- Segmentation of patient type matters
- Focus of business can support faster innovation and change
- Hidden costs to today’s technology approaches with vendors
- Early stages of innovation – a golden era