The Evolution of Service Line Co-Management Relationships: Best Practices

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SCA YOUR SURGERY STRATEGY → IMPLEMENTED

Agenda

- Physician Alignment and Co-Management Arrangements
- Structure and Mechanics of the Agreements
- Risks and Best Practices in Managing
- Evolution of Co-Management Arrangements

Critical Success Factors

Themes in the Health System Market

- Aligning with physicians and growing market share
- Building a high-quality, lower-cost delivery model
- Optimizing the performance of the surgery department

Physician Alignment Models

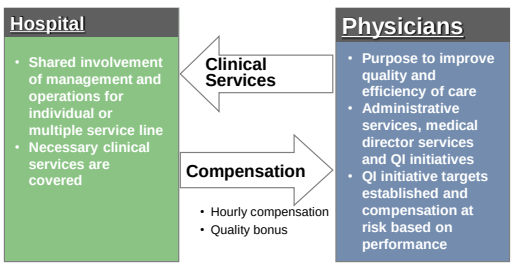
Medical Chair/ Directorships	Traditional OR Committees	Governance Councils	Co-Management Agreements
• Fee for service arrangement with hospital • Single point of engagement with physicians	• Oversight for quality of care often extended to management of resources • Appointed members with limited involvement in final decision making and implementation	• Executive Committee with select members blending senior admin and physician leadership • Decision making in a voluntary role	• A physician group contracted and paid to jointly manage resources • Decision making authority with responsibility for implementation

What is Co-Management ?

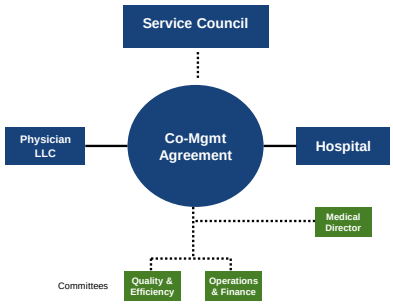
Overview

- A hospital/physician alignment strategy to improve hospital service line performance and quality of care
- An alternative structure to engage a group of physicians to achieve higher levels of operational efficiencies and improved patient care outcomes
- The agreement is tailored to each clinical service line
  - Metrics are identified to monitor clinical and operational performance
  - Compensate physicians with a flat rate for meeting time and other work performed
  - Additional 'at-risk' compensation based on clinical and operational performance

Roles and Expectations



Example Co-Management Structure



Example Co-Management Committee Focus Areas

- **Performance Improvement**
  - SCIP outpatient
  - SCIP inpatient
  - H&P on chart
- **Patient Safety/Satisfaction**
  - Overall patient satisfaction
  - Surgery checklist compliance
  - Consultation room use
- **Sustaining Initiatives**
  - Hospital acquired conditions
  - Falls
  - Medication errors
  - Glycemic control
- **Focus Initiatives**
  - Sharps injury management
  - Unplanned admissions, return to OR, transfers
  - Additional policy and procedure review
- **Budget**
  - Expense management
  - Worked hours per case
  - Capital expense review
- **OR/Inventory Utilization**
  - First case on time start
  - Room turnaround time
  - Inventory tracking
  - Supply chain standardization
  - Utilization scheduling
- **Strategic Planning/Marketing**
  - Integrating campus services
  - Marketing and program development
  - Physician recruitment
  - Physician satisfaction

Typical Co-Management Structure

- Typically structured as a management agreement
  - Single service line (orthopedics center of excellence)
  - Multispecialty (surgical services)
  - Second generation covering multiple services lines and locations
- Legal structure of physician entity tailored to unique situation
  - Individually with physician(s)/practice
  - Separate physician LLC
  - Joint hospital and physician LLC
- Co-management compensation includes two components
  - Fixed component
    - Hourly fee for administrative & meeting activities related to the co-management function
    - FMV based on cost to engage a physician to provide similar services
  - Variable component - tiered structure based on attainment of predefined quality targets

Co-Management Design

- Design considerations
  - Committee/subcommittee structure
  - Incentive metrics/Focus areas
  - Medical directorship services
  - Response/call coverage
- Quality measures
  - Clearly and separately identified
  - Utilize an objective methodology that is verifiable and supported by credible medical evidence
  - Reasonably related to the hospital's practice and consider the patient population
  - Physician/hospital input in choosing metrics should be documented
- Incentive payments
  - Based on hospital's historical baseline data with target levels based on national benchmarks
  - Thresholds should exist where no payment occurs
  - Based on Fair Market Value with no consideration of value and volume of referrals

Valuation of Quality Incentives

- Understand what constitutes improvement and superior care
  - Identify key quality metrics for the service line
  - Obtain industry recognized benchmark data
  - Determine historical performance
  - Develop a schedule whereby historical and national data are outlined and levels of improvement and attainment of top quality are clearly identified
- Calculate the incentive compensation pool
  - Third-party determination of market compensation for improving and achieving superior quality care
  - Understand who is responsible for developing and implementing the strategy to achieve targets and allocate the incentive compensation pool accordingly
  - Create payment tiers for incentives
    - Compensate minimally for improvement over a benchmarked average or median
    - Compensate greater amounts when service line places in the top tier for quality

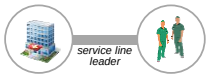
Risks of Physician Co-Management

Success is highly correlated to the degree of trust and transparency developed between the new partners and on the hospital living up to service improvements

Risks of Co-Management Agreement	Risk Mitigation
• Common reasons for failure to perform and produce results include the following: o Physician duties and responsibilities are not clearly defined and monitored o Poor integration into all departments and functions within the hospital o Underinvestment in infrastructure and management o Lack of informatics to measure performance improvement	• A dedicated and experienced service line leader focused early on: o Mentoring the role transitions of physicians and hospital leadership o Education on and incorporation of project management processes o Relentless drive to produce data/metrics o Coordination of meetings, materials and communication

Physician Co-Management Overview

First Generation Co-Management



A "First Generation" co-management agreement is specific to one hospital and the participating physicians

Results are contained to the individual hospital and physicians practicing therein

Second Generation Co-Management

A "Second Generation" co-management agreement adds to the core by integrating additional hospitals and physicians and expanding along the care continuum

Patient outcomes and operating efficiencies are optimized across the entire community

Co-Management Best Practices

Physician and hospital leadership conduct regularly scheduled result-oriented meetings.

Objectives are clearly defined prior to the meeting. Work plans are used to support initiatives. Meeting time is structured so as to focus on collaboration and generating ideas to positively impact results.

Co-Management Process

- Clear set of objectives for each meeting
- Agenda and material distributed prior to meeting
- Meeting time structured so as to ensure all topics are adequately covered
- Data provided to quantify current performance and realistically set goals
- Members collectively focused on generating ideas and testing approaches to positively impact results
- Tasks assigned to committee members for follow-up in-between meetings

Case Study: Bethesda Butler County Hospital

TriHealth

System Profile

- 10 bed surgical hospital with 8 operating rooms, 7 procedure rooms, MRI and CT
- 60 plus medical staff
- TriHealth affiliation

Design and Manage Co-Management Relationship

- ***Designed co-management agreement for surgical hospital and ancillary services***
  - Physicians engaged to manage clinical, operational and business aspects of surgical hospital in conjunction with SCA and TriHealth
  - Governance board formation to oversee co-management agreement and include representation from physicians, TriHealth and SCA
  - SCA to provide overall management services and management support for co-management agreement
  - Co-management agreement includes 20 plus physicians representing multiple specialties
  - Co-management agreement includes quality improvement initiatives in which compensation is "at-risk" based on achievement of predetermined quality indicators

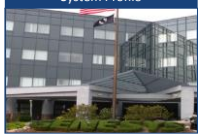
Sample Dashboard

Period legend		Exceeds goal
Monthly	M	Meets Goal
Quarterly	Q	Short of goal
		Moving negatively in consecutive periods

	Measurement				Period
1. SCIP I/P Right Antibiotic for surgery to be performed	Current %: 83	Goal %:	99	Prior %: 83	Q
2. SCIP I/P Antibiotic given within 1 hour prior to surgery start	Current %: 100	Goal %:	99	Prior: 100	Q
3. SCIP O/P Right Antibiotic for surgery to be performed	Current %: 100	Goal %:	99	Prior: 100	Q
4. SCIP O/P Antibiotic given within 1 hour prior to surgery start	Current %: 100	Goal %:	99	Prior: 100	Q
5. 1st case on time starts	Current %: 82.9	Goal %:	88.3	Prior: 65	M
6. OR room turnover	Current: 15	Goal (min.)	22	Prior: NA	M
7. Infections	Current: 0	Goal	0	Prior: 0	M
8. Complications	Current: 1	Goal	0	Prior: 1	M
9. Transfers	Current: 1	Goal	0	Prior: 0	M
10. Wrong site	Current: 0	Goal	0	Prior: 0	M
11. Falls	Current: 0	Goal	0	Prior: 1	M
12. Staff injuries (needle sticks, falls, etc.)	Current: 0	Goal	0	Prior: 1	M

Case Study: Ascension - Genesys Health System

System Profile



- 450 bed regional medical center
- 20,000 surgical cases across three operating room sites
- Affiliation with Michigan State University

Design and Manage Co-Management Relationships

- ***Established a governance council and co-management companies***
  - Physicians engaged to manage perioperative resources
  - Integrated leading management and clinical practice
  - Developed clinician led supply/implant expense management
- ***Results***
  - Improved SCIP measures to 90%
  - Improved efficiency measures
    - 85% OR utilization (from 65%)
    - 20 minute average turnover
    - 95% on-time starts
  - Reduced labor and implant expenses

Conclusion

- Co-management agreements provide a vehicle for physician alignment with a focus on improved clinical and operational outcomes
- Flexible design allows agreement to be structured with maximum benefit to physicians and hospital
- Evolution of co-management moving towards more complex agreements expanding across the continuum of care
- Transparency between physicians and hospital is critical to building trust and long term success
- Co-management service line leader is imperative to management of complex second-generation co-management agreements

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