A New Era of Healthcare Reform – part 2

Objectives

- Share cost and outcome information in the USA compared to other countries.
- Discuss strategies hospitals must get right in order to survive under the new reforms.
- Discuss the impact on Surgical Services and the mandate for change.
- Share tactics for overcoming resistance to change.
Reform in Four Bullets

1. Fewer resources.
2. More patients.
3. More complex care in the acute care setting.
4. Reinvent the business model

4 Trends in 2014

- Deductibles are Increasing
- Care is Being Pushed to Lower Cost Sites
- Employers are Pushing Care out to High-Performing Networks
- Hospitals with High Re-admission Rates are Under Scrutiny

High-deductible health plans going mainstream

- 31% of employers are offering high-deductible health plans as the only option
- 17% in 2012, 13% in 2013, and 44% in 2014
- Employers offering high-deductible health plans as the only option
Shopping Carefully for High-Cost Acute Care Services
Walmart Steering Employees to Preferred Providers for Surgical Care

Convenient care is efficient care
Alternate care venues cost less for routine and minor care.

Healthcare will continue to move out of hospital and physician offices. More care will be delivered via non-traditional channels at a lower cost.

Walmart Centers of Excellence Partners
- Cleveland Clinic
- Geisinger Medical Center
- Mayo Clinic
- Mercy Hospital Springfield
- Scott & White Memorial Hospital
- Virginia Mason Medical Center

Case in Brief: Walmart Centers of Excellence
- Walmart entered into bundled payment agreements with six health systems covering heart, spine, and transplant surgeries.
- Program launched in January 2013; includes 1.1 million covered lives
- Providers selected based on convenience, quality, and potential for cost savings

Hospital readmissions timeline and highlights of consumer ratings
What is an ACO?

- Volume based reimbursement encourages more care, more drugs, more hospital days, more use of dx tests etc.

- ACO’s reimburse based on quality and efficiency. Switches the focus to preventing and maintaining health as well as treating an illness. Financial incentives are very different.

- Going from low to high in regards to accountability of cost (estimated that current system has 30% waste)

- Must have an IT infrastructure to manage a population.
Great strategists get a few (big things) right.  
-Michael Porter, HBS

Six Big Things to Get Right

- Risk Shifting
- Primary Care Restructuring
- Consumerism
- Affiliation
- Physician Integration
- Interoperable Information Exchange
So how do we drive down cost and improve quality?

**OR Director’s Focus**
- Partnering with surgeons, anesthesiologist, and administration to **standardize** care.
- Standardizing supplies (is there clinical evidence to support carrying 5-6 brands for implants?)
- Standardizing processes and protocols
- Reducing waits
- Demonstrating superior outcomes at a lower cost
- Set aggressive targets for efficiency
- Can it be done with less labor?
Resistors to Change

1. Factual —> I don’t get it!
2. Emotional —> I don’t like it!
3. Prejudicial —> I don’t like you!
4. Cultural —> I don’t like your values

How do I begin to overcome resistance?

<table>
<thead>
<tr>
<th>Type of Resistance</th>
<th>Approach</th>
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<tbody>
<tr>
<td>Factual</td>
<td>Give facts (raw data),</td>
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<tr>
<td></td>
<td>Processed data not trusted</td>
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<tr>
<td>Emotional</td>
<td>Facts of no value. Give reassurance.</td>
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<tr>
<td>Prejudicial</td>
<td>Build trust</td>
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<tr>
<td>Cultural</td>
<td>Requires shared vision</td>
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