



M E D I S Y N C[®]

How do we



NAVIGATE

a world of Volume and Value based Healthcare?

We can help guide you. >

Getting Ready for Value

For one currently successful medical group, the transition to financially sustainable value-based contracts is benefitting from the help of an experienced guide.

The Medical Group

A physician owned, physician led, multi-specialty medical group in the Midwest with over 130 physicians has a history of great financial success. Operating in regional market that is at some distance from other health markets, the group has only one in-town competitor, a group that is affiliated with a large hospital system.

This group has enjoyed the benefits of very good insurance rates, a longstanding and strong reputation in the community and their competitor's difficulty in providing good access or customer service. The group has benefited from strong management, productive physicians and careful overhead control. The result is a highly profitable medical group.

The Medical Group's Challenge

At one level, one could argue that there is no challenge for this group. Year-over-year physician earnings have continued to rise every year through 2016. The group has a very secure position in its market and enjoys a strong position from which to negotiate favorable



M E D I S Y N C[®]

25 Merchant Street, Suite 220, Cincinnati, OH 45246-3740 - 844-801-1761

info@medisync.com ; amga.medisync.com

contracts. The group has a wide variety of diagnostic and ancillary modalities with all of the attendant revenue.

However, a few years ago this group did a long-term strategic analysis. They questioned whether they wanted to affiliate with a larger entity or remain independent. At the end of a careful process the group determined, by a wide margin, that it wanted to remain independent.

Having taken the decision to remain independent, leadership and management of the group decided that they needed to be cognizant of the national shift from volume to value. While the members of the group saw little threat from a shift to value, the leadership and management were less confident about whether the group was vulnerable. This sense of unease increased after the passage of MACRA.

In 2015, the group had formed an ACO, but dedicated no particular resources or effort to it. They viewed this as an experimentation or learning exercise. As one would expect, the quality and cost results were average and no earnings proceeded.

Having been a satisfied MediSync customer for E&M CodeRight® and having attended a talk by Bob Matthews from MediSync about the challenges of getting a good contract for value, the leadership and management asked for help to clarify their approach to value.

MediSync's Initial "Value-Readiness" Assessment

MediSync interviewed many group members and all leaders and managers. They also reviewed the current contracts, market dynamics and history of group financial performance. MediSync's conclusions were:

- The regular physician members were confused about value. They didn't understand what it was and how it operated. In general, the physicians believed that, if value was necessary or advantageous, this group could be more successful than other organizations in the region. This belief was rooted in the group's pride based upon their prior history of performance.
- The leadership and management also reflected considerable confusion about value. MediSync conducted an onsite, two-day retreat. The purpose was to rather thoroughly analyze the different types of value contracts and the economic risks and benefits of each.



M E D I S Y N C

25 Merchant Street, Suite 220, Cincinnati, OH 45246-3740 - 844-801-1761

info@medisync.com ; amga.medisync.com

- Prior experiments in which managers and leaders tried to change physician behavior toward quality had not been particularly successful.
- On the other hand, the research also showed that it would probably be relatively easy for this medical group to establish a lower cost of care as compared to the other player in this market and better quality of care.

The Board continued its explorations and discussions about value for just about a year. During that period, the major Blue Cross / Blue Shield insurer in the state proposed a complex, detailed value agreement to all providers. After analyzing the agreement, MediSync recommended the group reject it, since it was highly disadvantageous to them. The Board agreed and acted upon MediSync's recommendation to offer to negotiate a good value agreement with Blue Cross / Blue Shield.

At the end of the first year the Board unanimously voted that the group would pursue value contracts, but only enter truly appropriate and fair contracts in which the medical group had a meaningful opportunity to win additional revenue. It was further agreed that the group would spend no monies nor take any actions that would increase overhead or render immediate savings until or unless good contract(s) had been entered with insurers.

Nature of the Engagement

MediSync proposed three interlocking elements to aid the group's value contract transition:

1. Continued support for this group in its contracting efforts. This would include evaluating and structuring a contract and providing expert assistance in determining whether the contracts were realistic opportunities for meaningful additional revenue or not.
2. MediSync indicated and the leadership of the Board agreed that the transition from being a very successful group in the fee based revenues to high levels of success in value would require considerable, skilled leadership. MediSync offered to support the leadership's and management's efforts in change management that would be required to bring the group from its prior behaviors and habits to a new mindset and new habits.
3. MediSync made the strong suggestion that, since the vast portion of spending in healthcare relates to either cancer or to the downstream sequelae of the major chronic illnesses, that it would be important for this group – as it would be for any group in value – to achieve better quality outcomes in the major chronic diseases. MediSync proposed its



M E D I S Y N C

25 Merchant Street, Suite 220, Cincinnati, OH 45246-3740 - 844-801-1761

info@medisync.com ; amga.medisync.com

TreatRight® plan to improve outcomes in hypertension, lipids, diabetes and heart failure.

The leadership agreed and set a goal to be #1 in their state for hypertension, diabetes and heart care. In addition to being good for patients, leadership and management felt that it would bolster and support the group's future contracting efforts. "How," their CEO asked, "could someone say 'no' to a group that is #1 in quality in the state?"

Where are They Now?

This story, like many groups' initial forays into value-based contracts, is ongoing. The early signs are promising.

Conversations and negotiations are underway with the two largest payers about value contracts that would graduate towards "total cost of care" basis for commercial and Medicare. It appears that at least one of the major insurers has a preference for this approach and is open to experimentation.

The discussions to date with the primary care members of the group were positively received by more than 90% of the physicians. MediSync had predicted that to propose a major change and to expect 100% agreement was unrealistic. The group is now preparing to roll out MediSync's TreatRight® hypertension protocols in 2017.

Value Readiness Assessments and TreatRight® are products of MediSync.

MediSync's solutions have delivered positive change to our leading medical practice partners since 1996. We make sense of the changes in healthcare and develop a path to ensure your future success. **Let us help guide you.**



M E D I S Y N C

25 Merchant Street, Suite 220, Cincinnati, OH 45246-3740 - 844-801-1761

info@medisync.com ; amga.medisync.com