

# Physician Contracting & Physician Hospital Models

Florida Society Of Thoracic &  
Cardiovascular Surgeons

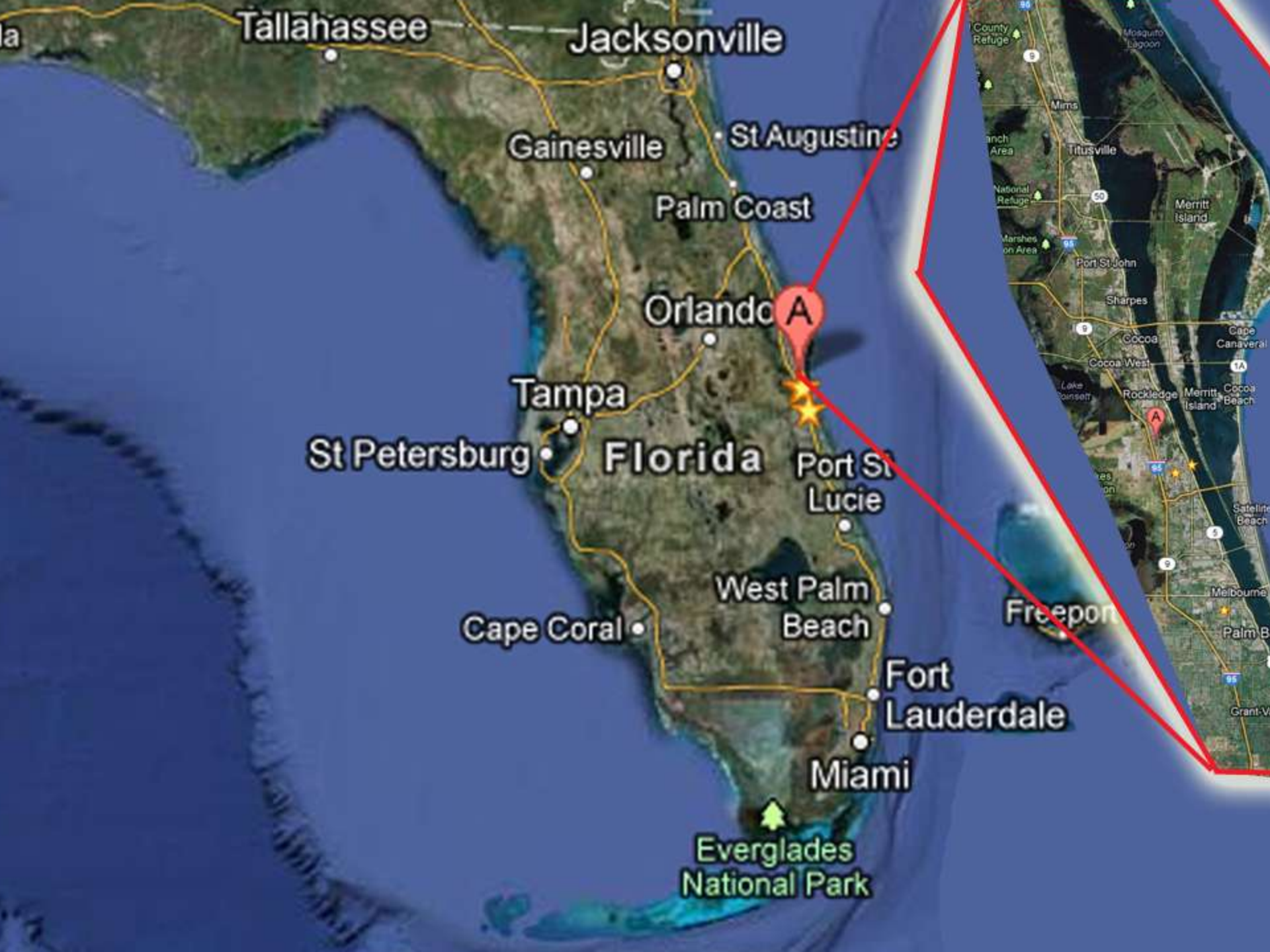
45th Annual Meeting – Key Largo, FL

July 15, 2012



Heart & Vascular  
SERVICES

No Disclosures



Tallahassee

Jacksonville

Gainesville

St Augustine

Palm Coast

Orlando

A

Tampa

St Petersburg

Florida

Port St Lucie

Cape Coral

West Palm Beach

Fort Lauderdale

Miami

Everglades National Park

Freeport

County Refuge

Mosquito Lagoon

Mims

Titusville

National Refuge

Marshes on Area

Port St John

Sharpes

Cocoa

Cocoa West

Lake Ronsett

Rockledge

Merritt Island

Cape Canaveral

Cocoa Beach

Satellite Beach

Melbourne

Palm B

Grant-V



- Beds across Health First system (4 hospitals): 958
- Lives covered by Health Plans: approximately 68,000
- Physicians in Medical Group: 127
- Emergency Department visits: 132,822
- First Flight transports: 520 (Trauma cases: 655)
- Pro-Health & Fitness Center visits: 1,384,752
- Health First Holmes Regional Medical Center – Heart Program

# My Perspective

- Administrator of a 18 physician CV Surgery Group
- COO of 85 physician private Orthopedic group
- HCA Corporate VP of CV Services for Central / West FL
- Hospital CEO/President – Service Line executive St. Louis
- Chief Strategy Officer for Health System & Health Plan

# Themes

- Moving from a “Hospital” Company to an “Integrated Delivery System” .....
- If you have seen “One Market” or “One Physician Contract” – you’ve seen “One Market and One Physician Contract” .....

# Talking Points

- You're in "The System" – now what.....
- How you can be successful
- Preparing for your contract renewal

# Heart & Vascular Forecasts

*Advisory Board 2010-2015 Volume Forecast*

<b>Interventional Cardiology</b>			
PCI/Cardiac Cath	Structural Heart	Medical Cardiology	Heart Failure
-13% - Inpatient -4% - Outpatient	475% Inpatient	-10% - Inpatient 14% - Outpatient	-14% - Inpatient
<b>Cardiac Surgery</b>			
VAD/Transplant	CABG	Valve	Atrial Fibrillation
58%	-3%	18%	8%



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# Heart & Vascular Forecasts

*Advisory Board 2010-2015 Volume Forecast*

<b>Inpatient Vascular</b>			
Amputation	Arterial Disease	Venous Disease	Other Vascular
-10% Overall	3% Overall	-6% Overall	-27% Overall
<b>Outpatient Vascular</b>			
Medical Vascular	Vascular Diagnostic	Vascular Surgery	
27% Overall	14% Overall	15% Overall	



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# You're in "The System" – now what...

- Not in Kansas anymore (not private practice)
- Assimilating to an institutional culture
- What does the Hospital or Health System value?

# You're in "The System" – now what...

- Leadership is the #1 skill needed when employment of the CV Surgeon occurs!
- The due diligence on your "technical" work has been completed for years
- Your outcomes, patient satisfaction, referring physician relations, etc., is known

# How you can be successful

- All Hospitals basically want the same thing:
  - “3 Star” STS rated program
  - Market share leader
  - Profitable service
  - Positive CV Program culture

# A shift toward integration

## Today's Collective Shortcomings



Institutional Silos



Passive Growth Strategy



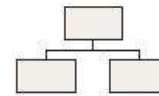
Competition for Cases



Dispersed, Transactional Care



## Required Program Attributes



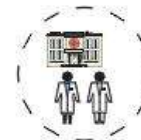
Heart and Vascular Integration



Strategic Business Development

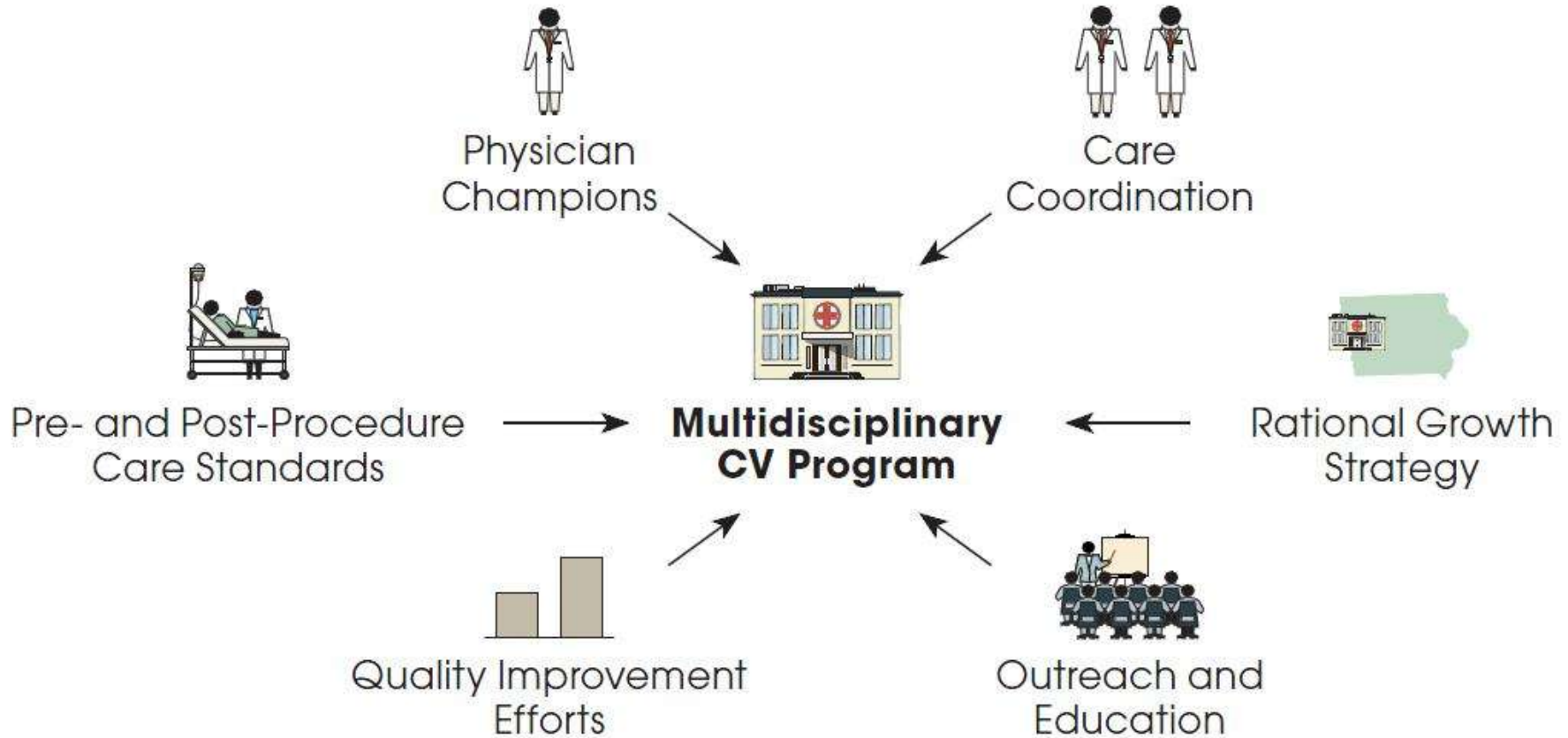


Multidisciplinary, Collaborative Care



Efficient, Coordinated Care

# Programmatic Investments Complete the Picture





# How you can be successful

- What challenges are hospitals facing with their CV programs?
  - Cardiologist standing in line to join
  - Value based programs
  - Managing innovations
  - Financial pressures



# Program focuses in 2012 - Nationally

- **Aortic Clinics – U of Penn 1<sup>st</sup> 1,000 Aortic Clinic patients:**

**20% Medical Cardiology**

**20% Interventional cardiology**

**30% Aortic CV surgery (open)**

**30% TAVI**

\* Society of Thoracic Surgeons 2012 Annual Meeting



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# Governance is the key to success....

- Our Goal is productive, aligned, engaged physicians
  - who share a common vision of:  
“Exceptional Healthcare Services”
  - and who desire to govern their group practice as a subsidiary of our corporate structure....

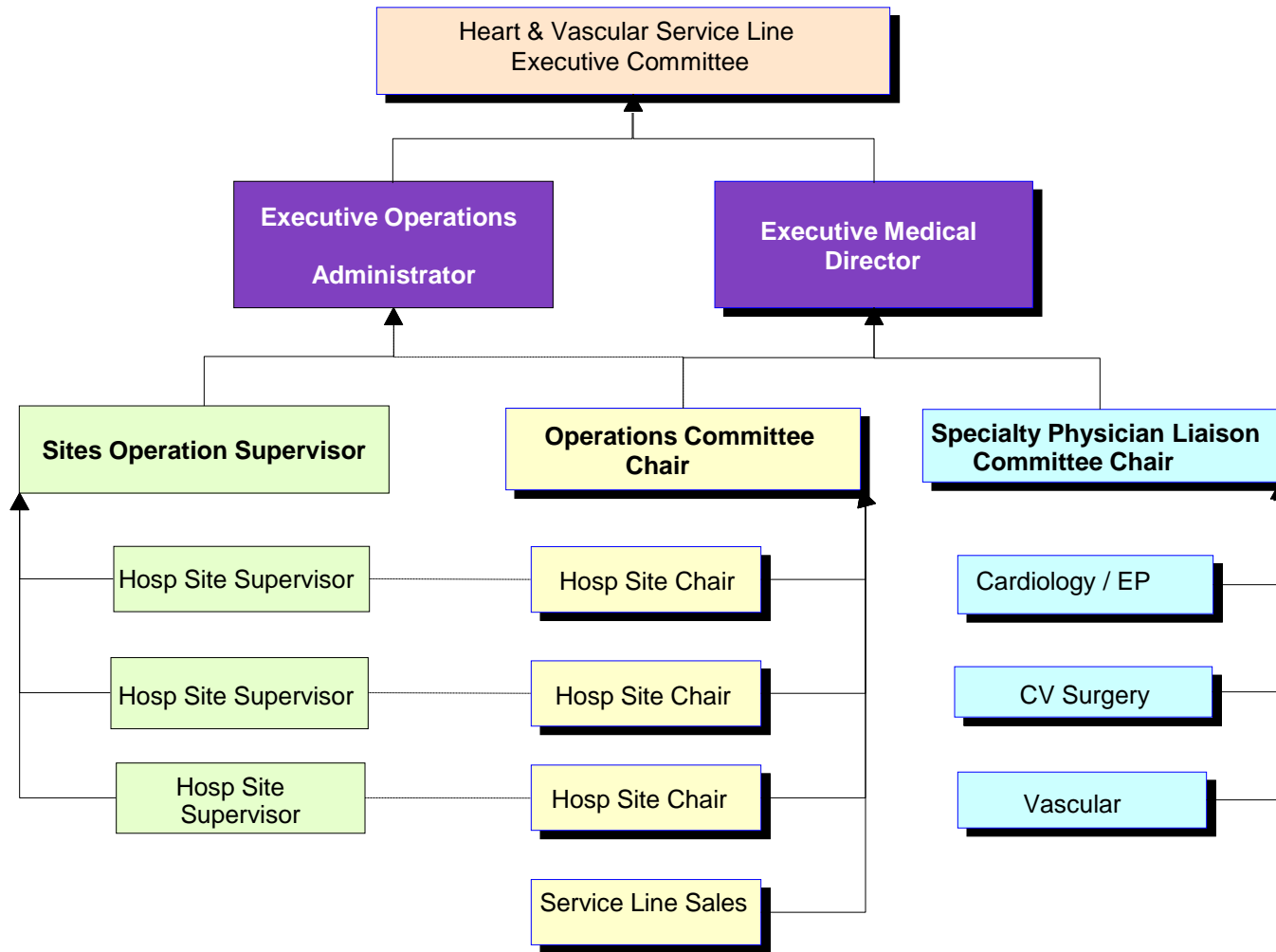
# Governance is the key to success....

- Each “subspecialty group” is a separate corporation with its own individual bylaws
- The goal is to replicate a governance model that is representative of a private practice group
- Physicians hold 70% of the voting Board shares, regardless of the number of physicians
- SSM St. Louis Administration holds 30% - St. Louis Physician Organization CEO, Service Line President, and Group Practice Administrator

# Governance is the key to success....

- Subspecialty Physicians govern the “important items”:
  - Compensation distribution (after year 2 or 3)
  - New hire physicians
  - Quality issues within the group
  - Call coverage responsibilities
  - Alternative duties – research, speaking engagements, national board positions
- Our compensation model is Revenue or RVU based, so all expenses are insulated from the physicians. This helps governance....

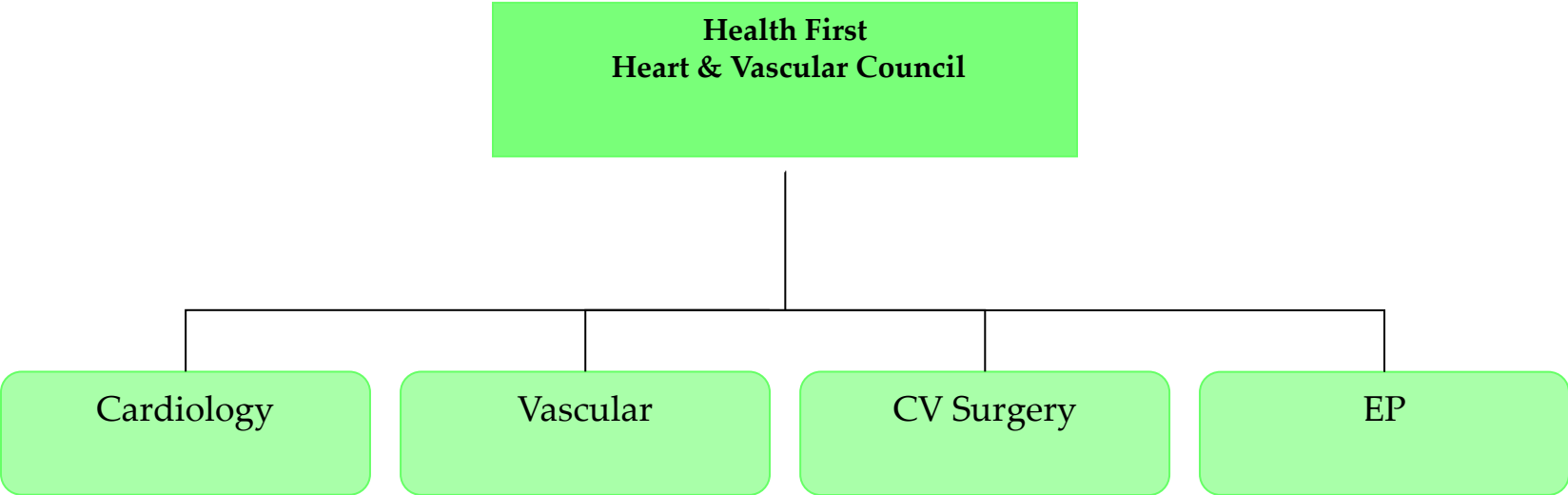
# Multiple Hospital Structure





**Heart & Vascular Service Line**

**Governance Model 1**



# Compensation & Benefits

- Get the compensation right the first time.....
  - Your original deal will be the basis of the second agreement
- The re-negotiation of the compensation should initially focus on the *historical volume/RVUs to compensation*
- Consideration is given to “ramp-up” your newly employed practice in the initial term

# Preparing for your contract renewal

- Discuss the “other” value areas you might be providing the hospital:
  - Medical directorships
  - Multi-disciplinary committee support
  - Process improvement leadership
  - Supply cost containment
  - Research / publishing leadership
  - Community leadership



# Preparing for your contract renewal

- Hospitals can calculate your “average daily RVU” to promote your participation with:
  - National Society’s Committees
  - Local Board of Directors (e.g. AHA)
  - Peer review paper presentation

# Preparing for your contract renewal

- Other compensation considerations that are now common:
  - STS Quality measures
  - CV Patient Satisfaction
  - CV Hospital Employee Satisfaction
  - CV Program Physician Satisfaction
  - CV Program Financial Performance

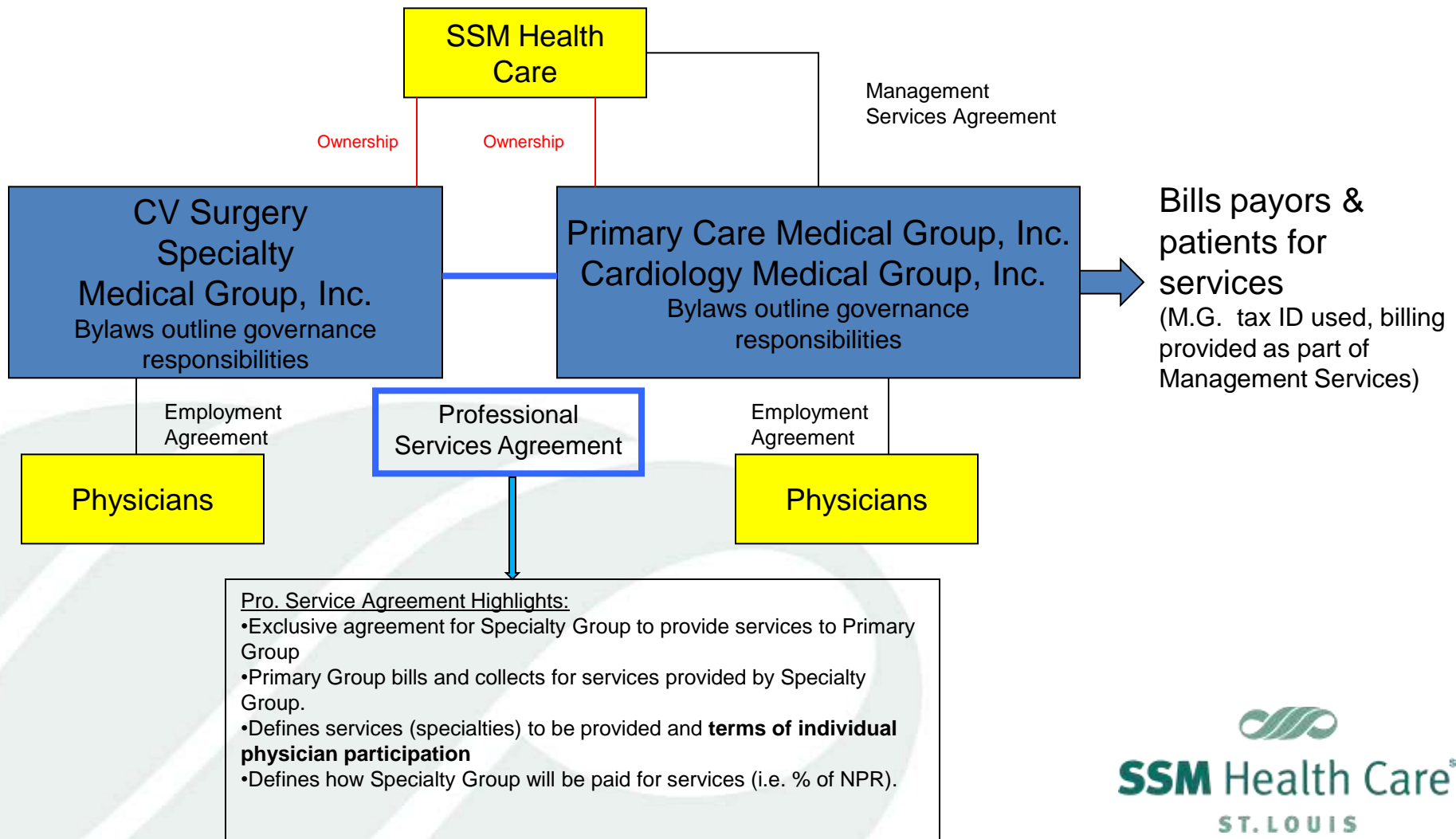
# Alignment with Referring Physicians

- What future strategies / actions does the health system have to grow market share?
- What resources will be allocated to the growth of CV surgery / CV service line?
- What future innovations will the health system need to support ?

# Alignment with Primary Care / Cardiology Physicians

## Medical Group Structure Professional Service Agreement

*DRAFT –  
For discussion only*



# Integrated Health Systems and the CV Surgeon

- Hospitals are aware of the “high cost” of attempting to replace a CV surgery group
- Filled training slots for CV surgery have declined in the past years, which has reduced the supply
- New grads are not an option as a stand alone
- Competition between quality CV surgery programs will increase in the future.....

# In Closing

- A thriving cardiovascular services program must have a quality CV surgery program.....
- Future managed care reimbursements will have “at risk” or “capped” financial models
  - Quality CV Surgery is paramount
- More PCPs, and fewer high volume specialists is the future....

Thank you



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