How Physicians Can Survive the "Perfect Storm" Developing in Healthcare Today—And Thrive

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The healthcare environment post-Affordable Care Act is changing the way that physicians practice and the way that they are compensated for patient care services. With the change from fee-based to value-based reimbursement comes significant stress related to needed change in processes and procedures, as well as the potential for a reemergence of some "traditional risk" categories. Physicians need to be vigilant and refocus efforts in some of these traditional risk areas. There is also a role for innovative health insurers and medical professional liability insurers in supporting physicians during this time of change. Best clinical practices and the patient experience are two key strategies that can also help physicians today.

KEY WORDS: Healthcare reform; physician practice; practice transformation; transitional risk; liability risk; health insurer; medical professional liability insurer; patient experience.

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A "perfect storm" is an expression that describes an event where a rare combination of circumstances will drastically aggravate a situation. The term is also used to describe an actual meteorological phenomenon that happens to occur in such a confluence, resulting in a weather event of unusual magnitude. U.S. healthcare is in the midst of experiencing a perfect storm due to the combination of:

- Healthcare costs continuing to rise faster than GDP;
- The debt crisis in the United States and uneven economic recovery;
- The spread of information technology, especially electronic health records;
- Demands for more transparency and accountability;
- Implementation of new healthcare delivery models (e.g., Patient-Centered Medical Homes [PCMHs], the associated neighborhood, Accountable Care Organizations [ACOs]), and intensified consolidation at multiple levels; and
- The incremental but eventual change in provider reimbursement from fee-for-service to outcomes- and quality-based.

And all of this is happening during a time when physician practices are already stressed because of data collection demands, squeeze on reimbursement, competition, staff turnover, increasing overhead, and an increase in medical malpractice claim severity, to name a few reasons.

Some, mostly larger physician organizations and health systems have been preparing for change. Those that are not prepared (i.e., fail to adapt to the changing conditions) will feel the damage from this perfect storm that could include significantly decreased reimbursements and increased liability exposure, and in some cases even practice failure. The good news is that physicians and their practices *can* prepare and *can change* to not only meet the new demands, but also to thrive in this new environment, with a focus on:

1. Transforming their practice to prepare for incremental changes in volume-based to quality- and value-based reimbursement, requiring a focus on improving quality of care;
2. Integration with other providers and organizations, efficiently and perhaps virtually; and
3. Striving for true patient engagement, beginning with a real focus on enhancing the patient experience of care.

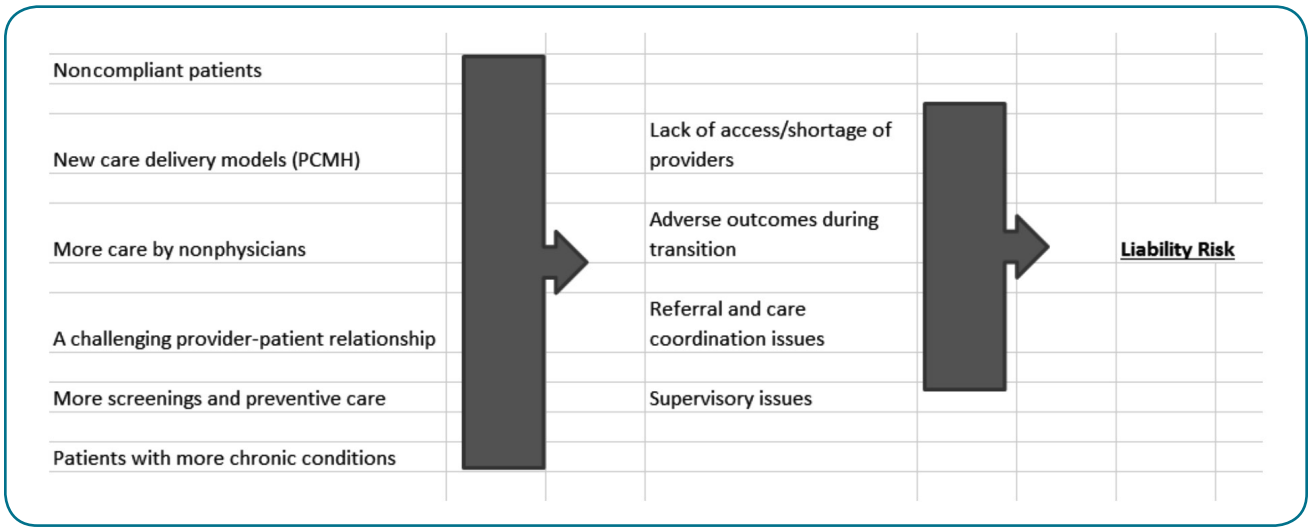

Figure 1. Transitional risk: risk associated with the changing healthcare environment and linked to some traditional risk areas. PCMH, Patient-Centered Medical Home.

Before we discuss these three areas, it is important to address "transitional risk."

TRANSITIONAL RISK

By "transitional risk" we mean the potential increase in "clusters" of circumstances that cause claims if there is not a concurrent focus on safety and risk mitigation systems during this time of significant change. With any change, comes the opportunity for organizational and systems failures, even in areas where the organization or practice has not had risk historically or where risk has not been a recent focus. For example, test tracking and patient notification of results, and handoffs could become an even greater area of risk as expectations and standards rise, new screening demands are implemented, and new types of providers are added to the care team.

The National Quality Forum's Serious Reportable Event (SRE) list now includes issues with test tracking: "***Patient death or serious injury resulting from failure to follow up or communicate laboratory, pathology or radiology test results.***" Many practices took an opportunity in 2011, when this became an SRE, to reevaluate their test tracking and notification processes. However, the environment is changing, with more insured patients who require testing. Can your test tracking and notification processes withstand these new stressors? In other words, test tracking and patient notification of results may have been a managed system for you; however, there is transitional risk in it becoming a liability risk if not appropriately analyzed and managed during the time of transition in healthcare delivery.

Figure 1 lists additional risk issues stemming from potentially more patients, some of whom may not be compliant; new healthcare delivery models that promote greater collaboration among providers; more care to be provided by nonphysicians; more preventive care requirements; and new patients who may present with later stage, chronic disease.

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Unfortunately, this transitional risk presents at a time when there is an unusual spike in claim severity (i.e., the damage award in settlements or jury awards). A large reinsurer recently evaluated data that revealed:

1. A spike in the average claim value of the top 50 medical malpractice verdicts, topping out at $27.9 million in 2012 compared with the previous high of $19 million in 2007.
2. Looking at the top five largest claims, 2009 was highest at $43.5 million, until 2012 spiked at almost three times that amount at $103.1 million.

So the stakes are high during this time of transition. Many reading this article are bound to be saying to themselves, "I've been here before. Remember the 1990s? This too shall pass." However, this time is different. The change in practice structure, size, and clinical focus is more profound and is expected to remain, making it unlikely that a practice will be able to wait out this storm. Practices need to change dramatically, in other words *transform*.

PRACTICE TRANSFORMATION

Practices must transform:

- From a singular focus on visit- and practice-based care to a broader set of goals including population health,

care transitions, and coordination and collaboration with other providers and specialties;
- From an emphasis on volume to an emphasis on quality and safety/outcomes, guided by professionalism and reinforced by changes in reimbursement; and
- From a focus on patient satisfaction to a focus on the patient experience, and beyond to patient engagement.

While change of this magnitude and scope, especially given the need for change in both administrative and clinical parameters, is challenging, fortunately, there is a growing body of literature of evidence-based practices that appear to help effectuate successful change: organizational change management. Change management is a structured, stepwise approach that fosters smooth implementation of change, with lasting benefits to the practice.

Some of the steps used in change management include:

1. Careful and detailed identification and definition of both what change is needed, as well as the options that appear best suited to improving results;
2. Strong buy-in, ongoing support, and consistent messages and actions from senior-level administration and clinical leadership;
3. Buy-in by those staff member most impacted by the change;
4. Understanding and planning that anticipate how change will be perceived by and affect staff (both positively and negatively);
5. A fully detailed change plan that includes strategies for minimizing impact on staff and practice operations, mitigation of potential barriers, and addressing staff concerns or others who do not support or may actively resist the change process;
6. Clear, consistent, and frequent communication about the change and change plan to the entire organization, including setting forth the organizational buy-in from the top level down;
7. Ensuring readiness for change through education using evidence-based information; and
8. Open dialogue with all levels of staff and a willingness on the part of leaders to listen and act on ideas to modify or alter the process of change itself.

While the primary drive for this change must come from within physician practices themselves, there are few who have all the expertise and resources to take this on alone (even some very large practices). Professional organizations, both at the individual physician or administrative level; foundations; and both public and private health insurers have a role to play.

A ROLE FOR INSURERS

This environment provides an opportunity for innovative medical professional liability (MPL) insurers and health insurers (payers) to be "first in time" with creating new value to physicians and other healthcare professionals.

Role for Health Insurers: Engaging Physician Groups as a Key to Meeting Health Plan Challenges

Health insurers post-Affordable Care Act (ACA) are confronted with multiple challenges, and yet also with a significant opportunity to impact healthcare costs. A few of these post-ACA-related challenges include:
- Competition from new entities involved in insurance exchanges;
- Challenge of individual-based insurance markets;
- Cutbacks in Medicare Advantage reimbursement; and
- New demands for transparency on quality, safety, and cost and related accountability.

Additional challenges in the health insurer marketplace include:
- Direct contracting by employers with groups;
- Competition with hospital-provider systems, which is increasing with consolidation; and
- Continued pressure for new technologies and drugs of marginal benefit.

While these challenges are almost overwhelming, data also reveal that quality is still far from optimal, and an enormous amount of waste in healthcare expenditures exists.[1] There is a tremendous opportunity for health insurers to engage with physicians to reduce healthcare expenditures, while also improving quality. However, most, if not all, physician practices need help in this process. Health insurers can help, while simultaneously meeting their own goals of ensuring success in the new environment. Some organizations throughout the country have been successful in bringing these two segments of the market together in a collaborative fashion.

A Role for Medical Professional Liability Insurers

MPL insurers have equal challenges and are looking for ways to differentiate themselves in today's soft market. A soft market's characteristics include significant competition among insurers, with rates (sometimes artificially) low. In today's market, this is combined with a decrease in the number of possible insureds, as hospitals consolidate and bring medical practice groups into hospital self-insured systems. Competition is significant. By providing physicians with the skills and tools they need to not only survive but thrive during this perfect storm, MPL insurers can differentiate themselves, while also helping the insureds' economics and decreasing liability exposure and healthcare costs. Decreasing liability risk in the current

severity climate should be attractive to MPL insurers alone. In any event, at the core, MPL carriers can help insureds to:

- Minimize transitional risk using many of the same tools that are part of practice transformation;
- Become more "attractive" to practices, hospitals, ACOs, and other relevant healthcare organizations, based on data transparency;
- Be part of an organization with an infrastructure that gathers the data and promotes transparency; and
- Negotiate for shared savings with the health insurers.

SOME KEY COMPONENTS OF A GROUP PRACTICE TRANSFORMATION PLAN

The needs of every physician practice will be different; as well as the needs of individuals within the practice. However, every plan should have the following core components as part of initial process:

- Objective assessment of practice capabilities and needs related to quality, safety, and efficiencies;
- Practical, "just-in-time" education on the new environment, practice transformation, and safety/risk for the entire practice—for leadership and *everyone else in the practice*; and
- Facilitative support, to the extent needed, in accomplishing the assessments and administering the educational programming, as well as post-assessment creation of an effective change plan.

Education, in a format that is based on adult learning principles and adapted for staff and professionals in the practice environment, is an essential starting point to obtain the necessary buy-in for change. Practice transformation involves a revolutionary way of healthcare delivery that impacts everyone in the physician practice. Education, in a just-in-time focused and practical manner, should be provided in a way that matches the needs of every member of the staff, from top leadership to the receptionist.

Suggested core subject areas are:

- Introduction to practice transformation;
- Internal clinical processes and procedures;
- External clinical processes and procedures;
- Risk management and safety; and
- Focus on improving patient experience of care.

Components of effective adult education include:

- Online self-study paced to individual learning styles and levels of expertise;
- Multiple levels and types of activity in learning to customize to adult preferences;
- Just-in-time learning focused on practical skills and knowledge; and
- Monitoring of learning and facilitated discussion led by experienced faculty.

One key consideration is keeping the education focused on real practice needs, which uses fewer resources in the most effective way possible. In other words, learning cannot become a burden for the staff or it will discourage the entire organizational change culture. This is why we recommend online learning, which can be done at the individual's own pace, started and stopped at the convenience of the learner, and focused exactly on what he or she needs to know and when.

ADDITIONAL PRACTICE STRATEGIES: ONGOING

Documenting Best Practices in Safety and Clinical Best Practice

Physicians and hospitals are used to certain regulatory compliance programs; consider, for example, billing compliance. However, compliance in safety and risk mitigation has not been required. Ensuring that best practices in safety and clinical risk strategies are being used and used on a pervasive basis is essential to enhancing patient safety and reducing risk, and in negotiations with payers on the *appropriate* metrics.

One new strategy to accomplish this is the Web-based quality and safety dashboard; a new type of compliance dashboard. This dashboard is a valuable self-diagnostic tool that allows a practice or hospital department to measure and monitor its safety and risk management program. The criteria are evidence-based on current literature and research, including an overlay on practice economics. They are also specialty-specific.

A dashboard that is evidence-based can be a powerful tool in negotiating with payers.

Beyond the compliance aspect of this tool, there is also an efficiency factor provided: It allows physician practices to focus their resources for maximum benefit on those areas of need, resulting in cost savings. The dashboard also allows for comparison among and between providers, enhancing the prospect of standardization.

A dashboard that is evidence-based can be a powerful tool in negotiating with payers and evidencing savings. The savings can be obtained by enhancing best practices, resulting in reduced adverse outcomes, and therefore, decreased use of health insurance.

Show Patient Experience Results, Based on Evidence-Based Criteria

Physicians and their practices have for a long time now understood the need to incorporate these strategies for

liability risk mitigation. The data and research are clear. Now there is also a link to reimbursement and physician economics.

It has been reported that major insurers, including Aetna, Cigna, Humana, and UnitedHealth Group, are contracting with ACOs, PCMHs, and other organized groups of physicians to tie physician reimbursement to not only quality metrics but also patient satisfaction scores. A survey of physician pay based in some part on patient satisfaction revealed that 2% of primary care physicians' pay is based on patient satisfaction metrics while non-primary care physicians are at 1%.[2] However, this is the first time that patient satisfaction scores were part of the annual report published by the Medical Group Management Association. The Association expects these percentages to rise significantly, with Dr. Francois de Brantes, Executive Director of the Health Care Incentives Improvement Institute, stating that "a solid third of a physician's total quality score should be based on the results of the patient experience or care surveys."[2]

The concept of patient satisfaction post-ACA has morphed to "patient experience." Consumer Assessment of Healthcare Providers and Systems (CAHPS) provides a basic framework, but does not provide physicians with the "why" and "why not" needed to be able to truly impact the patient experience survey results at the practice level. The authors interviewed Scott Haiges, CEO of a new type of patient experience surveying organization: ROI HealthPartners. ROI HealthPartners was created to raise the quality of healthcare by enhancing communication within the doctor-patient relationship. From the experience of its principals in more than 10 years of patient and customer satisfaction research surveying for pharma and industry (including with Fortune 100 companies), it created a Web-based patient experience survey platform. (See ROIHealthPartners.com.) The following text is from that interview.

What do you believe is the most valuable reason for physicians to understand, at a deep level, the experience their patients have with their practice and its staff?

Patients are consumers, and consumers are used to and expect quality customer service. This is an aspect that I don't think practices readily think of. Yet, if practices deliver a quality experience from friendly and courteous staff to professionalism and quality interaction and communication between the provider and the patient, they can shift the patient engagement from passive to active. And as we all know, when you can truly engage a patient, you can enhance outcomes. In today's reimbursement environment and the reimbursement environment of tomorrow, focusing on patient engagement and outcomes is essential for healthcare practices to survive and thrive.

What does your company do differently than other patient experience surveying organizations?

There are really two key elements that differentiate our platform from other patient satisfaction measurement efforts. First, we take a specialty-specific approach to surveying. The line of questioning that exists in an OB setting is very different from an orthopedic setting. Basic patient satisfaction efforts look at a set of criteria across all organizations and compare them with and across all practice types. This is good when you want to see simple metrics like overall satisfaction with providers. But if a practice truly wants to learn and understand where it can enhance the quality of care and the relationship it has with patients, it needs to drill down on those broad areas so that it can impact them. Secondly, we leverage technology as a way to engage and interact with patients, which is more cost effective and efficient. Practices that use our patient experience survey platform need to devote little to no resources in the survey process. This is so important at a time when physician practice resources are stressed.

How do you make sure that the practice results are useful to your physician practice clients?

A couple of ways. First, we provide an electronic-based, real-time analytic tool (or dashboard) that trends key areas of patient experience and provides an early alert to negative trending—so a practice can act on that issue quickly. Secondly, we work closely with SE Healthcare Quality Consulting and OB Consult that can provide ongoing support to practices that want to effect change based on the results of their surveys. Finally, we benchmark our data against other providers and practices by geography and by specialty. This certainly helps providers understand where they stand against others in their space.

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