

Tools for Change: Levers and Incentives for Integrating Patient Care in Ontario Symposium

The Change Foundation

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Current State

- **"Open Ontario Plan" noted intent to reshape how hospitals are funded:**
 - *introduce legislation to make health care providers and executives accountable for improving patient care*
 - *ensure money will follow the patient*
 - *review the Public Hospital Act*
- **Excerpt from the March 2010 Speech from the Throne:**
....Just 20 years ago, 32 cents of every dollar spent on government programs was spent on health care. Today, it is 46 cents. In twelve years, it could be 70 cents....
- **1.5% base operating funding hospital sector increase in 2010-11**
- Many critical details remain unknown
- "annual growth" of 4.9% for the hospital sector's "expense"
- 6% increase in annual growth for the health care sector overall
- Lack of information about community health care funding
 - Unsure of the impact on ALC

Levers and Incentives for Integrating Patient Care in Ontario

CONSIDER:

- Life expectancy expected to increase from range of 46-89 to 66-93 years in 21st century.
- By the year 2050, more than 1 in 5 persons throughout the world is projected to be aged 60+; nearly 1 in 6 is projected to be at least 65 years old.
- 80+ age group will double from 8.5% to 17%
- Ratio of 15-65 year-olds expected to drop from the current 9:1 to 4:1 in 2050

IMPLICATIONS:

- Diseases and disabilities are increasing
- Health care demands and costs are skyrocketing
- Demand for telehomecare growing to avoid long-term hospitalization or home care
- Increased efficiency required to offset decreased availability of care providers

Types of Provider Strategy Problems

Too Broad:

- Many health care providers have non-strategies – offer almost every service
- In some service lines, providers lack scale to be either experienced or efficient
- They maintain facilities and equipment that have excess capacity

Too Narrow:

- Strategic thinking within service lines is often too narrow; they deliver discrete services but do not provide truly integrated care
- Providers tend to define their services in terms of a series of discrete interventions, not an overall cycle of care

Too Local:

- Providers view their market as the local community, they provide all the services the community needs rather than collaborating with other providers

INTEGRATION - the time is NOW

- Ontario health care system is facing unprecedented changes
- "*Open Ontario Plan*"; intent to reshape how hospitals are funded
- Increased system accountability
 - Measure everything!
- Increased focus on quality and public reporting
- Health care costs (aging population, increasing co-morbidities)
- Collaboration is key (staff, physicians, administration)
 - Inform and engage entire team to achieve quality results
- Changing staff mix (RPN, Physician Assistant, Pharmacy Assistant, etc.)
 - Human Resource recruitment challenge
 - Novel budget allocation process (HAPS)
 - Shifting health care needs (aging baby-boomers)

Diverse and Perverse Incentives of Managed Care

Managed Care Organization (MCO): “integrates financing and delivery of care through contracts with selected physicians and hospitals; enrolled members pay predetermined monthly premium”

- Many advocate for this concept; **BUT** it is also cause for concern

Explanation of changes in U.S. system using health care economics :

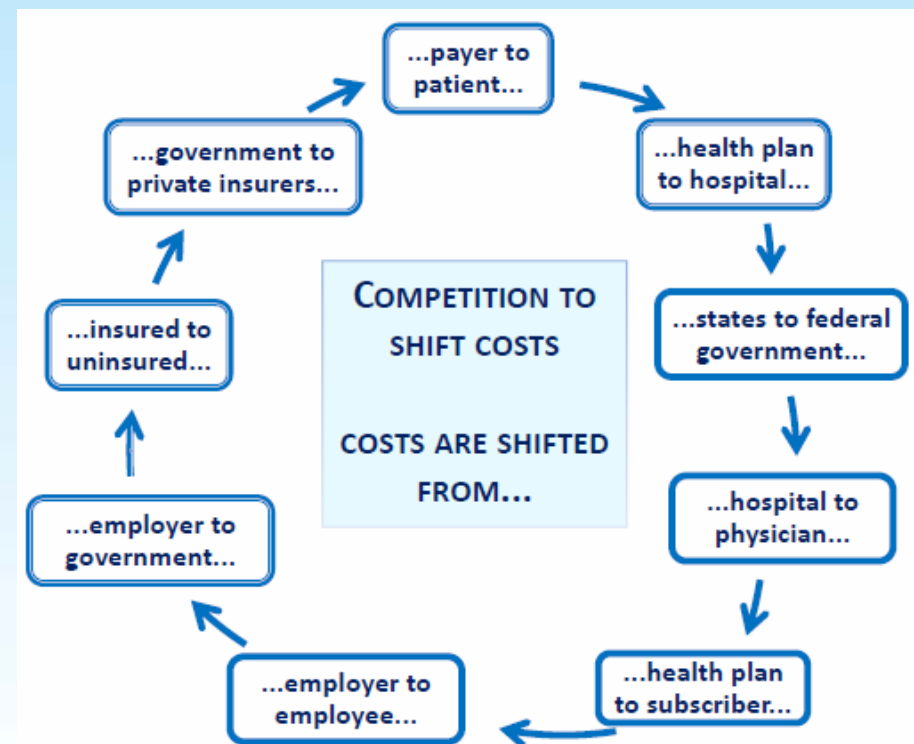
- If one party engenders economic risk for another party; latter party has only three options:

#1 Absorb unlimited costs

#2 Exert economic control

#3 Shift economic cost to those who generate the expenses

- Health care expenditures rose very rapidly as option #1 was utilized by U.S. governments and businesses who provided or purchased most citizen's insurance



Driven by Provider Experience, Scale, and Learning

- Value: doing a few things well
- Concentrated effort and experience = rapid value and innovation
- Scale in a medical condition allows development of dedicated teams and facilities
- Combined effects of **EXPERIENCE**, **SCALE** and **LEARNING** create a virtuous cycle; value delivered by provider can improve rapidly
- Key relationship is between scale, experience and outcomes (learning)



System Integration

Organize Around Medically Integrated Practice Units

- Traditional health care structure must radically shift to medical integration of patients with particular medical conditions
- Porter terms such a structure the ***integrated practice unit (IPU) structure***
- IPU's are defined around medical conditions, not particular services, treatments or tests

THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER

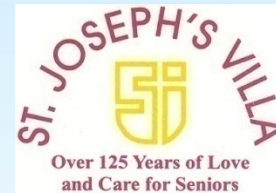
- developed a “handbook” on how to apply cancer care to other providers
- extended reach through relationships with hospitals outside of Houston
- provided access to MD Anderson's clinical guidelines, treatment planning methods, clinical trials, access to consultations with MD Anderson physicians via teleconference

St. Joseph's Health System (SJHS) Example

- Established in 1991 to meet challenges of the changing environment for delivery of health and social services
- Founded in the healing mission of Sisters of St. Joseph of Hamilton
- One of the largest corporations in Canada devoted to health care

SJHS STATISTICAL PROFILE

Employees	6,300
Medical Staff	1,200
Volunteers	1,600
Beds	1,800
Budget	\$750,000,000



SJHS Patient Care Opportunities

GOALS:

- Mission and Culture; Dignity and Respect
- Quality and Patient Safety; outcome driven
- Focus on at risk populations
- Research, Technology and Innovation

BENEFITS:

- QUALITY and PATIENT SAFETY!
 - access to monitoring data, trending, electronic patient information
- Early identification of symptoms
- Prevention of hospitalizations
- Reduced emergency room visits
- More effective use of clinical staff
- Ability to monitor patients daily
- Improved symptom management
- Increased safety of patients at home
- *Proactive* rather than *reactive* role in patient care

QUESTIONS