Opportunities and Challenges for Minnesota’s Healthcare Systems

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New Models of Care are Here! (Background)

• The “accountable care organization” (ACO) is the latest fad in American health policy. It remains an unknown concept to the vast majority of the public, including most doctors, but it is all the rage among health policy analysts as well as lawmakers.

  Kip Sullivan 11/2010

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  E. Fisher 2011

• ACOs consist of providers who are jointly held accountable for achieving measured quality improvements [note that “measured quality improvements” is synonymous with report cards] and reductions in the rate of spending growth.
  • Primary Care Base
  • At least 5000 enrollees
  • Lots of measures and lots of rules
Where are we Headed?

• We must increase the value of our services

• We will have fewer dollars for health care services with an expansion of the population needing care

• Reimbursement will shift to payment for episodes and outcomes
  • Providers of care will assume risk

• Success will depend on greater integration of systems, coordination of care, shared services and efficiencies, and aligned financial models

Integrated Group Practices Will Grow
The Changing Health Care Market

Opposite Trends: Commercial vs. Public Coverage

In 2020, 70% of the population sponsored health insurance will be government-sponsored. Wisconsin’s uninsured population in 2004 passed the commercially insured population, and the gap between the two appears to be growing.

Wisconsin Health Association

The Advisory Board
Health Care Costs 2025

• CBO estimates of required investments to cover projected program growth by 2026 and beyond
  • Total federal receipts will need to grow by one-third
  • If all the increase in federal spending comes from payroll-based taxes, the tax rate would have to double
Conclusion

Current reality shows us that we don’t have a viable business model for our health care system.
The Inconvenient Truth about Health Care and Health Reform

Strategy as a Wicked Problem

“Wicked” problems can’t be solved, but they can be tamed. Increasingly, these are the problems strategists face – and for which they are ill equipped. by John C. Camillus

Selected Characteristics of a Wicked Problem

- A wicked problem involves many stakeholders who all will have different ideas about what the problem really is and what its causes are.
- A wicked problem does not have a “right” answer.
- Every wicked problem can be considered to be a symptom of another problem.
- Wicked problems have no stopping rule.

A New Approach to Health Care Reform: A Third Way?

• **The Regulators**
  • The best way to slow increasing costs is to control the total resources going into the health care system

• **The Marketeers**
  • Competing health plans and information-empowered consumers would drive down costs, especially if insurance were restructured to give people the right incentives

• **Systems Reformers.**
  • The best way to bend the cost curve is from the inside out, by creating a smarter health care system with the information base, new delivery models and payment incentives that will improve quality and lower costs.

"The "Third School" for Controlling Health Care Costs". Drew Altman. KFF. 2009
UnitedHealth Group Inc. (UNH) is set to make changes to the way it compensates doctors and medical providers following similar measures by other industry peers. The new plan reportedly aims to focus on quality and efficiency of healthcare services, rather than volume of services.
• Regardless of whether the country embraces Federal ACOs we must change to be relevant and competent in delivering accountable care to our patients
What are the fundamental requirements for success?

- A network of providers
  - Physical or virtual
- Alignment of purpose
- Coordinated care delivery
- Aligned financial model
- Practice Analytics
Mayo Clinic in the Midwest

Network
Ownership and Affiliation

ALTRU APN Member

CentraCare APN Member

MCHS
A New Model for Healthcare

**Past**
- Provider Centered
- Price Driven
- Knowledge Disconnect
- Slow Innovation
- Reactive, episodic care
- Paper based
- Outcomes ignored
- Overall Cost Increase

**Present and Future**
- Patient Centered (integrated)
- Driven by Value (quality/cost)
- Knowledge Intensive
- Rapid Innovation
- Health Oriented Involvement
- Accountable
- Overall Cost Stable or Decrease

Group Autonomy → System Integration

Coordination of Care

Robert Waller M.D. 1995
Accountable Care: What does this mean for Providers?

**Business**
- Disruption in referrals
- Increased financial risk
- New model Contracts with commercial insurers
- Cost sensitivity will heighten expectations of “consumers”
- Government policies still in development and vague

**Practice**
- In depth knowledge of cost, patient outcomes of service lines
- Rapid application of best practices
- Cultural acceptance of best practice models
- Population health management tools, expertise
- Efficient, seamless care across organizations

R. Scott Gorman. Mayo Clinic Az. 2011
Changing the Future of Health Care

- 3 principles for value based health care systems
  - The goal is value for patients
  - Care delivery is organized around medical conditions and care cycles
  - Results are measured

- How value based care delivery could change medicine
  - Pursuit of excellence in service lines
  - Collaboration of medical providers and teams
  - Fewer malpractice suits
  - More supportive payors
  - New reimbursement base

**Health Policy Development Work**


- “Partisan ideologies do not explain the adoption of major health policy changes over the past 25 years.”
  - Four factors came together to bring about previous national health policy changes
    - Previous policies were no longer satisfactory
    - Urgent feeling of need for change
    - New policy prescriptions were proposed
    - Pragmatic judgments were made as to whether the promising idea could be implemented on a national scale

For their adoption, new national health policies must be developed into implementable measures by the time decision makers demand the new approach.”