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Message from Phil Kamp, CEO of Valence Health



Welcome to the inaugural issue of Valence's Clinical Integration newsletter. Our goal is to provide a resource for IPAs, PHOs, Integrated Delivery Networks and any other provider organization interested in improving the quality of care they deliver, and getting paid fairly for that improved level of care.

In this issue we'll look at the recent economic stimulus plan, and what may lie ahead for provider organizations. We'll also look at recent FTC enforcement actions and welcome the observations of Steve Banghart, Partner with Ungaretti and Harris.

Valence believes the future of clinical integration will be driven by three overarching trends:

- Pressure to adopt health information technology
- Continued growth of consumerism
- Need for alignment with payer initiatives

Clinically integrated IPAs and PHOs will be better positioned to help their physician members share and use data effectively to move forward toward adopting EMRs, e-prescribing and other tools. These organizations will also be favorably positioned to market to the empowered consumer and demonstrate their commitment to quality improvement. And finally, clinically integrated providers must align their models with initiatives that have value to payers and purchasers. Those organizations that can meet these challenges head on will see success.

We believe clinically integrated organizations will survive and thrive while non-integrated organizations will stumble as their members derive less and less value from the old model of weak alliances without real interdependence in care management and delivery of services.

We think the future is bright—but what do you think? We welcome your feedback. Please call or email us {pkamp@valencehealth.com} with your questions or comments.

Federal Economic Stimulus Spending Includes Healthcare IT

The American Recovery and Investment Act was signed into law on February 17th by President Obama. The \$787 billion stimulus bill includes some \$150 billion in healthcare expenditures, including \$19 billion in grants and loans set aside for infrastructure and incentive payments under Medicare and Medicaid for providers who adopt certified EHR technology.

Valence Clients in the News

St. Luke's Episcopal Hospital Earns Third Distinguished Hospital Award for Clinical Excellence™ from HealthGrades Leading Healthcare Ratings Company Ranks St. Luke's Episcopal Hospital Among Nation's Top Five Percent

Congratulations to St. Luke's Episcopal Hospital in Houston, Texas, for achieving this prestigious award for the third consecutive year. For the full study, go to healthgrades.com

Upcoming Events

Midwest Health Providers Association General Membership meeting:
March 26, Chicago, IL.

Karen Janousek, COO of TPA Services and Elizabeth Simpkin, VP of Consulting will present the keynote address for the Midwest Health Provider Association (MHPA) meeting on March 26.

The IPA Association of America (TIPAAA):
April 16-17, San Antonio, TX.

Valence will be exhibiting at the conference, so hope to see you there. For more information and to register, go to www.tipaaa.com.

AAIHDS Spring Managed Care Forum:
April 23-24, Atlanta, GA.

Elizabeth Simpkin, VP of Consulting, will present "Getting the Most Out of Clinical Integration: Is there ROI?" Valence will also be exhibiting at the conference, so please stop by to visit us. Visit www.aaihds.org for more information

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Medicare-participating physicians who adopt a certified electronic health record system by 2011 or 2012 and use it in way the government deems “meaningful” could receive up to \$44,000 over a period of up to five years. Beginning in 2015, non-adopters will face penalties of 1% reduction in Medicare fees in 2015 and 2016, increasing to 3% reduction in 2017 and beyond.

A further \$2 billion is targeted for the Office of the National Coordinator at HHS, to be used for a variety of grants, loans and demonstration programs, including technical standards analysis and regional or state health information exchanges.

EHR Adoption is a Long Term Strategy, Not a Rapid Approach to Clinical Integration

Looking ahead, it is increasingly clear that the pressure will be on physicians to adopt Electronic Health Records, with CMS and possibly other payers tying future payment updates to EHR adoption. Similarly, e-prescribing is already on target to be a requirement for Medicare payment updates.

However implementing a single, enterprise-wide EHR is not the only way, and may not even be the best way for IPAs and PHOs to move toward clinical integration. While Electronic Health Records certainly offer many advantages, the ability to aggregate data and report compliance with protocols is key to achieving clinical integration.

In the 1996 Statements of Antitrust in Healthcare, the FTC spelled out these four Indicia of Clinical Integration:

- The use of common information and technology to ensure exchange of all relevant patient data
- The development and adoption of clinical protocols
- Care review based on the implementation of protocols
- Mechanisms to ensure adherence to protocols

Clearly, employing information technology in some fashion is explicitly indicated, and the need for review and measurement to ensure compliance also points directly at the need for managing data. In the absence of specific guidelines, providers are free to choose the type of data management approach that best fits their organization’s needs.

For an organization that wants to become clinically integrated, choosing to implement an EHR is an important long term strategy. The IPA or PHO must be prepared to invest at least 3-5 years to implement throughout the organization, including time for installation, training and building common protocols or templates for the use of the EHR.

GSMC Multistate

Conference:

April 29-May 1, Savannah, GA.

Elizabeth Simpkin will present “Hospital and Physician Collaboration for Quality Improvement and P4P.” Valence is proud to once again be a sponsor of this conference.

Messenger Model Demos:

Lori Fox Ward, VP Clinical Integration will conduct web demonstrations of the Valence vElect tool on the second Thursday of every month. If you are interested, click here to register or call Lori Fox Ward at 312-277-6304 for more information.

Clinical Integration Webinars:

Valence will continue our popular series of information webinars on topics of interest to clinically integrated organizations, as well as IPAs and PHOs considering clinical integration.

March 18 - Clinical Integration: Clear the Hurdles, Avoid the Pitfalls and Go the Distance!

May 22 - Building your Clinical Integration Program – Beyond the Basics

Welcome New Clients

Children’s Community Physician Associates, Chicago Illinois

Children’s Community Physicians Association (CCPA) is an Independent Physician Association consisting of approximately 325 community-based pediatric physicians and 45 specialists located throughout the Chicago

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By contrast, using a data collection and data warehousing solution can provide actionable information and measurement much more rapidly. With data extraction from the practices aggregated into a data warehouse for reporting, an IPA or PHO can be acting upon compliance reports within only 6-12 months.

Data mining and claims-based reporting against clinical guidelines provides a streamlined way to get useful information in physician's hands, and motivate them to move on to further action, such as EMR implementation. It is easier to get physicians engaged if they have reports to respond to before you ask them to make the significant workflow changes required by use of a registry or EMR.

Forward-looking PHOs and IPAs will help their physicians in the effort to adopt electronic health records, and Valence is helping to support them with our tools. For those who have moved to EHRs, we will mine and incorporate clinical measures into overall reporting. For those who have not yet implemented EHRs, Valence helps by providing the means to use evidence-based guidelines that, in the future, can be embedded in the electronic record. For more information or to discuss how to use data warehousing to support clinical integration please contact Lori Fox Ward at lfox@valencehealth.com

Legal News – Recent FTC Actions Emphasize Importance Of Clinical Integration

We're pleased to include Steve Banghart of Ungaretti and Harris, to provide an update on recent FTC enforcement actions, and what provider organizations should be doing to properly comply with antitrust guidelines, and protect themselves from regulatory action.

Two recent Federal Trade Commission ("FTC") settlements with multi-specialty physician independent practice associations ("IPAs") reiterate the FTC's long standing position that the anti-trust laws prohibit joint payer contracting by groups of individual physicians unless the physician groups share financial risk or in the alternative, develop and implement a thorough clinical integration program.

The consent orders against physician IPAs in Modesto, California (In the Matter of Independent Practice Associates Medical Group, Inc., File No. 0610258), and Boulder County, Colorado (In the Matter of Boulder Valley Individual Practice Association, et al., File No. 0510252) settle FTC charges against each IPA that they violated federal laws through their joint contracting efforts.

According to the FTC, each of the IPAs engaged in separate conduct that constituted illegal price fixing. Neither of the group's physicians share financing risk in providing medical services, nor did they

metropolitan area, and affiliated with Children's Memorial Hospital. CCPA is responsible for obtaining non-risk payer contracts on behalf of its members, and has expressed a desire to develop, implement and maintain a clinical integration program for the organization that is in compliance with the clinical integration standards articulated by the Federal Trade Commission. Valence has been engaged to help create a Clinical Integration Design Document for CCPA, including marketing testing with various constituents.

North Suburban Associated Physicians, Skokie, Illinois

North Suburban Associated Physicians (formerly Rush North Shore Practice Organization) recently reorganized into an Independent Physicians Association with 225 physicians. NSAP participates in several delegated risk HMO contracts, as well as fee-for-service managed care contracts. Valence is assisting North Suburban by providing TPA services including medical and claims management, data analytics, customer service and financial management, as well as the selection of clinical protocols and guidelines for their clinical integration program.

Physician Health Services, Dalton, Georgia

PHS is an independent IPA with a membership of approximately 175 primary care and specialty physicians located in Whitfield and Murray counties. The IPA is interested in working collaboratively to improve the quality of care delivered to its patient population while reducing inefficiencies in the health care

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collaborate sufficiently in any program to monitor and modify clinical practice patterns or otherwise clinically integrate the delivery of their services.

The consent orders entered into with each of the IPAs bar them from engaging in similar conduct in the future and impose significant and lengthy reporting requirements for a number of years.

These recent settlements by the FTC reflect the latest in a consistent pattern of investigations and consent orders levied against IPAs that engage in joint contracting with payers on a non-risk basis, without utilizing a clinical integration program that is compliant with FTC guidelines. During the past six years, nearly 30 such investigations have resulted in similar actions against various physician organizations.

These actions reinforce the importance of devoting the time, energy, resources and professional assistance necessary to properly design, develop and implement a comprehensive clinical integration program before embarking on collective negotiation of non-risk contracts by physician organizations.

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system and controlling costs. PHS has engaged Valence Health to assist with the development, implementation and ongoing support of its Clinical Integration program which includes the adoption of clinical protocols and ongoing measurement and evaluation of performance against the standard of care.