

Determination

Enthusiasm

Autonomy

Candor

Excellence

Adaptability

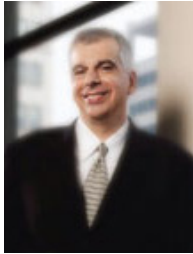
Loyalty

Integrity

Teamwork

Humor

Message from Phil Kamp, CEO of Valence Health



Over the past few months Valence has been working with clients to represent their Clinical Integration programs to payors. Key is showing real value that accrues to the payor, the employer, patient and community. Early in a CI program, you may only be able to project future benefits, but should quickly be able to demonstrate improvement in compliance and utilization (both under- and over-utilization) as well as improved management of chronic disease and

sharing of information between physicians and other providers—all of which have favorable impact on cost to the payor and employer. That's a powerful message to be able to share.

In this issue we take a look at some top issues for physician organizations in 2010. We believe that new opportunities definitely exist, despite ongoing reimbursement challenges. We're excited by the growing interest in integration between hospitals and physicians, and the recognition of the critical role of Health IT adoption.

Do you agree with our future vision? What do you expect the new year to bring? Please call or email us, we look forward to the discussion.

— Phil Kamp

INDUSTRY NEWS

Senate panel urges FTC and DOJ to develop guidance on clinical integration

On November 3, leaders of the Senate Judiciary Committee urged the Department of Justice and Federal Trade Commission to “work with the hospital and provider communities to develop clear and user-friendly guidance for hospitals, physicians and other health care providers seeking to explore clinical integration.” A letter to the agencies from Antitrust Subcommittee Chairman Herb Kohl (D-WI) and Judiciary Committee Chairman Patrick Leahy (D-VT) said, “Clear and user-friendly guidance would reduce barriers to coordination and innovation, ultimately leading to cost efficiencies in the health care delivery system.”

Health Care Reform bill debate in Senate

On November 7, the House narrowly approved the Affordable Health Care for America Act. The measure is projected to cover 96% of Americans through a combination of individual and business mandates, health insurance reforms, and new government coverage subsidies and includes a public insurance option that would compete with private plans through a new insurance exchange.

On November 18, Senate Majority Leader Harry Reid introduced the Patient Protection and Affordable Care Act; and on November 21, the Senate voted to open floor debate of the bill. Debate is expected to continue through December.

Recent Events

Making the case with Health Plans – Texas Association of Health Plans Annual Meeting

Lori Fox Ward, RN, VP of Clinical Integration addressed the Texas Association of Health Plans at their annual meeting on October 20, 2009. She spoke about the value to purchasers and consumers when a health plan contracts with clinically integrated provider networks, and made a strong case for initiating or expanding pay-for-performance and other quality based initiatives.

IPA/PHO Roundtable Luncheon at the AAIHDS/ NAMCP/AAMCN Fall Managed Care Forum in Las Vegas, November 11-13

The recent Fall Managed Care Forum included a luncheon session for IPAs and PHOs at the beautiful Bellagio in Las Vegas. Liz Simpkin and Lori Fox Ward of Valence along with John Harris of DGA Partners facilitated the discussion among a broad cross-section of physician organizations. We asked the group to share “things that have changed in the past 2-3 years.” Topics ranged widely from growth in physician employment to adoption of Health IT to building employer and payor relationships, as well as fundamentals of successful clinical integration programs. Thanks to everyone who took part, we'll look forward to seeing you at the Spring Managed Care Forum in Orlando.

Upcoming Events

Clinical Integration Webinar:

Valence will conclude our 2009 webinar series with a discussion of how to assess readiness of your organization

December 9 - Is Your Organization Ready for Clinical Integration?

NOON Eastern Standard Time

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CMS Publishes Final Rule on Physician Fee Schedule with 21.2% decrease for 2010

The Centers for Medicare & Medicaid Services (CMS) released the Medicare physician fee schedule final rule for CY10, slashing Medicare payment rates for physicians by 21.2%, unless Congress takes action to avert the reduction.

The U.S. House of Representatives passed the Medicare Physician Payment Reform Act (HR3961) to permanently reform the physician payment formula by eliminating the sustainable growth rate formula in Medicare and establishing a 10-year path for Medicare physician payment. A similar measure in the Senate did not pass a vote at the committee level in October, so the outlook for comprehensive reform of Medicare payment remains in doubt.

The CMS final rule will appear in the Nov. 25, 2009 Federal Register and CMS will accept comments on designated provisions rule until Dec. 29. Unless new legislation is passed by Congress, the new payment rates and policies will apply to services furnished to Medicare beneficiaries on or after January 1, 2010.

TOP 5 ISSUES FOR PHYSICIAN ORGANIZATIONS IN 2010

Looking ahead to 2010, physician organizations face continuing challenges as well as new opportunities. Five key areas are:

1. Physician reimbursement
2. Clinical Integration
3. Health Information Technology (HIT) adoption
4. Hospital/physician integration
5. Healthcare reform

1. Physician Reimbursement – While the Medicare physician fee schedule and Sustainable Growth Rate are major concerns, new reimbursement models offer challenges and opportunities. Bundled payments, Patient Centered Medical Home models, and Accountable Care Organizations require greater ability to track and measure population outcomes. A clinically integrated physician organization that can enable sophisticated measurement, while demonstrating value to payers and community, is in the best position to protect or enhance today's physician reimbursement while participating in new models for the future

The American Statistical Association, 8th International Conference on Health Policy Statistics, Washington, DC January 20-22

Bart Phillips, Manager Clinical Integration, will present a poster exhibit on "Community Based Intervention for Hypertension Implemented by a Physician Hospital Organization".

Messenger Model demos:

Automate your messenger model processes! Valence's vElect tool allows physicians to log into a secure web site to view fee schedules and make their elections in a safe and compliant manner.

Lori Fox Ward, VP Clinical Integration will conduct web demonstrations of the Valence vElect tool on the second Thursday of every month. If interested, please register at www.valencehealth.com/signup.asp or call Lori Fox Ward at 312-277-6304 for more information.

Looking for a speaker for your next Physician Membership Meeting, or a facilitator for a Board Strategic Planning retreat? Valence team members can address a wide range of strategic, operational and clinical topics, and provide useful insight for your physicians and administrative team.

Please contact Liz Simpkin, VP of Consulting Services, for more information. Liz can be reached at 312-277-6340 or esimpkin@valencehealth.com

Welcome New Client

Adventist Midwest Health, Bolingbrook, Illinois

Adventist Midwest Health is a system of 4 hospitals in the Chicago metropolitan area, affiliated with Adventist Health Network. Valence has been engaged to develop custom reporting tools to help the hospitals meet goals of improving Core Measure and SCIP Measure scores;

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2. Clinical Integration – More than ever, physicians who want to remain independent and not enter into employed relationships need strong affiliations to share data, improve quality, measure performance and, on the basis of those activities, have the legal ability to negotiate collectively.

3. Health Information Technology (HIT) adoption – Physicians must ramp up use of information technology with exchange of data among providers. The goal is not simply implementing an EHR – it is sharing patient information to lower administrative costs, reduce repeat testing, and provide providers point-of-care medical management tools. IPAs and PHOs that help their member physicians adopt and use technology will have an advantage in meeting requirements and achieving incentives from both government and commercial payers.

4. Hospital/physician integration – Achieving quality and patient safety goals requires collaboration between hospitals and physicians. While some hospitals are focusing on physician employment, for most it will be imperative to align with independent physicians. An integrated delivery system that has a clear strategy for how to effectively work with all physicians will be best positioned to achieve quality improvement goals and be prepared for new reimbursement models.

5. Healthcare Reform implications for providers – The debate continues and much is still unknown, but it is clear that healthcare reform will provide insurance coverage for more Americans and place new demands on providers. Physician organizations must be thinking ahead for:

- **Expanded coverage and greater demand for services** – Whether through expansion of current coverage, expansion in Medicaid and/or a public option, more Americans will have access to health insurance in future, and that will create greater demand for services, particularly primary care. Integrated systems must be planning ahead to expand capacity and meet demand.
- **Measurement and public reporting** – Measuring and reporting on care processes and outcomes will be a major feature of healthcare reform. Expect to see expansion in existing programs and new demonstration programs, placing greater demands on providers to adopt and use Health IT.
- **Accountable care organizations** – Managing and maintaining the health of populations will require a new level of collaboration among healthcare providers, supported by a robust IT and delivery infrastructure. Organizations that can successfully provide high quality care for populations will have opportunity to share in the reward through these new reimbursement models.

providing more flexible physician-level information for JCAHO OPPE requirements. Valence has worked with Adventist Health Network, a physician hospital organization, since 2005 supporting their clinical integration program. We are proud to have been chosen by the system for this key development project.