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TOP STORIES

P4P Awards Go To State's 46 Top Performing Physician Groups

Incentives shift toward rewarding cost efficiencies

LOS ANGELES— California's pioneering Pay for Performance initiative put a spotlight on the state's top 46 physician groups for clinical care and patient satisfaction at an awards ceremony; the emphasis is on a trend that is shifting away from giving bonuses to doctors scoring high on quality measures to rewarding those who provide the correct care at the right price.

The focus on long-term efficiencies comes as the cost of medical care keeps rising in a recessionary economy amidst a national debate over the future of healthcare in America, says Tom Williams, executive director of the Integrated Healthcare Association that launched the statewide P4P initiative in 2004.

Williams says bonuses paid by participating HMOs to physician groups scoring high on HEDIS quality measures have leveled off to about \$65 million annually, and will be down about 2% when 2008 rewards are announced in November. Under the new evolving strategy, physicians will still get bonuses but the emphasis will move toward incorporating incentives for performance improvements into HMO contract agreements.

Michael Zimmerman, MD, chief medical officer of Pinole-based Affinity Medical Group, which was among the top performers in patient care and systems technology for the fifth straight year, says the IPA was involved with the incentive program from the beginning and saw the challenge to actively manage populations of patients rather than one patient at a time.

"We've achieved success because we've made fundamental changes at the physician level that are really mental model shifts in the delivery of care," Zimmerman says. As an IPA overseeing a network of 600 independent physician practices, Affinity works to identify the skills and tools essential for quality care while adding group value by aligning services with reimbursement levels and incentives, he adds.

"If you shine the light of data on many physician practices, unless they're part of a superstructure, they generally don't do as well meeting quality performance criteria," he says.

Zimmerman says being named a top performer in IHA's Bay Area Region

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IN BRIEF

» Efforts to get the **University of California** to become a partner in reopening **Martin Luther King Jr.** hospital in the culturally-diverse region of **southeast Los Angeles** is "evolving in a very positive way," says **LA County Supervisor Mark Ridley-Thomas**. L.A. political, business, and labor leaders met with the **UC Board of Regents** last week in **San Francisco** and several members of the governing board expressed support for providing physician services and medical oversight for a new nonprofit 120-bed hospital, says Ridley-Thomas, who led the delegation. "Communities in need of healthcare services are impatient and need our support," Ridley-Thomas told the regents' meeting at **UCSF's Mission Bay** campus. Under L.A.'s proposal, the county will provide more than \$350 million to renovate and add equipment to the hospital closed two years ago after struggling financially and losing **Medicare** funding due to ongoing safety violations. The county also pledges to spend \$63 million annually for its operation. The UC board expressed concern about making the commitment when faced with significant budget cuts, staff layoffs, and sharply rising student fees. Regent **John Stobo**, UC's senior VP for health sciences and services, says negotiations will continue with L.A. officials over the next few weeks so a comprehensive plan can be presented to the board for a vote in November.

» **Oakland-based Kaiser Permanente** ranks highest in customer satisfaction for mail-in pharmacy benefits, says a 2009 national pharmacy study by **J.D. Power and Associates**. The **Santa Monica** research firm evaluated more than a

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P4P Top Physician Groups cont.

of **Northern California** is also a huge motivator for Affinity physicians who serve about 30,000 HMO and **Medicare Advantage** members in **Alameda** and western **Contra Costa County**. "When I return and pat our doctors on the back and let them know they're doing a fantastic job, it opens the door for improving efficiencies." Approaching doctors as participants in the P4P program makes it easier to discuss the trend toward using lower-priced generic prescription drugs, reducing unnecessary imaging, and adopting other cost-saving practices, he says.

"Historically, we couldn't have had these conversations, so P4P opens the door to communications and gives doctors more of a stake in cooperating in long-term strategies," Zimmerman says.

Total HMO bonuses to physician organizations since the program was launched totals over \$264 million as a result of meeting measurement criteria for clinical quality, patient experience, and use of health IT. A new category of coordinated diabetes care was added to 2009 performance measures. Bonuses are based on formulas calculated separately by seven California health plans—**Aetna, Anthem Blue Cross, Blue Shield of California, CIGNA HealthCare of California, Health Net of California, Western Health Advantage, and UnitedHealthcare/Pacificare of California**.

The IHA stakeholders conference presented top performance awards based on overall composite scores to 46 of the state's 225 medical organizations representing 35,000 physicians providing care for 10.5 million people. It also gave a "most improved" award to a group within each of the state's eight P4P regions. **Sutter Regional Medical Foundation's Solano Regional Medical Group** in the **Sacramento** region was the only physician organization to achieve both a top performer and most improved award—the second time the organization achieved this distinction. —*JOHN LEIGHTY*

New CA Regulations Will Limit Wait Times For Medical Care

Patient timely access law took seven years to mold

SACRAMENTO— New regulations limiting the time HMO patients have to wait to get a medical appointment in the state is due to take effect this fall after the **California Department of Managed Care** spent seven years writing and rewriting drafts of a 2002 law.

Pending new rules would require primary care doctors in managed care plans to make nonurgent appointments within 10 business days of an HMO member request

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dozen mail-order pharmacies on such factors as cost, convenience in ordering, and overall satisfaction, and noted that Kaiser has added support from its systemwide electronic health record. **Al Carver**, VP of pharmacy strategy & operations for Kaiser, says the HMO's 8.6 million members can easily order and refill prescriptions via phone and online. "Easy access to medication info, online prescription orders and having them delivered at an affordable price supports members' ability to manage their own health and that of their loved ones," Carver says.

» The **Children's Health Network**, a Las Vegas-based physician group practice that provides inpatient pediatric care at 11 hospitals in **California, Nevada, Montana, and Louisiana**, has been acquired by **Mednax of Sunrise, FL**. The deal is for cash, and the transaction is expected to be immediately accretive to Mednax earnings, a company news release says. No additional details were disclosed. CHN has 12 physicians who staff two neonatal ICUs in Las Vegas and one in **Southern California** that have a combined annual volume of 25,000 patient days. The physicians will join Mednax's **Pediatrics** operating division, an 850-member national group of neonatologists. CHN also has 28 pediatric critical care physicians, 24 pediatric hospitalists, and 17 pediatric emergency medicine specialists.

» Education and health services is the only occupational category in **California** that increased the number of workers for the first seven months of 2009, reports the state **Employment Development Department**. As unemployment hit 12.2%

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Timely access law cont.

and specialists to make nonurgent appointments within 15 days. Urgent care appointments for services that don't require prior authorization would have to be made available within 48 hours, while those requiring prior authorization could be within 96 hours.

Under the law, providers can extend waiting times if they determine through medical triage that longer waits won't hurt the patient's health. However, all after-hours emergency calls to a doctor must be returned within 10 minutes.

Rules for the so-called **Timely Access Law** would impact 20 million California patients in HMO plans and stem from a law passed seven years ago by the state legislature mandating quicker access to medical appointments. Since being passed, state officials have been negotiating with insurance companies, providers, and consumer groups over what constitutes a reasonable wait.

"I've lost track of how many versions we've seen," says **Armand Feliciano**, the **California Medical Association's** associate director of medical and regulatory policy. The CMA supported the original bill but remains neutral on the regulations because they don't address network capacity, Feliciano says. "We don't want our doctors to be in a stopwatch mentality."

Physicians contend that may happen because the state hasn't taken sufficient steps to ensure managed care companies maintain enough doctors in their networks, Feliciano says. HMOs are required to have one primary doctor for every 2,000 patients and one specialist for every 1,200 patients. Those ratios are checked at licensure, but they are not under regular surveillance, Feliciano says.

Under pressure from a growing number of mandates, some doctors say they are preparing to retire, move to another state, or leave medicine if these new regulations prove too onerous, Feliciano says. The regulations call on insurance companies not to enlist more members than their provider network can reasonably handle and urge doctors to retool their offices to be more efficient.

One office that has retooled is the **Affinity Medical Group** in Pinole, where 10% to 25% of visits are reserved for same-day patient needs, says **Michael Zimmerman, MD**, a family physician and chief medical officer of the IPA. In addition, the office uses e-mail, an electronic health record system, and a work schedule of all doctors to better coordinate patient care.

In a delegated capitation model, physicians are paid in advance by an HMO to manage care for a group of members and can use innovative tools or caregivers to handle the needs of patients.

"The reason so many doctors are on a hamster wheel is because they get paid to run on a hamster wheel," Zimmerman says of the pay-for-service system. "This is what has made primary care services dry up. We see the delegated capitation system as the absolute key in realigning models to provide access to care at the right levels.—*BARBARA MARQUAND*



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for August, education and health services added 6,000 jobs to bring its gain for the year to 14,200 employees. Total non-farm industry jobs declined by 12,300 for August following a loss of 38,900 jobs in July. Since August 2008, 741,500 jobs were shed in the ailing economy, bringing the state's unemployment total to approximately 2.25 million, the EDD reported last week. The growing jobless rate is straining the state's safety net for the poor with some 800 community clinics and health centers showing an average 50% jump in newly uninsured visits since the recession began 18 months ago, says the **California Primary Care Association**.

» The **California Institute for Regenerative Medicine** and the **Maryland Technology Development Corp.** are launching a collaborative venture in stem cell research. The partnership will allow researchers to match their expertise in scientific areas that will result in better grant proposals in both states, a joint announcement says. Similar deals have been made between California's stem cell agency and research groups in **Germany, Canada, Australia, Japan, Spain,** and the **U.K.** The Maryland deal was announced at a national **Stem Cell Summit Conference** in **Baltimore** that attracted 1,200 scientists from 27 countries.

» A **UCLA** study shows a direct link between soda consumption and obesity in **California**. Key findings by researchers reveal that 24% of adults drink at least one sugar-sweetened beverage a day and are 27% more likely to be overweight

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CA Disaster Conference Turns Focus On H1N1 Flu Season Preparations

ERs could be overwhelmed by surge of patients

SACRAMENTO— **California** is preparing for a potential second wave of the **H1N1** virus, also known as swine flu, that could disrupt emergency rooms with a surge of sick patients in coming months, say state disaster planning officials.

"Everyone's focus has become H1N1," says **Hernando Garzon, MD**, an emergency medicine physician at **Kaiser Permanente's Sacramento Medical Center** and **Sacramento County's** emergency medical services director. In light of the new virus that swept through California during the spring and summer, a fall onset is likely, but the severity is an unknown factor, Garzon told a state disaster conference sponsored by the **California Hospital Association**.

Thus far, the new strain of influenza has hospitalized 2,258 people and resulted in 174 deaths as of Sept. 19, reports the **California Department of Public Health**. Responding to the potential pandemic, the federal government has released more than \$30 million to California for flu preparation work and vaccine distribution. The state will get \$22.7 million in federal grants for public health emergency preparedness, which includes vaccine distribution and \$7.8 million more for hospital preparedness.

The three-day disaster conference turned into a mobilization effort to prepare for the flu with hundreds of doctors, nurses and disaster crisis planners briefed on how to best protect themselves and the public from the virus. The **California Nurses Association** took the opportunity to express concerns over lack of protective masks and other safety precautions by some hospitals.

Although the H1N1 flu has been mild so far "there have been serious illness and deaths, and we expect more serious illness and deaths from the H1N1 flu," says **Ken August**, spokesman for the public health department.

On the national level, **Health and Human Services** put aside \$1 billion to jump start development of a vaccine that is expected to be ready for distribution by mid-October. **San Francisco** health officials say they expect to receive about 100,000 doses as soon as the vaccine is ready; **Kaiser Permanente** was chosen to administer it since the HMO covers about 21% of the city's population.

Los Angeles County's Board of Supervisors approved the acceptance of \$14.8 million in federal aid to cover the period of July 31, 2009 through July 30, 2010. An additional \$15 million may be available in October, say county officials. The money is being used for numerous activities in strengthening the county's public health workforce, increasing laboratory testing capacity, and implementing large-scale vaccination strategies. —*JOHN LEIGHTY*



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than those who don't drink sodas regularly. The research comes as a group of national health and economy experts are urging a one cent per ounce U.S. sales tax on sodas to generate nearly \$15 billion annually to be used for child nutrition and obesity prevention programs. The proposal for the hefty tax on sweetened beverages was published as a health policy article in the **New England Journal of Medicine**, but a **White House** spokesman says a soda tax is unlikely. The politics of health reform are too delicate to provoke an attack from the sugar and beverage industries, says **Kenneth Thorpe**, a health policy researcher at **Emory University**. The **American Beverage Association** disputes assumptions that a soda tax would reduce obesity rates. "Reducing obesity will only be addressed through comprehensive solutions," the trade group says. The study by the **UCLA Center for Health Policy Research** and the **California Center for Public Health Advocacy** found that 10.7 million state residents drink at least one soda or sugar-sweetened drink a day, including 62% of all adolescents and 41% of children. The UCLA study prompted state **Sen. Alex Padilla, D-Pacoima**, to call a hearing by the **Select Committee on Obesity and Diabetes** to query experts on the issue. The committee convenes in early November, which is **American Diabetes Month**.

» **Alfred Gilchrist**, chief executive officer of the **Colorado Medical Society**, has accepted a similar position with the 35,000-member **California Medical Association**. Gilchrist, who also spent 16 years as director of state and government advocacy for the **Texas Medical Association**, will assume the post in November. He replaces **CEO Joe Dunn**, who will remain with the CMA in another role to be determined. **Dev GnanaDev, MD**, president of the CMA, says Gilchrist's experience and knowledge on issues facing medicine will enhance association efforts to "expand access to quality healthcare, improve public health, and maintain practice viability" for California physicians.

» **Blue Shield of California** and **WellPoint Inc.**, parent company of **Anthem Blue Cross**, are among 22 Blue Cross and Blue Shield plans named in a class-action suit alleging the insurers engaged in "abusive practices in using post-payment audits and reviews" to retroactively deny chiropractic services to health plan members and withhold reimbursement payments to providers. The post-payment reviews and withholding of millions in funds for services given patients is a "blatant violation of law," says the suit filed in **U.S. District Court in Chicago** on behalf of chiropractic associations in **Pennsylvania, New York, and New Jersey** and 15 independent providers. The suit alleges the Blues are in violation of the **Employee Retirement Income Security Act of 1974 — ERISA** — because the "repayment demands are retroactive determinations that particular services are not covered under the terms of the BCBS healthcare plans," and lack a proper appeal process for coverage offered through private employers. The suit alleges the post-payment audit and review process by insurers "forced withholds of unrelated benefit payments to offset alleged prior overpayments" in violation of the RICO racketeering law. The suit also names **Blue Cross Blue Shield Association**, which has a policy of not commenting on litigations, says BCBSA's **Kelly Miller**. **Blue Shield of California** couldn't comment because it didn't see the suit and WellPoint is analyzing the complaint.

EVENTS

October 1-3, Hospital Council of Northern and Central California 2009 Leadership Summit. Meritage Resort, Napa. Pre-conference workshop on aligning quality and patient safety with finances. Panels on hospital issues in the current economy. Call Petrina Aiello 925-746-5106, or visit www.hospitalcouncil.net

October 11-14, 2009, 19th Annual EZ-CAP National User Conference. Newport Beach. MZI HealthCare event features educational product and industry sessions, and a variety of hands-on training classes, highlighting V6, the newest release of EZ-CAP and Accelerate Your Future. Call Susan Gima, 661/310.9333 x105, www.ez-cap.com.

October 19, 24th Annual California Association of Health Plans Conference. Palm Desert. Speakers, programs, and organizations bring perspectives to a variety of health insurance issues, including health reform. Call Geri O'Neil, 916/558-1548 goneil@calhealthplans.org, www.calhealthplans.org/events/index.cfm

October 29-30, Center for Medical Rehab Services & Hospital Services for Continuing Care 2009 Annual Conf. San Diego. Sponsored by the California Hospital Assn, sessions highlight clinical topics, healthcare reform, and the impact on the elderly with keynote by Jennie Hansen, AARP president and founder of On Lok services for the frail elderly in San Francisco. Call Liz Mekjavich, 916/552-7500, www.calhospital.org

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