

Ambulatory Angst – Understanding Evolving Service Models

Cecily Lohmar
New Heights Group

FOUNDED AND PRODUCED BY



IN ASSOCIATION WITH



ASSOCIATION PARTNERS



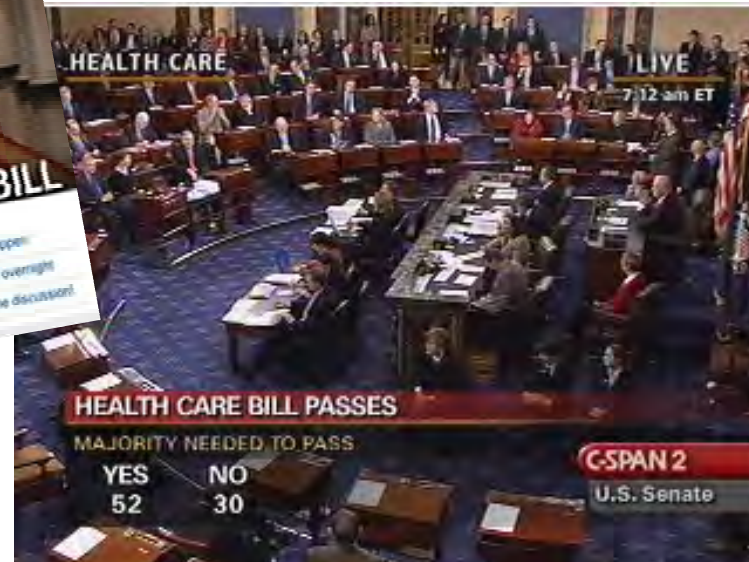


Overview


- It's a New Day in Healthcare
- What's Driving the Change
- New Delivery Approaches
- A Strategic Framework for Ambulatory Care
- Implications in Design and Construction



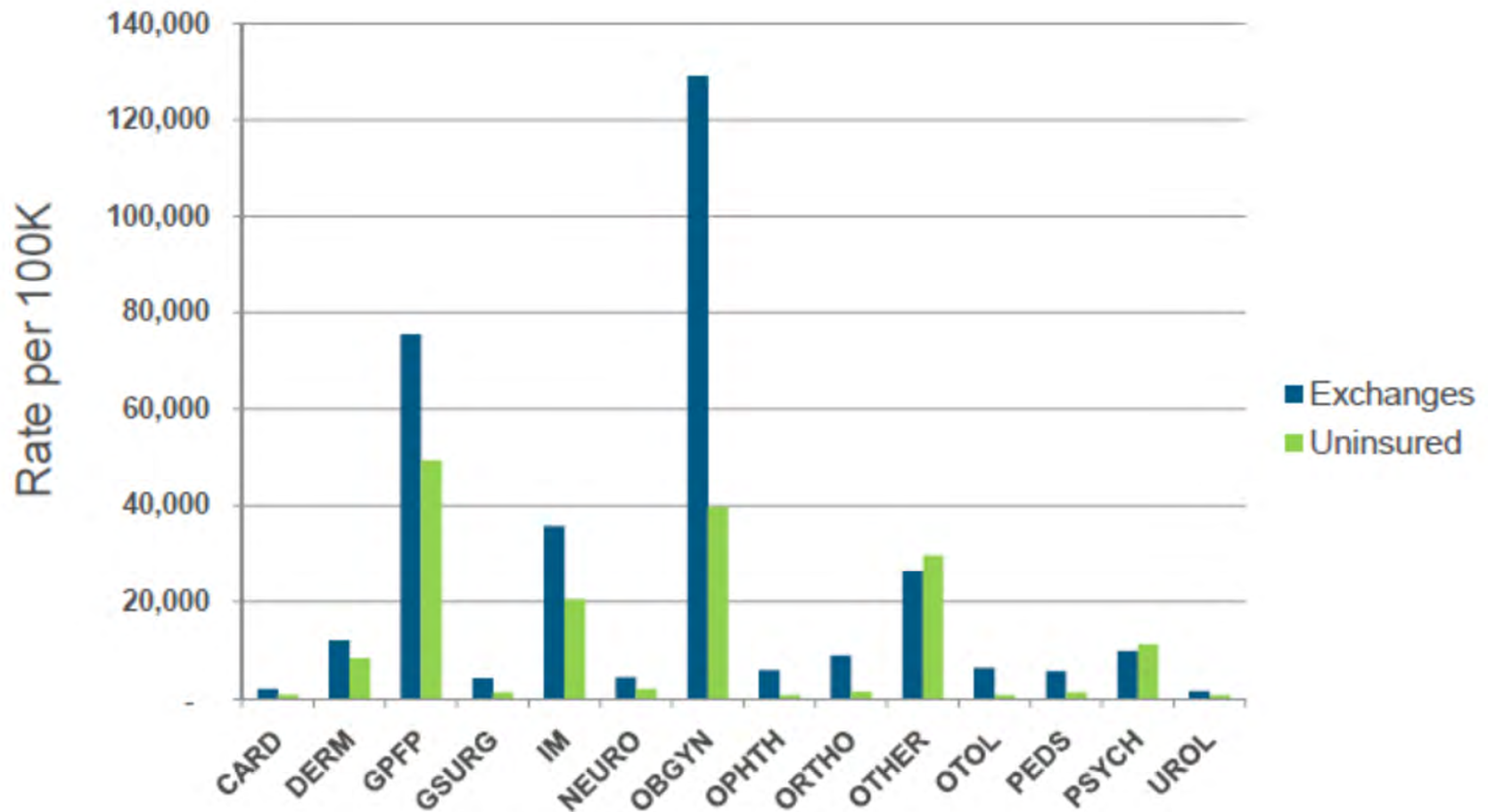
Its A New Day



Pay for Value is Already Here

Both upside and downside risk	Full risk	"Payor-led" integrated network		<ul style="list-style-type: none"> Payor - led affiliation or acquisition of health system which seeks full clinical and operational integration to reduce costs, improve member experience, and manage referral volume 	
		"Provider-led" integrated network		<ul style="list-style-type: none"> Provider system builds a health-plan, leveraging brand name to drive volume to provider system 	
	Risk sharing	ACO		<ul style="list-style-type: none"> An organization of health care providers accountable for quality, cost, and overall care; share cost savings if performance metrics are met 	
		Episodes of care		<ul style="list-style-type: none"> Covers all aspects of preadmission, inpatient, and follow-up care, including postoperative complications within a set time period for procedures, e.g., hip replacement 	
	Exclusively upside opportunity	Gain sharing	Patient centered medical home		<ul style="list-style-type: none"> Team of physicians and extenders, coordinated by a PCP, coordinate provide high levels of coordinated care; typically tied to P4P contract
			Pay for value		<ul style="list-style-type: none"> Payment bonus tied to efficiency metrics (e.g., reduction in ER visits, imaging)
Incentive payment		"Basic P4P"		<ul style="list-style-type: none"> Payment upside based on performance metrics linked to value creation (e.g. RCSMA Alternative Quality Contract I AQC) 	





Increase in Ambulatory Visits Likely Outcome of ACA

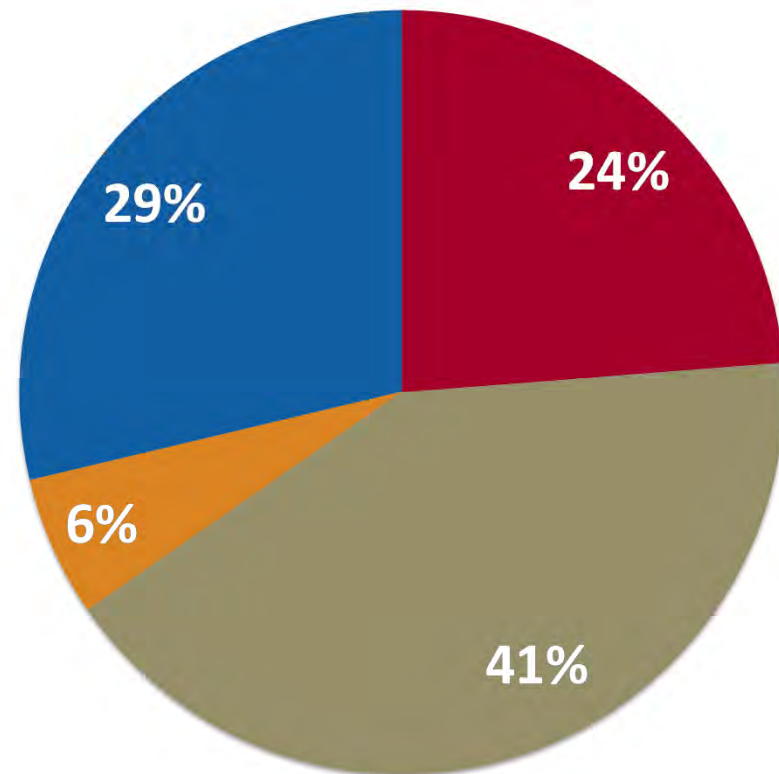


Source: Thomson Reuters Outpatient Estimates



Most ED Visits are Avoidable

- Nonemergent 
- Emergent - primary care treatable 
- Emergent - ED care needed (preventable/avoidable) 
- Emergent - ED care needed (not preventable/not avoidable) 





Consumer Expectations Changing - *Rapidly*

- “Better” (3 inches)
- “Faster” (.03 seconds)
- “Cheaper” (3 cents)



“.. providers need to be thinking about how they are going to go from build-a-facility-and-people-will-come to providing care when and where a person needs it,”

***Daniel Birach, Pres., Corporate Health and Wellness
Carolinas HealthCare System.***



Ambulatory Services Fueling Financial Growth

HealthLeaders Magazine, January 13, 2012

- **Expand ambulatory services** 73%
- Develop or join an ACO 50%
- Launch a marketing campaign 45%
- Start/ increase promising service line 45%
- Acquire physician practices 41%



Time to Start Thinking Differently



***... "we're not in
Kansas
anymore"***



New (and Improved) Delivery Approaches



Retail Clinic

All about access
 Limited scope of services - common ailments dx and tx within 15 minutes.
 Roughly 2.3% referred on
 Prices typically range from \$40 - \$70



Enhanced Primary Care

Open access, walk in clinic, medical home
 Maintain control of pts
 Leverage existing assets
 Population health
 Improve patient satisfaction



Telemedicine

24/7 access
 Primary, specialty and urgent care
 Ease physician burden
 Use existing physicians (or not)
 Emphasis on EBP
 Expand brand
 Improve pt satisfaction



Disease Management Clinic

Focus on specific chronic diseases
 Staffed by APN
 Expand brand, physician network
 Can be centered at large employer sites, primary care sites, or independent.



Urgent Care/Freestanding ED

Gain market share
 Expand market reach
 Expand brand
 Profit center
 Not typically serviced by EMS.
 Typically self-triage with emphasis on non-emergent cases

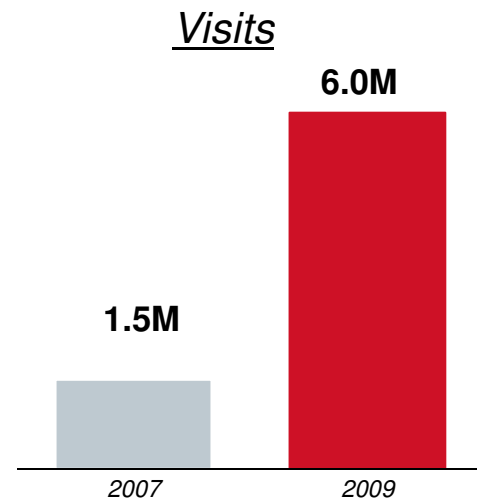
Retail Clinics – A Game Changer



- Jan. 7, 2013 – The popularity of "walk-in" medical clinics located in pharmacies, superstores and workplaces nationwide is increasing rapidly.
- Trend is driven by convenience, low cost and shortage of primary care doctors.
- Clinics expanding, with or without hospitals!



Rising Popularity of Retail Clinics



42%
Consumers age
18 to 24 preferring
independent,
retail pharmacy
for primary care

Top Reasons for Increase



Nearby
Location



Reduced
Wait Times



Service, Price
Transparency



Retail Clinics

- Projected 30% growth 2012 – 2014
- 60% growth of Hospital participation since 2008
- “typical user” – younger, healthier, more affluent
- Geographic proximity biggest predictor to use
- Broadening service scope
 - Minute Clinics now monitor chronic conditions
 - Target adding select cosmetic services



Enhanced Primary Care

- Same Day Scheduling, Walk in Clinic
 - Redesign scheduling to offer same day appointments, routine or urgent
 - Compete with others due to disruptive technologies such as ZocDoc.com
- Patient Centered Medical Home
 - Team approach to care
 - Risk based payment incentives to coordinate care
 - Additional staff (4/MD estimated) needed to implement



Telemedicine – A Disruptive Technology

- Diagnose and treat patients via telephone, Internet, or bi-directional video.
- E.g., SwiftMD
 - 24/7 access to Board-Certified EM physician within 30 minutes
 - Actual MD response time 12 minutes
- International Union of Operating Engineers, NY City
 - 9,000 members
 - receive unlimited family access for a flat \$120/year.
 - Average savings is \$300 per employee per year



Urgent Care

- 9,000 Urgent Care Centers in the US
 - 75% in Suburban areas
 - Average 50 visits per day (6% increase in last 2 years)
 - 85% open 7 days/week; 95% open after 7pm
- Less than 4% ED transfer rate
- 94% have at least 1 FT employed Physician on-site
 - 95% of whom do not have hospital admitting privileges
- 51% of visits were private insurance
- Expanding into occupational health, disease management, other areas – leveraging cost and accessibility



Urgent Care not Emergency “Light”

Emergency

- EMTALA
- Open 24/7.
- Treat patients based on the severity of their conditions.
- Staffed by emergency physicians.
- Full range of diagnostic services, such as labs and imaging, and specialists.

Urgent Care

- Not bound by EMTALA; can require payment up front
- Limited hours.
- “First come, first serve”.
- MD and/or Mid Levels.
- Limited array of diagnostic & treatment services.



Freestanding EDs

- An extension of the hospital to reach into surrounding communities
 - To gain market share (reach new/underserved)
 - To protect market share (combat real competition)
 - To relieve pressure on existing ED
- FED Admission rates (3-6%) low compared to Hospital rates (13%)
 - 9 out of 10 patients discharged directly from FSED
 - Higher Patient Satisfaction for Health System
 - Hospital receives admissions



FS ED Potential Not Realized by Most

Q | Describe your organization's status regarding urgent care centers and freestanding EDs.

	Operate one	Have a formal relationship with	Have an informal relationship with	Plan to develop or open one	No plans
Urgent care center	37%	6%	8%	11%	41%
Freestanding ED	12%	1%	2%	7%	78%

Base = 298



Facility Implications



Retail Clinic

Facility: One or two exam rooms
 Size: 200 – 500 Sq. Feet
 Cost: \$100-375K
 Hours: Extended & Weekend
 Location, location, location



Enhanced Primary Care

Facility: PCP offices with additional support space (waiting, case manager, etc.). Ancillary services dependent on size
 Size: Varies ~1,500 Sq. Ft. (add'l)
 Cost: \$100K - \$200K
 Parking to accommodate hours.



Telemedicine

Facility: None required, though may have designated space in existing space
 Infrastructure key – connectivity for clear audio and visual, often on “both ends”
Provide space in new clinics, even if no strategy



Disease Management Clinic

Facility: 1-2 exam rooms
 Size: 1,500 +/- Sq. Ft.
 Cost: \$450 – 600K
 Hours: Varied based on population
 Services: screening/testing, education, self management ‘tools’



Freestanding ED

Facility: Full scale ED, more limited specialty rooms
 Size: 7K – 20K Sq. Ft.
 Cost: Varies (>\$5M)
 Hours: 24/365 Operation

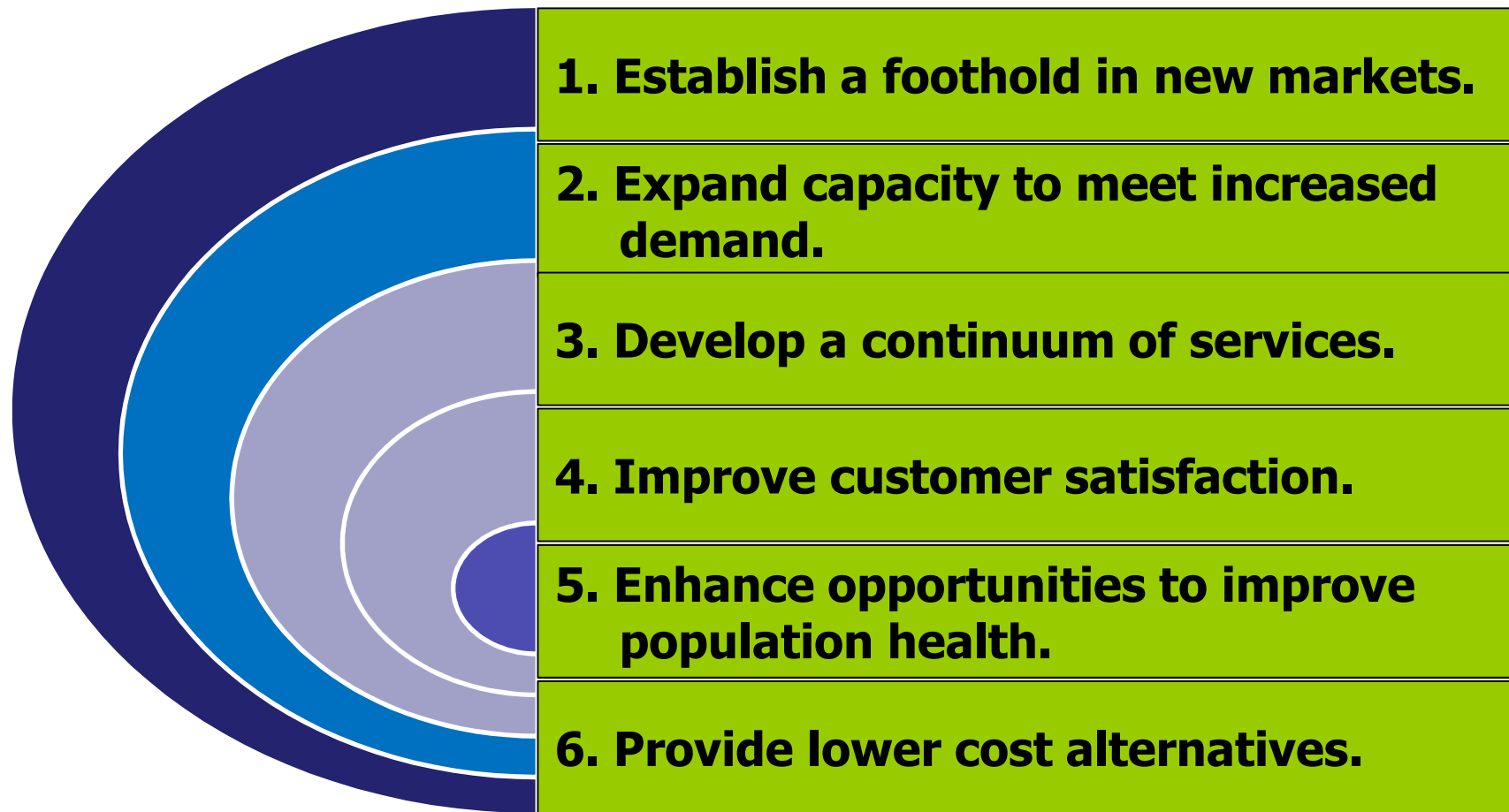


What Makes Sense for Us?

Delivery Model	Pros	Cons	Best Used When
Retail Clinic	Low cost to implement Adds visibility	Limited scope Getting pts to follow up with PCP	Focus on expanding access
Enhanced Primary Care	Leverages existing network Keeps pts in the practice Improves phys productivity/pt quality	New pt care requirements Physician acceptance	Pursuing ACO, population health
Telemedicine	Flexibility Reinforces EBP	Changing care paradigm Helping pts with technology	Access an issue – geographic or specialty
Disease Mgmt Clinic	Ability to focus on care management Relatively low cost	Reimbursement	Chronic health a priority Pursuing direct employer relationships
Urgent Care	Low cost alternative to ED Expands geographic access	Compete with PCP network	Looking for lower cost option to ED and/or easing physician burden
FS ED	Entry into new market Profit potential	Cost to implement Regulatory limitations in future?	Entering a new geographic market



A Strategic Framework for Ambulatory Care

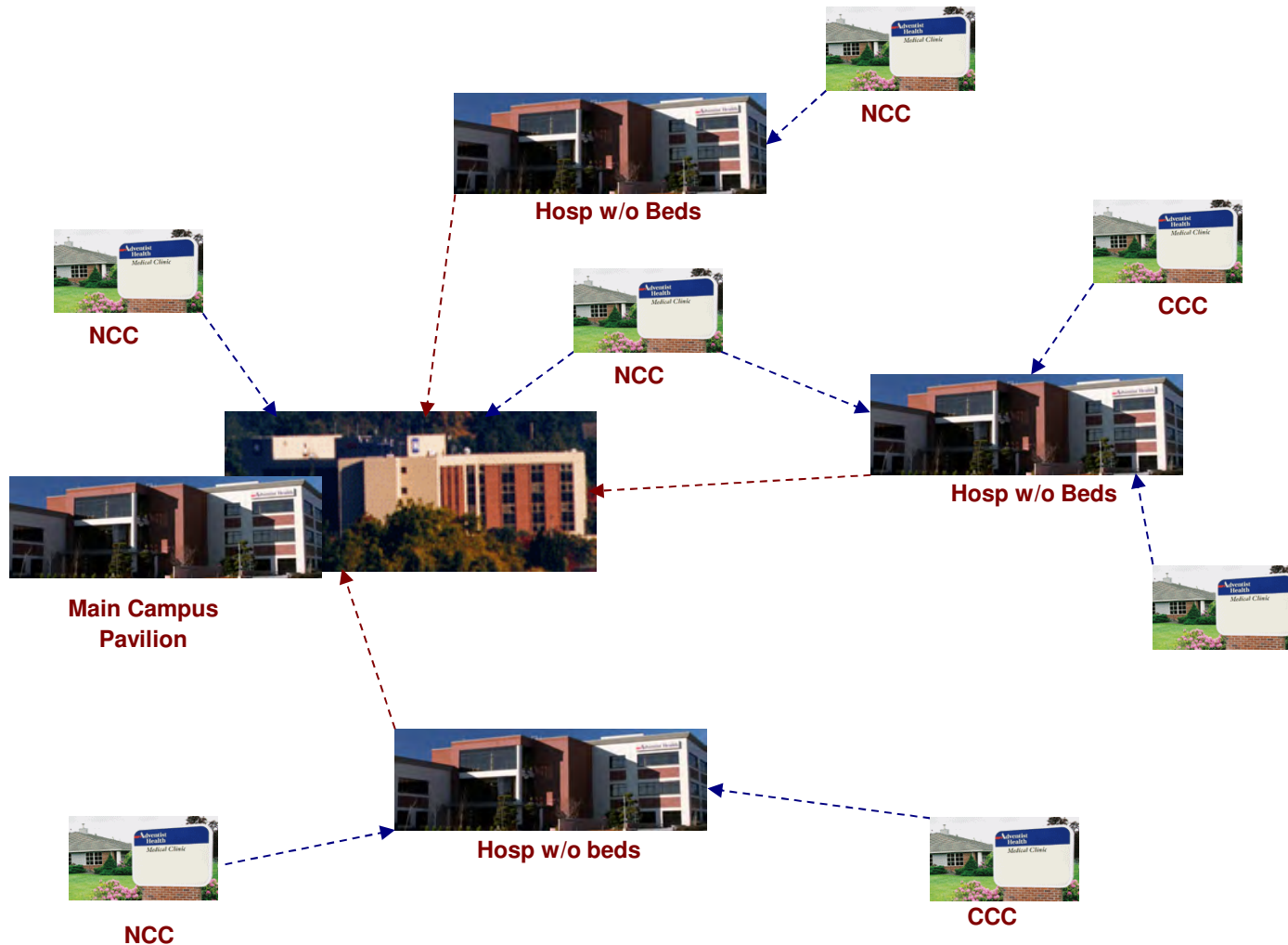




Ambulatory Models

Element	Retail	Neighborhood Care Center	Community Care Center	Hospital w/o Beds
Level of Care	Low Acuity Urgent Care	Primary care, Medical Home	Primary & Specialty	Specialty focused
Sample Services	<ul style="list-style-type: none"> • Mid-level practitioner • Flu Shots • School Physicals 	<ul style="list-style-type: none"> • 2-5 physicians • Mid levels, care managers • Basic testing • Community education • Infrastructure for PCMH 	<ul style="list-style-type: none"> • Enhanced primary care with neighborhood and; • 10-15 physicians • Some advanced imaging • Minor procedures • Walk in, after hours scheduling, urgent care • Telemedicine 	<ul style="list-style-type: none"> • MOB • Full service imaging • ASC • Emergency • Oncology • Cardiac Cath • Telemedicine • Disease Management
Capital Investment	Limited \$350 - \$375K	Limited \$.5 - \$2 million	Moderate \$3 - \$10 million	Significant \$15 - \$40 million
Population to Support	<15,000	10,000 - 35,000	50,000 - 100,000	100,000+

The End Game – Hospital W/O Walls?





Selecting the Best Model

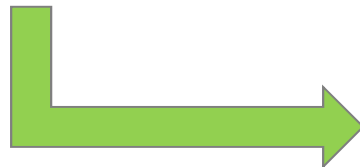
● Favorable
● Neutral/Unknown
● Unfavorable

	Walk In/Retail	Neighborhood Center	Community Center	Hospital w/o Beds	Hospital w/o walls
Enter new markets	●	●	●	●	●
Expand capacity	●	●	●	●	●
Develop continuum	●	●	●	●	●
Improve <u>consumer</u> satisfaction	●	●	●	●	●
Address population health	●	●	●	●	●
Provide lower cost alternatives	●	●	●	●	●




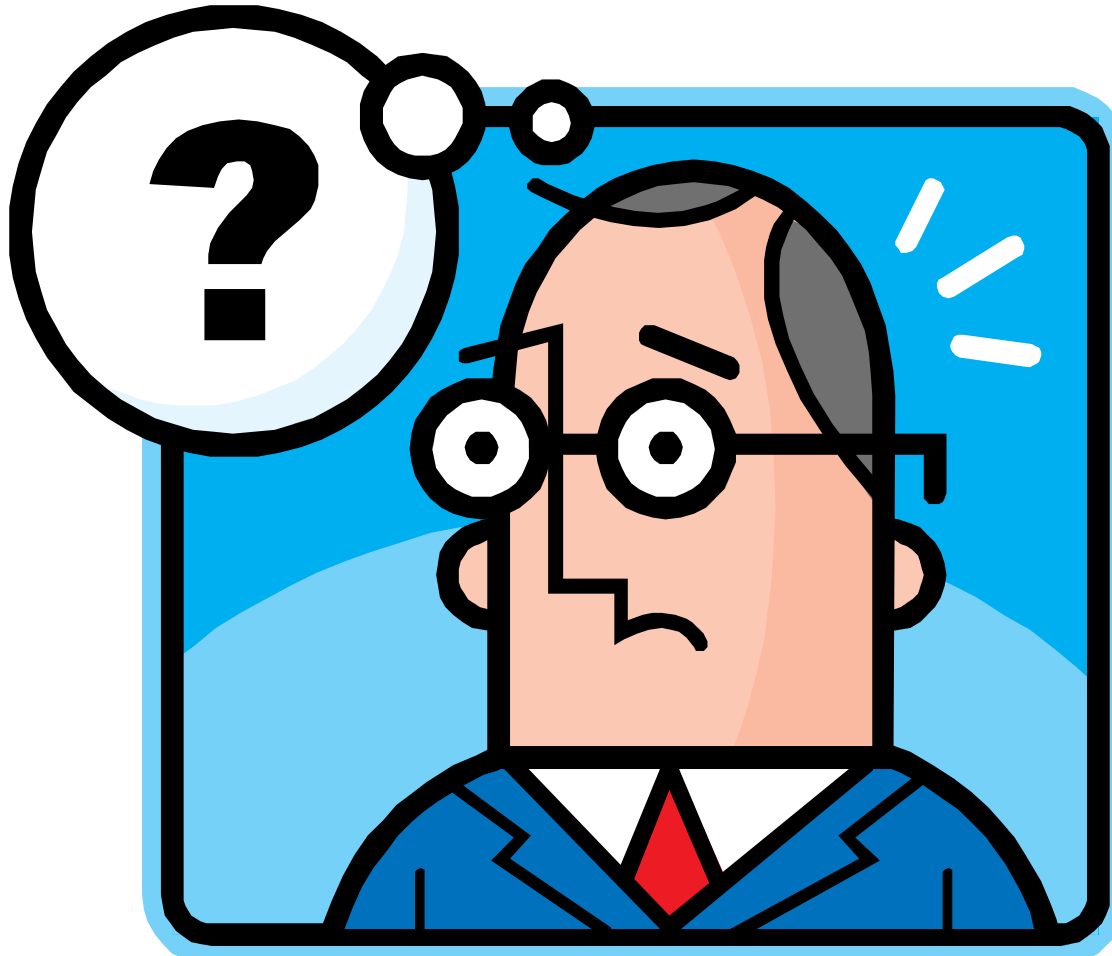
What's Really Important?

- Location: Retail and Rooftops

 *# of Visits*

- Management Style: Entrepreneurial

 *Revenue per Visit*
Variable Cost per Visit





Cecily Lohmar, Principal
New Heights Group
252 249 1225

cecily@reach-newheights.com

www.reach-newheights.com