HIM 1490/HRS 2490

Green Valley- PHC Case

Use for Homework #2 and Breakout Sessions

Partnership in Health Care (PHC) is a six-physician, independent, medical practice located in the Midwestern United States. Three physicians are board certified in internal medicine and a fourth is certified in geriatrics. The practice also has two full-time nurse practitioners, three part-time RNs, 2 medical assistants and two front desk staff. Due to changes in physician leadership the practice no longer has a functioning ambulatory electronic health record. There is a legacy physician practice management system in place for billing and scheduling, the software version of which is no longer supported by the vendor but does process electronic claims.

Current State

The practice has not been able to participate in the CMS Meaningful Use program and is being assessed 5% reimbursement penalties on Medicare patient payments. Likewise, two commercial payers are offering pay for performance incentives for managing panels of patients with diabetes and asthma, but PHC cannot participate due to their inability to produce the required health maintenance clinical reporting for the program.

The practice has an existing practice management system that does patient scheduling and automated claims submission via EDI (electronic data interfacing). This vendor system is unsupported and must be replaced as part of the search for an electronic health record. The goal of the practice is to be able to be financially and clinically viable and compliant with the CMS Meaningful Use phase 1 and 2 programs and prepared for Meaningful Use phase 3.

Software vendors who have sold products to other physicians in the area have approached the medical director and administrator of the practice. These vendors include Practice Fusion and Next Gen. Recently a colleague of the medical director who has a practice in California is recommending that he examine a product called Athena. In addition, the Chief Medical Officer of Green Valley Regional Health System has approached PCH offering to implement and support Green Valley's Epic Care product in this practice under an affiliate agreement. There is also an option to run an MSO – Management Services Option of Green Valley's Epic Practice Management suite for billing and scheduling. While PHC is an independently owned physician practice they refer about 65% of their patients to facilities and specialists of Green Valley.

Currently PCH's practice management system is non-supported by the vendor. Front desk office staffs have become very proficient in using this software to schedule patients, submit claims and follow up on denials. Office IT operations such as email, an intranet SharePoint site for internal office documents, maintenance of PCs in the office, printing and a flat-text website are run by a local information technology company who provides the services to PCH for a monthly fee through an IT Management Services Contract that costs $300.00 per month.

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75 of the other approximately 100 independent primary care practices in the region run either Next Gen or Practice Fusion as stand-alone systems. About 15 practices who have been approached by Green Valley are in the process of implementing their affiliate version of Epic Care. Three of the other five practices are divesting their practices due to financial hardships and two of them are in negotiations with Athena.

Environmental Factors

When examining the patient mix for both Green Valley and the regional primary care practices we see approximately 40% Medicare, 20% Medicaid and 40% commercial insurance patients. The main commercial insurance carriers are Aetna and CIGNA. Green Valley is in final discussions with CMS in formulating an ACO organization that includes their facilities, the physicians who are running on the affiliation agreement, and a long-term care partner.

In terms of financial pressures both Aetna and CIGNA have launched aggressive pay-for-performance programs in areas such as diabetes management, asthma management, and medical management of congestive heart failure. For these programs, physicians who produce regular health maintenance reports on panels of commercially insured patients are receiving performance incentives. The reporting for these performance incentives is very similar to the core measures reporting requirement for the CMS program's Meaningful Use phase 1.

Another factor affecting the region is the launch of the standalone urgent care option called *Doctors Care*. These urgent care centers are open 12 hours a day, seven days a week and offer highly convenient urgent care and there is talk that they will be offering follow-up online care services to patients for non-urgent conditions. They have also recently begun doing campaigns to offer vaccinations, school and employment physicals and health risk assessments required by Aetna and Cigna. Part of their overall customer campaign is a highly user-friendly, secure Internet presence in the form of a consumer health record where consumers can do electronic visits and on-line chats with health coaches about common medical issues.

Financial Information:
We know that Green Valley has floated a number of $500 per provider per month to cover the cost of bringing the practice onto epic clinical and scheduling registration and billing exclusive of joining a management services organization (MSO) with Green Valley. Should PCH join a Green Valley MSO and acquire other services such as credentialing, malpractice etc., generally speaking the IT costs will decrease by 10% and the practice will also avail themselves of other services as part of the MSL-these generally include malpractice insurance rate reductions and credentialing capabilities as well as billing operations including claims management in collections.

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We know that Practice Fusion advertises as "free" with no integration assuming that PCH signs off on Internet advertising revenues to advertise pharma therapies on their web site and internal EHR. We also know that Next Gen costs are generally in the neighborhood of $300-$400 per provider per month with variables such additional costs for any interfaces beyond laboratory and radiology system interfaces. We also know that the cost of maintaining a patient on the patient portal would be $1.25 per year per patient for virtually any vendor choice. Green Valley covers the cost of the Epic My Chart portal as part of their agreement, but does not cover the cost of building and maintaining websites for affiliate physician practices whether they are part of the MSO or not.

Generally speaking, PCH has been operating on a positive financial margin I'll be at about a 10% profitability margin after payment of operating expenses, given current operations. We know that the inability to secure pay for performance incentives and the 5% penalties for Medicare patients are eroding that margin to what the Controller projects to be a 5% profitability margin in the next 24 months. Operational expenditures for PCH that have been under review by the Controller include the following: rapid growth in medical dictation costs with expenditures increasing from $.12-$.16 per line with transcription vendors, given decline in this service in the market in general and 5-10 cent per unit increases in outsourced costs to a third-party vendor to do billing statements and care management letters and communications to practice patients. An anticipated 10-15 % salary increase needed in the upcoming 12-24 month period, based on market to retain the experienced nurse practitioners.

What to Do?

PCH must make a vendor and strategy recommendation regarding both a patient management and ambulatory electronic health record system and e Patient strategy. As the Practice Administrator you have been asked to investigate options and provide an analysis and recommendation to the PCH Medical Director. He has asked that this analysis include both standalone options and the Epic affiliate option offered by Green Valley. There is an advisory meeting of the Board of Directors who governs the practice along with the Medical Director in a month and this item must be presented at that meeting. The Medical Director would like to review your recommendations a week prior to the Board meeting.

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Directional Questions for Class Breakout Sessions:

1. What are the strategic questions in the case?
2. What are the strategic opportunities and risks, external and internal threats?
3. What are the strategic core competencies that can be leveraged?
4. What are the types of internal and benchmark data that should be analyzed in this decision making? What data is missing and what assumptions must you make?
5. What are the operational- risks, costs, stakeholder change issues, and needed benefits?

Homework Content: Once you have decided completed the strategic analysis for PCH, formulate the following answers supported by best practice methods and literature. Document and discuss your assumptions.

1. Your vendor recommendation strategy and rational for PCH
2. Risk analysis- Identification of at least one of each type of risk: Financial, Operational and Technical Risks and Mitigation plan for each
3. List of Anticipated Costs for the Approach
4. Your Benefits Realization Strategy- ties to strategic intent and competitive environment
5. Using Table 6.8 in Abdelhak et al (5^{th} Edition) List the Functions that the vendor will be expected to execute for PCH under the categories of: Organizing Patient Data, Compiling Lists, Receiving and Displaying Information, (provider order entry) CPOE, Decision Support, Communication and Connectivity, Administrative Support and Billing, Immunization Tracking Public Health raking and Direct patient Support. Provide a brief sentence for each of the function that you expect the vendor to perform at PCH and why it is important.