

Christina Ryan

**CEO, The Women's
Hospital**



Indiana
**INFANT MORTALITY
SUMMIT**

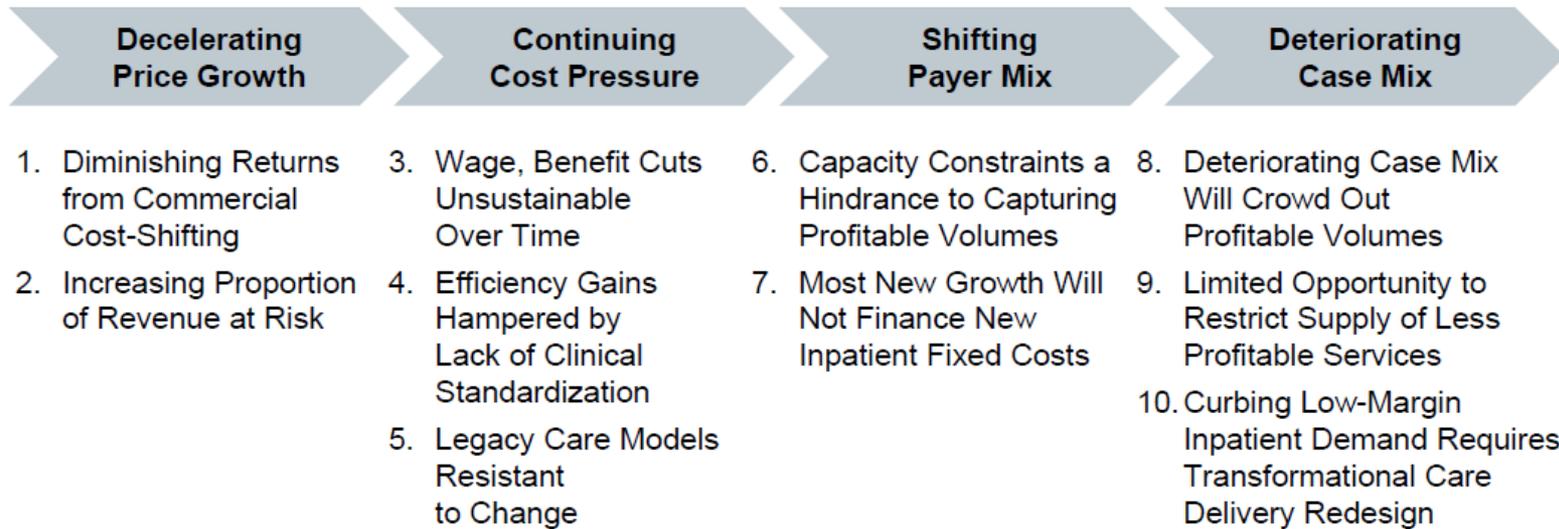
JW MARRIOTT, Indianapolis IN
NOV 1, 2013

Impact of Healthcare Reform on Perinatal Care



[...At The Cross Roads

10 Challenges of Hospital Economics Requiring Attention



Source: Health Care Advisory Board interviews and analysis.

Paying for Value

The
Women's
Hospital

HOSPITAL VALUE-BASED PURCHASING PROGRAM

- Pay-for-performance program creating differential hospital inpatient payment rates based on success against process, outcomes, and patient satisfaction measures
- Holds providers accountable for either absolute success or improvement against established performance measures via withhold/payback structure

HEALTH CARE ADVISORY BOARD ASSESSMENT
Through the program's budget-neutral payment structure, hospitals with superior performance may earn more than their initially withheld reimbursement, profiting from exceptional quality. Given the mandatory nature of the program and significant payment at risk, no hospital can afford to ignore the program's performance standards.

DISRUPTION TO FEE-FOR-SERVICE BUSINESS MODEL
●●○○○○

START DATE PARTICIPATION
FY2013 M Mandatory

1%–2% \$
TOTAL HOSPITAL INPATIENT
MEDICARE PAYMENT AT RISK

HOSPITAL READMISSIONS REDUCTION PROGRAM

- Reimbursement penalty targeting hospitals with excessive 30-day readmission rates for select clinical conditions
- Initially focuses on heart failure, myocardial infarction, and pneumonia readmissions
- May expand to include additional conditions beginning in FY2015

HEALTH CARE ADVISORY BOARD ASSESSMENT
The program's downside-only design precludes hospitals from earning bonuses for high performance; at best, hospitals can avoid the penalty. Although hospitals successfully reducing readmissions may forgo revenue from prevented admissions, the program's close alignment with other payment reforms amplifies the financial and strategic value of readmission reduction.

DISRUPTION TO FEE-FOR-SERVICE BUSINESS MODEL
●●○○○○

1%–3% \$
TOTAL HOSPITAL INPATIENT
MEDICARE PAYMENT AT RISK

START DATE PARTICIPATION
FY2013 M Mandatory

HOSPITAL-ACQUIRED CONDITION PENALTY

- Reimbursement penalty targeting hospitals with comparatively more frequent hospital-acquired conditions and infections
- Imposes 1% reimbursement penalty on hospitals in the top quartile of patients with hospital-acquired conditions

HEALTH CARE ADVISORY BOARD ASSESSMENT
The relative nature of the penalty poses a major threat to hospitals; regardless of absolute performance, a subset of facilities will always fall in the top quartile of hospital-acquired infections. Forthcoming program rules and regulations will need to clarify critical program details, such as the specific conditions in question, method of comparison, and precise payment structure.

DISRUPTION TO FEE-FOR-SERVICE BUSINESS MODEL
●●○○○○

START DATE PARTICIPATION
FY2015 M Mandatory

25% 
SHARE OF HOSPITALS
MANDATED TO FACE PENALTY

Typical Strategies

**Maximizing Revenue
Capture**

**Developing Flexible Staffing
Models**

**Standardizing Clinical
Protocols**

**Redesigning Inpatient Care
Models**

Expanding Effective Capacity

**Partnering with Providers for
Low-Margin Services**

**Building the Care
Management Enterprise**



Reinventing Healthcare Delivery Systems

- ACO's
- Medical Home Model
- Population health management
- Financial incentives to keep patients out of hospital
- Penalties for not providing comprehensive follow up care
- Provider and patient accountability

Question we need to ask.....

- Are perinatal care programs immune to these challenges in our industry?
- What will the impact be on perinatal programs as hospitals reduce expenses by 20% or more?
- Do we look for solutions or hope the challenges won't hit our service line?

Perinatal Health Care (Indiana)

- **Why has the State of Indiana focused on perinatal care and regionalization?**

Perinatal Health Care

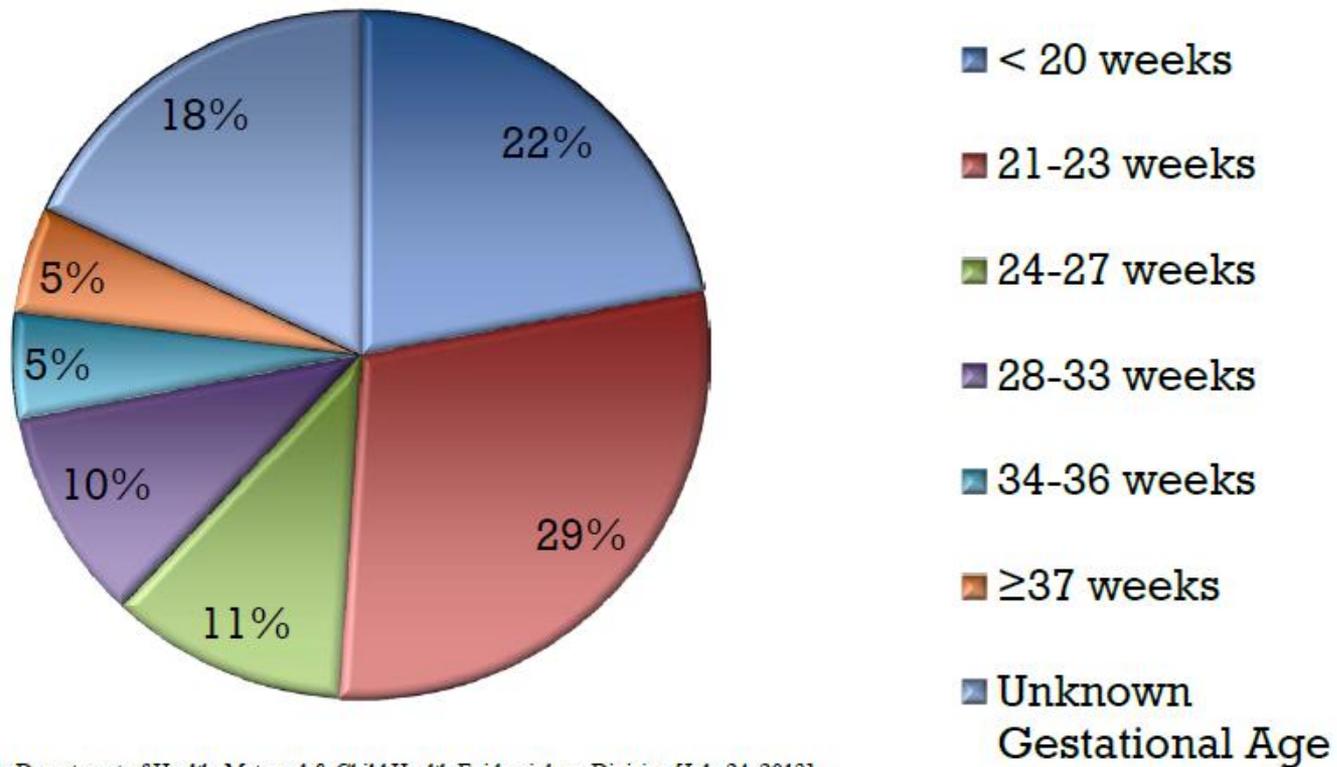
- Among the 4.2 million deliveries 94% listed some type of pregnancy complication
- Maternal stays with complications are about 50% more costly
- Average cost for preterm newborn is 10 times higher

- *(Healthcare cost and utilization report Statistical brief #113)*

Perinatal Health Care

- Very Low Birth Weight Babies (VLBW) have a 51% increased chance of dying if born in <Level III hospital.
- Multitude of health issues surrounding the VLBW which require comprehensive follow up care such as: BPD, RSD, sepsis, seizures, ROP.....
- One recommendation is that 90% of VLBW babies be born in a level III hospital. Indiana only had 79% of VLBW babies born at a level III. Survival rates for VLBW born outside a level III are cut in half.

+ Percent of Deaths at ≤ 1 Hour By Gestational Age



Source: Indiana State Department of Health, Maternal & Child Health Epidemiology Division [July 24, 2013]

Development of perinatal levels of care

- The current levels of care were developed in 2001-2002 by the Indiana Perinatal Network (IPN) and ISDH MCH.
- Hospital self-reported levels of OB and Neonatal Care and these were published in 2005.
- In early 2008, IPN partnered with the Indiana Hospital Association (IHA) to resurvey hospitals to assess any changes in the hospital's self-reported level of care.

Development of perinatal levels of care cont.

- The Levels of Care committee, formed in late 2010, to review of the definitions and development of recommendations for changes to the levels that will improve the system of care for pregnant women and neonates.
- Guidelines for Perinatal Care 7th edition were used in developing the standards.
- Researched numerous states that are already regionalized.
- There was a gap between self declared levels of care and the perinatal guidelines.

+ 2011 LBW & VLBW In-State Hospital Births

Self-Declared OB Level of Care

| Level of Care | VLBW | LBW |
|---------------|------|-------|
| I | 56 | 713 |
| II | 197 | 1,291 |
| III | 801 | 2,546 |

Assigned OB Level of Care

| Level of Care | VLBW | LBW |
|---------------|------|-------|
| 0 | 150 | 916 |
| I | 72 | 508 |
| II | 537 | 2,310 |
| III | 321 | 949 |

+ 2011 LBW & VLBW In-State Hospital Births

Self-Declared NEO Level of Care

| Level of Care | VLBW | LBW |
|---------------|------|-------|
| I | 66 | 512 |
| IIA | 43 | 623 |
| IIB | 141 | 584 |
| IIIA | 145 | 536 |
| IIIB | 526 | 2,037 |
| IIIC | 159 | 391 |

Assigned NEO Level of Care

| Level of Care | VLBW | LBW |
|---------------|------|-------|
| 0 | 80 | 644 |
| I | 135 | 900 |
| II | 473 | 1,967 |
| III | 233 | 781 |
| IV | 159 | 391 |

Regionalized Perinatal Health Care System

- Over the past 2 decades, perinatal and neonatal health care has become less coordinated and more competitive in the United States
- The impact at the state level has been the evolution of a fragmented, perinatal system with limited access and poorer outcomes
- Regionalized systems of perinatal care are recommended to ensure that each mother and newborn achieve optimal outcomes.

Regionalized Perinatal Health Care System

Requires strategies that:

- Ensure access to services
- Identify risks early
- Provide linkage to appropriate level of care
- Ensure compliance, continuity, comprehensiveness
- Promote efficient use of resources

Standards

- Designed an application process similar to other hospital accrediting agencies
- Completion of a gap analysis against the standards by the hospital
- Designed a toolkit for hospitals to use in putting a binder or manual together for the onsite survey.

Development of perinatal levels of care cont.

- We will test the standards implementation process with a couple of pilot projects.
- Make necessary revisions to the process before it is implemented statewide.
- All need to understand this is a work in progress, it will have to evolve over time.

Successful collaboration

- To be successful the implementation of Perinatal levels of Care must be a collaborative approach.
- Attention must be paid to ensure that we do not cause further gaps in the ability to provide care to high risk mothers and infants.

Goal is to work together as a state and have a finished product that is reasonable, improves the quality of perinatal care, is cost efficient for hospitals to implement and adhere to, and reinforces collaboration.

