

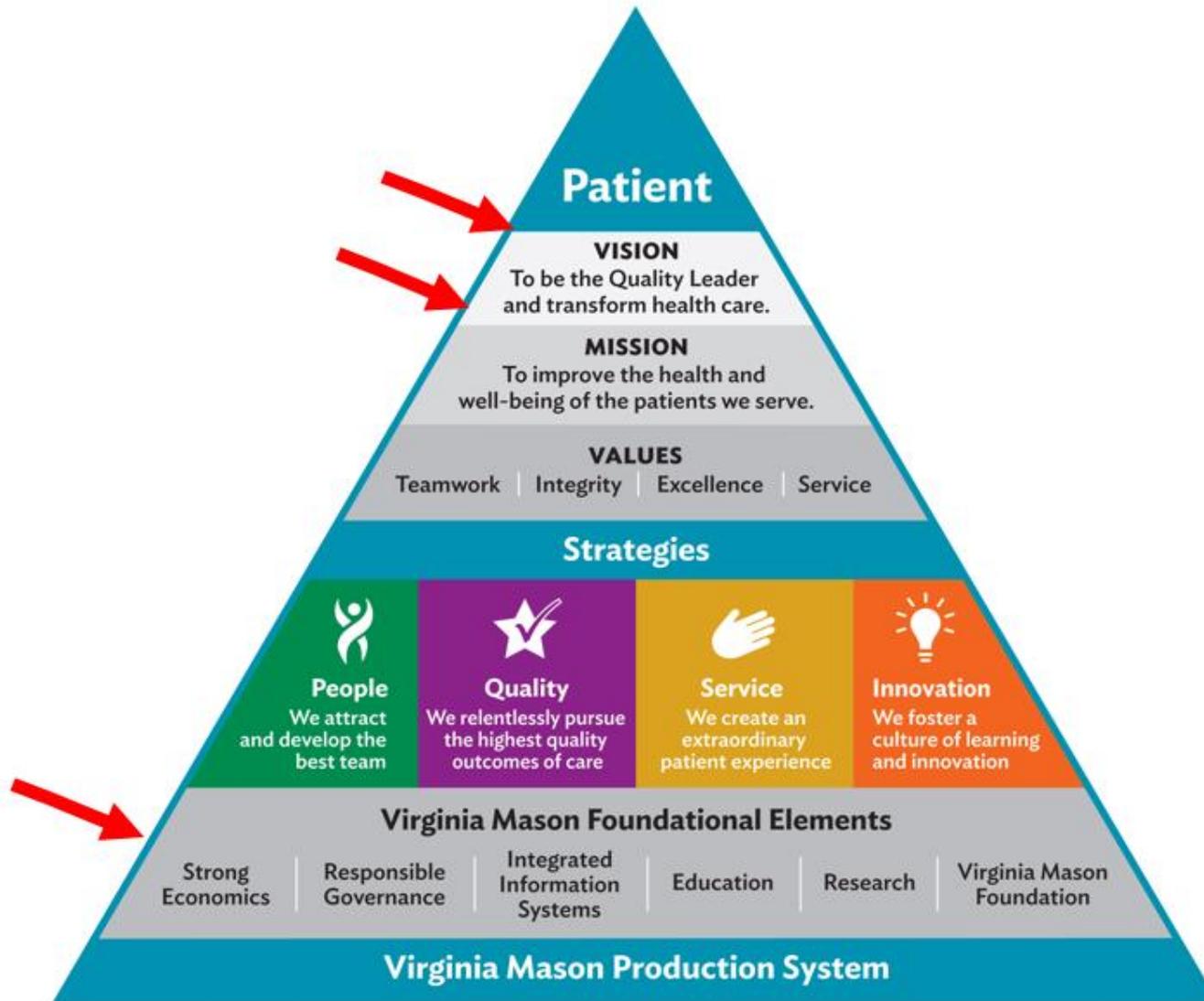


STATE OF REFORM

Virginia Mason Surgical Bundles Centers of Excellence Program

October 10, 2018

Virginia Mason Strategic Plan



The Virginia Mason Quality Equation

$$Q = A \times \frac{(O + S)}{W}$$

- Q:** Quality
- A:** Appropriateness
- O:** Outcomes
- S:** Service
- W:** Waste

Virginia Mason Medical Center Physician Compact

Organization's Responsibilities

Foster Excellence

- Recruit and retain superior physicians and staff
- Support career development and professional satisfaction
- Acknowledge contributions to patient care and the organization
- Create opportunities to participate in or support research

Listen and Communicate

- Share information regarding strategic intent, organizational priorities and business decisions
- Offer opportunities for constructive dialogue
- Provide regular, written evaluation and feedback

Educate

- Support and facilitate teaching, GME and CME
- Provide information and tools necessary to improve practice

Reward

- Provide clear compensation with internal and market consistency, aligned with organizational goals
- Create an environment that supports teams and individuals

Lead

- Manage and lead organization with integrity and accountability

Physician's Responsibilities

Focus on Patients

- Practice state of the art, quality medicine
- Encourage patient involvement in care and treatment decisions
- Achieve and maintain optimal patient access
- Insist on seamless service

Collaborate on Care Delivery

- Include staff, physicians, and management on team
- Treat all members with respect
- Demonstrate the highest levels of ethical and professional conduct
- Behave in a manner consistent with group goals
- Participate in or support teaching

Listen and Communicate

- Communicate clinical information in clear, timely manner
- Request information, resources needed to provide care consistent with VM goals
- Provide and accept feedback

Take Ownership

- Implement VM-accepted clinical standards of care
- Participate in and support group decisions
- Focus on the economic aspects of our practice

Change

- Embrace innovation and continuous improvement
- Participate in necessary organizational change

Bundles

- What are bundles? Why have they come into play?
- How has Virginia Mason embraced bundled care arrangements?
- How can other organizations be successful in bundled care arrangements?

Three barriers to healthcare affordability

Lack of **transparency**, predictable price and accountability

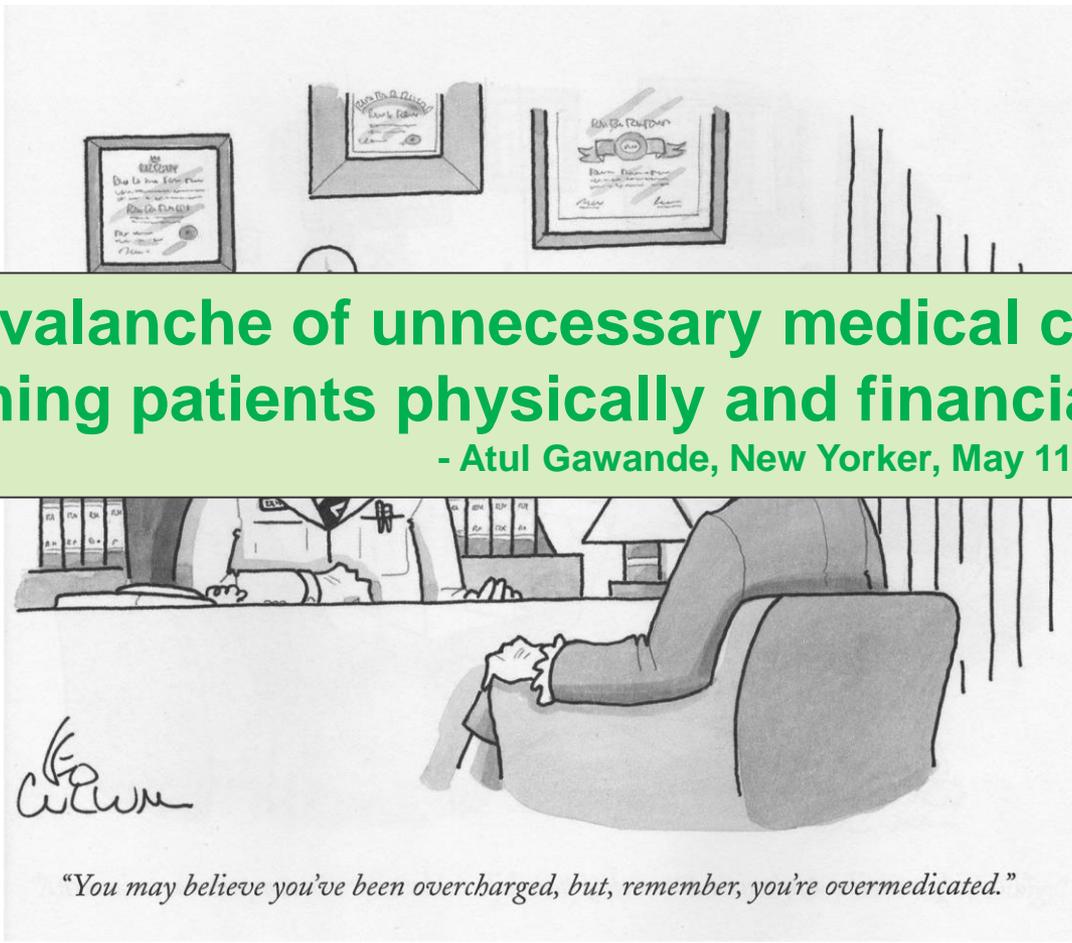


When purchasing healthcare, both quality and price are under the table.



Three barriers to healthcare affordability

Lack of transparency, **predictable price**, and accountability



An avalanche of unnecessary medical care is harming patients physically and financially.

- Atul Gawande, New Yorker, May 11, 2015

"You may believe you've been overcharged, but, remember, you're overmedicated."

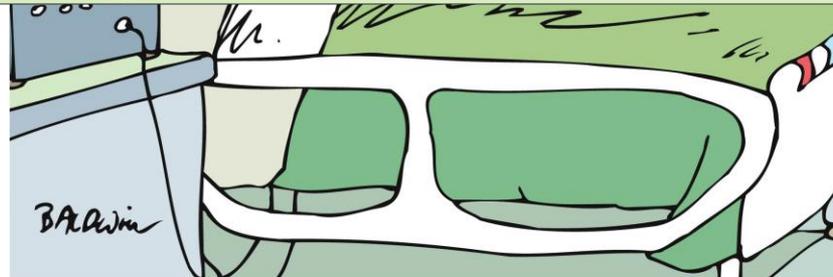
Three barriers to healthcare affordability

Lack of transparency, predictable price and **accountability**

© Mike Baldwin/Cornered

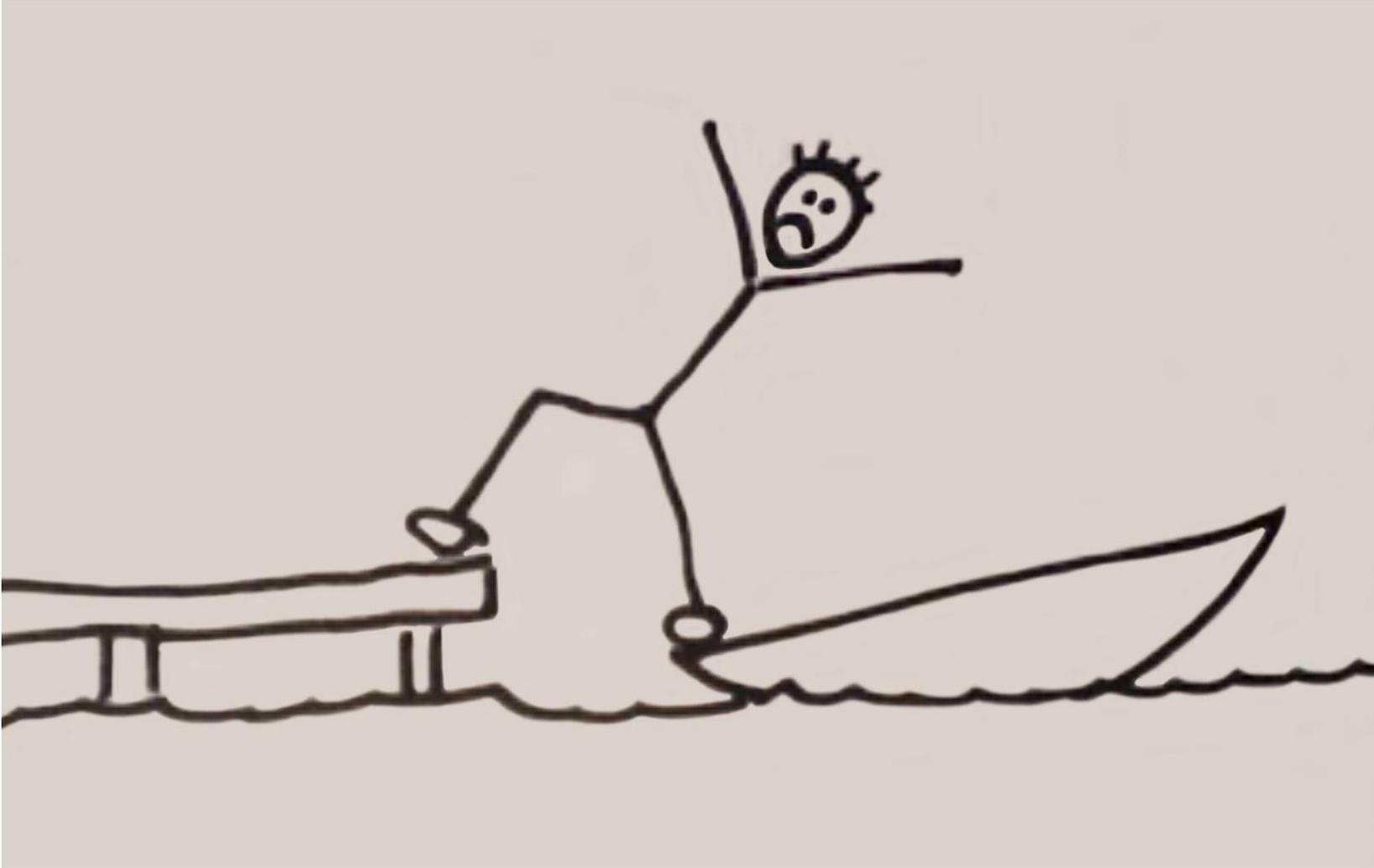
... the occurrence of surgical complications was associated with higher hospital contribution margins.

-Eappen, et al, JAMA, April 17, 2013



“There’s a 50% chance you won’t survive the procedure. But I wouldn’t worry – I get paid either way.”

Moral Bankruptcy



Bundled Care Addresses These Issues

Lowering healthcare costs with quality standards

- What are bundles?
 - Clinically defined, standard episodes of care, for which providers received a fixed reimbursement for all related services during the episode (professional, hospital, implant, DME, etc.)
 - Typically includes warranty for avoidable readmissions
- Virginia Mason's surgical bundles lower direct costs by eliminating unnecessary and unsafe surgeries
- Virginia Mason's surgical bundles lower indirect costs by returning patients to function more rapidly (reduced time off, disability claims, temp labor, etc.)

...transparently, predictably and accountably.

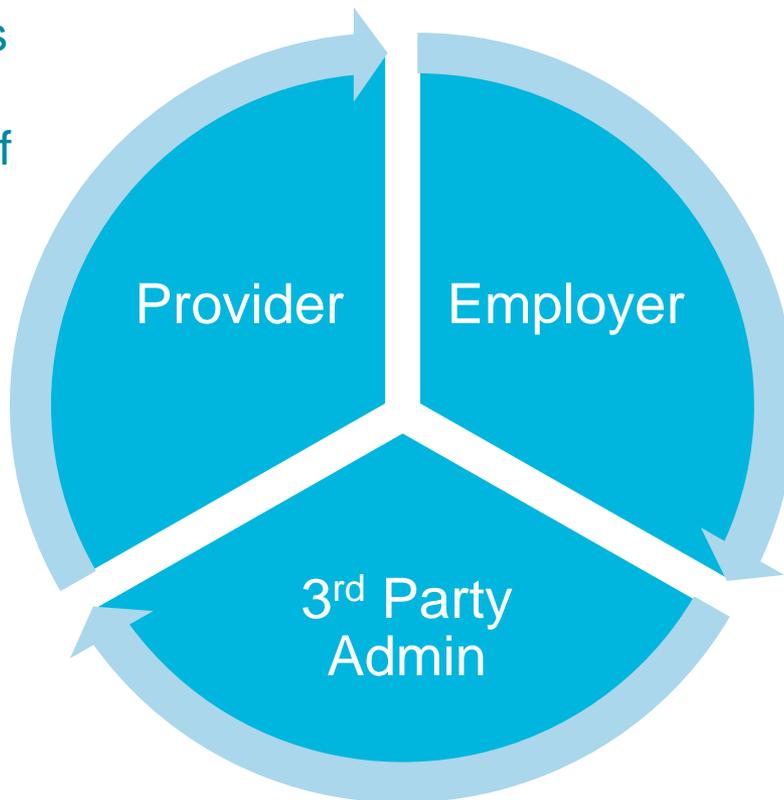
Center of Excellence: current bundles

1. Hip and knee replacement
2. Spine and complex spine
3. Heart surgery
4. Bariatric surgery
5. GYN surgery

Many more are in place at other institutions and being developed at Virginia Mason

Provider, Employer, TPA Play Key Roles

- Appropriateness
- Best Practice
- Reliable Handoff
- Dependable Follow-up



- Benefit Design
 - No out of pocket
 - Cover travel
- Communication

- Referral Process(es)
- Coverage Services
- Payment

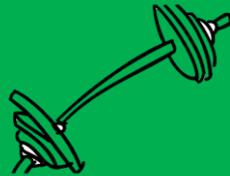
We Are Continuously Improving

Bundles allow us to demonstrate **quality**, hold ourselves **accountable**, and provide transparent **costs**.

Success has relied on continuous improvement and organizational alignment around clinical quality standards:



Outcomes & Results



Appropriate

58% of patients referred to Virginia Mason for spine surgery are directed to non-surgical therapies. Of these, only **1%** proceeded with surgery

Fitness for Surgery

Fixed Price Guarantee
Know the cost before the procedure
Infection Rates
Hip: **0.5%**
Knee: **0.2%**
Nationally: **1%**

Evidence-Based Surgery

Unplanned Readmissions:
30 Day All-Cause:

- TJA: **1.2%** (4% nationally)
- Spinal Fusion: **0%** (9.4% nationally)

Avoidable Complications:

- TJA: **0.2%**
- Spinal Fusion: **0%**

Return to Function

Patient Reported Functional Improvement:

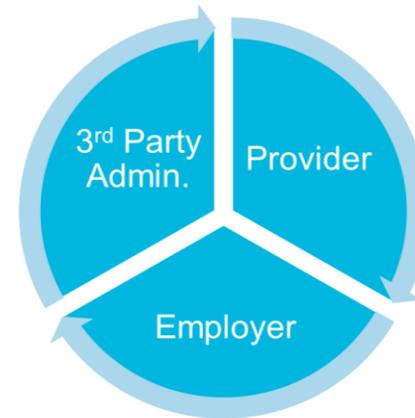
- **55%** improvement in pain & function after 6 months

Patient Satisfaction

- **100 on a 100-point scale**

Keys to Success in Bundled Care

- **Commitment** – from all parties



- **Strong Champions** – especially between employer and providers
 - Need leadership to guide creation and adoption of clinical protocols. Need engaged physicians to promulgate standards.
- **Collaborative mindset**

Quality is not what the supplier puts in.

It is what the customer gets out.

-Peter Drucker