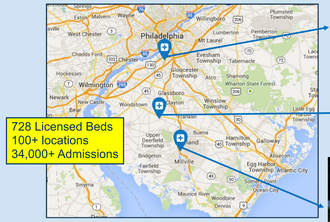
Physician Incentives in a Gainsharing Program Lower Costs and Improve Quality

April Venable. Director of Population Health, Inspira Health Network, Mullica Hill, NJ
Anthony C. Stanowski, DHA, FACHE. Vice President, Applied Medical Software, Collingswood, NJ

Background

The Inspira Health Network comprises three hospitals, four multi-specialty health centers and more than 1,000 medical staff members in southern New Jersey. The leadership team sought to enhance transparency and accountability on what matters most to patients and to payers outcomes: cost, and value. **Aligning the hospital and physicians' financial incentives and quality goals is essential for success.**



Inspira's Call to Action

- Fullfill the need to engage physicians as payments move more toward value and away from fee-for-service.
- Implement a tool to help bridge the gap to new payment models.

Purpose

Since physicians are most responsible for managing costs within a hospital (Leff, et al., 2009), Inspira implemented the **gainsharing program to engage physicians using an incentive payment based on *reducing inpatient costs* and *improving quality performance*.**

Methods

Inspira participates in the New Jersey Hospital Association (NJHA) Gainsharing Program as part of the CMS BPCI Model 1 (Acute Care only) initiative. BPCI Model 1 expanded the 2009-12 NJ Medicare Gainsharing Demonstration Project (Agency for Healthcare Research and Quality, 2014).

The NJHA program is a Medicare initiative and provides all the necessary waivers (e.g. antikickback, Stark and Civil Monetary Penalties). Physician participation is voluntary. All patients admitted to Inspira receive notification that the hospital is participating in the program on admission.

Incentive Structure

Gainsharing promotes higher level of performance by establishing incentives that align physician and hospital goals.

The size of the financial incentive is based on delivering care at a cost savings to the hospital. The program established "Best Practice Norms" (BPNs) based on state-wide inpatient discharge data. BPNs are the 25th percentile (lowest costs) for each APR DRG. Cost savings are based on two measures:

- Performance - actual cost compared to the BPN.
- Improvement - actual cost compared to each physician's historical costs.

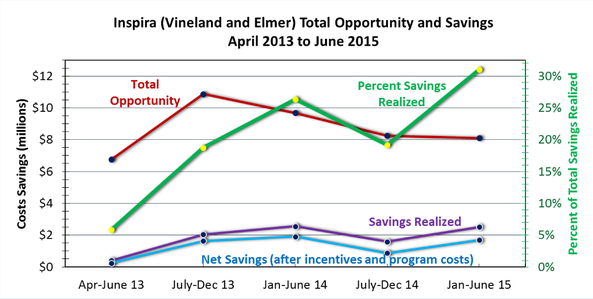
Physician financial incentives are conditional on quality measures, such as:

- Outcomes measures (e.g., infections, adverse events)
- Efficiency measures (e.g., delinquent medical records, timely operative reports, timely discharge summaries)
- Patient experience measures (e.g., physician HCAHPS scores)

Care Redesign Effectiveness

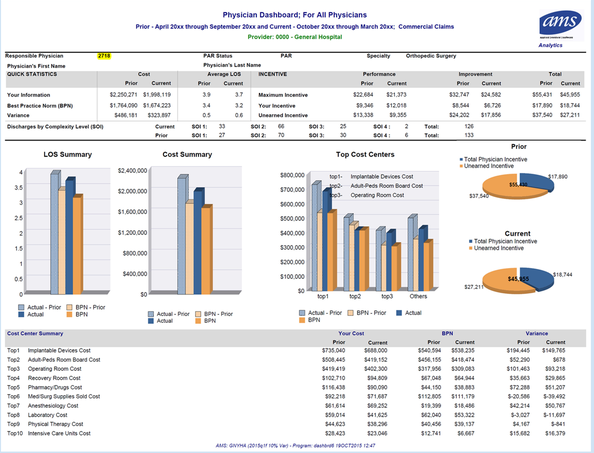
	Coach Program	Sepsis Work Flow & Bundle	VTE Prophylaxis	Pneumonia Care	Palliative Care
Description	High risk patient transitions	Check list and bundle	Order sets and assessment protocols	Order sets for IV and PO work flow	Service Consults
Primary Improvement Goals					
Readmissions				■	■
Mortality		■	■	■	
Complications			■		
Length of Stay		■		■	■
Cost		■			■
Guideline Adherence		■		■	
Core Measures				■	

Results



***NOTE:** The statements contained in this document are solely those of NJHA/AMS/ Inspira and do not necessarily reflect the views or policies of CMS.*

Sample Physician Dashboard



Physician Dashboard; For All Physicians

Prior - April 20xx through September 20xx and Current - October 20xx through March 20xx; Commercial Claims

Provider: 0000 - General Hospital

Responsible Physician	2718	PAR Status	PAR	Specialty	Orthopedic Surgery
Physician's First Name		Physician's Last Name			

QUICK STATISTICS	Cost Prior	Cost Current	Average LOS Prior	Average LOS Current	INCENTIVE	Performance Prior	Performance Current	Improvement Prior	Improvement Current	Total Prior	Total Current
Your Information	$2,250,271	$1,998,119	3.9	3.7	Maximum Incentive	$22,684	$21,373	$32,747	$24,582	$55,431	$45,955
Best Practice Norm (BPN)	$1,764,090	$1,674,223	3.4	3.2	Your Incentive	$9,346	$12,018	$8,544	$6,726	$17,890	$18,744
Variance	$486,181	$323,897	0.5	0.6	Unearned Incentive	$13,338	$9,355	$24,202	$17,856	$37,540	$27,211

Discharges by Complexity Level (SOI)											
	Current	SOI 1:	33	SOI 2:	66	SOI 3:	25	SOI 4 :	2	Total:	126
	Prior	SOI 1:	27	SOI 2:	70	SOI 3:	30	SOI 4 :	6	Total:	133

LOS Summary

Cost Summary

Top Cost Centers

Cost Center Summary		Your Cost Prior	Your Cost Current	BPN Prior	BPN Current	Variance Prior	Variance Current
Top1	Implantable Devices Cost	$735,040	$688,000	$540,594	$538,235	$194,445	$149,765
Top2	Adult-Peds Room Board Cost	$508,445	$419,152	$456,155	$418,474	$52,290	$678
Top3	Operating Room Cost	$419,419	$402,300	$317,956	$309,093	$101,463	$93,218
Top4	Recovery Room Cost	$102,710	$94,809	$67,048	$64,944	$35,663	$29,865
Top5	Pharmacy/Drugs Cost	$116,438	$90,090	$44,150	$38,883	$72,288	$51,207
Top6	Med/Surg Supplies Sold Cost	$92,218	$71,687	$112,805	$111,179	$-20,586	$-39,492
Top7	Anesthesiology Cost	$61,614	$69,252	$19,399	$18,486	$42,214	$50,767
Top8	Laboratory Cost	$59,014	$41,625	$62,040	$53,322	$-3,027	$-11,697
Top9	Physical Therapy Cost	$44,623	$38,296	$40,456	$39,137	$4,167	$-841
Top10	Intensive Care Units Cost	$28,423	$23,046	$12,741	$6,667	$15,682	$16,379

AMS: GNYHA (2015q1f 10% Var) - Program: dashbrd8 19OCT2015 12:47

Conclusion

The gainsharing program reduced inpatients costs. Since inception, the Vineland and Elmer campuses realized $6.3 million in cost savings after incentives and program costs. By June 2015, on average, Inspira realized savings on almost 1 of every 3 dollars of identified internal costs.

The incentives reinforced care redesign protocols, such as:

- The readmission rates for patients in the COACH and palliative care programs is better than the 20% improvement goal.
- Through use of the VTE assessment, hospital-acquired DVTs and pulmonary emboli are minimal.
- The pneumonia core measure of administering the appropriate antibiotic reached 98%.

The program aligned medical staff and hospital incentives, and enabled a higher level of proactive collaboration, coordination and cooperation. The success of the program helped Inspira realize a fundamental shift in the care delivery process, and implement additional value-based programs such as:

- Designation as a Patient Centered Medical Home by NCQA
- Medicare Shared Savings Program
- Employee Accountable Care Organization
- Physician Hospital Organization
- SNF Preferred Provider Network

References

Agency for Healthcare Research and Quality. (2014, July 16). Hospital gainsharing program offers incentives to physicians based on their efficiency, producing significant cost savings without decline in quality. *Innovations Exchange*. Rockville, MD, USA.

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Contact Information

April Venable
Director of Population Health
Inspira Health Network
856.641.6275
VenableA@ihn.org

Anthony C Stanowski, DHA, FACHE
Vice President
Applied Medical Software
856.858.3801 ext. 212
astanowski@amspbis.com

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