Positioning Your Practice for Long Term Success in a Changing Marketplace: Independent Practice – ACO Integration

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Disclosure

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Agenda

- Relationships
  Jody Ruppert

- Fairview Health Services ACO
  Scott Kulstad

- Therapy Partners – Independent Practice Consolidation
  Jim Hoyme

- The ACO – Independent Therapy Practice Integration

Learning Objectives

- Understand 8 big health care changes that impact independent therapy practices and see how each can influence the long term success of your practice

- Envision how your practice can create a strategic relationship with an ACO(s) by committing to and delivering Triple Aim Value

- Analyze your changing health care market and develop strategies to maintain autonomy while creating strategic alliances with ‘powerful decision makers’
Building Relationships with Decision-Makers

Opportunities for Independent PT Practices In Today’s Changing Health Care Market

• The value independent practices bring to the market
• Building your data means building your value
• Relationship building is key
Factors In Developing Key Relationships

• Develop Your People Skills
• Identify Relationship Needs
• Schedule Time To Build Relationships
• Focus on Your EQ
• Appreciate Others
• Be Positive
• Manage Your Boundaries
• Actively Listen and Learn

One ACO’ S Perspective
Fairview Health Services Overview

Fairview at a Glance

- 22,000+ employees
- 2,500 aligned physicians
- 6 hospitals & medical centers
- 2,530 licensed beds
- 1,522 staffed beds
- 40-plus primary care clinics
- 55-plus specialty clinics
- 54 senior housing locations

- 30-plus retail pharmacies
- 27 IAM locations
- Fairview Physicians Associates (Network Management)
- Forbes: America’s Best Employers

Volume (2015)

- 6.6 million OP encounters
- 1.55 million clinic visits
- 67,682 IP admissions
- 78,157 surgeries
- 9,060 births
- 190,160 emergency department registrations

- 9,969 behavioral inpatient admissions
- 282+ blood and marrow transplants
- 340+ organ transplants
- $3.8 B in Revenues
What is Fairview?

- Fairview Ridges Hospital
- Fairview Southdale Hospital
- Fairview Lakes Medical Center
- Fairview Northland Medical Center
- Fairview Range Medical Center
- Maple Grove Hospital
- Fairview Clinics
- Fairview Pharmacy
- Ebenezer
- Fairview Physician Associates
- Institute Athletic Medicine
What is Fairview?

- Fairview Medical Group
- Fairview Range
- Institute for Athletic Medicine (PT, OT, Chiropractic, Athletic Training)
- Fairview Physician Associates
- Credentialed Medical Staff

Primary Physician Groups

- UMP
- Independent Physicians
- Employed Physicians
- Fairview Medical Group
- Fairview Range
- Institute for Athletic Medicine (PT, OT, Chiropractic, Athletic Training)
### Alignment Models

#### Cordial Collaborators
- Referral relationships
- Clinical alignment, but little economic integration

#### Affiliation
- Clinical alignment and cooperation
- Some integrated infrastructure, support

#### Integrated
- Nearly complete clinical integration, cooperation, and shared risk
- Economic integration

#### Employed
- Complete clinical and economic integration via employment agreements
- IAM, FMG, Hospitalists

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### FPA and FPN

- **Fairview Health Network**
  - 1,650 FHN providers
    - 815 primary care
    - 835 specialty care
    - 200 hospital-based other

- **Fairview-Employed Providers (770)**
  - 400 primary care
  - 340 specialty care
  - 30 hospital-based

- **Independent Providers (1,190)**
  - 400 primary care
  - 610 specialty care

- **University of Minnesota Physicians (900)**
  - 225 specialty care
  - 935 specialty care
  - 80 primary care

- **Fairview Physician Associates Network**
  - 2,100 providers total

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**Fairview Physician Associates Network**

We are an integrated, multi-specialty network of over 2,500 providers in the Minneapolis and St. Paul area.

As a provider- and clinic-administrator led nonprofit organization, FPA Network includes members from independent, Fairview-owned and University of Minnesota Physicians clinics.

**FPA Network Value Report**
Thoughts and Questions of a Health-System Based ACO

“Payment increases from federal, state, commercial payers will no longer outpace typical inflationary indices. We must either cut expenses or grow. How can we grow sufficiently?”

- The conflicting narrative:
  - Providers’ revenues are others’ cost
- Growth vehicles:
  - Increased fidelity/loyalty
  - Increased capabilities
  - Increased market capture
- Should I build or buy?
  - Each is expensive and can take time
Thoughts and Questions of a Health-System Based ACO

“Should we vertically integrate by building new clinics and capability? Is building “more” the best use of our capital? Is this what is best for the community? If not, how can we partner with like-minded groups who share the commitment to Triple Aim?”

Thoughts and Questions of a Health-System Based ACO

• An ACO of our size could:
  ▪ Use Cash to finance new clinic expansion, or
  ▪ Use Cash to acquire clinics, or
  ▪ Use Debt-Financing to grow, acquire or expand (i.e., access the bond market)

• What does our community need?
  ▪ Does our community need “more” of something?
  ▪ Or does it need our existing “things” to be more efficient?

• Can we partner with existing organizations?
Thoughts and Questions of a Health-System Based ACO

“Insurance products ( "Narrow Networks") are increasingly becoming common vehicles to control costs. However, where and how do we fill in the gaps—either in clinical service gaps or geographical?”

Thoughts and Questions of a Health-System Based ACO

• Gaps can be geographical?
• Gaps can be clinically-serviced based?
• Filling the gaps brings me back to “build vs. buy vs. partner”
Thoughts and Questions of a Health-System Based ACO

“If we elect provider partnerships, what are the partnership principles? Moreover, how can we mutually add value to one another and the patients we serve?”

Thoughts and Questions of a Health-System Based ACO

- Like-minded
  - Culture
  - Values
  - Commitment to shared goals/objectives
- Mutual respect for the perspectives of each organization
PT MSO Consolidation Model:
Access | Efficiencies | Accountability | Value

Practice Owner Options in HCR

1. Stay the Course
   - Go it Alone
   - Full Control
   - Culture
   - Out of Network
   - Tough in HCR Mkt

2. Grow My Own
   - Access Capital
   - Open New Clinics
   - Grow Existing
   - Buy Practices
   - Merge
   - Expensive

3. Time To Sell
   - Timing
   - Financial
   - Options
   - Terms
   - No Control
   - Lose Your Culture
   - Legacy

4. Get Big – Stay Small
   - MSO
   - Size Strength
   - Full Control
   - Single TIN
   - Econ Scale
   - ‘Partners’ in Decisions
Management Services Organization

An MSO integrates multiple independent practices under the MSO TIN for health plan and ACO contracting and provides the practices with revenue cycle management, administrative services, practice management support, and a single-source relationship with health plans and ACOs.

The practices remain independently owned and collaborate as a team – NOT competitors.

Get Big ... Maintain Control

True Consolidation – Single TIN

Gain Strength of Size

Maintain independent Ownership
Get Big ... Maintain Control

Must Share Decision-Making

Be a Team Player

Private Practices are Allies Not Competitors

TPI MSO

Therapy Partners MSO
• Started 1999 . . . 17 Years
• Tried to Merge – Not the Right Timing
• 6 Practices for 11 Years – Now 15
TPI MSO

Therapy Partners MSO
For 1st 10 Years . . . 2 Goals:
1. Negotiation Strength – Better Rates
2. Operational Efficiencies – Decreased Costs

TPI MSO

Therapy Partners MSO
Since 2010 and HCR. . . Expanded Goals:
1. Negotiation Strength – Better Rates
2. Operational Efficiencies – Decreased Costs
3. ‘Partner’ Relationship with Decision Makers
4. Practice Management
5. Help Practices Grow Their Business
6. Learning and Growth
7. Teamwork – Leadership - Engagement Culture
TPI MSO

Strong Market Position

TPI MSO

MSO Services:
• Negotiate and sign off on ALL health plan contracts
• Contracts are under MSO name and TIN
• Value- based contracts – risk sharing
• Credentialing
• Compliance
• Business Support Activities – Pre-Reg, Charge Audits
TPI MSO

MSO Services:
• Centralized Billing Office
• Payment Processing & Distribution
• Common Billing and EMR – Efficiency, Transparency
• Coding and Billing Training
• Outcomes Training and Care Management
• Practice Management Support

TPI MSO

Member Practices – Minnesota and Western Wisconsin
• 15 Practices – all independently owned
• 32 Clinics . . . Added 15 in past 4 years
• 115 PT, PTA, OT
• 22,000 NP and about 170,000 visits annually
• Better contracted rates
• 1 Value-Based Contract with Outcomes Bonus
## TPI MSO

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## MSO Secret Sauce

- Single TIN Contacting and Billing System
- Build Win Win Relationships with Decision Makers
- Live the Triple Aim
- Disciplined Processes
- Accountability
- Develop Engaged Leaders All Levels
- Teamwork – Owners & Clinics
The ACO – Independent Therapy Integration:
Delivering The Triple Aim Together

8 HCR FACTORS Impacting All PT Practices

- Triple Aim Value
- Volume to Value Risk Sharing
- Patient Centeredness
- Innovation
- Patient Centered Medical Homes
- ACOs
- Collaboration
- Consolidation
Size and Value

Triple Aim Value

2 Keys

Consolidation

Independent Market

PT Practices

Ortho Practices

Hospital A Hospital B

GI Practices

Primary Care Practices
**Consolidated Market**

- PT MSO
- $$$$$
- Very Large Ortho Practices
- $$$$
- $$$$$
- Huge GI Practice
- $$
- ACO with 2 hospitals and many Primary Care Clinics

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**Are MSO’s Really a Big Deal?**

- **What are ACO Responsibilities?**
  - Deliver broad range of quality care and services
  - Manage the cost of that care
- **How Many ACOs in the US?**
  - 840 ACOs in all 50 states
- **How Many People in ACOs?**
  - 10% of US . . . > 30M people . . . and growing
- **Which States Have Highest ACO Impact?**
  - Or Utah Mn Wi Ia Ill Mi Ohio Md all NE States > 20%
Are MSO’s Really a Big Deal?

- **Who Is Pushing for ACOs?**
  Fed & All State Govts, Commercial Health Plans
  HHS Goal – by 2018 > 50% Medicare Pymts Shared Risk

- **What is the Relationship between ACOs and Health Plans?**
  “Partners”
  Shared financial risk
  Narrow Networks of Providers . . . ACO Providers

- **Why Should Independent Practice Owners Care?**
  Growing Number of Primary Care Employed by ACOs
  Narrow Network Providers
  Relationships with Decision Makers

Twin Cities Health Care Market

- Population: 3 Million
- Consolidation grew in early 90s
- Horizontal, loose knit networks, IPAs rejected
  - No Simplification
  - No Consistency
  - No Accountability
- Problem – Contracts under multiple TINs
- Models – Acquisitions, Full Asset Mergers, MSOs
- An Accountable Market

Challenges of an Accountable Market

- Focus on Population Health vs ‘1 patient at a time’
- Shift from Volume to Value
  - Structural Changes
  - Care Model Changes
  - Provider Behavior Must Change
- More Collaboration – Provider Teams
- Outcomes measures critical to care and risk management
- Technology, Financial, Regulatory, Care Management
An Integrated Model – Shared Vision

• Shared Values and Vision are Critical
• Common Philosophy of Care
• Executive Level Collaboration: Vision for and Support of “System – Independent” Model
• Provider Level Collaboration: Cooperation Vs Competition Between Therapists
• The 2 Ps – Patience and Perseverance

An Integrated Model - Business

• Options for MSO-ACO Business
  ▪ Loose Collaboration
  ▪ MSA
  ▪ Joint Venture or Partnership
  ▪ Sale of MSO
  ▪ Control
    ▪ Independent – Willing to Give Up
    ▪ ACO - Require
An Integrated Model - Business

Sale Best Option

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An Integrated Model - Advantages

**Therapy Partners**
- Fairview Contracts - Better Payment per Visit
- Preferred Provider – FPA
- Opportunity for Primary Care – PT Care Model
- Narrow Network Provider
- Long Term Strength

**Fairview**
- Expanded Therapy Provider Network
  - Geographical & Clinical
- MSO Capabilities that extend beyond therapy
- Diversified clinical and economic model
- Less capital intensive
- Co-development opportunities
An Integrated Model - Strategy

IAM – TPI Collaborative Strategy
Grow 7% to 14%

An Integrated Model - Goals

Goals
Value-Based Contracts for MSK
Grow Present Member Practices
Add New Independent Practices
“If the rate of change on the outside exceeds the rate of change on the inside ... the end is in sight.”

Jack Welch, Former CEO, GE