Triple Aim Forces Drive Academic Health Systems Growth

It seems that, across the country, there is an increased acceleration in the pace of community hospitals bonding with academic centers. Our own Jefferson Health System has recently formalized close relationships with 3 local community hospital systems - Abington, Aria, and Kennedy. This is being driven, in part, by the need to deliver value-based care that is based on the Triple Aim of improving the health of populations, improving the patient experience of care (including quality and satisfaction), and reducing the per capita cost of health care.[1]

The Triple Aim approach is firmly positioned at the opposite end of the market spectrum from the fee-for-service, non-coordinated acute care that has historically been the model of health care delivery in the U.S. For hospitals this means shifting from a focus on 'heads in bed' (volume) and working to decrease the length of stay (value). This shift is being driven by the U.S. Department of Health and Human Services[2] goal of tying an increasing percentage of Medicare payments to quality or value using alternative payment models. This will be occurring in a significant manner for both clinicians and hospitals over the next few years as noted in Table 1.

The CMS Innovation Center supports the development and testing of innovative health care payment and service delivery models. Through a growing portfolio, CMS Innovation Center is testing various payment and service delivery models (Table 2) that aim to achieve the Triple Aim.
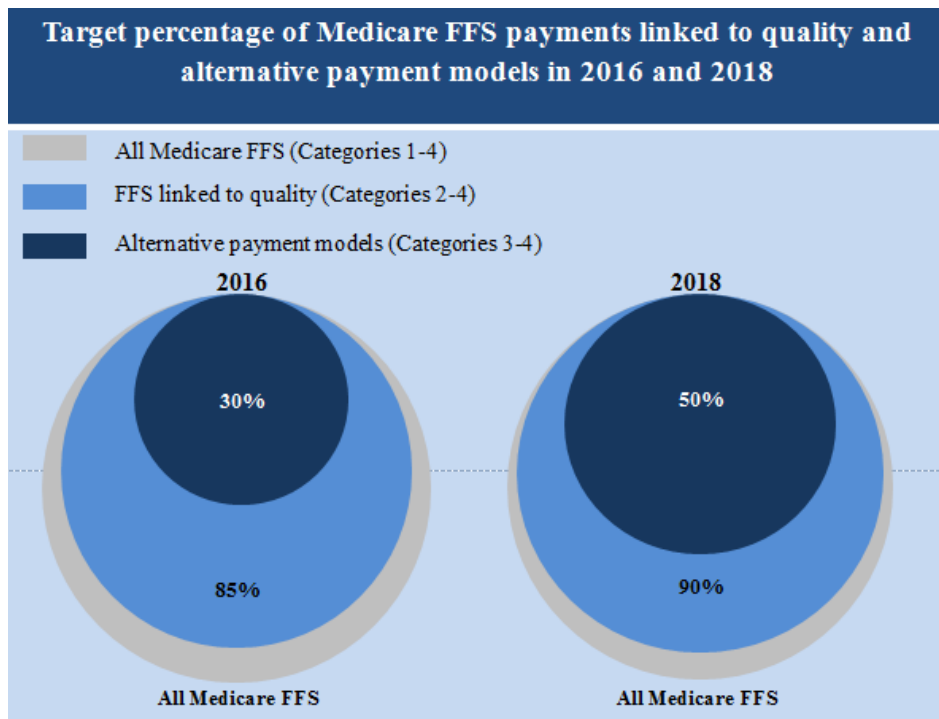
Population Health Benefit

To achieve the CMS objectives of "better care, smarter spending, healthier people" academic health care centers are joining with community hospitals to form a contiguous "hub and spoke" model. This approach supports the Triple Aim priorities in the following ways. First, on the population health front, it has the potential to significantly increase the reach of all parties. This increased market share in the community facilitates a focus on innovative population health strategies. These are more easily accomplished when the community hospital is the dominant force in the market, allowing increased investment and partnership with non-traditional healthcare stakeholders such as schools and park programs. Embracing population health as a key strategic initiative may come at too high a cost for most small, hospital-centric organizations. Driving out costs may mean fewer patients, less visits, less relative value units (RVU's). However, expanding the breadth and depth of a system through mergers and acquisitions can serve as a solid growth strategy. Expanding geographic access, creating high-value provider networks of care delivery and investing needed capital to better meet the needs of a community, all serve to grow market share and improve profitability, and thereby allow organizations to further invest in population health strategies.

Quality of Care Delivery

Second, on the quality of care front, partnering with an academic center of excellence allows the increased use of best practices into these community hospital partners. Many academic health systems have developed detailed protocols based on evidence-based medicine and processes to deliver optimum outcomes. The expansion of these best practices, supported through the use of a common electronic health record and shared clinical informatics has the potential to improve quality of care. Clinical standardization, through programs and processes developed in concert with an academic partner, can reduce clinical variation and places providers in a strong position for value-based payments.

Table 1[3]

Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018

- All Medicare FFS (Categories 1-4)
- FFS linked to quality (Categories 2-4)
- Alternative payment models (Categories 3-4)

2016: 30%, 85%, All Medicare FFS
2018: 50%, 90%, All Medicare FFS

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Cost Effective Care

Third, regarding the need to be even more cost effective in care delivery, these partnerships provide increased economies of scale by reducing operational expenses. One major area of investment and efficiency is information technology. Increasing IT interoperability between disparate systems to support integrated networks and provide seamless care coordination will be a challenge for all organizations seeking to deliver value-based care and realize economies.

The combined system typically focuses on identifying a single IT platform with the goal of creating a truly integrated network of care for patients and providers.

All these factors come together to provide these growing systems with the necessary resources to have a greater impact on a larger portion of the population.

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Table 2. CMS Innovation Center Alternative Payment Models[3]

CMS Innovation Center Alternative Payment Models
• Accountable Care and similar care models
• Bundled Payments for Care Improvement
• Primary Care Transformation
• Initiatives Focused on the Medicaid and CHIP Population
• Initiatives Focused on the Medicare-Medicaid Enrollees
• Initiatives to Speed the Adoption of Best Practices
• Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models

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