

The Future of Hospital Governance

IHA Trustee Webinar

August 31, 2011

Introduction

Kirk Norris
IHA President/CEO

How to use Mediasite

Click the Q&A button at the bottom right side of the player to submit a question.



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Federal Legislative Update

Shannon Strickler

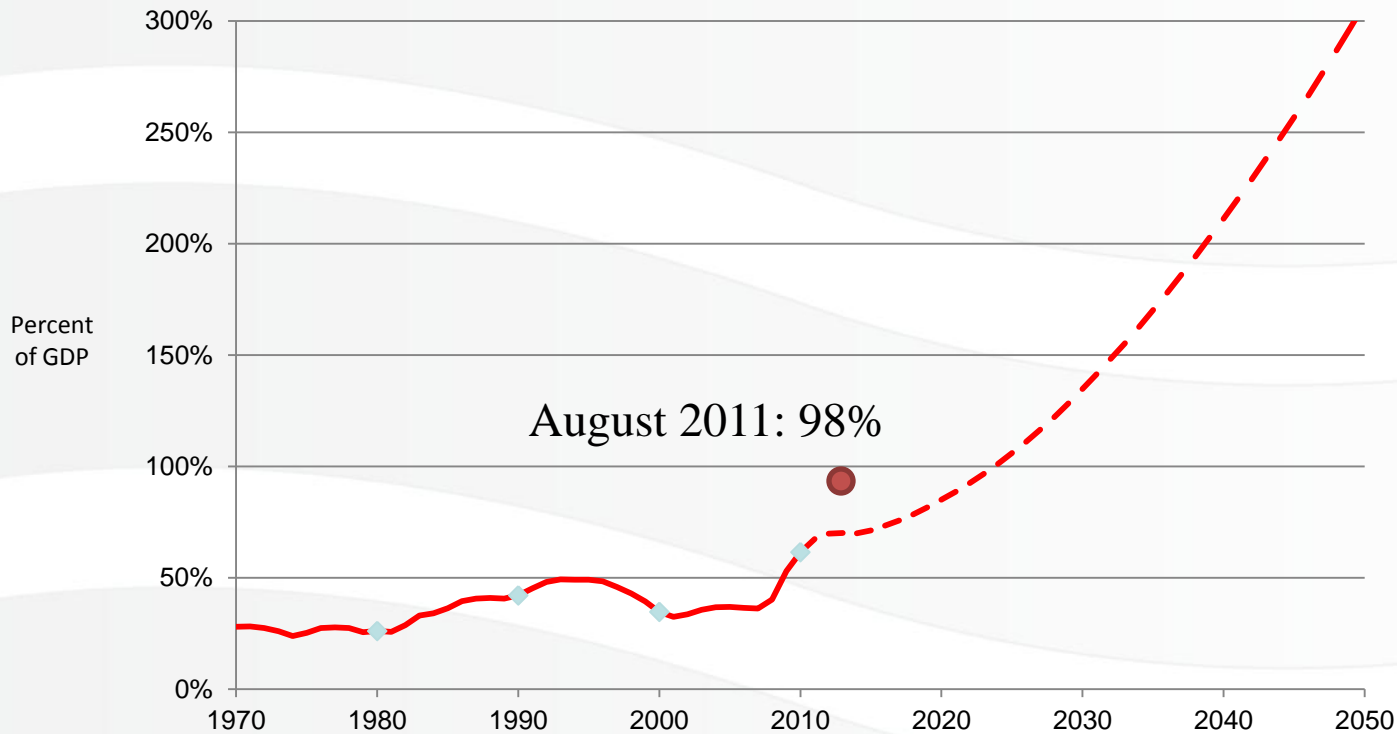
Vice President of Federal and State
Relations

Fall Congressional Focus

- United States' Finances
 - National Debt
 - FFY 2012 Budget



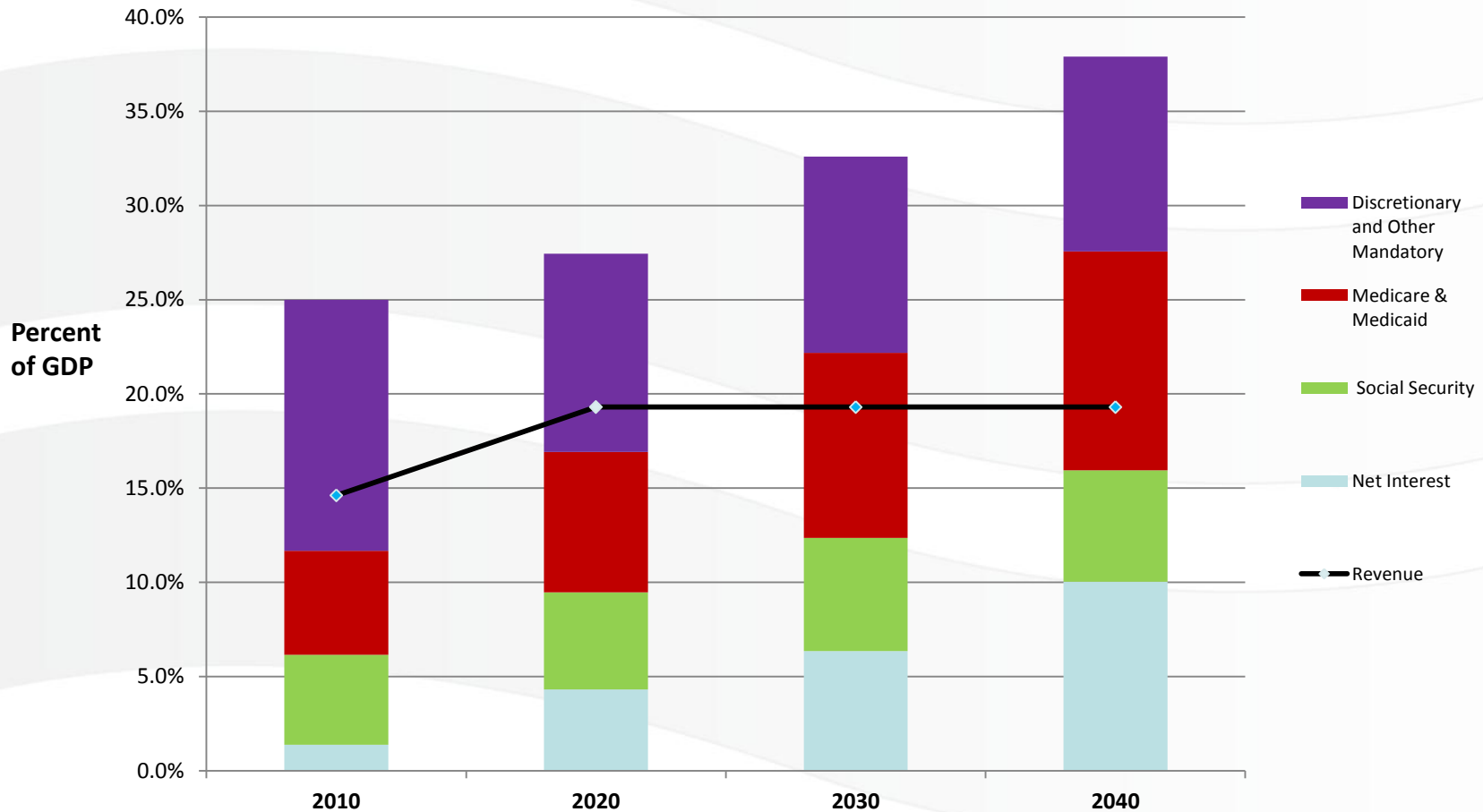
Federal Deficit Projections



Source: CBO "Alternative Fiscal Scenario" constructed from the August 2010 Budget and Economic Outlook, additionally assuming that troops in Iraq and Afghanistan are reduced to 30,000 by 2013.

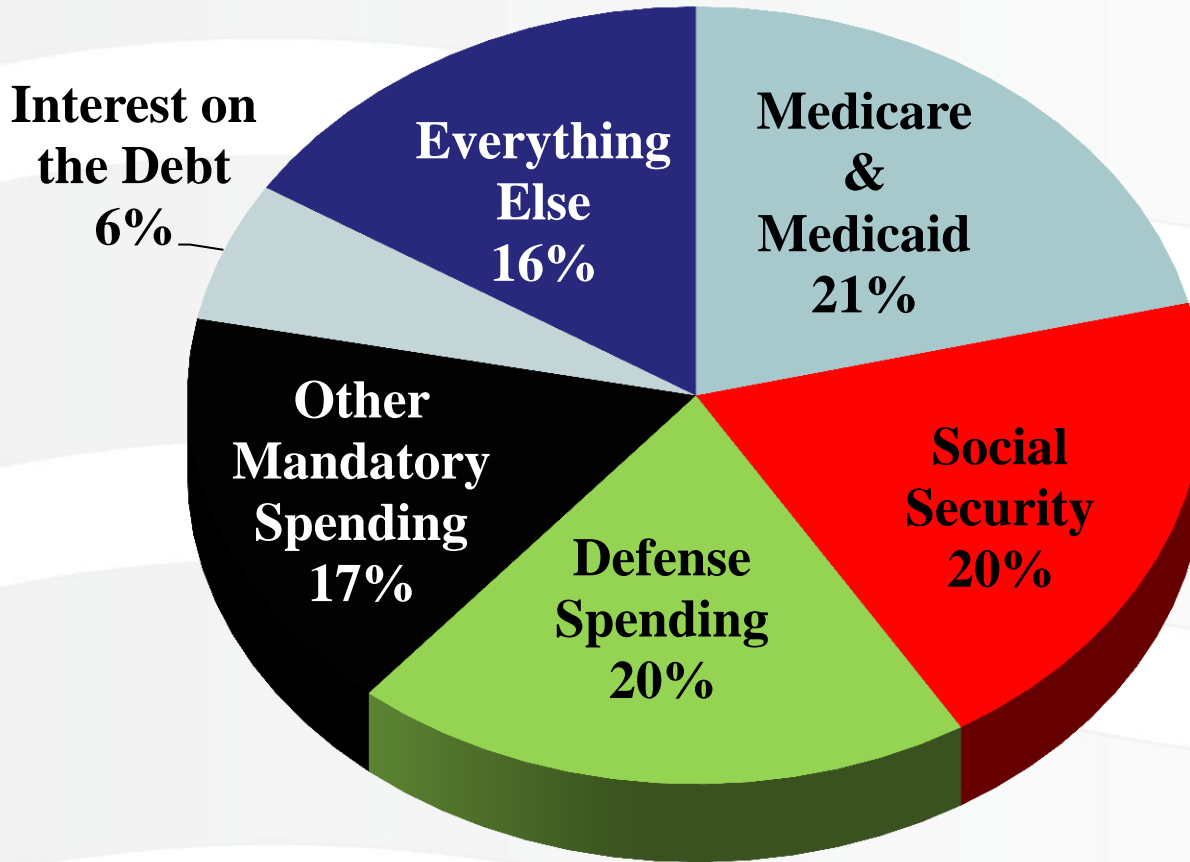
U.S. Debt at highest Debt to GDP ratio since shortly after WWII

Revenues Completely Consumed by Major Entitlements and Interest by 2025



Source: CBO Long-term Budget Outlook June 2010 Alternative Fiscal Scenario

The Federal Budget in FY 2010

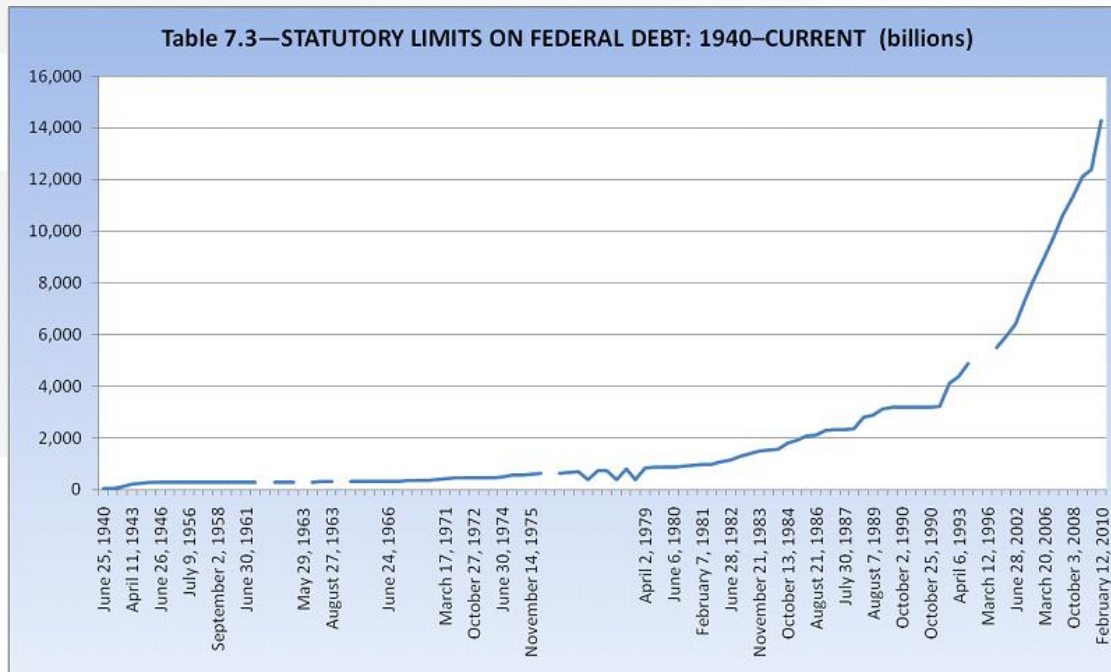


- All domestic discretionary programs that are funded annually (including education, veterans' health care, homeland security, law enforcement, etc.) make up only 16% of federal spending.

- There is no feasible way to tackle our budget problem without making difficult choices regarding Medicare & Medicaid, defense, Social Security, and revenues.

Debt Ceiling

- The debt ceiling is a statutorily imposed spending limit. Congress cannot legally borrow more than the limited amount.
- Routinely increased 30+ times in last 60 years.



Debt/Deficit Reduction Stalemate

- Debt Ceiling as “political tool”
- Disagreement remained until deadline almost expired
- Debt Agreement:
 - Increase Debt Ceiling by \$900 billion
 - Cuts \$917 billion over 10 years (no impact to Medicare and Medicaid)
 - Creates Super Committee with deficit reduction charge and provides “back up” plan

“Super Committee”

- Creates 12 member committee to recommend an additional \$1.5 trillion in cuts by November 23.
- Congress must approve committee’s recommendations by December 23.

Debt Reduction “Back-up” Plan

- If the Super Committee or Congress fails to meet the requirements of the legislation, triggers ATB reduction of \$1.2 trillion beginning in 2013
 - Impact both mandatory and discretionary spending
 - Equally distributed between domestic and defense
 - Insulates Medicare beneficiaries, Social Security, and Medicaid from cuts

Hospital Impact

“Super Committee” could recommend major cuts to hospitals. Possible cuts include:

- Elimination of Medicare bad debt payments to hospitals
- Reduction or elimination of graduate medical education and indirect medical education payments to hospitals.
- “Reforms” to rural hospitals programs – “tweener” hospitals; Critical Access Hospitals; other rural payment enhancements (non-specific in Congressional proposals).
- Medicaid cuts

Hospital Impact

If Committee or Congress fails, then the ATB cut \$1.2 T will impact Medicare provider payments.

- Medicare provider rates will be cut by 2%
- \$200 billion cut to hospital payments
- 2% cut will apply to CAHs after cost-settlement
- Medicaid exempt from the ATB

Complicating Factors

- **September 30 – U.S. budget resolution expires.**
 - Recall near government shutdown in April over budget
 - Deficit reduction deal set FY2012 budget target
- **Medicare physician payment fix.** Congress must act by January 1 to avert a 30% cut to physician payments.
 - Very costly (approx \$300 billion ~ 10 yrs).

Action Needed:

- Contact Congressional Delegation:
 - Oppose hospital cuts
 - Support engagement and leadership on bi-partisan solutions to deficit reduction



REPUBLICANS and DEMOCRATS TO SOON FIND COMMON GROUND...

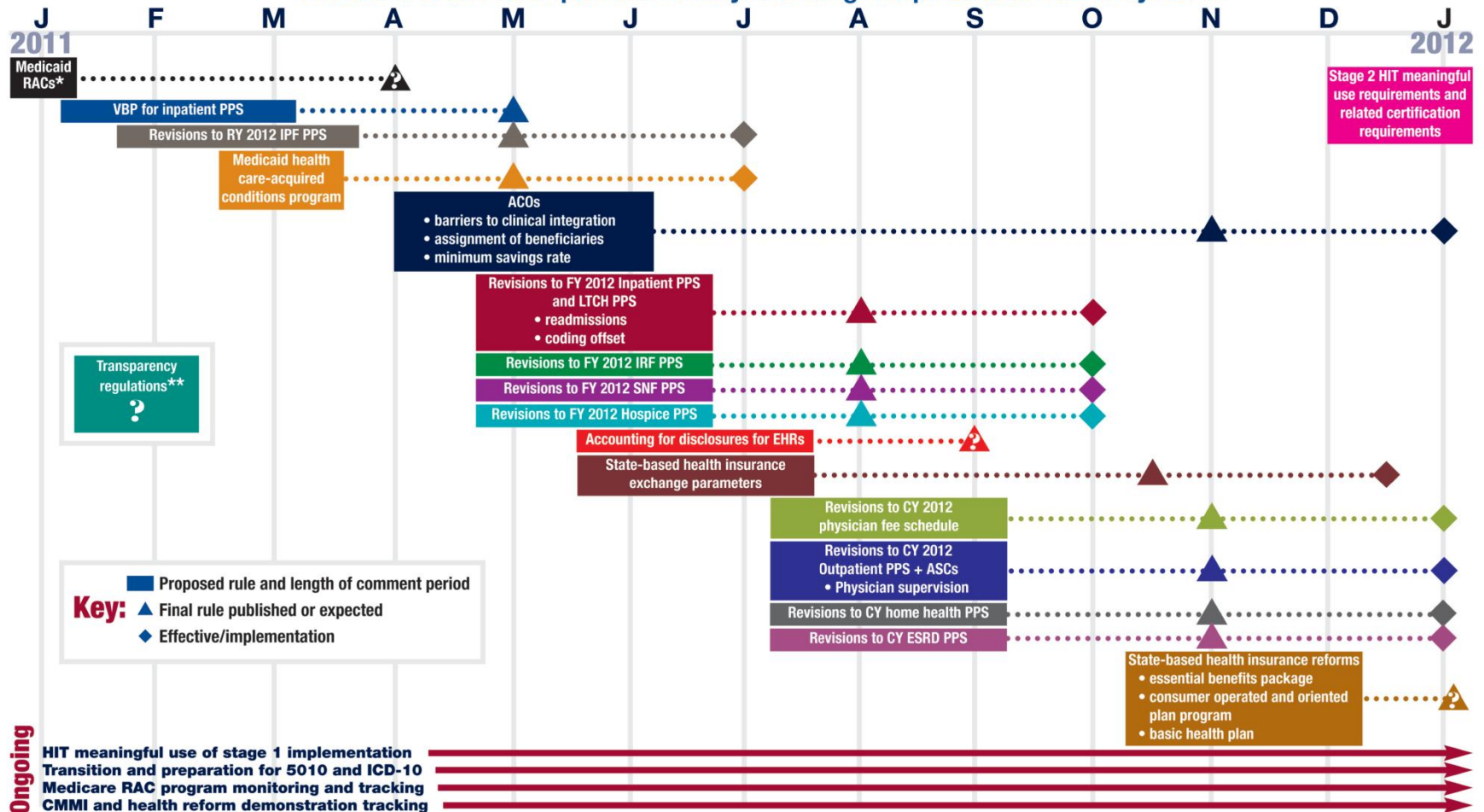
Regulatory Update

Abigail Stork

Director of Federal Relations

2011 Health Care Regulatory Calendar

Schedule of 2011's Important Activity Affecting Hospitals and Health Systems



Note: This list is not meant to be exhaustive and does not reflect all regulations expected in 2011. Timeframes for some items are estimated or unknown.

*The Medicaid RAC proposed rule was released Nov. 10, 2010 and the comment period ended Jan. 10, 2011. **Regulations on public reporting of hospital charges and medical reimbursement data centers were expected in 2010 but were not released. They could be issued in 2011.

Implementing Health Care Reform

Hospital Value-Based Purchasing Program (October 2012)

- Multiple regulations implementing first two years of program.
- Expect more information on CAH and small hospital VBP demonstration programs later this year; programs must begin by March 23, 2012 and will run for three years.

Hospital Readmission Payment Penalties (October 2012)

- Designed to reduce payments to hospitals with higher than expected readmission rates related to certain conditions. CAHs not subject to program.
- Penalty limited to 1 percent of hospital's base operating Medicare payments during first year.

Bundling Payment Program (Rolling basis 2012)

- Test/develop four models of bundling payments
- Hospitals and physicians receive aligned payments across an episode of care rather than receiving separate payments for all different services delivered.
- Flexibility to determine which episodes and services would be bundled.

Health Insurance Exchanges (Approval by Jan. 2013; Functional by Jan. 2014)

- Competitive marketplaces for individuals and small businesses to purchase private health insurance.
- If state does not create exchange, federal government will establish one for the state.

Payment Regulations

FY 2012 IPPS Final Rule

(Effective October 1)

- Gain of over \$10 million from proposed to final rule
- **Hospital Value-Based Purchasing:**
 - CMS adopted the efficiency measure, Medicare spending per beneficiary
 - Efficiency measure to be included in VBP program in FY 2014

CY 2012 OPSS Proposed Rule

(Effective January 1)

- **Physician supervision of outpatient therapeutic services:**
 - Extension of enforcement moratorium
 - Creation of independent review process
- **Hospital Value-Based Purchasing:**
 - CMS must assign weights to each domain within VBP program

Institute of Medicine (IOM) Studies

Study 1: Geographic Adjustment Factors in Medicare Payment

- Three reports expected by Spring 2012
- Focus: Analyzing the geographic adjustment factors in Medicare.
- Narrow scope does not address some of the controversial geographic variation payment issues which have been assigned to the second IOM study.

Study 2: Geographic Variation in Health Care Spending and Promotion of High Value

- One report expected by 2014
- Focus: Understand which factors contribute to variation and what that variation means. The IOM will study variation in health care spending and utilization across the country for individuals with Medicare, Medicaid, private insurance, or no insurance.

Physician Integration

Kirk Norris
IHA President/CEO

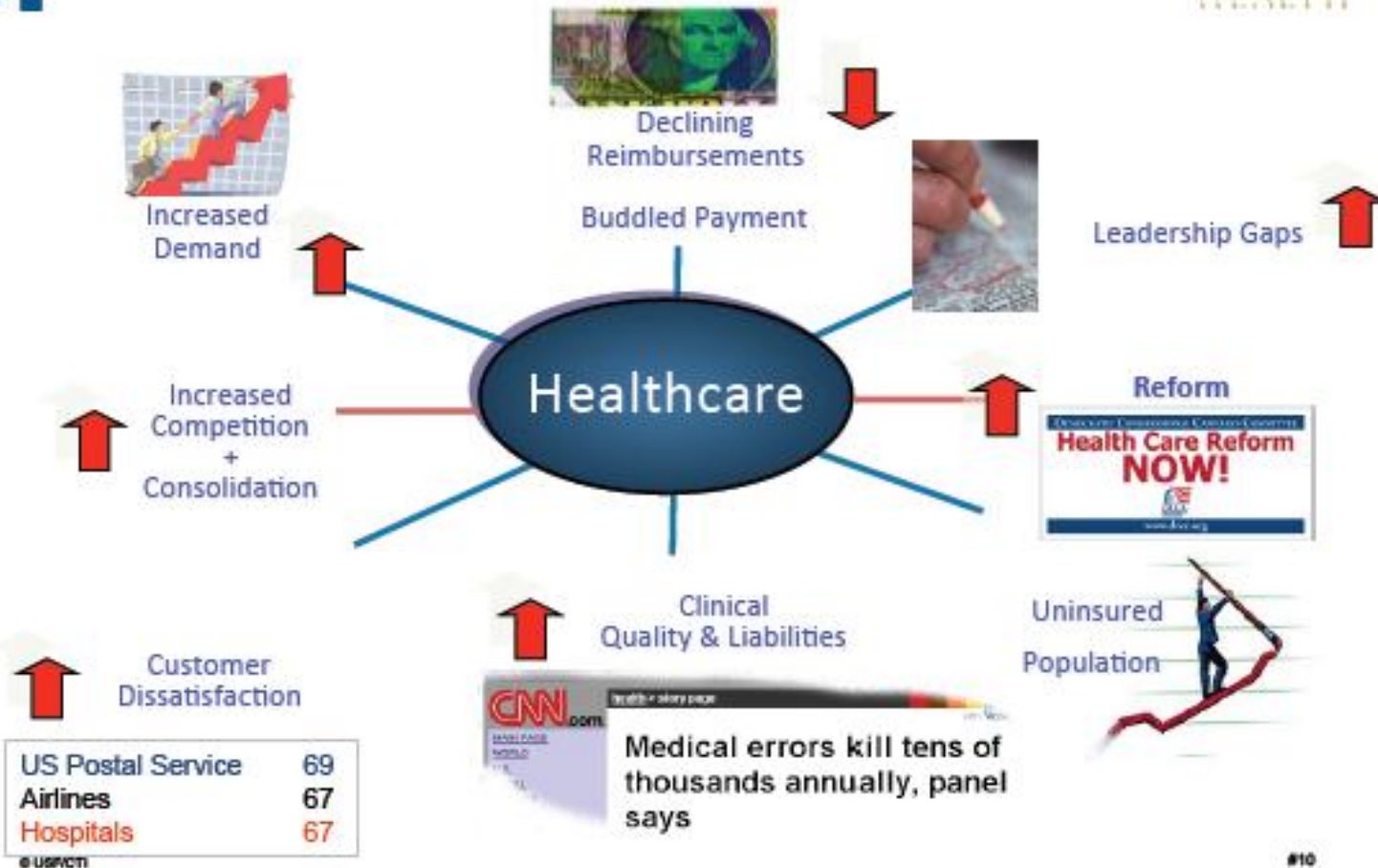
Hospital-Physician Partnerships Now More Important Than Ever

- The following are areas where positive hospital/physician relationships are critical to ensure success under these programs and to avoid financial penalties.
 - Accountable Care Organization Concept
 - Requires hospital-physician partnerships to achieve shared savings incentives
 - Value Based Purchasing
 - Better links quality and health care delivery efficiency with reimbursement.
 - Delivery System Reforms
 - Readmissions - hospitals penalized for re-admissions. Physicians need to understand their role.
 - Payment bundling
 - Health IT
 - Hospitals making significant investments in technology infrastructure. Requires buy-in from physicians to ensure hospitals remain in compliance with EHR standards and continue to receive incentive payments.

Why Engage?



The Perfect Storm!!



Physician Leadership Institute

- IHA has created in partnership with the University of South Florida (USF)
- Over the 12 months of the program, physicians:
 - Create personal development plans
 - Use mentorship, coaching, learning projects, networking and simulation-based learning to maximize leadership potential.
- The program provides customized, on-site training for physicians using a 360-degree assessment process to evaluate individual leadership surrounding:
 - Communication styles
 - Response to change
 - Teamwork and trust

Physician Relationships More Important than Ever



Our Line of Sight



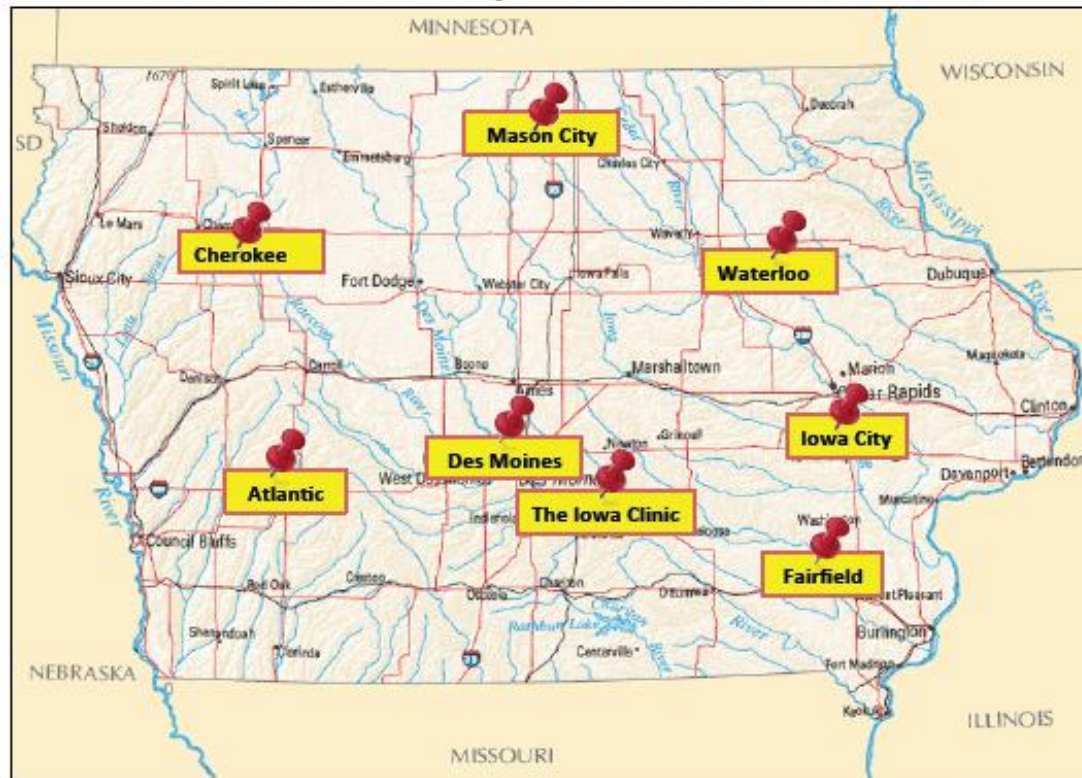
- Engage the Iowa physicians and Administrators in leading the healthcare transformation**
- Grow the Iowa leaders systemically, locally, practically, and innovatively.**
- Create a culture of leadership at all levels of the organization where leaders connect mission, strategy, and actions to the organization mission, quality, patient satisfaction and to the bottom line.**
- Create a leadership bench to lead continued quality and service delivery.**
- Enable success of the leaders by giving them the necessary practical skills to succeed in their leadership role, with their team and in their environment.**

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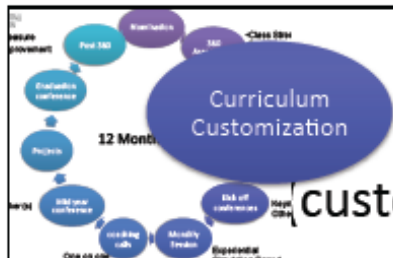
Locations for The Leadership Institutes in Iowa



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Or Customized on-site for an organization

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Comprehensive Curriculum customized based on 360° assessment results)



Leading with Strategy

- Healthcare trends
- Healthcare Financial Acumen
- Business Acumen: Think like an Owner
- Strategic Planning and Execution
- Leading Change and Innovation
- Sales and Marketing
- Managing your Practice and Service Line

Leading People

- Effective Conflict Resolution
- Effective Communication and Influence
- Crucial Conversations and Confrontations
- Creating and Sustaining High Performing Teams
- Coaching and Performance Development

Leading with Results

- Planning and Resource Management
- Effective Idea Selling
- Productivity and Capacity Optimization
- Leading Quality and Safety Process (Lean Six Sigma)
- Effective Project Management
- Medical Staff Operations
- Running productive Meeting

Leading Self

- Courage and Character
- Trust, Accountability, and Teamwork
- Emotional Intelligence
- Engaging Others
- Adaptability
- Stewardship



Call to Actions



- Nominate and sign up physicians, administrators and managers to the planned Institutes
- Next class is forming now for End of October 2011
- Engage your physicians and leaders
- Transform your leadership DNA
- Transform your culture

Ready, Set, Transform!

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Additional Information on IHA Website

- About the Institute
- Informational Brochure
- Testimonials from Iowa Physicians
- FAQs
- Application Form
- IHA Annual Meeting
 - Dr. Clinton MacKinney
 - Dr. Elliot Fisher
 - Dr. Kenneth Cohn

The screenshot displays the Iowa Hospital Association website. At the top, there is a navigation menu with links for FRIDAY MAILING, PUBLICATIONS, MEMBERS & GROUPS, EVENTS & EDUCATION, GOVERNMENT RELATIONS, INFORMATION SERVICES, HEALTH CAREERS, and SERWSHARE. Below the menu, a banner for the IHA Annual Meeting is visible, featuring the IHA logo and the text "IHA Annual Meeting October 4-6 | Des Moines Marriott Downtown". A countdown timer shows 48 Days, 9 Hours, 6 Minutes, and 58 Seconds. Below the banner, there is a video player with a play button and a caption "IHA: Giving Voice to the Values of Iowa Hospitals". To the right of the video, there are three blue buttons: "Cost, Quality and Safety Information", "Physician Leadership Institute of Iowa" (circled in red), and "Iowa Hospital Employee Disaster Relief Click Here to Give".

Questions?

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