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# The JPA Examiner

JPA - Dedicated to helping physicians optimize healthcare outcomes and patient satisfaction

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## SPECIAL EDITION

### Letter from JPA President, Executive Manager

Dear JPA Member,

Over the past several months, the JPA Board and administrative team has been working to strategically evaluate the best direction its membership should pursue to optimize operations and reimbursement. Since 2003, JPA has been working with its payer contracts and physician members to earn pay-for-performance (P4P) incentives and return risk withhold monies. We have enjoyed considerable success. In addition to contracting with BCN since 2002, we are one of 42 physician organizations statewide to have an arrangement with the BCBSM PGIP program.



Lynn Van Wagnen, MD  
President

As we look to the future, it is clear healthcare delivery is undertaking radical change. Insurance companies and government payers are looking for a new model of payment, away from fee-for-services. Simultaneously, they are looking for a delivery system that is clinically integrated. This integration involves hospital, specialists and primary care. Efficiencies are obtained through use of electronic tools and improved chronic disease patient management.

According to Dr. Donald Berwick, improving the U.S. healthcare system requires simultaneous pursuit of three aims:

1. Improving the patient's experience of care;
2. Improving the overall health of populations; and
3. Reducing the per capita costs of healthcare.

In order to achieve this "triple aim," there needs to be a healthcare delivery organization that accepts these responsibilities. This is becoming known as a Clinically Integrated Network (CIN). Medicare and Medicaid's CIN structure is known as an Accountable Care Organization or ACO. It is important to know that the CIN or ACO structure needed is larger than JPA. The CIN organization needs to incorporate the hospital and perhaps ancillary providers. The CIN will contract with payers based upon a global payment structure. JPA presently has contracts with insurance payers.

As many of you may know, Allegiance Health is presently creating a CIN, which will serve as the foundation for developing an

Accountable Care Organization. Allegiance Health has been developing this structure since late 2010. Several JPA member physicians have been part of the CIN Steering Committee and some will continue with a formal role on the CIN Physician Board. JPA has not formally been active in the development.

The JPA Board feels it is critical that it remains an advocate for its members regarding the CIN development. Therefore, its attorney has been reviewing the CIN By Laws and Individual Physician Participation Agreement. We have shared our comments and suggestions with the CIN Executive Representatives and have been assured they are taking our feedback under advisement.



Mark Dengler  
Executive Manager

Later this year, JPA expects to hold a full membership meeting to discuss transitioning its existing payer contracts to the CIN beginning next year. We are looking for a membership majority vote to do this. In the interim, we continue to review the CIN organization documents and seek to maximize our memberships current year P4P and risk withhold arrangements.

It is clear healthcare reform and delivery needs are requiring Jackson County physicians make changes and participate in a structure that is clinically integrated. The present JPA organization, although very effective in the past, is not large enough to embody the organizational structure needed.

The remainder of this newsletter describes where JPA is in evaluating and positioning itself for the future. We also are highlighting what we believe is the best course of action for you, as a JPA member physician, to undertake regarding payer contracting.

Should you have any questions, please do not hesitate to contact JPA directly. The office phone number is 517-817-2140.

We are committed to serving the needs of our physicians and fulfilling our corporate mission.

Respectfully Yours,  
**Lynn Van Wagnen, MD**  
President

**Mark Dengler**  
Executive Manager

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## What Is a Clinically Integrated Network?

A clinically integrated network is a collection of multispecialty healthcare providers, including hospital care, that shares patient information and best practices to improve patient care delivery, outcomes, patient satisfaction and safety. Clinically integrated networks typically incorporate five key features:

1. **A consistent, single-signature approach to contracting.** One entity is responsible for negotiating and signing off on contracts with all payers for all network physicians and hospitals.
2. **Common funds flow.** Everyone involved in the care of a patient, who receives care from a network physician or hospital, works from the same incentive pools, regardless of who is paying for the patient's care.
3. **Medical management.** Physicians and hospital staff follow the same treatment protocols for all patients, regardless of payment source.
4. **Common incentive program.** Physicians and hospitals receive bonuses on the basis of having achieved certain general or service line specific goals. The goals and incentives are the same for all patients, regardless of payer.
5. **Population Registry Use.** The network effectively uses registries to manage community residents with chronic care conditions. Overall, the community realizes care enhancement through this rigorous standard.

Clinical integration is a tool for coordination and alignment of patient care.

## Why Does Jackson County Need a CIN?

For two key reasons: One is to optimize healthcare delivery and improve the quality of patient care. The other reason is to be able to contract effectively with payers.

JPA is one of 42 Michigan POs that participate in BCBSM PGIP. This program is moving its pay-for-performance platform to an Organized System of Care (OSC) format. For BCBSM, an OSC is a natural community of caregivers defined by PCP-attributed member populations with clinical integrated systems to proactively manage healthcare for a population. In essence, a CIN can serve as an OSC. Additionally, several insurance payers and the federal government are moving to global payment systems for healthcare delivery. A CIN structure allows physicians, ancillary providers and hospitals to come together for the purposes of contracting.

In order for healthcare providers in Jackson County to remain competitive and be able to accept the new financing models under healthcare reform, the CIN is necessary. The JPA physician organization is not large enough to provide the needed breadth nor does the organization have the financial capacity to build the electronic infrastructure for integration and case management to provide accountable care.

## How Does the CIN Affect Your Practice?

It is important that you thoroughly evaluate the CIN opportunity. It will most definitely affect your practice operations. For most, all payer contracts will be completed through the CIN. It is expected that the breadth of the CIN will allow for greater negotiating leverage. Ultimately, the integration of the network through electronic tools and the sharing of data and processes should help the practice optimize its operations and deliver the highest quality care to patients.

Additionally, the CIN undoubtedly will have a Quality Committee that will develop performance metrics. These metrics will then be tied to performance targets. Once performance targets are reached, then monies will be distributed. Participating CIN physicians will have the opportunity to earn performance bonuses, beyond traditional reimbursement streams. On a regular basis, the practice will need to review its performance relative to the CIN's overall incentive and quality targets.

## How Does the CIN Affect Your Patients?

It is anticipated belonging to the CIN should be seamless to your patients. They will continue to receive care from you as they do now, provided that the CIN has a contract with the health insurance company that covers these patients. Primary Care Physicians will be exclusive with a CIN and will contract with insurance payers solely through this entity. If the CIN does not have a contract with the patient's insurance company, the patient may need to pay for the visit out-of-pocket as though you are an "out-of-network" provider.

## Is JPA Presently Involved in the CIN Development?

No, not in a formal manner. In the spring of this year, it was decided that the CIN would be established under an "affiliate" model structure. Under this arrangement, Allegiance Health funds the entire \$2.5 million in start-up capital and physicians will participate through a formal physician participation agreement.

JPA is committed to helping its physician members in strategic decision-making. Therefore, JPA's attorney is presently reviewing the CIN's By-Laws and Physician Participation Agreement. We are then sharing our concerns with the CIN administrative leadership. JPA expects to discuss the CIN opportunity in detail at its annual membership meeting later this fall.

Additionally, JPA hopes to formally assist the CIN administrative team by sharing its "best practices" related to quality improvement techniques used and performance target monitoring. As you know, the organization has enjoyed considerable success over the years through both its payer contracts as well as participation under the BCBSM PGIP program.

**Please stay tuned for more updates regarding the CIN Development and JPA's involvement.**

*Don't hesitate to contact the JPA offices with any questions or concerns:  
517-817-2140, CherylM@JPAdocs.com.*