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How Consolidation in Healthcare Is Reinforcing the Value of Holistic Patient Care Orchestration

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Mergers and acquisitions in healthcare aren't new, but in recent years hospitals and health systems have increasingly realized that consolidation alone doesn't deliver improved performance or patient outcomes.

Strategic growth must be paired with enhanced patient care coordination.

This is especially true for organizations seeking to make best use of diverse care resources across a large patient population or geographic area. As health systems become larger and more complex, many are finding that the traditional model of the transfer center needs to be expanded and made more holistic. To ensure the efficient and intelligent deployment of care resources, and to give patients the best possible care experience, health systems are taking a fresh look at how a true communications hub can help ensure that all parts of the enterprise are operating in sync with one another.

The forces driving continued consolidation in healthcare are also shaping how organizations must approach the cultural and technological aspects of mergers and acquisitions. At the same time, the realities of shifting payment models, new entrants into the non-emergency medical transportation space, and new approaches to population health management are combining to create an environment where system-wide coordination is essential. Even for those organizations still operating under a fee-for-service (FFS) model, the ability to route and guide patients through the care journey is critical to financial success.

While the goals may be different — reducing patient leakage, alleviating strain on emergency departments (EDs), or simply ensuring that patients aren't in limbo due to a porous referral process — hospitals, health systems, and payers are increasingly recognizing the importance of care coordination and the intelligent deployment of health system resources. It's no longer a matter of "if," but rather "how."

DRIVING THE NEED TO OPERATE AS ONE

For the purposes of this white paper, let's consider hospitals and health systems, as well as accountable care organizations (ACOs), clinically integrated networks (CINs), and payer-provider collaborations. (In some cases, these organizations certainly overlap or coexist under a larger umbrella.)

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Although shifts in healthcare policy and (and healthcare IT policy) affect these organizations differently, the forces driving increased consolidation across healthcare create an environment where, to borrow a phrase, "it never rains on my neighbor without getting my feet wet, too." To put it another way, anything that affects one entity within a health system affects the entire organization.

KEY CONSIDERATIONS FOR HOSPITALS

Let's look at two example hospitals.

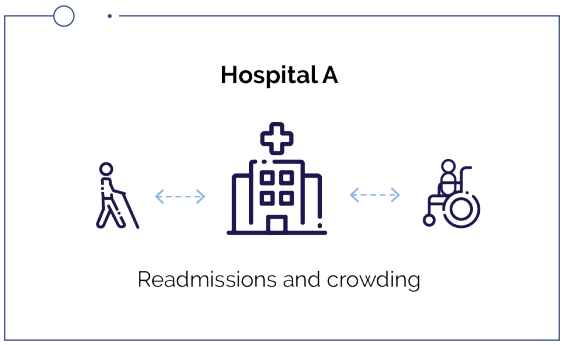
Hospital A, through consolidation or simply because of geographic scarcity, serves all the patients in a given area. As the community's sole hospital resource, Hospital A must address two major needs in the context of "operating as one."

First, it must be able to intelligently route the appropriate patients away from the ED, both to prevent avoidable emergent care episodes and to empower patients to find another appropriate care option easily so they don't just "give up" and go to the emergency room.

If Hospital A isn't able to do this, its ED will likely become overwhelmed, if it isn't already. Moreover, the degree to which it is overwhelmed may worsen over time, as patients who didn't follow through on referrals or follow-up care visit the ED again and again, even as new patients who've developed non-urgent illnesses begin cycling in and out.

In addition, because Hospital A serves all patients in the area, it's all but guaranteed to be held accountable for patients' unplanned readmissions. Without effective

transfer and care coordination processes, this too can become a gradually worsening cycle for the hospital. If the hospital can't monitor and help drive adherence to a care plan, patients who are discharged from the ED are more likely to be readmitted. And if those patients are subsequently discharged again without hospital-driven guidance, they're more likely to end up in the ED or admitted for inpatient care once again.



Now let's examine Hospital B, which through consolidation has become one of several major hospitals serving a metropolitan area.

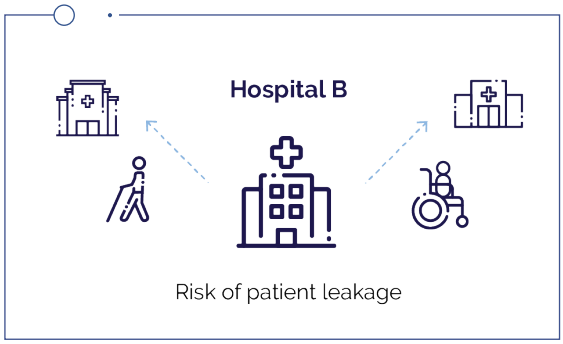
Key considerations for Hospital B are serving the patients for which it's financially or otherwise accountable and intelligently routing the right patients to the right care setting. To a different degree than Hospital A, Hospital B needs to diligently manage access to emergency services and support that effort by building patient awareness of its care resources and centers of excellence. Ideally, patients who truly need emergent care, when appropriate, should think of Hospital B first. And when those patients are discharged, they should have a clear referral and/or follow-up care plan that makes best use of Hospital B's resources and best positions the facility to head off any avoidable, unplanned readmissions.

Depending on the payer contracts Hospital B has in place, the financial impact of "leaking" patients or cases after discharge can take the form of uncaptured future revenue, increased future costs, or both.

Imagine a patient covered by a FFS agreement who visits the ED, receives care, and is subsequently discharged after being told to follow up with a specialist to schedule a needed surgery.

Without a clearly defined referral process, that patient can easily end up scheduling the surgery at a different hospital simply because he wasn't sure where to turn in Hospital B's complex care network. Depending on the type of specialist needed for follow-up and the type of surgery required, the patient may not even realize he has changed hospitals until he's told where to go for his appointment. For Hospital B, that translates to uncaptured revenue for care it could have and likely should have provided.

If that same patient is covered under certain types of at-risk agreements, Hospital B or the health system that operates it will actually be paying its competitor directly for the follow-up care and surgery.



While the consolidation-related challenges facing Hospitals A and B differ, the common thread is the need for an effective, holistic process encompassing all aspects of healthcare access and orchestration, including referrals, inpatient care, transportation, and post-acute care, coupled with the technology to power it. Only with this in place can either organization proactively make the best use of its resources, prevent patient/case leakage, and protect against avoidable unplanned readmissions and the pain they create for patients and hospitals alike.

ADDITIONAL CONSIDERATIONS FOR HEALTH SYSTEMS

Health systems must contend with an even more potentially tangled set of consolidation-related factors, as they are often highly complex organizations to begin with and may have multiple overlapping partnership or affiliation models in place.

For example, let's look at a large health system that comprises multiple hospitals, urgent care facilities, a network of primary care providers and specialists, rehab and skilled nursing facilities, and additional community resources such as mobile clinics and fitness/wellness centers.

As this health system has become more comprehensive through consolidation, it has also become more difficult to navigate for patients. Due to the lack of a holistic referral and care coordination across the entire system, patients drop in and out of network without realizing they're doing so. It's difficult for the health system to repatriate those patients, and in some cases, the system may not learn that the patient has received care out of network until long after that care has been delivered.

Each additional layer of complexity creates the risk of cascading impact on efficiency.

Because the health system's resources are highly diverse and continue to become more so through ongoing mergers and acquisitions, each additional layer of complexity creates the risk of a cascading impact on efficiency. As a simple example, when the health system adds new primary care providers or specialists, scheduling staff might end up having to add new tabs to their browser or new workflows for referrals. They might have to look at three separate scheduling interfaces just to find availability for one patient. And then they might have to manually share pertinent information.

Given the complexities and uncertainties created by consolidation, health systems have a particular need for a care-coordination solution that addresses current and future needs, as mergers and acquisitions continue. Delays in achieving a unified approach create compounding woes. New care facilities or service lines go underutilized because the right patients aren't routed to them for the right care at the right time. Staff and patients experience confusion (and wasted time) attempting to coordinate transfers and referrals, exacerbated by duplicative tests and care activities. Lastly, there's the looming downstream risk as the health system is increasingly held accountable for patient outcomes and total cost of care.

ACOS, CINS, AND PAYER-PROVIDER COLLABORATIONS

While they have taken different forms over the years, clinically integrated networks are nothing new. They are, however, taking on newfound importance with mergers and acquisitions as nearly every form of consolidation must support or a play a role within a CIN, regardless of whether it's a formal or informal network.

Accountable care organizations are comparatively new, and additional emerging models of payer-provider collaborations are newer still.

While different from each other, these entities share one characteristic: Even more than hospitals and health systems, their successful and sustainable operation depends on effective care coordination and referrals, efficiently and intelligently serving in-network patients and guiding them holistically through the system.

FOR ALL, AN INTERSECTION OF TECHNOLOGY AND CULTURE

As with mergers and acquisitions in any sector, an underlying challenge for health systems operating in a consolidation environment is the marriage of disparate organizational cultures. Unlike other sectors of the economy, healthcare organizations are simultaneously contending with a lack of interoperability even as they face compliance with new regulations that will hold them more accountable for sharing information with other providers.

This dual stressor is leading health systems to seek ways the two can be tackled together, and the market has responded to that challenge. Today these organizations have access to technology that can help them forge the cultural pieces of mergers and acquisitions — standardizing roles and responsibilities, developing clear definitions of excellence, demonstrating how everyone's work supports the larger mission, and creating the closed-loop system that serves as the foundation for feedback and improvement.

KEY TAKEAWAYS

Healthcare mergers and acquisitions show no signs of slowing down. If anything, consolidation is becoming increasingly commonplace, as healthcare organizations explore all potential avenues for growing revenue and reducing costs. However, healthcare decision-makers must understand that organizational growth can spawn unintended and undesirable consequences — one of them being less-than-optimal patient care orchestration. Key points from this white paper include:

- As they grow, many health systems are adopting a more holistic transfer center model, ensuring that all parts of the organization are working in sync with each other.
- Effective care coordination, coupled with the intelligent deployment of resources, can support crucial organizational objectives, including reduced patient and revenue leakage to other health systems, less strain on EDs, and enhanced patient care.
- "Operating as one" delivers benefits in a variety of situations, whether it's a hospital serving a rural area that needs to reduce unnecessary ED admissions or a large medical center that's losing patients (and revenue) to competitors due to the complexity of its network.
- The right technology can play an important role in bridging the gap between disparate organizational cultures through the standardization of roles, responsibilities, and processes, as well as quality measures and continual improvement.

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