



DENVER MEDICAL BULLETIN

Official Publication of The Denver Medical Society

Volume 103/Number 1 January 2013

Health System Chief Predicts Complexity and Consolidation

A recent interview with Dr. Delos Cosgrove, the CEO of the Cleveland Clinic, by Mac Nisen of BusinessInsider.com highlighted the rapid changes occurring in our healthcare system. Dr. Cosgrove emphasized the need for cost containment in healthcare, which is being accelerated by the Affordable Care Act, and is pushing the U.S. healthcare industry toward consolidation. For the costs to come down, he noted, hospitals and healthcare systems need to embrace innovation, and behaviors that have increased costs without improving the care experience for patients will have to be changed. He characterized healthcare as a “low margin business” and noted that other low margin industries such as airlines, supermarkets, and book stores have all had to consolidate and achieve scale in order to drive efficiency.

“I think that is what is happening in healthcare right now,” Dr. Cosgrove said. Hospitals are coming together in systems, and systems are beginning to talk to systems. According to Cosgrove, consolidation is not just huge news for the healthcare industry but for the U.S. economy. Healthcare is one of the biggest employers in the country and accounts for 24% of the federal budget. After restaurants and the hospitality industry, healthcare is the biggest industry in the United States, and the consolidation of healthcare providers will be more impactful than airline consolidation was previously.

He cautioned that getting bigger will not be sufficient unless healthcare systems also get better and more efficient. In order to do that, the healthcare industry must realize that it is not just about costs and margins, but also about the increasing complexity of the industry, which is having to deal with IT transformation,

contracting, purchasing, and other complex business issues that drive the advantages of scale.

“Simply, the dynamics are driving it, because it’s all so complicated to do it in private practice. I mean, think about the explosion of knowledge there has been in healthcare. Docs don’t want to practice by themselves anymore; they simply can’t scrounge up all of the knowledge they need, so they are looking to team up with other people to do it.”

The Cleveland Clinic Model

Turning to the experience of the Cleveland Clinic, which was cited by both presidential candidates in the recent election as a model of innovation and cost reduction, Dr. Cosgrove noted the emphasis in the healthcare reform debate about the need to transition from a reimbursement system that focuses on quantity of care rather than quality, and how Cleveland Clinic has responded to that challenge. One part of the response has been a focus on collecting and using data to measure every possible aspect of the system’s performance.

“The more we measured, the more we found problems. And when you found a problem, you could really sort of screw down into it and find out what the root of it was and begin to deal with that particular issue, and what resulted is that we got better and better as we went along.”

Outcomes are now published for every unit of the system, and as additional data is collected each year business units are held accountable for continuous improvement. Part of that data collection has led to a better understanding of and increased focus on costs so

that Cleveland Clinic can now understand how much it costs to do each of their procedures. Each unit is asked to drill down to the costs of all of the elements in their top two or three procedures. As an example, Cleveland Clinic urologists examined the cost elements of prostatectomies, examining the cost of sutures, the number of instruments on the table, the time patients spent in the recovery room and other cost factors and were able to reduce the cost of the procedure by 25%.

Organizing Around the Patient

Cleveland Clinic has also changed its organizational structure to remove departments structured around surgery, medicine, pediatrics, etc., as is typical of most hospitals. Instead they have moved to a system of "organized institutes" based on a set of services that respond to the needs of patients.

"If you've got a headache, you don't know whether you need to see a psychologist, a neurologist, or a neurosurgeon," Cosgrove said. "So we put everybody who deals with a neurological system in a neurological institute, and have one director. So if you go in for your headache you can see, there in one location, everybody who you could potentially need to see. And they talk to each other, they are physically proximate to each other."

The system has reduced costs and increased efficiency since patients spend less time bouncing between departments and less time as inpatients. Cosgrove admitted that this transition had created anxiety among staff, but in response they had sped up the transition to complete the reorganization within one year in order to move through the upheaval and prove the value of the new structure.

Another example of being patient-centered is the fact that 98% of requests for same day appointments are filled, and in 2011 that resulted in over one million same day appointments.

One Year Contracts

One of the biggest differences at Cleveland Clinic,

compared to most of the US healthcare system, is that all physicians are salaried and on one year contracts. This eliminates any potential financial incentive to do more or less and focuses attention on the needs of the patients. This has resulted in fewer unneeded tests and surgeries and allowed performance evaluations to be based on the quality of care provided rather than quantity. Going back to the collection of data, Cosgrove noted that actually having meaningful data allows meaningful performance evaluations to be done.

"We all have one year contracts; there's no tenure, and we have annual professional reviews. In the annual professional review we go over all individual contributions to the organization, and that contributes to our decision about what we do about salary or whether we reappoint or don't," according to Cosgrove.

Even Dr. Cosgrove himself has had a series of 37 one year contracts during his time at Cleveland Clinic. He noted that this is unusual in healthcare where traditionally physicians receive hospital privileges that are then guaranteed, short of some egregious act. In other industries, he noted that annual reviews are considered a normal business function.

Dr. Cosgrove acknowledged that the healthcare industry has traditionally been slow to change and to embrace new ways of doing things. In a sense, participants in the healthcare industry must accept the fact that the delivery of healthcare is moving from an individual sport to a team sport but that getting there will not be easy. Healthcare systems will either need to be proactive in making the necessary changes or they will be forced to do it in ways that they might not find comfortable.

He recounted a recent White House event he attended along with CEOs from nine other major hospital systems. Each CEO was asked to describe how their system was working to improve healthcare delivery. Having described Cleveland Clinic's model of integration and physician employment, the other CEOs protested they could never implement such an approach but also unanimously expressed admiration for it.

"I think the pendulum is moving fast," Dr. Cosgrove said. "It's really amazing how fast things are changing."

Denver Medical Bulletin: Curtis L. Hagedorn, MD, DMS President and Publisher / Lucy W. Loomis, MD, Chair of the Board / Aris M. Sophocles, Jr., MD, JD, President Elect / Aaron J. Burrows, MD, Treasurer / Kathy Lindquist-Kleissler, Executive Director. The **Bulletin** is the official publication of the Denver Medical Society, established April 11, 1871, as the first medical society in the Rocky Mountain West. Published articles represent the opinions of the authors and do not necessarily represent the official policy of the Denver Medical Society. All correspondence concerning editorial content, news items, advertising and subscriptions should be sent to: The Editor, **Denver Medical Bulletin**, 1850 Williams Street, Denver, CO 80218. Phone (303) 377-1850. Fax (303) 331-9839. web www.denvermedsociety.org. Email info@denvermedsociety.org. Postmaster: Send address changes to 1850 Williams Street.



Legislative Night 2013

Wednesday, January 30, 2013

6:00 – 8:00 pm

Cocktails and Hors d'oeuvres

Warwick Hotel – Millennium Ballroom

1776 Grant Street, Denver

The Denver, Arapahoe-Douglas-Elbert, and Clear Creek Valley Medical Societies in conjunction with the Colorado Medical Society are proud to team up and present a night of informal discussions with our Denver Metro State Legislators. We hope you will take advantage of this opportunity to meet some of your legislators and offer your insight, as they face enormous challenges in the coming legislative session.

In order for us to best prepare for this evening,
your reservation is required no later than Friday, January 25th.

RSVP by email to info@denvermedsociety.org, call us at 303-377-1850, or fax your reservation to 303-331-9839. Give us your name and your specialty when you RSVP.

Name _____ Specialty _____

Hurricane Sandy Underscores the Need for Disaster Preparedness

Catastrophes such as the recent Hurricane Sandy, the Japan earthquake, and Hurricane Katrina underscore the importance of proper planning for disasters by both physicians and health care systems. Preparedness is a continuous cycle of planning, organizing, training, equipping, rehearsing, and evaluating.

Physicians should be involved in disaster preparedness to ensure that the best care is delivered to patients and critical services are not interrupted, especially for at-risk individuals who may have special medical needs. Physicians also should be aware of the potential threat of medical malpractice liability when serving as a volunteer health professional during a natural disaster or other declared state of emergency.

Here are a few tips to help physicians with disaster preparedness:

For your office plan:

- Make sure your office plan includes:
 - A checklist of to-do items in case of an emergency. These steps should enable you to preserve your assets as well as communicate with your staff and patients. The list should be ordered by priority and can be designed to match up with specific weather-related information, such as in a hurricane.
 - A disaster recovery checklist with steps to follow upon your return from an evacuation.
 - A full-circle calling tree that provides directions on who will contact whom in the event of a disaster.

- Instructions on setting up instant messaging groups to enable your staff to communicate when cell phones may not work.
- Regularly revisit your office plan and review it with your staff.
- Verify that home health agencies that are caring for your patients have plans to provide adequate services in case of a disaster.

For your hospital's plan:

- Ask hospitals to define or redefine your role and responsibilities as a medical staff member during an emergency.
- Understand your hospital's incident/disaster command structure and participate in drills and exercises.

For your community's plan:

- Participate in the development of a community disaster plan.
- Provide input to local entities such as Emergency Management Authorities, hospitals that are accredited by The Joint Commission, and volunteer organizations such as the Red Cross and Salvation Army.
- Work in concert with the lead organization coordinating disaster relief when volunteering to assist during or after a disaster.

Contributed by The Doctors Company. For more patient safety articles and practice tips, visit www.thedoctors.com/patientsafety.

CHAMBER MUSIC CONCERTS IN 2013

Saint Joseph Hospital Rainer Auditorium

5:30 p.m.—Cocktails and Hors d'oeuvres
6:30 P.m.—Concert

7:00 p.m.—Dessert and mingle
with colleagues and musicians

In its tenth season, the Chamber Music Concert Program was begun to foster a welcoming spirit to physicians new to the staff of Saint Joseph Hospital. The concerts have also served to bring together a wonderful cross section of community members who love chamber music and the social intermixing that the evening provides. The superb and accomplished musicians of the Colorado Symphony are involved in these events. More information at (303) 837-7043 or www.sjhdenver.org.

Tuesday, January 22, 2013

Elizabeth Kipper, violin
Thomas Heinrich, cello

Tuesday, March 19, 2013

Emily Switzer, violin
Sarah Switzer, violin
Marsha Holmes, viola
Matthew Switzer, cello

Tuesday, May 7, 2013

Yumi Hwang Williams, violin
Claude Sim, violin
Basil Vendryes, viola
Silver Ainomäe, cello

Getting the Ear of Our Legislators

DMS recently invited members of Denver’s delegation to the Colorado General Assembly to meet with our members for informal conversations.

“Following the November election, it’s important to re-engage with old friends and establish relationships with new members of the legislature,” according to DMS Board Chair Lucy Loomis, MD.



DMS Board Chair, Lucy Loomis, MD; Sen. Pat Steadman; Sen. Irene Aguilar, MD; and Mark Matthews, MD



Sen. Lucia Guzman with DMS Board member, Christopher Ott, MD



Rep. Crisanta Duran and Patricia VanDevander, MD



Christopher, Ott, MD; Rep. Angela Williams; David Downs, MD; Sen. Irene Aguilar, MD

The next event at which we will have an opportunity to foster relationships with our elected representatives will be our Legislative Night 2013 in January (see page 3 for details).

Interested in Global Bioinnovation and Entrepreneurship?

Join us for the next in a series of monthly breakfast meetings put on by the Society of Physician Entrepreneurs. SoPE's mission is to help healthcare professionals get their ideas, discoveries and inventions to market by providing them with education and connections to people and capital.

Society of Physician Entrepreneurs

"New Models of Incubating Healthcare Companies" by Vic Ahmed - Founder and Chairman, Innovation Pavilion



Thursday, February 7, 2013
7-8 AM Networking and Breakfast
8-8:45 AM Presentation
8:45-9:00 AM Q & A

Connect With Us On



NEW LOCATION - The COPIC Auditorium at Lowry
7351 East Lowry Boulevard, Denver, CO
RSVP on our Meetup Page 

To attend the meeting, you must be a sponsor or a SoPE freelpremium member, please sign up today at www.sopenet.org

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Stephen Gordon
President

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MEDICAL SPANISH and CULTURAL COMPETENCY

Friday, April 19 - Monday, April 22, 2013

8:00 AM to 5:00 PM

Denver Medical Society, 1850 Williams Street, Denver

Colorado has one of the highest proportions of Hispanic and Latino populations in the country. Denver counts over 31% of its population in this category! To enhance physician communication capabilities, Denver Medical Society in conjunction with the Community Health Association of Mountain/Plains States (CHAMPS) is offering a 4 day intensive, total-immersion learning experience in conversational and medical Spanish for physicians, nurses, PAs, NPs and other medical staff. This is the 17th offering of this lively, rewarding, and highly popular class conducted by Rios Associates.

Four day class offers a ton of CMEs! Plan now to attend.

45 CME credits through AAFP or AANP, or
43 CMEs through the AMA, or
43 credits through ACEP.

The cost of the class is \$499 for DMS members, \$599 for non-members, including text book. Optional costs: Ten audio CDs corresponding to Beginner Level or Intermediate/Advance Level for \$55, or a Flash Drive covering both levels for \$75.

To register, go to <http://medspanish.org> and click on the registration tab at the top. You will be able to register, pay and complete a brief Self Assessment Form at this site. On the registration form scroll down to "United States": DMS members select the \$499 "Students" rate; non-members select the \$599 "Residents, PAs, and R.N.s" rate. By completing the Assessment Form, the instructors will be able to determine whether you belong in the Beginner class or the Intermediate/Advanced class.

DMS is located north of the Rocky Mountain Cancer Center and has a small parking lot. There is also free parking in the garage just north of DMS and generous street parking.

Morning and afternoon snacks are provided.

If you have any questions, please call Tamara Rios, PhD, (520) 907-3318, or email convesp@aol.com for additional information.

“As physicians, we have so many unknowns coming our way...

One thing I am certain about is my malpractice protection.”

Medicine is feeling the effects of regulatory and legislative changes, increasing risk, and profitability demands—all contributing to an atmosphere of uncertainty and lack of control.

What we do control as physicians:
our choice of a liability partner.

I selected ProAssurance because they stand behind my good medicine and understand my business decisions. In spite of the maelstrom of change, I am protected, respected, and heard.

I believe in fair treatment—and I get it.



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