



**External Forces
Impacting the Future of
Cardiovascular Groups**

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DISCLOSURE:

- In August 2007, HeartCare Midwest, S.C. entered into discussions with OSF HealthCare.
- The result of those discussions was HCM becoming part of OSF Healthcare System in September 2008.



Dr. James T. Dove
former ACC President


“For a specialty like cardiology, known for its autonomy and free thinking, this is astounding. Unfortunately, government and payers have prioritized cost above quality and access to care.”



December 2009, CARDIOLOGY

Do you expect your practice to merge with another practice/hospital?


- 35% - No, not at all
- 18.5% - Have already merged
- 16.5% - Yes, within the next 12 months
- 11.6% - Yes with next 1-2 years
- 17.4% - Yes, 3 years or later



MedAxiom Survey - Winter 2009/2010

- 153 Practices completed the survey
- State of Integration:

<input type="checkbox"/> Full Integration	22
<input type="checkbox"/> Co-management Agreement	12
<input type="checkbox"/> Considering integration	70
<input type="checkbox"/> Currently not considering	42
<input type="checkbox"/> Will Never Consider	8



OUTSIDE INFLUENCES

Jeff's Top Ten List

#10-GENERATIONAL DIFFERENCES

- Life balance
- Security of Employment
- New generation wants a JOB

#9-AVAILABILITY OF CAPITAL

- Most practices have aging equipment
- New technologies that are expensive
- IT requirement that will be on-going

#8-ACCOUNTABLE CARE ORGANIZATIONS

- ACO - a group of hospital and physicians that assumes shared-risk around the care that is provided to patients.
- Data and IT infrastructure needs
- Evidence-based medicine, quality management, active oversight

#7-CARDIOVASCULAR PHYSICIANS ARE A HOSPITAL ASSET

- Hospitals need you!
- standardized care processes
 - readmissions (HF)
 - Chronic Disease Management
 - Standardization of devices, DES, surgical packs, valves, etc.

#6-RECOVERY AUDIT CONTRACTORS

- Recovery Audit Contractors:
- 3 year demonstration project
 - \$992,700,000 in overpayments recovered in just three states.
 - Expanded to all 50 states.
 - Expanded beyond hospitals.

#5-ACUTE CARE EPISODES

- ACE
- Part A and Part B bundled payment
 - Savings split with patient by CMS
 - CABG; elective patients
 - Transparent price and quality

#5-ACUTE CARE EPISODES

Purpose – “To better align the incentives for both hospitals and physicians, leading to better quality and greater efficiency in the care that is delivered.”
 Price is set by bidding.
 Hospital receives payment.

#4-RADIOLOGY BENEFIT MANAGERS

Current imaging spend is more than \$100 billion annually.
 Expected to grow at a rate of 20% annually.
 Second-largest and fastest-growing expense for health plans behind pharmaceuticals.

#4-RADIOLOGY BENEFIT MANAGERS

Google search:
 “...lower cost and create sustained savings by enhancing physician knowledge.”
 “...evidence-based RBM programs reduce the cost of diagnostic imaging...”

#3-BUNDLING

- Bundling means decreased reimbursement.
 - Echocardiography
 - Nuclear Cardiology
 - Cardiac Cath codes

#2-OFFICE-BASED TESTING

- Deficit Reduction Act
- Bundling
- In office exemption - Stark

#1-SUSTAINABLE GROWTH RATE

- Does anybody understand it?
- Everybody suffers from it inadequacies.
- Too costly for a permanent solution.
- No ability to do long-term planning with the uncertainties of reimbursement.

CUMULATIVE EFFECTS OF FINANCIAL PRESSURES

- Increased Expenses
- Decreased Reimbursement
- Decreased Physician Compensation
- Decreasing Volumes
- Revenue Cycle Challenges

CUMULATIVE EFFECT OF FINANCIAL PRESSURES

- Demonstration Projects
- State of Illinois Medicaid
- Health insurance cost
- Need to increase efficiencies

CONCLUSION:

A series of external, uncontrollable factors will continue to affect the ability of cardiovascular groups to remain financial stable and independent.