



Project Plan Provides Detailed Roadmap to Go Full Risk Into Healthcare Reform

Case Study

March 2014

St. Elizabeth Healthcare

Edgewood, Kentucky

One of the oldest medical providers in the Greater Cincinnati region, provides:


6
Facilities throughout Northern Kentucky



Nearly
1,200
Licensed Beds



70
A physician organization, with more than 70 primary care and specialty office locations



1,200 physicians with admitting privileges and **7,400** associates



#1 **2013**
Ranked as the #1 hospital in Kentucky by U.S. News & World Report



St. Elizabeth Healthcare is taking a unique approach to healthcare reform by pursuing a value-based capitation strategy — one of the few hospitals in the country to enter into full-risk contracting. This type of arrangement is based on a fixed amount of money per patient, per unit of time, paid to the physician for the delivery of healthcare services and requires the hospital to be fully responsible for the care costs of a designated patient population. St. Elizabeth will be at-risk and accountable if the healthcare costs exceed the capitation amount and/or quality metrics are not achieved; however, the organization will also have the opportunity to not only improve the quality of patient care and operational efficiencies but also accrue significant financial gains.

Overview

St. Elizabeth determined that in order to pursue full-risk contracting, a comprehensive evaluation was needed to: understand feasibility, identify the areas that needed improvement, and establish what steps needed to be implemented to be successful over the long term.

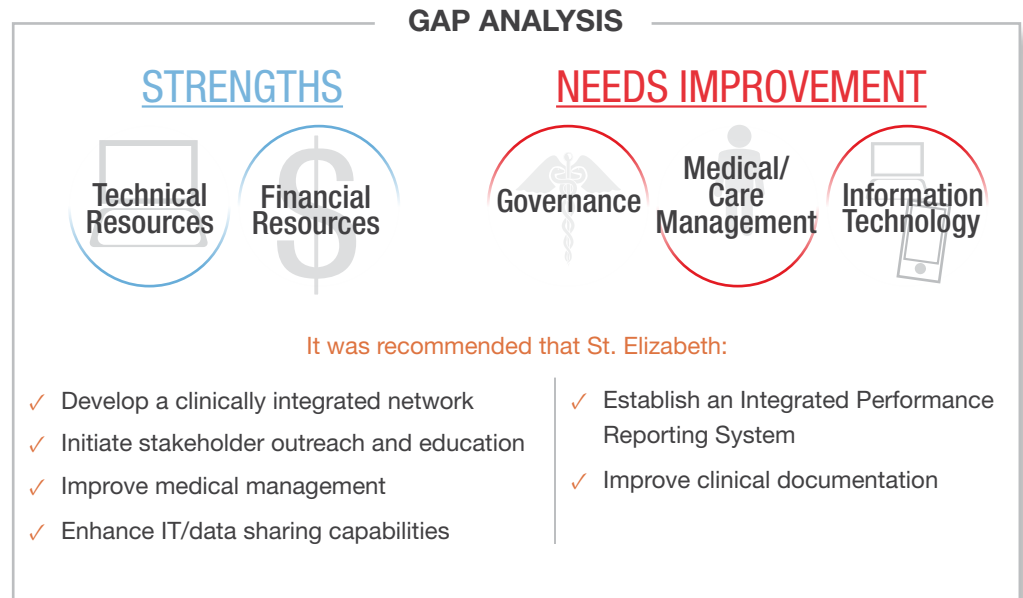
In August, 2013, St. Elizabeth selected Beacon Partners to prepare the hospital to implement a value-based capitation strategy. The Beacon Partners team worked closely with key stakeholders from St. Elizabeth Hospital and its physician group to:



A project timeline was developed, followed by an information-gathering process with key stakeholders. Guidelines were also established for project planning, execution, monitoring and controlling, and closure.

Key Findings and Recommendations

Beacon Partners had only eight weeks to make recommendations for the hospital to move forward. While the Beacon Partners team determined St. Elizabeth's had strong technological and financial resources, a gap analysis identified core areas that needed improvements, including governance, medical/care management, and information technology.



A Plan to Move Forward

The gap analysis compared St. Elizabeth's current situation to a set of capabilities necessary for the hospital to meet the requirements for full-risk capitation contracting. The client was provided with prioritized recommendations on specific actions needed to resolve the gaps. The resulting comprehensive plan included the gap analysis, a risk assessment and mitigation plan, project plan, and financial assessment.

To enter into full-risk capitation, Beacon Partners recommended that St. Elizabeth do the following:

- Establish an independent entity that will act as a catalyst to oversee the integration, collaboration and communication among all community stakeholders.
- Develop a senior level working group to focus on organizational integration at the strategic, operational and financial level. More specifically, charge the working group with integrating medical management, utilization management, quality management, information technology, and financial management across all care settings and locations.
- Establish governance and administrative leadership for the full-risk capitation programs.

- Develop a population health management vision and share it with key stakeholders and employees.
- Establish an education and outreach program for stakeholders.
- Mitigate the clinical and financial risk of full-risk capitation arrangements by ensuring stop-loss coverage.
- Improve the coordination of care process and systems.
- Investigate the efficacy of using the EpicCare Tapestry and other systems to support full-risk capitation arrangements.
- Develop an integrated performance management and reporting system across the healthcare enterprise.
- Evaluate opportunities with other payers to align contract goals to ensure that efficiencies and cost savings are recognized and rewarded.

The detailed plan will serve as a guide for St. Elizabeth to focus on improvement opportunities and enable the hospital to establish its network in preparation for collaborations with other systems. Establishing and integrating the resources to improve communications, coordination of care and operational efficiencies will allow St. Elizabeth to successfully pursue full-risk capitated arrangements.

The Beacon team was very knowledgeable and thorough in their assessment of our organization. They were especially adept at engaging all members of our management and clinical team to elicit feedback from everyone, top to bottom. The engagement was completed on time, on budget and gave me the step by step planning tools I needed to take the next steps in our development into a risk-bearing organization."

Bill Banks
 VP, Managed Care/ Revenue Cycle
 St. Elizabeth Healthcare

Beacon Partners is one of the largest healthcare management consulting firms in North America. We focus on helping organizations improve operational, clinical, and financial performance to deliver the highest level of patient care. For more than 25 years, healthcare leaders have chosen Beacon Partners to optimize clinical productivity and financial performance, ultimately leading to improved quality, safety, and patient outcomes.

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