Why Hospitals ‘Live In Two Worlds’

Jenny Gold

For the past several years, hospital CEOs have been talking a big game about accountable care—the latest health care model, which pays doctors and hospitals for quality, rather than the volume of services they provide. ACOs make providers jointly accountable for the health of their patients, giving them financial incentives to cooperate and to save money by avoiding unnecessary tests and procedures.

But investing in risk-sharing doesn’t mean health systems are giving up on the fee-for-service system, which rewards providers for every test and treatment whether or not it improves the health of a patient.

Just last week, the District of Columbia approved applications [1] from MedStar Health and Johns Hopkins Medicine to build proton therapy centers [2], a new-fangled radiation treatment for cancer that has not been proven to work better than standard radiation for the vast majority of cancers, but costs twice as much. Both health systems are also pursuing risk-sharing—MedStar is involved in launching an insurance product [3], and Hopkins has held itself up as a model [4] of how shared savings can work in an academic medical center.

“It doesn’t surprise me at all,” says Chas Roades, chief research officer at the Advisory Board Company in Washington, D.C., which is also helping to launch the MedStar insurance product. “For every CEO who’s considering a risk-based strategy like an ACO or bundled payments, the dilemma they have is that they have to live in two worlds at once.” A small part of their business might be invested in population health and minimizing utilization of services, Roades explains, but they’re still dependent on the revenues from their fee-for-service contracts.

“The ACO business isn’t big enough to throw their fee-for-service revenue out the window,” he adds, especially since that may help finance the investments needed to make shared risk successful, such as hiring primary care doctors and buying new health IT services.

Continue reading... [5]

Source URL (retrieved on *05/22/2015 - 6:11pm*):
http://www.surgicalproductsmag.com/blogs/2013/06/why-hospitals-%E2%80%98live-two-worlds%E2%80%99

Links:
[1] http://capsules.kaiserhealthnews.org/index.php/2013/05/d-c-approves-two-new-proton-therapy-centers/
[2] http://www.kaiserhealthnews.org/Stories/2013/May/31/proton-beam-therapy-washington-dc-health-costs.aspx?utm_source=khn&utm_medium=internal&u

tm_campaign=viewed
[3] http://medstarprovidernetwork.com/files/Benefits%20Booklet%20%28SELECT%29/MedStar%20Select%20Benefits%20Booklet_COC_12-06-12%20FINAL.pdf
[4] http://www.nejm.org/doi/full/10.1056/NEJMp1100076
[5] http://capsules.kaiserhealthnews.org/index.php/2013/06/of-acos-and-proton-beams-why-hospitals-live-in-two-worlds/