

More Thoughts on Reform and Its Implications for Healthcare Organizations

by Anthony Cirillo



I have written about healthcare reform implications before but wanted to add some additional thoughts to ponder.

More on Local Medical Tourism

Ever since traveling overseas to consult on medical tourism, I have had this notion that medical tourism does happen and could happen on a larger scale in the U.S.

So when Lowe's home improvement announced that all of their cardiac surgery for employees would go to the Cleveland Clinic, it made me pause. Living just miles from Lowe's HQ and surrounded by very good major medical centers; it had to send a shock wave locally to these hospitals. Lowe's realizes that while the initial cost may be higher (or not), they are paying for the quality that the Clinic has and betting that overall costs (fueled typically by possible readmissions, etc.) will be lower because their employees will be taken care of right the first time.

This certainly changes the complexion of marketing. And it calls more for figuring out how to leverage word of mouth and patient stories in the offline and online world. And no doubt in the future these decisions to use distant providers will not only be fueled by quality metrics but also on metrics surrounding the healthcare experience and much more than just HCAHPS.

As an aside, critical access hospitals that have pretty much catered to the indigent and uninsured will now face new challenges. As those people become insured and have choice, will they make decisions to travel somewhere else? It makes one think that marketing for critical access hospitals will ramp up and patient experience will play an even bigger role.

Owning The Continuum

As healthcare reform is interpreted and rolled out one of the things that the industry is grappling with is this notion of accountable care organizations. It has been better defined in the hospital sector and would include multiple providers and physicians being responsible for the health of a population and being paid as one, a bundled payment. My first reaction to that was how would you actually coordinate this and cooperate to get it done. I further surmised that one way to do that would be through more mergers and acquisitions so that fewer providers would own more of the services and in essence create their own accountable care organization. That decreases competition and eases the whole discussion of how to divide payments.

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I further have blogged that long term care needs to think about their own interpretation of the accountable care organization. It could include home health, adult medical day, DME, continuing care, assisted living and nursing homes, and hospice. The whole continuum of aging could therefore be one accountable care organization that is paid for the care of a given population outside of the hospital/physician relationship.

So then what happens? Gentiva Health Services pays \$1 billion to buy Odyssey Healthcare essentially now owning the home health and hospice piece of the continuum.

By controlling more of the continuum of care, organizations will be prepared for the implications of healthcare reform and they will be assuring the filling of their pipeline as people progress from one level of care to another. That in part is why Gentiva made this move. At the same time, the consistency of the brand experience over time will help develop loyalists and ambassadors for organizations that will continue to fill the pipeline for years to come.

So while I firmly believe in competition, smart organizations are going to start owning more of the continuum. That will have implications on marketing. How do you merge cultures? What about your own career? How will it evolve and change? Questions to ponder.

Tax Exemption

Finally, the whole arena of community benefit and tax exemption has to come into play. If much of your exemption is based on providing care to the uninsured and that goes away then what? The nature of Foundations might also change too in this environment.

So put on your thinking caps folks and start looking at the long-term implications not just for your organizations but also for YOU!

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