



ATRIUM HEALTH IMPROVES PHYSICIAN ENGAGEMENT AND CARE QUALITY, SAVES \$7.25 MILLION THROUGH HQEP

Carolinas Physician Alliance CIN developed with Navigant serves as a vehicle to enhance clinical decision-making, align physician and hospital incentives, and enhance care value

CHALLENGE

In 2015, [Atrium Health](#) in Charlotte, N.C., composed of 45 hospitals and about 60,000 employees, recognized the need to prepare itself and its market for a transition to value-based care and payment. Key to the effort would be engagement of key employed (“system”) and independent (“affiliated”) physician leaders in the market. Leaders from large, sophisticated specialty groups agreed that they could contribute to providing better value to constituents, including patients, employers, and insurers.

The health system and physicians collaboratively developed [Carolinas Physician Alliance](#) (CPA), a clinically integrated network (CIN) composed of more than 1,700 system physicians and 900 affiliated physicians. CPA serves as a framework to improve the affordability of care for healthcare purchasers by driving cost and quality improvement.

SOLUTION

Atrium Health partnered with [Navigant Consulting, Inc.](#) in the evaluation and development of the CIN from mid-2014 through late 2015. The network was legally formed in early 2016 and spent the remainder of that year developing its network and operating model, including the hiring of an executive team led by a physician CEO and a chief operating officer (COO).

Based on Navigant’s recommendations, CPA focused its 2017 clinical integration program on:

- Reducing medical expenses and improving quality within the “LiveWELL” population (Atrium’s employees and dependents).
- Improving quality and reducing internal costs within the walls of the hospital via a Hospital Quality and Efficiency Program (HQEP).

Mason Ellerbe, COO for CPA, says a major element in the development of both the CIN and the subsequent HQEP program was the decision to involve key system and affiliated physicians early in the planning stages of the program.

“Physicians embraced the effort to provide better value to our patients to prepare not only for a more competitive market but also one that’s mission-consistent,” says Ellerbe. “Those leaders are now serving on our board and committees and have helped grow the CIN across our 16-county footprint. Very few of those physician groups have said no to joining.”

Navigant recommended HQEP as a “no regret” program for CPA to pursue, given that it:

- Improves hospital performance in both a fee-for-service and value-based payment environment.
- Engages specialists and hospital-based physicians in meaningful clinical work.
- Accelerates time to distribution of quality funds to physicians.
- Provides a return-on-investment source for the health system on its population health efforts.

CPA developed dashboards to measure quality and efficiency with the cooperation of physicians. Early on, those measurements

were reviewed and adjusted on a monthly basis. Leaders from the clinical, finance, and supply chain groups within Atrium worked hard to adapt information systems that weren't designed to the level of detail needed to support such a program, says Ellerbe. They had to go through many iterations of the dashboards to obtain reliable, repeatable data.

“Many IT systems don't necessarily offer the ability to track things accurately on an encounter basis,” says Peter Hiltz, lead executive for financial performance at CPA. “They're designed to aggregate information, and we had to make it work for a cost-accounting system. Extracting the right data around costs that makes sense to all of those various perspectives is not a given.”

IMPACT

Improvements in physician engagement and clinical standardization through the HQEP helped Atrium save \$7.25 million in surgical supply costs during the first year of the program. Of the savings, \$2.95 million will be shared with CPA, 70% of which will be shared with physicians.

CPA's distribution model is structured not only to reward physician cost and quality improvements but also to support a broader culture of continuous improvement needed to transform care delivery. The incentive pool will grow as CPA expands initiatives and continues to manage other populations through such programs as the Medicare Shared Savings Program, which Atrium entered in January 2018.

“This is a vision of a way for us to change the nature of some relationships with physicians and to reduce costs, and it serves

as an early win for our value work,” says Hiltz. “What this does is help legitimize the commitment to working differently around value with affiliates and our physicians and sharing in the rewards.”

Atrium has plans to do substantially more value-based agreements in the future. Ellerbe says the HQEP engagement was foundational in furthering a culture of cooperation for future physician alignment engagements around Atrium's value enhancement efforts.

“This helped accomplish the larger objective of solidifying our value work with CPA,” says Ellerbe. “The stream created here will be applicable to care management in helping physicians view patients more longitudinally.”



Atrium Health Improves Physician Engagement & Care Quality, Saves **\$7.25M** through HQEP

HQEP Year 1 savings:

\$2.95M shared with **Carolinas Physician Alliance**, **70%** of which shared with **CPA physicians**

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