

Medical Economics[®]

SMARTER BUSINESS. BETTER PATIENT CARE.

MedicalEconomics.com

JANUARY 25, 2014
VOL. 91 NO. 2

30 Prepare for
Obamacare eligibility
headaches

40 Patient feedback
can improve care

42 Firing a patient —
when all else fails

56 Your map
to Medicaid
increases

61 Cosmetic
dermatology:
Does it pay?

FAMILY MEDICINE'S REVIVAL



How one physician
reinvented
delivery of care

PAGE 20

Operations

Cover Story

Family medicine's revival

How one physician and his team reinvented care delivery to bend the cost curve and improve efficiency

by **DANIEL R. VERDON** Group Content Director | Photos by **STEVE GLASS**

Primary care is perfectly positioned to bend the cost curve. And that's precisely what is driving consistent 45% growth of Fort Collins, Colorado-based Miramont Family Medicine, says CEO John L. Bender, MD, FAAFP. The multi-specialty group, with a heavy focus on family medicine, has an entirely different notion.

HIGHLIGHTS

01 Independent primary care practices are poised to advance simply because they are delivering a far stronger value/quality proposition compared with hospital systems.

02 Lean principles, as used by manufacturing, can help you build a more efficient practice. Look for value, and try to trim the time it takes to perform certain procedures.

▶ **THEY WANT TO KEEP** as much of the delivery of healthcare within its seven facilities to improve it and manage escalating costs.

And the practice has built a model to do just that with advanced technology and medical equipment, contracts with visiting specialists, a practice design built around saving steps for nurses and medical assistants, and a patient base that has swelled to 35,000 and growing.

While Miramont has been consistently expanding, independent family medicine practices in the area have been contracting. Nearly 30 primary care practices in this locale have either sold to the area's hospitals or, in eight cases, gone bankrupt.

While financial implosion is a grim reality on the eve of the full-scale implementation of Obamacare, according to Bender, it

signals the need for great disruption in the way primary care delivers services to patients and how it is paid.

Most primary care practices struggle with cash-flow problems, Bender explains, and to improve it, practices have to become far more efficient and predictable in delivery and revenue collection.

"Practices that fail often are the one's that have not effectively managed labor costs," Bender says. "I cannot simply pay my staff less. If anything, I have to pay them more because we are in such a high-density of services and digitalization. What Miramont does differently is through Lean principles and leveraging information technology," he says. "We allow our staff to do things in 10 minutes what used to take 20, and that is the secret."





Lean principles, adopted and successfully used in manufacturing by Toyota, are a management tool to help identify value and eliminate waste in a process.

"We recognized that we could treat cases for \$300, when the emergency room was charging \$3,000. We have a better product than the emergency department for about 90% of what it is seeing."

And if you ask Bender, that is exactly why independent practices in family medicine and internal medicine are so vitally important and poised to succeed.

Hospital systems are embroiled in a kind of medical arms race that is not sustainable, Bender says. Neither is the buying spree of independent primary care and other specialist practices.

For example, the Fort Collins area has

seen large-scale growth in emergency department (ED) utilization by almost 50%, according to latest estimates, he says.

"What this suggests to me is that if people don't have a family physician or a Patient-Centered Medical Home, they are going to the [ED] at a later stage at a higher cost," Bender says.

The EDs have been such a driver to hospital traffic that one of the area hospital's built a freestanding ED, the competing hospital responded with a freestanding emergency facility and the purchase of the county's emergency medical service. The other hospital escalated the race by buying a second air ambulance to service an area of fewer than 500,000 residents.

"Who is paying for this? We all are. It's raising everyone's premiums and moving at

Team power

John L. Bender, MD, FAAFP (left) of Miramont Family Medicine in Fort Collins, Colo. says that by empowering the team and closely examining patient metrics can improve outcomes. And they have data to prove it.



High quality, low cost

Miramont Family Medicine, now in seven locations, grew by 45% in 2013 and was named one of the fastest-growing businesses in northern Colorado. The vision is simple: Make the service accessible, affordable and deliver on quality. Miramont Family Practice CEO John Bender, MD (far right) constructed a practice aiming to incorporate technology and processes to trim the amount of time it takes to perform tasks.

"I HAVE STOPPED APOLOGIZING FOR OUR PRICES. OUR BILLS ARE HUNDREDS OF DOLLARS, BUT THEY ARE NOT THOUSANDS LIKE SPECIALTY CARE OR TENS OF THOUSANDS LIKE HOSPITALS."

JOHN L. BENDER, MD,
FORT COLLINS, COLO.

an amazing rate," Bender says. In the past 2 years, 250 physicians in this area have become hospital employees.

"Having said that, the hospital medical group in 2010 lost \$7 million," he adds. "In 2011, they lost \$20 million. Last year, I don't know how much they lost, but they relieved their chief executive officer, chairman of the board and other executive leaders. It's not working for them. Hospitals cannot just buy up ambulatory practices that are failing and run them like hospitals. This truly is making our healthcare situation worse."

THE QUEST FOR EFFICIENCY

When Bender and his wife Teresa (the practice administrator) bought Miramont in 2002, it was one of the oldest family medicine practices in Fort Collins.

Looking back, "we really were producing a lousy product," he says. "Our test results were slow; our labor costs were high, and it would take three weeks to get into see me."

It took that realization, along with

heart-to-heart discussions with his partners and staff, and a retreat to develop a renewed vision for the practice—one that was simple, practical, and focused on providing convenience, value, and quality medical care.

"As physicians and leaders of the practice, we know that we need to sustain profitability so that we can be here for years. And we wanted to eliminate as much waste as possible." It was a big step forward for everyone involved in the practice, and it takes courage to change, Bender says.

In 2005, Bender took out a second mortgage on his home for a 10% down payment on a \$1.4-million facility. The practice developed a signature floor plan that would ultimately cost \$160 per square foot. The dispensing pharmacy was placed in the lobby, while the labs for blood draw were conveniently placed near the nursing station. The idea was to trim as many steps from the system as possible, a key to Lean processes.



Anatomy of a practice

MIRAMONT FAMILY MEDICINE

Locations: 7

Communities served: 6 in the nearby Fort Collins and Denver, Colorado areas

Annual revenue: about \$7 million

Practice certification: NCQA Level 3 PCMH

Practice efficiency project: Robert Wood Johnson Learning from Effective Ambulatory Practices (LEAP) program.

Patient panel: 35,000

Physicians: 12

Total providers: 22

Total employees: 80

Payers: Private health insurers, Medicare, Medicaid, and direct pay

Some services:

- Family medicine
- Internal medicine
- Pediatric s
- Ob/Gyn
- Some general outpatient surgery
- Wellness
- Acupuncture
- Physical therapy
- Audiology
- Behavioral health
- Allergies
- Hematology and chemistry laboratory
- Dispensary
- X-ray
- Aesthetics
- Laser treatments
- Mammography
- Insulin pumps
- Nutrition

The practice rents space to visiting specialists for everything from general outpatient surgery to pain management to physical therapy. Bender wants to make it as convenient as possible for his patients to receive healthcare in his practice locale. It's easier for patients and physicians. It's strategic, and it's cost effective, he says. And he has created a patient-centered practice that delivers as much specialty care within the practice as possible while maintaining quality.

The practice has adopted an ethos of continuous quality improvement and applied other Lean processes to empower staff at all levels to improve the process to influence outcomes.

We have learned over and over again that if you go to your staff or ask your patients how you should fix this, 92% of the time the collective wisdom of the group will give you the right answer.

"A lot of this has to do with management instilling this kind of power to influence change in a system that needs it."

Checklists also help, Bender says. Pilots use them all the time, and they do improve outcomes without having to go through a lot of elaborate training. "Why are we satisfied with a defect rate of 30% to 40% in health-care?"

Metrics are invaluable, he says. "Once you start measuring, you know where you stand. I promise you when you start, your numbers will be worse than what you imagined. But once you start measuring outcomes, patient populations or disease conditions; they begin to improve.

"It took us about one year to get our AICs up to goal, and we got there by measuring them," Bender says.

Miramont's healthcare delivery teams are built around each of the physicians in the practice, and the metrics are displayed for everyone to see.

Improved metrics not only help patients and healthcare teams, they put the practice in a far stronger position to negotiate with payers.



Exploring ancillaries

Cosmetic dermatology has grown to a \$10,000 segment of the \$7 million family practice. While it's not the mainstay, it is a very viable service that keeps patients engaged in their healthcare, says Miramont CEO John L. Bender, MD, FAAFP.



FINANCIAL MANAGEMENT

Controlling costs is one of the most important management disciplines, so too is transparency in pricing, Bender says. In fact, Miramont has taken it a few steps further, becoming one of the few practices that publishes its fee schedule.

"We want transparency in pricing, and we value price our services," Bender says. The practice established a value plan for those without insurance. Most visits in this plan are \$64, and patients sign a contract with the practice, requiring them to pay at the time of service. That way there is no billing, no coding and no waiting for an explanation of benefits.

How does the practice work with payers?

"If a payer contacts us and tells us we want that price, we say okay, but here's the rub, you have to pay us by 5 p.m. the day of service. Payers have not built their systems to do instant adjudication," Bender says.

"Under the current system, I am an interest-free loan. I have receivables and tens of thousands of dollars in any given time, and they are given that money interest-free. They could save a lot of money if they paid their bills on time and renegotiated contracts with me."

There are also tremendous possibilities for direct pay, he says, especially as it relates to negotiating care directly with employers.

"I have six people on staff just to collect money. Just by not having to do that would drastically reduce our prices.

"But I have stopped apologizing for our prices. Our bills are hundreds of dollars, but they are not thousands like specialty care or tens of thousands like hospitals," he says.

EXPANSION PLANS

The practice, Bender says, sees a bright future, despite the economic uncertainty tied to the Affordable Care Act. According to Bender, this is all just part of operating a healthcare business in 2014. And it becomes part of Miramont's strategy to double in the next 2.3 years. As a result of ACA, he plans to grow his Medicaid base this year. In fact, five years ago 1% of his practice population consisted of Medicaid patients. The practice's Medicaid population has grown to 21% this year, and he plans to push it further to 30% next year, drawing patients from the Denver area.

"A lot of it is because we → 29

The 5 principles of Lean

1. Specify value to the customer.
2. Identify all the steps in the value stream, and eliminate those steps that do not provide value.
3. Make the value-creating steps occur in a tight sequence so the product flows smoothly toward the customer.
4. As this flow is introduced, let customers pull value from the next upstream activity.
5. As value is specified, value streams are identified, wasted steps are removed, and flow and pull are introduced, begin the process again and continue it until a state of perfection is reached in which perfect value is created with no waste.

Source: www.lean.org



Meeting patient demand

Miramont Family Medicine has created a kind of primary care village that contracts with other visiting specialists to see and treat patients at its facilities.



→ 24 improved our efficiencies because our overhead was less and that is what created margin and allowed us to take care of Medicaid patients and allowed us to grow," he says.

The practice also opened three new facilities this year. And this growth has been driven by a broad service mix that combines

family medicine, internal medicine, pediatrics, Ob/Gyn with a litany of specialty services. (See "Anatomy of a practice," page 23.)

And that's the point: To combine service with convenience and keep healthcare affordable. Bender believes patients will ultimately vote with their feet and keep walking into Miramont Family Medicine. ■

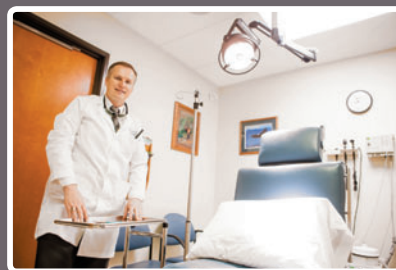
Pricing transparency

To care for patients without insurance, the practice has set up the Miramont Value Plan contract that spells out costs for common encounters. Some of the prices include:

Bladder infection: \$69	Strep throat: \$84	Male physical exam: \$206
Bronchitis: \$64	Cholesterol screening: \$58	PSA: \$35
Ear infection: \$64	Diabetic screening: \$56	Chest X-ray: \$32
Pink Eye: \$64	Well woman exam: \$206	Mammogram: \$125

MORE RESOURCES

SLIDESHOW



John L. Bender, MD, FAAFP, offers insight on how Miramont Family Medicine has bent the cost curve. He talks about the practice strategy and vision for success.

▶ Visit MedicalEconomics.com/Miramont