

The Three A's of Medicine: Enduring Principles

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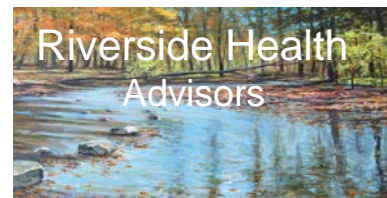


2019 AAHKS Business of Total Joint Course



COI Disclosure

- Consultant
 - UOC
 - Flexion
- Equity
 - Clarify Health
 - Pacira Biosciences
 - Upside Health
 - Concord Health Partners
 - Indago
 - OssoVR
 - SoberGrid
 - Thrive Peer Support
 - Innovice
 - Sharp Fluidics
- Leadership/Board Positions
 - AAHKS, past president, board member
 - Arthritis Foundation, board member
 - Pacira Biosciences, board member
 - Indago, LLC, board chair
 - Thrive Peer Support, board chair
 - AngelMD, CMO
- Editorial Boards/Reviewer
 - JOA
 - JBJS



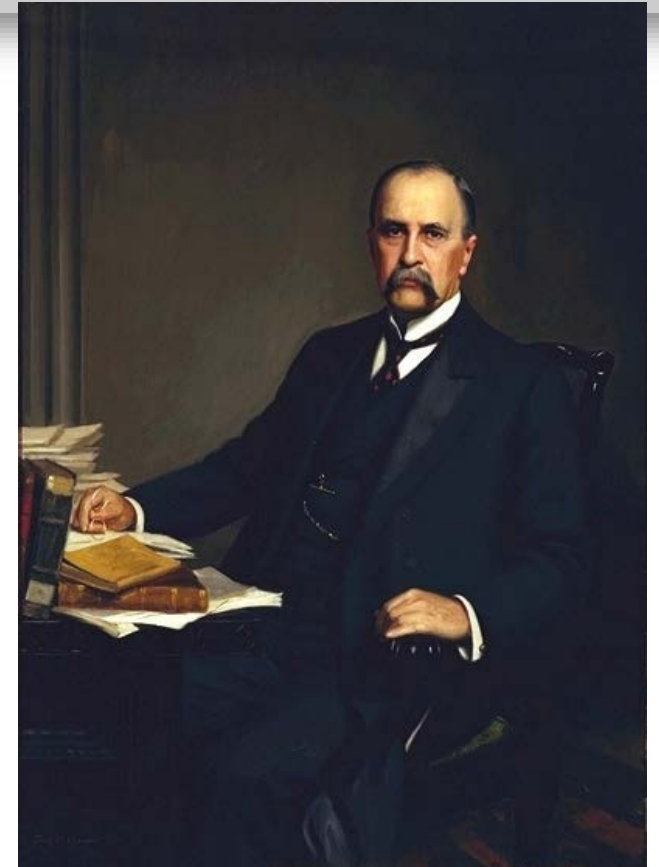
The Three A's of Medicine

- Availability
- Affability
- Ability



The Three A's of Medicine

- Sir William Osler, early 1900's
 - Johns Hopkins
 - Father of Modern Medicine
 - Created Modern Residency
- “Success in practice depends on Availability, Affability, and Ability, in that order”



But Healthcare is Changing

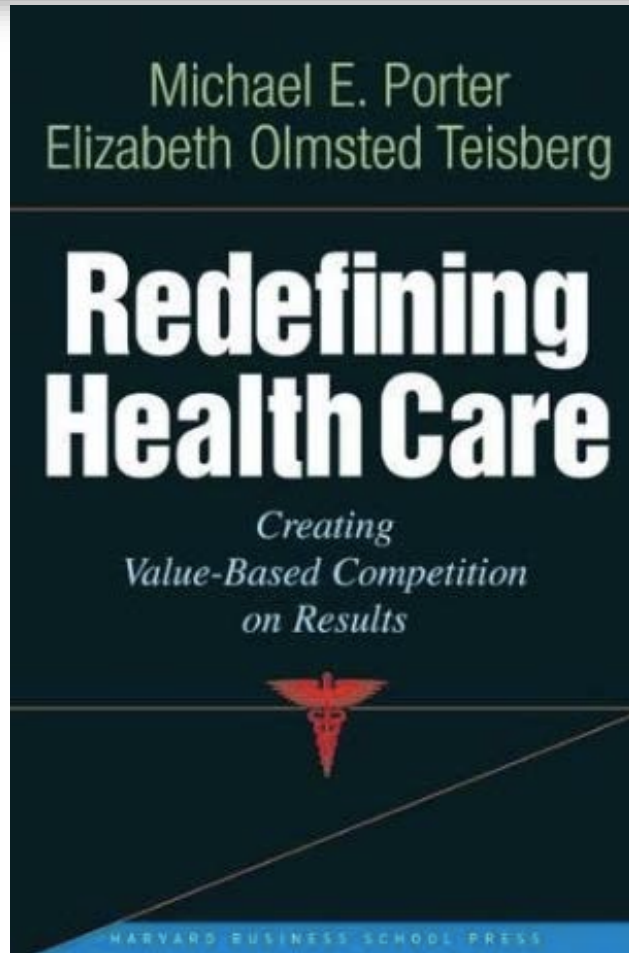
Does This Advice Still Make Sense?

- High Priced Consultant to our leadership team
 - “After an extensive series of interviews with CEOs, our team has come to the assessment that in the next 10 years the **Business of Healthcare will be 100% changed** from where it is today, including digital solutions, new care and payment models.”
- Maybe some of how care is delivered, but perhaps not the why we do it.
- Human physiology and psychology change slowly

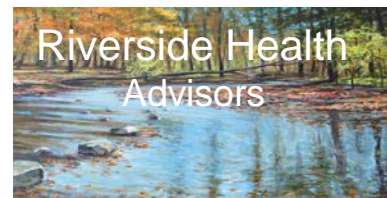


Introduction of ‘Value Based’ Healthcare

Porter and Teisberg—2006



- **“The U.S. health care system is in crisis.**
- At stake are the quality of care for millions of Americans and the financial well-being of individuals and employers squeezed by skyrocketing premiums
- —not to mention the stability of state and federal government budgets.”



“We Are Moving From Volume to Value” (circa 2015)

TODAY

TOMORROW

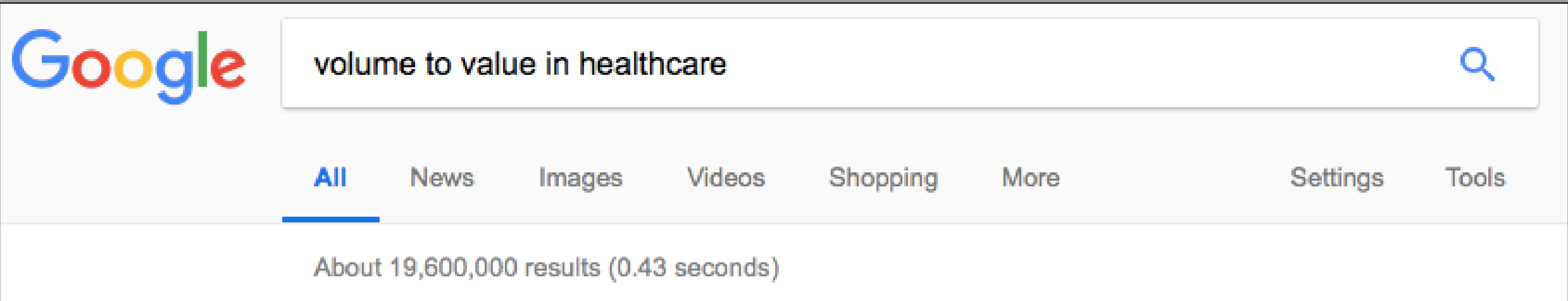


Volume

Value



Value Based Care: From Volume to Value: Repeat Until You Believe It



From Volume To Value: Achieving Bold Change In Our Healthcare Payment Systems



Bill Frist, CONTRIBUTOR

I cover global and domestic health care and health care reform. [FULL BIO](#) ▾

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2 min read

Understanding the Volume to Value Transition

inforMD • Value-Based Care • Understanding the Volume to Value Transition



James Parker, MD

January 25, 2018

Riverside Health
Advisors



But What is Value Based Care?

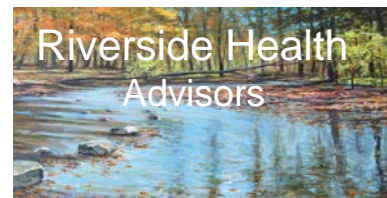
- Payment System, not a delivery system
- Financial models to incentivize us to improve the delivery of care
- Risk and Reward are generally overlaid on top of the current fee for service delivery model
- Generally retrospectively adjusting payments based on some measure of quality of care delivery
- No relationship to pricing

- Nothing in 'value based care' drives us away from seeking market share

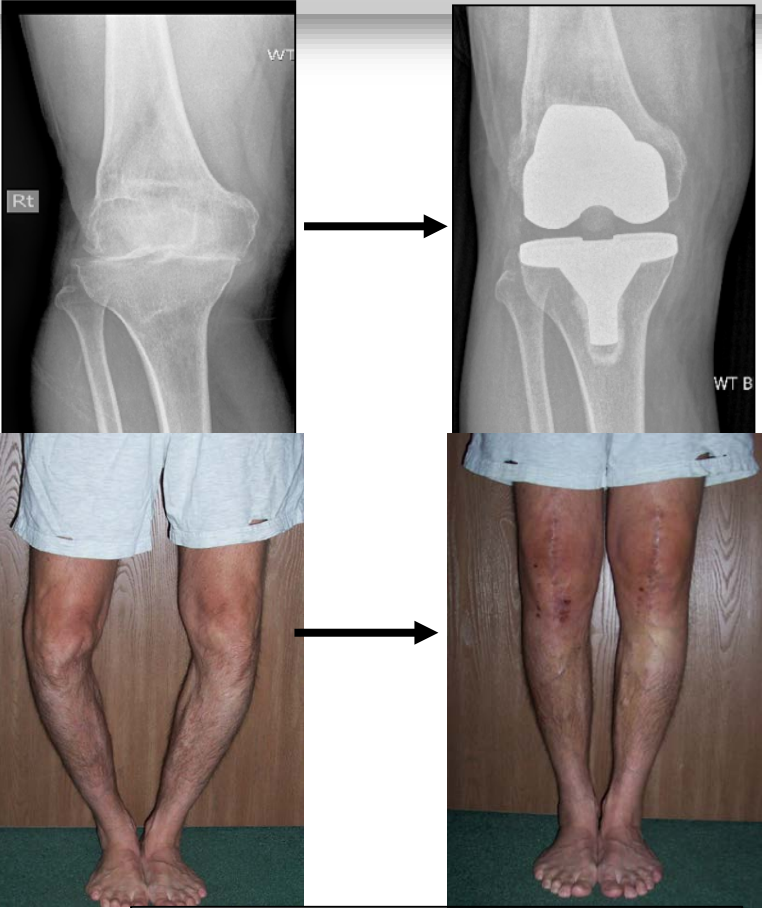


We Are NOT Moving From Volume to Value

- We are just trying to understand what our patients value
- We thought it was our knowledge and expertise as surgeons that they wanted and would put up with the rest of the system inefficiencies
- But, they are realizing that they can get that and get comprehensive care
- They value surgeons not just as technicians but also as architects and managers of an episode of care
- They value the individual service, but in the context of a comprehensive experience



Patients Value Care Delivered as a Complete Episode, Integrated and Packaged Together



**Provider Centered:
Bundled Payment**

- Reputation
- Access/Appt
- Education
- Evaluation
- Appropriateness
- Clinical Optimization
- Risk Mitigation
- Shared Decision
- Efficient Processes
- Operative Excellence
- Clinical Pathways
- Outcomes
- Rehabilitation
- Recovery
- RTW/P



**Patient Centered:
Complete Care**



Volume (market share) Will Follow Demonstrated Value

- Others have shown it is not just the product but how it is delivered
- Amazon is not after less volume when they offer next day delivery
- Apple wants to sell more I phones by increasing the user experience
- Uber knows you want convenient modes of access and payment to sell rides



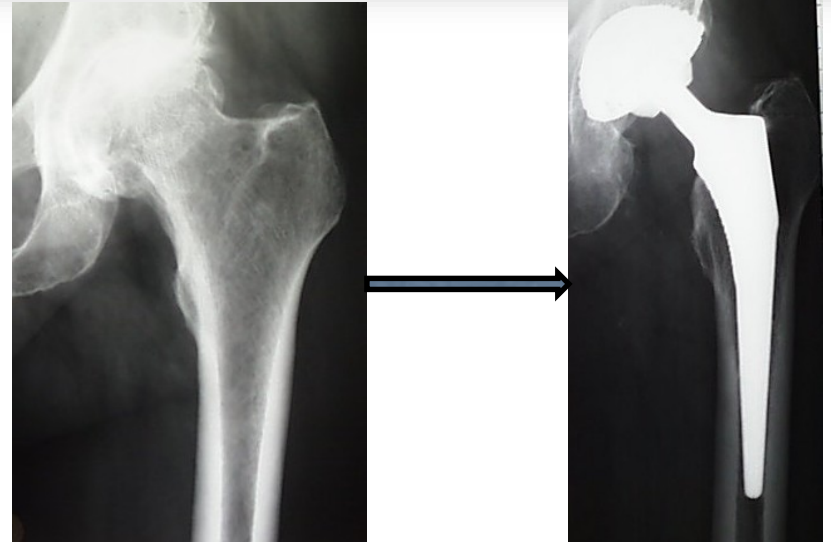
VBC Talk has distracted us from asking: What Type of Good or Service is Joint Replacement?

- Necessary?
- Discretionary?
- Commodity?
- Differentiated?
- Public good?
- Private good?
- Free market?
- Regulated market?



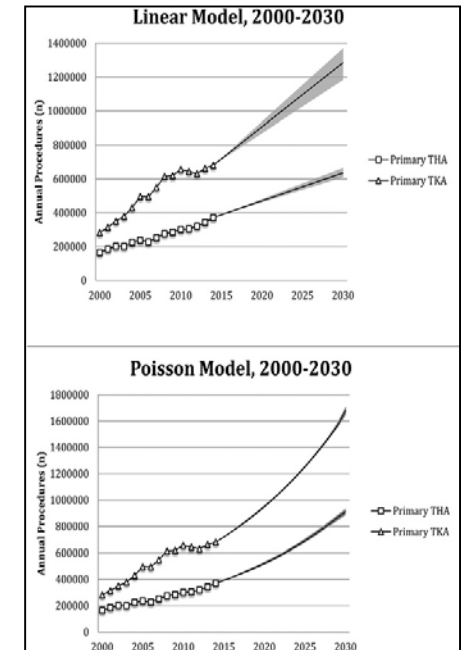
Joint Replacement is One of the Greatest Advances in Modern Medicine

- What we do matters
- We improve lives
- We relieve pain
- We restore motion and function
- We return people to work and play
- We allow people to enjoy their families and milestone events—weddings, graduations, etc.
- >7 Million US citizens have replaced hips/knees



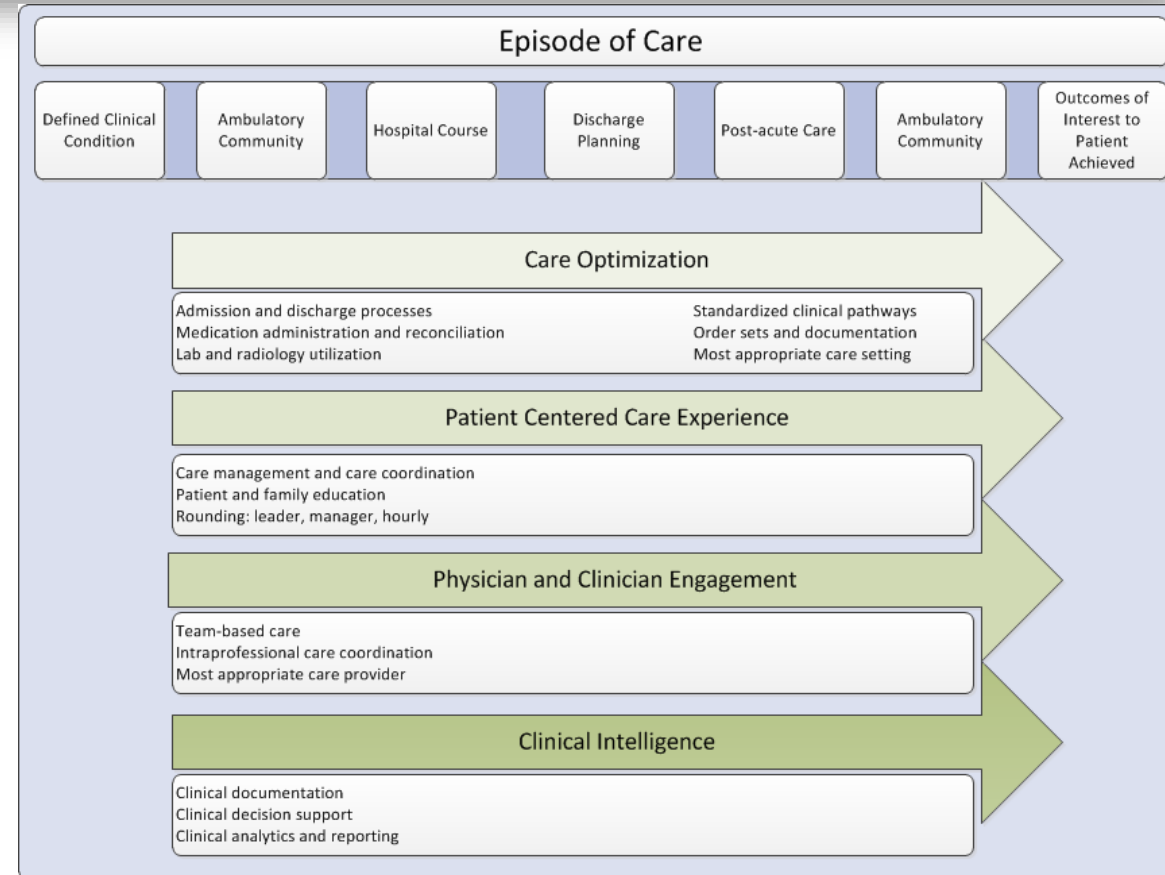
Healthcare Trends Driving Total Joint Surgery

- Total Joints are Big Business
 - Annually 1.3 million THA and TKA procedures performed US
 - Expected to grow double to 2.6 M by 2030
 - Lots of Money (\$25 B) being spent by payers, employers, CMS, patients
- We have gotten very good at providing TJR
 - Advances in medical and surgical science
 - Better patient selection, clinical care and surgical techniques
 - Highly efficient and effective care delivery teams



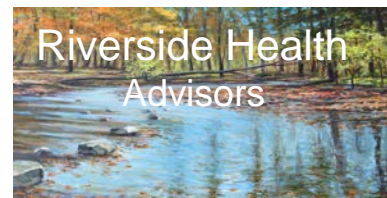
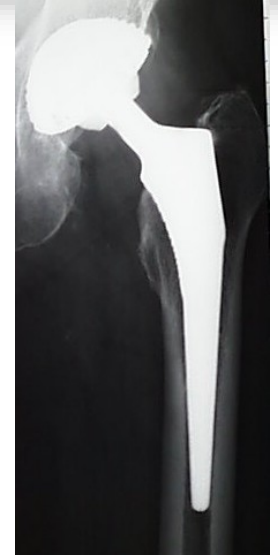
We Have Become Very Good at Engineering Care Delivery: Not Dissimilar to Other Industries

- Perioperative surgical home
- Standardize preoperative optimization
- Standardize OR teams and process flow
- Better blood management/TXA, pre-op screen
- Increase multimodal pain management and local infiltration, No IV PCA
- Evaluate routine X-ray use in PACU
- No more daily lab draws
- No ice man or bipolar sealer
- No bulky dressing, no staples
- No routine Foley catheter
- Rapid recovery mobilization: standard DC crit.
- Post acute rationalization
- Home health utilization criteria
- Digital tools and monitoring, precision instruments



“It is easy to be an A Surgeon”

- Demand for our services continues unabated
- Our patients expect great outcomes
- We routinely deliver good to great care
 - 92-95% Good to Excellent Results
- 19 out of 20 people at your club think you are awesome
- And the one who doesn't...
 - everyone knows is a difficult person



Joint Replacement is a Mature Field

- Few differentiated advances
 - Robotics?, Surgical approach?, Design?, Materials?
- I can go to hundreds or thousands of surgeons and get a good outcome
- Commoditized product offering
- Reliability is currency
- Convenience becomes more important
- Price can become very relevant



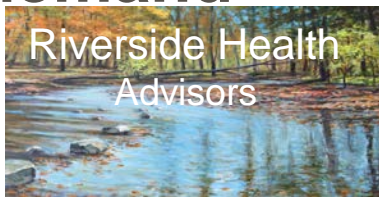
What Type of Good or Service is Joint Replacement?

- Necessary?
- Discretionary?
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- Public good?
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- Regulated market?



Necessity or Discretionary

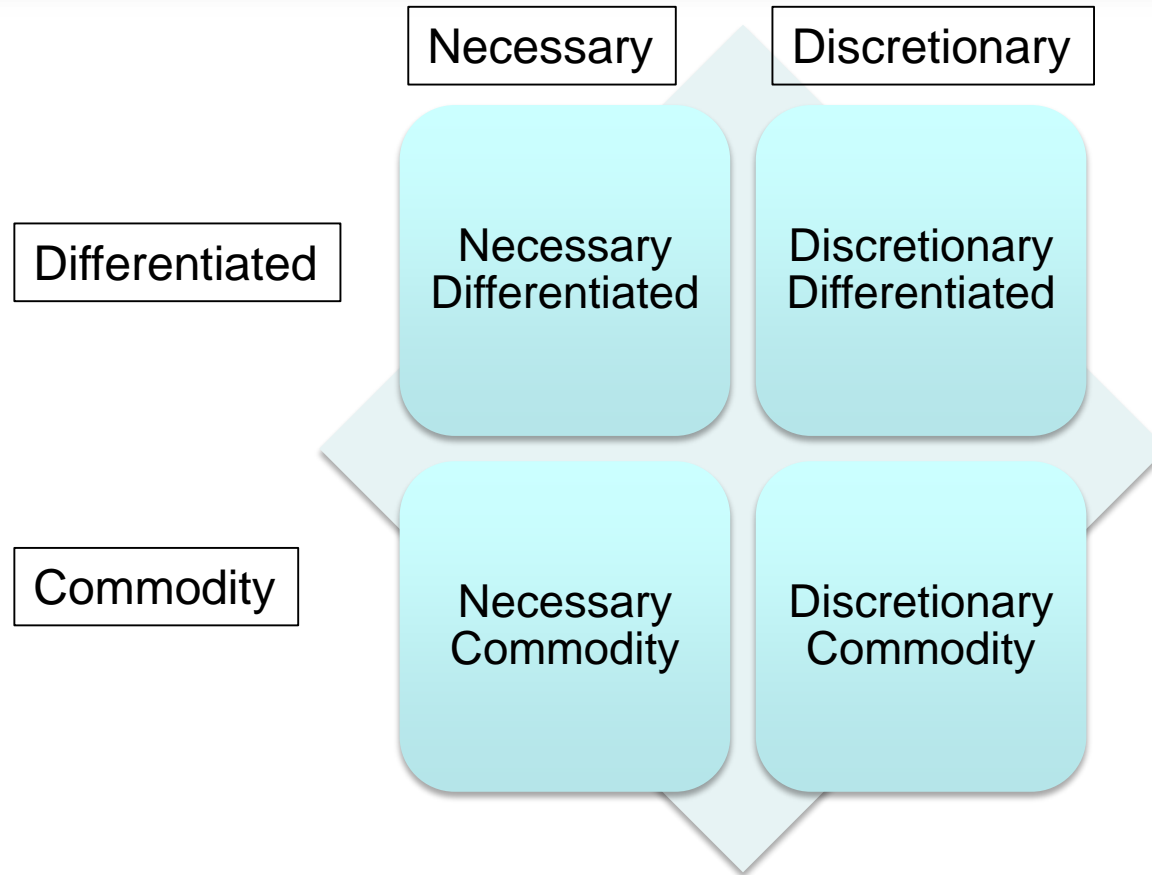
- A **necessity** is a type of good that we cannot live without and will not likely cut back on even when times are tough, for example food, power, water and gas.
- The more necessary a good is, the lower the price elasticity of demand as people will attempt to buy it no matter the price.
- Most necessity goods are usually produced by a public utility.
- **Discretionary goods** and services are considered non-essential by consumers, but desirable if they have sufficient income to purchase them.
- **In healthcare, a discretionary good or service is one where demand declines if it is not covered by insurance**



Commodity vs. Differentiated Product

- **Commodity** refers to a good or service that is relatively indistinguishable from competing offerings; they are interchangeable
- **Generally there is no pricing leverage with a commodity**
- Flu shot, pre-participation physical, EKG, primary TKA??
- **Differentiated Good** is one that is unusual or complex and has specific attributes that are not common in the market place.
- Differentiation allows for a product to be more attractive and preferred based on its qualities, performance or its scarcity
- Product differentiation creates a competitive advantage resulting in a willingness to pay a higher price.

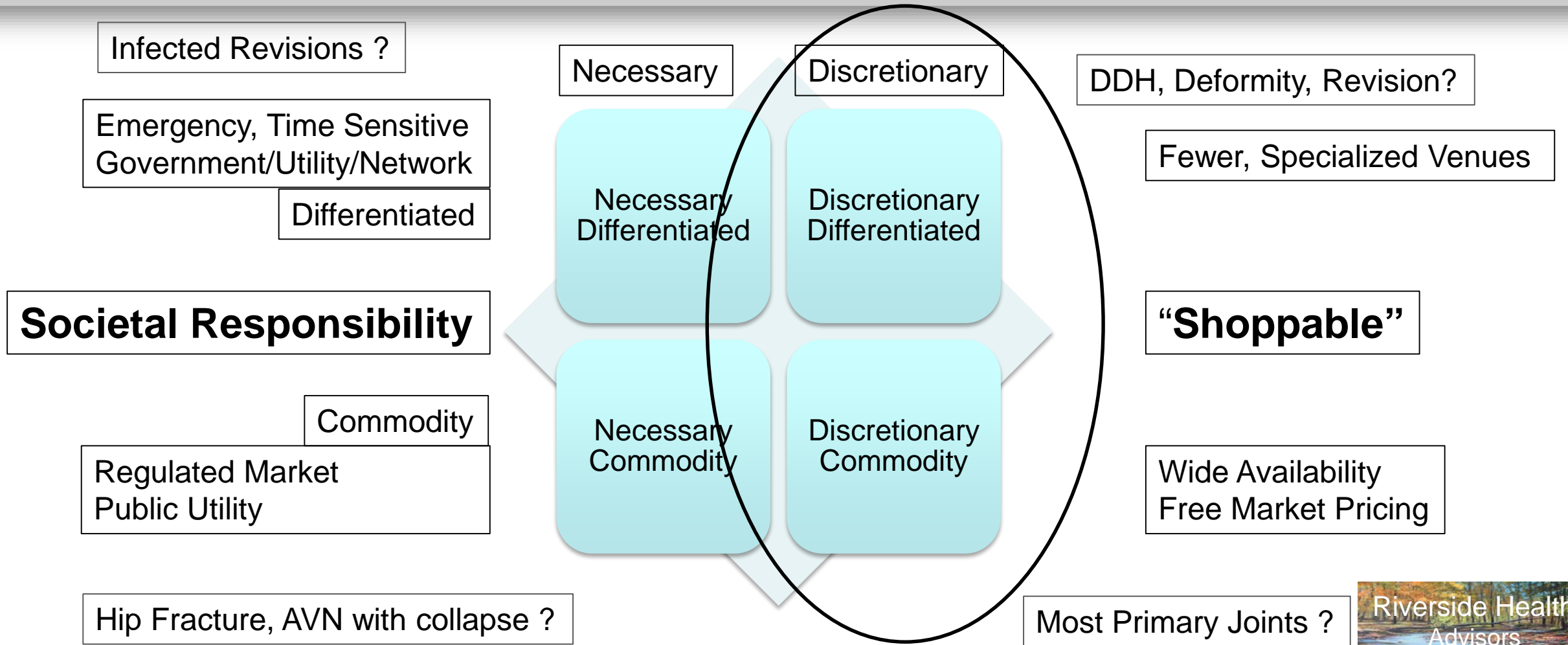
Types of Goods and Services: A Model



Not all of our DRGs and CPT codes should be subject to the same Payment models



Types of Goods and Services: A Model



Volume (market share) Will Follow Demonstrated Value

- Patients value timely access to care and to your team
 - Patients value being able to reach you -- connectivity
- Patients value a great care experience
 - Care that they understand
 - Autonomy and humanity, having some control and feeling heard
- Patients are starting to understand and will ultimately value outcomes of importance to them
 - Safety -- Absence of adverse events, SSI, dislocation, pain
 - Quality – Reliable functional results, RTW, return to sport
- Patient will come to value transparent and fair pricing



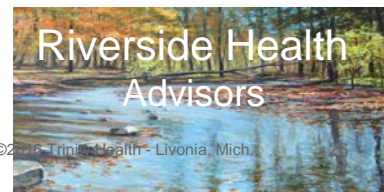
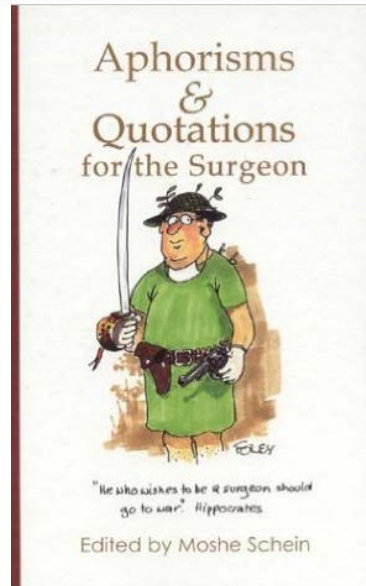
But Healthcare is Changing

- High Priced Consultant to our leadership team
- **“Business of Healthcare will be 100% changed”** from where it is today, including digital solutions, new care and payment models.”
- Must include
 - Preventive Care
 - Focus on Patient Experience
 - Precision Medicine
 - Value Based on Outcomes



Enduring, Timely Elements of Care Seem Not to Have Changed

- It must be remembered that physicians of today ...must learn how to examine so-called well persons to prevent them from getting sick. (preventive care)
 - Charles H. Mayo (1865–1939)
- Listen to your patient, he is telling you the diagnosis **(patient experience)**
- It is much more important to know what sort of patient has a disease than what sort of disease a patient has. **(precision medicine)**
 - William Osler (1849-1919)
- Every hospital should follow every patient ...to determine whether the treatment has been successful...**(Quality/Outcome Reporting)**
 - Ernest Codman (1869-1940)



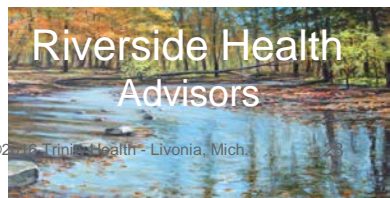
The Three A's in Current Terminology and a Fourth

- Availability
- Affability
- Ability
- Affordability

- Access/Connectivity
- Patient Experience
- Outcomes that matter
- Cost of Care
 - (patient portion)

Availability = Access/Connectivity

- How do patients find you?
- What are your access points?
- Can they get in?
- Do they see your team as an integral part of you?
 - Staff, NP, PA
- How easy is it to be seen?
- How easy is it to get their questions answered?
- Digital, phone, email, walk in access all matter in today's world
- Website, apps, coverage, ecosystem of care



Availability = Access/Connectivity

- Do your patients feel like members of your ecosystem?
- Do they understand who you are and who your extensions are?
- How do you create a united identity with your hospital or surgery center to avoid the appearance of friction?
- How do you foster loyalty?
- Who's hip or knee is it?
- Do they see you as their musculoskeletal expert?
- Will they return again and send their friends?



Affability = Patient Experience

- Nobody Cares How Much You know, until they know how much you care.
- Theodore Roosevelt
- People will forget what you said, people will forget what you did, but people will never forget how you made them feel.
- Maya Angelou



Affability = Patient Experience

- How are you engaging patients in their care?
- What is your approach to education and information management?
- How timely are your processes? In office wait times?
- How well do you communicate with your patient and their family?
- How does your team function to surround the patient with care?
- Do you solicit feedback?

Ability = Outcomes

- Do you know your data?
- How do you share it with your patients?
- Are you up to date on new technology?
 - Robots and Approaches are surrogates for “are you keeping up”
- And can you convey the reason you are using it?
- Do you collect PRO's
- How are your results different from your peers?
 - Locally, nationally



Affordability

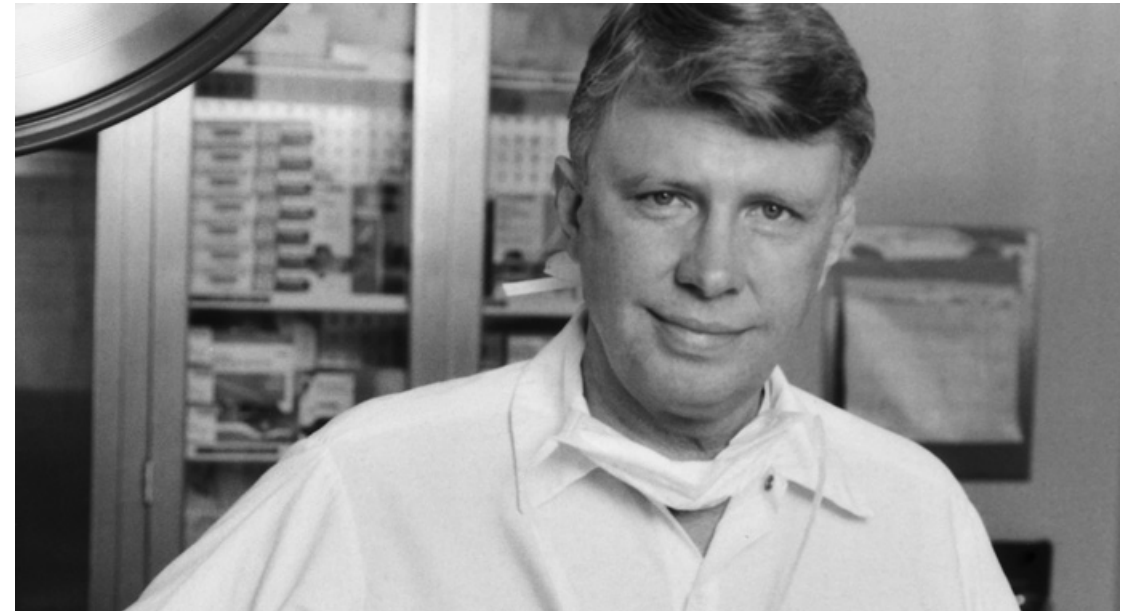
- Do you know how much your care costs to deliver?
- Do you know the impact of your site of surgery on the total cost of the episode of care?
- How expensive is your hospital for your patients?
- Are you able to help your patients minimize out of pocket costs by assessing network status?
- Are you able to offer lower cost sites of care?
- Do you have the ability and contracts to do TJR in an ASC?
- What would an all in episode cash price be where you could make a profit while providing exceptional care?



We need to focus on Access, Experience, Outcome and Affordability

"Over time, if someone is taking your market share overall, or in a particular specialty ... You'll find there is always a good reason. Most likely it is your poor service, your bad results, or delayed access."

"Your costs are too high"



Fred Loop, M.D., former CEO of the Cleveland Clinic:

Thank You

"The significant problems we face cannot be solved at the same level of thinking we were at when we created them."

- Albert Einstein (1879-1955)

