

Clinical Integration

Educational Briefing for IT Professionals

Executive Summary

Clinical integration (CI) is a legal arrangement that allows hospitals and physicians to collaborate on quality and efficiency improvement while remaining independent entities. In a CI program, physicians—often in concert with hospital partners—make a significant commitment to clinical performance infrastructure and initiatives. In return, physicians may, under a “safe harbor” from antitrust law, jointly negotiate for commercial payer contracts that generally reward them for cost/quality improvement. Along the continuum of hospital-physician collaboration options, CI is a significant undertaking but requires less alignment than full employment.

Why is Clinical Integration a key issue for providers?

As markets move toward accountable care, health care providers are entering a payment landscape that offers them vastly different incentives than previous models. Under the legacy fee-for-service system, hospitals and physicians are paid when they perform services for patients, regardless of the efficacy or necessity of these services. In contrast, emerging value-based payment models will require providers to consistently deliver high-quality, low-cost, coordinated care. Recognizing that meeting these goals will be impossible without physician support, many hospitals are turning to alignment models such as CI to engage physicians in cross-continuum performance improvement.

A clinical integration program allows hospitals and physicians to align incentives and management, giving them the capability to shift care to lower cost settings, increase communication across the care continuum, and limit supply costs. Consequently, clinical integration has recently surged in popularity in the wake of national health care reform. Though no formal count of CI networks exists, anecdotal evidence indicates that there are more than 500 nationwide.

Potential Benefits of a Clinical Integration Network

Shifting Care to Lower Cost Settings	Connecting the Care Continuum	Limiting Supply Costs
 Enhance patient access to primary care services	 Improve physician coordination across care sites	 Increase prescription of generic drugs
 Minimize avoidable emergency department utilization	 Strengthen adherence to order sets and care protocols	 Reduce use of high-tech imaging studies

How does Clinical Integration work?

Successful clinical integration programs have several core elements:

- **Selective Physician Partnership:** Networks of physicians who are able to deliver evidence-based, coordinated care.
- **Clinical Improvement Initiatives:** Joint efforts to improve care for targeted conditions, with resources to support.
- **Performance Improvement Architecture:** Data-driven mechanisms to monitor, manage, and evaluate utilization of services.

Questions That Hospital Executives Should Ask Themselves

- 1 What role does clinical integration play in my efforts to engage and collaborate with physicians?
- 2 What clinical performance improvement initiatives am I currently targeting with my physician partners?
- 3 How flexible does my IT architecture have to be to accommodate clinical integration?

How does Clinical Integration affect providers?

Clinical

All physicians groups must monitor and manage utilization of health care services, control service costs, and ensure quality of care in order to succeed. Many CI networks focus most heavily on care management techniques to improve population health, meaning primary care physicians play an especially large role. However, many CI networks also seek to improve inpatient performance and care handoffs, leading them to recruit proceduralists and other specialists as well. All physicians who participate in a CI network must work actively on care improvement initiatives relevant to their specialty.

Types of Physicians Frequently Included in CI Networks

Needed for Pay for Performance Initiatives



Proceduralists

General Surgery
Cardiac Surgery
Neurosurgery
Orthopedics



Hospital-Based Non-admitting Specialists

Radiology
Anesthesiology
Pathology
Emergency Medicine

Needed for an Effective Care Management Enterprise



Community-Based Medical Specialists

Cardiology
Medical Oncology
Endocrinology
OB/GYN



Primary Care

Internal Medicine
Pediatrics
Family Medicine
Hospitalists

Financial

The setup costs for a CI network can be substantial but may be outweighed by benefits of the network, including cost savings, avoided employment costs, and the ability to achieve bonuses on value-based contracts. For physicians, contract structure is the most relevant financial concern. In a CI network, there is no monetary transfer between hospitals and physicians. However, as an antitrust safe harbor, CI providers can jointly negotiate increased physician reimbursement rates and pay-for-performance bonuses with large employers or [commercial insurers](#). CI's value to the payer is that care coordination and improved performance on clinical metrics will ultimately decrease the cost of care. Higher physician payments therefore serve as recompense for provider costs and efforts incurred to establish CI networks. As some payers are skeptical of CI's financial value proposition, many CI networks negotiate at-risk contracts in which physicians benefit through shared savings agreements instead of higher physician base rates.

Operational

For physicians, joining a CI network will allow for participation in performance improvement in a more comprehensive way than they likely have before. Both hospitals and physicians will need to invest in processes and systems for enhanced communication.

How might Clinical Integration affect IT?

CI Networks Will Need Interoperability

- Closer working arrangements between hospitals and physicians demand that their technologies communicate with each other.

Need to Meet the Needs of Two Constituencies

- Hospitals and physicians may have different and conflicting priorities for their IT infrastructure. This may include addressing ambulatory and inpatient systems. Establish IT and data governance structures that can help prioritize across all entities.

Meeting CMS Pay-for-Performance Objectives

- As many hospitals base clinical improvement efforts on measurable improvement in CMS pay-for-performance metrics, the technology needs to be able to support both the measurement and the performance improvement initiatives.

Additional Advisory Board research and support is available



If you would like to learn more about physician alignment, please contact your institution's Dedicated Advisor. To see how hospitals are using CI networks to drive population health, please view [Why You Should Care About Provider Integration](#).

Source: Advisory Board Research and Analysis