



Physicians Caring for Texans

Project Charter Summary

Texas Medical Association
Physician Services Organization for Patient Care

July 8, 2013

1. TEXAS MEDICAL ASSOCIATION

The Texas Medical Association (TMA) is the largest state medical society in the nation, representing more than 47,000 physician and medical student members. Located in Austin, TMA has 112 component county medical societies throughout the state. TMA's key objective since 1853 is *to improve the health of all Texans*.

TMA's mission, "to support Texas physicians by providing distinctive solutions to the challenges they encounter in the care of patients," is the result of 160 years of responding to the needs of Texas physicians. Why? Because it is TMA's firm belief that better health outcomes are achieved when physician practices are thriving and efficient. To that goal, TMA provides a voice for physicians across Texas regarding the issues that impact the financial and operational health of their practices, and the health of the patients they serve.

2. PREFACE

Health care across the country and in Texas has become an increasingly difficult undertaking. Physician practices are experiencing a downward trend in profitability, according to the Practice Profitability Index – Tracking the Operational and Financial Health of US Physician Practices (2013). Health care reform has created a headwind for many practices, with the expected administrative requirements coming at the expense of patient care. For example, the report indicated that a majority of physicians say they lack the resources to bring on any of the 30 million new patients entering the health care system as a result of the Patient Protection and Affordable Care Act (PPACA). Meanwhile, many physicians report spending more than 20 percent of their time – the equivalent of one day each week – on administrative tasks instead of patient care.

Although health care is big business, individual physician practices are small businesses – mostly very small and often struggling. About 34 percent of Texas physicians are solo practitioners; another 38 percent are in small groups of two to six physicians. These small practices each employ four to five additional workers per physician and have relatively large overhead expenses. Two-thirds of all Texas physicians, including those in larger groups, report having trouble covering payroll and other practice expenses because of difficulties in collecting timely or adequate payment from insurers and government payers.

Likewise, physicians in large group practices, or those who have aligned themselves with integrated delivery systems, are scrambling to prepare their care teams and practice infrastructures for new delivery and payment models. Many are overwhelmed by a myriad of practice options, vendor options, and lack of data to assist them in managing their patient populations. Many have experienced failed electronic medical record implementations and seek simpler solutions.

The rules, regulations, and complexity of modern-day health care interfere with the patient-physician relationship. *This patient-physician relationship is the cornerstone of good medicine and good health care, and forms the foundation of TMA's goal to strengthen physician practices, preserve patient-centric care, and strengthen operational and financial practice viability.*

As a result, TMA is creating a physician services organization to enable physicians to obtain the resources, services, and technology they need to strengthen their practices and to improve the health of the patients they serve.

3. BACKGROUND

The TMA Board of Trustees and its management embarked on this journey because they recognized Texas health care needs a strong physician “point-of-view” in its collaboration with payers (including government), hospitals, and other service delivery organizations. As a first step in this process, TMA held a very successful DesignShop™ event in August 2012.

This successful strategic planning session included a cross-section of physician leaders, payers, employers, and others selected for their clinical, business, technology, and health care delivery acumen. More than 90 recommendations were distilled from the session and assigned to TMA councils and committees for review, research, and possible implementation.

The upshot of this event resulted in TMA establishing these hallmark goals for the project:

1. To create the capability that allows physicians to be accountable for the total cost and quality of care in their patient populations, and
2. To pilot collaborative care models that will enable TMA members to succeed in market-appropriate strategies, including remaining clinically and operationally autonomous through economies of scale.

To assess the feasibility of and level of interest of TMA membership in these goals, the board commissioned the PSO Task Force, which comprised several board members, along with representatives from the councils on Health Quality, Practice Management Services, and Health Promotion; payers; and external strategic advisors. The task force refined the DesignShop goals into more cogent, attainable objectives:

With the support of strategic and fiduciary partners, TMA will:

1. Create a Physician Services Organization for Patient Care (PSO) that will enable physician practices to improve their performance; streamline and improve billing processes, practice management operations, staffing needs, and associated technologies; and return the physician’s primary focus to where it belongs: patient care.
2. Pilot collaborative care models that will provide a fully integrated delivery system in the form of value-based care or accountable care organizations (ACOs).

These goals provide the infrastructure in which TMA members can pursue strategies that make sense for their market setting, whether it be to remain autonomous and independent, or to join forces and collaborate operationally and clinically.

4. CHARTER GOALS

On behalf of Texas physician membership, TMA leadership is addressing the current state of health care delivery in Texas (and elsewhere in the country), and developing a plan for the future.

- *Concern for the path ahead.* The health care system is fraught with red tape, complexity, and ever-changing regulatory guidelines. The PPACA and changes within Medicare and Medicaid flood physicians with further adversity, including increased demand for care and decreased payment. As the financial and practical challenges of physician practice continue to strain the viability of already-overburdened practices, TMA understands the need for dramatic change.
- *Institutional leadership and support.* TMA will begin to preserve physician practices across Texas by ensuring their ability to remain autonomous, to practice medicine as appropriate, to choose their own level and design of aggregation, and to return the physician focus to the patient-physician relationship. Services and technology-enabled solutions will increase practice efficiency and reduce cost, both administratively and clinically. TMA will provide the infrastructure and services so that member physicians can succeed.
- *Dedicated partners.* TMA has strong support from its membership, leadership, payers, and other dedicated parties to ensure the success of the PSO. TMA will form vendor relationships that enable physicians to adopt value-based care functions, and provide individual physicians the ability to leverage best-in-class analytics, technology, services, and resources that they could not otherwise obtain.

Goals: Physician Services Organization for Patient Care

The guiding principles of this PSO are to:

- Improve the quality of care for all Texans;
- Provide
 - Administrative simplification to physician practices,
 - A stable health information technology infrastructure,
 - Quality and performance improvement initiatives, and
 - Experience with risk-based contracts;
- Improve the financial and operational viability of physician practices;
- Lower the total cost of health care in Texas; and
- Be a success story for other markets, demonstrating models that are both scalable and repeatable.

The PSO delivery model will empower member physicians to compete on quality and cost, and to attain market advantage with consumers, payers, physicians, and other providers through shared savings.

5. BUILD, DESIGN, AND OPERATE

TMA's efforts to provide physicians with the foundation and infrastructure they need to maintain financial viability and independence in today's changing health care marketplace enables efficiencies in practice operations and cost, and empowers physicians to aggregate clinically by choice.

For example, through the TMA PSO, an individual physician may utilize population health data and ancillary services to achieve meaningful use status. Physicians also will be able to measure patient outcomes and use that data for practice management and in payer contracting. Increased practice efficiency will lead to strong independent practices that can demonstrate positive outcomes to payers, thereby improving practice viability and improving patient health.

Developing a PSO is complex and thus will be segregated into "buckets" based on the following factors:

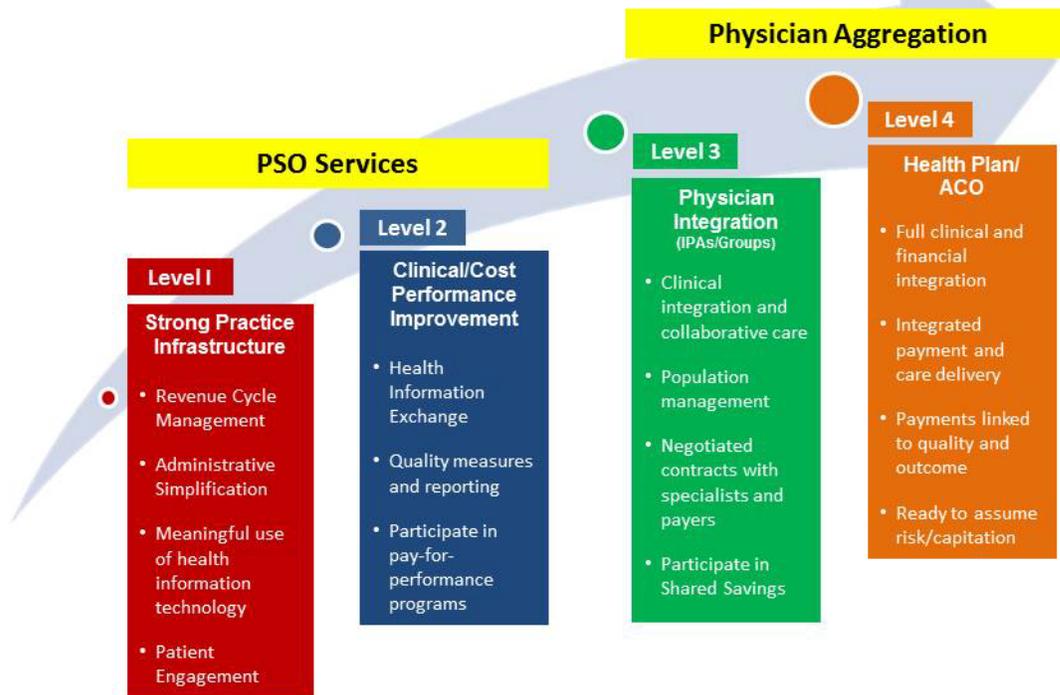
- *Practice Management, Immediate Need, or Ease of Implementation:* Services and capabilities that are deemed immediate need for physician practices, or those that may be purchased, implemented, or offered quickly and easily. These priority services and capabilities will immediately support struggling practices and offer services based on market need. Examples include:
 - Revenue cycle management
 - Computer-assisted coding (CAC)
 - Financial analytics
 - IT network management
 - Actionable information on quality, cost, patient satisfaction
 - Credentialing
 - Virtual office – appointment setting, scheduling
 - Mobile capabilities
 - Accounting services
 - Operational assessments
 - Human resources services, support, benefits
 - ICD-10 conversion and compliance
 - Education and training (including CME)
 - Group purchasing
 - EDI services (834/837)
 - Compliance plan development
 - Risk assessment
 - OSHA compliance
 - Financial policies
 - Internal coding audits
 - Education on practice options and strategy development

- *Collaborative Care Needs:* Services and capabilities required in addition to the core practice management services described above. For example, these services may be required for participation in value-based care, clinical collaboration, and population health management. Examples include:
 - Health information exchange (HIE)
 - Connectivity among entities
 - Electronic medical records (EMRs)
 - Patient portals
 - Physician portals
 - Clinical analytics
 - Population analytics
 - Clinical transformation
 - Health information service provider (HISP)
 - Strategic practice consulting
 - Care management
 - Financial analytics
 - Electronic medical record (EMR) technology
 - Communications
 - Network and contract services
 - Provider financing

- *Growth Opportunities:* Services and capabilities that either are deemed ancillary to core services and capabilities, or require significant implementation or transformation from existing services. These services offer great growth opportunity for the PSO, but will take time to develop and sell. Examples include:
 - Legacy IT modernization
 - Cloud services
 - Mobile capabilities
 - Actionable information on quality, cost, patient satisfaction
 - Patient engagement
 - Physician engagement
 - Network management consulting
 - Patient safety and quality compliance
 - Medical necessity
 - Privacy and data security
 - Meaningful use compliance

The following graphic depicts the roadmap and vision TMA developed on behalf of its membership, detailing the capabilities and infrastructure needed for practice viability, autonomy, and aggregation. This model is not exclusive to Texas. TMA is leading the charge for other state and local medical societies to engage.

TMA Service Continuum



6. PARTNERS, SOLUTIONS, AND CAPABILITIES

Designing, building, and operating a PSO is a major undertaking. The first decision on this path was whether to build new products and service offerings for Texas physicians or to partner with existing companies to offer “best-of-breed” and “value-added” products already in the marketplace. The TMA PSO Task Force made the decision not to build from scratch, but rather to collaborate with strategic partners to provide existing products and services, in many cases to be “white-labeled” under TMA.

Given this initial decision, the next steps are to identify the companies with appropriate products and service offerings that meet PSO requirements.

TMA has engaged Three-Sixty Advisory Group, LLC (Three-Sixty) to assist with developing, selecting partners/solutions for, and implementing the PSO, and to help with strategy and governance as part of the long-term vision on behalf of TMA. As such, Three-Sixty will work with TMA to prepare a Project Charter, a formal Request for Information (RFI), and subsequent Request for Proposals (RFPs) to define and determine potential solutions, capabilities, and partners.

To participate in the RFI process (responses are due Aug. 9, 2013), send email to tmapso@texmed.org.