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More practices joining hospitals

Local doctors part of growing trend toward integrated medical services

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One of the region's largest cardiology practices is about to become part of Greenville Hospital System, mirroring a national trend of hospitals increasingly employing physicians.

From primary care to specialists, the number of doctors employed by GHS has quintupled over the past decade to 569 at about 120 practice sites, according to Jeffery M. D'Agostino, executive director of physician network development. And that number is expected to grow to 739 by 2012.

The latest to join is Carolina Cardiology, with more than 30,000 patients, 27 physicians and 120 employees in Anderson, Greenville, Greer and Simpsonville, said partner Dr. Trey Chandler.

The arrangement, which is expected to be finalized this month, should be seamless for patients, he said.

Dr. Jerry Youkey, vice president for medical and academic services at GHS, said employing physicians is part of the hospital's strategic plan to become an integrated delivery system, which is a network of providers that offers a continuum of health care services to a region.

"Cardiology is the next piece we're working on," he said.

GHS is looking to offer all the specialties eventually, he said.


Lominack


Chandler


Youkey

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There are about 1,100 practicing physicians in Greenville County, according to the Greenville County Medical Society.

Before 1994, GHS employed physicians only as faculty, said Dr. William Pat Marshall, medical director of GHS's University Medical Group, whose Riverside Family Practice was one of the first to come on board.

But as health care moves toward greater accountability, he said physicians and hospitals need to change the way they work together. Doctors increasingly use standardized protocols to maximize outcomes and enhance efficiency, for example, he said.

GHS and Carolina Cardiology have been in serious talks for about a year, said Chandler, noting the move toward integration of services.

"American health care has been at times fragmented," he said. "There is a greater push for true integration, where the primary care doctor has access to the same electronic medical record as the surgeon and cardiologist, so everybody is thinking about the patient in the same way."

It is a nationwide trend, said Alwyn Cassil of the Center for Studying Health System Change, a nonpartisan health policy research organization in Washington.

"There's an interest, particularly on the part of younger physicians, of being in an employed situation because of lifestyle issues, more support, and so on," she said.

What makes it attractive to hospitals, she said, is getting patient referrals.

"It does boil down to aligning physicians with your hospital in hopes of capturing that patient base," she said.

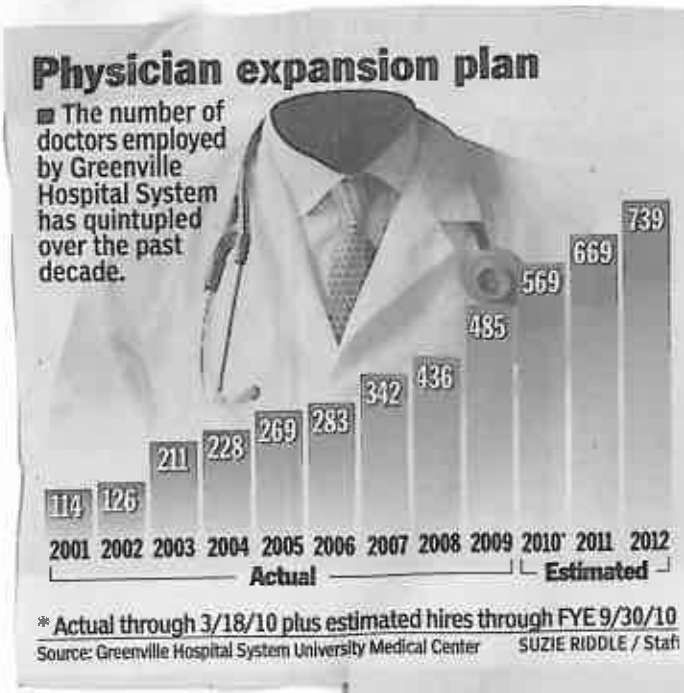
Hospitals also may want to enhance a service line, such as cardiology, and having those specialists can help them develop and market those programs, she said. Another benefit for hospitals is solving the problem of emergency on-call coverage, she said.

Another factor driving the trend is the expected shift from a fee-for-service reimbursement model to bundling of payments in an attempt to improve quality and control the nation's ever-spiraling health care costs, Cassil said.

"There is a firm belief that if you can get all the people involved in a patient's care to coordinate what they're doing and be more jointly accountable for what happens to that patient, you will improve quality ... and save money too," she said.

Youkey said an integrated model enables the hospital to save by avoiding duplication of services. For instance, a patient who gets an X-ray at a physician practice and is then sent to the hospital would typically get another X-ray there. With an integrated system, he said, that test can be accessed by the hospital and any other physicians in the system.

But these arrangements may have some unin-



tended consequences, Cassil said, such as the growing market power of the dominant hospital system and its ability to command higher fees from insurers. That could drive up costs, she said.

"You can see the logic of changing the incentives of the system we have now," she said. "How it pans out remains to be seen."

Columbia health care consultant Lynn Bailey has some other concerns, such as whether the doctor's allegiance will be to the patient or his employer. She also worries about reduced consumer choice.

Bailey also says the practice consolidates care without public or patient input. She said a certificate of public advantage should be required for such proposals to make sure they benefit the public and don't violate antitrust laws.

"When push comes to shove, is it the hospital making the decision or the doctors?" she asks. "The patient is at greater risk of being marginalized."

The best integrated delivery systems, such as The Mayo Clinic, are run by physicians with hospitals serving a supportive role, she said.

Youkey said GHS's system is physician-led, that patients are always the first priority, and that they have a choice of hospitals. Chandler and Dr. Ed Lominack, founding partner of Carolina Cardiology, said those were among the reasons they agreed to the move.

The arrangement calls for the practice to continue operating as it always has, including referring patients to other hospitals, Lominack said. It's also been promised autonomy in clinical practice, scheduling and hiring of doctors, he said.

Lominack added that the doctors also will benefit by seeing their malpractice costs halved, they'll have more negotiating power with insurers, and while the practice already has electronic medical records, interacting with the hospital will afford greater sophistication.

The hospital is also able to pass on savings in billing and paperwork, for example, because of its size and infrastructure, Youkey said.

The way these arrangements are typically structured, the hospital purchases the practice's assets, such as equipment and buildings, at fair market value, then pays the doctors based on their specialty and productivity, he said. The cost of the deal wasn't disclosed because of a confidentiality agreement.

Under the agreement, the hospital is paid for procedures and treatment previously paid to the practice, he said. And that makes the deal affordable, a concern in a time of shrinking reimbursements and reduced business because of the recession.

The doctors say they expect the arrangement will improve care at both entities, with the physicians bringing their knowledge base and experience to the hospital and the hospital offering the opportunity for the doctors to provide more services.

"It's a win for us, a win for the hospital and a win for our patients," said Lominack.