

Testimony of

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***Identifying Opportunities for Health Care Delivery
System Reform:
Views from the Front Line***

**Committee on Health, Education, Labor, and Pensions
United States Senate
May 16, 2012**

“We are in a battle for the soul of American Medicine.”

- Atul Gawande, M.D.
Care Innovation Summit
January 26, 2012

“This is a historic moment. We are facing the challenge and opportunity of our professional lifetimes.”

- Dr. Richard Gilfillan
Director, CMS Innovation Center
Care Innovation Summit
January 26, 2012

Good morning, Chairman Harkin, Ranking Member Enzi, and members of the committee. Thank you for this opportunity to present a snapshot of our work at Coastal Medical and to share our view from the front lines of the American healthcare system. With the total healthcare spend approaching 18% of the GDP, and estimates that 20-30% of that spend is waste, the above statements by Atul Gawande and Richard Gilfillan in January at the Care Innovation Summit here in Washington, D.C. appear to be correct. The status quo of healthcare costs and healthcare delivery is not sustainable.

Coastal at a Glance

Coastal Medical is a physician governed medical group practice that was founded 17 years ago in Providence, Rhode Island. We employ 91 providers and provide primary care to 105,000 Rhode Islanders, who represent 10% of the population of our state. I was one of the founding members of Coastal Medical in 1995, and this is my 4th year as CEO. I stepped away from community based internal medicine practice at Coastal just 6 months ago, after 20 years of service to patients.

A Unique Organization

We believe Coastal Medical represents a fairly unique type of medical organization. Our practice model and organizational structure are very different from that of larger integrated systems such as Intermountain and Virginia Mason. At the same time, we are also very different from small two and three doctor primary care practices; and we are different as well from most primary care practice groups, which tend to be smaller in size than Coastal and don't have as much infrastructure in place to support the individual offices.

Coastal Medical is a case study of the process of building a progressive medical organization from the ground up. We began in 1995 with the merger of seven small private practices, and have grown since that time by adding small practices and recruiting residency graduates. In 2006, Coastal made the critically important decision to implement an integrated Electronic Medical Record (EMR), which has enabled much of our practice transformation and clinical quality improvement work. Interestingly, EMR adoption also served to really crystallize our group identity in a manner that we had not anticipated.

In 2007, Coastal became a founding member of CSI-RI, the state's Patient Centered Medical Home (PCMH) demonstration project and a MAPCP demonstration site. Coastal physicians and staff have served in leadership roles at CSI-RI since its inception. In 2009, we embraced PCMH practice transformation at Coastal as the cornerstone of our strategic plan, and in early 2011 every Coastal practice achieved NCQA level 3 recognition. In 2010, Coastal's adult practices joined the RI Beacon Communities program of the ONC. In September of 2011, 49 Coastal physicians were amongst the "Meaningful Use Vanguard" group of physicians who were honored as first in the nation to achieve Meaningful Use. In 2011, the Coastal Medical Board of Directors determined that the provision of accountable care will serve as the singular focus of our organization.

The Importance of Federal Incentive Programs in the Evolution of Coastal Medical

We have received crucial support from federal incentive programs as our organization has evolved. Coastal's PCMH practice transformation and increasingly sophisticated use of the Electronic Medical Record (EMR) have been driven by incentives made available through the Meaningful Use, Regional Extension Center, and Beacon Communities programs. Those programs helped fund the infrastructure upgrades we needed to do the work of reporting on quality measures, improving performance on quality measures, enhancing our use of the EMR, and changing workflows in our clinical offices.

Our experience with CSI-RI, a Multi-payer Advanced Primary Care Practice (MAPCP) demonstration site, taught us valuable lessons about PCMH implementation. Very early in the CSI-RI program, it became abundantly clear that the EMR is an essential tool for measuring and reporting the quality of clinical care. Another early lesson was the central role that a Nurse Care Manager can play as a member of the PCMH team, coordinating patient care and engaging patients in managing their own health.

The Medicare Shared Savings ACO and Advanced Payment Model program opportunities are now important drivers of Coastal's strategic decision to embrace accountable care. Our applications to those programs are pending, and we are hoping to be approved for a July 1 start

date. An organization of our size will benefit greatly if we are able to access the working capital provided by the Advanced Payment Model. Such funding support will accelerate the delivery system reforms that we intend to accomplish.

Coastal's Experience with Blue Cross Blue Shield of Rhode Island

At Coastal, we recognize accountable care is our future, and are already engaged in a commercial shared savings contract with Blue Cross Blue Shield of Rhode Island (BCBSRI). That contract went into effect January 1st, and it is the first of its kind in Rhode Island. Our creative work over the last several years with BCBSRI is a fine example of what can be accomplished in a collaborative relationship between a payer and a provider group that are both committed to meaningful reform. What we are learning very rapidly is that analyzing and understanding the total cost of care for a population is a very complex task that Coastal and BCBSRI need to learn more about together. Just last week, BCBSRI agreed to "embed" a data analyst at Coastal three days a week to help us create the level of understanding and reporting of utilization and cost analytics that we will need to create actionable recommendations for our providers.

Our ultimate goal at Coastal is alignment of payment methodology across all payers, including Medicare, for every Coastal patient - so that patient care becomes blind to insurance coverage and every resource is available for every patient in our practices.

Setting a New Standard

We reject the status quo in our industry, and aspire to set a new standard for patient experience, access to care, reported clinical quality, and cost efficiency. In the setting of a total medical spend in the U. S. that is approaching 18% of the GDP, and estimates that 20-30% of that entire medical spend is waste, we reject goals such as "bending the cost curve". Instead, we have committed ourselves to ***reduce the total cost of care for our populations of patients by 5% by the end of 2014***. Already, we can point to significant accomplishments in our efforts to reduce costs, and most of our potential in this endeavor has yet to be realized.

Our new "Coastal 365" campaign will let our patients know that we will now have an office open where they can be seen by a primary care physician 365 days a year. And we will maintain the performance on clinical quality that helped us achieve 20 out of 20 clinical quality targets for our 2011 Blue Cross contract, and made us the first practice in the Rhode Island Beacon Communities Program of the ONC to achieve every clinical quality target for that initiative in the first quarter of 2012.

Return on Investment

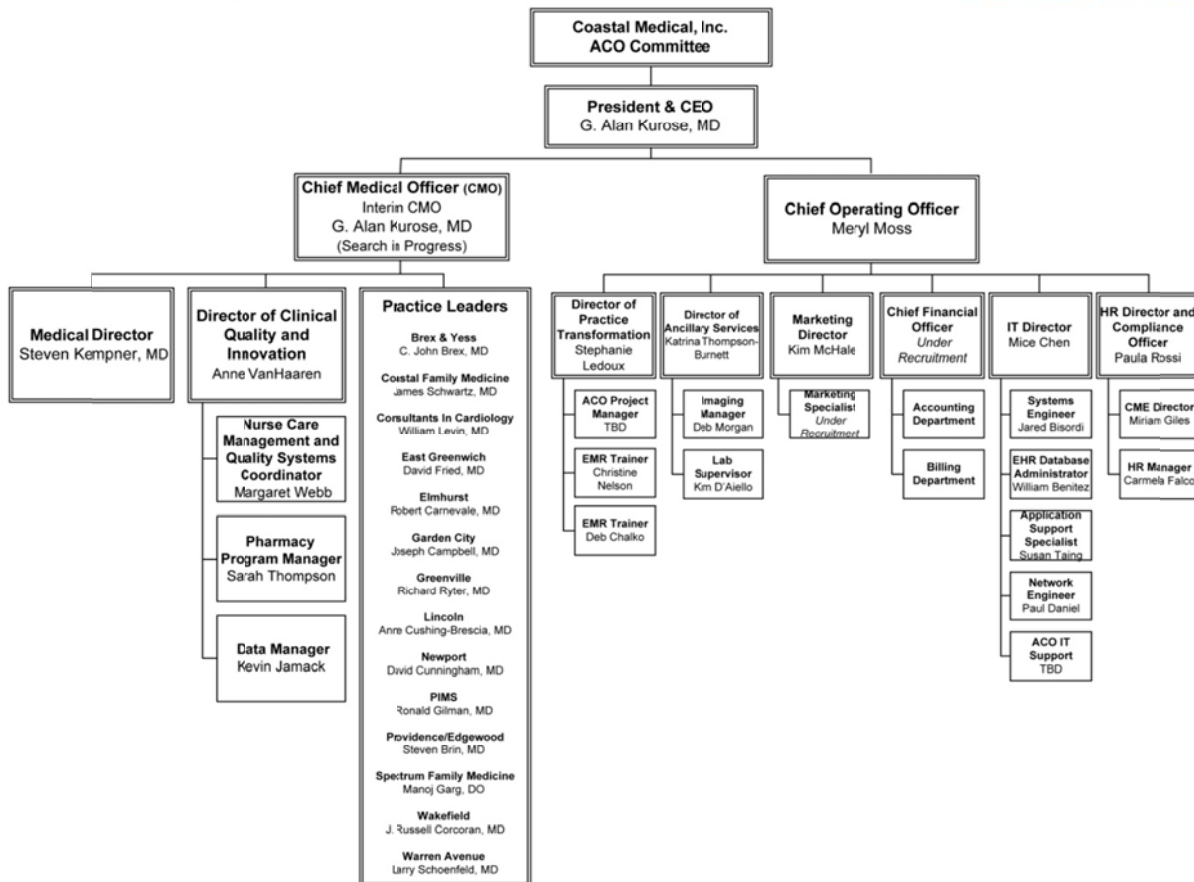
If one examines Coastal as a case study of the process of building a progressive medical organization from the ground up, it is reasonable to consider the investment made by the federal government in the form of incentive funding that Coastal has been able to access, and to ask: “What has been built?”; “What are the results to date?”; and “How does the care look different?”

Infrastructure Development

The answer to “What has been built?” is shown in our organization chart below. We believe that we have created a lean but sufficient infrastructure to support successful execution of accountable care. We expect to identify additional modest staffing needs as we progress in our evolution as a primary care driven ACO. Coastal remains very much a work in progress, as evidenced by the fact that our first Chief Medical Officer and our first Data Manager were both hired within the last month.

Coastal Medical, Inc. Accountable Care Organization Chart

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Modified 04.23. 2012

Performance on Quality

A few highlights of our performance in achieving quality targets are shown in the table below.

Coastal's Performance on Quality Metrics (BCBSRI, CSI-RI, and Beacon)

Quality Measure	Coastal Performance	Target
Diabetics with Good Blood Sugar Control	69.8%	>65%
Good BP Control (<140/90)	79.1%	>68%
Tobacco Cessation Intervention	81.4%	>80%
Fall Risk Screen in Elderly	82.0%	>65%
Depression Screening	76.9%	>50%
<i>Pediatric</i>		
Appropriate Rx Upper Respiratory Infxn.	97.5%	90%
Weight Assessment & Counseling	99.6%	60%
Adolescent Immunizations	94.3%	90%
Obtaining Sexual History	100.0%	50%

Performance on Utilization and Cost

At the moment, Coastal has access to utilization and cost data only for its BCBSRI Commercial and Medicare Advantage populations. All payer utilization data is expected shortly for our two CSI-RI practices. Some highlights of our utilization and cost performance for our BCBSRI populations in 2011:

- **Medicare hospital days/1000 reduced by 13% vs. 2010**
- **Medicare readmission rate reduced by 27.6 % vs. 2010.** (Coastal rate is 13.7%. RI rate is 20.51% (47th in US). Best state rate in the U.S. is 13.64%)
- **Total cost of care for Coastal's BCBSRI population in 2011 was \$6 million less** than if risk adjusted cost per member were the BCBSRI network average.
- **Total cost of care for all Coastal BCBSRI members increased by just 1.5% in 2011.**

Patient Centered Care

Care *does* look different to Coastal patients today versus just a few years ago. Some highlights:

- Every phone call is now answered "Hello, Coastal Medical. Would you like to see a provider today?"

- Pediatric offices are open seven days a week. Our adult Saturday clinic opened in January of 2011. We are opening an adult Sunday and holiday clinic on July 1 (see “Coastal 365” above).
- A completely redesigned patient oriented website went live two months ago. Educational links, information about immunization clinics, and health and wellness features are just some of the offerings.
- Our patient portal to the EMR went live in January, 2012.
- A Nurse Care Manager works in every Coastal office.
- Clinical Pharmacists rotate through every Coastal office.
- Community based Nurse Care Managers contact every patient within two days of hospital discharge and often see patients during their hospital stay.

Our Message from the Front Lines

At Coastal Medical, we recognize the status quo of healthcare costs and healthcare delivery is unsustainable. We welcome the challenge of accountable care, and believe that our technologically enabled, physician governed primary care organization provides an example of a fairly unique primary care driven ACO model that allows smaller practices to join together and embrace accountability for the Triple Aim goals of a population of patients.

Federal incentive programs have been vitally important to our growth and development to date. Also, RI Health Insurance Commissioner Chris Koller has implemented an “Affordability Standards” mandate which compels commercial payers to increase their primary care spend each year, and this has brought commercial payers to the contract negotiating table with an additional incentive to invest in Coastal’s infrastructure development.

We have had much success implementing practice transformation to a Patient Centered Medical Home (PCMH) model of care. Enhanced physician, staff, and patient satisfaction and improved reporting and performance on quality of care have been important benefits of our PCMH work. However, we also recognize that **PCMH practice transformation is an interim step and not a final stage of development for progressive primary care practice groups.** Continuing the work of transforming care delivery and advancing our capability to manage the care of populations will require more sophisticated use of clinical, utilization, and cost data; and new types of interventions based on what that data can tell us.

Understanding and managing the total cost of care for our patient population is our newest challenge, and we are diving into that work at this very moment, upgrading our infrastructure once again to keep pace as our payment and care delivery models continue to rapidly evolve.

Coastal's experience of collaborative work in the Rhode Island primary care community suggests that **there is a widespread need for practices to have access to sophisticated analytic reports regarding utilization of services and cost of different types of care for their patient populations.** Mechanisms to support practices in gaining access to such data and analysis may be a reasonable area to consider for investment in new federal incentive programs.

There is also little transparency of pricing of healthcare services in the Rhode Island market. This circumstance places both individual consumers (many of whom are now on high deductible health plans) and groups like Coastal at a disadvantage as we attempt to control healthcare costs. Measures to improve **transparency of pricing** appear from our point of view to be another area where new initiatives might help support a rational approach to controlling healthcare costs.