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## HealthSpring hopes cozy clinic makes seniors feel right at home



**HealthSpring CEO Herb Fritch, right, and Sid King, MD, left, managing partner of Sumner Medical Group, show off their new medical offices in Gallatin.** JEFF ADKINS / FOR THE TENNESSEAN

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Published: Monday, 11/27/06

With its stone fireplace and pine-paneled walls, HealthSpring Inc.'s first private clinic has a homey feel you don't usually find in a doctor's office.

There's a country-style kitchen where Medicare Advantage enrollees can learn to cook healthier meals and a "story room" where they can record CDs of family stories to give their children and grandchildren. Seniors who come for an office visit can call family anywhere in

the country for free.

Doctors at the Gallatin clinic, which will begin seeing patients Dec. 4, will use sophisticated electronic medical records to track prescriptions and stay on top of chronic health problems, but patients, nearly all of whom are 65 years old or older, will be given old-fashioned three-ring binders, which nurses will update after each visit.

It's all part of a plan by Nashville-based HealthSpring to build market share and provide better care to seniors while controlling costs and collecting more money from Medicare.

If the first clinic clicks with patients, the company plans to build several more in other markets in the coming year, said Herb Fritch, its chairman, president and chief executive.

One of the keys to HealthSpring's strategy is customer service, including an emphasis on staying well and avoiding costly complications.

Take the three-ring binders, for instance. Web-based records might be easier for some younger patients to use, but only about 16 percent of HealthSpring's Medicare members are online. "We're going to go with something they're comfortable with," said Dr. Sid King, managing partner of Sumner Medical Group, which has an agreement to staff the clinic.

Patients will be urged to carry their binders if they see a specialist or visit the emergency room so other doctors can read their medical histories and avoid prescribing unnecessary tests or drugs that could interfere with drugs the person already is taking, King said.

### Learn to relax

HealthSpring also wants members to feel comfortable physically.

In the kitchen, the table and chairs are a few inches taller than the average dining set so seniors can ease themselves down or push themselves up more easily, King said.

And rather than asking them to don gowns that tie awkwardly in the back, HealthSpring's clinic, called LivingWell, will use comfortable robes, and its examination tables will be heated.

HealthSpring, one of the nation's largest managed-care organizations focused on the Medicare Advantage market, with about 111,500 members in five states, spent \$1.5 million to \$2 million on the first clinic. Originally, it planned to build as many as five additional clinics in 2007, but Fritch said it may double that number.

"It's a big investment," Fritch said, but "we think in the end that it's probably well worth it."

One reason is that the clinics could give HealthSpring an advantage over competing Medicare plans. Medicare is the federal government's health plan for people 65 and older and some younger people with disabilities.

Under ordinary Medicare, doctors and other providers bill the federal government for services they perform, but under Medicare Advantage, the government pays health plans a set amount for each person they cover.

"Of the publicly traded companies (in the Medicare Advantage sector), they're the only ones doing this," said Brian Wright, a stock analyst with the investment firm Jefferies & Co. "I think it's a really interesting, intriguing idea," one that other health plans may copy in the future, said Wright, who rates HealthSpring's stock a "hold."

But while the proposed clinics could help HealthSpring attract new members, Fritch said, they also should help the company improve the quality of care its members receive while controlling costs.

To that end, LivingWell will use electronic medical records to help doctors stay on top of chronic problems and remind them to perform tests proven to help reduce costly complications in most patients, he said.

"It's cheaper to keep people healthy," Fritch said.

### **Cutting medical costs**

This summer, HealthSpring released the results of a pilot program in which Sumner Medical Group's doctors received higher fees for performing recommended tests.

By paying closer attention to chronic conditions such as diabetes and heart disease, the doctors helped reduce emergency room visits by HealthSpring Medicare Advantage members by about 19 percent and hospital admissions by about 10 percent, both of which helped reduce medical costs.

The amount the government pays depends on a patient's medical condition. On average, it pays HealthSpring \$676 a month for each person in its Medicare Advantage plan, Fritch said. It pays the company less money per month for covering relatively healthy patients and more for those with certain complications.

For example, HealthSpring gets about \$120 more a month for patients with uncomplicated diabetes but about \$400 more if those patients have diabetes-related circulatory problems, Fritch said. In order to receive the higher amount, doctors must document the complications on Medicare billing statements with a special five-digit code.

It may be a difference of only a few hundred dollars per patient, but "if you get a few thousand of those, it starts to add up," Fritch said.

Fritch also hopes the LivingWell clinics help bring in more money from Medicare.

Dr. James Powers, director of senior care services at Vanderbilt University Medical Center, said he sees no reason why HealthSpring's idea shouldn't work.

"That's just an ideal model of care," said Powers, who isn't affiliated with HealthSpring or Sumner Medical Group. "The more you can make it home-like and tailor it to the needs of the elderly patient, then you will enhance their care. Wouldn't it be nice if more physicians were able to provide that level of service?"

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