

## Building Partnerships HealthSpring's IPA, IPOD Program Balances Risks, Rewards

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When most people think of an iPod, the image is inevitably linked to ear buds and hand-selected tunes. For physicians in Tennessee, HealthSpring's IPOD and IPA programs have an entirely different meaning, but the terms are still music to the ears of some providers looking for a payer relationship outside the norm.



An IPOD is an Independent Physician Organized Delivery System (also referred to as IND POD), and an IPA is an Independent Physician Association. IPAs are not a new concept — HealthSpring of Tennessee President Shawn Morris said his company's roots really go back to IPA management. However, the working relationship between the IPA and health plan is quite unique in the HealthSpring model.

An IPA, Morris explained, is a legal entity formed by physicians that oversees and manages professional services rendered. While an IPOD is similar, it is not a formalized legal entity. In both cases, physicians create a managed healthcare system of primary care providers and specialists and accept varying degrees of responsibility and risk tied to efficient patient management. In the HealthSpring model, IPAs accept more risk than IPODs but also have the opportunity to reap more financial rewards.

An important part of the HealthSpring platform, Morris said, is that the vast majority of the decision-making is turned over to the physicians. This includes decisions such as choosing the specialty network, when to refer, which tests to run and what preventative measures should be employed.

“We really want to revolutionize the healthcare of our members by empowering physicians ... that really gets to the heart of what we believe,” he said.

The physicians set up their own networks, which tend to be very localized. While a primary care physician has to affiliate with only one IPA or IPOD, a specialist can be affiliated with multiple groups. Tennessee Quest, a wholly-owned subsidiary of HealthSpring, was set up to contractually manage the operations of the IPAs and assist IPODs in their operations. Morris said one of the many services Tennessee Quest provides is to capture data on referral patterns thereby helping an IPA or IPOD formalize what was already in place as an informal network.

Internist Dr. Bob Berkompas sits on the board of his three-year-old IPA — the Saint Thomas Medical Network in Nashville, which has close to two dozen primary care physicians in the company plus a wide range of specialists.

“It was a partnership with the insurance company first of all,” he said of the decision to form the entity. “They gave us the opportunity to manage our patients and ... through improving patient health ... to share in the dollars that are saved.”

He added that other managed care companies have also promised bonuses, but “somehow they never materialize.” Berkompas pointed out, “In this case we have a much greater say in how the dollars are spent because we assume the risk on our part so we can better track the dollars. There's a downside,” he continued, “If we don't do a good job ... then guess what ... we suffer the consequences, but that has not been the case so far. We've received bonuses each year.”

IPAs are given an annual budget based on their specific HealthSpring patient load and asked to absorb the risk if professional service costs exceed that amount. For this reason, the concern has been voiced that patient care might suffer in the face of cost-savings efforts. Morris soundly refuted this notion saying that physicians “will do what’s right.” He added that physicians have the ability to review information that monitors under utilization, plus there are plenty of incentives to make clinically sound decisions.

“No physician wakes up and says, ‘I’m not going to provide good care today,’” he asserted.

The HealthSpring model, he continued, is very focused on preventative care. Most of the physician associations, he noted, are also part of the company’s pay-for-quality program (see sidebar) that monetarily rewards following best practice preventative guidelines. Furthermore, annual bonuses are tied to quality parameters set upfront by the IPAs/IPODs.

Morris categorized the model as a win/win/win for all involved. For patients, he said, they have benefits exceeding those of Medicare. Plus, they receive coordinated care through a focused network of primary care physicians and specialists who have full access to health and prescription information, which has typically not been shared by other health plans. The focused network also encourages an exchange of ideas and expertise among colleagues to the benefit of the patient.

Berkompas said that by using a set network of specialists, he believes there is improved communication. He added, increased volumes also mean a relationship develops between the primary care provider and specialist, which enhances patient management.

The model also encourages members to build a relationship with their primary care physicians during annual well visits that are covered at 100 percent.

“We believe the coordinated care model through a primary care physician is the way to go with seniors,” Morris said, noting that Medicare members make up more than 90 percent of the company’s covered lives in Tennessee.

Every senior ... whether their physician is part of an IPA/IPOD or not ... receives a Personal Assistant Liaison (PAL), he continued, to help them smoothly enter the system by setting up the initial primary care appointment. The PAL is also a member’s point person to outline benefits such as free YMCA membership, to arrange transportation as needed and to help facilitate finding answers to questions.

“In our model, we want to get you in early and try to keep you healthy,” Morris said of the emphasis on preventative medicine and chronic disease management.

In addition to working in a coordinated care model, a primary impetus for physicians to participate in an IPA/IPOD is, of course, economic.

“If we have a surplus on their members, they get a percentage,” Morris noted.

However, he said, the benefits go beyond financial rewards. He referred to the program as creating “engaged physicians” who have greater control over their daily operations and decision-making.

For HealthSpring, he continued, the benefit comes from greater retention rates with happier members and physician partners.

“It’s good for us because we don’t have to go out and ‘sell’ them again every year,” Morris noted.

The model has also been shown to result in lower medical cost ratios, Morris said of efficiencies gained through early interventions and preventative measures.

“Through the CMS bid process, CMS forces a health plan to be fiscally responsible. Therefore if the health plan is successful in this regard, the process will enable the plan to offer more benefits to its members and prospective members ... which allows us to grow ... which allows that engaged doctor to get more patients ... which grows everyone’s core business. It’s a very nice cycle. In our experience we are much more successful in this cycle when we are working with engaged physicians,” he concluded.

HealthSpring is a Nashville-based, publicly traded company (NYSE: HS) with a primary focus on the Medicare Advantage market. HealthSpring is currently approved by CMS in 31 Tennessee counties and is looking to expand into additional counties, Morris said. While the majority of IPAs/IPODs are centered in Middle Tennessee, HealthSpring has recently kicked off the program in Chattanooga and will launch in Memphis next month. Although there isn’t an IPA or IPOD in Knoxville at this point, Morris said the company is highly interested in further developing its East Tennessee presence.

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