

Better patient care at a lower cost: *Yes, it's possible.*

Shaking Up the Status Quo

It's no secret that health care costs around the nation are spiraling and that a growing number of people are unable to afford their own health insurance. At the same time, more and more businesses are dropping their employee health coverage. Not because they don't think it's a valuable benefit, but because it simply costs too much.

The good news is that several health care organizations, including the Seton Family of Hospitals, are working to provide better patient care—at a lower cost. How? By shaking up the status quo and rethinking the way we deliver and pay for health care.

Armed with real-world experience and scientific evidence, Seton is charting a new course to provide person-centered care that is efficient, safe and leaves no one behind.

Safety Comes First

During the past decade, Seton has committed itself to being a national leader in patient safety and innovation. The road hasn't been easy, but we've had some promising results. For example, Seton's safety program related to births and newborn care (i.e., perinatal safety) has earned national acclaim from organizations ranging from the Joint Commission on Accreditation of Healthcare Organizations to the Institute for Healthcare Improvement. By adopting evidence-based practices, such as restricting elective inductions prior to 39 weeks gestation, Seton has raised the bar in patient safety for our tiniest patients. (See Exhibit 1).

The irony of Seton's nationally recognized perinatal safety program is that it actually resulted in a loss of revenue to the hospital network. Because Medicaid currently reimburses hospitals based on the volume of care (i.e., number of services provided), rather than the value of care—in other words, the result of care provided—Seton experienced a significant loss in Medicaid funding. (See Exhibit 2).

Pay for Performance 101

Pay for Performance (P4P) is a new approach to paying hospitals and other health care providers for their services. A departure from the traditional "fee-for-service" payment system, P4P is already used nationally by Medicare and by some private insurers. Pay for Performance reimburses providers based on the value of the care provided (how patients fare as

Exhibit 1

Seton's birth trauma rate dropped to virtually zero following the introduction of evidence-based best practices.

Seton's Birth Trauma Rate

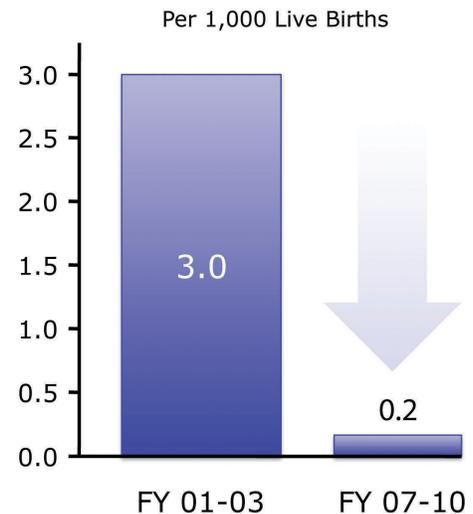
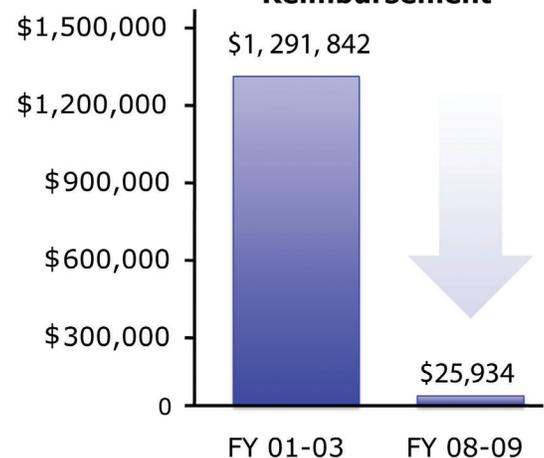


Exhibit 2

Seton perinatal safety program saves the State of Texas more than \$1 million.

Seton's Drop in Medicaid Reimbursement*



*for diagnoses associated with birth trauma

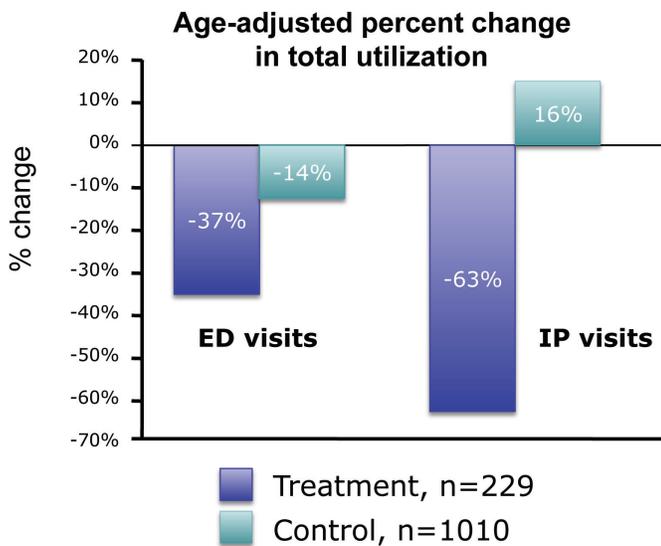
The term evidence-based practice means using the best available scientific evidence to make clinical decisions about how to treat patients.

a result of receiving care), rather than volume of care provided (the number of procedures performed). This new approach to reimbursing health care providers encourages hospitals to use evidence-based practices—something Seton has already begun doing.

Fortunately, lawmakers are beginning to embrace P4P and experimenting with new initiatives. Texas Senate Bill 7 is expected to pass during the current legislative session. The bill directs Texas state agencies to create P4P programs for two of the state’s biggest health programs: Medicaid and the Children’s Health Insurance Program (CHIP). Providers like Seton that are already using evidence-based practice to improve patient care and reduce costs stand to benefit from this new

Exhibit 2

The Asthma Pilot Program helps families better manage their children’s asthma symptoms and prevents ED visits and hospitalizations.



legislation. For example, with a P4P payment structure, hospitals like Seton might receive incentive payments for keeping the birth injury rate below an established threshold. Providers that are slower to change will likely adapt in response to the new incentive and payment structure—which should mean better care at a lower cost for more of us.

Keeping patients out of the hospital

It’s not uncommon for insurance companies to talk up the importance of preventive care, especially when it comes to chronic diseases such as diabetes and asthma that can easily escalate out of control and result in expensive hospital stays. What’s less common are hospitals developing and helping pay for programs designed to keep these same patients out of the hospital in the first place.

Seton has rolled out two highly successful pilot projects in partnership with local communities and our funders. For children with asthma, Seton’s Asthma Management Pilot has resulted in a 37 percent drop in emergency department visits and a 63 percent decrease in hospital stays.

Seton has also piloted a home-based diabetes education program for under/uninsured Caldwell County residents—with phenomenal initial results. In just one year, emergency department visits and hospital stays among patients enrolled in the program have declined 33 percent and 75 percent, respectively. Seton number crunchers estimate a \$2.85 benefit for every dollar spent on the program.

What these two projects show is that by taking the time to visit with patients in their homes and offering specific tools such as written diets, exercise and medication plans, we are improving the quality of care and quality of life while reducing costs!

Innovation to come

The Seton Family of Hospitals will continue to innovate and seek out new ways to improve patient care while managing costs—regardless of what happens with health care reform.

For more information about how you can be an active partner in improving the health of Central Texans, contact Steve Conti, sconti@seton.org, (512) 324-5909.



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