San Francisco Health Service Board Pursues Innovative Solutions to Rising Healthcare Costs, including ACO Participation

San Francisco, California (March 2, 2011) –The Health Service System of the City & County of San Francisco will administer nearly $700 million in Health Benefits in FY 2011-2012. Every year, the Health Service Board of the City and County of San Francisco conducts rates and benefit negotiations in public meetings with bay area medical plan vendors. This year, as a result of these negotiations, the City and its employees and retirees will pay a 3.1% increase, compared to the average Northern California medical premium increases of 8-9%.

This year’s negotiations were different. This year proposal requirements included engagement with the City’s employers on employee/retiree health and wellness promotion and the implementation of Accountable Care Organizations (ACOs). (City employers include the City & County of San Francisco, the San Francisco Unified School District, the San Francisco Community College District and the Superior Courts.)

“In prior years, we were presented with double digit premium increases,” said Health Service Board President, Claire Zavanski. “We are the largest employer in the City of San Francisco. Our purchasing power gives us influence. So this year, we made it clear we were actively seeking new and innovative solutions that would maintain quality of care while holding the line on costs. By requiring an Accountable Care Organization we were able to secure a zero percent rate increase from Blue Shield for the coming year. We wanted to see a commitment to implement an integrated, patient-centered focus on health improvement.”

This year, the City’s request for proposal for staff model HMOs included a requirement for participation in an Accountable Care Organization (ACO). These are associations of physicians, hospitals and insurers that work together to improve the quality of services while reducing costs for a defined patient population. For example, an ACO might establish a follow-up system to connect people with the pharmacy after hospital discharge, to be sure medications are received, and with the physician, for follow-up regarding condition status and medication effectiveness. This requires an integrated exchange of timely information with the patient at the center.
“The first ACO formed in California, a one-year pilot program organized in Sacramento, serving over 5,000 CalPers members, proved the potential of this integrated service model,” added Catherine Dodd, RN, PhD, Director of the Health Service System. “For the benefit of the City of San Francisco and the 110,000 members who are covered by our system, we are eager to be a key component in the implementation of this ground-breaking ACO, which brings together the largest medical groups and hospitals in San Francisco. We are starting with the 26,000 HSS members who reside in San Francisco and are enrolled in a Blue Shield of California plan.”

About the San Francisco Health Service System

Since 1944, San Francisco has provided health coverage for its employees. The Health Service System, governed by a board elected by its members and appointed by the Mayor and Board of Supervisors, is responsible for health and other benefits for nearly 110,000 employee and retiree members and their dependents.

About Blue Shield of California

Blue Shield of California, which contracts to provide non-staff model HMO services to the City of San Francisco for employee and retiree benefits is partnering with Brown & Toland Physicians Group and California Pacific Medical Center (a Sutter Health affiliate) for the integrated care of 21,000 HSS members assigned to Brown & Toland physicians, and with Hill Physicians Medical Group, Catholic Healthcare West, and the University of California, San Francisco for the care of 5,000 HSS members assigned to Hill Physicians Medical Group.
Blue Shield, San Francisco, major providers start accountable care initiatives

San Francisco Business Times - by Chris Rauber

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Blue Shield of California, the city of San Francisco, and five major health care providers – Brown & Toland Physicians, California Pacific Medical Center, Hill Physicians Medical Group, Catholic Healthcare West and the University of California, San Francisco – are joining forces on two related “accountable care” initiatives as part of what city officials call an “aggressive” strategy to provide more cost effective care for 26,000 San Francisco city government employees, retirees and dependents.

The initiatives will start July 1 and continue at least a year, according to Blue Shield, although the goal is for them to be longer-term in nature. Initial savings are projected “conservatively” at $10 million to $15 million per year, said Blue Shield spokesman Johnny Wong.

Accountable care organizations, or ACOs, are a key part President Barack Obama’s health reform law, intended to provide incentives for integrated care that improves clinical results while controlling costs.

The initiatives promise to hold the line on premium increases to enrollees at zero percent, said Catherine Dodd, director of the San Francisco Health Service System, which coordinates health and other benefits for nearly 110,000 city workers, retirees and their dependents. “And this is going to improve care,” Dodd told the San Francisco Business Times. “It’s patient-centered.”

Blue Shield, Hill and CHW have already joined forces in the Sacramento area on an ACO pilot program that is winning national attention. Officials at Hill and CHW note that the Sacramento effort, launched in 2009 to cover more than 40,000 California Public Employees’ Retirement System enrollees in Blue Shield’s HMO, has had strong clinical and cost savings results to date.

That includes preventing premium increases, achieving an estimated 22 percent reduction in unnecessary hospital re-admissions and $20 million in overall savings.

“The program in San Francisco is expected to benefit from the lessons of the Sacramento pilot, but also will be tailored to meet the needs of the (city government’s) population,”according to Hill, UCSF and CHW, in a separate statement.

In San Francisco, affected city workers, retirees and their dependents are currently Blue Shield HMO enrollees in the city’s Health Service System. The ACO move comes as the cash-strapped city is under fire for its high health care and pension costs for public employees, a common theme nationwide at the moment.

Blue Shield, Brown & Toland and CPMC, a Sutter Health affiliate, will provide integrated care for the 21,000 enrollees assigned to Brown & Toland doctors, and Blue Shield will partner with Hill, UCSF and the two CHW hospitals in San Francisco – St. Mary’s Medical Center and Saint Francis Memorial Hospital – to provide care for the 5,000 Health Service System Blue Shield HMO enrollees assigned to Hill physicians.

As a result of these collaborations, participating San Francisco enrollees will receive no premium increase in 2011-2012, according to the partners.

They say they’ll endeavor to "identify and implement long term strategies aimed at improving quality and efficiency to ensure that health care stays affordable for HSS members" and local government employers, including the City and County of San Francisco, the San Francisco Superior Courts, the San Francisco Unified School District and City College of San Francisco.

Employees, retirees and dependents of the Health Service System will be able to choose their health plan during the annual open enrollment period in April.

The news was set to be announced at City Hall at noon Wednesday by a host of political and policy heavyweights, including Supervisor David Chiu, president of the San Francisco Board of Supervisors; Supervisor Carmen Chu, who chairs the board’s budget and finance committee, and Claire Zvanski, president of the Health Service Board, according to a preliminary announcement.

From the private sector, expected participants in the press conference included a bevy of San Francisco health care hot shots:

- Jeff Hermosillo, Blue Shield’s vice president and general manager for labor, public and strategic accounts.
- Richard Fish, Brown & Toland’s CEO.
Blue Shield, San Francisco, major providers start accountable care...  http://www.bizjournals.com/sanfrancisco/news/2011/03/02/blue-s...

- **Joel Klompus**, M.D., Brown & Toland's president.
- **Warren Browner**, M.D., California Pacific's CEO.
- **Rosaleen Derington**, Hill Physicians' chief medical services officer.
- **Ann Cheung**, St. Mary's Medical Center's president.
- **Tom Hennessey**, Saint Francis Memorial Hospital's president.
- **Peter Casas**, UCSF's assistant director for health plan strategy and contracting.

San Francisco officials Wednesday announced a new initiative that aims to reduce the city's skyrocketing health care costs, which officials say are major drivers of government expenses and current budget shortfalls.

Two associations consisting of physicians, hospitals and insurers called "accountable care organizations" were launched this week to improve efficiency and cut costs, officials said.

The San Francisco Health Services System--which every year negotiates coverage prices with insurance providers for 110,000 city workers, retirees and their dependants--is collaborating with Blue Shield of California and several local hospitals.

About 26,000 city employees covered by Blue Shield will be included in the new organizations. The city will pay a 3.1 percent increase in rates across the board this year, compared to average premium increases of 8 to 9 percent across Northern California, officials said.

"We work very hard to keep rates as affordable as possible for taxpayers and insurance members," Health Service Board President Claire Zavanski said Wednesday at a news conference at City Hall. "We are looking to this new model that we hope will keep rates affordable."

The organizations will identify and implement long-term strategies aimed at improving systemic failings, she said. The goal is to improve communication between the various participants.

City Supervisor Carmen Chu, who co-chairs the supervisors' budget and finance committee, said the accountable care organizations have been shown to reduce hospital stays, hospital readmissions, and emergency visits.

An accountable care organization might create a follow-up system to ensure patients schedule future check-ups or receive their medication, the Health Services System said.

A pilot program in Sacramento that served 5,000 public employees resulted in a 22-percent reduction in hospital readmissions and 15-percent reduction in bed days, Chu said. It saved the state $20 million, according to one health partner.

"This puts San Francisco on a path for improved care and lower costs," Chu said. "Every dollar we save on health care is a dollar we can put back into San Francisco's vital services."

Chu and other officials said they hope the program will help mitigate San Francisco's budget deficit, which is projected at $380 million this year.

"We know we're not going to be able to get through this year or subsequent years without reigning in (health care) costs," Supervisor David Chiu said.

The employees in the accountable care organizations work for the city and county of San Francisco, San Francisco Superior Courts, San Francisco Unified School District and City College of San Francisco.

The program will launch on July 1 and continue for at least a year, according to Blue Shield. The participating parties will monitor its efficacy and hope to implement it long-term.

Eight major San Francisco hospitals are included in the initiative: California Pacific Medical Center's four
campuses; Saint Francisco Memorial Hospital; St. Mary's Medical Center; and the University of California, San Francisco's two main facilities.

Janna Brancolini, Bay City News

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Will 'Coordinated Healthcare' Save San Francisco Millions?

By Joe Eskenazi
published: Tue., Mar. 1 2011 @ 2:59PM

Tommy, first let's collect some 'metadata'
When multimillion dollar businesses adopt language and sales strategies befitting used car dealers -- or worse, Crazy Eddie -- consumers would be wise to clutch tightly to their wallets.

Well, tomorrow the city and a bevy of its health providers will announce a grand plan that "ensures no rate increase for the City and County of San Francisco." How can our health providers do it? Because they're CRRRRRRRRRRRAAAAAAAAATTTTTTTTTZZZZZZY!

Er, actually not. Actually it's a "coordinated care" health model in which large amounts of data sharing reveal inefficiencies within the system; a pilot program in Sacramento saved taxpayers some $20 million in 2010. Now it's coming here.

During the 12-month course of this agreement, the city is, again, "guaranteed" to not have its healthcare premiums go up from July 1 until at least a year later. And if they do -- the city's healthcare providers have promised that they'll make up the difference (Bad credit! No credit! Even bankruptcy!).

"Coordinated care" is an amorphous term. Here's the Reader's Digest version: Health care providers, doctor's groups, and hospitals -- Blue Shield, Brown & Toland Physicians, California Pacific Medical Center, Catholic Healthcare West, Hill Physicians, U.C. San Francisco -- are going to be sharing reams of data.

City workers probably aren't enthused by the notion that lots more people will be eyeballing their charts. They may yet vent their spleens -- but that's not covered under the plan.
Their concerns can be somewhat assuaged, however, by the fact that the data involved here is "metadata." Rather than pointing out that Larry the airport janitor has a cholesterol problem, the Sacramento pilot program discovered, for example, an alarming number of elective knee surgeries and hysterectomies. Counseling doctors to first offer less invasive -- and expensive -- procedures saves money.

Ideally, San Francisco employees won't find their lives much affected by the changes to come. Data will now be shot from primary care physicians to hospitals -- and back to primary care physicians after patients undergo operations. A city employee who finds him or herself in an out-of-network hospital during an emergency will be automatically tracked, and moved as soon as he or she is stable. Patients leaving the hospital will have their appointments with primary care physicians automatically booked.

It remains to be seen how much the "coordinated care" of the 26,000 San Francisco employees, dependents, and retirees covered in this plan will save the city. The Sacramento pilot covered some 41,000 employees and had fewer moving parts: In Sac-Town, only one hospital system and physician group were involved. Here in the city, the plan encompasses two physician groups and three hospital systems.

Those in the know tell SF Weekly the city could certainly save several million dollars -- and perhaps even something in seven digits.

Who knows -- this could be the rare San Francisco cost-saving program that actually saves costs. That’d be CRRRRRRRRRRRAAAAAAAAAAZZZZZZZY!

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