



FLORIDA ACO IMPROVES QUALITY, REDUCES COSTS THROUGH NAVIGANT ENGAGEMENT

Improved collaboration among physician partners key to 65 percent length-of-stay drop, \$3M+ in savings

CHALLENGE

With the transformation from volume to value well underway in the healthcare industry, hospitals and physicians are aligning at a rapid pace to prepare for the shifts in patient care requirements and changing reimbursement systems. Like many hospitals across the country, **Flagler Hospital** embraced the forecasted challenges and set out to refine its business models to thrive in the new healthcare economy.

Flagler Hospital, a 335-bed acute care hospital in St. Augustine, Fla., partnered with more than 188 community physicians representing 80+ practices in May 2013 to form **First Coast Health Alliance** (FCHA), a physician-driven collaborative designed to achieve the best in quality and efficiency for its patients. The jointly owned physician-hospital organization, the first of its kind in northeast Florida, operates as a clinically integrated network (CIN).

The CIN infrastructure serves as FCHA's collaboration vehicle for improving care and delivering value, as well as positions the organization to enter into accountable care organization (ACO) contractual arrangements. The FCHA ACO, which fosters greater collaboration by using a value-based compensation model to reward providers for improved outcomes and reduced costs, was selected to participate in the Centers for Medicare & Medicaid Services (CMS) Medicare Shared Savings Program (MSSP) to share in cost savings they achieve for Medicare beneficiaries.

SOLUTION

FCHA identified a Hospital Quality and Efficiency Program (HQEP) - a contractual agreement between hospital and physicians designed to improve quality and reduce costs - as a key initiative and engaged Navigant to develop and implement the innovative strategy. Navigant completed a comprehensive analysis to identify and prioritize performance improvement opportunities, and then worked with Flagler to establish performance targets, quality gates, and fair market value compensation levels for the program.

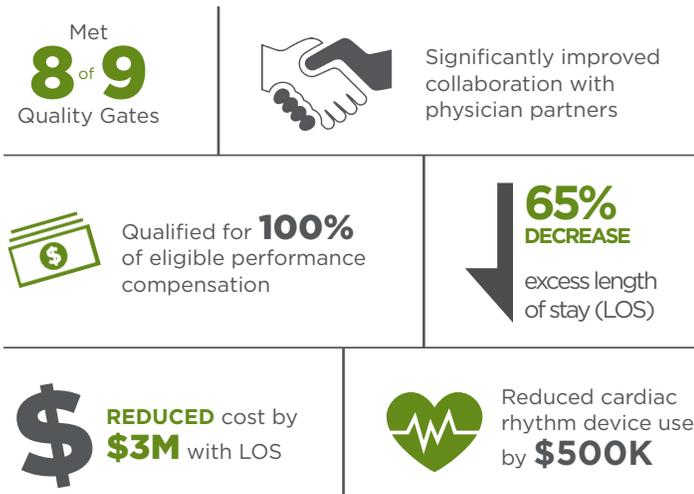
Upon execution of the agreement, Flagler and FCHA formed work groups to isolate the drivers of suboptimal performance and develop new protocols for addressing them. The parties combined this data-driven and collaborative approach with a transparent distribution model developed by FCHA's Finance Committee to engage physicians in the success of the program.

"In an era where individuals and employers are struggling with increasing healthcare costs, it is our responsibility to provide high-quality, cost-effective care to the communities we serve. The HQEP is a successful tool for guiding our care-delivery innovation."

John Franks, FCHA executive director.

IMPACT

The HQEP, the first of its kind at Flagler Hospital, realized significant results within the first year of implementation:



Flagler subsequently implemented Year 2 of the HQEP, representing an estimated \$4.1 million in potential cost reduction and cost avoidance. LOS was maintained as an initiative, while clinical care variation reduction, resource utilization reduction, and perioperative throughput management were added.

About Flagler Hospital

Flagler Hospital is a 335-bed, acute care hospital that has been ranked among the top 5 percent of all hospitals in the nation for both clinical excellence and patient safety for the past eight consecutive years and was named one of America's 50 Best Hospitals by HealthGrades in 2011. The hospital has operated as a not-for-profit healthcare institution in St. Augustine, Fla., since its founding in 1889.

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About Navigant

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About First Coast Health Alliance

First Coast Health Alliance is a physician-hospital organization established in May 2013 to serve St. Johns County and surrounding communities. Its members include independent primary care physicians, specialists, and Flagler Hospital. The mission of First Coast Health Alliance is to achieve the best in quality and efficiency for all patients at every point of care. The organization's vision is to serve as a national model for collaboration among independent physicians, healthcare providers and the communities they serve, and to achieve the best possible population health at the best value.

Navigant Lead Engagement Practitioners

Dennis Butts Jr. is a director with the Healthcare Strategic Solutions team. He has led many healthcare strategic planning engagements, and he is a nationally recognized expert in the design, development, and implementation of CINs for single hospitals, health systems, and academic medical centers.

Vivek Gursahaney is an associate director with Navigant's Healthcare Strategic Solutions team. His areas of expertise include clinical integration, population health IT, managed care strategy, clinical effectiveness programs, and physician alignment.

Alliance