Two CAHs Team Up to Achieve Meaningful Use

Two Pennsylvania CAHs are sharing EHR resources and expenses—and even a CIO.

Like many resource-strapped small and rural hospitals, 25-bed Jersey Shore Hospital and 88-bed Fulton County Medical Center—located 2.5 hours away from each other in Pennsylvania—felt that attesting to meaningful use in time to reap any incentive money might be an unreachable goal.

It was the beginning of 2011, and the U.S. Department of Health and Human Services (HHS) was about to allocate $12 million for grants to rural health networks to support IT adoption and help them meet meaningful use requirements. The money is slated for purchasing technology, installing broadband networks, and training staff.

The two critical access hospitals (CAHs) didn’t know about the new HHS grants. They were just looking for a means to share IT resources needed to achieve meaningful use, including joint installation of an EHR that would otherwise have cost each organization an estimated $2.3 million, according to Carey Plummer, Jersey Shore’s CEO.

Thanks to the Pennsylvania Mountains Healthcare Alliance, a 19-hospital collaborative to which both belong, Jersey Shore and Fulton County found each other. Over the last year, the partnership has saved each facility about $300,000 on EHR implementation—and provided needed grant money, too. Both CAHs expect to attest to Stage 1 meaningful use by Sep. 1, 2013.

Shared Resources and Expenses

Today, Jersey Shore and Fulton County share CIO, Christine Haas, as well as IT resources across the board, including:

- A healthcare information system
- A cloud-based hosted server facility
- New physician practice management software
- Clinical and financial IT specialists
- A help desk for IT support

The Pennsylvania Mountains Healthcare Alliance has played a multifaceted role in the arrangement:

- It negotiated and holds the master contract with the two hospitals’ vendor of choice, capitalizing on the larger group’s ability to get a better price for equipment.
- It has provided IT consulting services to the partnership.
- It serves as a funding mechanism for a three-year, $900,000 grant from the Health Resources and Services Administration: The two hospitals are the primary recipients of the $600,000 available in the first two years and will share in the last $300,000 in the third year.
- It allows the partners to use its private wide-area network to connect to their server facility.

When third-party vendors were needed—for example, for voice recognition software—Jersey Shore and Fulton County negotiated the contracts together. In some cases, each signed a separate contract in what is still considered a joint pricing venture. In addition to a lower price, the partners saved an estimated $40,000 in legal fees.

A Collaborative Structure

So how did the two hospitals manage to bring their clinicians and staff into sync while still maintaining their independence? With a lot of planning, work, and travel between the two facilities, says Haas. The hospitals created cross-functional core teams for each of the 16 areas of implementation (e.g., pharmacy, operating room, payroll). These teams reached consensus on all the specifics around installing the hospitals’ shared infrastructures, such as establishing naming conventions for data elements.

"Each team has co-leaders representing the two hospitals, and one of these co-leaders was chosen as the single point of contact with the vendor,” she says. “We also held joint core team leader meetings to discuss logistics every week. In addition, we have an executive oversight committee that also met weekly.”

The collaborative effort, Haas says, has been “amazing. The progress we made together is so much more than if we had done this alone.”

Hospital leaders were warned that getting their physicians involved would be difficult: It wasn’t. “The two hospital teams collaborated on clinical decisions and documentation,” says Haas, “working through a physician champion selected for the project and the core team leaders in charge of the physician care manager system. In addition to one-on-one training, there were one-hour lunch-and-learn sessions for physicians in the weeks leading up to the go-live date in July.”

Plummer attributes the smooth physician collaboration to the fact that “the physicians viewed the venture as two hospitals working together rather than some big system wanting to take over their practices; nobody was trying to be king of the hill.” As a result, employed physicians will be able to attest for meaningful use on schedule, although...
only one independent physician accepted the invitation to join the physician practice management system and pay a monthly service charge.

**Future Plans**
The IT project has gone so well, says Plummer, that the two hospitals are considering joining forces in other ways, such as payroll, marketing, and public relations. They’re also looking seriously at the idea of sharing a CFO.

The key, he believes, is the similarities between the hospitals—both CAHs, both rural, both very community-minded—and a leadership commitment to honesty and integrity. If you’re open and honest on everything, Plummer says, the financial savings will come along.

Meanwhile, word of the partnership has spread, and another hospital would like to make it a threesome. That’s fine with Jersey Shore and Fulton County.

Plummer says they have the potential to develop into a partnership of 10 or twelve small and rural hospitals around the country—all of which would benefit from those third-party contracts the two hospitals already negotiated.

“The way we set things up, the hardware is not sitting in either of our hospitals; it’s off-site, so it would be easy to bring in other organizations, as long as we could extend that same trust and honesty,” he says. “We wouldn’t necessarily gain any further advantage by expanding, but that’s not why we did this in the beginning. We did it to save rural health care in our communities.”

Lauren Phillips is president, Phillips Medical Writers Ltd., Bellingham, Wash., and a frequent contributor to *Strategic Financial Planning* (philwrite@att.net).

Interviewed for this article (in order of appearance):
Carey Plummer is CEO, Jersey Shore Hospital, Jersey Shore, Pa (cplummer@jsh.org). Christine Haas is CIO, Jersey Shore Hospital, Jersey Shore, Pa (chaas@jsh.org).

**Hospital Consolidation Leads to Price Increases**

Hospital mergers in concentrated markets can lead to dramatic price increases—exceeding 20 percent, according to a June 2012 report from the Robert Wood Johnson Foundation that synthesizes research from the last decade on hospital consolidations.

*Hospital consolidation.* The report, called *The Impact of Hospital Consolidation—Update,* defines hospital concentration as “the extent to which a market is dominated by a few (or one) hospitals.” When hospitals merge, the consolidated hospitals gain more power at the bargaining table with insurers. “The evidence points to differences in hospital bargaining leverage as a principal driver of the difference between relatively expensive and inexpensive hospitals systems within the same hospital market.”

The report also examined the effects of hospital competition on quality of care, using the English National Health Service (NHS) as a test sample. A 2006 reform of the NHS, which allowed patients to choose hospitals, created competition in the system. “The studies all show a substantial impact of the introduction of hospital competition in the NHS on reducing mortality rates,” write the RWJF researchers. For instance, one study found that heart attack mortality decreased by 10.7 percent when an additional hospital was added to less concentrated markets.

*Physician-hospital consolidation.* On examining the impact of physician/hospital consolidations, the RWJF researchers conclude that the existing literature “does not find evidence supporting either clinical gains or cost reductions. The most likely reason is that most consolidation did not lead to true integration.”