

June 17, 2010

Dear Friends and Colleagues:

An important part of the job for every healthcare provider is *continuing education*—staying current on the latest trends, techniques and technology so that we learn “best practices.”

Last week was a banner week for such learning. First, **Mariann MacDonald**, Vice Chair of the NCH Board, and I attended a Governance Institute Conference. Subsequently, I had the good fortune of attending a one-day strategic planning session with the Florida Hospital Association (FHA). The goal of both sessions was to improve Florida’s health care and economy. Here were the major takeaways:

- Payment mechanisms for both physicians and hospitals will change as federal and state governments face revenue shortfalls, due to increased borrowing costs and lower tax revenues. As a consequence, we’ll see bundling of payments for primary care physicians, specialty care, outpatient hospital, ambulatory surgical care, inpatient care, long term acute hospital care, inpatient rehabilitation, skilled nursing care, and home health care.  
We’ll also see increased lag time for payments due to readmissions within 30 days for the same condition and hospital-acquired conditions. Medicare and Medicaid payments will be reduced, putting great pressure on hospitals responsible for a disproportional share of indigent care. At NCH, we care for more than 18% of patients either on Medicaid or unable to pay at all. We can expect government payments for this service to scale down in coming years.
- Consolidation of physicians, hospitals and whole systems will be necessary in a new healthcare environment that rewards increased productivity and decreased waste. Customers will purchase healthcare services from those with the best published metrics for quality and cost. Physicians and hospitals together will share a common culture of collaboration that embraces high quality and low cost.
- Increased transparency from physicians and hospitals, posting understandable charges and bills for services, will also be expected. The goal in the past was increasing volume, but no more. “Rewarding for value”—defined as quality divided by cost—is the goal for the future.
- Medical tourism is real. According to a 2008 Deloitte study, 39% of consumers said they would consider going overseas for a surgical procedure, if they could save 50% or more on costs and be assured equal or better the quality compared to U.S. care.

All of these trends have implications for NCH and for Florida. Our state, which ranks 44<sup>th</sup> overall in health outcomes, must improve its performance. Indeed, at the FHA strategic planning session, statewide initiatives were reaffirmed to decrease central line infections, readmissions within 30 days and surgical care best practices.

As to NCH, we must constantly assess and improve our capabilities and readiness. And we’ll be doing just that in exercises within the hospital and with the board. We have made extraordinary strides in terms of quality over the past decade. But achieving our goal of becoming a national healthcare leader is a long journey. And while we are well on our way, we still have miles to go to attain the superior clinical care and service levels we all seek.

Respectfully,



Allen S. Weiss, M.D., President and CEO

P.S. Feel free to share *Straight Talk* and ask anyone to email me at [allen.weiss@nchmd.org](mailto:allen.weiss@nchmd.org) to be added.