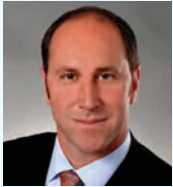




## LETTER FROM THE EDITOR-IN-CHIEF

# Regional Health System Integration: Charting Your Course



*"The wind and the waves are always on the side of the ablest navigator." — Edmund Gibbon*

These are indeed stormy and transformational times. While no one can seem to agree on the political path to reform, change is nonetheless happening at a rapid pace in health care. Previous efforts to manage health care costs and quality on a national scale sunk at sea (the HMOs and Managed Care Organizations of the 80s and 90s). But the current path to reform appears unstoppable to me, regardless of what Congress and the White House do to rock the boat. The reason is quite simple really: Earlier managed care efforts focused on a set of "rules" set by the insurance companies that determined the flow of patients through "closed" (albeit leaky) networks of providers and the utilization of their members' health care services. The insurance companies were left looking like they were interfering in health care decisions between doctor and patient and were ultimately left with a big PR problem. Consumers ultimately determined the fate of the HMOs and the entire managed care industry.

What's different now? The government and insurance companies have realized that the best way to manage cost is to manage reimbursement. By paying for "population health" and rewarding health care efficiencies, they are removing the incentives for costly and unnecessary procedures and driving health care systems to manage and control their own costs. It's managed care flipped upside down, with the health systems and providers motivated, not forced, to control costs and manage care more efficiently. Health systems around the country are forming Accountable Care Organizations (ACOs) or equivalent system architectures designed to close off networks, manage patient flow, and control costs. Genius!

So where does that leave the urgent care industry? What can we do to protect our interests, maintain our independence, and ensure a relevant role in the future of health care? These are not easy questions to answer, but sitting on our hands is certainly not an option. The challenges and local health care politics are different for each of us, but a few considerations are relevant for all.

Prediction: There will be a significant consolidation of regional health systems and integrated networks will dominate in most regions. These networks will make every effort to control the flow of patients and prevent leakage outside of the network. The cost of care for the consumer will be incentivized such that it won't make

sense for patients to seek care outside the network, except perhaps for super-specialized care for rare diseases. In a metro area of tightly networked health systems, independents risk being squeezed out.

What can an independent urgent care owner do to survive? Significant opportunity exists for urgent cares in this model for those willing to explore it early. Health systems need points of access for their closed networks to work. Their challenge is to find convenient, efficient, cost-effective and consumer-friendly points of access. Primary care and emergency care do not fit that bill. Enter urgent care. After years of ignoring urgent care, major health systems are champing at the bit to build urgent care networks. Most realize (at least the smart ones) that it will take years to build these networks de novo. Whether you're a single urgent care or an established multi-site network, there will be interest from your regional health systems to create everything from alliances to allegiances, affiliations and acquisitions. No matter what relationship best fits your urgent care center, opting out of some form of integration is going to be a risky matter. There are many favorable ways to align, and many relationships will allow you to maintain your independence while helping you grow your business. When exploring opportunities like this, go in eyes wide open and with counsel experienced in understanding the legal and business implications of such ventures.

While it is easy to be overwhelmed by the gale force of the regional and national health care winds of change, it is critical to learn as much as possible about the dynamics of your local health system players and the system's potential impact on your urgent care centers. With an eye on these critical changes and evolution of urgent care's role in the health care delivery system, UCAOA has spearheaded a health reform task force dedicated to education, advocacy, and support. Many initiatives are forthcoming that should assist you in assessing your regional integration opportunities and in learning from the stories of others who have successfully navigated these stormy waters. Happy sailing! ■

Lee A. Resnick, MD  
Editor-in-Chief

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