

## Hospitals Must Prepare for Shifting Model

By Bill Dries

A new model for health care in America is rapidly on its way, according to the chief medical officer of Saint [Francis Healthcare](#). And many physicians are oblivious to it or in denial.

“The new business model for health care is going to happen in the later part of this decade,” said Dr. Michael Lachina at The Daily News’ seminar on the business of health care Thursday, Sept. 20.

Lachina was the keynote speaker for the event at the Memphis Brooks Museum of Art presented by The Daily News, The Memphis News, Horne CPAs & Business Advisors and Butler, Snow, O’[Mara, Stevens & Cannada PLLC](#).

Lachina sees the rise of a “medical home” model in which there is a shift in health care away from filling hospital beds.

“The CFOs of the future really have to figure out how to make ends meet with a different reimbursement scheme than fees for services,” he said to a group of 100 at the forum hosted by [Eric Barnes](#), publisher of The Daily News and The Memphis News. “There are major changes coming.”

He described the future of that change could be transitional, transformational or revolutionary.

“It is transitional that we are transitioning this decade from a volume-based industry – an industry that’s always been the more we do, the more we make. That sounds like good old capitalism, right?” Lachina said. “It’s bankrupting the country unfortunately.”

He defined the transformation as including a new emphasis on wellness programs.

But the change Lachina sees come with some significant unresolved questions explored in a panel discussion that included [Denise Burke](#), part of the health care group at Butler Snow.

“I think the private practice of medicine is a failed business model,” she said, also talking of a need for educating patients.

She cited makers of prescription medicines offering coupons that steer patients toward drugs they may not need. Burke also questioned how decisions will be made for patients who are readmitted for chronic medical conditions and problems that result from ignoring wellness incentives. In a change to a system where the cost is controlled or limited, there are no easy answers, at least yet.

Kevin M. Spiegel, chief executive officer and administrator of Methodist University Hospital, agreed with Lachina on the pace of the change. But he says the pace of society’s reaction to changes in the health care community will be slower.

And the dispersal of doctors is a national issue, although not so much in Memphis.

“You just go over that bridge to West Memphis and Marion and you really find out that there is a shortage of physicians,” Spiegel said. “Most physicians are going to be employees of hospitals. Unless hospitals make the investments into certain communities in the region, you’re going to start seeing new young physicians graduating from their fellowships and not necessarily moving back to the small towns where they grew up as in the past.”

Spiegel said hospitals are “stepping up” to the larger institutional changes.

Lachina said outside forces are already forcing a change

“In the hospital business we are still fixed on the current model. And it is hard to look at a different model right now ... of don’t fill our beds. Empty our beds,” Lachina said. “Many health plans are already rewarding primary health care physicians to keep their patients out of hospitals. This is already happening. They get a bonus if their admission rate is low.”

Bigger changes that go directly to the current hospital model are close behind, he told the audience, saying hospitals will no longer be the center of the health care enterprise.

“No, you’re not going to be. Move over,” he added. “You’re going to be required to by an organization that is an accountable organization – whatever you want to call it. It’s going to be a totally different model.”