

# HOSPITAL

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Questions of cost create unease or uncertainty in officials.

"I don't want this hospital painted as 'saving money,' I want it painted as improving the quality of care. That's first," says Richard Akin, chairman of LMHS's 10-member board of directors. "Saving money is second."

## Fixing the billing system

But saving money is paramount in the national debate, and it depends in part on local or regional health care providers willing to do something different.

Analysts point to two novel business models now being successfully pioneered by a handful of health care systems around the nation.

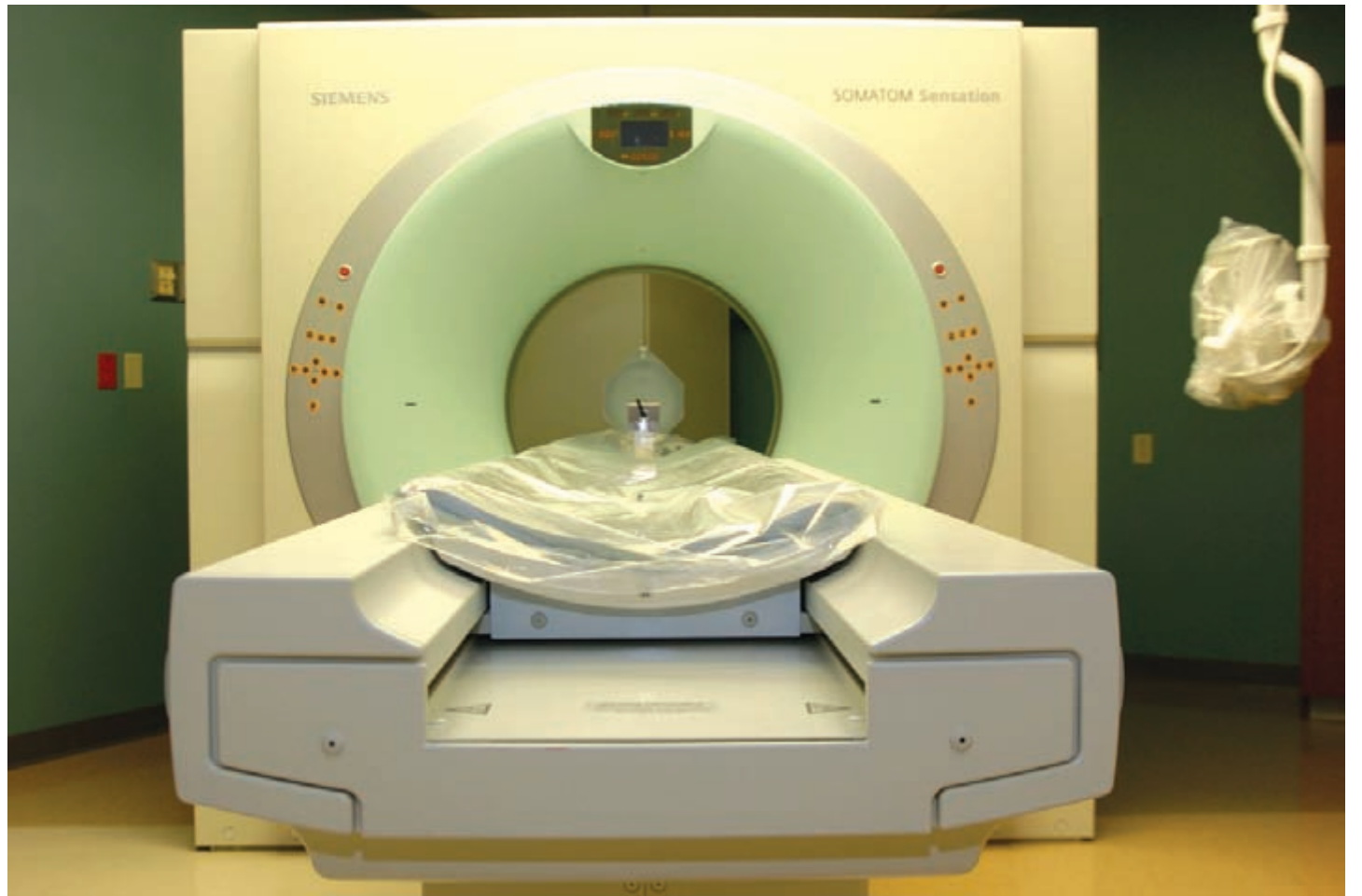
One, known as "continuum of care," relies on a new use of computers that can put up-to-the-minute records of every patient instantly at the fingertips of every doctor, nurse or caretaker who provides treatment.

Although Gulf Coast Medical Center will offer instant access to patient records for medical personnel within its walls — a continuum of records — the larger Lee Memorial system will only achieve a continuum of care when it can add a single computer system throughout its various hospitals and care centers. And that's probably years away, officials say.

Just as important to affordable health care, according to some analysts and practitioners, is a new official willingness to charge patients fixed fees for certain procedures, rather than making them pay for each service.

The pay-for-service model now being used by LMHS and most of the nation's hospitals may ultimately prevent patients from getting the highest quality of care, while costing them a great deal more money. That's because it gives providers an incentive to treat patients; but perversely, not necessarily to keep them well.

Every time a patient has to be readmitted with a complication, or another specialist has to be consulted, or the state-of-



A new Siemens Sensation CAT Scanner awaits its first patient at the new Gulf Coast Medical Center. The public is invited to view the facility on Saturday, Feb. 14 from 2 to 5 p.m.

PHOTOS BY JIM MCLAUGHLIN / FLORIDA WEEKLY

the-art new CT scanning machine is used, the hospital is rewarded financially.

"The current payment system is exactly the opposite of what's being designed to keep people healthy," says Jane Jacobs, a spokesperson for the non-profit Mayo Clinic, which uses pay-for-service billing. "The system right now reimburses providers based on episodes of care. It doesn't reimburse providers to keep patients healthy over time."

That's why a handful of health care systems in the United States are finding ways to turn the broken billing system inside out, and reward hospitals for getting patients well and keeping them that way.

One is Geisinger Health System, a nonprofit that serves a population of 2.4 million in Pennsylvania, with comprehensive services similar to those offered by LMHS.

Instead of billing patients for each tablet of aspirin, each doctor visit, or each visit from a nurse during open-heart surgery, for instance, they simply offer the entire procedure, from soup to nuts, for a fixed fee of \$30,000.

About 30 percent of the medical services the hospital provides are set with fixed fees, says Kevin Brennan, Geisinger's chief financial officer.

"Once we identify that a patient is going to need a cardiac bypass procedure, all the pre-admission care, all the surgeons' bills, all the anesthesiologists, all the cardiologists — everything is paid for," Mr. Brennan explains.

And like any electronics or appliance company worth its salt, Geisinger even includes a warranty on its work.

"We continue the warranty to 90 days post operative," Mr. Brennan says. "So you get a payment that is a full bundle."

Such fixed fees may encourage doctors to provide more precise, efficient medical care; but they also mean the hospital system needs to make up revenue in other ways.

"If you eliminate complications that you used to get paid for, or eliminate readmissions, there's going to be less overall dollars paid to you," Mr. Brennan says. "But it's better for the patient."

LMHS has no plans for a fixed-fee system, in which patients could pay either a monthly fee guaranteeing lifelong care here, or pay set fees for procedures such as heart surgery.

"That would be something to consider down the road," Mr. Akin says,

adding that taxes for public health care might also be something to weigh in the future, unpopular as that notion is now. (Lee Memorial is the only major public hospital in Florida that receives no local taxpayer money.)

## Continuum of care, real or virtual

Although fixed fees are not in the LMHS plan, "continuum of care" is.

"Continuum of care permeates into a community, when people can travel and have access anywhere they go," says Mr. Lockett, the new hospital's CAO. "We will go for continuum of care, but not in the early stages."

The industry-wide catchphrase is defined on the Lee Memorial Web site this way: "An integrated, client-oriented, cost-efficient system comprised of integrated services patients can enter at any point to receive a spectrum of health care over a lifetime."

Rather than having many private practices working alone, a "continuum of care," as officials see it, aims to bring them all together in one place: the computer record.

That model skirts the edge of nationalized health care and could fit smartly into President Obama's possible health care reforms.

"The Obama administration is touting electronic health records," Mr. Akin says. "We know it's the way to go. You spend the money upfront, but it comes back many times over in the form of improved quality and efficiency."

Even though the new hospital will offer a continuum of care within its walls, it won't be connected to the entire LMHS because it's too costly. After LMHS did less business than expected in 2008, officials said they could not justify spending the \$50 to \$60 million they estimate as the cost of a single, integrated computer system throughout the Lee hospitals.

"We still have two computer systems, with Lee Memorial (and others) operating on one, and us on another," Mr. Lockett says.

But a virtual continuum already exists throughout the Lee system, suggests Arthur Rubens, an associate professor of management at Florida Gulf Coast University.

An expert in health-care services, Professor Rubens compares medical care in the LMHS to a trip to a superstore or destination mall.

"At the superstore, you can get whatever

## If you go

>>What: Gulf Coast Medical Center Open House

>>Where: At the corner of Daniels and Metro parkways in Fort Myers

>>When: Saturday, Feb. 14. The event begins at 2 p.m. with special musical guests and the opening ceremony. Afterwards, guests can tour the new facility. The event ends at 5 p.m.

>>Cost: None

>>Info: Go to [www.leememorial.org](http://www.leememorial.org)

you want. Whatever you need, you go in that superstore," he says. "That originally was a theme behind shopping malls. You go to one location and you get what you want."

When that happens, as it has literally, not just virtually in some other health-care companies, consumers and providers can both benefit.

A recent *New York Times* story cited a 2007 study by Hewitt Associates, a health industry analyst, showing that "integrated systems...provide 22 percent greater cost efficiency than competing systems."

Those efficient systems would help anchor the evolving strategy of the Obama administration to reduce health care costs, says Professor Rubens.

The cement-block dilemma in health care — costs that drag down struggling consumers — was highlighted by President Obama's visit to Fort Myers early in the week.

The president focused on the traumatic loss of jobs and homes both nationally and locally, and he has pointed out that health care costs maintain a stranglehold on the American economy, running almost 18 percent of the gross national product and contributing significantly to the recession.

Many of those who have lost jobs or homes in Lee County — along with others who still have jobs and homes — are now uninsured, and will depend on LMHS for care.

## A hospital for some, not all

"This hospital is different from hospitals where I've worked in the past by orders of magnitude," says Mr. Lockett, the chief administrative officer. "The way you have to take care of people will be different."

But not all people. Not even just any people.

"We have to make sure somebody

## HOSPITAL FACTS

>>Gulf Coast Medical Center: 436,000 square feet of new construction (more than 10 acres under roof) and 20,000 square feet of renovation.

>>Builder: Skanska USA, a Swedish firm.

>>Cost: \$285 million.

>>Materials: 3,119 tons of steel, 5,500 tons of precast, 9.95 miles of concrete piles and 843.72 miles of electrical wire.

>>Beds: 349 total, with 233 private rooms, each equipped with flat-screen televisions and ample room for visitors, along with secure computer terminals for doctors and nurses to view patient records. The wireless system allows access to patient records from any department at any moment in the hospital.

>>Emergency Department: 43 beds, 28 exam rooms, 10 observation units, 33 treatment rooms.

>>Surgery Department: 22 operating rooms.

>>Other features: a 12-bed stroke unit, the region's only kidney transplant center, a model neurosurgery department, a full-service heart program with the newest diagnostic equipment and an open-heart surgery suite.

>>Lee Memorial Health System: five acute-care hospitals, a rehabilitation hospital, a children's hospital, a skilled nursing facility, a multi-specialty physician group and various subsidiaries and sub-agencies. About 8,000 employees, including 1,200 physicians who use Lee Memorial.

>>LMHS President and CEO: Jim Nathan. Salary: \$554,000, plus benefits and car allowance.

>>Gulf Coast Medical Center Chief Administrative Officer: Doug Lockett. Salary: \$284,600, plus benefits and car allowance.

Sources: Skanska USA and Lee Memorial Health System