

INDUSTRY'S CHANGING COURSE

Hendricks Regional Embraces Innovation

By Tom Schuman

In today's ever-evolving health care world, the only constant is change. Business practices that have endured for decades must, in many cases, give way to new, innovative models.

That's the focus for Gary Everling, vice president and chief strategy officer for Hendricks Regional Health. The Danville-based system, which boasts 250 physicians in more than 50 specialties, has been aggressively spreading its caring wings – both in facilities and creative partnerships.

Everling, who like Hendricks Regional CEO Kevin Speer, came from the St. Vincent system in Indianapolis, says providers have to be true partners with businesses.

"I want us to be an advocate for employers in this market. Not enough hospitals have been advocates for employers in terms of lowering their health care expense. That does lower the revenue that comes to you, but it's a market share play."

Discount approach

Hendricks Regional Health gained attention in late 2014 by following the retail model of offering 15% savings if employers add a narrow-network plan to their employee health care offerings. That plan limits patients to Hendricks Regional facilities and physicians. The operative word is to "add" that option.

"Years ago," Everling admits, "I took the approach all or nothing. What's worked is saying, 'Let's not take anything away from employees; let's give them something better and let them make a decision.'"

Hendricks County government employees were recently provided that choice. While a strong relationship between the health system and its home county over the last few years focused on wellness and on-site clinics, it was unclear how many employees would shift away from the broader network plan that was still available.

But with a 40% monthly premium

decrease part of the incentive, Everling reports that nearly 70% of county employees chose the Hendricks Regional Health plan. He details that the long-term partnership has already realized \$2 million savings for the county.

A narrow-network plan works well for certain employers. Everling puts self-insured schools (Avon Community Schools has also experienced strong savings, he says), governments and universities at the top of the list.

On the business side, "if the local company is part of a national organization headquartered in Charlotte and benefit decisions are made in Charlotte, to do something unique for an Indiana location – that is fairly disruptive for an employer."

But how can Hendricks Regional Health offer high-quality services at lower costs? Everling reminds that tradition has dictated

that the bigger a provider is, the higher prices it can negotiate with insurance providers.

"We don't have that market share, so our prices have always been lower. When your prices go up, unless you have extremely good cost discipline, your costs tend to go up with your pricing. This is not unique to us," he contends. "Look at other suburban hospitals and they are in a really good positive position from a pricing standpoint. People are paying attention to it and there is more transparency around it. Patients with high-deductible health plans are acting like consumers of health care. It's not been an asset to have low prices historically; now it is."

Campus makeover

On the same day of this interview with Everling in mid-March, DePauw University announced what it calls a "new and unique partnership" with Hendricks Regional Health and Putnam County Hospital. The goal for the Greencastle school: to be the healthiest college campus in America.

With Hendricks Regional in the lead, the



Hendricks County government (council members and commissioners are pictured) has saved approximately \$2 million from its in-depth partnership with Hendricks Regional Health.

A new partnership with DePauw University will see Hendricks Regional Health provide a wide array of services.



health care providers will, among other roles:

- Manage the student wellness center and employee clinic
- Expand wellness programming
- Conduct athletic training, sports medicine and physical therapy programs for student athletes
- Provide services to music students to prevent performance-related injuries and hearing problems

Need more innovation? The agreement includes bringing a bike share program to the campus and community, educational programming, and coordination of internships and other experiential learning for students interested in medical careers.

Everling believes the partnership is “unlike anything else in the country.”

Jeff Hadden is president of LHD Benefit Advisors and has worked with DePauw for nearly seven years. He describes an in-depth university process that resulted in outreach to many potential partners.

“Hendricks Regional, with Putnam County Hospital, came back with a uniquely different approach. It made the decision process for DePauw relatively easy.”

There is one key to any successful initiative, according to Everling. “You have the employer, health care provider, benefits consultant and third party administrator who adjudicates the claims. If all four of those can sit at the table – historically they have not done that – when they do and keep patients in the middle of all the decisions that they make, really great things can happen and that is the recipe for success. It’s a lot of fun when all four of those come together.”

And while Hadden agrees with Everling on the cost advantage for suburban systems, he adds, “The other (advantage) is that suburban hospitals are smaller and have the ability to be a little more agile and maybe try some of these innovative things to see if they work.”

No stopping now

Under the theme of constant change, what might be coming down the pipeline?

Everling outlines how some larger employers are executing direct contracts with health care centers of excellence on certain procedures. For example, General Electric (GE) has agreements with four providers across the country on total joint replacements. The company will pay all costs (airfare, hotel, meals, family expenses, medical procedure with no deductible) because of its confidence in the quality and the agreement on the costs of the procedure.

“We have some of the best total joint orthopedic surgeons in the state of Indiana. This is an opportunity to talk to employers outside Hendricks County, outside Indiana. We’re going to try and establish a

regional brand with orthopedics. That is the vision.”

Hendricks Regional Health used national quality data to compare itself to the four providers GE contracted, Everling reports, and found it ranked second in comparison.

In addition, he cites more bundled pricing likely coming to Hendricks Regional and the state, as well as a willingness to explore what he equates to an accountable care organization relationship with an employer. In this new world relationship, the expected cost would be on the table.

“We know what it costs; if we come in above it, we pay back some portion of it. If we come in below, the employer shares some of it back with us. I don’t know anywhere where that exists, but I would be open to it.”

Taking care of its own

Hendricks Regional, like other health care providers, is in the somewhat unique position of practicing what it preaches. That is providing health and wellness services to its own team members.

At Hendricks Regional, those employees most in need are part of the Integrated Health Advocacy Program (IHAP). That is a three-year effort – one Everling calls “very high touch and intensive” – to assist employees suffering from multiple chronic conditions. The participant names are kept confidential, apart from the physician, nurse and behavioral specialist team that works with the individuals.

Everling says Hendricks Regional Health spends about \$1.2 million a year in health care for those 14 employees. The goal of the

significant IHAP investment is to dramatically reduce that amount and, of course, help these associates live healthier lives.

For both reasons, Everling offers, “If an employer did only one thing to improve health care, it would probably be this.”



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Hendricks Regional Health