

## **Bipartisan Roundtable on Hospitals and Healthcare**

### **Testimony of Yale New Haven Health**

**November 6, 2014**

Testimony of Christopher O'Connor

Executive Vice President and Chief Operating Officer

Yale New Haven Health System

Thank you Mr./Madame Chair. My name is Christopher O'Connor and I am the Executive Vice President and Chief Operating Officer for the Yale New Haven Health System. I appreciate the opportunity to provide testimony on the matter of physician practice acquisitions in the context of the much broader environmental changes in our industry.

As you are well aware, hospitals and health systems are facing historic shifts in the way we care for our patients. As leaders in the healthcare industry we must be ready to anticipate and meet the challenges of this new environment. It is our responsibility to preserve our ability to meet our mission of providing exceptional care to all patients – regardless of their ability to pay.

To that end, we continue to make enormous progress through research and education to stretch the frontiers of patient care, allowing us the ability to deliver high quality care through a broad range of medical services across our region. As we do so, we must ensure that the availability and access to that care is preserved or strengthened.

Today we stand on the threshold of a new era in healthcare. One that promises better integration, the enrichment of care through best practice and electronic medical records, and a system more responsive to the health and emotional needs of our patients. That is the embedded promise of the Affordable Care Act – to provide broader access to exceptional and cost-effective care for every patient we serve - and that is a charge we take seriously.

Yet, as we seek to transition to the new environment, we remain bound, in many ways, in the old model of care. For example, as we seek to manage the health – not just the sickness – of a broad population of patients, we continue to be reimbursed in accordance with a fee for service model that doesn't fully recognize the value of this movement to wellness. Since we have not fully transitioned to a system of managing wellness we feel the tension and challenge around us.

Achieving balance under these circumstances is certainly not easy. As providers across Connecticut can attest, hospitals have encountered historic cuts in the way we are reimbursed for services. More than

\$550 million has been cut from Medicaid reimbursements in Connecticut and funding for Medicare will continue to fall over the course of the next decade. That means that our hospitals lose money on every patient we care for who is insured by a government payer. Today that number is about 70 percent of the patients we serve and that number continues to grow.

The same holds true for physician practices. Today physicians across our region face declining reimbursements from government payers. They face a growing regulatory environment designed to ensure the best care is delivered in the best location, but at the same time can swamp an individual practice. And, physicians face the need for increasing investments in technology and equipment to stay current and meet new standards of care.

We need to ensure the viability of providers – hospitals and physicians alike – in a turbulent fiscal environment. As a result of these environmental changes, more and more physicians are seeking partnerships with hospitals – not just to stabilize their practices, but to work in tandem to better coordinate care for the patient and to realize the goals of healthcare reform.

My colleague Dr. Nordgren will discuss these imperatives in his testimony, but the bottom line is that this is about creating a new and truly collaborative environment for our physicians to practice. As a health system, we have continued to build those partnerships because we understand that care does not end in the four walls of our hospitals. It is increasingly important for our patients to know that they have a partner in the community that can work together with a hospital – after they are discharged – to ensure their ongoing health is maintained.

Over the last three years, our health system added 183 physicians through Northeast Medical Group, our physician practice organization – the vast majority of whom approached us. We have a total of 257 physicians in our community network and, importantly, 139 are primary care physicians. These physicians felt it made sense for them to be a part of an organization that could provide them with the infrastructure they needed to better care for their patients in this new environment.

However, not all physicians are interested in these partnerships. We deeply respect that fact and truly appreciate the desire for independent practice. We continue to work with all physicians across the communities we serve to ensure that the care provided to our patients meets the highest possible standards. That is true for physicians we employ as well as those who are independent.

And that will continue to be true long into the future. As new clinically integrated networks develop that are designed to take on risk, we must strengthen – not diminish – our relationships with independent community-based providers. The engagement of these independent practices with health systems like ours is vital to our success as we seek better strategies to care for the whole patient – not just when they need the acute services of a hospital like Yale-New Haven. We need to build these broader networks to better provide access and continuity of care for all of the patients we serve.

Now I'd like to turn it over to my colleague Dr. Nordgren.