

# Healthcare Organizations: [Financial Management Strategies]

## May 2008 Newsletter



### What about Dossia.org? - “Power to the People” -

*A common rallying cry of the turbulent sixties was “power to the people”. It embodied the zeitgeist of a generation that never seemed content until the democratizing electronic era emerged. In the healthcare space however, power still seems to rest in control of a select few; medical providers, employers, insurance companies, the government and other third-party intermediaries. Everyone, but the patient, until now!*

*And so, as a doctor, medical and nurse executive, health economists and scions of that era, the recent founding of Dossia.org, is particularly gratifying. Why? Because Dossia is an independent and nonprofit internet based platform that is personally controlled by patients, and patients alone? It is a voluntary, private, portable, secure, lifelong and decentralized repository of electronic medical information archived from many sources.*

*Of course, as with any new technology, we wonder if patients and stakeholders are ready for it? Unfortunately, most are not; but increasingly more are. And, supporters of consumer directed healthcare, concierge medicine, marketplace competition, medical price transparency, retail clinics and the like, often respond in the affirmative. Therefore, allow us to ask if your clinic, facility, hospital or healthcare organization is aware and ready for Dossia.org?*

*Ready or not, the promise of Dossia is complete information about your patient’s medical history — information that they alone control — that will become available whenever needed: for routine office visits, away from home, in an emergency, for hospital admission or after a disaster that could destroy paper records. Dossia enables patients to become your active partner in their healthcare management. In short, it will allow them to:*

- *Share current information with providers, clinics, outpatient centers, hospitals and healthcare systems*
- *Avoid delays, mistakes and miscommunication when more than one medical professional is involved*
- *Help reduce medical communication errors and eliminate waste, costs and redundancy*
- *Help track, manage and treat chronic illnesses and enhance evidence-based best practices*
- *More effectively utilize physician and patient-provider face-time*
- *Help family members manage their health care; and more!*

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*The key feature of Dossia is its personal and private nature. Only the patient is allowed to include or exclude information in a health record, and determine what parts will be shared with others. The patient will choose how much data is collected and how the record is shared - with whom - and in what form. And, while we recommended patients share a complete medical history with their providers, the decision will always rest with them. Others can not access information without permission, including employers and insurance companies.*

*In brief, the mission of Dossia is nothing less than the complete transformation of health information technology, to reduce costs and improve quality, by developing a lifelong personal health record [LPHR].*

*Of course, the Dossia Founders Group is highly suited for this Herculean task. Thus far it includes: AT&T, Applied Materials, BP America, Inc., Cardinal Health, Intel Corporation, Pitney Bowes, sanofi-aventis and Wal-Mart. It is growing and has been endorsed by the American Academy of Pediatrics, the American Academy of Family Physicians, the Centers for Disease Control and Prevention [CDC] and the National Association of Manufacturers. Initially, Founders will work with Children's Hospital in Boston, and other qualified experienced vendors to develop and implement the Dossia Network infrastructure.*

*And so, we invite you to investigate Dossia.org and consider supporting and joining them. We wish them well in their attempt to dis-intermediate third-parties and return "power-to-the people."*

*Finally, as a quarterly subscriber, we trust you will review, communicate, use and profit from our endeavors, as well as the integrated health systems summary listed below. Let **Healthcare Organizations: [Financial Management Strategies]** reduce your satisfaction with the status-quo and help embrace any new technology that bespeaks modernity, safety, economic utility, and patient empowerment.*

**PS:** *Don't forget to review-read-rave and rant online at our web-blog and new communications forum.*

Fraternally,

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### INTEGRATED HEALTH SYSTEMS SUMMARY FOR 2007\*

*By Richard Frye; PhD*

*Forte Information Resources, Denver, Co.*

- Following six straight years of decline, the number of health care systems in the process of integrating rose slightly in 2006, to 476 from 474 in 2005. Conversely, the number of systems defined as the most highly integrated, fell 3.3%, to 320 from 331 the year before. These 320 highly integrated systems accounted for 67.2% of all systems, down from 69.8%.
- Between 2005 (10,788) and 2006 (12,674), the number of distinct facilities in the most highly integrated systems climbed 17.5%. During this period, the number of physician practices increased 27.8%, to 8,234 from 6,444 in 2005.
- The number of highly integrated systems with exactly five delivery components fell 11.5% in 2006, to 85 from 96 in 2005. These systems accounted for 26.6% of all systems, down from 29.0% the year before.
- In 2006, the number of highly integrated systems with six or more delivery components that were initiated by hospitals climbed 12.2%, to 46 from 41 in 2005, the third consecutive annual growth.
- Between 2003 (34) and 2006, the number of large hospital initiated systems jumped by more than one-third (35.3%).
- After rising 24.5% between 2002 (188) and 2005 (234), the number of highly integrated systems with at least 21 provider units fell slightly in 2006, to 228. However, these systems constituted 71.3% of all highly integrated systems in 2006, up from 70.7% in 2005.
- The total number of owned provider units in highly integrated systems climbed 15.8% in 2006, to 11,479 from 9,914 in 2005.

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- Owned provider units accounted for 70.7% of all relationships between integrated systems and providers, up from 67.5% the year before. Between 2001 (7,591) and 2005, the number of owned provider units rose more than 50%.
- Of the 540 relationships highly integrated systems formed with home health agencies in 2006, 346 (64.1%) were equity relationships, down from 361 (64.6%) in 2005.
- Between 2005 and 2006, the number of highly integrated systems decreased across all five national geographic regions, most notably the Southeast (-5.9%), to 80 from 85 the previous year, the largest percentage drop, by region.
- The number of owned provider units in hospital-initiated systems jumped 18.0% in 2006, to 8,044 from 6,819 in 2005. Owned provider units accounted for 71.2% of all provider units in hospital driven systems, up from 67.8%.
- The total number of short-term, acute-care, nonfederal hospitals in the U.S. and Puerto Rico owned by or contracted to highly integrated systems grew to 1,827 in 2006 from 1,807 the previous year.
- Overall, the number of HMOs that were affiliated with integrated systems dropped a notable 12.1% in 2005, to 87 from 99 in 2004.
- Although the number of Midwest region HMOs that were part of highly integrated systems dropped to 32 in 2005 from 35 in 2004, the region still served as headquarters for substantially more of these plans than any other geographic region.
- Average length of stay (ALOS) per Medicare hospital admission for members of HMOs that were affiliated with highly integrated systems fell 5.2% in 2005, to 5.5 days from 5.8 days in 2004, the first annual decline in this measure in four years.
- Pharmacy expenditures as a percentage of total operating costs continued to drop at system HMOs, to 13.6% from 13.8% in 2004, the third straight annual decline. Conversely, this ratio grew slightly at nonsystem HMOs, to 14.4% from 14.3% the prior year.

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- The number of medical group practices that were not a part of highly integrated systems grew 8.0% in 2006, to 10,240 from 9,480 in 2005, the third straight annual rise. In the six years from 2000 (8,694) to 2006, the number of nonsystem groups climbed 17.8%.
- In 2006, the number of medical group practices with five or more FTE physicians climbed 7.6% nationwide, to 12,754 from 11,848.
- An average of 17.9 physicians practiced in groups tied to integrated systems in 2006, down a notable 7.7% from 19.4 in 2005. Still, this average was more than 35% higher than the 11.6 average for groups that were not a part of systems.

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