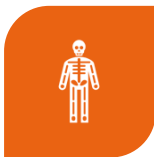


Spine Care in Kaiser Permanente

RAVI S. BAINS MD
CHIEF, REGIONAL SPINE SURGERY DEPT, OAKLAND

Objectives:



HISTORY OF KAISER
PERMANENTE



MODERN DAY KAISER
PERMANENTE
STRUCTURE



NORTHERN
CALIFORNIA: TPMG
AND COVID STRATEGY



SPINE CARE
ORGANIZATION AND
DELIVERY

History of Kaiser Permanente

Colorado Aqueduct Project: 1933-1939

- ▶ the largest public works project in southern California during the Great Depression.
- ▶ The project employed 30,000 people over an eight-year period.
- ▶ 10,000 at any one time.
- ▶ One young General Surgeon, Sidney Garfield, saw an opportunity.

Length: 242 miles



Sidney Garfield MD, Kaiser Permanente's founding physician



Not a successful model:

- ▶ He borrowed money to build 12 bed Contractors General Hospital: (6 mi from Desert Center town)
- ▶ Treated sick and injured workers of the Colorado aqueduct project.
- ▶ Had trouble getting paid from insurance companies in a timely fashion.
- ▶ Not all of the workers had insurance, and Dr Garfield did not turn away injured or sick pts.
- ▶ Hospital's expenses eventually exceeded its income.

Prepayment System is Born:



To help the hospital's financial troubles, Harold Hatch, an insurance agent, suggested insurance companies pay Dr. Garfield a fixed amount per day, per covered worker.



This allowed Dr. Garfield to emphasize maintaining health and safety rather than merely treating illness and injury.



5 Cents per day, workers were provided work injury coverage. For an additional five cents per day, workers could also receive coverage for non-job related medical problems.



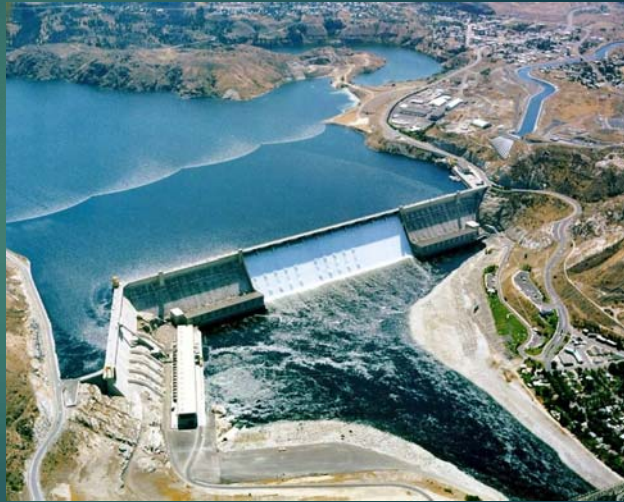
General Contractors Hospital became successful during the Colorado Aqueduct project.

1939: Henry J. Kaiser reached out to Dr Garfield to work on The Grand Coulee Dam.



Grand Coulee Dam:

- ▶ >6500 workers and their family members were medically covered.
- ▶ Prepayment was deducted thru workers salary.(avg worker made 80 cents/hr)
- ▶ Dr Garfield recruited physicians to work in "prepaid group practice" to deliver medical care
- ▶ Work was nearing an end 1941, and so was this experiment.
- ▶ Dr Garfield was recruited into the war 1941.



- ▶ Henry J. Kaiser (1882-1967): "the father of American shipbuilding in World War II".
- ▶ Son of a cobbler, and dropped out of school at age of 12.
- ▶ Kaiser Shipyards(WA,OR,CA) churned out nearly 1,500 ships during the war.
- ▶ Kaiser Industries employed 30,000 workers in RCH shipbuilding that needed health coverage and Occupational work site clinics.



History

- ▶ Dr Garfield sets up health coverage for the workers and their families of the Kaiser Richmond Yards.
- ▶ When the war came to an end, the shipyard workforce fell from 90,000 to just 13,000 employees in only a few months.
- ▶ 12/75 members of the medical group remained after WWII.
- ▶ Dr Garfield and HJ Kaiser wanted the new form of health care delivery to survive.



- ▶ On July 21, 1945, the Permanente Health Plan officially opened to the public.
- ▶ By 1955, enrollment surpassed 300,000 members in Northern California



- ▶ Sidney Garfield & Associates had been a sole proprietorship.
- ▶ in 1948, it was reorganized into a partnership, Permanente Medical Group
- ▶ Henry Kaiser's authoritarian management style lead to turmoil 1950s
- ▶ Lead to confrontations between HJ Kaiser and Permanente Medical Group physicians.
- ▶ On July 12, 1955. Eugene Trefethen, a lawyer and HJK advisor, came up with the idea of a contract between the medical groups ,health plans and hospital foundations which would set out roles, responsibilities, and financial distribution.
- ▶ Trefethen in retirement became a famous vintner.



The Henry J. Kaiser Family Foundation, aka Kaiser Family Foundation (KFF)

- ▶ KFF was established in 1948
- ▶ Mr. Kaiser died in 1967, his second wife, Ale Chester, inherited half of his estate
- ▶ ½ of the Kaiser wealth went to the KFF
- ▶ Mr. Kaiser's children received very little direct inheritance; but did receive authority to run the Kaiser Industries businesses
- ▶ By 1985, the foundation no longer had an ownership stake in the Kaiser companies and is no longer associated with [Kaiser Permanente](#) or [Kaiser Industries](#)
- ▶ A leading voice and repository for facts and information on our national health-care issues:

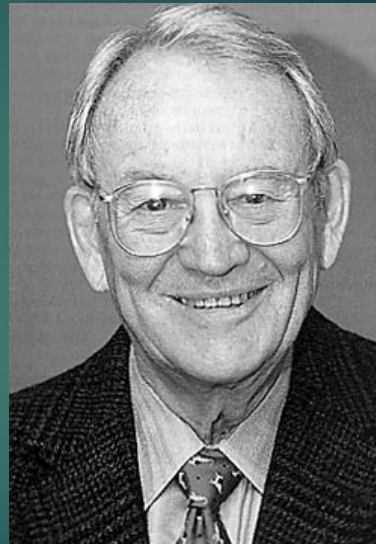


Definition: Health Maintenance Organizations(HMOs)

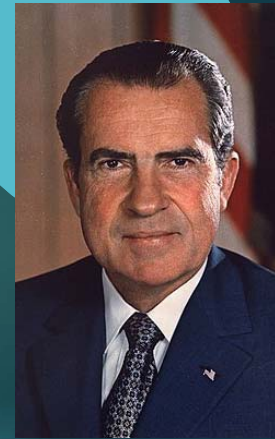
- ▶ an organization that provides or arranges managed care for health insurance, self-funded health care benefit plans, individuals, and other entities, on a prepaid basis
- ▶ some forms of group "managed care" did exist prior to the 1970s.
- ▶ In 1970, the number of HMOs <40.
- ▶ Ross-Loos Medical Group, established in 1929, is considered to be the first HMO in the United States:
 - ▶ HQ in Los Angeles
 - ▶ Provided care to LA Dept Water and Power, LAC employees, LAFD and LAPD and So Cal Phone Company (became ATT)
 - ▶ 1951: had over 51,000 members.

Dr Paul M. Ellwood Jr.

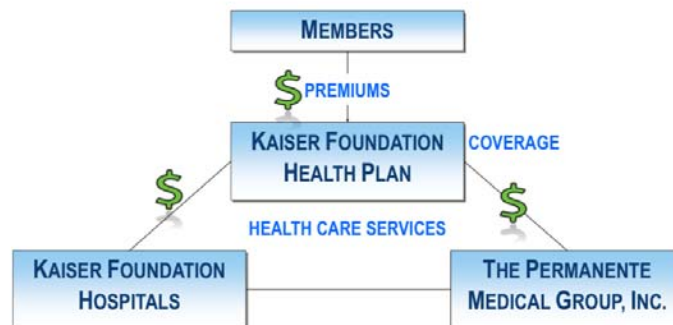
- ▶ Grew up in Oakland, Graduated from Stanford undergrad and Medical school 1953.
- ▶ Pediatric Neurologist specialized in Polio.
- ▶ "HMO" was coined by him in a January 1970 Fortune Magazine article
- ▶ encountered on ward a crying 5- to 10-year-old children.
- ▶ "Economic incentives are so powerful to fill these beds that you're harming these children."
- ▶ In 1970 Ellwood was invited to consult with President Nixon's staff to reshape national health policy,



- ▶ Ellwood 's group met with Nixon administration advisors who were looking for a way to curb medical inflation.
- ▶ Nixon signed the Health Maintenance Organization Act of 1973 (intr by Ed Kennedy):
 - ▶ provided grants and loans to provide, start, or expand a Health Maintenance Organization.
 - ▶ Override of specific restrictive State laws
 - ▶ required employers with 25 or more employees to offer federally certified HMO options IF they offered traditional health insurance to employees.



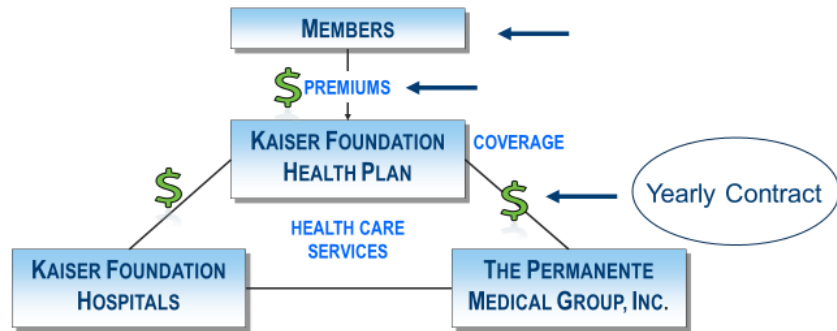
Our Integrated Prepaid Model



TPMG Physicians drive how KP spends our members' premium dollars

PERMANENTE MEDICINE
The Permanente Medical Group

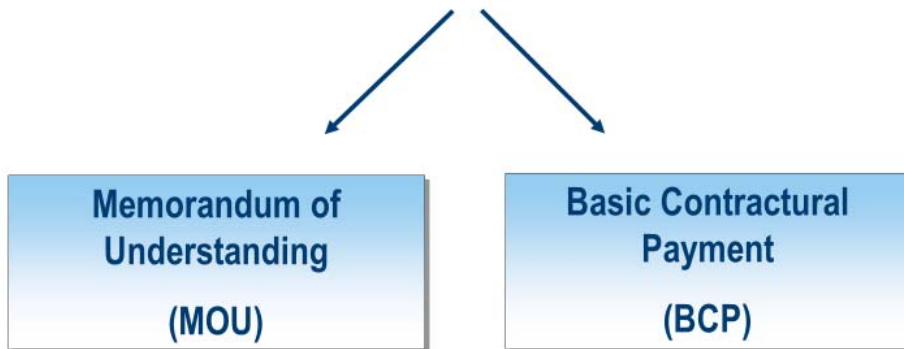
The Flow of Funds



TPMG Physicians drive how KP spends our members' premium dollars

PERMANENTE MEDICINE
The Permanente Medical Group

Yearly Contract



PERMANENTE MEDICINE
The Permanente Medical Group

Memorandum of Understanding

- Mutual Exclusivity
- Separation of Powers
- Pension and Retirement Obligations

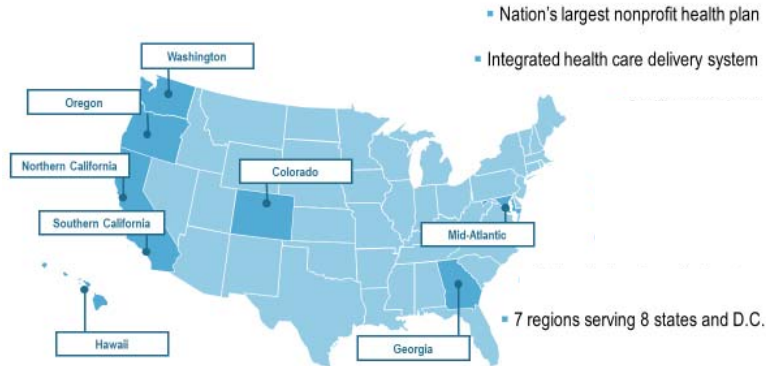
PERMANENTE MEDICINE
The Permanente Medical Group

Basic Contractual Payment

- Per Member Per Month
 - Higher revenue from a member who joins in January compared to December
 - TPMG gets paid per member (same for commercial/medicare/medicaI)
 - TPMG gets paid from KF health plan for care of the uninsured
 - TPMG gets paid consistently twice a month
- Payment for regional programs such as call center, laboratory, etc.
- Pension payment reimbursement (Plan 1 and SRP)
- Agreement for Share appreciation, December payment, March Payment, etc.

PERMANENTE MEDICINE
The Permanente Medical Group

Kaiser Permanente



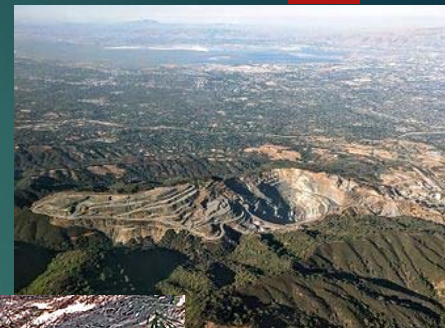
5 May 29, 2020

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KAISER PERMANENTE. thrive

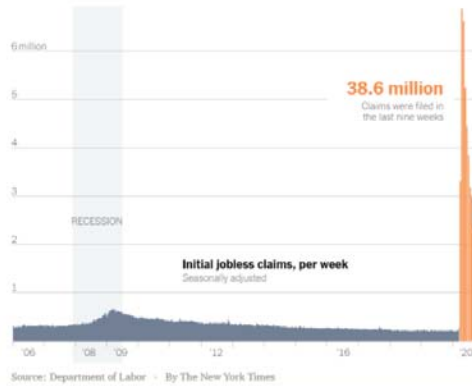
The Permanente Medical Group, TPMG (est. 1948)

- ▶ 9,224 physicians
- ▶ 39,630 nurses and staff
- ▶ 4.5 million patients in Northern California.
- ▶ 257 medical offices and Outpatient facilities.
- ▶ Permanente physicians become stockholders in TPMG after three years at the company.
- ▶ For Profit Medical Group
- ▶ Name originates from Permanente Creek, which ran along the Kaiser Cement Plant, near Cupertino.



Many Jobs May Vanish Forever as Layoffs Mount

With over 38 million U.S. unemployment claims in nine weeks, one economist says the situation is “grimmer than we thought.”



“I fear that maybe there is something more fundamental going on,” particularly in occupations most affected by social distancing rules, Mr. Slok added. He expects the official jobless rate for May to approach 20 percent, up from the [14.7 percent](#) reported by the Labor Department for April.

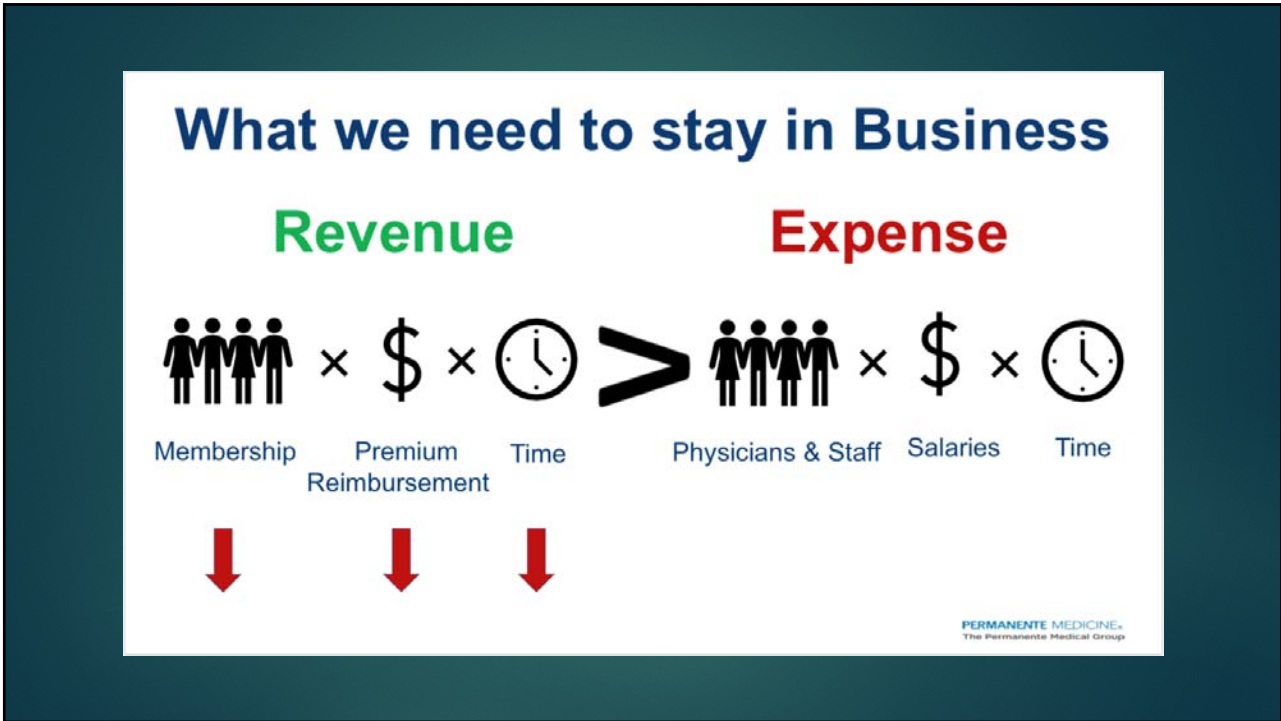
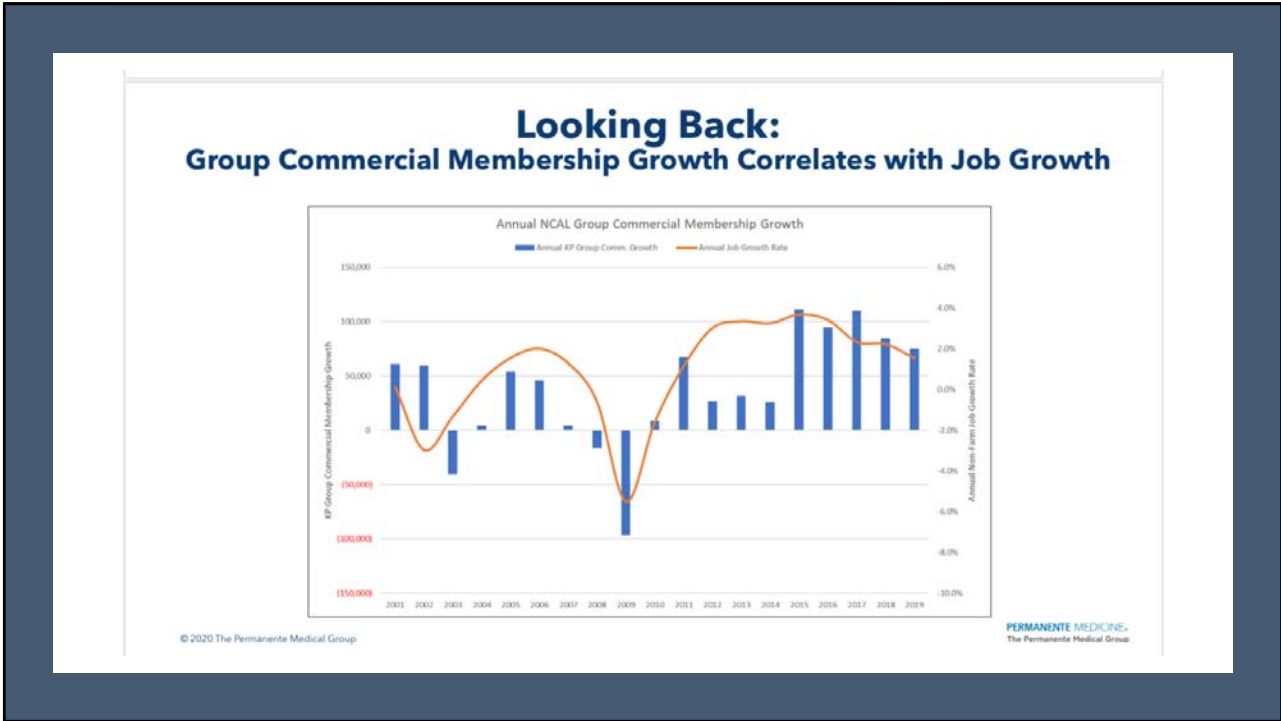
Healthcare employment

Increase/decrease in seasonally adjusted total from previous month

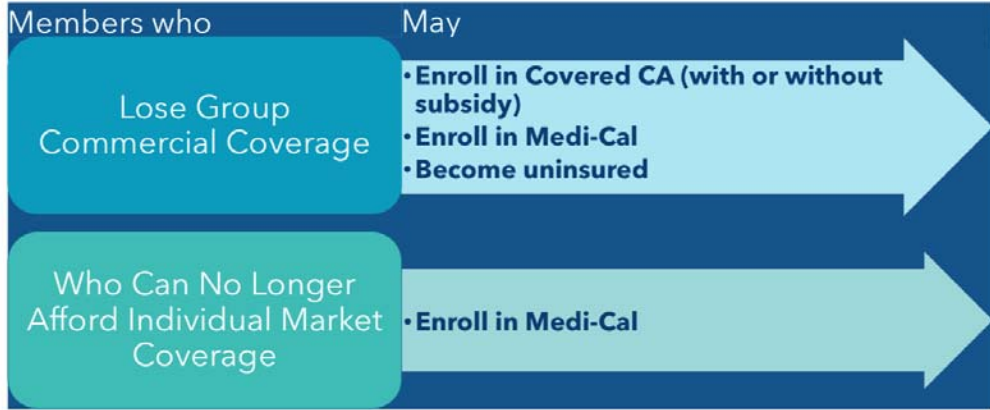
☐ = Recession | The chart below is interactive: [click](#) or [touch](#) to see more.



Notes



During a Period of Job Loss, Membership Mix May Shift Toward Covered CA and Medi-Cal



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The Permanente Medical Group

What are the New Services?



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The Permanente Medical Group

What problems are we trying to solve?



Staff these services without hiring, through redeployment



Move from filling individual slots to dependable core staffing for the foreseeable future

How will we close the gap?



Need shared ownership to solve staffing for new services



Based on predicted volumes, almost every service should have some capacity to contribute



Will probably need some people to work "below" top of license

Goal: Regular core staff for new services.

Benefits:

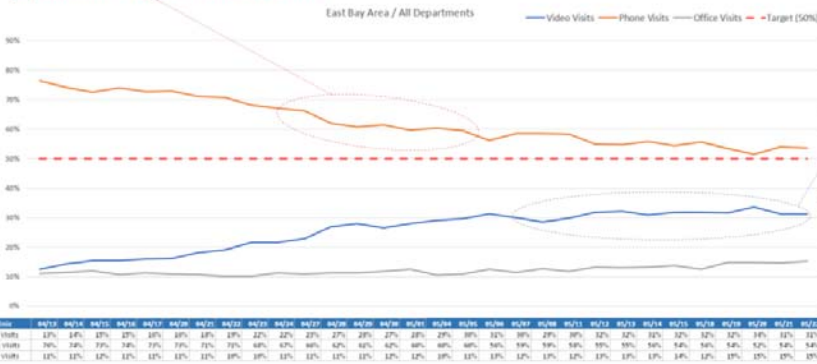
- Not always training new people
- Reduce scramble to cover schedule
- Clear management accountability

Available Financial Levers

- Leverage Video Care First for Doc & Coding and Improved ECX
- Increase Vacation Utilization
- Decrease ATO/Overtime
- Reduce use of pools, contracts, on-calls
- Evaluate & Assess ALL Hiring decisions (new and replacement)
- Reduce discretionary non-payroll spending
- Reduce Physician Administrative Time

EBA Telehealth Usage Rate

As gap between video & phone visits narrows, continue to think about new or unutilized patient populations to expand to video visits



As clinics begin to re-open for office visits, continue to use a video-first strategy to sustain our telehealth momentum

Controlling Spinal Implant Costs:

Orthopaedic spine surgeons and Neurosurgeons (one per spine center from the USA), in partnership with KFH and Vizient, drive the spinal implant contracts.

All physicians for KP have no COI

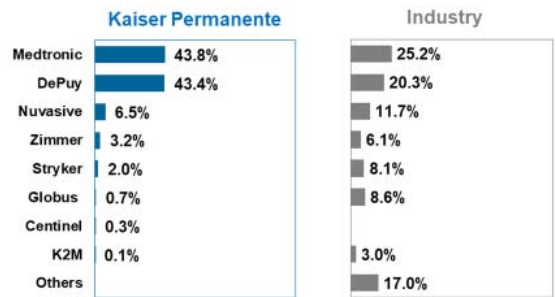
Spinal Implants
Strategic Sourcing Plan

Orthopedic Spine SST

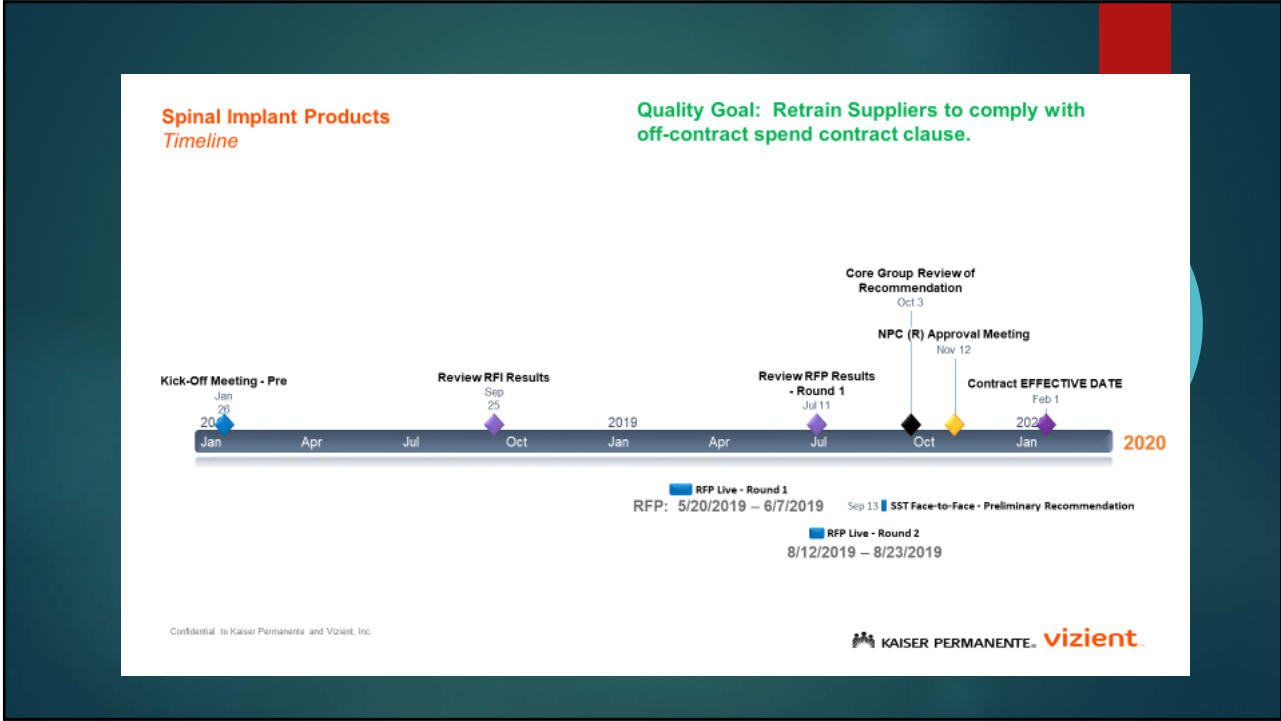
Kick-Off Date: 01/26/2018
Target Effective Date: 02/01/2020

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Market Share



Vizient Market Share: Vizient Category is different from KP and Industry (contract with DePuy Synthes / No Medtronic contract)
 Industry Source – DRG
 KP Category Spend is: \$30,217,827 for the rolling 12 months (9/2017 – 8/2018).
 2018 full spend will be provided after the RFP.



Spinal Implants – Evaluation Announcement

Dear Kaiser Spine Surgeon,

We are entering another contract negotiation for spinal implants. Our plan is to negotiate a new spinal implant contract by the end of 2019. As you know, our current contracted vendors include Medtronic, Depuy/ Synthes, and Stryker.

Currently, we are in active negotiations with our current vendors as well as Nuvasive, K2M, Zimmer/ Biomet, and Globus to see which two or three vendors will be on contract for our next 4-5 year cycle.

As part of our negotiation process, we will open a clinical trial allowing surgeons to use implants from any of these vendors from XXX - XXX. We do ask that you fill out a clinical evaluation form on these products if you choose to trial them. Your input will be critical in developing the next spinal implant contract.

For questions, please contact your local spinal implant SST representative. A full list of representatives is enclosed.

Thank you for your support,
 Patrick Suen
 Chris Tang

Spinal implant SST committee

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Trial Results / Clinical Surveys

Suppliers (#)	Ease of Use of Implants	Ease of Use of Instrumentation	Quality of Support / Sales Rep.
	Average Score	Average Score	Average Score
DePuy Synthes (19)	4.9	4.8	4.9
Medtronic (9)	4.9	4.9	4.9
NuVasive (36)	4.3	4.3	4.3
Stryker (K2M) (22)	4.3	4.0	4.3
Zimmer (6)	4.2	3.7	2.7
Stryker (Legacy) (1)	3.0	3.0	5.0

92 Surveys submitted

Survey Results as of 9/10/2019; last survey entered on 8/29/2019

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Constructs Example – Spinal Implants

Construct/Category Name	BAFO Tri Prices		
	MEDTRONIC	DEPUY	NUVASIVE
Constrained Plating System Lvl 2	\$	\$	\$
Semi-constrained Plating System Lvl 2	\$	\$	\$
Posterior Cervical Without Occipital Fusion Lvl 2	\$	\$	\$
Posterior Cervical With Occipital Fusion Lvl 2	\$	\$	\$
Interbody Fusion/Ceramic/PEEK/TLIF	\$	\$	\$
Interbody Fusion/Ceramic/PEEK/ALIF	\$	\$	\$
Interbody Fusion/Ceramic/PEEK/PLIF	\$	\$	\$
Interbody Fusion/Ceramic/PEEK/LLIF	\$	\$	\$
Interbody Fusion/Metal Coated PEEK/Expandable Interbody	\$	\$	\$
Interbody Fusion/Metal Coated PEEK/TLIF	\$	\$	\$
Interbody Fusion/Metal Coated PEEK/PLIF	\$	\$	\$
Interbody Fusion/Metal/TLIF	\$	\$	\$

40 Confidential Information



Spinal Implants
Contract type (National Standard)
Suppliers awarded: DePuy Synthes, Medtronic and NuVasive

Orthopedic Spine SST
October 2019

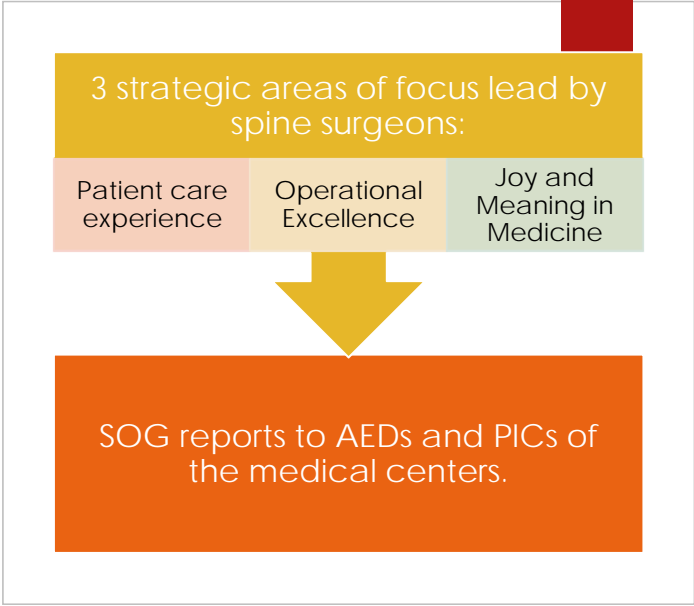
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Spine
Surgery
Operations

Spine Operational Group, SOG: chiefs of spine centers:

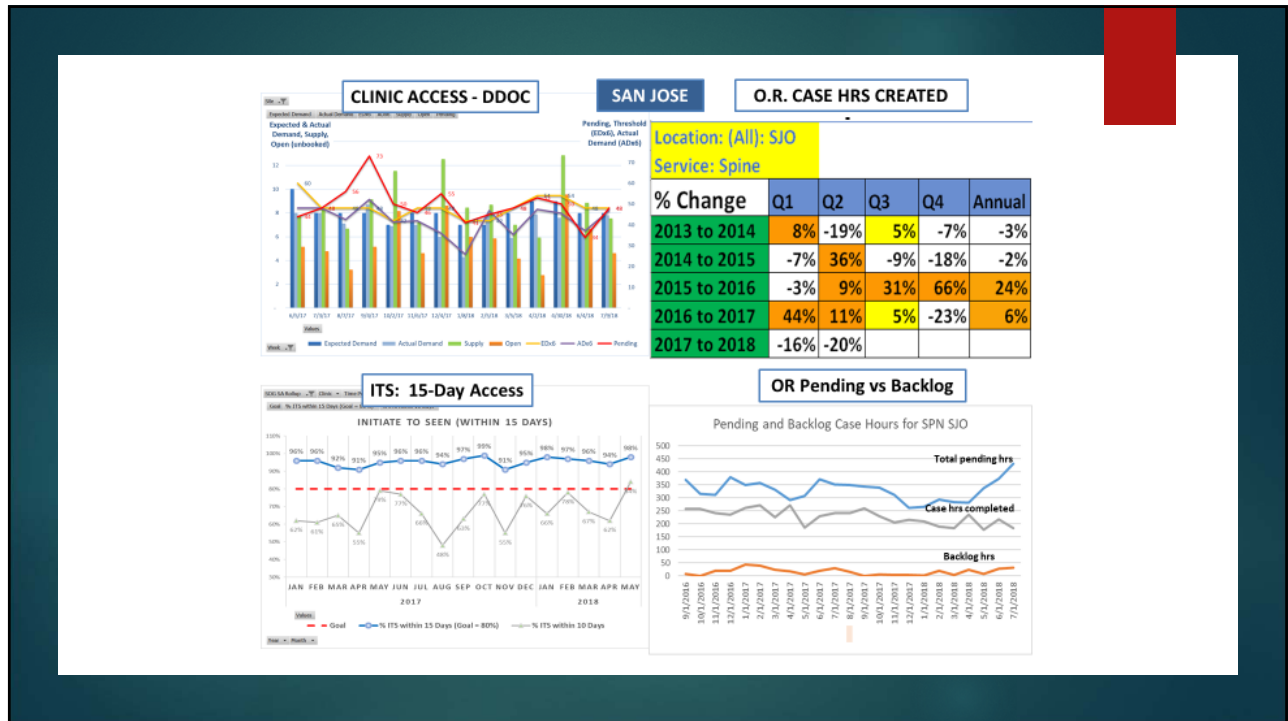
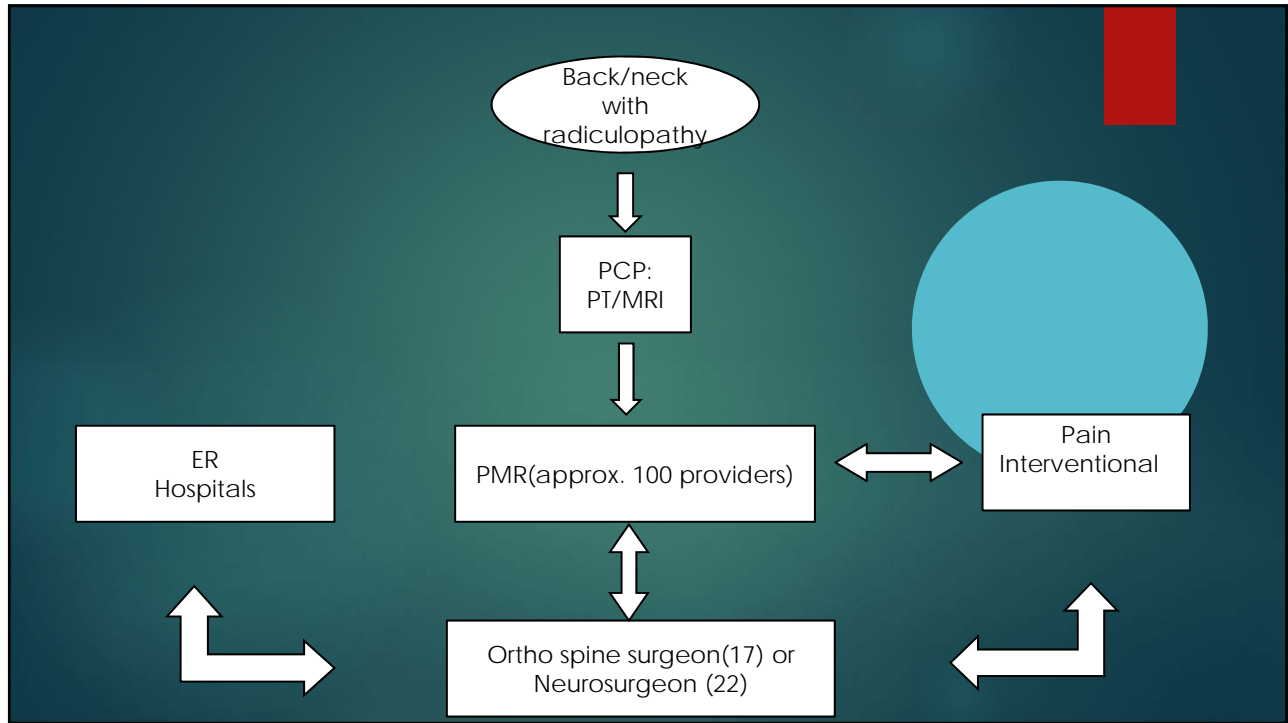


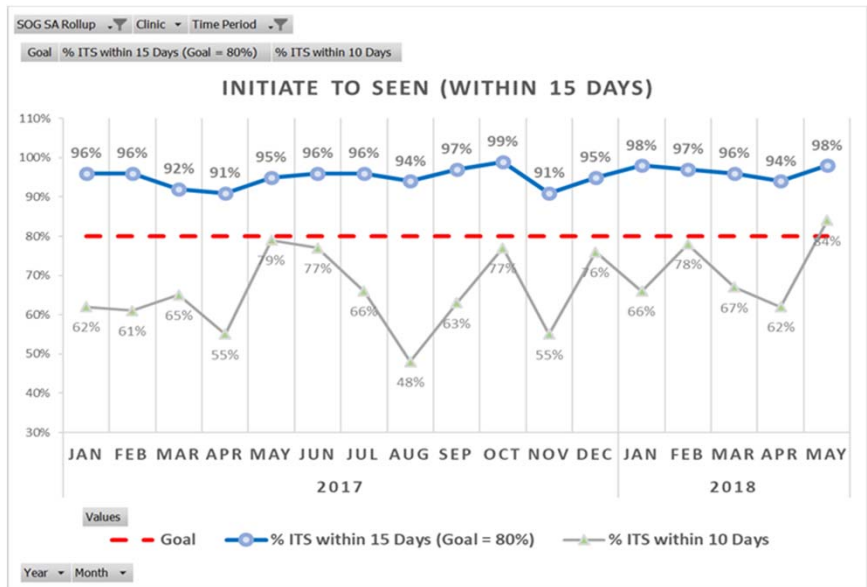
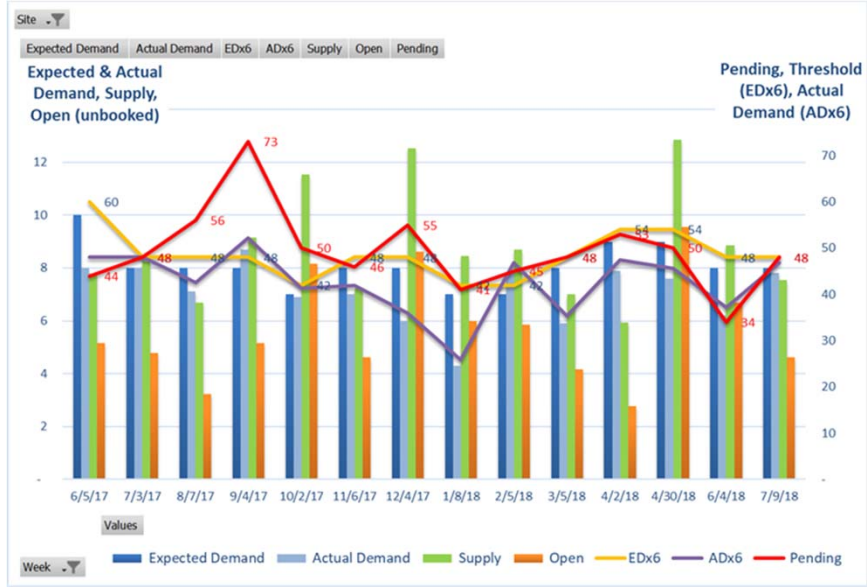
Schedule for Regional Virtual Pre-Op Classes

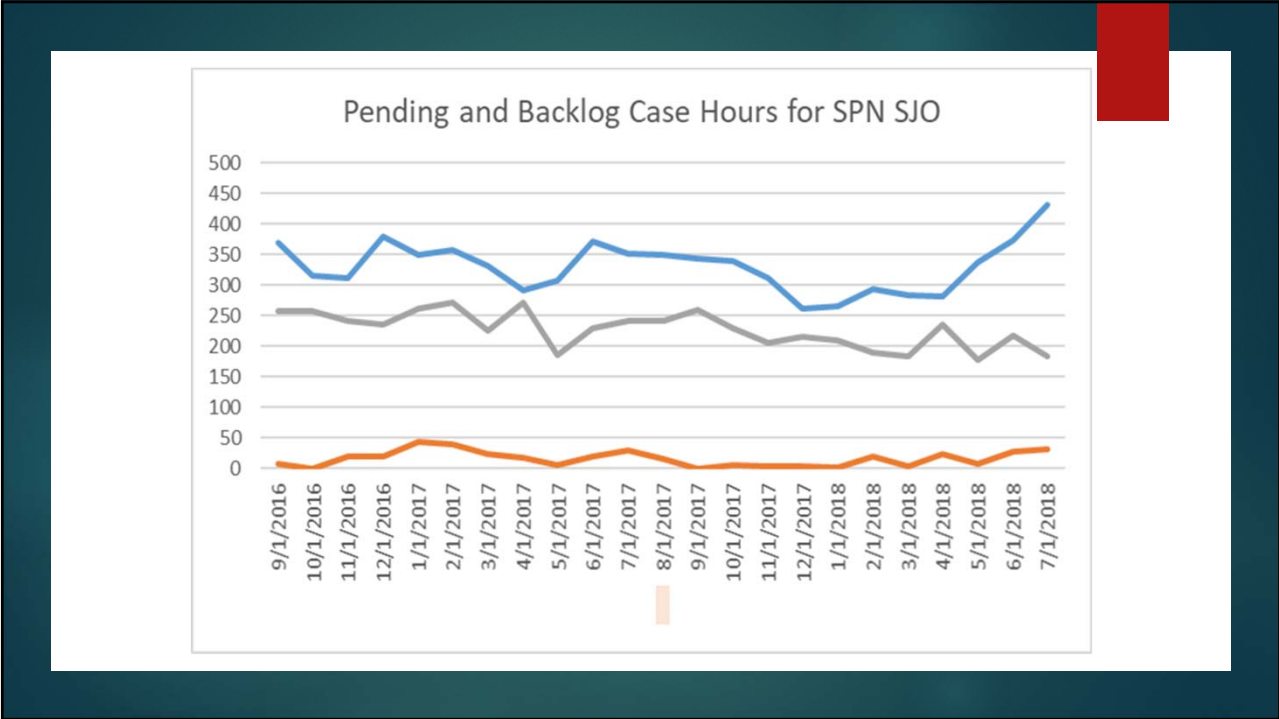
- Virtual Pre-op classes offered 5 days / week
- 2 time slots / day – morning and afternoon
- Rotate inpatient and outpatient class schedule
- Classes are 60 minutes long
 - 30 minutes for presentation and 30 minutes for Q&A

Time	Monday	Tuesday	Wednesday	Thursday	Friday
Morning (11am-12pm)	Outpatient class	Inpatient class	Outpatient class	Inpatient class	Outpatient class
Afternoon (2pm-3pm)	Inpatient class	Outpatient class	Inpatient class	Outpatient class	Inpatient class

Patient Care Experience:







CLINIC ACCESS - DDOC

OAKLAND

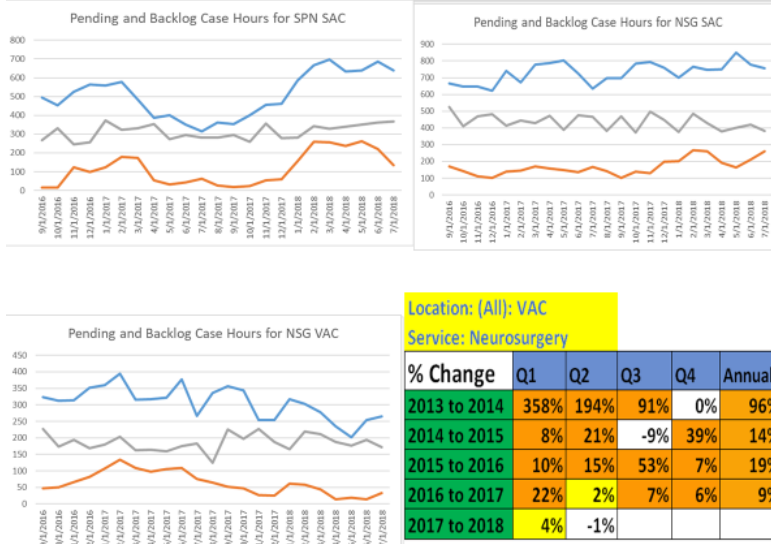
Location: (All): OAK
Service: Spine

% Change	Q1	Q2	Q3	Q4	Annual
2013 to 2014	-12%	0%	-23%	-18%	-13%
2014 to 2015	4%	-1%	7%	17%	7%
2015 to 2016	18%	43%	7%	-5%	16%
2016 to 2017	7%	-29%	11%	8%	-3%
2017 to 2018	14%	48%			

ITS: 15-Day Access

OR Pending vs Backlog

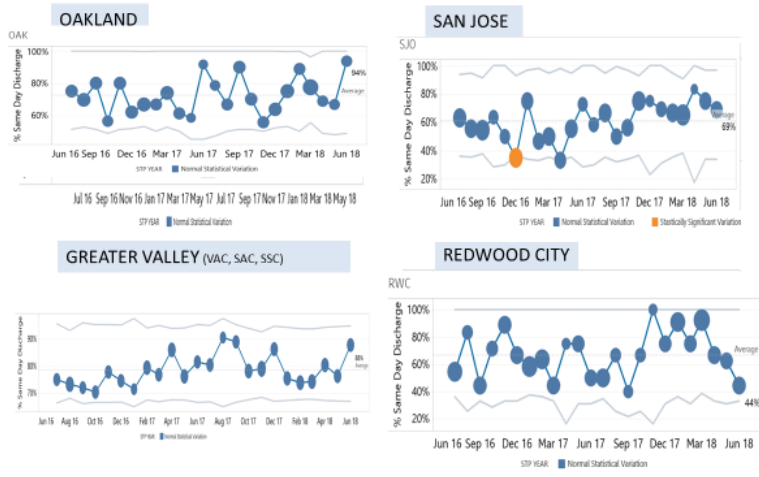
NORTH VALLEY SITES



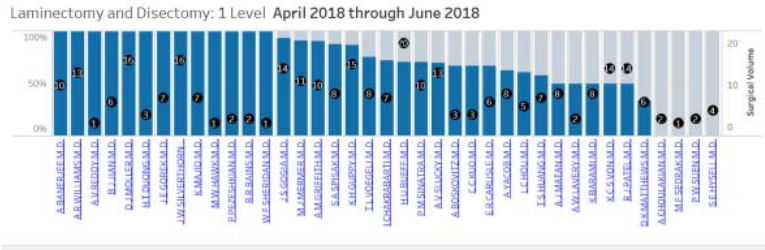
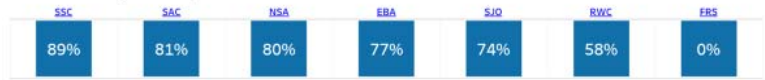
Location: (All): VAC
Service: Neurosurgery

% Change	Q1	Q2	Q3	Q4	Annual
2013 to 2014	358%	194%	91%	0%	96%
2014 to 2015	8%	21%	-9%	39%	14%
2015 to 2016	10%	15%	53%	7%	19%
2016 to 2017	22%	2%	7%	6%	9%
2017 to 2018	4%	-1%			

Lam/Disc Surgical Home Recovery



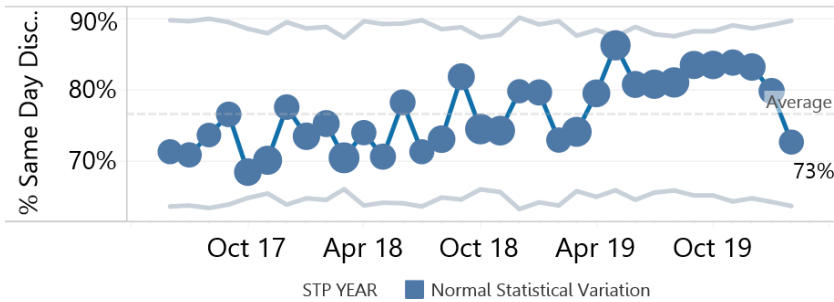
LAMINECTOMY & DISCECTOMY 1 LEVEL BY SURGEON (MOST RECENT 3 MONTHS)

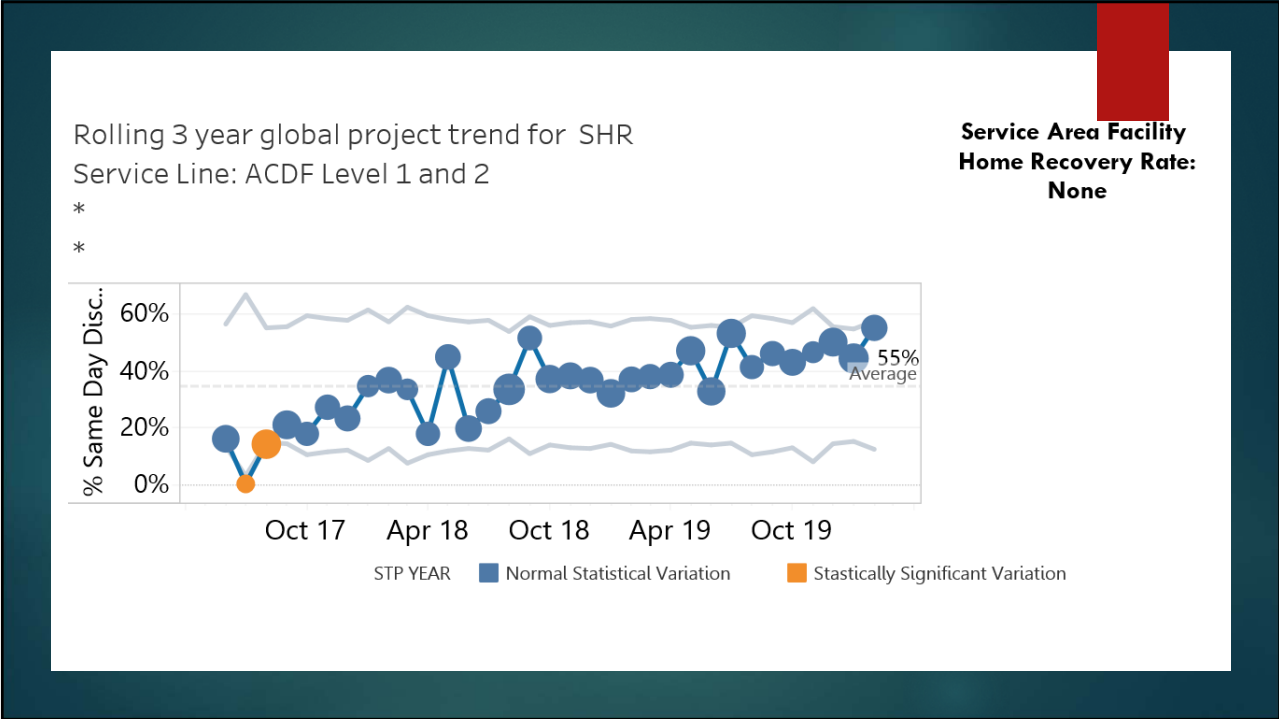


Rolling 3 year global project trend for SHR
Service Line: Laminectomy and Discectomy: 1 Level

**Service Area Facility
Home Recovery Rate:
None**

*
*





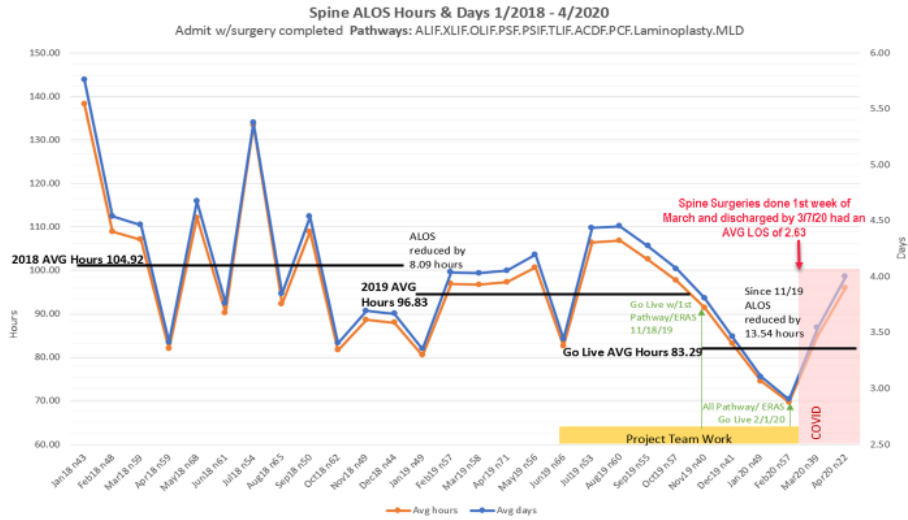
LOS Project: Current Initiatives/Goals/Actions

Initiatives	Goals	Actions Since Last Report
<p>Reduce LOS for elective inpatient spine surgeries for following 5 Surgery groups</p> <ul style="list-style-type: none"> • ACDF 3+ levels • PCF +/- Laminoplasty • ALIF/XLIF/OLIF +/- instrumentation • PLF/PSF/PSIF • TLIF & MLD <p>Implement Spine ERAS Program</p>	<p>Assess current work flows Identify barriers/resources within current workflows Develop efficient standard care plans for 5 elective spine surgery groups Incorporate ERAS elements into new standard care pathways</p>	<p>Completed Standard post-op care pathway 5 most common elective surgery groups Expansion to all Non-urgent and Urgent Spine surgeries</p> <p>Incorporated ERAS elements</p> <p>Tracking of Process: Owned by Spine PAs/8N ERAS Quick Check Tool Ticket to Ride Tool</p> <ul style="list-style-type: none"> ▪ Follow compliance to standard work ▪ Tracking to be owned by 8N management <p>Escalation Plan:</p> <ul style="list-style-type: none"> ▪ 10:30 AM Multidisciplinary Rounds ▪ PA to escalate all cases on POD 3 ▪ Address barriers to throughput real time ▪ Translate findings to 8N DC Board

Process Measures April 2020 ERAS Data Spine Surgery

Non-Urgent target 75% Urgent target 65%

	N	★ IP Adherence Urgent (%)	★ IP Adherence Non-Urgent ..	Carb Drink (%)	Early Nutrition (%)	Early Amb (%)	MMA (%)
Grand Total	438	71%	71%	81%	71%	61%	81%
Gen Surg	111	57%	67%	87%	57%	75%	87%
Gyn	14	100%		80%	100%	100%	100%
Gyn-Onc	12		77%	80%	100%	50%	97%
HNS	9	67%	33%	84%	20%	20%	80%
HPB	12		50%	80%	20%	50%	80%
MFS	1			0%			100%
OB	63	91%	81%	80%	91%	73%	81%
Ortho	82	67%	57%	87%	77%	50%	80%
PLS	3		80%	87%	80%	50%	
Pod	21						
Spine	60	65%	79%	76%	77%	75%	95%



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Thank You!



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