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Lourdes Health System Further Strengthens Cardiac Program by Acquiring Largest South Jersey Cardiology Practice

Move in Response to Changing Healthcare Landscape

CAMDEN, April 1, 2011 – In anticipation of coming changes to the national healthcare system, Lourdes Health System is acquiring Associated Cardiovascular Consultants (ACC), one of Southern New Jersey’s largest medical practices with seven offices and 31 cardiologists.

A significant result of the acquisition will be the formation of a Clinical Co-management Arrangement in which ACC and other Lourdes cardiologists will manage hospital-based cardiac services jointly with the medical center. The clinical co-management model incentivizes physicians for activities that improve patient care and outcomes, generate cost efficiencies and make the clinical service more competitive. The model differs from conventional hospital/physician joint ventures in that the hospital maintains ownership of the clinical service line and resulting revenue stream, while physicians gain greater participation in and compensation for strategic planning, budgeting, clinical program development, quality oversight and improved patient experience.

“In the future, we believe hospitals and physicians will increasingly be paid for value and quality rather than volume,” said Alexander J. Hatala, Chief Executive Officer for Lourdes Health System. “Our partnership with ACC in a Clinical Co-management Arrangement will allow us to increase quality, reduce cost, avoid duplication of services and increase coordination of care. This model is similar to the ideal promoted by forward-leaning organizations such as the Mayo Clinic and Geisinger Health System.”

There are a number of forces moving hospitals and physicians into more tightly integrated structures such as this one. Hospitals are facing increased competition to attract specialists, while also competing with other hospitals and physician-owned

ventures. Specialists are finding the economics of private practice increasingly challenging. At the same time, payers are denying payments for medical errors and restricting or eliminating payments to hospitals for readmissions in related episodes of care. It is expected that payers will start to bundle payments to physicians and hospitals as a way to encourage improved coordination of high-volume procedures. These new realities will demand that hospitals and physicians fundamentally redesign care and work as a team to develop a new model that emphasizes longitudinal management of care and costs as opposed to episodic treatments of acutely ill patients.

According to Steven N. Fox, M.D., President of Associated Cardiovascular Consultants, the formal integration of Lourdes and ACC will bring the two organizations' collaborative efforts to a new level by creating a seamless continuum of care.

“While all of this is happening, we want to assure our patients and referring physicians that ACC’s specialists will continue practicing in the same communities and serving all southern New Jersey hospitals as they have in the past,” said Dr. Fox. “Our referring physicians and patients can expect business as usual.”

The arrangement between Lourdes and ACC is a response to changes in the healthcare environment as well as calls by national health policy organizations like the Commonwealth Fund to fundamentally change healthcare delivery. While healthcare costs and health insurance premiums continue to rise, hospitals and physicians have struggled to provide services that are integrated and efficient.

John J. Morris, CMPE, Executive Director for ACC, said that the practice will work side-by-side with Lourdes on new ways to design more patient-centered models of care. He noted that Lourdes and ACC are committed to creating a series of disease management programs and pointed to ACC’s success in developing the first, and only, outpatient heart failure center in South Jersey.

“The ACC team has practiced at Lourdes for years and we have seen that the medical center’s exceptional performance in patient safety and quality is the result of the ongoing collaboration among cardiologists, nurses, performance improvement staff and administration at the hospital,” said Gary Burke, D.O, an ACC cardiologist and member of its Board of Directors.

Dr. Fox pointed to the outstanding achievements Our Lady of Lourdes Medical Center has earned from HealthGrades[®], the nation’s leading healthcare ratings organization, which include multiple cardiac excellence awards and five-star performance

in cardiology services. “The high level of teamwork at Lourdes is at the heart of the hospital’s excellent patient outcomes and precisely the approach ACC has taken to develop a culture of service excellence,” he said.

According to Hatala, part of Lourdes’ synergy with ACC is its dedication to innovation. “In addition to being ahead of the curve on disease management, it was the first cardiology practice in South Jersey to have an electronic medical record starting in 2000. It has a sophisticated web-based patient portal for appointments, prescription renewals and lab reports. It was among the first cardiology practices in the nation to participate in the Bridges to Excellence program, a National Committee for Quality Assurance (NCQA) sponsored program that recognizes and rewards clinicians who deliver superior patient care. Given Lourdes’ own advances in information systems and advanced technology, we think this is a good match.”

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