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National center of excellence programs foster growing discontent among local providers

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Cleveland Clinic

Local providers are increasingly banding together and directly partnering with area employers to offer discounted rates for common procedures.

At the end of March, Eli Lilly inked a contract with Cleveland Clinic to provide cardiac surgery for the drug giant's more than 35,000 employees. It was another initiative from a self-insured employer looking to lower costs and control quality by partnering with a center of excellence program.

In 2020, more than half of large employers offered workers access to centers of excellence through their health plans, according to a survey from Willis Towers Watson, with companies often flying patients out of state to obtain care at nationally ranked centers.

But for some local providers, these agreements rub them the wrong way, with clinicians claiming the very concept is condescending, misleading—and, often stressful—for patients and that it makes business even harder for struggling independent physicians. Local providers are increasingly banding together and directly partnering with area employers to offer discounted rates for common procedures.

"The drugs don't care who's on the other end of the needle," said Dr. Barbara McAneny, CEO of the New Mexico Cancer Center and past president of the American Medical Association. "They don't work any better at the Cleveland Clinic than they will here."

National center of excellence programs can lower costs, increase quality

Centers of excellence have been around for years, with healthcare buyers like Rosen Hotels & Resorts buying into the COE promise for its 7,500 employees. Along with starting its own primary care clinic, insurance plan and directly contracting with health systems, Risk Manager Ashley Bacot credits Rosen's three center of excellence partners with cutting $460 million from the the Orlando, Fla-based hotel chain's health costs over 30 years.

"We direct our associates to the doctors that have the best outcomes," Bacot said. "Ironically, the doctors who have the best outcomes, a lot of times have a much lower price than the doctors who are not so confident."

While the COE label isn't tied to any set certification, it refers to healthcare institutions that have an unusually high concentration of talent and resources devoted to a specific care discipline, like oncology. Centers sell themselves as providing better care quality—since their clinicians are performing the same task, day in and day out—than local providers, resulting in better patient outcomes and lower long-term costs. COEs are also often willing to offer discounted prices in exchange for an influx of patients.

One of the pioneers in space has been Cleveland Clinic, which launched its center of excellence program with Lowe's in 2009, offering the Mooresville, N.C.-based retailer's employees services through its heart and vascular institute, said Dr. Robert Lorenz, executive medical director for market and network services at Cleveland Clinic. By getting patients' medical operations right the first time, Lorenz said the clinic generally cuts 10% off a patient's total cost of care compared to commercial rates. The health system is now focused on crunching patient data to predict when a patient might need a procedure before it becomes an emergency. By identifying emergent conditions, Lorenz said the health system aims to chop another 40% off healthcare costs.

"When you say you're stealing the patients from local providers, you might say, 'Well, do you really want to build that amount of infrastructure to take care of the patient once in a while, and then compete at a place that does 10 of those a day?'" Lorenz said. "If somebody wants to try to reproduce that infrastructure, we welcome competition, but it's very challenging to get that kind of team up and running."

After the first year operating its center of excellence program, Cleveland Clinic officials realized that if patients were going to travel out-of-state for specialty care, the health system needed to partner with local clinicians to ensure they had backup in case of a complication. The clinic requires hometown providers to sign a letter of intent before an operation is completed, noting that they understand the operation that is being performed and will resume care for the patient when they return to their home market. In many cases, Cleveland Clinic requires individuals to schedule a follow-up appointment with that provider, prior to them traveling home. In this way, Lorenz said Cleveland Clinic actually helps drive business to local providers.

Mayo Clinic similarly partners with local providers to provide follow-up care, said Dr. Charles Rosen, medical director at the Rochester, Minn.-based health hub. Its complex care program—which offers employers discounts on select procedures for buying in bulk—helps connect patients in rural areas with specialists often not available where they live, and provides access to clinical trials, which generally gives individuals better results, he said. Half the time that patients travel to Mayo Clinic through the complex care program, staff clinicians offer them a more conservative treatment path than their hometown physician recommended, which cuts costs and often keeps their care local. This is due, in part, to how physicians at Mayo Clinic are paid, Rosen said. The health system's clinicians are all salaried, so they aren't incentivized to perform unnecessary procedures under the fee-for-service system local providers may be operating under, he

said.

"Patients are often told locally that they need their back operation done, and when they come to one of the centers of excellence, they're told that they don't need to have it done, and they can be treated with more conservative therapy," Rosen said. "That happens almost half the time."

Out-of-state care comes at a physical, psychological cost to patients

Center of excellence programs have a place in offering treatment for exceedingly rare diseases, or access to a particular clinical trial, said Dr. Barbara McAneny, CEO of the New Mexico Cancer Center and past president of the American Medical Association.

But generally, she said these programs are nothing more than a marketing ploy used by academic medical centers to trick patients into thinking their garden-variety breast cancer is better treated out-of-state. Instead of lowering costs for employers, she believes the travel, accommodation and other costs associated with relocating the care often result in a higher price paid for the treatment—not to mention the physical and psychological toll on the patient, who could be exhibiting symptoms from their illness that make travel difficult.

Health systems' slick center of excellence marketing campaigns could mislead individuals into thinking they could experience a better outcome and different treatment at these high-cost centers compared with local providers, even though most of the procedures performed at these sites are standardized, she said. For the half the population who are not covered under their employer's insurance plan, and who might lack the resources to travel out-of-state for care, it can make them feel like they're losing out on a life-or-death opportunity. The reputational harm caused by these programs can also cut into independent providers' revenue.

Under the Medicare program, for example, surgical procedures are paid for through bundled payments. If a patient goes out of state for a hip replacement, suffers a complication that requires a follow-up procedure locally, the independent provider will not get paid for their time, she said.

"The person who files the claim for the hip surgery is supposed to be, per Medicare guidelines, providing all the aftercare, so they are paid to do all that," McAneny said. "But if they're not doing it, because that patient is 1,000 miles away with their infected incision, the local surgeon dealing with it can bill for it, but if it's in that bundled timeframe, they don't get paid."

McAneny believes that academic medical centers' center of excellence programs would be better used as a training ground for physicians who will graduate and go off into their communities to start independent practices. She believes the best care comes locally, with clinically integrated networks between area specialists and primary care providers as the way to go. Academic medical centers can play their part by sharing information around best-practices, she said, and creating pathways that local providers can use to inform their care operations. At her clinic, for example, she follows a pathway laid out by the Dana-Farber Cancer Institute.

"Healthcare really, in my opinion, should be local, and that information should be democratized," McAneny said. "It shouldn't be hoarded, saying 'We're the only people who know how to do this.'"

Her message has started to reverberate across the market.

The Purchaser Business Group on Health in June unveiled its first regional network of excellence, which aims to help local and national employers in Colorado directly contract with area providers to perform common procedures at discounted rates. The San Francisco-based not-for-profit aims to launch more regional programs later this year.

The Community Oncology Alliance, meanwhile, has spent about two years organizing networks of local providers to provide care, gathering outcomes data to prove their results are just as reliable as those at the Cleveland Clinic and talking with telehealth companies to scale hometown clinicians' services virtually, said Dr. Fred Schnell, chief medical officer of the group. He expects the program to be rolled out for self-insured employers in 2022.

"Most patients don't want to travel long distances to get care," Schnell said. "They want to be sure they're doing the right things, but will start to draw limits if it creates undue personal stress. The things they're being asked to do—going away from home, traveling—sometimes that has no clear endpoint."

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