

Attachment to Form 1023
Part II - Line 1
Ohio State Health Network
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Columbus, Ohio 43221
EIN - 31-1463139

History

The Ohio State Health Network ("OSHN") is a nonprofit corporation formed to improve the health of the communities it serves by

- providing highly coordinated, easily accessible health care services with a focus on quality and cost effectiveness;
- educating health care professionals, patients, and the public; and
- pursuing other charitable initiatives to lessen the burden of illness and increase the well-being of residents of those communities.

OSHN evolved from the Healthcare Consortium of Ohio ("HCCO"), a series of individual affiliation agreements between the Ohio State University Medical Center ("OSUMC") and twelve rural hospitals in Ohio.

OSUMC is comprised of the Ohio State University ("OSU") Colleges of Dentistry, Medicine, Nursing, Pharmacy, Optometry, the School of Allied Medical Professions, and the School of Public Health; along with University Hospitals and the Arthur G. James Cancer Hospital and Research Institute. The Colleges, with the support of the hospitals, have a three part mission of patient care, teaching, and research.

In 1991, an affiliation plan, which became HCCO, was developed by OSUMC to work with rural health care providers in Ohio. One purpose of the affiliation plan was to provide education and to develop programs which assisted these communities to secure the appropriate levels of clinical resources to support the health needs of their communities. An additional purpose was to develop telecommunication and information system connections that availed the resources of the OSU health sciences complex to the rural communities and to students receiving hands on training in those communities. These electronic connections were intended, in part, to transfer relevant clinical information for patients who needed to leave the community for more complex care in a secondary or tertiary facility.

The affiliations that comprised HCCO provided a way to promote the alignment of health care delivery in local communities because the affiliation allowed physicians, nurses, pharmacists, and other medical professionals to participate in OSU's educational programs. The partnership also provided access to physician recruitment from OSU's

residency programs and provided for joint clinical programs. By January 1995, there were fourteen hospitals that were participating in various initiatives of the consortium.

Formation of OSHN

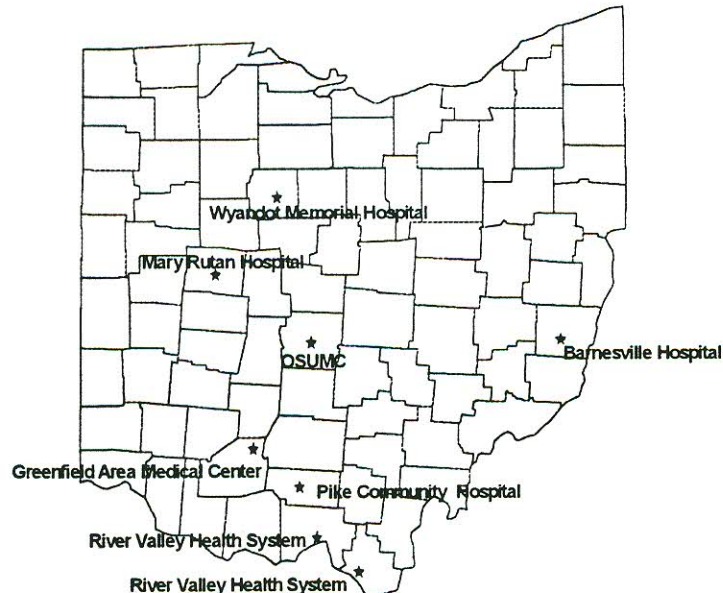
Market forces are changing the way health care is delivered. Payers, employers, and consumers are asking for provider accountability by requesting data on quality and outcomes for decision making. The introduction of managed care has placed an emphasis on cost; shifting acute care from inpatient to ambulatory settings; and requiring the horizontal and vertical integration of health care services. Coordinated disease management in addition to prevention and wellness programs are being implemented with the goal of reducing overall long term health care costs. Changes in patient flow are requiring changes in information flow. Information systems must expand current capabilities to address the needs of all providers in the continuum of care.

In 1995, eight members of HCCO agreed to pursue six key strategies in an effort to address the forces in the market. These strategies included developing a more formal organization for integration and managed care purposes, improving medical service delivery across the network, providing comprehensive health service networks in each community, implementing network-wide cost reduction initiatives, developing information and telecommunication programs to support the goals of the network, and providing physician education and service programs.

To achieve these goals, eight hospitals agreed to establish OSHN. Elements of the OSHN vision include:

- ▶ Vertical integration
- ▶ Capitation based contracting
- ▶ Shared financial risk
- ▶ Education
- ▶ Efficient use of the electronic highway
- ▶ Phased joint contracting between institutions
- ▶ Common clinical pathways between institutions
- ▶ Development of a continuum of care for all patients

Location of OSHN Members



Affiliation Dates

- Mary Rutan Hospital, December 1991
- Wyandot Memorial Hospital, March 1992
- Barnesville Hospital, September 1992
- River Valley Health System, August 1994
- Pike Community Hospital, October 1994
- Greenfield Area Medical Center, November 1994
- The James Cancer Hospital
- The Ohio State University Hospitals

Description of OSHN Members

Mary Rutan Hospital

Mary Rutan Hospital is a 110 bed acute care facility located in Bellefontaine, Ohio in Logan County. Mary Rutan Hospital has an active medical staff of 50 physicians as well as 53 courtesy, honorary, and affiliate physicians. Mary Rutan Hospital also employs over 600 staff and offers 24-hour emergency services to the communities it serves. Of the estimated 1994 Logan County population of 44,705, 8.6% were Medicaid enrollees and 16% were Medicare enrollees.¹

Wyandot Memorial Hospital

Wyandot Memorial Hospital is a 45 bed acute care facility located in Upper Sandusky, Ohio in Wyandot County. Wyandot Memorial Hospital has an active medical staff of 11 physicians and 28 courtesy staff to care for the communities it serves. Wyandot Memorial Hospital employs approximately 170 staff and offers 24 hour emergency services. The

¹All statistics are from the Ohio Department of Health for the 1996 State Health Resources Plan.

hospital is owned by four townships, and is governed by a Joint Township Board of Trustees and Board of Governors. Of the estimated 1994 Wyandot County population of 22,652, 4.1% were Medicaid enrollees and 16.6% were Medicare enrollees.

Barnesville Hospital Association

Barnesville Hospital Association is located in Barnesville, Ohio in Belmont County. The hospital is licensed for 99 acute care beds and has an active medical staff of 15 physicians and 26 courtesy staff physicians. Barnesville Hospital Association employs approximately 225 staff and offers 24 hour emergency services to the communities it serves. Of the estimated 1994 Belmont County population of 70,571, 12.8% were Medicaid enrollees and 20.8% were Medicare enrollees.

River Valley Health System

The River Valley Health System includes two full services hospitals; a 198 bed acute care hospital located in Ironton, Ohio in Lawrence County and a 47 bed behavioral health facility located in Portsmouth, Ohio in Scioto County. The Ironton Acute Care Medical Services Hospital is licensed for 183 beds, and the Portsmouth Behavioral Health facility is licensed for 47 beds. The union of this behavioral health facility with an established medical services delivery system marked a first-time pilot program for a state facility to become part of a privately-operated system.

River Valley Health System has an active medical staff of 34 physicians and 38 courtesy and consulting physicians. River Valley Health System employs approximately 475 staff and offers 24 hour emergency services to the communities it serves. Of the estimated 1994 Lawrence County population of 63,870, 19.4% were Medicaid enrollees and 16.4% were Medicare enrollees.

Pike Community Hospital

Pike Community Hospital is located in Waverly, Ohio in Pike County. The hospital is licensed for 40 acute care beds and has an active medical staff of 16 physicians and a courtesy and honorary staff of 35 physicians. Pike Community Hospital employs approximately 185 staff and offers 24 hour emergency services. In addition to the affiliation with the OSUMC, Pike Community Hospital enjoys educational affiliations and collaborative relationships with Shawnee State University and area vocational schools. Of the estimated 1994 Pike County population of 26,090, 21.3% were Medicaid enrollees and 15.5% were Medicare enrollees.

Greenfield Area Medical Center

Greenfield Area Medical Center is located in Greenfield, Ohio in Highland County. The hospital is licensed for 46 acute care beds and has an active medical staff of 6 physicians and a courtesy staff of 28 physicians. The hospital employs approximately 150 employees and offers 24 hour emergency services to the communities it serves. Of the estimated 1994 Highland County population of 38,479, 10% were Medicaid enrollees and 16.4% were Medicare enrollees.

The Ohio State University Medical Center

The Ohio State University Medical Center is located in Columbus, Ohio in Franklin County. The patient care portion of the medical center includes the Ohio State University Hospitals, licensed for 963 acute care beds, and The James Cancer Hospital, licensed for 160 acute care beds. The two hospitals employ approximately 4,870 employees and offer 24 hour emergency services to the communities they serve. Of the estimated 1994 Franklin County population of 1,005,161, 10.7% were Medicaid enrollees and 11.5% were Medicare enrollees.

Health Care Services

Medicaid and Medicare Patients

Medicaid patients are especially underserved in the OSHN communities. Currently, Medicaid patients access health care services primarily through emergency rooms and local health departments. OSHN intends to develop a Medicaid Managed Care product and to assist in recruiting primary care physicians to serve Medicaid patients in the OSHN communities.

Medicaid Managed Care is expected to be implemented in rural Ohio counties in July, 1998. OSHN has discussed developing a Pilot Medicaid Managed Care product in conjunction with the Ohio Department of Human Services that could potentially cover 2,000 lives in Lawrence and Belmont counties by July, 1997. Once a Medicaid Managed Care product has been developed, OSHN intends to fully implement its Medicaid Managed Care product in all of its communities, expecting to cover 4,500 lives in its first full year of operation.

OSHN also intends to assist in recruiting primary care physicians to its rural communities; however, OSHN does not intend to make any financial commitments to the physicians recruited to its communities. Several of OSHN's member hospitals are employing physicians, and OSHN will seek to require its physician recruits to serve Medicare and Medicaid patients even if the physicians are not employed by its member hospitals. An additional incentive to attract physicians to OSHN's underserved rural areas is the ability

of these physicians to participate in the patient care, teaching, and research opportunities available through OSUMC. All OSHN physicians affiliated with OSHN have the ability to benefit from the state of the art resources available through OSUMC.

It is unlikely that Medicare Risk Programs will be implemented in OSHN's communities during 1997 and 1998. Thus, OSHN intends to implement a Medicare Select Program in its communities by providing up to 6,000 rural policies during 1997 and 1998. OSHN expects to transition to a Medicare Risk Product, such as a Medicare HMO, as soon as the Medicare risk market matures.

Increased Access to Health Care Services

Many of the OSHN communities lack specialists and sub-specialists. OSHN has adopted several initiatives to enhance communication and to expand the scope of services provided in its communities.

OSHN has installed a T1 line (a fiber optic-based high speed data network) in each of its member hospitals in order to enhance electronic communication among the hospitals. The capacity of this "hard" data line will allow OSHN hospitals to transmit many different types of data and information for the purposes of increasing clinical efficiencies and improving rural patient access to care. OSHN has installed videoteleconferencing equipment in each of its member hospitals to enhance communication between the network member hospitals, while saving hours of driving time.

An example of increased patient access is the joint teleradiology project involving OSUMC and Barnesville Hospital which was established in July 1994. Access to medical specialists is typically limited in rural areas. In Barnesville, medical technicians are available 24-hours per day to take x-rays, but interpretation of those x-rays by a specialist is limited during evenings and weekends. Because rural hospitals are often the first stop for critically injured patients, access to specialists for interpretation and consultation at all times will enhance the diagnosis and treatment of emergency conditions. Teleradiology digitizes and transmits x-rays and other medical images over the T1 line so radiologists and/or other specialists can review the images immediately, as if they were on site. This capability saves valuable time, gives rural hospitals access to specialist interpretations, and provides an efficient way to move patient information without moving the patient. OSHN is evaluating the implementation of teleradiology in at least two other communities. Other telemedicine opportunities being explored by OSHN include; telepathology, teleneurology, telecardiology, and teledermatology.

Use of the T1 line will be expanded to move patient medical record information between hospitals. OSHN is in the process of evaluating the information systems capabilities of each hospital, and is in the process of exploring various options for transmission of patient

- compile data into hospital profiles which will be shared with each member hospital; and
- compile an inventory of the quality data collected by the member hospitals.

OSHN will then develop a menu of quality programming items available to all member hospitals. This menu will include items such as designing and implementing clinical pathways, communication of quality efforts, and information systems to monitor quality. In addition, educational programs will focus on quality improvement, cost reduction, and value enhancement.

Other quality programming initiatives include the following:

- developing a network Performance Measurement System to measure and monitor clinical performance
- developing a network credentialing product to ensure uniform quality of network physicians;
- adopting a network-wide method for measuring patient satisfaction;
- expanding new and established resource management initiatives to all member hospitals;
- instituting coordinated clinical pathways to assure efficient, seamless care within and across the network; and
- sharing data to facilitate outcomes research.

Finally, OSHN plans to subscribe to a benchmarking program so that OSHN hospitals may be compared to hospitals outside of the network.

Educational Initiatives

Education of Health Care Professionals

OSHN is exploring opportunities to work with The Ohio State University Department of Family Medicine. The Ohio State University Department of Family Medicine has implemented a Summer Externship Program in which second and third year medical students are placed in rural or non-urban sites for a four to six week program. The Program is designed to promote interest in, and understanding of, rural/non-urban health care and family practice. During the externship program, students spend time with family physicians, administrators, and community leaders in addition to experiencing community

hospital dynamics. This provides students with a view of the total health care delivery system in a rural community.

In addition to gaining increased clinical and medical skills, it is hoped students will learn about the unique aspects and rewards of practicing medicine in rural/non-urban locations, and establish their practice in these areas. Additionally, OSHN is exploring opportunities to support the The Ohio State University Department of Family Medicine as it applies for grant funding to train primary care physicians in rural areas.

An objective of OSHN is that 60% of the physicians will receive managed care education by December 1996. Education has been provided to physicians at River Valley Health System, Mary Rutan Hospital, Barnesville Hospital Association, and OSUMC. It is expected that physicians in Pike Community Hospital, Greenfield Area Medical Center, and Wyandot Memorial Hospital will receive managed care education by the end of December. Grant funding has been solicited to continue and to expand this educational program over the next two years.

The Ohio Medical Education Network (OMEN) offers continuing medical education (CME) programming to physicians at medical facilities around the world via phone-teleconferencing or satellite television. For 30 weeks a year, physicians from OSUMC offer accredited programs to subscribers for Category 1 CME credit on a wide variety of topics. A toll-free phone link lets subscribers call with their own questions and clinical case problems. Currently, seven of the eight OSHN hospitals subscribe to the OMEN programming.

All OSHN hospitals offer nursing and allied medical education programs. While some of these programs are purchased through vendors outside the hospital, each hospital has developed its own education programs as well. OSHN will be offering these various educational programs to all network hospitals through videoteleconferencing technology.

Community Education

In 1993, a study by the Ohio Hospital Association found that 53% of all hospital charges were for largely preventable conditions. The top preventable condition was heart attack, which has been linked to smoking, cholesterol, and stress. The top five preventable conditions accounted for more than 400,000 admissions and over \$4.4 billion in hospital charges. According to the American Heart Association, heart disease is the leading cause of death in the United States. To address this problem, OSHN has applied to the Ohio Hospital Association for a \$25,000 grant to screen adolescents in OSHN communities for cardiovascular risk factors and to promote proactive health and positive lifestyles.

This program, known as Heart Partners, has been designed to evaluate and track cardiovascular risk factors on an annual basis. Heart Partners provides one-on-one

counseling to identify high risk areas and suggests lifestyle modifications to improve overall heart health. A referral system is in place to assist those participants in need of a personal physician, a specialist, or other community programs. There are no exclusion criteria. One of the premises of Heart Partners is that early intervention, regular monitoring, support, and reinforcement of healthy behaviors in populations will contribute to the overall health of the community. Heart Partners is designed to teach young adults a reverence for their body, self esteem, and quality of life. Healthier behavior, in turn, reduces the morbidity and mortality associated with high risk behavior. Heart Partners was initially implemented in the autumn of 1995 by OSUMC in Beechcroft High School in Columbus as a pilot project.

OSHN member hospitals individually participate in extensive community education programs to lessen the burden of illness and increase the well-being of the residents in their communities. OSHN is in the process of evaluating these programs with the ultimate goal of implementing certain programs on a network-wide basis which will have the greatest impact on community health.

Charitable Initiatives

OSHN will allocate 5% of estimated expenses (\$82,500 in 1997; \$96,000 in 1998) for the development of network-wide charitable programs to support the health needs of its communities. These charitable programs will be identified by the clinical leadership of the Board of Trustees and the funds will be earmarked to support clinical objectives to improve the coordination of care in member communities.

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