

PHO TRENDS AND DEVELOPMENTS

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FTC AND DOJ HEARINGS ON HEALTH CARE
AND COMPETITION AND LAW AND POLICY

OVERVIEW

- ◆ PHOS AS A “SUBSET” OF POSSIBLE CONTRACTING ARRANGEMENTS
- ◆ CONTRACTING –VERTICAL ARRANGEMENTS
- ◆ STAGES AND TYPES OF INTEGRATION
- ◆ MARKETPLACE OUTCOMES
- ◆ ANTITRUST ISSUES

BACKGROUND TRENDS

- ◆ MANAGED CARE
- ◆ PHYSICIAN NETWORKS
- ◆ QUALITY AND COST CONTAINMENT
- ◆ INTEGRATED SYSTEMS
- ◆ PHO FACTS.....

Trends

- ◆ Financial Integration
- ◆ Full risk contracting
- ◆ HMO vs. PPO
 - Developments with Kaiser
- ◆ Clinical Integration
 - Case and disease management
 - Best practices

PHO TRENDS

◆ TYPES

◆ ENROLLEES


◆ CONTRACT TYPES

- <http://www.managedcareinfo.com/pho.htm>

Average Number of Contracted members / Enrollees in the Organization

PPO Discounted Fee-For-Service	Partial Risk (e.g. withholds, risk pools)	Full Risk (e.g. partial/global capitation)
40,353	13,128	15,870

Source: American Association of Integrated Healthcare Delivery Systems



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Organization Classification	Percentage of PHOs Throughout The Country
PHO	51%
IPA-MSO	9
Super-PHO/Alliance	10
PHO-MSO	9
IDS	4
IPA-PO	6
PHO-MSO-IDS	6
Other	5
Not - For - Profit	62%
For - Profit	38%

Population Where PHOs Operate

Population Size	Number of PHOs Operating In This Size Pop.
< 100,000	22%
100,000 - 299,999	31
300,000 - 499,000	13
500,000 - 799,000	9
800,000 - 999,999	3
Over 1,000,000	22

Source: American Association of Integrated Healthcare Delivery Systems; <http://www.managedcareinfo.com/pho.htm>; Physician Hospital Organizations

ANTITRUST ISSUES

◆ NETWORK FORMATION

- JOINT VENTURE ANALYSIS
- INCLUSION/EXCLUSION

◆ MARKETPLACE COMPETITION

- ALTERNATIVE SYSTEMS AND STRUCTURES
- ENTRY AND EXPANSION

◆ HORIZONTAL ISSUES

BOTTOM LINE

- ◆ CONTRACTING ARRANGEMENT TRENDS
- ◆ COMPATABILITY OF VARIOUS ALTERNATIVES
- ◆ COMPARATIVE ADVANTAGES OF DIFFERENT MODELS FOR DIFFERENT GOALS
- ◆ COMPETITIVE EFFECTS
 - BUSINESS JUSTIFICATION
 - VERTICAL AND HORIZONTAL