VHA acquires firm known for gainsharing

VHA Inc, the health care alliance, announced Oct 5 it has acquired Goodroe Healthcare Solutions, a consulting firm that has developed databases on outcomes, cost, and quality for cardiac care and orthopedic surgery.

Goodroe is known for its gainsharing model, which won 6 favorable rulings from the government earlier this year.

In gainsharing, hospitals share cost savings directly with physicians. The rulings have been widely discussed as a way to better align incentives between hospitals and physicians to help control costs of high-priced physician preference items like orthopedic implants.

In the rulings, the US Department of Health and Human Services Office of Inspector General (OIG) said the Goodroe projects passed muster because there were ways to measure practice patterns before and after the projects to make sure savings didn’t compromise care.

VHA says it acquired Goodroe not just because of gainsharing but as part of a strategy “to help physicians and hospitals work together on supply chain issues,” Jeff Hayes, VHA’s senior vice president for research and development and acting COO of Goodroe, told OR Manager in an interview.

Goodroe’s databases are what VHA found attractive, Hayes said.

“Gainsharing is one tool in the toolbox,” he said. “The data allows for a lot of uses. It really depends on hospital-physician relations and other things they have already tried. It is a matter of getting hospitals and physicians together to examine the data and decide on an appropriate strategy.”

The firm’s CEO, Joane Goodroe, says her company’s proprietary software enables comparisons of both practice patterns and supply usage. The firm claims to have data on more than 1 million cath lab and open-heart procedures. She says the company also is working on orthopedics and neuroscience, including spinal implants.

Goodroe says her system can be used both by ORs that have information systems and those that do not. The system pulls data partly from hospital information systems and partly uses Goodroe’s software.

“The key is to make sure we don’t have the staff duplicate their work,” she says.

Hospital-physician projects could take a variety of forms, she says, from sitting around a table to compare clinical practices and costs to embarking on gainsharing.

“Some people will do gainsharing. Other hospitals will find other ways to use the data to get alignment with their physicians. Gainsharing is one form of alignment,” Goodroe says.

She added that her firm’s data is intended to be used internally by hospitals and physicians and would not be shared with other institutions.

“Our systems are not built to do price comparisons. It is more to enable you to look at products and overall cost. We are not in the business of releasing pricing by individual vendor,” she said.

Where does gainsharing stand?

With the OIG opinions, is Goodroe confident enough to proceed with gainsharing projects without further OIG review?

“That is a decision made by each hospital’s counsel,” she told OR Manager.

“There are attorneys who don’t believe their clients need to seek opinions, so we are not seeking opinions on their behalf, as long as they stick to the exact model we have had approved. There are some that want to be conservative and go for another opinion.”

The same is true on the issue of whether gainsharing arrangements violate the
Stark ban on physician self-referral. That also should be reviewed by hospital counsel, she says.

She notes that the Centers for Medicare and Medicaid Services, which is responsible for Stark, reviewed the OIG opinions before they were released but did not comment on them.

Goodroe will continue operating from its offices in Norcross, Ga, and will continue working with hospitals that are not VHA members, Hayes said. Goodroe said the firm has about 150 clients.

VHA Inc, based in Irving, Tex, has about 2,400 member health care organizations nationally.

More information on Goodroe is at www.goodroe.com.

Read about the OIG opinions in the April 2005 OR Manager.