

## HEALTH LAW UPDATE

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### HEALTH REFORM OR NOT, CHANGES IN PHYSICIAN-HOSPITAL ALIGNMENT ARE HERE

Cleveland partner [Steven Eisenberg](#), Houston partner [Susan Feigin Harris](#) and Cleveland associates [Emily Williams](#) and [Susan Whittaker Hughes](#) co-authored an article, "[Confluence: Health Reform or Not, Changes in Physician-Hospital Alignment Are Here](#)," which was published in the March 2010 edition of the *Cleveland Metropolitan Bar Journal*.

According to the article, "Whether one believes that elements of the health care industry required reform becomes irrelevant when events and environment catapult the industry towards major cultural change. When there is a confluence of events or circumstances, change is inevitable. The health care industry has experienced a confluence of events which will arguably catapult the industry to shift in a way that focuses seriously on creating innovative structures capable of withstanding the new pressures caused by the confluence of circumstance."

The article goes on to outline the "reimbursement trends driving the need to align, discusses the role of clinical integration in alignment strategies, and explores three innovative models for physician-hospital alignment," noting that there are nuances to each model and each implicates traditional healthcare legal land mines (tax, fraud and abuse, reimbursement and antitrust).

The three models for physician-hospital alignment the authors detail include:

- Gainsharing
- Co-Management
- Accountable Care Organizations

The authors conclude: "As reimbursement trends and increasing costs require physicians and hospitals to do more with less, investigating alternative alignment models may offer a solution to this demand. Regulators, Congress and a growing number of physicians and hospitals are looking to the efficiencies inherent in greater hospital-physician alignment to generate substantial cost savings. Through models such as gainsharing, co-management and accountable care organizations, hospitals and physicians may collaborate to provide safe, quality care more efficiently. Moreover, the [potential] failure of Congress to pass comprehensive health reform legislation will not slow the need or the momentum that has begun in the health care industry to move in a direction that more closely integrates care. The health care industry recognizes that payment reform and greater potential belt-tightening require innovative thinking and realignment."