Kaiser Permanente’s acquisition of Geisinger with Jaewon Ryu, MD, JD

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Featured topic and speakers

In today’s AMA Update, get the latest on Risant Health and what the Kaiser and Geisinger partnership means for the future of value-based care. Geisinger’s president and CEO, Jaewon Ryu, MD, JD—and future CEO of Risant Health—sits down with AMA Chief Experience Officer Todd Unger.

Speaker

- Jaewon Ryu, MD, JD, president and CEO, Geisinger Health; future CEO, Risant Health

Transcript

Unger: Hello and welcome to the AMA Update video and podcast series. Today we’re talking about Kaiser Permanente's recently announced acquisition of Geisinger. We’ll cover the details of the deal and what it means to the future of value-based care. One important note before we start is that this transaction is subject to review and approval by the state and federal regulatory bodies.

Very fortunate today to be joined by Dr. Jaewon Ryu, Geisinger's president and chief executive officer coming from Danville, Pennsylvania. I'm Todd Unger, AMA's chief experience officer in Chicago. Dr. Ryu, what a pleasure it is to have you today.

Dr. Ryu: Thanks for having me, Todd.
Unger: This is big news. Two of the nation's major health systems will be soon working together. And for those who might not be familiar with the deal, Dr. Ryu, can you just start us off by sharing some of the top-line details?

Dr. Ryu: Yeah. So Geisinger is set to become a part of Kaiser Permanente but doing so through a separate NewCo nonprofit called Risant Health. We share a mission. We share a passion.

We’ve both had long history and legacy of innovation around population health and health outcomes, and delivery systems that really are oriented around what we might call today value-based care. And that’s why we’re so excited because we know that this affords us and others who come into the model an opportunity to continue to enhance and build out the capabilities so that we can continue this work and do so in what I might describe as a next-gen way. And at the same time that because we’re doing it through this sort of separate NewCo nonprofit, you know, Geisinger's name, the mission, the headquarters, what our patients and members can expect from us, that remains unchanged.

There's still local ownership over strategy, and implementation and operations. I think it really represents this nice balance of we all know health care is local. But we also all know that there’s a lot of next-gen capabilities that will help continue to fuel innovation.

Unger: Now, I want to probe a little bit more on the issue around value-based care and that kind of shared commitment that both systems have to that. What impact do you think that this acquisition will have on the future growth of value-based care?

Dr. Ryu: Yeah. We’ve seen it. Todd, if you look at our system, we’ve seen the power of things like next-gen analytics and the use of artificial intelligence, machine learning but also digital tools and technologies that equip physicians and care teams better to do their work, identify the kinds of populations and the segments of that population that need targeted programs, and also consumer-oriented insights and tools, whether you’re facing patients, or members or even learners in our system.

We’ve seen the power of those kinds of capabilities. And being able to invest in them, it requires quite a bit of wherewithal and scale. And we think this model affords us exactly that.

I think with those capabilities we’ve also seen the ability to then redesign and further invest in all of the downstream components of health care, tertiary hospital services and so forth and programs but, just as importantly, the upstream component so that we could focus on prevention and getting ahead of those needs, bringing care closer to communities and people where they live and work, oftentimes even into the home.

I think the other thing to note here is Risant and Geisinger as a part of Risant will continue to run sort of this multi-payer, multi-provider, what we might call a hybrid world, where on the delivery system side we still partner with other health plans to see their members as our patients. And then on the
health plan side, we still partner with independent physician groups and other health systems to take care of our members.

And so being able to have all of those capabilities, bring them to bear to continue to innovate and deliver greater value, but still being able to partner with others to do so, we think that's the right answer for our communities.

**Unger:** Now, this acquisition could have a big impact on medicine as more health systems become members of Risant Health. What are you hearing from physicians about the acquisition and about the future of Risant Health?

**Dr. Ryu:** Yeah. I think overall it's been pretty positive. And I think it's because there's a lot of excitement because people who have delivered care recognize and appreciate that these capabilities are very real and they can make a big difference. And so I think we've received a lot of positive excitement as a result.

Now, there's still some unknown, obviously. And those are steps that bring excitement of their own, but there's still work to do. But if we look at our employed physicians, I think there's excitement around how they could take these kinds of programs and move them into the next level, if you will.

For community physicians that we partner with, I think there's excitement to see how they can play a role in this model. If there are ways that our health plan can reduce friction or our delivery system can make the front door easier, so to speak, so that patients can flow back and forth between our system and others that we partner with, I think those are all good things.

**Unger:** Now, the commitment to value-based care isn't the only thing that Geisinger has in common with Kaiser Permanente. Both of your health systems are nonprofits that include health insurers as well as hospitals. And do you think this kind of integrated care model is where medicine is heading?

**Dr. Ryu:** Well, we know that when you could really integrate and bring together sort of the financing aspects with the delivery aspects, I think it makes sure to keep both sides more honest, to be honest. I think the other thing to remember—and I referenced it or alluded to it earlier—Kaiser in its legacy model, its patients tend to be its members on the insurance side. And then on the insurance members side, they generally get their care within Kaiser Permanente facilities.

I think in our world and in our model we've always run more of that hybrid game, where we still partner with other payers but also partner with other provider systems. And I think that's important to continue to get scale in our clinical programs and on our health plan side. We've seen great things happen when we wrap our arms around our members as patients.
We know that brings a fully integrated model. We’ve seen medication adherence rates for chronic disease be higher. I think a good example is our senior-focused primary care model, longer appointments, smaller patient panels for physicians, wrapped around with sort of social programs and wellness programs. And all of that, really, the value that gets created is because we can partner between that payer side and the provider side.

We can do that with other payers, too, and we’ve done that. I think a great example is our ACO program with traditional Medicare, where we’re able to take care of that population and really focus on getting further upstream, preventing downstream illness and disease progression. And by doing that, patients win, our communities win, and we get to continue to deliver the kind of care programs that we like.

**Unger:** Now, is that what you call 65 Forward?

**Dr. Ryu:** It is. It is. So the senior-focused primary care model is 65 Forward, and it has just been a home run. When we get patients into that model, we have seen ER utilization rates drop by 15% or—sorry—inpatient admission rates drop by 15%. ER use rates drop by upwards of 40%.

And it really goes to that higher touch primary care model that often removes the perceived need or the real need for patients to feel like they have to land in places like the hospital.

**Unger:** Now, when the deal closes and you officially step into your new role as CEO of Risant Health, what do you think will be your biggest priorities?

**Dr. Ryu:** I think it’s a couple things. So one is this would be a new entity. So we’ve got to build out that platform of what are those capabilities that we think will be applicable not just to Geisinger but also to other systems similarly like-minded as we are. And so whether that is provider or physician tools, patient tools, data and analytic insights, I think all of those kinds of things is a big part of the focus.

And some of that work has already kicked off. But, of course, our involvement in that work will really go into a different gear as the deal closes. I think the other piece is continuing to have the discussions to explore who are the other like-minded systems whose visions align, whose missions align with what we’re trying to achieve, a big part of that being value-based care.

**Unger:** Dr. Ryu, this is certainly very exciting. And it’s a pleasure to have you today and get your perspective here. That wraps up today’s episode and we’ll be back soon with another AMA Update.

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