

How Healthcare Innovation Zones (HIZs) Can Leverage the Best of American Medicine

America continues to have difficulty bridging the knowledge gap between conceptualizing and creating a better-functioning health care system. While numerous health care models have been proposed to improve quality and reduce costs, none has been widely tested in real-world settings. Accountable care organizations (ACO), medical homes, and other innovative approaches to care are important, but are only pieces of what needs to be a transformative change in health care delivery.

HIZs will help close this knowledge gap by evaluating a variety of innovative models nationwide—community by community—based on the unique needs of both diverse patient populations and health care providers.

Creating HIZs

- An HIZ consists of a teaching hospital and other clinical entities that provide a full spectrum of integrated, comprehensive health care to Medicare beneficiaries, Medicaid enrollees, and other individuals enrolled in private plans serving diverse populations within defined geographic areas. The HIZ structure, operation, and joint activities among providers will help achieve significant delivery efficiencies while also developing new, innovative models for the clinical training of future health care professionals.
 - o H.R. 3664, the Healthcare Innovation Zone Pilot Act of 2009, will allow teaching hospitals, medical faculty, and others to combine revenue streams and redesign the delivery system to rapidly advance from small-scale improvements to a new culture of care. This concept is similar to that of ACOs, and will allow a variety of providers to come together to create 'ground-up' solutions for their communities, all while creating shared savings for Medicare and other providers.
- HIZs will encourage collaboration among providers and remove the barriers that prevent clinicians and community leaders from finding those unique solutions.
- Teaching hospitals and their community partners can rapidly test and evaluate new delivery systems while training the next generation of health care professionals to move the system forward.

By creating a variety of HIZs, we will be able to test the effectiveness and feasibility of various models, and discover which are generalizable to other parts of the country. In turn, this testing will help us develop the necessary tools to share with other communities and spur innovation on a wider scale. Medical schools and teaching hospitals already have advanced IT systems as well as health services researchers to quickly evaluate and move successful models forward.

HIZ Pilot Program

The HIZ pilot program is designed to help integrate health care providers and align financial incentives to reduce health care costs and improve quality of care. The pilot program would consist of two phases:

- **Phase I** – The initial phase would provide grants to community providers—which would include a teaching hospital and others—that would develop and submit HIZ design plans tailored to their own geographic regions. These plans would include how providers would reduce the rate of increase in spending, and how physicians, hospitals, and other providers would collaborate to provide the full spectrum of care.
- **Phase II** – The second phase would include necessary exemptions from regulations and other barriers that impede coordination and alignment, and would include a program based on the approved proposals. Participants would be required to provide care to a significant portion of the population within the HIZ to enable them to change the entire culture of care delivery within communities.

Composition of a Healthcare Innovation Zone (HIZ)

An HIZ is a geographic area containing:

- Physician practice plans with a strong primary care presence and team-based practice style
- Teaching and non-teaching hospitals
- A network of partnering outpatient facilities
- Post-acute care, such as rehabilitation, hospice, and nursing facilities
- A range of public health and community services

Key Points on HIZs

- An HIZ is a designated geographic region containing a teaching hospital, physicians, and other providers capable of achieving significant efficiencies—including lower cost growth and improved quality—in delivering health care services while also incorporating new, innovative methods for the clinical training of future health care professionals.
- HIZs will encourage collaboration among providers and remove the barriers that prevent clinicians and community leaders from finding unique solutions to improve quality and reduce costs in their communities.
- HIZs will leverage multiple providers and payers in communities to accelerate delivery changes faster than isolated demonstration projects.
- Many teaching hospitals and physicians are already engaged in smaller-scale innovation initiatives. Creation of HIZs would allow communities to leverage these providers and their expertise in clinical care, health services research, and training the next generation of health care providers to rapidly change the culture, cost, and quality of care they provide to their patients.
- With the establishment of HIZs, teaching hospitals and physicians can help our nation tackle two key challenges—uncoordinated care and a payment system that encourages unnecessary care. By focusing on patients and developing solutions that fit local communities, HIZs will close the gap between theory and practice and help achieve meaningful reform of the U.S. health care system.

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