

2014 HEALTHCARE STRATEGIES: IMPLICATIONS FOR WEST MICHIGAN

Grand Valley Metropolitan Council

February 20, 2014

Michael Faas, President & CEO

“Make Hay While the Sun Shines”

“There may be no greater predictability of impending doom nor may there be anything that makes organizations and the individuals that run them more vulnerable than entrenched, long-term success”

Ken Clark, Professor
Harvard Business School

About Metro Health: Current State

The screenshot shows the Metro Health website homepage. At the top, there is a navigation bar with links for 'About Metro Health', 'My Chart', 'Careers', 'For Providers', 'Locations', 'Contact Us', and 'Donate'. A search bar is located on the right side of this bar. Below the navigation bar is the Metro Health logo, followed by three main menu items: 'Medical Services', 'Find A Doc', and 'News & Events'. The main content area features a large banner with two portraits. On the left, Donald Haan, a man with glasses in a blue shirt, is shown against a yellow background with the text 'BRAVE' and 'Donald Haan Heart Disease'. On the right, Eric Walchak, DO, a man in a white lab coat, is shown against a green background with the text 'HEART.' and 'Eric Walchak, DO Cardiologist'. Below the banner is a blue bar with the slogan 'Your Health. Our Passion.' and a hamburger menu icon. The main content area is divided into two columns: 'Medical Services' and 'Quick Links'. The 'Medical Services' column lists: Cancer Center, Childbirth Center, Cosmetic Treatment, Ear, Nose & Throat Emergency, Family Practice, Heart & Vascular, Imaging Services, Internal Medicine, Neurosciences, Ophthalmology, Orthopedics, Pediatrics, Sports Medicine, and Additional Services. The 'Quick Links' column lists: Apply for a Job, Awards & Recognition, Clinical Research, Compliance, Financial Assistance, Health Information, Medical Education, Bill Pay & Online Services, Pre-register, Quality & Pricing, and Volunteer. At the bottom of the page, there are four promotional banners: 'Give. Hope. Metro Health Hospital Foundation', 'MyChart', 'LiveHealthy COMMUNITY HEALTH & WELLNESS PROGRAMS', and 'How long's the wait? Text ER to 40491'.

About Metro Health // My Chart // Careers // For Providers // Locations // Contact Us // Donate //

MetroHealth Medical Services ▶ Find A Doc ▶ News & Events ▶

BRAVE
Donald Haan
Heart Disease

HEART.
Eric Walchak, DO
Cardiologist

Your Health. Our Passion.

Medical Services

- Cancer Center
- Childbirth Center
- Cosmetic Treatment
- Ear, Nose & Throat Emergency
- Family Practice
- Heart & Vascular
- Imaging Services
- Internal Medicine
- Neurosciences
- Ophthalmology
- Orthopedics
- Pediatrics
- Sports Medicine
- Additional Services

Quick Links

- Apply for a Job
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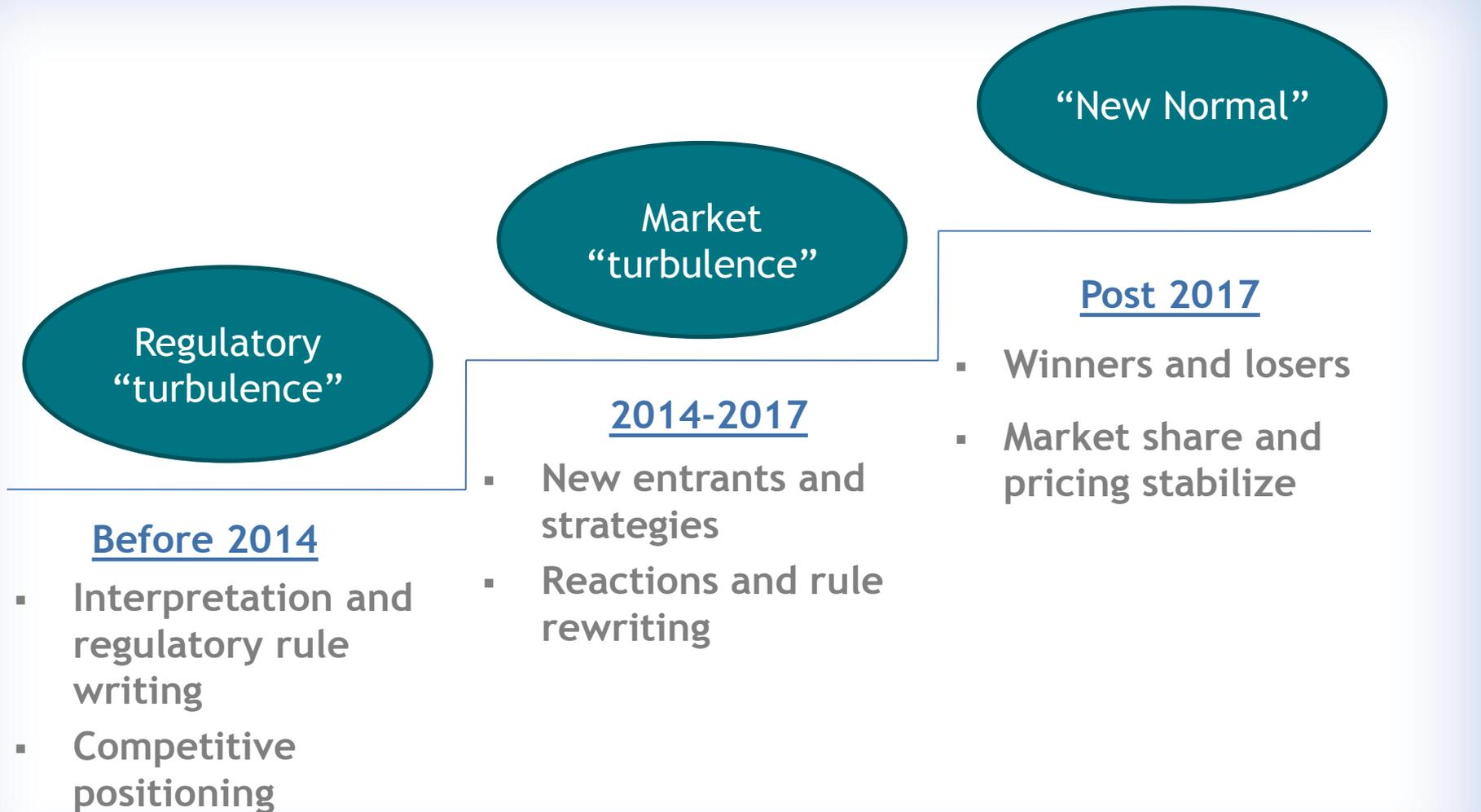
Give. Hope.
Metro Health Hospital Foundation

MyChart

LiveHealthy
COMMUNITY HEALTH & WELLNESS PROGRAMS

ER How long's the wait?
Text ER to 40491

Health Care Reform: Impact To Occur in Three Distinct Phases



Post 2014: Sick Care vs. Health Care

	The Old Business Model	The New Value-Based Business Model
Value Proposition	More market share, more patients, more services, more revenue	Best possible quality at lowest possible price
Direction of Price	Saks Fifth Avenue	Wal-Mart
Cost Environment	Cost management	Cost structure
Direction of Utilization	Always up since 1966; growth industry	Flat/maybe down? Mature industry
Relationships between Hospitals & Doctors	Parallel play	Highly coordinated and integrated
Payment	Fee for service	Fee for value
System of Care	Patient services; acute care/activity-oriented	Patient management; longitudinally oriented
Importance of Scale	Small and Medium hospitals could survive	Big, Bigger & Biggest

Assessing the Impact of the ACA

- **Consumers & Demographics:**
 - Workforce Productivity, chronic disease, mental illness
- **Economy & Finance:**
 - 43% revenue from Medicare, cuts in healthcare spending
- **Physicians & Provider Organizations:**
 - Physician leader business partners, value-based payments
- **Insurance & Coverage:**
 - \$300 billion for medical, homecare; mental illness, substances
- **Political Issues:**
 - Medicare/Medicaid sustainability, Transparency, ACO
- **Information & eHealth:**
 - Federal Regulations for EMR, Meaningful Use
- **Quality & Patient Safety:**
 - Population Health, Patient Engagement vs. Provider Intervention

New Competition for Primary Care

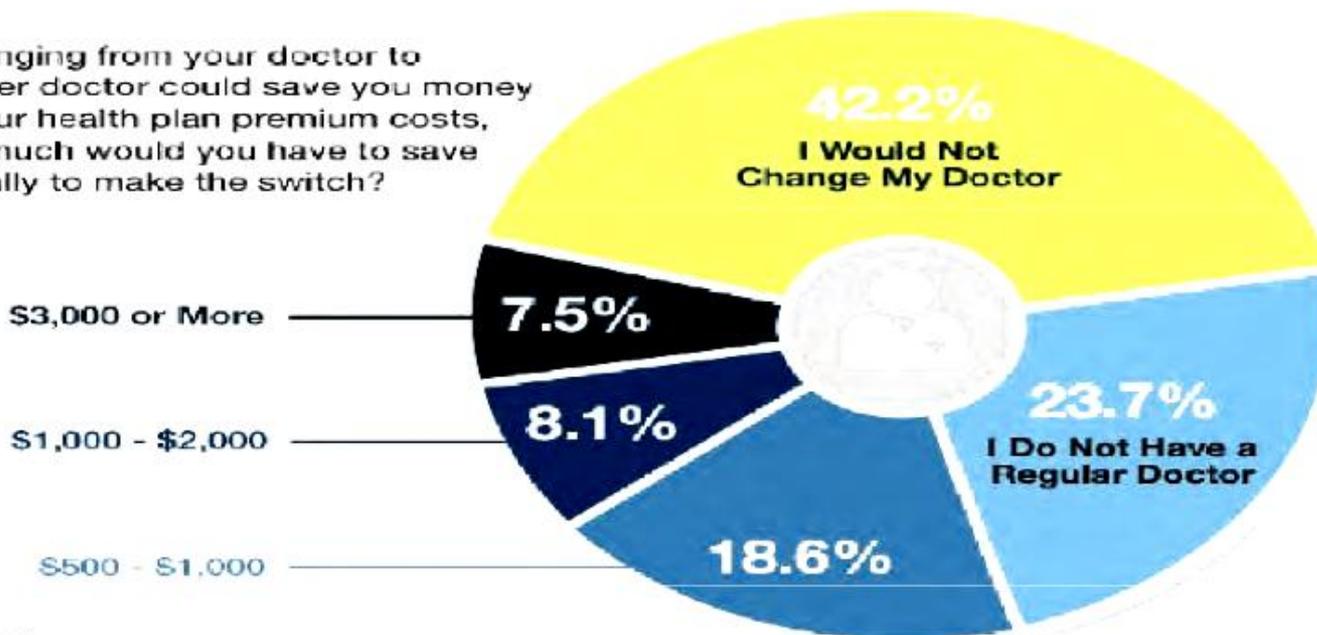


There's a way™ to stay well.

InfoPoll | 04-25-2013

More Than Half the Population Not Wed to A Doctor Over One-Third May Switch Due to Cost and One Quarter Report Not Having a Regular Doctor

If changing from your doctor to another doctor could save you money on your health plan premium costs, how much would you have to save annually to make the switch?



© Health Poll

Payers are Becoming Active Contractors for Care



Centers of Excellence
Heart, Spine and Transplant
Surgery at NO Cost to
Associates.

1. Cleveland Clinic
 2. Geisinger
 3. Mayo Clinic
 4. Mercy, Springfield MO
 5. Scott and White
 6. Virginia Mason
- Reputation
 - Exceptional quality scores
 - Universal use of standard protocols
 - Single point for negotiation(Integrated)
 - Price accretive for the organization



Impact of Plan Design on Doctors, Patients

Tier	Description	Benefit Design
1	High Quality Low Cost	No Co-payments or deductibles
2	High Quality Mid Cost	8% Higher Premium \$10 Co-payments
3	High Quality High Cost	16% Higher Premium \$1,000 Deductible \$50 Co-payment
4	Low Quality Any Cost	Out of Network



**Examination of Health Care Cost
Trends and Cost Drivers**
Pursuant to G.L. c. 118G, § 6½(b)

Report for Annual Public Hearing

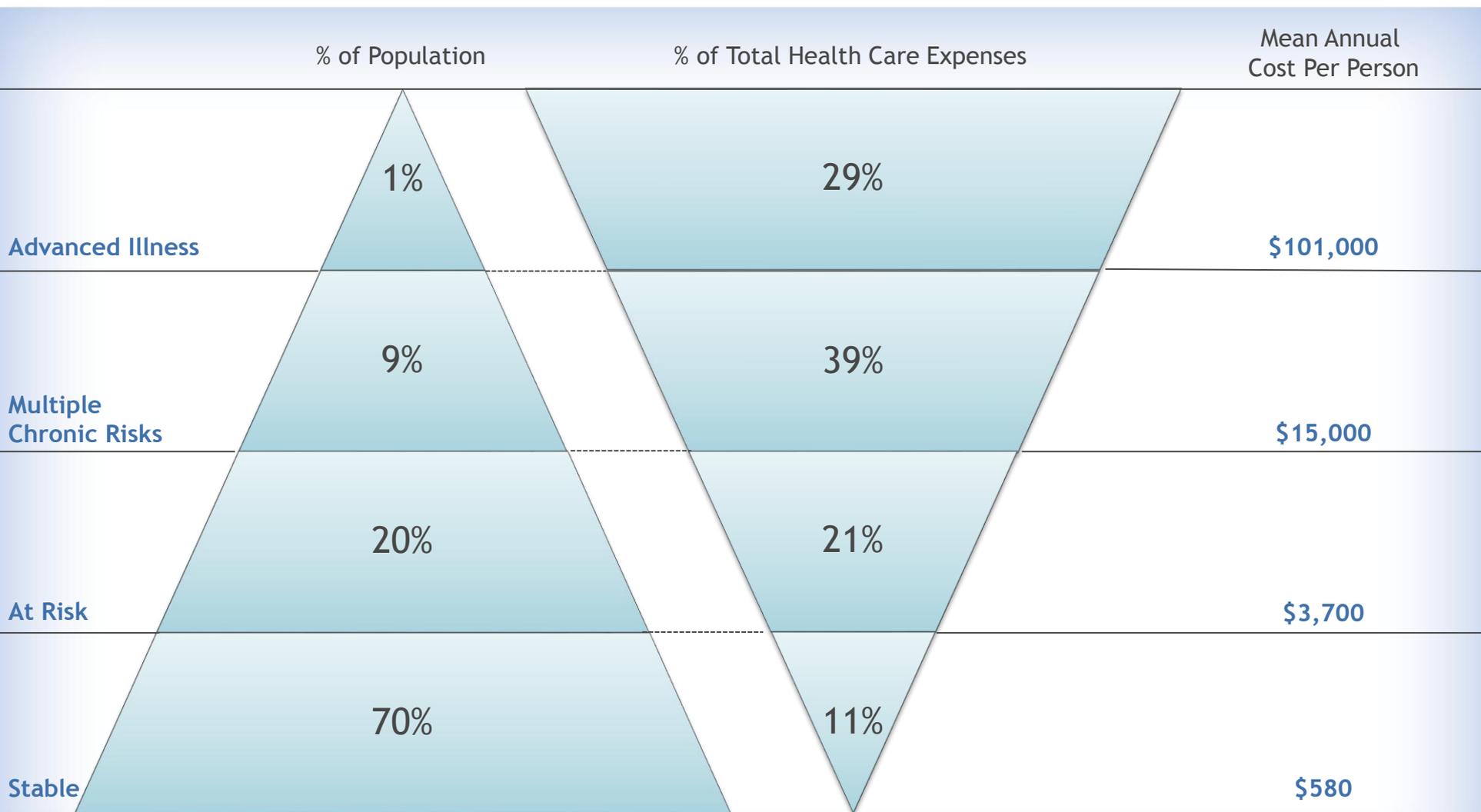
OFFICE OF ATTORNEY GENERAL MARTHA COAKLEY
ONE ASHBURTON PLACE • BOSTON, MA 02108

- Global payments to providers may not be the best solution
- Promote tiered and limited network products
- Control rates until market transparency become effective

For ACO Establishment/Payment

	Longitudinal Care	Episodic Care	
	Primary Care	Specialty Care	Hospital Care
Access to Care	Patient portal/Physician portal		Optimize site of care
	Extended hours/ same-day appointment		Reduce low acuity admission
	Expanded virtual visit options		
Design of Care	Defined process standards in priority conditions (multidisciplinary teams, registries)		
	High-risk care management	Required patient decisions aids	Re-admissions
			Hospital acquired conditions
	Provide 100% preventative services	Appropriateness	Hand-off standards
			Continuity improvements
	HER with decision support and order entry		
Incentive programs (recognition, financial)			
Measurement	Internal variance reporting/performance dashboards		
	Public reporting of quality metrics clinical outcome, satisfaction		
	Costs/population	Costs/episode	

10% of Population = 70% of Cost



National Sample of 21 million Americans between 2003 & 2007

Factors Driving Metro Health's Strategic Plans for the Future

Capital Access

(Net income,
Days Cash on Hand)

Essentiality

(scale, importance to the
community)

Healthcare Reform

(the overall new direction
of how healthcare will be
organized and paid)

Competition with Large Regional Systems

Independence • Choice • Culture

Three Potential Scenarios for Metro

- **Consolidation** - become the acquirer or the acquired to achieve key strategies
- **Collaboration** - build strategic relationships and partnerships to achieve key strategies
- **Status Quo** - attempt to survive under prior models, behaviors and strategies

Pace and Direction
of Change
“tipping point”



Why Seek Partners for Metro?

- Best Time to Deal from Strong Position
- Gain Access to Capital from Large System
- Create Economies of Scale
- Enhance Quality, Share Best Practices
- Extend Reach of Metro Services
- Preserve Metro's Unique Model of Care

New Era Readiness Assessment - Measuring the Ability to Advance the Organization's Position Across Core Competencies

Core Competency	Ability to Advance Position as a Stand-Alone	Capital Required to Support Advancement
Physician Integration	Moderate	High
Care Management	Low	Low
Information Systems	Moderate	Moderate
Service Distribution	Low	Moderate
Cost Management	Moderate	Low
Scale/Essentiality	Low	High
Brand Identification	Low	Moderate
Payer Relationships	Low	Moderate
Financial/Capital Strength	Low	High
Risk Management	Low	High

Moving from Present to Future

Historical Partnership Drivers

- Market share capture
- Physician coverage
- Payer relationships
- Economies of scale
- Insufficient capital capacity to support facility projects
- Erosion of operating performance
- Financial distress

New Era Partnership Drivers

- New business model
- Engaging Physicians
- Competitive position
- New programs, services
- Care coordination
- Information technology
- Quality initiatives
- Reputation and branding
- Cost Structure
- Mitigation of risk

Metro's Core Competency Needs



SCALE enhances core competency

New Factors for Physician Success

- **Multiple options for alignment**
 - independence, employment, group practice
- **EMR, patient registries, e-prescribing**
- **Accountable Care Organization Access**
- **Access to best-in-class practice management**
- **Access to recruitment support options**

Critical Success Factors for Physicians To be Effective in the “ACO World”

- Timely access to patient information
- Technology for coordinating care
- Resources supporting patient education
- A culture of teamwork
- Coordinating care with other providers
- Quality and safety metrics
- Support to manage financial risk
- Improving value is a leadership priority

Why Community Health Systems

- Partnership with the largest hospital system in America: 206 hospitals, 29 states
- Improving access to world-class healthcare
- Degree of local ownership, local board leadership and local reserve powers on board decision-making
- Positions Metro Health for impact of ACA
- Financial resources, clinical, operational support
- For-profit is just a tax status, not a mission statement

*There is no use in looking
backward ...*

*That is not the direction we
are going!*

