Hospital Collaboration & Clinical Integration

To Drive Value & Market Share

June 2, 2016
Your Presenters

Jim Wright
Vice President, Business Development
xG Health

John Marren
Partner, Hogan Marren Babbo & Rose, LTD

Vanessa Aburn
Principal, Advisory Services
xG Health

Steve Pierdon
Senior Medical Director, xG Health
1. Market forces driving transformation and integration; Collaborative as a strategy

2. Health System examples and approaches

3. Collaboration essential; hardwiring evidence-based practice, standards of care and driving quality improvement

4. How we can work together to achieve your goals and position your organization for success
Key Question

How can I work on quality initiatives with referring physicians /hospitals to:

- Integrate care seamlessly and improve the handoff process
- Decrease variability/build consensus on evidence based practice and appropriateness criteria
- “Right Site” patients and services
- Tighten referral relationships in preparation for population health
- Collectively negotiate with payers through legally compliant clinical integration
It is clearly a fact that:

All health systems are in some stage of preparation for population health… …and realize they need a bigger population of patients upon which to spread financial risk.
The Opportunity: Collaboration

Your Health System needs an immediate & creative way to collaborate with referral sources to:

• Build an integrated system of patient treatment and referral that focuses on quality and provides a benefit to all systems
• Integrates and aligns physicians around quality patient treatment
• Creates a greater probability of building market share and referrals
• Creates an integrated system of care that allows success in population health management
• Does not require a merger or FTC filing
• Allows collective negotiation by members of the collaborative with payors in a legally compliant manner
FTC Advisory Opinions

FTC/DOJ Policy Statements

DEPARTMENT OF JUSTICE

Statements of Antitrust Enforcement Policy in Health Care

Issued by the U.S. Department of Justice and the Federal Trade Commission

August 1996

FTC Enforcement Actions

BROWN & TOLAND PHYSICIANS

Advocate Health Partners

North Texas Specialty Physicians

Our passion is quality. Our motivation is you.
Collaborative Key Features and Benefits

Key Features

**Foundational Elements***

- **Network:**
  Physician driven network and Leadership

- **Care Model:**
  Quality Program including care management/coordination model and standard of care protocols

- **Technology and Analytics:**
  Shared actionable data and decision making and supporting technology

- **Financial Model:**
  Payor/Product Strategy and relationships

* Essential for legal compliance

Benefits

**Outcomes**

- Demonstrates quality, community health and cost improvements
- Engages Physicians in governance and quality leadership developing standards of care for:
  - Referral and access
  - Appropriateness criteria
  - Clinical guidelines
  - Peer review
  - Business development

- Maximizes local delivery of care and reduced leakage
- Build foundation for PHM and VBC readiness
- Partners w/payors and contracts collectively
Health System Collaborative Approaches
Two Collaborative Approaches

Two approaches of clinical integration:

- Service Line specific, and/or
- Broader Population Health

Both categories improve quality, safety and value

- Decrease readmissions/associated penalties
- Increase margin from reduction in variability
- Increase case mix due to “right site” for care
- May allow health systems to collectively negotiate for value-based services, where legally integrated
Approach 1: Service Line Integration
“Right Site Care”

- Improve access to locally provided specialty care
- Improve transitions of care and patient experience
- Develop Standards of Care to reduce unwarranted variation in care
- Build service line reputation and market share
### Program Features

<table>
<thead>
<tr>
<th></th>
<th>Hospital 1</th>
<th>Hospital 2</th>
<th>Hospital 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined Service Line Leadership structure</td>
<td>✔️</td>
<td></td>
<td>✔️</td>
</tr>
<tr>
<td>State Cardiac Service Designation</td>
<td>Level III</td>
<td>Level II</td>
<td>Level I</td>
</tr>
<tr>
<td>Cardiac Surgery</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Coronary bypass</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Valve</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>TAVR</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Arrhythmia/Afib Clinic</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Angioplasty</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>24/7 STEMI coverage</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Elective</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Diagnostic Caths</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Peripheral Vascular procedures/stenting</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Electrophysiology</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>EP studies</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Ablations</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Implantable Cardiac Defibrillator (ICD)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Pacers</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Heart station/Echos</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Heart Failure Clinic</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Number of Cardiologists/Outreach</td>
<td>12</td>
<td>4.5</td>
<td>2</td>
</tr>
</tbody>
</table>

Making Program Development Decisions:
Invest in cardiologists in underserved areas
build EP at community hospitals
Hardwire EBP for OHS, PCI, HF

Blue indicates program expansion opportunities
Approach 2: Population Health

Align across Health Systems/Providers to Manage Care across the continuum for a shared Population/Region/Community

Source: Sg2
Collaboration Essential: Hardwiring Standards of Care & Improving Quality
Geisinger Health System

How we Drove Clinical Integration

Provider Facilities

- Geisinger Medical Center and its Shamokin Hospital Campus
- Geisinger Wyoming Valley Medical and its South Wilkes-Barre Campus
- Geisinger Community Medical Center, Scranton, PA
- Geisinger-Bloomsburg Hospital
- Geisinger-Lewistown Hospital
- Holy Spirit Health System
- Marworth Alcohol & Chemical Dep Treatment Center
- Outpatient surgery centers
- Nursing Homes
- Home health & hospice services
- Admissions/OBS & SORUs
- Licensed inpatient beds
- AtlantiCare Health System

Managed Care Companies

- Medicare Advantage members and Medicaid members
- Diversified products
- Contracted providers/facilities
- Offered on public & private exchanges
- Members in several states

Physician Practice Group

- Multispecialty group
- Physician FTEs
- Advanced practitioners
- Primary & specialty clinic sites
- Outpatient surgery center
- Outpatient visits
- Resident & fellow FTEs
- Medical students
- 28 Service Lines

Used Service Lines as basis for clinical integration across region and ProvenCare® as the delivery model to develop consistent quality and value

But not like Kaiser!
What was our burning platform?
To decrease variability and increase quality and value across a network

- Uncertain appropriateness of care
- Unreliable compliance with evidence-based guidelines
- Stunning geographic disparities
- Widely variable outcomes
- Lack of accountability for outcomes and quality

- Often an inverse relationship between quality and cost
- Limited patient engagement
- À la carte payment for services
- Perverse incentives with more payment for complications
Develop a systematic care redesign process to hardwire standards of care and increase quality and value

Programs that have proven to facilitate delivery of highly reliable, evidence-based care—every patient, every time

Current evidence-based best practice elements (BPEs) to reduce unwarranted variation in the delivery of care processes

A multi-disciplinary clinical team is engaged to identify, and through consensus, agree on the critical evidence-based BPEs and then integrate them into practice.

Optimized data capture workflows ensure reliable delivery of BPEs
A Standard Process Includes

1. Literature Review & Best Practice Element Review & Consensus
2. Current State Assessment
3. Process Redesign & Data Capture
4. Database & Report Build
5. Go Live
6. Ongoing Tracking & Performance Improvement
<table>
<thead>
<tr>
<th>Scale</th>
<th>Services</th>
<th>Results</th>
<th>Savings</th>
</tr>
</thead>
</table>
| 8 hospitals; 950 beds; 1,970 employed and affiliated MDs; 6,400 employees | • TPA services  
• 5 patient-centered medical homes  
• Population health analytics  
• Trained + supervised embedded case managers  
• Best practice sharing | **Reductions in Utilization**  
• 41% Med-Surg Admits/1000  
• 64% Med-Surg Readmits/1000  
• 69% 1-Day Med-Surg admits/1000  
• 14% ED Visits/1000 | **$8.7M - $11.8M**, depending on method used to estimate savings pmpm spending decreased by **$5** |

Target population: 12K self-insured lives; Pioneer ACO 8300 attributed lives

**What matters is results:** 2012 – 2014
What matters is results: 2011 – 2014

Scale

Largest health system in West Virginia
- 8 hospitals; 1286 beds; 866 physicians
- 4700 employees
- Population: 10K self-insured lives

Services

- TPA services
- 5 patient-centered medical homes
- Population health analytics
- Our embedded case managers
- Best practice sharing

Results

Reductions in Utilization
- 20% Med-Surg Admits/1000
- 39% Med-Surg Readmits/1000
- 31% 1-Day Med-Surg admits
- 7% ED Visits/1000

Savings

$6M ($16.67 pmpm) to $17M ($42.22 pmpm) depending on method used to estimate savings
Implementation Process & Timeline
Implementation Process

**Program Development**
- Partners and program defined
- Measures and Targets developed
- Opportunity estimated

**Approvals Contracting**
- Agreements finalized
- Program finalized
- Presented to Payor*

**Implementation**
- Teams engaged
- Final plans developed
- Milestones tracked
Pulling It All Together

- Structure and legal options
- Market Assessments and Projections and Scope of Potential Integration
- Legal Compliance Requirements
- Clinical Care Processes and Driving Standards of Care
- Clinical Care Metrics
- Proper Documentation at all Levels
Thank you

Jim Wright
jwright@xghealth.com
303-550-1397

HOGAN MARREN BABBO & ROSE, LTD
xG Health Solutions, Inc. Confidential and Proprietary Information