

Monarch HealthCare, a Medical Group, Inc.

Accountable Care in the
Independent Practice Model

June 7, 2010

Jay J. Cohen, MD, MBA
President/Chairman
Monarch HealthCare

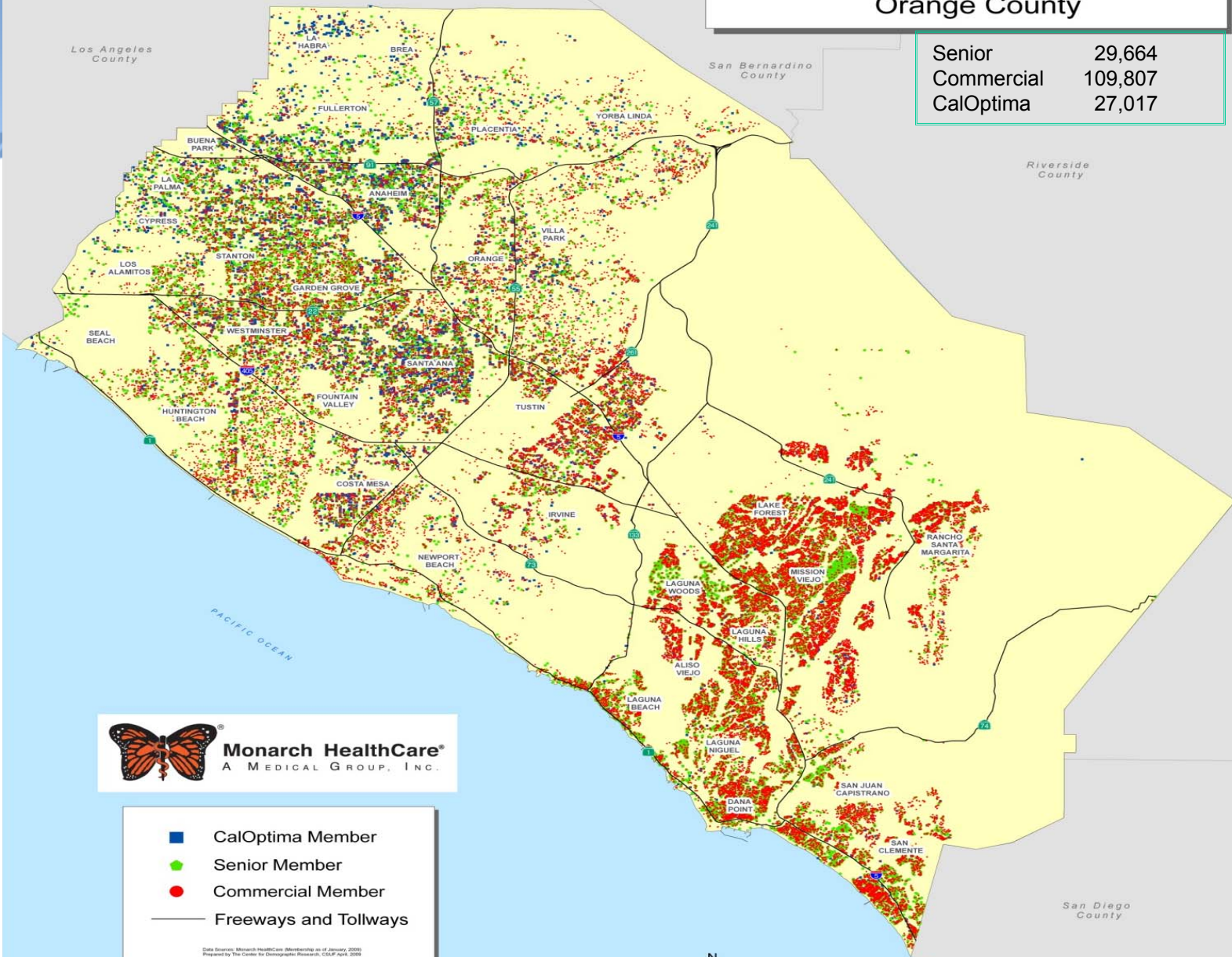
Monarch HealthCare, a Medical Group, Inc.

- Among CA's largest Independent Practice ACO's
 - Geographically serves all of Orange County, CA
 - Eighteen primary hospital relationships
- Over 2,800 independent physicians, including approximately 800 PCP's
- Servicing all business lines ~ 170,000 beneficiaries
 - Medicare, Commercial and Medicaid (Medi-Cal)
- Mission: *Helping Physician Partners Advance Medical Excellence in the Communities We Serve*



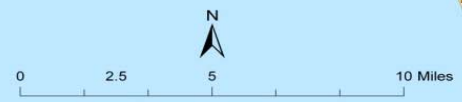
Monarch HealthCare Membership Orange County

Senior	29,664
Commercial	109,807
CalOptima	27,017






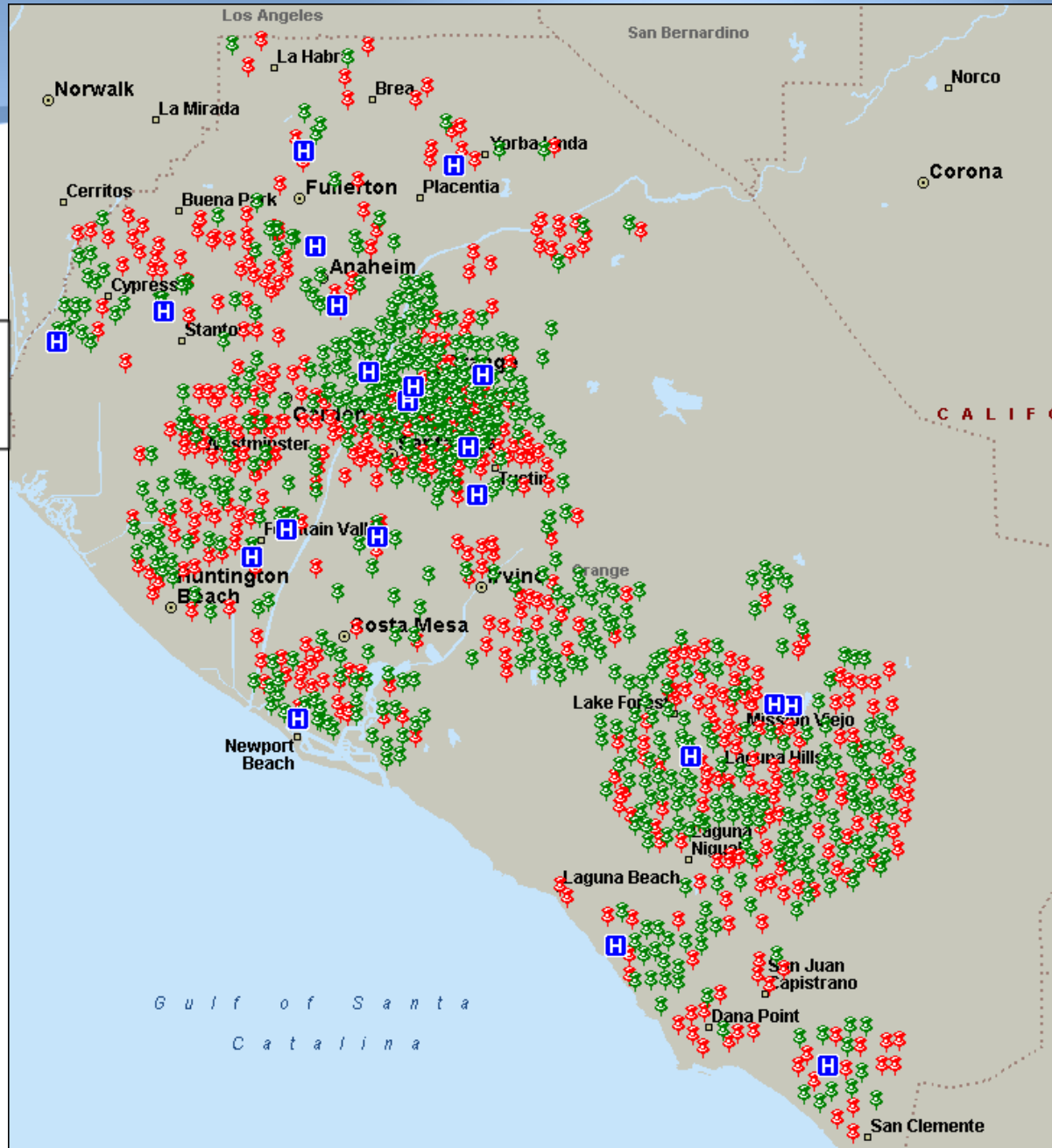
- CalOptima Member
- Senior Member
- Commercial Member
- Freeways and Tollways

Data Source: Monarch HealthCare (Membership as of January, 2009)
Prepared by The Center for Demographic Research, CSUP April, 2009

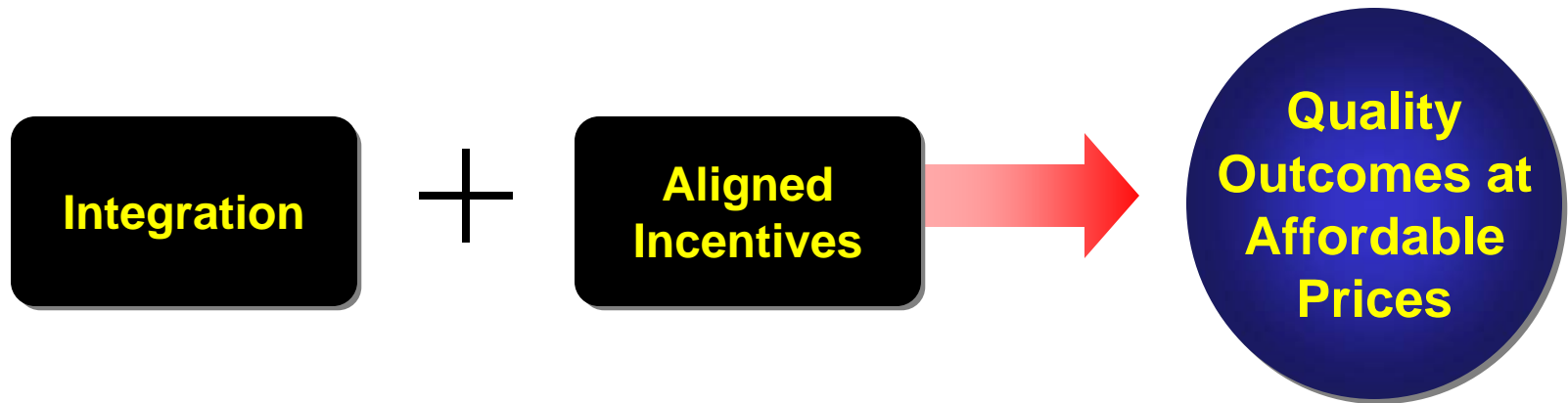


Monarch HealthCare Provider Network 2010

	Hospitals - 18
	PCPs - 800
	Specialists - 1,400



Accountable Care: Integration and Financial Alignment

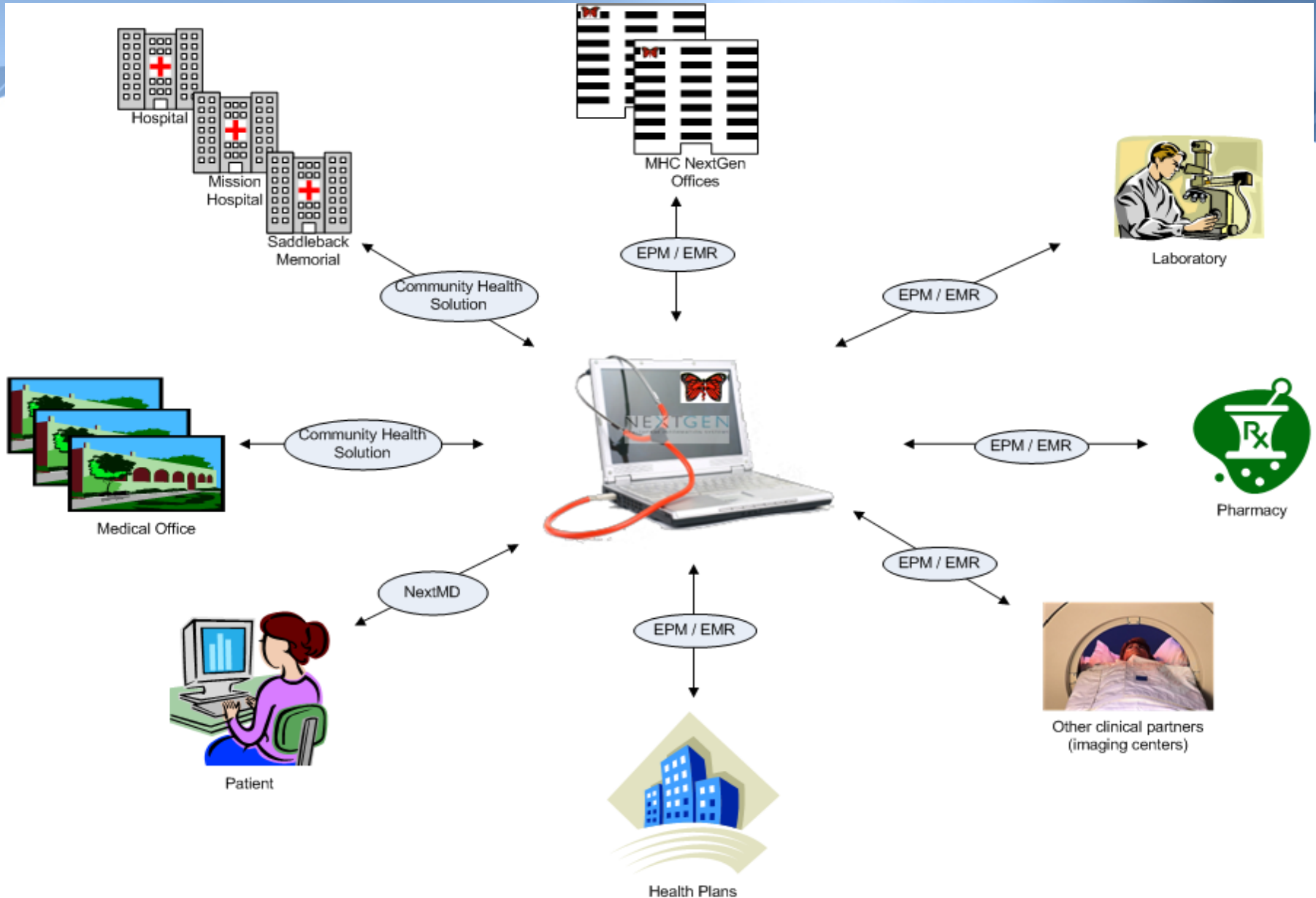


- Continuum of Care
- EHR
- Patient Experience

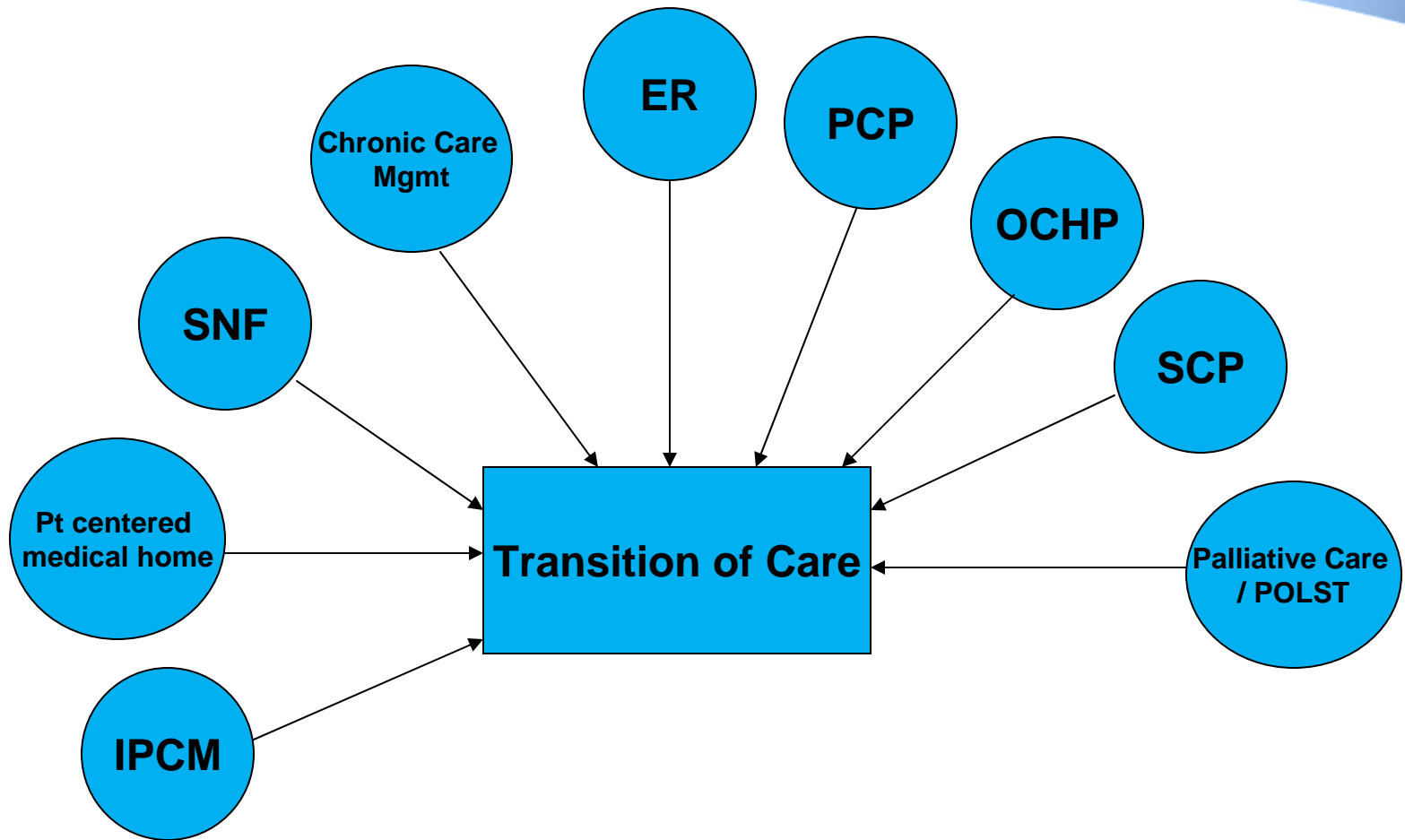
- Global Payment
- P4P
- Physician Incentive Payment



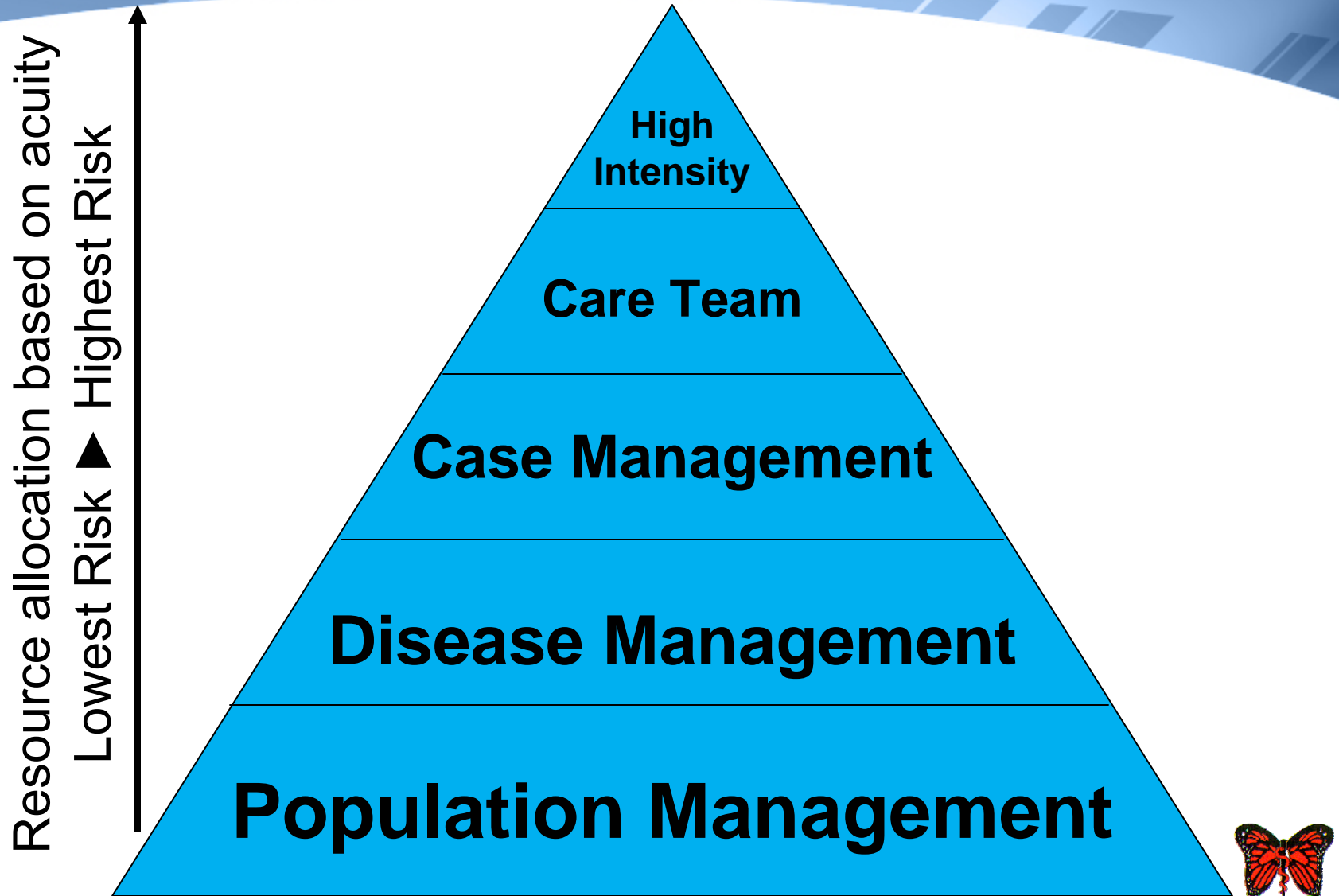
Monarch's NextGen Connectivity Solution



Managing Transitions of Care



Risk-Based Resource Allocation



Staying Healthy Programs

- Patient incentive programs for appropriate self-care
 - Mammograms
 - Colorectal Screening
 - Chronic Medication Monitoring
 - Diabetes
 - Well Examinations



Disease Registries

Point of Service Care Reminders

- Patient Preventive Care Reminders
- Chronic disease management
 - Diabetes
 - Asthma
 - Medication Monitoring
- Supplemental repository for physician reporting of patient data



Complex Case Management

- Network physicians can refer any patient for case management
- Case Management Services include:
 - Medication reconciliation
 - Coordination of DME needs
 - Coordination of appointments and specialty referrals
 - Documentation of Patient Health Assessments
 - Nurse coaching, self-management skills



Care Team Approach

- Diabetes Care Team in PCP and Endo offices
 - Consists of Registered Dietician, Certified Diabetes Educator and Case Managers
 - Group dynamic
 - Innovative tools (conversation maps)
- Medical Home Programs
 - Close monitoring of high risk patients by NP and social worker in the patient home
 - Coordination of care with PCP



Monarch Health Plan (MHP)

- Monarch applied for and was granted a Knox-Keene License in April 2007 by California's Department of Managed Health Care (DMHC)
- MHP began assuming global risk in 2008
 - Monarch directly manages professional and institutional funds
 - Allows better coordination of wider scope of patient services
- Larger percentage of revenue makes Monarch accountable for majority of costs, creating additional opportunities for savings
 - Re-direction to most appropriate place of service
 - More robust preventive services and interventions



Hospitalist Program

- All inpatient care
- Hospitalist coverage of skilled nursing facilities
- Same day PCP notification of admission and discharge information
- Coordination with Case Management
- Manage transitions of care



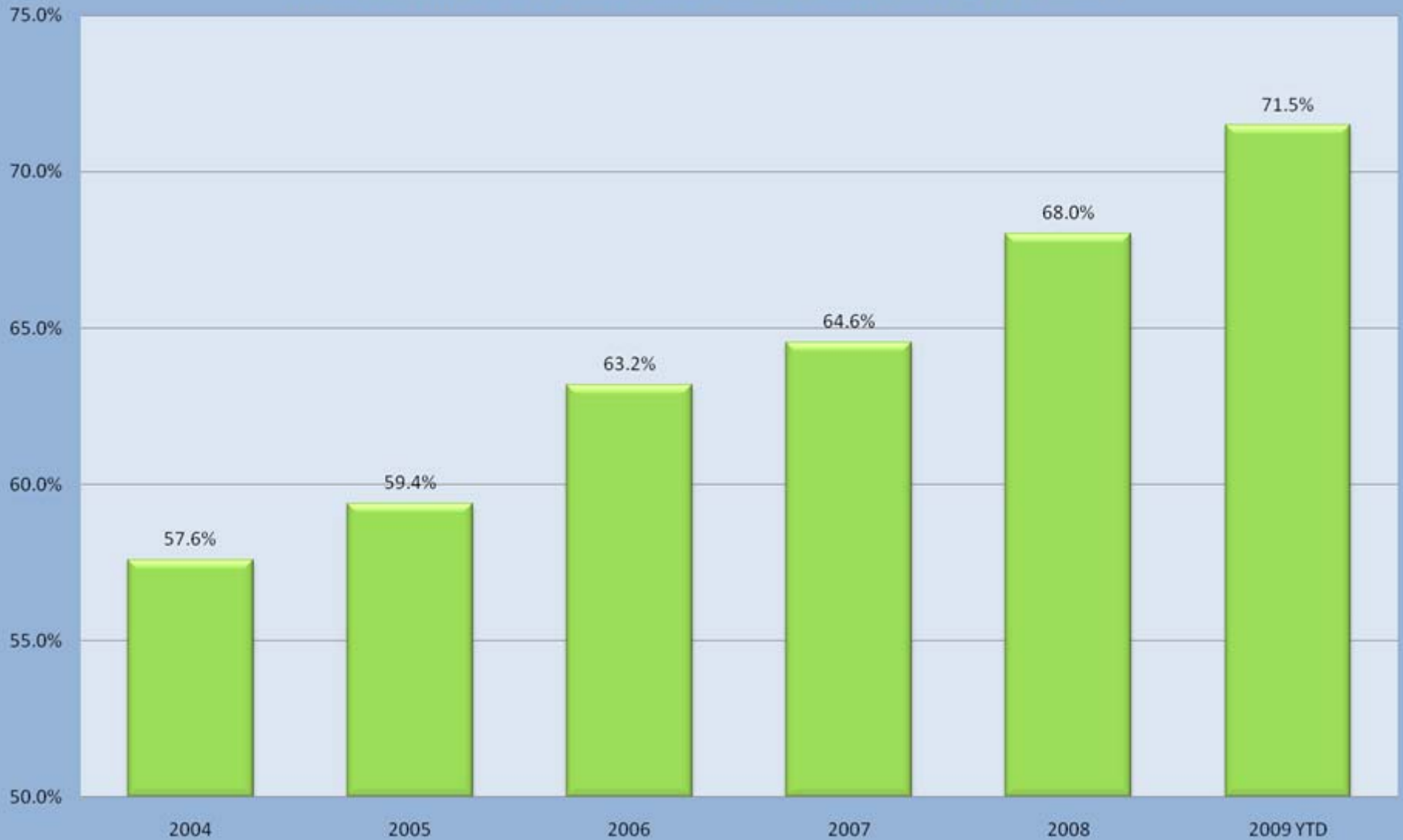
Commercial Surgeries Authorized to ASC vs. O/P Hospital 2008 and 2009 Trend



Monarch HealthCare

Generic Prescription Rate for Commercial Members

Note: Aetna 2004 discarded due to data integrity issue





Monarch HealthCare®
A MEDICAL GROUP, INC.

ABC PCP Medical Group

Potential Bonus: \$77,270.16
Earned Bonus: \$50,225.61

December 2009 Performance Summary

Criteria Measurement	Group Score	Prior Score	Percent Change	Network Average	Benchmark	Possible Points	Points Earned	Potential Dollars	Dollars Earned
Healthcare Resource Efficiency									
<i>Generic Drugs Utilization Overall</i>	77.70%	77.29%	0.53%	79.42%	>= 85.00%	20	10	\$15,454.03	\$7,727.02
<i>ER Utilization (Excludes ER visits that resulted in an admission)</i>	95.25%	97.60%	-2.41%	103.02%	<= 85.00%	30	15	\$23,181.05	\$11,590.52
Satisfaction									
<i>Patient Satisfaction</i>	80.97%	82.64%	-2.02%	88.06%	>= 91.00%	25	15	\$19,317.54	\$11,590.53
Patient Recommends Doctor	83.44%								
Patient-Doctor Interaction	86.23%								
Patient Access	73.23%								
Coordinated Patient Care	75.20%								
Helpful Office Staff	86.79%								
<i>Peer Satisfaction</i>	97.53%	87.26%	11.77%	93.29%	>= 95.00%	25	25	\$19,317.54	\$19,317.54
Adequate Clinical Information	96.95%								
Available For Questions/Follow Up	98.67%								
Appropriate Stage for Referral	96.97%								
Total						100	65	\$77,270.16	\$50,225.61

June 2009 Bonus Earned: \$24,573.56

December 2009 Bonus Earned: \$50,225.61

Total Bonus Earned: \$74,799.17



Monarch HealthCare®
A MEDICAL GROUP, INC.

**ABC Medical Group
Gastroenterology**

Potential Bonus: \$91,524.80
Earned Bonus: \$64,982.61

December 2009 Performance Summary

Criteria Measurement	Group Score	Prior Score	Percent Change	Network Average	Benchmark	Possible Points	Points Earned	Potential Dollars	Dollars Earned
Healthcare Resource Efficiency									
<i>Generic Drugs Utilization Overall for Identified Therapeutic Classes</i>	60.13%	53.13%	13.18%	59.59%	>= 80.00%	100	50	\$18,304.96	\$9,152.48
<i>Percentage of All Surgeries Performed at Most Appropriate Place of Service (ASC, OP or IP)</i>	97.78%	97.16%	0.64%	70.59%	>= 80.00%	100	100	\$18,304.96	\$18,304.96
Satisfaction									
<i>Patient Satisfaction</i>	87.83%	86.74%	1.26%	80.57%	>= 90.00%	100	80	\$18,304.96	\$14,643.97
Patient Recommends Doctor	91.21%								
Patient-Doctor Interaction	94.02%								
Patient Access	78.50%								
Coordinated Patient Care	83.78%								
Helpful Office Staff	91.64%								
<i>Peer Satisfaction</i>	86.69%	77.82%	11.40%	84.37%	>= 95.00%	100	75	\$18,304.96	\$13,728.72
Encounter Data									
<i>HCC Risk Score Per Patient</i>	0.0929	0.0969	-10.00%	0.0860	>= 0.1400	100	50	\$18,304.96	\$9,152.48
Total						500	355	\$91,524.80	\$64,982.61

June 2009 Bonus Earned: \$31,806.93

December 2009 Bonus Earned: \$64,982.61

Total Bonus Earned: \$96,789.54

Accountable Care: Version 3.0

- Widespread (i.e. regional or national) EHR interoperability and connectivity
- Learning organizations comprised of patient-centric, physician-led teams
 - Efficiently coordinates care for majority of patients responsive to evidence-based clinical guidelines (i.e. low-variability)
 - Allows clinicians flexibility to effectively manage complex and atypical cases (i.e. high-variability)
 - Routinely collects and analyzes standardized data to understand impact of variable practices on outcomes
 - Regularly updates best practice guidelines to reflect lessons learned
- Quality of outcomes consistently high; costs controlled and predictable
 - And both reported transparently

