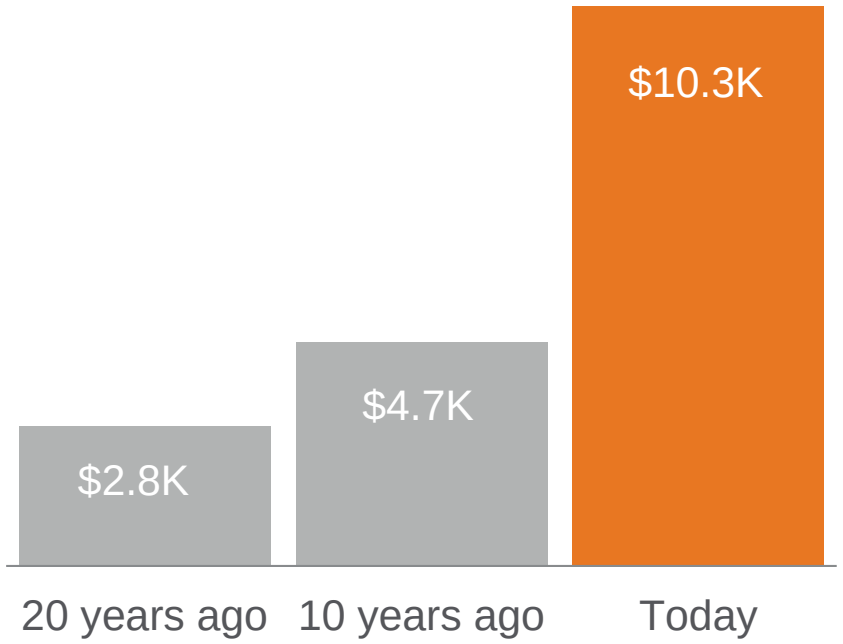
Leading impactful partnerships with value-based care

OPTUM®

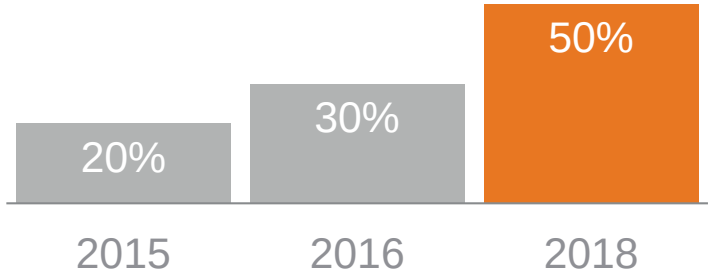
What is the future of value-based care?

The imperative to lower costs and improve quality will not change

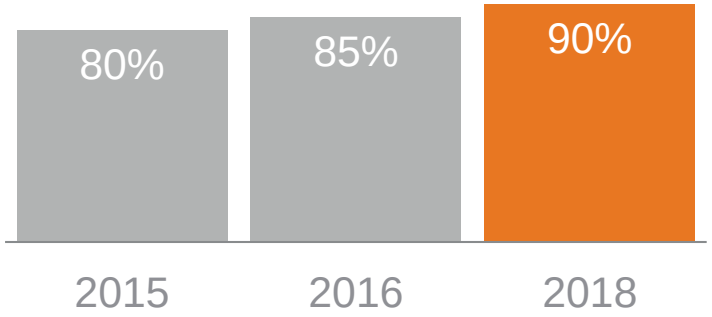
Growing annual **health care costs per American**



Growing Medicare payments **tied to quality**



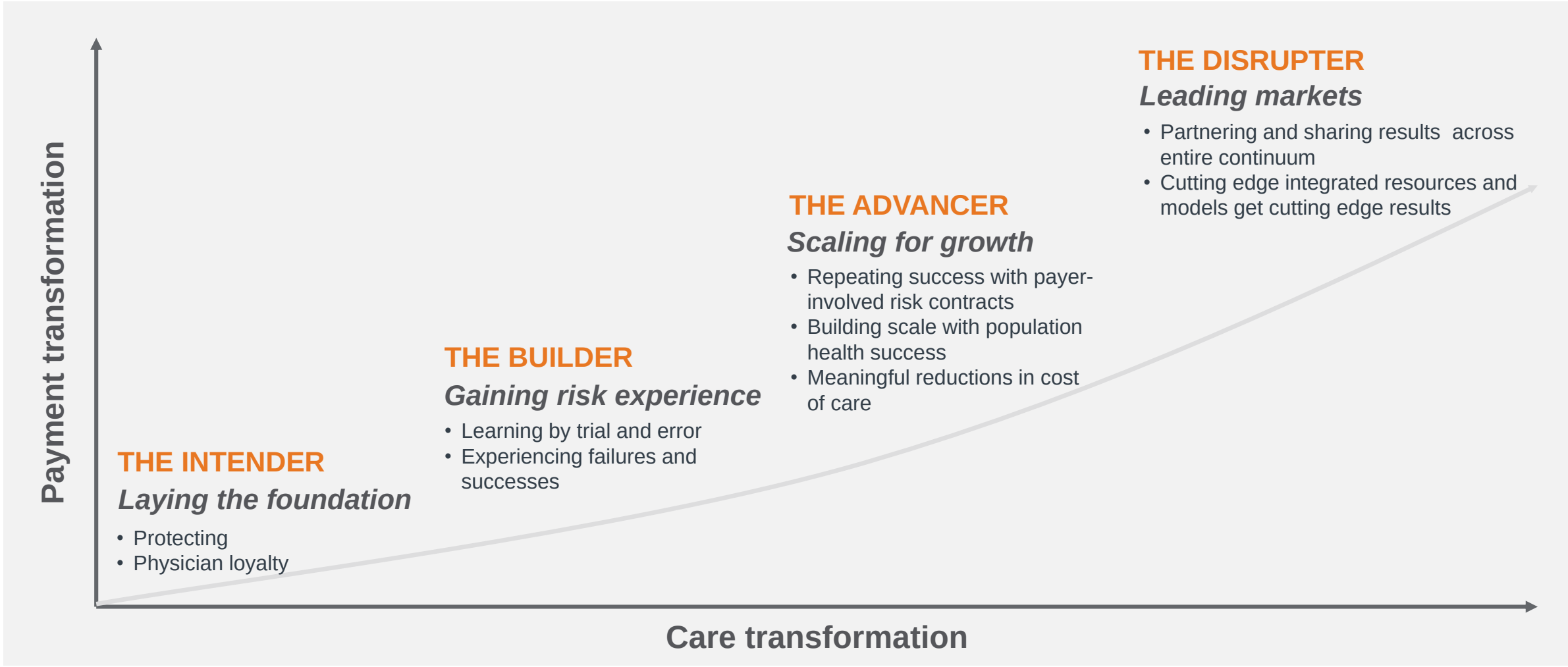
Growing Medicare payments **tied to risk**



OPTUM®

© 2017 Optum, Inc. All rights reserved. Confidential property of Optum. Do not distribute or reproduce without express permission from Optum.

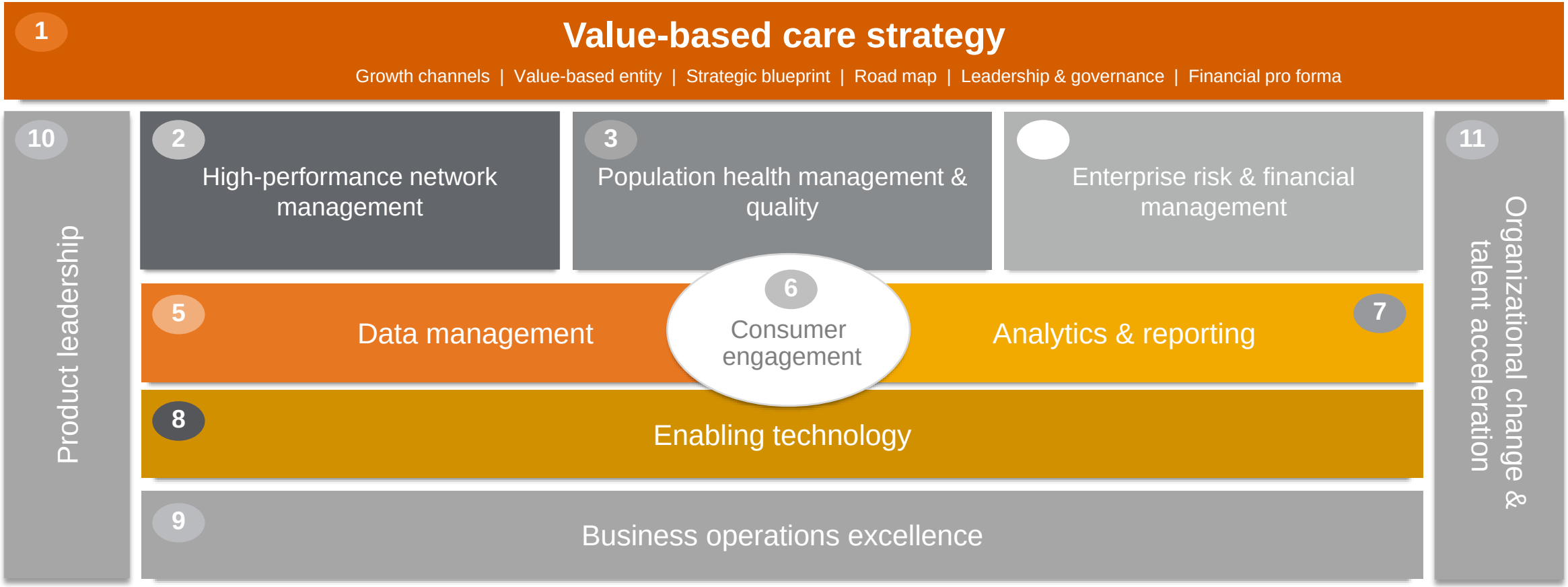
The path and timing to transformation will vary



OPTUM®

© 2017 Optum, Inc. All rights reserved. Confidential property of Optum. Do not distribute or reproduce without express permission from Optum.

Framework for value-based care



© 2017 Optum, Inc. All rights reserved. Confidential property of Optum. Do not distribute or reproduce without express permission from Optum.

There are minimum requirements for success

Risk management and growth strategy

Craft a sustainable value-based strategy with a solid financial foundation for profitability and growth.

Network formation and contracting

Develop an aligned physician network; match cross continuum and regional partnerships to market opportunities.

Integrated care delivery

Develop and implement comprehensive, customized, scalable and standardized clinical programs and services.

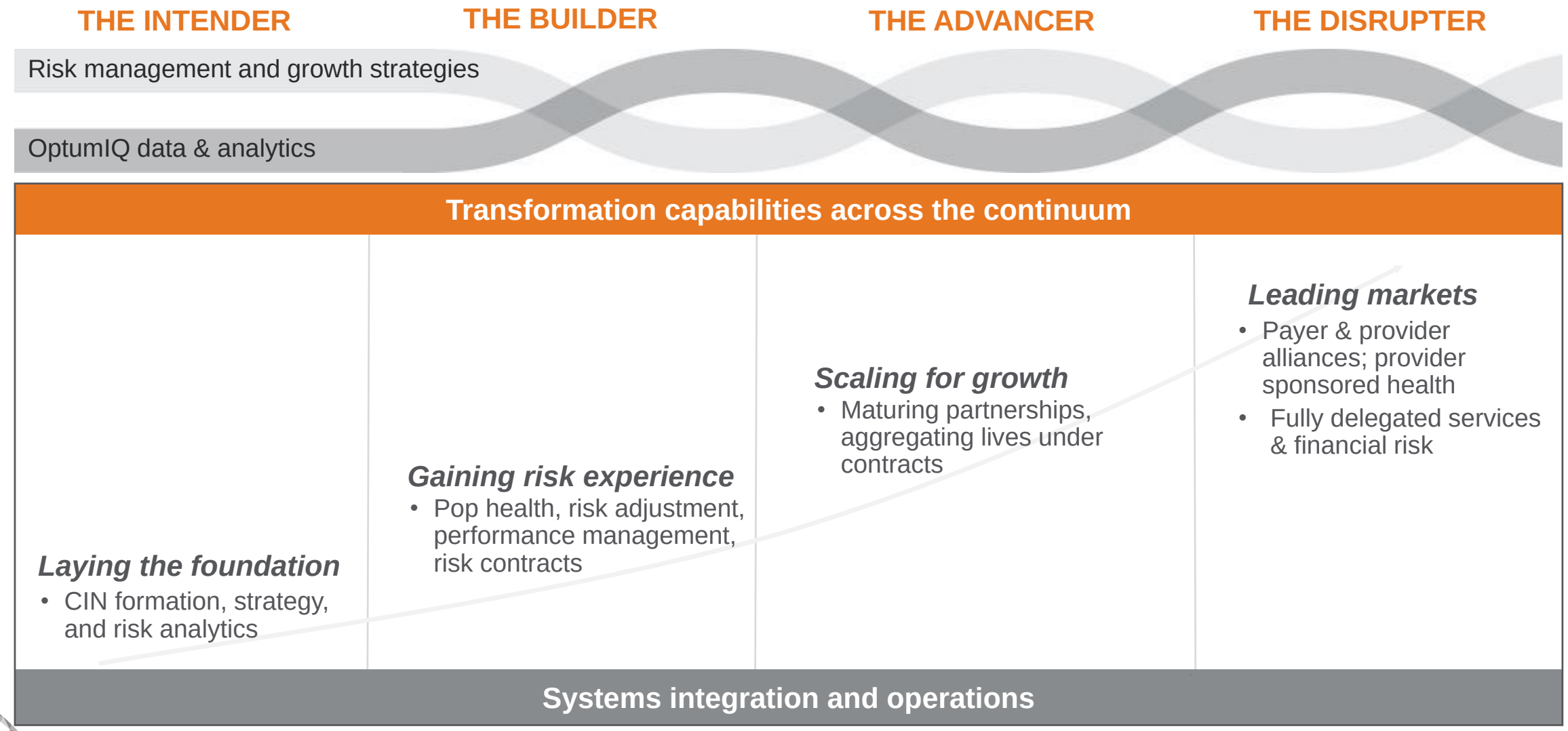
Integrated partnerships

Develop partnerships, centralized infrastructure and local market governance to drive efficient operations. Integrate data and analysis and drive patient health at lower costs.

OPTUM®

© 2017 Optum, Inc. All rights reserved. Confidential property of Optum. Do not distribute or reproduce without express permission from Optum.

Leading the right pace with the right capabilities



OPTUM®

© 2017 Optum, Inc. All rights reserved. Confidential property of Optum. Do not distribute or reproduce without express permission from Optum.

MemorialCare™

The Journey to Revolutionizing Value

Helen Macfie, Pharm.D., FABC
Chief Transformation Officer for MemorialCare, and
Executive Director, MemorialCare CIN

National Value-Based and Pay for Performance Summit

February 2019

A 20+ Year Journey
High Intensity 2011→

MemorialCare™

1996
Physician Society:
1,861 physician members commit to Evidence Based Medicine

2003
Electronic Medical Record:
Epic selected

2005
Bold Goals for Quality and Safety:
78,214 patients' lives touched through mortality and harm reduction; preventative care

2006
Epic Electronic Medical Record:
>95% physician order entry and over 300 evidence-based order sets embedded in EMR

2007
Gallup Employee Engagement:
Four time Gallup Great Work Place international award winner

2007
LEAN Management System:
1,600 steps eliminated; $85.6M expense reduced

2008
Value Creation Journey:
$96M of expenses eliminated over 8 years and all CPI increases absorbed with no increase in cost

2008
The Good Life Employee Health and Wellness:
86% of employees surveyed believe MemorialCare is committed to employees' overall well-being

2009
Patient Portal:
MyChart 84,000; Next MD 151,000

2010
The Good Life – In Balance Chronic Condition Management:
87% employee retention in chronic condition management program for 3 years. Participant HbA1c reduced 1.3 and BP reduced 36/18

2011
MemorialCare Medical Foundation:
350 Primary Care Physicians from South Bay to San Clemente, 2,100 contracted specialists, 183,750 members

2011
Crimson Clinical Advantage:
$73M of over-utilization eliminated, 0.4 days saved from LOS, 21,500 bed days avoided and clinical outcomes improved

2012
Bond Rating AA- / Stable:
Financial strength permits expansion of risk-based reimbursement models

2012
Seaside Health Plan:
Plan to Plan model for MediCal and small employers, 25,450 members

2013
Ambulatory Surgery Center & Ambulatory Imaging divisions created:
Surgeries and imaging studies performed in free standing centers at 60% lower cost

2014
Anthem Blue Cross ACO:
24,000 lives

2014
Bar Coded Medication Administration:
System-wide rollout, 97% immediate adoption

2014
Vivity:
Joint venture between 7 leading health systems and Anthem Blue Cross

2015
Bundled Payment Care Improvement:
100% participating physicians earned shared savings

2015
AETNA Whole Health:
Aetna PPO ACO

2015
Over Diagnosis and Choosing Wisely:
104 "do not do" alerts activated in Epic

2016
Expansion of Ancillary Services
Breast Center opens in Irvine

2017
Boeing Direct-to-Employer Contract
First of its kind in California

2018
Ambulatory Imaging Centers:
Joint venture with RadNet includes 34 ambulatory imaging centers

2018
Clinically Integrated Network
LLC and physician partnership model

Strategic Focus

Strategic Planning set the stage

- **Commitment to Value, 2010**
- **Site visits and deeper dives**

Getting from there to here

- **“Building” our Medical Foundation**
- **Expanding our ambulatory footprint**
- **Jumping in to risk-based models**

MemorialCare™

Moving to Value

Value Based Products	Membership & Descriptors
MemorialCare Medical Foundation	• HMO, shared and global risk experience since the 1980's • # Lives: 156,000
Vivity offered by Anthem BlueCross	• HMO, 7 Founding Health Systems • # Lives: 43,400
aetna MemorialCare	• PPO, Attributed & Product Model • # Lives: 40,900
Anthem Blue Cross	• PPO, Attributed Model Only • # Lives: 26,200
MemorialCare Health Alliance	• Direct Contract with Boeing, PPO • # Lives: 6,900
SEASIDE HEALTH PLAN An Affiliate of MemorialCare Health System	• Medi-Cal (Medicaid), Medicare, Limited Commercial • # Lives: 41,700
Next Generation ACO Model	• Medicare FFS, 2016-17 • # Lives: 17,000
BPCI Model 2: Retrospective Acute & Post Acute Care Episode	• Medicare FFS Episodes, 2015-2018; CJR 2018→ • Cases: 700 annually – Cardiac, Hip/Knee

MemorialCare is in more value-based products than any other health system in Southern California. 316,000 Lives including Sr & Commercial HMO

MemorialCare

Encouraging Creativity
Innovation is a GOOD thing!

MemorialCare™

6 Keys to Success

1. Expanding our ambulatory footprint

- **Medical Foundation – both Group and IPA owned/run by physician shareholders (MHS owns the infrastructure and contracts)**
- **Partnerships and JVs – competencies, intentional expansion over time**
- **Site neutral shift – differentiator**

365 PCPs – Group & IPA

2,200 Specialists

>80 PCP Locations

13 Urgent Care Centers

31 Imaging Centers

8 ASCs

13 Dialysis Centers

Evaluating other services

SCA Surgical Care Affiliates®

RadNet

FRESENIUS KIDNEY CARE

MemorialCare™

6 Keys to Success

1. Expanding our ambulatory footprint
2. Partnering with other health systems
   - Building virtual scale – fewer bricks and mortar, geomapping
   - Partnering for learning, shared processes and performance improvement

Vivity offered by Anthem BlueCross
BOEING
MemorialCare Health Alliance

CEDARS-SINAI
Good Samaritan Hospital
Huntington Hospital

Torrance Memorial Health System
UC Irvine Health
UCLA Health
PIH HEALTH

MemorialCare

6 Keys to Success

1. Expanding our ambulatory footprint
2. Partnering with other health systems
3. **Expanding tailored networks**
   - **Co-creating health plans products – at the table, sharing in design and marketing with clinicians**
   - **Building our own network for Boeing** (hospitals, medical group partners)

MemorialCare™
Health Alliance

MemorialCare™

6 Keys to Success

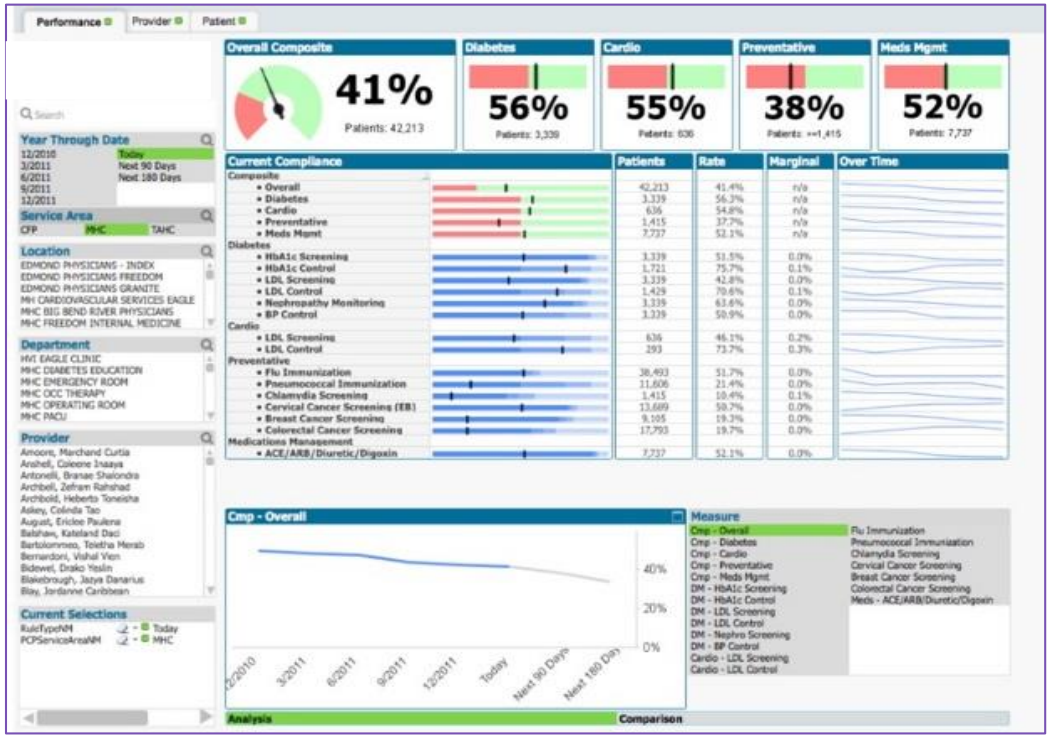
1. Expanding our ambulatory footprint
2. Partnering with other health systems
3. Expanding tailored networks
4. **Engaging and coaching patients**
   - **PCP selection across med group and IPA**
   - **5* 2017 for Experience**
   - **MemorialCare MG and GNP IPA rated top 3 and 4 in CA for 2018 Patient Assessment Survey for Doctor ratings.** Top 1 and 2 in Orange County

Gold Card
Urgent Care Skip the Wait
Text Communications with Patients
Scheduling Apps
Patient Portals
Practitioner Training & Tools
Staff Training & Tools

MemorialCare™

6 Keys to Success

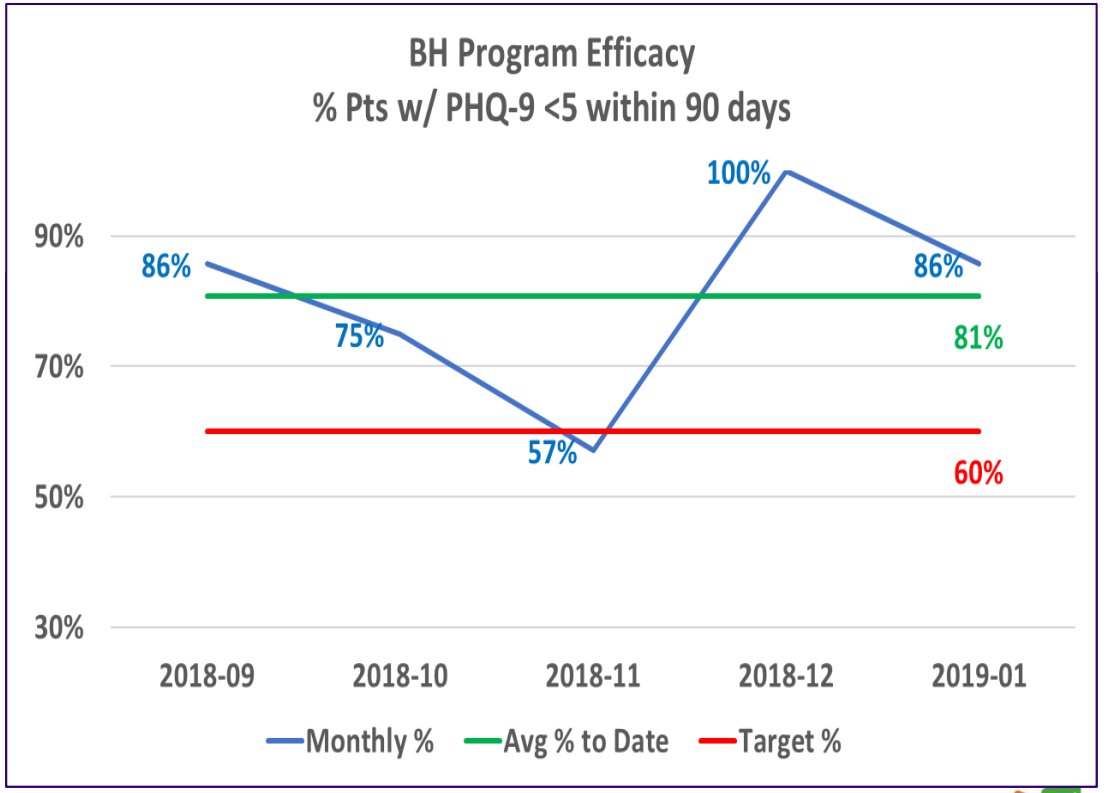
1. Expanding our ambulatory footprint
2. Partnering with other health systems
3. Expanding tailored networks
4. Engaging and coaching patients
5. Building out our infrastructure
   - Big and small data
   - Daily huddles – at/rising risk, hospitals
   - High risk triage and navigation – clinics, services, medical managers
6. Managing pharmacy and behavioral cost



MemorialCare™

6 Keys to Success

1. Expanding our ambulatory footprint
2. Partnering with other health systems
3. Expanding tailored networks
4. Engaging and coaching patients
5. Building out our infrastructure
6. **Managing pharmacy and behavioral cost**
   - **Dedicated pharmacist team – centralized support model, trends and drilldowns, linked to PI/quality**
   - **Embedded behavioral model – pilot, spreading to more products, adding locations, launching virtual health**



MemorialCare™

Value-Based Results

Health Plan Partnerships & Direct-to-Employer (DTE)		
Vivity offered by Anthem BlueCross	HMO, 7 Founding Systems	• ↓ C-section rate from 34% to 24% • Met/exceeded quality & patient experience metrics
aetna | MemorialCare	PPO, Attributed & Product Model	• Out-performed market trend by 5% in 2018 • ↑ Wellness testing and screening by 30% • Avoidable ED visits ↓ by 15% • Achieved 100% on quality metrics
Anthem Blue Cross	PPO, Attributed Model	• Out-performed market trend by 2.5% in 2018 • Beat shared savings quality threshold
MemorialCare Health Alliance	Boeing Direct-to-Employer, PPO	• Reduced total-cost-of-care by 4% Y1 • ↓ Admits PKPY 47%, ED PKPY 17% • Reduced Pharma spend by 25% YOY
Medicare FFS Bundles, 90-day Episodes	Cardiac, Orthopedics	• Beat Target by $1,200 per case (90 day episode) • Physician shared savings: 100% Y1, 96% Y2
Medicare FFS NextGen	Adv. Alternative Payment Model 2016, 2017	• NORC estimated Medicare savings $12.6 M, 2016 • Best/Top 4 performance across U.S. on OP ED visits, SNF, Hospital Admits and ASC Admissions PMPY

MemorialCare

Next Major Focus Areas

1. **Continued push to risk-based Value product diversification and learning**
2. **Advances in tele-X and virtual care**
3. **Ease and access, amazing scheduling**
4. **More robust, predictive analytics**
5. **Leveraging our C.I.N. for alignment around key pop health initiatives**

MemorialCare™

Thank you.
Questions?

MemorialCare™