

Collaborating for Performance

***Simultaneously improving quality, safety, mortality,
patient satisfaction and cost***

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Chief Medical Officer, Premier Inc.***

Premier alliance: Uniting a fragmented healthcare system

Guess who wins when hospitals work together?

Everyone.

The Premier healthcare alliance is 2,100 non-profit hospitals joined together to rapidly improve the quality, safety and affordability of healthcare.

Our strength and value is in our ability to unite America's fragmented healthcare systems. We provide hospitals with

the knowledge sharing tools and resources to improve health and wellness in communities across the nation.

The results are impressive.

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Transforming Healthcare Together™

- 2,300+ not-for-profit hospitals united to rapidly improve the quality, safety and affordability of care
- Create collaboratives to improve quality and safely reduce costs
- Nation's largest clinical comparative databases
- Aggregate \$34 billion in purchasing among hospitals and other providers
- "Gold standard" ethical code of conduct; winner of Ethisphere's Most Ethical Companies award in 2008 and 2009
- 2006 recipient of Malcolm Baldrige National Quality Award

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Transforming Healthcare Together

Paying for value: A journey

Systemic improvement



Process Improvement

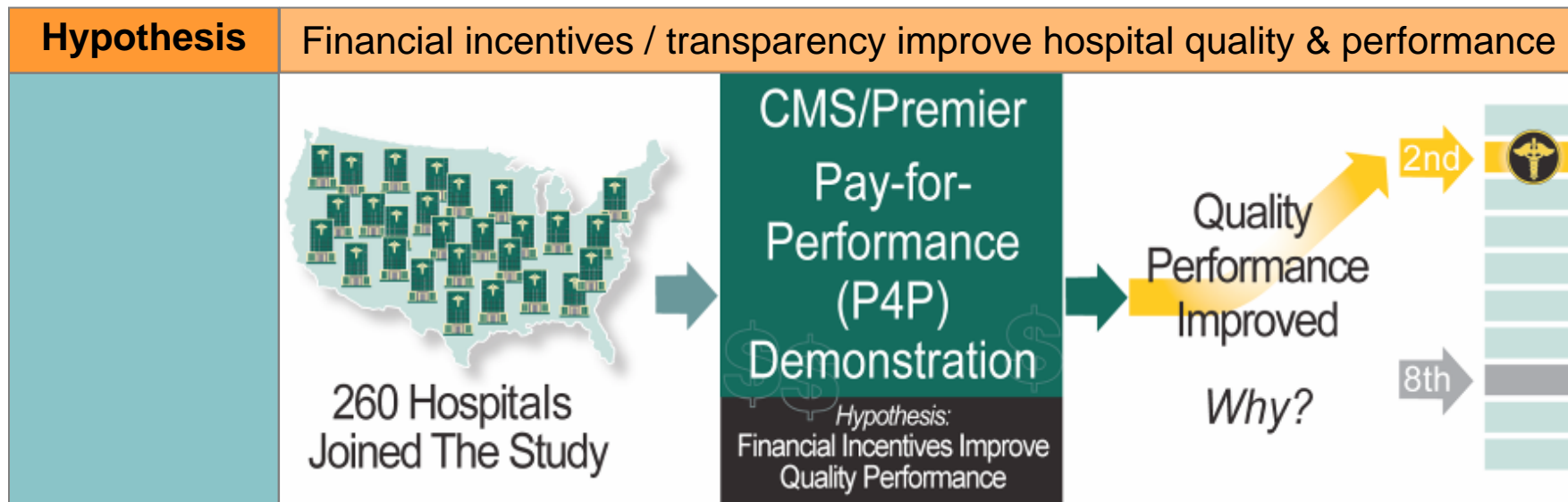


Population total value



Overview of Premier/CMS P4P project

Premier is leading the first national CMS pay-for-performance demonstration for hospitals. More than 260 Premier hospitals participate voluntarily.



Findings

- Financial incentives did focus hospital executive attention on measuring and improving quality.
- Hospitals performance has improved continuously over time.

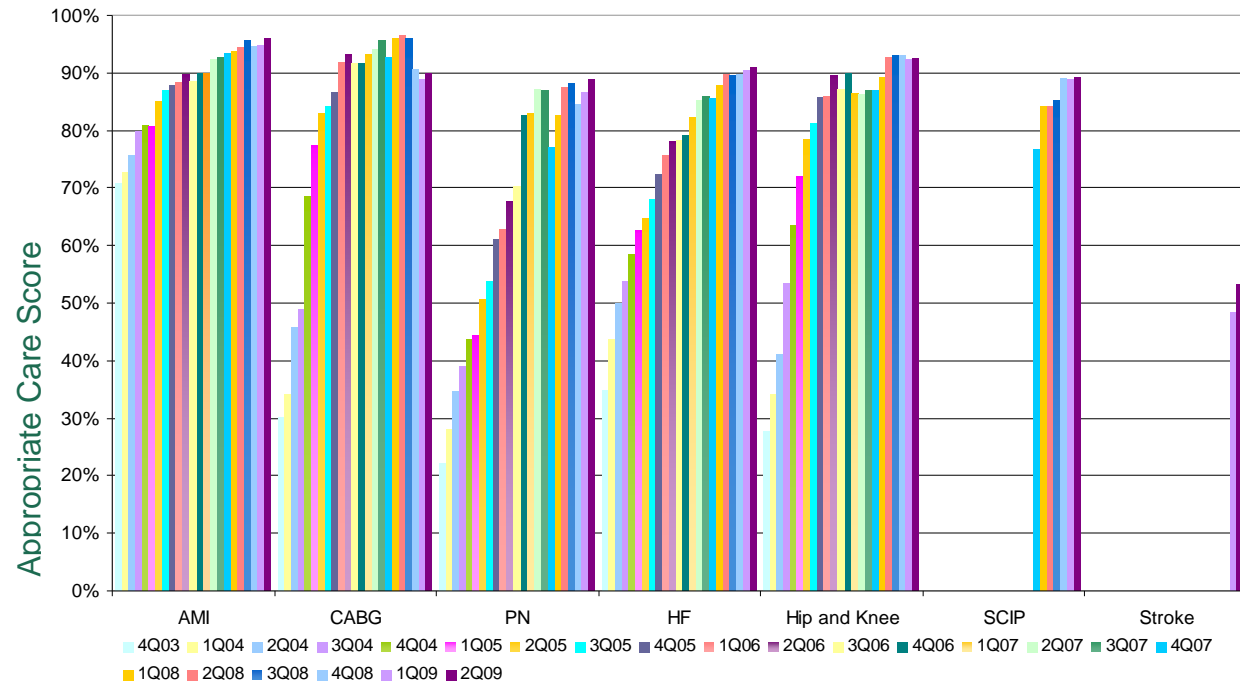
HQID proves P4P incents dramatic and sustained improvement

Avg. improvement from 4Q03 to 2Q09 in all clinical areas (23 quarters)
54.3%

Clinical Area	Improvement (percentage points)
AMI	25.3%
CABG	59.8%
Pneumonia	66.6%
Heart Failure	56.1%
Hip & Knee	64.7%

Evidence-based Care Improvements

CMS/Premier HQID Project Participants Appropriate Care Score:
Trend of Quarterly Median (5th Decile) by Clinical Focus Area
October 1, 2003 - June 30, 2009 (Year 1, 2, 3, and 4 Final Data; Year 5 and 6 Preliminary)



Framework for high-value healthcare

Underlying
Foundations for the
Framework:

- Measurement
- Senior Leader Engagement

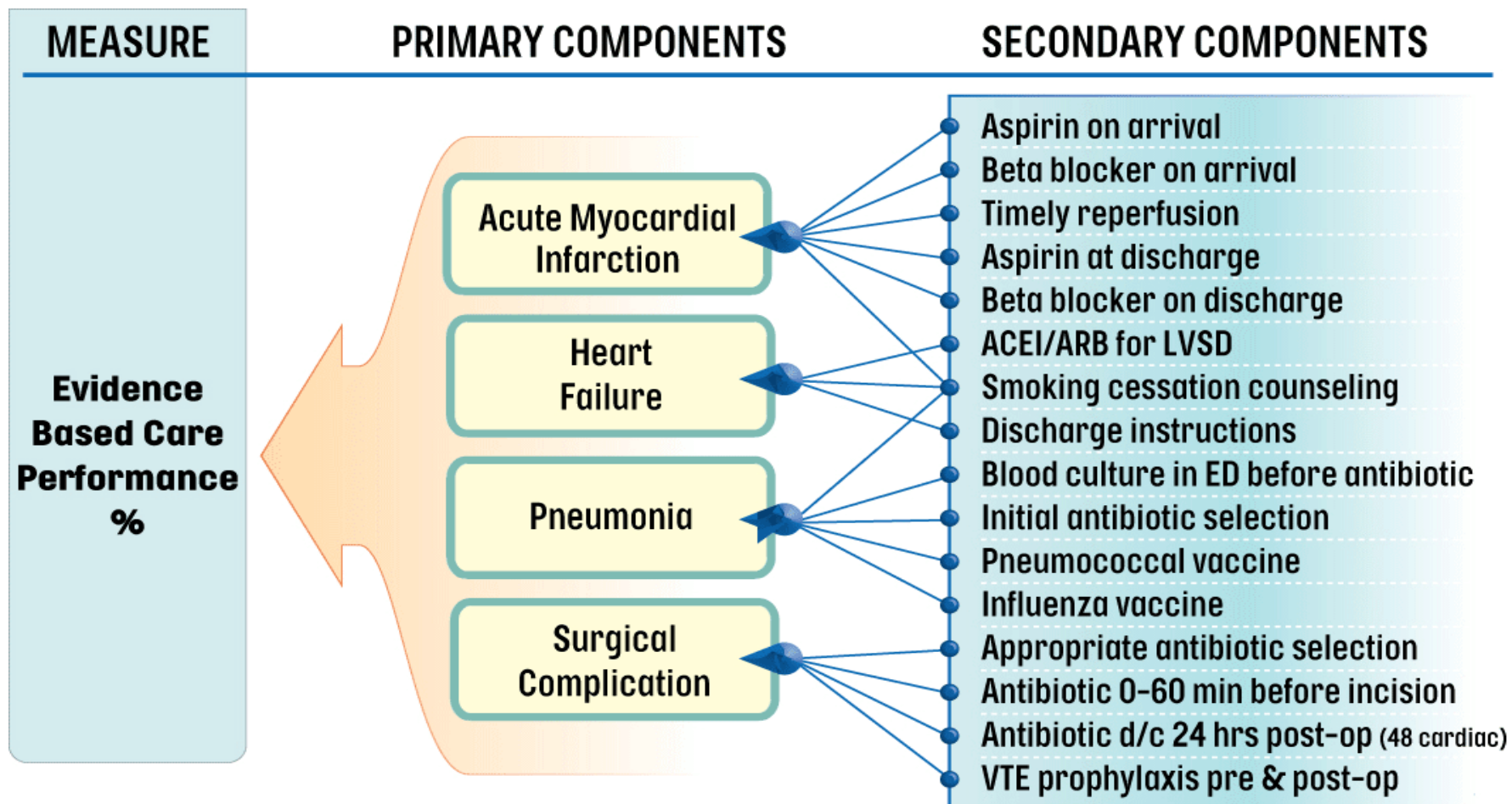


Defining value in healthcare.

Evidence-based care

- Premier's goal:
 - By 2011, The “All or Nothing” Score on the combined set of five care domains will be at least 84%
- Progress:
 - As of June 30, 2009, 86% had achieved the goal

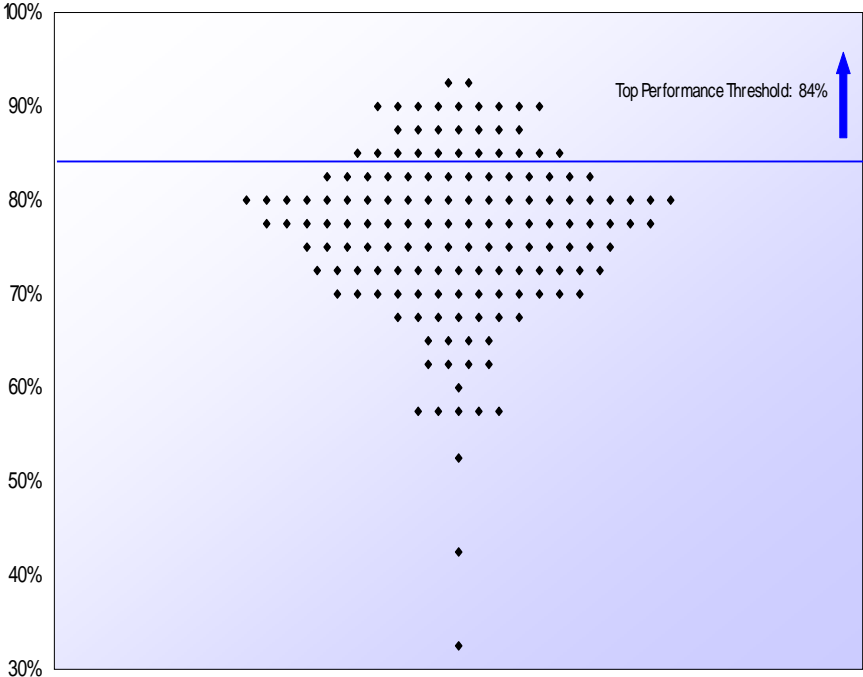
Evidence-based care: Potential drivers



Before and after comparison: Perfect care scores

BEFORE

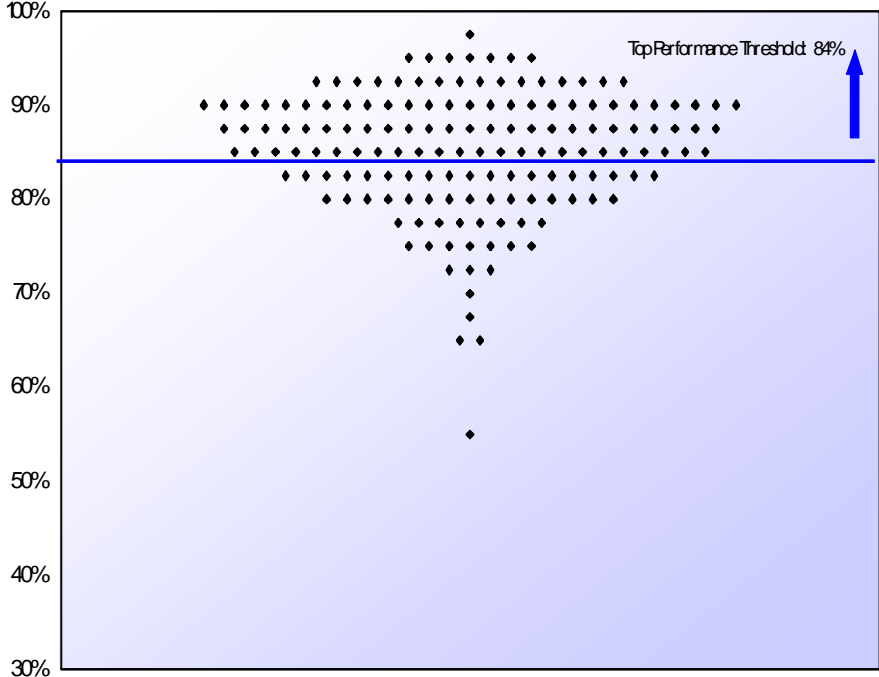
All-or-None Composite Score



**This Distribution Graph shows the range of variation for the Evidence-Based Care Rates of the QUEST charter members. Each dot represents one hospital. The plotted values are based on rounded values.*

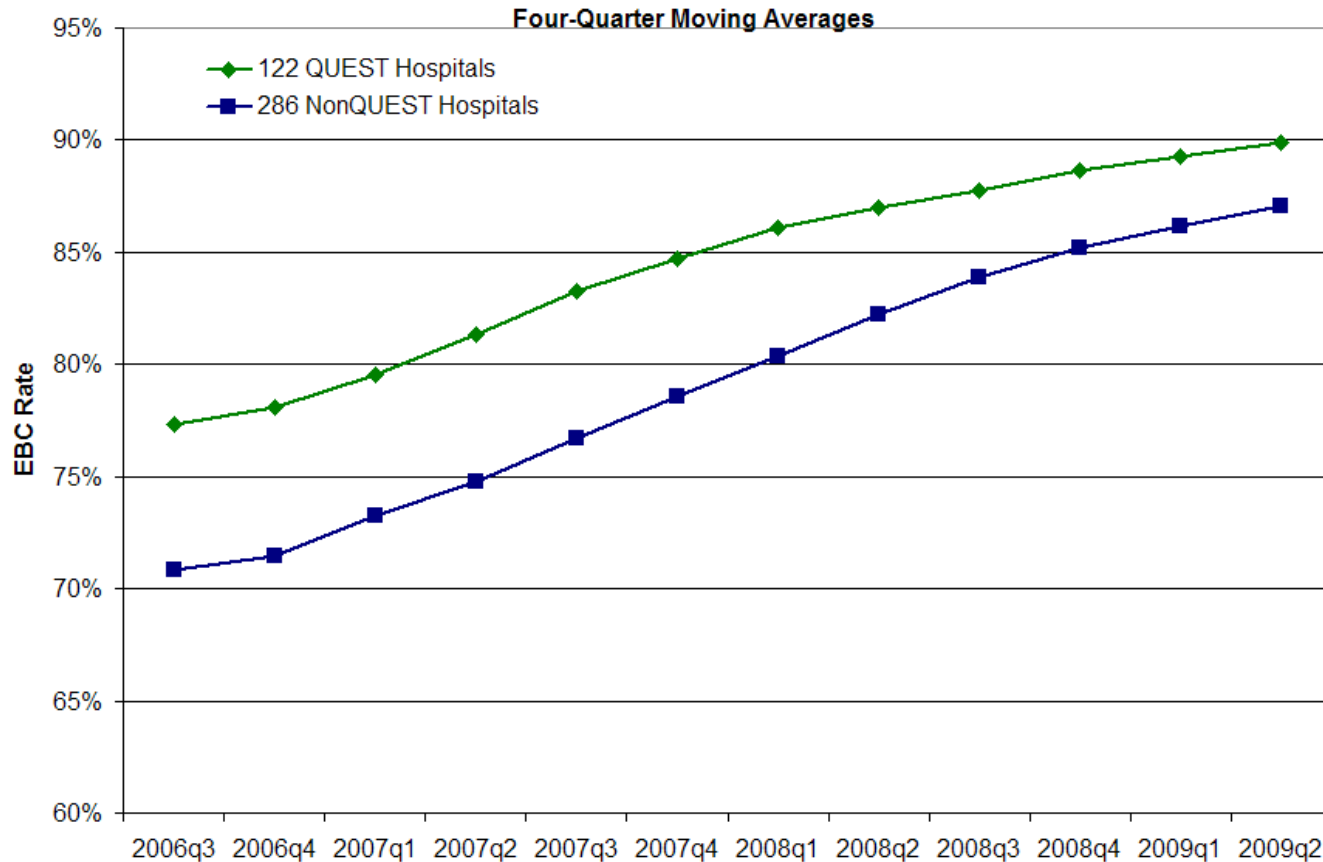
AFTER

All-or-None Composite Score



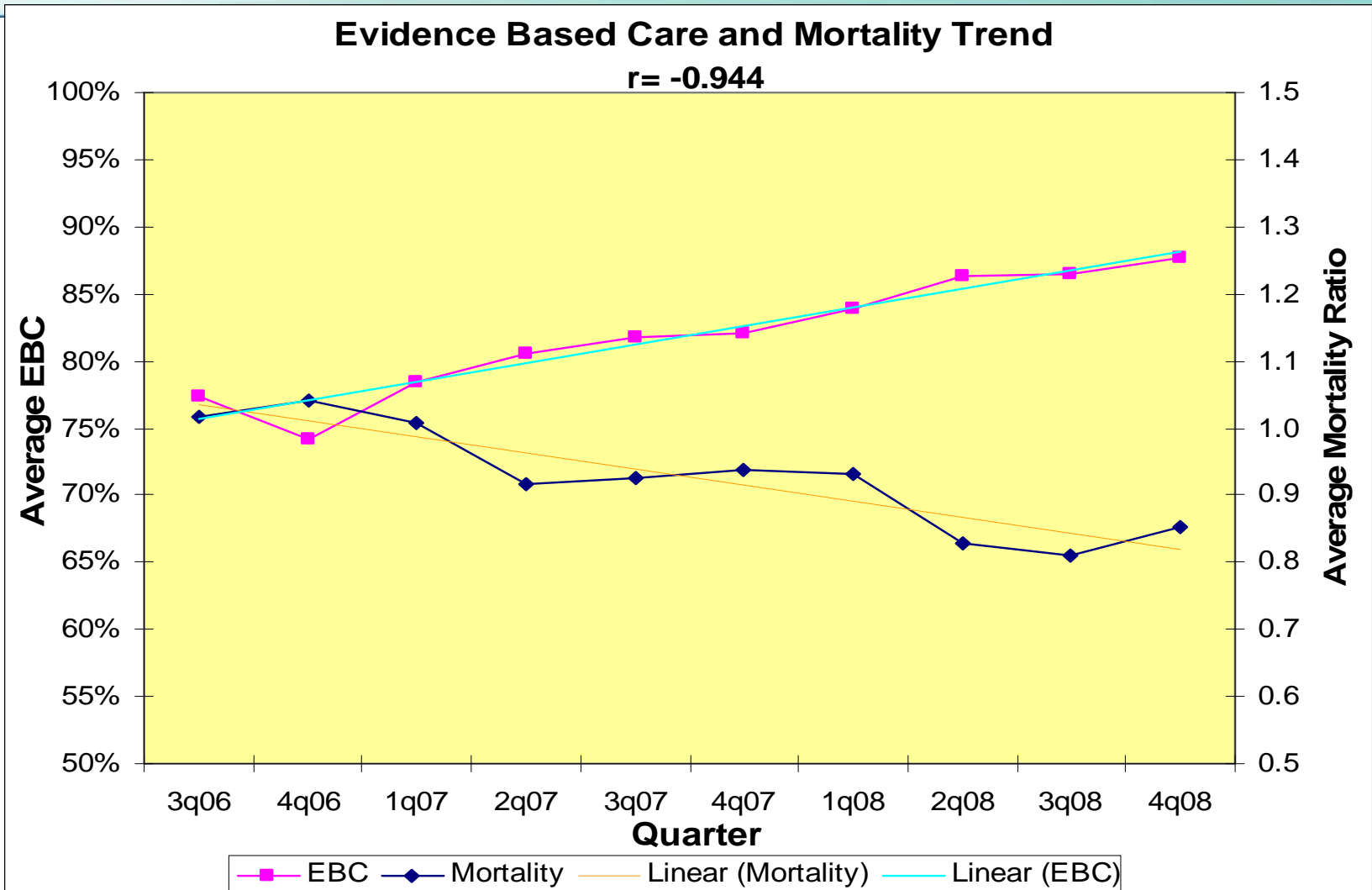
**This Distribution Graph shows the range of variation for the Evidence-Based Care Rates of the QUEST charter members. Each dot represents one hospital. The plotted values are based on rounded values.*

QUEST participants compared to non-participants: Evidence-based care trends



86% of QUEST hospitals in the top performance threshold

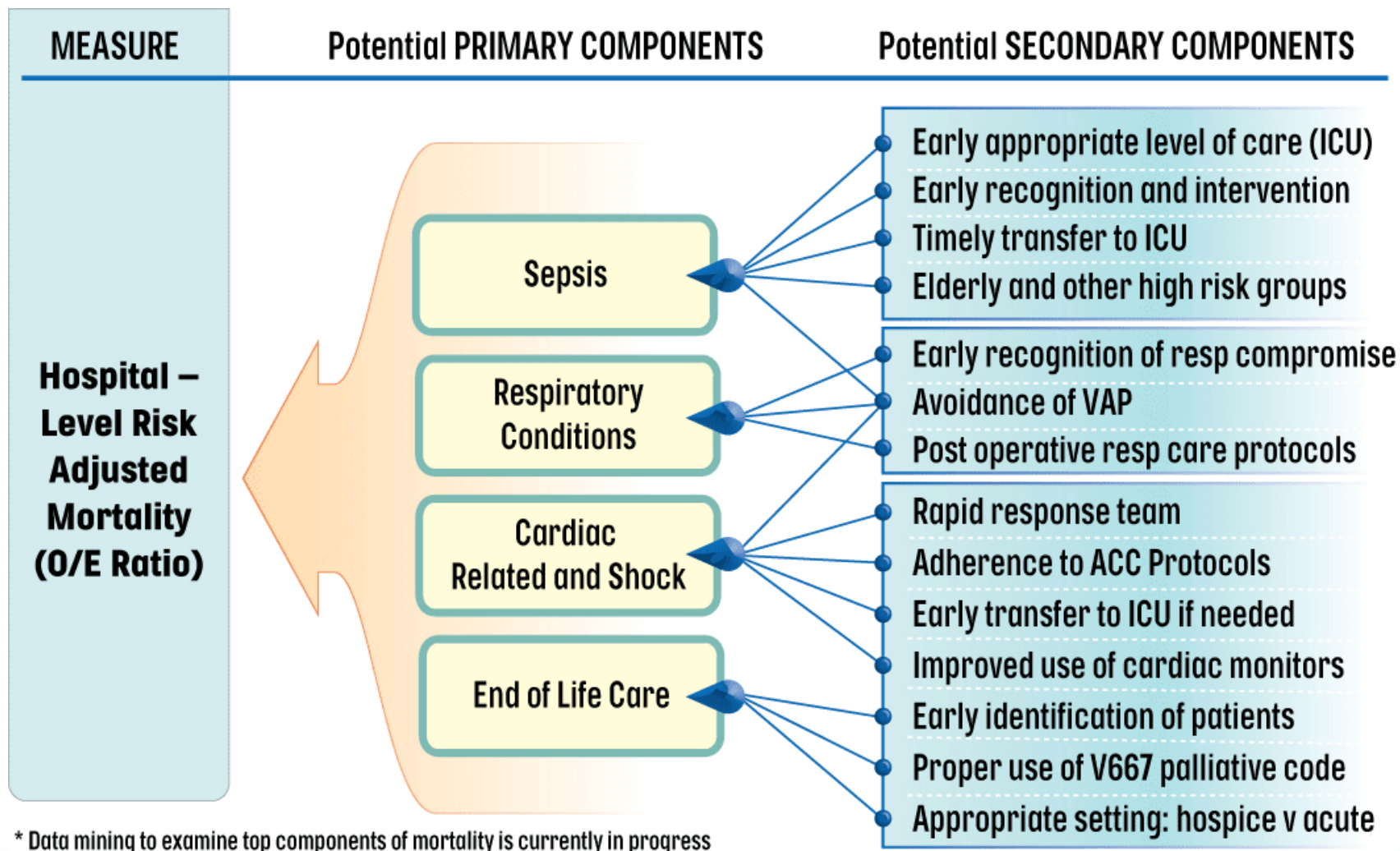
As evidence-based care rises, mortality declines in aggregate across hospitals



Quality and safety: Hospital-wide mortality

- Premier's Goal:
 - Members will achieve a risk adjusted mortality index (o/e) of 0.89 or less by 2011.
- Progress:
 - As of June 30, 2009, 58% of the Charter Members were meeting the goal.
- Methods:
 - Standardized measurement
 - Transparency of data
 - Sharing of best practice and collaborative execution focused on the drivers of mortality

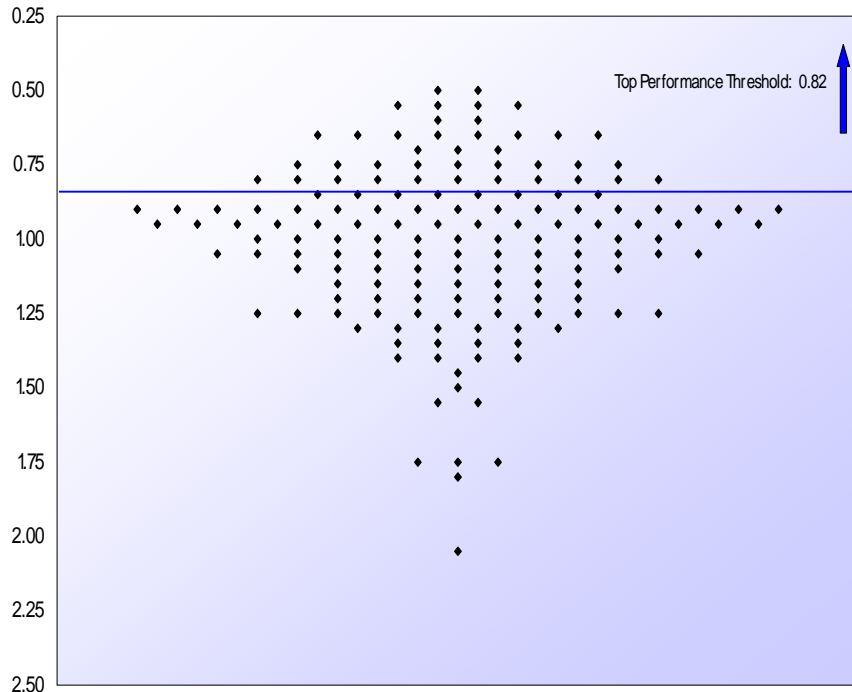
Mortality reduction: Potential drivers



Before and after comparison: Mortality

BEFORE

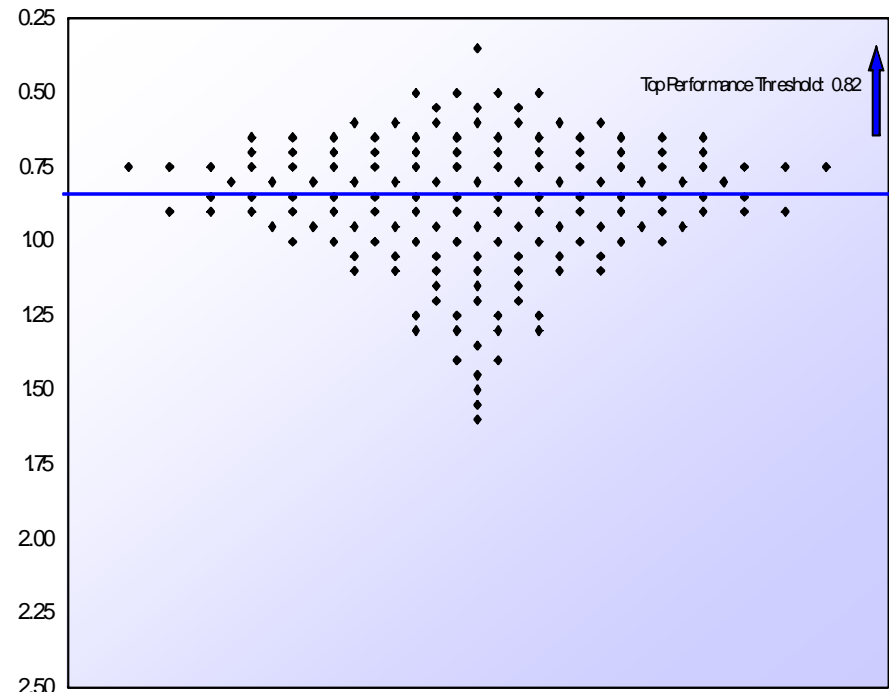
Observed vs. Expected Mortality Ratio



**This Distribution Graph shows the range of variation for the Mortality Ratio of the QUEST charter members. Each dot represents one hospital. The plotted values are based on rounded values.*

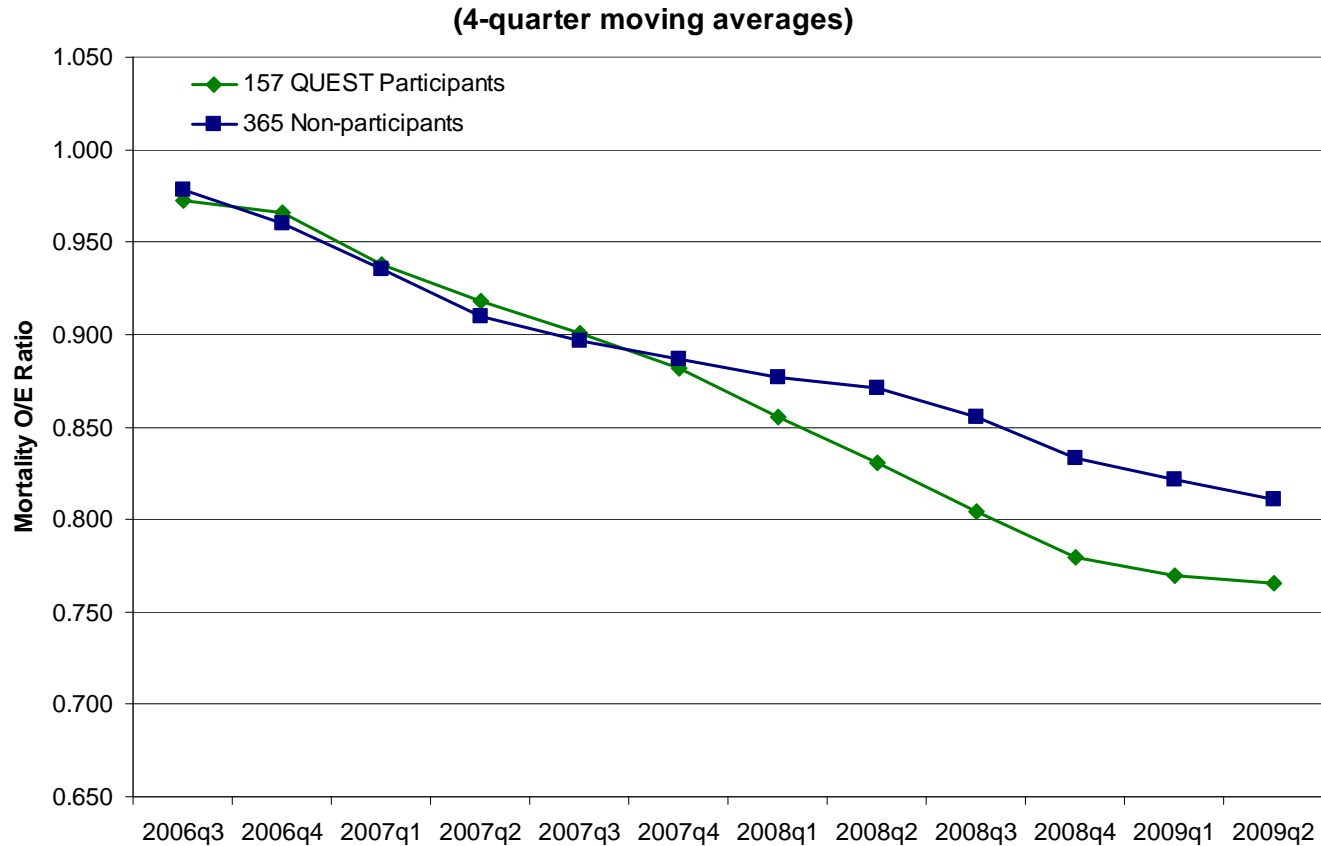
AFTER

Observed vs. Expected Mortality Ratio



**This Distribution Graph shows the range of variation for the Mortality Ratio of the QUEST charter members. Each dot represents one hospital. The plotted values are based on rounded values.*

QUEST participants compared to non-participants: Mortality trends

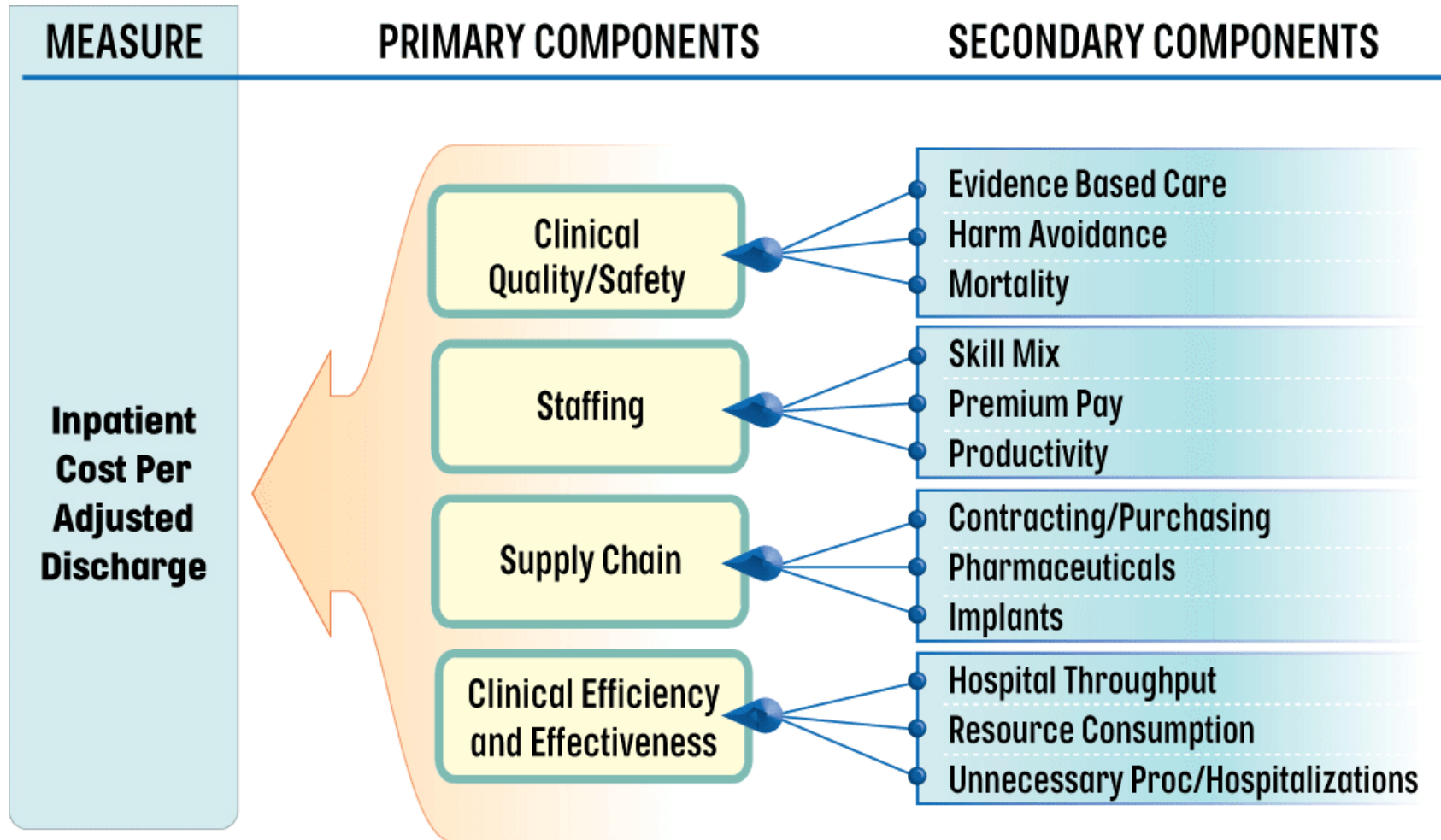


58% of QUEST hospitals in the top performance threshold

Cost reduction

- Premier's Goal:
 - By 2011, members will have achieved a total cost of care / case-mix inflation adjusted discharge that is better or equal to the historical median of cost of care
- Progress:
 - At the close of 2009, 60% of Charter Members had achieved the goal.
 - Resulting change - \$343 per patient discharge
 - \$577 million reduction in costs during year one when assessed across the Charter Member cohort

Our efficiency measure (cost of care) and components

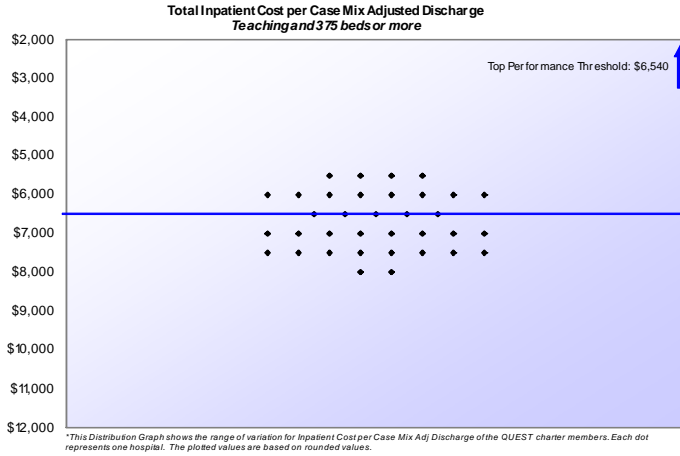


Progress to date

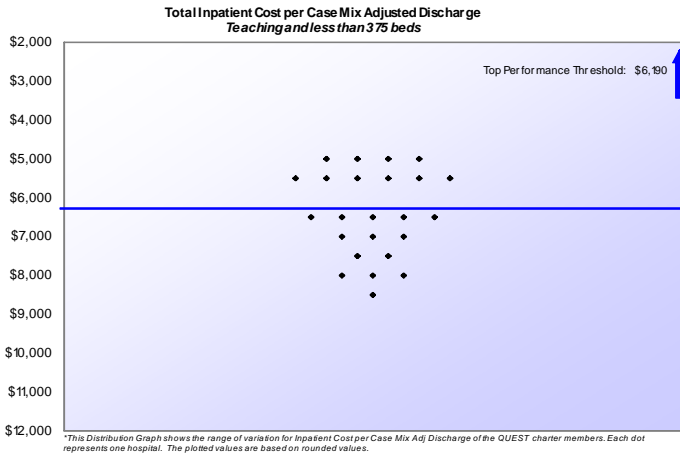
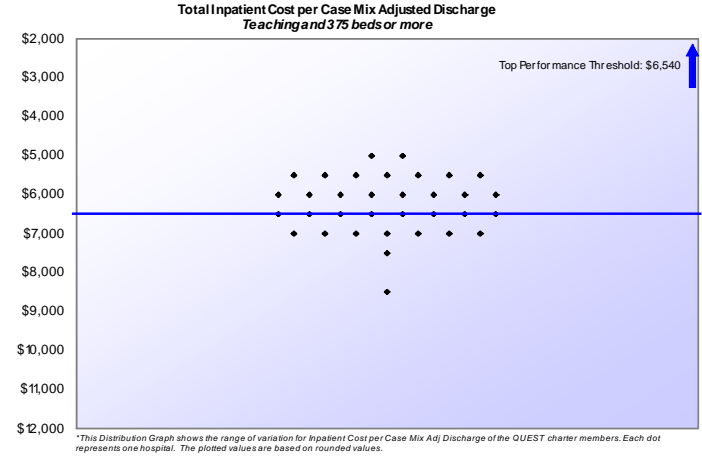
Before and after: Cost of care – teaching

BEFORE

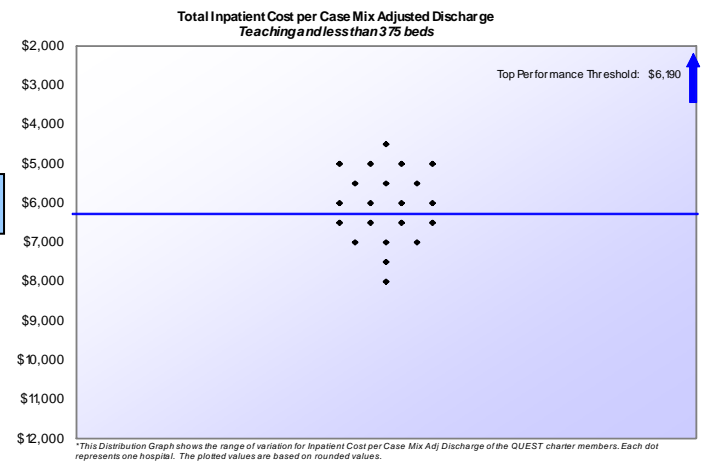
AFTER



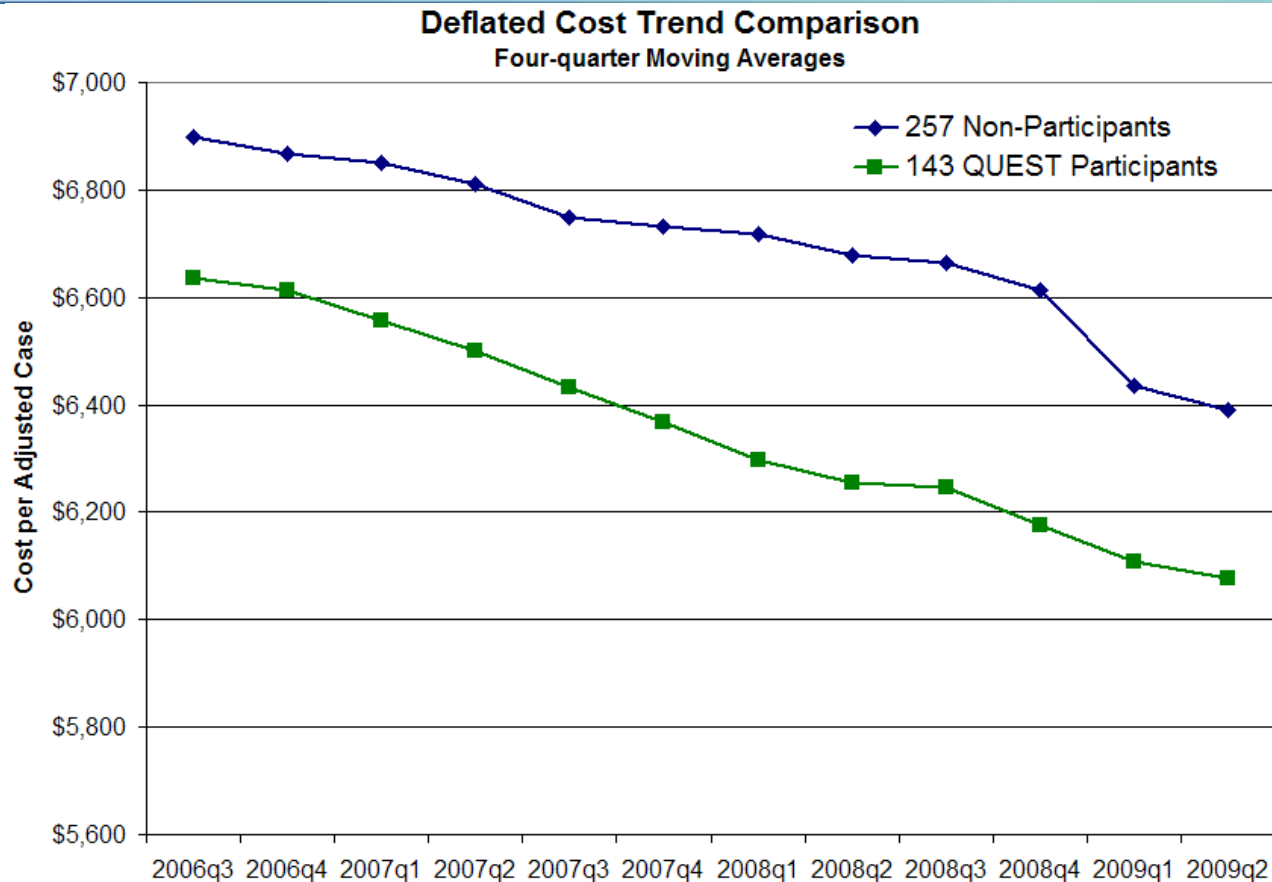
>= 375 Beds



< 375 Beds

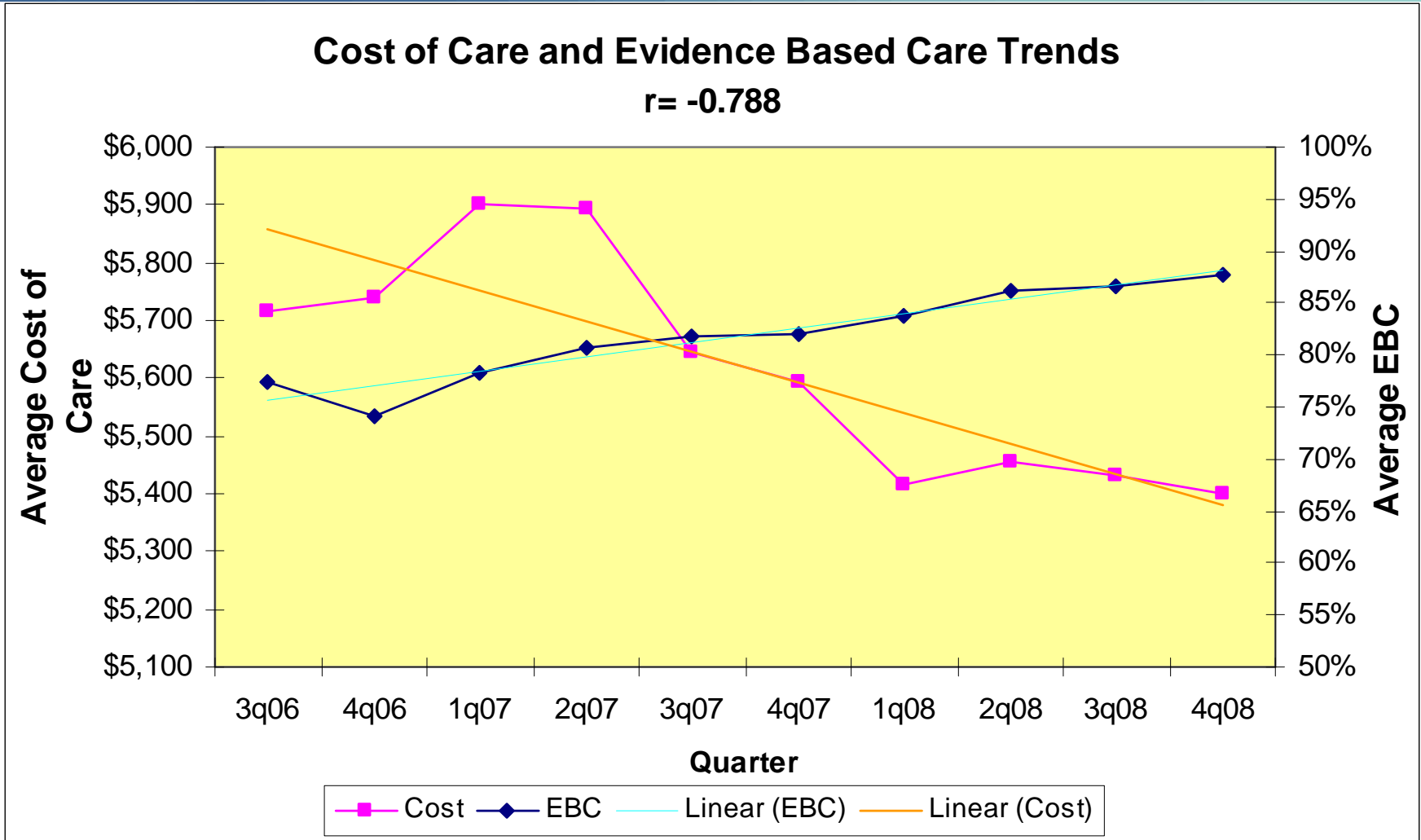


QUEST participants compared to non-participants: Cost of care trends

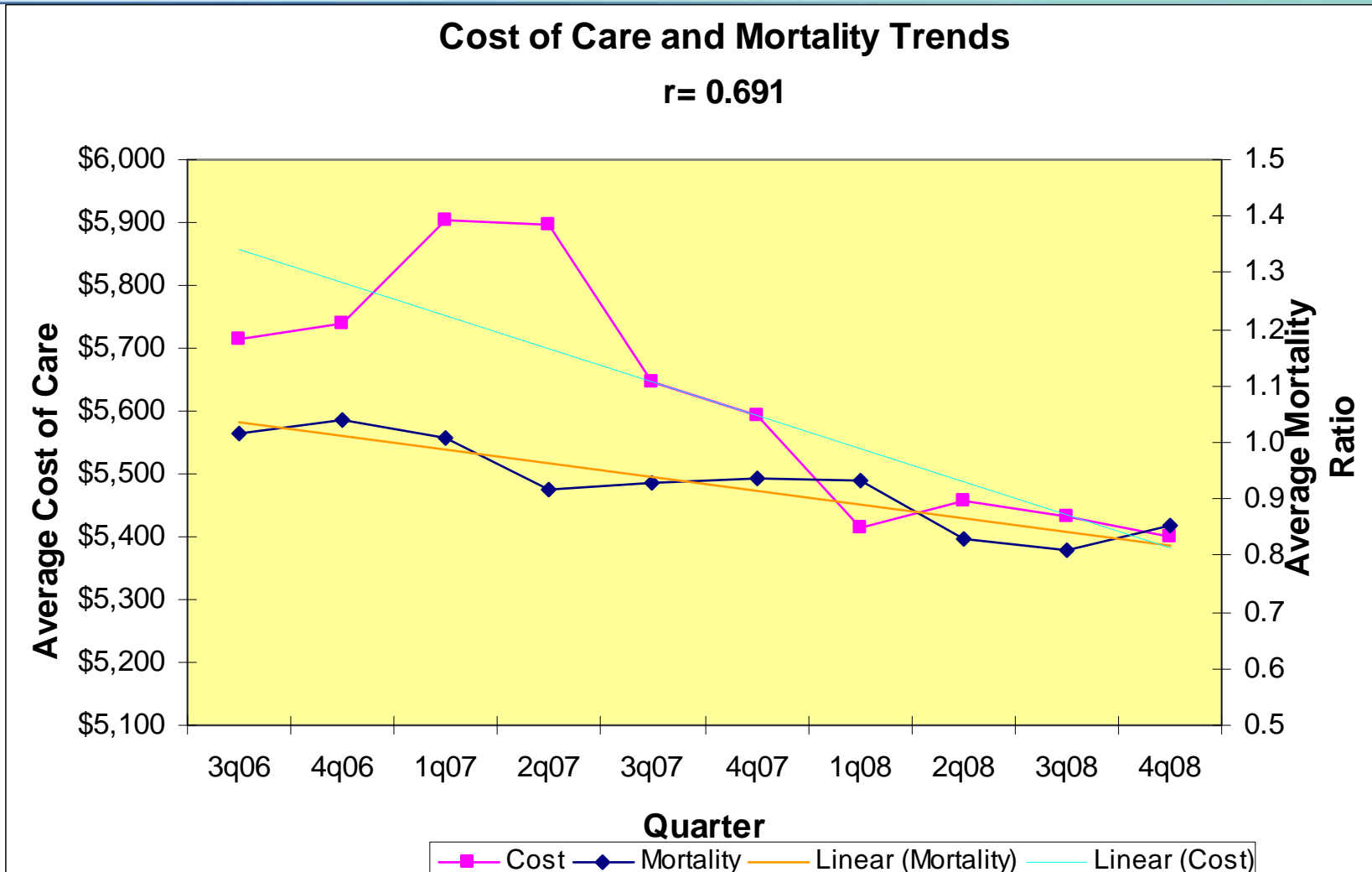


61% of QUEST hospitals in the top performance threshold

As evidence-based care rises, costs decline in aggregate across hospitals



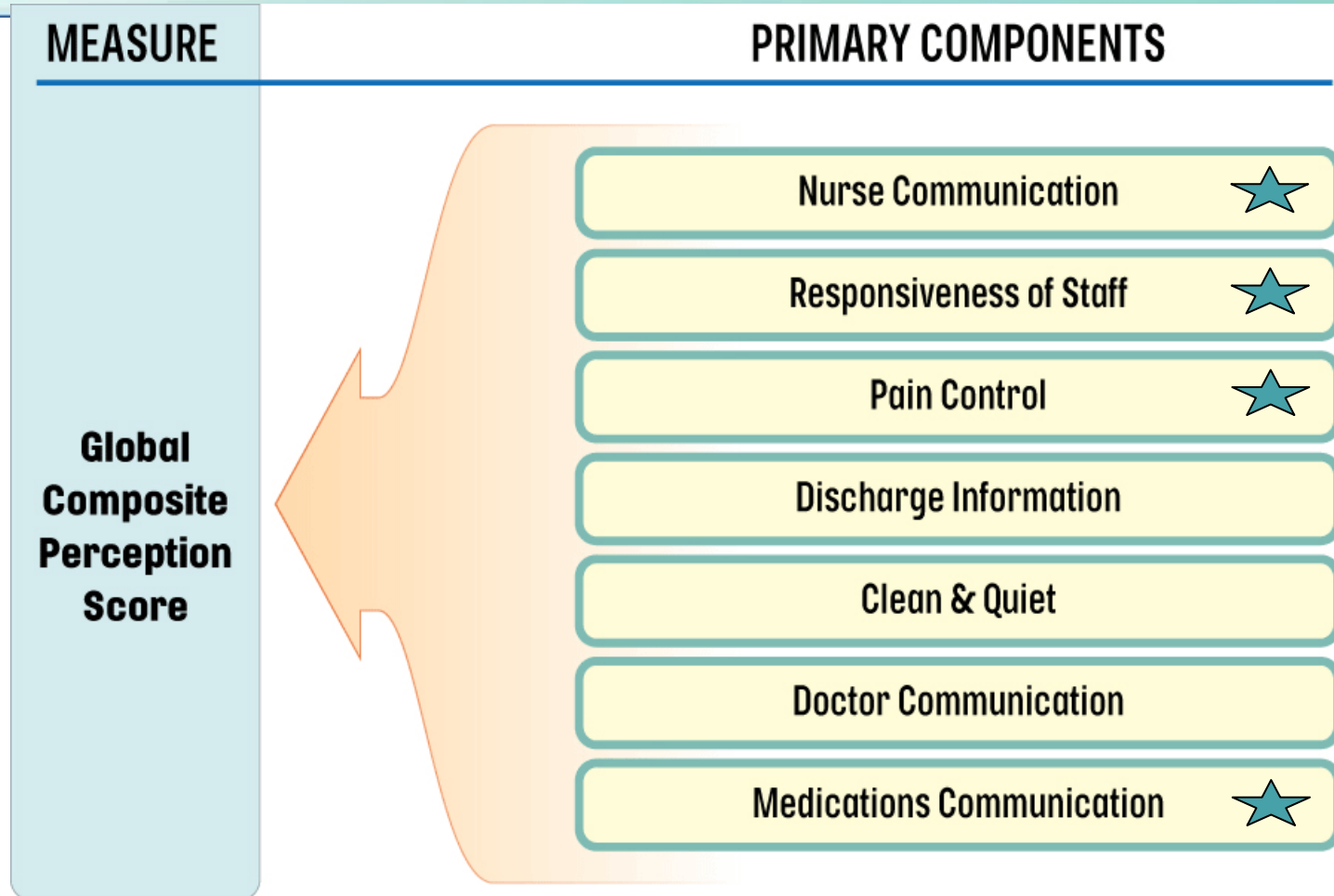
As mortality falls, costs decline in aggregate across hospitals



Patient experience

- Premier's Goal:
 - Members will achieve “top box” + “would you recommend?” at top performance threshold by 2011.
 -
- Methods:
 - Use collaborative execution model to address “high impact measures” on HCAHPS
 - Who is the best?
 - Why are they the best?
 - What must Premier do to help everyone get there?

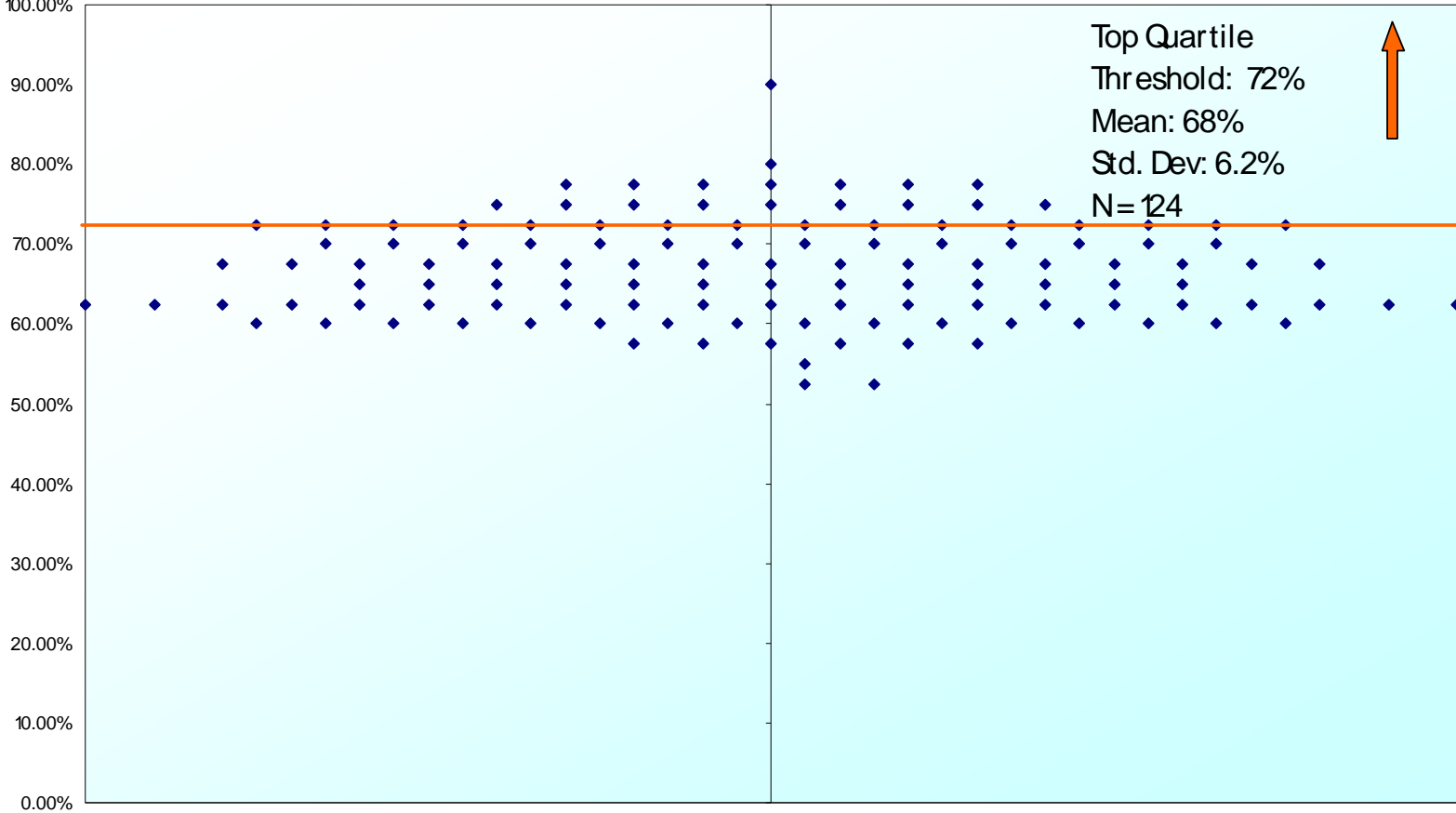
Patient experience measure and components



★ High Impact Drivers

Patient experience: Global perceptions measure composite score (top box + would recommend)

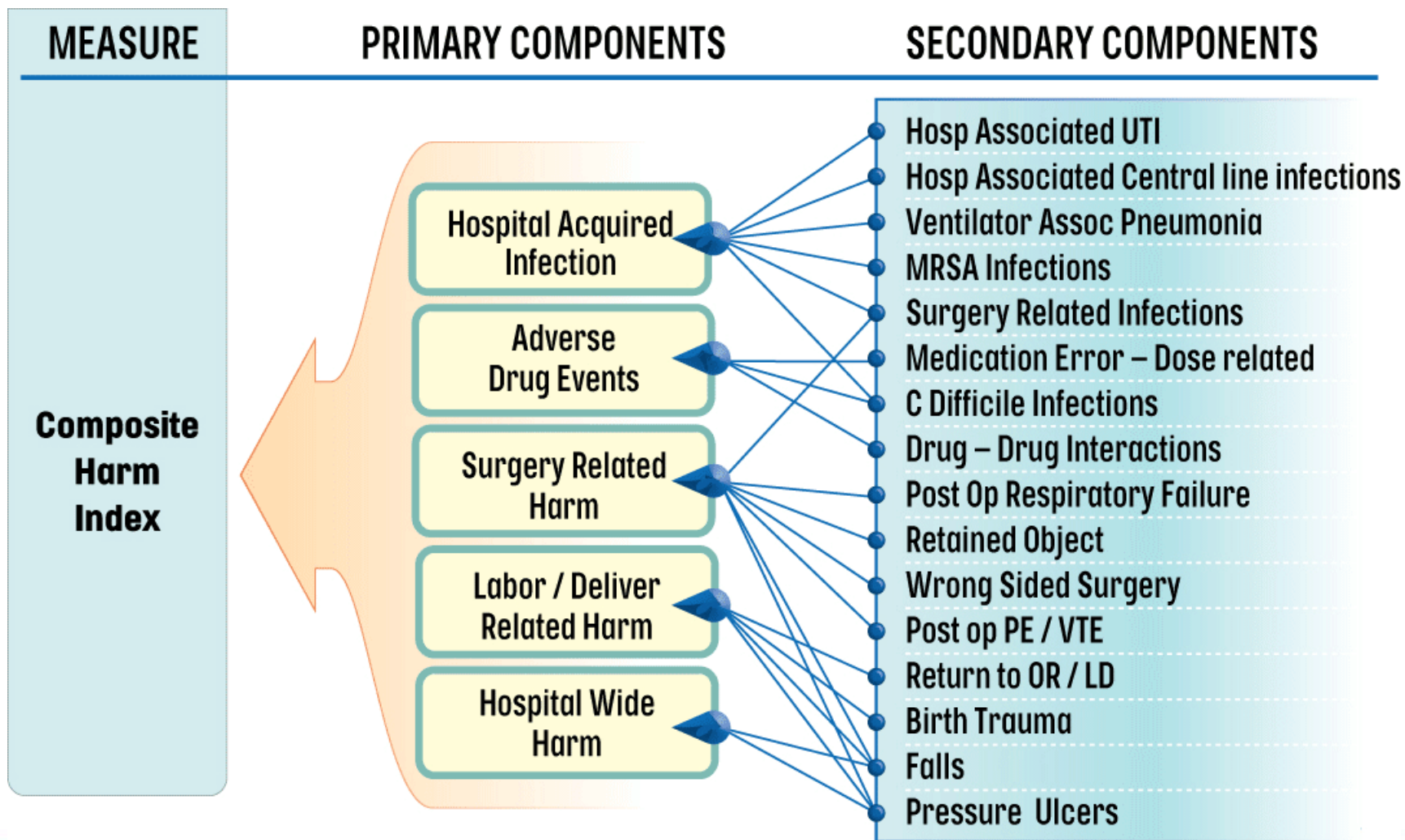
Distribution of HCAHPS Top Box Global Measures Composite Score
Hospital Compare Facilities
3Q06 - 2Q07



Quality and safety: patient harm

- Premier's Goal:
 - Members will be in the top quartile of harm avoidance on a severity weighted score of 30 patient harm metrics including:
 - HACs/HAIs
 - AHRQ PSI
 - CMS “no added pay”
 - Others
- Methods:
 - Standardized measurement tools
 - Transparency of data on composited scores and individual metric scores
 - Active intervention
 - Collaborative execution methodology

Global harm measure and potential components



Harm report: Transparency of data

- Occurrence of harm is captured by automated means – not self reported.
- Occurrence of harm captured by ICD9 coded data
- Future inclusion of NHSN standards of harm (where applicable)

QUEST CHARTER MEMBER PERFORMANCE REPORT											
HARM AVOIDANCE VERSION 1.0 DRILL DOWN REPORT: 2008Q3											
To achieve unprecedented results in quality, safety, and efficiency											
Premier Memorial - Anytown, USA											
Report Period: Jul08-Sep08 (7/1/2008-9/30/2008)						Report Generated: 6/2/2009					
Harm Avoidance											
	Apr08-Sep08						Jul08-Sep08				
	Obsrvd Harm Rate	Percentile YTD					Obsrvd Count	Meas Denom	Obsrvd Harm Rate	Obsrvd Count	Meas Denom
	5th	10th	25th	50th	75th						
Adverse Drug Reactions: Composite											
QH-01: HA Benzodiazepine Assoc Event (per 100)	0.90	0.00	0.05	0.43	0.99	1.94	12	1,337	0.16	1	613
QH-02: HA Narcotic Assoc Event (per 100)	2.13	0.00	0.20	0.62	0.99	1.52	100	4,690	2.34	53	2,267
QH-03: HA Poisoning (per 100)	0.01	0.00	0.00	0.00	0.02	0.05	1	6,687	0.00	0	3,188
OB-GYN Related Measures: Composite											
QH-9 Uterine Rupture (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	1,506	0.00	0	776
QH-10 Birth Trauma birth wgt > 2500 gm or 37 wks (per 100)	0.39	0.00	0.00	0.07	0.22	0.38	6	1,546	0.50	4	808
QH-11 Birth Trauma birth wgt < 2500 gm or 37 wks (per 100)	0.00	0.00	0.00	0.00	0.00	0.06	0	1,546	0.00	0	808
QH-12 Return to OR / LD (per 100)	0.20	0.00	0.00	0.16	0.31	0.52	3	1,506	0.39	3	776
QH-13 Maternal Blood Transfusion (per 100)	0.53	0.00	0.00	0.00	0.17	0.39	8	1,506	0.26	2	776
QH-14 3rd or 4th Degree Perineal Laceration (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	1,506	0.00	0	776
QH-15 Normal Newborn Trnr to a Higher Lvl of Care (per 100)	11.21	0.00	0.00	0.00	2.50	10.47	172	1,534	12.70	102	803
Surgery Related Measures: Composite											
QH-16 Complication Associated with Anesthesia (per 100)	0.13	0.00	0.00	0.00	0.07	0.16	4	2,984	0.00	0	1,432
QH-17 Postop Physiologic & Metabolic Derangement (per 100)	0.16	0.00	0.00	0.00	0.04	0.14	3	1,910	0.00	0	879
QH-18 Postoperative Wound Dehiscence (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	328	0.00	0	162
QH-19 Postoperative Respiratory Failure (per 100)	0.76	0.00	0.00	0.28	0.73	1.06	12	1,585	0.97	7	724
QH-20 Wrong Site Surgery (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	6,687	0.00	0	3,188
QH-24 DVT / PE after certain Orthopedic Surgeries (per 100)	0.00	0.00	0.00	0.00	0.00	0.36	0	112	0.00	0	51
Hospital Wide Harm: Composite											
QH-25 Air Embolism (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	6,431	0.00	0	3,058
QH-26 ABO Blood Incompatibility (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	6,687	0.00	0	3,188
QH-27 Hospital Acquired Injury (per 100)	0.01	0.00	0.00	0.00	0.05	0.08	1	6,687	0.03	1	3,188
QH-28 Hospital Acquired Pressure Ulcers - Stage 3/4 (per 100)	0.16	0.00	0.00	0.05	0.14	0.25	11	6,687	0.19	6	3,188
QH-29 Retention of a Foreign Object (per 100)	0.00	0.00	0.00	0.00	0.00	0.00	0	6,687	0.00	0	3,188
QH-30 Poor Glycemic Control (per 100)	0.00	0.00	0.00	0.00	0.00	0.01	0	6,687	0.00	0	3,188
Hospital Acquired Infections: Composite											
QH-04: HAI Clostridium Difficile											
Commonly Used Standard: Incidents per 1000 Days (SSI)											
QUEST Phase I Methodology: Incidents per 100 Patients (ICD9)											
	0.24	0.00	0.00	0.09	0.26	0.47	8	3,267	0.38	6	1,578
QH-05: HAI Staphylococcus Aureus Septicemia											
Commonly Used Standard: Incidents per 1000 Days (SSI)											
QUEST Phase I Methodology: Incidents per 100 Patients (ICD9)											
	0.01	0.00	0.00	0.00	0.02	0.05	1	6,687	0.00	0	3,188
QH-06: HAI Central Line Associated Blood Stream Infections											
NHSN Methodology: Incidents per 1000 Central Line Days (SSI)											
QUEST Phase I Methodology: Incidents per 100 Patients (ICD9)											
	0.50	0.00	0.00	0.00	0.69	1.91	2	398	0.57	1	174
QH-07: HAI Catheter Assoc Urinary Tract Infections											
NHSN Methodology: Incidents per 1000 Days (SSI)											
QUEST Phase I Methodology: Incidents per 100 Patients (ICD9)											
	4.04	0.00	0.00	0.00	2.69	4.63	29	717	4.25	15	353
QH-08: Ventilator Associated Pneumonia											

Value based purchasing

Underlying premise and overall goals

Underlying Premise: CMS must transform itself from a *passive payer* of services to an *active purchaser* of care.

Goals of VBP:

- **Improve clinical quality**
- **Address overuse, misuse and underuse of services**
- **Encourage patient centered care**
- **Reduce adverse events and improve patient safety**
- **Avoid unnecessary costs in the delivery of care**
- **Invest in structural components of care and the re-engineering of care system wide**
- **Make performance results transparent to and usable by consumers**
- **Avoid creating new and eliminate existing disparities in care**

Source: U.S. Department of Health and Human Services Report to Congress: Plan to Implement a Medicare Hospital Value-Based Purchasing Program; November 21, 2007

Value based purchasing

Proposed measures

- **Initial Measures:**
 - **Process of care**
(evidenced based care for AMI, HF, pneumonia, and SCIP)
 - **Outcomes** (30 day mortality rates)
 - **Patient Centered Care** (HCAHPS)
- **Will readmissions and hospital-acquired conditions be added?**
- **Future Measures:**
 - **Patient safety** (more hospital-acquired complications)
 - **Emergency care**
 - **Efficiency** (cost of care/waste)
 - **Care coordination**
 - **Outpatient measures**

Source: U.S. Department of Health and Human Services Report to Congress: Plan to Implement a Medicare Hospital Value-Based Purchasing Program; November 21, 2007

Areas of future focus

- Expanded evidence based care measures
- Waste – defining and eliminating
- Increased focus on cost drivers
- Readmissions
- Additional harm measures (Phase 2)
- Preparing for Accountable Care Organizations
- Others to be determined based on
 - Data
 - Legislative activity

Questions/Answers

Thank You!



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