

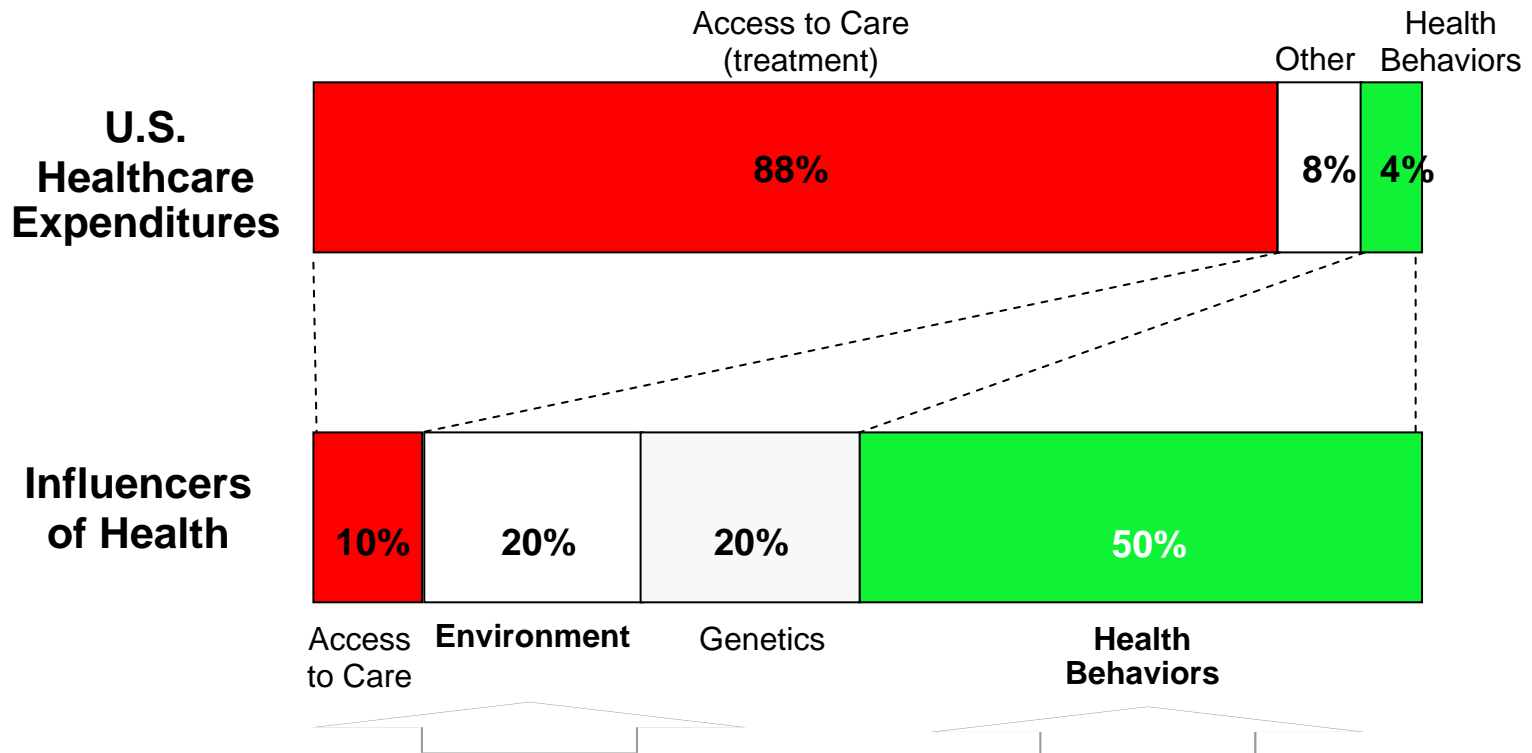


Can Health Systems and Physicians Transition to Managing Population Health?

Creating Competitive Advantage in the New Market

Today

Spending Limited Resources on the Wrong Things



Source: Centers for Diseases Control and Prevention, University of California at San Francisco, Institute for the Future.
Reprinted from Advances, Robert Wood Johnson Quarterly Newsletter, 2000; 1:1

Tomorrow

Re-allocating Resources to Manage the Health of Populations

- How Do Doctors and Hospitals Leverage Population Health Competency for Market Advantage?
- What new structures, strategies, and processes are required to succeed?



The Future Comes Into Focus

Our Starting Point

The Zero Sum Game

Health Plans Competing with Hospitals and Doctors



Utilization Management or Demand Destruction?

Current Business Model

Health plans generate revenue by managing utilization

Doctors generate revenue by visits and procedures

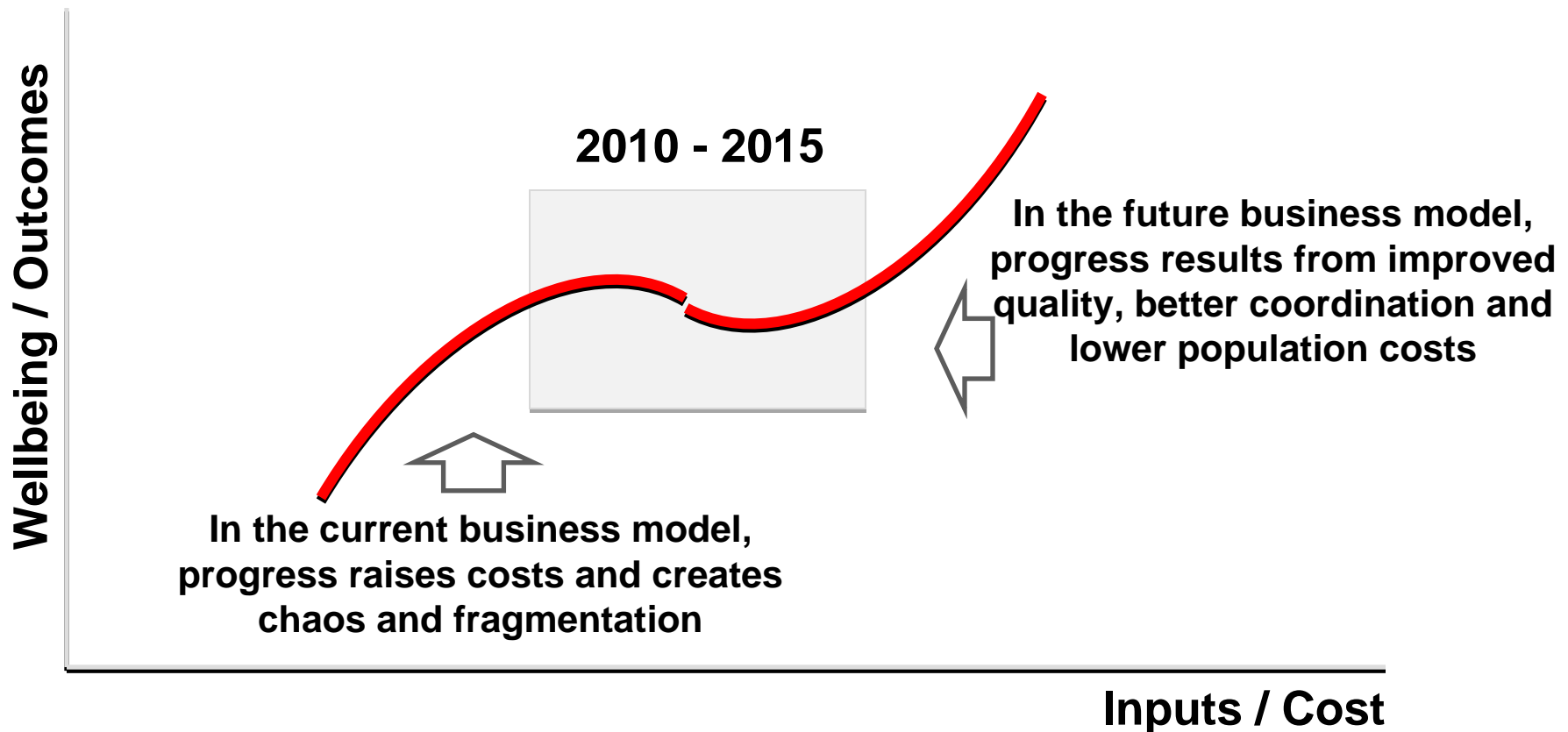
Hospitals generate revenue by procedures and admissions

Source: Stuart B. Baker, MD; Navvis Healthways

Population Health Savings = Lost Revenue for Doctors and Hospitals

The Case for Change

Declining Return on Rising Expenditures



The Burning Platform

Federal and State Budget Deficits

23

Percent of Medicare beneficiaries have...

5

or more chronic conditions....

12

Average number of physicians they see in a year

50

Average number of prescriptions they have filled in a year

67

Percentage of total Medicare cost they account for.

The Changes Underway

Today

- Patients are those who make appointments in our offices or present in our emergency rooms and hospitals
- Their reason for the visit determines the care we deliver
- Our business model is for the physician to see as many patients as possible (volume = success)



Tomorrow



- Health systems accountable for a defined population
- We proactively plan care based on patient data
- Our business model is a multi-disciplinary team working together to manage a population effectively and efficiently

Navigating the Transition

Sequencing Change Relative to Prescriptive Legislative Drivers

- **Hospital Compare Websites**
- **Meaningful Use Regulations**
- **Patient Centered Medical Homes**
- **Bundled Payment Models**
- **Value Based Purchasing**
- **Shared Savings Programs**
- **Implied Warranties for Quality Outcomes**
- **Health Insurance Exchanges**



Timing our Transformation

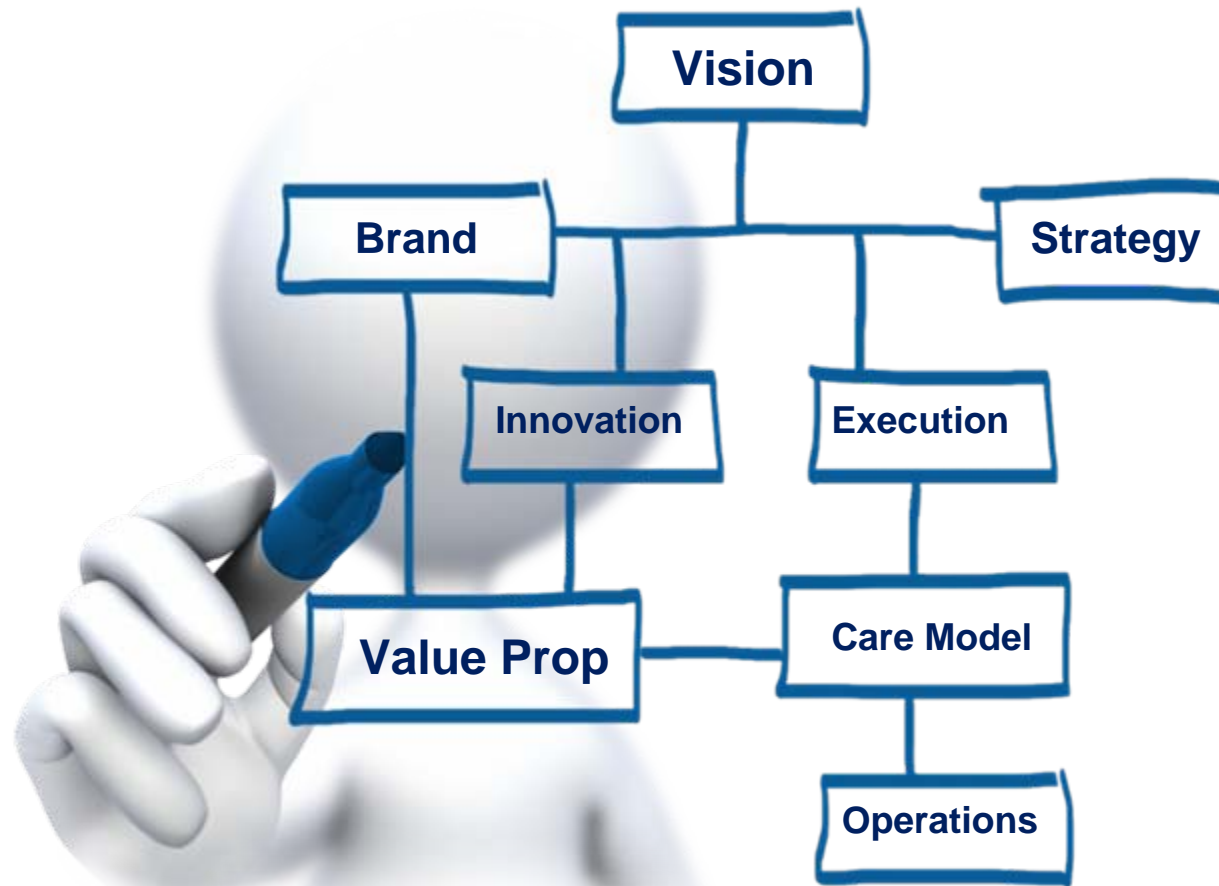
When Do We Throw the Switch?



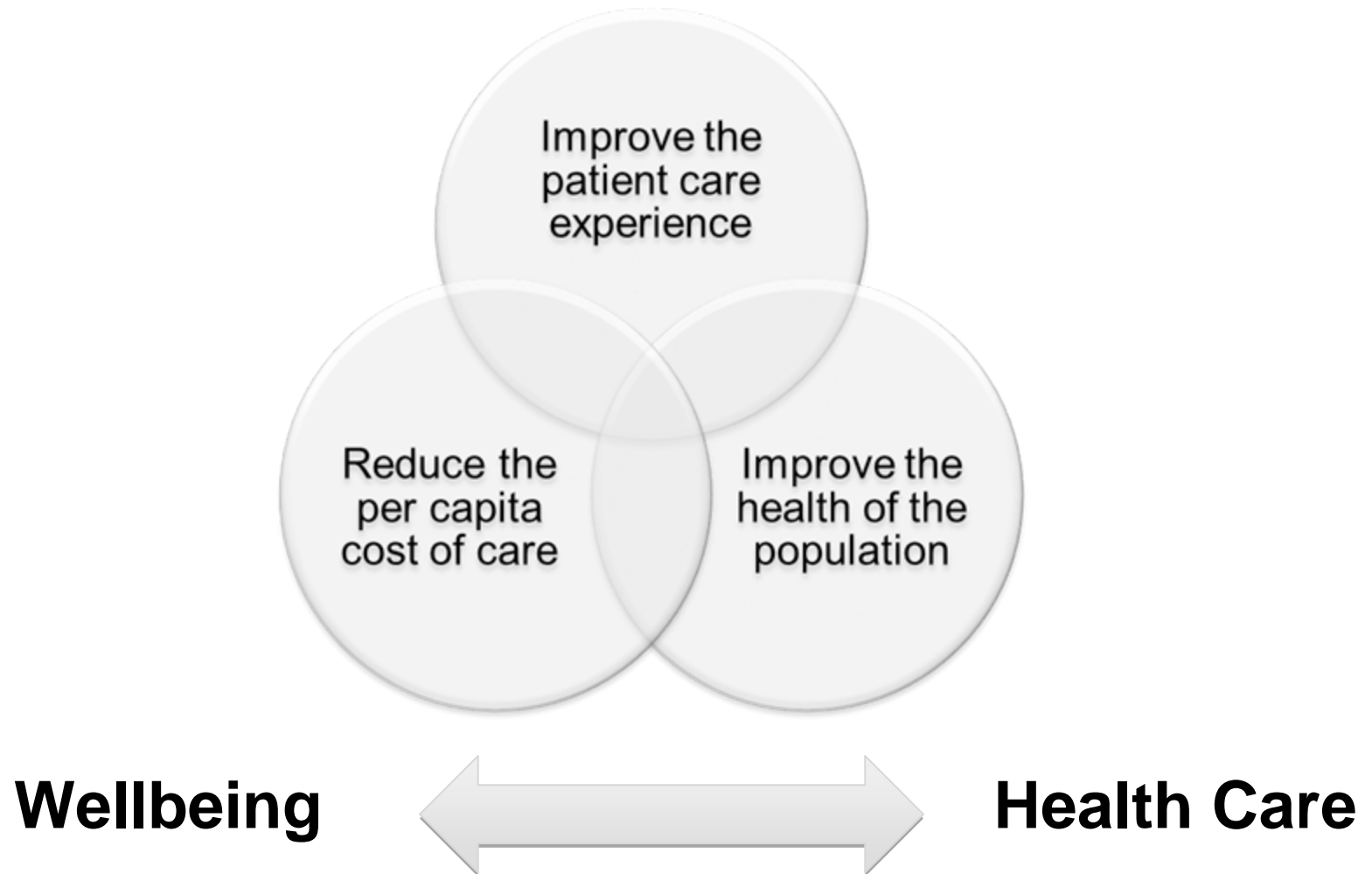
- How Do We Sequence and Pace Our Strategies?
- Do We Partner or Go Alone?
- How Do We Grow the Core Today and Invest in the New Competencies Required for the Future?
- What is the Risk of Going Too Soon? What is the Cost of Starting Too Late?

How Systems Must Respond

Focus on Innovation and Execution



Create a New Vision



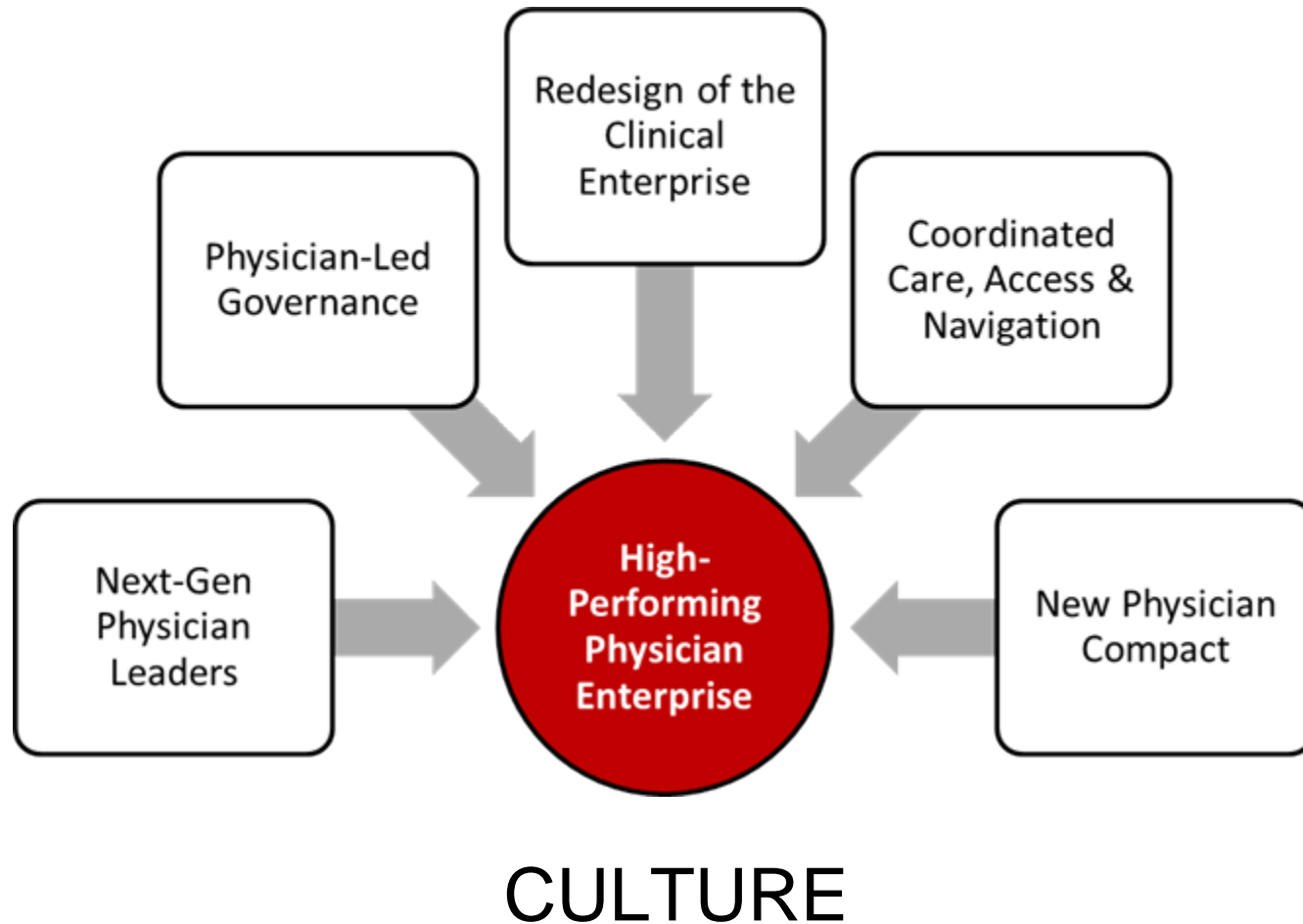
Build a New Value Proposition

Need to Connect Hospitals and Doctors in a New Model to Deliver...

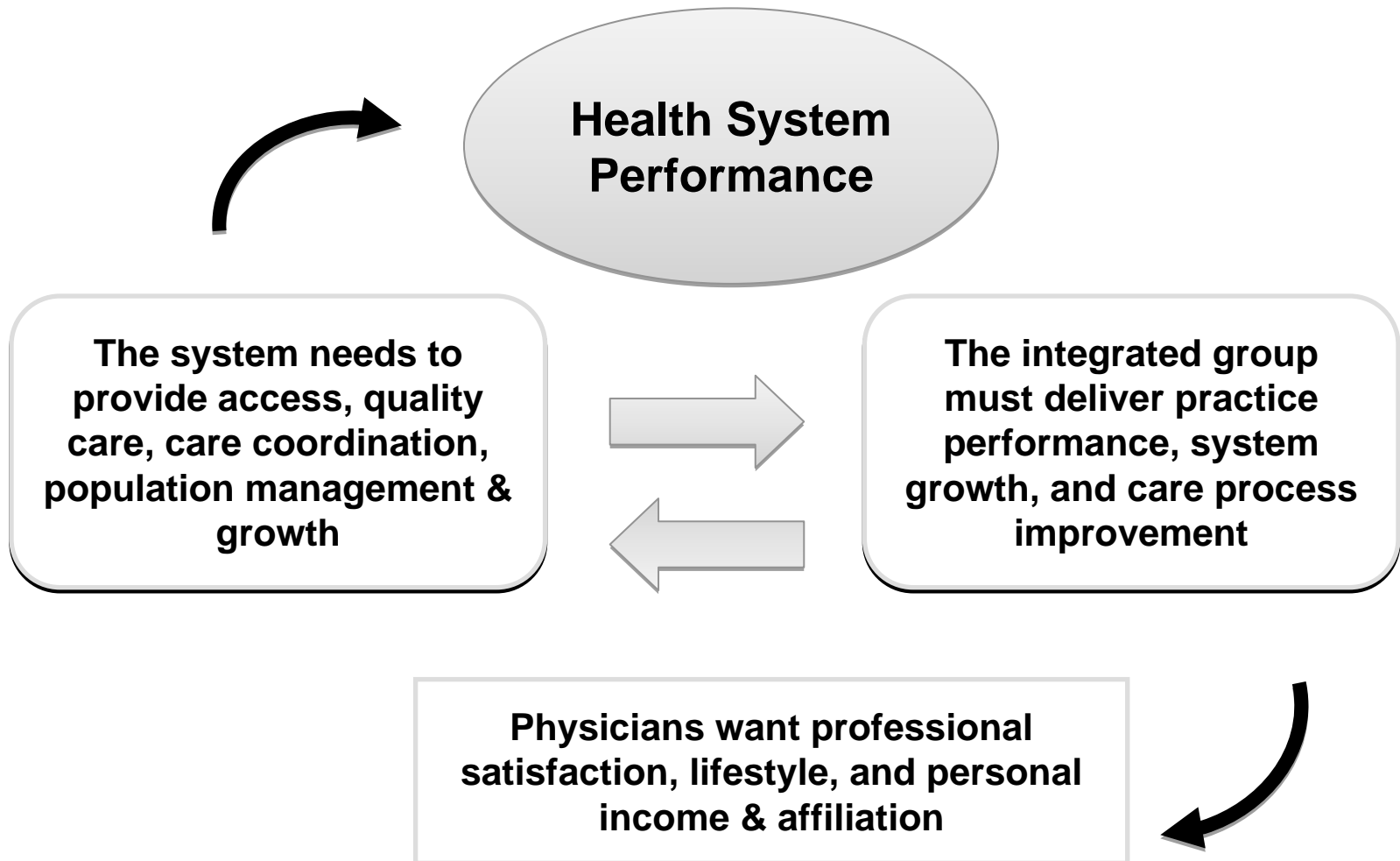
Practice Performance	System Growth	Care Process Improvement	Clinical Integration
Key Indicators of Success			
<ul style="list-style-type: none">• Optimize productivity• Optimize our service mix• Enhance cost accountability• Support professional satisfaction and lifestyle• Sustain physician income	<ul style="list-style-type: none">• Referral capture• Market share growth• Payer leverage	<ul style="list-style-type: none">• Pathway creation• Inpatient cost control• Outcomes improvement• Patient-centric care processes	<ul style="list-style-type: none">• Population-level disease and outcomes management• Care coordination and navigation• Shift to preventive care• Value based performance

“Feed the Beast”  *“Grow the Village”*

“Innovate” the Physician Enterprise

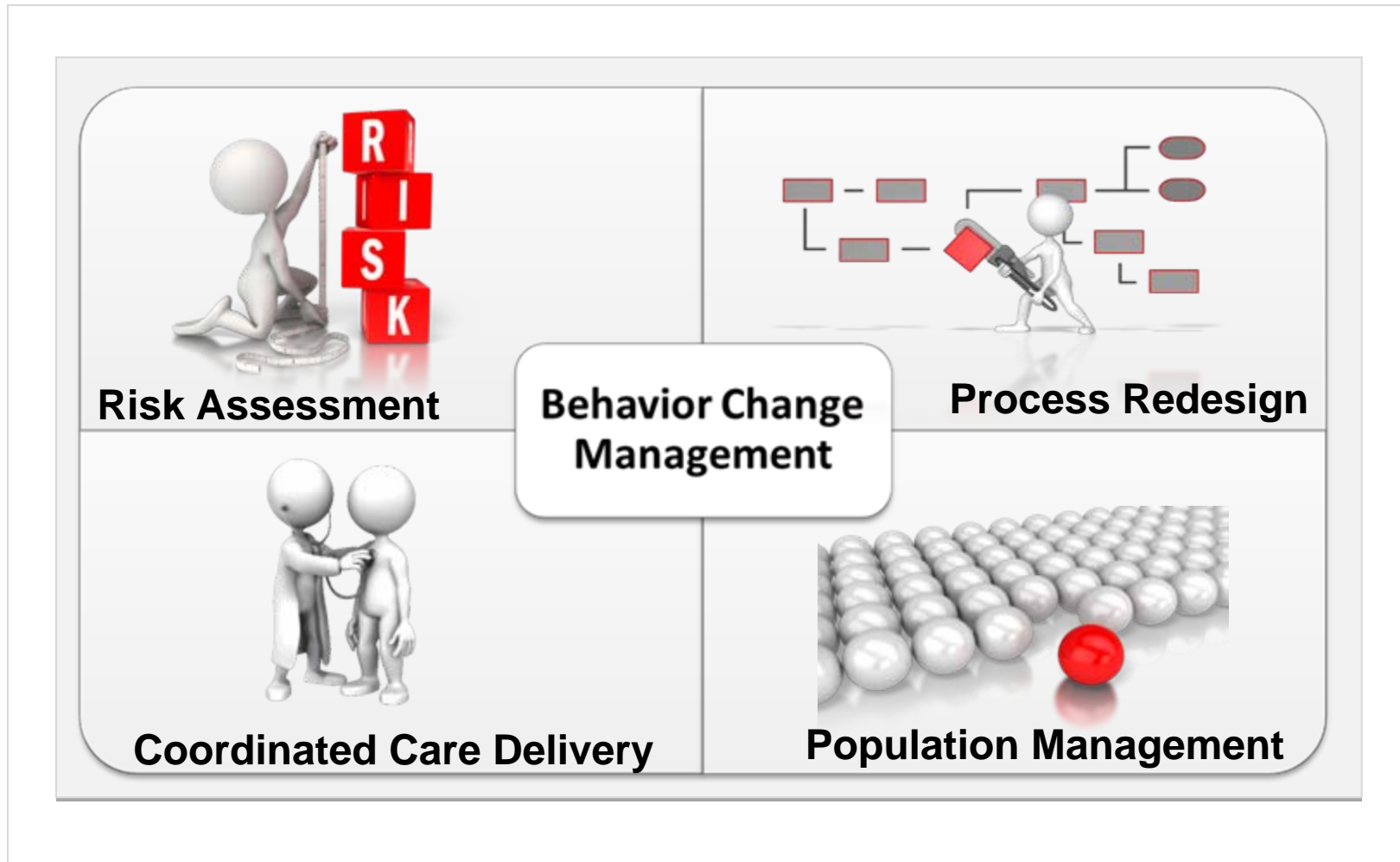


Reframe the Physician Compact

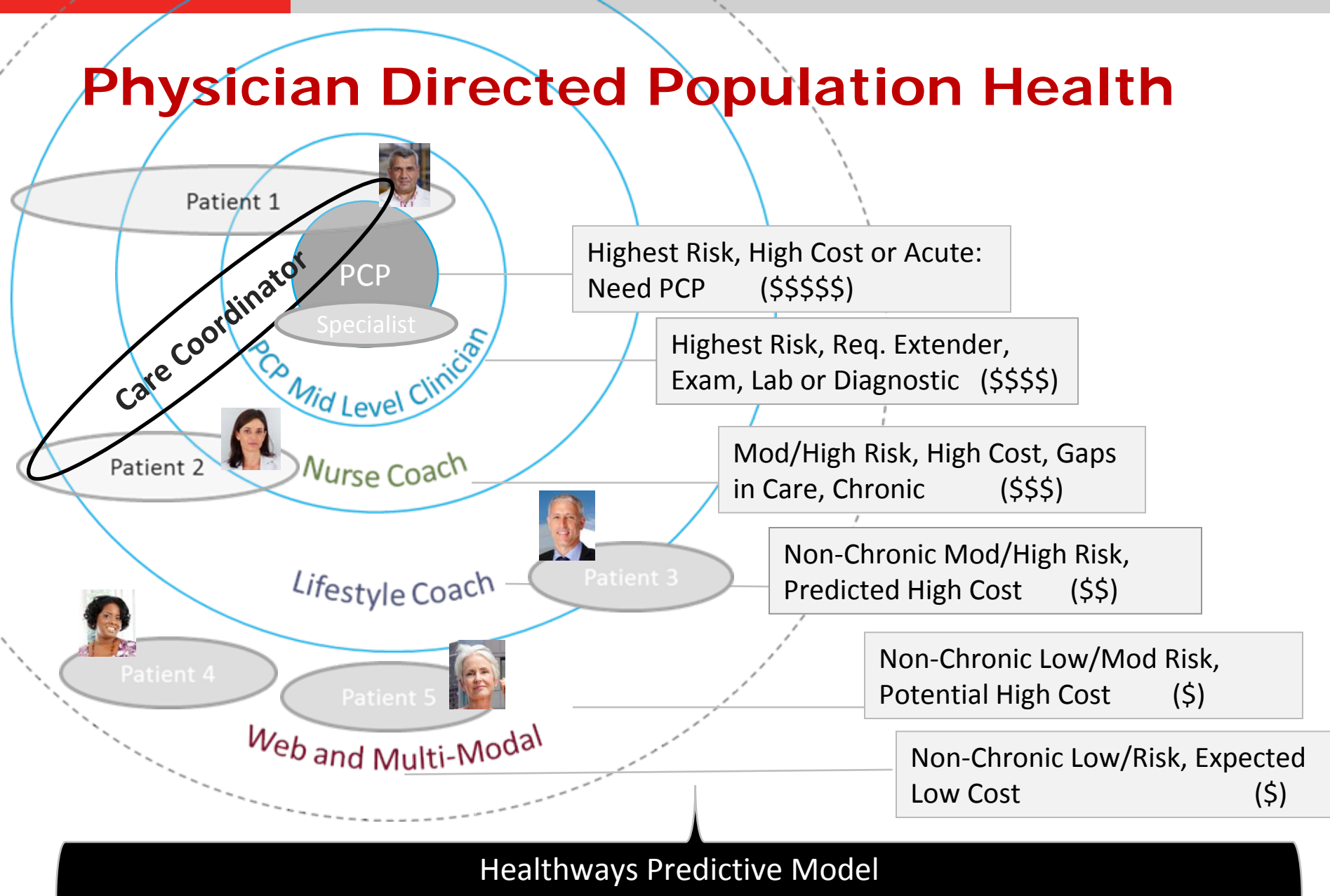


Develop New Core Competencies

New Inputs to Generate Different Outcomes

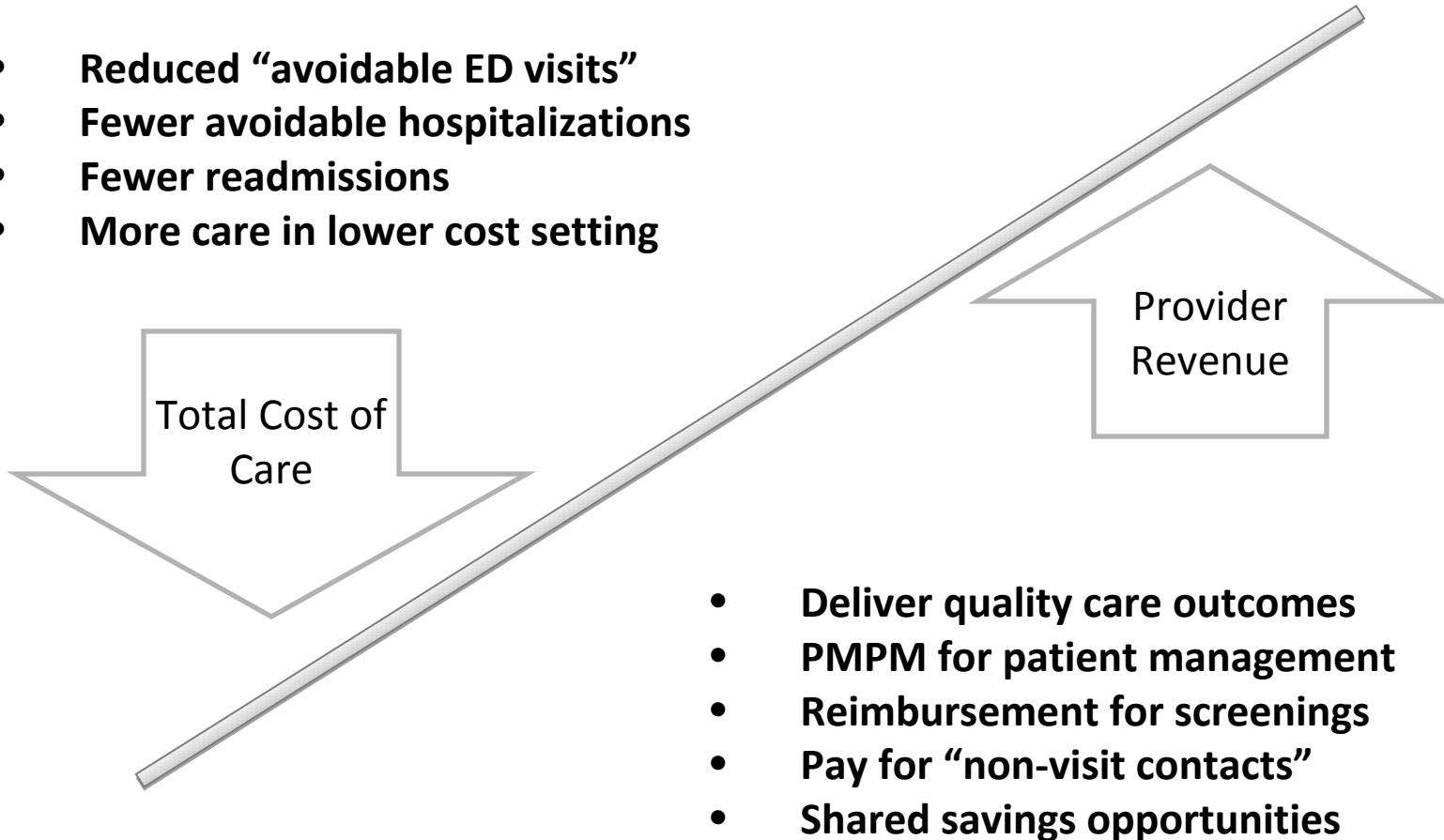


Physician Directed Population Health



Maximize Financial Return During Transition

- Reduced “avoidable ED visits”
- Fewer avoidable hospitalizations
- Fewer readmissions
- More care in lower cost setting



- Deliver quality care outcomes
- PMPM for patient management
- Reimbursement for screenings
- Pay for “non-visit contacts”
- Shared savings opportunities

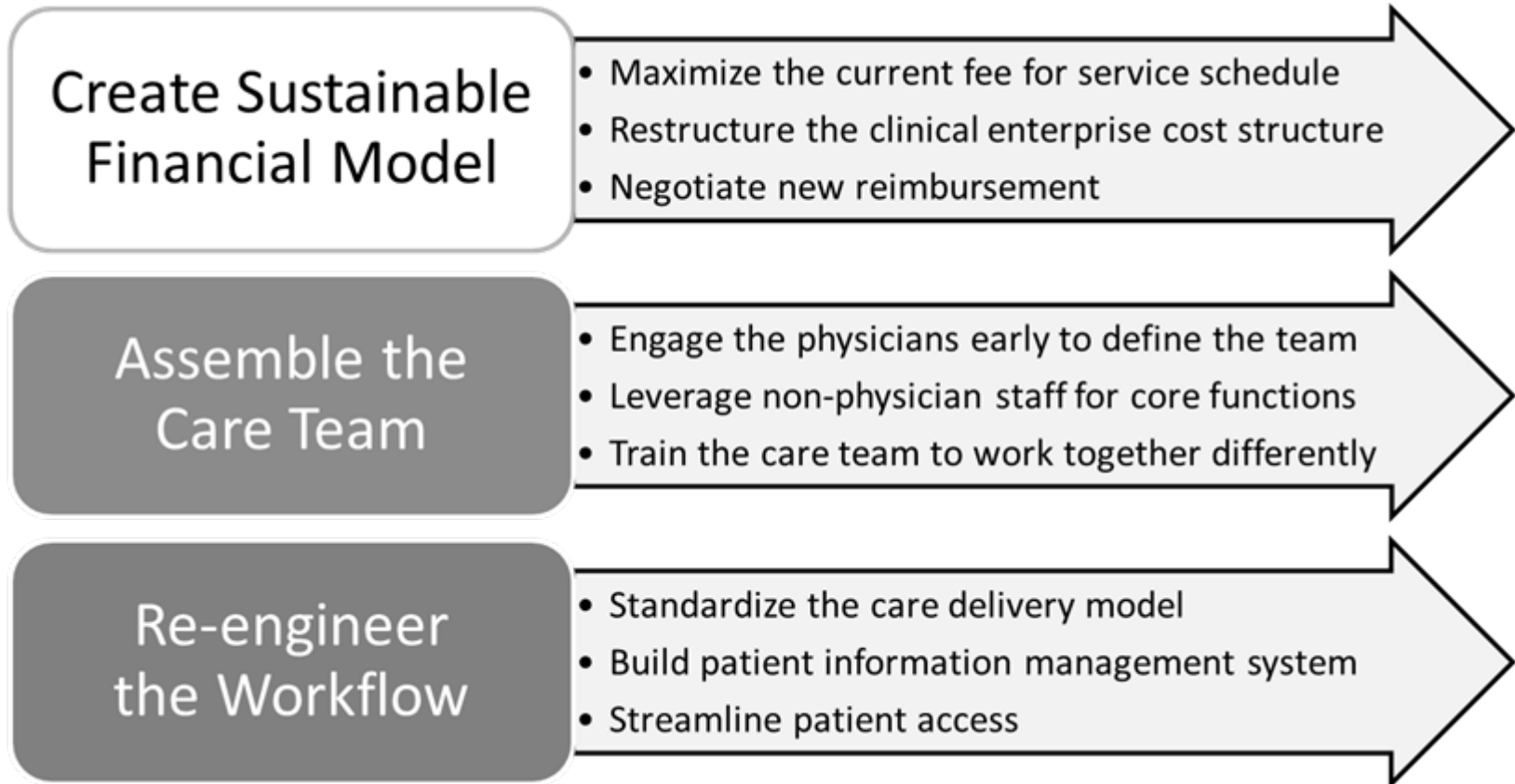
Drive New Revenue and Market Growth

Competitive Advantage in Critical Business Channels through Differentiation

- Capture better terms and new contracts in the **managed care channel**
- Build brand strength among both sick and healthy people in the **consumer channel**
- Create new value for direct contracting in the **employer channel**

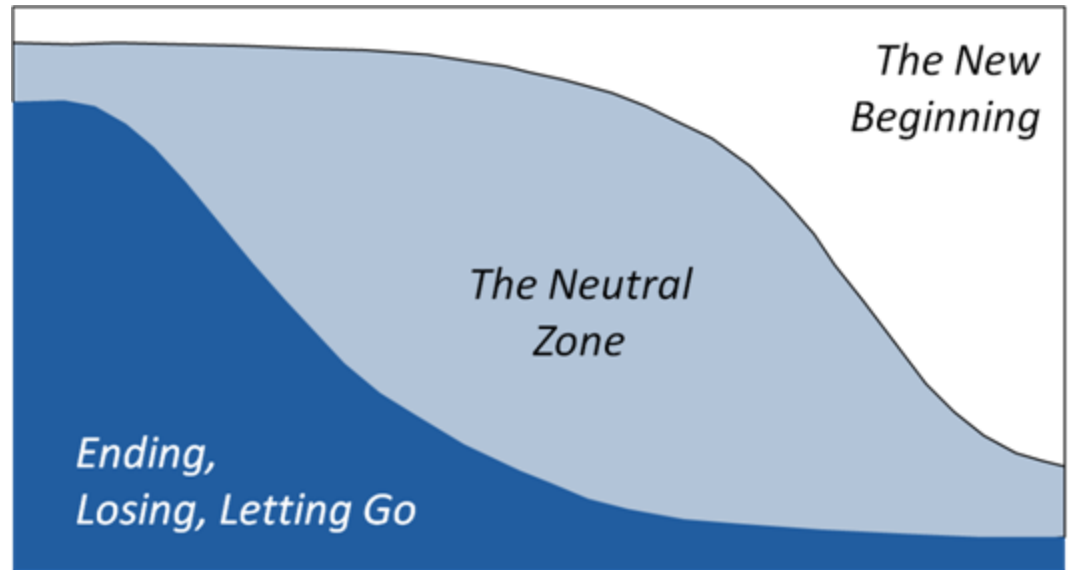


Focus on What Matters Most



Proactively Manage Change

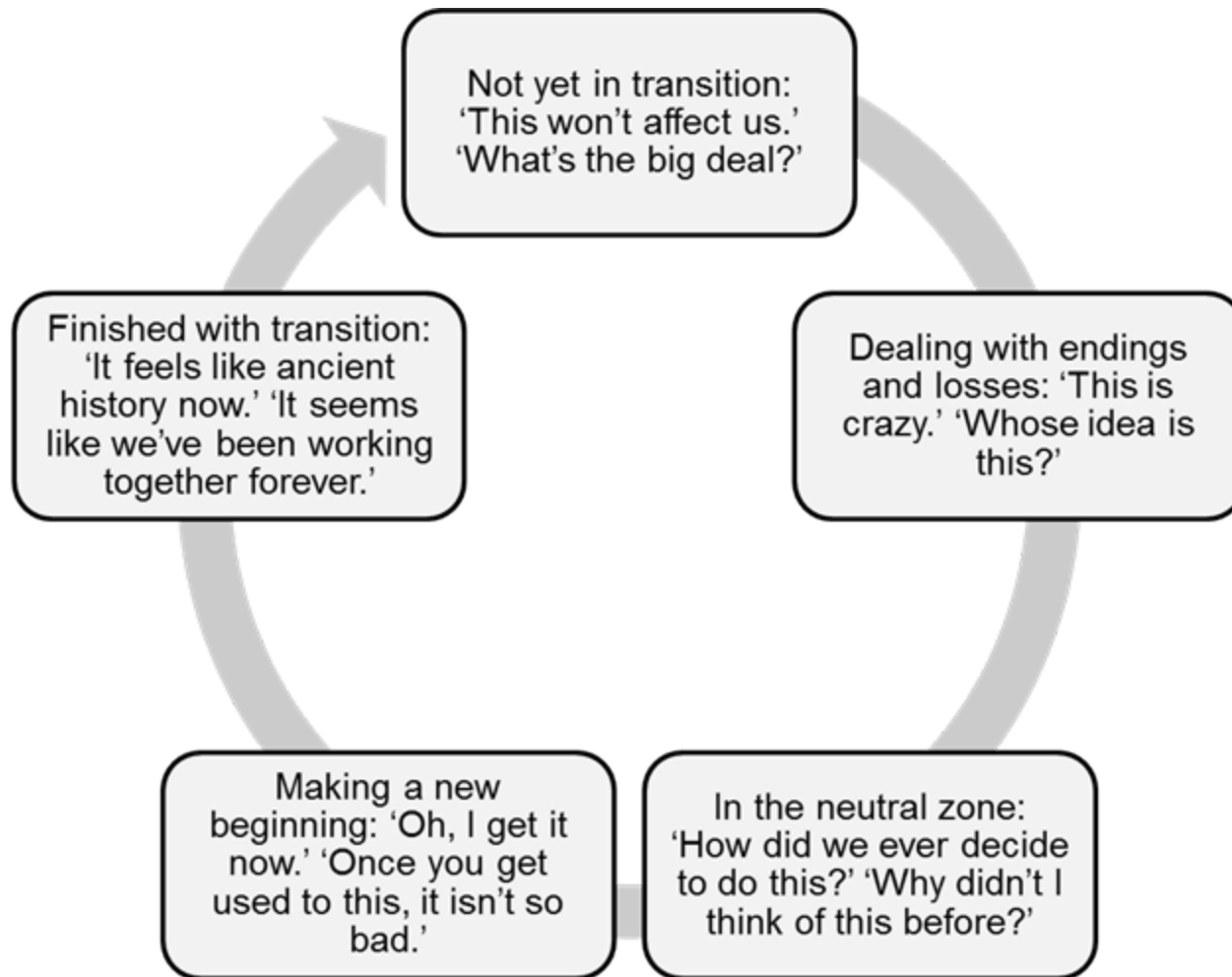
1. Develop a change plan
2. Identify where people are in the transition process
3. Help people through endings and losses
4. Support people through neutral zones
5. Allow people to experience new beginnings



Source: William Bridges, *Understanding Organizational Change*

“The Marathon Effect”

Know Where You Are in Transition



In Conclusion...

Will We Compete...?

Health Plans Competing with Hospitals and Doctors



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...Or Will We Collaborate?

Future Business Model?

Health plans organize patient populations and care networks

Doctors and hospitals coordinate patient access, navigation and care delivery to improve outcomes and costs for targeted populations

Population Health Collaborations Between Health Plans, Hospitals and Doctors



Shared Participation in Cost Savings

Source: Stuart B. Baker, MD; Navvis Healthways

Population Health Savings = New Revenue for Doctors and Hospitals



Can Health Systems and Physicians
Transition to Managing Population Health?

ABSOLUTELY!