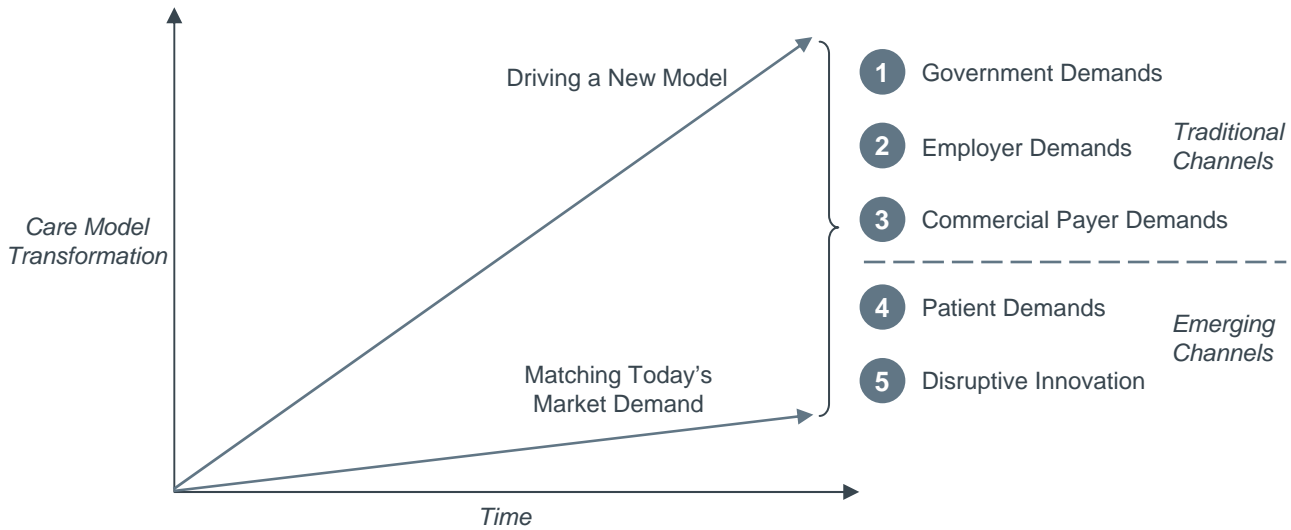


# Driving Our Transformation Agenda

## Five Forces Will Drive Faster Transformation



# Welcome to Pleasantville

## Average Care for Average People



### Key Characteristics

**300**

Number  
of beds

**2.2%**

Operating  
margin

**73%**

Medical share  
of case mix



### Case in Brief: Pleasantville Hospital

- Health Care Advisory Board model hospital
- Revenue, cost, and operational inputs based on national averages
- Inputs adjusted to forecast impact on future financial performance
- Offers insight into relative opportunity of pulling various margin improvement levers

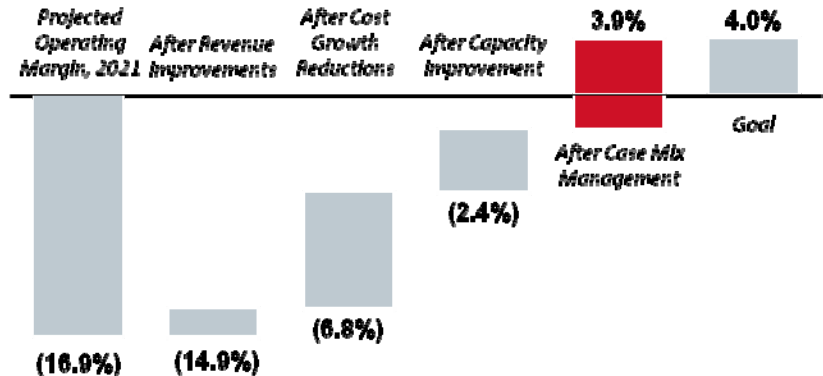
# Case Mix Management Closing the Gap

## Restoring Profitability with Aggressive Medical Management

### Impact of Case Mix Improvement at Pleasantville

#### Case Mix Management

- Less profitable medical admissions prevented
- Care management boosts outpatient volume
- Inpatient space backfilled with high-value surgeries
- New medical share of inpatient volume: 55%



# Assembling a System of Care

## Era of Value and Choice Enabling New Opportunities to Grow

### Emerging Decision Makers

*Assembling Supply*

*Attracting Demand*

**“Network Suppliers”**



Providers seeking partners to establish robust care networks

**Value-Based Delivery System**



**“Wholesale Buyers”**



Risk-bearing entities purchasing care for populations of patients

**“Clinical Shoppers”**



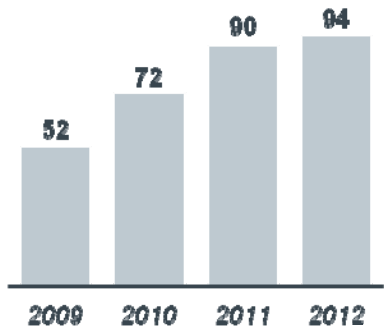
Individuals selecting among sites for distinct care episodes



# Systems in Search of Scale

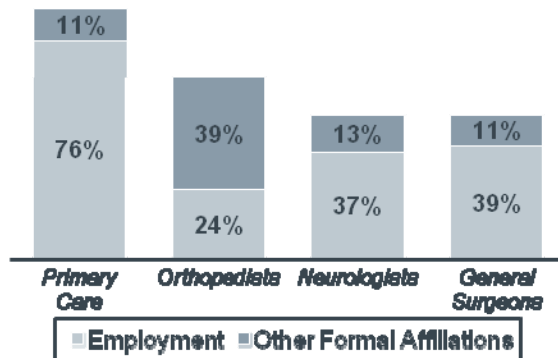
Hospital, Physician Consolidation Key to Traditional Growth Strategy

## Hospital Mergers and Acquisitions



## Hospitals Employing or Affiliating with Physicians

n=46



## Traditional Motivations for Consolidation



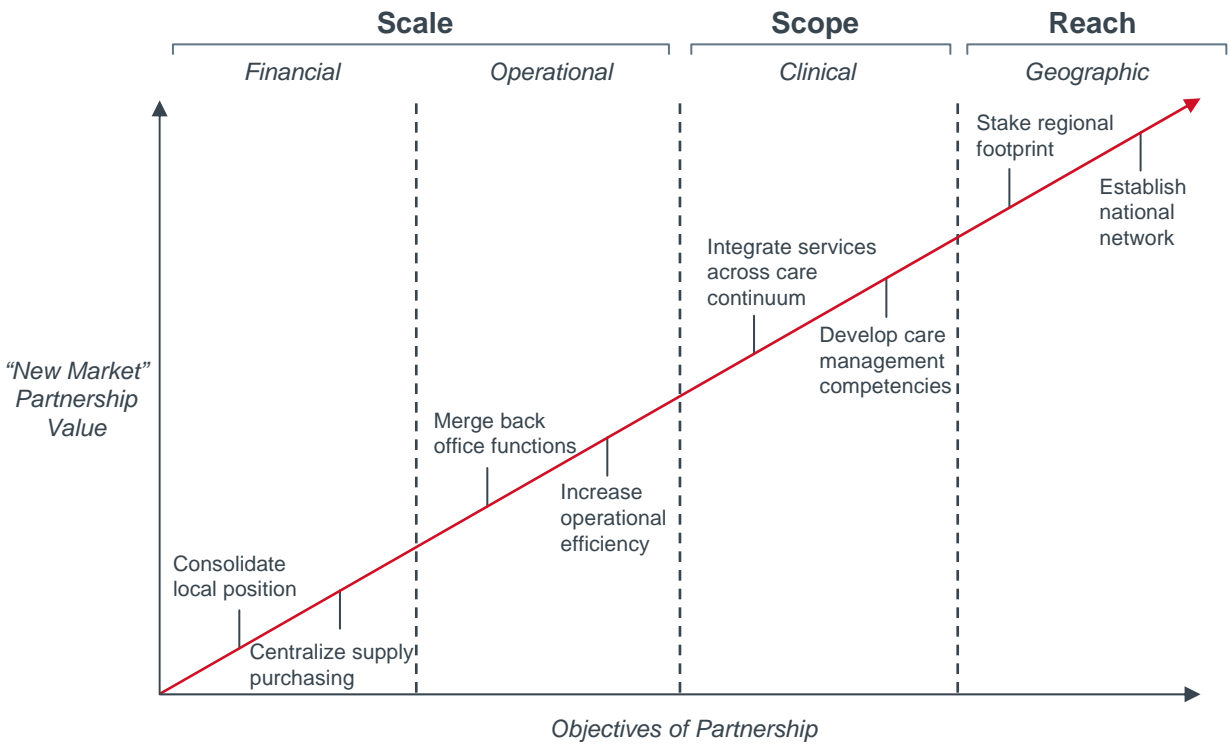
Increase negotiating power



Control referral pathways

# The New Logic of Partnership

## Understanding the Intent and ROI of System Development



# Learning From the Frontier and the Rising Stars

## Identifying Best-in-Class Population Health Managers



10+ years experience  
with risk-based contracts



Robust care management,  
risk stratification infrastructure



Cohesive  
delivery system



Sustained  
financial success



Primary  
care core



Well-managed  
partnership network

### A Sample of Our Research Participants<sup>1</sup>










<sup>1</sup> Meet 4 or more of the above criteria.

# Despite Shared Strategy, Wide Variety on Surface

## Wide Range of Organizational Characteristics, Attributes

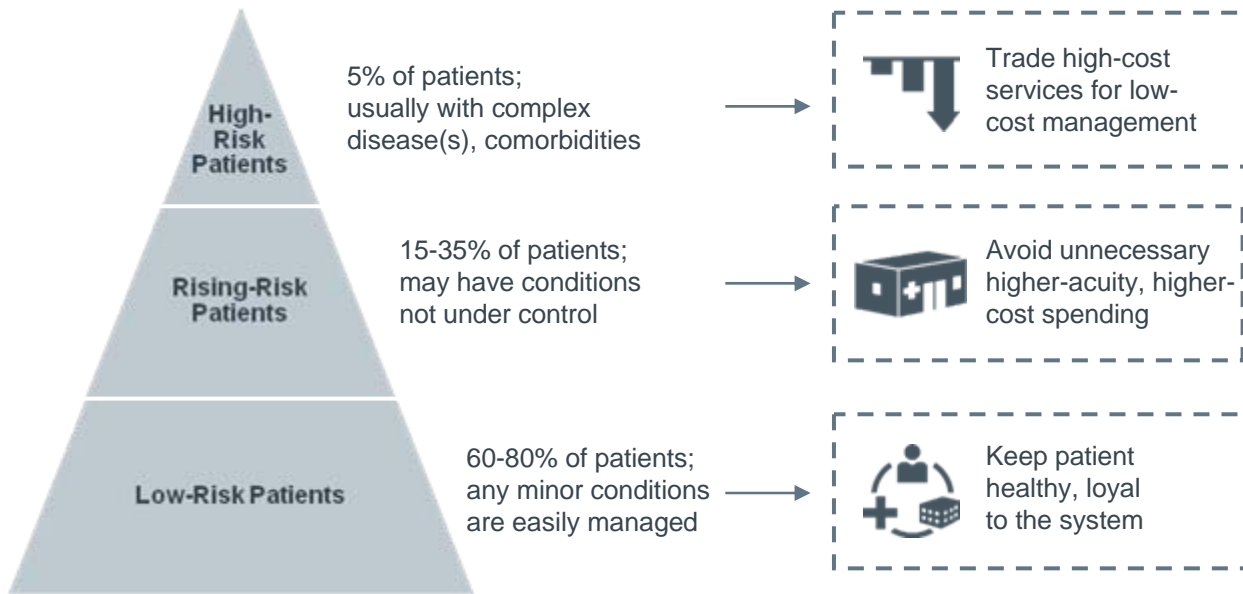
### Areas of Variability Between High-Performing Care Management Enterprises

Size		Range from 100-physician group to health plan covering 9 million people nationwide
Location		Located throughout all regions of the country
History		Risk management experience ranges from a few years to over 50 years
Market Type		Located in rural, urban, and suburban markets
Organizational Structure		Physician-based and health system-based enterprises
Physician Alignment		Range from full employment to clinical integration
EMR		With and without a common EMR across enterprise



# Attained Financial Success From Patient Management

## Managing Three Distinct Patient Populations





2445 M Street NW | Washington DC 20037  
P 202.266.5600 | F 202.266.5700

[advisory.com](http://advisory.com)