EMORY MEDICINE

EMORY'S CLINICAL NETWORK AFFILIATION JOURNEY: VISION, ALIGNMENT AND DELIVERY

2016 APPD Fall Roundtable

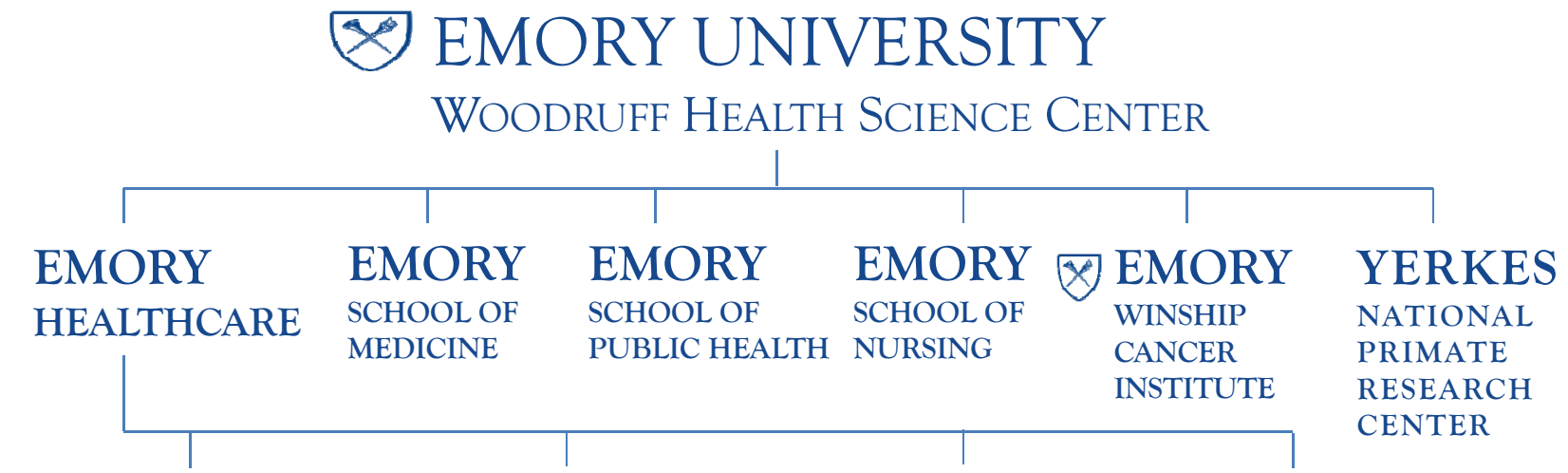
September 23, 2016

EMORY MEDICINE

KEY TAKEAWAYS

- Limited inventory of hospital acquisitions/mergers and capital limitations.
- Ground work laid with widely situated neighborhood clinics, Population Health capabilities and Access initiatives.
- Emory, as an academic health system with an established tradition of outreach, will position itself to execute a comprehensive regional and national/international clinical network strategy.
- Leadership is committed to the long haul cultural changes and resource investments needed to extend an affiliate footprint across Georgia and the surrounding Southeast.

THE ORGANIZATION



- ✓ 1,800 Clinical Providers
- ✓ 80+ Locations
- ✓ 3,200,000 Annual Visits

- ✓ 280 Clinical Providers
- ✓ 54 Locations
- ✓ 480,000 Annual Visits

- ✓ 6 Hospitals
- ✓ 1,731 Beds
- ✓ 65,000 Admissions

- ✓ 6 Hospitals
- ✓ 1,400 employed MDs
- ✓ 450 private practice MDs

EMORY HEALTHCARE'S STRATEGIC FRAMEWORK

VISION

To be recognized as the leading **academic and community health enterprise**, differentiated by discovery, innovation, education, and quality, compassionate, and patient-and family-centered care

GOALS

- **Improve the health of 1M/10M**
- **Provider of choice**
- **Innovative discovery**
- **Education destination of choice**
- **Best place to work**
- **Strategic growth and investment**

EMORY HEALTHCARE'S STRATEGIC FRAMEWORK

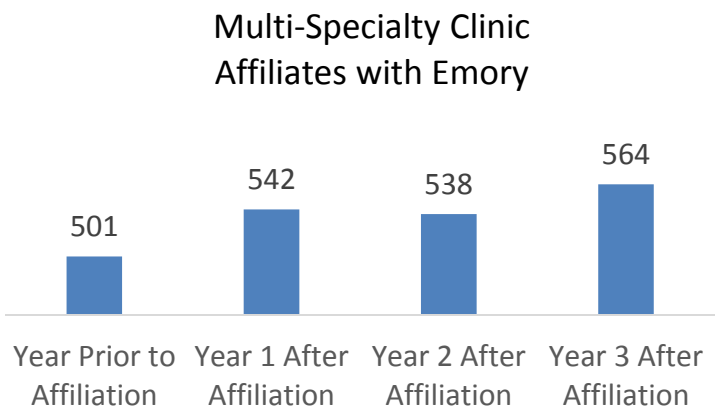
The Vision Context
Stubborn facts and Irreversible Trends

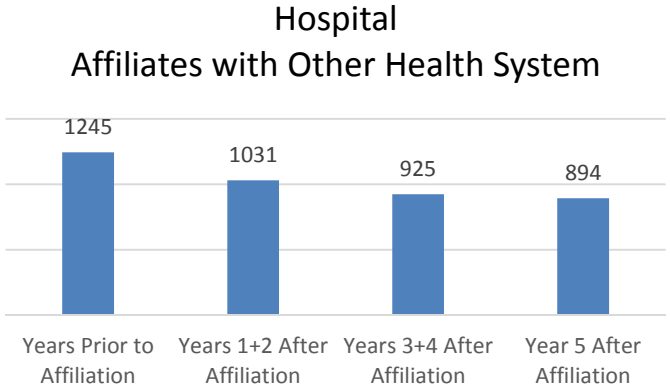
- Acquisitions and affiliations steer patients
+
- Georgia is an active acquisition environment
+
- Irreversible value-based payment trends
+
- Irreversible consumerisms trends

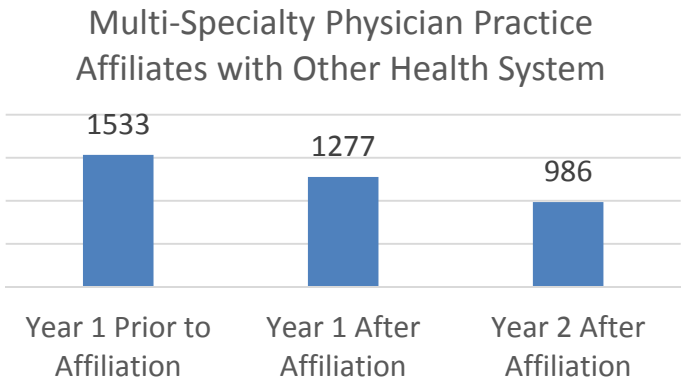
Conclusion:

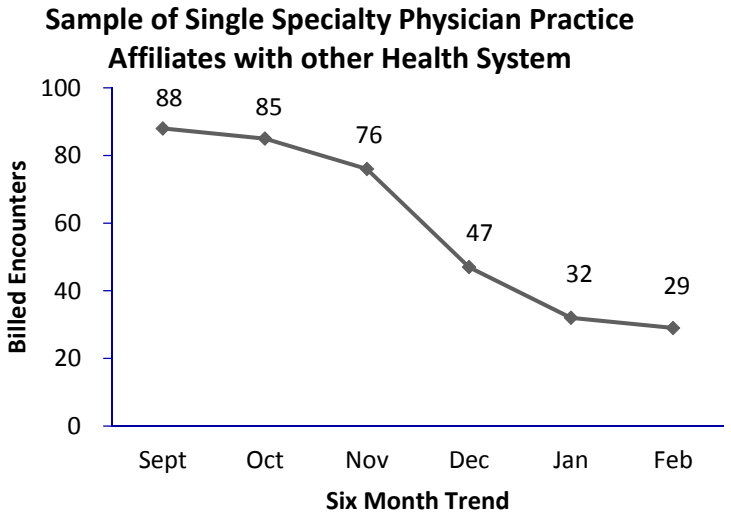
Rediscover, revitalize and reapply Emory's essentiality in our backyard and across a broad regional base, the latter through increasingly "sticky" / meaningful relationships with systems and physicians.

Acquisitions and Affiliations Steer Patients









Acquisition Environment Across Georgia

WellStar purchased Tenet's Georgia hospitals *(2016)*

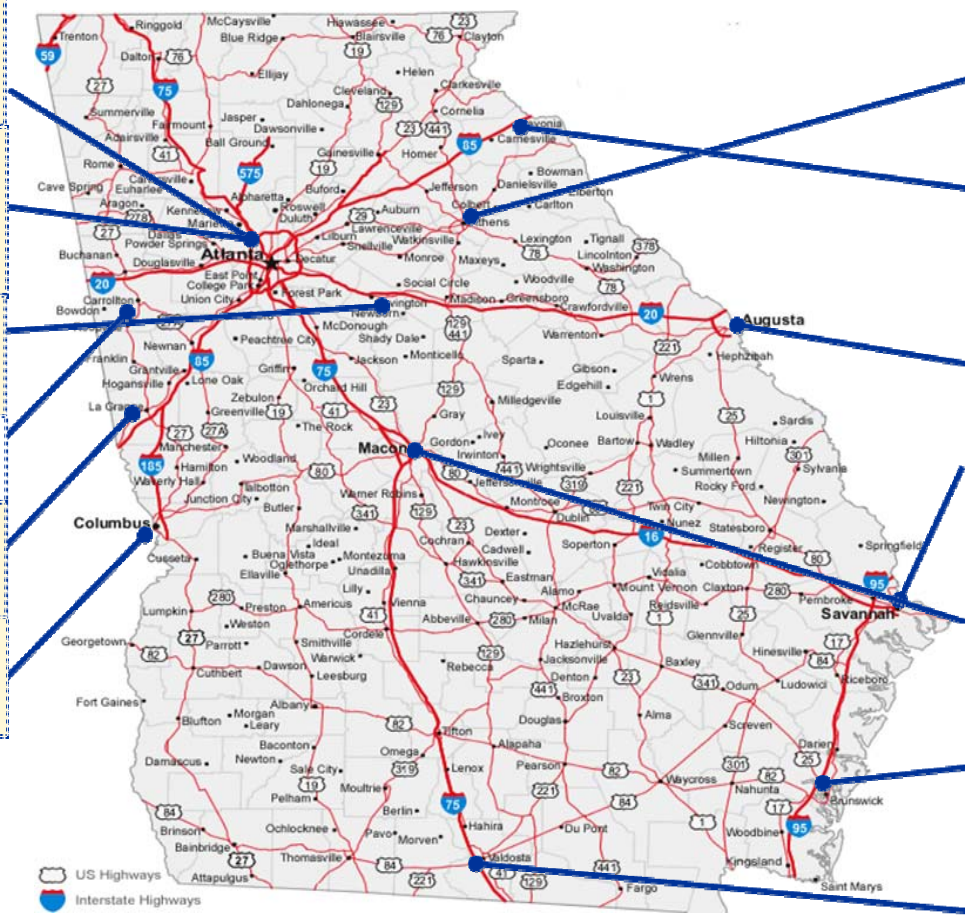
Northside and Gwinnett in merger discussions *(2015)*

Newton affiliated with Piedmont *(2015)*

Tanner to build new hospital in Alabama *(2015)*

West Georgia affiliated with WellStar *(2015)*

St. Francis purchased by LifePoint *(2016)*



Athens Regional merged with Piedmont *(2016)*

St. Mary's acquires St. Joseph's East Georgia *(2012)* and Ty Cobb *(2015)*

University Hospital and Georgia Regents announce partnership talks *(2015)*

Memorial and Novant announce strategic partner discussions *(2015)*

Stratus Collaborative partnership of 30 hospitals in central Georgia form with Navicent as the anchor *(2013)*

Southeast Georgia, Baptist Jacksonville, and Flagler in St. Augustine form Costal Community Health Services *(2015)*

South Georgia Med Ctr acquires Smith Northview *(2011)* and Berrien Cty Hosp *(2013)*

Irreversible Value-Based Payment and Consumer Trends

1 Value-Based Care / Payment

Influx of new payment models based on provision of value and introduction of exchanges and narrow networks.

2 First Dollar Payment

First dollar payment and high deductible plans creating a new generation of price sensitive consumers.

3 Population Changes

Population is rapidly aging into Medicare and the local Atlanta area is experiencing significant population growth.

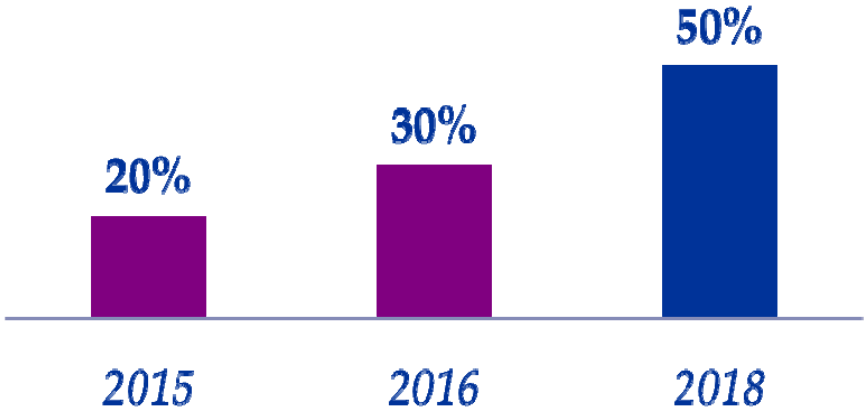
4 Consumerism

Consumers more engaged than ever with greater access to information and increased attention to point-of-care convenience.

VALUE-BASED CARE

Aggressive Targets for Transition to Risk

Percent of Medicare Payments Tied to Risk Models

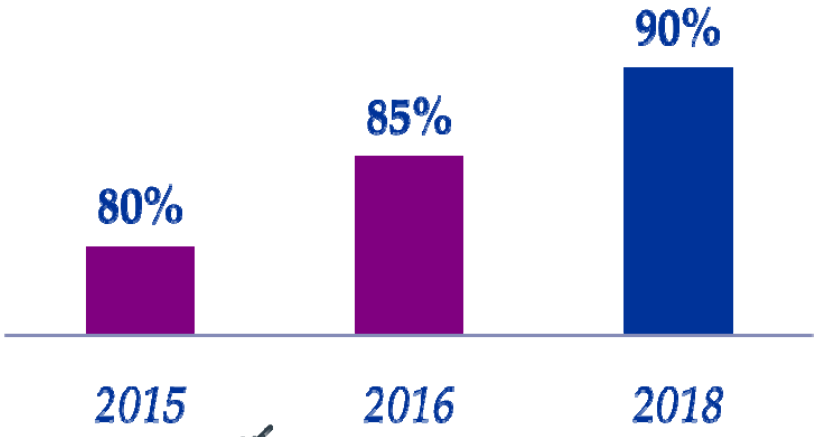


Examples of Qualifying Risk Models

- Medicare Shared Savings Program
- Bundled Payments for Care Improvement Initiative
- Patient-Centered Medical Home

Fee-for-Service Increasingly Tied to Value

Percent of Medicare Payments Tied to Quality



Examples of Quality/ Value Programs

- Hospital-Acquired Condition Reduction Program
- Hospital Value-Based Purchasing Program
- Hospital Readmissions Reduction Program
- Merit-Based Incentive Payment System

VALUE-BASED PAYMENT

Physician Payment Models Beginning in 2019

1

Merit-Based Incentive Payment System (MIPS)

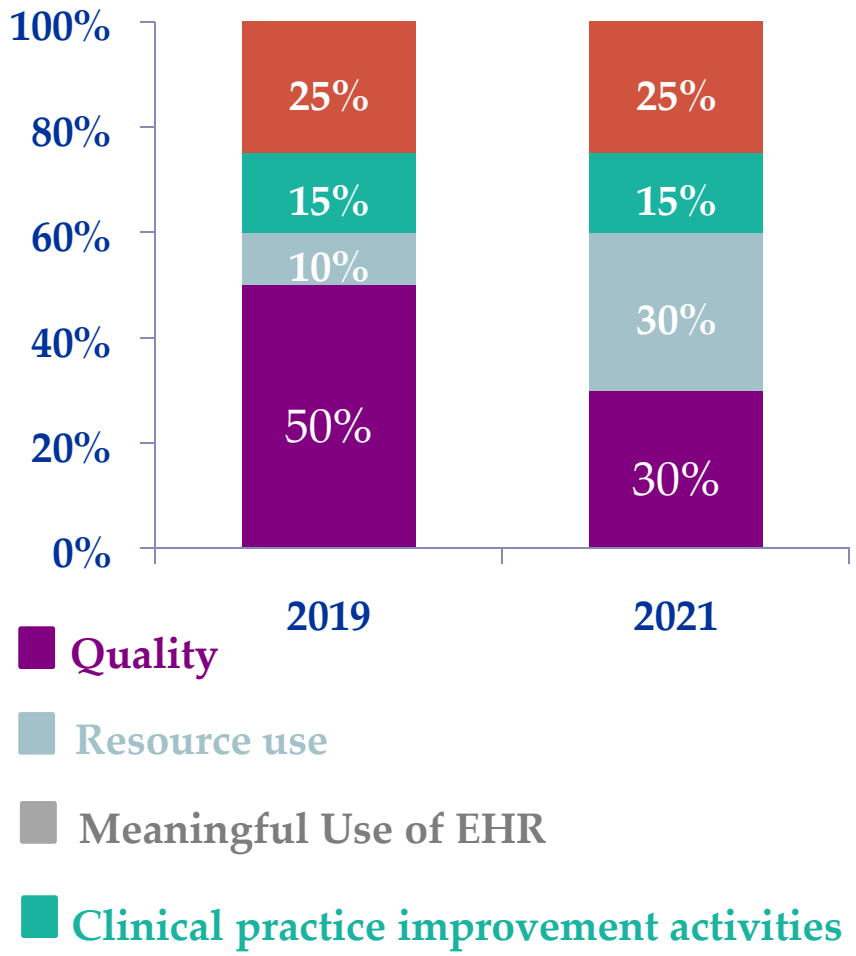
- Consolidates existing Pay-for-Performance programs
- Score based on quality, resource use, clinical improvement, and EHR use
- Adjustments reach -9% / +27% by 2022
- From 2019 through 2024, potential to share in $500M annual bonus pool
- 2019 potential payment based on 2017 performance

2

Alternative Payment Models (APMs)

- Provides financial incentives (5% annual bonus in 2019-2024) and exemption from MIPS
- Requires that physicians meet increased targets for revenue at risk
- APMs must involve downside risk and quality measurement

MIPS Performance Category Weights



POPULATION CHANGES: GROWTH IN ATLANTA

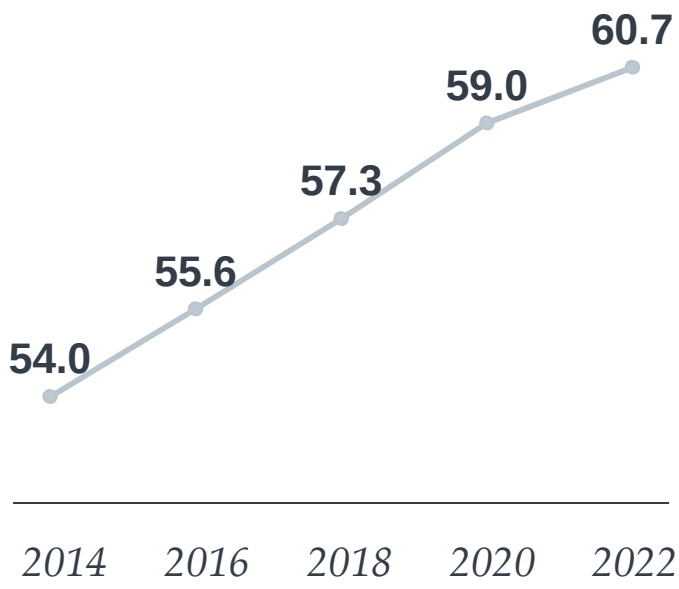
The Atlanta metropolitan area is growing at a significantly higher rate than the rest of Georgia and the U.S. average –
*The 20 county area is estimated to grow from **5.6 million** in 2015 to **8.0 million** people by 2040*

Source: Atlanta Regional Commission Population Forecasts

Population Changes: Aging

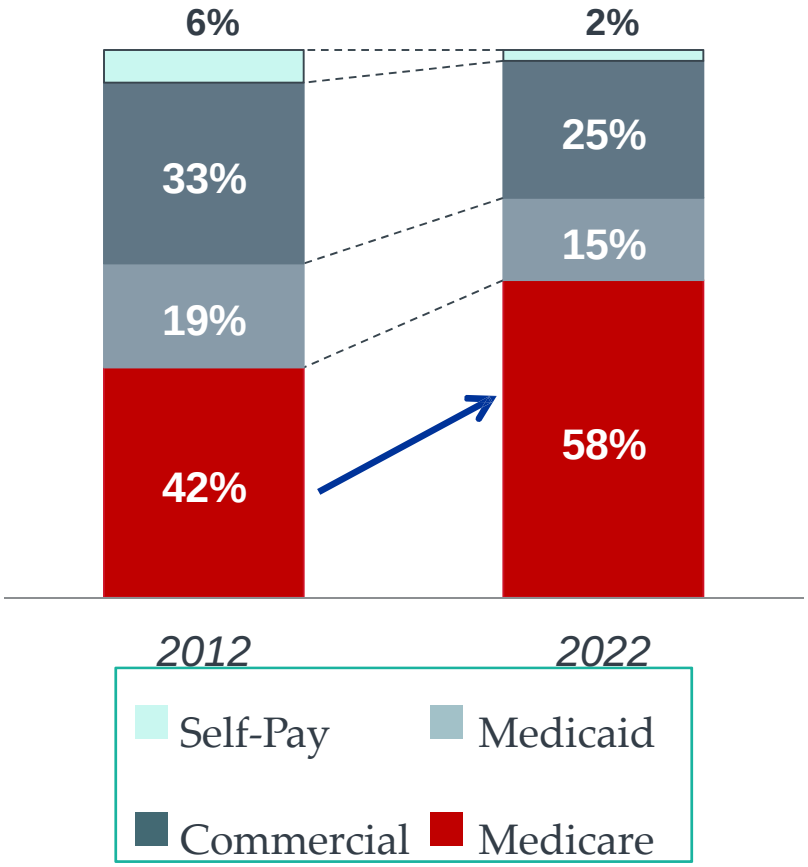
Projected Number of Medicare Beneficiaries

Millions of Beneficiaries



Average Inpatient Payer Mix By Volume

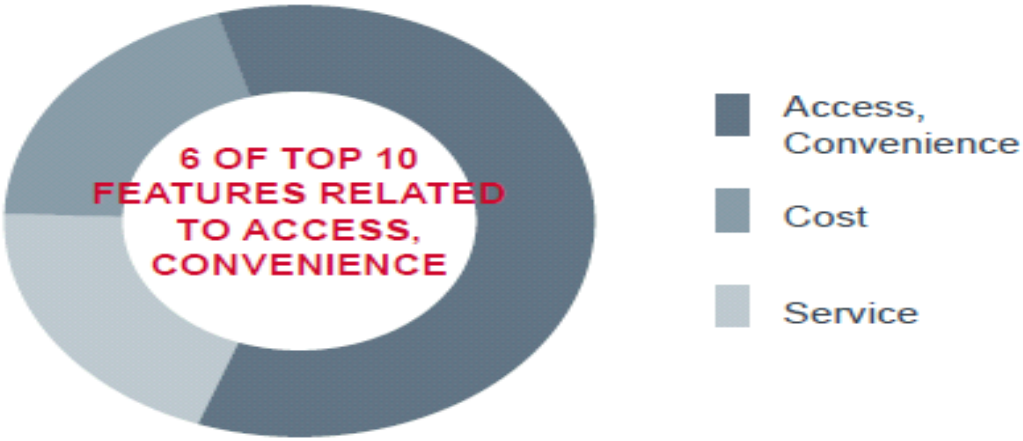
n = 785 Hospitals (national)



CONSUMERISM – CONVENIENCE IS KEY

#1 out of 56

"Walking in without appointment and being seen within 30 minutes"



In a study that ranked which features in Primary Care were most important, consumers identified convenience as more important than cost

9% ***Most patients aren't loyal***

Percentage of survey respondents who would follow their primary care physician to another clinic or practice

Source: Advisory Board: What drives consumer loyalty to a Primary Care Physician

CONNECTING THE DOTS

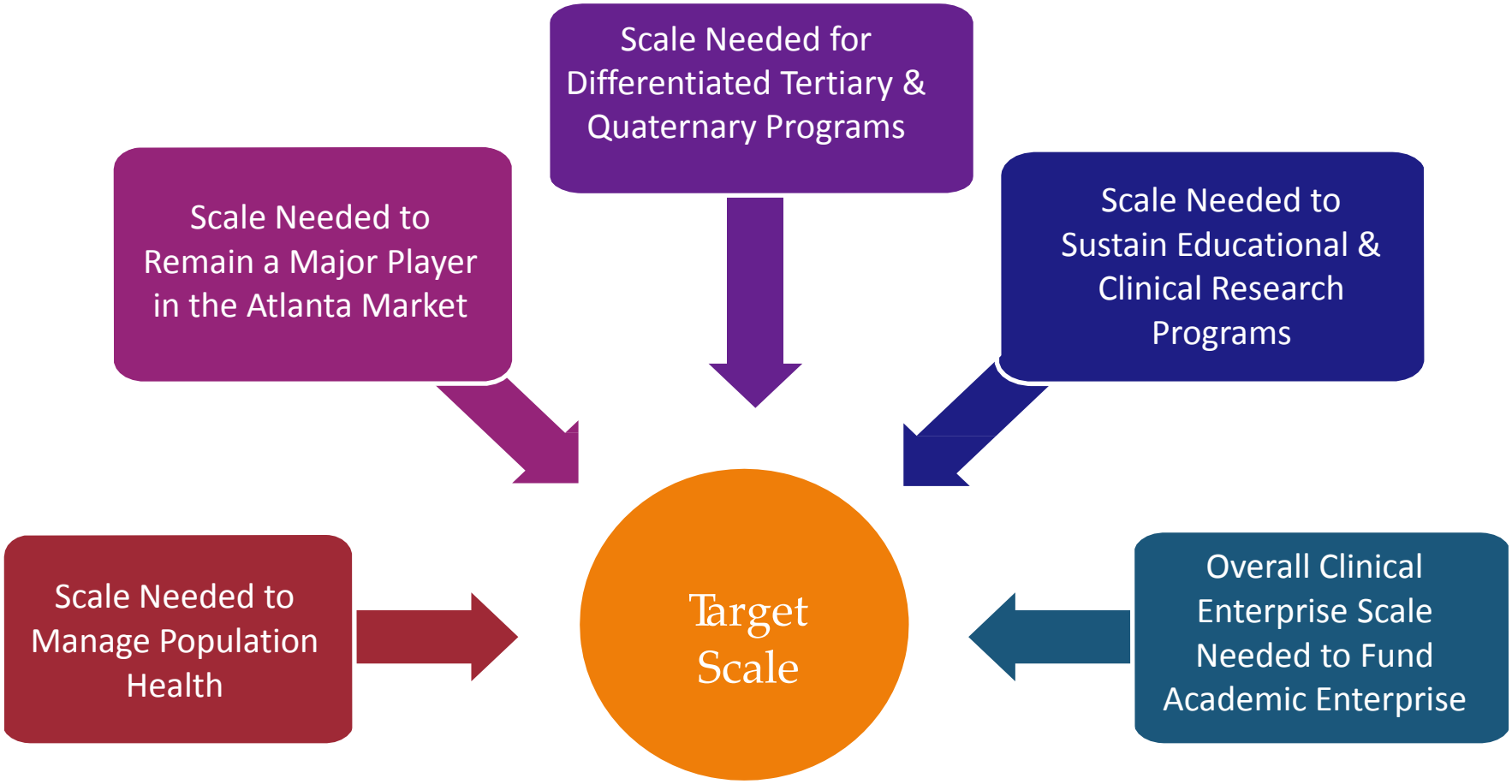
Emory Launched A Clinical Network Strategy Planning Process To Define It's Objectives and Strategies

1. Be the comprehensive provider for a local population.
2. Be the highly specialized tertiary and quaternary referral center for Georgia and nearby Southeast.
3. Be the nexus of referrals drawn nationally and beyond, for select programs.

"….. and through these means be known as a trustworthy affiliate partner…."

Clinical Network Strategy: Guiding Principles

Increased scale is needed to support several elements of Emory's Mission and Vision



Clinical Network Strategy: Goals

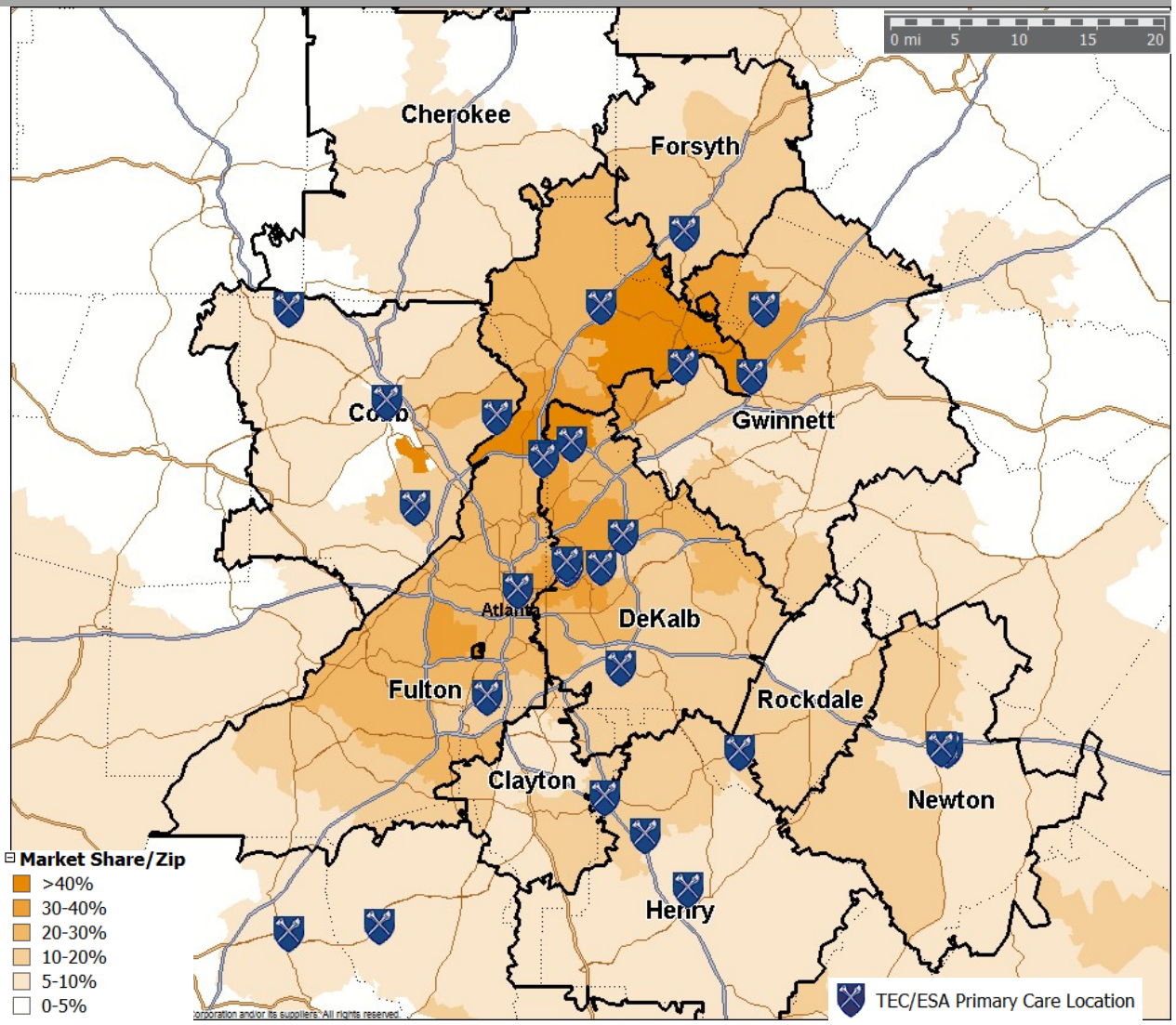
I. Local: Attributed Lives	II. Regional: Influenced Lives	III. National/International: Attracted Lives
The geography where Emory will comprehensively manage the health of the population	The broader geography where Emory will partner with others and serve as the tertiary and quaternary provider of choice, including Georgia and surrounding geographies within driving distance	National and international markets where Emory primarily competes with other AMCs for destination programs
750,000 to 1,000,000 Attributed Lives	**3,250,000** Influenced Lives	Attracted patients translating into **$150 MM annual NPSR**
4.0 to 4.25 MM Attributed & Influenced Lives		

68% of Net Revenue	28% of Net Revenue	4% of Net Revenue

Local Strategy: Our Local Presence

Emory Inpatient Market Share (CY14) and TEC/ESA Primary Care Practice Locations

- ✓ Expand local neighborhood clinic sites from 24 to 38 by 2022



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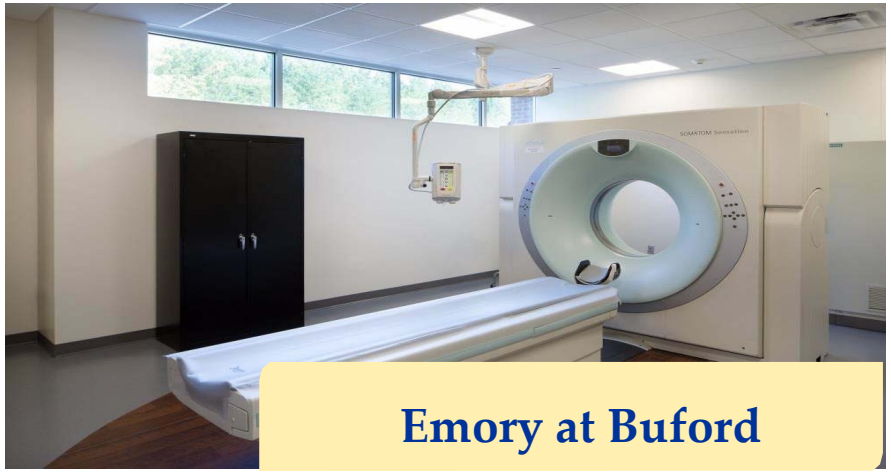
Local Strategy:
New Emory Ambulatory Sites

Emory – Atlanta Hawks Sports Medicine



Emory at Buford

Emory at Avalon

Emory at Tucker

LOCAL STRATEGY: OVERARCHING COMPONENTS

Establish multiple anchor multispecialty ambulatory sites offering a core set of services

- Located outside of existing hospital campuses
- For each site, a core group of dedicated physicians

Increase Emory's own primary care capacity and distribution

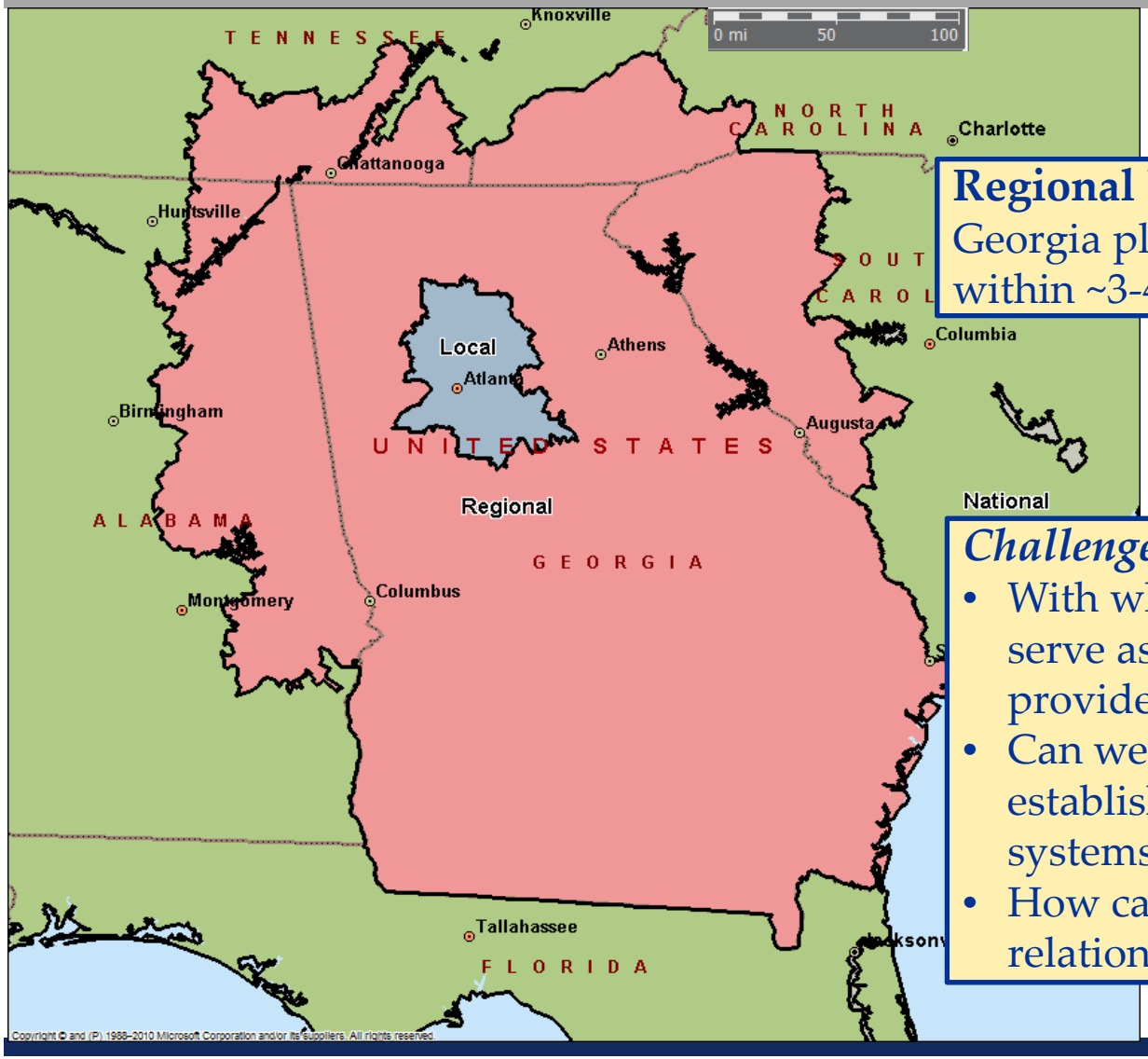
- Increase the number of Emory-employed PCPs in the community - both new and acquired practices (where possible)
- Optimize care model and APP role to expand patient panels

Secure additional comprehensively managed lives through durable relationships

- Improve EHN physician alignment and EHN "keepage"

Ensure Emory's network and capacity can meet the comprehensive health needs of a larger population across the care continuum, including specialty care, inpatient care, mental health, post-acute, etc.

Regional Strategy



Regional Definition:
Georgia plus select adjacent geographies within ~3-4 hour drive time

Challenge:

- With whom should we partner and serve as the tertiary and quaternary provider of choice?
- Can we realistically aspire to establish relationships with <u>all</u> systems across the region?
- How can we build"sticky" relationships, short of acquisition?

REGIONAL NETWORK DEVELOPMENT

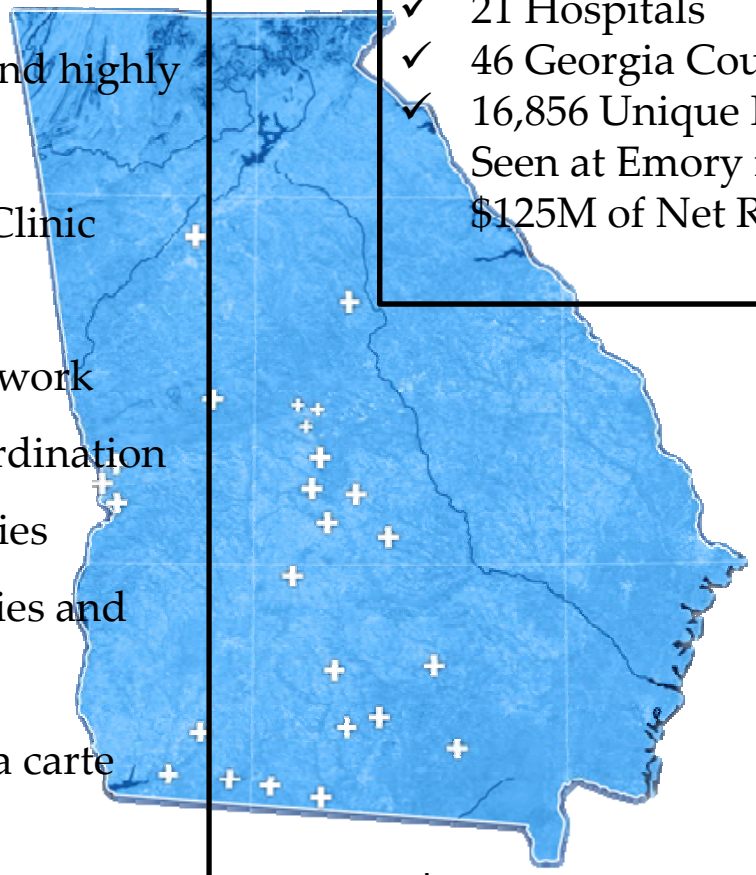
Stratus HEALTHCARE EMORY HEALTHCARE

EHC – Stratus Affiliation

- ✓ Expedited access to Emory's quaternary and highly specialized tertiary inpatient services
- ✓ Priority scheduling and access to Emory Clinic specialists
- ✓ Coordination of Clinically Integrated Network activities/ Electronic Medical Record Coordination
- ✓ Linkage to Emory Telemedicine Capabilities
- ✓ Linkage to Knowledge Transfer Capabilities and Winship Cancer Affiliation *
- ✓ Other Clinical Purchased Services and a la carte Agreements

Stratus Healthcare

- ✓ 13 Health Systems
- ✓ 21 Hospitals
- ✓ 46 Georgia Counties
- ✓ 16,856 Unique Patients Seen at Emory in 2015 / $125M of Net Revenue



* In Progress for Applicable Entities

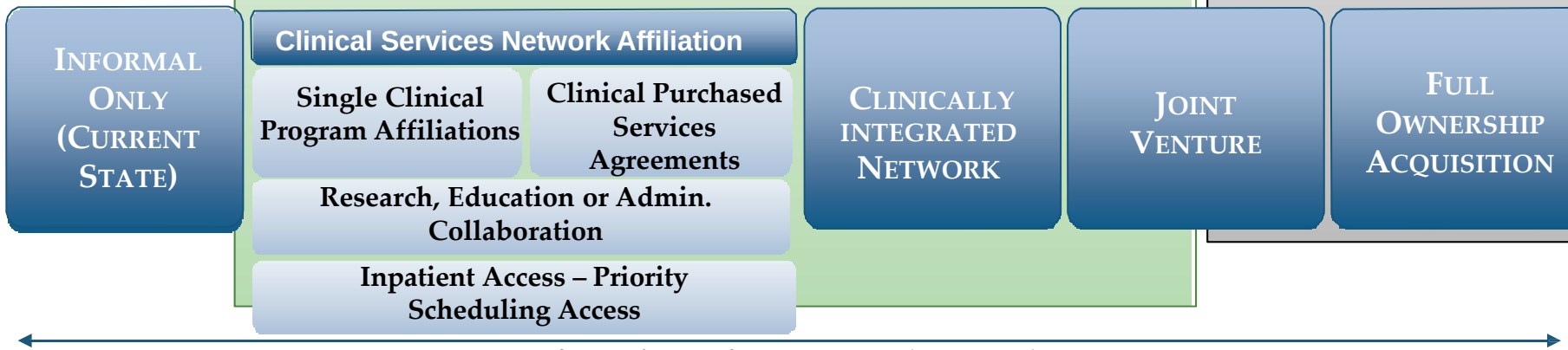
Regional Network Development Work Plan

Focus on Relationships with Increasing Levels of Economic Alignment…

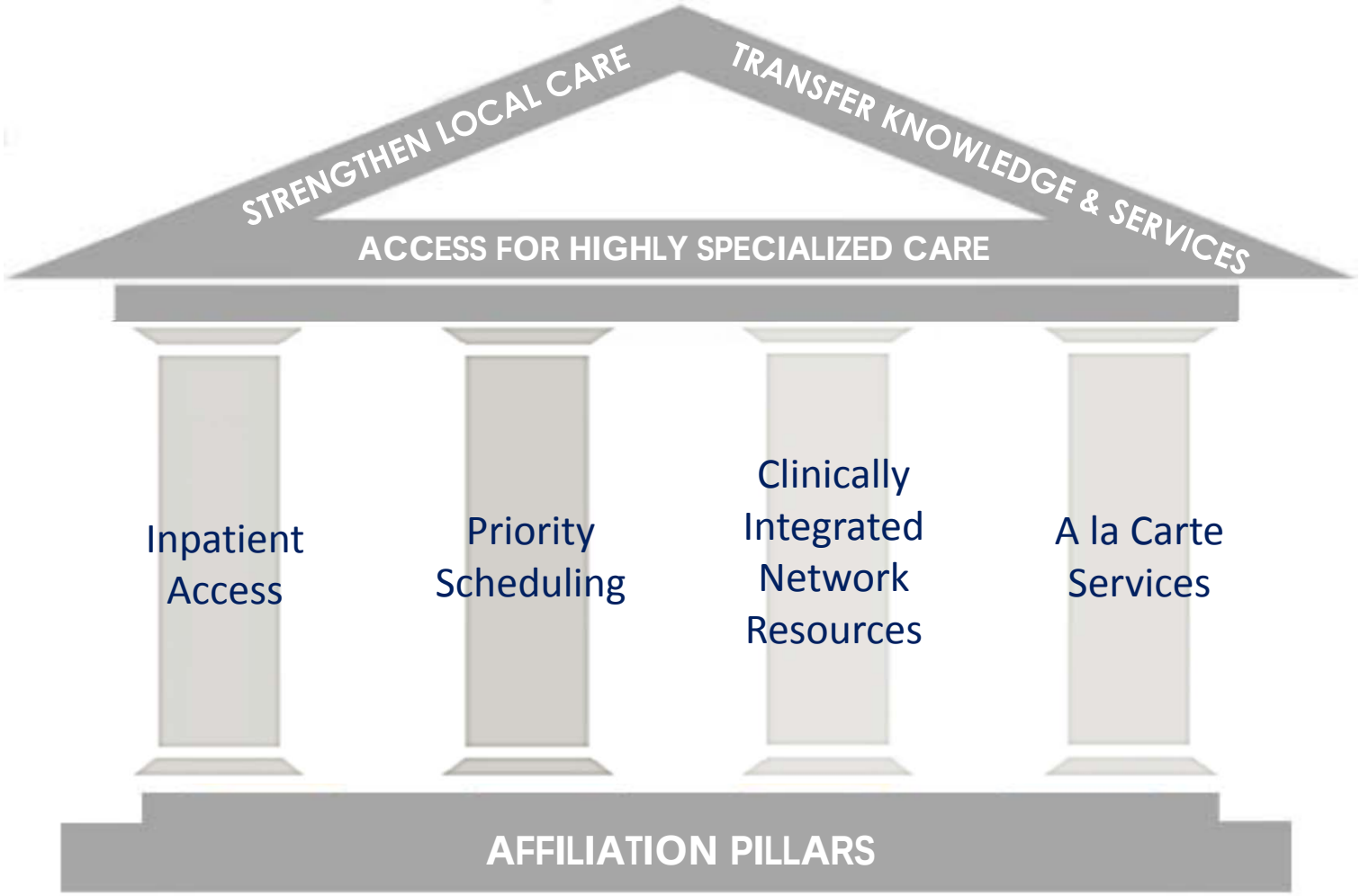
Proactively develop formal clinical relationships with independent health systems and hospitals to elevate their capabilities and secure Emory's role as tertiary / quaternary partner of choice

…While Remaining Open to Equity Investment

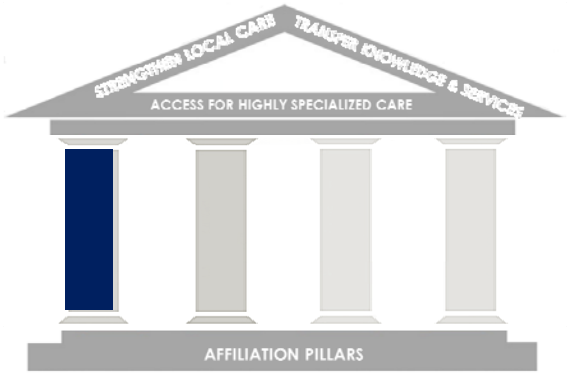
Assess opportunities on a case-by-case basis within the context of overall strategy & priorities



Regional Clinical Services Network: Affiliation Pillars



REGIONAL CLINICAL SERVICES NETWORK: AFFILIATION PILLARS



Pillar 1 – Inpatient Access

Aim: Provide affiliates seamless access to Emory's highly-specialized tertiary and quaternary inpatient care, including highest standards of bi-directional patient information and communication.

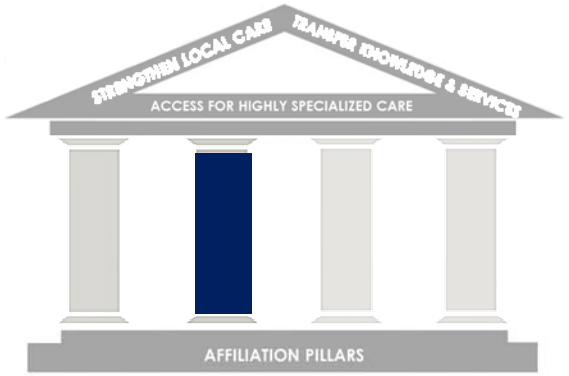
AFFILIATE EXPECTATIONS

- "One number" referral to Emory
- Emory and referral source identifies and tracks patient's referring physician
- Emory keeps affiliate referral source in the know about transfer logistics and patient treatment

EMORY'S SERVICE STANDARD ASPIRATIONS

- Patient, along with treatment and discharge reports, returned to referring provider
- Personalized, highest quality care delivery for patient and patient's family
- Timely transfer and appropriate care team/ facility placement

Regional Clinical Services Network: Affiliation Pillars



Pillar 2 – Priority Scheduling

Aim: Provide affiliates* access to Emory Clinic's Priority Scheduling Service for ambulatory clinic appointments with Emory specialist or multi-specialty clinic team.

* Affiliate referring physicians, employees and their families

AFFILIATE EXPECTATIONS

- "One number" appointment scheduling
- Affiliate patients are identified and greeted as a "special guest"
- Emory and referral source identifies and tracks patient's referring physician

EMORY'S SERVICE STANDARD ASPIRATIONS

- Patient offered an appointment today, tomorrow, or within the same week, 80% of the time or better
- Patient, along with treatment and discharge reports, returned to referring provider

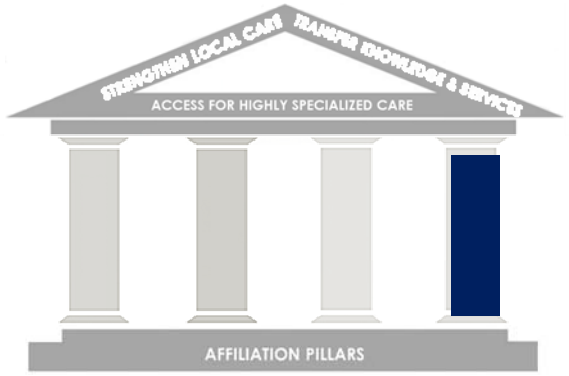
Regional Clinical Services Network: Affiliation Pillars

Pillar 3 – Clinically Integrated Network Services

Aim: Collaborate with and advise affiliates on The development of Population Health Management Strategies and resource investments

- Share best in practice experiences
- Consult on information technology infrastructure investments, aiming to create "interoperable" information systems
- Take steps to include affiliates on Emory's clinically integrated network strategies

REGIONAL CLINICAL SERVICES NETWORK: AFFILIATION PILLARS



Pillar 4 – A la Carte Services

Aim: Match individual local affiliates' needs with Emory capabilities and resources.

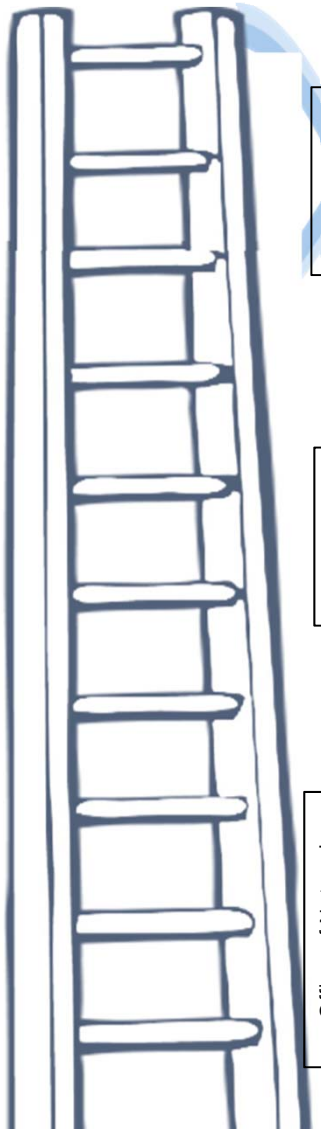
AFFILIATE EXPECTATIONS

- Strengthen local health care delivery resources
- Aspire to adopt locally relevant Emory Standards of Care
- Strengthen provider educational knowledge
- Fill gaps in clinical services delivery with Emory resources
- Assist with workforce planning

EMORY'S SERVICE STANDARD ASPIRATIONS

- Link affiliates with Emory Telemedicine resources
- Link affiliates with relevant program and service line resources (Winship Cancer Network, Brain Health Center, Heart and Vascular, etc.)
- Make educational curriculum available
- Create workforce pipelines
- Develop direct clinical service agreements

Regional Network Development Structure and Principles



Principles

- Build local clinical depth at affiliate sites
- Transfer knowledge and discovery to affiliates
- Match Emory resources to affiliate needs
- Cultivate engagement enthusiasm
- Leverage physician to physician relationships

Deliverables

- INPATIENT ACCESS
- PRIORITY SCHEDULING
- CIN RESOURCES
- A LA CARTE SERVICES

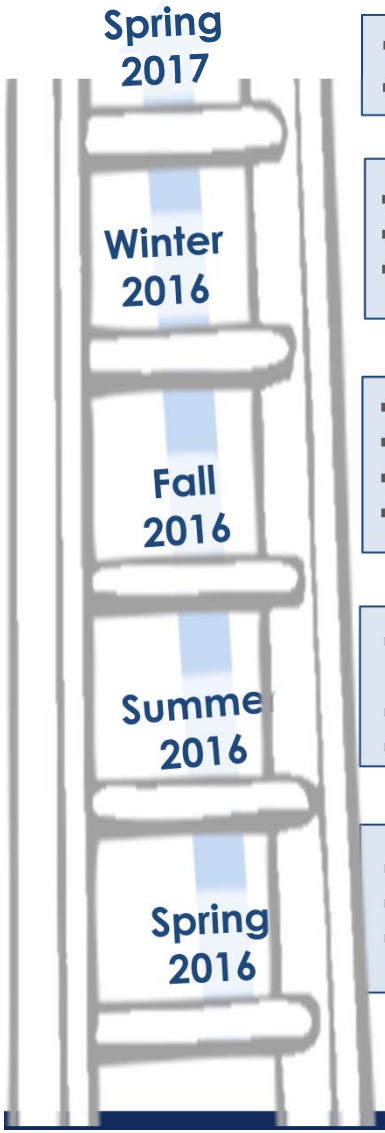
PATIENT AND REFERRING PROVIDER ACCESS

For highly specialized tertiary and quaternary care and Emory Clinic specialists

Office of Network Development

AGILE INFRASTRUCTURE	leverage existing Emory resources and actively communicate accountable results
SECURE AFFILIATION AGREEMENTS	match local needs to available Emory resources
CONTINUOUS RELATIONSHIP BUILDING	Emory: the trusted go-to resource as a system partner and referring physician advocate
MARKET PLAYBOOKS	single source of truth for key markets

Clinical Network Strategy & Regional Network Development Work Plan Progression



- Additional affiliate agreements executed
- Emory plays key curriculum contributor role at Stratus Annual Provider Conference

- Stratus Agreement in implementation
- Accountability/Results reports published
- Additional priority market relationships established

- Stratus affiliation begins work plan design
- Regional network strategy socialized internally
- Market targets prioritized
- C-Suite relationships established beyond Stratus

- Clinical Network Strategy Plan completed, approved, and incorporated into FY2017 Annual Operating Plan
- Stratus Affiliation Agreement signed
- Emory Clinic CT Surgery at Saint Francis-Columbus Agreement reached and implemented

- Clinical Network Strategy Planning efforts initiated
- Office of Network Development established
- Relationships built with Stratus and LifePoint - Saint Francis-Columbus and St. Mary's-Athens

EARLY LESSONS LEARNED

- Emory is playing a catch-up game
- Emory is highly regarded for quality and expertise, but dreaded as a communication black hole
- Concerns are surfacing of internal bed access and capacity issues
- Within a week of our first affiliation announcement, our competitors were counter-detailing our new affiliate partners
- Relationships are built over time and tested through performance – they are not turned on at the flip of a switch
- Internal engagement of key physician leaders will spell the success of these initiatives

Questions?