Flexible Market Responses

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Catholic Healthcare West

Presentation Outline

- Catholic Healthcare West At-A-Glance
- Strategic Plan Highlights
- Flexible Market Responses: Existing Strategies
- Flexible Market Responses: Possible Future Strategies

CHW At-A-Glance

- Hospitals: **40**
- Employed Physicians: **600 +**
- Ambulatory Facility JV's: **20 +**
- Health Plans (Owned/ Sponsored/ JV's): **4 w/ > 500k Members**
- Assets FY10: **$11.8 billion**
- Net Operating Revenue: **$9.4 billion**
- Acute Care Beds: **8,900**
- Active Physicians: **10,000**
- Total Employees: **55,000**
- Patients Served Annually: **4 million**
- Community Benefits and Care of the Poor FY10*:* **$1.3 billion**

Strategic Plan Highlights: Horizon 2020

- Mission: CHW and our Sponsoring Congregations are committed to furthering the healing ministry of Jesus. We dedicate our resources to:
  - Delivering compassionate, high-quality, affordable health services;
  - Serving and advocating for our sisters and brothers who are poor and disenfranchised; and
  - Partnering with others in the community to improve the quality of life.
- CHW's Aspirational Goals are to:
  - Deliver the right care, at the right place, cost, and time for every patient
  - Become America's best health system at which to work and practice
  - Become the healthcare system most valued nationally as a leader, partner, and successful model of reform
- CHW's Strategies:
  - Quality
  - Growth
  - Connectivity
  - Cost
  - Integration
  - Leadership

Existing Provider Entity Strategies

- Employ Physicians:
  - Strategy Employed Starting in 1990
  - Currently Employ Over 600 FTE Providers, 9 Groups, & 3 States
  - Expanding in all 3 States
  - Some California Groups are members of IPA’s; Others Accept Capitation
- Professional Capitation Network Model: Sequoia Physicians Network
- Minority Ownership Interest in PriMed Management Consulting Services, Inc.
- Inpatient hospital affiliation models
  - Scripps Affiliation in San Diego (1995)
  - Joint Ventured Orthopedic Hospitals (2 in Arizona)
  - Phoenix Children’s Hospital (2011)
- Ambulatory Surgery Center & Diagnostic Imaging Joint Ventures
  - All 3 States; Expanding
  - Majority or Minority Interests
  - Locally Managed or Management Company

Existing Health Plan Strategies

- Mercy Care Plan (Arizona)
  - Joint Venture w/ Carondolet/Ascension Health Since 1985
  - Medicaid, Medicare, and Commercial (Small Business)
  - Managed by Aetna
  - Annual Net Revenue $2 B
- Western Health Advantage (Northern California)
  - Joint Venture w/ UC Davis & North Bay Since 1997
  - Commercial HMO
  - Member Satisfaction: #1 in 8 of 10 Categories by Ca. Office of Pt. Advocate
- Saint Mary's Health Plan (Nevada)
  - Multiple Commercial Products
  - Third Party Administrator Function
  - Expanded to Southern Nevada in 2010
- GEMCare Health Plan (Southern California)
  - Joint Venture
  - Medicare and Commercial HMO & Self Funded Products
  - IPA Management Company & Other Capabilities

Existing Provider Strategies

- Capitation (California Experience Dates to 1980’s)
  - Medicaid, Medicare, and Commercial
  - Professional & Hospital
- Medical Homes
- Narrow Networks
- Medicare Margin Improvement
- Perfect Care: safety, quality, clinical efficiency & patient-centered care
- Pay for Performance
  - IHA P4P Professional Incentives
  - Hospital Quality Incentives Based on Improvement (or not)
- Blue Shield Pilots
  - Sacramento (Next Slide)
  - City/County of San Francisco
    - Hill Physicians, UCSF & CHW ~ 5k Members
    - Sutter/Brown & Toland Parallel Pilot ~ 20k Members

CalPERS, Blue Shield, Hill Physicians & CHW ACO

- CalPERS provides retirement and health benefits to more than 1.6 million public employees, retirees, and their families
- Blue Shield’s HMO covers ~ 400k CalPERS members
- Hill Physicians in Sacramento > 40k Blue Shield PERS members
- CHW has 4 hospitals in Sacramento; Sutter does not participate in Blue Shield’s PERS Net Value product
- Virtual Integration Model between CHW hospitals, Blue Shield, and Hill Physicians conceived early in CY ’08 and effective January, 2010.
- The model aligns incentives among the health plan, hospital system, and medical group with the goal of keeping CY ‘10 cost of healthcare flat & bending trend in CY ‘11.
- Year one results:
  - 15% reduction in inpatient readmissions & inpatient days
  - 50% decrease in inpatient stays of 20 or more days; ½ day decrease LOS
  - $15.5 million saved

Possible Future Strategies

- Pioneer ACO(s)
- Bundled Payments
  - CMS Bundled Payments Initiative
  - Incentives with Third Party Payers and Physicians
- Expand Scope of Quality & Efficiency Incentives
- Clinical Integration
  - An arrangement in which physicians modify practice patterns and create a high degree of cooperation in order to control costs and ensure the quality of services provided
  - Requires a significant investment of capital, both monetary and human
- Expand Scope of Provider Collaboration Strategies
- Grant Applications (Center of Medicare and Medicaid Innovation +)
- Prepare for Health Insurance Exchanges
- Transfer Learnings & Expand Successes
- Innovate!