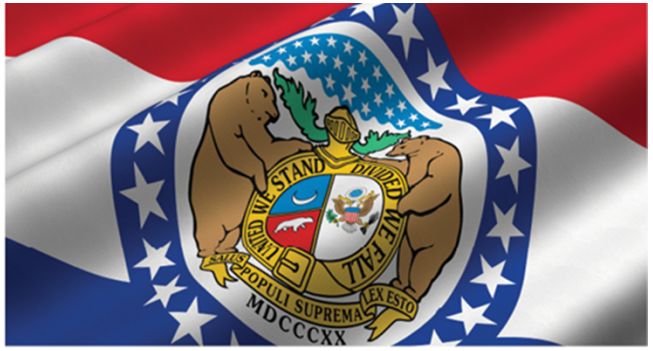



Heart of America Health Information Management System Society

February 4, 2015

Thomas L. Bell
President and CEO
Kansas Hospital Association

W. Bryant McNally
Vice President/Technology Operations
Missouri Hospital Association

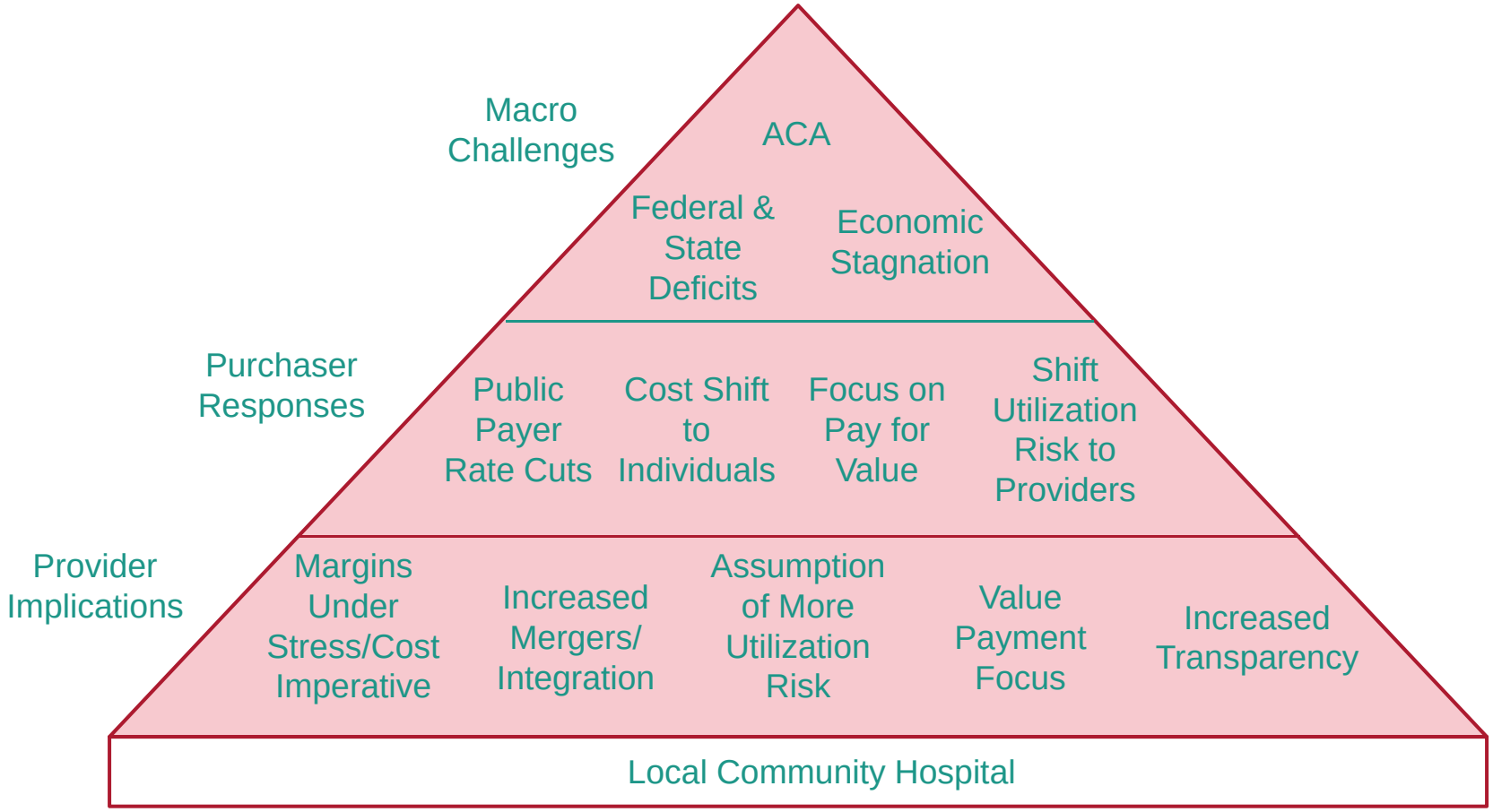
Agenda

- Defining the “New Normal”
- Market and Utilization Trends
- Redefining Health Care Delivery
- Hospital Options


HEALTH CARE REFORM
?
REPLACE
REFINE
REPEAL
DEFUND

Hierarchy of Environmental Pressures

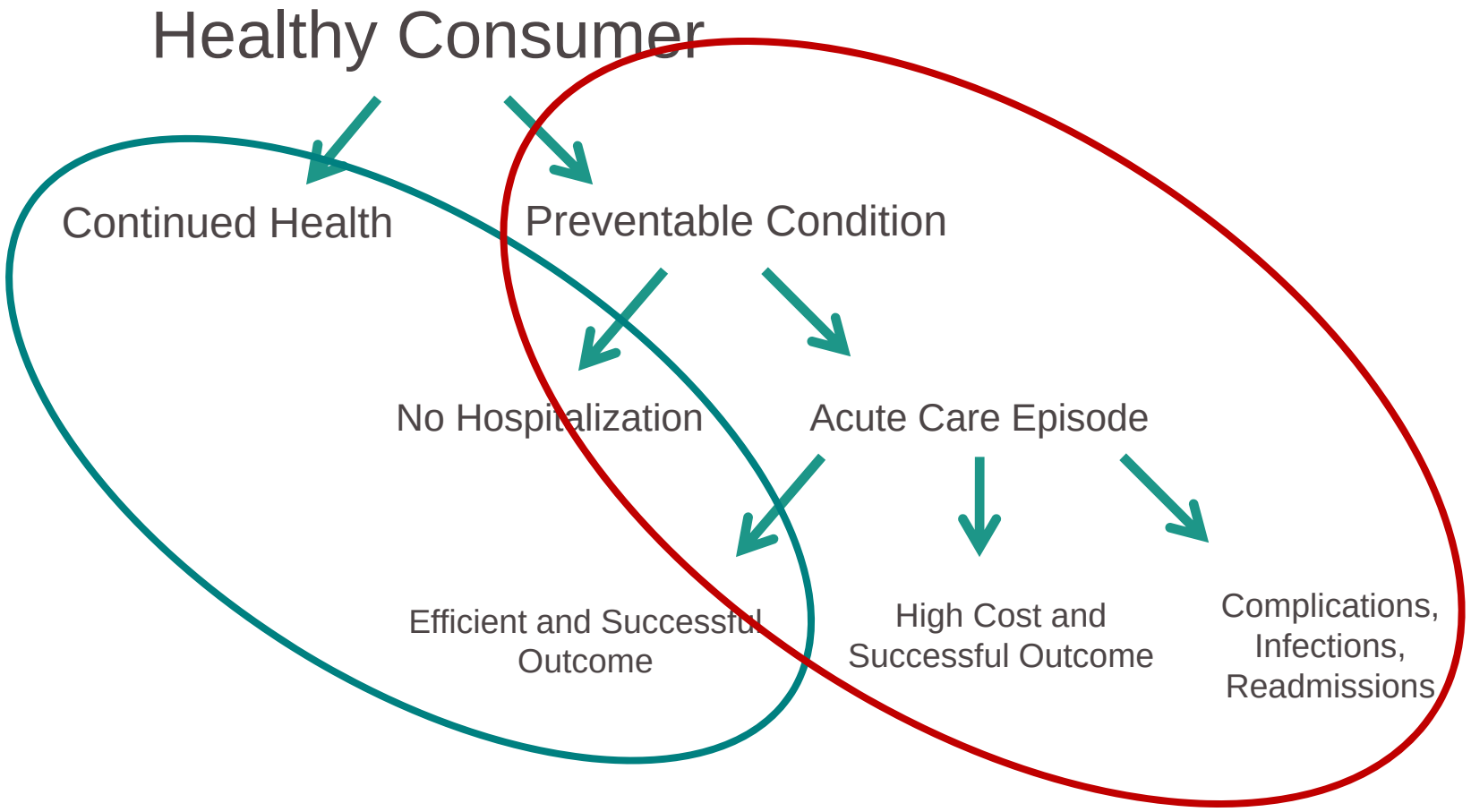
Long-Term Macro-Economic Challenges are Putting Pressure on Providers in a Number of Ways



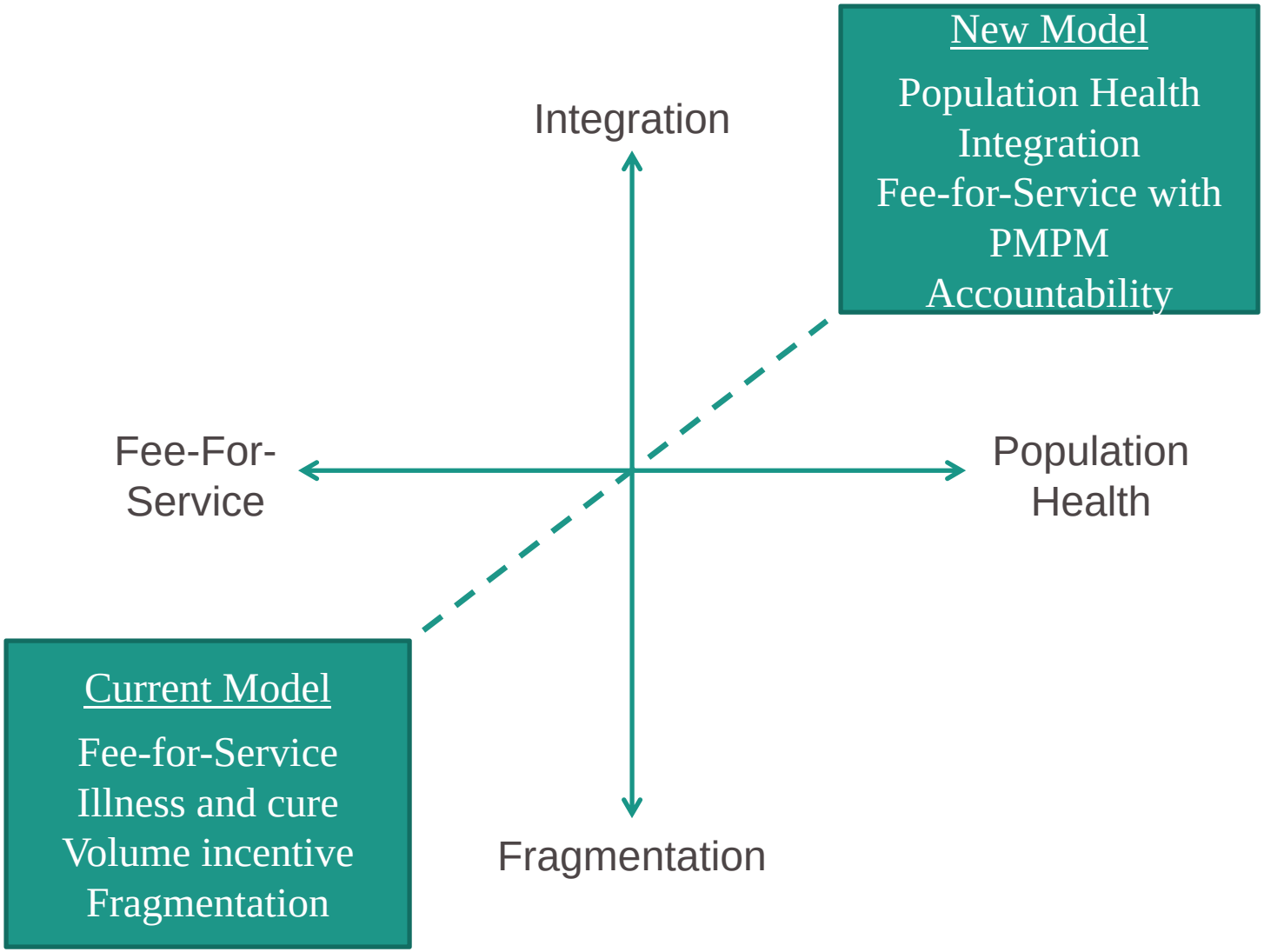
Redefining Health Care Delivery

Holy Grail of Health Policymaking

Find a model that aligns the interests of health care providers and patients.

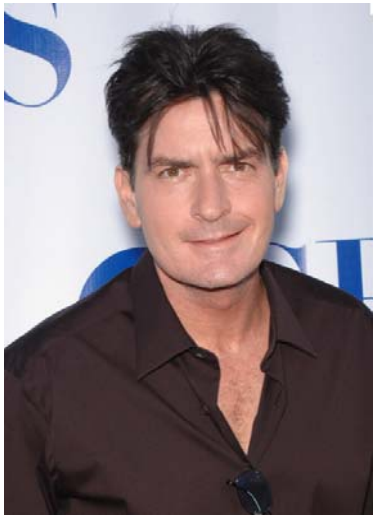


A Strategic Journey

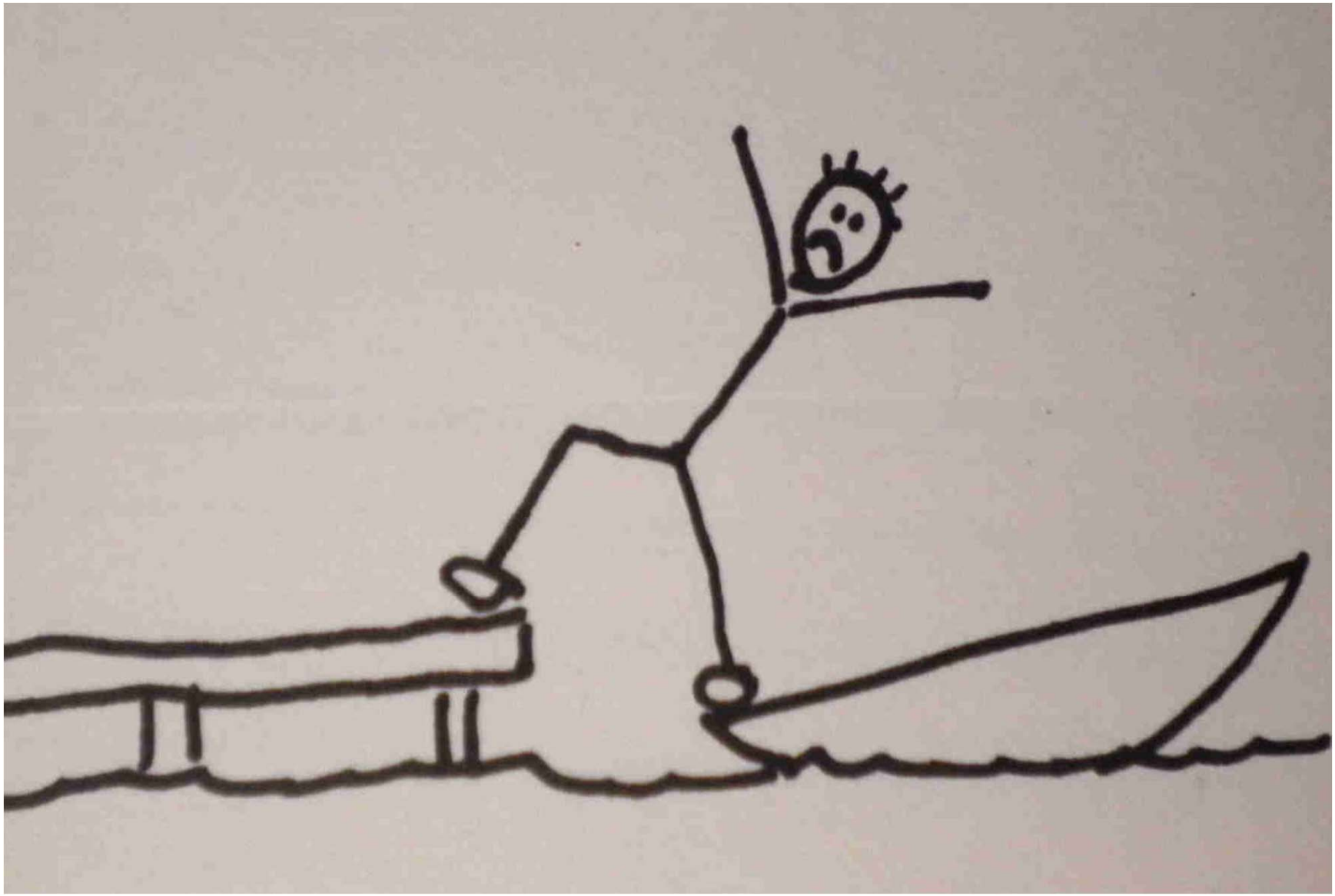


Problems with Current FFS System

- FFS rewards episodic intervention: throughput, ancillary utilization, radical autonomy and leveraging for rates
- No "accountability" for patient management:
  - Best measurable outcomes
  - Referring to the appropriate level of care
  - Cost effectiveness
  - Self-policing
  - Coordination of care/team care
  - Standardizing around best science
  - Team performance
  - Patient responsibility



Dysfunctional???



"Historic Announcement"

- 90% of all payments tied to quality or value by 2018
- 50% of all FFS payments tied to quality or value by 2018

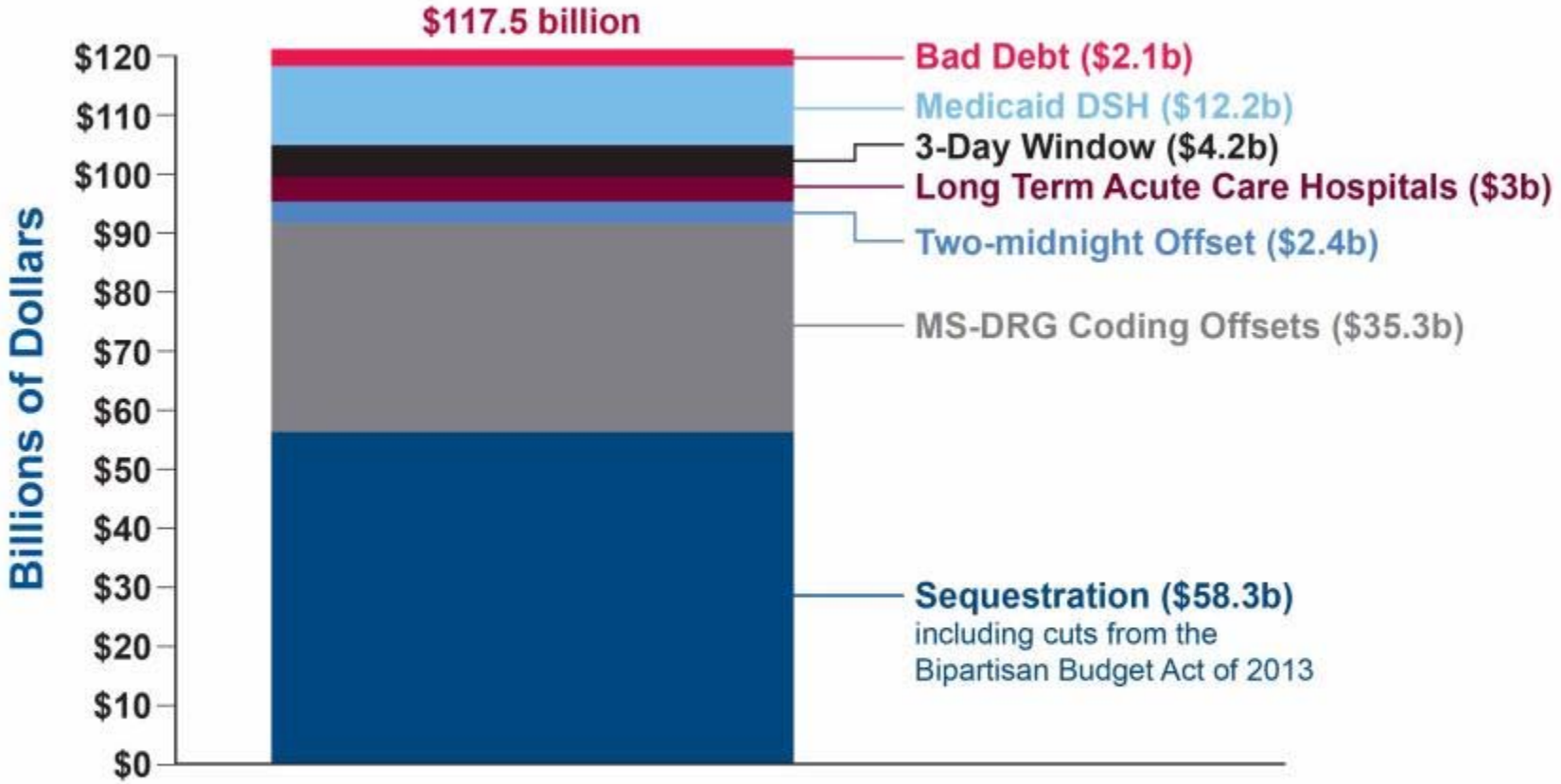
Market and Utilization Trends

Trends Already Underway

1. State of the economy
   - uncertain recovery
   - spending cuts likely
   - government debt
2. Population changes: aging
   - more Medicare patients increases entitlement spending
3. Slow workforce growth
   - from 2 percent to 0.1 percent
4. Consolidation
   - Of both caregivers and institutions
   - Consolidations change both cultures

Since ACA

Impact of Hospital Cuts Since FY 2010[1]



[1]Bad debt included in Middle Class Tax Relief and Job Creation Act of 2012 (MCTRJCA); Medicaid DSH cuts included in MCTRJCA, American Taxpayer Relief Act of 2012 (ATRA) and Bipartisan Budget Act of 2013; 3-day window cut included in Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010; MS-DRG coding cuts included in ATRA as well as CMS regulations (estimate of excess cuts based on hospital analysis); offset for two-midnight policy included in FY 2014 Final IPPS Rule; sequestration amount estimated from CBO Medicare Baseline and AHA projections of Medicare spending. Includes extension in Bipartisan Budget Act of 2013 and S. 25. Long Term Acute Care Hospital payment cut from Bipartisan Budget Act of 2013. Excludes ACA-related reductions.

American Hospital Association

Trends Already Underway

5. Integration/coordination across silos
   - Coordination of care
6. Increasing performance information
   - Publicly visible and always dated
7. Increased financial risk shifting to providers

Impact of Physicians

- Retirement of entrepreneurial baby boomer v. Gen Y salaried physicians
- Community physician's ties to hospitals: How many admissions are coming from the community v. the emergency department?
- Growth in hospitalist programs
- Continued employment of physicians by hospitals

Trends Already Underway

The Social Revolution

Google — Instant access to information

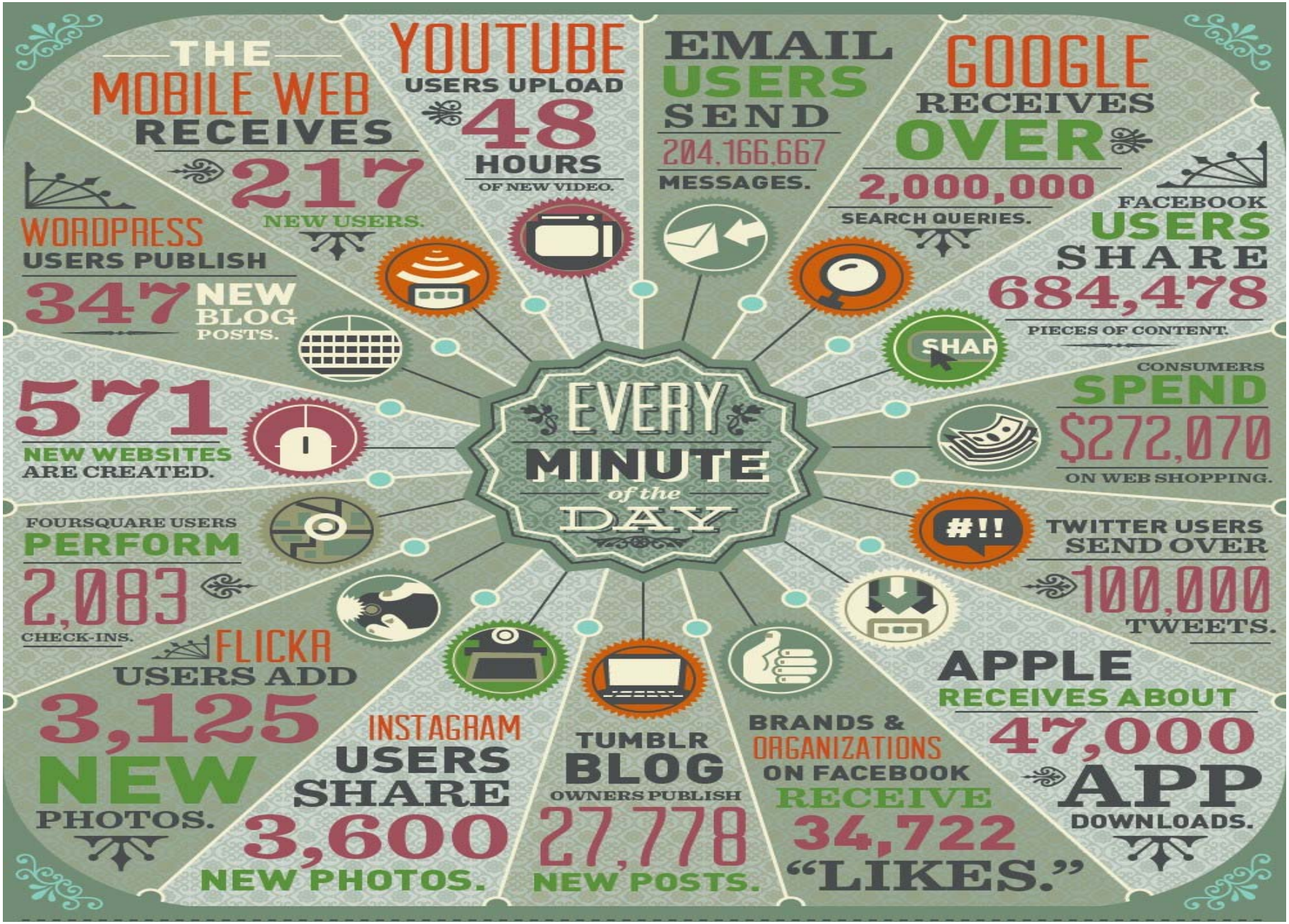
facebook — Instant ability to share information

Constant connectivity everywhere

Trends Already Underway

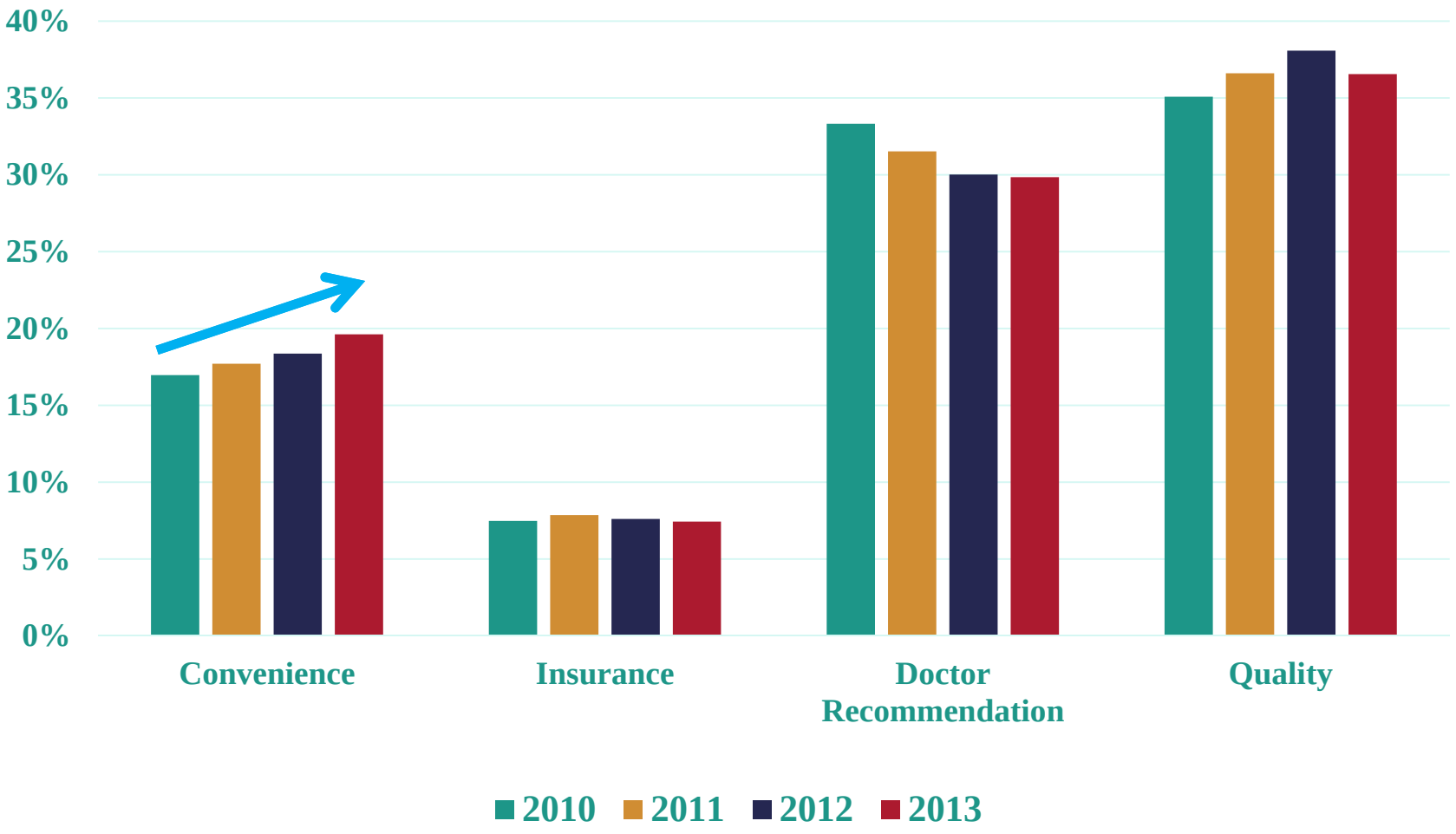
- 1 in 3 use social media as source of health care information
- Customers use and trust social media to find health information (average age of user: 44.1)
- Customers trust social media information 5 times more than ads
- 52 percent of customers will prefer a hospital in the future based on engagement via social media
- 1 in 4 use mobile apps as source of health care information

Source: NRC & CNN Social Media Study, 2011-2014, n size = 322,365


EVERY MINUTE of the DAY
THE MOBILE WEB RECEIVES 217 NEW USERS.
YOUTUBE USERS UPLOAD 48 HOURS OF NEW VIDEO.
EMAIL USERS SEND 204,166,667 MESSAGES.
GOOGLE RECEIVES OVER 2,000,000 SEARCH QUERIES.
FACEBOOK USERS SHARE 684,478 PIECES OF CONTENT.
WORDPRESS USERS PUBLISH 347 NEW BLOG POSTS.
571 NEW WEBSITES ARE CREATED.
CONSUMERS SPEND $272,070 ON WEB SHOPPING.
FOURSQUARE USERS PERFORM 2,083 CHECK-INS.
TWITTER USERS SEND OVER 100,000 TWEETS.
FLICKR USERS ADD 3,125 NEW PHOTOS.
INSTAGRAM USERS SHARE 3,600 NEW PHOTOS.
TUMBLR BLOG OWNERS PUBLISH 27,778 NEW POSTS.
BRANDS & ORGANIZATIONS ON FACEBOOK RECEIVE 34,722 "LIKES."
APPLE RECEIVES ABOUT 47,000 APP DOWNLOADS.

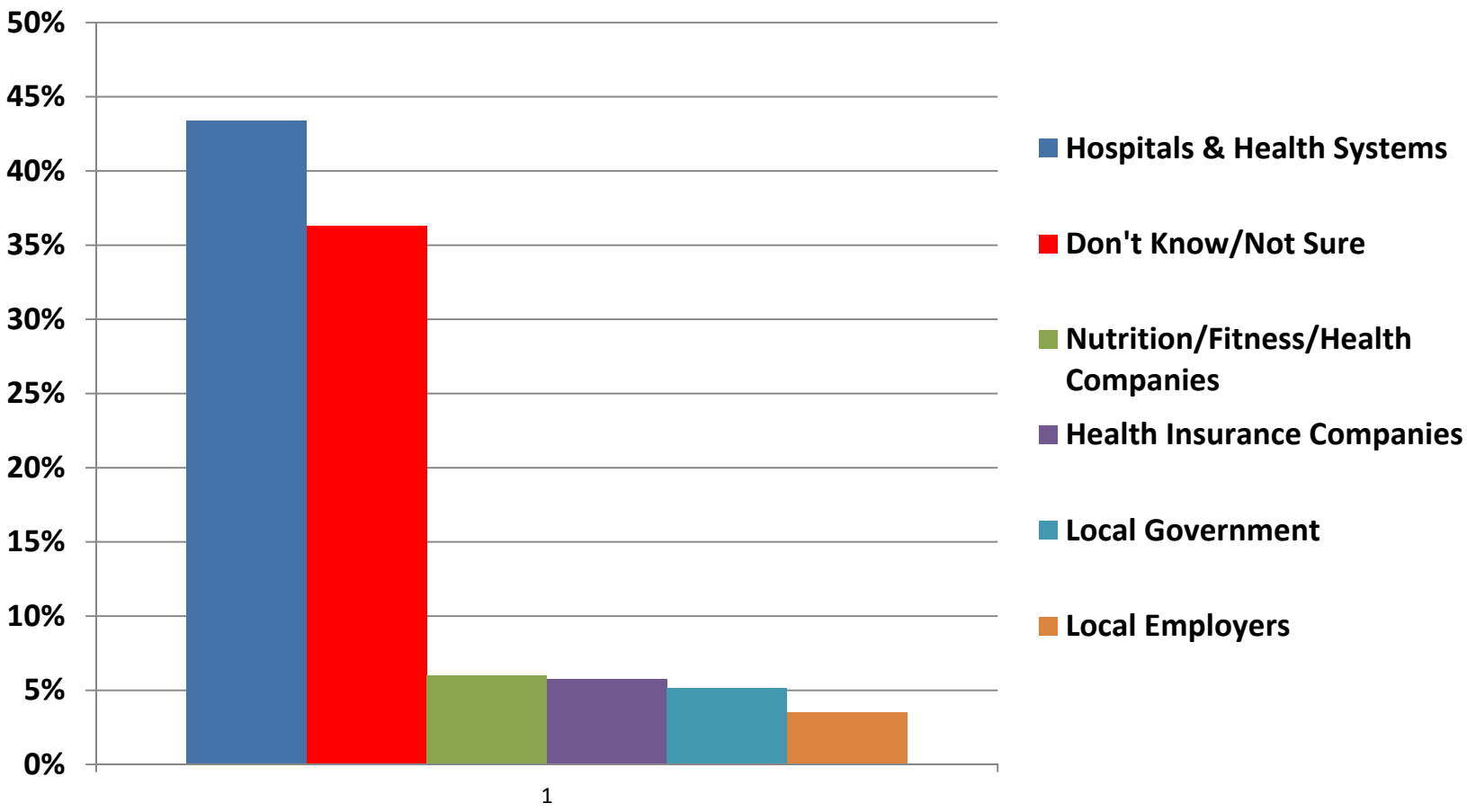
Adopting a Consumer Point of View

- The consumer is making many decisions outside of any pre-defined experience or episode of care
- There was a time when physician referrals and insurance networks were the only p laying fields
- Lifestyles have changed and what's important to the consumer has shifted along the way
- Hospitals must adapt to an emerging and uncomfortable consumer climate.



SOURCE: NRC's national consumer survey

If you had to select one of the following to be primarily responsible for the health of your community, who would you select?

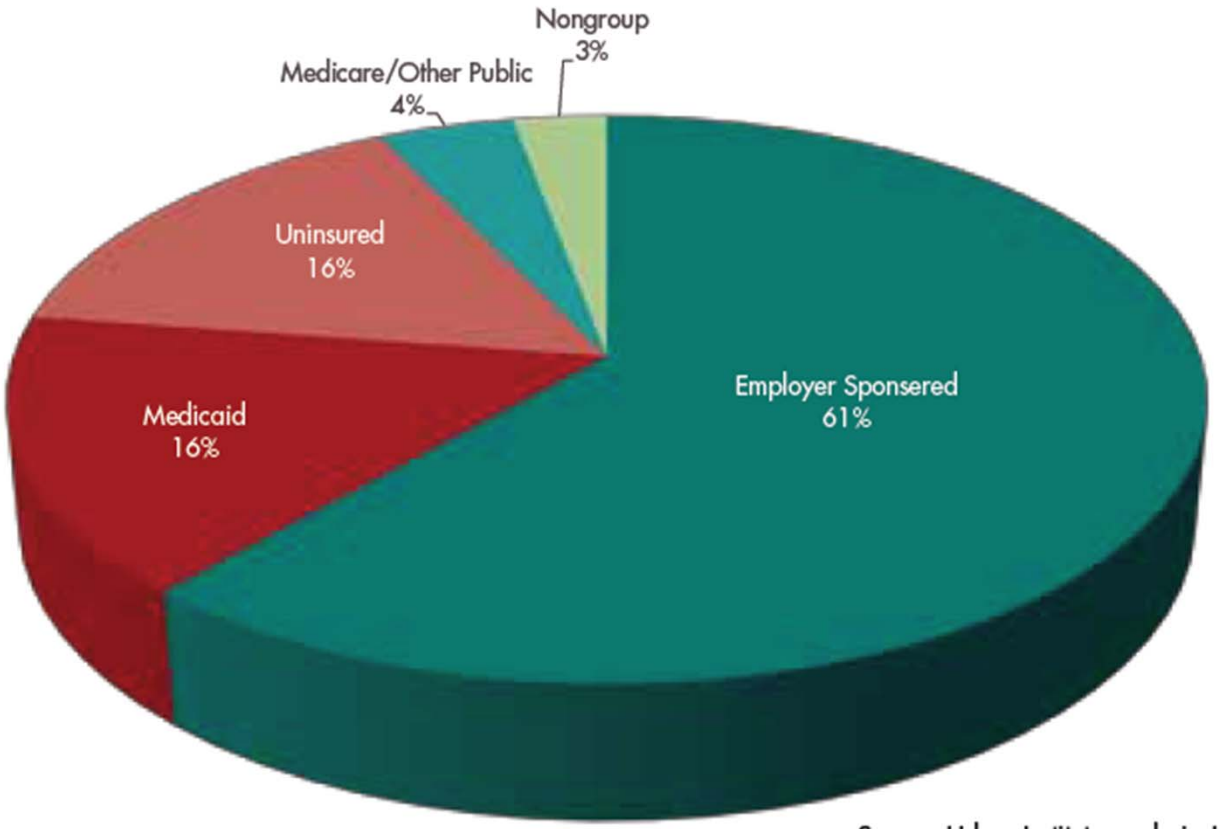


SOURCE: NRC's national consumer survey, 2013, n size = 24,955

Insurance Market Reform

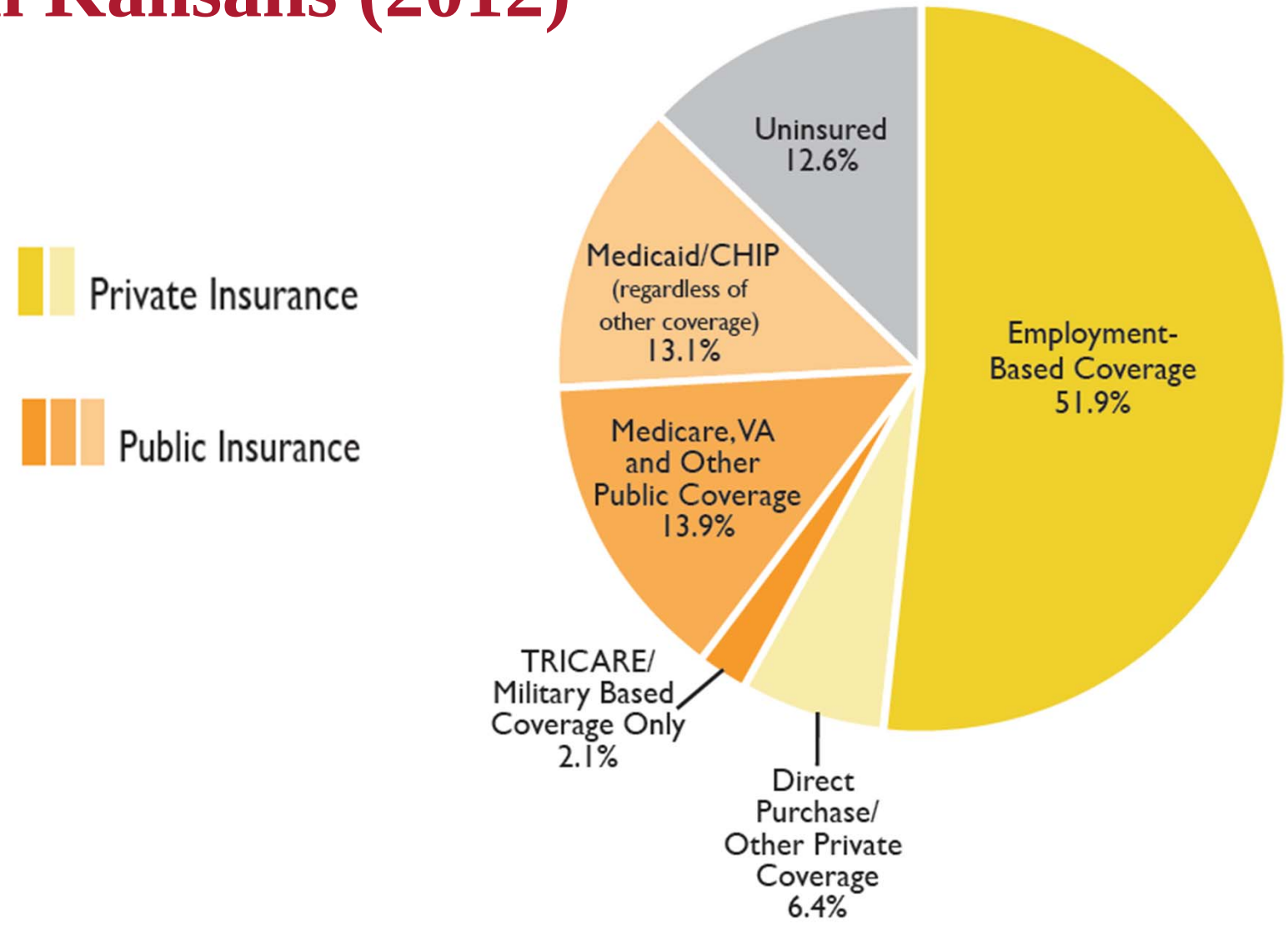
- Growth in high deductible health plans
- Growth in narrow or tiered networks

Insurance Status for Missourians (Ages 0-64)



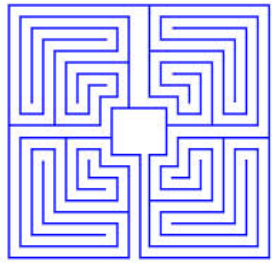
Source: Urban Institute analysis, HIP

Primary Sources of Health Insurance: All Kansans (2012)



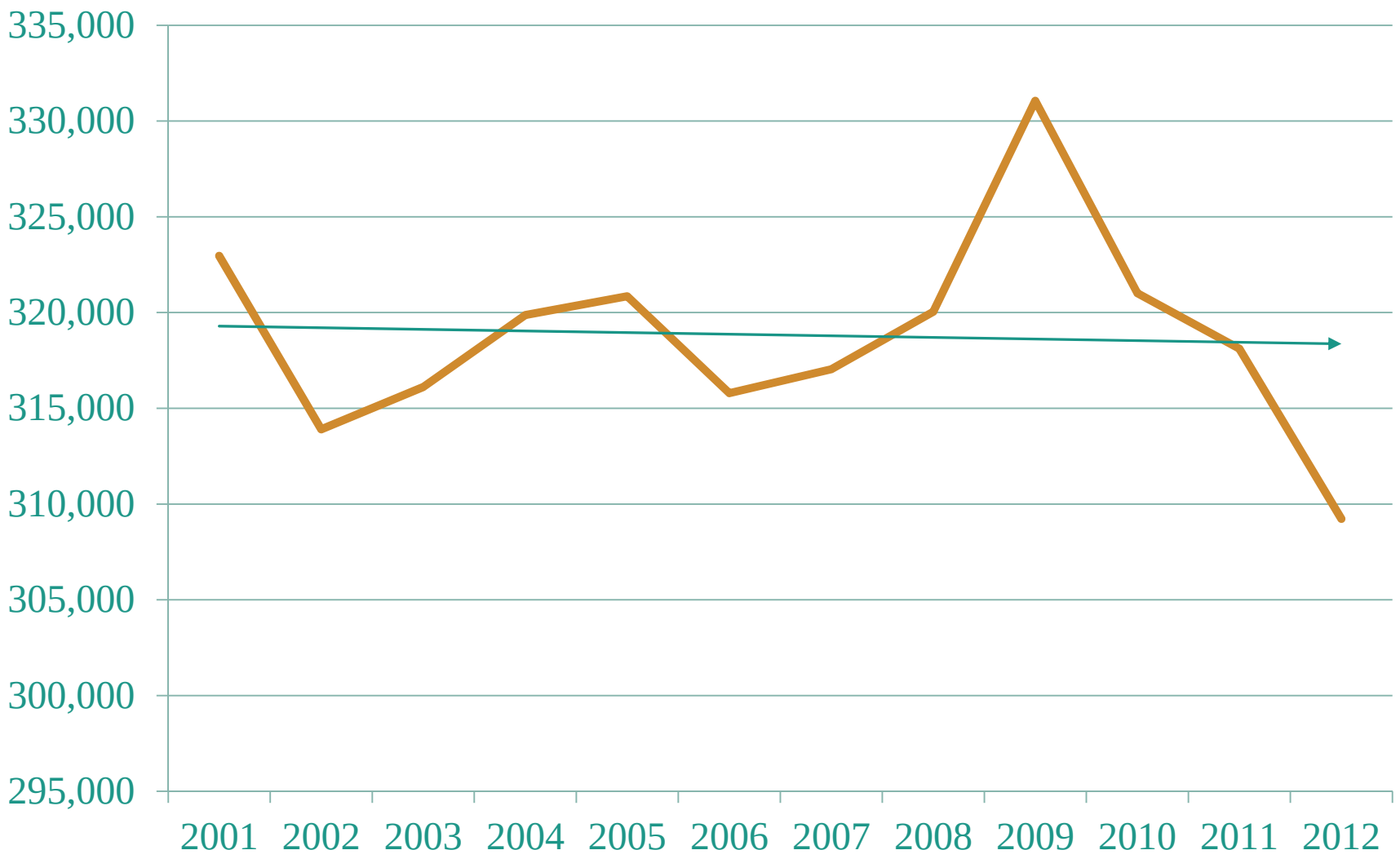
Trends Already Underway

Growing Realities Facing Hospitals



- Do hospitals play a key role in the "health care maze?"
- Hospitals often position themselves similarly – and focus on the treatment of the "sick" and "dying"
- Patients believe they can stay healthy enough to avoid the system
- When patients need treatment they do whatever possible to keep costs down
- What patients really want from "your hospital" is a valuable experience which will improve my health

In Patient Discharges - Kansas

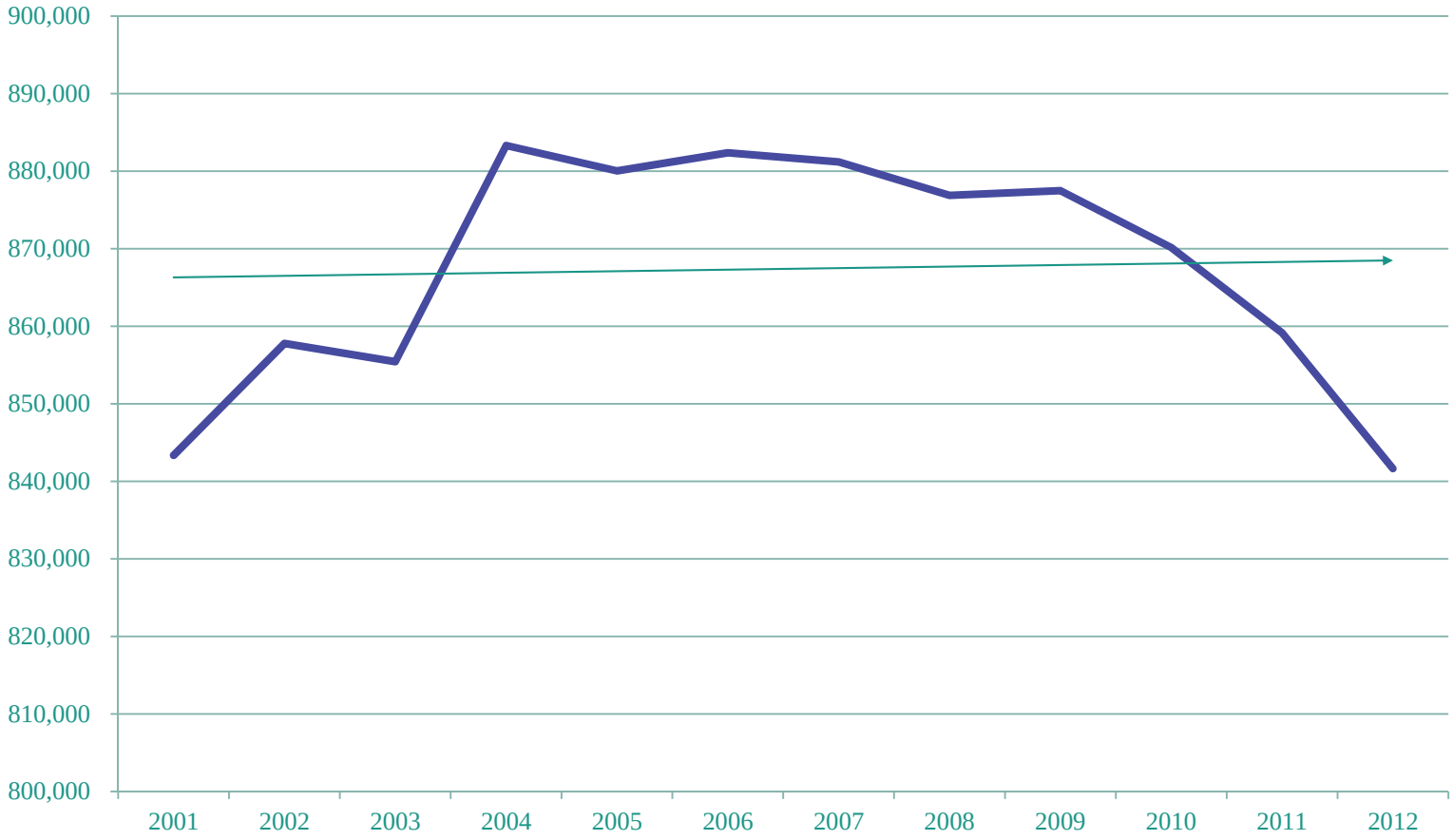


Out Patient Visits - Kansas

8,000,000
7,500,000
7,000,000
6,500,000
6,000,000
5,500,000
5,000,000

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

Inpatient Discharges - Missouri



Source: Annual Licensing Survey (non-newborn discharges)

Outpatient Visits - Missouri

Source: Annual Licensing Survey

Responses to the Changing Environment

- Expanded Analytics
  - HIDI
  - HealthCurve Analytics
- Broader Partnerships
  - Other Associations
  - Business Community

HIDI Quick Facts

- Serves as the data company of the Missouri Hospital Association
- Formed in 1985 as a not-for-profit 501(c)(3) annual expenses of approximately $3.6 million
- Supported through participating hospital fees to HIDI, HIDI state partner contracts, services contracts and special project revenues
- HIDI serves over 1,400 hospitals across the country and process almost 50 million discharges annually
- Over 2,000 hospitals and 3,000 users use our business intelligence platform, Analytic Advantage®

HIDI – Your Association Data Company

- Primary roles
  - support MHA state and federal advocacy efforts
  - support MHA quality improvement data needs
  - support research, data collection, data reporting and analytic needs of participating hospitals, state association data partners and others
  - staff and infrastructure support to HealthCurve Analytics™
  - MHA organization technical infrastructure and support
- HIDI HealthStats™ articles — periodic statistical analysis publications on relevant and timely topics

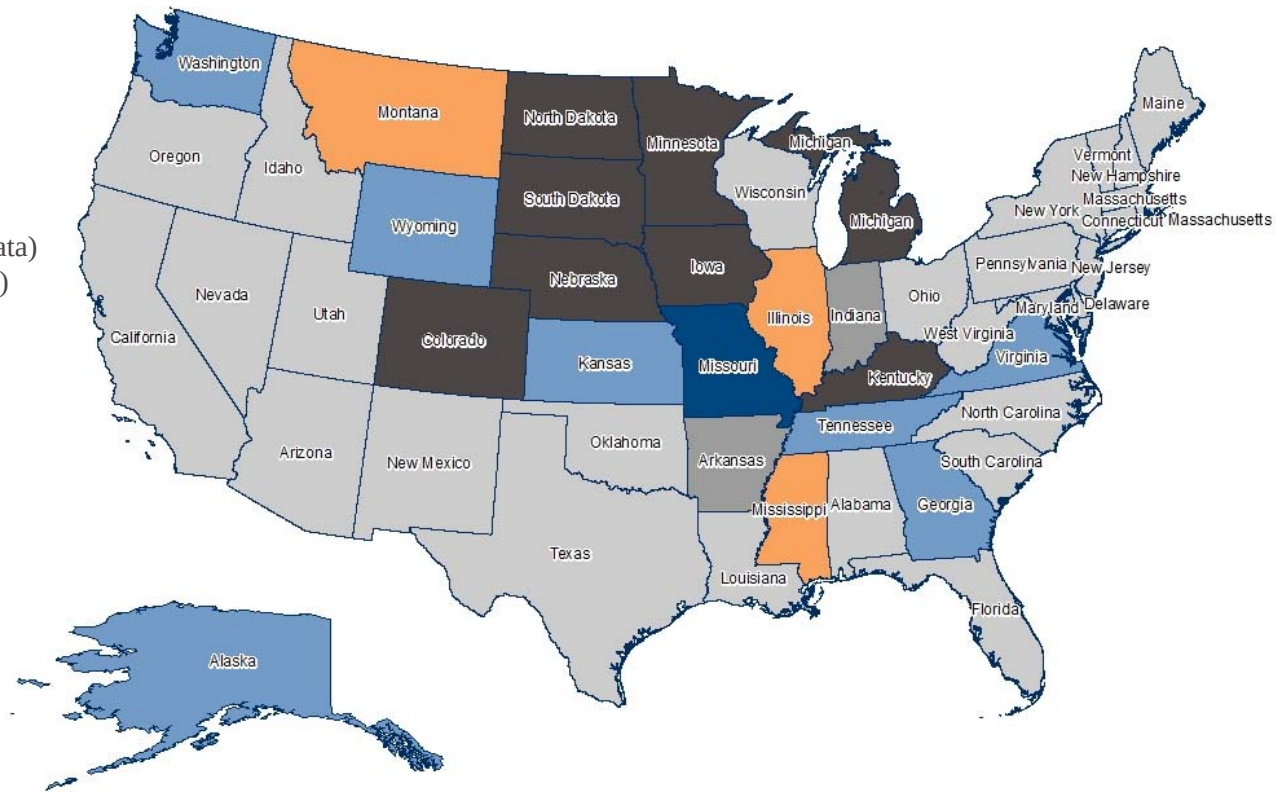
HIDI Core Competencies

- Knowledge, Experience and Expertise
  - Health Data Collection
  - Health Data Reporting
  - Data Analytics and Research
- Trusted Data Partner
  - Relationships
  - Privacy and Security
- Health Policy Aware Organization

HIDI Service Penetration

HIDI State Hospital Association Partners

- Georgia
- Illinois (COMPdata)
- Kansas
- Mississippi (served by COMPdata)
- Montana (served by COMPdata)
- Tennessee
- Virginia
- Washington
- Wyoming



HIDI State Partners

- State of Alaska

COMPdata Data Exchange Participants

- Indiana
- Iowa
- Kentucky
- Michigan
- Washington

HIDI Non-Resident Database Participants

- Colorado
- Georgia
- Iowa
- Illinois
- Kansas
- Kentucky
- Michigan
- Minnesota
- Missouri
- Montana
- Nebraska
- North Dakota
- South Dakota
- Tennessee
- Virginia
- Wyoming

Policy and Advocacy Support

- Medicaid Expansion
  - advocacy support
    - Medicaid expansion impact studies
    - economic impact of cost-shifting
    - uncompensated care forecasts
    - hospital financial health/risk exposure reports
- Hospital Readmission Reduction Program
  - policy support
    - policy impact studies
    - CMS
    - BJC Healthcare & Washington University SOM

HealthCurve ANALYTICS™

The Next Generation of Health Care Analytics

A joint venture of the Illinois and Missouri Hospital Associations

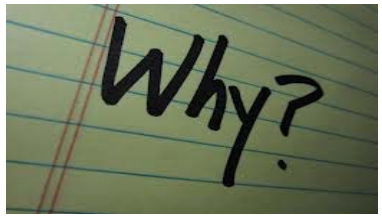
HealthCurve Analytics LLC

Value Proposition Statement

HealthCurve Analytics™ will serve to:

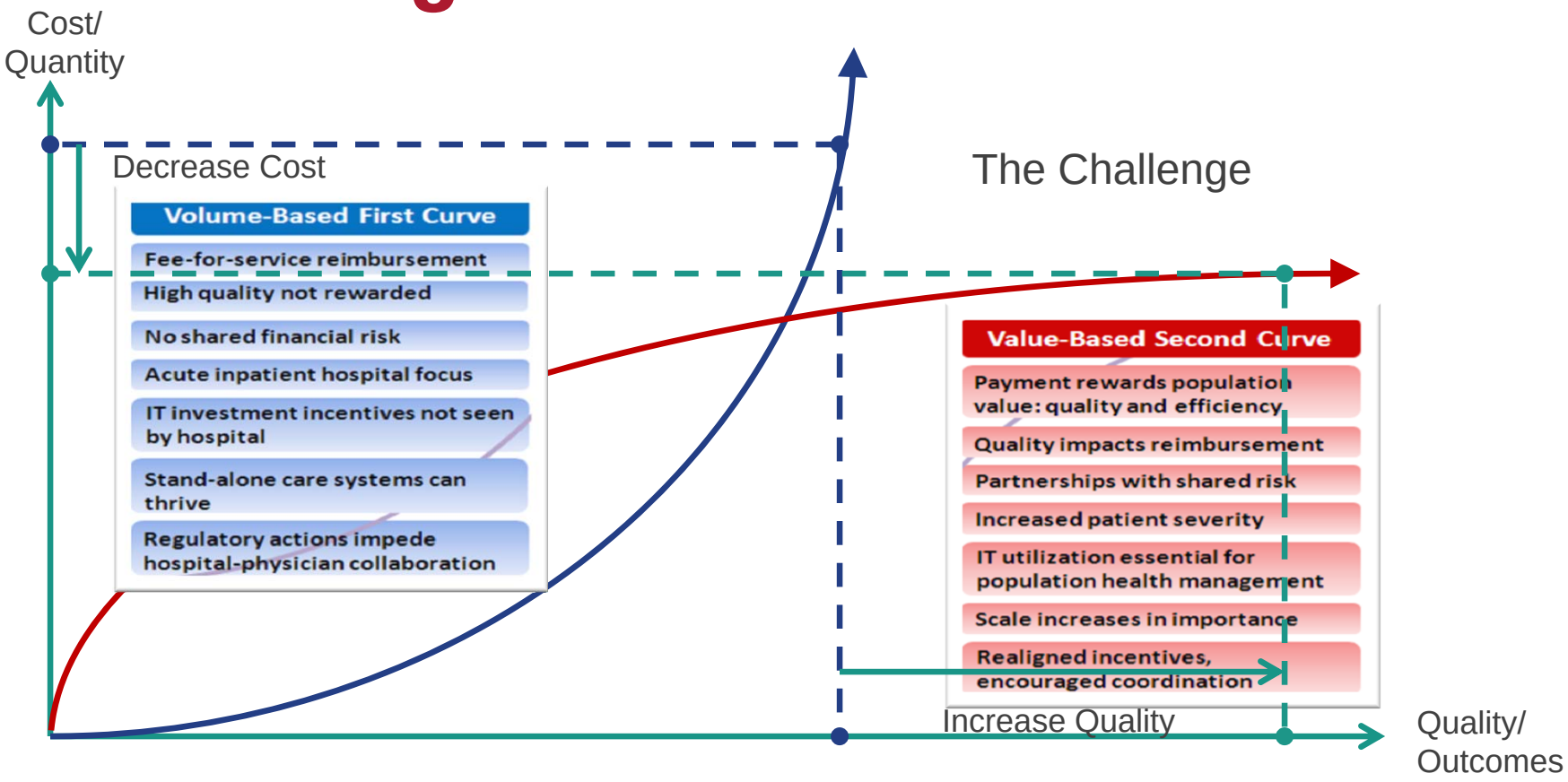
Accelerate the delivery of next generation analytics by combining the knowledge, informatics and data expertise of the Illinois Hospital Association and the Missouri Hospital Association to help hospitals and health systems transform health care.

HealthCurve Analytics™

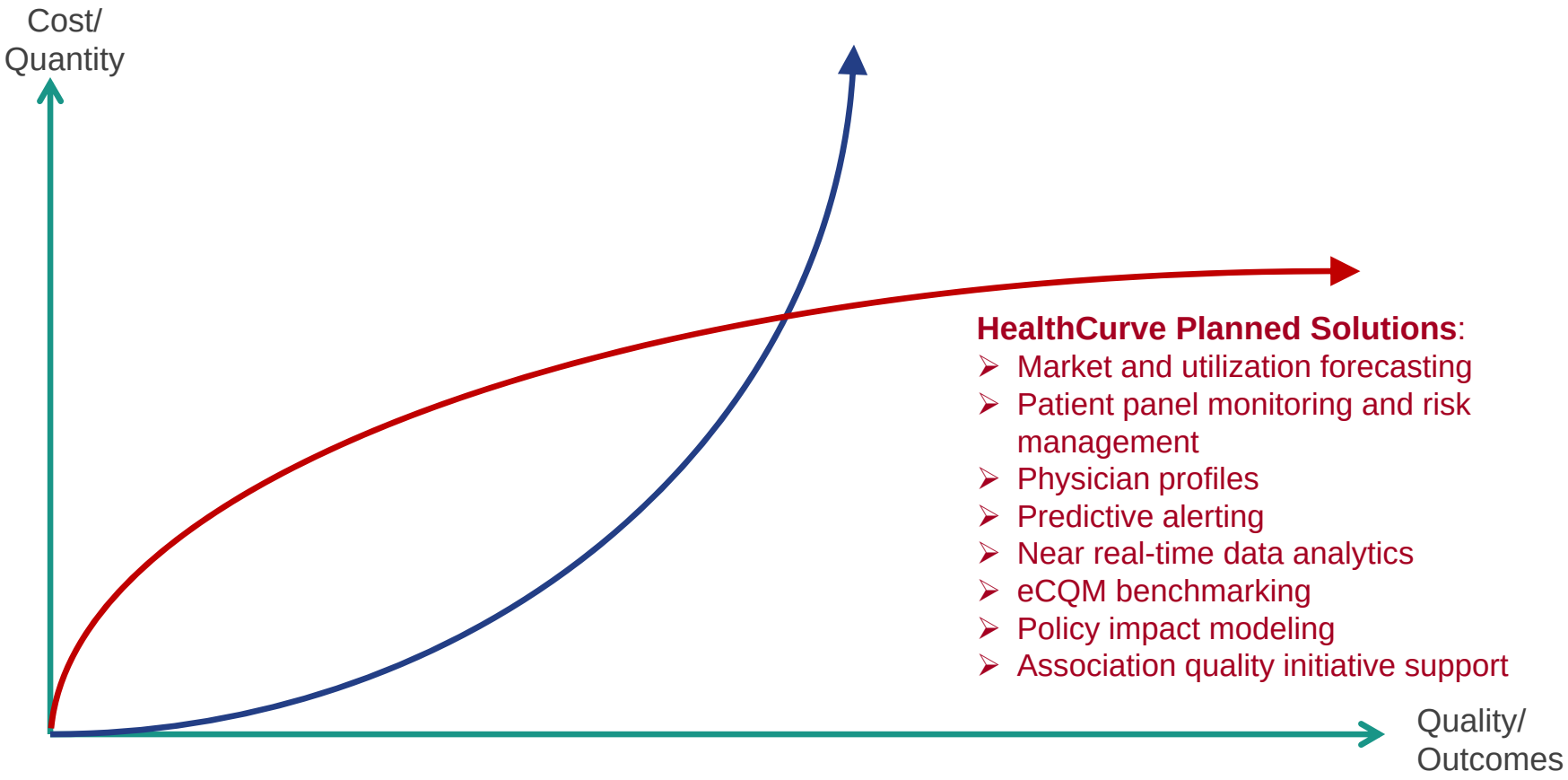


- **Position us to provide solutions that support transformation strategies**
  - expand data to include clinical and continuity of care data
  - collect data more timely
  - make data actionable
  - deliver relevant analytics into end user work flows
- **Access timely data to inform policy and advocacy objectives**
- **Capture economies of scale**
- **Share risk and share cost in new business development**
- **Expand market access and presence**

Provider Business Model: Curve-Bending Transformation



HealthCurve Transformation Solutions



HealthCurve Planned Solutions:

- Market and utilization forecasting
- Patient panel monitoring and risk management
- Physician profiles
- Predictive alerting
- Near real-time data analytics
- eCQM benchmarking
- Policy impact modeling
- Association quality initiative support

Geo-Utilization

HealthCurve ANALYTICS

Inpatient Geo-Utilization

July 2013 - June 2014
ZIP Codes Selected: 60016

Inpatient

Overall Inpatient Utilization

	ZIP	Illinois
Visits	7,051	1,440,049
Population	61,339	12,894,382
Visits per 1,000	115.0	111.7
Charges per Visit	$39,978.21	$37,787.69
Charges per Capita	$4,595.55	$4,220.14

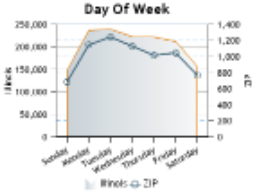
Clinical Profile of Inpatient Visits

Percent of Visits by Major Diagnostic Category

	ZIP	Illinois	Difference
Circulatory System	9.5%	11.6%	-2.1%
Pregnancy/Childbirth/Puerperium	12.6%	11.2%	1.4%
Newborn & Other Neonates	12.3%	10.5%	1.8%
Respiratory System	8.0%	9.5%	-1.5%
Musculoskeletal/Connective Tissue	8.6%	8.4%	0.2%
Digestive System	7.8%	8.3%	-0.5%
Mental Disorders	5.9%	7.0%	-1.1%
Nervous System	5.2%	5.7%	-0.5%
Kidney/Urinary Tract	4.0%	4.6%	-0.6%
Infection/Parasites	7.2%	4.2%	3.0%

Timing of Inpatient Visits

Day Of Week



*ZIP Codes are ranked highest to lowest based on per capita

HealthCurve ANALYTICS

Outpatient Geo-Utilization

July 2013 - June 2014
ZIP Codes Selected: 60016

Outpatient

Overall Outpatient Utilization

	ZIP	Illinois
Visits	21,277	3,821,8
Population	61,339	12,894,3
Visits per 1,000	346.9	296
Charges per Visit	$2,062.67	$1,974.
Charges per Capita	$715.49	$585.

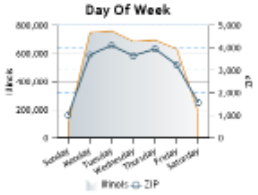
Clinical Profile of Outpatient Visits

Percent of Visits by Major Diagnostic Category

	ZIP	Illinois	Differen
Other Factors	32.7%	22.1%	10.
Circulatory System	9.8%	11.6%	-1.
Endocrine/Nutritional/Metabolic	9.1%	11.6%	-2.
Musculoskeletal/Connective Tissue	4.5%	6.1%	-1.
Ear, Nose, Mouth &Throat	5.5%	4.9%	0.
Skin/Subcu Tissue/Breast	3.4%	4.7%	-1.
Mental Disorders	5.2%	4.6%	0.
Kidney/Urinary Tract	3.3%	4.5%	-1.
Pregnancy/Childbirth/Puerperium	4.0%	4.1%	-0.
Digestive System	3.2%	3.7%	-0.

Timing of Outpatient Visits

Day Of Week



*ZIP Codes are ranked highest to lowest based on per capi

HealthCurve ANALYTICS

Outpatient Surgery Geo-Utilization

July 2013 - June 2014
ZIP Codes Selected: 60016

Outpatient Surgery

Overall Outpatient Surgery Utilization

	ZIP
Visits	10,166
Population	61,339
Visits per 1,000	165.7
Charges per Visit	$24,924.02
Charges per Capita	$4,130.78

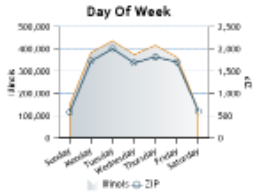
Clinical Profile of Outpatient Surgery Visits

Percent of Visits by Major Diagnostic Cat

	ZIP	Illinois	Diffe
Musculoskeletal/Connective Tissue	14.7%	16.3%	
Digestive System	16.3%	15.1%	
Other Factors	10.9%	8.3%	
Circulatory System	6.7%	7.3%	
Skin/Subcu Tissue/Breast	5.4%	5.6%	
Eye Diseases	5.5%	4.6%	
Kidney/Urinary Tract	4.2%	3.8%	
Female Reproductive	3.4%	3.5%	
Ear, Nose, Mouth &Throat	2.7%	3.4%	
Pregnancy/Childbirth/Puerperium	4.0%	2.8%	

Timing of Outpatient Surgery Visits

Day Of Week



*ZIP Codes are ranked highest to lowest based on per c

HealthCurve ANALYTICS

Emergency Department Geo-Utilization

July 2013 - June 2014
ZIP Codes Selected: 60016

Emergency Department

Overall Emergency Department Utilization

	ZIP	Illinois
Visits	17,894	4,982,596
Population	61,339	12,894,382
Visits per 1,000	291.7	386.4
Charges per Visit	$12,055.04	$8,587.06
Charges per Capita	$3,516.73	$3,318.18
Percent Admitted	61.3%	

Clinical Profile of Emergency Department Visits

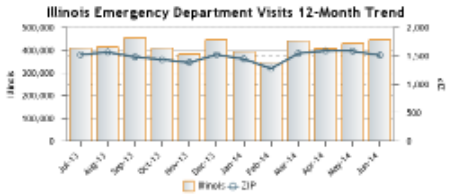
Percent of Visits by Major Diagnostic Category

	ZIP	Illinois	Difference
Musculoskeletal/Connective Tissue	13.5%	13.6%	0.2%
Skin/Subcu Tissue/Breast	10.4%	11.5%	-1.1%
Digestive System	12.3%	11.3%	0.9%
Ear, Nose, Mouth &Throat	9.6%	10.9%	-1.4%
Circulatory System	10.2%	8.7%	1.5%
Respiratory System	7.5%	8.4%	-0.9%
Nervous System	5.9%	5.9%	0.1%
Kidney/Urinary Tract	4.7%	4.6%	0.1%
Injury/Poisoning	3.9%	3.5%	0.4%
Mental Disorders	3.4%	3.1%	0.2%

Timing of Emergency Department Visits

Day Of Week

Illinois Emergency Department Visits 12-Month Trend



*ZIP Codes are ranked highest to lowest based on per capita utilization for all ZIP codes in Illinois with population > 100.

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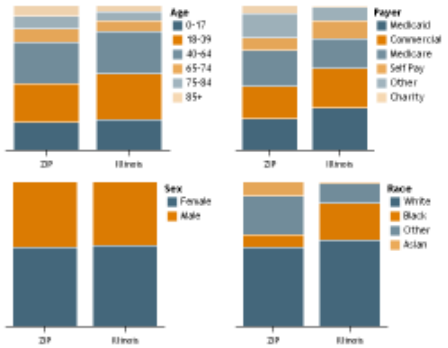
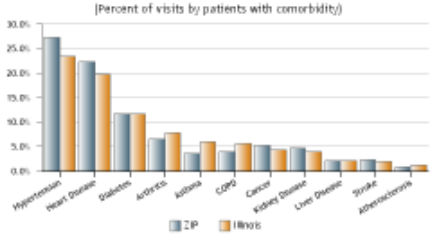
Payer Mix & Demographic Profile



Prevalence of Chronic Conditions

(Percent of visits by patients with comorbidity)



The Question of Medicaid

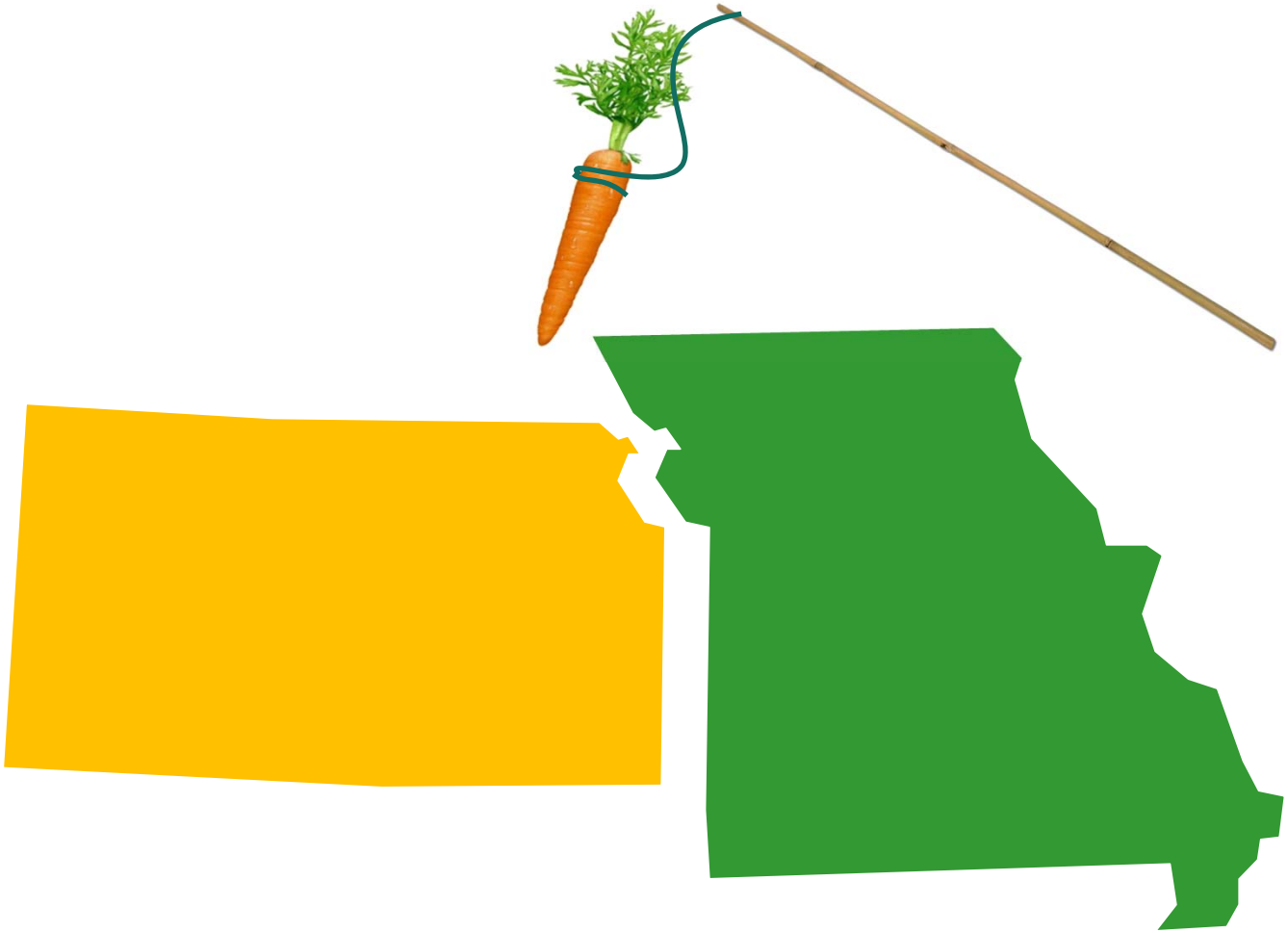
Medicaid Expansion

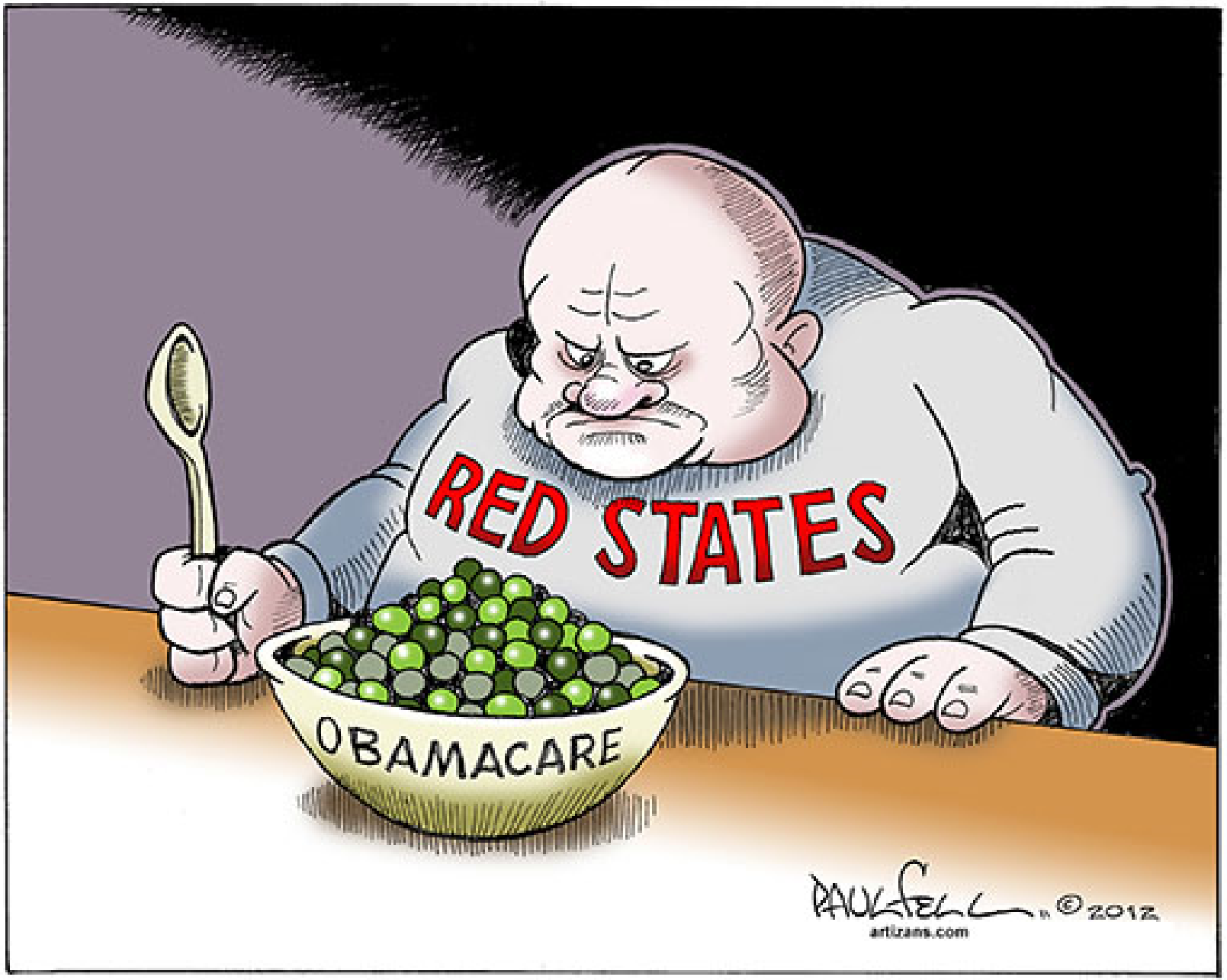
(Refresher of what we know)

It's Voluntary - The U.S. Supreme Court ruled the federal government cannot force Medicaid expansion to 138% of the FPL

Federal share is 100% for newly eligible population for first 3 years; then gradually decreases to 90%

Regardless of a state's decision, Medicare cuts (including DSH) will occur




RED STATES
OBAMACARE
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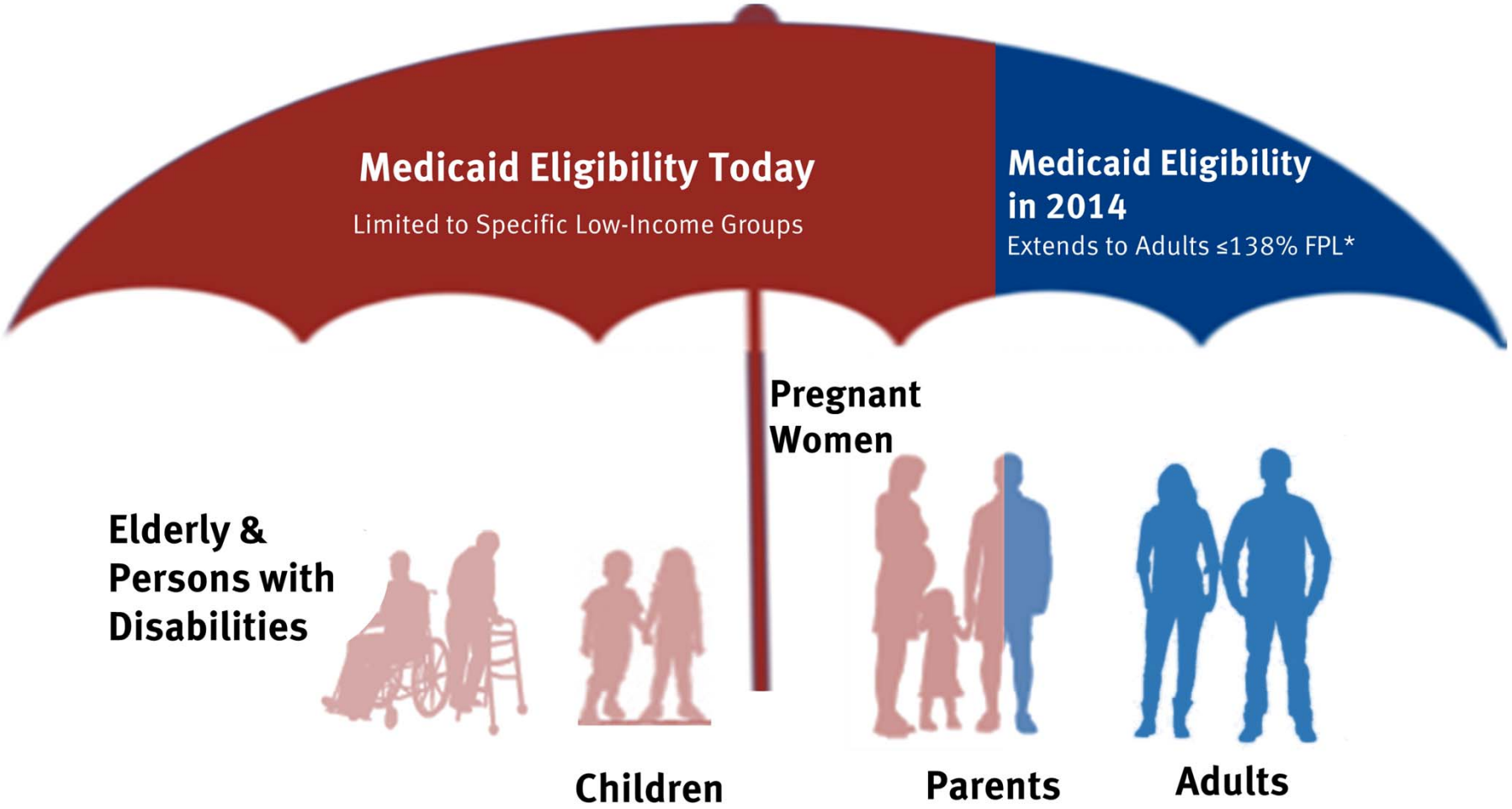
MIKE THOMPSON
EEEEEEEEW! OBAMA GERMS!
LEGISLATURE
MEDICAID EXPANSION
$

The ACA Medicaid Expansion Fills Current Gaps in Coverage



NOTE: The June 2012 Supreme Court decision in *National Federation of Independent Business v. Sebelius* maintained the Medicaid expansion, but limited the Secretary's authority to enforce it, effectively making the expansion optional for states. 138% FPL = $15,856 for an individual and $26,951 for a family of three in 2013.

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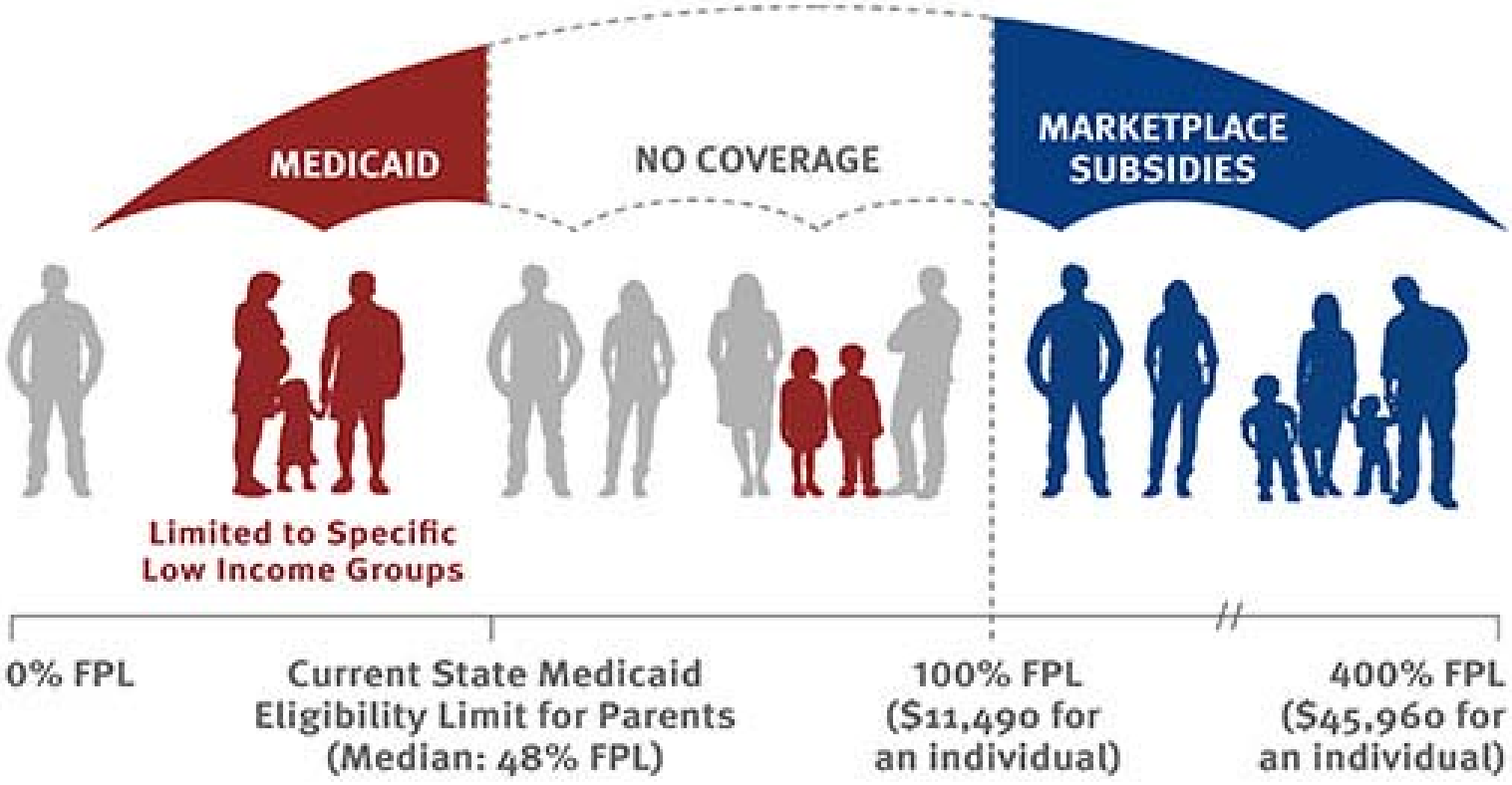
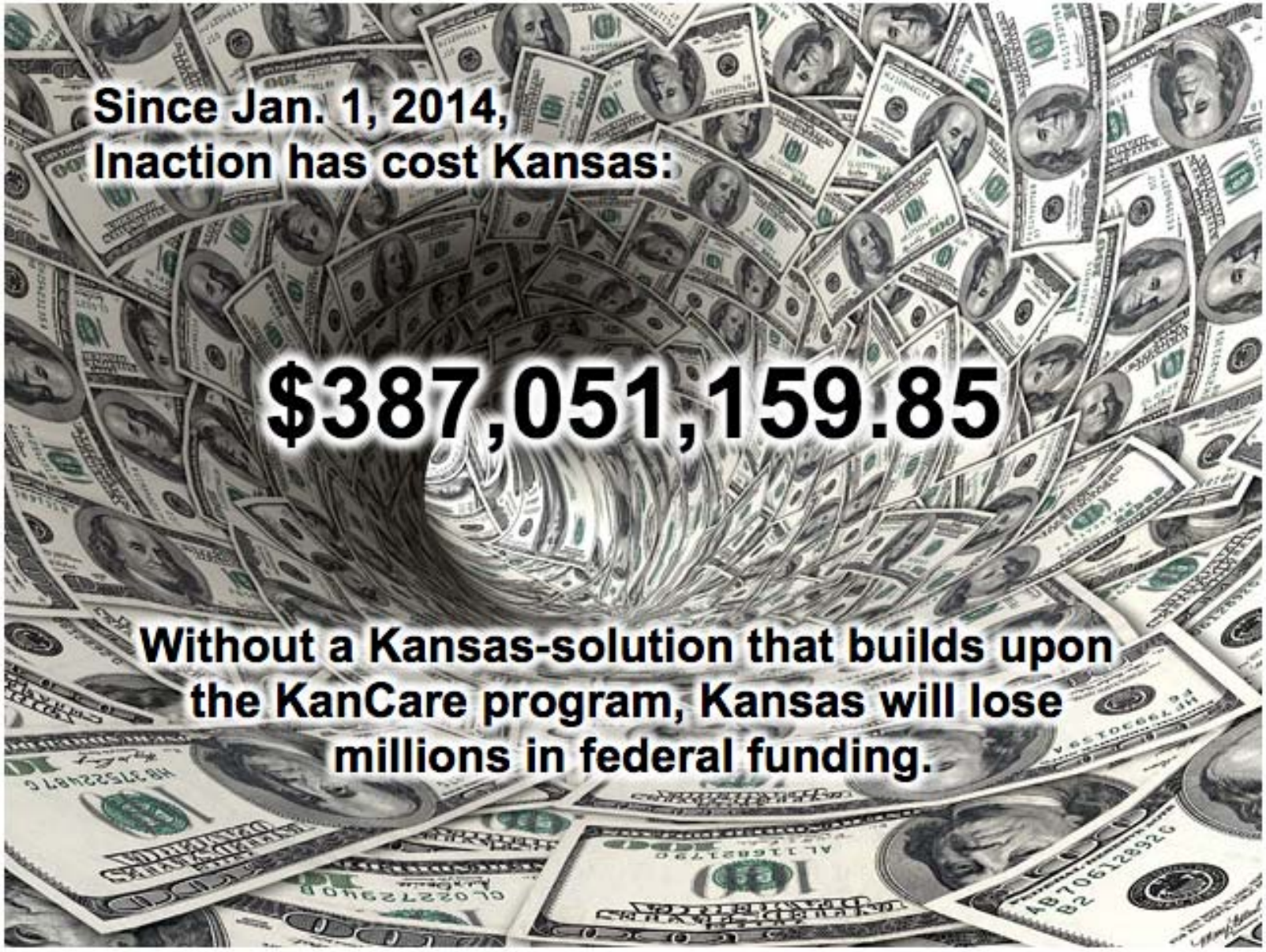
Figure 8

In states that do not expand Medicaid, there will be large gaps in coverage, leaving millions of low-income adults with no affordable options.



NOTE: Applies to states that do not expand Medicaid. The current median state Medicaid eligibility limit for parents is 48% FPL in the 21 states that are not moving forward with the Medicaid expansion at this time.


Since Jan. 1, 2014,
Inaction has cost Kansas:
$387,051,159.85
Without a Kansas-solution that builds upon the KanCare program, Kansas will lose millions in federal funding.

Missouri Health Matters

Without Medicaid reform, Missouri will continue to lose billions in federal funding to strengthen the state's health care system and bring access to health insurance to hundreds of thousands of Missourians.

Since Jan. 1, 2014, inaction has cost Missouri:

$2,177,805,086.31

Improving the Care and Relationship with those Served by Missouri Medicaid Program

	Provider-Centered Transactional	Person-Centered Relationship Model
Focus	Deliver a medical service to patients to address a health care episode	Support a person's health and well-being
Locus of Control	Primarily providers and managed care companies	Continued support by providers, managed care companies, with introduction of new provider led care coordination models. Also, greater emphasis on the patient and family
Nature of Choices	Generally reactionary	Well understood and more proactive
Primary Locations	Hospitals, EDs, physician office and clinics	More emphasis on physician office and clinics. Strive for more care in the home.
Health Information	Provider-based, episodic and transactional	Coordinated with significant outreach
Duration	Episode of care	Long-term relationship

Hospital Options

In 5 years, overall forecast…

NATIONALLY…

More hospitals in health systems

More physician affiliation with hospitals

More value based payments

More fixed/capitated payments

YOUR MARKET & ORGANIZATION...

Decreasing total revenue

Increasing outpatient revenue

Providing more primary care, urgent, and health and wellness services; less so in nursing home, home health and social/human services

Same or fewer inpatient beds

Most patients will have primarily electronic healthcare interactions

Implementing multidisciplinary teams

Implementing predictive analytics to identify high risk patients in some areas

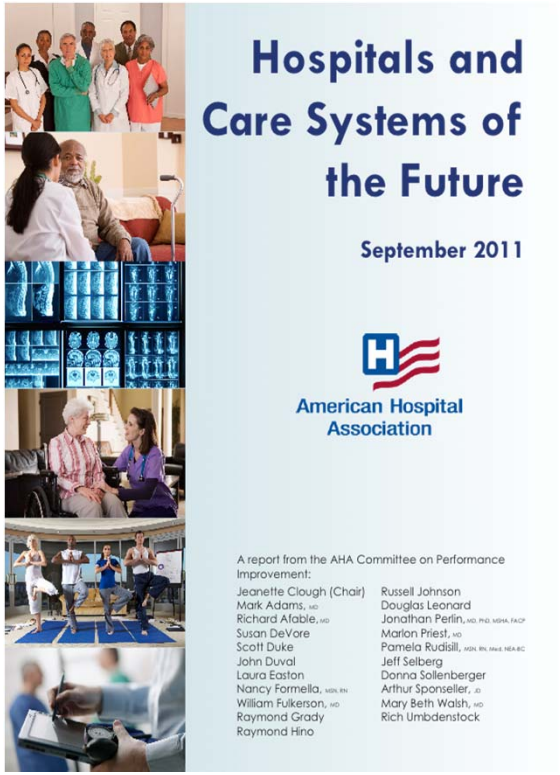
Primary talent gaps are population health management, data analytics, change management and non traditional health partnerships

Hospital Options

- Eliminate layers of management between the patient and CEO
- Empower front line caregivers to eliminate waste, particularly of time
- Eliminate avoidable medical errors and care defects – strong engagement with HEN
- Smooth and light the patient's pathway through the care episode
- Become the hospital of choice in your communities and regions – development of service lines that permit care in our facility and strong referral networks that return patients to your community for ongoing care.
- Trustee education
- Leadership training
- Grow your own workforce

Effects of Infighting

- In an effort to differentiate – many hospitals will attack each other publicly
- Consumers already think negatively of hospitals and infighting spectacles only further this truth
- In a typical market – when two hospitals fight each other they both see losses in differentiation
- There are ways to differentiate without dragging the other guys (and yourself) through the mud



Ten Must-Do Strategies were Identified for Hospital Implementation

1. **Aligning hospitals and providers across the care continuum**
2. **Utilizing evidence-based practice to improve quality & patient safety**
3. **Improving efficiency through productivity & financial management**
4. **Developing integrated information systems**
5. Joining and growing integrated provider networks and care systems
6. Educating and engaging employees and physicians
7. Strengthening finances to facilitate reinvestment and innovation
8. Partnering with payers
9. Advancing your organization through scenario-based strategic, financial and operational planning
10. Seeking population health improvement through pursuit of the “triple aim”

How is your organization "redefining the H"?

- *Trying to tell the story of making a community's health the central focus*
- *Educating communities re how care can change by asking what is Needed-Wanted-Convenience*
- *Challenging community values in positive ways*
- *Picking out niches in market disruption*
- *Integrating post acute and employers desire for health*
- *Creating flexibility to change based on market changes*

How is your organization "redefining the H"?

- *Centralizing certain core services*
- *Defining your individual niche in the system and being clear about what you can offer the system*
- *Exploring the possibility to be in multiple systems*
- *Affiliation is becoming a survival mode as the dramatic changes move forward*
- *Define the value of organizations and personnel roles across the continuum of care*
- *Respecting the values of the community*

Thank You

Questions?