

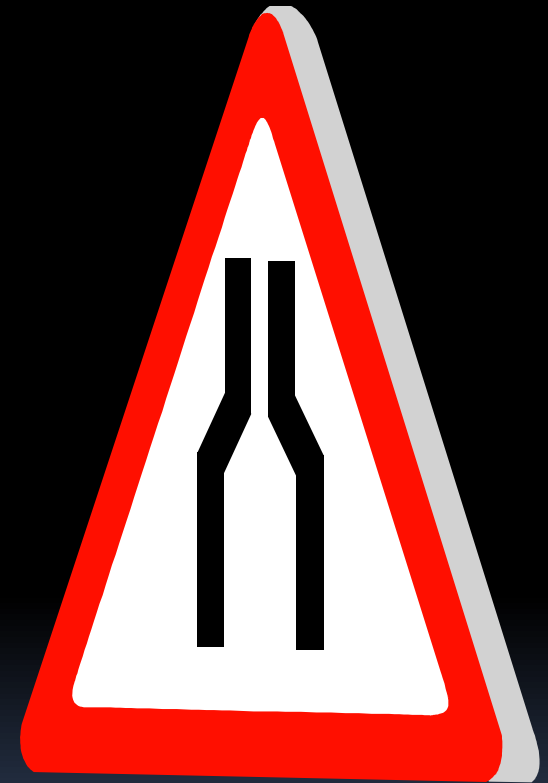
HOSPITAL/MEDICAL GROUP ALIGNMENT: WHAT WERE WE THINKING???



Bill Gil, CEO
Providence Health

Market Issues/Concerns: Think like a Health Plan

- PRICE SENSITIVITY
 - Market intolerant of current pricing
 - Have other choices
- NARROW NETWORKS
 - Can you make it in the narrowing lanes?
- THREATS
 - Loss of Physicians
 - To Narrow Network Groups/IPAs
 - Loss of Revenues
 - 15% PMPM Cap reduction?
 - Loss of Patients
 - Narrow Network Benefits vs. Keeping PCP



Can Your Health System Succeed in the future?

- Yes, but...
 - Difficult to manage total cost of care without strategic alignment
 - Health Plan Alignment
 - Total cost of care (ACO) shared savings
 - Hospital Alignment
 - Continuum of Care Strategy
 - Integration and cost effectiveness vs. Market Power and Revenue Maximization



Current Models: Sustainable?



Fully integrated (i.e. KP)

- Health Plan
- Hospital
- Physician Group



Semi-integrated (i.e. Scripps, Sutter)

- Hospital
- Physician Group



Aligned

- Financial relationship w/no shared governance

What's in our future?

Door #1, Door #2, Door #3...

- Physician Strategy
 - Group
 - IPA
 - Solo???? For how long?
 - Specialty Care
- Hospital Strategy
 - Heads in Beds (not for long...)
 - Integration Driver
 - Meet the Cost & Quality Lines
- Payor Strategy
 - Per Diem
 - Full Risk
 - ACO Strategy
 - Knox Keene?



Group Decisions: Who's your partner? What's your future?

- Stand alone
- ACO alignment w/ hospital(s)
- Integration
- Merge into larger group
- Grow bigger
 - Acquisitions
 - New product lines (Medi-Cal)

Health System Market Value to a Health Plan Strategic Partner

- PCP volume
- Patient volume
- Hospital efficiency
- Care Management expertise
- Risk Bearing Capability
- Medical Group Culture / Trust / Quality

Market Expectations/Demands

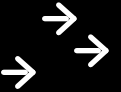
Success Factors	Facey' s position	Comments
Coordinated Care	MEDIUM / HIGH	Patient Centered Med Home/ Continuum of Care
Improved communication w/Patients, Providers	HIGH	Patient Portal/EMR/Meaningful Use
Health information exchange and reporting	MEDIUM / HIGH	Limited connectivity with Hospitals and outside providers w/o Integration
Patient Access Patient Satisfaction	MEDIUM	Optimize use of MDs Optimize use of AHPs Patient centered Access
Efficiency	HIGH	Bed days, Readmits, Churning
Assumption of Risk	MEDIUM / HIGH	Professional Cap Global Cap / Bundled Pmts
Ability to manage total cost of care	HIGH	Difficult to manage outside our four walls

Watching the old ways sunset....

Contract for full risk

Monetize the savings

Dictate your destiny



Align for risk sharing

Strong MSO/Care management engine

Navigate the 2 bridges

Heads in beds still pays the rent

You can't stay in the hotel business

You can't kite your per diems forever...

