



Value Care Alliance

*Community based hospital systems
collaborating to deliver value in a
consolidating market*

Prepared for: CT Bipartisan Roundtable on Hospitals and Healthcare

Date: December 4, 2014

Introductions



- **Patrick Charmel**, President & CEO, Griffin Health Services Corporation
- **Bruce Cummings**, President & CEO, Lawrence + Memorial Hospital
- **Vincent Capece Jr.**, President & CEO, Middlesex Hospital
- **Stuart G. Marcus MD, FACS**, President/CEO, St. Vincent's Health Services
- **John Murphy MD**, President & CEO, Western Connecticut Health Network



National Operating Environment



- Volume to Value
 - Unsustainable escalation of healthcare costs and public demand for increased quality and safety driving value based payment incentives
 - Aging of population increasing chronic disease prevalence and healthcare demand
- Increased Employer and Consumer Engagement
 - Employers pushing more of the cost burden to employees (average employee now pays 42% of healthcare cost)
 - Increased pricing and quality transparency empowering consumers to seek providers that deliver high quality and lower cost
- New Set of Core Competencies is Required For Provider Success Going Forward in Healthcare's New Era

Genesis of the VCA: CT Operating Environment Requires a Collective Strategy



Connecticut Operating Environment

Government underfunding resulting in payment shortfalls combined with a growing Medicaid population and the provider tax jeopardizing the viability of independent hospitals

Existing Health Systems are in the process of solidifying and expanding their market position (Yale, Hartford)

Organized Physician Entities are building capability and experience to manage population health and take on risk

Payers and employers are expressing interest in lower cost, limited and/or tiered networks

Hospitals are faced with the challenge of reducing costs and improving care outcomes in the transition to value based health care

VCA Collective Strategy

Unified Market Approach of like-minded, high performing not-for-profit hospitals and health systems

Aligned with physicians committed to the same goals

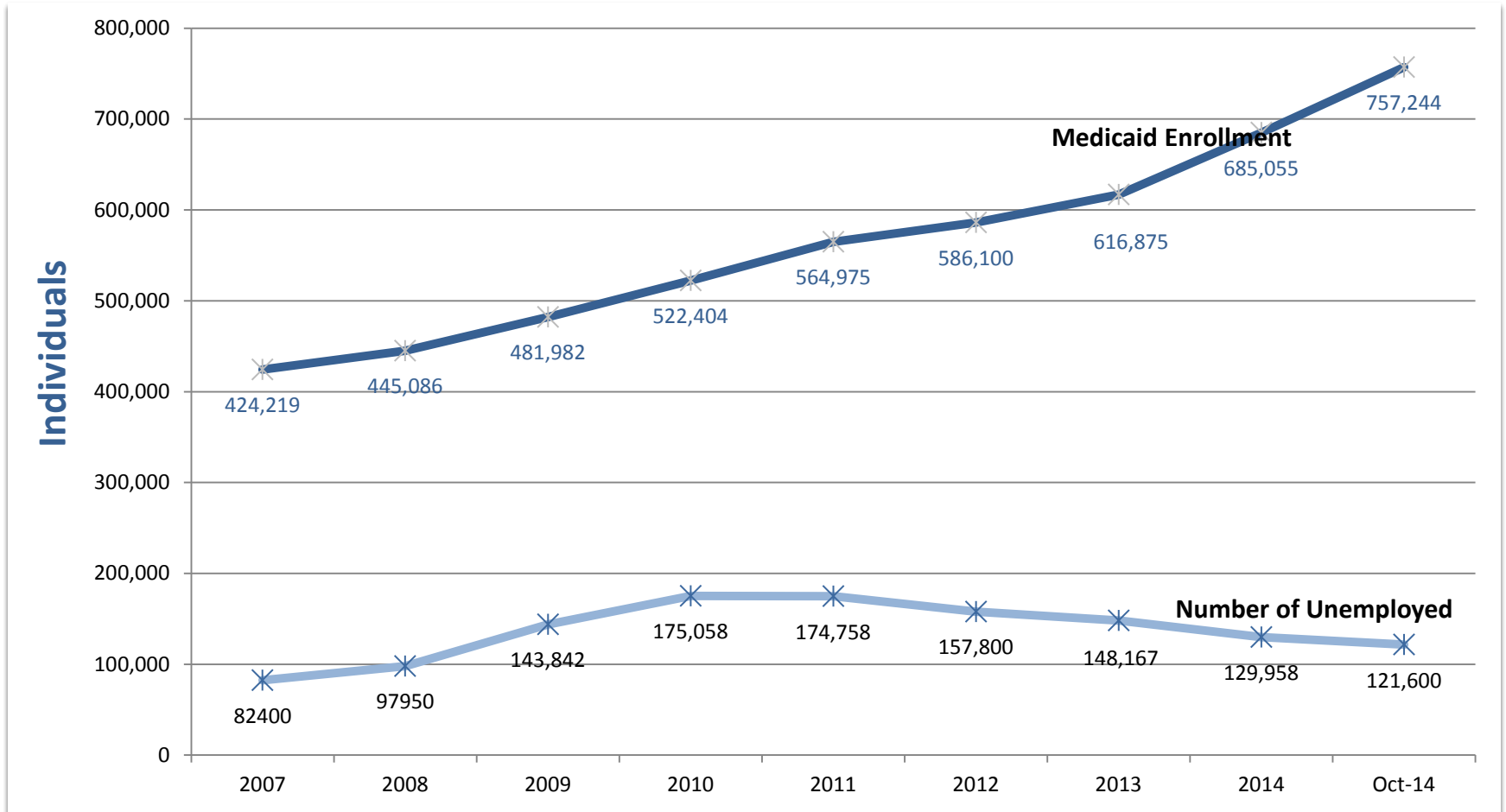
Vision of preserving independence and local control while sharing capabilities and best practices to improve quality, lower costs, and take advantage of scale

Essential partner to payers, employers, government and others seeking value-based products

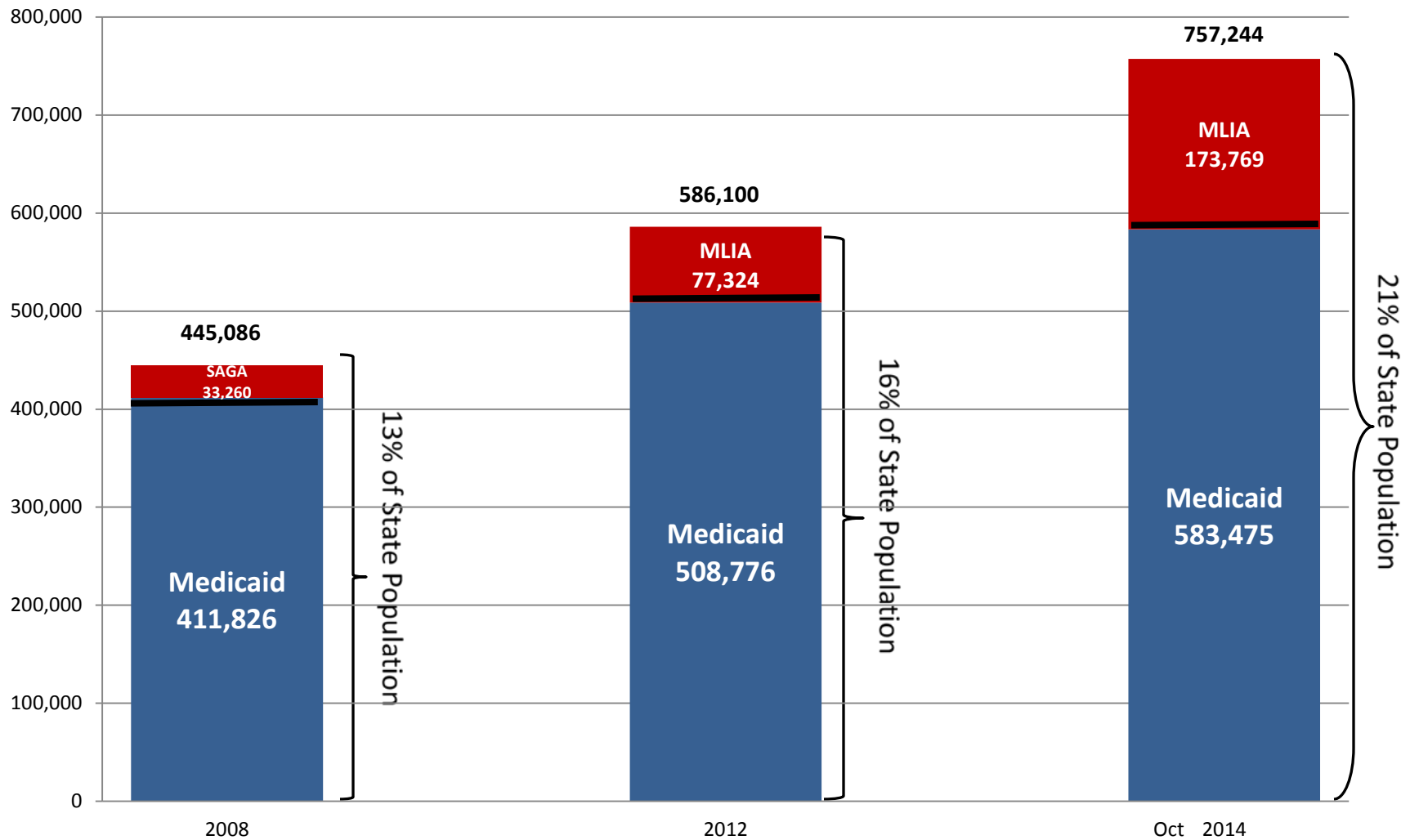
Alternative pro-competitive model

Government Healthcare program payment shortfalls resulting in growing cost shift to commercial payers (MCO's).

Average Annual Medicaid Enrollment and Unemployment



Average Annual Medicaid and SAGA/MLIA Enrollment*



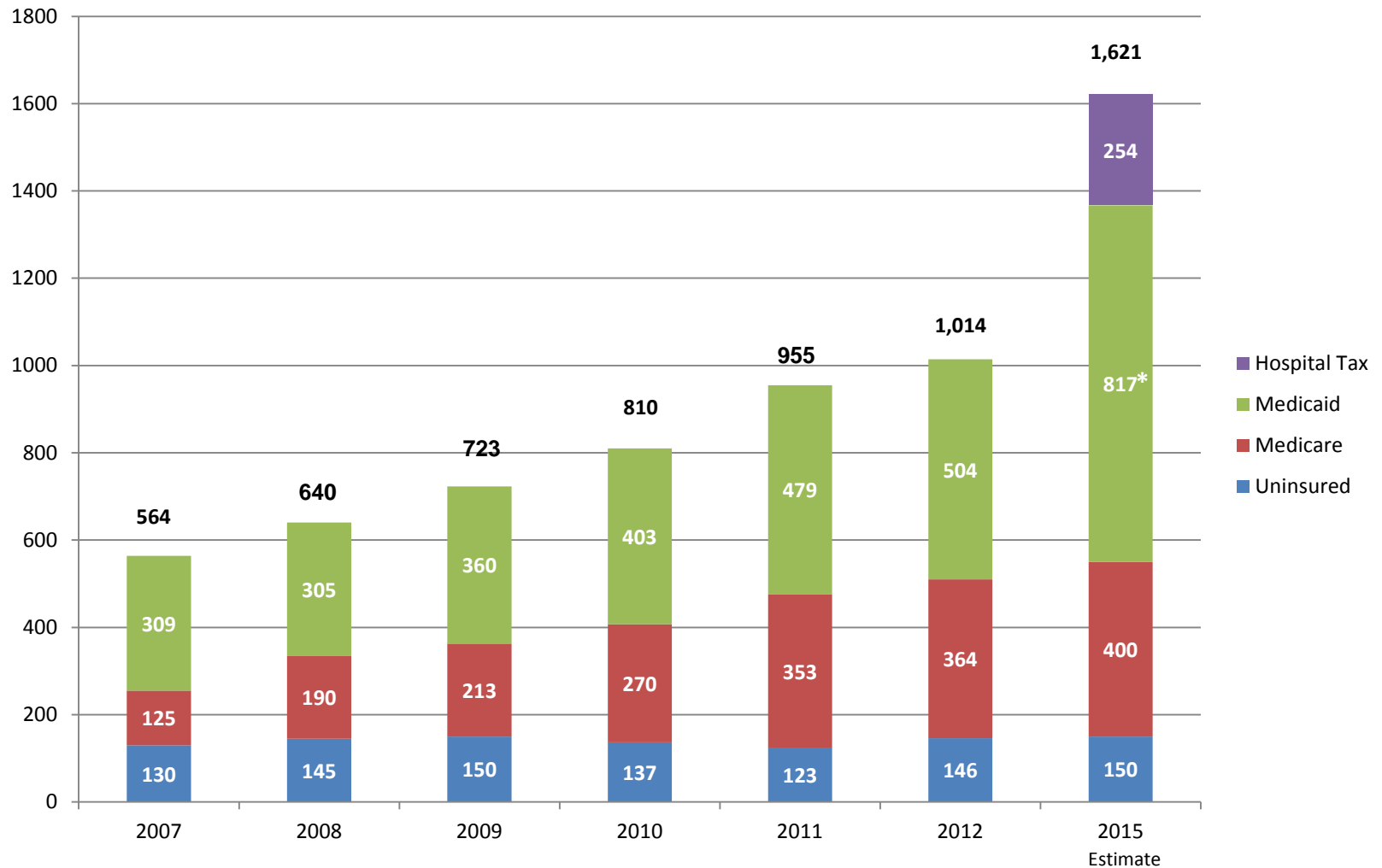
* Excludes QMB, SLMB, ALMB

QMB – Qualified Medicare Beneficiaries

SLMB – Special Low Income Medicare Beneficiaries

ALMB – Additional Low Income Medicare Beneficiaries

The Impact of Underfunding and Hospital Tax (\$000)



*Enrollment projected at 775,000. Cost increase 2% per year.
2012 – 2015 and payment increase .6% per year

Rising managed care plan premiums prompting employers to shift plan costs to employees via increased premium share, co-pays and deductibles.

Point of View Guiding Our Strategy



1. Provider revenues will be under severe pressure as payment mechanisms migrate toward value based approaches
2. A new set of core competencies will be required for provider success
3. Inpatient and outpatient use rates will decline
4. Providers will consolidate at an accelerated pace – horizontally and vertically
5. The competitive landscape will be reshaped
6. Technology will become a major disruptive change agent in healthcare
7. None of the above is dependent on new federal healthcare legislation

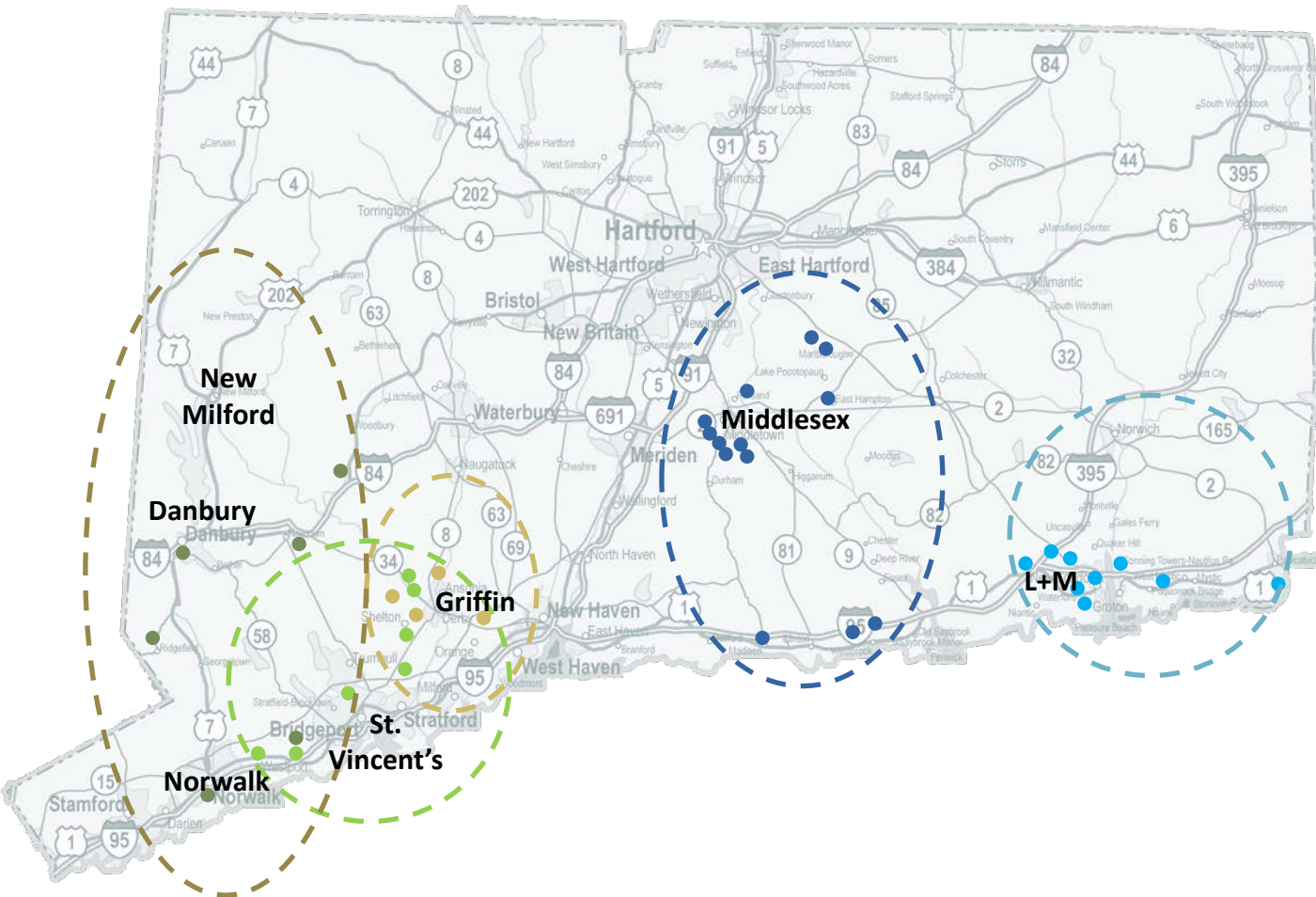
Business Imperatives

- MAINTAIN Local Governance and Control
- MAXIMIZE Local Delivery of Care
- REDUCE Care Variation to Enhance High Quality, Low Cost Positions
- BUILD infrastructure to support Population Health Management

Philosophy

- Care belongs in the COMMUNITY
- Physicians are EQUAL PARTNERS and have a strong voice
- CONSENSUS-DRIVEN collaboration
- Creative ENGAGEMENT OF PAYERS
- Conscious decision NOT TO CREATE OUR OWN HEALTH PLAN
- Continued focus on managing the COST OF CARE
- Support the TRIPLE AIM

VCA: Geographic Profile and Impact



* Locations are approximate

VCA IMPACT THROUGHOUT CONNECTICUT:

- 90,000+ inpatient admissions
- 34,000+ Medicare admissions
- 17,000+ Medicaid admissions
- Almost \$64 million in charity care
- Over \$2 billion in revenue
- 7,000+ live births
- Hundreds of access points for inpatient and outpatient care
- Numerous Joint Commission Accreditations, Center of Excellence Designations and HealthGrades accolades

ECONOMIC IMPACT:

- VCA employs over 11,000 FTEs and approx. 2,000 physicians
- Spans 85+ communities
- Reaches more than 1,300,000 Connecticut residents in combined service area

Accomplishments

2013

- Foundational development of Alliance
 - In-depth cost/quality and population health management analysis of potential members
 - Engagement of attorneys and advisors
- Organization and Business Plan Development
 - Signed Operating Agreement and Participating Provider Agreements
 - Approved Business Plan and Capital Resource Plan

2014

- Formation of Alliance
 - Board membership defined
 - Committee development and work teams defined
 - Physician alignment models defined
 - Marketing and communication including website
 - PHM platform identification in development
 - Care Model and Initial CI Metrics defined
 - eACO in development
 - Payer contracts in negotiation
 - Expansion of MSSP participation now 6 of 7 members

2015 Key Initiatives

- Best Practices for Care Management, Quality Improvement and Cost Reduction
- Shared Services Opportunities: Lab Savings Options, Re-insurance and Joint Captive Opportunity Analysis, Shared Support Services
- Selective, Innovative Payer Contracting and MSSP
- Provider Network Development
- IT Infrastructure to Support Population Health Management
- Physician Alignment Opportunities

Recent Alliance Activity

Formation of Non-Ownership Hospital Affiliations

- Across the country, independent hospitals are forming collaborations to gain the advantages of mergers without the expense, downside risks and loss of local control
- To date efforts have been largely focused on
 - Boosting purchasing power and reducing operating costs
 - Sharing the costs of acquiring skills and resources in population health management
 - Sharing best practices in quality improvement and creating clinically integrated networks of physicians and hospitals
 - Organizing to partner with Payers and employers for innovative solutions to manage the total cost of care



Granite Healthcare Network -
New Hampshire



The BJC Collaborative - Missouri &
Illinois



Value Health Alliance - Connecticut



AllSpire - Pennsylvania, New Jersey,
NY and Maryland



Noble Health Alliance -
Philadelphia Pennsylvania



Trivergent Health
Alliance - Maryland



The University of Iowa
Health Alliance - Iowa



Initiant Health Collaborative - South
Carolina



Georgia Health Collaborative
- Georgia



Stratus Healthcare - Central and
South Georgia



PARTICIPANTS

- Griffin Hospital (Derby)
- Lawrence + Memorial Hospital (New London)
 - Westerly Hospital (Rhode Island)
- Middlesex Hospital (Middletown)
- St. Vincent's Hospital (Bridgeport)
- Western Connecticut Health Network
 - Norwalk Hospital (Norwalk)
 - New Milford Hospital (New Milford)
 - Danbury Hospital (Danbury)

PHILOSOPHY

- Care belongs in the **COMMUNITY**
- Physicians are **EQUAL PARTNERS** and have a strong voice
- **CONSENSUS-DRIVEN** collaboration
- Creative **ENGAGEMENT OF PAYERS**
- Conscious decision **NOT TO CREATE OUR OWN HEALTH PLAN**
- Continued focus on managing the **COST OF CARE**
- Supports the **TRIPLE AIM**

KEY INITIATIVES

- Best Practices for Care Management, Quality Improvement and Cost Reduction
- Shared Services Opportunities: Lab Savings Options, Re-insurance and Risk Captive Opportunity Analysis
- Selective, Innovative Payer Contracting
- Provider Network Development
- IT Infrastructure to Support Population Health Management
- Physician Alignment Opportunities

GOALS

- **MAINTAIN Local Governance and Control**
- **MAXIMIZE Local Delivery of Care**
- **REDUCE Care Variation to enhance high Quality, Low Cost Positions**
- **BUILD Foundation for Enhancing Population Health Management**

www.valuecarealliance.com

Ken Roberts

Director, Communications and Public Affairs
203-732-7432, kroberts@griffinhealth.org

VCA impact throughout Connecticut:

- 90,000+ inpatient admissions
- 34,000+ Medicare admissions
- 17,000+ Medicaid admissions
- Almost \$64 million in charity care
- Over \$2 billion in revenue
- 7,000+ live births
- Hundreds of access points for inpatient and outpatient care
- 4 Level II Trauma Centers, 3 Level III NICUs and 2 Level II NICUs
- Numerous Joint Commission Accreditations, Center of Excellence Designations and HealthGrades accolades

Economic impact:

- VCA employs over 11,000 FTEs and is aligned with 2,000 physicians
- Spans 85+ communities
- Reaches more than 1,300,000 Connecticut residents in combined service area

VISION STATEMENT:

An essential Partner for Consumers, Employers, Payers and Providers seeking a competitive integrated system of care that operates at high efficiency and produces outstanding outcomes.

MISSION STATEMENT:

Enhancing the health and wellness of patients by delivering exceptional care through a clinically integrated network of medical professionals who work together to coordinate patient-centered, high-quality and efficient care.