MEDAXIOM Consulting
INNOVATIVE HEALTHCARE SOLUTIONS

Developing your CV service line strategy

Moving from plan to design

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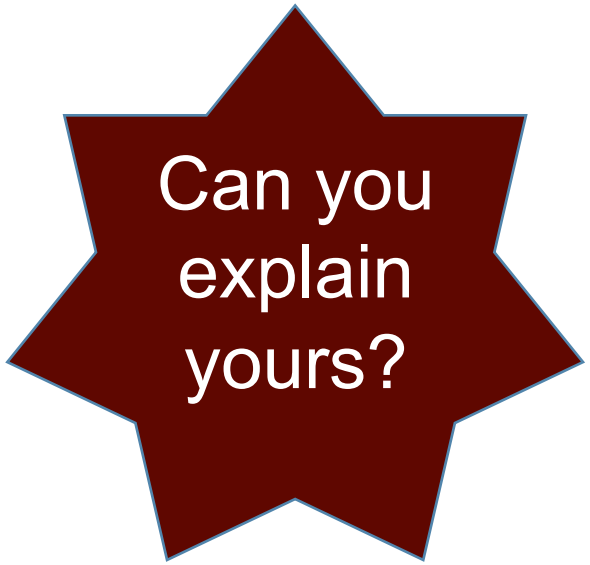
Disclosures

None

It all starts with a vision!

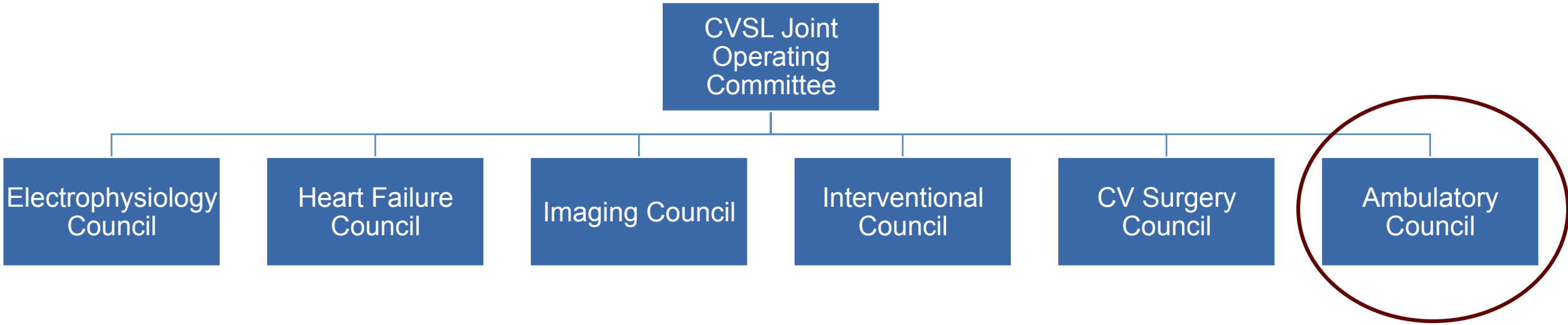
"You do not really understand something unless you can explain it to your grandmother."

Albert Einstein (1879 - 1955)



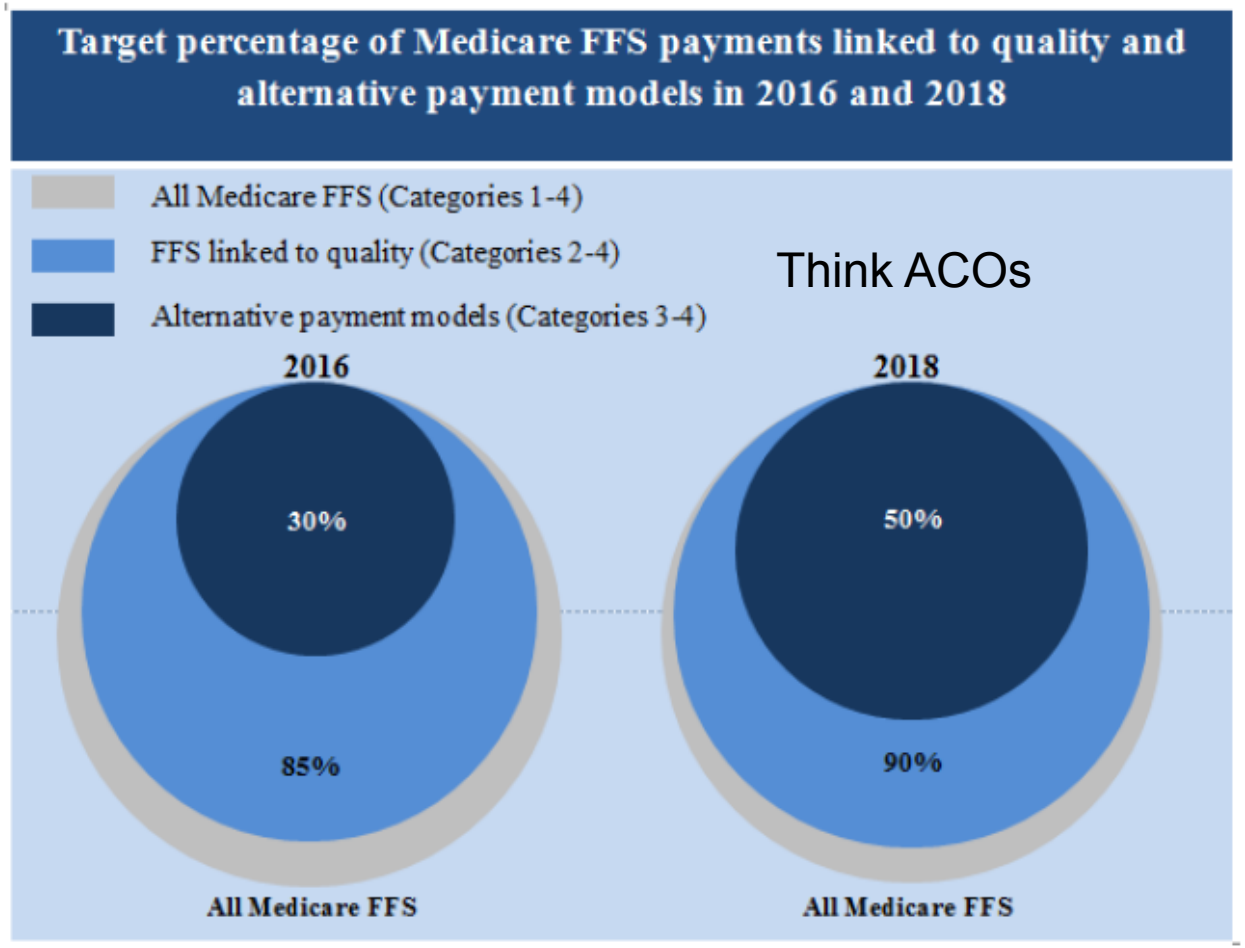
CVSL governance

The contemporary model



CMS' rapid move to value & populations (~2 yrs)

Over 60% of CV business!!



Quality & Resource Use Report

Exhibit 8. 2011 Total Per Capita Costs for Specific Services for the 111 Patients Whose Care You Influenced

Service Category	Medicare Patients Whose Care You Influenced			Average for Medicare Patients Whose Care Was Influenced by 5,187 Physicians in Your Specialty in the Nine States			Amount by Which Your Medicare Patients' Per Capita Costs Were Higher (or Lower) than Average
	Your Medicare Patients Using Any Service in This Category			Medicare Patients Using Any Service in This Category			
	Number	Percentage	Total Risk-Adjusted Per Capita Costs	Number	Percentage	Total Risk-Adjusted Per Capita Costs	
All Services	**111**	**100%**	**$10,399**	**70**	**100%**	**$9,359**	**$1,040**
Evaluation and Management Services in All Non-Emergency Settings							
Provided by YOU for Your Patients	**47**	**42%**	**$91**	**50**	**70%**	**$187**	**($97)**
Provided by OTHER Physicians Treating Your Patients	**91**	**82%**	**$393**	**68**	**96%**	**$824**	**($431)**
Procedures in All Non-Emergency Settings							
Provided by YOU for Your Patients	**37**	**33%**	**$286**	**19**	**27%**	**$240**	**$46**
Provided by OTHER Physicians Treating Your Patients	**34**	**31%**	**$137**	**38**	**46%**	**$286**	**($149)**
Hospital Services (Excluding Emergency Outpatient)							
All Hospital Services	**108**	**97%**	**$8,076**	**61**	**88%**	**$5,385**	**$2,691**
Inpatient Hospital Facility Services	20	18%	$2,343	16	23%	$2,732	($388)
Outpatient Hospital Facility Services	107	96%	$5,733	59	85%	$2,654	$3,079

US demographics

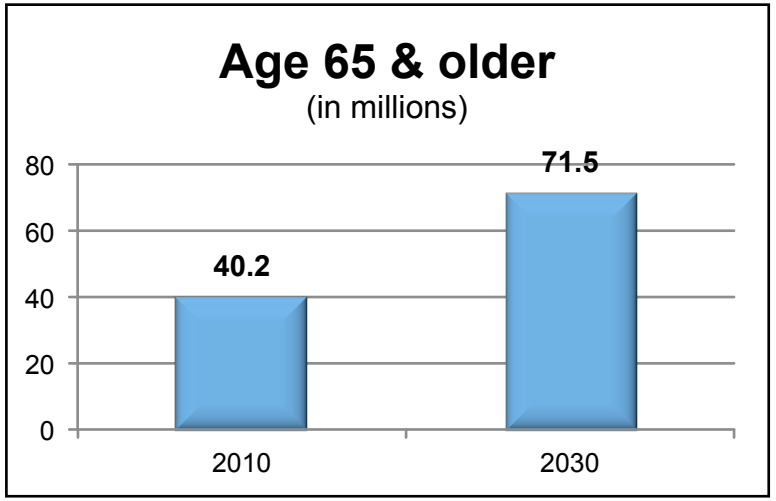
25 million new Americans*

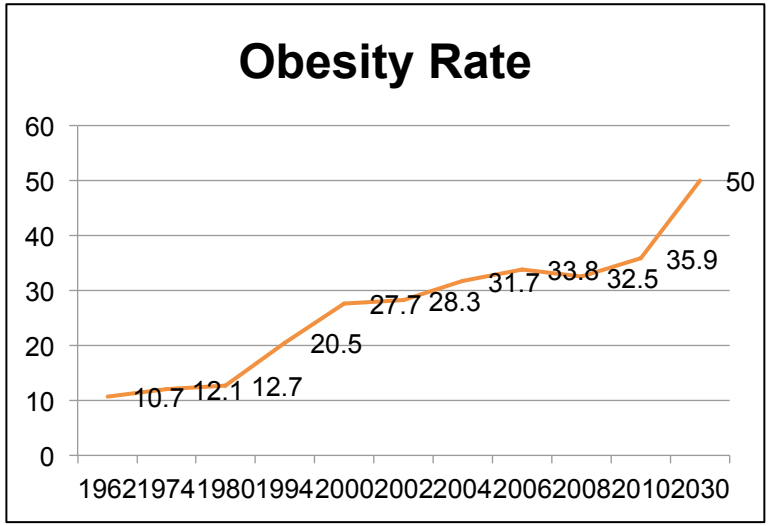
31.5 million new seniors*

Climbing obesity

Rising chronic disease

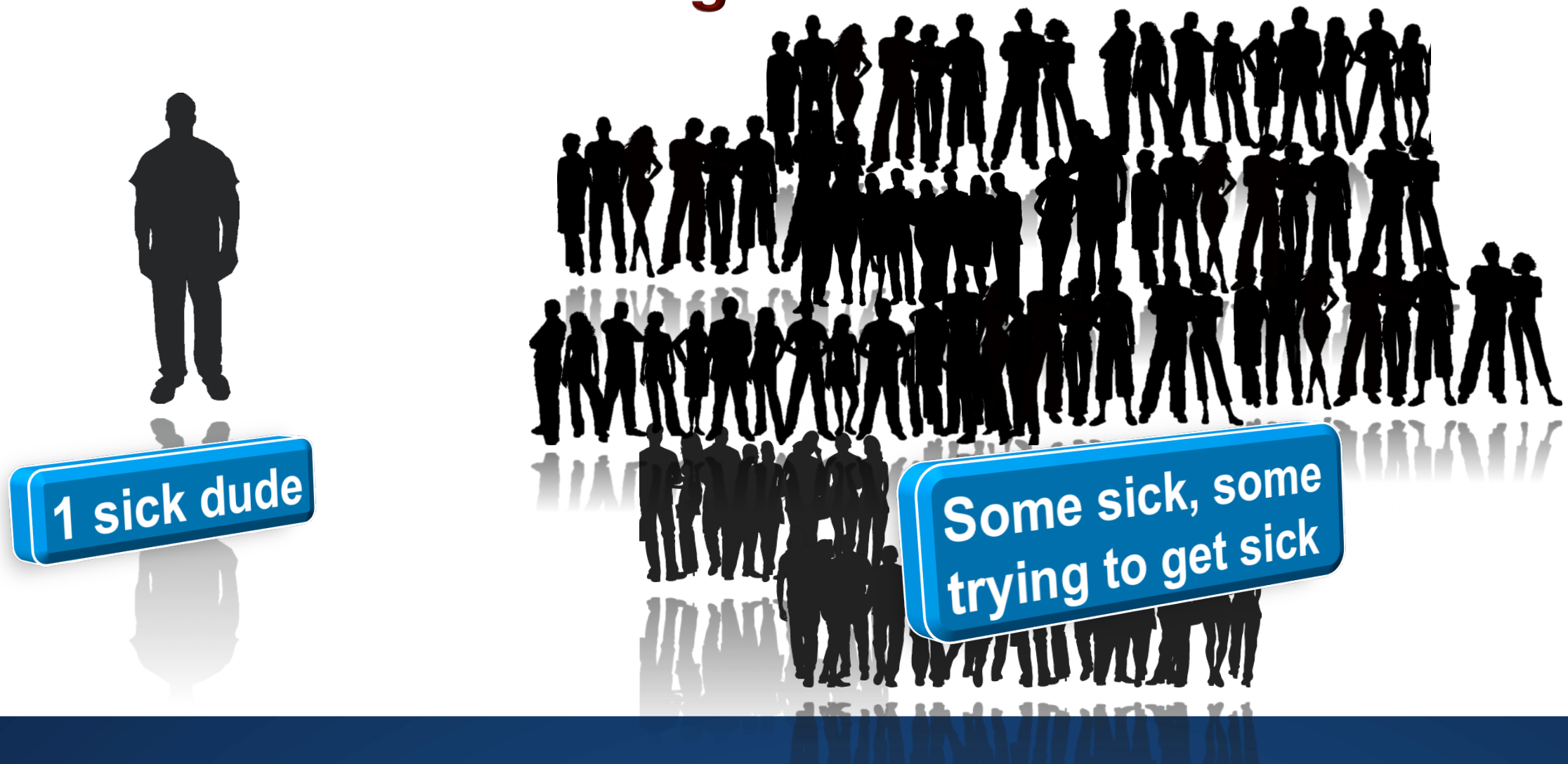
*US Census Bureau





Population health

Chronic disease management



Aging cardiology workforce

- 31% of cardiologists over the age of 59
- 7,951 median wRVUs per FTE over age 59 (8,892 overall)

1.5 FTEs

Cardiology Age Quartiles	Overall 2012	2013	2014	2014 by Subspecialty EP	Invasive	General	Int
Age 46 and below	31%	28%	30%	40%	28%	28%	27%
Age 47 - 58	41%	40%	39%	42%	38%	33%	40%
Age 59 - 70	25%	28%	27%	17%	32%	31%	31%
Age 71 and over	3%	4%	4%	1%	2%	8%	2%
	100%	100%	100%	100%	100%	100%	100%

And will the next generation of cardiologists produce like the previous?

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The ultimate strategic question

If a patient or patient family designed our program, what would it look like?

1. Redefining purpose – the health of the community? The health of the patient?
2. Re-imaging how, what, where and when cardiovascular care is delivered
3. Deep-dive into Stakeholder Analysis: Who really buys our services? Understanding patients, family members, referring physicians, hospitalists, ED, what do they really need? What does the community expect from us?

A TRANSFORMATIVE VISION – FINDING SIMPLICITY IN THE COMPLEX - ENGAGING PEOPLE IN THE WORK

Traditional approach

"Well, I guess it's about time we have another strategic retreat!"

Strategic spectrum

Prioritization (Focused or broad Scope)	Strategic Planning	Strategic Design
Traditional Full day retreat SWOT and Prioritization Focused 1 year time horizon	Broader analysis Patient focus group Stakeholder interviews VISIONING and Alignment 2 – day retreat 2-3 year time horizon	Examine & Imagine Program Design Milestones Prioritization and Performance On-going scheduled process 3-5 year time horizon

Pre-work

- Small group to look at data
  - Budget, other financial and productivity, quality, patient data
- Interview key leaders
  - What else is happening across the system
- Survey (physicians, staff, both?)
- Other stakeholders

Goals of Pre-work:

- Take inventory, est baseline
- Find the pulse of the organization and stakeholders
- Change management
- Focus

Pre-work Leadership Focus

- Does my service line (practice) have a clear vision for what it is trying to create – is it known?
- Is there anything in our structure that will prevent us from achieving the vision?
- Are there missing core capabilities that we need to create the vision?
- How does the service line perform in cost, quality & service?
- If we achieve the vision, will the program be rewarded in the market place? What opportunities and threats does the market place present that we need to pay attention to?

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Key Strategic Clinical Questions

1. Will the current delivery model result in high value care?
2. Do I have the right people on the bus?
3. Are the physicians clinically aligned?
4. Am I appropriately subspecialized?
5. Will the way we evaluate quality and physician performance be relevant in the future?
6. How should the delivery model be organized to maintain physicians in diagnosis and treatment mode MOST of the time?
7. Do I offer my patients programs or services?

Key Strategic Market Questions

1. What is my ambulatory strategy? Can I afford the program's outreach strategy?
2. Am I using the right resources to provide services?
3. Where do I need access?
4. What are the criteria to determine which services should be delivered where? Should I be considering consolidation of services? Cutting back services?
5. Is my cost (to patients) appropriate? High/ low? My value?
6. What e-health initiatives could facilitate operations success? Am I fully utilizing the I.T. structure that I have?
7. Are the program stakeholders aligned?
8. Are there new strategic partners to consider?

Key Strategic Organization Questions

1. Is provider compensation aligned with the organization's strategy?
2. How will MACRA and Value Based Modifier impact the organization's revenue stream?
3. Can the organization drive performance?
4. Are leaders adequately prepared to lead thru change initiatives?
5. Am I prepared to respond to value based contracts?
6. Is responsibility sufficiently delegated to be effective in transforming to value based performance?

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Clinical Performance Data	Market Performance Data	Financial Performance Data
• Registry data • Appropriate Use • Physician performance and demographic data • Adherence to guidelines/protocols • Clinical outcomes • Care variation (value) • Peer performance • Patient driven outcomes • Value based purchasing • Core measures • Adverse events/never events	• Current inpatient and outpatient volume and market share • In-migration/out-migration trends • Competitor Program Analysis PSA, SSA comparative market share Emerging programs and differentiators Primary care and other referral comparative Value comparison • Community need/image, patient satisfaction • Patient and referring physician satisfaction/experience/complaint data	Financial data • Budget • Revenue and cost trends • Contribution margin • Cost per service and variability • Volume trends (patients, days, encounters) Resource utilization and productivity • Provider and staff costs • Provider and staff productivity • QRUR • MCR Cost per beneficiary • Value based modifier

Sample retreat agenda

- Establish baseline
  - Clinical
  - Financial
  - Market
- Stakeholder perspective
- Focused group exercises
- Wrap-up
  - Define actions
  - Assign champions
  - Set timelines

Post-retreat, determine organizational impact, implementation need and prioritization.

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Rank and prioritize

- Business plan on each key initiative
- Strategic, financial and operations perspective
- Capabilities assessment:
  - Talent (physician and staff)
  - Capital and ops
  - Core capabilities support

PROJECT/INITIATIVE PRIORITIZATION SCORING SYSTEM

IMPACT SCALE

CLINICAL VALUE			
1	Provides unique TX option - sole option	1	1
	Provides additional TX option - not sole option	0.5	
	Replaces exisiting service/technology (upgrade)	0	
2	Provides patient survivability option	1	1
	Improves patient survivability	0.5	
3	Significantly improves duration of intervention	1	1
	Improves duration of intervention	0.5	
4	Significantly improves patient quality of life	1	1
	Improves patient quality of life	0.5	
MARKET IMPACT			
1	More than 50% of our patients need the service	1	0
	Between 30 - 50% of our patients need the service	0.5	
	Less than 30% of our patients need the service	0	
2	Creates new service offering	1	1
	Expands existing service offering	0.5	
	Replaces exisiting service/technology	0	
3	Significant market share implications	1	0.5
	Positive market share implications	0.5	
MINDSHARE			
1	Enhances reputation/achieve Center of Ex goals	0.5	1
	Market differentiator	0.5	
	Sought after by patients	0.5	
	Sought after by referring physicians	0.5	
FINANCIAL IMPACT			
1	Significant ROI (greater than $1M)	3	2
	Positive ROI (less than $1M annually)	2	
	TOTAL IMPACT SCORE		**8.5**

EASE OF IMPLEMENTATION

CLINICAL EXPERTISE			
1	Currently have the clinical expertise	2	2
	Current physician able to receive additional training	1	
	Will have to recruit the expertise	0	
2	Currently have the staff expertise	1	0.5
	Current staff able to receive additional training	0.5	
	Will have to recruit staff with the expertise	0	
EFFICIENCY			
3	Implementation will significantly improve efficiency	2	0
	Implementation will improve efficiency	1	
FACILITY			
4	Implementation does not require facility change	2	1
	Implementation requires minor facility changes	1	
	Implementation requires major facility changes	0	
	Implementation requires new facility space	-1	
INVESTMENT			
5	Implementation requires minor investment	2	1
	Implementation requires investment	1	
	Implementation requires significant investment	0	
ENGAGEMENT			
6	Physicians and staff are significantly engaged	1	1
	Physicians are significantly engaged	0.5	
	Physician champion is engaged (w/o material support)	0	
TIME TO EXECUTE			
7	Full execution in less than 6 months	2	2
	Full execution is 6 -12 months	1	
	Full execution in excess of 12 months	0	
	TOTAL EASE OF IMPLEMENTATION SCORE		7.5

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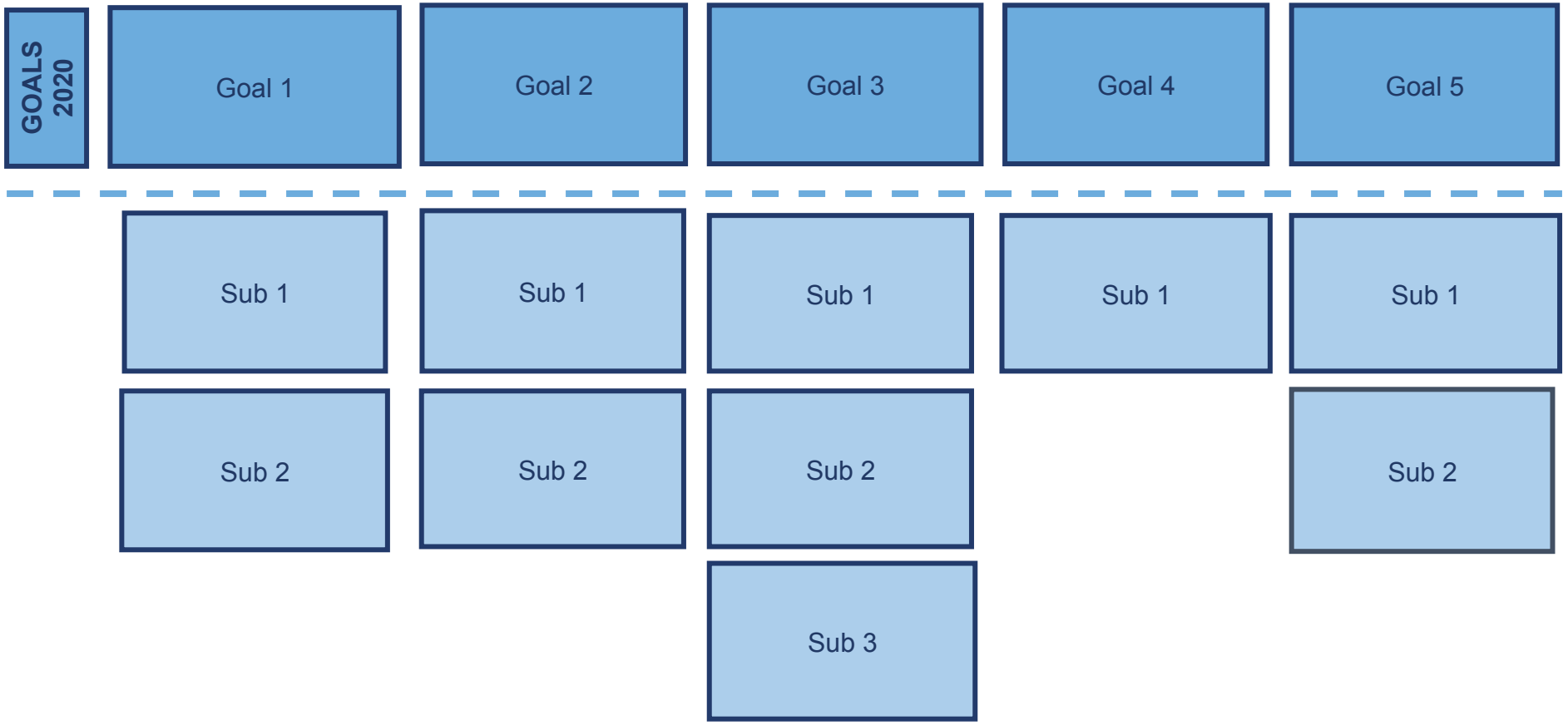
Goal Alignment



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CVSL Implementation Milestones

	2015	2016	2017	2018	2019
ORG STRAT	1. Specific 1 2. Specific 2 3. Specific 3	1. Specific 1 2. Specific 2 3. Specific 3	1. Specific 1 2. Specific 2 3. Specific 3	1. Specific 1 2. Specific 2 3. Specific 3	
MKT STRAT	1. Specific 1 2. Specific 2 3. Specific 3	1. Specific 1 2. Specific 2 3. Specific 3	1. Specific 1 2. Specific 2 3. Specific 3		

Missing the mark

- What happens after the retreat??
  - Are the action items clearly articulated?
    - Short term vs long term
  - Are responsible parties assigned?
  - Are timelines assigned?
  - Is a reporting expectation defined?

Updates on strategic progress should be included on every executive session agenda!

Examples of strategic output

- Develop the cardiovascular service line model
- Move from services to programs
- Become more deeply subspecialized
  - HF, Structural Heart
- Develop & deploy e-health for outreach expansion
- Develop system level clinical protocols for targeted patient types

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Non-clinical compensation

Aligning the economics

Are we missing the boat?

DID THE GROUP HAVE A CO-MANAGEMENT AGREEMENT POST-INTEGRATION

ANSWER	RESPONSE	PERCENTAGE
Yes	30	43%
No	39	57%

Source: MedAxiom 2013 Annual Integration Report

Aligning provider economics

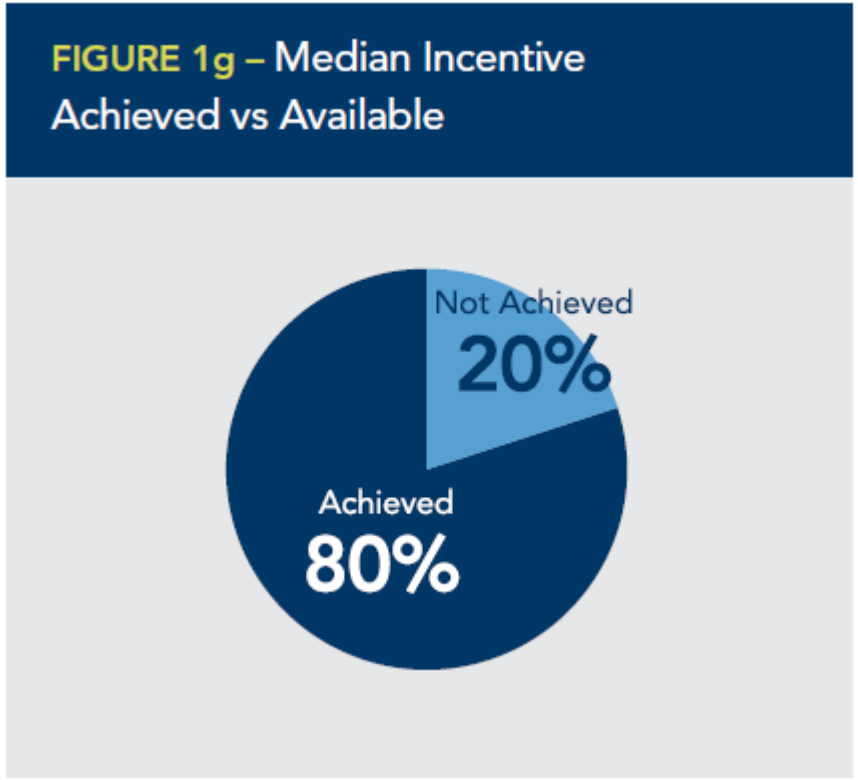
TABLE 5a – Non-Clinical Compensation per FTE

	25TH PERCENTILES	50TH PERCENTILES	75TH PE
Leadership Positions	$2,373	$6,667	$1
Medical Directorships	$6,667	$11,869	$2
Call Coverage	$15,833	$22,853	$3
Hospital/Health System Incentive Earned	$11,451	$22,046	$3
Hospital/Health System Incentive Available	$22,046	$30,000	$56,917
Non-Governmental Payor Incentives Earned	$268	$419	$11,381
Non-Governmental Payor Incentives Available	$7,722	$10,250	$31,826
Total Non-Clinical Compensation Earned	$13,703	$45,457	$69,884

Non-Clinical compensation *now accounts for* ***8.4% of median*** *cardiology* ***compensation.***

Source: MedAxiom 2015 Cardiovascular Provider Compensation and Production Report

Incentives aren't slam dunks



Source: MedAxiom 2015 Cardiovascular Provider Compensation and Production Report

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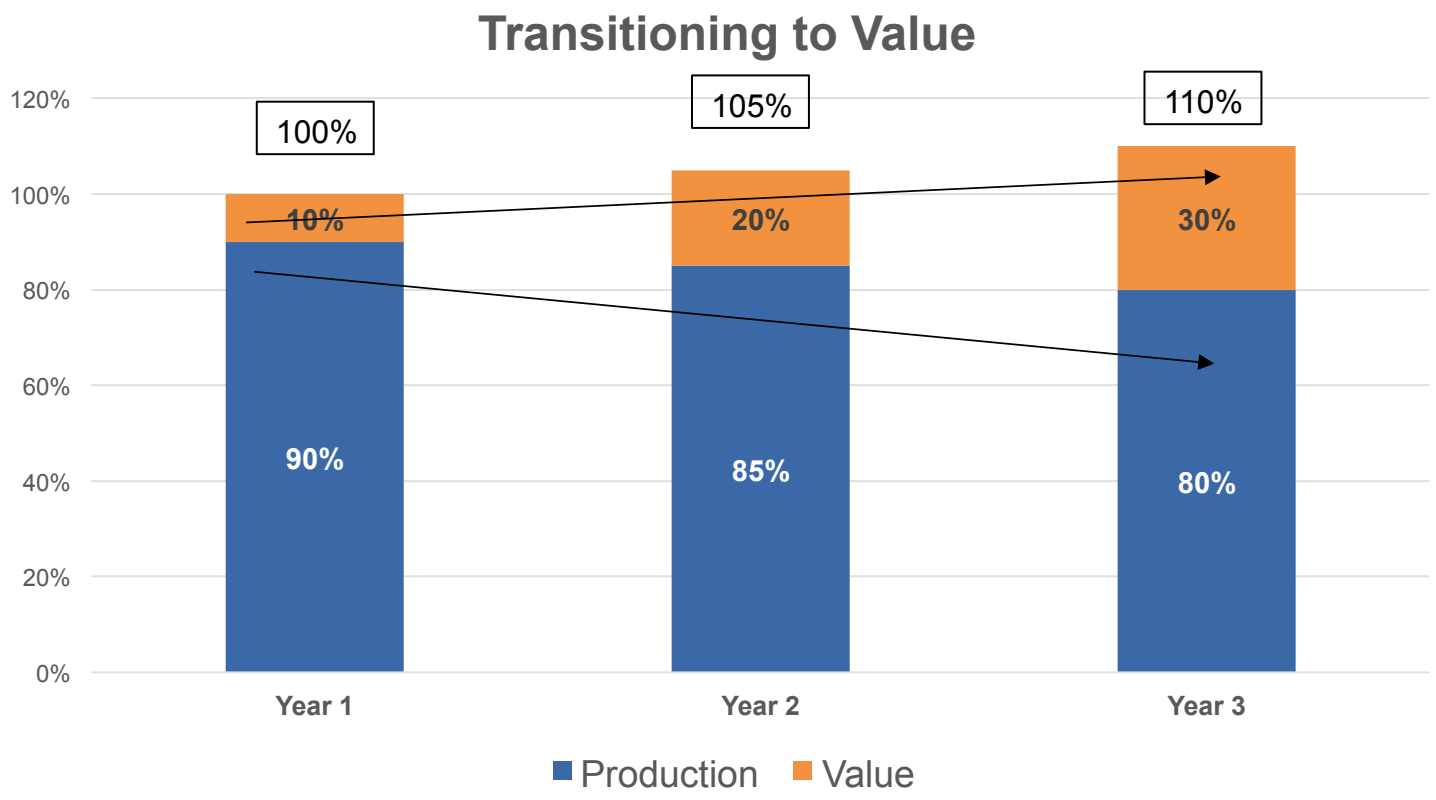
Is it time for our compensation plan to change?



Key Components

- De-emphasizes production over time
- Introduces at-risk compensation based on value metrics
  - Weight increases over time
- Allows total funding to exceed current levels . . . ***IF*** all organizational objectives are achieved

Does our measure of production need to change too?

Value based compensation

- Physicians provide organizational value beyond just the clinical work performed
  - Compensation should recognize this
- Currently there's "low hanging fruit" from economic cause/effect
  - Purchasing, LOS "opportunity days", overtime, readmissions
  - Wholesale cost decreases
- Intent is to bake value compensation into the provider compensation DNA
  - In sync with culture
  - In sync with reimbursement

Q&A

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