Provider Executive Panel

Moderator - Marilyn Bartlett, CPA
National Academy of State Health Policy (NASHP)
Employers and Healthcare Affordability

- **Impacts of COVID-19**
  - Financial viability (Public and Private)

- **Employer Health Plans – Transparency becomes even more important**
  - How can we manage the health plan costs?

- **National Academy of State Health Policy (NASHP) – Hospital Cost Work**
  - Consolidation (Vertical and Horizontal)
  - Facility Fees
  - Hospital Cost Tool
  - Bad Debt, Charity Care, Uninsured
  - Non-Patient Care Hospital Costs
Price is the Problem..

- RAND Analysis
- Total annual spending per person increased 18.4%
- Inpatient costs increased 14%, while utilization decreased 2.3%
- Outpatient costs increased 17.3% with utilization increasing 3.5%
- Utilization of medical services rose by 3.1%

*Health Care Cost Institute: 2.5 billion medical claims - approximately 160 million people with employer-sponsored insurance*
Partnering to lower costs...

• Hear from our Provider Executives

• What does RAND 3.0 tell us?

• What Providers are doing (or can do) to lower their costs; lower prices for Employer?

• What’s on the horizon to lower healthcare costs for Employers? *Obstacles and Opportunities*
Transparency Amidst Variability

Ryan O. Catignani, MBA, PAHM

Beaumont Health

September 18, 2020
BY THE NUMBERS

- 8 acute care campuses
- 145 outpatient locations
- 3,429 beds
- 38,000 employees
- 5,000 physicians
- $4.7B net revenue (2018 unaudited)
- 178,000 inpatient discharges
- 572,000 emergency room visits
- 18,000 births
The Problem – Rising Costs and Variability

www.rand.org/t/RR3033
Why Beaumont is Well Positioned –

MSSP Performance 2013-2018

<table>
<thead>
<tr>
<th></th>
<th>PY1 2013 (18 mos.)</th>
<th>PY2 2014</th>
<th>PY3 2015</th>
<th>PY4 2016</th>
<th>PY5 2017</th>
<th>PY6 2018</th>
<th>Average/Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries</td>
<td>14,082</td>
<td>13,838</td>
<td>12,165</td>
<td>12,160</td>
<td>13,412</td>
<td>22,957</td>
<td>15,335</td>
</tr>
<tr>
<td>Overall Quality Score</td>
<td>100% (F4R)</td>
<td>87.70%</td>
<td>93.10%</td>
<td>95.90%</td>
<td>88.40%</td>
<td>89.79%</td>
<td>91%</td>
</tr>
<tr>
<td>Total Savings</td>
<td>$17,891,161</td>
<td>$19,074,154</td>
<td>$15,279,768</td>
<td>$14,060,691</td>
<td>$22,452,506</td>
<td>$45,138,735</td>
<td>$123,497,015</td>
</tr>
<tr>
<td>Total ACO Share</td>
<td>$8,570,669</td>
<td>$8,147,793</td>
<td>$6,972,349</td>
<td>$5,060,418</td>
<td>$8,734,973</td>
<td>$19,859,998</td>
<td>$59,932,200</td>
</tr>
</tbody>
</table>

2nd Annual National Hospital Price Transparency Conference: Path to Affordability
Why Beaumont is Well Positioned –

Michigan health groups reap increasing profits for Medicare, doctors, hospital systems

How Beaumont became the No. 1 ACO in Michigan

Beaumont ACO has earned savings for six straight years with 2018 becoming one of its best years, said Walter Lorang, its executive director and COO. The ACO, which includes now includes all eight Beaumont hospitals and 1,700 physicians, generated $45.1 million in total savings, earning $19.9 million in 2018.
Why Beaumont is Well-Positioned: Early Successes in CMS BPCI-A

CMS BPCI A Model Years 1 & 2 - Performance Forecast
Episode End Dates Oct 2018 - Sep 2019 for Claims paid through Dec 2019

<table>
<thead>
<tr>
<th>Hospital</th>
<th># of Episodes</th>
<th>Total Target Price</th>
<th>Total Spend</th>
<th>Gross NPRA (Includes 3% CMS Discount)</th>
<th>Net Savings Rate (Net NPRA/Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dearborn</td>
<td>1,261</td>
<td>$42,710,067</td>
<td>$40,960,229</td>
<td>$1,477,733</td>
<td>3.1%</td>
</tr>
<tr>
<td>Farmington</td>
<td>628</td>
<td>$23,433,115</td>
<td>$21,381,632</td>
<td>$1,923,654</td>
<td>7.4%</td>
</tr>
<tr>
<td>Grosse Pointe</td>
<td>273</td>
<td>$8,558,910</td>
<td>$7,516,175</td>
<td>$992,905</td>
<td>10.4%</td>
</tr>
<tr>
<td>Royal Oak</td>
<td>1,667</td>
<td>$51,007,097</td>
<td>$48,998,641</td>
<td>$1,882,280</td>
<td>3.3%</td>
</tr>
<tr>
<td>Taylor</td>
<td>426</td>
<td>$13,457,407</td>
<td>$12,264,747</td>
<td>$1,019,735</td>
<td>6.8%</td>
</tr>
<tr>
<td>Trenton</td>
<td>466</td>
<td>$14,675,975</td>
<td>$14,618,082</td>
<td>$5,525</td>
<td>0.0%</td>
</tr>
<tr>
<td>Troy</td>
<td>1,076</td>
<td>$27,430,392</td>
<td>$26,687,826</td>
<td>$762,709</td>
<td>2.5%</td>
</tr>
<tr>
<td>Wayne</td>
<td>412</td>
<td>$13,197,588</td>
<td>$12,432,914</td>
<td>$645,091</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,209</strong></td>
<td><strong>$194,470,551</strong></td>
<td><strong>$184,860,246</strong></td>
<td><strong>$8,709,632</strong></td>
<td><strong>4.0%</strong></td>
</tr>
</tbody>
</table>
Why Beaumont is Well-Positioned: Lower Episodic Cost Now

SE MICHIGAN PROVIDER COMPARISON

KNEE ACL

Cost estimate by facility name and clinical condition. Clinical condition = knee ACL.

Source: BCBSM.com member portal care compare
# Beaumont Employer Program and Services:

## Low Interoperability/Care Integration

<table>
<thead>
<tr>
<th>Transactional Services</th>
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<tbody>
<tr>
<td>• Occupational Health Services</td>
</tr>
<tr>
<td>• On-site Flu Shot/Wellness Clinics</td>
</tr>
<tr>
<td>• Private duty home caregiving</td>
</tr>
<tr>
<td>• Employer on-site/near-site clinics</td>
</tr>
<tr>
<td>• COVID-19 molecular &amp; antibody testing</td>
</tr>
<tr>
<td>• Return to work planning</td>
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## Population Health Solutions

<table>
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<tbody>
<tr>
<td>• Whole Person Care Management/ ACO services</td>
</tr>
<tr>
<td>• Bundled payments for individual episodes of care</td>
</tr>
<tr>
<td>• Risk sharing over partial or total cost of care</td>
</tr>
<tr>
<td>• Emergency department cost/utilization management</td>
</tr>
</tbody>
</table>

## Network / Insurance Solutions

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>• Access to Beaumont Health Network</td>
</tr>
<tr>
<td>• TPA Services</td>
</tr>
<tr>
<td>• Beaumont Health Plan</td>
</tr>
</tbody>
</table>
Transformation and Disruption
Healthcare Spending

US health spending is projected to rise to 19%, nearly one-fifth of the economy, by 2025

Source: Centers for Medicare and Medicaid Services, National Health Expenditures, January 2018. Compiled by Peter G. Peterson Foundation.
We all play a role

Hospitals and health systems face significant challenges as they work to reduce the cost of care

- Healthcare spending growth has been driven primarily by increased use and intensity of services
- 60% of inpatient cost comes from wages and benefits
- Inpatient prescription drugs and medical device spending has seen significant increases
- In recent years, hospitals have invested in population health resources
- A growing number of regulatory requirements have increased administrative costs and staffing needs for compliance
We are in a period of Disruption and Transformation

- Market Restructuring
- Rising Consumerism
- The Digital Revolution
- Shift to Value-based Care
- Regulatory Reform and Uncertainty
Talk to your broker, health system regarding options

Employers explore ways to reduce healthcare costs

- Data & Benefit Design
- Tiered and Narrow Networks
- Bundled payments
- Outcome driven On-site clinics
- Wellness initiatives
Right Care, Right Place, Right Time... and Right Cost

Continuity of Care

Healthcare organizations now provide a range of services to patients through time.

Community-based care
- E-visits/Virtual
- Wellness and Fitness Center
- Retail Pharmacy
- Physician Clinic
- Diagnostic/Imaging Center
- Urgent Care Center
- Ambulatory Procedure Center
- Freestanding ED

Acute Care
- Hospital

Tertiary-Quaternary Care

Post-Acute Care
- Inpatient rehab
- Skilled nursing facility
- Outpatient rehab
- Home care
- Remote Care Monitoring
- Transitions of Care Clinics

2020 National Hospital Price Transparency Conference:
Path to Affordability
Integrative Care Partners

Shery Roussarie
President, Integrative Care Partners

September 18, 2020
Disruption to traditional IDNs ~ Advisory Board 2018

- Movement of services to low-cost delivery sites
  - Market forces focused on non-hospital owned ambulatory space

- Employers re-engaging to influence cost drivers
  - Bundle payments, episodes of care agreements directly between employer/payer and provider

- Serge in physician-led managed care: independent medical groups involved in delegated risk agreements
  - Physician groups experience more success in ACOs than hospital systems
Integrative Care Partners

Problem: Independent Physician Sustainability; Increasing Cost of Care

Solution:

- Secure independent providers, curbing healthcare costs
- Create physician led care models preserving quality and proper utilization
- Offer vehicle for alternative based payment and care delivery models
- Deploy community clinical and cost initiatives
- Truly benchmark care costs through common data platform
- Best practice collaboration among like-minded providers
Integrative Care Partners

Independent-physician owned and led provider network focused on a better way

- Right Services
- Right Time
- Right Location

= Lower Cost

Propelled by the drive to maintain independence and preserve access within our community

Groin or Abdomen Hernia - Average Facility Costs

<table>
<thead>
<tr>
<th>Facility</th>
<th>Open</th>
<th>Lap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>$15,100-$43,500</td>
<td>$5,200-$36,100*</td>
</tr>
<tr>
<td>ASC</td>
<td>$3,600-$9,800</td>
<td>$4,000-$13,500</td>
</tr>
</tbody>
</table>

*Recent example in local market was >$42,000 for a hospital laparoscopic inguinal hernia repair
Integrative Care Partners

Members: 235 Providers

- Primary Care, Medical Specialties, Surgical Specialties
- Virtual Visits
- Imaging: CT, MRI, X-Ray, Mammography
- Freestanding Infusion Centers
- Physician-owned Medical/Surgical Hospital
- Freestanding, Provider-owned Surgery Center
- Locations Throughout Northern Indiana
- Engaged & Innovative Brokers, TPAs & Employers

24-Hour On-Call Nursing
Allergy
Audiology/Hearing
Balance
Bariatric Surgery
Bone Health
Breast Surgery
Cardiology
Colon/Rectal Surgery
Dermatology
Dietitian
Digital Radiography
Ear, Nose & Throat
Endocrinology
ENT Audiology
Facial Aesthetics
Facial Plastic & Reconstructive Surgery
Family Medicine
Financial Counselors
Full-Service Labs on-site
Gastroenterology
General Surgery
Hematology
Imaging (MRI, X-ray, CT, Mammography & Ultrasound)
Immediate Care Center
Infertility Services
Infusion Services
Internal Medicine
Interventional Radiology Lab
Medical Oncology

Minimally Invasive Surgery
Monthly on-site Bone Marrow Clinic
Nerve Surgery
Obstetrics & Gynecology
Oncology
Oncology Certified Dietitian
Ophthalmology
Orthopedic Surgery
Pain Clinic
Pediatrics
Pelvic Muscle Rehabilitation / Incontinence
Physical Medicine, Physical Therapy and Rehabilitation
Podiatry
Primary Care Sports Medicine
Rheumatology
Robotic Surgery
Sexual Counseling
Sleep Medicine
Surgery Center
Trauma Services
Ultrasound Guided Injections
Urology
Urology/Gynecology
Varicose Vein Treatment
Vascular Services
Women’s Services (including therapy)
Wound Care