2020

2nd Annual

National Hospital Price Transparency Conference:

Path to Affordability

Provider Executive Panel

Moderator - Marilyn Bartlett, CPA

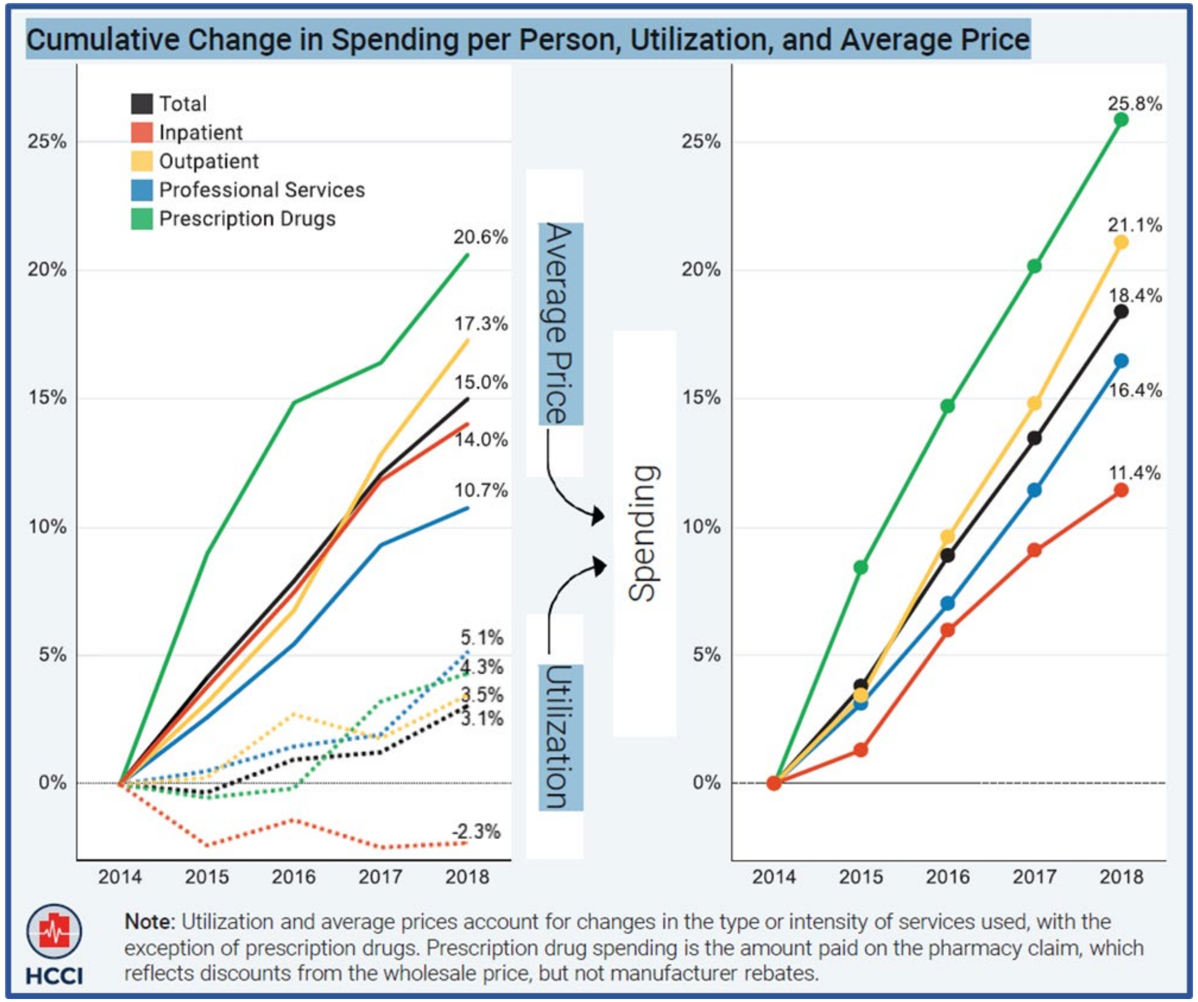
National Academy of State Health Policy (NASHP)

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*

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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

Figure 4.1. All-State Trends in Relative Prices

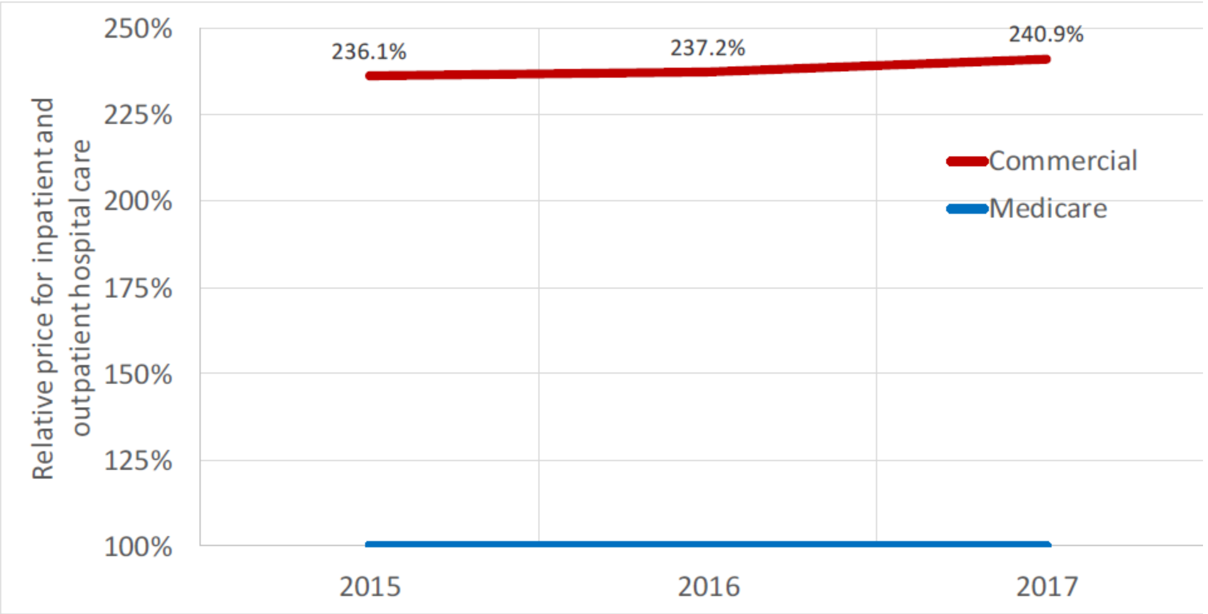
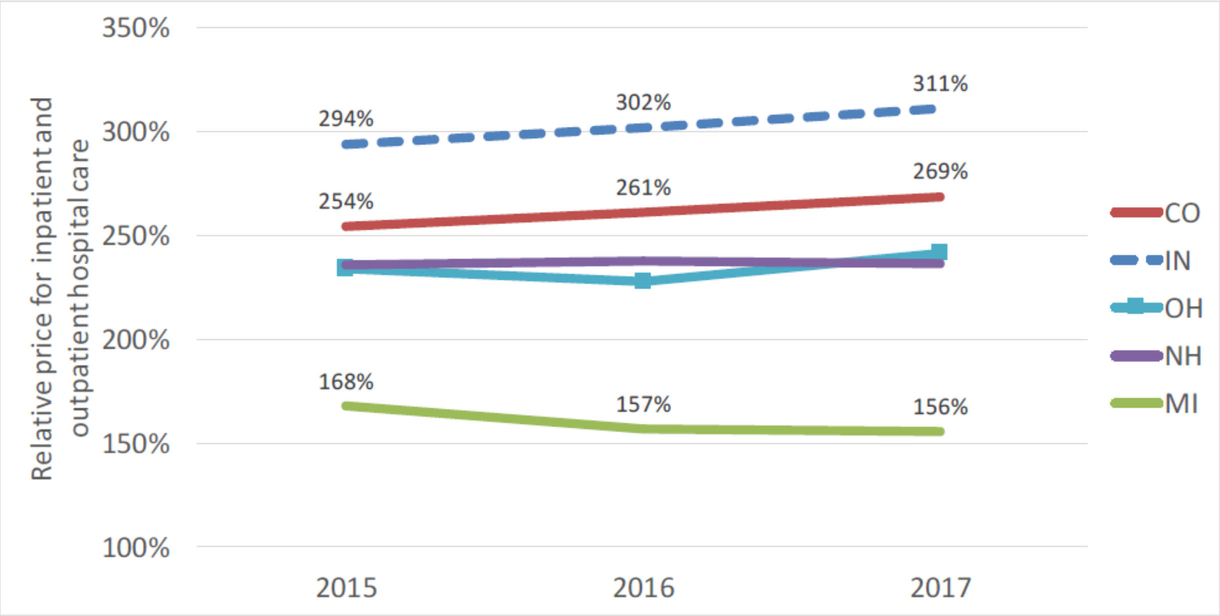


Figure 4.3. Trends in Relative Prices for Selected States, 2015–2017



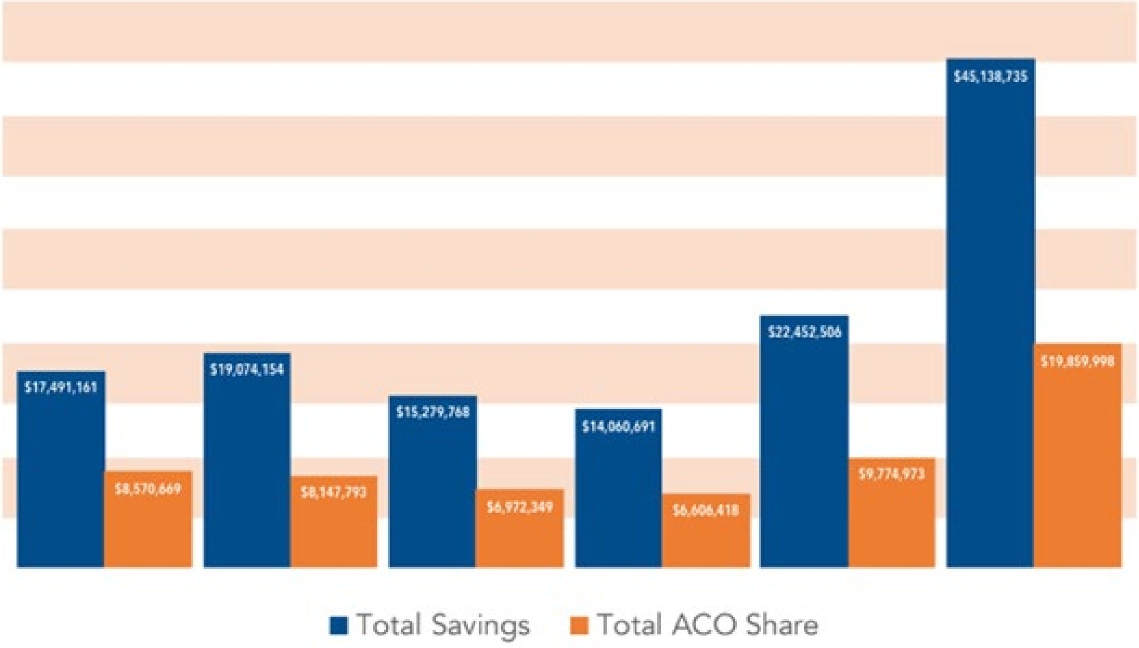
www.rand.org/t/RR3033

Why Beaumont is Well Positioned –

Beaumont ACO
A Physician/Health System Partnership

MSSP Performance 2013-2018

	PY1 2013 (18 mo.)	PY2 2014	PY3 2015	PY4 2016	PY5 2017	PY6 2018	Average/ Total
Beneficiaries	14,082	13, 838	12,165	13,160	13,412	23,957	15,355
Overall Quality Score	100% (P4R)	87.20%	93.10%	95.90%	88.40%	89.79%	91%
Total Savings	$17,491,161	$19,074,154	$15,279,768	$14,060,691	$22,452,506	$45,138,735	$133,497,015
Total ACO Share	$8,570,669	$8,147,793	$6,972,349	$6,606,418	$9,774,973	$19,859,998	$59,932,200



Why Beaumont is Well Positioned –

Beaumont ACO
A Physician/Health System Partnership

October 13, 2019 12:03 AM

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

JAY GREENE

TWEET SHARE SHARE EMAIL PRINT

- Michigan's 20 accountable care organizations earned back nearly $97.5 million last year, compared with $72 million in 2017
- 65 percent of Michigan ACOs earned money in Obamacare program
- Quality of care to patients improved by doctors and hospitals working together

Michigan-based accountable care organizations continue to cut costs for traditional Medicare program while reaping financial benefits for hospital and physician participants

"These accelerated result
unnecessary care, but als
William Mayer, M.D., presi
success speaks to the po
health systems to achieve
cost."

The Federation ACO is ow
clinically integrated netwo
Peninsula. Partners includ
Ford Allegiance Health, Sp

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 BPCIA Model Years 1 & 2 - Performance Forecast

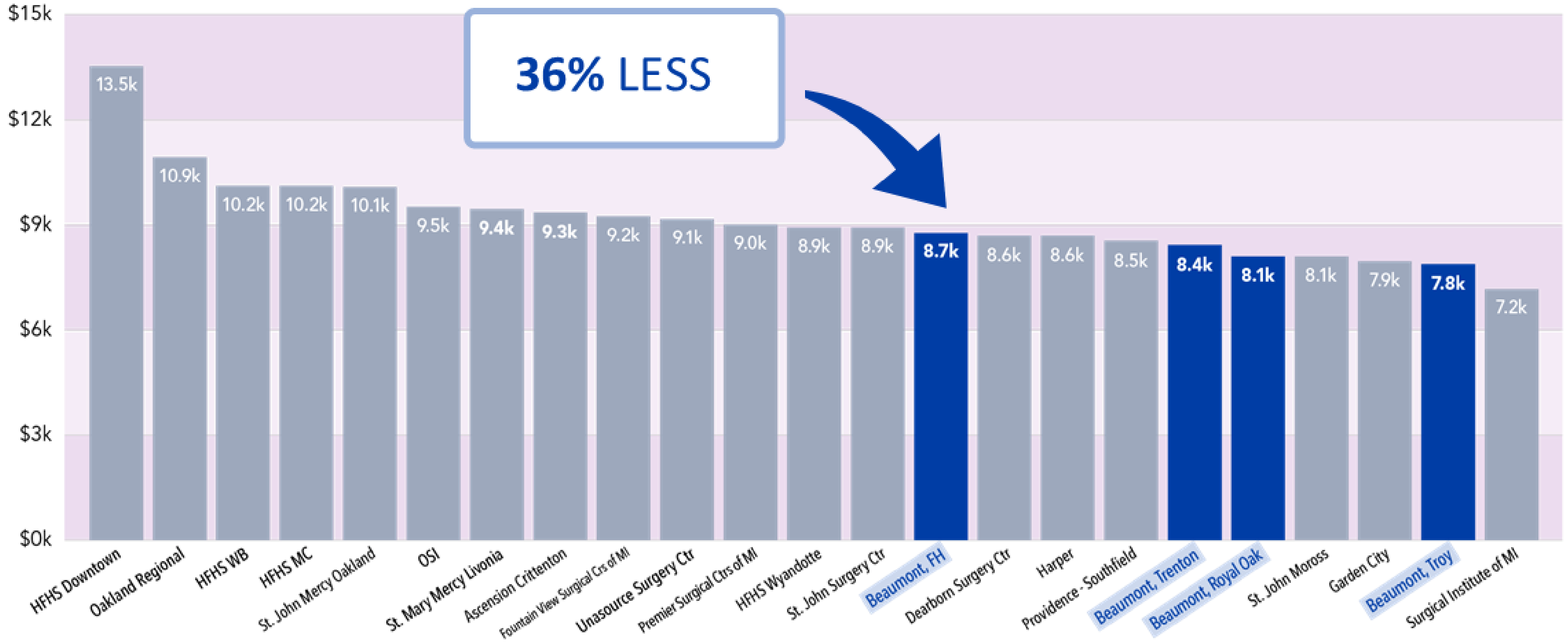
Episode End Dates Oct 2018 - Sep 2019 for Claims paid through Dec 2019

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

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 — High

Transactional Services	Population Health Solutions	Network / Insurance Solutions
• Occupational Health Services • On-site Flu Shot/Wellness Clinics • Private duty home caregiving • Employer on-site/near-site clinics • COVID-19 molecular & antibody testing • Return to work planning	• Whole Person Care Management/ ACO services • **Bundled payments for individual episodes of care** • Risk sharing over partial or total cost of care • Emergency department cost/utilization management	• Access to Beaumont Health Network • TPA Services • Beaumont Health Plan

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Healthcare System as Partner

Jonathan Nalli
Senior Vice President, Ascension
Ministry Market Executive, Ascension St. Vincent

September 18, 2020

Ministry Overview- Ascension St. Vincent

Ascension St. Vincent

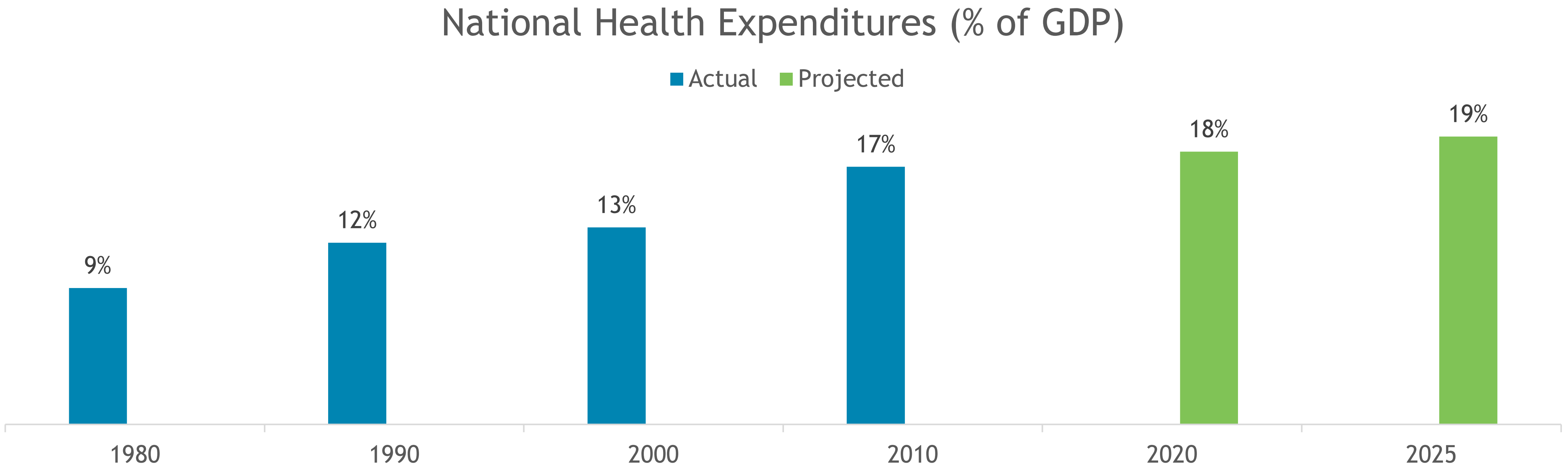
- 20 Inpatient Hospitals
- 2 Tertiary Hospitals
- 8 Critical Access Hospitals
- 4 ASCs
- 15 UCCs
  9 RAs
- 5 FSED
- 1,110 AMG Providers
- 1 LTACH
  1 IP
  Psych

Ascension
St. Vincent

Transformation and Disruption

Healthcare Spending

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



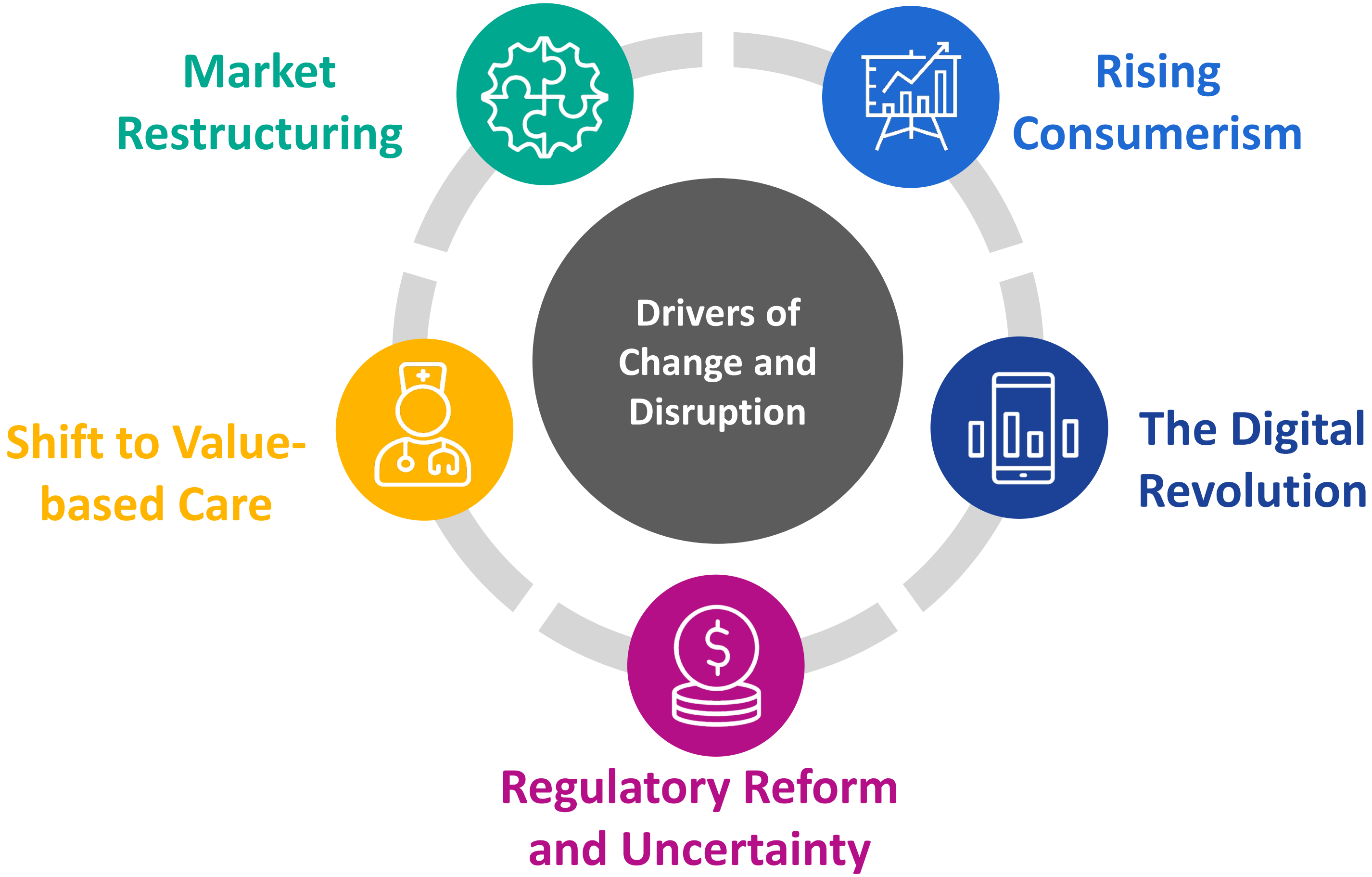
Source: Centers for Medicare and Medicaid Services, *National Health Expenditures,* January 2018. Compiled by Peter G. Peterson Foundation.

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



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.

Tertiary-Quaternary Care

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

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

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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

Facility	Open	Lap
Hospital	$15,100-$43,500	$5,200-$36,100*
ASC	$3,600-$9,800	$4,000-$13,500

*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
Pharmacy
Physical Medicine, Physical Therapy and Rehabilitation
Podiatry
Primary Care Sports Medicine
Radiation Oncology
Radiology
Research
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