

Mission:

To be your medical home

Vision:

**To be the model for physician-led
health care in America**

Values:

**As a physician owned and directed company,
we are committed to ensuring that patient
care is
efficient, effective, equitable, patient centered,
safe, and timely**



FUTURE

PAST

PRESENT

The Strategic Imperative

- Providers that are able to provide value (high quality at a low cost) will be successful.
- A physician-led company that is able to manage risk adequately without being overburdened with high fixed costs can thrive.



Cornerstone's Strategic Goals

- **Create a potential for long-term return on investment in a successful contemporary business model.**
- **Create an environment that permits a more enjoyable practice of medicine while enhancing our ability to delivery high quality, patient-centered care.**
- **Provide financial stability for our physicians in the changing health care economic climate.**
- **Reward shareholders for the investment we have made in our practice.**



Cornerstone's Strategic Choices

**Maintain
Status Quo**

Sell

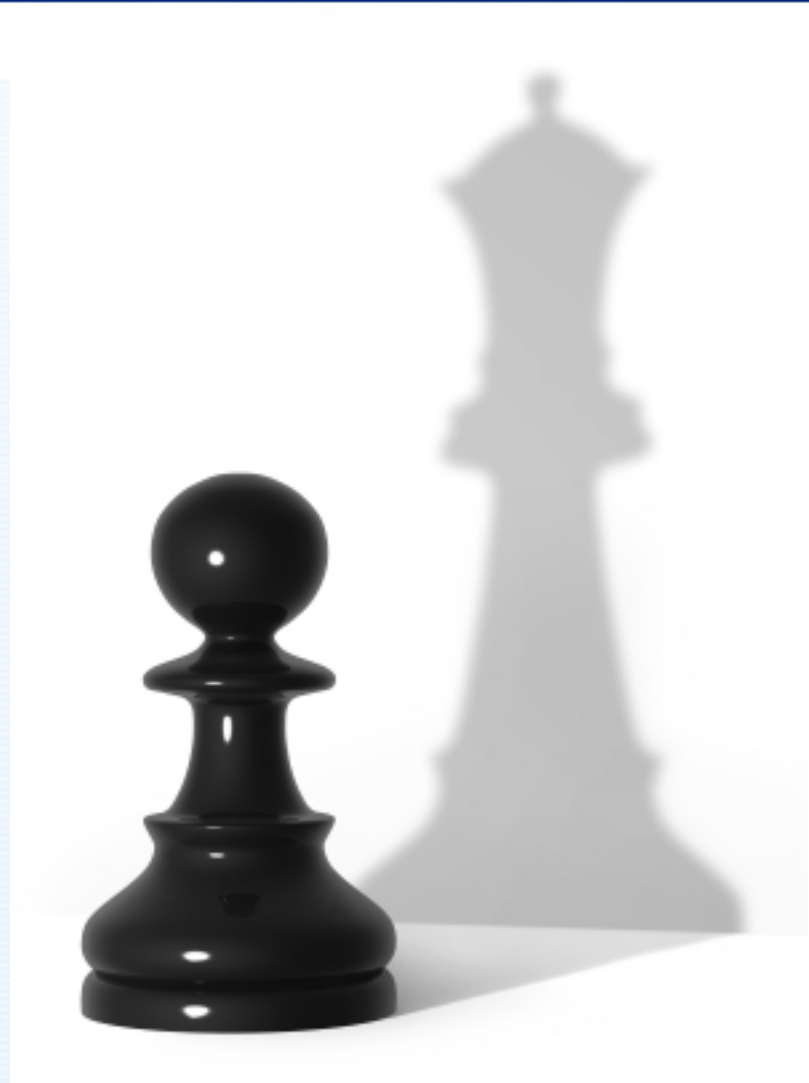
**Partner with
other
providers
and non-
provider
organizers**

**Redefine
business
model and
become
efficient,
high quality
provider of
services to
population
health
management
hubs**

**Innovate the
care model
and become
a population
health
management
hub**

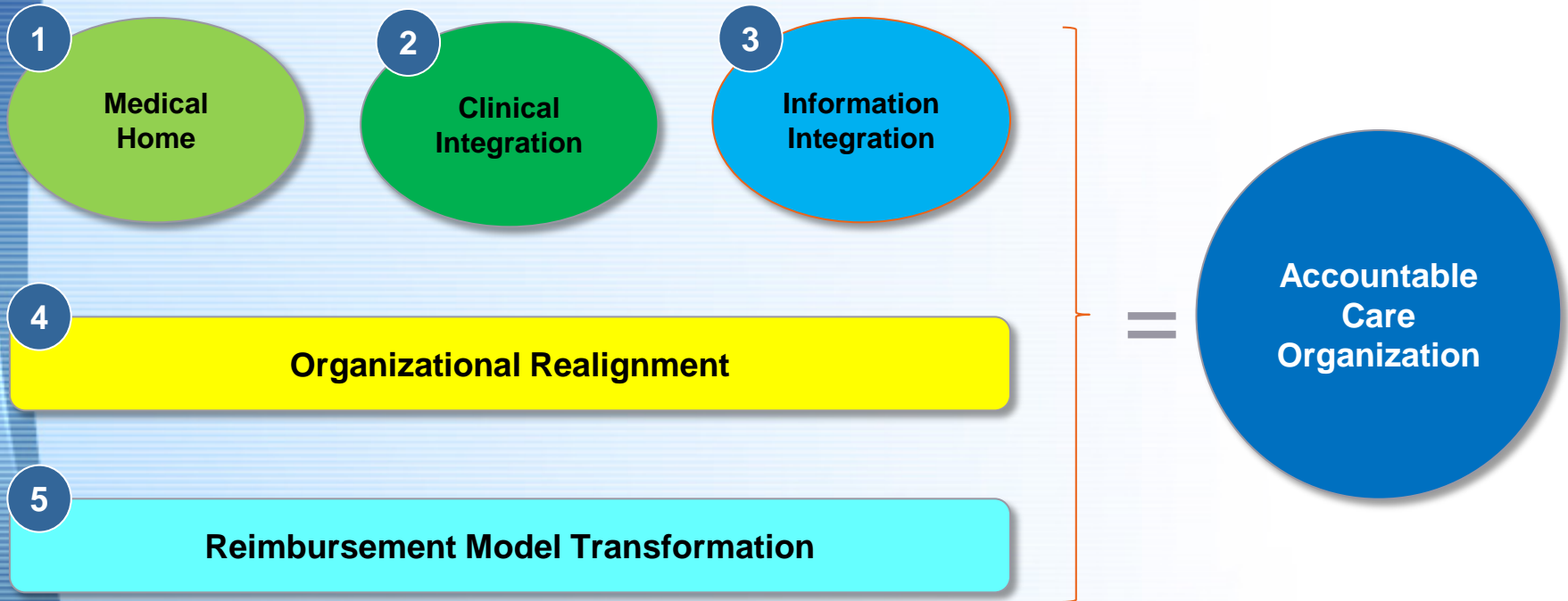
New competencies are required to support the population health management business

- Business Development
- Care Coordination
- Clinical Performance Management
- Effectiveness Analysis
- Financial and Clinical Risk Management
- Patient Engagement
- Patient Safety
- Physician Development and Training
- Value-Based Contracting



Cornerstone developed a five-pronged strategy for developing the population health management capabilities required to become an ACO

Cornerstone Population Health Management Strategy





Medical Home

Creating a 'Medical Home' led to development of a broad range of capabilities leading to higher quality across the full care continuum

Clinical Pharmacy Services

- Coumadin Management
- Diabetes Management
- Polypharmacy Management

Extended and Weekend Hours

- Ancillary Services Care
- Primary and some specialty care
- Multiple Locations

Medical Home Professional

- All 1,700 Employees completed intranet video training
- Received certificate of recognition after completion
- Required part of orientation for new hires

Outpatient Infusion Center

- Antibiotics, other meds
- IV Fluids
- 7 days a week

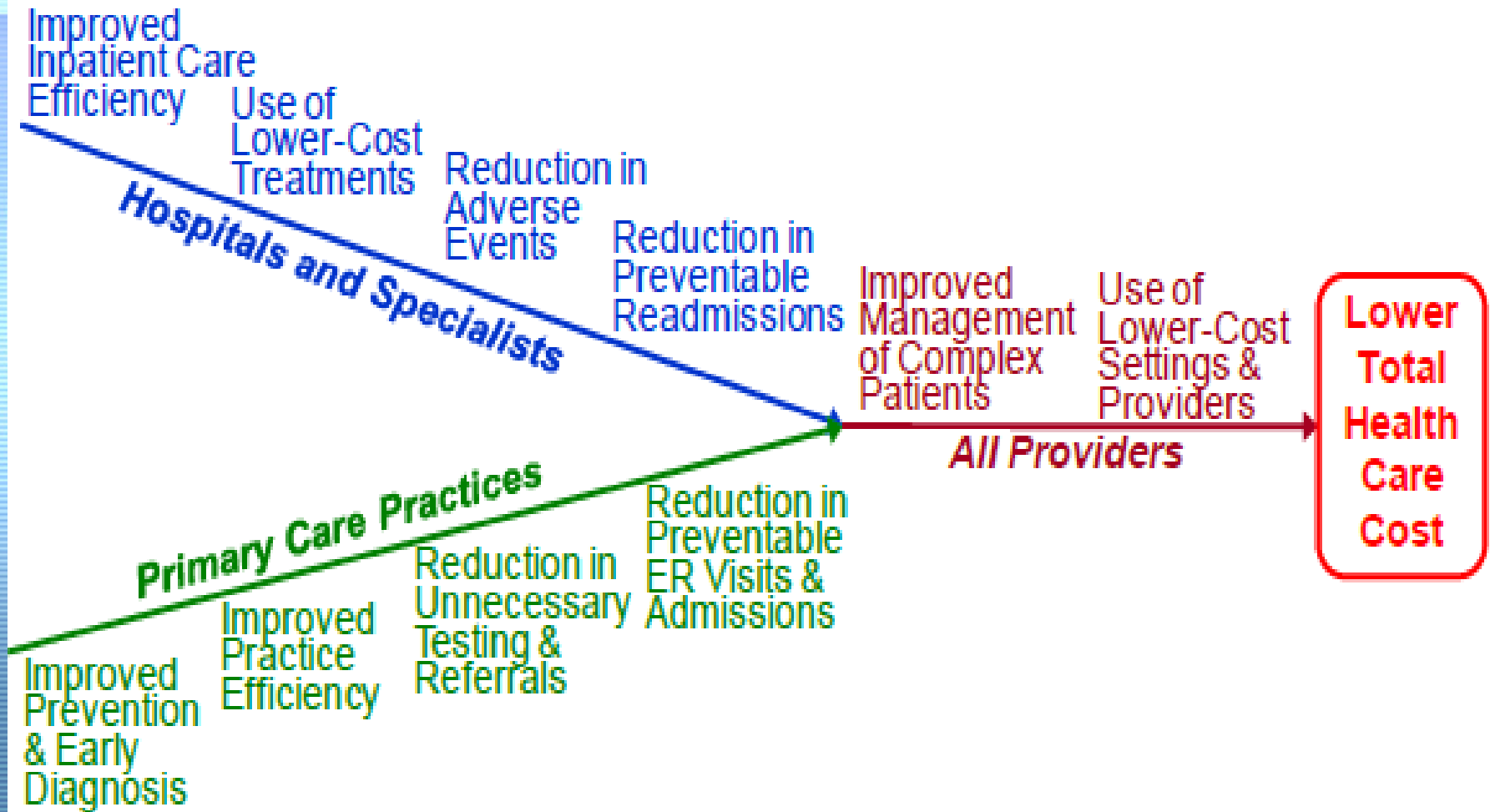
Patient Care Advocates

- Improve the overall patient experience in the PCMH model
- Disease Education
- Service Recovery



Clinical Integration

Opportunities for Health Care Cost Reduction Require Clinical Integration



Integrating high-impact specialty care models into the medical home improves outcomes via better management of the full care continuum

High-Impact Care Models



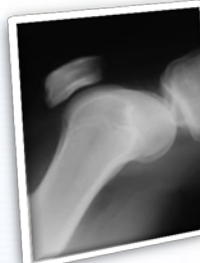
Cardiology

- Set up a dedicated clinic for multi-specialty CHF clinic
- Organized around an integrated team coordinating care across the CHF continuum to ensure better outcomes and patient experience at a lower cost
- Aimed to proactively manage CHF and its associated comorbidities to prevent frequency of hospital admission and death due to acute exacerbations



Oncology

- Created coordinated care models for the four most common solid tumors
- Used multi-disciplinary care teams to enact a single treatment plan, reducing redundant services and variability in treatment
- Provided ancillary services to help patients navigate the cancer care environment and improve the care experience



Advanced Primary Care

- Stratified patients into healthy/at-risk, high needs, and complex polychronic segments to better align needs with degree of care required
- Each patient group is treated in an increasingly more coordinated/self-sufficient care model based on the acuity of the patient's needs
- This stratification allows for allocation of resources in line with patient needs, limiting waste and redundancy to the system

Building team-based care models and properly aligning physician incentives will be key drivers of success

Beyond development of specific care models, Cornerstone instituted number of more targeted quality and value-driven initiatives in its key service lines

Specialty	Initiatives	Benefits
Pediatrics	Implementation and tracking of ACO-like measures (focus on immunizations, well child visits, Chlamydia screening, and asthma care)	<ul style="list-style-type: none"> • Improved care quality
	Consolidation of EHR templates and incorporation of ACO quality measures	<ul style="list-style-type: none"> • Improved care quality • Improved coordination of care
	Hoping to secure 5-year grant for participation in development of pediatrics-specific EHR	<ul style="list-style-type: none"> • Improvement in care quality
OB/GYN	Standardization for routine prenatal testing and routine annual tests around issued guidelines	<ul style="list-style-type: none"> • Reduction in variability of care provided • Improvement in care quality
	Reviewing C-section rates to reduce variability among practitioners	<ul style="list-style-type: none"> • Reduction in variability of care provided • Improvement in care quality
	Better management of high-risk patients with diabetes & high BP during pregnancy	<ul style="list-style-type: none"> • Reduction in variability of care provided • Improvement in care quality
Orthopedic Surgery	Coordinate with PCPs to create protocol to limit premature or unnecessary MRIs	<ul style="list-style-type: none"> • Improved care coordination • Reduction in unnecessarily utilization
	Coordinate with PCPs to create protocol for ordering the correct x-rays	<ul style="list-style-type: none"> • Improved care coordination • Reduction in unnecessarily utilization
Neurology	Reduce scans for lower back pain, migraines, and dementia	<ul style="list-style-type: none"> • Reduction in unnecessarily utilization • Improved care coordination
	Reduce ER visits by extending hours	<ul style="list-style-type: none"> • Reduction in unnecessary utilization



Information Integration

Effective population health management requires robust data on many items to ensure that Cornerstone is optimally managing its patients

Category	Examples	Impact
Patient Engagement	<ul style="list-style-type: none">• Targeted patient outreach• Identify gaps-in-care and at-risk patients earlier• Frequency of appointments	▶ Longitudinal, comprehensive view of patient enables more innovative and effective engagement strategies
Referral Management	<ul style="list-style-type: none">• Provide facility and specialist cost and quality data to physicians to enable value-based referrals	▶ Better steering of patients to the highest quality, more cost effective specialists
Medication Adherence	<ul style="list-style-type: none">• Prescription drug information for patients• Fill date and location	▶ Increased adherence to medication regimen through physician and pharmacist follow-ups with patients
Evidence-Based Medicine	<ul style="list-style-type: none">• Mutually agreed upon care pathways• Variations in pathways	▶ Increased use of evidence-based care to promote outcomes driven approach

Our Steps to Information Integration

Clinical Benchmarking

Clinical Decision Support

Collaborative Learning

Electronic Health Record

Financial Benchmarking

Health Information Exchange

Meaningful Use

Patient Portal

Registry

Remote Monitoring



Our Philosophy: Use the best tools

Best-in-class software and analytics

Reduce Waste

- Stratify population
- Identify over utilizers
- Enable care coordination and care management

Reduce Variation

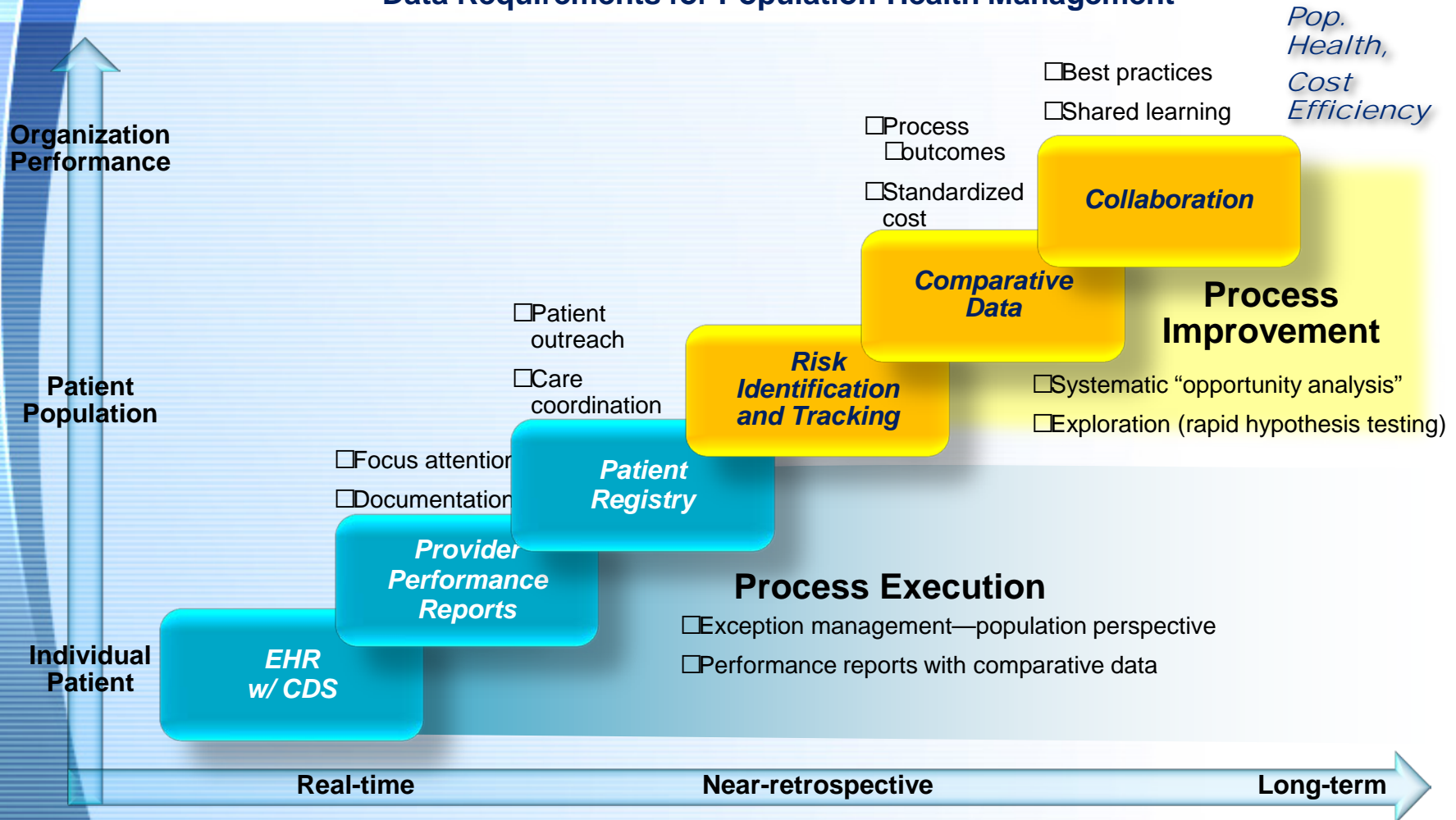
- Identify gaps in care
- Create registries
- Create care plans
- Engage patients

Increase Influence

- Control information flow
- Patient education
- Keep patients in network
- Improve access

Integrating disparate data platforms enabled proper reporting and data sharing required to support population health management

Data Requirements for Population-Health Management



Now Here Is Where We Are Going:



For physician organizations, several indicators will likely predict future success

Scale

With scale comes operational efficiencies and capability advancements – increased scale additional drives market influence and power

Risk Adoption

In order to fund the investment required and to gain the economic upside opportunities, providers will need to continue to adopt increasing levels of financial and clinical risk on their patients

Value-Based Care Delivery

Intense focus on created patient-centric solutions that drive quality of care while removing excess cost – organizations must achieve both standardization *and* innovation

Strategic Partnerships

Extending patient care beyond the walls of the provider office means forging key partnerships with organizations that provide services critical to an integrated patient care experience (e.g., home health, Rx, etc.)

Patient Engagement

New models of outreach, engagement and experience means surrounding patients with complete suite of product, services, clinical care and health management

Technology & Infrastructure Advancements

Significant buildout of analytic intelligence, information sharing, health management infrastructure, etc. remains critical to win in a FFV environment

Patient Care Redesign



Contract Redesign



A variety of value-based reimbursement models exist, but the greater risk that is shifted to the provider, greater likely upside exists for all stakeholders

Spectrum of Value-Based Reimbursement Models

Increasing Provider Risk and Overall Value Creation



Care coordination payments	P4P	Bundled payments	Shared savings	Global payments
<ul style="list-style-type: none"> PMPM payments designed to compensate for currently unpaid services (e-visits, home visits, care coordinating activities, etc.) Paid to Primary Care Medical Homes and Condition Mgmt. Models 	<ul style="list-style-type: none"> Physicians bonused to reach health management targets (quality, outcomes, cost, utilization, etc.) Hospitals bonused to reach utilization and quality targets Delivery systems penalized for 30 day readmissions and acquired conditions 	<ul style="list-style-type: none"> Medicare pays ACE rates on 29 conditions Hospitals and MDs together receive bundled payments for defined procedures Joint contracting organizations associated with delivery systems receive bundles to manage entire episodes of care 	<ul style="list-style-type: none"> CMS introduces one-sided and two-sided Shared Savings program Private payers introduce budgeted gain-sharing programs Includes upside only (gain-share) and upside-downside (risk-share) models 	<ul style="list-style-type: none"> Subset of delivery system could receive partial capitation Delivery system targets global compensation associated with defined population Full population management capabilities necessary

Infrastructure Redesign



- Facilities
- Information Technology
- People

ACO Infrastructure

**Network
Development
and Support**

**Structure and
Governance**

**Patient
Engagement**

**Quality
Management**

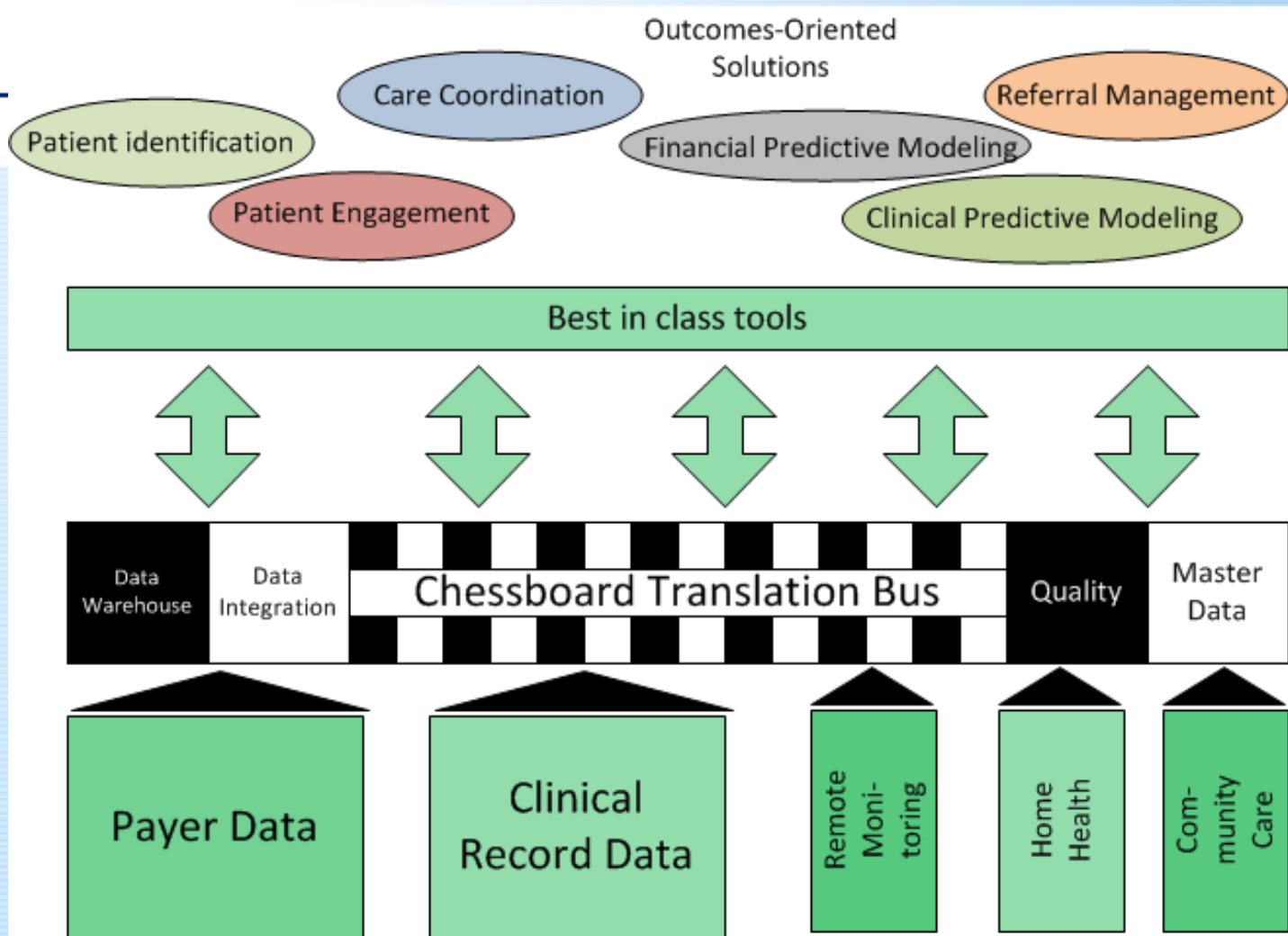
Innovation

**Care
Transformation
Support**

**Information
Continuity and
Management**

**Operational
Support**

**Financial
Analysis and
Reporting**





What's YOUR next move?

CHESS

Cornerstone Health Enablement Strategic Solutions