Transforming Fairview’s Business Model to Accept Risk and Manage the Health of Populations

Health Industry Forum
April 16, 2010
Change is coming…Change is here

• We are being asked to deliver greater value.
  – Improved clinical outcomes
  – Lower cost
  – Improved experience

• We will be asked to care for the health of a population.

• Payment systems and methodologies will change, rewarding those who deliver value.
The market is changing…

Population/Global Payment

Payment Methodologies

Individual/Discount Fee For Service

Volume

Transition

Today

Care Delivery

Market Relevance Global Adoption

Value

Episode/Lifetime
Requiring a new “value chain”…

Value

Change Care

Creating Value and Outcomes

Consumer

Provider

Change Experience

Patient Activation and Consumer Engagement

Employer/Plan

“Global Payment” Enables Performance Rewards Value

Change Payment
And a repositioning of our business model

Integrated Delivery System

Multiple Points of Access (Health Home)

- Internet
- Virtual Clinics
- Retail Clinics
- Employer Clinics
- Physician Clinics
- Urgent Care
- ER

Population

Care Management

Maximize Utilization/Revenue Growth

Incentive to reduce utilization

Minimize Utilization/Manage Margin

TODAY (fee for service)

- Multi-Specialty Group Practice
- Outpatient Ancillaries
- Sub-Acute Care
- Acute Care

FUTURE (global payment)

TODAY (fee for service)

Minimize Utilization/Manage Margin

TODAY (fee for service)

FUTURE (global payment)
To deliver on today’s and tomorrow’s definition of “value”

<table>
<thead>
<tr>
<th>Today</th>
<th>Tomorrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes &amp; Outcomes</td>
<td>Health Status</td>
</tr>
<tr>
<td>Encounter Satisfaction</td>
<td>Customer Loyalty</td>
</tr>
<tr>
<td>Cost/Case</td>
<td>Cost/Member</td>
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<tr>
<td>Share of Encounters</td>
<td>Share of Covered Lives</td>
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Creating capabilities and capacity to manage the health of populations

<table>
<thead>
<tr>
<th>Volume</th>
<th>Value</th>
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<tbody>
<tr>
<td>Fee-for-Service</td>
<td>Global Payment</td>
</tr>
<tr>
<td>Shared Savings</td>
<td></td>
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<tr>
<td>Episode Payment</td>
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<tr>
<td>Partial Capitation</td>
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<table>
<thead>
<tr>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>Care Delivery</td>
<td>Medical Home</td>
<td>Network Development</td>
<td>Population Health</td>
</tr>
<tr>
<td>Innovation</td>
<td></td>
<td>Fairview Population</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Epic Install</td>
<td></td>
</tr>
<tr>
<td>Fairview</td>
<td>Care Packages</td>
<td>Integrated Business Intelligence</td>
<td></td>
</tr>
<tr>
<td>Medical Group</td>
<td></td>
<td>Physician Compensation</td>
<td></td>
</tr>
<tr>
<td>Reorganization</td>
<td></td>
<td>Sensor Technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating Model/Infrastructure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Virtual Care</td>
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</tbody>
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Volume: Fee-for-Service, Shared Savings, Episode Payment, Partial Capitation, Global Payment

Value: Care Delivery Innovation, Medical Home, Network Development, Fairview Population, Epic Install, Integrated Business Intelligence, Physician Compensation, Sensor Technology, Operating Model/Infrastructure, Virtual Care, Accountable Care Organization
Working to Create “New Value Chain”

- Clinic Model Redesign
- Team-based Care
- Care Packages
- Virtual Care

- NetClinic
- Virtual Care
- Patient Activation
- Panel Management

Building a Community Capability to Generate New Care, Experience and Payment Models
Today…care for the sick is physician centric
Tomorrow...keeping patients healthy with team-based care
2009 CMI results…

• Improved quality

• Increased access and capacity
  - promoted virtual care (phone, email, webcam)
  - created new visit types (nurse only, team visits – n clinicians to one patient)
  - asked patients for input on length of appointment required when scheduling

• Increased patient satisfaction
  - Migraine example
  - A real person answered the phone
  - . . . who knows you
Improved quality in CMI clinics

### Quality of Care

#### Diabetes Management

- **Eagan**
- **Non-CMI Fairview Clinics**

#### Hypertension Management

- **Rosemount**
- **Non-CMI Fairview Clinics**
**Improved access and capacity…**

**MD Capacity Increase**

**Improved Access**

**Northeast Clinic Call Abandonment Rate**

<table>
<thead>
<tr>
<th>Date</th>
<th>Abandonment Rate</th>
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<tbody>
<tr>
<td>6/1-6/5</td>
<td>22%</td>
</tr>
<tr>
<td>6/8-6/12</td>
<td>33%</td>
</tr>
<tr>
<td>6/15-6/19</td>
<td>34%</td>
</tr>
<tr>
<td>6/22-6/26</td>
<td>31%</td>
</tr>
<tr>
<td>6/29-7/3</td>
<td>34%</td>
</tr>
<tr>
<td>7/6-7/10</td>
<td>31%</td>
</tr>
<tr>
<td>7/13-7/17</td>
<td>35%</td>
</tr>
<tr>
<td>7/20-7/24</td>
<td>33%</td>
</tr>
<tr>
<td><strong>8/5/2009</strong></td>
<td><strong>GO LIVE</strong></td>
</tr>
<tr>
<td>8/10-8/14</td>
<td>14%</td>
</tr>
<tr>
<td>8/17-08/21</td>
<td>13%</td>
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Successfully shifting care to lower cost & more patient-friendly interactions…

**Clinic's % Of Non-Traditional Encounters**

- 2008: 52%
- 2009: 66%

**Team-Based Care**

- MD-centric Model = ~35 patients managed daily
- Team Model = ~90 patients managed daily
- MD Extender increases panel capacity
- MD Extender Performs Majority

**Chart**

- Mail Outreach
- Phone Outreach
- Proactive Chart Reviews
- Phone l/u
- Email l/u
- Nurse Only Visit
- Group Visits
- Visits

**Graph**

- Y-axis: # of Patients Managed Daily Per MD
  - 0
  - 10
  - 20
  - 30
  - 40
  - 50
  - 60
  - 70
  - 80
  - 90
  - 100

- X-axis (Today): MD Phone follow up, MD email l/u, Clinic Visits
- X-axis (Team Based Panel Management): Mail Outreach, Phone Outreach, Proactive Chart Reviews, Phone l/u, Email l/u, Nurse Only Visit, Group Visits, Visits
Virtual care...Care Anywhere

Visit Demographics

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>69.4%</td>
</tr>
<tr>
<td>Male</td>
<td>30.6%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>28.6%</td>
</tr>
<tr>
<td>25-34</td>
<td>32.7%</td>
</tr>
<tr>
<td>35-44</td>
<td>26.5%</td>
</tr>
<tr>
<td>45-54</td>
<td>12.2%</td>
</tr>
<tr>
<td>Top Rx</td>
<td></td>
</tr>
<tr>
<td>18 prescriptions written. No additional detail available</td>
<td></td>
</tr>
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</table>

Time of Day

Provider Types

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>MD</td>
<td>94%</td>
</tr>
<tr>
<td>Physician Asst</td>
<td>4%</td>
</tr>
<tr>
<td>Nurse Practitioner</td>
<td>2%</td>
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</table>

Visit Details

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
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<tbody>
<tr>
<td>Satisfaction with Provider</td>
<td>4.63/5 stars</td>
</tr>
<tr>
<td>Online Care Rooms</td>
<td>Total Card Swipes 2133</td>
</tr>
<tr>
<td></td>
<td>Main 1503</td>
</tr>
<tr>
<td></td>
<td>RP 525</td>
</tr>
<tr>
<td></td>
<td>Virginia 105</td>
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Top Diagnoses/Disease Areas

1. Skin disorders and redness
2. Behavioral Health
3. Insomnia
4. Migraines and other headaches
5. Hypertension

Virtual care prototype with BCBSM:
- Fairview providers care for BCBSM employees & family members using web cams in employer clinics and homes
- Model and understand virtual care operations
- Design for consumerism

( November 30, 2009 - January 25, 2010)
In motion 2010 CMI goals

Face-to-Face with Patients:
- Check-in
- Room
- MD/NP/PA Exam
- Order
- Check-out
- Follow-up

Day Planner: Medical Asst, Medical Asst, Medical Asst, Medical Asst, Medical Asst

2010: All Clinics
- Adult preventive
- Pre-visit planning
- Shared documentation
- Standard care guidelines

2010: Dependent On CM Strategy
- Chronic Care (CV suite & CKD)
- Population management
- RN mgmt by protocol
- Registry mgmt/gaps in care

2010: Dependent On Care Mgmt Strategy
- Chronic Care (Migraine, Asthma, LBP)
- Condition-specific RN Triage
- Condition-specific education
- Develop patient self mgmt plans
- Patient outreach

2010 All Clinics: Prerequisite Processes
- Med Reconciliation
- Std Rooming
- Std Room Set-up
- Std In-basket mgmt
- MyChart sign-up and activation
- Problem Solving Methodology (PDSA)
- Communication Process (e.g. huddles, team design, operational meetings)

2010: Teams In All Clinics
Payer revenue at risk

• Revenue at risk with 3 major commercial payers
• Various models
  • Clinical quality
  • Clinical quality & total cost of care
  • Total cost of care
• 2010 Revenue at risk $40+M
Challenges

• Changes in the care models are moving faster than payment & growth models
• Living in two worlds is difficult
• Changing roles
Our work requires transformational change in organization focus...

Operations

Clinical Enterprise
*Realize value*

Care Model Innovation
*Creating new value*

Global Business Services
*Creating enabling expertise*

Member Acquisition
*Connecting to Members*

Business Model Innovation
*Recognizing Economic Value*
Our work requires transformational change in organization focus…

Operations
Realize value

Multi-Specialty Group
Outpatient Care
Sub-acute Care
Acute Care
Care Management

Design
Creating new value

Care Model Innovation
Business Model Innovation
Member Acquisition

Goals and Strategies

Global Business Services
Business model shift

Select functions of payers shifting to providers, as providers take accountability for accepting performance risk and managing the health of populations.