Full Court Press:
Achieving U.S. Healthcare Reform with an Inside-Out & Outside-In Game Plan

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Learning Objectives

- Describe the burning platform for U.S. healthcare reform

- Understand the U.S. healthcare reform drivers: payment reform meets the 4th industrial (Societal) revolution

- Draw a model for innovation that can successfully redesign an affordable, high quality, and sustainable U.S. healthcare system

- Share a case example for how the Premier healthcare alliance is preparing for a value-driven market place
Burning Platform

Drivers creating urgency for Value-based Care

1. Federal Debt is Unsustainable

2. Significant Spend Increase

National Health Expenditures, per capita

3. Aging Population

4. Chronic Conditions

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• How would you advise your child if he/she is at risk of accumulating $63,000 in debt?
U.S. Healthcare Reform Drivers:
Payment Reform Meets the 4th Industrial Revolution
Resource Use: annually reduce the average per capita cost per beneficiary (or bundled cost per beneficiary)

- **Quality:**
  - Physician Quality Reporting System (PQRS) measures
  - Population based measures calculated by CMS

- **Consumer Satisfaction:**
  - HCAHPS and CAHPS surveys
  - Consumer engagement & activation

- **Advancing Care Information:**
  - EHR patient confidentiality,
  - EHR performance measures

- **Clinical practice improvement activities:**
  - Expanded access, population management, care coordination,
  - beneficiary engagement, patient safety, certified clinical registry

Source: [www.qpp.cms.gov](http://www.qpp.cms.gov)
CMS estimates 592,000 and 642,000 clinicians are required to participate in MIPS in 2017 and that 70,000-120,000 clinicians will participate in advanced APMs for the 2017 performance year.
Fourth Industrial (Societal) Revolution

• Knowledge only limited by machine processing power

• Digital connectivity storm across machine, industries & ecosystems

• Digital technology, robotics, nanotechnology, biotechnology, 3D printing, material science, power of computer analytics, AI

• Potential of fusing technologies

• Digitally model in a virtual setting before entering physical world

• Discovery leads rapidly to new business and society models

• Greatest impact will be on society

• Required skills – adaptive, agile, alert

• At risk - human connection & communication, compassion & cooperation
Model for Innovation

Incumbents nearly always win

Sustaining innovations

Pace of product improvement

Performance that customers can use

Disruptive Innovations

New competitors nearly always win

Source: Clayton Christensen, The Innovators Solution
Definitions for Innovation

• Innovation: the act or process of introducing new ideas, devices, or methods that offer desirable value (source: Merriam-Webster dictionary)

• Degrees of Innovation:
  – *Incremental Innovation:* gradual in evolution, additive, building on existing technologies and processes

  – *Transformative Innovation:* creates new and original technologies/processes that cause an important and lasting change

  – *Disruptive Innovation:* creates a new market and value network, eventually disrupts an existing market and value network, displacing established market leading firms
Model for Disruptive Innovation

1. Sophisticated technology that simplifies
2. Low cost, innovative business models
3. Economically coherent network

Source: Clayton Christensen, The Innovators Prescription
Inside-Out Innovation

**Regulation & Standards:**
- CMS’ value-based payment reform

**Enabling Technology:**
- AMC research & education
- Genomics and precision medicine
- Digital revolution (i.e., EHR, remote monitoring, telehealth, decision support, artificial intelligence)

**Business Model Innovation:**
- CMS value-based care models (i.e., ACOs, bundled payment, PCMH)
- Transparency on cost & quality (i.e., CMS compare.com websites)

**Value-based Networks:**
- United Healthcare expanding its provider network
- Advocate Health and Aurora Healthcare merger
- Oscar Health & Cleveland Clinic narrow network
- Hospitals partnering with community leaders (CHNA)
- CVS acquisition of Aetna
- Optum acquisition of DaVita
- Humana acquisition of Kindred
- Retail pharmacy’s mini-clinics
- Intermountain Healthcare generic drug company startup
Outside-In Innovation

Regulatory & Standards:
- SEC guidance on consolidation

Enabling Technology:
- Digital revolution (i.e., social media, apps, wearables, gamification)
- Apple mobile medical record
- IBM Watson

Business Model Innovation:
- Amazon, JP Morgan, Berkshire Hathaway healthcare company
- Pacific Business Group on Health’s narrow networks
- Health Transformation Alliance’s narrow networks and pharmacy benefits
- United States of Care bipartisan consensus group

Value-based Networks:
- Consumerism
- Amazon pharmacy distribution license
- Walgreens – AmerisourceBergen
Amassing the power to execute disruption

**Operational Challenges:**
- Fragmented provider alignment & networks
- Fragmented payers and financial systems
- Fragmented clinical information systems
- HIPAA and data portability
- Indigent care and socio-economic circumstances

**Cultural challenges:**
- Vision to change, willingness to change
- “Do no harm” mindset
- Trust, communication, cooperation

**Opportunities:**
- Shared group intelligence and experiences
- Rapid cycle to ideate, prototype, validate and scale
- Avoid duplication of work
- Economy of scale
- Use of market influence and power
Premier’s Collaborative Model
Premier Introduction

**SCALE**
- Alliance of ~3,900 hospitals – 76% of U.S. community hospitals – and ~150,000 other providers
- Integrated clinical, financial, operational data – insights into ~40% of U.S. health system discharges
- Approximately $56 billion in supply chain spend
- Manage ~2,300 contracts from ~1,300 suppliers

**ALIGNMENT**
- Members own ~62% of equity
- 10 health system board members
- Embedded support with corporate goals aligned to member performance

**COMMITMENT**
- Member owner average tenure ~18 years (82% at 10+)
- Strategic partner / extension of the member organization

**CO-INNOVATION**
- Co-develop solutions with members
- Committees composed of ~195 member hospitals
- ~1,400 hospitals in performance improvement collaboratives

Note: Data as of FY-end June 30, 2017, except member ownership, which is as of July 31, 2017
Premier’s Collaborative Model for Disruptive Innovation

Engage in behavioral, cultural & organizational change

- Premier data warehouse
- Predictive analytics
- Decision support tools
- Qualified clinical data registries
- Cost management tools

- High value-networks:
  - Primary care
  - Specialty care
  - Surgical care
  - Acute care
  - Post-acute care
  - Home care
  - Telehealth
  - Mini-clinic
  - Retail pharmacy
  - Community leaders
  - Employer
  - Payer
  - Manufacturer

Adapted from: Clayton Christensen, The Innovators Prescription

- ACO
- Bundled Payments
- PCMH
- Clinically integrated networks
- Other
Premier ACO Performance Results

Higher % of ACOs achieving shared savings

% of PHMC Members who achieved shared savings % vs. nation

- PHMC members: 50%
- All Medicare ACOs: 31%

Higher rate of shared savings

- PHMC members as % of all Medicare ACOs: 94%
- PHMC member savings as % of total savings: 6%
- Total Savings = $679.6

$89.2 million for PHMC members

Higher average quality scores

- Medicare ACO average quality scores
  - PHMC members: 93.81%
  - All Medicare ACOs: 91.48%

* savings dollars x million
Southwest General Hospital Success Story

EPISODE TYPE: Congestive Heart Failure

SOLUTION: Knew that aligning people, processes and technology would be the key to success. Setup process for PCs and Specialists received notifications when a bundle patient arrived and received support from the population health team. Transparent with SNF utilization and PAC spend data.

RESULTS:
✓ 15% reduction in 30-day readmissions
✓ 17% reduction in 90-day readmissions
✓ 9% reduction in unnecessary consults/associated costs
✓ Positive NPRA allows for reinvestment into improving patient care.

“Our decision making related to our bundle is impacting our readmission rate, which has been decreasing. This increases our confidence in our work and the information we get from Premier’s analytics tool.”

~ Jill Barber, Executive Director of Population Health, Southwest General

HOW TO LEARN MORE:
QUEST Sepsis Practice Improvement Results

Mortality
- 38% improvement.
- 1 in every 5 deaths prevented was a Sepsis case.

Cost of care
- 22% decrease in CMI/inflation adjusted costs.
- ~ $1,421 drop in mean cost/discharge.

Evidence-based care
- 18% improvement in evidence-based care.
- 97% compliance achieved benefitting 123,956+ patients.

Patient experience
- Improved patient experience scores by 6% since baseline.

Harm avoidance
- 46% reduction in harm
- Hospital acquired injuries saw a 72% reduction from 2009 - current

Readmissions
- 9% reduction in 2010 - current
SUSTAINABLE TRENDS IN HEALTHCARE REFORM

VALUE-BASED PURCHASING: HAC, QUALITY, EFFICIENCY, COST
HAC & READMISSION PENALTIES
BUNDLED PAYMENT
MEDICAL HOME INCENTIVES
SHARED SAVINGS & GLOBAL PAYMENT

MOVEMENT TO INTEGRATED CARE DELIVERY MODELS

HEALTH JOURNEY
LOW OR NO RISK
HEALTH PROMOTION AND WELLNESS
MODERATE RISK
HEALTH RISK & PRE-DISEASE MANAGEMENT
HIGH RISK
EPISODIC & CHRONIC CARE MANAGEMENT & CARE COORDINATION
PALLIATIVE CARE & END OF LIFE CARE

PATIENT SATISFACTION VIA QUALITY CARE
REDUCE PERCAPITA COST
POPULATION HEALTH

TRANSFORMING HEALTHCARE TOGETHER®
Key Take Aways for Today….

• Listen, question, and learn from organizations that are within and outside of the U.S. healthcare system

• Allow your right brain to think divergently for new possibilities….

• ….And left brain think convergently for better ideas that are desirable (human), feasible (technology) and viable (business)

• Network to find at least 3 new collaborators that share your similar interest and challenges

• Remember…it’s in our DNA fabric to solve big problems that make the world a better place to live….make the most of today with an eye on the future!
Questions

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