

Getting Ahead of the Cost Curve: Aligning Business and Clinical Strategies

NYS Health Foundation

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HOFSTRA NORTH SHORE-LIJ
SCHOOL of MEDICINE

NQF
National Quality Forum
National Quality
Healthcare Award
Winner 2010



2012 Key Facts

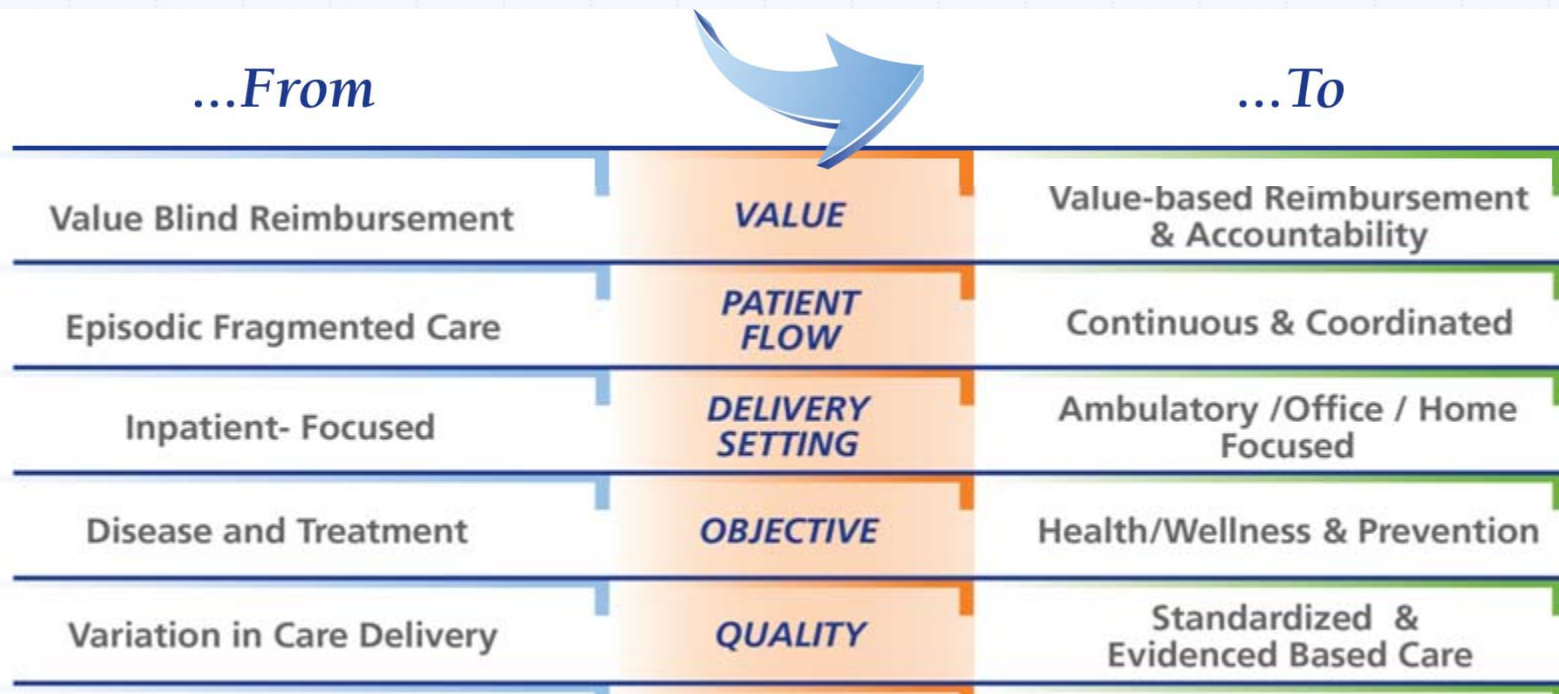
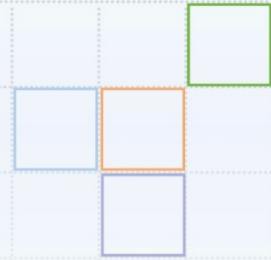
- 16 hospitals (More than 6,000 hospital and long-term care beds)*
 - 5 tertiary
 - 7 community
 - 3 specialty
 - 1 affiliate
- 3 skilled nursing facilities
- Nearly 400 ambulatory practice sites
- 34 nursing home/senior living affiliates
- The Feinstein Institute for Medical Research
- Comprehensive continuum of care
- Strategic alliances
 - Cleveland Clinic
 - Hackensack University Medical Center
 - Montefiore Medical Center

- 7 million people served
- 4 million patient contacts
- 133,400 ambulatory surgeries
- 283,700 hospital discharges
- 25,600 births
- 640,000 emergency visits
- 503,700 home care visits
- 91,400 ambulance transports
- More than \$6.7 billion in revenue
- 3rd largest non-profit, secular healthcare system in the U.S.

- More than 44,000 employees
 - More than 10,000 nurses
 - More than 9,440 physicians
 - More than 1,500 medical residents and fellows
- More than \$646 million (11.9 percent of operating expenses) contributed in community benefit by offering 2,053 programs serving 1.6 million people and 23,000 health professionals
- Recipient of the National Quality Forum's 2010 National Quality Healthcare Award
- Hofstra North Shore-LIJ School of Medicine

*Does not include affiliate organizations

The Changing Landscape

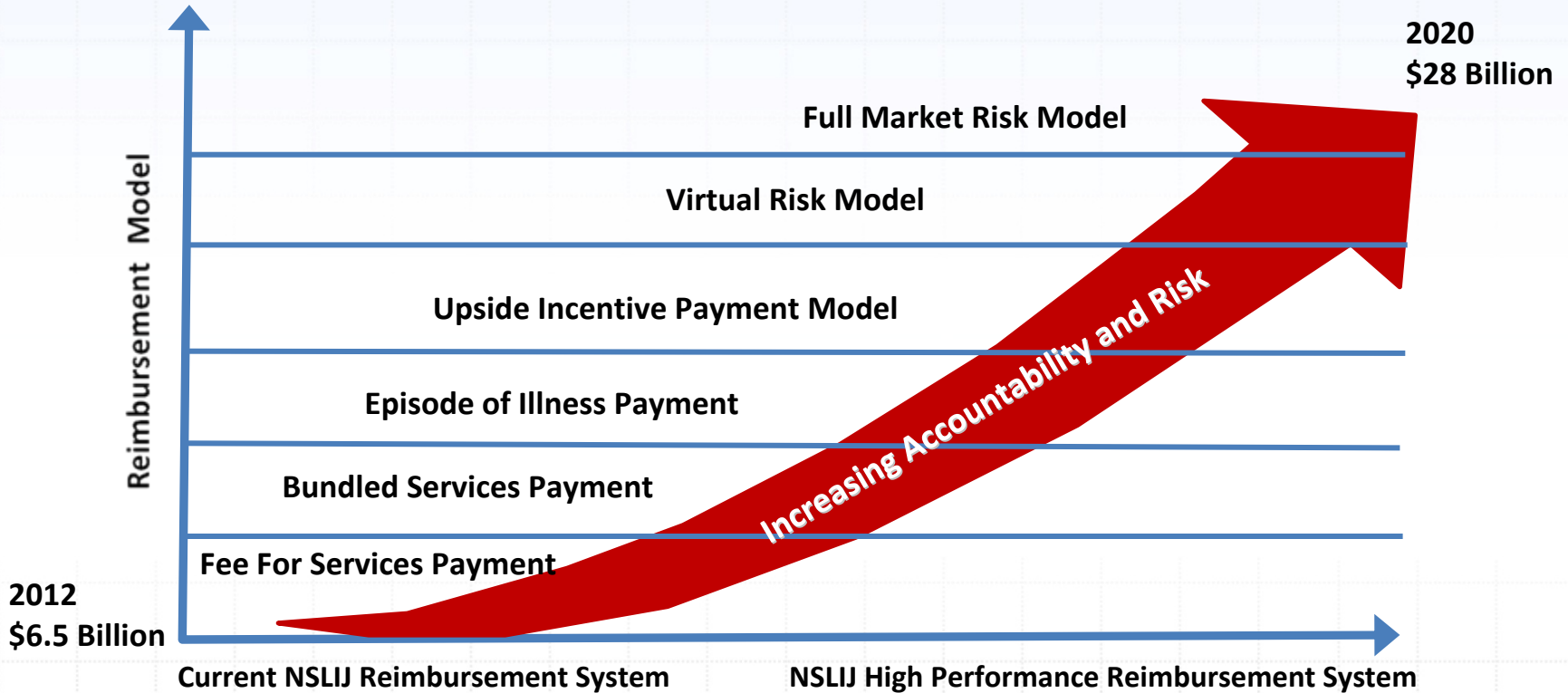


Leading Market Indicators: Now and Beyond

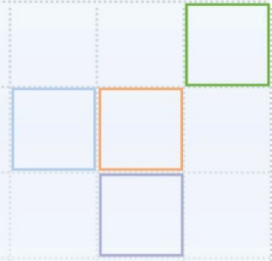
- Many factors are squeezing hospital revenues:
 - Reduction or elimination of annual trend
 - Dramatic reduction of organic inpatient growth, volume, referrals, and market share
 - Greater government and payer scrutiny on denials, down coding, reassignments--can't win settlements, reconciliations and disputes as easily
 - Greater demands and complexity from government
- Hospitals must embrace changing landscape and adapt their business models
 - Capture a larger percentage of the shrinking premium dollar
- Requires buy-in from senior leadership who must drive the change
- Requires building capacity and infrastructure to manage risk
 - Robust IT
 - Financial/Population health analytics
 - Medical management outside the hospital walls
 - Network development/Composition

Transformation of Payment Models

Payment Reform will demand a new model of coordinated care across the continuum



Current Transformation Efforts



Virtual Risk Deals

- Employee Health Plan
- HealthFirst Medicare and Medicaid
- Oxford Medicare
- UnitedHealthcare/North Shore-LIJ Advantage – geared towards small businesses
 - Co-Branded Commercial products approved by NYS DFS
 - Tiered benefit design with NSLIJ doctors/facilities as Tier 1
- Pioneer ACO with Montefiore
- Other Innovative Deals in Progress with Payer Partners

Modified Fee-for-Service

- CMS Bundled Payment Care Improvement Demonstration
- Discounted FFS for Directed Volume (Direct to Employers/Unions)

Full Insurance

- Managed Long Term Care Plan (Article 44 License)
- MAP/Fully Integrated Dual Advantage Plan (FIDA)

Other Innovations

- NYS Health Home (Nassau, Queens and Suffolk Counties)
- Designated by NYS as Behavioral Health Organization (BHO) for Long Island

A Quality, Select Network of Providers is Essential for a Successful Transformation

- Quality-based select network of providers who agree to work with the health system to provide care for the beneficiaries who we are at risk for
- Primary goal is better outcomes, an improved patient experience and a reduction in costs (Triple Aim)
- Aligns outstanding community and employed physicians to coordinate care across the continuum
- Promotes in-network referrals to more closely manage quality and performance
- Requires the sharing of patient information to create measurable, clinical criteria that will serve as the basis for continued participation in the network
- Will offer innovative performance-based contracts using quality and in-network care as key drivers for success
- Only physicians in this select network will benefit from performance based contract opportunities
- Partnerships with payers will be centered around this select group of providers

Components for Successful Performance Contracts

1. Benefit Design:

- Create NSLIJ network insurance products that incentivize employers, patients and providers to seek care from NSLIJ Providers/Facilities

2. Membership:

- Attract employers, unions and consumers to sign up for insurance products which feature NSLIJ Providers/Facilities

3. Premium:

- Share in the premium \$ paid to the insurer. Participate in the RISK and REWARD. No longer depend only on the fee for each unit of service

4. Directed Volume:

- Increase directed volume from members & physicians selecting NSLIJ aligned providers

Components for Successful Performance Contracts

5. Network:

- Develop and manage a performance based select network of providers (i.e. North Shore-LIJ Premium IPA)

6. Information:

- Continuous access to actionable clinical information about patient conditions, provider behavior, payments and outcomes

7. Medical Management:

- Establish and implement care coordination, medical appropriateness, efficient utilization program using protocols, benchmarks and quality standards

8. Reimbursement for Performance:

- Design payment methodologies for participating providers who meet or exceed the established standards

New Formula for Success

1. Better Performance and Higher Quality will mean more members
2. More Members will mean more patient referrals to NSLIJ
3. More Referrals to NSLIJ providers will mean better quality and better financial performance
4. More Quality and better performance will mean more people under our care and greater market volume
5. But make no mistake, population health management requires a transformation in payments, clinical practice, and the commitment of all stakeholders!