Advocate Health Care and Physician Alignment
Agenda

• My Story
• Why now?

• “Private Practice” vs Employee

• The Advocate/APP/AMG Story
• Questions and Discussion
Death by a thousand cuts

- Contracting
- Recruitment
- Revenue Cycle
- Liability Costs
- Decreasing Reimbursement
- EMR and Meaningful Use
- Pay for Performance
- Accountable Care

The coming tsunami……MACRA: MIPS and APM
# Solo and Small Practices Likely to be Hit Hard

Larger Practices Expected to Do Better Under the MIPS

<table>
<thead>
<tr>
<th>Practice Size</th>
<th>Percentage Eligible Clinicians Receiving MIPS Penalty</th>
<th>Percentage Eligible Clinicians Receiving MIPS Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solo</td>
<td>87.0%</td>
<td>12.9%</td>
</tr>
<tr>
<td>2-9</td>
<td>69.9%</td>
<td>29.8%</td>
</tr>
<tr>
<td>10-24</td>
<td>59.4%</td>
<td>40.3%</td>
</tr>
<tr>
<td>25-99</td>
<td>44.9%</td>
<td>54.5%</td>
</tr>
<tr>
<td>100+</td>
<td>18.3%</td>
<td>81.3%</td>
</tr>
</tbody>
</table>


- **785**
  - Hours per physician that physician practices in four common specialties are spending on reporting of quality measures.

- **~49%**
  - Eligible providers not currently participating in PQRS program, despite existing penalties.
The Missing Aim

- Better Outcomes
- Improved Clinician Experience
- Lower Costs
- Improved Patient Experience
Advocate History

- Advocate was incorporated in 1995
- Traces its beginnings back more than 100 years to hospitals founded by predecessor churches of its sponsors:
  - The Evangelical Lutheran Church in America
  - The United Church of Christ
Advocate Health Care

Hospitals (12)
4 teaching
1 children's (2 campuses)
1 critical access
5 level 1 trauma centers

Physicians
1,500 employed
5,000 Advocate Physician Partners
6,300 medical staff

Post-acute
Home health, hospice, long-term acute care hospital and palliative care

35,000 associates
$5.5 billion total revenue
17.9% market share
ADVOCATE 2020

Mission, Values, Philosophy

To be a faith-based system providing the safest environment and best health outcomes, while building lifelong relationships with the people we serve.

Vision

Strategies

Key Result Areas

Foundation

Advocate Experience

Accessibility and Affordability

AdvocateCare

Safety Quality Service

Growth Funding our Future

Coordinated Care

Strong Physician Engagement
Pluralistic Physician Approach

Active physicians on medical staffs (6,300)

Clinically Integrated Network
Total APP physicians (5,000)
25% PCPs – 75% specialists

Employed/affiliated (1,500)
Advocate Medical Group
Dreyer Medical Group

Aligned APP (3,500)

Independent non-APP (1,300)
The Cultural Forces that Shape

• Many Americans Get Their Medical Care in a Solo or Small Practice
• Infrastructure Is Required to Drive Quality and Efficiency Outcomes
• Limitations of Traditional Medical Staff
• Stronger Physician Alignment is Needed for Success with Value-Based Reimbursement
The Strategy that Will Fix Healthcare*

*In healthcare the overarching goal for providers, as well as every other stakeholder, must be improving value for patients…*  
*Failure to improve value means, well, failure.*

—Michael E. Porter and Thomas H. Lee  
*Harvard Business Review*  
October 2013
Clinical Integration

A Structured Collaboration Between APP/AMG Physicians and Advocate Hospitals Designed to Improve the Quality and Efficiency of Health Care.

A Key Building Block for Accountable Care
APP Local Leaders Support One Vision

To Drive Improvement in Health Outcomes, Care Coordination and Value Creation Through an Innovative and Collaborative Partnership with Our Physicians and the Advocate System
APP Governance Structure

APP Board of Directors
• Class A – Physician
• Class B – System

→ Contract Finance Committee
→ Utilization Management Committee
→ Quality & CI Committee
→ Credentials Committee
Value of Integration for Hospitals

- Create Business Partnerships with Key Physicians
- Physicians Drive Clinical Outcomes
- Enable Physician Focus on Hospital Goals
  - Patient Safety
  - Costs
- Strengthen In Network Care Coordination

“We work hard every day to engage physicians fully as partners. They literally can bring your system down, but when they're with you, there's nothing you can't do together.”

June Komar, EVP Strategy and Administration, Scripps Health
Value of APP for Physicians

• Alternative to Employment
• Infrastructure Support
• Contracting Strategy
• Success in the age of MACRA
Value-Based Reimbursement Requires Integration

- Bundled Payments
- Value Based Purchasing
- Accountable Care Organizations

One Theme
Deliver on Value

Hospitals and physicians must build mutually beneficial relationships and use healthcare resources wisely.
Full Risk Increasing By 67%
Clinical Integration 4.0: Evolving to Support Accountable Care

- **Primary Care/Ambulatory Measures**
  - Early Years: 2004-2006

- **Increasing Specialist Measures**
  - Middle Years: 2007-2009

- **Increasing Physician/Hospital Integration**
  - Maturing Years: 2010-2011

- **Clinical Integration to Accountable Care**
  - Health Reform: 2012-2016
AdvocateCare® Population

Clinical Integration
1,000,000+ Lives

Shared Savings + Global Risk
878,000 Lives

Global Risk
347,000 Lives

Data as of 1/1/16 unless otherwise stated
Commercial: APP Finance
Advocate Employee: Advocate Health Care
Medicare Advantage: APP Finance
Medicare ACO: As of (10/01/14 - 09/30/15) Q3 2015 based on 2016 TIN List Attribution
Medicaid Shared Savings: APP (Projected Enrollment)
Disparity Sensitive Conditions

Standard Deviation Across PHOs
**Diabetes: HbA1c >9 2006-2014**

- Standard Deviation Across PHOs
- Standard Deviation of all PHOs

**IVD/CAD LDL Control (LDL <100) 2006-2014**

- Standard Deviation Across PHOs
- Standard Deviation of all PHOs

**Diabetes LDL Control (<100 mg/dl) 2006-2014**

- Standard Deviation Across PHOs
- Standard Deviation of all PHOs

**IVD/CAD BP Control (<140/90) 2006-2014**

- Standard Deviation Across PHOs
- Standard Deviation of all PHOs

Confidential – Do not copy.
Highlights of 2015 CI Program (Continued)

• Childhood Rotavirus Immunization Initiative:
  – Exceeded National HMO and PPO
  – Saved >$4 Million in Avoided Hospital Costs

• APP Asthma Initiative
  – Control rate of 76.5%, 26 Percentage Points Above the National Average
  – Saved $33 Million in Direct and Indirect Medical Costs
  – Includes 133,105 Days Saved from Absenteeism and Lost Productivity
Reductions in High Risk Medications (HRM) in the Elderly

Includes:

- 54% Reduction in HRM NSAIDs
- 50% reduction in HRM Sulfonylureas
- 31% reduction in HRM skeletal muscle relaxants
Blood Utilization Initiative

RBC Use/1000 Adjusted Patient Days

- 68 in Jan-11
- 53 in Jan-12
- 37 in Jan-13
- 31 in Jan-14

Health Outcomes for Advocate Patients
- 1,797 complications avoided
- 67,369 inpatient days avoided
- 98,809 Nursing hours repurposed
- 404 Lives saved

Stewardship: $8.5 M saved/repurposed
Post Acute Care

- Advocate at Home – Top Decile in Readmissions at 16%
- Home Based Palliative Care – 65% Decrease in Total Cost of Care for Medicare Advantage
- 41 Partnered Skilled Nursing Facilities
  - Length of Stay 15.5 Days
  - Readmission Rate 13.5%
## ACO Successes

<table>
<thead>
<tr>
<th>Cost Savings Results</th>
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<tbody>
<tr>
<td>3.0 percent improvement</td>
</tr>
<tr>
<td>Blue Cross PPO Shared Savings Cost Trend</td>
</tr>
<tr>
<td>2.7 percent improvement</td>
</tr>
<tr>
<td>Combined full-risk HMO</td>
</tr>
<tr>
<td>0.36 percent above target</td>
</tr>
<tr>
<td>Medicare Shared Savings</td>
</tr>
</tbody>
</table>

**Sources:**
- BCBS PPO data from: Q1-Q3 2015
- Combined HMO data from Jan’15 - Dec’15
- MSSP data from PY 2014
2016 Value Report

AMG History

• Advocate Medical Group came together January 2009

• Merger of:
  – Advocate Medical Group North
  – Advocate Health Centers
  – Christ Medical Group
  – Illinois Masonic Physician’s Group
  – Ambulatory
  – Behavioral Health
AMG Growth History

Number of Physicians

2007 2008 2009 2010 2011 2012 2013 2014
Group Composition

- APC - Specialists: 6%
- Pediatrists: 8%
- Pediatrics: 5%
- Family Medicine: 12%
- Hospitalists - Internal Medicine: 4%
- Hospitalists - Pediatrics: 3%
- Internal Medicine: 15%
- Other Adult Specialists: 28%
- Cardiac Related Specialists: 10%
- Ob/Gyn: 4%
- Pediatric Specialists: 5%

Colors:
- Blue = Specialists
- Yellow = Primary Care
Advocate Operating System

Creating A Sustainable and Reliable Operation That Delivers Customer Value, ALWAYS.
New Model Design

AOS AMG Learning Lab

0.01 = 2M
Physician and CMA Dyad

Traditional Practice:

AMG Patient Centric Site:

Physician And CMA Sitting Side-by-side Enhances Communication And Promotes A Team Environment
Advocate Contact Center
### AMG Provider Satisfaction 2015
By Region and Specialty Families

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AMG Overall</strong></td>
<td>78%</td>
<td>78%</td>
<td>77%</td>
</tr>
<tr>
<td><strong>Central Region</strong></td>
<td>10%</td>
<td>25%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>North Region</strong></td>
<td>84%</td>
<td>92%</td>
<td>91%</td>
</tr>
<tr>
<td><strong>South Region</strong></td>
<td>80%</td>
<td>85%</td>
<td>76%</td>
</tr>
<tr>
<td><strong>Cardiopulmonary Specialties</strong></td>
<td>74%</td>
<td>78%</td>
<td>86%</td>
</tr>
</tbody>
</table>
## Recognition for Quality and Efficiency

One of Thomson Reuters 10 Top Hospitals® Health Systems Four Consecutive Years

<table>
<thead>
<tr>
<th>WINNING HEALTH SYSTEM</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocate Health Care</td>
<td>Oak Brook, IL</td>
</tr>
<tr>
<td>Cape Code Healthcare</td>
<td>Hyannis, MA</td>
</tr>
<tr>
<td>CareGroup healthcare System</td>
<td></td>
</tr>
<tr>
<td>Kettering Health Network</td>
<td>Dayton, OH</td>
</tr>
<tr>
<td>Maury Regional Healthcare System</td>
<td>Columbia, TN</td>
</tr>
<tr>
<td>Mayo Foundation</td>
<td>Rochester, MN</td>
</tr>
<tr>
<td>NorthShore University HealthSystem</td>
<td>Evanston, IL</td>
</tr>
<tr>
<td>OhioHealth</td>
<td>Columbus, OH</td>
</tr>
<tr>
<td>Partners HealthCare</td>
<td>Boston, MA</td>
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</tbody>
</table>
Recent Accolades

$661 M community benefit
Questions?