



Aligning Population Health & Fee-for-Service Strategies During the Pandemic

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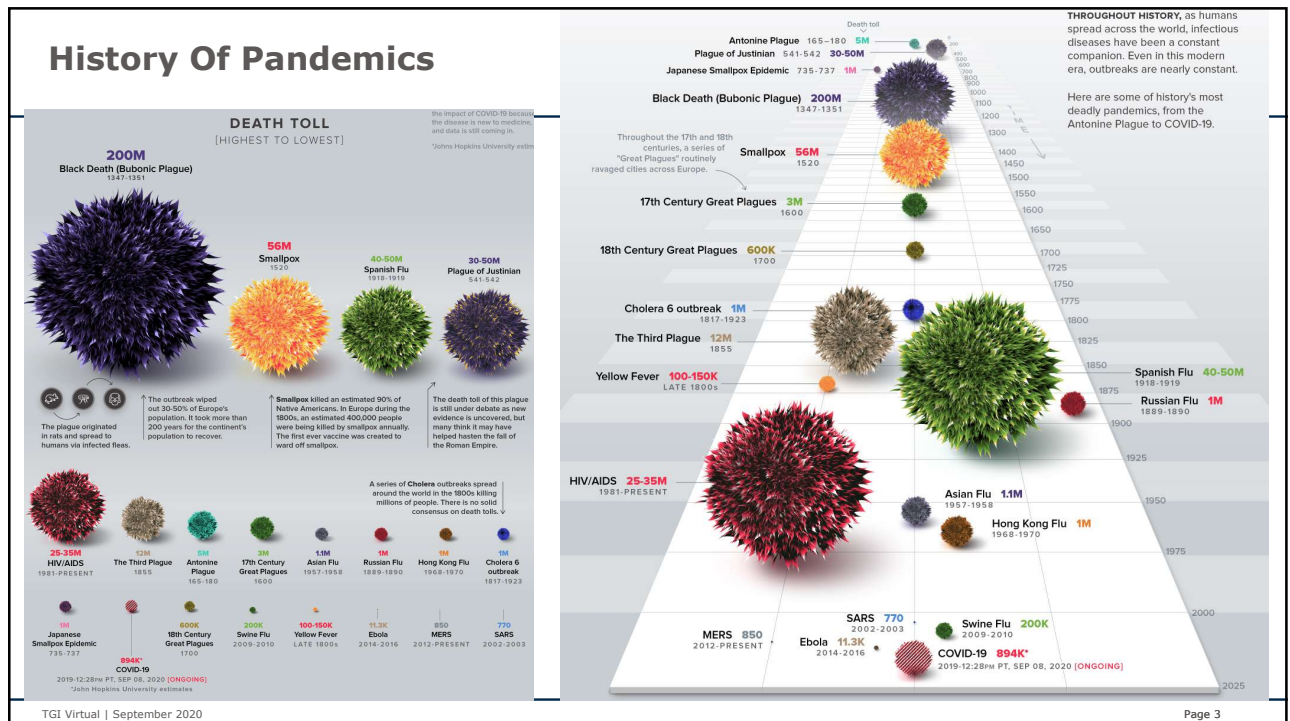
DISEASE CYCLES
MARKET REALITY
STRATEGIES
WHAT'S NEXT

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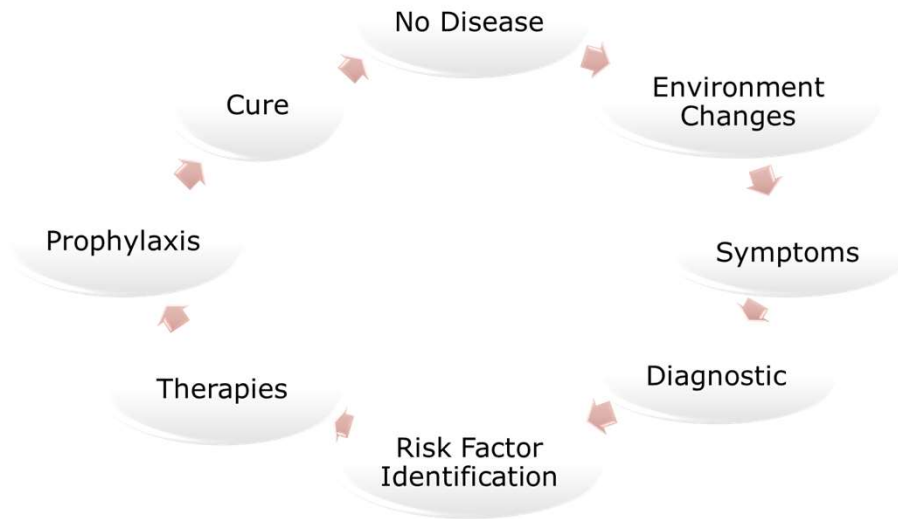


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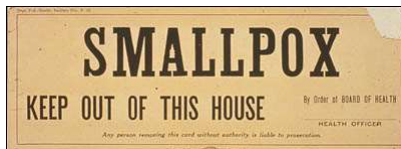
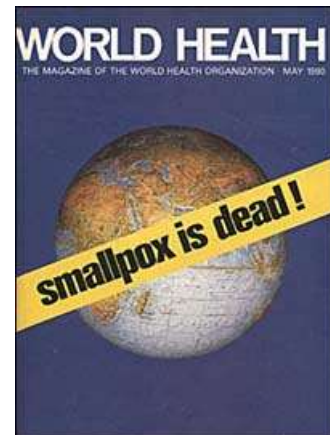
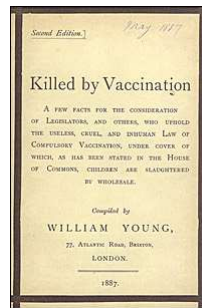
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Disease Follows Predictable Cycles



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Disease Cycle Progresses...And Then Hopefully End....



Source: http://www.nlm.nih.gov/exhibition/smallpox/sp_threat.html

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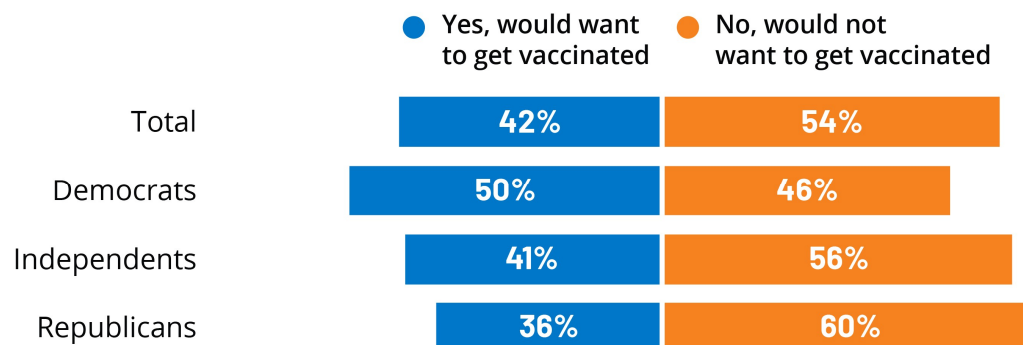
IF There Is A COVID-19 Vaccine that is FDA approved in November, What Are You Going To Do?

- Yes, I Want To Get Vaccinated
- No, I Don't want to get it yet
- No, I Don't want it at all

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What's Going to Happen to COVID-19?

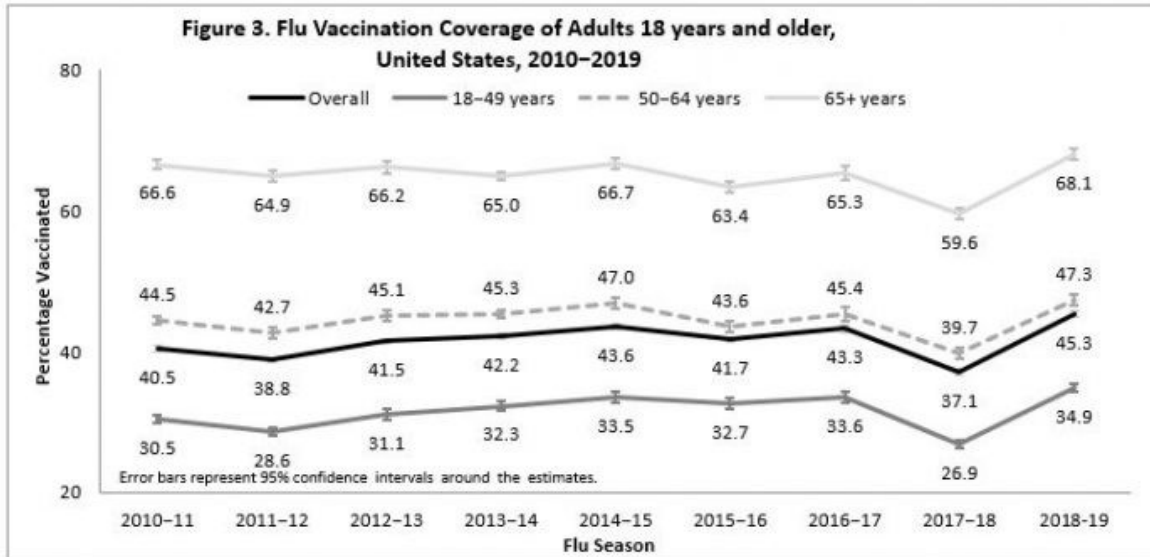
If a coronavirus vaccine was approved by the U.S. FDA before the presidential election in November and was available for free to everyone who wanted it, do you think you would want to get vaccinated?



Source: KFF

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How Do We Manage Seasonal Influenza?



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Disease and Risk Needs to Be Managed

Rank	Age Groups										Total
	<1	1-4	5-9	10-14	15-24	25-34	35-44	45-54	55-64	65+	
1	Congenital Anomalies 4,473	Unintentional Injury 1,226	Unintentional Injury 734	Unintentional Injury 692	Unintentional Injury 12,044	Unintentional Injury 24,614	Unintentional Injury 22,667	Malignant Neoplasms 37,301	Malignant Neoplasms 113,947	Heart Disease 526,509	Heart Disease 655,381
2	Short Gestation 3,879	Congenital Anomalies 384	Malignant Neoplasms 393	Suicide 596	Suicide 6,211	Suicide 8,020	Malignant Neoplasms 10,640	Heart Disease 32,220	Heart Disease 81,042	Malignant Neoplasms 431,102	Malignant Neoplasms 599,274
3	Maternal Pregnancy Comp. 1,358	Homicide 353	Congenital Anomalies 201	Malignant Neoplasms 450	Homicide 4,607	Homicide 5,234	Heart Disease 10,532	Unintentional Injury 23,056	Unintentional Injury 23,693	Chronic Low Respiratory Disease 135,560	Unintentional Injury 167,127
4	SIDS 1,334	Malignant Neoplasms 326	Homicide 121	Congenital Anomalies 172	Malignant Neoplasms 1,371	Malignant Neoplasms 3,684	Suicide 7,521	Suicide 3,245	Chronic Low Respiratory Disease 18,804	Cerebrovascular Disease 127,244	Chronic Low Respiratory Disease 159,486
5	Unintentional Injury 1,168	Influenza & Pneumonia 122	Influenza & Pneumonia 71	Homicide 168	Heart Disease 905	Heart Disease 3,561	Homicide 3,304	Liver Disease 8,157	Diabetes Mellitus 14,941	Alzheimer's Disease 120,658	Cerebrovascular Disease 147,810
6	Placenta Cord Membranes 724	Heart Disease 115	Chronic Low Respiratory Disease 68	Heart Disease 101	Congenital Anomalies 354	Liver Disease 1,008	Liver Disease 3,108	Diabetes Mellitus 6,414	Liver Disease 13,945	Diabetes Mellitus 60,182	Alzheimer's Disease 122,019
7	Bacterial Sepsis 579	Perinatal Period 62	Heart Disease 68	Chronic Low Respiratory Disease 64	Diabetes Mellitus 246	Diabetes Mellitus 837	Diabetes Mellitus 2,282	Cerebrovascular Disease 5,128	Cerebrovascular Disease 12,789	Unintentional Injury 57,212	Diabetes Mellitus 84,946
8	Circulatory System Disease 428	Septicemia 54	Cerebrovascular Disease 34	Cerebrovascular Disease 54	Influenza & Pneumonia 200	Cerebrovascular Disease 567	Cerebrovascular Disease 1,704	Chronic Low Respiratory Disease 3,807	Suicide 8,510	Influenza & Pneumonia 48,888	Influenza & Pneumonia 59,120
9	Respiratory Distress 390	Chronic Low Respiratory Disease 50	Septicemia 34	Influenza & Pneumonia 51	Chronic Low Respiratory Disease 165	HIV 482	Influenza & Pneumonia 956	Septicemia 2,380	Septicemia 5,956	Nephritis 42,232	Nephritis 51,386
10	Neonatal Hemorrhage 375	Cerebrovascular Disease 43	Benign Neoplasms 19	Benign Neoplasms 30	Complicated Pregnancy 151	Influenza & Pneumonia 457	Septicemia 829	Influenza & Pneumonia 2,339	Influenza & Pneumonia 5,858	Parkinson's Disease 32,988	Suicide 48,344

2018 US 10 Leading Causes of Death by Age Group

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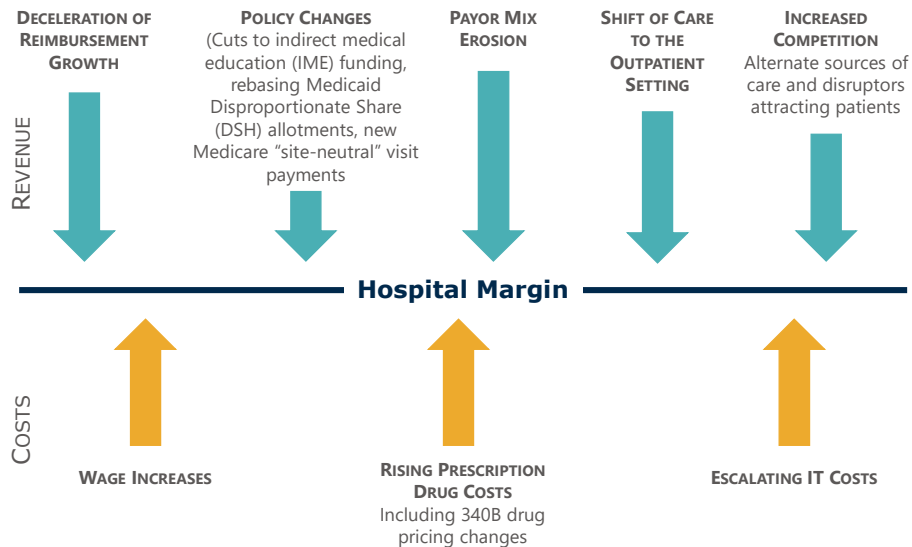


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Multiple Factors Were Squeezing Hospital Margins Prior To COVID



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COVID Accelerated The Burn

Estimated Volume Losses by Service Line 2019 vs 2020






Ophthalmology	Spine	Gynecology	Orthopedics	ENT	Endocrine
81%	76%	75%	74%	72%	68%
Dermatology	Gastroenterology	Rheumatology	Neurosciences	General Medicine	Urology
67%	67%	66%	66%	64%	62%
Genetics	Vascular	Hepatology	Cardiology	Pulmonology	Breast Health
60%	59%	58%	57%	56%	55%
General Surgery	Nephrology	Hematology	Allergy & Immunology	Behavioral Health	Burns & Wounds
54%	52%	49%	48%	45%	44%
Cancer	Obstetrics	Infectious Disease	Neonatology	Not Assigned	Normal Newborn
37%	30%	23%	20%	4%	2%

© Slatka Decision Technology
Data current as of 5/11/2020

Model examined YoY comparison for a 2 week period
(March 24 - April 6, 2019 and March 22 - April 4, 2020)

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COVID Has Multiple Implications To Provider Strategy

 <p>Patient Financials</p> <p>Surging unemployment will shift payer mix at an unprecedented scale, while individuals will rethink care affordability in response to a more constrained financial environment.</p>	 <p>Strategically Strengthened Payers</p> <p>Shift in the balance of strategic power from health systems / providers to payers</p>	 <p>Consumer Fear</p> <p>Some consumers will be heavily inclined to delay care for fear of exposure resulting in worsened health status</p>	 <p>Evolved Clinical Delivery Model</p> <p>New models focused on home-based care and alternative settings, which patients are more comfortable with</p>	 <p>Digital Adoption</p> <p>Patients will expect to access services virtually when physical interaction is not a necessity</p>
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CARES Act grants will cover short-term losses for many (but not all) hospitals

	AHA estimate	MedPAC estimate
Reduced operating profit change in April (prior to grants)	-\$50.7 B	-\$20B to -\$30B
Enacted grants and payment changes	N/A	\$91.8 B
Months of April-level losses supported by grants (ON AVERAGE)	N/A	~ 3 to 5 months (higher for rural, CAH)

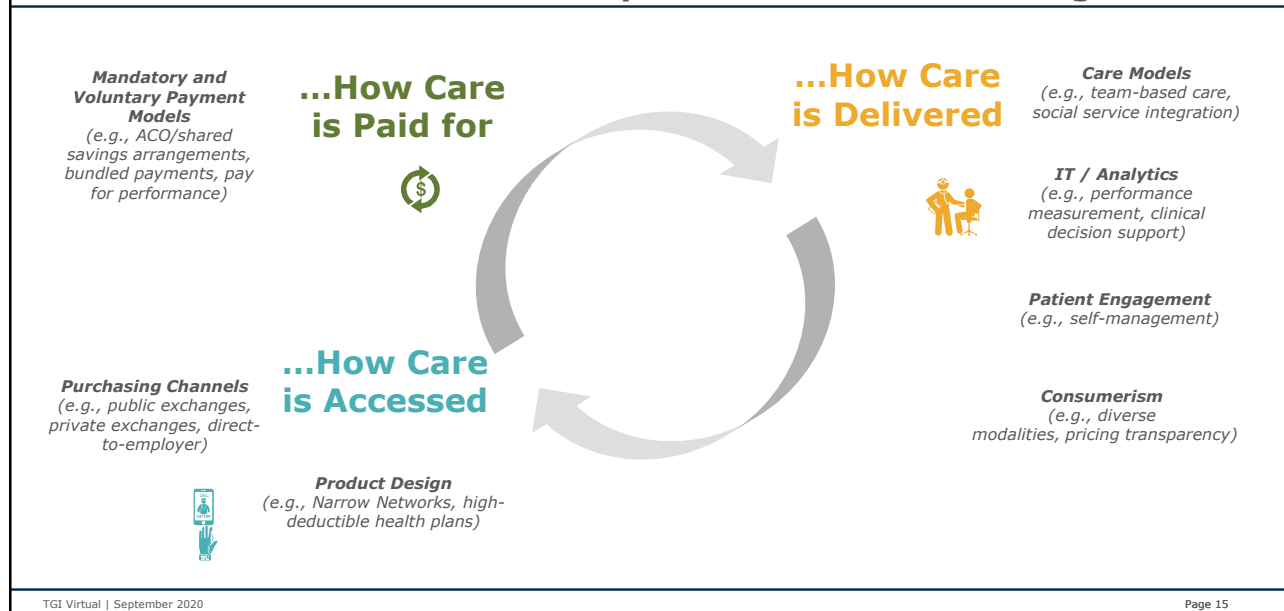


Note: AHA (American Hospital Association), CAH (Critical Access Hospital).
Data are preliminary and subject to change.

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The Health Care Marketplace Shift Is Accelerating



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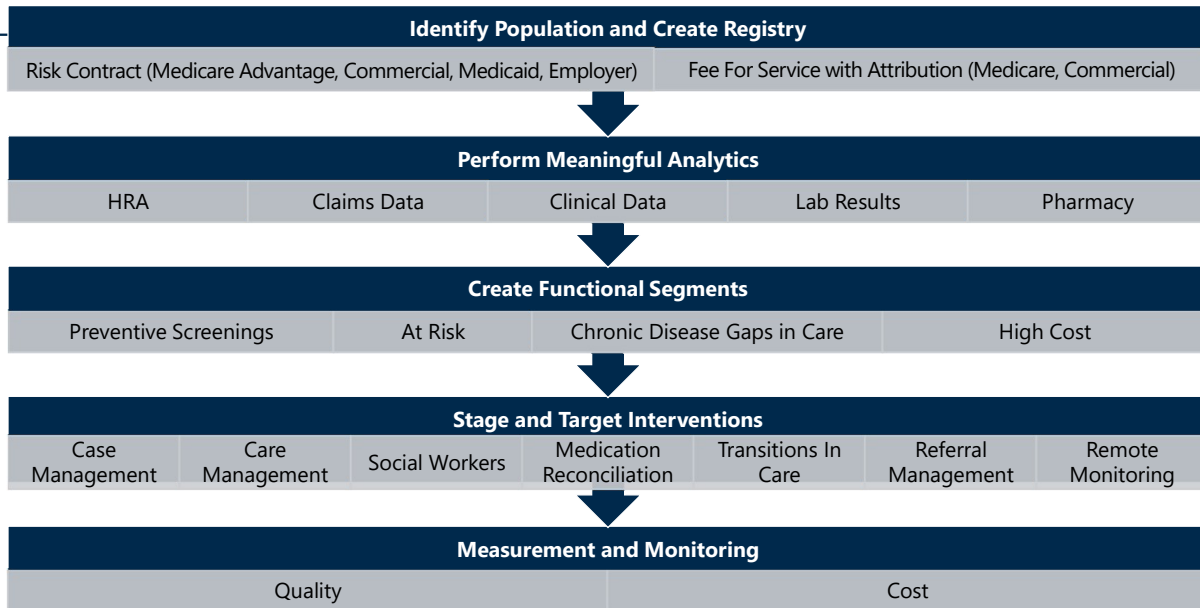
Strategies for Transitioning to Value-Based Care Can Also Support Fee For Service

- Focused on better supporting physicians
- Improved patient relationships, including increasing the number of annual wellness visits
- Doing a better job of managing beneficiaries with costly or complex care needs
- Managing hospitalizations, working to reduce avoidable hospitalizations, and finding alternatives to the emergency department
- Managing relationships with skilled nursing facilities and home health by creating lists of preferred providers and doing warm handoffs into and out of post-acute care
- Working to address behavioral health needs and the social determinants of health
- Using technology to improve care coordination and overcome interoperability issues.

<https://oig.hhs.gov/oei/reports/oei-02-15-00451.pdf>

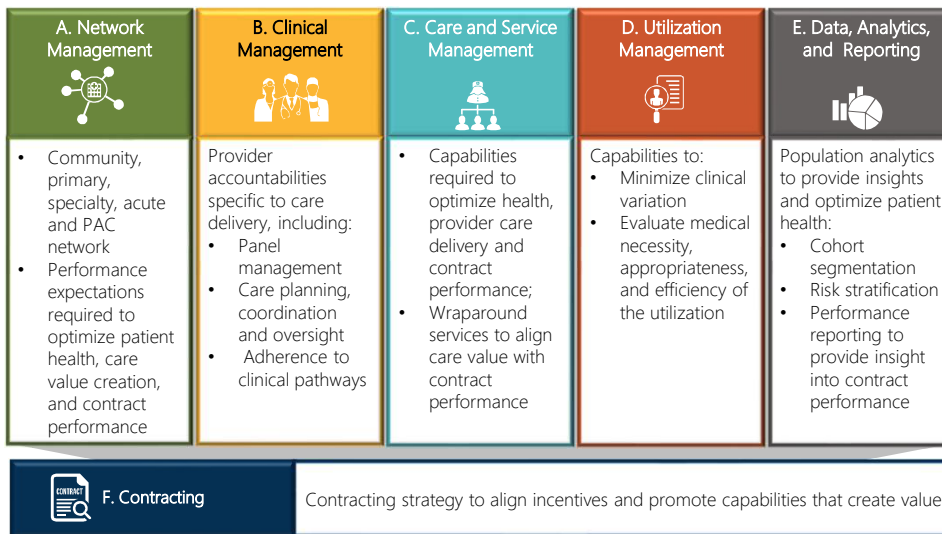
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The Science Of Population Management



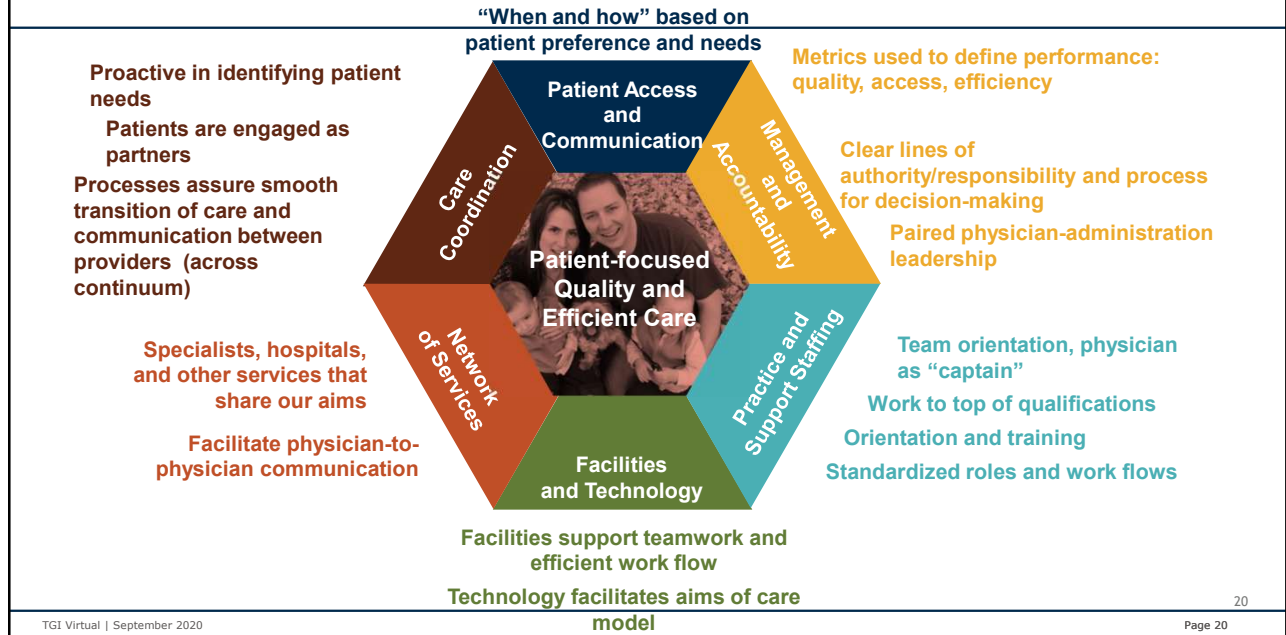
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Required Capabilities For The Future



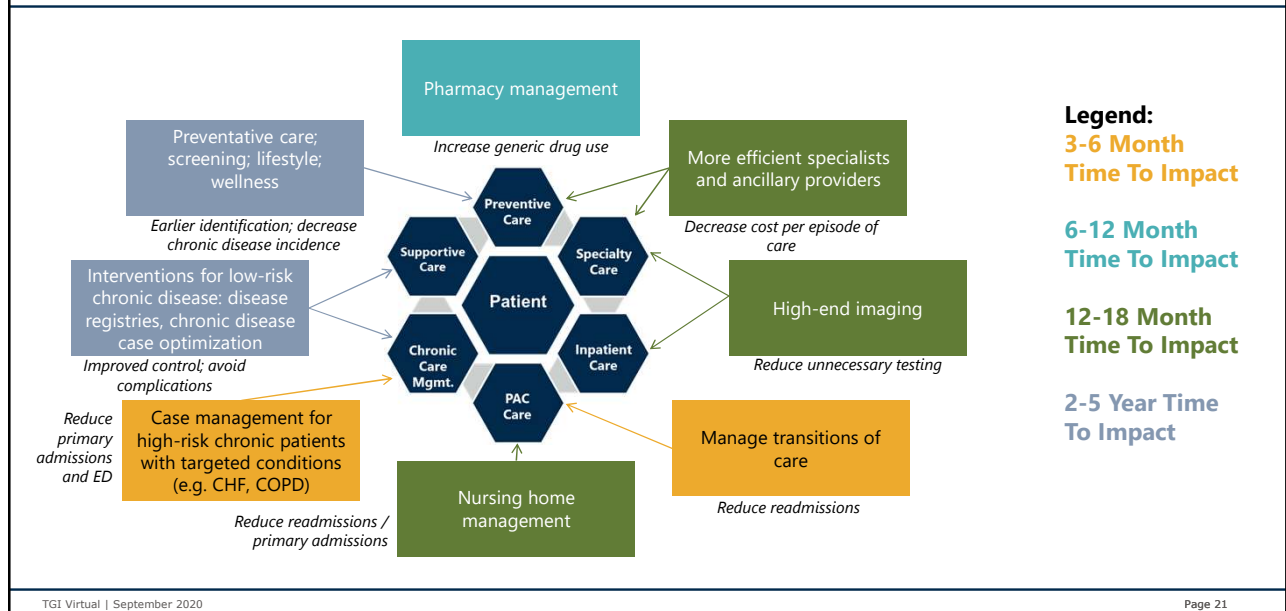
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Clinics Need To Evolve Operations



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Initiatives Across the Care Continuum Will Have Different Payoff Periods



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Sustaining Vision in the Fog of War: Organizational Intent



Photo credit: National Archives and Records Administration.

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The Role of Consumers and Disruptors

increasingly demanding consumers, as well as the market 'disruptors' seeking to meet consumers' demands.
Getting leap-frogged will lead to a decline in practice activity and erosion in positive financial

Consumers seeking:

- Rapid access
- Efficient service
- Convenience
- High-value (low cost, high quality)
- Price transparency
- Sophisticated electronic patient portal or platform



Disruptors

- Urgent care, retail clinics, telemedicine, e-visits, mobile health
- Low-cost diagnostic centers or devices
- Price transparency platforms
- Integrated narrow networks, direct-to-employer

Potential Strategies to Avoid Being 'Leap-Frogged':

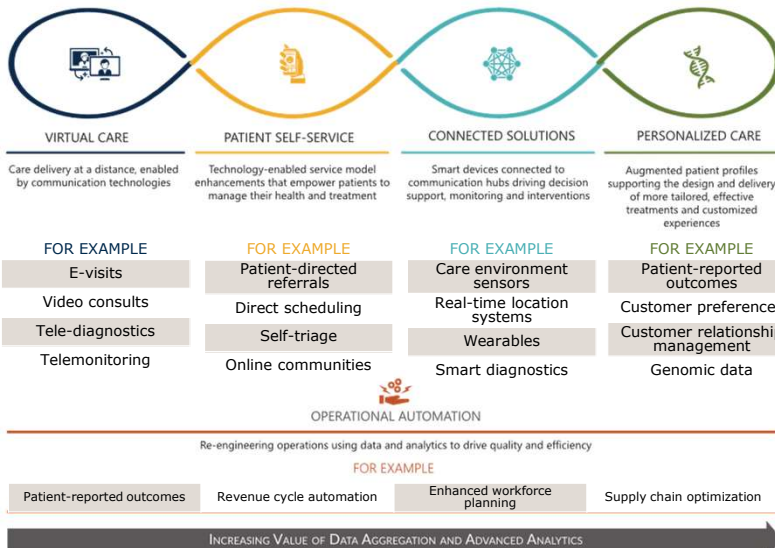
PARTNER
with Disruptors

OFFER SIMILAR SERVICES/
Compete with Disruptors

Form a
HIGH-VALUE NARROW NETWORK
to Enhance Patient Retention

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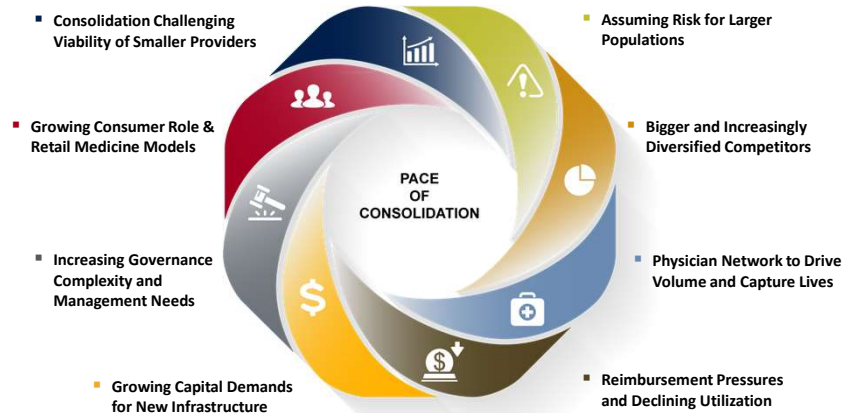
Delivering the Future Needs Requires Integrated Capabilities



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Changing Landscape is Driving New Approaches to Partnerships

Sweeping changes to the traditional health system business model continue to accelerate the pace of consolidation in healthcare.



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Consequences: The Impact of Clinician Burnout

Physician burnout presents real challenges to the viability and sustainability of a hospital or health system



Clinician Burnout

- Loss of joy, passion, motivation for career and “calling”
- Disengagement in daily patient care activities and practice operations
- Increase in apathy and erosion of professionalism
- Risk to physician’s own care and safety (suicide rates)
- Depression and other mental health concerns



Patient

- Reduction in time and attention to patients
- Significant negative impact on quality of care and patient outcomes
- Significant rise in patient dis-satisfaction



Hospital / Health System

- Erosion of physician community, and clinician collaboration
- Permeating sense of negativity and dissatisfaction within the health system
- Increase in clinician turnover and staffing challenges
- Drop in patient loyalty, and loss of patient volumes
- Brand damage

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Change: Leadership and Management Required



Source: ABCforMBAs.com.

Leadership vs Management

When Noah heard the weather forecast
he ordered the building of the ark.

—Leadership

Then he looked around and said,
“Make sure the elephants don't see
what the rabbits are up to.”

—Management

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Disease Follows Predictable Cycles

