Integrated Health Network of Wisconsin

- IHN members include:
  - Agnesian HealthCare
  - Columbia St. Mary’s
  - Froedtert & The Medical College of Wisconsin
  - Ministry Health Care
  - Wheaton Franciscan Healthcare

- 34 hospitals
- Over 450 clinic locations
- Over 4,500 contracted providers
- Additional specialty hospitals and ancillary providers
- Affiliated independent physicians
Strategic Intent

- To respond to new payment methods by creating an integrated approach to care management
- Create a broad based regional network of providers through clinical integration and has single-signature authority to contract on a non-exclusive basis with employers and other payers
- Maximize opportunities to achieve scale, distributed geographic presence, and enhanced market coverage

What is the end game?

Ultimately, IHN and its members need to:

A. Develop differentiated core competencies in population health and risk management
B. Develop innovative mechanisms for delivering services to populations
C. Contract efficiently together under single signature authority
D. Solidify strategic health plan relationships
E. Maximize the number of lives under management
Building the Clinical Integration Infrastructure

Governance – Executing the Vision

- Board of Directors - Two board members per health system, one must be the CEO
- Committees – Chaired by a CEO, committee participants are C-Suite level with authority to make key local level decisions
  - Finance
  - Market Strategy
  - Clinical Integration
  - QA/Peer Review
- Work Groups
  - Strategic Pricing
  - CIO Advisory Group (Technology/Tools)
  - Multiple Clinical Work Groups
Linking with Independent Providers

**Independent Physicians (Options to clinically integrate)**
- Link with hospital sponsored IPA
- Hospital system sponsors selected physicians
- Need to define ground rules (uniform fee schedules, etc.) before communicating model to physicians

**Ancillary Provider Contracting (Messenger Model)**
- Concurrent with developing clinically integrated network, build a "rental network" of key ancillary providers to support the full continuum of care
- Specialty hospitals, skilled nursing, home health, hospice, DME, labs, etc.

Essential Components of Clinical Integration

- Physician engagement and leadership
- High degree of interdependence and cooperation among providers
- Control costs and ensure quality
- Active and ongoing program to evaluate and modify practice patterns
Monitoring Physician Effectiveness

- **Medical Leadership/Oversight**
  - Continuous evaluation of physician performance in various initiatives
  - Cost of care evaluation by specialty

- **Clinical Integration Report Card**
  - Quality Metrics
  - Utilization Metrics
  - Patient Satisfaction

- **QA/Peer Review Committee**
  - Internal transparency
  - External transparency

- **Compliance Policy**
  - Corrective action timeframe
  - Sanctions ($500 to $2,000 per provider)
  - Termination for non-compliance

Population Health & Risk Management

- Data collection direct from disparate practices and systems
- Identify populations with specific clinical needs
- Recognize gaps in care proactively
- Stratify engagement efforts based on likely impact and severity
- Engage patients and manage care using population management tools
- Measure outcomes
IHN Infrastructure Diagram

Currently includes:

- 1.7 million lives
- 130 million records from the last three years
- 90,000-100,000 lives under care navigation today with each transition of care managed in real-time

Clinical and Financial Data Collection Platform

Joint Contracting and Product Development
Multiple IHN Series - Sample

Product Development

- Define network (IHN members, affiliated independent physicians, other ancillary providers)
- Define narrow network fee schedule (at least x% off best broad network rates, in aggregate)
- Define other shared savings opportunities
  - Challenge of ASO (self-funded) structure for shared savings
  - Claims rebates
- Define requirements to access narrow network rates
  - 20% actuarially determined out-of-network differential
- Identify and secure relationships with strategic partners
  - TPAs, Re-insurers, etc.
- Decision regarding sales and marketing resources
  - Hire or outsource
A Differentiated Market Offering

- Unique payer/employer/provider collaboration
- Individualized reporting, proactive analysis and strategic intervention to manage cost and quality
- Flexibility and choice in TPA and Re-insurance providers
- Improved national wrap options

Broker - Build Trust  
Employer - Demonstrate Value  
Member - Provide Ease of Transition

Reports

Employer Health Spend Performance Report

<table>
<thead>
<tr>
<th>Key Population Health Summary Metrics</th>
<th>Q1 2013</th>
<th>Q2 2013</th>
<th>Q3 2013</th>
<th>Q4 2013</th>
<th>TTM 12/31/13</th>
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</thead>
<tbody>
<tr>
<td>Average Employees per Quarter</td>
<td>4,412</td>
<td>4,490</td>
<td>4,495</td>
<td>5,000</td>
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<tr>
<td>Average Membership</td>
<td>19,473</td>
<td>19,528</td>
<td>19,475</td>
<td>19,520</td>
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<tr>
<td>Total Paid PBMI</td>
<td>$262</td>
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<td>Hospital Inpatient PBMI</td>
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<td>Physician Inpatient PBMI</td>
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<td>Pharmacy PBMI</td>
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<td>Other PBMI</td>
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<tr>
<td>Risk Score</td>
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<tr>
<td>Total Cost of Care (100%)</td>
<td>$10,000</td>
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<table>
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<tr>
<th>Key Population Health Indicator Metrics</th>
<th>Q1 2013</th>
<th>Q2 2013</th>
<th>Q3 2013</th>
<th>Q4 2013</th>
<th>TTM 12/31/13</th>
</tr>
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<tbody>
<tr>
<td>Hospital Utilization/1,000 Population</td>
<td>50</td>
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<td>Inpatient Average Length of Stay</td>
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<td>ER Visits/1,000 Population</td>
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<td>Unadjusted Surgery/1,000 Population</td>
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<td>Readmissions/1,000 Population</td>
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<td>Acute Care/1,000 Population</td>
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Role of Academic Medical Center

Froedtert & The Medical College of Wisconsin

- Froedtert Hospital is the major teaching affiliate of The Medical College of Wisconsin (the “Medical College”)
  - A majority of Froedtert Hospital’s medical staff is comprised of Medical College faculty members (773 faculty)
  - 326 full-time equivalent residents at Froedtert Hospital
  - 413 medical students

- Close working affiliation between the two organizations
  - Froedtert Hospital and The Medical College jointly operate and own a network of clinical sites for primary care and outpatient clinical initiatives

- Froedtert Hospital is utilized in the Medical College’s residency programs in:
  - Anesthesiology
  - Dermatology
  - Endocrinology
  - Geriatric Psychiatry
  - Infectious Disease
  - Medicine-Pediatrics
  - Neurosurgery
  - Obstetrics/Gynecology
  - Orthopedic Surgery
  - Pathology
  - Psychiatry
  - Urology
  - Vascular Surgery
  - Diagnostic Radiology
  - Gastroenterology
  - Geriatrics
  - Internal Medicine
  - Radiation Oncology
  - Neurology
  - Ophthalmology
  - Otolaryngology
  - Physical Medicine/Rehab
  - Pulmonary/Critical Care Med
  - Cardiology
  - Emergency Medicine
  - General Surgery
  - Hematology/Oncology
  - Medicine-Geriatrics
  - Nephrology
  - Nuclear Medicine
  - Ophthalmology
  - Oral/Maxillo Surgery
  - Pain Medicine
  - Plastic Surgery
  - Rheumatology
Value in AMC Participation

- Clinical integration leadership opportunity
  - Metric selection
  - Vetting of clinical protocol best practices
  - Development of care pathways

- Academic Medical Center single contracting ability (e.g., tertiary/quaternary contracting, bundled payment initiatives)

- Ability to share risk/incentives of global payments by sharing primary care attribution and total cost of care targets

- Shared cost of infrastructure & access to a more complete set of medical record data

Lessons Learned
ACO Development

- Takes longer than anyone expects
  - Data integration
  - Network complexity
  - Independent physician linkages
- Expectations for “ROI” during development phase and multi-year budget projections
  - Consensus on shared technology easier than central staffing of data analysis & care coordination (can be multi-year investment; if/where to price to recoup cost)
- Approach to joint contracting – single fee schedule critical or not; individual member data paralysis
- Recruitment
  - Need expertise in clinical integration, medical leadership, actuarial services and analytics

Questions