



Healthcare CEO Forum

<azhealthcareceo.com>

7:30 am Tuesday, November 5, 2019

Meeting at
Scottsdale Place
5635 N. Scottsdale Road
Suite 170
Scottsdale, AZ 85250

Overview

- Introductions/Housekeeping
 - Introductions/Update
 - Forum, personal goals
- 2019 Schedule
 - Tue, November 5, 2019
 - Further comments on "Range", by David Epstein
 - Medicare updates
 - ACO performance
 - Payment updates
 - World Series post mortem—how about the Nats?
 - Strategy review—where's/how's Rita these days?
 - Next meetings, 2019-20
 - Tuesday, December 3
 - Tuesday, January 7, 2020

ACO Performance

ARIZONA ACO PERFORMANCE 2018									
Name	State	Mbrs	Total	\$\$	Sav %	Tgt %	\$\$ Sav	Bonus	Quality Score
PRIME ACC CARE WEST, LLC	AZ, IL	4.8	\$	54.0	8.9%	4.0%	\$ 4.8	\$ 2.3	1.00
Abacus Health LLC	AZ	29.1	\$	254.3	8.7%	2.4%	\$ 22.2	\$10.6	0.98
ASPA-Connected	AZ, N	4.6	\$	45.2	4.3%	4.1%	\$ 1.9	\$ 0.8	0.80
Arizona Care Network (Tr 1+)	AZ	7.9	\$	85.6	3.9%	0.0%	\$ 3.4	\$ 1.4	0.84
Commonwealth Primary Care ACO	AZ	14.5	\$	147.1	3.5%	2.7%	\$ 5.1	\$ 2.4	0.97
Scottsdale Health Partners, LLC (Tr 2)	AZ	28.5	\$	260.5	1.4%	0.0%	\$ 3.7	\$ 2.1	0.97
Arizona Connected Care, LLC	AZ	9.8	\$	92.5	1.2%	3.0%	\$ -	\$ -	0.86
Banner Health Network (Tr 3)	AZ	49.9	\$	516.2	1.2%	1.0%	\$ 6.3	\$ 4.5	0.96
No Central Arizona Acc Care, LLC (Tr 1+)	AZ	13.6	\$	139.1	1.0%	2.8%	\$ -	\$ -	0.86
CHSPSC ACO 8, LLC	AZ, N	17.3	\$	150.4	0.7%	2.6%	\$ -	\$ -	1.00
PathfinderHealth, LLC (Tr 1+)	AZ	8.5	\$	87.7	0.0%	3.1%	\$ -	\$ -	1.00
John C. Lincoln ACO, LLC	AZ	16.2	\$	158.2	-5.0%	2.7%	\$ (7.9)	\$ -	0.95

2019 ACO Benchmark Changes

ARIZONA ACO BENCHMARKS AFTER 2018				Benchmarks:		
Name	State	Mbrs	Total	Updated	Historical	Inc/(Dec)
PRIME ACC CARE WEST, LLC	AZ, IL	4.8	\$ 54.0	\$ 11,629	\$ 11,723	\$ (94)
Abacus Health LLC	AZ	29.1	\$ 254.3	\$ 8,892	\$ 8,053	\$ 839
ASPA-Connected	AZ, N	4.6	\$ 45.2	\$ 9,951	\$ 9,606	\$ 345
Arizona Care Network (Tr 1+)	AZ	7.9	\$ 85.6	\$ 11,032	\$ 10,493	\$ 539
Commonwealth Primary Care ACO	AZ	14.5	\$ 147.1	\$ 10,405	\$ 9,706	\$ 699
Scottsdale Health Partners, LLC (Tr 2)	AZ	28.5	\$ 260.5	\$ 9,328	\$ 9,255	\$ 73
Arizona Connected Care, LLC	AZ	9.8	\$ 92.5	\$ 9,634	\$ 9,121	\$ 513
Banner Health Network (Tr 3)	AZ	49.9	\$ 516.2	\$ 10,521	\$ 10,033	\$ 488
No Central Arizona Acc Care, LLC (Tr 1+)	AZ	13.6	\$ 139.1	\$ 10,438	\$ 10,032	\$ 406
CHSPSC ACO 8, LLC	AZ, N	17.3	\$ 150.4	\$ 8,903	\$ 8,532	\$ 371
PathfinderHealth, LLC (Tr 1+)	AZ	8.5	\$ 87.7	\$ 10,485	\$ 10,511	\$ (26)
John C. Lincoln ACO, LLC	AZ	16.2	\$ 158.2	\$ 10,021	\$ 9,244	\$ 777

Overall 2018 ACO Performance

- Total number: 548 ACOs
 - 205 saved \$2.1b vs benchmark, got \$1.0 in bonuses
 - 343 spent more than \$400m vs benchmark, got no bonuses
 - Net savings to CMS: \$600 million, 0.5% of covered spending
- Top of the heap:
 - Top 10 ACOs in savings: 24% of all bonuses, \$229m
 - Top 25 ACOs in savings: 40% of all bonuses, \$388m
- On the bottom:
 - 11 ACOs owe CMS \$18m

CMS 2020 Payment Updates

- IPPS: 3.1% less 2% Sequester reduction: 1.1%
 - 3.0% base-0.4% prod inc+.05% coding adj = 3.1%
 - Assumes hospital meeting IQR rules, reductions apply (up to -3.0%)
 - VBP program (HAC) withholds 2% of pmts for bonus pmts
 - HRRP penalties may also reduce pmts up to 3% further
 - LTCHs: +2.5% (+.5% if not reporting data)
- OPSS: 2.7% less 2% Sequester reduction: +0.7%
 - 3.2%-0.5% prod inc = 2.7%
 - Assumes hospital meeting reporting rules, reductions apply (up to -2%)
 - Off campus HOPD pmts at 70%, 40% in 2021
 - Increase of \$6.2b to \$79.2b total OPSS spend in 2020
- ASCs: 1.3% CF increase assuming full reporting under ASCQR
- Hospice: 2.6% increase
 - 3.0%-0.4% prod inc = 2.6%
 - IP care pmts increase significantly, routine home care reduced to offset

CMS 2020 Payment Updates

- PFS (Final due soon): Conv Factor +.05 to 36.09, +.14%
 - RVU adjustments:
 - Ophthalmology -4%, Optometry -2%, Vascular Surgery -2%
 - Neurology +2%, Clinical SW +2%, Clinical Psychology +2%
 - MIPS quality measures
 - Minimum reporting threshold: 45% 2020, 60% 2021
 - Exception perf threshold: 80% in 2020, 85% in 2021
 - Quality wt: 40% 2020, 35% 2021, 30% 2022
 - Cost wt: 20% 2020, 25% 2021, 30% 2022
 - Transition to MIPS Value Pathways (MVPs) in 2021
 - Chronic Care (CCM) and Principal Care Mgmt (PCM)
 - CCM: Total care mgmt over longer term
 - PCM: Single chronic condition mgmt over short term



Runner Interference or Bad Throws?

You decide:

- Game 5 2019 WS: Trea Turner safe or out?
<https://www.youtube.com/watch?v=Ulw05mWu3sM>
- Game 6 2004 ALCS: Alex Rodriguez safe or out?
<https://www.youtube.com/watch?v=lxPNcrvR46Q>

Innovation

Traditional emphasis:

- Episodic innovation
- Resources to exploitation of core business
- Staff innovates "on the side"
- Failures avoided
- Exhaustive planning
- Build from existing services-products

New strategic emphasis:

- **Systematic innovation**
- Resources support mix of core business, new platforms, options
- **Staff dedicated to innovation**
- Intelligent failures encouraged
- Trial and error
- **Build from customers' needs, innovate to solve needs**

Organization

Traditional emphasis:

- Downsizing, restructuring
- Exploit core business
- Build it yourself, Ownership is key
- Investment intensive, NPV
- Stable OR dynamic
- Narrowly defined jobs and roles

New strategic emphasis:

- Continuous morphing, changing
- Support all phases of strategy: Core, New Platforms, Options
- Rent it, leverage external assets key
- Real options mindset, parsimony
- Stable WITH dynamism (agility)
- Fluid use of talent (athletes)

Execution

Traditional emphasis:

- Narrow, closed process
- Precise but slow
- Emphasize planning
- Confirmation bias
- Talent fixing problems
- Hire for experience
- Pay for tenure

New strategic emphasis:

- Open, candid process
- Fast and roughly right
- Emphasize rapid execution
- Disconfirmation bias
- Talent focused on opportunities
- Hire for fit, learnability
- Pay for performance, accountability

Forum Approach

- Goals
 - Become a stronger leader...with others you respect
 - Learn new leadership skills, tools...validate existing ones
 - Reinforce commitment to work/life balance
- Meetings
 - Presentation/Discussion format
 - MITs
 - Occasional speakers
 - Handouts, books, homework
 - Blueberry muffins

Invitees

- Mark Hansen
- Debbie Shumway
- Lance Donkerbrook
- Seth Bacon
- Shane Armstrong
- Ken Levin
- Adam Sabbath
- Luke Lee
- Brent Cope