



Healthcare CEO Forum

<azhealthcareceo.com>

7:30 am Tuesday, December 3, 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, December 3, 2019
 - Best-Managed Companies 2019
 - Amazon, Microsoft, Apple
 - Red Flag: UHG—low customer satisfaction
 - Amazon leadership principles
 - Will hospital price transparency alone reduce prices?
 - Or will payment reform still be needed?
 - Reference pricing the best tool?
 - BPCI-A updates
 - Next meetings, 2020
 - Tuesday, January 7, 2020
 - Tuesday, February 11, 2020

Best-Managed Companies 2019

- Companies scored on five Drucker Institute categories: Customer Satisfaction, EE Engagement and Development, Innovation, Social Responsibility, Financial Strength
- Top performers
 - 1) Amazon
 - 2) Microsoft
 - 3) Apple
 - 4) Alphabet
 - 5) Cisco
 - 6) Facebook
 - 7) IBM
 - 8) J & J
 - 9) Intel
 - 10) 3M

Top Four 3 Yr Performance



Amazon Leadership Principles

- 1) **Customer Obsession**—Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.
- 2) **Ownership**—Leaders are owners. They think long term and don't sacrifice long-term value for short-term results. They act on behalf of the entire company, beyond just their own team. They never say "that's not my job."
- 3) **Invent and Simplify**—Leaders expect and require innovation and invention from their teams and always find ways to simplify. They are externally aware, look for new ideas from everywhere, and are not limited by "not invented here." As we do new things, we accept that we may be misunderstood for long periods of time.
- 4) **Are Right, A Lot**—Leaders are right a lot. They have strong judgment and good instincts. They seek diverse perspectives and work to disconfirm their beliefs.
- 5) **Learn and Be Curious**—Leaders are never done learning and always seek to improve themselves. They are curious about new possibilities and act to explore them.

Amazon Leadership Principles

- 6) **Hire and Develop the Best**—Leaders raise the performance bar with every hire and promotion. They recognize exceptional talent, and willingly move them throughout the organization. Leaders develop leaders and take seriously their role in coaching others. We work on behalf of our people to invent mechanisms for development like Career Choice.
- 7) **Insist on the Highest Standards**—Leaders have relentlessly high standards — many people may think these standards are unreasonably high. Leaders are continually raising the bar and drive their teams to deliver high quality products, services, and processes. Leaders ensure that defects do not get sent down the line and that problems are fixed so they stay fixed.
- 8) **Think Big**—Thinking small is a self-fulfilling prophecy. Leaders create and communicate a bold direction that inspires results. They think differently and look around corners for ways to serve customers.
- 9) **Bias for Action**—Speed matters in business. Many decisions and actions are reversible and do not need extensive study. We value calculated risk taking.

Amazon Leadership Principles

- 10) **Frugality**—Accomplish more with less. Constraints breed resourcefulness, self sufficiency, and invention. There are no extra points for growing headcount, budget size, or fixed expense.
- 11) **Earn Trust**—Leaders listen attentively, speak candidly, and treat others respectfully. They are vocally self-critical, even when doing so is awkward or embarrassing. Leaders do not believe their or their team's body odor smells of perfume. They benchmark themselves and their teams against the best.
- 12) **Dive Deep**—Leaders operate at all levels, stay connected to the details, audit frequently, and are skeptical when metrics and anecdote differ. No task is beneath them.
- 13) **Have Backbone; Disagree and Commit**—Leaders are obligated to respectfully challenge decisions when they disagree, even when doing so is uncomfortable or exhausting. Leaders have conviction and are tenacious. They do not compromise for the sake of social cohesion. Once a decision is determined, they commit wholly.
- 14) **Deliver Results**—Leaders focus on the key inputs for their business and deliver them with the right quality and in a timely fashion. Despite setbacks, they rise to the occasion and never settle.

CMS Price Transparency Rule

- Hospitals required to post charges for:
 - All items and services, including
 - Facility fees, Supplies
 - Employed MD, other practitioner charges
 - 300 “shoppable services” easily searchable
 - Effective dates
 - CY 2021
 - Standard charges include:
 - Gross charges (Chargemaster)
 - Discounted cash prices
 - Payer-specific negotiated charges
 - Minimum and maximum negotiated charges

CMS Price Transparency Rule

- Health plans required to post on public website
 - Negotiated rates for network providers
 - Allowed amounts for out-of-network providers
 - Pricing tool for consumers to estimate out-of-pocket amounts
 - NPR status only, currently in the 60-day comment period
- Penalties
 - \$300 per day for failure to comply

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

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
- Walt Cooper
- Steve Little