The Memorial Hermann Accountable Care Organization

Managing Success

D. Keith Fernandez MD
President and Physician in Chief MHMD
CMO Memorial Hermann ACO
Agenda

- Overview of Memorial Hermann Health System and MHMD
- Building a High Performance Physician Network
  - Clinical Integration
  - Role of a Compact
  - Physician Governance
  - Patient Centered Homes
  - Data and Providing Information
  - Care Management
  - Data......Information
- What success looks like........and is it sustainable?
Memorial Hermann Health System

- Second Largest Non-Profit in Texas
  - 6,000 practicing physicians
  - Partnership with the University of Texas Health Science Center of Houston
  - 9 Acute Hospitals, 3 Heart & Vascular Institutes
  - Dedicated Children’s & Rehabilitation Hospitals
  - 98 Outpatient Sites: Ambulatory Surgery, Imaging, Sports Medicine, Lab
  - Sports Medicine, Neuroscience, Transplant COE’s
  - The nation’s busiest Trauma program
Memorial Hermann Physicians

- **MHMD**
  - 3500 practicing physicians
    - 2000 Clinically Integrated
    - 1850 CI physicians in MHACO
    - 300 Advanced Primary Care Practices (PCMH)
    - 250 additional PCPs
    - Evolving High Performance Specialty Physicians (250-500)
    - 150 of the 2000 are employed (MHMG)

- **University of Texas Physicians**
  - 800 physicians
  - CI and ACO affiliates
  - Some UT participate in advanced and high performance practices
Strategic Vision
transformation of medical practice
- collaboration with patients, payors, and caregivers
- use of evidence-based medicine
- culture of physician accountability
- quality, safety and cost efficiency
- populations

DELCIVERING HEALTHCARE THAT WORKS
MHHS National Safety and Quality Leadership

15 Top Health Systems; Top 5 Large Health Systems (2012, 2013)

National Patient Safety Leadership Award, Sponsored by VHA Foundation & the National Business Group on Health (2009)

Joint Commission-NQF John M. Eisenberg National Patient Safety & Quality Award (2012)

Texas Hospital Association Bill Aston Quality Award (2011)

Healthcare’s “100 Most Wired” 7th consecutive year

America’s #1 Quality Hospital for Overall Care (2011 & 2012)

HealthGrades®
- America’s 50 Best Hospitals (2010, 2011 & 2012)
- Distinguished Hospital for Clinical Excellence (2011)

2011 Texas Healthcare Foundation Quality Improvement Awards (9 Memorial Hermann Campuses)
In the Midst of a Disaster

Hurricane Mitch

14,800 deaths
Old Ways Don’t Work

Japanese Construction Company
Brochure
Payment System Changing

Employers Bearing More Risk, Turning to Providers as Allies

Percentage of Self-Insured Employers
Partially or Completely Self-Insured

Employer Interest in Provider-Oriented Strategies

- Adopt new accountable payment models
- Contract directly with hospitals, physicians, ACOs
- Offer incentives for care coordination
- Offer performance-based payments

Employers want a reliable product with predictable and stable costs
MHMD agrees to:

- Maintain primary *loyalty* to physicians
- Negotiate well to *align incentives*
- Include physicians in work and decision making
- Provide *clear and timely information*
  - Membership Criteria, Quality Measure Scoring
  - Accountability / Improvement Process
  - Contract, Financial Performance
- Provide physicians with information, services, and education to ensure high quality and ease practice burdens
- Seek feedback from its physicians
- Maintain confidentiality
- Communicate, communicate, communicate
- Make meetings worthwhile and engaging
- Create leadership training programs
Physicians agree to:

- Practice evidence-based medicine
- Uphold regulatory, quality, and safety goals
- Report quality data
- Meet CI criteria
- Come to meetings and performance feedback sessions
- Pay attention to information from MHMD
- Accept decisions by physicians in MHMD committee settings
- Be flexible, share ideas
- Collaborate with colleagues and hospitals
- Behave as professionals
Integration of Physicians with each other on a Clinical basis to

- Determine the right and best ways to practice medicine
- Commit to practice that way
- Commit to mutual accountability
- Develop active performance improvement programs to enhance healthcare quality and efficiency

- Clinical integration provides the foundation for risk-based contracting, population health management and an ACO (with a hospital or hospital system)
Governance, Empowered

“Up and Over”

BOARD SYSTEM QUALITY COMMITTEE

MHMD Board of Directors

Clinical Programs Committee

Critical Care  Surgery  Medicine

Hospital MECs (11)

ICU Safe Practice Guideline: To prevent injury to adjacent organs when central lines are inserted, the following practice guideline is recommended:

- Real-time ultrasound guidance will be used for placement of all central venous catheters, whenever possible.
- Physicians and other individuals placing central lines under real-time ultrasound guidance will receive appropriate training in the use of ultrasound for this purpose.
Physician Driven

Ambulatory Informatics

Joint Operating Committee on the Surgical Home

Physician Credentialing Advisory Council

Committee on the Aging Physician

Robotic Surgery

Admission Task Force

Peer Review
## Feb 2014 Safety Guidelines

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<tr>
<th>Medical Staff Peer Review Form</th>
<th>Ultrasound Guidance for Thoracentesis</th>
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<tr>
<td>Southeast</td>
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<td>Northwest</td>
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<td>Woodlands</td>
<td>Approved</td>
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<td>TMC</td>
<td>Approved</td>
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<tr>
<td>Katy</td>
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<td>Memorial City</td>
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<td>Sugar Land</td>
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<tr>
<td>TIRR</td>
<td>Approved 8/19/14</td>
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<tr>
<td>Katy Rehab</td>
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TIRR and Katy Rehab have N/A for Ultrasound Guidance for Thoracentesis.
No More Complications

MH Southeast Hospital

Southeast Adult Iatrogenic Pneumothorax
Do No Harm
Rate/1000 Discharges for Secondary Diagnosis

MHMD/MHHS Board System Quality Committee Real-Time Ultrasound Guideline

22 Months

Zero Iatrogenic Pneumothorax

Mean = 0.55

Mean = 0.00

Generated: 9/15/2011 11:57:49 AM
Source file date: 9/13/2011

produced by System Quality and Patient Safety
Ventilator Associated Pneumonias

The Woodlands Adult VAP Do No Harm Ventilator Associated Pneumonia

Zero Ventilator Associated Pneumonias x 24 Months

High Reliability Certified Zero Award
To: Memorial Hermann The Woodlands Hospital
Zero Ventilator Associated Pneumonias for 24 months
December 2010 to November 2012

Reported by System Quality and Patient Safety
Zero Retained Foreign Bodies x 48 Months
Do No Harm (Adult ICUs)
Central Line Associated Blood Stream Infections (CLABSIs)

MHHS Adult CLABSI Rate

Lower is Better
Saving Lives
Serious Safety Events (SSE1-2 Monthly Rate)
FY2011 – FY2014

System SSE Monthly Rate (9 Hospitals)
(SSE-1 & SSE-2 Only) Monthly Rate per 10,000 Adjusted Patient Days

0.40 (Threshold)
0.10 (Distinguish)
High Reliability 2011-14
Certified Zero Awards

- ICU Central Line Associated Bloodstream Infections (13)
- Hospital-Wide Central Line Associated Bloodstream Infections (3)
- Ventilator Associated Pneumonias (23)
- Surgical Site Infections
- Retained Foreign Bodies (27)
- Iatrogenic Pneumothorax (14)
- Accidental Punctures and Lacerations (3)
- Pressure Ulcers Stages III & IV (21)
- Hospital Associated Injuries (5)
- Deep Vein Thrombosis and/or Pulmonary Embolism
- Deaths Among Surgical Inpatients with Serious Treatable Complications
- Birth Traumas (11)
- Serious Safety Events (1)
- Early Elective Deliveries (1)
Do No Harm

Post-op Pulmonary Embolism or Deep Vein Thrombosis

System Adult Post-op Pulmonary Embolism or DVT
Do No Harm
Rate/1000 Surgical Discharges with an Operating Room Procedure

Lower is Better

Reported by System Quality and Patient Safety
Foundations: The Advanced Primary Care Practice

Advanced Primary Care Practice

<table>
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<tr>
<th>Claims Files/Data</th>
<th>Case Management</th>
<th>Single Signature Contracting</th>
<th>Marketing</th>
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<td>Quality Metrics</td>
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<tr>
<td>Practice Assessment</td>
<td>Electronic Medical Record</td>
<td>Point Of Care Tool</td>
<td>Health Information Exchange</td>
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Accountable Care

Clinical Integration
Population Management
Right Care at the Right Time

Intensity of Service

Healthy

Wellness and Prevention

Chronic Disease Mgmt

Patient Centered Medical Home

Automated CM

Telephonic Care Management

Sick

Palliative Care

Amb ICU

Hospice

• Telemedicine
• Home visits
• High Intensity Clinic
• Intensive Care
• Management

MHMD Integrated Care Management
Risk Analytics: Claims, Hospitalization, Post Acute and Physicians and Nurses
Care Providers

Doctors
Nurse Practitioners
Other advanced level providers
Not so advanced providers
Helpers
Friends
Communities
Ambulances
Churches
Memorial Hermann
Regional Homes: Contracting Vehicle

North Region
- Hospitals - 1 (TWL)
- ASC - 4
- FSER - 1
- MHD PSC - 3

91 PCPs
- 47 APCP (36 MHMD, 11 MHMG/Phytex, 0 UT)
- 0 APP
- 44 CI PCPs (inc UT)

229 Specialists
- 9 MHMG/Phytex
- 220 CI Specialists (inc UT)

Northeast Region
- Hospitals - 1 (NE)
- ASC - 2
- CCC - 1
- MHD PSC - 3

33 PCPs
- 20 APCP (15 MHMD, 4 MHMG/Phytex, 1 UT)
- 0 APP
- 13 CI PCPs (inc UT)

73 Specialists
- 4 MHMG/Phytex
- 69 CI Specialists (inc UT)

Southwest Region
- Hospitals - 2 (SL & SW)
- ASC - 4
- MHD PSC - 6
- SMR – 8 (add’l 1 pending)

174 PCPs
- 73 APCP (34 MHMD, 33 MHMG/Phytex, 6 UT)
- 4 APP (0 MHMD, 4 MHMG/Phytex)
- 97 CI PCPs (inc UT)

277 Specialists
- 38 MHMG/Phytex
- 239 CI Specialists (inc UT)

Central Region
- Hospitals - 4 (CMHH, TMC, TIRR, NW)
- ASC - 3
- MHD PSC - 6
- SMR - 4

204 PCPs
- 51 APCP (11 MHMD, 7 MHMG/Phytex, 33 UT)
- 9 APP (5 MHMD, 4 MHMG/Phytex)
- 144 CI PCPs (inc UT)

757 Specialists
- 21 MHMG/Phytex
- 736 CI Specialists (inc UT)

Southeast Region
- Hospitals - 1 (SE)
- ASC – 2
- MHD PSC – 3

97 PCPs
- 38 APCP (15 MHMD, 16 MHMG/Phytex, 7 UT)
- 0 APP
- 59 CI PCPs (inc UT)

141 Specialists
- 7 MHMG/Phytex
- 134 CI Specialists (inc UT)

Counts as of 12/18/2013
Physician counts do not include physician extenders or hospital based physicians.
*Includes UT Pediatricians, some specialty Pediatricians, and some IM and FP’s with a secondary subspecialty.

1 Additional SMR in Nederland
3 Additional MDs in Bay City: 1 MHMG PCP, 1 MHMG Specialist, 1 CI Specialist.
MHMD Summary Report by (Central) Region, by Population, and by CI-PCPs with Attributed Patients > 10; sorted in descending order of Risk Adj Total PMPM for the period Jul - Sep 2013

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<thead>
<tr>
<th>Region</th>
<th>Number of Attributed Patients</th>
<th>Risk Adjusted Total PMPM</th>
<th>Risk Adjusted Medical PMPM</th>
<th>Risk Adjusted DRUG PMPM</th>
<th>Risk Adjusted IP PMPM</th>
<th>Risk Adjusted OP PMPM</th>
<th>Admissions per 1K</th>
<th>ED Visits per 1K</th>
<th>Generic Drug Utilization Rate</th>
<th>High End Imaging per 1K</th>
<th>IP MH Episode Percent</th>
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<td>AETNA-PCMH</td>
<td>Overall Avg</td>
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<td>$321.43</td>
<td>$18.88</td>
<td>$51.39</td>
<td>$143.73</td>
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<td>Region Avg</td>
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## Specialist Information

### Physicians At A Glance

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<tr>
<th>Specialist</th>
<th>LOS</th>
<th>Mort. Rate</th>
<th>Readmit 30 Day</th>
<th>Total Chgs.</th>
<th>Core Meas.</th>
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<td>Specialist 1</td>
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<td>Specialist 7</td>
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</table>
Data is wrong!
- Reflects collection bias
- Reflects poor documentation
- Reflects inadequate information systems and technology
- Can be dramatically skewed
- Can be adversely affected by age

Physicians must see their data to be informed!

Usually
- Individual quality data should be used to inform not to critique
- Performance data can be used drive improvement
New Data Sources

The cloud
Digital diagnostics
Ultra-fast scans
Wearables
Health informatics
Digital therapy
Concierge medical services
Networks and coaching
Self-insurance
INPUT
Demographic
EMR
EHR
Care Managers
Claims
Registry
Point of Care
Virtual visits
Pharmacy
Lab
Public health
Big Data
Adults should eat no more than eight ounces of the fish per month, said health department spokeswoman Emily Palmer.
Is Walgreens doing more for population health than you? There are 8,215 Walgreens stores in the country, and 8 million Americans visit a Walgreens each day(!).

“How can a health system match that?” Becker’s Review On Walgreens Healthy Balance
Partner

Get Started

MDLIVE App
Now Available

Doctor visits are easier than ever with the new MDLIVE Mobile App!

Download Now

“MDLIVE’s mission is to deliver an incredible customer experience never seen before in healthcare – providing superb, affordable care anytime, anywhere in a confidential and totally trustworthy manner.”

Dr. Travis Stork
Emergency medicine physician and TV host

Telehealth kiosk

A clinic like no other lets you bring healthcare to any workplace, retail outlet or community center. Enclosed and freestanding kiosks both include the touchscreen interface and integrated biometric and remote monitoring devices - no staff required. We’re revolutionizing the way you bring care to patients.

Watch the video
Download the brochure

Virtual Consult
Telemedicine Platform

Our Connected Care cloud-based technology allows providers to extend their reach with secure live video consultations between ambulatory patients and their primary and specialty care physicians as well as provides provider consults.
Partner

Watson

Services
- Home Care
- Traditional Programs
- Specialty Programs
- Virtual Care Check
- Cardiac Life
- Low Vision Care
- Behavioral Health
- Medical and Respiratory Equipment Services
- Hospice

Virtual Care Check

Professional Resources

Online Bill Pay
Early Success

Edge
Clinically Integrated, Proven Results

Actual/Projected PEPY Claims Cost
MHHS Trended PEPY Claims Cost
National Trended PEPY Total Claims Cost
Early Success

Edge
Clinically Integrated, Proven Results

52 million in savings over 4 years
Affordable Care Act

Legal protections

Stark and Department of Justice Waivers

Exclusivity in contracting

MSSP

Commercial Contracts
CI Results – 100,000 Commercial Lives

Higher Quality And 10.5% Cheaper
## Top MSSP ACO Savings

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<th>ACO</th>
<th>States</th>
<th>Total Savings</th>
<th>ACO Share</th>
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<td>TX</td>
<td>$57.83 M</td>
<td>$28.34 M</td>
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<td>Palm Beach Accountable Care Organization, LLC</td>
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<td>$39.57 M</td>
<td>$19.34 M</td>
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<td>NY</td>
<td>$27.92 M</td>
<td>$13.68 M</td>
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<tr>
<td>Southeast Michigan Accountable Care, Inc.</td>
<td>MI</td>
<td>$24.68 M</td>
<td>$12.09 M</td>
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<td>RGV ACO Health Providers, LLC</td>
<td>TX</td>
<td>$20.24 M</td>
<td>$11.90 M</td>
</tr>
<tr>
<td>ProHEALTH Accountable Care Medical Group, PLLC</td>
<td>NY</td>
<td>$21.91 M</td>
<td>$10.74 M</td>
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<tr>
<td>Triad Healthcare Network, LLC</td>
<td>NC</td>
<td>$21.51 M</td>
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<td>WellStar Health Network, LLC</td>
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<td>$19.88 M</td>
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</tr>
<tr>
<td>Accountable Care Coalition of Texas, Inc.</td>
<td>TX</td>
<td>$19.10 M</td>
<td>$9.36 M</td>
</tr>
</tbody>
</table>
ACOs—Better or Worse? (modified from N8Kaufmann)

- Hospital Revenue: $20,000,000
- 2,000 Admissions @ $10,000 per Adm.
  - 2,000 Admissions
  - Hospital Revenue $14,000,000
- Infrastructure Cost: $2,000,000
- ACO Net Shared Savings: $1,000,000
- ACO/Payer Split Savings: $3,000,000
- Savings: $6,000,000
- 1,400 Admissions
- 50/50 Physician/Hospital Share of ACO Savings: $500,000
- Hospital Net From ACO Effort: $14,500,000
- Unless:
  - >> Market share
  - Programs promote profit on Medicare
  - MSSP—market is the competition, not self
  - Risk
  - Insurance Company
<table>
<thead>
<tr>
<th>Domain: At Risk Population - 25%</th>
<th>2013 Collection</th>
<th>2014 Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subdomain: Diabetes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hemoglobin A1c Control (HbA1c) (&lt;8 percent) (ACO-22)</td>
<td>60.20%</td>
<td>72.38%</td>
</tr>
<tr>
<td>Low Density Lipoprotein (LDL)(&lt; 100 mg/dL) (ACO-23)</td>
<td>46.50%</td>
<td>56.32%</td>
</tr>
<tr>
<td>Blood Pressure (BP) &lt; 140/90 (ACO-24)</td>
<td>61.40%</td>
<td>70.76%</td>
</tr>
<tr>
<td>Tobacco Non-Use (ACO-25)</td>
<td>68.30%</td>
<td>77.62%</td>
</tr>
<tr>
<td>Aspirin Use (ACO-26)</td>
<td>49.40%</td>
<td>86.90%</td>
</tr>
<tr>
<td>% of beneficiaries with diabetes whose HbA1c in poor control (&gt;9 percent) (ACO-27)</td>
<td>32.60%</td>
<td>7.22%</td>
</tr>
<tr>
<td><strong>Subdomain: Hypertension</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of beneficiaries with hypertension whose BP &lt; 140/90 (ACO-28)</td>
<td>55.30%</td>
<td>67.23%</td>
</tr>
</tbody>
</table>
MH and MHMD

Current Model
- Fee-for-Service
- Disparate Payments
- Illness & Cure
- Volume Incentive
- Fragmentation

New Model
- Fixed Payment
- Bundled Payment
- Population Health
- Value Incentive
- Integration

Integration

Fee For Service

Population Health

Fragmentation
## MHACO Lives

### MHACO Lives

<table>
<thead>
<tr>
<th>Month</th>
<th>Plans</th>
<th>Covered Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2012</td>
<td>Humana Medicare Advantage</td>
<td>5,000</td>
</tr>
<tr>
<td>April 2012</td>
<td>CMS MSSP (ACO)</td>
<td>45,000</td>
</tr>
<tr>
<td></td>
<td>MHealth Commercial</td>
<td>38,000</td>
</tr>
<tr>
<td>January 2013</td>
<td>United Medicare Advantage</td>
<td>8,800</td>
</tr>
<tr>
<td></td>
<td>Aetna Medicare Advantage</td>
<td>5,800</td>
</tr>
<tr>
<td></td>
<td>Aetna Commercial</td>
<td>97,000</td>
</tr>
<tr>
<td></td>
<td>BCBS Commercial (ACO) (KBR and PISD)</td>
<td>99,000</td>
</tr>
<tr>
<td>July 2013</td>
<td>Aetna Whole Health (ACO)</td>
<td>14,000</td>
</tr>
<tr>
<td></td>
<td>MHealth Commercial</td>
<td>38,000</td>
</tr>
</tbody>
</table>

### Claims on

- All except United
- (CBS Pending)

### Estimated Covered Lives

- Est. 323,300 Covered Lives
Executive Reporting

- Transparency regarding PCS Operations
- Identify network gaps
- Measure utilization & appropriateness of referral activity

- Total Referral activity
- Referral patterns by specialty
- Turn Around Time
- Practice & MD level reporting
- Network Utilization
Aetna ACO Spend Trends
Aetna ACO FI Spend Trends

Spend with Memorial Hermann

- Total Paid PMPM
- % Paid with ACO
MH and MHMD

Current Model
- Fee-for-Service
- Disparate Payments
- Illness & Cure
- Volume Incentive
- Fragmentation

New Model
- Fixed Payment
- Bundled Payment
- Population Health
- Value Incentive
- Integration

340,000 lives

Sweet Spot:
1.5 million lives

30,000 Lives