



Consulting and Management

How David Fought Goliath and Won *A Tale of Two Pediatric Systems*

AAAP 33rd Annual Meeting
Denver, CO
May 17, 2016

In Service to Our Health Care Members

4,200+

Hospitals and health care organizations in our membership

2,500+

Health care professionals employed

2,000+

Hospitals using our performance technologies

RESEARCH AND INSIGHTS

Memberships Offering Strategic Guidance and Actionable Insights

- Dedicated to the most pressing issues and concerns in health care
- 300+ industry experts on call
- 200+ customizable forecasting and decision-support tools

238,000+
health care leaders served globally

PERFORMANCE TECHNOLOGIES

National Peer Collaboratives Powered by Web-Based Analytic Platforms

- Leading provider: Over 65% of inpatient admissions in the United States flow through our technology platforms
- Over 3 million user sessions annually
- Key challenges addressed: margin improvement, physician alignment, payer contracting, quality improvement, and patient experience

\$700+
million in realized value per year

CONSULTING AND MANAGEMENT

Seasoned, Hands-On Support and Practice Management Services

- 3,600+ years of “operator” experience in hospital and physician practices
- Principal terrains: growth, margins, physician alignment, and the transition to value
- Range of engagements from strategy to best practice installation to interim management to fully managed services

2,300+
engagements completed

TALENT DEVELOPMENT

Partnering to Drive Workforce Impact and Engagement

- Impacted the achievement of 88,000+ executives, physicians, clinical leaders, and managers
- 19,500+ outcomes-driven workshops tailored to partners’ specific needs

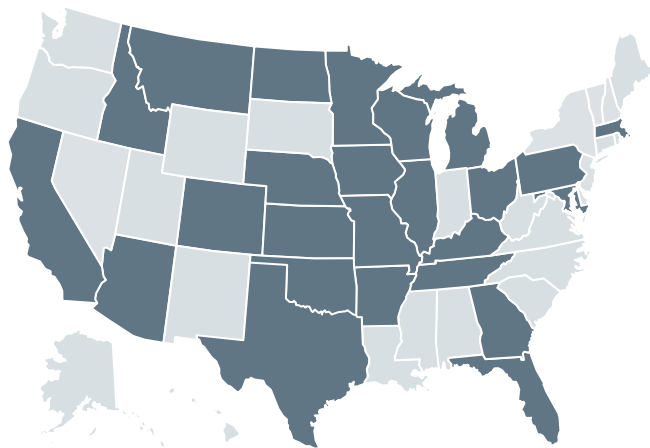
Survey Solutions


- Customized strategies for improving employee and physician engagement
- National health care-specific benchmarking database of 880,000 respondents

8,400+
employee-led improvement projects

Trusted Partner to Pediatric Providers for Over 20 Years

The National Pediatric Initiative



 States with pediatric engagements or collaborations

STRATEGIC PLANNING

- Local, Regional, National and International Strategic Planning
- Mergers and Acquisitions
- Internal Transformation

PHYSICIAN ENGAGEMENT

- Physician Leadership Governance and Integration
- Clinical Documentation Improvement (CDI)
- Compensation Redesign

VALUE-BASED CARE

- Preparation for Value-Based Care
- Retail Strategy
- Preparation for Risk
- Pediatric CIN Creation
- Pediatric HMO Development
- ACO Development

OPERATIONS

- Interim Management
- CBO Development
- Revenue Cycle Management
- GPO Development

Key Issues Keeping Our Clients Up at Night

As we interact with children's health systems across the country, there are a series of recurring themes that we are encountering regularly

- 1 Strategic decision making without a strategic plan.** Moving various strategies forward on multiple dimensions but no overarching plan or roadmap
- 2 Consumerism.** Cognitively aware of the need to be consumer-centric, adopt transparency, and leverage strategic partnerships to be relevant in a consumer world, but not truly differentiated nor winning in this space
- 3 New business model.** The business model needs to adapt and contemplate the potential threat from retailers and other new competitors but not sure how to react. Physicians & some leaders are in full-on denial
- 4 Move to value.** Interested in moving to value, creating products, and commercializing them (e.g. direct to employer, exchanges, health plan partnerships) but have not figured out how to move this forward
- 5 New clinical model.** Business has moved beyond the inpatient facility, but traditional model has not adapted, causing huge clinical and cost variation
- 6 Focus.** Have always been all things to all people and have not determined how or where to play to win

Additional Challenges Facing Our Pediatric Clients

Children's hospitals face additional pressures that compound the need to address key transformational issues

- 1** **Narrow Networks.** Children's hospitals may not be able to participate because of draconian demands for pricing concessions that current cost structure will not allow
- 2** **Specialist competition.** Pediatric & adult systems are competing for an ever-narrowing pool of available pediatric specialists leading to shortages in key pediatric service lines
- 3** **Adult competition.** Where it was once difficult to create a competitive environment for Children's hospitals (often the community and employer favorite), new market forces are changing this dynamic
- 4** **Pricing Transparency.** Increasing transparency of service pricing – which has implications for Children's hospitals in both contracting and in consumer “uptake”
- 5** **Bundled Payments.** Health care services across the continuum will be bundled into a single payment requiring proactive development of a comprehensive support infrastructure and effective stakeholder alignment and integration
- 6** **Federal Funding Decreases.** Funding for research and education will continue to decrease or be repurposed

Against the Odds: A Prototype Pediatric Health Care System

Key Themes: adverse market consolidation, dramatic rate cuts, narrow networks, adult competition

About the Organization

- 320-bed, free-standing pediatric hospital
- Strong relationship with community at-large, providers and payers for comprehensive pediatric services

Challenge

- Premier pediatricians began selling practices to competitor organization
- Top HMO announced plans to cut all provider reimbursements and to develop exclusive networks
- Pediatrician / chairman of HMO board negotiated his group as exclusive primary care providers for HMO & announced redirection of referrals if hospital and specialists refused to accept dramatic payment cuts

Solution

- Engaged primary care and specialty physicians as partners in strategic & business planning process with hospital, board & community leadership
- Developed a comprehensive network under a common legal umbrella with care coordination across the continuum, shared decision making and aggressive operational management

Impact

- Radical transformation to become a truly integrated comprehensive delivery system able to negotiate competitive managed care rates, take risk, and profitably manage its entire "book of business."

Keys to Success: Inspired Vision, Clear Leadership, Passionate Execution

Casting the Vision

- Invited stakeholders across the continuum and the community into the conversation
- Identified and invited physician leaders, regardless of alignment
- Resolved to ask the tough questions and listen with sincerity
- Vision wasn't a priority, vision became the priority

Designing the Plan

- Established strategy for primary care, specialty care, and complementary programs
- Created physician alignment models to support programs
- Designed infrastructure, governance and management structure
- Led MD manpower planning
- Crafted branding & messaging
- Designed Medicaid population health initiatives
- Managed care across the continuum

Executing the Plan

- Empowered physicians to lead the transformation & held them responsible for the results
- Developed infrastructure & defined processes to support the strategy
- Established continual communication among all physicians & stakeholders
- Created HMO: risk sharing model (ACO); CBO; Medicaid clinic system; transparent clinical / financial reporting; IT infrastructure; physician business, leadership & contracting education

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To become the premier integrated pediatric delivery system in the nation

The Vision Realized: Building an Integrated Network



From the Ruins: An Integrated Pediatric Delivery System

Key themes: a failed partnership, adverse market consolidation, lack of pediatric identity, hospital-centric focus, regional alignment

About the Organization

- 275-bed, inner-city pediatric hospital
- Part of, a 40-hospital international system in the 7th largest MSA
- 40-year relationship with a local AMC for comprehensive pediatric services

Challenge

- Difficulty securing & retaining top specialists or advancing academic standing
- Hospital & local AMC negotiate arrangement to build new top-tier pediatric hospital; Local AMC suddenly retracts and announces partnership with national AMC & a national for-profit hospital chain to build a competing \$350M pediatric hospital

Solution

- Partnered with Advisory Board to design a comprehensive solution to the crisis
- Engaged primary care and specialty physicians as partners in strategic & business planning process
- Established local and regional alignment with top-tier Pediatric AMC and a Primary Care & OB-MFM system located in the 5th largest MSA
- Engaged the community in the effort to save pediatric hospital a city treasure

Impact

- Radical transformation to move toward becoming a premier integrated pediatric system

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Designing the Plan

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- Designed infrastructure, governance and management structure
- Led MD manpower planning
- Crafted branding & messaging
- Designed population health initiatives
- Set the stage for clinical integration

Executing the Plan

- Designated individual responsibilities but the entire team owns the outcome
- Developed infrastructure & defined processes to support the strategy
- Established continual communication among all leadership
- Relentlessly developed relationships with all stakeholders
- Excited a passion for deliberate and emergent strategy



The leader in pediatric health care founded on a clinically integrated network of providers, serving all children with excellence in clinical care, education and applied research

The Vision Realized: Building an Integrated Network

Children's Hospital

Primary Care, OB-MFM System

Primary Care

- Employed
- CIN

OB – MFM

- High –risk OB
- NICU
- Routine newborn

Hospital Care



Medicaid

- FQHC
- Private Practice

AMC: Clinical, Educational, Research

Specialty Care

- Faculty
- Aligned Private Specialty Physicians

Urgent Care

- Existing pediatric urgent care system

Contact Information

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