



## Health System Strategy in the Age of the Retail Consumer

Becker's Hospital Review Annual Meeting

**Brad Helfand**  
Vice President




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### What's Really Going on in Strategy?

ACCO  
 FOCUS OF OUR POPULATION HEALTH STRATEGY?  
 OR/AND  
UBER  
 FOCUS OF OUR ACCESS AND GROWTH STRATEGY?

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### Why Is This Happening?

**Factors Driving the "Retailization" of Health Care**

- 1** New benefit and network designs are making the health care consumer more selective and cost conscious.
- 2** Public and private insurance exchanges are making the consumer a more active participant in the health care process.
- 3** Entrepreneurs, governments, payers and health systems are bringing price transparency to the marketplace.
- 4** Consumers continue to be attracted to convenient and cost-effective sites of care (eg, retail clinics, virtual care).

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## Build a Multichannel Approach for Sustainable Growth

### Sg2 CHANNEL SPECTRUM

**MATURE**  
**EVOLVING**  
**EMERGING**



\*Ambulatory comprises vary widely, from multidisciplinary comprehensive centers to facilities focused on specific services (eg, urgent care, endoscopy, urgent care)  
CAM= complementary and alternative medicine.  
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## Sg2 Channel Strategy Principles

Consumers follow predictable, but variable, pathways across the System of CARE.

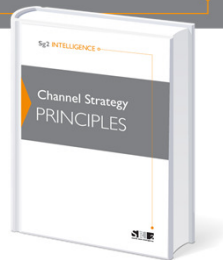
Organizations can expect many nuances by disease, market and patient.

Channel strategy includes consumer acquisition and consumer retention.

Channels can be used to optimize the consumer journey across sites of care.

You can identify, quantify and influence channel patterns.

The one who controls the channels optimizes growth.



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## Channel Strategy Imperative #1: Rethink Your Market Definition

### Rethinking Market Definitions

**Old Assumption:** "Our market definition is based upon hospital inpatient patient origin."

#### New Considerations:

- Ambulatory footprint
- Virtual health
- System-ness
- Consumers



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## Know Where Consumers Receive Services

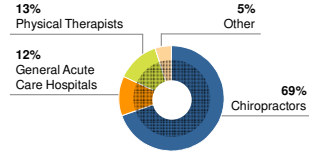
### Spine Services Chicago North Shore Area 2012-2013



Volume by Zip Code

- 100,000 to 119,999
- 50,000 to 99,999
- 20,000 to 49,999
- 3,000 to 19,999

### Total Spine Services for 2 Zip Codes



### KEY QUESTIONS

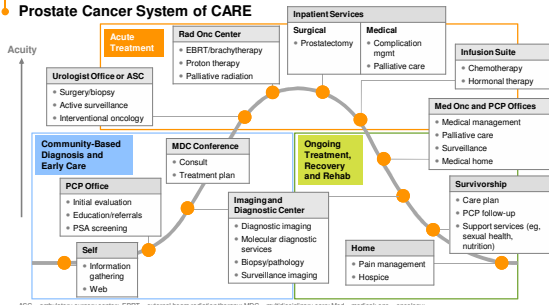
- Where are patients going for care?
- Who are they seeing?
- What is the patient pattern across System of CARE?

Note: Other includes emergency medicine physicians, internal medicine physicians, sports medicine specialists; this analysis excludes lab and other.  
Source: Health Intelligence Company, LLC. Sg2 Ambulatory Market Share v. 0. Sg2 Analysis, 2014.  
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## Understand the Patient Journey by Disease...

### Prostate Cancer System of CARE



ASC = ambulatory surgery center; EBRT = external beam radiation therapy; MDC = multidisciplinary care; Med = medical; onc = oncology.  
PCP = primary care physician; PSA = prostate specific antigen; Rad = radiation.  
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## ...But Also Think Beyond Disease Characteristics

### Boston, Massachusetts

#### TOP SOCIAL GROUPING

##### Landed Gentry (17.7%)

- Wealthy Americans who migrated to smaller boomtowns beyond the nation's beltways
- Many households that contain Boomer families and couples with college degrees, expensive homes and professional jobs
- Twice as likely as average American to telecommute
- Upscale incomes
- Heavy spending on consumer, wireless and computer technology, luxury cars, powerboats, books and magazines, children's toys and exercise equipment

#### LIFESTAGE GROUPING

##### Young Achievers (18.8%)

- Young, hip singles settled in metro neighborhoods
- Incomes ranging from working-class to well-to-do
- Residents renting apartments in cities or close-in suburbs
- High percentage of Asian singles
- Liberal politics
- Alternative music
- Lively nightlife
- Twice as likely as general population to include college students living in close quarters

Note: Market is defined by hospital referral region (HRR) as defined by Dartmouth Atlas.  
Source: Nielsen PRISM Methodology Guide, The Nielsen Company, 2011. Sg2 Analysis, 2014.  
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## Determine Your Current Position Across Channels

### Parkinson Channels, Sample Market

<b>PRIMARY CARE CLINIC</b> Market Position: <b>3<sup>rd</sup></b> 3-Year Forecast: <b>+9%</b>	<b>SPECIALTY CLINIC</b> Market Position: <b>3<sup>rd</sup></b> 3-Year Forecast: <b>+9%</b>	<b>HOSPITAL OUTPATIENT</b> Market Position: <b>4<sup>th</sup></b> 3-Year Forecast: <b>+7%</b>
<b>ACUTE CARE FACILITY</b> Market Position: <b>5<sup>th</sup></b> 3-Year Forecast: <b>+39%</b>	<b>REHAB/WELLNESS CENTER</b> Market Position: <b>5<sup>th</sup></b> 3-Year Forecast: <b>+11%</b>	

Note: Acute Care Facility Forecast includes surgical volume only.  
Sources: Health Intelligence Company, LLC, SgI Ambulatory Market Share v1.0; Impact of Change® v14.0; NSI, PharMetrics, CMS, SgI Analysis, 2014.  
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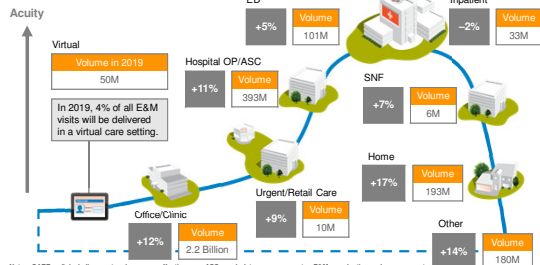
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## Forecast Where Growth is Going Across the Continuum

### 2014 Site of Care Volumes and 5-Year Forecast, Adults US Market, 2014-2019



Notes: CARE = clinical alignment and resource effectiveness; ASC = ambulatory surgery center; E&M = evaluation and management; SNF = skilled nursing facility. The analysis excludes 0-17 age group. Other includes non-hospital locations such as OP retail facilities, psychiatric centers, hospice centers, non-physician health centers and assisted living facilities. Sources: Impact of Change® v14.0; NSI, PharMetrics, CMS, SgI Analysis, 2015.




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## Channel Strategy Imperative #2: Match Resources with Consumer Needs

Organizations should choose a risk stratification method to match their information technology platform, strategy and budget.

- Clinical Assessment:** Trained clinical staff evaluate clinical, social and utilization factors.
- Predictive Modeling:** Analytics process clinical factors using EMR and other data sources.

Tier I	Tier II	Tier III
<b>Basic management</b> Provide all patients with age-appropriate preventive services and timely care for acute conditions.	<b>Management and coordination for simple chronic diseases</b> Ensure patients with conditions such as hypertension or asthma understand and comply with their care plans, engage in optimal self-care and receive recommended follow-up.	<b>Complex chronic care for poorly controlled or multiple conditions</b> This requires ongoing complex medical decision making and comprehensive coordination.
65% to 80% of patients	20% to 30% of patients	1% to 10% of patients

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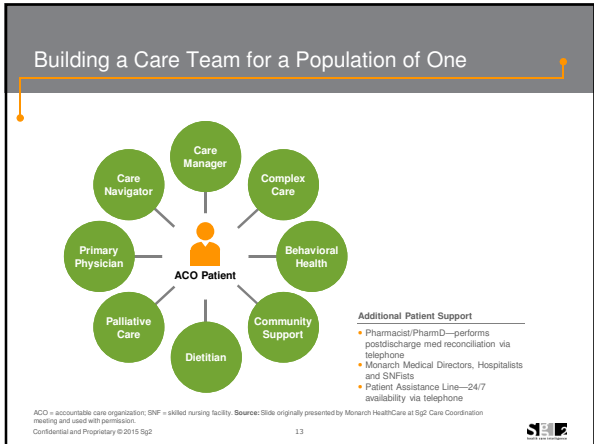
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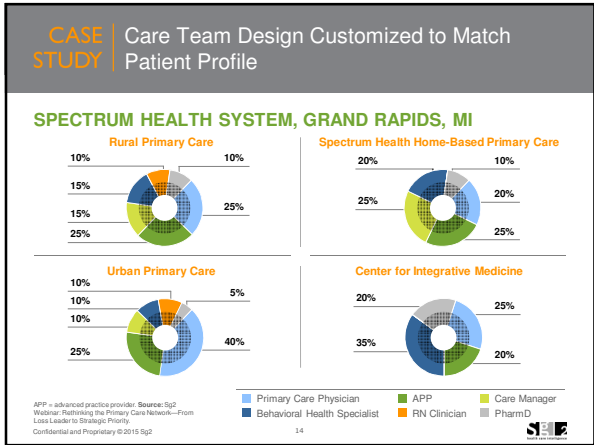
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### Care Team Involves New Providers, Skill Sets

“Half of the ideal care team will be nonlicensed... working in neighborhoods, schools and at worksites.”  
—Douglas Wood, MD, Medical Director, Center for Innovation, Mayo Clinic

**RNs and APNs care for simple to complex patients.**

**Care coordinators (nonclinical) focus on engagement, activation and wellness.**

APP = advanced practice nurse. Confidential and Proprietary © 2015 Sg2

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**CASE STUDY** | Shifting from Hospitalists to the CCP Physician Model

**UNIVERSITY OF CHICAGO MEDICINE—COMPREHENSIVE CARE PHYSICIAN (CCP) MODEL**

**Overview**

- Recipient of CMS Innovation Award
- Study to determine whether patients receive better care with a physician who directs their care both in the inpatient and outpatient settings (primarily hospitalists)
- Five physicians with a 200 Medicare patient panel size
- Patients with 10 days of expected hospitalization and \$75,000 in Medicare spending per year


**Sponsors and Collaborators**

- University of Chicago
- University HealthSystem Consortium
- University of Illinois at Chicago
- Rush University
- NorthShore University HealthSystem

**Results**

- Evidence concerning program effectiveness expected by 2016
- Potential for risk contracting regarding specified patient population
- Initial pilot stage with plans to expand to more markets

Sources: Maltzer, DC and Rubinke, GW. Health Aff (Millwood). 2014;33(5):770-777. Sg2 Analysis, 2014.  
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**CASE STUDY** | Deploying Veteran Health Coaches to Follow Patients After Discharge

**JOHN C LINCOLN HEALTH NETWORK, PHOENIX, AZ**

**Situation**

- Sought cost-effective transition strategies to improve care of ACO patients and minimize avoidable readmissions

**Solution**

- Veteran-based health coaches were deployed for ACO population.
- Program medical director assigns patients to a health coach while in the hospital.
- Initial home visits occur within 24 hours of discharge.
- Coaches follow patients for 30 days.


**UPDATE**

- Employs 28 medically trained veterans
- Encompasses more than 11,200 Medicare beneficiaries
- Embeds transition specialists in PCP clinics
- Conducts proactive outreach

↓ all-cause 30-day readmissions to 6.6%

• \$2,755,840 total avoided costs in 2014

Source: Sg2 Interview With John C Lincoln Physician Network, April 2013.  
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**CASE STUDY** | Creating Rapid Response Teams Through Unique Approach to Emergency Medicine

**UNITED HATZALAH OF ISRAEL**

**Description**

- Deployment of thousands of volunteers via motorcycle to respond immediately to emergency situations 24/7/365
- 3-minute response time using a GPS app (in urban setting) allowing team to provide basic care until EMS arrives

**How This Disruption Will Affect Your Business Model**


- Not all disruption will cause competitive threats. Unique start-ups will become new key partners to improve care delivery.
- Expect service attributes in other clinical areas to undergo similar transformation as mobile technologies continue to support real-time, instantaneous support.

**Possible Ways to Respond to Disruption**

- Realize that new market entrants can be partners rather than competitors. Your market advantage may be enhanced by collaborating with nonclinical partners to offer unique services and capabilities.

**“ We’re not there to replace the ambulance; we’re there to fill the gap between the time of the ambulance call until they arrive. ”**  
—Eli Beer, Founder and President, United Hatzalah

EMSI—Emergency Medical Services. Sources: Beer E. The fastest ambulance? A motorcycle [video]. TED website. July 30, 2013; Friends of United Hatzalah of Israel website. Accessed March 2015; Sg2 Analysis, 2015.  
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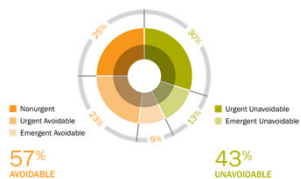
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## Channel Strategy Imperative #3: Assess Channel Vitality

### ACCESS CHANNEL VITALITY

#### Avoidable ED Visits

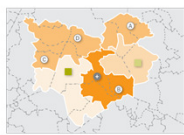
Sample Health System: Percent of ED Visits by Category



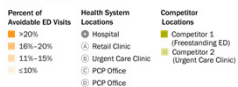
**57%  
AVOIDABLE**

**43%  
UNAVOIDABLE**

Sample Health System: Geographic Patient Origin



White lines indicate zip code boundaries.



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## Know That Clinically Appropriate Screening Volumes Will Be One of a Few Leading Indicators of Growth

### ACCESS CHANNEL VITALITY

#### Evidence-Based Screening Volumes

Sample Health System

	2010	2011	2012	2010-2012 Growth
Mammography Screens	5,000	5,500	5,750	+115%
Colonoscopies	1,000	1,200	1,300	+130%
Lung Screens	500	550	600	+120%

Selected Follow-up Services	2010 LUNG SCREENS		2012 LUNG SCREENS	
	Volumes	Use Rate per 100 Screens	Volumes	Use Rate per 100 Screens
Chest Radiography	25	5.0	38	6.0
Chest CT	104	20.8	150	25.0
PET/PET-CT	16	3.2	23	3.8
Bronchoscopy	9	1.8	13	2.2
Surgery	8	1.6	12	2.0

PET = positron emission tomography.  
Sources: National Lung Screening Trial Research Team. *N Engl J Med*. 2011;365:395-409. Sg2 Analysis, 2013.

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## CASE STUDY | Streamline Consumer Connections and Offer Advanced Access

### ADVOCATE HEALTH CARE, DOWNERS GROVE, IL

SCALE OF ADVOCATE CLINICAL CONTACT CENTER

37,000  
SQUARE FEET

48  
NURSES

TOTAL STAFF  
250

24/7  
365  
HOURS OF OPERATION

ENGAGEMENT BENCHMARKS

40,000  
weekly calls

1,200  
weekly portal enrollments

4%  
calls abandoned

80% in <45  
seconds  
calls answered

Source: Sg2 Interview With Advocate Health Care, August 2014.

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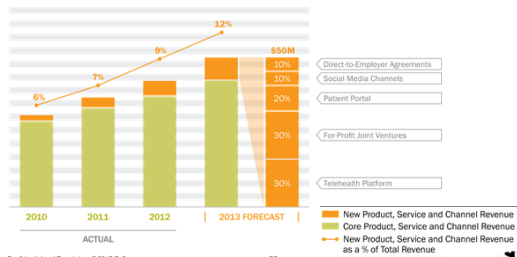


## Channel Strategy Imperative #4: Find Your Inner Steve Jobs

### FINANCIAL SUSTAINABILITY

#### Percent of Revenue From Novel Sources

Sample Health System



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## CASE STUDY | Cambia Offers Pacific Northwest Providers Innovative Partnership Opportunities

### CAMBIA GROVE

#### Description

- Parent company, Cambia Health Solutions, opens a 9,000-square-foot "hub of innovation" in Seattle, WA.
  - Regional health systems meet with young digital health and life sciences companies to discuss widespread challenges.
  - Entrepreneurs and start-ups pilot transformative solutions that match providers' interests.

#### How This Disruption Will Affect Your Business Model

- Start-ups become **key partners** for organizations to be successful.
- Collaborative solutions create new **service attributes** and provide a different customer experience.

#### Possible Ways to Respond to Disruption

- Engage with local entrepreneurs to foster important discussions and innovative solutions.
- Sponsor networking and educational events that bring together local start-ups and health care professionals.

Sources: Bishop T. New "Cambia Grove" healthcare innovation center in Seattle will link tech startups with big players. *Credentia*, October 24, 2014; Cambia Grove: The Future of Health Care and the Cambia Grove. *Cambio Blog*, March 4, 2015; Ward D. Cambia Health launches Seattle startup effort. *MedCityNews*, March 11, 2015; Chavira C. Healthcare innovation initiatives accelerating. *HealthLeaders Media*, March 19, 2015; Sg2 Analysis, 2015.

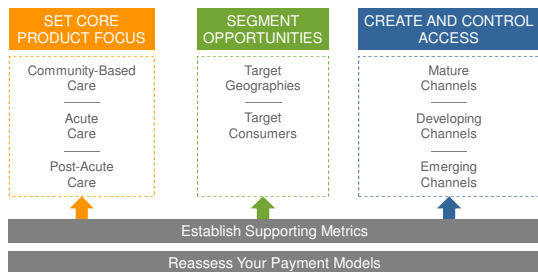
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## How Do Providers Really Win?

### Sg2 Go-to-Market Strategy



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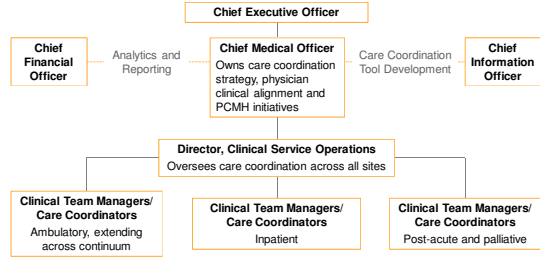
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## Align Organizational Structure With Channel Strategy Focus Areas

### Organization Chart: Fully Integrated, Ambulatory Focused



PCMH = patient centered medical home.  
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## Key Questions to Inform Your Channel Strategy

### ACCESS AND PRICE

- 1 Is there sufficient access to reduce the need for inappropriate high-cost care?
- 2 Can patients schedule appointments on their terms without excessive wait times?
- 3 Are care sites well-distributed and travel times reasonable?
- 4 Is care delivered in the most cost-effective setting?

### EXPERIENCE

- 1 Are care delivery processes designed with the patient in mind?
- 2 Do patients have the resources to be engaged in their care?
- 3 Are there seamless transitions at every point of patient interaction?
- 4 Is there optimal sharing of clinical and operational information across sites and providers?

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