Healthcare's Rising Crescendo: *Population Health Management*

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Aegis Health Group

THOUGHT PAPER SERIES

PATHWAY TO A HEALTHIER COMMUNITY... AND BOTTOM LINE

Changing Course

Hospital leaders face extraordinary challenges that would be considered formidable by most industries' standards. Skyrocketing costs and declining reimbursements are coupled with staggering demands for better care, an improved patient experience, and coordinated management of each patient's medical treatment.

In the midst of healthcare reform, hospitals and health systems are witnessing nothing less than a transformation of the industry that now is looking to hospitals to identify and proactively influence the health and wellness of a larger – if not the entire – community population. New dynamics that will impact hospital management and a fundamental shift from a decades-long fee-for-service model to a value-and accountability-based model include:

- All providers will be expected to take on more accountability and accept more financial risk.
- Hospitals must improve outcomes and reduce episodes of costly critical and acute care.
- Medicare reimbursement will depend on *preventing* hospital-acquired infections, *reducing* unnecessary readmissions and *adhering* to rigorous standards.
- Hospitals will logically become the central coordination point.

Prevention is a vital component of the 2010 Patient Protection and Affordable Care Act (PPACA) and a directive that cannot be viewed as "an issue for the future." With PPACA comes a potential explosion in higher risk patients when millions of previously uninsured Americans gain access to healthcare coverage, many of whom already have several risk factors or may be classified as seriously ill. As it is, more than one in four Americans have multiple chronic conditions, accounting for upward of two-thirds of all healthcare spending. Hospitals must begin now to identify and reach those consumers who don't regularly see a primary care physician in order to forestall a future wave of chronically ill patients.

The good news is that hospital leaders need only look to their organizational mission to gain a clearer perspective for the future. The core mission of every hospital always has been based on one simple notion: improving the health of the community. What has changed is *the point at which hospitals connect with patients to improve their health*. Hospitals must now embrace a model of improving health through *well* care, instead of *sick* care, with the goal being to keep patients healthy and out of the hospital. This puts hospitals on a course destined to *reduce* overall healthcare spending and what traditionally would have yielded fee-for-service reimbursement.

A FORK IN THE ROAD

While some hospitals spend countless dollars and human resources on efforts aimed at improving the health of their communities, programs often don't include the structure, support and metrics required to measure success. Community health education, free flu shots, childhood immunization programs, and health fairs barely skim the surface of the range and depth of programs needed and the potential for impact. Today's hospital leaders must take a broader view of "community health." Success in the new value-over-volume payment world requires an innovative approach on an existing concept. The old notions of disparate, "feel good" community health programs performed largely in the name of public relations must be replaced by or augmented with a more formal, integrated and measurable Population Health Management (PHM) program.

EARLY DETECTION RISK MITIGATION AND SAVINGS

Disease	Lifetime Risk	Success Rate if Treated Early	Potential Savings Per Case
CANCER			
Colorectal	1 in 16	95%	$18 to $25k
Prostate	1 in 3	92%	$35 to $100k
Breast	1 in 25	87%	$60 to $145k
HEART DISEASE			
Bypass Surgery	1 in 8	78%	$27 to $42k
High Blood Pressure	1 in 4	96%	$5 to $17k

Source: American Journal of Health Promotion

Employers have long recognized the importance and financial value of worksite wellness programs that reduce risk factors and improve or maintain the health of the workforce. Through such programs, employers have realized a reduction in health-related costs, better productivity and morale, decreased absenteeism and fewer workers' compensation claims. Meanwhile, hospitals that have partnered with employers in this effort have established affinity with a commercially insured population, driving consumers to their affiliated physicians and appropriate programs and services within the hospital. It's a triple win for employers, employees and the hospital alike. What's more, these programs and their return on investment are measurable!

> If individuals and corporations as well as communities, states and the nation all work together, we can turn the tide of declining health status and overwhelming healthcare and productivity costs. The key is to manage health risk factors before disease strikes.
>
> From "Zero Trends: Health as a Serious Economic Strategy" by Dee Edington

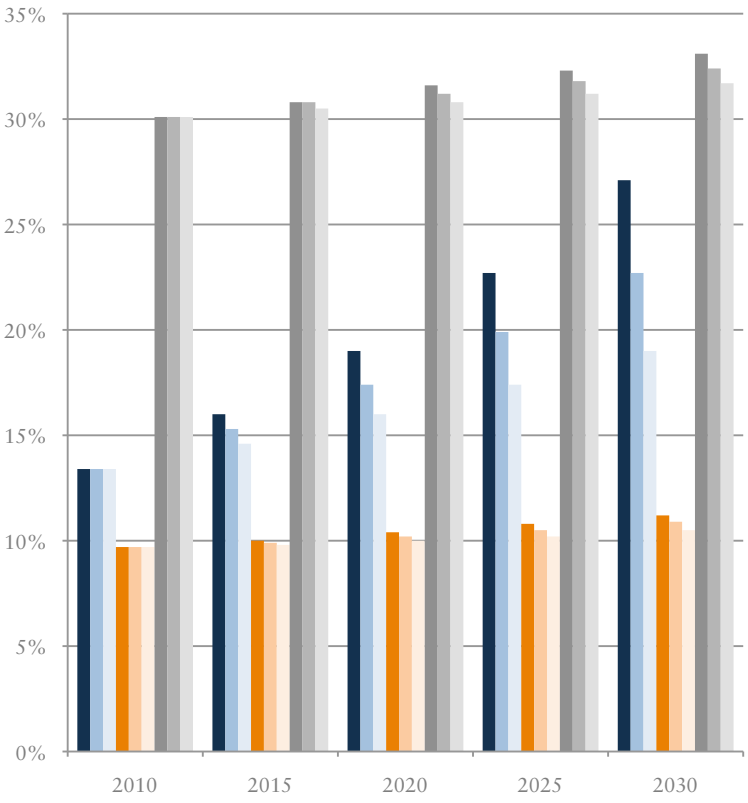
CASTING A WIDER NET

PHM: Guiding Patients Through not Into the Hospital

Population Health Management casts a much broader net than employer-directed programs by reaching out to new populations in ways that identify and mitigate health risks, educate, encourage self-care, and determine appropriate medical interventions and disease management. Unlike "community outreach" programs, PHM takes a more formal, targeted and measurable approach.

The implementation of PPACA requires hospitals to broaden their reach beyond employer groups and assume a more prominent role aimed at improving community health. As healthcare fixtures in the community, hospitals are trusted and logical leaders in this effort.

Patients will always be the lifeblood of a hospital. Yet as the industry transitions from a volume-based to a value-based model that requires greater accountability and lower costs, hospitals will need to proactively identify, address and track consumers' health risks *before* they become patients. We all know that patients treated early and effectively in an outpatient setting are going to be much less costly than those who are admitted for chronic or acute conditions. Now take one step back and imagine how effective healthcare providers could be at redirecting cost if they could identify risk in the general population before individuals become patients? The reality is: many of the patients of tomorrow may never be admitted to the hospital. Rather, hospitals will be reimbursed (and rewarded) at a higher rate for keeping people healthy instead of delivering higher-cost acute care services. Preventable or manageable, chronic diseases are behind 70 percent of all deaths in America and account for 75 percent of every dollar on health, according to the Department of Health and Human Services.



PREVENTION IMPACT POTENTIAL WITH PHM FOR SELECT CHRONIC DISEASE/AGES 45-64

- *Diabetes - Baseline Trend*
- *Diabetes - Slow Disease Growth by 25%*
- *Diabetes - Slow Disease Growth by 50%*
- *Heart Disease Baseline Trend*
- *Heart Disease - Slow Disease Growth by 25%*
- *Heart Disease - Slow Disease Growth by 50%*
- *Hypertension Baseline Trend*
- *Hypertension - Slow Disease Growth by 25%*
- *Hypertension - Slow Disease Growth by 50%*

Baseline Trend (2010) represents prevalence of selected chronic disease for baby boomers (45-64)

Decrease in disease growth projected by reduction of 25% and 50% respectively for baby boomers (45-64)

- 2011 World Economic Forum Study

The leading five chronic diseases – cancer, diabetes, mental stress, heart disease and respiratory disease – are expected to have a cumulative global cost of ***$47 trillion*** *over the next 20 years.*

-2011 World Economic Forum study conducted with the Harvard School of Business

Going forward hospitals will realize the greatest benefit from those patients who require less costly, less critical and less resource-heavy care. As reimbursements become tied to accountability and quality of health outcomes, hospitals will foster a healthier bottom line by cultivating healthier patients from the outset. A PHM initiative allows hospitals to focus their attention on and redirect resources to activities that have the greatest impact on overall population health. It is also going to be essential for hospitals to have close relationships and aligned strategic buy-in from their physician community in order to be successful as they will be key to developing and executing the PHM programs.

A formal, measurable and data-driven PHM initiative attracts market share by enhancing brand awareness, building trust, directing appropriate use of select service lines and supporting the hospital's mission to improve community health. A data-driven culture is important to create awareness of performance and make sure the best information is available to make decisions, necessitating strong ties with primary care doctors.

Done right, a PHM program provides the foundation to:

- Enhance the hospital's provider and community relations network.
- Meet healthcare reform mandates while positioning the hospital to better leverage new "pay-for-performance" reimbursement strategies.
- Uses data to target consumers' specific health risks before they become costly acute or critical care cases.
- Appropriately channel patients to those service lines that have additional capacity and deliver the best margins.
- Develop an early detection and prevention strategy capable of producing significant community health cost savings, while improving the lives of the population.

ASSEMBLING A SUCCESSFUL PHM STRATEGY

Building Blocks

A robust PHM program establishes an orderly and logical methodology for proactively targeting, capturing, organizing and communicating with key populations that access the hospital. Populations can be targeted according to potential risks (i.e. smoking, obesity, diabetes) or according to payer category (i.e. Medicare or Medicaid). Because PHM goes well beyond the local consumers who are covered by employer-sponsored health insurance (which typically represents almost 60 percent of the overall population, yet only 30-35% of a provider's payer mix), hospitals must identify which other groups to target and how to reach them. Some of the more common groups to target include senior centers, churches and community centers, but each hospital will likely have population groups that are unique to their market. Also important, hospitals will have to formalize opportunities to gather health data on consumers, such as health screening activities, lunch and learns, occasions prior to discharge, or during a visit to the emergency room.

An effective PHM program is an integral part of a hospital's overall business development strategy. Therefore, it must include goals, objectives and trackable metrics. These six steps are essential to the success of a PHM program:

1

Create a broad network of partners.

In order to develop a comprehensive PHM program, hospitals must first obtain overriding support and cooperation from within and outside the organization. This includes the management team, medical staff and referring providers as well as community organizations and leaders. These partnerships should be coordinated and managed by an on-site PHM specialist who has the training and expertise to engage and educate prospective partners about the importance of their respective roles in improving the community's health. Working closely with providers, community groups and hospital management, the PHM specialist grows and manages the program to its maximum capacity, acting as the key liaison to partners and providing creative marketing solutions. By leveraging the strong personal connections of these PHM partners, a hospital can broaden its reach, while potentially reducing some of the costs that might otherwise be associated with community education and outreach.

2

Hone your PHM focus.

Critical to the success of any PHM program is the careful and strategic determination of the health improvement components that will provide the greatest return on investment for the hospital, providers and the community at large. Key areas of focus will be identified based on data collection and analysis of market demographics and psychographics (lifestyle, behaviors and values), hospital service line capacities, and provider and payer profiles. Special emphasis should be placed on pinpointing the population health issues that are most costly and that put the greatest strain on provider resources.

Develop key payer relationships.

Hospitals must be prepared as more payers migrate toward reimbursement models that incentivize coordinated quality care through shared savings and seek to curb demand for critical and acute care services through bundled payments. Hospitals must align themselves with payers who share not only their strategic goals of improving the health of populations and reducing the per capita costs of healthcare, but their clinical goals to enhance the experience of care and their financial goals for a sustainable reimbursement strategy.

Foster strong physician relationships.

By its very nature, a PHM program will identify health risks of the population as well as determine who doesn't have a primary care physician. The key to effectively managing health risks and improving overall health is to have an aligned and supportive physician community. PHM is a win-win for hospitals and physicians as it is simultaneously identifying and mitigating health risks while building referrals to affiliated physicians. As healthcare reform takes shape, hospitals and doctors must work as partners to ensure they meet the set standards of care while keeping costs down. The PHM specialist should work in concert with the hospital's physician relationship management liaison to maintain cohesion of quality and goals.

Collect, analyze and track data to monitor health improvements.

A robust PHM program includes the tools that allow hospitals to:

- Collect baseline health data within the targeted populations through health risk assessments, personal health profiles and screenings.
- Aggregate data to identify the most costly community health risks.
- Develop targeted strategies to mitigate the impacts of the highest-risk populations through health education, provider interventions, disease management, and hospital-supported health improvement programs tailored to their needs.
- Enroll and track all health risks upon admission to provide a baseline and monitor improvements over time. (When reimbursement is tied to quality, you must be able to show improvements.)
- Track return on investment. With optimal data/results tracking, hospitals can measure whether individuals are using more appropriate and less costly services, as compared to postponing care until more acute care is required.

Offer community education, outreach and interventions to mitigate health risks.

Comprehensive and coordinated preventive – or "pre-primary care" – is the most meaningful way to affect key health cost drivers within a community. Led by hospitals, these programs – including smoking cessation, fitness, nutrition and other wellness offerings – would operate from the premise that it is less costly to engage patients in health improvement before they develop risk factors (or before their risk factors worsen) instead of waiting for patients to require primary care interventions or acute care treatment.

A targeted communications strategy, using web-based programs and tracking tools, also offers simple and effective methods to reach participants, gauge intervention effectiveness and measure progress.

THE AEGIS PHM APPROACH: STRATEGIC, DATA-DRIVEN, MEASURABLE, PROFITABLE

Getting your community population aligned to use the right preventive care services at the right time, in the right place can be a daunting task. It is essential to have the appropriate expertise to help your hospital establish a strategic approach and then shepherd the program to success. For hospitals interested in creating a PHM program that is strategic, data-driven and measurable, Aegis Health Group draws from more than two decades of experience working with hospitals to improve the health of an employed population. Its comprehensive PHM program provides:

- ✓ Expert guidance in charting a strategic course for your PHM initiative.
- ✓ Unparalleled experience in facilitating successful provider and community partnerships.
- ✓ On-site staffing to support and market your PHM program.
- ✓ Proprietary tools to help hospitals collect and aggregate community health data.
- ✓ Specialized software to manage, monitor and measure PHM results.
- ✓ Targeted and customizable preventive health educational campaigns.
- ✓ Higher awareness within the hospital's community.
- ✓ An affordable, manageable solution to address the changing healthcare market.
- ✓ A measurable ROI back to the hospital.

The Aegis PHM program is designed specifically for hospitals and health systems with a keen understanding of hospital staffing, financial and other resource challenges. Working together, Aegis can help your hospital grow market share and revenue by identifying and intelligently managing the health risks of the populations in your community.

A Population Health Management Initiative Provides Hospitals with:

A program that responds to healthcare reform mandates while positioning your hospital to better leverage "value-based" reimbursement strategies.

Information needed to target specific risks before they become costly acute or critical care cases.

A methodology to appropriately channel patients to the service lines in which your hospital has additional capacity.

A new opportunity to enhance your provider and community relations network.

An early detection and prevention strategy that can produce significant community health cost savings, while improving the lives of the population.

POPULATION HEALTH MANAGEMENT INITIATIVE EXAMPLES

Extending Hospital Programs with PHM Outreach

This multi-hospital system was looking to increase market share as well as improve the health of the local community. Leadership identified two population segments they wanted to grow: Medicare-eligible seniors and church groups. During the summer of 2011, the system developed an outreach strategy to these two groups.

» *Medicare-eligible population*

The health system focused on senior living communities, including assisted-living facilities. They started by identifying assisted-living facilities within the immediate geographic area of each of their hospitals. A hospital "PHM specialist" then began learning more about the facilities and gauging their interest in developing a PHM partnership with the hospital for the residents.

Facilities that expressed an interest in partnering with the hospital were offered on-site biometric screenings and educational presentations delivered by hospital-affiliated physicians. Any residents with health risks that needed to be addressed, lapsed screenings or in need of a primary care physician were referred to one of the aligned physicians. This helped build physicians' practices as well as direct appropriate utilization of hospital service lines.

» *Church groups*

Rather than attempt to reach every church, the health system identified "mega churches" where their efforts would reach the greatest number of parishioners. The PHM specialist also considered overall make-up of the church population (basic demographics), location in relation to the hospital services, and who the best point of contact is for each congregation. The next step encompassed reaching out and offering screening and educational events such as free wellness check-ups, women-focused programs, back-pain seminars, nutrition, and an exercise series tailored for specific age groups and more.

Chronic diseases are behind 70 percent of all deaths in America and account for *75 cents of every dollar* spent on health. "Our challenge and opportunity is to avoid preventable disease from occurring in the first place."

HHS Secretary
Kathleen Sebelius

"Be Fit" Challenge Unites Community Partners, Employers and Consumers

A comprehensive, not-for-profit medical system based in the midwestern U.S. is not only impacting the physical health of its community members; it is adding strength to the economic health of the community through its PHM program. For more than 15 years, this 13-facility health system has helped local employers create worksite health programs designed to improve the health of employees. In the last few years, the system expanded its reach by partnering with other community organizations and ratcheting up its outreach efforts.

Formal partnerships with the YMCA and the public parks organization have provided a strong foundation for a robust wellness challenge involving hundreds of local residents. The annual competition challenges participants to improve their health through increased activities and healthier lifestyle choices. To participate, individuals must first complete a Personal Health Profile and receive various biometric screenings. Not only does this provide a baseline from which to gauge progress, it also gives the health system valuable insight into the specific health needs of each person. This information is then used to market appropriate programs and services available through its hospitals using Aegis' Consumer Acquisition Profiling System (CAPS) to geo-locate where community needs exist and overlay the location of hospital resources.

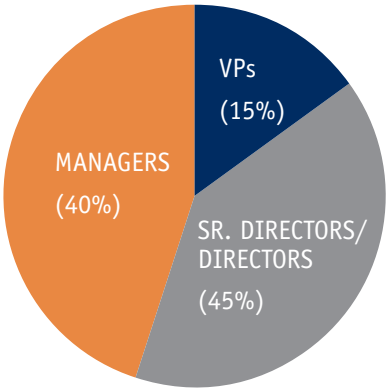
The system's community-minded CEO recognizes the powerful role the health system plays in paving the way for better community health as well as creating a business-friendly environment for the local economy. Local employers have seen health insurance premiums escalate by 17-20 percent annually, causing them to switch plans yearly, which disrupts provider continuity for employees and puts some businesses on shaky financial ground. The health system aims to help resolve this issue by serving as a continuous provider for all local residents while improving population health, which reduces health-related costs for employers. The CEO believes the health system has a responsibility to do its part in fostering a healthier population, which is good for business and ultimately benefits the entire community.

POPULATION HEALTH MANAGEMENT RESEARCH, INDEPENDENT SURVEY RESULTS

Hospital Leadership – Current and Future Strategies/Insights and Observations

In fall of 2011 Aegis Health Group conducted primary research with hospital decision-makers that evaluated current and future strategies regarding Population Health Management.

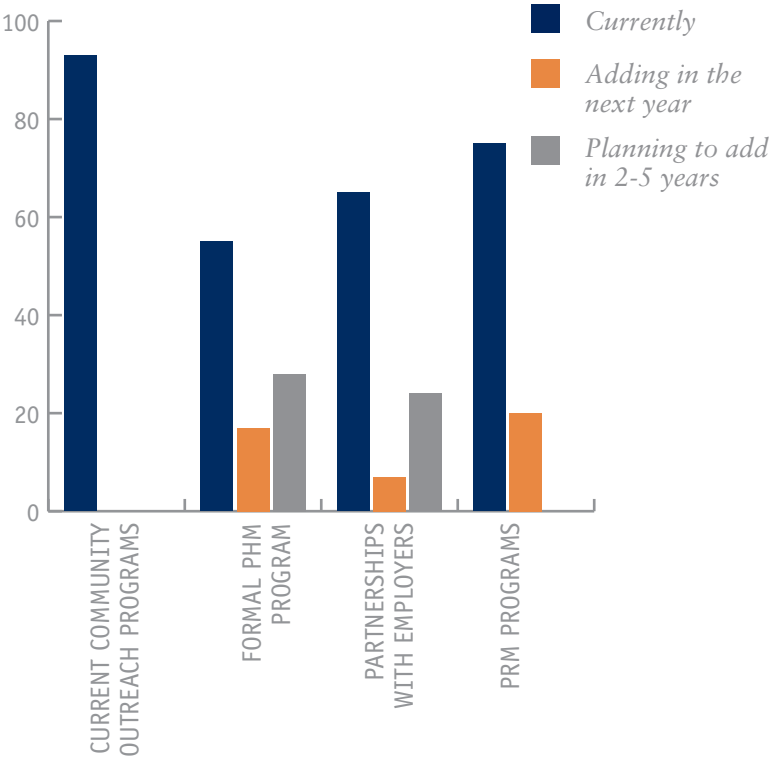
RESPONDENT PROFILE



The audience was made up of:

15% VPs
40% Managers
45% Sr. Directors/ Directors

HOSPITAL PROGRAM DEPLOYMENT VIEW



When asked to rate the importance of Population Health Management to their hospital's overall mission and strategic planning:

- 28% rated "extremely important," interestingly this category was totally made up of VPs/Directors
- 39% rated "very important"
- 33% rated "important"

Some interesting findings include:

- 93% currently have community outreach initiatives to include health fairs, educational lectures, etc.
- Slightly more than half (55%) have a formalized PHM program. Another 17% are looking to add one within the next year and 28% within 2-5 years.
- 65% have partnerships with local employers (workforce health) with 7% looking to expand within one year and 24% within 2-5 years.
- Three quarters have some type of PRM program with almost 20% looking to add one in the next 12 months.

Falling under the jurisdiction of multiple departments is usually the case for Population Health Management (targeted and measurable) and its less formal community outreach responsibility:

- It typically includes the marketing department but may include strategic planning, business development and community relations/outreach.

- Interestingly, in numerous cases, research revealed that "executive sponsorship" played a major role in the program's formation.

Market segments targeted through hospitals' outreach efforts were mixed:

- Employers, seniors and community organizations were viewed as having equal importance.

- These were followed (in ranking order) by Medicare, ministry/religious, Medicaid and schools.

Perceived value PHM offers hospitals:

- Consumer/participant data (baseline demographic and health data with the ability to track changes over time) was viewed as the most important value hospitals derived from PHM. It was viewed as significantly more important "attracting more market share."

- Other response on values gained include a "continuum of care that includes screenings, education and intervention"; "development of a broad database for marketing."

- "Rounded out by extending hospital reach into a broader population."

Conclusions

A trend toward evolving community outreach into a more formalized Population Health Management program is definitely emerging. Most respondents are expecting to launch a PHM program in the next 2-5 years. Executive sponsorship will play a major role in the initiatives' development, and it will most likely be a collaborative effort between marketing, business strategy and development teams. Hospitals realize the value of not only building healthier communities, but utilizing the data to help them be more successful in attaining this goal.

8 REASONS why *hospitals* should be at the nucleus of Population Health Management:

1 With healthcare reform, hospitals have a vested financial interest in reducing costly emergency and acute care stays.

2 Hospitals are best positioned to promote a message of community wellness and personal accountability for good health.

3 Hospitals already have established community partners that have a vested interest in helping to promote a message of community health improvement.

4 Hospitals are a trusted and credible agent that both consumers and civic leaders rely on for healthcare stewardship.

5 Hospitals are best positioned to gather and analyze community health data to understand where PHM resources should be spent.

6 Hospitals have the expertise to provide the appropriate health interventions – from health education to preventive care to treatment – and are best positioned to guide patients along the entire continuum of care, from well care to acute care and from patient-centered medical homes to nursing homes to home health agencies.

7 Hospitals are stable and can bring staying power to a PHM initiative.

8 Hospitals can serve as a rallying point for all healthcare providers as they align physicians and mid-level providers toward a common community goal.

CONTACT US TO DISCUSS YOUR COMPLIMENTARY, PERSONALIZED MARKET ANALYSIS:
www.aegisgroup.com/contact-us or 800-833-0090

ABOUT AEGIS

Aegis Health Group has assisted hundreds of hospitals with proven-effective business development strategies for more than 20 years. Aegis' Physician Relationship Management strategy fosters stronger and mutually beneficial relationships between hospitals and medical staffs. Our strategic Population Health and Employer Relationship Management solutions enable hospitals to grow market share and revenue by identifying and intelligently managing the health risks of local consumers and employer groups within the community they serve. Today, Aegis' program can be found in many of the most forward-thinking for-profit, nonprofit and academic medical centers across the country. No other company has been able to match the breadth of services, track record and bottom-line proven performance of Aegis' business development strategies.

Using proprietary software, Internet applications, data aggregation systems, educational initiatives and the skills of a talented team of associates, Aegis' approach provides a synergy through which everyone wins. Hospitals win by positioning themselves as central to the healthcare solutions and by retaining the best local physicians, who drive market share into their facility. Physicians win through increased opportunities to influence hospital leadership, grow their practices and provide quality services to their patients. Employers win by fostering a healthier workforce, which lowers health-related costs and increases productivity. Patients win through greater access to hospital services and programs geared specifically to the community. The community as a whole wins through improved health, which is the foundation for business and economic growth.

Aegis Health Group
The Power of Relationships.℠

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