Mission Health System

2012 S. E. Healthcare Provider Conference
Strategic Initiatives Improving Clinical Outcomes and Financial Performance
September 25, 2012
Mission Facilities and Members

- Mission Hospital - Asheville, NC (735 beds)
- Mission Children’s Hospital - Asheville
- Asheville Specialty Hospital - Asheville
- Regional Members:
  - Blue Ridge Regional Hospital - Spruce Pine
  - The McDowell Hospital – Marion
  - Transylvania Regional Hospital - Brevard
  - Angel Medical Center – Franklin
- Mission Medical Associates
- Dogwood Insurance Company
- Mission Healthcare Foundation
Mission Hospital Statistics

- Largest employer and hospital west of Charlotte
- 91st largest US hospital (out of >6,000 hospitals)
- Serves 18 counties, 16 hospitals, 850,000 people
- Patients are 50% local and 50% regional
- 40,000+ surgical cases per year (one of the highest in NC)
- 1,000+ heart surgeries per year (one of the highest in NC)
- 105,000+ ED visits per year (third highest in NC)
- Mission’s inpatient government payer mix compares unfavorably to other large North Carolina Hospitals (> 71%)
- Identified by national leaders as a high quality, low cost hospital and health system
- Bond Ratings: S&P/Fitch AA- and Moody’s Aa3
January 16th, 2012: Mission Health named (by Thomson Reuters) as one of the Top 15 Highest Performing Health Systems in the United States, and one of the 5 Top Health Systems in the United States with operating expenses between $750 million and $1.5 billion.

Among the key findings in the study were the following:

- Lower 30-Day Mortality Rates
- Better Survival Rates
- Fewer Complications
- Shorter Hospital Stays
- Better Patient Safety and Core Measure Adherence
<table>
<thead>
<tr>
<th>FY</th>
<th>PPI %</th>
<th>PPI Adjusted</th>
<th>COPA Peer Median</th>
<th>Thomson Median</th>
<th>Peer Blend Average</th>
<th>Yr Chg</th>
<th>Mission Hospital Actuals</th>
<th>Yr Chg</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY03 (Base)</td>
<td></td>
<td>6,375</td>
<td>6,371</td>
<td>6,235</td>
<td>6,327</td>
<td>6,182</td>
<td>145</td>
<td></td>
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<tr>
<td>FY04</td>
<td>4.72%</td>
<td>6,676</td>
<td>6,588</td>
<td>6,574</td>
<td>6,613</td>
<td>4.5%</td>
<td>6,392</td>
<td>3.4%</td>
<td>221</td>
</tr>
<tr>
<td>FY05</td>
<td>3.80%</td>
<td>6,930</td>
<td>6,904</td>
<td>6,965</td>
<td>6,933</td>
<td>4.8%</td>
<td>6,652</td>
<td>4.1%</td>
<td>281</td>
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<tr>
<td>FY06</td>
<td>4.30%</td>
<td>7,228</td>
<td>7,806</td>
<td>7,527</td>
<td>7,520</td>
<td>8.5%</td>
<td>7,030</td>
<td>5.7%</td>
<td>490</td>
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<tr>
<td>FY07</td>
<td>2.90%</td>
<td>7,437</td>
<td>7,667</td>
<td>7,973</td>
<td>7,692</td>
<td>2.3%</td>
<td>7,365</td>
<td>4.8%</td>
<td>327</td>
</tr>
<tr>
<td>FY08</td>
<td>3.20%</td>
<td>7,675</td>
<td>8,022</td>
<td>8,239</td>
<td>7,979</td>
<td>3.7%</td>
<td>7,653</td>
<td>3.9%</td>
<td>326</td>
</tr>
<tr>
<td>FY09</td>
<td>3.30%</td>
<td>7,928</td>
<td>9,303</td>
<td>8,042</td>
<td>8,424</td>
<td>5.6%</td>
<td>7,777</td>
<td>1.6%</td>
<td>647</td>
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<tr>
<td>FY10</td>
<td>3.00%</td>
<td>8,166</td>
<td>7,876</td>
<td>8,224</td>
<td>8,089</td>
<td>-4.0%</td>
<td>7,867</td>
<td>1.2%</td>
<td>222</td>
</tr>
<tr>
<td>FY11</td>
<td>2.40%</td>
<td>8,362</td>
<td>8,693</td>
<td>8,559</td>
<td>8,538</td>
<td>5.6%</td>
<td>7,961</td>
<td>1.2%</td>
<td>577</td>
</tr>
</tbody>
</table>
How safe is Healthcare?

Number of encounters for each fatality
Achieving a Desired Outcome

- WITHOUT - Harm
- WITHOUT - Waste
- WITH - a Great Experience

...that’s Mission’s BIG(GER) Aim
The best care for every patient every day...

III Culture
- Roles & Expectations
- Leadership Training
- Champions Training
- Professionalism/Teamwork Training
- Communications
- Transparency

IV Engineering
- Health System Accountability
  - High Risk Medicine, Mortality Review, Eliminate Health Care Infection, Decrease Readmissions, Patient Safety Indicators
- Service Line Accountability
  - Medication Reconciliation, Universal Protocol, Hand Hygiene, Sentinel Events, Teamwork Engineering

V Execution
- Effectively spread “best practice” including utilizing EMRs
- Leadership expectations to learn quality tools
- Empower frontline staff
- Track Business Case

II Infrastructure
- Quality Improvement & Value Training Program
- Project Database (Traction)
- Enterprise Data System (MIDAS+, Premier, Crimson, Cerner)
- Simulation
Reduced ICU Propofol Usage

Propofol Bottles Removed - Coli

- Bottles Removed, Coli
- Linear (Bottles Removed, Coli)
Reduced Length of Stay (ICU)

- **MSICU - Average Length of Stay (APACHE)**

**FY11 Flu**

**FY10 Flu**

**FY12 Flu**

**IHI Projects**

**Intensivist Model**

**ABCDE Work**

**FY12 Flu**

****ADT data x3mos**

**ALOS**

- **Goal**
  - 2009: 4.77
  - 2010: 3.92
  - 2011: 3.64
  - 2012: 3.25

**Median**

- 2009: 3.87
- 2010: 3.62
- 2011: 3.57
- 2012: 3.57

**Goal**

- 2009: 3.00
- 2010: 3.08
- 2011: 3.08
- 2012: 3.08
Reduced Urinary Tract Infections

Statistically significant improvement from Before to After
Ventilator Associated Pneumonia

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Combined ICU VAPs</th>
<th>Combined ICU vent days</th>
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<tbody>
<tr>
<td>2003</td>
<td>9.7</td>
<td>7339</td>
<td>7339</td>
</tr>
<tr>
<td>2004</td>
<td>9.5</td>
<td>7290</td>
<td>7290</td>
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<tr>
<td>2005</td>
<td>11.8</td>
<td>90</td>
<td>7603</td>
</tr>
<tr>
<td>2006</td>
<td>8.8</td>
<td>69</td>
<td>7829</td>
</tr>
<tr>
<td>2007</td>
<td>5.9</td>
<td>41</td>
<td>6869</td>
</tr>
<tr>
<td>2008</td>
<td>1.8</td>
<td>13</td>
<td>7190</td>
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<tr>
<td>2009</td>
<td>1.9</td>
<td>15</td>
<td>8128</td>
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<tr>
<td>2010</td>
<td>1.8</td>
<td>14</td>
<td>7728</td>
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</tbody>
</table>
Reduced Risk-adjusted Mortality
Top 16% of U.S. Comparison
# Mission System Quality Council
## FY12 Summary of Program Activities

| Education | • Value Based Purchasing  
• PRC – Patient Satisfaction  
• Tele – Stroke | • AMI & Thrombolytics  
• Flash Sterilization  
• Cultural Diversity |
|-----------|--------------------------------------------------|--------------------------------------------------|
| Leading Change / Improvement Process | • QI Certification Program  
• Quality Essentials Program  
• Relationship Centered Leadership | • Human Factor Analysis  
• Accountability Model  
• Root Cause Analysis  
• Causal Trees |
| Measurement, Evaluation & Reporting | • Scorecard metrics with standard definition and targets  
• Standardizing systems and tools (eg PRC, Midas, Quality Boards, grievances, medication errors)  
• Risk adjusted mortality  
• Use of All-or-None Measures (raising the bar)  
• Sentinel & Safety Events  
• Plans for System Quality Website | |
| Sharing & Hardwiring Best Practices | • Pneumonia  
• SCIP | • Heart Failure  
• Readmissions (June) |
FY13 Budget Points of Emphasis

- Fiscal 2013 is a critical inflection point for Mission Health in support of our BIG(GER) Aim:
  - **Invests in Growth**
    - Continues growth in ambulatory care (46% revenues)
    - Surgical growth projections +2.7% at Mission (consistent with LRFP)
  - **Expands access and clinical integration with Physicians**
    - MMA adds 27 providers
    - Support of additional physician engagement through 4 new PSA’s
  - **Builds System Capacities and capabilities**
    - Establishment of home office and investment in support services
  - **Invests in Safety**
    - Investment in resources for clinical support staff
  - **Redesigns for our Future**
    - Process redesign investments to improve quality, safety, efficiency
    - Issuance of “taxable” bonds in support of long range strategy
Outpatient Revenue Trending

Percentage of revenue attributed to outpatient care is projected to surpass 46% for Mission Health System and 43% for Mission Hospital.
## Investing in Clinical Integration

<table>
<thead>
<tr>
<th></th>
<th>MMA</th>
<th>McDowell</th>
<th>Net New</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>15.59</td>
<td>7.85</td>
<td>10.30</td>
<td>33.74</td>
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<tr>
<td>NP/PA</td>
<td>3.50</td>
<td>12.90</td>
<td>1.40</td>
<td>17.80</td>
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<tr>
<td><strong>Total</strong></td>
<td>19.09</td>
<td>20.75</td>
<td>11.70</td>
<td>51.54</td>
</tr>
<tr>
<td><strong>MMA Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>149.70</td>
<td>12.85</td>
<td>18.33</td>
<td>180.88</td>
</tr>
<tr>
<td>NP/PA</td>
<td>46.00</td>
<td>14.90</td>
<td>8.61</td>
<td>69.51</td>
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<tr>
<td><strong>Total</strong></td>
<td>195.79</td>
<td>27.75</td>
<td>26.94</td>
<td>250.30</td>
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</table>
At close to $50m in total net revenue, the impact of new PSA arrangements is similar financially, to System member hospitals.

<table>
<thead>
<tr>
<th>PSA's</th>
<th>Blue Ridge</th>
<th>McDowell</th>
<th>Angel</th>
<th>Transylvania</th>
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<tbody>
<tr>
<td>$47.6</td>
<td>$38.4</td>
<td>$43.5</td>
<td>$47.2</td>
<td>$69.5</td>
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</tbody>
</table>

Since compensation is contractual, most of the expense will show as contract labor.

Overall, a net operating margin subsidy (~$2m) is budgeted (less than originally projected).
Revenue Cycle/IT

Revenue Cycle and IT will be supporting 14 different systems among 13 locations

<table>
<thead>
<tr>
<th>HOSPITAL/PRACTICE</th>
<th>SCHEDULING</th>
<th>REGISTRATION</th>
<th>AR MGMT.</th>
<th>CLAIMS EDITING</th>
<th>EMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Hospital</td>
<td>Cerner One Call</td>
<td>Cerner Millenium</td>
<td>Healthquest</td>
<td>SSI</td>
<td>Cerner Powerchart</td>
</tr>
<tr>
<td>McDowell Hospital</td>
<td>Cerner One Call</td>
<td>Cerner Millenium</td>
<td>Healthquest</td>
<td>SSI</td>
<td>Cerner Powerchart</td>
</tr>
<tr>
<td>McDowell Hospital - Pre-Conversion AR</td>
<td>CPSI</td>
<td>CPSI</td>
<td>CPSI</td>
<td>CPSI</td>
<td>CPSI</td>
</tr>
<tr>
<td>Transylvania Hospital</td>
<td>Meditech</td>
<td>Meditech</td>
<td>Meditech</td>
<td>SSI</td>
<td>Meditech</td>
</tr>
<tr>
<td>Mission, McDowell, MMA Practices (with some exceptions)</td>
<td>Cerner Powerworks</td>
<td>Cerner Powerworks</td>
<td>Cerner Powerworks</td>
<td>Relay Health</td>
<td>Cerner Powerworks</td>
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<tr>
<td>Vista Family Health</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>Relay Health</td>
<td>GE Centricity</td>
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<tr>
<td>CCWNC</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>Relay Health</td>
<td>Varian</td>
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<td>Asheville Cardiology</td>
<td>NextGen</td>
<td>NextGen</td>
<td>NextGen</td>
<td>RealMed</td>
<td>NextGen</td>
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<td>Victoria Urological</td>
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<td>Allscripts 10.0.3.1</td>
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<td>RealMed</td>
<td>Allscripts</td>
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<tr>
<td>McDowell Internal Medicine</td>
<td>Allscripts</td>
<td>Allscripts</td>
<td>Allscripts</td>
<td>PayerPath</td>
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<td>Carolina Spine and Neuro</td>
<td>Misys Tiger</td>
<td>Misys Tiger</td>
<td>Misys Tiger</td>
<td>RealMed</td>
<td>Misys Tiger</td>
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<td>Hope Center</td>
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<td>NextGen</td>
<td>NextGen</td>
<td>Gateway</td>
<td>NextGen</td>
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<td>Regional Surgical Services</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
<td>GE Centricity</td>
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Questions ?