

Client Screening Request

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Approved for final distribution by: i:0#.w|root_milliman\beau.preston

- Client Screening Report

Request Date: 6/12/2015 **Additional CC:**

Discipline *: Health **Company Name:** Baylor Scott & White Quality Alliance ("BSW...")

Practice Director: Lorraine Mayne; **Moody's Rating:**

None

Requestor: Tom Snook; **D & B Credit Score Class:**

5 (High risk of severe payment delinquency ove

A.M. Best Rating: None

On High Risk Client List? Yes No

D & B Financial Stress Class: 4 (Moderate to high risk of severe financial stress, s **WorldCheck Rating:**

- N/A
- Criminal
- Money Laundering
- Terrorism
- Corruption
- [Redacted]

Ownership:

BSWQA is an ACO formed out of the merger in September 2013 between the not-for-profit Baylor Health Care System and the non-profit Scott & White Healthcare, now known as Baylor Scott & White Health, LLC, the largest not-for-profit health care system in the State of Texas with 43 hospitals, more than 500 patient care sites, more than 6,000 affiliated physicians, 34,000 total employees and includes the Scott & White Health Plan. BSWQA is developing a clinically integrated organization of employed physicians, independent physicians, hospitals and other providers of care for the patients and communities served by the Baylor Health Care System.

Officers:

The officers named below were profiled using Google and Factiva sources and were screened for criminal/civil litigation using LexisNexis. BSWQA, Insofar as my research indicates, there is no evidence of issues of an adverse nature for the officers noted below:

- **CEO - Baylor Scott & White Health:** Mr. Joel Allison: Mr. Allison joined the Baylor Health Care System entity in 1993 and was promoted to President and CEO in 2000. Additional bio information is available here: <http://www.baylorhealth.com/About/Leadership/BaylorHealthCare/Pages/JoelAllison.aspx>
- **President, COO & CMO - Baylor Scott & White Health:** Mr. Bob Pryor, MD: Prior to the merger, Mr. Pryor held the role of President and Chief Executive Officer of Scott & White Healthcare..
- **President - Baylor Scott & White Quality Alliance:** Mr. Carl Couch, MD, MMM: Prior to this role, Dr. Couch held the role of Vice President of Health Care Improvement of Baylor Health Care System. Additional bio information regarding Dr. Couch is available here: <http://thequalityalliance.com/leadership/>
- **CFO - Baylor Scott & White Health:** Mr. Fred Savelbergh: As a note, Mr. Savelbergh is noted as holding this role on the Baylor Scott & White Health website. In addition, he is also noted in his bio at this link that he carries the role of "Chief Financial Officer - Baylor Healthcare System", having begun his career with BSWH in 1982, here: <http://www.baylorhealth.com/About/Leadership/BaylorHealthCare/Pages/FrederickSavelbergh.aspx>

The above noted and other key officers of the Baylor Scott & White Health (BSWH) entity are identified at its website here: <http://www.baylorscottandwhite.com/executive-leadership/>.

As a note: Possibly due to the recent formation of BSWQA or his recent appointment, the entity's website here: <http://thequalityalliance.com/bswqa/> offers no specific information regarding Mr. Randall Hoffman, noted as holding the role of Chief Financial Officer in the screen request information below offered by Tom Snook. However, it appears Mr. Hoffman indicates he holds the role of CFO of "BSWQA at Baylor Scott & White", based upon information offered at the LinkedIn site here: <https://www.linkedin.com/pub/randy-hoffman/6/7b2/268>.

Prior Health Risk Assessment: Yes No

Noteworthy News:

A scan of local and national newspapers, news wires, trade journals, transcripts, websites and Internet search engines yields no evidence of adverse media coverage of BSWQA, with the limited volume of discovered coverage addressing the both the merged entity, the primary justification of the merger, and the resulting ACO's formation, with coverage offering neutral to positive tones in examples below:

- July 2014:** Baylor Scott & White Health is one of nine Texas health systems joining forces to harness the power of Big Data to improve quality and efficiency, lower health care costs and accelerate medical innovation in patient care. Called the Texas Care Alliance, the group was formed to coordinate delivery of health care services that are patient-centered and physician-driven, Joel Allison, CEO of Baylor Scott & White and TCA chairman, [stated] in an interview. "It's a member-driven coalition of hospitals, health systems and physicians to improve the health of the populations of the communities served by working together, studying, sharing and adopting evidence-based best practices that produce superior outcomes and values," Allison said in the interview. Baylor has had relationships such as purchasing coalitions in the past with many of the member organizations, Allison said. The alliance formalizes those relationships and puts the focus on ways to improve the health of the overall population and reduce health care costs, he said. "We'll be able to harness the data from tens of millions of patient encounters from these health systems and then compare to the alliance experience as a whole as well as individual practitioners," Allison said. "We'll be able to develop aggregated data sets that can be used between researchers, clinicians, and administrators for comparative effectiveness reporting and for research." Baylor Scott & White Health, the largest nonprofit health system in Texas, is one of nine Texas health systems joining forces in the alliance. (Source: *Dallas Business Journal Online*, July 11, 2014).
- May 2014:** Joel Allison was named CEO of Baylor Scott & White Health, Temple, Texas, after the October 2013 merger of Baylor Health Care System, Dallas, and Scott & White Healthcare, Temple. The newly created system merged the hospital operators' adjacent markets to create Texas' largest not-for-profit system, with 43 hospitals, combined 2013 revenue of \$5.9 billion and assets of \$8.3 billion. Allison, who was previously president and CEO of Baylor, spoke with Modern Healthcare reporter Melanie Evans about the reasons for the merger, the challenges in integrating the two organizations and healthcare reform strategies. [This is an edited transcript. In the interview, Mr. Allison stated] "Scott & White already had a health plan, and they had been working on taking risk and getting paid for keeping people healthy. Now we will be creating the Baylor Scott & White Quality Alliance as our ACO. It focuses on those lives we are responsible for and who are assigned to a patient-centered medical home. We have the second-largest number of Level 3 patient-centered medical homes in the country certified by National Committee for Quality Assurance. We are going to have over 4,000 physicians, both employed and independent, who are part of the Quality Alliance." (Source: *Modern Healthcare*, May 19, 2014)

Litigation History:

Screening for litigation through Lexis' state and federal cases databases, websites and Internet search resources revealed no evidence of BSWQA's involvement in troublesome litigation, nor did I find evidence that BSWQA has been involved in litigation with either a financial or actuarial consultant.

Comments:

At the management level, the noted leadership with BSWQA screens acceptably. Insofar as my research indicated, the current officers do not appear to be involved in any personal litigation, professional misconduct or criminal activity. At the entity level, BSWQA experiences no troublesome media coverage, nor has it experienced any adverse litigation.

Regarding its financial condition, however, D&B's analysts do not appear to offer a specific report for BSWQA at this time. However, they do offer a notably poor ratings picture of the entity's parent, Baylor Scott & White Health, LLC, assigning a Credit Score Class rating of "5" and a Financial Stress Class rating of "4", indications of an entity judged to carry a high risk of payment issues and a moderate to high risk of financial distress in the near term. Further details indicated D&B currently assigns 3 and 24-month PAYDEX ratings of 67 and 67 of 100, respectively, slightly worse than the average of 71 for like entities. In addition, 72% of its vendor liabilities are satisfied within terms, with the balance of its payables paid within a dollar weighted 24 month average of 18 days beyond terms, also lagging behind the industry 24 month average of 14 days beyond terms.

To the extent of my research, although the entity's operations with its recent beginnings suggest it is not unusual it has not experienced a history of negative press coverage or troublesome litigation, given the poor ratings opinion of the financial condition of its parent being the entity that is most likely the funding source of BSWQA's initial startup operations, evidence suggests you give serious consideration for a retainer as an engagement in business with BSWQA may pose uncertain risk to Milliman in the near term.

Tom, should you require additional information regarding BSWQA, please do not hesitate to contact me. I will be happy to help.

- Dave

my email: dave.roumonada@milliman.com



06-16-
15_BAYLOR_SCOTT_&_WHITE_LLCComprehensive
Report_16062015163026.pdf
291.34 KB

Add attachment

- Screening Details

Screener *:

Dave Roumonada (Contractor):

Completed Date:

6/17/2015

Secondary Screener:

Beau Preston:

Report Status:

New Pending Secondary-Review
 Secondary-Screen Sent/Complete
 Cancel

Due Date:

Health Risk Assessment Form Returned:

Yes No

Client Risk Assessment Statement:

Conditional Acceptance
 Non-Acceptance
 Standard Acceptance

Reason for Secondary S

Problematic Screening

- Data from Consultant

Date *:6/12/2015 **Client *:**

Baylor Scott & White Quality Alliance

Discipline(s) Involved *:

- Casualty
- Employee Benefits
- Health
- Life

Client Status *:

- New Client
- Existing Client
- RMAP Referral

Client Website URL (if known):

http://thequalityalliance.com/

Casualty consultants: please indicate if this is an 'existing client' being screened to comply with discipline periodic screening requirements.

Type of Client *:

- Public sector/government
- Publicly traded company
- Private company
- New Entity (less than 1 year old)
- Captive Insurance Company

For international screens, please select 'INTL'**State *:****Client Location *:**

- US
- International

HQ Address:8080 North Central Expressway, Suite 900
Dallas, Texas 75206**Consultant *:**Tom Snook;  **Names/Titles of Officers (if known):**

Randall Hoffman, Chief Financial Officer

Do you know of any litigation or other issues of which we should be made aware *: Yes No**Additional Comments to Aid the Screening:** Click here to attach a file Add Attachment*** -indicates required field**