

Integrating Rural Providers in a Revitalized Strategic Plan

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About UK HealthCare

ABOUT UK HEALTHCARE

- Large academic medical center located in Lexington, Kentucky
 - » 2 acute care hospitals and 1 children's hospital (945 beds)
 - » Level I trauma center
 - » NCI designated cancer center
 - » Specializing in advanced sub-specialty (clinical programs)
 - » Management contract of Eastern State Hospital (239 beds)



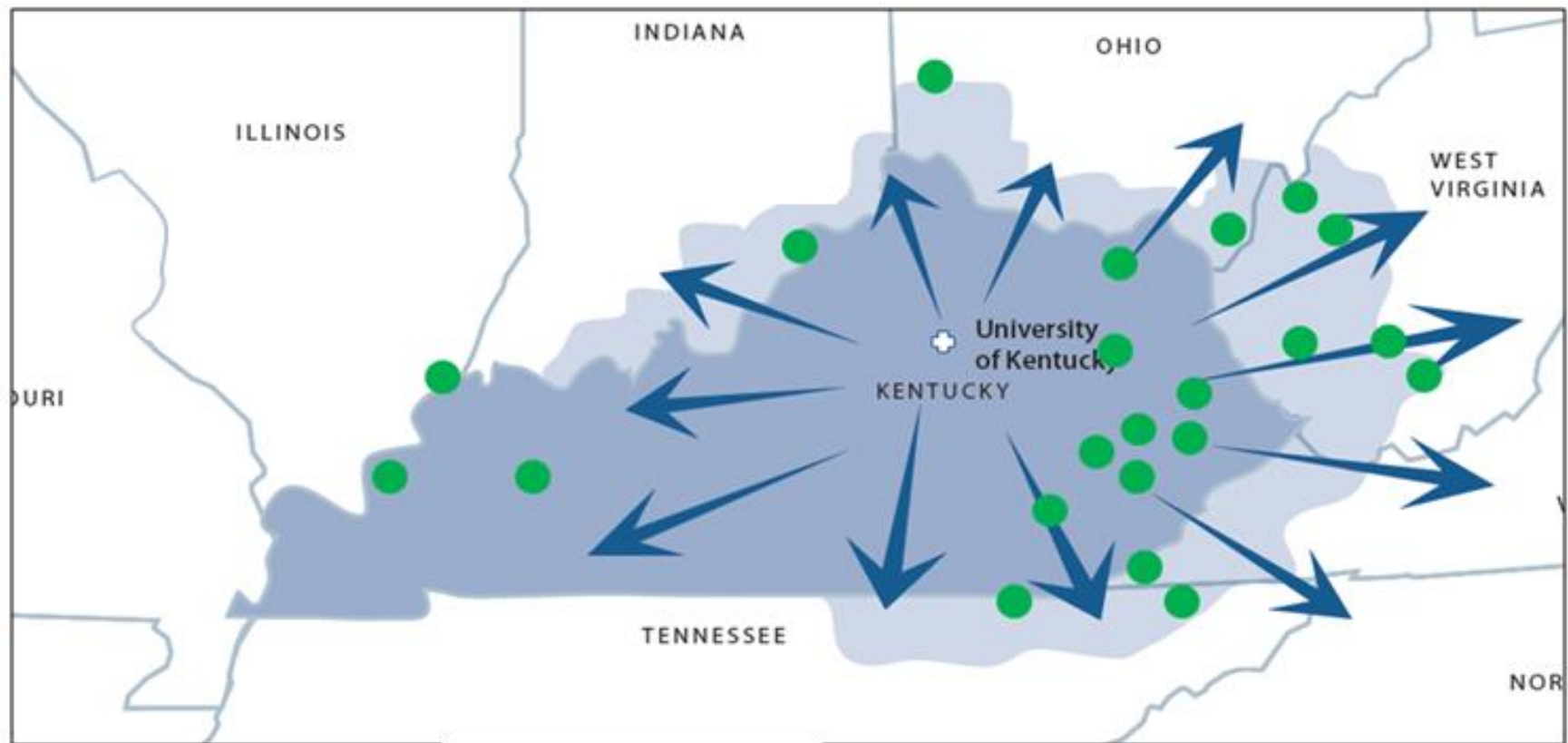
UK HEALTHCARE'S MARKET SPACE

Market Definition



Procedure	Estimated Incidence per One Million KY Residents	Aspirational Volume	Population Required to Achieve Aspirational Volume	Population Required to have 50% Market Share
Kidney & Kidney / Pancreas Transplants	34.34	110	3,204,000	6,408,000
Liver Transplant	16.82	60	3,567,000	7,134,000
Heart Transplant	5.30	25	4,717,000	9,434,000
Lung Transplant	8.07	25	3,100,000	6,200,000
Adult Bone Marrow Transplant	28.13	150	5,332,000	10,664,000
Brain Cancer Admissions	68.30	250	3,660,000	7,320,000

UK HEALTHCARE'S MARKET SPACE



● = Potential Partnering Organizations

Population Totals by State for Defined Area:						
IN	KY	OH	TN	VA	WV	Total
427,000	4,339,000	1,827,000	443,000	259,000	694,000	7,989,000

Medicaid Expansion in Kentucky and its Impact

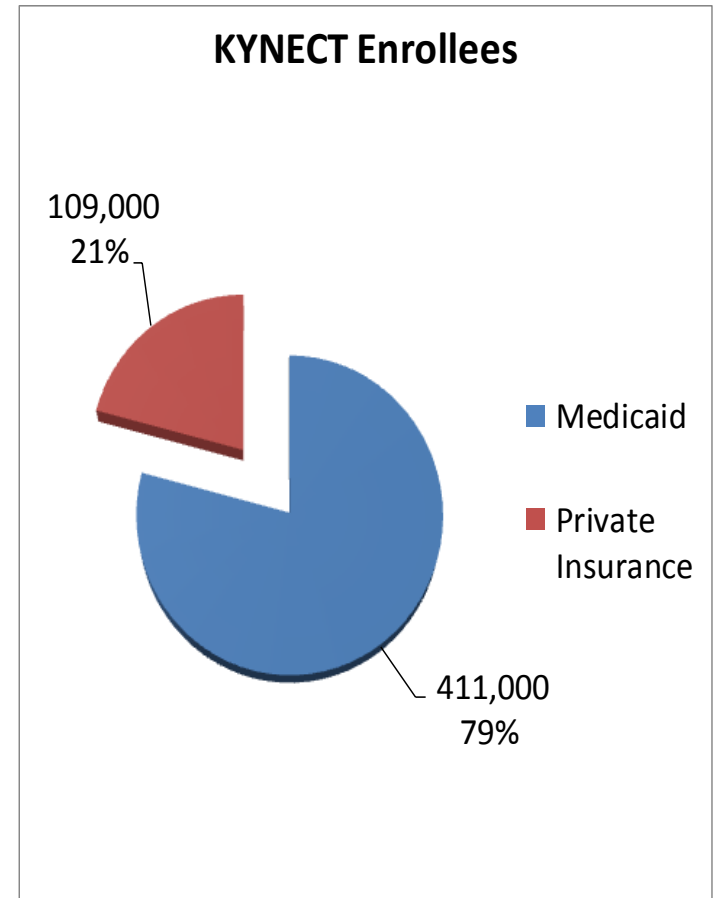
MEDICAID EXPANSION IN KENTUCKY

- May 9, 2013 - Governor Steven L. Beshear announced his use of executive authority to expand Medicaid under the ACA
- Federal funding covers 100% of the costs for the Medicaid expansion population and drops to 95% after 2017 and 90% in 2020
- By 2020, the Commonwealth's share of the costs for the newly eligible Medicaid patients will be substantial (est. \$50M - \$100M annually)



KENTUCKY: A CASE STUDY

- ~ 520,000 individuals currently enrolled statewide (2,389 enrolled directly with assistance of UK HealthCare staff)
- Estimated 75% of enrollees were previously uninsured
- Estimated 52% under the age of 35



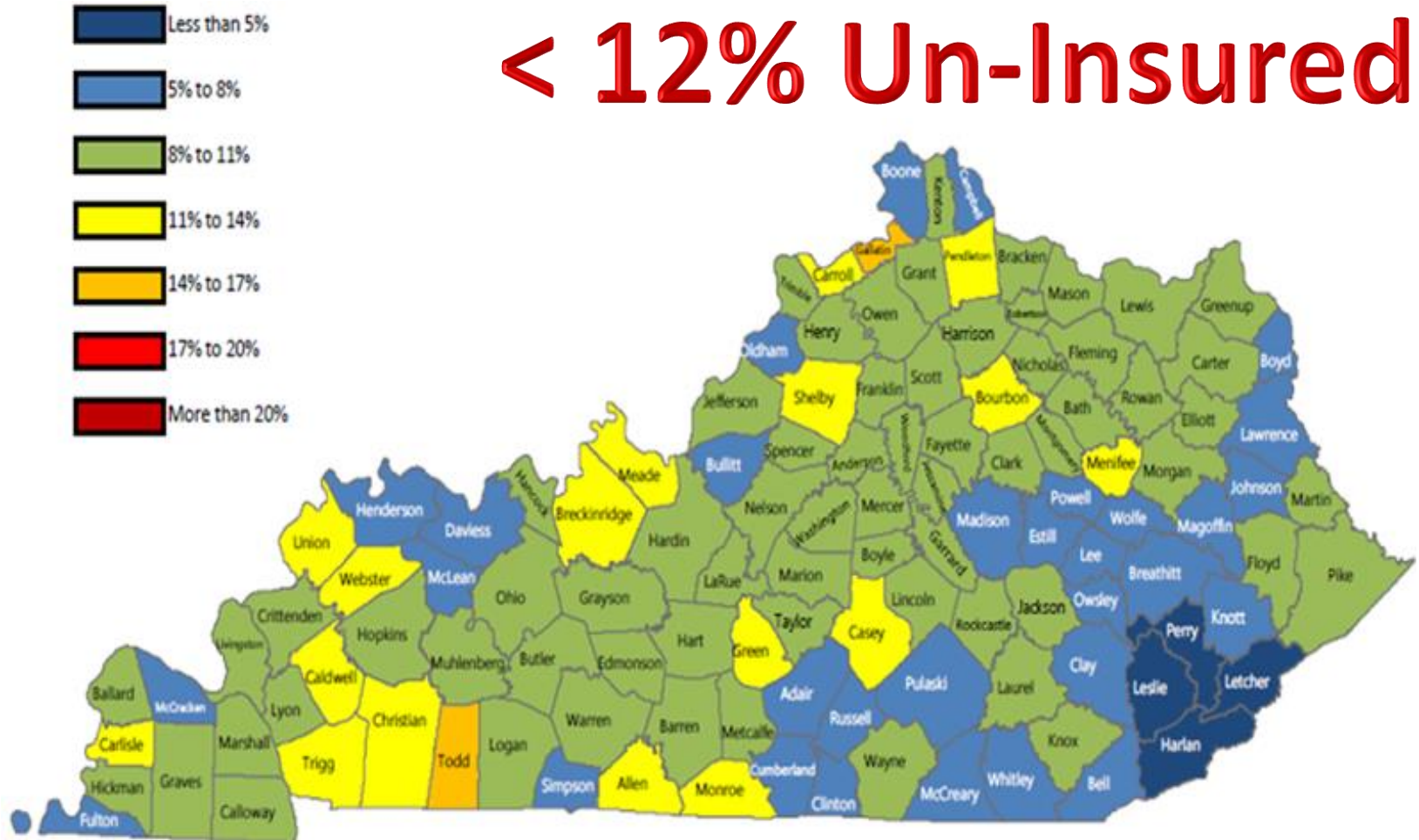
ACA IMPACT IN KENTUCKY (PRE-EXPANSION)

> 20% Un-Insured



ACA IMPACT IN KENTUCKY (POST-EXPANSION)

< 12% Un-Insured



RESULTS AND IMPACT TO UK HEALTHCARE

- **Change in Payor Mix**

Inpatient	FY14 (Jul-Dec)	FY14 (Jan-Apr)	Trend
Medicaid	26.7%	35.3%	↑
Self-Pay/Charity	12.2%	4.1%	↓

Outpatient ED	FY14 (Jul-Dec)	FY14 (Jan-Apr)	Trend
Medicaid	30.1%	43.1%	↑
Self-Pay/Charity	29.5%	16.3%	↓

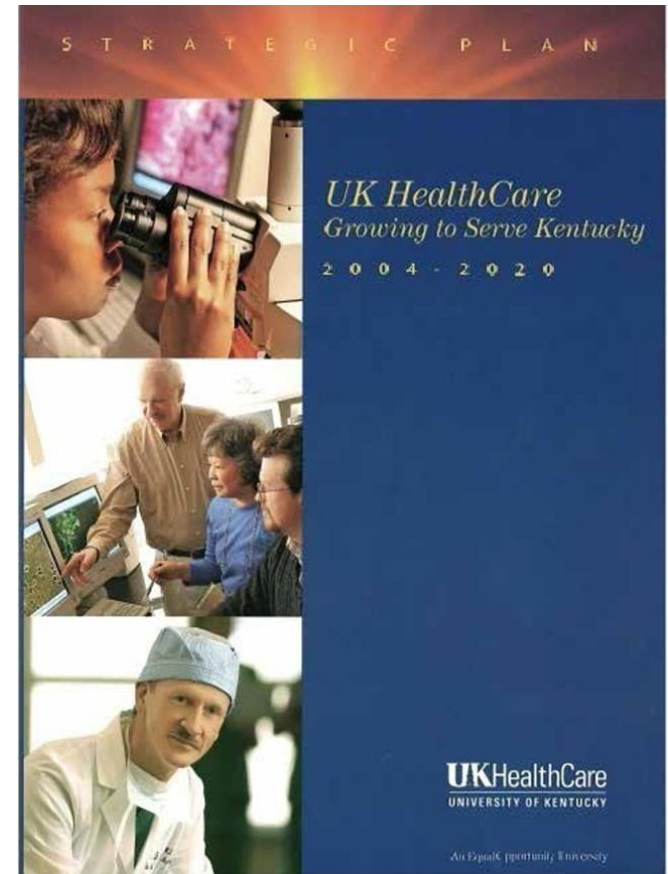
- **Financial assistance adjustments**

- » Adjustments dropped from \$54.8 million for the period of January – April 2013 to \$13.5 million for the same period in 2014

UK HealthCare's Revitalized Strategic Plan

FY 2014 STRATEGIC PLAN – GROWING TO SERVE KENTUCKY

- **Advanced Subspecialty Care**
 - Level 1 Trauma Center; Kentucky Children’s Hospital, Solid-Organ Transplantation, Markey Cancer Center, Advanced Neurosciences, Advanced Surgery, Cardiovascular Services
- **Regional Care – Preserving Rural Providers**
 - Leverage community health care providers by augmenting specialty services and allowing patients to remain close to home and utilize local services
- **Efficiency, Quality and Patient Safety**
 - Center for Enterprise Quality and Safety has been established to focus on the development of efficient processes aimed at optimizing clinical outcomes and the safety of patients

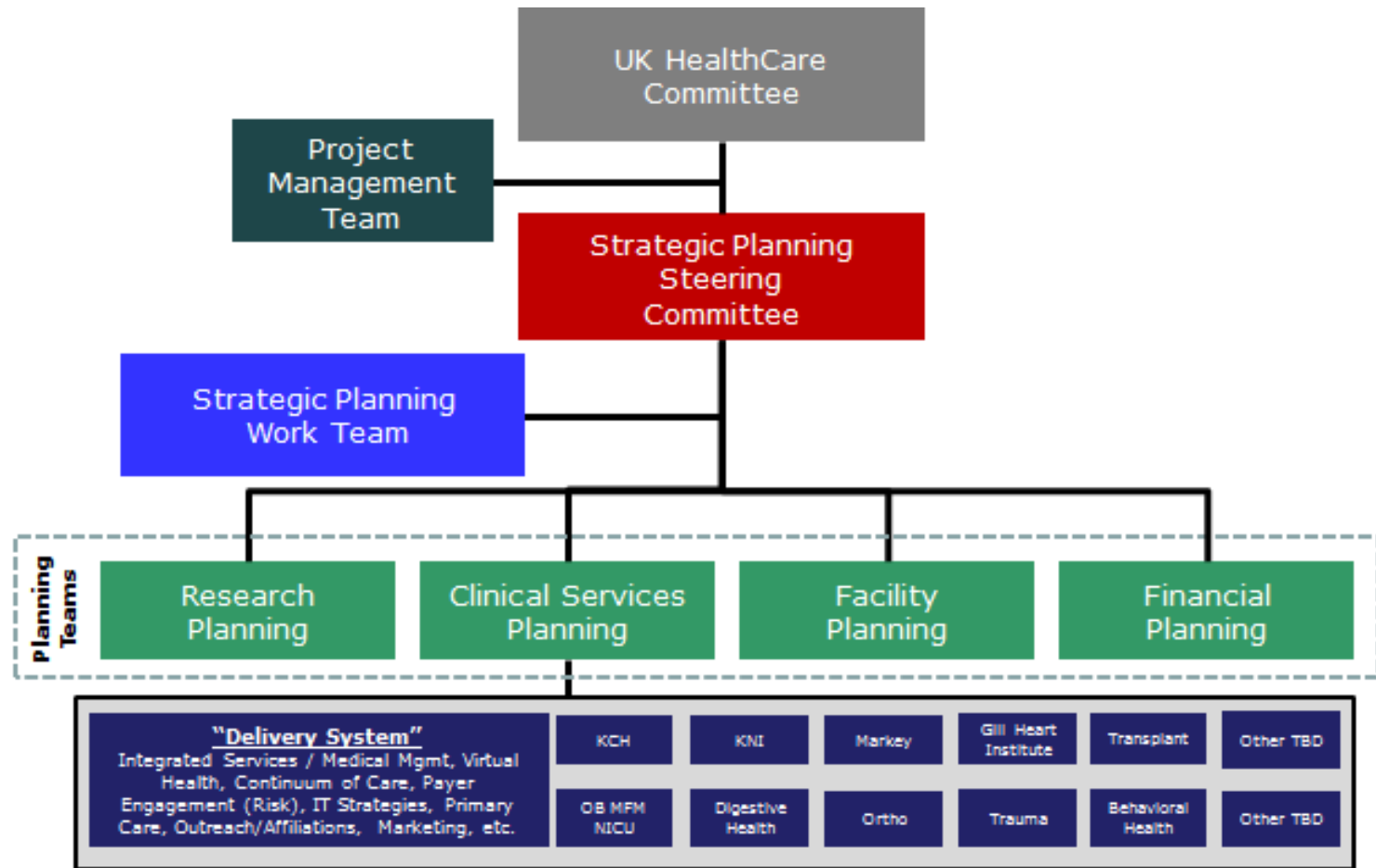


UK HEALTHCARE'S REVITALIZED STRATEGIC PLAN

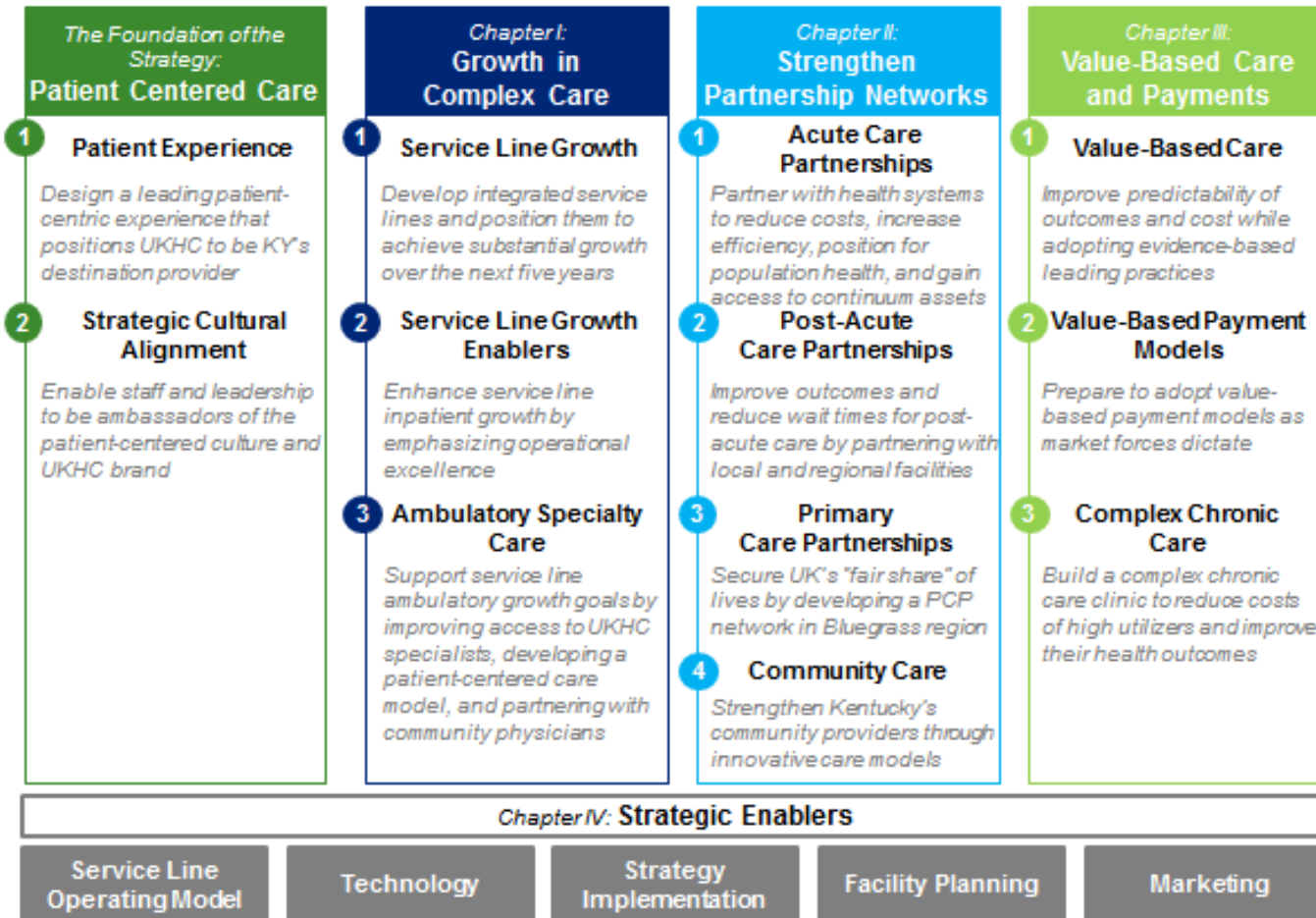
- UK HealthCare has embarked on a strategic planning process for calendar years 2015-2020, leveraging the expertise of Monitor Deloitte.
- The strategic plan will emphasize continued need to grow our market footprint to support subspecialty programs.
- The strategic plan will be unveiled during the upcoming University of Kentucky Health Care Committee Retreat on June 18, 2015.



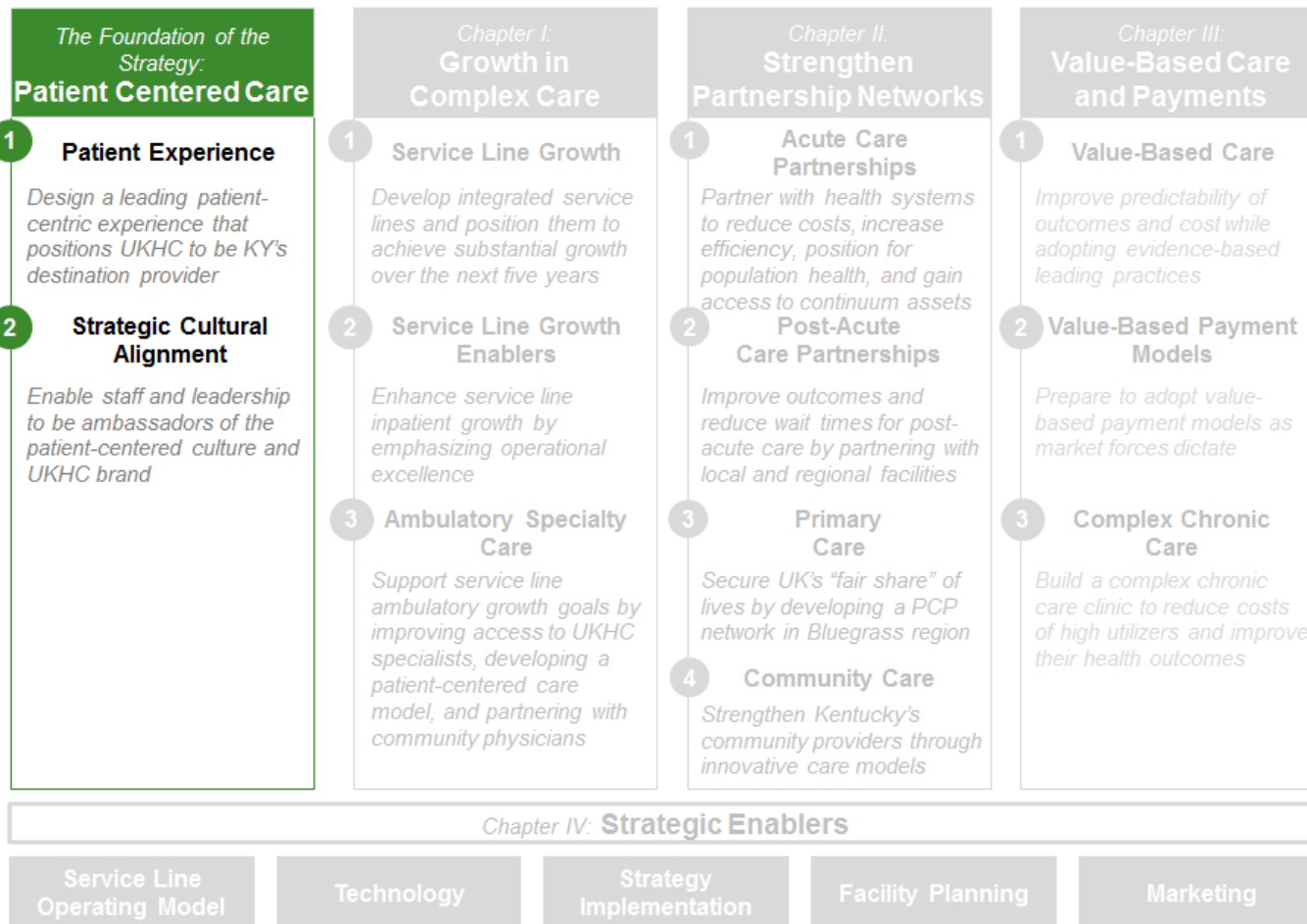
STRATEGIC PLANNING STRUCTURE



EMERGING THEMES FROM 2020 STRATEGIC PLAN



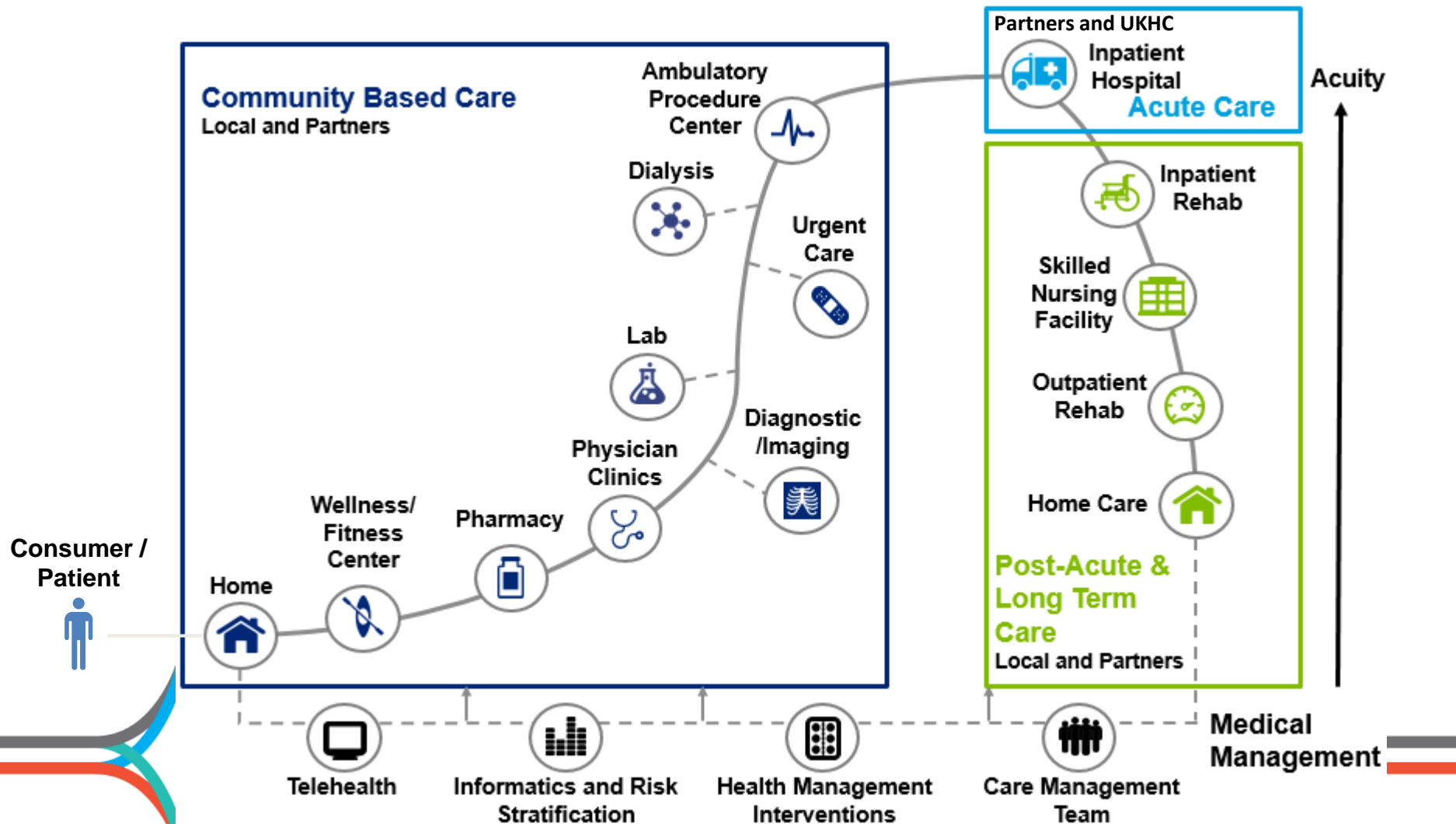
FOUNDATION: PATIENT CENTERED CARE



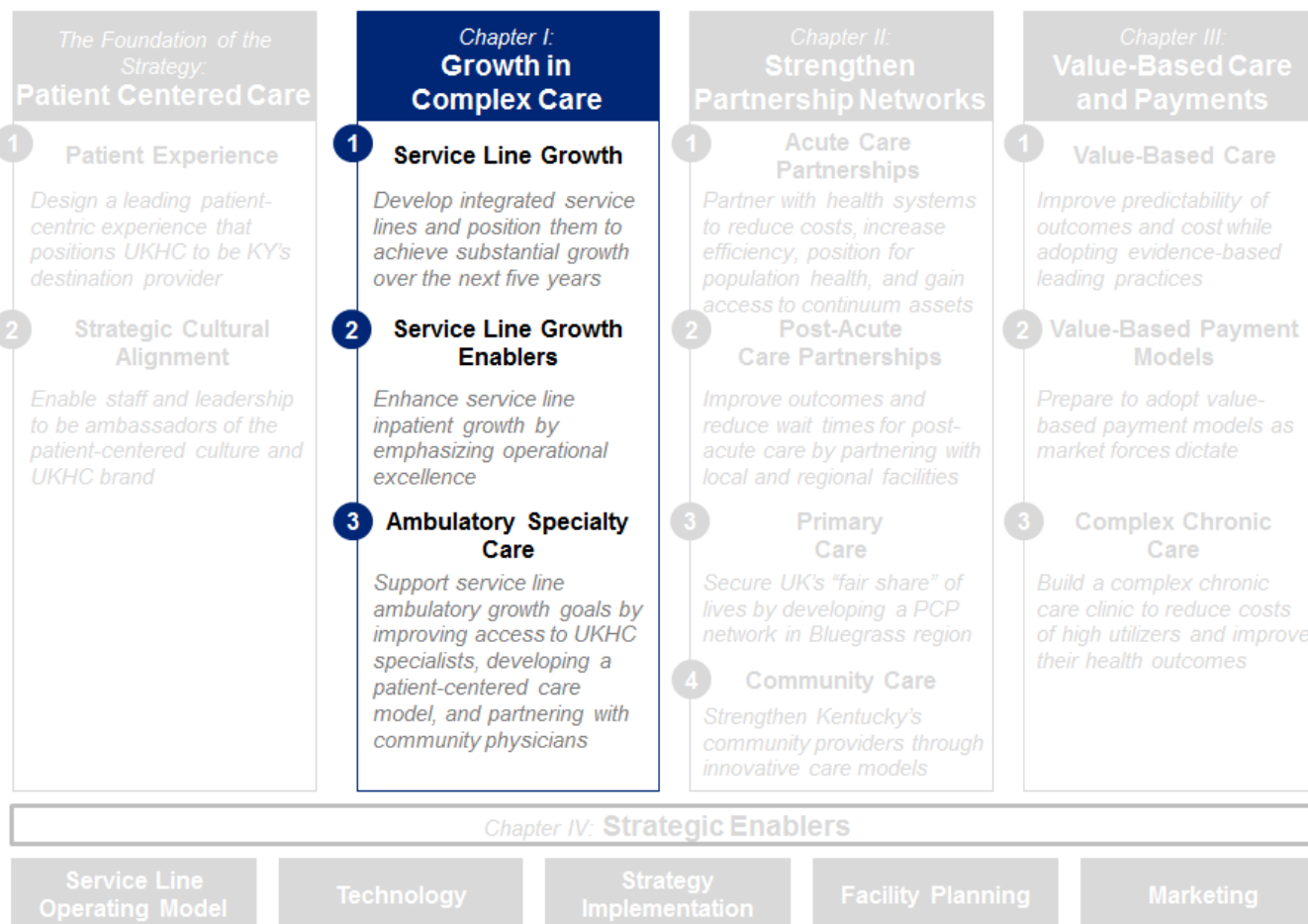
PATIENT EXPERIENCE: SELECTED STRATEGY



FOCUSING ON THE PATIENT'S TOTAL EXPERIENCE

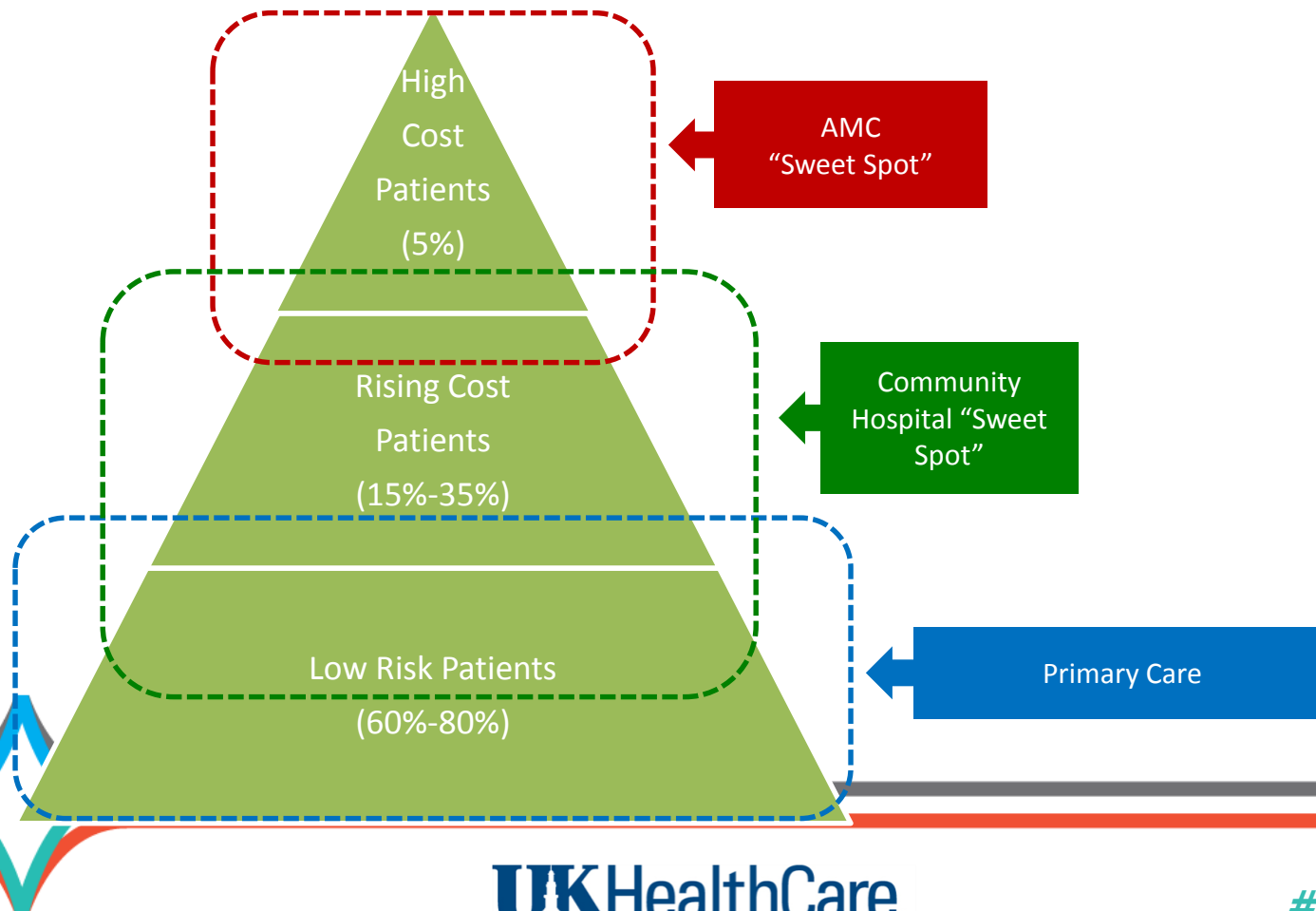


CHAPTER I: GROWTH IN COMPLEX CARE



SERVICE LINE GROWTH: SELECTED STRATEGY

UKHC will focus on treating the most complex patients and partnering with community providers to keep lower acuity patients in their home community

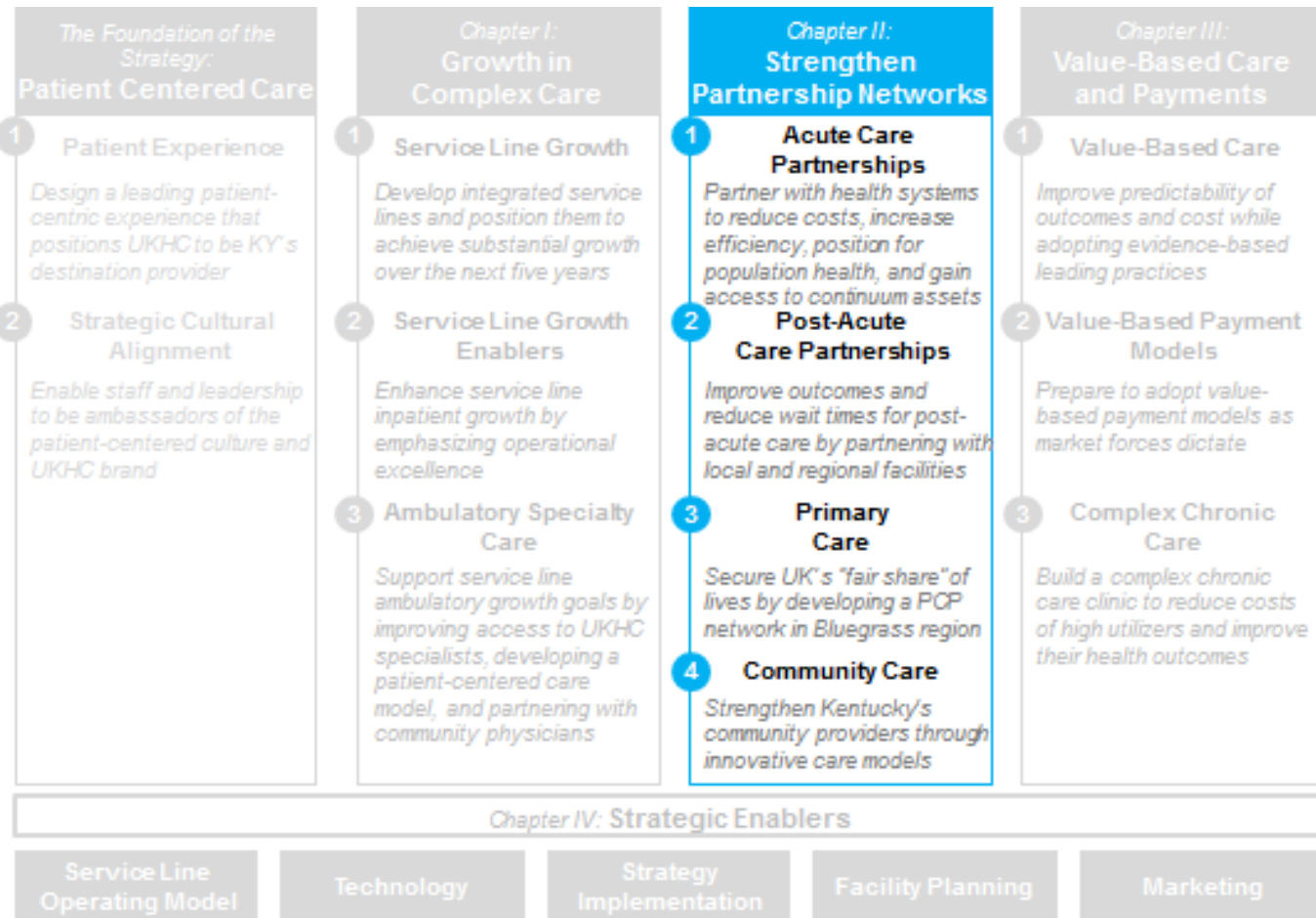


SERVICE LINE GROWTH ENABLERS: SELECTED STRATEGY

- UKHC will invest in key clinical and support services across the organization to support growth through:
 - » **Redesigning the transfer management processes** in order to create capacity at UKHC and treat patients in the appropriate care setting and return them to our community partners...
 - » **Developing a service line operating model** to support and coordinate comprehensive, multi-disciplinary care across the continuum and Commonwealth

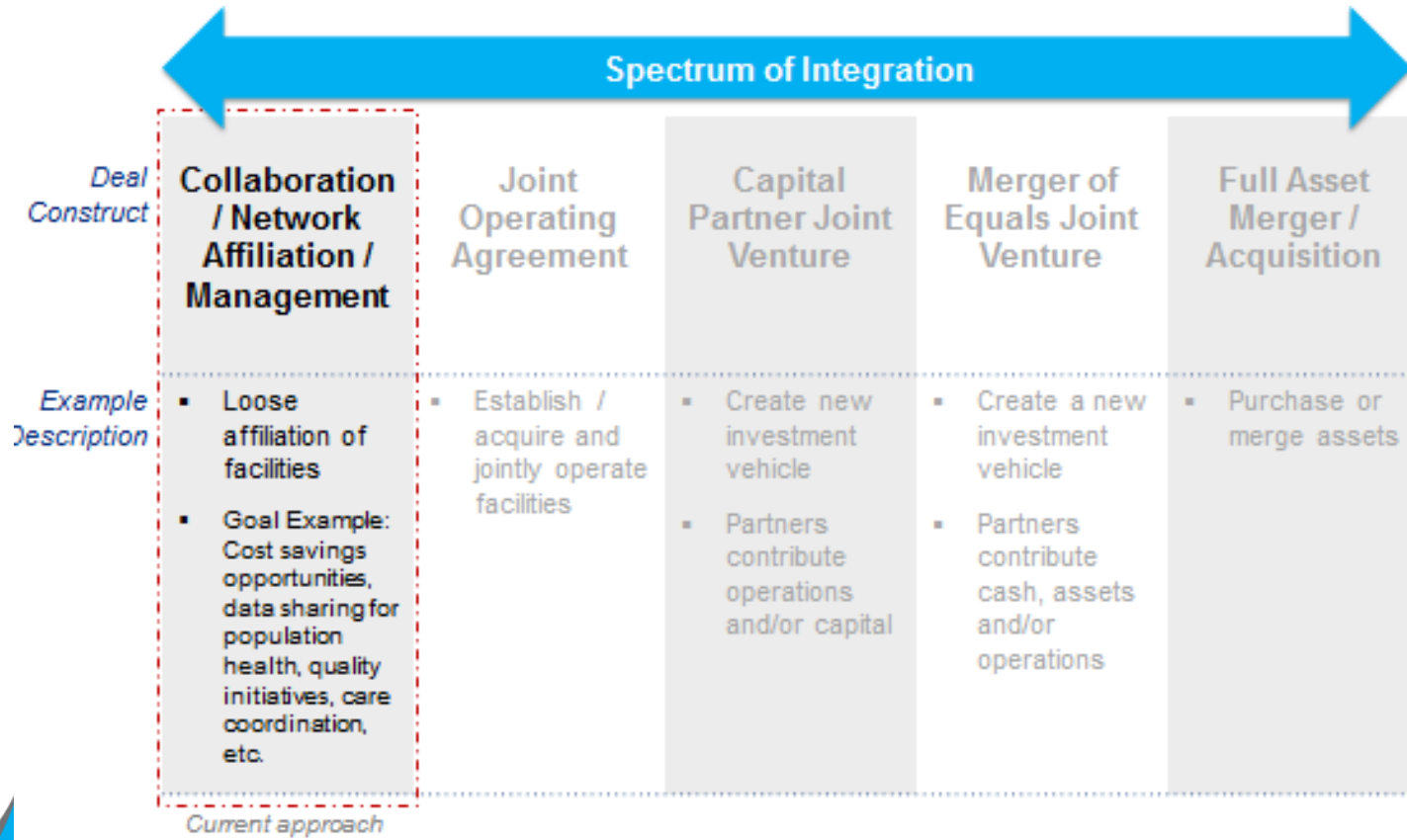


CHAPTER II: STRENGTHEN PARTNERSHIP NETWORKS



ACUTE CARE PARTNERSHIPS: STRATEGIC IMPERATIVE

As providers seek scale and efficiency, organizations are utilizing an array of partnership structuring options



ACUTE CARE PARTNERSHIPS: STRATEGIC IMPERATIVE

UKHC already has strong relationships with many potential collaborative partners.



Partnership celebration for Appalachian Regional Healthcare, Manchester Memorial Hospital and UK HealthCare. Included in photo: Senate President Robert Stivers, Joe Grossman, Dr. Susan Smyth, Erika Skula, Dr. Eli Capilouto, and Dr. Michael Karpf.



Partnership celebration for Appalachian Regional Healthcare, Mountain Comprehensive Health Corporation and UK HealthCare. Included in photo: Dr. Van Breeding, Mike Caudill, Dr. Mike Karpf, Dena Sparkman, Susan Smyth, and Joe Grossman.



COMMUNITY CARE: SELECTED STRATEGY

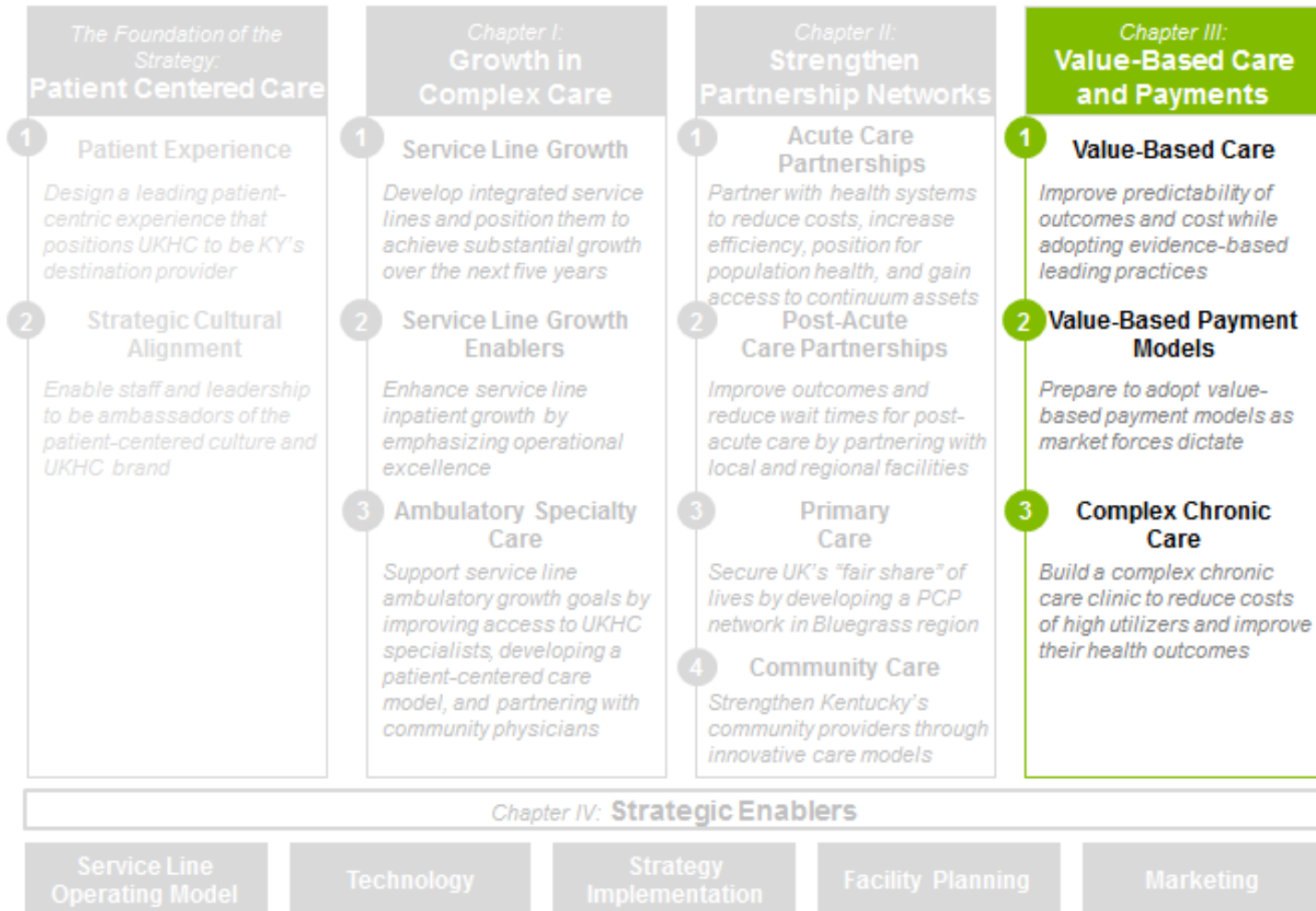
UKHC will offer virtual care platforms to community provider partners in order to support the health and wellness of Kentucky's rural population

Strengthen Kentucky's community providers...

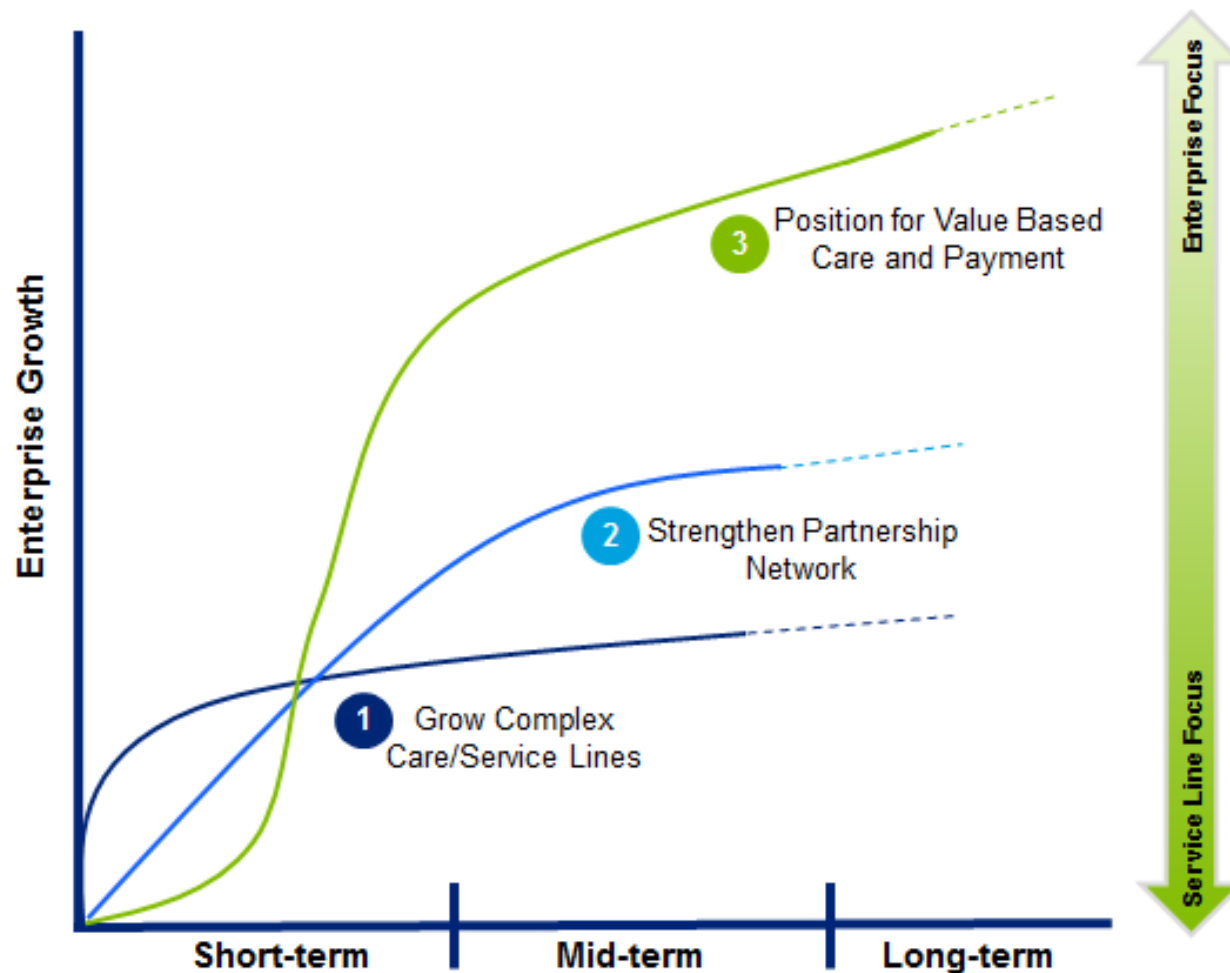
*...by **developing unique care models** for treating common chronic conditions and keeping care in the community*

*... and **providing remote hospital monitoring services** to community acute care providers*

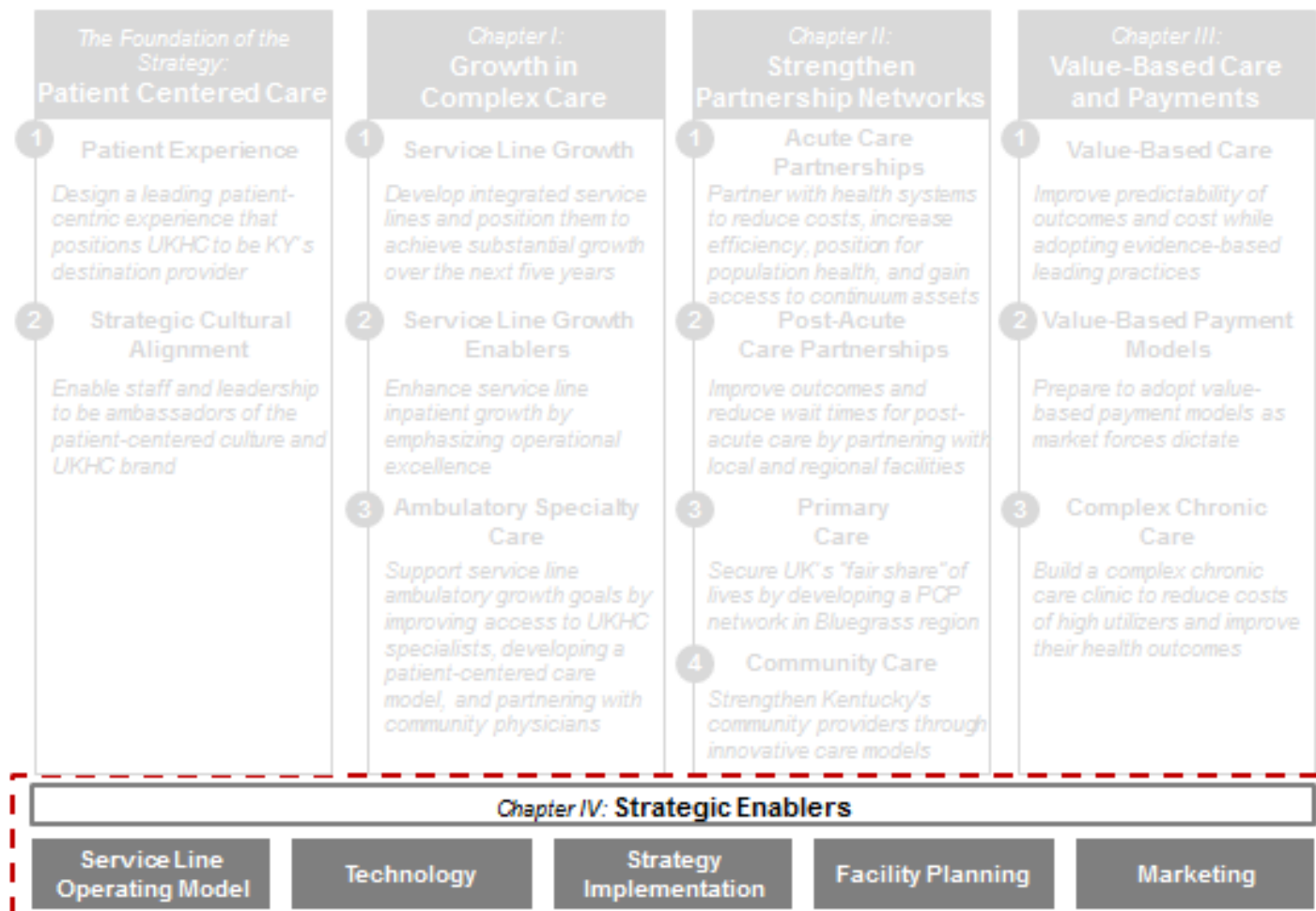
CHAPTER III: VALUE-BASED CARE AND PAYMENTS



GROWING THE UK HEALTHCARE ENTERPRISE



STRATEGIC ENABLERS



EXAMPLE: MARKETING & BRANDING

- Brand leverage is a critical success factor for UKHC to effectively compete in today's healthcare environment
 - » Inform how we message to our target audiences and stakeholder
 - » Inform how we deliver the UK HealthCare patient experience
 - » Define value to our partners to define our essential role to healthcare in the Commonwealth
 - » Outline our Promise to our employees, patients, partners on what we deliver to them in product and experience
 - » Differentiate from the competition so patients understand our value and why they should choose UK HealthCare

EXAMPLE: OUR MARKETING OBJECTIVES

Drive a deeper and new understanding of the UK HealthCare brand/sub brands and its benefit to patients, physicians, partners, employees, opinion leaders and all stakeholders



Drive CHOICE of UK HealthCare (by service line) among targeted patient populations in defined geographies



Raise the esteem and reputation of UK HealthCare as a world class Academic Medical Center—locally, regionally and nationally



Strategic Initiative Implementation

MANAGING THE PROCESS

- As a result of the strategic planning process, UK HealthCare has enhanced its clinical outreach operations through:
 - » The creation of a **scorecard** to measure and define the strength of its relationships with external entities
 - » The launch of a new **outreach operating process** to standardize operations and implement outreach initiatives



SCORECARD: STRATIFYING THE STRENGTH OF RELATIONSHIPS

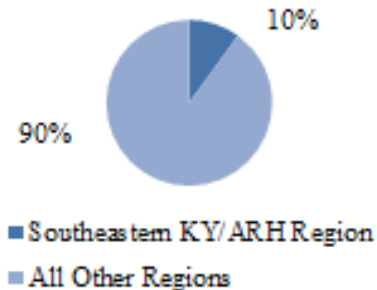
Providers that have existing operational administrative relationships with UK HealthCare receive additional recognition using the point scale.

	Score	Defining Factors	Hospital Example
Management	10	UK Ownership – Acquired/Merged	<i>Good Samaritan</i>
	9	Management of the entire facility	<i>Eastern State Hospital</i>
	8	Service Line Management – At least three key service lines (target service lines are cardiovascular, cancer, stroke)	
	7	Service Line Management – Two key service lines (target service lines are cardiovascular, cancer, stroke)	
	6	Service Line Management – One key service lines (target service lines are cardiovascular, cancer, stroke)	<i>CV Service Line ARH</i>
Marketing/Education	5	Level III affiliate (Affiliate on all service lines) or Clinical Services Agreement (scope of clinical services could increase relationship score)	<i>Georgetown Community Hospital</i>
	4	Level II affiliate (Affiliate on two service lines) or Clinical Services Agreement (scope of clinical services could increase relationship score)	
	3	Level I affiliate (Affiliate on one service line) or Clinical Services Agreement (scope of clinical services could increase relationship score)	<i>Our Lady of Bellefonte</i>
	2	Partnership for education program	
	1	Professional relationship with standard referral stream	<i>Baptist Health Corbin</i>

EXAMPLE: SOUTHEASTERN KENTUCKY/ARH REGION

<i>CMI (FY 15 Jul-Sept)</i>
2.2023
<i>Combined Contribution Margin (FY 15 Jul-Sept)</i>
\$13,107,972

UKHC Inpatient Volume From Southeastern KY/ARH Region FY13 to FY14 (Sept)



<i>Hospital</i>	<i>Total Licensed Beds (2019)</i>	<i>FY 2014 Discharges (Excludes DRG 79s)</i>	<i>Relationship State</i>									
			1	2	3	4	5	6	7	8	9	10
Hazard ARH Regional	288	12,467										
Harlan ARH Hospital	150	2,292										
Whitesburg ARH Hospital	90	3,585										
Williamson ARH Hospital	113	2,220										
Mary Breckinridge ARH Hospital	25	685										
McDowell ARH Hospital	25	599										
Middlesboro ARH Hospital	96	2,292										
Morgan County ARH Hospital	25	296										
Highlands Regional Medical	166	4,008										
Pikeville Medical Center	221	12,492										
Pineville Community Hospital	120	1,786										
Saint Joseph Martin (KY One)	25	634										
Kentucky River Medical Center	55	2,351										

■ Current State of Relationship
■ Desired Future State of Relationship

CONSOLIDATING APPROACH TO PARTNERSHIPS

Independent Hospitals

Ephraim McDowell
Frankfort Regional
Harrison Memorial
Huntington Internal
Medical Group (WV)
Manchester Memorial
Methodist Hospital
Our Lady of Bellefonte

Owensboro Health
Rockcastle Regional
St. Claire Regional
St. Elizabeth Healthcare
St. Mary's Medical (WV)
The Christ Hospital
The Medical Center -
Bowling Green

Norton Healthcare

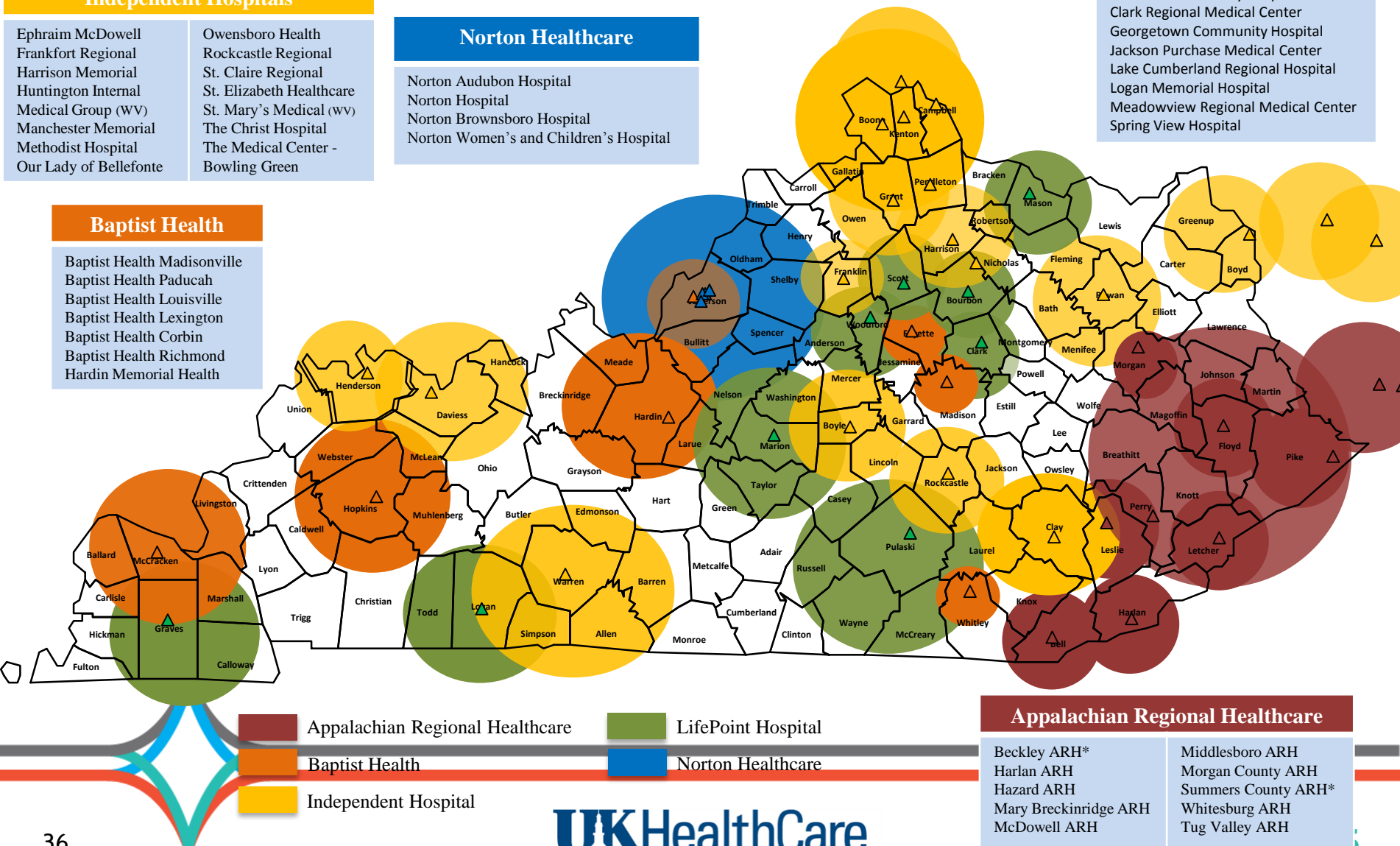
Norton Audubon Hospital
Norton Hospital
Norton Brownsboro Hospital
Norton Women's and Children's Hospital

LifePoint Hospitals

Bluegrass Community Hospital
Bourbon Community Hospital
Clark Regional Medical Center
Georgetown Community Hospital
Jackson Purchase Medical Center
Lake Cumberland Regional Hospital
Logan Memorial Hospital
Meadowview Regional Medical Center
Spring View Hospital

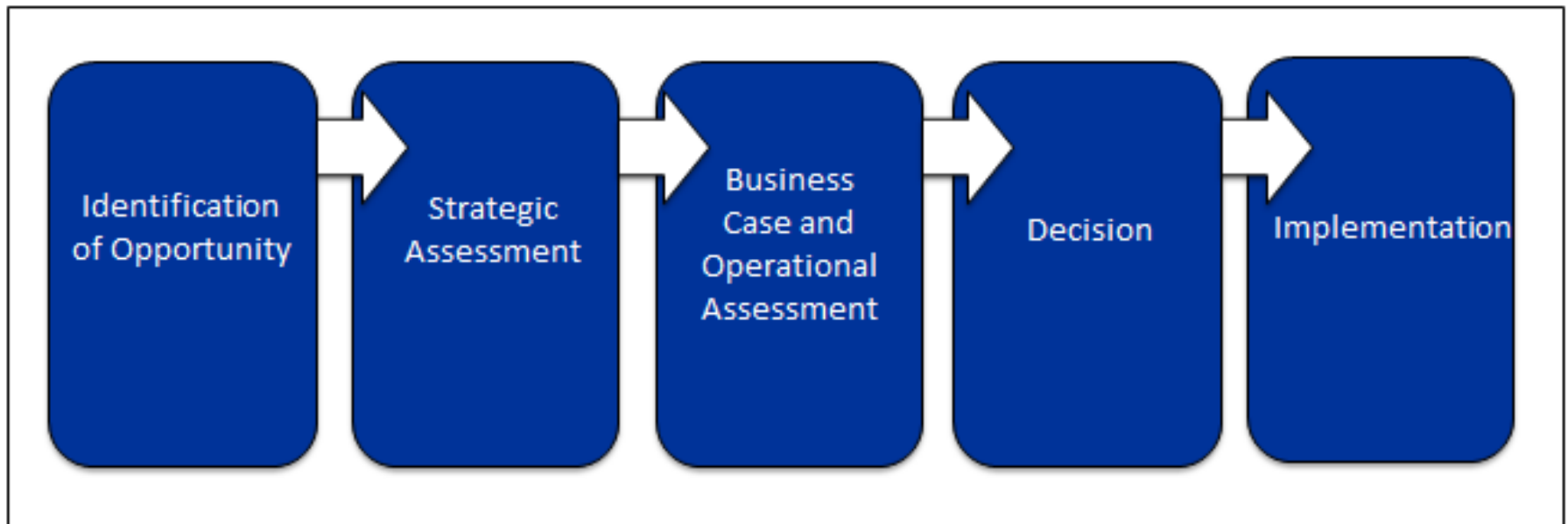
Baptist Health

Baptist Health Madisonville
Baptist Health Paducah
Baptist Health Louisville
Baptist Health Lexington
Baptist Health Corbin
Baptist Health Richmond
Hardin Memorial Health



OUTREACH OPERATING PROCESS: STRENGTHENING PARTNERSHIP NETWORKS

- UK HealthCare has built a standard operating framework to identify, analyze, and implement strategic outreach initiatives



OUTREACH ADVISORY TEAM: PROVIDING OVERSIGHT AND PROMOTING CROSS-FUNCTIONAL COMMUNICATION

- Goal
 - ✓ Include operational leadership in development of outreach initiatives to identify project risks and/or challenges; identify internal project resources; and ensure ongoing communications.
- Responsibilities
 - ✓ Review outreach initiatives that have received initial approval by the Senior Executive Leadership team.
 - ✓ Provide support and information requested by the Associate Vice President Strategic Planning or designee to facilitate completion of the business case and operational assessment.
 - ✓ Review complete business case and operational assessment to ensure correctness prior to final review and decision is made by the Senior Executive Leadership Team.

Membership
EVPHA Administration
Compliance
Finance
Information Technology
Legal
Chief Nursing Office
Operations
Chief Medical Office
Human Resources
Strategic Healthcare Contracting
Strategic Planning

EXAMPLE: UK HEALTHCARE'S PARTNERSHIP WITH THE KENTUCKY PRIMARY CARE ASSOCIATION (KPCA)

- Groundbreaking partnership benefiting rural care providers
- KPCA has more than 250 member clinics, serving some of Kentucky's most underserved citizens and focusing on improving the health of those they serve
- Partnership provides KPCA members access to services at heavily discounted rates or at no charge to the facilities
- Service offerings for KPCA members include:
 - » Group Purchasing
 - » Kentucky Medical Professional Placement Services
 - » Afterhours Call Triage
 - » Patient Centered Medical Home and HIT Consulting



EXAMPLE: HEALTH SYSTEM INITIATIVES



- Cardiovascular service line co-management
- Stroke Care Network member
- Markey Cancer Center Network member
- Consulting for enhanced call center function



- Recruited cardiologist faculty/staff members via professional services agreement for Georgetown, Somerset, Clark Regional Medical Center, and Lake Cumberland
- Clark Regional Medical Center joined Gill Heart Network



- Partnership with Manchester Memorial Hospital
- Highly trained UKHC obstetricians use special equipment to review fetal ultrasounds remotely, in real time, while talking with patients
- Eliminates need for high-risk patients to travel for ultrasounds

QUESTIONS?

