# STATE OF THE STATE Reflections and a Vision for the Future

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Solutions Architect, Vizient





#### A Look in the Mirror: Ask Yourself Tough Questions

### SYSTEM OF CARE

What's the next step in your transformation?

## **HEALTH EQUITY**

How specific can you make real commitments?

## YOUR JOURNEY

What is the one thing as a leader you can do differently today to help your workforce be better prepared for the future?"

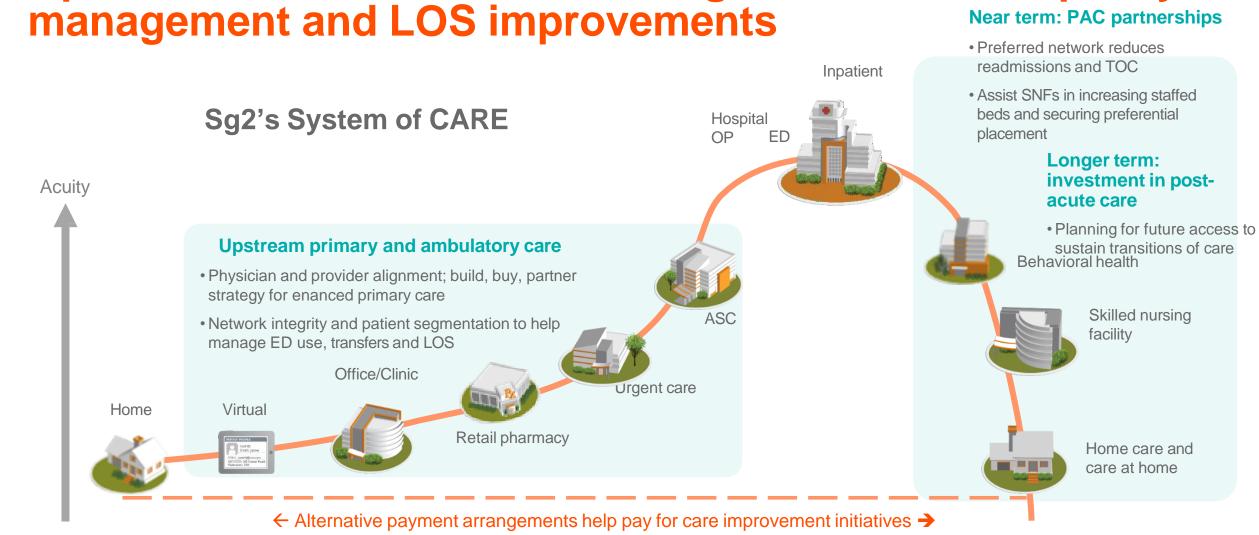
What's the Next Step in Your System of CARE Transformation?



Upstream and downstream strategies to sustain capacity

management and LOS improvements

Near term: PAC partnerships



Abbreviations: ASC = ambulatory surgery center; CARE = Clinical Alignment and Resource Effectiveness; ED = emergency department; IP = inpatient; LOS = length of stay; OP = outpatient; TOC = transitions of care.

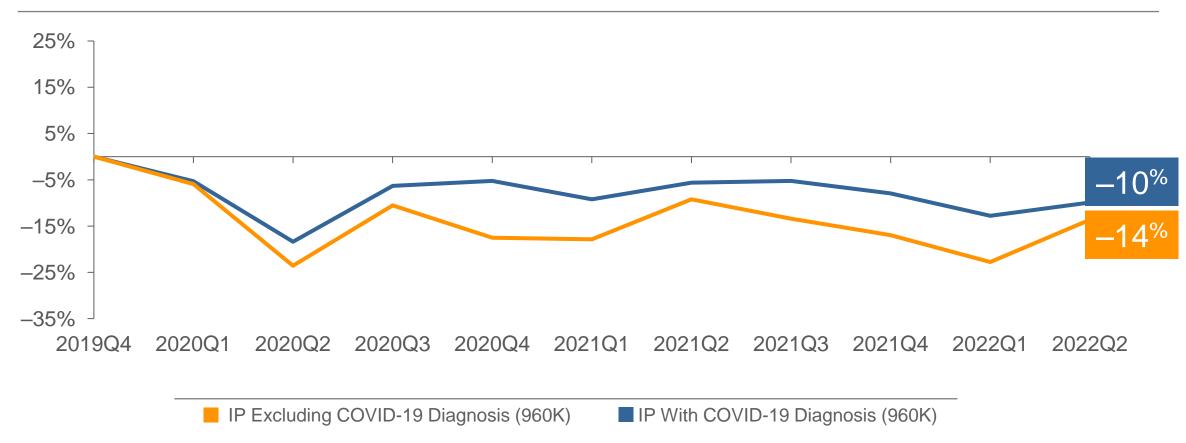




# Nationally, IP Utilization Has Remained Well Below Pre-Pandemic Levels Through Q2 2022



## Adult Quarterly Comparison of Volumes, 2019 vs 2020–2022 Strata Decision Technology



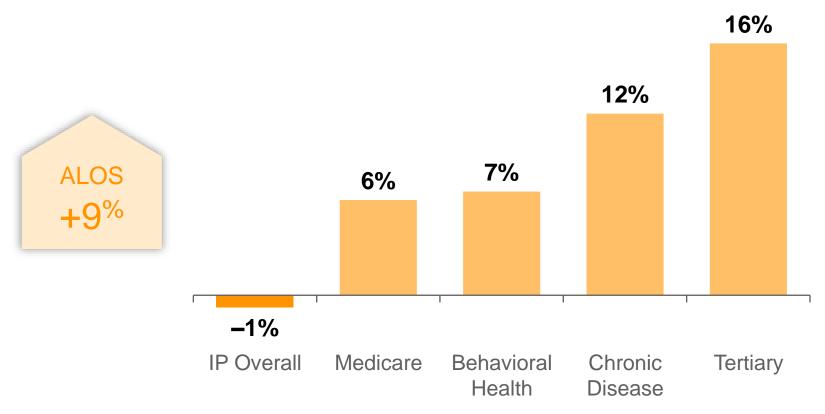


# Rising Acuity Will Continue to Place Length of Stay Strain on Hospital Beds and Financials



#### **Adult Inpatient Forecast**

Impact of Change® 2021, 2019–2029



#### **System of CARE Impact**

- Higher-acuity inpatient leads to increases in demand for post-acute levels of care
- Lower-acuity patients shift to ambulatory alternatives including home care

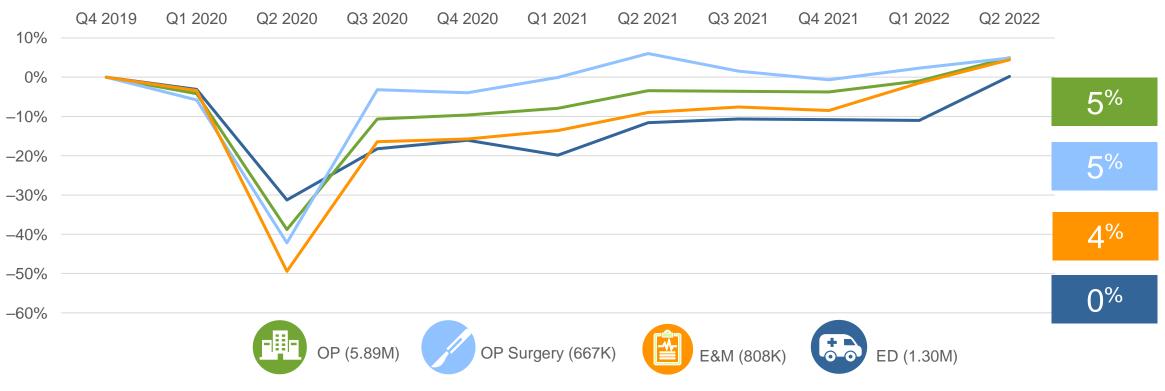
Note: Forecast excludes 0–17 age group. Sources: Impact of Change®, 2021; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2018. Agency for Healthcare Research and Quality, Rockville, MD; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.



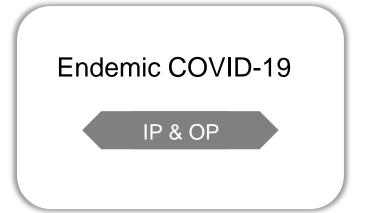
## Outpatient Volume Demonstrate Recovery and Growth Beyond Pre-Pandemic Levels



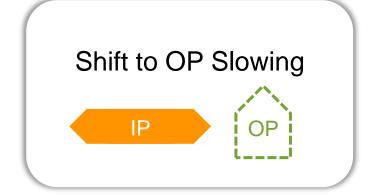
## Adult Quarterly Comparison of Volumes Including COVID-19, 2019 vs 2020–2022 Strata Decision Technology



## Key 2023 Forecast Considerations













## SITE OF CARE SHIFTS

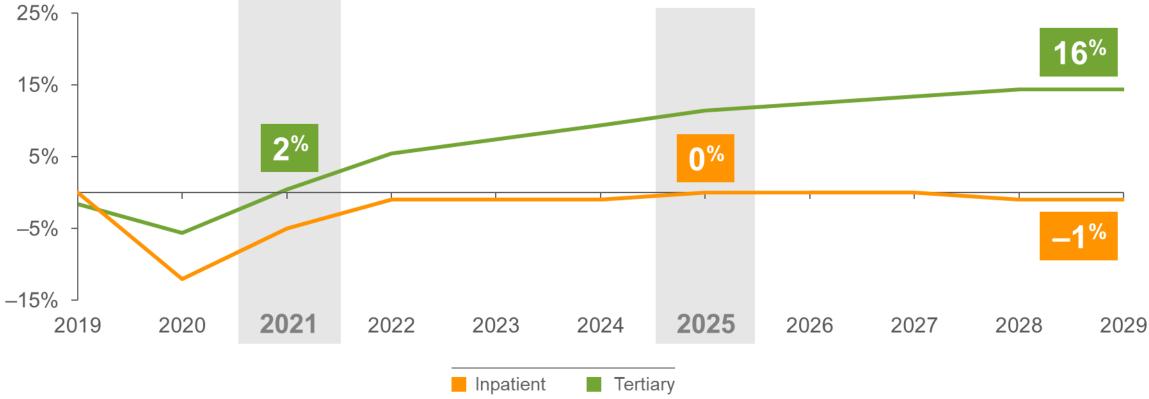


# Inpatient Volumes Rebound Rapidly, but Demand Unlikely to Surpass 2019 Levels



## **Adult Inpatient Forecast**

Impact of Change® 2021



Note: Analysis excludes volumes for ICD-10 diagnosis code U07.1, COVID-19 infection. Sources: Impact of Change®, 2021; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2018. Agency for Healthcare Research and Quality, Rockville, MD; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

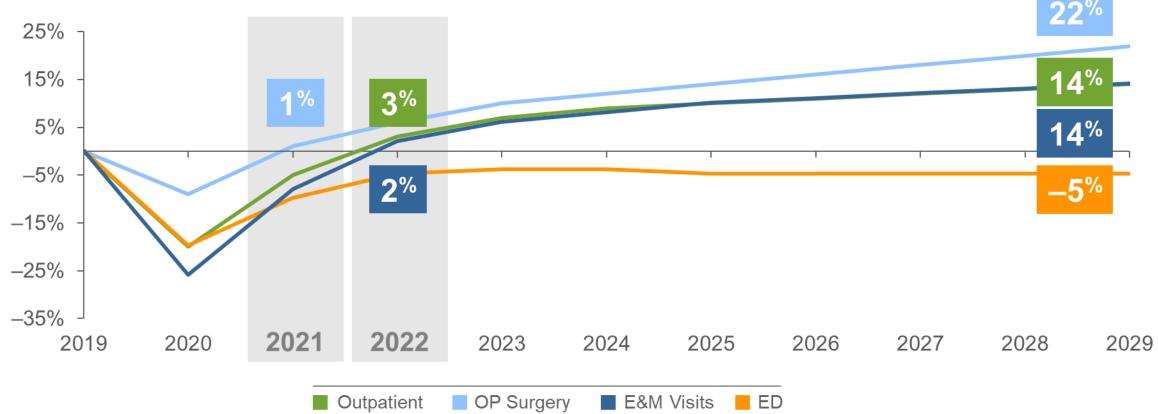


## Rapid, Robust Outpatient Recovery and Exceeds Pre-Pandemic Levels



#### **Adult Outpatient Forecast**

Impact of Change® 2021



Note: Analysis excludes volumes for ICD-10 diagnosis code U07.1, COVID-19 infection. OP surgery defined as outpatient procedures—major. E&M = evaluation and management. Sources: Impact of Change®, 2021; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

# Inpatient Volumes Decline as Patient Acuity Continues to Rise

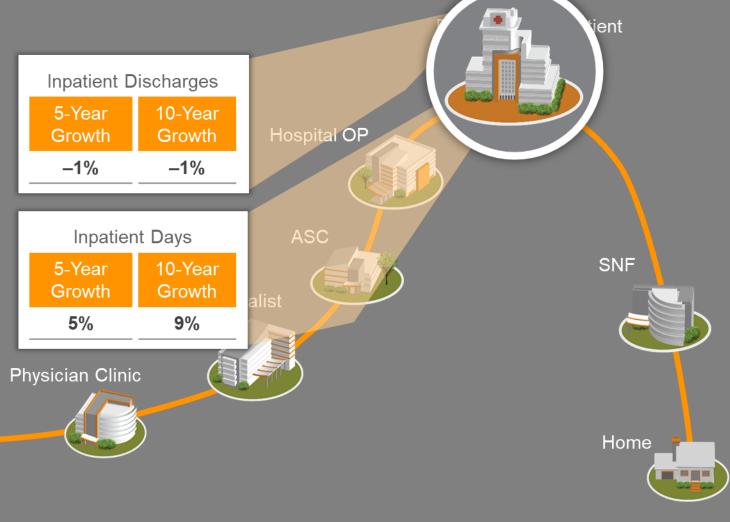




Inpatient Volumes Decline as Patient Acuity Continues to Rise

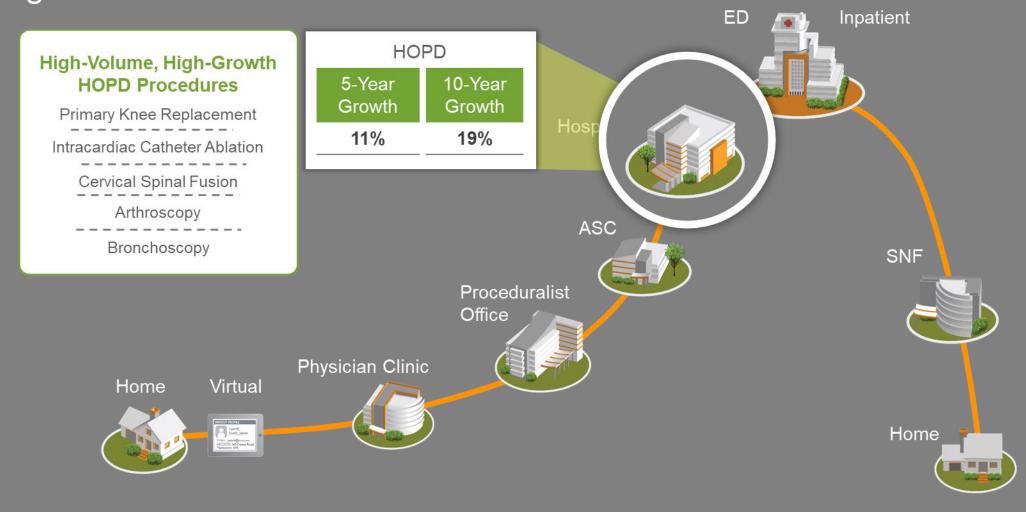
Virtual

Home



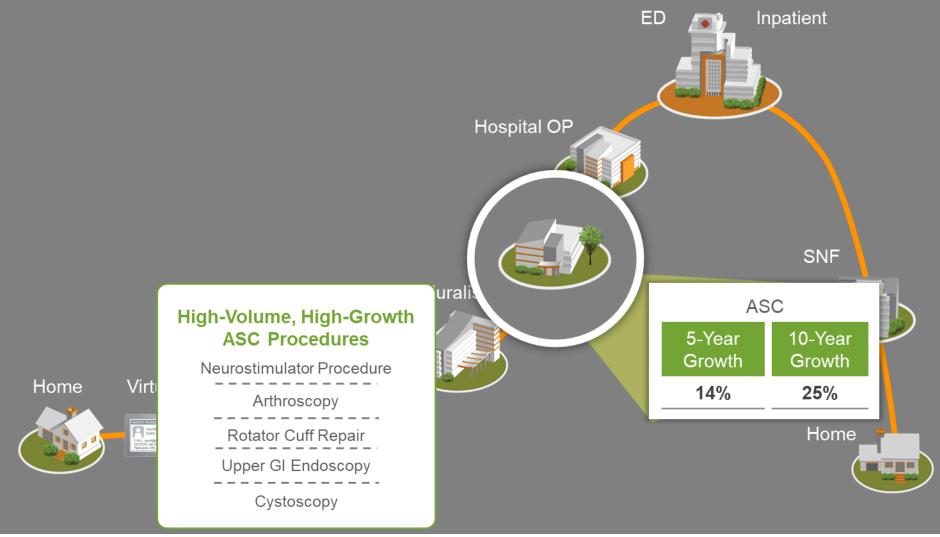


## Surgical Volumes Shift to Lower-Cost Care Sites





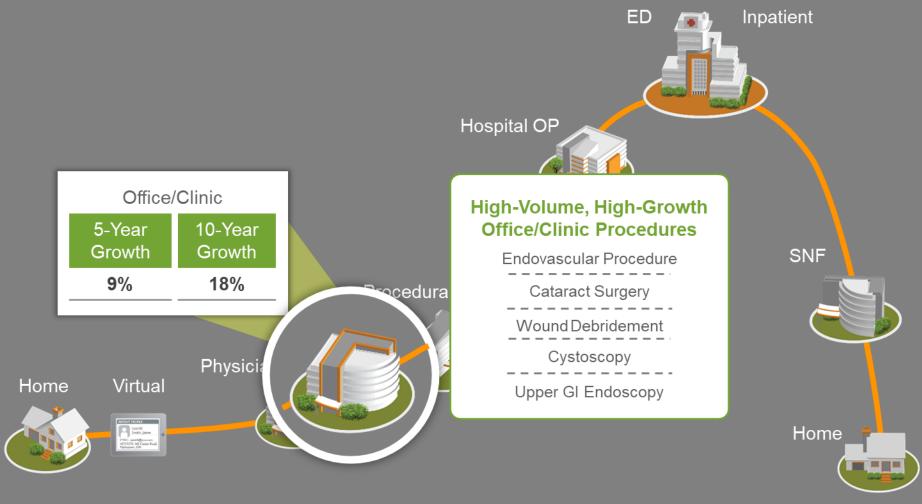
## Surgical Volumes Shift to Lower-Cost Care Sites



**Note:** Analysis excludes 0–17 age group. Forecast pulled for procedures—major and endoscopy volumes only. GI = gastrointestinal. **Sources:** Impact of Change®, 2021; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

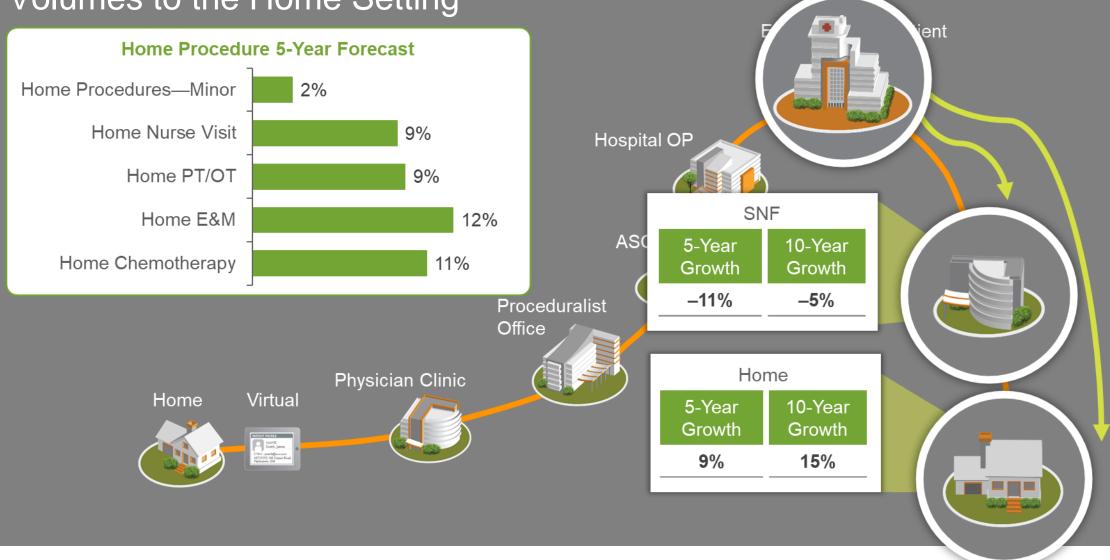


## Surgical Volumes Shift to Lower-Cost Care Sites





Reimagining Senior Care Pushes Medical Volumes to the Home Setting







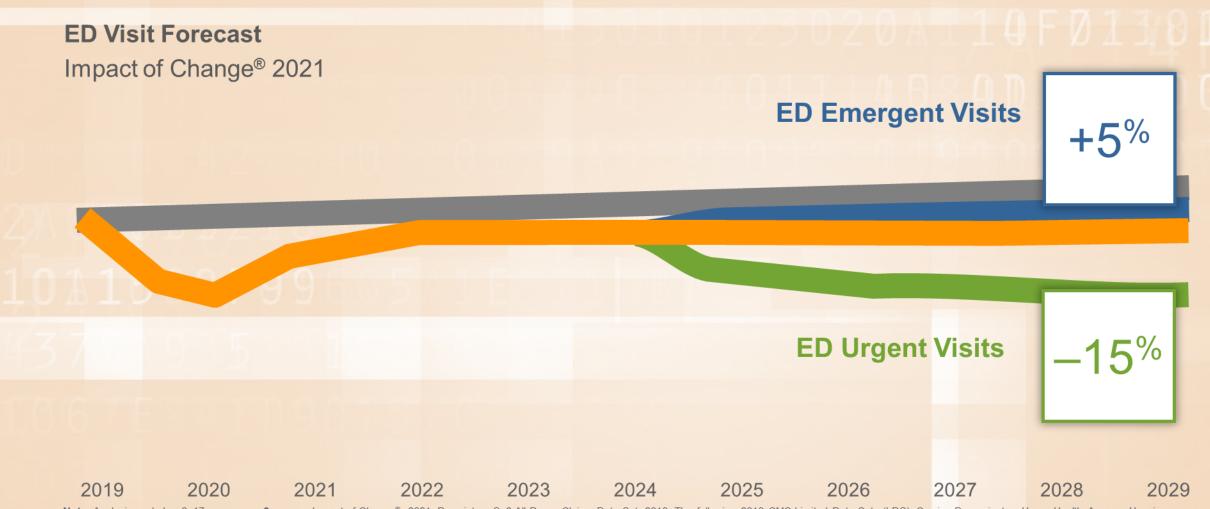
## ED Demand Declines as Patients Shift to Alternate Sites of Care

Home



Note: Analysis excludes 0–17 age group. Sources: Impact of Change®, 2021; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

## ED Demand Declines as Patients Shift to Alternate Sites of Care



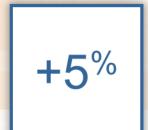
Note: Analysis excludes 0–17 age group. Sources: Impact of Change®, 2021; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

## ED Demand Declines as Patients Shift to Alternate Sites of Care

#### **ED Visit Forecast**

Impact of Change® 2021

## **ED Emergent Visits**



## TOP FIVE SERVICE LINES FOR EMERGENT VISIT GROWTH

Behavioral Health (24%)

Endocrine (23%)

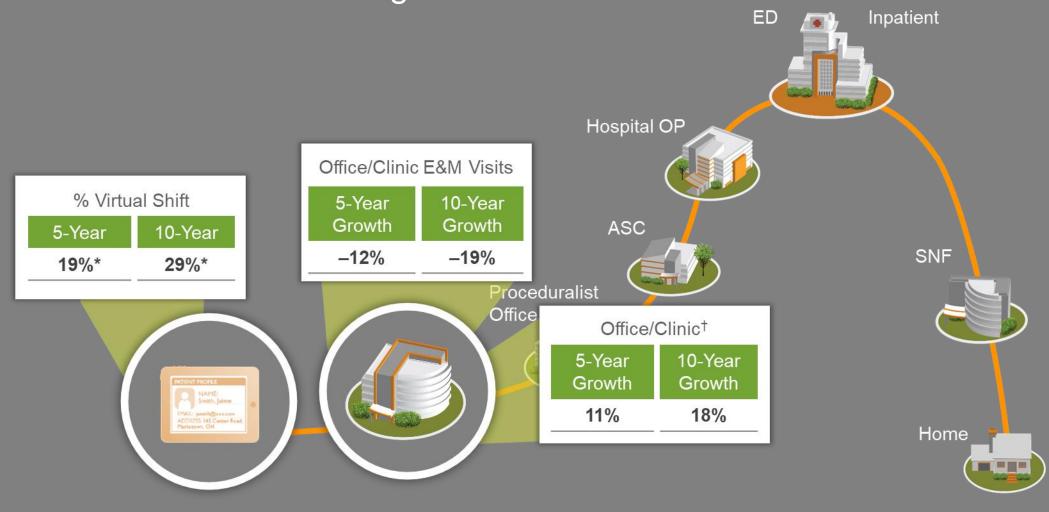
Nephrology (18%)

Vascular (11%)

Hepatology (11%)

2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029

# Visits Shift Virtual While Diagnostic and Procedural Volumes Grow Within Office/Clinic Setting

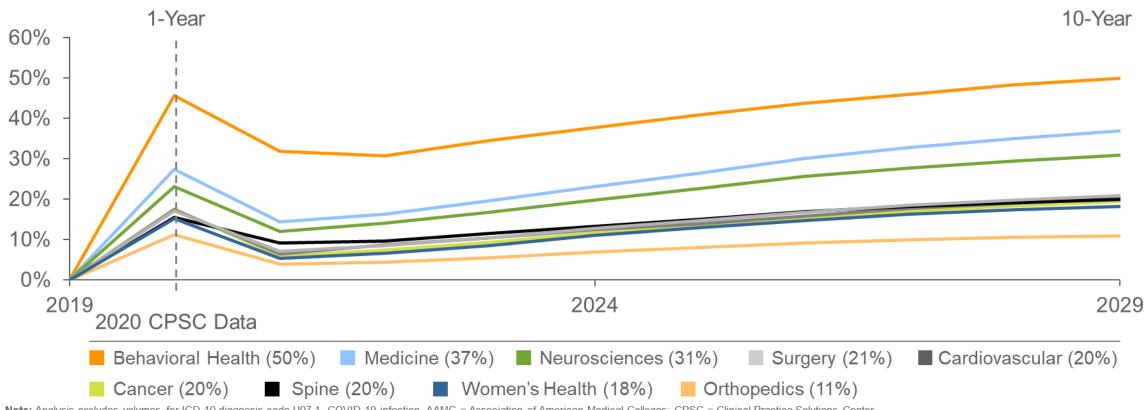




<sup>\*</sup>Indicates percentage of E&M visits performed virtually. †Excludes rehab and E&M visits. **Sources:** Impact of Change®, 2021; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

# One in Three Visits to Occur Virtually by 2029; Shift to Virtual Is Variable Across Service Line Groups

## Virtual Visit Shift by Service Line Group Impact of Change® 2021



Note: Analysis excludes volumes for ICD-10 diagnosis code U07.1, COVID-19 infection. AAMC = Association of American Medical Colleges; CPSC = Clinical Practice Solutions Center.

Sources: Impact of Change®, 2021; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; AAMC-Vizient Clinical Practice Solutions Center®, 2021; Sg2 Analysis, 2021.

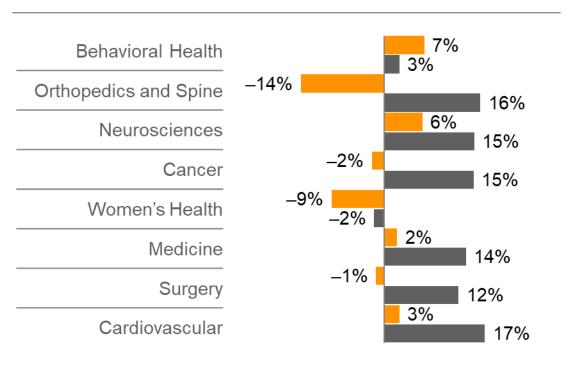




## Utilization Trends Vary Across Service Lines

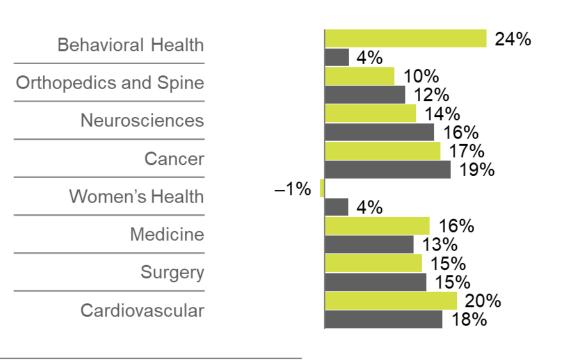
## Inpatient Service Line Growth

Impact of Change® 2021, 2019–2029



### **Outpatient Service Line Growth**

Impact of Change® 2021, 2019–2029



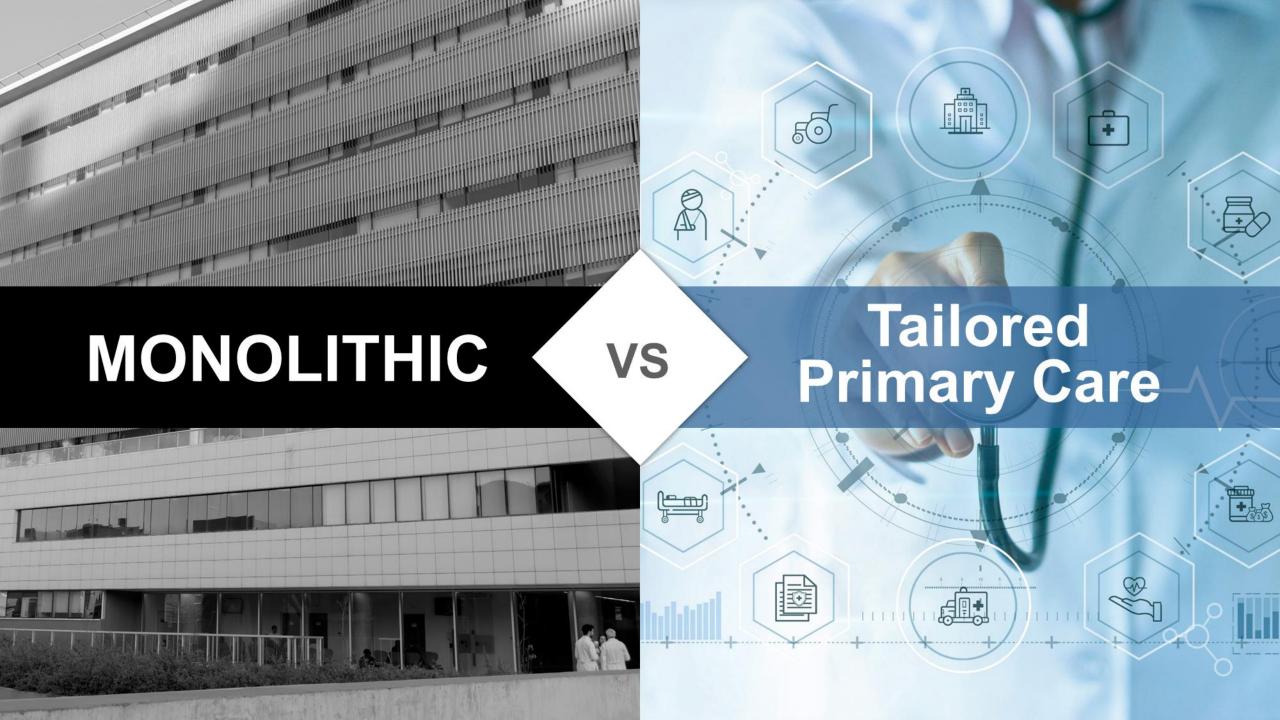
Note: All service lines exclude 0–17 age group. Cardiovascular includes cardiology and vascular. Medicine includes allergy and immunology, dermatology, endocrinology, gastroenterology, genetics, hematology, infectious diseases, nephrology, pulmonology, and rheumatology. Surgery includes burns and wounds, otolaryngology, general surgery, ophthalmology, and urology. Sources: Impact of Change®, 2021; HCUP National Inpatient Sample (NIS). Healthcare Cost and Utilization Project (HCUP) 2018. Agency for Healthcare Research and Quality, Rockville, MD; Proprietary Sg2 All-Payer Claims Data Set, 2018; The following 2018 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2021; Sg2 Analysis, 2021.

Sg2 IP Forecast
■ Population-Based Forecast
■ Sg2 OP Forecast

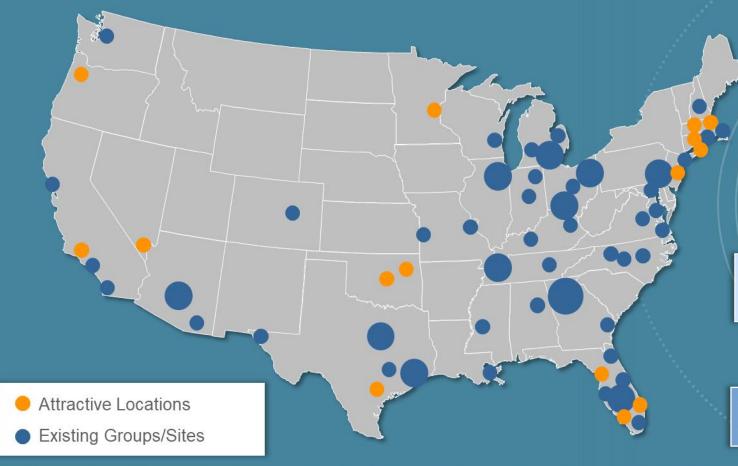
# What's the Next Step in Your System of CARE Transformation?

## **Ambulatory Site Optimization**





## New Primary Care Models Have Arrived; What Can We Learn About Their Appeal?



## Oak Street

- 60+ clinics across 9 markets
- Walmart partnership

## VillageMD

- 1,000+ locations in 9 markets
- Walgreens partnership

### One Medical + Iora

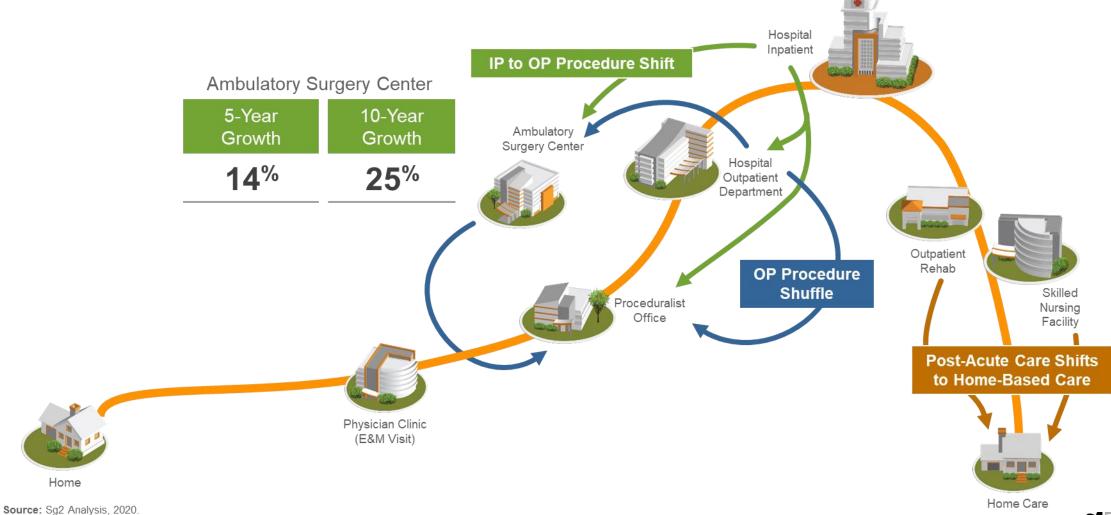
- Fee-for-service concierge
- Seniors enrolled in MA

## ChenMed

- 80+ clinics in 19 markets/10 states
- BCBSMI partnership

Note: Large dots indicate multiple groups. BCBSMI = Blue Cross Blue Shield of Michigan; MA = Medicare Advantage. Sources: VillageMD, ChenMed, Iora Health and Oak Street
Health websites; Coutré L. Primary-care provider ChenMed to enter five new markets. Mod Healthc. December 5, 2019; Goldberg S. VillageMD raises \$100M. Crain's Chicago
Business. September 4, 2019; Reuter E. Walgreens resets retail clinics with VillageMD partnership but faces tough competition ahead. MedCity News. July 8, 2020. All websites
accessed January 2021.

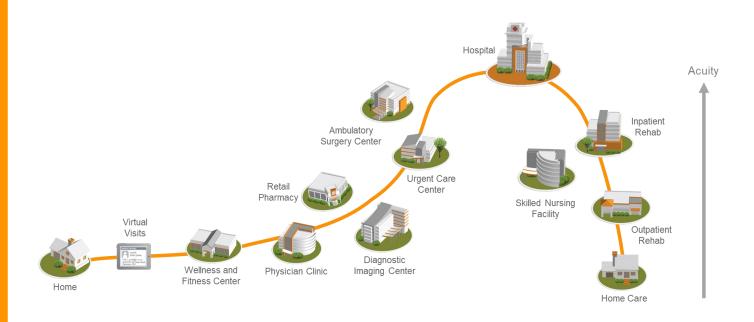
## What Levers Can You Control as Care Shifts to Lower-Acuity Sites?



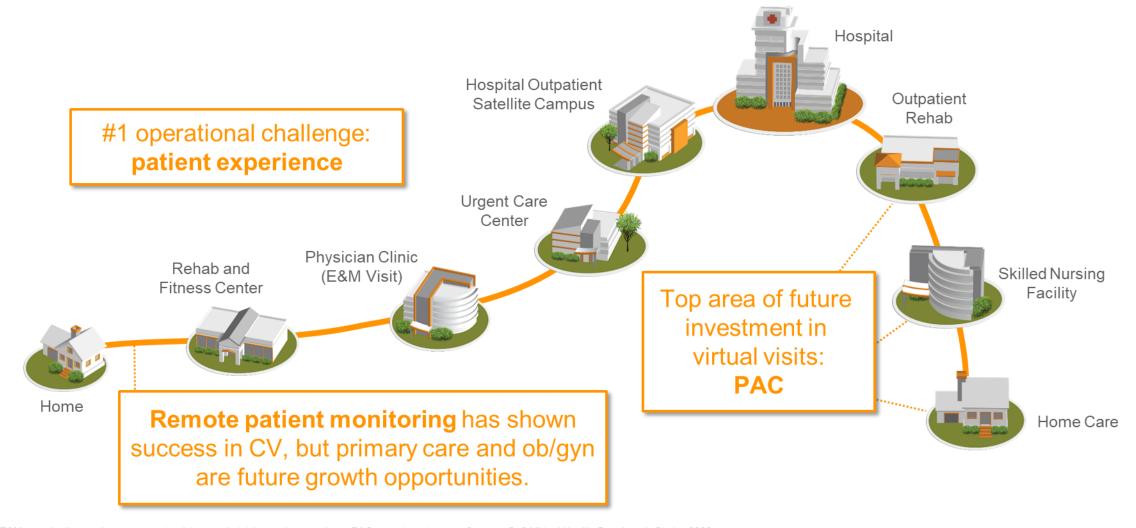
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# What's the Next Step in Your System of CARE Transformation?

## Digital and Virtual Health



## Successful Virtual Health Is All About Patient Experience



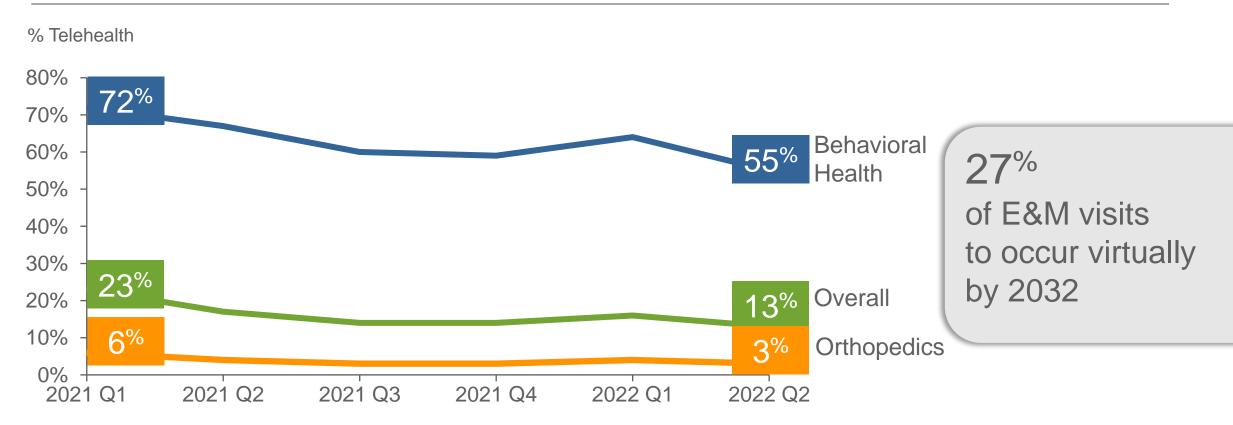


## Strong Path Forward for the Shift Virtual Despite Recent Reversion to In-Person Visits



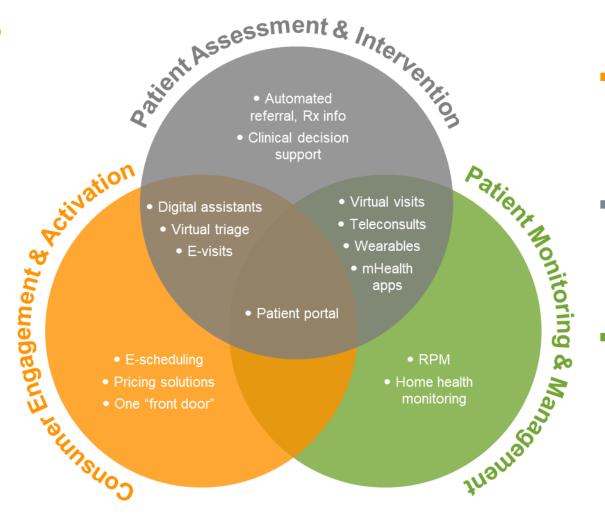
#### **Percentage of Visits Conducted via Telehealth**

Vizient CPSC, January 2021–March 2022



Note: Analysis excludes 0–19 age group. CPSC = Clinical Practice Solutions Center. Sources: Association of American Medical Colleges-Vizient Clinical Practice Solutions Center<sup>®</sup>, 2022; Impact of Change<sup>®</sup>, 2022; Proprietary Sg2 All-Payer Claims Data Set, 2019; The following 2019 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts<sup>®</sup>, 2022; Sg2 Analysis, 2022.

# Virtual Health Is Just a Piece of the Broader Digital Health Transformation



#### STRATEGIC IMPERATIVES

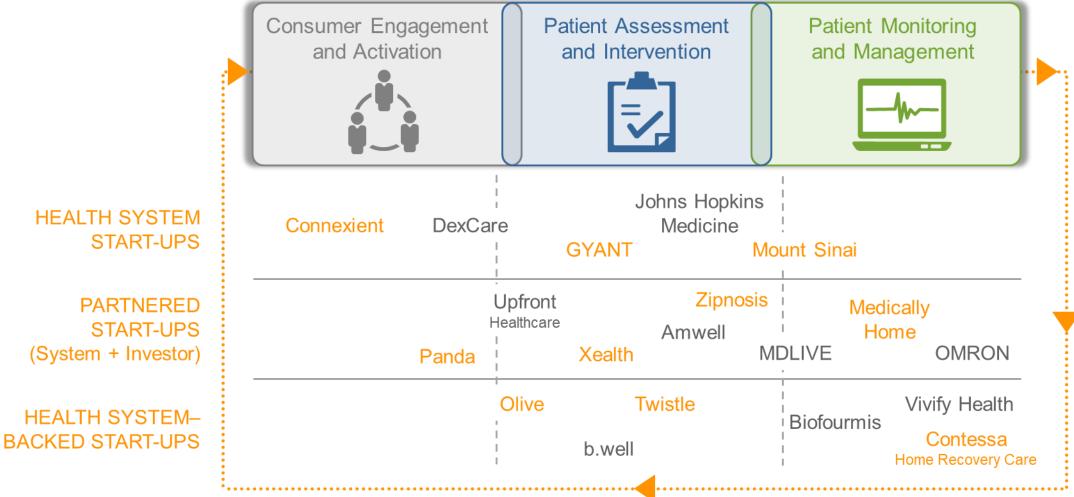
- Improve access to care.
- Increase transparency for patients.
- Grow share of care.
- Streamline care delivery.
- Expand access channels.
- Drive cost reduction, efficiency and increased provider capacity.
- Support ongoing condition management.
- Optimize postdischarge outcomes.
- Manage overall cost of care.

The pandemic forced a lot of digital innovation. But it also brought a lot of fragmentation, disconnected experiences.

—Sean O'Connor, DexCare



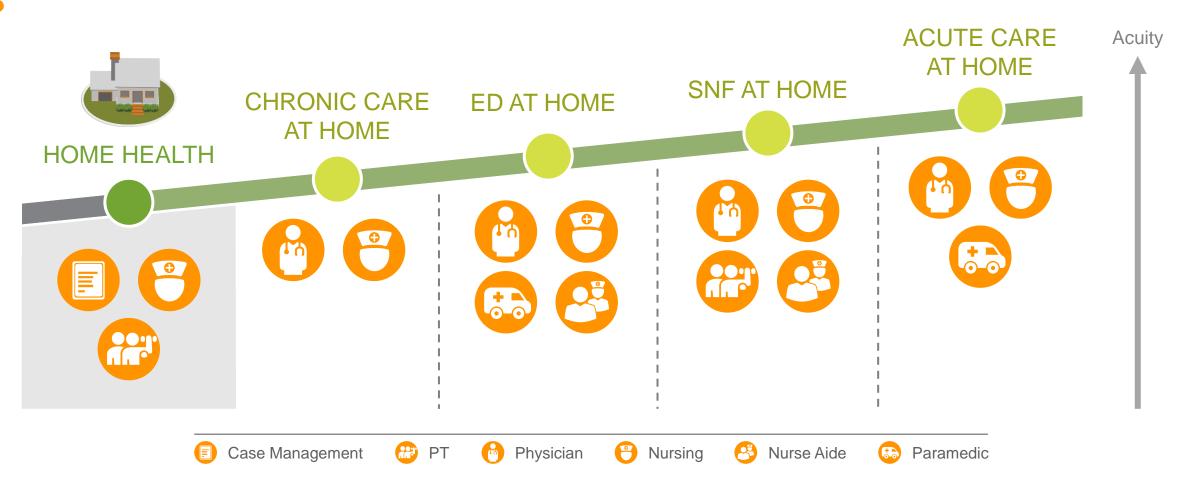
## Start-up Momentum Across the Digital Health Continuum





## Workforce Needed to Support Care at Home Varies by Model



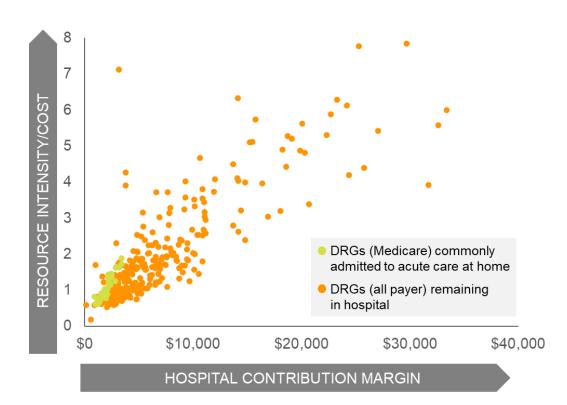


Note: Acute care at home workforce based on CMS requirements. Sources: CMS QualityNet. Acute Hospital Care at Home Individual Waiver Only (not a blanket waiver). Accessed September 2021; Mass General Brigham Home Care. Partners HealthCare at Home (PHH) mobile observation unit program aims to keep patients at home. Accessed September 2021; Sg2 Analysis, 2021.

# Home Hospital Programs Can Turn Access Constraints Into Margin Potential With Higher-Acuity Backfill



IP 10-Year Volume Growth = -1%
IP 10-Year Days Growth = +15%



Potential backfill contribution margin (hospital patients)



Inpatient contribution margin (hospital at home patients)



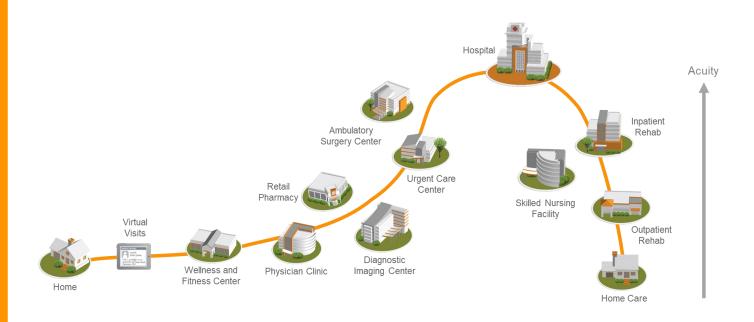
Note: Low-volume DRGs removed. \*Combining the backfill opportunity (\$5,015) with the savings realized each time a patient is treated in the home as opposed to the hospital (\$203), the total opportunity is \$5,218 for each case.

Sources: CMS. MS-DRG Relative Weight Factors. Accessed February 2021; Data from The Vizient Navigator Data Base used by permission of Vizient, Inc. All rights reserved; Vizient Clinical Data Base/Resource ManagerTM. Irving, TX:

VIZIENT; 2019. https://www.vizientinc.com; Sq2 Analysis, 2021.

# What's the Next Step in Your System of CARE Transformation?

## The New Growth Formula



# Demand is High, Supply is Limited, Margins have Shrunk Funding Growth Must May Require New Perspectives

## **New Growth Formula**





DIVERSIFICATION



**SCALABILITY** 

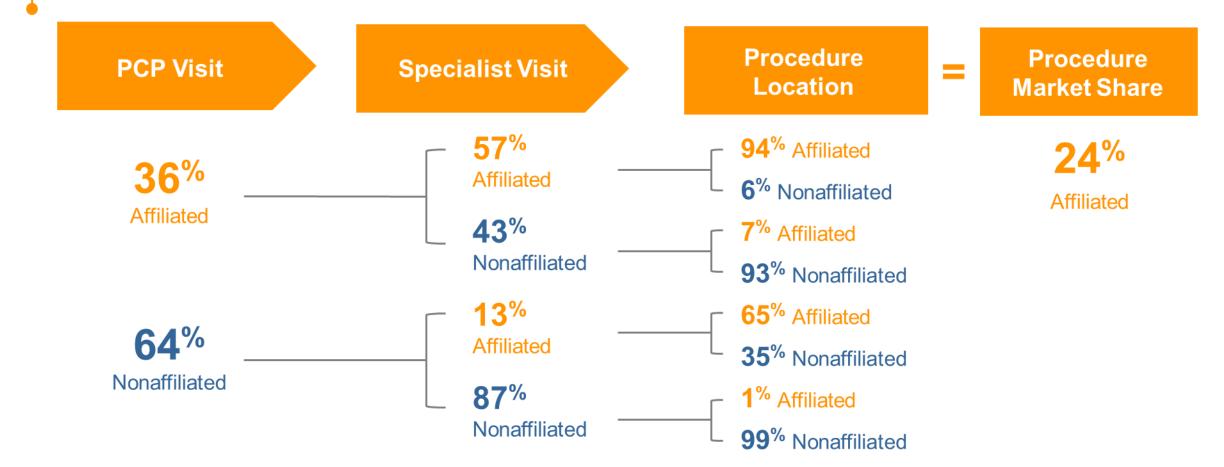
Consumer Influence
Payer Positioning

Product
Differentiation
Adjacent Services

Reach
Strategy Activation

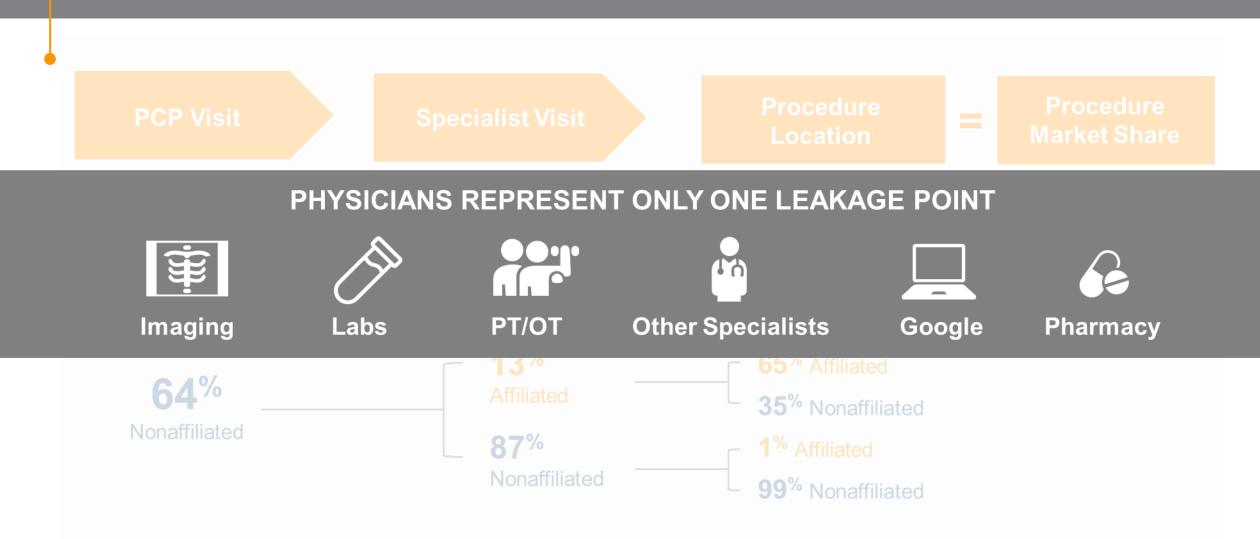


# We Built Impressive Systems of CARE That Don't Always Perform



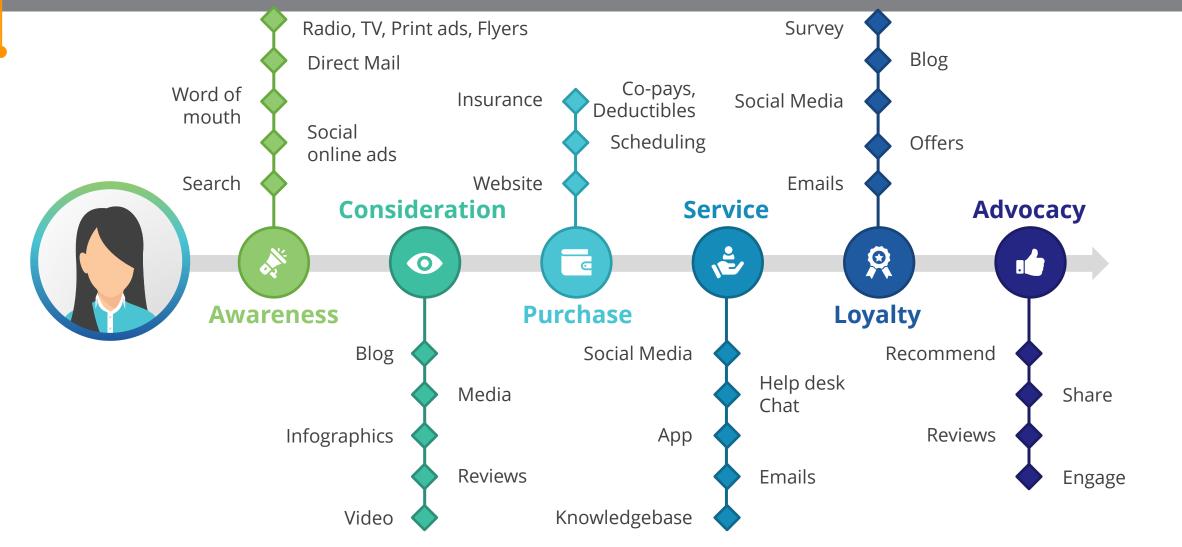


# We Built Impressive Systems of CARE That Don't Always Perform





## New Growth Formula: Understanding Customer Journeys



# New Growth Formula: Measuring Your Ability to Impact the Journey

#### **Market Share**

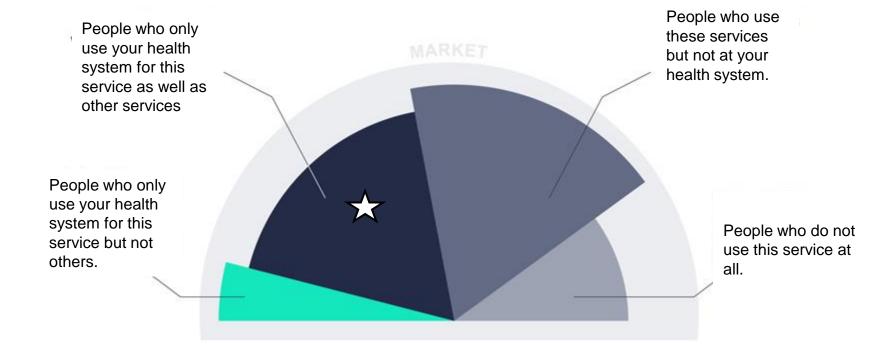
- Percentage of health care encounters made at a hospital, physician practice or health system
- Provides insight into growth trends and comparison to competitors
- Long-standing and valid measure but measurement complexity is increasing as care is delivered in new ways

#### **Share of Wallet**

- Percentage of expenditures on services a specific individual makes with a health care entity
- Provides insight into individuals' health care choices, customer journeys and competitor comparisons
- Requires access to claims and ability to manage large, complex data sets



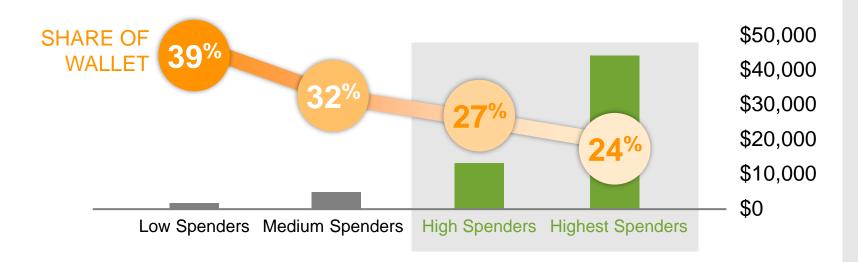
# Share of Wallet is a Performance Metric not a Perception Metric





# New Growth Formula: Targeting Consumers Though Different Measures





**EXAMPLE:** Regional Health Systems SOW Capture, By Service Line

**Success Stories to Leverage** 

Cardiovascular 94%

Ortho/Spine 87%

Cancer 80%

Women's Health 79%

**Opportunities to Improve** 

Neurosciences 61%

Surgery 56%

Medicine 48%

Knowing variation in share of wallet by service line enables targeted strategies

# The New Growth Formula: Combine Metrics to Identify Opportunities

# **MARKET SHARE**

### **Generic Services**

**Increase Differentiation** 

# Short-Lived Brand

Increase Customer Centricity

# Strong Brand Loyalty

**Expand Scope of Services** 

# **Niche Services**

Cascade success more broadly

#### **SHARE OF WALLET**



### Limited Access Places a Third of Your Business at Risk

### Which of the following best describes your degree of loyalty to a health system?

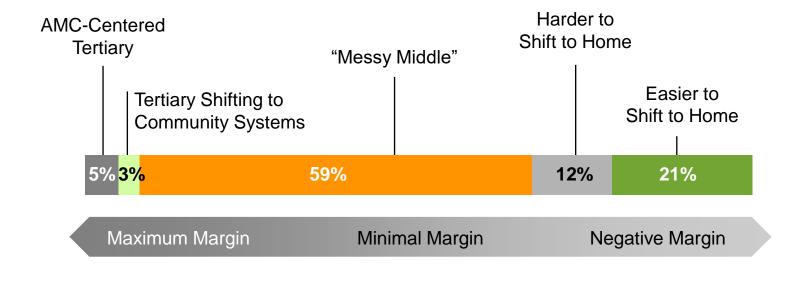




# CASE

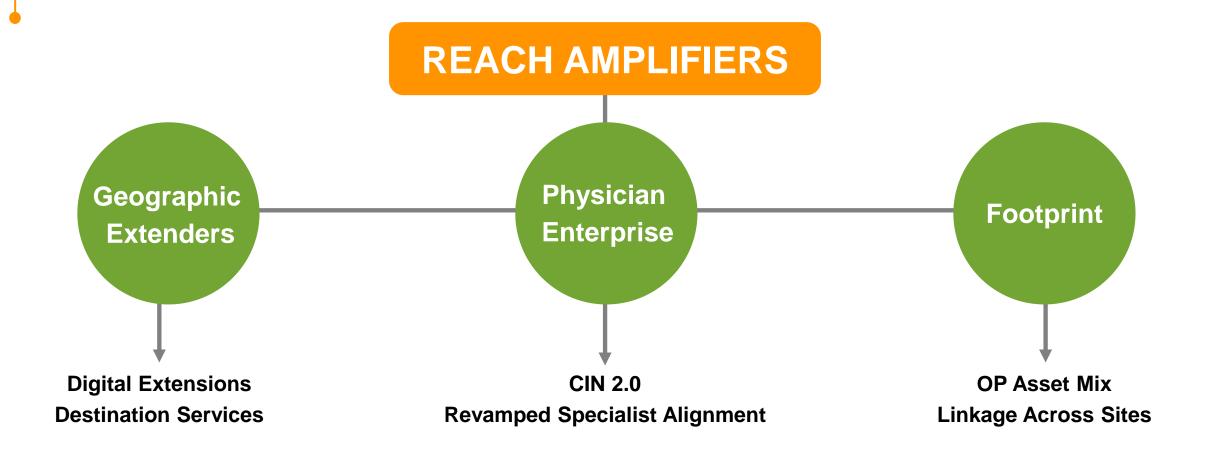
# Case Study: An Organization Recognizes the Need to Shift IP Volumes to Maximize Revenue

This IDN evaluated volumes across acute care assets and decided to address capability gaps at community hospital sites to keep more care local. A cost/benefit analysis at the service level provided input to local leaders on ROI expectations and volume capture.



TERTIARY	SHIFTING TERTIARY	"MESSY MIDDLE"
\$34,075	\$16,430	\$10,240

# Bolster Reach by Redefining Limits



# Consider Multiple Opportunities When Expanding the Front-Door





# A Menu of Retention Options Exist for Those Willing to Hit Re-Set

#### **Retention Strategies**



#### **In-Clinic Navigation**

Clinic and care hub navigators / schedulers



#### **Contact Centers**

Clinical Contact Centers, Enterprise-Wide Command Centers



#### **Virtual Connections**

Virtual navigation, and health information aggregator



#### **Care Monitoring**

Al-empowered highrisk patient identification, active and passive care monitoring

**BASIC** 

**ADVANCED** 

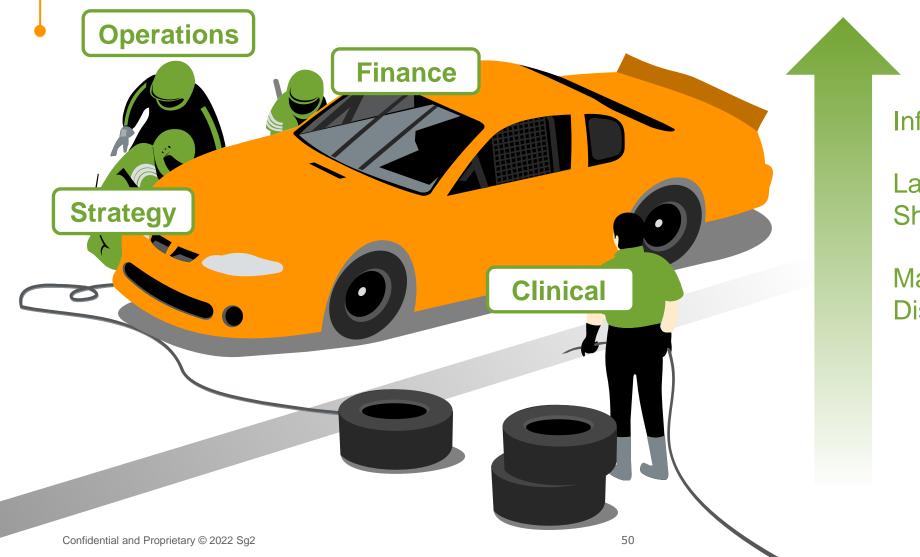


What Does the Next Step in the System of CARE Transformation Look Like?





# Cross Team Collaboration



Inflation

Labor Shortages

Market Disrupters



# Looking ahead—AP-led, disease-based care teams are increasing revenue and driving results

### McLeod Health (SC)—IDN, Restricted Practice State

Driver: Solving access issues, safeguarding productivity

#### Challenge

- Volume plateau
- EP clinic capacity strained

#### **Solution**

Enhanced use of advanced practitioners increases efficiency in the EP clinic

- Five new patient visits per week
- Reduced wait time
- Additional follow-up visits

#### **Growth**



- Clinic revenues:
  - +28% for physicians
  - **+85%** for APs
- EP lab volumes:
  - +20% year over year



# Midwest AMC and Trauma Hospital

#### **CHALLENGE**

The health system sought top decile LOS performance against peers.

#### **RESULTS**

Improvement in capacity and throughput led to a 0.49-day reduction in length of stay.

AMC LOS Index improved from 1.05 to 0.90.

#### Solution

Vizient partnered with three-hospital system and leaders to improve operational processes including multidisciplinary care coordination:

- Optimization of multidisciplinary rounds
- Managing to a target discharge date (TDD)
- Implementation of LOS visual management boards on nursing units
- Defining and tracking of process metrics (leading indicators)
- Implementation of visual daily management systems for long-term sustainability
- Execution and coaching of Gemba walks and Leader Standard Work

#### **Benefits realized**

- Reduced LOS for patients in inpatient units
- Leadership Accountability System for sustainment and continuous improvement

#### Critical success factors

- Partnership and collaboration with hospital physicians and clinical leaders
- Support from case management and utilization review leaders
- Commitment to facilitate long-lasting change through cross-channel collaboration
- Standard Work to guide discussions around patients' discharge

#### Results

0.49-day

Reduction in LOS for three-hospital system Total savings for system

### **UAB Medicine at Home**

#### **CHALLENGE**

Capacity constrained AMC in need of shifting low acuity admissions to hospital-at-home and implementing a remote patient monitoring (RPM) system and SNF at home.

#### **RESULTS**

CMS approval of a hospital-athome waiver. Development of a SNF-at-home program. Expansion of RPM. Proforma strategic financial plan approved with a three-year budget for the program

#### Solution

- Reorganized UAB care coordination and home health team through interdisciplinary collaboration and care coordination to support hospital-at-home and SNF-at-home
- Implemented a service line approach to health care at home services
- Identified accessible market of target populations and clinical conditions for a range of health careat-home services programs
- Engaged executives, physicians, nurses, care management, social workers, pharmacists and paramedics as an interdisciplinary team to design new care models and logistics capabilities

94% Medicare patients preferring SNF-at-home versus facility

61% Prefer hospital-level care at home

#### **Impact**

21%

Percent of hospital admission at UAB that met criteria for hospital-at-home

\$2.4M-\$3.0M

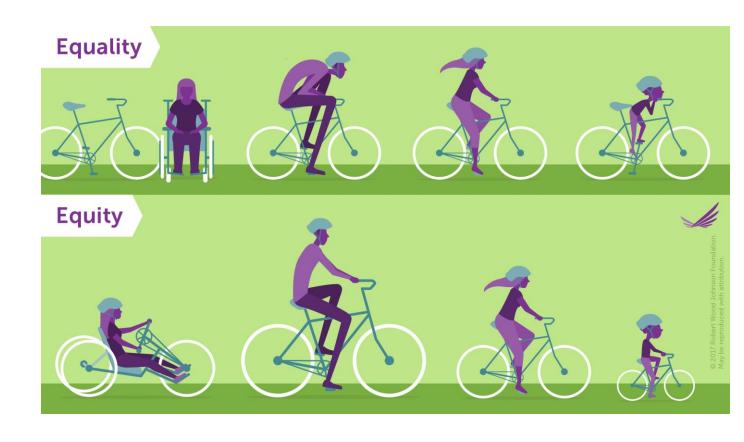
Annual margin improvement by shifting 800 annual UAB Medicare Advantage admissions from hospital facility to hospital-at-home and revising transfer protocols to improve back-fill acuity



# Key Strategic Questions at the Organizational Level

- 1. What's your new formula for growth that will enable you to accelerate out of the pandemic?
- 2. What strategies are in place to ensure access to key services over the next 5 years?
- 3. What are the best opportunities to retain your most loyal consumers?

# How Specific Can You Make Your Commitment to Health Equity?

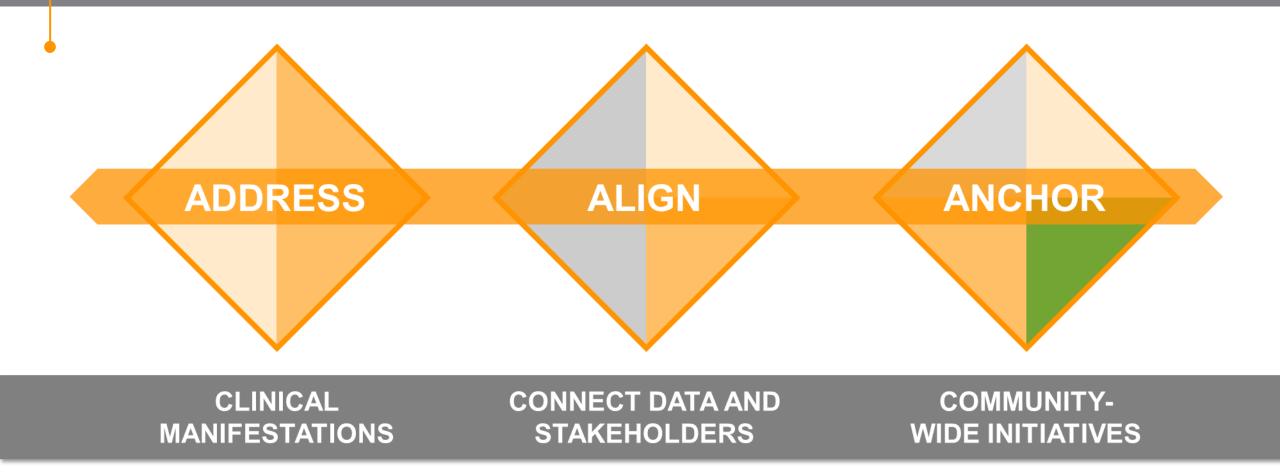


### When We Say Health Equity, What Do We Mean?





# Sg2 Framework: The Role of the Health System in Addressing the Social Determinants of Health







**Keep Transforming Your System of CARE** 



The Health Equity
Journey Is Not Optional



Pay Attention to the Front Door

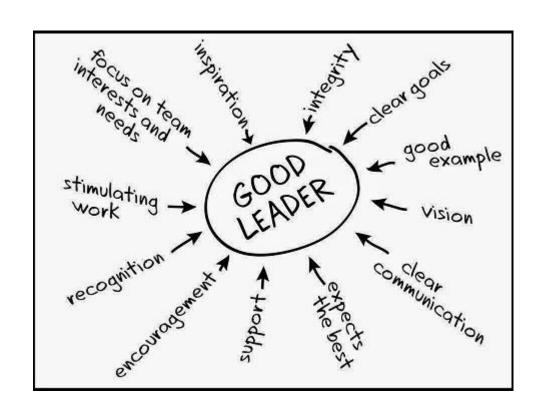


Scale Matters in Digital



Execute and Activate Strategy

What is the one thing as a leader you can do differently today to help your workforce be better prepared for the future?"



# **Workforce optimization**

Today's workforce optimization efforts go beyond reducing expenditures and creating resilience. Your workforce decisions impact efficiencies throughout your organization.

With data, technology and advisory services, Vizient helps your workforce move from being a transactional service to an enterprisewide strategic asset.



A multifaceted workforce strategy is needed to address both shortand long-term workforce challenges.

#### Driving the opportunity across the organization

FOCUS AREAS	POTENTIAL INITATIVE COMPONENTS
Staffing to demand	<ul> <li>Adjust staffing plan to better match workload while maintaining minimal coverage requirements</li> <li>Level utilization between days and shifts</li> </ul>
Premium pay	<ul><li>Increase proportion of flexible staff</li><li>Utilize hourly and agency staff appropriately</li><li>Adjust staffing plan to reduce overtime and callback</li></ul>
Skill mix	• Increase utilization in top-of-license activities
Productivity tracking	<ul> <li>Implement operational vision</li> <li>Enable department leaders with timely and interactive productivity reporting and with specifics to explore variances</li> <li>Use artificial intelligence to identify patterns that drive variances</li> </ul>
Span of control	<ul> <li>Reorganize and streamline management structure</li> <li>Consolidate potential leadership with integration of overlapping or redundant services</li> </ul>
Process improvement with labor savings	<ul><li>Reduce non-value-added work</li><li>Begin monitoring and control of incremental overtime</li></ul>

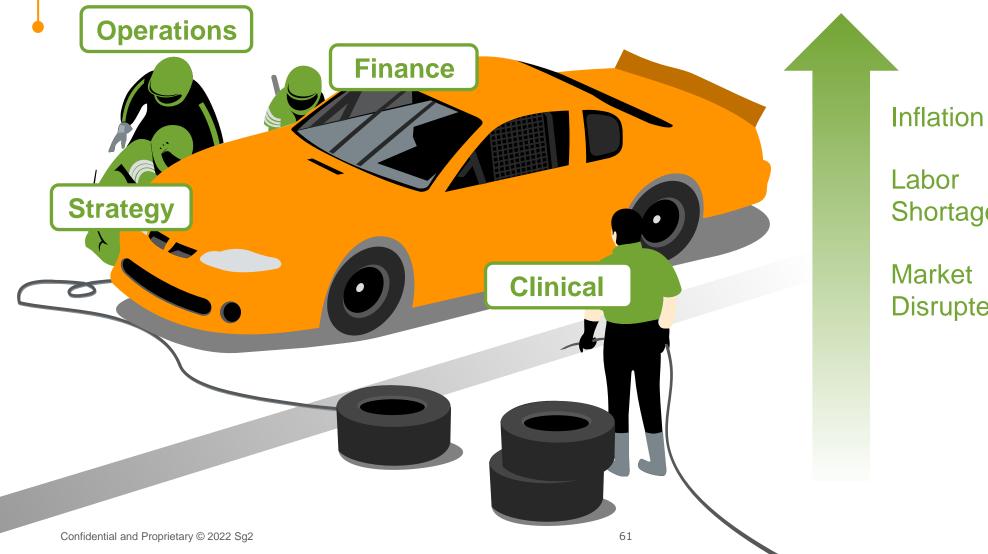
#### Turnover expense per clinician

NURSE	APP	PHYSICIAN
\$88,000	\$250,000	\$500,000-\$1,500,000





# Cross Team Collaboration



**Shortages** 

**Disrupters** 



Sg2, a Vizient company, is the health care industry's premier authority on health care trends, insights and market analytics.

Our analytics and expertise help hospitals and health systems achieve sustainable growth and ensure ongoing market relevance through the development of an effective System of CARE.



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