Transforming Fairview's Business Model to Accept Risk and Manage the Health of Populations

Health Care Access Commission
Payment Reform Working Group
October 14, 2010

FAIRVIEW

Fairview Overview

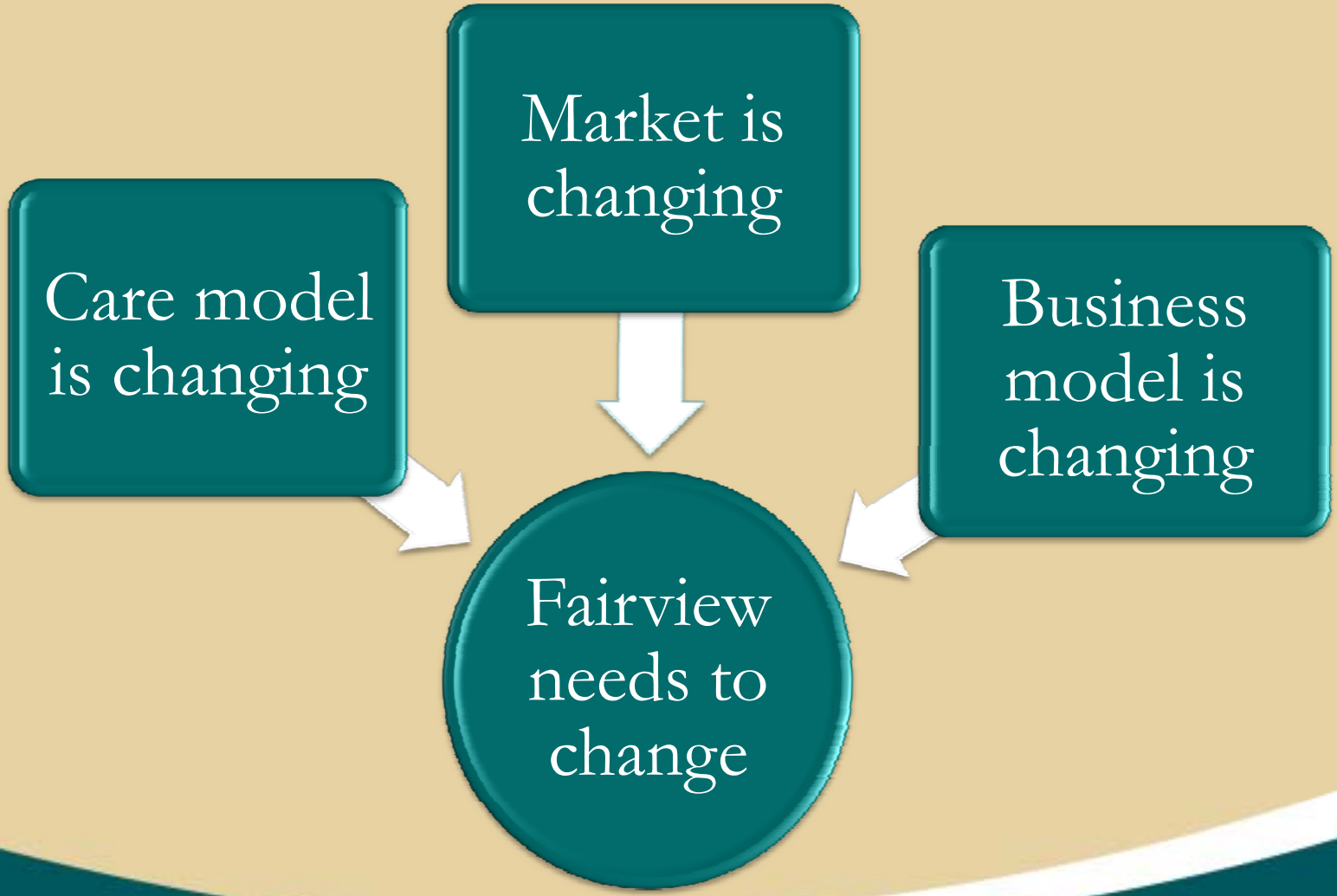
- Not-for-profit organization established in 1906
- Partner with the University of Minnesota since 1997
- 22,000+ employees
- 2,500 aligned physicians
  - Employed
  - Faculty
  - Independent
- 8 hospitals/medical centers (1,515 staffed beds)
- 44 primary care clinics
- 55-plus specialty clinics
- 26 senior housing locations
- 28 retail pharmacies

2008/2009 data

- 4.8 million outpatient encounters
- 80,314 inpatient admissions
- $425.1 million community contributions
- Total assets of $2.4 billion
- $2.8 billion total revenue

FAIRVIEW

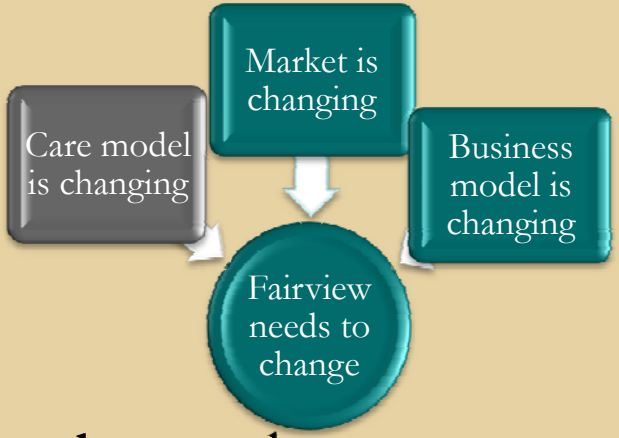
The Environment is Changing



Market is Changing

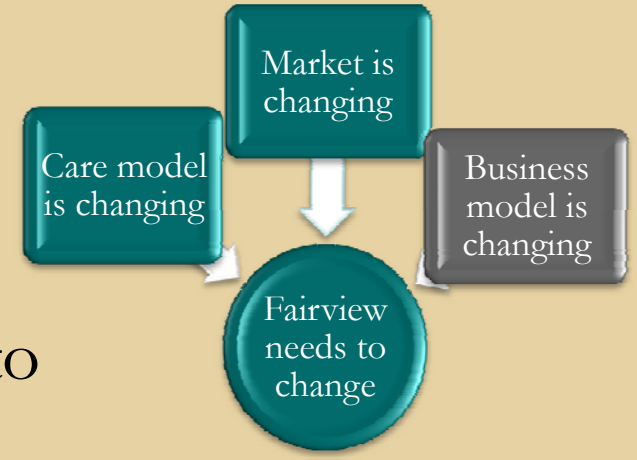
- **We are being asked to deliver greater *value*:**
  - Improved clinical outcomes
  - Improved patient experience
  - Lower cost
- **We are being asked to care for the health of a population.**
- **Payment systems and methodologies are changing…rewarding those who deliver value.**

Care Model is Changing



- Shift from physician-centric to team-based care
  - Improving access, quality, experience
- Advanced health homes create market value and differentiation
- Measurement is moving from encounters to overall health outcomes
- Patient/family experience will drive long-term market differentiation
- Care will be based on managing the health of populations

Business Model is Changing



- 20% absolute reduction in total cost of care
- Shifting from discount fee-for-service to global payment methods
- New commercial payment models are leading government payment models
- Performance is being measured and rewarded
- Membership growth is critical to achieving economic balance
- Direct contracting with employers

Building Capabilities to Care for the Health of Populations

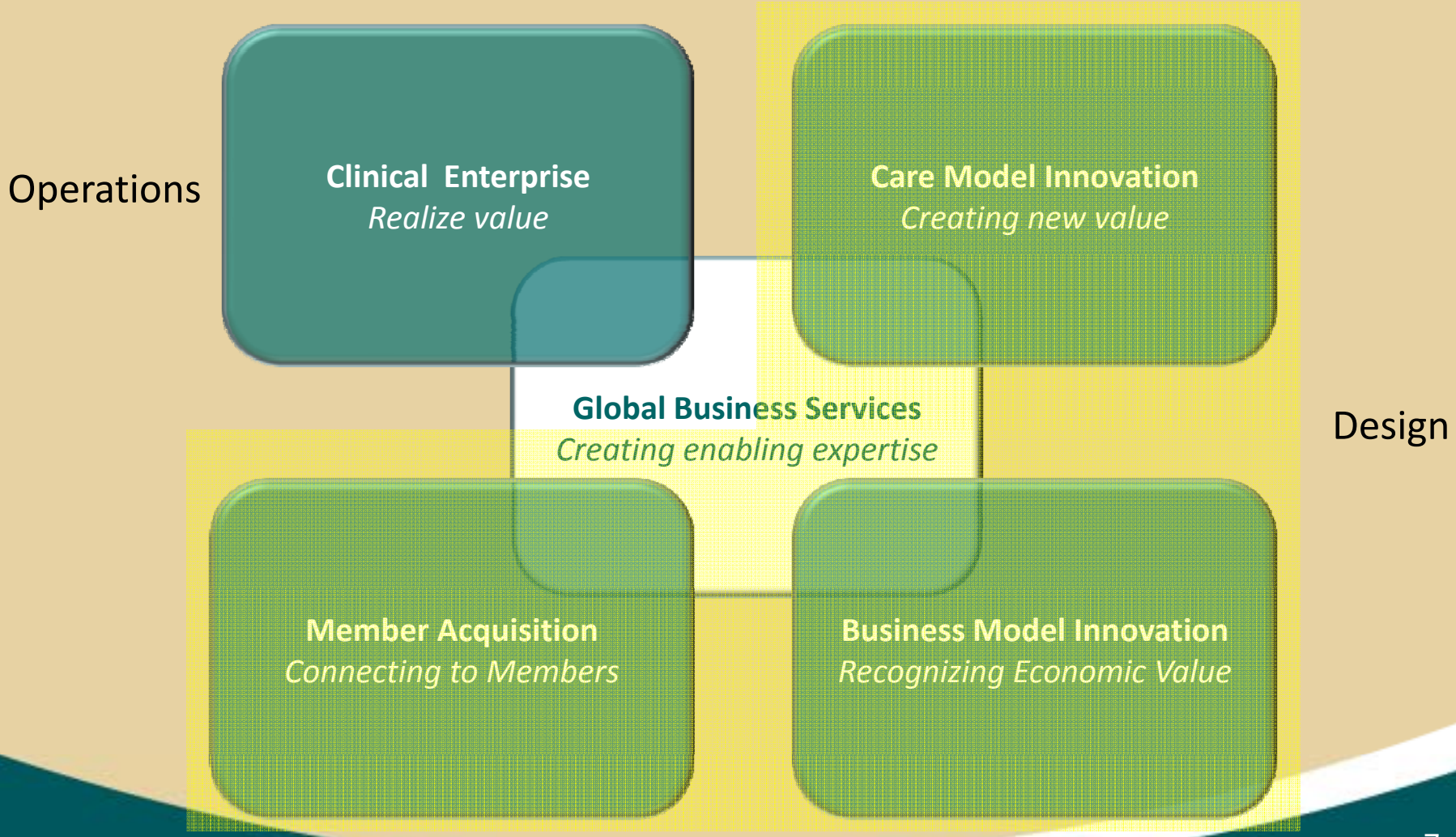
Volume → Value

Fee-for-service | Shared savings | Episode payment | Partial capitation | Global payment

- Care delivery innovation
- Medical home
- Network development
- Fairview population
- Population health
- Epic install
- Integrated business intelligence
- Fairview Medical Group reorganization
- Care packages
- Physician compensation
- Payer contracting methodologies
- Sensor technology
- Operating model/ infrastructure
- Accountable Care Organization
- Virtual care

FAIRVIEW

Our work requires transformational change in organization focus…



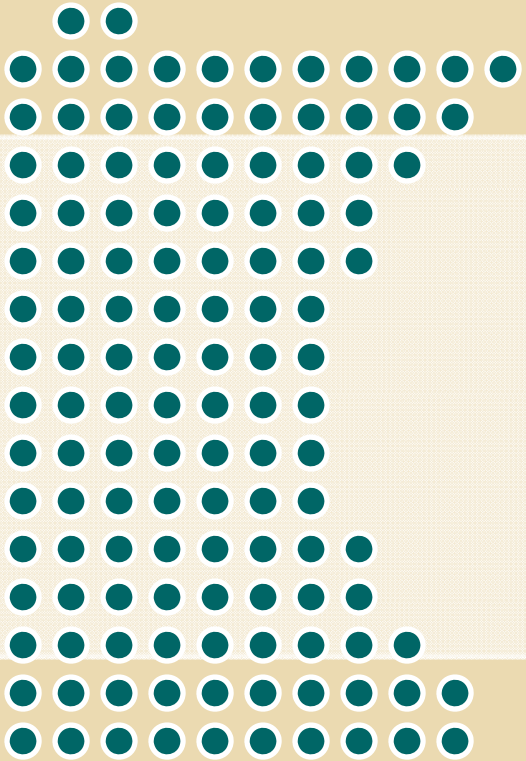
FAIRVIEW

Engaging Population "Aggregators" to Increase Members

Individuals

Macro Buyers

Payers



3M

WELLS FARGO

FAIRVIEW

BlueCross BlueShield of Minnesota

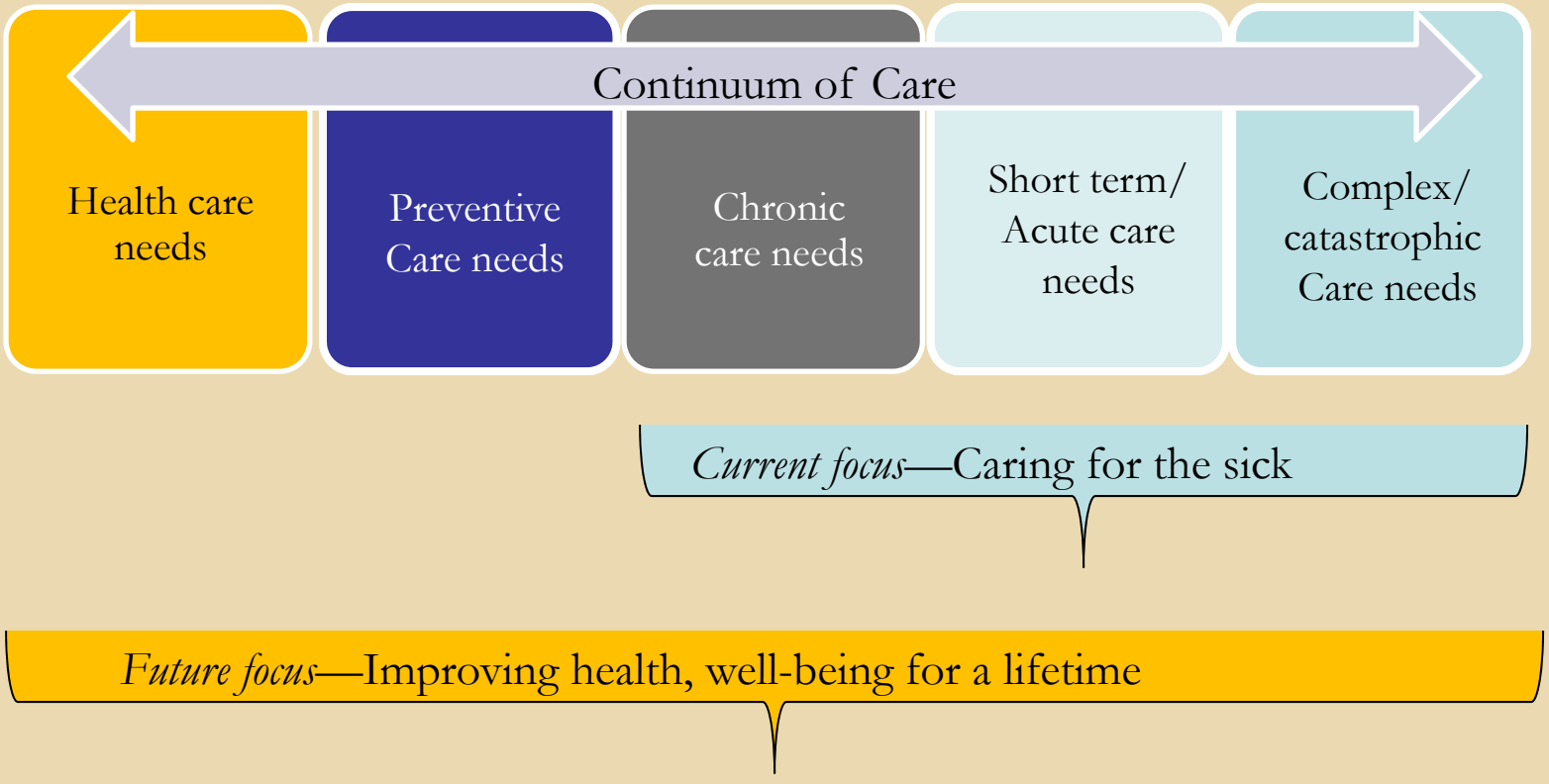
HealthPartners

PreferredOne

MEDICA

FAIRVIEW

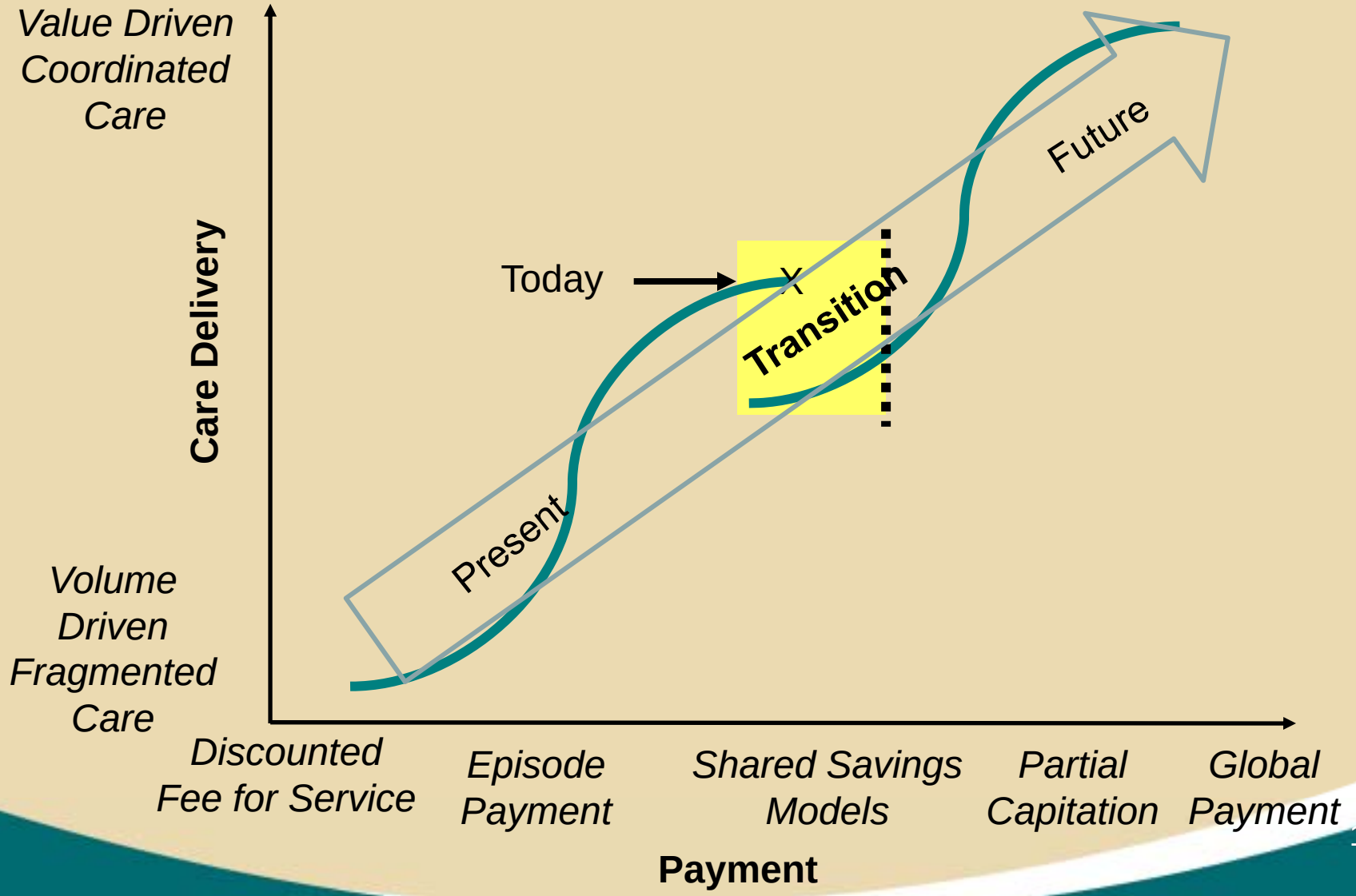
Improving the Health of a Community Requires a Commitment to the Entire Continuum of Care



"Helping people enjoy life by improving their health"

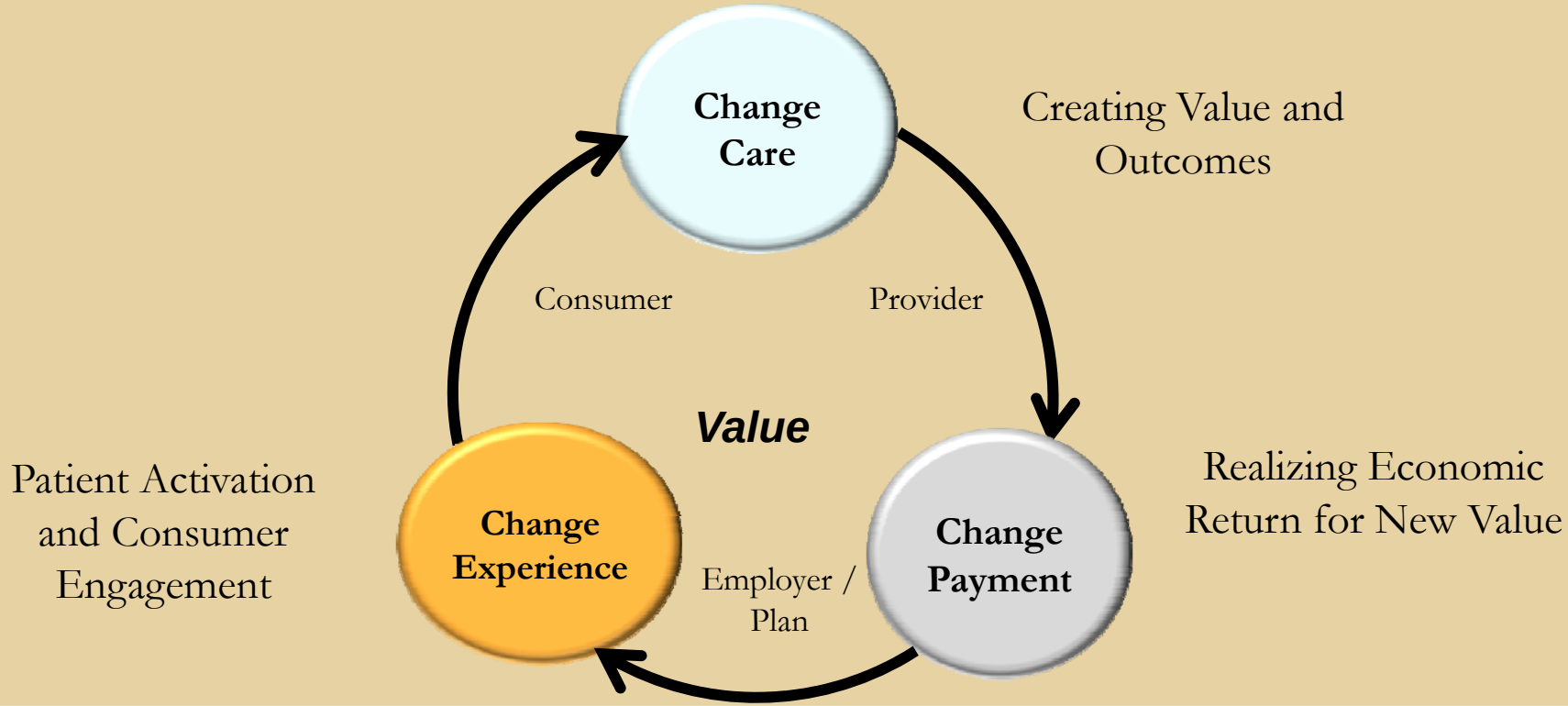
FAIRVIEW

Changing Care to Create Value . . .
. . .Changing Payment to Recognize Return for New Value



FAIRVIEW

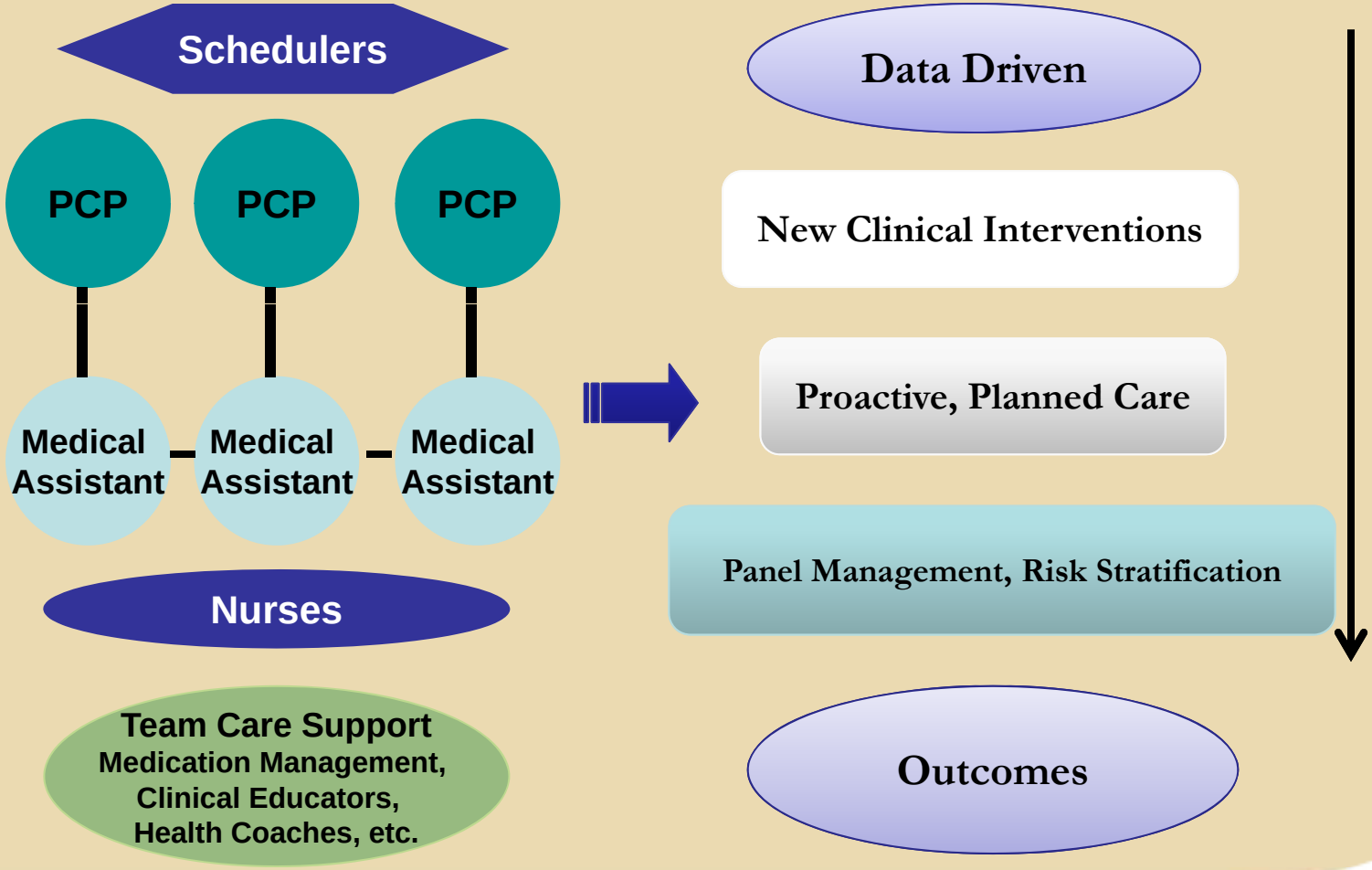
Establishing a New Value Chain



Building a Community Capability to Generate New Care, Experience and Payment Models

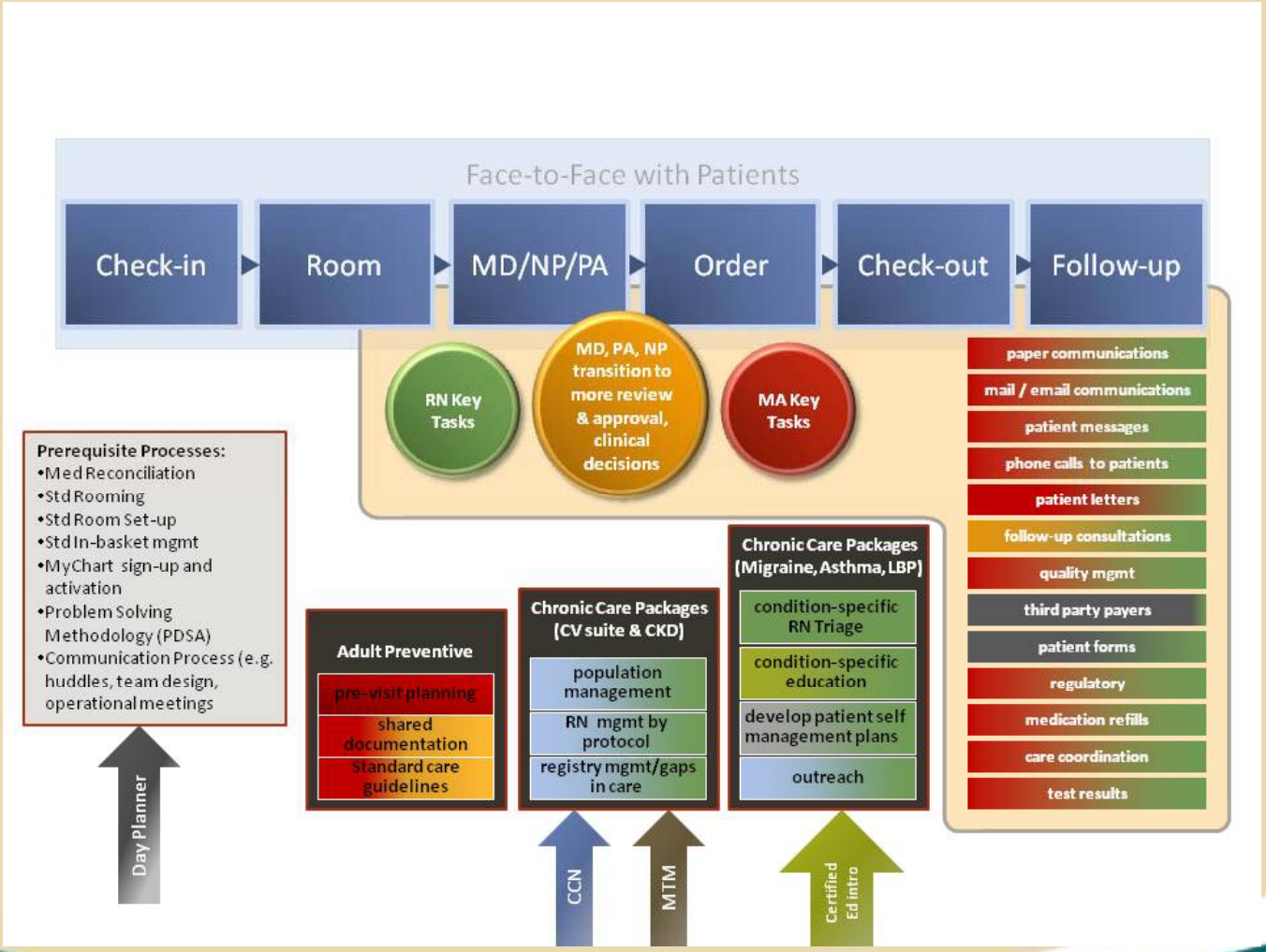
FAIRVIEW

Change *Care*: Team-Based Care in Clinics



FAIRVIEW

Tomorrow…keeping patients healthy with team-based care



FAIRVIEW

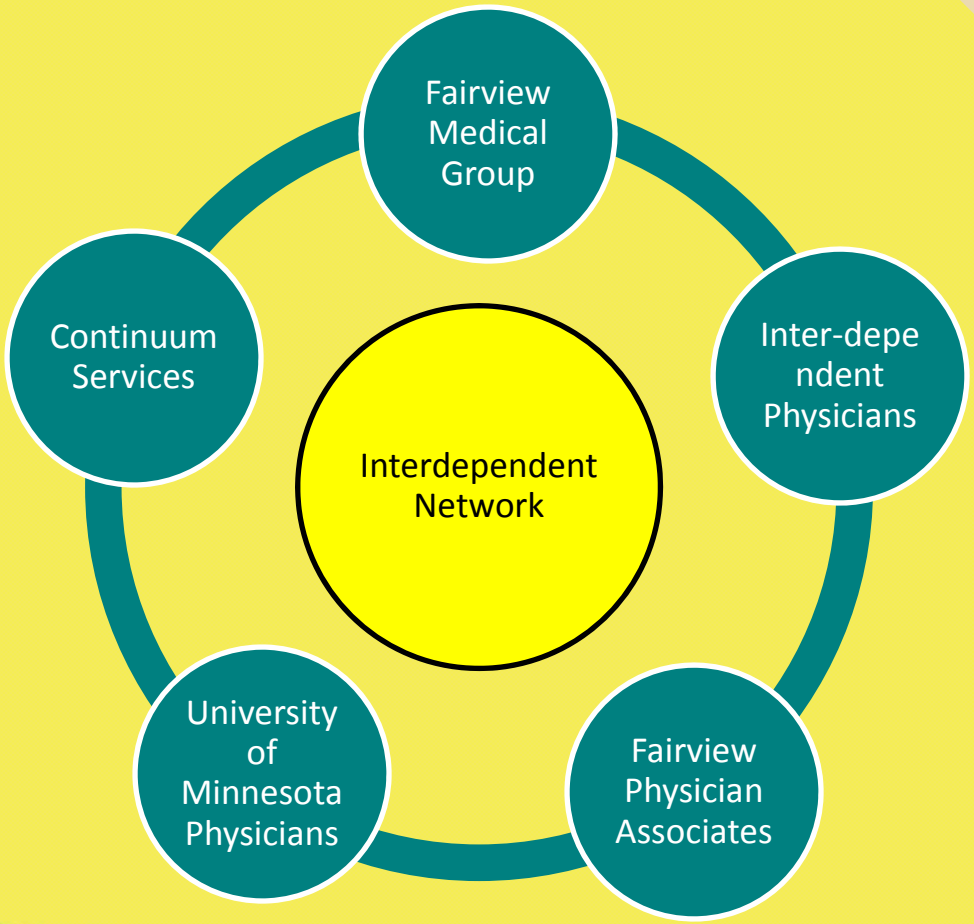
12 Care Packages Developed

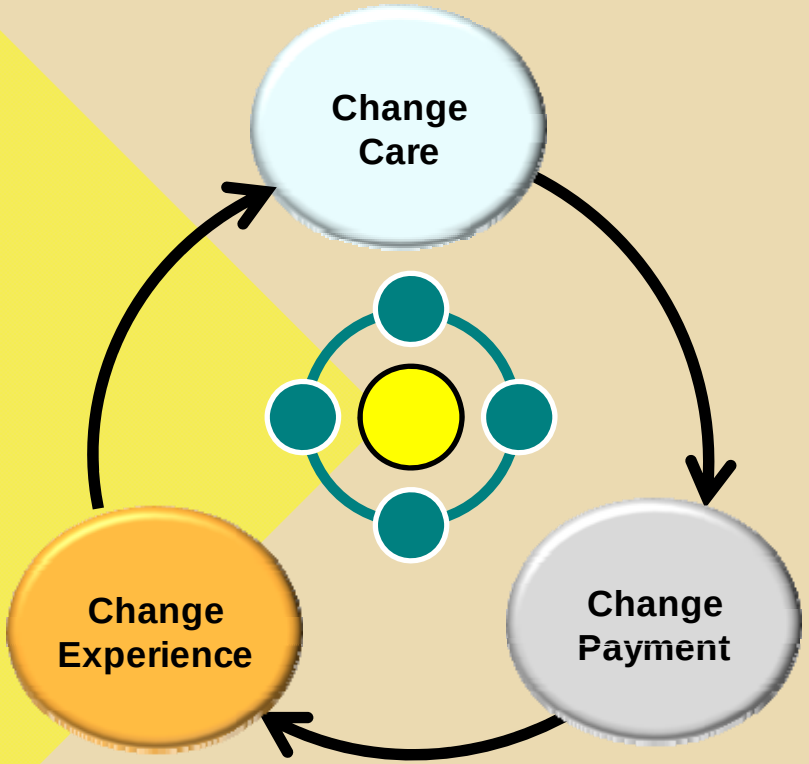
- Low back pain
- Diabetes
- Hyperlipidemia
- Hypertension
- Migraine
- Kidney disease

- Kidney transplant
- Adult asthma
- Coronary artery disease
- Adult preventive
- Prenatal care
- Total knee replacement

More to come in 2011

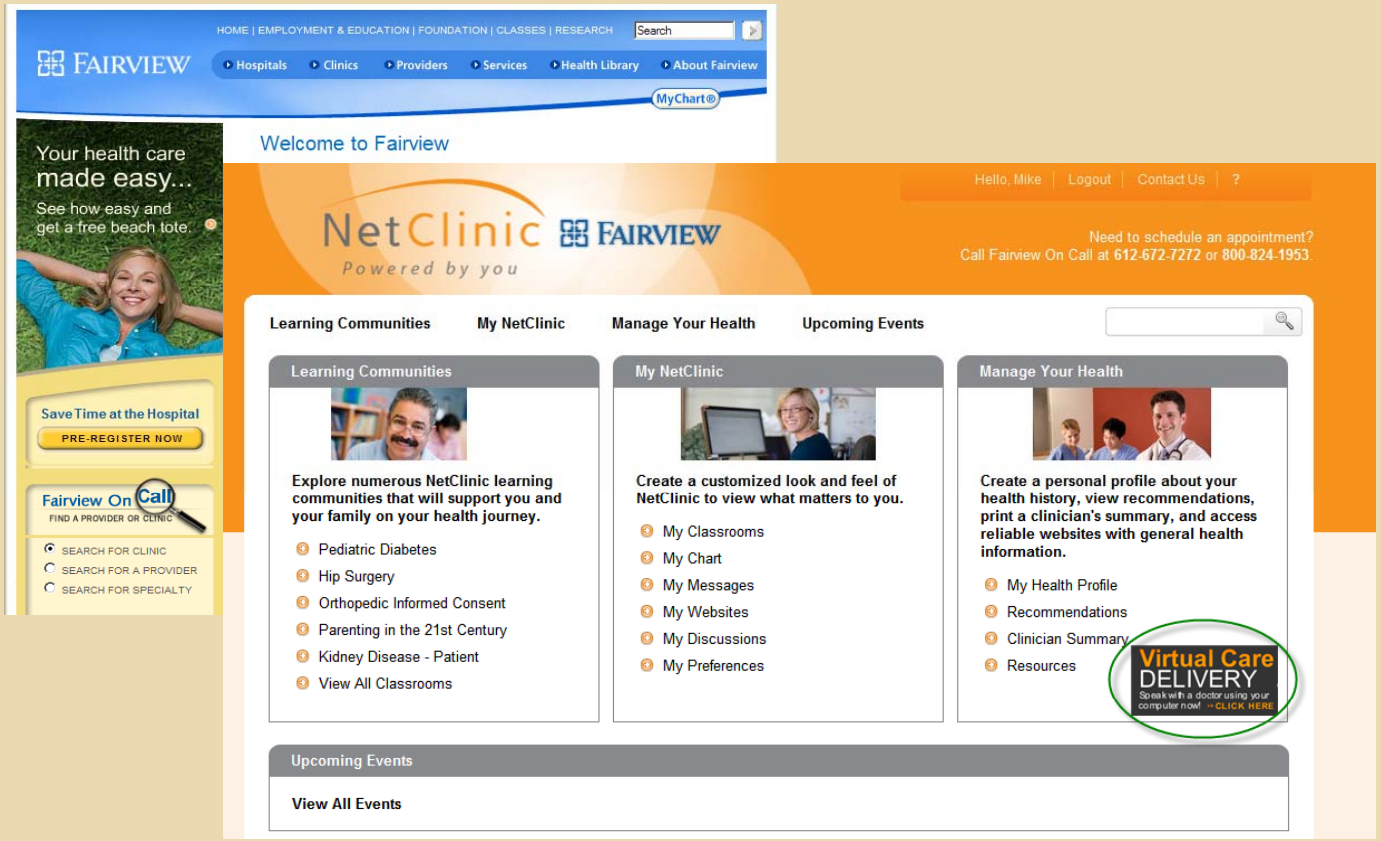
Interdependent Network of Providers Creating More Value





FAIRVIEW

Change *Experience*: Virtual Care through Fairview NetClinic



Virtual Clinics

- Coaching
- Medication Therapy Management
- Urgent Care
- eMedical Home
- Condition Specific

FAIRVIEW

Prototyping Virtual Care:

Online Care Anywhere Dashboard (Nov. 30, 2009 – Jan. 25, 2010)

49 visits (0 paid extensions)
21 coupons used
1057 enrolled consumers (4.3% with visits)
32 providers (75% with visits)

Average Satisfaction with Online Care
By Consumer: 4.69/5 stars
By Provider: 4.31/5 stars

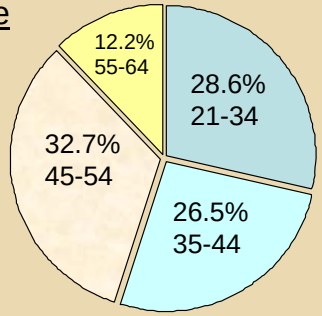
Online Care Rooms
2133 Total Card Swipes

1503 Main
525 RP
105 Virginia, MN

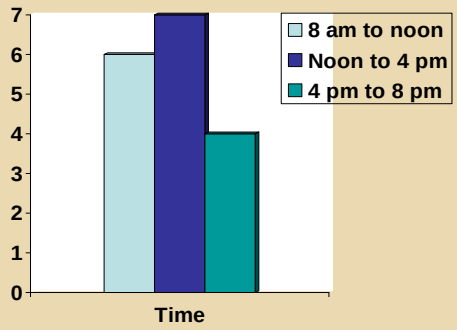
Visit Demographics

69.4% Female
30.6% Male

Age



Time of Day



Provider Types

94% MD
4% Physician Asst
2% Nurse Practitioner

Satisfaction with Provider

4.63/5 stars

Visit Details

0% Phone Only
100% Web

0 Disconnects
0 Provider Cancelled/ Provider Declined
49 Completed

Top Rx

18 prescriptions written.
No additional detail available

Top Diagnoses/Disease Areas

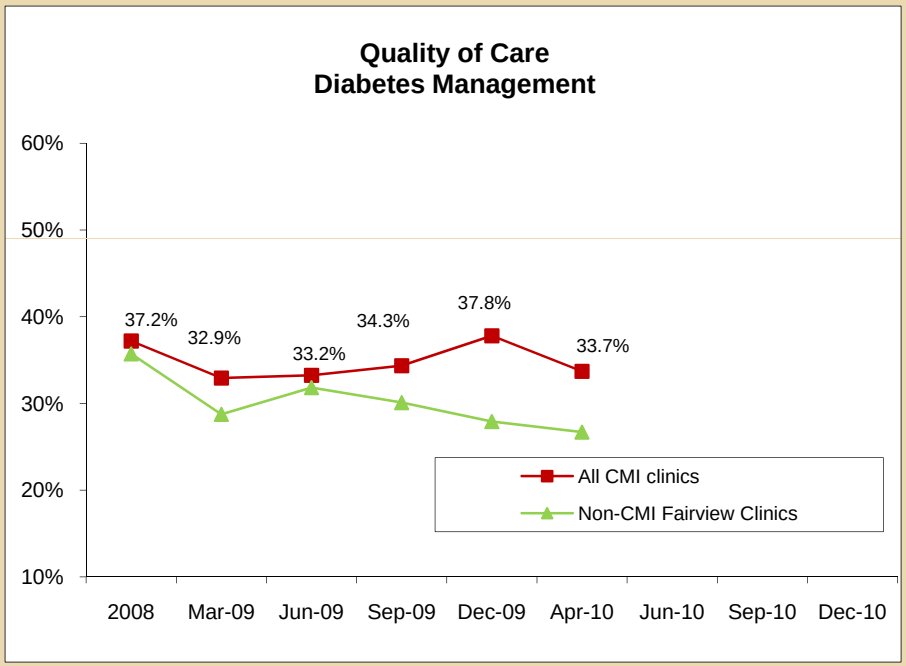
1. Skin disorders and redness
2. Behavioral Health
3. Insomnia
4. Migraines and other headaches
5. Hypertension

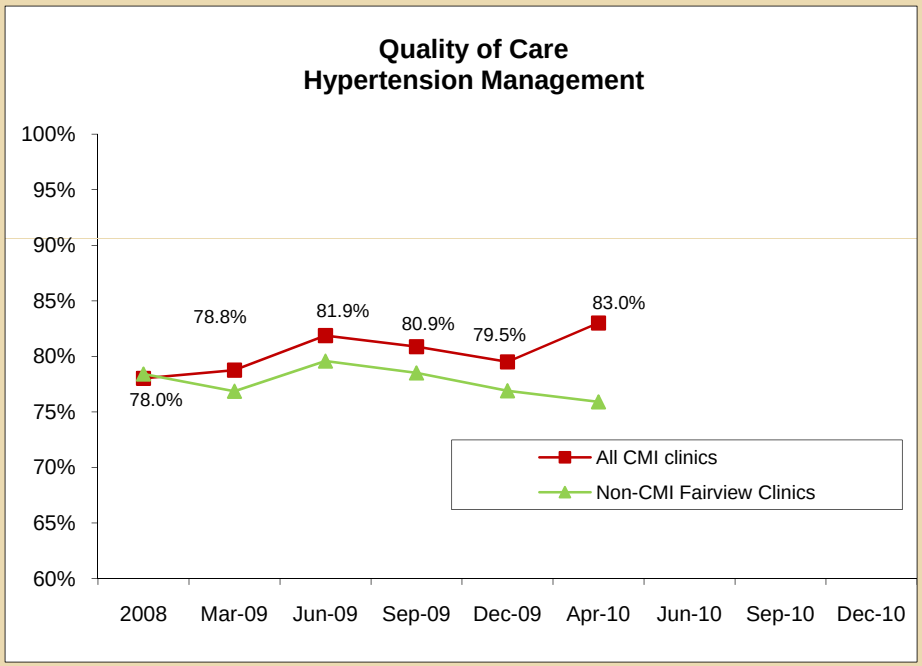
Virtual care prototype with BlueCross BlueShield of Minnesota (BCBSM):

- Fairview providers care for BCBSM employees & family members using web cams in employer clinics and homes
- Model and understand virtual care operations
- Design for consumerism

FAIRVIEW

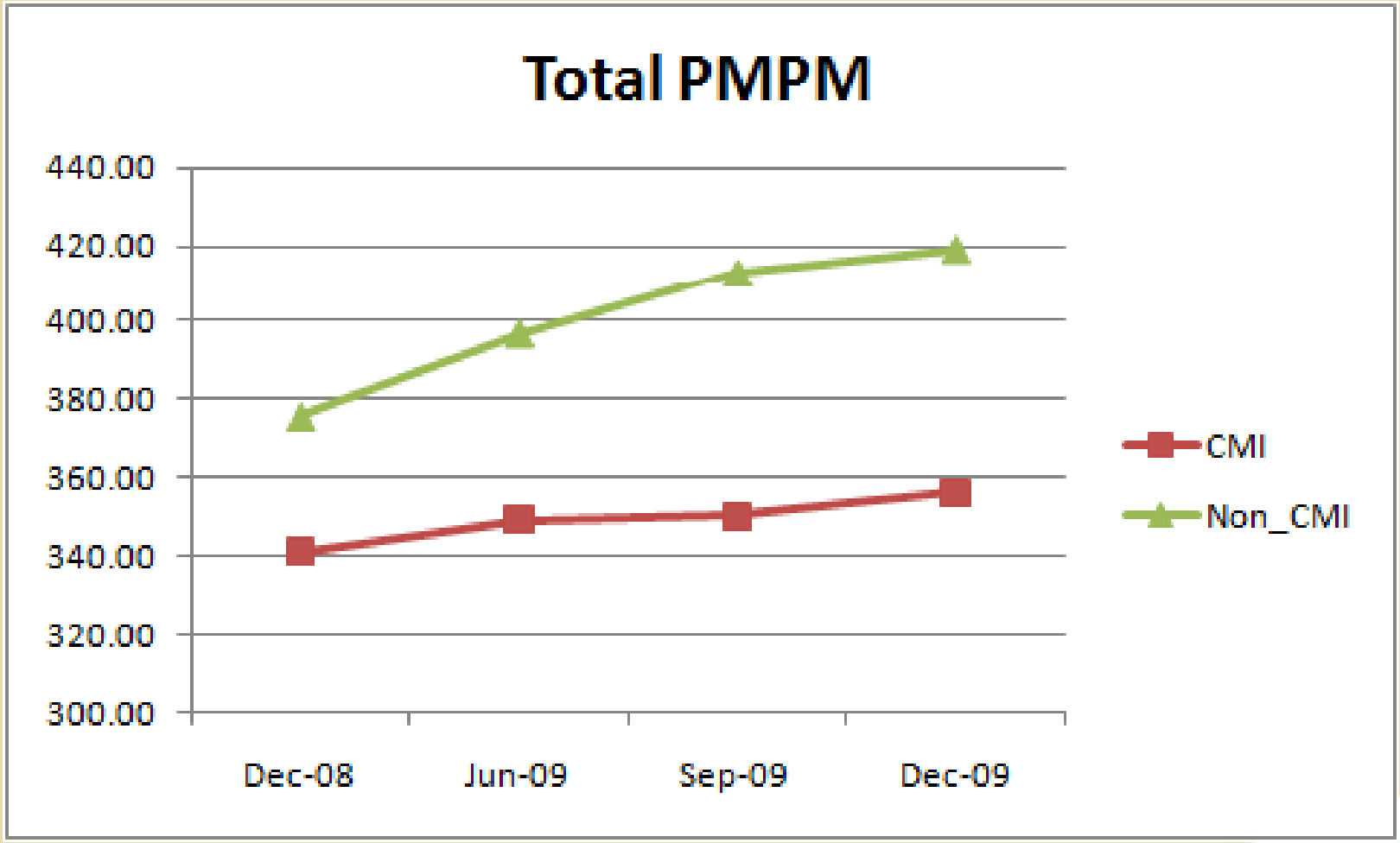
Improved quality in CMI clinics





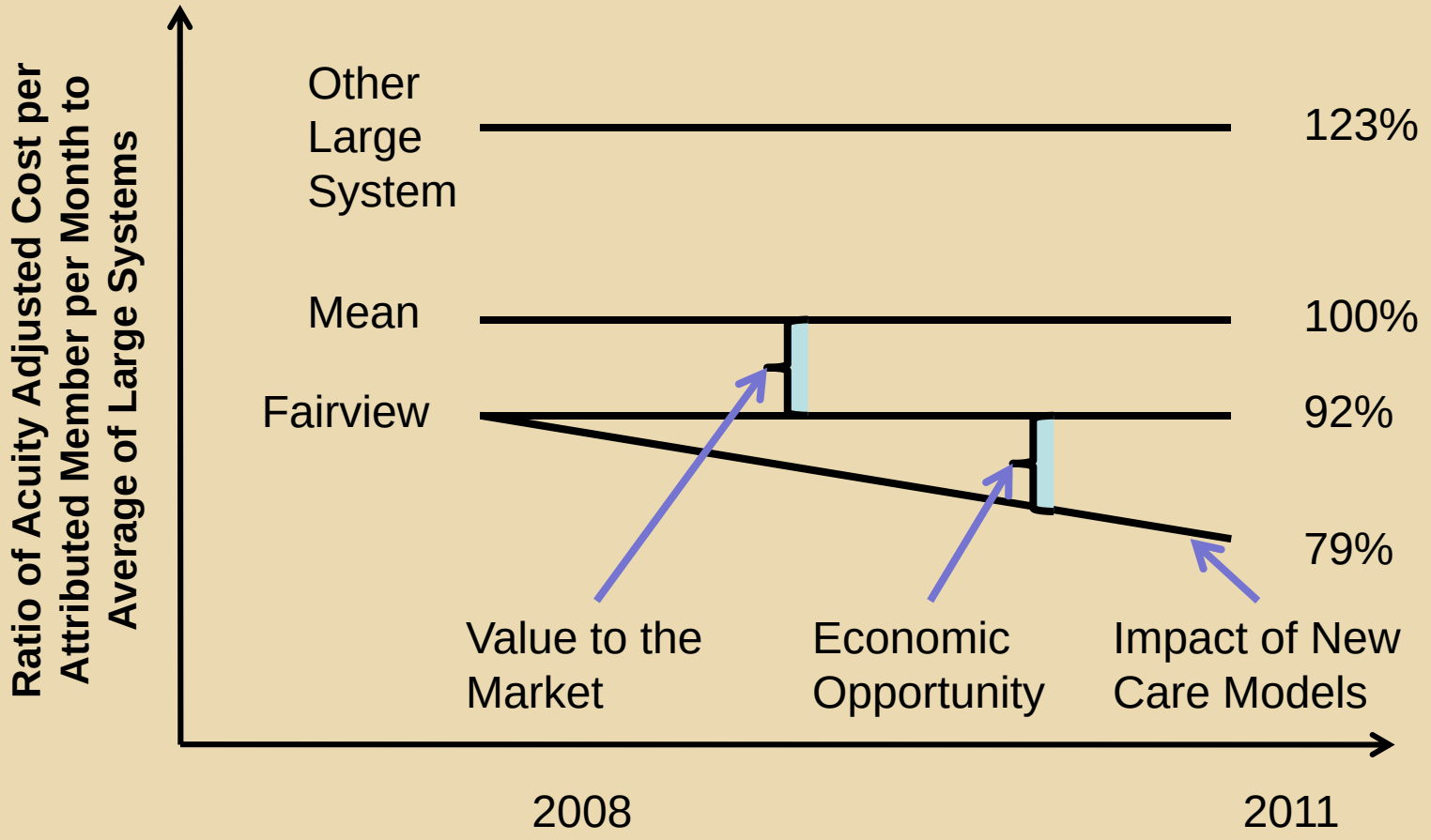
FAIRVIEW

Total Cost of Care Comparison (Preliminary)



FAIRVIEW

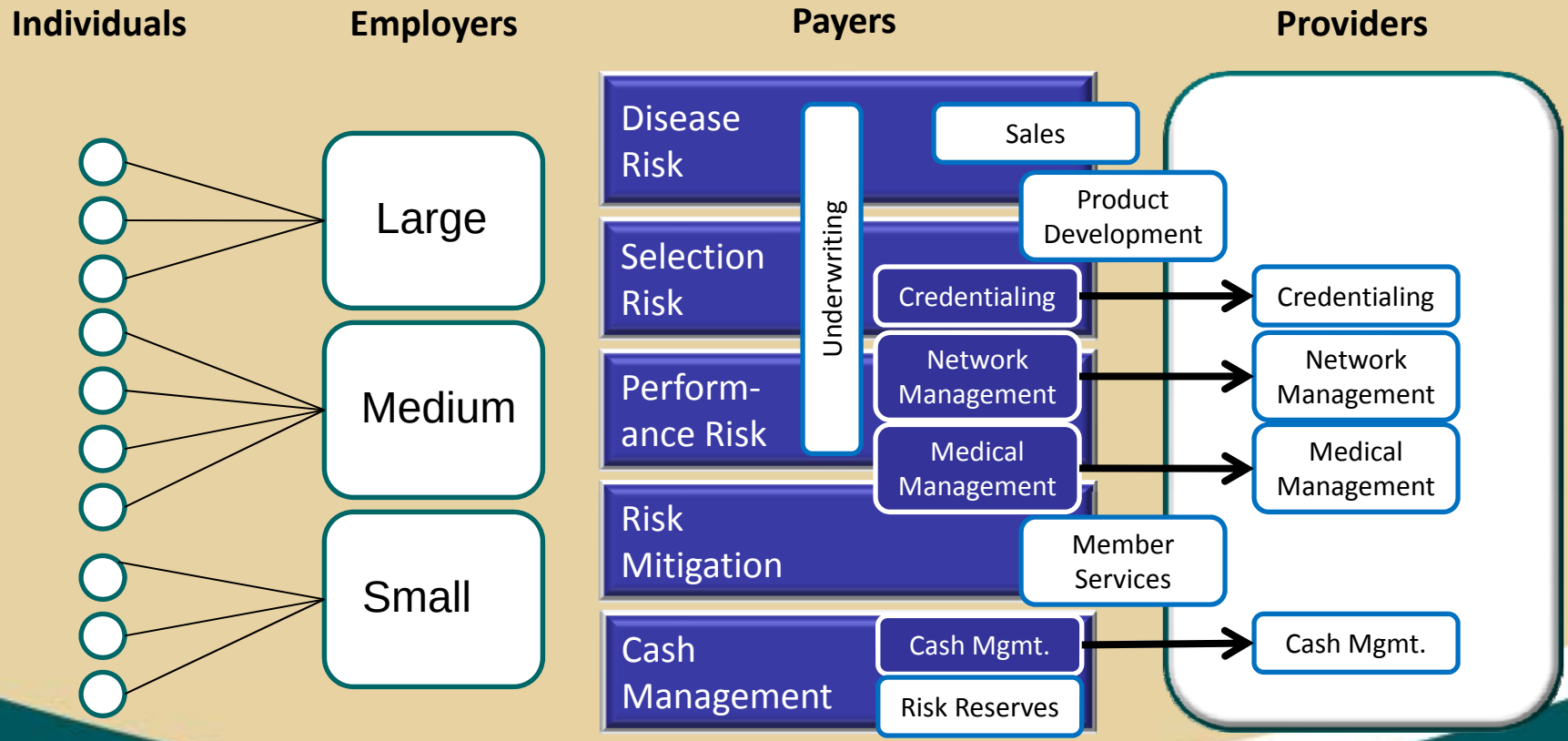
Change *Payment*: The Value of Fairview Primary Care Physicians



FAIRVIEW

Business model shift

Select functions of payers shifting to providers, as providers take accountability for accepting performance risk and managing the health of populations.



FAIRVIEW

Executive Summary: Challenges

- Thriving in fee-for-service model while transforming to value-based model
- Creating "new value" and "realizing economic value" of new care models
- Cultural transformation to enable new business model
- Physician alignment and integration (primary care/specialists, community/academic, independent/employed)
- Creating financial capacity to invest in care model innovation—internally generated and investments from external partners
- Ownership and commitment to vision
- Creating a sense of urgency—"the burning platform"
- Creating the framework to manage health and performance risk

Executive Summary: Success Factors

- Senior leadership "will" and engagement
- Physician leadership "owns" care model redesign
- Enlightened payers and employers
- Physician/clinician alignment and integration
- Partners who bring needed expertise
- Access to data—integrated business intelligence
- Commitment to transformative work to create new value