“CONNECTING THE DOTS”

Formation of a High Performance Medical Group within a Hospital Centric Health Care System . . . De NOVO

Jim Boswell, MBA – VP Physician Services / BMHCC and CEO / BMG
Robert Vest, JD – COO / BMG
System Overview

- Founded in 1912
- Discharges 84,000
- 14 Hospitals
- Baptist Medical Group
- Hospital of Choice for the past 18 years
- 6 Home Care Hospice
- 15,000 Employees
- Baptist College of Health Services
- 2,300 beds system-wide
Hospital Locations
THE ROAD TO PHYSICIAN ALIGNMENT
Pre-Physician Alignment

- Employ physicians only as last resort and only in regions
- Use 3rd party for management
- Recruit to single specialty groups in Metro Memphis
- Hospital centric
- Rely on large dominant single specialty groups for growth
- Respected but often at conflict with physicians
- The best doctors practiced at Baptist
- Baptist was in a dominant financial and market position (AAA rated)
- Aggressive competitor in the market . . . seen as physician friendly

However, . . .
The Memphis Market is changing and Baptist realizes . . .

- Demographic Shifts
- Rising Overhead
- Declining Reimbursement
- Physician Shortages
- Care Delivery Redesign
- Payment Reform
- Reform Uncertainty

The Doctors might leave!!!
WHAT HAS ALWAYS MADE BAPTIST STRONG
SOON BECAME AT RISK . . .

Large Single Specialty Groups Dominate the Market

Neurosurgery
Pulmonary
Primary Care
Orthopedics
Oncology
Cardiology
General Surgery
The shots heard round Memphis . . .

- 2009 – Baptist has conflict with large Orthopedic and Oncology groups
- 2010 – Sutherland Clinic signs with competitor
- 2011 – Baptist affiliated oncology group announced partnership with competitor
- 2011 – Large Primary Care group signs with competitor
BAPTIST HAD A PLAN!

Jonesboro Market – “Incubator of an Idea”
NEA CLINIC

- Founded in 1977
- 30 Specialties
- 110 Physicians
- 2001 AMGA Preeminence Award
- 2003 AMGA Preeminence Award
- 2005 AMGA Preeminence Award
2009 - Baptist joint ventured with NEA for purchase of hospital

Started rocky; however, . . . as partners had to get along

For the first time Baptist and physicians experienced “true partnership”

JV Hospital at capacity; clinic at capacity; market share opportunity

NEA Clinic seeing the transition in Health Care and value of alignment approaches Baptist

Baptist wanted NEA’s practice management expertise
THE IDEA . . .

Integrate a High Performance Medical Group
within a Hospital Centric Health Care System
Goals of the NEA Clinic

- Maintain Group Practice culture
- Remain Physician led
- Professionally managed
- Patient centered
- Long term sustainable
- True partnership with true integration
- Infrastructure for shared success
- Compete based on value
How to structure in a health system . . .

- Governance
- Physicians had to remain engaged with a seat at the table
- Need separate but integrated infra-structure
- Foster partnerships with doctors – not make them employees
- Not require referrals but earn them through quality
- Professional practice management
Why does our medical group model fit well with an Independent Group?

- Our model places the medical group and hospital at PAR.
- Our model gives group maximum independence and flexibility within a Health System.
- Our model focuses on Patient Centered Care and relies on Physician Leadership and Professional Management.
- Our model emphasizes strategic alignment between Health System and Group.
Premier Cardiology Group – Stern Clinic

- 96 years old
- Baptist aligned
- In deep discussions with competitor
- Trusted that the “NEA Clinic” model would work
- Believed in the transformation of the Baptist System

They got us in the GAME!!
Assembling the Physician Enterprise
Step One for Accountable Care Preparation

Physician Partnerships Essential for Success in New Accountable Payment Paradigms

Evolution Toward Accountable Care

Accepting Total Cost of Care Accountability
Organizing for Performance
Assembling the Physician Enterprise

Journey to Accountable Care

Degree of Population Health Management

Time

Source: Health Care Advisory Board interviews and analysis
How to ID the right doctors and grow

- Domino docs
- 100% physician referenceable
- Get physicians involved
- Acquisition isn’t everything
- Think outside the box
Baptist wins tug of war over doctors

By Toby Sells
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Memphis’ two major hospitals have squared off for months to attract the 13 doctors of Family Physicians Group to their systems.

Now, it looks like the scorecard is complete. Baptist gets seven physicians as well as all the offices and administrative staff. Methodist gets six doctors and a handful of employees.

The scrap for doctors reflects an unusual twist in the medical turf wars going on in Memphs. Hospitals in the city and throughout the nation are partnering with physicians, part of the health care changes being ushered in by federal reforms.

But Baptist Memorial Health Care Corp. faced a fight. The hospital thought it had the deal lined up to sign all the physicians. Then, Methodist Le Bonheur Healthcare made a last-hour bid for some of the doctors.

The unusual wrinkle in the turf wars, but Methodist managed to woo away six physicians. But Baptist still thinks it may have won the bulk of the practice by securing the seven doctors. Baptist officials predicted Thursday afternoon that Family Physicians Group would vote to seal the alignment deal in a board meeting Thursday night closed to the public.

According to Baptist Memorial Medical Group CEO Jim Boswell, six of the practice’s original 13 physicians would not be party to the deal and would depart Family Physicians Group altogether.

Family Physicians originally signed a letter of intent to join Methodist’s physician group last year, Boswell said. It pulled away after six months and called to join Baptist, which prompted this deal.

“Rather than respecting the letter of intent, Baptist is betting they could outmaneuver us. They were able to go in and what we thought was a done deal was not,” Boswell said. “They were able to steal the deal from us.”
Baptist Medical Group Growth

Total Number of Providers = 549
Building an Integrated Medical Group requires significant investment in time and resources.
Laying the Foundation

- Develop the integrated Medical Group Model
- Differentiate our group model from competitor
- Build M&A team and onboarding experts
- Attract the best groups
- Build physician governance
- Establish hiring and service standards

Optimizing Practice Operations

- Standardize financial and operational processes and systems
- Develop Practice Management Systems & Teams
- Consolidate shared services
- Establish hiring and service standards
- Full conversion to Epic, Lawson, Crimson
- Group Dashboard
- Physician Leadership Training (implement)
- Expand Access
- Integrate financial reporting with system
- Achieve economic s of scale
- Reward Quality

Capture the full value of Integrated Medical Group

- Seize opportunity for quality and cost improvement
- Enhance care coordination and management
- Centralized referral scheduling
- Service single contracting leverage
Challenges to Organizing

- Integration of 26 PM and EMR platforms
- Payer credentialing
- IT
- HR Standardization
- Creating Operational Structure
- Make changes for change sake – make sure changes bring value
- Communication in a new entity
- Setting expectations with doctors and clinics on their roll and how they fit in prior to on-boarding
- Dealing with the anxiety of employees pre- and post-acquisition
- Acquiring and consolidating competitors
- Etc.
Preparing for Growth

Solutions:

- Dedicated acquisitions team with legal and practice management skills
- Transition committee led by detail oriented project manager
- Transition operations: Those who make the promises must deliver
- Created a single point of contact to connect the system, hospitals, and new groups.
- Recruit and develop practice management experts
Creating a group culture out of a collection of butterflies

- Group practice identity
- Formation of a physician led board
- Bring value through group branding
- Foster cohesion among practice
- Centralized referral line – we don’t require referrals but we do make it easy
- CME presentations and social gatherings
- Quarterly Physician meetings
- Physicians and operations together driving standardization performance
- Transparency of performance data within the group
- Development of global patient centered quality initiatives

Now Baptist has a physician group – what’s next?

The Baptist Medical Group is proud to introduce our Board of Directors, a group dedicated to improving both the patient experience and the careers of our physicians. The physician board is designed to lead the medical group by promoting commitment to quality and patient satisfaction and by assisting in development of long term strategy and growth plans of BMG.

**BAPTIST MEMORIAL HEALTH CARE CORPORATION**
- Steve Guba, MD - Chief Operating Officer
- Don Pounds, Chief Financial Officer
- Jim Boxwell, Chief Executive Officer of Baptist Medical Group

**PRIMARY CARE**
- Gary Finn, MD - Chairman
- Mark Costello, MD
- William Light, MD
- Philo Mintz, MD
- Frederick Polk, MD
- Gregory Jenkins, MD

**SUB-SPECIALISTS**
- Cardiology
  - Michael Isaacson, MD
  - Joseph Samaha, MD

**Hospitalists**
- Ayasha Mozamili, MD
- John Reed, MD

**Oncology**
- Alexander Jerkow, MD
- Earle Weeks, MD
- Hag Chungtraghian, MD

**Pulmonary**
- Emmett Golden, MD
- William Hubbard, MD

**SURGEONS**
- General Surgery
  - Alyssa Throckmorton, MD
- Transplant
  - John Craig, MD
- Neurosurgery
  - James Walker, MD
Bringing together the best minds in heart care.

You only have one heart, and now you have just one name to remember for heart care: Baptist Medical Group. BMG has brought together the best cardiologists in the region, combining more than 60 leading heart specialists and their teams with the resources of the Baptist Health Institute. And, with practices conveniently located throughout the Mid-South, this extraordinary care is close by wherever you live.

Get Better.

The best doctors are the ones who know you.

You want your doctor to know everything about health care. And everything about medicines. But most importantly, you want a doctor who knows you. The physicians of Baptist Medical Group are completely focused on giving you extraordinary and personalized care. With BMG you're getting more than a doctor. You're getting better.

Get Better.
Competition encourages Payor to remove BMG from narrow network plan.

Physicians, management and system leadership immediately mobilize and locked arms, rallying around each other to protect sanctity of the physician-patient relations.

Patients, employers, community leaders support the physician practice. Payor not only concedes but requires Baptist to return BMG to network.
Hospitals and clinics often do not understand each other

IT HASN’T BEEN EASY . . .
Challenges to Integration

- Why is group autonomy important?
- Why can’t we require referrals?
- Physician practices are a drag on the bottom line. Why pay for what we already get?
- Creating “ownership mentality”
- Prove the value of the physician investment
- Standardization for standardization sake
- Complete buy-in at all levels of system
- Growth outpacing infrastructure
- Value of non-admitting MDs
- Transcending hospital standards
How to demonstrate value in a health system

- Financial reporting organized based on strategy
- Provide Physician driven leadership to address system/hospital improvement initiatives
- Increase access to the HC system
- An alignment of hospital & physician incentives
It’s All About Increasing Value

The Right Thing to Do in Any Payment Methodology

Value = \( \frac{\text{Quality}}{\text{Cost}} \)

- Focus on \textbf{maximizing value} delivered to patients
- Unified medical record is “Epic”
- Create high quality, lower cost care sites for outpatient services to compete on Quality & Value
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<tr>
<th>Category</th>
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<td>Providers</td>
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Where are we 3 years in!
Where are we 3 years in! cont’d

- Standardization initiatives under way
  - Clinic competencies
  - HR
  - Financial systems and reporting
  - Purchasing
  - Risk management
  - Recruiting
  - Compensation of physicians
  - Operations procedures
  - Staffing guidelines
  - Clinic workflows
  - Centralized business office
BMG PI Initiatives underway

- Management training curriculum
- Physician compact & code of conduct
- Quality initiatives - measure up pressure down
  - flu eradication
- Epic fully integrated EMR & PM by end of 2014
- Select health alliance – 953 docs
- Care coordination systems with hospitals
- Physician mentoring and leadership program in development
- Physicians spouse organization has started
- Leading, managing, and operating as a unified integrated group practice
What do our physicians think?

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How can we develop an engaged and strategically aligned physician culture?
Are we recruiting and retaining the correct providers?
In light of strategic presentation, how should we design our compensation plan?
How can we effectively communicate the value of the medical group to the system?
How should we structure practice governance and encourage physician leadership?
How can we involve medical group leaders in system level strategy setting?
How can we capture the full benefit at the medical group?