

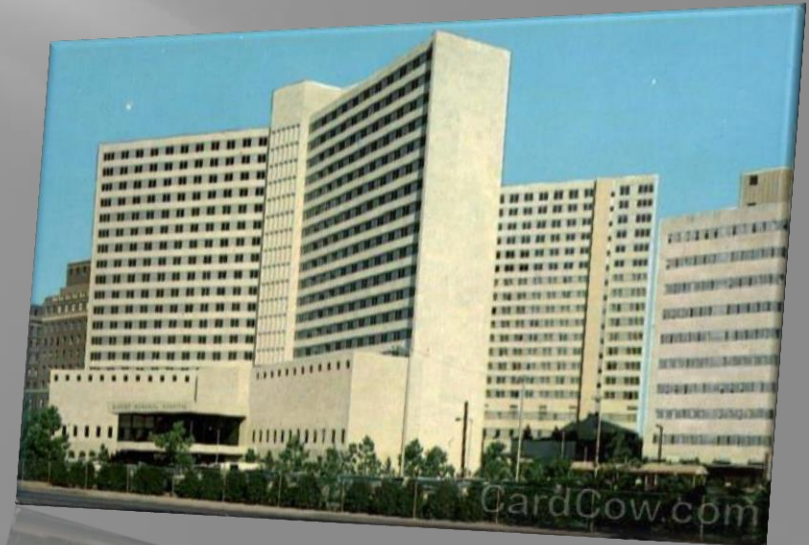
“CONNECTING THE DOTS”

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

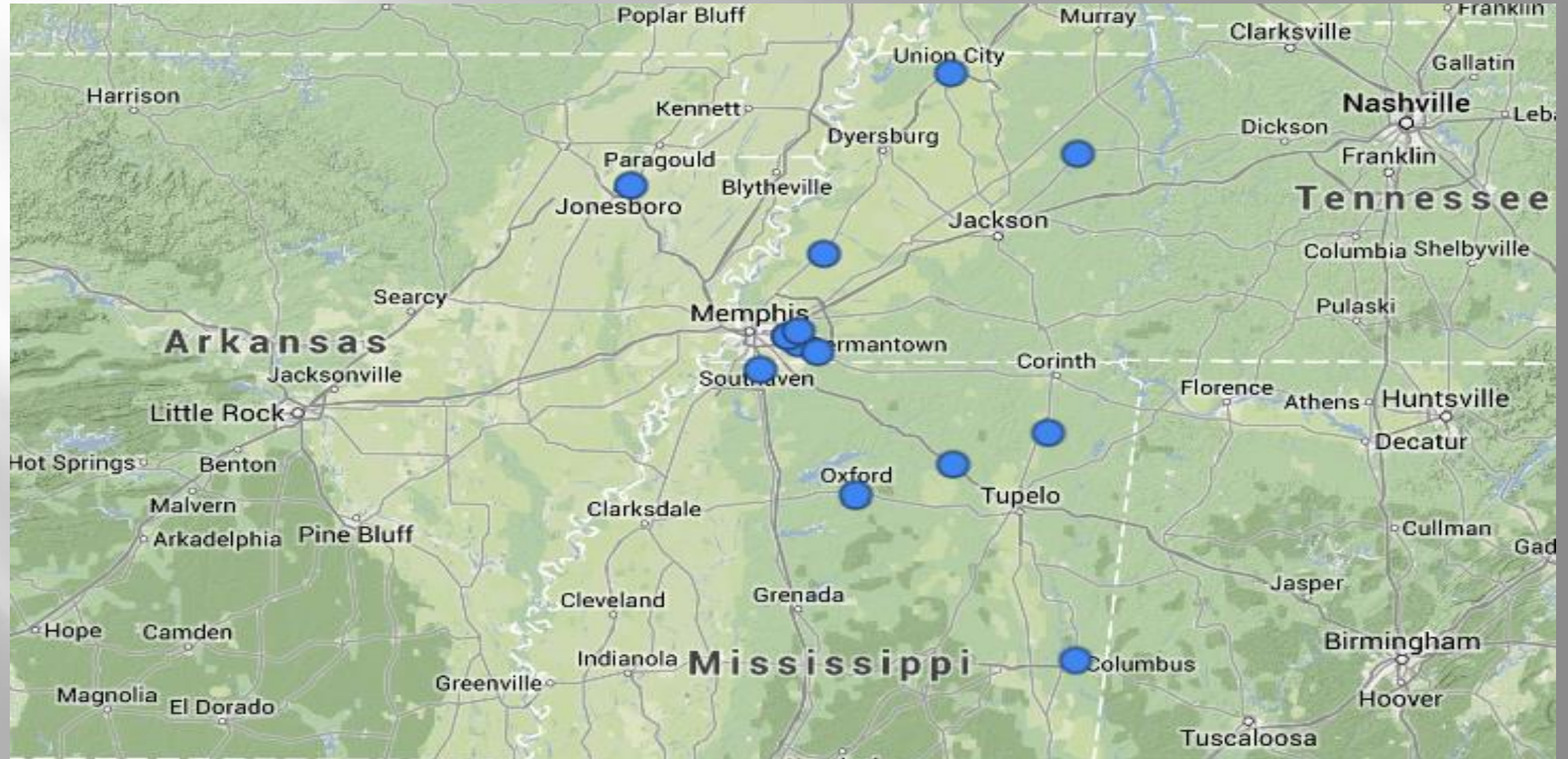
Jim Boswell, MBA – VP Physician Services / BMHCC and CEO / BMG
Robert Vest, JD – COO / BMG

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, . . .



WHAT HAS ALWAYS MADE BAPTIST STRONG SOON BECAME AT RISK . . .

Large Single Specialty Groups Dominate the Market

Neurosurgery



Pulmonary



Oncology



General Surgery



Primary Care



Orthopedics



Cardiology



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



Jonesboro Market - “Incubator of an Idea”

- ❖ 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

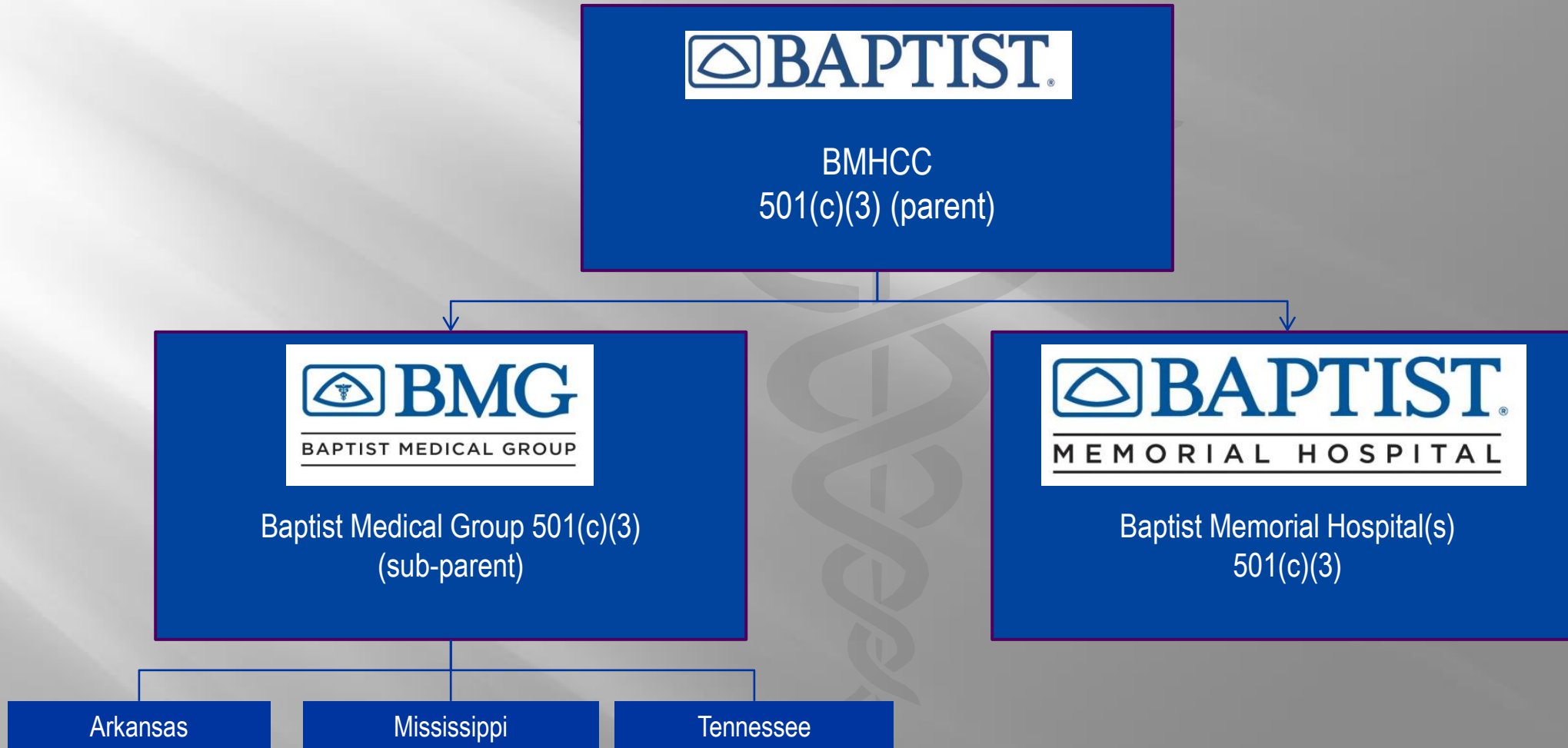
- Maintain Group Practice culture
- Remain Physician led
- Professionally managed
- Patient centered
- Long term sustainable
- True partnership with true integration
- Infrastructure for shared success
- Compete based on value

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

The Governance Structure

Horizontal Integration





NEA Baptist
Jonesboro, AR

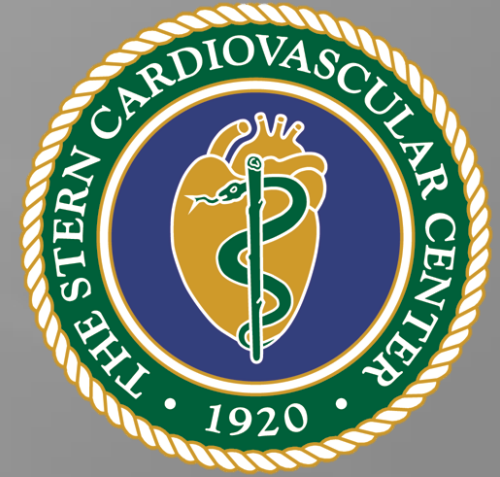
Why does our medical group model fit well with an Independent Group?

- ▣ 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.

The 1st test of the vision

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

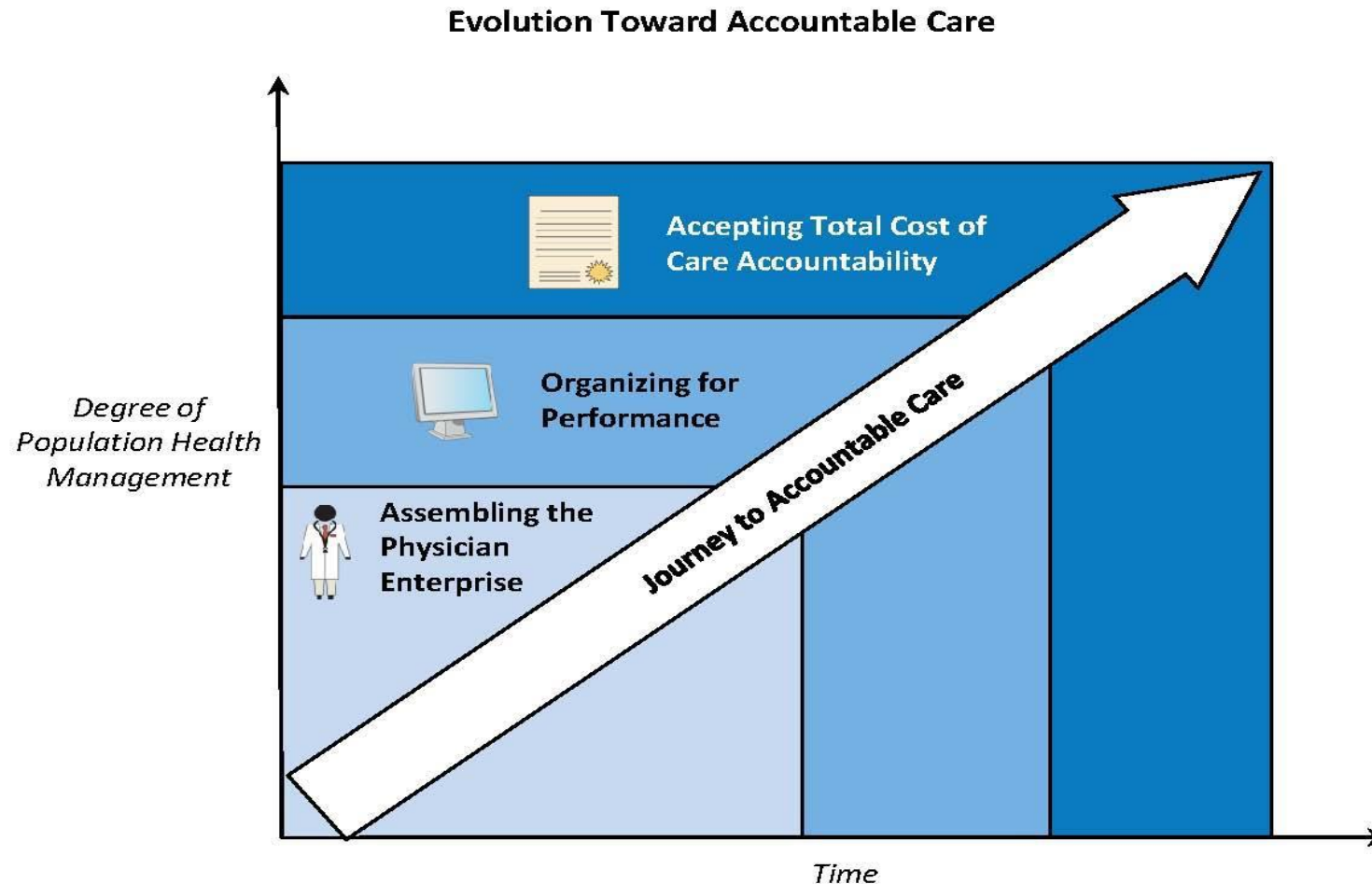


They got us in the GAME!!

Assembling the Physician Enterprise

Step One for Accountable Care Preparation

Physician Partnerships Essential for Success in New Accountable Payment Paradigms



How to ID the right doctors and grow

- ✓ Domino docs
- ✓ 100% physician referenceable
- ✓ Get physicians involved
- ✓ Acquisition isn't everything
- ✓ Think outside the box

Business

Friday, March 1, 2013

■ **BP sought narrow probe** into 2010 oil spill into Gulf Mexico according to a company executive. **2C**



Money & Markets

Roundup, 3C

DOW JONES	NASDAQ	S&P 500	6-MO T-BILLS	30-YR T-BONDS	CRUDE OIL	GOLD	EURO
14,054.49 -20.88	3,160.19 -2.07	1,514.68 -1.31	.12% -.01	3.09% -.01	\$92.05 -.71	\$1,577.70 -17.00	1.3063 -.0066

Baptist wins tug of war over doctors

■ Gets bulk of Family Physicians Group

By Toby Sells

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901-529-2742

Memphis' two major hospitals have squared off for months to attract the 13 doctors of Family Physician Group to their systems.

Now, it looks like the score-

card 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 Memphis. Hospitals in the city and throughout the nation are part-

nering 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 late-hour bid for some of the doctors.

It's an unusual wrinkle in the turf wars, but Methodist managed to woo away six physicians.

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 promptly began drawing up its deal.

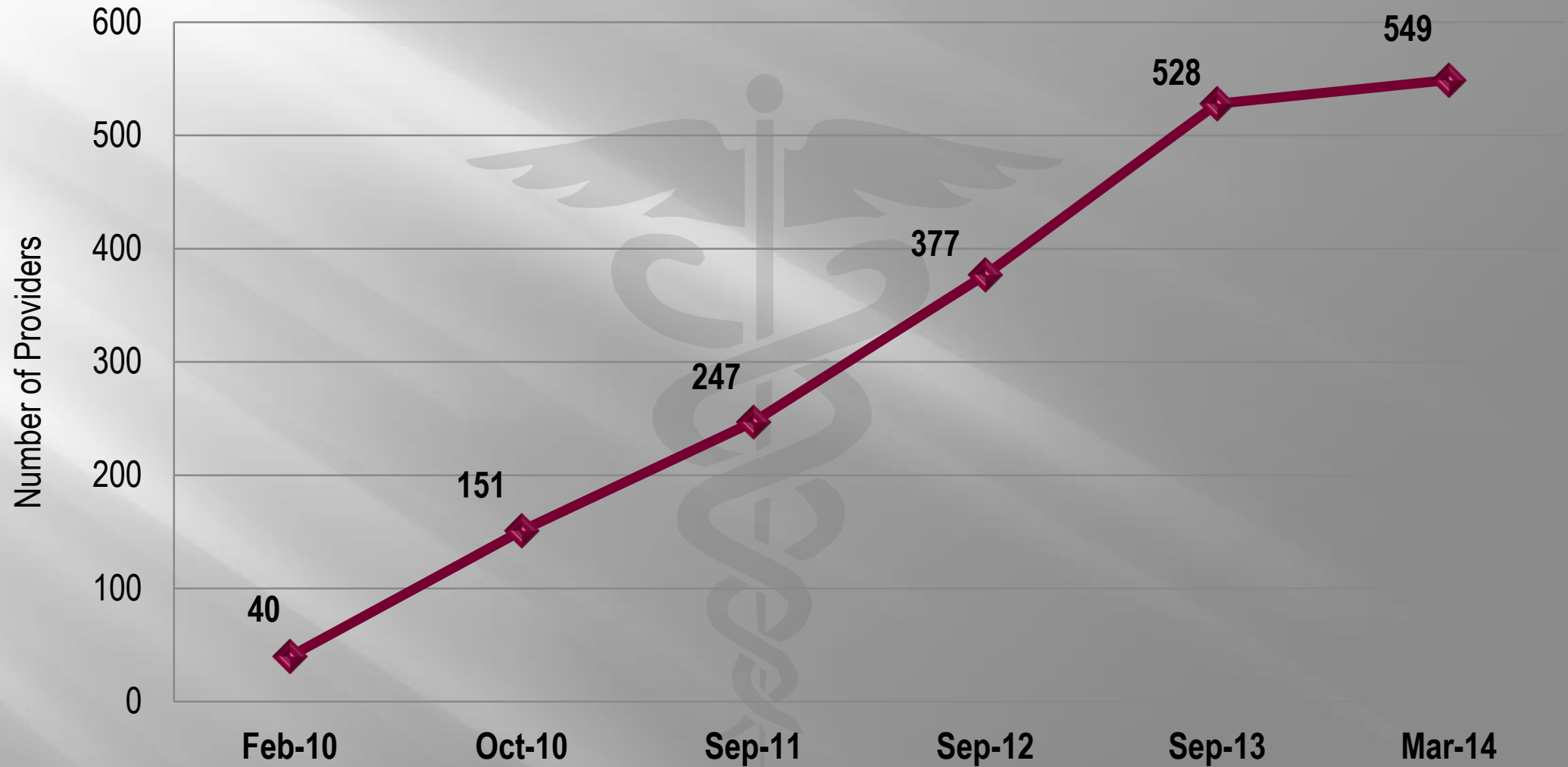
"Rather than respecting

See PHYSICIANS, 2C

COFFEE BREAK

Baptist Medical Group Growth

Total Number of Providers = 549



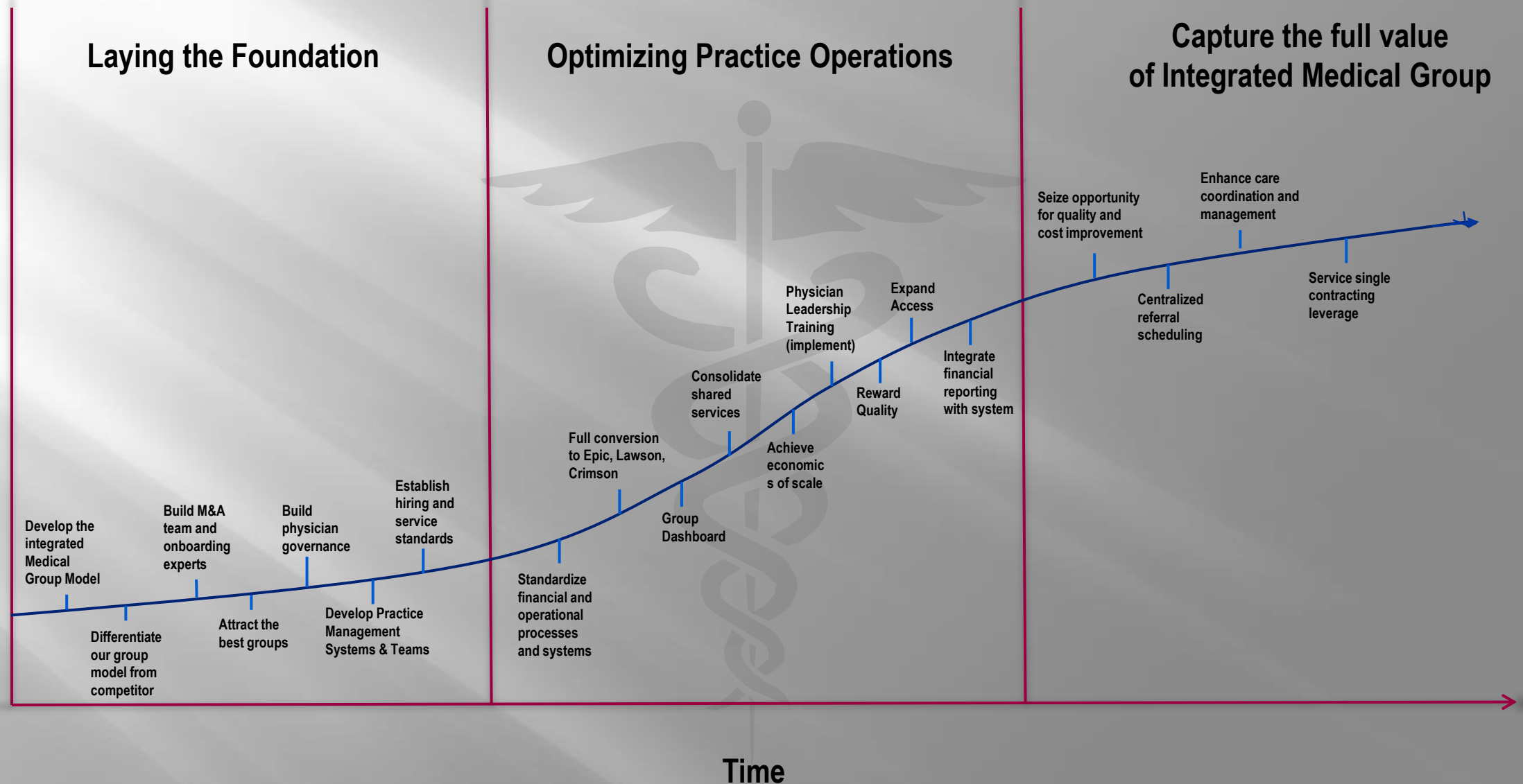
A map of the Memphis, Tennessee area and surrounding regions. Numerous blue location pins are placed across the map, with a high concentration in the Memphis area and along major highways. The map shows major roads like I-40, I-55, and I-75, as well as cities such as Memphis, Jackson, Knoxville, and Nashville. The pins are scattered throughout the region, indicating various points of interest or data locations.

ORGANIZING FOR PERFORMANCE...

Building an Integrated Medical Group requires significant investment in time and resources

Timeline for Developing Integrated Medical Group

Medical Group Integration



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

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

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



Patient centered. Physician led. Professionally managed.

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

Jason Little, Chief Operating Officer
Don Pounds, Chief Financial Officer
Jim Boswell, Chief Executive Officer
of Baptist Medical Group

PRIMARY CARE

Cary Finn, MD – Chairman
Mark Castellaw, MD
William Light, MD
Philip Mintz, MD
Frederick Pelz, MD
Gregory Jenkins, MD

SUB-SPECIALISTS Cardiology

Steve Gubin, MD
Michael Isaacson, MD
Joseph Samaha, MD

Hospitalists

Ayesha Muzammil, MD
John Reed, MD

Oncology

Aleksander Jankov, MD
Earle Weeks, MD
Ray Osaroglagbon, MD

Pulmonary

Emmel Golden, MD
William Hubbard, MD

SURGEONS

General Surgery

Alyssa Throckmorton, MD

Transplant

John Craig, MD

Neurosurgery

James Walker, MD



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best minds in heart care.



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the ones who know *you*.



You want your doctor to know everything about health care. And everything about medicine. 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.

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Get Better.

A TEST OF UNITY

ISSUE

Competition encourages Payor to remove BMG from narrow network plan

ACTION

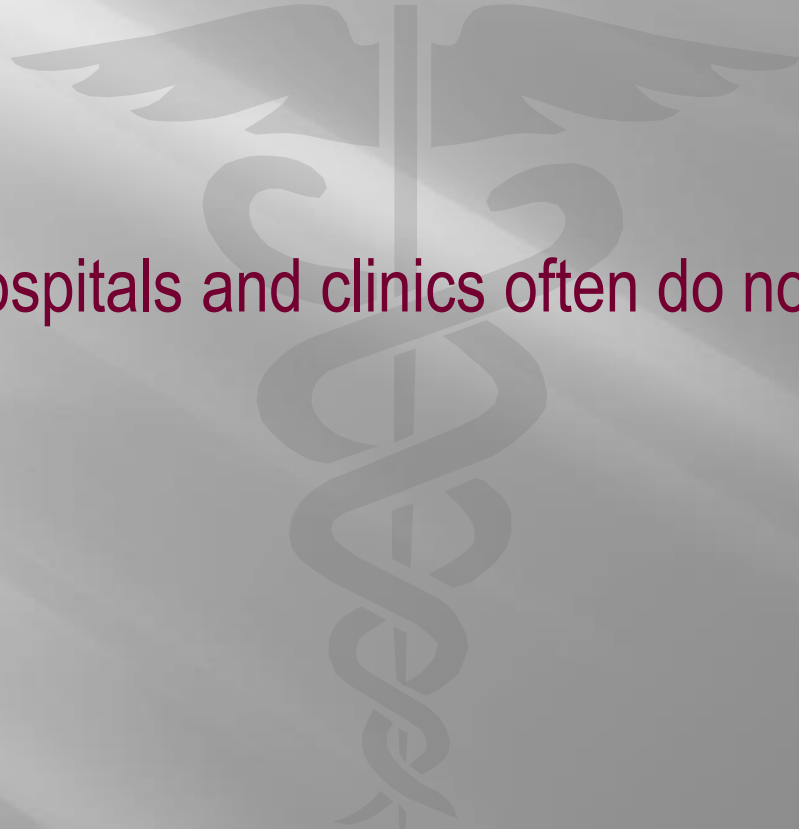
Physicians, management and system leadership immediately mobilize and locked arms, rallying around each other to protect sanctity of the physician-patient relations

RESULT

Patients, employers, community leaders support the physician practice. Payor not only concedes but requires Baptist to return BMG to network

IT HASN'T BEEN EASY....

Hospitals and clinics often do not understand each other



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

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

- Focus on **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

Where are we 3 years in!

Providers	549
Care Sites	143
Specialties	43
Gross Revenue	\$580m
Visits	1.4m
Employees	2,500

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?

BMG's Physician Satisfaction Survey: % Very Satisfied Survey Vendor: AMGA

% Very Satisfied		
BMG	AMGA Norm	AMGA Best Practice
55%	34%	57%
92%ile		95%ile

IMPERATIVES FOR MEDICAL GROUP SUCCESS

- 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?



BAPTIST MEDICAL GROUP
