Physician Partnerships
The New Era of Health Care Delivery

Chris Van Gorder, President & CEO, Scripps Health
Past Chairman, American College of Healthcare Executives
Miss Ellen Browning Scripps
Scripps Memorial Hospital & Metabolic Clinic
Founded in 1924

Mother Mary Michael Cummings & Sisters of Mercy
Founded St. Joseph’s Hospital, 1890
Named Mercy Hospital in 1924
About Scripps Health

Private, Not-for-Profit, Integrated Health Care System in San Diego, California
Operating Two of San Diego’s Six Trauma Centers

$2.6 BILLION IN REVENUE
13,500 EMPLOYEES
2,600 PHYSICIANS
2,000 IN INDEPENDENT PRACTICE
About Scripps Health

Leveraging Technology

Wireless Health  e-Health/ Mobile Health  Genomic  Personalized Medicine
1999
- Long-term CEO retires after 25 years
- New CEO named — physician/consultant
  October 1999: Van Gorder hired as COO

2000
Major Change Initiatives Launched
- Budgets cut — End to employee “Scripps Shares”
  — Move to align all physicians

Results in Unrest
- Employees/physicians question leadership
- Employee morale/culture at all time low
- Quality scores fall; income drops; regular news coverage; philanthropy suffers
- Physicians & Board vote no confidence
- May 2000: CEO resigns under pressure
- May/June 2000: Van Gorder named CEO
Scripps: Transformation

From there...

To here...
Turnaround Structure: The Right Executive Team

- All execs have operations background
- Authority and responsibility
- Held accountable
- System leadership
- Board of Trustees alignment
- No significant executive team turnover in eight years
- Consistent decision-making
- Keeping the same team in place for growth
Culture of Engagement: Employee Investment

Investments in Employee Growth
- Center for Learning & Innovation
- Mutual Loyalty / Commitment
- Competitive Benefits / Work-Life Programs
- Tuition Reimbursement/Scholarships

Culture Building
- Scripps Leadership Academy
- Physician Leadership Academy
- Emerging Leaders / Mentorships
- Employee 100

Shared Success
- Up to 8 days additional pay
- Based on financial, patient satisfaction, productivity
The Latest Health Care Transition
Paradigm Shift of Payment Reform

<table>
<thead>
<tr>
<th>Old State</th>
<th>New State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philosophy / Expectations: Privilege</td>
<td>Right</td>
</tr>
<tr>
<td>Incentive: Do more</td>
<td>Appropriate care</td>
</tr>
<tr>
<td>Volume: Admit, readmit</td>
<td>Admit less</td>
</tr>
<tr>
<td>Patient: Little self responsibility</td>
<td>Accountability</td>
</tr>
<tr>
<td>Delivery Model: Lots of everything</td>
<td>Consolidation, hub and spoke</td>
</tr>
<tr>
<td>Patient Care: Face to face, physician focused</td>
<td>Remote monitoring, wireless, allied professionals</td>
</tr>
<tr>
<td>Pricing: Foggy, unclear</td>
<td>Transparent</td>
</tr>
<tr>
<td>Payment: Fee-for-service, case rates, DSH</td>
<td>Case rates, shared risk pools, bundled payments, ACO</td>
</tr>
<tr>
<td>Delivery of Care: I think you need...</td>
<td>Cost-effective care delivery, evidence-based medicine</td>
</tr>
</tbody>
</table>
2010 Patient Protection & Affordable Care Act

- Addresses health care access and cost
- Implementation has been tiered, with significant changes this year and next
- Many details still in development and consumers remain confused
- Requirement to be insured begins 2014
Health Care Reform: State Insurance Exchanges

Covered California

- As of 2014, 2.6 million Californians will qualify for federal assistance
- An additional 2.7 million who do not qualify federally will benefit from guaranteed coverage through Covered California
- By 2017, an estimated 2.3 million California residents will enroll in a health plan through Covered California

Significant Dates

- **Jan. 1, 2014** – Most adults required to have public or private insurance, or face fines
- **Oct. 1, 2013**: Covered California open enrollment begins for coverage beginning Jan. 1
“Health care executives are now facing the classic production problem... Most health care organizations have never asked themselves this question, let alone tried to solve it. It’s one thing to say ‘I need to produce an affordable product.’ It’s another thing to actually come up with one.”

—Kaufman Hall, 08/11
Embracing the Change

Is it fair?

“Dude, let me rephrase that... Medicare doesn’t pay the income aspirations of you and your people for doing things exactly the same way you’ve been doing them for 25 years. Change the way you do the things you do, like every other industry has had to do over the last 25 years.”

— Ian Morrison
Futurist and Consultant
ASHHRA Meeting, Phoenix, Ariz.
09/13/11
Change Your Perspective

What do we see if we look at our hospitals and health systems differently?

Port-au-Prince, Haiti
January 2010
One Scripps: Adding a Horizontal Management Framework

Operational Goals
• Identify and reduce variation in quality and cost
• Break even on Medicare by 2016
• Greater alignment between inpatient and outpatient care
• Greater health care value for community
• Greater alignment with physicians

Workforce Goals
• Aligned employee and workplace culture
• Preserve Scripps jobs and services
NEW HORIZONTAL MANAGEMENT STRUCTURE

Reviews processes and practices across the system

- Reduce **NON-VALUE ADDED VARIATION**
- Improve **QUALITY**
- Reduce **COST**
Horizontal Organization: An Integrated Approach

<table>
<thead>
<tr>
<th>FUNCTIONAL/HORIZONTAL SERVICES</th>
<th>GEOGRAPHIC LOCATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NURSING</td>
<td>Medical Groups / Foundation</td>
</tr>
<tr>
<td>PHARMACY</td>
<td>Encinitas</td>
</tr>
<tr>
<td>IMAGING</td>
<td>La Jolla</td>
</tr>
<tr>
<td>LABORATORY</td>
<td>Mercy San Diego</td>
</tr>
<tr>
<td>FOOD &amp; NUTRITION</td>
<td>Mercy Chula Vista</td>
</tr>
<tr>
<td>ED / URGENT CARE</td>
<td>Green</td>
</tr>
<tr>
<td>GI</td>
<td></td>
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<tr>
<td>CATH LAB</td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>SPD</td>
<td></td>
</tr>
<tr>
<td>HOSPITALIST/INTENSIVIST</td>
<td>Cardiovascular, Oncology, Neurosciences, Behavioral Health, Women’s and Newborn, Diabetes, MSK / Ortho / Spine Primary Care</td>
</tr>
</tbody>
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Clinical Care Lines: Cardiovascular, Oncology, Neurosciences, Behavioral Health, Women’s and Newborn, Diabetes, MSK / Ortho / Spine Primary Care
Physician Partnerships
**Physician Partnerships: Medical Group Structures**

**Affiliated Physician Medical Groups:**
- San Diego Physicians Medical Group
- Mercy Physicians Medical Group
- XIMED Medical Group
- Connect the Docs, a Multi-Specialty Medical Group
- Scripps Mercy Physicians Partners
- Primary Care Associates Medical Group

**Foundation Physician Groups:**
- Scripps Coastal Medical Group
- Scripps Clinic Medical Group
- Scripps Cardiovascular and Thoracic Medical Group
- Scripps Health Inpatient Providers Medical Group
Physician Partnerships: Leadership Engagement

Physician Leadership Cabinet (PLC)

- Established 2000
- Precursor of co-management approach

- Elected physician leaders
- 100 percent adoption of recommendations
Physician Partnerships: Leadership Development

Physician Leadership Academy

- Launched in Fall 2011
- Geared toward rising physician leaders
- Discussions center on leadership competencies, communication strategies, managing health care operations and more
**Medical Management**

- Partnering with physicians in the consistent management of clinical protocols at every site of care, across the care continuum, to provide patient-focused, high-value care with the best outcome and lowest necessary cost.

**Physician Co-Management**

- Physicians and administration partnering to reduce non-value added variation or waste across clinical episodes, the continuum of care and operating functions.

**Horizontal Committees**

- Administrative, clinical leaders and physicians from site respective areas
- Reduce variation in labor, supplies, services, processes and technology
- Improve capacity and throughput and recommend capital for respective areas
Physician Partnerships: Medical Management Compact

Process for Development, Review, Implementation of System-wide Order Sets

Concurrent, Time Limited Feedback <30 Days (Two Cycles)

- MECs Delegate Authority for SWOS
- LJ P&T Divisions / Sections
- ME P&T Divisions / Sections
- GR P&T Divisions / Sections
- EN P&T Divisions / Sections
- Systemwide Clinical Practice Council

- Care Line/Horizontal Co-Management SWOS
- Content Management Tool
- SW Medical Management Council

Timeline
1. SWOS Development 1 Day
2. Feedback (2 cycles) 30 Days
3. Endorse/Approve 1 Cycle
4. Accept/Ratify 1 Cycle
5. Implement TBD

GOAL = 30 Days
TARGET = 60 Days
THRESHOLD = 90 Days
**Physician Partnerships: Clinical Care Lines**

**Set Priorities for Clinical Care**
- Clinical guideline development
- Reduce variation in clinical workflow
- Monitor performance and goal achievement
- Program development
- New services / Change in services
- Volume growth / Aggregation

**Membership**
- Physicians
- RNs/APNs
- Care line workgroup chairs

**Aligned Resources**
- Marketing
- Finance
- Supply Chain Management
- Research
- Project Management
- Pharmacy
- Education
- Nursing Leadership Linkage
- Data Analytics
### Physician Partnerships: Clinical Care Steering Roles

#### Sample Priorities
- Develop clinical guidelines and preformatted orders
- CPOE preparation
- Develop performance metrics, dashboards and review mechanism
- Ambulatory disease management development
- Revise care models

#### Variation / Cost reduction
- Supplies
- Pharmacy
- Lab
- Imaging
- Therapies

#### Accreditation preparation

#### Recommend resource needs
- Capital
- Philanthropy
- Marketing
- Research
Physician Partnerships: Transformational Health Care

- Physician Co-Management
- Engineer and Systemize Care
- Accelerate Transformational Change
- Reduce Variation in Care, Outcomes and Costs
- Improve Value
<table>
<thead>
<tr>
<th>One Scripps Success</th>
<th>Performance Improvements</th>
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<tbody>
<tr>
<td>Emergency Department</td>
<td>Reorganization of ER workflow and triage for $29 million in savings since 2010 as well as increased volume</td>
</tr>
<tr>
<td>Pharmacy Organization</td>
<td>New structure reduces drug variation and waste, for savings of $14 million from 2010 to 2012</td>
</tr>
<tr>
<td>Supply Management</td>
<td>In-sourcing of supply management will improve quality and save approximately $26 million over 3 years</td>
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<tr>
<td>Clinical Lab Consolidation</td>
<td>A single centralized facility, automated processing and standard lab practices for $6 million savings annually</td>
</tr>
<tr>
<td>Cardiovascular Surgery Initiative</td>
<td>Physician-led best-practice initiative resulted in reducing cardiac surgery patient length of stay by 0.8 days, cost savings of $3.3 million</td>
</tr>
<tr>
<td>Resterilization</td>
<td>Cardiac electrophysiology labs are reprocessing single-use medical devices, reducing landfill waste and saving $346,000 annually</td>
</tr>
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</table>

$141 million in PI in 2011 and 2012, with a projected $66 million projected for FY2013.
An Evolution: Value by Design

Create consistent and predictable **outcomes** and **processes** across all settings, times and providers to provide value for our patients and other customers.

Develop our people to solve problems and improve performance. Engage staff expertise.

**PATIENT**

Standard Work
*consistent/reliable*

Value = Quality at the lowest cost and highest satisfaction
Questions & Answers
Thank you.

Chris Van Gorder, President & CEO, Scripps Health
Past Chairman, American College of Healthcare Executives

@ChrisDVanGorder