



Destination Centers Of Superior Performance





My Story



Extraordinary Care



Cost Effective

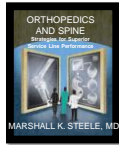
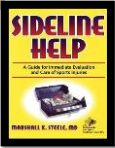




Destination Centers
combine the talents of all our providers
with the needs of the patients
into a
system of care



Musculoskeletal Subspecialty Centers

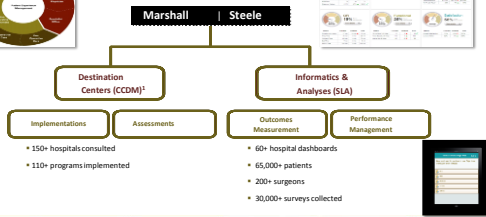


Implementation Company

Founded in 2005, Marshall | Steele originally consulted hospitals on improving the way they delivered patient care within orthopedics. Today, it provides both services and products to a wide array of hospitals and medical practices, located throughout the country, primarily focusing on musculoskeletal service lines.



Company Overview



Today's Agenda

- External Pressures
- Internal Issues / Hurdles
- Thoughts on What To Do



The Perfect Storm is Heading Our Way





GUEST EDITORIAL



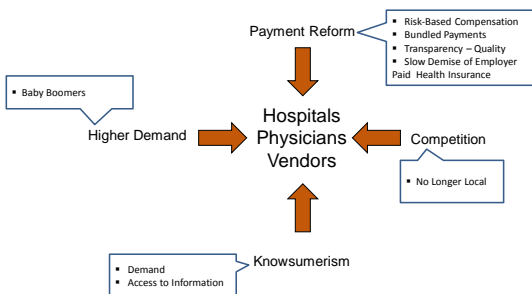
Knowsumerism, Healthcare Reform and Chicken Farming: Five Lessons to Help You Thrive

Author:
Marshall Steele, M.D.

External Issues



The Squeeze is On





No One Seems Happy

Our Value, Our Abilities Being Challenged

"I am puzzled as to why we are not doing more to improve the efficiency of the health system."

Peter Orszag, Head of Congressional Budget Office

"Half of the \$2.3 trillion spent today does nothing to improve health"

Gary Kaplan, Chairman, Virginia Mason Medical Center

"U.S. is not getting what we pay for"

Washington Post, Nov. 30, 2008

"A high-performance 21st century health system must revolve around the central goal of paying for results"

Newt Gingrich, '95-'99 Speaker of the US House of Representatives



Costs Continue to Rise



Neither Government or Employers Can Afford Costs

- Healthcare now up from 8% to 17% GDP 1980- 2010
- Healthcare premiums up 138% - wage increases 42% last 10 years
- Healthcare costs per worker hour from \$1.60 to \$3.35 last 10 years
- Healthcare costs as percentage of payroll 8% to 13 % (19% 75th) last 10 years

Reuters - Employers pay nearly 9 percent more for health care costs for their workers in 2011, the highest level in five years, according to a forecast released on Monday.



A La Carte Fee For Service Under Attack

Payers are Testing Different Options

- Promote Top Performers
- Tier Networks Based on Cost and Quality
- Tie Reimbursement to Results
- Put the Risk on the Providers





ACE Phenomenon - Bundled Payments

- Prospective Payments For Episode Of Care
 - 30 Days Preoperatively
 - 30 Days Post Operatively
 - All Services
- PHO Provides A Discount To Insurer (Less Than A La Carte)
- PHO Negotiations With All Providers
- PHO Gets Paid And Divides The Money
- PHO Provides Quality Data
- Loss Or Gain Born By PHO



The Demand For Transparency Just Won't Go Away

Demand for Information is Escalating

- 80% of adults would choose doctors using performance data ¹
- 93% feel the public has a right to know performance data ²
- 85% of employees feel performance reporting should be mandated ³

Sources:

¹American Healthways

²Associated Health Professionals

³Forrester



Posting Prices

- Florida
- Castlight – Cleveland Clinic
- Wisconsin



The Wind Seems To Continue to Blow Against Physician Ownership

More Restrictions on Physician Ownership Likely/ Lower Payments

- Specialty Hospitals?
- Ancillaries?
 - MRI's
 - ASC's
 - PT



What's Coming? - Do More With Less

Fuel a Management / Delivery Revolution (Lean, Six Sigma)

- Lower Reimbursements
- More Restrictions on Physicians
- Higher Demand
- Fewer Physicians
- Knowsumersim
- Transparency
- Disruptive Innovations
 - Price
 - Partnerships
- Risk to Providers
 - ACE
- Risk To Patients



Internal Issues – We Think Like Fred





Measurement Gap

- Blindfold the pitcher- can't see the results you can't learn
- No accountability
- Physicians won't change without data





Will We Continued to Be Allowed To Be Just Like Fred?

Health Policies are Shifting Towards Paying for Outcomes

"... committed to eliminating the current pay-per-procedure and replacing it with one focused on **quality outcomes**"

Max Baucus

"Much of the savings in healthcare can be realized by **paying for results, not procedures**"

Barack Obama

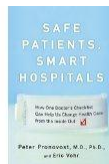
"Reward hospitals not just for reporting data, but for the **results** of that data."

Don Berwick M.D.





We Have A Unique Individual Performance Driven Culture





This Leads To

- Arrogance
- Positive Illusions
- Blame
- Fear
- Secrecy
- Ineffective Teamwork

Is This The Winning Culture?



Positive Illusions

- How would you rate communication in the operating room?
 - Most docs – great
 - >Half nurses – lousy
- Guidelines are for simple physicians, not Hopkins physicians – we know the evidence, we are expert clinicians, we know the nuances of our patients

“Success as a doctor was not singularly dependent on hard work or my individual skill. Culture and the systems it influences and creates can have a larger influence on patient outcomes “

“toxic hospital culture we have created negates effective teamwork and is at the core of most hospital errors”



Knowledge Gap

- Improve efficiency of knowledge gathering
 - <0.1 % of patients in formal clinical studies
 - Learn little or nothing from 99.9%
- Only major industry that does not keep score

Learn From Every Patient Possible





Implementation Gap

TRIP (turning research into practice)

- Summarize evidence into checklists
- Remove barriers to implementation
- Measure performance
- Ensure consistency
- Give checklist to the family members of patients

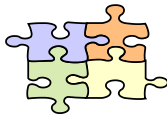




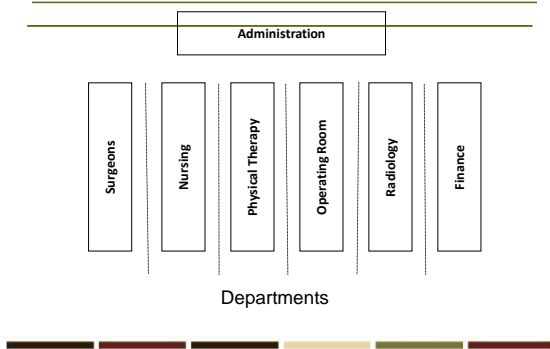
Resistance to Change

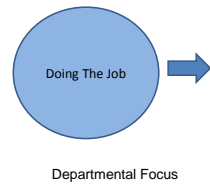
- People don't fear change
- Fear loss

Need to See Whole Puzzle



Traditional Structure





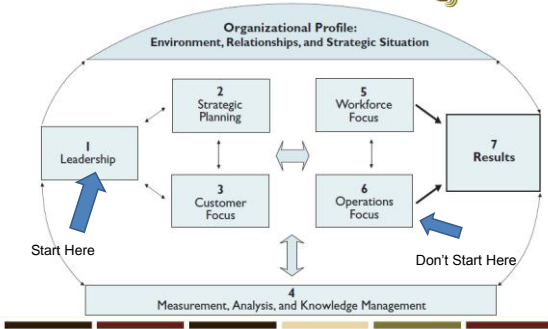
*Change The Culture
Connors and Smith*



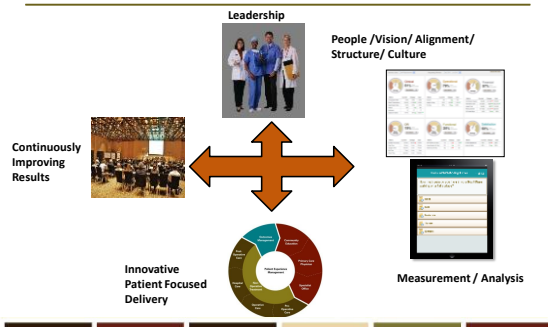
Thoughts

- Hospitals/ Systems Will Reemerge as The Center
- Medicine Will Slowly Become Corporate
 - Hospitals Will Partner With Vendors
- Insurers Will Partner With Hospitals/ Physicians/Vendors
- Clinical Integration
 - Hospital / Physician Alignment Will Strengthen
 - Co Management
 - Employment
 - 28% Docs Self Employed

Baldrige Criteria for Performance Excellence Framework A Systems Perspective



Framework Superior Performance







Subspecialty Leadership Team

Formal Structure

- Job Descriptions
- Mutual Goal Setting
- Written Expectations
- Scheduled Meetings
- Key Sponsors



Administrator



Care Coordinator



Medical Director



Outpatient Navigator





Program Coordinator/Navigator

Liaison: Patient – Physician – Hospital

- Pre-op Preparation
 - Teaching
 - Clearance
- Daily Operation
- Transition Plan
- Quality Improvement
- Marketing
- Clinically Trained



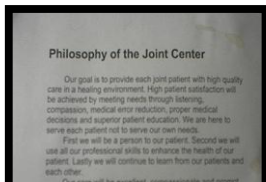
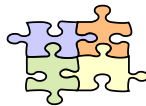
Care Coordinator





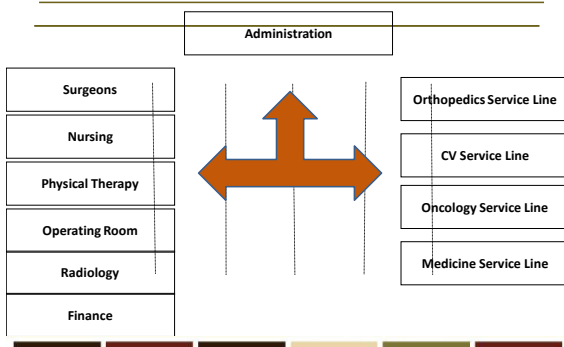
Vision/ Strategy/Alignment

- Vision - Completed Picture
- Goals
- Responsibilities
- Metrics



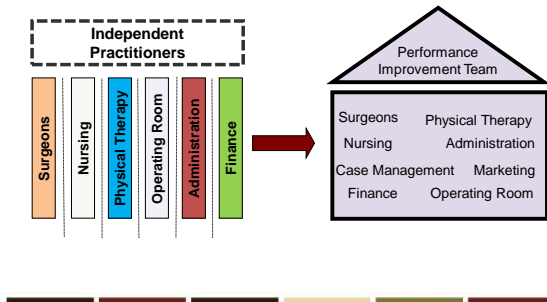


Service Line Structure



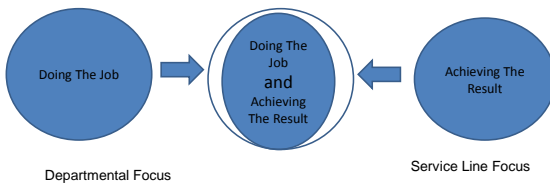


Performance Improvement Team





Focus on Outputs Not Inputs



Change The Culture
Connors and Smith

Culture Change

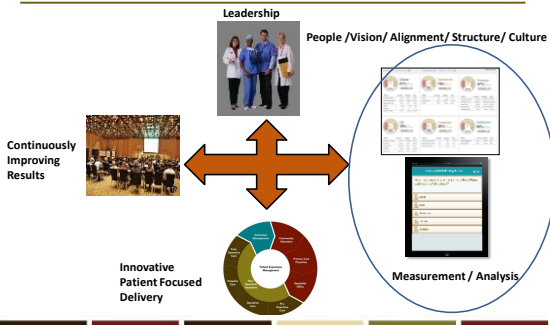


Traditional

Service Line

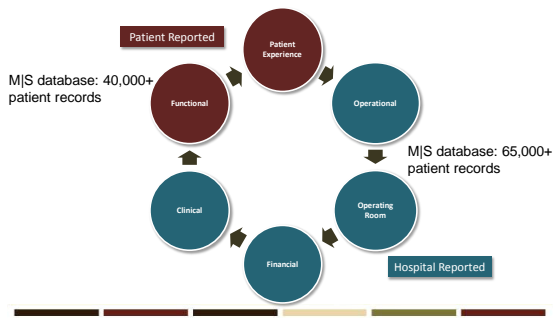
- Leaders Create Solutions
- Individualism
- Opinions
- Inconsistency
- Physicians Complain
- Blame / Fear
- Work-Arounds
- Strive for Above Average
- Secrecy
- Fairness
- Prison Vocabulary

- Staff Creates Solutions
- Teamwork
- Metrics
- Standardization
- Physicians Lead
- Solve the Root Cause
- Shared Solutions
- Strive for Perfection
- Transparency
- Excellence
- Hospitality Vocabulary





Results: Measure and Manage





HRO Goal

To help **effectively manage** service line with **comprehensive, actionable, and relevant outcomes data**

Quality and Cost

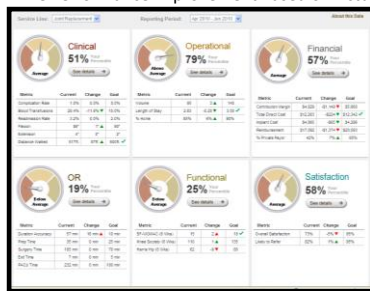


HRO: Focus on Outcomes



Program Dashboard

Can You Drive Performance Improvement Based on Actual Data?





Set Targeted Goals

Metric	Current Client Avg for past 4 quarters	90th Percentile	75th Percentile	50th Percentile	Choose your own goal
Complications	7.3%	2%	3%	5%	
Blood Transfusion	5%	0%	2%	4%	
Readmission	2%	0%	1%	2%	
LOS*	2.76	1.93	2.11	2.57	
% Home	82%	83%	92%	89%	
Duration Accuracy	50	32	36	42	
Prep Time	46	33	36	38	
Surgery Time*	164	81	91	102	
Est Time	13	9	10	11	
ORCU Time	63	67	68	65	
Metric	Current Client Avg for past 4 quarters	+30%	+20%	+10%	Choose your own goal
Case Volume	245	319	294	270	
Metric	Current Client Avg for past 4 quarters	+7.5%	+5%	+2.5%	Choose your own goal
Contribution	\$ 4,249	\$ 4,568	\$ 4,461	\$ 4,355	
Direct Cost	\$ 11,055	\$ 10,226	\$ 10,502	\$ 10,779	
Reprint Cost	\$ 3,693	\$ 5,181	\$ 5,321	\$ 5,461	
Reimbursement	\$ 15,077	\$ 16,208	\$ 15,831	\$ 15,454	
% Private Payor	36%	39%	38%	37%	
Overall Satisfaction	65%	70%	68%	67%	
Likelihood to Refer	60%	66%	64%	62%	



Track Performance 80 Different Ways

LOS by Surgeon						
Surgeon	Case Volume	Apr - Jun 09	Jul - Sept 09	Oct - Dec 09	Jan - Mar 10	12 Month Average
Surgeon N	47	3.09	3.08	2.85	2.82	2.96
Surgeon Q	23	4.00	2.90	2.83	2.67	3.04
Surgeon T	123	3.43	2.81	3.11	2.86	3.07
Surgeon C	123	3.55	3.46	2.94	3.08	3.28
Surgeon A	28	3.83	3.70	3.10	3.00	3.46
Surgeon I	11	4.00	3.00	3.00	3.25	3.55
Surgeon M	10	4.00	4.00	3.50	3.40	3.60
Surgeon D	17	4.25	4.25	3.67	2.83	3.65
Surgeon J	15	4.00	4.00	4.25	3.40	3.87
Average	397	3.56	3.24	3.07	2.99	3.23

- Who is Best Practice in the Group?
- How Can We Standardize Our Results?



Trend from Focus on Quantity to Quality

6σ

Lean

Improving the **quality** of process **outputs** by identifying and removing the causes of defects (errors) and minimizing variability

Working from the perspective of the **customer**, to increase **value** while decreasing waste.

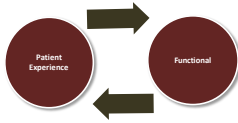


Value Stream Analysis





Patient Reported Outcomes (PRO)





PRO Goal

To provide a **simple, easy to use, and cost effective method** for helping surgeons **track their surgical outcomes** and **utilize the data to differentiate and improve**

Answering the Most Important Question:

Did the Intervention Succeed?





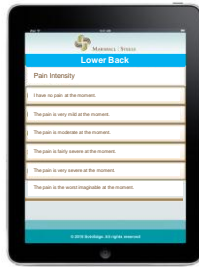
Survey Process





Ease of Use for Patient and Office Staff

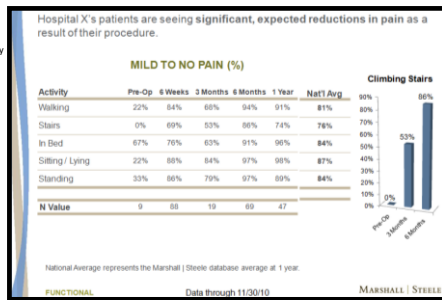
- Simple Data Collection, Analysis, Benchmarking Tool
- 94% Patient Compliance
- Portable
- Secure
- Efficient – 25 Questions < 6 mins
- Customizable



Patient Reported Outcomes Scores

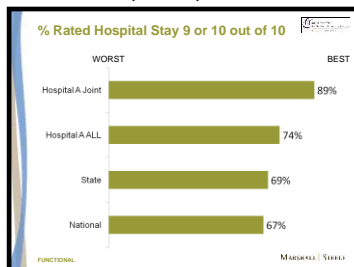
Aggregate Report

- Compare by Activity
- Use for Informed Consent
- Market to Patients and PCPs



Patient Satisfaction

Hospital Experience





Why Did Patient Choose You?

Reason for Choosing
Average Rating of Each Reason
(1 = Not Important – 5 = Very Important)

Reporting Period: January – December 2010

	N = 25	N = 32	N = 38	N = 43	
Reason for Choosing	Jan – Mar 09	Apr – Jun 09	Jul – Sep 09	Oct – Dec 09	12 Month Average
Recommended by my Doctor	4.24	4.21	4.35	4.45	4.32
Recommended by Family or Friends	3.52	3.88	4.09	4.01	3.90
Attended a Community Seminar	2.83	3.52	4.05	4.09	3.65
Researched on Internet	2.75	2.25	2.78	3.28	2.77
Convenient Location	2.37	2.75	2.63	2.43	2.52
Saw an Advertisement	2.01	2.17	2.84	2.73	2.44

About This Report: Each patient is asked to rank the above reasons for choosing the practice using the scale of 1-5 (1 = not important with 5 = very important). "N" reflects the total of number of responses for each quarter. The number in each box is the average of all of the ratings for that quarter. The reasons are listed by the most important to the least important for the past 12 months (or for all data collected to date).



Define the Patient Experience

Where Does it Begin at Your Hospital?

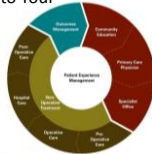
**Destination Center
of Superior Performance™**
Continuum of Care



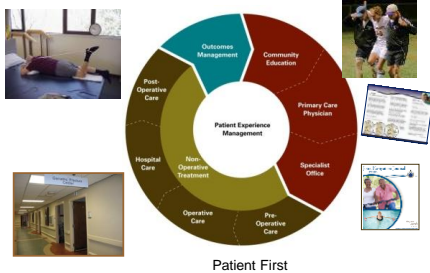


Patient Experience

- For the Patient, the Experience Can Begin Anywhere Along the Continuum
- Every Encounter Shapes the Experience from a Marketing Ad to Physician Office Staff to a Food Service Associate
- Anyone or Anything That Connects the Patient to Your Facility Shapes the Experience



Design the Ride Not The Rail Car



Develop a Roadmap and Metrics

Goal	Hospital Responsibilities	Surgeon Responsibilities	Vendor Responsibilities	Metric
Improved Patient Outcomes: Decrease incidence of blood transfusion	✓ Review current PAT process; revise to provide path for at-risk patients ✓ Research and implement evidence based protocols ✓ Support blood management/ Procrit program	✓ Direct patients to hospital for pre-op risk assessment ✓ Establish pre-op anemia management program ✓ Research & implement evidence based protocols	✓ Provide inservice support to surgeon offices for Hgb screening device	Decrease Blood Transfusion rate: Baseline 31% Target: 20%



Best Practice: Risk Management Standardized Evidenced Based Care

Preadmission Process	OR Efficiency	Standardized Protocol
<ul style="list-style-type: none"> • Blood Management • Zero Infection Program • VTE Prevention 	<ul style="list-style-type: none"> • Parallel Processing • Dedicated Teams • Efficient Turnover Time 	<ul style="list-style-type: none"> • Standard Post-Op Order Set • Pain Management Plan • VTE



Dedicated Unit and Dedicated Team

Specialization Breeds Excellence





Wellness Approach



Activity	Min	Typ	Max
1. Patient Assessment	5	10	15
2. Patient Education	5	10	15
3. Patient Assessment	5	10	15
4. Patient Education	5	10	15
5. Patient Assessment	5	10	15
6. Patient Education	5	10	15
7. Patient Assessment	5	10	15
8. Patient Education	5	10	15
9. Patient Assessment	5	10	15
10. Patient Education	5	10	15
11. Patient Assessment	5	10	15
12. Patient Education	5	10	15
13. Patient Assessment	5	10	15
14. Patient Education	5	10	15
15. Patient Assessment	5	10	15
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22. Patient Education	5	10	15
23. Patient Assessment	5	10	15
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26. Patient Education	5	10	15
27. Patient Assessment	5	10	15
28. Patient Education	5	10	15
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31. Patient Assessment	5	10	15
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43. Patient Assessment	5	10	15
44. Patient Education	5	10	15
45. Patient Assessment	5	10	15
46. Patient Education	5	10	15
47. Patient Assessment	5	10	15
48. Patient Education	5	10	15
49. Patient Assessment	5	10	15
50. Patient Education	5	10	15

Focus: Return to
Daily Function

Scripted Patient Day



Volunteer & Coach Programs

- Provide Comfort and Support
- Assist Therapy and Nursing
- Prepare for Care at Home



Consistent Education and Reinforcement



Incentive Boards

Wall Posters and Daily Newsletters



Standardized Transition Instructions

Checklists and tools for:

- Nurses
- Outpatient Therapist
- Home Health
- Rehab Unit





Post-Op Follow Up

Nurse Call Backs and Reunion Lunches Provide Ongoing Feedback





The Ancient Challenge 1515

"... it ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things.

Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new."

Niccolo Machiavelli, "The Prince," 1515





Changing Role Of Surgeons

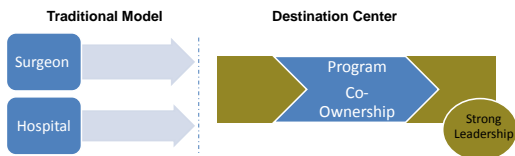


The Coming Storm





Clinical Integration



Financial Integration???

To Sell or Not To Sell

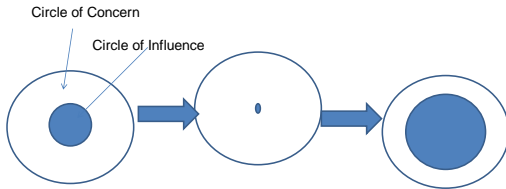


- Won't Be The Most Important Decision You Make
 - Who To Marry
 - Where To Live
 - What Preschool Your Child Goes To
 - Who Your Orthopedic Partners Are
 - Whether to Drink Red or White Wine





Where Can You Have the Most Impact?





Begin With End In Mind

- Ask Yourself
 - What Are My Goals?
 - Personal
 - Professional
 - Family
 - Do You Respect The Buyers?
 - Do You Like Working With The Buyers?



- Can You Be a Team Player?
- Can You Be Very Very Patient
 - Tortoise and Hare
- Can You Accept "No"
- What Does Your Wife/Husband/Best Friend Think?



Warning

- Don't Make An Emotional Decision
- Every Decision Is An Emotional Decision



4 Step Process

- Developing the Business Case
- The Implementation Process
- Monitoring the Impact
- Have An Escape Clause

Developing the Business Case

- Describe the business objectives
 - What is the foundation of the business case?
 - What is the scope of the analysis?
 - Who are the key stakeholders? Sponsors?
 - What is presumed benefit?
 - What is presumed cost?



-
- What are vital few criteria?
 - Are our objectives aligned?
 - What is the source of the numbers to be used in the calculations?
 - What are the financial benefits, costs and expenses?
-



Implementation

-
- Set up a senior-level team to oversee the implementation and to ensure its impact
 - Design the processes that will allow you to take full advantage of the relationship
 - Create a team charter for the implementation
 - Review the implementation team's progress at regular intervals
 - Define a set of metrics designed to assess progress toward the achievement of the anticipated impact
-



-
- Define a set of metrics designed to assess progress toward the achievement of the anticipated impact
 - Map the current processes that will be affected by the relationship
 - Design new processes or modify existing ones to take advantage of the relationship
 - Design a program for training the staff in the new processes
-



Monitor the Impact

- Routinely assess progress against established metrics
 - Monitor the set of metrics designed to assess progress towards the achievement of the anticipated impact
 - Ensure there is a committee or team (e.g. OR Executive Council) with responsibility for the ongoing performance





- Monitor for continuous progress opportunities
- Disband the implementation team when its objectives have been met
- Replace implementation team with performance improvement team
- Continuously seek opportunity for process improvement





If You Decide To Sell

- Sell Before It's Necessary
 - Better Return
 - Better Terms
- Build In Incentives
- Make 1+1=3
 - Destination Centers





Observations 150 Hospitals and Docs

- Employed Surgeons Make More Money
- Employed Surgeons Worry Less
- Employed Surgeons Have Less Stress
- Employed Surgeons Can Be Entrepreneurial
- Employed Surgeons Can Be Miserable





Conclusions

- More With Less
- Medicine Will Become Corporate
- Physicians Will Lead
- Smarter Administrators Are Emerging
- Creating Destination Centers of Superior Performance - The Way of the Future
- Walmart Doesn't Put Everyone Out Of Business





The Not So Ancient Hope and Admonition - Albert Einstein

"In the middle of difficulty lies opportunity"

"We can't solve problems by using the same kind of thinking we used when we created them."

"Try not to become a man of success, but rather try to become a man of value."





Thank You