

# Designing Successful Strategies and Alliances



Surgical Care Affiliates

# Agenda

**Overview**

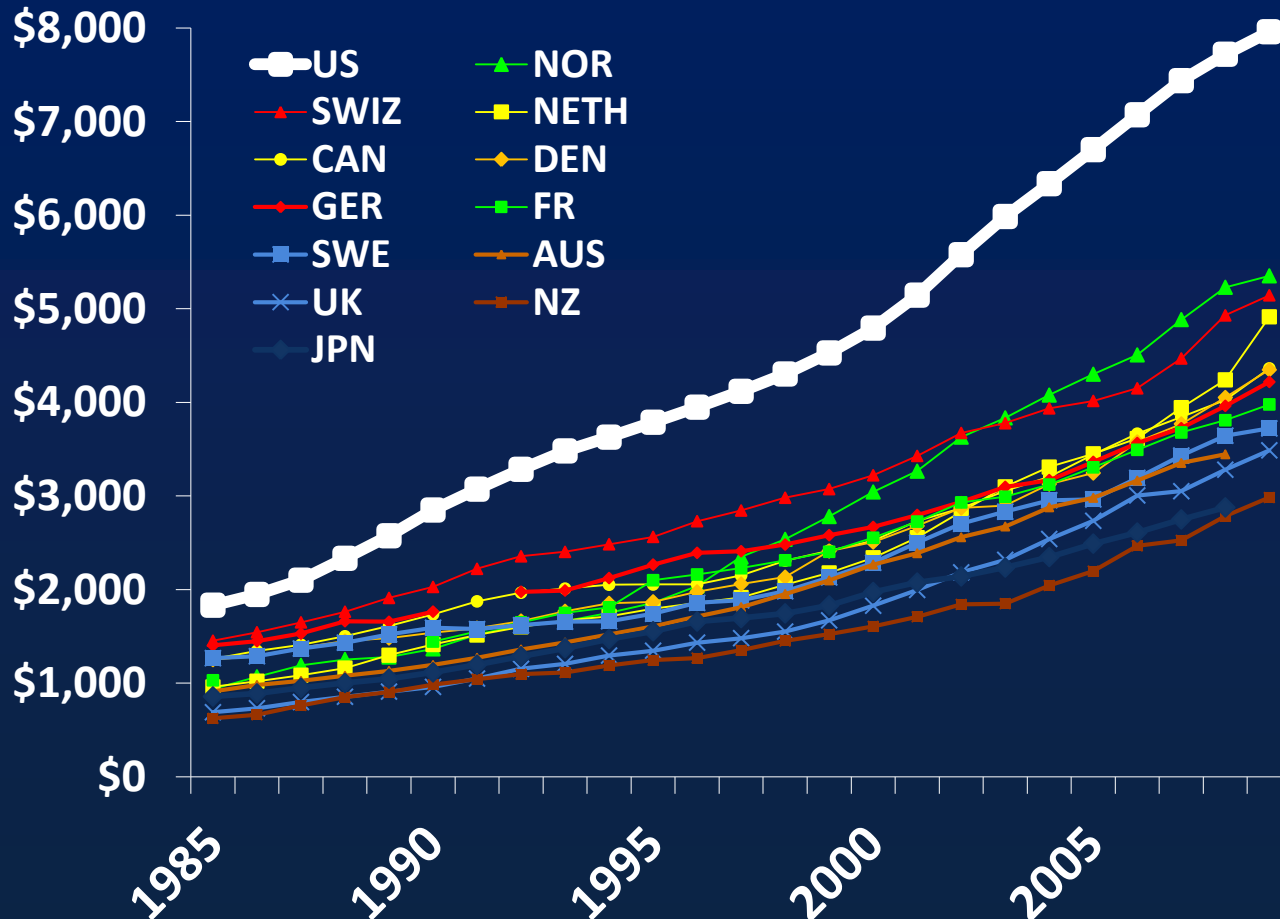
**Partnerships**

**Population  
Health**

**Implications**

# Macro Context

Per capita spending on healthcare



- 30% of retiree discretionary spending by 2025
- \$1,400 per car for General Motors

# Underlying Drivers

- Minimal incentives
- Consolidation
- Price opacity
- Technology
- Lifestyle

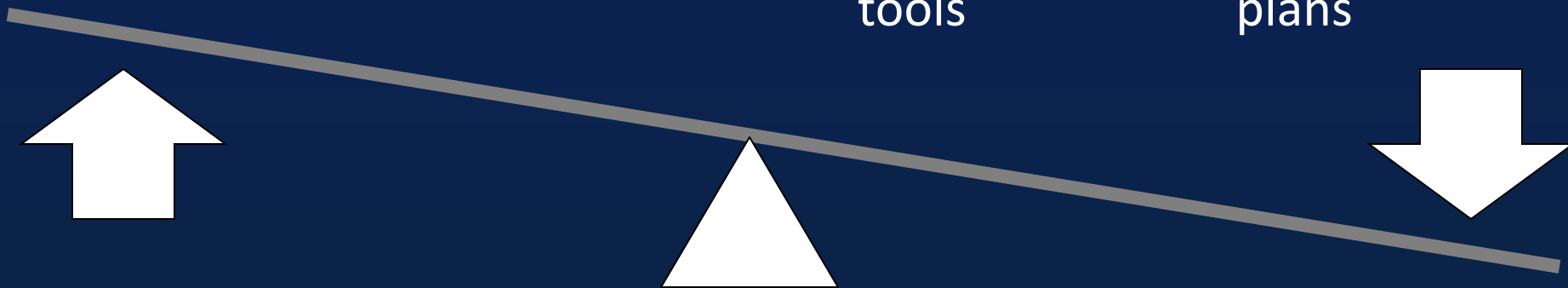
# Market Reaction

## Inflationary

- Provider & health plan consolidation
- Vertical integration
- Technology

## Deflationary

- Risk bearing groups
- ACOs
- Transparency tools
- Cost sharing
- IP → OP shift
- High deductible plans



*ASCs general benefit high-quality, low-cost provider by health plans and risk bearing medical groups*

- Hospital & MD group consolidation
- Referral patterns changing
- Reimbursement pressure
- Impact of exchanges
- Narrow networks & risk models
- Growing threats & growing opportunities

# Agenda

**Overview**

**Partnerships**

**Population  
Health**

**Implications**

- Trend is towards three types of control: health system, payer, and/or MD group
- Tend to be driven by:
  - Alignment of PCPs
  - HMO / MA penetration
  - Strategy of major payers
  - Vision / strategy of health systems



- Strategic partnerships becoming more important
- Starts with assessment of market
  - Where is market heading?
  - Who will winner(s) be?
  - What is optimal strategic partnership?
- Then, long process to cultivate partnership

# Example: Health System



## Partner's Focus Areas

- One of two largest health systems in DFW
- Employing / aligning with PCPs
- Developing risk models
- Clinical quality
- Specialist alignment
- Market share
- Lower cost network

# Example: Payer



## Partner's Focus Areas

- Mountain state BCBS plan
- Strategic focus on reducing cost of care
- Active interest from employer ASO clients
- Clinical quality
- Total medical cost
- Foster independent community
- Customer pressure

# Example of Payer Focus

one procedure, two choices



**\$3,274**  
network hospital charges

**\$1,141**  
network ambulatory surgery center charges

Switch to ambulatory surgery centers and start saving.

When you have a Blue Shield PPO plan, you can save on out-of-pocket expenses the next time you need outpatient surgery. Simply seek care at a network ambulatory surgery center (ASC) instead of a hospital. Ask your doctor about scheduling your procedure at an ASC.

Visit [blueshieldca.com/hw](http://blueshieldca.com/hw) for more ways to stay healthy and help keep health care affordable.

Source: Based on knee/foot/leg procedure performed in Blue Shield network adjacent hospital and ambulatory surgery centers in the Los Angeles region, May 2013. Cost savings may differ depending on procedure, location, and center. The out-of-pocket amount is dependent on the patient's insurance contract.

An Independent Member of the Blue Shield Association - August 2013

blue  of california [blueshieldca.com](http://blueshieldca.com)

# Example: Medical Group



- 1,500 physician medical group in Orange County
- Taken risk on MA and commercial for 20+ yrs
- Acquired by Optum three years ago

## Partner's Focus Areas

- Clinical quality
- Total medical cost
- Member experience
- Physician alignment

# Agenda

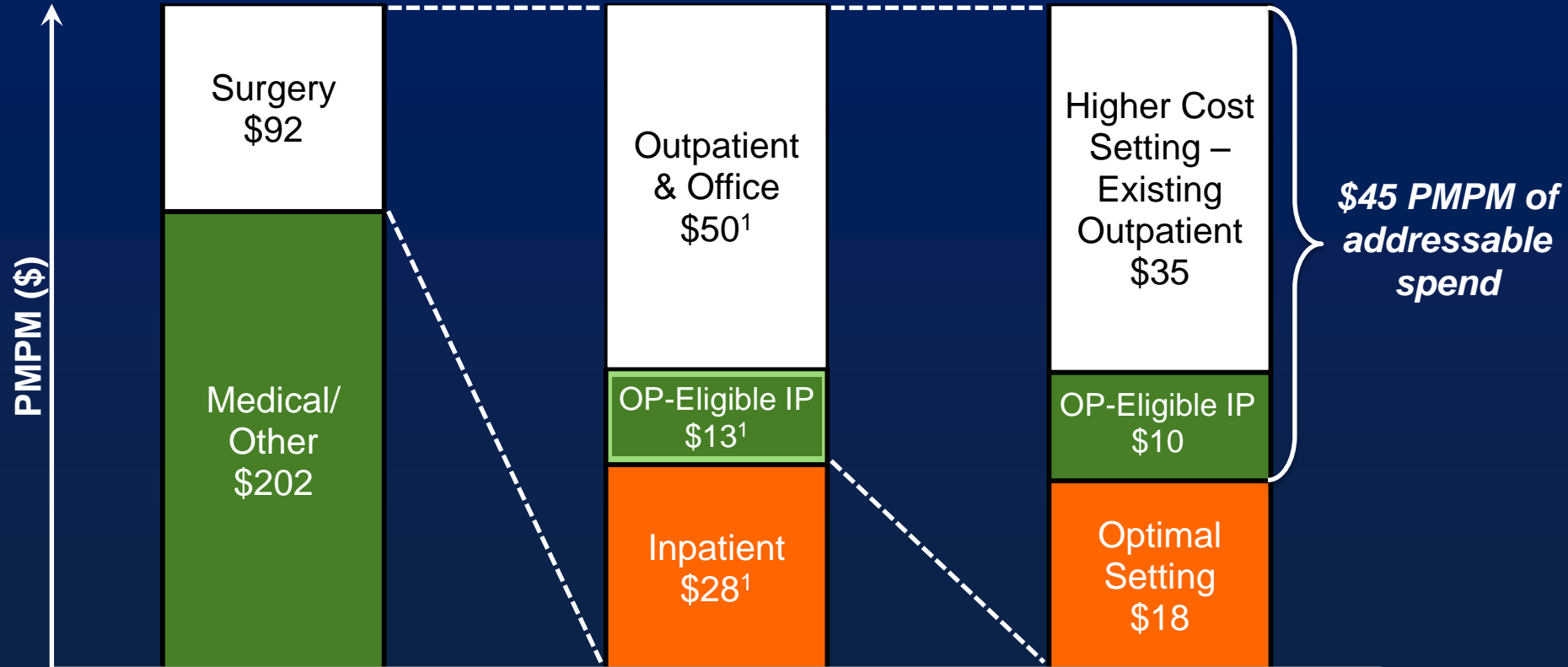
**Overview**

**Partnerships**

**Population  
Health**

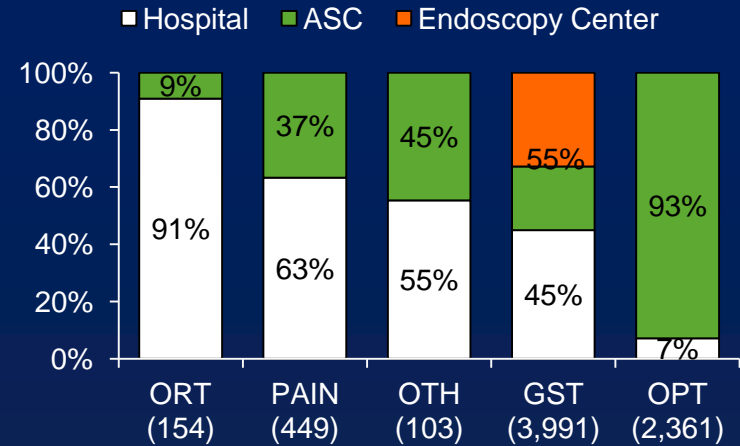
**Implications**

# Population Health

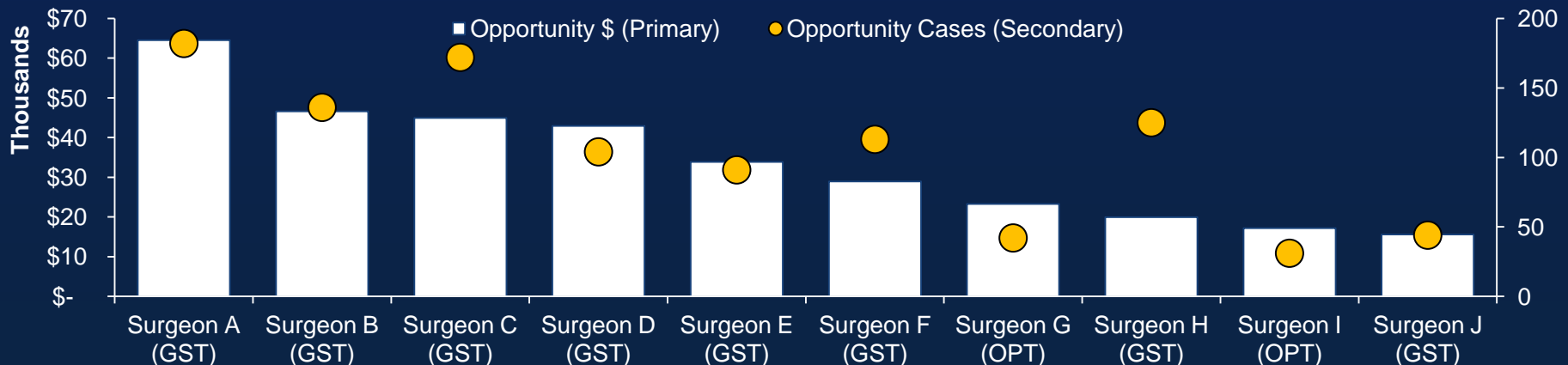


# Medicare Advantage Analytics

Site of service optimization could bend outpatient surgical spend by \$19 PMPM (~200 bps or more reduction in MLR)



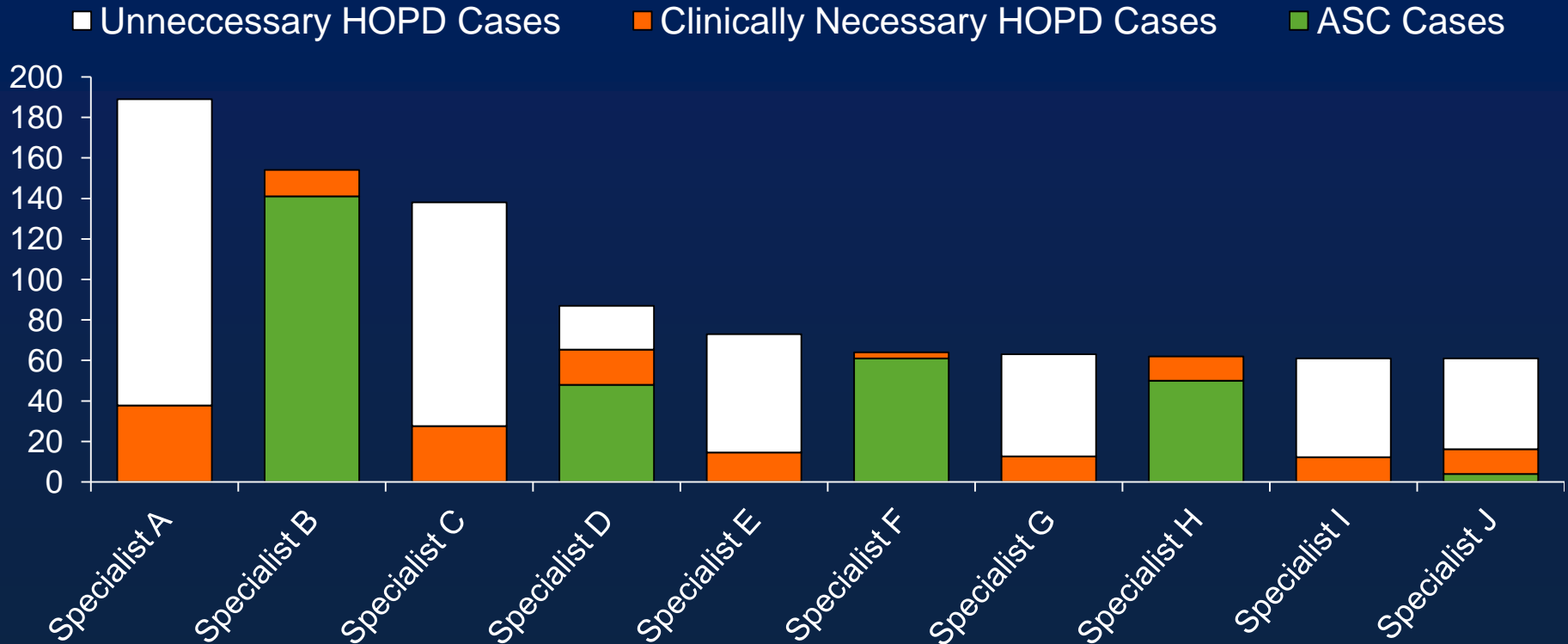
## Opportunity by specialist



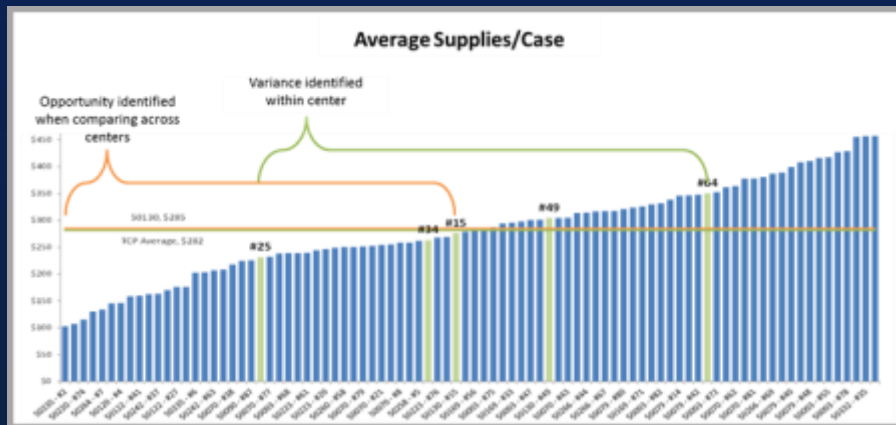
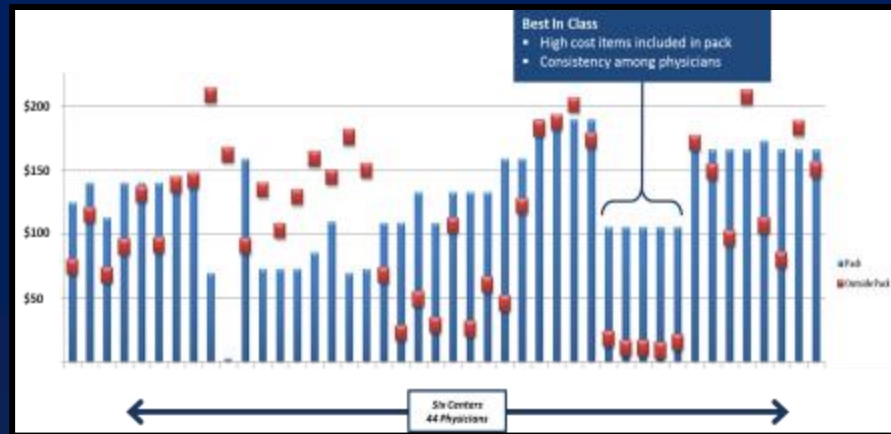


# Medicare Advantage Analytics

## Site of Service Utilization by Specialist



# Surgery Center Analytics



Item Description	Frequency of Utilization by Physician				
	MD #15	MD#25	MD#34	MD#49	MD#64
phaco pack (P)	101%	100%	100%	100%	100%
helon 5 (P)	88%	104%	103%	0%	82%
VIGAMOX 0.5% 3ML DROPTAINER (C)	99%	84%	83%		82%
helon 0.55 (P)	113%	9%	16%	120%	151%
BREVITAL 500MG 1VL C4 (C)		73%	77%	51%	7%
eye packs (P)	101%	100%	99%	100%	98%
TOBRADEX 0.3-0.1% 3.5GM OPTH (C)	71%				47%
ZYMAR 0.3% 5ML OPTH (C)	0%	112%	107%	0%	27%
Solution, Intraocular Irrigation, BSS(R) (Balanced Salt Solution), St	99%	103%	99%	100%	100%
CYCLOMYDRIL 1-0.2% 5ML OPTH (C)	67%	93%	88%	3%	404%
COLLAGEN CORNEAL SHIELD (P)		100%	100%		36%
Drape, Eye-Pak Ophthalmic Drape, Micro-Embossed Plastic, Apert	0%	100%	99%	103%	100%
Solution, Ophthalmic Viscoelastic VISCOAT .75 mL (S)		9%	9%		18%
NEOMYC/POLY/DEX 0.1% 3.5GMOPHTH (C)	0%	100%	98%	100%	24%

# Agenda

**Overview**

**Partnerships**

**Population  
Health**

**Implications**

- Markets trending towards three types of control: health system, payer, MD group
- Strategic partnerships are, therefore, becoming more important
- These partnerships are complex, and, if structured well, highly valuable