Jefferson and GE Relationship to Transform Healthcare Delivery

Jefferson Health
GE Healthcare Partners

14 February 2018
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Learning Objectives

• Identify the reasons why transformational change is so critical for health systems.
• Identify the challenges facing traditional manufacturing companies like GE and how they are pursuing their own transformation.
• Describe how a relationship between a healthcare system like Jefferson and a vendor like GE is designed to facilitate effective change.
• Identify key elements required for successful bold, transformative change.
Agenda

• The Imperative for Change: Healthcare at a Crossroads
• Jefferson’s Unique Challenge and Opportunities
• GE’s Journey
• Driving Transformation Through the Jefferson – GE Relationship
• Lessons Learned – What’s Required to Drive and Sustain Successful Change
The Imperative for Change: Healthcare at a Crossroads
Macro Drivers of Change

- Healthcare inflation vs. rest of the economy
- Aging and diversity of the population
- Technology and precision medicine
- Consumer expectations
- Politics
Healthcare at a Crossroads

Complexities of the Healthcare Delivery System

- Regulations
- Legacy Structures
- Facilities
- Payment Methodologies

Workforce
- Capital Demands
- Insatiable Op. Costs

Consumer Expectations

- Immediate Access
- Precision Medicine
- Health Outcomes

Convenience
- Value/Affordability
- Contemporary
- Experience

Who Will Meet the Demand?

- Traditional Healthcare Provider
- Retail/Pharma (CVS, Walgreens, Walmart)
- Tech Companies: (Apple, Amazon, Google)
- Health Plans (United, Anthem, Aetna)
- Other Start-ups
Over-used, But Under-done

Clinical integration

Value-based

Transformational

Optimizing access

Outcomes

Patient-centered

Change management

Coordinated care

Population health management

Process improvement

Care model redesign
Change Demands Organizational and Cultural Adaptation

Health Care System Change

- Agility
- Simplicity
- Affordability
- Accessibility
- Reliability

- Market Opportunity
- Customer/Patient Expectations
- Information Technology/Biotech
- Payment Change
- Health Care Team

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Many Factors are Driving Health System Expansion

Leverage Infrastructure Investment
Access to Capital
Market Presence
Position for Risk/Pop Health
Operating Efficiencies
Talent Recruitment
Opportunity/Competitive Threats
But Few Health Systems are Able to Put the Pieces Together
Jefferson’s Unique Challenge and Opportunities
Jefferson Health

Achieving the Vision Requires New Approaches in a Challenging Environment

**MISSION**
WE IMPROVE LIVES.

**VISION**
REIMAGINING HEALTH, EDUCATION, AND DISCOVERY TO CREATE UNPARALLELED VALUE.

**VALUES**
- PUT PEOPLE FIRST
  - SERVICE-MINDED • RESPECTFUL • EMBRACES DIVERSITY
- BE BOLD & THINK DIFFERENTLY
  - INNOVATIVE • COURAGEOUS • SOLUTION-ORIENTED
- DO THE RIGHT THING
  - SAFETY-FOCUSED • INTEGRITY • ACCOUNTABILITY

The “Growing Pains” of Becoming a $5 Billion, Complex Organization

**OPPORTUNITIES**
- Jefferson’s rapid growth is a source of pride and has opened many eyes: “something special is happening here”
- Jefferson has set forth that it will compete in the market with a different value proposition as a community academic enterprise

How do we engage the many colleagues in all areas of Jefferson who are excited to contribute to articulating the path forward?

**CHALLENGES**
- External focus was required to navigate regional consolidation; now a more introspective emphasis on integration and execution is required

How do we shift toward creating and articulating a consistent, well-defined, proactive strategy that truly creates competitive differentiation for students, patients, faculty, physicians and staff?

How do we ensure our strategic, operating, and capital plans make the necessary and best investments and returns to enable growth?
GE’s Journey
GE Healthcare Must Transform in Order to Be Relevant

**GE Healthcare – Connecting Horizontally**

**A unique perspective compelling change...**

1. **Lower healthcare costs**
   - Commitment to improve health & lower costs as a large, self-insured employer
   - New care models
   - Leverage data & analytics at scale
   - A healthier, engaged workforce

2. **Disrupting our model**
   - Relentless focus on next generation thinking... disruption is inevitable...
   - Enabler of care delivery & outcomes
   - New business models
   - Products & services → Care solutions

3. **Invested in transformation**
   - Active investment in significant internal changes
   - Account management → Strategic advisor
   - Innovation
   - Reshape roadmaps

**A future radically different than today**

Supporting and leading innovation in healthcare to reduce costs, increase access, and improve quality/efficiency... a partner in the transformation of healthcare
Transformation Also Requires Changing from Within

Team + Culture

- **Team**
  - Team players first, Leaders second
  - Simplified Organization
  - Cut & localized Leadership
  - Horizontal, mission-based teams

- **Culture**
  - Rejuvenate Mission
    - The Why - "Improving lives in the moments that matter" - 10k involved
  - Restore Confidence
    - Unite! ... L2L @ SPB ... Sharing App
  - Reconnect with the Base
    - Keep it Simple & VCP Projects ... Crowdsourced
  - Reengage Organization
    - Reflect, Recharge, Ignite to Unite, Pulse Checks

GE Healthcare Purpose

Improving lives in moments that matter.

Running the business better

New Growth Mindset
- Customer validation
- Problems/pain points
- Customer perspective
- Rapid learning cycles
- Leading indicator metrics
- Empower the team and be flexible
- Fight addiction to being right
- Customer validation trumps internal biases

Business As Usual Mindset
- Annual planning cycles
- Internal perspective
- Core business metrics
- Rejection of anything outside the norm
- We are the experts
- Our projections must be right

FastWorks

- **Horizon view of cost**
  - Horizontal view of cost
  - Franchise accountability
    - Imaging | Ultrasound | Life Care Solutions | Siemens | DRS | MI
  - Prioritized investments
    - Ultrasound | Life Care Solutions | Siemens | DRS | MI
  - Commercial intensity
    - Focus, Visibility & Accountability | Adding Feet on the Street

- **Culture & leadership**
  - Culture & leadership
  - Measuring "X" to get "Y"
    - Measuring "X" to get "Y"
  - "Keep it Simple"
    - "Keep it Simple"
  - "Cost Council"
    - "Cost Council"

Board of Directors Meeting
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12 January 2018

Advocate Health Care Transformation
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December 11, 2017
Driving Transformation Through the Jefferson – GE Relationship
Why Jefferson Health is Seeking a Strategic Relationship?

**Increasing Internal and External Pressures on Jefferson**

- Increasing regulatory complexity
- Growing competition
- Pressures from payers – government and private – to reduce costs
- Healthcare consumer’s desire for greater value
- Billion dollar financial gap

**Desired Attributes of a Strategic Partner**

- Distinctive capabilities to bring innovative and sustainable change
- Experience with integrating entities – thinks outside the box
- Centralized external advisory support
- Relational governance
- Flexible resource support to help drive goal achievement
- Supporting ability to delivery high quality care today and tomorrow
Why GE Healthcare? GE is Committed to Changing Healthcare

A unique perspective...

1. Invested in transformation
   Active investment in significant internal changes

2. Disrupting their model
   Relentless focus on next generation thinking... disruption is inevitable...

3. Lower healthcare costs
   Commitment to Improve health & lower costs as a large, self-insured employer

Leveraging Existing Capabilities to Create a New Future

- GEHC Partners Advisory Services (>300 consultants)
- Simulation Modeling (Digital Twin)
- Cloud & Digital services
- Scheduling Optimization
- Access Defragmentation
- Governance
- Team of Physician advisors
- CAP (Change Management Process)
- Strategy Activation Teams >100 people
- Leadership Training Expertise & Resources (Crotonville+)
- >200 Applications specialists
- Lean & Six Sigma Expert Teams
- Revenue Cycle Repair
- Workforce Mgmt. & HR Processes
- Technology & Design Expertise (MR, CT, X-ray, Cardiology, Monitoring...)
- Expansive Business Development Teams – Expert Business Integration (financial, strategic, supply chain, Operations, etc.)
- Fastworks, Design Thinking
- Analytics (internal & external)

Supporting and leading innovation in healthcare to reduce costs, increase access, and improve quality/efficiency... a partner in the transformation of healthcare
Jefferson Health and GEHC formed a long-term, strategic relationship to optimize their collective capabilities to transform health care delivery in the Philadelphia region.

Measured by Overall EBIDA
Focused on achieving long term-integration

Guided by Jefferson/GE Principles
Vision, mission, scorecards

Aligned Through Relational Governance
Joint decision making and resourcing plans
A unique relationship...
Defined by our goals and how we work together...
Structured to align both organizations to win together

Components of the Strategic Relationship

- **Strategic Integration**
  - Aligned to Jefferson’s outcomes with the ability to adjust through Relational Governance – achieve strategic vision, aligned to mission, values, and priorities

- **Biomed and Imaging Services**
  - Comprehensive foundation of maintenance services
  - Jefferson’s great people + GE’s expertise/resources + process + technology

- **Standardize Imaging/Monitoring**
  - Imaging/Monitoring Product, standardization system wide.
  - Clinically differentiated products excluded.

Keys to Successful Relationship

- GEHC at risk for fees... GE’s Reputation dependent on success... Wall street/shareholders
- Reduce # of consultants ... simplify environment... consolidate historical spend
- Co-Resourced model... GEHC supporting Jefferson teams.... Complementary efforts
- DI/Biomed service... Transition of Biomed team... done with tremendous care for the individuals involved... never sacrificing quality for cost
Shaping An 8-Year Journey to Transform Jefferson Health

The journey begins with building a solid foundation to drive enhanced performance and outcomes sustainability throughout the enterprise.

**Care Re-Imagined: Access, Quality, Experience**
- Enhance ease of access
- High performance on value-based payment
- Clinical standards across regions and the continuum
- Innovative care models
- Optimize technology
- Roll-out predictive modeling tools
- Assess and refocus the strategic relationship’s priorities and goals to meet system and community needs

**Foundation for Change**
- Leadership structure
- Physician engagement
- Integrated governance
- Prioritize efforts,
- Set system standards
- Set “pulse of change” - CAP
- Achieve efficiencies and drive quality
- Align people, processes, structure, systems
- Create foundation for sustainability
- Build the foundation for innovation

**A “New World” of Healthcare Delivery**
- Distinctive experience for patients, care team, and employees
- Physician-led high quality care
- Efficient system of care
- Precision medicine advances population health
- Sustained financial performance
- Nationally recognized achievements
- Jefferson Health “Brand” recognized by patients and caregivers within all care settings
- Assess and refocus the strategic relationship’s priorities and goals to meet system and community needs

**Years 1-2**
- Leadership structure
- Physician engagement
- Integrated governance
- Prioritize efforts,
- Set system standards
- Set “pulse of change” - CAP
- Achieve efficiencies and drive quality
- Align people, processes, structure, systems
- Create foundation for sustainability
- Build the foundation for innovation

**Years 3-5**

**Years 5-8**
Lessons Learned – What’s Required to Drive and Sustain Successful Change
Vision and Values

While having a common enterprise vision and values are essential to setting the foundation for success, establishing HOW the leadership and staff commit to pursue and embody them is the key to achieving and sustaining the shared goals.

- Vision and Strategy Alignment
- Focused on Goals and Outcomes
- Role Clarity and Accountability
- Collaboration and Commitment

- Follow-up, Follow-through and Execute
- Open Feedback
- Trust – Have one another’s back
- Over Communicate
Alignment of Strategic Planning and Operational Execution

Informed Decision Making

Transparency and Communication

Execution Rigor

Leadership & Staff Accountability

Strategy must intersect seamlessly with Execution

Strategic Planning

1. Define & revise mission, vision, values
2. Translate vision to strategic priorities, metrics
3. Refresh preliminary strategic financial plan
4. Develop entity plans
5. Determine enterprise initiatives
6. Set annual operating & capital budgets
7. Execution & performance tracking

Execution

Set Goals

Performance Excellence Culture

Review Performance

FY18 OIs

Operational & Foundational
Rigor Around Tracking Metrics and Driving/Accelerating Results

Key Performance Indicators
As of October

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<th>Overall Performance</th>
<th>Current Actual</th>
<th>Current Budget</th>
<th>Variance</th>
<th>%V</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
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<td>EBIDA</td>
<td>3,000,000</td>
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<td>2.6%</td>
<td>3.9%</td>
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<td>Total Operating Revenue per CWAD</td>
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<td>200</td>
<td>2.3%</td>
<td>8,800</td>
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<tr>
<td>Total Operating Expense per CWAD</td>
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<td>8,800</td>
<td>100</td>
<td>1.1%</td>
<td>9,000</td>
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<tr>
<td>Total CWAD</td>
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<td>5,900</td>
<td>(100)</td>
<td>1.7%</td>
<td>23,000</td>
<td>22,000</td>
<td>1,000</td>
<td>4.5%</td>
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</table>

Access

- # of New Patient Visits: 6,000 → 5,000 (20.0%)
- Total Patient Visits: 50,000 → 45,000 (11.1%)
- Network Adequacy: New metric added Dec 17, working with Access team to add when available

Revenue Cycle

- Net Patient Service Revenue per CWAD: New metric added Dec 17, working with Physician Enterprise team to add when available
- Net Patient Service Revenue per wRVU: New metric added Dec 17, working with Revenue Cycle Enterprise Initiative team to add when available

Workforce

- Comp Ratio (SWB + Contract Exp. / TOR): 52.0% → 53.0% (-1.00%)
- Total Paid FTEs per AOB CMI Adj.: 3.50 → 3.70 (0.20) (-5.41%)
- OT Expense as % of TOR: 0.12%
- Agency Expense as % of TOR: 0.12% (0.00%)
- Paid hours per CWAD: New metric added Dec 17, working with Workforce team to add when available

Supply Chain

- Total Supply Expense as % of TOR: 13.0% → 14.0% (-1.00%)
- Supply Expense (less drugs) as % of TOR: 11.50% → 12.25% (-0.75%)
- Drug Expense as % of TOR: 1.50% → 2.00% (-0.50%)
- Purchased Services Spend as % of TOR: 18.0% → 17.5% (0.5%) (2.9%)

Driving sustainable results requires a continuous focus

Monitoring

- Transparent Regular Review Process
- Triggers for Action
  - Quantitative
  - Qualitative

Root Cause Identification

- Detailed Variance Assessment
  - Quantitative Analysis
  - Qualitative Insight
- Variance Drivers

Action Plans

- Standardized approach enterprise-wide
- Localized tactics to drive improvement
- Accountability
The effectiveness of an outcome is equal to the quality of the solution times the acceptance of the solution.

**Change Objectives**

- Acceptance
- Alignment
- Accountability

**CAP Model**

- Creating a shared need
- Shaping a vision
- Mobilizing commitment
- Making change last
- Monitoring progress

**Systems and Structures**

- Current state
- Transition state
- Improved state
Effective Communication must Cascade Through the Enterprise

Messages must be tailored to audiences at all levels of the enterprise and be relevant locally to have an impact.

Messages must be consistent and aligned around key points to drive unified change.

**Tier 1: President’s Message**
- **From:** President & CEO
- **Audience:** Enterprise employees
- **Vehicles:** Newsletter and Mgmt. Meetings
- **Frequency:** Quarterly

**Message:**
- The future of Jefferson Health is Strong
- To be even better, we need to enable our teams to drive sustainable change in the areas of programmatic enhancement, revenue growth, and expense savings

**Call to Action:** I am challenging our leaders to improve our financial margins by 5% over the course of the next fiscal year.

**Tier 2a: Enterprise Executives**
- **From:** Enterprise VP
- **Audience:** Corporate Leaders
- **Vehicles:** Department Meetings; Email blast; corporate newsletter
- **Frequency:** Monthly

**Message:**
- The future of Jefferson Health is Strong
- To be even better, we need to improve the delivery of corporate services to best serve the divisional presidents and their teams.

**Call to Action:** I am challenging our leaders to improve our financial margins by 5% over the course of the next fiscal year.

**Tier 2b: Divisional Presidents**
- **From:** Divisional President
- **Audience:** Divisional leaders and staff
- **Vehicles:** Division Newsletter and open forums
- **Frequency:** Monthly

**Message:**
- The future of Jefferson Health is Strong
- Our division has opportunities to improve its performance in pursuit of industry best practices.

**Call to Action:**
- Each team member should identify 3 opportunities for immediate improvement to discuss at next staff meeting.

**Tier 3: Directors, Managers, & Supervisors**
- **From:** President & CEO
- **Audience:** Enterprise employees
- **Vehicles:** Department meetings; Morning huddles
- **Frequency:** Quarterly

**Message:**
- The future of Jefferson Health is Strong
- To be even better, we need to improve the performance of our department by: increasing our efficiency, enhancing the patient experience, and better engagement with the medical staff.

**Call to Action:** Each team member should identify 3 opportunities for immediate improvement to discuss at next staff meeting.