

Southwestern Health Resources: Approach to Independent Physicians and Risk Contracting

February 14, 2018

Southwestern Health Resources™

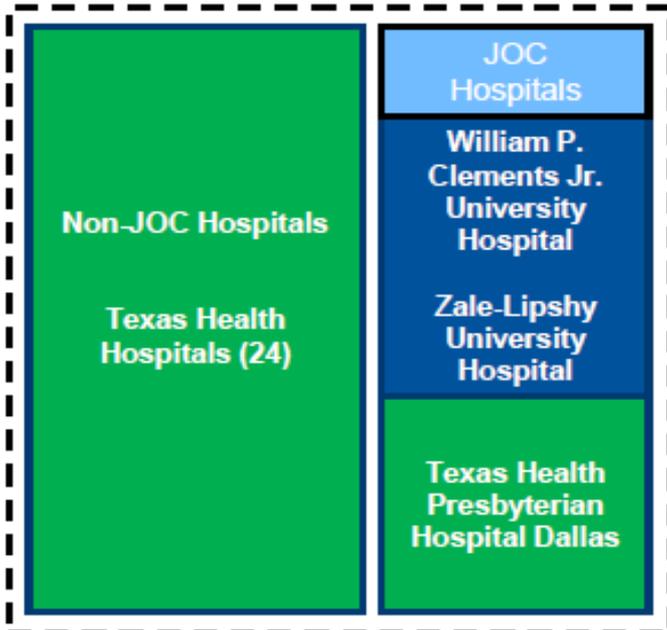


UTSouthwestern
Medical Center

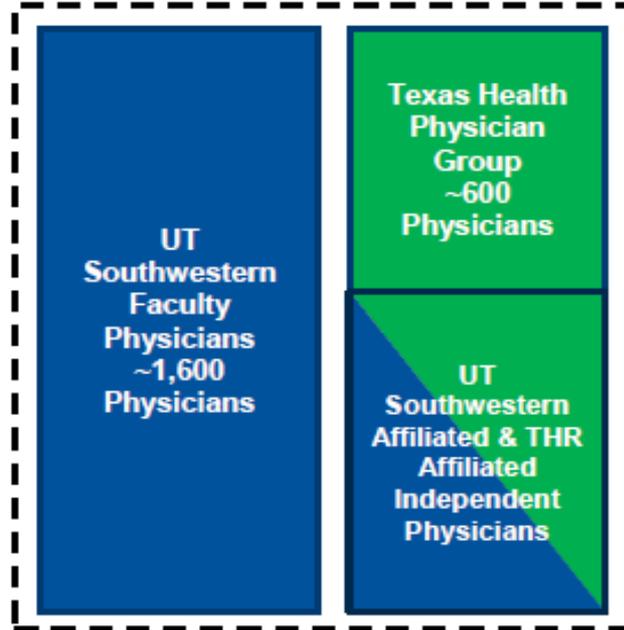
Partnership: Southwestern Health Resources

Southwestern Health Resources

Hospital Network



Physician Network



Academic Affiliation



Population Health Services Company

SWHR Extended Physician Network (EPN) and Extended PCP Network (PCEPN)

2/14/2018

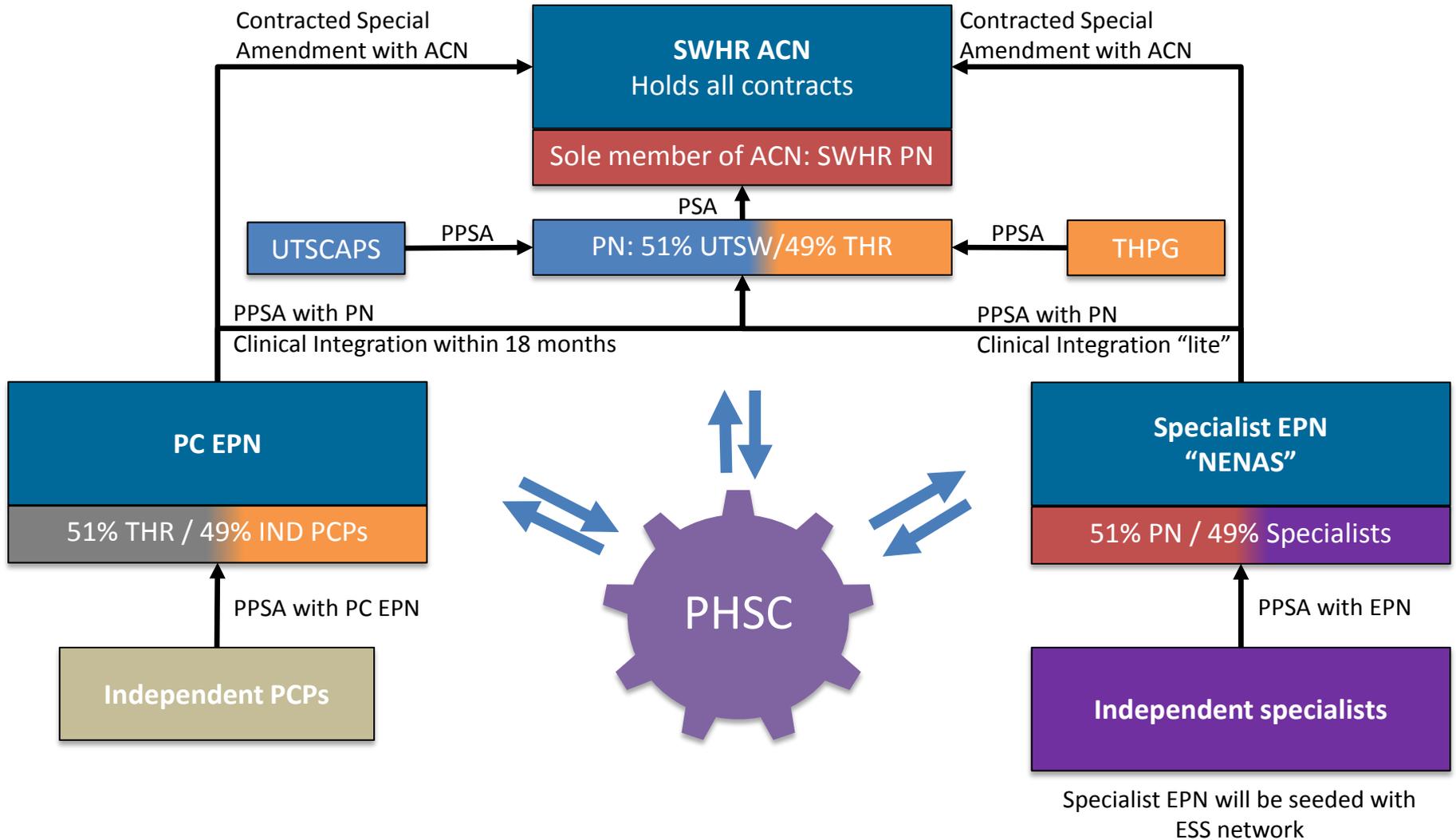
Privileged & Confidential

Southwestern Health Resources



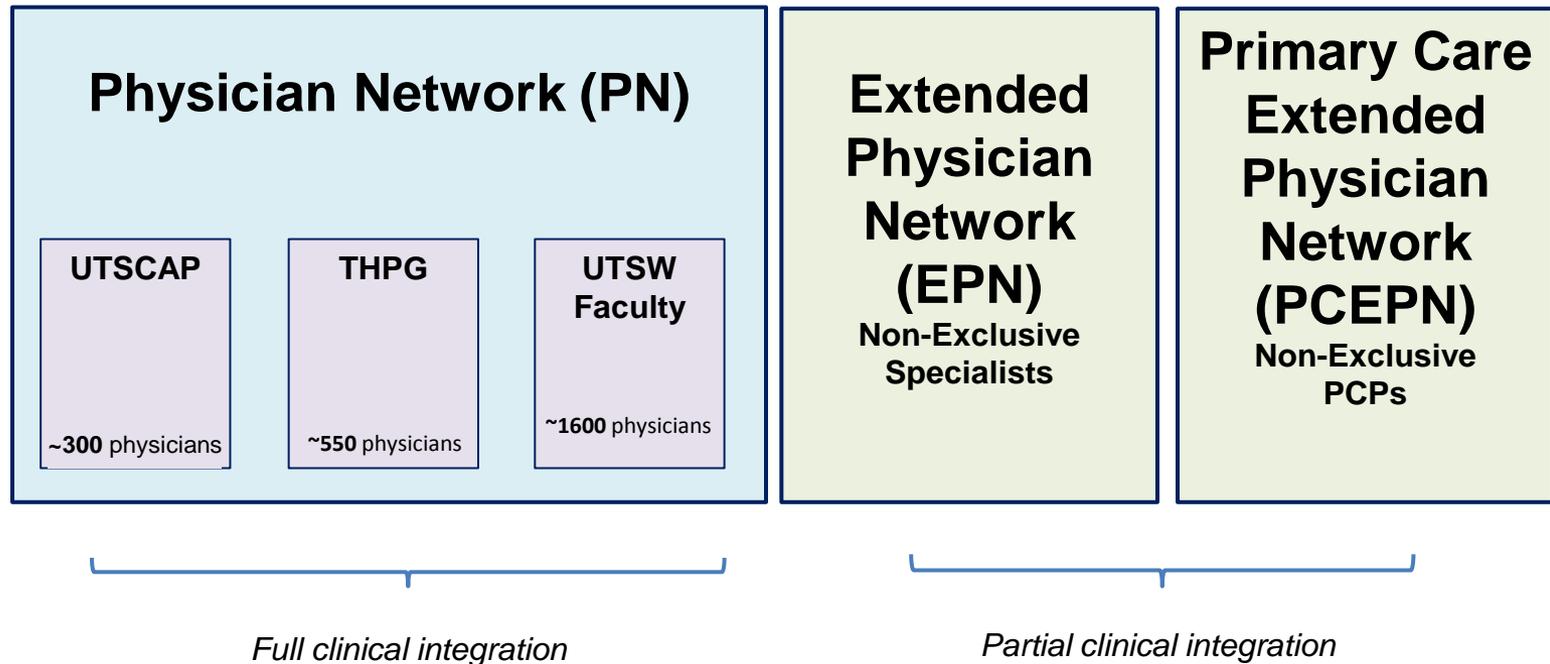
UT Southwestern
Medical Center.

SWHR PN/EPN/PCEPN/ACN Structure



SWHR Risk Contracting

SWHR Physician Network



Southwestern Health Resources Physician Network Board
Membership limited to physicians licensed in Texas (162b)

Utilization Management
Committee

Post Acute Care
Utilization/Mgt WG

Emergency Dept
Utilization WG

High-Cost Imaging
Utilization WG

Hospital Utilization
WG

Disease Specialty
Program WG

Home Health
Utilization WG

Credentialing
Clinical Integration Committee

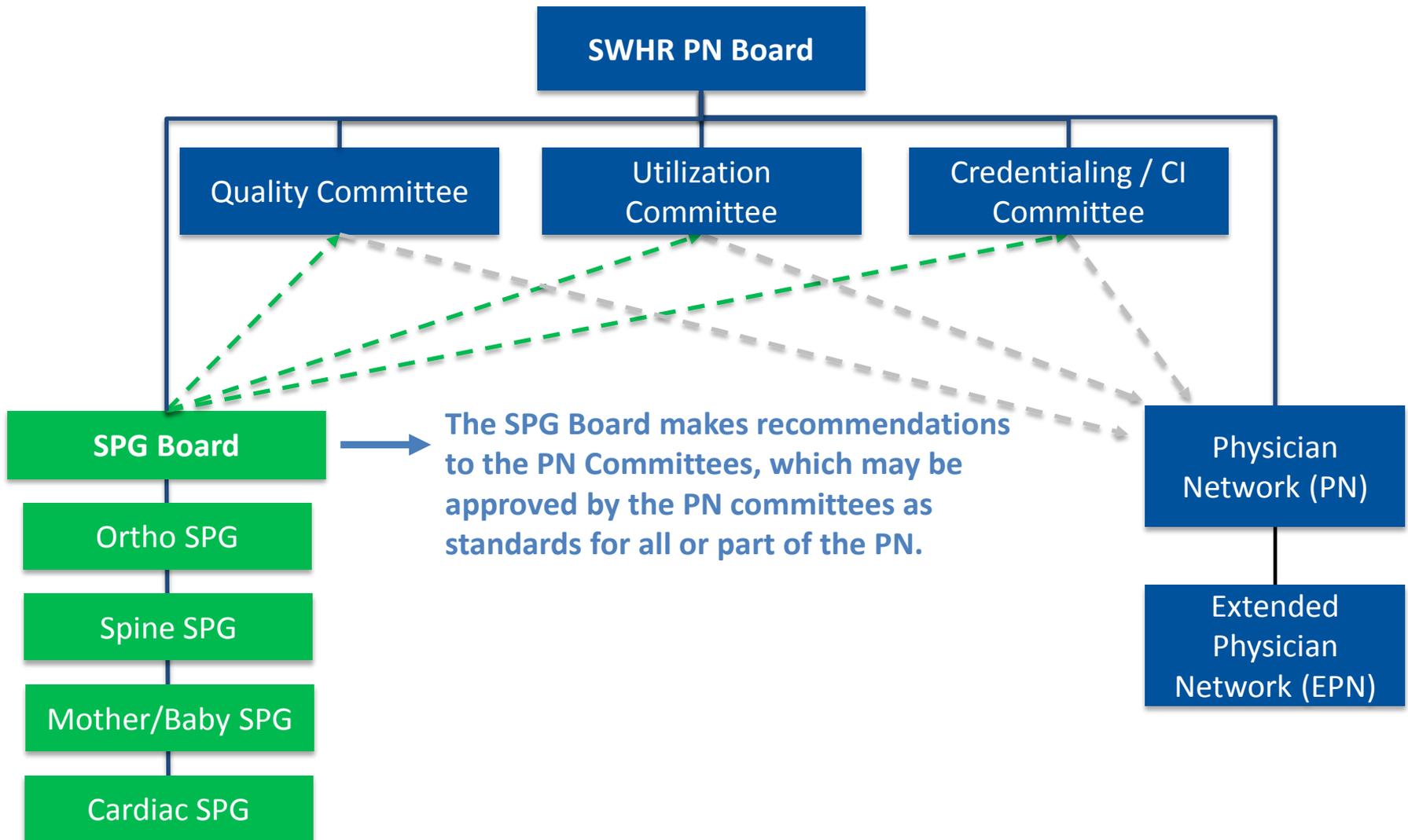
Network Efficiency
WG

EMR Optimization/
HIE WG

Credentialing

Quality Assurance Committee

Relationship between SPG and SWHR Physician Network



SWHR PN Performance

Aggregate funds pool for SWHR PN through at-risk contracts for managing populations and episodes of care
(e.g. Medicare/Commercial ACO contracts, bundled care etc.)

Process Payments for Quality & Performance

Primary Care (QPP)
Specialists (QIF)

Shared Savings (outcomes-based)

Primary Care

Specialists

Hospitals

2018 Strategic Update on Risk Contracting with Physicians

- NextGen 2017 performance preliminarily shows a 3.5-4.0% savings rate
 - ~70,000 beneficiaries at PBPM Benchmark of \$1086.83 (\$13,041)
 - Employed and faculty PCPs almost 60% of lives
 - Independents are the other 40%
 - Only AAPM in market
- NextGen 2018 attribution
 - ~99,000 lives
 - Benchmark PBPY \$13,553

2018 Strategic Update on Risk Contracting with Physicians

- Network Growth: EPN
 - ~300 Specialists have joined EPN
 - \$1,000 membership fee/up to \$10,000 Quality Incentive Fund opportunity at a process level
 - Eligible for shared savings distributions
 - ~900 Specialists in Due Diligence to join by June, 2018
- Network Growth: PCEPN
 - ~450 PCPs in Due Diligence
 - All Medicare Advantage
 - \$100 membership fee/up to \$1,000 QIF
 - Eligible for shared savings distributions

2018 Strategic Update on Risk Contracting with Independent Physicians

- Contracting Update
 - FFS/ACO with Care Coordination Fees (\$3-4 PMPM) with every major payor except BCBS (in process) for Faculty, CAPS, and THPG; all contain ACO performance requirements
 - With BCBS, 300-400,000 lives
 - PCP rates a “line in the sand,” particularly for independent PCPs
 - Shifting “total yield” to achieve
 - BCBS likely to require some ACO level risk to achieve desired PCP risk
 - ACO shared savings anticipated at \$11,000,000 for 2018
 - 99,000 NextGen lives
 - In due diligence to acquire 60-65,000 full risk MA lives
 - Direct to employer contract with City of Fort Worth with 3 near site clinics, 5 THPG satellite clinics, primary care cap, and total cost of care guarantee

2018 Strategic Update on Risk Contracting with Independent Physicians

- Competitive Landscape
 - “Easy Lift” or “Single Option” opportunities for independents in the marketplace
 - Catalyst IPA
 - Optum/WellMed/Secure Horizons
 - Privia and Lumeris present and/or trolling
 - Global Health Alliance and others working through specialists to “bundle” specialty services
 - Opportunities for PCPs to get into facility technical revenue streams
 - No CON
 - Ambulatory and Post-Acute
 - Competitors playing hardball with THA (BSW and HCA)

2018 Strategic Update on Risk Contracting with Independent Physicians

- Priorities and Questions Going Forward
 - Keep growing the network
 - How many?
 - Where?
 - Fully Integrated or Risk Contract Only?
 - Opportunites
 - “Lift”
 - Cost of the PHSC
 - Keep building or buy?
 - How much risk to take
 - Government only?
 - Direct to employer?
 - ACO total cost of care accountability?
 - Balancing Price position in the market with value proposition