

MultiCare Retail Health Experience



The Leadership Institute

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The Leadership Institute
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MultiCare Overview



- Our heritage dates back to the founding of Tacoma's first hospital in 1882
- MultiCare is an independently owned not-for-profit organization, governed by a local Board of Directors
- Today, we care for patients across the Puget Sound and the Inland Northwest regions of Washington state
- We believe care is better local – given in our patients' homes and communities

Committed to Our Community

Mission

Partnering for healing and a healthy future.

Vision

MultiCare will be the **Pacific Northwest's** highest value system of health:

- ❑ Leading as a people-centric community asset
- ❑ Integrating a full continuum of high-performance, customer-focused health and health related solutions
- ❑ Delivering world class health outcomes and exceptional experience at a competitive price

Values

Respect, Integrity, Stewardship, Excellence, Collaboration, Kindness

MultiCare Sites of Care



7 Adult Hospitals

1 Pediatric Hospital

1 Hospital Opening In March
» 120 Bed Psychiatric Hospital

230+ Provider Clinics

65+ Specialties

8 Ambulatory Surgery Centers

2 Multi-Specialty Medical Centers



Largest Behavioral Health Provider in Washington State

47 Urgent Care Centers
Virtual Health (Primary & Secondary)

13 Occupational Medicine Centers

4 Imaging Joint Ventures
» 6 sites of care

14 Rehab Clinics

Home Health & Hospice

Our Strategic Priorities

Performance Excellence

- Top-decile performance for People, Quality, Service
- Bottom quartile performance on total Cost of Care
- Top quartile on Margin

Expanding Access to Care and Services

- Continue to grow existing services
- Add new programs and services
- Expand into new geographies and sites of care

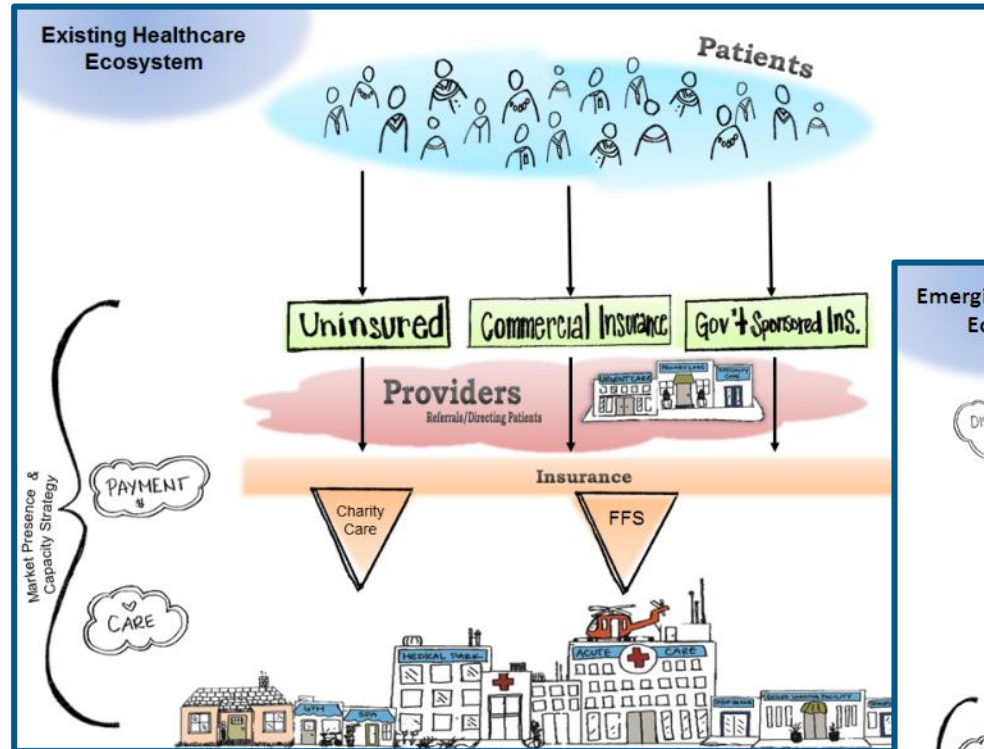
Population-Based Care

- Innovate access
- Transform care delivery
- Engage patients
- Redesign the business model

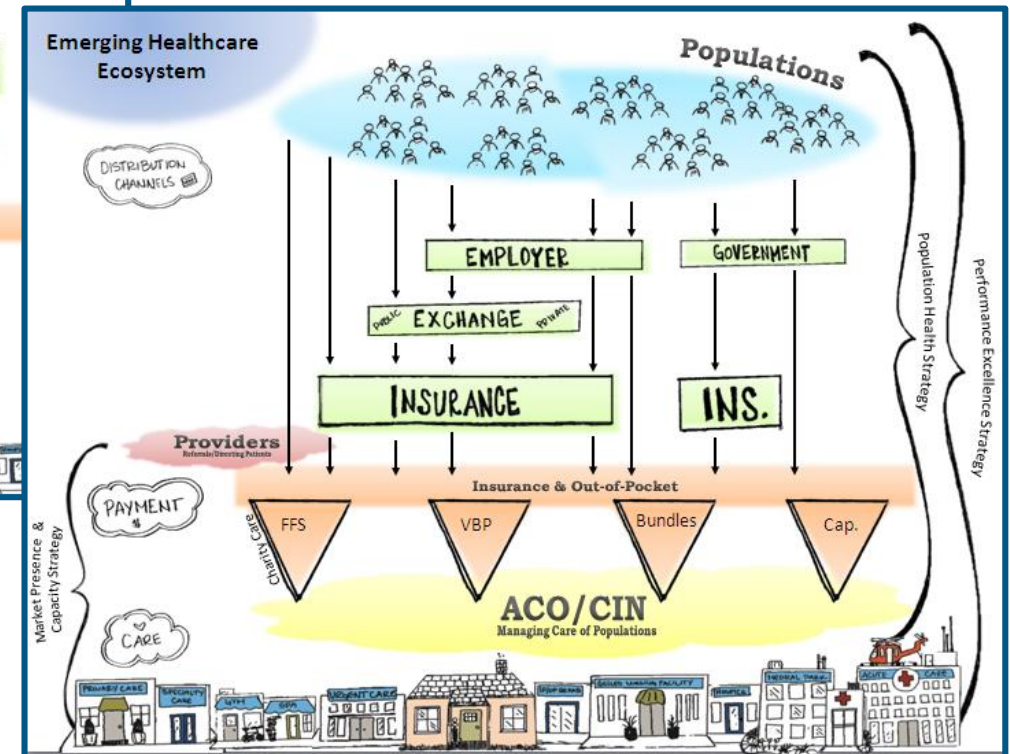


Transitioning from Volume to Value

from **VOLUME**



to **VALUE**





“ There is a generational shift. These trends are more evident among millennials, but not unique to them. I think people's expectations have changed. Convenience is prized in almost every aspect of our lives, from shopping to online banking. ”

- Ateev Mehrotra, MD
Associate professor, Harvard Medical School

*Consumer
Expectations
Drive
Health Care
Experience*



Kaiser Family Foundation Surveyed 1,200 Adults and Found...

26%

Did not have a primary care provider

28%

**Of 30 to 49 year olds did not have a
primary care provider**

45%

**Of 18 to 29 year olds did not have a
primary care provider**



Our Retail and Ambulatory strategies are foundational to our overall consumer strategy.

*At MultiCare, Retail Health Care is defined as engaging **directly** with consumers for health care related products and services in a price sensitive environment, and to provide “**value**” – however it is defined by the individual.*

Key Objectives of Our Retail Strategy

- To facilitate improved health and healing in our patients and our communities
- To provide new consumer portals of entry into our system of care
- To build patient loyalty across their life span
- To create incremental profitable revenue at point of service
- To enable broader geographic reach



In 2014, MultiCare
developed a bold
retail strategy
called
First Health Care
Touch, or simply,
“First Touch”





“First Health Care Touch” Defined

When a person decides to seek health care services, ***WHO THEY CONNECT WITH FIRST HAS INFLUENCE*** over how that person’s care will proceed. That “first contact” with the health care delivery system is the “first-touch” point.



Our measure of success is
the achievement
of **1.3 million** unique
individuals by 2020 .
(2014 baseline = 294K)

How Do We Get to 1.3 Million Lives?



- Grow Primary Care provider clinics
- Expand our Clinically Integrated Network and community partnerships
- Expand ED access through free-standing EDs
- Build the Urgent Care business line
- Expand the retail partnership with Rite Aid/RediClinics
- Develop a virtual platform to serve patients throughout the Pacific Northwest
- Launch DispatchHealth

3 new sites in Spokane by January 2019

Partnership dissolved September 2018

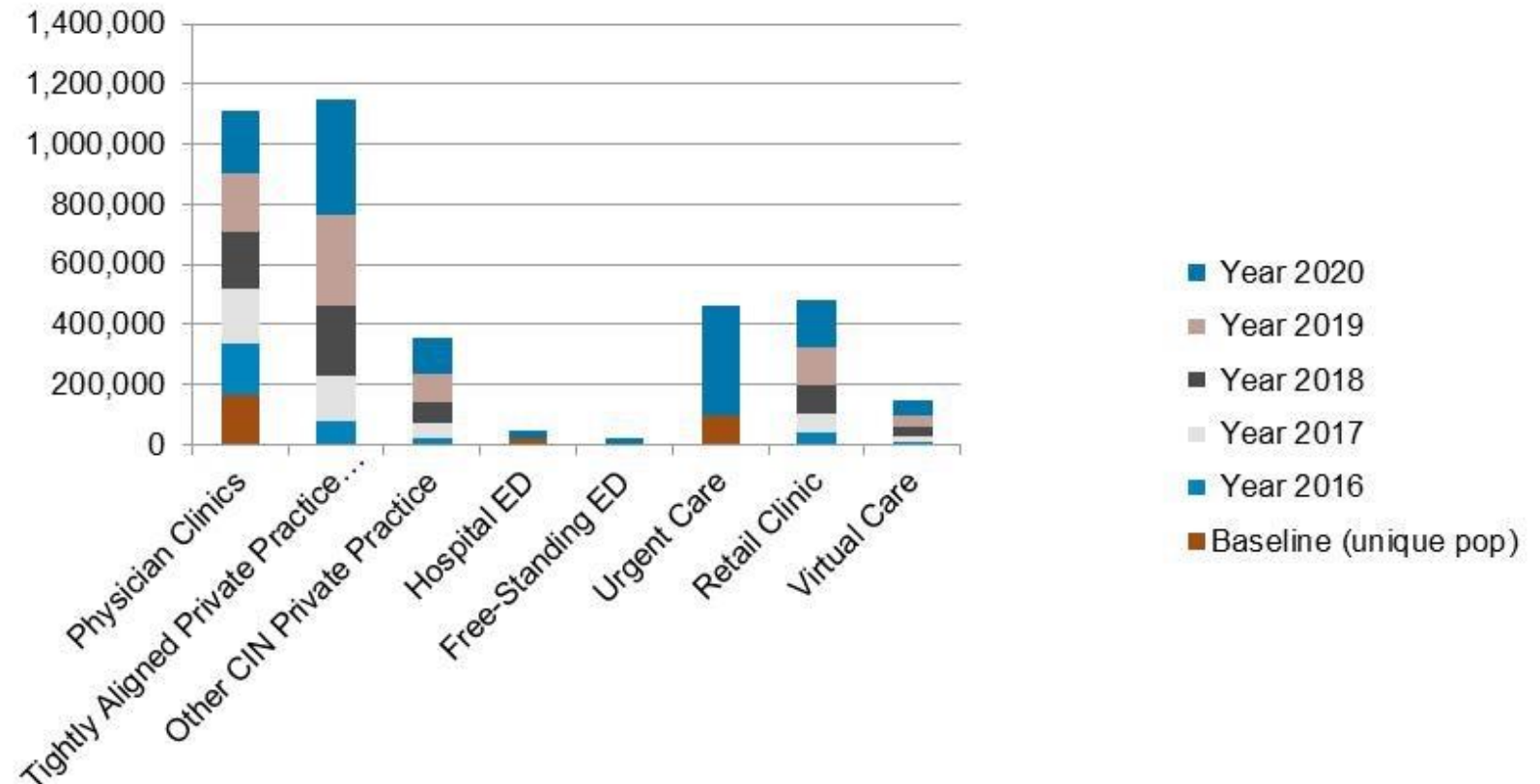
Direct-to-consumer launch in Spokane in 2019

New partnership launched December 2018

Retail Health

Progress Toward 1.3 Million Unique Patients

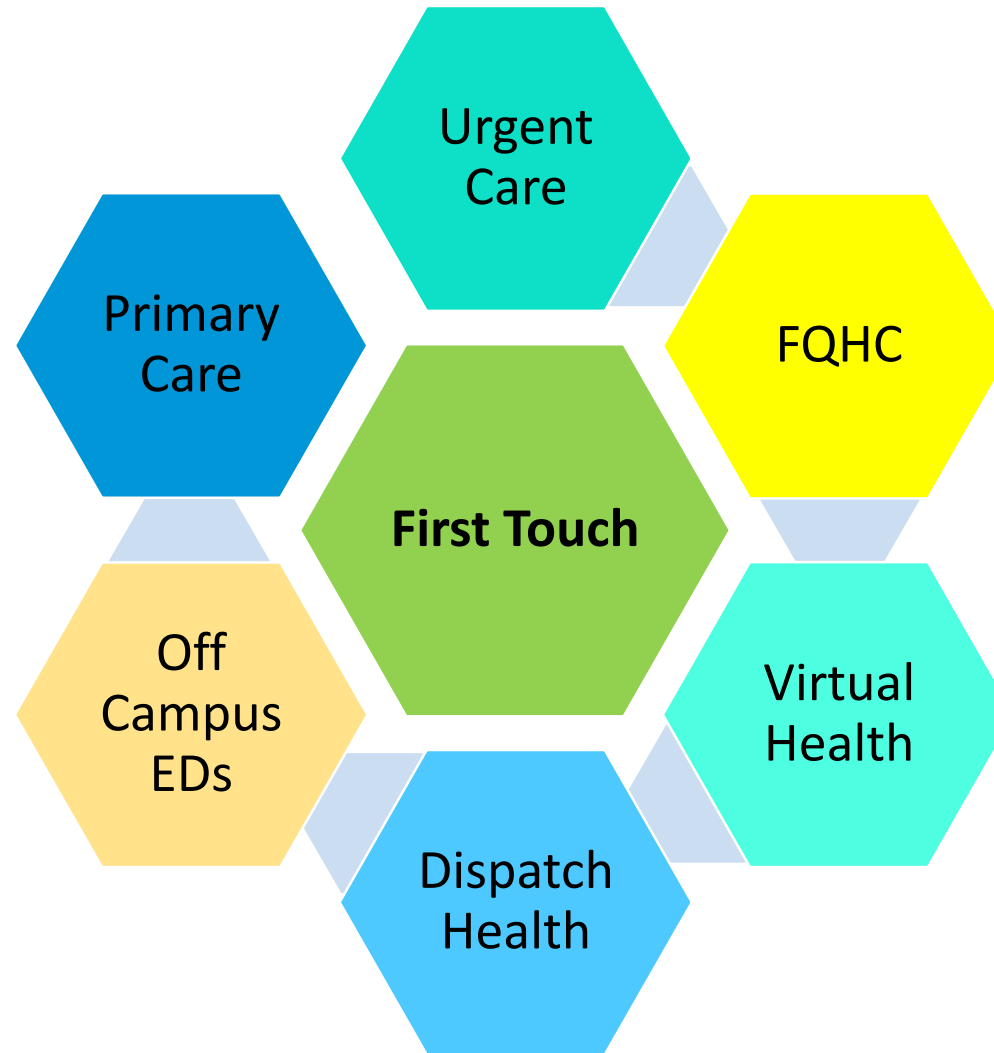
Our Urgent Cares have contributed to all of our First-Touch growth over the past 18 months



YE 2018: *484,999 Unique Patients

(*Does not include the Spokane market)

We are customizing care through specific strategies for our multiple First-Touch Channels...



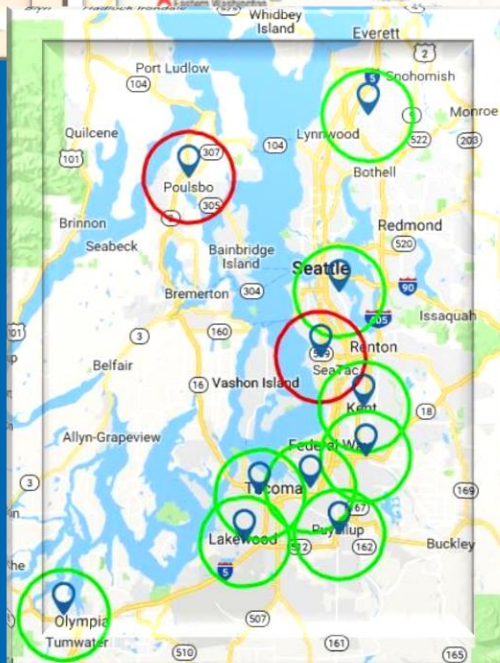
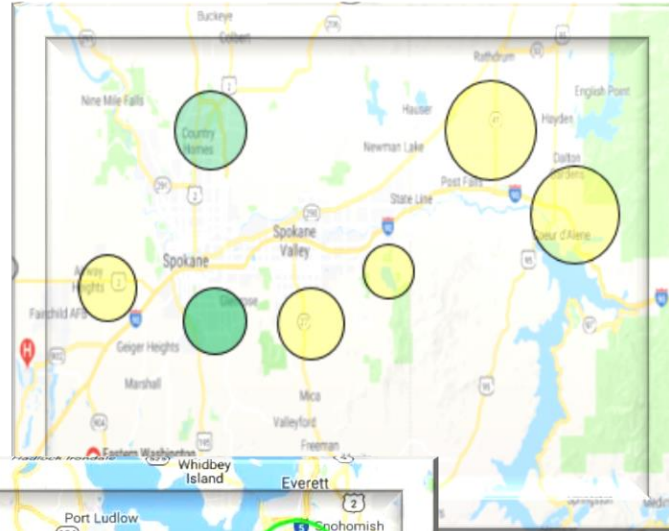
...in order to connect them to second-touch channels and our system of care.



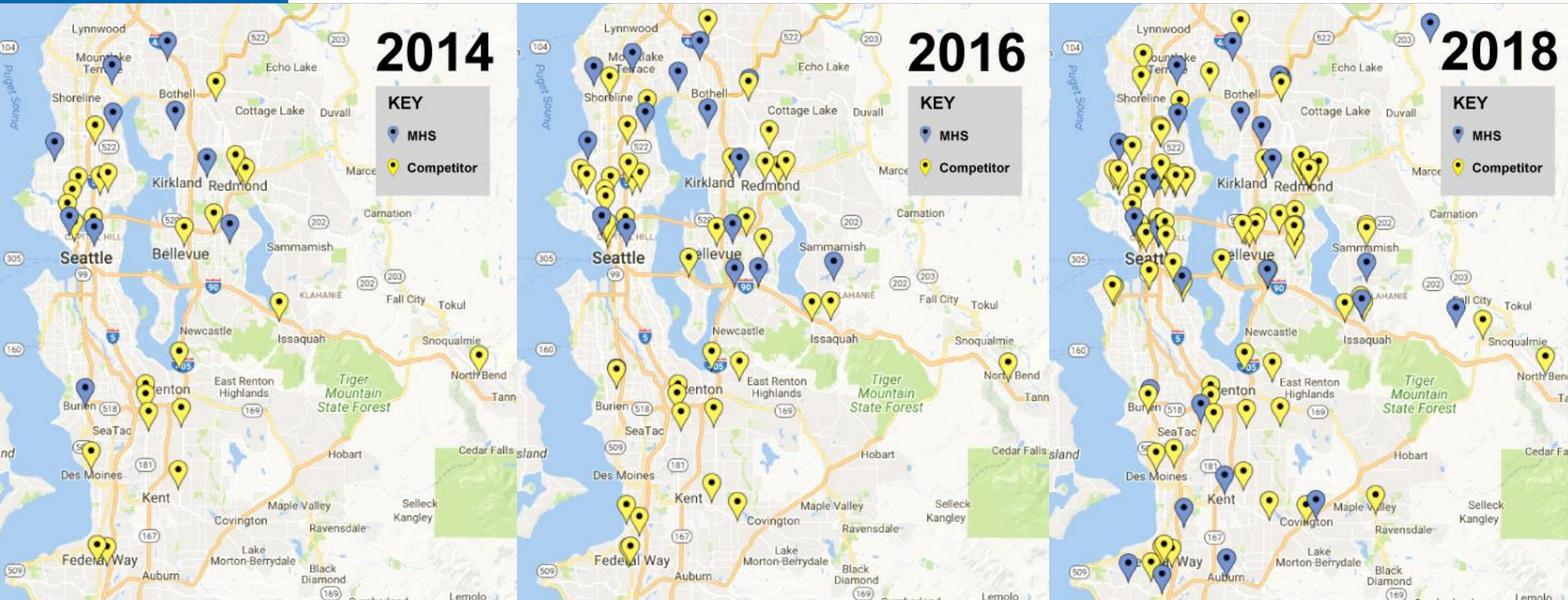
Retail Health *Current Portfolio*

Components of our Retail Health Division (as of January 2019)

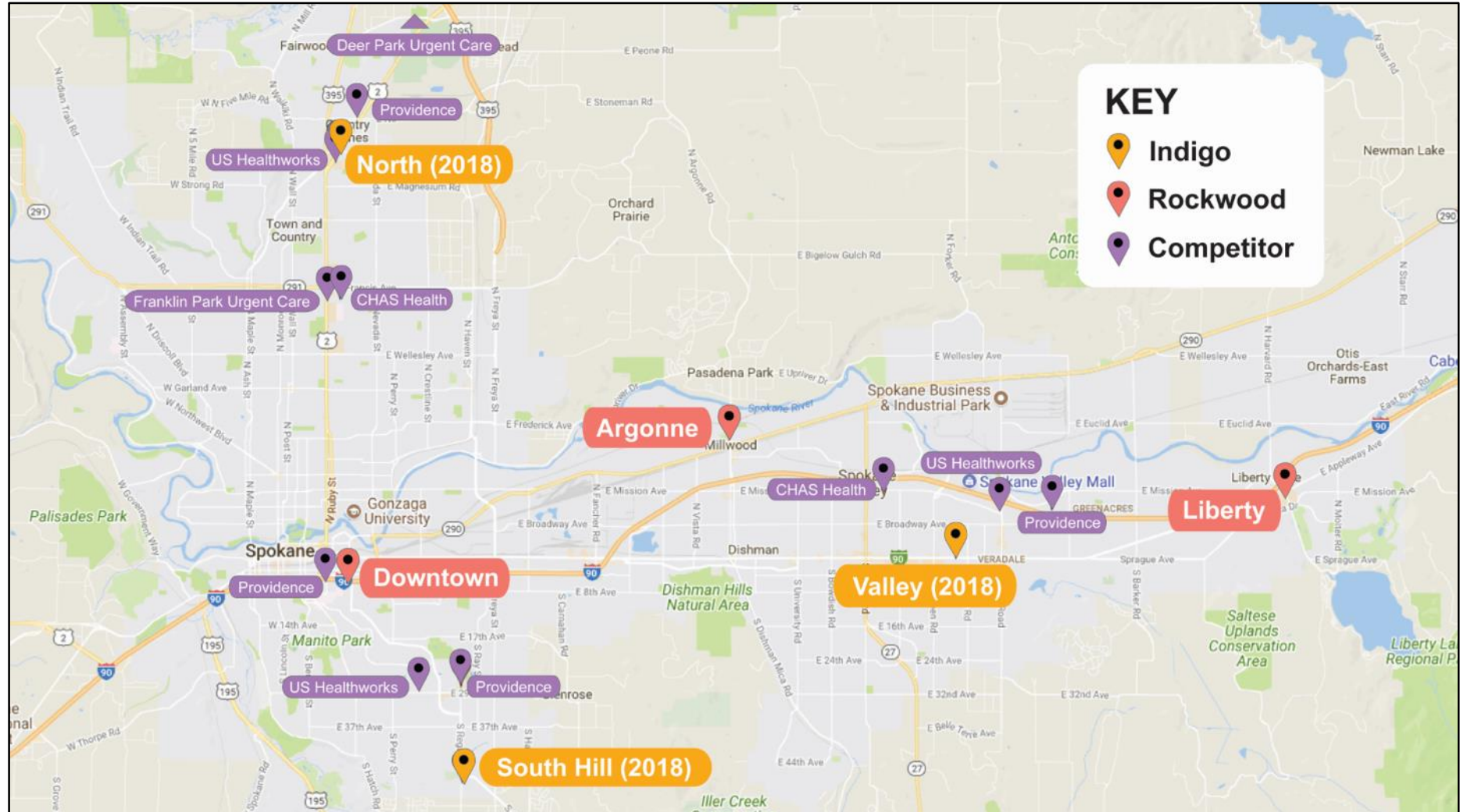
- 19 Indigo Urgent Cares
- 14 Immediate Clinics
- 12 Legacy Urgent Cares
- 2 Pediatric Urgent Cares
- Virtual Health
- 13 Occupational Medicine sites



Retail Clinic Growth Puget Sound Region

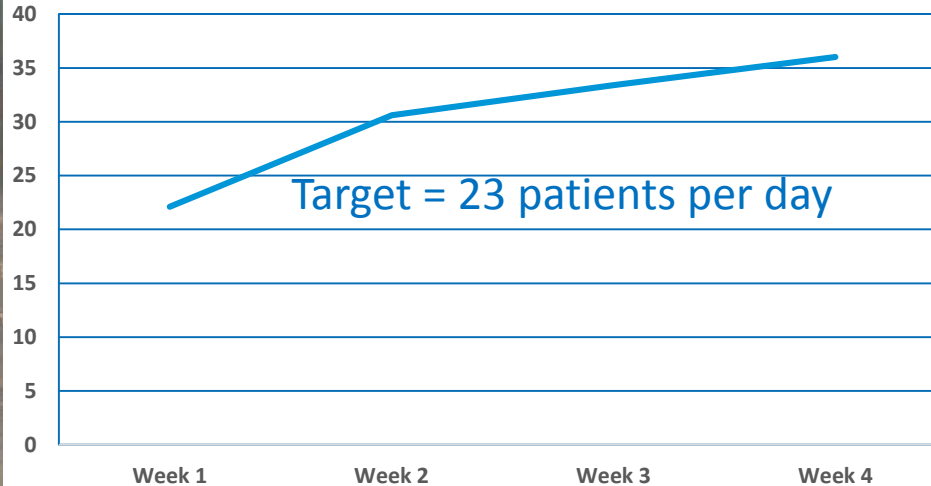


Retail Clinic Growth Inland Northwest



Spokane Exceeds Expectations

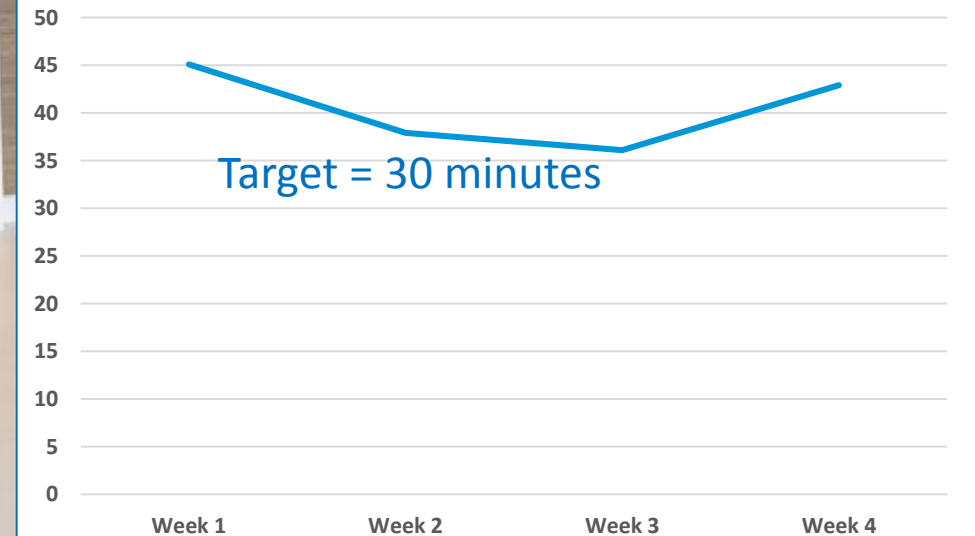
ADC - North Indigo Clinic, Spokane



Proforma ADC Milestones

Year 1 23
Year 2 34
Year 3 36

Cycle Time - North Indigo Clinic, Spokane



Consumers Who Use Indigo Urgent Care are Highly Receptive



High Net
Promoter
Score (85+)



Online
Reviews of
4.8+ on
Google



Door-to-
Door times
average
under 45
minutes

What We've Learned



Operating Model

Staffing to volume and expense reduction



Clinic Opening Strategy

Smaller sites and decreased construction costs



Brand Awareness & ROI

Integrated marketing to build brand awareness and highly targeted ROI strategies

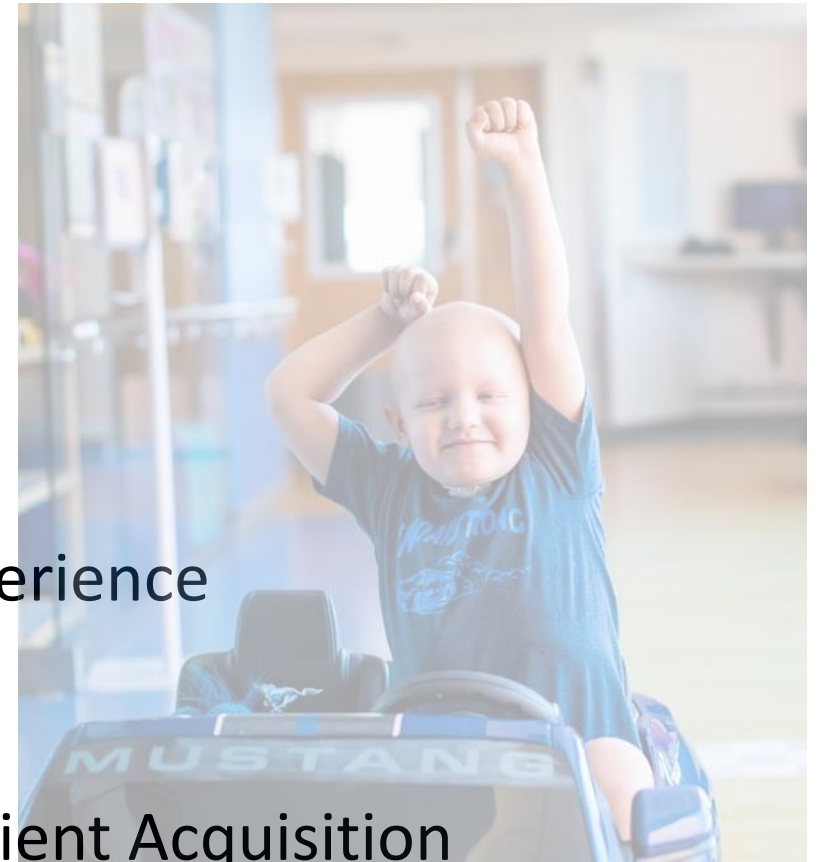
DispatchHealth: Launched December 2018



An integrated, convenient, high-touch care delivery solution that extends the capabilities of a patient's care team and provides definitive, quality care **in the home** while decreasing costs

Value to MultiCare

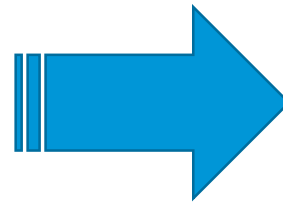
- Decreased Total Cost of Care
- Decreased Readmissions
- Decreased Hospital LOS
- Decreased ED Observation Time
- Improved Patient and Provider Experience
- Market Differentiation
- Lower Capex Retail Strategy for Patient Acquisition



MultiCare 

Early Success with DispatchHealth

Launch Dec. 11, 2018-
Jan. 31, 2019



Total Visits	431 (46 days)
ADC	9.4 per day
ED escalations	16 (9%)

Ramp-Up Exceeding Expectations

ADC December	8.3 per day
ADC January	9.9 per day
ADC Jan-15-31	12.4 per day

NPS Score: 95





MultiCare Retail Clinics Case Study

Situation

The MultiCare RediClinic joint venture operated at a loss since opening in May 2015

Background

RediClinic is a wholly owned subsidiary of Rite Aid corporation, co-located in Rite Aid stores as a convenient care clinic.

- a) Found initial success in Texas, with 34 stores inside H-E-B grocery stores in Houston, Austin and San Antonio; another 30 stores in Philadelphia and Baltimore/Washington, D.C.
- b) RediClinic & MHS founded a joint venture exclusively for the state of Washington in May 2015
- c) RediClinic contributed its 4 existing Puget Sound clinics to the JV (“RediClinic of Washington”). The JV opened another 7 clinics in early 2015

Assessment

1. Volume-driven business saw minimal growth in patients per day
2. Stagnant volume growth due to site selection, in-store placement, and marketing
3. Slow growth created questions about Puget Sound market readiness and the business's viability
4. Other competitors in the retail clinic space (Swedish ExpressCare in Walgreens, Kaiser Permanente CareClinic in Bartell's) also appeared to struggle

Decision

MultiCare and the RediClinics dissolved the joint venture in September, 2018 for the following reasons:

- a) Merger collapse between Rite Aid and Albertsons
- b) Declining financial condition of Rite Aid and the Retail Pharmacy industry
- c) Poor market performance of in-store clinics across Puget Sound Region
- d) Continued investment in strong Indigo Urgent Care platform

Not Every First-Touch Channel has Succeeded

Lessons Learned from Dissolution of our JV with RediClinics

1

An in-store drugstore clinic model is not viable; the industry is facing significant threats from online retailers.

2

Higher traffic sites (grocery stores) are preferable as they are the last channel to face technology-based disruption. But how long will this last?

3

Consumerism and competition from non-health care entities will continue to disrupt the market.

4

New competencies relative to digital marketing and reputation management must be incorporated into our remaining First-Touch channels

The background of the slide is a collage of four images. Top left: A woman with dark hair looking down. Top right: A man with glasses looking to the side. Bottom left: A doctor in a white coat and stethoscope talking to a young boy. Bottom right: A woman in a pink athletic top pushing a stroller with a child inside, walking outdoors. A large light green square with a thin grey border is positioned on the left side of the slide, containing the word 'Summary' in dark blue text.

Summary

Our Ambulatory Strategy Intentionally has Multiple Channels to Meet the “Value” needs of Various Populations

We will continue our proactive approach but will exit quickly if a channel is not performing well

We seek to be innovative while keeping our strategies scalable

We will continue to use “partnerships” to expand and enhance our services

We will more fully develop programs that promote and maintain health and wellness in the community and at home



Questions?