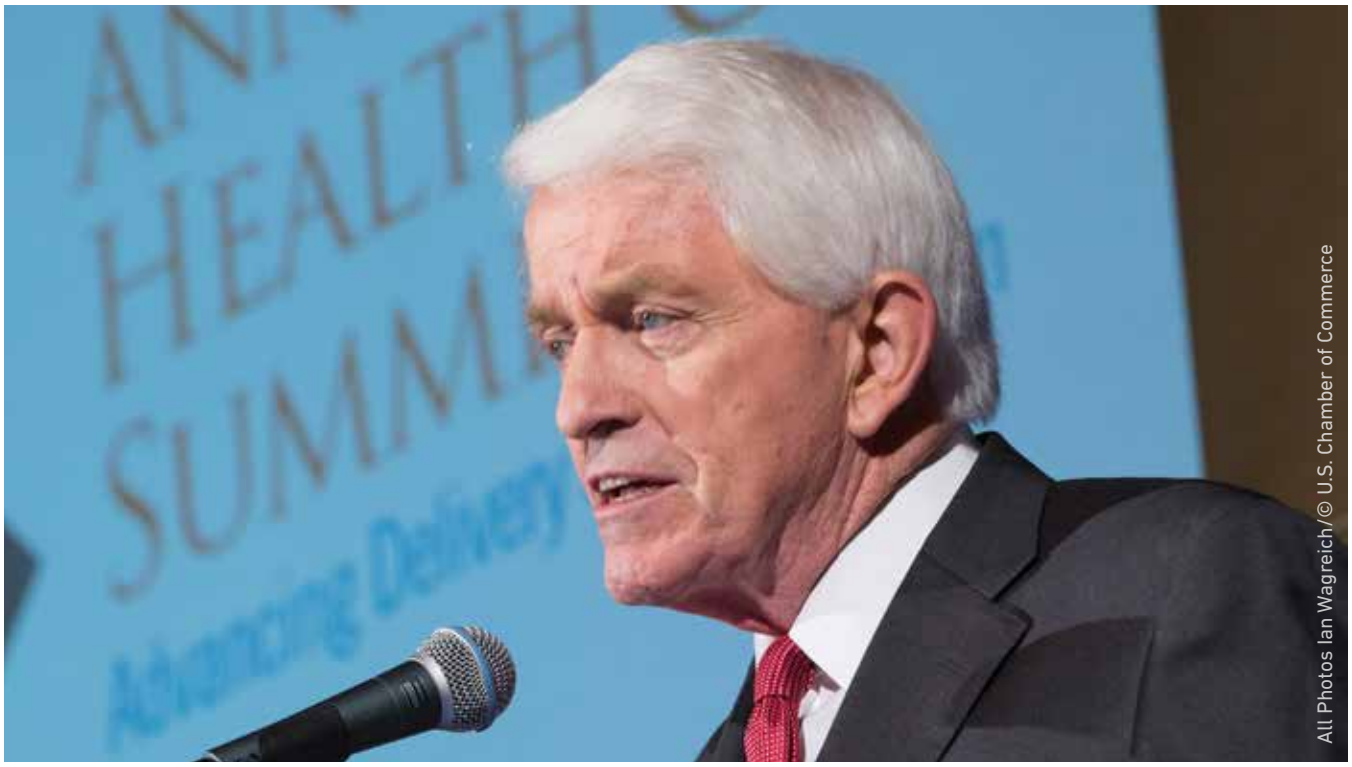
3RD ANNUAL HEALTH CARE SUMMIT

Advancing Delivery System Reform

EVENT SUMMARY

U.S. Chamber of Commerce | Washington, D.C.



Thomas J. Donohue, president and CEO, U.S. Chamber of Commerce, kicks off the Chamber's 3rd Annual Health Care Summit emphasizing the role that innovation has in adding value to and improving the American health care system.

Health Care Summit
EVENT SUMMARY

On October 22, 2014, Thomas J. Donohue, president and CEO, U.S. Chamber of Commerce, opened the Chamber's 3rd Annual Health Care Summit emphasizing the role that innovation has in adding value to and improving the American health care system. The summit focused on how the private and public sectors are working together to advance delivery system reform now and in the future. While implementation of the Affordable Care Act (ACA) dominates much of the dialogue on health care, further reforms are needed to lower costs, improve quality, and expand access to care. "We're here to consider real-life practical improvements that can be made to make American health care more accessible, more affordable, and more reliable," Donohue said.

Donohue highlighted the Chamber's report *Health Care Solutions from America's Business Community: The Path Forward for U.S. Health Reform*, which discusses successful private sector initiatives and presents a series of steps to drive systemwide changes. Proposals set forth in the report include encouraging better coordination between providers, improving access to straightforward information on cost and quality of care, and motivating consumers to use available tools to make better health care decisions. He also noted the U.S. Chamber of Commerce Foundation's report *Building a Healthier World,* which showcases 16 companies that are working to address health challenges like obesity through employer-led initiatives and strategic partnerships.

Dr. Eric Topol, chief academic officer, Scripps Health, delivers the morning keynote on the new tools that have been developed to improve and democratize health care delivery.

Morning Keynote

Dr. Eric Topol, chief academic officer, Scripps Health, spoke about the democratization of health care. Over the past few years, Topol said, new tools have been developed relating to individualized medicine and those tools will have major implications for health care delivery. Unlike in the past, "health care information is now flowing directly to the individual, to the consumer. And it's rich. It's big data per individual."

According to Topol, there are eight drivers of health care democratization: improved mobile sensors, mobile lab testing, better imaging, the ability for patients to conduct their own physical exams, universal access to digital medical records through mobile devices, cost, transparency, and "Uber-style" medical services. He also identified several health care delivery-related problems that need to be resolved, including issues surrounding ownership of medical records, lack of information given to patients regarding the risks of radiation exposure during medical procedures, and disagreements about patients' rights to access doctors' notes.

Topol believes that new technologies will enable most patients to diagnose and monitor themselves, and that this will fundamentally change the patient-doctor partnership model. "What doctors will be doing … is providing the treatment and the healing and the counsel and advice but will be less involved with the diagnosis, which, historically, has been a fundamental function." He closed by saying that "medicine as we know it today, which is highly paternalistic and information deficient, will be changed to a digitized, democratized, and truly data science."

Payment and Benefit Design Innovation

Margaret E. Guerin-Calvert, president, Center for Healthcare Economics and Policy, and senior managing director, FTI Consulting, Inc., kicked off the opening panel on payment and benefit design innovation. "We see major changes in benefit design, insurance and provider networks, and interactions with consumers. One of these new benefit designs is to encourage patients and businesses to make use of the most effective care. We also need efforts to align actions and incentives between providers and insurers around common goals and around common metrics," she said.

Victor V. Buzachero, corporate senior vice president for innovation, human resources, and performance management, Scripps Health, discussed the journey that Scripps has taken in moving away from a fee-for-service system to paying for outcomes. The federal government has leveraged Medicare's and Medicaid's

purchasing power by setting up Accountable Care Organizations (ACOs). However, hospital systems must make up-front investments to become an ACO and may still face a penalty based on the overall patient mix. For payment reform to "align the interest of the payor, the provider community, and the continuum," global capitation payments and bundled payments are needed to encourage care coordination. Buzachero concluded, "Even though we are still in early stages, the payor-provider partnership recognizes that we are all in this together."

George Lenko, staff vice president, client solutions, Anthem, spoke about the consumer perspective when purchasing insurance. From the insurer perspective, Lenko stated, "Over time, the industry has learned that there are substantial differences in cost, quality, and how providers service people." The Blue Distinction Centers of Excellence program is an example where Anthem incentivizes members to use low-cost, high-quality providers by certifying select providers as high quality and cost effective. Lenko summed up, "As long as we are in a fee-for-service system, and as long as there's choice, there is really a lot of value in engaging members and having them understand the differences where they seek care. By recognizing those differences, we could get a more effective health care system."

Dr. John Michael O'Brien, vice president of public policy, CareFirst BlueCross BlueShield (left), details its medical home initiative in the context of payment and benefit design.

Dr. John Michael O'Brien, vice president of public policy, CareFirst BlueCross BlueShield, highlighted the success of CareFirst's medical home initiative. O'Brien explained, "The goal of the program is to target those individuals with high risks and move them into lower risk status. To prevent readmissions to the hospital after discharge, with the use of advanced analytics, CareFirst can pinpoint those patients with higher risks. Providers, including nurse practitioners, are given an incentive to join the program. Each panel is given a global budget and if the panel beats the budget it is also eligible for an outcome incentive award." The bottom line is that CareFirst has seen significant savings and improvements in quality across the board.

Private Exchanges: Fueling the Consumer-Driven Marketplace

J. Darren Rodgers, senior vice president and chief marketing officer, Health Care Service Corporation, distinguished between private and public exchanges. In government-run public exchanges, individuals are eligible for a subsidy if they earn between 100% and 400% of the Federal Poverty Level (FPL) and do not have an offer of coverage that is deemed affordable. Alternatively, businesses administer private exchanges,

which are defined as employer-sponsored online health benefits marketplaces that allow individuals to shop for insurance products including health, dental, vision, and life. Businesses typically provide a defined contribution amount toward the purchase of the selected coverage.

Cary Grace (center), CEO, Aon Exchange Solutions, Aon Hewitt, explains how Aon's online marketplace engages consumers as they shop for health care plans.

Cary Grace, CEO, Aon Exchange Solutions, Aon Hewitt, discussed how the tremendous amount of change in the health sector, including moving from volume to outcome-based payment, regulatory reform, and technological innovation, led Aon to create its private exchange model. In the private exchange run by Aon Hewitt, there are four tiers of coverage: platinum, gold, silver, and bronze. The employer designates the tier of coverage that employees can choose from and employees select from a choice of standardized plans. Each employer may set the contribution based on years of service or whether the employee is full-time or part-time. Employees then select the plan that is most appropriate for their needs. Grace concluded, "We are seeing results that employees are more engaged in what they are choosing. Employers are provided with cost predictability and are bending the cost curve."

John DiVito, CEO and co-founder, Trionfo, explained how the ACA is changing employee benefits. Specifically, individuals, with a few exceptions, are required to purchase health insurance or pay a fine. Employers with 50 or more employees may face a penalty if they do not offer insurance or the insurance they provide is "unaffordable" and an employee opts to purchase coverage in the public exchanges. The significance is that a majority of those employed in businesses with 2 to 49 employees will be required to purchase health insurance, but those businesses are not required to offer such coverage. Trionfo aims to bridge the gap by offering a shopping platform for small businesses. DiVito said, "Our goal in the marketplace was first and foremost to preserve the blocks of business and number two was to provide access. And number three was to provide tools to small employers." DiVito concluded, "Health insurance has never been more accessible at any level for small employers to be able to provide coverage to their employees."

Leaders in the Evolution of Care Coordination

Moderating the panel, Dr. Corinne Graffunder, acting associate director for policy, U.S. Centers for Disease Control and Prevention, emphasized the importance of the public sector working with the private sector to prevent disease and align care.

Jeffrey White, director of health care strategy, The Boeing Company, discussed how Boeing is in the process of setting up a direct ACO with two partners in the Seattle, Washington, area. White said, "Employees have the choice of continuing their current plan or taking the preferred partnership model. In the preferred partnership model, employees pay less out of their paychecks, have free office visits, and a different tier structure for purchasing drugs." To set up the provider network, Boeing and the hospital systems had to walk a delicate balance. According to White, "The providers had to invest more in infrastructure to meet our needs. However, the network could not be so limited that no one would use it."

On a panel with fellow leaders in care coordination, Thomas Moriarty, executive vice president, chief health strategy officer, and general counsel, CVS Health, discusses how the company is using electronic health records and pharmacy data to improve medication adherence.

Sharon Pearce, CRNA, MSN, and president, American Association of Nurse Anesthetists, explained that Medicare requires physician supervision of nurse anesthetists for hospital and ambulatory surgery reimbursement and prohibits advance practice nurses from ordering some home health services and medical equipment. She said, "Our practice is prohibited as nurse anesthetists are not practicing to the fullest scope of our ability. Employers are a part of the solution. I urge Congress and Medicare to modernize plans and their laws. Employers can direct their health plans to support the cost-effective use of advance practice nurses, and all of this will make health care work better and save money."

Thomas M. Moriarty, executive vice president, chief health strategy officer, and general counsel, CVS Health, highlighted a study with a hotel chain demonstrating the importance of care coordination. The national hotel chain has many employees who work late night shifts, and access to traditional care is stymied due to their schedules. The employer imposed differential co-pays for services provided at MinuteClinics. The study found that there was an $85 saving per member with quality care delivered. Moriarty said that CVS is "sharing records with primary care physicians and is at the forefront of sharing prescription data electronically." CVS Health is also using pharmacy data to improve compliance adherence.

Dr. Michael Callum, president, Steward Medical Group, provided an overview of Steward, which is a 10 hospital system in Eastern Massachusetts with $2.3 billion in revenue. Steward has signed up as a Medicare Pioneer ACO. At the start of the Pioneer program, there were 35 Pioneer sites and now there are only 23. Callum was proud to point out that "in 2013, we had the second-highest performing Pioneer program." Steward is competing with academic-

affiliated hospitals in Massachusetts, where costs are significantly higher. Callum closed, "As an integrated health care system, we have attacked the readmissions problem by employing a significant number of physicians and controlling the cost of care in a post-acute setting. Steward has been able to keep care in the community that should be kept in the community."

Bruce Josten, executive vice president, Government Affairs, U.S. Chamber of Commerce (left), presents the Leadership in Health Care Award to Daniel Cane, CEO and co-founder of Modernizing Medicine for his contributions to reforming the health care delivery system. Dr. Michael Sherling, co-founder and chief medical officer, Modernizing Medicine, also received the award, but could not attend the event in person.

Leadership in Health Care Award

The 2014 Leadership in Health Care Award was presented to Daniel Cane and Dr. Michael Sherling, the co-founders of the health startup Modernizing Medicine. Modernizing Medicine was created to revolutionize the traditional electronic health record to increase efficiency, lower costs, and improve outcomes throughout the delivery system. According to Bruce Josten, executive vice president, Government Affairs, U.S. Chamber of Commerce, who presented the award, "It is clear that companies like Modernizing Medicine are exactly what our health care system must have to leverage our nation's medical expertise and create momentum behind sustainable advancements to American health care." The award was sponsored by North Highland Worldwide Consulting.

Luncheon Keynote

Dr. Patrick H. Conway, MSc, deputy administrator for innovation and quality, Centers for Medicare and Medicaid Services, and chief medical officer, Centers for Medicare and Medicaid, spoke about the CMS' Innovation Center and its ongoing efforts to make meaningful transformations to our nation's fragmented, fee-for-service health care system. His keynote focused on the value of opening and maintaining a strong dialogue between the private and public sectors to

Dr. Patrick H. Conway, MSc, deputy administrator for innovation and quality, Centers for Medicare and Medicaid Services (CMS), and chief medical officer, Centers for Medicare and Medicaid, elaborates on how CMS' Innovation Center is testing new payment delivery models in his luncheon keynote address.

provide a "better coordinated health care system that gets the high-quality outcomes we want and spends dollars more wisely."

Conway believes that transforming our delivery system through alternative and population-based payment models is critical to improving outcomes because these models emphasize "value not volume, meaning that providers don't get paid for every patient who walks through the door; they get paid for keeping people healthy and out of the hospital and in the communities." He illustrated the progress this value-based approach has made by highlighting the increasing rate at which providers are investing in safety. According to Conway, this dramatic improvement in quality should be credited to the expanding rate of network participants, which now includes 80% of hospitals in the country. When payers align their networks, it reduces challenges presented by new payment strategies, builds the validity of operational changes that work, and provides greater incentives to meet performance benchmarks across all aspects of the delivery system.

To put the scale of these operational reforms into perspective, Conway elaborated on the Innovation Center's pivotal role in testing new payment service delivery models, ACOs, to ensure that they are meeting standard quality measures designed to chart the overall patient experience. To better evaluate and scale ACO models, the Innovation Center partners with the private sector, states, and local communities to broaden the scope of strategy reform and create new channels to customize the care delivery system according to the needs of existing health infrastructure.

Conway concluded his remarks by stressing the importance of transparency and the need for private sector innovation to continue the monumental progress we have made thus far. Looking to the future, it is imperative to maintain an open dialogue among federal, state, and local communities to provide better quality information that fosters meaningful discussions and long-lasting improvements.

Health Care 2.0: Driving Connected Care Through Digital Advances

Dr. Devin Jopp, president and CEO, Workgroup for Electronic Data Interchange (WEDI), moderated a panel on the importance of digital advances in health care delivery. Jopp kicked off the discussion by emphasizing the significance of the smartphone in the future of care delivery. "What we see in our environment right now is a giant ecosystem shift as we start looking at smartphone ownership … 80% of individuals under 40 now have a smartphone."

Doug Naegele, chief executive officer and founder, Infield Health, stressed the importance of health information being in the hands of the consumer. Infield Health promotes "taking all the information that's in the hospital about you and giving it to you because you are the CEO of your own care, and nobody wants to get better more than you." With the advent of health IT, he said that "you and your caregivers are quarterbacking your own care."

Andy Mekelburg, vice president, federal government relations, Verizon Communications, emphasized how meaningful public policy changes are advancing health

care delivery innovations. Specifically, Mekelburg identified three essential issues: telemedicine, interoperable health care records, and overly burdensome government regulations.

Addison McGuffin, vice president, business technology innovation, Health Care Service Corporation, argued that new generations of consumers will not tolerate the slow pace at which health care services are currently delivered, and that this will drive change. As interoperability and connectivity continue to gain traction, our mobile devices will become what McGuffin describes as "life-commerce facilitators" and that all kinds of health, financial, and other information will be aggregated in one place and accessible from almost everywhere.

Alice Borrelli, director, global healthcare policy, Intel Corporation, said that consumers are ready for the digital health revolution and that other industries such as retail and finance have moved beyond talking about the basic importance of connectivity through digitalization. "It's just been embedded in those services, those verticals for so many years, but we're still talking about digitized services in health care like it's novel." She went on to say that Intel, in an effort to support the transition to the widespread use of new health care technologies, has supported standards-based methods and ACOs.

Alice Borrelli, director of global healthcare policy for Intel Corporation, says that consumers are ready for the digital revolution in health care.

Afternoon Keynote

Dr. Rodney F. Hochman, president and CEO, Providence Health and Services, began his speech, Navigating the Field of Innovative Partnerships, by providing a brief overview of Providence Health and Services, which serves the Western United States in five states: Oregon, Washington, Alaska, Montana, and California.

Hochman talked about digital and consumer innovation, an ACO that Providence is setting up with Boeing, and how gene sequencing is transforming medicine. Hochman began, "Our premise is that the people redesigning medicine should be the physicians administering care." To improve digital services, Providence hired a former programmer who previously worked at Amazon and a CalTech Ph.D. with a degree in computer science. Additionally, Providence has started a venture fund of $150 million to fund new projects in the digital space, and the health system has systemized electronic medical records across five states and is using the information gathered to improve quality of care.

Hochman discussed the growing role of health and wellness in the community: "Health and wellness

Dr. Rodney F. Hochman, president and CEO, Providence Health and Services, stresses the importance of health and wellness in the community and explains how gene sequencing is transforming medicine.

are part of everything we do. This year Providence invested in a company, Sqord, which provides digital step tracking devices to kids. In a joint venture with school districts, our company has teamed up with the insurer, Premera, to encourage kids to lose weight. Our challenge has succeeded as kids are more active and the problem of childhood obesity is being addressed."

Boeing has also partnered with Providence to begin the process of forming an ACO. As a unique partnership between the health system and the business community, employees at Boeing will be able to sign up for a same-day appointment via a website specifically designed for them. To become a pioneer in genomic sequencing, Providence has teamed up with Dr. Patrick Soon-Shiong, one of the most renowned surgeons in the United States. Hochman said, "In terms of disease, we now understand that certain breast cancers may have more in common with prostate cancer. We have developed a center in Culver City, California, that will be one of the largest genome sequencing centers in the country. What used to take weeks and months for genetic testing will in the future take less than a day, and the price will go down to only a few hundred dollars."

Perspectives in Innovation: The Next Generation of Health Care Entrepreneurs

Introduced by moderator Evan Burfield, co-founder of the D.C.-based startup incubator 1776, Dr. Ricardo Martinez, FACEP, chief medical officer, North Highland Worldwide Consulting, framed the conversation by discussing the drivers of change, primarily the shift from physicians practicing in silos toward integrated care.

With payment shifting from fee-for-service toward pay-for-performance, doctors have a financial incentive to keep patients out of the hospital. Martinez said that in tandem with health care delivery system changes, "the shift for employees from defined benefits to defined contributions is driving a lot of changes in the marketplace, particularly the big rise of the patient as a payer source." As individuals are increasingly bearing the direct costs, they are becoming active purchasers of care. Martinez summed up saying that the rise of consumerism is complementary to the changes occurring in the marketplace as patients and providers seek improved support mechanisms to improve or maintain health.

Daniel Cane, CEO and co-founder, Modernizing Medicine, discussed three trends in technology that impact how patients receive care: cloud-based services, mobile devices, and wearable technology. Cane said, "The final area of convergence is big data. Big data needs to be actionable, and the biggest missing piece is health care outcome data." Cane co-founded Modernizing Medicine to fill a gap in the marketplace to create a system that combines big data with the cloud to discover and examine trends in population health management.

David Fairbrothers, co-founder and CEO, Dorsata (left), and Dr. Ricardo Martinez, FACEP and chief medical officer, North Highland Worldwide Consulting, discuss the function of entrepreneurs and venture capital in health care innovation.

David Fairbrothers, co-founder and CEO, Dorsata, said that the mission of Dorsata is to improve patient support tools. Dorsata works with electronic medical records to pinpoint clinical variations throughout a large-scale physician practice group. Fairbrothers discussed how a challenge for Dorsata is making a business case for providers to adopt the platform, which leads to improvements in quality metrics. "The real issue we are solving is how to actually drive consensus and behavioral change management among large scale health systems," said Fairbrothers.

Dr. Szilard Voros, FACC, FSCCT, FAHA, chief clinical strategy officer, Health Diagnostic Laboratory, Inc., concluded the panel discussion with his thoughts on advances in medical lab testing services technology. Voros said that individuals tested for heart disease can determine their risks for cardiovascular disease and if warranted seek treatment at the earliest stage possible. Voros summed up, "By reducing the event rates of these high-risk patients over time, the results are reduced diabetic complications, hospitalizations, and emergency room visits. The ultimate result is reduced costs to the health care system with improved outcomes."

Public-Private Partnerships: Making It Work at the Local Level

Bill Purcell, former mayor of Nashville, and adjunct professor of public policy at Vanderbilt University, began the last panel of the day, Public-Private Partnerships: Making It Work at the Local Level, by declaring, "The old adage is that all politics is local, and all health care is local as all people are local."

Ralph Schulz, president and CEO, Nashville Area Chamber of Commerce, highlighted the role of the local chamber in setting priorities and acting as a convener for the surrounding community. Schulz explained, "Nashville is the health care management capital of the nation. Yet from a health behavior perspective, according to Gallup's Well-Being Index, Nashville ranks 72 out of 189 Metropolitan Statistical Areas (MSAs)."

Advancing Delivery System Reform

Ralph Schulz, president and CEO, Nashville Area Chamber of Commerce, points out the role of local chambers of commerce in setting health care priorities and acting as conveners for the surrounding community.

The Nashville Area Chamber of Commerce in conjunction with the Nashville Area Metropolitan Planning Organization, the Nashville Health Care Council, Vanderbilt University, Saint Thomas Health, and Hospital Corporation of America has begun a pilot study to provide a comprehensive assessment of health status and health care costs in the Nashville region.

In discussing the pilot, Schulz said, "We are embarking on a project to look at the cost, quality, and access to health care as well as the health and well-being of our population. The way Nashville works is via public-private partnerships. The big initiatives that improve the quality of life mean that the public and private sectors have to pool their resources. We can get good comparative data, which will lead to consistent metrics. With these metrics, our organization will be able to take action that creates a healthier lifestyle."

Caroline Young, president, Nashville Health Care Council, said that in 1995 the Council convened as a forum to "make sure that Nashville remained prosperous and health care continued to grow." The Council holds approximately 60 events per year and focuses on policy issues and financial trends. The Nashville metro area has 250 companies in the health care industry with $70 billion in revenue, employing 200,000 locally and 400,000 globally. She said that the Council is supporting the Nashville Chamber's efforts and "we are keen to partner with other stakeholders in the community to address the health and well-being of the community."

Melinda B. Buntin, Ph.D., professor and chair, Department of Health Policy, Vanderbilt University School of Medicine, said that Vanderbilt is the program evaluator for the pilot. In providing an overview of the health of Nashville, she said, "Let's focus on the drivers of health. In the Robert Wood Johnson Foundation rankings, Tennessee ranks 42 out of 50. Nashville ranks high within the state, but has poor marks on providing adequate housing. Furthermore, approximately 27% of adults in Nashville do not engage in physical activity. Having the type of discussion we are starting to have in Nashville is meant to engage stakeholders in the city to promote health and physical activity in the city."

Dr. Mike Schatzlein, Market Leader, Indiana and Tennessee Ministries, Ascension Health, and president and CEO, Saint Thomas Health, echoed the other panelists saying, "At Ascension, we believe that health care delivery in the U.S. is tremendously broken and headed for the cliff.

We do not have a health care system. We have a nonsystem with a number of conflicting and perverse incentives. How do we fix that?"

Ascension Health has started a care delivery platform with Mission Point Health Partners that delivers a continuum of care services. Schatzlein summed up, "The time is over when we can afford to have people go to the hospital and bill the provider community. We are taking proactive steps for assuming population care by agreeing to participate in the Medicare Shared Savings Program and a similar program in TennCare Medicaid."

Kim Fortunato, director, Campbell Healthy Communities, Campbell Soup Company, told the audience that when Campbell decided to keep its headquarters in Camden, New Jersey, the company drew up an action plan to improve population health in the surrounding community. Fortunato said, "Three and a half years ago, we announced a $10 million, 10-year goal to reduce obesity." According to Fortunato, there are 77,000 people residing in Camden; the average age is 27; and fewer than 50% of residents have a high school diploma or own a car.

Campbell is in a unique position as the company is doing programmatic intervention and holding cooking classes in schools. Fortunato said that the program has been quite a success and Campbell is scaling the program. "At the moment, Campbell is the leader behind this effort. However, it is in the process of establishing a backbone organization with other community organizations to further its efforts. Campbell's Healthy Communities recently expanded to Campbell's biggest plant in Napoleon, Ohio, during September 2014. We are also looking for further opportunities in the future."

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