

**“LESSONS LEARNED AS  
A “SELLER” NOW  
“BUYER” UNDER  
OBAMACARE”**

*Jeffrey Menkes  
Senior Vice President, System Network Development  
Montefiore Health System*

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**We are in the midst  
of the most  
significant period of  
provider  
consolidation in the  
last 30 years.**

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## Our Health Care System Has Rewarded Wrong Outcomes

- volume, not value
- **silos**, not integration
- **episodic care**, not preventive care
- **institutional care**, not community-based care
- **specialty care**, not primary care
- **utilization management**, not care management

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### WHAT ARE THREATENED HOSPITALS DOING?

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1. **Joining health systems**
2. **Filing for bankruptcy protection**
3. **Closing / re-missioning**
4. **Remaining independent???**

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# Reality

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**There are 5 major Health Systems in the New York Metropolitan area and the Hudson Valley:**

- 1. Montefiore**
- 2. New York Presbyterian**
- 3. Mount Sinai**
- 4. North Shore LIJ**
- 5. NYU**

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## MARKET OVERVIEW - 2014

### “THERE IS NO GOVERNMENT BAILOUT”

#### HOSPITAL CLOSURES AND/OR CHANGE IN OWNERSHIP

##### Manhattan

- Beth Israel North - (Closed)
- Cabrini – (Closed)
- Continuum (Active Parent Sponsorship with Mount Sinai Health System)
- St. Claire’s (SVC MC) – (Closed)
- Lenox Hill (now part of NSLIJ, active Parent Sponsorship)
- North General - (Closed)
- St. Vincent’s Medical Center – (Closed)
- NY Downtown (Merged with NYP, now NYP Lower Manhattan Hospital)

##### Queens

- Deepdale - (Closed)
- Flushing Hospital (Part of Medysis Health System)
- Mary Immaculate (SVC MC – Closed)
- Parkway – (Closed)
- St. John’s (SVC MC - Closed)
- St. Joseph’s (SVC MC – Closed)
- Peninsula – (Closed)

##### Bronx

- Our Lady of Mercy (Now Wakefield Hospital merged into Montefiore Medical Center)
- Westchester Square (Merged into Montefiore Medical Center)

##### Brooklyn

- Brooklyn Hospital (Pending Active Parent Sponsorship with Mount Sinai)
- St. Mary’s (SVC MC - Closed)
- Victory Memorial – (Closed)
- Long Island College Hospital (will become an NYU ambulatory care site with a free standing Emergency Department)
- Kings Brook Jewish (Developing relationship with.....)
- Beth Kings Highway (Now Active Parent Sponsorship with Mt. Sinai Health System)
- Lutheran (Pending relationship with NYU)

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#### HOSPITAL CLOSURES AND/OR CHANGE IN OWNERSHIP (Cont’d)

##### Staten Island

- Bayley Seton (SVC MC - Closed)

##### Westchester

- Mt. Vernon (Active Parent Sponsorship with Montefiore Health System)
- New Rochelle (Active Parent Sponsorship with Montefiore Health System)
- United Hospital of Port Chester - (Closed)
- St. John’s Riverside (Affiliation relationship with Montefiore Health System)
- St. Joseph’s (Pending Affiliation with Montefiore Health System)
- White Plains (Strategic Partnership with Montefiore Health System)
- Northern Westchester (Pending Active Parent Sponsorship with NSLIJ)
- Phelps (Pending Active Parent Sponsorship with NSLIJ)
- St. Agnes Hospital (Closed)

- Burke Hospital Center for Rehabilitation (Pending Active Parent Sponsorship with Montefiore Health System)
- Lawrence Hospital (Active Parent Sponsorship with NYP)
- Hudson Valley Hospital (Pending Active Parent Sponsorship with NYP)

##### Orange County

- Orange Regional (Pending Affiliate with Montefiore Health System)
- St. Luke’s Cornwall (Pending Active Parent Sponsorship with Montefiore Health System)

##### Rockland

- Nyack Hospital (Passive Parent Sponsorship with Montefiore Health System)
- Good Samaritan Hospital (Looking for a Partner)

##### Ulster County

- Kingston Benedictine (Looking for a Partner)

##### Dutchess & Putnam

- Health Quest (Pending Affiliate with Montefiore Health System)
- St. Francis (out of Bankruptcy, Westchester Medical Center Active Parent Sponsorship)

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## **DISCUSSION**

### **WHAT A HOSPITAL WANTS FROM A HEALTH SYSTEM PARTNER**

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### **WHAT A HOSPITAL WANTS FROM A HEALTH SYSTEM PARTNER**

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- Enhanced Reputation for Quality
- Enhanced Political Clout (protection)
- Enhanced Purchasing Power
- Improved Access to Capital/Financial Support
- Improved Managed Care Negotiations
- Access to Sophisticated Technology/  
Performance Improvement Systems

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## WHAT A HOSPITAL WANTS FROM A HEALTH SYSTEM PARTNER cont'd.

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- Support in Physician Recruitment and Access to Specialists
- Support for Teaching and Medical Education Programs
- Development of Specialized Programs
- Potential for Cost Efficiencies (Generally Back Office)
- Potential Source of Patients

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## RANGE OF COLLABORATIVE MODELS

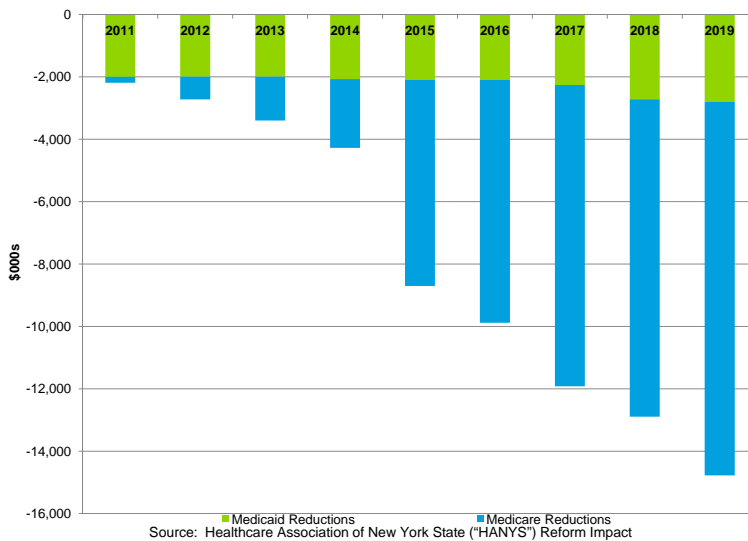
Autonomy ← → Integration

CRITERIA	STAND ALONE	AFFILIATION	SHARED SERVICES/ MANAGEMENT	SPONSORSHIP		FULL ASSET MERGER
				PASSIVE PARENT	ACTIVE PARENT	
Organizational Structure	No Change	Contractual	Contractual	Corporate Restructure	Corporate Restructure	Corporate Restructure
Board Appointment	Self Perpetuating	Self Perpetuating	Self Perpetuating	Parent Appoints	Parent Appoints	No Local Board
Management Reporting	Local Board	Local Board	Local Board	Local Board	Local Board And/or Management	System Management
Access to Capital	No Change	No Access to Additional Capital	Limited Access to Additional Capital	Limited Access to Additional Capital	Negotiated Access to Additional Capital	Shared Assets
Mission	No Change	No Change	No Change	Mission Negotiable	Mission Negotiable	Mission Negotiable
Reputation	No Change	Limited Enhancement	Limited Enhancement	Enhanced Reputation	Enhanced Reputation	Enhanced Reputation

# A brief retrospective view from what was the Last Standing Independent Hospital In Manhattan

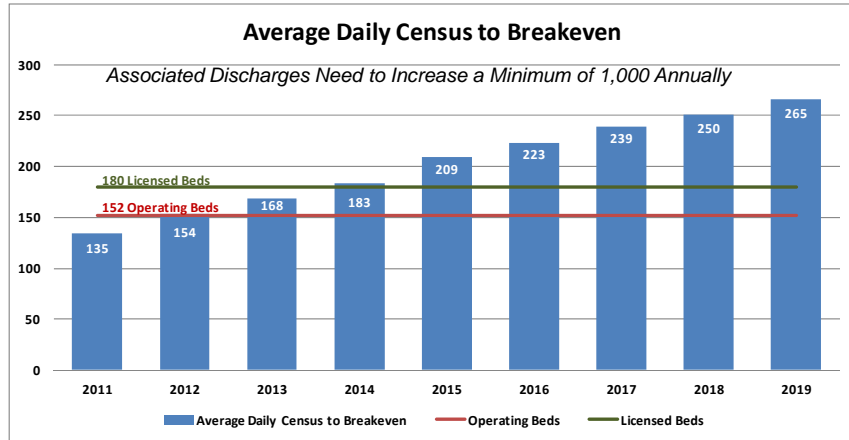
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### NYDH Annual Impact of Affordability Care Act



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**Average Daily Census and Discharges Need to Increase a Minimum of 10% Annually to Offset Health Care Reform Reimbursement Reductions and Operating and Capital Cost Needs**



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**Why was NYDH an attractive Merger Partner to NYP?**

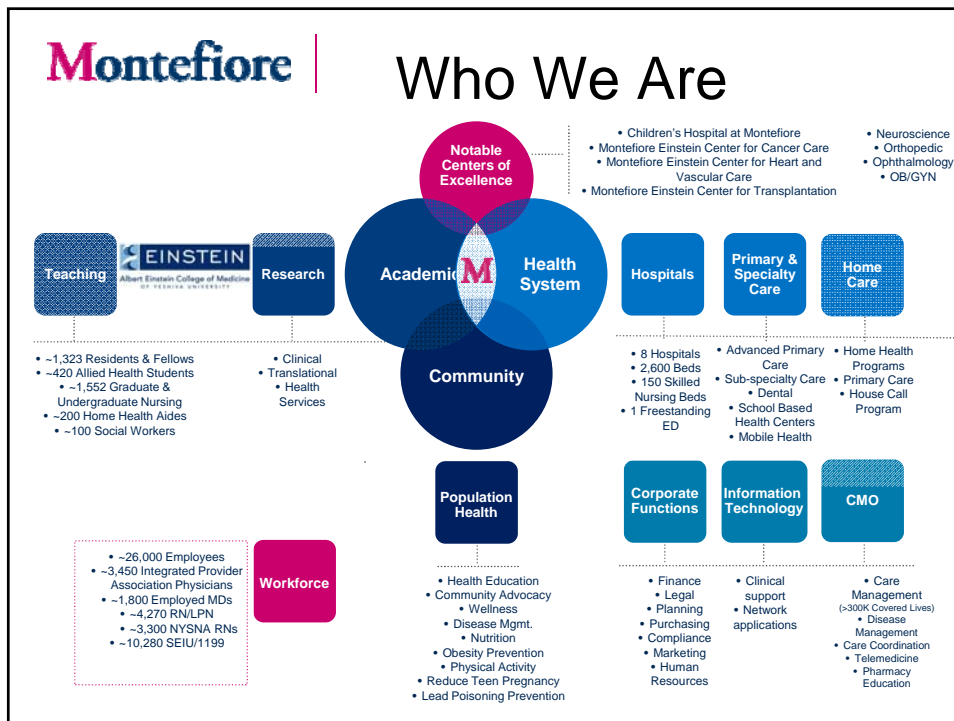
- **Location, Location!**
- **Strong Political Support**
- **Fast changing neighborhood improved payer mix**
- **Low Debt Service**
- **Hospital infrastructure in excellent condition**
- **Loyal physician base**
- **Strong Management / Enlightened Board**

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# MONTEFIORE THE FUTURE IS NOW

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**Montefiore has moved  
from a transaction-  
oriented System  
to  
an Accountable Delivery  
System focused on value-  
based sources of revenue**

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**Montefiore Health System**

- Goal 1 million covered lives
- Multi-county Partnership with Population Health focus
- Health System will include
  - Properly sized local hospital with a focus on patients who need admission
  - Key local physicians in primary care and sub specialty referral groups as part of the Montefiore IPA
  - Montefiore's CMO (Care Management Organization) bandwidth increased to accommodate and manage risk based contracts and post acute care for physicians and hospitals in the health system
  - Health System members are rewarded based upon performance outcomes
  - Expand Montefiore's ACO success rated as number 1 in the country to health system partners

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## Total Population in Montefiore Catchment Area

- Bronx: 1.4 million residents
- Dutchess: 300,000
- Orange: 380,000
- Putnam: 100,000
- Rockland: 320,000
- Sullivan: 80,000
- Ulster: 180,000
- Westchester: 1,000,000

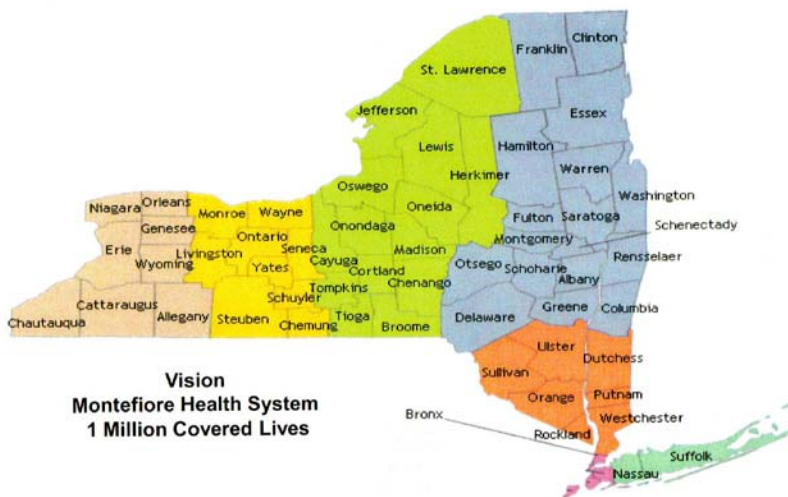
**TOTAL: ~3.7 million**

Source: Census.gov

**Vision**  
**Montefiore Health System**  
**- 1 Million Covered Lives**

**Montefiore**  
THE UNIVERSITY HOSPITAL FOR  
 ALBERT EINSTEIN COLLEGE OF MEDICINE

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**Vision**  
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**1 Million Covered Lives**

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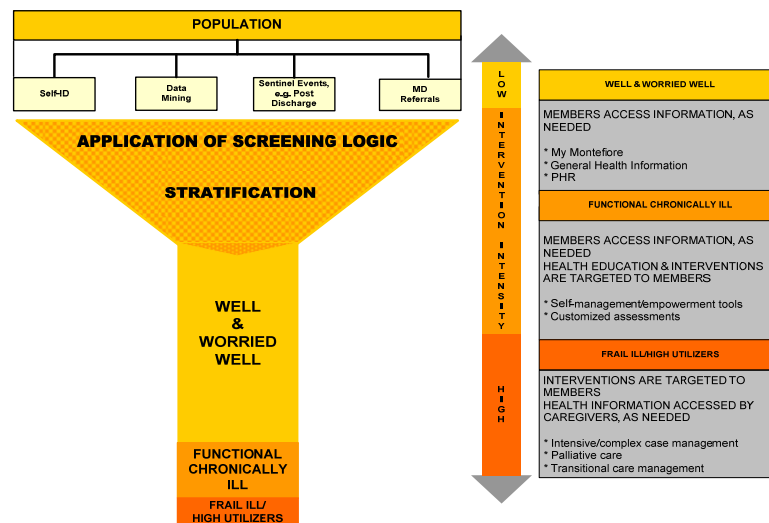
# Montefiore's Value Based Portfolio by Arrangement Type

<u>Arrangement Type</u>	<u>Lives</u>
Insurance Risk	
Shared Savings	
Other (Pioneer ACO and Health Homes)	
<b>2015 TOTAL</b>	<b>350,000</b>

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## Population Health Management Strategy

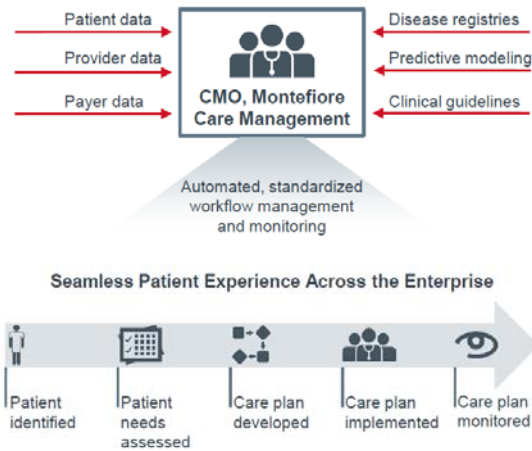
DMO "Air Traffic Control" Ensures Seamless Patient Experience



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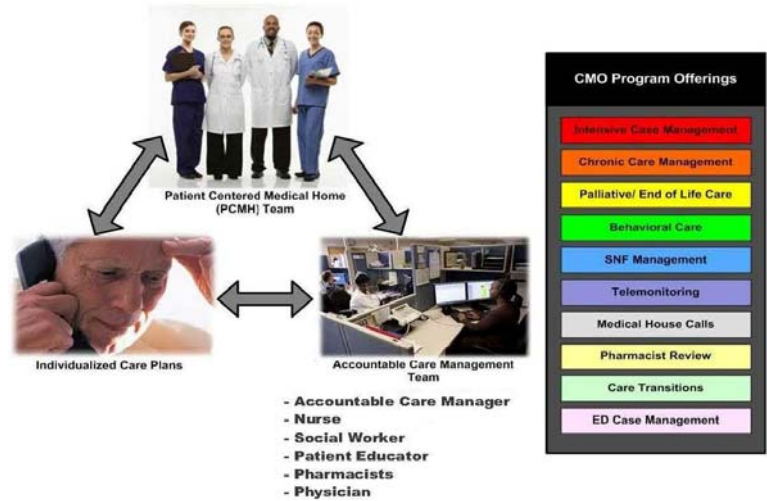
Care Management Infrastructure  
Supports Performance-Based Arrangements

**CMO "Air Traffic Control" For Seamless Patient Experience**



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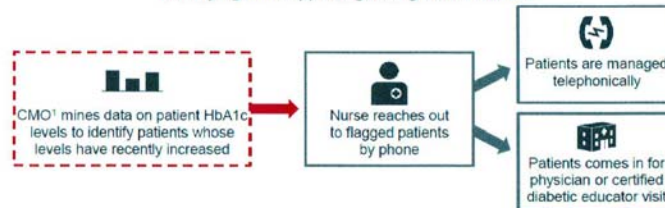
**Care Guidance Program**



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## Leveraging Data to Identify and Manage High Risk Patients

### Identifying and Supporting Rising-Risk Diabetics



- On a monthly basis, patient data is mined to identify diabetic patients whose HbAc1 levels have jumped up above a certain threshold
- Reaches out to these patient telephonically to provide support and resources over the phone or to schedule an in-person appointment when necessary

**Montefiore**  
THE UNIVERSITY HOSPITAL  
ALBERT EINSTEIN COLLEGE OF MEDICINE

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## **Becoming an Accountable Delivery System: Key Takeaways**

- **Organizational governance, structure, alignment and data** are the foundation
- Must define and understand the population
  - **<20%** of the population **determine 80% the costs**;
  - **100%** determine the **quality of care**
- **Sustainable cost reduction, improved performance and patient-centered care** come only with **health delivery system transformation**

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**MONTEFIORE  
THE FUTURE  
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