



Healthcare Supplier/Provider Institute Meeting – October 2013





CAPSTONE
HEALTH ALLIANCE

Why Capstone

- Drive continued sustainable growth
- Deliver greater savings impact
 - More options for other business lines such as co-op models, shared savings models, etc.
 - Greater emphasis on PPI, Resource, and strategies to such.
- Create a more involved governance structure
 - Existing governance is regional
 - New governance brings focused prospective on Capstone centered business line
 - Options for out of the box thinking to become more than a contract centered Alliance
- This evolution is more than a name change.
 - The WNC Health Network will continue to exist and is the sole owner of Capstone.
 - Capstone's direction is to maximize value and savings to its members.

What Changes?

- All members have been assigned to Capstone.
- Staff remains the same
- Service remains the same
- *Emails will change BUT all former wnchn.org addresses will forward to new Capstone addresses.*
- *New website. www.capstonehealthalliance.org*
- *New defined focus on Capstone and the benefits we bring to the membership*
- *Roster changes have been made with Premier, and you are now officially a member of Capstone.*
- *All agreements have been assigned to Capstone.*
- *All new initiatives, agreements, will be with Capstone.*

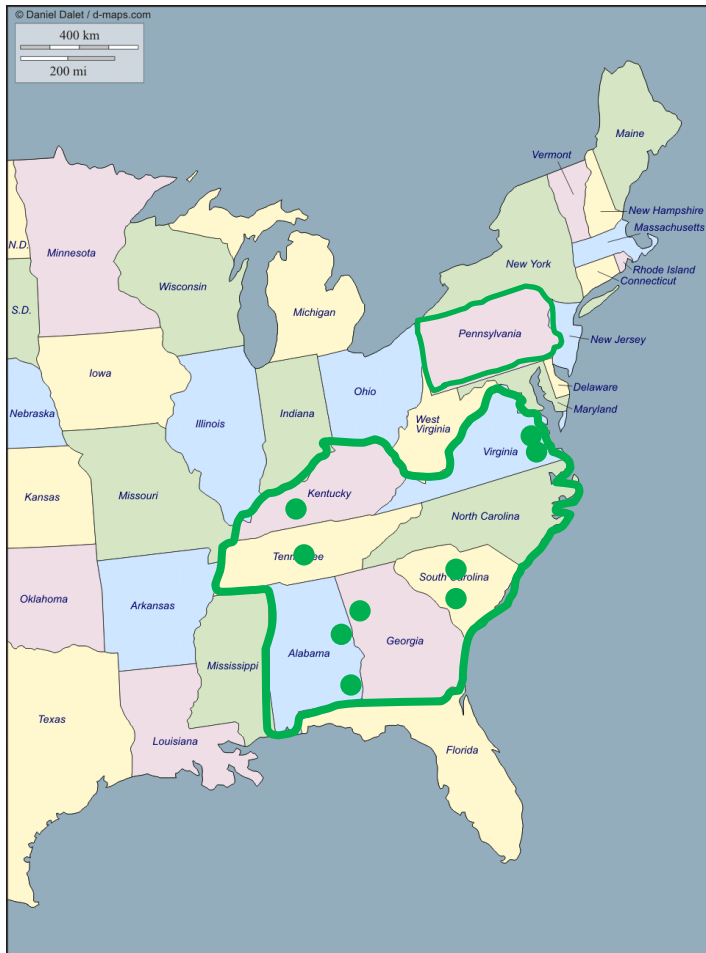
Capstone 2014

- Continue our partnership with Premier as an Owner.
- New business lines
 - IT Portfolio
 - Services Portfolio
 - Resource Mgmt. Services
 - Other co-op models: regional distribution, regional services, shared services, etc.
- Continuum of Care
- Resource Management
 - Continued focus on best practice, utilization, and benchmarking. Reenergize to identify implementable projects spotlighted on best price, best outcome and best clinical fit.

Demographics

Membership	54 Hospitals / Health Systems representing 103 Sites
Licensed Bed Size	16,000 +
GPO Affiliation	Premier
GPO Volume	\$2 Billion including distribution
Contract Opportunities	462 And 29 In Process
Work Groups	Materials Management, MMAG, Pharmacy, Laboratory, Food, Surgical Services, & Value Analysis
Definition	Regional Purchasing Organization
Savings to Members (CY 2012)	Hard Savings: \$15.12 million Network Value: \$ 9.24 million Implemented Savings past 6 years > \$85.9 million

Member Map - 2013

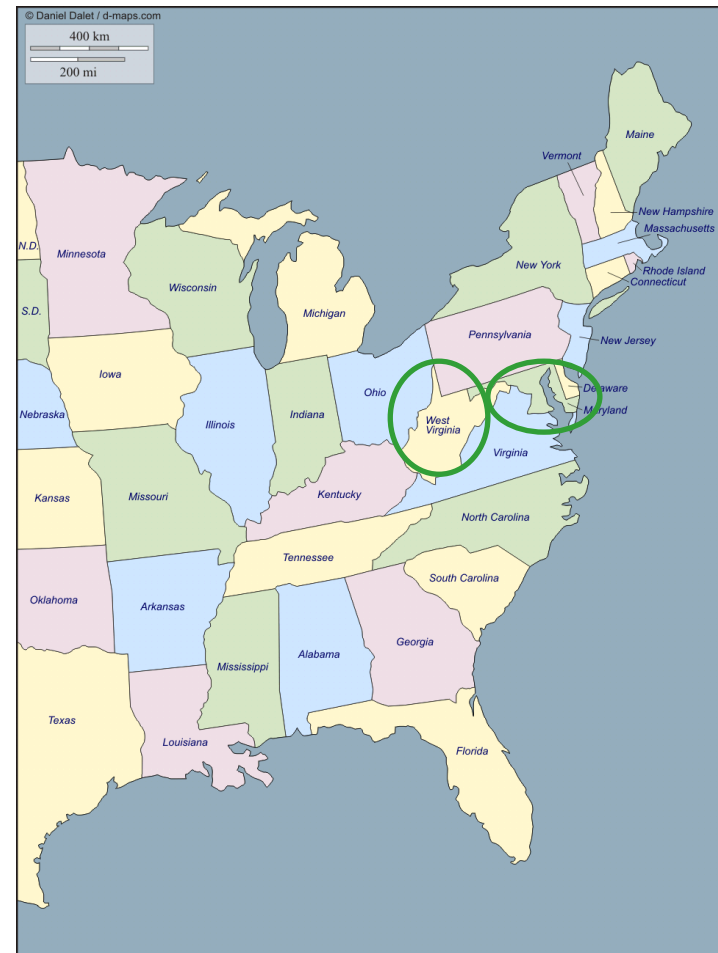


New Additions 2013:

- Tanner Health
- Commonwealth Health
- Southeast Alabama Medical Center
- East Alabama Medical Center
- Chesapeake Regional
- Fairfield Memorial
- Barnwell Community
- Vanguard Healthcare
- Riverside Health

Where are we going?

- 2014 Member discussions or areas of interest:
 - Delaware
 - Maryland
 - West Virginia
 - Ohio
- CofC – New program Manager will strengthen our CofC Membership



Circle of Success



Foundations of Value

Peer Work Groups

- Materials Management
- Value Analysis
- Pharmacy
- Laboratory
- Food Service
- Revenue Cycle
- Human Resources
- Materials Management Advisory Group
- Surgical Services

Complete Contract Portfolio

- 450+ aggregated contract opportunities.
- Traditional and service related contracts.
- Aggregated, enhanced GPO, and local contracts.
- Rebates and corporate agreement programs.
- \$2.0 billion in total Premier volume.

Extension of Materials Management Department

- Price activations for members on Premier & WNCHN contracts.
- Savings analytics on Premier & WNCHN contracts.
- Complete cross reference studies as requested for Premier & WNCHN contracts.
- Price discrepancy resolution on any Premier & WNCHN contracts.
- Interactive Capstone Community on Premier Connect

Resource Management Program

- Cost reduction projects focused on utilization, benchmarking & best practice.
- Manager position dedicated to program.
- Great success to date with identified savings greater than \$2 Million
- Pharmacy Consultation project with identified savings greater than \$1.3 Million in year 1.

Regional Account Management

- Account Manager located within region
- Focused on all new & existing cost reduction opportunities.
- Analytic support on all Premier & WNCHN related contracts and opportunities.

Experience

- Proven grass roots program since 2000.
- Total member implemented savings of greater than \$91 Million since 2000.
- Executive Leadership of more than 45 years of supply chain experience.
- One of the largest affiliated Networks in the southeast.

Contracting

- With more than 500 individual contracts, our members enjoyed over \$24 million in 2012 annualized savings and value. And a \$30:1 ROI
- In conjunction with Premier, our national GPO partner, our extensive portfolio of valuable, cost-effective products helps our members take control of their supply chain.
- To create the best savings opportunities for our members, we pair Premier's national portfolio with our local aggregation model – blending the best of national and regional contracting. Plus, our proven results-driven process for reviewing and implementing contracts includes monthly reviews and contracting strategy by a member-led advisory group.
- Workgroups include:
 - Medical-Surgical
 - Pharmacy
 - Laboratory
 - Food Service
 - Surgical Services
 - Administrative Services

Supplier Relationships

- Capstone's initiatives are mainly "market driven", or determined by the members, as opposed to "marketing driven", or pushed out from the network
- We negotiate from a position of knowledge by listening to our members to determine what is feasible and relevant
- Capstone sets realistic expectations with our supplier partners (we do not over commit)
- We only contract with suppliers who have a strong value proposition to our members
- Capstone maintains a vested interest in membership participation in our agreements by reporting hard savings twice annually

Continuum of Care

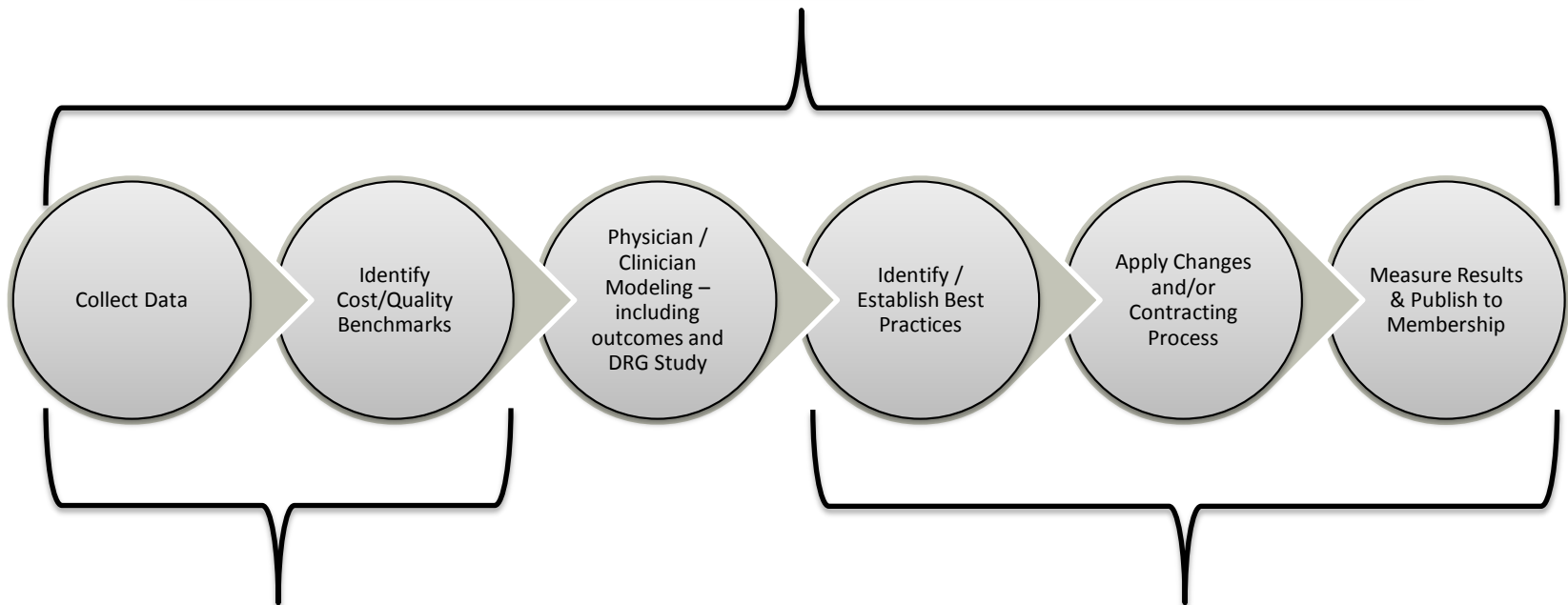
- From medical supplies to equipment to pharmacy, our goal is to support the reduction of healthcare costs in all parts of the healthcare delivery system. Through our affiliation with Premier, non-acute facility members of the Capstone Health Alliance enjoy full access to the same contracting opportunities as some of the Southeast's largest acute care providers. Thanks to our extensive contract portfolio and our expertise in helping continuum of care members reduce costs while improving quality, we can provide non-acute facilities the competitive advantages they need to grow.
- Sponsorship in the Premier program
- Complete contract portfolio with aggregation options
- Account management and customer help line
- On-site supply chain assistance
- No cost to join
- Currently more than 90 continuum of care facilities in the Capstone membership

Resource Management

- Across the acute and continuum of care clinical spectrum, we help members balance outcomes with costs.
- Strategic product selection and consistent utilization have a major impact on your bottom line. So to help members balance outcomes with costs, Capstone initiates and guides close collaboration between staff, supply chain leaders, and physician champions. As a result, you are able to make evidence based choices that control costs for your institution and reduce variation in care while preserving choice for clinicians.
- Services include:
 - Evidence-based benchmarking, best practices, and utilization initiatives
 - Onsite utilization, waste, quality and strategic inventory assessment
 - Surgical services and value analysis workgroups
 - Alternative on contracted product solutions
 - HAI and ACA compliance support and education
 - Onsite or conference call based support

Resource Management Process Chart

Physician / Clinical Preference Events



Commodity Type Events – All Members

(includes all steps except physician modeling)

Thank You.....

Questions?