Dignity Health

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Dignity Health™

Living Dignity Health Mission and Values

Mission

- Delivering compassionate, high quality, affordable health services
- Serving and advocating for our sisters and brothers who are poor and disenfranchised; and
- Partnering with others in the community to improve the quality of life.

Values

- Dignity
- Collaboration
- Justice
- Stewardship
- Excellence

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Vision for the Future State of Dignity Health

> **Our Vision is to be a vibrant, national health care system known for service, chosen for clinical excellence, standing in partnership with patients, employees and physicians to improve the health of all communities served.**

In order to succeed, Dignity Health must aggressively work to transform local markets into integrated systems of choice that can embody the principles of accountable care, each with the capabilities necessary to manage population health.

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It is not the strongest of the species that survives, nor the most intelligent but rather the one most adaptable to change
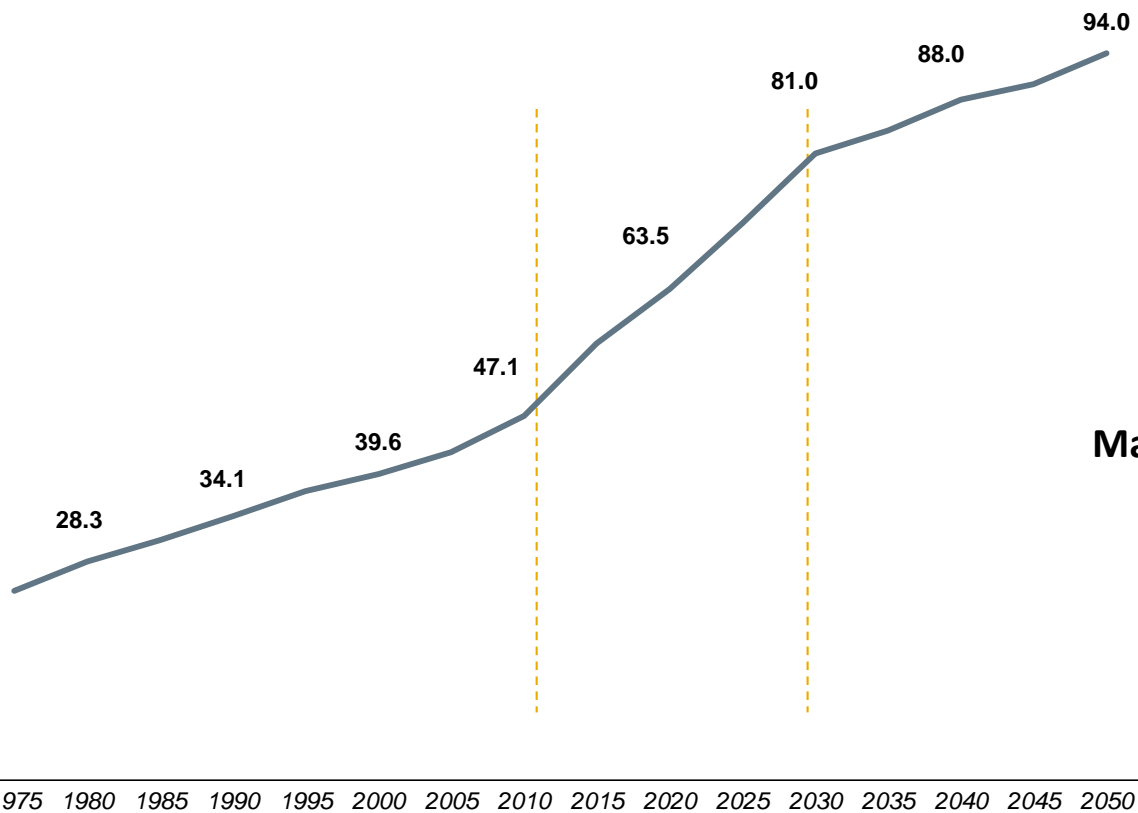- Leon C. Meggison

The U.S. Economy spends 17.5 cents of every dollar on health care, compared to 8 cents in other countries. Buffet said that's a major competitive disadvantage?
- Warren Buffet
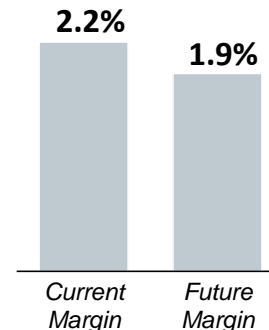
Health Care System Entering a Brave New World

First Wave of the "Silver Tsunami" Hits Medicare in 2011
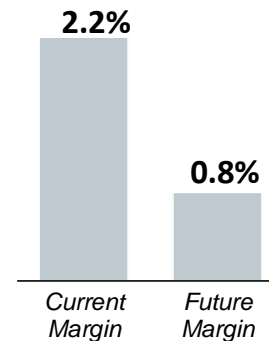
Medicare Enrollment (in Millions)

Margin Impact of Potential Payer Mix Shift

Typical 300-Bed Hospital

2.2%   1.9%

Current Margin   Future Margin

94.0
88.0
81.0
63.5
47.1
39.6
34.1
28.3

1975 1980 1985 1990 1995 2000 2005 2010 2015 2020 2025 2030 2035 2040 2045 2050

Margin Impact of Potential Case Mix Shift[1]

Typical 300-Bed Hospital

2.2%   0.8%

Current Margin   Future Margin

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1. Based on five percentage point reduction in surgical share of inpatient volume.

Source: Centers for Medicare and Medicaid Services; Advisory Board interviews and analysis.

If our customers cannot afford to buy our products …what would Henry Ford do?

Lessons learned from Henry Ford:

- **Innovate** – he found a way to make his product affordable by standardization
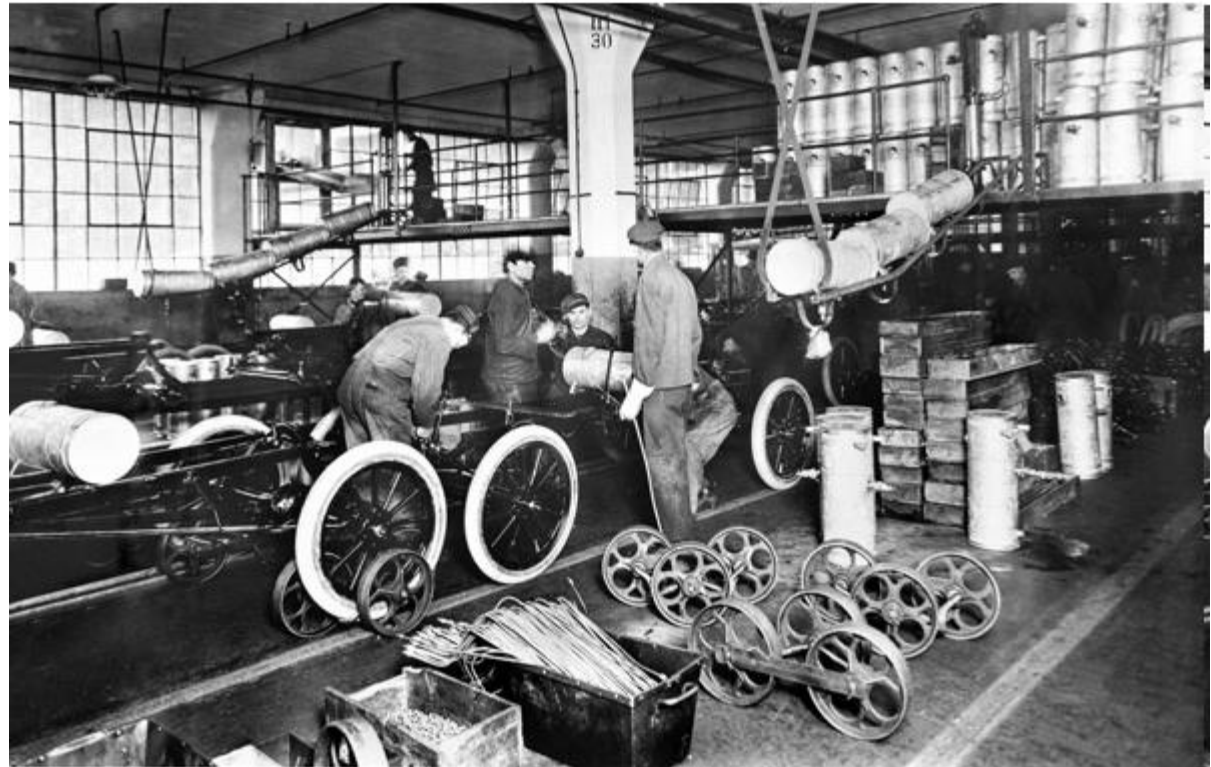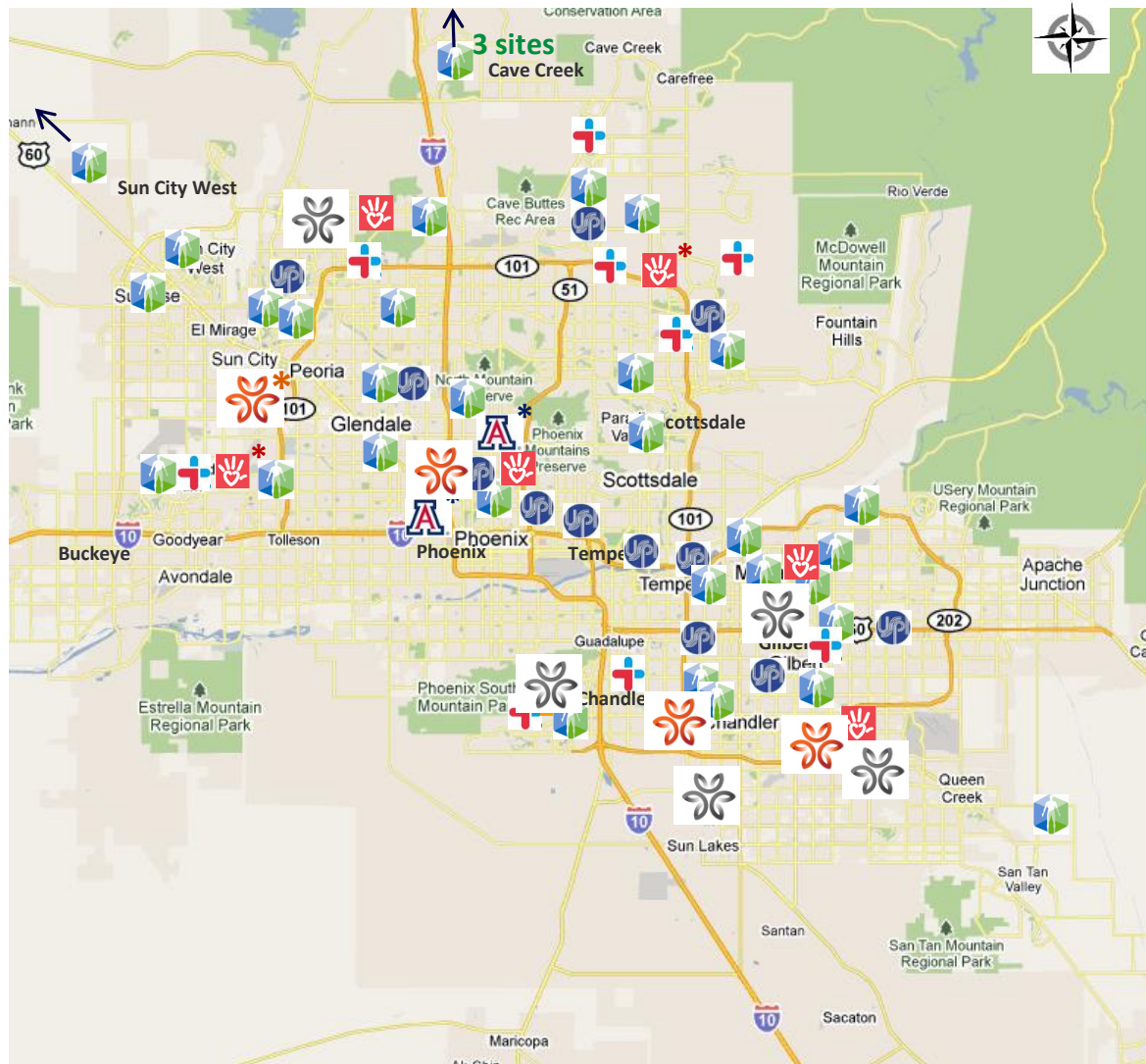

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Our New Name – Our Future

Supporting our Horizon 2020 Goals

- Strategic Growth

- Clinical Integration

- Perfect Care

40 Hospitals
Long Term Care
Care Centers
Home Health
Physician Offices
Dignity Health
Urgent Care
Wound Healing Centers
Ambulatory Surgery Centers
Women's Care
Hospice
Lab Services
Cancer Centers
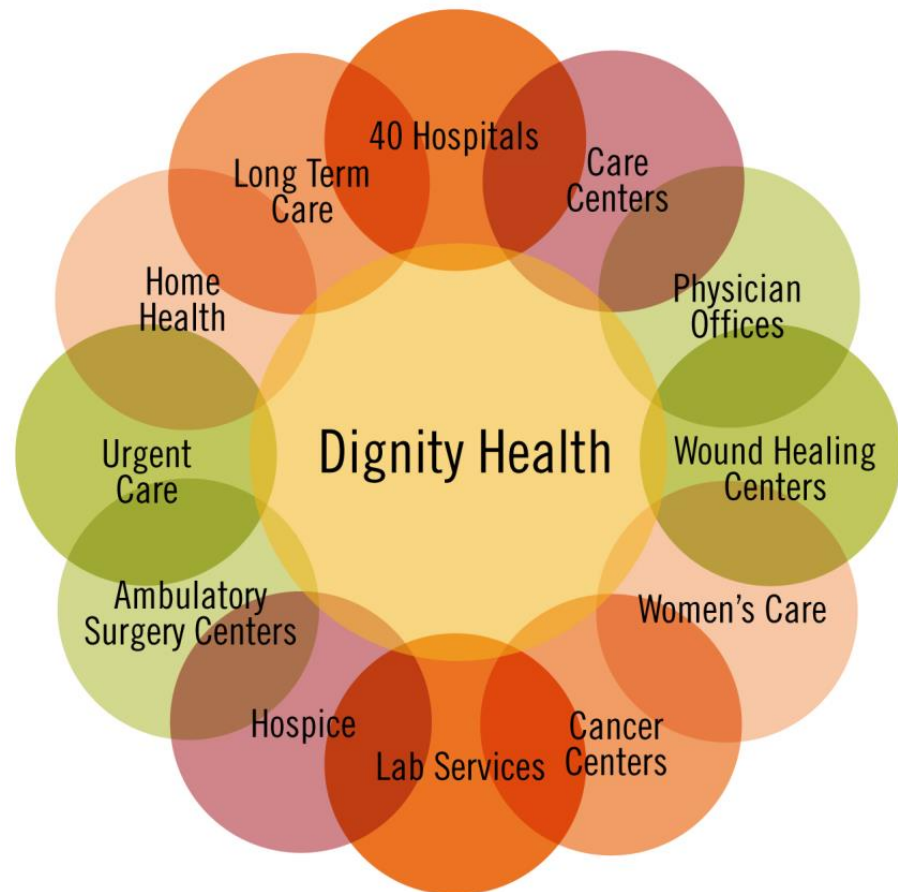
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Integrated Growth – Arizona

Legend:
- **Dignity Health Ambulatory Centers**
- **Dignity Health Acute Care**
- **CVS/MinuteClinic**
- **SimonMed Imaging JV**
- **USPI Surgical JV**
- **Mercy Care Plan**
- **Phoenix Children's Hospital**

Planned/In Process
- ***Phoenix Children's Hospital Clinic**
- ***U of A Cancer Center**
- ***Dignity Health Planned Location**

Dignity Health Affiliate Purchasing Network - OLM, USHW, JVs, and all Affiliates

	Counts
A) OLM - Acute	37
B) OLM - US HealthWorks	198
C) OLM - Physicians	133
D) OLM - All Other	83
E) JV	74
F) Affiliate - Acute	10
G) Affiliate - Surgery Center	969
H) Affiliate - Urgent Care	241
I) Affiliate - Physicians	2488
J) Affiliate - All Other	399

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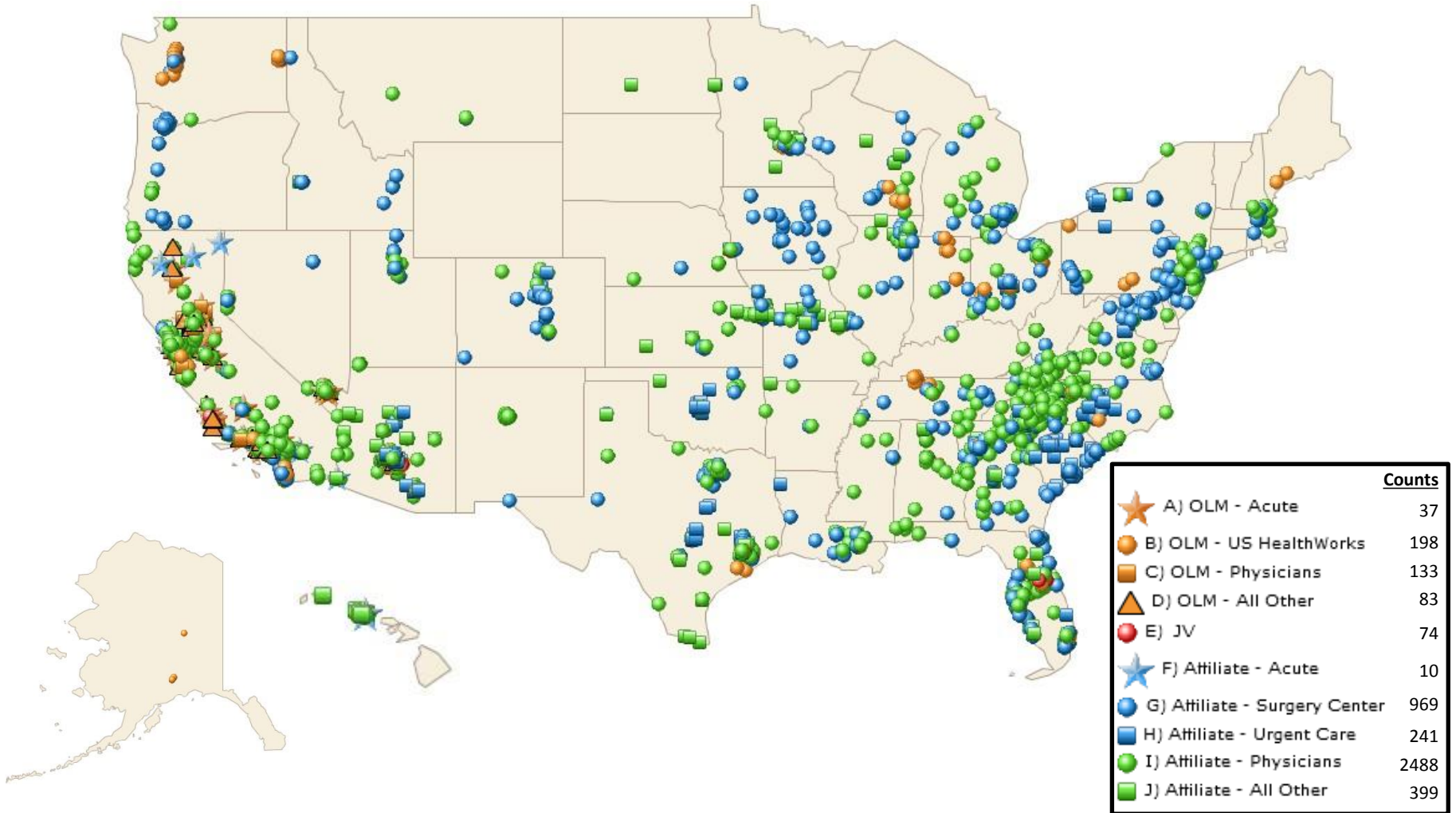
Differentiated Purchasing Services and Supply Chain Management

3. **Evidence-based Supply Chain Performance Management**

2. **Strategic Sourcing**

1. **Leveraged Contracting/Pricing**

LEVEL OF INNOVATION REQUIRED

Member Value (y-axis)

Time (x-axis)

Focus Areas

- **National Aggregation Strategies**
- **Value Analysis**
- **Sourcing to Spec**
- **Clinical resource / product utilization – integrated comparative databases**
- **Capital / Construction**

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Sourcing Selections

Scale of Optimization and Benefit →

Shared Clarity
- Leverage comparative effectiveness
- Physician leadership...industry agnostic
- Clinical review teams
- Collaborative buying

DHPN
- Standardization
- Formulary Development
- SKU Reduction
- Branding and other strategic initiatives

CCG
- Aggregation arm within Premier
- Approximately $3B in purchase volume
- Drives value through compliance

Premier
- Multi-Source Agreements, breadth of product lines
- Today.....Largest owner in Premier
- Of $1.5B - $825M goes through Premier
- Add our affiliates.....total of $1.13B

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- Site or region specific agreements
- Capital Equipment

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Shared Clarity – Utilize CE Information

Registry Data

Device Data

Claims Data

OptumInsight

CE Studies &
Benchmark Information
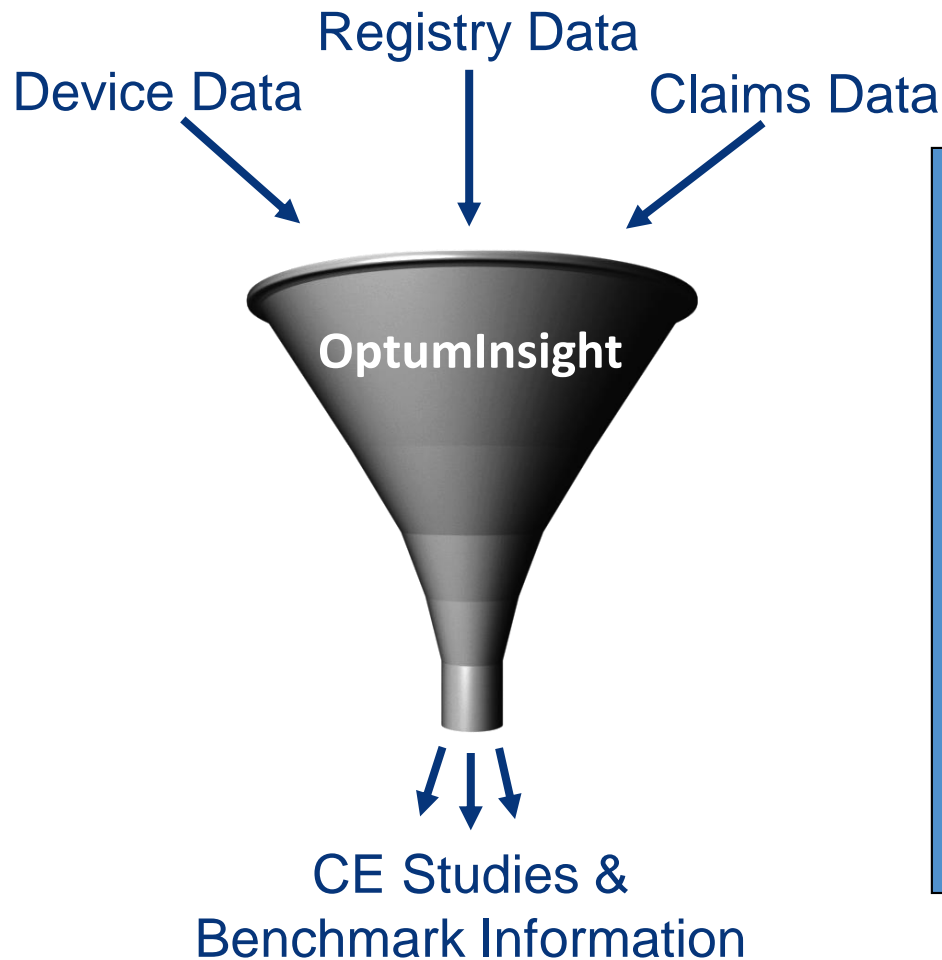
- Access to 15 CE studies that are updated every 24 months.

- SharedClarity funds all studies.

- Clinical Review Teams (CRT), consisting of member Physicians, help develop and oversee the studies.

- Utilize Optum/Lewin's CE study experience and resources.

No Industry Influence!

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Membership

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UnitedHealthcare®

BAYLOR
Health Care System

Pending a merger with

S&W SCOTT&WHITE

Amil

Advocate Health Care

National Health System
TBA 4Q13

Membership consists of health systems with over 120 hospitals and 500 clinics, and the largest commercial payer with 5,900 hospital and other care facilities contracts

SharedClarity

Suppliers Working with Us

- Communication
  - The contracting arm will communicate Dignity Health's participation
  - If you're unsure, please ask

- Don't Assume
  - Not all Affiliates are created equal
  - Admittedly confusing, hopefully temporary

- Provide us Value
  - Defensible pricing...goes two ways

- Patience!
  - A little goes a long way!!!

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What's Next?

- Partnering outside of our comfort zone with for-profit companies who bring value by:

#1

#2

#3

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Thank You

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