Vision 2020

and

The Deloitte Engagement

February 5, 2013

Glenn A. Fosdick
Dean Bradley Britigan, MD
Stanley Schack, MD
James W. Simmons, MD
Change is here. More is on the way.

Nationally:
• Fiscal cliff
• Accountable Care Act
• The economy
• Debt ceiling
• Sequestration
• Medicare ‘Doc Fix’

At the State Level:
• The Governor does not intend to expand Medicaid as part of healthcare reform
• The Governor’s recent tax proposals would have an impact for hospitals
• Will participation in federal health exchange
Our approach? **Collaboration.**

- Implementation and continued optimization of our EHR
- SelectBlue tiered network (Through the Accountable Care Alliance)
  - Have already surpassed first year goal of 1,000 policies
- Strategic plan for Accountable Care Alliance (ACA)
- Working with key hospitals in the state to explore mutually beneficial relationship
- Partnering with UNMC on Cancer Center and Ambulatory Care project
BUT OTHER OPPORTUNITIES EXIST AND REQUIRE US TO TAKE A GOOD LOOK AT OURSELVES.
OUR EXPENSES

OUR PROCESSES

HOW WE INTERACT
A Shared Vision for the Future

Developed over the past four months with representation from:
The Nebraska Medical Center, UNMC Physicians, UNMC College of Medicine,
Nebraska Orthopaedic Hospital, Bellevue Medical Center
and Private Practice Associates.

- Dennis Bierle
- Dr. Bradley Britigan
- Dr. Charles Burt
- Dr. James Canedy
- Dr. Donald Darst
- Paulette Davidson
- Bill Dinsmoor
- Dr. Charles Enke
- Glenn Fosdick
- Joe Graham
- Dr. Dennis Goeschel
- Dr. George Greene
- Dr. Timothy Kingston
- Dr. Bill Lydiatt
- Dr. Marlin Stahl
- Tom Macy
- Dr. David Mercer
- Dr. Charles Morris
- Rosanna Morris
- Nat Ponticello
- Tadd Pullin
- Dr. Stan Schack
- Cory Shaw
- Dr. Carl Smith
- Dr. Phil Smith
- Dr. Steve Smith
- Troy Wilhelm
- Gail Yanney
We will be the region’s leading health system, comprised of nationally-recognized academic and community-based providers, aligned and integrated to optimize the health of our patients.
National leaders in clinical quality and outcomes.

Financial and/or clinical integration with our current and future partners.

Synergy among our clinical, education and research missions.

Expanding patient access through regional referrals and national centers of excellence.

Operating collectively at a level of efficiency that is aligned with reimbursement.

Management of health across the continuum of life.
Deloitte Consulting Analysis:

• Over next eight weeks
• Will look at opportunities to enhance integration efforts and improve profitability
• Scope to include:
  • The Nebraska Medical Center
  • UNMC Physicians
  • Bellevue Medical Center
  • College of Medicine programs that directly or indirectly support patient care
• We will closely collaborate with the academic and community physicians of our medical staffs
• Will closely coordinate with UNMC College of Medicine
Looking at various aspects of our performance focused on seven areas:

1. Clinical effectiveness and operations
2. Integration of corporate and shared services
3. Supply chain and purchased services
4. Physician productivity and incentives
5. Revenue cycle
6. Workforce optimization
7. Span of control and organization structure
GoAL:
To create a roadmap for clinical integration and margin improvement.
Clinical and Operational Strategic Assessment Briefing

Medical Staff Meeting

February 5, 2013
Agenda

- Introduce the Strategy Initiatives and Sustainable Margin Improvement
- Introduce the Deloitte Team and Project Structure
- Overview the Strategic Assessment
- Discuss the Strategic Assessment Approach
- Review the Communication Activities and Contact Information
Vision for 2020

We will be the region's leading health system, comprised of nationally recognized academic and community-based providers, aligned and integrated to optimize the health of our patients.

Approved by Entity Boards
January 22, 2013
Overall Project Objectives

The healthcare landscape is changing rapidly. The Nebraska Medical Center (TNMC), Bellevue Medical Center (BMC), and University of Nebraska Medical Center Physicians (UNMCP) have embarked on a two year program to become an integrated clinical enterprise and improve profitability to enable them to embrace, create and lead this change.

The Sustainable Margin Improvement and Strategic Alignment Project is one of the key programs that will help TNMC, BMC and UNMCP realize the following objectives:

- Creation of a combined strategic vision and roadmap by June 2013
- Reducing unit costs (consisting of labor spend) and sustaining improvements over time targeting the 15% cost reduction requested by TNMC’s Board of Directors
- Economic integration to support the combined clinical enterprise of TNMC, BMC and UNMCP
- Identification and implementation of in excess of $100M in cost savings over the next 2 - 3 years through a radical cost reduction initiative
- Coordination with the University of Nebraska Medical Center College of Medicine (COM) and the UNMCP to drive better integration and further enable cost reduction
Project Organizational Structure

Governance
J. B. Milliken / Bruce Grewcock

Executive Sponsor
Glenn A. Fosdick / Dean Bradley Britigan, MD

Steering Committee
Glenn Fosdick / Bradley Britigan, MD / Carl Smith, MD / Cory Shaw / Paulette Davidson / Bill Dinsmoor / Joe Graham / Rosanna Morris / Dave Fuller / Crista Madsen

Project Advisors
- Tricia Montague
  Client Relationship Director
- Kae Robertson, RN
  Quality Advisor

Project Leadership
Deloitte Consulting Leadership Team
- Allyson Gorman
  Engagement Principal
- Leo Kessler
  Engagement Director
- Ken Abrams, MD
  Strategy Lead

Team Sponsors
TNMC / BMC / UNMCP / COM
Dave Fuller
(TNMC Interim Chief Process Officer)

Project Teams
- Clinical Effectiveness and Clinical Operations
  Lyn Baluyot
- Integration of Corporate and Shared Services
  Egil Nilsen
- Supply Chain and Purchased Services
  Bruce Couillard
- Revenue Cycle
  Tracey Aegerter
- Workforce Optimization
  Brian Augustian
- Span of Control / Organizational Structure
  Lyn Baluyot / Egil Nilsen
- Physician Productivity and Incentives
  Dorrie Guest
- Shared Vision and Goal Alignment
  Mike Evangelides
- Clinical and Operational Integration Strategic Assessment
  Ken Abrams, MD
# Sustainable Margin Improvement

## WHAT

- An initiative that will help implement key components of the strategic plan with goals to:
  - Combined Strategic Vision and Roadmap – overall cost reduction goal of $100M
  - Economic Integration to support combined enterprise of TNMC, BMC and UNMCP
  - Sustaining improvements over time

## WHY

**Catalysts for Change**

- Pressures to reduce costs and increase quality for our patients
  - Pressures from Healthcare Reform
  - Increased uncompensated care
  - Competitive landscape

## WHO

**All of US**

- The Nebraska Medical Center
- Bellevue Medical Center
- UNMCP
- The medical staffs: academic and community physicians
- University of Nebraska College of Medicine

## HOW

**A Structured, Defined, Inclusive Process**

- Develop a governance structure, an infrastructure capable of meeting cost and quality goals and a diagnostic assessment of improvement opportunities within 7 integrated work streams
- Work with physician’s, staff and leadership
- Provide strong, timely, relevant, and transparent communication

## WHEN

**Our Time is NOW**

- Assessment activities begin January 2013
  - Kick off meetings
  - Executive and departmental level interviews
  - Data analysis
## Strategic Assessment Overview

### WHAT IT IS

- An initiative to evaluate TNMC, UNMCP, BMC, and the COM’s orientation as an Integrated Clinical Enterprise and position further clinical and operational integration in order to:
  - Identify strategic issues and imperatives
  - Position the Clinical Enterprise for sustainable growth in its target markets and with target partners
  - Develop critical next steps to establish a path toward clinical and functional integration

### WHAT IT IS NOT

- A re-assessment of the vision for TNMC, UNMCP, BMC, and the COM
- Designed to develop specific department or program-level strategies
- “An end to itself.” Additional work will be required to achieve clinical and operational integration

### WHY

**Catalysts for Change**

- Shifting market forces
- Evolving mandates from state and federal regulatory agencies
- Heightened level of uncertainty for all industry participants due to health reform
- Design the future for the clinically integrated enterprise for sustainable successes

### WHO

**All of US**

- The Nebraska Medical Center, Bellevue Medical Center, UNMCP, University of Nebraska College of Medicine
- The medical staffs: academic and community physicians

### HOW

**A Structured, Defined, Inclusive Process**

- Identify critical issues and imperatives in strategic positioning
- Evaluate alignment across existing strategies, structures, and funding
- Collaborate with leadership across the entities to define a common vision, acknowledge strategic challenges, and frame smart first steps toward clinical integration
Clinical and Operational Integration Strategic Assessment

The Strategic Assessment focuses on the strategic and economic factors surrounding clinical and operational integration between TNMC, BMC, UNMCP, and the COM. Leveraging the existing strategic thinking, this component will identify strategic issues and imperatives needed to develop a path toward a consolidated clinical enterprise.

Description and Key Activities

The proposed scope includes a review of assets, services lines and cost structure. Examples include:

- Clinical and Operational Integration Strategic Assessment – Isolate and evaluate major issues facing TNMC, BMC, UNMCP, and the COM
- Service Line Analysis – Review of service lines to understand potential consolidation and organization re-design opportunities
- Funds Flow – Evaluate opportunities to better align funds to cover associated expenses and related academic activities

Sample Deliverables and Tools

- Strategic Fact Base
- Funds Flow Alignment to Strategic Vision
- “Smart First Steps” Recommendations

Areas of Focus

- Strategic priorities and objectives
- Market forces
- Evolving mandates from state and federal regulatory agencies
- Heightened level of uncertainty that exists for all industry participants due to health reform
Fundamental Questions to Address in the Strategic Assessment

- How well are TNMC, UNMCP, BMC, and the COM positioned to meet the strategic business requirements for clinical and operational integration?

- What is the value proposition and key integration capabilities of the clinical enterprise today? What should it be?

- Which partners might help TNMC, BMC, and UNMCP accelerate its clinical and operational integration strategy?

- What are the strategic issues and imperatives for integration?

- How must the current business model need to evolve to support successful clinical and operational integration?

- What initial steps must we take to arrive at an integrated enterprise?
### Strategic Assessment Approach

<table>
<thead>
<tr>
<th>January 2013</th>
<th>February</th>
<th>Early April</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>28</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>28</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>28</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>11</td>
<td>... TBD</td>
</tr>
</tbody>
</table>

#### 4 Week Strategic Assessment

- **Interview key stakeholders and review data provided**
- **Evaluate value, growth and capability positioning**
- **Identify and prioritize strategic imperatives**
- **Assess service line-based issues and imperatives**
- **Review/assess existing funds flow analysis for alignment**
- **Develop “smart first steps”**

---

**Sustainable Margin Diagnostic Assessment and Shared Vision and Goal Alignment**
Communication Activities

- **Interviews** with leadership across TNMC, BMC, UNMCP, and the COM
- Periodic **Town Halls** with the Board, Medical Staff, etc.
- Access to the **Steering Committee** and Deloitte leadership