Premier's Vision for High Performing Healthcare Organizations:

Linking Supply Chain, Patient Safety and Clinical Outcomes

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Hong Kong
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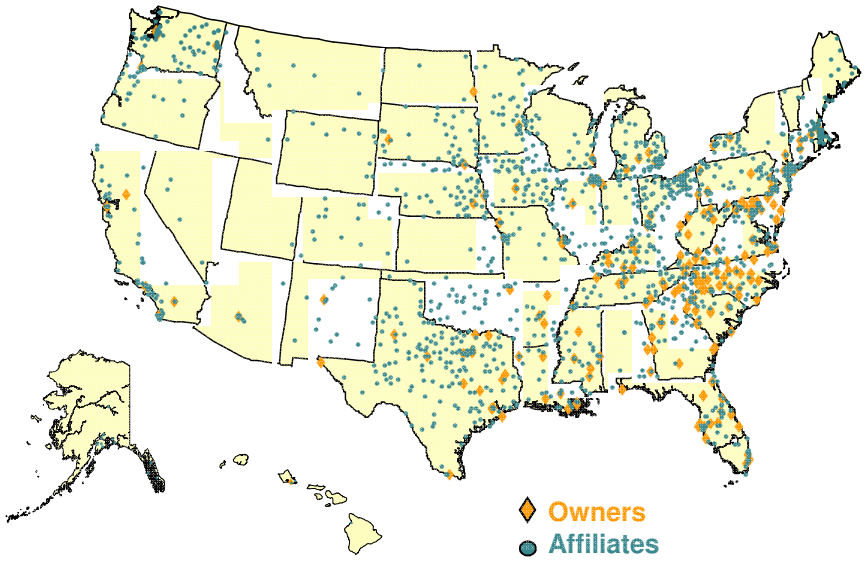
Premier: Uniting A Fragmented Healthcare System



- Over 2,200 hospitals, 63,000 non-acute sites
- $35 billion in annual group purchasing volume
- Safety, Diversity and Environmentally Preferred Purchasing programs
- Collect, analyze and share knowledge nationwide to improve the health of communities
- Nation's largest clinical/operational/supply chain comparative databases
- Organization of national hospital collaboratives to improve quality and safely reduce costs

Purchasing Partners
Supply Chain Improvement

Informatics
Quality Measurement & Benchmarking

Insurance
Liability, Benefits & Risk Management

Premier Consulting Solutions
Comprehensive, accelerated approach to improving financial, operational and clinical performance.

Premier:
Recognition of Excellence

2006 Malcolm Baldrige National Quality Award recipient

PRACTICE GREENHEALTH
2008
CHAMPION FOR CHANGE
AWARD

THE WORLD'S MOST ETHICAL COMPANIES
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Premier's Vision:
High Quality Care at Low Costs is Achievable

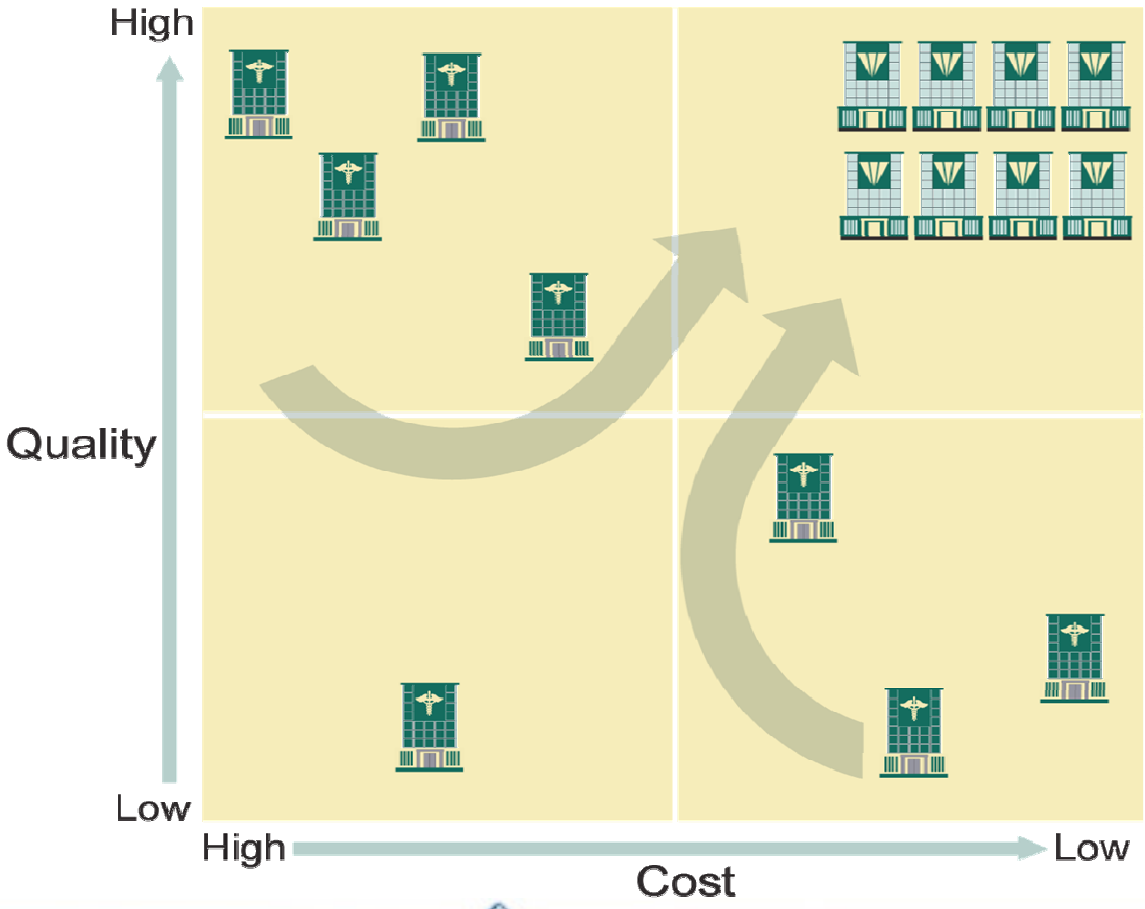
Sustainable, efficient processes are critical for increasing quality and optimizing labor and supply costs. Premier's solutions help hospitals excel at optimizing each of these factors.

Core Purpose:

To improve the health of communities.

Envisioned Future:

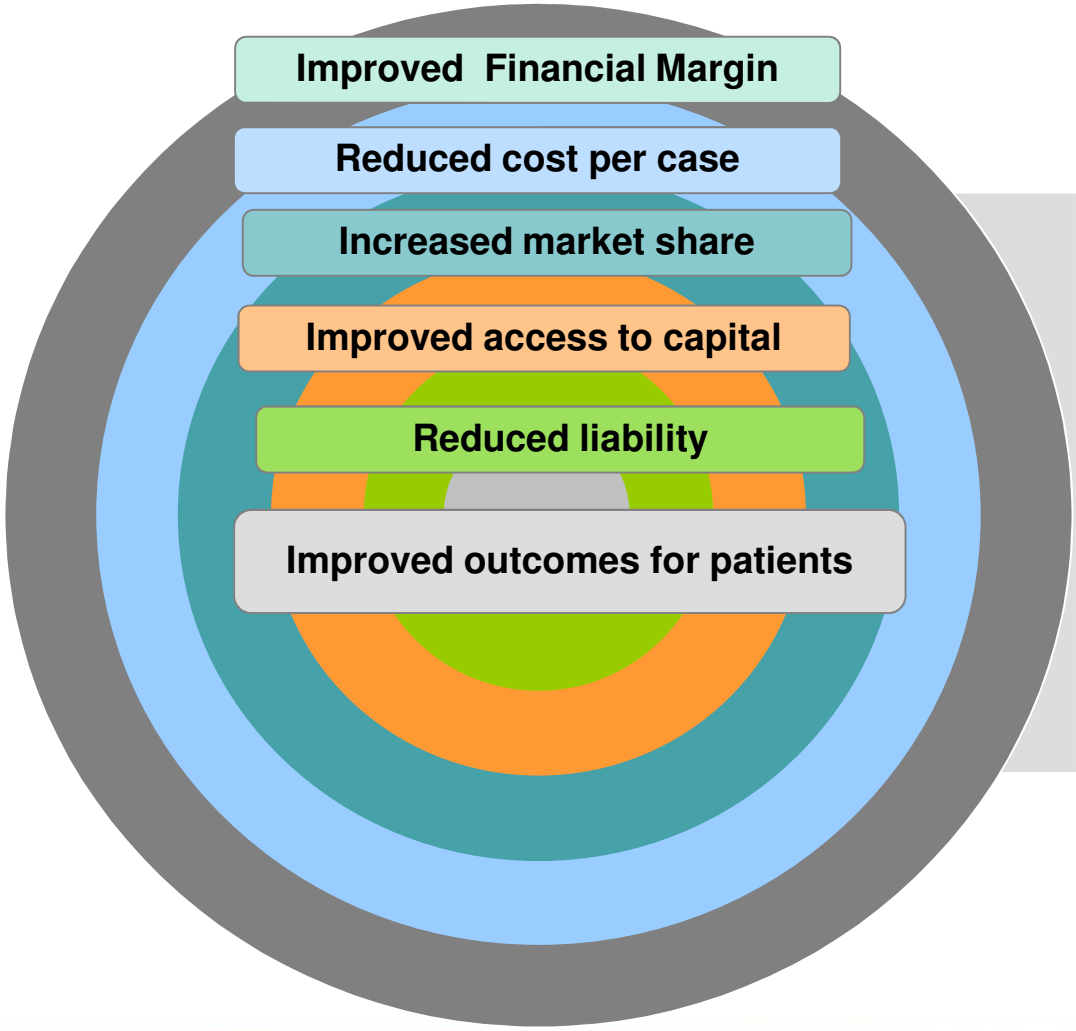
Premier hospitals and health systems will operate at costs in the lowest quartile among all similar organizations and at quality levels in the highest quartile.



Topics

1. Quality and the bottom line
2. Quality as a driver of cost improvement
3. Lessons from the Premier Hospital Quality Incentive Demonstration (HQID) Project
4. Linking Patient Safety, Cost of Care, Supply Chain and Clinical Outcomes
5. Supply Chain – An Important component of Cost of Care.
6. Where do we go from here?

Making the Business Case for Quality

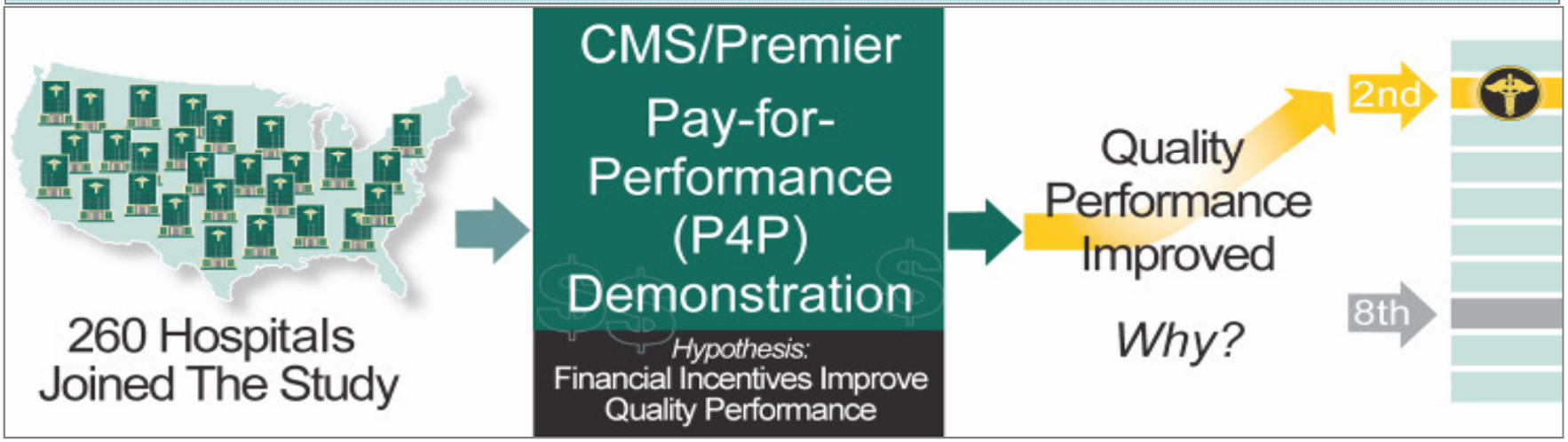


- Quality and financial performance are inseparable
- As healthcare leaders, we are equally responsible for both

Overview of Premier Pay for Performance (P4P) Project:
also referred to as
Hospital Quality Incentive Demonstration (HQID) Project

Premier lead the first national pay-for-performance demonstration project for hospitals to measure the effects of financial incentives on hospital performance.

Financial incentives / transparency improve hospital quality & performance



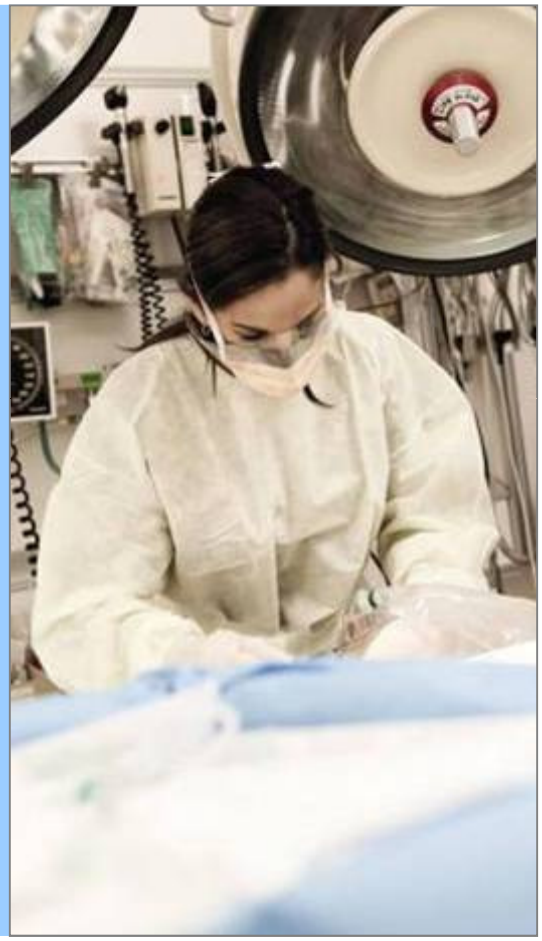
- **Over 260 of our hospitals volunteered to participate in the 3-year program.**
- **Premier used national quality measures across 5 clinical conditions to track hospital performance.**
- **Hospitals achieving quality scores in the top 20% of the participants were given financial "bonuses"**
- **Year One - Almost $9 million dollars were awarded to top performers**

Overview of Premier Hospital Quality Incentive Demonstration (HQID) Project

Five Clinical Areas

Top performers identified in:

1. Acute Myocardial Infarction (AMI)
2. Congestive Heart Failure
3. Coronary Artery Bypass Graft (CABG)
4. Hip and Knee Replacement
5. Community Acquired Pneumonia

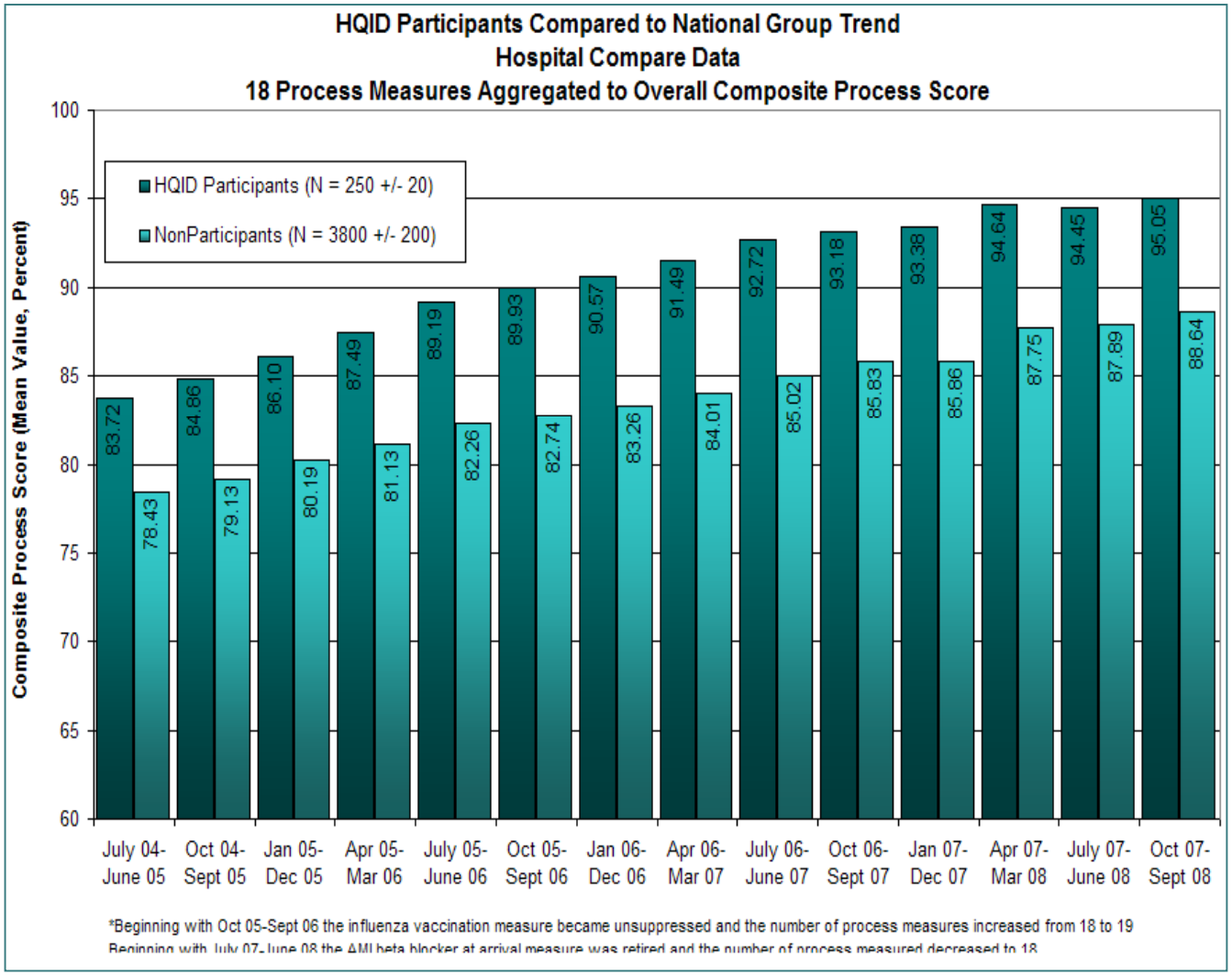


In Broader Comparisons, HQID Hospitals Excel

National Leaders in Quality Performance

SUMMARY

- HQID hospitals have higher quality than other hospitals.
- HQID average 6.8% higher quality performance.
- Ave. HQID improvement = 11.3% compared to others at 10.2%.
- New England Journal of Medicine found P4P hospitals achieved quality scores 4.1% above others.

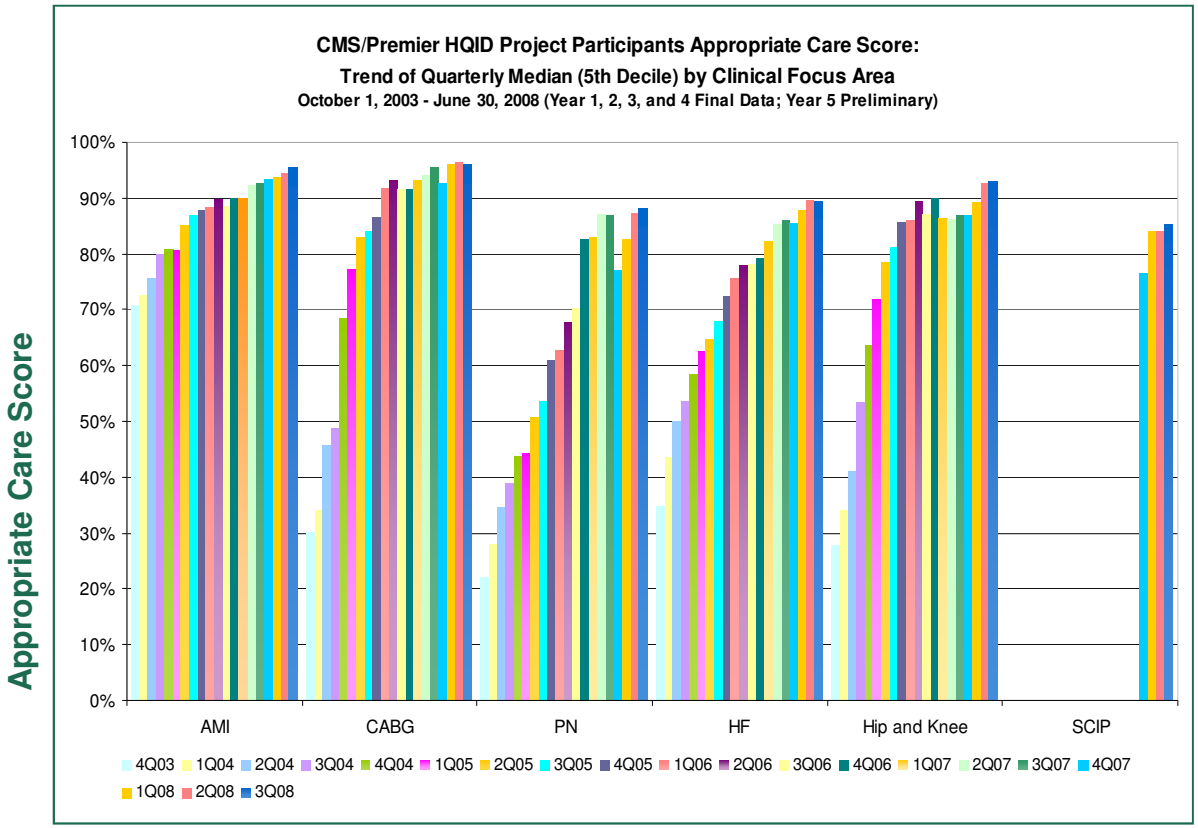


HQID - More patients are reliably receiving evidenced-based care

Avg. improvement from 4Q03 to 3Q08 in all clinical areas (20 quarters)
55.32%

Clinical Area	Improvement (percentage points)
AMI	24.7%
CABG	66.1%
Pneumonia	65.7%
Heart Failure	54.8%
Hip & Knee	65.3%

Evidence-based Care Improvements

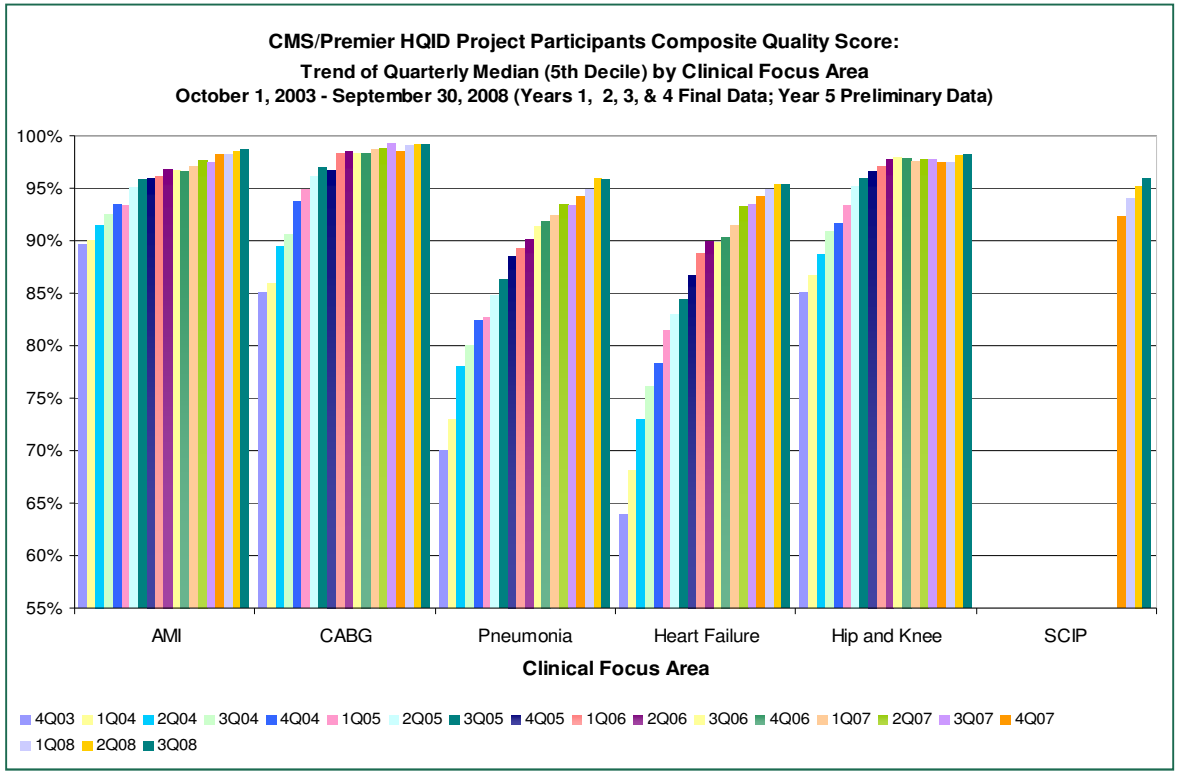


HQID - Dramatic and sustained improvement

Avg. improvement across all 5 clinical areas for median CQS (20 quarters)
18.70%

Clinical Area	Improvement (percentage points)
AMI	9.1%
CABG	14.0%
Pneumonia	25.8%
Heart Failure	31.4%
Hip & Knee	13.1%

CMS HQID Composite Quality Score

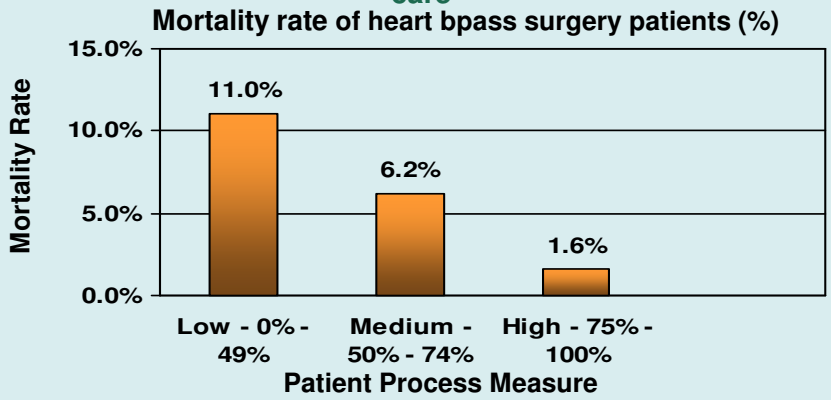


If all hospitals in the nation were to achieve this improvement, the estimated cost savings would be greater than $4.5 billion annually with an estimated 70,000 lives saved per year!

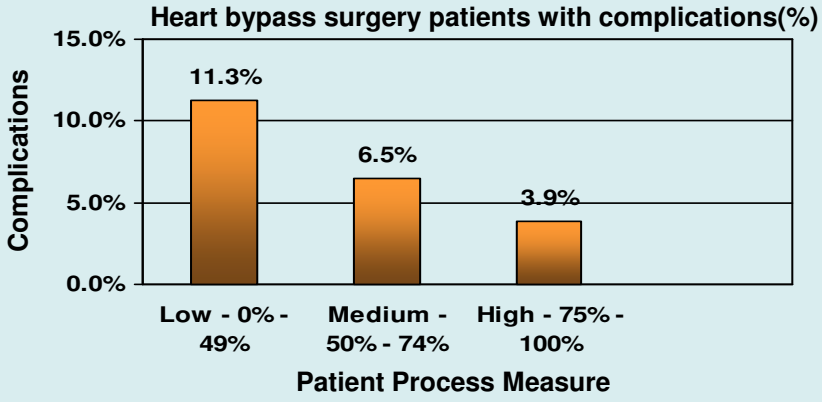
HQID Example: Heart Bypass

Reliable Care Improves Readmissions, Mortality, Cost and Length of Stay Outcomes

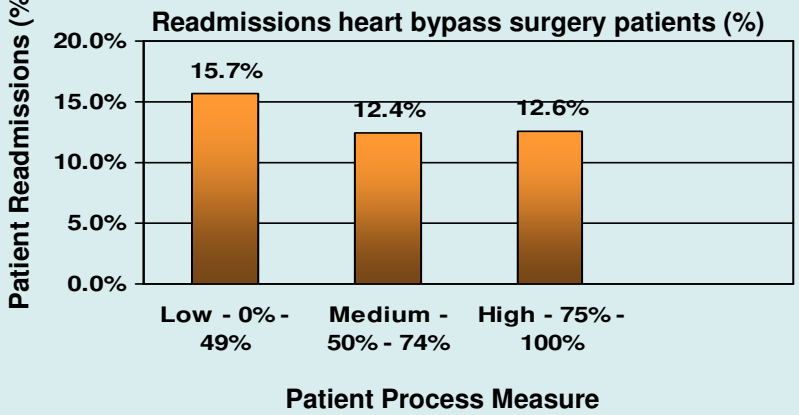
Data show lower mortality rates for heart bypass surgery patients receiving better care



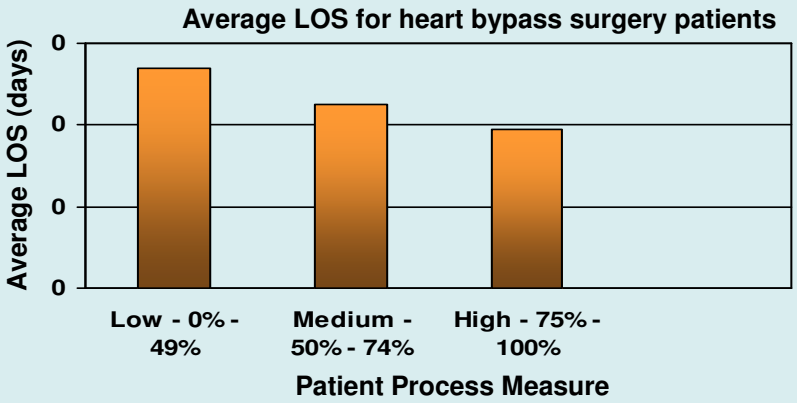
Data indicate fewer complications are associated with better care



Data indicate fewer readmissions are associated with better care



Data show fewer hospital days associated with patients receiving better care



International Pay for Performance (P4P) Exploration

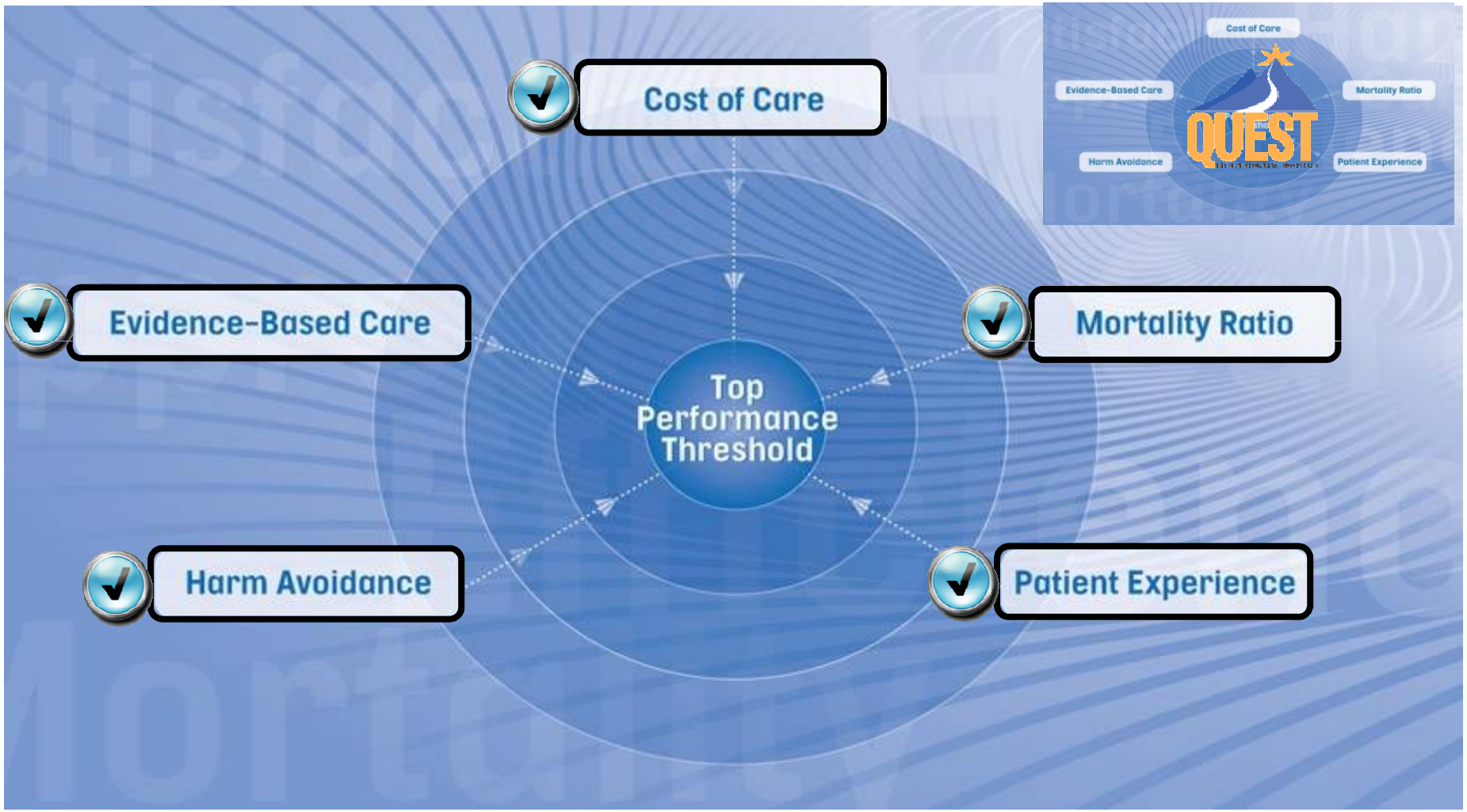
- UK North West "Advancing Quality" Program
  - England's largest health authority using Premier/Medicare P4P project as a model for improving patient care
- Groups from Hong Kong, Korea learning from initiative

Lessons Learned from HQID

1. There is a link between cost and quality.
2. Setting goals, measuring performance and transparently reporting results is an effective driver.
3. Improvements can be achieved rapidly.
4. Increasing interest from government and payers to incentivize quality using P4P model.

Linking Patient Safety, Cost of Care, Supply Chain and Clinical Outcomes

QUEST: A Focus on Quality, Efficiency, Safety, with Transparency



Our Mortality Measure and Potential Components

MEASURE	Potential PRIMARY COMPONENTS	Potential SECONDARY COMPONENTS
Hospital – Level Risk Adjusted Mortality (O/E Ratio)	Sepsis	Early appropriate level of care (ICU) Early recognition and intervention Timely transfer to ICU Elderly and other high risk groups
	Respiratory Conditions	Early recognition of resp compromise Avoidance of VAP Post operative resp care protocols
	Cardiac Related and Shock	Rapid response team Adherence to ACC Protocols Early transfer to ICU if needed Improved use of cardiac monitors
	End of Life Care	Early identification of patients Proper use of V667 palliative code Appropriate setting: hospice v acute

* Data mining to examine top components of mortality is currently in progress

Our Evidence Based Care Performance Measure: "All or Nothing Score"

MEASURE	PRIMARY COMPONENTS	SECONDARY COMPONENTS
Evidence Based Care Performance %	Acute Myocardial Infarction	Aspirin on arrival Beta blocker on arrival Timely reperfusion Aspirin at discharge Beta blocker on discharge
	Heart Failure	ACEI/ARB for LVSD Smoking cessation counseling Discharge instructions
	Pneumonia	Blood culture in ED before antibiotic Initial antibiotic selection Pneumococcal vaccine Influenza vaccine
	Surgical Complication	Appropriate antibiotic selection Antibiotic 0-60 min before incision Antibiotic d/c 24 hrs post-op (48 cardiac) VTE prophylaxis pre & post-op

Our Efficiency Measure (Cost of Care) and Components

MEASURE	PRIMARY COMPONENTS	SECONDARY COMPONENTS
Inpatient Cost Per Adjusted Discharge	Clinical Quality/Safety	Evidence Based Care Harm Avoidance Mortality
	Staffing	Skill Mix Premium Pay Productivity
	Supply Chain	Contracting/Purchasing Pharmaceuticals Implants
	Clinical Efficiency and Effectiveness	Hospital Throughput Resource Consumption Unnecessary Proc/Hospitalizations

Our Harm Measure and Potential Components

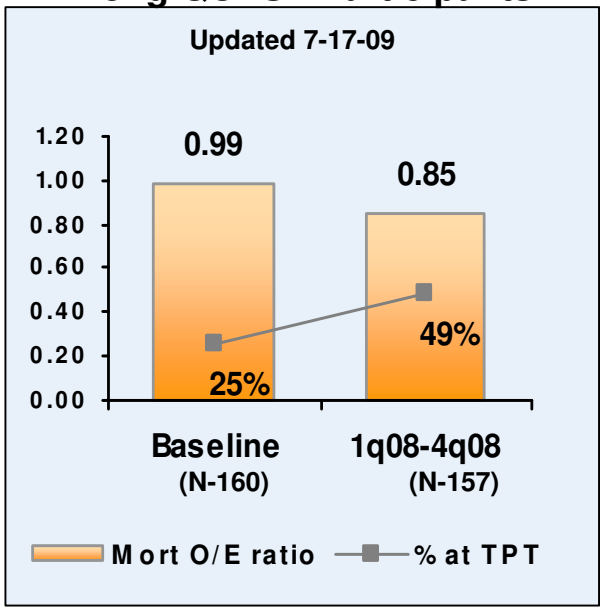
MEASURE	PRIMARY COMPONENTS	SECONDARY COMPONENTS
Composite Harm Index	Hospital Acquired Infection Adverse Drug Events Surgery Related Harm Labor / Deliver Related Harm Hospital Wide Harm	Hosp Associated UTI Hosp Associated Central line infections Ventilator Assoc Pneumonia MRSA Infections Surgery Related Infections Medication Error – Dose related C Difficile Infections Drug – Drug Interactions Post Op Respiratory Failure Retained Object Wrong Sided Surgery Post op PE / VTE Return to OR / LD Birth Trauma Falls Pressure Ulcers

Our Patient Experience Measure and Potential Components

MEASURE	PRIMARY COMPONENTS
Global Composite Perception Score	Nurse Communication
	Responsiveness of Staff
	Pain Control
	Discharge Information
	Clean & Quiet
	Doctor Communication
	Medications Communication

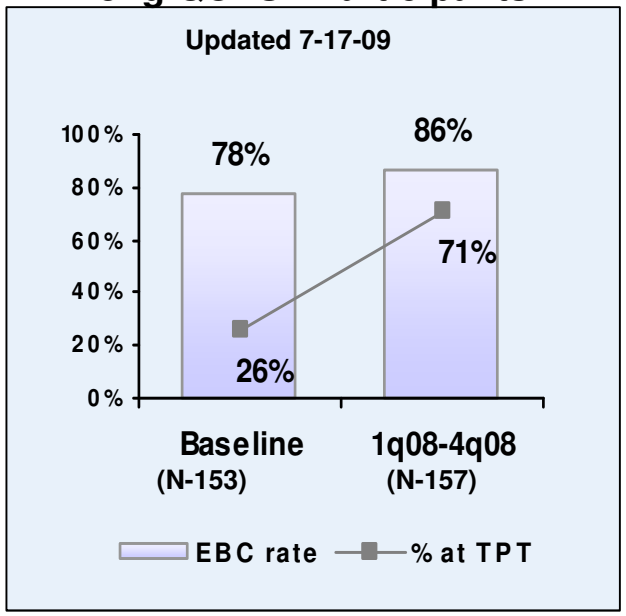
QUEST participants show improvement through fourth quarter 2008

Trends for Mortality O/E Ratio Among QUEST Participants



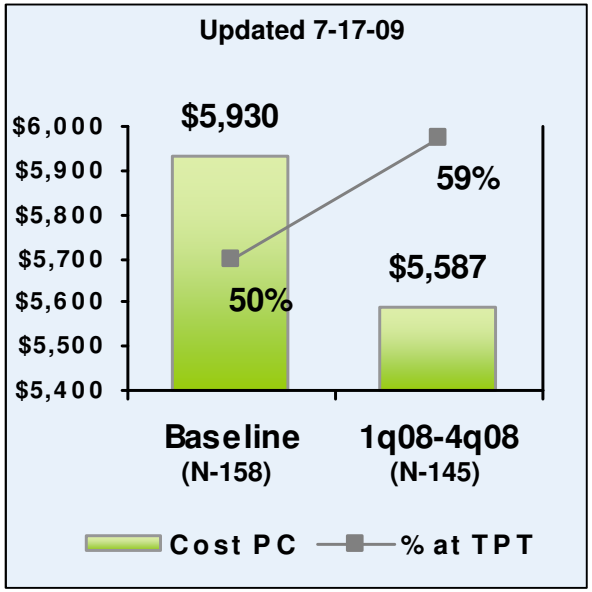
0.14 reduction in the avg. Observed to Expected Mortality Ratio from baseline

Trends for Evidence Based Care Among QUEST Participants



8.74 percentage point increase in avg. EBC rate from baseline

Trends for Cost of Care per Patient Among QUEST Participants

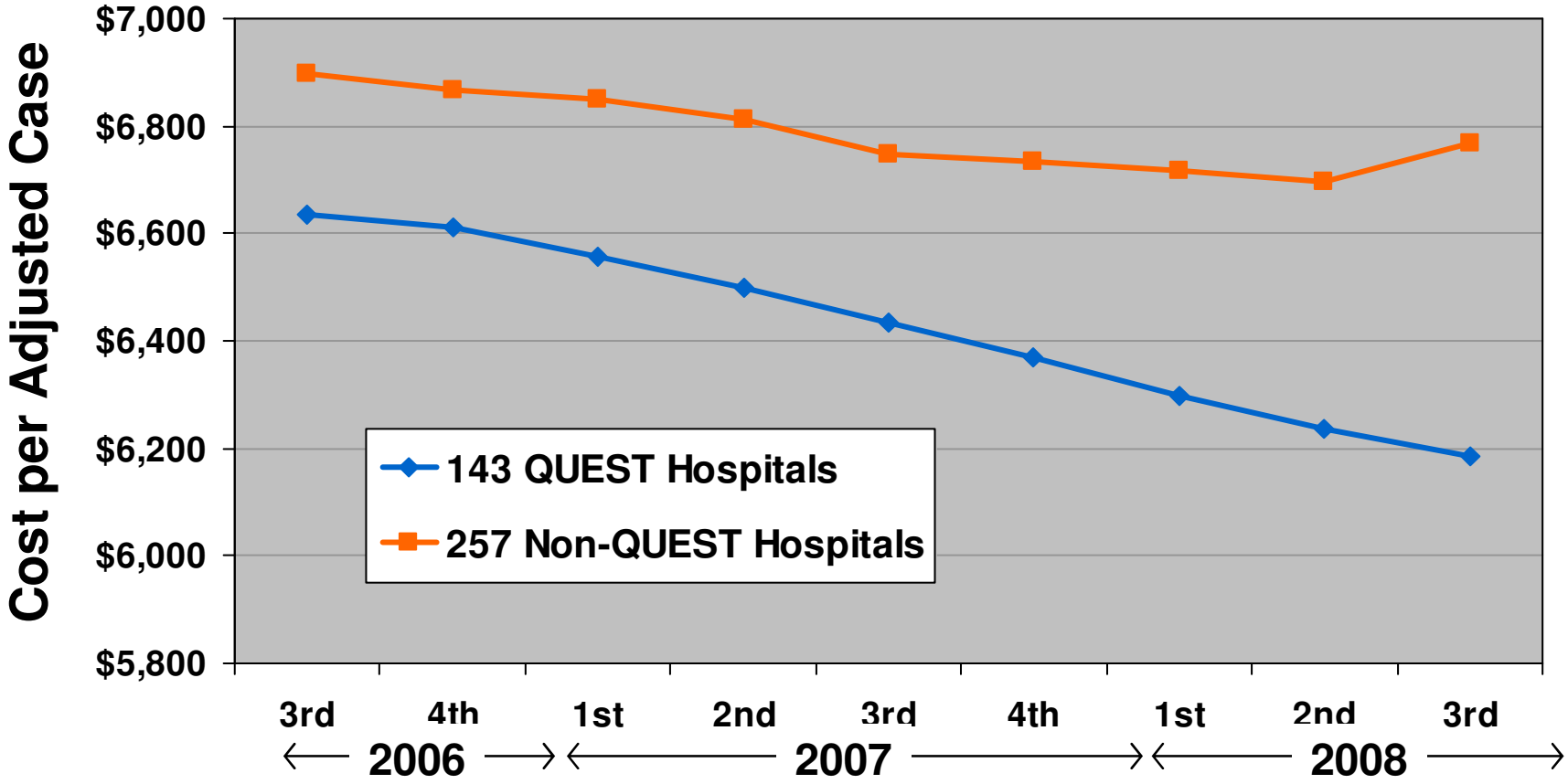


$343 decrease in the avg. Cost of Care from baseline

QUEST Cost of Care Trend vs. Rest of Premier

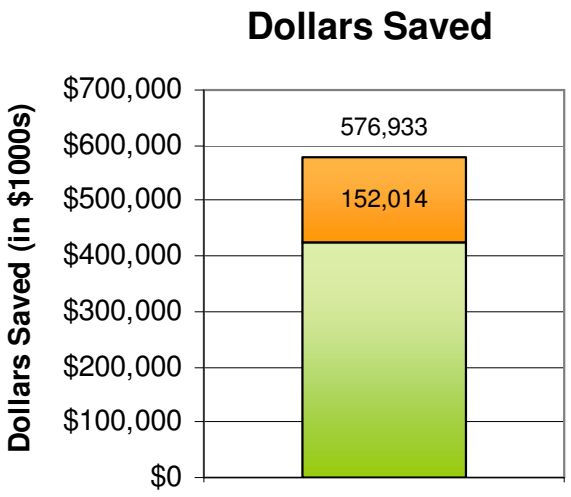
Deflated Cost Trend Comparison

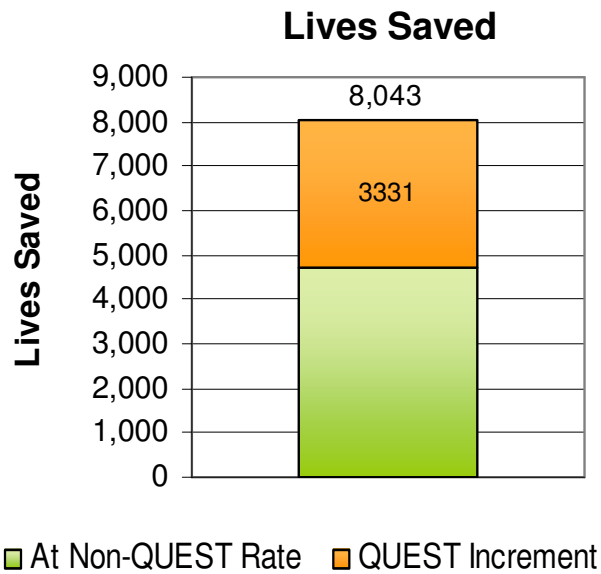
(4-quarter moving averages)

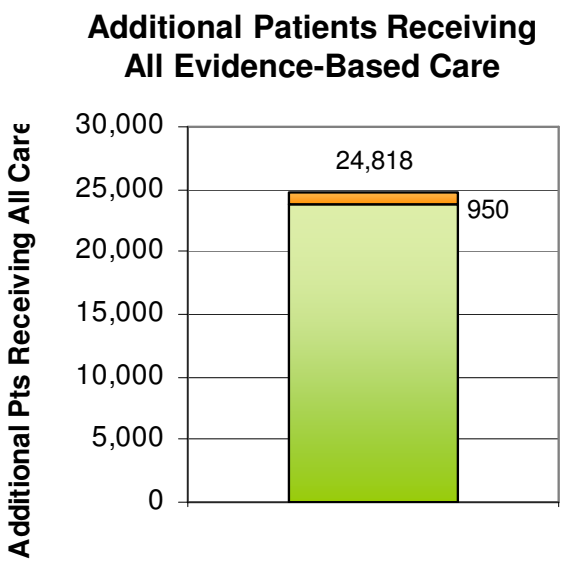


QUEST IMPACT:
Extrapolation data

QUEST facilities show greater improvements than those facilities not in the project.

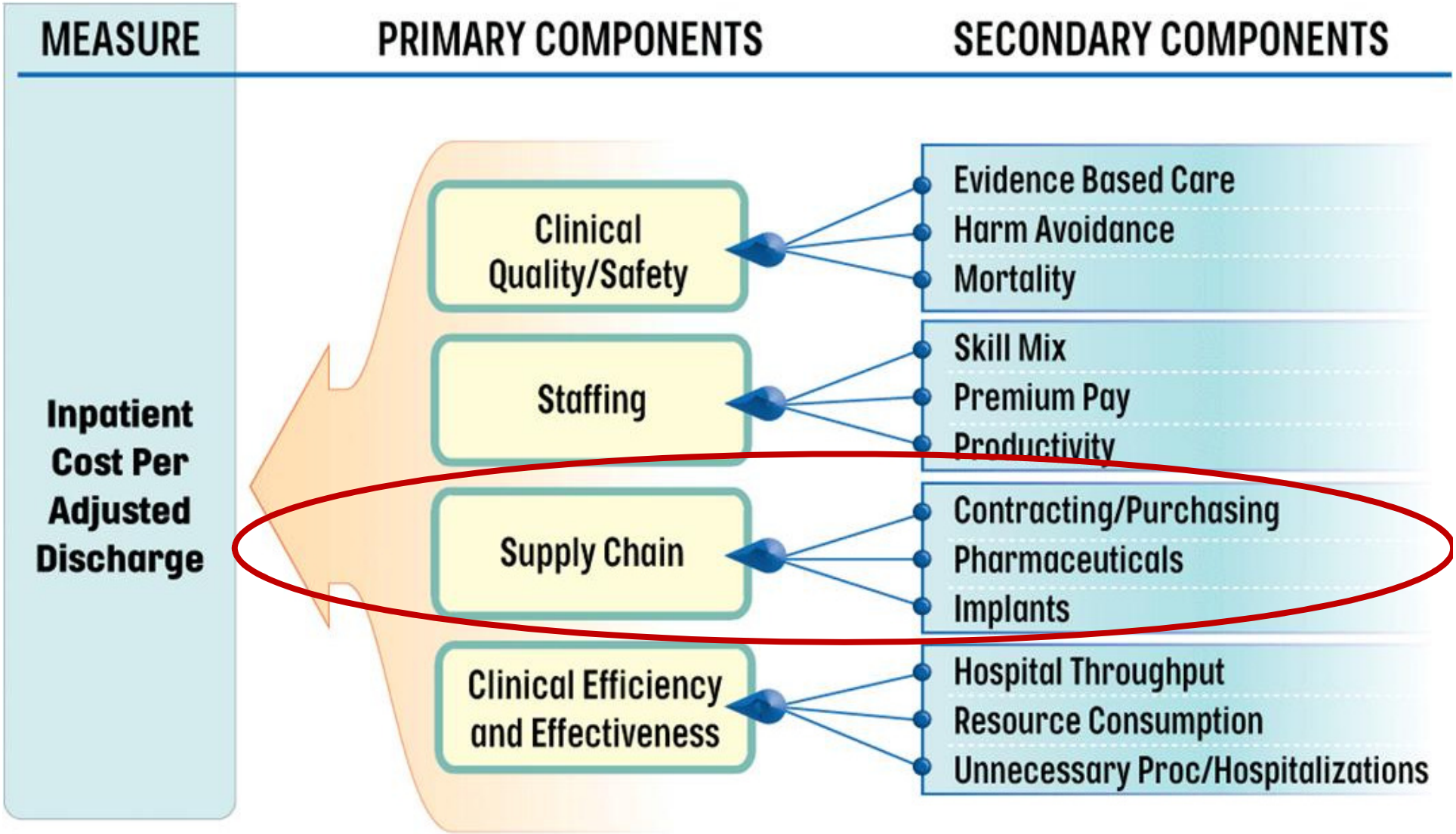






If all hospitals not participating in QUEST could achieve these results, this would mean an additional 52,760 lives, $1.16 billion saved, and 27,771 additional patients receiving all evidence-based care.

Supply Chain – An Important component of Cost of Care



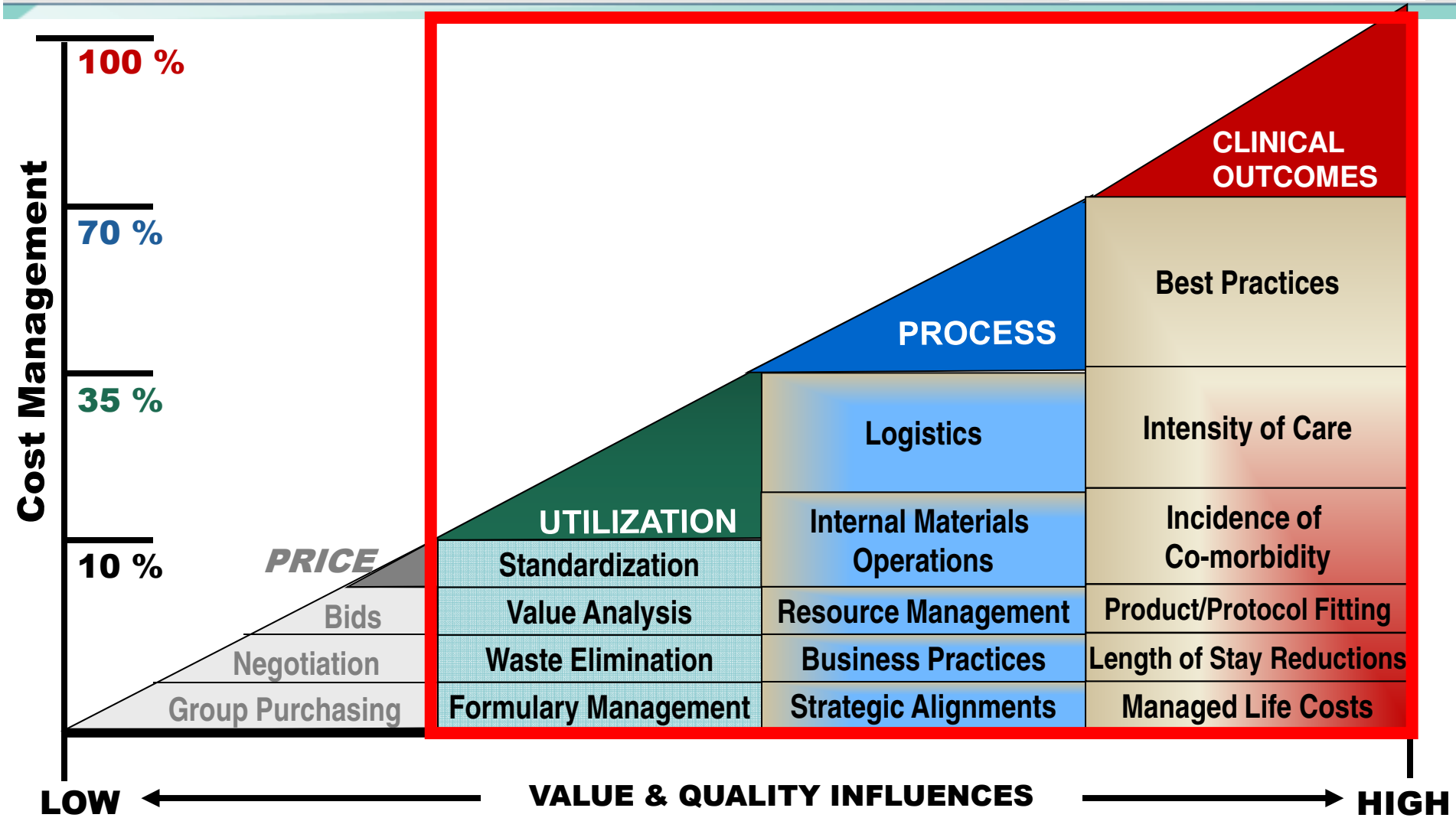
Supply Chain – An Important component of Cost of Care.

ASCEND: Accelerated Supply Chain Endeavor

- ✓ **ASCEND is a Premier member-designed program created to enable and achieve rapid improvements in all aspects of the supply chain.**
- ✓ **ASCEND is a continuation of Premier's mission; creating value for hospitals and transforming healthcare together.**
- ✓ **ASCEND, like QUEST, takes a full-service solutions approach to identifying and implementing supply chain performance opportunities within a philosophically aligned cohort.**
- ✓ **ASCEND marries clinical and cost data to help hospitals select the best products, for the best overall value.**

ASCEND Approach: Total Supply Chain Management

SCEND
ACCELERATED SUPPLY CHAIN ENDEAVOR



ASCEND Approach: Total Supply Chain Management

SCEND
ACCELERATED SUPPLY CHAIN ENDEAVOR

Advanced: Demand Matching

- Broad based, non-salary cost management
- Outcomes-based, product utilization management
- Clinical participation in product selection and use

15% Cost Reduction

Intermediate: Efficiency and Improvement

- Supplier/Product Standardization
- Cost and Impact Reporting (DRG)
- Supply Chain Business Process Improvement

9% Cost Reduction

Basic: Contracting

- Contract Participation and Optimization
- Quality Monitoring and Control
- Inventory Control and Information Systems

2-6.5% Cost Reduction

QUEST/ASCEND: Supplier Innovation Program

PURPOSE: To leverage the vast knowledge, research and development of the healthcare supplier community to proactively bring forward **change concepts** to the QUEST/ASCEND cohort of hospitals.

The program is focused on those suppliers who passionately believe their processes will dramatically impact the QUEST/ASCEND goal to make substantial improvements in the value of health care.

Where do we go from here?

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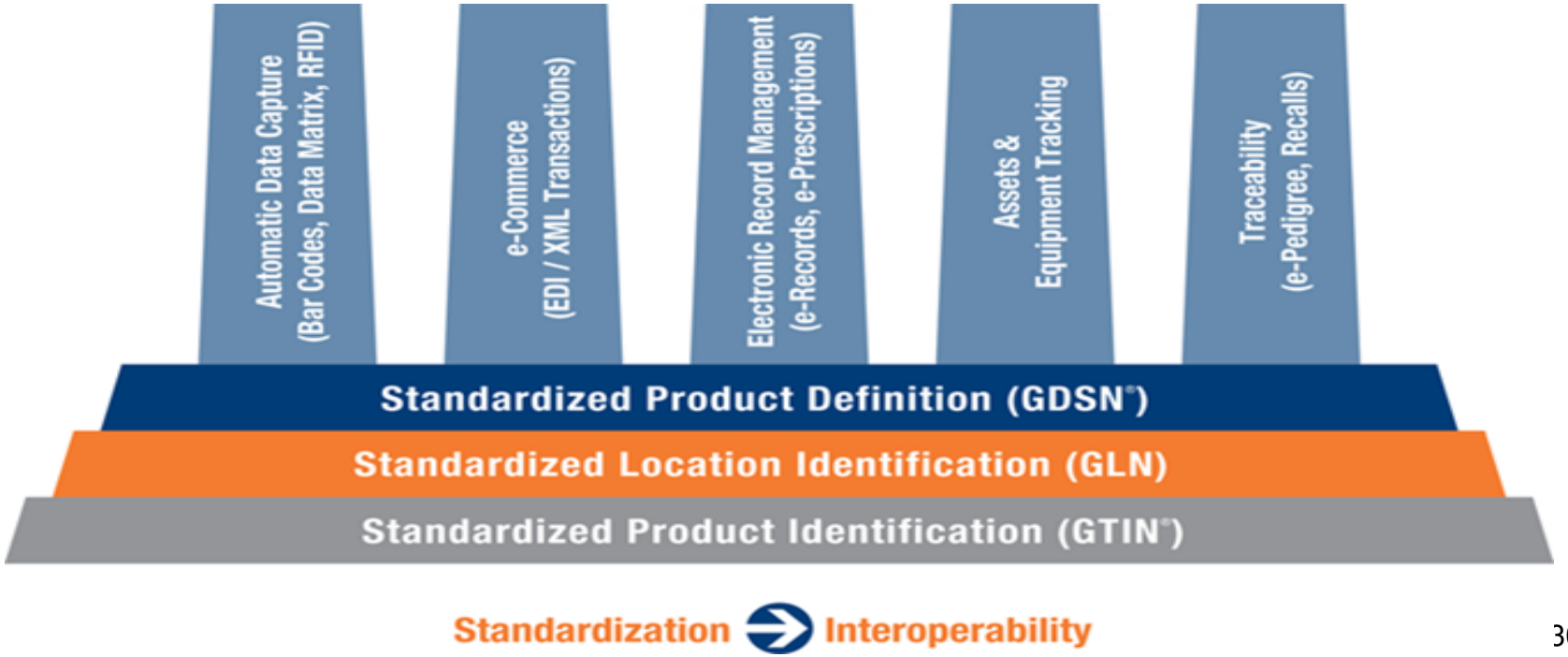
Endorsement and adoption of standards allow interoperability of key <u>supply chain processes</u> between all portions of the Healthcare Supply Chain.



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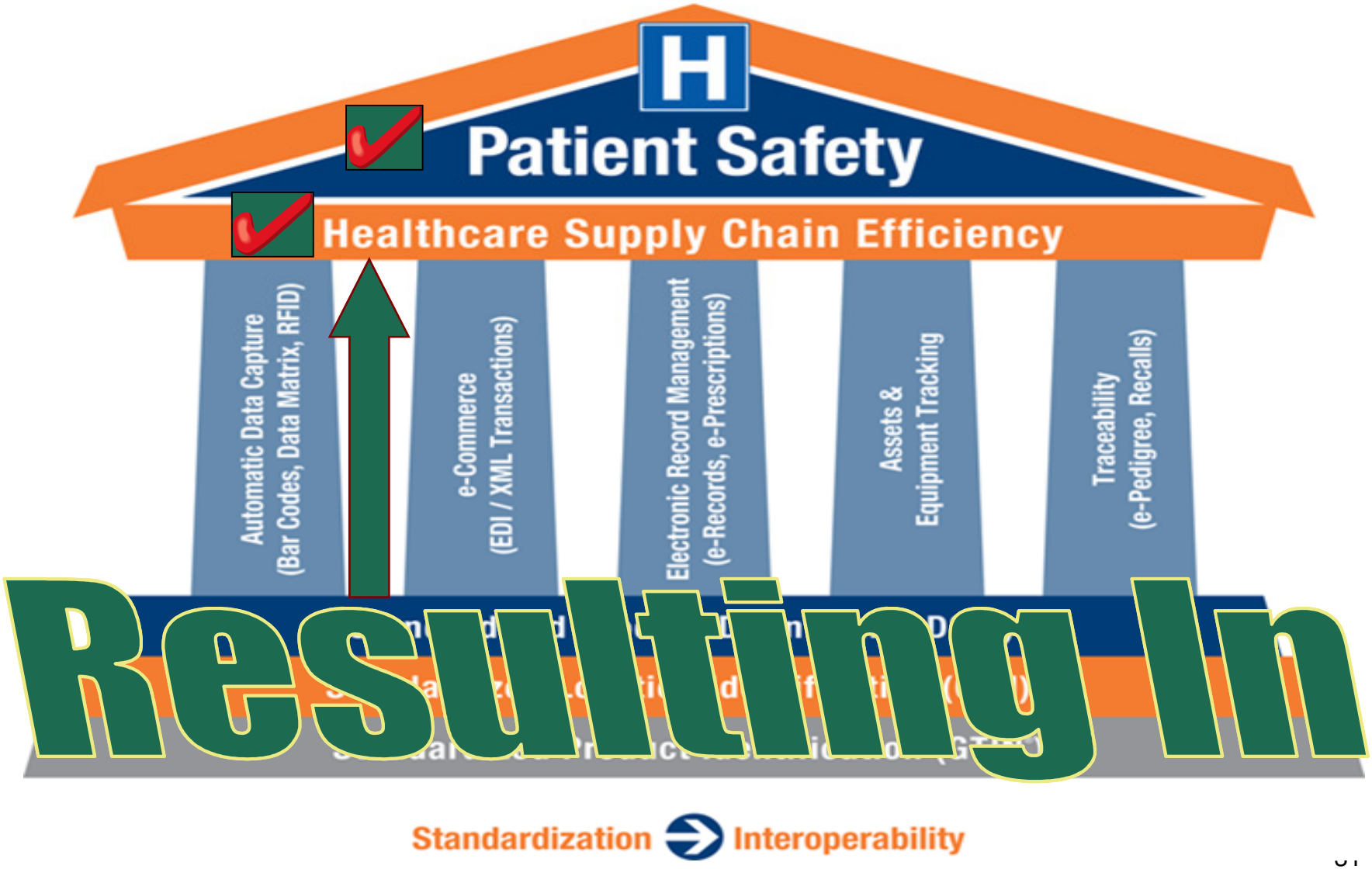
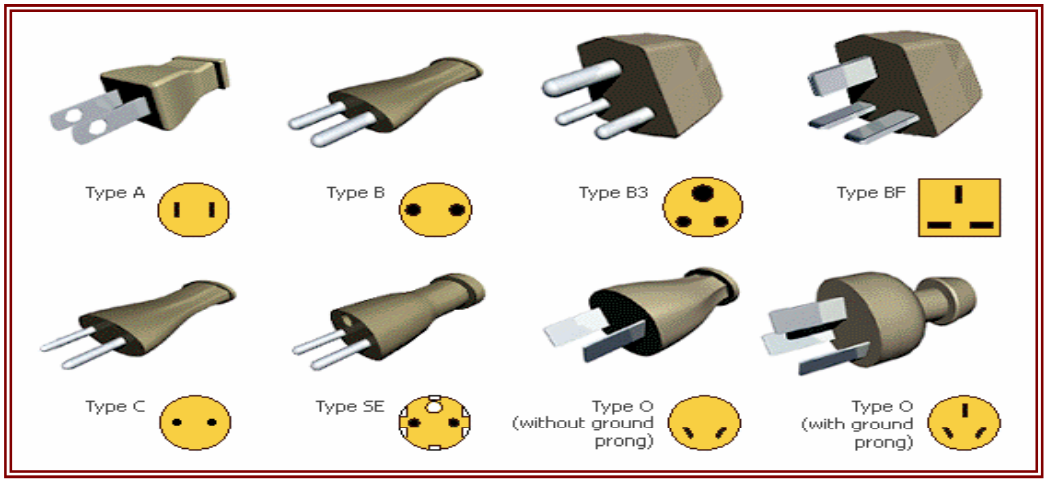
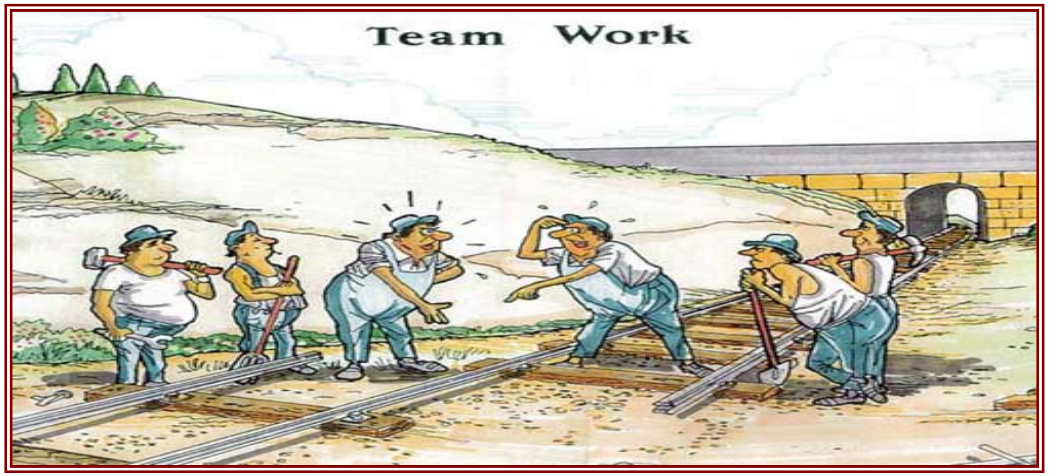


Conclusion


Type A
Type B
Type B3
Type BF
Type C
Type SE
Type O (without ground prong)
Type O (with ground prong)


Team Work


Don't EVER give up!
Compliments of Leasing News

Thank you

Questions? Comments?

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