



Maricopa County Special Health Care District

Bond Advisory Committee Meeting

October 15, 2013
2:30 p.m.

Agenda



<u>Committee Members</u> Bill Post, Chair Lattie Coor, Vice Chair Tony Astorga Paul Charlton Kote Chundu Frank Fairbanks Nita Francis Merwin Grant	Doug Hirano Diane McCarthy Terence McMahon, Ex-officio Rick Naimark Joey Ridenour Brian Spicker Ted Williams	<u>AGENDA –</u> Bond Advisory Committee Meeting Bond Advisory Committee of the Maricopa County Special Health Care District
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• Maricopa Medical Center • Administration Building • Auditoriums 3 and 4 •
• 2601 E. Roosevelt • Phoenix, AZ 85008 • Clerk’s Office 602-344-5177 • Fax 602-344-0892 •

Tuesday, October 15, 2013
2:30 p.m.

If you wish to address the Committee, please complete a speaker’s slip and deliver it to the Executive Director of Board Operations. If you have anything you wish distributed to the Committee and included in the official record, please hand it to the Executive Director who will distribute the information to the Committee Members. Speakers are limited to (3) three minutes.

ITEMS MAY BE DISCUSSED IN A DIFFERENT SEQUENCE

Call to Order

Roll Call

Call to the Public

This is the time for the public to comment. The Bond Advisory Committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling a matter for further consideration and decision at a later date.

General Session Presentation, Discussion and Action:

1. Update on Bond Advisory Committee’s Project Process, Deliverables and Timeline **5 min**
Jared Averbuch, Kurt Salmon

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General Session Presentation, Discussion and Action (cont.):

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios 90 min
Michael Eaton, Navvis & Healthways
Susan Doria, MIHS, Vice President of Strategic Planning

3. Wrap Up, Next Steps and Future Agenda Items 5 min
Jared Averbuch, Kurt Salmon

Adjourn



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Item 1.

Planning Process Update



Planning Process Update: Timeline

Over the next two months the planning process transition from the strategic plan to the physical / capital requirements under this approximate timeline:

- » August 28th - clinical network development portion of the strategic plan approved
- » September 17th – Strategic Plan presentation to Bond Advisory Committee
- » **October 15th – Bond Advisory Committee**
 - Continued strategy discussion and presentation of projected activity volumes
- » September/October – preparation and Board review
 - Convert clinical volume distribution to facility needs
 - Interpret facility implications (e.g. gaps on the main campus, off-campus new/closed/growth)
 - Draft planning goals (e.g. right size, consolidate behavioral, new campus vs. replacement)
 - Develop baseline financials
- » November 12th – Bond Advisory Committee
- » October/November– Presentation to the Board including
 - High-level facility options presentation
 - Order-of-magnitude capital implications / projections
 - Overall financial implications of strategies and capital investments
- » December – BAC Final Recommendations



Maricopa County Special Health Care District

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Item 2.

Maricopa Integrated Health System

Growth Scenario Development; Approach & Results

October 15, 2013

Contents

1. Key Assumptions & Basis for Projections
2. Ambulatory Campus/Network Strategy
3. Priority Services
4. MIHS Service Area
5. MIHS Alignment Targeting - Clinically Integrated Network Development
6. Growth Scenario Volumes

Key Assumptions & Basis for Projections

MIHS service volume projections reflect the following set of strategic priorities and market based assumptions identified by MIHS leadership through its planning process and historic levels of performance:

1. Implementation of the MIHS Strategic Plan; approved by the MIHS Board in August 2013 and supporting detail from the MIHS planning process
2. Market focus on Maricopa County and its five defined market areas
3. Service line and site of service market opportunity, community health service needs and growth projections by market area
4. Population characteristics and projected changes by market area and market competition
5. Service line level and site of service historic levels of performance by market area and payer
6. Alignment with the MIHS financial statements and supporting detail at the department level

Key Assumptions & Basis for Projections

MIHS Strategic Plan -2013

Strategies Included in the Board Approved Plan Are Shown Below:

1. Grow the number of covered lives under MIHS care and management
2. Build and upgrade a network of ambulatory care facilities in key markets outside the Maricopa Medical Center primary service area
3. Exercise prudent stewardship of our resources as a public teaching hospital and health care system
4. Build a coalition of academic programs (medical schools, nursing programs, allied health) to design an integrative academic medical campus that includes a replacement hospital for Maricopa Medical Center
5. Expand behavioral health capacity to meet community need
6. Advance community initiatives to improve the health of Maricopa County

Key Assumptions & Basis for Projections

MIHS Strategic Plan –Supporting Strategies & Assumptions

1. Grow the number of covered lives under MIHS care and management:
 - a. Organize a **physician led clinically integrated care network** by January 2014 that brings physicians, hospitals and others together to redesign care systems and improve outcomes, better manage cost and enhance the patient experience
 - b. Manage the targeted number of lives (as approved by MIHS Board) by December 2015 through arrangements with payers and employers
 - c. Increase total System revenue by December 2015 from managing **lives enrolled in the MIHS health plans and under contract with insurers and employers**

Alignment targets for additional lives include:

- ✓ Other AHCCCS health plans; currently at MIHS 60% of FHC visits, 52% of CHC visits and 76% of inpatients come from AHCCCS health plans other than Maricopa's Plan
- ✓ Other FQHCs located within Maricopa County
- ✓ Non DMG primary care physicians who share patients with a DMG specialist
- ✓ Medicare advantage health plans seeking to expand their ambulatory network; currently at MIHS 6% of FHC visits, 7% of CHC visits and 7% of hospital outpatient cases come from Medicare HMO patients

Key Assumptions & Basis for Projections

MIHS Strategic Plan –Supporting Strategies & Assumptions

- 2. Build and upgrade a network of ambulatory care facilities** in key markets outside the Maricopa Medical Center primary service area
 - a. Design and build an East and West ambulatory health center by December 2017 to extend the MIHS brand, grow office-based and outpatient volumes, and meet emerging community need
 - b. Add a new FHC in the central portion of northern Maricopa Count by July 2016 to meet emerging care needs among AHCCCS patients in an underserved market
 - c. Reinvest in and reconfigure the existing FHCs by July 2016 to achieve more efficient market coverage and bring more services (including specialists) to targeted markets

- ✓ New Health Centers for SE Valley market and for NW Valley market
- ✓ Replace Sunnyslope with new FHC in northern Phoenix market
- ✓ Some FHCs to be integrated into Health Centers others to be upgraded

Key Assumptions & Basis for Projections

MIHS Strategic Plan –Supporting Strategies & Assumptions

3. Exercise prudent stewardship of our resources as a public teaching hospital and health care system
 - a. Build a **strategic financial plan** by November 2013 that the MIHS Board and management can use to assess market strategy and make informed resource allocation decisions
 - b. Continuously review and refine operational practices so that MIHS can manage lives, deliver care, and teach and train clinicians in the most efficient and effective manner possible (ongoing)
 - c. Develop an organizational and reporting structure by June 2014 to enhance the ability to evaluate the performance of strategic lines of business

4. Build a **coalition of academic programs** (medical schools, nursing programs, allied health) to design an **integrative academic** medical campus that includes a **replacement hospital for Maricopa Medical Center**
 - a. Design a campus by December 2015 to support **an inter professional model of education**; deploy and train those teams in evidence-based care models
 - b. Design a new Maricopa Medical Center by December 2015 **as an academic medical center** with sufficient beds (220-250) to support residency requirements and serve the needs of core service lines
 - c. Build an academic brand for MIHS and the clinically integrated network by December 2014

Key Assumptions & Basis for Projections

MIHS Strategic Plan –Supporting Strategies & Assumptions

5. Expand behavioral health capacity to meet community need
 - a. **Consolidate the behavioral health programs** by December 2017 on a single campus that enables the program to serve rising demand more effectively and efficiently (timing may be impacted by new hospital development timeline)
 - b. **Integrate outpatient behavioral health into the community health clinics** by December 2014 to grow convenient access to needed mental health and substance abuse services
6. Advance community initiatives to improve the health of Maricopa County
 - a. Develop and deploy population health tools during 2014 **through clinically integrated network** to manage at-risk patient cohorts (dual eligible, uninsured, and populations with disparities)
 - b. Support the Maricopa Health foundation in its efforts to generate additional funding for community health initiatives

Key Assumptions & Basis for Projections

MIHS Strategic Plan –Supporting Strategies & Assumptions

Implementation of the Strategic Plan and supporting strategies will require MIHS investment in people and infrastructure in the following areas:

1. Development and ongoing operational support for the physician led Clinically Integrated Network (CIN)
2. Functional design and operational planning for:
 - a. Two new ambulatory Health Centers; SE Valley & NW Valley
 - b. Upgrades to existing FHCs and addition of new FHC
 - c. New academic medical center and integrated academic medical campus that supports inter-professional education
 - d. Consolidation of inpatient behavioral health services
3. Clinical staff and administrative support for an expanded ambulatory network

Key Assumptions & Basis for Projections

Additional key considerations that support the projections include:

1. Three growth scenarios have been developed:
 - a. Strategic growth; full implementation of the MIHS Plan
 - b. Moderate growth; partial implementation of the MIHS Plan
 - c. Grow with the market; MIHS grows at the same rate as the markets it serves
2. Comparison of the MIHS growth scenarios to market growth estimates to validate growth projections against these population based growth levels:
 - a. Above market growth means significantly enhancing patient acquisition
 - b. Below market growth means competitors have succeeded in taking business from MIHS
3. Two new ambulatory Health Centers open in 2017 & New Teaching Hospital opens in 2020.
4. Current projection timeline is 2013 – 2018, but volumes will be projected by year through 2023 to meet the request from Kurt Salmon for volume statistics to support the facility planning work they are conducting with the Bond Advisory Committee.

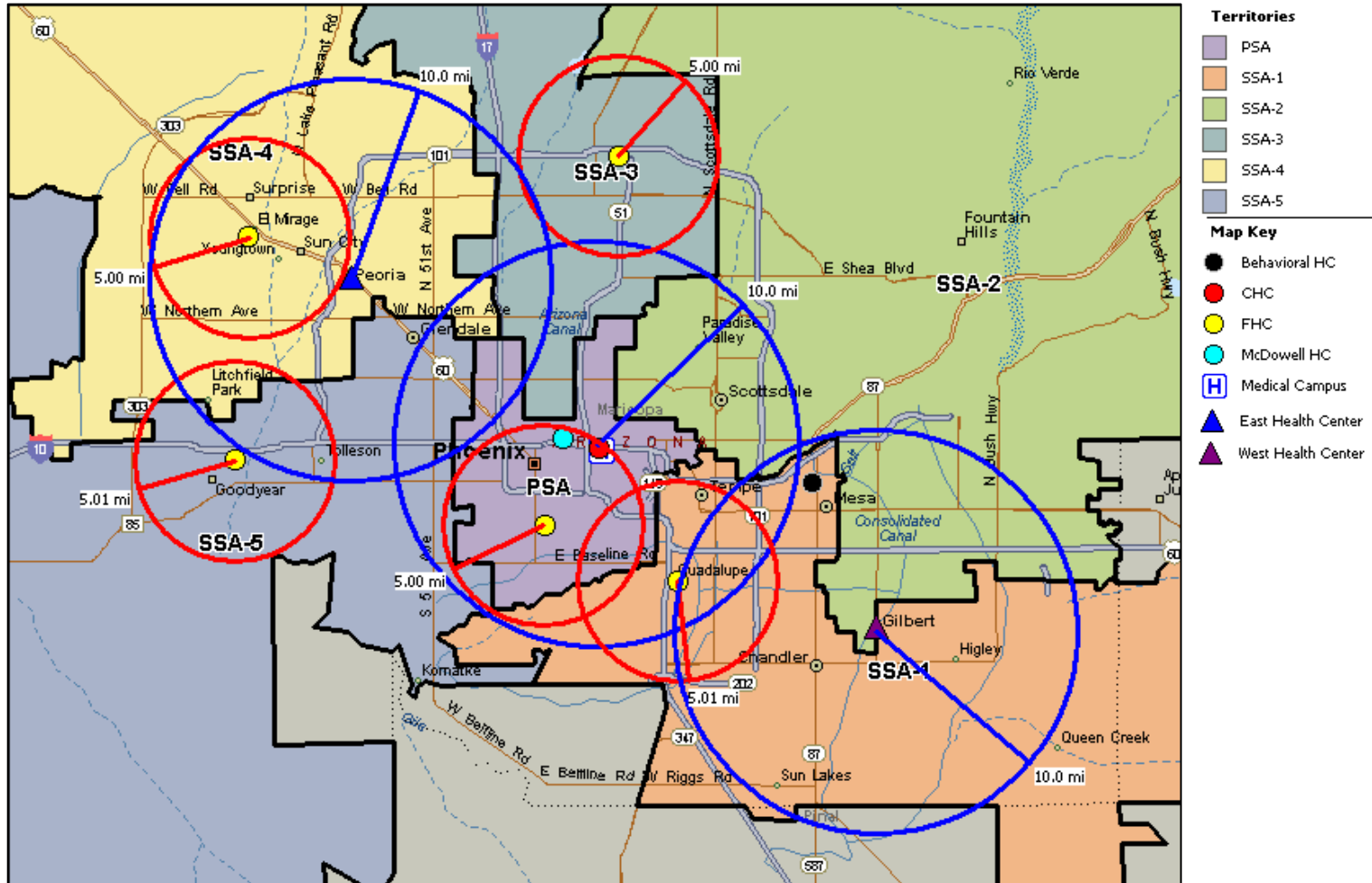
Key Assumptions & Basis for Projections

FHC Ambulatory Network Development

Current FHC Site	Strategic Growth Scenario Strategy	Service Footprint	Growth Level
Avondale	Develop into community model	Community	Above Market
Chandler	Merge with Mesa to form base for Eastern Health Center, SE Valley	SE Health Center	Above Market
El Mirage	Evaluate new site potential for expansion to community model	Community	Above Market
Glendale	Merge with Maryvale to form base for Western Health Center	NW Health Center	Above Market
Guadalupe	Maintain as neighborhood model	Neighborhood	Market Rate
Maryvale	Merge with Glendale to form base for Western Health Center	NW Health Center	Above Market
Mesa	Merge with Chandler to form base for Eastern Health Center	SE Health Center	Above Market
South Central	Maintain as neighborhood model, possible merge with activity from 7 th Avenue	Neighborhood	Market Rate
Sunnyslope	Relocation to NE and development of new community model	Community	Above Market
7 th Avenue	(1)Maintain as neighborhood model (2)Close, merge activity with South Central	Neighborhood	Market Rate

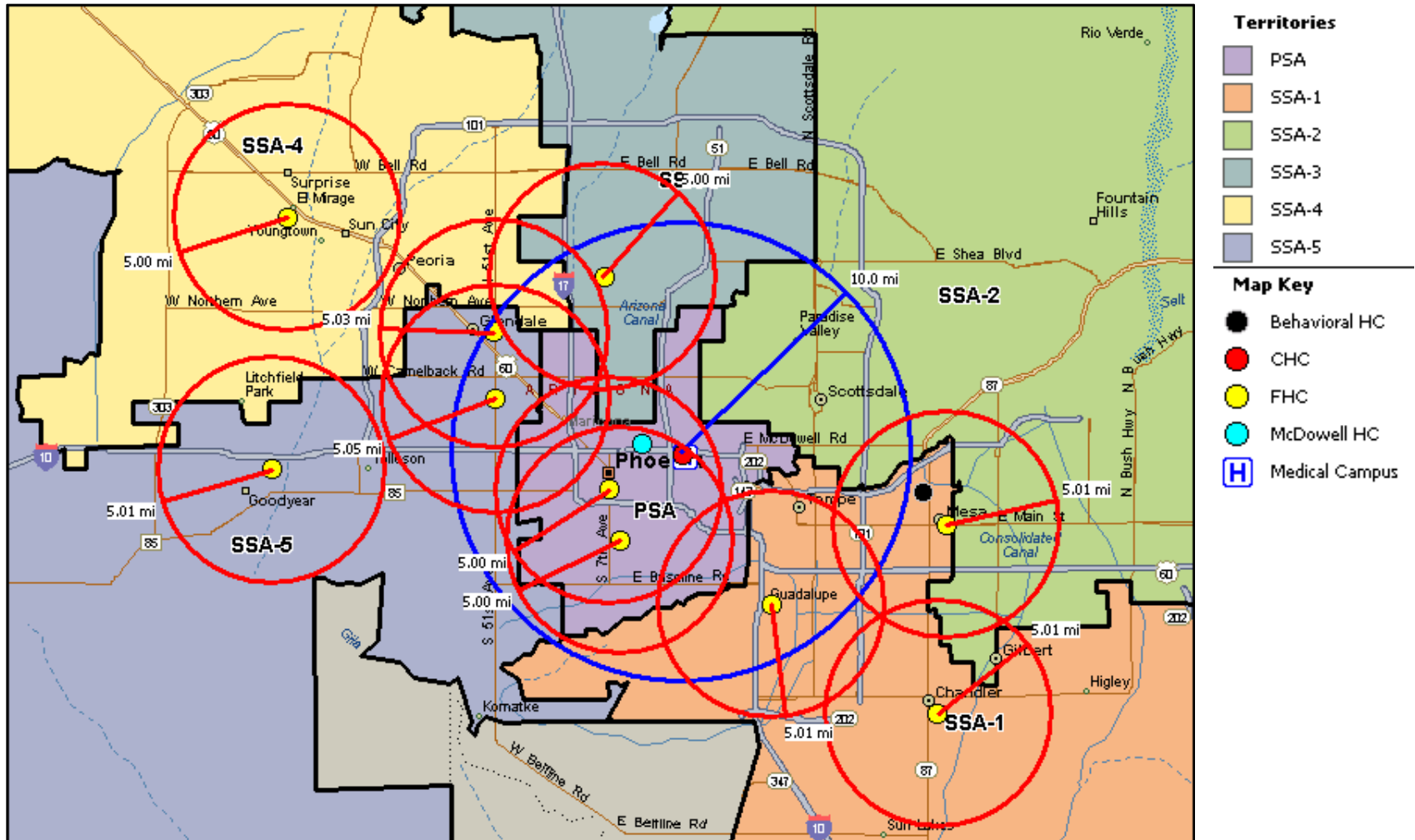
MIHS FHC Consolidation / Addition of Two Health Centers

Goal is to Achieve Better Geographic Coverage and More Efficient Distribution



Current State Deployment of Ambulatory Sites

Significant Market Overlap; Need for More Intensive Resources East and West



MIHS Ambulatory Service Priorities

Overview

Service Categories		Strategic Criteria
Group A: Critical Access Channels		
<ul style="list-style-type: none"> • Adult office visits • Pediatric office visits • Urgent care visits 	<ul style="list-style-type: none"> • ED visits • Imaging • Lab tests 	<ul style="list-style-type: none"> • Critical access channels for patient populations and related immediate diagnosis and screening modalities • Alignment with ambulatory education/training needs for medical education and the next generation of providers
Group B: Highest Strategic Priority Services (Based on Emerging Demand & Market Opportunity)		
<ul style="list-style-type: none"> • Behavioral Health • Cardiology Medicine • Dermatology • Gastroenterology • General Surgery 	<ul style="list-style-type: none"> • Gynecology • Obstetrics • Orthopedics • Pediatrics • Pulmonary 	<ul style="list-style-type: none"> • Highest priority clinical services identified for the MIHS ambulatory network development plan • Aligns with service needs of target populations across Maricopa County and with expected higher growth opportunities
Group C: Tier 2 Services (Based on emerging Demand & Market Opportunity)		
<ul style="list-style-type: none"> • Cancer • Cardiac Invasive • ENT • Neurosciences • Ophthalmology 	<ul style="list-style-type: none"> • Physical Therapy/Rehab • Podiatry • Urology • Vascular 	<ul style="list-style-type: none"> • Aligned with ambulatory clinical service needs based on Maricopa County population • Not prioritized as high based on market dynamics, competitive positioning; may be opportunity for partnered services

Priorities based on strategic positioning, financial performance, community need and emerging demand projections

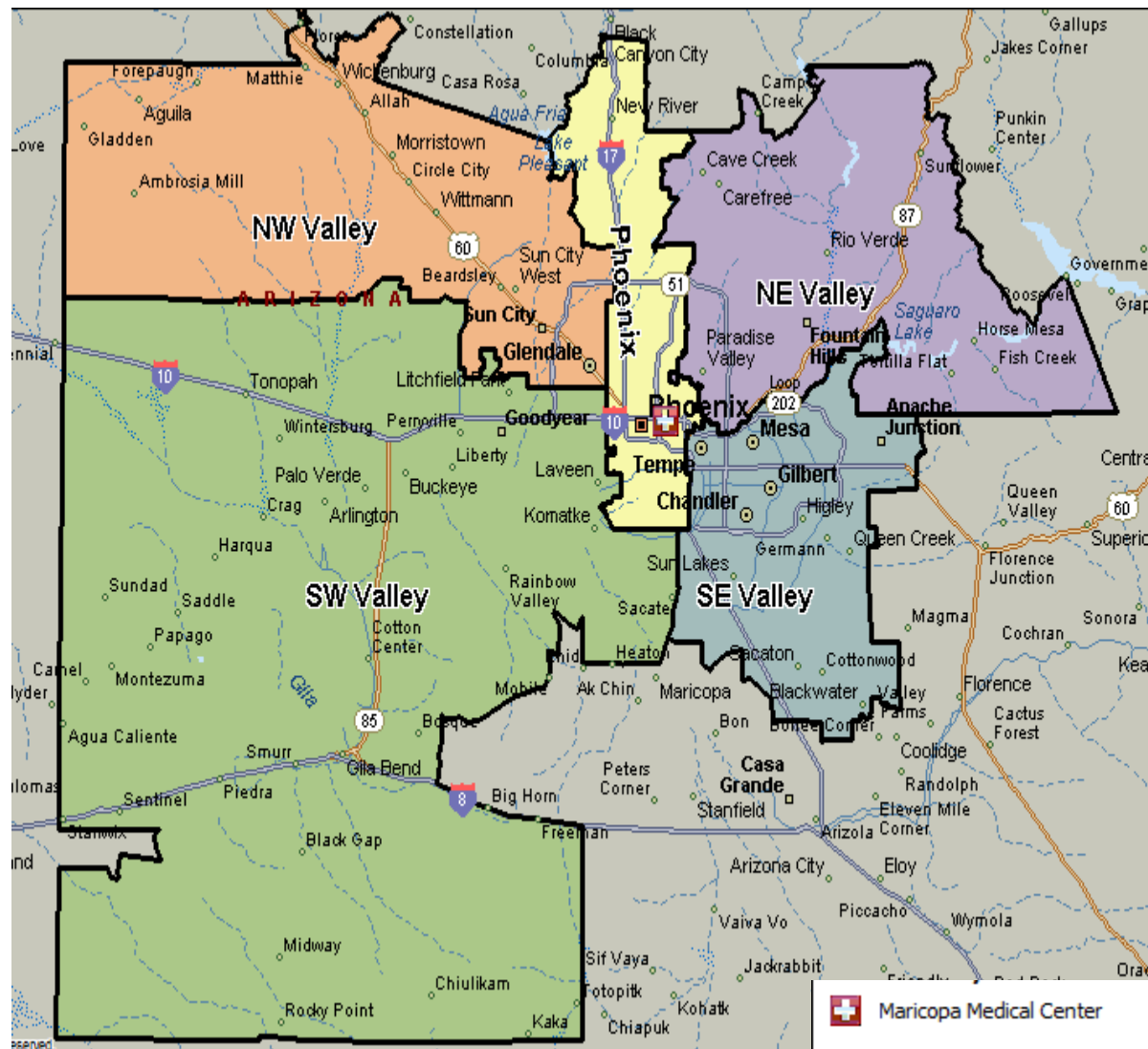
MIHS Inpatient Service Line Priorities

- An assessment of market opportunity and MIHS position was conducted with MIHS & DMG management at the service line level to determine a set of inpatient service priorities.

Grow/Develop		Defend	Evaluate
General Surgery	Behavioral Health	Burn	Cardiac Surgery
Normal Newborn	Gastroenterology	Cardiac Invasive	Oncology & Hematology
Obstetrics	General Medicine	Cardiology Medicine	Rheumatology
Trauma	Neonatal	Dentistry	Thoracic Surgery
	Orthopedics	Gynecology	
	Pediatrics	Nephrology (Dialysis)	
	Pulmonary	Neuroscience	
		Other Medicine	
Trauma Linkages		Other Surgery (ENT, Ophth.)	
		Plastic Surgery	
Maternity Linkages		Rehabilitation	
		Spine	
		Urology	
		Vascular	

MIHS Market Definition – Maricopa County

Primary and Secondary Service Areas



MIHS's service area is Maricopa county and this market is sub divided into a primary service area, PSA, and four secondary service area markets (SSA):

1. SE Valley SSA
2. NW Valley SSA
3. SW Valley SSA
4. NE Valley SSA

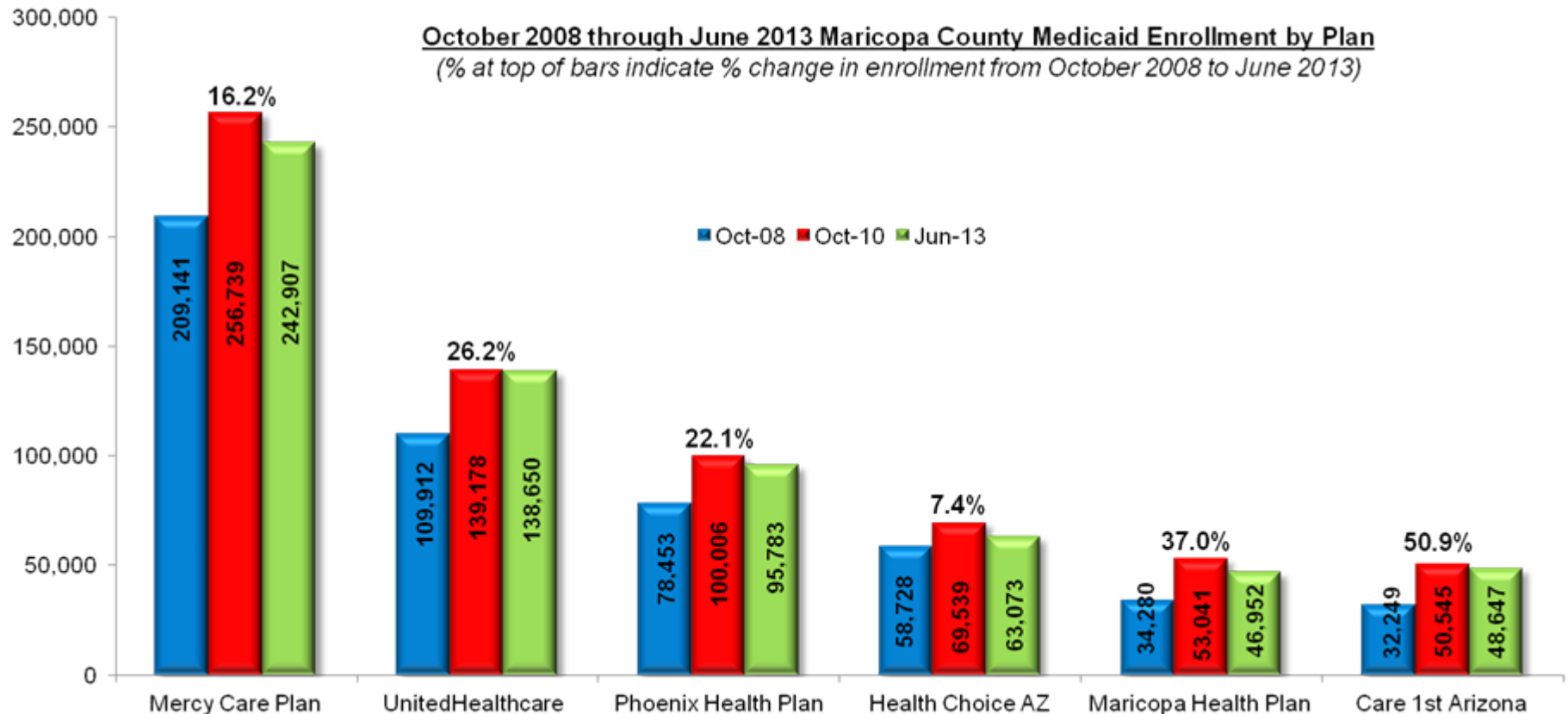
Maricopa Medical Center's campus is located in the Phoenix market area along with the large multispecialty clinic facility, the CHC.

MIHS Alignment Targeting

- *AHCCCS Health Plan Membership and FQHC's*
- *Non DMG Primary Care Physicians Who Share Patients with a DMG Specialist*

Maricopa County AHCCCS Plan Enrollment

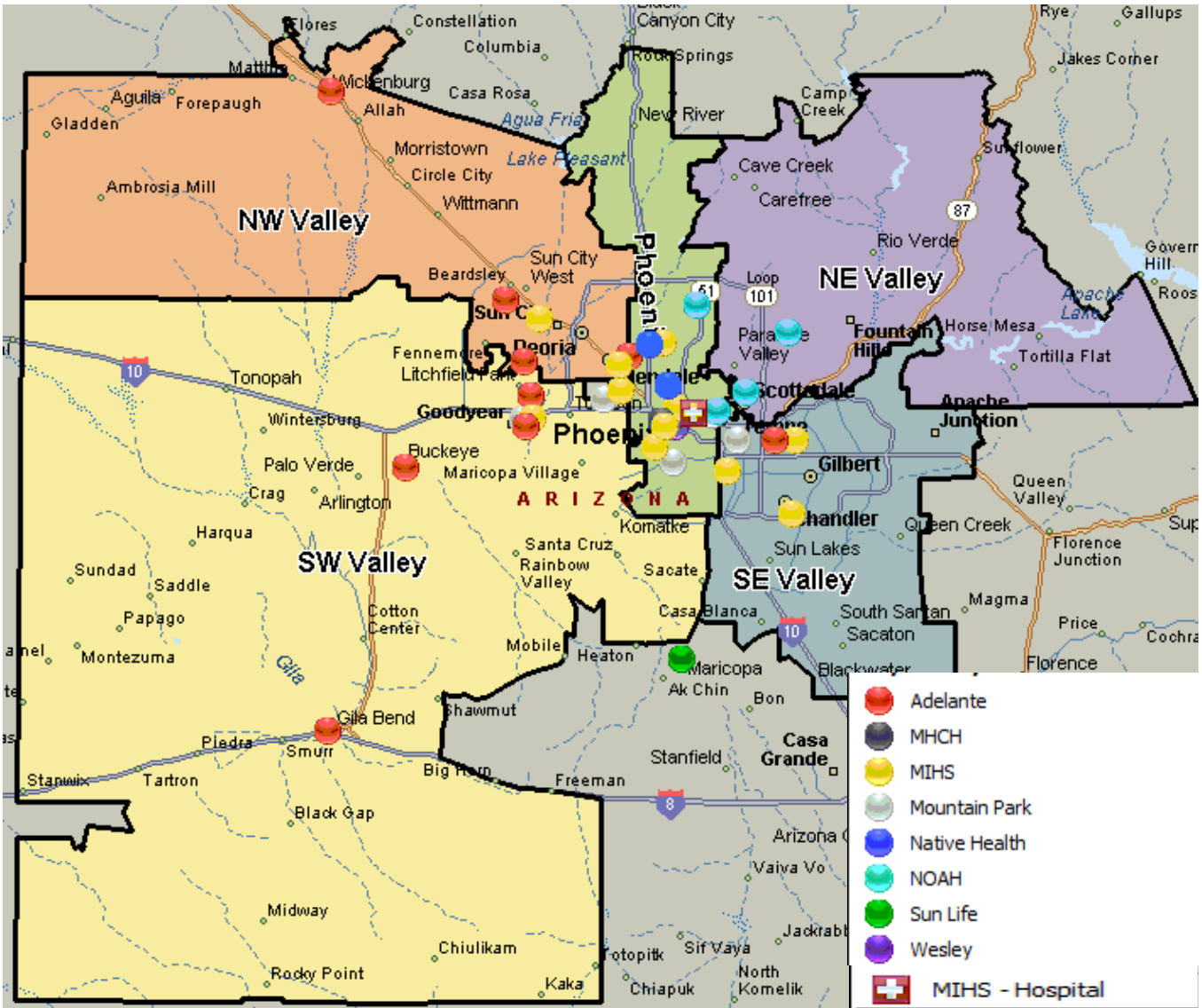
- Medicaid enrollment in Maricopa County increased by 21.7% between October 2008 and June 2013 to a total of 636,012 during June 2013.
- The MIHS Plan had a 7% share of this market as of June 2013.



Source: AHCCCS

Current AHCCCS Ambulatory Provider Locations

FQHC Locations – All Submarkets

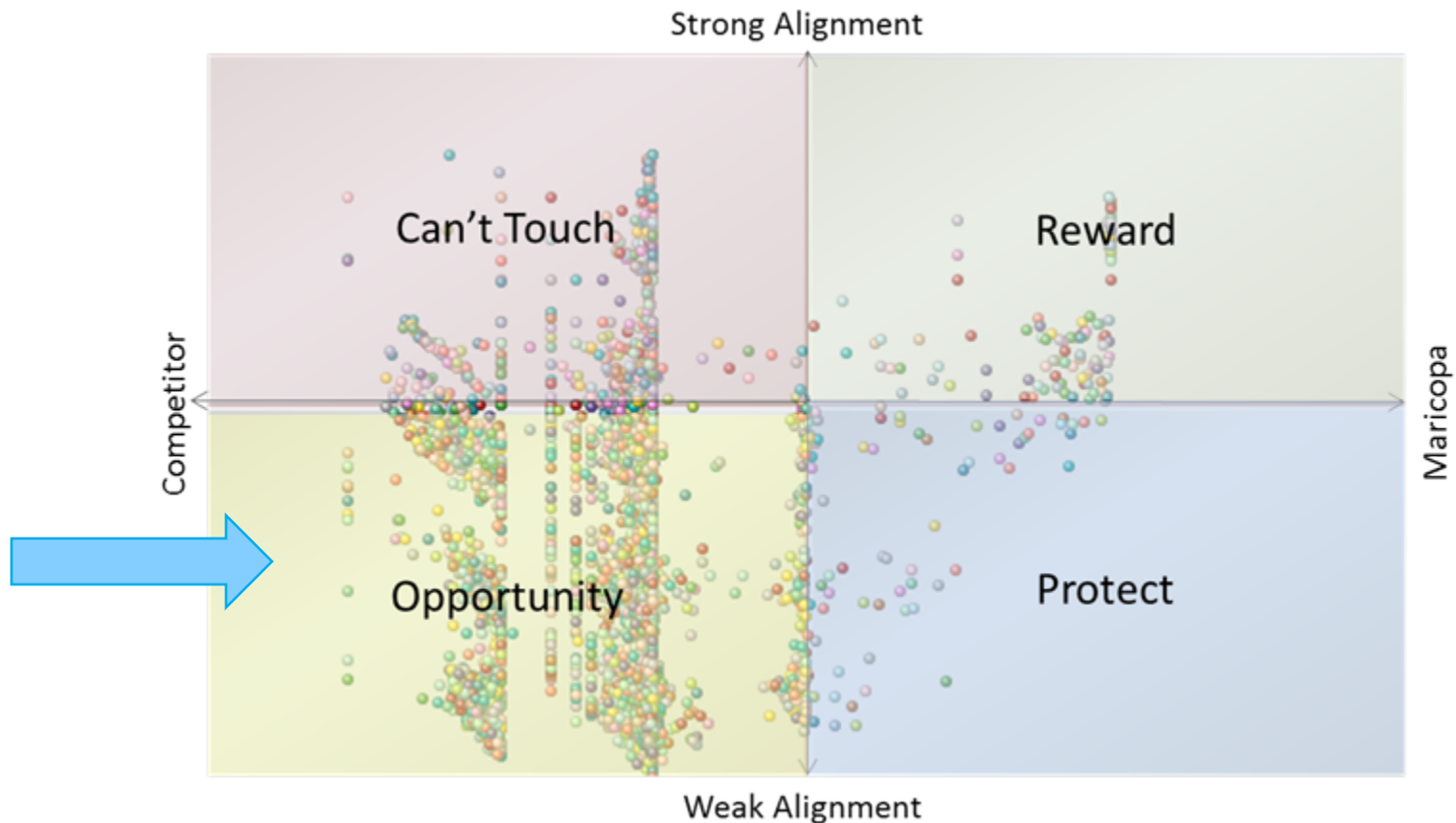


- **Adelante** - Adelante Healthcare Inc.
- **MHCH** – Maricopa County Health Care for the Homeless
- **MIHS** – Maricopa Integrated Health Systems
- **Mountain Park** – Mountain Park Health Center
- **Native Health** – Native Health
- **NOAH** – Neighborhood Outreach Action for Health
- **Sun Life** – Sun Life Family Health Center
- **Wesley** – Wesley Community Center

Non DMG Primary Care Physicians

Shared Patients with a DMG Specialist

- Employment of physicians by systems in the market has not translated into tight referral alignment. There is a significant cohort of non DMG primary care physicians whose patients are shared with a DMG specialist. These physicians are prime candidates for participation in the MIHS clinically integrated network.



Source: Maricopa County claims data 2011-2013

Growth Scenario Projections – Service Volumes

Draft - 9/27

Growth Scenario Overview

Draft – Current Key Assumptions

- The Strategic Financial Model presents an estimate of future performance based on a set of critical assumptions that MIHS management is refining.
- The current model draft reflects the following set of assumptions:

Service Volume; Three growth scenarios:

1. Market rate growth

2. Moderate growth; partial implementation of the MIHS Plan including one of the new Health Centers

3. Strategic growth; full implementation of the MIHS Plan

- Utilization statistics for the Medical Center, CHC, and FHC based inpatients and outpatients across all service lines and settings are included in the model.

Growth Scenario Overview

Draft – Historic Baseline Volumes

- Historic FY2013 baseline volumes by MIHS operating unit, consistent with the operating units that have been included in the financial model, are presented below.

Service Type	Historic Baseline FY13
Maricopa Medical Center:	
Acute Discharges	13,531
Deliveries	2,522
ED Visits	67,154
Hospital Outpatient Visits	60,236
Desert Vista Inpatients:	
Psychiatric Discharges	3,648
CHC Visits	153,509
New Health Centers (SE & NW):	
Specialty Visits	NA
Ancillaries (includes lab)	NA
ASC Cases (includes endoscopy)	NA
FHC Visits:	
PCP	187,267
Dental	23,446

Growth Scenario Overview

Draft – Volume Estimates 2018

- Growth scenario volumes by MIHS operating unit for 2018 and the rate of growth from historic 2013 levels are presented below.

Service Type	Grow With Market		Moderate Growth		Strategic Growth	
	Volume 2018	5YR Growth	Volume 2018	5YR Growth	Volume 2018	5YR Growth
Maricopa Medical Center:						
Acute Discharges	13,816	2%	14,156	5%	14,739	9%
Deliveries	2,581	2%	2,669	6%	2,730	8%
ED Visits	70,530	5%	75,710	13%	75,710	13%
Hospital Outpatient Visits	68,015	13%	68,015	13%	71,963	19%
Desert Vista Inpatients:						
Psychiatric Discharges	3,950	8%	4,185	15%	4,376	20%
CHC Visits	164,677	7%	180,804	18%	191,840	25%
New Health Centers (SE & NW):						
Specialty Visits			28,320	NA	56,638	NA
Ancillaries (includes lab)			55,588	NA	111,176	NA
ASC Cases (includes endoscopy)			3,698	NA	7,395	NA
FHC Visits:						
PCP (includes new Health Centers)	202,685	8%	219,657	17%	232,315	24%
Dental	24,545	9%	25,684	10%	26,865	15%

Market Position & Opportunity Analytics - Appendix

Detailed Analytics Under Separate Cover



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Item 3.

Next Steps



Next Steps

1. Incorporate strategic plan feedback
2. Transition strategic plan outputs into facility options and solutions
3. Next BAC - November 12th : Review high level facility options that help enable the strategic vision of the organization