Maricopa County Special Health Care District
Board of Directors Bond Advisory Committee Meeting
Maricopa Medical Center
Auditoriums 3 and 4
October 15, 2013
2:30 p.m.

Voting Members Present:	Bill Post, Chairman Lattie Coor, Ph.D., Vice Chairman Tony Astorga Paul Charlton Kote Chundu, M.D. Frank Fairbanks Nita Francis Terence McMahon, Ex-officio, Director, District 5 Rick Naimark – *arrived at 3:06 p.m.*
Absent:	Merwin Grant Doug Hirano Diane McCarthy Joey Ridenour Brian Spicker Ted Williams
Others/Guest Presenters:	Michael Eaton, Navvis & Healthways Don Andrews, Navvis and Healthways Larry Sterle, Kurt Salmon Steve Purves, MIHS, President & CEO
Recorded by:	Melanie Talbot, MIHS, Executive Director of Board Operations

Call to Order

Chairman Post was unable to call the meeting to order at 2:30 p.m. due to the lack of a quorum.

Roll Call

Ms. Talbot called roll. Following roll call, it was noted that seven of the fourteen voting members of the Maricopa County Special Health Care District Bond Advisory Committee were present, which does not represents a quorum.

Chairman Post commented that he would call the meeting to order once a quorum was established. In the meantime, presentations would more forward as planned.

Mr. Gorman, the District's legal counsel, affirmed that would be appropriate.

Call to the Public

Chairman Post called for public comment. Ms. Talbot indicated no speaker slips were submitted, however, Mary A. Harden R.N., chairman of the Board of Directors for the Special Health Care District wished to address the Committee.

Call to the Public (cont.):

Ms. Harden thanked the Committee members for volunteering their time and serving on the Committee.

She advised the Committee that the Board of Directors amended the Bond Advisory Committee Charter to reflect a revised date of December 31, 2013 for when a final report is due to the Board. The date was extended by two additional months since the Committee was unable to begin its work in January 2013 as originally anticipated.

Ms. Harden introduced Mr. Steve Purves, Maricopa Integrated Health System's new President and Chief Executive Officer. He joined the team on September 30, 2013.

General Session Presentation, Discussion and Action:

1. Update on Bond Advisory Committee's Project Process, Deliverables and Timeline

Mr. Sterle said that while the Navvis consultants have been working on Maricopa Integrated Health System's (MIHS's) strategic priorities and the implications of the strategies, the Kurt Salmon consultants have been working on volume projections in conjunction with the facilities assessments, to determine what investments might be necessary to accomplish the strategic priorities.

In November, the consultants will present high-level facilities options, the order-of-magnitude capital implication and projections as well as overall financial implications of strategies and capital investments.

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios

Mr. Eaton said the focus for the meeting was to review key assumptions and the basis for projections. He recapped the six strategies contained in the 2013 strategic plan, which were identified as being key components to move MIHS forward in a way creates a meaningfully, different value proposition for the community. The strategies included:

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

The following set of strategic priorities and market-based assumptions were identified by MIHS senior administration through its planning process as well as using 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

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

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios (cont.)

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

Mr. Fairbanks said that the assumptions were outstanding and a great basis for projections, however, as rationale for a bond issue, he believed there was a problem with strategy one. He wanted clarification that MIHS is not asking voters to vote for a bond issue so that MIHS will be able to better compete with private sector firms.

Mr. Eaton agreed; the intention of the strategy is not to compete. The vision for that strategy is to organize a physician-led clinically integrated care network that brings physicians, hospitals and others together to redesign care systems and improve outcomes, better manage cost, and enhance the patient care experience.

Echoing Mr. Fairbanks' concerns, Ms. Francis commented that strategy three should be strategy one.

Mr. Fairbanks said that even if the first and third strategies were switched, there is a problem with saying "If you vote for this issue you're going to make MIHS more competitive against everyone else." It gives the impression that MIHS is using tax dollars to compete against the private sector, and it creates a reason for competitors to oppose a bond issue.

Ms. Francis commented that although the first strategy listed was to grow the number of covered lives, it is not necessarily the primary strategy.

Dr. Chundu commented that the strategy is to grow MIHS's services to cover the expanding Medicaid demand.

Chairman Post viewed the six strategies not as assumptions but goals, or outcomes. For example, strategy two does not sound like an assumption.

Mr. Eaton said that they are key assumptions that underpin the strategies, and what senior administration believes is imperative to do going forward. The assumption is that MIHS will move forward with the strategic priorities outlined in the strategic plan.

Mr. Fairbanks reiterated that staff needs to be careful about connecting the strategic priorities with a bond issue and saying, "This is the rationale for the bond issue."

Chairman Post added that calling the strategic priorities assumptions is problematic because you are assuming something without any particular basis for that assumption other than it's an arbitrary assumption.

Mr. Eaton agreed that the information presented was misleading. His intention was to say that when senior administration and the consultants from Kurt Salmon and Navvis looked at the key assumptions as the basis for the projections, one of the key assumptions was that MIHS was going to move forward with the strategic plan.

He said that MIHS has a compelling story that needs to be told. The story has to be believable, credible, and it has to be meaningful to the people who are hearing it. There are needs in the community that go unmet.

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

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios (cont.)

There are barriers to care: health care costs; access to providers; the wait time for a primary care appointment or not being able to get an appointment at all; wait times for a specialty consult; how far someone has to drive to see a doctor, etc.

Mr. Eaton asked who was addressing the needs for high quality, low cost, easily accessible care. MIHS's is also about training the next generation of clinicians. The message is not to make MIHS more competitive with other health systems in town. The story is to make MIHS more efficient and effective in meeting the community's needs.

Dr. Chundu said that from a bond perspective, he would combine strategic priority 1 and 5. They say the same thing; one is physical medicine and one is behavioral health medicine. The bottom line is you want to increase the capacity to meet community need.

Chairman Post said from his standpoint, the second, fourth and fifth strategies are "what's" and strategies one, three and six are the "how's."

Mr. Eaton agreed. Staff was trying to distill down to a clean a set of "what is MIHS trying to achieve," and "how will MIHS achieve it?" The purpose is not to compete with the private sector, but is to fill an unmet or emerging community need. How can MIHS fill that unmet need in a way that is meaningfully different from what anyone else is doing, or even potentially could do? Why would a member of the community support that. That is the story that needs to be brought forward.

Call to Order

Mr. Naimark arrived to the meeting and a quorum was established. Chairman Post called the meeting to order at 3:06 p.m.

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

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios (cont.)

Mr. Charlton wanted to clarify that the Bond Advisory Committee at some point is going to make a recommendation to the Board of Directors of the Special Health Care District. The recommendation will be based on real input, people reviewing data and then deciding what is best in terms of a recommendation. Nobody should be making any assumptions or conclusions (the "what's" or "how's"). There are no assumptions being made by the Committee. The Committee is reviewing information that it is being provided. That is why these words have meaning.

Mr. Eaton wholeheartedly agreed. The goal is to have a succinct statement that speaks to what MIHS is going to do; why it is important and meaningful; why it is differentiated for the community; how MIHS is going to accomplish it - which is partially about the allocation of resources into facilities; and then how that meets emerging community need. The goal is not to position MIHS so it can compete with others. MIHS is about leadership, redesigning care, the delivery of health services, teaching, and research.

Chairman Post reiterated his concerns that the District Board-approved strategies are being presented to the Committee as assumptions. They are not assumptions. They are conclusions, on the basis of the Board, and whether or not the Committee embrace them or not is yet to be seen. That is going to be a process for discussion, education, and debate.

Mr. Andrews said that the intent was to show the Committee how the targeted volume assumptions were identified, developed, and which assumptions are driving the ability to reach those targeted volumes. The volumes are based on the strategic plan adopted by the District Board.

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

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios (cont.)

He and Mr. Eaton will discuss the individual strategies from the strategic plan, and why in fact, the targeted volumes are achievable. MIHS needs to differentiate itself from other health care systems in the community.

MIHS is unique and beneficial to the community as a teaching hospital. The best thing that the Committee, the Board, MIHS leadership and staff can do for MIHS at this time is to show the community how MIHS is going to create a new model for how it will care for people that everybody can benefit from.

Mr. Eaton echoed Mr. Andrews' statements, saying that the goal is to help the Committee see that thought, data and analytics went into the assumptions.

Looking at the first strategy, Mr. Eaton explained one of the visions behind the strategy was building a clinically integrated network, which means bringing together physicians to design systems of care to deliver certain outcomes at manageable cost to enhance the patient care experience.

Currently, 60% of the Family Health Center (FHCs) visits, 52% of the Comprehensive Health Center (CHC) visits, and 76% of inpatients come from Arizona Health Care Cost Containment System (AHCCCS) health plans other than the Maricopa Health Plan (MHP). There is a lot of business that comes from other health plans. Therefore, how can MIHS serve those patients by creating access for them because many of them live outside of the core service area of the hospital? The answer is by distributing ambulatory access points around the community.

There are a number of non-District Medical Group (DMG) primary care physicians throughout the community who send patients to DMG specialists for consultations. There is a network of physicians who trained at Maricopa Medical Center (MMC) throughout the community, some of who are even employed by other health care systems, yet send business to MIHS. The question is how does MIHS work with those providers to make sure that the opportunity is there to help meet their needs, regardless of where they are in the community?

Dr. Chundu commented that it is important to grow the number of covered lives because of MIHS's dependency on tax dollars. If MIHS can increase the number of covered lives, it will become independent of the tax subsidy in the future. Therefore, one can reason that MIHS is not trying to compete with other health systems, but instead, trying to develop a core number of patient lives so that it can be independent of tax subsidies.

The second issue is having enough covered lives to fulfill the mission of MIHS, which is training physicians for the future. If there are not enough patients, MIHS cannot fulfill that part of its mission.

The last issue is expansion, not just as a matter of population growth and migration, but Medicaid Expansion. Those demands need to be met. Other health systems in the community are not necessarily designing their systems to meet the demands of the Medicaid patients. Therefore, it falls back on MIHS, the community's safety-net hospital. Again, it is not a competition issue – it is meeting the core mission and values, and meeting the demands of the community while being financially independent.

Mr. McMahon commented that the taxing authority expires in 2024. At that point, in order for MIHS to survive, either it will need to gain the vote of the people to continue the taxing authority, or it will have to be financially independent.

Mr. Eaton continued on to strategy two which includes the following visions: building an East and West ambulatory health center to meet emerging community need, adding a new FHC to meet the needs of patients in an underserved market; and reinvest in and reconfigure the existing FHCs to achieve more efficient market coverage.

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

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios (cont.)

MIHS currently has a network of FHCs. The way care is delivered has changed since the facilities were built. In some cases there needs to be larger facilities, or they need to be in different locations and in some cases, different services need to be offered. If MIHS is going to fill emerging needs, it needs to make sure it has a network of ambulatory services. How can MIHS organize care at all of the ambulatory sites in the most efficient and effective manner?

Mr. McMahon said that one of the action steps listed is to replace the Sunnyslope FHC with a new FHC in northern Phoenix. He asked that the record reflect that absolutely no decision has been made, nor has any recommendation come to the District Board for review or approval. The Maricopa Health Centers Governing Council is a critical partner in the process.

Mr. Eaton said that the end state is to get to a place where MIHS has a rational distribution of services across the community.

As far as ambulatory service priorities, staff reviewed emerging demands, demographics, and current access to care points, and was able define three areas of service: critical access channels; strategic priority services and tier 2 services. Priorities were based on strategic positioning, financial performance, community need and emerging demand projections.

To determine inpatient service line priorities, an assessment of market opportunity and MIHS's position was conducted.

Three growth scenarios were reviewed: market rate growth; moderate growth; and strategic growth. Moderate growth strategy is partial implementation of the strategic plan and strategic growth is full implementation of the strategic plan.

Chairman Post asked how the Affordable Care Act (ACA) will have an impact.

Mr. Eaton replied that a significant number of people will now qualify for coverage. Experience shows that coverage does not equate to care. There will be people, who now are eligible for coverage but will not get it, or they will get the coverage but will not use the care and will continue to use the emergency department rather than using a primary care physician.

The assumption is that even with the ACA and even though a number of patients that were previously self pay/no-pay will now have coverage, MIHS will continue to see a number of patients that do not have coverage because they are cycling in and out of the health care exchanges.

With the health care exchanges, large firms are moving their retirees, if not their employees, into the exchanges. This is relevant to know because many of those plans have very high deductibles. Rather than paying a monthly premium and a high deductible, people would rather pay the penalty or tax and keep using the emergency department for primary care.

People that have used MIHS in the past will now have a choice. Will they want to continue to use MIHS or go someplace else? MIHS must offer a set of access options – people are going to choose based on options.

Ms. Francis commented the reality is whether or not MIHS will survive and if so, how. MIHS needs to be meaningfully different, not necessarily competitive. MIHS needs to be efficient and effective.

Mr. Eaton said that there are three things that MIHS needs to do in response to the ACA, one of which is to deliver more cost-efficient care, and the reality is MIHS has a set of very inefficient facilities. The other two things are MIHS has to deliver better care outcomes, and has to create new value. There has to be something meaningfully different about what MIHS is doing. If it cannot deliver something that is meaningfully different in the community, the community will rightfully ask the question, "Why should we put resources behind this?"

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

2. Maricopa Integrated Health System Strategic Plan Growth Scenarios (cont.)

Mr. Purves said it is important that the strategy that drives the master facilities plan is consistent with the mission. You always have to link the strategy back to the mission. MIHS is the premier teaching hospital in the valley. It is a vital resource for Arizona. MIHS cannot build the teaching program of the future unless it has facilities that enable that to happen. Residents are being trained differently today; to work more collaboratively in ambulatory care settings.

They are being trained to use better clinical tools and to measure health outcomes, which means they are going to need different facilities than what MIHS has today.

3. Wrap Up, Next Steps and Future Agenda Items

Mr. Sterle said that the next steps will be to transition the strategic plan outputs into facility options and solutions. At the November 2013 Bond Advisory Committee meeting, staff will review high-level facility options that will help enable the strategic vision of MIHS.

Adjourn

MOTION: Vice Chairman Coor moved to adjourn the October 15, 2013 Bond Advisory Committee meeting. Mr. Fairbanks seconded. **Motion passed by voice vote.**

Meeting adjourned at 4:18 p.m.

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Bill Post, Chair
Bond Advisory Committee