

Physician Enterprise & Ambulatory Services

Prescription for a healthy physician enterprise

Powered By: **ConvergeHEALTH**
by **Deloitte.**

Connecting the Docs: Asset Efficiency Optimizing ambulatory operations for population level care delivery

The transformative shift from volume to value in health care delivery appears inevitable. In January of 2015, the Health and Human Services Secretary announced a commitment by the Center for Medicare & Medicaid Services (CMS) to have 30% of all Medicare payments tied to quality and cost performance by 2016, increasing that to 50% by 2018. The Health Care Transformation Task Force, which includes leaders from across the payor, provider, and services sectors of our industry, also announced a goal to transition over 75% of their reimbursement contracts to quality or value-based payment models by 2020. To meet these goals, the acute setting as the focal point of care delivery will need to be replaced by wellness, prevention, and shifting care to lower cost settings.

While inpatient admissions have been dropping over the past eight to ten years, health systems are actively investing in ambulatory and outpatient services that can accelerate cost containment while also improving quality and outcomes. Maintaining an optimized ambulatory market footprint aligned with physician network investments is no longer just a market share play, it significantly impacts the quality, cost, and continuity of care that are foundational to value based arrangements.

Key Questions Being Asked by Leading Organizations

For organizations that have gone through aggressive ambulatory services and physician practice growth cycles, or are evaluating their positioning to meet changing demands, a data driven approach for restructuring their market footprint to optimize ambulatory operations for population level care delivery is needed.

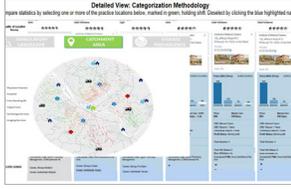
The following questions are at the forefront:

- Is our ambulatory services market footprint aligned with our attributed populations?
- What services are likely to shift from the acute to the ambulatory setting over the near and long term horizon? Are we positioned to meet those needs?
- How are we evaluating our bricks and mortar investments to ensure we are providing the foundation for lower cost, high quality care delivery?
- Do we have the right mix of services in the right locations to meet our patients' care delivery needs? To meet our market growth strategy?
- Is there an opportunity to consolidate ambulatory services with physician practices to offer a more patient centric, convenient clinical experience?
- Should we consider closing certain locations? Expanding others? How will those decisions impact our community? Our patients? Our physicians? Our staff?
- How does our ambulatory footprint stack up against that of our competitors?



A snapshot view of our Network Insight: Asset Efficiency™ tool

Landing Page Asset Dashboard



The landing page delivers an overview of each ambulatory location enhanced with links to the service complement and/or physicians and other clinicians practicing at the location, the catchment area, the risk stratified attributed populations they service, and competitor positioning for comparable services.

Asset Value Score and Categorization

Provider Operations and Real Estate Consolidation Dashboard: Approach		
Scoring		
<ul style="list-style-type: none"> Practices were placed into categories 1 through 5 based on lease expiration date (with category 1 indicating the earliest opportunity for consolidation) Within categories 1 through 5, practices were ranked against their peers and weighted according to the following schedule: 		
Metrics	Weight	Weight
Visit Volume ("Encounters")	Proxy measure of efficiency and utilization	30%
Gross Margin ("Contribution")	Proxy measure of downstream revenue	20%
Lease Expiration (Days until)	Practices consolidation within categories	20%
Cost per Square Foot	Proxy measure of operating cost	20%
Quality of Location Survey	Qualitative aspects of location	20%
		100.0%
Category Breakdown		
<ul style="list-style-type: none"> Category 1 - estimated consolidation decision before or during Q3 2014 Category 2 - estimated consolidation decision before or during Q4 2014 Category 3 - estimated consolidation decision during 2014 Category 4 - include or estimated consolidation decision during 2015+ Category 5 - practices recommended to be excluded from consolidation 		

This module delivers a five point asset efficiency value score using customizable decision criteria such as projected demand, operating expenses, cost per sq. ft., lease expiration, location quality, competitive index, and efficacy. Each asset is then initially categorized based on outputs to continue, grow, consolidate, or liquidate.

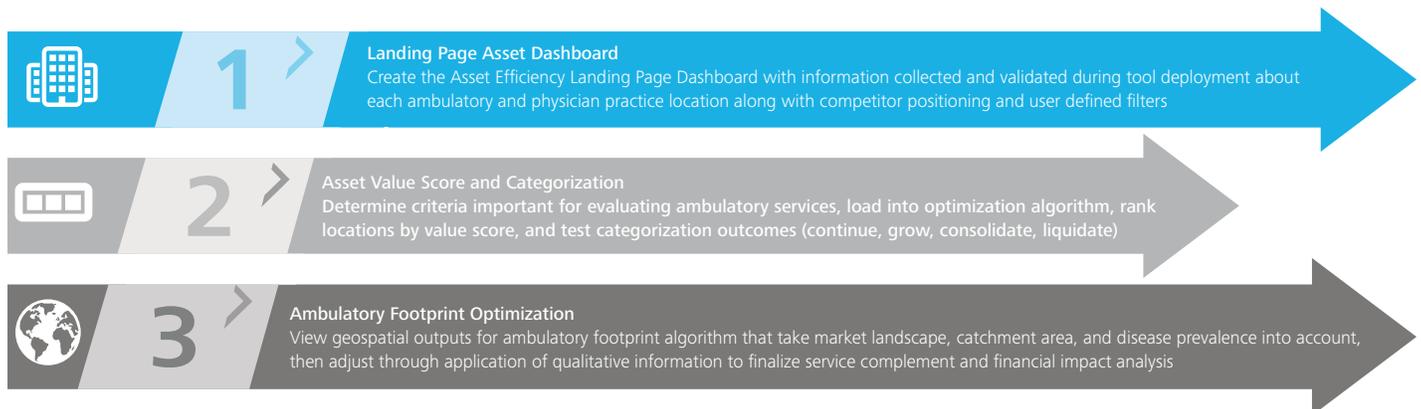
Ambulatory Footprint Optimization Map



The Ambulatory Footprint Optimization Map enables real time filtering of the asset value score criteria to deliver an optimized ambulatory footprint roadmap. For locations and services categorized for potential consolidation, interactive scenario planning allows the customer to visualize the service footprint and financial impact of applying qualitative factors to algorithmic outputs in real time.

Our Specific Three-Step Approach

ConvergeHEALTH's Asset Efficiency tool has helped our health care clients with an innovative approach to physician network development. The method can be tailored to address the overall network strategy and understand the market landscape with real-time scenario modeling to reduce decision cycle times.



Bottom-line Benefits

Asset Efficiency can provide the insight necessary to leverage the opportunities relative to an organization's Ambulatory Services offering by:

- Providing analytical support and alignment for the strategic planning process, enabling a proactive, data driven approach to ambulatory service line planning and execution.
- Helping clients in their efforts to create efficient care delivery locations, and positioning within the targeted market required to serve the existing population and meet market share growth targets.

Contacts

Help your leaders and administrators make smarter decisions and reap the rewards of using Deloitte's Asset Efficiency tool by contacting any one of us to start the conversation:

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