

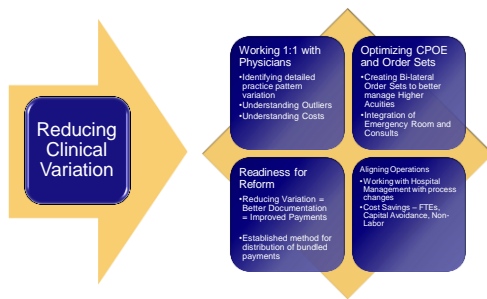


Clinical Variation, Quality and Role of the CMO

Becker's Conference
Chicago

A member of Verras Healthcare International

Setting the Stage for Today's Challenges...
Verras Provides 4 Key Implementation Solutions



2

Clinical Variation Estimated Opportunities Identifying Potential Savings by Service Lines



TOP 10 MISDRGS		DAYS OPPORTUNITY	CHARGE OPPORTUNITY	COST RATIO	GROSS COST OPPORTUNITY	YEAR 1 CAPTURE	ESTIMATED NET SAVINGS YR 1
Major Joint Replacement or Reattachment		0.38	\$896,084.50	29%	\$259,865.31	30%	\$196,218.19
Septicemia or Severe Sepsis w/o MV 96+ Hrs w/MCC		0.44	\$838,225.42	24%	\$201,214.21	30%	\$151,151.51
Heart Failure & Shock w/MCC		0.35	\$517,086.47	20%	\$103,417.29	30%	\$72,582.71
Infectious & Parasitic Diseases w/ O.R. Procedure w/MCC		0.55	\$207,023.18	36%	\$74,528.35	30%	\$22,522.55
Simple Pneumonia & Pleurisy w/MCC		0.36	\$2,659,269.18	98%	\$2,606,740.82	30%	\$52,528.36
Cardiac Defibrillator Implant w/o Cardiac Cath w/o MCC		0.05	\$264,430.12	41%	\$108,416.55	30%	\$32,416.55
Respiratory Infections & Inflammations w/MCC		0.38	\$268,669.37	89%	\$239,119.38	30%	\$69,549.99
Major Small & Large Bowel Procedures w/MCC		0.69	\$259,319.38	36%	\$94,519.00	30%	\$28,519.00
Coronary Bypass w/Cardiac Cath w/o MCC		0.35	\$205,405.31	30%	\$61,621.59	30%	\$18,621.59
Respiratory System Diagnosis w/Ventilator Support <96Hrs		0.46	\$190,134.36	39%	\$74,152.40	30%	\$22,152.40
		0.38	\$6,230,687.25	19%	\$1,183,770.18	30%	\$355,131.55

From DRG to Service Line

INITIAL SERVICE LINES	DAYS OPPORTUNITY	CHARGE OPPORTUNITY	COST RATIO	GROSS COST OPPORTUNITY	YEAR 1 CAPTURE	ESTIMATED NET SAVINGS YR 1
Musculoskeletal	0.18	\$2,534,438	24.9%	\$631,075	61%	\$384,956
Infectious & Parasitic Disease	0.44	\$1,698,113	24.9%	\$422,830	62%	\$260,155
Circulatory System - Medical	0.35	\$2,845,249	24.9%	\$708,467	58%	\$410,911
Respiratory System	0.36	\$263,774	24.9%	\$65,680	58%	\$38,094
Circulatory System - Surgical	0.05	\$1,244,106	24.9%	\$309,782	60%	\$184,669
Digestive System	0.69	\$1,086,802	24.9%	\$270,611	56%	\$150,744
	0.35	\$16,672,482		\$4,151,448		\$2,420,529

*Based on Verras' Historical Results



240 Bed Community Hospital, IL

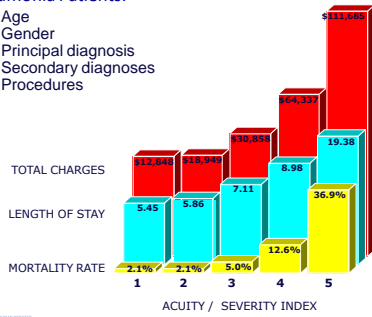
3

How Verras Uses 3 Years Data



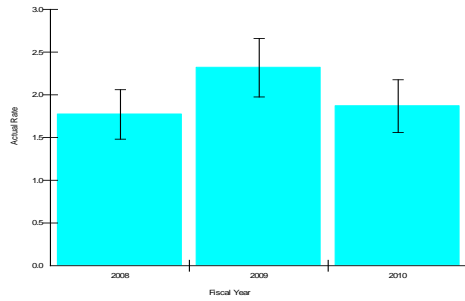
Pneumonia Patients:

- Age
- Gender
- Principal diagnosis
- Secondary diagnoses
- Procedures



4

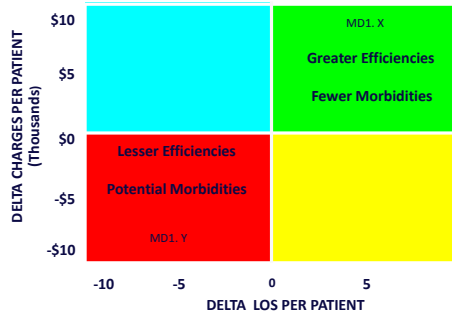
Post OP Septicemia Rate by Year Memorial Hospital FFY 2008 - 2010



5

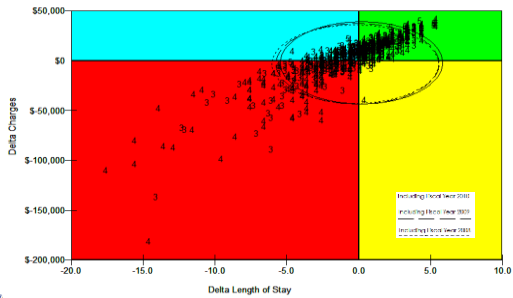
Verras' Best Practice Analyzer

Performance versus Severity Adjusted Norms



6

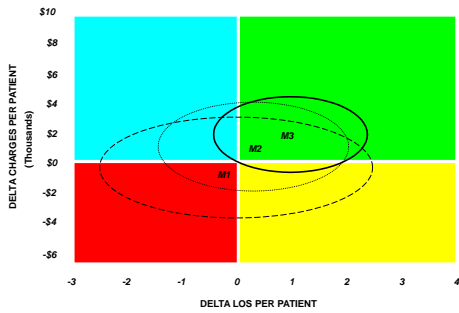
Heart Failure, Variance by AIM – 3 Year Study Memorial Hospital FFY 2008 - 2010



HE000 001-000-000 HEART FAILURE & SHOCK

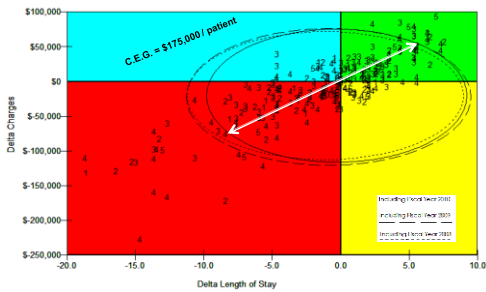
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Heart Failure Case Variance by Severity Levels 3 Year Trending



8

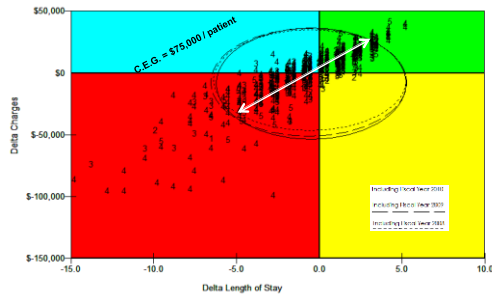
Lg. & Small Bowel Surgery, Variance – 3 Year Study Memorial Hospital FFY 2008 - 2010



HE000 001-000-000 Large and Small Bowel Procedure

9

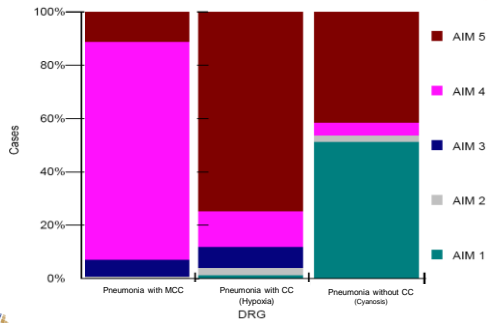
Pneumonia Variance by AIM – 3 Year Study Memorial Hospital FFY 2008 - 2010



MS DRG 193-194-195: Single Pneumonia and Pleu...

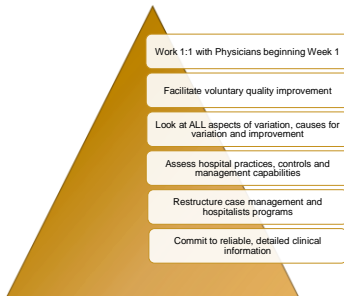
10

DRG 193, 194 & 195 Acuity Comparison Memorial Hospital FFY 2010



11

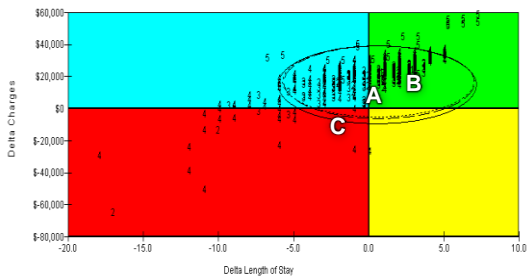
Why is a Physician-Driven Approach so Effective? Detailed Feedback is a Must to Motivate Change



12

Working with "Dr. C"

Drilling Down Congestive Heart Failure



EXAMPLE DATA

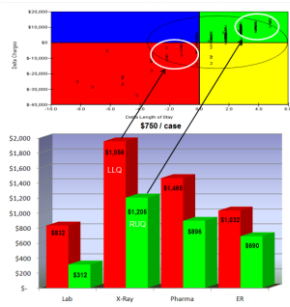
13

Verras will Sample 20-40 Cases

Comparing Dr. C's Outliers to his/her own Internal Best Practices



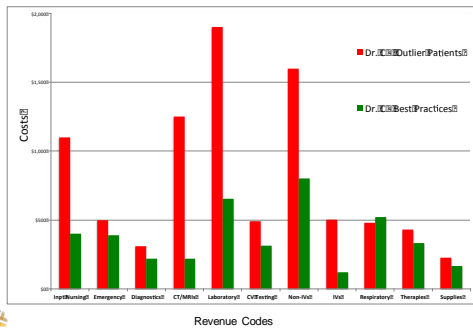
- Sherlock is used to identify which cases will be analyzed
- Example for Radiology (show at right) is replicated for all major cost categories
- Typically 20 best practices and 20 LLQ
- These cases are entered into Watson's Chart Audit Tool
- Watson summarizes the variation



14

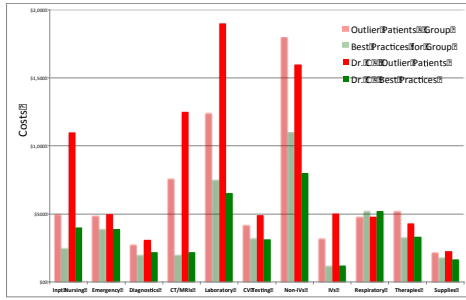
"Dr. C" First Level Key Outliers

Homogeneous Population Outlier versus Internal Best Practices



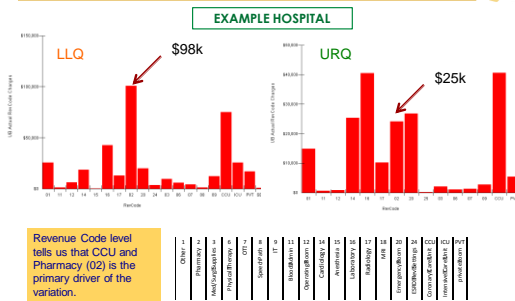
15

“Dr. C” Versus the entire Cardiology Group Homogeneous Population Outlier versus Internal Best Practices



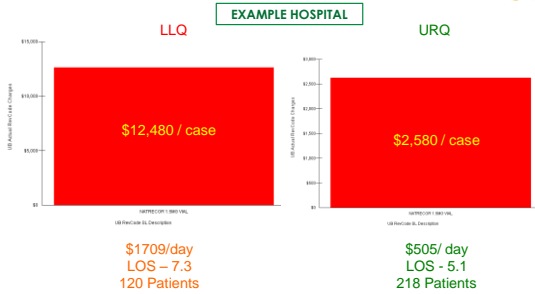
16

Starting At the Revenue Code Level AIM 1,2,3 only: Explore why \$98k vs. \$25k



17

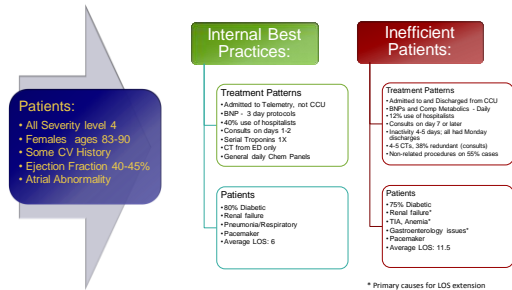
The impact of NATRECOR 1.5MG VIAL AIM Scores = 1,2,3 only – 338 cases



18

Verras' Watson

Examining Detailed Areas of Clinical Variation



19

Successes



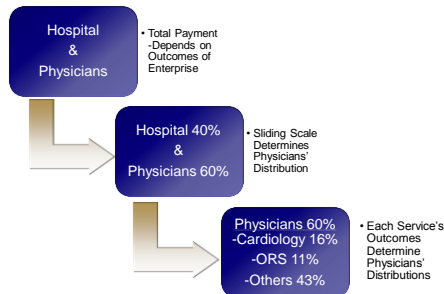
Orthopaedics	<ul style="list-style-type: none"> 22% reduction in implant costs by physician education and vendor watch 9% reduction of CT Scans through voluntary changes with order sets and acknowledgement of ER work ups 	Annual Savings \$2 million
Emergency Room	<ul style="list-style-type: none"> New order sets incorporating physician and nursing protocols, allowing physicians to move from 2:1 to 3:1 patient ratios Quality improvements with triage aligning ESI and EM scoring, improving flow to mid-level practitioners and fast tracking 	Annual Savings \$874,000
Cardiology	<ul style="list-style-type: none"> 30% reduction in use of Telemetry for non-cardiac patients using Telemetry scorecards Assisted in customization of CPOE order sets, establishing new internal best practice patterns, resulting in an average 0.7 day reduction for DRG 127 	Annual Savings \$612,000
Hospitalists	<ul style="list-style-type: none"> Converted contracts to performance based payment plans Created a new structure to align Hospitalists and Case Manager functions and reduced clinical variation 	Annual Savings > \$1 million
Documentation	<ul style="list-style-type: none"> Identified specific areas requiring documentation improvements, avoiding "shot-gun" approach to physician education Assisted physicians and hospitals to avoid risk of improper documentation with Sepsis and Pneumonia 	Annual Savings \$387,000



20

Bundled Payments: (ACO, ACE, Bundled Payments, MSSP*, CO-OPS)

Hospitals and Physicians Share A Single Payment

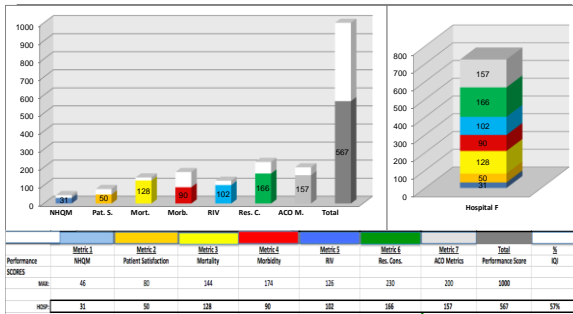


*Medicare Shared Savings Program

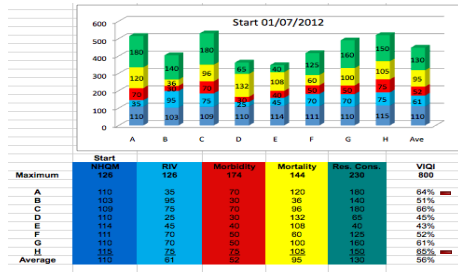
Index of Quality Improvement (IQI-7)

Hospital F: 3 year Trends of Seven Performance Scores

"The Higher the Bar, the Greater the 3 Year Improvements"



IQI Example: 8 Hospital ACO (Quality of Care Score)



The Higher the Bar, the Greater the 3-Year Improvements



23

Example: 8 Hospital ACO

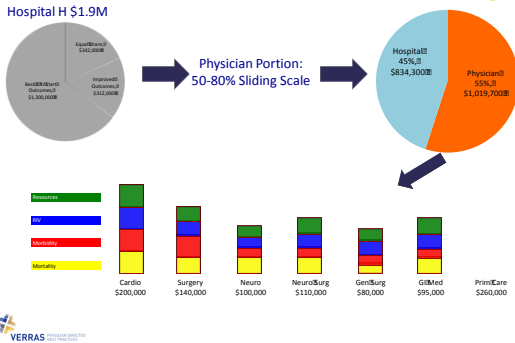


The Higher the Bar, the Greater the 3-Year Improvements



24

Physician and Hospital Calculations \$10.0M Net Savings



25



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Presenter



Dr. Michael M. Minkovitch, MD
Chief Medical Officer
VERAS, Menlo Park, CA 94025
Phone: 650.321.1000
Fax: 650.321.1001
mminkovitch@veras.com

Dr. Minkovitch followed his medical school and residency education by entering the US Naval Amphibious Medical Institute where he trained as a Hospital Flight Surgeon. He was subsequently assigned to serve aboard the amphibious USS Tarawa, which supported the 1st Marine Expeditionary Force during the Vietnam War. After the honorable discharge from the Navy, Dr. Minkovitch completed an orthopedic residency at the University of California, San Diego where he has served as assistant clinical professor since 1973. Dr. Minkovitch has practiced orthopedic surgery for more than 25 years at Scripps Memorial Hospital in La Jolla, CA.

When Medicare implemented the Prospective Payment System in 1983, the importance of patient security of their medical care was lost. Dr. Minkovitch responded by founding a technology and consulting company, Veras, and developed the Veras Data System, which is an all-in-one clinical information system for monitoring and improving quality and cost-effective patient care. This proprietary information is made available to the hospital's compliance team for healthcare and wrong-doctor control. Dr. Minkovitch's Veras Data System is the foundation of the Veras Data System in 2002 to fulfill the national imperative.

The 2010 Federal Affordable Care Act paved the way for bundled payments that require hospitals and physicians to share global responsibilities based on quality and efficiency. His experience in the area of pay for performance and the creation of Veras' Index of Quality Improvement (IQI) are the focus of his research and clinical work. He is currently the President and Managing Director of Veras, and previously served as President of Veras, a physician-owned medical and ICU-ICU.

Dr. Minkovitch received his MD degree from the University of Texas and his MEd from the St. Louis University School of Medicine. He is a member of the American Medical Association and the American College of Surgeons. He is also a member of the American College of Surgeons and the American College of Physician Executives. He is a frequent international speaker and has published numerous articles on managing and improving the quality and cost efficiency of medical care. His clinical practice is presently limited to assisting his orthopedic patients in surgery.



27