Retail Healthcare: What Providers Can Learn

Healthcare Marketing And Physician Strategies Summit
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Our Speakers Today

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- **Mark Coughlin** is a Partner with Capital Healthcare Planning.
- He has over 25 years of experience assisting healthcare clients on a variety of issues and is an expert in developing creative, yet practical solutions that balance strategic, operational, financial and facility issues. He draws on his extensive consulting and provider experience to focus solutions that will result in sustainable change.
- Mr. Coughlin has an MBA from Angelo State University and a BS, International Affairs from Trinity University. Mr. Coughlin is a long-standing member of SHSMD and is a Fellow with the American College of Healthcare Executives and is often asked to contribute to industry publications.
Our Speakers Today

Katie Lestan
Divisional Vice President
Walgreens Co.
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- **Katie Lestan** serves as Divisional Vice President for the Health Systems segment of Walgreens Health and Wellness.
- She leads an organization that partners with health systems, physician groups and community health centers to demonstrate the value of Walgreens’ health and wellness solutions to improve patients and employees healthcare while improving outcomes and reducing costs.
- Previously, Ms. Lestan served as Regional VP of Sales for the Midwest and Southeast. She began her career with Apria Healthcare and Abbott Laboratories. Ms. Lestan earned her BS in Psychology from Central Michigan University.
Patrick H. Carroll, M.D.
Chief Medical Officer,
Healthcare Clinics
Walgreens Co.
patrick.carroll@walgreens.com

- **Dr. Patrick Carroll** is the Chief Medical Officer, Healthcare Clinics where he oversees matters pertaining to provision of care, clinical outcomes, patient safety, healthcare information systems and strategic initiatives that enhance the care model. Dr. Carroll is instrumental in implementing care management programs, managing relationships with health systems and collaborating with the Clinical Office in the development of clinical programs.

- Previously, Dr. Carroll served as CMO of Integrated Care Partners at Hartford HealthCare and Medical Director for Hartford HealthCare’s Medicare Shared Savings Program.

- Dr. Carroll received degrees from the College of the Holy Cross and Dartmouth Medical School and completed residency at Middlesex Hospital/University. He is board certified in Family Practice and Adolescent Medicine and was a practicing primary care physician for 26 years.
Agenda

• Industry Overview
• Provider Approach to Ambulatory Development
• Retail Approach to Patient Engagement
• Changing Patient Behaviors
• Lessons Learned and Wrap-up
• Questions and Discussion
Industry Overview
## What We Know About Reform

<table>
<thead>
<tr>
<th>What We Know</th>
<th>Actions We Should Take</th>
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<tbody>
<tr>
<td>We will be paid less</td>
<td>Develop low-cost, high-quality care sites</td>
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<tr>
<td>There will be more focus on quality and outcomes</td>
<td>Develop vehicles to integrate care and provide early intervention and follow-up</td>
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<tr>
<td>Inpatient utilization will go down (eventually)</td>
<td>Diversify beyond inpatient and develop new ways of doing business</td>
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<tr>
<td>Changes in payment methodologies will force integration</td>
<td>Diversify and lead the process</td>
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<tr>
<td>More focus on wellness</td>
<td>Develop or partner for entire continuum</td>
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<tr>
<td>Contracting is going to be more selective, even for Medicare</td>
<td>Develop geographic coverage and high quality to ensure relevance</td>
</tr>
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Changing Care Patterns

Accountable Care Organization

Wellness  Primary Care  Specialty Care  Diagnostic & Treatment  Emergent  Acute  Post Acute

- Grow Outpatient
- Physician Alignment
- Limit Re-Admits
- Control Bundled Payments

Provider Strategy
- Control Post Acute
- Limit Re-Admits
- Control Bundled Payments

Inpatient volume is largely stagnant and increasingly medical. Outpatient care is the fastest growing component of the U.S. healthcare system. Outmigration of care is both a threat and the greatest opportunity to grow profitable services.

For providers, growth likely to come through diversification away from acute care
Future Drivers for Success

**Access**
- Care Entry Points
- Convenience

**Integration**
- Balanced Capacity
- Manage Referrals / Utilization

**Quality**
- Measures & Reporting
- EMR

**Economics**
- Manage Cost Structure
- Planned Capital Investments
## Evolving Definition of Ambulatory

<table>
<thead>
<tr>
<th>NON-INSTITUTIONAL SERVICES</th>
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<tr>
<td>Enhance care access points</td>
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- **Enhance care access points**
- **Facilitate better integration of care and improved quality**
- **Lower cost care delivery**
Provider Approach to Ambulatory Development
<table>
<thead>
<tr>
<th>Providers will need to deliver care in a less costly setting.</th>
<th>How is healthcare reform going to change how your health system delivers care to patients? How will reimbursement changes affect your organization? What care pattern changes will affect your organization?</th>
</tr>
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<tbody>
<tr>
<td>Hospitals require a proactive strategy around physician alignment.</td>
<td>What are your physician alignment strategies? Do you have the infrastructure to be successful? How do you achieve alignment in a mixed model environment? What are your strategies for new delivery models such as patient centered medical homes, physician extenders, etc.?</td>
</tr>
<tr>
<td>Ambulatory development is a critical step in preparing for population health management.</td>
<td>How are we positioned geographically for the populations we serve? How do we create access and how are the care entry points enhanced? What portion of the continuum will we provide and what will we affiliate for? How do we use our network for better care integration and improved quality?</td>
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Creating Balanced Capacity

- Define Priority Geographies
- Population Management Targets
- Physician Strategy
- Integrated Ancillary Services
Planning Success Factors

- Defining the Market
- Market Prioritization
- The Competitive Imperative
- Integration with Physicians
- Prioritization Framework
- Competitor Analysis
- Development of Standards and Prototypes
Define the Market

- Defining the market for ambulatory is significantly different than for a traditional hospital service area.
- Ambulatory should provide a distributed model of care that creates convenient access points for patients that are close to home and work.
Prioritize the Opportunities

• The historical lack of emphasis on ambulatory means multiple opportunities for hospitals to pursue in the market. For payers, the lack of presence on the provider side also presents multiple opportunities to improve enrollee service.

• These opportunities allow for:
  – Extension of geographies currently served (broader access)
  – “Rounding out” the services in existing markets (diversification along the continuum)
Population management capabilities require a significant investment

- Moving before the market is ready will impact returns
- Moving late can impact success

Time your investment correctly by assessing the likely speed of development in your market area
Integrate with Physicians

- For an ambulatory strategy to meet its full potential, it must be integrated with a physician strategy so that the ancillaries offered are balanced with the specialties.
- Without this integration, there will either be volume “leakage” or underutilization.
Prioritization Framework - Regional

- Short-term investments may focus on maximizing returns in a fee-for-service environment and also consider the long-term need to:
  - Balance capacity across the continuum with the eventual demand of a defined population
  - Provide geographic dispersion for convenient and cost-effective access to the target populations

Example: **Primary Care**
Region 3 investment in PCPs should be very different than Region 8
Assess the Competition

• The competitive environment in ambulatory is much more diverse and fluid, with competitors entering and exiting much more frequently

• New approaches, which include a degree of uncertainty, are necessary in order to effectively monitor the competition
Develop Standards & Prototypes

- The key ingredients of ambulatory success include lower costs and market flexibility
- Developing model of care standards and facility prototypes ensures consistent, efficient operations, reduces development time, enhances speed-to-market and promotes brand identity
## Implementation Considerations

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>KEY CONSIDERATIONS</th>
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<tbody>
<tr>
<td>Clinical Integration</td>
<td>– Quality, outcomes</td>
</tr>
<tr>
<td></td>
<td>– Practice consolidations / operational coordination</td>
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<tr>
<td>Physician Integration</td>
<td>– Collaborative relationships</td>
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<td>– Physician support of quality initiatives</td>
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<tr>
<td>Knowledge Management</td>
<td>– Fully integrated EMR</td>
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<tr>
<td>Regulatory Issues</td>
<td>– CON (if applicable)</td>
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<td>– Legal / contracting matters</td>
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## Implementation Considerations

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<thead>
<tr>
<th>ISSUE</th>
<th>KEY CONSIDERATIONS</th>
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<tbody>
<tr>
<td>Management Capabilities</td>
<td>– Transition from “hospital system” model to “single enterprise”</td>
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<tr>
<td>Payer Strategy</td>
<td>– Manage utilization ➡</td>
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<td></td>
<td>– Bundled payments assume and manage risk</td>
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<tr>
<td>Quality &amp; Reporting</td>
<td>– Develop quality standards and measurements</td>
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<td>– Communicate results</td>
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<tr>
<td>Cost / Capital</td>
<td>– Reduce / manage operating costs</td>
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<td></td>
<td>– Plan and prioritize capital / infrastructure investments</td>
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<td>– Insure facilities maximize operational performance</td>
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Executing the Ambulatory Strategy

**Define Strategy**
- Ambulatory Network Plan
- Service Deployment Strategy

**Standardize**
- Operationally Driven Prototypes
- Optimal Patient Care Environment
- Flexible Facility Models
- Operational & Strategic Benchmarks

**Implement**
- Business Planning
- Lowest Cost of Occupancy Analysis
- Physician Alignment Planning
Framework for Ambulatory Care Prototype Development

Neighborhood Model
- Patients: 6,000 - 12,000
- Building: 6,000 - 12,000 GSF
- Time: Up to 5+ Minutes
- Distance: Up to 3 Miles
- Site: 1 - 3 Acres

Community Model
- Patients: 12,000 - 18,000
- Building: 20,000 - 50,000 GSF
- Time: 10+ Minutes
- Distance: 5+ Miles
- Site: 2 - 5 Acres

Regional Model
- Patients: 22,500 - 30,000
- Building: 60,000 - 250,000 GSF
- Time: Up to 20+ Minutes
- Distance: Up to 15+ Miles
- Site: 15 - 40 Acres

Scalable, standard, well-thought out practice models that accommodate most needs & provide for speed-to-market
Develop a comprehensive ambulatory network that:
1. Supports growth of specialty services both for inpatients and outpatients
2. Provides flexible, high-quality, and lower-cost platform to compete in fee-for-value environment
3. Offers sufficient geographic coverage to participate in selective contracting with health plans

**Design & Rationale**

- “Right-size” inpatient chassis
- Broad geographic access
- Convenient entry points (location and hours) to network
- Low-cost, high-quality, and efficient sites of service
- Manage referrals
- Early intervention & follow-up
Constellation Service Deployment

Hub & Spoke Model

Constellation Model

Legend
H Hospital
R Regional or Lg. Community ACC
C Community

Legend
H Hospital
R Regional or Lg. Community ACC
- Community
- Small Neighborhood
An ambulatory network requires a “Retail Mindset” for success.

- Locating and sizing sites is about focusing on the customer, matching the size and scope to the demand and creating visibility.
- The competitive environment is much more fluid and requires quickness with speed to market, a lower cost structure, standardization and the agility to change course quickly.
- Service offerings should be geared to capturing as much of the consumer event as possible.
- The ambulatory network can lay the foundation to support an evolving healthcare marketplace with low-cost delivery sites, patient access points and diversification along the continuum.
- It must be accretive in today’s environment with a broad portfolio of financial sound services.

Success in the ambulatory environment requires speed to market, operating efficiency and a set of tools and benchmarks to help guide planning, investment and implementation.
Retail Approach to Patient Engagement
Make a right at the Walgreens. Go 5 blocks to the next Walgreens and turn left. Drive 3 lights down to the next Walgreens and make a right. Drive another 4 blocks and you’ll see it on your left – next to Walgreens.
A History of Innovation

1950: Self-service stores
1968: First with child-resistant containers
1970: Stand-alone stores with drive-thru pharmacies
1981: Pharmacies linked by satellite
1991: Point-of-sale scanning
1992: Multiple language Rx labels
1999: Prescription history online
2000: Online digital photo
2005: Opened First Retail Clinic
2006: 2005
The Best Corners of America
Site Analysis: 3 Questions When Analyzing a Site

1. What is the potential for a Walgreen’s store at this location?

2. Is this the best location and strategy for this area?

3. How are we positioned relative to our competition?

Goal: Consistent, prioritized analysis of a site
Those 3 Questions can be simplified

Demand

Positioning

Supply
This model can be used to develop a market-based decision framework for store decisions.
What Has Changed?

• It is no longer “build it and they will come”
• Reimbursement pressures
• Population health – Disease Prevalence/need
• Healthcare reform
• Need partners: physicians and health systems
• Need to look at total cost of care and the impact of pharmacy
Healthcare Clinics: Affiliates in Extending Primary Care Access

Fee for Service Environment  
**Improved Access**  
- Overflow and after hours coverage  
- Diversion of non-emergent ER visits  
- Extension of primary care physician offices  

**Extended Reach**  
- Connecting patients without a primary care provider  
- Referral option for patients in need of specialty, diagnostic, and acute care

Risk-Sharing Environment  
**Care Coordination**  
- High-quality, low-cost setting for care  
- Screening, monitoring, and education of chronic care patients  
- Decreasing preventable hospital admissions and re-admissions  
- Expanding access to preventive services; impacting HEDIS & Stars measures

Key Enablers:  
- EMR  
- Appointment Scheduling  
- PCP Visit Summary  
- Electronic Data Transmission to Healthcare Providers
Key Consideration for Potential Partnership

**Partnership Principles**

- LOWER TOTAL HEALTHCARE COSTS
- INCREASE ACCESS & DRIVE INCREMENTAL MARKET SHARE
- IMPROVE OUTCOMES & QUALITY

**Key Mechanisms**

- **SHARED INVESTMENTS**
  - Co-marketing
  - IT Connectivity & data exchange
  - Change Management/training

- **WIN-WIN ALIGNED INCENTIVES**
  - Shared performance targets
  - Value-based payment (e.g., PMPY, shared-savings from reducing spend or cost)
  - Good Business for Both Partners

- **CLINICAL COLLABORATION**
  - Collaborate on Clinical protocols to reinforce core strengths of each partner
Problem / Goal: • Need to expand footprint in order to have a Gateway to support emerging model of care

Decision Process / Criteria: • Urgent care limited and not sustainable
• Speed-to-market

Success Factors: • Collaboration on both sides
• Common pathway and view of population health
• Record sharing is key physician satisfier
• Physician leadership and oversight
• Build trust
• Physician oversight should build relationship efforts into administrative time to build trust
• ER MD works well, not a threat and does not have a practice
Results

- **June 2014 – March 2015**
  - 1356 patients have used clinics for convenience and after-hours care
  - 983 patients referred to OH; call center enabled
Next Steps

- Pre-diabetes and Cardiometabolic Screening Visit
  - Clinics can help fill the gap
    - Outreach for 2-3 Visits per year
    - Comprehensive monitoring of key markers

  - Effectively engage patients
    - Average Diabetes patient seen >20x per year at Walgreens

  - Healthcare Clinic Screening Visit Proposal
    - Overview of recommended screening questions, physical exam, and laboratory testing
    - Breakdown of patient Risk results
    - Outline of provider action based on patient risk (2 proposed options)
      - Screening only
      - Screening with diagnostics
    - Actions based on results and may include follow up with PCP
Changing Patient Behaviors
Consumers Take Charge: A New Economy Redefines Value

Active Shoppers
- Comparison of cost: Castlight, Medibid, CalPERS, Theranos, getthedealoncare.org, PatientsLike Me

Comparison of Quality/Experience
- 72% Internet users looked online for health information last year
- Quality metrics in public domain: Providers rated - Yelp, ZocDoc

Self-care/Health Tracking
- 100,000+ healthcare apps are available for download
- 20% of smartphone owners have downloaded an app to track/manage health

Consumers Bear More Risk
- Higher cost sharing and high deductible health plans
- Patients penalized/rewarded for health behaviors

Patient Will No Longer Be Patient
- Demand Access, Quality, Reasonable Cost: 1600 Retail Clinics
- 70% Patients Willing to Change Provider for Suboptimal Experience
Driving Significant Cost Savings to Patients and Employers for Non-emergent Patient Visits

- The average cost of care at a retail clinic is one-fifth the cost of an ED visit

- Between 13.7% and 27.1% of ED visits could take place at retail clinics or urgent care centers, with potential cost savings of $4.4 billion annually.


Theranos Partnership

Theranos™ Wellness Centers will soon be located within Walgreens stores nationwide.
Why Theranos Partnership?

Accurate  Less Invasive  Faster

Convenient  Transparent  Affordable

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Connected Walgreens Ecosystem
Telemedicine/Digital Health: The New Paradigm

- Telemedicine: Health care via the phone or internet
- Triple Aim: Lower Cost, Improved Patient Experience, Improve Populations Health
- Growth: 2014 37% employers/carriers offer ~ 60% by 2017
  - 50% KPMG Visits are Virtual
  - 6 billion/yr savings potential for employers
  - 49 billion global mHealth market by 2020
- Telemedicine Displaces: 15% of office visits
  15% of ER visits
  40% Retail Health visits
- Reimbursement: Only 41% Telemedicine visits currently reimbursed
- WBA: MDLive and WebMD (Digital Health Advisor)
- Pharmacy Chat: 24/7 9000k interactions/week
- Qualcomm Healthy Circles: Chronic Disease Management through high touch/exception management
Aligning Digital Health interventions with the continuum of care

- Health and Wellbeing
- Primary Chronic Disease Management
- Moderate Chronic Care
- Complex Chronic Care

Continuum Of Care
<table>
<thead>
<tr>
<th>Featured items</th>
<th>points vary</th>
<th>250 points/1st goal</th>
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<tbody>
<tr>
<td><strong>Prescriptions</strong></td>
<td>500 points/ea.</td>
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<tr>
<td>Link a device or app²</td>
<td>250 points/device or app</td>
<td></td>
</tr>
<tr>
<td>Walk, run or cycle</td>
<td>20 points/mile</td>
<td></td>
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<tr>
<td>Frequent activities</td>
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<tr>
<td>Weight tracking</td>
<td>20 points/daily log</td>
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<tr>
<td>Blood pressure test</td>
<td>20 points/test</td>
<td></td>
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<tr>
<td>Blood glucose test</td>
<td>20 points/test</td>
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Our Rewards Model Can Help Drive Wellness & Clinical Outcomes

Activities would be limited to health/wellness to support the overall Walgreens Balance Reward Brand

All activities would be tied NCQA HEDIS measures and Five-Star Quality Rating System (Medicare Advantage)

This allows reporting on outcomes at the enterprise level and allows for benchmarking individual partner success

Activity information would not be considered HIPAA/PHI (i.e. we would not sign a BAA with Partner)
Winning the Hearts and Minds of Consumers…

• Design business system from consumer-in
• Make wellness easy, personalized, all the time
• Create a consumer economy with cost transparency

• Full social and mobile web services to health and wellness
• Constantly innovate around consumer needs-informed by real-time feedback and highly mobile marketplace
Lessons Learned and Wrap-Up
Lessons Learned

• Significant synergy between provider and retail based approach
  – Connecting with patients is critical
  – Visibility can be key to success
  – Breaking down barriers is necessary
• Market is evolving quickly – innovate or die
• Critical player is the patient – how do you connect with patient and change behaviors?

➢ A well-thought-out strategy to connect with patients is critical to future success. This strategy must embrace technology and innovation and break down barriers between historic silos.
Questions and Discussion