Transformative Business Partnerships for the Future

David S. Hefner, MPA
Bob Reese, MS, MBA
Jim Rawson, MD, FACR

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David S. Hefner, MPA
(ret.) CEO, Georgia Regents Medical Center & Medical Associates and Executive Vice President of Health Affairs, Georgia Regents Health System

Navigant Healthcare Inc., Managing Director
Academic Health & Higher Education

• Who is Georgia Regents?
• What is Georgia Regents’ view of the future of healthcare?
• Why did Georgia Regents seek out a partner of scale and depth?
Georgia Regents Health System Vitals

- $1.3B+ University with 8 Colleges; heavily invested in Health Sciences
- $800M+ clinical enterprise
- 476 bed adult hospital; Level 1 Trauma
- 154 bed children’s hospital; Level 1 Trauma
- 20,000 admissions
- 450,000 outpatient and ED visits
- 495 full-time faculty; 155 part-time faculty
- 1,230 clinical/adjunct appointments
- 30 Depts; Centers, Institutes; Service Lines
- $137M practice plan
- $160M corrections care for 50,000 inmates
- 175 war vets at the GWVNH (“Blue Goose”)
- Roosevelt Warm Springs Rehab/LTAC Hospital
- Moody’s reaffirmation of A2 rating, stable outlook
A New (post-Copernican) View of Healthcare
To Accomplish This Kind of New Paradigm Shift Requires **Rethinking Everything Together**...

“Across all of patient care, we must eliminate or reduce waste, duplication, inefficiencies, and unnecessary variations...”

Therefore, **together** we must redesign **what** we do... **where** we do it... and **how** we do it...
Rethinking Everything!

Transforming Healthcare

- Health Plan Vendor
- Medical Device/Imaging Vendor
- EHR Vendor
- Med-Surg Supply Vendor
- Pharma Vendor
Rethinking Everything!

Better/ Faster/ Cheaper

- Health Plan Vendor
- Medical Device/ Imaging Vendor
- Pharma Vendor
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- Med-Surg Supply Vendor
Rethinking Everything!

Better, Faster, Cheaper

UnitedHealthcare
BlueCross BlueShield of Georgia
SIEMENS
GE Healthcare
PHILIPS sense and simplicity
CERNER
CardinalHealth
GRU
GRHealth
MCKESSON Empowering Healthcare
...and Expanding to All That A Vendor Has to Offer

Managed Services Alliance (Philips)
...While Basing the Relationship Upon Aligned Goals

Model Transformation

“Traditional” Model

Payments for Equipment and Services at discounted pricing

Georgia Regents → Philips

Equipment and Service delivery with Service Level agreements

“Shared Accountability” Model

Common Goals
1) Reduce Sales and Marketing Expense
2) Plan Sales/Purchase Volumes
3) Share Risk
4) Continuous Improvement

Georgia Regents

Philips
Smoothing Out the Capital Spend – A Visual of Financial Value

GRMC 15-year MES Spend by Category

Annual unitary payment = sum of inflation adjusted payments for equipment and services / 15
Bob Reese, MS, MBA
Philips, Sr VP and Global Partner
Healthcare Transformation Services

- Who is Philips Healthcare?
- What is Philips’ view of the future of healthcare?
- Why did Philips seek out Georgia Regents?
Delivering innovation that matters to you
What did we announce?

• We announced that we are sharpening our strategic focus by establishing two market-leading companies in Lighting solutions and in HealthTech, combining Healthcare and Consumer Lifestyle. We are doing this to respond to rapidly changing end-markets and rapidly changing customer needs.

• The HealthTech company combines Healthcare and Consumer Lifestyle to capitalize on the convergence of professional health care and consumer end-markets across the health continuum, from healthy living and prevention to diagnosis, treatment, recovery and home care.
Making a difference in health

190 million patients tracked with our patient monitors last year

100+ years of listening deeply to customers to understand what really matters

1,000,000 patients monitored in their homes every day

+970 million people in emerging markets around the world now have access to Philips diagnostic imaging

4 million+ people sleep and breathe easier using our sleep aids

10 petabytes of data managed for health care providers
A new dynamic

- People are living longer with continuous chronic diseases, creating the need for more specialized care, in both the hospital and the home
- Healthcare systems are challenged to improve access and quality of care, manage resources, and treat patients in lower cost settings
- Empowered consumers are increasingly seeking new ways to take control of their health
- Digital tools and data-driven capabilities are driving increased collaboration between patients and clinicians across the health continuum

*The time is right for new thinking and partnerships*
Solutions that span the health continuum

<table>
<thead>
<tr>
<th>Healthy Living</th>
<th>Prevention</th>
<th>Diagnosis</th>
<th>Treatment</th>
<th>Recovery</th>
<th>Home Care</th>
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<tbody>
<tr>
<td>Personal Care</td>
<td>Health &amp; Wellness</td>
<td>Imaging Systems</td>
<td>Patient Care &amp; Monitoring</td>
<td>Healthcare Informatics, Solutions &amp; Services</td>
<td>Home Healthcare</td>
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<td>Homie Appliances</td>
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Strong positions across the Health Continuum
Deep customer, clinical and consumer insights
World-class innovation, design capabilities
Systems integration, connected devices, big data & analytics, solutions
Trusted Philips brand

1 Sales last 12 months June 2014
2 Combined Patient Care & Clinical Informatics and Healthcare Informatics, Solutions & Services (not reported separately)
Connections emerging across the Health Continuum

**Healthy Living**

- Consumers increasingly engaged in their health journey

**Prevention**

- Increased emphasis on population health

**Diagnosis**

- Ongoing focus on total quality & cost of care

**Treatment**

- Care shifting to lower cost settings and homes

**Recovery**

- Hospitals launching online nutrition services

**Home Care**

- Hospitals leveraging workflow automation

- Hospitals offering Home Care devices

**Success of online health portals**

- Hospitals offering Home Care devices

**Players across Health Continuum recognizing evolving needs**

Propositions and landscape remain fragmented

Philips has positions of strength across these spaces
Transforming healthcare over a large network
Georgia Regents Medical Center, USA; 2013

How do you drive cross-institutional collaboration and innovation across a large, multi site network?

Challenges
• Transform healthcare to drive performance and efficiency, focusing on high patient satisfaction
• Reduce healthcare costs per head of population

Solution
• 15-year partnership to transform healthcare, including:
  i. Innovation alliance
  ii. Procurement, installation, maintenance, upgrading and replacement of medical imaging equipment, including those of other vendors
  iii. Education services
  iv. Financial services
  v. Consultancy services

Impact
• High patient satisfaction, attract and retain qualified staff
• Optimal delivery of care, through access to state-of-the-art imaging solutions & services at predictable costs

Accountability
• Risk-sharing elements for increased value, innovation, and accountability; predictable expenditures; performance guarantees

"It's no longer a simple supply-and-demand business model. Our goal with the Philips alliance is to foster an atmosphere of meaningful innovation that will have a significant and positive impact on the health of our patients. This is the future of healthcare."

David S. Hefner, former CEO, Georgia Regents Medical Center
Philips long-term partnerships span the globe
Customized alliance programs to meet evolving customer needs

From optimizing medical technology to optimizing care

<table>
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<tr>
<th>Year</th>
<th>Location</th>
<th>Duration and Investment</th>
<th>Program Goals</th>
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<tr>
<td>2006</td>
<td>Royal Hospitals Belfast, Ireland</td>
<td>10-year (26M EUR)</td>
<td>A strategic partnership to manage risks</td>
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<tr>
<td>2009</td>
<td>Sant Pau Barcelona, Spain</td>
<td>10-year (35M EUR)</td>
<td>Long-term plan for continuous improvement</td>
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<td>2010</td>
<td>Rijnstate The Netherlands</td>
<td>10-year (35M EUR)</td>
<td>Improved workflow to improve quality, reduce cost</td>
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<tr>
<td>2010</td>
<td>La Fe Valencia, Spain</td>
<td>8-year (33M EUR)</td>
<td>Long-term partnership for future-proof imaging</td>
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<tr>
<td>2013</td>
<td>Georgia Regents Georgia, USA</td>
<td>15-year (240M EUR)</td>
<td>Transforming healthcare over a large network</td>
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<tr>
<td>2014</td>
<td>New Karolinska Solna, Sweden</td>
<td>14-year + 6 years optional</td>
<td>Meeting the future demands of healthcare</td>
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Program Goals:
- **Royal Hospitals Belfast, Ireland**: Access to state-of-the-art technology without investing significant portion of the funds in capital expenditures; Manage risks associated with long-term planning on technology innovation
- **Sant Pau Barcelona, Spain**: As part of their major modernization effort, equip new imaging facilities with mix of existing and new technologies that support future growth plans while avoiding high capital expenditures
- **Rijnstate The Netherlands**: Optimize technology investments over 5 facilities while reducing procurement costs and improving productivity per lab
- **La Fe Valencia, Spain**: Improve performance, reduce financial risk, prevent technology obsolescence, and continually improve ways of working
- **Georgia Regents Georgia, USA**: Transform healthcare to drive performance and efficiency, focusing on patient satisfaction; Sustain worldwide clinical reputation while having predictable expenditures
- **New Karolinska Solna, Sweden**: A strategic partnership to manage risks; Long-term plan for continuous improvement; Sustainability; Predictable expenditures; Patient satisfaction

**Meeting the future demands of healthcare**

**GRU GRHealth**

**PHILIPS**
Philips HealthSuite Digital Platform designed to support the Health Continuum

- 3rd party applications
- Philips applications

Open API supports Philips and 3rd party application development

Integrated patient and consumer data

Cloud-based HealthSuite Digital Platform

Multiple devices / applications contribute to a rich data set

- Hundreds of thousands of consumers on ActiveLink®
- 15PB+ imaging studies in our imaging informatics solutions across 1200+ hospitals
- 2+ million ICU stays in our eICU solutions
- 190+ million patients a year monitored though our patient monitors
- 6+ million patients supported at home

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Jim Rawson, MD, FACR

P.L., J. Luther and Ada Warren Chair
Chair, Department of Radiology and Imaging, Medical College of Georgia,
Georgia Regents University
Chief of Radiology Services, Georgia Regents Medical Center

• How has Georgia Regents moved from a transactional relationship to a transformational partnership?
• What are some of the results during the first 18 months?
• How has prioritization and decision making been managed?
Transactional vs Transformational

- Transactional model: Selling/installing equipment
- New model: creating patient experience
...Beginning With a New Perspective on Procurement

<table>
<thead>
<tr>
<th>GRHealth Annual Budget</th>
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<tbody>
<tr>
<td>1. Workforce</td>
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<tr>
<td>2. Facilities</td>
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<tr>
<td>3. <strong>Equipment</strong></td>
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<tr>
<td>4. IT</td>
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<tr>
<td>5. Clinical</td>
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<tr>
<td>6. Education</td>
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<tr>
<td>7. Research</td>
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<tr>
<td>8. Marketing</td>
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<tr>
<td>9. etc...</td>
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<td>10. etc...</td>
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A business process filled with waste, duplication, inefficiencies, and unnecessary variations
Transactional vs Transformational

• Mirrored Biplane Angio rooms
• Able to accommodate simultaneous cerebral vascular emergencies
• Joint Commission Comprehensive Stroke Accreditation
• **In first 90 days, together we:**
  – Replaced 500 monitors across the house, and
  – Educated and trained 900 nurses

• **In first 7 months, together we:**
  – Converted the Radiology Department to an all-digital hospital, and
  – Implemented one of the most comprehensive IntelliSpace PACS systems

• **And during this next year, we intend to:**
  – Transform the pediatric & adult radiology departments with ambient environment and the next phase of PCMS, and
  – Expand our Military and Government relationships with the newly announced CyberCommand & NSA relocations
Year 1 Cross-Platform Installations

• Clinical monitor house-wide replacement
• Mobile x-ray fleet replacement
• C-arm fleet replacement
• Radiology PACS (picture archiving & communication system)
• Cardiology PACS (picture archiving & communication system)
Year 1 Results in Radiology

- Increased Radiology volumes
- MRI 12%
- VIR 7%
Old Portable X-ray Workflow

1. Order placed
2. Tech goes to ICU
3. Tech shoots X-ray
4. Tech carries CR Cassette to CR Reader
5. Images sent to PACS
6. Radiologist/ICU physician read study and find line needs to be adjusted
7. Order placed
8. Tech goes to ICU
9. Tech shoots X-ray
10. Tech carries CR Cassette to CR Reader
11. Images sent to PACS
12. Radiologist/ICU physician read study confirm good position of line
New Portable Workflow

1. Order placed
2. Tech goes to ICU and shoots X-ray
3. Image viewed and line adjusted
4. Repeat x-ray ordered and performed
5. X-ray tech = “Pied Piper”
Year 1 Results in PACS

- Radiology, Cardiology and Neurosonology in the same PACS (adding OB Ultrasound)
- Electronic Health Record (EHR) integrated into Radiologists workflow
- Image-enabled EHR-images launched from report
Growing the Future, Together

Columbia County Board of Commissioners

New Institutional Health Services Facility
TO SERVE AS COLUMBIA COUNTY’S SOLE COMMUNITY PROVIDER

RFP #: 2013-058
January 10, 2014
Georgia Regents and Philips Win the “Deal of the Year” Award from Georgia Bio
How Prioritization & Decision Making Has Been Maintained
David, Bob, and Jim

• What might the precursors to success be in these relationships?
• What is the nature of extraordinary alignment (our view)?
• What questions/clarifications/thoughts/etc. do you have?
Rethinking Everything!
What May Be Required as Precursors of Success?

1) Internal Provider Alignment – Cardiology ↔ Radiology ↔ Imaging writ large ↔ Anesthesiology ↔ Nursing ↔ BioMed ↔ Legal ↔ Boards ↔ etc

2) Make peace with yourself that you cannot solve for the coming competitive healthcare landscape on your own, and therefore need/require real partnerships with vendor(s) of substance

3) A profound willingness to become long/wide/deep/exclusive

4) Accept momentary tradeoffs as industry change leapfrogs

5) Operate with full transparency, including vendor executive(s) involved with management/leadership strategic discussions and decision making

6) Vendor Alignment Requirements
   - Speak and act with one voice
   - Willingness to forgo quarterly results for long-term shared risk
   - Willingness to jointly align executive comp and goals
Precursors of Success:
And Finally, A Word About Extraordinary Alignment...

• **Alignment** only happens when **trust** is present
• **Trust** is only happens when **mutual respect** is present
• **Mutual respect** only happens when **relationship** is present...
• ...And the **relationship** began many years ago with the bedrock of the local account and services teams being customer-service focused and great partners!
We share a common future....

And we share a set of common challenges