

Practical Disruption Models and Tools to Enhance Your Health Care Strategy, Create Innovative Ambulatory Delivery Models and Segment the Market

Craig Allan Ahrens

Dr. Gaurov Dayal

Ethan Franklin

Agenda

1. What is disruption and why do we think the term has become over-used?
2. How do we align to accelerate?
3. How do we apply approaches? Outside Industry and ChenMed
4. Facilitated discussion

Learning Objectives

1. Understand how the notion of practical disruption is a fundamental strategy to transform and compete
2. Explore healthcare best practices and how other industries applied

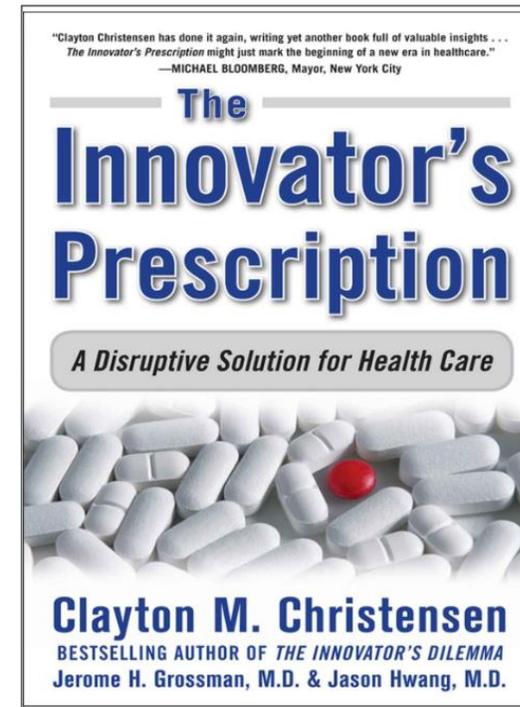
We Know the Stories from Other Industries...



Disruption's Overuse

“*Performance and reliability need to be met first, but once care is met that is more than adequate in those regards, consumers do and should make their healthcare decisions on the basis of speed, convenience, and affordability.*”

Clayton Christensen
Harvard Professor
Founder of Disruptive Innovation Theory
Author of The Innovator's Prescription



Defining

Disruption is defined as a new or significantly improved organizational, process, marketing, and/or service method

Framework for Practical Disruption ¹	
1	How Infrastructure is Aligned Implementation of a new organizational method in the firm's business practices, workplace organization or external relations.
2	How Work is Done Implementation of a new or significantly improved process or delivery method. The customer does not usually pay directly for process, but the process is required to deliver a service and to manage the relationship with the various stakeholders. (e.g. costs, efficiency, etc.)
3	How Consumers are Engaged Implementation of a new marketing method involving significant changes in service design, positioning, promotion or pricing.
4	How Services are Delivered Introduction of a service that is new or significantly improved with respect to its characteristics or intended uses.

Simplicity

Consider the Simplicity laws

4 of MIT's Laws of Simplicity³ to Apply to Disruption

1

How can we reduce steps to better organize?

2

How can we save effort (time/\$)?

3

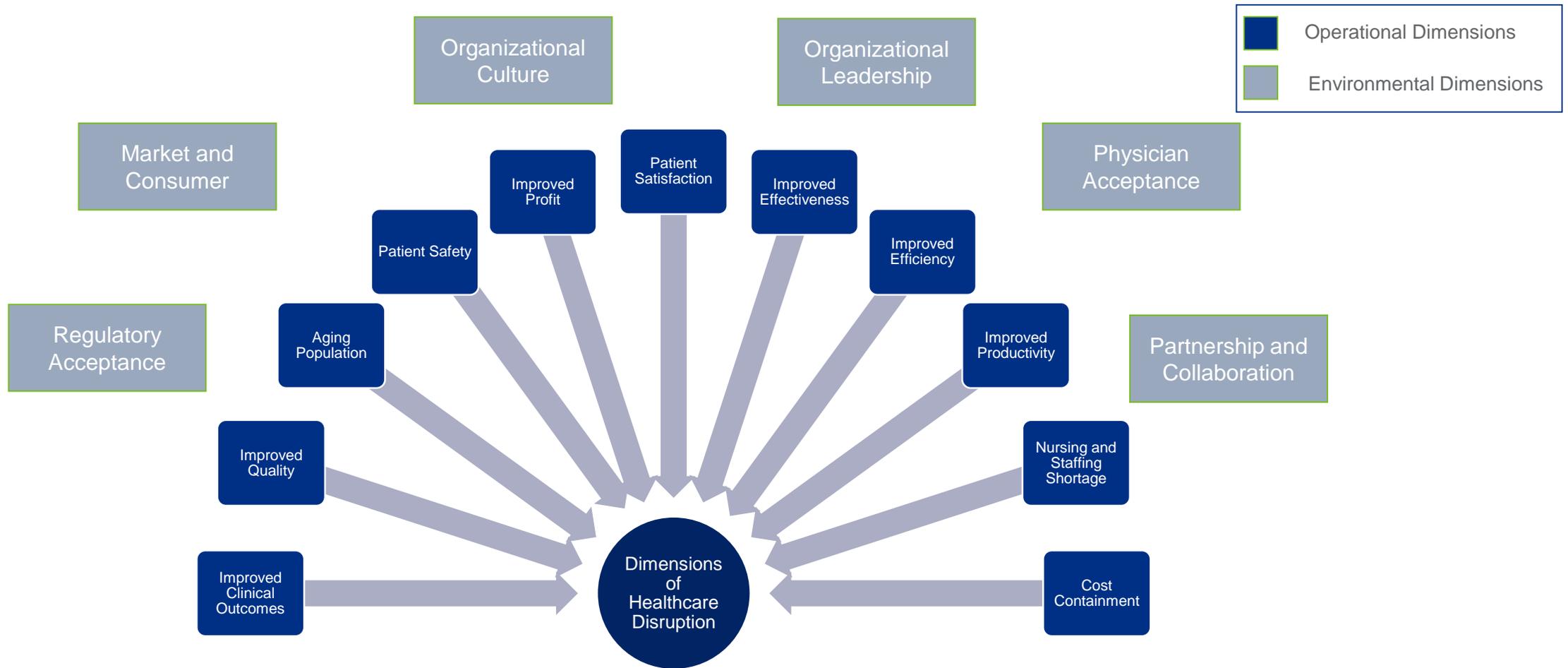
How do we offer choice?

4

How do we promote transparency?

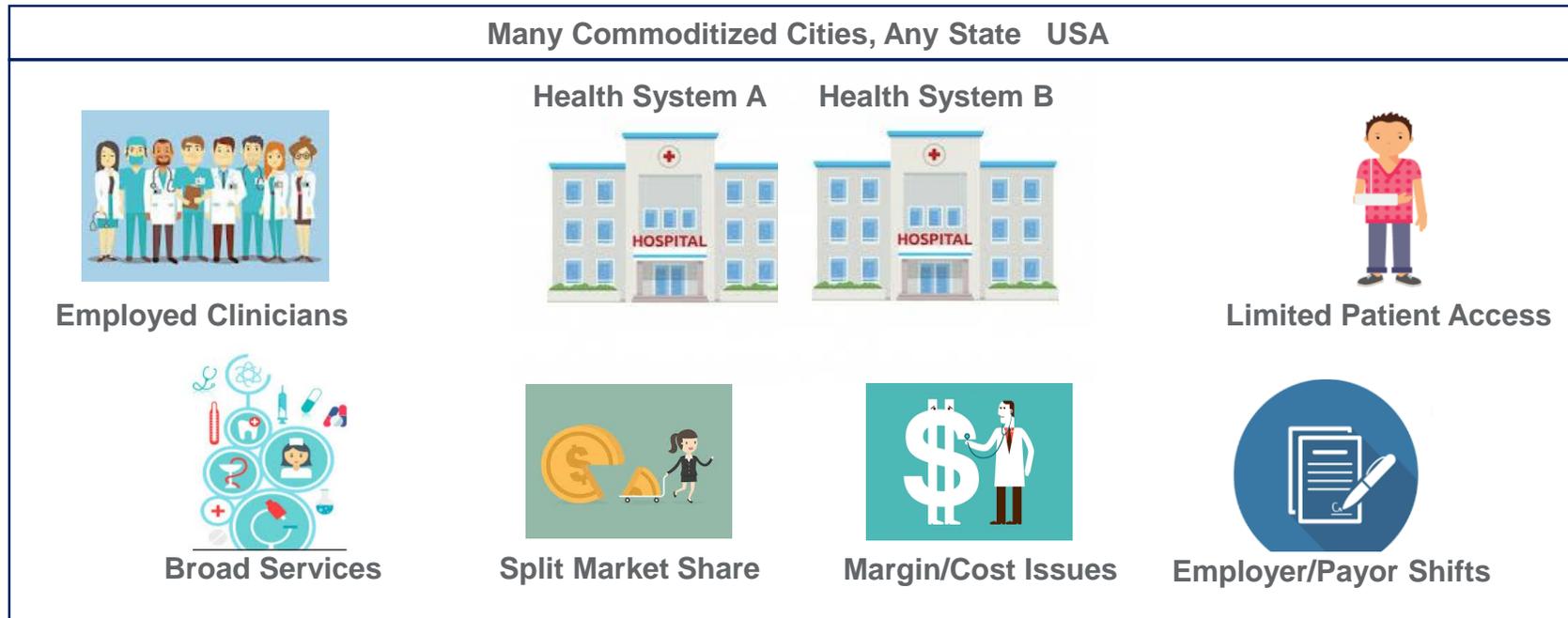
1: Adapted from John Maeda, "The Laws of Simplicity – Design, Technology, Business, Life", 2006, MIT Press

Dimensions



Commoditization

Consolidation = similar services and profiles = commoditized to consumers



Commoditization increases the risk to lose share to “disruptive” entrants¹

1: Adapted from Clayton Christensen, “The Innovator’s Prescription: A Disruptive Solution for Healthcare”, 2009, McGraw Hill

New Entrants



Targeted disruption in commoditized areas



How work is performed (costs/efficiency) and/or
How convenient is it (consumerism)
---it is NOT always technology driven---
---it is heavily AMBULATORY---

Key Takeaways and (Q&A)

1 Performance

How are you disrupting how operations does the work to translate?

2 Commoditization

Are you and your competitors basically mirrors of each other?

3 New Entrants with Ambulatory Focus

What examples do you have of new entrants partnering to disrupt?

4 Tipping Points and Timing (Risks)

Is disruption starting to impact your market? If so, what kind?



How can We Align to Accelerate?

Leadership for Change

1 Deliberation versus Decisiveness

- What examples are there of circumventing committees for “decisive decisions”?
- How many committees do ideas go through to get to a decision (e.g. Committee-it is)?

2 Incremental versus Transformative (Committee-it is)

- Do transformative ideas die in committee?
- Are people reporting the same things at the same committee every time?

3 Everything versus the Pareto Principle

- Do we have framework for good enough versus analysis paralysis?
- Are most business plans approved without a prioritized framework?

4 Opaque versus Transparent

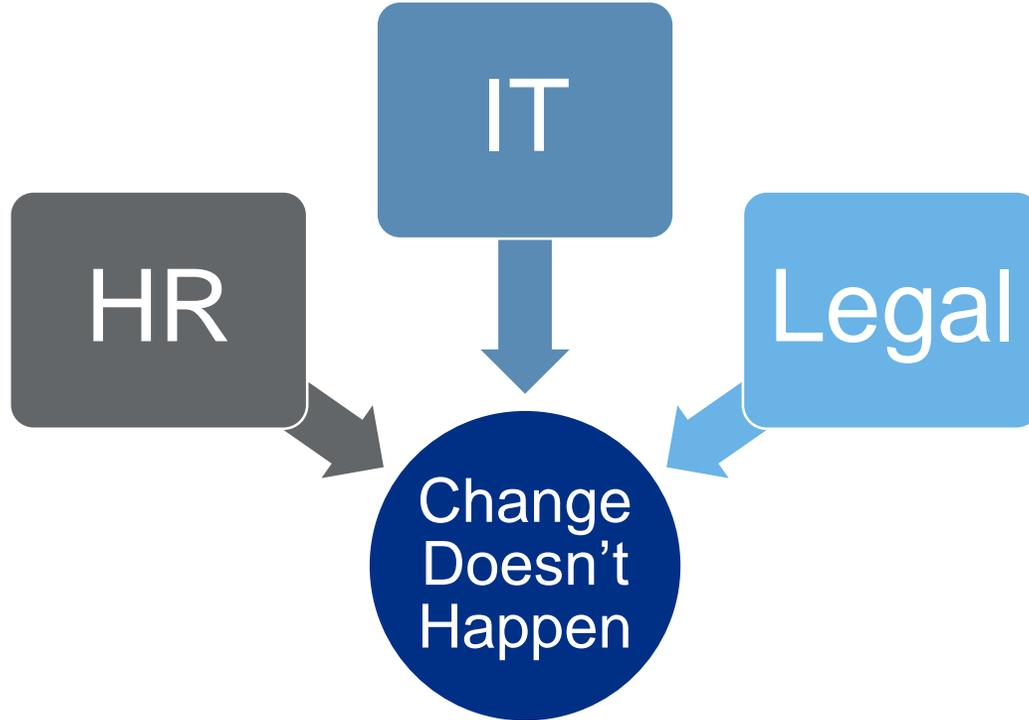
- Do committees understand their purpose and guidelines for filtering activities?
- Is it clear what initiatives are underway by whom (e.g. PMO)?

5 Centralized versus Decentralized

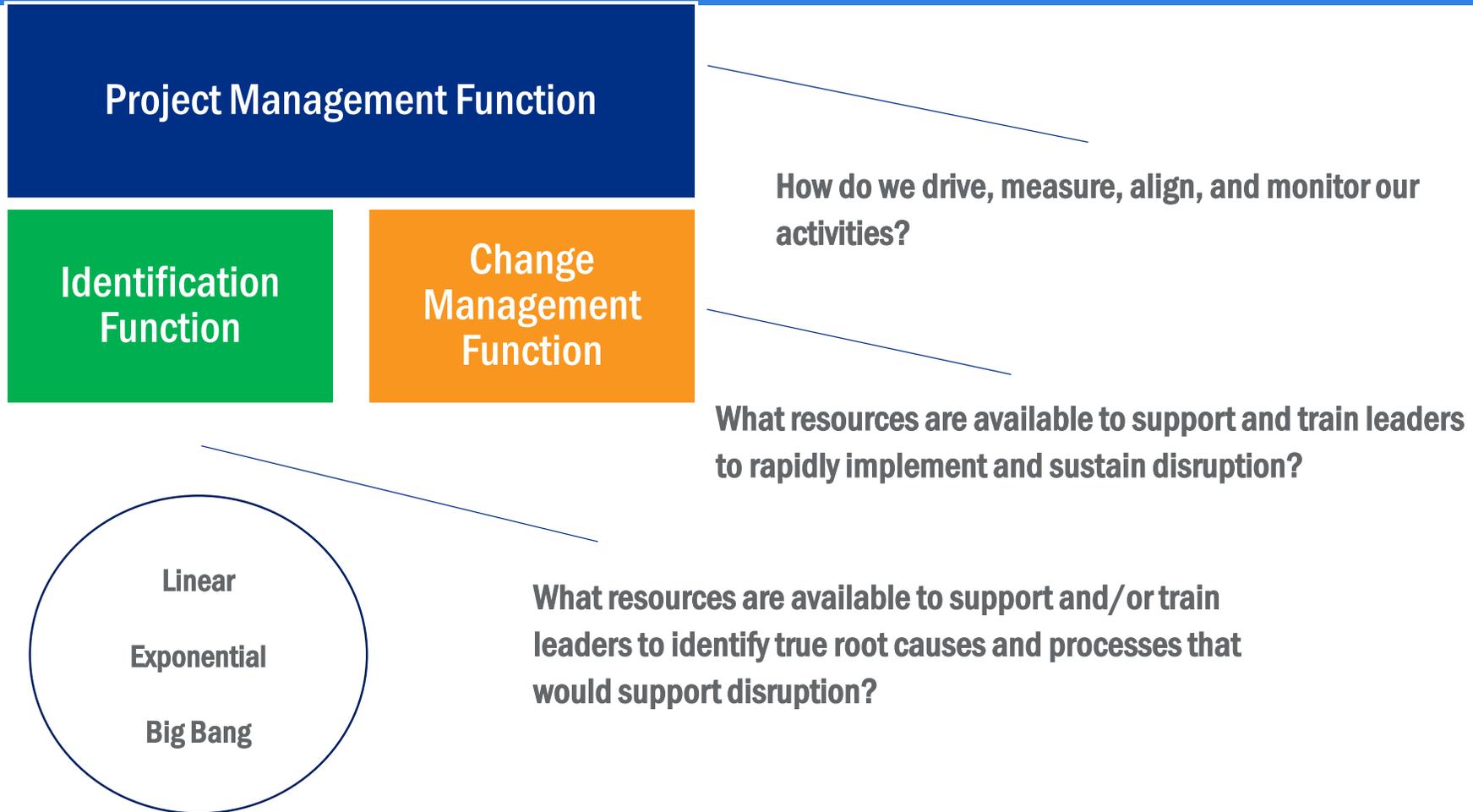
- Do you support disruption through a central resource?
- Are front line resources educated and empowered to support disruption?

“Corporate Services”

Shift from Barriers vs. Enablers



Scaling



Key Takeaways and (Q&A)

1 Leadership

Does your leadership team have a divide in philosophy?

2 Decisions

How are ideas generated, analyzed, prioritized and made?

3 Scaling

Is your support infrastructure capable of enabling disruption scaling?

4 Corporate Services

Are your corporate services dynamic and modeling/enabling disruption activities?

Outside Industry

Scheduling and Capacity



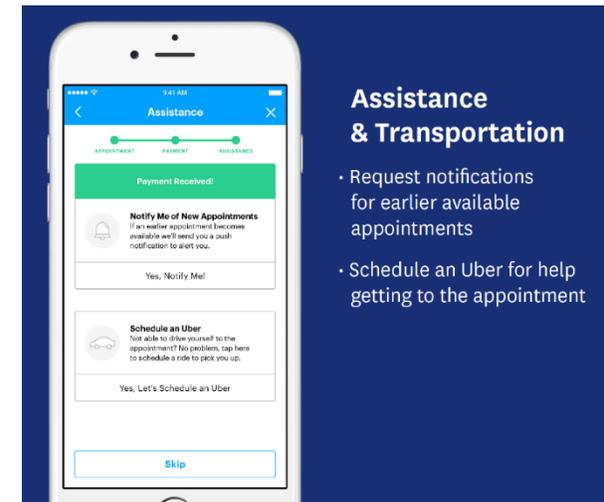
- Millions of people routinely self-schedule everything from flights with Southwest Airlines; restaurant reservations with OpenTable; hotel reservations through hotels.com, etc.
- While self-scheduling has already revolutionized many industries, health care has been late to the party
- Use data and algorithms - airlines and hotels book and double book to manage capacity and revenue
 - Set aside capacity each flight for last minute customers
- What is wrong with healthcare and why is it we cannot do this?



Convenience and Location

- Last Mile problem, many industries have faced: utility, logistics, retail, etc.
- Many no-shows are due to lack of transportation
 - CareMore/Lyft study correlated benefits
- Location is moving toward home, including telemedicine
- Coordinated care across multiple access points: hospital, ambulatory, home and virtual
- Need to meet customer where they are at

Case Study – CareMore /Lyft



Customer Experience

- Customer experience management has been critical for retailers to survive Amazon
- Nordstrom has been known for empowering employees to use good judgment, building personalized relationships with customers and providing a welcoming atmosphere from the moment someone enters the store
- Nordstrom shifted from a transaction to a personal experience
- Employees must be bought into delivering this service, from scheduler to physician to billing
 - Employees will also be demanding more flexibility (Gen Z)

The Nordstrom logo is displayed in white, uppercase letters on a solid black rectangular background.

Predictive Analytics

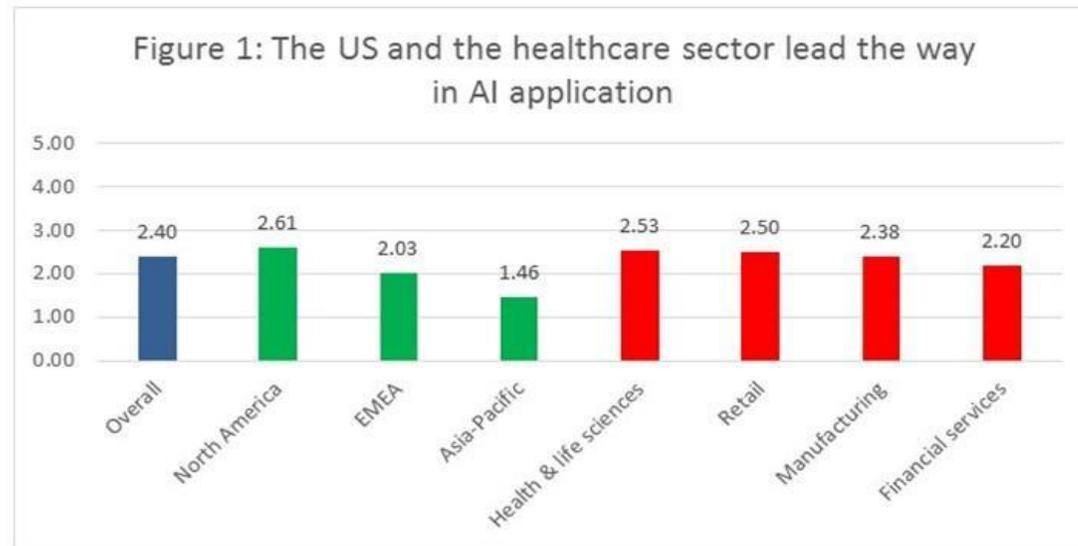
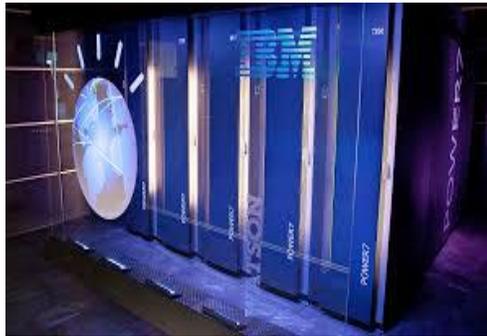
- Spotify maintains giant datasets of users, their listening habits, and clusters of micro-genres that define the types of songs listened to
- Spotify's approach mainly includes collaborative filtering (similar to Amazon and Netflix), convolutional neural networks, natural language processing (to both scan music blogs to build micro-genres and analyze the contents of playlists), and outlier detection
- Data from devices such as Apple watches and google searches could predict when flu starts to spread in an area



AI to Augment People (Overused - Future of Work)

- Artificial Intelligence is being employed now outside healthcare and it is amazing
- Use it to measure and improve—analyzing CRM and Access Data
- Empower and better utilize providers

The Failure of IBM Watson and Applying AI in Healthcare Sector



Scale: 1=nascent, 2=exploratory, 3=experimental, 4=applied and 5=deployed

Source: <https://www.weforum.org/agenda/2017/01/what-did-we-learn-from-the-first-wave-of-ai>

Chatbots and Service to Home

- Half a million people professed their love for Siri and Alexa
- Remember the movie entitled *Her*? The main protagonist, Joaquin Phoenix falls completely in love with the voice of a digital assistant capable of learning at astonishing pace as well as fulfilling his every need
- Heal – ever heard of it?



Source: <http://medicalfuturist.com/chatbots-health-assistants/>

Key Takeaways and (Q&A)

1

Outside Industry Learnings

Does your organization employ forums today?

2

People

Regarding People, what ideas about work (AI Augmentation, etc) do you employ?

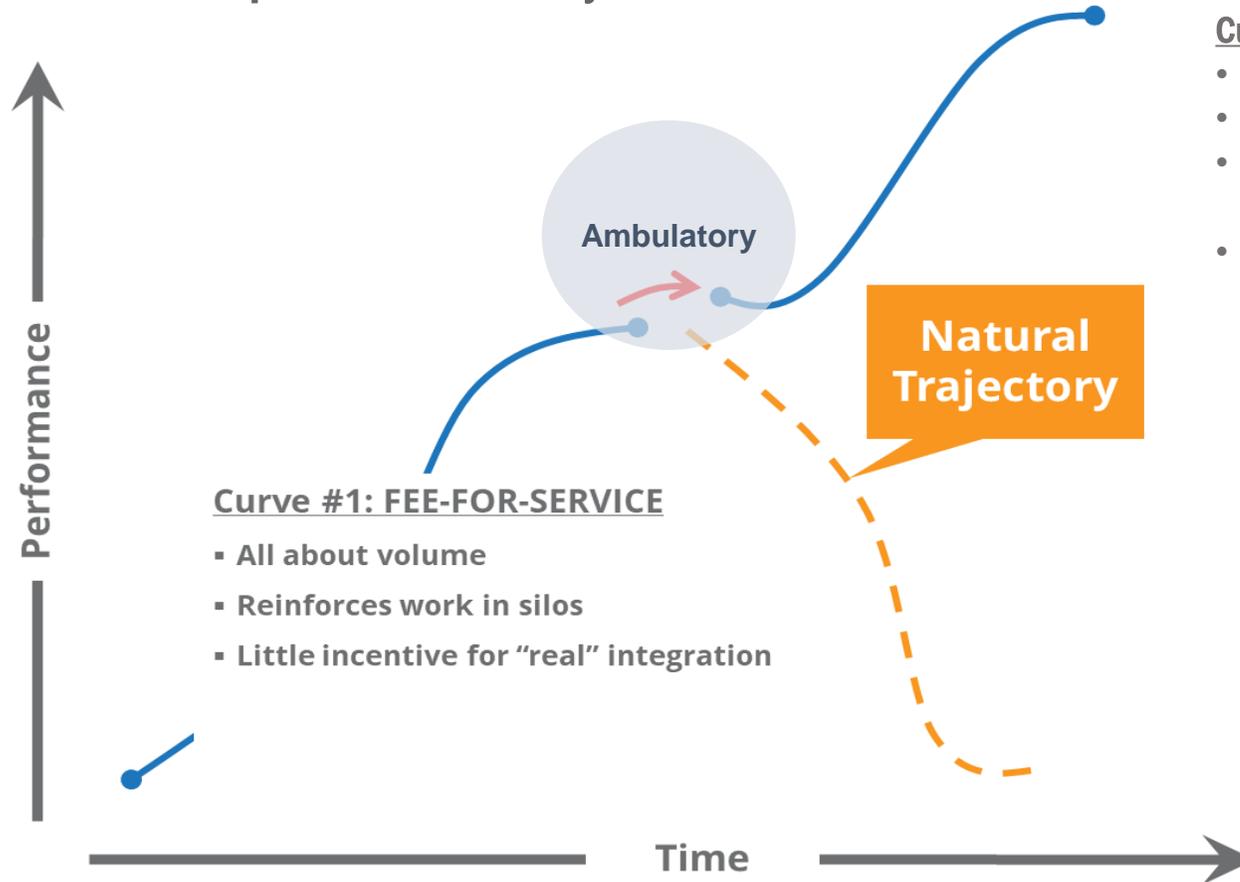
Ambulatory Disruption (ChenMed)



Better Health
for Seniors

Transitioning = Ambulatory Nexus

Markets depend on Ambulatory for different reasons



Curve #2: VALUE-BASED CARE

- Reward lower cost / higher quality
- Engaged consumer; price sensitivity
- Coordination of care; incentives to reduce utilization
- Lines blurred between payers and providers



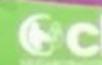
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Provider Productivity vs. Focus?



The Segmented Model - What We Do



Operate 60+ primary care clinics in 8 States

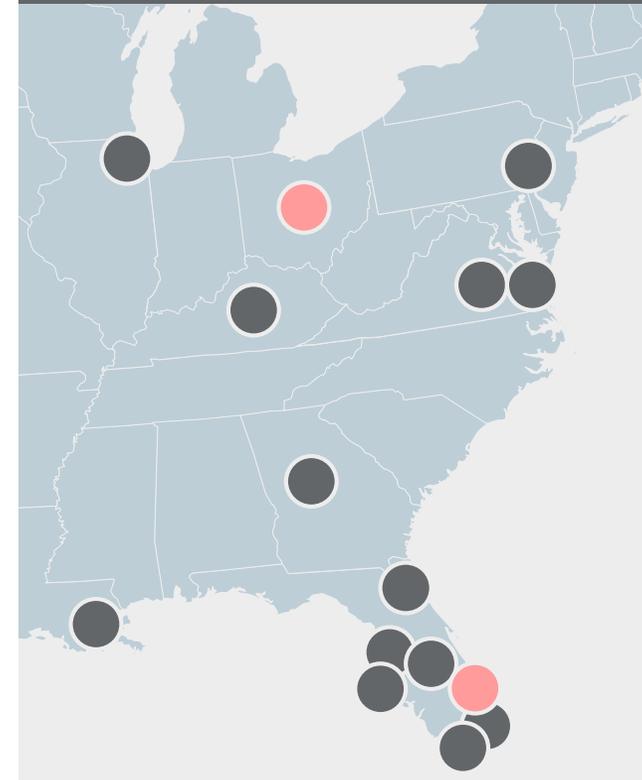


Take global full risk for Medicare Advantage and Dual Eligible members



Provide a “concierge” solution, with superior outcomes, to lower-income, polychronic seniors – for no-fee

Our medical centers are located in primary care shortage areas.



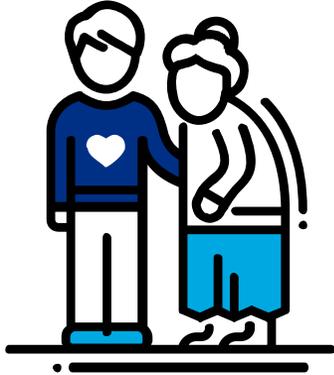
CURRENT MARKETS

- Atlanta, GA
- Bradenton, FL
- Chicago, IL
- Ft. Lauderdale, FL
- Jacksonville, FL
- Lakeland, FL
- Louisville, KY
- Miami, FL
- New Orleans, LA
- Philadelphia, PA
- Richmond, VA
- Tampa, FL
- Tidewater, VA

2019 OPENINGS

- Columbus, OH
- Palm Beach County, FL

Services are Designed for Our Patients



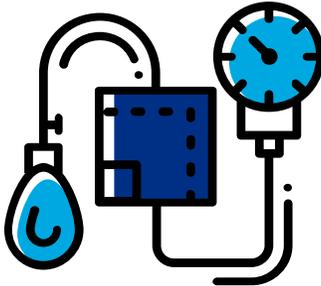
Average age 72



Low-to-moderate income seniors, 90% within 300% of the federal poverty limit



Minority



Average of 4-5 chronic conditions

The ChenMed Model



PCP-led care with 450:1 patient panels



VIP CARE = **5x the attention***
450 patients per ChenMed PCP



Early Disease Detection & Comprehensive Disease Management

- Comprehensive care in one location with dedicated **specialists, medications, and testing on-site**
- Free door-to-doctor **transportation**
- **Coordination** with **care transitions**
- **Lifestyle & behavior support** with cooking programs, senior aerobics, Thai Chi, & acupuncture
- **Literacy-sensitive** materials
- **Financial Hardship Policy**
- **Proprietary EMR** with comprehensive & intuitive user interface



Services designed for our demographic

A medical home for clinical and social support



Easy and frequent access



Onsite services

* Based on ChenMed panel sizes under 450 patients versus primary care doctors in America who, on average have 2,300 patients.

High-Touch Care Leads to Better Outcomes



Patient affordability



Better patient health



Physician leadership



Health Plan quality, margins, and growth



50% FEWER hospitalizations



33% FEWER ER visits



28% LOWER cost



41% INCREASE in preventative medication use

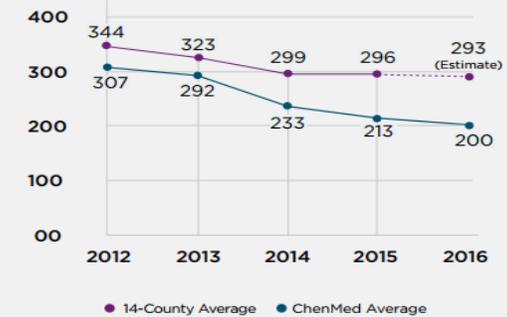


TOP DECILE patient satisfaction

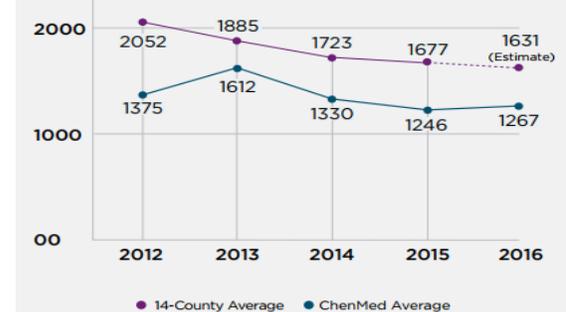


TOP DECILE clinical quality

IN-PATIENT HOSPITAL ADMISSIONS



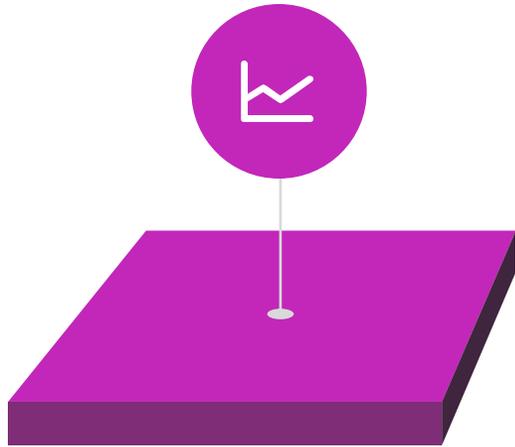
IN-PATIENT HOSPITAL DAYS



Payer Partners

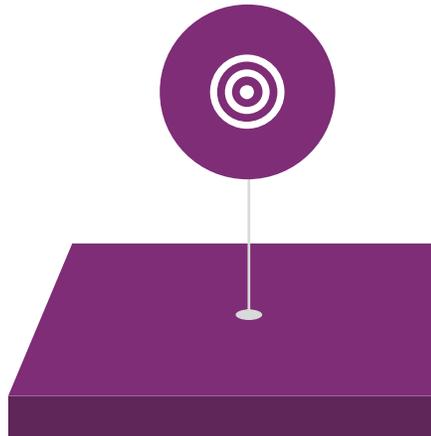


Payer Relationships



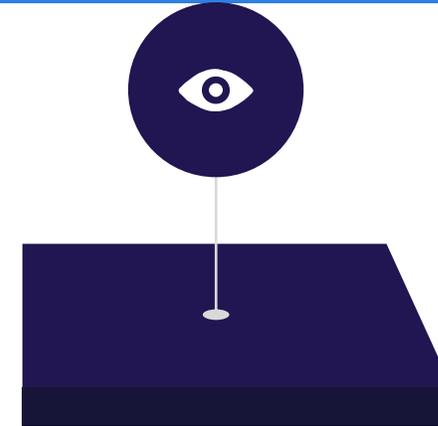
GROWTH

- 1 Drive health plan growth with co-marketing, provider sales force, patient value proposition, and world class net promoter scores
- 2 Enable premium product development and new market entry



OUTCOMES

- 3 Reproducibly drive health plan margins of \$100-120 PMPM despite baseline
- 4 Improve health plan Star Ratings - early detection of high risk diseases (typically 4.5+ Stars)



PREDICTABILITY

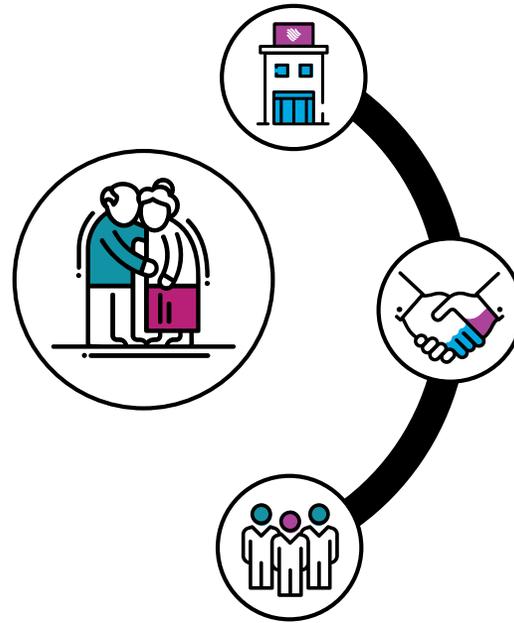
- 5 Guarantee margin:
ChenMed takes a percentage of premium and assumes full risk for A, B, D, and Stop Loss (100% up and down)
- 6 Promote network stability and provides "Safe Harbor" due to our independence from competing IDS and health plans

Case Study

OhioHealth + ChenMed Partnership



Dedicated Senior
Medical Center
IN PARTNERSHIP WITH OHIOHEALTH



GOALS

Provide high-quality, affordable primary care for at-need communities in Columbus in a timely manner

Better align patient care across the continuum from offices to facilities and beyond.

In the News



Forbes

14,655 views | Feb 23, 2012

Concierge for the Poorest

Zina Moukheib

The number of doctors on Medicare last year has fallen since 2005, and participation in the program has increased less than 5%. Doctors have recently averted a 27% cut in Medicare payments, but that will only last until the end of the year. There are no financial incentives for doctors to care for the sickest people.

Not for the Chens, a family of doctors who avoid patients on Medicare, they have spotted an opportunity to help them.

AJMC Managed Markets Network

Increasing Patient Satisfaction with Medicare Advantage

AJMC Study Says

With the US population aging rapidly, payers and providers both improve quality of care and reduce costs. **ChenMed** found that giving Medicare Advantage doctors kept them healthier and cost 20% less.

Giving Medicare Advantage (MA) doctors kept them healthier and cost 20% less of patients enrolled in MA published in **Managed Care**.

The study's authors, led by **ChenMed**, evaluated the impact of preventive care.

With the US population aging rapidly, payers and providers both improve quality of care and reduce costs. **ChenMed** found that giving Medicare Advantage doctors kept them healthier and cost 20% less.

people are 65 years or older. Healthcare for chronic conditions costs more than \$617 billion per year.

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Gwendolyn and Ron Shields with Dr. Kimberly Webb last month at a JenCare clinic in Chicago. Harris Meyer

Primary-care companies cut costs through preventive models

By Harris Meyer | October 20, 2018

For most Americans, it's not easy to schedule an appointment to see a primary-care physician or speak to one by phone. When patients can get in for a visit with a doctor, they're lucky to get 15 minutes of their time.

That's not the case at a JenCare primary-care center in Chicago's South Side Ashburn neighborhood. Executives for JenCare and its parent, ChenMed, urge doctors and staff to get their senior patients in often and spend as much time as they need with them. Patients there average more than three hours of face time a year with their primary-care doctor.

"Ask yourself, am I seeing patients frequently enough?" Dr. Gordon Chen, chief medical officer of Miami-based ChenMed, told the company's more than 200 doctors and care coordinators across the country during a video conference late last month. "If we could increase the average number of visit slots used to 18 a day per physician, think of what would happen to our outcomes and how many lives we could save."



ChenMed operates 53 clinics in seven states, including this JenCare facility in Chicago's Ashburn neighborhood. (Harris Meyer)

Recommended for You

- Home healthcare is getting a boost from insurers and the Medicare program.
- Medicare Advantage plans shift their financial risk to doctors
- Content from Deloitte: The right health care the right way: global case studies in reducing low-value care

Health Affairs

TOPICS JOURNAL BLOG

At Miami Practice Show Promise For High-Risk Medicare Patients

Chen Chen²

32, NO. 6: MEDICAID EXPANSION & VULNERABLE POPULATIONS

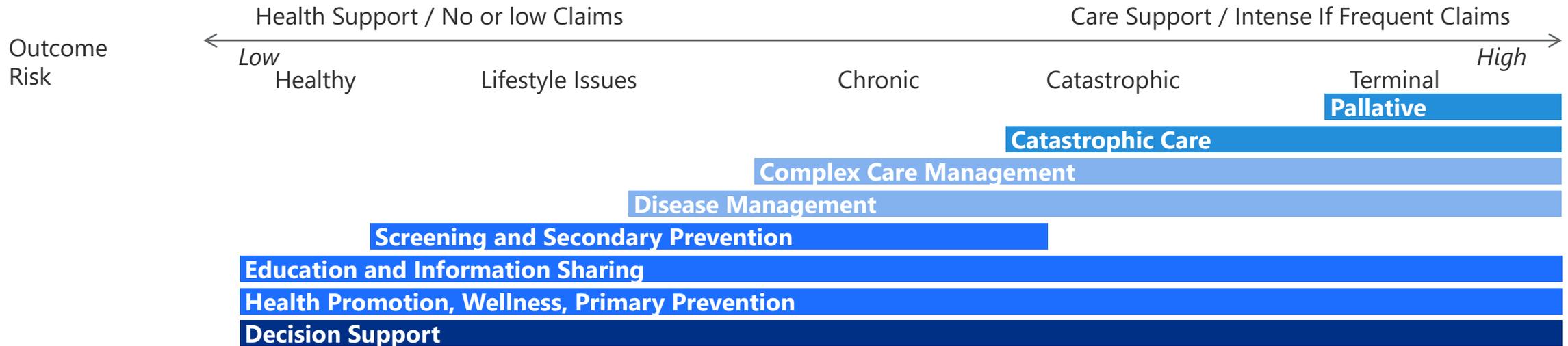
https://doi.org/10.1377/hlthaff.2012.0201

PERMISSIONS

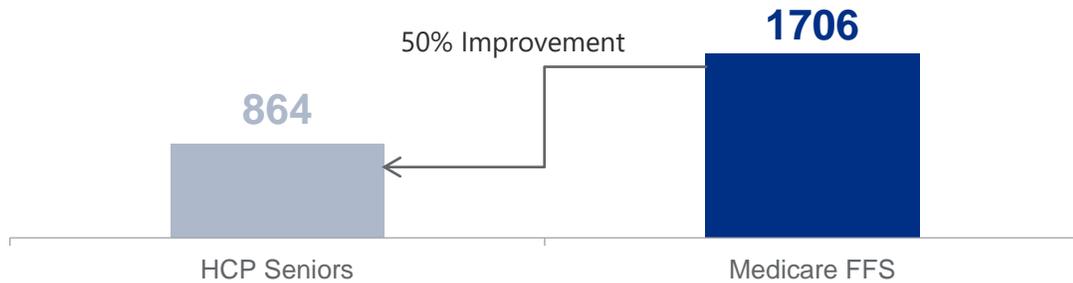
SHARE TOOLS

Chronic conditions drive most Medicare costs. Our organization, ChenMed, has developed a sustainable primary care-led delivery model that focuses on this population. Our model is reimbursed through full-risk capitation by Medicare Advantage plans. ChenMed is a primary care-led group practice based in Florida that serves low-to-moderate-risk Medicare patients primarily through the Medicare Advantage program. Our model includes a multi-stop-shop approach for delivering multispecialty services in the form of small, on-site physician panels of 350-450 patients that allow for intensive health care, on-site pharmacy dispensing, a collaborative physician approach, and customized information technology. These innovations have improved patient adherence, increased the time doctors and patients spend with their primary care physician, and increased patient satisfaction. Additionally, our Medicare patients have lower hospital use than their peers in the Miami Medicare market. Our model is focused on seniors with multiple chronic conditions is a

What is Compelling?



Inpatient Acute Bed Days/1,000pts



30-Day All Cause Re-admit Rate



Questions?

Please be sure to complete the session evaluation on the mobile app!

Speaker Biographies



CRAIG ALLAN AHRENS, MHA MBA

Healthcare – ANKURA

craig.ahrens@ankura.com

<https://www.linkedin.com/in/craigahrens/>

Craig is a leader at Ankura’s healthcare practice and lectures/teaches part-time. He partners with senior healthcare leaders to create and implement practical strategies that create value.



DR. GAUROV DAYAL

President New Markets and Chief Growth Officer – ChenMed

Gaurov.Dayal@chenmed.com

<https://www.linkedin.com/in/gaurov-dayal-m-d-87760>

Gaurov is a healthcare innovation leader and is well-known for his stances on the need for change in healthcare. He leads ChenMed’s growth and new market division.



ETHAN FRANKLIN, MS, MBA, JD

Workforce Strategy – ANKURA

Ethan.Franklin@ankura.com

<https://www.linkedin.com/in/ethanfranklin>

Ethan is a leader at Ankura’s healthcare practice. He partners with senior healthcare leaders to create and implement strategic workforce solutions.