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

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

<table>
<thead>
<tr>
<th>Framework for Practical Disruption</th>
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<tbody>
<tr>
<td><strong>1</strong> How Infrastructure is Aligned</td>
<td>Implementation of a new organizational method in the firm's business practices, workplace organization or external relations.</td>
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<td><strong>2</strong> How Work is Done</td>
<td>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.)</td>
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<td><strong>3</strong> How Consumers are Engaged</td>
<td>Implementation of a new marketing method involving significant changes in service design, positioning, promotion or pricing.</td>
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<tr>
<td><strong>4</strong> How Services are Delivered</td>
<td>Introduction of a service that is new or significantly improved with respect to its characteristics or intended uses.</td>
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Consider the Simplicity laws

<table>
<thead>
<tr>
<th>1</th>
<th>How can we reduce steps to better organize?</th>
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<tr>
<td>2</td>
<td>How can we save effort (time/$)?</td>
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<td>3</td>
<td>How do we offer choice?</td>
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<td>4</td>
<td>How do we promote transparency?</td>
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Dimensions

Operational Dimensions
- Organizational Culture
- Organizational Leadership
- Patient Safety
- Improved Profit
- Patient Satisfaction
- Improved Effectiveness
- Improved Efficiency
- Improved Productivity
- Nursing and Staffing Shortage
- Cost Containment

Environmental Dimensions
- Market and Consumer
- Regulatory Acceptance
- Improved Clinical Outcomes
- Aging Population
- Improved Quality

Dimensions of Healthcare Disruption

1: http://www.innovation.cc/scholarly-style/omachonu_healthcare_3innovate2.pdf
Commoditization increases the risk to lose share to “disruptive” entrants

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

HR → IT → Legal

Change Doesn’t Happen
How do we drive, measure, align, and monitor our activities?

What resources are available to support and train leaders to identify true root causes and processes that would support disruption?

What resources are available to support and train leaders to rapidly implement and sustain disruption?
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, healthcare 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

Assistance & Transportation
• Request notifications for earlier available appointments
• Schedule an Uber for help getting to the appointment
• 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)

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.

Source: https://blog.markgrowth.com/6-models-for-engineering-personalized-digital-experiences-part-2-spotify-and-pinterest-3bb974252b0f
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

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

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

Curve #1: FEE-FOR-SERVICE
- All about volume
- Reinforces work in silos
- Little incentive for “real” integration
Provider Productivity vs. Focus?
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
<table>
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<tr>
<th>Services are Designed for Our Patients</th>
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<td>Average age 72</td>
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<tr>
<td>Low-to-moderate income seniors, 90% within 300% of the federal poverty limit</td>
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<tr>
<td>Minority</td>
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<td>Average of 4-5 chronic conditions</td>
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The ChenMed Model

PCP-led care with 450:1 patient panels

Early Disease Detection & Comprehensive Disease Management

Easy and frequent access

Onsite services

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

- 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

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

Services designed for our demographic
A medical home for clinical and social support
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
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

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.
Primary-care companies cut costs through preventive models

By Harris Meyer | October 26, 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 doctors.

“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 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.”
What is Compelling?

Outcome Risk

Health Support / No or low Claims

Low Healthy

Lifestyle Issues

Chronic

Catastrophic

Terminal High

Palliative

Catastrophic Care

Complex Care Management

Disease Management

Screening and Secondary Prevention

Education and Information Sharing

Health Promotion, Wellness, Primary Prevention

Decision Support

Inpatient Acute Bed Days/1,000pts

HCP Seniors

Medicare FFS

1706

50% Improvement

30-Day All Cause Re-admit Rate

HCP Seniors

Medicare FFS

14%

21%

Source: Davita HCP Investor Presentation
Questions?

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

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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.

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