Premier Healthcare Alliance
April, 2014
References throughout this presentation: Switch by Chip and Dan Heath

Mission, Vision and Values

Our mission
To improve the health of communities

Our vision
Through the collaborative power of the alliance, we will lead the transformation to high-quality, cost-effective healthcare.

E team – What is the most innovative thing about Premier?
Our people are dedicated to making healthcare better. We are passionate about what we do. We strive for utmost integrity in our work. We seek out innovative ideas. And we focus on respect for each other.

Our ability to connect is our trademark. It’s how we share best practices. It’s how we solve pressing issues. It’s how we build new technologies. Only by working together can we transform today’s fragmented system and really drive improvement.

Our database is one of the deepest and most comprehensive in the industry, with data on 1 in every 4 discharges nationwide, approximately 2.5 million real-time clinical transactions daily, and approximately $40 billion in annual purchasing data.

**How Do We Do It? People, Connectivity, and Data**

**Action Steps – to Effect Change/Innovation**

- **Direct the rider (Leadership, Strategic plan, Information)**
  - Find the bright spots
  - Script the critical moves
  - Point to the destination
- **Motivate the elephant (People, Customers)**
  - Find the feeling
  - Shrink the change
  - Grow the people
- **Shape the path (Means, Process)**
  - Tweak the environment
  - Build habits
  - Rally the herd
  - Keep the change going

**Follow the BRIGHT Spots**

- **Bright people**
  - Best place to work (5th year!)
  - Opportunities
- **Bright processes**
  - Roadmap
  - Process maps
  - Member's patients focus!
- **Bright practices**
  - Community of practice (Premier Connect)
  - One platform for all
    - [www.premierinc.com](http://www.premierinc.com)
Quality & Safety – Premier’s “Niche”

Values driven
Engagement annually
• Utilized new source – why?
Reorganized “silos”
• Quality & Safety – Field
Goals set, aligned, incentivized
Vision for everyone
Performance management opportunity

Grow your PEOPLE

Boil the ocean
• Improve quality of care while lowering costs
• Ensure safer care for ALL patients

Steam a lake
• HACs & Readmissions (PFP)
• Domains (QUEST)
• Report families (Product, Spend, Clinical Outcomes)

Heat a pond
• Create clinical communities
• Create internal motivation for frontline staff
• Connect the heart mission

Shrink the Change!
Performance Management System Purpose

We use this framework to:
- Clarify responsibilities, establish priorities and better understand our working relationships with clients and peers in the company
- Provide a set of benchmarks for assessing strengths and future needs in the development assessment process
- Look ahead and begin to prepare for future roles and responsibilities
- Understand the roles and responsibilities of other colleagues

Talent Review Profile – Nancy Nurse

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Performance (#1 &amp; #2)</th>
<th>Behavior (#3 – #9)</th>
<th>Total YE Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.0</td>
<td>3.6</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Talent Pipeline

- Title: Senior Perf. Partner
- Tenure: 1.39
- Last Promotion: Hire
- Years in Role: 1.39
- Anticipated Promotion: [blank]

Overview

- Outcomes leader
- Promotes stories for CE
- Key customer names
- Added 5 new members mid project

Key Accounts/Projects

- Outcomes leader
- Promotes stories for CE
- Key customer names
- Added 5 new members mid project

Key Metrics

- Utilization: 113%
- Customer Sat: 4.66 / 5.0 94%
- Outcomes: HAC Success: VAP-4e, 4d, 4c, 4b, 4a
- Readmission: VTE6, SSI, OB1, OB2, OB3, Injuries, CLABSI
- HAC Opportunities: ADE, PU
- Budget Adherence: 97%

Key Improvements for FY14

- Drive for results
- Engagement, relationship building
- Focus on members needs, customize approach

Key Strengths to Continue for FY14

- Drive for results
- Engagement, relationship building
- Focus on members needs, customize approach

Single FY14 Developmental Action/Activity – Required for “Grow” Employees

- Training in QA; interest in CPP

Performance Management Plan

- [Table and diagram of performance management plan]
More than strategy
- Intellectual and business engagement FROM members
- Quality is measured
- Finance is impacted
- Member input at all levels is unique
  - Board, Workgroups, Focus sessions, Feedback streams

Destination for our members is to be successful in Value Based Purchasing, Reform
- Advisory group in DC

Knowledge alone does not change behavior
- Next slide
Why Innovate? - Value Based Purchasing Across Silos

**Payment models**

- Physician
- Outpatient hospital and ASCs
- Inpatient acute care
- Long term acute care
- Inpatient rehab
- SNF's
- Home health care

**Track One**

- Accountable Care Organizations
  - PAC Episode Billing
  - Acute Care Bundling

**Track Two**

- Medical Home

Premier’s collaborative methodology

- **ACCELERATING IMPROVEMENT**
  - Measure with defined metrics
  - Report transparently
  - Share best practices
  - Execute collaboratively

Sustained improvement over time

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5 (Q2 2012)</th>
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<tbody>
<tr>
<td>Hosp deaths avoided</td>
<td>6,951</td>
<td>21,099</td>
<td>42,388</td>
<td>72,353</td>
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<tr>
<td>Dollars saved</td>
<td>$683M</td>
<td>$2.12B</td>
<td>$4.55B</td>
<td>$7.53B</td>
</tr>
<tr>
<td>Patients receiving all EBC</td>
<td>9,427</td>
<td>24,091</td>
<td>42,878</td>
<td>66,531</td>
</tr>
</tbody>
</table>

If all hospitals nationwide were able to achieve these results, within five years we could:

- Avoid approximately 950,000 deaths
- Provide evidence-based care to an additional 1 million patients
- Save about $93 billion
A higher proportion of QUEST members are earning back more than they contribute to the inpatient VBP program compared to the nation (54% compared to 46%).

**QUEST 3.0: January 1, 2014 Start**

**Partnership for Patients – Measure of Success**

Percentage Change in Premier HEN CY 2012, January through September 2013*

* VAP3 includes only CY2012; VAE started reporting 4/2013
Impact on Patients and Communities – (if membership stays on same course)

- Fewer Adverse Drug Events: 2228
- Fewer Catheter Associated Urinary Tract Infections: 1359
- Fewer Central Line Associated Blood Stream Infections: 514
- Fewer Falls with Injury: 1134
- Fewer Patients with Potentially Preventable Venous Thromboembolism: 162
- Fewer Obstetrical Tracheal Intubation During Delivery: 2203
- Fewer Surgical Site Infections: 2074
- Fewer Patients with Ventilator Associated Pneumonia: 450
- Fewer Patients Readmitted to Hospital: 68839
- Fewer Serious Pressure Ulcers: 580

**TOTAL: 12,309 FEWER people will be harmed & 82,000 FEWER people will be readmitted

**450 Fewer VAP not shown – measure changed

SAFETY Starts with the PATIENT Being Informed!

Who cares about MY safety the very most? ME!!!!

We’d Rather Be SAFE than SORRY!

You Won’t “Bother” Us!

What if you are wrong?.... An assessment will be done

What if you are right?.... A LIFE may be saved!

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How to STAY on Track with Innovation?

- Ability to change on a "dime"
- Example: Site visits -> Focused site visits
- Example: New "asks", new measures in Option Year 1
- Public company - shareholders

Build Habits – When behavior is habitual, it doesn't tax the stakeholders

- Same as hard wired processes?
- Same as alignment with strategic goals and daily work
- Instead of a "project", this is the way we do business!

Rally the Herd – Spreading behavior and ideas

How Does Premier Continue Innovation?

- Conduct an Innovation celebration every year
- Go to this website and see videos of every supplier innovation 2013
- https://www.premierinc.com/about/events-education/breakthroughs/2013/supplier/innovation-celebration.jsp
“I really think that what is unique and innovative is that we “own” the results of our customers. Because all of our employees are incented and paid to drive improved and measurable outcomes for our members (Quality and Cost goals on corporate grid), we are aligned and accountable for their results (which we do not directly control). I think both our economic business model with our owners (where they own 80% of the company, they co-develop solutions with us) and then our operating model, where we own their results is really innovative.”

From our CEO

Jan Englert, RN
Principal Quality and Safety
662.231.3311
Jan_englert@premierinc.com
www.premierinc.com

THANK YOU
Top Three Opportunities: ‘12-Steps’ in the Relentless Pursuit of Excellence

NMMC – Tupelo – 3 North
1) Explanations of what happens during tests and tx
2) Staff addresses emotional needs
3) Response to complaints/concerns