



MERCY HEALTH

Trends in West Michigan Healthcare Mercy Health Saint Mary's

Bill Manns

President

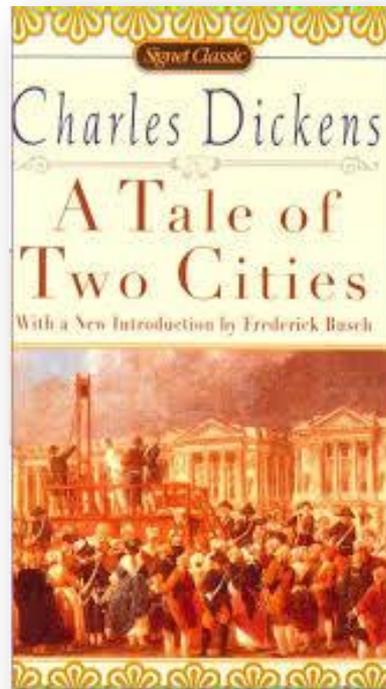
Mercy Health Saint Mary's





Being a healthcare executive is like..

It was the best
of times and...



it was the worst of
times.

The Best of Times

- Medical Technology in West Michigan...amazing
 - da Vinci Robotic Surgery
 - 3 Tesla MRI's
 - 64 and 128 Slice CTs
 - Construction and renovation of facilities
 - Cyberknife...coming soon

...and the worst of times

- Healthcare spending out of control
- Extended Governmental deadlock
 - IT Glitches with Healthcare.gov
- Growing Health Insurance Deductibles
- Changing reimbursement

Why is Obamacare running into Roadblocks?

Machiavelli



Founder of
Political
Science
and more
importantly
Political
Ethics

Why is Healthcare Reform so hard?

“Because the innovator makes enemies of all those who have done well under the old conditions, and lukewarm defenders of those who may do well under the new. This coolness arises partly from fear of the opponents, who have the laws on their side, and partly from the incredulity of men. Men (or women) do not readily believe in new things until they have had a long experience of them”.

Changing the Healthcare Business Model

- Healthcare is facing a classic “Curve One / Curve Two” shift in business models. Moving too early, or too late, has its own risks and rewards.

Curve One: Fee for Service

- Volume-driven
- Maximize unit price / volume
- Little reward for quality
- No incentives for coordination of care
- Regulatory disincentives to collaboration

Curve Two: Population Health

- Return to “managed” care
- Return of the “narrow network”
- Reward lower cost / higher quality
- Incentives to reduce utilization
- Coordination of care
- Lines blurred between payers and providers

Source: Complements to Ian Morrison, [The Second Curve: Managing the Velocity of Change](#); 1996. For a contemporary application of Morrison’s thinking to today’s healthcare world, see: <http://ianmorrison.com/305/>

What's wrong with the Healthcare Model?

“If we did it right, we would need:

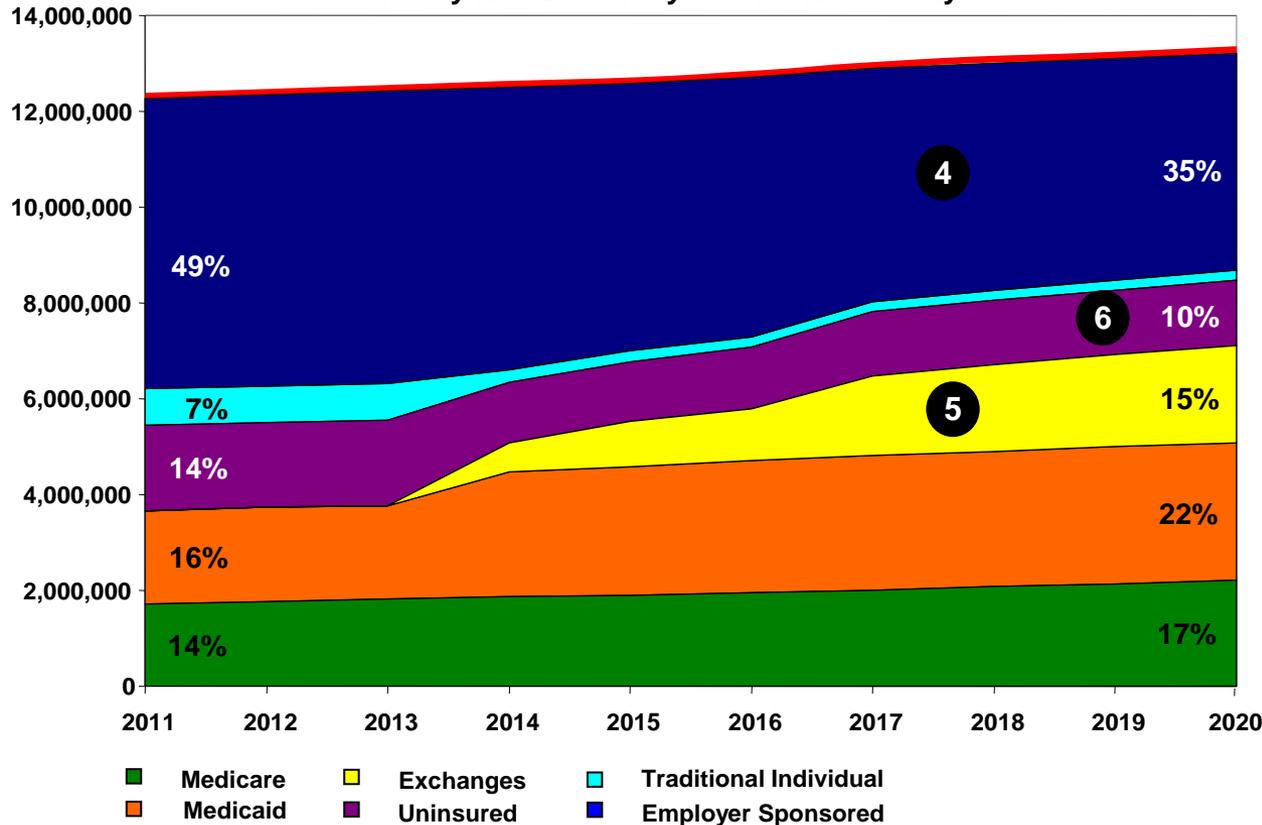
- Half the number of physicians
- twice the number of RNs
- and fewer beds”.

Dr. Jeffrey Brenner

Health Insurance Exchanges: Some Employers May Cease Providing Health Coverage to Employees

The creation of the health insurance exchanges may cause employers to re-think their decisions to offer health insurance to their employees, especially employers with a high proportion of employees with incomes that qualify for federal subsidies.

**Population Distribution by Insurance Type
Trinity Health Primary Service Areas Only**



- 4** Environment of sustained financial stress combined with the formation of health insurance exchanges as an alternative for employees to obtain insurance coverage will likely cause some employers to stop offering health insurance coverage.
- 5** Should employers drop coverage, Exchanges may grow more aggressively than originally projected.
- 6** Reduction of the uninsured population may be impacted adversely if a significant percentage of employers cease providing health coverage to employees.

The World around us is changing...rapidly

Health Care Reform

- New Payment Models
 - “Assigned Lives”
- Physicians
 - Struggle for profitability
- Demographic Trends
 - Aging population
 - Rise in chronic diseases

Consumerism

- Savvy “Buyer”
 - Value
 - Price
 - Quality
 - Service
- iHealth
 - Apps

My Observations

- Experience in California
 - Access
 - “New” Medicaid
 - Marketing
- Challenges
 - Redesign care coordination and **access** across **key service** lines to grow and better serve patients within our system of care
- Accountability
 - Doing what we say we’re going to do

Remember

“Complaining is not a strategy”

Jeff Bezos, CEO Amazon

“Hope is not a plan”

Bill Manns, President Mercy Health Saint Mary's