How to Align Your Laboratory Value Proposition to Support the Triple Aim of Healthcare Reform

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Executive War College
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Presentation Overview

- Arizona Integrated Laboratory Network
- Transforming Laboratory Value
- Using Big Data to Drive Healthcare Decisions
- Positioning Labs for the Future
- LSA/SQL Strategy
Arizona Integrated Laboratory Network

**Laboratory Sciences of Arizona, LLC**
Sonora Quest Laboratories, LLC
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President/CEO

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**BANNER HEALTH HOSPITAL LABS**
1,300 Employees

**AZ EAST REGION [beds]**
- Banner Baywood Medical Center [388]
- Banner Desert Medical Center [549]
- Cardon Children's Medical Center [206]
- Banner Gateway Medical Center [176]
- Banner MD Anderson Cancer Center
- Banner Heart Hospital [111]
- Banner Ironwood Medical Center [53]
- Banner Goldfield Medical Center [30]
- Banner Casa Grande Medical Center [177]
- Banner Payson Medical Center [44]

**AZ WEST REGION [beds]**
- Banner Boswell Medical Center [501]
- Banner Del Webb Medical Center [404]
- Banner Estrella Medical Center [214]
- Banner Thunderbird Medical Center [561]

**UNIVERSITY MEDICINE [beds]**
- Banner-University Medical Center Phoenix [733]
- Banner-University Medical Center Tucson [479]
- Banner-University Medical Center South [245]
- University of Az Cancer Center
- University of Az Cancer Center at Orange Grove
- Banner Health Page Hospital [25]

**SONORA QUEST LABORATORIES**
1,880 Employees

**SQL of Flagstaff**
**SQL of Tucson**
**SQL of Yuma**
**SQL of Prescott**
**SQL - Peoria Lab**
70 Patient Service Centers (Statewide)

**HDL - CIGNA Laboratory**

**Medical Directorship & Professional Services**

**Pathology Specialists of Arizona**
65 Pathologists/2 PhDs

**Clin-Path Associates, PLC**
Phoenix Pathologists, Ltd.
Tucson Pathology Associates, PC
Pathology Services, PC
Sun City Pathologists, PLC

**Pending**
Banner-University Medical Center Pathologists (26)
LSA/SQL Integrated Laboratory Network

Laboratory Sciences of Arizona (LSA) is a wholly owned limited liability company of Banner Health and has management oversight of the integrated laboratory network.

Sonora Quest Laboratories (SQL) is a joint venture formed in 1997 between Banner Health, the largest healthcare system in Arizona, and Quest Diagnostics, a Fortune 400 company.

SQL is the largest clinical laboratory in Arizona with more than 1,880 employees statewide.

Our integrated laboratory network with LSA has more than 3,100 employees.

Laboratory services span the entire continuum of care:
- Inpatient, Outpatient, Outreach, Direct to Consumer
LSA/SQL Integrated Laboratory Network

- SQL performs >1,000 different clinical and anatomic diagnostic tests
- SQL services >6,000 clients including physician practices, hospitals, long-term care facilities, and patients in Arizona
- SQL serves more than 23,000 patients every day throughout Arizona
- SQL will perform >57 million diagnostic tests in 2016
- LSA manages all of the hospital laboratories for Banner Health in Arizona, performing >10 million tests for patients in an acute care setting
Transforming Laboratory Value
# Forces at Work in the Industry

## Utilization
- Preventative Care Wellness
- Population Health and Coordinated Care
- Chronic Disease Management
- Higher Premiums
- High Deductibles
- Narrow Networks
- Consumer Engagement

## Reimbursement
- Government and Commercial Reimbursement Pressure
- PAMA and CLFS
- Shifting from Volume & FFS to Bundled Payments
- Growth in Health Insurance Exchanges and Medicaid

## Stakeholder Dynamics
- ACA mandated benefit changes & cost shifting
- Pricing Transparency
- Hospital Consolidations
- Payer Consolidations
- New Models/ACO
- Emerging Consumer Models

## Technology Evolution
- Precision Medicine
- Advances in Genomics
- Clinical Decision Support
- Population Health
- Bring Your Own Device
- Data Analytics
- Robust HIE
## Forces at Work in Arizona

### Legislation
- HB 2645 passed July 2015 enabling patients to order any lab test without a physician order
- Forced disruption to the traditional physician/patient relationship
- Created numerous opportunities for us to re-evaluate and re-energize our strategies

### Market Disruption
- Development of Direct Access Testing allowing patients to proactively manage their health
- Maintain physician/patient relationship, balance with consumerism
- Increase pricing transparency with Direct to Consumer test menu

### Hybrid Retail Model
- Development of a new hybrid retail model
- Partnership with Safeway Wellness Centers
- Improving on Customer Experience in traditional Patient Service Center
- Both a growth and PSC ‘migration’ model

### Shifting Players
- Hospital systems transitioning from acute care systems to ‘population health management companies’
- Hospital systems acquiring other hospitals and physician practices
- Continued payer mergers and acquisitions, further narrowing the network
Our Focus

Provide Superior Customer Experience

- Building capabilities to support the Triple Aim
- Focus on improvement of processes and customer experience

Engage Patients and Clients

- Achieve patient-centric foundation to support and engage patients and clients
- Pursue new partnerships and alliances
- Conduct extensive VOC research and analysis

Pursue Business Excellence

- Challenge existing processes as downward pressure on revenue continues
- Systematically control and reduce operating costs by focusing on business efficiencies and process improvement
- Create a culture of innovation and use data to improve Business Process Management
We Are Building A Patient-Centric Foundation

Strive to consolidate, coordinate, and exchange medical data across systems to enable clinicians and other entities throughout the continuum of care to have a complete view of each patient record.

Ensure workflows and processes have an individual patient context or focus utilizing all available patient information.

Ensure our IT platforms support Patient Centricity, Population Health, Coordinated Care, Real Time Data Analytics, and Health Information Exchange.
Our IT Partners
SonoraQuest.com Patient Portal

Appointment Scheduling, Bill-Pay, Results Access and More – Optimized for Mobile Devices

Patient Services

Sonora Quest Laboratories is dedicated to providing our customers with leading-edge technology in the field of laboratory medicine. We also strive to provide convenient, quick, and professional service to you, help you understand your laboratory results, and much more. We hope that you find the information on this page useful and helpful and welcome your comments as to how we can better serve you. Because you expect the best, remember to choose Sonora Quest Laboratories for all your laboratory testing needs.

Contracted Health Plans

Discounted Pay at Time of Service Rates
Get Your Results
Laboratory Reference Materials
My Lab ReQuest - Patient Ordered Lab Tests
Patient Online Bill Pay
Preparing for a Test
Talking to Your Doctor
Update Insurance Information
Web Site Help

Locations & Appointment Scheduling

Find a Patient Service Center near you and schedule, modify or cancel appointments.

Find a Location & Schedule an Appointment

Contracted Health Plans

We are contracted with all major health plans in Arizona and will gladly submit claims on your behalf to any of the contracted health plans that we work with.

View our Contracted Health Plans

Get Your Results

There are a number of options for you to get your test results directly from us.

Obtain your laboratory test results

My Lab ReQuest™

Arizona law now allows you to order lab tests without a doctor’s order.

Learn more about My Lab ReQuest™
Using Big Data to Drive Healthcare Decisions
Our Analytics Journey

- **Laboratory Testing:** Essential for Management of Chronic Disease and Risk Assessments
- **Interoperability:** Shifting Our Focus to a Diagnostic Information Business
- **Discrete Data Delivery to EMRs, HIEs & Repositories**
- **Support Population Health Management and Coordinated Care**
- **Development of Dynamic Data Analytics Platform & Business Intelligence**
- **Implementation of Patient-Centric Information Technology Platforms and EMPI**
- **Merge Behavioral Health and Physical Health Information Exchange**
- **Support the Longitudinal Patient Health Record**
- **Data Follows Patients to Point of Care**
Actionable Insights Management (AIM) Report for Diabetes Management

- Practice Management and Patient-Centric reporting capabilities
- Flexibility to capture physician groups, attributed ACO lives, or eligible health plan participants
- Delivery of reporting in near real-time to prompt timely action and track progress

Payer Mix

Patient A1c Testing Compliance

Historical A1c and LDL Trends

Physician Benchmarking and Performance

Diabetic Population by A1c Results
Closing Clinical Gaps in Care: A Case Study

Healthcare Plan approached SQL to assist them with improving Case Management of Hepatitis C patients

SQL developed information exchange protocol to identify affected patients and track progress against testing program using our EMPI

Healthcare Plan now able to easily monitor and intervene when needed on patients in testing program

Improved patients’ Sustained Virologic Response (SVR), or CURE, at 12 weeks by 61.5% and at 24 weeks by 26%

Economic benefit when compared to end stage HCV, liver cancer, liver failure, and catastrophic measures
Consumer Engagement
Consumer Engagement & Retail

• **My Lab ReQuest™** - Direct to Consumer Testing

![My Lab ReQuest logo](image)

• **Safeway Wellness Centers Partnership** - Retail Based – Growth & Migration Strategy

![Safeway logo](image)
Direct to Consumer

- Provide accurate, reliable, wellness-based actionable information directly to consumers
Patient Testimonials

Ron from Phoenix, AZ
"Hi. I went to the 12th avenue center. The service was great. I have Leukemia and I will be doing monthly tests to stay on top of my numbers. I requested a CBC and I see my oncologist next week when I will share my numbers with him. Thank you."

Anne from Tucson, AZ
What encouraged you to order your own lab test?
“I didn't want to go back to the doctor to order a simple cholesterol/glucose test to see if the medication I'm on is having an effect. That saved me about $150 plus the time. I just faxed the results over, and talked with her on the phone.”

Janie from Scottsdale, AZ
What encouraged you to order your own lab test?
“General health assessment in preparation to visit new physician and to check thyroid.”
Retail Based Service

- Expand our patient & consumer access points, whether it is a traditional physician ordered test or Direct to Consumer testing
- Both a growth and migration strategy
Patient Testimonials

Anonymous from Phoenix, AZ

My review is of your location that’s inside of Safeway @ 3132 E Camelback. My experience this morning with the office person was amazing!! She’s warm, knowledgeable, caring, considerate, and has the most amazing technique. She was so painless, I didn’t know she had finished taking my blood.

If you are in the area and need comic relief and a gentle touch, stop by Safeway. Sonora Quest really has a gem at that location.

Unknown from Phoenix, AZ (call received by our Billing Department)

… a patient called very excited we opened the PSC at the Safeway at 32nd St and Camelback, is in her neighborhood and makes getting her lab work more convenient for her. She wanted to let someone here know!
Positioning Labs for the Future
Precision Medicine

Precision/Personalized Medicine is most often associated with patients who have cancer, although it is much more broad spectrum than that.

**Advantages:**
- Allows physicians to tailor treatments based on patient’s genetics and tumor composition/mutation
- Targeted drugs are more effective with fewer side effects

**Precision Medicine must overcome the following challenges:**
- Health insurers are still largely in the “one size fits all” treatment and payment mode
- Testing continues to be quite expensive, but it’s coming down
- Reimbursement; what’s the price point versus patient outcome?
- Genomics data and clinical data need to be integrated
- Precision medicine needs to link with population health medicine and coordinated care going forward to maximize effectiveness
## ACO Key Learnings

- Many ACOs are still in shared savings programs and have yet to assume risk; any lab can participate on a FFS basis.

- Once they prove that they can improve patient outcomes and reduce cost, they begin to accept risk; they will now typically narrow the network of labs.

- As the ACO transitions to full risk on a PMPY plan basis, the ACO will likely choose one lab as primary; significant upside potential if your lab is the ACO lab, significant client attrition risk if your lab is not the ACO primary lab.

- As the ACO transitions to full risk for certain plans, it will likely request or require the ACO lab to transition from FFS to bundled payment for each plan, recognizing that each plan has different levels of risk and utilization.
ACO Key Learnings

The ACO data load into the population health software is typically 4-12 weeks behind real time.

ACOs need *data analytics in real time*, delivered to care coordinators to make it actionable, and this data supports their key metrics for CMS.

Ultimately, data must follow the patient to the point of care to support CMS’ vision of the Triple Aim of Healthcare.
LSA/SQL Strategy
2016 Strategic Goals

**QUALITY**
Meet/Exceed Compliance and Regulatory Requirements
Improve Process Performance through Standardization, LEAN, and Six Sigma

**INNOVATION**
Utilize Data to Improve Business Process Management (BPM)
Execute Business Excellence Strategy

**OUR EMPLOYEES**
Respect, Develop, and Challenge Our People
Ensure a Safe Work Environment

**OUR CUSTOMERS**
Achieve World Class Patient and Customer Experience
Engage Patients and Customers to Improve Health Outcomes

**GROWTH**
Execute SQL Commercial Strategy
Achieve Financial Targets