

2018 Mid-Year NCHA Member Value Report



Celebrating a Century of Service ▶

Uniting Hospitals, Health Systems and Care Providers for Healthier Communities.

This year NCHA celebrates a century of serving North Carolina's hospitals and health systems. One hundred years ago, our association formed to share ideas, help one another, and in doing this, achieve unity — for the privilege of improving the lives of our patients and communities. Our new name, the North Carolina Healthcare Association, reflects where our membership is today and positions us for a future in which the full spectrum of healthcare — medical, behavioral, socioeconomic and beyond — is coordinated and integrated to improve overall health. I'm pleased to bring you up to speed on the work we are doing together in this direction because there's lots of good news to share. **Your participation is key to our success.** Thank you for your continued support and engagement. — **Steve Lawler, NCHA President**

Advocating Together ▶

The fast-paced legislative short session focused primarily on updating the budget. **We successfully achieved our top priority — passage of comprehensive reform of the state's Involuntary Commitment Law.** The reforms in SB 630, *Revise IVC Laws to Improve Behavioral Health*, were developed with the input of statewide multi-sector behavioral health workgroups convened over a two-year period by NCHA. This comprehensive bill is a first step toward reforming the behavioral health system. We will continue to work with members and state partners to better serve North Carolinians with behavioral health conditions.

Our legislative success was a direct result of member interaction with lawmakers throughout the session, beginning with a behavioral health panel featuring the sponsors of SB 630 at NCHA's Winter Meeting. NCHA also coordinated with members to bring care providers — physicians, nurses, and others — to visit the General Assembly during scheduled theme weeks, including NCHA Behavioral Health Advocacy Week where our message of *Right Care, Right Place* was heard.

Protecting access to care also has been a priority. NCHA coordinated two rural hospital meetings with the General Assembly's Access to Healthcare in Rural NC Committee to share the unique challenges and opportunities in rural healthcare delivery. We've continued to share the economic benefits of hospitals and health systems through five presentations across the state. NCHA also participated in four Healthcare Leadership Listening Sessions, organized in partnership with Care4Carolina, NC Child and NC Rural Center, to discuss regional challenges around access to affordable insurance coverage.



Wake Forest Baptist Health pediatric residents visit with Rep. Evelyn Terry during the Health of Tomorrow theme week.



A nurse from FirstHealth Moore Regional checks Rep. Jamie Boles's blood pressure (Left). A nurse from Johnston Health checks Sen. Brent Jackson.



Legislators experience rural healthcare delivery during a visit at Rutherford Regional Health System, a Duke LifePoint Hospital.

With election season around the corner, the HOSPAC Campaign has raised \$128,926 so far or 64% percent of our \$200,000 goal. This spring, **NCHA was named to the American Hospital Association's Hall of Fame** for meeting our PAC goal for 25 consecutive years.

Engaging Members in Policy Development ▶

NCHA held inaugural meetings of three regional policy councils to **gather diverse perspectives** from members on two priority issues — workforce and telehealth. More than 70 member representatives have participated, supporting our goals of widening input in the policy process and providing leadership development opportunities for members.

NCHA also has **engaged members and other key partners in issue-specific policy workgroups** on telehealth, the 340B drug discount program, Certificate of Need, data, and behavioral health.

With the help of 340B workgroup members, NCHA is responding to increased Congressional scrutiny by



The inaugural regional policy development councils kicked off with the western region meeting in Asheville.

developing a standardized tool to report savings and programming, and to develop advocacy materials to educate and inform lawmakers.

The expanded member input will help inform the work of NCHA's Policy Development Committee.

Preserving the Healthcare Safety Net ▶

NCHA continues to engage with State leaders on Medicaid reform. We've filed numerous comment letters on network adequacy, credentialing and related managed care issues, served on committees preparing for reform, and worked with the Legislature to **enact protections for providers** in dealing with Medicaid managed care plans.

The 2018 Medicaid Reimbursement Initiative/Gap Assessment Program resulted in approximately **\$783 million** for the first three quarters (**of a total annual \$1.044 billion**) in net Medicaid revenues to hospitals to offset Medicaid and uninsured losses. The MRI/GAP Technical Advisory Committee continues to work with the State to ensure these funds are preserved during the transition to Medicaid managed care.

\$783 Million
MRI/GAP Funds

NCHA and its vital member workgroups continually work to resolve billing, claims, reimbursement, compliance, network adequacy, assignment of benefits, tiering products, and enrollment issues with Medicaid, Medicare, Veterans Affairs, Military, State Health Plan, and commercial health insurance.



NCHA President Steve Lawler (Left) at the launch of the ED Peer Support Program with Dr. Archana Kumar, medical director for Cone Health's Behavioral Medicine Service Line, Debbie Cunningham, president of Cone Health's Behavioral Health Services, and Mark Benton, deputy secretary for Health Services at the NC Department of Health and Human Services.

◀ Improving the Health of Our Communities

NCHA is restructuring the North Carolina Hospital Foundation with a new Board of Directors and **enhanced relationships with essential partners**. The Foundation will be focused on supporting NCHA and its members in health improvement work. Projects already underway include:

ED Peer Support Program: In partnership with the NC Department of Health and Human Services, NCHA is supporting the spread of an innovative program started at Wake Forest Baptist Medical Center to **combat the growing opioid crisis**. Six North Carolina hospitals and health systems have received grant funding to embed trained peer support specialists in their emergency departments to connect patients presenting with opioid overdose to treatment, recovery, and harm reduction supports.

Improving the Health of Our Communities ▶ (continued)

Opioid Initiative: NCHA worked with the NC Division of Public Health to create a **healthcare worker diversion toolkit for providers** that will be launched later this summer. In May 2018, an article on the state of health systems in their fight against the opioid epidemic was published in the *NC Medical Journal*.

Mobile Medication Program: The NC Mobile Medication Program (MMP), serving adults with severe psychiatric illness in Nash and Vance counties, has served over 350 clients with **home visiting medication support, education, and skill-building**. Because of its success, MMP has been replicated in Wake, Macon, and Transylvania counties.

Equity of Care: To **accelerate the progress of eliminating health disparities**, the NCHA Board has encouraged members to join the American Hospital Association's #123forEquity pledge campaign. To date, 58 NCHA health systems have signed the pledge. In addition, NCHA has committed to support members in addressing diversity and equity issues. We convened our first Diversity Leaders Meeting in April to learn about the innovative ways members are positively transforming their organizational culture through the diversity and inclusion of different groups.



NCHA held a Diversity Workshop April 9 with Atrium Health in Kannapolis.

The Quality Center Patient Safety Organization: For more than a decade, The Quality Center Patient Safety Organization (PSO) has supported our members in **establishing a strong safety culture and improving systems of care**. This year our PSO has transitioned to a subscription model. There are currently 42 organizations committed to voluntarily report, discuss and learn from patient safety events in a protected collaborative environment.

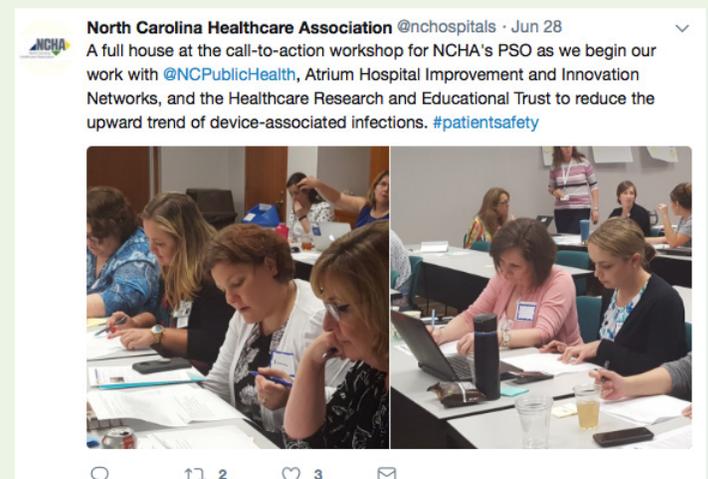
CAH and Small/Rural Improvement Collaboratives: Eighteen critical access hospitals are participating in a four-year quality improvement collaborative to **improve reporting and performance of quality measures** and create a network to share best practices. Twenty-six hospitals are participating in the Small Rural Hospital Improvement Program (SHIP), which provides funds to assist hospitals participating in improvements in value and quality of health care.

Pneumonia Knockout Campaign: Ninety-four member hospitals have signed on to this Board-endorsed initiative to **reduce 30-day pneumonia mortality and readmissions across the state**. NCHA has performed root cause analysis with members and is currently developing a pilot with Clarify Health to examine care transition patterns specific to high-risk pneumonia patients. In addition to our work with member hospitals and health systems, we are partnering with 18 Federally Qualified Health Centers to improve pneumococcal vaccination rates in 13 targeted counties.



Best practices for clinical documentation were shared at NCHA's Pneumonia Knockout Workshop in Wilmington.

ICU Safety Program to Prevent CLABSI and CAUTI: NCHA, in partnership with the NC Division of Public Health, has begun working with members to **address an upward trend** in Central Line Associated Blood Stream Infections (CLABSI) and Catheter Associated Urinary Tract Infections (CAUTI) in acute care ICUs. The year-long ICU Safety Program is in collaboration with the Agency for Healthcare Research and Quality and the Health Research and Educational Trust. Recruitment is underway for this improvement cohort.



Strengthening Member Services and Operations ►

NCHA successfully unveiled a new NCHA.org website in February in conjunction with our rebranding. The website is **designed to be user-friendly, highlight our members and partners**, and provide easy access to information, events, and resources. To date, we have garnered 64,401 unique page views on the website, averaging 12,879 views each month. We also launched a new Association Management Software (AMS) to better track member demographics, engagement, and more.

NCHA ended the first quarter of 2018 in a strong financial position. The Board has approved our 2017 audit results and all reports received an unmodified/clean opinion. Our most recent Member Survey showed improvement both in NCHA's performance and value of membership since the last survey in 2016. **Members have ranked NCHA above 8.0 on a 10-point scale**, an important benchmark for hospital associations.



NCHA unveiled its new name and website at NCHA's 2018 Winter Membership Meeting in February.

Member Survey Says...

8.34

1 2 3 4 5 6 7 8 9 10
Performance & Value of Membership Ranking

NCHA Education Highlights ►



4.75

Average Evaluation
Score (out of 5)
NCHA Meetings &
Webinars



122.25

Continuing education
credit hours
so far in 2018



Most Popular Webinar

New CMS Hospital
Conditions of
Participation (CoPs)
on Radiology and
Nuclear Medicine

Providing Innovative Solutions that Save Time and Money ►

NCHA Strategic Partners is committed to being the first resource healthcare providers turn to for access to workable, cost-effective solutions. In keeping with NCHA's new brand, **NCHA Strategic Partners is expanding participation opportunities in shared services offerings beyond NCHA membership** to include select allied healthcare provider organizations. In July, we added the Association for Home and Hospice Care of North Carolina and its 750 provider members to our network.



All business partners undergo a strategic vetting process to ensure they provide the right products and services you need to respond to the changing healthcare landscape. Based on this process, candidates are evaluated for their potential as endorsed business partners, affiliate companies, or as corporate sponsors. In 2017, we screened 32 companies through our Solution Station process; nine joined the affiliate program and eight became sponsors.

Strategic Partners Revenue ►

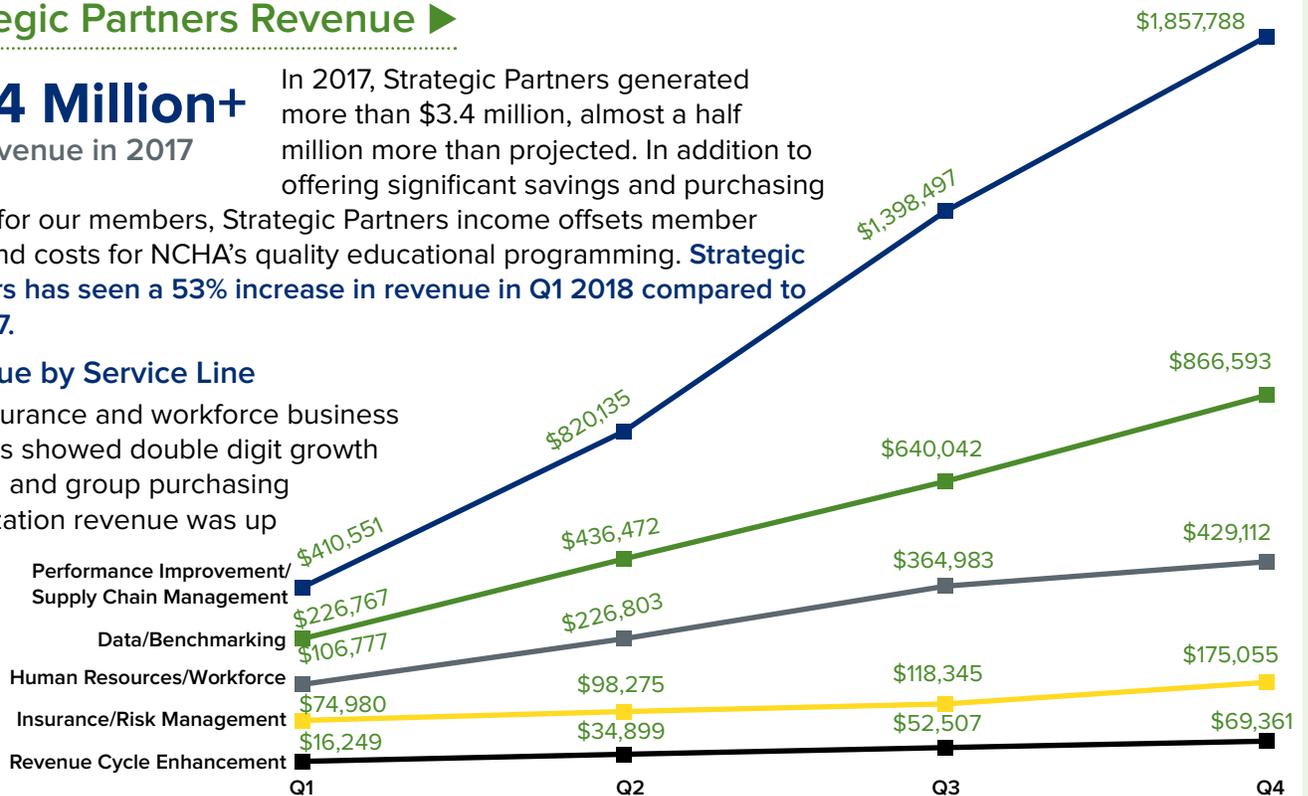
\$3.4 Million+
Revenue in 2017

In 2017, Strategic Partners generated more than \$3.4 million, almost a half million more than projected. In addition to offering significant savings and purchasing

power for our members, Strategic Partners income offsets member dues and costs for NCHA's quality educational programming. **Strategic Partners has seen a 53% increase in revenue in Q1 2018 compared to Q1 2017.**

Revenue by Service Line

Our insurance and workforce business partners showed double digit growth in 2017, and group purchasing organization revenue was up 25%.



NCHA Strategic Partners By the Numbers

	2017	2018
Number of Strategic Partners	18	17
Number of Affiliate Companies	8	10
Number of Corporate Sponsors	83	89

2017 Member Participation per NCHA Strategic Partner

Qualivis	29
Arthur J. Gallagher	27
Staff Care	15
Verge	10
Commerce Bank	7
Merritt Hawkins	6
SunRx	3

NOTE: Participation numbers for GPO or data programs not available.

2017 Highlights from NCHA's Business Partners ►

Commerce Bank — Commerce Bank helps simplify revenue, improve financial efficiency and reduce expenses. In 2017, Commerce Bank processed more than \$132 million in electronic payments combined for all participating NCHA member hospitals, representing approximately \$2 million in new bottom-line profit for participants. In addition, electronic payments saved members more than \$1 million in check writing costs.

G4S — G4S provides safe, secure transportation and guardianship of behavioral health patients. Since 2016, G4S has provided 41,000 transports, and driven 3.9 million miles in North Carolina.

IBM Watson Health — IBM Watson Health delivers unbiased information, analytic tools and benchmarks services. Currently, they are working with an academic medical center and a free-standing community hospital in NC on a new bundled payment model that will test bundled payments for 32 clinical episodes, including 29 inpatient episodes and three outpatient episodes.

Marsh & McLennan Agency — Marsh & McLennan is an insurance consulting firm that partners with healthcare organizations to tailor risk management programs for their specific business model. A new RxSolutions model, designed to manage pharmacy benefit costs, was launched this year and is already reaping rewards for two NCHA members. An independent health system saw first quarter savings of 9%, with annualized savings projected at more than \$207,000. A large health system in our state estimates its annual savings will be just under \$500,000.

Merritt Hawkins — Merritt Hawkins is the nation's premier permanent physician search and consulting firm. In 2017, Merritt Hawkins placed 30 physicians in NC, with an average anticipated inpatient revenue of \$1,560,688 per physician. Collectively, the physicians placed in NC last year generated roughly \$46.8 million in inpatient revenue for NC hospitals. In addition, each physician recruited contributes, on average, \$2.2 million a year to their local economy. On the whole, the physicians Merritt Hawkins recruited to NC in 2017 will make a net contribution of \$66 million to the local economy this year.

NC MedAssist — NC MedAssist is a non-profit pharmacy that provides free prescription medicines to low-income, uninsured North Carolinians. In 2017, NC MedAssist filled 134,827 prescriptions (up 7.3% since 2016); served 15,565 free pharmacy patients (up 9.4%); served 21,819 people served by Mobile Free Pharmacy (up 10.5%); and served 603 seniors (up 26.7%).

NCHA Workers' Compensation Fund/Gallagher — NCHA partners with Arthur J. Gallagher & Co. and Allied Claims Administration to offer workers' compensation coverage and management services. The NCHA Workers'

Compensation Fund continues to perform favorably, both in financial terms as well as operations. This year's distributions to members will be more than \$2 million. The Fund is also pleased to announce 100% renewal retention this year.

PatientPing — PatientPing, a health technology company, is building a national community of engaged providers who are sharing information, coordinating care, and working together to get patients healthier faster. In 2017, PatientPing worked with 20 hospitals and 40 post-acute sites. By June 2018, the number has grown to 49 hospitals and more than 180 post-acute sites.

Qualivis — Qualivis meets the clinical and non-clinical workforce needs of nearly 400 healthcare facilities through partnerships with 13 state hospital associations. In 2017, Qualivis made 7,000 staff placements and filled 53 types of positions. In addition to supplemental staffing, Qualivis announced a major expansion in its scope of services in 2018 to include permanent placement, per diem, temp-to-perm, interim executives, critical and rapid response, international and locum tenens.

Staff Care — Staff Care is the nation's leading locum tenens staffing firm. Staff Care physicians worked 8,640 days last year in NC. With an average of 20 patients per day, Staff Care physicians saw roughly 172,800 patients in 2017.

SUNRx — SUNRx is the industry innovator in managing 340B programs that expand access to affordable medications, provide financial benefits to hospitals and their uninsured patients, and meet the highest level of regulatory compliance. One NC hospital's program generated more than \$700,000 in 2017 and should top \$950,000 in 2018, a 23% increase in year-over-year savings.

Verge Health — Verge Health provides software and services that empower healthcare organizations to proactively protect and defend patients, caregivers, and facilities against errors, adverse events, and policy violations for optimal quality and safety. Verge held its first annual North Carolina user group "MiniCon" in May. Atrium Health hosted the event with more than 60 attendees from five different systems across the state.

Vizient — Vizient, the largest member-driven health care performance improvement company in the country, provides innovative data-driven solutions, expertise and collaborative opportunities that lead to improved patient outcomes and lower costs. Its 3,100 members represent 50% of the nation's acute care hospitals. This year, Vizient has introduced a high-commitment "Achieve" program that focuses on select commodity and clinical preference items for members. This high value program has the potential for 6-12% savings.