

2019 Mid-Year NCHA Member Value Report

Making a Difference Together

Many of us have the good fortune to get together with family during the summer months. For our family, those reunions are an important time to catch up – to see how children have grown, joke about which of the aunts and uncles have the most gray hair, and to hear the latest family news. NCHA's annual summer meeting is our own reunion of sorts – to reflect on our shared history, welcome new additions to the family, and talk about our hopes for the future. This mid-year report provides snapshots and stories to accompany our conversations and bring you up to date on the objectives and goals we have set together. It is a reminder that, like a family, NCHA and our members share a common set of core values and are united in our commitment to our work and our communities. When tested by adversity, we rally together as a field and stand up for each other. That's what families are all about. That's something to celebrate. — **Steve Lawler, NCHA President**

Advocating as One in North Carolina and Washington, DC

NCHA continues to play a key role in advocating for members before elected officials. With your response to our calls to action, we have so far thwarted efforts to amend or repeal the Certificate of Need law, protecting access to care for all in our state. In addition, the House passed some of NCHA's key priority legislation, currently pending in the Senate:

HB 721, Increase Access to Telehealth Services, developed by the NCHA telehealth working group, and **HB 555, Modernize Medicaid Telemedicine Policies**, would establish telehealth payments in the Medicaid and State Health Plan programs and would require commercial insurers to cover telehealth services for those covered in person.

NCHA is strongly advocating for the passage of **HB 184, Study State Health Plan Design**. This bill would create a commission to study the design of the State Health Plan, offering an opportunity for an in-depth analysis to ensure future solvency of the Plan while simultaneously striving to improve the health of state employees and retirees. To help get this bill passed in the Senate, NCHA has launched a paid media campaign and activated members with an advocacy communications toolkit.

With the Governor's veto of the budget due to lack of Medicaid expansion, this long session is living up to its name. We must remain united in our efforts to protect access to health care and our ability to meet the needs of our patients and communities.



Dr. Mike Waldrum, NCHA Board Chair and CEO of Vidant Health, testified to House and Senate Health Committees in February on a value-based alternative to the proposed State Health Plan referenced-based pricing model.

Our presence in Washington DC is ongoing. Healthcare costs continue to be a top federal issue. NCHA is working with Senate leaders to delay the Disproportionate Share Hospital cuts while also developing a new methodology that only applies cuts in states that have benefited from Medicaid expansion.

A bipartisan federal bill, **Lower Health Care Costs Act of 2019**, has been gaining traction that focuses on ending “balanced” bills for out-of-network care. Key to the debate on balanced billing is NCHA's position that patients should be held harmless and not have to bear the burden of serving as an intermediary between health plans and providers.

The President has also weighed in on healthcare costs with an executive order calling for insurers, doctors and hospitals to be more transparent about healthcare costs. NCHA has held several staff level discussions on these issues with key committee members and also at the White House.

Advocacy Day with Independent Hospitals



HOSPAC Campaign Update

Healthcare issues remain at the forefront of the legislative debate. HOSPAC, the North Carolina Healthcare Association's political action committee, contributes to success in advocacy by building relationships between community hospitals and their elected officials. The 2019 HOSPAC Campaign has raised \$112,317 or 56 percent of our \$200,000 goal (as of July 12). Donations ensure a strong voice for hospitals and health systems when decisions are made that affect hospitals' ability to fulfill their mission.



Protecting the Healthcare Safety Net

\$848 Million
MRI/GAP Funds

The 2019 Medicaid Reimbursement Initiative/Gap Assessment Program (MRI/GAP) resulted in

approximately \$848 million for the first three quarters (of a total annual \$1.131 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.

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.

Engaging Members in Policy Development

NCHA's three regional policy councils have met this year to discuss workplace violence and worker burnout and resiliency. Members shared their experiences and discussed policy challenges, including workplace violence legislation that has passed in nine other states.

Policy workgroups continue on telehealth and the 340B discount drug program. New workgroups are being initiated for rural health and workforce that will start meeting later in 2019.

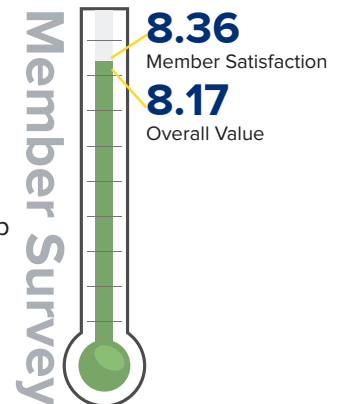
The Policy Development Committee (PDC) met twice in 2019 so far. In addition to legislative updates, the PDC discussed the State Health Plan, transparency, and NCHA's policy development process.

Since January, NCHA has convened two meetings of the Behavioral Health Workgroup, a multi-stakeholder meeting aimed at improving patient care and system design for individuals experiencing a behavioral health crisis. **SB 630, Revise Involuntary Commitment (IVC) Law** — the bill that passed in 2018 that was developed by the workgroup, takes effect on Oct. 1, 2019. The workgroup has focused recent meetings on providing feedback to the NC Department of Health and Human Services on implementing the law. NCHA has developed an online learning tool explaining how the law will impact patient care.

Strengthening Member Services and Operations

NCHA welcomed four new members in the first two quarters of 2019. Please join us in welcoming **Novant Health Rehabilitation Hospital**, an affiliate of Encompass Health, and **Veritas Collaborative**, who join us as traditional members. We also have our first Associate member in **Surgical Care Affiliates**, and our first Affiliate member in **Capstone Health Alliance**. Since our name change and branding update in 2018, we've been working hard to expand our member base and collaborate with partners across the care continuum.

NCHA ended the first quarter of 2019 in a strong financial position. The Board has approved our 2018 audit results with our new auditor. Our most recent Member Survey showed improvement both in NCHA's performance and value of membership over the past year. For the second consecutive year, members continue to rank NCHA above 8.0 on a 10-point scale, an important benchmark for hospital associations.



Developing Strategic and Communications Plans

NCHA and the NCHA Board have embarked upon developing a long-range strategic plan. Throughout the summer and culminating in the Board Retreat in September, we will be working together to formulate a unified strategy that incorporates long range strategic thinking, informed by the current environment and what is on the horizon, our communications strategy to claim the narrative, and sound financial planning to ensure resources are in place. We look forward to sharing with you how the Association plans to continue to provide value, remain nimble and adapt in our rapidly changing environment.

Patient Data System (PDS) Migration Update

NCHA has entered into partnership with the Hospital Industry Data Initiative (HIDI) to migrate the PDS program from the previous vendor and make improvements to add value for our members. Vidant Health will be the pilot site — thank you for your partnership! The first full submission to the new system for all participants will be in February of 2020.

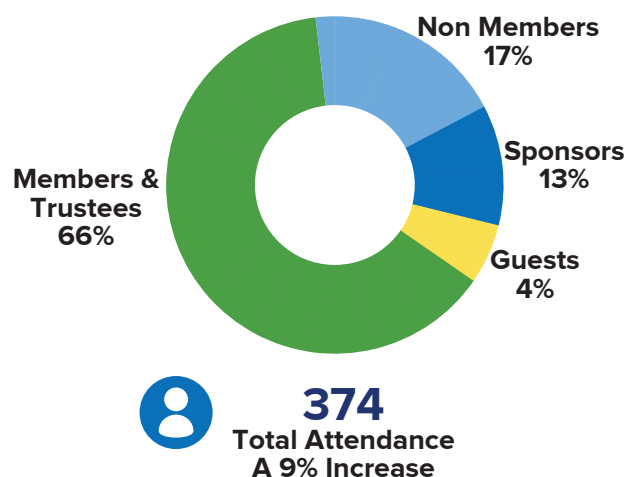
Upcoming Education Opportunities

Education plans for the remainder of 2019 are being developed. Stay tuned for in-person and virtual education offerings from NCHA on the Medicaid managed care transition, the 1135 waiver program, the annual Government Payors Summit, Joint Commission topics, behavioral health and more.

If you're new to NCHA, plan now to join us Nov. 8 for an "Introduction to NCHA." Participants will hear from association staff about advocacy priorities, networking and educational opportunities, strategic partnerships, and how to become more involved with NCHA.

2019 Winter Membership Meeting Stats

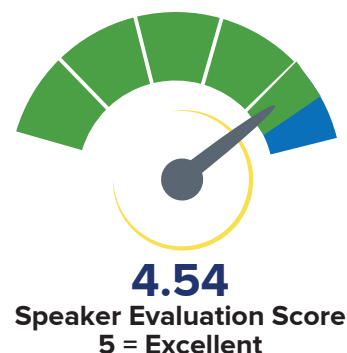
Meeting Attendance



Overall Satisfaction



Speaker Evaluation



**NORTH CAROLINA
HEALTHCARE FOUNDATION**

Improving the Health of North Carolinians

The North Carolina Healthcare Foundation (NCHF) has several initiatives underway addressing behavioral health needs, rural healthcare improvements, the opioid epidemic, access to health care, equity and more. Planning is also underway on the Foundation's new Health Innovation Institute and its work to promote and scale emerging practices to create sustainable change that improves health. Here's a brief progress report.

Opioid Initiative

NCHA has adapted a patient education video about opioids by University of California Davis Center for Design in the Public Interest with funding from the NC Division of Public Health, Injury and Violence Prevention Branch. The Association also has partnered with the NC Medical Board, NC Medical Society, Project Lazarus, and United Healthcare to create and disseminate an opioid educational handout. These educational pads are free to prescribers and health systems. NCHA continues to convene the Coalition for Model Opioid Practices, a multi-stakeholder coalition that includes representatives from member hospitals in North Carolina, professional societies, and government agencies who are working to address the opioid crisis at a health system level.

Emergency Department Peer Support Program

Last year, NCHA announced \$1.3 million in grant dollars awarded through the NC Department of Health and Human Services to pilot an innovative solution to the opioid epidemic that was pioneered by Wake Forest Baptist Medical Center. The program embeds peer support specialists in the emergency department to improve engagement and clinical outcomes for patients experiencing addiction. The preliminary data from the six member

hospitals chosen as pilot sites is promising. Patients in the current 8-month reporting period have experienced a 66 percent decrease in ED visits, a 74 percent decrease in hospitalizations, and a 54 percent decrease in 30-day readmissions compared to the year before enrollment. A third of patients have been referred to medication assisted treatment (MAT), the gold standard for opioid use disorder treatment, and inclusion of peers on the medical team have brought a recovery framework to patients and clinicians alike. Pilot sites include Carolinas HealthCare System NorthEast, Cone Health, Novant Health Presbyterian Medical Center, Southeastern Health, UNC Hospitals, and Wake Forest Baptist Medical Center. The pilot is funded through September 2019, and NCHA is working to secure additional funding for further piloting and data collection.



NCHA's Emergency Department Peer Support pilot project was highlighted at the March 7 NC Opioid and Prescription Drug Abuse Advisory Committee meeting. Panelists included representatives from Southeastern Regional Medical Center and Wake Forest Baptist, two pilot sites of this project.

CAH and Small/Rural Improvement Collaboratives

The four-year quality and patient safety collaborative funded by the NC Office of Rural Health FLEX funds has demonstrated positive outcomes relative to reporting quality measures and reflecting overall performance improvement. The network of small rural and critical access hospitals (CAH) participating in the FLEX and the Small Rural Hospital Improvement Program (SHIP) continue to document the value of the financial and technical assistance support made possible through these programs. The NCHC is in the process of expanding its capacity and skills in addressing rural health needs across North Carolina.

The Quality Center Patient Safety Organization

The Quality Center Patient Safety Organization (PSO) now has 49 members who voluntarily report patient safety events in a protected collaborative environment. Shelby Lassiter, the new Director for Clinical Performance Improvement, started in June 2019 and will be updating the work plan to include new safe tables and webinars, and to integrate the PSO framework with other NCHC programs and services.

ICU Safety Program

Twenty NC hospitals have been participating in a year-long national collaborative designed to reduce Central Line Associated Blood Stream Infections (CLABSI) and Catheter Associated Urinary Tract Infections (CAUTI) in acute care ICUs. Funded by the Agency for Healthcare Research and Quality and the Health Research and Educational Trust, this program provides tools, resources, and technical assistance to promote evidence-based technical and cultural changes in ICU practices in order to achieve zero CAUTIs and CLABSIs. The program ends in August 2019 and results will be shared as part of the national report.

AccessHealth NC

In order to support increased access to healthcare across the state, NCHA was awarded a grant from the Duke Endowment in January of 2019 to provide technical assistance for 18 community-based networks of coordinated, donated primary and specialty care for the low-income, uninsured across the state. Networks are composed of a broad range of healthcare providers and other health-related community partners



Nearly 20 directors from AccessHealth NC networks convened at NCHA on May 30, 2019 for collaborative learning and facilitated group discussion around access to care.

working in collaboration to leverage resources and align services for the state's most vulnerable populations. NCHA staff spent the first part of 2019 traveling the state to meet with network directors, learn about their unique role within the community, and explore opportunities that NCHA can help enhance their coordinated work with health systems. NCHA has convened directors for three in-person meetings and is working to establish formal agreements with networks to enable data-sharing to continue building a strong case for the impact that access to healthcare can have on health outcomes.

Healthy People, Healthy Carolinas

In January of 2019, NCHA was awarded a grant from the Duke Endowment to provide technical assistance for 10 community-based, multi-sector coalitions working to implement evidence-based interventions aimed at engaging individuals in improving their health, specifically related to chronic disease prevention. NCHA works with Population Health Improvement Partners to provide



2019 Healthier Communities Award Winner: Beth Walker (right), president of FirstHealth Montgomery Memorial Hospital, and Roxanne Elliott (left), policy director of FirstHealth Community Health Services.

and coaching, while learning from their model of forming and sustaining strong community-based coalitions that can be translated to other programs within the Foundation. NCHA was excited to recognize FirstHealth of the Carolinas with the Healthier Communities Award at the 2019 Winter Meeting as a result of a local program initiated by their Healthy People, Healthy Carolinas coalition to instate the "Daily Mile" within every school throughout both Montgomery & Richmond 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, 84 NCHA health systems have signed the pledge. This year, NC moved into the Top 5 states in the country (#4) for hospital engagement in the campaign.

Diverse Leaders Intern and Mentorship Program

NCHA has launched the Diverse Leaders Intern and Mentorship Program to connect leaders who are willing to share their knowledge and experience to high-achieving women and men from underrepresented communities. To date over 15 applicants from diverse backgrounds have applied to be mentors, mentees, and interns. The first class of mentors and mentees will begin the program in Fall of 2019. The first class of interns started in June 2019.

2018 Annual Report

NCHA Strategic Partners

NCHA Strategic Partners
Access. Solutions. Value.



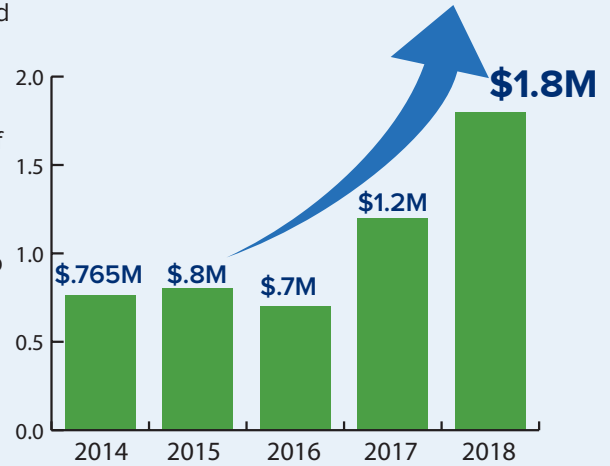
Celebrating 30 years of Innovative & Cost-Effective Solutions

In 1989, NCHA formed its non-dues revenue program, North Carolina Healthcare Enterprises, Inc. — now called NCHA Strategic Partners. For 30 years, they have provided NCHA members with access to hand-selected products and services that reduce costs and drive performance improvement. The Association wishes to thank the staff of NCHA Strategic Partners for their leadership and ingenuity, which has resulted in record revenue growth and savings.

Strategic Partners is proud to report that in 2018, more than \$1.8 million was contributed to the operating costs of NCHA, saving members valuable dues dollars.

In 2019, NCHA Strategic Partners expanded participation opportunities in shared services offerings beyond NCHA membership to include select allied healthcare provider organizations. We look forward to expanding those partnerships into the post-acute healthcare continuum through work with skilled nursing, long term care, and ambulatory surgery, among others.

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. Candidates are evaluated for their potential as endorsed business partners, affiliate companies, or as corporate sponsors. In 2018, we screened 32 companies through our Solution Station process; nine joined the affiliate program and eight became sponsors. As of June 2019, 17 companies were screened via the Solution Station; one company joined as an allied partner and three joined our business partners program.



Amount NCHA Strategic Partners contributed to NCHA operating expenses over the past 5 years.

NCHA Strategic Partners By the Numbers

	2017	2018	2019*
Number of Strategic Partners	18	17	16
Number of Affiliate Companies	8	10	9
Number of Corporate Sponsors	83	89	70



The NCHA Strategic Partners Team (left to right): Pamala Rogers, Jaclyn Goldsmith, Jody Fleming, Greg Wells and Irene Watts.

2019 NCHA Strategic Partners

Commerce Bank
G4S Secure Solutions
IBM Watson Health
Marsh & McLennan Agency
MCAG
Merritt Hawkins & Associates
Navigant
NCHA Strategic Partners Workers' Compensation Fund Inc.
Arthur J. Gallagher & Co.
NC MedAssist
PatientPing
Qualivis
Sensato
Staff Care
SUNRx
Verge Health
Vizient

2018 Highlights from NCHA's Business Partners

Commerce Bank

For close to a decade, NCHA and Commerce Bank have partnered to promote strategies that create efficiencies and generate new revenue through Accounts Payable Automation. Commerce Bank is working with 16 hospitals throughout the state of North Carolina. The combination of these participating hospitals is generating over \$50,000 in annual revenue for NCHA. Commerce Bank has generated more than \$11 million in new profit for the participating members since the inception of the partnership.

G4S

G4S provides safe, secure transportation and guardianship of behavioral health patients. Since 2012, G4S has provided 70,000 transports and drove 4.3 million miles in North Carolina.

IBM Watson Health

IBM Watson Health delivers unbiased information, analytical tools, and benchmark services. Since its inception, IBM Watson Health has provided the infrastructure and technology that enables facilities to meet the requirements to adhere to the state mandated NC Hospital Emergency Surveillance System program. More recently, they have been working with hospitals and healthcare organizations to leverage that technology to provide near real time encounter notifications for their specific patient population.

Marsh & McLennan

Marsh & McLennan has partnered with NCHA for more than 3 years, and in the last 6 months expanded our partnership from employee health and benefits work to business insurance. Through this partnership, hospital clients have saved more than \$10 million across their employee health and benefits, and on average have seen over 15 percent savings upon new engagement with Marsh & McLennan.

Merritt Hawkins

Merritt Hawkins placed 49 physicians and advanced practice providers in North Carolina since July 2018. Collectively, the physicians Merritt Hawkins placed in NC last year generated roughly \$116 million of in-patient revenue for NC hospitals. In addition, each physician recruited contributes, on average, \$3.1 million a year to their local economy.

NCHA Strategic Partners Workers' Compensation Fund

The NCHA Strategic Partners Workers' Compensation Fund continues to demonstrate strong operational and financial performance. In 2018, the Fund distributed almost \$2 million, based upon favorable operating results. The distribution amounted to 35 percent of last year's premium.

NC MedAssist

NC MedAssist is a non-profit pharmacy that provides free prescription medicines to low-income, uninsured North Carolinians. In 2018, NC MedAssist filled 181,831 prescriptions for 15,818 patients across the state. Access to medications reduces ED visits and hospitalizations. NC MedAssist services produced \$56 Million in healthcare savings to NC.

Qualivis

Qualivis meets the clinical and non-clinical workforce needs of nearly 500 healthcare facilities through partnerships with 14 state hospital associations. In addition to supplemental staffing, the company's scope of services include permanent placement, per diem, temp-to-perm, interim executives, critical and rapid response, international and locum tenens. In 2018, Qualivis made 7,530 staff placements (1,160 in NC) and proved to be an essential rapid response partner during Hurricane Florence.

PatientPing

In 2018, PatientPing worked with 49 hospitals and 180 post-acute sites in North Carolina. So far in 2019, this number has grown to 70+ hospitals and more than 350 community providers. PatientPing also announced its participation in NCHA's Opioid Peer Support Program to assist them in their efforts of improving outcomes for those faced with opioid use disorder.

Staff Care

Staff Care placed 6,993 days of temporary physician coverage in 2018. Average patients seen per day 20.2 totaling 141,259 patients seen by Staff Care physicians. Top four specialties placed by Staff Care: General Surgery, Psychiatry, Hospitalist and Certified Registered Nurse Anesthetist.

SUNRx

SUNRx provides comprehensive 340B services for disproportionate share hospitals, sole community, critical access, and children's hospitals. Their split-billing solution virtually separates 340B and non-340B transactions in mixed-use settings to help ensure patient eligibility compliance, allowing hospitals to manage only one inventory.

Verge Health

Ranked number one for Credentialing by KLAS in 2019, Verge Health has developed a proprietary risk maturity model tailored to the specific needs of healthcare organizations. Verge Health has assisted organizations across the healthcare continuum to integrate siloed departments, facilities and disparate technology systems to provide executives insights to drive high reliability and ultimately protect patients and margins.

Vizient

Vizient, the nation's leading healthcare performance improvement company, provides innovative data-driven solutions, expertise and collaborative opportunities that lead to improved patient outcomes and lower costs. Vizient serves more than 50% of the health care organizations across the United States. Vizient strengthens members' delivery of high-value care by aligning cost, quality and market performance. This high value program has the potential for 6-12% savings. More than 42 hospitals and healthcare systems work directly with NCHA Strategic Partners to access the Vizient contracts, either in a secondary or primary role. Strategic Partners also works with about 750+ post-acute care facilities to save them money on purchasing spend.