Municipal Analyst Group of NY

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North Shore LIJ

North Shore - LIJ Health System

Key Facts

- 17 hospitals (More than 6,000 hospital and long-term care beds)*
  - 5 tertiary
  - 7 community
  - 3 specialty
  - 2 affiliates
- Owner/operator of North Shore-LIJ CareConnect Insurance Company, Inc.
- 3 skilled nursing facilities
- Nearly 400 ambulatory and physician practices
- 33 nursing home/senior living affiliates
- The Feinstein Institute for Medical Research
- Comprehensive continuum of care
- Strategic alliances
  - Baylor College of Medicine
  - CASAColumbia
  - Cleveland Clinic
  - Hackensack University Medical Center
  - Karolinska Institute
  - Montefiore Medical Center

- 7 million people in service area
- Over 4 million patient contacts
- 141,345 ambulatory surgeries
- 282,044 hospital discharges
- 27,368 births
- 664,915 emergency visits
- 688,660 home care visits
- 102,277 ambulance transports
- $7 billion annual operating budget
- 14th largest healthcare system in the US

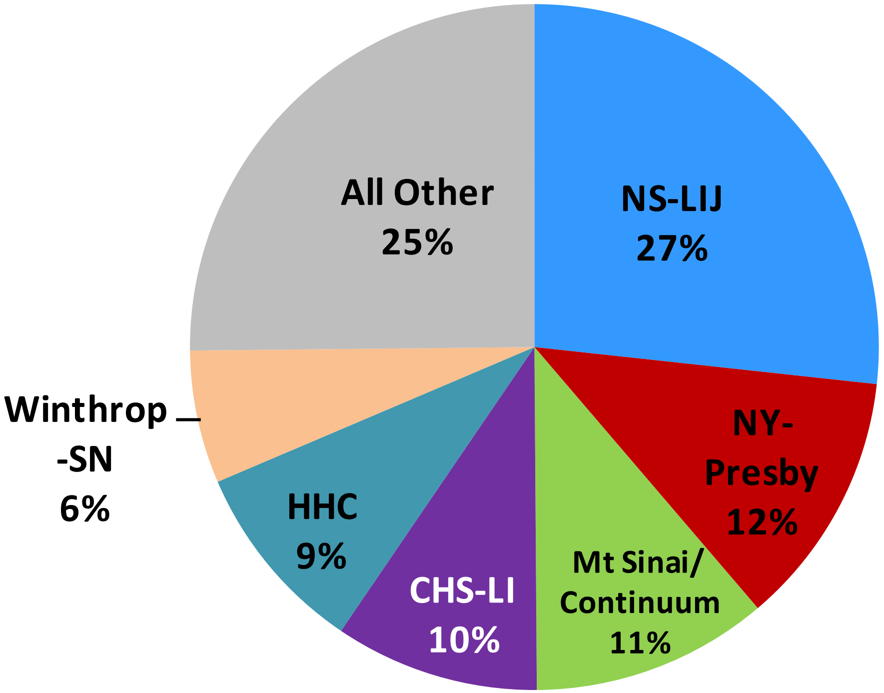
- More than 48,000 employees
  - More than 9,440 physicians*
  - More than 10,000 nurses*
  - More than 1,500 medical residents and fellows
- More than $686.4 million in community benefit (10.9 percent of operating expenses) by participating in 1,966 unique programs, serving more than 1.9 million community members and training 24,862 health professionals.
- Recipient of the National Quality Forum's 2010 National Quality Healthcare Award
- Hofstra North Shore-LIJ School of Medicine

*Does not include affiliate organizations

Service Area Market Share

2010 Market Share

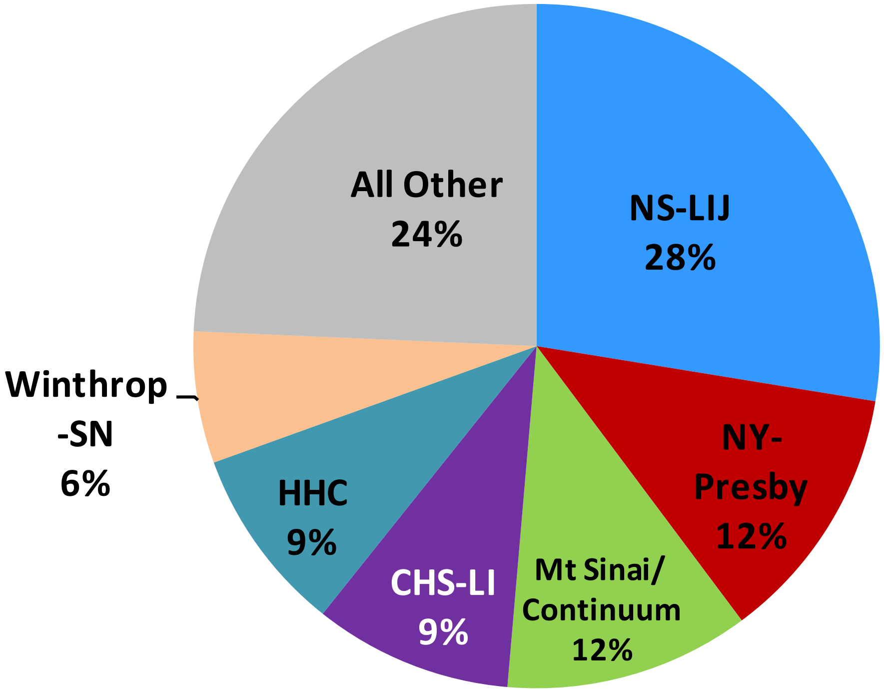
27% Share – 15 points greater than closest competitor



Source: 2010 SPARCS, Based on discharges & patient origin

2012 Market Share

28% Share – 16 points greater than closest competitor



Source: 2012 SPARCS, Based on discharges & patient origin

*Service Area-Manhattan, Richmond, Queens, Nassau & Suffolk

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The Road We are Traveling

Beginnings

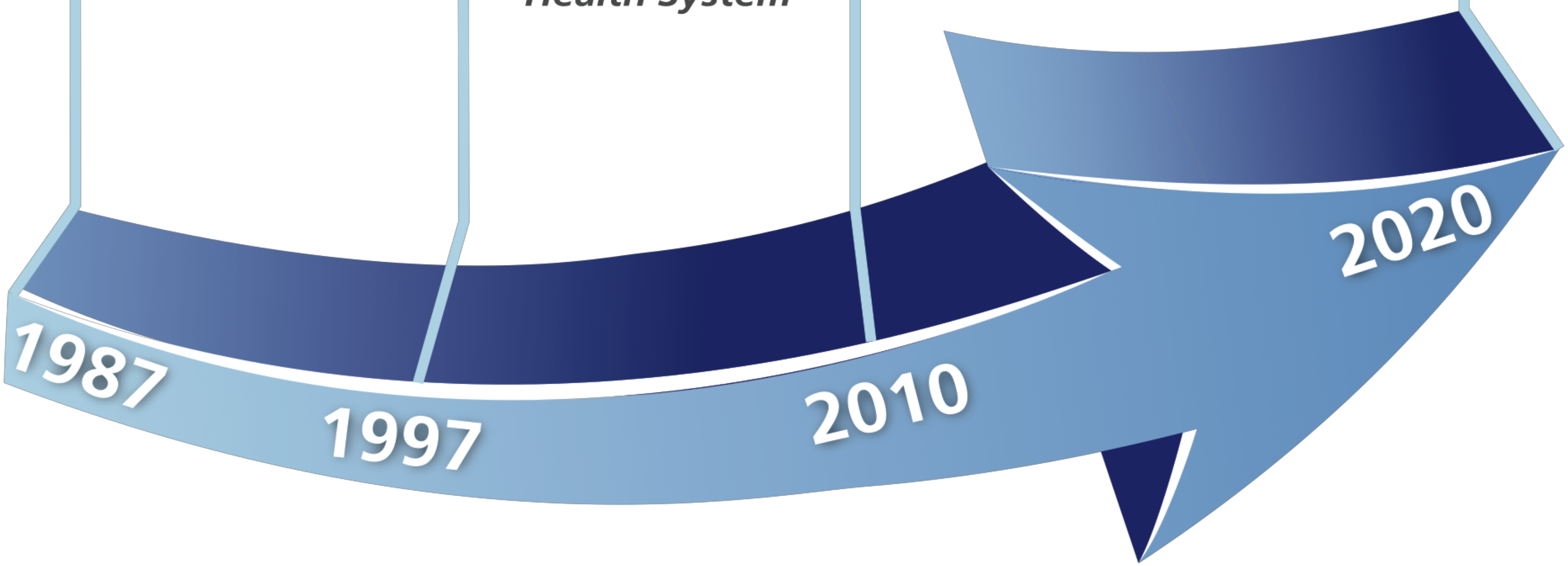
Formation of the Health System

Integration & Growth

Creating a foundation for sustained growth and learning to operate as an integrated Health System

Transformation & Performance

Transforming and redefining the Health System to be a regional and national leader



The Landscape – A Frenzy of Activity

- Reacting/responding to the ACA (e.g., Exchanges)
- Consolidations/mergers of hospitals/health systems
- Physician consolidations and networks (IPAs)
- Race to lock-up referral streams – and populations (members)
- The beginning of the blurring of lines between providers and insurers
- A redefinition of what's a "local" market

Health System Strategy

Strategy

Taking Risk
- Population management
- Expertise with care management

Efficiency & Productivity
- Cost structure
- Clinical flow and efficiency

Transformation of Acute Care
- Facility conversions
- Consolidations
- Centers of Excellence

Optimizing Our Assets
- New businesses
- New ventures

Expansion of Ambulatory Care
- New markets
- Joint ventures
- Non-traditional locations
- Broad distribution network

Build NS-LIJ Network
- Expand geographic reach
- System to System partnerships

Integration of LTC / Post Acute
- Expand service options
- Chronic care focus

Pursuing Discovery: Clinical Research
- Create sustainable funding
- Develop innovative partnerships

Evolution of Education & Academic Enterprise
- Innovative educational offerings
- Pursuit of alternative funding and support
- Essential to necessary culture change

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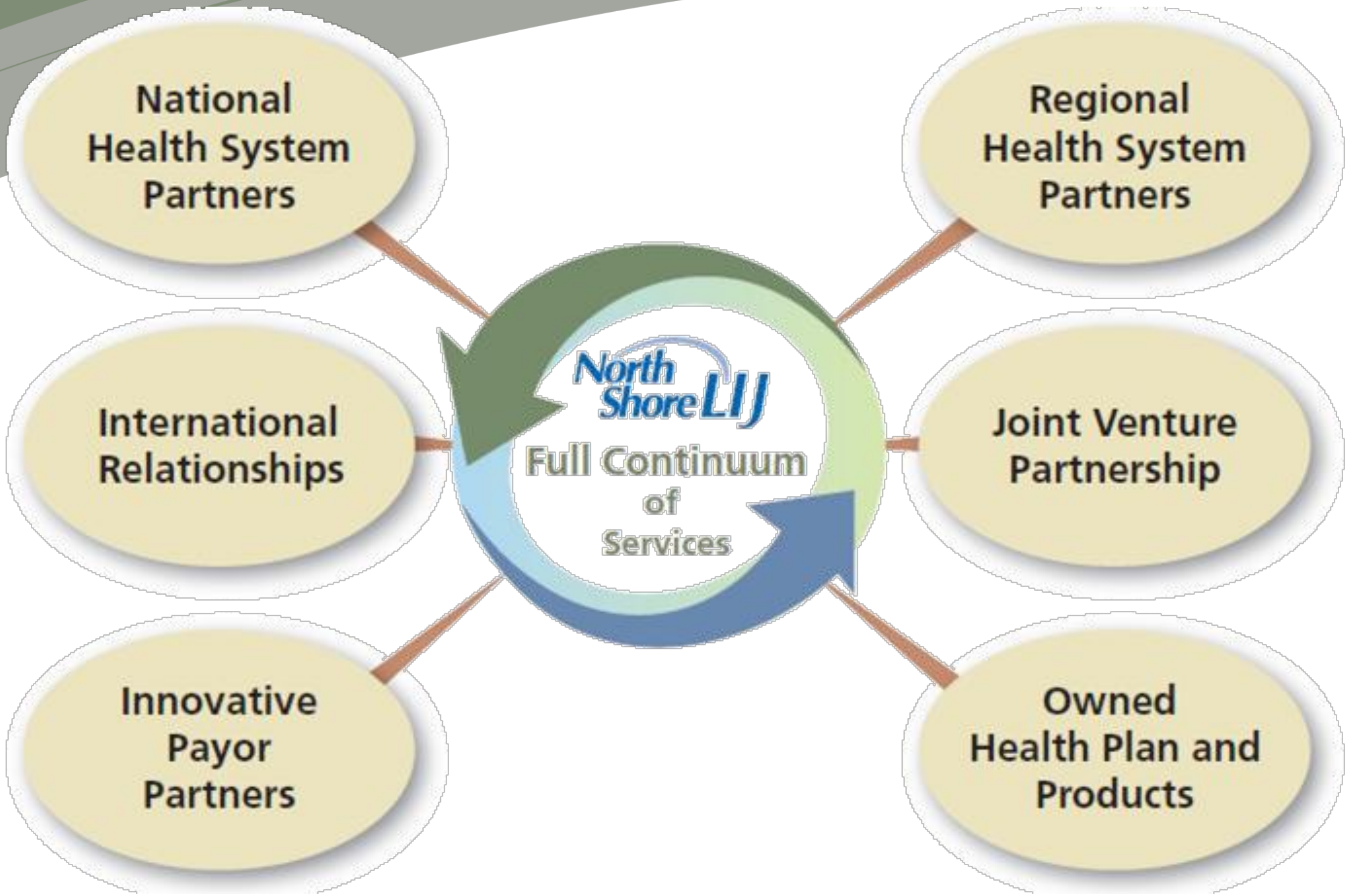
Our Strategic Vision



Leading Under New Payment Models

- **Building the competencies to take "risk"**
- **Developing new and unique partnerships**
- **Coordinating care across the continuum**
- **Managing chronic illness**
- **A "new paradigm": a new business model**
- **Managing the transition**
- **Aligning and integrating both provider and payer functions**

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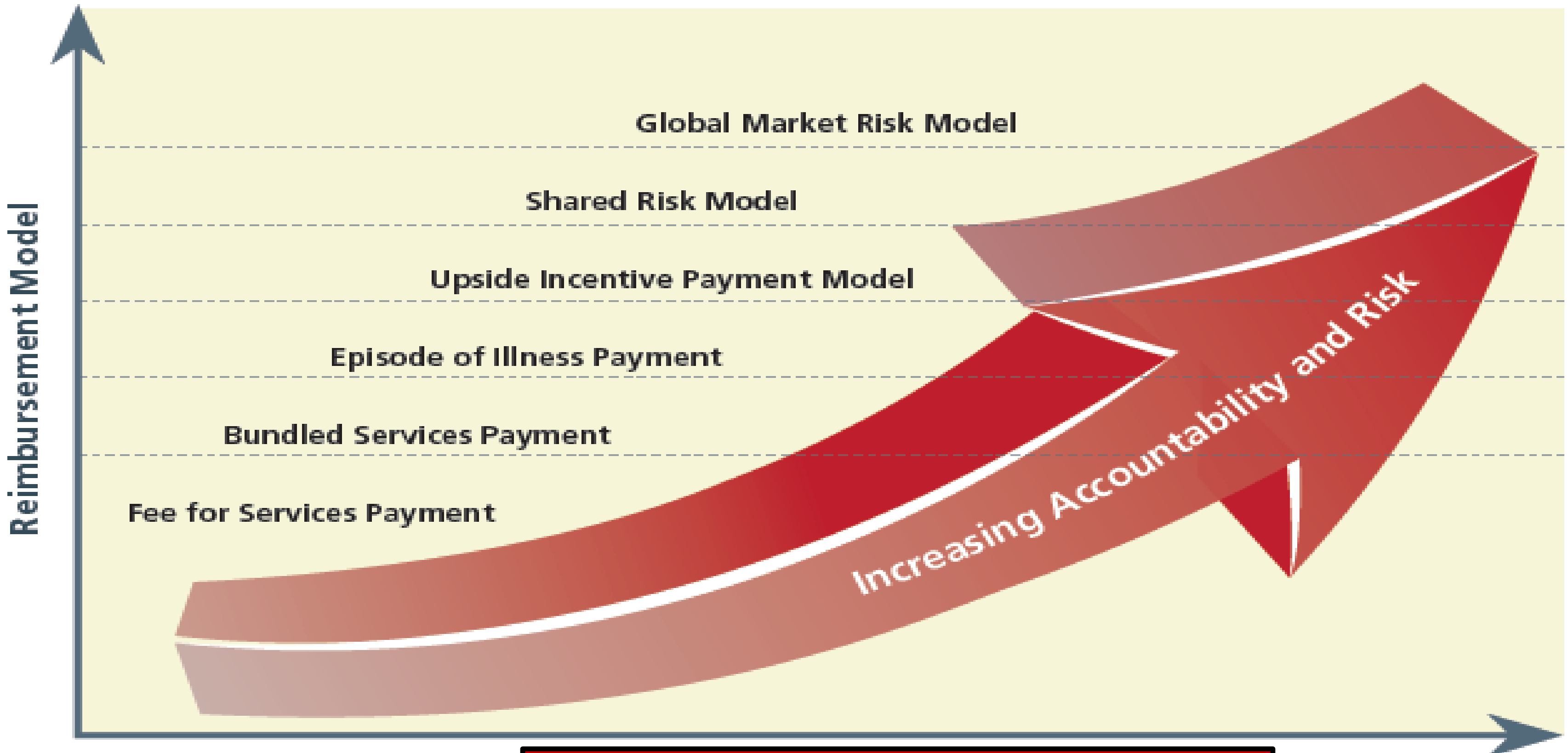
Transformation of Payment Models

- **Payment Reform will demand a new model of coordinated care across the continuum**



"All the Tools in the Toolbox"

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The Evolving Landscape

Inpatient Volume Trends

- Inpatient Volume Declines
- Case Mix Changes
- Migration to Outpatient Settings

Continued Downward Pressure on Revenue

- Governmental Payer Rate Reductions
- Governmental Reform
- Commercial Downgrades & Contract Negotiations

Ambulatory Volume Growth

- ED Treat & Release Growth
- Strategic Physician Investments
- Increasing Joint Venture Activity

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Maintaining Our Focus

- Establish the organization's line of sight and direction
- Create clear measures
- Communicate the metrics

Dashboard

Organizational Scorecard

Strategic Performance Metrics
Health System

Performance Owners: All

	Current Data	
1 Patient Experience	Current	3 Mo. Avg
PG Likelihood to Recommend (Inpatient Score)	86.3	86.0
PG Likelihood to Recommend (Inpatient Percentile)	20	19
Emergency Department		
PG Likelihood to Recommend (ED Score)	84.6	83.6
PG Likelihood to Recommend (ED Percentile)	82	70
Professional Development		
Employee Satisfaction	83.0%	
Physician Satisfaction		
2 Quality		
Mortality	Index	
Risk Adjusted Mortality Index	1.13	
Appropriate Care Scores (ACS)		
AMI	93.4%	96.3%
HF	93.4%	93.5%
Pneumonia	91.0%	91.3%
SCIP	92.8%	91.6%
30 Day Readmission Rates	Observed	Index
All Cases	10.11%	1.06
HF Cases Only	18.88%	0.93
Referrals to Homecare		
HF Cases Only	TBD	
3 Financial Performance		
Operating Margin (in thousands)	$ 72,990	
4 Productivity		
Reduction in Excess Days	29,932	

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Managing the Transformation: Continuing our Work

Focus on Transformation

Preparing for 2015…Today:

- Medical Group Optimization
- Shared Services Functional Evaluation
- Critical Care Model Improvements (Advanced Illness)
- Improved Documentation Initiatives
- Medical Malpractice Expense Reduction
- Predictive Volume & Staffing Demand Management
- Other Opportunities…