



# The Vision for the Second Century

*2011 - 2015*

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**President and CEO**

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# The Legacy



**“Make my hospital right,  
make it the best.”**

***Abigail Geisinger***  
***1827-1921***

***“Geisinger Quality – Striving for Perfection”...***

# Geisinger Health System

## Mission

Enhance the quality of life through an integrated health service organization based on a balanced program of patient care, education, research, and community service.

## Geisinger Brand

- Quality
- Value
- Partnerships
- Advocacy

# GEISINGER—An Integrated Health Services Organization

**Provider  
Facilities  
\$1,854M**

**Geisinger Medical Center  
& Geisinger Shamokin  
Area Community Hospital**  
**Geisinger Wyoming Valley  
Medical Center**  
**Geisinger Community  
Medical Center**  
**Geisinger Bloomsburg  
Hospital**  
**Geisinger Lewistown  
Hospital**  
**2 Nursing Homes**  
**4 Surgery Centers**  
**87K admissions/OBS &  
SORUs**  
**1,761 licensed beds**

**Physician  
Practice Group  
\$835M**

**Multispecialty group**  
**~1,050 employed  
physicians**  
**~670 advanced  
practitioners**  
**85 primary & specialty  
clinic sites**  
**~2.5M clinic outpatient  
visits**  
**~400 residents & fellows**

**Managed  
Care Companies  
\$2,093M**

**~468K members  
(including ~80K  
Medicare Advantage  
members)**  
**~124K Medicaid  
Managed Care  
Membership (GHP  
Family)**  
**Diversified products**  
**~37K contracted  
providers/facilities**  
**43 PA counties**  
**Members in 5 states**

# Transforming Healthcare with Technology

- **> \$190 M invested** (hardware, software, manpower, training)
- **Running costs:** ~4.6% of annual revenue of > \$3.6 Billion
- **Fully-integrated EHR:** **52 community practice sites**; 5 hospitals; 4 EDs; 4 Surgical Centers; **14 CareWorks retail-based and worksite clinics, walk-in clinics and after hours clinics**
  - Acute and chronic care management
  - Optimized transitions of care
- **Networked Patient Portal** - **~234,000 active users (40% of ongoing patients)**
  - Patient self-service (self-scheduling, patient-entered data)
  - Home monitoring integrated with Medical Home
- **“Outreach Health IT”** – **6,461 users in 812 non-Geisinger practices**
  - Remote support for regional ICUs
  - Telestroke services to regional EDs
- **Active Regional Health-Information Exchange (KeyHIE)**
  - **19 hospitals, 100+ practices, 634,000 patients consented, publish 600,000+ documents monthly, participants access 900+ patients monthly**
- **e-health (eICU®) Programs**
- **Keystone Beacon Community**
  - HIT-enabled, Community-wide care coordination in 5 rural counties
- **GHS awarded “Most Wired” health care system by Computer World eleven years**

# The Vision for the Second Century

## The Next Five Years

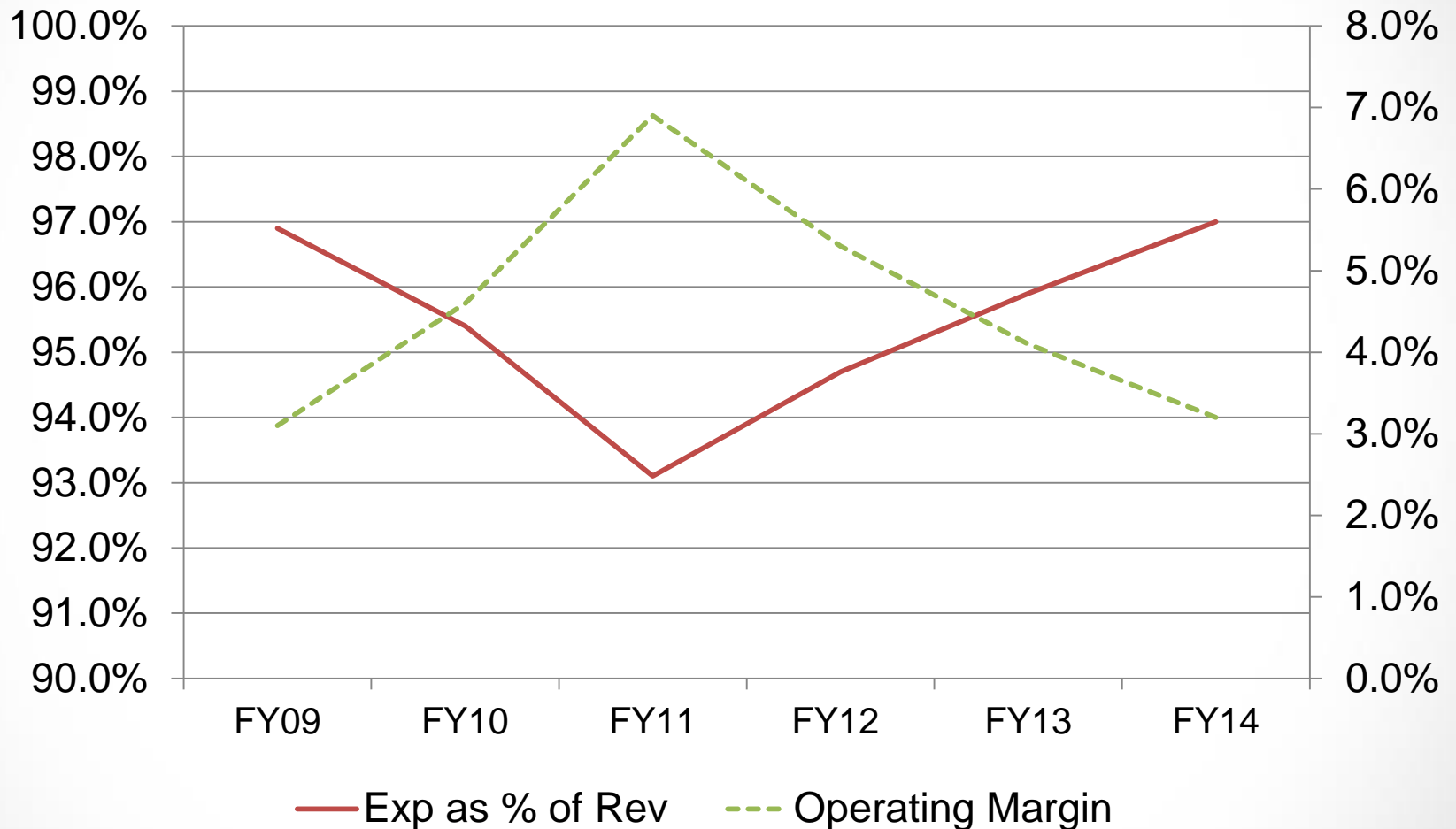
- **Quality and Innovation**
  - Patient centered focus
    - Patient activation (empowerment)
    - Culture of quality, safety and health
  - Value re-engineering
    - Transformational changes – embedding innovations
- **Market Leadership**
  - Collaboration/partnerships (local, regional, national)
  - The GHS Brand
    - Scaling and generalizing
- **The Geisinger Family**
  - Personal and professional well being

# Revenue and Expenses – System Patient Services & Supporting Operations (in thousands)

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 <sup>1</sup>
Revenue	\$ 1,709,464	\$ 1,885,229	\$ 2,074,878	\$ 2,292,446	\$ 2,612,994	\$ 2,919,023	\$ 3,355,066	\$ 2,951,299
Expense	1,623,744	1,801,764	1,994,702	2,165,073	2,409,490	2,738,357	3,191,729	2,861,576
Operating Income	\$ 85,720	\$ 83,465	\$ 80,176	\$ 127,373	\$ 203,504	\$ 180,666	\$ 163,337	\$ 89,723

<sup>1</sup>As of 03/31/2014.

# Total Expenses\* as % of Total Revenue and Operating Margin Trends



\*Total expenses include interest expense. FY14 data is annualized based on 12/31/13. Operating margin is rating agency definition (after Interest Expense).



# Inpatient Volume Statistics

## Discharges<sup>1,2</sup>

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 <sup>4</sup>
GMC	23,147	22,618	23,631	24,657	26,211	26,966	27,937	21,639
GWV	9,161	9,328	10,557	11,566	12,856	13,501	14,650	11,568
GSWB	6,582	5,459	1,842	0	0	0	0	0
GCMC	0	0	0	0	0	4,915 <sup>3</sup>	11,769	8,640
GBH	0	0	0	0	0	0	2,137	1,609
GLH	0	0	0	0	0	0	0	2,080 <sup>5</sup>
Marworth	<u>1,304</u>	<u>1,318</u>	<u>1,372</u>	<u>1,401</u>	<u>1,358</u>	<u>1,314</u>	<u>1,347</u>	<u>992</u>
TOTAL	40,194	38,723	37,402	37,624	40,425	46,696	57,840	46,528

1- Excludes nursery

2- Excludes 23-hour stays that are not recorded as discharges

3- Five month period (February 1, 2012 acquisition date)

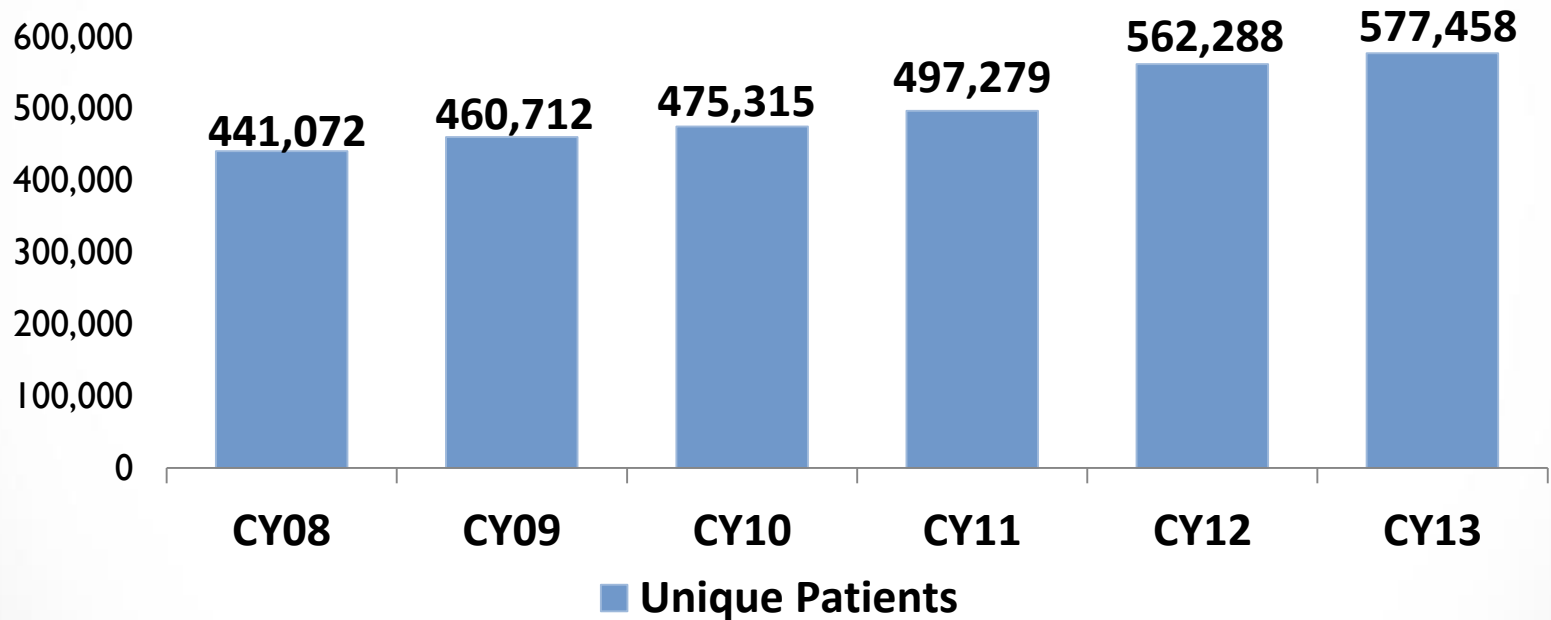
4- As of 03/31/2014

5- Five month period (November 1, 2013 acquisition date)

# Patient “Touches” - We Are Serving More Patients

The number of unique patients who used GHS clinical services increased **31% from CY08 to CY13.**

700,000 **Unique Patients Who Used GHS Clinical Services**



*Growth continues to be the result of serving a mix of new patients that were not seen in the last three years and/or brought in system from acquisition of G-Bloom, G-Shamokin and G-CMC and increased numbers of ongoing ‘established’ patients.*

# Capital Investments

- “Best Practice” capital allocation system
- Strong central controls exerted

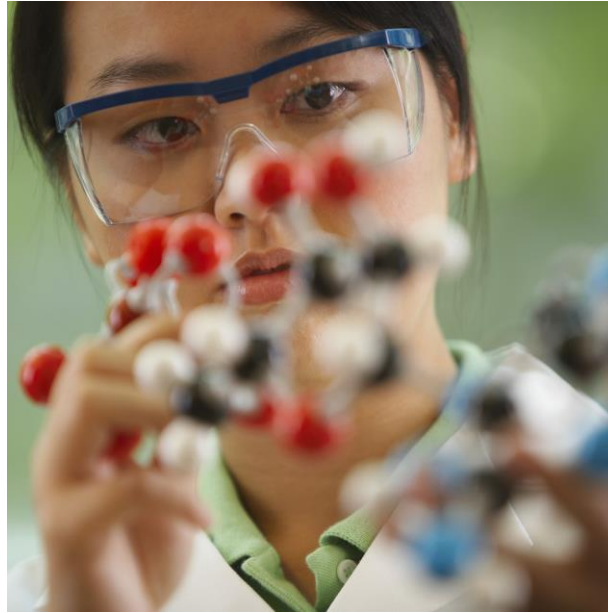
– FY04	\$50.3M
– FY05	\$72.5M
– FY06	\$91.0M
– FY07	\$120.7M
– FY08	\$182.8M
– FY09	\$180.7M
– FY10	\$138.9M
– FY11	\$114.2M
– FY12	\$132.1M

# Major Facility/Program Expansion

- GMC Clinical Laboratory Facility, Danville
- GCMC Surgery / ICU Expansion, Scranton
- SVI Center for Autism Research Education and Treatment, Lewisburg
- GMC Woodbine Clinic Expansion, Danville
- Grays Woods Phase II
- GMC Cancer Center
- Population Health investments
  - After-hours, urgent care expansion initiatives
  - Convenient care access increased through supermarket access
- Bucknell Student Health Services Program

# FY12 Community Benefit (in millions)

Charity Care	\$23.2
Other Uncompensated Patient Services	11.6
Governmental Underpayments	218.9
Health Professions Education	48.7
Research Support	12.5
Volunteer Hours <i>(in dollars)</i>	4.0
Community Outreach	16.6
Community Assistance Payments	\$1.1
<b>Total Community Benefit</b>	<b>\$336.6</b>



# Geisinger's Quality and Innovations

# Geisinger Transformation Initiatives

- ProvenCare<sup>®</sup> for Acute Episodic Care (the “Warranty”)
- ProvenCare<sup>®</sup> Chronic Disease
- ProvenHealth Navigator<sup>®</sup> (Advanced Medical Home)
- Transitions of Care
- PRIDE (Proven Innovation Drive for Excellence)

# “THE SWEET SPOT” IS KEY

## Geisinger Health Plan - CMS Star & NCQA Rankings

	CMS Star Rank	PA Rank	National Rank
Medicare			
HMO/POS	4.5 of 5	# 1	# 7
PPO	4.5 of 5	# 1	# 3 *
Private **			
HMO		# 2	# 22
PPO		# 2	# 54



\* 3<sup>rd</sup> highest PPO plan nationally in NCQA.

\*\* Private Health Plan Rankings 2013-2014.



# Market Leadership

# Scaling and Generalizing – Experiments

(Geisinger Health System / Geisinger Insurance Operations / xG)

## GHS:

- Wilkes-Barre
- Scranton
- Shamokin
- Lewistown
- Bloomsburg
- Harrisburg
- Atlantic City

## GIO:

- Medicaid MCO
- HIX\*
- New Jersey
- Delaware
- Maine
- West Virginia



- 29 Clients

\*Health Insurance Exchange



# The Geisinger Family

# Focus on Employee Health and Wellness

## “MyHealth Rewards”

- January 2007-2011: Focus on health promotion and chronic disease management with benefit redesign in health and Rx
- Hiring process altered January 1, 2012, prohibiting the hiring of smokers
- January 1, 2013, major benefit design to help outcome measures and includes steep financial incentives/penalties
  - >70% of employees enrolled in program
  - 48% qualified for a discounted rate
  - >4,000 enrolled with health coach
  - ~15,000 pounds of weight lost
  - >250 employees completed smoking cessation program



# Centennial Campaign Overview

- \$150,000,000 Campaign Goal
  - \$127,200,000 Currently Raised (as of 5/15/14)
  - \$ 22,800,000 Remaining
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*Campaign Timeline July 2003 – September 2015*

REDEFINING BOUNDARIES'

# Employee Campaign Highlights

- Quiet Phase launched July 2012 which already resulted in 100% participation from Executive Leadership.
  - All employee campaign kicked off Spring 2013.
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- Total Employee Campaign Commitments
    - **\$10.0 million goal**
    - **\$ 8.93 million to date (as of 5/15/2014)**
    - **\$ 1.07 million remaining**
  - 89% already committed!

# Challenges (National)

- ACA
- Medicare Advantage (Less Revenue)
- Expanded Medicaid Managed Care (Less Revenue)
- ? Price Controls
- ? Regulatory Commissions
- Multiple Payment Incentive Experiments Plus Residual FFS
- Continued Provider/Payer Consolidation (And Political Push Back)
- Global Budgets for Medicare & Commercial Payer

# Questions