

KENTUCKY



Central Kentucky Association Of Healthcare Underwriters

2015 Symposium

Challenges & Opportunities for











John R. Langefeld, MD

March 3, 2015

Learn *What* from Kentucky?



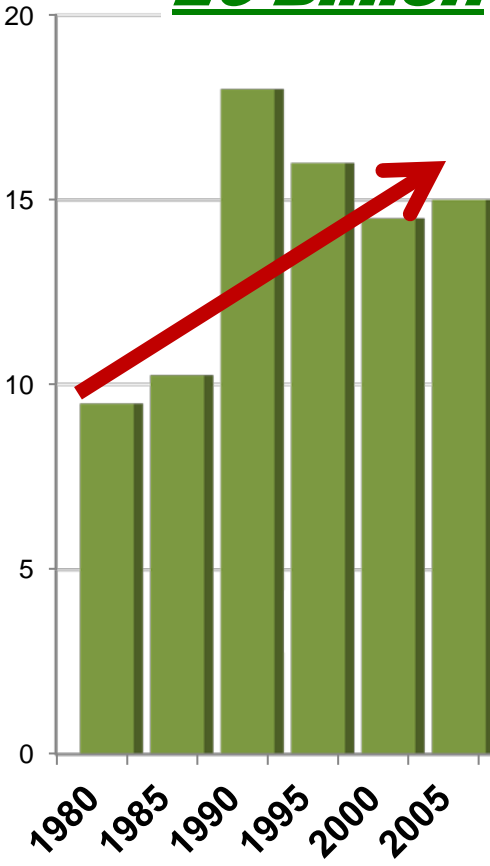
-  **A Time for ~~Re~~ *Inflection***
-  **What's Coming**
-  **Question \leftrightarrow Answers?**
-  **Why Should We Care**
-  **Emerging Understanding of Population Health**
-  **Our Governor's Narrative**
-  **Results**
-  **We "Intend to Win"**

A Time for ~~RE~~ INFLECTION



Company - Founded 1884

20 Billion



All Organizations/Industries are Susceptible

Inflection Point

That which causes a business (or industry) to make a fundamental shift

IF THEY ARE GOING TO SURVIVE

➤ New Technology



➤ Regulatory Change



➤ Affordability



➤ Customer Convenience



Healthcare *INFLECTIONS*



Healthcare *INFLECTION*?



The Affordable Care Act

True or False?



All Healthcare is local!



Healthcare *INFLECTION*?



Much of the care remains local;
COMPETITION HAS NOT!

Cleveland Clinic Las Vegas

Lou Ruvo Center for Brain Health



Cleveland Clinic today



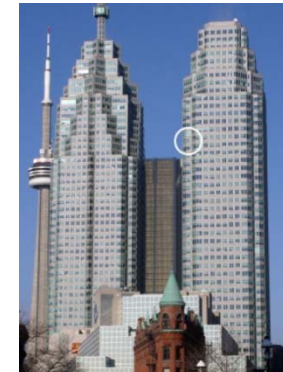
Cleveland Clinic Florida



Cleveland Clinic Abu Dhabi



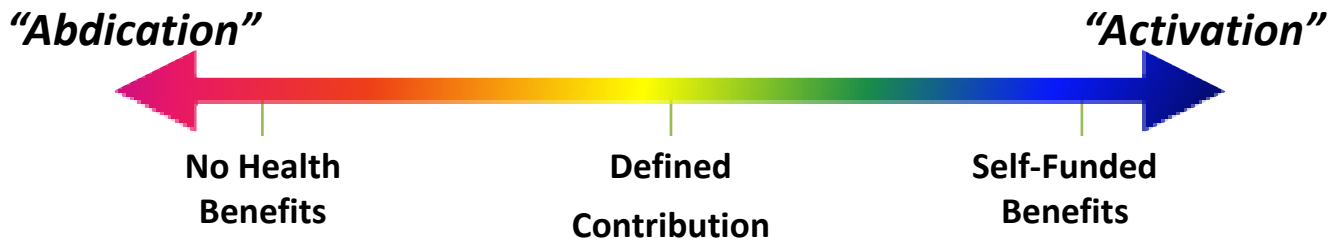
Cleveland Clinic Canada



Healthcare *INFLECTION?*



Employers → Spectrum of Options



PRESBYTERIAN
Healthcare Services

Walmart Centers of Excellence Partners

- Cleveland Clinic
- Geisinger Medical Center
- Mayo Clinic
- Mercy Hospital Springfield
- Scott & White Memorial Hospital
- Virginia Mason Medical Center

Intel Corporation

- Large employer headquartered in Santa Clara, California
- Entered into narrow-network **DIRECT CONTRACT** with Presbyterian Healthcare Services, an 8-hospital system in New Mexico

5,400 Covered lives

\$8-10 M Projected Savings
2013-2017

Healthcare *INFLECTION?*



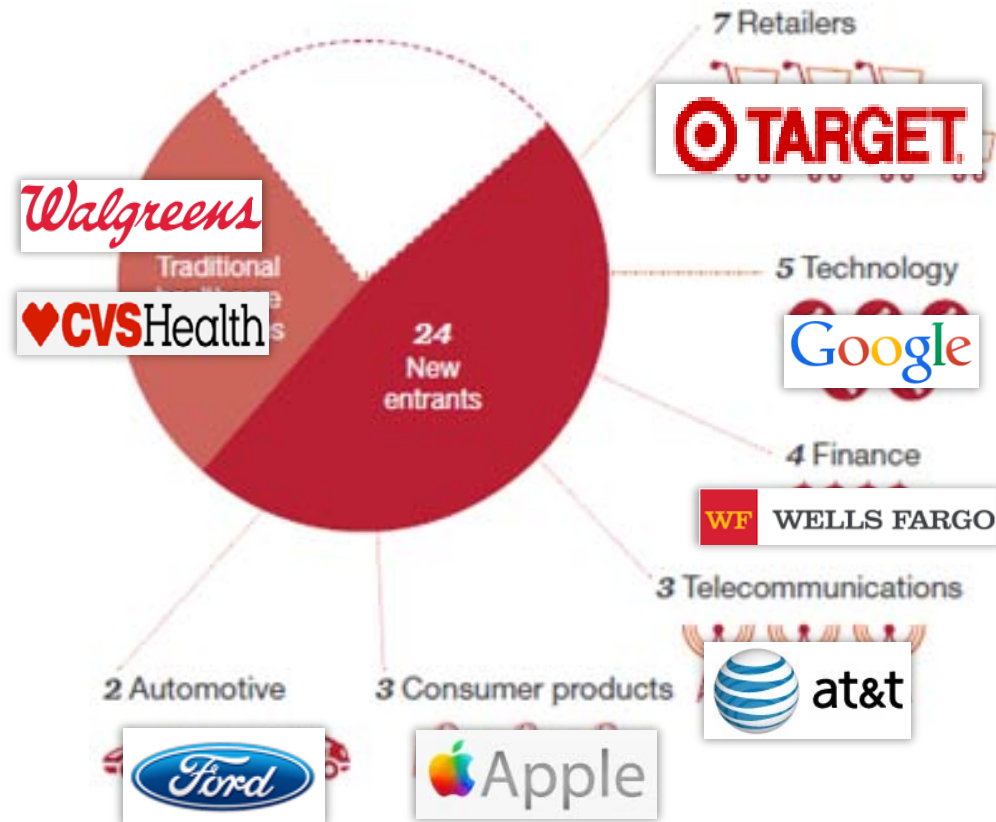
Bringing Everyday Low Prices to Health Care

“Our goal is to be the *NUMBER 1* health-care provider in the industry.”

Labeed Diab
President of Health & Wellness
Walmart

Healthcare's New Entrants

Of Fortune 50 Companies 2014;
38→Healthcare & 24→NEW ENTRANTS



Inflections



Everyone has a plan...

All Organizations are Susceptible



When Is the Right Time to Change?

- ✓ Industry Transformation is neither predictable nor linear
- ✓ There is no “PERFECT TIME”
- ✓ ***No one is too big to fail!***

Are You Thinking?

This too shall pass!



Can We Have It Both Ways?







Key Challenges in US Health Care System



UNSUSTAINABLE COST

2X

COST PER CAPITA VERSUS
OECD NATIONS



VARIATION IN QUALITY

3X

VARIATION IN HOSPITAL DAYS
IN LAST 6 MONTHS OF LIFE



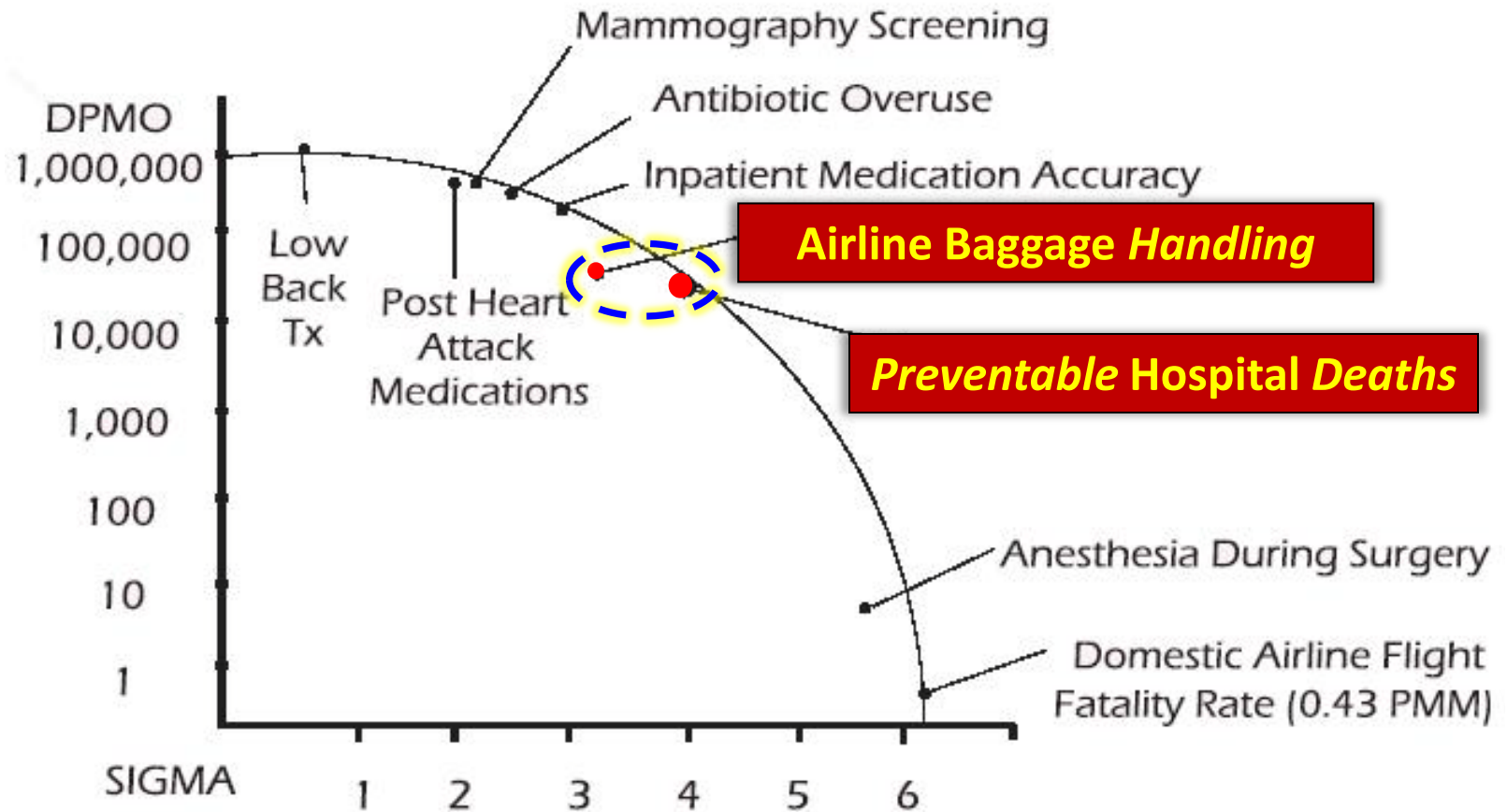
LACK OF COORDINATION

\$91B

ANNUAL COSTS FOR
AVOIDABLE COMPLICATIONS
REDUNDANT
ADMINISTRATIVE PRACTICES

Source: Sam Nussbaum, MD, "Advancing Health Care Quality, Access, and Affordability Through Innovation"

Safety



DPMO – defect rate per million opportunities; Source – Robert Galvin, General Electric © 1994 Dr. Mikel J. Harry as depicted in Reducing the Costs of Poor Quality Healthcare, Midwest Business Group on Health 2002.

What's Our Objective?

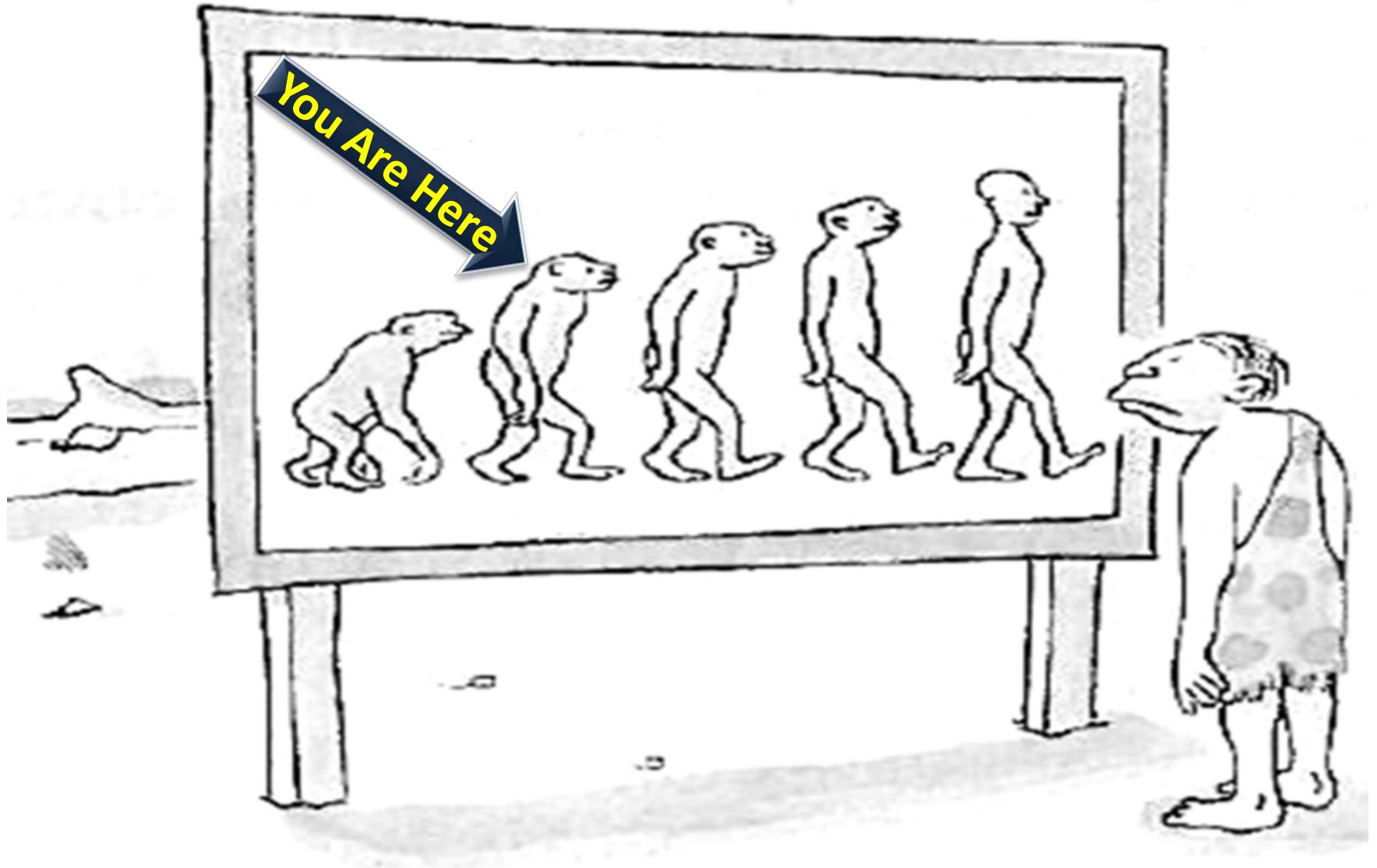


**National
Quality
Strategy**



**Triple
Aim**

How Are We Doing?



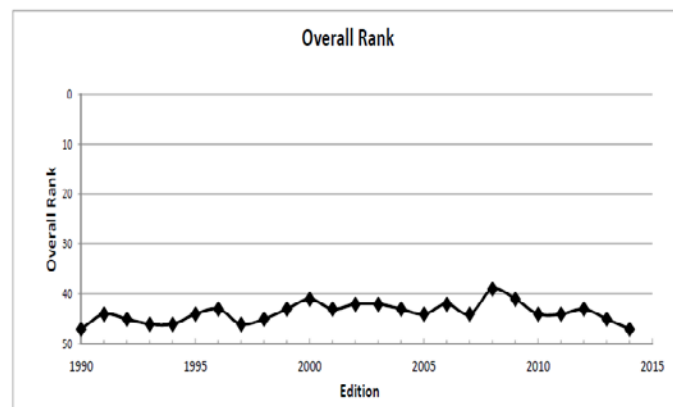
(E. H. Rieu)

How Are We Doing?



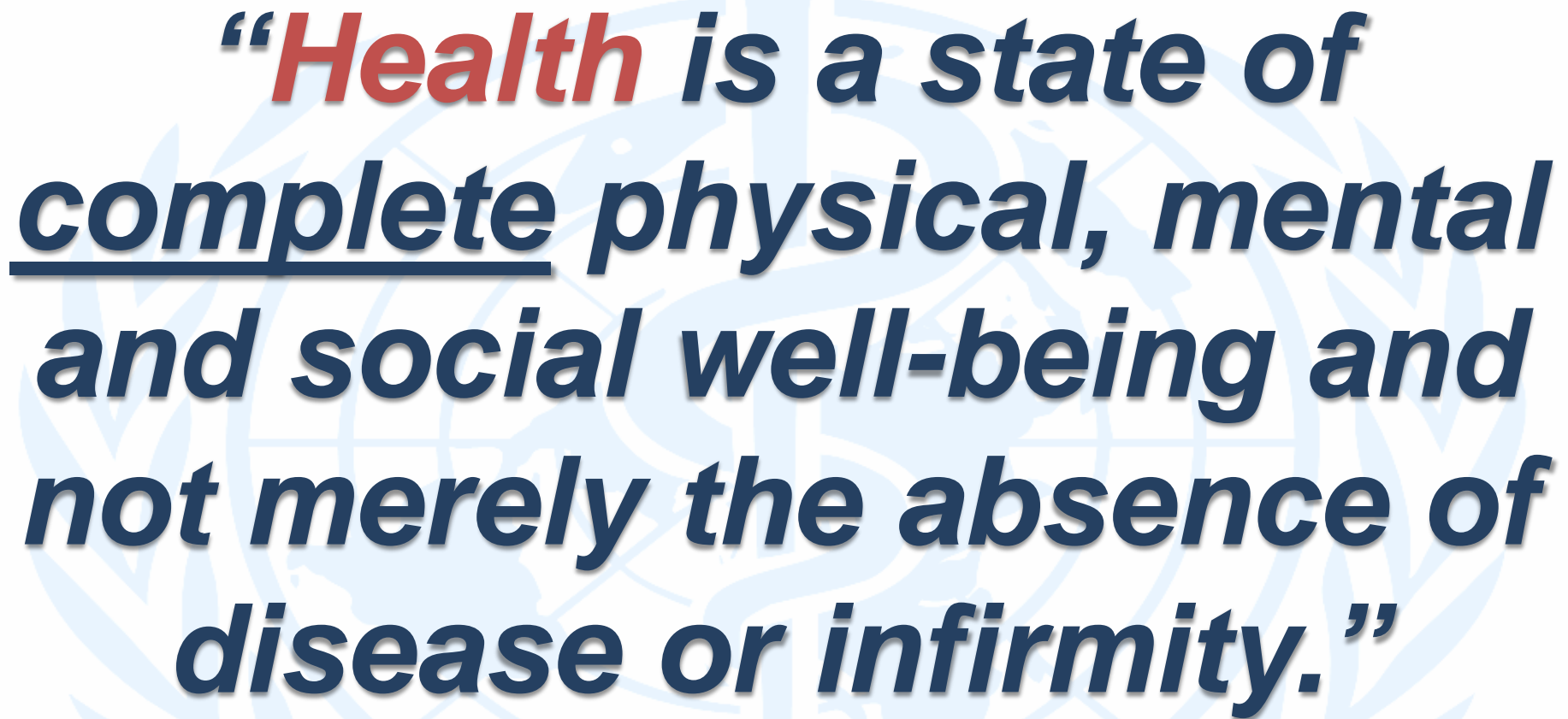
RANK VALUE

	KENTUCKY	KENTUCKY
POOR MENTAL HEALTH DAYS	50	5
CANCER DEATHS/100,000	50	228
PREVENTABLE HOSPITALIZATIONS/1,000	50	94
CHILDREN IN POVERTY	50	32
SMOKING	49	27
DRUG DEATHS	48	24
POOR PHYSICAL HEALTH DAYS	47	5
OBESITY IN ADULTS	46	33
UNDEREMPLOYMENT RATE	45	15
PREMATURE DEATH/100,000	44	9575
CARDIOVASCULAR DEATHS/100,000	43	297
PHYSICAL INACTIVITY	42	27
LOW BIRTHWEIGHT	38	8.7
DIABETES IN ADULTS	33	11
LACK OF HEALTH INSURANCE	28	11
HIGH SCHOOL GRADUATION	22	82
VIOLENT CRIME	8	223



America's Health Rankings

2014



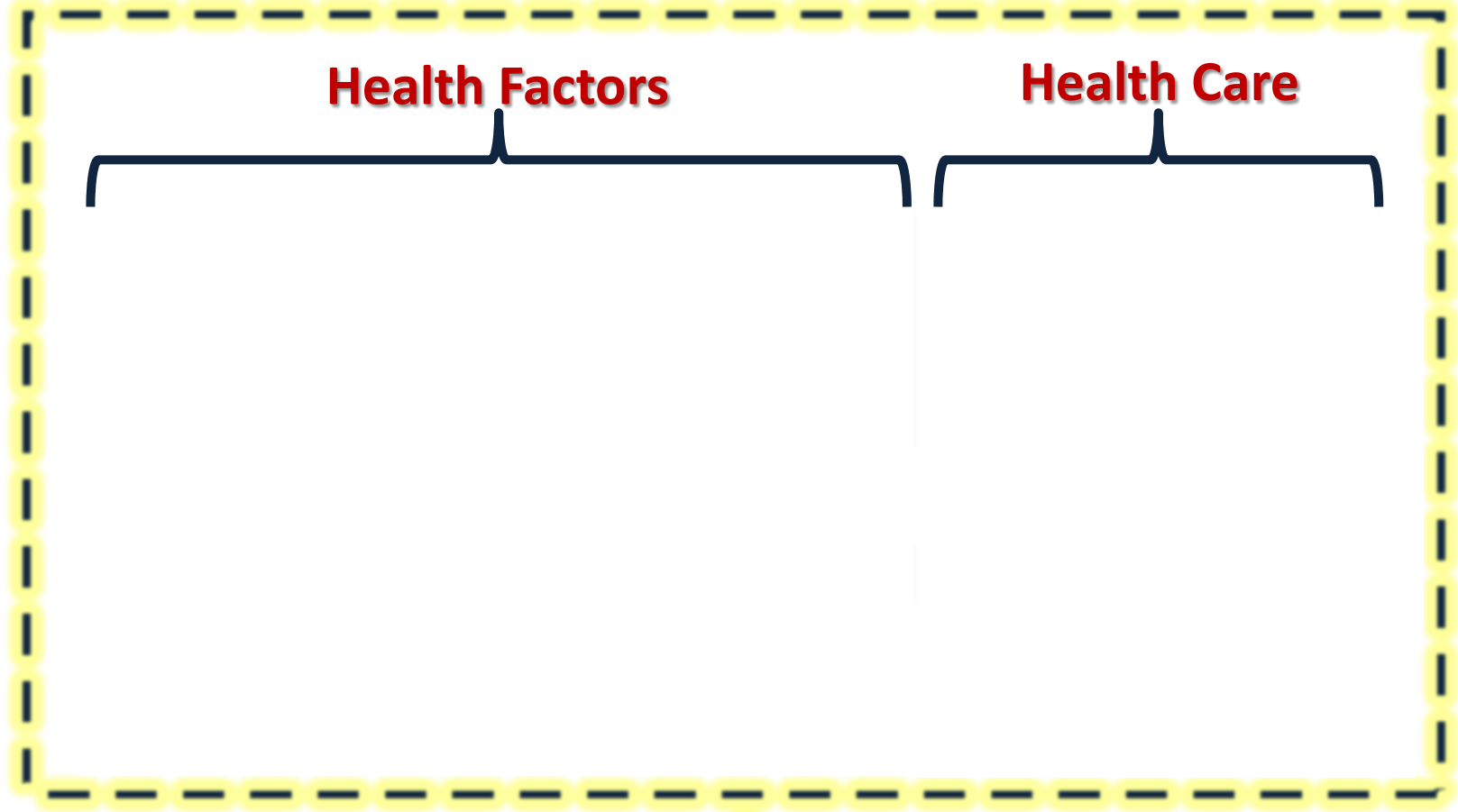
“**Health** is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”

WHO, 1946

Preamble to the Constitution of the World Health Organization as adopted by the International Health Conference, New York, 19-22 June, 1946; signed on 22 July 1946 by the representatives of 61 States (Official Records of the World Health Organization, no. 2, p. 100) and entered into force on 7 April 1948.

The Definition has not been amended since 1948.

Emerging Understanding of *Population Health*



Poverty



“High-Poverty” Counties

1960



296 High-Poverty Counties

LIFE In Kentucky: 1964



LIFE HISTORY CULTURE ICONS CURIOSITIES PHOTOGRAPHERS

MOST POPULAR

- 'Addams Family' Hopefuls: Photos From Auditions for a Classic TV Show
- A Rip in the Iron Curtain: Photos From the Hungarian Revolution, 1956
- Art for the Reich's Sake: Painting, Propaganda and the Hyping of 'Aryan' Culture
- 'The Most Beautiful Suicide': A Violent Death, an Immortal Photo
- Scenes of 'Fury': The Brutal Reality of Tank Warfare in World War II
- Behind the Picture: The Photo That Changed the Face of AIDS

WAR ON POVERTY: PORTRAITS FROM AN APPALACHIAN BATTLEGROUND, 1964 1 of 36

John Dominis—Time & Life Pictures/Getty Images
Caption from LIFE. "In a shack near Neon, Ky., Mrs. Delpha Mobley comforts daughter Riva, ill with measles. Proper medical care is beyond her \$125 monthly welfare pay."

FULL SCREEN

WAR ON POVERTY: PORTRAITS FROM AN APPALACHIAN BATTLEGROUND, 1964

12 of 36



John Dominis—Time & Life Pictures/Getty Images
Not published in LIFE. Appalachia, eastern Kentucky, 1964.

FULL SCREEN



John Dominis—Time & Life Pictures/Getty Images
Caption from LIFE. "All over Appalachia the ruins of trestles jut from deserted hillside coal mines. This mine, once owned by Thornton Mining Co., was making big money 20 years ago. It paid miners \$8.50 a day -- good pay in those days -- and wealth flowed through the valley. The mine closed in 1945."

FULL SCREEN

Poverty



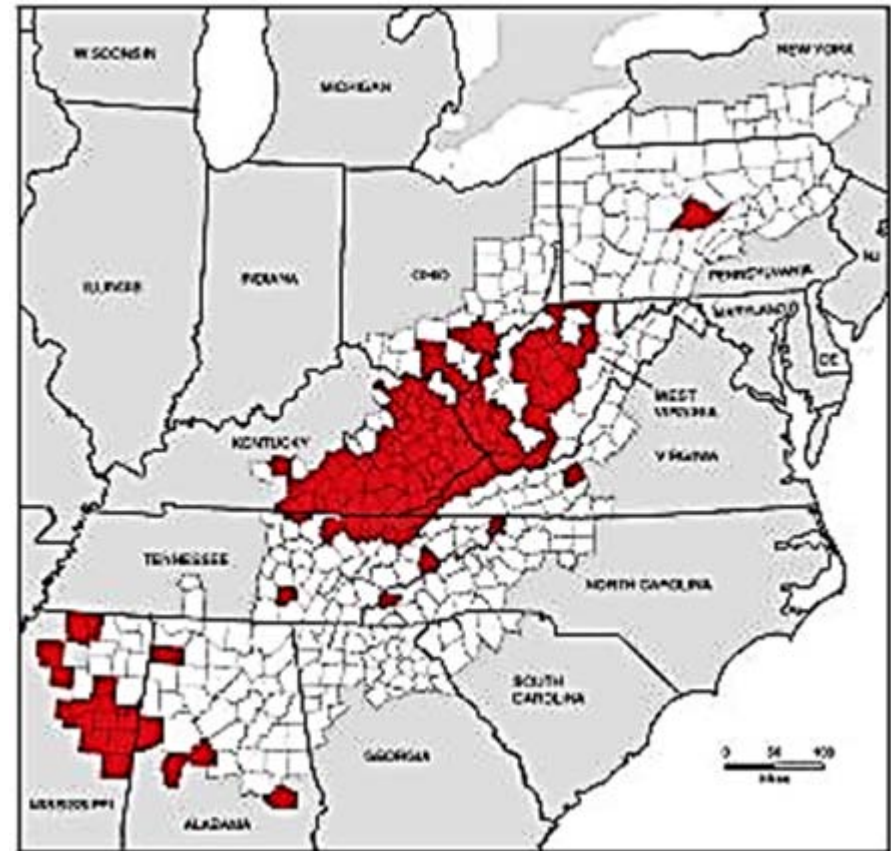
“High-Poverty” Counties

1960



296 High-Poverty Counties

2010



116 High-Poverty Counties

50 Years Later...



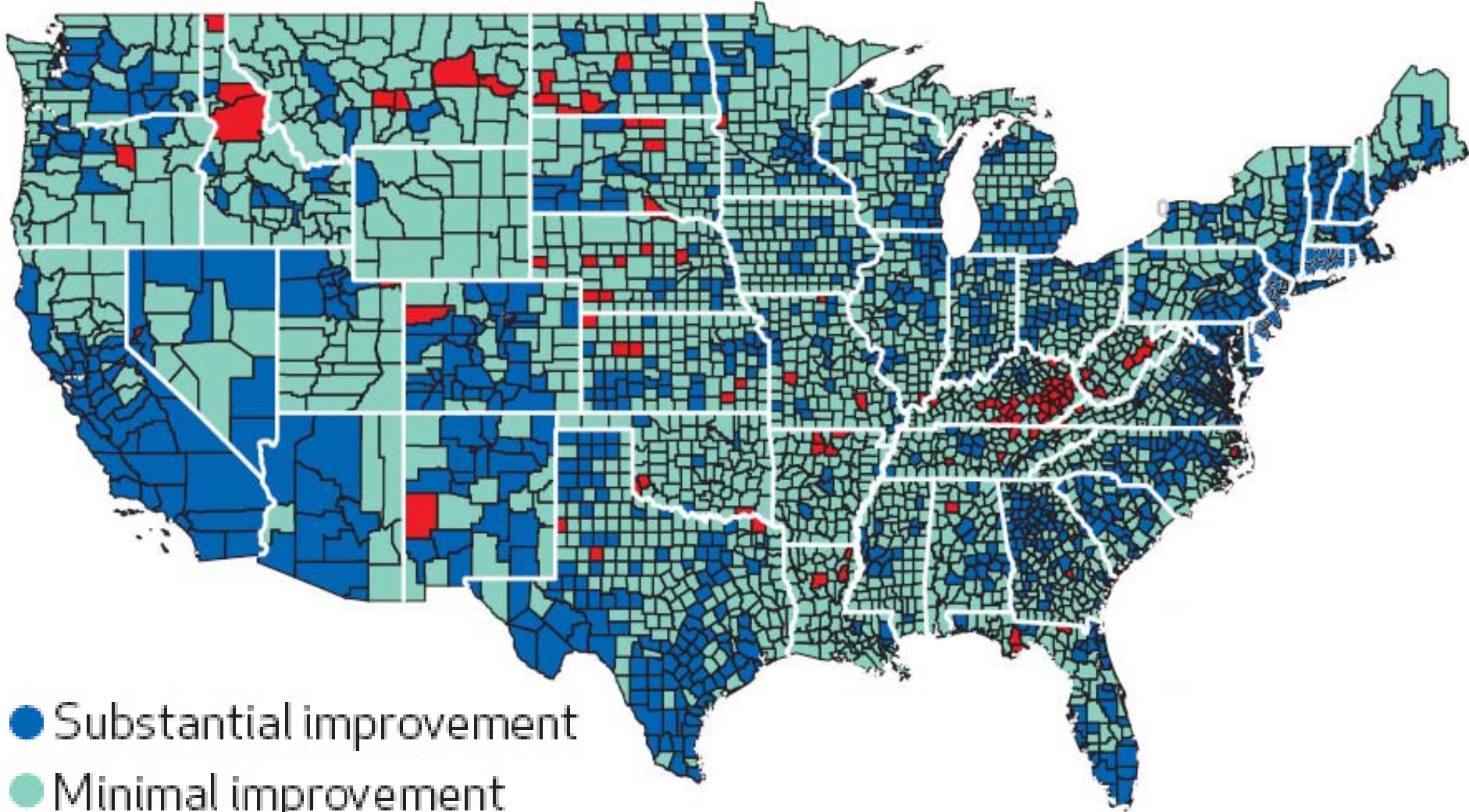
Life Expectancy: Males



Mortality Rates in Men



Change in Male Mortality Rates



- Substantial improvement
- Minimal improvement
- Worsening

HealthAffairs

Kindig D A , and Cheng E R
2013;32:451-458

Mortality Rates in Women



Change in Female Mortality Rates

Life Expectancy in Women

Women in Perry County, Ky. have the *shortest*:
--> Average 72.7 years

(*LESS THAN women in Russia and Vietnam*)

July 10, 2014 Population Health Metrics.

- Substantial improvement
- Minimal improvement
- Worsening

HealthAffairs

Kindig D A , and Cheng E R
2013;32:451-458



Where Are The Hardest Places to Live

Clay County, Kentucky

Overall Rank:	3,135 of 3,135
Median Income:	\$22,296
College Education:	7.4%
Unemployment:	12.7%
Disability:	11.7%
Life Expectancy:	71.4 Years
Obesity:	45%



The 10 lowest counties in the country, by this ranking, include a cluster of six in the Appalachian Mountains of eastern Kentucky (Breathitt, Clay, Jackson, Lee, Leslie and Magoffin), along with four others in various parts of the rural South: Humphreys County, Miss.; East Carroll Parish, La.; Jefferson County, Ga.; and Lee County, Ark.

County Ranking





How will we *“move the needle”* In Kentucky?

Our Governor's Narrative



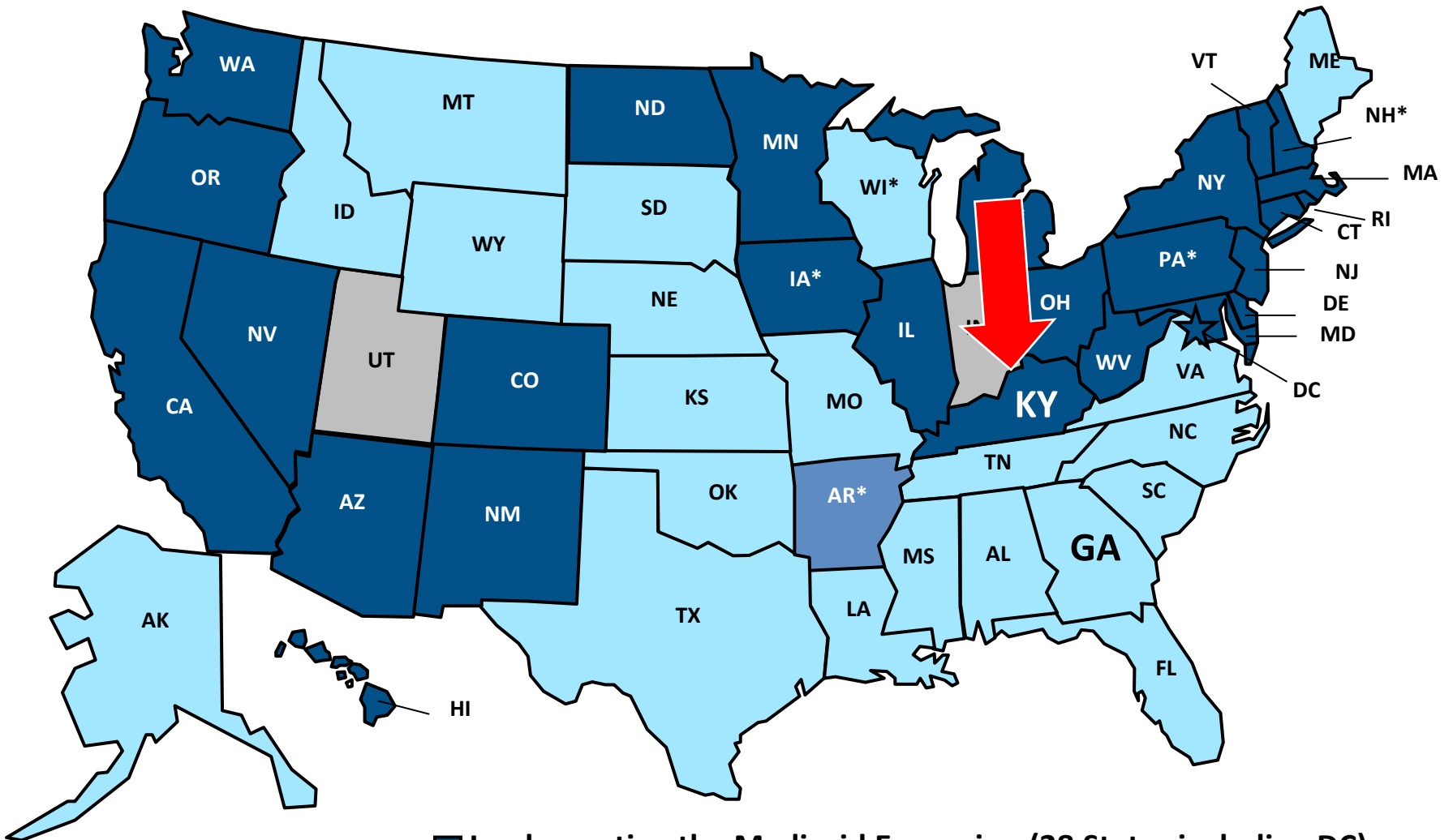
"Poor Health
turns lives upside down"

"There is a direct line
from poor health to almost
every challenge Kentucky faces"

"For Kentucky to improve its
competitiveness and capacity, we
must address this weakness...
*AND incremental improvements
are not enough*"

"BIG PROBLEMS Require *BIG SOLUTIONS,*
And that means.....*BIG CHANGES!"*

Medicaid Expansion



- Implementing the Medicaid Expansion (28 States including DC)
- Open Debate (2 States)
- Not Moving Forward at this Time (21 States)



Medicaid Expansion

With Medicaid Expansion it WAS anticipated an additional 308,000 would be eligible in 2014

Current Enrollment = **1,282,322** → What it means:
1 out of every 4 Kentuckians will be Medicaid Eligible

Benefits to Kentucky

An independent study found that expanding Medicaid is beneficial for Kentucky in several areas including:

40,000 New Jobs



**\$30 Billion Positive
Financial Impact ***



**\$820 Million
Savings for Ky. ***



RESULTS

Results...



TIME

How Kentucky Got It Right

In the deep red Bluegrass State, Obamacare is an unlikely hit. Just don't call it by that name
By Steven Brill

Results...



The Affordable Care Act in
Kentucky: It's Working

Washington Post – May 29, 2014

Obamacare Enrollment Tops 413,000 in Kentucky

The Courier Journal – April 22, 2014

One State, Two Maps, One
Success Story

MSNBC – August 1, 2014

Health care enrollment operates smoothly in Kentucky,
but federal website remains problematic

Kentucky.com – October 21, 2013

One Health Exchange
Success Story

Fortune – November 21, 2013

Obamacare is Winning in Kentucky,
Thanks to Steve Beshear

The Daily Beast – October 17, 2013

HealthCare.gov is busted. These
four state exchanges aren't.

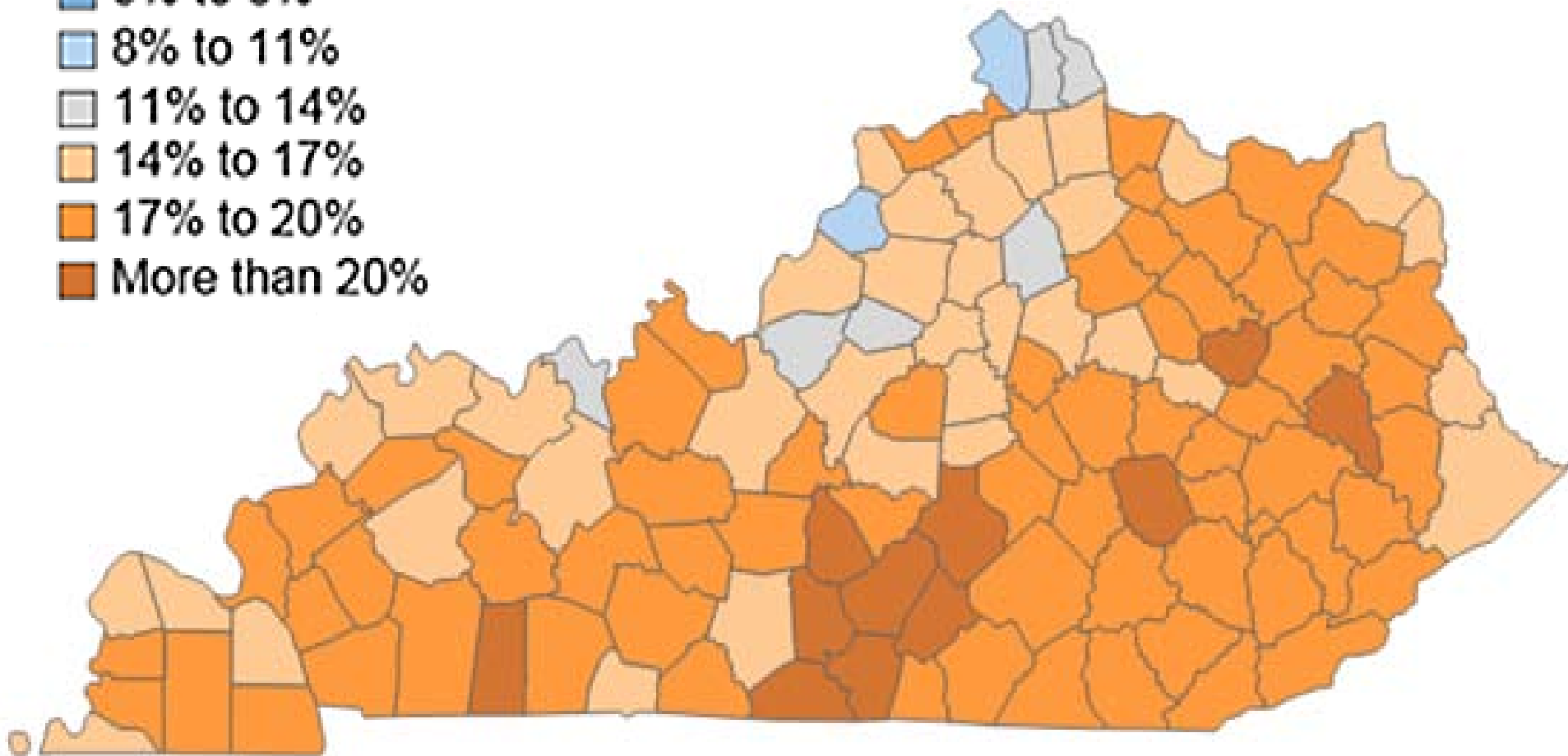
Washington Post – October 25, 2013

Impact In Kentucky



> 20% Un-Insured

- Less than 5%
- 5% to 8%
- 8% to 11%
- 11% to 14%
- 14% to 17%
- 17% to 20%
- More than 20%

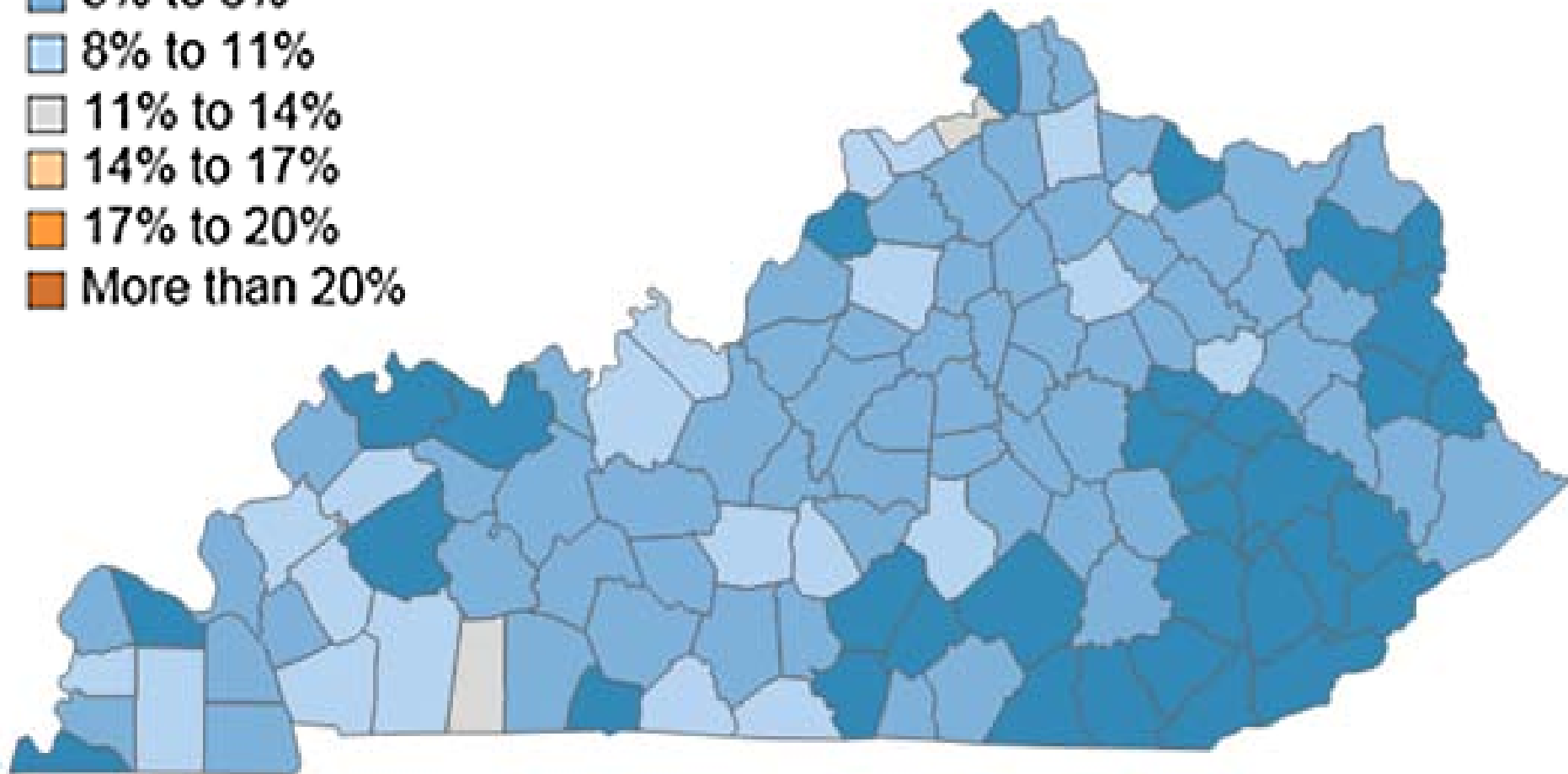


ACA Impact In Kentucky









< 12% Un-Insured

- Less than 5%
- 5% to 8%
- 8% to 11%
- 11% to 14%
- 14% to 17%
- 17% to 20%
- More than 20%





All Payers: ER VISITS

SELF-PAY		-53%
CHARITY		-81%
COMMERCIAL		+1%
MEDICARE		+1%
MEDICAID		+33%
TOTAL ER VISITS		-3%

***Medicaid Population Grew >35%**



Governor's Health Initiative



kyhealthnow

advancing our state of wellness

Kentucky's Moment...



"I believe that this nation should commit itself to achieving the goal, *before this decade is out*, of landing a man on the moon and returning him safely to earth."

**President John F. Kennedy,
May 25, 1961**

Governor's Health Initiative



***We Should
Adapt and Adopt
the Words That Inspired!***

These goals will serve to organize and measure the best of our energies and skills, because this challenge is one we are willing to accept, one we are unwilling to postpone, AND one which we INTEND TO WIN!



Looking Forward to the “Road Ahead”

Don't let this be our
KODAK MOMENT

*Thank You for
Listening*



QUESTIONS

