SSMHealth

Transforming a 150 Year-Old Health System for the Future

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Chief Operating Officer

BYU MARRIOTT SCHOOL OF BUSINESS MBA

Ford

ARH Appalachian Regional Healthcare

Intermountain® Healthcare

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SSM Health - A Faith-Based Health System

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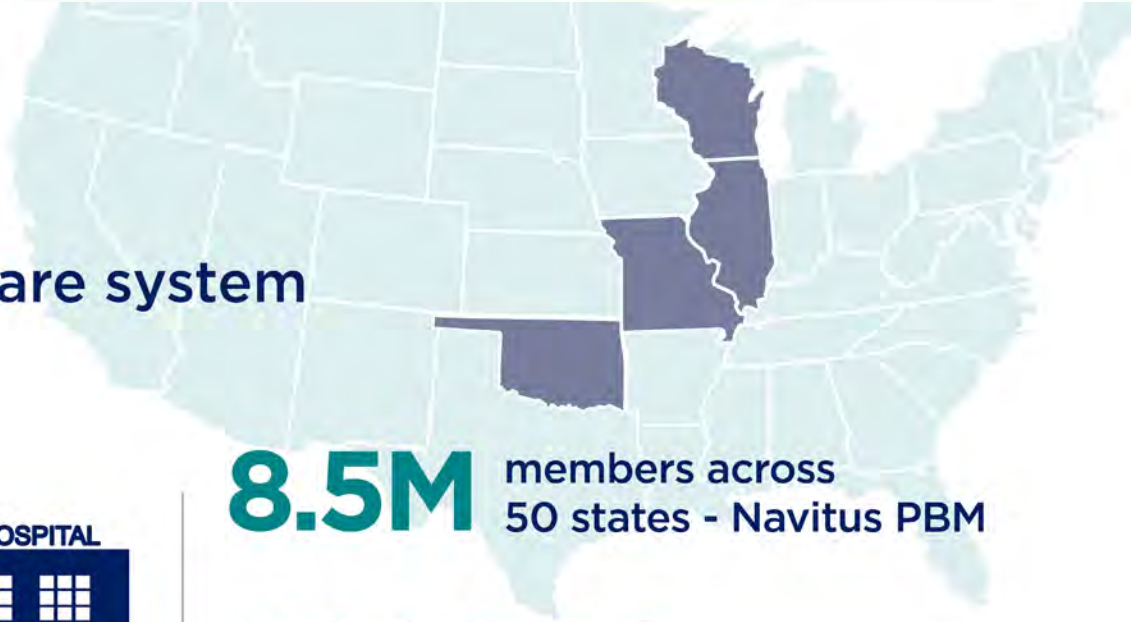
SSMHealth | System Overview



A **$9B** not-for-profit Catholic health care system

$395M in community benefit

40,000 team members

11,000+ physicians/ providers

300+ physician office/ outpatient sites

23 hospitals

12 post-acute facilities

58 counties served by SSM Health at Home

8.5M members across 50 states - Navitus PBM

584,000 at-risk lives

40 managed hospitals affiliate relationships

Nearly **24,000** monthly virtual visits

The Case for Transforming Health Care

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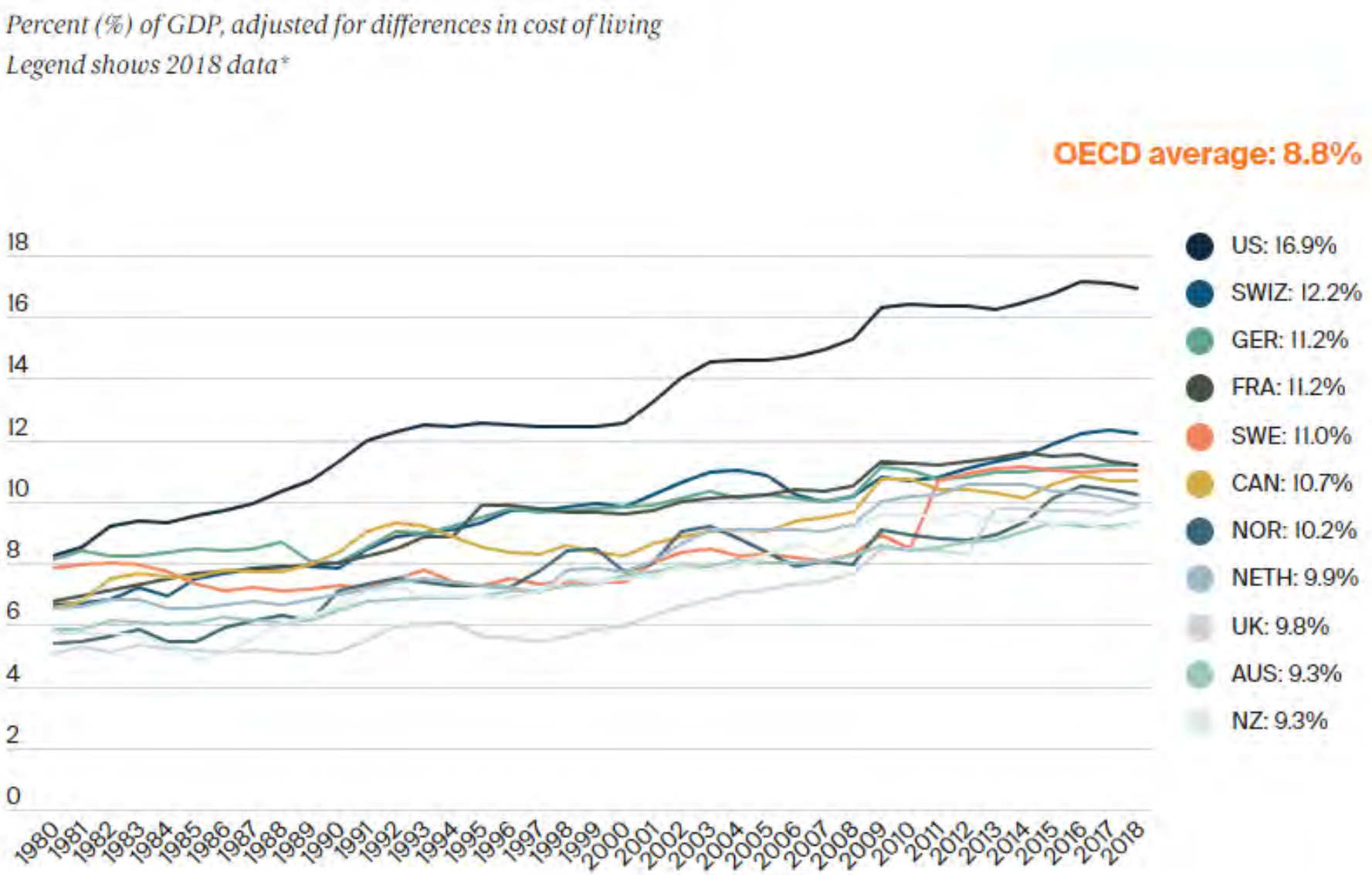
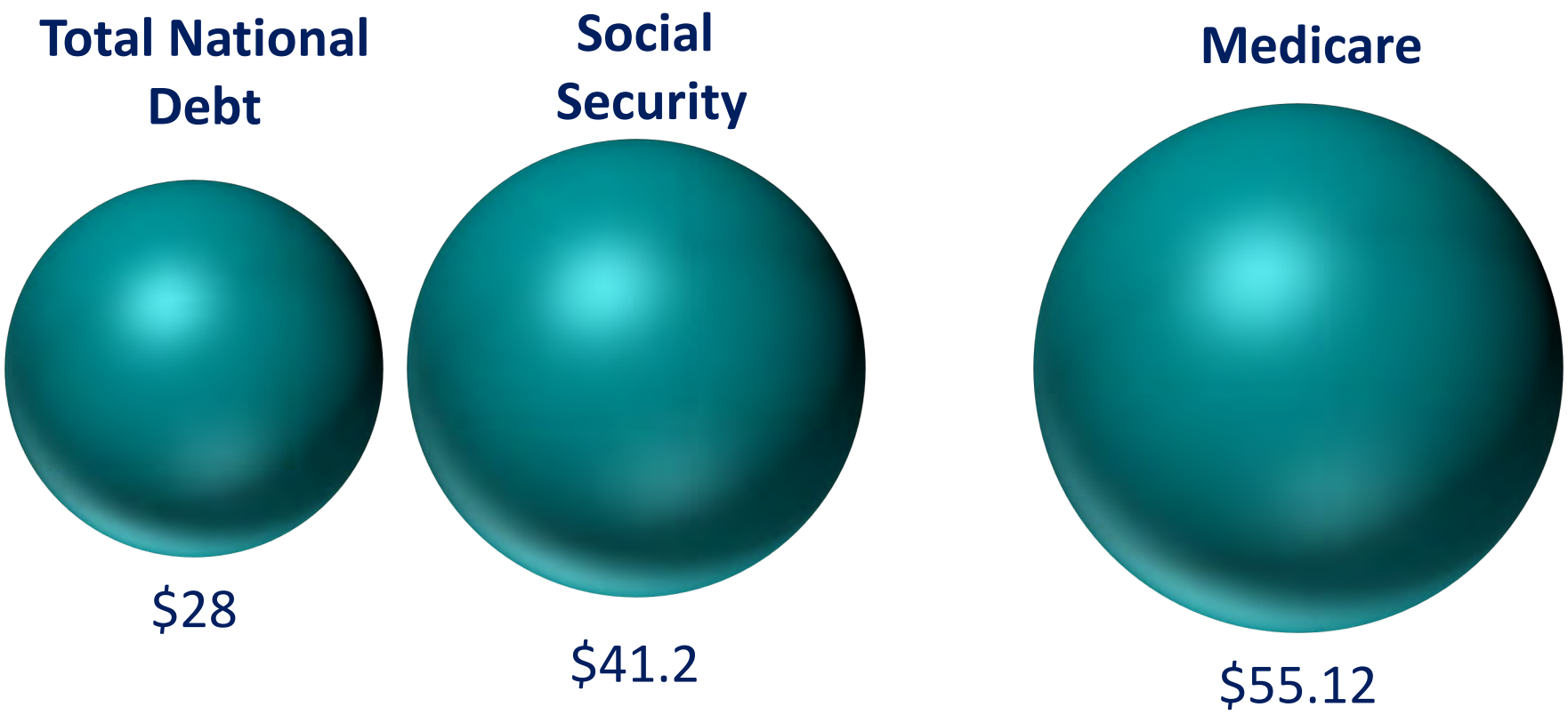
The U.S. Spends More on Healthcare Than Any Other Country



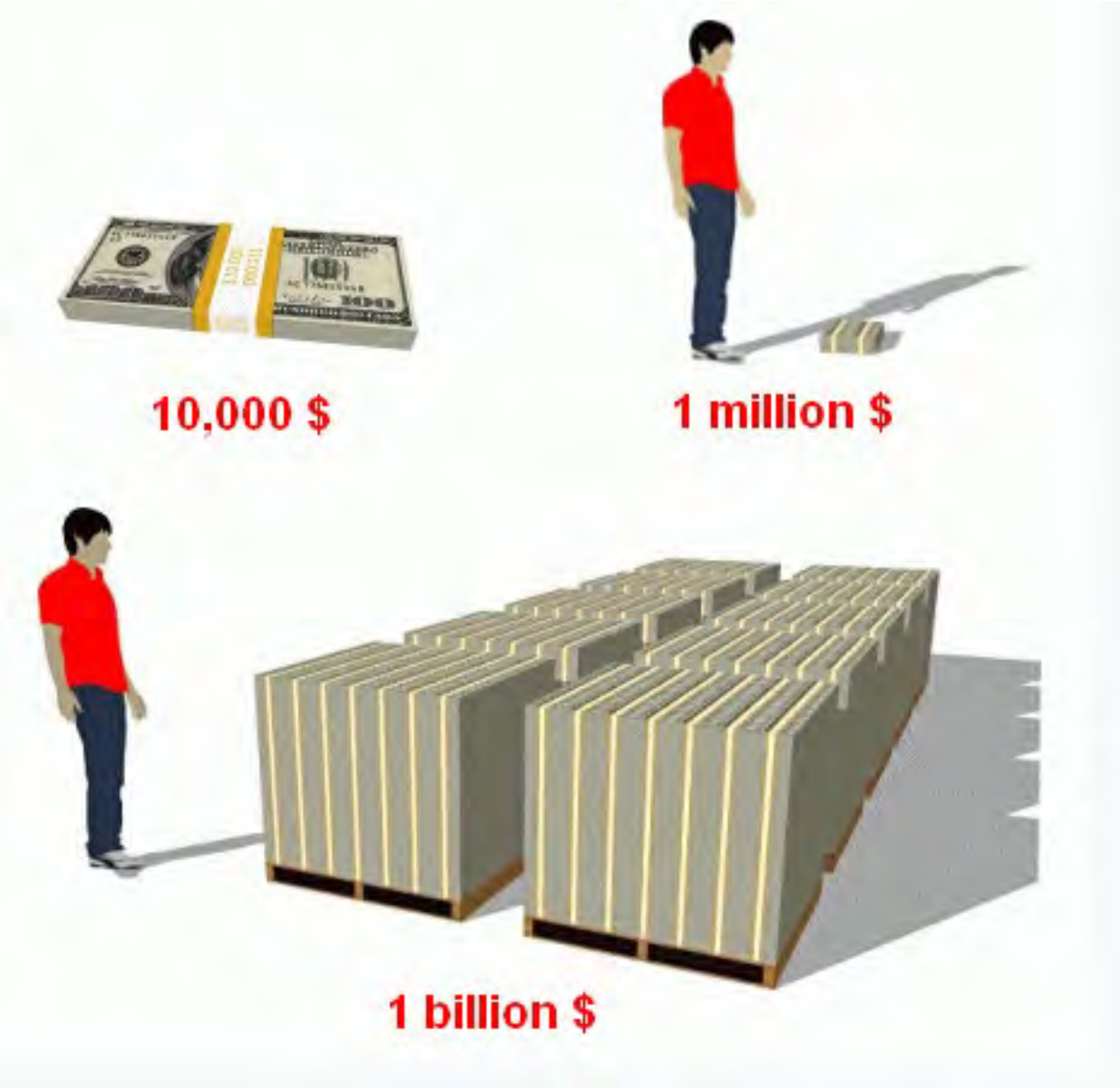
Source: Commonwealth Fund 2020

Current Debt and Unfunded Federal Obligations by Category ($ Trillions)



Source: Office of Management and Budget, May, 2021

A Sense of Perspective



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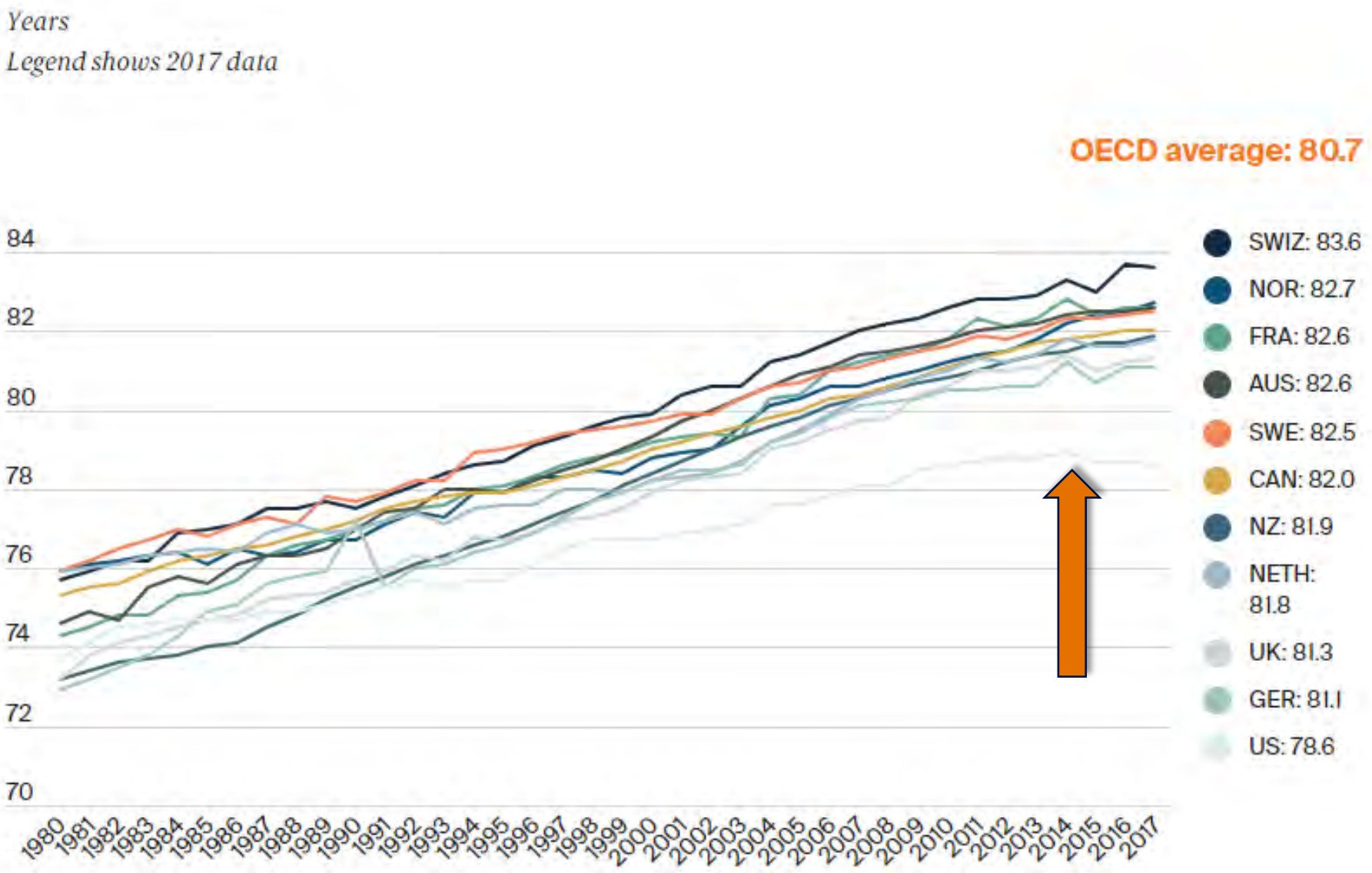
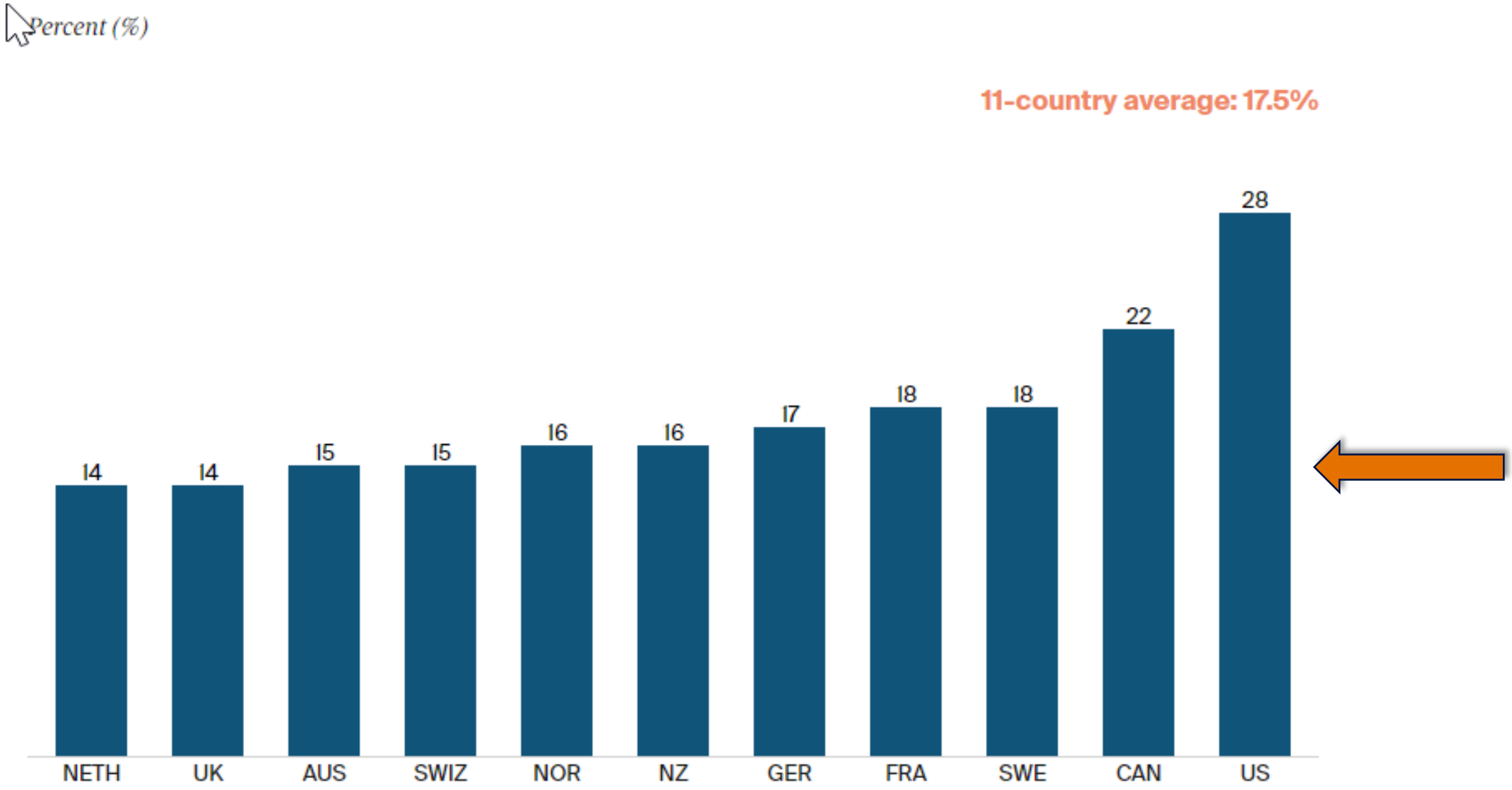
1 trillion $

The U.S. Has the Lowest Life Expectancy



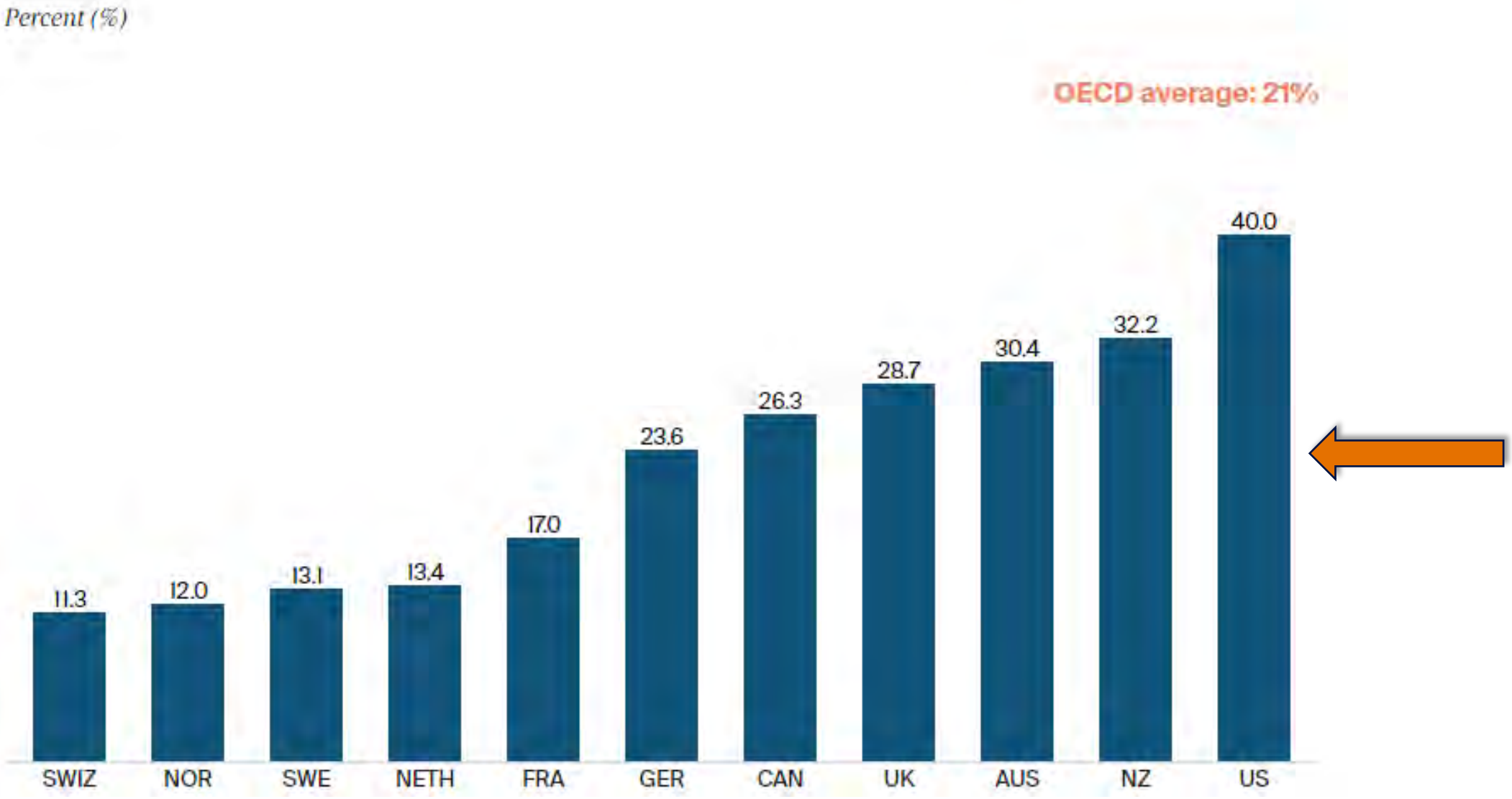
Source: Commonwealth Fund 2020

U.S. Adults Have the Highest Chronic Disease Burden



Source: Commonwealth Fund 2020

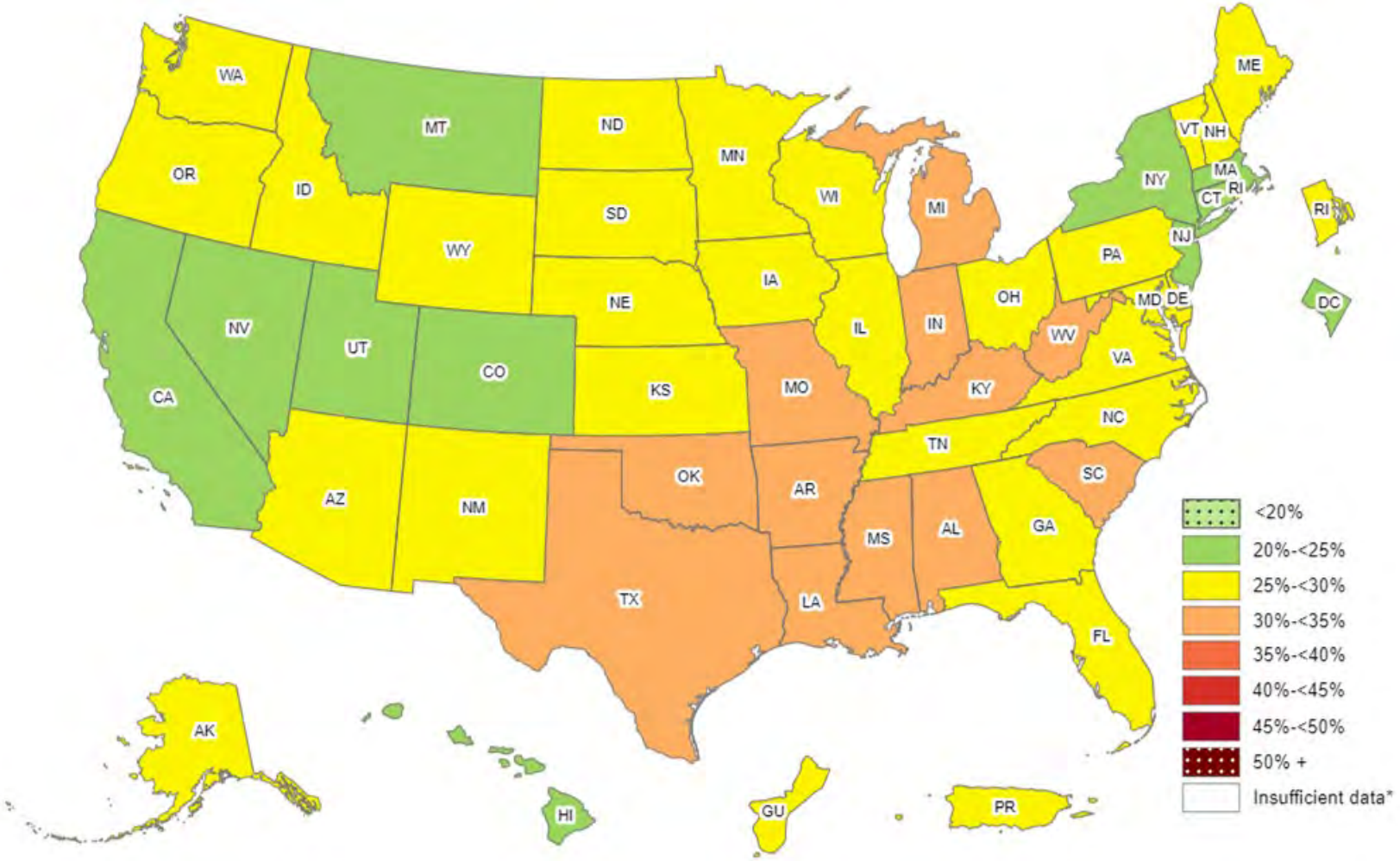
The U.S. Has The Highest Rate of Obesity



Source: Commonwealth Fund 2020

Prevalence of Self-Reported Obesity Among U.S. Adults by State and Territory, BRFSS, 2011

¶ Prevalence estimates reflect BRFSS methodological changes started in 2011. These estimates should not be compared to prevalence estimates before 2011.



*Sample size <50, the relative standard error (dividing the standard error by the prevalence) ≥30%, or no data in a specific year.

Prevalence of Self-Reported Obesity Among U.S. Adults by State and Territory, BRFSS, 2021

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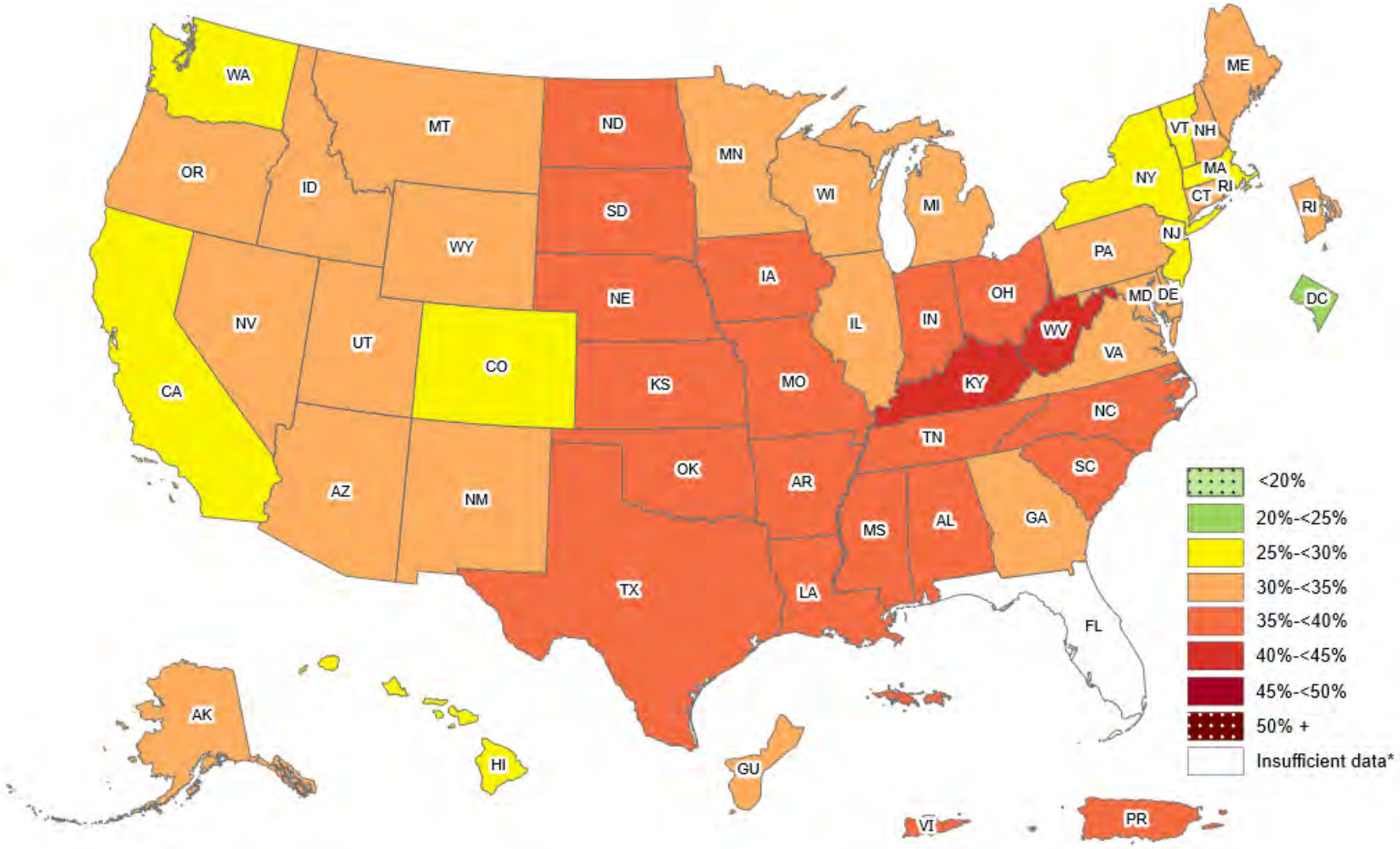
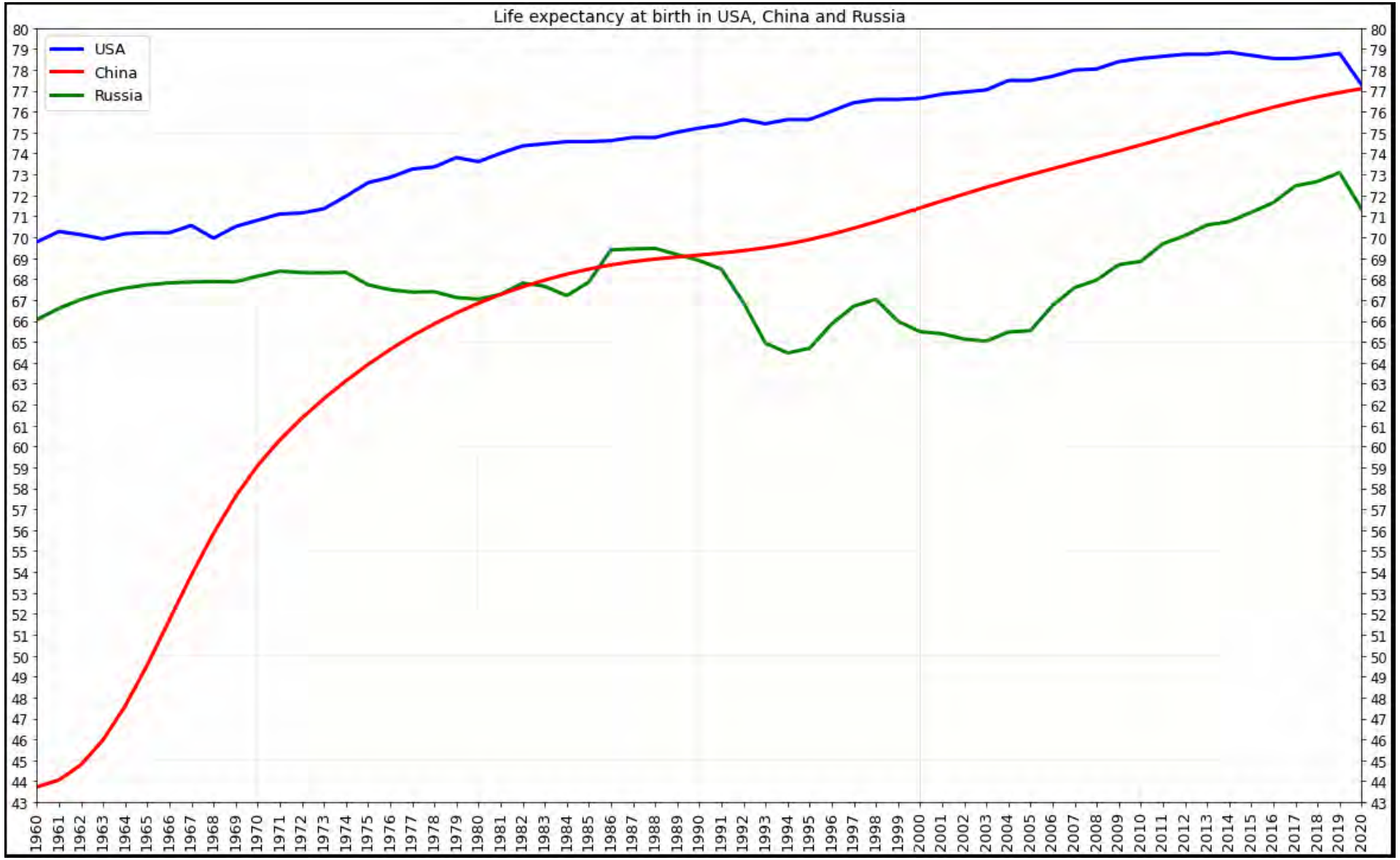


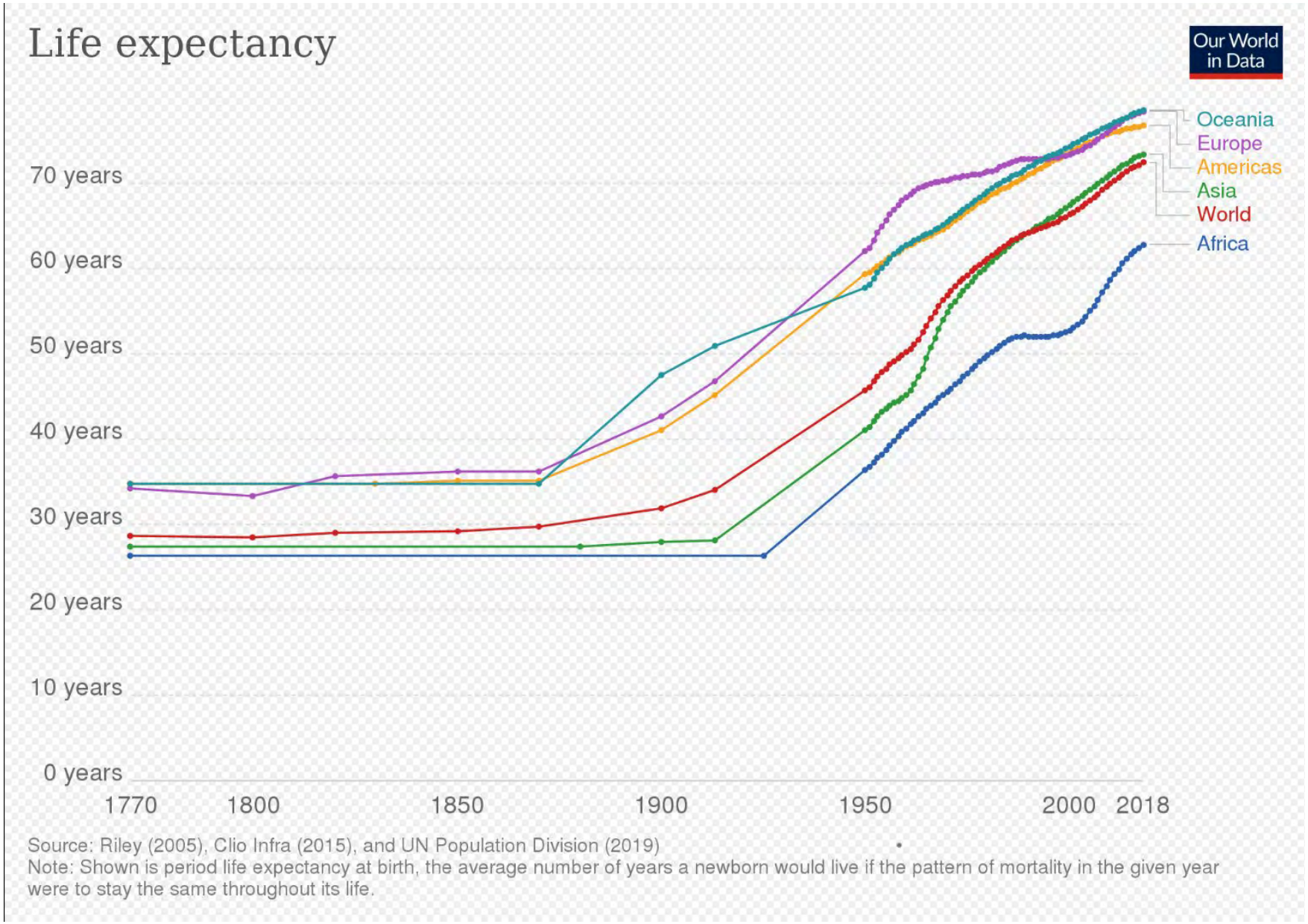
*Sample size <50, the relative standard error (dividing the standard error by the prevalence) ≥30%, or no data in a specific year.

The U.S. Has the Highest Rate of Avoidable Deaths

Source: Commonwealth Fund 2020

PERSPECTIVE




Life expectancy
Our World in Data
70 years
60 years
50 years
40 years
30 years
20 years
10 years
0 years
1770
1800
1850
1900
1950
2000
2018
Oceania
Europe
Americas
Asia
World
Africa
Source: Riley (2005), Clio Infra (2015), and UN Population Division (2019)
Note: Shown is period life expectancy at birth, the average number of years a newborn would live if the pattern of mortality in the given year were to stay the same throughout its life.

Edward J Berwind, 1848 – 1936 Coal Magnate

- First wife died in childbirth
- The baby lived two years, then died of fever
- He married again, and had three children
- One died of pneumonia at age 9
- A second died of influenza (flu) at age 12
- The third contracted polio in childhood, and was housebound until her death at age 34

Brigham Young, 1801-1877 (76)

- Died of peritonitis from a ruptured appendix

Population Health Management is in our DNA

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VIBRANCE

Our strategy for transformation to value-based care

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Population Health Framework

Data Integration and Analytics

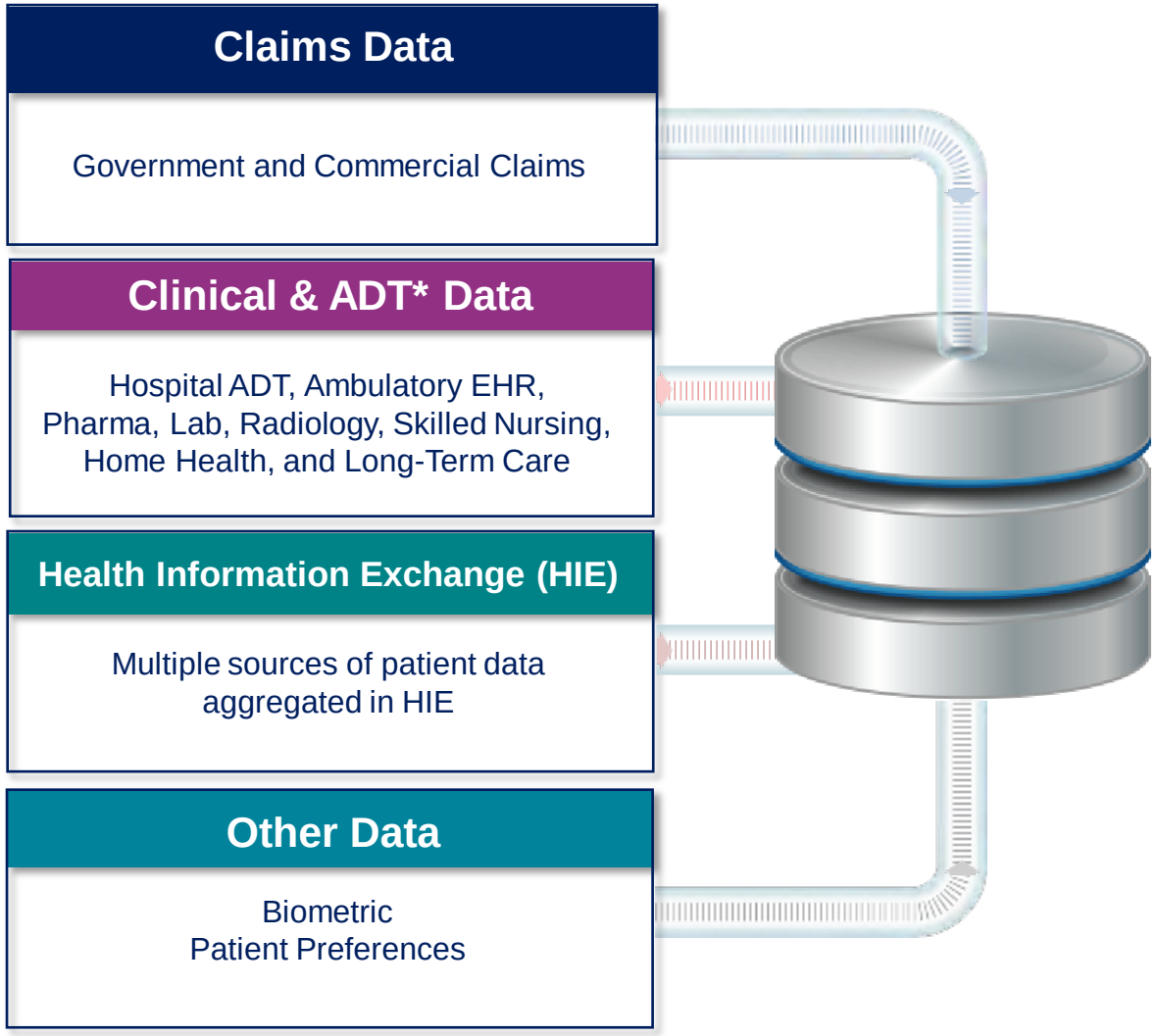
Value Based Payer Contracting

Care Management Programs

Physician Enterprise Optimization

Data Integration and Analysis

Integrating data to better understand our patients and their needs



*ADT: Admission, Discharge, Transfer

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Population Health Framework

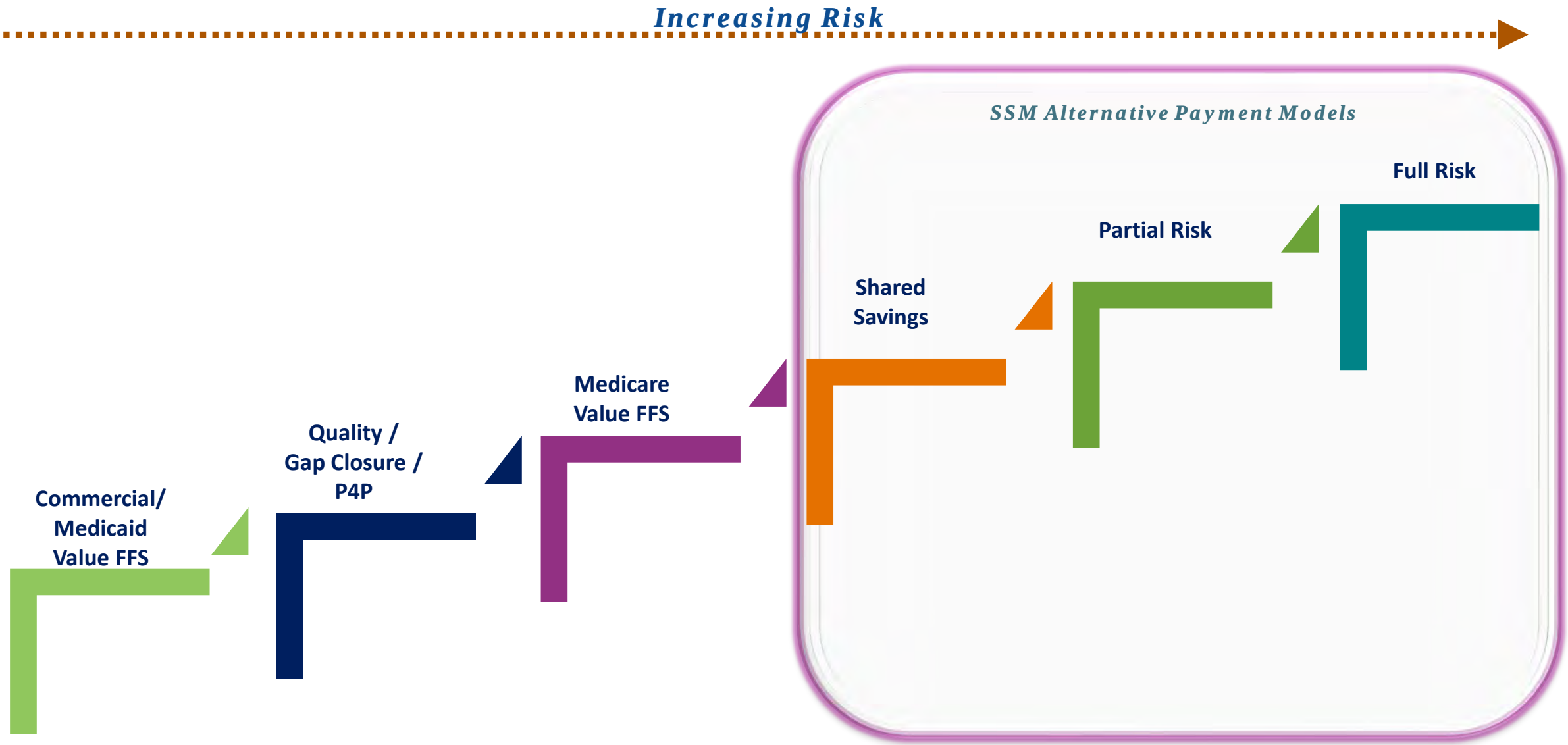
Data Integration and Analytics

Value Based Payer Contracting

Care Management Programs

Physician Enterprise Optimization

Moving to Risk – Alternative Payment Models



Growth in Alternative Payment Model (APM) Lives

Region	APM Lives as % of Total		
	2019	2021	Difference
St. Louis	*28%*	***40%***	*12%*
So. Illinois	*8%*	***23%***	*15%*
Wisconsin	*64%*	***72%***	*8%*
Oklahoma	*6%*	***13%***	*7%*
Total	***38%***	***49%***	***11%***

(1) As of May 2019
Total Lives include APM plus Fee For Service (FFS) lives

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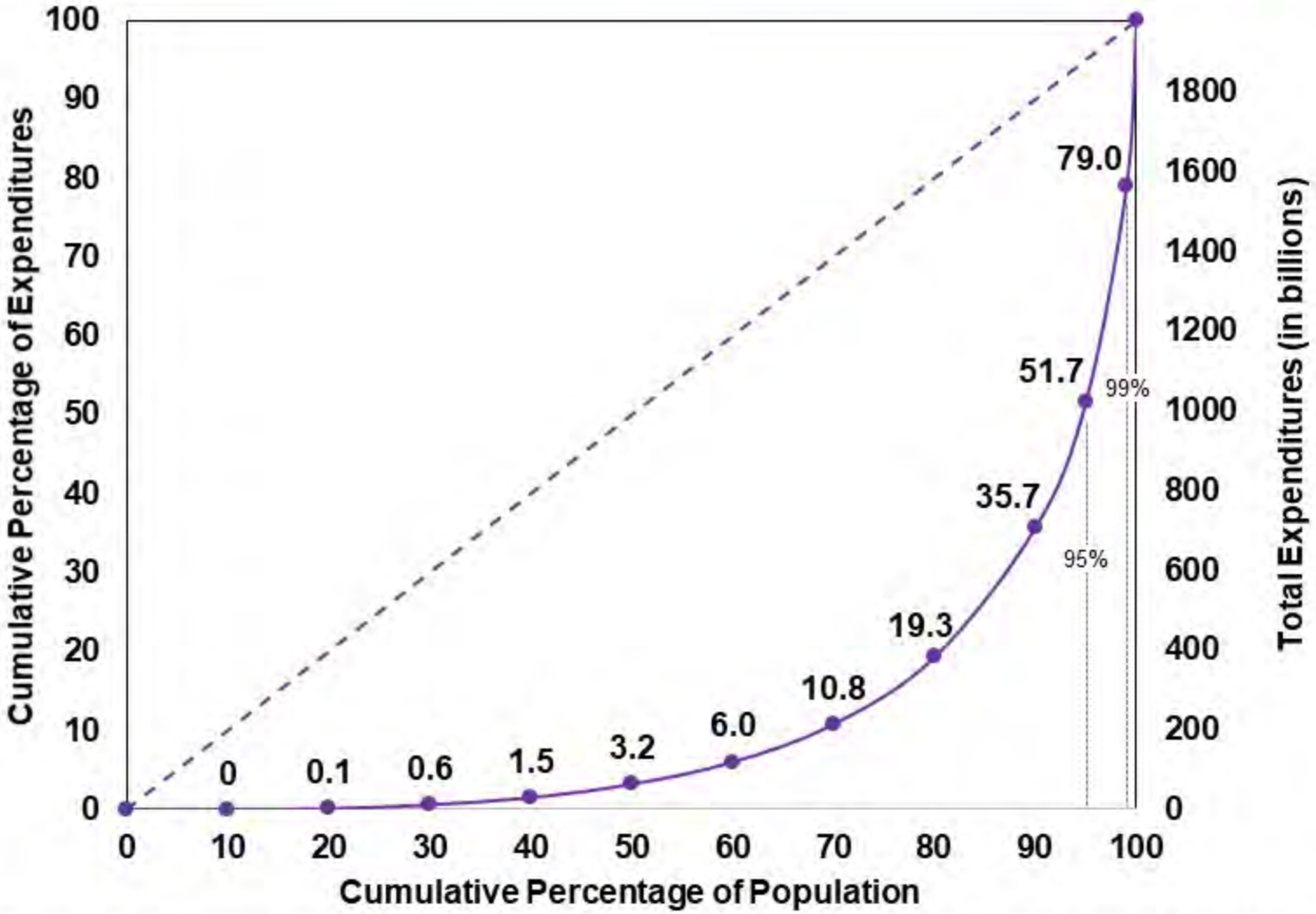
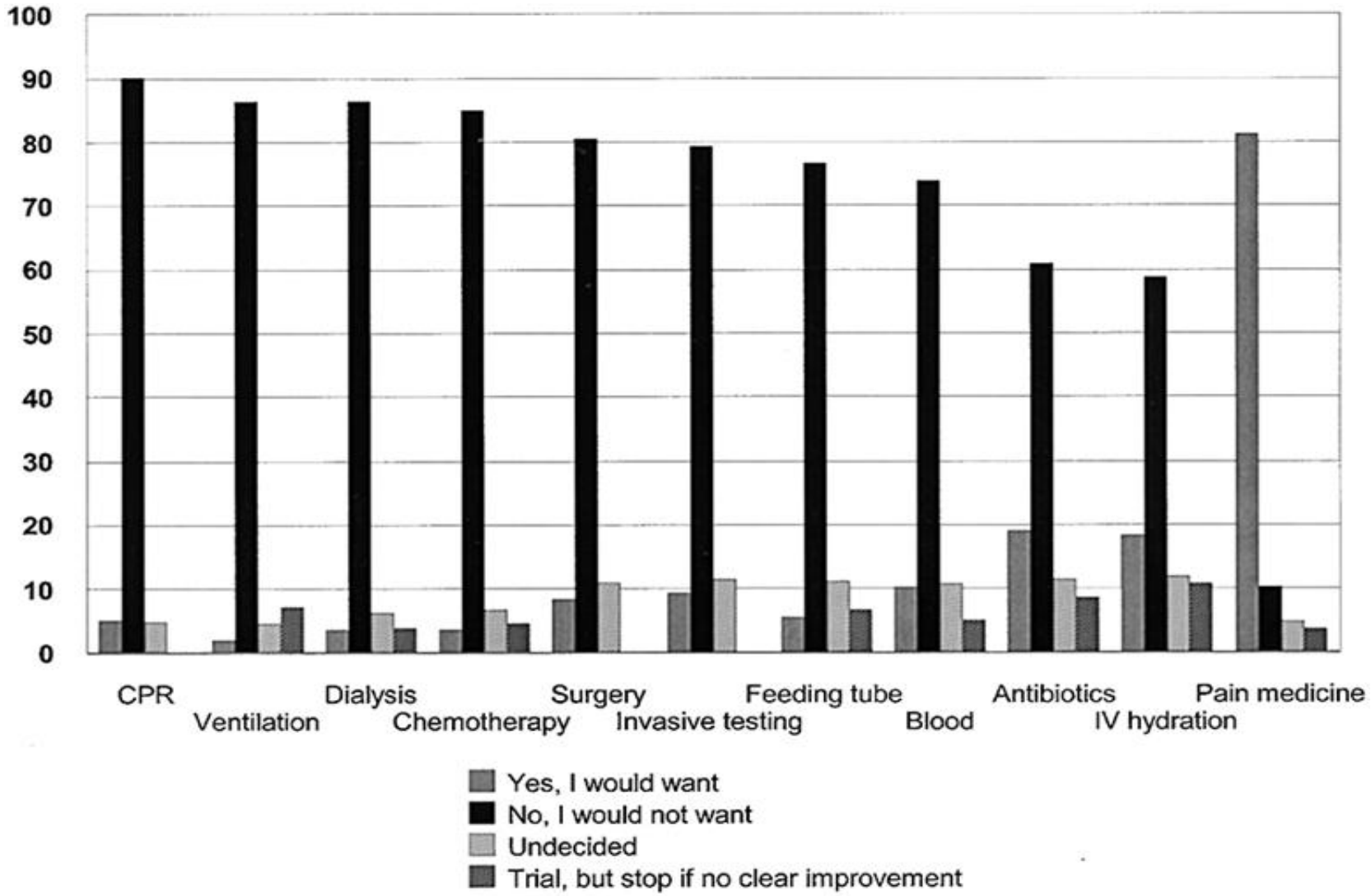
Figure 1: Concentration curve of healthcare expenditures, U.S. civilian noninstitutionalized population, 2018

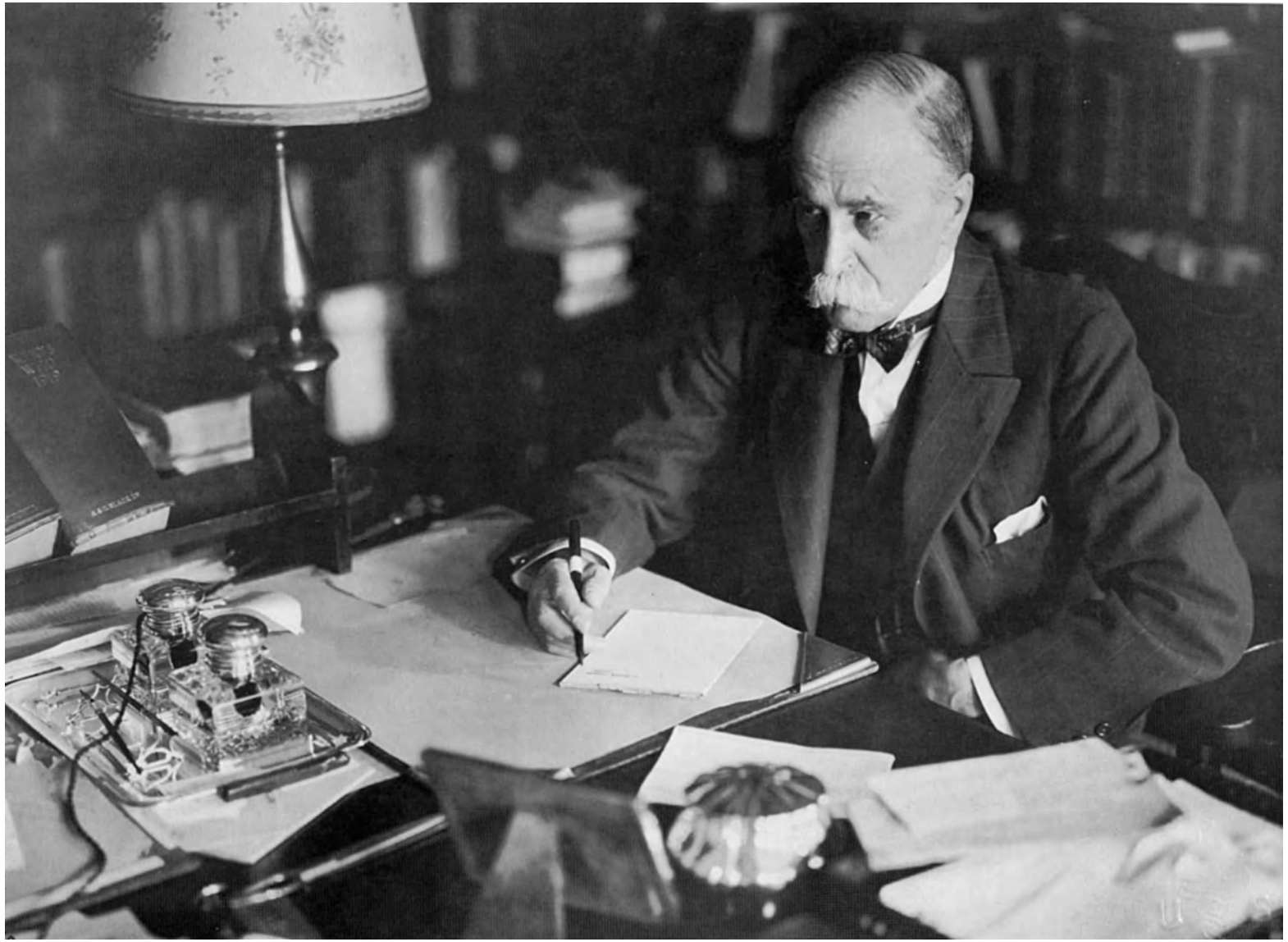


Source: Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, Medical Expenditure Panel Survey, Household Component, 2018.

Johns Hopkins Precursors Study, 1998

Preferences of physician-participants for treatment given a scenario of irreversible brain injury without terminal illness.





"Medical care must be provided with utmost efficiency. To do less is a disservice to those we treat, and an injustice to those we might have treated."

Sir William Osler

7 Core Programs

1 **Total Care**

Engages patients with the highest predictive risk scores within the population

2 **Acute Care Transitions**

Engages patients upon discharge from an inpatient setting to reduce the risk for readmission

3 **Post-Acute Care Transitions**

Uses the high-performing Skilled Nursing Facilities (SNF) network to support ease of patient transition to SNF and facilitates timely discharge from SNF

4 **Emergency Department (ED) Follow Up**

Engages and intervenes to address primary care access, patient/family education, and guidance to using appropriate facilities

5 **Quality Metric Management**

Offers interventions to achieve quality metric gap closure

6 **Annual Wellness Visits (AWV)**

Identifies patients who have not completed an AWV, facilitates a visit within the network, and satisfies patient attribution to an in-network provider

7 **Hierarchical Condition Category Coding**

Identifies patients who may have incomplete or inaccurate coding

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Total Care Program Cohort Outcomes

St. Louis MSSP ACO

- Program is for the 5% highest risk/utilization patients ~ 945 patients
- ED, admissions, and readmissions were significantly reduced.
- $2,933 saved per member per month (PMPM) over 12 months, generating a **$6.3 million reduction in spend over 12 months.**

Southern Illinois

- Program is for the 5% highest risk/utilization patients ~ 320 patients
- ED and admissions were significantly reduced.
- $3,341 saved per member per month (PMPM) over 12 months, generating a **$3 million reduction in spend over 12 months.**

Early Indications of Vibrance Impact in St. Louis Across 4 Contracts

2019 vs. 2021 (2 year comparison)

Reporting Metrics	St. Louis MSSP ACO	St. Louis United MA	St. Louis United Commercial	St. Louis Anthem Commercial
Total Cost: PMPM w/o Rx	- 2.8%	-10.6%	-2.4%	+13.8%
ED Utilization	-30.3%	-34.8%	-19.2%	-0.8%
Inpatient Utilization	-25.7%	-34.4%	-14.9%	-12.2%
Readmissions	-9.2%	+14.1%	-3.8%	-4.5%

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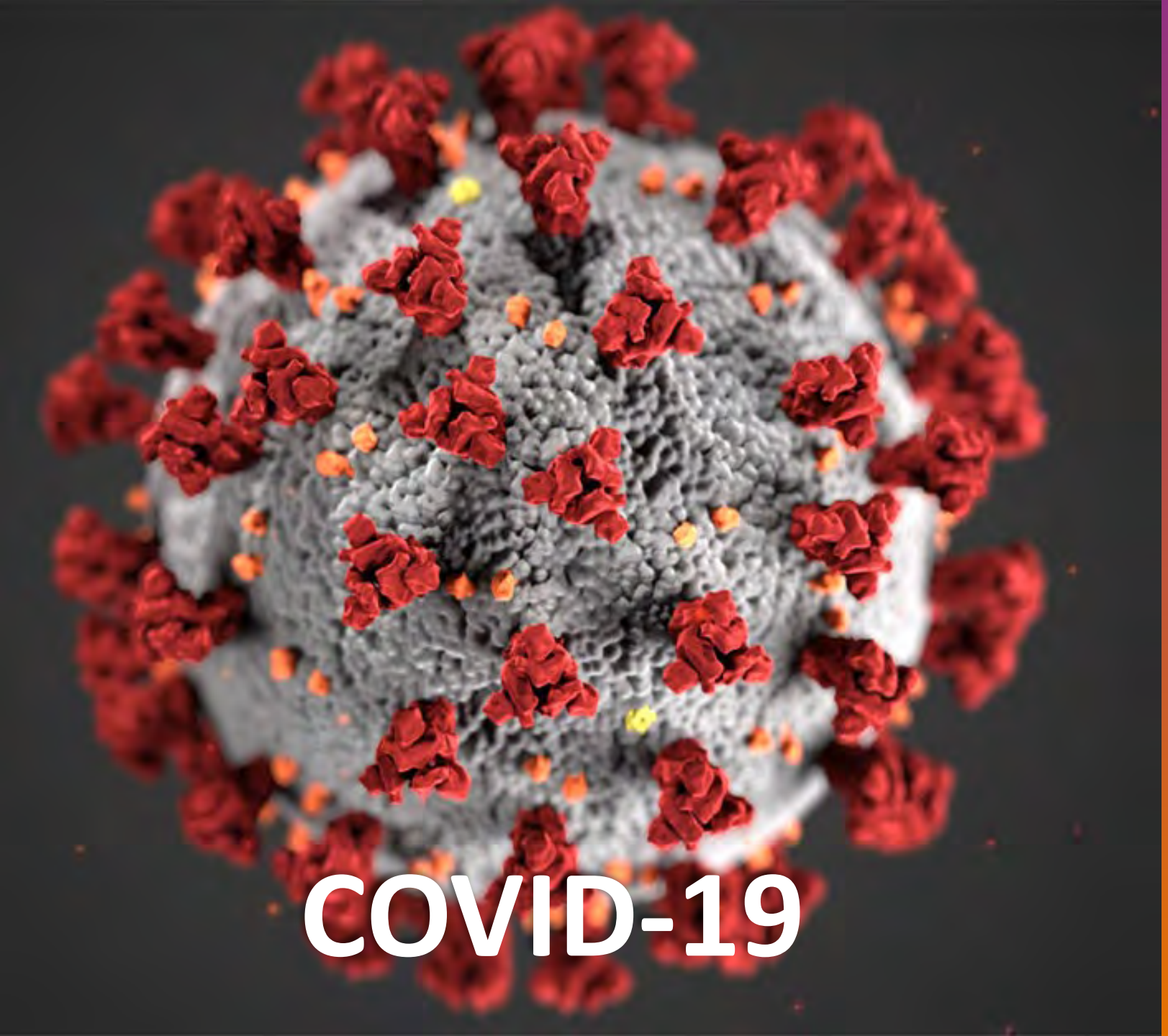

The Current State of Healthcare

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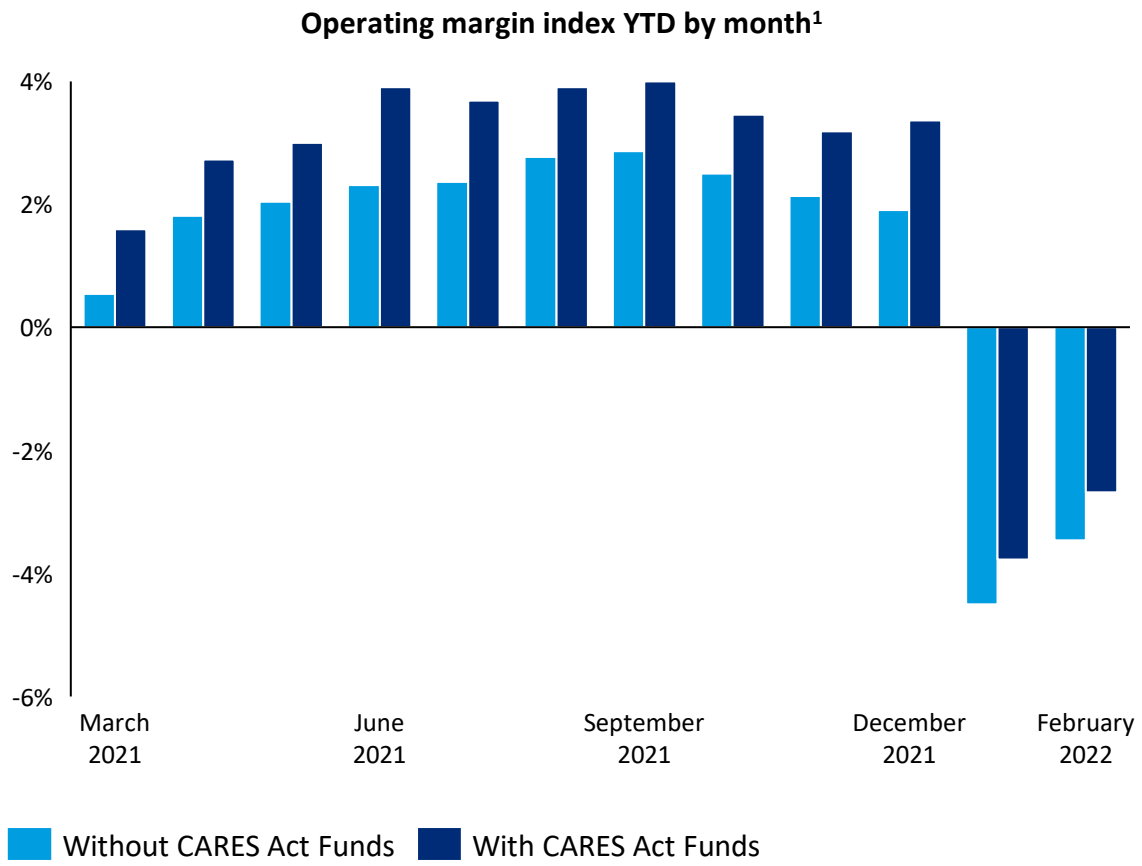
Input Cost Increases and Shifts in Demand Continue to put Pressure on Health System Finances

Hospital operating margins are being squeezed…



…driven by cost increases, and a shift in demand

+19%	Increase in **labor expense** per patient from 2019 to 2021[2]
+21%	Increase in **supply expense** per patient from 2019 to 2021[2]
+37%	Increase in **drug expense** per patient from 2019 to 2021[2]
-15%	Decrease in **emergency room utilization**[3]

1. Kaufman Hall, National Flash Report, March 2022; 2. AHA, Massive Growth in Expenses & Rising Inflation Fuel Financial Challenges for America's Hospitals & Health Systems, Apr 2022; 3. Strata Decision Technology analysis of billing encounter data for 209 hospitals from 49 health systems – data points are weekly or monthly averages.

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The Healthcare Workforce is Burned Out and Susceptible to Switching Jobs; We are Already Feeling the Impact of the Resulting Shortage

Healthcare workers have faced the brunt of pandemic hardships…

60-75%

Of clinicians report symptoms of exhaustion, depression, sleep disorders and PTSD1

…and therefore are exiting the workforce

-100K

decline in total hospital employment from pre-pandemic level[2]

Those workers who remain face additional challenges…

80%

of healthcare workers say that staff shortages have affected their ability to work safely and satisfy patient needs[1]

…leading to a cycle of dissatisfaction and exodus

20-30%

of nurses have accelerated their retirement plans since the start of the pandemic[3]

1. U.S. Faces Crisis of Burned-Out Health Care Workers, US News, Nov 2021; 2. AHA, Massive Growth in Expenses & Rising Inflation Fuel Financial Challenges for America's Hospitals & Health Systems, Apr 2022; 3. Healthcare Workers Moving to Gig Work in Record Numbers, OW analysis, Mar 2022.

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NON-RATING ACTION COMMENTARY

Fitch Ratings Revises U.S. NFP Hospitals Sector Outlook to 'Deteriorating'

Tue 16 Aug, 2022 - 11:37 AM ET

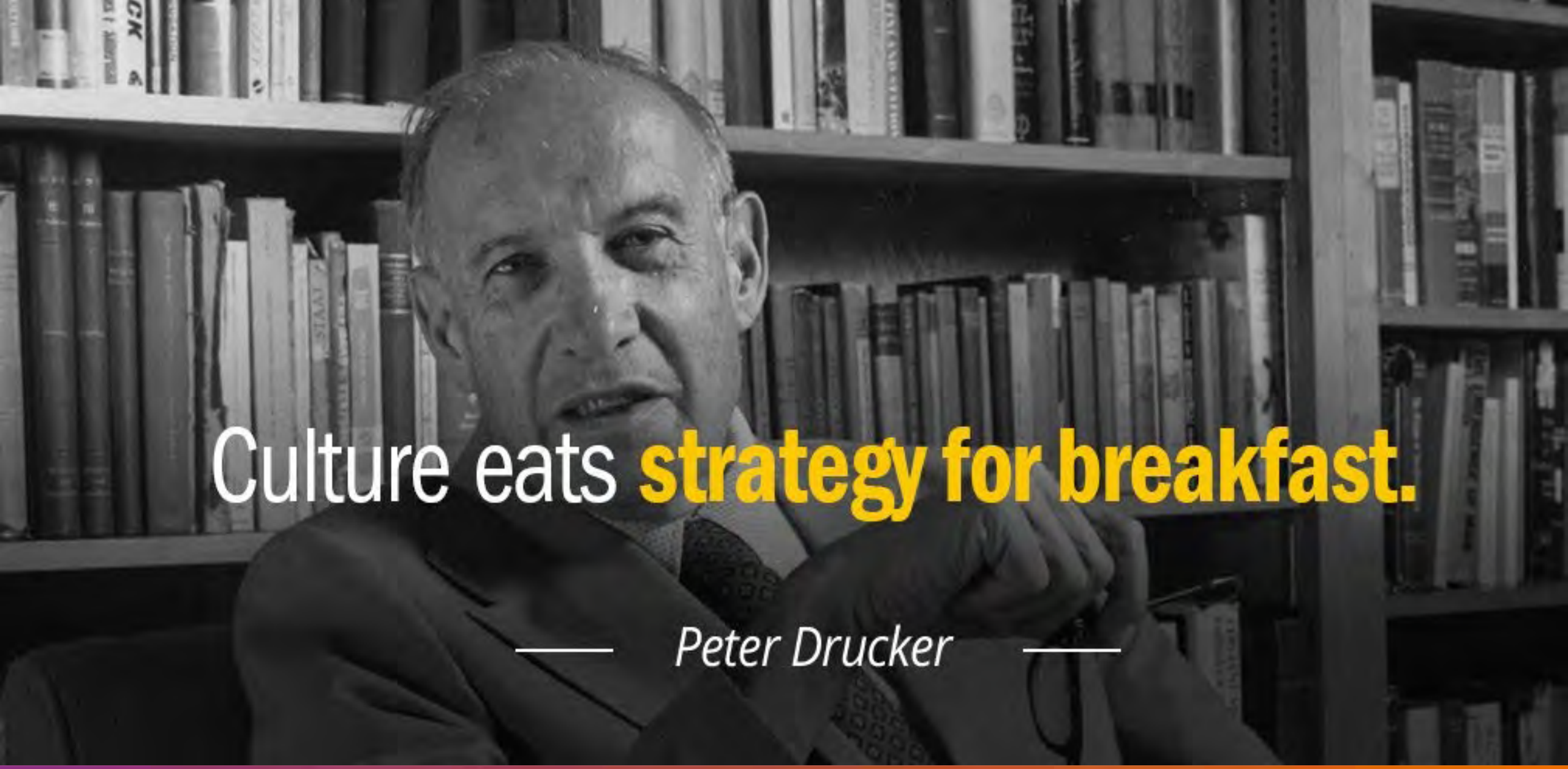
Fitch Ratings-Austin/Chicago-16 August 2022: More severe-than-expected macro headwinds have prompted Fitch Ratings to revise its sector outlook for U.S. not-for-profit hospitals and health systems to 'deteriorating', as detailed in Fitch's new report.

The biggest sector impediment has been labor, and broader macro inflationary pressures are rendering the sector even more vulnerable to future stress, according to Senior Director Kevin Holloran. Investment losses have contributed to a rockier 2022 to date than anticipated for hospitals, and operating metrics are down significantly compared to last year.

"While severe volume disruption to operations appears to be waning, elevated expense pressure remains pronounced," said Holloran. "Even if macro inflation cools, labor expenses may be reset at a permanently higher level for the rest of 2022 and likely well beyond."

Where this will be the most felt is nurses, which were already in high demand pre-pandemic with Covid only exacerbating a glaring shortage of nursing staff.

As a result, many NFP health providers will violate debt service coverage covenants in 2022. As to what that scenario means for hospitals in the coming months, "We may be in a period of elevated downgrades and Negative Outlook pressure for the rest of 2022 and into 2023," said Holloran.



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Our Mission

Through our exceptional health care services,
we reveal the healing presence of God.

Our Vision

Peace, hope and health for every person, family and community,
especially those most in need.

Our Values

Compassion • Respect • Excellence • Stewardship • Community

FINAL THOUGHTS/ QUESTIONS?

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