

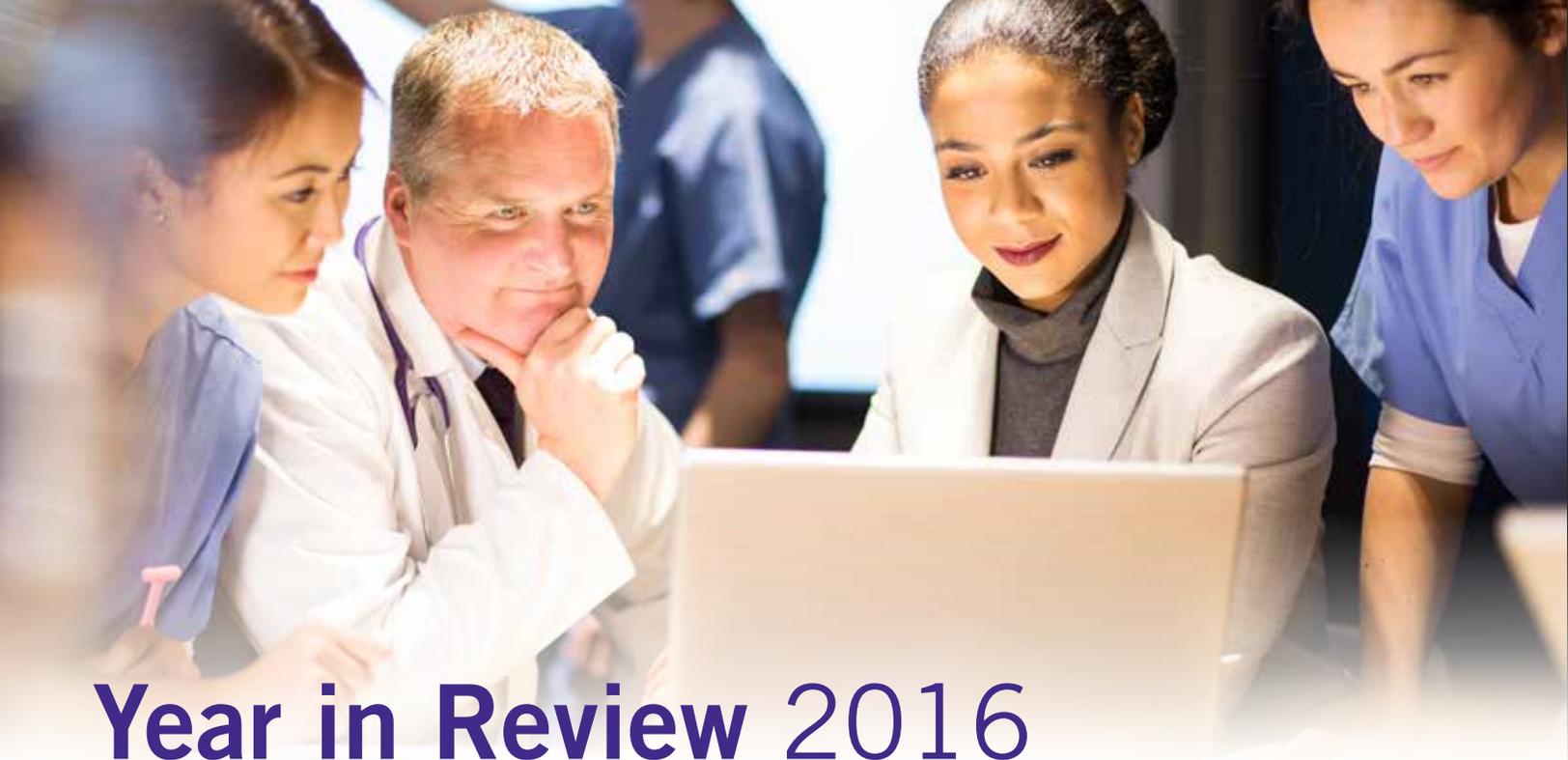


KentuckyOne Health Partners

KentuckyOne Health®



2016 Annual Value Report



Year in Review 2016

KentuckyOne Health Partners (KHP) is pleased to update you on our journey of success through this 2016 Annual Value Report. The work of our outstanding clinical providers and our KHP care management teams, has resulted in improved outcomes across the spectrum of people we serve. These results have come from continued focus and commitment to our principle aims – to accelerate improvements in the healthcare system that will yield **better health, better care, better experience, and lower cost.**

2016 was a year of growth in key performance milestones. Significant achievements include:

- Top quartile quality performance
- Management of more than 100,000 lives
- Shared savings results among the best in the nation
- Numerous national recognitions

Because of our success, we were again invited for participation in the Next Generation ACO Model.

The strong foundation built in partnership with the outstanding KHP board, providers and employees will drive us to an even stronger future. We continue to be the leading clinically integrated network in Kentucky, improving care for all the lives we touch.

Improving Quality

Through our unique, state-of-the-art care management information system, providers and health coaches work collaboratively to monitor, coordinate and

improve the quality of care for our patients. Over the past year, we've realized a 20 percent improvement in Medicare Shared Savings quality measurements.

Orthopedic Episodes of Care

Operational in six participating hospitals, our Medicare-designated orthopedic episode of care program coordinates information, care planning, health coaching and costs for physicians, specialists and hospitals involved in a patient's orthopedic episode of care.

National Recognitions

- Largest Medicare-Certified ACO in Kentucky
- CMS Shared Savings results among the best in Kentucky, within CHI, and 14th in the nation
- Named by Becker's Hospital Review as "100 ACOs to Know" 2016, 4th year recognition
- CAPG 4 Star "Exemplary" ACO
- Benchmarked by several national organizations

Shared Savings

The excellent care of KentuckyOne Health Partners providers and staff helped realize efficiencies among Medicare beneficiaries exceeding \$18 million, resulting in a gain share of \$8 million. KHP has achieved savings of more than \$27 million in our first three years. This work helps ensure patients, especially the chronically ill, receive the right care at the right time, avoiding duplication of services and preventing medical errors while concurrently improving health outcomes.

Our Approach and Network

Our innovative care management strategy helps primary care providers connect seamlessly with network providers and have access to the tools, tactics and resources needed to provide the right care, at the right time and in the right setting. This technological connection allows providers to make well-informed clinical decisions.

Strategies for Optimizing Care

Our knowledgeable and compassionate care managers and social workers share information and link patients with providers across the continuum to improve their experience and optimize their care.

- Improve Access to Care
- Address Social Determinants in At-Risk Populations
- Coordinate Patient Transfers
- Manage 90-Day Episodes of Care
- Reduce Hospital Readmissions
- Initiate Prevention and Screenings
- Increase Medication Adherence

A Focus on Kentucky and Indiana

An important part of our health management strategy focuses on those health issues most critical to the regions we serve.

Several needs prevail in our regions:

- Preventive Screenings
- Cardiovascular Diseases
- Diabetes
- Medication Compliance & Physician Visits

Multi-Disciplined Team

Our team of health experts engages, educates and assists patients, families and their providers to synchronize all aspects of a patient's care

Our multi-disciplined team includes:

- Registered Nurse Health Coaches
- Care Coordination Social Workers
- Health Assistants
- Pharmacists
- Physical and Occupational Therapists
- Other specialists

Care Management Information System

Our unique, state of the art information system includes a Physician Performance Dashboard with quality metrics results and a Provider Portal with predictive modeling, risk stratification, longitudinal care records and evidence-based protocols.

A Network that Spans the Commonwealth

Including nearly 2,000 providers, ranging from the primary care single-provider practice to a Level I Trauma hospital staffed by academic doctors from all over the world, KentuckyOne Health Partners, creates an integrated, collaborative approach to care.

To support our ever-expanding statewide network of providers, KentuckyOne Health Partners now has offices in the Louisville, Lexington, and London regions. We are currently the leading clinically integrated network in Kentucky, coordinating care for all the lives we touch.





Performance

Earlier this year, our team marked growth with a 100/100 Celebration as we surpassed the milestone of 100,000 lives and 100 provider organizations. Provider quality reporting improved significantly – achieving a CMS quality ranking of 94 percent.

Our 2016 performance showed trended success in a number of key metrics, including managed lives, quality reporting, shared savings distributions and financial stability. We are proud of the results that our organization has achieved.

While continuing to improve care for our patients, KentuckyOne Health Partners has begun to realize significant savings. Our CMS Medicare Shared Savings Program (MSSP) results for 2015 were the best within parent company Catholic Health Initiatives (CHI), among the best in Kentucky, and ranked 14th in the U.S. Efficiencies exceeded \$18 million and resulted in an \$8 million gain share.

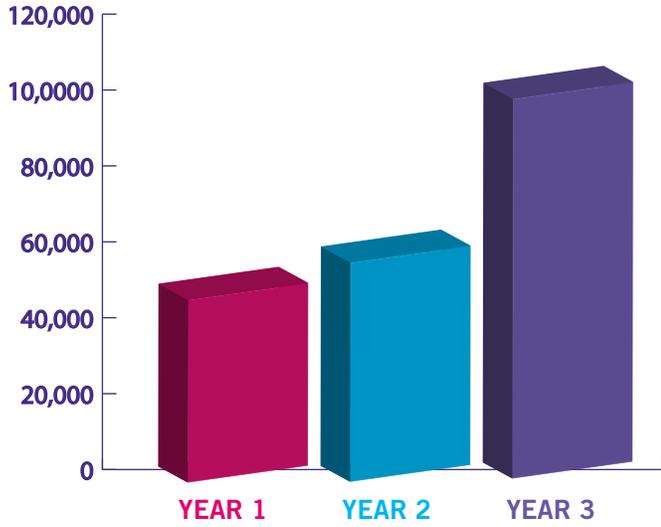
Given this success, our board is looking toward the Next Generation Medicare ACO Model Program and becoming the only Kentucky-based Advanced Alternative Payment Model (AAPM) developed by the recent MACRA legislation.

The accountability of staff, shared vision, and work guided by a detailed strategic plan have led to KentuckyOne Health Partners financial achievements and maturity as an organization. Continued revenue growth is projected as we look to our five year business plan, giving stakeholders an expectation of the return on investment.

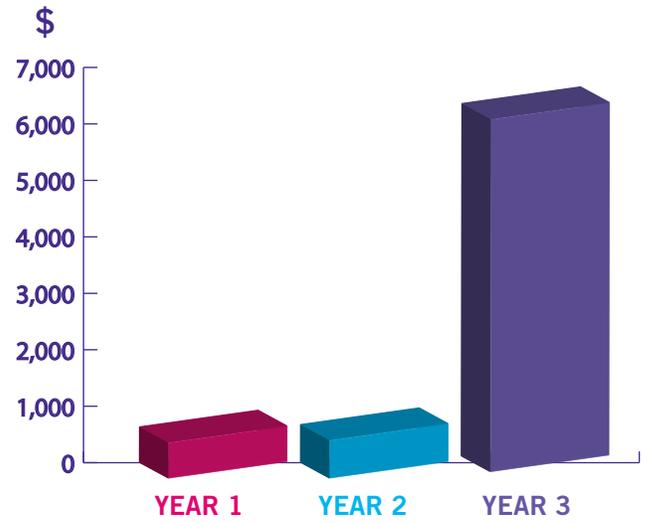
BY THE NUMBERS

- **100,000** Managed Lives
- **2,000** Providers across Kentucky, Indiana and Ohio
- **100** Provider Organizations
- **50** Post Acute Organizations
- **36** Total Employees | **20** Care Managers
- **\$27 million** Medicare Shared Savings in first three years
- **\$18 million** Medicare Shared Savings and **\$8 million** gain share in **Performance Year 3**
- **5** Contract types:
 - Pay-for-Performance
 - 90 Day Episodes of Care
 - Disease Management
 - Total Medical Spend (*up- and down-side risk models*)
 - Hospital Efficiency

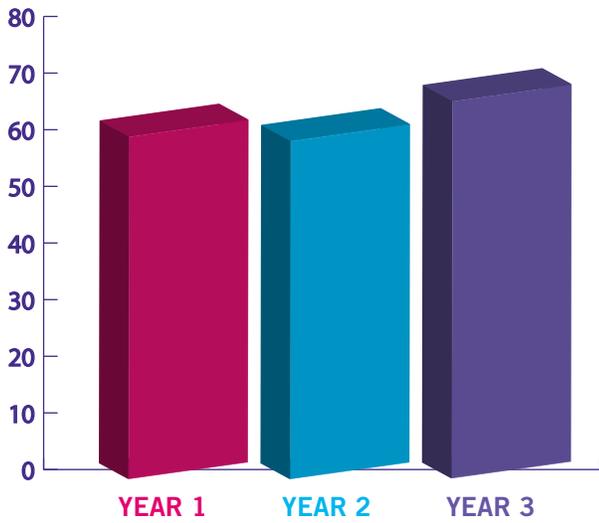
Managed Lives



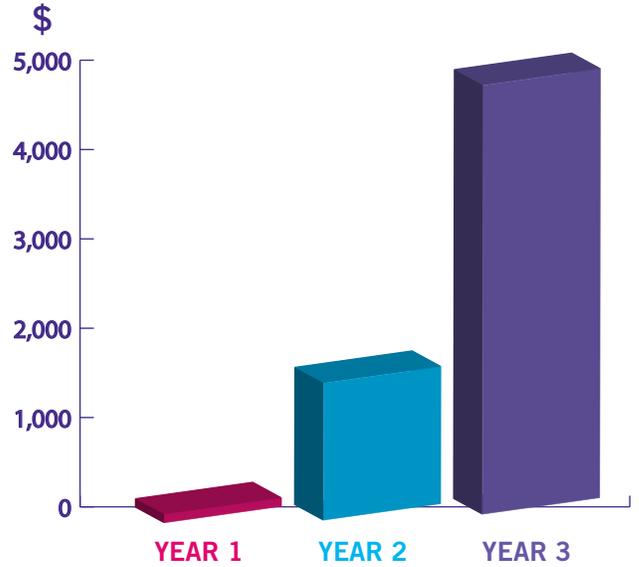
Distributions (\$'s in 000's)



Quality Reporting



Revenues (\$'s in 000's)



Financials as of June 2016 FYE





Transforming the Patient Experience

KentuckyOne Health Partners providers and RN Health Coaches dedicate themselves to transforming patient care by working directly with patients to set health goals, participate in preventative strategies, such as health screenings, and help them navigate the sometimes challenging health care system. We target our efforts so our compassionate staff can make a real difference in the health of those we serve. The story that follows is just one example of how our health coaches help patients get personalized support and encouragement needed to produce best practice outcomes.

A diabetic for many years, Homer Bowlin is focused on maintaining his health. Daily blood glucose checks, medication and regular visits to his primary care provider have been part of his health regimen. However, during a recent check up, his PCP found his A1c to be high and recommended that Mr. Bowlin start daily insulin injections.

To help him overcome concerns and fears, Teresa Crowell, RN, BSN, a health coach with KentuckyOne Health Partners, was asked to meet with Mr. Bowlin. His provider had been unable to convince him to try insulin injections and with no immediate family nearby, he needed encouragement and support to make this important decision.

“I met with Mr. Bowlin, talked with him about diabetes and his concerns,” said Crowell. “After listening and getting a better understanding of his uncertainties, I was able to show him the supplies and demonstrate how to give an injection. I assured him that I would be available as a resource and he reluctantly agreed to give the injections a try.”

Teresa met Mr. Bowlin at his pharmacy, and along with the pharmacist, helped him get the needed medications and supplies. Again, Teresa demonstrated the proper technique for injections and needle disposal, and even provided him with a picture of the various injection sites he could use.

To help Mr. Bowlin get started with this new routine, Teresa made a home visit the next day.

“I wanted to encourage him as he gave that first injection,” said Teresa. “I watched to make sure he administered the insulin correctly. He did great! Helping him feel comfortable and have a great start was so important to both his health and his trust of me as his coach.”

Since getting to know Mr. Bowlin, Teresa has been able to provide even more support. Together they met with a dietitian who created menus to help vary his diet and even provided pictures of appropriate foods and portions. Mr. Bowlin reached out to Teresa when his blood sugar seemed really high.

“I went to Mr. Bowlin’s home to take a look at his glucometer. After calling the company, we learned about a recall of his equipment and were able to get his glucometer replaced free of charge.”

Mr. Bowlin’s team – his primary care provider, his RN Health Coach, dietitian and his pharmacist – are all an integral part of his long term good health. Together, they have been able to live out our organizational values and purpose to bring wellness, healing and hope to all!



Acknowledgments

KentuckyOne Health Partners would like to extend sincere thanks and recognition to our outstanding providers for their leadership and commitment to quality. Special thanks to our board and associates who dedicate their time, talents and energy to the advancement of our vision – to be the leading clinically integrated network coordinating care for all the lives we touch.



KentuckyOne Health Partners

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