

HEALTHCARE





What CHOC Wants You to Know About Proposition 4

California's 13 regional children's hospitals, including CHOC Children's, provide specialized care to treat children and young adults up to age 21 who are suffering from serious and life-threatening diseases such as cancer, sickle cell disease and cystic fibrosis. These hospitals handle more than two million visits each year, regardless of a family's income or ability to pay. But demand for services is growing, and critical technology and infrastructure upgrades are needed at hospitals throughout the state. Proposition 4, the Children's Hospital Bond on the Nov. 6 ballot, would provide \$1.5 billion over 15 years to support this critical, life-saving care. This bond will allow children's hospitals to expand, upgrade and improve their facilities and reach, meaning more kids will have access to the care they need. It will also help children's hospitals acquire the latest technology and life-saving medical equipment, giving doctors the tools to save more lives.

That specialized care includes 97 percent of all pediatric organ transplants and 96 percent of all pediatric heart surgeries, as well as 76 percent of all pediatric cancer treatments. Children's hospitals are always working to meet the needs of pediatric patients in their communities. For example, locally, CHOC recently opened a mental health inpatient center, filling a gap in a long-fragmented system that left children younger than 12 with no inpatient behavioral health services in Orange County. Children's hospitals are also premier pediatric research centers, making leading-edge biomedical discoveries. The Research Institute at CHOC has over 350 research studies in more than 30 specialties, working to provide children with leading-edge treatments at every stage of their young lives. And we know that advances in medical research and technology are producing dramatic results. Today, 85 percent of children diagnosed with leukemia are cured.

As regional centers of excellence, children's hospitals are committed to the health and well-being of children throughout the state and Proposition 4 would provide additional support for infrastructure projects to help meet the growing need for pediatric specialty care. This includes adding new beds, increasing capacity and retrofitting some hospitals to meet more stringent seismic requirements that will be law in 2030. Statewide, about 28 percent of the beds in California's free-standing children's hospitals are in aging facilities that must be upgraded, or they will have to be removed from service.

Patient-centered family care has also necessitated changes in how the hospitals are designed. Gone are the days when kids stayed in the hospital and parents went home at night. Parents are now encouraged to stay in-room with their kids, but in many cases, this requires retrofitting before that can happen. When parents can stay with their kids, kids heal faster.

Advances in medical technology are growing by leaps and bound. Open-heart surgery that used to entail a long hospital stay and a six-month recovery has been replaced by a less invasive procedure that can have a child back playing their sport of choice in less than half the recovery time. There is plenty the medical device industry is doing — creating these products — but the hospitals must be equipped with up-to-date infrastructure to be able to deploy these life-saving devices.

It should be noted that children's hospitals already finance many of their own infrastructure needs. But because of the high number of Medi-Cal patients seen at children's hospitals, these facilities face some unique funding challenges. Around 62



percent of the patients that children's hospitals treat are on Medi-Cal, about twice the average of local community hospitals. And Medi-Cal does not usually reimburse hospitals enough to cover the basic costs of providing care.

Children's hospitals have a track record of spending bond money wisely. All the hospitals must go before the California Health Facilities Finance Authority with a detailed plan as to how the funds will be used and are subject to an audit, as was the case with the 2008 bond.

Proposition 4 allows children's hospitals to draw down funding over a period of 15 years and ensure a stable source of support for large-scale infrastructure projects that can take years to plan and build. All 13 children's hospitals would receive a share of the bond money that is allocated based on distribution of beds. The eight free-standing not-for-profit hospitals would each receive \$135 million while the five UC hospitals would get \$54 million over the same 15-year period. In addition, \$150 million has been set aside for infrastructure improvement at community hospitals that treat patients in the California Children's Services program, a state program for chronically ill children.

California has an "investment grade" bond rating because the state is prudent about how much debt it takes on. The bonds issued under Proposition 4 would be repaid from the state's general fund. The state's legislative analyst estimates that interest on the bond would be \$1.4 billion over 35 years, bringing the total cost of the bond to \$2.9 billion with annual payments averaging \$84 million.

These hospitals are trying to address unmet needs of the community, and by helping to fund the infrastructure and technology upgrades through Proposition 4 this will allow children's hospitals to focus their attention and resources on caring for sick children. To learn more, visit <http://www.yesonproposition4.org/>





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“IT IS AMAZING
WHAT YOU CAN
ACCOMPLISH IF
YOU DO NOT
CARE WHO GETS
THE CREDIT.”

-HARRY TRUMAN



Since our founding, CHOC Children's has been striving to bring first-class care to every child in Southern California. So on behalf of all the kids who make what we do so rewarding, we're honored to be named one of the nation's best children's hospitals by U.S. News & World Report. Learn more at [CHOC.org](https://www.choc.org)





Barry Arbuckle, PhD
President & CEO of MemorialCare

Looking for Value in Health Care? Look to MemorialCare.

If you want to lower your employee health care costs while keeping your work force healthy, there are three compelling reasons to look to MemorialCare. Using a value-based approach, we are partnering with employers, health plans and providers to offer more cost-effective, high-quality health care through accountable care organizations (ACOs). What exactly does that look like?

Experience That Delivers

MemorialCare participates in more value-based plans than any other health system in our area. The MemorialCare Health Alliance with Boeing is the first PPO, "Direct-To-Employer" arrangement in California and we have delivered excellent results. MemorialCare has also successfully partnered with Aetna in a PPO accountable care plan and Anthem, along with six other health systems - Cedars-Sinai, PIH Health, Huntington Hospital, UCLA Health, Good Samaritan Hospital, and Torrance Memorial Medical Center to create Vivity, a high-value HMO product providing access to exceptional health care throughout Los Angeles and Orange County. Today, more than 270,000 patients participate in our value-based networks with easy access to many locations providing both acute and ambulatory care.

Quality That Counts

MemorialCare Medical Group (MCMG) was ranked Number One and Greater Newport Physicians (GNP), Number Two, in Orange County in the 2018 Patient Assessment Survey, which measures overall patient satisfaction with medical groups*. In CMS' Five-Star Quality Measures rankings, GNP has been awarded 4.5 Stars and MCMG earned 4 stars. Both groups have been recognized by the Integrated Healthcare Association as among the top groups in the state for quality-of-care, patient experience, and use of information technology. Our Orange County hospitals, Orange Coast Medical Center and Saddleback Medical Center, scored Number One and Number Two in the Orange County Register's "Best of Orange County" for 2018.

Convenience That Matters

Busy families need convenient health care that's close to work and home. It's important they have access to a continuum of care: primary, urgent, imaging, surgical, dialysis, pediatrics, and the full range of specialty services. MemorialCare's service area spans from the South Bay to South Orange County, with more than 200 locations across Orange and Los Angeles counties. MemorialCare's network includes four leading medical centers, 350 primary care physicians, 2,000 specialists, 34 freestanding imaging centers and 9 surgical centers. All these sites focus on keeping your employees healthy and your health care costs in check (see table). Using a shared electronic medical record system, providers at different locations can see the entire picture of a patient's health.

About Value-Based Care

Value-based health care leverages analytics to improve your employees' care. Claims data can help identify patients with chronic conditions in order to connect them with primary and specialty care to better manage their condition. Providers in value-based plans are incentivized to manage the total cost of your employees' care, collaborate with health plans to constantly lower costs, and improve quality. Everyone wins--your employees get better care, and your overall health care expenditure is reduced.

Depending on a patient's condition, some procedures and services simply must be delivered in a hospital environment. In order to support acute care needs, the cost of hospital-based outpatient care is naturally higher. However, many other health care services can and should be offered in the ambulatory setting. Without the high overhead of acute care, community-based ambulatory centers can offer a lower price point. At MemorialCare, our network of imaging, surgical and dialysis centers complement our highly-advanced, hospital-based centers to offer your employees, depending on preference or clinical need, exceptional services in a lower cost setting.

At MemorialCare, we are transparent with employers about our performance in quality, service and cost measures. We take accountability for delivering better health care outcomes.

Sharing Health Care Savings with Employers and Consumers

Potential Health Care Savings at Ambulatory vs. Acute Care Sites

Imaging	Up to 350% price difference in non-hospital licensed sites.
Surgical	Up to 250% price difference in non-hospital licensed sites.

If you are looking for a higher-quality, more cost-effective health care network, look to MemorialCare. Our track record and experience in providing value-based care to Orange County employers is second to none. Visit memorialcare.org or call Cathy Capaldi, Senior Vice President, Business Development at 714-377-2960 or Christopher Arias, Director, Business Development at 714-377-2942 to learn more about convenient, accessible, value-based health care.

*The Patient Assessment Survey is a non-profit, multi-stakeholder initiative to accurately measure patient experience. In operation for 17 years, feedback is gathered annually from over 40,000 patients across California. Results are made available to the public through the Office of the Patient Advocate Medical Group - Commercial Report Card.



What if you could offer health benefits for less?



MemorialCare is the region's leader in value-based healthcare. Our unique health benefit products hold us accountable for delivering exceptional care and service at a reduced cost.

Your employees can have access to hundreds of award-winning primary care physicians, thousands of specialists, convenient urgent care, imaging and surgery centers near where they live and work.

For your business and your employees we are dedicated to delivering value. At **MemorialCare**, we do **what's best for you**.



Learn more about our employer health plans.
memorialcare.org



Better Health Care at Lower Cost? You Need a High Performing Network.

Health providers and employers alike know there is a direct correlation between improved employee health and bottom-line outcomes such as lower costs, better performance and employee retention and satisfaction.

Employers are looking for high quality and affordable health care solutions to preserve long-term employee health and to manage chronic disease. Savvy employers understand the importance of two key drivers: *value* and *performance*.

Those drivers are the basis for St. Joseph Hoag Health's (SJHH) High Performing Network, a powerful combination of health insurance coverage and a dedicated network of health care providers. This network includes access to seven of the premier hospitals in the county, 27 urgent care centers and more than 1,600 physicians.

How is the SJHH High Performing Network Different?

The success of SJHH's High Performing Network is measured in terms of the Triple Aim—the recognized ideal for optimizing health performance. The Triple Aim entails the simultaneous pursuit of:

- I. Quality
- II. Affordability
- III. Patient Experience

Ordinary health plans are rife with wasteful spending. Usually, there is no real coordination of care. Patients are left to make many difficult decisions on their own. Care is reactive and often inconsistent from one physician to another. And there is a lot of “low-value” care—interventions where the added cost of, say, an expensive diagnostic procedure adds no meaningful outcome improvement. Quality suffers, costs escalate for everyone involved, and nobody is very happy with the outcome—especially employers and their employees (aka patients).

Contrast that with the proactive, highly coordinated and rigorously managed care provided by SJHH's High Performing Network. Mountains of data—patient histories, claims data, doctor scorecards, industry benchmarks and more—guide care programs for all our enrolled patients. Focused-care teams deliver right-sized care for every patient, based on their specific health needs.

- ▶ The Wellness team provides prevention, early screenings and well-being programs.
- ▶ The Acute & Chronic Team delivers active monitoring and proactive therapies.
- ▶ The High-Risk Team focuses on early diagnosis and recovery.

It's all about driving for the best possible outcome per dollar spent, while also delivering exceptional care to patients.

Delivering Value-Based Care

SJHH has partnered with leading insurers to offer two group health plans for Orange County employers – specifically designed to deliver value through quality and financial performance.

Combined with SJHH's exclusive network of high value physicians, facilities and health management tools, the High Performing Network is designed to provide more cost-effective care and improved health outcomes for employers in Southern California.

This is one of the ways SJHH is delivering “value-based care.” Benefits for pursuing value over the old volume-based model include better care, as well as lower cost.

SJHH's High Performing Network leverages proven population health management strategies, best clinical practices and targeted care to deliver the right care at the right time to the right people in your organization. This reduces overall medical costs *and* at the same time improves outcomes.

Population health management treats various groups differently within the larger employee pool, according to the employee's health needs for a given episode of care. The small percentage of employees/patients who require disease management or complex care account for the overwhelming majority of overall



health care costs. Healthier employees, meanwhile, can best maintain their health through preventative services and wellness support.

Wellness

SJHH knows that access and convenience are cited as top reasons why employees don't seek health care – it just doesn't fit into busy daily routines. By bringing medical offices to the employer with onsite wellness centers, SJHH is making access easier and more convenient.

Customizable workforce wellness solutions include nationally acclaimed worksite wellness centers and wellness services, such as health screenings, on-site clinics, fitness services and more.

How is SJHH's High Performing Network Doing?

To measure the success of the High Performing Network, SJHH utilizes metrics generally acknowledged to be the major determinants of quality and cost of care.

The results speak for themselves:

- ▶ Nine percent reduction in ER visits
- ▶ 56 percent reduction in hospital admissions
- ▶ 50 percent reduction in length of stay (LOS)
- ▶ 60 percent reduction in overall readmission rate


Outcomes from our customized workforce wellness solution (which offers on-site primary care services, health coaching, acupuncture, chiropractic services, physical therapy, behavioral health, care and disease management, routine and specialty labs and much more) include almost 5,000 hours saved from lost productivity due to doctor's appointments in one year. For the high risk care management patients, the net ROI in the second year of the program equaled \$18,839 per participant.

The SJHH High Performing Network was built with a very clear vision — to dramatically improve the quality and reduce the cost of care provided to organizations and patients in our communities. By using big data and best clinical practices (such as population health management) to provide access to the right physicians and facilities, SJHH is managing every aspect of a patient's care and health with a holistic approach.

After all, choosing a health care partner is one of the most important decisions employers can make. SJHH offers exceptional care at a price that makes sense, allowing businesses to build a healthier future.

Is SJHH's High Performing Network Right for You?

For more information: foremployers@stjoe.org or (949) 381-4777.



Did you know
THAT BETTER
HEALTH CARE IS
NOW AVAILABLE
FOR LESS COST
THAN YOU THINK?

St. Joseph Hoag Health has teamed up with leading health insurance carriers to offer cost-effective plans to businesses throughout Orange County. With seven premier hospitals, 26 urgent care centers and more than 1,650 high quality physicians — better care and better health are always close.

To learn more, email foremployers@stjoe.org
or call 949-381-4777.

St. Joseph  **Hoag Health**

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sjhh.org/employers



**BUILDING
the
FUTURE
TOGETHER!**



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Slater Builders Partners with Healthcare Industry

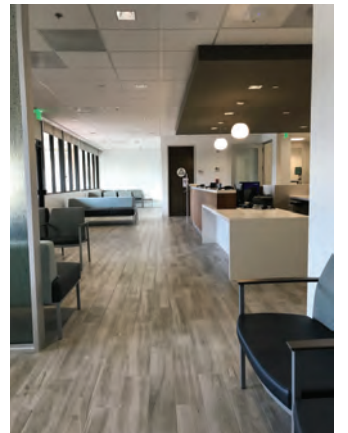
A Woman Business Enterprise and full service construction firm, Slater Builders Inc. has deep roots in the development of Southern California. Beginning over a hundred and thirty years ago, our great grandfather began the family tradition of operating a successful construction business called J.V. McNeil Co. in the San Gabriel Valley. To carry on that legacy, in 1993, Slater Builders Inc. was established. Since then and for the past 25 years, Slater Builders has been one of Southern California's premier builders serving Los Angeles, Orange County, the Inland Empire, and San Diego counties.

Slater Builders Inc. works in many industry sectors, including healthcare. In the last several years our presence in the healthcare sector has been growing in medical office, assisted living, and critical care environments. Our services include new and remodel construction in both OSHPD and non-OSHPD settings, planning, preconstruction, design build and design assist services that help ensure your building experience, one that is a satisfying professional collaboration.

Some of the incredible healthcare partners we have been honored to work with to date include Memorial Care, Hoag, Lindora, and Kaiser. Our goal at Slater Builders Inc. is to continue working with great facilities and to provide the same high level service of care in our construction approach that our healthcare partners offer their own patients.

Slater Builders Inc. is a company that is committed to the tradition of honesty, reliability and integrity. These are vital elements in earning the respect and trust of our valued clients and associates. Our history of teamwork, responsiveness and vast wealth of industry knowledge make Slater Builders Inc., a great option to your partner in building the future.

For more information on all of our services and the industries we serve, please check us out at www.slaterbuilders.com or give us a call at (714) 434-4887.




CDG BUILDERS
work hard.live well.

CDG is a turnkey tenant improvement construction company performing a wide range of services—from small jobs and emergency work, to full building renovation and shell construction. Our client-focused teams are organized into expert market sectors to support all general construction needs. We define quality as not only building for today, but enhancing the communities in which we live and work for the future.

24 EXECUTIVE PARK SUITE 150 IRVINE, CA 92614
(949) 892 - 3510 WWW.CDGBUILDERS.COM



CDG Expands Healthcare Division

By Kristi Martin

Lead by Principals Greg Horvath and Chris DeFazio, general contractor, CDG Builders, Inc. to focus on growth of Healthcare sector in 2019. One of four core market sectors, including commercial, science & technology, and senior living; the healthcare division currently focuses on real estate medical office buildings.

"We are committed to growing this division, with our attention on OSHPD work throughout Southern California," said Horvath.

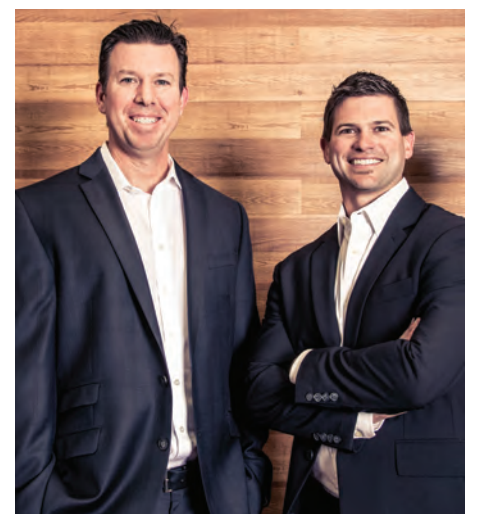
Growth began this year with the hiring of seasoned healthcare construction professionals, Alex Lee as Sr. project manager, and Mike Bonelli as superintendent. Combined, Lee and Bonelli have over 50 years' construction experience building complex healthcare projects, with a focus on OSHPD work in critical environments.

Efforts have already begun to bear fruit with the award of a 25,000-square-foot, \$3 million medical office improvement project for Hoag Memorial Hospital in Newport Beach.

"These are the training wheels," said DeFazio. "We are confident that this project will be the gateway to CDG becoming a recognized OSHPD builder."

As more projects come online, CDG has plans to expand the healthcare division into San Diego. Strategic hires will be made to drive CDG's vision forward.

CDG Builders is headquartered in Irvine, CA. Visit www.cdgbuilders.com for more information.



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who's right for you.

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*Best Doctors Inc. asked more than 50,000 world-renowned medical experts: "If you or a loved one needed a physician in your specialty, to whom would you refer?" Only 5 percent of U.S. doctors earn this distinction.