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The 2013 Healthcare Year in Review

Where we are and where we're headed

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⟫ SPOTLIGHT

Best Performers Announced in the Heritage-DREAM Breast Cancer Network Inference Challenge.

The competition is breaking ground in ways to use data to defeat breast cancer. Continued...P6

⟫ WHAT'S INSIDE

For most, the New Year brings the opportunity to pause and reflect on years past and to apply lessons learned to future planning. The same is true for our team here at HPN, as we stop and take a thoughtful breath in that momentary transition between two years.

In retrospect, 2013 has been a very busy year. Along with business as usual, we've been hard at work keeping up with changes and initiatives generated by the Affordable Care Act. From our continued successful participation in the Pioneer ACO program, to preparation for an influx of new membership via the Covered California Exchange, the ACA continues to provide us many opportunities for growth and innovation.

Many of the challenges presented by the ACA for 2014 require a different way of thinking, and we relish the impetus this gives us to use our collective imagination to adapt; refining and reinventing ourselves for the future of healthcare. As always, we appreciate our many valued providers who have chosen to join with us on this great adventure.

All of us here at HPN wish you a happy and successful New Year.

Richard Merkin, M.D.
President and CEO of HPN

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The 2013 Healthcare Year in Review
Where we are and where we're headed

The healthcare environment shifted at an unprecedented rate during 2013 with change building momentum throughout the year to carry over into 2014. This issue spotlights some of the more significant influences driving the healthcare metamorphosis and provides a glimpse into the ways Heritage Provider Network and its affiliates are working to translate change into growth and success.

Affordable Care Update

After years of speculation and preparation the Affordable Care Act finally landed with full impact in the public arena as the individual exchange marketplace rolled-out on both a national and state level.

On the consumer side, as expected, the privately insured and uninsured felt the impact most immediately. State and federal exchange websites were flooded with users when the exchanges opened on October 1st causing several of them to crash temporarily. Repairs have since been made and it is estimated that the federal and state exchange websites have had roughly 39 million visits between October 1 and December 10. Of those visitors, 2.3 million users have gotten as far as confirming that they are eligible for insurance. However, during the first two months of enrollment, only just under 365,000 of them have completed sign-up – about 137,200 on the federal exchange and approximately 227,400 on one of the 15 state-run exchanges.

It's expected that some 7 million people will attempt to sign up through an exchange website between now and the end of open enrollment on March 31, 2014, with most waiting until the very last minute.

The rollout also caused ripples in group insurance with many businesses moving away from fixed benefits models to fixed contribution models to better capitalize on exchange offerings. This placed greater responsibility and decision power in insured employees' hands; calling on them to determine how to make best use of their employers' contributions among both private and exchange health insurance options.

Heritage California ACO
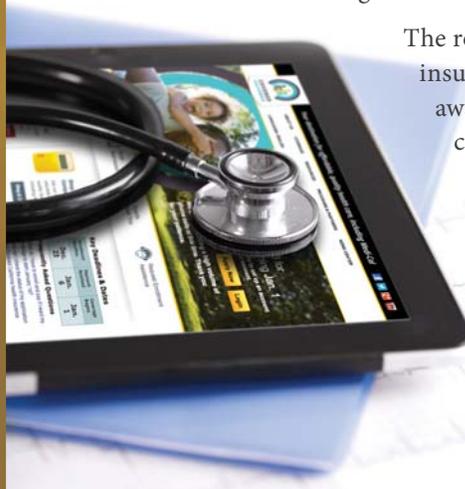
With this expansion of available choices and increase in individual responsibility, navigating the exchange marketplace is a daunting prospect for many individuals and small groups. The exchange marketplace is meant to provide a level playing field and easy *"apples-to-apples"* product comparison. When factoring in the many exchange and non-exchange private options, though, the average consumer can find themselves faced with an overwhelming number of choices all presented in unfamiliar terms and language. More than ever before, knowledgeable general insurance agencies and brokers have become a critical resource in the enrollment process.

On the home front, HPN has been working steadily to partner with private insurance providers, negotiating new contracts in order to offer their exchange plans to our physician networks and members. As always, we approach these negotiations with our valued providers and members in mind, striving to bring together the best resources for value and unparalleled-quality care.

Accountable Care Update

For providers, impact from the exchange rollout has yet to be fully felt as the first exchange beneficiaries won't become actively covered until January 1, 2014. Still, providers were presented with many challenges and changes in 2013 as continuing adjustments in reimbursement models further accelerated the shift from a pay for volume to a pay for value paradigm. Many providers found themselves laboring to successfully implement quality improvement initiatives ahead of expected fee-for-service reductions.

This struggle to balance quality with cost-containment also resulted in some organizations leaving the ACA Pioneer Accountable Care Organization Pilot Program and shifting their participation to the Shared Savings ACO model, which requires less risk from participants.

Heritage California ACO (HCACO) remains in the Pioneer Program. While it has not always been easy, we have achieved great success in engaging our ACO beneficiaries through our unique social outreach programs. Through hundreds of annual events, outings and classes designed to enrich social and emotional well-being; we have engaged and won-over

thousands of our beneficiaries. This awareness and trust has proven essential in order to convince beneficiaries to avail themselves of the care coordination resources that are critical to the ACO goals of improved service, care outcomes and cost containment.

Though we have had great success improving value and care for engaged beneficiaries, we have many, many more to reach. That focused engagement is an enormous undertaking and is only one piece of the ACO puzzle. We also owe our successes to our highly-committed ACO partners – the primary and specialty physicians; hospitals and ancillary providers who have made it a priority to come together in collaboration on behalf of the patient. If there is one lesson learned from our ACO experience so far, it's that it takes a village to provide accountable care, and every citizen must be accountable both individually and as part of the larger whole.

This necessary push toward accountability and better coordinated care is driving collaboration and consolidation on all healthcare fronts. The future of healthcare is accountable care, and in a post ACA world, no one can go it alone. If we are to persevere, we must come together mindfully. Physicians who want to flourish in this new environment will need to choose their associations wisely; aligning themselves with partners who have the size, strength, experience, resources, systems, infrastructure and philosophies needed to weather the changes and emerge stronger in the new world order.

Medical Group Update
Utilizing support networks and customized service

Arizona Priority Care Plus (A^{Z}PCP)

"The empires of the future are the empires of the mind."
– Winston Churchill

The Patient Protection and Affordable Care Act instigated an evolution of physician networks. This evolved healthcare marketplace requires a new, forward way of thinking. For A^{Z}PCP opening a new network in Arizona in October 2011 presented enormous challenges, mainly because the Arizona environment was not accepting of physician networks. Some networks, formed by hospitals for the purpose of establishing contracts with insurance plans, were already in place, but true physician-owned IPAs were virtually unheard of in Arizona.

In the pioneering spirit of Heritage Provider Network, we entered this uncharted territory and A^{Z}PCP was born. As for all pioneers, challenges were abundant:

Recruitment of the right staff: While knowledge and skill were important, we also needed a staff that had the ability to think ahead and see future possibilities.

Developing a comprehensive physician network: A robust network was necessary to contract with health plans, but we also needed a like-minded network of pioneers, ones willing to journey into the future of medicine by expertly managing EMR, RAF scoring, HCCs – all new components of our future.

Encouraging team players: Physicians that understood the use of Care Centers in the co-management of chronic diseases and were not afraid to refer their patients to our centers to reduce the burden on their offices.

We have been able to obtain some extraordinary employee talent and thanks to their efforts the size of our network has tripled. We now have two Care Centers in place and the Heritage vision is shared by all employees. Consequently, we are positioned for exciting growth in 2014.

With help and guidance from the team at DOHC, A^{Z}PCP has identified our challenges and opportunities for 2014, and we are poised to pioneer a new healthcare future in Arizona. In the next year we look forward to achieving the following goals:

Cost containment: As healthcare providers we are all challenged to do more with less and A^{Z}PCP will accomplish this through the development of:

– A streamlined, efficient referral process, which includes more PCP involvement.

– A refined network of superior specialists that understand the future of medicine.

Broadening our business affiliations to include a varied network of insurance plans, including commercial products.

Decreasing utilization with innovative case management strategies, such as engaging community resources to assist with identification of health issues BEFORE they arise.

A^{Z}PCP has successfully introduced a new kind of physician network into the local marketplace and we are grateful for those who have joined us in our quest to provide high quality healthcare. We realize that there have been missteps along the way, but in the words of a famous doctor by the name of Seuss, *"Don't cry because it's over. Smile because it happened."* We are much more prepared now to pursue the empires of our minds as a result of lessons learned and struggles shared.

Amish Purohit, M.D., MHA, CPE, FACHE
– Chief Medical Officer, A^{Z}PCP

Bakersfield Family Medical Center (BFMC)
Coastal Communities Physician Network (CCPN)

Bakersfield Family Medical Center / Heritage Physician Network and Coastal Communities Physician Network believe that without our customers we have no purpose. That is why one of our top goals for 2013 has been achieving excellence in customer service. When we say, *"excellence in customer service,"* we not only mean providing the best service to our members, but also to our providers, vendors and employees. In 2013 we created specific programs aimed at optimizing the service experience for all of our customers.

The first program is our Leadership Academy. This program was designed to inspire and arm our managers and supervisors with the tools to become stronger leaders. Training consisted of not only creating better employee relationships, but also ensuring that our leaders understand what our company is all about, from the analytics of our individual departments to our customers themselves.

Our, We C.A.R.E., Where Caring Comes to Life, program is the second we developed in 2013. It is an original, custom program we developed that focuses on how to deliver the best possible customer service by being Courteous, Attentive, Responsive and Engaging. It has been rolled-out to every employee at BFMC/HPN and CCPN, through multiple interactions including sessions to launch the program, monthly online training and short weekly campfires within each department. All are focused on promoting what is most important to us; our customers and how best to serve their needs.

For our third focus, BFMC/HPN and CCPN created a Customer Service Call Center, which is a centralized hub whose main goal is to answer questions, resolve issues and reinforce our motto, *"We C.A.R.E."* Through the new system, we are able to track call times, wait times, abandonment rates, and reasons for calls to assist us in improving how we manage our call flow to better respond to our members and providers.

A priority goal in 2014 will be to narrow the focus of customized service and reporting to each line of business for our members. We will perform analytics to track utilization trends based on specific lines of business (e.g. SNP, duals, health plan specific) so we may apply tailored case management and other techniques as applicable to the needs of each particular member or member type.

The above is just a taste of our year at a glance. We look forward to 2014 and the possibilities that it will hold for our growth as an organization. We are proud to be a part of the Heritage Provider Network, an organization that remains focused on customer service, innovation and technology as they lead us into the future of healthcare.

Desert Oasis Healthcare (DOHC)

Desert Oasis Healthcare (DOHC) and Heritage California ACO (HCACO) together engage the community in vital efforts to improve health and wellness. Together with community partners, we promote a healthier environment for our patients and the community at large.

During 2013 our HCACO Community Advisory Council has focused on connecting seniors and building a network of healthy senior role models, coaches or mentors. With these Senior Partners our goal is to improve upon an informal community safety net that reaches everyone.

More than just a provider of quality healthcare, we are also a leader in the Coachella Valley by promoting healthy lifestyles, community service and by being a generous supporter of local community events. The HCACO has also focused on exploring collaborations with new partners to improve the wellness of our community. Efforts of both DOHC and the HCACO further define our organizations as a force for good.

Exemplifying this effort was the collaboration with UC Riverside, Ralphs and the Osher Foundation to promote and screen the award winning movie *"Age of Champions"* at two local theaters. The screening was accompanied by a panel of health experts from the community. The documentary featured senior Olympians competing at extreme ages (100 year old tennis player, pole vaulting and swimming octogenarians, bruising basketball playing grandmothers). Visit the *"Age of Champions"* website for a brief preview. **www.ageofchampions.org**

Additionally DOHC/HCACO participated and supported the Coachella Valley Health Collaborative Healthy Living Challenge by sponsoring the website (**www.mywellsite.com**). DOHC teams were also recognized for their pursuit of healthy choices and a commitment to fitness.

DOHC also was a key contributor to *"Go Red"* for women, and continues to support the other non-profit health related organizations. This year we also sponsored our second annual DOHC Holiday Concert at Palm Springs High School Auditorium attended by over 700 seniors who were not only entertained by a great concert, but were also provided health screenings, flu shots and health information prior to the concert.

Both at the organizational level and at the individual employee level, we support many charitable organizations around the valley as well as contributing monetary donations to the Philippines.

Our commitment to community outreach is a source of pride for all of us at DOHC.

Heritage in the News

Best Performers in the Heritage-DREAM National Cancer Institute Breast Cancer Network Inference Challenge Announced

Team DC-TDC receives award in HPN-DREAM Prize, Julio Saez-Rodriguez of EMBL UK; Dan Gallagan of NCI; Josh Stuart, Kiley Graim, Artem Sokolov, and team leader Dan Carlin of TEAM DC-TDC; Mark Wagar, President of Heritage Medical Systems and Gustavo Stolovitzky of IBM and DREAM co-founder.

Heritage Provider Network (HPN), The National Cancer Institute (NCI), Sage Bionetworks and DREAM announced the best performers in the Heritage-DREAM Breast Cancer Network Inference Challenge. The competition challenged teams to use big data to develop more effective treatments for breast cancer. Six best performing teams were honored with cash prizes at the Annual RECOMB/ISCB Conference on Regulatory and Systems Genomics, with DREAM Challenges in Toronto, Ontario on November 8, 2013.

Sponsored by HPN and the NCI Division of Cancer Biology, (DCB) the goal of the competition was to challenge data scientists to find ways to increase our understanding of cellular signaling pathways in breast cancer cells that could lead to more effective treatments for breast cancer patients.

Six teams were chosen as best performers within three categories of the challenge. Category questions posed to participants included:

1. Identifying cellular pathways that transmit extra-cellular signals in breast cancer cells,

2. Predicting the dynamics of the proteins responsible for transmitting extra-cellular signals in breast cancer cells and,

3. How to visualize complex big data sets in biomedical research such as those used in this challenge.

"I am so pleased with the successful collaboration between HPN and the NCI in sponsoring this important competition," said Dr. Richard Merkin, President and CEO of HPN. *"More than two hundred teams competed to better predict the networks and signaling dynamics in breast cancer cells, with one hundred teams making the final submission round. The innovations fostered by this competition will undoubtedly lead to an improved understanding of breast cancer, identify new therapeutic targets and most importantly, will help save lives. Congratulations to the six best performing teams."*

"This was a complex and difficult challenge, dealing with the way breast cancer cells process extra-cellular information to alter their internal states," said Gustavo Stolovitzky, co-founder of the DREAM Project. *"When we formulated the challenge, there was no certainty that there would be any teams that could solve the problem to any degree of significance. We are extremely pleased that several teams managed to find methodologies that yielded pretty accurate solutions."*

"Cancer remains one of the most challenging and devastating diseases afflicting the planet," said Dan Gallahan, Deputy Director, DCB, National Cancer Institute. *"The NCI has worked tirelessly to develop new understandings of cancer with the direct goal of reducing its burden. Besides exploring new scientific discoveries, the NCI is also exploring new methods to uncover those discoveries. Crowd sourcing and challenges represent a new opportunity to go beyond our traditional research paradigm and engage a whole new community in a new way,"* he continued. *"The DREAM program has been at the forefront of developing these types of research activities for the*

HERITAGE PROVIDER NETWORK
DREAM *Breast Cancer Network Inference Challenge*

biomedical community and likewise, HPN has been a generous leader in the support of biomedical research. We would like to thank both these groups for making this important challenge possible and advancing our knowledge of breast cancer. I would also like to personally congratulate the top performers and all participants in the Heritage-DREAM challenge."

Best performers include Team DC-TDC from the University of California at Santa Cruz, Team NMSUSongLab from New Mexico State University, Team GuanLab from the University of Michigan, Team StochasticChaos from Johns Hopkins University and the University of North Carolina at Chapel Hill, Team CGR from NCI and the Chinese Academy of Medical Sciences in Beijing and Team ABCD from Rice University.

"Team DC-TDC is delighted to have contributed a winning solution by identifying cellular pathways that transmit extra-cellular signals in breast cancer cells," said Josh Stuart, team member. *"The DREAM competition is an incredible motivating force and a truly fun experience for all of us. In the end, we came up with a very clever strategy that combines the use of heat diffusion on a 'Super Pathway' of known genetic knowledge and a twist on a theory borrowed from economics called Granger Causality. The reward for us is that it pushed us to achieve a new level of creativity in our approaches to reveal cancer processes. As always, we remain hopeful that our efforts as a community of friendly competitors will lead to contributions in fighting this disease."*

The competition will now move into a collaborative phase where teams will be able to share information and work together to find solutions. The deadline for this next phase of the challenge is January 15, 2014.

About The DREAM Project www.the-dream-project.org

The Dialogue on Reverse Engineering Assessment and Methods (DREAM) project is an initiative to advance the field of systems biology through the organization of Challenges to foster the development of predictive models of relevance in biomedicine. With the experience gathered by the launching of 27 successful DREAM challenges over the past seven years, the *"Challenge"* concept has reached a status of legitimacy and maturity. This success has triggered considerable interest by different government institutions and private organizations in working with DREAM to engage distributed teams to solve tough computational problems in biomedical research.

Heritage Provider Network Affiliated Medical Groups

› **Affiliated Doctors of Orange County**
www.adoc.us | Phone: 800.747.2362
Counties Served: Central and North Orange County.
Total Number of Contracted Physicians: 1,000+

› **Arizona Priority Care Plus**
www.az-pcp.com | Phone: 480.499.8750
Counties Served: Maricopa and Pinal.
Total Number of Contracted Physicians: 1,500+

› **Bakersfield Family Medical Center**
www.bfmc.com | Phone: 661.327.4411
Counties Served: Serving all of Kern County.
Total Number of Contracted Physicians: 400+

› **Coastal Communities Physician Network**
www.ccpnhpn.com | Phone: 800.604.8752
Counties Served: San Luis Obispo and Tulare.
Total Number of Contracted Physicians: 600+

› **Desert Oasis Healthcare**
www.mydohc.com | Phone: 760.320.5134
Counties Served: Imperial, Riverside & San Bernardino.
Total Number of Contracted Physicians: 500+

› **Heritage Victor Valley Medical Group**
www.hvvmg.com | Phone: 760.245.4747
Counties Served: Los Angeles and San Bernardino.
Total Number of Contracted Physicians: 200+

› **High Desert Medical Group**
www.hdmg.net | Phone: 661.945.5984
Counties Served: Los Angeles and Kern.
Total Number of Contracted Physicians: 275+

› **Lakeside Community Healthcare**
www.lakesidemed.com | Phone: 818.637.2000
Counties Served: Los Angeles, Ventura, Riverside and San Bernardino.
Total Number of Contracted Physicians: 2,350+

› **Regal Medical Group**
www.regalmed.com | Phone: 866.654.3471
Counties Served: Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura.
Total Number of Contracted Physicians: 12,100+

› **Sierra Medical Group**
www.sierramedicalgoup.com | Phone: 661.945.9411
Counties Served: Kern, Los Angeles and San Bernardino.
Total Number of Contracted Physicians: 100+