



Our UH Community: Our Community, Our Calling

The 2017 State of the System Address

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6:00 p.m. Program



Good evening. On behalf of our University Hospitals Board, leadership, physicians, employees and volunteers, I welcome you to our annual State of the System update. It gives me great pleasure to see so many friends of University Hospitals together here in Independence.

And it is my great privilege to report that University Hospitals – our community’s health system – performed well in 2016. 2016 was, by many measures, our most successful year, and we have built a strong foundation for our future.

Over the next 25 minutes or so, I’ll highlight specific examples of University Hospitals’ many accomplishments from the past year. And I’ll elaborate on some of the practical reasons and context behind our initiatives – the years of careful and continual analysis of our operating environment... the strategic planning that has kept UH on the right path... and the operational discipline and execution that continually improve our service and value to the communities we serve.

Before I get to those points, though, I want to credit and thank our University Hospitals physicians, nurses, employees and volunteers – 28,000 committed team members who create the positive culture that sets UH apart. Our UH caregivers, and all who support them, are on a constant quest to make University Hospitals the best in the world. They make UH the best place to receive health care, **and** the best place to work for those who answer health care’s noble calling. And they ensure that University Hospitals never loses sight of our founding principles – our commitment to community, and our commitment to our core values: Excellence, Diversity, Integrity, Compassion and Teamwork.

So please join me in a heartfelt show of appreciation for all of the very special **people** who comprise our UH system.

In 2017, we bring down the curtain on a year of celebrating the 150th anniversary of University Hospitals. Over the course of this past year, we remembered how civic leaders came together at Old Stone Church on May 14, 1866... and how they promised to build a hospital to serve their community – a hospital “where the most needy would be the most worthy.”

We recalled many historic UH milestones:

- How physician-scientists and nurses here played critical roles in inventing infant formula, surgical anesthesia, cardiac defibrillation, CPR and life-saving vaccines.
- How breakthroughs at UH advanced coronary-artery bypass surgery, corneal transplants, back surgery, joint replacement and minimally invasive surgery.
- How other clinicians here revolutionized therapies for heart disease, diabetes, cystic fibrosis, Parkinson’s disease and schizophrenia.

And we reflected with gratitude on how the people of this community came together time and again to support UH’s modernization, growth and capacity to serve. The achievements of our rich past form the foundation of UH’s strength today.

And in the 12 months since we gathered for our 150th anniversary event, we have shown once again why University Hospitals ranks among America’s top academic health systems in the U.S. Independent reviewers consistently recognize UH for the quality, safety and equity of our care that we provide to over 1,000,000 patients annually, representing over 10 million patient encounters.

A quality consortium called Vizient compares more than 100 academic medical centers nationwide on the basis of data on care outcomes, safety, and efficiency. It ranks our main campus, Cleveland Medical Center, No. 1 for equity of care and in the top quintile overall, exceeding national averages in every domain.

US News & World Report once again ranks Cleveland Medical Center among the top 1% of America's 5,000 hospitals in providing complex care... and we rank among the nation's best in 8 adult specialties. US News also ranks Rainbow among the top children's hospitals in 10 specialties.

A consumer resource, The Leapfrog Group said in 2016 that UH care is so superior that if every hospital in America performed at our level, it would save more than 33 thousand lives. Just last month, The Leapfrog Group gave A's – its highest score – to Cleveland Medical Center, UH Samaritan, UH Geauga, UH St. John, and Southwest General Health Center. We attained our highest patient-satisfaction scores at our hospitals and at our community physician offices in 2016.

UH Geneva Medical Center earned a 2016 Outstanding Patient Safety Excellence Award from Healthgrades, ranking among the top 5% of hospitals nationwide for patient safety. Healthgrades also honored UH Conneaut Medical Center with an Outstanding Patient Experience Award, one of only 15% of all hospitals nationally.

And over the past year, the caring professionals of UH have saved dozens of lives by implementing new protocols for identifying and arresting sepsis infections in our hospital patients.

These achievements in quality, safety and patient satisfaction are the products of the commitment and collaboration of thousands of UH physicians and employees who put our patients first in everything they do. And by putting our patients first and improving the **quality** of our care, we are improving the **value** of our care.

We have vigorously focused on improving quality and efficiency while reducing costs in our quest for continuous quality improvement. In 2016 we reduced our costs by \$74 million, and we've reduced expenses by more than \$300 million in just the past five years...at the **same time** our quality and satisfaction have **improved**. We are delivering the right care, in the right place, at the right time – providing all the care that's necessary, and none that isn't.

By doing great work and keeping our focus on excellent care and service, people notice. And more people and families than ever are choosing UH for their healthcare needs. UH now has nearly one **third** of the highly competitive Northeast Ohio market.

As a result, 2016 was our most **successful** year financially in our history. We achieved operating revenues of \$4.0 billion – up **68%** in 5 years. We attained **operating income** of \$115 million, up **58%** in 5 years. And we set records for...

- inpatient volume
- outpatient procedures
- inpatient and outpatient surgeries

We've achieved these strong results during a challenging time nationally in our industry. Many health systems are struggling against headwinds. Estimates are that almost 30% of hospitals are losing money from operations.

At UH, we planned for our future very deliberately and strategically, based on expansive data and intensive studies of what our neighbors want and need. We have spent the past decade improving UH's care quality... improving access... growing our scale... adding physicians and hospitals... and forming strategic alliances.

And as we have grown, we have also successfully integrated new physicians and new hospitals. Our system is focused around a vision of helping every patient live life to the fullest with optimal health while bringing world-class care as close to home as possible. Our doctors and other caregivers put our patients at the center of every care decision. They listen to and work with our patients, and with one another, to ensure care is coordinated, comprehensive and cost-effective.

As a result, we have earned the loyalty of thousands and thousands of patients. And we have earned the respect of independent physicians who refer more and more of their patients to UH for specialty care.

Our patients and their physicians are finding that UH can meet all of their needs in a holistic fashion. This comprehensive and coordinated care is the key to the success of our nationally acclaimed UH Accountable Care Organization. Our UH ACO now serves more than **300,000** individuals who are covered by Medicare, Medicaid, commercial insurance and our own employees and their families. Our ACO is now the **fifth-largest** in the United States. And it continues to expand, as more commercial-insurance partners and employers see the value in our approach.

Our ACO provides individuals, employers and insurers with the tools to promote wellness, foster health and manage acute and chronic illness more efficiently. Our caregivers reach out to and support these patients to stabilize and manage their conditions. This extra attention results in fewer complications, fewer hospitalizations, reduced long-term risk and lowered costs.

In fact, in 2016, UH's ACOs earned over **\$11 million** in cost-savings bonuses, quality incentives and other performance awards from Medicaid, Medicare and commercial insurers. That's the proof that good things happen when a system and its physicians act in concert on behalf of our community.

In current parlance, this wrap-around caregiving approach is known as population health management with personalized care. It is the care model of the future, and UH is a national leader today.

UH's other accomplishments over the past year are significant and I'd like to describe just a few:

One: We became the first in Ohio to offer proton therapy, an advanced way of using radiation to combat some of the hardest-to-treat kinds of cancer.

Two: We recruited phenomenal new visionaries into some of our most important leadership positions. These include the chairs of our departments of medicine, surgery, emergency medicine and trauma care... as well as new leaders in some of our community hospitals.

Three: Our strategy for serving our community's trauma-care needs is succeeding. Our Level 1 Adult Trauma Center, the only one on Cleveland's East Side, concluded its first year of operation by surpassing all projections. Our community is seeing severely injured patients get more quickly to the advanced trauma care they need. And when it comes to trauma care, saving time means saving lives.

We also enhanced trauma care for all Northeast Ohioans by joining with other regional health systems to create a new Northeast Ohio Trauma System. This system sets aside competition to ensure that first responders get patients to the most appropriate trauma center for each patient's unique individual needs.

Four: We reached a new affiliation agreement with Case Western Reserve University, which will allow UH to forge a new vision for our academic mission. Academic medicine is evolving. We want UH Cleveland Medical Center and its physician-scientists to remain at the forefront of research and discovery. We are creating a strategic plan that will include new opportunities to create the academic health system of tomorrow.

Five: Our Harrington Project for Discovery and Development further expanded its potential impact on new drug development over the past year. We just announced a first-of-its-kind partnership between The Harrington Discovery Institute at University Hospitals and Takeda Pharmaceuticals to advance discovery of treatments for rare diseases. The Harrington Discovery Institute also expanded its affiliation with the Alzheimer's Drug Discovery Foundation. Harrington Scholars work at universities across the nation and at Oxford University to translate laboratory discoveries into new drug therapies. In five years, our initiative has funded promising drug-development efforts by almost 75 scientists.

Six: We are creating new businesses to pursue market opportunities in health care. These innovative firms are part of the newly created UH Ventures, which will provide important services and generate resources to help us better serve our patients and our community.

Seven: Our continuing commitment to sustainable business practices and environmental stewardship earned even more attention in 2016. Practice Greenhealth awarded UH 13 Environmental Excellence awards, including its prestigious System for Change award. And just two weeks ago, the Ohio Hospital Association gave UH Ahuja Medical Center its John Chapman Award for exemplary progress in energy efficiency and waste reduction.

Eight: As part of our commitment to our community and through the generosity of donors, we broke ground on our newest gift: The UH Rainbow Center for Women & Children. This \$26 million Center at East 58th and Euclid reflects UH's history of community commitment while also signaling a new and more outward-reaching vision for health care.

The Rainbow Center for Women & Children will offer low-income families from underserved neighborhoods a new home for comprehensive primary and OB-GYN care. It stands alone as a model because in addition to that personalized care, the center will also be a hub of integrated social and economic services.

It's often said that a Zip code has more to do with our health than our genetic code. That statement refers to the wide array of social determinants of health that have major impacts on the health of individuals and communities -- conditions such as poverty and unemployment... availability of nutritious food... health illiteracy... lack of family and social support... and physical barriers to receiving health care, such as a lack of transportation.

At the Rainbow Center, UH has partnered with community-based social-services agencies to connect our clients to services well beyond traditional health care. The services will include ...

- Workforce-development programs and child care for moms transitioning to the workforce
- Courses on prenatal care, childbirth, breast-feeding and parenting
- Classes that teach healthy shopping, cooking and eating
- Coaching on exercise and healthy lifestyles
- And information about lead poisoning prevention.

We're locating the Center in a place that is easily accessible by public transit. We recruited members of the community we'll serve, and asked them to help design the Center and its offerings.

From its inception to today, University Hospitals has looked after those in this community who needed help the most but could afford it the least. The UH Rainbow Center for Women & Children is a resounding declaration that this commitment continues – today, tomorrow and forever. This Rainbow Center has also created a broader community development impact.

Finally, the individuals, companies, foundations and other institutions who believe so strongly in our work once again supported UH generously. Thanks to the impressive support of UH's friends and benefactors, we continue our quest toward achieving our \$1.5 billion goal for Discover the Difference: The Campaign for University Hospitals. Total giving in 2016 exceeded \$110 million and benefited patient care and innovation in each of UH's campaign priority areas. Let's celebrate that profound endorsement of our direction with a round of applause!

Our great system's past and present are the foundations for our next 150 years. The need for innovation in health care will only grow, and UH will continue to rise to the challenges.

Our physician-scientists are working at the lab bench and at patients' bedsides to coax the human body's immune system into targeting cancer cells.

We're expanding the function of "natural killer" cells to treat leukemia in young adolescents.

We're developing novel drug combinations to enhance the quality of life for patients with cystic fibrosis.

We're leading clinical trials that explore the role of blood pressure in lowering the rates of heart attack and stroke.

Many of these breakthroughs add to and build on an evolving body of medical knowledge.

Other changes are driven not by medical demand, but by market demand. The future of health care will be dramatically different, driven by the phenomenon of **consumerism**. The same market forces, demands and expectations that reshaped banking, retail and so many other sectors have converged on health care.

Today we see active health care consumers, driven by the availability of information, rising cost of health care and the proliferation of high-deductible insurance. Consumers expect health care to be accessible, easily understood, personalized and provide great value. And it's up to us to meet or exceed those expectations.

- We now have more than 250 care locations across Northeast Ohio.
- We opened a 600-employee Customer Services Center to help people make appointments, get answers to questions and get help with billing.
- We have launched smartphone apps to make it easy and convenient to find a physician, find a UH location and make an appointment on demand.
- We have instituted tele-health services so you can visit with a doctor over your phone or home computer, any time or anywhere.
- Our Clear Quote service customizes price quotes for common procedures to each patient's insurance coverage and preferred service point.
- We're simplifying billing.
- We're using predictive modeling and data analysis to predict health care trends and market demands.

Across our system, UH is becoming more consumer-facing. And we are adding more and more value to health care – delivering better outcomes and greater satisfaction for every dollar consumers spend.

Finally, UH is preparing for the future by investing in the future of our community and our neighbors.

The data is convincing: When communities have greater employment, they and their residents tend to enjoy better health. So UH is committed to continue creating jobs and building opportunity in our core city of Cleveland – especially in seven neighborhoods closest to our main campus.

We continue to be committed to *Live Local, Work Local, and Buy Local*. We generate about \$5 billion in economic impact each year. And we strategically leverage our impact specifically to support our local economy. When we spend money on the goods and services we need, we make it a priority to spend it with **local** businesses.

Among local firms, we also support those owned by women, minorities and LGBTQIA principals. And in 2016, we spent \$312 million – 40 cents of every procurement dollar – on local and diverse firms. This has an undeniable, job-creating impact on Northeast Ohio's economy.

We also are helping underemployed residents start life-changing careers. UH partners with a nonprofit called Towards Employment to offer training in life skills and work skills. We also work with NewBridge Cleveland Center for Arts & Technology, a nonprofit that UH co-created, to train workers for high-demand jobs in health care. And we helped to create and support the Evergreen Cooperative which is worker-owned, environmentally state-of-the-art businesses that hire locally, pay a living wage and give workers a stake in their future.

We take these steps because we are committed to our community, and because we want a healthier, stronger community for all of us.

We are about to celebrate the close of our year-long 150th-anniversary. Tomorrow night (Wednesday, May 4) at 9 p.m., WVIZ-TV will air the premiere of a remarkable hour-long documentary that looks back on UH's first 150 years of service and looks ahead to our next 150 years. It's called "Healing a Community." I hope that you have the opportunity to watch as it tells

the story of the powerful bond between UH and the people of Northeast Ohio – and all of you are part of that story.

In closing, the community spirit that led to the establishment of University Hospitals 150 years ago remains strong and vibrant today. Our city and our region is on the rise, and UH is proud to support Northeast Ohio.

Today, our UH community is global. The physicians we trained practice worldwide. Our therapeutic breakthroughs and discoveries help patients around the globe. We are proud of our reach. And yet our focus remains on our home, and on the neighbors who trust us to be there for them and be the best for them.

Thank you for your trust, and for your boundless support of our mission: To Heal. To Teach. To Discover.