

Determination

Enthusiasm

Autonomy

Candor

Excellence

Adaptability

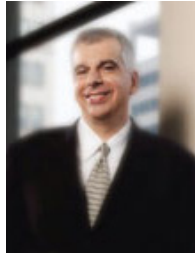
Loyalty

Integrity

Teamwork

Humor

Message from Phil Kamp, CEO of Valence Health



Welcome to the first Clinical Integration newsletter for 2010. Our goal is to provide a resource for IPAs, PHOs, Integrated Delivery Networks and any other provider organization interested in improving the quality of care they deliver, and getting paid fairly for that improved level of care.

The health care industry is in the midst of a major transition that, in the end, should result in improvements in how care is provided both in terms of quality and efficiency. The key driver of this transition will be the availability of usable information and the corresponding tools to assist the provider in delivering care to individual patients and to populations. These tools and information will also be utilized by those seeking services to better understand the care needed and to select high quality, efficient providers. Valence's vision and focus of its services is to assist providers determine the best way care should be provided, provide the necessary information to the ultimate provider of care and provide tools to assist in the process. The key is combining information from disparate data sources into one usable database and providing information back to the providers of care.

Providing usable data is necessary, but data alone is not enough to ensure efficient and effective use of the health care system. To truly impact our health care delivery system requires a change in how we pay for health care services. The production-based reimbursement model that predominates in the US must change to reward results and quality. Without this fundamental change, financial incentives will not be aligned with the effective provision of health care services.

How do you think health care reform efforts will impact your organization? Your patients? Your own health care? Please call or email us, we look forward to the discussion.

– Phil Kamp

INDUSTRY NEWS

Defining the Future Value Proposition of Organized Physician Networks: North Suburban Associated Physicians By Jim Watson

We're pleased to welcome Jim Watson, Executive Director of North Suburban Associated Physicians, in Skokie, Illinois, to share his observations on the future value proposition for physician organizations.

North Suburban Associated Physicians (NSAP), a 200-independent physician network located in suburban Chicago, was incorporated on January 1, 2009 after 15-years of existing as Rush North Shore Practice Organization (RNSPO), a PHO. In 2008, RNSPO's hospital partner was acquired by a health system, and the hospital sold its 50% ownership to the physicians, and we converted the PHO to an IPA.

Recent Events

Valence Founders Named to Entrepreneurship Hall of Fame

We are proud to announce Phil Kamp and Todd Stockard, founders of Valence Health, have been selected for induction into the 2010 Chicago Area Entrepreneurship Hall of Fame. 2010 marks the 25th anniversary of this prestigious award, and they are part of an exclusive group to be recognized among Chicago's leading entrepreneurs.

Since 1985, the Chicago Area Entrepreneurship Hall of Fame has recognized innovators and leaders in the Chicago area. Each year distinguished entrepreneurs who have demonstrated entrepreneurial talent by founding and/or growing a local business are inducted. By highlighting outstanding entrepreneurs, the Hall of Fame recognizes excellence and encourages business leaders, students and government officials to honor the entrepreneurial spirit.

About the UIC Institute of Entrepreneurial Studies

The University of Illinois at Chicago Institute for Entrepreneurial Studies was founded in 1982 by Professor Gerry Hills, Coleman Chairholder in Entrepreneurship. The institute is one of the leading entrepreneurial research and professional organizations in the United States.

Community Based Intervention for Hypertension

Bart Phillips, Tara Kalra and Winnie Lee, members of Valence's data team, presented a poster exhibition at the recent American Statistical Association, 8th International Conference on Health Policy Statistics, in Washington, DC, January 20-22. Entitled "A Community Based Intervention for Hypertension Implemented by a Physician Hospital Organization" their work describes an innovative approach developed with a Valence client to identify and outreach to individuals with hypertension. Congratulations to the team.

Determination

Enthusiasm

Autonomy

Candor

Excellence

Adaptability

Loyalty

Integrity

Teamwork

Humor

While it is more probable that in the coming years there will be more IPAs converting to PHOs than vice versa, regardless of the organizational model, the bar has been raised significantly for organized physician networks in demonstrating relevance in the transforming healthcare industry. Whether it be it an independent network model, or an employed and/or asset merged medical group, whether it be working with or working without an “equity partner” in their affiliated hospitals, the business model for physician networks is changing rapidly.

The “future value proposition” of organized physician networks (IPAs, PHOs, etc.) will not be necessarily centered around management of capitated populations (which continue to shrink in commercial HMO product segments but grow in governmental HMO product segments), but it will be that plus:

- The ability to track/measure/report quality data and compliance with evidence-based medicine pathways and protocols
- The ability to manage payor-specific measures and the ensuing “report cards”s
- Negotiate, manage and maximize performance in P4P arrangements, with growing economic and public-reporting implications
- Position for the introduction of global payments by CMS and other payors
- Position to be an Accountable Care Organization, with its implied vertical integration model and health insurance functionality

We are fortunate to be ahead of the curve in many of these areas, through our Clinical Integration Program and a more sophisticated information technology platform that allows us to deploy this future business model now. We continue to work with our affiliated hospital system to integrate ambulatory and inpatient measures and initiatives, to further position us favorably in the rapidly transforming delivery system.

Our first year as an IPA has been very positive:

- We have developed and implemented our 2009-2010 Clinical Integration Program, which 33 clinical protocols from Valence’s toolset, to represent over 80% of our IPA’s specialties. For the remaining 20%, Valence has developed web-based Manual Reporting measures to enable those physicians to participate in our CIP.
- We’ve seen an increase in all HMO contract incentive funds, which are based on compliance with quality indicators and utilization

Upcoming Events

**FREE Clinical Integration Webinar:
Clinical Integration Essentials For Today’s Healthcare Environment
March 18, 11am-Noon (Central)**

To register, visit
<https://valencehealth.webex.com/valencehealth/onstage/g.php?t=a&d=665798768>

Lori Fox Ward’s article “**Clinical Integration Model Illustrates the Need for Alternatives**” will appear in the March 2010 issue of *Group Practice Journal*.

**5th National Pay for Performance Summit
March 8-10, San Francisco, CA.**

Liz Simpkin and Lori Fox Ward will present “P4P as the Driver for Clinical Integration”. Valence will also be exhibiting at the conference so please stop by Booth #207. For more information go to www.PFPSummit.com.

**The IPA Association of America (TIPAAA) 15th Annual National Meeting
April 29-May 1, San Antonio, TX.**

Valence will be exhibiting at the conference, and hope to see you there. For more information and to register, go to www.tipaaa.com.

**AAIHDS Spring Managed Care Forum
April 22-23, Orlando, FL.**

Valence will once again be exhibiting at the Forum, please stop by to visit us. Visit www.aaihds.org for more information

**The Institute for Clinical Quality and Value (ICQV) Clinical Integration Forum,
June 17 - 18, Chicago, IL**

Valence is pleased to once again be a sponsor of the Forum. We hope to see many of our clients and colleagues in Chicago. For information please go to www.icqv.org.

Determination

Enthusiasm

Autonomy

Candor

Excellence

Adaptability

Loyalty

Integrity

Teamwork

Humor

factors. For example, in the first year of our agreement NSAP physicians increased their performance in a Generic Prescribing incentive to top tier across the HMO network, earning us the highest amount possible in that category.

- NSAP launched our first website in 2009, which has been very well received by the physicians and their office staff. Via the NSAP website, physician practices can submit/be paid for claims, submit data for CIP, review their CIP measures, review clinical protocols, and receive/send NSAP communications (newsletters, program announcements, payor updates).

We are excited as we move forward into 2010 and beyond with a strong organization and a clear and appropriate strategic plan, to raise the bar in quality, operational efficiency, and alignment of economic incentives.

If you'd like to learn more about North Suburban Associated Physicians' Clinical Integration program, contact Jim Watson at jim_watson@pbcgroup.com.

WELCOME NEW CLIENT

Ohio Health Group, Columbus, Ohio

Ohio Health Group (OHG) is a physician-hospital organization jointly owned by Ohio Health Corporation and the Medical Group of Ohio. Collectively, they represent a network of 8 hospitals and over 2000 primary care and specialty physicians located in Columbus, Ohio and surrounding counties. OHG has a long history of working with payors and local employers to improve the quality of care delivered to its patient population while reducing inefficiencies in the health care system and controlling costs. OHG has engaged Valence Health to assist with the development, implementation and ongoing support of its Clinical Integration program. In particular, OHG chose Valence for our ability to aggregate data into a single data warehouse to support sophisticated measurement and evaluation of performance against standards of care and facilitate information sharing between and among providers using our Point of Care tools.

Messenger Model demos:

Lori Fox Ward, VP Clinical Integration will conduct web demonstrations of the Valence vElect tool on the second Thursday of every month.

If you are interested, please register at valencehealth.com/signup.asp or call Lori Fox Ward at 312-277-6304 for more information.

Determination

Enthusiasm

Autonomy

Candor

Excellence

Adaptability

Loyalty

Integrity

Teamwork

Humor

SAVE THE DATE

Join Us In Chicago



Join us on June 16, 2010, for Clinical Integration: Different Approaches...Common Goals, a free lunch and informative workshop regarding the ups and down of the clinical integration process. Remember, there is no one-size-fits-all approach.

Organizations already clinically integrated, including PHOs and stand-alone IPAs, will share practical advice and helpful tips on a variety of topics, including how to:

- Navigate the clinical integration decision-making process;
- Get physicians involved, engaged and excited;
- Identify the right vendor partner with the right solution;
- Approach payors and market your clinically integrated organization; and
- Develop a win-win hospital/physician alignment.

Please plan to join us after the workshop for free appetizers and cocktails as well as a free gift just for attending the workshop.

If interested in attending or to get more information, please call Lori Fox Ward at 866-233-7592 ext. 6304 or email lfox@valencehealth.com

Determination

Enthusiasm

Autonomy

Candor

Excellence

Adaptability

Loyalty

Integrity

Teamwork

Humor

VALENCE CLIENTS IN THE NEWS

Adventist Midwest Health doctors among Chicago's best

Eight Adventist Midwest Health physicians made the list of "Chicago's Top Doctors," featured in the January 2010 issue of Chicago Magazine.

- Dr. Thomas Gallagher, internal medicine: Adventist Hinsdale Hospital
- Dr. Richard Wiet, otolaryngology, specializing in acoustic neuroma, hearing loss, otosclerosis, stapedectomy, cochlear implants: Adventist Hinsdale Hospital
- Dr. Kenneth Schiffman, orthopedic surgery: Adventist Hinsdale Hospital
- Dr. Neeraj Jain, pain medicine, specializing in back and neck pain, RSD, shingles and postherpetic neuralgia pain: Adventist Hinsdale Hospital and Adventist Bolingbrook Hospital
- Dr. Jeffrey Feinstein, radiation oncology, specializing in brachytherapy and stereotactic radiosurgery: Adventist Hinsdale Hospital and Adventist La Grange Memorial Hospital
- Dr. Bryan Foy, thoracic surgery, specializing in heart transplants, ventricular assist device (VAD): Adventist Hinsdale Hospital, Adventist La Grange Memorial Hospital, Adventist Bolingbrook Hospital
- Dr. Robert Pasciak, urology, specializing in prostate cancer, prostate disease, incontinence: Adventist Hinsdale Hospital
- Dr. Steven Smith, vascular and interventional radiology, specializing in peripheral angioplasty, uterine fibroid embolization, varicocele embolization, pelvic congestion syndrome: Adventist Hinsdale Hospital, Adventist La Grange Memorial Hospital, Adventist Bolingbrook Hospital, Adventist GlenOaks Hospital

Congratulations for this well-deserved recognition.

St. Luke's Episcopal Hospital Ranked Among Top Five Percent in Nation for Quality Fourth Year in a Row

St. Luke's Episcopal Hospital (St. Luke's) has earned the HealthGrades Distinguished Hospital for Clinical Excellence Award™ for the fourth consecutive year, and a total of five awards altogether. This award is given to hospitals ranked in the top five percent in the nation for patient outcomes in a new study released today by HealthGrades, the leading independent healthcare ratings organization.

Congratulations to St. Luke's for achieving this prestigious award. For the full study, go to www.healthgrades.com.