

# Cost-Reducing Strategy: Adventist Health

Presented at the Health Care Affordability Board Meeting on June 23, 2024

Kerry Heinrich, President and CEO John Beaman, Chief Financial Officer

# Adventist Health Value of Operating as a System

Office of Health Care Affordability | June 2024

**Living God's love by  
inspiring health,  
wholeness and hope**

# Adventist Health Networks

## Northern California Network

- Adventist Health Clear Lake
- Adventist Health Howard Memorial
- Adventist Health Lodi Memorial
- Adventist Health Mendocino Coast
- Adventist Health and Rideout
- Adventist Health Sonora
- Adventist Health St. Helena
- Adventist Health Vallejo
- Adventist Health Ukiah Valley
- Dameron Hospital\*

## Central Coast Service Area

- Adventist Health Sierra Vista
- Adventist Health Twin Cities

## Southern California Network

- Adventist Health Glendale
- Adventist Health Simi Valley
- Adventist Health White Memorial
- Adventist Health White Memorial Montebello

## Oregon State Network

- Adventist Health Columbia Gorge
- Adventist Health Portland
- Adventist Health Tillamook

## Central California Network

- Adventist Health Bakersfield
- Adventist Health Specialty Bakersfield
- Adventist Health Delano
- Adventist Health Hanford
- Adventist Health Reedley
- Adventist Health Selma
- Adventist Health Tehachapi Valley
- Adventist Health Tulare

## Hawaii State Network

- Adventist Health Castle

\*Managed facility

Networks by the Numbers

\$6.0B

Total revenue  
in FY 2023

\$6.6B

Total forecasted revenue  
in FY 2024

4

States house the  
communities we serve

38k

Associates, including physicians,  
allied health professionals and  
support services

28

Hospitals  
with 4,167 beds

442

Clinics

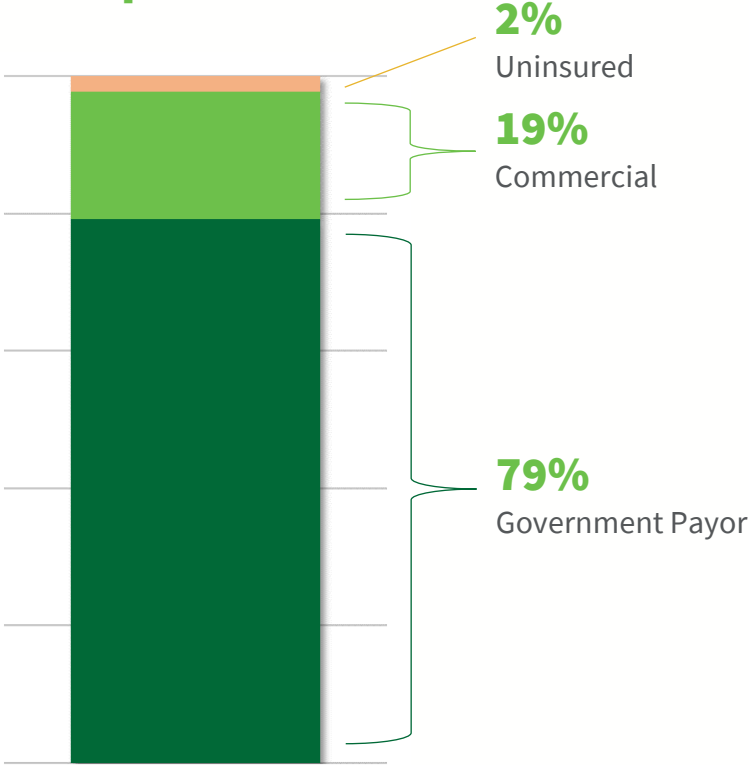
15 / 8

Home care agencies /  
Hospice agencies

2.7M

Clinic visits per year

People Served



## Definition of Scale

Possess sufficient scale to systematically increase access to health care delivery and reduce associated administrative costs for a specific geographic area or population base

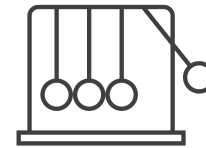
By operating as a system, we can create expertise and efficiencies in cost to mitigate the impact of inflation and enable us to maximize dollars spent on patient connections and care



### Administrative Cost

Backend services that:

- Ensure the appropriate delivery of supplies, staff, and other resources
- Compliance with billing requirements and regulatory standards



### Clinical Care

Advancing quality care through:

- Systematic review and implementation of standards of care
- Dedicated quality programs to improve patient safety
- Manage Risk Responsibility

# Reduced Variation and Redundancy

Controls to implement standard processes to ensure a reliable and consistent delivery of support services for health care providers and our patients

# Automation

Tools to leverage automation and other systems streamlining repetitive tasks and reducing the administrative burden of care

# Placement of Service

Evaluate on-site and off-site locations for support services to maximize value generated for investments in clinical services

Scale Definition: Aggregation of expertise and spend to standardize process, modernize systems and create efficiencies.

Risk: Higher labor inflation than revenue increases.

## Objectives and Results

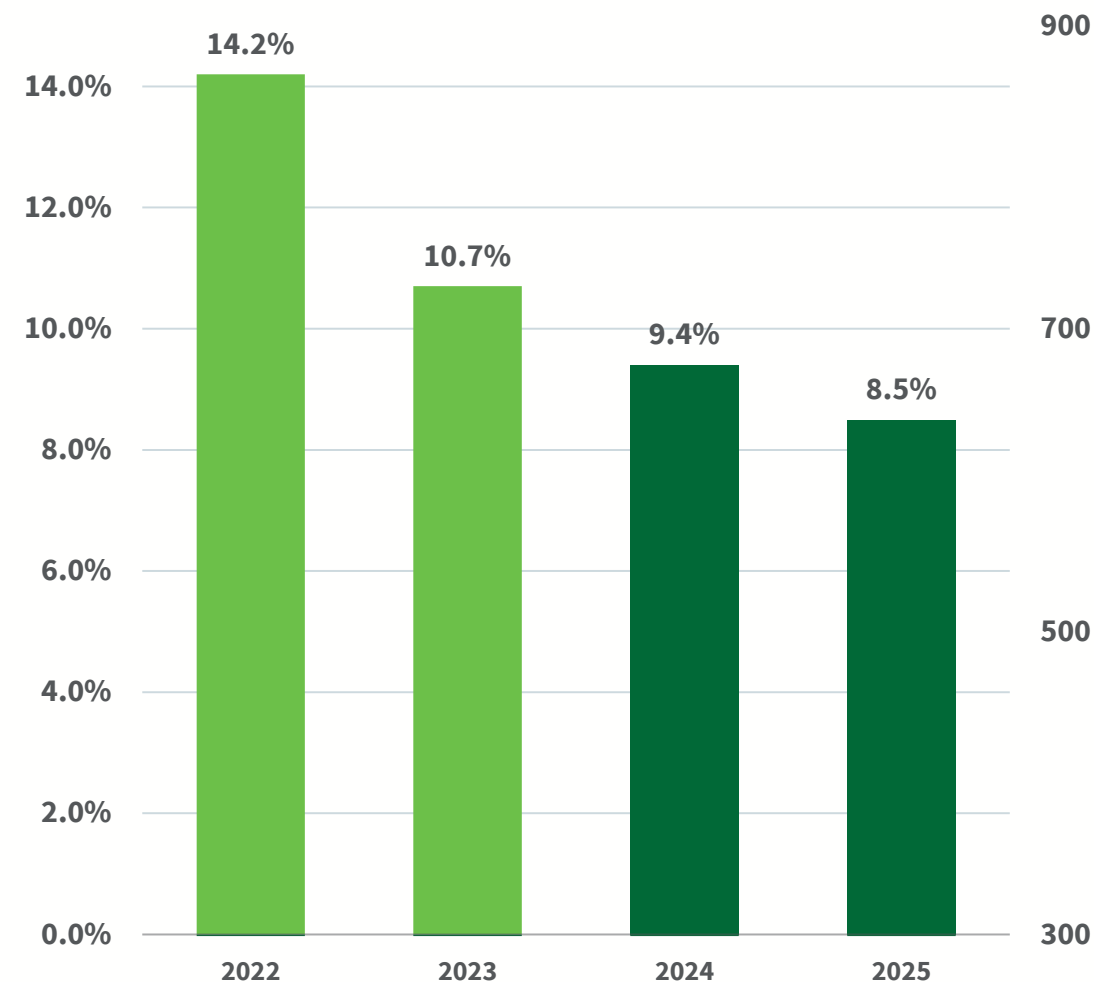
- Leverage scale for expense structure optimization, moving system shared service costs to 7% by 2027
- \$100M of savings executed Q1 2023 (focus on core services)

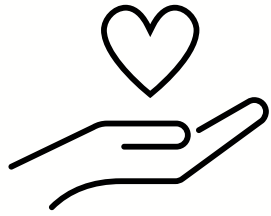
## Opportunities

Leverage scale through standard processes and automation

Optimize investments in direct patient care and community benefit activities

## Shared Service Optimization





### Standards of Care

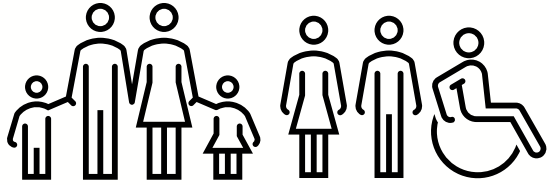
Single EMR with consistently delivered care across markets and care settings



### Quality Programs

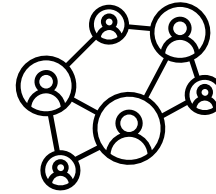
Identification of best practices to improve clinical outcomes for specific disease states  
implementing the latest clinical guidelines

## Risk Responsibility Model



### Lives at Risk

More than 165,000 Medi-Cal lives throughout California



### Scale to Create Efficiencies

A critical mass of lives to mitigate systematic health risks in a population and to create capacity for support services such as: back office, referral centers, restoration houses, and residency programs

Scale Attribute: Sufficient aggregation of lives to reduce variability in the cost of care and manage spend.  
Risk: Multiple intermediaries, increasing administrative costs

# Appendix

# Award-Winning Excellence



Adventist Health Lodi Memorial  
Adventist Health and Rideout  
Adventist Health White Memorial



Adventist Health Bakersfield  
Adventist Health Glendale  
Adventist Health Portland  
Adventist Health and Rideout  
Adventist Health Sierra Vista  
Adventist Health St. Helena  
Adventist Health White Memorial



Adventist Health Castle **2017**  
Adventist Health White Memorial **2019**



### 2023 Award Winners

Adventist Health Bakersfield  
Adventist Health Glendale  
Adventist Health Hanford  
Adventist Health Selma  
Adventist Health Sierra Vista  
Adventist Health Sonora  
Adventist Health St. Helena



### FOUR-STAR QUALITY RATED

Adventist Health Bakersfield  
Adventist Health Clear Lake  
Adventist Health Howard Memorial  
Adventist Health Lodi Memorial  
Adventist Health Sonora



### FIVE-STAR QUALITY RATED

Adventist Health Castle  
Adventist Health Glendale  
Adventist Health St. Helena



### HIGH PERFORMING HOSPITALS 2023

Adventist Health Bakersfield  
Adventist Health Castle  
Adventist Health Clear Lake  
Adventist Health Columbia Gorge  
Adventist Health Glendale  
Adventist Health Hanford  
Adventist Health Howard Memorial  
Adventist Health Lodi Memorial  
Adventist Health Portland  
Adventist Health and Rideout  
Adventist Health Simi Valley  
Adventist Health Sonora  
Adventist Health St. Helena  
Adventist Health White Memorial  
Dameron Hospital



Adventist Health Glendale



Adventist Health Castle  
Adventist Health Tehachapi Valley



Adventist Health Glendale  
Adventist Health Hanford  
Adventist Health Simi Valley  
Adventist Health Sonora  
Adventist Health White Memorial

# Average Hourly Rate

