Premier’s Overarching Vision and Objectives

OUR VISION
Through the collaborative power of the Premier alliance, we will lead the transformation to high-quality, cost-effective healthcare

» Make healthcare supply chain efficient and effective

» Deliver continuous improvement in cost and quality today and enable success in new healthcare delivery / payment models

» Integrate data and knowledge to create meaningful business intelligence that drives improvement
Premier is a provider-driven healthcare performance improvement company. We co-innovate solutions with our members to reduce costs, improve quality, and produce better patient outcomes.

**SCALE**
- Alliance of ~3,600 hospitals – 74% of U.S. community hospitals – and ~120,000 other providers
- Integrated clinical, financial, operational data – insights into ~40% of U.S. health system discharges
- Approximately $44 billion in supply chain spend
- Manage ~2,000 contracts from ~1,100 suppliers

**ALIGNMENT**
- Members own ~74% of equity*
- 10 health system board members
- Premier field force embedded in member hospitals

**COMMITMENT**
- Member owner average tenure ~15 years (80% at 10+)
- Members view Premier as strategic partner

**CO-INNOVATION**
- Co-develop solutions with members
- Committees composed of ~163 member hospitals
- ~1,200 hospitals in performance improvement collaboratives

Note: Data as of June 30, 2015.
Premier’s National Footprint

Premier’s Alliance includes top performing hospital systems and our footprint is nationwide.
Government is a huge provider of healthcare and they are plagued by the same challenges as the private sector only worse.

The government lacks the tools, solutions and expertise to achieve high quality and cost effective healthcare.

Contracting with the different federal agencies provides Premier with credibility and differentiation.

Premier’s core purpose is aligned with the Government’s core mission for healthcare.

Premier can build a new business unit with strong and consistent revenue opportunities with demonstrable value and impact.

Premier gains insights on Government programs allowing Premier to serve their Members better.

Premier can use opportunities to partner with our members further solidifying and strengthening relationships.

Premier can expand on technology capabilities by serving the needs of the Government.

Premier is in the unique position to deliver evidence based solutions through customization of Premier’s tools, solutions and capabilities to federal agencies to truly impact health care delivery in the United States.
Premier has the capabilities to fit squarely within the marketplace.
Leading government agencies by offering the spectrum of services from policy impact analysis to HIT optimization to population health analytics.

- **Be a** RECOGNIZED LEADER **in analytics tools and government advisory services**

- **Provide solutions through** CROSS-OFFERING and CROSS-CONSULTING services

- **Apply customized** TOOLS, SOLUTIONS and DATA **to support government sector clients**

- **Create an** INCLUSIVE SERVICE **environment where Premier staff move freely based on applicable skill sets**

- **Focus on** IMPACT **and price for VALUE to meet the financial plan**
Inputs to Premier’s Government Services

Government Services Builds on Premier’s Capabilities from policy analysis, data analytics to implementation.

- **Policy**
  - Premier Public Affairs
- **Data**
  - PremierConnect and Premier Health Database
- **IT Tools and Solutions**
  - QualityAdvisor, OperationsAdvisor, Theradoc
- **Testing and Scaling Payment Models**
- **Research and Evaluation**
  - Premier Research Institute
- **Collaboratives and Hospital Engagement**
  - QUEST, PfP, HQID
Policy: Premier’s Public Affair’s Group

- Recognized national reputation
- Extensive relationships with lawmakers and Administration officials
- Membership in key advocacy organizations
- Cogent policy positions
- Skilled staff with combined >100 years of experience

- Extensive policy expertise around:
  - Delivery system reforms, including Medicare ACO programs and bundled payments
  - Value-based purchasing
  - Quality and cost measurement
  - Medicare inpatient, outpatient, physician payment systems
  - Health information technology
  - Healthcare supply chain issues, including policies on prescription drugs, medical devices and transparency
Data: Premier’s Platform and Data Capabilities

- Reduce Costs
- Improve Quality and Safety
- Manage Populations

Combines People, Process, and Technology

PREMIERCONNECT

QUALITY & REGULATORY

SUPPLY CHAIN

SAFETY

OPERATIONS

ENTERPRISE

DATA SERVICES

- PREMIERCONNECT
- POPULATION HEALTH
- RESEARCH

ANY DATA

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IT Tools and Solutions: Recent Acquisitions

<table>
<thead>
<tr>
<th>Strategic Need</th>
<th>Company Acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical &amp; physician preference cost reduction</td>
<td>SYMMEDRx Healthcare Solutions (Closed July 2013)</td>
</tr>
<tr>
<td>Data acquisition from multiple technologies</td>
<td>Meddius (Closed October 2013)</td>
</tr>
<tr>
<td>Health system capital expenditure cost reduction</td>
<td>MEMdata (Closed April 2014)</td>
</tr>
<tr>
<td>Supply chain technology enablement</td>
<td>aperex (Closed August 2014)</td>
</tr>
<tr>
<td>Quality &amp; safety improvement</td>
<td>TheraDoc (Closed September 2014)</td>
</tr>
<tr>
<td>Direct sourcing</td>
<td>S2S GLOBAL (Closed February 2015)</td>
</tr>
<tr>
<td>Budgeting/forecasting, labor productivity &amp; cost analytics</td>
<td>HEALTHCARE INSIGHTS (Closed July 2015)</td>
</tr>
<tr>
<td>Performance mgmt., regulatory reporting and continuing education for ambulatory providers</td>
<td>CE CITY (Closed August 2015)</td>
</tr>
<tr>
<td>Performance management in ambulatory market</td>
<td>InflowHealth (Closed October 2015)</td>
</tr>
</tbody>
</table>

(1) Purchased initial 60% ownership in 2011. Remaining 40% minority interest purchased on February 2, 2015.

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IT Tools and Solutions: How it all integrates

- PREMIER SUPPLY CHAIN: ~1,135 facilities
- PREMIER QUALITY: ~1,200 facilities
- PREMIER LABOR: ~1,190 facilities
- PREMIER SAFETY: ~353 facilities
- PREMIER POPULATION MANAGEMENT: ~400 facilities
- PREMIERCONNECT™ ENTERPRISE: 9 charter systems

Social business

PLATFORM

LAWSON
PeopleSoft

MCKESSON

Allscripts®

SIEMENS

KRONOS®

MEDITECH

Epic

CERNER

CMS

Blue Cross Blue Shield

ANY DATA

Purchasing
Billing
Financial
Clinical
Claims

Number of facilities installed and under contract as of 4/30/2014.
Testing and Scaling: Road to Population Health

Value-based purchasing: HACs, quality, efficiency, cuts
HAC & readmissions penalties
Bundled payment
Shared savings
Global payment

FEE-FOR-SERVICE MOVING TO INTEGRATED CARE, NEW PAYMENT MODELS & RISK

High Performing Hospitals
- Most efficient supply chain
- Best outcomes in quality, safety
- Waste elimination
- Satisfied patients

High Value Episodes
- DRG and episode targeting
- Care models and gainsharing
- Data analytics
- Cost management

Population Management
- Population analytics
- Care management
- Financial modeling and management
- Legal
- Physician integration
Collaboratives: QUEST (Quality)

- QUEST began in 2008 with 157 charter hospitals and now there are more than 370 participating hospitals.

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital deaths avoided</td>
<td>6,951</td>
<td>21,099</td>
<td>42,388</td>
<td>72,353</td>
<td>111,662</td>
<td>160,388</td>
</tr>
<tr>
<td>Dollars saved</td>
<td>$683M</td>
<td>$2.12B</td>
<td>$4.55B</td>
<td>$7.53B</td>
<td>$10.12B</td>
<td>$13.2B</td>
</tr>
<tr>
<td>Patients receiving all EBC</td>
<td>9,427</td>
<td>24,091</td>
<td>42,878</td>
<td>66,531</td>
<td>93,934</td>
<td>123,956</td>
</tr>
<tr>
<td>Harms Prevented</td>
<td>N/A</td>
<td>N/A</td>
<td>3,447</td>
<td>7,924</td>
<td>13,963</td>
<td>21,679</td>
</tr>
<tr>
<td>Readmissions Prevented</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>7,332</td>
<td>25,722</td>
<td>55,845</td>
</tr>
</tbody>
</table>

Results based upon all members in QUEST as of Q2 2013; results are cumulative.
### Collaboratives: PACT (Population Health)

<table>
<thead>
<tr>
<th></th>
<th>All MSSP ACOs</th>
<th>All Pioneer ACOs</th>
<th>Premier ACOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number ACOs earning shared savings (savings below MSR and met quality requirements)</td>
<td>86 out of 333</td>
<td>11 out of 20</td>
<td>9 out of 19</td>
</tr>
<tr>
<td>Number of ACOs that saved Medicare but were within MSR</td>
<td>89 out of 333</td>
<td>3 out of 20</td>
<td>2 out of 19</td>
</tr>
<tr>
<td>Proportion of ACOs earning shared savings</td>
<td>26%</td>
<td>55%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Proportion of All MSSP ACOs (N = 86 of 333)

- Earned Shared Savings
- Qualified for Shared Savings (failed to meet quality)
- Below Target (Saved Medicare) but Within MSR
- Above Target (Did not save Medicare)

Proportion of Premier MSS Advanced Network ACOs (10 of 20)

Source: MSSP PY14 quality and financial results; Pioneer PY14 quality and financial results
Hospital Engagement: Partnership for Patients (PfP)

The Premier HEN is the largest convener with a single approach

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readmissions avoided</td>
<td>13,656</td>
<td>32,602</td>
<td>58,102</td>
</tr>
<tr>
<td>Harms Prevented</td>
<td>5,342</td>
<td>14,023</td>
<td>19,760</td>
</tr>
<tr>
<td>Costs Avoided</td>
<td>$190 million</td>
<td>$461 million</td>
<td>$749 million</td>
</tr>
</tbody>
</table>

Results based upon all members in PFP as of October 2014; results are cumulative.
Leverage **Premier Healthcare Solutions** and **Premier Research Institute** to support the mission and vision of government agencies.
## Government Services Road Map

### Requirements for Market Entry
- General Services Administration Schedule
- Indefinite Delivery Indefinite Quantity (IDIQ)
- Sub/Prime Relationship

### Potential Client Alignment
- Veteran’s Affairs and Department of Defense
- Multiple Agencies
- All Agencies

### Premier Government Services Offerings
- **Tool + Technical Integration and Consulting Services**
- **Solution (Customized to Federal Space) + Technical Integration (if needed) + Consulting Services**
- **Federal Specific Need + Customized Tool/Solution + Technical Integration + Consulting Services**
The mission of Premier Research Institute, Inc. is to support the development and dissemination of research and educational content that will provide proven information on methodologies that will improve the quality and cost of healthcare and advance performance improvement among U.S. healthcare providers.

Est. 2011

501(c) (3), Charitable Organization

NTEE: Research Institutes and/or Public Policy Analysis
PRI is Focused on Cost and Quality Alignment

Defining High Value Healthcare

Achieving High Value Healthcare

Transform Healthcare

Rewarding High Value Healthcare
Defining, Achieving, Rewarding High Value Healthcare

- Defining High Value Healthcare
- Research and Development
- Comparative Effectiveness
- Safety
- Measures and Metrics
- Top Performance
- Trends
- Overutilization
- Business Processes Redesign
- Org Structure and Leadership
- Clinical Care Provider Alignment
- Predictive Modelling
- Optimal Delivery Networks
- HIT Population Analytics
- Anti-Microbial Stewardship
- Achieving High Value Healthcare
- Gain Sharing Structures
- Risk Evaluation
- Contracting and Negotiating
- Evaluating Trends
- Organizational Reward Structure
- Capitation Arrangements
- Bundled Payment Methodologies
- Organizational Reward Structure
PRI’s Internal Expertise (150+ publications)

**Peer Reviewed in Leading Healthcare Issues**
- Healthcare waste
- Patient safety and harm
- Quality improvement
- Care management models (ACOs, health homes, etc.)
- Hip/knee replacement
- Healthcare costs
- Cardiovascular disease
- Hospital acquired infections/complications
- Blood utilization
- Risk adjustment methodologies
- Readmissions

**Industry Experts**
- Researchers and analysts with decades of experience
- Created the first harm and waste indexes/reports
- Research in leading publications including: American Journal of Medical Quality, Annals of Surgery, JAMA, Health Affairs, and The Commonwealth Fund
- Patented measurement methodologies

**Representation on National panels**
- PCORI Advisory Panel on Improving Healthcare Systems
- CMS TEP on VBP Monitoring and Valuation Strategies
- AHRQ Focus Group on Quality Measurement Enabled by Health IT
- CMS TEP National Impact Assessment of CMS Quality Measures
- MedPAC TEP on Readmissions and Mortality
- CMS Care Transitions Measure Development TEP
- NQF panel on patient reported outcomes
PRI Has a Network of External SMEs and Advisors

Given Premier’s breadth and scope of work, we have enduring and long standing relationships leading groups that provide our research team with reach back to Industry Experts and SMEs

**Federal**
- Centers for Medicare & Medicaid Services
- Medicare Rights Center
- Centers for Disease Control
- ONC Health IT Standards Committee

**State**
- Council of State Governments
- State Government Affairs Council
- National Association of State Legislators
- National Governors Association

**Healthcare**
- Institute of Medicine
- American Hospital Association
- Global Healthcare Exchange
- National Center for Healthcare Leadership
- Blue Cross Blue Shield Association

**Quality, Safety and Compliance**
- National Quality Forum
- The Joint Commission
PRI Board and Research Advisory Committee

This committee provides oversight and guidance to ensure PRI’s research activities are meaningful to healthcare systems and consider health policy implications.

Current Committee Members:

- **Harlan Krumholz, MD**, Yale – Harold H. Hines Jr. Professor of Medicine (Cardiology) and Professor of Investigative Medicine and of Public Health (Health Policy); Director, Clinical Scholars Program; Director, Yale-New Haven Hospital Center for Outcomes Research and Evaluation

- **Evan Benjamin, MD, FACP**, Baystate Health – Sr. Vice President, Quality and Population Health; Professor of Medicine, Tufts University School of Medicine

- **Peter Lindenauer, MD, MSc**, Baystate Health – Medical Director, Clinical Decision Support and Quality Informatics; and Director, Center for Quality and Safety Research; Associate Professor of Medicine, Tufts University School of Medicine
PRI Has Unique Insight Leveraging Data And Analytics.

PremierConnect and Premier Health Database provide a vast and diverse amount of data spanning the lifecycle of healthcare from supply chain to EHR.
These are the steps from initiation to delivery for research concepts

1. Opportunity Identification
   - Identify Potential Research Questions
   - Evaluate Impact on Premier Members
   - Opportunities of Interest

2. Conduct Analysis
   - Internal Analysis with Experts and Members
   - Literature Review
   - Ensure Research is Actionable

3. Formulate SOW
   - Determine Resourcing Needs and Level of Expertise
   - Data and Tool Availability
   - Finalize Research Plan

4. Research and Analysis
   - Begin Analytics and Analysis
   - Communicate with Funder Regularly
   - Generate Findings

4. Finalize and Next Steps
   - Validate Research with Tool or Solution
   - Disseminate Research
   - Plan Education Events

Interviews and workshops
Desk research and interviews
SOW and Budget
Findings Reports
Manuscript or White Paper
Examples of PRI’s Partners in Research

Federal government (Premier Research Inst)
  • AHRQ QUEST Evaluation (P. Lindenauer Baystate) - Grant
  • AHRQ CLABSI prediction (A. Harris – Univ MD) – Grant
  • NIH – COPD evaluation (P. Lindenauer Baystate) – Grant
  • AHRQ – Various data extracts

Private foundations
  • RWJF – ACO strategies for population health (PRI lead)
  • The PEW Charitable Trust – UDI guidebook (PRI lead)
  • CMWF – ACO assessments (PRI lead)
  • Peterson Foundation – Implementation science (PRI lead)
  • Brookings Institute – Data ecosystem for QI (PRI Lead)
  • Donoghue Foundation – Hospitalomics (Yale – CORE lead)
PRl’s Recent Publications

Measures of Waste:

Safety:

Hospital quality improvement
Thank You!