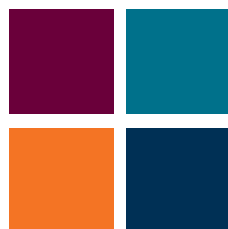


HARRISHEALTH SYSTEM

STRATEGIC PLAN 2012-2016



INNOVATING TO
ENHANCE QUALITY,
EXPAND ACCESS
AND
LOWER COSTS

Board of Managers

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(*) – Chair, Strategic Planning Committee

(◆) – Member, Strategic Planning Committee

President/Chief Executive Officer

David S. Lopez

Strategic Plan Overview

This is the Harris Health System 2012-2016 Strategic Plan. Building on our 2011-2015 plan, this plan reflects the rapidly changing healthcare environment and the health system's strategies to achieve our vision of "Improving the Health of Our Community." The plan is phased. It reflects the Current state of our operations, the Planned state which takes us through the year 2015, and the Future state which addresses the major initiatives that must be considered to ensure the fulfillment of Harris Health's mission and vision through 2016.

The changes anticipated with the enactment of national healthcare reform, coupled with implementation of the Texas Medicaid Section 1115 Waiver will drive profound transformation of healthcare delivery in our community. Improving access to quality care at lower cost are the imperatives of this transformation. By strategically innovating with our medical school partners and community network providers, Harris Health will accelerate its transformation into a high performing, fully integrated healthcare delivery system.

In the area of infrastructure development, the plan reflects completion of all three phases of our capital construction program, expansion of primary care, growth in ambulatory surgery capability and conversion of our hospital patient rooms to a private/semi-private configuration. Complementing infrastructure enhancements, Harris Health will, through the 1115 Waiver process, focus on development of comprehensive linkages with an extended network of community providers to improve access to high quality care at the lowest possible cost, thus expanding services to the medically underserved in our region. All of these initiatives will translate into new and more efficient ways to deliver care.

Our Board-approved Facility Master Plan addresses meeting a projected patient growth to a target of 375,000 unduplicated lives.

Key tenets of the master plan are:

1. Improving utilization across the continuum of care,
2. Fully developing the primary care delivery network throughout the region,
3. Developing free-standing regional ambulatory surgery capability,
4. Strengthening Ben Taub Hospital as a tertiary center for trauma care, diagnostics, interventional and vascular care as well as for complex surgical cases,
5. Strengthening LBJ Hospital as a community acute hospital with a regional focus for women's & children's services and geriatric care.

The following pages provide additional details of the Harris Health Strategic Plan.

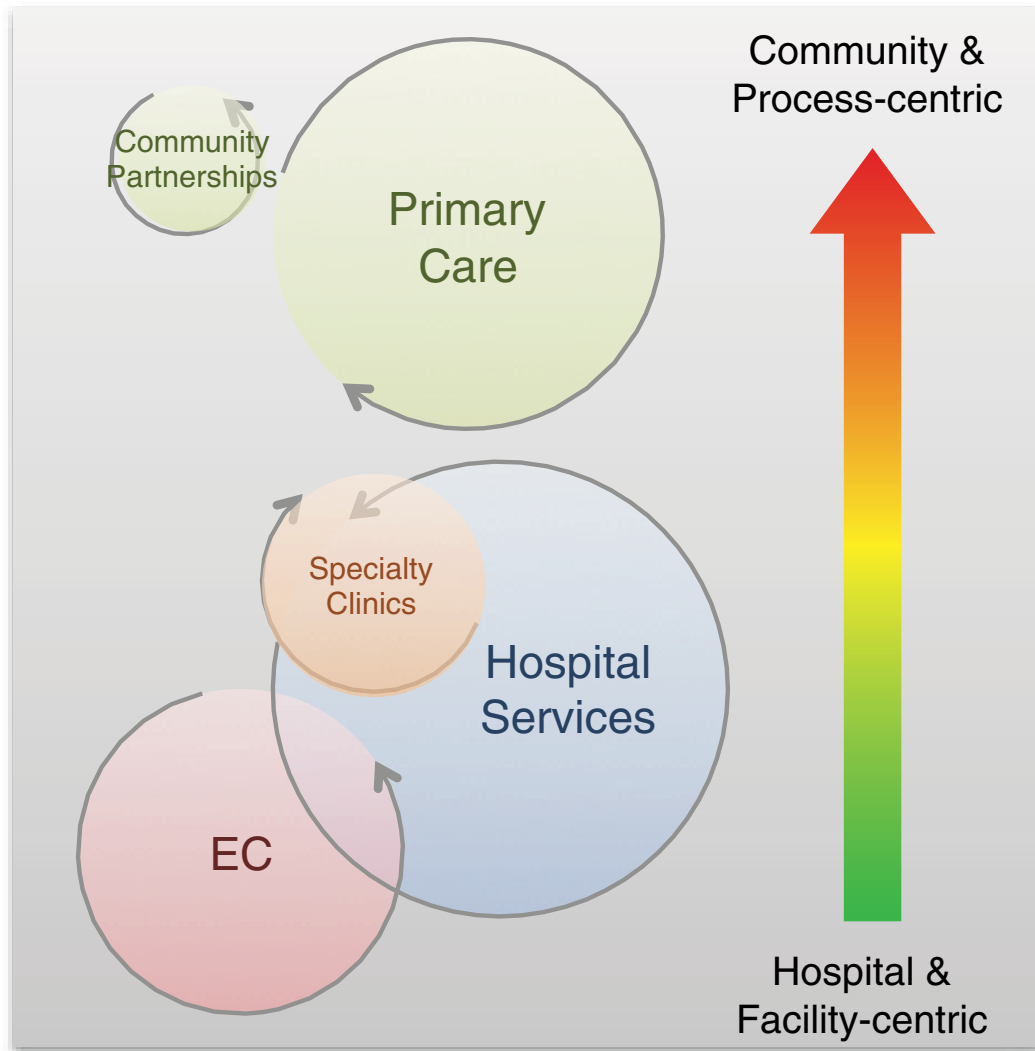


Chairman, Board of Managers



President/Chief Executive Officer

System Configuration



Current State – FY 2013

In the current state, strategies are being employed to further the Harris Health System transformation from a hospital/facility-centric model to a patient-centered network model. Primary care and specialty care continue their expansion with the addition of two primary care “spokes” and an Ambulatory Surgery Center. The Smith Clinic becomes fully operational and paves the way to maximize space vacated by the specialty clinics at Ben Taub General Hospital. A total of four patient care units at Ben Taub General Hospital and Lyndon B. Johnson General Hospital are converted to a semi-private configuration. The Regional Healthcare Partnership (RHP), as called for in the Texas Medicaid Section 1115 Waiver, has been formed, and a five-year plan to improve the healthcare delivery system and access for Medicaid and indigent patients has been developed.

Current State – FY 2013

Serving 311,000 Unduplicated Lives

Strategies to be implemented by February 2013

Healthcare Reform/Texas Medicaid Section 1115 Waiver Imperatives

- Coordinate the formation of the Regional Healthcare Partnership (RHP) as called for in the Texas Medicaid Section 1115 Waiver
- Complete a regional healthcare needs assessment
- Develop a five year plan to improve the healthcare delivery system and access for Medicaid and indigent patients

Capital Construction

- COMPLETE
 1. Construction of Phase I Capital Projects
 - Smith Clinic (August 2012)
 - LBJ Emergency Center Expansion (June 2012)
 2. Design development of Phase II Capital Projects
 - Ben Taub – Old Tower Renovation (May 2013)
 3. Pre-design of Phase III Capital Projects
 - Ben Taub EC Remodel – Holding Area (September 2012)
 4. Construction/acquisition of Phase III Capital Projects
 - Ambulatory Surgery Center (January 2013)
- CONTINUE
 1. Expansion of primary care and associated ambulatory specialty care to improve access based on community needs assessment
 - Jones Road Pediatric Clinic (May 2012)
 - Hwy 6 Pediatric Clinic (April 2012)
- BEGIN
 1. Semi-Private/Private room conversions at Ben Taub Hospital and Lyndon B. Johnson Hospital
 - BT 3A, LBJ 4B (October 2012)
 - BT 3B, LBJ 4A (April 2013)

Quality Improvement

- Continue development of chronic disease management programs, potentially as a component of the 1115 Waiver projects, to support the organization's transformation into a high performing, fully integrated healthcare delivery system

Quality Improvement

- Continue development of chronic disease management programs, potentially as a component of the 1115 Waiver projects, to support the organization's transformation into a high performing, fully integrated healthcare delivery system
- Develop and implement evidence based protocols for high volume, high cost admissions and outpatient procedures
- Integrate those protocols into the EPIC electronic health record work flows
- Improve CMS mandated quality measures (CORE Indicators) to meet national benchmarks and CMS Value-Based Purchasing guidelines

Financial Performance

- Implement cost reduction and revenue enhancement strategies
- Develop a plan to transition to quality based payment systems (Value-Based Purchasing) in managed care and in hospital payments

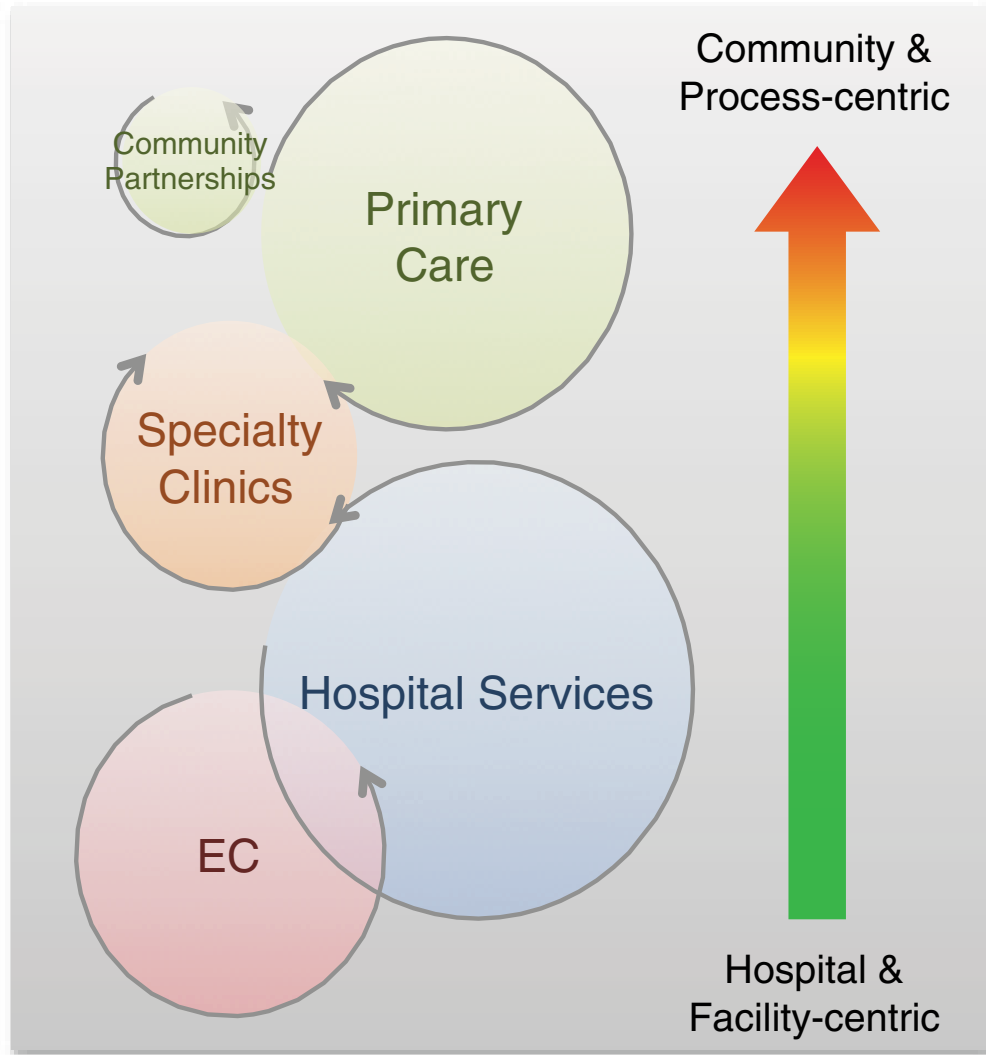
Optimize efficiency of hospital/ambulatory care services delivery through process redesign

- Maximize patient throughput at Ben Taub Hospital and Lyndon B. Johnson Hospital
- Focus on opportunities to improve case mix adjusted length of stay
- Continue to improve throughput in the emergency centers, reducing wait times, reducing left without being seen and reducing time on divert
- Implement options for the provision of urgent care services
- Improve referral process from primary care clinics to specialty clinics to conform with the community standards of care for timely access
- Optimize patient care by effectively utilizing available specialists irrespective of the site of care or faculty affiliation
- Implement new physician compensation plan at El Franco Lee Health Center to maximize per provider productivity, reduce cost, increase quality and increase number of patient visits by provider
- Introduce new physician compensation plan to AMS to maximize per provider productivity, reduce cost and increase quality
- Implement IT systems that provide timely information for clinical, financial and administrative decision making
 1. Electronic Medical Record (EMR)
 2. Revenue Cycle
 3. Community EMR and Health Information Exchange
 4. Ancillary Systems
 5. Enterprise Resource Planning (ERP)
 6. IT Infrastructure

Patient Experience

- Implement strategies to ensure a smooth transition of the Board approved DBA (Doing Business As), Harris Health System
- Develop and implement a comprehensive training program, with communication and timely feedback tools, designed to improve the patient experience at Harris Health System, as measured by Press Ganey patient satisfaction scores compared to national benchmarks
- Meet or exceed the 50th percentile in all HCAHPS patient satisfaction dimensions

System Configuration



Planned State – FY 2014-2015

Infrastructure development continues as detailed in the Harris Health System Strategic Facilities Master Plan. The organization focuses on the development of new models of healthcare delivery that embrace full implementation of The Affordable Care Act and optimization of the Texas Medicaid Section 1115 Waiver Initiative. The development of a more robust chronic disease management program continues to support the NCQA Patient-Centered Medical Home designation. In collaboration with our medical staff, evidence-based protocols for high-volume, high-cost admissions and outpatient procedures are prioritized and developed. Hospital-based emergency center workload is reduced by implementing new healthcare delivery models that provide treatment of non-urgent care in alternative ambulatory venues. Efforts are ongoing to improve the throughput in both emergency centers.

Planned State – FY 2014 - 2015

Serving 335,000 Unduplicated Lives

Strategies to be implemented by February 2014

Capital Construction

- COMPLETE
 1. Construction of Phase II Capital Projects
 - LBJ Westlands Ambulatory Care Center (May 2013) Move-in (July 2013)
 2. Pre-design of Phase III Capital Projects
 - Ben Taub 2nd Floor (TBD)
 3. Construction/acquisition of Phase III Capital Projects
 - Smith Clinic IT Data Center (April 2013)
 - Relocation of Community Health Choice (CHC) (TBD)
 4. Semi-Private/Private room conversions at Ben Taub Hospital and Lyndon B. Johnson Hospital
 - BT 3C, LBJ 4C (October 2013)

- CONTINUE
 1. Implementing ways to more rapidly and flexibly deliver care to underserved areas of Harris County
 - Kuykendahl Clinic (TBD)
 - Bayland Senior Clinic (TBD)
 - Westside Clinic (TBD)

Financial Performance

- Full implementation of the Texas Medicaid Section 1115 Waiver Initiative
- Full implementation of initiatives that will lower health care costs, guarantee more health care choices, and enhance the quality of health care as called for in the Affordable Care Act enacted in March 2010
- Community Health Choice (CHC) will support the STAR (MEDICAID) Program expansion to 14 additional counties
- Community Health Choice (CHC) will develop plans for the implementation of prescription drug benefits for STAR/CHIP Programs
- Community Health Choice (CHC) will develop plans for the implementation of MEDICAID (STAR) expansion to adults
- Community Health Choice (CHC) will continue with the 3-SHARE/Preparation for the Health Insurance Exchange in 2014
- Community Health Choice (CHC) will develop plans for the pilot and implementation of provider payment reforms

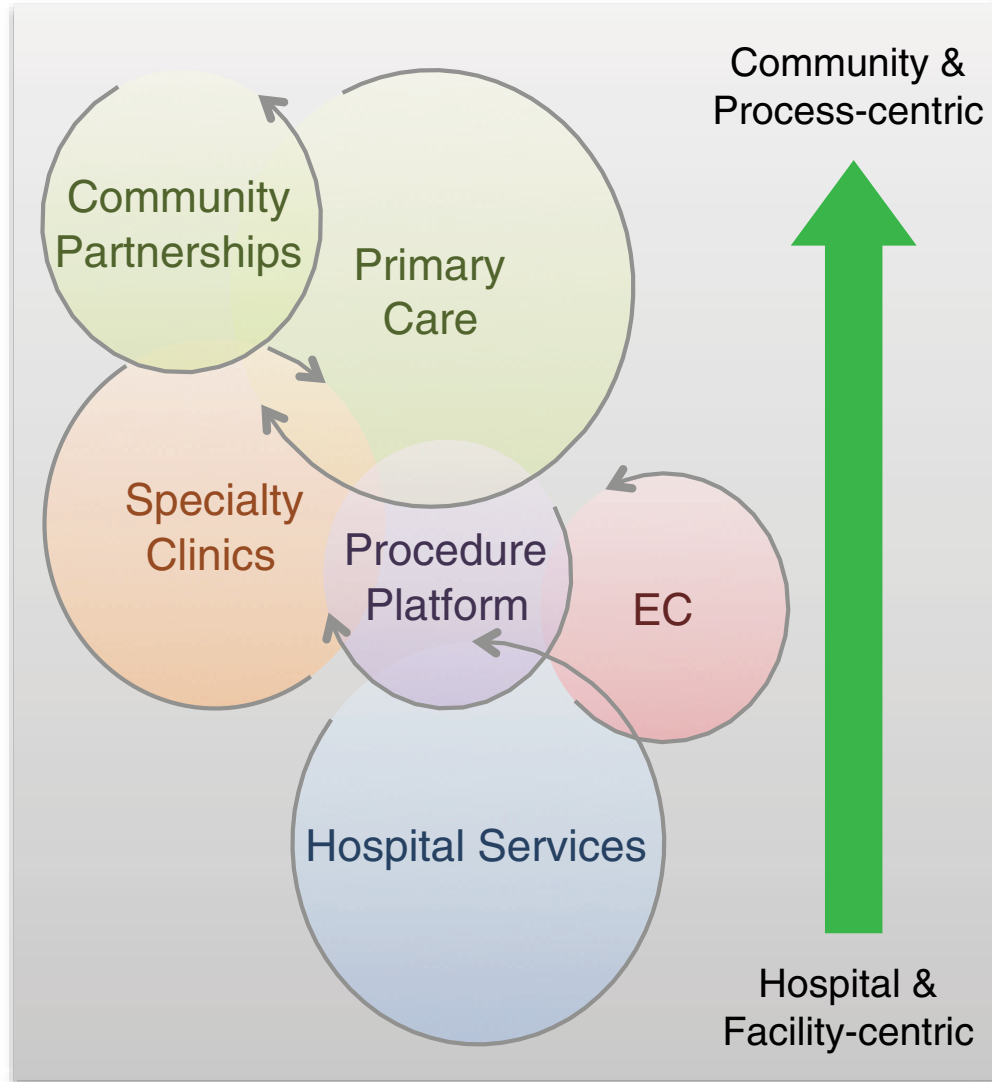
Optimize efficiency of hospital/ambulatory care services delivery platform through process redesign

- Engineer pharmacy operations to develop a patient-centered delivery model
- Provide appointments for primary and specialty care for our established patients within the community standard of care, maximizing Harris Health resources and facilities
- Based on the numbers of unduplicated patients to be served, determine if additional bed and ancillary services capacity is required and whether to build, buy or lease
- Implement physician incentive plan with Affiliated Medical Services (AMS)
- Implement IT systems that provide timely information for clinical, financial and administrative decision making
 1. Electronic Medical Record (EMR)
 2. Revenue Cycle
 3. Community EMR and Health Information Exchange
 4. Ancillary Systems
 5. Enterprise Resource Planning (ERP)

Patient Experience

- Meet or exceed the 90th percentile in all HCAHPS patient satisfaction dimensions

System Configuration



Future State – FY 2016 and Beyond

The Harris Health System is a fully integrated healthcare delivery system that serves 375,000 unduplicated lives in our community. The primary care network is fully developed throughout the region and prevention and wellness are the hallmarks of the delivery system. Specialty clinic and ambulatory surgery services are developed in free-standing facilities separate and apart from the acute care hospital setting. Comprehensive linkages with an extended network of community partners/providers have been developed as a result of the creation of the Regional Healthcare Partnership (RHP) that provides high-quality care at the lowest cost. New and innovative models of care allow for seamless provision of services across the continuum of care. Harris Health System is the provider of choice for our patients and for the medically underserved individuals and families in Harris County.

Future State – FY 2016 and Beyond

Serving 375,000 Unduplicated Lives

Strategies to be implemented by February 2015

Healthcare Reform/Texas Medicaid Section 1115 Waiver Imperatives

- Provide care through the Harris Health System and an extended regional network to cover additional lives from the expansion of Medicaid managed care
- Be recognized as the system of choice for our patients

Capital Construction

- COMPLETE
 1. Construction/acquisition of Capital Projects
 - Pharmacy Central Fill (TBD)
 - Decompression of People's Health Center (TBD)
 - Relocation of functions currently located at Kirby lease space (TBD)
 2. Construction of Phase II Capital Projects
 - Westlands Ambulatory Care Center Backfill construction complete (December 2014) Move-in (February 2015)

Financial Performance

- Fully implement new physician compensation model which will increase per provider productivity, reduce cost and improve quality
- Fully implement strategies that promote prevention and wellness for our patients and staff
- Implement IT systems that provide timely information for clinical, financial and administrative decision making
 1. Ancillary Systems