



MEDICAL HOME NETWORK

Building Partnerships for Better Health

30th September, 2013

Ms. Amy Harris
ACE RFP Procurement Contact Point
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East
Springfield, Illinois 62763

RE: Letter of Intent to Apply for Accountable Care Entity (ACE) Designation

Dear Ms. Harris,

Medical Home Network (MHN) is pleased to submit a formal Letter of Intent to seek ACE designation from the State of Illinois Department of Healthcare and Family Services. Please find attached a completed LOI, containing contact information for key personnel, a detailed proposal summary, and a signed Data Use Agreement as required by the ACE Request for Proposals.

MHN respectfully requests consideration of changes made to the Data Use Agreement. These changes address existing subcontractor relationships and the anticipated transfer of lead entity rights and responsibilities to the Medical Home Network ACO, pending formation. These changes have been added in blue for ease of identification.

Thank you for this opportunity.

Sincerely,

Cheryl Lulias
President & Executive Director
Medical Home Network

Section A: Contact Information

Name of Accountable Care Entity (ACE) (working name is acceptable)

Medical Home Network ACO, LLC (DBA MHN ACO)

Primary Contact Information:

Name Cheryl Lulias

Title President & Executive Director

Organization MHNU Corporation (DBA Medical Home Network)

Address 939 W North Ave Ste. 875 Chicago, IL 60642

Email clulias@mhnchicago.org

Phone (312) 274 0126 x 1210

Other information (e.g., assistant) Lynn Robertson lrobertson@mhnchicago.org

Primary Contact Person for Data (if different):

Name Ann Lim-Greene

Title VP, Finance & Medical Economics

Organization MHNU Corporation, (DBA Medical Home Network)

Address 939 W North Ave. Ste. 875 Chicago, IL 60642

Email alim-greene@mhnchicago.org

Phone (312) 274-0126 x 1214

Other information (e.g., assistant) _____



Organizational Overview

The Medical Home Network (MHN) is a formal provider collaborative working to improve the health of Medicaid recipients in Chicago by enhancing care coordination and quality, improving access and reducing fragmentation and cost, all while reinforcing the medical home. In 2011 MHN became an official Medicaid pilot project charged with testing service delivery and payment innovations on behalf of the Illinois Department of Healthcare and Family

Services (DHFS). The pilot has initially targeted Medicaid members assigned to a medical home in the MHN Network through the DHFS Illinois Health Connect (IHC) program.

In order to continue our mission of improving the health status of the Illinois Medicaid population, MHN has chosen to pursue ACE designation. To accommodate the provider governance requirements of an ACE and the potential participation of both not-for-profit and for-profit providers, MHN will be organizing a limited liability corporation, the MHN ACO, which will be a separate legal entity owned and controlled by providers. An attorney with expertise in ACO arrangements has been retained to prepare the ACO's corporate operating agreements. This attorney represents the new entity, rather than MHN, and will work cooperatively with providers' counsel and MHN's counsel to finalize the operating agreements.

We anticipate that Medical Home Network will enter into a management services agreement with the MHN ACO. In addition to general management services, we anticipate that MHN will provide connectivity, data analytics, project management, service fund administration, and other similar services to the MHN ACO.

Finally, some of the existing Medical Home Network participation agreements may be assigned to the MHN ACO. Existing provider participation agreements are completed and will serve as templates for MHN ACO participation agreements.

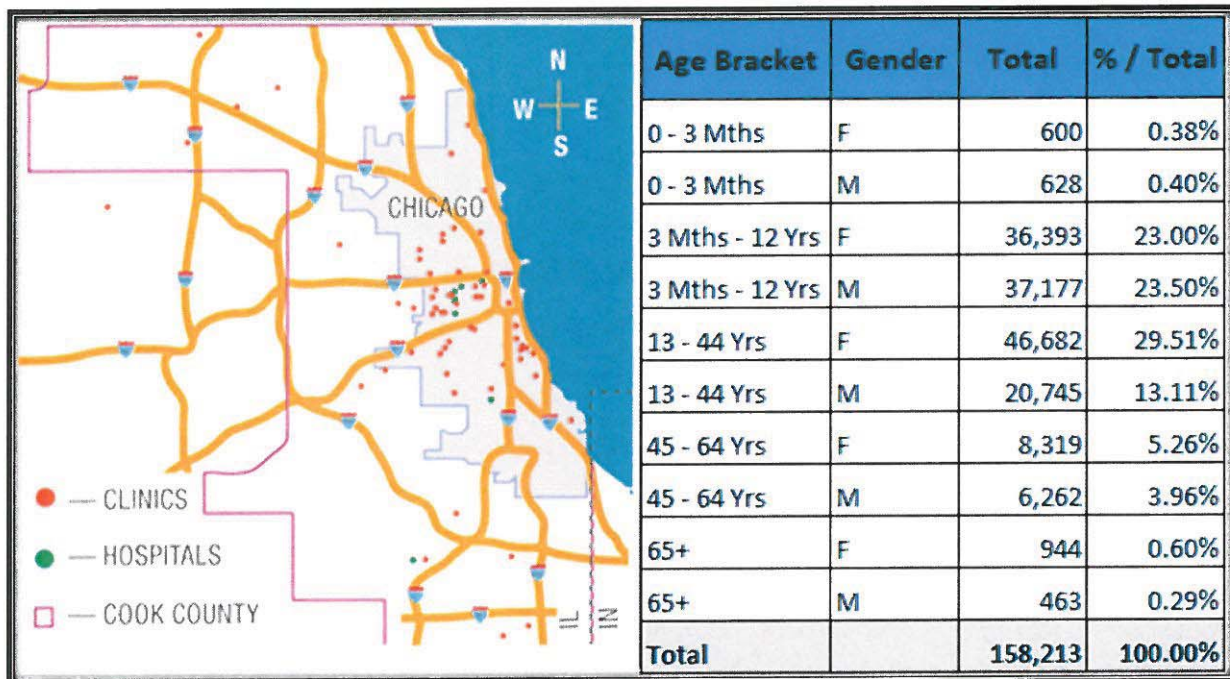
Additionally, a number of vendor agreements and Business Associate agreements are already in place and will serve as precedents for the MHN ACO.

Under the project management plan prepared to date, we anticipate the following timeline for major milestones:

- December 1, 2013: File ACO Articles of Organization
- January 31, 2014: Finalize Participating Provider Agreements and Management Services Agreement
- April 1, 2014: All Corporate governing documents completed and first Board meeting held
- April 1, 2014: Board approval of Conflict of Interest Policy
- April 1, 2014: Board approval of Compliance Plan
- Spring, 2014: CMS ACO Application and Notice of Intent

Geography and Population

MHN’s infrastructure and service capabilities have been built with scalability in mind. Under an existing Care Coordination agreement with DHFS, MHN currently serves approximately 160,000 Medicaid members from HFS’ IHC program in a target area that includes 47 zip codes on Chicago’s South Side. Each of these members is assigned to one of MHN’s 110 partner medical home sites as their primary care provider.



*Note: Membership total (158,213) is based on analysis for 06/01/2013 – actual membership may vary due to retroactivity.

Organization/Governance

Board Governance – In 2009, MHN was incorporated as an IL not-for-profit corporation and is a tax-exempt charitable organization under § 501(c)(3) of the Internal Revenue Code. Its directors include three appointees selected by the Comer Science Education Foundation, as well as the MHN Executive Director and Chief Medical Officer. MHN’s directors are all independent of any individual provider or payer entity and serve as unbiased intermediaries. This independence has maximized MHN’s immediate ability to serve as a vehicle for change while minimizing fraud and abuse, antitrust, data integrity and conflict of interest concerns. To preserve the advantages of MHN’s existing governance structure while simultaneously meeting the requirements prescribed by the State to

achieve ACE compliance, MHN will contribute to and support the establishment of a new independent entity to serve as the corporate vehicle for the MHN ACO. Preservation of a flexible structure that will not compromise the provider's delivery integration has always been of primary importance; as the new entity grows and adopts ACE best-practices, building a governance structure that embraces and enables innovation and payment reform will be paramount.

The MHN ACO will be provider-governed, and we anticipate that all provider types will be represented in the governing body. Because most, if not all, of the members will be not-for-profit organizations, governance will be structured with appropriate powers reserved to protect the not-for-profit status of owners. The MHN ACO governing board is expected to include between 8 and 15 members. Initially, we expect that Board members will be appointed by the ACO founding provider participants, but we anticipate that governing documents will provide for the nomination and election of future Board members.

Participant Roles – MHN ACO members will participate in decision-making, lead strategic planning and oversee operations through the governing board and various committees. Committees will be comprised of physicians and subject matter experts representing the breadth of participants. We anticipate that committees will be established by the MHN ACO to address the following ACE functions:

- Governance
- Clinical protocol and pathway development
- Care coordination
- Data analytics, connectivity and other IT
- Network development
- Funds flow
- Quality measurement (required and new)
- Cost efficiency
- Credentialing
- Performance assessment and improvement
- Compliance

Executive Leadership of Management Company – Medical Home Network anticipates that it will continue to support the MHN ACO under a management services agreement. If selected by the MHN ACO to perform these services, MHN believes that its interdisciplinary leadership will support the organization's development into a proactive and innovative member of Chicago's healthcare market. MHN's established staff, whose senior members have been in place for over 3 years, will be charged with the day-to-day execution of the MHN ACO's initiatives.

President & Executive Director – leads and executes all processes required to implement initiatives and strategic plans, including network development and contract negotiation.

Cheryl Lulias, MHN President & Executive Director, has more than 20 years of experience working with complex health care systems and health plans in a broad range of areas including managed care operations, network management and business development. As the President and Executive Director of the Medical Home Network, Cheryl leads the Medicaid healthcare delivery organization with support from local public/private entities who are partnering to restructure the way healthcare is delivered and financed by leveraging the use of innovative technology. Cheryl received her undergraduate degree from the University of Michigan, Ann Arbor and her Master of Public Administration from the University of Illinois, Chicago.

Chief Medical Officer – is responsible for managing clinical integration initiatives, while further developing relationships between physicians, hospitals, clinics, and administration. The CMO participates in the strategic planning for MHN as a member of the Executive Leadership Team.

Dr. Art Jones, MD, MHN Chief Medical Officer, has more than twenty five years of experience as a founding physician and CEO at a large community health center in Chicago. The health center has been at the forefront of delivering care under a near global capitation payment system for more than twenty years and now covers approximately 15,000 lives. He worked for four years as a part time medical director for a managed care organization focused on the Medicaid population. He is also a consultant with Health Management Associates that helps safety net providers transition to risk based payment including establishing Medicaid ACOs.

Vice President, Medical Economics & Finance – leads financial reporting, analysis, and budgeting activities, performance measurement, reduction in healthcare expenses, and assessment of reimbursement structures and is the liaison between MHN leadership and providers on data matters.

Ann Lim-Greene, Vice President, Medical Economics & Finance, holds more than 24 years of experience in the health care industry, including 15 years in the Illinois market focusing on financial planning, and analytical services, with an emphasis on medical cost management/reimbursement methods. Ann received a Bachelor of Science

from Cornell University, a Master of Public Health and a Master of Business Administration from University of Massachusetts, Amherst.

Network

As an ACE, MHN expects to retain the majority of its formal provider collaborative, which will include a renowned academic medical center [Rush University Medical Center], a hospital focused on chronically-ill children [La Rabida Children's Hospital], 6 Federally Qualified Health Centers (FQHCs) and an extensive physician network. The MHN ACO network will also be responsive to the psycho-social needs of our patient population and will include important linkages to social services and behavioral health providers. MHN has been in discussion with a number of behavioral health consortia to expand the services and supports linked to the existing Medical Home Network. MHN's network will represent a concerted effort to provide patients with accessibility to providers along the entire healthcare continuum, from pre-primary to quaternary care.

Financial

MHN's model of care will achieve savings by allowing safety-net providers to reduce reliance on fee-for-service reimbursement models, and build experience to assume risk. The shared savings model under review is designed to balance individual and network performance, prevent under-utilization, reward all providers and preserve pliancy to accommodate external factors or evolving goals. Target initiatives support the "Triple Aim" and are designed to enhance quality, increase access to care, reduce cost, and improve the patient experience.

To date, Medical Home Network has pledged to allocate a minimum of \$100,000 toward the development of the legal, actuarial, and fiscal infrastructure necessary for the creation of a viable, compliant Accountable Care Entity. MHN anticipates that further in-kind and cash provider contributions will bolster our existing financial resources and meet additional requirements for the funding of the new Accountable Care Entity's development.

Care Model

The safety net faces an uncertain future. County systems, urban hospitals and FQHCs survive by maximizing reimbursement and volume. Chicago is one of the few large urban areas that still has voluntary managed care enrollment of the TANF population – this landscape is changing – by 2015, State law requires at least 50% of Medicaid to be in risk-bearing, coordinated care.

In response, MHN’s model of care seeks to change the environment through:

- Timely communication among providers
- Impactful care coordination
- Proactive outreach to patients
- Delivery redesign aided by technology
- Alignment of provider incentives
- Accountability and transparency

Health Information Technology

MHN facilitates a virtually integrated delivery system that offers a coordinated approach to healthcare across the continuum. MHN is optimizing the existing healthcare infrastructure and building infrastructure for delivery transformation by optimizing the existing healthcare infrastructure.

MHNConnect – MHN currently partners with 14 Hospitals and over 110 assigned medical homes to enhance transitional care efforts through a secure online portal—MHNConnect—that increases provider communication and facilitates coordination across the continuum. Through the MHNConnect platform, primary care providers receive near real-time alerts when patients are registered in MHN partner hospitals, allowing them to initiate timely follow-up care. ED physicians receive patient historical claims and prescription data, as well as an automatically generated form that refers patients back to the medical home. Every day, the MHNConnect platform delivers approximately 325 real-time hospitalization alerts directly to medical homes, facilitating the management of over 4,000 transitions of care per month. MHN supports workflow development to integrate these tools into clinical processes. The result is better coordinated, timely follow-up care and an actionable interface that provides richer, more relevant information at the point of emergency care.

MHN Analytics – MHN has an advanced data analytics arm that is able to produce impactful interventions that aggregate historical medical and prescription claims data with real-time information from our portal. These data are then translated into highly actionable care management tools that provide a fuller picture of health at the population level and identify operations that lead to better care for patients. MHN’s analytic resource aggregates HFS claims and Rx data with real-time hospital data to identify high-risk subpopulations. MHN is also able to craft actionable reports for medical homes to measure their success rate in achieving timely PCP follow-up (7-day post discharge) and MHN is currently also exploring ways to quantify and report on operations that reinforce the medical home (patient contact, follow-up logged, etc).

New Technology Initiatives: Remote Patient Monitoring – MHN is committed to being a leader in leveraging new technologies to support healthcare improvement for its population. As such, MHN currently operates a Remote Home Monitoring initiative for hypertension and congestive heart failure patients at 7 of our partner clinics. This program leverages technology and has the potential to revolutionize chronic disease management and enhance the primary care provider/patient relationship for vulnerable populations. The program also seeks to address the Triple Aim by providing better care, increasing population health, and reducing overall healthcare cost. MHN facilitates data analysis, synthesizing real-time biometrics with the wealth of data available in our MHNConnect portal, resulting in actionable tools for chronic disease management.

MHN is also working on a number of other new technology initiatives including an “e-consult e-referral” program and “shared care plans.” These programs, currently in development, will synergize with and enhance the MHNConnect portal and reinforce MHN’s commitment to better connecting patients with providers while transforming healthcare accessibility and delivery.

Conclusion

Medical Home Network has spent the last 4 years building network connectivity that facilitates care coordination for Illinois Medicaid recipients, while also developing innovative payment reform models that empower providers to move away from the fee-for-service system. On the basis of these demonstrated core competencies, MHN is

confident that it is well-positioned to develop a viable, compliant and effective Accountable Care Entity that will continue our mission of improving the health status of Illinois Medicaid Recipients.