The year 2016 brought opportunities and challenges to our organization. Hattiesburg Clinic’s physician leadership, along with the dedication and commitment of our excellent staff of physicians and employees, has enabled our organization to enter 2017 in an excellent position to deal with ongoing opportunities and challenges.

In 2016, we had the addition of 17 physicians and 38 non-physician providers, which contributed to increased patient access and productivity. Hattiesburg Clinic – Bellevue opened June 27 with Bellevue Family Medicine (formerly Lake Serene Clinic) and Dr. Chris Cooley and Dr. Curtis Shaffer of Eye Associates relocating to the new facility, along with Bellevue Physical Therapy (formerly Lake Serene Physical Therapy). Dr. John Lovejoy remains at Hattiesburg Clinic – Lake Serene and Dr. Virginia Crawford initiated her Weight Management clinic in the vacated space. In addition, the OB-GYN department now rotates three physicians or mid-levels to Hattiesburg Clinic – Lake Serene each day. Our Columbia Dialysis Unit that was destroyed by a tornado was rebuilt, and a new dialysis unit – West Hattiesburg Dialysis – was added in Lamar County.

Hattiesburg Clinic has also seen growth in new services. Enhanced electrophysiology services were added in Heart & Vascular when Dr. Mark Borganelli joined the Clinic. Comprehensive Care with Dr. Rebecca Lauderdale and Dr. Grettel Rodriguez was initiated to focus on our Medicare patients who have complex chronic conditions. In addition, Vascular Specialists added an outpatient procedure room, providing patient convenience at a lower cost.

In 2015, Congress repealed the flawed Sustainable Growth Rate (SGR) Medicare formula and replaced it with a new program entitled the Medicare Access and CHIPS Reauthorization Act (MACRA). MACRA implements the Merit-Based Incentive Payment System (MIPS) for physician Medicare reimbursement. MIPS will be effective in 2019 based on 2017 performance and replaces three current Medicare programs. The MIPS program will evaluate physician performance in 2017 using 33 measures in three areas: quality, electronic medical record Meaningful Use, which is now called Advanced Care Information, and clinical practice improvement activities. Cost will be an additional measure added for 2020 based on 2018 performance.

Failure to successfully participate in MIPS in 2017 could result in penalties that will be effective in 2019 of up to 4 percent growing to a potential of up to 9 percent in 2022. Based on our prior participation in Medicare programs, Hattiesburg Clinic leadership is optimistic that we are building the correct infrastructure and teamwork to be successful in the new MACRA program.

The MACRA law does allow an exemption from MIPS in the future if a physician organization participates in what Medicare has deemed a qualified Alternate Payment Model (APM). The APM program that would allow the most providers in Hattiesburg Clinic to be exempt from the MIPS program is an Accountable Care Organization (ACO).

The Clinic has formed an ACO and it has contracted with Medicare to participate in a Medicare Shared Savings Program (MSSP). This is a volunteer program open to health systems and physician groups. Patients are assigned to our ACO by Medicare retrospectively based on primary care billings (the attribution model). The Clinic currently is in a non-risk Track 1 ACO model with Medicare. If our participation indicates that we can be successful in managing
overall costs for our attributed Medicare patients, then the Clinic can elect in 2019 to participate in an at-risk MSSP with CMS. This would enable the Clinic to earn a 5 percent bonus based on our performance in 2019, although there will be potential financial downside if the patient’s costs are not controlled.

Our strategies for success will include: continuous improvement of our Medicare patients wellness status; increased interaction with patients who have significant chronic care conditions; ensuring our patients are cared for in the appropriate location with the care needed during each visit; a primary care physician assigned to every attributed Medicare patient; and reducing inappropriate hospital admissions, readmissions and ER visits. It is anticipated that a successful implementation of our ACO will enable us to expand similar programs to the non-Medicare population. We have recently entered into a similar arrangement with UnitedHealthCare.

In 2017, we should complete the new facilities for both Orthopaedics and Pediatrics on Veterans Boulevard, as well as an expansion of our Petal Family Practice Clinic. A new family medicine clinic will open in Lumberton and planning will begin for our new location for Connections and our Lincoln Road Family Medicine physicians. The Clinic recently executed an affiliation agreement with Dr. James Stephens of Monticello who will join the Clinic in March 2017. We also project we will add 20 physicians to our medical staff.

Following are a series of questions that were posed to me by the PRIDE Committee, and I wanted all employees to be aware of my responses.

1. **Question** – What is the #1 thing you would like to improve about the Clinic?
   **Answer** – The success of our Clinic in the future will be dictated by physician engagement. The physicians will need to be aware of the changes occurring in our healthcare system regarding reimbursement for quality metrics and cost control and open to contributing their expertise for improving cost-effective patient outcomes.

2. **Question** – As the Executive Director of the Clinic, what are the things that keep you up at night?
   **Answer** – Patients who have unsatisfactory experiences, such as poor outcomes or in some cases non-medical errors. These are the types of things we need to eliminate in our organization. Of course, losing good physicians is stressful as it upsets their patients and they are expensive to replace.

3. **Question** – What does the ACO mean for Hattiesburg Clinic and the employees?
   **Answer** – Success for the future of Hattiesburg Clinic, in large part, will be determined by how successful our efforts are with our Accountable Care Organization. All employees will be instrumental in the implementation of value-based products. Our quality metrics, total cost of care and patient outcomes will be as important as volume of services provided.

4. **Question** – How do you think that the election of President-elect Trump will affect the ACO and our reimbursement rate?
   **Answer** – The repeal of SGR and its replacement by MACRA was a bipartisan act of Congress, so we do not anticipate any changes at this point. In 2019, we will actually have the opportunity to earn bonuses based on
our 2017 performance. Of course, as noted above, we could be subject to penalties if we are not effective in our implementation of value-based products. Apparently, the Affordable Care Act (Obamacare) will be gradually repealed and replaced with other programs that will ensure all of our patients have access to care. I anticipate a reduced regulatory environment, which should improve our efficiency in productivity.

5. **Question** – If minimum wage is increased, how will that affect Hattiesburg Clinic employees?
   **Answer** – A minimum wage increase will have minimal impact as very few of our employees are paid minimum wage. A higher minimum wage could impact our decision to hire student workers or we may be forced to reduce the number of entry level positions.

6. **Question** – What is considered an appropriate amount of time for employee evaluations to be completed by managers?
   **Answer** – First, many employees do not complete evaluations on a timely basis. But I would expect managers to complete them in one week from the completion by the employee. At the same time, I want managers to have enough quality time with their employees to give direction, resolve operational issues and plan strategically.

7. **Question** – Dress code for non-medical employees needs addressing to ensure we are maintaining our positive professional image. What can be done in this area?
   **Answer** – Report concerns to your manager or to the Human Resources department if you have concerns regarding employees not adhering to the Clinic’s dress code.

8. **Question** – Are there plans to improve patient parking in the future?
   **Answer** – There are no short-term plans to change the parking lot structure. We will increase golf cart coverage and continue our excellent patient assistance at the front doors of the main clinic. If the Clinic continues to grow at our current site, we have a plan to add a parking garage.

9. **Question** – One of the primary complaints we hear from patients is the wait time. How can this be addressed Clinic-wide to improve the patient experience?
   **Answer** – Patient satisfaction surveys will help improve physicians staying on schedule by giving them patient feedback. Managers should report long wait concerns to their physicians, along with providing solutions to improve workflows. Any employee who sees where improvements could be made in the workflow to reduce wait time are welcome to submit their suggestions.

10. **Question** – Are there new services coming in the future that you can discuss?
    **Answer** – Expansion of coverage for nursing homes with mid-levels will help in our overall comprehensive care for our patients, particularly for our Medicare attributed patients.

11. **Question** - I’ve read a lot about telemedicine. Is this something Hattiesburg Clinic is considering?
    **Answer** – We have a functional telehealth model being tested with Dr. Ronald Kent and Immediate Care. There will be many opportunities for expansion of this service in the short term.
12. **Question** - What is the next “big thing” on the horizon for Hattiesburg Clinic?

   **Answer** – A major strategic change for our Clinic will be to simplify the physician compensation model while adding value-based factors to the computations.

   I look forward as together we face the 2017 challenges and opportunities.