

We're setting the record straight.

You've likely heard conflicting stories about the negotiations between Mission Health System and Blue Cross. Here are the facts.



Mission Health is one of the highest quality health systems in the nation.

Mission has been named one of the Top 15 Health Systems in the nation five out of six years (2012-2017)¹ and Mission Hospital had the lowest readmissions rate of any general acute care hospital in the United States. Mission Health's risk adjusted mortality and readmission rates are dramatically lower than state and national averages and we have nation-leading patient satisfaction scores.

Mission Health is an efficient organization with low comparable prices.

36%

Lower Prices

Our prices are 23% lower than similar hospitals in the state, 36% lower than the most expensive hospitals in the state, and 7% lower than local hospitals in western North Carolina.² *The New York Times* highlighted that Asheville's health care costs are in the lowest third of the nation for both Medicare *and* commercial insurers.¹ Even so, we're doing more. We are aggressively reducing costs having eliminated more than \$67 million in annual costs in 2017 alone. By 2018, we will have reduced our annual costs by more than \$240 million/year just since 2012.

Without a fair increase from Blue Cross to offset inflation, Mission Health's future is at risk.

Health systems across the nation universally lose money on Medicare and Medicaid patients. Because of western NC's demographics and our unique safety net role, we have more Medicare and Medicaid patients than nearly any other system creating perpetual financial challenges. Blue Cross wants Mission to take a contract that automatically renews with no payment increase. This "forever-zero" contract will create a crippling financial shortfall - more than \$1.5 billion by 2025. Without a modest, fair increase from Blue Cross to help cover inflation, there is no possibility of closing the gap.

2017 Mission Health Example:

- Additional governmental reimbursement cuts (\$6 Million)
- Drug, supply, wages and other input inflation (\$52 million)
- Year-to-Date charity care above (higher) forecast (\$20 million)

The net result? Even with a modest increase from Blue Cross in our prior contract, Mission started 2017 \$64 million worse off than 2016 – and Mission's entire 2016 operating margin was \$54 million (3.3%).

We serve a population that is older, sicker and more underinsured.

\$120 M

in free charity care.

October 2016 - June 2017

More than 70% of Mission Health's patients are uninsured or covered by Medicare and Medicaid. This stark reality presents us with a disproportionately higher percentage of charity care than most hospitals nationally whose populations are younger and have more commercially insured residents. The total value of charity care and unreimbursed care provided by Mission Health in 2016 was nearly \$105 million and a total community benefit of more than \$180 million. From October 2016 through June 2017, Mission provided nearly \$120 million in free charity care - \$20 million above last year at this time.

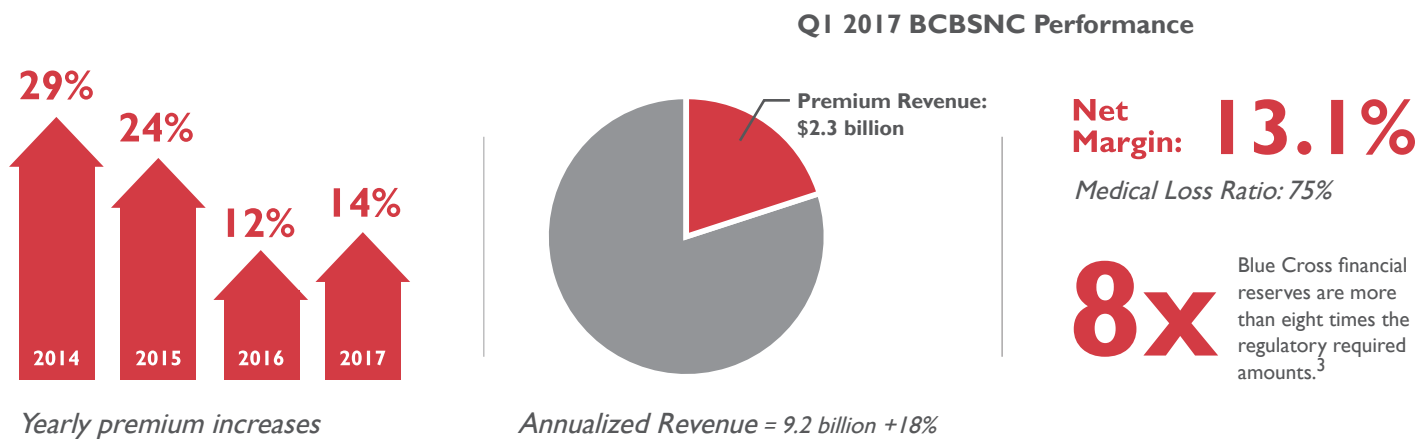
We have been a good partner to Blue Cross, and we want to remain a good partner.

- We negotiated cost predictability for Blue Cross (fixed payment arrangements now account for 48% of the total Blue Cross spend).
- We were an early adopter of new outpatient payment methodology that includes lower payment rates for hospital outpatient services.
- We adopted Blue Cross' lower, fixed fee Clinical Reference Lab rates.
- We were an early adopter of the Blue Cross Ancillary Services Agreement from a percentage of charges to a fixed fee and lowering payments.
- We were an early adopter of the Blue Cross Hospital Quality Program and provided significant guidance for the development of the BCBSNC program.

We have offered complete flexibility and suggested numerous new opportunities that would benefit our patients and Blue Cross:

- Fixed payments for select outpatient hospital services
- Bundled payments for total joints and other services
- Virtual Care services to lower cost
- Standardization and optimization of SNF utilization
- Admit or Discharge to Home program

Blue Cross consistently raises premiums year-over-year.



It's not just about Mission, it's about all of Western North Carolina.

We are a significant source of economic impact in the region.

- Employ 12,200 people
- Pay more than \$1 billion in wages
- Generating \$1.6 billion in revenue in 2017

\$1.6 Billion in revenue

Mission accounts for:

- \$3.2 billion in economic activity
- Nearly 30,000 jobs
- \$2 billion in total labor income

30,000 Jobs

Share your support at standwithmission.org



1: Truven/IBM Watson
2: North Carolina Medical Care Commission Healthcare Cost Database
3: Consumers Union Surplus Report 2015

¹ <https://www.nytimes.com/interactive/2015/12/15/upshot/the-best-places-for-better-cheaper-health-care-arent-what-experts-thought.html>