The Healthcare Mission

Healthcare systems like KP exist to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve.
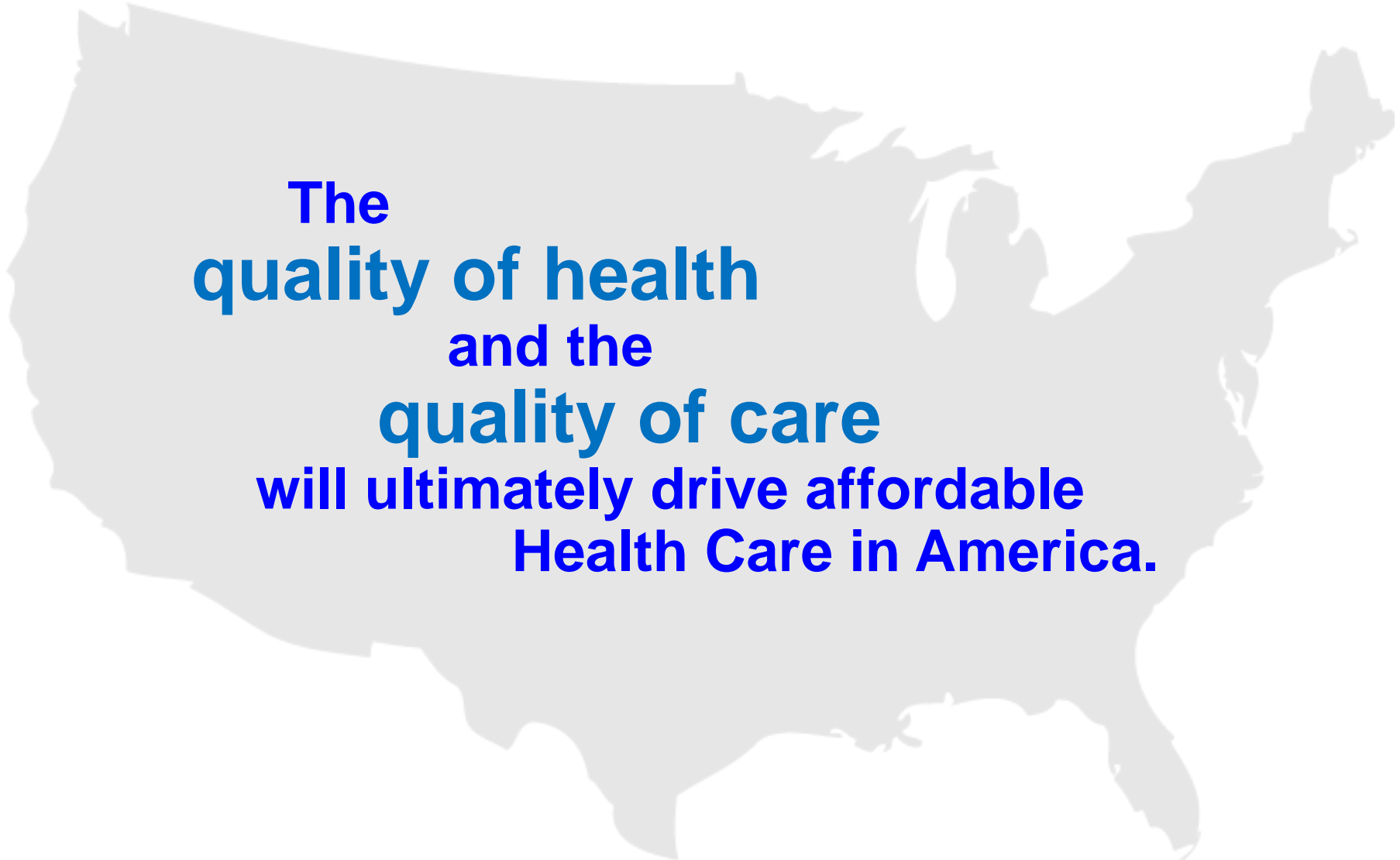
Innovation in planning, design, and delivery and leveraging technology are probably the only ways to get there.
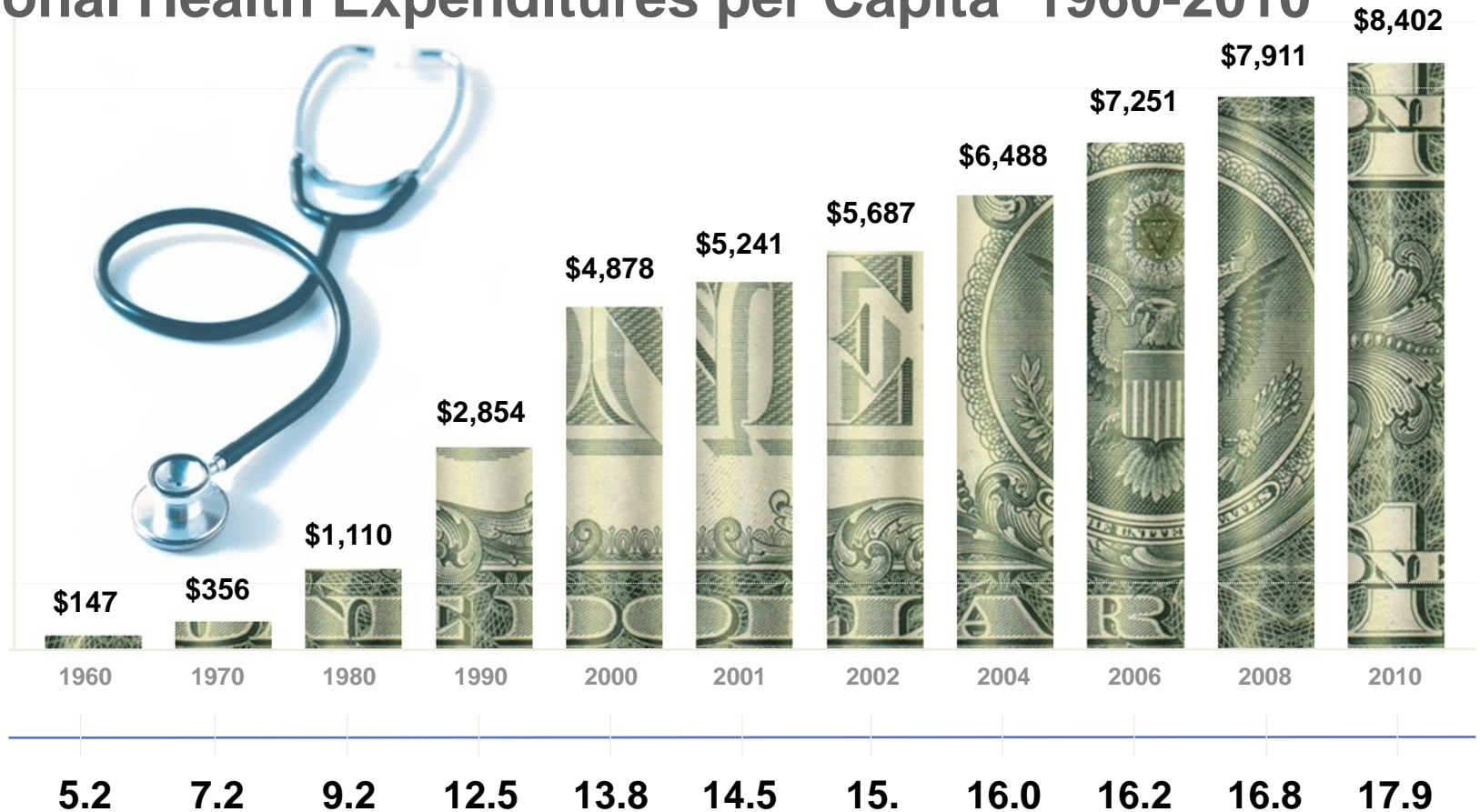
Targets Ahead for Healthcare – Speed Matters

**The
quality of health
and the
quality of care
will ultimately drive affordable
Health Care in America.**

Our Nation Has a Healthcare Affordability Crisis

National Health Expenditures per Capita 1960-2010

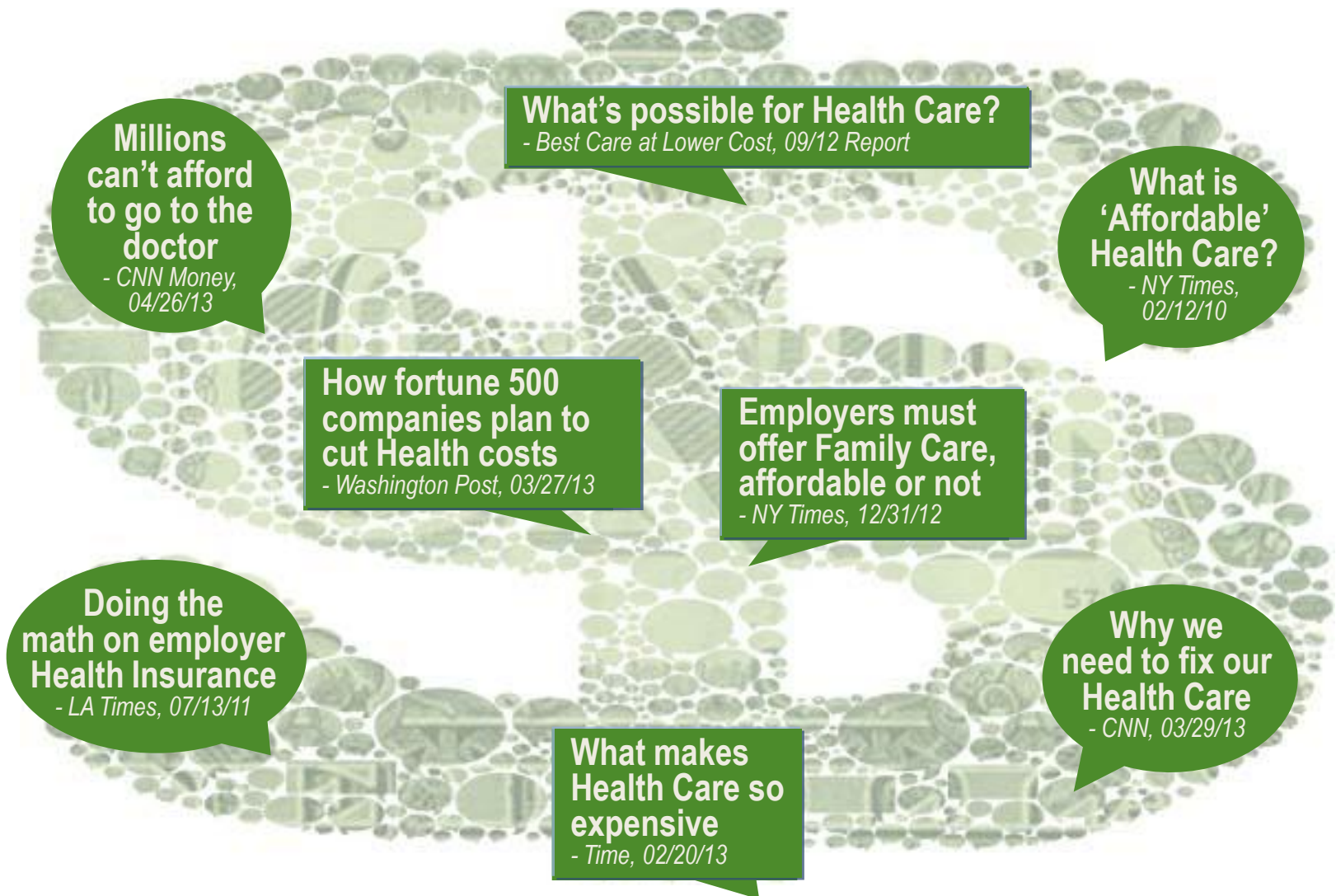| 1960	1970	1980	1990	2000	2001	2002	2004	2006	2008	2010
$147	$356	$1,110	$2,854	$4,878	$5,241	$5,687	$6,488	$7,251	$7,911	$8,402
5.2	7.2	9.2	12.5	13.8	14.5	15.	16.0	16.2	16.8	17.9

National Health Expenditures as a Share of GDP

Healthcare Premiums Have Outpaced Workers' Earnings and Inflation
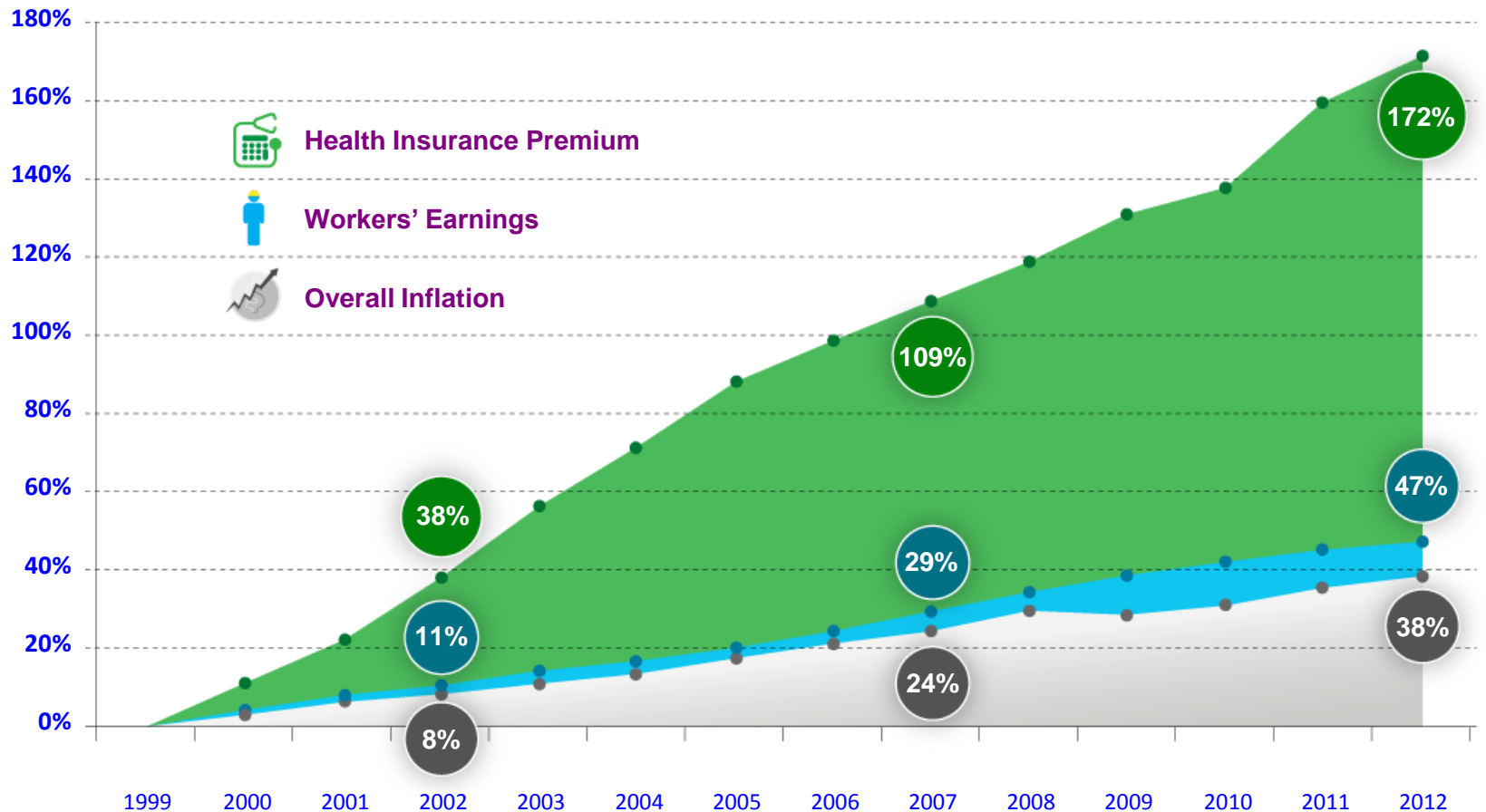
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012. KFF analysis based on Bureau of Labor Statistics, Consumer Price Index, Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey.

US Spends More on Healthcare than Any Other Nation, but Outcomes Lag

Life expectancy at birth years

Consumers, Employers, Government: All Are Focused on the Cost of Care

Millions can't afford to go to the doctor
- CNN Money, 04/26/13

What's possible for Health Care?
- Best Care at Lower Cost, 09/12 Report

What is 'Affordable' Health Care?
- NY Times, 02/12/10

How fortune 500 companies plan to cut Health costs
- Washington Post, 03/27/13

Employers must offer Family Care, affordable or not
- NY Times, 12/31/12

Doing the math on employer Health Insurance
- LA Times, 07/13/11

What makes Health Care so expensive
- Time, 02/20/13

Why we need to fix our Health Care
- CNN, 03/29/13

Access to Care

47 million
Americans do not have health care coverage

Building Blocks for the Quality + Affordability Journey

Health Care Transformation

Continuous breakthroughs in quality of care and an enhanced patient experience

Sustainable Growth

Above market growth and new growth opportunities

One Kaiser Permanente

"The best" that KP has to offer to our members and purchasers, regardless of where they are and how they access KP

Kaiser Permanente's Strategy

One KP
- Consistent Member Experience at All Points of Access
- Best Care
- Internally Standardized

Care Transformation
- Standardize Clinical Practices across Regions
- Innovate to Enable Care Access Anywhere

Sustainable Growth
- Growth in Each Segment
- Health Insurance Exchanges
- Competitive Pricing

Affordability
- Lower Cost Structure

Elements of Operational Excellence

Value Proposition	Best Total Cost of Ownership
Golden Rule	Uniform Best Practices - Variation Kills Efficiency
Core Processes	End-to-End Customer Service
Improvement Levers	Process Redesign, Technology

The Project Team Credo

share
LEARN. EMBRACE. LEAD.

The Project Team Three Behaviors

Freedom of Speech

- Safe to speak up
- OK to debate and disagree
- We have a duty to speak up
- We have a duty to listen; then move forward when a decision is made
- Team members are also leaders

Teamwork

- Integrate your discipline into the team
- Engage
- Be accountable

Operational Excellence

- Reduce or eliminate non-value added variation
- Outcomes focus (not just processes) – show/talk about it
- Dashboards / metrics
- Accountability

The Healthcare Challenge – Higher Value, Lower TCO

Innovation

"Future-scanning" across leading edge industries for best ideas. Introduce new ideas and leverage technology to improve the way projects are delivered. Challenge the owner, challenge the status quo.

Environment of Care

Design and construct safe, efficient, and inspiring environments for patients, their families and friends, physicians, and staff, and integrate the facilities into the community

Market Level 1
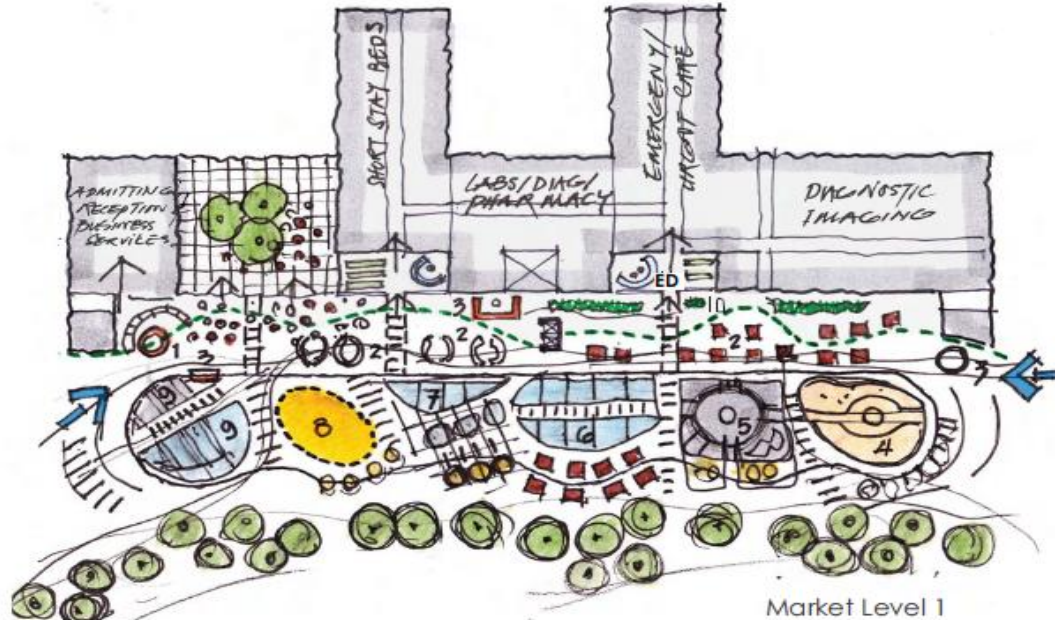
1-Cafe bar and cafe seating
2-Open daily market
3-Reception desk
   ED: Night Time Hospital Entrnace
4-Gym with outdoors exercise
5-Wellbeing and Beauty Center
6-Shops
7-Bank and Post Office
8-Library and Education/Exhibition
9-Front door shops
10-Adaptable screen structure

HealthCare Improvement

Design facilities that reduce medical errors, improve patient safety, and support continual quality improvement

Life Cycle Costs

Design and construct facilities that incorporate the lowest total cost of ownership. Reduce cost of ownership by at least 10%

Flexibility

Design and construct flexible facilities to adapt as technology, care delivery strategies, and demographics change

Sustainable

Engineer and build high performance, efficient, energy net-zero facilities that use resources efficiently and avoid waste. Aim for LEED gold.

The Conversation is Shifting: Lower Acuity Venues

Traditional Focus

Hospital w/ hospital based specialty care

Specialty Hub w/ primary care

Primary care with ancillaries services

High

Evolving Focus

Micro-Clinics

Retail Clinics

Employer Clinics

Mobile Services

Care Anywhere

Capital Investment

Resource Intensity

**Length of Implementation**

Low

The Micro Clinic/Blink/Doc in a Container/Pop Up Clinic
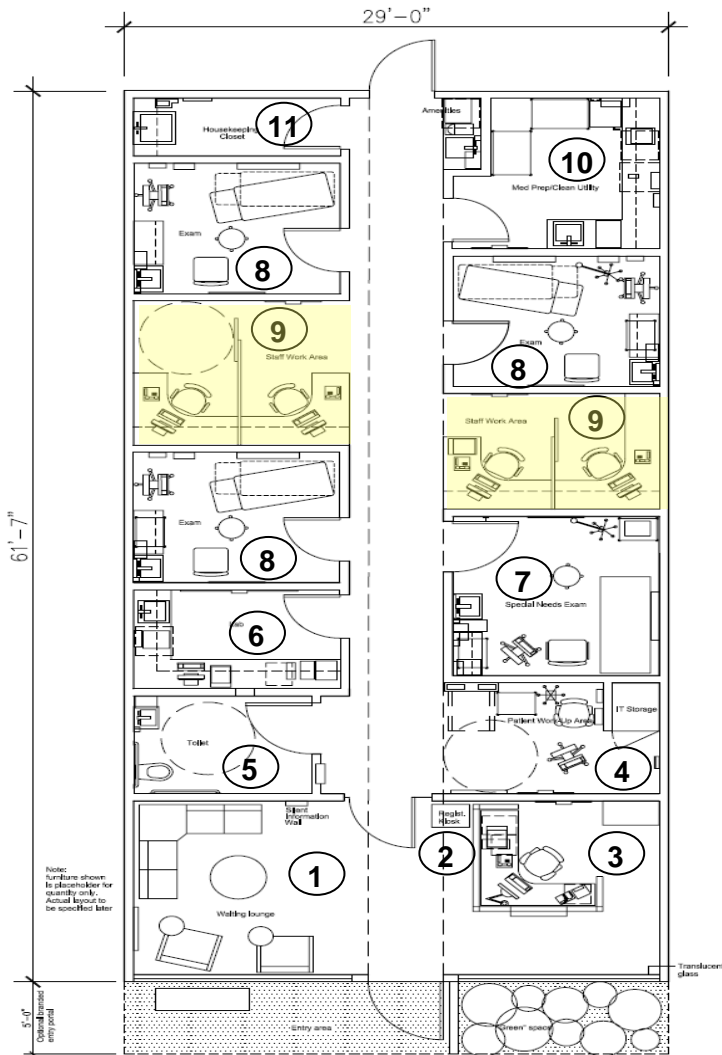
- Up to 6,500 to 8,000 visits/yr

- Provide general health screenings, patient physicals, immunizations and episodic care (i.e. ear infection, flu, muscle strain, etc.)

- Limited lab with specimen collection and blood draw

- Patient waiting area with check-in kiosk

- Menu of add-on services includes portable x-ray or ultra sound, health education, MD Rx dispensing, Occupation Health/Med, video conferencing/telemedicine, etc.

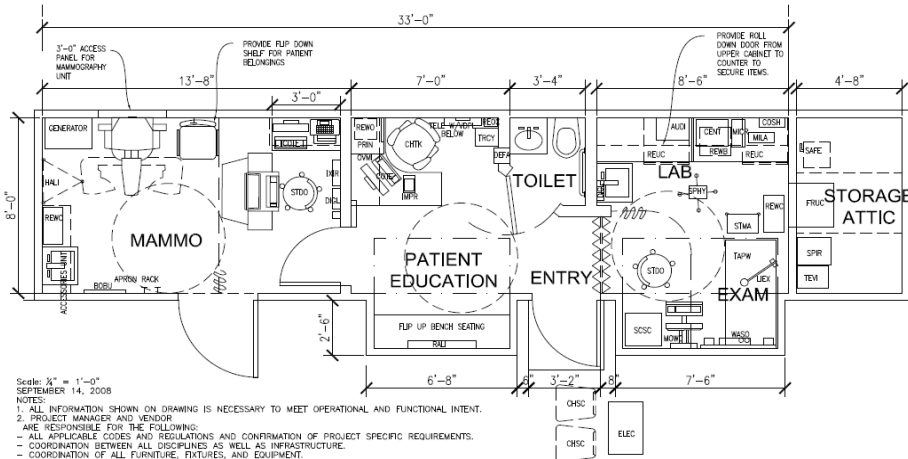- Core model is approx. 1,770 SF to 2,255 SF with all the add-on options
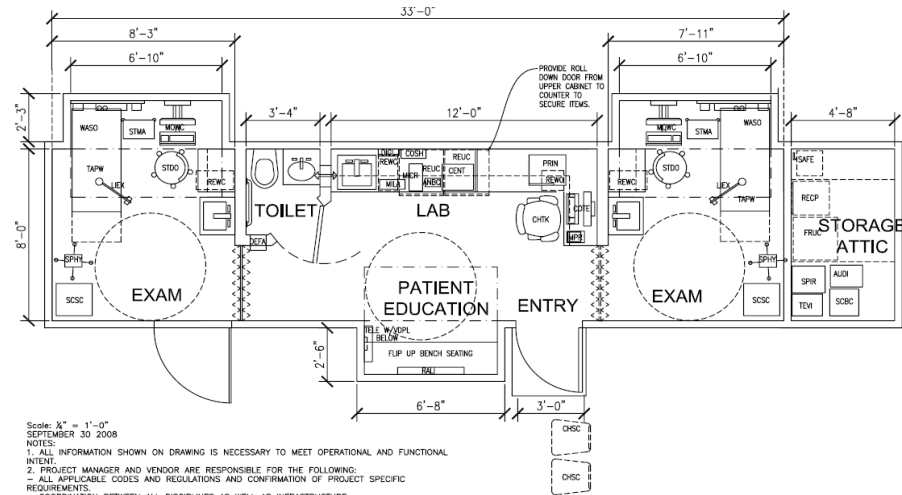
The Employer Clinic
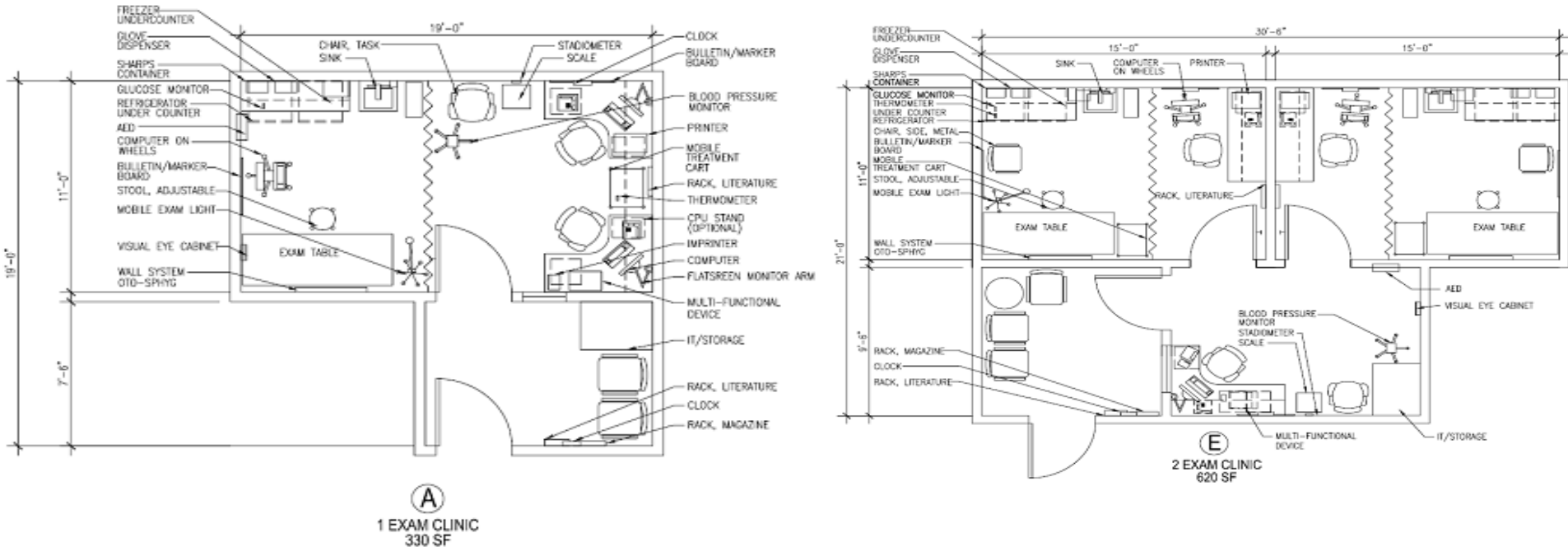
- 1-2 providers and 1 support staff. Up to 2,000 to 4,000 visits/yr
- Core model is approx. 300 to 620 SF to 440 to 680 SF with all the add-on options
- Same add-on and care options as 2 provider rooms

The Mobile Clinic

The total net SF for this floor plan is 385

- Targeting KP members, employees from top area employers and underserved population from community agencies

- 1-2 providers, 1 medical assistant, 1 mammography technician (in digital suite option), 0.5 driver, 0.5 marketing assistant

- Approximately 3,900 non-mammogram visits per exam per year and 5,200 mammogram visits per year (in digital suite option)

- Provide mammography screening (in digital suite option), general health screenings, patient physicals, immunizations and episodic care such as ear infection, cold, flu, muscle strain, occupation health services and other family practice services

- Limited lab with specimen collection and blood draw

The Capital Project Framework: Rethinking Delivery

initiate

plan

execute

monitor & control

close
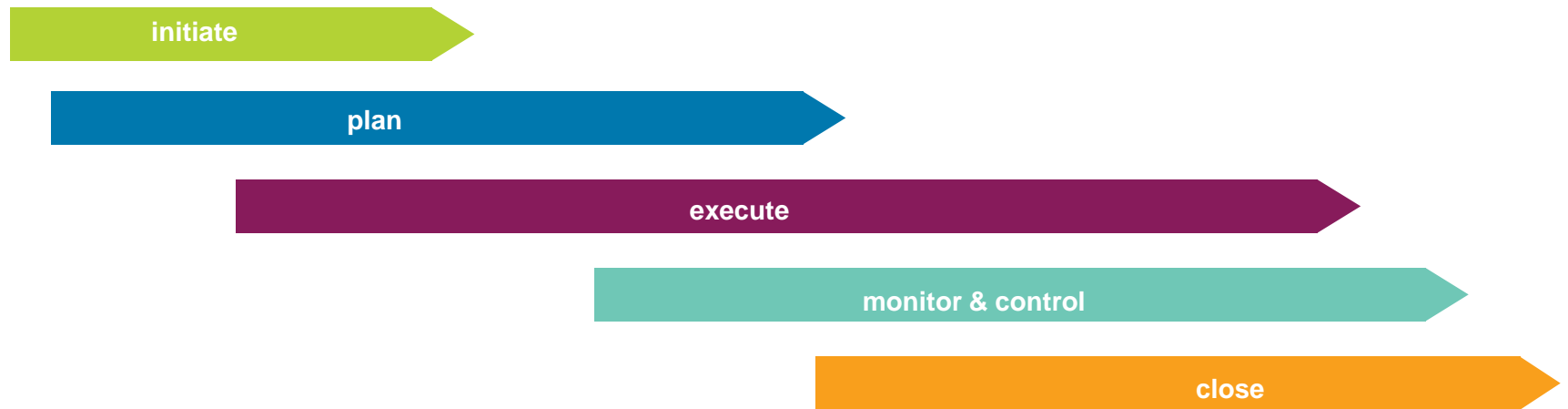
The Capital Project Framework: Tasks + Activities

IINITIATE — *assumes no funding*
PLAN — *scoping funds*
EXECUTE — *assumes full funding*
MONITOR & CONTROL
CLOSE

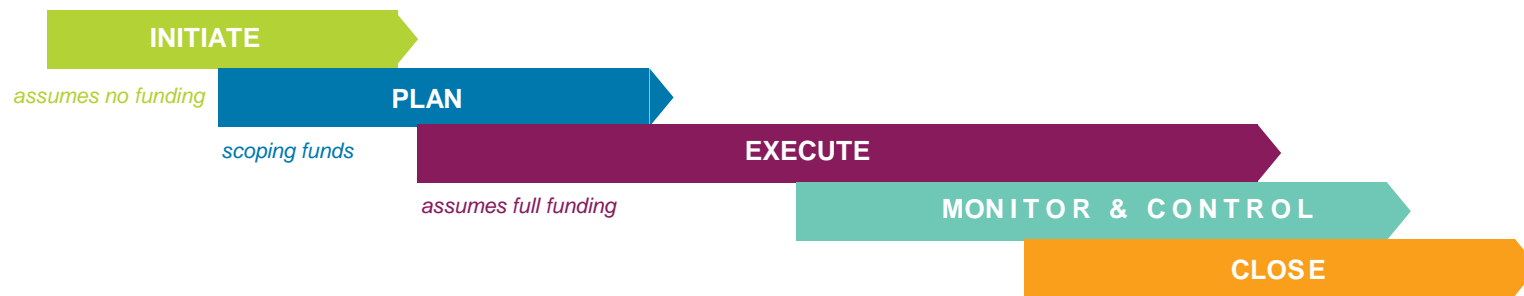| ACTIVITIES	INITIATE	PLAN	EXECUTE	MONITOR & CONTROL	CLOSE
INTEGRATION OF ALL PROJECT FACETS (HOW)	identify project needs & constraints	develop project management plan	implement project plan	monitor & control project plan	close project
			direct & manage project design		
			direct & manage project construction		
		develop pre-construction process			
		plan & permit AHJ process	manage permit & AHJ requirements	control AHJ requirements	achieve final completion / acquire licenses
SCOPE (WHAT)	identify capital budget approval & governance process	develop scope	prepare construction documents	validate & control scope	
SCHEDULE (WHEN)	prepare conceptual project schedule	develop project schedule	implement project schedule	monitor & control project schedule	collect final documentation
BUDGET/ FINANCIAL	prepare conceptual project budget	refine budget	acquire final budget	perform financial control	close financial commitments
			manage supplier payments		
		establish cashflow	manage cashflow	update cashflow	
CHANGE MANAGEMENT		develop/confirm change management plan	activate change management process	control changes	
STAKEHOLDER MANAGEMENT	identify stakeholders	develop stakeholder management plan	manage stakeholder engagement	control stakeholder engagement	
QUALITY		prepare quality management plan	perform quality assurance	monitor & control quality assurance	
		prepare commissioning plan	commission the project	monitor & control commissioning	complete commissioning
PEOPLE (INTERNAL)	identify initial internal resources	plan the internal resources	acquire, develop & manage internal project team	motivate & control internal team	transition
PROCUREMENT (EXTERNAL)		develop procurement plan	implement procurement plan	control procurement	close procurements
COMMUNICATION		develop communication plan	execute communication plan	control communications	
RISK & SAFETY MANAGEMENT		develop risk management plan	implement risk management plan	control risk	close risk management process
		develop safety management plan	perform safety assurance	perform safety control	
ENVIRONMENTAL		environmental planning	perform environmental assurance	perform environmental control	

The Capital Project Framework: Activities + Tasks + Actions

INITIATE — *assumes no funding*
PLAN — *scoping funds*
EXECUTE — *assumes full funding*
MONITOR & CONTROL
CLOSE

ACTIVITIES	TASKS	ACTIONS	TASKS	ACTIONS	TASKS	ACTIONS	TASKS	ACTIONS	TASKS	ACTIONS
SCOPE (WHAT)			develop scope	- develop Space & Functional Program - develop initial concept			validate & control scope	Logs: a. submittals b. RFIs		
SCHEDULE (WHEN)	prepare conceptual project schedule	- project schedule based on cost model/historical data	develop project schedule	- develop initial construction schedule - develop initial design schedule - develop plan for occupancy (FF&E, KPIT, ClinTech) - integrate design & construction schedules into project schedule	implement project schedule	- accept baseline schedule	monitor & control project schedule	- monthly reporting & updates - take corrective actions to reconcile	collect final documen-tation	- document as-built schedule
BUDGET/ FINANCIAL	prepare conceptual project budget	- project budget based on cost model/historical data	refine budget	- project & construction EAC from concept level - construction estimate, FFE estimates, IT estimate (for business case)	acquire final budget	- prepare preconstruction estimate - establish EAC/cost baseline - acquire budget approval/ expenditure authority	perform financial control	- update EAC monthly - take corrective action(s) (revisit/adjust budget lines) - if over budget, seek additional funding - reconcile budget monthly	close financial commitments	- final payments
					manage supplier payments	- review/approve invoices and pay app's		- lien waivers		-property accounting interface: complete final cap & dep and/or expense
		- high level cash flow from cost model	establish cashflow	- cost projection over time (monthly/yearly)	manage cashflow	- track expenses/ commitments	update cashflow	- update based on EAC update(s) - take corrective action(s) (revisit/adjust pace of work)		
CHANGE MANAGEMENT			develop/ confirm change mgmt. plan	- identify decision-makers and decision-making process	activate change mgmt. process	- engage decision-makers	control changes	- manage changes - change order request - COR log - contract change - orders		
STAKEHOLDER (SH) MANAGEMENT	identify stakeholders	- determine appropriate pool of SHs (Health Plan & Med. Group end users, leadership, NFS, AHJ, etc.)	develop stakeholder mgmt. plan	- establish level of SH involvement in project - determine timing of involvement - escalation/conflict	manage stakeholder engagement	- identify and escalate requested changes	control stakeholder engagement	- document & control changes		

The Capital Project Framework: Roles + Duties

PROJECT MANAGEMENT POSITION (PM, STAFF PM, SR. PM)
(lives in Construction Acquisition/ takes direction from FP&D during planning/design)

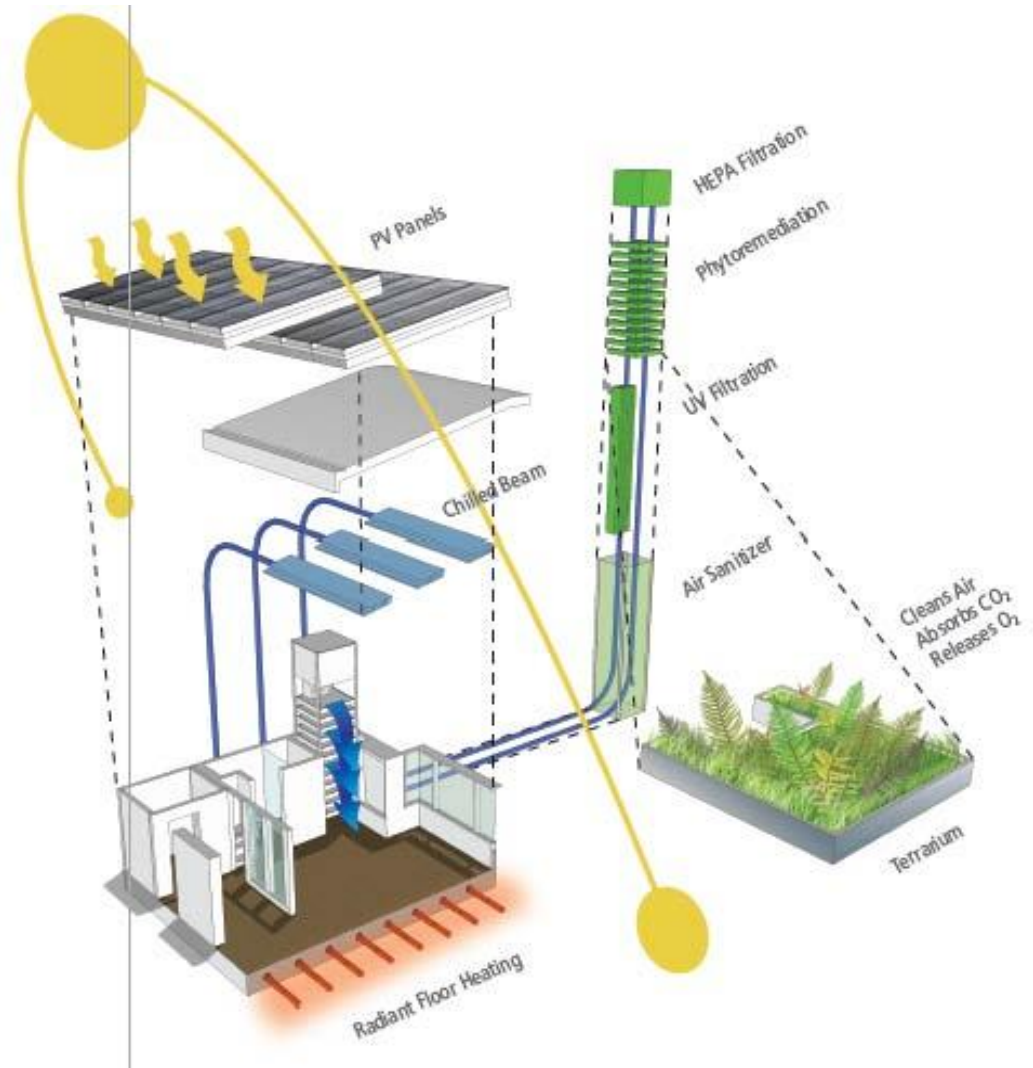|	PM TASKS COMMON TO BOTH ROLES	PLANNING & DESIGN TASKS (PM takes direction from FP&D)	CONSTRUCTION TASKS (PM takes direction from CA)
	Initiates, plans, executes, monitors, controls and closes the following:	*Initiates, plans, executes, monitors, controls and closes the following:*	*Initiates, plans, executes, monitors, controls and closes the following:*
INTEGRATION OF ALL PROJECT FACETS (HOW)	prepare project plan	collects project requirements	implement & manage project plan
	identify & manage governance process	identifies AHJ & permit requirements	manage preconstruction
	issues management (COR & punch list)		manage construction
			manage project close out
SCOPE (WHAT)	scope management	facilities planning (func/space prgm, blocks/stacks)	
		master planning	
		off-site design	
		site design	
		building design	
		sustainability	
SCHEDULE (WHEN)	schedule		
BUDGET/ FINANCIAL	budget		financials
	cash flow		
	billing/payments		
CHANGE MANAGEMENT	change management plan	changer order administration (only design)	changer order administration (except design)
	issues management (COR & punchlist)		
STAKEHOLDER MANAGEMENT	permits/AHJ		
	end users, leadership		
QUALITY	quality assurance		
	commissioning		
PEOPLE (INTERNAL)	people/resource, builds team & cont. learning		manages consultants (manage, inspect, etc.)
PROCUREMENT (EXT.)			purchases all FF&E
COMMUNICATION	vendor contracts		implements/manages communication plan
RISK & SAFETY MANAGEMENT	communication plan	ADA & code compliance	project safety plan
			project risk
ENVIRONMENTAL	sustainability	LEED Certification	

Innovation in Project Delivery

Search out and evaluate new approaches to sustainability.

Sustainability:

What if we could engineer a building that goes beyond net-zero energy consumption - that is actually regenerative?

Daylight harvesting, passive solar panels, wind power, geothermal exchange, chilled beams, (cooling? And heating), radiant heating and cooling, cogeneration, thermal energy storage, natural ventilation, water conservation and repurposing, efficient water usage and waste recycling

Outcomes: Decreases utility and water costs, decreases greenhouse gases, improved community partnership, and environmental stewardship

PV Panels

HEPA Filtration

Phytoremediation

UV Filtration

Chilled Beam

Air Sanitizer

Cleans Air
Absorbs CO_2
Releases O_2

Terrarium

Radiant Floor Heating

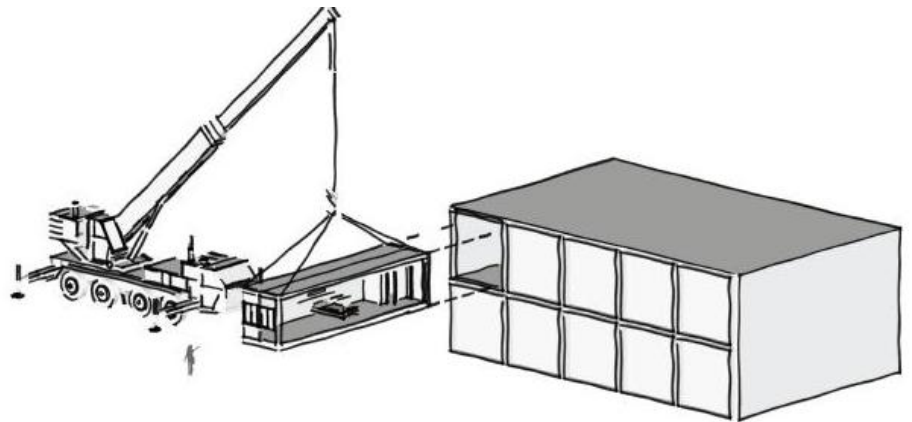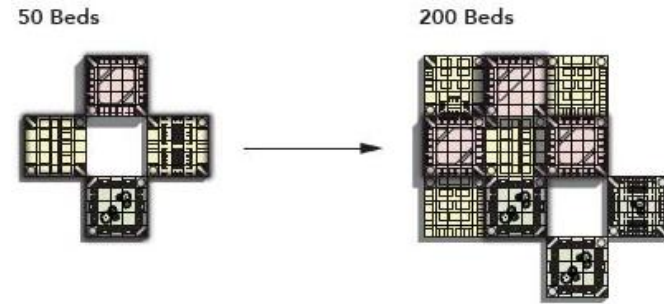# Innovation in Project Delivery

Search out and evaluate new design and construction practices, partner owners, licensing, and regulatory authorities to explore possibilities.

Modular Construction:

What if components of the building (e.g. patient rooms) were manufactured in a controlled environment?

What if these components were brought to the construction site on a truck and quickly inserted into a building framework?

Outcomes: Improves construction quality and uniformity, decreases time required for construction and inspection, reduces overall construction costs and risks, enhances future flexibility

50 Beds

200 Beds

Questions

?