



**Sutter Health**

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# **The Value of an Integrated Healthcare Network**

## The Value of an Integrated Health System: Coordinating Care to Expand Access and Improve Quality and Affordability

Sutter Health's not-for-profit network set out to build a truly integrated system—one that offers comprehensive patient services and quality health programs tailored to the diverse communities we serve. Today, Sutter Health cares for more than 3 million patients throughout its Northern California network of aligned clinicians, hospitals, home health providers and other services.

Integrated healthcare networks like Sutter deliver on the promise of the Affordable Care Act by providing access to a more patient-centered healthcare system that delivers access to high quality care and improves health outcomes. The value of this integrated approach is that we're able to coordinate medical care and healthcare services from one caregiver or facility to another and share best practices that help reduce complications in care, lower hospital readmission rates and ultimately bring down the overall total cost of care.

For example, by sharing best practices and using the expertise of our integrated network, we are able to respond to ever-changing needs created by the COVID-19 pandemic. Early on, we developed targeted solutions that helped reduce hospital stays for COVID-19 patients from an average of 20 days at the start of the pandemic to just 8 days by the end of 2020. Throughout the pandemic, Sutter Health used the breadth of its integrated system to meet the needs of patients across Northern California.



## Providing Better Health Outcomes Through Integrated Care

The majority of hospitals and care centers in Sutter Health's system outperform state and national averages in nearly every measure of healthcare quality—ultimately helping patients improve their health and lowering the total cost of care over time.

In 2020 and 2021, Sutter affiliated physician organizations and hospitals were recognized for:

- **CMS Star Ratings:** Seven hospitals within the Sutter Health network earned the highest possible ranking of 5 stars and an additional four hospital campuses earned 4 stars as part of the Centers for Medicare and Medicaid Services (CMS) Hospital Quality Star Rating.
- **Top National System:** IBM Watson Health recognized Sutter Health as being among the top performing health systems in the U.S.
- **Cardiology:** 20 Sutter hospitals received recognition from the American Heart Association for participating in the AHA's Get with the Guidelines® program.
- **Stroke Care:** 12 Sutter hospitals received recognition from the American Stroke Association for providing a high level of stroke care.
- **Cancer Screening:** Sutter is a top 10% performer in California and nationwide for cancer screening, the key to early detection and treatment.
- **C-Section Rates:** Sutter's C-section rates are among the lowest in California and nationally (21.2%) for low-risk, first-time moms with normal pregnancies across all race/ethnic groups.

## Lowering the Total Cost of Care for Medicare Patients

Sutter Health network doctors and hospitals partner to coordinate care, reduce variation and adopt best practices. Sutter's average total cost of care is trending 8% below comparable Northern California hospitals from 2008 to 2017.

### AVERAGE TOTAL COST OF CARE AT SUTTER HOSPITALS:

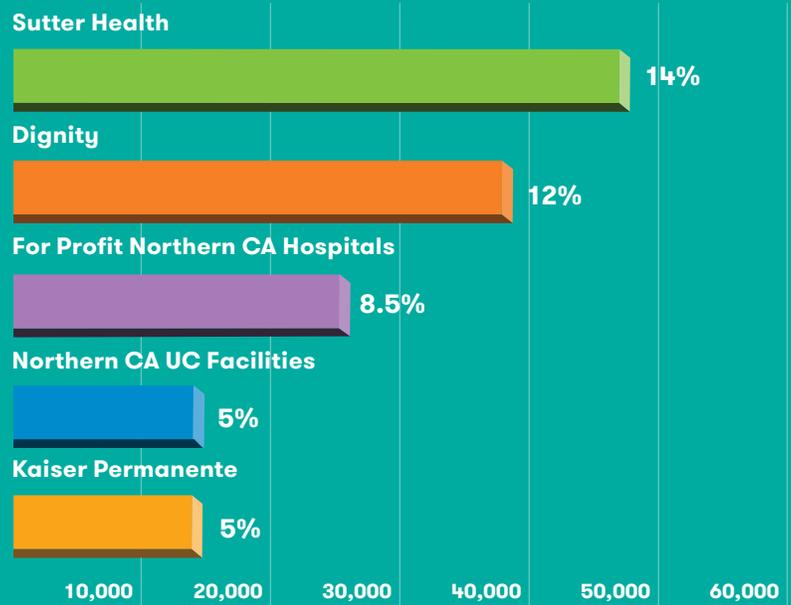
**8%** below comparable Northern California hospitals<sup>1</sup>

<sup>1</sup>The Dartmouth Institute for Health Policy and Clinical Practice;

## Cares for Most Medi-Cal Patients in Northern California

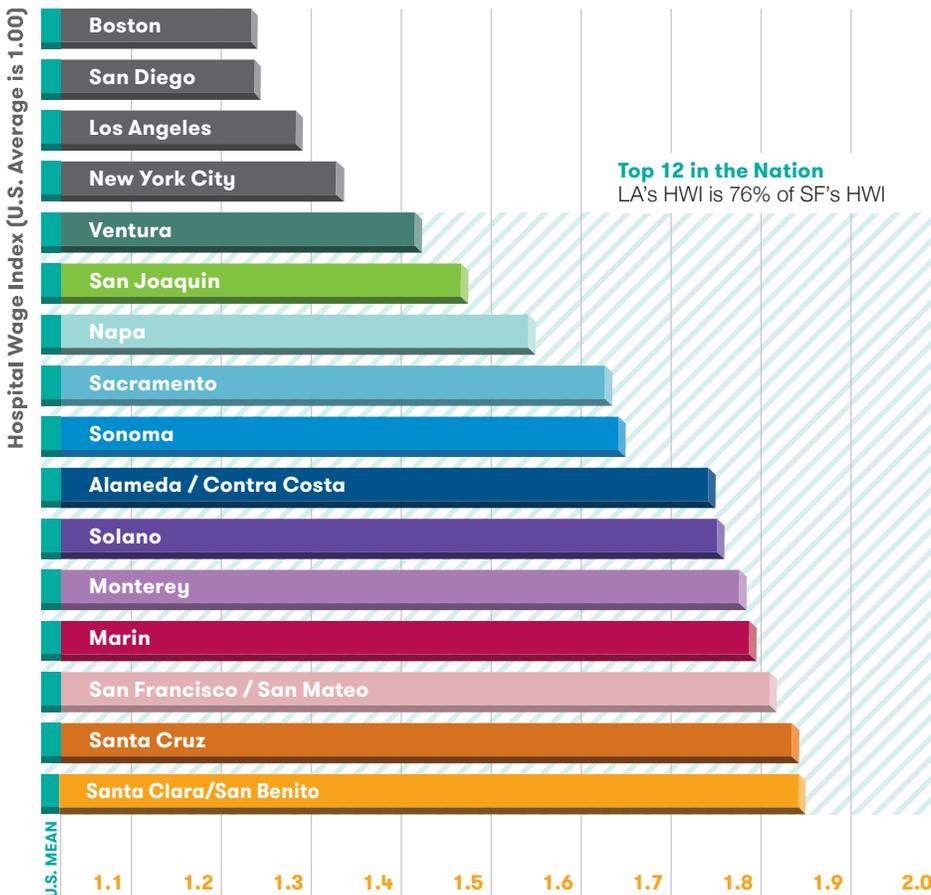
With passage of the Affordable Care Act, more low-income patients have health insurance and are covered by Medi-Cal. In 2020, Sutter hospitals compassionately cared for more low-income Medi-Cal patients in Northern California than any other health care system, serving 14% of the 2020 Medi-Cal discharge population in Northern California. Further, Medi-Cal accounted for nearly 22% of Sutter’s 2020 hospital gross patient service revenues. In 2020 alone, this commitment required a \$698 million investment because the State of California does not reimburse the full costs of providing care. In 2020, Sutter hospitals cared for more unhoused patients in its footprint than any other hospital system in Northern California.

### ANNUAL MEDI-CAL DISCHARGES PER HOSPITAL SYSTEM IN NORTHERN CALIFORNIA



Source: 2020 OSHPD Patient Discharge Data. Note: Our data comes from the OSHPD Hospital Annual Financial Data disclosures.

### TOP TWELVE 2021 HOSPITAL WAGE INDEX METROPOLITAN AREAS – COMPARED TO LOS ANGELES, CA, AND NEW YORK CITY, NY



## Operates in Nation’s Top Wage Markets

Sutter’s network operates hospitals and provides access to other clinical services in some of the highest wage markets in the U.S, with system labor costs representing about half of our organization’s total operating expenses. Northern California is home to 11 of 12 of the nation’s highest hospital wage index values.

Source: 2021 Medicare Inpatient Prospective Payment System Hospital Wage Index (HWI)  
HWI reflects the cost of wages and benefits for employees and contract employees in that hospital market

## Despite Rising Operating Costs Sutter Remains Focused on Affordability

Sutter Health is committed to affordability. Despite Northern California's high labor costs and rising expenses due to inflation, Sutter has held average overall increases to health plans to low single digits since 2014.

Additionally, Sutter Health is committed to providing patients access to meaningful, actionable cost information that can help them make decisions about their healthcare. This includes helping them to understand their potential out-of-pocket costs for anticipated healthcare services. That is why we offer tools such as the Sutter Healthcare Cost Estimator, which can be used to estimate the individual costs of more than 200 frequently used medical services provided by Sutter aligned physician organizations.

## COVID-19 Response:

Throughout the COVID-19 pandemic, Sutter Health has used the full breadth of our integrated system to meet the needs of clinicians, staff and patients across Northern California. From investing in testing solutions at COVID's onset, adapting swiftly to treat patients during even the largest statewide surges and now, scaling to provide equitable access to vaccines—the resiliency of Sutter's network stood up to each distinct phase of the pandemic, ensuring we could protect the communities we serve.

REDUCED COVID HOSPITAL STAYS BY

**12** DAYS  
BY THE END OF 2020

ACQUIRED

**130** MILLION  
PIECES OF CRITICAL PPE

### Scaled to Care for Patients Quickly

- Acquired more than 130 million pieces of critical PPE, including masks, isolation gowns and face shields for patients and providers across our network.
- Increased systemwide critical care capacity by 200-300% to prepare for and care for patients during surges.
- Doubled the capacity of our eICU system—providing all patients access to an expert ICU team regardless of hospital location.

### Invested in Innovation — Drove Better Outcomes

- Rapidly expanded telehealth by conducting 1 million video visits in 2020.

- Participated in more than 10 research projects in the past year—including clinical trials to test new treatments, promising vaccines and studies to explore the pandemic's impact on health equity.
- Reduced hospital length of stay for COVID patients from 20 days at the start of the pandemic to 8 days by the end of 2020.
- Provided testing with the capacity to test thousands of patients per day during surges—ultimately performing a total of 700,000 tests in 2020.

### Prepared for Recovery

- Deployed a scalable vaccine infrastructure providing nearly a million vaccinations as of January 2022.

## A Competitive Healthcare Market

Northern California is home to a large, competitive healthcare region with more than a dozen hospital systems and more than 140 hospitals as well as non-traditional health providers.

