Advisory Panel for Health Care

Advancing the Academic Health System for the Future:

Profiles in Academic Health System Leadership

November, 2013
Project Focus and Methodology

**Project Focus**

This project is focused on developing a blueprint of best practices/principles for leadership that will help AMCs move to a sustainable model in the future.

Our Report, based in part on the profiles contained here, begins with premise that AMCs are distinguished as institutions that support opportunities for translational research, testing innovative models of care, and education.

With those foundational commitments, AMCs must learn to decrease cost, increase integration, and right-size in this new era. The generational shift away from hospital-based care must be recognized and addressed.

**Our Methodology**

The following are institutional profiles that summarize emerging strategies and highlight innovative approaches to system development and other AMC transformation activities from across the county. These institutions were selected specifically by the Advisory Panel for Health Care at the AAMC as institutions that are engaged in specific activities that can teach other AMCs.

These profiles were built through extensive primary interviews with executives, as well as secondary research using a variety of sources. All profiles completed on Nov. 1, 2013.
Drivers of Academic Health System Formation

- Movement from fee-for-service payment toward value based payment
- Need to achieve order of magnitude reductions in cost structures (of clinical and academic enterprises)
- Need to participate in consolidating markets and not be marginalized
- Need to continue to support teaching and research missions
- Need to manage population health, and
- Need to focus on the overall patient experience and overall societal health
Major Themes – Advancing the Academic Health System for the Future

1. Future will be System-Based
   - Population Health Manager
   - Public Entity
   - Statewide Hub
   - High-Performance Regional Systems
   - Specialized Complex Care Leaders
   - Merge or Affiliating with Mega System

2. Strong, Aligned Governance, Organization & Management Systems
   - Leadership strategically aligned
   - Trust among resource allocation and performance
   - MDM systems up to the task
   - Strong and effective decision-making

3. University Relationships Challenged to Evolve
   - Compelling new opportunities
   - Political and strategic challenges
   - Fair market values services/transparency
   - Updated university policies and procedures

4. New Physician Leadership and Evolution of Practice
   - Chair roles focused on leadership development
   - Community-based physician expansion
   - Economic and administrative challenges
   - New roles for physician executives

5. Transparency in Quality, Performance, Financial Data
   - Understanding of complete cost structure
   - Measures to demonstrate value to purchasers
   - Quality reporting and outcomes critical to brand

6. More Efficient Operating Models to Bend the Cost Curve
   - Compete with cost-efficient competitors
   - Streamlined operations between entities
   - Skills like EHR become essential
   - Commitment to cost reduction key

7. Time to Lead on Population Health is Now
   - Population Health Management
   - Successful AMCs leveraging expanded health plans
   - Post-acute services become critical success factor
   - Pop Health capabilities needed to assume risk

8. Candid Assessment of Strengths and Weaknesses Essential
   - Candid leadership conversations about organization’s "hand"
   - Market and policy dynamics forcing current state evaluation

Advancing the Academic Health System for the Future
Acknowledgements

The AAMC research team would like to acknowledge the AAMC Advisory Panel for Health Care that provided significant direction on the development of the overall project report and the case study profiles included here. A complete list of the panel participants is in the Appendix.

The research team would also like to thank the institutional leaders who generously gave of their time to help build these profiles, and who offered materials to support our understanding various aspects of their respective institutional strategies. We list the participants at the beginning of each profile throughout and we thank them for their generosity.

Project Team

<table>
<thead>
<tr>
<th>Joanne Conroy, MD</th>
<th>Ivy Baer</th>
<th>Alex Morin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Health Care Officer</td>
<td>Senior Director and Regulatory Counsel</td>
<td>Senior Analyst</td>
</tr>
<tr>
<td>AAMC</td>
<td>AAMC</td>
<td>Manatt Health Solutions</td>
</tr>
<tr>
<td><a href="mailto:jconroy@aamc.org">jconroy@aamc.org</a></td>
<td></td>
<td><a href="mailto:Tenders@manatt.com">Tenders@manatt.com</a></td>
</tr>
</tbody>
</table>

Questions or Comments?
Please contact Tom Enders and Joann Conroy
The Cleveland Clinic “Institute Model” has driven fiscal integration and unified decision-making by strategic service lines, eliminating many barriers of the traditional department-based model.

Cleveland Clinic is focused heavily on developing its “Cleveland Clinic Integrated Care Model,” a patient-centered, continuum-based approach that leverages appropriate use criteria, care paths, and evidence based medicine to treat patients in the right settings with the right treatments by the right providers.

Cleveland Clinic is leveraging its brand and unique capabilities in a variety of ventures:
- Offering products to purchasers nationally, acting as a “destination” center for complex, yet-relatively routine procedures
- New strategic sourcing joint venture, Excelerate, with VHA focusing on physician preference items
- Commercialization infrastructure through Cleveland Clinic Innovations
- Health system development internationally

Interviewees:
- Ann Huston, Chief Strategy Officer
Cleveland Clinic

**Mission, Vision & Values**

**Mission:** To provide better care of the sick, investigation into their problems, and further education of those who serve.

**Vision:** Striving to be the world’s leader in patient experience, clinical outcomes, research and education.

**Values:** Quality, Innovation, Teamwork, Service, Integrity, Compassion

**Unique Model**

- Medical group that runs a health system
- Physician leadership
- High degree of physician alignment and strong culture of collaborative practice
- Organized as multi-disciplinary clinical Institutes, e.g., heart & vascular, vs. traditional departments
- Employed and independent physicians
- Staff physicians have a straight salary, one-year contract and an annual professional review

**Positioning**

- National and international referral center
- Direct care provider and population manager for the communities served
- Innovative academic center
- Clinical integrator
- Consultant and services provider
Current Market Approaches

• Cleveland Clinic has leveraged its core capabilities and brand through a variety of strategic relationships such as:
  o Direct to national employer contracting, offering bundled products as a destination center for complex, yet-relatively routine procedures
  o Cleveland Clinic Innovations, providing commercialization infrastructure
  o Branded clinical affiliations in heart & vascular, neurosciences, cancer
  o Founding member of National Orthopedic & Spine Alliance
  o Quality Alliance, the third largest clinically integrated network in the U.S., extending its clinical integration services to non-Cleveland Clinic providers
  o Excelerate, a strategic sourcing joint venture with VHS, leveraging proven methodology for physician preference items

Overview

• U.S. News & World Report consistently names Cleveland Clinic as one of the nation’s best hospitals.
• Cleveland Clinic Health System has revenues of $6.2 billion, and includes the main campus in Cleveland, eight community hospitals and 18 Family Health Centers in Northeast Ohio, and facilities across the US and abroad.
• Cleveland Clinic employs over 3,000 professional staff.
• 75% of patients generate from NE Ohio, 18% from other states, and 1% from over 100 countries.
• In 2012, Cleveland Clinic provided more than 1 million same-day visits.
• Tuition-free, five-year Cleveland Clinic Lerner College of Medicine focused on training physician investigators.
Cleveland Clinic Institute Model

In 2007, Cleveland Clinic CEO Toby Cosgrove set out to reorganize all services at the main campus into multidisciplinary teams, organized from the patient perspective and defined around disease and organ systems, called Clinical Institutes. Special Enterprise and Expertise Institutes offer centralized services across all Clinical Institutes.

<table>
<thead>
<tr>
<th>Clinical Institutes</th>
<th>Special Enterprise Institutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Eye</td>
<td>- Laboratory and Pathology, Imaging, Quality and Patient Safety, Nursing, Education, Wellness, and Anesthesiology (with specialized sections)</td>
</tr>
<tr>
<td>- Dermatology and Plastic Surgery</td>
<td></td>
</tr>
<tr>
<td>- Digestive Disease</td>
<td></td>
</tr>
<tr>
<td>- Emergency Services</td>
<td></td>
</tr>
<tr>
<td>- Endocrinology and Metabolism</td>
<td></td>
</tr>
<tr>
<td>- Urological and Kidney</td>
<td></td>
</tr>
<tr>
<td>- Head and Neck</td>
<td></td>
</tr>
<tr>
<td>- Heart and Vascular</td>
<td></td>
</tr>
<tr>
<td>- Medicine</td>
<td></td>
</tr>
<tr>
<td>- Neurological</td>
<td></td>
</tr>
<tr>
<td>- OB/Women’s Health</td>
<td></td>
</tr>
<tr>
<td>- Respiratory</td>
<td></td>
</tr>
<tr>
<td>- Cancer</td>
<td></td>
</tr>
<tr>
<td>- Wellness</td>
<td></td>
</tr>
<tr>
<td>- Pediatrics and Children’s Hospital</td>
<td></td>
</tr>
<tr>
<td>- Orthopedic and Rheumatologic</td>
<td></td>
</tr>
</tbody>
</table>

Each Institute has defined:
- Diseases within scope
- Set of shared outcome measures for which the team would be accountable
- Skills needed to be brought together to care for patients with the sets of conditions in the Institute

Institute Characteristics:
- Shared physician revenue
- Singular compensation model
- Multidisciplinary centers that address specific conditions within Institutes

Special Expertise Institutes: Patient Experience, Legal, Finance, Marketing, and Human Resources providing support services to all care delivery institutes

Cleveland Clinic

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Governance</td>
<td>• “One Cleveland Clinic” – integrated enterprise-wide governance</td>
</tr>
<tr>
<td></td>
<td>• Physician leadership very prominent in both line operations and key initiatives</td>
</tr>
</tbody>
</table>

Cleveland Clinic Governance

Board of Directors
- 25-member fiduciary governing body
- Community leaders selected for needed expertise and experience
- Four physician members of Professional Staff.

CEO Cleveland Clinic
- Convenes weekly
- Key decisions

Clinical Enterprise Management
- Leaders from all aspects of clinical enterprise
- Defines and oversees implementation of clinical enterprise strategy

Board of Governors/Medical Executive Committee
- Responsibility for standards of medical care and overseeing the clinical activities of Cleveland Clinic.
- Oversees appointment, promotion, and termination of members of professional staff in conjunction with department chairs.

Executive Team
- Executive leadership
- Communications vehicle
- Advisory to CEO

CEO Council
- Key decisions
- Chief Strategy Officer
- Chief of Operations
- Chief HR Officer

Clinical Enterprise Management Team
- Executive leadership
- Communications vehicle
- Advisory to CEO
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Features</th>
</tr>
</thead>
</table>
| Fiscal Transparency                   | • Single enterprise balance sheet  
• Payer contracting aligned with clinical enterprise                                                                                       |
| Compensation & Incentives            | • 3,000 employed faculty: 1 year salary contract. Reviewed annually (not just by the chair) relative to various categories of performance such as access, physician communication, productivity, citizenship, etc. |
| Management of Risk                    | • Focused intensely on developing its “Cleveland Clinic Integrated Care Model” that yields a comprehensive, continuum-wide system of care. Entails care paths, care coordination model, real-time data, and predictive analytics  
• Now moving into risk-based contracts                                                                                                      |
| Scale                                 | • Pursues organizational objectives through ownership and strategic partnerships  
• Selective in ownership of hard/physical assets                                                                                               |
| Primary Care Network Development     | • Primary care network growing, but relatively small given historic focus on specialty care  
• All practices certified Patient Centered Medical Homes; practice transformation in process                                                                 |
| Open Architecture – Engaging with Community Providers | • Cleveland Clinic Integrated Care Model contemplates mature relationships with continuum providers  
• Relative to community partners, most active work relates to post-acute care space                                                                 |

Cleveland Clinic
Cleveland Clinic Network

“One Cleveland Clinic” Principles:
1. Enterprise strategy, unified culture and operating policies and procedures
2. Fully integrated corporate/administrative services, including call center
3. Focus on developing the right sites of care across the service area: most acute care at main campus; distributed and rationalized services among regional hospitals to ensure access, quality and lower cost
4. Consistency and integration of care paths, common EMR, outcomes reporting, medical staff needs planning, and purchasing across the enterprise
5. Local accountability and management for facilities with clear alignment to enterprise strategy and goals

• In the local and regional market, the Clinic is linking with organizations to solidify its standing in the Northern Ohio market.

• Cleveland Clinic Florida: Major operation in Weston, FL
• Lou Ruvo Center for Brain Health in Las Vegas – research and treatment
• Expanding its affiliate programs in heart & vascular, orthopaedics & spine, neurosciences and cancer with institutions and physician groups across the country
• Also expanding its “Destination program” offerings to purchasers to treat discrete T/Q conditions
• Expanding its national telemedicine offerings including on-line second opinion services called MyConsult.

• Executive health and wellness service in Toronto, Canada.
• Manages 750-bed hospital, Sheikh Khalifa Medical City
• Under construction: Cleveland Clinic Abu Dhabi – a 360-bed hospital and outpatient clinic that is being built as true Cleveland Clinic model
• Contact centers in various countries

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Features</th>
</tr>
</thead>
</table>
| Data Analytics & Performance Measurement | • Cleveland Clinic Integrated Care Model: Apply data to practice to reduce clinical variation and cost; includes evidence/experience-based care paths with emphasis on appropriateness criteria where relevant  
• Integrated medical record with a single common data warehouse organized longitudinally by patient |
| Cost Management/Quality of Care      | • Transparency at the physician, Institute, and the overall enterprise level  
• Recently announced multi-year, $330 million cost reduction target based on long-term financial forecast. Cost repositioning initiative one of eight initiatives in strategic plan. Examines all aspects of the cost structure.  
• “State of the Clinic” annual reports detail medical outcomes for the established institutes.  
  • Each institute charged with defining “good care” in their institute and what outcomes measures could be measured to show quality and a high-level patient experience.  
• Cost analyses are continuous, supported by data on process standardization, patient experience, clinical outcomes, safety, and access that enables data-driven discussions.  
  • Clinic leaders meet with institute staff to share information about the costs of supplies and services. Armed with this information, institute managers can make informed decisions and standardize the use of equipment and other elements across the institute to drive down costs.  
• Excelerate: new strategic sourcing (supply chain) joint venture with VHA leveraging successful methodology in physician preference items |
| Education, Research, & Innovation    | • Strong academic brand absent traditional university infrastructure and dynamics  
• Strong history and capability in innovation and commercialization. Cleveland Clinic Innovations hold over 525 patents and nearly 70 spin off companies |