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
   - Future will be system-based
   - Leadership conversations about organization’s “hand”
   - Population Health Manager
   - Specialized, Complex Care Leaders
   - High-Performing Regional Systems

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

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

4. New Physician Leadership and Evolution of Practice
   - Chair roles focused on leadership and management
   - Community-based physician expansion
   - Economic and administrative integration
   - New roles for physicians, executive roles

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

6. More Efficient Operating Models to Bend the Cost Curve
   - Commitment to cost reduction key
   - Skills that EAM become essential
   - Streamlined operations between education, missions
   - Compete with cost-efficient competitors

7. Time to Lead on Population Health is Now
   - Population Health Manager
   - Successful AMCs leveraging varied health plans
   - Post-acute services become critical to success factor

8. Candid Assessment of Strengths and Weaknesses Essential
   - Leadership conversations about organization’s “tool kit”
   - Market and policy dynamics forcing current state evaluation
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

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<th>Ivy Baer</th>
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<td>Senior Director and Regulatory Counsel</td>
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<th>Evan Collins</th>
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<th>Alex Morin</th>
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<td>Senior Analyst</td>
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<td>Manatt Health Solutions</td>
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Questions or Comments? Please contact Tom Enders and Joann Conroy
Profiled Institutions
Emory Healthcare

Profile Takeaways

• Emory has developed an approach to their market using a segmentation based on their view of where payment models for types of services will shift and is preparing to accept various types of risk in each. They have designed their overall system strategy, including physician network development around this approach and it acts as the basis on which Emory will focus strategically in the future.

• Emory has a flexible three-pronged physician services strategy that allows them to strategically develop the right networks of primary and specialty physicians for clinical care. The strategy and its related vehicles allow Emory to be opportunistic and nimble in the types of relationships it develops, with a common underpinning of IT connectivity and data exchange for all that benefits all patients across the entire network regardless of the level of physician integration.

Interviewees:
• Wright Caughman, Executive Vice Chancellor for Health Sciences, Emory University, CEO Woodruff Health Sciences Center and Chairman, Emory Healthcare
• John Fox, President & CEO, Emory Healthcare
• Christian Larsen, Dean, Emory School of Medicine and Vice President for Woodruff Health Sciences Center

Profile Completed on November 1, 2013
Emory Healthcare: Mission and Vision

**Mission & Vision**

*Mission*: EHC is an integrated academic healthcare system committed to providing the best care for our patients, educating health professionals and leaders for the future, pursuing discovery research in all of its forms, including basic, clinical, and population-based research, and serving our community.

*Vision*: To be recognized as a leading academic health system, differentiated by discovery, innovation and compassionate, patient- and family-centered care.

**Market Situation**

- Primary service area (~35 mile radius around home campus, 15 counties) contains 31 adult acute care hospitals. Population expected to grow by 7.8% through 2017
- Market Share (FY 2011):
  - PSA: 20%
  - 7 major systems compete with EHC in PSA:
    - Wellstar: 16.7% market share
    - Piedmont: 15% market share
- Market is quite competitive – 85% of EHC services have active competition locally.

*Emory Healthcare* is the integrated system entity that includes all clinical activities of the hospitals, outpatient clinics, and faculty of the Emory School of Medicine. It contains the Emory Hospitals, Wesley Woods Center, the Emory Clinic (FPP) and two joint ventures. The School of Medicine is governed separately as part of the Woodruff Health Sciences Center (of which Emory Healthcare is a part)

*2011 Inpatient “Wallet Share” (state-wide average charges by DRG)*

*Source*: Official Statement. Private Colleges and Universities Authority. Emory University Revenue Bonds. Series 2013A
Emory Healthcare

### Integrated Governance

**Features**

- All clinical services are organized under Emory Healthcare under the responsibility of the EVP Health Affairs. Emory Healthcare integrates clinical services under a CEO and academic services under the Dean.
- Emory utilizes two major groups of leaders for major strategic decision making.
- The first, the Executive Leadership Group, is focused on EHC’s organizational view of academic medicine and institutional development.
- The second group, “Academic Medical Center Initiatives Group” is focused on implementation of its strategic vision: optimal integration of education, research and healthcare, referred to as “Emory Medicine”.

### Executive Leadership Group

- Health Sciences Center CEO
- CEO, Health System
- Dean of Medical School
- Emory University Executive VP Business and Administration

### Academic Medical Center Initiatives Group

- Health Sciences Center CEO
- CEO, Health System
- Dean of Medical School
- Health Science Center VP’s of Research, Finance, and Administration
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<th>Characteristic</th>
<th>Features</th>
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| Fiscal Transparency     | • Clinical revenues of the faculty remain managed at the departmental level within the Emory Clinic, although clinical services are integrated within Emory Healthcare (with the hospitals, non-faculty physicians, etc.).  
                            • There is revenue sharing with the hospital (and the FPP) but funds are mostly used for program development.                       |
| Compensation & Incentives| • Executive leaders have aligned goals and metrics. Department Chairs have the same institutional goals, with a few local components that can vary. |
| Access to Capital        | • Emory University owns the system and issues debt on a unified basis. Rating agencies question whether Emory is a University with a Health System, or “a Health System with a University”. |
| Scale                    | • The forces of consolidation are in play in their market. Leadership believes that 1.5 million lives will be necessary to sustain the system and engage the broader community in missions of education and translational research. |
Emory Healthcare

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<th>Characteristic</th>
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<tr>
<td>Management of Risk</td>
<td>• Emory views its market in three “tranches” (acute and complex care, chronic disease care, and population management) where payment models for services will vary based on risk assumption by Emory.</td>
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**Strategy Assessment**

**“No Future in Fee For Service”**
- Providers being pushed to take risk for cost and quality
- Value based payment the future

**Competition**
- 85% of EHC’s services have direct and active competition in the market

**Value Proposition**
- AMC status less of a differentiator with shift to population health management and new reimbursement models
- All three missions cannot be sustained without a shift in clinical strategy

**1 – Tertiary/Quaternary Care**
- Packaged set of services with bundled pricing that cover an episode of care – emphasis on Emory clinical strengths
- Bundle includes post discharge outcomes up to a year
- Attractive for purchasers including self-insured employers both in and out of the primary service area.
- Example services: Bone Marrow Transplant; Transplant Surgery

**EHC Clinical Strategy**
- “The Network is the Product”

**2 – Patient Cohorts with Advanced Illness**
- Complex patients with conditions that need intense management, reimbursed in a capitated, risk-adjusted rate
- Risk is syndicated out by patient cohort; actuarially determined risk profiles
- Potential to draw patients into EHC market regionally/nationally for these services
- Example services: Post-transplant care management; congestive heart failure; diabetes

**3 – General Services with P4P and Risk-Sharing**
- The “Big River” of clinical services in the health system
- Embed process and outcome quality measures into general services and develop risk-sharing contracts with payers (Medicare Advantage, Commercial Insurance, Employers)
- Example Services: $500M Blue Cross contract with risk corridors up & down on cost baseline projections
## Emory Healthcare

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<th>Characteristic</th>
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| **Primary Care Network Development**        | • Organized Emory Clinically Integrated Network (CIN) which allows them to contract with private community PCPs and specialists (currently 500).  
• While CIN physicians are not employed by Emory, all are on the EHR and Emory HIE.  
• Emory only contracts as a CIN for community, FPP and non-faculty employed physicians.  
• For the payer and patient, the network is the product. This approach allows Emory to offer different “products” to different insurers across 7 hospitals and 2000 docs. |
| **Open Architecture – Engaging with community providers** | • In addition to the CIN, Emory has a group called Emory Specialty Associates (ESA), which are community physicians who are employed by Emory Healthcare, but are not faculty in the School of Medicine. They are organized by division according to specialty and are managed by Emory as a group practice and have own leadership structure. Fortuitously, the President of ESA is also the director of the Emory Clinic and thus is able to bridge “town-gown” issues. |

### EHC Physician Strategy

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<th>Emory Clinically Integrated Network</th>
<th>The Emory Clinic (Faculty Practice)</th>
<th>Emory Specialty Associates</th>
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<tr>
<td>Non-employed</td>
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<td>Non-faculty</td>
<td>Employed</td>
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<tr>
<td>PCP/Specialists</td>
<td>Faculty</td>
<td>Non-faculty</td>
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<tr>
<td>~ 500 physicians</td>
<td>PCP/Specialists</td>
<td>PCP/Specialists</td>
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<td>~1,149 physicians</td>
<td>~160 physicians</td>
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*Common EMR and HIE connectivity.*
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| Data Analytics & Performance Measurement    | • Emory has a data mart that supports decision making based on outcomes. EHC recently hired a new position to build out their analytic infrastructure.  
 • They realize a key for the future is to get the right people, looking at the right data, at the right time. |
| Cost Management/Quality of Care             | • Developing multidisciplinary care teams to work on activities with cohorts of patients with advanced illnesses.  
 • Emory views these cohorts as a risk pool and is working with actuaries to develop “intelligently defined payments” and then taking data to payers. The Emory Clinic, CIN and non-faculty employed physicians are being organized around these cohorts.  
 • The Emory Clinically Integrated Network developed a partnership in 2012 with BCBS GA to provide care to BCBS patients – representing a move into risk assumption for cost and quality for patients. $500M contract with risk corridors (up/down) based on baseline projections. |
| Education, Research, & Innovation          | • Emory has worked to achieve some functional integration across the three missions. For example, the Transplant center operates across disciplines as a clinical service delivery model, education program, and a translational research center. |