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
   - Merge or Affiliates
   - Population Health Manager
   - Public Entity Stakeholders
   - Specialized Care Leaders
   - High-Performing Regional Systems

2. Strong, Aligned Governance, Organization & Management Systems
   - Leadership: Strategically aligned
   - Decision-Making: Trust across organizational boundaries
   - Systems: Aligned and effective decision-making

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

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

5. Transparency in Quality, Performance, Financial Data
   - True 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 missions
   - Commitment to cost reduction key

7. Time to Lead on Population Health is Now
   - Pop. Health capabilities needed to assume risk
   - Post-acute services become critical success factor

8. Candid Assessment of Strengths and Weaknesses Essential
   - Market and policy dynamics forcing current state evaluation
   - Candid leadership conversations about organization’s "hand"
## 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>
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<tbody>
<tr>
<td>Chief Health Care Officer</td>
<td>Senior Director and Regulatory Counsel</td>
<td>Senior Analyst</td>
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<td>AAMC</td>
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<td>Manatt Health Solutions</td>
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<tr>
<th>Tom Enders</th>
<th>Evan Collins</th>
<th>Questions or Comments?</th>
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<tr>
<td>Senior Managing Director</td>
<td>Health Care Affairs</td>
<td>Please contact Tom Enders and Joann Conroy</td>
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<tr>
<td>Manatt Health Solutions</td>
<td>AAMC</td>
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<tr>
<td><a href="mailto:Tenders@manatt.com">Tenders@manatt.com</a></td>
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Partners HealthCare System/Massachusetts General Hospital

Profile Takeaways

- MGH is one component of Partners Healthcare, an integrated delivery system.
- Partners Healthcare has developed expertise in complex care management through its experience in an MGH led Medicare demonstration project that started in 2006.
- Assuming risk for 600,000 lives in both commercial contracts and Medicare population as a Pioneer ACOs is a central part of the Partner Population Management Strategy.
- The system has achieved a strategic goal to reduce costs by $300 Million by the end of 2013. Initiatives supporting this goal include traditional budget controls as well as patient affordability and care redesign initiatives developed to create efficiencies in care delivery and improve outcomes.
- Partners launched an “Innovation Fund” in 2007 that supports/invests in the commercialization of research activities with all gains reinvested back into the fund.

Interviewees:
- David Torchiana, Chairman and Chief Executive Officer, Massachusetts General Physicians Organization
- Greg Pauly, Chief Operating Officer, Massachusetts General Physicians Organization and Senior Vice President, Massachusetts General Hospital.
Partners HealthCare/Massachusetts General Hospital

**Mission & Vision**

**Mission:** Partners is committed to serving the community. We are dedicated to enhancing patient care, teaching and research, and to take a leadership role as an integrated health care system. We recognize that increasing value and continuously improving quality are essential to maintaining excellence.

**Vision:** To Dedicate ourselves to the delivery of superior care; To provide a coordinated, cost-efficient, and transparent care model; To touch the communities we serve, local or global; To lead in research that fosters collaboration, bringing discovery to patients bedside; To invest in education and training to nurture next generation of leaders; To promote the development of our workforce by creating opportunities for achievement and advancement; To seek ways to deliver the highest quality healthcare to all.

**Market Situation**

- Primary service area has a population of about 5 million people
- Partners currently serves ~23% of eastern Massachusetts Market.
- Largest healthcare delivery system in eastern Massachusetts
  - 2 AMCs – Massachusetts General and Brigham and Women's Hospital.
  - 6 acute care community Hospitals
  - Post acute and home care
- PHS contracts for the hospitals and their associated physicians, more than 6,000 in aggregate
- Unique state law passed in August 2012 requires that annual state health care spending grow no faster than the rate of growth of the state’s economy until 2017 and then must be 0.5% lower until 2022.

Founded in 1994 by Brigham and Women's Hospital and Massachusetts General Hospital as a response to the growing presence of capitation and managed care.
Partners HealthCare System/Massachusetts General Hospital

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<th>Characteristic</th>
<th>Features</th>
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| **Integrated Governance & Management** | • The Board of the Partners Healthcare system is the sole member of all PHS entities  
• MGH physicians are members of the faculty of Harvard medical school.  
• The Massachusetts General Physicians Organization and Massachusetts General Hospital are separate first tier PHS entities joined by a single board, the 1811 Corporation  
• The leadership of Partners Healthcare System, which includes entity executives, meet weekly to focus on joint strategy and decisions to be made at the system level. |

**Partners Healthcare Governance and Organization**
## Partners HealthCare System/Massachusetts General Hospital

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| **Compensation & Incentives at MGH** | • Clinical department chairs and vice presidents have up to 10% of base salary eligible for an incentive based bonus. Bonus is comprised of two components: individual performance against individual goals and institutional/budget goals.  
• Chiefs and Senior Executives can qualify for an additional 5% bonus based on quality and safety metrics for each department.  
• MGPO has a quality incentive plan in place for individual physicians based around 3 quality metrics. If physicians meet all three metrics they receive a bonus every 6 months. |
| **Access to Capital** | • Major capital allocation decisions are made by a central PHS finance committee under a five year financial framework  
• MGH Departments have separate budgets within the MGPO but are aligned around institutional goals. The MGPO supports multiple administrative functions on behalf of all departments.  
• System goals drive organizational investments and priorities. |
| **Management of Risk** | • Network is responsible for financial risk on 600,000 lives through Partners Population Health Management and Medicare Pioneer ACO.  
• All commercial HMO plans are in an at-risk, capitated model. |
| **Scale** | • System currently has about 23% of the eastern Massachusetts Market.  
• Partners Healthcare International (PHI) markets and provides clinical services via the AMC’s to patients in the Middle east, southern Europe, India, Bermuda and South America.  
• PHI also provides advisory services to international hospitals and health systems. |
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<td><strong>Primary Care Network Development</strong></td>
<td>• Partners community network currently has approximately 1000 PCP FTE’s. The system is evolving to become more tightly aligned and clinically integrated with our community hospitals and their physicians.</td>
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| **Data Analytics & Performance Measurement**       | • On a semi-annual basis, Partners releases (internally and externally) its Quality dashboard which contains over 200 data points benchmarked against competitors.  
  • A population registry has been established for patients in the ACO and Partners Population Health PCMH.  
  • An enterprise data warehouse is being launched with a development partner |
| **Education, Research, and Innovation**            | • The Partners Innovation Fund was launched in 2007 to support commercialization of medical systems, pharmaceuticals and medical devices. Gains from investments are reinvested in the fund.  
  • Resident and fellowship training programs are a vital pipeline for our research and clinical programs. |
| **Open Architecture – Engaging with Community Providers** | • Partners has used a variety of models to forge relationships with community providers: employed community physicians, affiliated practices, and hybrid models.  
  • PHS is on the threshold of a four year process to install the EPIC clinical and financial systems across its entire physician and hospital network  
  • Massachusetts is taking regulatory actions aimed to slow the growth of medical costs. |
### Partners HealthCare System/Massachusetts General Hospital

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<td>Cost Management/Quality of Care</td>
<td>• Each clinical department has a dashboard that shows clinical quality performance against their peers. Peer benchmarking drives physician compliance around quality metrics.</td>
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<td>• Partners Healthcare Report Card publicly reports system performance against national benchmarks around the areas of: IT adoption, Patient Safety, Clinical Quality, Prevention and chronic disease management, efficiency, and the patient experience.</td>
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<td>• Partners has undertaken a successful effort to reduce costs by $300 Million by the end of 2013.</td>
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<td>• Multi-disciplinary care teams were created to create efficiencies and improve outcomes in multiple conditions including stroke, AMI, and diabetes. Teams make recommendations which are then spread across Partners system, multiple teams are also active at the entity level.</td>
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Partners HealthCare
System/Massachusetts General Hospital

Measure Domains

- HIT Adoption
- Patient Safety
- Clinical Quality
- Prevention and Chronic Disease Management
- Efficiency
- Patient Experience

Publicly Reported Dashboards

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<tr>
<th>Report Card</th>
<th>Our Current Performance</th>
<th>Reference Point</th>
<th>How We’re Doing</th>
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<tbody>
<tr>
<td>Opening Blocked Arteries Within 90 Minutes</td>
<td>97%</td>
<td>93%</td>
<td>✔</td>
</tr>
<tr>
<td>Delivering Recommended Care for Patients With Heart Attack</td>
<td>90%</td>
<td>90%</td>
<td>✔</td>
</tr>
<tr>
<td>Delivering Recommended Care for Patients With Pneumonia</td>
<td>95%</td>
<td>96%</td>
<td>✔</td>
</tr>
<tr>
<td>Delivering Recommended Care for Patients With Heart Failure</td>
<td>90%</td>
<td>97%</td>
<td>✔</td>
</tr>
<tr>
<td>Delivering Recommended Care to Prevent Surgical Infections</td>
<td>90%</td>
<td>90%</td>
<td>✔</td>
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<tr>
<td>Helping Tobacco Users Quit</td>
<td>95%</td>
<td>90%</td>
<td>✔</td>
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<tr>
<td>Delivering Recommended Care to Prevent Blood Clots in Surgical Patients</td>
<td>97% Treatment Ordered; 96% Treatment Received</td>
<td>97% Treatment Ordered; 95% Treatment Received</td>
<td>✔</td>
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