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
   - Merge or Affiliate with Mega system
   - Specialized Complex Care leaders

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

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

4. New Physician Leadership and Evolution of Practice
   - Chair role focused on leadership, reimagined
   - Community-based physician expansion
   - New roles for physicians/executives
   - Economic and admin. integration

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
   - Streamlined operations between missions
   - Skills that CEO become essential
   - Commitment to cost reduction key
   - Competitive with cost-efficient competitors

7. Time to Lead on Population Health is Now
   - Post-acute, services become critical success factor
   - Successful AMCs leveraging varied health plans
   - Market and policy dynamics forcing current state evaluation

8. Candid Assessment of Strengths and Weaknesses Essential
   - 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

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<tr>
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Questions or Comments?
Please contact Tom Enders and Joann Conroy
Profiled Institutions
Penn has developed a high value system of care which links a destination campus with well distributed IT-connected ambulatory care sites including “Practice of the Future” multi-specialty clinics.

Its primary care platform, Clinical Care Associates, includes over 175 PCPs and is a rich source for patient centered outcomes research.

Penn has moved to a sophisticated centralized IT services organization serving both the clinical and research missions, streamlining data needs and providing economies of scale.

Penn is investing in personalized medicine and translational research capabilities through a variety of avenues, including the recent launch of two Translational Research Centers and a comprehensive research data store.

Interviewees:
• Ralph Muller, CEO
• Kevin Mahoney, Vice Dean for Integrative Services & Chief Administrative Officer
• Beth Johnston, Executive Director, Clinical Practices of the University of Pennsylvania
**Mission & Vision**

**Mission**: To advance science through research, provide outstanding patient care and community services, and educate future leaders in medicine.

**Vision**: Shape the future of medicine through three galvanizing themes - *innovation, integration, and impact*.

**Market Situation**

- Three primary systems of care in Philadelphia region: Penn; Temple; and Jefferson Health System
- Penn is reputational but not market share leader
- Penn has been expanding into the 5-county region surrounding Philadelphia in PA and NJ where population is growing, and formalizing an increasingly complete system of care

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**PENN Medicine Strategic Priorities Are:**

1. Lead in Delivering Individualized Medicine
2. Realize Penn Medicine's Potential for Innovation
3. Enrich the Life of Our Faculty through Diversity and Flexibility
4. Impact Health Outcomes Locally and Globally
5. Create Innovative Interdisciplinary Educational Programs
6. Optimize Performance of the Penn Medicine Ecosystem
Penn Medicine

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<th>Characteristic</th>
<th>Features</th>
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<td>Integrated Governance &amp;</td>
<td>• PENN Medicine exceeds $4Bn in revenues and has one governing body for both the SOM and the Health System. The PENN Medicine board has responsibility for overseeing the integration/joint activities of the health system and School of Medicine.</td>
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<td>Management</td>
<td>• Clinical services are integrated as the University of Pennsylvania Health System (UPHS), managed under a unified and accountable management structure led by a system Chief Executive.</td>
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TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

PENN Medicine Board

President of the University

University EVP/SOM Dean

School of Medicine

Health System

Clinical Components

- Clinical Practices of the University of Pennsylvania (CPUP)
- Hospital of the University of PA (HUP)
- PENN Presbyterian Medical Center (PPMC)
- Pennsylvania Hospital (PHAN)
- Clinical Care Associates (CCA)
- Penn Home Care and Hospice Services (PHC&HS)
- Good Shepherd Peach Partners (Rehab/ LTC)
- Chester County Hospital

1200 faculty
695 Beds
317 Beds
515 Beds
200 providers
1200 faculty
### Penn Medicine

**Characteristic** | **Features**  
--- | ---  
**Clinical Strategy: Advanced Medicine**  
- Complex medical/surgical care is a strength and priority for PENN Medicine because it is where the integration of research, diagnostics, and therapeutics has the greatest impact on people’s lives. High complexity quaternary care services often bring patients to their first encounter at Penn via referrals to disease-based specialties. The most complex cases currently generate over 50% of the inpatient contribution margin and in the Penn market are those most resistant to pricing pressure and provider competition.  
- PENN Medicine is therefore emphasizing a culture throughout the clinical environment that gives high priority to population management of the complex patient, achieving best outcomes, and minimizing cost of care: linking clinicians with evidence based protocols and with a unified EMR and decision support tools; improving complex care coordination; investing in predictive capabilities; enhancing diagnostics; opening up access; and improving transitions of care.

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**Penn Medicine: Pathways to Clinical Excellence**  
1. Provide premier service and enhanced interaction to our patients and families.  
2. Provide seamless patient-centered care that increases access, coordination, and communication with referring physicians.  
3. Expand current integrated complex care programs, build new ones, and develop innovative leadership and financial models for quaternary inter-disciplinary team-based programs.  
4. Become the leader in personalized medicine and provide an advanced diagnostic platform for clinical decision-making and full-spectrum genomic testing.
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<td><strong>Role of Chairs</strong></td>
<td>• Chairs are responsible for leading both research excellence and clinical development, each within the context of the overall PENN Medicine strategic agenda. Chairs are recruited who exhibit pronounced EQ (Emotional Intelligence), are open to change, and ready to lead faculty for a new future with different requirements.</td>
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<td>• Chairs are responsible for their departmental P&amp;L’s, with limited inter-departmental financial sharing.</td>
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<td>• Faculty Practice organization reports to Health System CEO and has strong physician and administrative leadership, with a robust process for issue resolution and decision making. Strength in both Chairs and Faculty Practice has provided a platform for excellent clinical results.</td>
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<td>• PENN Medicine has evolved its service line structure (Cardiovascular, Cancer, NeuroSciences) and the Chairs work hand-in-hand with senior Health System service line leaders to advance them.</td>
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<td><strong>Fiscal Transparency</strong></td>
<td>• Penn Medicine has financial transparency across all services, especially clinical services.</td>
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<td>• The funds flow model for supporting the academic mission and the clinical departments integrates and aligns incentives across the system. The FPP operates financially as a federated model and managerially as an integrated one, with a strong management team characterized by effective issue management.</td>
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<td>• Strategic planning and long range financial planning is integrated across PENN Medicine.</td>
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<td>• Recently integrated finance functions across PENN Medicine to facilitate ability to manage enterprise operating and capital budgets. Integrated long range financial and capital planning is in place.</td>
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### Penn Medicine

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| **Compensation & Incentives** | • Service line incentive plans have been introduced. Incentives for service lines are based on metrics for cost, quality, access, and improved performance. Incentives are returned to service lines both for physician compensation and service line investment.  
• FPP has strong incentives based on hospital performance which are embedded in the funds flow model.  
• FPP has general compensation principles: Minimum 20% at risk with base related to productivity or margin. Chairs have discretion on compensation principles, but are moving to a centralized model.  
• Executive Compensation: Balanced scorecard with goals around clinical quality, financial, education, and research (20-35% of base compensation at risk). |
| **Management of Risk**    | • Penn has remained largely risk-contract averse, while establishing the capability to accept bundled payments. Through the faculty practice, UPHS funds flow structure, and service lines it has the readiness to accept bundled payments when it deems the market timing to be right. |
| **Scale**                | • Over the last decade PENN Medicine has developed its system through an extensive network of ambulatory primary and specialty care centers, including its Practice of the Future sites, strong affiliates, and a joint venture rehabilitation and long term care join venture. It also invested in its state of the art Perelman Center for Advanced Medicine ambulatory center as a regional destination site for specialty care.  
• Penn has a high threshold for acquisition of community hospitals, requiring strong market position and a robust balance sheet, avoiding situations which require significant infusions of capital likely to lead to low return on capital. It recently acquired Chester County Hospital, 25 miles south & west of the main campus, a 220 bed hospital which met its criteria. |
### Primary Care Network Development

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<td>Over the course of the last decade, Penn has developed <em>Clinical Care Associates</em>, a 501 (c) 3 employed model primary care group serving multiple communities throughout the Philadelphia region.</td>
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- CCA is a distinct operating unit with UPHS; Total net revenue approaches $100M
- 759 full time equivalent employees – 172 physicians, 30 mid-level providers, and 549 additional staff.

- Connects the broad, densely populated suburbs to the central Philadelphia PENN Medicine hospital system and specialist network.
- Established Penn Community “Practices of the Future” which combine primary care clinics with Penn specialty clinics in a unified location with centralized ancillary services.
- Strong and efficient practice management with extensive practice and physician recruitment experience.
- Highly-productive clinical practices that generate complex specialty referrals to UPHS physicians, hospitals, and multispecialty satellites.
- Geographically dispersed network that reduces UPHS's reliance on and exposure to individual markets and enhances negotiating leverage with insurance plans.
- Supports the School of Medicine educational mission by providing primary care education opportunities in diverse practice settings.

*CCA is playing an increasing role in community-based comparative effectiveness research (e.g., lipid management strategies, weight loss outcomes are two recent studies). The EPIC database provides a rich dataset using discrete values and natural language processing tools.*
Penn Medicine

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| Data Analytics & Performance Measurement | • PENN Medicine considers Information to be a strategic asset. Clinical and research missions may differ in scope and purpose but are alike in data infrastructure, data analytics, and data security needs, making a centralized IS function highly valuable in the ability to use information strategically.  
  • PENN Medicine reorganized their enterprise Information Services function across its clinical and research organizations, with extensive investment in creating enhanced capabilities for clinical performance, administrative reporting, and connectivity. |

**Organization of Penn Medicine Information Services**

- Vice Dean for Integrative Services/Chief Administrative Officer has PENN Medicine IT budget responsibility — and ultimate service delivery responsibility.
- Single CIO with overall service delivery leadership accountability for PENN Medicine.
- Leveraged IT services across PENN Medicine including research computing.
- Enterprise level delivery for emerging technologies.

**PENN Medicine’s re-organized IT governance model is a dual-governance model for academic and clinical, with unified resource management and a reporting structure through a central administrative leader.**
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| Cost Management/Quality of Care    | • PENN Medicine’s clinical enterprise has made significant progress in the areas of mortality and health care acquired infections since the inception of its *Blueprint for Quality* in 2007, a multi-year agenda which establishes priorities for quality improvement. For example, risk adjusted mortality has decreased by 45% over the past five years across the health system and central line catheter blood stream infections have decreased by 95% over a similar time period.  
  • PENN Medicine has a multi-part, multi-year approach to driving down unit costs and improving the operating results of the clinical system, characterized by:  
    • *Throughput improvements* centered on a deep institutional commitment to optimal patient flow to free up capacity and enhance the service mix, leveraging the main campus and its two community hospital sites.  
    • Invested significantly to build *unit-based clinical leadership teams* that are testing and implementing data driven innovative approaches to care delivery in both inpatient and ambulatory settings. These groups are led by physicians with dedicated quality managers than span multiple teams. In addition to care innovations on the inpatient side, they are tasked with translating quality of care initiatives into action. All inpatient units have unit based teams.  
    • *Coordination/transitions of care* is the current focal point at Penn with regard to quality and capacity management. Investment in a rehabilitation/LTC provider is facilitating.  
    • *Commitment to employee action* with a highly successful “Your Big Idea” campaign and competition to recognize and implement employee team sponsored initiatives. |
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| **Open Architecture – Engaging with Community Providers** | • Penn’s physician services model is centered on the evolution of the Faculty Practice and the further development of CCA. Both are aligned with referring physicians.  
• Penn has recently formed a significant joint venture with a leading rehabilitation/long term care care provider (Good Shepherd-Penn Partners) through which it is developing its post-acute care services in a partnership model. |
| **Education, Research, and Innovation** | • **Research:** Penn is engaged in a major effort to advance personalized medicine; initiatives include *Pennomics* (a comprehensive research data store to be the engine for personalized medicine); a new Center for Personalized Diagnostics; *Connected Health*, investment in technology & process to improve predictive capabilities; and migration to a single EPIC clinical system platform. Penn has also launched two broad Translational Centers of Excellence to bridge basic science, clinical research, and clinical care in Cancer, Metabolic Disease, and Neurosciences.  
• **Education:** Penn is emphasizing team training, collaboration, interdisciplinary and inter-professional activities, online access, new media (e.g., Coursera) and reduced costs and time for training.  
• **Innovation:** Penn has established a Penn Medicine Center for Health Care Innovation with an inter-disciplinary team leveraging the Health System, School of Medicine, Wharton, and a Chief Innovation Officer recruited from high technology industry. The emphasis is on creating and testing prototype efforts in three areas: Enabling a Culture of Innovation, Connected Health, and Population Health at PENN Medicine. |