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
   - Mergers or Affiliates with Mega Systems
   - Population Health Manager
   - Public Entity/Statewide Hub
   - High Performance Regional Systems
   - Specialized Complex Care Leaders

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

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

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

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
   - Skills that EMAN become essential
   - Commitment to cost reduction is key

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

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<tr>
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<th>Alex Morin</th>
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<tbody>
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Questions or Comments?
Please contact Tom Enders and Joann Conroy
UAB Health System

Mission & Vision

**Mission:** To improve the health and well-being of society, particularly the citizens of Alabama, by providing innovative health services of exceptional value that are patient- and family-centered, a superior environment for the education of health professionals, and support for research that advances medical science.

**Vision:** We will create highly innovative, well-coordinated interdisciplinary services and partnering relationships that serve as a model for health education and service delivery.

Market Situation

- UAB is in an advantageous position as the only level 1 trauma center in Alabama, drawing patients from bordering states and the only comprehensive cancer center in the region.
- UAB recently opened a new cancer center facility and has cancer affiliates in GA, FL, and AL.
- UAB has partnered with local hospitals in other areas to assist in improving quality, efficiency, operations as Affiliates and Associates in broad and specialty specific areas.

Formation of **UAB Medicine** recognizes that the future of academic medicine and the focus of UAB has to be on survival in value-based care delivery and value based reimbursement. The Health System, Faculty Practice, and SOM are all thinking about what that means to them collectively, under “UAB Medicine”
UAB Health System

UAB’s strategic plan, “AMC21” details how UAB will position itself for success in the 21st Century healthcare and academic world:
### UAB Health System

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<th>Characteristic</th>
<th>Features</th>
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| **Integrated Governance** | • The UAB Health System is the entity created to jointly manage UAB Hospital and health system, University of Alabama Health Services Foundation, but not the SOM. The SOM and the UAB hospital are members of the UA System (University).  
• Joint Operating Leadership: Governance of three entities and decision making processes has been critical to the ability of UAB to be nimble, supportive of each other, and in developing world class clinical care, teaching, and research. Unified decision-making strongly facilitates collaboration among the components of UAB Medicine.  
• A new COO position has been created that will oversee all clinical services – ambulatory and hospital. Will be filled by an existing VP who is liked and respected by physicians. This is seen as being instrumental to getting folks on board with integration across the two entities. |

### Joint Operating Leadership.
- **CEO Health System**
- **Practice Plan President**
- **Dean of Medical School**
- All have equal powers involving decisions that affect each. All major decisions are made by the Join Operating Leadership. They meet weekly. Chairs have been good at accepting decisions made by JOL, primarily because of transparency.
Fiscal Transparency

- Currently in the clinics, physicians pay for the cost of running their clinics. A new funds flow process is being implemented (below). All collections from the FPP and hospital will be combined and then will be reimbursed for faculty based on an RVU driven model and meeting quality and efficiency metrics. All direct and indirect expenses will be paid centrally. There is also a sharing-in-success component on the operating margin. Chairs will then distribute throughout their departments. A Separate committee at UAB will monitor the funds flow model.

UAB Medicine Clinical Revenue

- Payments to each Department based on work RVUs (70 percent of MGMA national median), with limited exceptions
  - Departmental compensation plans subject to FFOC approval
  - FFS RVU model. Risk determined by individual contracts

- Direct clinical expenses (with savings targets and incentives built into budgets)
- Physician benefit costs related to clinical activity
- Malpractice insurance expenses
- Indirect expenses

Monitored by Funds Flow Oversight Committee (FFOC)

- Joint Operating Leadership
- CFO of UAB Health System
- CEO of UAB Hospital
- Executive Vice President of HSF
- Senior Associate Dean for Administration and Finance of SOM
- 4 Clinical Chairs selected by HSF Executive Committee
- 2 Non-voting Faculty Members

UAB Hospital

- Funds Flow
- Direct clinical and ambulatory expenses (with the exception of expenses covered by service agreements or contracts)
- Indirect expenses

University of Alabama HSF

- Clinical Revenue
- % of RVU payments
- % of State Allocation

Triton/VIVA

- Strategic Growth Fund
- % of Funding
- % of Revenue

School of Medicine

- Clinical Revenue
- % of RVU payments
- % of State Allocation

UAB Health System
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| **Compensation & Incentives**       | Incentive compensation for chairs and all UAB Medicine leadership helps to drive organizational unity and shared-goals is in place. The at-risk compensation plan is up-side only.  
• 10% at risk for chairs, if they meet certain benchmarks tied to the system and the school.  
• 50% of goals are aligned between the school and the health system. Both are reliant on each other. For each department chair, they have metrics that tie to all three missions  
Faculty compensation is aligned with health system: Clinical activity is 60-70%, research is 15%. Some departments are seeing a decline in revenue and are having total compensation discussions that may affect raises. UAB believes they need to have frank conversations about adequate and comparable compensation. A committee has been established to set compensation plan principles and approve all compensation plans.  
A new chair evaluation system has performed well, with evaluations done with the input of the Health System, UAB, the SOM, and the JOL. |

| **Scale**                           | • UAB is the only major medical center and Level 1 trauma center in the state. They don’t have much competition for complex comprehensive care and are at capacity.  
• Rather than focusing internally, UAB is partnering with local hospitals to assist in improving quality, efficiency, and operations, and are focused on targeted network development in specific service lines (Cancer) extending into other states (AL, GA, MS). |

| **Open Architecture – Engaging with community providers** | • Community practice model currently being employed regionally as well as an associates model.  
• Joint Venture at Russell currently underway for Radiation Oncology Services. |
## UAB Health System

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<td><strong>Data Analytics &amp; Performance Measurement</strong></td>
<td><strong>Quality Data:</strong></td>
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<td>• All physicians see all data – on a departmental level. In the future, data on the individual level will also be made available.</td>
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<td>• The system shares quality and patient satisfaction at various levels, allowing for course correction at the department and individual physician level, with support.</td>
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<td>• Departments get scores for their physicians and can see individual level reports. Non-identified at the individual level, but individual faculty can see their own data.</td>
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<td>• Leadership in the difference departments can look at individuals to see where there are gaps and to help course correct.</td>
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<td><strong>Cost Management /Quality of Care</strong></td>
<td>• UAB is focusing efforts on reducing waste in targeted areas such as the catheterization lab and in interventional radiology – a source of unnecessary cost.</td>
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<td>• They are in diversion constantly and thus must increase inpatient and outpatient efficiency.</td>
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<td>• Engaged in ambulatory practice and inpatient throughput redesign, utilizing patient focus groups to help design clinic and inpatient operations (transplant is one example).</td>
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<td><strong>Education, Research, &amp; Innovation</strong></td>
<td><strong>Research:</strong> UAB has an effective strategy in place for research recruitments, using central Impact funds to help departments develop packages for research and draw down federal NIH dollars.</td>
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<td><strong>Education:</strong> UAB has a clinician-educator track, and support for faculty at various level that recognizes teaching as critical (in terms of promotion/tenure). A new department of Medical Education in the School of Medicine has been important with a Senior Associate Dean as it’s leader.</td>
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