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
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><a href="mailto:jconroy@aamc.org">AAMC</a></td>
<td><a href="mailto:tomenders@manatt.com">questions or comments?</a></td>
</tr>
</tbody>
</table>

Tom Enders
Senior Managing Director
Manatt Health Solutions
Tenders@manatt.com

Evan Collins
Health Care Affairs
AAMC

Questions or Comments?
Please contact Tom Enders and Joann Conroy
Profiled Institutions
The formation of “UCLA Health” has driven health system integration activities, with structural governance and organization that drives integrated strategic decision making around population health, system development, and FPP integration.

UCLA’s primary care network development strategy is sophisticated, with over 200 clinical FTEs, and a future strategy for growth currently being executed.

UCLA has over 100,000 patients in some form of risk arrangement, managed through the FPP infrastructure.

Interviewees:
- David Feinberg, President, Health System & CEO, UCLA Hospital System
- Patricia Kapur, Executive Vice President, Health System & CEO, UCLA Medical Group
Mission & Vision

Our mission is to deliver leading-edge patient care, research, and education.

Our vision is to heal humankind, one patient at a time, by improving health, alleviating suffering and delivering acts of kindness.

The organizational “True North” for UCLA Health, determined by faculty, researchers, staff: deliver Patient Centered Care in all settings. This focus informs and energizes the clinical services, research endeavors, and educational experience.

Market Situation

Sprawling urban market of 10M people
- Kaiser only county-wide system
- Strong sub-regional organizations such as Cedars Sinai, USC, & Providence but no county-wide system formation - yet
- Well established IPA physician groups continue to grow rapidly;
- Intensive competition to acquire/employ physicians in the most attractive areas
- Many independent hospitals which are struggling and likely to be consolidated
- UCLA building its network into the South Bay, San Fernando Valley, and downtown LA

Formation of **UCLA HEALTH** as the platform for the development of a region-wide health system, with commitment to implementing population health, engaging with the community, and delivering patient centered care.
Have established “UCLA Health” with a non-fiduciary Board of Overseers and integrated Health System leadership team accountable to System President. UCLA is recruiting Chairs for the new Vision, committed to population health, large scale system development, and an integrated group practice.

**UCLA Health Governance & Organization Features**

**HSOT Functional Representatives**
- Health System President
- CEO, Faculty Group Practice
- Chief Strategy Officer
- Dept. Chair Representative
- Chief Operating Officer
- Chief Quality Officer
- Chief Financial Officer
- Chief Innovation Officer
- SVP, HR/Communications
- Chief Information Officer
- Chief Legal

**Health System Board of Overseers**
Overall governance and long-term strategic direction
- D. Feinberg – President of Health System
- P. Kapur, Executive VP Health System & CEO of Medical Group
- A. E. Washington, Vice Chancellor
- M. Coye, Chief Innovation Officer
- J. Mazziotta, Exec. Vice Dean
- M. Steinberg, “Chair of Chairs”

**Health System Executive Group**
Exec. Leaders responsible for Health System; meets weekly

**Health System Operations Team**
Responsible for executing and implementing the strategy of the UCLA Health System.

**Strategy and Services Council**
Advises the HSOT “All clinical initiatives go through this group”

Includes all Dept Chairs; 9 at large elected, plus the Medical Directors of the three physician networks ex-officio.
UCLA 2013 Management Structure

President University of California

Chancellor UCLA (G. Block)

Vice-Chancellor Health Sciences & Dean SOM (G. Washington)

President UCLA Health System (D. Feinberg)

Executive VP & President UCLA Medical Group (P. Kapur)

Chief Innovation Officer (M. Coye)

Enterprise Functions
  - Legal
  - IT
  - HR
  - Compliance

FPG Board

UCLA Board of Overseers (7 Member Board)

Enterprise Functions
  - Quality
  - Strategy/Network Development
  - Population Health

UCLA Medical Center Administration

Health System Strategy & Clinical Services Council (Chairs and Administration)

Source: G. Washington, D. Feinberg Interview
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Transparency</td>
<td>Integration is underway but remains limited. Plan is for Health System to be financially integrated in FY2017 including: hospitals, Medical Group, Department clinical services.</td>
</tr>
<tr>
<td></td>
<td>FPG Fees today:</td>
</tr>
<tr>
<td></td>
<td>• Billing &amp; Collections Fee is 6.2%</td>
</tr>
<tr>
<td></td>
<td>• Support Services Fee is 2.4%</td>
</tr>
<tr>
<td>Compensation &amp; Incentives</td>
<td>• Health System President has incentives for success of Medical Center and Medical Group.</td>
</tr>
<tr>
<td></td>
<td>• Departments retain individualized compensation plans, with some limited coordination developing as integrated practice units.</td>
</tr>
<tr>
<td>Access to Capital</td>
<td>• UCLA is re-directing internal ad-hoc transfers between the Medical Center and Departments. The Practice Group is prioritizing funds which are invested in projects such as integrated practice units based on ranking and competitive evaluation by the Practice Group.</td>
</tr>
<tr>
<td>Management of Risk</td>
<td>• Integrated contracting for professional fees and facilities under one team.</td>
</tr>
<tr>
<td></td>
<td>• A unified Health System facilitates partner and affiliation models through single negotiation &amp; one contracting entity</td>
</tr>
<tr>
<td></td>
<td>• UCLA Health has approximately 100,000 patients with some form of risk: ACO, Medicare Advantage, delegated risk, and subcapitation</td>
</tr>
<tr>
<td></td>
<td>• This is managed through the FPG infrastructure with utilization management, prior authorization, etc. A small but effective infrastructure as the contracts have been successful to date.</td>
</tr>
</tbody>
</table>
### UCLA Health

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scale</strong></td>
<td>Target is accountability for 2M lives. Will require UCLA Health being a regional system, likely with partners.</td>
</tr>
</tbody>
</table>
| **Primary Care Network Development** | UCLA has been developing its primary care network for a long time. Includes approximately 200 FTE PCPs. Goal is “every 4 miles 4 PCPs” plus a 50,000 sq. ft. hub within 15 miles (advanced specialty offices, procedure rooms, imaging, lab services). Locating PCPs in competition with IPA’s and groups that have been referring. Funds for development have come from Medical Center and from the Dept of Medicine, underpinned by oncology network. The portfolio includes:  
  - Santa Monica Group  
  - CPN – Community Physician Network  
  - Dept. of Medicine Primary Care  
  - All PCPs are given Asst. Prof appointments in clinical track with teaching expectation. Faculty without step – getting some pushback from Provost.  
  - PCPs at 75% of MGMA non-academic productivity. Have been able to make the economics work by improving productivity and increasing rates.  
  - Approx. 25 offsite practices are organized distinctly and run with a dedicated management structure, distinct but under the FPG, and paid for by the FPG, with the exception of Dept. of Medicine, which is also distinctly run. These are increasingly becoming integrated. FPG management resources include:  
    - 1 leader for ambulatory services  
    - 3 practice leads  
    - Also beginning to recruit specialists for off-site practices e.g. Neurology, Gynecology, ENT, Podiatry, Gen Surg. Funding for the development is from Health System. |
### Characteristic

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Open Architecture – Engaging with community providers**              | Have completed initial development work for a clinically integrated network with community based clinicians. Three levels of integration:  
  • Financial – physicians adopt a fee schedule provided by UCLA Health; these are patients enrolled under UCLA Health contracts. The physician may still own their own practice, employ their own staff.  
  • Quality – must agree to participate in UCLA Health quality improvement efforts including protocol roll-out and quality reporting  
  • Information – must be on UCLA EPIC system                                                                                                                                                                                                                                                                                               |
| **Data Analytics & Performance Measurement**                            | • Quarterly financial and activity performance report includes hospitals, FPP, and aggregated departmental results. Shared with all Chairs and Health System leaders.  
  • Recruiting Health System Chief Quality Officer and will be integrating quality across all clinical services.                                                                                                                                                                                                                           |
| **Cost Management/Quality of Care**                                    | • Targeting 30% reduction of the total cost of care by attacking excess utilization and using analytics and data to accomplish.  
  • Are focused on service standards. Have recently implemented same day appointments for any patients that want it. Standard greeting is now: “Hello, this is UCLA Health, would you like an appointment today?”. Implementing uniform look and feel at all departmental clinics. Discussing a unified call center.                                                                                   |
| **Education, Research, & Innovation**                                  | • Have established Office of Innovation and initiated multiple programs to enhance application and dissemination of best practices and accelerate innovation in the Health System.                                                                                                                     |