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 Stakeholder Hub
   - High-Performance Regional System

2. Strong, Aligned Governance, Organization & Management Systems
   - Leadership strategically structured aligned
   - Aligned and effective decision making
   - Merges systems up to the task

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

4. New Physician Leadership and Evolution of Practice
   - Chair role focused on leadership and strategy
   - 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

6. More Efficient Operating Models to Bend the Cost Curve
   - Compete with cost-efficient competition
   - Streamlined operations between missions

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

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>
<th>Joanne Conroy, MD</th>
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<tbody>
<tr>
<td>Chief Health Care Officer</td>
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University of Pittsburgh Medical Center
Profile Takeaways

- UPMC’s future strategic direction is centered in large part on its health plan, which is a primary vehicle currently for testing new delivery models and payment models with physicians.
- UPMC’s primary care model drives collaboration between PCPs and specialists, with PCPs operating in shared savings arrangements with the UPMC Health Plan. Specialists are incentivized to adhere to protocols and clinical guidelines that improve quality and lower costs to win PCP referrals.
- UPMC is positioning itself to lead in the area of precision (personalized) medicine and will in the future have as one of its core missions improving the overall health of the population it serves.

Interviewees:
- Steven Shapiro, Executive Vice President, UPMC, Chief Medical and Scientific Officer, and President, Physician Services Division
- Arthur Levine, Senior Vice Chancellor for Health Sciences and John and Gertrude Petersen Dean, School of Medicine

Profile Completed on November 1, 2013
University of Pittsburgh Medical Center
Mission and Vision

**Mission:** To serve our community by providing outstanding patient care and to shape tomorrow’s health system through clinical and technological innovation, research, and education.

**Vision:** UPMC will lead the transformation of health care and be nationally recognized for redefining health care by:
- Putting patients first
- Delivering state-of-the-art care
- Enhancing UP SOM partnership to advance the understanding of disease
- Fueling new business opportunities
- Serving the underserved

**Market Situation**
- 29 county market of over 4 million, 15% Medicare age; heavy consolidation.
- Market Share:
  - Allegheny County: 60%
  - Southwest PA (10 Cty.): 40.2%*
- Primary competition is Highmark (recent acquisition of West-Penn Allegheny Health System and Jefferson Regional Medical Center). Market share in Southwest PA (10 Cty.): 19%
- Moving into surrounding regions including West Virginia and building an international presence including campuses in Italy and Ireland and joint ventures in Southeast Asia and Kazakhstan

*UPMC is the entity responsible for clinical activities of UPMC facilities and the University of Pittsburgh FPP (University of Pittsburgh Physicians) with an affiliation with the University of Pittsburgh School of Medicine. Both are distinct corporate entities.*

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*2012 Q1 Inpatient Market Share, 10 County Western PA Region; based on aggregate discharges
Source: UPMC Website; Official Statement, Monroeville Financing Authority, UPMC Revenue Bonds Series 2012
### University of Pittsburgh Medical Center

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<th>Characteristic</th>
<th>Features</th>
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| **Integrated Governance** | • UPMC governs all clinical activities of inpatient and outpatient facilities as well as physicians including employed (Faculty/Non-Faculty) and affiliated physicians.  
• SOM Dean is involved in clinical enterprise strategic decisions, along with Operating Division EVPs (Insurance, Hospital and Community Services, UP Physician Services [FPP]) and the Health System CEO; Dean maintains joint oversight of UP Physicians for academic affairs and compensation. |

**Source:** Interview, Steven Shapiro, UPMC. 2013. Levine, Arthur S. et al. “The Relationship Between the University of Pittsburgh School of Medicine and the University of Pittsburgh Medical Center – A Profile in Synergy. Academic Medicine, 83(9): 816-826.

#### Joint Board Appointments
- Chair of Pitt Board is the Vice Chair of the UPMC Board
- University is allocated 8 of the 24 seats on the UPMC Board

- **UPMC Board of Directors**  
  - 24 Seats
  - President & CEO, UPMC  
    - Jeffrey Romoff
  - EVP and CMSO, UPMC & President, Physician Services Division  
    - Steven Shapiro, MD
  - EVP, UPMC & President, International and Commercial Services Division  
    - Charles Bogosta
  - EVP, UPMC & President, Hospital and Community Services Division  
    - Elizabeth Concordia
  - EVP, UPMC & President, UPMC Insurance Division  
    - Diane Holder
  - University of Pittsburgh Physicians, Clinical Department Chairs

- **University of Pittsburgh Board of Trustees**  
  - 36 Voting Members
  - Chancellor, University of Pittsburgh  
    - Mark Nordenberg
  - Senior Vice Chancellor, Health Sciences & Dean, SOM  
    - Arthur Levine, MD
  - 6 Professional Schools of Health Sciences

*Clinical department chairs and faculty report to UPMC for clinical activities and to the Dean for academic activities. “Receive 2 paychecks.”*
## Fiscal Transparency
- The SOM and Health System are not integrated financially, yet engage in significant cross-institution financial support.
- UPMC transfers money for academic research and teaching programs, including a transfer based on clinical revenue.

## Compensation & Incentives
- Incentives and goals for the SOM and medical center leadership are aligned, and there are joint performance evaluations across the organization (both Medical Center and SOM).
- Faculty receive two paychecks – one for clinical services from UP Physicians and one for academic service from the SOM (dual-faculty only).
- For clinical work, RVUs still drive compensation. Individual departments control compensation plans; 20% of incentive is based on quality.
### University of Pittsburgh Medical Center

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<td><strong>Access to Capital</strong></td>
<td>• UPMC makes payments through a long-term affiliation agreement to the SOM in the form of discretionary funds to the SVC/Dean for faculty recruitment, innovative research programs, and major equipment purchases ($40M in 2012) in addition to payments for research and teaching (total contribution in 2012 – over $200M).</td>
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<td><strong>Management of Risk</strong></td>
<td>• UPMC Health Plan enrolls 2.1 million beneficiaries, including 110,000 MA beneficiaries.                                                      • MA Plans: UPMC is using MA as a vehicle to move toward greater capitation. Currently there are still non quality-based insurance plans, but UPMC is moving toward greater quality-based payments.</td>
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<td><strong>Scale</strong></td>
<td>• UPMC recognizes that despite its current size, it will need fewer hospital beds in particular areas.                                                                                                     • Expanding in the local/regional market and growing its international business, and its subsidiary enterprises, are seen as critical for UPMC.</td>
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<td><strong>Primary Care Network Development</strong></td>
<td>• UPMC includes Community Medicine, Inc. - a 501(C)3 organization that is a consolidation of 100 community-based practices (mostly primary care). These physicians complement existing UPMC faculty physicians. A common MSO is in place for the FPP and CMI to supply physician services.</td>
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<td><strong>Data Analytics &amp; Performance Measurement</strong></td>
<td>• UPMC is developing an enterprise “big data” warehouse with an integration layer, including genomics, that creates a single source of information across systems, allowing for complete integration.                                                                 • Financial and quality performance metrics are transparent across all organizations and shared broadly. • Motto – “Smart technology and good science make good patient care.”</td>
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<td>Cost Management/Quality of Care</td>
<td>• UPMC Health Plan contracts with primary care providers using a PCMH/shared savings arrangement. Specialty physicians are incentivized to develop high quality, lower cost services as PCPs will gravitate toward specialists who are low cost and high-quality.</td>
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**UPMC Primary Care Practices: Supported by the UPMC Health Plan**

- **Supported By Plan Resources**
  - Case/Disease Managers, Lifestyle Coaches, Behavioral Health
  - Health Planet Disease Registries Care Plans
  - Case Review Committees
  - Plan Pharmacists

- **Practice Based**
  - Practice Manager
    - Goal: Increase practice health care team collaboration.
    - Focus: Assisting practices in meeting target goals for Shared Savings Program

- **Supports: Physicians Health Care Team and Members**
  - Educates patients on conditions
  - Prepares patients for visits, reduces needs, etc.
  - Informs physicians of new treatments and research updates

**Referrals to High-Performing Specialists**

- Specialists are developing clinical pathways and other tools to improve quality and lower costs.
- Specialists are incentivized by referrals; primary care physicians incentivized through shared savings targets.
- Both primary care physicians and health plan benefit financially.
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| **Education, Research, & Innovation** | • The SOM is beginning to build into the curriculum instruction on efficient models of care and will get cost information into the hands of students.  
• UPMC will focus on Precision (Personalized) Medicine and through its strong partnership with the SOM, UPMC believes that it can move to a prevention/personal and population health management approach to care delivery. A 340,000 square foot Institute for Personalized Medicine is slated for a 2016 opening.  
• UPMC/SOM are discussing scope of practice and have as their focus the creation of interprofessional care teams. |
| **Open Architecture – Engaging with community providers** | • UPMC employs different contracting vehicles to develop relationships with community providers including primary care/specialty physicians (Community Medicine, Inc.). In addition, UPMC continues to develop and expand on its more than 17 “Community Provider Services” agreements with SNF, home care, and ambulatory rehabilitation providers. |