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 aligned
   - Trust about resource allocation and performance
   - Mergers/systems up to the task

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

4. New Physician Leadership and Evolution of Practice
   - Chair roles focused on leadership frameworks
   - Economic and administrative
   - New roles for physician executives

5. Transparency in Quality, Performance, Financial Data
   - True understanding of complete cost structure
   - Quality reporting and outcomes critical to brand
   - Measures to demonstrate value to purchasers

6. More Efficient Operating Models to Bend the Cost Curve
   - Compete with cost-efficient competitors
   - Commitment to cost reduction key
   - Skills like EDAN become essential

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

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.

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<th>Project Team</th>
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Questions or Comments?
Please contact Tom Enders and Joann Conroy
Profiled Institutions
VCU Health System

Profile Takeaways

- VCUHS is on an institution-wide “journey to high reliability” with three main focus areas: core quality, patient safety, and service excellence. The ultimate goal of this effort is to build a level of institution-wide level of quality that is driven by culture.
- Through its Medicaid managed care product, programs that manage the health of uninsured individuals, and its emerging analytic infrastructure, VCUHS has experience in developing care models to manage the most complex of patients.
- VCUHS executive compensation system holds health system leaders accountable for both the financial performance and the patient quality/outcomes of the entire system. In addition to productivity, the physician compensation system includes a significant portion of compensation tied to ‘Citizenship Metrics’

Interviewees:
- Sheldon Retchin, Senior Vice President for Health Sciences, VCU & CEO, VCU Health System
- John Duval, CEO, Medical College of Virginia Hospitals, VCU Health System

Profile Completed on November 1, 2013
Virginia Commonwealth University Health System: Mission and Vision

Mission:
VCUHS is established to preserve and restore health for all people, to seek the cause and cure of diseases through innovative research, and to educate those who serve humanity.

Vision:
VCUHS is committed to excellence in patient care and education as the preeminent AMC in the mid-Atlantic region, dedicated to:

- Demonstrating superior value
- Securing position as a leader in integrated deliver systems
- Fostering contributions of all care team members to patient care

- Educating the next generation in leading edge techniques
- Applying novel research in clinical and basic sciences
- Ensuring sufficient assets to support mission and vision.

Market Situation:
Service Area: 22% market share (2010).
- > 50% market share for several T/Q Services (e.g., BMT, Burns, Heart Transplant, Solid Organ Transplant, and Trauma) and plurality share of others.
- Relatively fragmented market
- Major competition:
  - Bon Secours Health System – 4 Hospitals, 200 physician medical group
  - HCA – 6 Hospitals and 1700 providers
  - Virginia Medicaid expansion still undecided

VCU Health System (Authority) – public corporate body and political subdivision of the Commonwealth of Virginia and operator of Medical College of Virginia Hospitals. System encompasses MCV Hospitals, MCV Associated physicians (FPP), Children’s Hospitals of Richmond at VCU and Virginia Premier Health Plan. The VCU Medical Center encompasses the clinical delivery components of the VCU Health System and academic components of the VCU Health Sciences schools.

## VCU Health System

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<th>Characteristic</th>
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<td>Integrated Governance</td>
<td>- VCU Health System Authority is the organizational entity overseeing all clinical activities (MCV Hospitals, MCV Physicians, Virginia Premier Health Plan) as well as collaboration with the SOM. Leadership is aligned around system strategy and environmental changes happening in the market. System leadership “gets it” and realizes the change that is happening is real.</td>
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**MCV Physician leadership reports up through the Dean to the CEO of the Health System who has responsibility for both clinical and academic responsibilities across VCU.**
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| **Compensation & Incentives** | • Faculty compensation is currently RVU driven with salaries and bonuses set by the group practice (MCV Physicians). FPP is moving to centralized management such that it will mimic a multi-specialty group practice with a single compensation system for all physicians.  
• Up to 20% of compensation is tied to quality (“Citizenship”) metrics; % will grow over time.  
• Senior leaders have sizable performance incentives: 40% of incentives are tied to major quality metrics, 40% to patient satisfaction and experience, and 20% to margin.  
• Chairs incentives are tied to academic goals, compliance, and quality. |
| **Management of Risk**      | • Population health management in inner-city Richmond exists currently through the Virginia Coordinated Care (VCC) program, though without the development of a formal ACO. VCUHS is very focused on complex care models designed to take care of high-cost patients and are seeking health plan partners.  
• The VCC coordinates providing medical services – hospital and ambulatory – to qualified uninsured individuals in the Richmond area at reduced rates. Averaged 50% cost savings per enrollee after 3 years of continuous enrollment in the program.  
• VCUHS Owns a Medicaid Managed Care Product – Virginia Premier Health Plan which currently covers over 170,000 lives. Recently, the Virginia Premier Health Plan has been awarded a contract, along with two other plans in Virginia, to enroll dual-eligibles. |
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| Scale                                | • VCUHS is expanding for specific reasons – to reduce cost of care, support education and research as well as high-quality clinical programming – not just for referrals.  
• They do foresee geographic expansion, but not simply through acquisition. |
| Data Analytics & Performance Measurement | • A major focus in the future will be investments in analytic capacity. They view a robust analytic infrastructure as a vital component in their efforts throughout the system to increase quality and reduce costs.  
• This increased analytic capacity will also be applied to their HMO product as they focus on the subset of their population that are the “frequent flyers” in the system. |
| Cost Management/Quality of Care       | • VCU is on what they call a “journey to high reliability” which contains three main focus areas: core quality, patients safety, and service excellence. Through this journey their focus is to build a level of institution-wide quality that is driven by culture.  
• Through the RAM-Care program evidence-based protocols, pathways, and guidelines are being established for disease cohorts. 13 diagnostic cohorts are in process to-date and are focused on removing clinical variation.  
• The VCU Office of Clinical Transformation is working to develop predictive medicine systems to drive unnecessary costs out of patient care and increase care quality. |
# VCU Health System

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| **Education, Research, and Innovation**     | • VCUHS includes GME as part of their quality incentives for system leaders. Residents are trained using new technologies such as clinical simulation and are eligible for bonuses based on quality metrics.  
• Future GME strategies include aligning with the workforce needs of Virginia and aligning GME with the clinical programs in which they excel. In their eyes, in a time of constrained resources, it may not make sense to try to do everything. |
| **Open Architecture – Engaging with Community Providers** | • A purely bricks and mortar strategy is not in VCUHS’ plans. They feel they can take their expertise into surrounding communities to complement existing services already serving the population. |