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

<table>
<thead>
<tr>
<th>Project Focus</th>
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<tr>
<td>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.</td>
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<td>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.</td>
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<td>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.</td>
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<th>Our Methodology</th>
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<td>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.</td>
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<td>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.</td>
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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
   - Merge or Affiliate with Mega-system
   - Population Health Manager
   - Specialized Complex Care Leads
   - Public Entity Statewide Hub
   - High-Performance Regional Systems

2. Strong, Aligned Governance, Organization & Management Systems
   - Leadership strategically aligned
   - Alignment of 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, services, transparency

4. New Physician Leadership and Evolution of Practice
   - Chair roles focused on leadership and management
   - Community-based physician expansion
   - New roles for physician executives

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 like EMR become essential

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

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.

Project Team

<table>
<thead>
<tr>
<th>Joanne Conroy, MD</th>
<th>Ivy Baer</th>
<th>Alex Morin</th>
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<tbody>
<tr>
<td>Chief Health Care Officer</td>
<td>Senior Director and Regulatory Counsel</td>
<td>Senior Analyst</td>
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<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:Tenders@manatt.com">Tenders@manatt.com</a></td>
<td>Questions or Comments? Please contact Tom Enders and Joann Conroy</td>
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Profile Takeaways

• Although operating as two separate entities, Yale University School of Medicine and Yale New Haven Health System share an objective of making high value care available and continuing to offer the “destination” services of an academic medical center. The Yale School of Medicine is also the architect of its research and teaching missions.
• The Yale Medical Group (faculty practice plan) is working to develop its infrastructure to support clinical practice growth in a cost effective and efficient manner.
• Both organizations are collaborating on a number of key initiatives including clinical integration, primary care network development, Epic optimization and data analytics.

Interviewees:
• Paul Taheri, M.D., Chief Executive Officer Yale Medical Group
• Christopher O’Connor, Chief Operating Officer Yale New Haven Health System
## Yale University School of Medicine Overview

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<tr>
<th>Characteristics</th>
<th>Features</th>
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<tr>
<td><strong>Size</strong></td>
<td>• 1,161 students (all programs)</td>
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<td>• 2,447 full-time faculty members</td>
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<td></td>
<td>• 3,314 staff members</td>
</tr>
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<td></td>
<td>• $1.3B operating budget</td>
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<td><strong>Research</strong></td>
<td>• 1,815 awards totaling $510.4 million</td>
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<td>• 5\textsuperscript{th} for NIH funding among medical schools</td>
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<tr>
<td></td>
<td>• 3\textsuperscript{rd} for NIH funding per faculty member</td>
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<td><strong>Yale Medical Group (Faculty Practice Plan)</strong></td>
<td>• One of the largest academic multi-specialty group practices in the United States</td>
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<td>• 1,081 faculty members (full-time and part time)</td>
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<td></td>
<td>• Over 100 specialties and subspecialties</td>
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<td>• Over 135 programs, services and centers</td>
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<td></td>
<td>• $526M clinical income</td>
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## Yale New Haven Health System Overview

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<tr>
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<th>Yale-New Haven Hospital</th>
<th>Bridgeport Hospital</th>
<th>Greenwich Hospital</th>
<th>Northeast Medical Group</th>
<th>System Total</th>
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<tbody>
<tr>
<td><strong>Medical Staff</strong></td>
<td>4,138</td>
<td>825</td>
<td>545</td>
<td>552</td>
<td>6,060</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>11,436</td>
<td>2,512</td>
<td>1,754</td>
<td>1,091</td>
<td>18,529</td>
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<tr>
<td><strong>Total Licensed Beds</strong></td>
<td>1,541</td>
<td>383</td>
<td>206</td>
<td>-</td>
<td>2,130</td>
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<td><strong>Inpatient Discharges</strong></td>
<td>80,647</td>
<td>18,469</td>
<td>12,564</td>
<td>-</td>
<td>111,680</td>
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<tr>
<td><strong>Outpatient Encounters</strong></td>
<td>1,078,194</td>
<td>237,520</td>
<td>297,888</td>
<td>-</td>
<td>1,612,602</td>
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<tr>
<td><strong>Net Revenue</strong></td>
<td>$2,314,000</td>
<td>$463,853</td>
<td>$368,581</td>
<td>$105,127</td>
<td>$3,497,625</td>
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*Note: FY 2013 Forecasted Data*
Yale New Haven Health System Structure

Yale-New Haven Delivery Network
- Yale-New Haven Hospital
- Yale-New Haven Children’s Hospital
- Yale-New Haven Psychiatric Hospital
- Smilow Cancer Hospital, Care Centers and Boutique

Bridgeport Delivery Network
- Bridgeport Hospital
- Bridgeport Hospital Foundation

Greenwich Delivery Network
- Greenwich Hospital
- Greenwich Health Services, Inc.
- Greenwich Hospital Home Care & Hospice

Northeast Medical Group
- Hospital physicians
- Community physicians

Yale New Haven Health System Infrastructure
Corporate Services
- Budgeting
- Call Center
- Corporate Compliance
- Corporate Finance
- Decision Support
- Treasury
- Financial Planning
- Government Affairs
- Human Resources
- Workers’ Compensation
- Health Benefits/Admin
- Compensation & Benefits
- Information Technology
- Internal Audit
- Institute for Excellence
- Legal Services
- Managed Care
- Marketing
- Materials Management
- Office of Emergency Preparedness
- Performance Management
- Planning & Business Development
- Reimbursement
- System Business Office

Yale University
Yale University School of Medicine and Yale New Haven Health System Governance Relationships

Legend
- Yale University President nominates 3 Yale New Haven Health System Directors
- Yale University President nominates 4-5 Yale-New Haven Hospital Trustees
- Yale-New Haven President and COO as well and the Chief Medical Officer are members of the Yale Medical Group Board
- 20% Northeast Medical Group Board comprised of Yale Medical Group physicians
## Yale Medical Group Structure and Fiscal Transparency

<table>
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<th>Characteristic</th>
<th>Features</th>
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<td>Role of Chairs</td>
<td>• Yale Medical Group includes 19 department Chairs who are moving towards functioning as a multispecialty group. Although each department is autonomous and has its own bottom line, departmental losses are absorbed within Yale Medical Group.</td>
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| Practice Infrastructure  | • Yale Medical Group charges a tax on revenue for operations that support their back office functions that are essentially billing, collecting and the compliance infrastructure.  
• Yale Medical Group performs the billing function for Northeast Medical Group.  
• Yale Medical Group wants to evolve into a more robust organization capable of supporting community physician group integration and is working toward that end. |
| Fiscal Transparency     | • Yale-New Haven Hospital transfers over $190M to Yale Medical School for clinical program support/services.  
• Within Yale Medical Group, losses are shared and covered by the other departments. |
| Compensation & Incentives| • Faculty incentives are driven at the department level (often a combination of RVUs and citizenship metrics). Quality incentives are included in the citizenship portion of incentive compensation, but are minimal. |
| Management of Risk      | • No risk-based contracting currently, but are investigating using bundled payments as an approach to test quality based payments with physicians and are set to participate in the CMMIT BPCI program. |
Yale University School of Medicine and Yale New Haven Health System Collaboration

• Long standing collaboration for clinical care, teaching and research
  ➢ Yale University affiliation with Yale-New Haven Hospital updated in 1965
  ➢ Yale University affiliation with Yale New Haven Health System since 1999

• Clinical services/ service line planning

• Enterprise-wide Epic implementation

• Specialty referrals/inter-hospital transfers (Y-Access)
Yale University School of Medicine and Yale New Haven Health System Clinical Integration

Clinical Integration Activities

• Common information technology platform (Epic)
• Common clinical protocols and clinical redesign underway across the enterprise
• Establishment of medical home pilots in two Northeast Medical Group primary care practices
• Establishment of quality metrics in select specialties to measure and improve care delivered
• Centers for Medicare & Medicaid Services bundled payments and readmissions reduction grants

Ongoing and Future Collaborations

• Primary care network development
• Clinical trials
• Epic optimization
• Data analytics