



Board of Regents Work Session

February 2017

February 9, 2017

12:45 - 2:15 p.m.

West Committee Room, McNamara Alumni Center

BOR - FEB 2017 - Work Session

1. Discussion of M Health Agreement

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BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents Work Session

February 9, 2017

AGENDA ITEM: Discussion of M Health Agreement

- Review**

 Review + Action

 Action

 Discussion
- This is a report required by Board policy.*

PRESENTERS: President Eric W. Kaler
 Brooks Jackson, Dean, Medical School and Vice President for Health Sciences
 Bobbi Daniels, CEO, UM Physicians, Vice Dean for Clinical Affairs, Medical School

PURPOSE & KEY POINTS

The purpose of this work session is a discussion of whether to renew, terminate, or modify the University of Minnesota (M Health) agreement, which is currently in year four of a five-year term. The Board will also discuss successes under the current structure and management’s assessment of opportunities for improvement, some of which require changes within University of Minnesota Physicians (UMP) and others within Fairview Health Services (FHS).

In 2013, the Board approved definitive agreements to create M Health. The agreement requires one-year advance notice to terminate, which means a decision to give or not give notice must be made by June 1, 2017. Absent such a notice, the agreement automatically renews. Termination of the Master Agreement would also trigger termination of the M Health branding agreement, meaning the M Health name could not continue to be used without the University’s consent.

Separate from renewal of the M Health agreement, the affiliation agreement with FHS has a 30-year term that will end in 2026. Termination of this agreement requires three-year advance notice of non-renewal or it will automatically renew.

Key questions include:

- To what extent has the M Health agreement met the Board’s original goals?
- Is there Board support for University and/or UMP actions that could make the agreement more successful?
- What Board priorities should management consider in developing a recommendation about whether to renew the agreement?
- What alternatives would need to be in place if the agreement is not renewed?

BACKGROUND INFORMATION

M Health is a joint management structure and virtual financial integration of the operations of the University of Minnesota Medical Center (UMMC), UMP, and integrated services that extend throughout the Fairview system. The original goals of the structure were to deliver a better patient experience; support enhanced clinical quality, innovation and efficiency; and drive growth and revenue. Goals also included additional funding to enhance the academic mission, increase on-site training and inter-professional education, and support for health research.

The Board has participated in the following discussions about M Health:

- February 2014: *Integrated Structure Naming*, Board of Regents.
- October 2014: *Update on University of Minnesota Health*, Board of Regents.
- May 2013: *Resolution Related to New Integrated Structure for Patient Care Services*, Board of Regents.
- May 2012: *Resolutions Related to Ambulatory Care Center & New Integrated Care Structure*, Board of Regents.
- 1997: establishment of the University of Minnesota Physicians.
- December 1996: University Hospital sold to Fairview Health Services.

M Health Update

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February 9, 2017

Brooks Jackson, M.D., M.B.A.
Dean, Medical School, Vice President for Health Sciences

Bobbi Daniels, M.D.
CEO, UMPHysicians
Vice Dean for Clinical Affairs, Medical School



MEDICAL SCHOOL | UNIVERSITY OF MINNESOTA PHYSICIANS

What does success look like?

An Integrated Academic Health System that is:

- Patient-centered
- A destination health system for patients, students, faculty and physicians
- The destination for tertiary/quaternary care for all of Minnesota and the upper Midwest
- A world leader in optimizing and advancing prevention and treatment
- Inextricably linked to the medical school and alignment of clinical care, research, education
- Highly ranked by US News, NIH, and Start Class



MEDICAL SCHOOL | UNIVERSITY OF MINNESOTA PHYSICIANS

What does success look like?

Our system must offer/have:

- A culture of excellence
- Alignment across the system that is a dynamic learning organization
- A flagship hospital, teaching and research on a single integrated campus
- Infrastructure that supports efficient/effective faculty work
- Modern, high quality clinical facilities
- Entrepreneurial and innovative opportunities



What does success look like?

- Top patient satisfaction
- High-value and competitive affordable care
- Team based care delivery
- Market-leading patient access and coordination of care
- Fully leveraged integration of care across specialties
- Major and growing market share; strong financials



What does success look like?

- Strong and meaningful academic physician leadership
- Commitment to and investment in recruitment and retention of faculty
- Strong research infrastructure and resources
- To be renowned for extending knowledge and providing new solutions to health care challenges
- Delivery of outstanding education and training across the system





“M” is for All of Us

DRIVING A HEALTHIER FUTURE

University of Minnesota Health represents a collaboration between University of Minnesota Physicians and University of Minnesota Medical Center.

M Health is driven to heal, discover and educate for longer, healthier lives



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MHealth

- In 1996, the University Hospital was sold to Fairview Health Services (FHS)
- In 1997, University of Minnesota Physicians was formed
- In 2012, UMP, FHS, and the Medical School negotiated the framework of an integrated structure
- M Health began in 2013 for an initial 5 year term
- A joint operating agreement between Fairview Health Services and UMP creates virtual financials to align budgeting, capital allocation and performance.
- It integrates and aligns management of
 - University of Minnesota Medical Center (including Minnesota Masonic Children's Hospital), Maple Grove Medical Center (clinics)
 - UMP on the UMMC campus
 - Integrated UMP/UMMC service lines that extend throughout the Fairview system (cardiovascular, oncology, mother and children)



MHealth - Co-leadership

Decision making responsibility clearly with the CEO of UMP or UMMC President.

For example:

- UMP CEO is responsible for all physician functions, CSC, clinical quality, marketing and branding, clinical research, education
- UMMC/Fairview is responsible for hospital-related operations and support functions, credentialing, communications, administrative functions
- Each parent organization is responsible for compliance and risk management for their own organizations.
- Jointly leaders collaborate on capital budgets/plan and starting up and closing down University-branded clinical service lines

UMMC and UMP teams are integrated throughout MHealth



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M Health - Goals

To deliver a better patient experience and support enhanced clinical quality, innovation and efficiency to drive growth and revenue.

- 1) Improve patient care
 - Provide a seamless experience
 - Develop new care models to better serve patients and in line with anticipated health care reform
- 2) Enhance the Academic Mission
 - Generate additional funding
 - Increase standing of Medical School and other health sciences schools
 - Increase on-site training and inter-professional education
- 3) Support health care research
 - Increase focus on clinical trials
 - Speed research from the lab to the bedside



M Health - Outcomes

- M Health opened CSC
 - Developed state of the art care model in new Clinics and Surgery Center, including re-engineering over 200 steps in providing patient care, achieving national recognition from peers, several national awards, and developing new financial model that addresses patient concerns about high costs
- M Health expanded programs
 - Expansion of UMP ICU and NICU coverage across Fairview system to better distribute care and allow patients to receive care closer to their home
 - Expansion of service lines, both to better serve the community and expand reach within the 5 state region for tertiary programs (i.e., advanced heart failure)
 - Signature Health
 - Cosmetic Dermatology
 - Woodbury Pediatric Specialty Clinic
 - M Health Maple Grove Specialty Service Expansion
- Enhanced academic support through the partnership
 - Increased funding to the Medical School



M Health - Outcomes

Quality Indicators

- Improved inpatient satisfaction with Physician Communication from 26th in 2014 to 52nd percentile in 2015
- Improvement in inpatient mortality - reduced from .95 in 2014 to .80 in 2015 (from 29th to 80th percentile)
- Improved sepsis mortality from 1.43 in 2014 to 1.15 (20th percentile) in 2015
- Improved 30 Day readmissions from 12.86% in 2014 to 12.67% in 2015 (30th percentile)



UMP Practice Growth

UMP Clinical Practice Growth and Success

- UMP revenue increased from \$336 million in 2009 to \$511 million in 2016
- New patient visits increased 22% in 2015
- Direct academic support from UMP to department chairs of \$81 million in 2016
- Academic support to the Medical School of \$10 million in 2016 (Dean's tax is 2.8%)
- Ranked 3rd nationally in the Vizient Ambulatory Care, Quality and Accountability Award in 2016



M Health - Process

- The initial term of the M Health agreement ends June 1, 2018 and automatically renews at that time unless termination notice given by either party (university or FHS) 1 year in advance (June 1, 2017)
- If either party decides to terminate, the MHealth agreement would end June 1, 2018
- That termination would also trigger termination of the MHealth branding agreement
- While much has been accomplished, the agreement should not be renewed as it is currently written and would benefit from re-negotiation of key points



M Health - Opportunities

Areas to consider:

- Financial targets that better align goals, incent performance, and provide capital to update facilities and achieve strategic growth
- Simplified contracting
- Achievement of benchmark academic support and market compensation for academic physicians
- Better dissemination of clinical trials throughout the system
- Increased alignment with broader Fairview and University that are modeled on collaboration of current M Health team



M Health - Opportunities

- Achieve increased efficiency and alignment between the medical school, UMP, and Fairview to reduce overhead costs
- Assure that best practices in risk management are applied, particularly for non-UMP services within M Health More standardized approaches to external communications, particularly when University name is being used
- Ensure best practices across the system are adopted as appropriate
- Understanding of where academic medical centers are the same and when they are different from community hospitals so that all parts of Fairview system can perform at highest level



M Health - Questions for the Board of Regents

- To what extent has the agreement met the Board's original goals?
- Is there Board support for University and/or UMP actions that could make the agreement more successful?
- What are the Board's most important priorities management should consider in developing a recommendation about whether to renew the agreement?
- What alternatives would need to be in place if the agreement is not renewed?

