

Integrated Structure for Patient Care Services

Board of Regents

May 10, 2013

President Eric Kaler

Aaron Friedman, Vice President for Health Sciences
and Dean, Medical School

Bobbi Daniels, Vice Dean, Medical School and CEO, UMPHysicians



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

University – UMP – Fairview Relationship

- Institutions Sharing a Common Commitment
 - Clinical Excellence
 - Research
 - Education
- Relationship needs to evolve
- Revolutionary changes in healthcare
 - Providers
 - Academic institutions
- Integration is key across the care spectrum



University – UMP – Fairview Relationship

- The market demands integration of education, research and clinical care
- We are well positioned
 - One of the nation's most comprehensive Academic Health Centers
 - Track record of innovation
 - Commitment to excellence
 - Legacy of meeting community needs and providing high quality care



University – UMP – Fairview Relationship

Next step:

A new structure to better govern, manage and operate our academic clinical enterprise



UNIVERSITY OF MINNESOTA

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New Integrated Clinical Model

- Joint management structure
 - Co-leadership
 - President of UMMC
 - CEO of UMPHysicians
- New board to govern the Integrated Structure
- Enhanced financing of University's academic mission
- Builds on 1997 affiliation agreement – which remains unchanged



Vision and Goals

- Vision
 - National leader in:
 - Outcomes
 - Research
 - Education
 - Ranking among the top 10 percent of academic medical centers in the nation



Vision and Goals

- Goals

- Improve patient care
 - Provide a seamless experience
 - Develop care models in line with health care reform
- Enhance Education
 - Generate additional funding
 - Increase standing of Medical School and other health sciences schools
 - Increase on-site training and interprofessional education
- Support health care research
 - Increase focus on clinical trials
 - Speed research from the lab to the bedside



Integrated Structure Master Agreement

- Limited Liability Company owned by UMPPhysicians and Fairview
- New Board appointed by University/UMP/Fairview
- Co-led by UMMC President and UMPPhysicians CEO
- Five-year agreement – automatic renewal unless one party seeks to end it



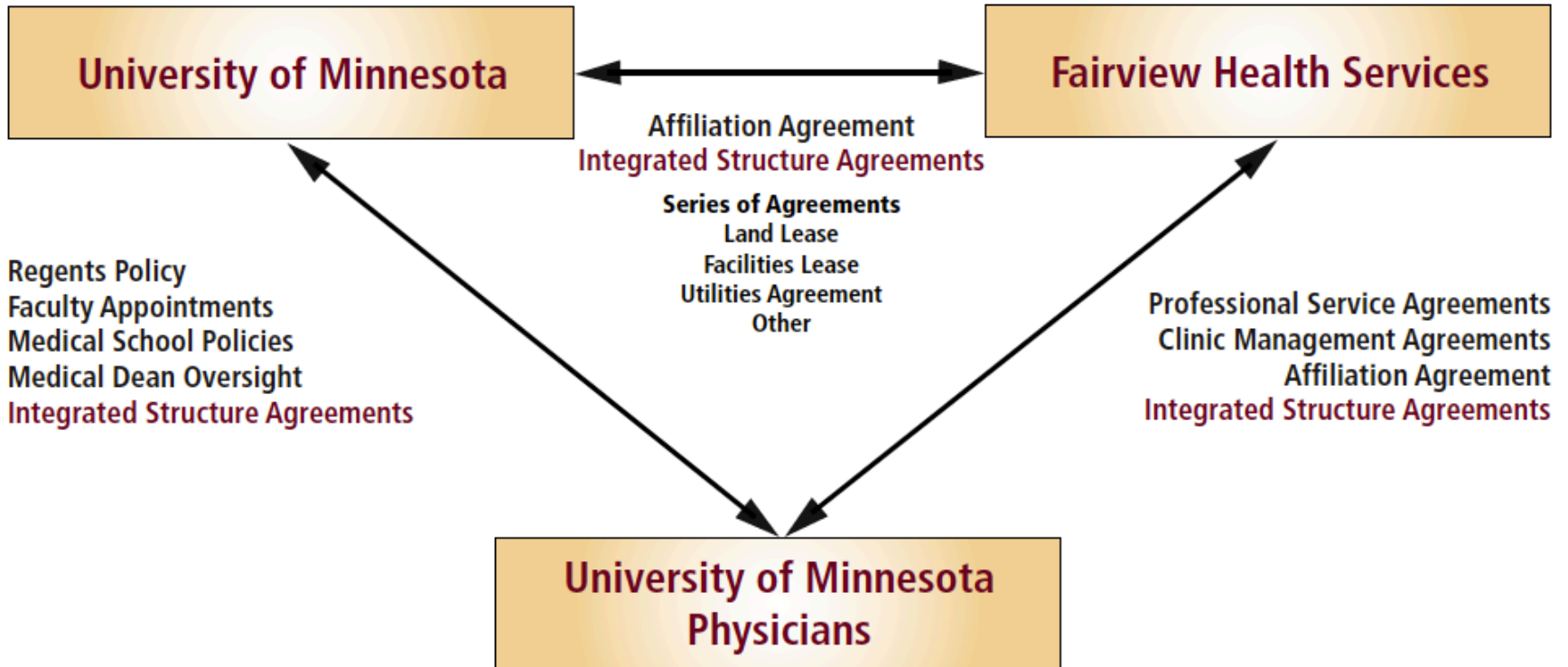
Integrated Structure Master Agreement

- Shared governance, shared management
- Single strategic, operational and management model
- Functional integration of clinical and administrative services
- Not a merger, acquisition or take-over
- Underlying agreements between University, Fairview and UMPPhysicians continue



The Triangle of Agreements

Among the University, UMP and Fairview Health Services



Integrated Structure - Scope

- University of Minnesota Medical Center
- University of Minnesota Amplatz Children's Hospital
- UMPhysicians outpatient clinics
- UMP-Fairview services:
 - Cardiology
 - Oncology
 - Mother and children's services
 - UMP services at Fairview's Maple Grove facility (except surgery)
- Future proposed Ambulatory Care Center

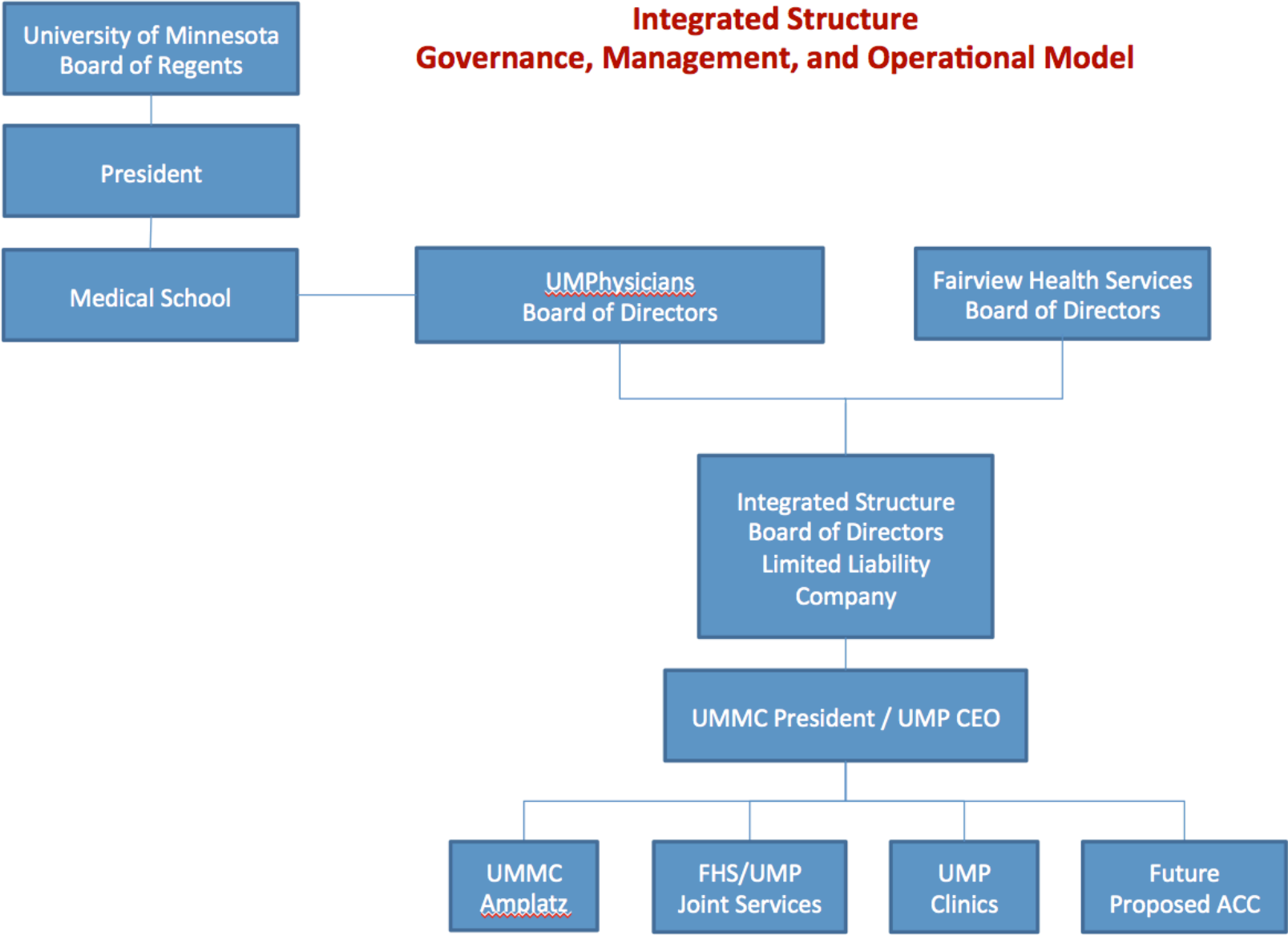


The Combined Integrated Structure

- 700,000 patient clinic visits annually
- 35,000 hospital admissions annually
- 7,500 staff and 800 UMPHysicians doctors
- \$1.9 billion in annual revenues:
 - 55 percent of Fairview's total revenues
 - 80 percent of UMPHysicians total revenues



Integrated Structure Governance, Management, and Operational Model



Board of Directors

- 12 Members
 - Dean of the Medical School (will serve as Chair)
 - Four members appointed by UMPPhysicians/University
 - Fairview CEO
 - Four members appointed by Fairview
 - Co-presidents of the Integrated Structure serve as non-voting members
- Dean's approval required for any action with material impact on academic programs
- New board in place by end of 2013
- Current UMMC and UMACH boards will be disbanded



Strategic Plan and Finances

- Single Strategic Plan for the IS enterprise
- Single management, operational and financial model
- Integrated operating and capital budget with shared financial and operational goals
- Virtually integrated profit and loss statements
- The three organizations remain independent, with separate balance sheets



Management

- Single management team led by UMMC President and UMPPhysicians CEO
- Co-management of all the major service units
- Functional integration of clinical and administrative services
- Enterprise will continue to use Fairview Epic System and UMPPhysicians professional services coding system
- IS management will make choices about other support services based on quality, service and cost



Increased Academic Support

- Opportunity to generate additional earned revenue to:
 - Invest in academic medicine, research and education
 - Continue to contribute to Fairview financial performance
- Annual amounts to the Medical School
 - \$7 million in first two years
 - \$8 million in the next two years
 - \$10 million for the next six years
- Payable in quarterly payments with fourth payment contingent on meeting net income target
- Opportunity for incentives and additional revenue if targets are exceeded



University Reserved Powers

- University retains all current authorities over clinical enterprise including:
 - Approval of new UMPPhysicians sites or ventures
 - Approval of faculty appointments
 - Approval of the CEO of UMPPhysicians
 - Approval regarding potential closure of any academic program
 - Approval/veto of any changes to Fairview system bylaws that adversely affect the University's rights
 - Approval of the use of the University name



University Reserved Powers

- Regents approve IS board members upon recommendation of UMPHysicians, Dean and President
- Medical School Dean's approval required for any IS action that has material impact on academic programs
- UMPHysicians and Fairview also retain certain reserved powers including:
 - Approval of IS budget
 - Addition of new members
 - Capital calls
 - Activities that could put the IS in conflict with UMPHysicians and Fairview



Resolution

- Authorizes the President to execute a proposed Master Agreement and Academic Support Agreement for the Integrated Structure
- Proposed agreements are based on the principles and expectations detailed by the Letter of Intent authorized by the Board in April 2012 and executed in May 2012
- The two proposed agreements were approved by the UMPHysicians and Fairview Health Services governing boards in April 2013





REGENTS OF THE UNIVERSITY OF MINNESOTA RESOLUTION RELATED TO NEW INTEGRATED STRUCTURE FOR PATIENT CARE SERVICES

WHEREAS, the University of Minnesota (“University”) is party to an academic Affiliation Agreement with Fairview Health Services, a Minnesota nonprofit corporation (“Fairview”), pursuant to which the academic mission of the University and its Academic Health Center (“AHC”) is supported through collaboration in the provision of healthcare services to the people of Minnesota and others;

WHEREAS, University of Minnesota Physicians, the designated practice organization of the faculty of the University of Minnesota Medical School Twin Cities (“UMP”), is party to an Affiliation Agreement and other agreements with Fairview pursuant to which the practice of medicine is conducted at Fairview facilities in a manner supportive of the academic mission of the AHC;

WHEREAS, the University, Fairview, and UMP wish to collaborate in the development of a new business model (“Integrated Structure”) to virtually integrate the governance and management of clinical operations on the University of Minnesota Medical Center (UMMC) campus and in UMP managed service lines in the Fairview system, and to create greater coordination and support of the medical education and research activities of the University’s Medical School to better manage and deliver clinical care; to align the resources and investments of each of them to achieve their mutual goals in research, education, and outreach; and to enhance the long-term development of the entire affiliated academic healthcare system;

WHEREAS, the University, Fairview, and UMP have negotiated a Master Agreement and an Academic Support Agreement that set forth the parties’ goals and commitments with respect to the development of the Integrated Structure;

NOW, THEREFORE, BE IT RESOLVED, that the president and other appropriate University officers are hereby authorized to finalize, execute, and deliver a Master Agreement and an Academic Support Agreement between the University, Fairview, and UMP, and take such further action as may be necessary and appropriate to carry out their intended purpose, subject to obtaining any additional approvals required under Board of Regents Policy: *Reservation and Delegation of Authority*.

