

## RESOURCE INTERFACE BETWEEN AHC AND FAIRVIEW HEALTH SERVICES

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This document summarizes the resource interface between Fairview and the University as reflected in the merger and affiliation agreements, and subsequent discussions.

- The support of medical education and research within the FUMC campus is to be shared between the AHC and Fairview based on the "bucket" concept where all revenue supporting research and education collected by Fairview is balanced against the costs of these activities as identified and tracked by mutual agreement of the two parties. The deficit of cost over revenue is to be split and should there be a surplus it is to be distributed to the AHC. In the future the "bucket" mechanism may be expanded to the system level.
- In addition, Fairview will provide an educational and research grant to the AHC on a yearly basis at the level of 25% of net greater than 3.5% of operating margin at the system level or at least one million dollars, which would be offset against leasing costs.
- Fairview and the AHC have agreed upon a Joint Funding Process, with funding from both parties for initiatives that have win/win elements for clinical activities as well as academic advancement. The first round of this initiative is underway and has been characterized as a bottom-up process (investigator driven).

### Additional investments in clinical programs

centered in the Medical School fall into the final category of resource flow. The objective of these funds would be to increase patient volume for the system. Based on discussions with the Council of Clinical Sciences on October 5, 1998, we propose to address areas of clarification as they relate to the interface with Fairview and the Academic Health Center. It is our understanding that Mr. Page desired:

- a single point of contact for resource allocation in the AHC
- prioritization of important programs for support
- not to be placed in a position of diverting system resources for community competitive programs within the Fairview system
- that the prioritized requests go through the FUMC and Fairview System budgeting process

The AHC and Fairview have agreed that the single point of contact for the Medical School departments would be the dean of the Medical School.

These might include:

1. Investment in world class academic programs that are unique to the AHC in order to keep those programs on the cutting edge. These investments could include support for faculty retention and recruitment, ancillary personnel, facilities, etc. (within legal constraints).
2. Investment in community competitive programs where loss of personnel, need for equipment, etc. threatens the loss of patient volume from the Fairview system. An example might be pediatric neurology which, without support, will lose its clinical capabilities and the patient base represented in this area will be lost to the Fairview system.
3. Investment in recruiting for University physicians to serve in outstate communities where there is both a Fairview system presence and need.

These pathways would go through the FUMC budgeting process. In preparation for the FUMC budget process, the Dean will develop a prioritized list of potential clinical program investments to be considered by FUMC management and board. The Dean will develop the list through a process that would include:

1. Alignment of goals with anticipated mutual success to both parties
2. Planning that includes Medical School leadership as well as FUMC and Fairview management
3. Prioritization of the requests as a result of the process, approved by the Dean of the Medical School
4. The Dean's Office as the single point of contact for these initiatives.

The assumptions behind this model will require strategic allocation of available resources by the senior management of Fairview and the AHC.