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HEALTHCARE MANAGEMENT ADVISORS

The Evolving Academic-Community Partnership: Part II – The Proactive Collaborator

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Proactive collaboration allows AMCs and community counterparts to benefit from each other's strengths, creating value that wasn't necessarily sought or derived from more traditional partnering approaches.

In Part I of this blog post on partnerships between community hospitals/systems and academic/major teaching centers ("AMCs") we:

- Explored changes in AMC rationale for pursuing partnerships and partner attributes sought
- Identified four primary partnership approaches and examples of each

Part II looks more closely at one of the non-traditional approaches: the *Proactive Collaborator*. This approach has gained traction across the country and exemplifies how AMCs can proactively address change through innovative partnerships with community counterparts.

There is more than one way to be a *Proactive Collaborator*. We describe two models and case examples of each, below.

PROACTIVE COLLABORATOR, MODEL A: "MERGER OF EQUALS"

What it is: An AMC and community partner(s) create a new system together on equal or near-equal footing

Model is most applicable to:

- AMCs with relatively less prestige and in highly competitive markets; and
- Community hospitals/systems that are relatively strong, sizable, and stable

Why it works:

- Complementary assets
  - The AMC brings tertiary/quaternary capabilities and academic mission benefits (e.g., teaching pipeline, clinical research, quality expertise)
  - The community partner brings a more accessible network of locations and providers, greater care continuum coverage, and cost-effective care sites, among other assets
- Neither party *has* to merge, at least immediately
  - Primary rationale for collaboration is to position for long-term success, not to address financial shortfalls or other distress
  - Both parties are relatively strong upon partnering and thus parity of roles and partnering terms can be achieved

CASE EXAMPLE: Lahey Health, an integrated system serving Boston's northeastern suburbs and southern New Hampshire, and comprised of a major teaching hospital, multiple community hospitals, a robust behavioral health network, strong post-acute and continuing-care services, and a clinically integrated network.

Rationale and Motivation:

- Lahey Clinic is a mid-sized, major teaching hospital in the competitive metro-Boston market featuring multiple top-tier AMCs
- State is "ahead of the curve" on health care reform
- Provider-side consolidation is rapid and payer market is fairly consolidated
- Regulatory mandates to decrease health care spending

The Solution:

- Seek out strong, complementary community hospitals and form a new system
- Offer a much greater say in system affairs, i.e., equal board representation, than would be afforded by other potential AMC partners
- Position new system as a lower cost, suburban alternative offering the same quality as inconvenient and expensive Boston AMCs
- Actively redirect care to more cost-effective sites within the system and directly embed tertiary capabilities in community hospital settings

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- Consistently reinforce the equitable, critical role of community partners
  - Promote community hospital leaders to system level executive roles
  - Establish "Physician Leadership Councils" in each community to ensure strong local physician perspective and decision-making voice

Outcomes:

- Realized sufficient scale and enough covered lives to compete with large systems
- Increased volumes and occupancy rates in community hospitals despite decreased market utilization
- Increased referrals from legacy Lahey Clinic PCPs to community hospital-affiliated specialists
- Performed favorably in commercial and Medicare risk contracts

PROACTIVE COLLABORATOR, MODEL B: "THE ALLIANCE MODEL"

What it is:

- Parties enter into a Membership Arrangement to jointly undertake population health and/or value-based care initiatives on a regional or state-wide basis
- When an AMC is involved, as is often the case, there is typically only one and it is the founding member

Model is most applicable to/in:

- Providers seeking to expand geographic reach and share costs associated with population health infrastructure
- States or regions that:
  - Are geographically expansive with significant rural populations
  - Have a high degree of insurance market consolidation
  - Are home to multiple large employers

Why it works:

The Alliance Model facilitates meaningful collaboration and cost savings without the investment or integration of a merger. Further, it creates a new and separate umbrella entity under which a number of initiatives can be discretely organized, funded, and managed. While each Alliance has a unique structure, requirements, and goals, all focus on establishing the infrastructure and capacity to manage population health and risk.

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CASE EXAMPLE

The University of Iowa Health Alliance ("UIHA") represents some of the largest provider organizations in Iowa and surrounding states, including University of Iowa Health Care ("UIHC"), and the hospitals, physicians, and clinics of four large regional health systems.

Rationale and Motivation:

- UIHC is the only AMC in a geographically large state with low population density
- UIHC identified a strategic need to align with community partners but did not want to pursue traditional mergers or acquisitions
- Regional community health systems were already collaborating on population health initiatives
- One dominant statewide commercial health plan (Wellmark BCBS of Iowa)

The Solution:

- UIHC proposed an innovative membership arrangement enabling shared expertise and population health investment costs while maintaining significant autonomy
  - A required Master agreement covers core initiatives (e.g., primary care network development, insurance product collaboration, IT connectivity, analytics)
  - Several sub-agreements offer optional initiatives (e.g., ACO participation, shared corporate services, home care programs)
- The arrangement was structured to:
  - Provide UIHC exclusive AMC member rights
  - Allow for additional future entrants
  - Ensure board representation for all members

Outcomes:

- Selected as one of 100 new Medicare Shared Savings Program ACOs and one of two participants in an Iowa Medicaid ACO
- Launched a joint-venture narrow network insurance product with Wellmark BCBS of Iowa
- Established and funded a statewide rural physician loan repayment plan
- Developed and deployed standard evidence-based care models for common chronic conditions.

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