



**VERALON**<sup>®</sup>

TRANSFORMATIVE HEALTHCARE CONSULTING

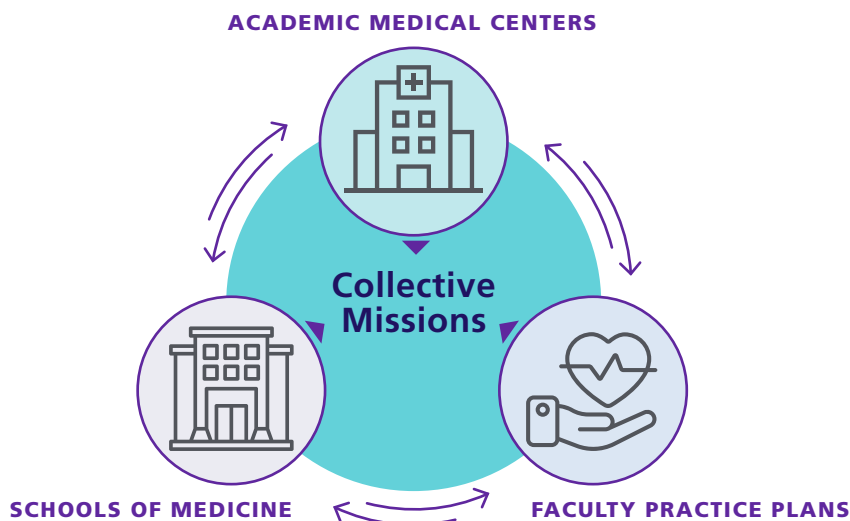
## How Can We Simplify Academic Funds Flow Budgeting?

Academic medical centers (“AMCs”) operate with multiple, detailed flows of services and funds between the health system or hospital(s), medical school, and faculty practice stakeholders. When documentation and communication about services and funds flows is ad hoc, managing these flows may absorb leadership attention that could better be focused on strategic issues and new initiatives.

Veralon can help you document the services currently provided, establish a value for each, and create a straightforward process for future communications about budgeting and tracking these services. The result? Improved accountability, transparency, predictability, and sustainability, and the ability to monitor and adjust funds flows so that resource allocations are consistent with strategic and program objectives.

The process includes:

- Inventorying and quantifying services provided by each stakeholder (medical school, faculty practice, hospital) to the others
- Identifying a transaction methodology that makes sense for you
- Recommending standardized approaches for determining funding for services and any needed subsidies
- Developing a new budgeting framework addressing faculty effort, associated services, and funding, as the basis for a master funds flow agreement



### WHY VERALON?

At Veralon we not only roll up our sleeves and gets into the details needed to inventory and value funds flows and services, we also provide the broad context for divergent stakeholders to understand. One of Veralon's core competencies is documenting and valuing all types of physician effort in a complex academic setting. We also have:

- Hands-on experience in managing academic medical center departments, and tracking transactions between entities
- The valuation tools and experience required to assign value to service flows
- Deep experience in valuing physician and healthcare services
- The experience to connect the details to the higher level strategic, fiduciary, and clinical needs of the health system.

**Veralon will create a single process that facilitates budgetary decision-making between all parties and encourages predictability, while eliminating the multiplicity and variability of individual service contract agreements.**

### **Inventory Current Sources and Uses of Funds Flowing between Entities**

---

Veralon will provide you with a line-item understanding of every activity that forms the relationship between the parties.

- Inventory services provided by who and to whom
- Review contracted revenue line items and resources allocated for delivering them
- Identify any new services or unfunded activities for discussion

### **Determine Funding Categories and Methodologies**

---

We will initiate design of a new, more efficient budget for funds flows.

- Define categories for types of services and funding, e.g., residency program direction, medical direction, program support, indigent care, clinical teaching
- Apply objective funding standards, using commonly understood funding definitions to provide the basis for calculating preferred levels of funding.
- Propose systematic approach to payment for types of services as well as level of services.

### **Align Physician Enterprise Budget Process with Clinical Resource Needs**

---

The future budget process will provide opportunities for discussion of service requirements, and automatically specify required funds flows.

- Determine processes to handle future internal transactions
- Create a master arrangement, and a process for yearly review, updating, and documenting of changes

### **Choose the Funding Method to Use in Generating Transactions**

---

We will work with you to determine the most effective approach to calculating and labeling transactions.

- Cost or expense-specific approach to specifying funding
- WRVU-based method that allows broad physician enterprise discretion in how it is applied
- Incentive model that rewards achieving specified program outcomes