The Future of Academic Health Centers is Now: Achieving Greatness in Challenging Times

Steven A. Wartman, MD, PhD, MACP
President/CEO
Association of Academic Health Centers
Where are we?

THE CURRENT ENVIRONMENT
The current environment

- Forcing changes in the ways universities and health systems operate
- Making internal inefficiencies unaffordable
- Pushing the seamless integration of academics and health care
The academic health center concept

• An institutional arrangement that seeks to align academics (education of all health professionals and biomedical and clinical research) with the care of patients
The academic health center

Two Basic Structures

• The fully integrated model
• The “split” model
Distinctive strengths

• The unique hybrid of business and academics offers considerable opportunity
• Business side adopts some academic qualities and the academic side adopts some business qualities
Academic/business hybrid

• Business side makes investments in science and education
• Academic side commits to delivering on these investments
• Both sides focus on efficiency and alignment
Goal: Achieve the “Virtuous Cycle”
What does the future hold?

THE FUTURE
Our future is a complex blend of:

• Politics
• Economics
• Health care needs and demands
• Science
• Globalization
In my view, this requires

• An integrated, optimized academic health center with effective leadership
1. Politics
The Future of the ACA?*

• **Scenario 1: Obama wins, Congress stays the same**
  – *Implementation will move forward and the pace may even pick up*

• **Scenario 2: Obama wins, Republicans take control of the Senate and maintain control of the House**
  – Increased efforts for repeal and de-funding
  – But veto proof margin unlikely, so full repeal unlikely

*Slide prepared prior to the election*
The Future of the ACA?

- **Scenario 3**: Romney wins, Congress stays the same
  - ACA implementation will slow and possibly stop
  - Full repeal unlikely because of Senate

- **Scenario 4**: Romney wins, Republicans take control of the Senate and maintain control of the House
  - Implementation drastically curtailed
  - Repeal unlikely given possible filibuster

*Slide prepared prior to the election*
Outlook for ACA implementation

• Key Issues
  – Medicaid expansion
  – Various payment cuts
  – Fate of pilot projects
  – Efforts to change payment/funding
• Expect a flurry of proposed rules from HHS in the next 6 weeks
• States have 10 days to decide re exchanges
Role of the States in Medicaid expansion

- Six Governors have said they will not expand Medicaid under the ACA (FL, GA, LA, MS, SC, TX)
- Another five are leaning towards not expanding (IA, ME, NE, NV, NJ)
- Coupled with payment cuts and scheduled cuts to DSH payments, states opting out of the Medicaid expansion could cause significant problems for academic health centers
Medicaid rules from HHS pending

• May allow States to opt in or out at will
  – Makes it politically more difficult to opt out based on an argument that the government may not honor its higher match (100% for 3 years followed by 90% thereafter)
Changes are being instituted

• Reduction in readmissions
• Insurance eligibility
• State exchanges
• Other delivery model changes (e.g., ACOs, value-based purchasing)
• The key may be the response of the provider-payer community
  – Are moving ahead with new models regardless of ACA
Workforce related provisions

• Move towards team-based interdisciplinary environments
• Emphasis on primary care with new training programs for nurses, dentists, allied health professionals and others
• Increased payments to primary care providers
• Provision for creating teaching health centers
Health workforce data

• National Center for Health Workforce Analysis in HRSA

• National Health Care Workforce Commission
  – Independent to assess demand and make recommendations
  – Named in September 2010 but has not yet been funded
Lame Duck deadlines

• Congress has 16 working days remaining when they return on the 13th to resolve some key fiscal issues:
  – Hurricane Sandy relief funding
  – Extensions of Bush tax cuts and income tax holiday
  – Sequestration (goes into effect January 2nd if no action taken) - ?postpone to next Congress
  – SGR “doc fix”
Expectations for 113th Congress

• Make-up of both Chambers about the same
• Expect more of the same?
• Fiscal and deficit issues to dominate
2. Economics
Economics of health care

• GDP for health care approaching 18%
• One out of ten jobs are in the health sector
• A complex combination of an economic juggernaut and financial drain
Is health care in the U.S. more expensive?

• The usual answer is “yes” by a factor of 2 or more

• But if one considers health as including more than just health care and as being also dependent on the “social determinants” of health, then our spending as part of the GDP is not all that different

• It’s where we choose to put our emphases as a society
Total health, social service expenditures for OECD countries

Source: OECD Health Data 2009 (Accessed June 2009); OECD Social Expenditure Dataset (Accessed Dec 2009); Health and Social Service Spending: Associations with Health Outcomes Article by Elizabeth Bradley, Ph.D., Benjamin Elkins, MPH, Brian Elbel, Ph.D.
Are there economic solutions to be found in other countries?

• Not really
• All health systems seem to be struggling with the problem of trying to meet (or limit) demand while attempting to provide adequate care
• Growing aging populations
• Growing dominance of chronic diseases
• Technologic leaps are expensive and inevitable
Economic realities are driving change regardless of politics and policy

• Payers are moving towards value-based purchasing as a means of containing costs
• Fee-for-service may not be the dominant model
• Has major implications for health care and academic health centers
• Requires changes in the delivery system
3. Health care needs and demands
Convergence of common health issues

• Public Health
  – Chronic, *noncommunicable* diseases are surging in all parts of the world
  – Hypertension, Diabetes, Tobacco use, Physical inactivity, and Hypercholesterolemia

• Urbanization
  – Air pollution
  – Road traffic deaths and injuries
  – Mental illness
Health workforce shortages

• Numbers and types of health professionals
• International migration of health workers
Serving our communities

• How do we address the “non-medical” issues that impact health?
  – Includes factors such as income, education, housing, employment, poverty, and crime

• Academic health centers need to move out of their “comfort zone” to develop approaches that take more of these issues into consideration
4. Science and technology
Discovery trends

• Science is increasingly trans-disciplinary
• Much discovery and excitement exists at the interstices of disciplines
• Accelerating growth in basic and applied sciences
Discovery gaps

- Substantial gaps exist in translational and clinical research
- How to bring science and health care closer together is the fundamental challenge
Discovery issues

• Recruitment and retention of scientists is a major issue

• Research budgets are increasingly challenged, forcing the search for new income streams

• Funding and managing research requiring new models of research conduct and administration
5. Globalization
Global competition changing

• International competition for ideas and talent is accelerating
• The playing field is not level, with different rules and models of financial support
• The “brain drain” dynamics are changing
Global trends

• Academic health centers are rapidly expanding teaching, research, patient care, and consultative arrangements internationally

• Broad range: from small exchange programs to the building of new schools and health care institutions

• Globalization requires the development of a new world view and programs to match
How should academic health centers respond?

RESPONSE
Return to our mission

• Guiding Principles
  – Our value proposition is applying knowledge to improve health and well being
  – Our future is through building the knowledge economy and applying it in patient care
Focus on the next generation of education, research, and patient care

- Meet the challenges of constrained resources by transforming how we teach, conduct research, and deliver patient care
- Identify and train a new cadre of leaders
- Develop new relationships with government and industry
- Incorporate the social determinants of health into planning and programs
Academic health centers respond

• Need a course of action
  – 1. Broaden our understanding of what we do
  – 2. Improve connections between institutions
  – 3. Integrated, interprofessional vision
  – 4. Find the next generation of leaders
1. Broaden our understanding of what we do

- Shift view of mission from management of individual patients to management of community and population health (locally, regionally, nationally, and globally)
- Actively incorporate disciplines previously viewed as external (e.g., engineering and business management) as core healthcare disciplines to facilitate health system change
2. Improve the interconnectivity of institutions

• Shift view of academic health centers from individual institutions to a highly networked and interconnected consortia of institutions

“Collaboration is the new competition”
3. Develop an integrated, interprofessional vision

- Seek to capture the combined power of your components
- Address the barriers to true alignment
- Redesign incentives and rewards
- Create new structures and new positions based on best ideas
Lessons from baseball
Lessons from baseball

2nd Base

1st base

3rd Base

Home
Lessons from baseball

1. 2nd Base
2. 3rd Base
3. Home
4. Guild Mentality

The Ohio State University 11-8-12
“Guild mentality”

• Leads to competition and duplication where we need collaboration and efficiency
• Example: historical divide b/w medicine and public health
• Inhibits the necessary integrated, interdisciplinary approach to all academic health center functions
Existing university/academic health center structure

• Professions and disciplines siloed from each other
  – Academic calendars out of sync
  – Competition for limited resources
  – Promotion and tenure policies
  – Lack of alignment in management and infrastructure

Current funds flows
Lessons from baseball

- University Structure
- Regulation/Accreditation
- Home
- Guild Mentality
Regulation and accreditation

- Licensure requirements, scope of practice laws, and accreditation requirements complicate collaboration across professions and disciplines
  - Limits who can serve as educators
  - Overburdens some providers; undervalues others
  - Impedes innovation and the efficient delivery of health care
Lessons from baseball

- University Structure
- Regulation/Accreditation
- Health System
- Guild Mentality
Misaligned incentives of the U.S. health care system

• System currently largely driven by profit margins
  – Limits access to care and needed services
  – Payment based on quantity, not quality

• Leads to:
  – Provider shortages in various specialties and geographic regions
  – Limited emphasis on needed but low pay areas (prevention, public health, primary care)
  – Rising cost of care
A Suggestion to enhance interprofessional performance

• Identify existing high functioning interprofessional leadership teams that the institution *already has* in place in the areas of:
  – Administration
  – Education
  – Patient Care
  – Research
A Suggestion to enhance interprofessional performance

- Study how they work and why they are effective
- Then work *backwards* (i.e., reverse-engineer) to design or redesign how other teams can best work together
- *Apply the lessons learned to the creation of the new teams needed to advance the mission of the organization*
4. Find the right leaders

• Transactional vs. Transformational
• Evaluate leadership skills
• Qualities of a good leader
• How to find those qualities
• Confluence of Policy and Leadership in Academic Health Science Centers
Confluence of Policy and Leadership in Academic Health Science Centers
A professional and personal guide

Edited by
Steven A. Wartman

With comprehensive chapters authored by recognized AHSC leaders
FINAL THOUGHTS
Be willing to change

• Change is great – “as long as it doesn’t apply to me”
• Change should be based on common values and beliefs, not forced from above
Optimize your leadership team

- Ability to self-reflect
- Understanding of personal strengths and weaknesses
- Willingness to confront personal biases
- Strive to put the ego aside

“Bask in the reflected glow of others”
There is urgency NOW

• Events and institutions are moving quickly
• The perceived disconnects between education, science, and patient care are make academic health centers increasingly vulnerable from the societal and political points of view
• There is a window of opportunity for leading institutions to create new models
Thank You

www.aahcdc.org