Governance Challenges Of An Integrated System: Multiple Hospitals, Owned Physician Group, Large PHO

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American Medical Group Association  
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Agenda

• Advocate overview
• Initial structure
• Current structure
• Committees
• Elections/selections
• Developing future leaders
• Key lessons learned
• What would we do differently
Advocate Health Care

Hospitals (12)
- 4 teaching
- 1 children's
- 1 critical access
- 5 level 1 trauma centers

Physicians
- 1,350 employed/affiliated
- 5,175 APP
- 6,400 Medical staff

Post-acute
- Home health, hospice & palliative care

33,400 associates
$5.3B total revenue
Market share – 17.8%
ADVOCATE 2020
Mission, Values, Philosophy
To be a faith-based system providing the safest environment and best health outcomes, while building lifelong relationships with the people we serve.

Vision

Strategies

Key Result Areas

Advocate Experience

Access and Affordability

AdvocateCare®

Safety Quality Service

Growth Funding our Future

Coordinated Care

Foundation

Strong Physician Engagement
Active physicians on medical staffs (7,000)

Total APP physicians (4,900)

25% PCPs – 75% specialists

AMG (1,200)
Dreyer (200)
Aligned (3,500)

Independent (non-APP) (2,100)
Initial Structure

• Separate medical staffs
• Medical Group as separate entity with one representative on system board
• System board - 3 physicians out of 24 board members
• Advocate Physician Partners- supra majority required
• Hospital Governing Councils
Current Structure & Committees

- System Board of 14 – 1 APP Physician
- Advocate Medical Group Governing Council
- Dreyer Enterprise Operating Committee
  – Dreyer Medical Clinic Physician Board
More Than 100 Physicians Involved In APP Governance

APP Board of Directors
Class A - Physicians
Class B - Advocate

PHO Boards

Contract Finance Committee
Utilization Management Committee
Credentialing Committee
Quality & CI Improvement Committee
Audit Committee

Pharmacy & Therapeutics Committee
Clinical Integration Measures Committee
Strong Physician Engagement

To drive improvement in health outcomes, care coordination and value creation through an innovative and collaborative partnership with our physicians and the Advocate System.
Changes In APP Governance

- AMG and Dreyer moved to Class B system
- Term limits - board and committees
- Board succession – 2 year term
- Designated specialty seats (2)
- Outside director
- Weighted voting - eliminated
- Medicare ACO - beneficiary director
Elections

• APP – at PHO level
• PHO board elects President
• APP management recommends committee membership
• APP board leadership recommends committee chairs
• AMG Nominating Committee Selects Governing Council physicians
• Dreyer elects physicians for board slots
Advocate Medical Group

- Physician led & physician run
- Dyad model
- Compilation of multiple small silod parts
- One management unified management structure for last 6 years
- 430 physicians at that time
- Now 1,200 providers
- Multiple cultures and compensation plans
Advocate Medical Group (continued)

- Nominating Committee
  - Looks for and recommends strong minded leaders
  - Who believe in where the organization needs to go
  - And lead the way by example and words
  - Willing to lead a sub-committee
Advocate Health Care Board of Directors

Advocate Medical Group Governing Council

AMG Regional Councils

AMG Practice Sites/Departments

AMG Vice-presidents
Medical Management/
AMG Vice-presidents
Operations

AMG Governing Council Committees
- Health Outcomes Committee
- Operational Improvements Committee
- Physician Engagement Committee
- Strategic Planning & Development Committee
- Finance Committee
Engaged Governance = Leadership

• When the AMG compensation formula changed from volume to volume plus value
• The Physician Engagement Committee developed and approved the metrics used to measure the performance of their colleagues
• The Health Outcomes Committee developed and approved the metrics used to measure the performance of their colleagues
• The Finance Committee developed and approved the metrics used to measure the performance of their colleagues
Developing Future Leaders

- Term limits
- Talent management process
- Leadership development
**Physician Leadership Pipeline**

**Leading the System:** Physician Executive (EVP, CMO)

**Leading Business Unit or Function:**
- SVP CV Services, AMG President, SVP Clinical Transformation, VPMM, Chief Academic Officer, APP Senior Medical Directors, AMG CMO

**Leading Business Unit or Function:**
- VP Clinical Transformation, VP Clinical Informatics, VP Clinical Effectiveness, PHO Medical Directors, Medical Director-eICU, System Service Line Physicians Leaders

**Leading Leaders:**
- Full-time Department Chairs,
- Physician Advisors, Site-based Service Line Leaders, APP PHO Medical Directors,
- Medical Staff Presidents

**Leading Others:**
- Governance Chairs, Dept. Chairs-non-teaching sites, Elected Medical Staff Officers,
- Part-time Dept. Chairs at Teaching Sites Residency and Fellowship Program Directors, APP PHO Asst. Medical Directors

**Influence Leaders:**
- Medical Staff Committee Members, Governance Members, Section Chiefs, Site Medical Directors, Clinical Program Directors

**Leading Self:** Physicians
Talent Review: Inputs & Outcomes

- Goals
- BOEs (HMP)
- Competencies
- Desire for More Responsibility
- Adaptability

Performance

Potential

Merit Increase
Ongoing Performance Feedback
Development Planning
Talent Readiness
Replacement/Succession Planning
<table>
<thead>
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<th>POTENTIAL</th>
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**POTENTIAL** = Leadership Competencies, Adaptability, & Desire for More Responsibility
Key Lessons Learned

• Trust takes time
• Board’s most precious asset is its time
• Use committees effectively
• Script board for communication
• Open, frank debate using data leads to consensus decisions
• Right physician is more important than filling a slot
Key Lessons Learned (continued)

- Local PHO boards are Important
- Overlap of APP board and AMG Governing Council enhances collaboration
- Executive sessions
- Board self-assessments
- Diversity is important
- Focus organized medical staff on quality/safety
Key Lessons Learned - AMG

• Employment is not for everyone – same message as before – grow with the right physicians - not just growth for growths sake – or will just create many unneeded and unwanted distractions

• Need service area leadership on board

• Need open transparent communication for pluralistic system to work well – no hidden messages
What Would We Do Differently

• Change APP corporate structure to wholly owned
• “Shared governance model”
• Professional staff/not medical staff
• Unified professional staff across system
What Would We Do Differently - AMG

- Need to prevent any hint of an employed vs. independent/aligned culture
- Does not matter where your paycheck comes
- Health care is changing – many changes are already here now and many more are coming
- Everyone needs to believe “we are all in this together and move forward with that focus.”
Questions