

# Non-traditional Partners: Academic and Community Based Provider Groups Merge: A Match Made in Heaven?

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**Alegent**   
**Creighton**  
**Clinic**

**Creighton**  

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UNIVERSITY

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**School of Medicine**

**"Our Story Begins"**

**Alegent  
Creighton  
Health**

**Our Journey**

2012  
**Alegent Health  
Acquires  
Creighton  
University  
Medical  
Center**



# Our Legacy Groups

- Alegent Health
  - Faith-based, multi-specialty, community health system
  - 10 hospital system
  - Supported by employed (Alegent Health Clinic) and independent providers



# Our Legacy Groups

- Creighton University Medical Center
  - Single multi-specialty hospital and trauma center
  - Supporting the academic mission of Creighton University School of Medicine
    - Jesuit institution
    - Only university in the nation to host all the major health sciences programs (dentistry, medicine, nursing, occupational therapy, pharmacy, and physical therapy) on a single campus.
    - Nine residency programs and eight accredited fellowships



# A New Organization



Merging respective  
employed provider groups



# History of Alegent Health Clinic (AHC)

- Formed in 1998
- Multiple primary care practices purchased to form a separate 501(c)(3)
- Specialties added over time
  - OB/GYN, Pediatrics, Endocrine, Plastic Surgery, Cardiology, Dermatology, General Surgery, ENT





# Alegent Health Clinic Make-up

- Numbers Prior to Consolidation

Physicians • 215

Advanced Practice Clinicians • 82

All Other Employees • 1250

**70% Primary Care**  
**30% Specialty**



# AHC Culture





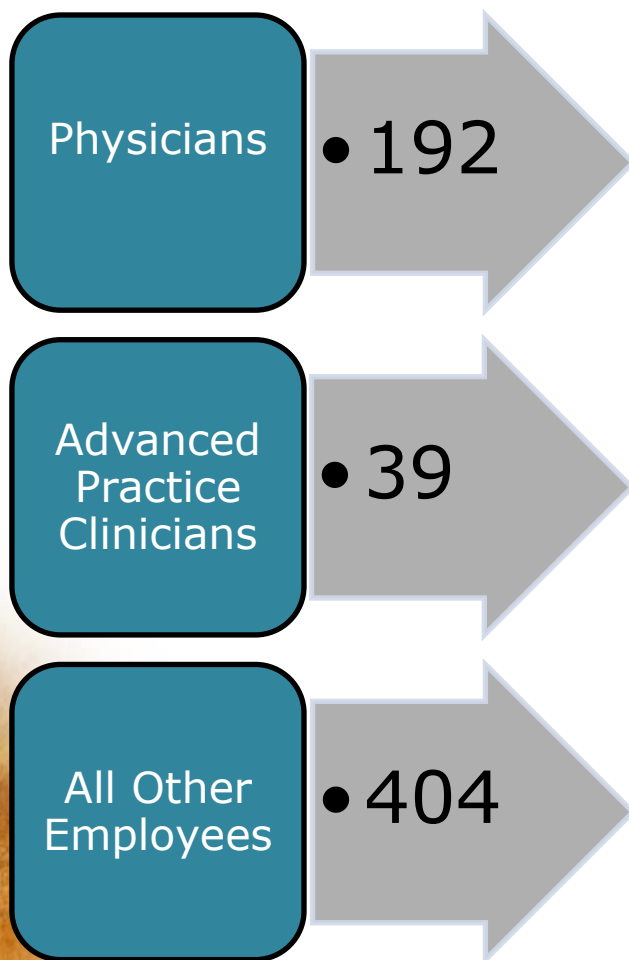
# History of Creighton Medical Associates (CMA)

- Organized in the early 1990s as the faculty practice plan for the School of Medicine's employed physician members
- Evolved from a centralized billing service into a fully integrated multispecialty physician organization supporting 225 physicians among 30 medical specialties



# CMA Make-up

- Numbers Prior to Consolidation



**20% Primary Care**  
**80% Specialty**



# CMA Culture



Learners



# Setting the Stage



# What's the "climate" like in Omaha?





# Market Dynamics – Key Drivers

- Community 50% over bedded
- No shortages of specialty providers
- 2 medical schools in a primary service area with the population of 800,000
- Unemployment rate of 4.5%
- High fee for service reimbursement
- 4 major medical groups
  - Belief that the community would move towards a 2 system model





# Reasons for Partnership

- Natural partnership between Creighton and Alegant Health
- CMA (Specialists) + AHC (Primary Care)
- Created a unique academic and community-based, multi-specialty group
- Response to changes in healthcare delivery and medical education
- Academic halo for Alegant Health



# Reasons for Partnership

- Opportunities to positively influence service excellence & quality
- Increase leverage with payor contract negotiations
- Improve opportunities for students
- Further development of a clinically integrated network to support a newly formed ACO



# Acquisition Details

In September 2012, Alegent Health and Creighton University (CU) entered into a Strategic Affiliation Agreement to create an integrated academic and clinical enterprise

**Alegent + Creighton Health**

**Alegent + Creighton Clinic**

- Establishes Alegent Creighton Health (ACH) as Creighton's primary Omaha clinical teaching affiliate
- Transfers ownership and operation of Creighton University Medical Center(CUMC) to ACH
- Transfers employment of Creighton Medical Associates (CMA) to Alegent Creighton Clinic (ACC)



# Acquisition Details

- Long-term strategic – (49 years)
- Common vision to create a sustainable academic health delivery system for the future, with cost effective, integrated care delivered in the most appropriate setting, while optimizing medical education for a new generation of healthcare providers



# Acquisition Details

- **Practice Group Integration Agreement (9/1/12)**
  - Agreement between ACC and CU
  - Outlines terms and conditions for integration of CMA into ACC
  - Transfer of CMA operating assets and liabilities (contracts, clinic leases, etc.)
  - Employment and leasing of CMA staff and physicians
- **Professional Services Agreement (9/1/12 - 7/31/13)**
  - Interim agreement allowing ACC to lease time from the faculty (physicians) still employed by CU
    - Allowed CU time (up to two years) to resolve issues with the faculty handbook
      - Tenure
      - Tuition remission



# Acquisition Details

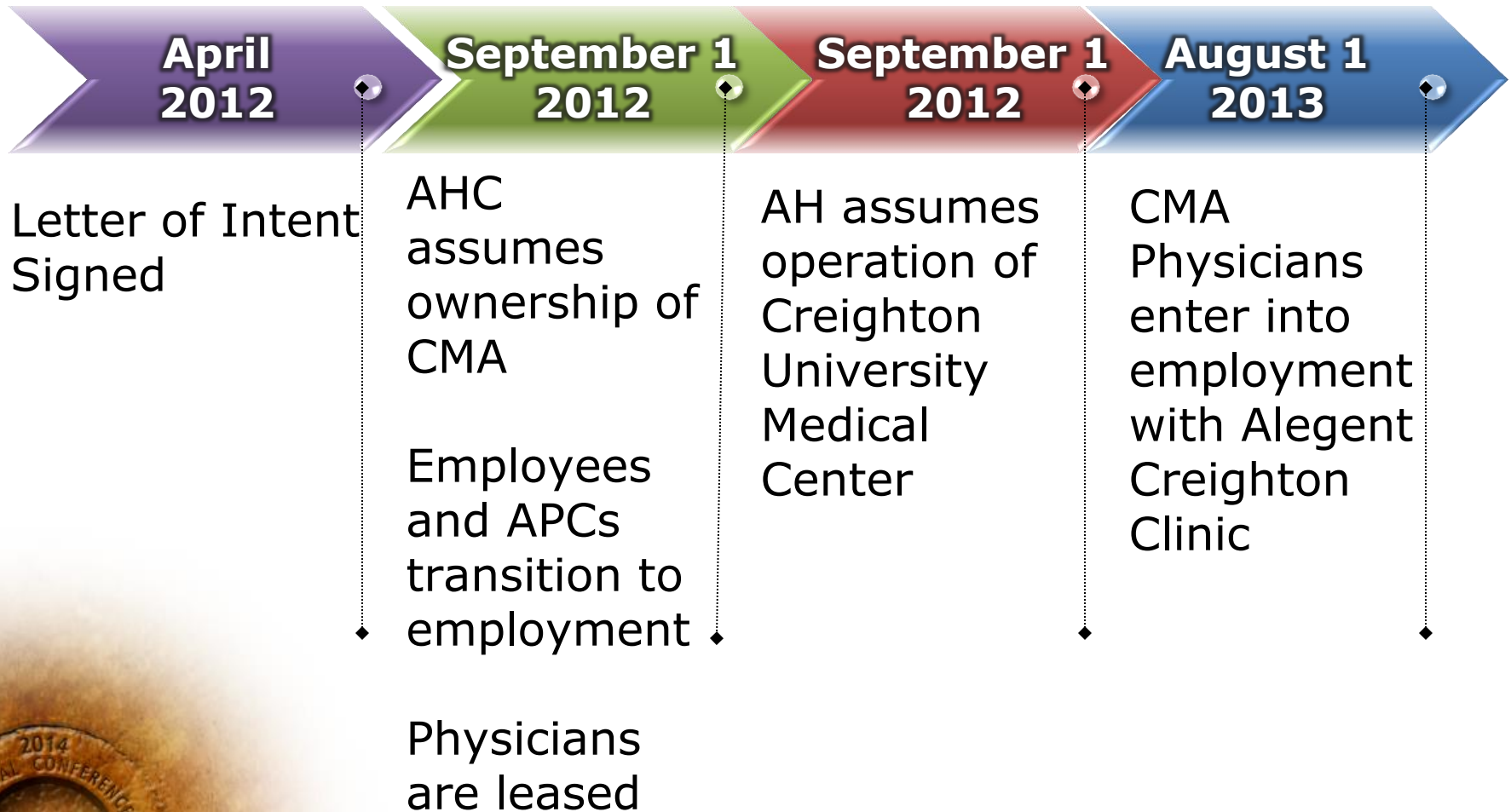
- **Time Share Agreement**

- ACC employs all physicians (8/1/13)
- ACC solely responsible to develop and compensate all physicians for their clinical time
- CU SOM allowed to lease physicians to meet their academic needs based upon mutually agreed upon annual needs
- CU SOM responsible to develop and compensate physicians for their academic time





# Transition Timeline



# Clinic Integration Process



# Blending 2 Groups Into 1

## The Clinic Integration Story



**Alegent  
Creighton  
Clinic**

Identify early integration risks

Develop a strong integration team

Develop an integration road map

Ensure structure supports the integration

Establish a communication plan

# Identify Early Integration Risks

- Provider and staff attrition
- Loss of identity & culture
- Fear of losing sight of mission/vision
- Potential of putting medical school programs at risk
- Internal competition amongst specialists



# Develop a Strong Integration Team

- Transition team formed and leaders were assigned to oversee project teams for each clinical and operational area

12 Sub-Groups Developed	
Clinical Production	Revenue Cycle
Contracts	Physician Compensation
Data Integrity & Availability	Infrastructure
Decision Making	Human Resources
Facilities	Quality
Service Excellence	Communication

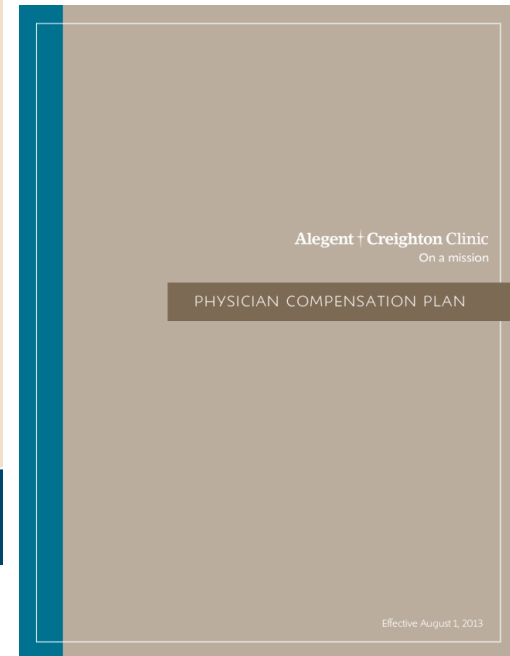
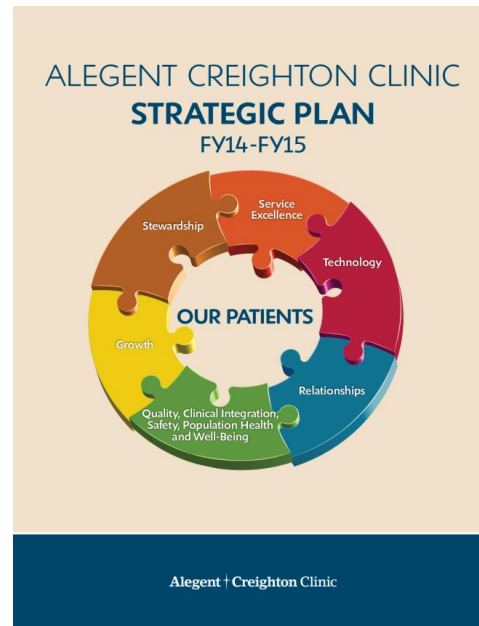
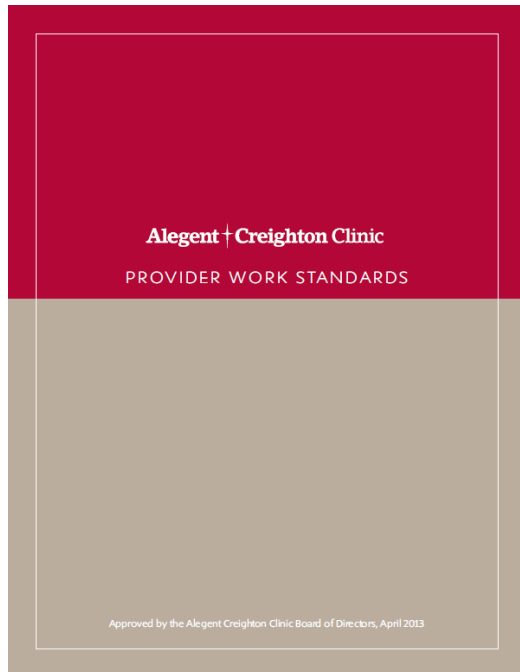
# Transition Oversight

- Affiliation Council developed to be the arbitrating body
  - Made up of representatives from the Boards of Creighton University and Alegent Creighton Health
  - 12 members





# Ensure Structure Supports the Integration



Have to get your own house in order before successful integration with another.



# **Establish a Communication Plan**

- Transparent communication
- One-on-one meetings with providers
- Operations orientation
- Mentors assigned to leaders for orientation
- New communication tools were developed



# Developed New Communications Tools

- Sent weekly provider e-mails



- Implemented a tool for Q&A



- Sent Regular CEO Updates



# Challenges





# Shared Challenges



## Academics

- Training Directors
- Chairs

Dean, School of Medicine

- Decision Authority
- Leadership Structure
- Financial Alignment
- Compensation Plan Disparity
- Budget Alignment & Development
- Governance Reorganization and Membership
- Infrastructure Alignment
- Communication
- Resource Requirements
- Value Creation
- **Cultural Adaptation**

## Clinical

- Associate Medical Directors
- Section Chiefs

President & CEO, ACC

# Decision Authority

Alegent  
Creighton  
Clinic

- All things  
"Clinical"

Creighton  
University  
School of  
Medicine

- All things  
"Academic"

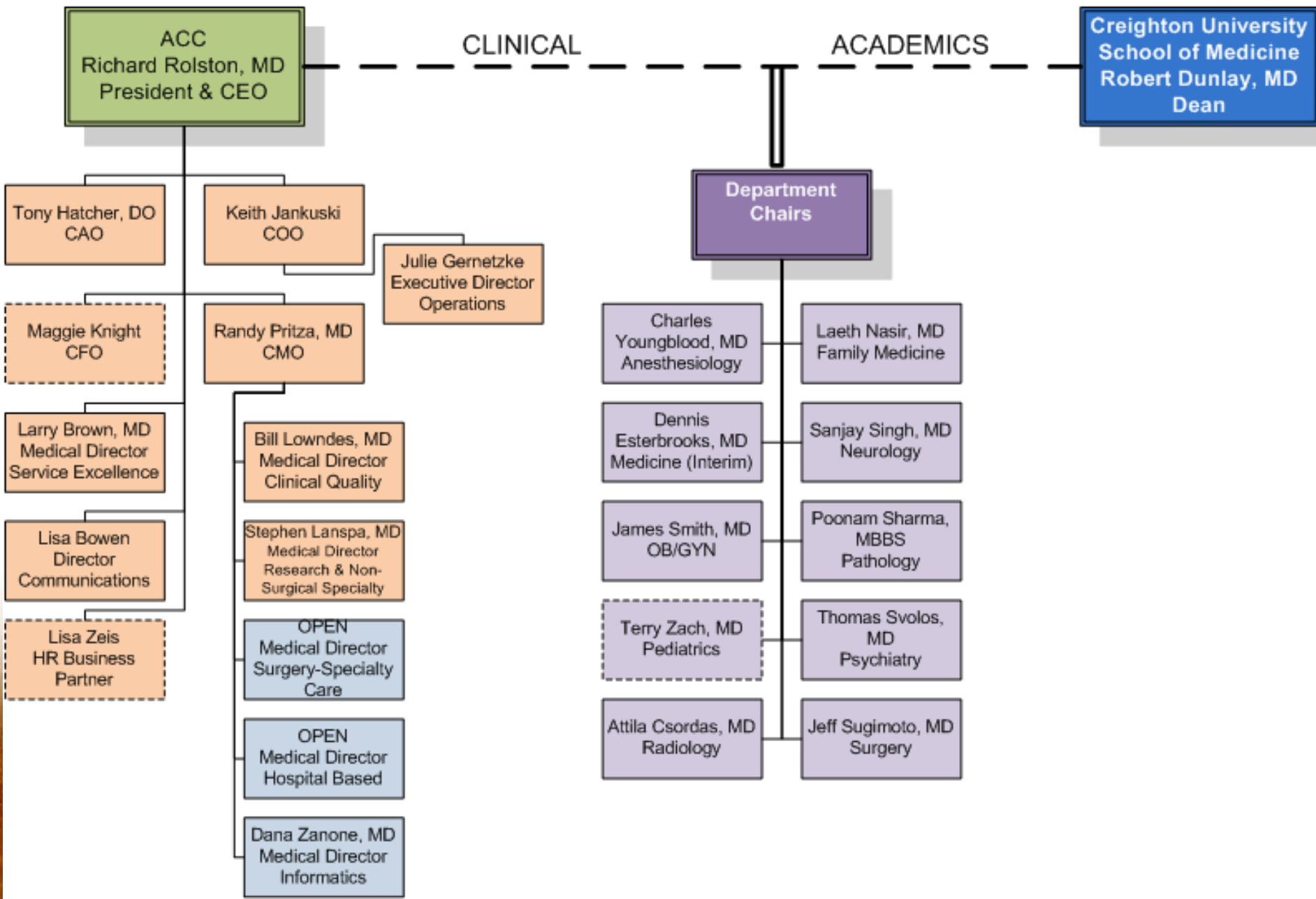




# Decision Authority

- ACC
  - Dyad Leadership
- School of Medicine
  - Dean
  - Department Chairs
- Delineation of Roles & Responsibilities
  - Creighton School of Medicine
  - Catholic Health Initiatives
  - Alegent Creighton Health
  - Alegent Creighton Clinic





# Financial/Budget Alignment

- **ACC bills and collects for all clinical activities**
- **CMA not a separate legal entity under CU SOM**
  - Accordingly, true separate financials were not maintained
  - Result: P&L that is significantly different than proforma
- **Dissection of academic vs. clinical elements of CMA**
  - Work effort, staff, overhead
  - Who is financially responsible?
- **'Unscrambling' historical CMA compensation**
  - Academic, clinical, administrative, outside contracts
  - Individual modeling for transition to ACC compensation plan
- **Assumed contracts (525)**
  - Renegotiation efforts
  - Profitability evaluation very different in a rich, wRVU plan
- **Conflicting recruitment needs necessitates formal business case process**



# Compensation Plan Disparity

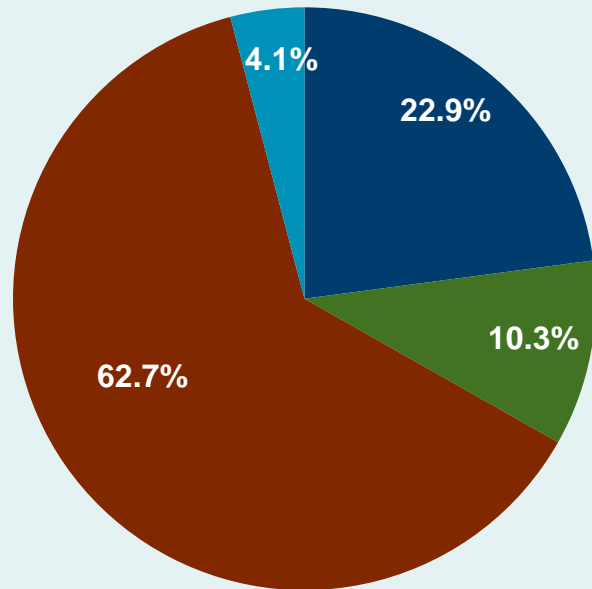
Creighton Medical Associates	Alegent Health Clinic
AAMC Benchmark	MGMA Benchmark
Salary Model	Productivity Based wRVU Model – with value metrics



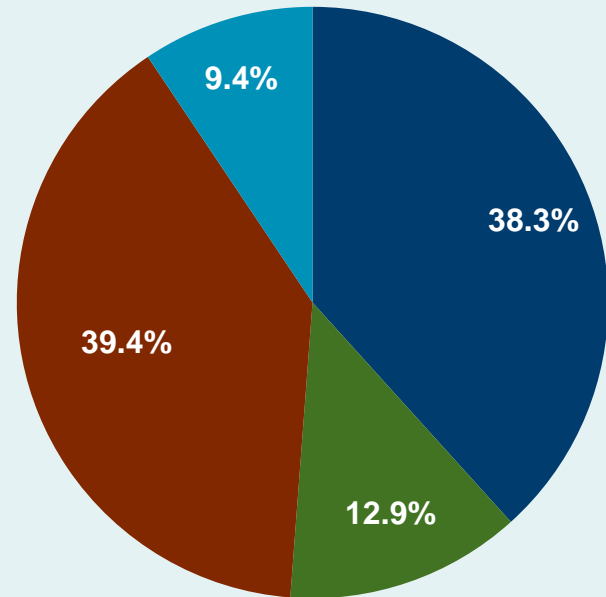
# Compensation Plan Disparity

Alegent Creighton Clinic Payor Mix  
Fiscal Year 2014

**AHC**



**CMA**



■ Medicare

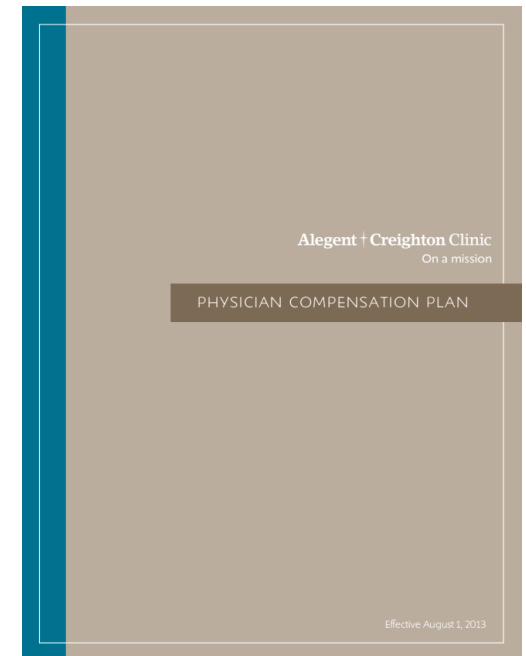
■ Medicaid

■ Managed Care & Other

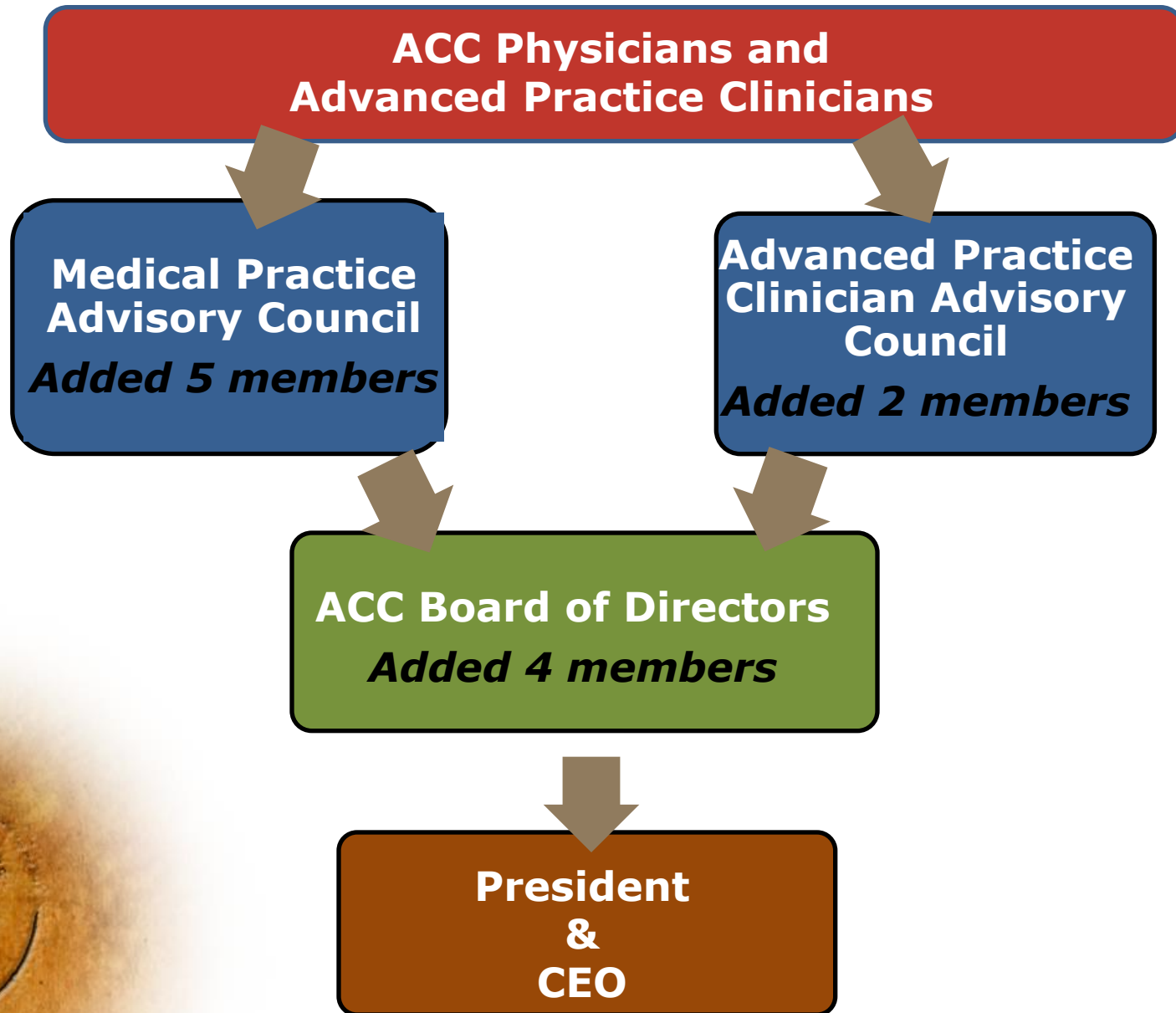
■ Self Pay

# Compensation Plan Disparity

- Infused \$11 million into legacy CMA compensation
- \$15,000 normalization payment at transition time
- Updated our compensation plan to support academics
- Added a 4<sup>th</sup> tier



# Governance Reorganization & Membership





# Infrastructure Alignment

- Leased –vs- Owned Properties
- Consolidation of locations
- Closed some locations
- Moved some specialty providers to multiple locations to support primary care and lessen payor mix disparity
- Made facilities improvements to bring them up to ACC standards (\$2.5 million)
- Investment to move both entities to a single EMR platform (\$8 million to date)



# Communication

- Held one-on-one meetings with each physician transitioning to make sure they understood work standards and compensation
  - Shared compensation modeling
  - Involved management to help providers change practice style to improve compensation and meet standards



# Communication

- Added new communication channels with the school of medicine chairs
  - Alegent Creighton Clinic Leadership Advisory Council
  - Breakfast Meetings
- Transparency
  - Compensation, Quality, Service Excellence
- Open lines of communication
- Town Hall Meetings
- Employee Forums




# Resource Requirements

- Financial support and analysis
- Contracting expertise
- Legal support
- HR support
- Consulting services
- Dedicated staff
- Revenue cycle integration
- IT support
- Data integrity and availability



# Value Creation

Alegent Benefits	Creighton Benefits
Improved Specialty Network	Access to Strong Primary Care Base for Referrals
More Opportunities to Educate	More Clinical Opportunities for Students and Residents
More Research Opportunities for Patients	Increased Clinical Compensation
Preparing for value-based reimbursement model of care delivery	



# Cultural Adaptation

Faithful to the healing ministry of Jesus Christ, our Mission is to provide high-quality care for the body, mind and spirit of every person. Our commitment to healing calls us to:

- Create caring and compassionate **healing and learning** environments
- Respect the dignity of every person
- Care for the resources entrusted to us as responsible stewards
- Collaborate with others to improve the health of our communities
- Attend especially to the needs of those who are poor and disadvantaged
- Act with integrity in all endeavors

To achieve this Mission, we pledge to be creative, visionary **leaders in clinical care, education and research**, committed to holistic healthcare **throughout** the region.

# Cultural Adaptation



- The Highest Quality

- The Best Patient Experience

- The Best Place to Train Students

- The Best Place to Work





# Cultural Adaptation

## Work Standards

**Technical Quality**

**Academics**

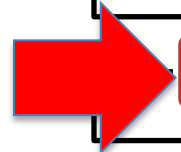
**Service Quality**

**Provider/Patient Relations**

**Work Guidelines**

**Hospital Relations**

**Peer/Co-worker Relations**



# Lessons Learned

- Culture, Culture, Culture
- Trust
- Transparency
- Mutual respect
- Not enough time for due-diligence
- Develop a common compensation philosophy
- Don't underestimate the resources, complexity and expense of the transition
- Make sure you explain the "**why?**" early and often



# Where We Are Today...

- Single Mission/Vision/Core Values
- One set of work standards
- One base compensation plan
- Continued growth
- Leadership and governance representation from both legacy organizations



# Where We Are Today...

**Our ACC  
Team**

Physicians	
Primary Care	151
Specialty	99
Hospital	69
Psychiatry	31
Surgical Specialty	27
Advanced Practice Clinicians	
Primary Care	66
Specialty	18
Hospital	29
Psychiatry	71
Surgical Specialty	19
<b>Total ACC Providers</b>	<b>580</b>
<b>Total ACC Employees</b>	<b>1061</b>

# Where We Are Today...

## Specialties/Services

Allergy	Gynecology	Pathology
Anesthesiology	Hospital Medicine	Pediatrics
Audiology	Immunology	Pediatric Urgent Care
Behavioral Health	Infectious Disease	Plastic Surgery
Cardiology	Internal Medicine	Podiatry
Cardio Thoracic Surgery	Maternal Fetal Medicine	Psychiatry
Concierge Medicine	Nephrology	Pulmonology
Corporate Medicine	Neurology	Quick Care
Dermatology	Neurosurgery	Radiology
Endocrinology	Obstetrics	Retail Medicine
ENT	Oncology	Rheumatology
Family Medicine	Orthopaedics	Trauma Surgery
Gastroenterology	Pain Management	Urgent Care
General Surgery	Palliative Care	Urology

# Ongoing Challenges

- Compensation philosophy not fully aligned
- Decision authority remains a challenge
- Senior leadership changes
- Cultural adaptation
- Joint planning/strategy
- Expense allocation between entities



# Final Thought...

**Just remember...  
Nothing ever goes  
according to plan.**





# **Alegent Health Clinic + Creighton Medical Associates**

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## **Alegent + Creighton Clinic**

**Match Made in Heaven?**



# Questions

