Center for Mississippi Health Policy

ISSUE BRIEF

ACADEMIC HEALTH CENTERS

Governance Models and the University of MS Medical Center

PUBLISHED DECEMBER 2015

The Center for Mississippi Health Policy commissioned Veralon Partners, Inc. to conduct an analysis of models and best practices nationwide related to governance of academic health centers and apply the findings to the University of Mississippi Medical Center. Veralon's detailed report is available on the Center's web site at mshealthpolicy.com. This issue brief summarizes the key findings of the analysis and examines policy implications for Mississippi.

Academic Health Centers (AHCs) have a unique challenge in effectively and simultaneously meeting the demands of all three areas of their mission: education, research, and patient care. In particular, AHCs must adapt quickly to the rapidly evolving and complex health care system in order to remain competitive, and their governance structures, leadership, and policies must facilitate such nimbleness. AHCs nationally have struggled to find the most appropriate structure to meet their particular needs, and a number of governance models exist.

Veralon examined AHC governance structures in states with public state-based universities with medical schools, researched best practices nationally related to AHC governance, and applied their findings to the University of Mississippi Medical Center (UMMC). Based on these results, Veralon identified an array of potential governance options that would better align UMMC governance with national best practices. Attorneys with Baker Donelson conducted a legal analysis to determine the changes that would be required in state law and/or the by-laws of the Institutions of Higher Learning in order to implement the various options.

UMMC IS MISSISSIPPI'S ONLY ACADEMIC HEALTH CENTER

Key Findings

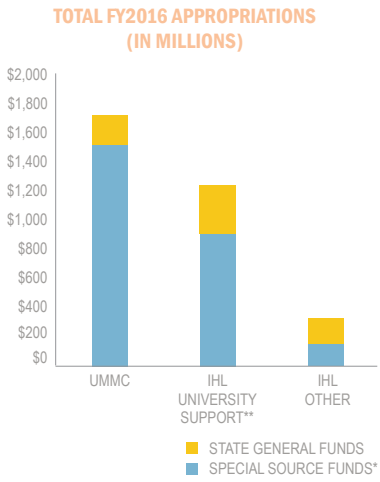
The study included the following key findings:

- Unlike UMMC, most state-based public universities with a medical school (and associated AHC) are not governed directly by the state (nor are their related AHCs).
- Due to the complexity of AHCs, the fast pace of change and high degree of competition in the health care industry, effective AHC governance requires specific expertise and the ability to make timely decisions.
- There is significant opportunity for AHC governance in Mississippi to approach national best practices.
- Capitalizing on this opportunity could take the form of substantial modification to UMMC's governance structure, but does not require it.
- There are multiple degrees and types of change possible to foster more effective and efficient UMMC governance.
- A well-designed AHC governance structure alone cannot ensure sound and effective AHC governance; AHC governance should be examined holistically.

ACADEMIC HEALTH CENTER DEFINED

A degree-granting institution of higher education consisting of the following:
- A medical school
- One or more other health professional schools or programs (e.g. nursing, pharmacy, public health, dentistry), and
- An owned or affiliated teaching hospital, health system, or other organized healthcare provider.

Source: Wartman, S.A. (2007). The Academic Health Center: Evolving Organizational Models. Association of Academic Health Centers: Washington, DC.



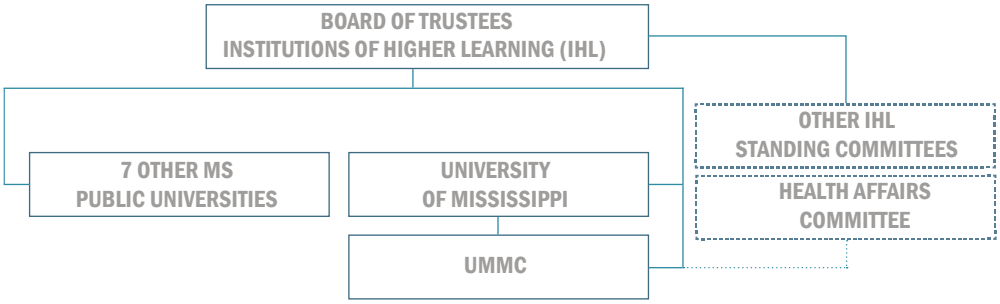
*Special Source Funds are from sources other than the State General Fund and include federal funding, grants and contracts, fee collections, patient revenue,and state special sources such as the tobacco fund.

**Includes support for the eight other IHL institutions.

Sources: Senate Bills 2844, 2845, 2846, 2847, 2848, 2849, 2850, 2851, & 2852 as enacted by the Mississippi Legislature during the 2015 Regular Session.

Currently, the UMMC Vice Chancellor for Health Affairs, who is also the Dean of the School of Medicine, is responsible for overseeing the operation of UMMC. The Vice Chancellor reports to the Chancellor of the University of Mississippi, who is appointed by the IHL Board. The IHL Board maintains legal authority and operating control over UMMC. The Health Affairs Committee of the IHL Board, which is comprised of all members of the IHL Board, provides further oversight of UMMC at the Board level. UMMC, however, is accredited independently of the University of Mississippi and is funded separately through a direct appropriation from the Legislature.

FIGURE 1: CURRENT FUNCTIONAL UMMC ORGANIZATIONAL STRUCTURE, 2015

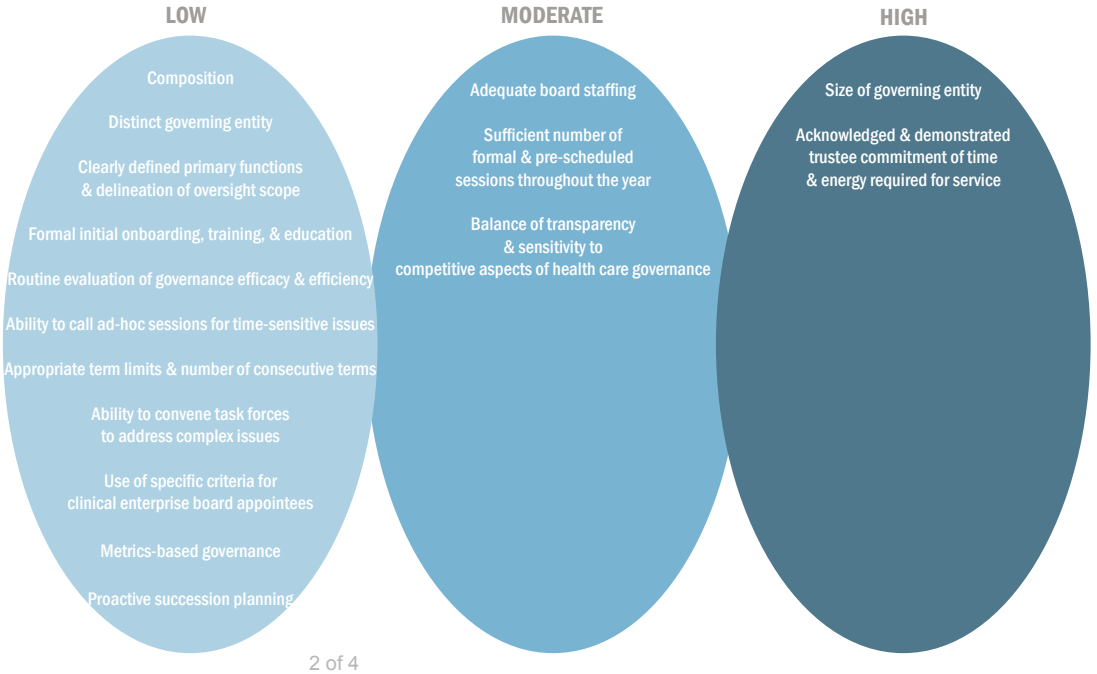


Source: Veralon interpretation of current structure as determined through interviews and document reviews, 2015.

Best Practices

Veralon compared the current UMMC governance structure with key best practices and overall best practice guidelines gleaned from research and noted the degree of alignment as either low, moderate, or high (Figure 2). Veralon noted that the best practice stressed most often by interviewees and in the literature was a well-designed and distinct AHC governing body or focused AHC sub-committee populated by individuals with health care specific expertise. The report further emphasized that adequate accessibility to the governing body or decision-making authority is important for the AHC to make timely decisions as needs arise.

FIGURE 2: DEGREE TO WHICH CURRENT GOVERNANCE STRUCTURE ALIGNS WITH KEY BEST PRACTICES



Potential Options for Mississippi

With Mississippi's unique characteristics in mind, Veralon developed a series of governance models that would better align UMMC governance to national best practices, providing a range of options that involve small legal and organizational changes with minor shifts in authority to major transfer of authority requiring considerable legal and organizational modifications. Refer to the detailed report for a discussion of the advantages and disadvantages of each option.

LEAST CHANGE

MOST CHANGE

Option 1: Modification within Existing Structure ("Status Quo +")

- Modify the scope, composition, and orientation of the Health Affairs Committee to include a smaller number of IHL Board members but add selected external members with subject matter expertise. Increase the threshold for IHL contract approvals to increase flexibility of operational decision making for UMMC.
- Could be implemented through revision of IHL by-laws and a new specific policy for the Health Affairs Committee.

Option 2: Distinct UMMC Operations Board with Limited Delegated Authority

- Create a new Board that would replace the Health Affairs Committee and advise the IHL Board directly. The new Board would include UMMC executive leadership, physicians with academic experience, other experts, IHL Board representation, and University of Mississippi representation (Chancellor or designee). The new Board would focus on clinical and operational issues and may have responsibilities to review and recommend select strategic and financial decisions.
- Would likely require legislative action.

Option 3: Distinct UMMC Board with Significant Delegated Authority

- Create a new Board of Trustees for UMMC with delegated authority for a majority of strategic and financial decisions in addition to daily operations. The new Board would include health system leadership, physicians with academic experience, and other health care experts and could also include representation from IHL and the University of Mississippi. The IHL Board would have final authority and approval, but could focus on issues unable to be resolved at the campus level or issues of a significant strategic nature.
- Would require legislative action.

Option 4: Bifurcated Model – Hospital Authority Model

- Create a new Board that will govern the UMMC clinical enterprise outside of the current State/University structure. The new Board would include representatives of UMMC and University of Mississippi leadership. It could also include an IHL representative. The new Board would be strategic in nature, delegating operations to subcommittee and/or UMMC leadership. Its authority and oversight would encompass operational and strategic decision-making. Academic and research components of UMMC would remain under the State/University structure.
- Would require significant legislative action.

Policy Considerations

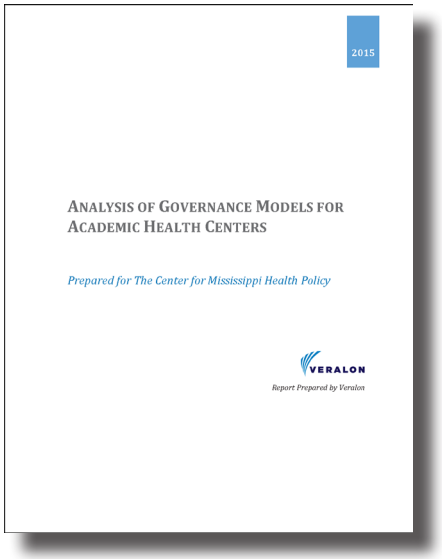
UMMC has a substantial footprint within Mississippi, affecting education, research, and health care delivery systems. It is Mississipi's only academic health center and provides a variety of specialized hospital services not available elsewhere in the state. It is a primary source of candidates for a multitude of jobs in Mississippi's health care workforce. By virtue of UMMC's direct and indirect impacts on the state's health care system, decisions of UMMC's governing body affect policy not just at the institutional level, but across the system. Policymakers should consider whether the constitution of UMMC's governance adequately reflects this role and whether it allows UMMC to operate effectively in today's health care environment.

Veralon points out that a sound and effective AHC governance structure alone cannot assure AHC success and should not be considered in isolation. In addition, decisions regarding governance must balance short-term risks and long-term gains, the cost and difficulty of change implementation, and the degree of operational and strategic benefits, and should consider the cultural transformation needed to sustain any change.

Veralon recommends that when contemplating which best practice initiatives to pursue and how to pursue them, the primary focus should be on how reimagined governance structure and policy could improve UMMC viability and future growth potential. A thoughtful balance should be struck between the likely degree of benefit yielded from governance modifications and the associated challenges and investments. Finally, all risks associated with pursuing change efforts should be compared against the risk of doing nothing in a fast-paced and increasingly competitive and complex academic health care marketplace.

For More Information

The full detailed report, including study methodology, is available on the Center's web site at mshealthpolicy.com.



Center for Mississippi Health Policy

Plaza Building, Suite 700
120 N. Congress Street
Jackson, MS 39201

Phone 601.709.2133
Fax 601.709.2134

www.mshealthpolicy.com