

Enhanced USF Health and Tampa General Hospital (TGH) academic affiliation and clinical integration

The West Coast of Florida and the Tampa Bay area have no Academic Medical Center (AMC). Creation of a comprehensive, clinically integrated AMC would bring advanced clinical programs, promote the conduct of translational and clinical research, attract top faculty, medical and other health professional students, strengthen residency and fellowship programs, and enhance the overall health care of the region. The University of South Florida (USF) and Tampa General Hospital (TGH) are embarking on an effort to integrate clinical and academic programs in way that will make Florida and the Tampa Bay region prominent destinations for quality health care and medical education.

Strategic Purpose of the USF Health and TGH Clinical Integration: establish the first true AMC in the region in order to increase organization efficiencies, provide new sources of capital for cutting edge clinical programs and meet rapidly growing patient demand for tertiary and quaternary care, while de-risking the university and securing new funds to expand our academic mission.

- Transformation of, and disruptive innovations in, healthcare services are sweeping the United States whether categorized as Accountable Care Organizations (ACOs), Physician-Hospital Organizations, health system and hospital acquisitions and mergers, home care, tele-health or some combination or variation of these models.
- To adjust to these changes requires tighter integration between physicians and health systems. Hospitals are traditionally incentivized to put patients into beds while physicians are being increasingly incentivized to keep their patients out of the hospital. These conflicting incentives create inefficiency, over-utilization of services, increased costs and are incompatible with provision of value-based care as seen in ACOs. As a clinically integrated AMC, USF Health and TGH will work together to ensure the correct scale, scope and quality of care needed to serve the Tampa Bay region.
- Every top medical school in the country owns or is tightly affiliated with an AMC-based health system. As combined enterprises, the health system and its patients benefit from the clinical advances made available by academic medicine, while the medical school benefits from augmented financial support for educational and research activities including robust residency and fellowship offerings.
- The Tampa Bay health care market is growing at an incredible rate but there exists no integrated AMC in the region. Creating a true AMC between USF Health and TGH affords this growing market with healthcare options formerly only obtained through extensive patient expense and travel outside of the Tampa Bay region, and many times outside of the State of Florida.

Advantages for USF's undergraduate medical education (UME), graduate medical education (GME), graduate education (Grad Ed) and research programs:

- Closely aligned clinical efforts will provide new revenues for recruitment and development of innovative and cutting-edge clinical programs, thus advancing regional health care and strengthening residency and fellowship programs to retain top medical students in Florida (UME and GME)
- Enhanced clinical volume and revenues that will permit recruitment of world class basic and physician scientists to increase NIH funding and clinical trials, strengthen our regional economy, attract or create local bio-tech companies and support robust graduate student and MD-PhD programs (research, Grad Ed and UME)
- Increased numbers of TGH-based faculty for clerkships and electives as well as for teaching in the pre-clinical year (didactics, coaching, and small group learning), especially in the important areas of pathology, radiology and anesthesiology (UME)
- Expanded USF Health primary care network, which will increase student exposure to primary care (UME) and ultimately create a family medicine residency based at TGH (GME)
- Increased clinical volume in pediatrics to ensure GME training opportunities for pediatric residency, pediatric fellowships, and adult programs requiring pediatric training (GME)
- Increased development of TGH-based anesthesiology and thoracic surgery residency programs and a medical informatics fellowship program (GME)
- Expanded psychiatry residency and fellowship training at TGH and other clinical sites (GME)
- Increased resources to fund advanced specialty non-ACGME training programs (GME)
- Development of additional inter-professional innovations in quality and patient safety in the clinical learning environment (Nursing, Public Health, Pharmacy and GME)

Benefits for the Tampa Bay region's health care consumers and the USF Health workforce:

- Faster implementation of systemic changes to the delivery of health care services that will lead to enhanced value for patients, employers, and payers in the inpatient and outpatient care settings
- In the inpatient setting, better performance on cost and quality domains such as: decreased observed to expected (O:E) risk adjusted mortality, decreased O:E length of stay, improved case mix index (measure of capturing how sick/complex patients are), reduced supply and vendor expenses, and better service coordination within TGH's clinical service lines
- In the outpatient setting, broader geographic distribution and density of service offerings to expand services to a rapidly growing region, and afford the ability to co-locate services that patients need in convenient, all-inclusive locations closer to where they live and work

- Faster access to specialty and sub-specialty referrals to disciplines that are only financially viable in an integrated physician practice-hospital model such as general neurology, rheumatology, endocrinology, nephrology and hepatology
- Less unnecessary redundancy and process variability, and enhanced support infrastructure that currently exists across multiple domains such as access and capacity management, IT, HR, business intelligence, data reporting, patient experience, risk management, process improvement, care management, quality and patient safety, and clinical operations
- A better resourced, more efficient, integrated delivery system that will reduce workforce burn out, enhance morale, and lead to higher levels of work-place satisfaction for those charged with the clinically delivery of services or their support
- Re-investment of cost savings into the clinical, educational, and research missions of the Tampa Bay region's new AMC

Financial Summary: As a community-based academic medical group, USF Health University Medical Services Association's (UMSA) clinical margins are being increasingly challenged such that the margin generated cannot continue to be relied on to support fair market value clinical faculty salaries while simultaneously supporting their teaching, training and research efforts. Thus, acquisition of a strong hospital partner, fully integrated with USF Health into an AMC, is critical to the future growth and strength of both our clinical and academic missions.

The funds flow model for the new integrated USF Health/Tampa General Medical Group (TGMG) practice is designed to de-risk USF from a dynamic, consolidating, and unpredictable health care financial environment with its potentially adverse impacts on our educational, training, research and clinical missions, as well as provide a consistent and stable funds flow that can be used to support and expand USF Health's academic mission. These benefits include:

- Creation of a jointly controlled physician practice support organization from the current UMSA and TGMG practices, to achieve economies of scale as well as a tightly integrated clinical practice with the scope and scale to participate in ACO and risk contracts
- A future clinical operating margin that grows with the success of the entire clinical enterprise
- Stable baseline academic support that grows commensurate with the growth of the entire integrated AMC net patient service revenue and operating margin
- A consistent source of funding to address current and future clinician salary equity issues (internally and relative to the market)
- Capital for the purchase of state-of-the-art clinical technology, development of new clinical sites and expansion of the scope and scale of the joint practice enterprise, all needed for optimal patient care, teaching and training activities and to support clinical research and trials

UMSA's Future Financial Picture: this new integrated relationship is **not** an asset purchase **or** a merger. In its first iteration, it is simply a purchased services and academic affiliation agreement between UMSA and the new, integrated clinical enterprise. UMSA will continue to:

- Bill and collect all patient service revenue provided by USF Health clinical faculty by outsourcing these functions to the new clinical enterprise
- Support the debt obligations for its clinical assets
- Protect sovereign immunity for its clinical faculty
- Be the financial conduit between the University and the new clinical enterprise as it relates to the purchased services and academic affiliation relationship

UMSA will **not** continue to employ clinical administrative and operations staff. Instead, UMSA will pay the new clinical enterprise, at full market value, for its administrative and operations services. As the market continues to consolidate, and with the agreement of both parties, additional clinical integration could be achieved through a lease model of USF Health faculty to the new jointly controlled clinical enterprise with TGH, assuming any resultant costs for bond refinancing and recredentialing of faculty.

UMSA will receive financial support from the margin it continues to generate as well as from the new clinical enterprise. The integrated clinical enterprise will provide support in 3 ways:

- Academic Support – Fixed: This funding source will be based on 80%- 90% of the existing Dean's tax supported by UMSA. It can grow based upon the growth in net patient service revenue of the entire AMC clinical enterprise.
- Academic Support – Variable: This funding source will be based on 10% - 20% of the existing Dean's tax supported by UMSA. It can grow based upon the growth in margin of the clinical enterprise.
- Purchased Services Agreement: This funding source will be based on the contract revenue currently earned by UMSA from TGH, with TGH ensuring UMSA generates at least the margin it produces today plus provide future opportunities for addressing clinical faculty salary equity.

UMSA will in turn provide support to the new clinical enterprise in **two** ways:

- Clinical Operations Staff: The clinical enterprise will become the employer of clinical staff, therefore UMSA will purchase the time necessary to support its clinical faculty.
- Management Services Support: The clinical enterprise will provide certain services to UMSA such as billing and collections of its patient service revenue. UMSA will purchase these services from the clinical enterprise.