Transforming the Academic Medical Center
AIA AAH ACHA Summer Leadership Summit 2016

Michael Dandorph
President
Rush University Medical Center

Rush is a not-for-profit health care, education and research enterprise comprising Rush University Medical Center, Rush University, Rush Oak Park Hospital and Rush Health.
Rush at a Glance

Rush has been a part of the Chicago landscape for more than 170 years. Rush includes:

- **689-staffed-bed** academic medical center serving adults and children
- Health sciences university with more than **2,500 students** and **$131 million in annual research** expenditures among four distinct colleges (*College of Nursing, College of Health Sciences, Rush Medical College and The Graduate College*)
- Rush University Medical Group with **489 employed physicians**
- **655 medical residents**
- **Single** governance structure
- **Rush Health**, a clinically integrated network of physicians and hospitals
- **The Rush System** including Rush Oak Park Hospital, Rush-Copley Medical Center in Aurora and Riverside Medical Center in Kankakee.
Rush has a **single governance structure** with strong leadership at the Board level and a stable, seasoned executive leadership team.
Mission:
The mission of RUSH is to improve the health of the individuals and diverse communities we serve through the integration of outstanding patient care, education, research, and community partnerships.

Vision:
RUSH will be the leading academic health system in the region and nationally recognized for transforming health care.

Values:
• Innovation
• Collaboration
• Accountability
• Respect
• Excellence
A Decade of Success

Rush Obligated Group: By the Numbers

- **1,017** Staffed Beds
- **51,242** Admissions
- **46,043** Surgeries
- **177,994** ED Visits
- **406,556** Outpatient Visits
- **$3.5 BILLION** Total Assets
- **$2.1 BILLION** Total Operation Revenue
- **1,902** Active Medical Staff
- **603** Employed Physicians
- **2,393** Number of Students
- **10,665** Total FTE
- **12.1%** Operating Cash Flow Margin
- **4.4%** Operating Margin
- **224** Days Cash on Hand
- **$102 million** Annual Research Revenue

Nationally Ranked Clinical Programs (U.S. News)

All statistics presented as of and for the year ended June 30, 2015. Credit ratings as of January 2015.
Only 4 Star System in Chicago

- New CMS ratings reflect patients’ opinions about their experience while receiving care
- **Every hospital** in the Rush System received four-star rating
- No hospital in the area received five stars
Rush ranked in **NINE** clinical specialties

- Orthopedics
- Neurology & Neurosurgery
- Nephrology
- Gynecology
- Urology
- Cancer
- Ear, Nose, Throat
- Endocrinology
- Geriatrics
Bernard A. Birnbaum, MD, Quality Leadership Award Recipients
1. NYU Langone Medical Center
2. **Rush University Medical Center**
3. Mayo Clinic Hospital – Rochester
4. Emory University Hospital
5. Froedtert & the Medical College of Wisconsin – Froedtert Hospital
CHANGING LANDSCAPE OF HEALTH CARE
Over time, Rush has demonstrated an ability to be nimble and respond proactively to market challenges through innovative approaches to delivery of care and developing strong partnerships in the communities we serve, along with generating solid operating performance.

- **Increased market share** despite overall market decline and a competitive marketplace
- **Developed or enhanced key strategic affiliations** to strengthen regionally
- **Continued favorable operating performance** due to growth and clinical resource management initiatives
- Prudently managed the balance sheet and **improved days cash on hand**
- **Recruited talented senior leaders** in Clinical Affairs, Finance, Human Resources and Legal Affairs to further strengthen the management team
Health care costs is currently at about 18% of US GDP and is expected to continue rising.

Where Health Care Stands Today

Providers are straddling two canoes

- Downward pressure on rates
- Risk sharing
- Accountability for coordinating care
- More quality and outcomes measures
- Increased access
- Better patient experience and engagement

Coverage expansion

Industry consolidation

Clinical innovation

Today - Volume

Future - Value

Economic constraints

Consumer and Employer expectations

- Increasingly price sensitive
- Diminishing provider loyalty
- Desire convenient access

- Seeking cost relief
- Forcing new solutions
- Engaging with providers
34 cents of every dollar spent on health care in the US is wasted

Types of Waste (and percentage of waste)

- **Not the right care (14%)**
  Not evidence-based, harmful, preventive care not delivered, etc.

- **Uncoordinated care (4%)**
  Readmissions, complications, loss of function, etc.

- **Overtreatment (21%)**
  Motivated by something other than optimal outcome for patients e.g. provider revenue or defensive medicine

- **Pricing failures (14%)**
  Imperfect market allows monopolistic pricing, e.g. cost of MRI scan is much greater than cost of performing scan

- **Administrative complexity (27%)**
  Complex administrative procedures e.g. billing

- **Fraud (19%)**
  Cost of fraud and of policing fraud

Key Industry Trends - National

Changes coming down the pipeline

Michael Leavitt on value-based payments: Ignore signals 'at your own peril'
Tells ACHE16 attendees the trend is happening at different rates and those that fight it, won’t survive
March 15, 2016 | By Ilene MacDonald

Obama Says Enrollment in Affordable Care Act Reaches 20 Million

MACRA’s impact is coming sooner than you think
Matthew Fusen | Government | Industry | 02/25/2016

Aetna to buy rival health insurer Humana for $37 billion
by Sophia Yan @sophia_yan
July 3, 2015 3:39 AM ET

Anthem to acquire Cigna, leaving only 3 big insurance companies
by Aaron Smith @AaronSmithCNN
July 31, 2015 02:38 PM ET
Market consolidation and provider network development is accelerating

- Advocate, NorthShore merger
- Advocate-Walgreens exclusive partnership
- DMG continues to exert influence in suburbs

Narrow networks are gaining traction as insurance products

- United launched ‘Harken Health’ (insurance with its own medical clinics)
- Aetna’s Whole Health limited network (Rush & Advocate)
- Some looking to cut high cost providers out of networks

Multiple stakeholders are moving towards value-based payments and condition-specific bundles

- Wider participation in ACO and CMS pilots
- Payers investing in population health enablement
- Focused population health company alternatives emerging (e.g. Oak Street, Iora Health) enter Chicago
- Increasing interest in employer direct-to-provider contracting (e.g., RUSH-United Airlines)

Significant ‘innovator’ focus on consumer engagement, experience, and empowerment

- ‘Concierge’ primary care (e.g. One Medical)
- New convenient / affordable access points
- Retailers serving as potential health management hubs
- Innovator accelerators in healthcare emerging (e.g., Healthbox, AVIA, Matter)
RUSH STRATEGY
Positioning Rush for Success

RUSH

- Culture
- Strategy
- Structure and Processes
4 Mutually Reinforcing Strategic Priorities

Create a distinctive environment of learning and innovation, allowing RUSH to develop the workforce of the future that will have the greatest impact on transforming healthcare.

Organize a uniquely integrated approach to care and research that sets a new standard for value locally and nationally.

Extend and expand the RUSH enterprise through innovative platforms and partnerships to accelerate our ability to transform healthcare in Chicago and nationally.

Become an anchor for community health and vitality.
Ambition: Organize a uniquely integrated approach to discovery and care delivery that sets a new standard for value locally and nationally.

World class integration and management of clinical delivery, research, and academics across the care continuum, driving to global leadership in outcomes and pioneering new care approaches/pathways.
Ambition: Create a distinctive environment of learning and innovation, allowing RUSH to develop the workforce of the future that will have the greatest impact on transforming healthcare.

Create a unique learning environment— the way people build acumen, the experiential models, and the content itself to become a global standard in health science education.

Create tools and systems for career / student development, access to continuing education, training, and mentorship as a benefit of joining the RUSH family.

Enable current workforce and students to adapt and succeed as the industry shifts towards value-based, patient / consumer-centric, and information / insight - enabled care.

- Students
- Employees
- Faculty
- Partners
- Alumni
- Systemic and enduring career development
- Revolutionized approach to learning
- Platform for industry change
- Applied Learning Community
Ambition: Extend and expand RUSH through innovative platforms and partnerships to accelerate our ability to transform healthcare in Chicago and nationally.
Ambition: Become an anchor for community health and vitality

1. Target communities in Chicago with high hardship as a starting point for a focused renewal effort that may be scaled as success is achieved.

2. Forge a vibrant network of partnerships committed to our communities (‘synergy’ effect).

3. Coordinate the deployment of resources, capital, and programs to address the major structural and social determinants of community prosperity.

If executed successfully, “all boats will rise” and industry will continue to move to West side, elevating the economy and decreasing disparities even further.
Value of Strategy to Key Stakeholders

**Patients**
- Profound re-orientation of experience and improved outcomes though exceptional integration of care delivery and discovery

**Students, Trainees, Alumni**
- Second to none learning experience leading to early career success and a lifelong relationship with an extended RUSH community of partnerships

**Employees, Faculty & Staff**
- Heightened career effectiveness, job satisfaction, and personal success via access to career development support that is unavailable elsewhere

**Payers and Employers**
- Greater returns from a shifted focus to longitudinal value and lower total cost of care – with RUSH and its partners – rather than only unit cost reduction

**Potential Partners**
- Improved financial and mission success from extending expertise, scale, and brand in innovative ways

**Community**
- Healthier, economically vibrant, and more sustainable communities as a direct result of “anchor partnerships”

**Industry**
- Expanded access to integrated system leads to accelerated learning, discovery and care delivery innovations

**Donors**
- Clear impact of transformative impact of philanthropy and benefits to all stakeholder groups
Expanding Our Footprint
Rush is in the initial stages of a long-term strategic plan. Key investments are planned to be made both on and off campus.
Strategic Investments

Includes completed and ongoing projects

• On Campus Planning
  • Master Facility Plan
  • Malcolm X College land purchase
  • Rush Center for Advanced Health Care

• Off Campus Planning
  • River North development
  • Rush Oak Park development
  • Oak Brook development
  • South Loop development
  • Rush Copley development
ARCHITECTURAL COMPONENTS
(focused primarily on campus)
Present State – Growth Cannot Be Sustained

- Medical group visits have grown approximately 5% year over year for the past 5 years
  - As of FY 16, RUMG had ~500,000 visits

- This growth, however, cannot be sustained in the current space occupied by these practices due to physical plant limitations:
  - Disjointed / disconnected practices
  - Landlocked practices that cannot grow

- Our patient experience needs improvement:
  - Fragmented services requiring multiple stops throughout campus
  - Building layout is not patient friendly (patient must know which elevator to take)
  - Inconsistency among practices causes frustration
  - Parking garage distance to the clinics is too far and hard for patients to navigate all the up and down ramps
Current focus is Phase 1; Subsequent phases are preliminary

Master Facility Plan Components

Phase 1 Complete 2020
- Ambulatory Facility (incl Parking)

Subsequent Phases
- Academic Facility Improvements (locations TBD)
- Atrium Inpatient Improvement & Expansion
- Administrative Improvements
- Parking

Center Court Gardens Site

Malcolm X Site
Four mutually reinforcing strategic priorities
The **Rush Center for Advanced Healthcare** will transform the delivery of ambulatory care at Rush by:

- Creating a reliable and highly engaging *patient centered* experience
- Operating under a new care team delivery team organized around *clinical neighborhoods* that best meets the needs of our patients
- Providing space that allows our providers to grow and *expand their clinical programs*
- Allowing for a *high tech* visit for the Gen X and Millennial populations along with *high touch* for others so patients can appropriately customize their experience
- Providing a means to better manage operating expenses while *growing the business* through shared resources
- Improving the *experience for our faculty, staff and students* who work in the building
- Better integrating *research and education* into our care processes
Concept:
• Consolidate ambulatory services to one building, improving patient experience through the campus transformation
• Convenient one stop location
• Proximity to parking
• Unified check-in and registration
• Adoption of innovative wayfinding technology
• Consistent, high quality experience across physician practices
• Collaboration and resource sharing

Site Specifics:
• Corner of Ashland/Harrison, east of the Tower
• Approximately 600,000 square feet
• Projected to open in FY2020
12 organizational groupings are currently under discussion, and a preliminary draft description follows:

- Cancer Center
- Children’s Services
- Digestive and Metabolic
- Cardio – Pulmonary
- Neuroscience
- Eye Center
- Women’s
- Transplant
- Musculo - Skeletal
- Medical Specialties / Day Hospital
- Surgical Specialties
- Primary Care

Each neighborhood is supported by a full suites of ambulatory imaging services, ambulatory surgical capabilities, laboratory and pharmacy services.
RCAHC Building Layout

block/stack
Cost & Schedule Timeline

Approx 3-4 months 2016
Approx 4-5 months 2016-17
Approx 5-6 months 2017
Approx 6-7 months 2017
Approx 25-27 months 2017-20
Approx 3-5 months 2020

Operational & Space Planning
Schematic Design
Design Development
Construction Documents
Construction
Activation & Occupancy

Proceed with Programming and Design June 2016
Submit CON Jan 2017
Start Foundation Fall 2017
Start Building Construction Spring 2018
First Patient Spring 2020

Commit Demolition and Design Funding
Final Program & Budget Established
Commit Construction Funding
Commit Remaining Funds for FFE & Technology
Four mutually reinforcing strategic priorities