



Pen Bay Medical Center
MaineHealth



Waldo County General Hospital
MaineHealth

MEMORANDUM

DATE: October 21, 2016
TO: Medical Staff Colleagues
FROM: Mark Biscone, President & CEO
Lee Woodward, Board Chair
SUBJECT: Proposed MaineHealth Governance Changes

Since its founding nearly 20 years ago, MaineHealth and its member organizations have been engaged in ongoing conversations about its governance and operating models. In that time, the organization has evolved and adapted to changing circumstances, generally growing more unified over time. The MaineHealth mission requires us to continuously ensure we are delivering the highest level of care as close to home as possible for our communities. With the pace of change accelerating within the healthcare industry, it is again time to foster a dialogue about our governance and operating models to ensure MaineHealth and its members can deliver excellent care, contain costs and promote health and wellness in our communities – all key elements to delivering both our vision and mission.

Beginning on October 25, MaineHealth member organizations will start this discussion at their board meetings. Our intent on sending this to you today is to ensure you hear this information directly from us and feel assured that your voice will be heard in this discussion.

Several system-wide councils will be established to provide oversight into this discussion which is anticipated to span the next six months. One will be a 30-member physician advisory subcommittee – inclusive of all of our member organizations – that will be asked to provide input and direction into the process. The composition of the subcommittee will be Medical Staff physicians – from both our private practices and employed physician groups.

We've attached a white paper, prepared by MaineHealth that discusses unification in more detail. Much remains to be discussed and decided if this is indeed the path forward for our organization. In coming weeks we will seek your input as well as keep you fully informed as these conversations progress. Please feel free to reach out to either of us with any questions and concerns you may have.

MaineHealth

System Unification Dialogue

Industry trends have accelerated a dialogue on governance and operating model unity across the MaineHealth system.

The consensus has been growing for more than a decade. A seamless, comprehensive continuum of care across a broad network of providers leads to better health for our patients and our communities. Yet MaineHealth's current governance and operating models do not allow us to fully develop and leverage such a care network.

For providers across our system, the growing misalignment between our governing and operating models and the forces of change within the industry will be felt most directly when it comes to patient care. So far, we have found ways to minimize the impact on our patients. But the resource and structural challenges presented by our current system will grow. Already, issues such as recruitment (nearly 28 percent of our physicians system-wide are over the age of 60), access to primary and specialty care and the need to continue to build a seamless continuum of care have risen as chief concerns when it comes to better serving our patients. Unification can help with all these challenges.

There is much stress at our community hospitals because they remain dependent on relatively complex procedures and specialty care to pay the bills, even as the tidal forces of health care reform and technological innovation drive these patients to larger or specialized medical centers. The impact of this at a time of lagging public reimbursements and new calls to invest in primary care and population health is plain. Within MaineHealth, our Prospective Payment System hospitals struggle, and even our Critical Access members find themselves stretched. Unifying our members fiscally can help us manage through these trends.

What does unification mean? It means a single budget and balance sheet across the system. It means a single employer for all who work within the system. It means establishing a unified Board of Trustees that will govern across the system in way that is more nimble than our current structure.

What doesn't it mean? It does not mean the loss of all local identity and local medical staff structure. All our member hospitals are required to maintain their local medical staffs under the terms of their licenses. It does not mean backing away from giving our patients excellent primary and appropriate secondary care in their communities. It does not mean ceasing to do locally those things that make sense locally. It does not mean that each local area will not be accountable to deliver against local and system objectives. It does not mean that more change won't be required to meet our goals. Perhaps most important for providers across the system is the fact that system governance and operating model unity is a matter apart from organizing under a single, unified medical group. Governance unity would make it easier for providers to work more closely, but whether and how such working relationships are formed is a matter that must be taken up among our providers and their leadership.

MaineHealth

A decades-long dialogue

Since its founding nearly 20 years ago, MaineHealth has been discussing and moving toward greater unification. That trend continued with the approval by our member boards of the recommendations of the Governance & Structure Ad Hoc Committee two years ago.

Indeed, there has been much good work done toward the goal of greater unity. We continue our plans to move our clinical and administrative operations to a single IT platform on SeHR. We have established service lines in cardiovascular, oncology, behavioral health care and pediatrics. We have unified specific operational functions including human resources and information technology, while creating system-level support in areas such as audit and compliance, legal and marketing and communications. More recently, we've adopted a new MaineHealth Strategic Plan, have created a set of system-wide values and have nearly completed the creation of new member strategic plans that align with that of MaineHealth.

It is becoming apparent, however, that all this may not be enough to be successful in the future health care environment.

Our community hospitals are coming under enormous pressure. Across the country, more than 70 rural hospitals have closed since 2010. Within our system, our Prospective Payment System hospitals – often called “tweeners” – have struggled to stay in the black. This has led to layoffs, wage freezes and benefit cuts in some locations. Even those hospitals designated as “Critical Access” have been challenged, despite the fact they are allowed to bill CMS at more favorable rates.

How unification could help

As this conversation begins, the goal of leaders across the system is to keep patient care at its center. Unification could allow us to use our collective resources to deliver a care model across the entire system that is rational and equitable and meets the tenets of the Triple Aim of better care, better health in our communities and lower cost. It would provide a mechanism to serve all our communities, rather than depending on each community to stand on its own. It could leverage the strength that we have together to meet external challenges and help with the conversion from volume to value-based reimbursement rather than individual members each struggling to meet those same challenges alone.

By unifying our governance and operating models, we could harness the industry forces now impacting our health system. Resources could more easily flow to where they are needed. Care for our patients could be delivered in its most appropriate setting, whether that's at a high-volume center of excellence or at the local level where a clinical need has been identified and system resources are brought to meet it.

Our community hospitals won't be freed of responsibility to the bottom line, but nor will they have to stand entirely on their own.

This could create more stability that should be beneficial to our patients and the communities we serve. Notably, it could help us to continue to invest in our employees – an imperative we often refer to as the fourth leg of a “Quadruple Aim” across our system

MaineHealth

What are the challenges with unification?

A good deal of civic pride and identity is tied to our local health systems. Fiscal unity necessitates a governance model that spans the MaineHealth system. The model that emerges from it must be inclusive to succeed.

There also remains, legal and structural issues that must be addressed before we could combine separate entities into a single, \$2 billion organization with 18,000 employees. As daunting as these are, however, they are no more challenging than managing the inconsistent financial results of MaineHealth's member hospitals.

Also, our employees and physician colleagues will have to adapt to changes large and small. This is change that could be unsettling.

And for providers, there is more work to do and more to consider. Providers are very interested in opportunities to collaborate across the system. These might include making it easier for providers to practice in multiple locations - filling the gaps that can occur in rural settings - creating opportunities to build careers across the system and extending education and research activities now concentrated at Maine Medical Center across the system. But all these opportunities depend on how we structure ourselves as a provider group or groups, which is an important and parallel conversation that must take place among our providers and their leadership.

Some may also worry that their voices may get lost in a larger system. A single governing body is likely to be far more transparent than multiple boards whose roles and responsibilities are not always clear to everyone across our system. And should providers be organized in a way that allows them to speak with a unified, system-wide voice, it is likely that such a voice would hold substantial sway within the organization.

Summary

The rapidly changing industry landscape is forcing the conversation about governance and operating model unification across MaineHealth sooner than many of us had anticipated. These trends are proving highly disruptive for our members and threaten to undermine our efforts to provide excellent, patient-centered care. This instability is making it harder for them to focus on our vision and deliver against that vision and the Triple Aim. Unification could allow us to harness these disruptive forces. The result could be a premier health care system where patients get the best possible care as close to home as possible; where communities experience greater health and wellbeing as well as mitigated costs for care; and where our employees gain greater stability and opportunity across a large dynamic health care system that provides the most innovative and highest quality health care possible.