

Case Study

Community Practice Design for Academic Medical Center

PROJECT OVERVIEW

To support an academic medical center growth strategy, four community-based clinics were opened to serve the expanded patient population. A separate business plan was developed for each site, inclusive of medical service offering and business model. Each plan required separate approval from the Health System Board.

SOLUTION DESIGN/PROJECT MANAGEMENT

Service Offering:

- Primary care and specialty services inclusive of FM, IM, OB/GYN, cardiology, GI, neurology, ortho/sports med, PT, OTO/audiology, medical oncology, urology
- Two sites had full diagnostic imaging (all modalities) and reference lab services; others had some imaging that was business plan driven
- Two satellite cancer centers with infusion suites and pharmacy
- Sports medicine and PT

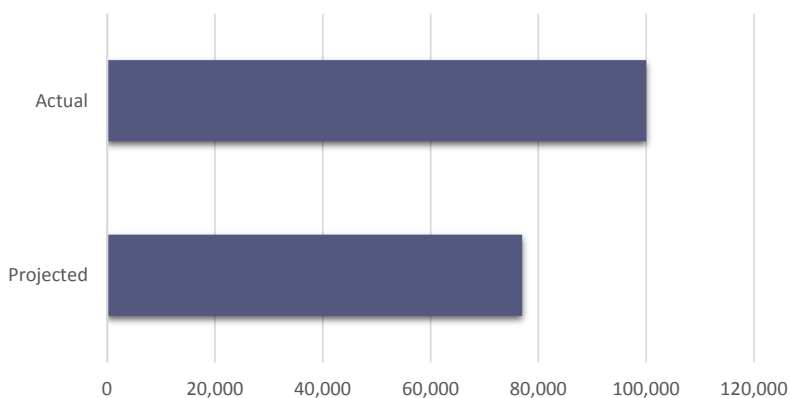
Business Model:

- The health system provided two years of bridge funding to get the new hires started
- Three sites were leasehold improvements and the fourth was owned
- Funds Flow: All professional revenue from each site of services accrued to the faculty member's clinical department – revenues in excess actual compensation (faculty salary and benefits, but no "chairs tax") were returned to the health system to offset operating expenses – agreement was memorialized by an MOU between the chair and the health system

Clinical Model:

- Health system administration operated all of the clinics under the CAO of the faculty practice plan (who was also responsible for all ambulatory services in the health system, both hospital and non-hospital based services)
- The CMO of ambulatory services appointed a primary care medical director and a specialty care medical director

Volume of Encounters - 12 Months



KEY SUCCESSES/OUTCOME

- Combined volume for all locations exceeded >100,000 encounters after 12 months – about 30% greater than pro forma projections
- When margins on inpatient admissions, ambulatory surgery, and advanced imaging were factored into the income statements, each of these sites became profit centers
- Each of these sites were continuously ranked in the top decile of patient satisfaction on quarterly Press Ganey surveys