Session 08AB
Evaluating Strategic Partnerships

Presented by:
Wayne Psek, PhD
Barbara Sorondo, MD
Richard Freeman, MD
Evaluating Strategic Partnerships

Disclosure of Relevant Financial Relationships

The following faculty of this continuing education activity has no relevant financial relationships with commercial interests to disclose:

- Wayne Psek, MD, PhD, MBA
- Barbara Sorondo, MD, MBA
- Richard Freeman, MD, MPH
Presenters

• Wayne Psek MD, PhD, MBA¹
• Barbara Sorondo MD, MBA²
• Richard Freeman MD, MPH²

Learning Objectives

• Identify key components of a strategic partnership model and understand its application in real-world settings.

• Explore how organizational and partnership goals, outcomes, learning and value can be integrated into the evaluation of a strategic partnership.
Agenda

1. Background
2. Model Development
3. Case Study
4. Process/Tools
5. Implications
6. Q&A

1. Background
1. Background

- Top health industry issues in 2016: No. 1 Consolidation
- Trend towards consolidation
- Move toward affiliations, joint ventures and partnerships
- Why are organizations partnering?


CEOs: The pace of health care consolidation isn't slowing

80 percent say consolidation will continue or accelerate in coming years

9:00 AM - March 9, 2016

Most health care CEOs surveyed by Modern Healthcare believe that the rate of consolidation will accelerate in the coming years—and that the result could be higher prices.
1. Background

Announced Hospital Mergers and Acquisitions, 1998 – 2015


1. Background

Number of Vertically Consolidated Hospitals and Physicians, 2007–2013


* Vertical consolidation is a financial arrangement that occurs when a hospital acquires a physician practice and/or hires physicians to work as salaried employees.
1. Background

Eight Reasons Hospital Partnerships Fail

- They aim for an outdated goal
- They fail to get the board on board
- They stop after the first try.
- They compel medical staff participation.
- They create an affiliation that is too loose.
- They talk too soon.
- They insist on pursuing the perfect partnership.
- They start too late


1. Background

<table>
<thead>
<tr>
<th>Stages</th>
<th>Emergence</th>
<th>Transition</th>
<th>Maturity</th>
<th>Critical Crossroads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Environment poses threat to and uncertainty about valued resources</td>
<td>Motivation to achieve purposes of the alliance</td>
<td>Willingness to put alliance interests first</td>
<td>Increased centralization and dependence on alliance motivates members to seek hierarchy or to withdraw from alliance</td>
</tr>
<tr>
<td>Organizations</td>
<td>Organizations share ideologies and similar dependencies</td>
<td>Increased dependence on alliance for valued resources</td>
<td>Members receive benefits from previous investments</td>
<td></td>
</tr>
</tbody>
</table>

- Examples of Tasks at Each Stage
  - Define purposes of the alliance
  - Identify key stakeholders
  - Establish mechanisms for coordination and control
  - Hire or form a management group
  - Attain stated objectives
  - Sustain member commitment
  - Manage decisions about future of the alliance

2. Model Development

- Leadership
- Learning Culture
- Vision
2. Model Development

- Leadership
- Learning Culture
- Vision

- Knowledge Need
- Knowledge Acquisition

- Knowledge Use
- Knowledge Sharing
2. Model Development

- Leadership
- Learning Culture
- Vision

- Knowledge Need
- Knowledge Acquisition

- Knowledge Use
- Knowledge Sharing

2017 CONGRESS ON
HEALTHCARE LEADERSHIP
2. Model Development

Partner A

- Leadership
- Learning Culture
- Vision

System strategic goals

Operational Strategic goals

Program Goals

Shared goals for partnership

Shared Learning and Outcomes

Value

Learning

Partnership strategic goals

Operational Strategic goals

Program Goals

Shared goals for partnership

Shared Learning and Outcomes

Value

Learning

Partnership strategic goals

Leadership

Learning Culture

Vision

Knowledge Need

Knowledge Acquisition

Knowledge Use

Knowledge Sharing

2. Model Development

Partner B

System strategic goals

Operational Strategic goals

Program Goals

Shared goals for partnership

Shared Learning and Outcomes

Value

Learning

Partnership strategic goals

Operational Strategic goals

Program Goals

Shared goals for partnership

Shared Learning and Outcomes

Value

Learning

Partnership strategic goals

Leadership

Learning Culture

Vision

Knowledge Need

Knowledge Acquisition

Knowledge Use

Knowledge Sharing

2017 CONGRESS ON HEALTHCARE LEADERSHIP
3. Case Study

- Partners
- Partnership Rationale
- Partnership Timeline
- Resources
- Model Application
- Lessons Learned
Eastern Maine Healthcare Systems (EMHS)

- 12,500 employees
- 9 hospitals located across Maine
- Population health company with 100K covered lives
- 700 employed physicians
- 40 primary care practice locations
- 4 retail pharmacies
- 4 emergency transport companies
- Nursing homes
- Statewide VNA-home health company
- Variably integrated EMR
- Cancer center
- 1.3 million annual outpatient visits

Geisinger Health System (GHS)

- Not-for-profit integrated health services organization
- Central and northeastern Pennsylvania (45 counties)
- Serves 3 million residents
- Approx. 30,000 employees
- 12 hospital campuses
- Approx. 510,000 member Health Plan

3. Case Study
Partnership Rationale

- EMHS Perspective:
  - To improve population health / care coordination
  - To learn and innovate
  - To obtain new TPA services aligned with providers capabilities

- GHS Perspective:
  - To scale and generalize innovation
  - To expand insurance services/market
  - To build analytics business (xG)
3. Case Study

Partnership Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Feb 2012 – EMHS and GHP form partnership</td>
</tr>
<tr>
<td>2013</td>
<td>Jan 2013 – EMHS/GHP partnership TPA begins</td>
</tr>
<tr>
<td>2013</td>
<td>May 2013 – GHP/GMMC and EMHS/Beacon sign Population Management Agreement</td>
</tr>
<tr>
<td>2013</td>
<td>2013 – XG enters partnership</td>
</tr>
<tr>
<td>2016</td>
<td>Feb 2012 – EMHS and GHP partnership formation</td>
</tr>
</tbody>
</table>

Personnel

• **Initial discussion:**
  – CEOs, Executive Leadership

• **Development:**
  – SVP and Directors (Clinical and Operations)

• **Implementation:**
  – Senior leadership, Directors, Project Managers, Clinical and Analytic Staff.

• **Evaluation:**
  – Finance, Research and Clinical Staff
3. Case Study

- Programs
  - Third Party Administrator (TPA)
  - Care Coordination

- Summary of success
  - Shared learning and innovation
  - Financial
  - Marketing
3. Case Study - Model Application

EMHS

Strategic Goal:
To Be the Best Rural Healthcare System

Operational Goals:
Improve internal efficiency and performance and demonstrate external leadership and value

Beacon Health

- To restructure care coordination
- To redesign primary care
- To develop population health capabilities

Health Plan

- To obtain new TPA services aligned with providers' capabilities

GHS

Strategic Goal:
Transforming Healthcare in America

Operational Goals:
Disseminate Quality and Innovation Regionally and to New Markets

xG

- To apply analytical models to primary care practice redesign

GHP Health Plan

- To expand insurance services to another healthcare system

2017 CONGRESS ON HEALTHCARE LEADERSHIP
3. Case Study - Model Application

EMHS - GHS

Partnership Strategic Goals
Share Models for Healthcare Transformation and Innovation

Shared Operational Goals:
Develop Capacity for Implementing Care Models

Shared Learning and Outcomes

EMHS
Strategic Goal:
To Be the Best Rural Healthcare System

Operational Goals:
Improve internal efficiency and performance and demonstrate external leadership and value

EMHS - GHS
Partnership Strategic Goal:
Share Models for Healthcare Transformation and Innovation

Shared Operational Goals:
Develop Capacity for Implementing Care Models

GHS
Strategic Goal:
Transforming Healthcare in America

Operational Goals:
Disseminate Quality and Innovation Regionally and to New Markets
3. Case Study - Model Application

Beacon Health
- To restructure care coordination
- To redesign primary care
- To develop population health capabilities

Health Plan
- To obtain new TPA services aligned with providers’ capabilities

Learning
Focus on staff training

Outcomes
Efficiency and utilization

Outcomes
Utilization and financial

Learning
Adapt model to local settings

Shared Learning and Outcomes

• To apply analytical models to primary care practice redesign

• To expand insurance services to another healthcare system

xG

GHP Health Plan

Case Study - Model Application

Value
- Financial
- Clinical
- Analytical

Shared value
- Marketing
- Population health

Value
- Dissemination of innovation
- Financial
- Marketing
- Analytical capability

2017 CONGRESS ON HEALTHCARE LEADERSHIP
3. Case Study

Lessons learned

- Definition and alignment of goals varied across programs and over the course of the partnership.
- Extensive learning within the two partnership programs.
- Learning was bi-directional i.e. flowed in both directions
3. Case Study

Lessons learned

- Short-term operational outcomes of each partner were initially achieved, however some longer term outcomes were not as robust.
- Strong distinction between operational outcomes and implementation outcomes.

Characteristics for successful partnership:

- Sustained leadership engagement
- Strong project management support
- Clearly stated goals, timeline and expectations
3. Case Study

Lessons learned

Characteristics for successful partnership:

- Scale and scope of partnership and programs
- Knowledge of local markets and environment
- Timing and duration of partnership

3. Case Study

Quotes

Rationale for partnership:

- “We wanted to partner with a like-minded, high quality, innovative organization”
3. Case Study –
Quotes

Partnership development:

• “at the beginning, spend time to form a sustainable business model”

Challenges for partnership:

• “Organizations or partners, particularly when separated by geography or undergoing leadership changes may have shifting goals that don’t move in the same direction”

• “We still have the same fundamental challenge – we (healthcare organizations) are paid one way and asked to act a different way”
3. Case Study
Quotes

Implementation:

• “Strategic goals change over time - we need points that allow us to check to see if both organizations are moving together”

• “With changing operations, we need to be able to adapt and have flexibility”

• “Project management is essential”

4. Process

Selecting and Evaluating Strategic Partners in Healthcare
4. Process

Step 1. Selecting the Partner

Assessing Culture
- Mission
- Vision
- Leadership Engagement

Assessing Alignments
- Objectives
- Deliverables
- Organizational structure
- Environmental

Assessing Expectations
- Short Term
- Long Term

Assessing Functionality
- Dedicated resources
- Outcome metrics
- Capacity
- Quality
- Innovation
- Financial
- Goals
- Outcomes
- Learning
- Value
- Geographical
- Regulatory
4. Process

Step 2. Establish Baseline

Re-Assessing Expectations

- Short Term
- Long Term

Re-Assessing Functionality

- Dedicated resources
- Outcome metrics

Assessing Operational Capacity

- Developmental Group
- Implementation Group
- Evaluation Group

Step 3. Evaluating Implementation

RE-AIM

- Reach
- Effectiveness
- Adoption
- Implementation
- Maintenance

Organizational Progress

- Goals
- Outcomes
- Learning
- Value

Shared Progress

- Goals
- Outcomes
- Learning
- Value
### Process

**Step 4. Reassessing the Partnership**

<table>
<thead>
<tr>
<th>Scaling</th>
<th>Maintaining</th>
<th>Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals</td>
<td>Goals</td>
<td>Goals</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Outcomes</td>
<td>Outcomes</td>
</tr>
<tr>
<td>Learning</td>
<td>Learning</td>
<td>Learning</td>
</tr>
<tr>
<td>Value</td>
<td>Value</td>
<td>Value</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Sustainability</td>
<td>Sustainability</td>
</tr>
</tbody>
</table>
5. Implications

• Strategic
  – Value proposition

• Operational
  – Sustained leadership engagement;
  – Clearly stated goals, timeline and expectations;
  – Strong project management support; and
  – Knowledge of local markets and environment.

• Generalizability
  – Use

5. Implications

• Applications of the model
  – Planning Tool
  – Decision-Making tool
  – Evaluation Tool
5. Implications

• Examples

  – ACO
  – Mergers and acquisitions
  – Regional partnerships
  – Networks and Collaboratives
  – Vendors

6. Q&As

• Thoughts about partnerships
• Questions

Thank You
Acknowledgement

- GHS and GHP leaders and staff
- EMHS leaders and staff
- xG leaders and staff
- Beacon Health leaders and staff

Wayne Psek, MD PhD MBA

Dr. Psek is an Assistant Professor in the Department of Health Policy and Management at the Milken Institute School of Public Health at The George Washington University. His research and teaching interests cover theoretical and applied fields including organizational design and learning; clinical innovation; health service and system management; quality improvement and implementation science.

Prior to joining The George Washington University, Dr. Psek was an AcademyHealth Delivery System Science Fellow at Geisinger Health System. He is a primary care physician and has 10 years of business experience managing his own company. He received his PhD from the Department of Health Policy and Management at the Gillings School of Global Public Health, University of North Carolina at Chapel Hill; medical degree from the University of Pretoria, South Africa; and MBA from the Schulich School of Business, York University in Toronto, Canada.

Contact Info:
E-mail: psek@gwu.edu
Barbara Sorondo MD, MBA

Dr. Sorondo is the Director of the Clinical Research Center at Eastern Maine Medical Center, a position that she has held for over 10 years. She has successfully overseen the planning, implementation, and evaluation of several clinical trials, federally-funded HIT, rural and community research projects and regional funded payment reform projects, to assess and advance the delivery of healthcare. Dr. Sorondo worked as the lead Evaluator for the Bangor Beacon Community Collaborative, a project with more than 17 statewide partners, funded through the ONC of Health Information Technology. This project integrated care among non-aligned hospitals and primary care practices and served as the foundation for the current EMHS ACO and population health arm of EMHS. Prior to joining EMMC, Dr. Sorondo worked as Associated Director for Clinical Research for the Emergency Department at Albert Einstein Medical Center, in Philadelphia, PA, where she had completed her Clinical Research Fellowship. Dr. Sorondo earned her medical degree from Central University of Venezuela. She completed her residency program at the Carlos Arvelo Central Army hospital and her MBA in Health Services Administration from Saint Joseph’s University in Philadelphia.

Contact Info:
E-mail: bsorondo@emhs.org

Richard Freeman MD, MPH

Richard Freeman, MD, a general internist, is Senior Vice President and Chief Transformation Officer of Eastern Maine Healthcare Systems (EMHS). He is responsible for guiding the transformation of EMHS from volume-based reimbursement and care delivery models to value-based models. Prior to joining EMHS, Dr. Freeman served concurrently as chief medical officer for two subsidiary multi-specialty group practices of Spectrum Health System in west Michigan. Dr. Freeman holds an undergraduate degree from Cornell University, graduate degrees in public health and epidemiology from the Johns Hopkins Bloomberg School of Public Health, and Doctor of Medicine from University of Maryland School of Medicine. His early career included service as Vice President for Medical Affairs, Johns Hopkins Bayview Medical Center; as President and COO of CareAdvantage, Inc., a medical management firm serving BlueCross BlueShield plans; as Director in the Health Care Division of Navigant Consulting, Inc.; and as Senior Vice President and Affiliate Leader, Rochester General Medical Group, Rochester, NY.

Contact Info:
E-mail: rwfreeman@emhs.org
Bibliography/References


