



SHARED VISION 2020 FOR UM MEDICINE:

Thriving in Challenging Times



July 2, 2013

Dear Colleagues:

In September of 2008, we sent an open letter to the University of Maryland Medicine (UM Medicine) community outlining our shared vision for the future. This letter highlighted some of our achievements, which included the Marlene and Stewart Greenebaum Cancer Center's naming as a National Cancer Institute-designated cancer center, and the UM School of Medicine's (UMSOM) investment in research expansion into 23 countries worldwide. We also discussed our plans to strengthen the partnership between the UMSOM and the UM Medical System (UMMS), which would maximize our resources and enhance our biomedical research enterprise and clinical expertise. This would create an exceptional environment to train the next generation of outstanding physicians, allied health professionals and biomedical research scientists.

Now five years later, at a special session of the UMSOM Executive Committee, held on June 5, 2013, we presented our updated shared vision—an initiative we have named our “Shared Vision 2020 for UM Medicine.” As a follow-up to our presentations, we have summarized in this document our joint strategy for our mission areas. The goal is to accelerate the pace of discovery, collaboration and innovation, and redouble our efforts to continue our acclaimed excellence in the quality of patient-centered care across the UMSOM and UMMS. We hope that our renewed shared vision will serve to inspire you as you plan strategies for your academic units in the near term.

UM MEDICINE has achieved top-tier status, and has become a national leader in clinical and academic medicine and biomedical research. Our success contributes greatly to the wellbeing of our citizens and the economic health of our nation. We have sustained this level of leadership by adopting a fierce, goal-oriented, aggressive, strategic and opportunistic approach to maximize our academic yield. However, as the maxim goes, “what got us here will not get us there!” We need to adapt to a new nimble approach to thrive in these challenging times. Our historical performance will inform, in part, our efforts, and will help to shape us and influence our way forward.

RECAP OF OUR HISTORIC PERFORMANCE

We have seen extraordinary growth in virtually all mission areas and categories, including an approximately 35% growth in total revenue for the UMSOM, through increases in the number of grants and contracts, percentage of gifts, growth of the medical service plan, and other key areas. For fiscal year (FY) 2013, we are estimating the total revenue for the School to be approximately \$1 billion. (figure A)

Here is a snapshot of our accomplishments over the past 7 years:

- Grants and contracts have increased by 33% overall, bringing the total to \$2.9 billion.
- 25.3% increase in patents
- Philanthropic support has grown 59% overall, bringing the total to \$393 million.
- In terms of the practice plan performance
 - ◆ Total clinical revenue has increased 52%, bringing the total to \$1.4 billion.

- ◆ Days of cash reserve increased 93%.
- ◆ 23% growth in inpatient surgeries (UMMC only; including trauma)
- ◆ 20% growth of admissions and observations (UMMC only; including newborns and trauma)
- ◆ 32% growth of total patient volumes (including office and inpatient/outpatient visits)
- ◆ 71% reduction in initial denial rate
- ◆ 36.5% reduction in days in accounts receivable

The growth of UMSOM new programs and capital projects since 2006 also has been truly incredible, as shown in figure B.

In partnership with the UMSOM, UMMS has become a premier healthcare system serving Maryland and the Mid-Atlantic Region. What distinguishes us is our unwavering commitment to providing the highest quality patient care and service excellence, while remaining committed to academic medicine, and educating future healthcare professionals to work in the communities we serve.

Utilizing a “hub and spoke” strategic business model, with UMMC serving as the “hub,” UMMS has made a number of key acquisitions over the years to advance this objective. UMMS is now a 12-hospital, \$3.5 billion revenue organization, making UM Medicine a \$4.5 billion enterprise, and having more than \$7 billion in economic activity on the State of Maryland and the region. The system includes 9 community hospitals, 2 specialty hospitals, and the flagship UMMC. (figure C)

- UMMS has created great value throughout the system by
- Taking advantage of the UMMS scale
 - Providing cost-effective access to capital
 - Using System-wide corporate services for supply chain, IT, finance, HSCRC rate setting, government relations, and quality and safety programs, among other activities

- The current business model UMMS has adopted has been very successful. For example,
- ExpressCare transfers of tertiary care patients to UMMC have grown by 92% over the past 8 years.
 - The UMMS operating margin has seen a steady increase, from 0.3% to 3.1%, since FY 08.

WHAT ARE THE CHALLENGES WE FACE?

Challenging times are upon us. As a nation, we are slowly recovering from an economic recession. However, as an academic medicine organization, we are critically affected by the budget cuts that have dramatically reduced federal support for many key institutions on which we rely for funding, including the National Institutes of Health, the U.S. Department of Education, Medicare, and others, as depicted in the flowchart in figure D.

Additionally, the UMMS operating margin has met challenges in FY 13, due to minimal hospital rate increases, reduced Medicare payments, federal Sequestration, and others, as summarized in figures E & F. We are not alone in this. This series of adverse actions are experienced by all medical institutions through Maryland and the nation.

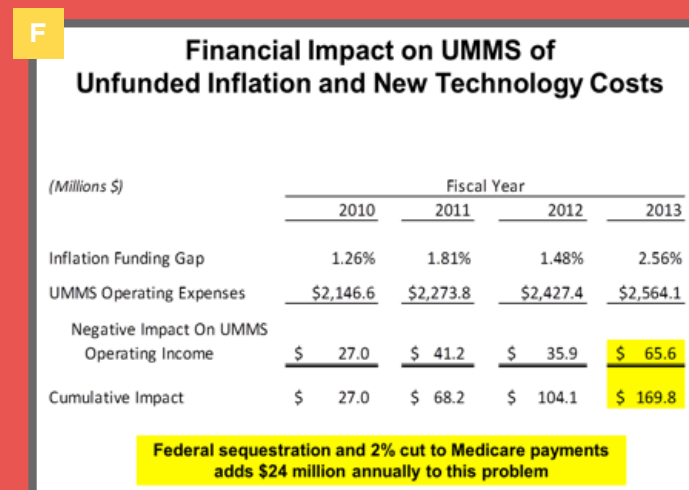
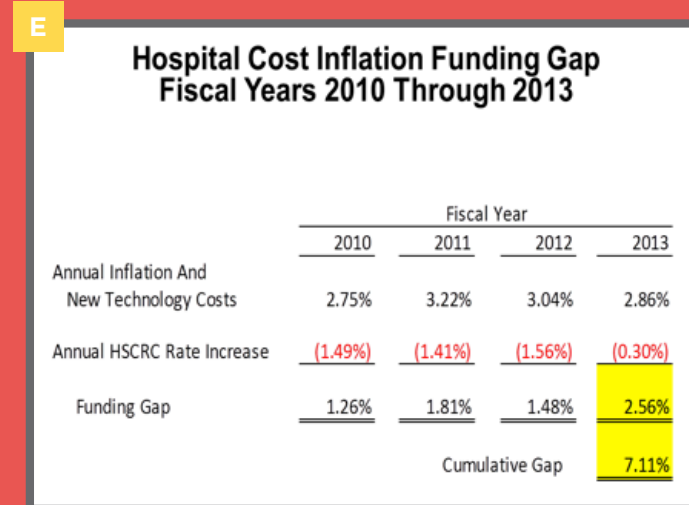
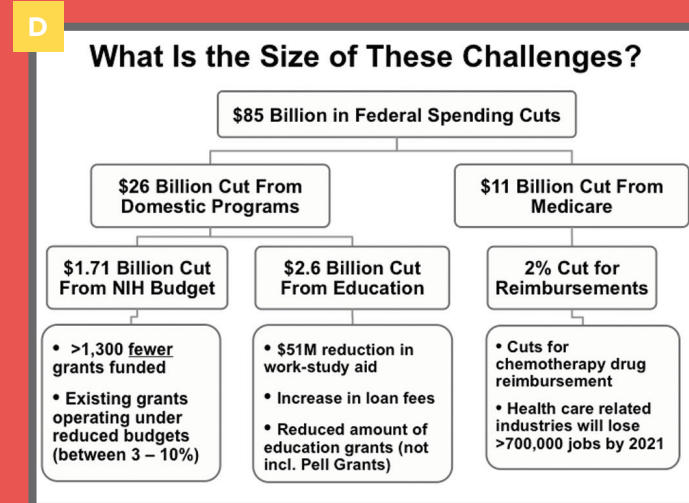
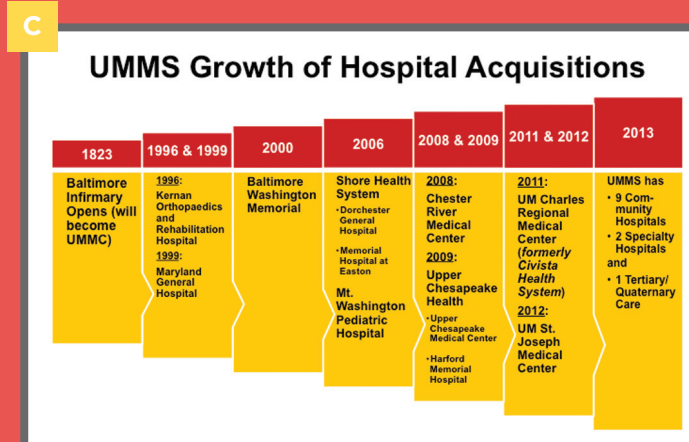
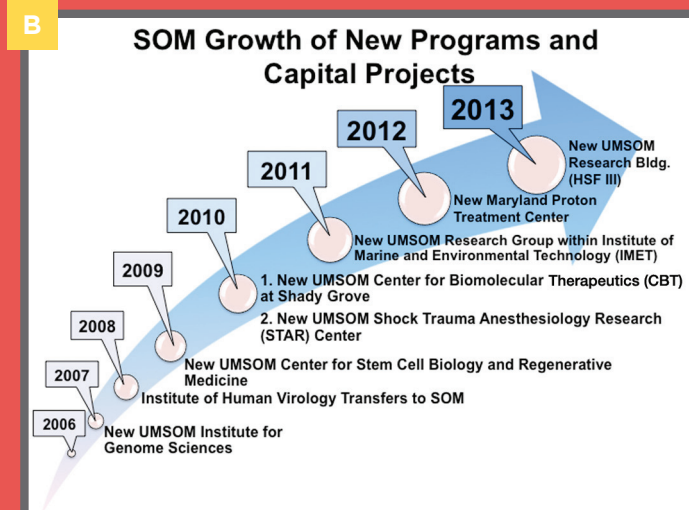
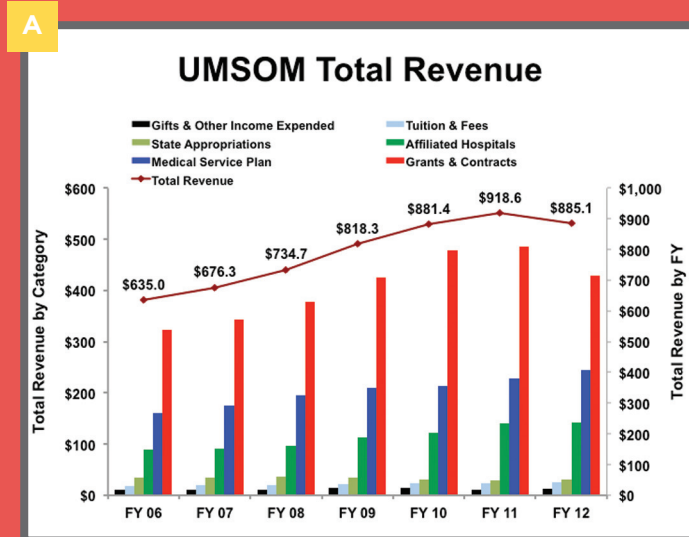
HOW WILL WE ADDRESS THESE CHALLENGES?

What will set us apart is how we respond to the challenges. In the face of these challenges, we have options. We can do nothing and hope that the “storm” will pass. We can continue doing “business as usual” and trust that we will stay on top. Alternatively, we can counteract the “storm” with a series of bold, yet realistic, selective, strategic and opportunistic initiatives, which will allow us to not just weather the difficult times, but thrive during them.

The UM Medicine leadership has settled on the third option. Although this decision may seem overly ambitious, we believe that smart, selective and strategic decision making, and a willingness to alter the course, will allow us to avoid the pitfalls of inertia and better ensure continued success. Our new course is meant to position UM Medicine for maximum and extraordinary success through accelerating the pace of discovery, collaboration, innovation and quality of patient-centered care.

We plan to implement a series of actions that we refer to as “outside the box,” but that could have great potential for dramatically enhancing the trajectory of UM Medicine. This type of approach was formalized and identified first in the business world by Clayton Christensen, MPhil, MBA, the Kim B. Clark Professor of Business Administration at Harvard Business School, as “disruptive innovation.” Christensen defined “disruptive innovation” as a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly

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moves up the market, eventually displacing established competitors. By analogy, we will use this technique to displace the challenges we face and apply strategic disruptive innovations across all our mission areas.

WHAT IS OUR SHARED VISION 2020?

Within the UMSOM key mission areas—education, clinical care, finance and philanthropy, and research—we plan to apply strategic, bold and different approaches to achieve the following:

♦ Vision 2020 for Education

- Introduce a new teaching philosophy and educational “products” focused on training innovators and discoverers
- Obtain federal funding for training the next generation of the medical/biomedical workforce
- Strengthen our internal mentorship program
 - ♦ **Strategies:**
 - ◇ Establish an oversight team
 - ◇ Initiate a “Young Brain Initiative” to promote a culture of innovation and discovery in students and trainees
 - ◇ Secure training grants (e.g., NIH F- and T-series grants and other funding instruments)

♦ Vision 2020 for Clinical Care

- Become unquestionably Maryland and the Region’s premier clinical healthcare system
- Ensure that all academic units have a balance of physician-educators and physician-scientists, who are equally valued
- Make top priorities: service excellence and patient-friendly, patient-centered, high-quality, and safe care
 - ♦ **Strategies:**
 - ◇ Establish an oversight team
 - ◇ Select and focus on key clinical destination centers of excellence
 - ◇ Maximize measurable clinical productivity (e.g., cFTE 80% vs. 40%; RVU ≥ 75 %tile)

♦ Vision 2020 for Finance & Philanthropy

- Attain a philanthropic goal well in excess of \$1/2 billion
- Grow resources for investment and strategic reinvestment of reserve funding; redesign may be necessary
 - ♦ **Strategies:**
 - ◇ Establish an oversight team
 - ◇ Partner with UMMS for win/win profitable programs
 - ◇ Explore new revenue streams

♦ Vision 2020 for Research

- Significantly and measurably increase the pace and scope of scientific discoveries and innovations to ultimately impact Human Health
- Significantly increase research and federal funding (i.e., >5% average annual growth rate), as well as the number and percent of faculty engaged in federally funded research (i.e., 25% of clinical and allied health departments; 90% of basic science departments)

- Introduce a robust incentive-based investment model
 - ◆ **Strategies:**
 - ✧ Establish an oversight team
 - ✧ Become known for “Big Science” Consortia research
 - ✧ Establish Research Consortium Units (RCUs), with a huge funding base
 - ✧ Leadership engagement & accountability
 - ✧ *Davidge Outstanding Science Research Awards* and other select “seed” programs

UMMS has developed both short-term and long-term strategies to face the current economic headwinds.

◆ **Short-term profit improvement actions include**

- Achieving reasonable rate increases
- Growing patient care volumes and market share
- Accelerating System-wide corporate services (i.e., supply chain)
- Implementing selective cost reduction initiatives

◆ **To thrive through these challenging times, UMMS has developed 10 key long-term strategies:**

1. Continue to increase UMMS scale and geographic reach
2. Maintain positive alignment with UMSOM and our physician partners
3. Provide superior quality care and patient safety
 - a. Outstanding quality delivered across the entire continuum of clinical services
 - b. Commitment to patient safety, which eliminates avoidable errors and associated malpractice claims
 - c. Implementation of “Best Clinical Practices”
 - d. Top-tier performance on core measures and other quality/safety benchmarks
 - e. Build on an advanced IT platform that supports clinical decision making and data sharing
4. Establish and leverage a strong UMMS/UM Medicine brand
5. Develop destination clinical programs
 - a. Focus UMMS resources on key clinical programs with significant market growth potential and high return on investment
 - b. Continue to invest in key programs and SOM faculty
 - c. Strengthen clinical program linkages between UMSOM faculty and UMMS community and specialty hospitals
 - d. Increase tertiary care referrals and transfers to UMMC
6. Develop enhanced care coordination and risk management capabilities
7. Implement a system-wide ambulatory care strategy appropriate to each community that we serve
8. Accelerate implementation and standardization of IT strategies
9. Implement an aggressive system-wide cost management initiative
 - a. Efforts to leverage UMMS scale
 - b. Process standardization and innovation to improve productivity and reduce the cost of care
 - c. More efficient use of capacity

10. Maintain strong financial performance to ensure adequate levels of capital investment in new facilities and technology

We have already taken the first steps to implement selective, strategic and bold approaches (“strategic disruptive innovations”) to our organization. For example:

- The *Foundations of Research and Critical Thinking* course, which launches in August 2013, is intended to leverage students’ intellectual acuity and inquisitiveness to advance scholarship by increasing their understanding of how discoveries made in basic and translational laboratories affect patient care, and vice versa.
- The *Critical Care Resuscitation Unit* within the R. Adams Cowley Shock Trauma Center, which opens in July 2013, is expected to become a regional critical care hub for hospital transfers of patients in need of a more acute level of care, using the Shock Trauma model.
- The *Maryland Proton Treatment Center*, set to open in 2014/2015, will become the regional leader in cutting-edge cancer treatment.
- The inaugural “*Festival of Science*,” scheduled for November 22, 2013, will provide an opportunity for UMSOM academic units to highlight their ongoing work and receive external feedback on their research portfolios.

WHAT ARE THE NEXT STEPS?

Over the next months, the UM Medicine leadership will appoint Resource Advisors for each of our mission areas. These individuals will work collaboratively with the chairs, directors, senior faculty and staff to outline strategic innovations for their areas. Each group will then present their proposals and develop a plan to execute Shared Vision 2020.

In early 2014, we will hold an all-hands retreat to review the visions and plans for each mission area and report on progress. After the retreat, each resource advisory group will meet periodically with key faculty and staff and UM Medicine leadership to report on progress, identify and address areas of program improvement, and make recommendations on “right-sizing,” where appropriate.

By the 2020 State of the School address and the 2020 UM Medicine Annual Report, we expect to report on the extraordinary accomplishments that we anticipate will be achieved since implementing Shared Vision 2020 for UM Medicine.

Thanking you kindly for your support, your full participation, and your anticipated aggressive and effective leadership of Shared Vision 2020 for UM Medicine!

Sincerely yours,

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