

Clinical Enterprise Strategic Plan Subcommittee

Subcommittee Survey – Results (anonymous) to be reviewed on 1/30/03

January 23, 2003

I OUR PURPOSE: MISSION, VISION, AND VALUES

It is our *Mission* to use the strength, creativity and intellect of our integrated scientific community to advance the care of Kentuckians through excellence and innovation in health care, research and education. Our *Vision* is to solve the health care problems of Kentucky through an innovative, focused and interdisciplinary approach leading to national and international recognition. In advancing our purpose, we must refocus on our commitments to our *Values* of *Discovery* in our research, *Preparedness* in our education, and *Care* excellence in our clinical work.

In these pursuits, is our intent to achieve greater levels of recognition among the nation's top tier of public academic clinical enterprises, thereby contributing to enhanced levels of recognition for the University of Kentucky.

Circle One:

Strongly Agree *Agree* *Neither Agree/Disagree* *Disagree* *Strongly Disagree*

Comments:

II OUR SITUATION: MARKET AND PROSPECTS

Four key assumptions and one key conclusion underpin our proposed initiatives for the clinical enterprise.

Assumption #1: We expect a *modest growth* in demand for our ambulatory and acute care services in the Greater Lexington market, and a smaller degree of growth from the broader outstate region. As an academic center, our greatest opportunities for growth and distinction reside in the complex higher acuity services in the largest areas of need for Kentuckians: cardiovascular disease, cancer, neurosciences, and musculoskeletal.

Circle One:

Strongly Agree *Agree* *Neither Agree/Disagree* *Disagree* *Strongly Disagree*

Comments:

Assumption #2: We expect a *very difficult financial environment*, with payment for our services coming under major reduction pressure on the federal (Medicare), state (Medicaid), and local (commercial) levels. In addition to reductions in all of our "insured" populations, we expect dramatic growth in the uninsured as greater numbers of Kentuckians lose their health care coverage. Finally, we do not expect increases – and may in fact have decreases -- in direct funding we receive from the State of Kentucky and the University proper.

Circle One:

Strongly Agree *Agree* *Neither Agree/Disagree* *Disagree* *Strongly Disagree*

Comments:

Assumption #3: We expect *escalating levels of competition* for insured patients from our larger local “community” hospitals – Central Baptist, St. Joseph – both of whom are as large and sophisticated as our own clinical enterprise, and both of whom can provide generally higher levels of patient service quality at lower costs. Our trend of losing market share to these institutions must be reversed or our rapidly dwindling capacity to provide services at quality volume thresholds and our financial wherewithal to sustain our enterprise will be exacerbated.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

Assumption #4: We expect to have to *replace our aging facilities* over the balance of the decade, and further expect to have to *finance such replacements with our own resources*. Our current levels of retained capital in the hospital and medical school, and the projected profitability of the same, are insufficient to generate the necessary \$500 million to accomplish this, requiring we receive additional funding and/or improve our profitability and access to debt capital.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

Conclusion: Within this environment, our clinical enterprise is *not* positioned to be the leader in Lexington, let alone the nation, and no significant forward progress will be possible without *bold and sweeping changes* in our strategy and culture.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

III OUR RECOMMENDATIONS: STRATEGIC GOALS AND INITIATIVES

Our successful pursuit of the recommended Mission and Vision, resulting in advancement of UK's clinical enterprise and national recognition of the same, requires we adopt and vigorously implement the following four (4) core recommendations.

Recommendation #1: We must (re)focus our resources into those clinical program elements where excellent and sustainable results are possible. This does not necessarily imply the elimination of clinical program elements, but such outcomes should not be ruled out in those areas defined to be unsustainable. The majority of leading public clinical enterprises do not provide a full spectrum of clinical programs, nor do they have the financial resources to do so. This includes many larger and better-financed institutions such as University of Washington, University of Colorado, University of Alabama, and University of California, San Francisco. Those program elements not provided directly are made available through partnerships and alternative delivery networks. UK is hardly an exception to this reality, and if we wish to advance our organization and our results, we must pursue vigorous reconsideration of our current "do it all" strategy. We must also consider alternative organizing approaches to achieve our program objectives, e.g., service lines.

Success metrics: Completion and implementation of fully funded business plans for the identified priority clinical program elements.

Responsibility: Faculty and administrative leadership of the Schools and Hospital.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

Recommendation #2: Our resource focus must be in those areas where UK can bring large and excellent programs to the fore: cardiovascular, cancer, neuro, and high-technology interventional and diagnostic work. These are not only some of the areas of greatest need for Kentucky, but also represent areas in which sophisticated academic centers such as UK can best apply our academic advantages. It is worth noting that not a major academic center in the country has achieved their standing without exceptional services in these areas – not a one. A clinical area such as cardiovascular is the financial cornerstone at leading teaching hospitals and their relevant academic counterpart departments across the country, and also plays a comparable role at UK, current unrealized potential notwithstanding. Focus in such areas does not imply we will provide every single programmatic element possible, only that a significant and successful service is critical to accomplishing our defined task.

Success metrics: Confirmation of these priorities, and completion and implementation of successful supporting business, recruitment, and facility redevelopment plans.

Responsibility: Faculty and administrative leadership of the Schools and Hospital.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

Recommendation #3: We must complete an initial and ongoing “top-to-bottom” prioritization process(s) to confirm these areas of emphasis and better understand our areas of weakness. Such a process(s) must be rooted in criteria, and these must support the advancement of clinical excellence and sustainability within the context of our Mission and Vision. We further recommend the following criteria be adopted to guide this process. These criteria are not assumed equal, nor do we expect any given priority program that is identified to meet all of them at equivalent levels:

- *Market demand and growth*, particularly in those clinical areas of most unique need within Kentucky;
- Clinical areas providing UK with the greatest opportunities for national *recognition and preeminence*;
- Clinical program elements with the best prospects of not *only sustainable reimbursement* for our faculty and hospital, but offering opportunities for us to strengthen our bottom-line earnings capability;
- *Competitively attractive* programmatic areas, where we can expect reasonable prospects of success both locally and regionally;
- Areas in which we can expect to produce a *high quality proposition*, e.g. where we can develop the necessary volumes, do so at affordable levels of investment, etc., and;
- Areas core to our *educational and research mandates*, and which cannot be otherwise provided effectively via external clinical partnerships.

This process must convene immediately and be completed in short order such that recruiting, development, and budgeting decisions can be informed in a timely fashion.

Success metrics: Definition and completion of the initial process, with prioritization of all major clinical program elements with recommendations for the disposition of each.

Responsibility: Faculty leadership group (similar to the “Faculty Vision Group”), supported by the administration of the Schools and Hospital, and endorsed by the leadership of the University.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

Recommendation #4: We must redevelop our clinical facilities and capacity such that our ability to attract our “fair share” of all patient reimbursement sectors – Medicare, Medicaid, Commercial, Uninsured -- is enhanced. Currently, we are uncompetitive for commercial patients on an unsustainable basis, and less competitive for Medicare patients than is desirable. On the flip side, we serve a heavily disproportionate share of Medicaid and Uninsured populations, and a share that is not financially sustainable without greater participation from the region’s other not-for-profit hospitals who have comparable Missions to take care of Kentuckians regardless of their ability to pay. To enable a sustainable re-balancing of our clinical business at UK, we recommend redefining our faculty, staff, and facility capacities over the short term to levels we conclude are financially sustainable. Over the longer term, we recommend evaluating redevelopment of our hospital and faculty practice, or elements thereof, at alternative locations conducive to successfully attracting a more balance mix of patients.

Success metrics: Completion, approval, financing, and initial implementation of a plan for redeveloping the hospital and faculty practice.

Responsibility: EVP, supported by the faculty and administration of the School and Hospital, and endorsed by the leadership of the University.

Circle One:

Strongly Agree Agree Neither Agree/Disagree Disagree Strongly Disagree

Comments:

OVERALL/OTHER COMMENTS:

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