

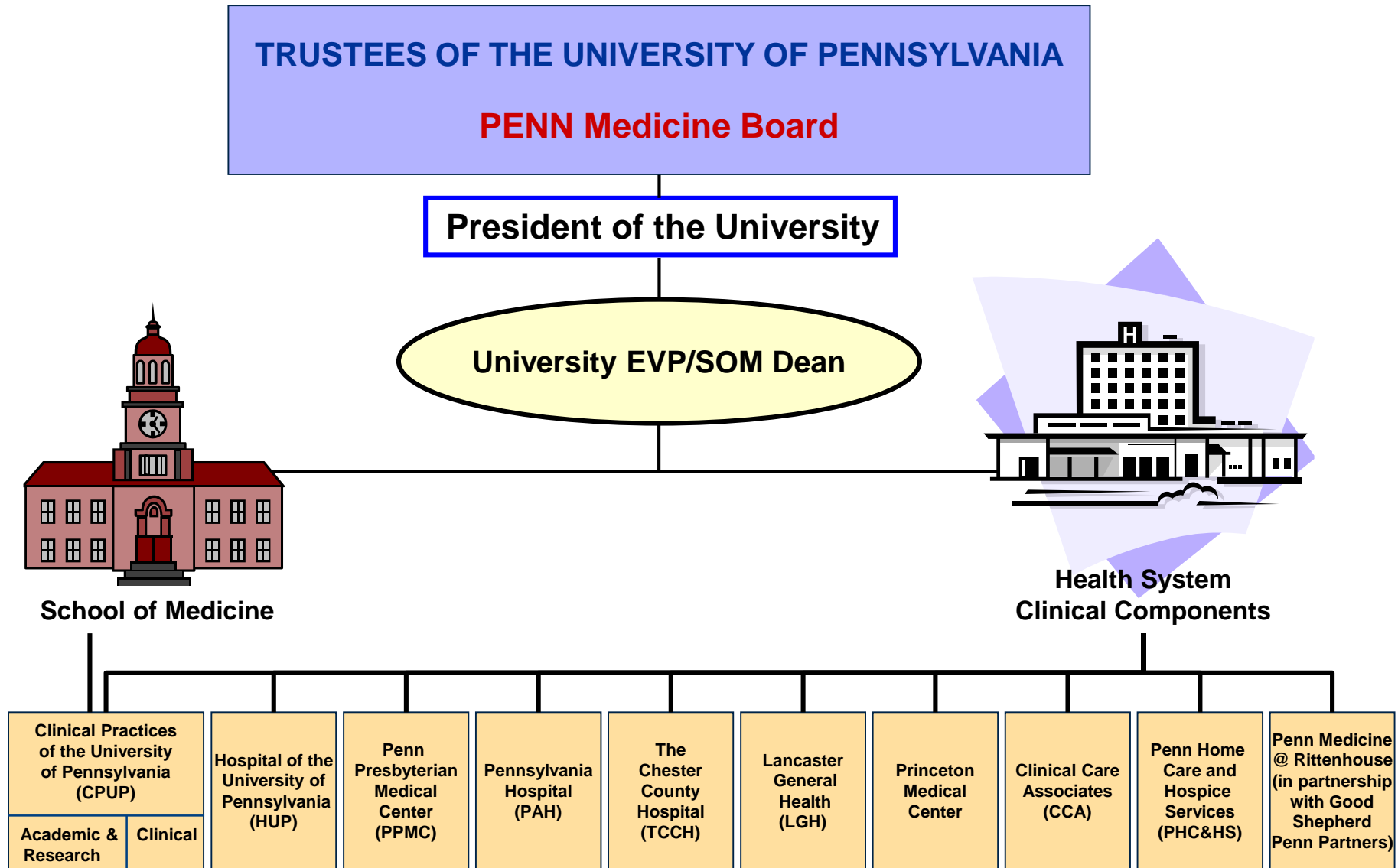
Penn Medicine Medical Group

APPD April 2018



Penn Medicine

Penn Medicine Overview



UPHS Acute Hospitals

Hospital of the University of Pennsylvania



Number of physicians: 1,968
Employed physicians: 1,968

Pennsylvania Hospital



Number of physicians: 470
Employed physicians: 357

Penn Presbyterian Medical Center



Number of physicians: 1,273
Employed physicians: 1,156

Lancaster General Hospital



Number of physicians: 957
Employed physicians: 300

The Chester County Hospital



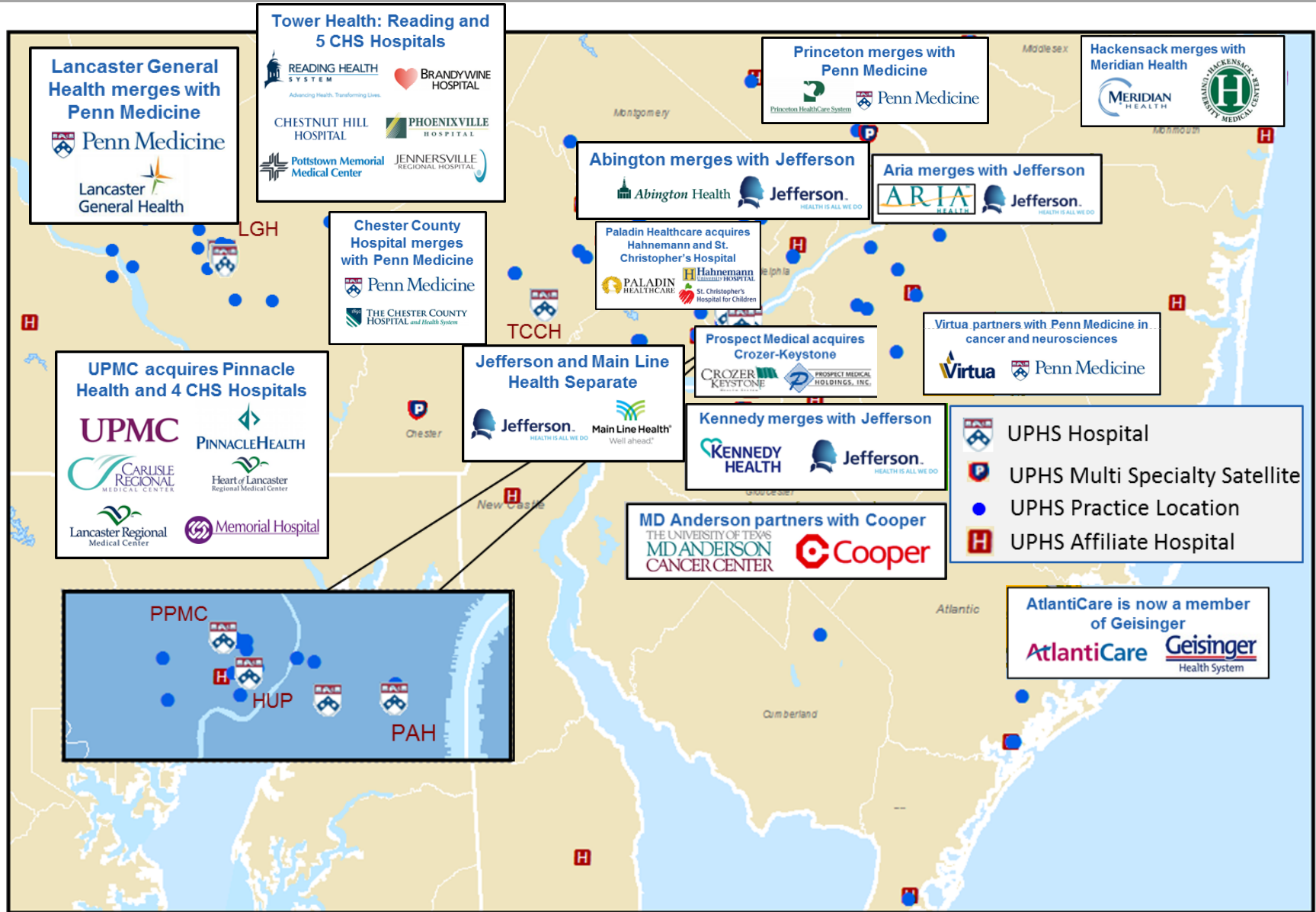
Number of physicians: 515
Employed physicians: 130

Princeton Medical Center



Number of physicians: 1205
Employed physicians: 120

Market Dynamics



Penn Medicine Employed Providers

	CCA	CPUP	Lancaster	Princeton	Grand Total
Primary Care					
APPs	34	26	83	17	160
Physicians	106	63	142	45	356
Total	139	90	226	62	516
Specialty Care					
APPs	30	388	124	8	551
Physicians	103	795	149	24	1,070
Total	132	1,183	273	32	1,621
Grand Total	272	1,273*	499	94	2,137

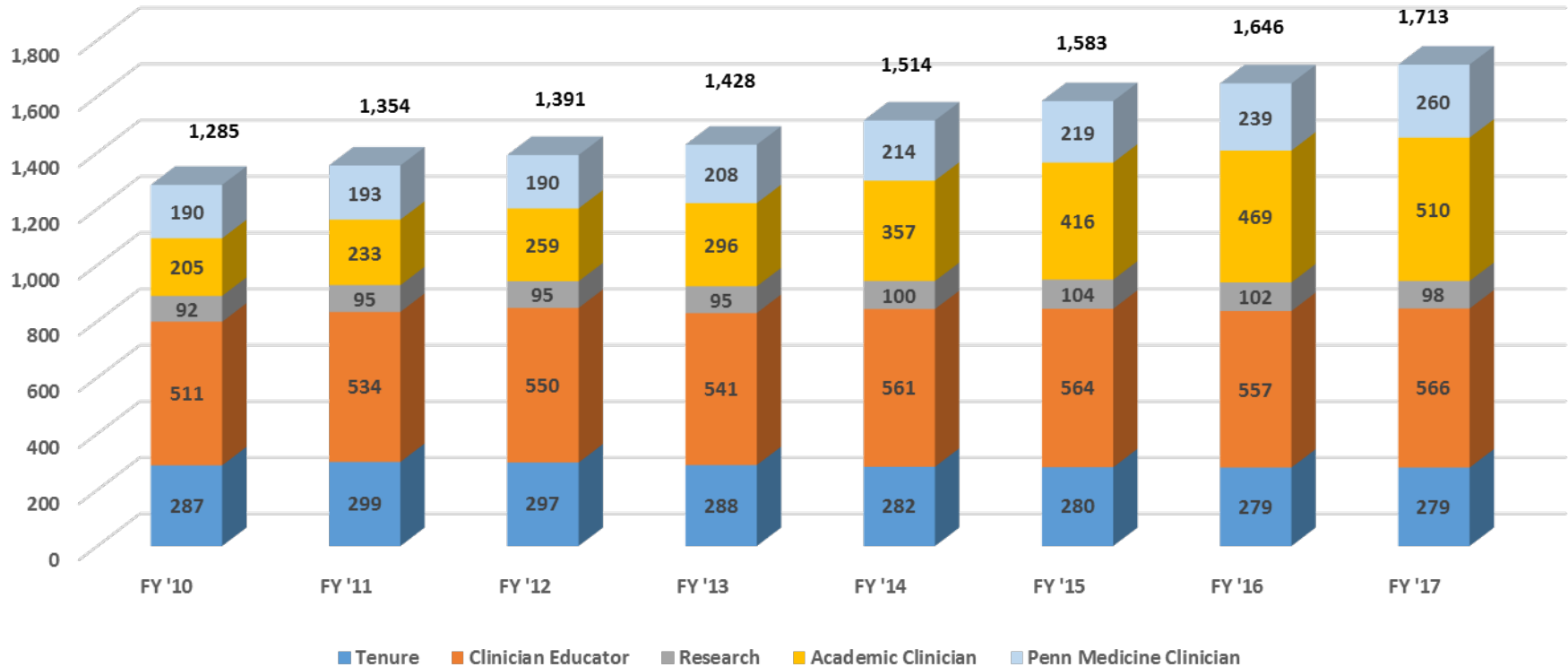
Notes:

- CCA includes 14.66 Specialty cFTE's leased from CPUP (13.01 physicians, 1.65 APPs)
- APP = NP, PA, CRNA, Midwives
- Physicians = MD, DO
- Does not include non-employed providers

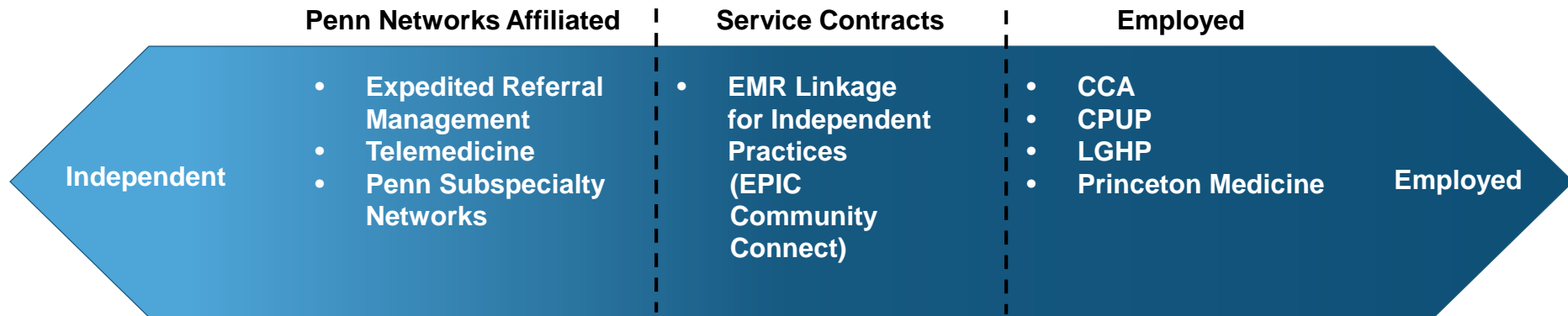
* CPUP cFTEs

Full Time Faculty History

Full Time Faculty History



Physician Alignment Continuum



Alignment/Employment Vehicle Options

	CPUP	CCA (Corporate)	LGHP/Princeton (Hospital Based)	Penn Regional Physicians
Pros	<ul style="list-style-type: none"> • Tight integration with chairs • New entrants not viewed as competitive • Avoids a 'caste' system • Funds Flow aligns Departments with hospitals • No change management required 	<ul style="list-style-type: none"> • No change management required • Lower cost benefits • Common culture (amongst PCPs) 	<ul style="list-style-type: none"> • Tight integration with hospital • More local control • Nimble in responding to market issues/opportunities 	<ul style="list-style-type: none"> • Economies of scale (sharing core services) • Standardize to best practices <ul style="list-style-type: none"> ○ Revenue Cycle operations ○ Physician on-boarding ○ MACRA/MIPS ○ Epic Optimization • Lower cost <ul style="list-style-type: none"> ○ Benefits ○ Malpractice ○ No Dean's Tax • Coordination of payer strategies • Consistent employment and alignment models that can be tailored to better meet health system needs • Options for alignment with Penn Medicine that do not require employment • Financial alignment betw hospitals and physician group by standardizing Funds Flow
Cons	<ul style="list-style-type: none"> • Expensive • University constraints on faculty size • Dean's Tax • Payer pressure re: extending academic rates to community • Integration with local hospitals • Multiple models confusing to the market 	<ul style="list-style-type: none"> • Specialists managed with primary care mindset (50% specialists) • No funds flow to align with hospitals' micro market physician strategies • Not well connected to clinical departments • Multiple models confusing to market 	<ul style="list-style-type: none"> • Legacy administrative processes and functions • Lost opportunities for enhanced referral management • Multiple models confusing to the market • Lost economies of scale • Internal competition • Difficult to coordinate payer strategies 	<ul style="list-style-type: none"> • Potential loss of control <ul style="list-style-type: none"> ○ Physician-hospital leadership relationship disruption • Significant change management

Penn Medicine Medical Group (PMMG)

Designing the Penn Medicine Medical Organization of the Future

Expansion of Health System = Increase in the scale/complexity of physician enterprise.

New structure required \Rightarrow Increased Efficiency, Lower Costs.

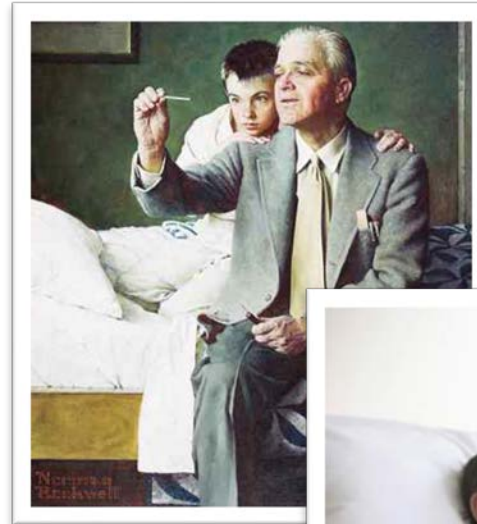
PMMG Goals:

- Develop alternative options for aligning specialists with the health system
 - Employment
 - Affiliation (CIN, Panel Criteria, Penn Specialty Network)
 - Alignment (Community Connect)
- Preserve relationship between hospital leadership and their local PMMG physicians
- Develop common infrastructure to gain efficiencies of scale
- Create a vehicle to facilitate rapid adoption of newer payment models
- Define the roles of PMMG, CPUP/Chairs, local entity CEOs, and Service

Scope Definition - Primary, Specialty and Aligned

◆ Primary Care

- Family Medicine
- General Internal Medicine
- Urgent Care
- General Pediatrics
- Geriatrics



◆ Specialty Care

- All other Medical Specialties
- ED
- Hospitalists

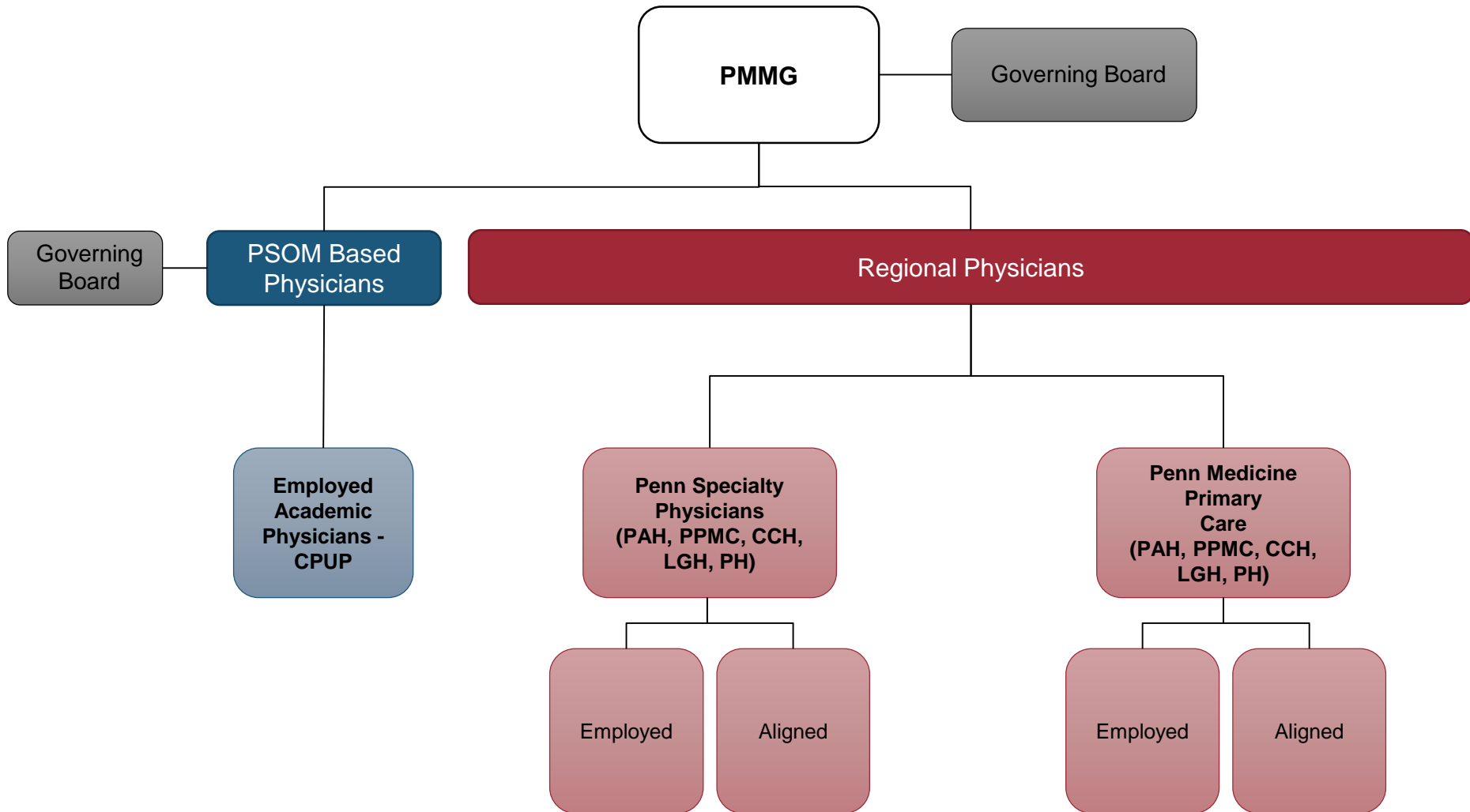


◆ Aligned

- Penn Specialty Networks
- Community Connect practices



PMMG Structure



Proposed Functional Accountabilities

Hospital Leadership/ CEO

- Micro market physician strategy
- Relationships with local physician community
- Strategic planning/ targeted program growth plans
- Implementation quality standards through medical staff bylaws, pathways
- Approval of compensation guidelines
- Approval of funding/ annual budgets

Clinical Departments/ Service Lines

- Credentialing criteria and quality/ care standards (OPPE/FPPE)
- Approval of new PSN members & employed physicians
- Clinical integration at specialty level
- Management of PSN relationships
- Partner with service lines on clinical pathway design
- Expedited access for regional physicians

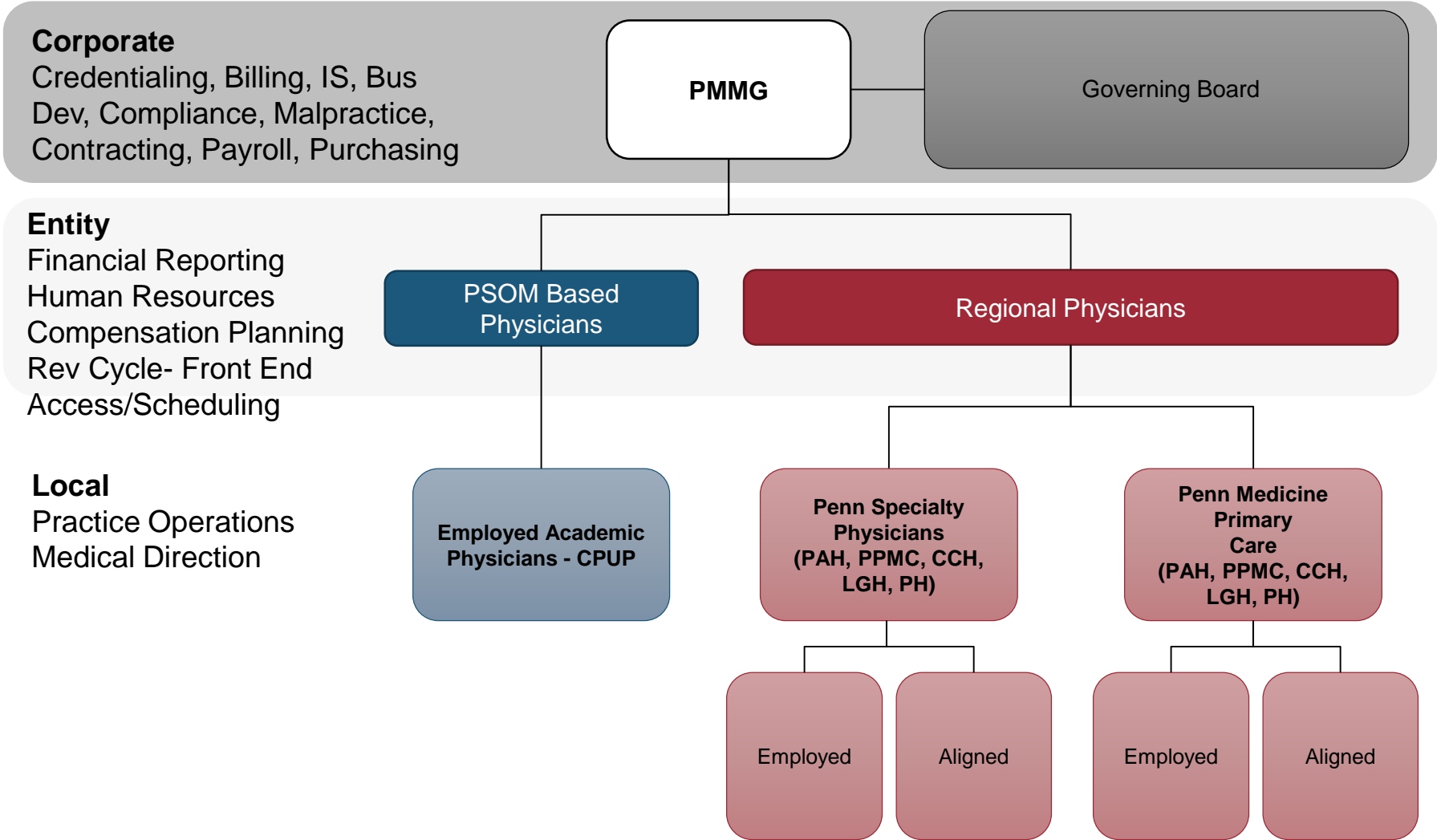
Regional Physician Group

- Micro market physician strategies in markets w/o Penn hospital
- Design and administration of alignment vehicles (PSN, Community Connect, etc.)
- Execution of contracts
- Coordination and management of core services (finance, quality, access, etc.)
- Daily practice operations
- Financial oversight, accountability
- Annual physician performance review and compensation setting

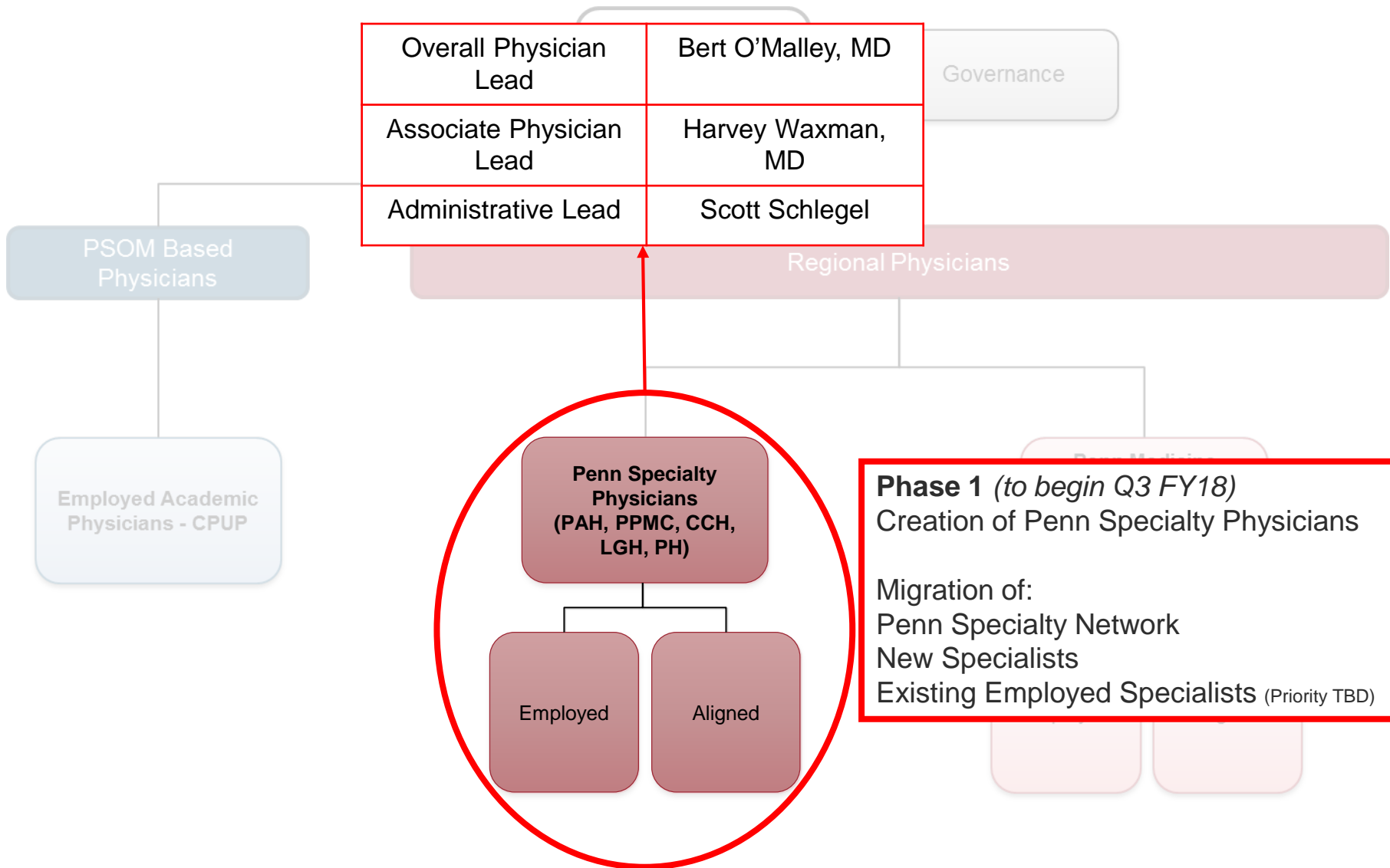
Strategy

Operations

Proposed PMMG Core Service Structure



Proposed Phase 1: Penn Specialty Physicians



Next Steps

- ◆ **Establish governance structure (and redefine role of CPUP Board of Directors)**
- ◆ **Migrate Clinical Care Associates (Penn primary care network) into Regional Physician group (July 2018)**
- ◆ **Organize centralized core functions**
- ◆ **Prioritize groups for Community Connect alignment**
- ◆ **Develop financial model/new funds flow**
- ◆ **Orchestrate cultural transformation**

