

## Travis Zachary Gutierrez

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**From:** Cherysa P Cortez  
**Sent:** Thursday, August 25, 2016 3:51 PM  
**To:** Iryna Ethell; alaxist medsch; Manuela Martins-Green; Genie Mulari; Kenneth Barish; christian.shelton@ucr.edu; Veronica Quesada  
**Cc:** Jose Wudka; Dylan Rodriguez; Travis Zachary Gutierrez; Cherysa P Cortez  
**Subject:** For Systemwide Senate Review: UC Health Strategic Plan  
**Attachments:** UC Health Strategic Plan for HSC (08-15-16) (2).docx

**Importance:** High

**Follow Up Flag:** Follow up

**Flag Status:** Flagged

### For Review by SOM Executive Committee, Planning & Budget, and CODEO

**DUE DATE: September 15, 2016 to [senate@ucr.edu](mailto:senate@ucr.edu)**

On behalf of the Riverside Senate Division Chair, I am forwarding for review the attached draft strategic plan for UC Health. Please submit comments to [senate@ucr.edu](mailto:senate@ucr.edu) by **September 15, 2016** to allow us time to compile and summarize comments for timely submission to Systemwide. I include below the email from Dan Hare and Jim Chalfant for background and reference and to draw your attention to parts he has pointed out. As always, any committee that considers these matters outside its jurisdiction or charge may decline to comment.

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Colleagues,

We are sending this to the outgoing and incoming chairs of the divisions with medical schools.

Attached is a draft strategic plan for UC Health – the clinical enterprise of the UC medical centers – developed by EVP Jack Stobo. He has made it available for feedback and comment. It is our understanding that it will be presented to the Regents Committee on Health Services on October 18, and to the full Board of Regents at their meeting on November 16-17. We ask that you send this to your relevant faculty committees in the medical school and perhaps others for their consideration. The campuses are organized differently in this regard, and we believe that you all know best which groups of faculty should review this document. In view of the short timeline, Jim and I ask that you provide your reviews to Hilary Baxter ([Hilary.baxter@ucop.edu](mailto:Hilary.baxter@ucop.edu)) no later than September 30. Jim then will collate the responses and send them to Dr. Stobo.

To guide your review, please pay attention to the following:

- This largely is a business model for the clinical enterprise. The cover letter makes it clear that this plan does not provide direction for the research and education programs associated with the medical centers. This is consistent with the charge and portfolio of the Regents Committee on Health Services, in that direction for research and education resides with the faculty of the medical centers, as it should, and not with this Regents Committee nor with the Systemwide UC Health division of UCOP. Nevertheless, there may be aspects of the business model that could affect the research and education mission in health sciences, and your faculty may want to comment upon such aspects of the plan.
- Your reviewers might pay particular attention to the Bullet point # 6 in the “UC Health Vision” about no longer replicating all clinical services in all locations.

- Your reviewers might also pay close attention to the Section 5, “Tactics for Achieving our Goals.” The faculty perspectives about whether these are the best tactics and how to implement them would be valuable.

Finally, we also want to assure you that there is nothing in the strategic plan that dictates any changes to the medical benefits provided by the medical centers or others under any of the UC employee medical plans. No such changes would be made except through conventional processes managed by UCOP Human Resources in that office’s role as administrator of the medical plans.

Best,  
Dan and Jim

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Many thanks,

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**Cherysa Cortez on behalf of Jose Wudka**

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**UNIVERSITY OF CALIFORNIA RIVERSIDE**

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**DATE TBD, 2016**

Dear Colleagues,

Health care is in the midst of the largest transformation since the 1990s, and this market upheaval presents both great opportunities and significant risks to health systems across the country, and to our clinical enterprise at the University of California. It presents opportunities to enhance and optimize how we deliver care to millions of patients. It presents opportunities to more rapidly develop, test and deploy new diagnostic and treatment tools to better treat, manage and even cure, conditions for which we had little effective solutions in the past. It presents opportunities to leverage the great advances in technology to better identify at-risk patients and tailor interventions to their needs, as well as empower them to play a pivotal role in their own care. And it presents opportunities make sure the clinicians of the future are trained with a value-based, rather than volume-based, mindset. Academic health systems that can adapt their business model to this new environment, and demonstrate their ability to deliver coordinated high quality, cost-effective care will be positioned to survive and thrive in the post-ACA world.

The issues we face are complex and challenging and include the following:

- Declining reimbursements from private (commercial) and public payors
- Year-over-year increases in our costs which are outpacing increases in revenue
- Prices we are charging for services provided, especially commodity services, which are not competitive in the healthcare marketplace
- An emphasis on managing the health of populations which challenges our traditional approach to improving the health of individuals
- A hyper-competitive NIH funding environment with grant awards as a percent of applications at their lowest level in 30 years
- Misaligned priorities within our UC Health system

Our desired state should include an ability to provide the highest quality and safest care at an affordable price while continuing to enhance our academic missions. Our aspiration should include the ability to manage the health of populations and to act as a coordinated, integrated health system of systems with aligned priorities and incentives. All of this needs to be done in a way that provides a financial margin that not only allows us to adequately support capital improvements but also to provide support that is vital to the continued success of the programs associated with our health professional schools, and other programs associated with the clinical and academic enterprise.

Now, how do we get to our “desired state”? It will not be easy! It will require a change in the way we think; a change in our culture. We need to redouble our efforts to move to a patient-centered delivery model. We need to reaffirm our commitment, to place the needs of patients first and foremost. We

must be relentless in getting our costs in line with our revenue. We must form partnerships with other providers and payors, who share our academic values and our commitment to deliver high quality affordable care to advance the health of populations. We need to acknowledge the fact that we are a public institution and as such, have a societal commitment to provide our fair share of services to vulnerable and medically underserved populations. Finally, and most importantly, we must break down the traditional artificial barriers that exist within our UC Health System which inhibit the coming together of our medical centers, to coordinate strategies and create programs whose total far exceeds the sum of the individual contributions. A similar coming together must occur among our health professional schools.

Yes, these challenges and imperatives are dramatic. But, we are up to the task. No other academic health system has the intellectual capacity, passion and compassion that exists within UC Health. We have strong leadership in our Vice Chancellors, Deans and CEOs. We have a Regental governance that is knowledgeable, and committed to govern and lead in a manner that supports our mission and activities. The future is ours to win or lose. Our success depends on what we do, not on external factors. No system of health professional schools and medical centers is better poised to succeed in this rapidly evolving health care environment.

The strategic plan which follows, addresses several of these issues. There are however, caveats concerning this plan which require emphasis. First, this is a strategic plan for only the clinical enterprise. It is not a strategic plan which provides direction for the research and educational programs associated with UC Health. This is not to ignore the fact that the clinical, educational and research programs are inextricably linked. However the reconfigured Health Services Committee of the Board of Regents was charged by the full board, when it was created, to provide oversight only to the clinical enterprise. Second, this is an evolving, rolling work in progress. The plan needs to be vetted widely with appropriate groups of the medical center campuses for their evaluation and comments.

We look forward to feedback concerning the plan and the continued evolution of the strategies and tactics outlined.

## 1) UC Health Mission

**Our mission is to *make health care better*.** Each UC health system works to advance this mission in its community and as a system of health systems, we work together to catalyze innovation to identify the cures of tomorrow, deliver unparalleled clinical care, and train the workforce of, and for, the future. As a result of these efforts, we improve the health of our communities, Californians, and everyone we serve.

## 2) UC Health Vision

UC Health will be the **premier system for advancing health in the Western US**, recognized locally, nationally and internationally for excellence and innovation in clinical care, research and teaching, for our collaborative spirit, dedication to serving our communities, and for our leadership contributions on important health issues in the State.

By FY 2020, **UC Health** will look markedly different than it does today:

- The health systems will be recognized not just for the excellence in clinical care, but also for our patient-centeredness and the positive impact on the communities we serve;
- We will be able to measurably demonstrate the value we add, and the impact of our care on the health of all of the patients and communities we serve, including low-income Californians;
- Our research enterprise will have increased the number and depth of collaborative projects across the UC system, enhanced our partnerships with industry to accelerate the application of discoveries in clinical settings, and achieve improved integration with our clinical teams to ensure that our research continuously improves how we care for patients;
- The health systems will be strategically and operationally aligned with each other, and with their UC health sciences school partners, coordinating priorities, conducting joint strategic and financial planning, and aligning resources;
- We will look significantly different in terms of our composition of assets – having assembled the acute, ambulatory, and post-acute care assets required to be successful in a value-based environment;
- We will have grown strategically across California and western states, and with a system view of service line planning, such that we no longer replicate all clinical services in all

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locations, but rather optimize where care is delivered based on quality outcomes, cost and value;

- In collaboration with the CEOs, Deans, Chancellors and the Health Services Committee of the Regents, the EVP, UC Health will help identify and pursue opportunities for synergy and value creation across the clinical enterprise; and
- As a result, UC Health as a whole will be stronger – achieving sustainable margins to support reinvestment in the clinical, teaching and research missions – and supported by a strong and engaged governance body.

## **3) Core Values**

### Excellence

We are committed to achieving the highest level of excellence in patient care, discovery and education, continually challenging the status quo to redefine what is possible in health care.

### Integrity and Accountability

We are transparent in our endeavors and build mutual trust by acting with integrity and promoting open communication across UC Health. We hold ourselves individually and collectively accountable for the performance of our duties, the care of the patients and communities we serve, and for the overall success of UC Health.

### Creativity and Innovation

We strive to be the pioneers of innovations that benefit humanity and we promote creativity in revolutionizing the way the world discovers, teaches and heals.

### Diversity and Inclusion

We reflect the diversity of California in our student body, our faculty, our staff, and the patients we serve; and we value people from all cultures and backgrounds by treating everyone with respect, professional courtesy and cultural competence.

### Teamwork and Collaboration

We collaborate as individuals, units, departments and systems to advance our mission and achieve world-class results, fostering synergy and celebrating the successes that result from effective teamwork.

### Respect and Compassion

We cultivate an environment where all employees feel included, valued, celebrated and respected, and we treat our patients as we would treat members of our own families, engaging them as partners in their care decisions.

## 4) Strategic Goals and Imperatives

To achieve the innovation, market scale, operating performance that will preserve and advance our leadership position and expand our community impact, we must achieve greater synergies across our assets. ***We must, in essence, become greater than the sum of our parts.*** We have organized our goals in six categories of strategic importance: Value, Clinical Excellence, Innovation, Efficiency, Integration, and Public Health Impact to advance us on this path.

### 1. Value:

**Develop the scale, assets and capabilities to thrive in a value-based reimbursement environment.** The ACA has resulted in pressure on providers to shift away from volume-driven care and towards value-driven care. With this shift comes a responsibility to care not just for individuals, but also for populations of patients, and to demonstrate the quality and value of the care we deliver. This population health movement requires new tools and skill sets, and requires deeper primary and secondary care capabilities. We must position ourselves to deliver this new model of care and strengthen our capabilities across the health system in a more unified manner, through collaboration with our faculty practices, strategic partnerships with health plans and provider partners, and through targeted investments in important assets (e.g. population health analytics, telemedicine platforms, primary care and post-acute and continuum of care assets). We must also demonstrate our excellence and value through data to payers, patients and the public.

### 2. Clinical Excellence:

**Strengthen UC's position as *the* destination for complex tertiary and quaternary care in the Western US, while ensuring excellent primary and secondary care delivery in our immediate communities.** We must strengthen the position of our health systems as leaders in the delivery of highly complex acute care for all ages—distinguishing ourselves as the destination in the Western US for the latest in oncology, neurosciences, cardiovascular, transplant, and other quaternary care treatments. We must evolve these services cognizant of market needs and the competitive environment, ensuring we build service lines in a deliberate, thoughtful, and coordinated manner across our statewide system. We will be distinguished by the breadth and depth of our clinical research, coordinated across UC Health.

### 3. Innovation:

**Amplify research impact.** We must leverage the collective scientific acumen and data across the UC system to drive discovery of the medical diagnostics and treatments of the future, and facilitate collaboration with industry to ensure our discoveries are rapidly deployed in the clinical setting to improve the lives of the people we serve, and millions of patients

around the world. Our research must result in a positive impact on the health of the population.

#### 4. Efficiency:

**Accelerate the “Leveraging Scale for Value” program.**<sup>1</sup> Strengthening the operating margin of our health systems is essential for reinvesting in the clinical enterprise and supporting the education and research activities that are central to the University’s mission. We must be laser focused in the next few years on achieving system and unit cost reductions. We must explore bold changes to our operating model that can yield significant margin improvements, and we must continue to speak with one voice to our payers, lenders, suppliers and other key business partners.

#### 5. Integration:

**Develop the “UC Health” culture.** With the LSFV program, the recent governance changes, and our unified contracting and borrowing strategies, we have taken the first steps towards creating a virtual “system of health systems,” and we have seen great benefit. We must continue to build the system culture that will help us catalyze clinical innovation and collaboration across the health systems, streamline administrative and back office processes, leverage the scale of the collective UC health enterprise in relationships with purchasers, lenders and vendors; spread local best practices across the system, and develop central capabilities to support the delivery of population health services and high quality care in our existing markets and beyond. The next phase of building the “UC Health” system demands deeper collaboration, optimization and alignment across our health systems and with our health sciences school partners, and stronger governance and accountability.

#### 6. Community Health Impact:

**Improve the health of the communities we serve through local engagement, and improve the health of Californians more broadly through our delivery system and contributions to health policy leadership.** As a public institution, our commitment to serving our communities and Californians remains stronger than ever. Our medical centers will engage locally, and we, as a system, will advance our health policy goals at the state level to help make California the healthiest state in the nation.

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<sup>1</sup> In 2014, UC Health launched the “Leveraging Scale for Value” LSFV Program to harness the opportunities of working across our medical centers to achieve greater economies of scale and enhanced collaboration on strategic initiatives. Initial projects are working to achieve cost savings in Supply Chain and IT, and to drive standardization and improved performance in Revenue Cycle. The launch of the LSFV Program marked the beginning of a genuine transformation of UC Health’s operating model from a federated system of medical centers to a high performing “system of health systems.”



## 5) Tactics for Achieving our Goals

Over the next three years, UC Health will pursue the following tactics to achieve our goals.

### Value

**Goal: Develop the scale, assets and capabilities to thrive in a value-based reimbursement environment**

1. **Develop a region-by-region growth, affiliation, and investment strategy** to enable the UC Health systems to align the assets and capabilities required to manage population health care needs across the continuum of care – from primary prevention to post-acute care.
2. **Build coordinated capabilities and IT tools to manage population health risk effectively and support statewide ACO formation efforts and the development of Regional branded products**, including population health analytics that can help identify high risk and rising risk patients and prompt health interventions, and care management tools. We will use the UC employee health benefit products (Blue & Gold, UC Care, and others) as pilots for refining the model, sharing best practices across the system, and centralizing resources where there are demonstrable economies of scale.
3. **Build out the UC Health tele-health platform** to extend the reach of UC clinicians, improve access, and allow consultation with experts across the UC Health system.
4. **Launch a focused, system-wide Medi-Cal effort** to successfully manage the Medi-Cal populations the UCs currently serve (including through partnerships with organizations that have successfully managed this population, continued collaboration with our county hospitals, and affiliations with FQHCs), ensure successful implementation of the *Public Hospital Redesign and Incentives in Medi-Cal (PRIME)* program, position for Medi-Cal risk assumption, and enhance policy and advocacy activities.
5. **Partner with our faculty practices to prepare for Medicare-reimbursement changes (MACRA)**, including implementation of the requisite risk and care management, and quality reporting infrastructure, and evaluating the opportunity to create a branded Medicare Advantage product.
6. **Augment the UC Health quality, cost, and access reporting capability** to monitor performance, drive continuous performance improvement, and promote accountability.
7. **Launch a state-wide health insurance plan** that builds on our success at managing our employee populations and entering into risk sharing arrangement with payer partners.

## Clinical Excellence

**Goal: Strengthen UC's position as the destination for complex tertiary and quaternary care in the Western US, while ensuring excellent primary and secondary care delivery in our immediate communities.**

1. **Conduct joint strategic planning for the creation of state-wide clinical service lines** across the UC Health system to ensure deliberate, thoughtful and coordinated regional growth plans, and optimize UC Health's clinical assets across the state.
2. **Accelerate and expand cross-health system clinical transformation and quality improvement activities** to increase cross-health system clinical collaborations in key services lines (e.g. Cancer, Cardiovascular Services, Neurosciences).
3. **Develop a value proposition and business plan for a UC Health statewide pediatric network.**

## Innovation

**Goal: Amplify research impact**

1. **Strengthen our ability to conduct clinical research across our campuses** by widely implementing standard protocols, linking our EMRs for research purposes, harmonizing our approach to patient consent, and facilitating multi-center trials.
2. **Scale the "Big Data" initiative from pilot to system-wide implementation**, such that researchers across UC can harness the power of the 14 million-plus patient records in the UC system to support research activities, and drive clinical care improvements.
3. **Promote the rapid translation of research activities into the clinical care arena** to ensure that our research systematically changes how we deliver patient care for the better.<sup>2</sup>

## Efficiency

**Goal: Accelerate the "Leveraging Scale for Value" program**

1. **Accelerate existing LSFV initiatives** (revenue cycle, supply chain procurement, and IT) aimed at bending the cost curve and achieving more efficient operations.
2. **Launch a labor cost management initiative** to bring UC Health expenses in line with California and national benchmarks, and develop shared service centers to achieve

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<sup>2</sup> For instance, research on the pathogenesis of Hepatitis C infection should drive the clinical strategy, including pharmacotherapy and liver transplantation.

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economies of scale, and lower the cost of care for our patients and the communities we serve.

## Integration

***Goal: Develop the “UC Health” culture***

1. **Refine the governance and organizational model** to facilitate system-wide activities, unlock synergistic value, and increase performance transparency and accountability, through the development of dynamic and robust system-wide performance dashboards. UC Health will leverage existing campus expertise and leadership, to guide system-wide activities.
2. **Develop a system-wide strategic and capital planning process**, including an integrated UC Health budget and an integrated capital plan to support the strategic imperatives described above as well as local investment strategies.
3. **Enhance partnership and integration with UC health sciences schools** to strategically and effectively adapt to the changing market dynamics and workforce demands.

## Community Health Impact

***Goal: Improve the health of the communities we serve through local engagement, and improve the health of Californians more broadly through our delivery system and health policy leadership.***

1. **Each UC health system will continue to engage in meaningful multi-stakeholder community health efforts in its service area.** Efforts could include partnering with the Department of Public Health to reduce disparities in access to care, increase cancer screening rates, address opioid addiction, or other efforts that address local needs.
2. **UC Health will provide health policy leadership** by first engaging our academic partners (e.g., the Schools of Medicine, Nursing, Public Health, Pharmacy, Dentistry), followed by engaging provider, payer and consumer stakeholders across the state to develop a framework for a state-wide delivery system and health policy agenda, aimed at improving the health of Californians.
3. **UC Health will educate a health care workforce that can meet the health needs of California and beyond.** This responsibility includes educating a workforce that can lead a delivery system which is redesigned to support the needs of a rapidly evolving health care system.

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***Note: Once ratified by the HSC, we will develop metrics of success, a financial projection and an implementation plan for these strategies and tactics.***