

DTR1



Regional Geographic Program Development

Benefits, Challenges and Opportunities

February 24, 2018

Tom Dole, MBA
Senior Vice President, Operations



Slide 1

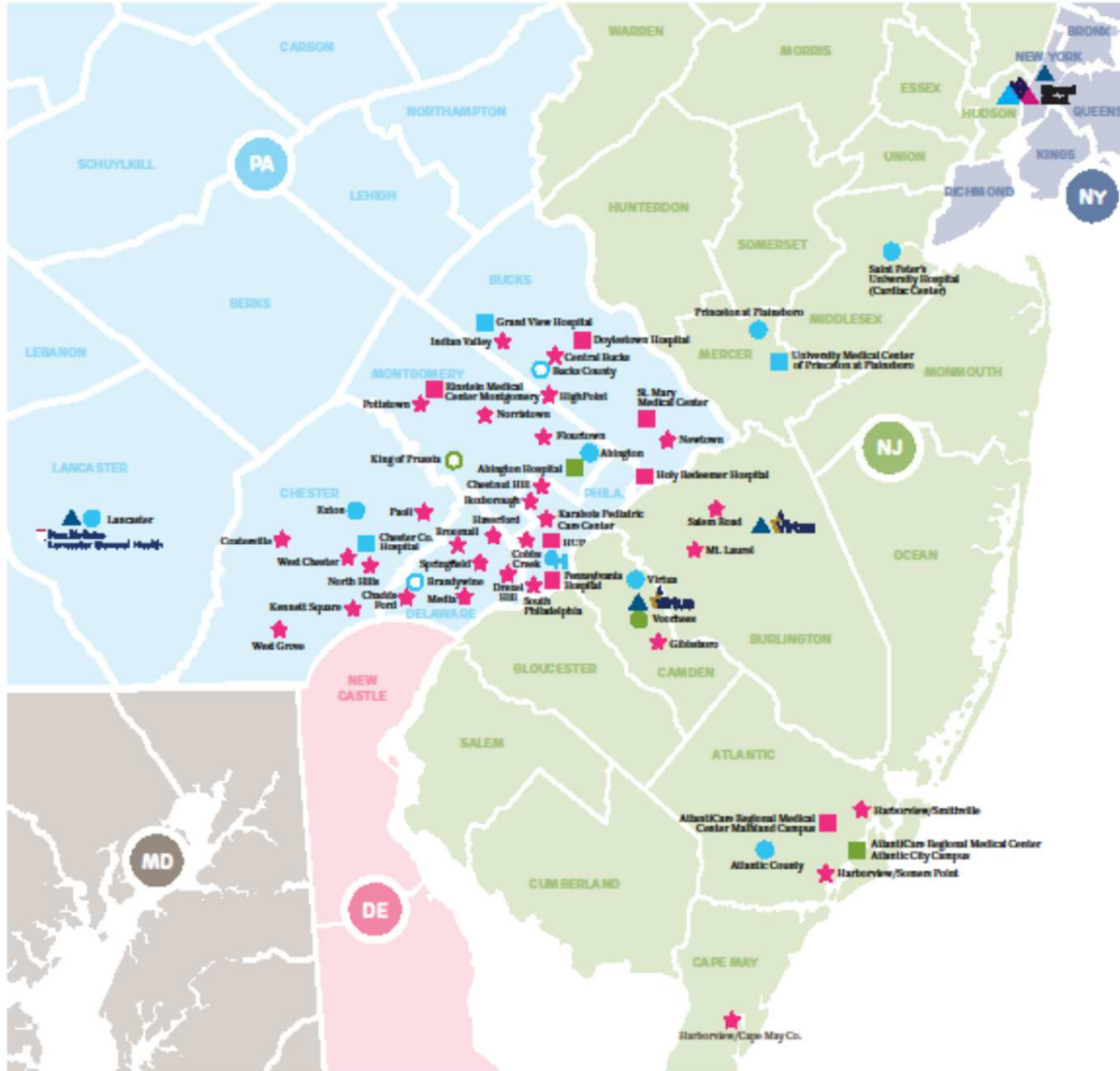
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Dole, Thomas R, 1/31/2018

People, Strategy, Execution
If you get these 3 things right, the world is a great place!
Tim Cook (Apple CEO)

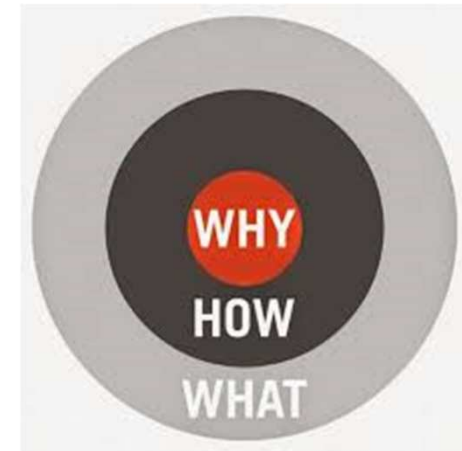


CHOP ENTERPRISE



REGIONAL EXPANSION: WHY?

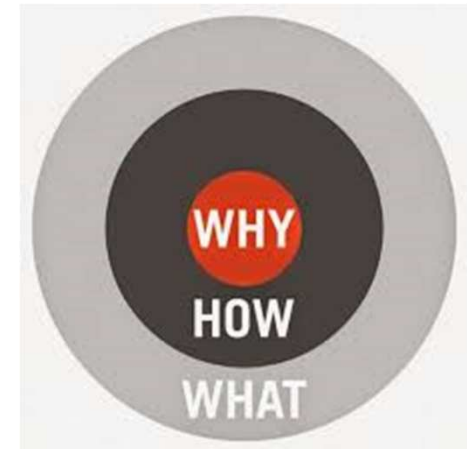
- **Business purposes:**
 - Increase market share
 - Revenue diversification
 - Defense strategy (competitive threats)
 - Move services to lower cost settings
 - Operational efficiencies
- **Patient and quality purposes:**
 - Patient convenience/satisfaction
 - Increase access to quality care



People don't buy what you do; they buy WHY you do it. (Simon Sinek)

REGIONAL EXPANSION: HOW?

- **Satellite Facilities**
 - Ambulatory primary and specialty care centers (owned/leased)
- **Partnerships and Affiliations**
 - Clinical Affiliation
 - Regional Collaborative
 - Accountable Care Organization
 - Clinically Integrated Network
 - Merger or Acquisition



CLINICAL AFFILIATION

Agreement for organizations to collaborate on an initiative or to provide a specific service together; may involve local, regional, or national partners

Benefits:

- Allows for **co-branding** of clinical services
- Supports mutually beneficial **exchange of referrals**
- Enables **shared investment** in expensive resources including staff and equipment

Drawbacks:

- **Competition** for patients (if affiliating with local competitor)
- **Partnership is limited** to specific focus of agreement
- Can require **significant negotiation** to resolve legal and financial terms

PARTNERSHIP/AFFILIATION DECISIONS

- What **strategic aims** could be advanced through a partnership?
- What **specific elements of integration** must be in place for a partnership to achieve the strategic aim?
- What organizations are the **most attractive partners** given the goals and the required elements of integration?
- Which **legal structure** offers the most appropriate environment for pursuing meaningful integration?
- How much **financial investment and risk** can be tolerated and supported?

AFFILIATION CHALLENGES

- Achieving **alignment on vision/goals** with partner
- Differing organizational **cultures**
- **Competing priorities** (internal for each partner)
- **Competing demands** for personnel resources (clinicians, administrators, support staff)
- **Resource sharing:** how much gets shared and when (policies/procedures, intellectual property)
- **Logistics** associated with personnel working at other locations (travel, lodging, licensing)
- Alignment on **market share boundaries** if partnering organizations compete or co-exist in same markets (alignment around co-brand marketing)
- **State regulations** may impact options and timelines
- **Significant TIME commitment!!!**

THINGS TO GET RIGHT FROM THE START.....

- **Clarity and alignment on vision, goals and roles**
 - Ask lots of questions to ensure clarity
 - Confirm (and continuously reconfirm) alignment among all stakeholders
 - Identify and understand roles of all key stakeholders for both organizations
 - Understand personalities, agendas, priorities, WIFM
 - RACI charts (responsible, accountable, consult, inform)
 - Understand who makes final decisions
 - Keen emotional intelligence (study and get to know the key people)
- **Effective communication with all key stakeholders (all levels of both organizations)**
 - Get in the weeds as needed
- **Legal structure and agreements**
 - Master Service Agreement
 - Purchased Service Agreement(s)
 - Intellectual Property Agreement
 - Personnel Lease Agreement
 - Co-Branding Agreement
- **Effective oversight and assignment of all work**
 - Joint operating committee with authority to make decisions and drive work
 - Workgroups with specific charters, objectives, expectations
 - Effective project management
- **Alignment on information sharing**
 - Intellectual property, policies, procedures

AFFILIATIONS REQUIRE HIGH EMOTIONAL INTELLIGENCE

- **Relationship management**
 - External with partner/affiliate stakeholders
 - Internal stakeholders
- Understand **perceptions and engagement** of all stakeholders
- Understanding of **organizational behavior and dynamics**
- **Teambuilding**
- **Communication and listening**
- **Negotiating**
- **Conflict management**



"Yes, I think I have good people skills.
What kind of idiot question is that?"

Teamwork is essential: It allows you to blame someone else!

KEY STEPS TO A SUCCESSFUL AFFILIATION



- Identify ultimate vision and objectives
- Identify phased approach to achieve ultimate goal
- Align on value that each organization brings to the affiliation
 - IP, brand, real estate, market share, reputation (local/regional/national)
- Negotiate master agreement to address initial phase(s)
 - Avoid attempts to address terms not required in early phase(s)
- Form joint operating committee
 - Establishes goals and expectations; tracks progress; resolves conflict; capital investment decisions
 - Include key members of senior leadership (operations, finance, strategy)
- Form work group(s) required to implement initial phase(s)
 - Clinical/service line(s)
 - Marketing
 - Finance/reimbursement
- Develop effective marketing plan and co-branding
 - Clear messaging to community (purpose, value, benefits of affiliation)

THANK YOU!