Department of Pediatrics
Faculty Meeting
November 28, 2017

TOPIC: Task Force 2 + Funds Flow
Announcement

Postdoc External Review

• The Department of Pediatrics is undergoing an external review of postdoctoral training

• Two review committees are convening on Nov 30 to meet with faculty and postdocs.
  – Town Hall for Postdocs: 11/30, 10-11:30am (lunch provided)
  – Town Hall for Faculty: 11/30, 12-1:30pm (lunch provided)

• Location:
  – SHC Boardroom, H3210, 3rd Floor near Bing Dining Room

• Please encourage all faculty and postdocs to attend!
Francisco Alvarez, MD, FAAP
Clinical Associate Professor
Division of Hospital Medicine

Alice Bertaina, MD, PhD
Associate Professor
Division of Stem Cell Transplantation and Regenerative Medicine

Laura Chappell-Campbell,
Clinical Instructor
Division of Hospital Medicine
Rachel Hopper, MD  
Clinical Assistant Professor  
Division of Cardiology

Linda Truong, DO  
Clinical Assistant Professor  
Division of Neonatology

Megen Vo, MD  
Clinical Assistant Professor  
Division of Adolescent Medicine

Matthew Wallenstein, MD  
Instructor  
Division of Neonatology
Congratulations!

Meghan Stawitcke
• APPD Western Region Vice Chair for Coordinators

Lynne Huffmann
• APPD Western Region Vice Chair for Research

Carrie Rassbach
• APPD Western Region Vice Chair for Learning Community

Michelle Brooks
• APPD Western Region Co-Chair for LGBTQIA+ Learning Community Co-Chair
• APPD Coordinators Executive Committee Chair Elect

Becky Blankenburg
• APPD Board Member at Large
Congratulations!

2018 – 2019 Chief Residents
• Jessica Moriarty
• Lee Trope
• Sindu Vellanki

2019 – 2020 Chief Residents
• Minnie Dasgupta
• Danielle Kirkey
• Jake Weatherly
Congratulations!

$2M grant from the Bill and Melinda Gates Foundation

- Gary Darmstadt, MD, MS
- David K. Stevenson, MD
- Karl Sylvester, MD

The Stanford Team will work with the Ottawa Hospital Research Institute to demonstrate the feasibility and improve the methodology for using metabolic and simple clinical data to estimate gestational age of newborn infants in south Asia and Sub Saharan Africa.
Task Force 2 Follow-Up

Christopher G. Dawes
Task Force II Follow-Up

- Appoint 2 front line faculty to Packard Executives Committee
Congratulations!

Packard Executives Committee

• Jennifer Carlson, MD

• Douglas Sidell, MD
Task Force II Follow-Up

- Conduct quarterly forums specifically for faculty
- Issue quarterly report from the CEO in “Medical Matters”
- Monthly lunches with ~10 faculty with Mary, James and Chris
- Include front line faculty on task forces
Task Force II Follow-up

- Provide Division Chiefs with talking points at each monthly Chief meeting
- Transform FPO into more of a group practice
- Reassess role of Medical Directors
- Assess the need for a Clinical Leadership Council in the new year
Pediatrics Funds Flow

Dennis P. Lund, MD
Laura Roberts, MD, MA
Co-Chairs, Pediatrics Funds Flow Committee
Charge: To develop a new funds flow model between LPCH and the SUSOM based on the following principles:

**STRATEGIC PRINCIPLES:**

1. Funds Flow should fulfill the purpose of the LPCH as set forth in its Amended Articles of Incorporation, dated November 4, 2014: **to support, benefit and further the charitable, scientific and educational purposes of the University and the School of Medicine.**

2. Funds Flow should recognize the following components: medical direction, essential services, program development, graduate medical education, with attention paid to support for the academic mission and programs relevant to an academic Medical Center.

3. Funds Flow should provide to the departments incentives that will sustain and enhance the engagement in inpatient and outpatient clinical enterprise as determined by LPCH and SoM, while also insuring patient-centric, high quality, service-oriented standards.

4. Funds Flow should promote productivity and market based physician compensation reflecting the challenges of recruiting and retaining pre-eminent physician talent in this locality.

5. Funds Flow should provide sufficient support to the development of innovative health care delivery approaches including the care that may not be valued by traditional wRVUs, such as virtual care, patient population health management, collaborative models and network obligations.

6. Funds Flow should align the desired outcomes and incentives between LPCH and SoM.

7. Funds Flow should achieve financial sustainability for each organization.
Charge: To develop a new funds flow model between LPCH and the SUSOM based on the following principles:

OPERATIONAL PRINCIPLES:

1. Funds Flow formula should strive for simplicity to the extent possible.
2. Funds Flow should be formula driven and not predicated on a specific financial result.
3. Funds Flow should have a mechanism that insures a portion is stable and predictable from year to year.
4. Funds Flow should incorporate agreed upon financial information that includes the total revenue and costs of the professional and hospital components.
5. There should be transparency of information needed by both organizations to understand and implement the Funds Flow.
6. The flow of funds will be linked to the site of billing of clinical activities, i.e. activities billed through LPCH will be considered in the LPCH-SOM funds flow agreement and activities billed through SHC will be considered by the SCH-SOM funds flow agreement.
## Committee Membership

<table>
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<tr>
<th>Member Name</th>
<th>Title</th>
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<tr>
<td>Ms. Marcia Cohen</td>
<td>Dr. Mary Leonard</td>
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<td>Ms. Jane Duperrault</td>
<td>Mr. Michael Propst</td>
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<td>Dr. Yasser El-Sayed</td>
<td>Dr. Ron Pearl</td>
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<td>Ms. Dana Haering</td>
<td>Ms. Kim Roberts</td>
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<td>Dr. Mary Hawn</td>
<td>Dr. Dennis Lund</td>
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<td>Dr. Rob Jackler</td>
<td>Ms. Malavika Narayan</td>
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<td>Dr. Laura Roberts</td>
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- Funds Flow Committee reports to the Joint Planning Committee
- FFC generally meets monthly
- Original 5-yr agreement in 2010, extended for 1 year in 2015
- New agreement signed in December, 2016, commenced Sept 2016
Pediatric Funds Flow:

The funds flow agreement defines payments from LPCH to the School of Medicine relating to several categories:

- wRVU payments
- Incremental payments
- Overhead payments
- Cash payments
- Benefits payments
- GME payments
- University Assessment
- Supplemental payments
- Academic Grant
- Purchased Service payments
- Incentive payments
- Contract and other revenues

Other issues still in consideration for revision relate to payments for APPs, OH for Community-Based Physicians, inclusion of additional departments, plus anticipating impact related to (1) overall enterprise integration and growth and (2) expansion of the network.
Current state of the work:

- We presently have an agreement for six (6) years from September 1, 2016, through August 31, 2022.
- Current rates agreed upon will inflate year over year by 3.95% through year 3 of the agreement when the rates will be reconsidered based on updated compensation survey data.
- New funds flow models for APP’s are being considered by a sub-group of the FPO Finance Committee.
wRVU Methodology:

• For FY17, wRVU’s will be paid to all departments at the 75th percentile using a blend of 3 pediatric physician compensation surveys: MGMA private practice, AMGA and ECG.

• If a given survey had < 20 respondents or the corresponding adult survey has higher comp/wRVU, the adult survey data will be used in its place.

• The most recent survey data (2014, published in 2015) was inflated by 2 and 2/3 years (rate – 3.95%/year, based on 4 years of data) for the purpose of payment calculation in FY17.

• Payments to all departments will rise to the 80th percentile in FY19.
Benefits Calculation:

- Benefit expenses will be paid as actually incurred and trued up periodically.
Overhead Calculation:

- Overhead is calculated based on FY15 overhead expenses incurred by all pediatric funds flow departments divided by the total FY15 cFTE. This number was then inflated by 3%/year. In FY17, this will be $64,463/cFTE.
Mitigation:

• Based on actual volume, if the sum of the new payments for wRVU, benefits and overhead did not yield at least a 3% increase for a department, the department received an incremental payment to insure a 3% increase.

• Mitigation for year 2 will be evaluated.

• If, after 3 years and review of newer compensation data, a department is adversely impacted by a “trough year” in the surveys, consideration will given for a mitigation plan for the department.
Other items:

• **GME** payments will continue under the current methodology, other than benefits and overhead which will be paid per the new methodology.

• **University assessment** will be paid by the hospital at cost to the SOM.

• **Academic grant** is variable and calculated on the financial performance of LPCH assuming certain threshold conditions are met, but will include a $3.5M annual minimum with no maximum. The entire provider tax settlement will be included in the calculation for the academic grant.

• **Supplemental payments up to a margin of 5%** will be available to departments who fill out prospective workbook analyses and estimate that they will not likely be able to achieve such a margin.

• **Purchased services** (e.g., medical direction) will continue and will be reviewed by LPCH annually.

• A **PSA** was drafted and signed by the CEO and the Dean.
Notations:

- LPCH covers expenses related to **GME**, including salary shortfalls, program direction and program support.
- **Clinical space** and clinic support personnel are provided to the faculty at no cost.
- **Professional liability insurance** is provided to the faculty at no cost.
- **Expenses related to the revenue cycle** (billing and collections) are paid by LPCH.
- LPCH assumes responsibility and risk for **payer mix**.
- LPCH also provides backstop support, program support as well as research support.