



## CASE STUDY

# The Health Network of Missouri

How an academic medical center and the surrounding  
community health systems came together to form a clinically  
integrated network to serve Central Missouri



# The Health Network of Missouri

---

The University of Missouri Health System (MUHS), an academic medical center in Columbia, Missouri, is an innovator in healthcare delivery. In 2009, the University of Missouri partnered with Cerner Corporation, an international leader in health information technology, to form the Tiger Institute for Health Innovation. Through the partnership, MUHS and Cerner leverage their collective resources and capabilities to promote innovative healthcare solutions to drive down cost and dramatically increase quality of care for the state of Missouri.



In 2012, MUHS was selected from approximately 3,000 applicants to receive a \$13.3 million Health Care Innovation Award from the Center for Medicare & Medicaid Innovation. MUHS, through the Tiger Institute, now is developing *LIGHT<sup>2</sup>: Leveraging Information Technology to Guide High Tech High Touch Care*. *LIGHT<sup>2</sup>* empowers patients using a comprehensive technology suite and a specialized workforce including healthcare coordinators and health information analysts.

In its pursuit of the Triple Aim of improved patient experience, improved population health, and reduced cost, MUHS appreciated the need to partner with other health systems in the region. Given that more than half of the inpatients admitted to University of Missouri Healthcare (located in Boone County, Missouri) resided outside of Boone County, MUHS realized the need to reach out to providers in these patients' home communities.



## Seeing the Need For Collaboration

---

In 2011, MUHS convened a Learning Collaborative comprised of leaders from Bothwell Regional Health Center (Sedalia, MO), Capital Region Medical Center (Jefferson City, MO), Hannibal Regional Healthcare System (Hannibal, MO), and Lake Regional Health System (Osage Beach, MO), to pursue population health management strategies.

For more than two years, this Learning Collaborative met quarterly to identify and explore opportunities to work together. The lack of any formal relationship among the health systems, however, made it difficult – impossible, really – to plan and pursue specific initiatives.

By late 2013, the members of the Learning Collaborative were ready to commit to a closer relationship. MUHS, therefore, invited PYA to meet with the Learning Collaborative in November 2013 to discuss potential organizational structures and operational plans for a provider network.

Appreciative of new opportunities presented by PYA, the members of the Learning Collaborative engaged PYA to recommend an organizational model to meet their needs and circumstances. To better understand those needs and circumstances, PYA interviewed administrators, physician leaders, and board members

from each of the five systems separately. These interviews were structured around a SWOT analysis for the individual participating health systems and the contemplated provider network.

This approach proved effective for two reasons. First, PYA was able to identify common themes. None of the participants was interested in any sort of merger or acquisition; each wanted to maintain its independence to serve its community. At the same time, each participant appreciated the opportunities for interdependence, especially in the face of new risk-based payment models. And everyone

wanted to pursue a “quick win” strategy to prove (or disprove) the value of networking.

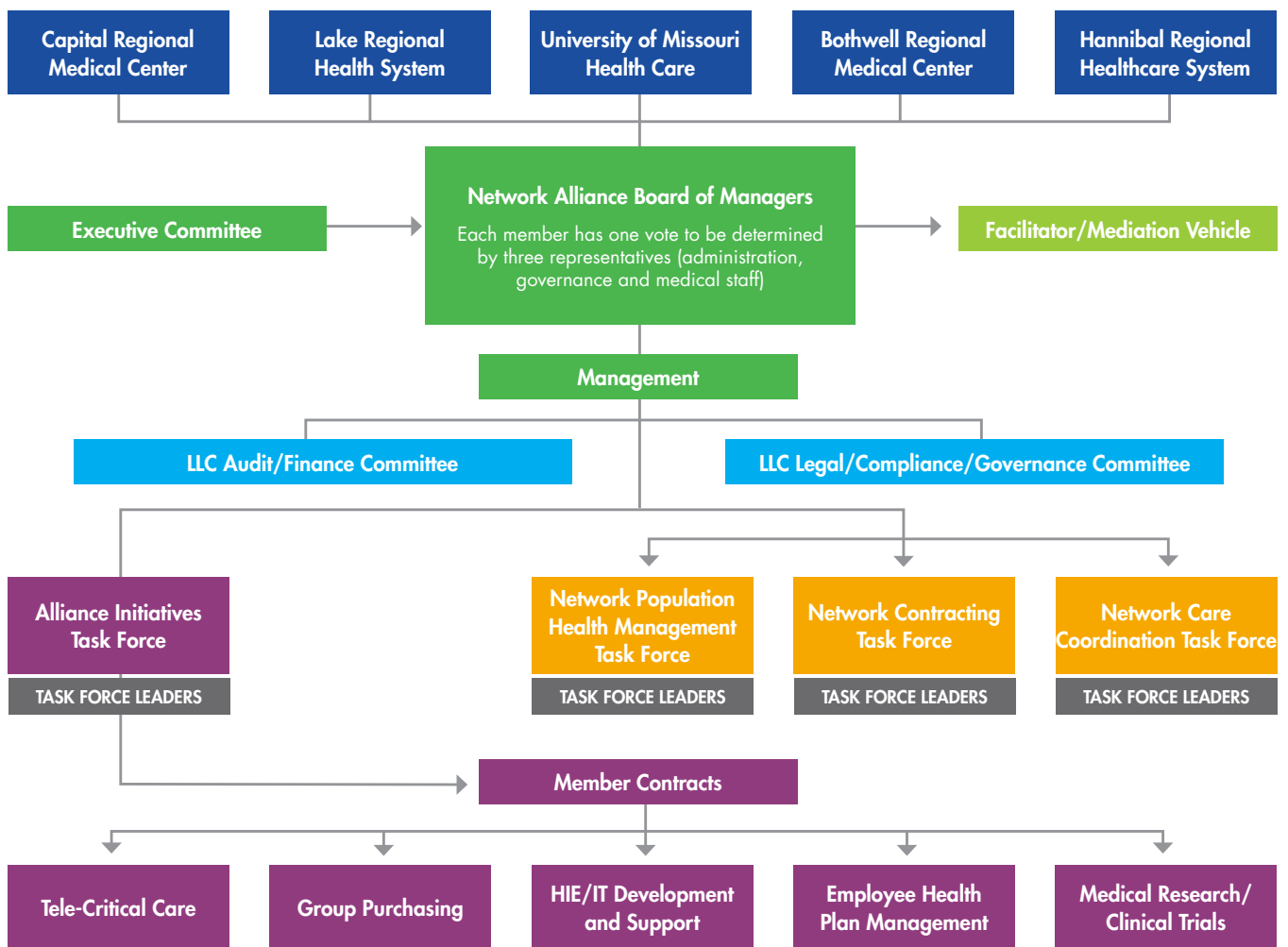
Second, PYA became aware of how the inherent complexity of an academic medical center makes its relationships with other health systems more challenging. Understanding how these organizational complexities might create concern among the community health systems, MUHS leadership addressed the issue head-on. To that end, MUHS willingly accepted PYA’s recommendation of an equal partnership among the systems: each would make an equal investment and each would have equal voting power.



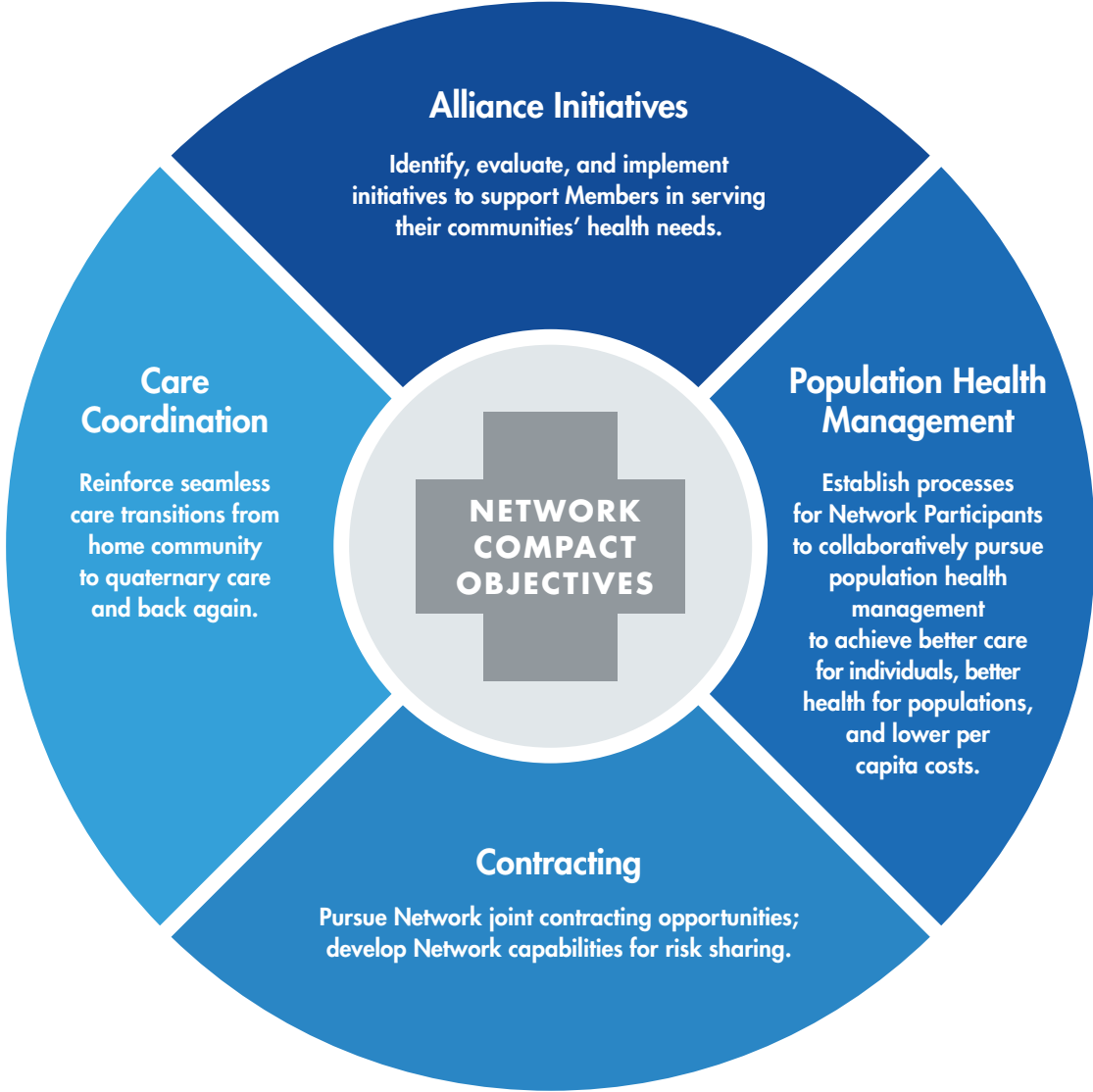
# Committing To Collaboration

At the next full meeting of the Learning Collaborative in February 2014, the five health systems made the unanimous decision to pursue the formation of a new limited liability corporation (LLC) with the specific organizational structure recommended by PYA. In their letter of intent, the systems also committed to developing an Operational Plan that would identify the specific endeavors they would pursue in furtherance of a clinically integrated network (Network) of independent providers.

Over the next three months, a Steering Committee comprised of two representatives from each health system, facilitated by PYA, undertook the development of the LLC's Operating Agreement and the Network's Operational Plan. With respect to the Operating Agreement, critical discussions centered on what actions by the Board of Managers would require super-majority or unanimous votes. Once these and other key decisions were made, legal counsel prepared the formal document, which was then reviewed by each health system's attorney and formally approved by each system's governing body.



To develop the Network's Operational Plan, the Steering Committee started by defining the new entity's business aim: research and execute strategies for its members to prepare for and thrive in the transformation of the healthcare delivery system. The Steering Committee then identified four specific objectives the Network would pursue to achieve that aim, as well as the corresponding outcomes by which success in achieving the business aim would be measured.



Each objective serves as the basis for the development of a Network Compact that identifies the specific tactics the health systems will pursue together to achieve the related objective. Together, these Network Compacts define the scope of the health systems' interdependence. The systems act independently on all other matters not specifically identified as Network activities in the Network Compacts.

For each Network Compact, a Task Force, comprised of representatives from each health system, defines the specific tasks to be completed in furtherance of each tactic, including the timeline, the talent and the treasure (resources) necessary to complete each task. The Task Forces are also responsible for monitoring progress in achieving the relevant outcomes and revisiting and revising tactics as necessary.

# Operationalizing Collaboration

---

In May 2014, the full Learning Collaborative came together again to review, refine, and approve the Steering Committee's work. Also, with Task Force leaders and members identified by the Steering Committee, they began work on the tactics identified for each Network Compact. The energy and excitement exhibited at that meeting promised a bright future for the collaborative enterprise.

The following month - almost three years to the day after the first Learning Collaborative meeting - the new entity held its formal organizational meeting. After much discussion, the health systems agreed to the name *Health Network of Missouri - Advancing Quality Care*.



Now, of course, comes the hard work. During its first few months of operation, the Health Network of Missouri (HNM), again with the assistance of PYA, will focus on completing the Operational Plan through the work of the four Task Forces, with implementation of that plan set to commence on January 1, 2015.

Also, HNM is aggressively pursuing a "quick win" initiative aimed at improving and standardizing communications regarding the patient referrals among the facilities. The Board of Managers expects to see significant improvements in this regard before the end of 2014.

## Conclusion

---

HNM members are fully committed to operating as a clinically integrated network capable of entering into network contracts in a manner consistent with antitrust law.

For HNM members, however, contracting is not the end-game. Instead, it is a means to their stated end of achieving the Triple Aim: improved population health, improved patient experience, and lower costs. Through collaboration - not consolidation - each health system will continue serving its community in the face of a rapidly changing healthcare environment.

**For more information regarding the development and operation of clinically integrated networks, please contact:**

**Jeff Ellis**  
*Principal*  
jellis@pyapc.com  
(800) 270-9629

**Martie Ross**  
*Principal*  
mross@pyapc.com  
(800) 270-9629