

SACUBO 2010 “Best Practices” Proposal

Maximize Shrinking Resources – Link Budget to Mission and Pay to Performance

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ABSTRACT

Over the past ten years, the USF College of Medicine, like colleges of medicine throughout the United States, has experienced significant reductions in state allocated resources and declining clinical reimbursements because of managed care and other external forces.

In an effort to maximize scarce resources and to ensure attainment of its critical missions, the USF College of Medicine implemented an Asset Investment Management System (AIMS) focused on the alignment of resources with the three College missions, the maximization of resources by linking compensation to performance and the easy access to a comprehensive, real-time performance database.

Since over sixty percent of the total USF College of Medicine budget is allocated to faculty compensation, a first priority for the College was to maximize resources by linking faculty pay to performance. Therefore, the College implemented a faculty AIMS Pay for Performance Plan that:

- Establishes clear performance expectations for teaching, research and patient care missions*
- Requires on-going monitoring of performance metrics*
- Directly links faculty pay to their performance*

Timely access to accurate performance data and pay from all sources is critical to the success of any metric-driven pay for performance system. Therefore, the College purchased a data warehouse software system and has combined financial, human resource, patient care and space data from over 16 disparate data systems. The data warehouse, HART (Health Analytical Reporting and Tracking) provides "one stop shopping" for faculty and administrators by combining data that is housed on multiple systems throughout the University into easy-to-access dashboards and reports. The dashboards reflect data for each mission and provide summaries of performance data at the individual, department and college level to allow for on-going monitoring of productivity.

Deloitte Touche Consulting advised that the USF College of Medicine Faculty Pay for Performance System was a model plan for academic health centers. Our presentation will provide an overview of this system and describe the process that was followed in its development and implementation. Further, we will review the productivity reports that are generated from HART and reviewed quarterly with Chairs.

INTRODUCTION OF THE ORGANIZATION

The University of South Florida is one of the nation's top 63 public research universities and one of 39 community engaged public universities as designated by the Carnegie Foundation for the Advancement of Teaching. USF was awarded more than \$360 million in research contracts and grants last year. USF offers 224 degree programs at the undergraduate, graduate, specialist and doctoral levels, including the doctor of medicine. The University has \$1.8 billion annual budget, an annual economic impact of \$3.2 billion and serves more than 46,000 students. USF is a member of the Big East Athletic Conference.

The USF College of Medicine seeks to be recognized as a leader in health care through creative models for patient centered care, for emerging fields of research, and for integrated education. The College has approximately 700 faculty and 1400 staff. The USF Physicians Group, the college's multi-specialty group practice, includes over 400 physicians and 163 allied health professionals who see patients throughout the Bay area. Patient care is offered in multiple specialties, including orthopedics, pediatrics, family medicine, surgery, neurosurgery, otolaryngology, medicine, psychiatry, cardiology, cancer, neurology, dermatology, ophthalmology, obstetrics and gynecology, allergy and immunology and physical therapy/rehabilitation. In 1998, the College's School of Physical Therapy was established and now offers a Doctor of Physical Therapy degree.

STATEMENT OF THE INITIATIVE

Over the past ten years, the USF College of Medicine, like colleges of medicine throughout the United States, has experienced significant reductions in state allocated resources and shrinking practice plan reserves because of managed care and other external forces. Funding has been even further reduced in the State of Florida over the past two years as a result of the US economic crisis.

In an effort to ensure that the USF College of Medicine continued its drive toward excellence, Dean Stephen Klasko called for the development and implementation of a comprehensive financial management system that would:

- align resource allocation with the three College missions: teaching, research and clinical service,
- improve productivity by establishing and monitoring performance metrics for faculty and staff; and,
- maximize scarce resources by linking pay to performance

Dean Klasko created the Asset Investment Management System (AIMS) Council and charged the members with this bold task.

DESIGN

The College of Medicine Asset Investment Management System was created over three years through a process that was lead by the College of Medicine AIMS Council. The AIMS Council was tri-chaired by an academic co-chair for the Basic Sciences, an academic co-chair for the Clinical Sciences and a co-chair for Administration. Committee membership consisted of faculty from basic science and clinical departments, department chairs and central administration.

In order to implement the charge, the AIMS Council was divided into two sub-committees, Financial and Salary Plan. The Financial Subcommittee was charged with developing a model for allocating revenue received by the College from all sources (state, patient care, grants, contracts, etc.). The Salary Plan Subcommittee was charged with developing a pay for performance model for faculty and staff designed to monitor and reward performance.

IMPLEMENTATION

Asset Investment Management Infrastructure

In order to provide administrative support for the AIMS initiative, the Dean allocated approximately \$270,000 to establish an AIMS Office and hire a Director. The AIMS Director provided support the AIMS Council and subcommittees, created and maintained a website for continuous communication with faculty, and coordinated the development and implementation of a data warehouse to support the project.

In addition, recognizing the need for a data repository that would automatically extract and store performance data from the many data sources within the University, the AIMS Council recommended the purchase of software that cost approximately \$500,000 for the first two years and a \$125,000 per year continuing licensing fee. The Dean approved the purchase and a USF Health data repository was created and named HART, Health Analytical Reporting and Tracking.

Mission Alignment of Resources

The AIMS Financial Sub-committee was charged with developing an all-source budget at the college, department, and division levels; and, a funding allocation model for each of the three missions.

The AIMS Financial Sub-committee determined that it was essential for the College to provide a regular assessment of its financial, human

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and physical resources. This assessment included an analysis of faculty and staff effort, revenue and expense metrics, academic and clinical productivity metrics, and the physical space needed to meet the mission objectives.

The Association of American Medical Colleges (AAMC) promoted a methodology for this assessment, known as mission-based management (MBM). MBM involves the quantification of faculty effort and producing financial metrics regarding the activities surrounding the traditional missions of teaching, research, clinical care, administration and service. MBM has become known as “assessing” the productivity of these activities and the costs associated with each mission.

The Financial Sub-Committee reviewed the various sources of support for the medical school and proposed a funding allocation model that was approved by the Dean.

Linking Pay to Performance

The AIMS Council Salary Plan Sub-committee was charged with developing a salary plan that linked pay to performance. The Salary Plan was designed to create a culture that encouraged and rewarded excellence by linking performance to pay.

The Salary Plan Subcommittee initiated proposals for review and approval by the AIMS Council. The AIMS Council spent a full year in

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determining the activities that were to be measured in the Pay for Performance Plan and the related performance metrics. Numerous town hall meetings were held with faculty and Chairs to obtain feedback of draft documents.

The AIMS Pay for Performance Plan was developed in three phases. Phase I, April, 2005 through April, 2006, included the initial design and development of the Pay for Performance criteria. Phase II, July 2006 through April, 2008, included a pilot of the initial criteria in six Clinical Departments and the Schools of Biomedical Sciences and Physical Therapy, and development of the final Plan. Further, the HART data warehouse was created and fully operationalized. Phase III, implementation and continuous enhancement, began July 1, 2008.

BENEFITS

Even though the AIMS Pay for Performance Plan is in its second year of implementation, the project has already benefited the College of Medicine in the following ways:

- The “culture” is changing to focus on outcomes and improved productivity among the clinician and basic science faculty.
- Quarterly meetings to review HART productivity reports reflecting educational, research and patient care activities have become routine.
- Patient care and research productivity has increased over the past three years.
- Performance data is readily available, saving hundreds of hours of staff time in compiling reports from 16 separate data bases.
- Clinician faculty participation in educational programs has increased.
- Clinical Departments have developed discipline specific metrics to supplement the College-wide performance criteria.
- The inclusion of hospital performance metrics in the AIMS Salary Plan have helped to strengthen the relationship with our major teaching hospital.

RETROSPECT

The project plan would have proceeded more efficiently if the following had occurred:

- Protected time provided to the core management team to drive the process.
- Earlier input of Chairmen and Department Administrators could have ensured comprehensive oversight and earlier vetting of barriers.
- More frequent updates at departmental faculty meetings.
- Development of the clinician pay model earlier in the process.
- Identification of Departmental faculty champions to steward all facets of project deliverables.