

# A Transformative Approach to Academic Medicine: The Partnership Between the University of Arizona and Banner Health

Charles B. Cairns, MD, Kathy Bollinger, MS, and Joe G.N. Garcia, MD

## Abstract

The University of Arizona Health Network (UAHN) was a modestly successful health care delivery organization with a vibrant academic portfolio and stable finances. By 2013, however, market forces, health care financing changes, and the burden of technology and informatics upgrades led to a compromised financial position at UAHN, a situation experienced by many academic medical centers. Concurrently, Banner Health had been interested in forming an academic partnership to enhance innovation, including the incorporation of new approaches into

health care delivery, and to recruit high-quality providers to the organization. In 2015, the University of Arizona (UA) and Banner Health entered into a unique partnership known as Banner University Medicine. The objective was to create a statewide system that provides reliable, compassionate, high-quality health care across all of its providers and facilities and to make a 30-year commitment to UA's College of Medicine in Tucson (COM-T) and the College of Medicine in Phoenix (COM-P) to support the State of Arizona's position as a first-tier research and training destination with world-

class physicians. The goal of the Banner University Medicine partnership is to create a nationally leading organization that transforms health care by delivering better care, enhanced service, and lower costs through new approaches focused on wellness. Key elements of this partnership are highlighted in this Commentary, including the unique governance structure of the Academic Management Council, the creation of the Academic Enhancement Fund to support COM-T and COM-P, and novel approaches to medical education, research, innovation, and care.

Since its founding as the University Medical Center in 1971, the University of Arizona Health Network (UAHN) had been a relatively successful health care delivery organization with a vibrant academic portfolio and a relatively stable financial position. Yet, reduced state funding, increased competition for inpatient admissions, reduced care contract reimbursements, and increasing costs for technologies, including the incorporation of a new electronic health record system, gradually led to financial instability. By 2013, the financial position of UAHN had become ominous as it faced consistent annual

deficits, a situation similar to that recently experienced by many academic medical centers.<sup>1</sup> At the same time, Banner Health had been interested in forming an academic partnership to enhance innovation, including the efficient and effective incorporation of new discoveries and new technologies into health care delivery, and to recruit high-quality providers to the organization. Banner Health already enjoyed a reputation as a leader in health care delivery innovation. For example, in the Pioneer Accountable Care Organization (ACO) program of the Centers for Medicaid and Medicare Services, Banner was recognized as the leader in cost savings while maintaining quality and performance.<sup>2,3</sup>

as a first-tier research and training destination with world-class physicians. The goal of Banner University Medicine is to create a nationally leading organization that transforms health care by delivering better care, enhanced service, and lower costs through new approaches focused on wellness. The ultimate goal is to fully integrate the educational, research, and care innovations of the Banner University Medicine partnership into the entire Banner Health System. In this Commentary, we describe this unique partnership and consider its impacts on education, research, and innovation at COM-T and COM-P and in the communities they serve.

**C.B. Cairns** is dean, College of Medicine–Tucson, and assistant vice president for clinical research and professor, Department of Emergency Medicine at the University of Arizona Health Sciences, Tucson, Arizona.

**K. Bollinger** is executive vice president, Banner University Medicine, Phoenix, Arizona.

**J.G.N. Garcia** is senior vice president for health sciences and Merlin K. DuVal, MD Professor of Medicine, University of Arizona, Tucson, Arizona.

Correspondence should be addressed to Charles B. Cairns, College of Medicine, University of Arizona Health Sciences, 1501 N. Campbell Ave., PO Box 245017, Tucson, AZ 85724; telephone: (520) 626-9800; e-mail: cairnsc@email.arizona.edu.

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On February 28, 2015, the University of Arizona (UA) entered into a unique partnership with Banner Health via an academic affiliation agreement (AAA) to create Banner University Medicine. The objectives of the AAA were to create a statewide system that reliably and compassionately provides high-quality health care across all of its providers and facilities, and to make a 30-year commitment to UA's College of Medicine in Tucson (COM-T) and the College of Medicine in Phoenix (COM-P) to support the State of Arizona's position

## Partnership Governance

The partnership between UA and Banner Health is codified by the AAA, which includes the terms of Banner Health's financial support of the clinical enterprise and support of UA's academic mission through the Academic Enhancement Fund, which consists of guaranteed annual payments of \$20 million to the University of Arizona Health Sciences (UAHS) over the 30-year term. Banner Health also agreed to assume UAHN's outstanding bonds and repayment of its other long-term debt, purchase the

University Medical Center, and commit \$500 million for new hospital and outpatient clinic facilities.

Per the AAA, the physician faculty practice plan, known as the Banner University Medical Group (BUMG), is governed by an Academic Management Council (AMC).<sup>4</sup> The AMC is given responsibility for the following:

- Development of operating and capital budgets for the practice plan.
- Approval of strategic and business plans for the Banner University Medicine academic enterprise.
- Approval of hiring, engagement, and termination of BUMG clinicians. (UA retains the power to provide faculty appointments and titles.)
- Approval of the BUMG compensation plan and creation of template employment agreements.
- Approval of a BUMG physician recruitment strategy and plan.
- Strategic coordination of the residency and fellowship programs at facilities within the Banner University Medicine academic enterprise.
- Approval of all clinical affiliations that support Banner Academics.

In addition to the commitment to provide \$20 million directly to UA Health Sciences annually for the support of the academic missions of COM-T and COM-P, an additional \$20 million is available annually to the AMC to support initiatives in the Banner University Medicine division. Thus, the AMC is given broad fiduciary responsibility for the conduct of BUMG and of activities supporting the Banner University Medicine partnership.

The AMC includes equal representation from UA and Banner Health and is subject to block voting. Thus, both sides must agree in order to move forward on policies, personnel, financial decisions, or resource allotment. To address these areas, the AMC approved the formation of committees to include representatives from Banner Health; faculty and leadership from COM-T and COM-P; and administrative staff from both Banner Health and UA. The initial AMC committees include Education, Research, Faculty Affairs, Faculty Compensation, Finance, Operations, and Innovation.

**Shared Value for Health Care Delivery in an Academic Setting**

This structure of block voting within the AMC has resulted in a remarkable opportunity for both UA and Banner Health to find shared value on any substantive issue to move forward. This unique structure has enabled a broader discussion about a value proposition for academic medicine. Many of these discussions have focused on the need for a rapid evolution in health care delivery and the implications for education, training, and research. In addition, the need for fiscal responsibility is inherently aligned between the UA and Banner Health given the fiduciary role of the AMC. Common ground has been found in the need for health care system innovations developed, identified, and assessed by academicians, which are then implemented by Banner Health, as well as in the need to evolve medical training for the future health care workforce.

Initial shared value contributions of the UAHS academic enterprise to Banner Health include the following:

- Increased visibility and brand enhancement (publications and presentations).
- New and unique competencies for patient care (the right care the first time for patients with the most complex conditions).
- New health systems competencies (engineering, health analytics, social and behavioral sciences).
- New health care systems strategies (specialty services and care models).
- New education and training paradigms (workforce planning).
- New physician compensation and faculty development programs.
- Accelerated population health initiatives (new competencies and resources).
- A catalyst for business acquisitions and mergers.

**Positive Impact on Academic Mission**

The identification of areas of shared value between UAHS and Banner Health has allowed for impressively early additional investments in education, research, and clinical endeavors. Within the first nine

months, the AMC has approved over 200 additional faculty positions for COM-T and COM-P and 5 new residency and fellowship programs. Banner Health has invested in director positions for clinical trials and phase I studies as well as a new clinical research nurse program for acute and critical care.

The funds from the Banner University Medicine partnership have been used to support the UA Comprehensive Cancer Center, department chair recruitment and retention packages at COM-T and COM-P, and the development of new UAHS centers dedicated to diabetes, population health, health care disparities, and neuroscience. The enhanced financial position of UA has allowed the construction of a new innovation building for simulation<sup>5</sup> and education, as well as new basic science research facilities in Tucson and Phoenix.<sup>6</sup>

**Future Directions**

Over the next year, the AMC will address key strategic issues, including a comprehensive clinical strategy to address the health care markets in Tucson and Phoenix. This strategy involves the development of narrow networks to incorporate accountable care approaches to select populations in Tucson and Phoenix. In addition, there are new approaches to integrate educational, research, and care innovations into COM-T and COM-P, the Banner University Medicine partnership, and, eventually, the entire Banner Health System.

**Education**

The AMC chartered an Education Committee, which is chaired by the deans of COM-T and COM-P and is charged to enhance educational and training programs across Banner University Medicine. It also must ensure the integrity of the curriculum of each COM campus and maintain the control of that curriculum by the faculty of each COM under the authority and oversight of each chief academic officer. The committee has responsibility for medical student programs, graduate medical education (GME) programs, and academic workforce development.

Educational strategies are being developed to address the integration of health care

delivery systems into medical education and residency training. The undergraduate medical education (UME) curriculum is being revised to better integrate interprofessional education, enhance community engagement, and prepare students for a population management approach to medical care. GME programs are being assessed to determine the optimal number and types of residency programs given the future health care needs of Arizona and the United States. Assessment of GME programs will consider the current and future health care needs for population management, ACOs, and workforce needs. Finally, novel programs to encourage students to choose primary care residencies and careers are being developed with the goal of allowing for an integrated approach to primary care throughout UME, GME, and health care system careers.

### Research

The AMC also chartered a Research Committee, which is chaired by the Banner Health System chief executive officer for research and the UAHS assistant vice president for research. The purpose of the committee is to enhance the conduct of clinical and outcomes research across Banner University Medicine enterprise. This committee has focused on the development of integrated research policies, clinical trials management programs, and extramurally funded opportunities to take advantage of the increased scope and scale of clinical programs developed by the Banner University Medicine enterprise. A key initial focus was on finding common ground on performance metrics for the contracting, regulatory, and financial review of clinical research with an initial goal of less than 90 days from first investigator contact to patient enrollment across both UAHS and Banner Health in both Tucson and Phoenix. Research strategies will be developed to optimize the integration of clinical, translational, and outcomes research across Arizona and to integrate research approaches into the care management of Banner Health populations, starting with a dedicated precision medicine initiative. Indeed, the UA–Banner Health partnership was just named as one of the four academic health systems in the NIH Precision Medicine Initiative Cohort program.

### Innovation

To further integrate the resources, experience, and expertise of UAHS faculty, the AMC recently developed an Innovation Committee charged to identify and prioritize projects and programs where UAHS resources and personnel can support Banner Health initiatives, especially in quality, performance, and population health management. Innovation strategies will address how to take UA discoveries, research, and personnel and tailor them towards Banner Health patient care models, health business models, and population management. An initial approach targeted the needs of the Banner Health Network (BHN). Chief medical officers of BHN-related providers, employers, and facilities identified top challenges in health care delivery that needed immediate attention. College of Medicine department chairs, division chiefs, and center directors identified relevant UAHS experts, prioritized projects, and committed to designing, implementing, analyzing, and reporting the results back to BHN within six months. The ultimate goal of the partnership is to realize the value of academic medicine to health care delivery by fully integrating the educational, research, and care innovations of the Banner University Medicine partnership into the entire Banner Health System.

### Conclusion

The partnership between Banner Health and UA represents a transformative opportunity for academic medicine. The resulting organization, Banner University Medicine, addressed the financial challenges facing the predecessor organization UAHN and provides funds for an expansion of clinical, educational, and research infrastructure. In addition, the partnership enables a statewide system that reliably provides high-quality health care across all of its providers and facilities. Banner University Medicine integrates the clinical faculty practice of the Colleges of Medicine in Tucson and Phoenix. The partnership also provides an opportunity for novel health-care-delivery-based educational strategies, enhanced clinical research strategies,

and new care innovations in quality, performance, and population health management. A unique aspect of Banner University Medicine is the governance model of an AMC with equal block voting from UA and Banner Health. Academic health centers considering partnerships with health care delivery systems should consider this model of shared governance with fiduciary responsibility based on shared values.

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*Ethical approval:* Reported as not applicable.

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