Mission vs. Budget in Times of Rapid Change:

Balancing Economic Realities vs Academic Mission
How to Balance Clinical Work and Research in the Current Era of Academic Medicine

David A. Katzka

Division of Gastroenterology and Hepatology, Mayo Clinic, Rochester, Minnesota

Dr. Martin Heinrich Fischer, a full professor of physiology and medicine and world-renowned physician at the University of Cincinnati from the age of 25 until his death at the age of 77 stated in 1962, “A doctor must work eighteen hours a day and seven days a week. If you cannot console yourself to this, get out of the profession.” He is certainly not the only physician to express such a sentiment. Although this advice might support a life of celibacy let alone one filled with patient care alone, many of us continually wrestle with the conflicting yet important allegiances to our patients and our desire to do research. Is this an internecine battle? No—if you learn to blend the two, work with others, and maximize your efficiency.
Needs, Expenses, & Revenue

- **Individual**
  - Patient Care
  - Research
  - Education
  - Citizenship

- **Support**
  - Salary/Benefits
  - Start-ups
  - Bridge funding
  - Clinical support
  - TIME!

- **Departmental**
  - Patient care
    - Clinical growth
    - Quality outcomes
  - Research
    - Extramural funding
  - Education
  - Citizenship
    - Administrative responsibilities

- **Revenue**
  - Clinical revenue: 68%
  - Contracts: 26%
  - Research: 3%
  - State/Federal: 1%
  - Cost Recovery Hosp: 1%
  - Endowments: 1%

\[
\text{Total Revenue: } 100\% = 94\% + 9\%
\]

- UT Southwestern Medical Center
Needs, Expenses, & Revenue

- **Individual**
  - Patient Care
  - Research
  - Education
  - Citizenship
- **Departmental**
  - Patient care
    - Clinical growth
    - Quality outcomes
  - Research
    - Extramural funding
  - Education
  - Citizenship
    - Administrative responsibilities
- **Support**
  - Salary/Benefits
  - Start-ups
  - Bridge funding
  - Clinical support
  - TIME!
- **Revenue**
  - Clinical revenue 68%
  - Contracts 26%
  - Research 3%
  - State/Federal 1%
  - Cost Recovery Hosp 1%
  - Endowments 1%
  \[\frac{68\% + 26\% + 3\% + 1\% + 1\%}{100\%} = 94\%\]
### Impact of Clinical Revenue: UT Southwestern Participating Sites

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Insurance</th>
<th>Managed Care</th>
<th>Medicare</th>
<th>Medicaid</th>
<th>Underserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Hospital</td>
<td>++</td>
<td>+++</td>
<td>+++</td>
<td>-</td>
<td>---</td>
</tr>
<tr>
<td>Children’s</td>
<td>+</td>
<td>+</td>
<td>---</td>
<td>+++</td>
<td>++</td>
</tr>
<tr>
<td>Parkland</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+++</td>
</tr>
</tbody>
</table>

- Which metrics should drive compensation?
  - Individual P/L
  - wRVU
Impact of Clinical Revenue: Time dedicated to academic pursuits

- Clinical Care
  - Impact to Revenue
  - Clinical responsibilities
    - e.g. using lab time for clinical activity

- Academic time is at risk
  - Less academic productivity
  - Difficult to recover
  - Career differentiator

- How to protect?

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Clinic</td>
<td>Research</td>
</tr>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Research</td>
<td>Research</td>
</tr>
</tbody>
</table>

50% Research Example
Impact of Clinical Revenue:
Time dedicated to academic pursuits

- **Clinical Care**
  - Impact to Revenue
  - Clinical responsibilities
    - e.g. using lab time for clinical activity

- **Academic time is at risk**
  - Less academic productivity
  - Difficult to recover
  - Career differentiator

- **How to protect?**

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Clinic</td>
<td>Research</td>
</tr>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td><strong>Surgery</strong></td>
<td>Research</td>
</tr>
</tbody>
</table>

40% Research Example
Impact of Clinical Revenue:
Time dedicated to academic pursuits

**Clinical Care**
- Impact to Revenue
- Clinical responsibilities
  - e.g. using lab time for clinical activity

**Academic time is at risk**
- Less academic productivity
- Difficult to recover
- Career differentiator

**How to protect?**

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Clinic</td>
<td>Surgery</td>
</tr>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Surgery</td>
<td>Research</td>
</tr>
</tbody>
</table>

30% Research Example
Impact of Clinical Revenue: Time dedicated to academic pursuits

- Clinical Care
  - Impact to Revenue
  - Clinical responsibilities
    - e.g. using lab time for clinical activity

- Academic time is at risk
  - Less academic productivity
  - Difficult to recover
  - Career differentiator

- How to protect?

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Clinic</td>
<td>Surgery</td>
</tr>
<tr>
<td>Clinic</td>
<td>Surgery</td>
<td>Research</td>
<td>Surgery</td>
<td>Clinic</td>
</tr>
</tbody>
</table>

20% Research Example
Academic Objectives: Controlling the Gravitational Pull

- Objectives
  - Normalize work effort
  - Protect Time

Reality check:
No margin, no mission,
but don’t forget the mission!
Focus on Efficiencies

- **Opportunity within our group practice**
  - Departmental Vision
  - Tracks
    - Clinician Educators
    - Clinical Scholars

- **Normalize work effort**
  - wRVU benchmarks
  - Adjustments for non-clinical effort
  - Departmental ‘buy backs’

- **Efficient use of ceFTE: to protect non-ceFTE**
  - Data-driven/Transparency
    - Benchmarks
    - Clinical expectations
    - RVU targets
  - Support
    - Dashboards
    - Practice advice

---

**Overview**

- **Our Mission**
  To advance patient care in otolaryngology through excellence in clinical practice, education, and research.

- **Our Vision**
  To be a national leader in otolaryngology through excellence in patient care, education, research, and citizenship.
  - Citizenship – Will provide timely, collaborative, and thorough care for patients within our institutional group practice and be a positive influence in our community.
  - Patient Care – Provide exceptional medical care to patients and families seeking services including providing care to underserved patients and populations.
  - Education – To inspire and train the future leaders of Otolaryngology–Head and Neck Surgery.
  - Research – Conduct meaningful research in the area of Otolaryngology–Head and Neck Surgery, study-related illnesses and injuries; contribute to continued advances in the field through publications and collaborative research efforts.

- **Outstanding Faculty and Staff**
  The faculty of the Department of Otolaryngology – Head and Neck Surgery consists of 19 full-time physicians, two part-time physicians, four research scientists, 27 audiologists, three advanced practice providers, five speech-language pathologists, and 13 volunteer faculty, as well as many outside physicians who refer patients from all over the Dallas–Fort Worth area and beyond.

  Our Department has trained nearly 200 physicians who practice worldwide.
Focus on Efficiencies

- Opportunity within our group practice
  - Departmental Vision
  - Tracks
    - Clinician Educators
    - Clinical Scholars
- Normalize work effort
  - Adjustments for non-clinical effort
  - Departmental 'buy backs'
  - wRVU benchmarks
  - Align Incentives
- Efficient use of ceFTE: to protect non-ceFTE
  - Data-driven/Transparency
    - Benchmarks
    - Clinical expectations
    - RVU targets
  - Support
    - Dashboards
    - Practice advice

Clinical Effort assumptions:
- Clinical effort will range from 80 – 90% for most faculty
- Non-clinical effort will be set annually based upon:
  - Research activities
  - Administrative responsibilities
  - Educational responsibilities
Focus on Efficiencies

- Opportunity within our group practice
  - Departmental Vision
  - Tracks
    - Clinician Educators
    - Clinical Scholars
- Normalize work effort
  - Adjustments for non-clinical effort
  - Departmental 'buy backs'
- wRVU benchmarks
- Align Incentives
- Efficient use of ceFTE: to protect non-ceFTE
- Data-driven/Transparency
  - Benchmarks
  - Clinical expectations
  - RVU targets
- Support
  - Dashboards
  - Practice advice

Benchmarks:
- MGMA
- AAMC

<table>
<thead>
<tr>
<th>%ile</th>
<th>Adult</th>
<th>Pedi</th>
<th>NP</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>4,091</td>
<td>5,367</td>
<td>743</td>
</tr>
<tr>
<td>15%</td>
<td>4,939</td>
<td>5,544</td>
<td>1,162</td>
</tr>
<tr>
<td>20%</td>
<td>5,410</td>
<td>5,834</td>
<td>1,485</td>
</tr>
<tr>
<td>25%</td>
<td>5,823</td>
<td>6,092</td>
<td>1,781</td>
</tr>
<tr>
<td>30%</td>
<td>6,210</td>
<td>6,846</td>
<td>2,038</td>
</tr>
<tr>
<td>35%</td>
<td>6,616</td>
<td>7,193</td>
<td>2,275</td>
</tr>
<tr>
<td>40%</td>
<td>6,917</td>
<td>7,250</td>
<td>2,501</td>
</tr>
<tr>
<td>45%</td>
<td>7,456</td>
<td>7,852</td>
<td>2,719</td>
</tr>
<tr>
<td>50%</td>
<td>7,643</td>
<td>7,493</td>
<td>2,934</td>
</tr>
<tr>
<td>55%</td>
<td>8,244</td>
<td>8,198</td>
<td>3,128</td>
</tr>
<tr>
<td>60%</td>
<td>8,926</td>
<td>8,423</td>
<td>3,526</td>
</tr>
<tr>
<td>65%</td>
<td>9,539</td>
<td>8,608</td>
<td>3,932</td>
</tr>
<tr>
<td>70%</td>
<td>9,973</td>
<td>8,912</td>
<td>3,749</td>
</tr>
<tr>
<td>75%</td>
<td>11,294</td>
<td>9,436</td>
<td>3,977</td>
</tr>
<tr>
<td>80%</td>
<td>11,902</td>
<td>9,987</td>
<td>4,235</td>
</tr>
<tr>
<td>85%</td>
<td>13,207</td>
<td>11,893</td>
<td>4,537</td>
</tr>
<tr>
<td>90%</td>
<td>15,872</td>
<td>12,556</td>
<td>4,916</td>
</tr>
<tr>
<td>95%</td>
<td>4,972</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>5,020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Focus on Efficiencies

- **Opportunity within our group practice**
  - Departmental Vision
  - Tracks
    - Clinician Educators
    - Clinical Scholars

- **Normalize work effort**
  - Adjustments for non-clinical effort
  - Departmental 'buy backs'
  - wRVU benchmarks
  - Align Incentives

- **Efficient use of ceFTE: to protect non-ceFTE**
  - Data-driven/Transparency
    - Benchmarks
    - Clinical expectations
    - RVU targets
  - Support
    - Dashboards
    - Practice advice

**Incentives**

**Total Compensation**

- **Performance based (75%)**
  - wRVU adjusted to 100%CE
  - Benchmarked to MGMA data

- **Group portion (25%)**
  - Team incentive
  - Paid to the all faculty
  - Based upon attaining collective goals
  - Will choose 3:
    - Patient satisfaction
    - Quality
    - Safety
    - Improvement in cost savings, medical care value, etc
Focus on Efficiencies

- Opportunity within our group practice
  - Departmental Vision
  - Tracks
    - Clinician Educators
    - Clinical Scholars
- Normalize work effort
  - wRVU benchmarks
  - Adjustments for non-clinical effort
  - Departmental ‘buy backs’
- Efficient use of ceFTE: to protect non-ceFTE
  - Data-driven/Transparency
    - Benchmarks
    - Clinical expectations
    - RVU targets
  - Support
    - Dashboards
    - Practice advice
### Institutional Alignment: Chair Incentive

#### UT Southwestern Medical Center

<table>
<thead>
<tr>
<th>Chair Name</th>
<th>Bradley Maple, M.D.</th>
<th>Department</th>
<th>Otolaryngology - Head and Neck Surgery</th>
<th>Fiscal Year</th>
<th>FY19</th>
<th>Person Number</th>
<th>14-061</th>
</tr>
</thead>
</table>

#### Incentive Metrics

<table>
<thead>
<tr>
<th>Incentive Categories</th>
<th>Metric</th>
<th>Source of Information</th>
<th>FY18 Result</th>
<th>Tier 1 FY19 Below Threshold</th>
<th>Tier 2 FY19 Threshold</th>
<th>Tier 3 FY19 Target</th>
<th>Tier 4 FY19 Stretch Target</th>
<th>Metric Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clinical Growth Total Ambulatory New to Clinic Appointment Encounters Arrived and Completed</td>
<td>My UTSW Health System Performance Tools UTSW Hospital and Clinics Appointment Encounters</td>
<td>8.945</td>
<td>8.945</td>
<td>9.258</td>
<td>9.571</td>
<td>9.840</td>
<td>20%</td>
</tr>
<tr>
<td>2</td>
<td>Patient Service Press Ganey Score - Ambulatory Clinics Overall Assessment (Medical Practice)</td>
<td>My UTSW Health System Performance Tools Amb Clinics - Medical Practice Press Ganey Scores</td>
<td>94.31</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Research Growth 2018 US Medical Schools Ranking in NIH Funding (October 1st, 2017 to September 30th, 2018)</td>
<td>Blue Ridge Institute for Medical Research</td>
<td>20th</td>
<td>Ranked on List</td>
<td>Top 40 School</td>
<td>Top 25 School</td>
<td>Top 10 School</td>
<td>20%</td>
</tr>
<tr>
<td>4</td>
<td>Education Timely Completion / Submission of Grades to meet Accreditation Requirements</td>
<td>MedHub</td>
<td>TBD</td>
<td>42 Days</td>
<td>28 Days</td>
<td>21 Days</td>
<td>14 Days</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>Department Focused Metric Pending Department Chairman Input</td>
<td>Pending</td>
<td>Pending</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Department Focused Metric Pending Department Chairman Input</td>
<td>Pending</td>
<td>Pending</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**UT Southwestern Medical Center**

---
Focus on Efficiencies

- Opportunity within our group practice
  - Departmental Vision
  - Tracks
    - Clinician Educators
    - Clinical Scholars
- Normalize work effort
  - wRVU benchmarks
  - Adjustments for non-clinical effort
  - Departmental ‘buy-backs’
- Efficient use of ceFTE
  - Data-driven/Transparency
    - Benchmarks
    - Clinical expectations
    - RVU targets
  - Support
    - Dashboards
    - Practice advice

Practice Advice
- Available for all faculty
  - Proactive
  - Reactive
- Departmental financial officer provides analysis and recs
  - Simple target changes

<table>
<thead>
<tr>
<th></th>
<th>cFTE 64%</th>
<th>cFTE 75%</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>wrVUs</td>
<td></td>
<td>5,182</td>
<td>5,182</td>
</tr>
<tr>
<td>add 1 session per week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ceFTE</td>
<td>64%</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>avg wRVU per session</td>
<td></td>
<td>27.72</td>
<td></td>
</tr>
<tr>
<td>40 weeks</td>
<td>1,045.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total wrVUs Produced per 1 year</td>
<td>5,183</td>
<td>6,227</td>
<td>1,044</td>
</tr>
<tr>
<td>MUSMA %ile @ current Clinical Effort</td>
<td>36%ile</td>
<td>50%ile</td>
<td></td>
</tr>
</tbody>
</table>
Summary

- Inherent conflict
  - Clinical Revenue
  - Academic Mission

- Potential Solutions
  - Protect time
  - Provide opportunity
  - Work as a group
  - Eliminate barriers