

Office of the President

TO MEMBERS OF THE COMMITTEE ON HEALTH SERVICES:

DISCUSSION ITEM

For Meeting of July 22, 2015

REPORT ON THE RAND STUDY ON A GOVERNANCE MODEL FOR UC HEALTH

Changes in the healthcare environment reflected by the Affordable Care Act and other pressures threaten the financial vitality of UC Health's clinical enterprise. In this rapidly changing environment, it is important to ensure that UC Health has the most effective governance. To this end, UC Health engaged the RAND Corp. in March of 2015 to assess its governance. To accomplish this, RAND focused on two broad goals: 1) increased nimbleness to respond to a rapidly changing healthcare environment; and 2) capacity to function as a health system to capitalize on UC Health's scale. The seven assessment criteria included: 1) timelines and efficiency; 2) expertise; 3) strategic guidance; 4) system-level effectiveness; 5) alignment across the three missions of research, education, and patient care; 6) responsiveness to local conditions; and 7) transaction costs and risks. The methodology involved analysis of the governance of other academic and non-academic health systems and interviews with the UC President, Regents, chancellors, medical school deans, medical center chief executive officers, and the executive vice president of UC Health. RAND's results suggested four options: 1) status quo; 2) creation of an advisory board to the current Regents Committee on Health Services without delegated authority; 3) creation of a Regents' oversight Board with delegated authority to replace the Committee on Health Services; and 4) spin off UC Health as a separate entity.

Using the seven criteria listed above as a screen, RAND recommends option 3 – creation of an oversight board with sitting Regents and external individuals with expertise in the health area. Executive Vice President Stobo will present the RAND report for discussion and indicate UC Health's initial response to the report.

Attachment: **RAND Report**