Ten years with
and The Bright Future for

*The Oklahoma State University Medical Center*

JERRY HUDSON
CHAIRMAN OF THE OSU MEDICAL AUTHORITY AND OSU MEDICAL TRUST
First, a couple of comments about how crazy and difficult health care administration has become:

ACA Funds Transfer Formula

\[ T_{pmpm} = \frac{\sum (P_{R_i} \times ID_{F_i} \times G_{C_{F_i}})}{\left( \sum (s_i \times P_{R_{S_i}} \times ID_{F} \times G_{C_{F_i}}) \right)} - \frac{\sum (A_{V_i} \times A_{R_{F_i}} \times ID_{F_i} \times G_{C_{F_i}})}{\left( \sum (s_i \times A_{V_i} \times A_{R_{F_i}} \times ID_{F_i} \times G_{C_{F_i}}) \right)} \times P_{s} \]

Where:

- \( P_{s} = \) state average minimum
- \( G_{C_{F_i}} = \) plan’s geographic cost factor
- \( P_{R_{S_i}} = \) plan’s liability score
- \( s_i = \) plan’s share of state enrollment
- \( A_{V_i} = \) plan’s metal level actuarial value
- \( T_{P_{M_{PM}}} = \) plan’s per mbr per month transfer amount
- \( A_{R_{F_i}} = \) plan’s allowable rating factor
- \( ID_{F_i} = \) plan’s induced demand factor
- \( \sum i = \) sum of the plans
Calculating a Medicare Advantage Risk Score

<table>
<thead>
<tr>
<th>Demographic &amp; Health Conditions</th>
<th>ICD-10</th>
<th>HCC</th>
<th>Risk Factor</th>
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</thead>
<tbody>
<tr>
<td>Female, Age 76</td>
<td></td>
<td></td>
<td>.437</td>
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<tr>
<td>Pulmonary Anthrax</td>
<td>A221</td>
<td>115</td>
<td>.200</td>
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<tr>
<td>Emphysema, unspecified</td>
<td>J439</td>
<td>111</td>
<td>.346</td>
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<tr>
<td>Partial traumatic amputation of left lesser toe</td>
<td>S98149A</td>
<td>173</td>
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<tr>
<td>Risk Factor</td>
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<tr>
<td>Monthly Base Rate</td>
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<tr>
<td>PMPM Subsidy</td>
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<td>$1,123.20</td>
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<tr>
<td>PMPY Subsidy</td>
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Conference Theme: UNITY

Osteopathic Pledge of Commitment:

As members of the Osteopathic medical profession, and in an effort to instill loyalty and strengthen the profession, we recall the tenets on which this profession is founded — the dynamic interaction of mind, body and spirit; the body’s ability to heal itself; the primary role of the musculoskeletal system; and preventative medicine as the key to maintain health. We recognize the work our predecessors have accomplished in building the profession, and we commit ourselves to continuing that work.

I pledge to:

Provide compassionate, quality care to my patients
Partner with them to promote health;
Display integrity and professionalism throughout my career;
Advance the philosophy, practice and science of Osteopathic Medicine;
Continue life-long learning;
Support my profession with loyalty and action, word and deed; and
Live each day as an example of what osteopathic physicians should be.
The Osteopathic beginning of Tulsa’s downtown hospital

On January 12, 1943, the Osteopathic Founders Association was established when 10 visionary osteopathic physicians organized to buy a hospital building at Ninth and Jackson in downtown Tulsa.

After successfully completing the purchase in September, 1943 a major campaign was begun to renovate and equip the building.

The Oklahoma Osteopathic Hospital was proudly opened on December 17, 1944.

It remained under that ownership until the hospital was sold in 1996 as the Tulsa Regional Medical Center to Columbia/HCA from Nashville, Tennessee.

The next sale was to the Tulsa based Hillcrest Medical Center.

A view of OOH in the 1940’s
1955 – After Addition

1959 – After Second Addition
1960’s – Third Expansion

1970’s
The mission and purposes of the Oklahoma State University Medical Authority are to support and upon a declaration of necessity, to serve as teaching and training facilities for students enrolled at the Oklahoma State University Center for Health Sciences, upon a declaration of necessity, to acquire and provide a site for conducting medical and biomedical research by faculty members of the Oklahoma State University Center for Health Sciences and to facilitate and upon a declaration of necessity, to provide care for the patients of Oklahoma State University Center for Health Sciences physician trainers.

The Authority consists of seven members:

- One member appointed by each: (3 year term)
  - the Governor,
  - Speaker of the House,
  - President Pro Tempore of the Senate

- The Chief Executive Officer of the Oklahoma Health Care Authority, or a designee
- The President of the OSU Center for Health Sciences
- One member to be appointed by the President of Oklahoma State University who shall be the Chief Executive Officer of any entity, other than the Oklahoma State University Medical Trust, with whom the Oklahoma State University College of Osteopathic Medicine has entered into an Academic Affiliation Agreement to serve as the primary site of practice and teaching hospital for medical residency programs, or a designee
- The Chief Executive Officer of the Authority (ex officio, nonvoting)

The Trust consists of the same membership except the CEO of the Authority is not a sitting member.
2006-2008

June, 2006 – December 2007 Ardent and OSU and OSUMA discussed the best use of the $5 million annual state appropriation from the legislature to OSUMA for the purposes described in the establishment of OSUMA. OSU and OSUMA favored using the funds for capital improvements for the hospital and Ardent wanted the funds to subsidize hospital operations.

The disagreement escalated to a federal court lawsuit. After a successful mediation, OSUMA agreed to buy the hospital from Ardent for $12 million subject to approval of the Oklahoma legislature. That approval by the legislature was denied.

A possible solution was considered with the OSUMA acquisition as described and with Integris as the hospital manager, but after consideration, Integris declined.

In the summer of 2008, Ardent announced its intentions to close the hospital. In an effort to deal with this very difficult situation for the medical school, OSU and OSUMA began a dialogue with the Saint Francis Health System to move the OSUMC residents to Saint Francis.

At the same time, a group of concerned Tulsa community members initiated the effort to keep the hospital open.
The result was an historic agreement by Governor Brad Henry, the Oklahoma legislative leaders, OSU president Burns Hargis, and some board members of St. John Hospital to keep the hospital open.

This agreement included significant financial pledges

St. John agreed to manage the hospital, OSU agreed to provide $25 million in capital funding, Ardent agreed to “mostly” give the hospital to a City of Tulsa municipal trust, and the hospital remained open.

On March 31, 2009, the hospital ownership was transferred to the OSU Medical Center Trust (city of Tulsa) with St. John Hospital System as the manager.

9 trustees were appointed by Tulsa mayor Kathy Taylor

St. John managed the hospital owned by the Tulsa City trust from 2009-2012

In November, 2012, the management of the hospital was transferred from St. John to Alvarez and Marsal, a national consulting firm with health care as a significant practice.

In addition to managing the hospital, Alvarez and Marsal was asked to lead the goal of finding a long term hospital system partner to stabilize the operations and financial condition of the hospital.

On October 30, 2013, the ownership of the hospital was transferred to a state trust, The OSU Medical Trust.

A request for proposal was prepared, and after consideration of respondents, the Mercy Health System was selected and assumed the management of the hospital on May 1, 2014.
Throughout this whole 10 year process, the governing trustees of the hospital, Oklahoma State University, the Oklahoma Governor, and the Oklahoma Legislature have wanted and worked toward a long-term partnership that would insure quality hospital management and financial stability.

Discussions of those objectives continued with Mercy, and a renewed interest in establishing a partnership was expressed by Saint Francis.

We, (the trustees and OSU), wanted:

- A long term agreement
- A partnership with a strong, successful hospital system that understands the unique issues for a teaching hospital
- A financial commitment from a partner to assist with significant capital needs
- Assistance from a partner with a costly, needed information technology solution.

On October 1, 2016, the management of the hospital was assumed by Saint Francis Hospital System.

2014-2016
OSU Medical Center

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<tr>
<td>Annual Net Patient Revenue</td>
<td>$120 million</td>
</tr>
<tr>
<td>Other Income</td>
<td>$27 million</td>
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<tr>
<td>State of Oklahoma Funding</td>
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<tr>
<td>Annual Discharges</td>
<td>7,000</td>
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<tr>
<td>Annual Outpatient Visits</td>
<td>21,000</td>
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<tr>
<td>Annual Emergency Room Visits</td>
<td>45,000</td>
</tr>
<tr>
<td>Employees</td>
<td>850</td>
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OSU Medical Center as an Academic Medical Center

Academic Medical Centers (AMCs) as compared to community hospitals
AMCs are committed to the mission of teaching future physicians, and work to include the residents, medical students, and other health professional students in the learning experience of patient care. The future physicians are part of the team, not just a student

AMCs are well-versed in the latest treatments, technologies and innovations to treat patients and to improve patient care

AMCs are more likely to include residents and students in committees, quality initiatives, performance improvement functions and leadership decisions to enhance their overall educational experience

AMCs have a culture that integrates teaching into the clinical mission of the hospital, along with their commitment to service the community.

Academic Medical Centers – Survival

The survival of AMCs is threatened by the changes in care delivery, payment models, quality reporting requirements and lower reimbursement

AMCs need to be part of a larger organization, with a broad regional presence and clinical services that can be aligned across the continuum of care

In 2016 nearly 70 percent of hospitals reported that they are currently part of a communitywide coalition. Most hospitals (87 percent) reported having at least some degree of a working relationship with other local hospitals — either funding, networking, collaborating or an alliance

Academic health systems must begin the movement to population health as payers look to contract with organizations that can demonstrate improved outcomes for attributed populations of patients at a lower cost, which cannot be done by stand alone hospitals

With the extensive requirements for healthcare organizations (EHRs, MACRA, bundled payments, Population Health Models) AMCs are choosing to create partnerships with other health care organizations, combining their knowledge with a partner’s operating expertise and access to capital.
Ten Years of Help

The group that kept the hospital open in December, 2008 including:
- OSU: Burns Hargis
- Governor: Brad Henry
- Senate Pro Tempore: Glenn Coffee
- Speaker of the House: Chris Benge
- Tulsa Community leaders

The Oklahoma Health Care Authority: Mike Fogarty, Nico Gomez, and Becky Pasternik-Ikard

Attorneys: Lee Slater, Gary Betow, and Glenn Coffee

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Ten Years of Help

George Kaiser and his Foundation

Osteopathic Physicians: Dr. Eb Reeves, Dr. Trudy Milner, Dr. George Erbacher, Dr. Kenneth Calabrese, and Dr. Michael Thomas

Diane Rafferty, former acting CEO and Managing Director of Alvarez and Marsal

Mercy Health System
Ten Years of Help

OSU Center for Health Sciences: Dr. Jim Hess, Dr. Jeff Stroup, and Eric Polak

Oklahoma State Senators and House members

Saint Francis Health System: Jake Henry and Barry Steichen

OSUMA trustees

Ten Years of Help

OSU President Burns Hargis

OSU Regent and #1 OSUMC Supporter Calvin Anthony

OSU CHS President Dr. Kayse Shrum

The amazing associates that work at the OSU Medical Center

The dedicated Osteopathic Oklahoma health care providers
A personal statement from Diane Rafferty
OSUMC CEO for 18 months and senior consultant, Alvarez and Marsal

“During the first month working at OSUMC I recognized the sense of pride among the staff and their commitment to the hospital’s teaching mission. OSUMC has numerous long term employees despite the high demand for healthcare professionals in Tulsa, where there are multiple hospitals that offer more competitive salaries and benefits.

The sense of pride and ownership of the staff is perhaps surprising to those who have not worked there. The hospital has gone through multiple owners and managers yet they continue to provide excellent care and remain committed to the Osteopathic philosophy. They emphasize preventive methods to keep patients healthy and integrate the patient in the plan of care. This is where healthcare is trying to move to with accountable care organizations and population health.

In the past 35 years I have worked in numerous hospitals, all of which have their own unique culture and values. OSUMC remains a very exceptional place which is attributed to the excellent teaching program.”

Closing

- The osteopathic spirit, strength, and unity
  - A tough but rewarding journey
  - One of Oklahoma’s most important assets/resources
  - Help
    - Referrals to hospital
    - Contact state senators/house of representatives
    - Contributions to OSUMC Foundation
    - Encourage young people in your communities to consider OSUCHS
Questions?