

Citizens' Commission on Ownership and Governance of Memorial Health System (MHS)

Criteria Worksheet

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #1: Minimize taxpayer financial and legal exposure

Criteria #1: Minimize taxpayer financial exposure related to the ownership and governance/operation of MHS

Case Study/Presentation:

Presentation Date:

Pros	Cons
-No financial exposure legally accrues to taxpayers	-Given ownership of MHS by City, while there legally is no financial exposure created, City could be forced to invest in MHS to protect value of its asset, should MHS finances significantly deteriorate

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #1: Minimize taxpayer financial and legal exposure

Criteria #2: Minimize taxpayer legal exposure related to the ownership and governance/operation of MHS

Case Study/Presentation:

Presentation Date:

Pros	Cons
-No legal exposure to citizens of Colorado Springs (neutral)	

Model: Stay as is/Revoke mill levy

<p>OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact</p>
<p>Criteria #1: The model assures the provision of effective health system governance</p> <p>Factors to Consider:</p> <ul style="list-style-type: none"> • Ability to adopt best practices with respect to Board complement and selection • Decisions important to local community made at local level

Case Study/Presentation:

Presentation Date:

Pros	Cons
<p>-City Council could agree to put more deference in MHS appointment process, enabling MHS to move toward best practice governance through strict reliance upon MHS nomination process</p> <p>-Assures Board composed of local residents</p>	<p>-Unlikely that MHS Board appointments/retention process would be completely freed from local politics</p> <p>-Likely difficult to fully adopt governance “best practices”</p> <ul style="list-style-type: none"> -national/regional representation -learned Board members brought through a rigorous mentoring program -difficult to obtain full complement of needed skill sets <p>-Public meetings and other requirements associated with public oversight discourage potential members from joining the Board</p> <p>-Inefficient governance structure with City Council acting as a second tier, while it may not have time/expertise to oversee a dynamic health care enterprise, since City cannot completely abdicate oversight of MHS while it is legally part of the City through City ownership</p> <p>-Time consuming to maintain governance system due to politicization/public nature of governance process</p> <p>-Can be value to larger system oversight vis-à-vis standalone</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #2: Model assists in attracting effective executive leadership
Factors to Consider: Creates organizational model attractive to top talent at all levels of management

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Pros	Cons
<p>-High quality of current management indicates that City ownership/governance structure must not be to big an impediment to attracting/retaining executive talent</p>	<p>-Extra challenges associated with leading a political subdivision leads to burnout/turnover</p> <p>-Public nature of operations, processes and compensation unattractive to leadership recruitment/retention (Difficult to attract top talent as public ownership/governance model is viewed by the field as an unattractive platform for success)</p> <p>-Difficulty in innovating compensation structures given city employment restrictions</p> <p>-A larger organization can potentially enhance the ability to attract and retain talent vis-à-vis a stand alone</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #3: Model promotes the delivery of high quality care

Factors to Consider:

- Enhances adoption of best practices in quality care, including development of internal expertise and quality-supportive culture
- Capital allocation process supports meeting local community needs

Case Study/Presentation:

Presentation Date:

Pros	Cons
<p>-Capital allocation process kept solely within Colorado Springs</p> <p>-Clear accountability to citizens of Colorado Springs since City Council appoints Board and, accordingly, controls management</p>	<p>-Public ownership model generally unattractive to physicians given public nature of decision making, making creation of strong hospital-provider relationships difficult</p> <p>-Limited ability to financially incentivize physicians to enhance quality</p> <p>-Potential politicization of decisions regarding integration strategy, service mix, provider appointments</p> <p>-Not organizationally nimble, which generally decreases ability to innovate along many dimensions, including quality</p> <p>-Not part of a larger organization with ability to learn from sister organizations</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #4: Model facilitates the creation of a high agility organization

- Factors to Consider:**
- Minimizes layers of governance and management
 - Avoids structural impediments not affecting MHS competitors
 - Facilitates development of a corporate culture responsive to local needs
 - Strengthens Memorial Health System’s ability to attract/retain highly qualified staff through competitive compensation and benefits

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Pros	Cons
<p>-Assures local nature/culture of organization</p>	<p>-Not an agile structure, as imposes conditions and costs upon MHS not faced by competitors (such as CORA, public contracting issues, public oversight expenses)</p> <p>-Relative to market, imposes an inefficient, multi-layered oversight structure</p> <p>-Inhibits ability to respond to market leading compensation/benefit structures</p> <p>-Public nature of decision making provides strategic advantage to competitors</p> <p>-Politicization of decision making may cause organization to avoid taking otherwise reasonable actions</p> <p>-May have enhanced resources if part of a larger organization, but at cost of additional governance and management layers</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #5: Model facilitates the creation of a high efficiency organization

Factors to Consider:

Maximizes ability to become a low cost provider of health care services

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Pros	Cons
	<ul style="list-style-type: none"><li data-bbox="824 661 1429 730">-Inhibits innovation, and therefore adoption of best practices<li data-bbox="824 772 1429 842">-Inhibits responsiveness, so opportunities missed<li data-bbox="824 884 1429 989">-Restricts MHS' regional growth opportunities, thereby impacting ability to achieve critical scale<li data-bbox="824 1031 1429 1178">-Additional costs imposed upon MHS by virtue of compliance with public ownership requirements (such as audit, CORA compliance, purchasing)<li data-bbox="824 1220 1429 1325">-Inefficient operating model decreases org. flexibility and ability to pursue opportunities, leading to higher costs<li data-bbox="824 1367 1429 1472">- Inhibits partnering with physicians, putting MHS in a less competitive position for bundled payments<li data-bbox="824 1514 1429 1619">-May have enhanced resources and lower costs if part of a larger organization, given possible advantages of scale

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #6: Model facilitates the development of an Integrated Delivery System (IDS)

Factors to Consider:

- Attractive model to develop strong physician/clinician/community partnerships
- Enjoys support of local medical community
- Enhances ability to create strategic linkages across the region
- Capital support for development of IDS
- Addresses I.T. needs of MHS

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Pros	Cons
<p>-High quality of care at MHS indicates medical staff support for MHS</p> <p>-Medical Society indicated support for MHS</p>	<p>-Publicly owned institutions are generally unattractive partners for physicians given public nature of decision making, exposure of contracting and compensation</p> <p>-Inhibits joint venture capabilities as cannot readily participate in equity arrangements</p> <p>-Public nature of decision making puts MHS at competitive disadvantage in strategy and model development</p> <p>-Political nature of institution dampens ability to creatively work with physicians</p> <p>-Limited ability to create linkages outside of Colorado Springs</p> <p>-May have enhanced resources to devote to IDS formation if part of a larger organization, given possible advantages of scale</p> <p>-Can facilitate regional orientation if part of larger organization (depending upon footprint of the organization joined)</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #7: Model facilitates achieving strong financial performance

Factors to Consider:

- Strengthens capital generation to fulfill local capital and strategic needs
- Strengthens capital access to fulfill local capital and strategic needs

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Pros	Cons
-Assures capital will be used locally	-CORA inhibits strategic development as competitors privy to information -Inability to develop creative joint venture (equity) arrangements negatively impacts MHS' financial position -Inability to readily expand regionally negatively impacts MHS' financial position --Inherent inefficiencies associated with public ownership/governance negatively impacts MHS' finances -Capital generation and access (cost of capital) can be lower in successful larger organizations

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #2: Maximize MHS benefit to community, including high quality care and economic/financial impact

Criteria #8: Financial return to community

Factors to Consider:

- Proceeds available from each governance/ownership model
- Impact of proceeds on provision of health care and attainment of other community goals

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Pros	Cons
<p>-Because it's citizen owned, all profits stay in community</p> <p>-Significant health care benefits to community (uncompensated care)</p> <p>-City has ability, though governance appointments, to police level of uncompensated care and MHS' fulfillment of mission, thereby generating some "return" to the community</p>	<p>-Inability to expand regionally weakens overall value of MHS to the community (financially, service mix, innovativeness, responsiveness to meeting community needs)</p> <p>-Current model prohibits any direct financial return to the community</p> <p>-Proceeds can be enhanced through sale/affiliation with outside system</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

OBJECTIVE #3: Access to excellent health care designed and delivered around community needs

Criteria #1: Protects/strengthens MHS's mission of assuring access to care without regard to ability to pay (charity care policy)

Factors to Consider:

- Allows focusing of programs/directing of resources to meet local mission needs
- Strengthens Memorial Health System's role as a partner with other organizations
- Offers continuity of ownership so that local mission will be supported over the long term

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Pros	Cons
<p>-Assures local ownership and control and, therefore, responsiveness to local needs</p> <p>-MHS has been an effective community partner</p> <p>-Offers continuity of ownership so that local mission is supported over the long run</p>	<p>-Likely inhibits MHS' ability to aggressively respond to the "new world" created by national health reform, putting MHS at risk for becoming markedly weaker in the future, negatively impacting access to care (service mix, indigency funding)</p> <p>-Does not enable a regional approach to health care delivery</p> <p>-Inability to effectively partner with medical providers may impact delivery of services (access and accessibility)</p> <p>-Potential stronger financial position as part of larger organization may enhance access and accessibility of care</p>

Model: Continue City ownership/no mill levy/governance changes to extent possible

Additional consideration: Return on community

Criteria #1: Maximizes return on community commensurate with the community's interest in MHS

Factors to Consider:

- Intangible aspects associated with various governance/ownership models
- "Fit" of each model with goals/culture of Colorado Springs

Case Study/Presentation: _____

Presentation Date: _____

Pros	Cons
<p>-Citizens enjoy owning Memorial</p> <p>-Assures responsiveness to local needs/desires</p>	<p>-Does not provide MHS with the platform to develop into a world class, leading organization, thereby inhibiting its future ability to serve as an important attracter of a highly skilled population to Colorado Springs</p> <p>-Restrictions/inefficiencies imposed upon MHS relative to its competitors, because of its public governance/ownership structure, will likely become unaffordable in the future</p> <p>-Other ownership models may be able to assure responsiveness to community while providing additional organizational flexibility to MHS</p> <p>-Model likely inhibits growth, thereby restricting potential value of MHS to community</p>