

# Criteria Worksheet

Model: Hospital Authority

**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: Dr. P. Gabow  
Presentation Date: July 15, 2010

Pros	Cons
<p>-So long as enabling legislation does not provide for taxing authority or require indigency payments by the City, no exposure</p>	

**Model:** Hospital Authority

**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: Dr. P. Gabow**

**Presentation Date: July 15, 2010**

<b>Pros</b>	<b>Cons</b>
-No legal exposure to citizens of Colorado Springs (neutral)	

Model: Hospital Authority

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

Criteria #1: The model assures the provision of effective health system governance

**Factors to Consider:**

- Ability to adopt best practices with respect to Board complement and selection
- Decisions important to local community made at local level

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Pros	Cons
<p>-Assures Board composed of local residents</p> <p>-<u>Depending upon how enabling legislation is written</u>, may lessen second tier of governance oversight by City as Authority is an independent public body</p>	<p>-Board appointments/retention subject to politics as Board elected by citizenry</p> <p>-Likely difficult to adopt governance “best practices” as Board is publicly elected</p> <ul style="list-style-type: none"><li>-national/regional representation</li><li>-learned Board members brought through a rigorous mentoring program</li><li>-difficult to obtain full complement of needed skill sets</li></ul> <p>-Public meetings and other requirements associated with public oversight discourage potential members from joining the Board</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:** Hospital Authority

**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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<b>Pros</b>	<b>Cons</b>
<p>-High quality of current management indicates that a public hospital system structure must not be too big an impediment to attracting/retaining executive talent</p> <p>-Since comprising its own public body, health system is not tied to City compensation structure</p>	<p>-Extra challenges associated with leading a political subdivision leads to burnout/turnover</p> <p>-Public nature of operations, processes and compensation may be 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 to the level of private industry, given public nature of entity</p> <p>-May be advantage of a larger organization to recruit/retain top talent</p>

Model: Hospital Authority

**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

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Pros	Cons
<p>-Capital allocation process kept solely within Colorado Springs</p> <p>-Clear accountability to citizens of Colorado Springs since local citizens elect Board. Depending upon how enabling legislation is written, there may be some oversight by City Council City, assuring that capital is allocated according to local desires</p>	<p>-Unclear degree to which this model would be seen by medical community as more attractive than City ownership, as MHS would still be operated by a public body. Public ownership model generally unattractive to physicians given public nature of decision making, making creation of strong hospital-provider relationships difficult</p> <p>-Relative to private institutions, more limited ability to financially incentivize physicians to enhance quality</p> <p>-Potential politicization of decisions regarding integration strategy, service mix, provider appointments, given publicly elected Board and public decision making processes</p> <p>-Perhaps more nimble than direct City ownership, although this is unclear.</p> <p>-Not part of a larger organization with ability to learn from sister organizations</p>

Model: Hospital Authority

**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>-Depending upon how enabling legislation is drafted, may provide more flexibility than direct ownership by City</p> <p>-May provide increased flexibility in compensation structures, strengthening staff recruiting/retention efforts</p>	<p>-Creature of enabling legislation, so likely not as nimble as a private organization</p> <p>-Depending upon how enabling legislation is written, may continue some degree of City oversight, now interjecting two elected bodies (the governing board and the City) into the decision making process</p> <p>-Compared to private enterprise, not as agile a structure, as imposes conditions and costs upon MHS not faced by competitors (such as CORA, public oversight expenses, perhaps other)</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: Hospital Authority

**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>-Depending upon how enabling legislation is drafted, may enable higher degree of nimbleness and creativity (and hence efficiency) than City ownership model</li> <li>- So long as enabling legislation is broad enough, may enable regional growth</li></ul>	<ul style="list-style-type: none"><li>-Since a creature of its enabling legislation, likely less flexible (and hence efficient) than private enterprise.</li> <li>-Depending upon how enabling legislation is drafted, may restrict MHS' regional growth opportunities, thereby impacting ability to achieve critical scale</li> <li>-Additional costs imposed upon MHS by virtue of compliance with public ownership requirements (such as audit, CORA compliance, other)</li> <li>- Unclear if it would be viewed by medical community as all that different from direct City ownership. If not, model would inhibit partnering with physicians, putting MHS in a less competitive position for bundled payments</li> <li>-May have enhanced resources and lower costs if part of a larger organization, given possible advantages of scale</li></ul>

Model: Hospital Authority

**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>-May enable equity joint ventures?</p> <p>-As a public institution, may be easier to work with other public institutions, such as the University, public health department, other, thereby facilitating development of an IDS</p>	<p>-Unclear if medical community will perceive difference between this model and direct City ownership, especially if City maintains some oversight authority. Publicly owned institutions are generally unattractive partners for physicians given public nature of decision making, exposure of contracting and compensation</p> <p>-Ability to engage in full range of joint venture activities unclear</p> <p>-Public nature of decision making likely puts MHS at competitive disadvantage in strategy and model development, relative to private enterprise</p> <p>-Political nature of institution likely impinges upon ability to creatively work with physicians</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: Hospital Authority

**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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<b>Pros</b>	<b>Cons</b>
<p>-Assures capital will be used locally</p> <p>-Depending upon how enabling legislation is written, may enable regional growth, strengthening financial position of MHS</p> <p>-May have greater access to grants, foundation dollars as a public entity</p>	<p>-CORA inhibits strategic development as competitors privy to information</p> <p>-Ability to develop creative joint venture (equity) arrangements is unclear. If hampered, may negatively impact MHS' financial position</p> <p>-Limitations upon ability to grow regionally (if any) may negatively impacts MHS' financial position</p> <p>-Inherent inefficiencies associated with public ownership/governance likely negatively impact MHS' finances, relative to private enterprise</p> <p>-Capital generation and access (cost of capital) can be lower in successful larger organizations</p> <p>-Likely time consuming nature of model creation process—need to secure enabling legislation—may impede financial performance of MHS (until model is created and fully implemented)</p>

Model: Hospital Authority

**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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<b>Pros</b>	<b>Cons</b>
<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, through governance appointments, to police level of uncompensated care and MHS' fulfillment of mission, thereby generating some "return" to the community</p> <p>-Depending upon structure used to transfer assts to hospital authority, may be ability to generate financial return to City (such as through lease payments, sale of asses)</p>	<p>-Any limitations to expand regionally, or decreased flexibility of organization relative to private enterprise, weakens overall value of MHS to the community (financially, service mix, innovativeness, responsiveness to meeting community needs)</p> <p>-Proceeds can be enhanced through sale/affiliation with outside system</p>

**Model:** Hospital Authority

**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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<b>Pros</b>	<b>Cons</b>
<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 public ownership so that local mission is supported over the long run</p> <p>-If model facilitates partnering with a medical school, public health department or other public resources, because it too is a public body, then access may be strengthened</p>	<p>-Relative to private enterprise, and depending upon language in enabling legislation, may inhibit 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>- Depending upon language in enabling legislation, may limit ability to develop a regional approach to health care delivery</p> <p>-Any artificial barriers created by model, relative to private enterprise, may limit ability 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:** Hospital Authority

**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: Dr. P. Gabow**

**Presentation Date: July 10, 2010**

<b>Pros</b>	<b>Cons</b>
<p>-Assures responsiveness to local needs/desires</p> <p>-Maintains MHS as a public institution, thereby perhaps strengthening the safety net mission focus of the organization</p> <p>-To the extent that enabling legislation provides greater flexibility than direct City ownership, MHS may become a stronger system with respect to quality, access and finances</p>	<p>-Does not provide MHS with the relatively unfettered platform of a private enterprise to react to changes flowing from federal health reform efforts</p> <p>-To the extent that enabling legislation imposes restrictions/inefficiencies upon MHS relative to its competitors--because of its public governance/ownership structure--model may not have enough advantages relative to City ownership to serve as a permanent structural model of ownership and governance</p> <p>-Other ownership models may be able to assure responsiveness to community while providing additional organizational flexibility to MHS</p> <p>-May be hesitancy to create a second political body (the hospital authority and City Council, to the extent Council maintains some degree of oversight/control) to operate MHS</p> <p>-May be lengthy political process to develop model</p>

