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The Academic Medical Center Evolution: 5 Key Elements

Current shifts, opportunities + challenges leaders shared at Becker's 14th Annual Meeting

The traditional academic medical center (AMC) model is a thing of the past. In addition to facing down the financial and operational headwinds affecting most healthcare organizations today, modern AMCs must also balance education and research priorities with pressing needs for sustainability, greater access to care, consumer expectations and innovation.

The result is a marked shift from stand-alone, university-based AMCs to larger, dynamic and multifaceted academic health systems that have arisen through growth, mergers and acquisitions, joint ventures and novel partnerships.

As expansion endeavors promise greater impact and resources for AMCs, they also give rise to new challenges and complexity like issues of community and academic physician integration, mission alignment, reputation management and more.

Executives examined these topics and more during nine AMC-focused dialogues at Becker's 14th Annual Meeting in Chicago. Organizations represented during these sessions included:

- Baptist Health South Florida (Coral Gables, Fla.)
- Froedtert Health & the Medical College of Wisconsin (Milwaukee)
- Northwell Health (New Hyde Park, N.Y.)
- Rush University System for Health (Chicago)
- RWJBarnabas Health (West Orange, N.J.)
- Tampa General Hospital (Fla.)
- UNC Health (Chapel Hill, N.C.)
- University Hospitals (Cleveland)

Five elements of the evolving AMC in 2024 emerged from their candid conversations and are outlined below.

Element 1: Growth

Throughout keynote and panel discussions at the Annual Meeting, healthcare leaders described how AMCs are evolving into academic health systems through expansion, M&As and affiliation with community health systems and organizations not traditionally associated with AMCs. While this approach is enabling AMCs to expand their footprints, influence and research, evolving into a larger, more heterogeneous entity presents "growing pains." Geographic, financial and operational considerations in growth journeys came up frequently.

For example, traditional leadership and staffing models that worked well in stand-alone AMCs (i.e., a closed faculty-medical model) do not align with the needs of a larger health system. In a discussion on the evolving physician enterprise at academic health systems, Amir Ghaferi, MD, president and CEO of physician enterprise and senior associate dean for clinical affairs, Froedtert Health & the Medical College of Wisconsin, shared his organization's current growth journey — namely, Froedtert Health's recent merger with Neenah, Wis.-based ThedaCare Health and how he's navigating the resulting complexity on a day-to-day basis.

"Every AMC is going to be grappling with these issues moving forward," Dr. Ghaferi said.

As part of his leadership role, Dr. Ghaferi is bringing together a community physician group — a joint venture between the medical college and the health system — and a fully-employed, medical college physicians group (a typical faculty-group practice). He noted it's an exciting endeavor, though one that requires a lot of troubleshooting.

"Identify short cuts," Dr. Ghaferi said. "The faculty-based model cannot fully serve the needs of the community. Once this is acknowledged, we can start to talk about expanding models. And we have to get past other groups being 'the competition.'" Progressive organizations are looking across their systems and using different provider-practice profiles to meet the diverse needs of the communities they serve.

As medical and physician groups converge in AMCs' growth trajectories, leaders acknowledged the common ambiguity of "who's leading what."

"Oftentimes, in a hybrid physician environment, there is ambiguity with respect to the role of health system leadership, practice leadership and department chairs or chiefs in areas like quality, patient experience, clinical operations and productivity across different physician cohorts," Greg Silva, partner at ECG Management Consultants said.

Such uncertainty can generate uneasiness in staff. For example, Dr. Ghaferi shared how, during Froedtert Health's merger, his team had to "parse out" primary care physicians from specialty. "That's where the chairs and academic system leaders get nervous, if there are a lot of potential specialists competing in a model," he said.

In navigating these complexities, several leaders underscored the importance of acknowledging the need for *time*. Bringing entities together, whether through M&As, partnerships or expansion, is a long undertaking and healthcare leaders must reset their expectations of what is possible and by when.

"This expansion is the future of academic health systems, but people need to understand how long it takes," said David Battinelli, MD, dean of the Donald and Barbara Zucker School of Medicine at Hofstra/Northwell Health and executive vice president and physician in chief, Northwell Health. He said AMC expansion enables greater integration and reach within communities — or "cross pollination," as he put it — but it's far from a quick endeavor.

"It is an absolute grind," John D. Couris, PhD, president and CEO of Tampa General Hospital said. "If anybody in this room thinks this is going to take a few months or a year or two, it's not. It's going to be never ending. I have been working on this for seven straight years and I'll probably never stop working on it."

Strong alignment on organizational mission is a common strategy leaders are employing to support long-term success.

"It's about the vision of where we're going and sticking to it," Andy Anderson, MD, chief medical officer and chief quality officer, RWJBarnabas Health said.

Amid consolidation and M&A activity, Dr. Anderson encourages the mentality of becoming one medical group with the end in mind (i.e., great outcomes for patients and communities). In these growth phases, leaders should encourage their teams not to compete but rather help one another, he said.

Further, the leadership team at RWJBarnabas Health has honed the organization's brand as an academic health system, which has helped to create alignment around education, research and mission, Dr. Anderson said. He noted service-line structures and development as a chance to involve and engage front-line staff members in change and adjusting culture. Health systems should give staff "a seat at the table" in decision-making, he said, to ensure representation from different areas of the health system.

Leadership in academic health systems versus stand-alone AMCs also demands a different skill set. Radical transparency, as well as confidence and swiftness in decision-making, were noted as critical skills to cultivate in the shifting academic healthcare environment. When merging organizations or navigating partnerships, communicating clearly and honestly with staff is paramount; more likely than not, AMC leaders will be faced with decisions they hadn't encountered pre-expansion to health system status.

"We need to be comfortable in making decisions faster and without full consensus," Cristy Page, MD, executive dean, UNC School of Medicine, and chief academic officer, UNC Health said. Dr. Page and leaders at UNC Health are encouraging staff to get "uncomfortable" and "balance the wisdom of decisions while being able to pivot quickly when needed."

Element 2: Patients & Community

Focusing on the patient experience amid growth and expansion was another focal point of AMC and academic health system leaders' discussions at Becker's Annual Meeting. Amit Rastogi, MD, CEO of Jupiter (Fla.) Medical Center, an independent AMC, shared his perspective on consolidation. He argued that while widespread consolidation in healthcare was supposed to make care cheaper, improve quality outcomes and create a better experience for patients, these aims have not come to fruition.

"I think patients' healthcare experiences actually rank below their Uber drivers at this point," Dr. Rastogi said. Because of Jupiter Medical Center's independence and size, he said the organization can remain nimble and focused on what the community needs and wants, which is reflected in its high engagement scores.

To better meet the needs of patients, many AMCs and academic health systems represented at the Annual Meeting are expanding in some capacity, and in the process, community integration and patients' access to care and clinical trials are top of mind.

"We're working on sites of service; not everyone can access Chapel Hill or Durham," Dr. Page said, emphasizing these primary hospital markets in the state of North Carolina — which, based on its size, can pose significant barriers to patients' access to clinical trials and treatment.

"We're endeavoring on a process to regionalize and better access and transfer from higher levels of complexity. We need to have systems where people can have the highest-quality care as close to home as possible."

Reaching diverse patient populations requires a multifaceted approach, and one that considers the unique geography, social conditions and even political climate of the areas AMCs and academic health systems serve. In fact, several leaders noted the impact of pervasive political and socioeconomic divides on care access.

As organizations implement community and cultural engagement-focused initiatives to break down barriers to care, they're listening to stakeholders and engaging communities to solve problems in ways that are most important to them. To support these efforts, some academic health systems are reenvisioning C-suite structures, creating roles like the chief culture officer.

For Northwell Health, aligning cultures across complex communities is a priority. In a semi-keynote panel, Dr. Battinelli described how the health system is spearheading initiatives that address issues spanning gun violence, maternal mortality and international conflict.

"Engaging issues that matter to the community — that's something everybody can join in on," Dr. Bartinelli said. He emphasized the importance of celebrating the culture of local communities while also embracing microcultures within academic health systems.

Element 3: Sustainability

Escalating economic and market pressures have prompted many academic healthcare organizations to diversify their portfolios, expand into new markets and provide clinical care outside of the academic realm. In panel discussions at the Annual Meeting, leaders agreed that, in this environment, new infrastructures and for-profit endeavors are crucial for financial sustainability.

The Harrington Discovery Institute by University Hospitals Health System is one such example. Daniel Simon, MD, president, academic and external affairs and chief scientific officer, and Ernie and Patti Novak Distinguished Chair in Healthcare Leadership, University Hospitals, said his organization extended into for-profit models and venture funds in 2012.

"At the time, it was very controversial for nonprofit organizations to have venture funds," he said, noting the impetus of the Harrington project was founding nonprofit and novel for-profit models for drug discovery. The Harrington Discovery Institute is now one of the leading drug developers, Dr. Simon said. On the academic side, the institute has funded 177 scholars across the U.S., Canada and the U.K. It has also raised more than $650 million in nonprofit and for-profit models.

"I think it's really important in order to sustain and evergreen our nonprofit activities," Dr. Simon said. "The Harrington Discovery Institute has supported $13 to $14 million a year from clinical operations ... We're trying to create new medicines, we're trying to make a difference — but we want to do it in sustainable models, which inherently are going to involve for-profit activities."

In some form, most AMC and academic health system leaders acknowledged that amid diminishing reimbursements and margins, other avenues for revenue must be explored.

The importance of "aligning mission and margin" was repeated frequently throughout executives' conversations on AMC growth. Leaders cautioned against viewing core areas like finance, patient experience and research as "opposing forces." Mark A. Davis, MD, adjunct professor at the Forsyth Institute and former COO of Miami Cancer Institute and Baptist Health South Florida Cancer Care said he looks to org charts to uncover opportunities for alignment and driving revenue.

"You see so many verticals within each delivery system, whether it's clinics or other non-service line structures," Dr. Davis said.

"The key for me was to look at the culture and see how we could engage people and adjust culture, and have people recognize it's a brave new world — that we're going to have to employ lean-based transformations and identify where our top margin- and mission-consistent activities lie and figure out together, through creation of new dashboards and metrics, where we achieve those."

Value-based care considerations are essential in the current economic climate, with tightening margins and increasing costs. On the whole, AMCs have struggled to succeed in delivering cost-effective care in VBC payment models. Leaders noted in panel sessions the inherent barriers to successfully deploying VBC — namely, payer relations and incentive alignment.

"Incentives just aren't aligned. They weren't aligned 15 years ago, and we've made very little movement since then," Dr. Rastogi said. "Until the commercial payers want to partner in a meaningful way, we don't know how to take the next step."

Alternatively, some leaders said they see opportunities in pharmacy benefit managers (PBM), movements toward "thoughtful, vertical integration" and creating disciplined structures where metrics of success align with the payment model at hand. Aaron Hajart, COO, Community Medical Center-Toms River, N.J. of RWJBarnabas Health (West Orange, N.J.), said his organization has made strides in value-based initiatives and has a significant population health department that's "trying to get the ball moving." Without larger, systemic changes, however, he's not confident there will be the necessary progress toward VBC.

Element 4: Reputation

AMCs are rapidly shedding their "ivory tower" image. Rather, AMCs and academic health systems are driving local and global partnerships to advance research, promote their brands and change public perception — and most importantly, make greater progress in treatments for rare and common diseases. These approaches were key discussion points across several panel sessions at the Annual Meeting.

As academic healthcare organizations expand and merge, leaders are raising awareness of the valuable research initiatives taking place across various sites of care. "Not everyone knows the life-changing science that's happening on the medical campus," Dr. Page said. "But right now, with the rise of the health system, it's becoming much more than a medical center in one town where people would travel for clinical trials. We're focused on uniting our whole state."

UNC Health has 15 health systems within its purview that span North Carolina. Dr. Page said the strategic effort to unite community and academic medicine, "One UNC Health," is expected to help address workforce shortages and expand access to clinical trials.

Spreading influence and reach relies heavily on partnerships — locally, nationally and even internationally. Leaders in academic medicine are identifying operational needs like resources, geographic location and expertise to guide strategic partnership opportunities. For example, UNC Health's partnership with Winston-Salem, N.C.-based Novant Health is filling in key gaps on both sides: UNC Health didn't have the cash to buy a desirable hospital in Wilmington, N.C., but Novant Health did. Meanwhile, Novant Health was lacking academic expertise. Their partnership has resulted in greater care access, less travel for patients and advancing community-based research.

Dr. Simon at University Hospitals shared how the health system's Harrington Discovery Institute sought to advance its influence and progress in rare disease research and treatments. The leadership team saw potential benefits in partnering with a rare-disease research powerhouse: the University of Oxford. After lengthy negotiations, the organizations signed a 10-year partnership agreement to form the Oxford-Harrington Rare Disease Centre and Therapeutics Accelerator.

"If you want to do this well, you have to collaborate not just nationally — but you have to collaborate globally," Dr. Simon said.

Northwell Health is focusing on such complementary partnerships too, "across all areas," Dr. Battinelli said. The health system recently extended its strategic affiliation with Cold Spring Harbor Laboratory, which aims to bring cutting-edge biology research to the bedside of cancer patients in diverse communities across New York.

Element 5: The Workforce

Despite the various approaches AMCs and academic health systems are taking to expand their reach and shape their reputations, a common refrain among leaders was the importance of supporting the workforce, particularly amid change, integration and growth.

Leaders underscored the value of transparency — around pay, roles, responsibilities and mission alignment — to ensure retention. A key strategy, several leaders said, is addressing fears and myths about what happens during integrations (e.g., physician pay cuts). Crystal-clear communication from leadership is paramount, and leaders need to be mindful about language that might give the impression one AMC location is the "mothership" or "hub." Fostering a sense of true integration is essential.

"Be transparent, even if it hurts," Dr. Couris of Tampa General Hospital said. "In the long run, that will serve your models."

While AMCs' evolution into larger health systems presents opportunities to enhance clinical teams, gaps in the workforce persist. During the panel discussions, several leaders reiterated how these shortages cannot be addressed solely with education, training and upskilling.

"No amount of schools we can open, nothing we can do from a training program, will ever be able to bridge that gap," Dr. Rastogi of Jupiter Medical Center said. In his view, as well as many other leaders', technology like artificial intelligence presents major opportunities to foster productivity and clinician satisfaction.

AMCs and academic health systems also are involving front-line staff — Dr. Davis said regular town hall meetings have worked well at Baptist Health — to troubleshoot widespread issues and inefficiencies. Paul Casey, MD, senior vice president and chief medical officer at Rush University System for Health said his organization is promoting wellness initiatives and coaching programs that help clinical teams learn how to deal with mounting stressors and pressures.

Beyond these measures, Dr. Ghaferi of Froedtert Health encouraged AMCs and academic systems to foster a sense of community across the enterprise, especially in residency programs.

"What's the one thing that gets you through a tough residency? To this day, my closest friends are the five other residents I worked with in my class — it's a sense of community," he said. The health system makes it a point to convene community physicians, specialists and faculty physicians at small gatherings to "get to know each other" and build connections and partnerships.

"We can give them all the tools to help unload the mundane tasks, but one of the things human beings thrive on is community and social interaction," Dr. Ghaferi said. "That's one of the things I think we've lost in healthcare in general as we've been in this rat race to run faster, produce more, do more."

Dr. Couris of Tampa General Hospital reiterated the importance of residency not just for building camaraderie and job satisfaction, but also for ensuring new physicians are bringing a highly trained, effective skill set to the academic health system. Dr. Couris acknowledged a trend where health systems that want the "academic halo effect" are getting into education "lightly" and are creating environments where students are not necessarily "learning the way they should be," he said, underscoring the importance of high-quality learning environments as a foundation for future healthcare leaders.

Despite industrywide efforts in flexibility, work-life balance and career development to attract and satisfy workers, several AMC and academic health system executives said compensation — for clinicians and nonclinicians — cannot be underestimated as a key part of the equation. Mr. Hajart of RWJBarnabas Health noted how entry-level hospital employees, such as environmental services workers, often make less than what Target or other retailers offer as starting wages.

"We created this [issue] ourselves," Mr. Hajart said. "We did not evolve with the times." Multiple leaders noted compensation standardization as a key challenge in consolidation. For some, such an aim might not be achievable due to unionized/non-unionized workforce structures.

"I don't think you can standardize your faculty and community physician compensation plans," Dr. Ghaferi said. "But you have to have some principles upfront about why they're going to be different, and full transparency on the differences. You can't hide from your faculty that the community-based folks are going to get paid more." With ThedaCare joining Froedtert Health, Dr. Ghaferi said his aim is to guarantee a job in the health system for every graduate of the academic program.

What united many leaders' viewpoints on building and retaining a resilient workforce was creating an environment that connects healthcare staff to their passions ("what moves physicians," as Dr. Page of UNC Health put it) — which can become more challenging to do in larger health systems versus independent AMCs. A key strategy, Dr. Page said, is embracing what physicians are passionate about and what they're already doing.

For example, Dr. Page acknowledged how community physicians may not be interested in participating in research like their academic physician counterparts; organizations must work to connect physicians' existing research efforts or passions with the health system's strategic goals.

"We're figuring out how we can unite that so that our shared brand, our shared risk, all of those things are coming together into one organization rather than being so fragmented," Dr. Page said.

The road ahead for the growing academic health system

Excitement and opportunities around AMCs' current and future transformations were palpable at Becker's 14th Annual Meeting. Growth (and the many challenges that come with it), patients and communities, financial sustainability, reputation and supporting an increasingly integrated workforce were elements that emerged as key ingredients and considerations for expansion — as well as advancing AMCs' foundational aim: furthering research, treatments and care access.

Despite agreed-upon, overarching best practices, a throughline in executive discussions was how strategies should match organizations' unique geographies, communities, patient needs and priorities.

"One of the key takeaways here is there's no one way to do this," Dr. Casey of Rush University System for Health said. "There are a thousand ways, and however you approach it has to fit your organization."