

**UWHC Authority Board  
Open Session  
UWHC and UWSMPH Annual  
Academic Advancement  
Agreement**

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# Our Shared Mission and Vision

- **Mission:**

*Advancing health without compromise through:*

- *Service*
- *Scholarship*
- *Science*
- *Social Responsibility*

- **Vision:**

*Working together, UW Health will be a national leader in health care, advancing the well-being of the people of Wisconsin and beyond.*



# Introduction

- In the coming years all three organizations of UW Health are facing reductions in funding for our tripartite mission
  - Cuts in state funding
  - Cuts in NIH funding
  - Cuts in GME funding
  - Reduced governmental payer reimbursement
  - Reduced commercial payer reimbursement
- All three organizations must work together to minimize the impact of these changes.

# Background

- Historical, political, and cultural issues make it unlikely that the three organizations could be formally integrated into a single system in the near term
- The Annual Academic Advancement Agreement (AAA) is a new agreement between UWHC & UWSMPH
- This agreement transparently links the financial outcomes of UWHC to support for UWSMPH's academic missions
- The AAA will help address the decrease in state and other governmental funding of UWSMPH

# A New Model: Annual Academic Advancement (AAA) Agreement

- Protects the financial well being of UWHC
  - Section 12.2 of the original Academic Affiliation Agreement between UWHC and the UW Board of Regents allows UWHC to provide additional “*financial resources*” to the academic mission “*provided that the Hospital Authority’s cash position exceeds the cash reserves level and goal set by the Authority Board*”
- Creates efficient/effective process for UWHC & UWSMPH to support academic missions
- Adds performance incentives to funds flow decisions

# A New Model: Annual Academic Advancement (AAA) Agreement

- Creates incentive/leverage to limit the growth of departmental affiliation agreements
- Reviewed annually
- Fulfills the original Affiliation Agreement between BOR & UWHC which calls for the Academic Enterprise and the Hospital Authority to develop “*annually a list of programs eligible for additional funding with clinical program expansion, academic enrichment... having high priority*”. These programs will also “*enhance the missions of both UW Madison and the Hospital Authority*”.

# AAA in One Chart

UWHC Achieves:  
•5% Op. Margin  
•180 Days of  
Cash on hand

Amount over  
5% Margin

50%

- Academic Programs Fund

25%

- Clinical Departments Fund

25%

- Special Projects Fund

# The Academic Programs Fund

- Controlled by UWSMPH Dean
- Enhances research/educational programs in accordance with rolling 5-year financial plan
- “Review Group” of Chancellor, Provost, UWHC Board Chair & UWMF Board member assesses plan
- Annual report from the Dean
  - Accounts for expenditures/encumbrances of funds in the past year

# Clinical Departments Fund

- Annual plan developed by 3 CEOs to advance the clinical mission of UW Health
- Four goals:
  - Two will be enterprise-wide clinical goals
  - Two will be department-specific goals
  - Year 1 will focus on National Hospital Quality Measures & HCAHPS Communication with Doctors.
- Department Chairs will provide annual report detailing use of the prior year's funding
- Funds allocated based on department's pro-rata proportion of imputed clinical FTEs

# Special Projects Fund

- Fund supports projects that enhance interdependent academic/clinical missions of UW Health
- UWHC CEO & UWSMPH Dean jointly create plan for annual distribution
- If there are not any appropriate projects that should be funded in a given year, funds will carry over as Hospital reserves until a project is identified