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## PRELIMINARY INTEGRATION PLANNING PROCESS

POTENTIAL INTEGRATION OF  
LIFESPAN & CARE NEW ENGLAND TO  
CREATE A NEW ACADEMIC HEALTH  
SYSTEM FOR RHODE ISLAND

**June 10, 2020**



4(d)-2  
Care New England Health System  
April 2021

**ALVAREZ & MARSAL**

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# Introduction & Overview

# Introduction

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- This integration planning process represents an opportunity for Lifespan and Care New England (the “Parties”) to spend the next 90 days (the “Preliminary Integration Planning Period”) exploring and identifying the benefits of forming a single integrated academic health system (“AHS”) in Rhode Island.
- The Parties believe that a more fully integrated health care system, organized in conjunction with a major, top-tier medical school, could form an essential foundation for providing high quality and lower cost patient care and promoting innovation in research, education and cutting-edge clinical care, in a competitive environment, for the residents of Rhode Island and New England.
- Nonprofit health systems, like Lifespan and Care New England, that include major teaching hospitals, are facing daunting challenges from a range of health system trends, including lower-cost non-academic health systems and increased pressure from public and private third-party payers to deliver value, high quality care and improve the patient experience in a highly volatile market.
- Academic health systems nationally have responded to these challenges by pursuing strategies that lead to increased integration, coordination and operational efficiencies to enhance the ability of such systems to improve value, quality and access, while preserving the extraordinary benefits of research and innovation for their patients and communities. Massachusetts has four such systems. However, in Rhode Island, there are none, and the various components that could form such a system remain unnecessarily fragmented.
- The current COVID-19 pandemic has dramatically underscored the need for integration of academic medical centers into a true academic health system, which can best be achieved by merging the current disparate components of Rhode Island’s teaching hospitals into a single integrated nonprofit health system.



## Introduction (cont.)

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- Alvarez & Marsal has recommended, and the Parties' Boards have approved, this Preliminary Integration Planning Period work plan, which sets out a process during which the Parties' CEOs, working closely with a Project Oversight Committee that includes the Parties' CEOs and Board Chairs, will:
  - Appoint and jointly chair an Integration Planning Committee ("IPC"), whose membership will include at a minimum the CEOs, CFOs, CMOs, General Counsels and the Dean of the Warren Alpert Medical School of Brown University;
  - The IPC would identify and review the potential benefits of an integrated AHS for the Parties, the patients and communities they serve, and the State of Rhode Island; and
  - The IPC would appoint and convene issue-specific Working Groups to undertake work streams to identify and review the potential benefits and challenges in specific domains.
- Toward the end of the Preliminary Integration Planning Period, the Parties' Boards will appoint an Integration Governance Committee consisting of the Parties' CEOs, an equal number of Directors from each Board and one or more external individuals (including the Dean of the Warren Alpert School of Medicine at Brown University or his delegate).
- The Preliminary Integration Planning Period would conclude with recommendations to the Parties' Boards, which would then determine whether to sign a Letter of Intent that would lead to a formal due diligence period and the negotiation of one or more Definitive Agreements to create a new, integrated AHS in Rhode Island.

## Guiding Principles

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- **Care transformation for Rhode Island.** The proposed creation of a single, integrated academic health system will provide a unique, once-in-a-lifetime, opportunity to truly transform health care and improve the health and well-being of the community in Rhode Island for generations to come.
- **Improved efficiencies.** At a time when governmental and private purchasers of health care are increasingly emphasizing value, quality and seeking to hold down costs, the proposed integration would be intended to increase quality, improve outcomes and control costs through operational efficiencies and economies of scale.
- **Shared mission and vision.** The proposed integrated delivery system would be intended to further the mission and vision of both Lifespan and Care New England and promote the tripartite mission of education, research and high-quality clinical care in partnership with the Warren Alpert School of Medicine of Brown University and other outstanding Rhode Island educational institutions.
- **Value to the communities we serve.** The proposed integration would result in enhanced coordination of care, and a better patient experience, for the patients and communities we serve.
- **Value of workforce.** The proposed unified health system is also intended to recognize the critical importance of our respective workforces and make diversity and inclusion a strategic priority going forward.
- **Enhanced experience for our valued medical staffs.** The proposed integration would be intended to restore and reinforce the "joy of medicine" for the Rhode Island physician community and all of our valued healthcare workers.
- **The whole would be greater than the sum of its parts.** The proposed integration would draw upon the unique strengths of each system, many of which are complementary, not duplicative.

## Guiding Principles (cont.)

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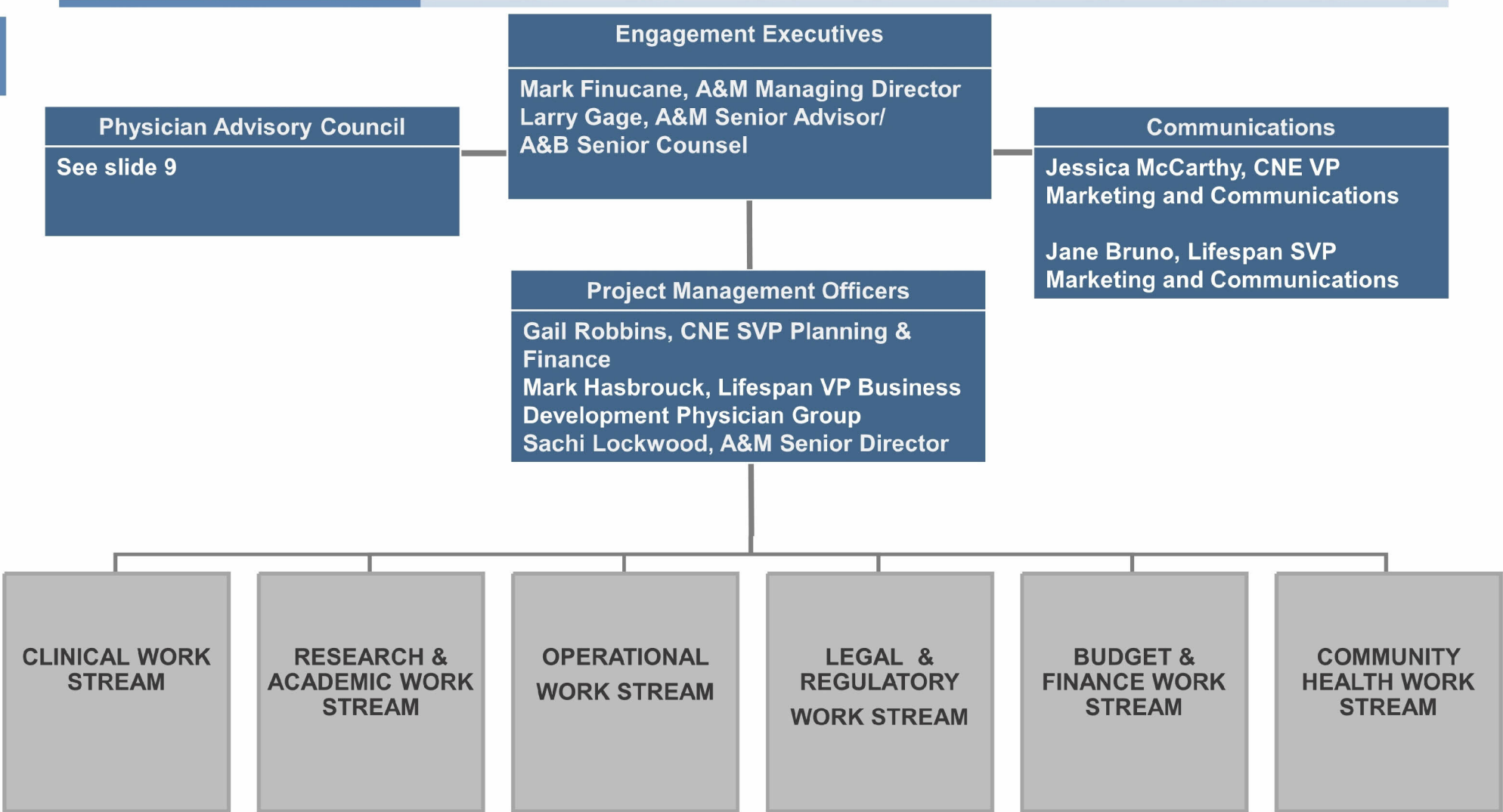
- **Improved access.** The new system would enhance the availability of patient care through ease of access to a single, integrated system at any level of care at locations throughout the state.
- **Care for all residents.** The envisioned integrated system would also be intended to expand access for underserved and vulnerable populations.
- **Improved population health.** By combining the unique strengths of Lifespan, Care New England and Brown University, the integrated system would be better positioned to work closely with the State to address many of the underlying chronic conditions of the State's population, including diseases and conditions such as diabetes, obesity, asthma, mental illness and addictions, but also including the social determinants of health.
- **Enhanced academic relationship.** Combining current teaching hospitals into a single, integrated academic health system will substantially improve the academic relationship with Brown University.
- **Enhanced research opportunities.** Combining into a single academic health system will provide significant opportunities to expand research among the parties, including basic research, clinical and translational research, and clinical trials.
- **Promote innovation.** An integrated academic health system should also enhance the ability to foster innovative technologies and attract additional investment in such technologies in Rhode Island.
- **Better patient information will improve the ability to serve our patients and communities.** The ability of Lifespan and Care New England to combine their separate Electronic Medical Record platforms from the same vendor will enable the new integrated system to create a substantially improved, unified EMR.
- **Ability to make the most efficient use of increasingly scarce capital resources.** The integrated system would be intended to promote an efficient allocation of future capital investments.

# Organizational Chart – Project Committee Structure





# Organizational Chart – Structure of Integration Planning Process





## Organizational Chart – Physician Advisory Council

Physician Advisory Council	
Raymond Powrie, Executive Chief of Medicine James Sullivan, Exec Chief of Psychiatry Ana Fulton, Exec Chief of Geriatrics and Palliative Care Rob Shalvoy, Exec Chief of Orthopedics James Sung, Exec Chief of Pathology Jeff Borkan, Chief of FM Star Hampton, Interim Chief of Ob/Gyn Steven Rasmussen, Chair of Psychiatry	John Murphy, EVP Physician Affairs Bill Cioffi, Chief of Surgery Lou Rice, Chief of Medicine John Cronan, Chief of Diagnostic Imaging Phyllis Dennerly, Chief of Pediatrics Peg Miller, Chief of Women's Medicine Jody Underwood, Chief of Psychiatry Athena Poppas, Director, Lifespan Cardiovascular Institute Dave Wazer, Director, Lifespan Cancer Institute

# Antitrust Counsel Guidance









# 90 Day Preliminary Integration Planning Period

## Task 1: The General Benefits of Integration

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- The Integration Planning Committee chaired by the Parties' CEOs will seek to identify and quantify the potential general benefits of creating a new Rhode Island academic health system.
- This effort will identify, assess the validity of, and (as needed) augment potential benefits that have been identified in previous studies and initiatives dating back several years, such as the following:
  - The ability to improve quality and reduce costs and enable patients to receive high quality care within an integrated system, in a competitive environment, with coordinated public health, primary care, and the care needed for complex illnesses such as cancer, cardiac disease and neurologic diseases.
  - The ability to establish an academic health system to rival those in Boston and elsewhere, with strong clinical, research and academics that attract talented faculty, students and patients from across the region and the nation.
  - The ability to lay the foundation in the post-pandemic era for expanding innovation and industry in the State in areas such as biotechnology, digital medicine, population health and a range of other nationally important health industry domains.
  - The ability to create a leading center of basic, clinical and translational research, and to be a premier educator of future caregivers and an engine to the State's biotech economic sector.

## Task 1: The General Benefits of Integration (cont.)

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- An integrated approach will benefit patients who require treatment based on new research.
- A new integrated health system would be the largest employer in the State and will enable the Parties to promote continued important economic benefits to the State and its residents.
- A new integrated health system could enable the State to recover more rapidly from the current pandemic.
- A new integrated academic health system could maximize the ability to draw on and enhance the global reputation of Brown University.
- Additional benefits to be examined may include the following:
  - Improve access, care and efficiency through improved alignment of physicians and physician organizations affiliated with the Parties and with Brown University.
  - More cost-efficient future capital planning.
  - Development or expansion of research institutes and new service lines to expand access to care.
  - Joint workforce planning; recruitment and retention of top talent with a commitment to diversity.
  - Responsive and informed decision-making within a streamlined governance framework.
  - Manage and reduce costs and increase efficiency and value.
  - Redesign care delivery models for population health management.
  - Preserve and grow the clinical enterprise through ability to make new investments.
  - More effectively draw upon the resources of a highly regarded university and medical school.
  - Optimize quality, value and the patient experience for all residents of Rhode Island.

## Task 2: Work Streams to Identify Benefits & Challenges in Specific Domains

- The Integration Planning Committee would also convene Working Groups to identify potential benefits and challenges in a number of important strategic domains.
- The work streams and integration areas to be addressed would include (but not necessarily be limited to) the following domains:

<b>Clinical Work Stream</b> <ul style="list-style-type: none"><li>• Potential Benefits of Physician Integration</li><li>• Potential Benefits of Service Line Integration</li></ul>	<b>Research &amp; Academic Work Stream</b> <ul style="list-style-type: none"><li>• Potential Benefits of Research Alignment</li><li>• Potential Benefits of Academic Alignment</li></ul>	<b>Operational Work Stream</b> <ul style="list-style-type: none"><li>• Workforce/Labor Issues &amp; Benefits</li><li>• Operational Issues</li><li>• Information Technology</li></ul>
<b>Legal &amp; Regulatory Work Stream</b> <ul style="list-style-type: none"><li>• Legal &amp; Regulatory Requirements</li></ul>	<b>Budget &amp; Finance Work Stream</b> <ul style="list-style-type: none"><li>• Financial Assessment</li><li>• Capital Assessment</li></ul>	<b>Community Health Work Stream</b> <ul style="list-style-type: none"><li>• Population Health</li><li>• ACO</li><li>• Community Benefits</li></ul>

## Task 3: Structure, Governance and Leadership of New Academic Health System for Rhode Island

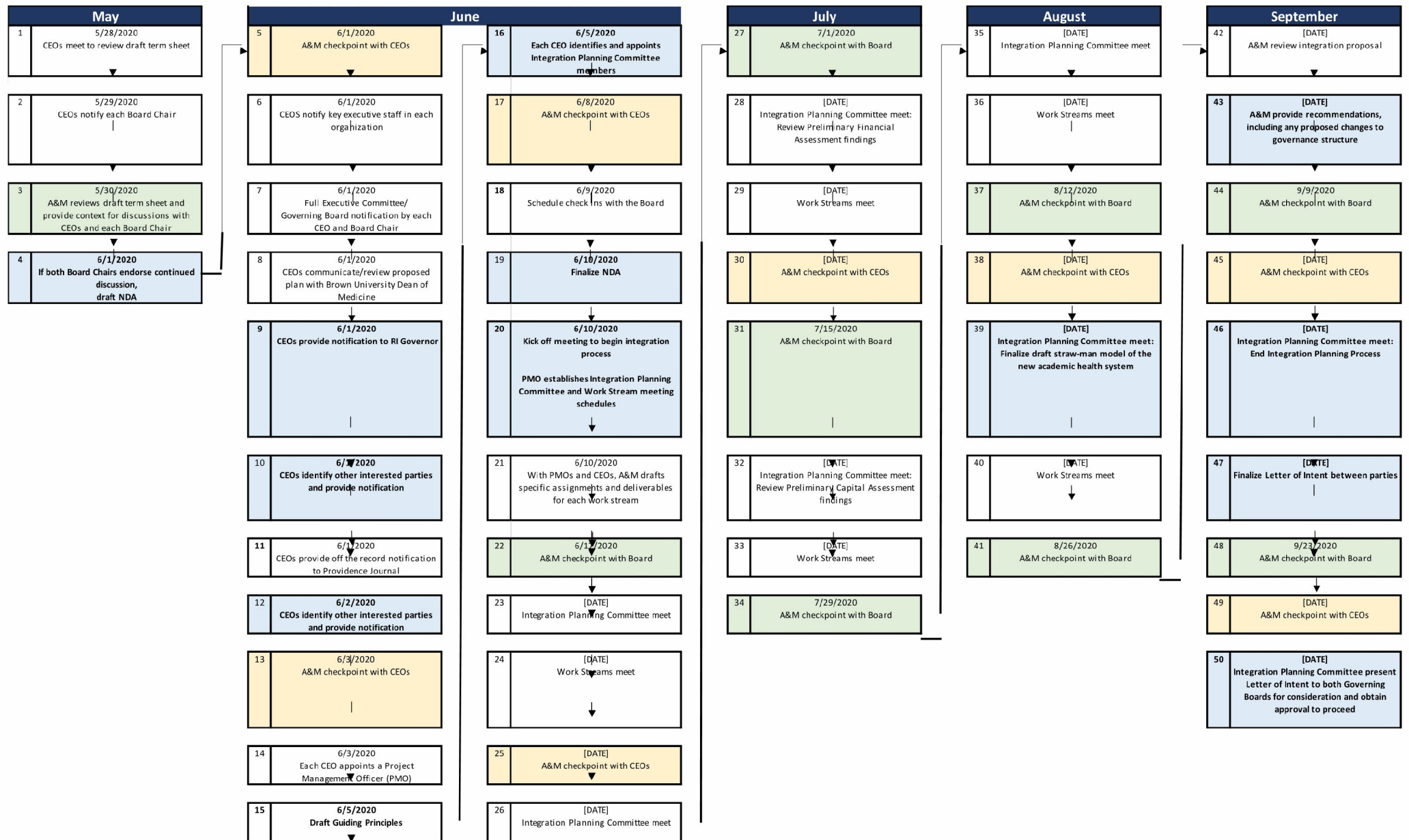
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- Toward the end of the initial 90 day period, an Integration Governance Committee will be appointed by the Parties' Boards to work with project consultants and counsel to develop a potential governance model for the integrated system.
- A&M recommends that the Integration Governance Committee consist of the current CEOs of the parties, 3-4 current Directors of each party, plus one or more mutually acceptable individuals who are not a Director, employee or contractor of either Party (independent members should include the Dean of the Warren Alpert School of Medicine at Brown University or his designee).
- A&M suggests that the governance model be based on the following general principles:
  - The transaction would be Intended to create a new nonprofit Corporation which would be considered a new academic health system.
  - It should not be considered an acquisition of either Party by the other.
  - Since the Parties' existing corporations would continue for some period for legal and regulatory reasons, upon closing, the new Corporation would become the sole member of the existing corporations and its Board would be a "mirror board" for those entities.




# Approval Map for Preliminary Integration Planning Process

## Sample – Approval Map for Preliminary Integration



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