



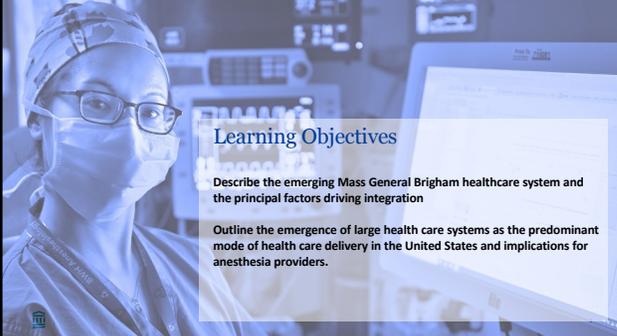
# Mega-Mergers with Hospital Systems

The Emerging Mass General Brigham Healthcare System

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## Learning Objectives

- Describe the emerging Mass General Brigham healthcare system and the principal factors driving integration
- Outline the emergence of large health care systems as the predominant mode of health care delivery in the United States and implications for anesthesia providers.

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# The Case for Change

SECURING OUR MISSION

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### Mass General Brigham Major Locations in Massachusetts\*

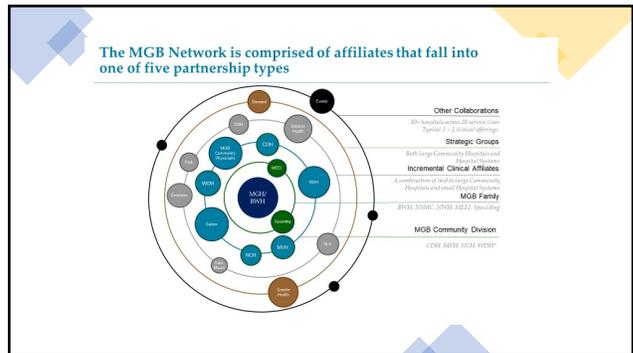
78,542 total statewide employees as of January 2021



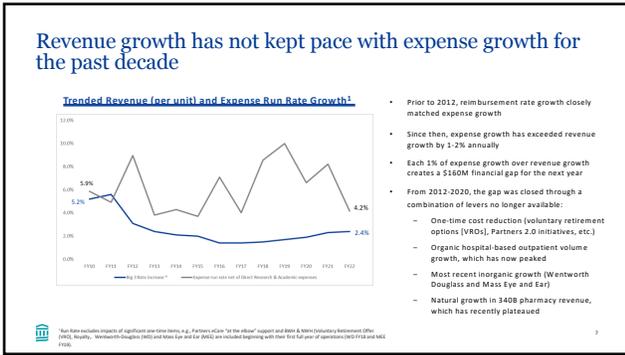
\* In addition to these major locations, Mass General Brigham also has a physician network, community health centers, and urgent care facilities throughout Massachusetts as well as a home health care agency with 816 employees and 3,250 employees in New Hampshire at Hennepin Douglas Hospital.

1 Massachusetts General Hospital: 30,408	4 Newton-Wellesley Hospital: 3,722	11 Mass General Brigham Community Physicians: 938
2 Brigham and Women's Hospital: 18,465	7 McLean Hospital: 2,481	12 Martha's Vineyard Hospital: 642
3 Mass General Brigham: 6,586	5 Cooley Dickinson Hospital: 2,133	13 Allways Health Partners: 459
6 Spaulding Rehabilitation Network: 3,473	8 Mass Eye and Ear: 2,127	14 Nantucket Cottage Hospital: 287
9 Salem Hospital: 4,254	10 Brigham and Women's Faulkner Hospital: 1,749	

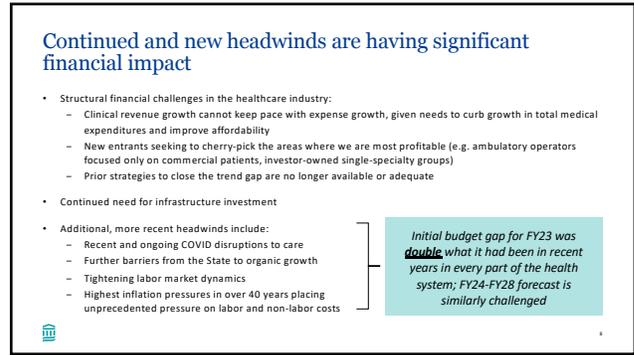
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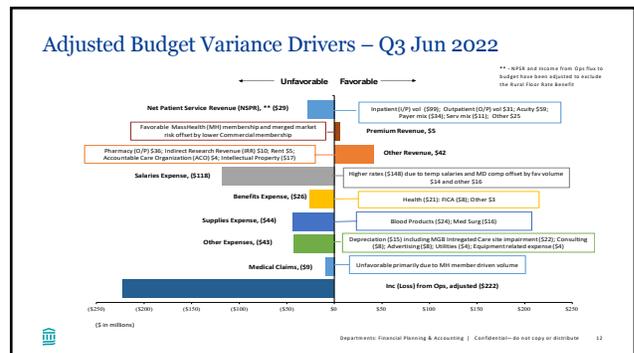


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### Reported & Adjusted Income from Operations – YTD Jun 2022

(\$ in millions)	Q1	Q2	Q3	June Year to Date
<b>Income (loss) from ops, as reported</b>	\$ 10	\$ (193)	\$ (120)	\$ (303)
<b>Item excluded from budget:</b>				
Rural floor rate benefit	(37)	(36)	(40)	(113)
Quality of Earnings total	(37)	(36)	(40)	(113)
<b>Income (loss) from ops, as adjusted</b>	<b>\$ (27)</b>	<b>\$ (229)</b>	<b>\$ (160)</b>	<b>\$ (416)</b>
<b>Income (loss) from ops, budgeted</b>	(12)	(32)	62	18
<b>Budget variance, as adjusted</b>	<b>\$ (15)</b>	<b>\$ (197)</b>	<b>\$ (222)</b>	<b>\$ (434)</b>
<b>Reported margin %</b>	0.2%	-4.8%	-2.8%	-2.4%

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**Our margin improvement plan includes growth, integration, and efficiency components to continue supporting our mission**

**Establishing a culture of and model for continuously improving effectiveness and efficiency**

**Comprehensive approach to expense management**

- Continued process improvement in key functional areas (supply chain, revenue cycle, etc.)
- Increased emphasis on intelligent automation
- Labor productivity benchmarking and management
- Systemwide approaches to managing large non-labor spend areas (IT, pharmacy, real estate, etc.)

**Clinical integration to care for patients better and more efficiently**

- Enterprise Clinical Services to deliver a clinically integrated, consistent patient experience
- Enterprise and Local Asset Management to improve cross-system resource and capacity management
- Service lines to improve integration and impact across the system
- Access integration to promote easy access and reduce leakage

**Pursuing diversified businesses to improve our margin**

- New scientific businesses (e.g., expansion of innovation funds, gene & cell therapy)
- New clinical businesses (e.g., specialty pharmacy, global advisory, destination patient, home care, sports medicine)
- New partnerships focused on new revenue/ extending marketing reach
- Health insurance (Mass General Brigham Health Plan) expansion into additional lines of business
- Possible investments in or acquisitions of targeted companies in key growth areas

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1872 **The Boston Globe** 2022  
Serving our community for 150 years

**At Mass General Brigham, a sweeping effort to unify hospitals and shed old rivalries**

Executives say greater cooperation is necessary to stay relevant in a dynamic and competitive health care industry. But the aggressive push to integrate is stirring tensions and sowing discontent among doctors and hospital leaders.

By **Priyanka Dayal McCluskey** and **Larry Edelman** Globe Columnist. Updated March 27, 2021, 6:15 p.m.

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**Emerging Trends**  
LEADERSHIP IN TURBULENT TIMES

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**Emerging Trends in Anesthesiology Practice**

Workforce  
Practice Consolidation

American Society of Anesthesiologists

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**Workforce Trends**

Practices of all types are reporting recruiting challenges

**Anesthesiology is among the most popular of specialties** for medical school graduates but cannot keep up with growing demand

- Demand for anesthesiology likely to increase in coming years
- Ability to impact supply is limited due to funding limitations and lengthy timelines to impact training

ASA convened a Workforce Summit on June 9-10, 2022, focusing on means to address demand, rather than supply

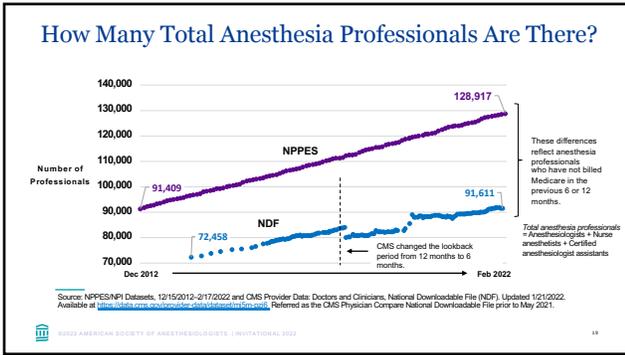
- Stimulate discussion among U.S. Health systems and anesthesiology leadership
- Create next steps to address the supply/demand imbalance

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**Anesthesiologist Supply v. Demand**

<p><b>Factors affecting Supply</b></p> <p>Residency Match results signal strong demand for anesthesiology residency programs</p> <ul style="list-style-type: none"> <li>Growth in the number of applicants</li> <li>Growth in positions offered</li> <li>Increase in percentage of positions filled</li> </ul> <p>Greater emphasis on shift work/lifestyle/locum tenens among new graduates</p> <p>Aging of the anesthesiologist workforce</p>	<p><b>Factors affecting Demand</b></p> <ul style="list-style-type: none"> <li>Aging of the population</li> <li>Growth of ambulatory surgery programs</li> <li>Growth of non OR anesthesia services</li> </ul>
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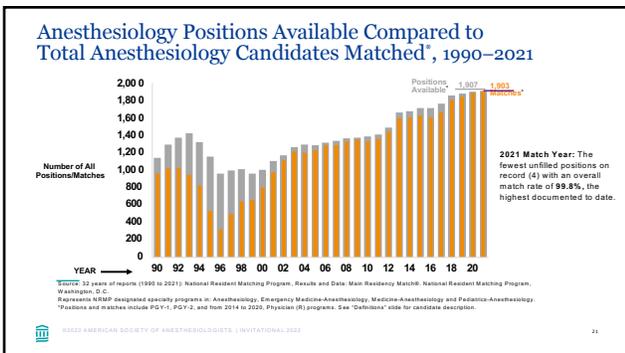
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### Practice Consolidation

Anesthesiology is becoming increasingly diverse and competitive

Types of practices

- Traditional, small practices
- Medium to large, regional independent practices, often formed as a result of merger
- National corporate
- Hospital or health-system employed
- Academic

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### Practice Consolidation

**Type of consolidation**

- Private equity
- Practice mergers and organic growth
- Hospital acquisition/employment

**Factors accelerating consolidation**

- Need for scale relative to insurance and health systems negotiation
- Ability to compete in marketplace
- Increasing expense of information systems, compliance, billing and specialized back-office functions

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### A Trend Throughout Healthcare

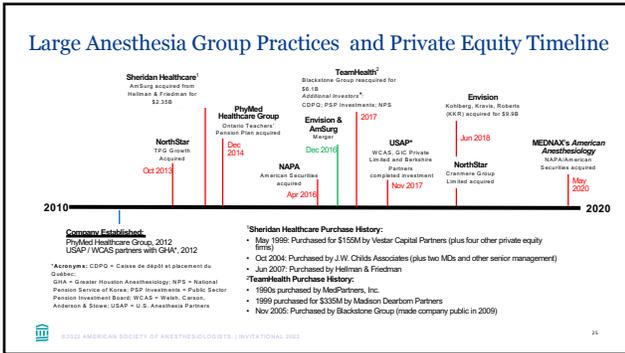
In 2018 the valuation of private equity deals in the US health care sector surpassed **\$100 billion**—a twentyfold increase from 2000 (when it was less than \$5 Billion)

*Private Equity Investments In Health Care*; Health Affairs, May 2021

**Private Equity is attracted to healthcare** because it is recession resistant, has operational inefficiencies, and projected demand for increased services (aging of population)

**Key attributes of Private Equity:** Diverse structures and source of funds; reliance on leveraged buyouts and outsized returns; seek to grow through acquisition of platform practices in target markets

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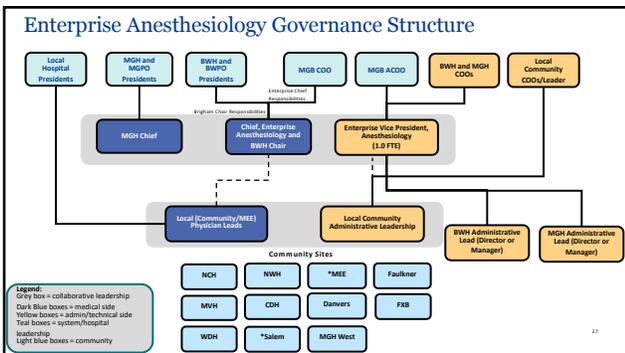
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### Mass General Brigham Enterprise Anesthesiology

- Assure Quality & Safety:** Provide quality and safety oversight to ensure expert level clinical care is provided to all patients and follows national accepted standards of care and regulatory guidelines, as well as high ethical standards.
- Share Best Practices:** Create forums to share best practices, synchronize clinical practice, streamline standard operating procedures
- Align Compensation:** Align on compensation and benefits models, ensuring MGB Anesthesia locations as premier place of employment for anesthesiologists, intensivists, and pain medicine providers
- Strengthen Departments:** Strengthen academic departments by seeking opportunities to align and collaborate on clinical and academic missions, fostered by close communication and joint strategic planning
- Develop Affiliates:** Develop community affiliates within a Community Division to bring together community-based practices
- Enhance Efficiency and Effectiveness:** Overall, create coordinated opportunities to enhance efficiency, effectiveness, and service to patients while appreciating history and nuances of each location (i.e. administrative functions – IT, scheduling administration)

Governance

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### MGB Enterprise Anesthesiology FY23 Goals

1. Implement MGB Enterprise Anesthesiology administrative structure
2. Establish MGB Enterprise Anesthesia Community structure
3. Launch Enterprise structure for Quality & Safety
4. Develop Enterprise Anesthesia Clinical Operations Dashboard

MGB Enterprise Anesthesiology  
Mass General Brigham

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### Summary

The COVID pandemic has created new opportunities for anesthesiologists to serve as leaders within health care systems.

The anesthesiology workforce will change dramatically in the decade ahead and will change our everyday practice.

Large health care systems are emerging as the predominant mode of health care delivery in the United States.

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Mass General Brigham

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