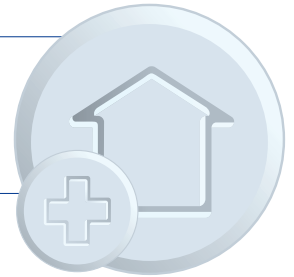




# Aurora Health Care

MILWAUKEE, WISCONSIN

By Eliot J. Huxley, MD, President and Chairman of the Board,  
Aurora Medical Group, 1989-2005



## INTEGRATED SYSTEM OVERVIEW

Aurora Health Care (AHC) includes 14 hospitals in five geographic regions in eastern Wisconsin, the 850-member Aurora Medical Group (AMG), and two other medical groups comprised of more than 350 physicians. Thus Aurora has more than 1,200 employed physicians. AMG has approximately 115 different locations and is composed of 55 percent primary care physicians and 45 percent specialists. System-wide, AMG directly and indirectly (through referrals to private practice specialists) accounts for the vast majority of the system's volume.

The number of AMG-employed physicians increased from three to 850 between 1992 and 2008. AMG is now the largest nonacademic group in Wisconsin and seventh largest in the U.S., with more than 2.5 million patient visits in 2008.

In rural markets, AMG is multi-specialty and accounts for nearly all of Aurora's hospital volumes in those communities. In Milwaukee, AMG has mostly employed primary care practitioners (PCPs) because private practice specialists have had less interest in employment (although this is now changing). Thus AMG's Milwaukee-area physicians refer mostly to independent specialists with privileges at the system's three Milwaukee hospitals: Aurora St. Luke's Medical Center, Aurora West Allis Memorial Hospital, and Aurora Sinai Medical Center.

## VISION THAT "INTEGRATED CARE IS BETTER" DRIVES A MEDICAL GROUP'S GROWTH

**TRUST:** In 1992, the well-respected 70-physician Sheboygan Clinic became the first clinic to join Aurora Medical Group. The Clinic joined the newly created AMG based purely on a shared vision—the benefit and potential of an integrated health care system. Once the Sheboygan Clinic became part of AMG, this created instant credibility in the medical community. By 1995 more than 350 physicians had joined AMG, and Aurora Health Care and AMG had developed a level of trust within the eastern Wisconsin medical community. In 1997 the Wilkinson Clinic, with more than 40 doctors, decided to join AMG after exploring many options. Wilkinson's leadership had watched AHC and AMG for six years and came to the conclusion that Aurora had accomplished everything it said it planned to do.

Physician leadership was another important factor in developing trust within the medical community. The author—a well-known clinician in eastern Wisconsin prior to joining AHC—assumed leadership of AMG from its inception, and this step was instrumental in the development of trust and credibility. Many physicians interested in working for a healthcare system wanted a physician at the helm of any medical group they joined. In addition, the governance of AMG was a key factor in the development of physician trust (discussed below).

Over the years, AHC and AMG lived up to the commitments they made to affiliating physician and medical groups. Aurora and AMG gained a reputation for honesty and integrity. Thus the development of trust was evolutionary over a course of more than 20 years

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**SHARED VISION AND STRATEGIC PLANNING:** The architect of Aurora’s system vision, retired CEO G. Edwin Howe, preached a basic mantra: integrated care is a better way to provide healthcare. With the Aurora Strategic Plan of 1991 Aurora set out to become an integrated healthcare system that spanned eastern Wisconsin.

Aurora’s annual strategic plans continued to focus on the development of that system over the course of the next two decades. Both Aurora Medical Group physicians and “closely aligned independent physicians” actively participated in the development of these plans. In addition, both AMG and other aligned physicians sat on the Aurora Health Care board of directors over this time period. Individuals within the organization were held accountable for the accomplishment of the annual strategic plan’s organization-wide goals as well as individual goals.

**PHYSICIAN GOVERNANCE:** Physician governance was another key factor that attracted physicians and medical groups to AMG and was instrumental in developing trust within the organization.

Physician governance within AMG is organized at three levels, with successively broader physician involvement:

- ① The AMG board of directors has global governance authority and is the policy-setting body for the medical group. It is comprised of 12 physician leaders, AMG’s president (a physician), AMG’s vice president/chief operating officer, and Aurora’s senior executive vice president and COO.
- ② At the next level, the AMG Physician Leadership Council brings broad-based input/communication from its 37 AMG physician leaders and AMG’s administrative leaders and medical directors. This council provides input to the AMG board on key issues. The board then acts based on this broad-based input.
- ③ Clinic Management Committees at each site provide local physician leadership. These typically have an elected physician leader from the site, as well as five to seven members elected from group. The site administrator may be a nonvoting member. These committees are responsible for day-to-day operations of their clinics, the selection of new physicians for their specific clinic, as well as the responsibility for physician discipline and physician termination.

AMG also models the physician-administrator partnership. Starting with the partnership of the AMG president with the AMG vice president/chief operating officer (VP/COO) this dyad model flows throughout all levels of the organization and has been a key factor in AMG’s success.

**DEVELOPMENT OF A GROUP CULTURE AND SYSTEM ALIGNMENT:** After acquiring a large number of practices,

AMG wanted its employed physicians to work more as a single operating entity aligned with the medical group’s and system’s goals. To evolve from a culture of individual physician practices to a group practice culture, Aurora approached cultural integration in three phases:

- ① Operational integration/standardization. AMG added staff with experience in group practice management and started to focus on operational improvements to achieve benefits of size and scale through centralization and standardization. For example, the practices had 13 different IT systems and 140 different job descriptions for front-desk jobs in various clinics. The standardization effort and a conversion to a single practice management system took two years, but it brought tremendous improvements for physicians and patients. Other back-office functions (billing and collections, human resources, purchasing, marketing, and physician recruitment) were centralized. These changes substantially improved AMG’s effectiveness and financial performance.
- ② Group culture development. Operational integration established common administrative processes, which facilitated collaboration across sites, but it didn’t affect physician behavior. Physicians still acted as if their actions had no impact on other parts of the group. So AMG began to build its own group practice culture, recognizing that unlike Mayo, it didn’t have 100 years of history of doctors working as a team. The initial step was a comprehensive service initiative that involved physicians as well as all clinic staff. AMG then asked physicians to focus on improving physician productivity, not by working harder but by improving processes so they could be more efficient, see more patients, and thus improve group performance. The initiative helped physicians see practice-wide efficiency and enhanced productivity as part of their normal thinking processes. Patient access and patient satisfaction dramatically improved as a result of this initiative.

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**QUALITY.** Now AMG is taking culture development one step further, focusing on clinical preeminence and innovation, including population management—for example, managing patients with high cholesterol. AMG has been recognized nationally for this work, and Aurora Health Care recently outperformed all other systems in the country in a recent CMS performance initiative.

**PRACTICE MANAGEMENT:** The creation of the VP/COO position in 1996 and the successful recruitment of this individual were instrumental in AMG’s success. Following this key addition, AMG underwent a major restructuring of its management.

Well-educated and experienced administrators were recruited from around the country. A regional structure was created with high-level administrators and medical directors responsible for each of the regions. Over the course of the next two to three years, AMG began to see dramatic changes in clinic operations. The clinics began to operate more efficiently and patient satisfaction and patient access were enhanced. AMG’s operational and financial performance also showed marked improvement.

**COMPENSATION:** AMG’s compensation philosophy and plan is reviewed by the AMG board, and the compensation plan must be approved by the Aurora Physician Compensation Committee. AMG is presently moving all of its physicians to a productivity model based

on relative value units. This model has been in place throughout most of AMG for a number of years and has been well-accepted by the physicians.

In addition, physicians participate in an incentive compensation plan which rewards physician performance in such areas as care management, quality, patient satisfaction, and patient safety.

The compensation model works hand in hand with a strategy to recruit and retain the “right doctors” who are aligned with AMG’s values. AMG communicates its expectations and philosophy of integrated, efficient, and high-quality care to all new recruits and makes it clear that this is an expectation of all physicians.

## THE FUTURE

Aurora’s physician alignment strategy will continue to evolve. Current and future challenges will include assimilating newly acquired medical groups into the culture as well as integrating their administrative and clinical activities to optimize efficiency and patient-centered care. As AHC and AMG grow, leadership will have to work hard to maintain a spirit of entrepreneurialism and innovation, making size an asset and not a liability. As founding leaders retire, new leaders will inevitably build on and reshape the culture in a continual strengthening process.

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*Dr. Huxley has retired from AMG and is a consultant to hospitals and physician groups. The author recognizes the contributions of the present CEO, Nick Turkal, MD, and Ed Howe, retired CEO.*

**FOR MORE INFORMATION:** “The Right Ways to Employ Physicians,” *Great Boards*, Spring 2009  
 “Developing a Hospital-Physician Alignment Strategy,” *Great Boards*, Winter 2008  
 “Aligning Hospitals and Physicians: White Paper from The Governance Institute,”  
 Fall 2008

This case study is provided by the *Great Boards* Web site and Bader & Associates, consultants in governance excellence and hospital-physician alignment.

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