The Chartis Group Releases **White Paper** Highlighting Need for Academic Medical Centers (AMCs) to Redefine Local, Regional and National Strategies for Evolving Healthcare Market

*Interviews reveal risks for AMCs at a time of fundamental change in the organization and delivery of healthcare*

**Chicago, IL, February 23, 2015** – The Chartis Group released a *white paper*, “Local, Regional and Beyond: Clarifying the Role of Academic Medical Centers,” discussing the need for AMCs to assess their position and roles in healthcare delivery before changes in the market limit their strategic options. There are three critical roles AMCs fill in their communities - the comprehensive health provider for their local community, a regional referral center for complex sub-specialty care, and an international destination for select quaternary services. Research by The Chartis Group shows that despite their importance, most AMCs are not explicitly defining their aspirations in the three roles, or building their strategies and operations to achieve them.

In the paper, Steven Levin, partner and national AMC leader at The Chartis Group, discusses the fundamental changes occurring in the delivery of healthcare and how the market is evolving toward an environment in which:

- A few large health systems dominate each market and attempt to replicate AMC tertiary capabilities to retain patients within their own delivery systems
- Patients have increased financial responsibility for the cost of care which discourages some patients from using high-cost AMCs, particularly for outpatient services and less complex, lower acuity inpatient care
- Providers take increased accountability for Total Medical Expenditures for defined populations, which discourages referrals to AMCs for commodity services and increases price competition for tertiary services that are provided by multiple health systems
- Tiered and narrow network insurance offerings discouraging use of AMCs will have some impact on patient volumes and revenues

Thus far, AMCs have continued to thrive in the new landscape because of strong demand for their services. This trend, however, may not be sustainable. “Based on our work in the industry and interviews with AMC leaders, the evolving dynamics in some markets are likely to put pressure on some AMCs in the near future,” said Steven Levin. “Significant declines in revenues could occur as the industry shifts more patients to lower cost settings and AMCs can no longer rely on programs such as, provider-based billing and 340B pricing, for financial performance.”

The new healthcare delivery system will require a transformation for many AMCs. Leaders need to explore disruptions to their existing business model despite the current success of their organizations. “Helping AMCs prepare for the future goes well beyond a need to preserve their bottom line. AMCs are vital to the health of the communities they serve,” said Steven Levin, “If their performance declines, the millions of people who rely on their acute care and complex sub-specialty care capabilities will pay the price in diminished health outcomes and quality of life. That's what AMC leaders are most concerned about and so is The Chartis Group.”

**About The Chartis Group**
The Chartis Group is a national advisory services firm dedicated to the healthcare industry. Chartis provides strategic planning, accountable care, clinical transformation and information technology management consulting services to the country’s leading healthcare providers. Chartis has been privileged to work with over two-thirds of the academic medical centers on the U.S. News and World Report “Honor Roll of Best Hospitals,” seven of the 10 largest healthcare systems, four of the five largest...
not-for-profit health systems, nine of the top 10 children’s hospitals and many of the nation’s emerging accountable care organizations. The firm is comprised of uniquely experienced senior healthcare professionals and consultants who apply a distinctive knowledge of healthcare economics, markets, clinical models and technology to help clients achieve unequaled results. The Chartis Group has offices in Boston, Chicago, New York and San Francisco. For more information, visit http://www.chartis.com.

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