

## AMC-University Relationship Risk Analysis

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When it comes to the AMC-university relationship, context matters. The risk assessment below will provide you with the right language and perspective to think about your local conditions. Consider using this resource among your executive team, with your board, or as a conversation starter with AMC colleagues. Together, you can determine which scenarios are most applicable—and worrisome—in your context and identify the areas where you need more information or should deploy more resources to understand and minimize risk.

Leadership and Governance	Yes	No
1. University and AMC leaders advance competing visions for how to allocate resources among the educational, research, and clinical components of the AMC, as well as between the AMC and the university		
2. AMC issues take up too much time and attention of university leaders, distracting them from core academic decisions		
3. University and AMC leaders disagree over the extent to which the AMC can make autonomous decisions without consulting university stakeholders		
4. University stakeholders lack a clear understanding of AMC operations and finances and their potential impact on the university's academic mission		
5. University leaders (president, governing board, or deans) lack a sufficient understanding of the health care industry when making decisions that can affect the position of the AMC in the market		

Organizational Design	Yes	No
1. AMC and university decision-makers operate within a murky organizational structure, leading to duplication and disconnect as each department, hospital, and practice group pursues independent objectives		
2. Institutional roadblocks (i.e., board approval) and the university's risk-averse culture slow the ability of AMC administrators to make quick decisions in response to the health care market		
3. Infrequent communication between the university and AMC isolates information needed by stakeholders for decision-making		

Financial and Reputational Risks to the AMC	Yes	No
1. Low or declining performance against financial benchmarks or relative to operational and capital needs (i.e., days cash on hand, margins, credit rating)		
2. Low or declining performance against peer operational benchmarks (i.e., length of stay, cost per case, faculty plan physician productivity)		

3. In a competitive market, the AMC is not sufficiently market-dominant to command price premiums and is in danger of being squeezed out of commercial insurance networks		
4. In a competitive market, the AMC does not have enough integrated primary care to defend against being squeezed out of referral streams		
5. Finan		
6. Low or declining reputational factors (quality metric performance, brand strength, etc.)		

<b>Financial Risks to the University from the AMC</b>	<b>Yes</b>	<b>No</b>
1. The university relies on potentially unsustainable subsidies from the AMC to fund medical school research and operations (as well as other health-care related schools and libraries)		
2. The university relies on potentially unsustainable subsidies from the AMC to support core university research and operations		
3. Subsidies and transfers from the AMC are not formally outlined in affiliation agreements (i.e., subject to historical precedence), or their calculation (i.e., through the practice plan) is poorly understood by university administrators		
4. The faculty practice plan (or transfer formula) does not incentivize faculty productivity where desired, whether in clinical care, research, or teaching		
5. The university is structurally exposed to potential legal and financial issues emerging from the AMC (i.e., HIPPA violations, Medicare/Medicaid fraud, malpractice suits)		
6. The university lacks a plan for responding to the underperformance or closing of a partner hospital		
7. Duplicative cost centers between the university and AMC fail to take advantage of economies of scale		
8. Poor AMC margins threaten the credit rating of the university		

<b>Reputational Risks to the University from the AMC</b>	<b>Yes</b>	<b>No</b>
1. The university and AMC share a name and branding (a risk multiplier upward or downward)		
2. The university provides all AMC-affiliated physicians with faculty titles		
3. In a consolidating healthcare market, the university lacks input into future partnerships, mergers, and expansion of the AMC, potentially with undesirable, third-party partners		

**Totals:**