

Analysis of Facility Integrations

EXHIBITS ONLY

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*Please note that in the electronic version of this document the exhibits appear in a separate file. If you have difficulty printing or viewing the graphics, please call the Management Consultation Program of MDRC at (617) 278-4433, FTS (700) 839-4433, or Fax us at (617) 232-6140 to get a copy of the exhibits.

EXHIBIT 1.1 Study Sites**VA Black Hills Health Care System**

VAMC Ft. Meade
VAMC Hot Springs

*May 1996**

VA Central Alabama Health Care System

VAMC Montgomery
VAMC Tuskegee

September 1996

VA Central Texas Health Care System

VAMC Marlin
VAMC Temple
VAMC Waco

March 1995

VA Chicago Health Care System

VAMC Lakeside
VAMC West Side

June 1996

VA Connecticut Health Care System

VAMC Newington
VAMC West Haven

March 1995

VA Maryland Health Care System

VAMC Baltimore
VAMC Ft. Howard
VAMC Perry Point

March 1995

VA New Jersey Health Care System

VAMC East Orange
VAMC Lyons

May 1996

VA Northern Indiana Health Care System

VAMC Ft. Wayne
VAMC Marion

March 1995

VA Palo Alto Health Care System

VAMC Livermore
VAMC Palo Alto

January 1995

VA Pittsburgh Health Care System

VAMC Highland Drive
VAMC University Drive

May 1996

VA Puget Sound Health Care System

VAMC American Lake
VAMC Seattle

March 1995

VA South Texas Health Care System

VAMC Kerrville
VAMC San Antonio

March 1995

VA Southern California System of Clinics**

VAMC Sepulveda
Los Angeles OPC
Bakersfield OPC
Santa Barbara OPC

November 1996

VA Western New York Health Care System

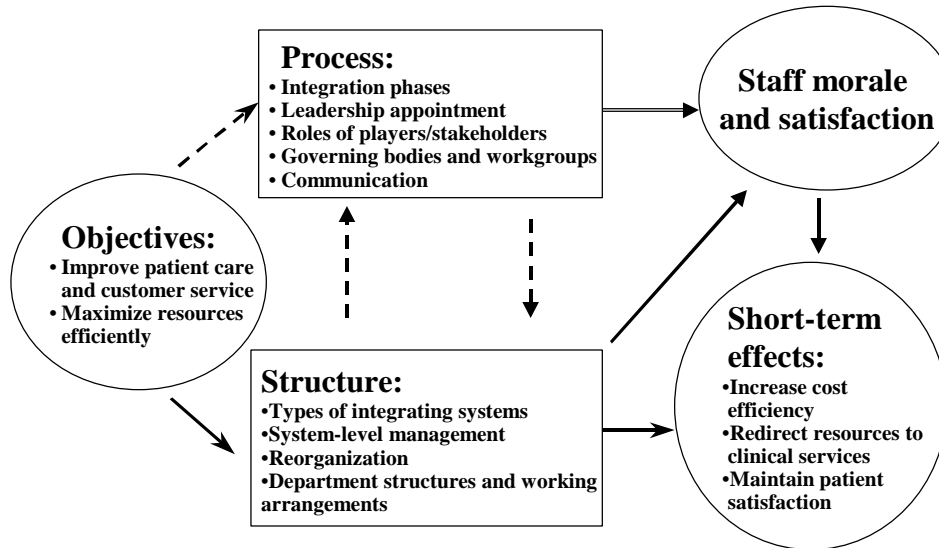
VAMC Batavia
VAMC Buffalo

March 1995

** date integration approved*

*** prior to integration with West Los Angeles*

EXHIBIT 1.2 Conceptual Model



Context:

- Merging facilities: Characteristics/ organizational and cultural fit/ leadership
- VISN: Strategic direction/ initiatives/ characteristics
- Political forces: VSOS/ politicians/ unions/ clinical staff
- Health care environment

EXHIBIT 3.1 Selected Pre-Integration Characteristics (FY 1994)

System	Similar/ Dissimilar	Size: Ratio of inpatient admissions smaller to larger facility	Size of larger by inpatient admissions	Complexity score of larger facility/ smaller facility	Extent of academic affiliation	Pre- integra- tion specializa- tion:% of non-acute beds	Distance between facilities in miles
Palo Alto	D	0.13	10,389	77/14	E L	62/72	32
Connecticut	D	0.37	7,330	60/21	E I	50/35	32
South Texas	D	0.27	13,014	81/8	E L	38/50	64
Western New York	D	0.12	8,469	61/16	E L	34/39	41
Puget Sound	D	0.27	8,967	66/32	E L	36/74	38
Pittsburgh	D	0.44	7,776	53/29	E L	33/59	5
Maryland	D	0.27	7,154	57/17/25	E L L	22/26/67	15, 37, 44
New Jersey	D	0.39	9,626	64/27	E L	27/75	22
Central Texas	D	0.58	7,408	48/17/12	E L L	66/48/0	31, 38, 40, 60
Southern California	D	NA	NA	57/NA	E L L	65/0	22,86,15 0
Black Hills	S	0.85	2,848	9/12	L L	82/76	80
Northern Indiana	S	0.78	2,418	5/17	L L	35/75	54
Central Alabama	S	0.61	5,826	19/12	L L	60/0	38
Chicago	S	0.82	8,177	59/55	E E	25/23	5

Notes:

Data are for FY 1994

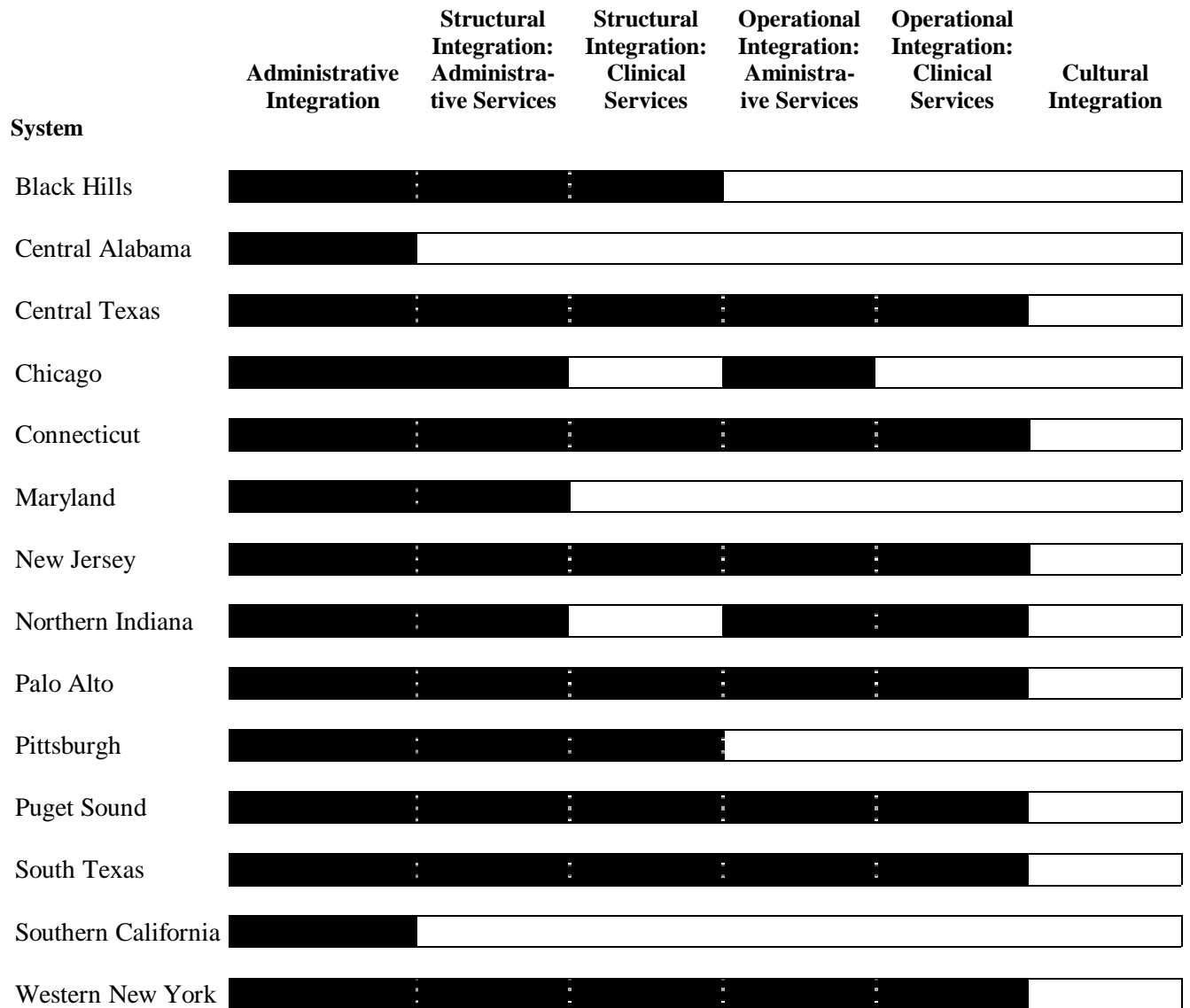
Similar/Dissimilar: Classification based on similarity of integrating facilities in terms of size, complexity and academic affiliation before integration: D= unequal, or dissimilar; S= equal, or similar

Complexity score: Management Science Group standardized score

Academic affiliation: L = limited; I = intermediate; E = extensive, based on size of residency programs

Pre-integration

specialization : Non-acute beds are nursing home, long-term psychiatric or domiciliary beds

EXHIBIT 3.2 Integration Status (Summer/Fall 1997)

Note: Column headings are defined in the text

EXHIBIT 4.1 Integration Timelines (1995- 1997)

Site:	1995						1996						1997					
	jf	ma	mj	ja	so	nd	jf	ma	mj	ja	so	nd	Jf	ma	mj	ja	so	nd
Black Hills							4,5		1	2,3								
Central Alabama											1		2					3,4, 5
Central Texas		1	2				3,4	5				6						
Chicago									1,2									
Connecticut		1,2		3,4						5		6						
Maryland		1			2			3				4						
New Jersey								1,2					3,4,5					6
Northern Indiana*		1			2,3									3,4				6
Palo Alto	1,2, 3,4, 5,6																	
Pittsburgh									1,4		2		3					5
Puget Sound		1,2,4	3,5					6										
South Texas		1	2		3			4,5,6										
Southern California												1			2		3	
Western New York		1,2					3	5,6		4								

* Northern Indiana had a two-stage integration.

Legend: 1 System approval date 3 System chart approved 5 Staff reassigned
 2 System director appointed 4 Service chiefs appointed 6 Standard policies and procedures

Note: For integrations still in progress at the end of 1997, not all milestones are shown.

EXHIBIT 4.2 Initial Level of Involvement of Key Groups in Idea Generation and Strategic Planning

Type of Personnel	Model 1	Model 2	Model 3
Top Management	Dominant	Somewhat active	Somewhat uninvolved
Middle Management	Somewhat to completely uninvolved	Somewhat active	Somewhat to fully active
Work groups, Line Staff	Somewhat too completely uninvolved.	Somewhat to fully active	Somewhat to fully active

EXHIBIT 4.3 Director Appointment

System	Early Planning Model	Speed of System Director Appointment in Months	Director from Site Designated as Lead	New Director from In/Outside System	Active Conflict Reported Between Directors
Black Hills	2	3	Yes	In	No
Central Alabama	1	4	No	In	No
Central Texas	1	2	No	In/Out	No
Chicago	3	0	Yes	In	No
Connecticut	3	0	No	In	No
Maryland	2	8	No	In/Out	No
New Jersey	1	0	Yes	In	Yes
Northern Indiana	3	7	No	In/Out	No
Palo Alto	2	0	Yes	In	No
Pittsburgh	2	5	Yes	In	No
Puget Sound	2	0	Yes	In	Yes
South Texas	2	2	Yes	In	Yes
Southern California	2	6	No	Out	No
Western New York	3	0	Yes	In	No

Notes:

Speed of System Director Appointment: based on formal appointment of initial system director, not lead facility director; measured from date of approval of integration.

Director from Designated Lead Site: lead site refers to campus designated as lead for purposes of corresponding with Headquarters.

New Director from In/Outside System: In/Out indicates a system that has had two directors since integration, the first from inside the system, the second from outside.

EXHIBIT 4.4 Length of Planning/Implementation Process (In Months)

System	Approval to Director Appointment	Approval to Service Chief Appointment	Approval to Standard Policies and Procedures
Black Hills	3	4	23+
Central Alabama	4	15	18+
Central Texas	2	13	20
Chicago	0	23+	23+
Connecticut	0	5	21
Maryland	8	21	27+
New Jersey	0	9	18
Northern Indiana	7	25	30+
Palo Alto	0	0	0
Pittsburgh	5	0	22+
Puget Sound	0	1	12
South Texas	0	12	12
Southern California	6	16	17+
Western New York	0	17	13
Average	2.50	11.50	18.29

Notes:

Months are counted from the month in which the integration was approved

+ Indicates the process is continuing

EXHIBIT 4.5 Perceived Impact of Integration on Staff Morale and Staff Satisfaction with Integration Processes

System	Perceived Impact on Initial Morale	Perceived Impact on Current Morale	Change in Morale	Staff Satisfaction with Planning Processes
Black Hills	2.39	2.97	0.58	3
Central Alabama	1.86	1.98	0.13	0
Central Texas	2.16	2.98	0.83	0
Chicago	2.04	2.61	0.57	0
Connecticut	1.93	2.93	1.00	0
Maryland	2.09	2.94	0.85	1
New Jersey	1.89	2.88	0.98	1
Northern Indiana	2.13	2.67	0.53	0
Palo Alto	2.84	3.46	0.62	3
Pittsburgh	2.27	2.70	0.43	1
Puget Sound	2.48	3.25	0.77	3
South Texas	3.02	4.10	1.08	3
Southern California	2.31	2.73	0.41	1
Western New York	2.59	3.07	0.48	1
Average	2.27	2.96	0.68	1.2

Notes:

Morale was rated on a 5-point scale, with 1 reflecting low morale; change in morale is a percentage.

Staff satisfaction is scored on a 4-point scale, with 0 reflecting low satisfaction.

For the second staff measure, the site visit teams rated staff satisfaction with their involvement in the integration process. The ratings, made immediately after the interviews, used a simple dichotomous variable of dissatisfied/satisfied for three groups: members of the integration governing body, service chiefs, and members of planning workgroups. System satisfaction scores were created by summing the ratings for the three groups to form a 4-point scale ranging from 0 (low) to 3 (high), as shown in Exhibit 4.5.

EXHIBIT 4.6 Factors Affecting Process Success

	Approval of System Director	Current Impact on Morale	Staff Satisfaction with Planning Process
Appointment of Director:			
Rapid	14	3.19	1.57
Delayed	22	2.71	0.86
Early Planning Model:			
1. Top Management	19	2.61	0.33
2. Shared Leadership	16	3.16	2.10
3. Bottom up	22	2.82	0.25

EXHIBIT 5.1 System Structures (Fall 1997)

System	Similar/ Dis- similar	Spread Service Chiefs	Site Manager	Campus Specialization	Reorganization	Percent of Separate Services
Palo Alto	D	No	No	Yes	No	0
Connecticut	D	No	Yes	Yes	Later	6
South Texas	D	No	Yes	No	No	3
Western New York	D	No	Yes	Yes	Later	0
Puget Sound	D	Yes	No	Yes	Later	3
Pittsburgh	D	Yes	Yes	Yes	Later	9
Maryland	D	Yes	Yes	Yes	Yes	33
New Jersey	D	Yes	No	Yes	Later	19
Central Texas	D	Yes	Yes	Yes	Yes	19
Southern California	D	No	Yes	NA	Yes	14
Black Hills	S	Yes	No	No	Yes	10
Northern Indiana	S	Yes	No	No	Later	21
Central Alabama	S	Yes	No	No	Yes	62
Chicago	S	Yes	No	No	No	78

Notes:

Similar/Dissimilar:

Classification based on similarity or dissimilarity of integrating facilities in terms of size, complexity and academic affiliation before integration: D = dissimilar; S= similar

Spread Service Chiefs:

No = all Service Chiefs based at headquarters campus

Site Manager:

Yes = designated site manager at the smaller campus (es)

Campus Specialization:

Yes = only one facility has acute inpatient after integration.

Reorganization:

Yes = reorganized as part of the initial integration structure; No = no reorganization with integration; Later = reorganization as a later stage, not part of initial integration

Percent of Separate Services:

based on the Survey of Service Chiefs, September 1997, the proportion of services, or departments, with separate chiefs and staff at each campus

Exhibit 5.2A Department Structures in Integrated Systems (Clinical and Administrative Departments)

System	Clinical Departments			Administrative Departments		
	% Combined	% Consolidated	% Separate	% Combined	% Consolidated	% Separate
Black Hills	81.8	0.0	18.2	100.0	0.0	0.0
Central Alabama	9.1	31.8	59.1	35.0	0.0	65.0
Central Texas	62.1	13.8	24.1	78.9	10.5	10.5
Chicago	13.3	6.7	80.0	21.1	5.3	73.7
Connecticut	65.0	25.0	10.0	83.3	16.7	0.0
Maryland	55.6	14.8	29.6	61.5	0.0	38.5
New Jersey	55.6	22.2	22.2	61.5	23.1	15.4
Northern Indiana	62.5	0.0	37.5	92.3	7.7	0.0
Palo Alto	69.6	30.4	0.0	84.6	15.4	0.0
Pittsburgh	66.7	33.3	0.0	64.7	17.6	17.6
Puget Sound	70.0	30.0	0.0	76.5	17.6	5.9
South Texas	76.2	19.1	4.8	66.7	33.3	0.0
Southern California	52.6	26.3	21.1	68.8	25.0	6.3
Western New York	58.8	41.2	0.0	90.9	9.1	0.0
Average	54.6	21.0	24.4	67.2	13.0	19.8

Exhibit 5.2B Department Structures in Integrated Systems (All Departments)

	All Departments		
	% Combined	% Consolidated	% Separate
Black Hills	90.0	0.0	10.0
Central Alabama	21.4	16.7	61.9
Central Texas	68.8	12.5	18.8
Chicago	16.3	6.1	77.5
Connecticut	71.9	21.9	6.3
Maryland	57.5	10.0	32.5
New Jersey	58.1	22.6	19.3
Northern Indiana	75.9	3.4	20.7
Palo Alto	75.0	25.0	0.0
Pittsburgh	65.7	25.7	8.6
Puget Sound	73.0	24.3	2.7
South Texas	72.2	25.0	2.8
Southern California	60.0	25.7	14.3
Western New York	71.4	28.6	0.0
Average	59.8	17.7	22.5

Notes:

Combined : service under a single chief with staff on multiple campuses

Consolidated: service under a single chief with staff primarily located at one campus (though often serving other campuses) and with no counterpart service elsewhere in the system

Separate: campuses maintain their own services with separate chiefs and staff

Source: VHA Facility Integration Survey, September 1997.

Exhibit 5.3: Operational Integration: Consolidated Departments (Fall 1997)

System	% Departments consolidated	Of the consolidated departments,	
		% Staff shifted from separate services	% Workload shifted
Black Hills	0	N/A	N/A
Central Alabama	17	43	43
Central Texas	12	67	67
Chicago	6	0	0
Connecticut	22	71	71
Maryland	10	0	0
New Jersey	23	29	57
Northern Indiana	3	100	100
Palo Alto	25	38	38
Pittsburgh	26	44	67
Puget Sound	24	56	67
South Texas	25	44	56
Southern California	26	0	33
Western New York	29	50	100
Average	18	40	55

Source: VHA Facility Integration Survey, September 1997.

Exhibit 5.4 Operational Integration: Combined Departments (Fall 1997)

System	% Departments combined	Of the combined departments,				
		% Services provided	% Same policies in place	% Same clinical protocols in place	% Use periodic video-conferencing	% Chiefs spend 10 hours weekly at each campus
Black Hills	90	61	56	22	94	56
Central Alabama	21	11	22	0	22	44
Central Texas	69	64	97	83	54	12
Chicago	16	50	25	25	50	87
Connecticut	72	61	96	85	56	26
Maryland	57	83	74	53	70	22
New Jersey	58	56	83	90	33	83
Northern Indiana	76	36	86	50	73	54
Palo Alto	75	67	96	87	59	11
Pittsburgh	66	65	48	75	30	43
Puget Sound	73	70	93	71	78	41
South Texas	72	56	92	87	46	8
Southern California	60	67	43	20	14	10
Western New York	72	32	89	89	63	21
Average	60	59	77	68	55	32

Source: VA Facility Integration Survey, September 1997.

EXHIBIT 5.5 Perceived Impact of Integration

System	Impact on Initial Morale	Impact on Current Morale	Managerial Impact	Clinical Impact
Black Hills	2.39	2.97	3.61	3.85
Central Alabama	1.86	1.98	3.13	3.30
Central Texas	2.16	2.98	3.59	4.06
Chicago	2.04	2.61	3.23	3.34
Connecticut	1.93	2.93	3.76	3.93
Maryland	2.09	2.94	3.29	3.79
New Jersey	1.89	2.88	3.71	4.15
Northern Indiana	2.13	2.67	3.13	3.73
Palo Alto	2.84	3.46	3.78	3.73
Pittsburgh	2.27	2.70	3.61	3.83
Puget Sound	2.48	3.25	3.58	4.04
South Texas	3.02	4.10	4.24	4.41
Southern California	2.31	2.73	3.08	3.28
Western New York	2.59	3.07	3.64	4.12
Average	2.27	2.96	3.51	3.81

Source: VHA Facility Integration Survey, September 1997

EXHIBIT 5.6 Factors Affecting Perceived Impact

Type of System	Impact on Morale	Managerial Impact	Clerical Impact
Dominant partner			
• Highly integrated, exclusive headquarters	3.41	3.86	4.05
• Highly integrated, less exclusive headquarters	3.00	3.60	3.94
• Predominant integrated	2.90	3.53	4.00
Equal partner	2.62	3.28	3.56
Percent departments not integrated			
• < 10 %	3.23	3.75	4.01
• > 10-50 %	2.60	3.30	3.73
• > 50 %	1.95	3.18	3.32

Source: VHA Facility Integration Survey, September 1997.

EXHIBIT 5.7: Perceived Impact of Integration by Department Structure

	Combined	Consolidated	Separate
Clinical impact	4.09	3.48	3.45
Managerial impact	3.71	3.31	3.10

Source: VHA Facility Integration Survey, September 1997.

EXHIBIT 6.1A Changes in Economic Indicators (FY94- FY97) Among Individual Integrated Systems

Integrations	% Change in Costs	% Change in VISN VERA ¹	% Change in FTEEs	Redirected Resources % Change	
				Admin-to-Total Costs	Clinical-to-Admin FTEEs
Black hills	6.7	+0.01	- 9.4	+0.7	- 0.2
Central Alabama	8.5	+11.15	- 11.8	- 0.8	- 14.2
Central Texas	10.4	+11.99	- 6.2	- 13.2	+1.0
Chicago	- 1.7	- 7.12	- 17.5	- 2.9	- 25.2
Connecticut	4.4	+6.36	- 12.5	+18.5	+8.9
Maryland	5.9	+4.10	- 14.6	+0.9	+3.9
New Jersey	2.8	- 14.94	- 21.0	+0.9	+7.0
Northern Indiana	5.3	- 2.51	- 15.3	+32.5	+3.7
Palo Alto	6.2	+6.21	- 15.5	- 0.7	+9.0
Pittsburgh	- 1.3	- 1.99	- 14.9	- 7.5	+7.5
Puget Sound	8.0	15.01	- 6.9	+18.0	- 19.2
SCSC	- 25.4	+1.28	- 74.2	+4.1	+0.9
South Texas	8.4	+11.99	- 5.9	+14.3	+1.6
Western New York	- 0.0	- 7.51	- 21.0	+2.4	+9.2

Notes:

1 Percent change in Veterans Equitable Allocation (VERA) From FY96 to FY97.

EXHIBIT 6.1B Changes in Economic Indicators (FY94- FY97) Among Individual Integrated Systems

Integrations	% Change in Unique Patients	% Change in Patients Same VISN ^{1,2}	% Change Costs Per Patient
Black hills	8.8	(13) 8.9	- 2.3
Central Alabama	18.9	(7) 3.1	- 12.8
Central Texas	14.6	(17) 4.1	- 5.0
Chicago	15.4	(12) 5.0	- 20.1
Connecticut	8.9	(1) 4.0	- 5.0
Maryland	3.5	(5) 2.0	2.6
New Jersey	9.3	(3) 1.7	- 7.1
Northern Indiana	3.8	(11) 5.4	1.5
Palo Alto	11.4	(21) 2.3	- 6.0
Pittsburgh	25.0	(4) 10.0	- 35.2
Puget Sound	11.4	(20) 6.8	- 3.9
SCSC	21.6	(22) 5.2	- 60.3
South Texas	- 1.9	(17) 4.1	10.1
Western New York	0.3	(2) 4.3	- 0.0

Notes:

1 Percent change for FY97 calculated as $(FY97 - FY94)/FY97 \times 100$.

2 Numbers in parentheses are VISN numbers (1 – 22); percent change based on FY96 vs. FY94 unique patients including the integrated systems.

EXHIBIT 6.2 Changes in Administrative-to-Total Costs

	Integrated Systems (n=14)	Integrated Systems Excluding SCSC (n=13)	Non-Integrated Systems (n=138)
FY94	0.119	0.115	0.112
FY96 (% difference from FY94)	0.118 (-1.2%)	0.113 (-1.8%)	0.114 (+1.0%)
FY97 (% difference from FY94)	0.129 (+7.8%)	0.127 (+9.4%)	0.119 (+5.9%)

EXHIBIT 6.3 Changes in the Ratio of Clinical-to-Administrative FTEEs

	Integrated Systems (n=14)	Non-Integrated Systems (n=138)
FY94	5.20	5.24
FY96 (% difference from FY94)	5.29 (+1.7%)	5.23 (-0.2%)
FY97 (% difference from FY94)	5.26 (+1.1%)	5.14 (-1.9%)