Fairview Health Services, University of Minnesota Physicians and the University of Minnesota are entering into a non-binding Letter of Intent to combine Fairview and University of Minnesota Physicians into a fully integrated academic health system. This Letter of Intent is the first step towards development of a definitive agreement for the three boards to consider in spring of 2016. At this stage, all parties have agreed to a set of core principles that will guide discussions going forward. These principles concern governance and organizational structure, clinical practice and physician leadership, management and operations, and financials.

Key points

1. Fairview, University of Minnesota Physicians and the University of Minnesota are discussing the combination of Fairview and University of Minnesota Physicians to create a single, fully integrated academic health system to be named University of Minnesota Health.

2. By combining one of the region’s premier physician groups with one of the oldest and most respected health systems in the state, we believe we can provide exceptional clinical care today while fostering the leading-edge discoveries that will transform the field of medicine tomorrow.

3. The benefits of a fully integrated academic health system are clear—for our organizations, for our patients and for our communities. It would:
   a) Strengthen our shared academic mission to improve health, discover new treatments and cures, and educate the health workforce to help people lead longer, healthier lives
   b) Deliver market-leading clinical quality, service, efficiency and growth
   c) Accelerate research efforts and help bring new treatments and cures to patients more quickly and more efficiently
   d) Prepare the next generation of health professionals through a thriving Medical School and greater access to clinical training sites across the care continuum
   e) Help elevate the Medical School into the top tier of institutions across the country by generating additional resources to support it

4. Our shared vision is one of a true partnership that combines the strengths of Fairview and University of Minnesota Physicians into a new health system. With the academic mission at the core of the combined enterprise, there would be one Board of Directors, one integrated physician group, one chief executive officer, one leadership team and one care team working under one name. This is neither a takeover by Fairview Health Services nor by University of Minnesota Physicians.

5. The combined clinical enterprise would benefit from the important contributions of multiple groups of clinical providers: UMPhysicians (both faculty and community); Fairview Medical Group; and, independent physicians and advanced practice providers—offering all meaningful leadership roles and input.
   a. Fairview Medical Group and University of Minnesota Physicians would operate as a single group practice.
   b. The integrated academic health system also will focus on close and effective relationships with independent physician groups.
6. The boards of Fairview, University of Minnesota Physicians and the University of Minnesota have agreed to a set of key principles that will guide the definitive agreement discussions. Some of the principles we believe are critical to the success of the integrated academic health system are:
   a. A guiding belief that clinical care, research, training and education will be at the core of the mission and vision of the combined enterprise
   b. A new Board comprised of leaders with specific skills and competencies; there will be an equal number of University of Minnesota and Fairview/community appointees on the Board and key board committees
   c. A commitment to manage UMPhysicians and Fairview Medical Group as a combined group practice organization with a faculty member leading the group
   d. Physicians and advanced practice providers having a strong voice in operations and being actively engaged at multiple levels, including senior leadership roles, key management committees and councils
   e. Leadership that has experience managing successful academic health systems
   f. A commitment to operating as a single system that leverages clinical and administrative economies of scale across the care continuum.
   g. Enhanced financial performance to allow for ongoing capital investments in the care continuum to ensure high quality, cost effective care and to modernize aspects of the business (for example, converting to private patient rooms at University of Minnesota Medical Center (UMMC) and Southdale Hospital and modernizing UMMC operating rooms to state of the art)
   h. A recognition of the importance of physicians to retain and enhance relationships outside the integrated health system and of the faculty’s obligation to fulfill its research and education missions statewide
   i. Additional support for the Medical School and other University health sciences schools to further the research and education missions

7. When a definitive agreement is reached, approval will be required by the Boards of all three organizations, as well as University of Minnesota Physicians who hold a faculty appointment, before the agreement could be implemented. The organizations are striving to develop a definitive agreement by March 31, 2016 with a proposed July 1, 2016, effective date.
Benefits of Creating an Integrated Academic Health System

1. **What are the benefits of combining Fairview and University of Minnesota Physicians?**
   A combined clinical enterprise would bring together one of the region’s premier physician groups with one of the oldest and most respected health systems in the state. By leveraging the strengths of both organizations and our collective provider partnerships, we believe we can better meet market demands and more fully realize our goal of being a world class academic health system.
   
   There are many benefits of coming together. Among them include:
   - Strengthening our shared academic mission to improve health, discover new treatments and cures, and educate the health workforce to help people lead longer, healthier lives
   - Delivering market-leading clinical quality, service, efficiency and growth
   - Accelerating research efforts and help bring new treatments and cures to patients more quickly and more efficiently
   - Preparing the next generation of health professionals through a thriving Medical School and greater access to clinical training sites across the care continuum
   - Helping elevate the Medical School into the top tier of institutions across the country by generating additional resources to support it

2. **What will be different for our patients? What should we tell our patients who have questions about the combined organization?**
   The benefits for patients are clear. By combining one of the region’s premier physician groups with one of the oldest and most respected health systems in the state, we believe we can provide exceptional clinical care today while fostering the leading-edge discoveries that will transform the field of medicine tomorrow. Patients will benefit from:
   - Integrated care delivery across the health system to ensure a consistent, affordable, high quality, patient-centric experience
   - A more seamless care experience across the full continuum of care and services
   - Less complexity (e.g., one billing office, one appointment call center)
   - More rapid access to medical discoveries, treatments and cures
   - Greater access to leading edge clinical trials
   - The potential to lower the cost of care provided through greater efficiencies

3. **What will an integrated academic health system look like? And what is the University of Minnesota’s role, distinct from University of Minnesota Physicians?**
   We are formally exploring combining Fairview and University of Minnesota Physicians to create a new, single clinical enterprise. This single clinical enterprise will be a not-for-profit, private
organization that operates independently. It will seamlessly collaborate with the University of Minnesota’s Academic Health Center, which includes the Medical School, and provides leadership on research and education.

A single CEO will lead the integrated academic health system and work closely with the Vice President of Health Sciences at the University to advance our common commitment to improve health, discover new treatments and cures and educate the health workforce to help people lead longer, healthier lives.

**Governance & Organizational Structure**

4. **Will all parts of the organizations be combined, or just the physicians?**
   If approved, the agreement would bring together all parts of Fairview and University of Minnesota Physicians. The intent is to create a new enterprise, unified as “one” health system—one Board, one integrated physician group, one leadership team, one care team working under one name.

5. **Who would govern the combined clinical enterprise?**
   A new independent, skillset-based Board of Directors would be formed that has the competencies and expertise necessary to achieve the mission and vision of the integrated academic health system. The new Board will be comprised of 50 percent University-appointed members and 50 percent Fairview/community-appointed members. The CEO of the new clinical enterprise also would be a non-voting member of the Board.

   When a combined clinical enterprise is formed, the existing Boards of Fairview, University of Minnesota Physicians and University of Minnesota Health would dissolve.

6. **Why are Board appointments 50/50?**
   The goal is for this to be a true partnership at a governance level. In addition, both organizations bring very valuable contributions. A combined clinical enterprise will bring together one of the region’s premier physician groups with one of the oldest and most respected health systems in the state. University of Minnesota Physicians brings a strong brand name, exceptional performance, and direct connection to the world-class research and teaching at the University. Fairview brings a robust portfolio of assets, a geographically dispersed community-based health care continuum and a large primary care group practice.

7. **Who would be the CEO of the combined clinical enterprise?**
   A national search is being conducted to identify the inaugural CEO for the new enterprise. A CEO Search committee comprised of both University of Minnesota and Fairview/community members will interview candidates and makes a final recommendation to the new Board.

8. **How do these discussions affect Fairview’s current CEO search?**
   Board members from Fairview, University of Minnesota Physicians and University of Minnesota have agreed to expand Fairview’s current CEO search process and to leverage it for the combined
enterprise. The CEO search committee is being expanded to ensure a balance of Fairview/community and University committee members.

Clinical Practice & Physician Leadership

9. How will a combined physician group practice work? Who will lead it?
Providers from Fairview Medical Group and University of Minnesota Physicians will be brought together into one, multi-disciplinary group practice. In alignment with our vision of being a fully integrated, academic health system, the lead physician of the group practice will be a faculty physician. Within the group practice, there would be many other leadership opportunities for both academic and community physicians.

10. Will physicians have a strong voice in the new health system?
Physicians will have a strong voice in operations of the new health system, and the operating model will be designed to actively engage both community and academic physicians at multiple levels, including appointment to senior leadership positions and membership on key management committees, particularly related to clinical practice (including quality and outcomes, risk management, payor contracting and IT) as well as membership on finance, marketing and human resources management committees. Other leaders and staff will have strong experience in physician group operations (particularly clinical operations, billing/coding, physician-related risk management and IT) and/or broader health system operations.

In addition, a Physician Alignment Council consisting of Fairview Medical Group, UMPH Physicians, Fairview Physician Associates and other independent physicians will be formed to provide input to the clinical enterprise, including network strategy and operations.

11. Will all physicians be required to teach/hold a faculty appointment?
No. We need a diverse physician group with a range of expertise to advance our tri-partite mission of healing, discovery, and education. Some physicians will choose to focus on clinical care and others will choose to focus on research and/or teaching. One of the unique, market-differentiating strengths of the combined clinical enterprise would be the diversity of our expertise.

12. How will independent providers fit into a combined clinical enterprise?
Patients will continue to benefit from the important contributions of all providers—employed, academic and independent. In addition, the combined clinical enterprise will offer all providers opportunities for meaningful leadership roles and input. More details on roles and processes will be finalized over the next several months as a final (definitive) agreement is developed.

Management & Operations

13. What will be the name of the combined clinical enterprise?
The master brand of the new enterprise will be University of Minnesota Health. A detailed plan for renaming Fairview and University of Minnesota Physicians locations and services will be developed.
and rolled out after a final agreement is approved in 2016. Certain elements of the care continuum (e.g. Ebenezer) will retain their current name. All parties should continue using existing names and logos until further notice.

14. How will the management team of the combined clinical enterprise be structured?
The management structure has not yet been determined, but "like" functions from Fairview and University of Minnesota Physicians will be brought together when a new health system is created. The aim of the combined clinical enterprise is to operate in a systemic manner, leveraging clinical and administrative economies of scale across the care continuum and development of common policies, procedures and metrics, whenever possible.

15. How will the senior executive team of the new health system be chosen?
The CEO will select senior executive team members. New job descriptions will be written for each of the positions on the executive team to ensure consistency with the mission and vision of the integrated academic health system and to ensure we have the leadership character, experience and attributes needed for success. None of these roles has been predetermined.

Prior to the transaction effective date, the teams will work together to update job descriptions, determine the management structure, and identify the process for how individuals will be recruited/placed in executive team roles.

16. How will current employees of Fairview and University of Minnesota Physicians be impacted?
The teams have worked closely together for 18 years and they will now work as one, unified team to heal, discover and educate for longer, healthier lives. The detailed organizational structure, process for bringing together like functions and employment details (e.g. pay and benefits) will all be discussed over the next several months as the final agreement is developed.

17. When will we know how this will impact jobs/pay/benefits?
Employment details will be discussed as part of the final (definitive) agreement process, which means no additional information will be available until mid-2016. While every effort will be made to minimize the impact to individual employees, we know some changes will need to be made in order to bring us together as one organization.

18. How will the cultures of Fairview and University of Minnesota Physicians be integrated?
The intent is to create a new health system and that will require change for both Fairview and University of Minnesota Physicians. As part of the final agreement and implementation process, the parties plan to engage an outside organization to help us develop a thoughtful, inclusive and strategic process to define and create the culture of the new health system and to assist us with the implementation. This is an important step for our organizations, and we are committed to a robust and effective process for combining the two organizations.

19. Will employees of the new health system become University of Minnesota employees?
No. The combined clinical enterprise will be a separate, private company from the University of
Minnesota. Employees of Fairview and University of Minnesota Physicians will become employed by or through the new, combined clinical enterprise.

**Impact onExisting Affiliations, Joint Ventures & Community Partners**

20. **How will this impact existing joint partnerships and ventures?**  
Both Fairview and UMPPhysicians participate in many important joint venture partnerships today. The goal is to structure the integration in a way that avoids impacting existing joint ventures.

21. **How will Ebenezer be affected?**  
Ebenezer will continue to be an important part of the combined clinical enterprise collaborating with all other parts of the health system. Like today, they will continue to provide services under the Ebenezer brand name and retain a Board of Directors.

22. **How will Fairview Range be affected?**  
Range will continue to be an important part of the combined clinical enterprise collaborating with all other parts of the health system.

23. **How does this affect the Institute for Athletic Medicine (IAM)?**  
The Institute for Athletic Medicine is an important joint venture between Fairview and North Memorial and will continue to be an important part of the clinical enterprise in the future. The new health system will be a partial owner (as Fairview is currently), and IAM will continue to provide services under the IAM brand and retain a management board.

24. **Will the new, combined health system be connected to the Lutheran church/faith partnerships?**  
Fairview was founded by Lutheran immigrants, and church/faith partnerships will continue to be an important part of how our integrated health system can connect to the communities it serves. More meetings are scheduled with spiritual leaders to explore possibilities for how we could partner even more effectively in the future.

25. **What, if any, governance role will the Fairview Association play in the new health system?**  
The Fairview Association Advisory Council has been engaged in this process and is discussing how they could contribute to the new health system in a more meaningful way. While the Fairview Association may not play a formal governance role in the future, there is a strong desire to retain and strengthen our partnership with faith communities.

Fairview Association delegates will meet soon to discuss proposed changes to the bylaws outlining their governance role and to explore opportunities for ongoing engagement.

26. **How does this affect Fairview’s fundraising efforts/Fairview Foundation?**  
Philanthropy efforts using the University of Minnesota Health brand will be performed by University of Minnesota Foundation. As part of the final (definitive) agreement process, the teams will identify the strengths of the current Fairview Foundation and determine how its areas of
strength and expertise can be leveraged in the future to benefit the new system. Until a final agreement is reached and implemented, Fairview Foundation will continue its fundraising efforts to support Fairview patient care programs and services.

Timeline and Next Steps

27. What is the timeline for next steps?
The three organizations will work together October 2015-March 2016 to develop a final (definitive) agreement for the three Boards to take action on in Spring 2016. If a final agreement is approved, we anticipate bringing together Fairview and UMPhysicians effective July 1, 2016, with full implementation taking several months to complete.

28. What is the process for developing a final (definitive) agreement?
As part of the final (definitive) agreement process, legal documents will be created describing how the new health system will be structured. The legal agreement will be based on the principles expressed in the Letter of Intent that have been agreed to by all three parties. The Letter of Intent is non-binding, which means the parties have the flexibility to jointly agree to change the principles if new/different information emerges that needs to be taken into account.

29. Who needs to approve the final agreement?
A final agreement will need to be approved by the Boards of all three organizations, as well as by UMPhysicians’ providers who hold faculty appointments, before it is implemented.

30. With an approved Letter of Intent, should we do our jobs differently or work together differently with our partners?
No. Until a final agreement is reached, employees and providers should continue to do their jobs in a “business as usual” manner. There will be regular, ongoing communication over the next several months to help ensure clarity. If a specific situation or question emerges, please don’t hesitate to ask your supervisor/manager.