

What's Your Moonshine? Podcast Series

Dr. David Miller's Blueprint for the Future of Academic Medicine

[00:00:01] Dr. David Miller, M.D.: A change for Michigan medicine and for academic medicine more broadly over the last five to 10 years has been growth in scale to an academic health system from an academic medical center, which has cultural implications because some faculty will say, is this distracting focus from our core academic mission? But the reality is I also believe you can do both of those things. You can be strong academically and have scale that creates the revenue base, the efficiencies that allow you to not only invest in your academic mission, but also to continue to invest the capital that the health system needs for your teams, facilities and programs. So both of those operational performance scale and its pragmatic implications for the sustainable financial operating model.

[00:00:43] Narrator: Welcome to A&M Healthcare Industry Group's What's Your Moonshot Podcast series, where leaders seek to solve big problems and transform healthcare.

Join us for conversations to hear how their vision and bold moonshots are becoming reality.

[00:01:01] Chris George: Welcome to A&M's What's Your Moonshot Podcast series. I'm Chris George, Managing Director and Health System Practice leader in A&M's Healthcare Industry Group. I'm joined by my co-host, Dr. David Shulkin, Senior Advisor and the 9th Secretary of the US Department of Veteran Affairs. Today we're speaking with Dr. David Miller, CEO of Michigan Medicine, Executive Vice President for Medical affairs and professor of Urology at Michigan Medicine. University of Michigan Health System is the number one hospital in Michigan, including 2,000 physicians at 130 clinics at 40 sites across southeastern Michigan. Dr. Miller also serves as a professor in the Department of Urology at the University of Michigan and maintains a clinical practice focused on the diagnosis and management of patients with prostate cancer.

Dr. Miller, thanks for being here. We appreciate your time and it's great to have you.

[00:01:52] Dr. David Miller, M.D.: Chris, Dr. Shulkin, thanks so much. I'm grateful for the opportunity to be here. It's nice to see both of you.

[00:01:57] Dr. David Shulkin, M.D.: Well, it's not like there's not a lot going on these days. There's a lot of challenges, but maybe even particular for academic medicine with the potential cuts in NIH funding, the indirect cuts, the challenges with all sorts of issues facing health care. And so, we're really glad that you're willing to spend some time with us talking about the future of academic medicine and maybe in particular what your hopes and aspirations are for the University of Michigan in terms of where do we go from here and what is the future of academic medicine.

[00:02:33] Dr. David Miller, M.D.: Yeah. Thank you, Dr. Shulkin. It's great to be here. Let me start by saying it is a complex time in academic medicine and in many ways in academic medical centers, particularly those like Michigan Medicine, which are fully integrated with the university, which is a tremendous strength for us, one of the greatest institutes of higher ed in the world. But the different pressures and complexities that exist now kind of all intersect in an academic medical center, whether it's in our education, research or clinical mission.

So, I'd start by saying in the, in the role that I happen to be in right now, I'm first and foremost deeply grateful to lead and work alongside our teams. While it is a complex time, I really believe that our teams at Michigan Medicine are built for this and I'm so grateful for their expertise.

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I think from the perspective of an academic health system in this moment, the guiding principles to focus on our mission of advancing health to serve Michigan and the world. And I think there are a couple elements of that that are particularly important.

That concept of advancing health, I often say, reflects our commitment to continuous improvement in the work we do every day, our clinical operations, our education and our research. And we have a framework that we call our base priorities that really grounds us in kind of enhancing the measured performance and the stories in our organization across all of our missions.

But then we also look to the rest of our mission of serving Michigan and the world. And we've had opportunities for growth in the state of Michigan over the last really five to ten years that we think are both mission driven and very pragmatic in terms of supporting our full mission. And then that concept of serving Michigan and the world, which is how do we continue to be a source of innovation, you know, a beacon of the next generation of care delivery, of the next innovation that improves patients' lives.

So, while the moment is challenging, we've taken the position that we believe we can weather this time, that we should invest in our future. And a lot of that is because of the strengths of our teams and the expertise across all aspects of our mission.

[00:04:27] Dr. David Shulkin, M.D.: Yeah, let me just follow up on that. There is no doubt in listening to you that this commitment to advancing medicine, this sort of drive to be the best at what you can be, or a world class institution, of course, and the reason why people work there is because of that culture and that commitment. But you do have to interface it with the business realities. And if you are having challenges in being able to continue the financial stability of an organization that takes away from the ability to stay focused on that commitment. So, in terms of where you see academic medicine, is it the same game plan that you have now that's going to keep you going for the next five years, or are you going to have to adapt and change to a different type of model?

[00:05:21] Dr. David Miller, M.D.: Yeah, thanks. It's a great question. I would say foundationally continuous adaptation has to be part of any organization. And we are a, you know, nearly the clinical enterprise is a nearly \$9 billion top line revenue, 30,000 employees across some of the most significant geographic regions of the state. And I think one of the big points in our organization is that two things can be true simultaneously. One, that you have to have operational and financial rigor, and two, that you have to continue to invest in the future. And those are how you tell that story and how you act on it is going to be very important for us in the next few years.

So I'll give some examples. We know in the near term that we face certain risks, for instance, with changes in Medicaid reimbursement that are reflected in the reconciliation bill. So when we look out two years, what are the steps we're taking both in terms of revenue and expense to make sure that our performance from an operating perspective is sustained? And that includes making sure that we're fully utilizing all of our assets. Right. That we don't have crowded utilization on a few days of the week and less utilization on others. And that requires operational focus. It also, it also involves thinking about new approaches to revenue diversification. We've worked very hard in the area of specialty pharmacy, which I believe is a very important therapeutic program for us. Patients come with complex rheumatologic, gastrointestinal

oncologic conditions, and we offer them outstanding therapies in a way that helps us advance our mission and then expense management. Right.

Do we have, do we have an understanding of staffing models based on benchmarks? Are we looking at ways that we can gain economies of scale in areas like information technology, pharmacy supply chain and others? And then as we grow in size, are there efficiencies related to shared services, whether they're compliance or regulatory or revenue cycle or others? But the second part of that is scale. And I think a change for Michigan medicine and for academic medicine more broadly over the last five to 10 years has been growth and scale to an academic health system from an academic medical center, which has cultural implications because some faculty will say, well, are we, is this distracting focus from our core academic mission?

But the reality is I also believe you can do both of those things. You can be strong academically and have scale that creates the revenue base, the efficiencies that allow you to not only invest in your academic mission, but also to continue to invest the capital that the health system needs for your team's facilities and programs. So both of those operational performance scale and its pragmatic implications for the sustainable financial operating model.

[00:07:59] Chris George: So you've talked a lot about growth, growth aspirations. I know culture

and people are very important to you. How have you found the cultural transformation that's happened? You've acquired hospital system recently, you're looking to acquire more and expand your footprint in Michigan. How do you ensure that you're still staying true to your core values?

[00:08:17] Dr. David Miller, M.D.: Yeah, thanks, Chris. I mean, that is a daily conversation, right? And a really important one. I mean, we are a very extraordinarily proud and accomplished academic medical center that now has member systems up to two, two and a half hours away. And so again, it comes back to the notion that growth and academic excellence can coexist and should coexist. And that's what we have to focus on. So how do we do that?

First, again, I would say that making the case that growth is mission driven, that by projecting more broadly across the state of Michigan, that we're getting excellent care to more communities that's impacting health outcomes, access, total cost of care. And I think, Chris, you're pretty aware from spending time at Michigan that we're very busy. Our inpatient hospitals are operating at 98, 99% occupancy. Wait times on access, while improving, are still not where we want them to be. So, we've been able to use that partnerships and scale to improve access to a lot of services by bringing some to the community, by elevating community services. So that mission driven growth is very important.

Second, we need to prove out that that broader scale supports our investments in our academic mission. Right? I mean, if you just do the math, the same operating margin on a larger revenue base facilitates investments in our, in our academic mission. Then I think you have to be very intentional about certain aspects when you grow inorganically, right?

It's one thing to put a new, a new ambulatory facility in a new market, but if you grow inorganically with another system, you're starting with long histories in different cultures. And you have to be intentional about aligning your mission, your vision and values, talking about the clinical care delivery as the driver of value, and then being very intentional. I often say, if I two

years ago, if I asked our 30,000 employees what does it mean about to drive clinical integration, you might get 29,000 different answers. But you have to be very intentional that we're going to build these new programs and we built a neurosurgery program in Lansing that's helping keep patients in the community and expanding access to services. We helped create a new cardiovascular surgical program in West Michigan that enhanced access and lowered total cost of care.

And then finally, you do have to think across your whole tripartite mission. While the clinical work is often the first step looking for opportunities to expand educational opportunities, we now have rotations between University of Michigan Health West and the Academic Medical Center and Orthopedics that give residents a different vantage point on training and orthopedics. And we have new research programs. Our chief medical officer at University of Michigan Health West is a faculty member at the Van Andel Research Institute in Grand Rapids, creating new collaborations.

So, you have to be intentional and demonstrate that that whole tripartite mission is evident and then ultimately that you're bringing value to the communities that you serve. That's the expectation of the academic Medical center in this expansion.

[00:11:04] Dr. David Shulkin, M.D.: On the clinical enterprise, I mean, you sound very optimistic about being able to keep all these three missions together and to be able to continue to demonstrate excellence.

Do you feel that you need to get better at taking risk of financial risk and clinical risk, or do you feel like the traditional payer provider relationships are going to continue to value what you bring in terms of discovery and continuing to push the envelope on these, on these clinical models of care?

[00:11:39] Dr. David Miller, M.D.: Yeah, that's a great question and one that, you know, we have historically been an incredibly high value tertiary quaternary, you know, academic medical center, one of the only, you know, full scale children's hospitals programs in areas like bone marrow transplantation, complex surgical care.

And I would say that there's some of both. There is an understandable perspective that growth in scale and consolidation is all about leverage in different settings, whether with payers or with backroom services. We believe that that growth in scale adds value to communities and we intend to continue to try to prove that out with expanded access, lower total cost of care in different markets, highest levels of quality and safety.

Now, when it comes to the complexities of, of engagements around the traditional reimbursement model versus value base, we believe that we have to demonstrate the value of our high complexity care. And then we also have to be focused on affordability. And I don't believe that growth is, is incompatible with affordability. I'll give a couple examples.

We participate in a, in a Medicare shared savings program, ACO and in the last year, the work done at University of Michigan Health in Ann Arbor, University of Michigan Health West in Grand Rapids, University of Michigan Health Sparrow and Several other critically important partners in the PYM ACO saved the Medicare program in excess of \$30 million. And that was in areas like

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reducing high-cost hospitalizations, ED utilization, supporting patients in areas like blood glucose management and blood pressure control.

That taking risk has been part of our work at Michigan Medicine for a long time, but it's going to have to be more of a focus.

So, a long answer to the question is we want to continue to demonstrate the value of the tertiary and quaternary services. We are an essential resource in the state of Michigan and beyond in that area. We have to be responsive to total cost of care. We think our growth helps us in that affordability perspective and we're working hard to show that empirically and in the stories of our patients.

[00:13:40] Chris George: As you step into this new chapter at Michigan Medicine, what's your measure of success three years down the road?

[00:13:46] Dr. David Miller, M.D.: Yeah, thanks. It's a great question and you know, from a leadership perspective, I think first starting to fully understand the organization and approaching it. I often talk about leadership attributes that I learned from an architect in my hometown of Midland, Michigan, Alden Dow, who talked about honesty, humility and enthusiasm.

To start with the foundation of honesty, you have to be humble and seek to learn more about about the organization as a whole. And then when you look out three years I think it again becomes those two elements that I talked about.

One is can we improve our day-to-day operational performance so that when a story is when a patient calls our contact center that that calls answered quickly, there's a resolution with a timely appointment in a way that meets the patient's needs. So, there are some core operational performance issues that we have opportunities that I think two, three years out in our measured performance we'll see improvement maintaining excellence in safety and quality by both our internal and external measures of that.

That's a big part of our identity at Michigan Medicine. And so how we focus our resources attention on that and preserve that even while we grow. Because I do think the continued growth while mission driven foundationally in my view it has to be, it is also a necessary step to have a financial and operating model that allows continued investment in all aspects of our mission.

So I would say Chris, in a few years seeing better measured performance in a number of operational areas linked to outstanding patient outcomes and experience and strategic growth into other markets in the state that allow us to drive not only our mission impact but but to have mechanisms by which we can sustain the current turbulence.

[00:15:28] Dr. David Shulkin, M.D.: You know, I'm just thinking some more about the future of academic medicine. Of course, you know, academic medical centers like Michigan have always been known as the place where you go to get the latest information, sort of best evidence, the new treatments and things with artificial intelligence bringing so much of that information into the community, into both community providers, but also to the patients themselves.

Do you fear that that sort of differentiation of academic medicine is going to be able to maintain itself, or do you feel like the world's going to catch up with where you guys have been?

[00:16:12] **Dr. David Miller, M.D.:** Yeah, it's a great question. I mean, I think if you take a historical lens on issues like this, 20, 30 years ago, academic medical centers were the only health systems performing liver transplants, for instance, and other complex care. And now that is, you know, is available more broadly.

And I think this comes back to your question at the beginning, which is adaptability. And I think that academic medical centers, you know, I mentioned our commitment to quality and safety. I think a second differentiator is working at that interface between biomedical research and innovation and clinical care delivery. And we can talk about doing that in areas like, like cancer care, where we know that with the availability of targeted therapies, only a small proportion of the patients who benefit from those are getting them and getting into the clinical trials. That's an example.

But when it comes to AI, I think academic medical centers will have a couple key roles that will keep us very relevant in that space.

First is the development of curricula that help create AI fluent medical students, residents, and ultimately, ultimately physicians. I mean, for me, when I try to think about using AI in my practice, does that mean I'm using a predictive model to help counsel patients? But what does it really mean to use AI and everything from agentic AI that's helping me assimilate information in the medical record to using, for instance, generative AI to identify cardiovascular risk from chest imaging done from other causes. So, we have to have AI fluent caregivers.

Second, we have to build toward digitally enabled AI supported delivery systems. And what I mean by that is think about care delivery in a low resource environment. It may be interprofessional in nature, supported by remote monitoring AI to facilitate early detection of, of progression of different conditions. I think AMCs have an essential role in thinking about how to put those together and to demonstrate their value in terms of affordability, cost and quality.

And Finally, I think AMCs and health systems more broadly have an opportunity and a responsibility to think about how to build these capabilities, to scale them and then to allow them to support our own operating models. And I'll give you an example of that we've recently built joined Longitude Health, which is a partnership between four large health systems in Michigan Medicine. Kind of as the as one classic academic medical center that's part of it. And I think the idea generation, the innovation generation from an academic medical center that can then partner with other systems to test and scale those is where in the setting of AI, which does flatten knowledge a lot in different ways, it is those innovations in how we deliver care and how we're prepared to.

Because at the end of the day, I often say right now my parents may never seek care in a kind of virtual digitally based environment, but I feel pretty comfortable, confident that my kids are always going to want to seek care in that environment. And that's where I think there's an opportunity for AMCs and academic health systems.

[00:19:03] **Chris George:** Well, Dr. Shulkin and I would like to thank you for participating. It's always great to see you and appreciate your insights into what's going on. But thank you for taking time out of your busy day.

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[00:19:12] Dr. David Miller, M.D.: No, thank you both. And thank you for the opportunity to talk about these important, important points to celebrate our teams at Michigan Medicine. And I always have to finish by saying go blue.

Thank you very much.

[00:19:22] Dr. David Shulkin, M.D.: Thank you.

[00:19:31] Narrator: Alvarez & Marsal. Leadership action results.

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