

The University of Michigan  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Kent Health Care Physician Organization (KHCPO) legal assessment and recommendations

Action

Requested: Approval of dissolution and establishment of UMHW as sole owner

Background:

Kent Health Care Physician Organization (KHCPO) formed in 1995 and was focused on quality and payer contracting as outlined in their bylaws. KHCPO represents 371 physician shareholders across West Michigan; 61% of the shareholders are independent physicians. There are no allocated staff or resources with the operational responsibilities aligned to four Board Officers. Currently, KHCPO owns 50% of the Clinically Integrated Network (CIN) called Metro Health Integrated Network (MHIN) in partnership with University of Michigan Health-West (UMHW).

In late 2023, MHIN and UMHW conducted an assessment in which they determined that it was in the best interests of the parties to close KHCPO, creating a hospital subsidiary CIN model in which UMHW is the sole owner of MHIN. This is considered a market “best practice” model. The goal of the new model is to empower provider voice by having a provider led governance structure that is charged with provider accountability and performance for the value-based future. Importantly, this model for joint payer contracting provides the ability for growth for MHIN.

We recommend that the Board of Regents approve the dissolution of KHCPO making UMHW the sole owner of MHIN, which has already been unanimously supported by the U-M Health Corporation Board and the KHCPO Board.

Respectfully submitted,



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