



James C. Leonard, MD

Past, Present and Future of Carle Foundation

Introduction

While The Carle Foundation began officially in 1946, when its not-for-profit status was granted by the US Treasury Department, the discussions to form a foundation had been ongoing for several years. The Foundation was started due to the vision and generosity of the Carle Clinic Association physicians and administrators, who believed a for-profit clinic and a not-for-profit foundation was a business model that could propel Carle forward.

During the 1950s and 60s The Carle Foundation expanded and developed a reputation as a specialty and sub-specialty institution of note, primarily throughout East Central Illinois. The organization grew at a steady, predictable rate; however, once we entered the 1970s the symbioses with Carle Clinic made for a time of rapid growth. There was a conscious decision enacted by the leaders at that time to have The Carle Foundation expand its role as a larger real estate holder and lessor to Carle Clinic Association. As the Clinic added physicians during the 70s and the branch philosophy began to come forth, The Carle Foundation Hospital, in turn, needed to and did grow, expanding bed capacity and moving into multiple areas of inpatient care. As an institution, Carle became much larger and more complex.

During the 1980s, The Carle Foundation was influenced primarily by the continued growth of its medical staff-physician base and by the appearance of Health Alliance Medical Plans. Started by the Clinic and known at that time as “CarleCare,” the introduction of a health maintenance organization (HMO) into the region exposed many new patients to The Carle Foundation Hospital. Additionally, the discipline of managed care helped The Carle Foundation Hospital improve upon its already excellent reputation as a provider of specialty care.

At this time rapid expansion of Carle Clinic Association was seen across multiple practice areas but was largest in primary care. Many physicians and nurse practitioners were needed to assist and direct the care of the thousands of patients enrolled in the HMO. It was during this growth period of the 1980s when The Carle Foundation began to exert more influence in the Carle relationship. The Foundation was recognized as a major business and organization in its own right. To the credit of all involved, even during the 1970s and 80s, Carle continued to provide efficient healthcare by avoidance of duplication of services. This allowed expenditures to be made only once and divisions that had been made years before were honored.

Change was encountered again in the late 1980s and early 90s. With growing scrutiny of relationships between for-profit clinics and tax-exempt organizations, an increased amount of time was spent determining fair market value (FMV) and dealing with a host of regulations being imposed upon contract and business relationships from both the state and federal levels. The whole notion of FMV changed many of the contract relationships and some of the strategies that were in vogue during the 1960s and early 70s. These modifications were not without difficulty, as effected individuals felt the “rules of the game” had changed. In point of fact the rules did change, and more than once, over the last two decades. However, to the credit of the organization, Carle has not been distracted by most of these changes which could lead to serious disagreement and duplication of services. Instead we apply the principles required by the government, staying within the letter of the law, and move ahead—always maintaining and recognizing the importance of the symbiotic relationship.

From the late 1990s to the present, The Carle Foundation has been increasingly influenced by movements on a national level. There has been an open and ongoing effort by The Foundation to develop relationships with diverse healthcare providers, both inpatient and outpatient, with the intention of broadening the patient base of Carle Foundation Hospital and providing more specialty care. This movement toward specialty care has been prominent over the past few years in an effort to get back to “our roots.”

Developing relationships outside Carle has not been without challenges as there is always a balancing of individual-versus-organizational wants and needs. However, bringing more specialty care to Champaign-Urbana has been, and will continue to be, our goal for the foreseeable future. As we look ahead it is clear that partnering in different ways around ownership of facilities, continuing to avoid duplication of services when possible, and making sure all federal mandates regarding FMV and contractual interactions are honored, will be no small task. As we primarily support a semi-rural area clinically there are, and will continue to be, unique challenges in:

- Physician Recruitment. Fewer available specialists coupled with an increase in demand means that The Carle Foundation must remain active in assisting the medical staff in their efforts to bring to the region physicians who can either provide new services or help in areas which are currently underserved. We have experienced success and feel that with the external environment destabilizing, our predictable and stable environment will prove beneficial in recruiting physicians.
- Philanthropy. We have a history of philanthropy beginning in 1946 with the generous gift that created The Carle Foundation, but we have lagged in areas beyond sustaining gifts. As we seek to close that gap and change the culture over the next 10 to 20 years, we know the Carle story and vision needs to be brought forth to patients, businesses and physicians. Philanthropy will most likely be an increasing part of our budget over the next decade and could possibly provide 10 to 15% of our budget support.

- Government Funding. Carle has always had some stake in research, which has waxed and waned depending on the interest of small groups or individuals. Moving ahead, we are now forming more formal relationships with the academic community and I fully expect funded research to play a part in the medical staff development. Clinicians who spend a large percentage of their time doing research will become more common. This strategy is resulting in relationships with the local academic community and will allow us to recruit specialists who would not normally have an opportunity to practice here. These hybrid physicians will be part-time colleagues in clinical care arenas where only a small number of specialists are needed and can be supported.

Conclusion

As we head into the future, there is a desire to move beyond a local and small regional presence, to one of national prominence in selected clinical arenas. The Carle name has been recognized in healthcare throughout the United States for many years, primarily because of Carle Clinic Association and its progressive activities around group practice process and the business of medicine. To move forward on the national scene with research and today's clinical practice of medicine will require a great deal of focus, money, and courage, which will change the milieu, but not the mission, of this proud and successful organization.

James C. Leonard, MD is the current President and CEO of The Carle Foundation Hospital, and has served in that role since 1999. Prior to that Dr. Leonard was the Vice President-Medical Affairs for The Carle Foundation Hospital and Chief Operating Officer of Health Systems Insurance Limited between 1997 and 1999. From 1984 to 1999 Dr. Leonard was associated with Carle Clinic Association as a Family Practice physician and served as Associate Medical Director from 1997 to 1999.