The Building and Sustaining of a Health Care Partnership: The Meharry–Vanderbilt Alliance

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Abstract

The ability of academic health centers (AHCs) to maintain their financial viability and mission in the face of revolutionary changes was broadly discussed during the last decade. Among the suggestions for protecting the future of AHCs was to form strategic alliances to further the missions of education, research, and service. Although the evidence indicates that 55% of strategic alliances fall apart after three years, the Meharry–Vanderbilt Alliance is now beginning its fifth year, and it appears to be growing stronger.

This article presents a brief overview of the evolving historical relationship between Meharry Medical College and Vanderbilt University Medical Center—two institutions that share the same fundamental missions but have very different traditions, cultures, resources, and emphases for medical training—and their relationship with Metropolitan General Hospital at Meharry, a public hospital. The characteristics that have distinguished this strategic alliance are its organizational structure, clearly articulated and measurable objectives, an independent central office, and a shared responsibility for the management and provision of clinical services at Nashville General Hospital. The belief that the Meharry–Vanderbilt Alliance is the “right thing to do” has provided a foundation for cooperation at all levels of both AHCs.

The ability of academic health centers (AHCs) to maintain their financial viability and traditional mission in the face of revolutionary changes was broadly discussed during the last decade. According to a study conducted by Blumenthal and Meyers, the major challenges facing AHCs in the future included price competition in health care markets, proposed reductions in public subsidies (particularly Medicare and Medicaid), and variability in institutional reputation and financial resources.

Among the suggestions for protecting the future of AHCs were improving education, research, and clinical service relationships with local communities; developing integrated health service networks; reducing costs; and increasing sales of both clinical and nonclinical services. Another frequent suggestion for securing their future was to form strategic alliances to further the missions of education, research, and service.

In addition to the overarching national challenges, the AHCs in Nashville, Tennessee (Meharry Medical College [Meharry] and Vanderbilt University Medical Center [VUMC]) faced two challenges that were unique to their local health care arena during the 1990s. First, in 1994, the state of Tennessee implemented TennCare, a managed care plan for Medicaid beneficiaries, the working poor who were ineligible for Medicaid, and the uninsurable who met certain qualifications. Both AHCs serve large numbers of TennCare beneficiaries. Within two years, TennCare was creating revenue shortfalls, affecting the number of patients participating in clinical research, and contributing to reductions in positions in training programs at AHCs throughout the state.

The second major change was the relocation of the city’s public hospital, Metropolitan Nashville General Hospital (Nashville General), to Meharry’s campus. These two changes marked the beginning of a new era in the city’s provision of health care for its indigent citizens, and both highlighted the need to refocus the management strategies at Nashville General.

The Meharry–Vanderbilt Alliance arose, therefore, as an outgrowth of the need for an efficient public hospital, the shared challenges presented by TennCare, and commitments to enhancing medical education, research, and the health of the community. Leaders at Meharry and VUMC recognized that forging a strategic alliance was a viable means for managing the local and national changes that were affecting both institutions.

This article presents an overview of the evolving relationship between Meharry and VUMC—two AHCs that share the same fundamental missions but have very different traditions, resources, and emphases for medical training—and their relationships with Nashville General. A brief review of the literature regarding elements of successful alliances and a case study of the Meharry–Vanderbilt Alliance are described. The case study highlights the historical relationships between the Alliance partners, the current collaboration, the partnership match, accomplishments, and challenges. The article concludes by highlighting lessons learned and the future outlook for the Meharry–Vanderbilt Alliance.

Elements of Successful Alliances

A review of the literature yielded definitions and constructs for alliances between organizations. According to Boex and Henry, individuals or organizations establish alliances to accomplish a goal that would be more difficult to achieve alone. Weitekamp et al. explain that alliances allow AHCs to increase their opportunities to be proactive in handling manpower issues, lobby for public support of medical education and research, and stretch declining funding for biomedical and clinical research while generating synergy.

In assessing whether an alliance is sustainable, it is important to explore why only a few have been successful. Segil states 55% of alliance relationships fall apart after three years. Another study described the most common
characteristics leading to the end of alliances: incompatibility of corporate culture or personality, clash of managerial personality, differing project personalities, and varying levels of project priority to each alliance partner.\(^{11}\)

On the other hand, the elements needed to build and sustain an alliance vary. Pietras and Stormer\(^{10}\) provide four strategies that contribute to a flourishing alliance: proper strategies, aligned structure, clear operating rules, and efficient monitoring of all parties. Calleson et al.\(^2\) indicate that a successful alliance must establish a purpose and a mission with measurable goals, have continuous participation, and outline details of termination. Leaders’ participation in building trust and consensus is also cited as a need for sustaining an alliance.\(^{11}\)

Zaman and Mavondo\(^{12}\) have identified key drivers of success in strategic alliances and proposed an integrated conceptual framework for empirical investigation. The framework addresses the interplay of specific factors such as environmental and organizational characteristics, alliance formation features, and attributes of strategic alliance relationships and their association to alliance success. The important attributes of alliance relationships they focus on are commitment, collaboration, communication, trust, and conflict resolution.\(^{12}\)

The historical relationships between the alliance partners
Although many of their defining characteristics are different, the histories of the AHCs and Nashville General are intertwined as a result of location and purpose. All three institutions came into being during the latter years of the 19th century: Vanderbilt University Medical Center in 1874, Meharry Medical College in 1876, and Metropolitan Nashville General Hospital in 1890.

Vanderbilt University Medical Center
Vanderbilt University established a school of medicine in 1874. From the outset, its goal has been to attract top-notch scientists, teachers, and students to its academic, training, and research programs. VUMC enrolled 408 medical students and employed 1,303 full-time faculty and 943 part-time/volunteer faculty members in August 2002.\(^{17}\) The school of medicine reflects the university’s status as a research institution and has been ranked as the 14th best research-oriented medical school in the United States by U.S. News and World Report.\(^{17}\)

VUMC includes the school of medicine, the school of nursing, and the children’s, psychiatric, rehabilitation and main hospitals, with a total of 746 licensed hospital beds.\(^{17}\) The medical center had an operating budget of $1.2 billion and the market value of its managed endowment was $482 million in June 2002.\(^{17}\)

Meharry Medical College
Meharry was established in 1876 for the distinct purpose of training African American physicians to provide professional health care for African Americans throughout the post–Civil War south.\(^{18}\) Presently, the college consists of the school of medicine, school of dentistry, school of graduate studies, and school of allied health professions (which is jointly administered with nearby Tennessee State University). Meharry is the largest private, comprehensive, historically African American institution for educating health professionals and scientists in the United States.\(^{19}\) External funding to the college for research, research training, infrastructure, and development totaled $25.4 million in January 2003.\(^{19}\) The market value of the college’s endowment was approximately $32 million in 2002.\(^{19}\)

The school of medicine at Meharry admits 80 students annually. As of Fall 2002, the school had a total enrollment of 368 students and employed 241 full-time and part-time faculty members.\(^{19}\) Throughout its 125-year history, Meharry has maintained an emphasis on training generalist physicians to provide health services in the nation’s poor and underserved communities. Research efforts are geared toward health conditions and diseases that disproportionately affect minority populations.

Meharry’s first hospital (Hubbard Hospital) opened in 1912 and operated at another location for 19 years.\(^{18}\) When the college moved to its current location, a second facility was built and opened in 1931. In 1976, an addition to the old hospital (George Russell Towers) opened with the capacity for up to 400 beds.\(^{18}\) Hubbard Hospital was not only a vital component in fulfilling the college’s academic goals, but it also provided health care for the majority of Nashville’s African Americans and many of its poorest citizens. Desegregation, which provided opportunities for African Americans to seek health care elsewhere, and the failure to receive sufficient reimbursement for indigent care created ongoing deficits at the hospital.\(^{18}\) After years of struggling financially, Hubbard Hospital was closed in 1996 in conjunction with the plan to relocate Nashville General to Meharry’s campus.

Metropolitan Nashville General Hospital
Nashville’s public hospital opened in 1890 to provide inpatient and...
ambulatory care for the city’s indigent citizens. The level of care and services it provided increased over the years as the hospital added a training program for nurses (which operated from 1892–1970) and modernized its space and equipment to keep pace with medical technology.\textsuperscript{20}

The city government established a contract for professional services with VUMC shortly after the hospital opened. Vanderbilt maintained an exclusive contract with Nashville General until 1985, when Meharry gained a clinical affiliation with Nashville General for the first time.\textsuperscript{18}

The need to do a major renovation of the aging facility or build a new hospital became a matter of public debate in the 1970s, and both options posed a considerable expense to the local government. Meharry’s leaders suggested merging Nashville General and Hubbard Hospital as a solution for the problem of providing a modern facility for indigent care.\textsuperscript{18} Meharry argued that Hubbard Hospital’s George Russell Towers was a newer facility, requiring less expense to make it technologically state-of-the-art, and that combining efforts would assure that medical students and physicians at Meharry and VUMC would have equitable access to the tax-supported hospital.\textsuperscript{18}

The arguments against the merger included financial analyses that suggested building a new hospital would cost less than renovating Hubbard; Nashville General employees expressing fears about job security and parity with benefits provided to Hubbard employees; and concerns about Meharry’s financial stability, the quality of services that would be provided by Meharry students and faculty members, and relocating the city hospital to a predominately African American neighborhood.\textsuperscript{21} The introduction of TennCare and other managed care plans in Nashville also lessened the need for two hospitals that primarily served the poor and uninsured. VUMC’s decision to relinquish control of the professional staffing at Nashville General also added to the urgency of making a decision about merging Nashville General and Hubbard Hospital. Nearly 20 years of debate came to a close in August 1992 when the Metro Council of Nashville-Davidson County approved a phased in approach to the “merger.”\textsuperscript{21}

In 1994, the Metro Council approved a 30-year lease agreement with a payment of $4 million annually, which Meharry used to finance bonds for the $26-million renovation of Hubbard Hospital.\textsuperscript{21}

The agreement between Meharry and the Metropolitan Government of Nashville-Davidson County had four criteria: (1) Meharry was to assume responsibility for professional staffing at Nashville General, which would be funded through a professional services contract; (2) an ambulatory clinic would remain at Nashville General’s historic site after the relocation; (3) Meharry would assume the cost for renovating Hubbard Hospital; and (4) the Metropolitan Government of Nashville-

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**Figure 1** Conceptual framework for the Meharry–Vanderbilt Alliance. Adapted from Zaman and Mavondo.\textsuperscript{12}
Davidson County would lease the Hubbard facility from Meharry for $4 million annually over 30 years. Both entities (Meharry and Nashville General) maintained their separate administrative, operational, staffing, and financial structures. It is important to note that, with the signing of the agreement between Meharry and the county government, VUMC was not administratively responsible for professional staffing at Nashville General for the first time in its history.

In January 1998, the patients and staff of Nashville General moved across town to the newly renovated hospital on Meharry’s campus. Several changes were made to improve the hospital’s image and to increase accessibility (e.g., changing routes and increasing frequency of public transportation in the area). In 2002, Nashville General had 5,847 inpatient admissions to the 150-bed facility and 71,195 ambulatory visits.

**Past collaborative attempts**

Before 1997, VUMC faculty members were often involved with Meharry on an individual basis.18 Physicians affiliated with VUMC supported Meharry’s academic mission by teaching students and residents and a few held administrative positions in the school of medicine. Clinical and basic sciences faculty members with shared interests collaborated on research projects on diseases or conditions that are most prevalent among minorities.

These relationships, however, were not strong enough to break the institutional traditions of separation. The legal and social segregation that dominated the South until the 1960s put the two institutions at opposite ends of the political and financial spectrums in Nashville. Past attempts at working together to provide health care for a shared population were often complicated by social prejudices as well as institutional self-interest. Meharry’s repeated attempts (in 1890, 1975, and 1985)18 to gain shared access to Nashville General is an example of the difficulty the two medical schools had with establishing extensive, formal collaborations.

**The current collaboration: the Meharry–Vanderbilt alliance**

The final decision to relocate Nashville General to Meharry’s campus had a major impact on all three institutions. Nashville General had to adapt to a new partner in the delivery of professional services. VUMC no longer had administrative control of the professional staffing or access to the valuable training site for its fellows, residents, and students at Nashville General. Meharry, although it had received the decision it sought, was not immediately prepared to assume responsibility for full clinical coverage at Nashville General. The administrative resistance and the absence of shared goals hampered relationship building between Meharry and Nashville General during the years between approval of the merger and the relocation.

In the fall of 1997, the president of Meharry approached the recently appointed vice chancellor for health affairs at VUMC about forming a strategic, mutually beneficial alliance.22 The informal discussions progressed to formal meetings between Meharry and VUMC faculty and administrators to explore opportunities for collaboration and to formulate goals for the proposed alliance. In the fall of 1998, the board of trustees at each institution approved a memorandum of understanding for establishing the Meharry–Vanderbilt Alliance.

Designed to recognize and ensure the continued independence of both institutions while providing mutual benefit, the overall goals of the Meharry–Vanderbilt Alliance as described in the memorandum of understanding23 were:

- To improve the educational experiences of students and housestaff of both institutions.
- To increase joint research and training grants.
- To enhance the quality and quantity of services for the patients of Nashville General.
- To jointly provide new ways of maintaining the health of the community.

The stated primary objectives of the alliance were “to develop innovative approaches to medical education; address the challenges of the new health care delivery environment; capitalize on existing strengths and competencies of each institution; enhance medical staff diversity and produce long-term positive benefits for the metropolitan Nashville community, particularly for those who are medically underserved.”22

The strategic orientation for the alliance had four core concepts23:

1. The Alliance is based on mutual respect, shared governance, and collective benefits, and belief that the collaboration is the “right thing to do.”

2. It makes good business sense for the two academic health centers to work together because their strengths complement each other and together they are capable of covering the entire health care spectrum in Nashville.

3. Both institutions will benefit if the city’s safety-net hospital is better managed.

4. The emphasis on broadening the scope of medical research to include more minorities offers new opportunities for collaboration and research funding for both institutions as well as greater access to new therapies for patients served by Nashville General.23

**The Partnership Match**

Three organizational attributes support the Alliance and serve as checks and balances to ensure the partnership will achieve its goals. They are the Alliance Office, steering committee, and management contract for Nashville General.

**Alliance office**

The most distinctive and unique element of the Meharry–Vanderbilt Alliance is the creation of a nonprofit, independent coordinating office. In 1999, Meharry and VUMC finalized formation of the alliance and agreed to jointly finance a coordinating office. The Alliance Office is charged with articulating the vision for a more effective health system, maintaining credible information systems, developing an authoritative analytical capability, providing shared staffing and technical assistance, publicizing successful initiatives, developing standards, conducting evaluations, and serving as a model of community commitment.24 The Alliance Office is staffed by an executive director, who has knowledge and long-standing relationships with both
institutions, and ten persons who support Alliance initiatives with their expertise in clinical programs, education, research development, disease management, community relations, communication, and administrative management. To assure the Alliance goals are achieved, Alliance Office personnel interact with administrators, faculty, and program directors at VUMC, Meharry, and Nashville General.

Steering committee
The steering committee provides leadership and oversight for the development and implementation of the Alliance goals. The steering committee is co-chaired by the president and vice chancellor of Meharry and VUMC, respectively, and includes deans of medicine, dentistry, and nursing at the respective institutions, the chief financial officers, the director of the Alliance’s proposed Institute for Community Health, and the chief executive officer of Nashville General. The committee has responsibility for resolving disputes that cannot be reconciled through normal channels.

Work groups. In April 1998, work groups composed of key faculty members from both institutions were organized to address planning for joint clinical training, academic support, biomedical research and training, health science initiatives, and an institute for community health. Forming the work groups was a first step toward dismantling barriers between the institutions. The work groups report to the steering committee.

Executive committee. The Alliance’s operational model was modified in 2002 with the creation of an executive committee. Composed of the school of medicine deans and the executive director of the Alliance Office, this committee meets monthly to review ongoing projects and to address concerns. The delegation of authority for program decision making to the Executive Committee strengthens the partnership in two ways: it allows the chief executive officers to focus on the vision for the strategic partnership, and it facilitates the expeditious resolution of problems by the responsible administrators at the program level.

Management agreement for Nashville General
Another critical operational initiative for the Alliance was negotiation of a management services contract between VUMC and the Hospital Authority of Nashville-Davidson County to operate Nashville General. The Alliance anticipated that having an Alliance-friendly management team to operate the hospital would be important. Fortunately, the former mayor and chair of the Hospital Authority’s board agreed. Under the new agreement, signed in May 1999,26 VUMC provides management services for the public hospital and urgent care services through the executive management positions of chief executive officer, chief operational officer, and chief financial officer. The senior management team has authority to plan and supervise day-to-day operations. Meharry faculty physicians maintain responsibility for clinical services and patient care. The arrangement allows each AHC to focus on its areas of demonstrated strength.

The introduction of new leadership at Nashville General resulted in major changes in the operational and organizational structure of the hospital. The diversity of the new management team was a better reflection of the community—instead of three white men, the new administrative team included a white woman as chief executive officer, an African American woman as chief operating officer, and a white man as chief financial officer. In 2002, the Hospital Authority approved changing the official name of the hospital from Metropolitan Nashville General Hospital to Nashville General Hospital at Meharry to signify a closer bond with Meharry and the community. The administrative team has worked conscientiously to increase employee morale, win trust of the community, and improve the smoothness of operations and quality of patient care at Nashville General.

Major Accomplishments of the Alliance
Through the collective activities of the Alliance Office, steering committee, and work groups, measurable benefits for the AHCs and the community have occurred. Below we discuss the major accomplishments reported by the Alliance.22,25

Academic support
There have been several accomplishments in the area of academic support. Examples include a program that allows fourth-year medical students to enroll in and receive credit for electives taken at the partner medical school at no additional cost and the development of a common academic calendar. During 2002–03, more than 50 students participated in joint programs at both campuses.

Clinical science training
Through the Alliance, VUMC has also participated in the review and recruitment of chairs for the departments of surgery, internal medicine, and family and community medicine at Meharry in 1999 and 2000. The new faculty members, all with outstanding records of accomplishments, have a primary appointment at Meharry and a joint faculty position at VUMC. The chair of the Department of Family and Community Medicine is charged with establishing a joint program in family medicine with VUMC.

Vanderbilt residents in general surgery, ophthalmology, pediatrics, urology, and dermatology have been assigned to the services at Nashville General. The benefits of these assignments to Alliance partners are that VUMC residents gain experience in a public hospital with a diverse patient population, Meharry’s students benefit from the clinical teaching provided by the residents, and the breadth of clinical staffing at Nashville General is increased.

Biomedical research and training
The imprimatur of VUMC’s and Meharry’s chief executive officers, along with a dedicated Alliance Office staff, has encouraged an unprecedented level of collaborative research at the AHCs. During fiscal year 2001–02, annual grant funding for joint research and training projects totaled more than $20 million. Over half of these dollars are devoted to health disparity areas such as cancer and diabetes.

Informatics
Extending use of VUMC’s biomedical library to Meharry faculty and students has supported the academic and research endeavors of the Alliance. The sharing of access to electronic journals was enhanced through a joint contract for
300 online journals. A $3.2 million grant awarded to both schools in 2002 from the National Library of Medicine (NLM) will, in part, aid the development of an informatics training program at Meharry. Clinicians at Nashville General now have free access to an extensive clinical data repository software program that was developed by VUMC.

**Continuing Challenges for the Alliance**

During its four years, the strategic alliance has encountered several challenges in the areas of communication, cultural differences, and variation in size and corporate culture.

**Communication**

In preparation for the first Alliance retreat in 2001, a series of interviews and surveys were conducted by a consulting firm with faculty, staff, students, and administrators at VUMC, Meharry, and Nashville General to identify issues and to collect recommendations for strengthening the Alliance. The results suggested that communication was an issue for faculty and students at both institutions. Respondents indicated that information about the role and purpose of the Alliance, opportunities for collaboration, shared student experiences, and benefits to the local community would aid their personal understanding of the Alliance. Among the methods recommended for improving communication were seminars, a Web site, retreats, newsletters, open forums, grand rounds, joint conferences, and presentations to executive faculty.

Since the retreat, a variety of activities have been developed to improve communication. These include many of the recommended activities such as establishment of an Alliance Web site and newsletter, jointly sponsored seminars, lectures, and forums, and social activities where faculty, students, and administrators from both institutions are invited. The Alliance Office has adopted an “open door policy” for faculty and staff of the Alliance as it continues to develop strategies for improving communication.

**Cultural differences**

Differences in culture are one of the most challenging aspects of the Alliance. The inherent differences in shared values, beliefs, and experiences at each institution are particularly obvious because Meharry is predominately African American and VUMC is predominately white. Finding common ground in institutional philosophies and practices without losing either of their individual identities is a prominent tenet of the Alliance. For this reason, the Alliance created a Cultural Understanding work group in 2001 to directly address the issues that arise out of cultural differences in all aspects of the Alliance.

**Variations in size and corporate culture**

The differences in the size and corporate culture are also challenges for the Alliance. Meharry is small with fewer human and financial resources than VUMC. Although the Alliance has fostered access to more research and hiring opportunities, Meharry’s small number of faculty and staff and less competitive employment benefits have affected its ability to pursue some research projects and recruit some clinical personnel.

The most obvious difference in corporate culture is the way each institution conducts its business. It was discovered early in the relationship that creating joint projects was not as easy as initially anticipated. The response was to form a business leadership work group in 2001. The chief financial officers at Meharry, Nashville General, and VUMC co-chair the committee. The work group’s primary functions are to develop and monitor procedures for contracts, credentialing, medical center contracting, and accounts payable and receivable. Creating procedures to help navigate institutional processes has improved the efficiency and effectiveness of conducting Alliance business. The existence of a public hospital with academic affiliations necessitated new systems, practices, and expectations for performance. Adjusting daily operations at the hospital to better accommodate needs of the academic partners also had to be addressed.

**Lessons Learned**

The early experiences of forming and implementing the Meharry-Vanderbilt Alliance have yielded observations about forming successful strategic alliances between AHCs. These observations are consistent with recommendations and suggestions found in the literature. They include:

- In addition to the vision and personal commitment of Alliance leaders, it takes real resources (dedicated funding and personnel) to make such partnerships work.
- Sustained, measurable progress depends on buy-in from administrators, faculty, staff and students at all Alliance institutions.
- Creating mechanisms for communication and building trust are essential to continued progress. The strategy of publicizing and rewarding small successes has helped to keep the goals and objectives of the Alliance realistic and manageable. Consistent momentum allows faculty and administrators at both campuses to develop a sense of community and to overcome barriers of distrust from the past.
- Federal grantors will support research projects that demonstrate collaboration, sharing of resources, and potential for addressing health issues of local and national importance.
- Awareness and sensitivity to cultural aspects of each partner institution is essential to collaboration. In order for these cultures to collaborate, it is vital that members from each institution fully understand where the other is coming from. Each partner must continue to find common working ground. As complex and fragile as this process might be, it is also important to maintain separate identities.
- The adaptive capabilities of each institution are strengthened as they respond jointly to challenges posed by external changes in the health care arena. By working cooperatively, the partners have contained costs, added value to patient care, and strengthened access to traditional and new sources of revenue.
- One Alliance can become a catalyst for affiliations with other local health care providers. Formulation of the Consortium of Safety Net Providers within Nashville-Davidson County has the potential to further improve patient care, lessen health disparities, and maximize financial resources.
As the Meharry–Vanderbilt Alliance begins its fifth year, it appears to be growing stronger. The magnitude of its successes outweighs the difficulties encountered to date. The stability of the operation of the Meharry–Vanderbilt Alliance is strengthened by the attributes of trust, commitment, ongoing efforts to improve communication, and strategies for resolving problems.

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