



Addressing Barriers to Change: What Can We Learn from Successful Health Systems?

**Health Industry Forum: The Future of the
American Hospital**

March 11, 2013

Andrew Ziskind, MD, Managing Director

- Hospitals and health systems will continue to be important and will anchor future delivery models
- Criteria for hospital success are changing
- What we're seeing on the ground: Barriers to change
- Strategies for success: Examples from the front lines
- Characteristics of rapidly transforming health systems

Why US Hospitals and Health Systems Will Anchor Future Delivery Models

- Consolidation is creating large health systems which are functionally IDN's
- Their clinical enterprise will extend beyond hospital walls as health systems employ increasing numbers of physicians
- Compared to most physician groups, health systems have a more nimble decision-making structure
- Hospitals currently provide significant IT infrastructure and have the capital to support broader infrastructure development
- Hospitals already have broad contracting capabilities and are positioned for payer-provider partnerships or payer disintermediation
- They have a large employee base to pilot initiatives with lower risk
- AS LONG AS THEY EVOLVE...
 - Into cost-effective clinically integrated delivery systems that can provide the R-R-R-R care across the continuum of care
 - Into health systems that can effectively manage risk

Criteria for Hospital Success are Changing

	Current Success	Future Success
Financial drivers	Volume drives margin	Volume and manage utilization and optimize quality
Definition of Growth	Increased patient volume	Increase in the number of covered lives and effectiveness of care management
Service Line Strategy	Drive specialty volume to support hospital margin	Coordinate care of patients with chronic complex disease across the continuum
Physician alignment	Support loyalty of independent physicians, channel volume, and employ some physicians	Clinically-integrated, predominantly employed physicians keep patients in-network and out of hospital
Clinical support for physicians	Hospitals respond to individual physician needs and desires	Hospitals support standardization of care across the continuum
Patient Engagement	“Come to us” when you’re sick	“Stay with us in our system and we’ll help you manage your health”
Payer relationships	Market leverage leads to favorable contracts	True provider-payer collaboration Potential payer disintermediation
IT	Transactional systems	Enterprise integration with advanced analytics capabilities
Operations	Focus on efficiency	Really focus on efficiency!!!

On the Ground Barriers to Change: Same Barriers – New Environment

- Misaligned financial incentives
 - Persistence of FFS
 - Volume incentives outweigh shared savings alignment
- True clinical integration is hard to achieve
 - Hospital-physician alignment
 - Physician leadership
 - Effective IT infrastructure with information transparency
 - Advanced care management
 - Analytics/predictive analytics



- Local market dynamics drive decision-making
- The destination is not completely clear
- Ineffective or variable degree of payer-provider collaboration
- Strong leadership has never been more essential
- Real change takes time
- Organizational bandwidth
- Organizational structure misaligned with goal
- Patients not engaged

Key Strategies for Success – Examples

Rational Delivery System	Effective Clinical Integration	True Care Standardization	Leverage Scale	Advanced Analytics	Vertical Integration
Partners Community Health Care	Advocate Physician Partners	Virginia Mason Geisinger	Ascension Health Alliance	Optum Aetna	Group Health Kaiser
Duke University Health System	Kaiser- Permanente Billings Clinic	Children’s Hospital Boston	HFHS & Beaumont BJC Collaborative MNS Supply Chain Network	Intermountain	Geisinger Sentara Highmark NSLIJ Memorial Hermann

Characteristics of Rapidly-Transforming Health Systems

- Strong leadership
- Local market dynamics create burning platform that helps make the case for change
- At least moderate alignment of financial incentives
- Accelerated and meaningful physician engagement through true clinical integration
- IT infrastructure provides relevant data and analytics to drive change

Health System Transformation

