

“Best Practices and Challenges for Operational Excellence in Healthcare”

Monday, September 23, 2013

- Executive Summary -



Lee Goldman (Opening Remarks)

Dean of the Faculties of Health Sciences and Medicine, Columbia University

Goldman's opening remarks focused on four key aspects of operational excellence: diagnosis (knowing an individual patient's risks and problems), therapy (doing what the patient needs), systems (doing it right for every patient without re-inventing the wheel each time) and future (changing it all when new information arises).

He emphasized the importance of developing systems to make things right, but making sure that being anchored to the present doesn't prevent us from adapting and being receptive to the immediate future's challenges.



Brent James (Operational Excellence)

Chief Quality Officer, Intermountain Healthcare

James examined some of the key ideas behind shared baseline "lean" protocols as an agent in operational excellence in healthcare.

In order to create such protocols, five principles need to be taken into consideration: 1. identify a high-priority clinical process, 2. blend it into clinical workflow, 3. embed data systems to track protocol variations and short and long term patient results, 4. demand that clinicians vary based on patient need, and last but not least, 5. feed those data back (variations, outcomes) in a Lean Learning Loop.

Overall, James documented more than a thousand lives per year at Intermountain System - people who would have died a few years ago, but don't today thanks to the implementation of these protocols. Accordingly, this is one of the two learned lessons that he presented to the audience, that is to say, in the healthcare business success is counted in lives. Secondly, he referred to the fact that cheaper care is nearly always better care. He presented some data to support that idea: at Intermountain they have taken at least 350 million dollars per year in operational cost savings, and that's one of the reasons why they shifted two years ago into a capitated system.

Lastly, he discussed the idea that while the methods appear to work, they could be much better. It is the duty of every generation, he said, to take the next step ahead.



David Bates (Operational Excellence)

Senior Vice President for Quality and Safety and Chief Quality Officer, Brigham and Women's Hospital

During his presentation, Bates brought into discussion the importance of building Accountable Care Organizations (ACO); organizations which are accountable for quality and cost across the full continuum of care for the population.

As an academic medical center (Brigham and Women's Hospital) there is big concern that specialist-heavy AMC work force may jeopardize ACO readiness. To deal with this situation, Bates presented the three main areas for trend management in which they are currently working: access to care, design of care and data management. According to Bates, high risk care management is one of the areas they are focusing much of the efforts because it results in reducing costs. Value is another area of particular interest (defined process standards in priority conditions) as well as decision support and data management (obtaining quality metrics).

According to Bates, there are seven opportunities to succeed in such arrangements: robust data management, shift care to lower cost settings, better end-of-life care, focus on behavioral health, implement care redesign, improvement of access and pricing transparency.



Uma Kotagal (Operational Excellence)

Senior Vice President, Quality, Safety and Transformation, Cincinnati Children's Hospital

Reflections on how safety challenges healthcare organizations were offered throughout Kotagal's presentation. As an example, Kotagal mentioned that Cincinnati Children's Hospital has a patient and employee safety tracker in its website which works as a transparency and accountability agent. Moreover, Cincinnati Children's Hospital has over 17 measures that show how the system is functioning, including clinical excellence, team wellbeing, patient and family experience, and patient and employee safety, among others.

The principles for operating that system are mainly 6: reliably execute key processes, build engaged and committed teams, empowered and accountable microsystems, maintain resilient staffing, reliably implement situational awareness, and, daily risk management system.

In developing a high reliability culture, Kotagal mentioned that at Cincinnati Children's Hospital they consider two key aspects: developing mindfulness (awareness of harm and risk, alignment of the strategic plan with the front line) and leadership (executive reinforcement to front line, daily and shift huddles, organizational daily brief).



Blair Godfrey (Operational Excellence)

Dean, College of Textiles, NC State University

Godfrey's presentation starting point was the fact that there are three reasons for being optimistic: healthcare has become more accessible, healthcare providers are making certain movements towards accountability and transparency, and, personal medical health records will become a powerful tool and resource. Nonetheless, currently we have models but we don't have scale.

A challenge to business schools: let's build the perfect provider. Godfrey challenged the participants to gather variables such as quality, cost, access, staffing levels, capital cost, among others and create an ideal hospital in the "cloud". A vision of what they could be versus what they are now.



Jan De Witte (Technology Challenges)

President and CEO, Healthcare IT and Performance Solutions, GE Healthcare

Connecting productivity with care and the role of technology in outcomes was the key point addressed by De Witte in his presentation. Improving quality and cost (care and productivity) is the only answer to the great healthcare debate. New payment schemes around the world have moved financial risk and pressure to drive value to providers, which created urgency to start *bending* the cost curve.

Quality and productivity are two levers that can bend that curve, but they are not new. What has changed in recent decades is that technology, specifically IT, has reached a point where it can be the game changer in this challenge.

Technology can drive change in healthcare and De Witte presented three examples that supported this idea: design for quality (it is better to design efficiency into the system than to struggle to increase it after the fact), manage variation (getting to the data and making the variation visible) and centers of excellence (connect experts to problems).

GE is making a significant investment in industrial Internet platform capabilities that bring great workflow analytics and cloud computing capabilities. A lesson learned is that impact requires great technology and great adoption.



Dan Pelino (Technology Challenges)

General Manager, Global Healthcare and Life Sciences Industry, IBM Corporation

Pelino's speech focused on technology, its application in order to create economic development and the upcoming future. He started his presentation mentioning that thanks to the fact that IBM's teams are embedded in all of the healthcare providers' locations he has been able to gather a rich and complete point of view, at least, a different perspective compared to the providers' one.

According to Pelino, many of the payers are starting to acquire delivery systems. The technology is enabling that paradigm shift, which is happening according to three concentric circles: operational efficiency, new value creation models, and new partnerships for diversification. The role of primary care physician is critical when you look at these three factors.

To be able to look at patients' similarity, access and analyze vast amounts of data and obtaining all that information at the point of intervention (or even discussion) is one of the projects that IBM is currently working on.



Toby Cosgrove (Institutionalizing Change)

President and CEO, Cleveland Clinic

Cosgrove's presentation started with an overview of key figures at Cleveland Clinic. He made special emphasis on the fact that they are currently striving to be the world's leader in patient experience, clinical outcomes, research and education.

Cleveland Clinic's plan to execute their goals is based on three key issues: they need to provide better service, they need to do that faster and on top of that, they should be able to lower costs. Two specific examples on better service and lower costs were given:

"Patients first" has been a key issue (and *leit motiv*) at Cleveland Clinic. Cosgrove presented some of the initiatives that have been created in order to understand and improve patients' experience (patient's greeter, open medical record, massage therapy, pet therapy) As a result, the patient satisfaction rate has improved significantly over the past eight years.

They have begun to raise consciousness among physicians about how much things (treatments) cost. This campaign, which was named "Choose Wisely", intends to bring awareness to the cost. By doing so they have seen substantial savings, which in the end has a direct translation in the cost assumed by patients.



Kevin Tabb (Institutionalizing Change)

President and CEO, Beth Israel Deaconess Medical Center

Where does change come from? What is the right pace for cultural change? Do we set the agenda or is it imposed on us? These were some of the questions addressed by Tabb, who also presented some data from Beth Israel Deaconess Medical Center regarding initiatives that are currently being developed by the center.

Tabb stated that at his center they realized there was a critical need for change, from a medical center paradigm to a system of care. There is need to think about healthcare from a different perspective; one that considers the healthcare business from wherever it is provided, not just healthcare provided in hospitals... but according to Tabb "it is easy to miss the point". Whether an institution chooses to transform or not, he added, is its own decision and this will probably make a difference between those that will survive and those which won't.

From Tabb's own observation there are at least three components to effect significant change in physicians' behavior: the ability to show patients data on their own performance, incentives and toolkits (IT systems. Etc)



Ken Davis (Institutionalizing Change)

President and CEO, Mount Sinai Medical Center

Davis started his presentation making a differentiation between two different types of drivers of change: internal drivers and external drivers. Internal drivers are mainly two, financial crisis and quality crisis. External drivers are factors such as an adverse public policy and shifts in business models (revenue/expense).

Why do some organizations respond successfully to needed change? What makes a culture susceptible to change? According to Davis there are five factors which allow organizations to adopt change: structure (developed and aligned incentives at all levels of the organization), transparency (at all organizational levels), talent (recruit leadership who have track record of innovation, accomplishment and entrepreneurship), vision (management team must develop a strategic plan) and communication (to all constituencies, through multiple channels and repeatedly).

According to Davis, the vast majority of healthcare providers are facing a very difficult time and many of the management teams believe they can "dodge the bullet". However, Davis agreed with other speakers in pointing out that only those providers who face change and act accordingly will be able to survive. Problems should be considered an opportunity.



John Toussaint (Institutionalizing Change)

CEO, ThedaCare Center for Healthcare Value

What kind of culture do we need to facilitate change? Toussaint's presentation discussed issues such as processes, values and management systems at the core of a high reliability organization.

According to Toussaint, there is an urgent need to redesign care in a most efficient way, but the question is if there is a system that can guide healthcare providers through that process. At ThedaCare Center for Healthcare Value they are working on a model based on four key factors: process (set of tools that enable the organization to deliver more efficient care), people (turning healthcare leaders and staff into daily problem solvers), values and management system.

According to Toussaint, ThedaCare has been using a high reliability set of principles and management systems, managed by process not by objectives, that has enabled them to deliver a 5.8% cost reduction in care.

Toussaint's presentation ended with an open question for discussion: is it possible to build an incentive system that does not penalize those healthcare providers who are driving the best results?



Paul O'Neill (Thoughts on Leadership)

Former US Secretary of the Treasury

O'Neill brought into discussion the role that leaders have in building successful organizations. He mentioned the need for a leader to take responsibility for creating a value structure, which transcends internal and external threats. This condition cannot be created from the bottom of an organization although every single person from a given institution should be able to answer "yes" to at least three questions:

- 1) Are you treated with dignity and respect everyday by everyone you encounter without regard to your gender, race, degree, ethnicity or nationality?
- 2) Are you given the things you need so that you can make a meaningful contribution to that organization? Training, education, encouragement, financial support...
- 3) Am I recognized for what I do by someone that I respect?

O'Neill also contributed to the debate by mentioning that leaders have the responsibility to distinguish between institutions' priorities and pre-conditions in order to create a scenario in which organizations can succeed.



Steve Corwin (Closing Remarks)

CEO, New York - Presbyterian

Corwin gave the conference's final remarks and started by reinforcing the idea, presented by some of the speakers, that cost and quality are concepts that when it comes to healthcare are inevitably interrelated.

A critical step for the healthcare providers is to build a high reliability system. According to Corwin, the United States provides the best acute care in the world but the system is not reliable, is uneven and it does not expand itself beyond the four walls of the hospital to primary or tertiary prevention.

Corwin highlighted that conferences such as this enable healthcare professionals to really develop the systems by which they can become highly reliable. In addition, he mentioned that there is also need for some consolidation as the measures and initiatives that were discussed throughout the presentations cannot be implemented in a scenario in which there are 5,000 hospitals. According to Corwin, only consolidation can provide the system with the economies of scale that can make changes happen.

If you have any questions, please contact either of the conference organizers:

Nelson Fraiman, Columbia Business School, nmf1@columbia.edu

Pete Stetson, ColumbiaDoctors, pds14@cumc.columbia.edu