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Changing the DNA of Healthcare: From COVID to Consumerism

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Looking a Decade Ahead: A Health Assurance System

As CEO of Apple, Steve Jobs always looked far into the future. In 2001, Apple had a very small share (perhaps 2 to 3 percent) of the computer hardware market. The company's much larger competitors focused on computers, with Dell emphasizing laptops and Microsoft continuing to make incremental improvements to its often-unstable Windows operating system. Rather than trying to increase Apple's hardware market share by a few percentage points, Jobs foresaw the digital lifestyle that would dominate a decade later and began creating it. The same week that Bill Gates ran a much-publicized demonstration of Windows '98 (which crashed during the event), Steve Jobs introduced the world to the idea of carrying a digital music library in one's pocket via the iPod. The rest, of course, is history, with Apple completely revolutionizing industry after industry and literally changing the way people live. Not coincidentally, the company enjoyed exponential growth in market value, becoming the world's most valuable company with a market capitalization of over $2 trillion.

Similarly, healthcare leaders need to start building today for 2032, a time when the COVID-19 pandemic will be viewed as the "dark days" in healthcare when everything finally changed for the better. A decade from now, 2022 will be thought of as the time when healthcare finally evolved from a broken, fragmented, expensive, inequitable "sick-care" system to a "health assurance" model where most care happens at home. It will be the time when the industry finally realized that it had to compete—not with the hospital across the street—with disruptive innovators. By 2032, the industry will have smashed the cost, access, quality, and patient experience curves through a series of disruptive events and creative partnerships. Everyone will have quick

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access to personalized care. In this era, a new strain of a mutant virus will not cause a pandemic. Rather, it will be quickly identified through artificial intelligence (AI) bots and the continuous streaming of healthcare data to the cloud. Wearable devices will immediately notify infected individuals and instruct them to isolate, while 3-D printers will churn out masks and drones will safely deliver medications and supplies. Schools and workplaces will easily convert to virtual activity as necessary, while vulnerable populations will have quick access to rapidly developed vaccines and treatments. The whole scare will be over in a month or two. And while this future may seem like something out of a science fiction film, the technology exists to get there today.

> "Just as Steve Jobs did at Apple, leaders should look for what will be happening in 10 years and begin doing it now." —*Stephen K. Klasko, M.D., M.B.A.*

Getting from Here to There

Navigating to this idyllic future will not be easy. Governments cannot be expected to lead the way, as public officials at all levels continue to grapple with the "iron triangle" of access, costs, and quality of care. Facing seemingly infinite needs with finite resources, government-led efforts to focus on one "angle" of the triangle will inevitably require a pullback in at least one of the others.

The only way around this problem is to disrupt the industry, something that can be difficult to do from inside. Peter Diamandis, an engineer, physician, entrepreneur, and pioneer in innovation noted that true disruption inevitably threatens existing product lines and past investments. As Steve Jobs' three-year strategic plan for Apple illustrates, successful disruption requires a simple-to-say but difficult-to-execute formula: "we change" (year one), "we change the industry" (year two), and "we change the world" (year three). As described in the sections below, Dr. Klasko has spent much of his career in healthcare attempting to apply the Steve Jobs formula.

Step 1: Changing Jefferson Health

Jefferson began its journey in 2013, with the goal of replacing the iron triangle with a health assurance model in which consumers understand what needs to be done and navigate on their own terms. Building this model required the transformation of

a 195-year-old academic medical center into a start-up company. Key assumptions underlying the transformation included the following:

- Jefferson will be paid based on quality, costs, patient experience, and outcomes (not volumes); hospital stays will be commoditized.
- Physicians and nurses will cooperate and engage in deep learning, and consequently Jefferson will need to select and educate them to foster creativity and allow them to be better humans.
- Population health, predictive analytics, and social determinants of health (SDOH) will move to the mainstream of clinical care, payment models, and medical education.

Just as Apple started transitioning to the digital world early in its journey, Jefferson began investing in digital health in 2013 with a $50 million outlay. In 2014, Jefferson began its transition from a health sciences center to an academic-based regional integrated health system. As shown in **Exhibit 1**, this evolution involved the acquisition of approximately $7 billion in assets without any money changing hands. Instead, Jefferson used governance (i.e., board seats) as its currency. By 2021, original Jefferson board members made up a small minority of the full board, but the organization had become an integrated delivery and finance system with the largest number of attributable lives in Pennsylvania.

Exhibit 1: Scaling To Unscale: The New Jefferson

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More importantly, Jefferson moved from the "old math" with revenues derived from clinical activities and academic teaching and research (two of the organization's four pillars) to a new math based primarily on innovation and philanthropy (the other two pillars). Now a nimble and agile organization, Jefferson looks to strategic partnerships and innovation as the core of its strategic vision and the key to differentiating itself from the competition. Two key goals guide its activities:

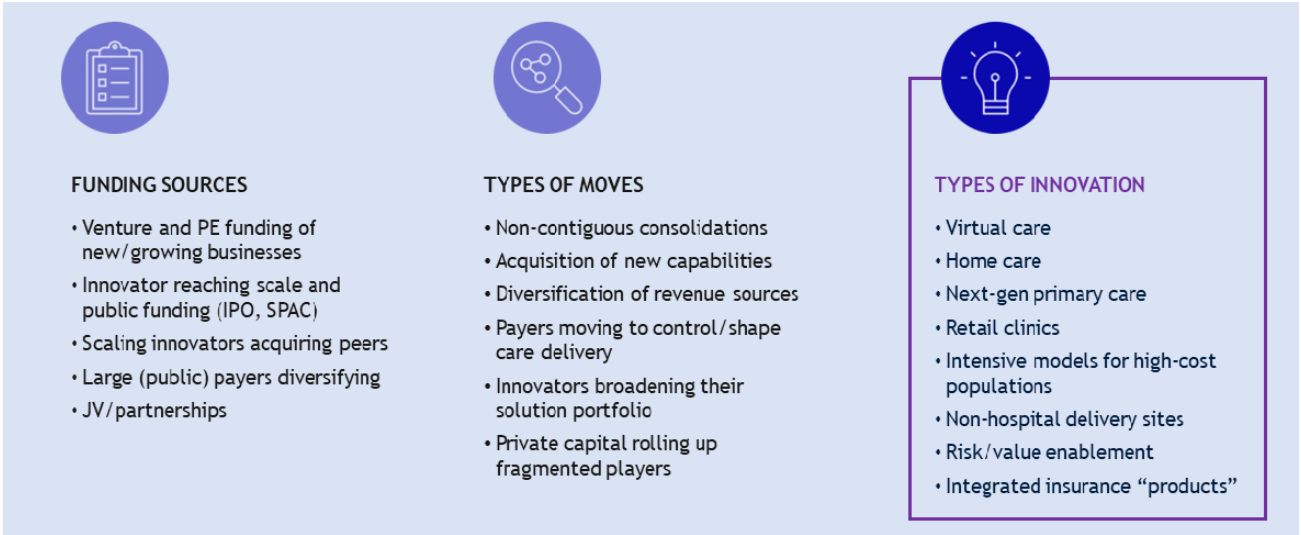
- To allow individuals to access healthcare in the same flexible manner that they consume every other consumer good.
- To redefine Jefferson Health based on care and caring instead of location.

Rather than seeing individuals as patients (as most healthcare organizations do), Jefferson sees them as people who need healthcare services. Livongo became an $18-billion company using the same approach, viewing people with diabetes not as patients, but rather as individuals who want to get through their day without being disrupted by their disease.

The key to executing this transformation lies in digital medicine, which *The Economist* called in December 2020 the next "big thing" in healthcare. With banking's transformation to the digital age well established, healthcare unfortunately stands alone in its failure to adopt digital technologies on a broad scale.

Going forward, healthcare organizations need to tap into a variety of funding sources and execute various strategies to implement the innovations shown on the right side in **Exhibit 2**.

Exhibit 2: Quick Quiz: How Many of the Right Column Initiatives Are You Planning?



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➜ The Amazon Moment

The long-awaited "Amazon moment" is coming to healthcare, which will be characterized by the following transitions:

- From sick care to health assurance (people only become patients when sick)
- From hospital to home
- From the physician and administrator as the boss to the patient as the boss
- From static to continuous data
- From humans as robots to humans as humans

> The biggest risk for 2032 is that you'll still be doing the same things you were doing in 2022." —*Stephen K. Klasko, M.D., M.B.A.*

For example, Jefferson invested in a mobile app that helps women find an obstetrician/gynecologist. Modelled after dating and insurance apps, it allows a woman to enter various parameters and preferences related to her desired physician and find a good match. Many younger physicians really like the approach, but older ones tend to have a hard time with it. Jefferson is also investing in various wearable technologies that continuously send information about a patient's health to providers, much like today's new cars continually monitor the vehicle's health and surroundings and send real-time alerts to owners when something is amiss (e.g., low tire pressure, an imminent collision hazard).

The winners will be organizations that collaborate to personalize care, with costly sick care giving way to affordable, personalized, preemptive care driven by genomics, sensors, and AI-based digital therapies. To that end, Jefferson and its partners have adopted the CARES model:

- **C**reate a strong sustainable partnership between technologists and providers to remake medicine's role in society.
- **A**pply data and technological advances to deliver the best preventive and supportive care in the least intensive way possible.
- **R**e-center the healthcare experience to focus on the relationship between the needs of individual people and their care providers.

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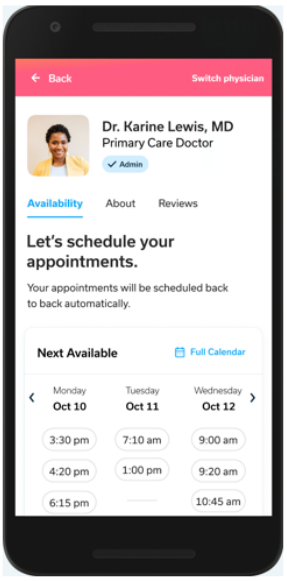
- **E**volve the payer–patient–provider system to one where incentives are aligned across all constituencies.
- **S**egment consumers so that the 98 percent who are people (i.e., not currently receiving care) view Jefferson as the key to thriving without health getting in the way.

Jefferson's ability to succeed stems in large part from its collaboration with entrepreneurial organizations such as General Catalyst. No longer just vendors, these companies have become long-term strategic partners. Together the two organizations helped to build Tendo, which has become Jefferson's patient engagement platform, as illustrated in **Exhibit 3**.

Exhibit 3: Tendo: Jefferson's Patient Engagement Platform

It is the primary avenue for patients to seek, access, and engage in care throughout the patient journey

* Functional Highlights: *With Tendo, patients can...*	
Seek Care	• Symptom Checker • Provider Search & Messaging
Schedule Care	• Appointments • Payments
Navigate Care	• Forms & Documents • Virtual Check-In/Waiting Room • Wayfinding
Follow-Up and Manage Care	• Care Plan Tasks & Activities • Referrals • Proactive Care Reminders • Patient Education
Additional Capabilities	• Caregiver Application • Clinician Application/Reporting



* Tendo products are still under development. Functional capabilities are forward facing targets.

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Well on its way, Jefferson's transformation has attracted the attention of the rating agencies. When Moody's recently downgraded the financial outlook of the not-for-profit hospital sector to negative, Jefferson's ratings remain unchanged. Moody's recognized that its investments in home health, digital health, and other areas will allow it to participate in the growth of healthcare even as the traditional inpatient business declines.

Step #2: Changing the Industry

Jefferson's strategic investments in digital and home health and its partnerships with Tendo and General Catalyst are not only changing Jefferson, but also helping to transform the industry. For example, while Jefferson was Tendo's first customer, it certainly is not its last. In fact, the venture today is valued at roughly $550 million.

The industry has been forever changed by the pandemic, with transitions occurring in four areas, as described below:

The Future of Work

While the turnover "tsunami" in healthcare began before the pandemic, COVID-19 greatly accelerated it. The continued evolution to value-based care and the accompanying changes in payment models will require the redesign of care delivery models, reconfiguration of workflows, the hiring of new types of providers, role redesign, and the "upskilling" of existing staff. Both care delivery and the workforce are shifting from acute to ambulatory and community settings.

An increased focus on health equity will require investments in patient navigators, community health workers, home health workers, and behavioral health staff (integrated into primary care settings). It will also require investments in community-based workers who can go into people's homes and address health-related hazards such as mold.

Competition to attract these workers will intensify as corporate players, particularly in primary care, also seek to hire new workers. These organizations are using technology and house calls to meet patient needs. Instead of retrofitting the existing care delivery models and workforce, they are seeking to understand patient's unmet needs for service and better deploy the workforce to meet those needs.

Much of the unmet need centers around behavioral health. Since the pandemic began, there has been a four-fold increase in adults reporting symptoms of depression or anxiety (depression in children has more than doubled). Emergency department (ED) visits for overdoses and suicides have jumped 36 and 26 percent, respectively. Patients are not the only ones struggling, as provider burnout is rampant as well. In fact, 18 percent of U.S. healthcare workers have quit their job since the beginning of the pandemic. A third of physicians, nurses, and advance practice providers intend to reduce their hours. As a result, workforce shortages are only going to get worse and reliance on temporary staffing is unlikely to diminish.

Successfully addressing the workforce-related challenges facing health systems requires an investment in all elements of the human capital system: structure, culture, leadership, and talent.

- **Structure of work:** Employers must offer flexibility in work, including remote, in-person, and hybrid models. Going forward, 40 percent of workers may work only on a remote basis (16 percent of employers are hiring only remote workers). Just over half (51 percent) of knowledge workers will perform their jobs in a hybrid model (up from 27 percent before the pandemic). Overall, 59 percent of employees expect a more flexible work structure, including the ability to work from home.
- **Culture:** The pandemic has created a disruption of social cohesion, especially for younger workers who have lost opportunities for casual social interactions. Workers face increased isolation and a lack of connection with colleagues. Yet many have more work on their plate and consequently feel burnt out.
- **Leadership:** Leaders must think of employees differently and recognize their personal lives. They must make behavioral health a priority (60 percent of employers report doing so), create more flexibility in roles and responsibilities, and provide more learning and development opportunities.
- **Talent:** Employers need to offer a new value proposition to employees, who want the following: flexible work arrangements related to the where, what, when, and how of their jobs; opportunities to develop new digital skills required for the future; a shared sense of purpose related to key societal issues and their impact; the ability to make meaningful contributions to both the organization and the community; and the opportunity for personal growth, including coaching and tailored development.

➜ Key Priorities to Prepare for the Future of Work

- Use a holistic approach to addressing employee well-being.
- Develop flex/hybrid models designed with function and equity.
- Foster inclusive leadership, including developing management skills.
- Rethink the employee value proposition, offering customized experiences.

The New Consumer

Polling suggests that healthcare consumers are "mad as hell and not going to take it anymore." A recent Harris Poll found that 81 percent believe that shopping for

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healthcare services should be as easy for other types of services. Yet, two-thirds feel that every step of the healthcare process is a chore, and nearly as many (62 percent) believe it is intentionally set up to be confusing. Over half (56 percent) know someone who avoids care because the healthcare experience is so poor.

Healthcare organizations remain mired in the 1990s when it comes to understanding consumers. They do not know what it costs to acquire or retain a customer or to prevent leakage to other organizations. For their part, new and existing customers report that healthcare marketing has no impact on their choice of provider or payer. Yet companies continue to spend money on campaigns that do not resonate with anyone outside their own marketing departments.

Provider organizations need to guide consumers by giving them the information they need to make good decisions about their health. Unengaged consumers are not only dissatisfied, but also experience higher healthcare costs. Organizations must make it easy for consumers to connect with the healthcare community, emulating Amazon, Target, and Walmart (rather than Macy's, Sears, or JCPenney). Healthcare should learn from the successes of other industries by providing value for money, giving consumers a single point of contact, and creating a seamless experience across the continuum.

The New Physician

Technology will undoubtedly take over roles currently performed by physicians, as AI and computers are able to process and remember more information than humans without getting tired. Yet computers cannot replace the human element of being a physician or the need for someone to be in the middle between patient and technology. Unfortunately, medical schools have not recognized this transition, as future physicians are still chosen based on grade point average in science classes and standardized test scores. It should be no surprise, therefore, that physicians often lack empathy, creativity, and communication skills. In addition, people of color are under-represented in the medical field, in part because minorities are often at a disadvantage in accessing resources to help them prepare for standardized tests. A growing body of research suggests that such tests are not good predictors of emotional intelligence or the ability to be a good doctor.

In short, medical education is failing today's physicians. A survey of new physicians (three years or less in practice) found that 70 percent believe that medical school did not teach them the most important things they now need to succeed in practice:

change management, leadership, communication, and negotiation skills; knowledge of healthcare financing; and an understanding of how to run an effective meeting, make patients happy, and work effectively as an individual in a large organization.

To address these education gaps, Jefferson created a different type of medical school. The school admits students based on empathy, communication skills, and creativity rather than science grades and test scores. It teaches with an emphasis not on memorization, but rather the ability to see things and think through second-order impacts. The goal is to create physicians who enter the workforce as self-aware, culturally competent, and humane, and then arm them with the amazing memorization and pattern-recognition skills of drones and robots. This approach will lead to a more diverse physician and healthcare workforce; in fact, Jefferson's student body is much more diverse than that of a more traditional medical school.

Leadership Focus and Development

Hospital and health system leaders spend too much time trying to influence the attitudes of physicians who will never change. As with most organizations, about 20 percent of Jefferson physicians understand the need for dramatic change. Roughly 15 percent will never "get it," while 65 percent will get it eventually with enough prodding and explanation. Most leaders, however, spend about 40 percent of their time with those who already get it and 45 percent of their time with those who never will, leaving only 15 percent for the "silent majority" that needs convincing. Jefferson's leaders have reallocated where they spend their time, with the focus now being on that silent majority and virtually no time spent on "lost causes." This change allowed Jefferson to bring many doctors into the "get-it" camp.

Jefferson has also created leadership development programs that play a critical role in spearheading culture change. Through Jefferson's Onboarding and Leadership Transformation (JOLT) Institute, 40 emerging leaders complete a nine-month program each year that integrates classroom instruction, a project/sketch assignment, and executive coaching. The program clearly works. JOLT graduates have improved their ability to handle difficult issues and situations by 325 percent. Other improvements attributed to JOLT include a 133 percent increase in commitment to and engagement in ensuring Jefferson's success; a 200 percent improvement in the ability to work effectively in teams; a 167 percent jump in the ability to communicate effectively and influence others; a 250 percent increase in loyalty to the organization; and an 80 percent increase in willingness to serve in a leadership capacity.

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Going forward, healthcare leaders need to reallocate their time and redefine how they think about leadership. Key lessons include the following:

- Understand and learn from what other industries have done in times of crises.
- Practice "radical" collaboration by forging strategic partnerships with new partners.
- Overcommunicate with key constituencies.
- Show vulnerability, passion, creativity, and flexibility, even while remaining disciplined and focused on strategy.
- Align leaders with those on the front lines.
- Disagree in the early stages of communication (since consensus can lead to inaction), but insist that everyone commit once a decision is made.
- Recognize the need for a new "cabinet" that includes a chief public health officer, chief experience officer, chief consumer officer, and chief social media and information officer.
- Always have five subordinates who believe they can do a better job than the boss, and at least three who are correct in that assessment.

> We make sure pilots still know how to fly on a regular basis, but no one has assessed my surgical competence in 35 years." —*Stephen K. Klasko, M.D., M.B.A.*

Step #3: Changing the World

Like Apple, Jefferson is trying to change the world. Along with climate change, addressing health disparities and providing health assurance for all may be the most important issue facing the world today. The pandemic has highlighted a long-known fact—that health status is determined largely by factors that have nothing to do with healthcare. For example, the chances of getting and/or dying from COVID-19 are determined more by where someone lives (i.e., zip code) than by genetics or personal behaviors such as mask wearing and social distancing.

Addressing these disparities requires radical communication, collaboration, and an intense focus on health equity. Beyond just making the wealthy healthy, the goal is large-scale transformation that brings health to all. To that end, the Center for Responsible Innovation is calling for major innovations that promote positive societal outcomes. Success will require disruptive thinking and creative partnerships to

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create new ecosystems. The transition will be painful for those who refuse to think differently. While this "fourth industrial revolution" will be based on tools and data, it also requires proactive attention to their human and ethical consequences. For example, if those who developed the combustible engine knew about its impact on climate change decades later, they presumably would have done some things differently. Similarly, had the implications of social media been better understood early on, additional guardrails would likely have been put in place. Today the world already understands the potential negative implications of AI-based tools (e.g., racial and ethnic biases) and consequently needs to address them proactively. Finally, addressing SDOHs and health inequities must move beyond "academic ponderings" to become part of mainstream clinical care and health policy.

The future will consist of robots and humans working together to eliminate disparities and provide better health to everyone, such as through use of drones or Instacart to deliver healthy foods to areas previously classified as food deserts. As this transition occurs, hospital boards will need to pay close attention to cybersecurity issues, as consumers want guardrails to protect their personal information. They will also need to invest in medical simulations to ensure that both new and old physicians can learn from their mistakes in a safe setting. Abandoning the old "see one, do one, teach one" mentality, simulation centers make sure that both new and established doctors are competent to perform a procedure before going near a patient.

See Consumerism 3.0: Healthcare in a World of Post-COVID Expectations: Insights from the 2022 System Forum *to read all the presentation summaries from The Governance Institute's 2022 System Forum.*