

# BoardRoom Press

*A Bimonthly Journal of News, Resources, and Events for Today's Healthcare Boards*



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## Understanding and Navigating Healthcare M&A in the New World of Disruptors

### Use of Mobile Health Technology for Communication in Healthcare

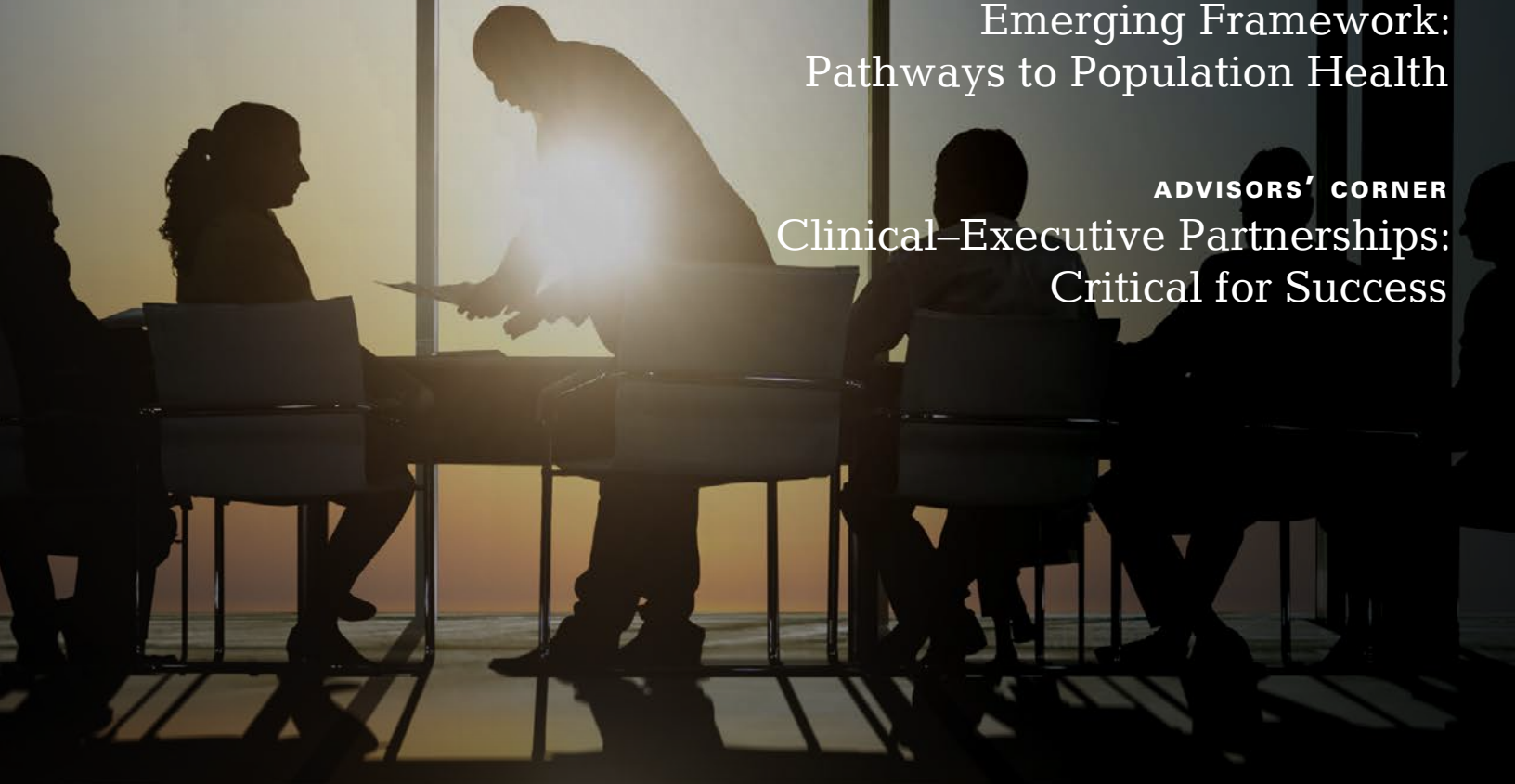
**SPECIAL SECTION**

### Boardroom Priorities in the Age of Healthcare Consumerism

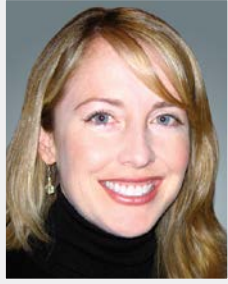
### Emerging Framework: Pathways to Population Health

**ADVISORS' CORNER**

### Clinical-Executive Partnerships: Critical for Success



# The Governance Quadruple Aim



**W**e are continuing our focus on consumerism with this issue of *BoardRoom Press*, which features a special section on this important topic. Why is this topic so important to us? It's not just about flashy apps and "keeping up with the Jones's." It combines quality, value, access, patient experience, population health, and technology into one unified set of goals to make the entire healthcare process better for all patients.

But we are moving in new territories in order to confront the needs of consumers and compete with non-traditional disruptors. So, what do boards do

when there are not yet "best practices" established in a given area of governance concern? We get many questions from members about needing a list of "best practices" for x, y, and z. Many times there are indeed established best practices that work for most boards. But more and more we are finding that this is a time of trial and growth to develop new best practices. Boards can and should examine what other boards of leading, disruptive, and cutting-edge organizations and companies are doing in healthcare right now. But the next step for a board is to then tailor those lessons learned to develop "best practices" for their own unique scenarios and market considerations.

As the articles in this issue demonstrate, there is a governance "quadruple aim" for boards to focus on now:

- Consumer-focused strategy: does every pillar and set of goals within your strategic plan aim to enhance the consumer experience?
- Leverage the knowledge of board members—they can be your best source of information on how, when, and why the healthcare system is failing consumers.
- Measure what matters and set hard but attainable goals.
- Most importantly, hold management accountable for reaching those goals.

Kathryn C. Peisert, *Managing Editor*

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# Understanding and Navigating Healthcare M&A in the New World of Disruptors

By Anjana D. Patel and Zachary Taylor, Epstein Becker & Green P.C.

The healthcare industry is facing an unprecedented increase in merger and acquisition (M&A) activity. Traditionally, these transactions involved provider-to-provider deals, such as hospitals and health systems merging or hospitals acquiring physician practices, nursing homes, home health companies, etc. More recently, however, there has been an increasing trend of new organizations entering the industry creating new M&A models with a potential to significantly disrupt the industry. These new entrants consist of payers, retailers, pharmacies, IT companies, private equity funds, and large employers, and they are engaging in transactions not only amongst themselves, but also with providers. The actual impact of these activities on hospitals remains uncertain, but what is obvious is that the old way of doing business is rapidly changing. Hospitals and health systems need to understand, anticipate, and proactively react by creating business strategies to effectively compete in the industry.

Disruptors are entrepreneurial, innovative, and financially secure. They possess the ability to amass and analyze huge amounts of financial, clinical, and consumer data, as well as impact how and where healthcare products and services are utilized. Disruptors are investing in companies that keep costs down by owning more of the supply chain, or they are employers looking to limit their costs and cut out the payer middleman by engaging in such strategies as direct contracting with providers. Like other industries, such as retail, disruptors are focused on the patient as a consumer. They understand that in order to truly meet the demands of a consumer, they will need to employ new strategies and technologies.

## Consumerism and Technology

Amazon's focus on improving the customer experience provides a model for healthcare organizations. Hospitals and health systems would benefit by replicating this ideology in the new consumer-centric healthcare era. By treating patients like customers, hospitals will have to work to earn their respect, business, and loyalty. Consumers want to engage in personal dialogue that is grounded in mutual

respect and empathy. Hospitals could use their local networks to develop and maintain those emotional connections and thereby strengthen their brand in the community.

Healthcare consumers also want convenient access to care and cost transparency. One way disruptors are engaging in strategies to address these needs is by investing in technology. By focusing on telehealth, digital devices, artificial intelligence, portable technologies, and social networking, disruptors are implementing systems that allow care to be integrated into the consumer experience.

## Retail Health

As patient care shifts away from traditional inpatient facilities and primary care offices, disruptors are looking at a retail health model to create a more convenient patient care setting. They are creating platforms that provide access to a wide variety of service options, the ability to tailor a solution to the individual patient, and, with the use of technology, create access anywhere, at any time.

Retail clinics provide a number of advantages to patients including:

- Business hours that exceed traditional physician practices.
- Convenience of in-store locations that are within neighborhoods, connected to the community, whereas traditional practices may not be as readily accessible or convenient.
- Walk-in office operations that operate on a first-come, first-served basis and do not require appointments.
- An increase in preventative care, early intervention, and potential diversion of non-critical patients away from hospitals resulting in cost savings.

Retail clinics are not without their challenges, however, as they may not impact emergency room visits to the extent many believe. Further, they may increase overall spending as care is sought more frequently than necessary, and, perhaps most importantly, they require the patient to trade-off between developing personal relationships with their physicians for immediate

## Key Board Takeaways

Healthcare boards should consider the following strategies to effectively compete with disruptors:

- Bring data analytics to the forefront of both clinical and operational decisions.
- Highlight your hospital's service differentiation and strengthen your brand.
- Rethink the patient experience, focusing on their needs, wants, and behaviors. To be consumer-centric, hospitals have to adapt the way they have historically delivered care.
- Understand that patients are customers who demand high-quality, convenient, and cost-effective care.
- Technology is key. Use it to better serve and retain your patients. Anticipate their needs and proactively develop platforms that create efficiencies in care delivery.
- Follow the healthcare disruptors for best practices and future trends.

access to a provider. Thus, hospitals and health systems can leverage their physician practices to compete with retail healthcare.

## Legal Issues

A major legal hurdle impacting M&A transactions are the antitrust laws. Historically, vertical mergers, which consist of entities operating at different ends of an industry's supply chain, have received less scrutiny from the government than horizontal mergers. In the recent U.S. Supreme Court decision the *United States v. AT&T and Time Warner*, the government lost the battle to block a vertical merger, but the healthcare industry should still be cautious. Federal officials are committed to questioning vertical mergers that they believe could cause downstream economic effects on product flow and prices, and the volume and innovative M&A transactions in the healthcare industry may provide the government ripe ground for future enforcement.

## Conclusion

In this new era of disruptors in healthcare M&A, hospitals and health systems need to refocus their approach to providing healthcare and diversify their service offerings. Examining how the disruptors handle the fragmented system of care is crucial to responding to change. Amazon and Optum are streamlining the customer experience through

*continued on page 10*



# Use of Mobile Health Technology for Communication in Healthcare

By Cris V. Ewell, Ph.D., CISSP, CISM, UW Medicine

The benefits of digital and mobile health are numerous and include improved point-of-care coordination, enhanced physician efficiency, increased healthcare quality, and increased information access and real-time communication.<sup>1</sup> Despite these benefits, the use of digital and mobile technology in healthcare is lagging behind other industries. In addition, the adoption and use of mobile technology for unified communication are not universally implemented. Some of the barriers to successful adoption of a mobile health strategy include the complexity of healthcare (including interfacing with the healthcare record), federal and state regulations, lack of infrastructure to support devices, and many security- and privacy-related issues.<sup>2</sup>

Physicians and nurses understand the importance of effective communication and often use their personally owned devices to aid in the coordination of patient care between healthcare teams. In one study of academic medical centers (AMCs), 85 percent of physicians said they own a smartphone and use the device in the healthcare setting,<sup>3</sup> and McBride and LeVasseur found that 94 percent of the nursing staff they surveyed use their personal phone at work—mostly to send emails and text messages to other healthcare members.<sup>4</sup> In a study of pediatric hospitalists, 91 percent of participants used a smartphone, 60 percent utilized text messages while at work, and 53 percent received work-related text messages when not working.<sup>5</sup>

While members of the healthcare workforce are using their smartphones for patient care related communications, according to an article in the *Journal of Medical Systems*, 59 percent of AMCs still provide one-way text pagers for clinical communications and only 35 percent provide a cellular or other

mobile device.<sup>6</sup> In addition to the accepted use of pagers, another reason for the slow adoption of mobile devices used for patient care communication is the lack of clarity and guidance from the HIPAA regulation and internal hospital policies on what is required to protect the information from unauthorized access, use, or disclosure. The same study of AMCs found that 49 percent of the respondents believed that HIPAA prohibits text messages on personal mobile devices.<sup>7</sup>

To help guide the healthcare organization with the adoption of an effective mobile communication strategy that is compliant with federal laws and regulations, boards and senior leaders should consider the following initiatives.

## 1. Develop a Mandatory and Unified Communication Plan as Part of the Overall Digital and Mobile Health Strategy

Many healthcare organizations are using mobile communications but have not adequately analyzed their use of communication in the delivery of patient care. While hallway conversations, email, telephones, and one-way paging have been used for years, understanding the abilities and capabilities of more advanced mobile communication platforms can dramatically improve the satisfaction of the users as well as improve overall patient care coordination and compliance with regulations. Start with understanding the data and how physicians and clinical staff use the mobile devices. Next senior leadership should analyze the following four categories to better understand what is missing from your current implementation:

- Basic functionality and privacy/security requirements—i.e., message

## Key Board Takeaways

Many healthcare organizations are not realizing the benefits from a unified communication strategy. Boards should ask the leadership team how the mobile communication plan is part of the larger digital and mobile health strategy. This includes asking:

- Does the organization have a mature communication strategy?
- How well is the implementation of mobile health technology supporting patient care and the workforce?
- How is the organization protecting patient care data on mobile devices?

Without a fully implemented plan, the organization is at risk for negatively impacting patient care and having a potential breach of PHI with company or personally owned devices.

status, logs, mobile device management features, encryption, privacy/security settings, and record management

- Integration and advanced functionality—i.e., alerts and alarms, test results, roles and schedules, electronic health record (EHR), clinical decision support systems (CDSS), and other clinical application integration
- Communication and workflow functionality—i.e., group conversations, search functionality, sending options, multimedia attachments, status, directories, and availability for physicians, nurses, and support and ancillary services
- Technology needs—i.e., smartphone (iOS and Android) support, cellular and Wi-Fi capable, and application download availability

## 2. Define an Acceptable Use Policy for Mobile Devices

Understanding the limitations of what is acceptable when using the mobile device must be discussed, defined, and

*continued on page 11*

1 David Kotz et al., "Privacy and Security in Mobile Health: A Research Agenda," *Computer*, Vol. 49, No. 6, June 2016; Bruno Silva et al., "Mobile-Health: A Review of Current State in 2015," *Journal of Biomedical Informatics*, August 2015.

2 Mary Walsh and John Rumsfeld, "Leading the Digital Transformation of Healthcare: The ACC Innovation Strategy," *Journal of the American College of Cardiology*, 2017.

3 Orrin Franko and Timothy Tirrell, "Smartphone App Use Among Medical Providers in ACGME Training Programs," *Journal of Medical Systems*, October 2012.

4 D.L. McBride and S.A. LeVasseur, "Personal Communication Device Use by Nurses Providing In-Patient Care: Survey of Prevalence, Patterns, and Distraction Potential," *JMIR Human Factors*, April 13, 2017.

5 Stephanie Kuhlmann, Carolyn Ahlers-Schmidt, and Erik Steinberger, "TXT@WORK: Pediatric Hospitalists and Text Messaging," *Telemedicine and e-Health*, June 2014.

6 Robert Freundlich, Kathryn Freundlich, and Brian Drolet, "Pagers, Smartphones, and HIPAA: Finding the Best Solution for Electronic Communication of Protected Health Information," *Journal of Medical Systems*, November 2017.

7 *Ibid.*

# Boardroom Priorities in the Age of Healthcare Consumerism

By Steve Jackson, NRC Health

For hospitals and health systems, the signs are clear and the trends are mounting. A once-in-a-generation change is coming, and it can be summed up in a single word: consumerism.

A decade from now, the healthcare landscape will be nigh-on unrecognizable. As consumer behavior shifts, profit margins shrink, innovations from outsiders disrupt the industry, and non-traditional providers surge in popularity, it's well past time to consider: will our organization be able to thrive in *tomorrow's* marketplace?

The answer to that question will depend on the steps healthcare organizations take *today*. As Theodore Levitt put it, "Once you find yourself in a position where you need to adapt, it's usually too late."<sup>1</sup> Therefore, the goal for any hospital or health system should be to prepare for consumerism, rather than adjust for it.

The success of this preparation will depend, in large part, on decisions made in the boardroom. In arranging for a transition to a consumerist culture, board members face an unenviable task, but not an insurmountable one. A judicious and deliberate approach, following three discrete steps, will help them make the best possible decisions for their organizations:

1. Understand where consumerism came from, and how it affects the organization.
2. Discern why—and how—the organization is falling short of the modern consumer's expectations.
3. Create a culture of maximal responsiveness to consumer demands.

## The Causes—and Consequences—of Consumerism

To prevent any misunderstanding, it may be helpful to revisit what "consumerism" means in the context of healthcare. The term refers to the surging influence that consumer decisions exert on the entire marketplace. These decisions aren't limited to which provider they visit.

Consumers increasingly dictate the terms of healthcare delivery, the modes of treatment, and even the reimbursement a hospital or health system can claim.

Put frankly, the balance of power has shifted. Providers can no longer depend on a "captive audience" of patients in their geographies. Instead, they will have to adapt to consumerism's pressures. To do that, they would do well to understand where consumerism came from, and how it manifests itself in their customers' decisions.

## Where Consumerism Comes From

Three factors gave rise to modern healthcare consumerism:

1. *Patients' increased responsibility for care costs.* Patients are paying more than they ever have for their care. High-deductible health plans and soaring care costs have made patients responsible for larger shares of bigger bills. As of 2017, patients pay 35 percent of the revenues going to providers—putting them behind only Medicare and Medicaid.<sup>2</sup> This naturally makes patients more discriminating. They want to get the most for their dollar, and they're not afraid to be selective.
2. *Easy flow of information.* Transparency is a hallmark of the Internet. Provider ratings abound on the Web. The government's efforts (e.g., CMS's Hospital Compare), Web sites (e.g., Yelp), and even providers' own Web pages now strive to guide consumer decisions. With all this information at their disposal, consumers feel free to shop around for the best provider in their areas.
3. *Conditioning from other industries.* "Customer obsession" is the ethos behind Amazon, and it's spreading. A large proportion of the population has experienced the ease and convenience furnished by companies

## Key Board Takeaways

To help transition their organizations to a consumerist culture, board members should:

- Ensure they understand how consumerism affects the organization.
- Expand the focus beyond the care encounter to additional consumer experiences such as booking an appointment and paying the bill.
- Explore how the organization is failing to meet consumers' expectations, and what it can do to increase patient loyalty.
- Leverage the knowledge of board members from outside healthcare—they bring interesting insights around the consumer experience.
- Ensure the healthcare brand is engaging with the broader community (e.g., through building community partnerships).
- Insist that the organization measures what matters using the right survey methods and data collection and analysis processes.

like Amazon, Netflix, or Uber. Now, there's no going back. They want the same frictionless experience from every domain of their lives—even healthcare.

## What Consumerism Looks Like

The convergence of these three forces has had a powerful effect on the healthcare market. Taken together, they motivate behaviors that many hospitals and health systems have struggled to adapt to.

For instance, patient loyalty has plummeted. In a study by NRC Health, 7 percent of consumers said they are willing to switch providers after just *one* bad care experience, and 80 percent of them will switch providers for convenience factors alone.<sup>3</sup> A healthcare organization's hold on its customers has never been so delicate. Providers will have to plan carefully to minimize customer frustration, or else risk losing their patients forever.

Patients, after all, do not lack alternatives. In fact, an increasing portion of them are willing to abandon traditional healthcare providers altogether. Retail and mini-clinics have seen an astonishing 500 percent growth rate since 2006.<sup>4</sup>

1 Greg Satell, "Successful Companies Don't Adapt, They Prepare," *Harvard Business Review*, October 18, 2016.

2 Michael Evans and Kevin Fleming, "What We Can All Do About Rising Healthcare Costs," *Forbes*, June 28, 2017.

3 NRC Health, "Healthcare CMOs: What Can You Do About These Common Problems?" July 11, 2017.

4 Christopher Burkle, "The Advance of the Retail Health Clinic Market: The Liability Risk Physicians May Potentially Face When Supervising or Collaborating with Other Professionals," *Mayo Clinic Proceedings*, Vol. 86, No. 11, November 2011, pp. 1086–1091.

A full 30 percent of patients have turned to them for care.<sup>5</sup> The retail clinic ascendancy shows no signs of slowing as these upstart organizations continue to innovate and aggressively expand.

Hospitals are, and will remain, the absolute authority for advanced medical care. But these trends indicate that, in the eyes of many consumers, hospitals (and even stand-alone clinics) have lost their luster. Patients are increasingly seeing them as providers of last resort. As in so many other areas of the economy, consumers are gravitating toward the easiest, most convenient, and cheapest experience available.

### What Healthcare Organizations Are Missing

How did this shift away from traditional providers come to be? And, why did many healthcare organizations fail to capitalize on the consumerist revolution?

### How Patients Are Mismeasured—And Misunderstood

In 1995, the Centers for Medicare and Medicaid Services (CMS) began requiring healthcare organizations to administer Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys. So far, the instruments have shown undisputable benefits for consumers. Patient satisfaction with their care experiences has soared since their inception, up 10 points from even 2008.<sup>6</sup>

That's an excellent result, but not necessarily a surprising one. It's a business-school truism that "what gets measured, gets managed." By and large, healthcare organizations have measured and managed their care experiences impeccably.

However, an important corollary is: "what does *not* get measured, gets missed." And a relentless focus on the care encounter, unfortunately, drives hospitals and health systems to miss two important dimensions of a patient's

relationship with a healthcare brand: care-adjacent experiences and long-term trust.

#### 1. Care-Adjacent Experiences

While traditional surveys capture invaluable information about the care encounter itself, they don't ask about the experiences that surround it. These include booking an appointment, waiting to be seen, and coming to grips with billing and fee structures—all domains that patients fume about, and where retail clinics tend to excel.

In fact, 55.9 percent of patients report that they visit retail clinics because, compared with traditional providers, it's much easier to get an appointment.<sup>7</sup> Further, even if they manage to secure an appointment with a doctor, almost a third of patients report unduly long wait times—and 20 percent say they will switch providers if they have to wait too long.<sup>8</sup> Also, 61 percent of patients say their bills are confusing, and most of them feel that providers are to blame.<sup>9</sup>

By narrowing in on what happens in the exam room, many hospitals and health systems neglect opportunities to improve these parallel aspects of their operations.

#### 2. Long-Term Trust

Patient feedback surveys also focus on discrete episodes of care. For most patients, these episodes can be many months, or even years, apart. As a result, the collection of patient data is inherently sporadic. Small wonder that nearly half of provider organizations report an inadequate understanding of a patient's journey of care.<sup>10</sup>

Also missing from this episodic perspective is how patients engage with brands *outside* of the hospital. Because healthcare is so intimate, consumers will only patronize brands that they trust. But a trusting relationship is delicate and complex. Many factors contribute

to it, and not all of these are captured in care episodes.

A hospital's investment in its community, for example, is one of the most robust predictors of a patient's trust in an institution.<sup>11</sup> This effect is impossible to observe through episodic feedback. Instead, spotting opportunities like this requires a revision of the short-term thinking that patient surveys inadvertently reinforce.

### Consumerism's Great Reward: Loyalty

Flawed as the surveys are, CMS reimbursement hinges, in part, on favorable CAHPS scores. Healthcare organizations are therefore likely to continue prioritizing efforts at elevating them.

To some extent, that's laudable. Patients have the right to a superb clinical experience. But a strategy that favors CAHPS at the expense of other dimensions of patient engagement is shortsighted. From a business perspective, excellent CAHPS scores have a limited upside.

High CAHPS ratings help healthcare organizations avoid some of CMS's value-based purchasing (VBP) penalties. These penalties command an undue influence on institutional decision making. Compared to their low-scoring peers, high-scoring organizations see only \$424,000 more in reimbursement, on average.<sup>12</sup> This is not a negligible figure, by any means. But when weighed against the hundreds of millions of dollars in average hospital expenditures,<sup>13</sup> the maximum VBP penalty approaches a rounding error.

It looks even smaller when compared with another "penalty," this one imposed by the marketplace: the loss incurred from patient defection. When patients leave a healthcare system, they take their \$1.4 million of lifetime healthcare spending with them.<sup>14</sup> That's a steep loss for any organization to countenance,

5 NRC Health, "2016 US Health Care Statistics Data By State & Demographics"

6 Summary of HCAHPS Survey Results, Centers for Medicare & Medicaid Services, Baltimore, MD, March 2008 and April 2016.

7 Committee on Optimizing Scheduling in Health Care and the Institute of Medicine, "Issues in Access, Scheduling, and Wait Times," In *Transforming Health Care Scheduling and Access: Getting to Now*, Edited by Gary Kaplan, Marianne Hamilton Lopez, and J. Michael McGinnis, Washington D.C.: National Academies Press (U.S.), August 24, 2015.

8 Sara Heath, "Long Appointment Wait Time a Detriment to High Patient Satisfaction," PatientEngagementHIT.

9 Kelly Gooch, "61% of Patients Confused by Medical Bills, Survey Finds," *Becker's Hospital Review*, July 14, 2016.

10 "Patients and Providers Don't See Eye-to-Eye on Patient Experience: 6 Survey Findings," *Becker's Hospital Review*, February 25, 2016.

11 Elyria Kemp, Ravi Jillapalli, and Enrique Becerra, "Healthcare Branding: Developing Emotionally Based Consumer-Brand Relationships," *Journal of Services Marketing*, 2014.

12 Douglas Ivan Thompson, "Consumerism: Strategies to Meet New Market Demands and Rising Expectations," HIMSS Annual Conference & Exhibition, February 19-23, 2017.

13 American Hospital Association, "Fast Facts on U.S. Hospitals," Health Forum, 2018.

14 Brian Wynne, "The Real Reason Loyalty Lacks in Healthcare," *Becker's Hospital Review*, June 20, 2017.

and one that healthcare organizations must prevent.

As explored above, hospitals and health systems lose patients because they fundamentally misunderstand how consumers make choices. Excellence in care is only part of the equation—the minimum baseline that patients have come to expect. They won't come back to an institution for quality of care alone. Instead, most consumers choose to stay with—or leave—a provider based on factors such as convenience, ease, and price.<sup>15</sup>

These are at the heart of the consumerist revolution in healthcare. The upside on improving these factors can be tremendous, and they're not just financial. True enough, a 10 percent increase in patient retention can yield an extra \$22 million in annual revenue.<sup>16</sup> But more important are the commensurate improvements in patient care.

Loyal patients avoid many of the difficulties associated with care coordination across multiple providers. This improves the state of their care and reduces the friction they experience in navigating the healthcare system—which, in turn, helps them make more judicious use of the services available, contributing to better care outcomes and overall health.<sup>17</sup>

### What Boards Should Do

Loyalty, then, is a clear victory for all parties involved. It cultivates healthier patients, as well as stronger organizations. But despite loyalty's benefits, many organizations will struggle to generate it. The relentless chase of clinical excellence has forced consumerism to the bottom of institutional priorities. Future patient loyalty will hinge on whether organizations succeed in bringing it to the foreground.

This is where board members can make a meaningful difference. By asserting the primacy of consumerist concerns, boards can reorient their organization's vision. They can help ensure a prosperous future of ongoing service, and secure the long-term loyalty of the patients in their hospital's care. Below

are four ways board members can work toward achieving this goal.

### 1. Make a Holistic Vision of the Consumer an Explicit Board Priority

First things first: board members must understand that this is not an ordinary initiative. Affecting the necessary changes won't be as simple as adding a few items to a to-do list. Rather, boards need to take an integrative perspective. Consumerism should inform every decision they make. That starts with bringing together the disparate arenas of their organization to create a unified understanding of the consumer, including "patient experience" staff and activities.

This could entail managerial changes. Many hospitals and health systems have recognized the value, for instance, in creating roles for a Chief Experience Officer (CXO).<sup>18</sup> CXOs understand a patient's experience is a complex amalgam of their various interactions with a healthcare brand. They synthesize information across clinical domains, marketing, and customer service to add depth and detail to what hospitals know of their consumers.<sup>19</sup> While the role is still in its nascent stages, their importance in the industry will only grow. Hospitals without a CXO should consider fielding outstanding candidates.

But sometimes the best intelligence isn't human at all; board members can also take a cue from the experts in big data. Cutting-edge advances in data collection and analytics have allowed some healthcare systems to build centralized databases of their patient information. By effectively organizing patient data, these databases can create a panoramic view of the hospital or health system's customers.<sup>20</sup> This enables healthcare organizations to better assess patient risk, and to build *predictive* models of consumer behavior.

### 2. Leverage Non-Healthcare Experience in Board Meetings

Clinical leadership belongs in the boardroom. The presence of doctors

and nurses almost always improves institutional performance.<sup>21</sup> But in the face of the consumerist revolution, it's clear that healthcare organizations will need to draw lessons from outside the industry, too.

Healthcare has some irreconcilable differences from, say, retail and hospitality. However, it's for good reason that many articles circulate on what hospitals can learn from companies like Disney, Marriott, and Southwest Airlines.<sup>22</sup> These globe-straddling corporate giants have made tremendous strides in customer service, and healthcare organizations should heed the lessons learned from their experience.

But how much better is it for a hospital's success if they learn from the *local* luminaries? These individuals can often provide hyper-specific—and utterly invaluable—intelligence on what their communities need rather than just broad business insights. For this, there's no better source than board leadership.<sup>23</sup> Non-clinician board members have often achieved local eminence in other industries. This undoubtedly gives them a certain amount of business expertise. More likely than not, their unique experiences inform philosophies of customer service and operational excellence that can contribute to a hospital strategy. Even better, their working knowledge of what local customers prefer can offer an important perspective on patient behavior.

### 3. Build Loyalty Where It Starts—in the Community

As mentioned above, much of a patient's trust is earned through a healthcare brand's engagement with the broader community. Here are three strategies board members can direct to ensure their organizations are making the right impression.

#### *Make the Most of CHNAs*

In 2010, the Affordable Care Act mandated that non-profit hospitals create, and publicly post, community health needs assessments (CHNAs) every three

15 Thompson, 2017.

16 *Ibid.*

17 Shelley Wilson, "How Care Coordination Can Improve Patient Outcomes," Cerner Blog, September 21, 2017.

18 Brooke Murphy, "30 Hospital and Health System CXOs to Know," *Becker's Hospital Review*, March 29, 2018.

19 Jeanne Bliss, "Defining the Chief Patient Experience Officer Role at Cedars-Sinai Hospital," CustomerThink, March 4, 2018.

20 Julie Davis, "Bringing Predictive Modeling to Health Care," American Marketing Association Blog, 2016.

21 Gianluca Veronesi, Ian Kirkpatrick, and Francesco Vallasca, "Clinicians on the Board: What Difference Does It Make?" *Social Science & Medicine*, January 2013.

22 David Reeves, "Three Things Hospitals Can Learn from Hotel Management about Patient Satisfaction," *Becker's Hospital Review*, February 19, 2018; Rich Krueger, "What Hospitals Can Learn from Amazon, Southwest Airlines, and Disney," *Health IT Outcomes*, July 28, 2017.

23 Emily Rappleye, "Fine-Tuning the Hospital Board: 5 Steps to Better Governance," *Becker's Hospital Review*, July 12, 2016.



years. But healthcare organizations should not view these as an onerous requirement. They present some important opportunities.

The data collected for CHNAs, for instance, expands well beyond simple quantitative measures. As they work to create their assessments, hospitals enter into a rare dialogue with their community members, giving them a voice in how the hospital operates.<sup>24</sup> If healthcare organizations manage these conversations with tact and sincerity, they will create many meaningful connections with potential patients.

CHNAs can also be used to spur ideas for organizational partnerships.<sup>25</sup> The assessment can guide hospital leadership to the community's most urgent public health challenges, and will reveal which organizations are best equipped to solve them.

Partnering with charities that prevent homelessness is one common result of this kind of analysis. Others might include nutritional support programs, counseling hotlines, and charity clinics. Any of these can be an important way to signal an organization's commitment to community welfare.

#### *Project Expertise and Compassion*

Hospitals rightfully take pride in their clinical staff. They're likely some of the most highly trained workers in any community. Bringing visibility to these staff members will generate significant goodwill for healthcare organizations.

For example, providing time off for nurses and physicians to participate in volunteer efforts gives them an opportunity to show their work to outside community members; clinician ambassador programs can reinforce a healthcare brand's compassion; and creating educational events (e.g., for diabetes or other chronic illnesses) can build up a healthcare organization's authority for specific conditions or lines of service.

#### *Keep Cozy with Journalists*

In some ways, 2018 may be a nadir for faith in media organizations. But against the odds, trust in *local* news

media persists in most American communities.<sup>26</sup> This means it's crucial for healthcare organizations to have healthy relationships with their community's journalists.

Board members can be exceedingly useful in this area. By being forthright and respectful ambassadors of their organization's brand, they can help inform reporters' perspectives. Candid, open conversations with journalists can contribute to even-handed coverage of a hospital's initiatives, successes, and shortcomings. In the long run, that earns good faith from the public.



#### **4. Measure What Matters**

Good data is the foundation for strong health system management. Compromised data quality, insufficient sample sizes, or irrelevant statistical "noise" can undermine even the most earnest healthcare leaders. They simply won't know where to direct their efforts.

Start with strong collection. As explored above, many hospitals and health systems rely on CAHPS, or other mail-in surveys, to learn what patients think about their care experiences. But feedback-by-post is far from how customers prefer to offer their opinions. As a result, these surveys usually see depressed response rates—hovering around just 29 percent per year.

These low numbers contribute to statistical uncertainty, which might make clinicians view this feedback as unreliable. Updating survey modalities is a relatively simple step that

healthcare organizations can take to resolve the issue. Modern, digital-facing real-time feedback platforms reflect what patients want to see. When well-deployed, they multiply quarterly response rates by four.<sup>27</sup>

But a surfeit of data won't do much good without robust analysis. Fortunately, AI-powered tools can automate much of the analytic legwork. Natural language processing, for instance, is a subset of linguistic analysis that assays patient comments for meaningful sentiment trends. The technology has advanced to the degree that it can appreciate nuanced layers of opinion in feedback.<sup>28</sup> This enables healthcare systems to process enormous volumes of open-ended comments, and field specific areas of concern for patients.

Taken together, these best practices in data collection and analysis give leaders the best possible means to understand their customers' thoughts. Board members should insist that their organizations use them.

#### **Conclusion: The Board's Duty**

There's no disguising the fact that part of the board's duty is to shepherd the organization through an uncertain future. Amidst all the uncertainty, though, one thing is clear: in this industry, as in so many others, the most consumer-centric organizations are the ones that will continue to thrive.

The era of consumerism will therefore continually challenge even the most competent healthcare boards. The pace of change shows no sign of slowing. As the pressures of consumerism mount, hospitals and health systems will need to take pains to understand what their patients need. This is now part and parcel of a board member's responsibility. Understanding customers, after all, is the demand at the heart of consumerism. And consumerism is the future of healthcare.

*The Governance Institute thanks Steve Jackson, President of NRC Health, for contributing this article. He can be reached at [sjackson@nrchealth.com](mailto:sjackson@nrchealth.com).*

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# Emerging Framework: Pathways to Population Health

By Somava Stout, M.D., M.S., Institute for Healthcare Improvement

If your organization is on the journey to population health, you won't want to miss the Pathways to Population Health (P2PH) framework just released jointly by the American Hospital Association/Health Research Education Trust, the Institute for Healthcare Improvement, the Network for Regional Healthcare Improvement, the Public Health Institute, and Stakeholder Health via 100 Million Healthier Lives with the support of the Robert Wood Johnson Foundation.<sup>1</sup> These key partner organizations, together with over 50 pioneer sponsors, are engaging hundreds of healthcare organizations in a shared journey to population health with a focus on 1) speaking with a common voice and language; 2) breaking population health into simple, powerful portfolios of activity; and 3) developing tools and pathways to make the journey easier.

This article reviews what the P2PH framework is, who it is relevant for, and how it can help you on the journey to population health.

## What Does the Framework Say?

The framework is divided into three main sections:

- 1. Foundational concepts and creating a common language:** defines key concepts and terms that are foundational to understanding the journey to population health (the *why*)
- 2. Portfolios of population health:** describes four interconnected portfolios of work that contribute to population health (the *what*)
- 3. Levers for implementation:** surfaces the levers that can be used to accelerate your progress within and across portfolios of work to improve population health (the *how*)

The first section provides simple, clear language about what population health is. For instance, it clarifies that proactive management of a patient panel is population management while population health also includes improving the well-being of the places in which people live, work, learn, play, and pray; distinguishes between defined populations (a group of people with something

in common) and place-based populations (a group of people who are related to a place); and adapts the World Health Organization's definition of health as mental, physical, social, and spiritual well-being. In addition, this section articulates six foundational concepts:

1. Health and well-being develop over a lifetime.
2. Social determinants drive health and well-being outcomes throughout the life course.
3. Place is a determinant of health, well-being, and equity.
4. The health system needs to address the key demographic shifts of our time.
5. The health system can embrace innovative financial models and deploy existing assets for greater value.
6. Health creation requires partnership because healthcare only holds a part of the puzzle.

These six foundational concepts are accompanied by references, tools, and examples to help healthcare organizations understand what acting according to these principles might look like.

The second section offers healthcare organizations a simple way to organize their work on population health into four portfolios of effort and recommends that they develop a balanced portfolio over time to achieve the greatest impact at a sustainable cost. Two of these portfolios relate to improving the health and well-being of the people healthcare is directly accountable for (patients and employees) and two relate to improving the health and well-being of the places a healthcare organization might be working in (the community):

### People you directly reach:

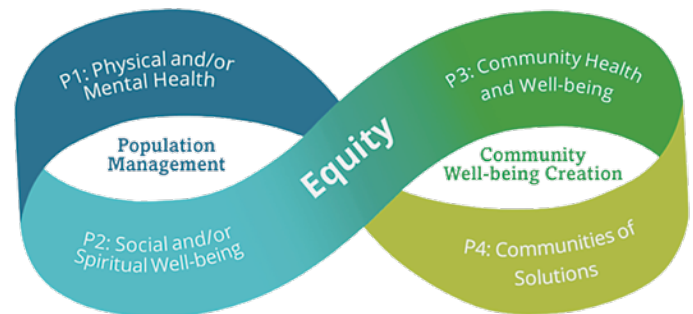
- Portfolio 1: Mental and physical health—proactively improving mental and/or physical health for the people you directly reach

## Key Board Takeaways

Next steps for boards include:

1. Engage your board and organizational leadership in learning about the P2PH framework and assessing where you are on the journey to population health using the Pathways to Population Health Compass.
2. Create an action plan by portfolio for your journey to population health.
3. Create a governance structure that can oversee your organization's journey and help ensure that you are using your organization's assets strategically to achieve measurable, equitable, and sustainable population health impact.

Exhibit 1: Portfolios of Population Health Framework



- Portfolio 2: Social and spiritual well-being—assessing, connecting, and improving social and spiritual well-being for the people you directly reach

### Places you relate to:

- Portfolio 3: Community well-being creation—partnering across sectors to improve a focused issue in a community (e.g., opioids, chronic disease, homelessness)
- Portfolio 4: Communities of solutions—in partnership with others, taking long-term stewardship for improving health, well-being, and equity by using non-traditional roles and assets to disrupt the underlying systems that produce inequity while growing the leadership of people most affected by inequity

These portfolios are interconnected and build off of and contribute to one another, as demonstrated in **Exhibit 1**.

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<sup>1</sup> This article is adapted from Somava Stout et al., *Pathways to Population Health: An Invitation to Healthcare Change Agents*, 100 Million Healthier Lives/Institute for Healthcare Improvement, 2018.

## Understanding and Navigating Healthcare M&A...

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increased and innovative use of technology. The Aetna/CVS transaction strives to create a community of care that develops pathways to connect patients to services for answering questions, filling prescription drugs, and healthcare coverage. Walmart and Humana are utilizing their retail expertise, combined with the recently formed primary clinic subsidiary, Conviva, to capture volume for both businesses. Hospitals need to:

- Create a patient-centric environment that is both cost-effective and efficient by managing the total patient experience. For example, to create a better experience, update “grease boards” to digital displays that include more information that will help streamline care, and give patients immediate access to information such as staff interactions, medications, and procedures.
- Be transparent about cost and quality. Engage patients in discussions around what a visit or procedure will cost, including emergency room visits. Also, provide a cost-estimator tool on the organization’s Web site, and make sure it figures in contracted rates and allows for individual benefits information.
- Build on value-based care initiatives and strengthen their brand. Build a strong patient-friendly brand through

engagement outside of typical patient interactions. Utilize social media and technology platforms to help patients form closer relationships with providers. Be sure to create stories not just list accolades.

- Understand that healthcare delivery has to be flexible, in multiple settings, and allow patients to make their own choices. Offer patients convenient access to care through both physical locations and virtual systems (patient portals for scheduling, telemedicine, extended hours, etc.).
- Rethink the patient experience, focusing on consumer needs, wants, and behaviors. Create a multi-disciplinary team, including navigators, that focuses on the experience and delivery of healthcare from patients’ perspectives, both during and after care delivery. Create a space for stakeholders to provide input, and always be proactive, not reactive, to consumer needs.

To ensure the organization is able to effectively compete with disruptors, boards should ask management:

- Is everyone, whether front-, middle-, or back-office service delivery, attuned to the patient’s perspective?
- Do we have a strategic plan to adopt IT systems and infrastructure that will aid

in collaboration across multi-user, multi-device environments?

- What technology is integrated into physician appointments? Can we redesign the experience by reducing wait times and increasing transparency?
- What are the emerging roles in the patient-centric system? Do we have the talent at all levels to coordinate programming?

Hospitals and health systems operate in a highly regulated industry and many are non-profits and thus subject to regulatory and financial pressures. However, healthcare is a long-term play that requires strategy that is constantly looking years into the future. Hospitals and health systems should be proactive and assess strategies that include components of patient consumerism, technology, and thinking “outside the box,” which could include partnering with disruptors to enhance current and future hospital initiatives. ●

The Governance Institute thanks Anjana D. Patel, Member, and Zachary Taylor, Summer Associate, with Epstein Becker & Green P.C., for contributing this article. They can be reached at [adpatel@ebglaw.com](mailto:adpatel@ebglaw.com).

## Emerging Framework...

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There are opportunities for community integration to better leverage assets in all of the portfolios. Finally, equity and partnership with people with lived experience is a cross-cutting theme in every portfolio.

The third section focuses on key levers for implementation of the four portfolios. These include roles a healthcare organization can play, relationships, governance, financing models, policy, data, equity, and partnership with people with lived experience.



### How Can You Use the Framework to Make Progress on Your Population Health Journey?

The Pathways to Population Health Web site offers simple tools to help healthcare organizations make progress.<sup>2</sup>

These include:

- A **compass** that healthcare organizations can use to assess where they are in terms of changes needed for population health as well as implementation strategies needed for each portfolio
- A curated **oasis** of high-value resources for hospital/health system transformation

In addition, each partner organization is working to engage healthcare organiza-

tions that have opted in with free programmatic offerings to support them make meaningful, measurable progress in their population health journey. To access these resources, go to the Web site ([www.pathways2pophealth.org](http://www.pathways2pophealth.org)) and sign up for the campaign. Any group can sign up to be a pioneer sponsor to disseminate the framework, engage their members in the framework, and support them in making progress. ●

The Governance Institute thanks Somava Stout, M.D., M.S., Vice President, Institute for Healthcare Improvement, and Executive Lead, 100 Million Healthier Lives, for contributing this article. She can be reached at [sstout@IHI.org](mailto:ss Stout@IHI.org).

<sup>2</sup> See [www.pathways2pophealth.org](http://www.pathways2pophealth.org).

## Use of Mobile Health Technology...

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accepted by the medical and nursing staff. The policy should address issues like type of data to be included in the communication (minimum necessary), Joint Commission requirements (i.e., no patient care orders), whether direct physician-to-patient or nurse-to-patient communication is acceptable, and documentation of mobile communication in the medical record.

### 3. Understand the Ownership, Control, and Support of Mobile Devices

The consumerization of mobile devices has impacted healthcare. Users expect the organization's devices to perform as well as their own devices, and they don't want to carry more than one device. There are a few different options when it comes to ownership: company owned and used for business only, company owned and used for both personal and business, and personally owned. When it comes to support and control, it is much simpler to support company devices that meet specific standards. Healthcare organizations need to consider their own IT resources and how

much control they might be willing to give to the users if personally owned devices are allowed. Implementing a mobile device management infrastructure is highly recommended for any organization with mobile devices.

### 4. Address Mobile Device Privacy and Security

While the HIPAA security and privacy rules do not require specific technology solutions, healthcare organizations do need to implement reasonable and appropriate controls to safeguard the protected health information (PHI) from any unauthorized access, use, or disclosure. The Joint Commission also recommends that unsecured mobile communication should be prohibited. To help facilitate compliance with the laws, it is necessary to understand how the workforce will use the mobile device and how the security and privacy controls may limit or impede on the usability of the device. Technology alone will not solve the privacy and security risk. Executive support, education, and a culture of security and privacy is required.

In summary, boards and senior leaders must understand what they want and need out of a mobile health strategy. The current workforce entering the medical field has been exposed to mobile devices most of their lives and will use these devices to help them perform their work. While this article doesn't discuss the patient's use of mobile technology, it is important to address the patient mobile experience as part of the overall strategy since many patients expect their healthcare interactions to be similar to other current uses of their mobile device. Without a unified communication strategy, adequate controls, and knowledge of how the devices will be used within the healthcare facility, the potential for a breach of PHI is dramatically increased and the ability to realize the benefits for patient care will be missed. ●

The Governance Institute thanks Cris V. Ewell, Ph.D., CISSP, CISM, Chief Information Security Officer and Affiliate Assistant Professor, Biomedical Informatics and Medical Education, at UW Medicine, for contributing this article. He can be reached at [ewellc@uw.edu](mailto:ewellc@uw.edu).

## Clinical-Executive Partnerships...

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believes that profit must be the primary metric for all decisions. The inherent conflict between the core corporate value of compassion and the personal value of profit would make any decision conflictual. Whereas, if all of the leaders are firmly committed to the core value of compassion, then a decision would be much easier to determine.

An *inspirational vision* is the second soft variable that all physician and executive leaders create. A vision is a statement of the possible, not the probable. It is a destination that is, in many ways, more desirable than the current condition. Leaders, by definition, inspire followers to manage positive change. Leaders are able to communicate the importance of all staff being engaged in the change process. Visions are the vehicle that helps individuals transcend self-interest. And, when physicians and executive leaders partner in communicating

a better future (vision), then all (or at least most) clinical and business staff are mobilized to achieve the vision.

*Trust* is the third soft leadership variable. The degree of trust is a predictor of long-term success. Trust is the glue that holds all organizational personnel together when things get tough, and at the same time it is a lubricant that reduces the friction inherent in the change process. Quite simply, trust is "the benefit of the doubt." When there is high trust, we assume that all parties are being open, honest, and consistent. But, in an environment of low trust, individuals believe that there is a "hidden" agenda, and are always looking to find out what is *really* going on, instead of using their intellectual skills to make the best decision. Positive organizational change that is sustainable can only happen if there is complete trust at the leadership level.

The future of healthcare delivery and population health improvement in the United States will be determined by the degree that physician and executive leaders can partner to build strong business and regulatory systems based on aligned values and an inspirational and a well-communicated vision—all held together by trust. Today's physician and executive leaders cannot afford to ignore the importance of both the hard and soft factors that drive success. ●

The Governance Institute thanks Brian J. Silverstein, M.D., Managing Partner, HC Wisdom, and Governance Institute Advisor, and Thomas A. Atchison, Ed.D., President and Founder of Atchison Consulting, LLC, for contributing this article. They can be reached at [briansilverstein@hcwisdom.com](mailto:briansilverstein@hcwisdom.com).



# Clinical–Executive Partnerships: Critical for Success

By Brian J. Silverstein, M.D., HC Wisdom

Physician and executive leaders meet at the intersection of clinical and business processes. High-performing healthcare delivery systems are led by clinicians and executives who create a culture that meets the Triple Aim of: 1) improving the patient experience, 2) improving the health of populations, and 3) decreasing the per capita costs of healthcare. The resultant effects are an engaged workforce, optimal patient experiences, and good economic value. This requires a leadership team that understands the hard business and clinical realities the organization faces today, and also has an appreciation of the softer, but critical, side of leadership including developing a shared vision, values, and trust.

## The “Hard” Clinical and Business Realities of Today’s Healthcare Systems

There are several national trends that are impacting most hospitals and health systems across the country, and the high cost of healthcare is at the top of the list. The challenge that we are facing as an industry is that our revenue is someone else’s costs. There are many approaches to developing strategies to help an organization thrive, but one common thread is that it requires collaboration between the business and clinical delivery of care.

One of the most sophisticated ways to look at the cost of a care episode is through an analysis called episode grouping, which focuses on the cost to treat a given issue. With episode analysis there are standards that define the beginning of the episode, what is included and excluded from the episode, and the end of the episode. This can help truly reflect when a provider is more efficient in delivering care. For example, if a provider orders a relatively expensive test more frequently, this may be viewed negatively on a pure utilization report. However, an episode analysis may demonstrate that the provider is more efficient overall when the other services required to treat a given problem are considered.

Most organizations do not have the sophistication and expertise to do an episode analysis so they revert to looking at the cost and pricing of individual services. The payer for healthcare is typically an employer or the government.

The current challenge for payers is that the costs of healthcare are crowding out the profit in business, as well as the ability to offer higher wages or other benefits.

To respond to these trends, payers are taking a two-pronged approach: 1) they are holding the line on pricing to providers (which is creating a challenge for providers) and 2) many employers are changing benefits. Some employers are very aggressive and willing to take chances on benefits in order to save money. However, other employers are more conservative and are likely to wait until the results are known or proven to make a change. Based upon your local employers that will be a key indicator for market readiness for programs to address the cost and quality of care. As employees are exposed to more of the initial cost of healthcare it will have an impact on their utilization and choices.

Per-unit revenue for many hospitals and health systems is flat or low growth, and providers are responding by looking at their costs for producing services and ways they can enhance revenue through value-based strategies. These value-based strategies involve improving the quality of healthcare to gain enhanced revenue or developing new contracting strategies related to the total cost of care. The total cost of care should be an all-in number that accurately represents the total financial cost (patient responsibility plus either employer or insurer cost) of a given patient for their healthcare in any given time period.

An analysis of the total cost of care should be performed for each payer type individually and compared to a national, regional, and local normative value. For example, the management team and board will want to look at the total cost of care for Medicare/Medicaid in various commercial insurance products. It is possible and even likely that in some payer categories your organization’s total cost of care will be higher than normal values and in others it will be lower. This will be informative and help identify opportunities for population health.

The need to engage and collaborate with the clinical delivery system on

## Key Board Takeaways

To ensure that clinical and executive leaders are successfully working together, the board should ask the following questions:

- What is our current state of clinical–executive partnerships?
  - » What is our overall current status?
  - » What areas do we have successes?
  - » What are our areas of greatest concern?
- What are best/leading practices that we should consider adopting?
  - » Do we have a system to measure and monitor relationships (similar to a CRM system)?
  - » What are we doing to improve the leadership skills of our clinical teams?
  - » How often does the management team participate in formal events for the clinical teams?
  - » How often does the management team engage the clinical team informally?
- How can we create a way to measure and monitor improvement?

these issues and improve the business of healthcare is greater than ever before.

## The “Soft” Leadership Realities of Today’s Healthcare Systems

There are three critical leadership variables in successful physician–executive partnerships: 1) shared *values*, 2) an inspirational *vision*, and 3) strong *trust*. These are the “soft,” albeit essential, elements that bind physicians and executives who lead their organizations to a better future. An interesting fact is that these factors are sequential—i.e., *values* must be aligned before an inspirational *vision* is created, and the success of ongoing strategic and tactical implementation of the vision is always a function of *trust*.

*Values alignment* is the first and most important soft factor. Values are the reasons we behave the way we do. Values are the beliefs that drive decisions and motivation. So, when values are aligned, the decision process is focused on the best result. However, if there is a values conflict, then the participants focus on their personal values at the expense of the organization’s mission. For example, let’s assume that an organization is faith-based and is driven strongly by the value of compassion. In this organization, there is an executive who

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