

Health System Planning in a Disrupted Future

A Governance Institute Webinar
presented by

Thomas Kiesau, Senior Partner, Strategy Practice Area Leader
Brian Silverstein, M.D., Senior Partner, Value-Based Care Practice

The Chartis Group

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INSTITUTE



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Today's Presenters



Thomas Kiesau
Senior Partner, The Chartis Group
Strategy Practice Area Leader

Mr. Kiesau brings over 20 years of consulting experience in the healthcare industry, having served as an advisor to leading integrated health systems, academic medical centers, children's hospitals, faculty practice groups and multi-specialty physician groups. Mr. Kiesau's areas of expertise include enterprise strategic planning, digital strategy, strategic partnership development, commercialization ventures, capital/financial planning, economic alignment and service line planning, and he has also led the creation of corporate strategy and product development strategies for firms that serve the healthcare industry.

Mr. Kiesau graduated with high honors from The University of Chicago Booth School of Business with a Master of Business Administration concentrating in Finance, Economics and Strategy. He also holds a Bachelor of Business Administration in Information Systems Design and Operations Management from The University of Wisconsin, where he graduated with distinction.



Brian Silverstein, M.D.
Senior Partner, The Chartis Group
Value-Based Care Practice

Dr. Silverstein is a national healthcare thought leader and an advisor with The Governance Institute. He has extensive consulting and operational healthcare expertise, including a focus on population health management. Dr. Silverstein has focused his 20 years of healthcare experience on creating a positive impact on patient care and provider satisfaction through smart business strategy and operations. He continues to focus on assisting select organizations throughout the country on their value-based care delivery strategy and operations.

Prior to The Chartis Group, Dr. Silverstein served as a Senior Vice President at CareFirst BlueCross Blue Shield, where he ran one of the country's largest value care delivery programs.

Dr. Silverstein is a faculty member with ACHE and the Thomas Jefferson School of Public Health QSLs. In addition, he frequently has delivered presentations for national organizations and is a prolific author. Dr. Silverstein received his M.D. from the University of Chicago Pritzker School of Medicine and completed his internship in internal medicine with McGaw Medical Center of Northwestern University.

Learning Objectives & Continuing Education Information

After viewing this Webinar, participants will be able to:

- Explain the drivers of change affecting the healthcare industry (both current and impending) and the impact they will have on the evolution of healthcare delivery for health systems.
- Review a high-level framework for a healthcare organization's strategic planning process in light of the emerging future context that appropriately balances the organization's focus on current, interim, and future needs.
- Define the roles that both boards and management must play in articulating and executing both the short- and long-term strategic role of the hospital or health system.

Continuing Education Credits Available:

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Program level: Overview

No advanced preparation required

Field of Study: Business Management and Organization

Delivery method: Live Internet

Maximum potential CPE credits: 1.0

Criteria for successful completion: Webinar attendees must remain logged in for the entire duration of the program. They must complete the evaluation survey and include their name and degree (M.D., D.O., other) at the end of the survey in order to receive education credit. Evaluation survey link will be sent to all registrants in a follow-up email after airing of the Webinar.

Disclosure Policy

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All faculty, moderators, panelists, staff, and all others with control over the educational content of this Webinar have signed disclosure forms. The planning committee members have no conflicts of interests or relevant financial relationships to declare relevant to this activity. *The presenters have no financial relationship with The Governance Institute or its parent company, NRC Health.*

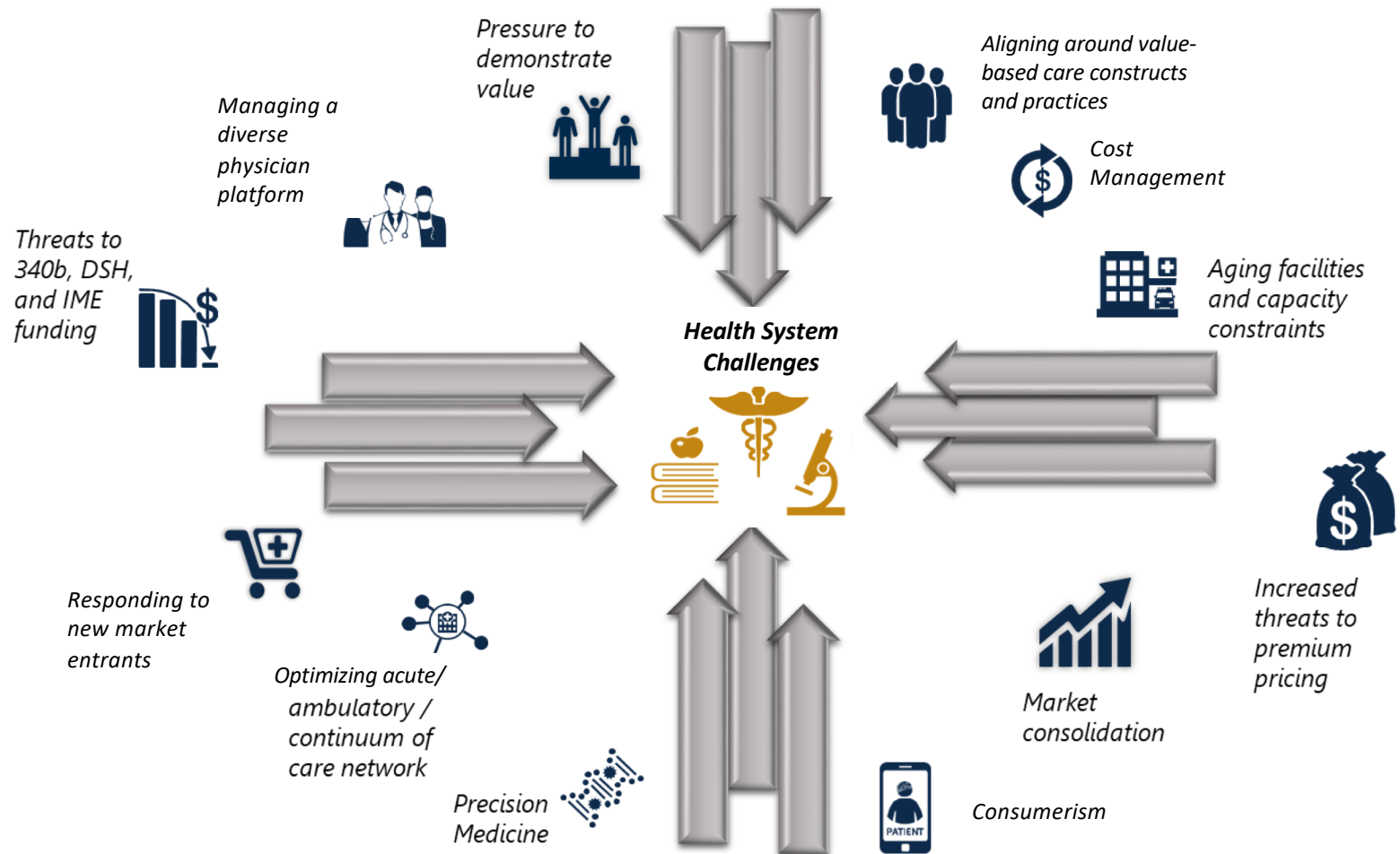
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None of the presenters intend to discuss off-label uses of drugs, mechanical devices, biologics, or diagnostics not approved by the FDA for use in the United States.

Executive Summary

- The “digital industrialization” represents a current and future existential challenge for hospitals and health systems.
- The industrialization has already begun in some domains of healthcare, and there is a “land rush” underway as organizations enter the space to reap the opportunity.
- The impact of digital industrialization on healthcare organizations will range from the operational infrastructure to patient care (including operational ecosystem which supports care delivery, the clinical networks and the care models providers employ).
- Health systems need to fundamentally reorient themselves and their planning efforts to consider and define their role and position in the new context (is digital a capability or a fundamental driver?).

The Challenges We Know



The Challenges We Don't

Digital Industrialization

An industry shift in the value chain, enabled by connective technology and analytics, from one that is:

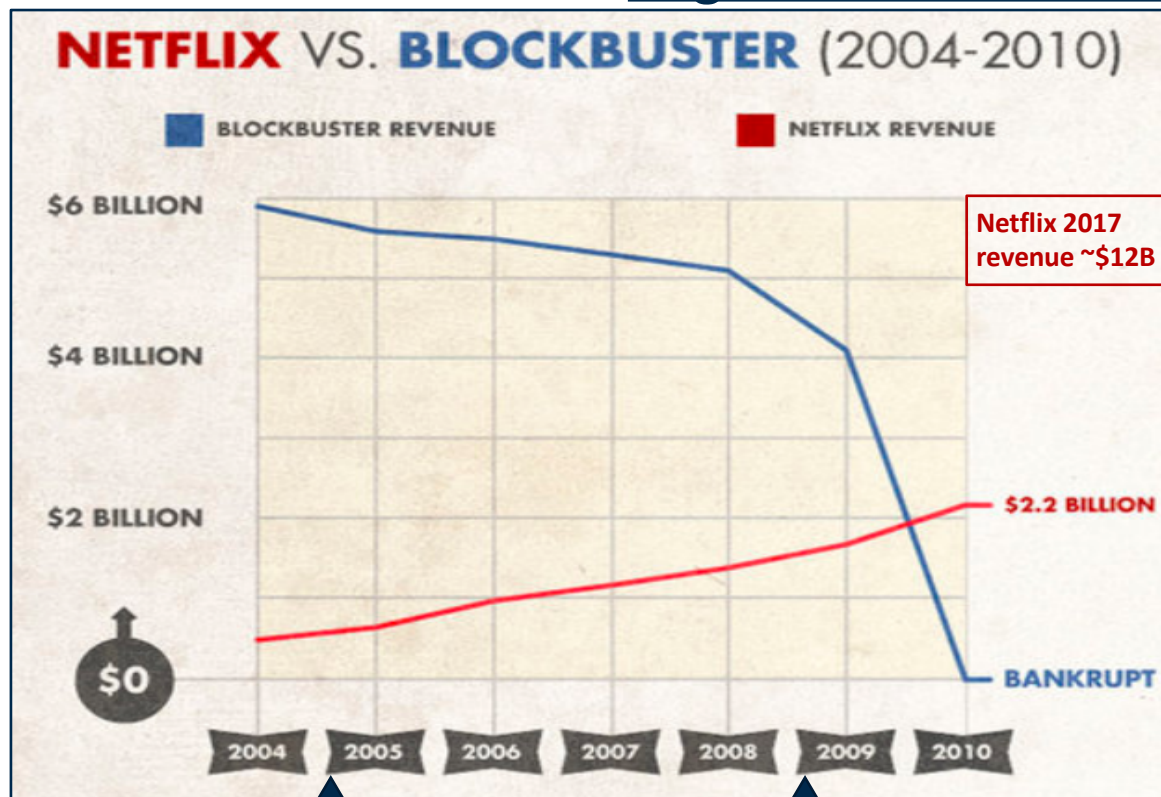
- Constructed around producer capital, assets, and outputs
- Geographically-based
- Time and space-bound
- Predicated on physical distribution models and a sequentially discrete value chain

To one that is:

- Constructed around the end-user activity, accountability, and personalized experience
- Unbounded in its delivery
- Meets on-demand requirements
- A convergence of production, distribution, and consumption
- Predicated on technological and data driven access and operating models that connect across digital and physical mediums.

The Challenges We Don't

Digital Industrialization



August 2004
Blockbuster introduces
DVD-by-mail service

September 2008
Blockbuster acquires
MovieLink to offer
online streaming

*Interview with CEO Jim Keyes
December 10, 2008*

"Should we put shareholder money at risk in a market that's at best five years away from being commercial? I don't think so."

"Neither RedBox nor Netflix are even on the radar screen in terms of competition, it's more Wal-Mart and Apple."

"DVDs are a melting glacier. Yes, it's melting, but it's a slow melt."

Keyes doesn't know if countrywide bandwidth will be there to digitally deliver quality movie experiences by the time Blu-ray discs run their course. He sees an opportunity to fill the gap, providing in-store servers loaded with high-quality releases that can be transferred to flash memory cards in 30 seconds.

How Health Systems See the World

TERTIARY HUB

COMMUNITY HOSPITAL

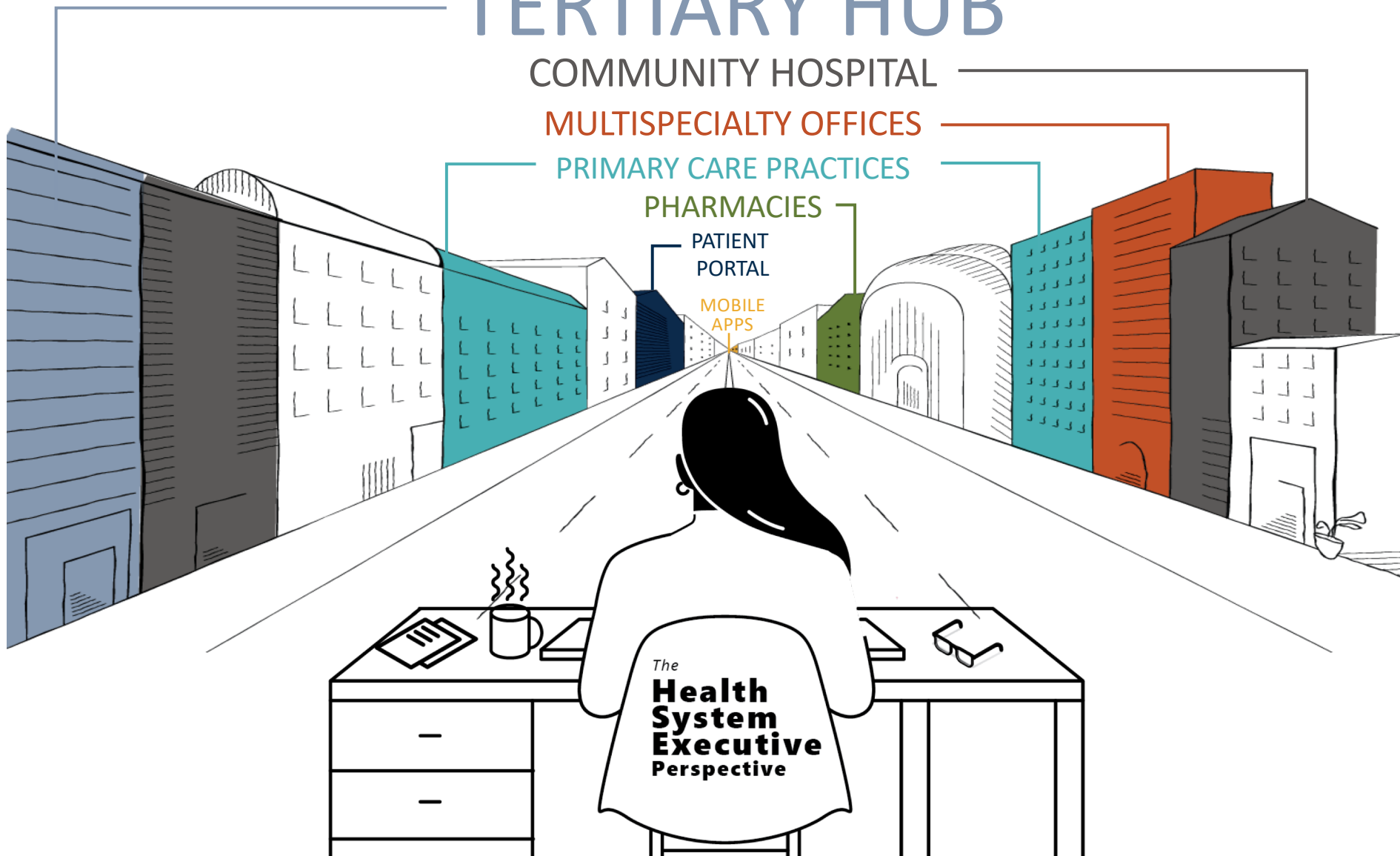
MULTISPECIALTY OFFICES

PRIMARY CARE PRACTICES

PHARMACIES

PATIENT
PORTAL

MOBILE
APPS



How Healthcare Consumers See the World

WEB SEARCH

CLINIC PHONE LINE

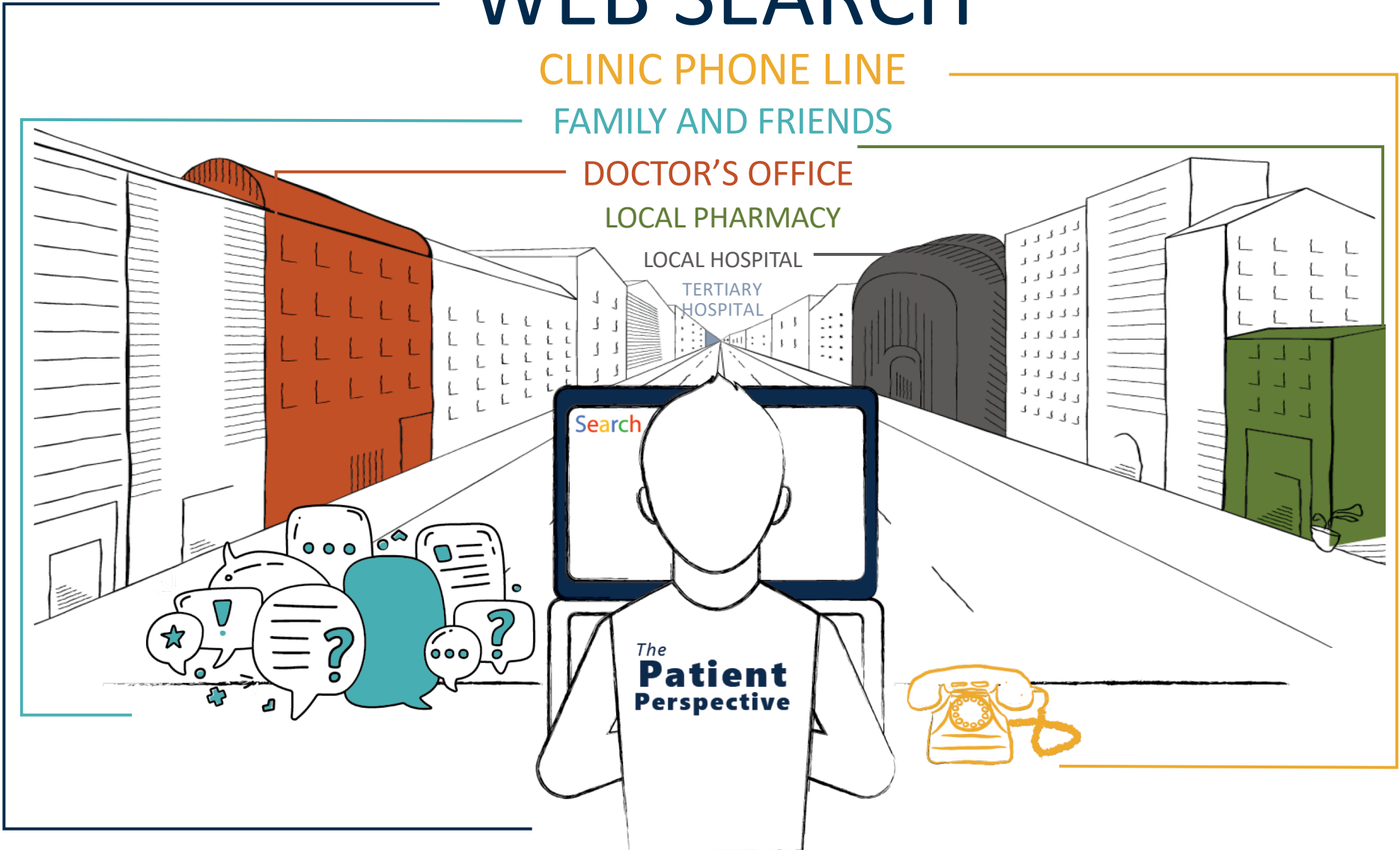
FAMILY AND FRIENDS

DOCTOR'S OFFICE

LOCAL PHARMACY

LOCAL HOSPITAL

TERTIARY HOSPITAL

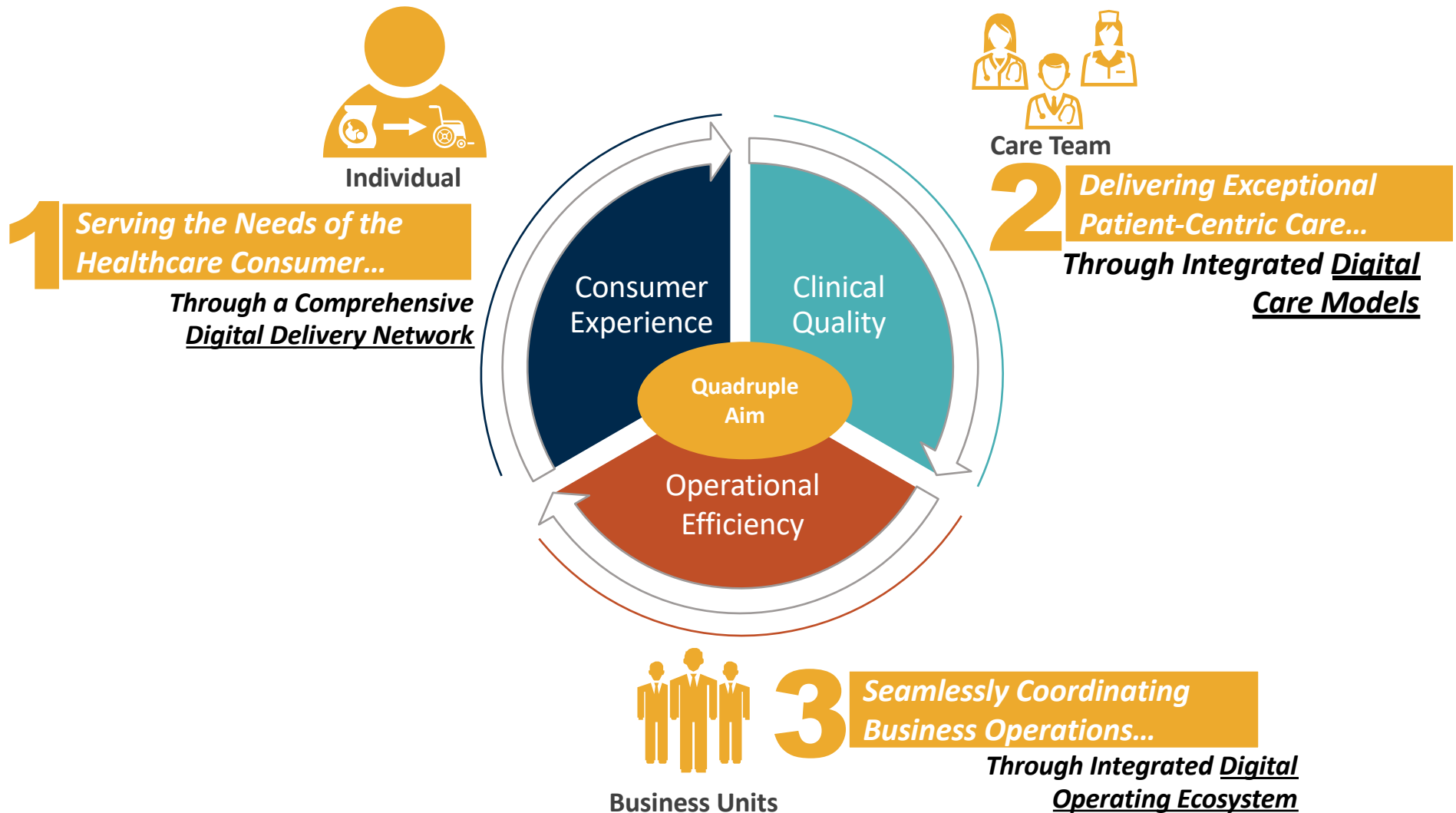


Polling Question #1

Which best describes the role digital plays in your organization's strategic visioning and planning efforts over the next five years?

1. The most important area of strategic focus
2. One of the most (3-5) important areas of strategic focus
3. One of many important strategic priorities
4. An enabler of our strategy, but not a core strategy itself
5. An over-hyped distraction to our core strategy

The Three Dimensions of Digital Health Delivery

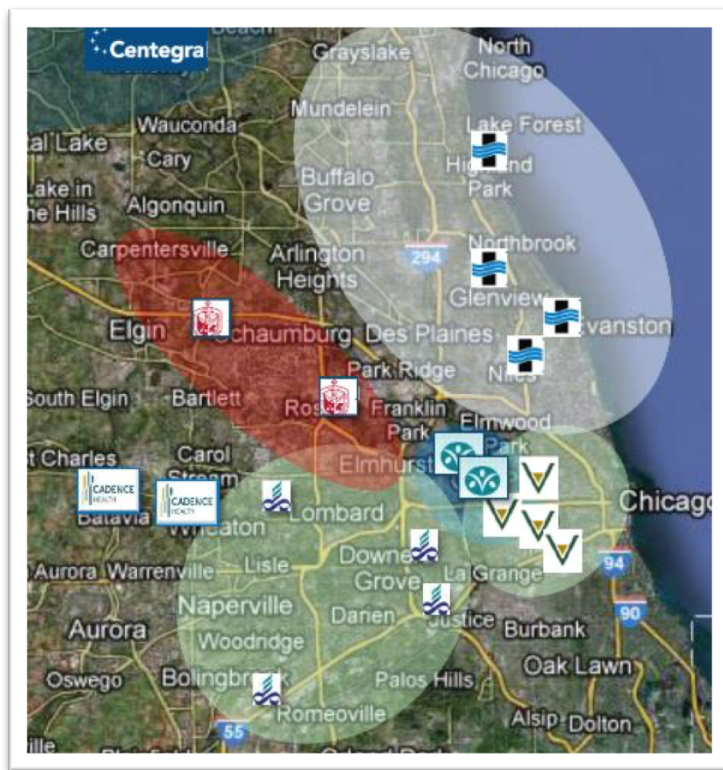


The Digital Industrialization of Healthcare Delivery

Digital Delivery Networks

The Emerging New Care Delivery Eco-System represents “Copernican” Change...

TRADITIONAL GEOGRAPHIC INTEGRATED
HEALTHCARE DELIVERY NETWORKS



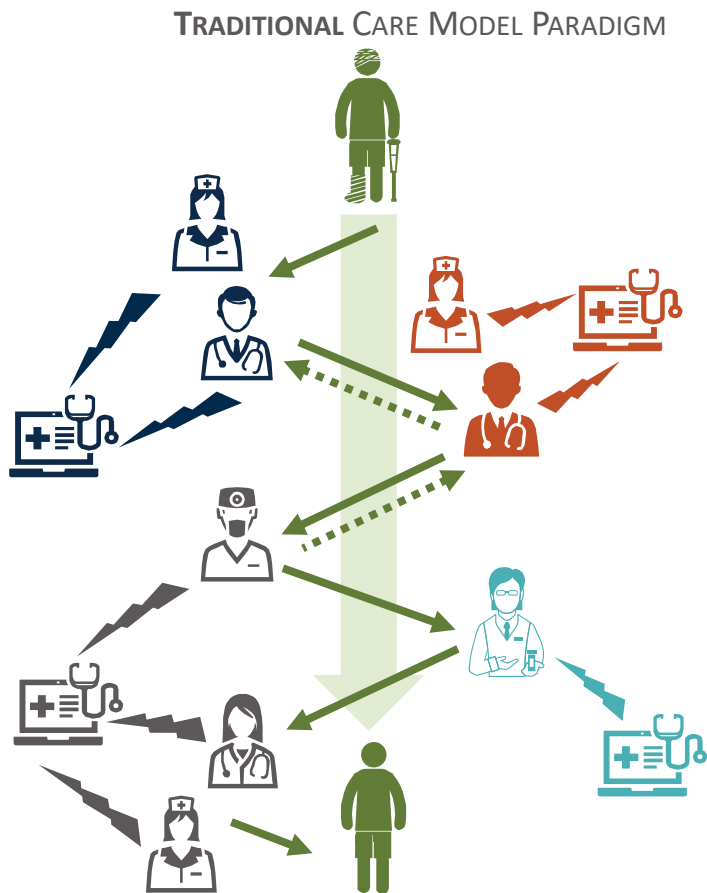
EMERGING DIGITAL DELIVERY NETWORKS



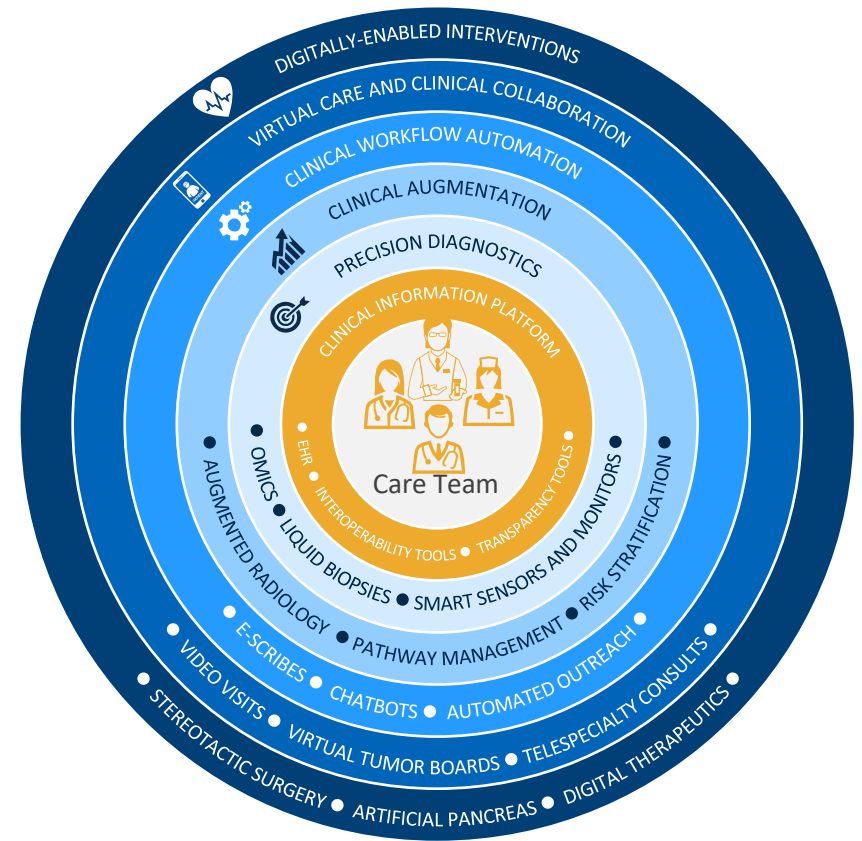
The Digital Industrialization of Healthcare Delivery

Digital Care Models

Linear care delivery models are evolving towards non-linear digital care models:



EMERGING DIGITAL CARE MODELS

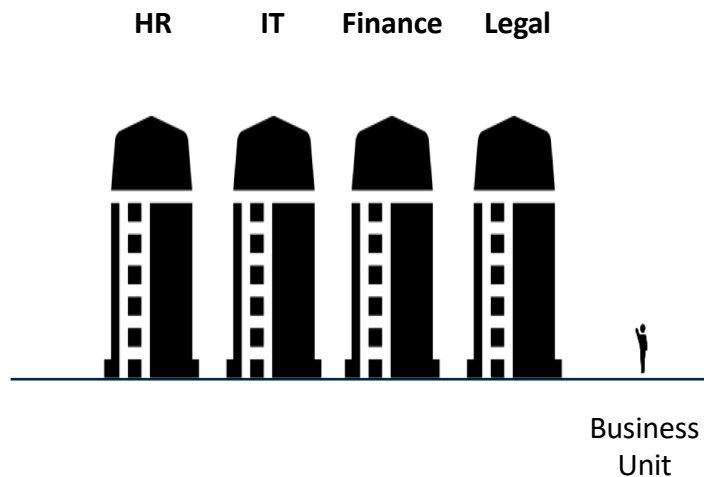


The Digital Industrialization of Healthcare Delivery

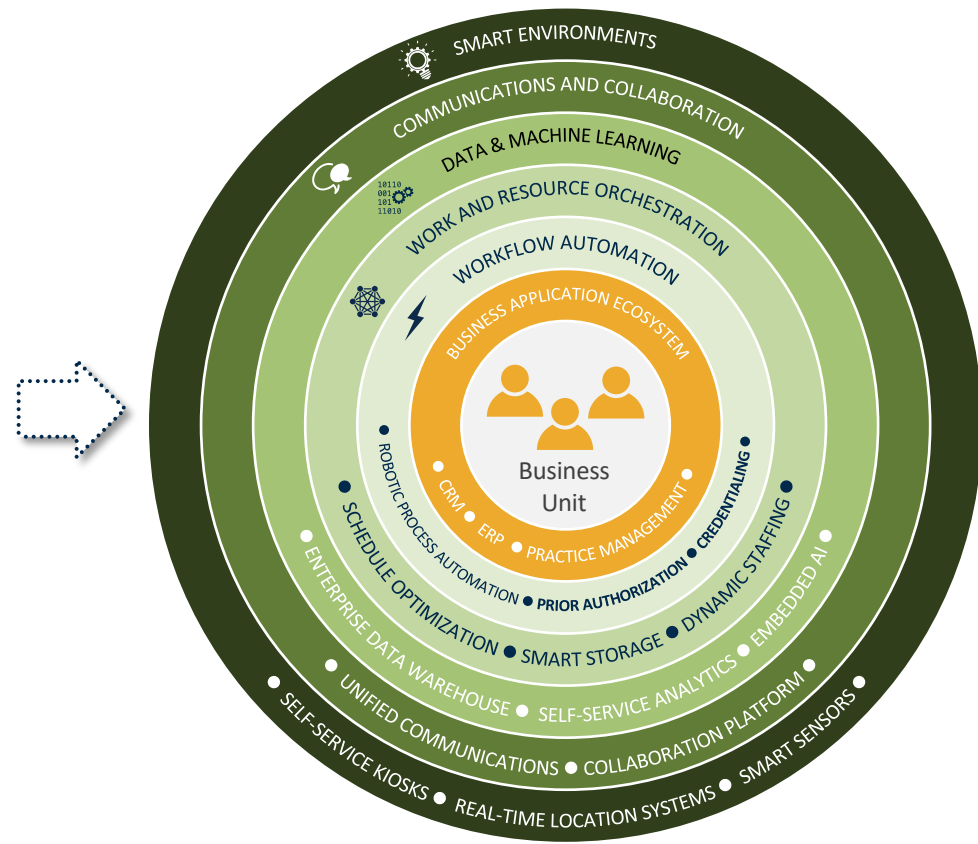
Digital Operating Ecosystems

Static operating models are evolving towards activated integrated operating eco-systems:

TRADITIONAL FUNCTIONAL MODELS



EMERGING DIGITAL OPERATING ECOSYSTEMS



Polling Question #2

What best describes your organization's digital efforts to date?

1. Coordinated systemwide with clearly laid out rollout and growth plans
2. Targeted, high-impact efforts in specific areas of need/opportunity
3. Numerous pilots, but unclear plans for broader rollout/scale
4. A few initial attempts, but nothing significant
5. What digital efforts?
6. Honestly don't know

Delivering the Future Needs Requires Integrated Capabilities



VIRTUAL CARE

Care delivery at a distance, enabled by communication technologies

FOR EXAMPLE

E-visits

Video consults

Tele-diagnostics

Telemonitoring

PATIENT SELF-SERVICE

Technology-enabled service model enhancements that empower patients to manage their health and treatment

FOR EXAMPLE

Patient-directed referrals

Direct scheduling

Self-triage

Online communities

CONNECTED SOLUTIONS

Smart devices connected to communication hubs driving decision support, monitoring and interventions

FOR EXAMPLE

Care environment sensors

Real-time location systems

Wearables

Smart diagnostics

PERSONALIZED CARE

Augmented patient profiles supporting the design and delivery of more tailored, effective treatments and customized experiences

FOR EXAMPLE

Patient-reported outcomes

Customer preferences

Customer relationship management

Genomic data



OPERATIONAL AUTOMATION

Re-engineering operations using data and analytics to drive quality and efficiency

FOR EXAMPLE

Patient-reported outcomes

Revenue cycle automation

Enhanced workforce planning

Supply chain optimization

INCREASING VALUE OF DATA AGGREGATION AND ADVANCED ANALYTICS

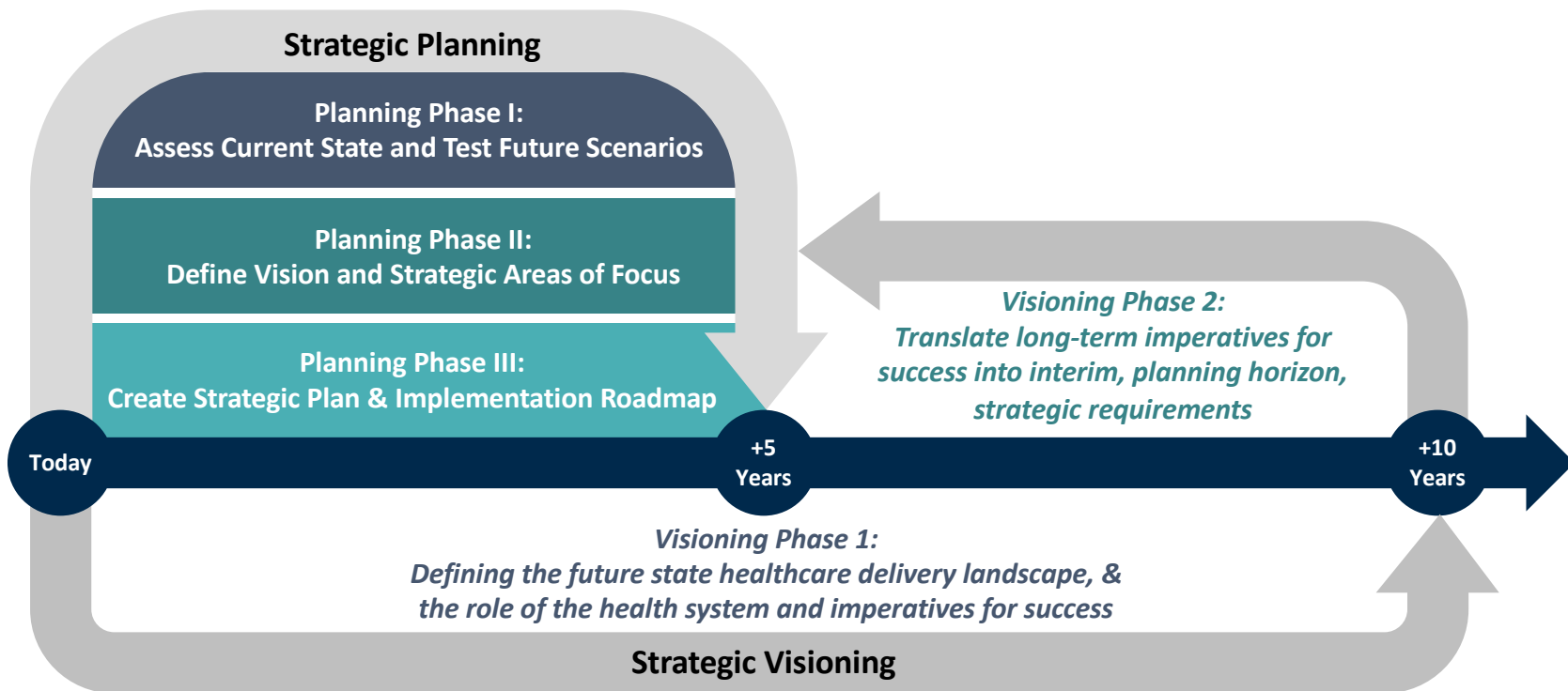
Polling Question #3

What do you think the likely timeframe is for many of these digital health innovations to begin to materially impact healthcare delivery?

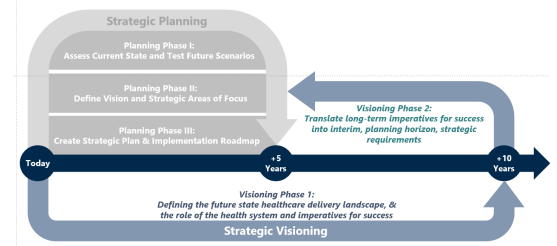
1. Within the next 3 years
2. 3-5 years
3. 5-10 years
4. 10+ years
5. I don't think these factors will drive material change

The Two-Pronged Strategic Planning Approach

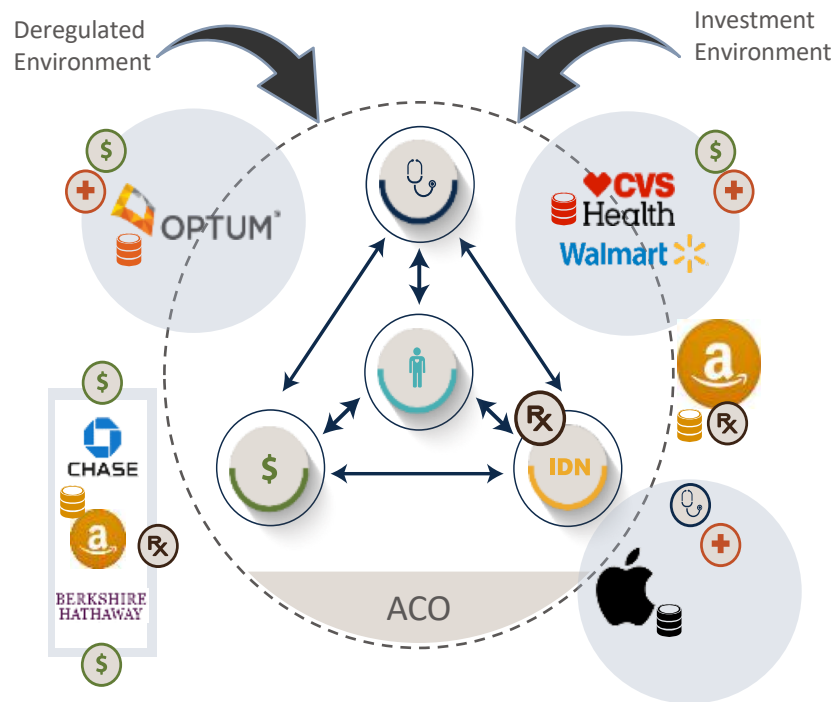
Health system planning must consider both the practical current state realities, as well as meaningfully move the organization toward a materially different interim position in the emerging digital delivery ecosystem.



Defining the Long-Term Strategic Vision



Future Healthcare Ecosystem (New competitors, suppliers, partners)



New Business and New Capabilities

1) What is our business?

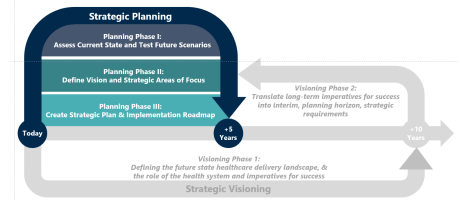
- Health management vs treatment
- Information vs. intervention
- Curation vs. provision

2) What is our business model?

- Episodic, subscription, spot
- Value vs. fee
- Ancillary services

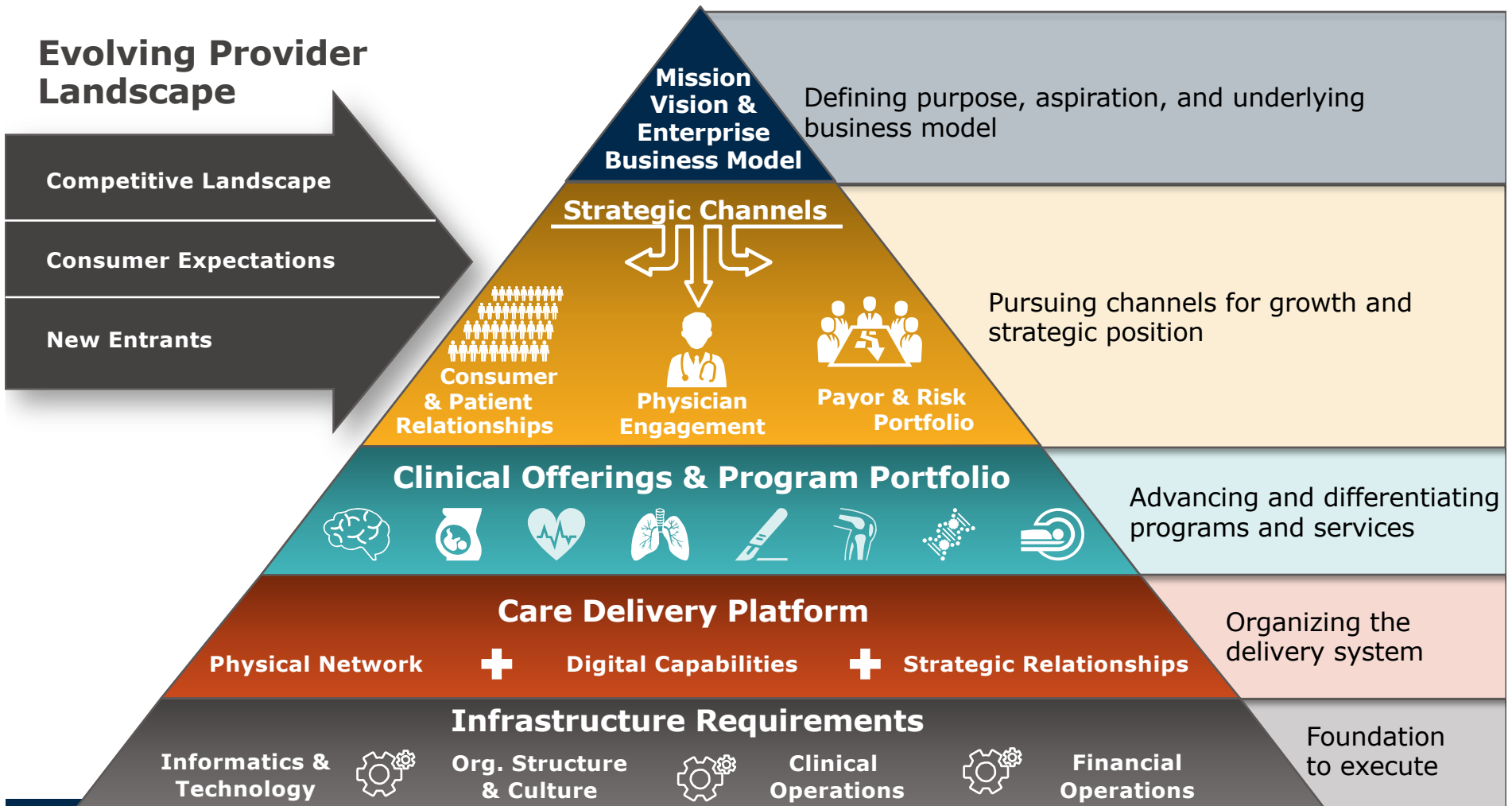
3) How do we deliver?

- Capabilities
- Competencies
- Organization



Future State Planning Framework

With an understanding of its current strategic context, and long-term enterprise vision for its future role, health systems must define their plans across a number of specific planning dimensions.



Polling Question #4

On a scale of 1 to 10, how well prepared do you feel your organization is, for the future delivery landscape?

1. 8-10 (very well prepared)
2. 5-7
3. 2-4
4. 0-1 (not prepared at all)

Key Board and Management Next Steps

- Inventory your current digital platform and programmatic goals.
- Assess the current healthcare market landscape in your market and define market requirements in your planning horizon.
- Develop an organizational viewpoint and investment philosophy for the role of digital, and your vision for the organization in that emerging context.
- Incorporate digital into your planning approach, through one of three ways:
 1. Develop a discrete digital plan to augment existing enterprise strategy.
 2. Refine your enterprise strategy to incorporate digital plans.
 3. Develop a new integrated enterprise strategy oriented around digital.
- Explicitly define what success looks like including specific metrics, timelines, and ROI, to track your digital efforts' progress and results.



Questions & Discussion

Contact Us...



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