HEALTH ASSURANCE IN 2032

From COVID to Consumerism

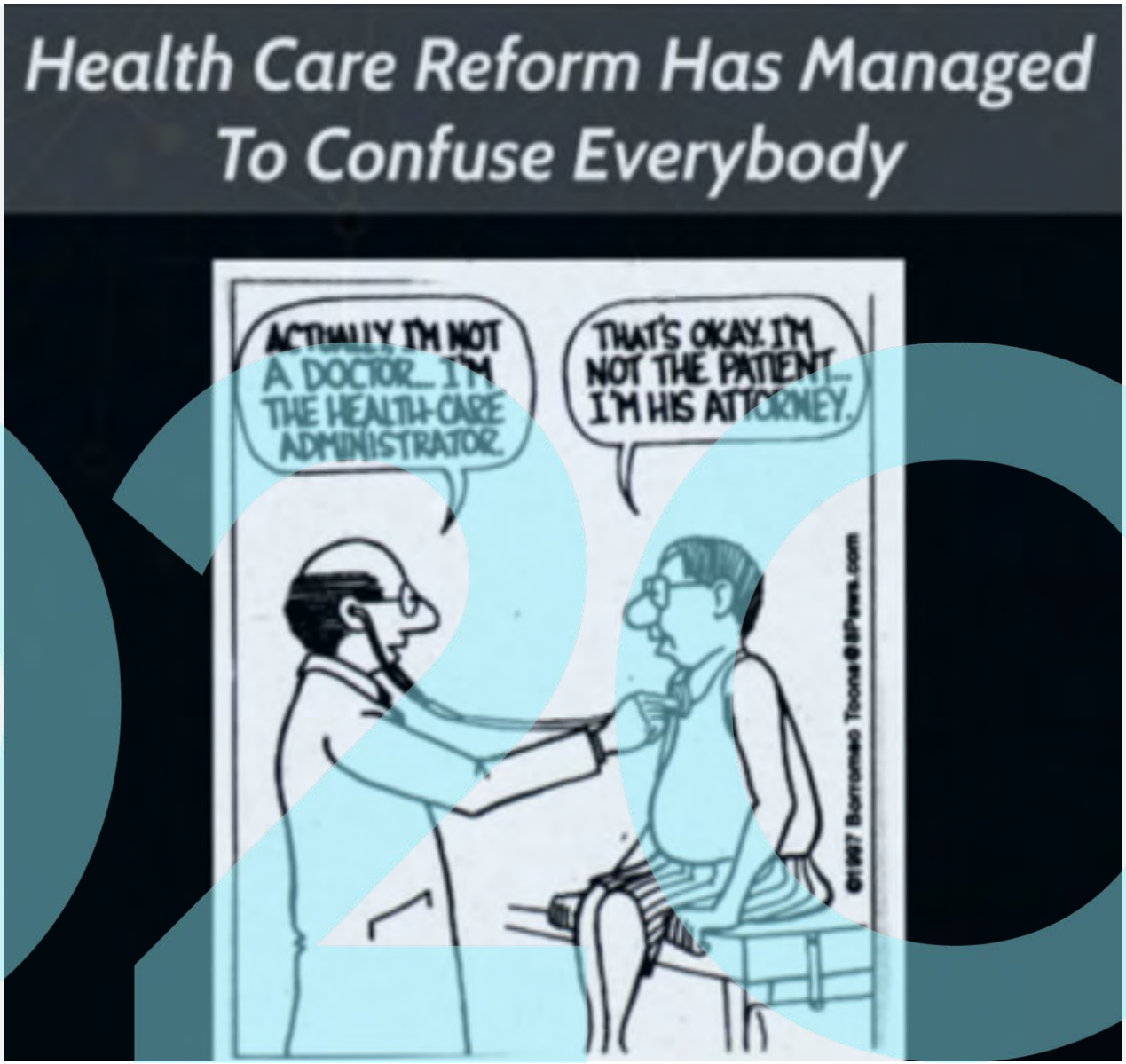
Stephen K. Klasko, MD, MBA

Executive in Residence, General Catalyst

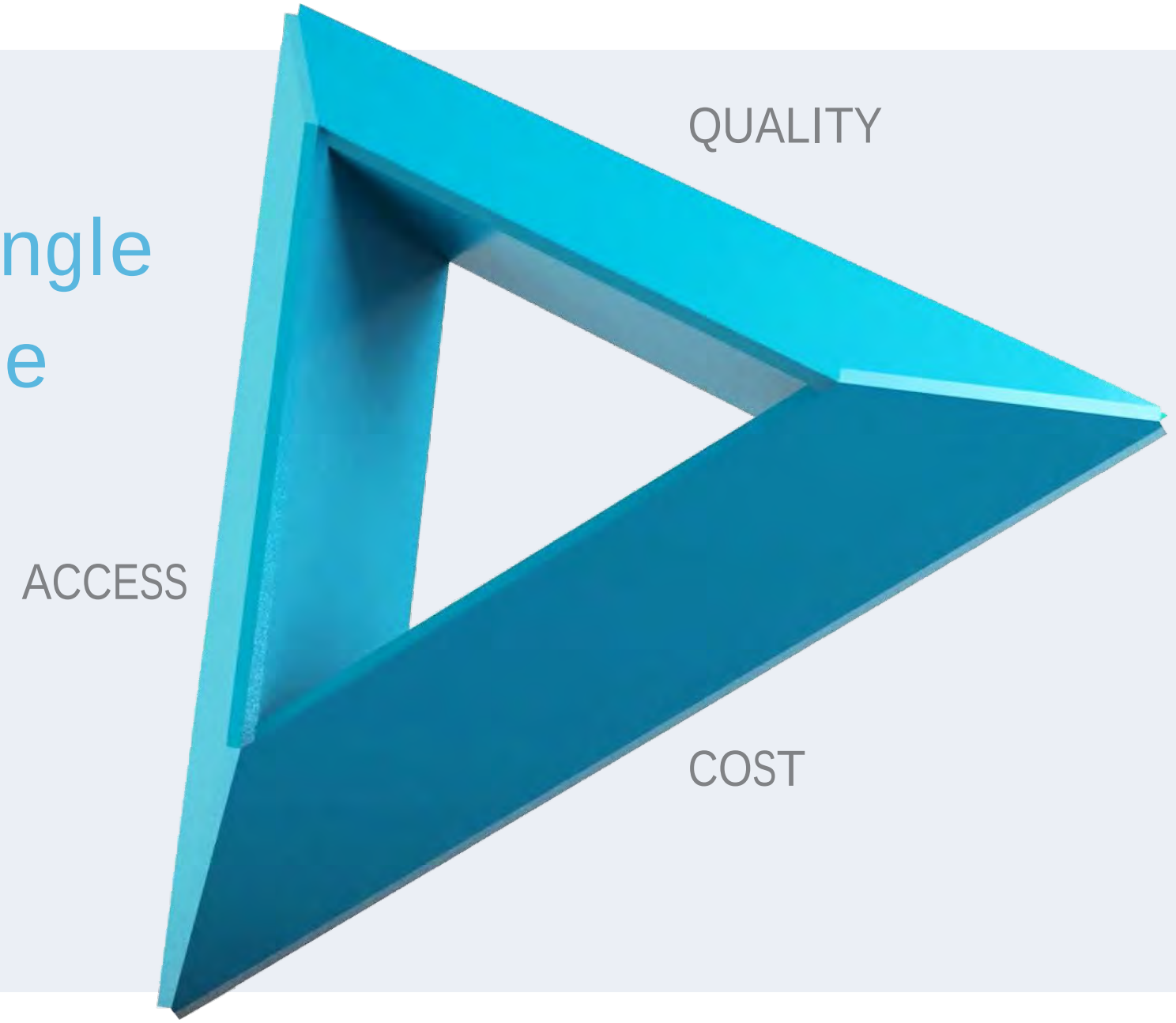
Distinguished Fellow, World Economic Forum

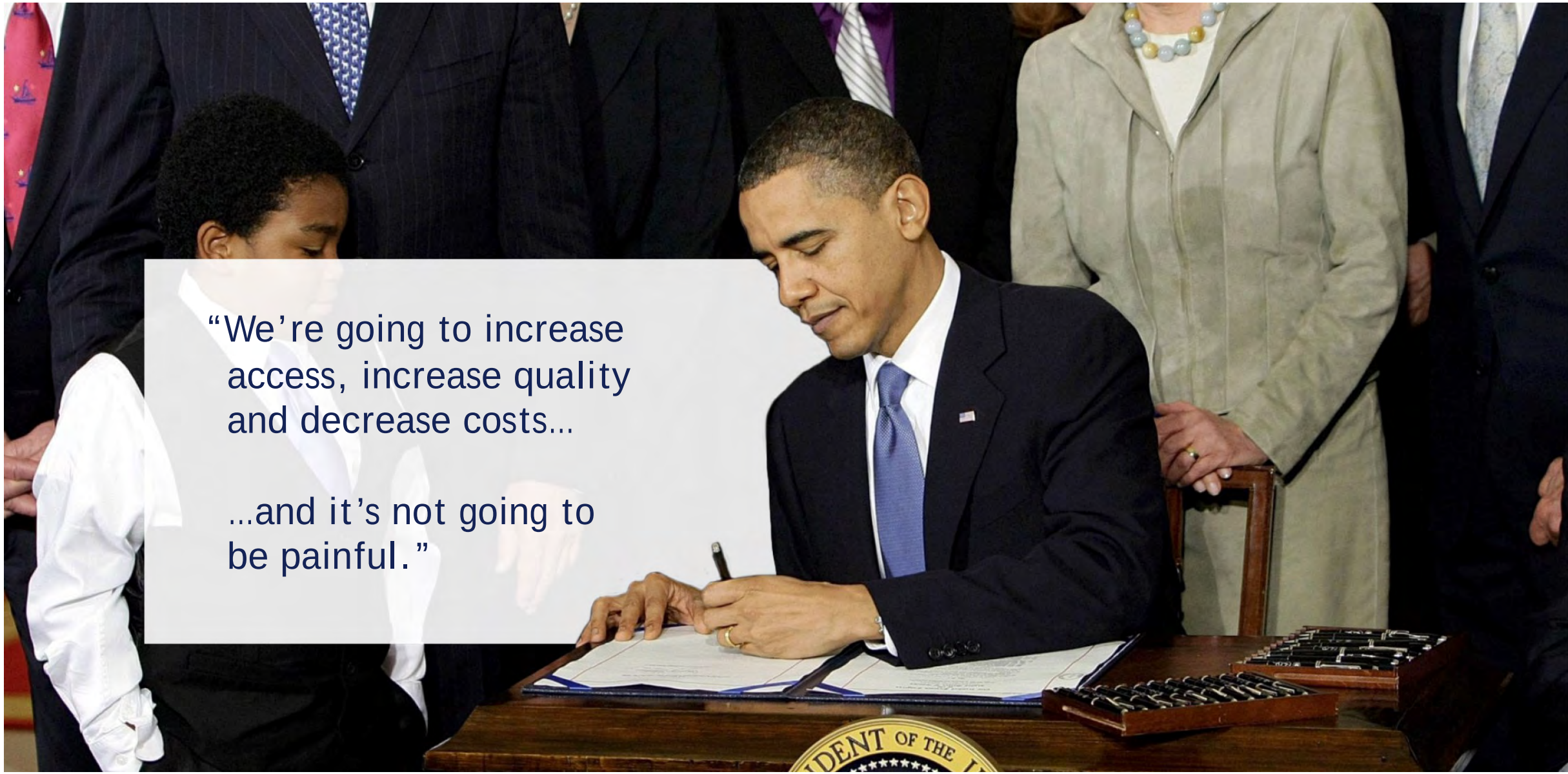
Fmr. President and CEO, Thomas Jefferson University and Jefferson Health

BACK IN 2020


Health Care Reform Has Managed To Confuse Everybody
ACTUALLY I'M NOT A DOCTOR... I'M THE HEALTH-CARE ADMINISTRATOR.
THAT'S OKAY. I'M NOT THE PATIENT... I'M HIS ATTORNEY.

The iron triangle of health care



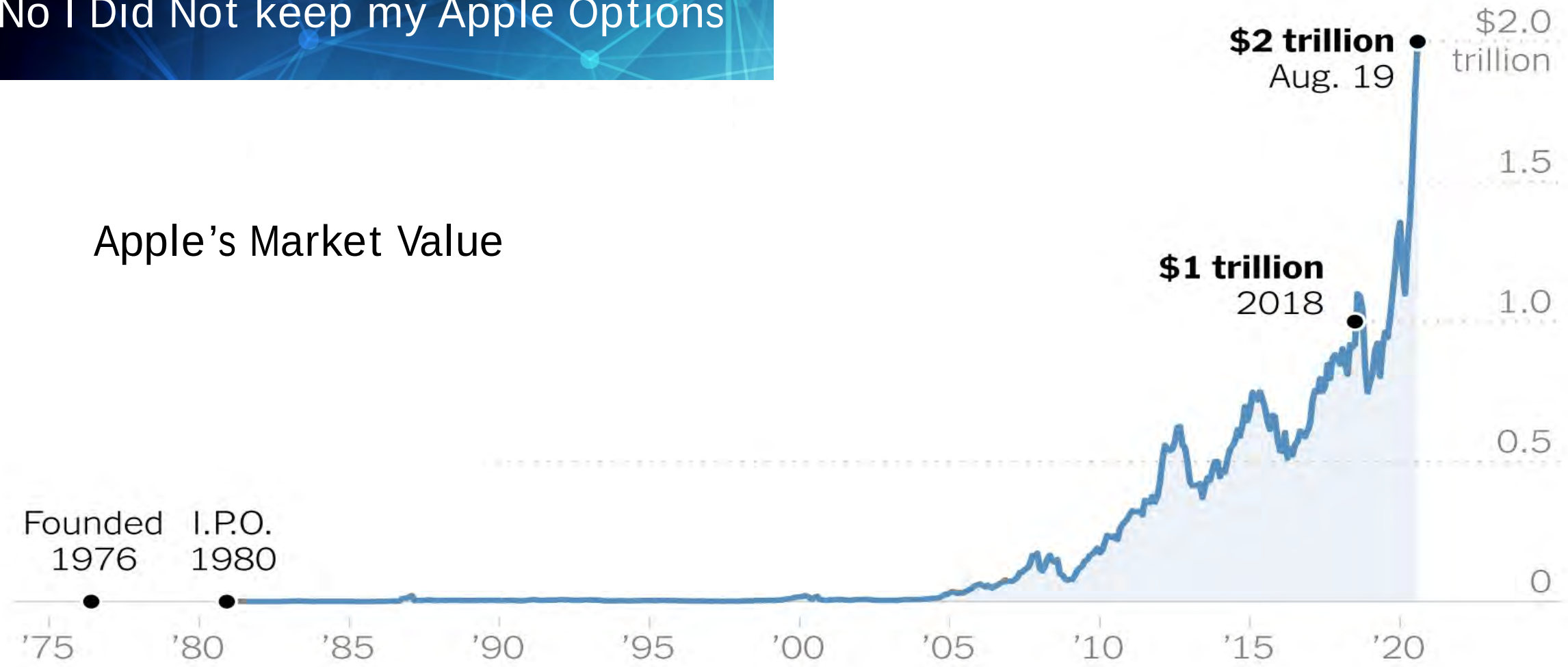

"We're going to increase access, increase quality and decrease costs…
…and it's not going to be painful."

Beautiful
TERRIFIC
unbelievable
HUGE
HEALTH
PLAN

“True disruption means threatening your existing product line and your past investments. Breakthrough products disrupt current lines of business.”

— Peter Diamandis

…No I Did Not keep my Apple Options



Year 1: We change
Year 2: We change the industry
Year 3: We change the world

WE CHANGE

ASSUMPTIONS

- Paid based on quality, cost patient experience and outcomes
- Hospital stays will be commoditized
- Our doctors and nurses will coexist (cooperate) with deep learning.
- Given the above, we will need to select and educate humans to be
  better humans than the robots, e.g. foster creativity
- Population health, predictive analytics, and social determinants need to move to the mainstream of clinical care, payment models and medical education

SCALING TO UNSCALE:

The New Jefferson

Evolution from health sciences university to an academic-based regional integrated health system

Old Math vs NEW MATH

JEFFERSON PILLARS

ACADEMIC

CLINICAL

INNOVATION

PHILANTHROPY

Can a 195 year old AMC make it acting like a start-up company?

Going All In With The New Math: The Second Term Retreat

- Strategic partnerships and innovation become the core of the health system's strategic vision
- They become the differentiator and driver
- Management team overseeing the clinical and academic enterprises charged with making the strategic opportunities and innovation opportunities work

To meet the needs of patients to access their healthcare in the flexible manner in which they consume every other consumer good.

To redefine Jefferson Health based on our care and caring rather than our location.

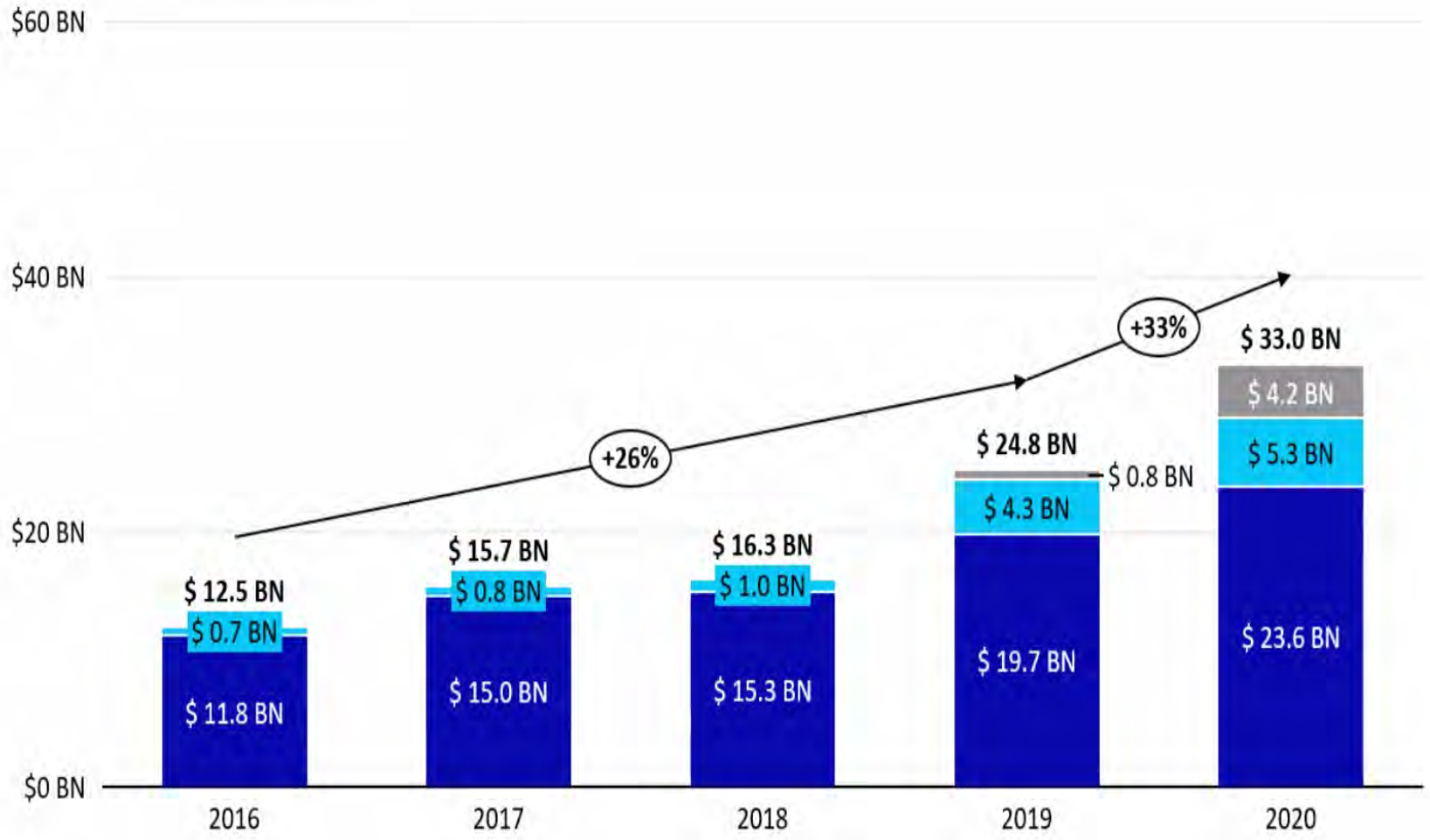
Our take: Moody's downgrades nonprofit hospitals' financial outlook to negative

Daily Briefing

Moody's Investors Service in a report released last week downgraded the financial outlook for nonprofit hospitals from stable to negative, mostly due to the new coronavirus' projected financial strain on hospitals, Jeff Lagasse reports for *Healthcare Finance News*.

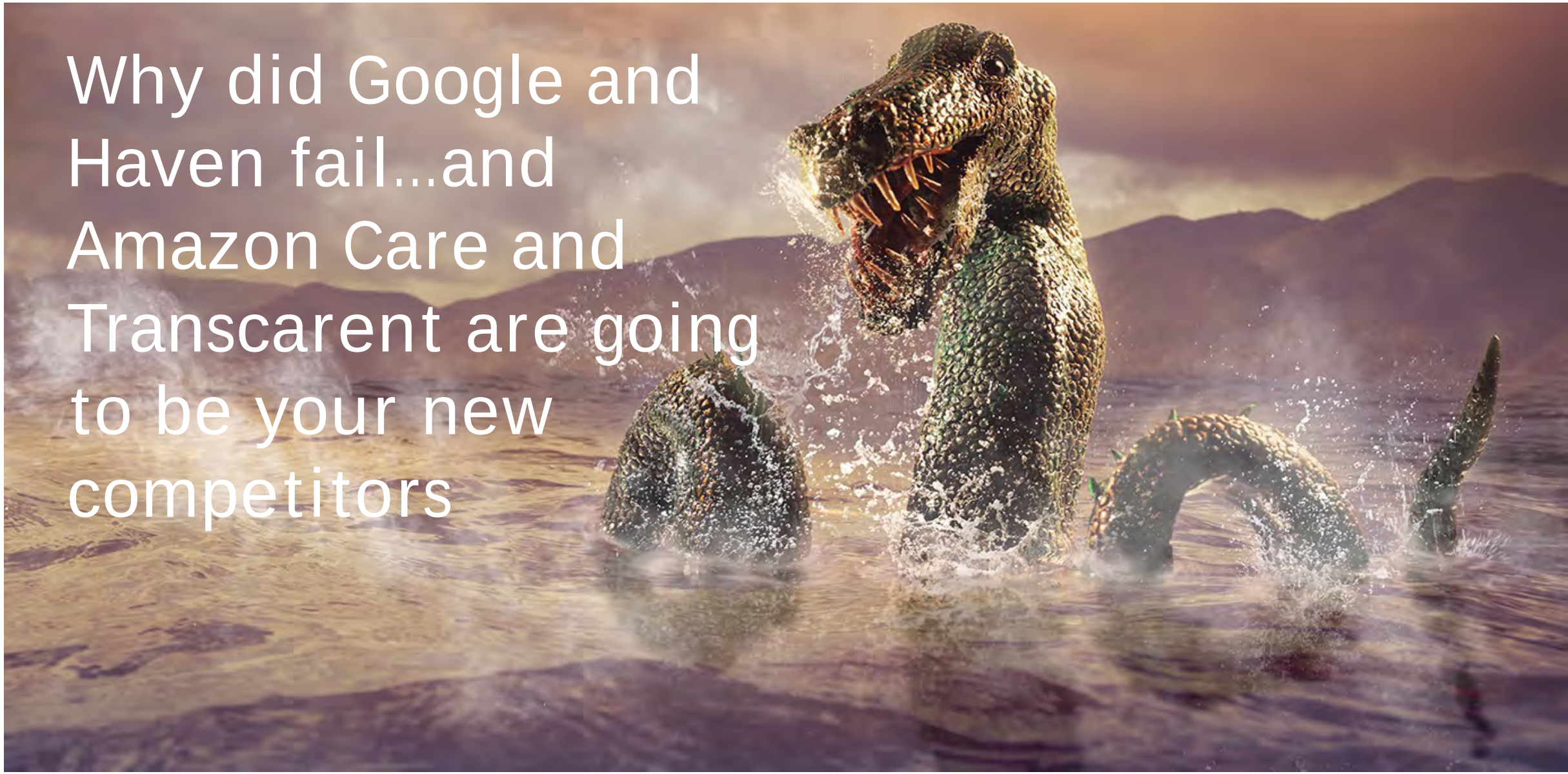
AN UNPRECEDENTED BUBBLE IN THE TECH-HEALTH INDUSTRY

Investment in the US healthcare industry
2016–2020



"The problem in American healthcare isn't that we aim too high and fail...it's that we aim too low and hit the mark." — Sebastian Thrun

Why did Google and Haven fail…and Amazon Care and Transcarent are going to be your new competitors



QUICK QUIZ: How Many of the Right Column Initiatives Are You Planning?

FUNDING SOURCES

- Venture and PE funding of new/growing businesses
- Innovator reaching scale and public funding (IPO, SPAC)
- Scaling innovators acquiring peers
- Large (public) payers diversifying
- JV/partnerships

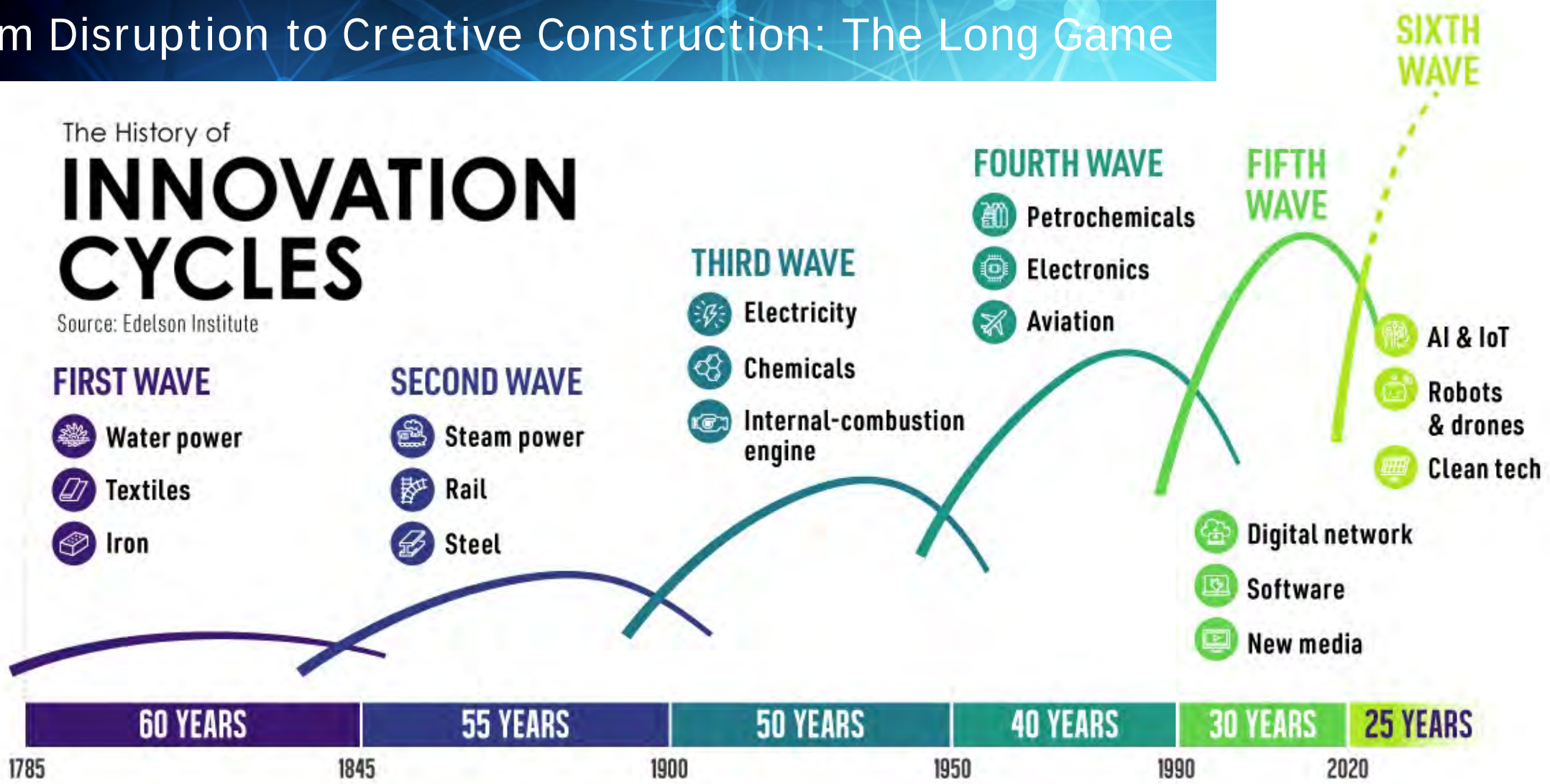
TYPES OF MOVES

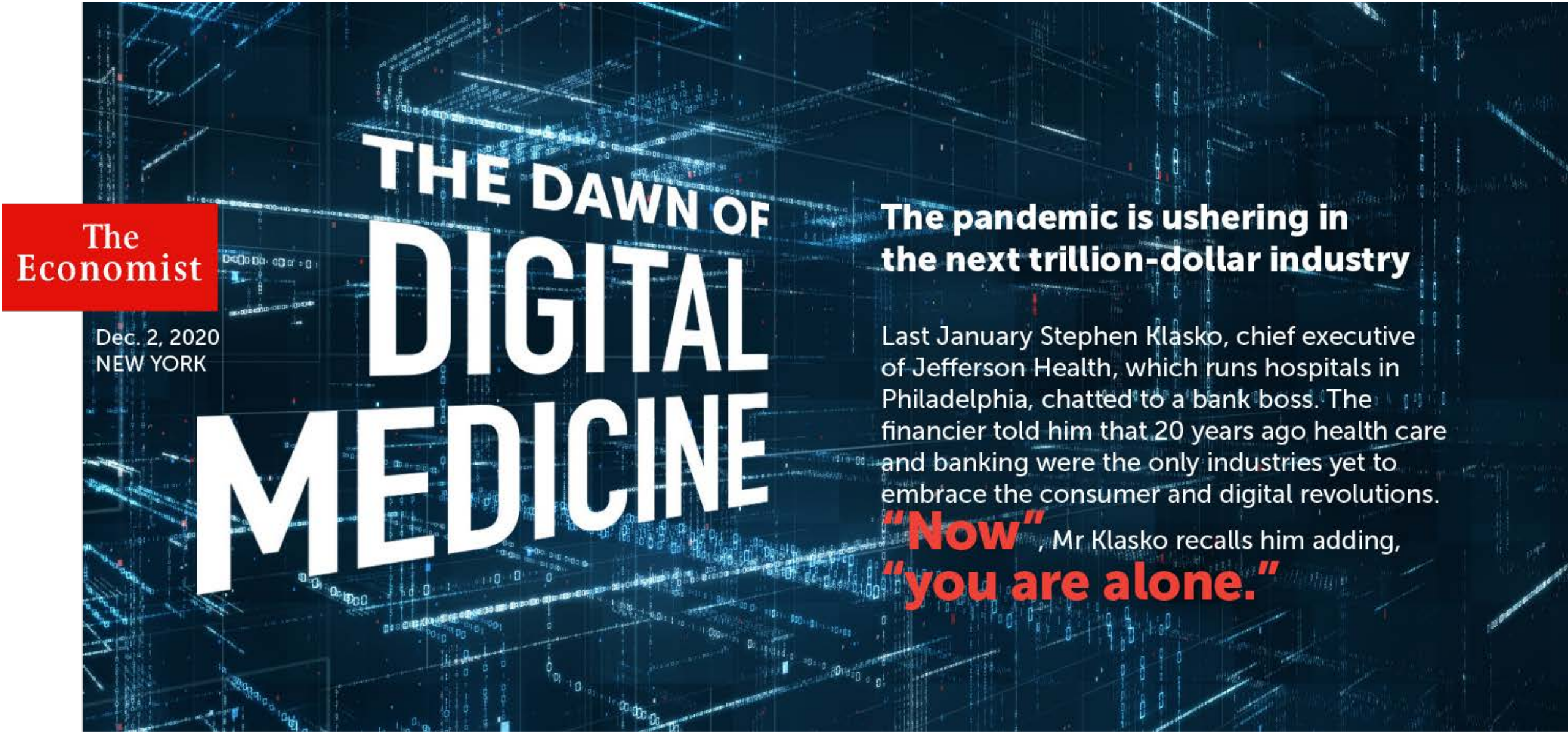
- Non-contiguous consolidations
- Acquisition of new capabilities
- Diversification of revenue sources
- Payers moving to control/shape care delivery
- Innovators broadening their solution portfolio
- Private capital rolling up fragmented players

TYPES OF INNOVATION

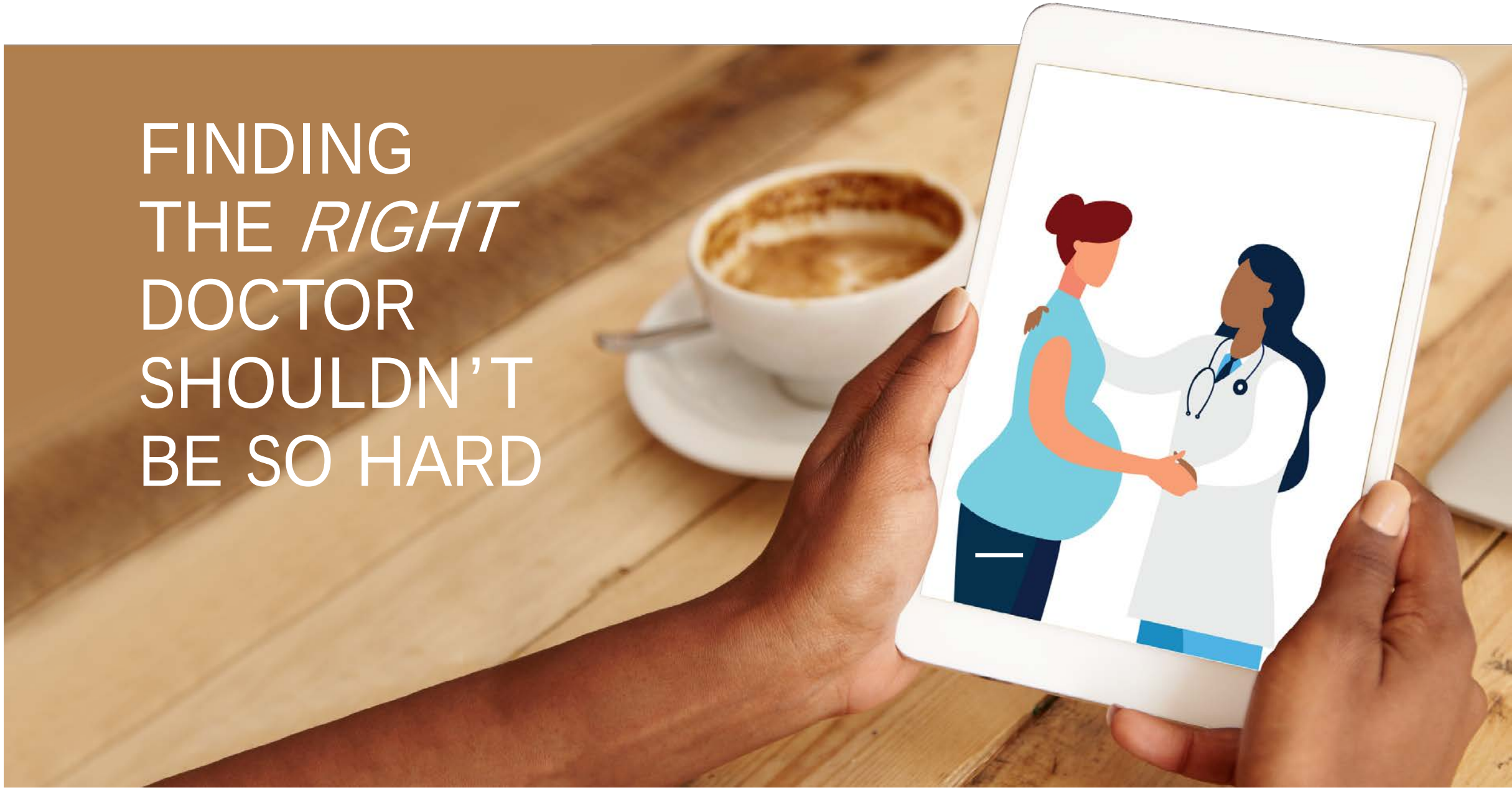
- Virtual care
- Home care
- Next-gen primary care
- Retail clinics
- Intensive models for high-cost populations
- Non-hospital delivery sites
- Risk/value enablement
- Integrated insurance “products”

From Disruption to Creative Construction: The Long Game

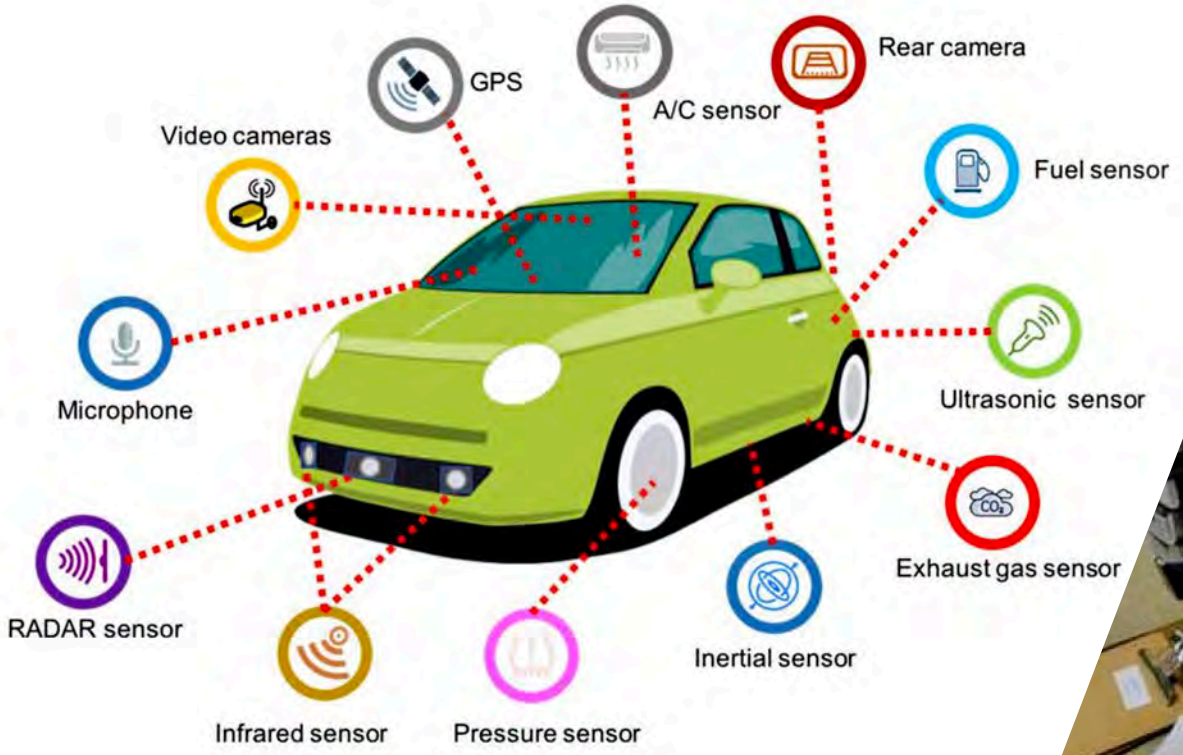



The Economist
Dec. 2, 2020
NEW YORK
THE DAWN OF
DIGITAL
MEDICINE
The pandemic is ushering in the next trillion-dollar industry
Last January Stephen Klasko, chief executive of Jefferson Health, which runs hospitals in Philadelphia, chatted to a bank boss. The financier told him that 20 years ago health care and banking were the only industries yet to embrace the consumer and digital revolutions.
"Now", Mr Klasko recalls him adding,
"you are alone."

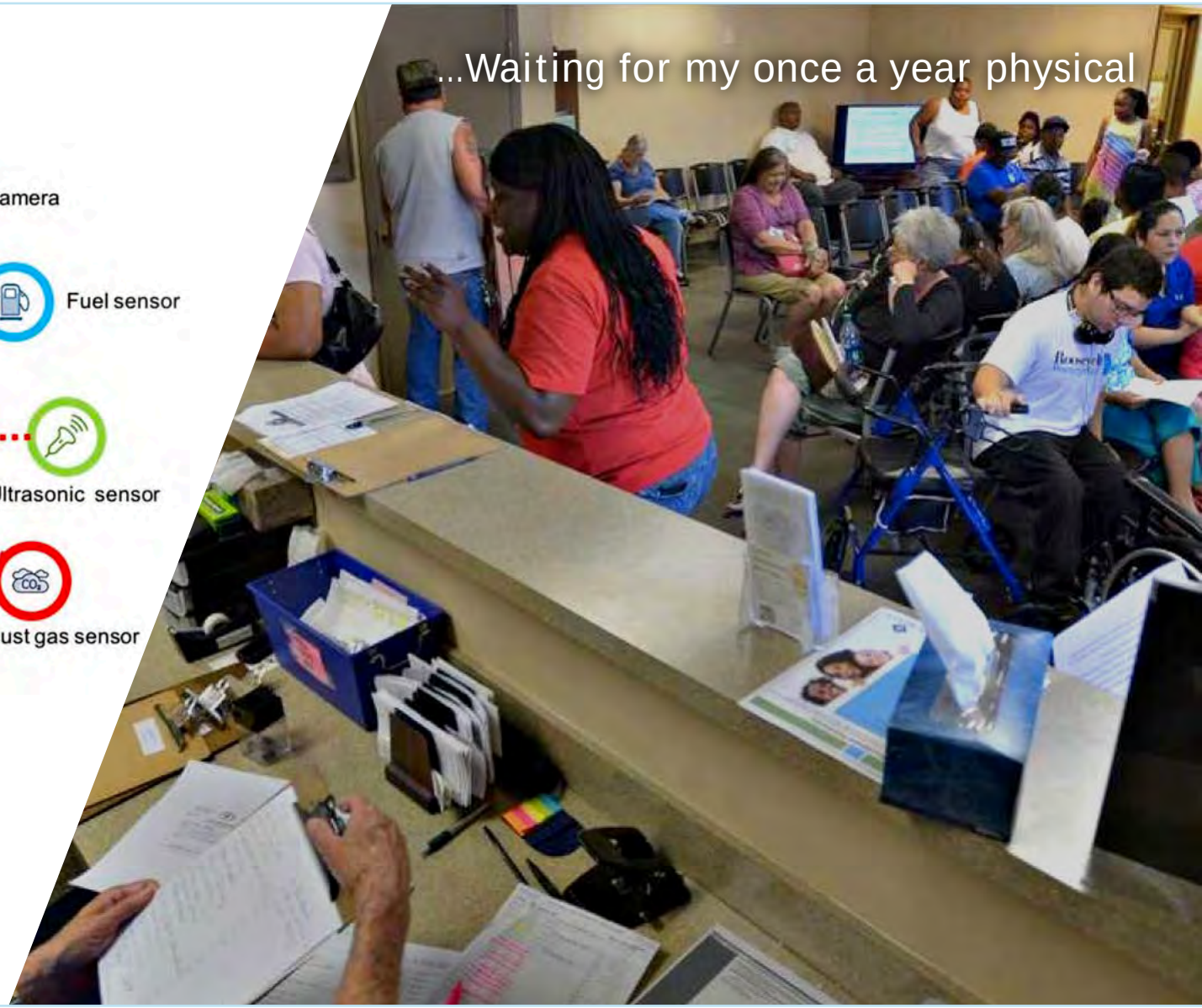
FINDING THE *RIGHT* DOCTOR SHOULDN'T BE SO HARD



My car sends continuous data…



…Waiting for my once a year physical



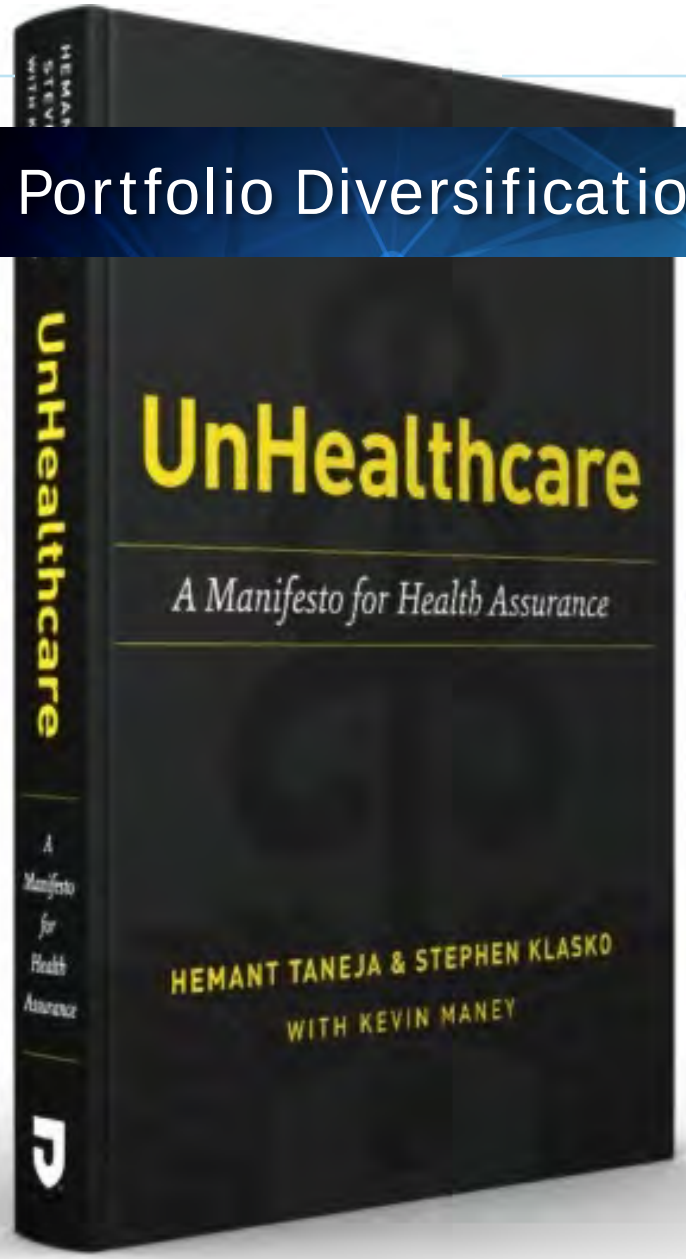
THE AMAZON MOMENT IN HEALTH CARE IS COMING!

- From sick care to health assurance (people are not patients until they are sick)
- From hospital to home, from the physician and administrator as the boss to the patient as the boss
- From static to continuous data — “abolish the physical”
- From humans as robots to humans as humans

From Hard Sell at HIMMS…

...to Radical Collaboration of UnScaling

...to Portfolio Diversification with General Catalyst through UnHealthcare



UN-HEALTHCARE

Costly “sick care” is giving way to affordable, personalized, and preemptive care with genomics, sensors and AI-based digital therapies.

FROM SICK CARE TO HEALTH ASSURANCE: When patients are people

Create a strong sustainable partnership between technologists and providers to remake medicine's role in society

Apply data and technologic advances to deliver the best preventative, supportive and least intensive care possible

Re-center the healthcare experience to focus on the relationship between the needs of individual people and their care providers

Evolve the payor-patient-provider system to one where incentives are aligned across all constituencies

Segment your consumers so that the 98% that are people (not patients) view Jefferson as key to thriving without health getting in the way

~~IRON TRIANGLE OF HEALTHCARE~~

…. To Health Assurance

Ability to thrive and not have health get in the way

Ability to connect and have human relationships

Ability to easily navigate on their own terms

Ability to understand what they need to do

WHAT IF A SERIAL ENTREPRENEUR AND CEO OF A 14-HOSPITAL HEALTH SYSTEM HAD A BABY

dce GROUP

+

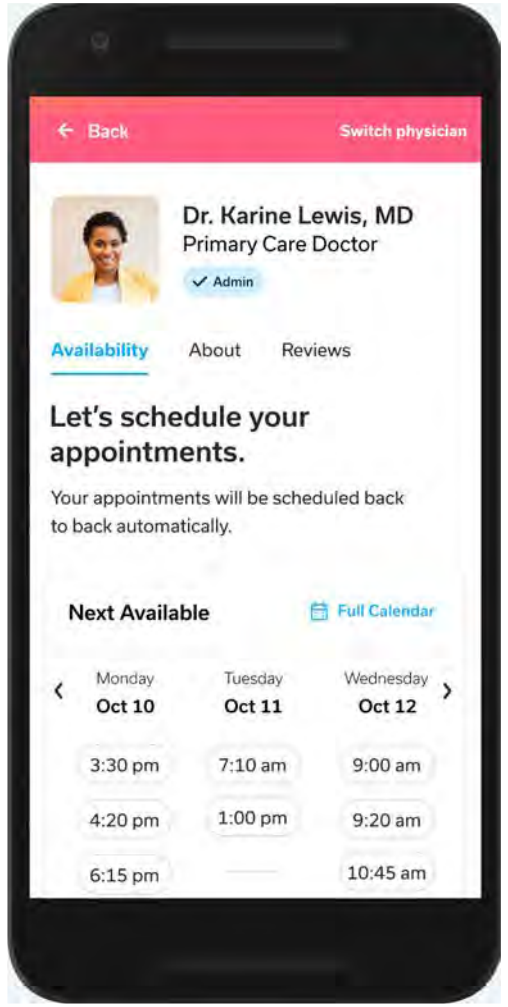
GENERAL CATALYST

tendo

Tendo is 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



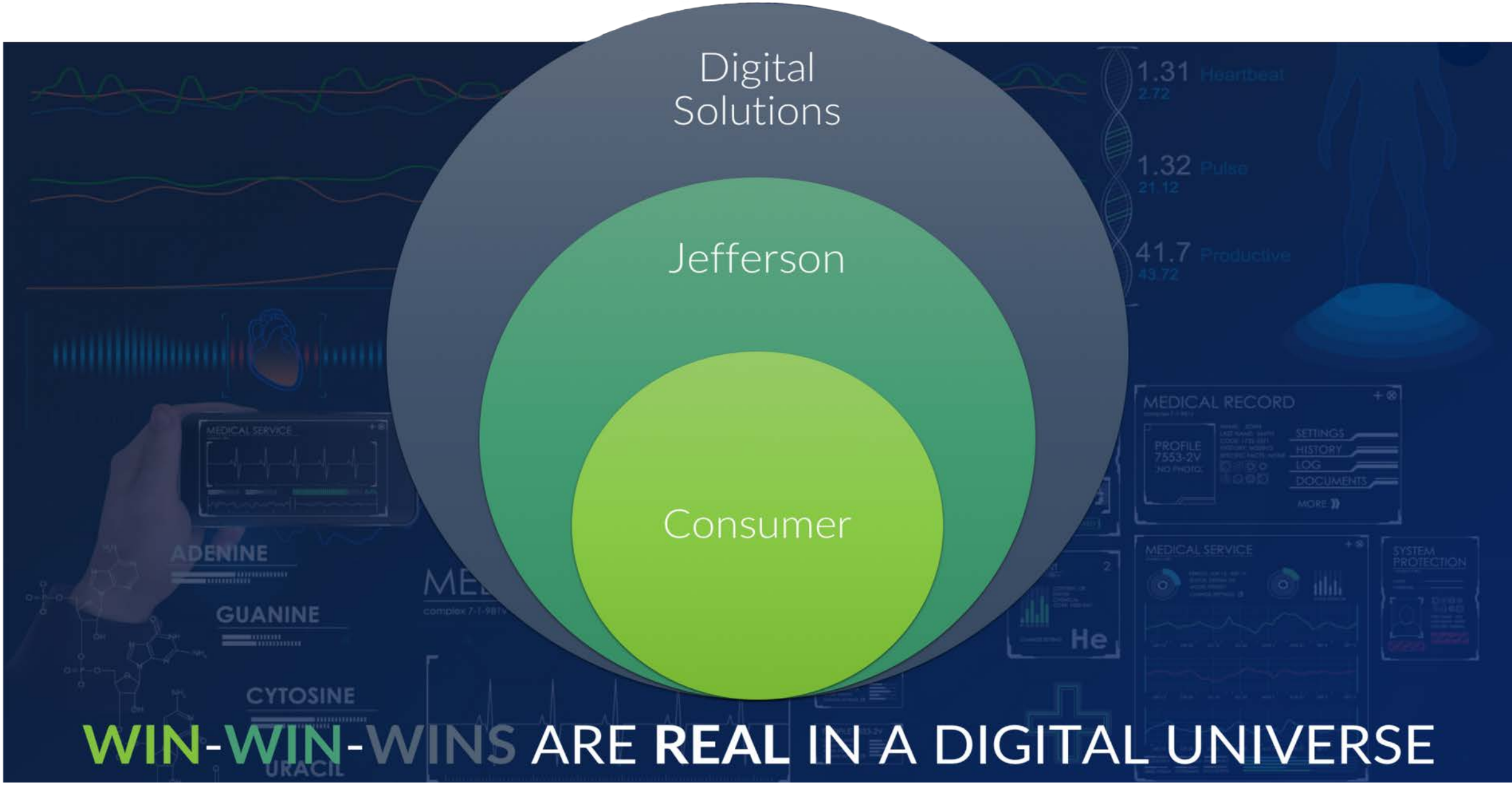
* Tendo products are still under development. Functional capabilities lare forward facing targets.

Jefferson is Tendo's First Foundational Customer

Jefferson has created outward vision for improving lives supported by a four pillar model. As an early visionary, Jefferson is driving to a patient centric model and is an early pioneer with a "healthcare at any address" model.

Jefferson and Tendo's unique and strategic partnership will drive digital transformation at Jefferson and across healthcare.
Jefferson:

- Helped to shape Tendo's company vision and mission
- Identified Tendo's first product focus area
- Multi-year commitment as a customer
- Jefferson is a partner in Tendo's Series A funding ($50 million valuation in Nov 2019, Series B at $550 million)
- First health system to deploy Tendo
- "Invasion of the Body Snatchers"-Tendo CEO sits on my cabinet as an EVP


Digital Solutions
Jefferson
Consumer
WIN-WIN-WINS ARE REAL IN A DIGITAL UNIVERSE

INSTEAD OF RISKING ANYTHING NEW, LET'S PLAY IT SAFE BY CONTINUING OUR SLOW DECLINE INTO OBSOLESCENCE.
TOM FISH BURNE
©marketoonist.com

WE CHANGE THE INDUSTRY

When Online Meets Offline…

BC: Before COVID

DC: During COVID

- The KAC World: “Kinda After COVID”
  - *The Future of Work*
  - *The Consumer*
  - *The New Physician*
  - *Redefining Leadership*
  - *JOLTing the medical staff*

The Turnover Tsunami | Trends Impacting the Healthcare Workforce

- Changing Payment Models and Value Based Care — will require redesigning care delivery models, reconfiguring workflows, hiring new types of providers, redesigning roles, and upskilling existing staff,
- Care and Workforce is shifting from acute to ambulatory and community settings

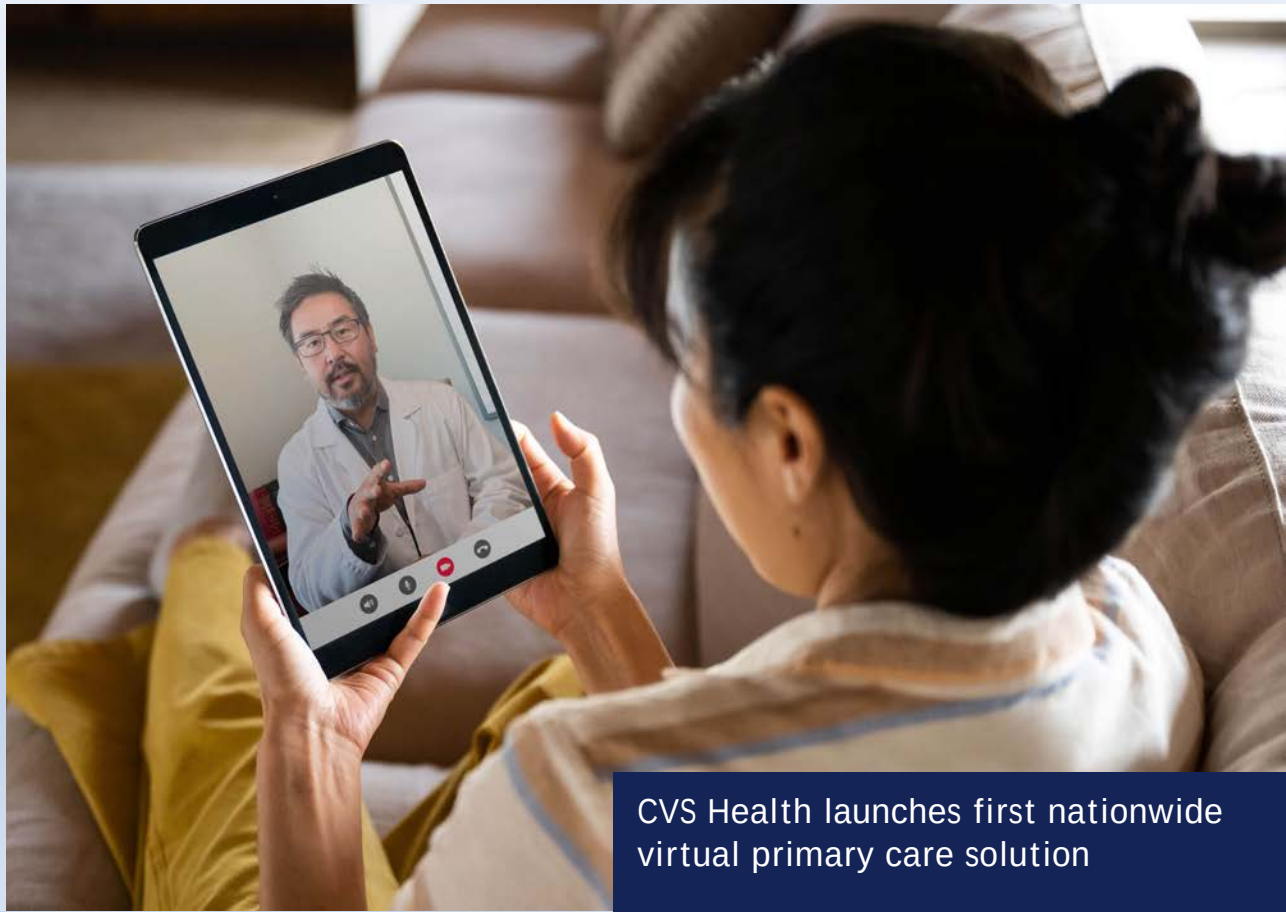
Increased Focus on Health Equity

Will Require a Workforce for Health

- Patient navigators
- Community health workers
- Home health workers
- Integrated behavioral health
- Handyman or woman!

Increased Competition from Corporate Players Especially in Primary Care

- Health systems facing increased competition from corporate players who are redesigning workforce, using technology and making house calls to meet patient needs (they get it…it's about the patient!)
- Instead of retrofitting care delivery models and existing workforce, they are asking:
  - What are where are patients' unmet needs for services?
  - How can health workforce be better deployed as a team to meet those needs?



CVS Health launches first nationwide virtual primary care solution

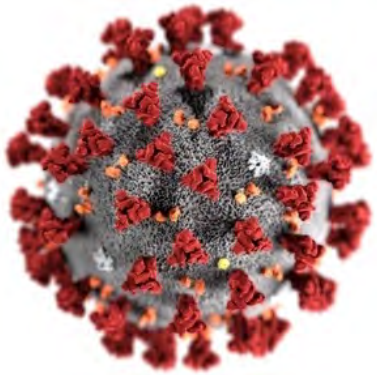
Growing Unmet Demand for Behavioral Health

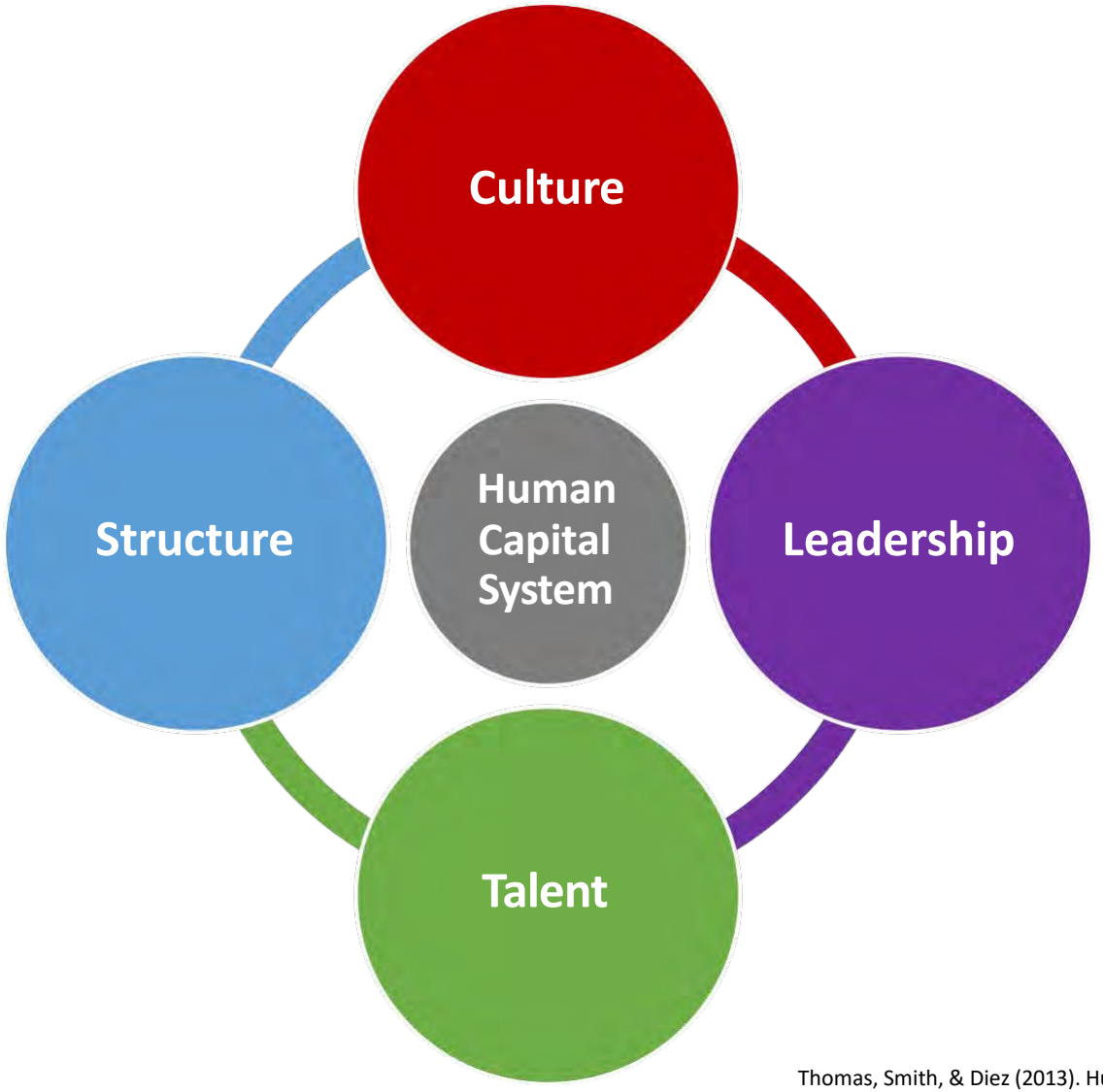
- 4x increase in adults reporting symptoms of depression or anxiety since the pandemic
- ED visits for overdoses and suicide attempts are up 36% and 26%
- Its not only patients who are struggling! Provider burnout is rampant

The Great Resignation | Burnout and Shift to Employee-Drive Market

- 18% of healthcare workers in the US have quit their job since the beginning of the pandemic
- 33% of physicians, nurses and APPs intend to reduce their hours
- Workforce shortages are going to get worse
- Growth in temporary staffing are here to stay

The Human Capital System





Thomas, Smith, & Diez (2013). Human Capital and Global Business Strategy, Cambridge University Press.

Structure | WFH and Flexibility

Remote / Flex / Hybrid

- Employers expect 2 of every 5 workers may work remote
- 16% of employers hiring only remote workers
- 51% of all knowledge workers will be hybrid (up from 27%)
- 59% of employees are expecting more flexible hours/WFH options

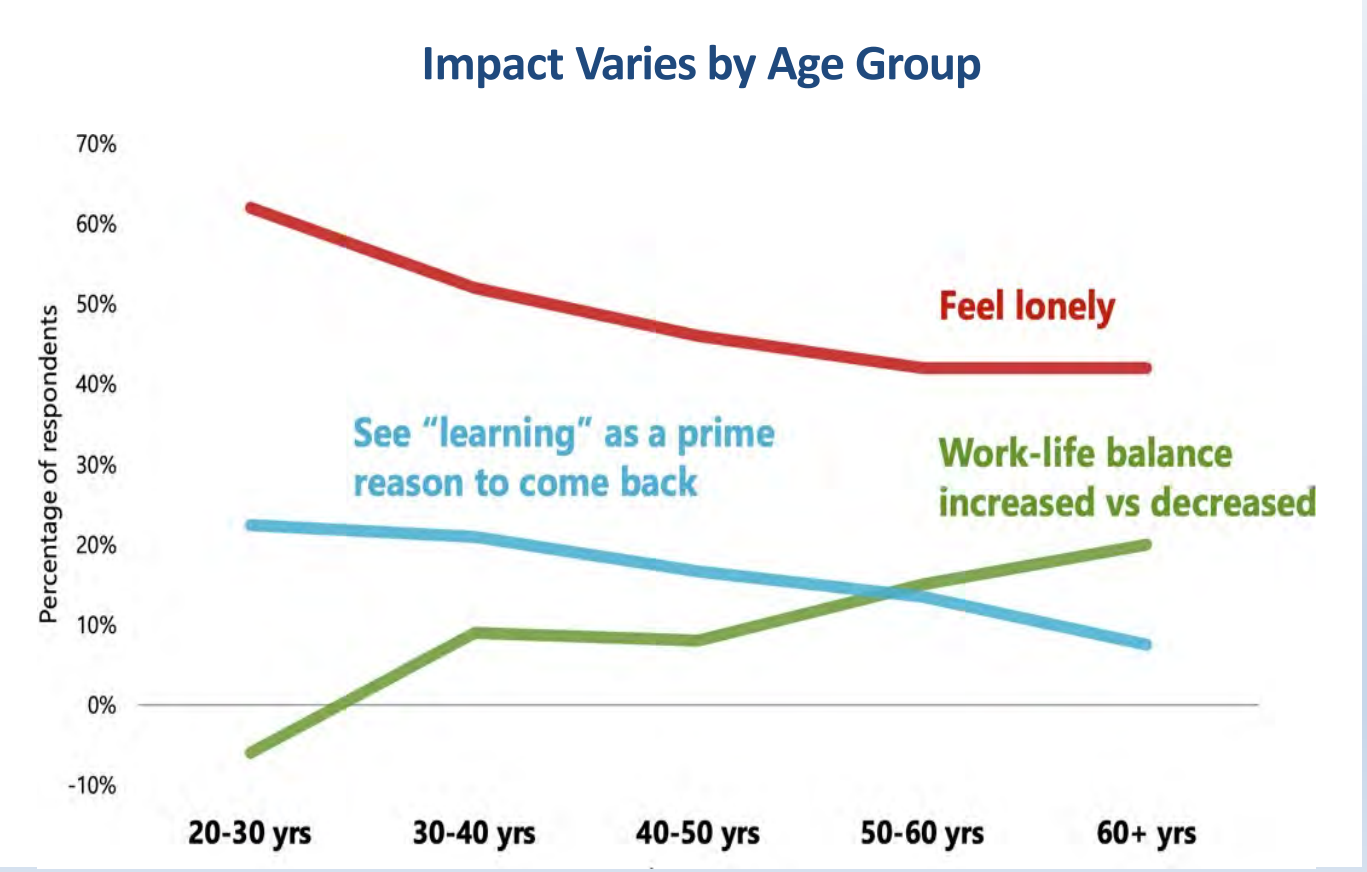
Image: Forbes

Sources: Willis Towers Watson Survey, Aug 2021; Gartner Survey Forecast, June 2021; Randstad Asia, 2021 Employer Brand Research

Culture | Disruption of Social Cohesion

Covid-19 Impact: Rising Concern for Employee Well-Being

- Loss of casual social interactions
- Increased isolation
- Lack of connection with colleagues
- Additional work effort
- Sense of “Burnout”



Source: Gensler Work from Home Survey, 2020

Leadership | Need for Inclusive Approach

Humanitarian Leaders

- 60% of Employers make behavioral health a priority
- Create flexibility in roles and responsibilities
- Recognize personal lives of employees
- Provide more learning and development opportunities

Image: Catalyst

Sources: Forbes: Building a Humanized Workplace, Aug 2020
Deloitte Human Capital Trends Survey 2021

Talent | New Value Proposition?

What Employees are Seeking:

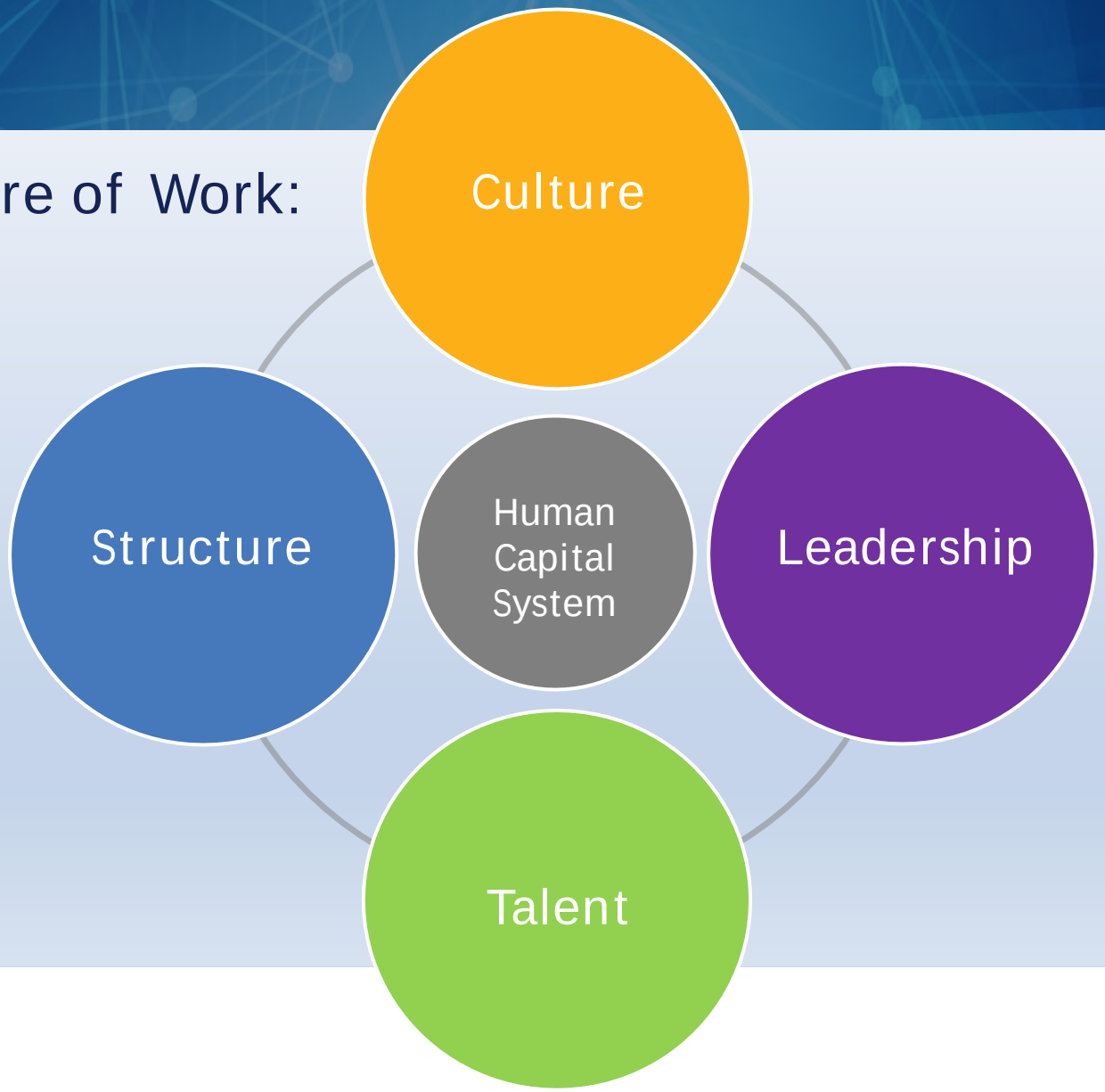
- Flexible Work Arrangements
  — where, when, what, how
- Develop New Digital Skills
  — hot tech and future skills
- A Shared Sense of Purpose
  — societal issues and impact
- Meaningful Contributions
  — company and community
- Personal Growth
  — custom development and coaching

Source: "Human-Centric EVP" by Swetha Venkataramani, Gartner, May 13, 2021

Priorities for Employers

Top Priorities to Prepare for the Future of Work:

1. Address Employee Well-Being
   — take holistic approach
2. Develop Flex/Hybrid Models
   — design with function and equity
3. Foster Inclusive Leadership
   — develop manager capabilities
4. Rethink Employee Value Proposition
   — customize experiences



I'M MAD AS HELL AND I'M NOT GOING TO TAKE IT ANYMORE!

© Mike Baldwin / Cornered
"Try to get some rest. I'll be in every few minutes to make sure you don't."

What are People saying? HARRIS POLL

- 81 percent of the respondents said shopping for healthcare services should be as easy as shopping for other types of services.
- 67 percent of the respondents said it feels like every step of the healthcare process is a chore.
- 62 percent of the respondents said the healthcare experience feels like it's intentionally set up to be confusing.
- 56 percent of the respondents said they know people who will do anything to avoid seeking care because the healthcare experience is so poor.

CONSUMER SEGMENTATION

1. Nobody knows what it costs to acquire a patient.
2. Nobody knows what it costs to retain a patient.
3. Nobody knows what it costs to prevent leakage
4. Patients and members, both new and existing, will tell you that healthcare marketing has zero impact on who they choose as their provider and payer.
5. Providers and payers will continue to spend money on marketing campaigns that do not resonate with anyone outside of marketing.

Healthcare Marketing is mired in the 1990s

Effective Billboard Has Driver Suddenly Craving Visit To The Hospital

The Onion | June 2, 2021

Guide consumers by giving them the information they need to make good decisions about their health

- Consumers who are disengaged in managing their own healthcare are often unsatisfied and drive up costs

Find convenient ways for consumers to connect with the healthcare community

- Be Amazon, Target, Walmart
- Don’t Be Macys, Sears, Penney’s

Inspire loyalty

- Learn from success of other industries
- Demonstrate value for money
- Give consumers a single point of contact
- Create a seamless experience across the continuum

THE RISK OF TECHNOLOGY VS. TOUCH

The Human In the Middle

"We Need an Extreme Makeover of Medical Education."

DR. ROWAN MOLNAR

"Technology will replace 80% of what doctors do."

VINOD KHOSLA

"Any doctor that can be replaced by a computer should be."

FOUR QUESTIONS WE ASKED OUR ACADEMIC LEADERSHIP

1. If technology and AI will replace 80% of what doctors do, how do we select and educate the doctors of the future?
2. If population health and patient experience will be (like everything else) digital, what partnerships do we need to educate our students and residents in this new world of data and AI?
3. If the skill sets related to population health are fundamentally different, how do we train the current faculty to be leaders in a culture they are not familiar with?
4. What vertical integrations might we see between AMCS and other entities that will potentiate this transformation that may not have been envisioned even a few years ago?

START FROM THE BEGINNING

Doctors in 2021 are still chosen based on 3 criteria:

- Science GPA
- MCATs
- Organic Chemistry Performance

...AND SOMEHOW WE'RE AMAZED

Doctors in 2021 aren't more:

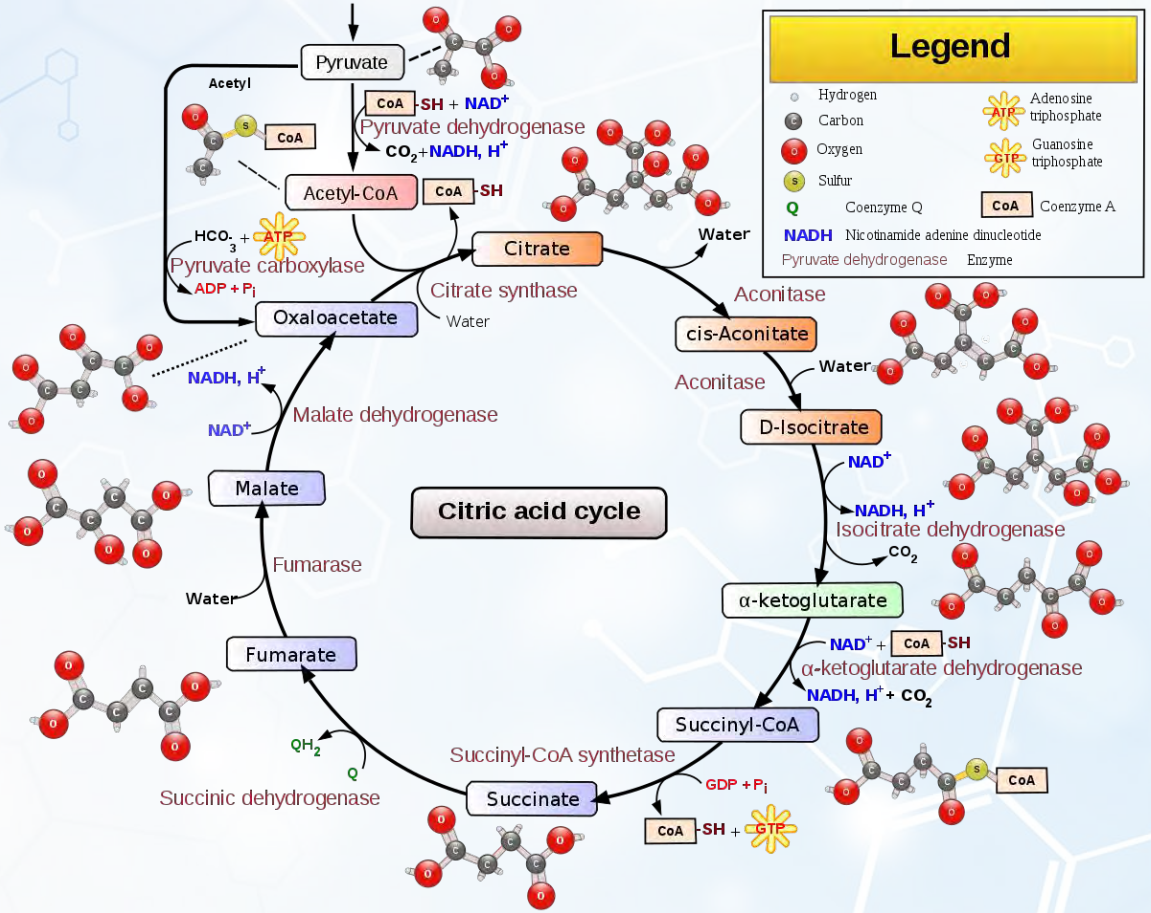
- Empathetic
- Communicative
- Creative

The New Yorker 8-18-97

THE FIRST SURGICAL RESIDENCY

So, does anyone else feel that their needs aren't being met?

ORGANIC CHEMISTRY



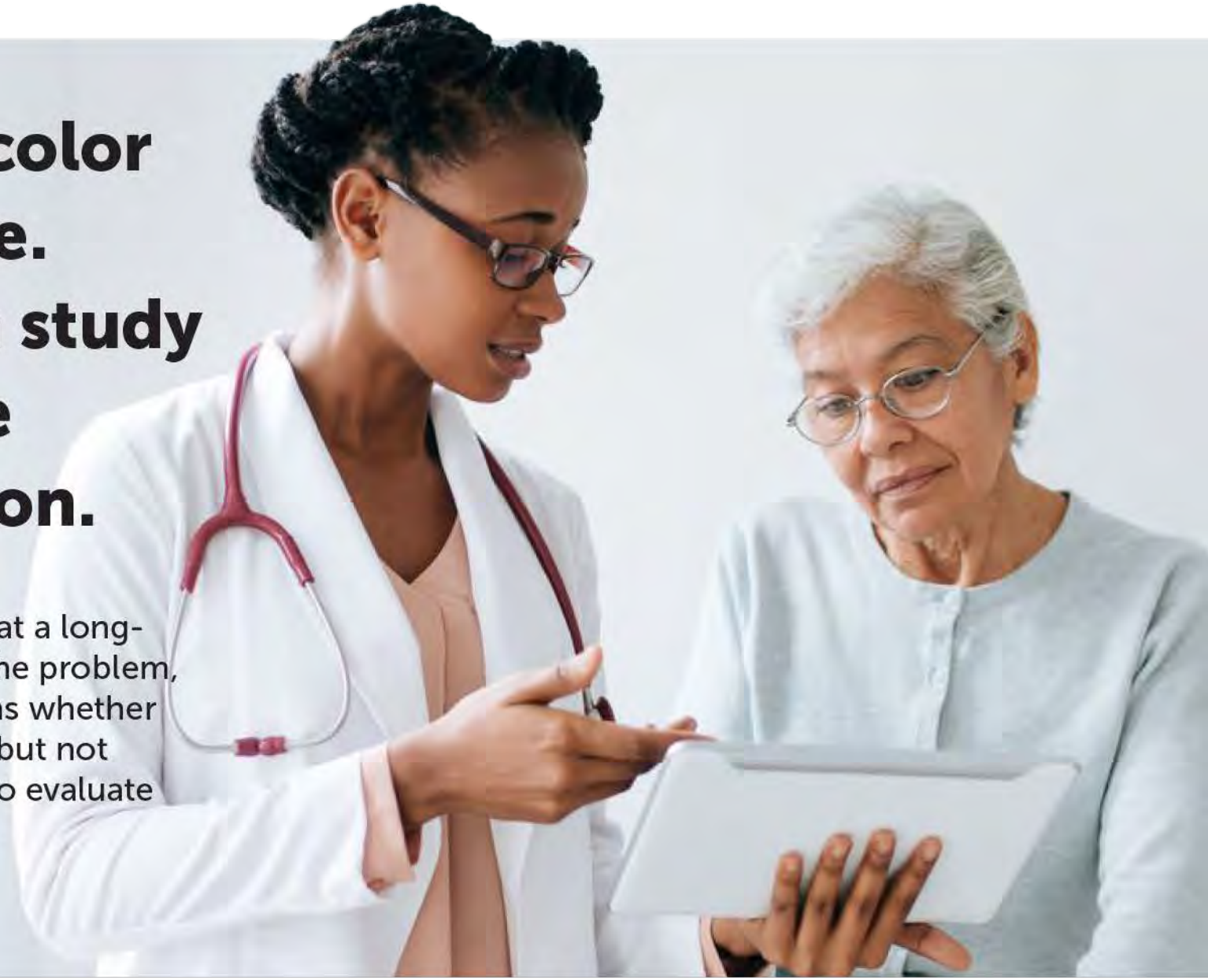
WHAT'S GOING ON IN THIS PICTURE?

Physicians of color are far too rare. This Jefferson study highlights one potential reason.

The Philadelphia Inquirer

Sep. 24, 2019
PHILADELPHIA
by Sarah Gantz

The study by Jefferson researchers found that a long-standing emphasis on test scores is part of the problem, adding to the body of research that questions whether standardized tests that measure knowledge but not emotional intelligence are an effective way to evaluate whether someone will make a good doctor.



70% of Physicians Practicing 3 Years or Less Felt they Did Not Learn What They Need Most in Practice

- Management of Change
- Negotiations
- Healthcare Financing
- Effective Communication
- Making Patients Happy
- Individuals in an Organization
- Leadership Development
- Running an Effective Meeting
- The Fourth Industrial Revolution

JOLT: CHANGING CULTURE

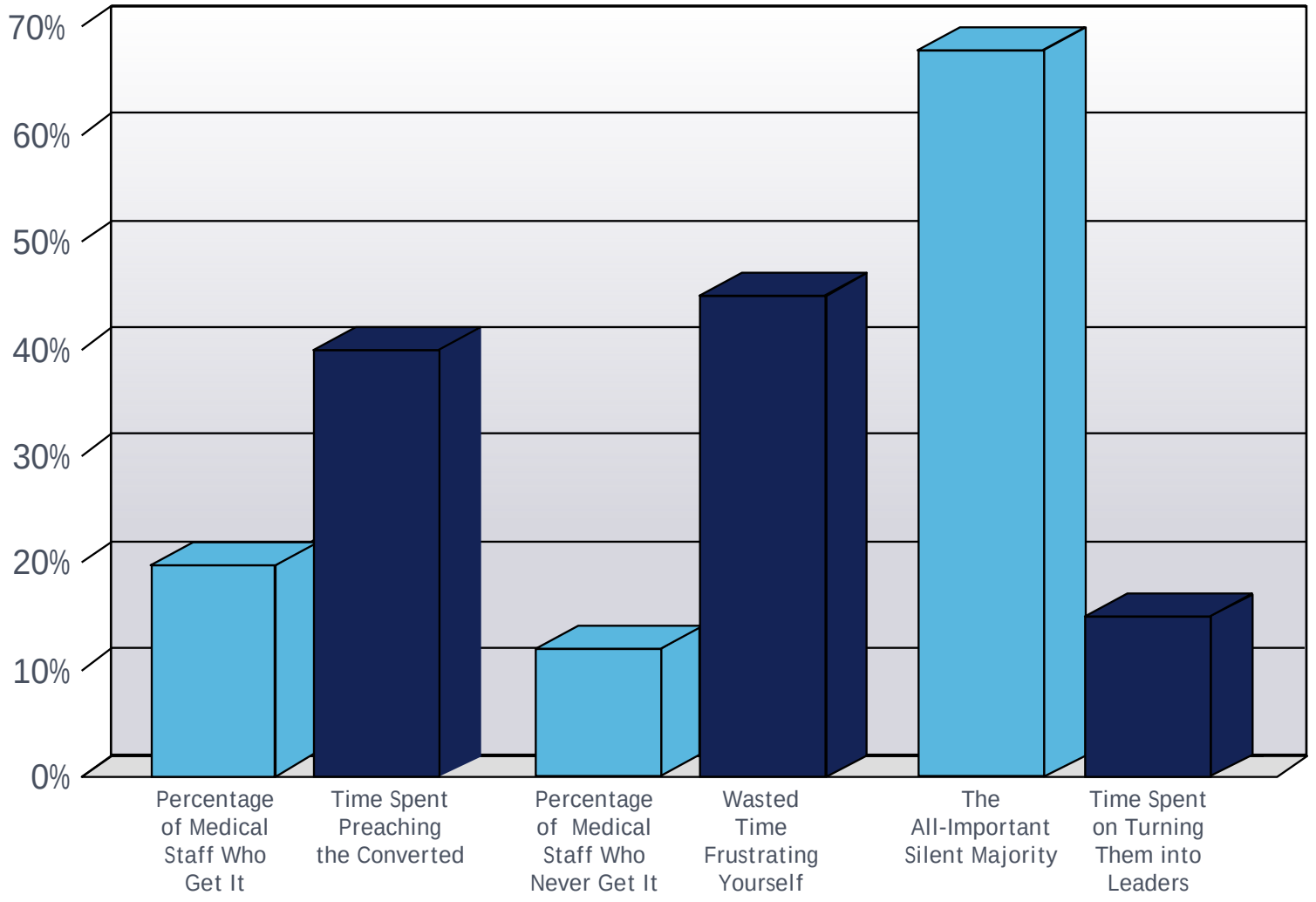
40 senior leaders yearly

Application process, sponsor involvement, executive approval

Three highly integrated streams in a 9-month program

- Classroom
- Project/Sketch Assignment
- Executive Coaching

PHYSICIAN ATTITUDES VS. ADMINISTRATORS TIME CHANGING THEM



OUTCOMES

- Competency Development
- Readiness for Leadership Roles
- Projects
- Participant Feedback
- Sponsor Feedback
- Physician Burnout

JOLT
325% IMPROVEMENT IN DEALING WITH DIFFICULT ISSUES AND SITUATIONS
325%

THE RIGHT WAY

- 133% commitment to and engagement in ensuring TJU's success
- 200% work in teams
- 167% effectively communicate and influence
- 250% loyalty to organization
- 80% willingness to serve in a leadership capacity

Leadership : Things I Knew and Things I Learned

- Learn from other industries
- Practice "radical collaboration"
- Over-communicate
- Jefferson’s four-pillar strategy and ”healthcare at any address” vision is ripe for the post pandemic academic and healthcare future
- Align leadership with the frontline
- Disagree and commit

“Disagree and commit”

Amazon Leadership Principle

WHAT I LEARNED THAT SUSTAINED ME AS A LEADER IN THE LAST FEW YEARS

- Spend most of your time concentrating on what other industries have done in a time of crisis
- Overcommunicate, be vulnerable—show passion, creativity and flexibility along with strategy focus and discipline
- The ”new cabinet”---chief public health officer, chief experience officer, chief consumer officer, CMSMIO
- Thank you Professor Useem, “You should always have 5 people under you that think they can do a better job than you and 3 that are right”

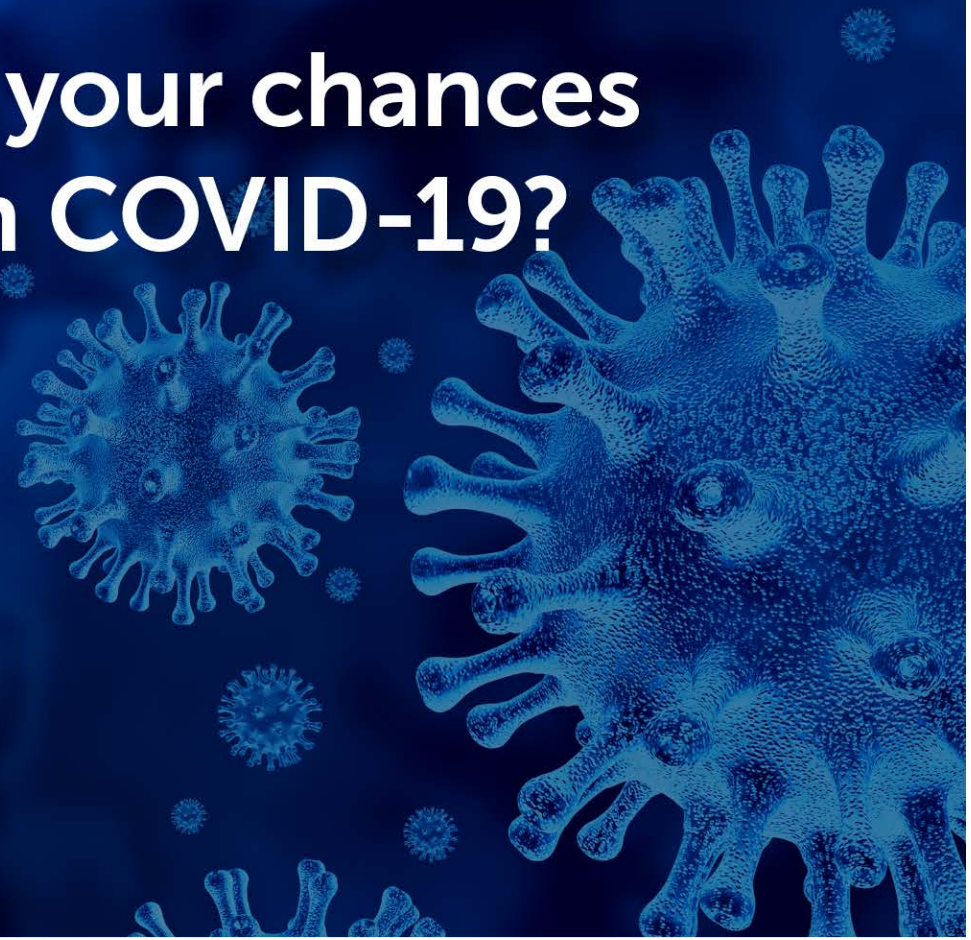
WE CHANGE
THE WORLD

C’ing the Future

CoronaQuiz

What contributes most to your chances of becoming infected with COVID-19?

- [ ] Your Genetics
- [ ] Lack of Social Distancing
- [x] Your ZIP Code



Modern Healthcare

Do we need a Greta Thunberg in healthcare?

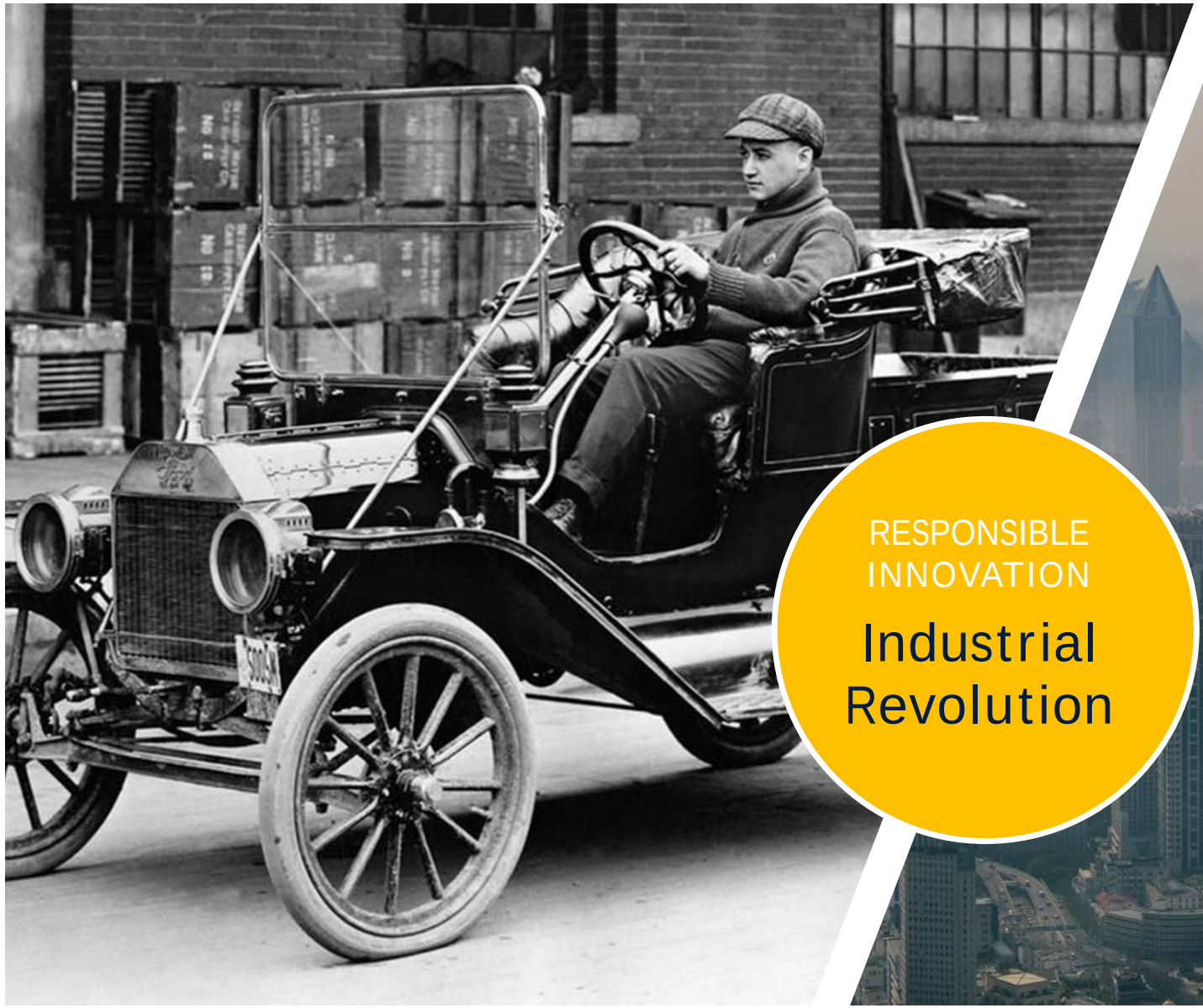
Dr. Stephen Klasko | January 31, 2020

"After a week at the World Economic Forum in Davos this month, I'm convinced the globe faces two existential threats that demand disruption of our businesses, our policies and indeed our lifestyles: climate change and health assurance for all."

Robots &
Humans
Working together
to provide
better health.

CENTER FOR RESPONSIBLE INNOVATION

- We need large scale transformations in healthcare to both survive as a business and to have a positive societal outcome
- Healthcare and academic success will require disruption in our way of thinking, creative partnerships to create new ecosystems
- There is no such thing as non-disruptive disruption
  - It will be painful for those who don't want to think differently as new ecosystems are built
  - The fourth industrial revolution will give us the tools and data to do this but we need to proactively address the human and ethical consequences
  - Social determinants and health inequities need to move from academic ponderings to the mainstream of clinical care and health policy



RESPONSIBLE
INNOVATION

Industrial Revolution

RESPONSIBLE INNOVATION

Social Media Revolution

RESPONSIBLE INNOVATION

AI Revolution

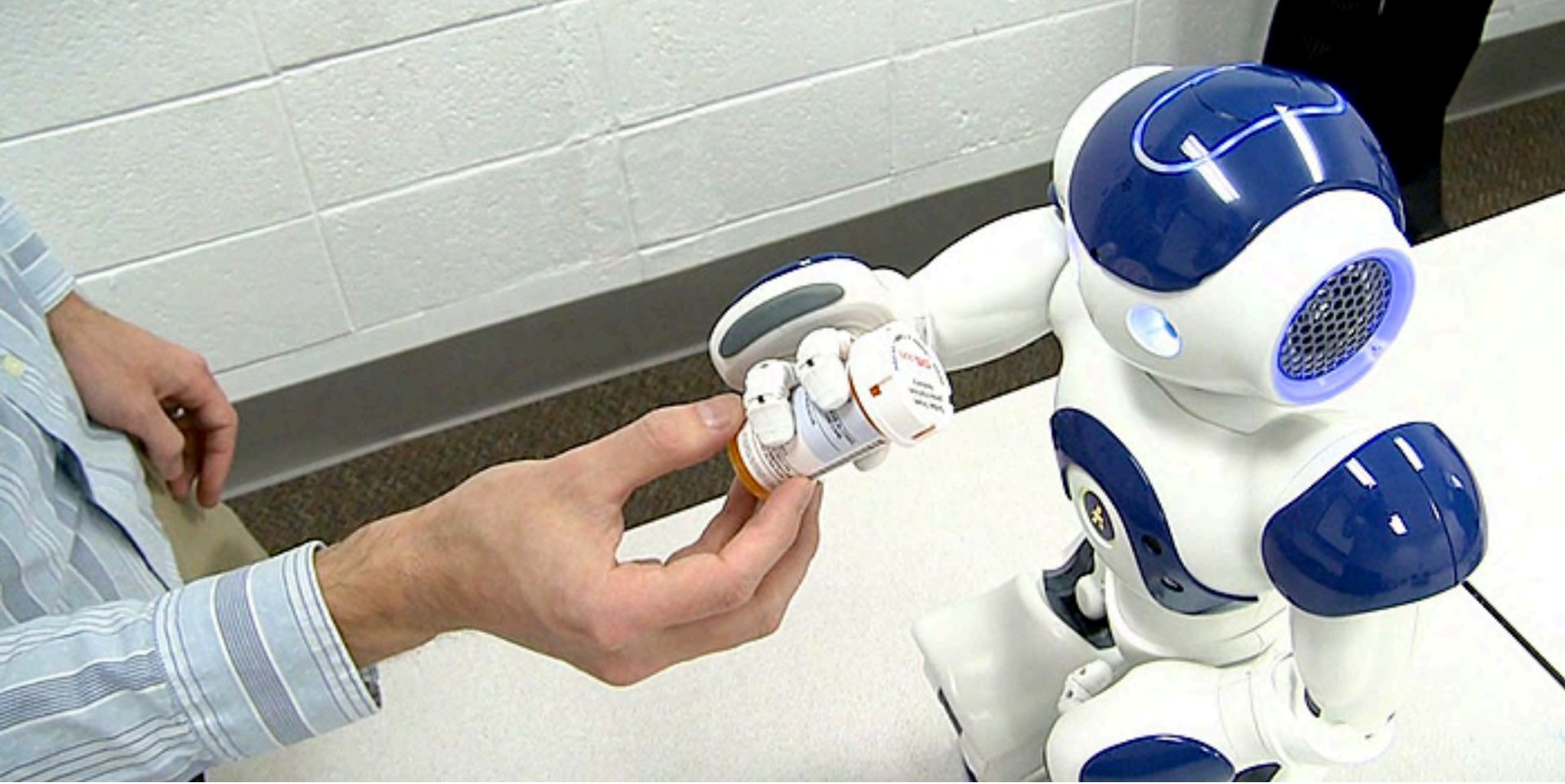
Woman following sat-nav drives car straight into lake. — *The Telegraph*

Millions of black people affected by racial bias in health-care algorithms.
— *Nature*

NHS gives Amazon free use of health data under Alexa advice deal.
— *The Guardian*

AI

THE GOOD, THE BAD AND THE UGLY



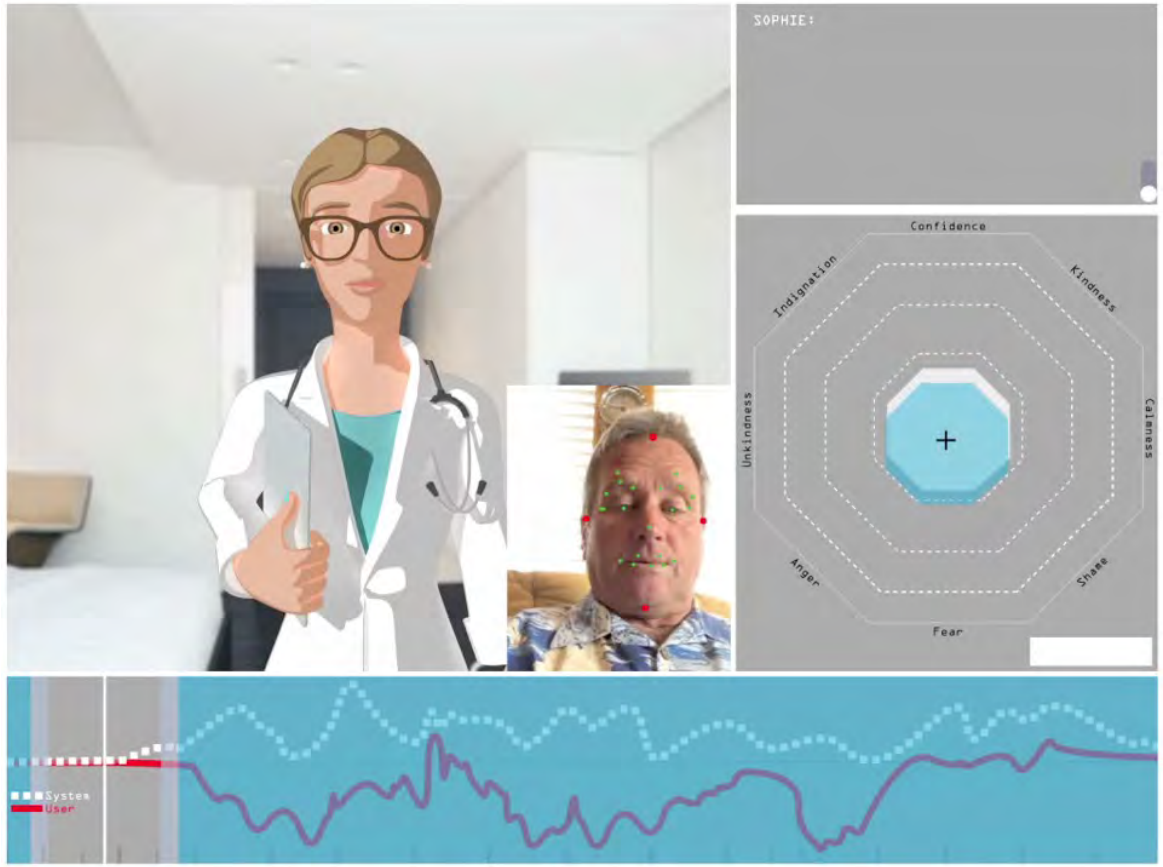
"Does your car have any idea why my car pulled it over?"

DELIVERY
Trader Joes 86 mi
Whole Foods 120 mi

SMART CLOTHES AND THE FOUR PILLAR MODEL

2030

ROBOTS AND HUMANS WORKING TOGETHER TO PROVIDE BETTER HEALTH…FOR EVERYONE!



CYBERSECURITY: THE NEXT HOSPITAL BOARD CRISIS

U.S. consumers were asked which is more important to them—
data security or convenience regarding access to different kinds of health data

A New Educational Paradigm

Transplanting Medical Advances and Knowledge into Improved Patient Care Through Procedure Rehearsal Studios

SEE ONE
DO ONE
TEACH ONE

NO MORE

Simulate!

IS YOUR SURGEON QUALIFIED?

Can they prove it?

MOST IMPORTANTLY, WE HAVE TO…

START NOW