The Board’s Role in Holding C-suite & Physician Leaders Accountable for Transformative Change

September 21, 2015
Please note that the views expressed by the conference speakers do not necessarily reflect the views of the American Hospital Association and the Center for Healthcare Governance.
An accomplished author, speaker, and physician executive, Dr. Kent Bottles is known as a pioneer in population health management tools, change management for physicians, digital medicine, social media, and big data predictive analytics. Currently on the faculty of The Thomas Jefferson University School of Population Health, Dr. Bottles is a sought after keynote speaker and hospital board retreat facilitator on the topics of the future of health care delivery, digital medicine, predictive analytics, the Affordable Care Act, disruptive technologies, and engaging physicians in quality and transformation of payment programs.
Tracy Duberman, PhD, MPH, FACHE is an executive coach, organizational development consultant, former healthcare executive, current business owner, frequent keynote speaker, Board member of the Physician Coaching Institute, and a Fellow of the American College of Healthcare Executives. With a background combining business experience with innovative research on healthcare/physician leadership effectiveness, Tracy founded The Leadership Development Group, Inc. - a firm devoted to developing healthcare leaders and physician executives.

Lisa Bloom, MBA, MPH is a seasoned healthcare management consultant, executive coach, business executive, and speaker. She has over 20 years of experience in the healthcare industry including work in strategy development and business planning, leadership development, change management, customer engagement management, workshop design and facilitation, and training and development for health providers (integrated health systems, physician groups, physician specialty networks, and post-acute care organizations), life sciences companies, and healthcare technology companies.
Session Learning Objectives

• Highlight 4 areas of focus boards should hold hospital leaders accountable to in order to thrive in the transformed healthcare environment

• Articulate best practice examples with regard to areas of focus

• Provide strategies and tools boards can leverage to instill accountability

• Facilitate knowledge sharing amongst the participants
Agenda

• Set the context of the “New World”
• Share 4 areas of focus to drive healthcare transformation
• Provide an overview, accountability strategies, and best practice example for each area of focus
• Q&A
Shift to the “New World”

First Curve
- Fee-for-Service
- Quality Not Rewarded
- Pay for Volume
- Fragmented Care
- Acute Hospital Focus
- Stand Alone Providers Thrive

Second Curve
- Value Payment
- Continuity of Care Required
- Systems of Care
- Providers at Risk for Payment
- IT Centric
- Physician Alignment

Straddle

Revenue Drops
- Minimal Reward for Quality
- Volume Decreases

No Decisive Payment Change
- Pay for Volume Continues

High Cost IT Infrastructure
- Physicians in Disarray
Triple Aim
Three Dimensions of Value

1. Improved Patient Experience
2. Reduced Cost
3. Improved Population Health

© TLD Group
The Role of the Board

- Get and stay educated (e.g., terms and trends)
- Engage physicians and other clinicians in joint education, discussions, and planning
- Add clinicians to boards and committees (appropriately)
- Develop a baseline assessment of your organization’s clinical integration capabilities and current physician alignment
- Convene strategic planning retreats to determine vision for the future (e.g., ACO, medical home) and set measurable indicators of success
- Monitor progress toward the clinical integration strategies and goals
- Hold management and physicians accountable for achieving the desired level of clinical integration and physician alignment
Accountability Leads to Lasting Partnerships

• Drive more collaboration
• Make better decisions
• Work through inevitable conflict effectively
• Create real alignment to put patients first
4 Areas of Focus Required to Drive Healthcare Transformation

- Talent Management
- Clinical Integration
- Value-Driven Care
- Patient Experience
1: Talent Management
Talent Management is Necessary to Be Positioned for Success

• Healthcare leaders must meet growing demands and complexity related to the shift to a value-based system
• The healthcare industry has been faced with the crisis of high turnover and talent shortages
• Increased importance of attracting, preparing and retaining talented clinical and non-clinical leaders to:
  – Manage the challenging healthcare climate
  – Meet the ambitious expectations of health reform
  – Reduce costs
  – Ensure quality of care
Common Evidence of Problems in Talent Management

• Lack of bench strength is concerning Board/Execs
• Politics & popularity vs. qualifications
• Key roles unfilled for long periods
• Unsuccessful replacements
• Emergency/Key Roles filled from outside
• High turnover among HIPOs
Best Practice Talent Management

Boards at top-performing companies understand issues related to executive talent (e.g. CEO succession) and non-executive talent (e.g. employee engagement)

1. Include issues that impact critical talent segments such as:
   - Engagement capital
   - Employee value proposition
   - Workforce planning

2. Increase executive accountability for talent outcomes by developing robust talent measures with clear links to business value

3. Strengthen CEO succession strategies by actively broadening rising leaders’ experience profiles
Talent Management Model

- Monitor and Measure
- Talent Needs Assessment
- Assess Talent Pool
- Conduct Talent Review
- Development

Adapted from:
- Church & Silzer (2013)
- CEO insights (2004, April)

© TLD Group
How it Works?

• Develop future-focused competency model

• Create success profiles
  – Identify essential skills and experiences needed to meet the demands of the role
  – Define leadership expectations
  – Identify behavioral and cultural competencies

• Assess talent utilizing:
  – Interviews
  – Psychometric assessments
  – 360 Feedback

• Monitor performance against metrics for success

• Continuously improve
## Best Practice Example: Newton Medical Center

| Situation | Reduced reimbursement and transition to value based care necessitated a re-organization at Newton Medical Center (NMC), a general medical and surgical hospital in Newton, NJ.  
|           | Board held C-suite responsible for executive staff reductions without an interruption in quality or cost.  
|           | Creation of newly combined role, CNO/COO to report directly to the CEO. |

| Solution  | Board collaborated with CEO to design a success profile approach borrowed from corporate best practice.  
|           | Design of a success profile for new position to identify, assess, and select candidates for the role.  
|           | Board member on selection committee for new executive. |

| Results   | Accelerated on-boarding of new executive.  
|           | Better integration into C-Suite and NMC.  
|           | Board alignment to succession planning.  
|           | Performance measures of success in top 10% for new role. |
1. Do you have a formal succession plan in place for all of your C-suite leaders?

2. Have you clearly articulated what new skills and competencies your organization will need to thrive in a transformed clinical delivery system?

3. Have you considered strategic partnerships with other organizations and consultants to supplement your in-house talent?

4. Is your culture transparent enough to support holding each other accountable?

5. Does your culture encourage cognitive conflict or do you shy away from disagreements?
2: Clinical Integration
Physician Integration is Required to Meet Market Demands

New Compact Must Be Built on Strong Contractual, Operational Foundation

## Clinically Integrated Organizations vs. Others

<table>
<thead>
<tr>
<th></th>
<th>Geisinger Health System</th>
<th>Intermountain Healthcare</th>
<th>Average Health System</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physician Alignment &amp; Leadership</strong></td>
<td>Physician leaders</td>
<td>Integrated clinical and financial management systems</td>
<td>Administration leads; not physicians</td>
</tr>
<tr>
<td></td>
<td>Physician involvement on board and committees</td>
<td></td>
<td>Physician involvement in governance limited</td>
</tr>
<tr>
<td><strong>Care Management Programs</strong></td>
<td>Initiatives and guidelines across the continuum (e.g., PCMH, navigators)</td>
<td>Care management medical home model</td>
<td>Disparate care management, minimal coordination</td>
</tr>
<tr>
<td><strong>Data and Information Sharing</strong></td>
<td>Wide electronic medical record use</td>
<td>Advanced EHR: reminders, care pathways, and predictive modeling</td>
<td>Hospital EMR, imaging and lab systems, physician practice management, and limited EMR</td>
</tr>
<tr>
<td><strong>Quality Monitoring Program</strong></td>
<td>Financial incentives for hospital and physician quality reporting</td>
<td>Physician financial incentives</td>
<td>Hospital reporting, limited physician reporting, no financial incentives</td>
</tr>
<tr>
<td><strong>Payment Arrangements</strong></td>
<td>Innovative payment models with integrated provider health plan (e.g., bundling, etc.)</td>
<td>Innovative payment models with integrated provider health plan (Select Health)</td>
<td>Standard FFS and some pay-for-performance; little bundling</td>
</tr>
</tbody>
</table>

Source: The Governance Institute, “Laying the Foundation for Successful Clinical Integration”
Key Ingredients of Clinical Integration

- Physician Alignment & Leadership
- Care Management Programs
- Data and Information Sharing
- Quality Monitoring Program
- Payment Arrangements

Source: The Governance Institute, “Laying the Foundation for Successful Clinical Integration”
Active Physician Involvement & Leadership is Key to Success

• Trusting relationships, built through doing real work together
• Active, committed physician participation in all plans and processes (e.g., vision and goal creation; clinical protocol development; quality and cost improvement processes)
• Rigorous credentialing and monitoring of participating physicians to ensure high quality
• Physicians leading all efforts (e.g., dyad management), supported by robust physician leadership development “institute”
• Physician involvement in management and governance at all levels of the organization

Source: The Governance Institute, “Laying the Foundation for Successful Clinical Integration”
PHYSICIAN LEADERSHIP SUCCESS MODEL

LEADING SELF
- Self Awareness
- Self Management
- Self Development

LEADING OTHERS
- Build Effective Teams
- Communicating
- Inspiring

LEADING CHANGE
- Change Management
- Resiliency + Courage
- Authenticity

LEADING for RESULTS
- Systems Thinking
- Business Acumen
- Decisiveness

Best Practice – Competency Model

© TLD Group
Physician leaders will benefit most from learning that occurs on the job and with interaction from peers, coaches and mentors.
Case Study #1: Palomar Health

**Situation**
- 3 Hospital System in San Diego, California
- Need to develop physician leaders as partners in meeting system, operational and clinical performance goals
- Determined to create clinical (physician and nurse) leader partnerships
- Lack of formal physician leadership (CMO) on senior management executive team
- Lagging performance on HCAHPS scores

**Solution**
- 1:1 assessment and coaching, including emotional intelligence (EI) development
- Learning modules and application sessions
- Partnership Activation projects

**Results**
- Improved Press Ganey scores (physician, nurse, and overall ratings)
- Increase in HCAHPS scores on the question “My physician listens carefully to me”
- Participants gained valuable learning competencies including:
  - Knowing their role as a physician leader
  - Having a clear purpose for their partnership relationship(s)
  - Driving patient satisfaction and physician engagement
Palomar Health - OVERALL PATIENT SATISFACTION PERCENTILE RANKINGS
Press Ganey Overall System, Nursing, and Physician National Rankings

*Official Quarterly Results

© TLD Group
Questions to Consider

1. Is your organization taking responsibility for the quality of the care delivered across the continuum of care in your community?

2. Do all of the doctors who practice in your system understand the strategic goals of the organization?

3. Do physicians feel as though they are heard and have a say in the direction of your organization?

4. Have you developed leadership training programs for your physicians, nurses, allied health, and other staff?

5. Have you made your organization attractive to payers and employers in your community who are trying to control costs?
3: Value-Based Care
Value-Based Care

- Programs that link hospital and physician financial reimbursement to performance on quality and cost
- 3 main types of payment models are being introduced by CMS and private payers
  - P4P
  - Shared savings
  - Bundled payments
Need to Drive Leadership to Be Successful in New Payment Models

- Impact of moving away from volume-based, fee-for-service payment to new payment models
  - Determine new economic model that creates the profit necessary to sustain the business
  - Assume more risk
- Declining reimbursement and rising costs - more concern re: bottom line
  - Need to provide better care for less money
- Increasing data transparency
The Cost-Quality Curve

Goal: Move curve to the left

A: Marked benefit
B: Marginal benefit
C: Wasteful
D: Harmful
Rand Study Identified Features Associated with Successful Value-Based Purchasing Implementation

- Sizeable incentives
- Measure alignment
- Provider engagement
- Performance targets
- Data and other quality improvement support
Culture that Supports Value-Based Care

- Organizational nimbleness
- Willingness to change
- Willingness to honestly identify problems
- Ability to correct defects
- Promote innovation
### Situation
- State wanted to try innovative ways to pay hospitals and physicians and support the Triple Aim
- Distrust between providers and payers
- Lack of engagement of physicians
- Skepticism about new payment models

### Solution
- Alternative Quality Contract with global budgets and long-term contracts
- Regular information updates on spending and quality

### Results
- Improved health outcomes 12 points above national average
- Documented savings
  - 2009 - 2.4%
  - 2010 - 3.1%
  - 2011 - 8.4%
  - 2012 - 10%
“There must be total ownership of the medical staff for the reputation of the enterprise and the quality, safety, service, and profitability of its services.”

Paul Convery, MD, MM
Former System CMO
Baylor Health System, Dallas, Texas
Questions to Consider

1. Does your organization know how to assume more financial and clinical risks when negotiating with payers?

2. Does everyone in your organization understand how fast your local market is going from fee-for-service to value based payments?

3. Have you assessed the probability of narrow networks being introduced into your market? Will your organization be included?

4. Does your organization have a well thought out data analytics strategy so you can produce actionable correlations to support the Triple Aim?

5. Have you implemented compensation models where your employees are at risk for quality and cost targets?
4. Patient Experience
The sum of all interactions shaped by an organization’s culture that influence patient perceptions across the continuum of care.

- The Beryl Institute
### Case Study #1: Palomar Health

**Situation**
- Cleveland Clinic
- Excellent clinical quality, poor patient experience
- Lack of care coordination
- Rounding was inconsistent
- Insufficient communication between caregivers and patients

**Solution**
- Make patient satisfaction a strategic priority
- Develop care model that involves collaboration and interdisciplinary teams
- Create of new role: Chief Experience Officer (CXO) and Office of Patient Experience
  - Responsibilities: conducting and analyzing patient surveys, addressing patients’ complaints, training employees, and working with units to identify and fix problems

**Results**
- Survey of 4,600 hospitals showed patient satisfaction among top 8%
- Clinic’s percentile rankings amongst hospitals surveyed for the proportion of patients who gave the highest score rose for the following dimensions from 2008 to 2012:
  - Overall satisfaction: 55th to 92nd
  - Nurses’ communication: 16th to 72nd
  - Doctors’ communication: 14th to 63rd
  - Staff responsiveness: 4th to 40th
  - Discharge information: 33rd to 97th
- Successfully established Chief Experience Officer and Office of Patient Experience
Chief Experience Officer

• Oversees a team of direct reports dedicated to understanding and solving gaps in the human experience of care
• Builds cultural awareness and engagement among physicians and staff
  – Focus on communication skills
  – Create systems of accountability
  – Work with physicians to deliver on experience expectations
• Role/Responsibilities
  – Experience Strategy, Improvement, and Innovation
  – Complaints/Compliments
  – Experience Analysis (i.e. patient surveys)
  – Friends & Family
  – Quality/Performance Improvement

© TLD Group
Questions to Consider

1. Do your physicians score well on patient satisfaction surveys?
2. Is it easy to access care at your facility?
3. Are patients involved in your board, in your quality improvement efforts, and in your fundraising?
4. Are millennials impressed by your social media and digital efforts?
Determinants of Board Effectiveness in Holding the C-Suite Accountable

1. **Knowledge**: the combined knowledge/experience of board members must match the strategic demands of the company

2. **Information**: the quality and quantity of data a board receives on its business issues

3. **Power**: ability to make decisions and hold CEO accountable for his/her performance

4. **Motivation**: incentives to motivate directors’ performance

5. **Time**: allocate time to focus on key issues and make effective decisions
Do You Have the Right People on Your Board to Drive these Competencies?
Questions?