LEADING TOWARD POPULATION HEALTH
To succeed in providing a population health delivery model—better health of a defined population that is provided by a superior healthcare delivery system at a lower cost per patient—will require leadership that is inspiring, visionary, highly motivated, and, most of all, collaborative.

Though population health is in its infancy, a sense of urgency exists for executives to prepare for changes in how their organizations will care for patients and be reimbursed. This resolve begins with leadership thoughtfully defining the organization’s future and the incremental approaches needed in realizing that future.

“To be a successful leader in this healthcare delivery model, you have to be passionately committed to the long-term vision of managing a population’s health,” says Stephanie S. McCutcheon, FACHE, principal, McCutcheon & Co., Pasadena, Md. “It’s not just starting a health plan or aligning physicians through a multifaceted physician alignment system or acquiring 10 hospitals: it’s the fully integrated combination of the three. The focus must be on the person and patient and the professional clinical team of physicians, nurses and others to provide support.”

Lee B. Sacks, MD, executive vice president and chief medical officer, Advocate Health Care, Oak Brook, Ill., says leading toward this new model won’t be easy. “This is going to be hard and will put most healthcare leaders out of their comfort zone,” he says. Sacks is also CEO of Advocate Physician Partners, a joint venture between more than 3,800 physicians and 10 hospitals in the Advocate Health Care system. The nonprofit organization operates as a clinically integrated network, serving nearly 1 million people in the Chicago area.

Says Sacks, “You must be willing to take risks and to step out and move forward to start operating in the new paradigm. You then need to communicate a vision and sense of urgency and manage the whole change process.”

Preparing to Lead
The CEO and team can lead the integrated delivery system they created to the logical next step of becoming a population health management system. The journey from delivery to population health, says McCutcheon, is fundamentally based on the Triple Aim vision of the Institute for Healthcare Improvement: better care for individuals, better health for populations and lower per capita cost. David Pryor, MD, chief
medical officer of Ascension Health, St. Louis, encourages us to add a fourth aim: better caregiver experience.

A senior leader’s main role in leading toward population health will be to position the integrated delivery system to achieve this status for pilot population groups and to structure incentives to accomplish it.

Specifically, some systems are choosing to pilot this transition with their own colleagues (employees) for three reasons. This is the group about whose health the organization cares most; it is a knowledgeable group of consumers; and most systems self-insure this population and thus are assuming full risk.

“They [executive team] understand reform and embrace a paradigm shift in terms of how things were done in the past and how they need to be done in the future.”

—Peter J. Bernard, FACHE
Bon Secours Virginia

Other systems choose different populations for whom they share some risk or have incentives (Medicare Advantage, Medicaid, etc.). The system then charts a journey for a person through the delivery system starting at enrollment, through health risk assessment enlightened by biometric screening, primary care system selection, development of the patient-centered medical home, chronic condition identification and concierge coaching systems, and pharmaceutical compliance initiatives.

This journey addresses specific expectations for the systems and the enrollee, and hospitals are generally incentivized by a refund for a portion of the enrollee premium cost. The development of this model—and the experimentation to make sure it works flawlessly—is very granular but essential, according to McCutcheon, based on the pilots she has facilitated with systems.

Leaders at Bon Secours Virginia in Richmond envisioned several years ago that a move to population health would happen. They also saw that to succeed would require buy-in from physician leadership.

“We have excellent executive talent who are results oriented,” says Peter J. Bernard, FACHE, CEO, Bon Secours Virginia. “They understand reform and embrace a paradigm shift in terms of how things were done in the past and how they need to be done in the future.”

Bon Secours designed its model to focus on accelerated clinical transformation in which managers work with medical staff leadership to redesign care at the bedside. “Instead of being administratively driven, we are driven by how we manage a population’s health with service line executives and vice president of medical affairs leadership,” says Bernard.

The organization’s approach has reduced its overall cost per case by 15 to 20 percent. “We are trying to flatten that cost curve,” says Bernard. “And we have been successful.” At Bon Secours Virginia, overall cost increases last year were below 5 percent, down from the 7 to 8 percent increases experienced the previous three years.

Franciscan Missionaries of Our Lady Health System, Baton Rouge, La., also looked to its physician leadership as it prepared to advance toward managing a population’s health. In the organization’s Healthy Lives program, which is a population health management program for the health system’s own health plan, it created a separate subsidiary and appointed a physician leader as CEO and two nurse executives to senior leadership positions.

“We put clinical leaders at the front of the Healthy Lives program because it’s about improving management of care,” says John J. Finan Jr., FACHE, president and CEO, Franciscan Missionaries of Our Lady Health System. “We have been able to get more traction faster with the employer community by having clinicians at the table talking about care. They are well received by the
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employer community. It’s not that hospital management isn’t, but it helps us to have doctors and nurses sitting with benefits managers helping them understand how to identify gaps in care.

“Our goal is to improve the management of care to get more consistencies with evidence-based practices. We must understand the needs of that population and then put in resources and tools for the patient, providers and system to improve the health status of that population,” says Finan.

Memorial Hermann Healthcare System, Houston, has for the past three to four years been preparing for a future of population health. “We believe first and foremost that this is the right way to go for healthcare in our community and for the country,” says Daniel J. Wolterman, FACHE, president and CEO. “We think a focus on population health is a much better approach than episodic treatment of illness in a fragmented manner. The problem we have in trying to lead toward this new model is that the reimbursement system of healthcare is still geared toward fee for service, which then incentivizes episodic treatment of illness on a fragmented basis. We want to move forward toward a more risk-based type of reimbursement such as a per member, per year model, or even a bundled payment model would be ideal.”

To prepare his team to lead in this new model, Wolterman and other senior leaders developed a new strategic plan, which continues to be refined. “We want to know what are the core competencies we need from our executives and senior leaders, and what is the culture the organization needs to exhibit to be successful,” he says. “That’s where a lot of our management efforts will focus on: concepts of a culture—an evidence-driven culture in which everything we do clinically or managerially will have to be evidence driven.”

Advocate Health Care is one of a handful of health systems in the country that has had some experience in building competencies among its leadership to lead effectively in managing a population’s health.

“We’ve been moving down that road for seven to eight years,” says Sacks. “We gained some experience and built competencies and built trust with independent physician practices.”

Collaboration

So, what kind of executive is needed to lead effectively toward managing a population’s health? A good example, says McCutcheon, is one given by John E. Abele, a retired founding chairman of Boston Scientific Corp., who wrote in a July/August 2011 Harvard Business Review article titled “Bringing Minds Together” that “collaboration is the natural by-product of leaders who are: passionately curious—who crave new insights and suspect that others have them; modestly confident—who can bounce ideas off brilliant collaborators, without turning it into a competition; mildly obsessed—who care more about the collective mission than about how achieving it will benefit their personal fortunes.”

Abele goes on to write that collaboration “may be the only leadership model that produces breakthrough results.”

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—Daniel J. Wolterman, FACHE
Memorial Hermann Healthcare System

Robert V. Reece, president, Cambridge Research Institute, Beverly, Mass., and an ACHE faculty member, says being able to manage toward a population’s health is about the skills executives will need, which include determining how to work with providers. “The CEO is going to have to shift his or her personal focus from internal operations to strategy development, physician relations and provider relations,” he says. “Further, the organization structure
will need to accommodate new tasks. This will require reprioritizing existing managerial assignments or adding new talent (and, therefore, expense) to the organization.”

“You have to be passionately committed to the long-term vision of managing a population’s health.”
—Stephanie S. McCutcheon, FACHE
McCutcheon & Co.

Reece further cautions that, given the magnitude of the challenges to effectively cope with population-based healthcare, many, if not most, small to mid-size organizations must address the reality that they do not have the scale to do it alone. “Most will need to collaborate and integrate with other providers, which poses another layer of complexity to the CEO’s job description,” he says.

CEOs should be careful in the kind of leaders they choose to do the collaborating for the organization, which will require a moderate approach. “As Patricia Hemingway Hall, president and CEO of Health Care Services Corp., which includes Illinois, Texas and New Mexico Blue Cross Blue Shield, suggested, ‘We don’t need to send in pit bulls but rather people who can collaborate and find middle ground to move things forward,’” says McCutcheon.

One of the more critical collaborative relationships to be built in the population health model will be with payors, according to Advocate Health Care’s Sacks. The organization signed a deal with Blue Cross Blue Shield of Illinois last year and launched a benchmark care delivery system that will continue to drive collaboration among physicians, hospitals, payors and employers.

“You need to have a collaborative relationship with payors because they have patient data and can support your population management by sharing the data,” says Sacks. “This requires a new type of relationship with the payor.”

If you are going to manage the health of a population, you also need to partner more with the community, which could be government entities, education systems and other groups, to figure out how each one can contribute to improving public health, adds Wolterman.

“By collaborating with these other groups, you can find out what your community’s major public health issues are and how to partner to improve the health status of the community,” he says.

Leading this way, however, will require staff members who have knowledge of public health and epidemiology, something many health systems don’t have, says Wolterman. “Most executives get their degrees in health management or have an MBA.”

“The days of being all things to all people are over. Every service line you offer has to meet the value test.”
—Robert V. Reece
Cambridge Research Institute

Adaptability
Adaptability is another skill healthcare executives will need to lead in this new era because there are course corrections that are required as initiatives transpire, says McCutcheon. This skill will provide a tremendous competitive advantage.

“When the value-based purchasing regulations came out, for example, we needed to understand those and alter our pursuit to value-based care, and make sure the regulations are understood and that we followed them to get the efficiency they were driving,” she says. “You need to understand what is transpiring from the payor and the
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government and make sure that it is embraced in the deployment of your strategy.”

And if you don’t have the skills yourself to adapt, “go find the best practice and bring it in,” says McCutcheon. “That transportation of best practices within systems and between them is a fundamental answer to how to prepare teams and how to recognize excellent healthcare and figure out a way to get it in. That will accelerate pace of change but also the sustainability of it.”

Adds Reece: “It’s also about building a new skillset infrastructure. It isn’t taking existing teams and adding to their skillset; it’s about needing new people. Most hospitals were set up to follow the rules as we know them now. But now we need to do it in different ways. The days of being all things to all people are over. Every service line you offer has to meet the value test. You have to have the right quality outcomes and the right price with the right patient satisfaction levels.”

Wolterman, though, believes that you can “reeducate” staff by having them take courses on public health or go on site visits to organizations like Kaiser Permanente or Geisinger Health System, which are among the leaders in population health.

Being able to adapt also means being able to innovate, says Michael A. Spine, senior vice president, business development, Bon Secours Virginia, and the principal point person for the organization’s value-based care plan.

Data and Technology

Another critical competency leaders will need to possess is effectively managing data and information technology. “You will need people who have the time and the technical know-how to ‘mine’ the data as well as clinical people who will be able to work effectively with physicians to utilize the information to rebase care delivery processes,” says Reece.

Adds Sacks: “Actuarial science will be important. Most healthcare delivery systems haven’t used actuaries except for insurance. Integrating the data so you can build a database to track patients and use it for real-time decision support will be important to manage population health.”

Bon Secours Virginia’s Bernard says building the right IT platform is crucial. It installed a strong electronic health record system in acute-care and ambulatory settings. “Our success relative to population health initiatives relies heavily on our ability to communicate—implementing electronic medical records across the health system will ensure that success,” says Bernard.

“Integrating the data so you can build a database to track patients and use it for real-time decision support will be important to manage population health.”
—Lee B. Sacks, MD
Advocate Health Care

Says Finan, “You need competencies around what data you need to collect. We are at the beginning stages of building those competencies around standards and information flow. We also want to, using technology, look at the patient as a whole. We use the data and resources to help providers change what they are doing in order to drive better patient health and drive down costs. The cheapest ER visit is the one you don’t have.”

Bon Secours and Franciscan Missionaries of Our Lady Health System are at Stage 6 on HIMSS Analytics’ EMR Adoption Model.

“Across the board we have deployed technology and used it as a framework for improvement, which has created a culture to support those new competencies as we move into this new world of population health,” says Finan.
In today’s uncertain economic environment it’s critical to remember that, in healthcare, it’s all connected. From clinical equipment, to employee retention, to patient care and satisfaction, everything has an impact on everything else — including an organization’s bottom line. That’s why hospitals can no longer compete on clinical excellence alone.

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To build the leadership competencies you and your team will need to manage effectively toward a population’s health will take time, as more than one year is typical, says Advocate Health Care’s Sacks. “My advice is to get started yesterday,” he says. “But if you start tomorrow and begin investing in some of these things we’ve discussed earlier, you will be prepared when an opportunity presents itself. Keep in mind this will be complicated and will take longer than you thought.”

Even those organizations that have been on the population health path for three or four years still consider themselves in the early stages. “We are still neophytes,” says Memorial Hermann Healthcare System’s Wolterman. “We are working from scratch, but we believe strongly in what we are doing. We still have lots to build and lessons to learn.”

“No matter the size of the hospital, the fundamental characteristics of leadership are the inspiration conveyed, the vision that you have, and the balance between a long-term strategy and a vision of getting things done today, says McCutcheon. “But the efficiencies of scale have to be regularly assessed and monitored. Our history is that we focused on insurance and capital financing and reliable management systems; now that is broadened to all aspects of enterprise resource planning functions and likely to broaden to clinical functions, but that gets back to the visionary dimensions of a leader to look at the potential efficiency of scale and manage to those. You don’t have to own them all, but participate with some and own others.”

_**John M. Buell is a writer with Healthcare Executive.**_

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**Related Resources**

What: 2012 Congress on Healthcare Leadership seminar “ACO vs. ACE: Requirements, Risks and Rewards.” At this seminar you will determine the key differences between an ACO and an acute-care episode.

When: Congress will be held March 19–22 at the Hyatt Regency Chicago.

How: Registration begins Nov. 10. Visit ache.org/Congress.


The American Hospital Association says in “Making the Transition to Medical Homes: From Primary Care to Patient-Centered Care” [March/April 2011 issue of Healthcare Executive] that the role of hospitals will be to support and complement primary care practices as they transition to patient-centered care.

“Hospital of the Future: Strategies in an Era of Healthcare Reform.” At this seminar, to be held Jan. 23–24, 2012, at the Key West, Fla., cluster, you will gain new strategies and business models to navigate the changes in healthcare due to the economic climate, the new health reform legislation and other evolving healthcare trends. Visit ache.org/Keywest.
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