Change is Inevitable ... Growth Is Optional
January 29th 2006
“Balad Air Base, Iraq”
“Change Is Inevitable ... Growth Is Optional”:
Lessons From the Front Won’t Hold You Back

Don Taylor
Adjunct Professor UT Dallas
Chair, Vistage International
US Air Force, Colonel, MSC (retired)
www.Donald-Taylor.com
Overview

• Introduction
• Calling of Care
• Calling for Care
• Calling to Care
• “L”s of Leadership
• Conclusion
About Me

- Healthcare Architecture/Planning/Design
- Health Policy, Plans and Operations
- Healthcare – Military, VA and State/CEO/COO
- Iraq War Veteran
- Private Sector - CEO/Entrepreneur
- Non-Profit Sector – Board Member/Volunteer
- Servant Leader/Mentor/Coach
- Speaker/Consultant/Advocate/Author
- Husband/Father/Grandfather/Stepfather/Son
- Disruptor/Visionary/Optimist (mostly)
- Adjunct Professor/Leadership Faculty, Univ of Texas
- Champion for others
“What am I living for and what am I dying for are the same question.”

Margaret Atwood
“What am I living for and what am I dying for are the same question.”

Margaret Atwood
Stories That Test Your “Why”

• New Med Tech in ER
• Capt Furat
• Iraqi girl in the ED
• Surgeon and ethics
• Insurgent “Dilemma”
“Toto, I’ve a feeling we’re not in Kansas anymore ...”

Dorothy
How Did We Get Here?

Our historic “fee for service” model is **unsustainable** ...

17.1% of GDP and GROWING to 19.4% in next decade ... with little or no improvement in health

“America’s Healthcare System is neither **healthy, caring, nor a system**” – Walter Cronkite, early 1990s
How Did We Get Here?

Is Healthcare a “Right”?
Or
Is it a “Busine$$”?

Is it a real Market for Purchasing?


**Is Health Care a Right?**
The New Yorker, October 2, 2017
Dr Atul Gawande
How Did We Get Here?

The basic factors of healthcare ...
How Did We Get Here?

The basic factors of healthcare ...

• Cost
  • Total
  • Personal
• Quality
  • Safety
  • Health
• Access
  • Availability
  • Equity
  • Literacy
• Experience
  • Simple
  • “Customer” Centered
  • Integrator
Cost
Initial steps ...

#wherestheprice
Campaign from CMS

PRICE TRANSPARENCY IN HEALTHCARE NOW MANDATED!*

*No enforcement policy or penalties as of yet!
Dallas – Ft Worth DRG 470 – Major Joint Replacement

$188,000 or 540% Difference!
Texas effort to improve price transparency ...
Transparency May be Welcomed ...

Zuckerberg San Francisco General remains “out of network” with all private health plans – goal is to collect more from “balanced billing” of patients to offset the underserved

- Avoids negotiating reduced rates with plans
- Patients are not aware and have little choice
- No choice - only Level 1 Trauma Center in SF
- No public or clear pricing strategy
- Months later patient received $24,000 bill and only $3,800 paid by insurer; threatened collections
- Goal is to offset revenue to cover underserved which is their primary mission

- **HEARINGS SET BY SF BOARD OF SUPERVISORS REGARDING BILLING PRACTICES AND BALANCED BILLING IS ON HOLD FOR 90 DAYS!**

*Charged 12 times the Medicare price for treatment - Legal in California and not likely to change*

UPDATE: Now $200 After Media Coverage
The Senate bill settled on a compromise. If passed, insurance companies will pay out-of-network doctors for care, but that bill is tied to the median in-network fee for treatments. Doctors and hospitals will also be banned from “balance billing” patients if they think they are due more than what the insurer will pay them. Essentially it is a form of price-setting. Hospitals have long fought against price-setting and raised the political threat of rural hospitals across the US being forced to close. “There are some untested ideas being discussed here. And we need to make sure whatever we do does no harm to rural America,” Tom Nickels, executive vice president of the American Hospital Association, told the Senate Health Committee Tuesday.
Pending Executive Order on Drug Pricing ...

• “International Price Index” pricing strategy to match lowest price paid by other countries

• Court delay in requiring drug companies to show price in all ads for drugs that cost more than $35 a month
How Did We Get Here?

“The Cost Conundrum”: What a Texas Town Can Teach Us About Health Care?

The New Yorker, June 1, 2009
Dr Atul Gawande
Quality
AMONG 36 OECD NATIONS, THE UNITED STATES RANKS:
• 28th in the life expectancy of its residents,
• 31st in infant mortality and
• 16th in heart attack mortality, but is
• 1st in the highest healthcare costs per person.

• Americans Borrowed $88B to pay for Healthcare in last 12 months …
• 65 Million elected NOT to seek care Due to cost

US Healthcare Cost Crisis, Gallup, 2019
Close to half (48%) of Americans believe the quality of care found in the U.S. is either the “best in the world” or “among the best”
Opioid Crisis ... Even Criminal Charges in NY?

Between 2006 and 2012, 15 percent of pharmacies...

... received 48 percent of pain pills

The 15 pharmacies with the most pills per person, based on county population, 2006-2012

<table>
<thead>
<tr>
<th>PHARMACY</th>
<th>TOTAL PILLS</th>
<th>PILLS PER PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHEARER DRUG CLINTON COUNTY, KY</td>
<td>6,778,550</td>
<td>96</td>
</tr>
<tr>
<td>HARDIN COUNTY DISCOUNT PHA HARDIN COUNTY, IL</td>
<td>2,789,740</td>
<td>90</td>
</tr>
<tr>
<td>ARNZEN’S KAMIAH DRUG LEWIS COUNTY, ID</td>
<td>2,298,640</td>
<td>88</td>
</tr>
<tr>
<td>BOONEVILLE DISCOUNT DRUGS OWSLEY COUNTY, KY</td>
<td>2,850,040</td>
<td>86</td>
</tr>
<tr>
<td>C &amp; R CLINIC PHCY MORTON COUNTY, KS</td>
<td>1,916,920</td>
<td>85</td>
</tr>
<tr>
<td>GLENN’S APOTHECARY CRITTENDEN COUNTY, KY</td>
<td>5,171,800</td>
<td>80</td>
</tr>
<tr>
<td>SMITH COUNTY DRUG CENTER INC. SMITH COUNTY, TN</td>
<td>9,508,190</td>
<td>72</td>
</tr>
<tr>
<td>STROSNIDER MINGO COUNTY, WV</td>
<td>13,168,350</td>
<td>70</td>
</tr>
<tr>
<td>MAIN STREET PHARMACY COMANCHE COUNTY, KS</td>
<td>915,740</td>
<td>70</td>
</tr>
<tr>
<td>HOWARD’S DRUGS LAKE COUNTY, OR</td>
<td>3,706,210</td>
<td>68</td>
</tr>
<tr>
<td>R&amp;K PHARMACY INC. POLK COUNTY, TN</td>
<td>7,627,625</td>
<td>66</td>
</tr>
<tr>
<td>SAFEWAY INC. MINERAL COUNTY, NV</td>
<td>2,175,110</td>
<td>65</td>
</tr>
<tr>
<td>BOYDS FAMILY PHARMACY EMEERY COUNTY, UT</td>
<td>4,843,750</td>
<td>65</td>
</tr>
<tr>
<td>MK STORES INC. LUCE COUNTY, MI</td>
<td>3,029,550</td>
<td>65</td>
</tr>
<tr>
<td>CLINIC PHARMACY HARMON COUNTY, OK</td>
<td>1,294,890</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: Washington Post analysis of Drug Enforcement Administration data
High Reliability Organizations ... Who Does This Well?
High Reliability Organizations ... Who Does This Well?
If Healthcare were in the airline business?
High Reliability Organizations ...

### Death in the United States

Johns Hopkins University researchers estimate that medical error is now the third leading cause of death. Here’s a ranking by yearly deaths.

<table>
<thead>
<tr>
<th>Cause</th>
<th>Deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart disease</td>
<td>614,348</td>
</tr>
<tr>
<td>Cancer</td>
<td>591,699</td>
</tr>
<tr>
<td>Medical errors</td>
<td>251,454</td>
</tr>
<tr>
<td>Respiratory disease</td>
<td>147,101</td>
</tr>
<tr>
<td>Accidents</td>
<td>136,053</td>
</tr>
<tr>
<td>Stroke</td>
<td>133,103</td>
</tr>
<tr>
<td>Alzheimer’s</td>
<td>93,541</td>
</tr>
<tr>
<td>Diabetes</td>
<td>76,488</td>
</tr>
<tr>
<td>Flu/pneumonia</td>
<td>55,227</td>
</tr>
<tr>
<td>Kidney disease</td>
<td>48,146</td>
</tr>
<tr>
<td>Suicide</td>
<td>42,773</td>
</tr>
</tbody>
</table>

Source: National Center for Health Statistics, BMJ

### Doctors and nurses are the "second victims" of medical errors

Symptoms reported by doctors and nurses involved in patient safety investigations

- Extreme sadness: 68%
- Difficulty concentrating: 65%
- Depression: 55%
- Repetitive and intrusive memories: 52%
- Sleep disturbances: 45%
- Avoidance of similar types of patient care: 32%

SOURCE: Journal of Quality and Safety in Health Care
Competency ... and proving clinical capabilities ....
Dr Stephen Klasko
We *assume* all care is equal ... and ours is best!
The Psychedelic Donut: Types of Coverage in the U.S.
The “Silver Tsunami” is real ... and I am becoming one of them .... “Being Mortal” by Dr Gawande
“Medicare For All”
“Through their eyes .... A heightened awareness”
The story from the VA
Emerging Change - Rise In Healthcare Consumerism

Powerful Drivers for Consumerism

• Expectations – now being compared to other industries
• Financial – more cost shifting to consumers
• Transparency – means to improve quality and informed choice
• Physician influence – is being challenged by primary care options and disruptors
• Brand loyalty and equity – who they trust with consumer purchasing

www.joepatient.com

Are health systems going to build enough loyalty to compete with the generational expectations set by major brands and other industries?
“Crisis of Value” – Dr Williams - President, UNTHSC

• Collapse of “sense making” in healthcare organizations
• 30% of healthcare costs are the results of failures or waste
• Hospital deaths increased 200% since 1999 focus on safety
• Fee-based mindset of current physicians that is taught by existing medical schools ... 95% still use the Flexner Report from 1910
• Hospitals must adapt or they will collapse – they will become centers of intensity and care will be with the patient
• Restore the role of the patient and empower them with choice
• Physicians to be advisors and empathetic
• Enhance the value of a defined “Care Team”
• Prove competency
Disruption
Reframing Healthcare – Dr Zeev Neuwirth
Reframing Healthcare ... Dr Zeev Neuwirth

• Patient VS Customer in regard to “experience” design
• Primary Care “Brands”
  • On Demand Urgent Care
  • Continuity Care
  • Complex Chronic Care
  • Condition Specific Care
  • Wellness Care
• Coordinating Platform
• “Design” a new system ... we were built wrong
The Design of HealthCARE
Technology – IOT, Cybersecurity, Tele-Everything ...

• Threats/opportunities with connected devices
• Tech companies finding their way into the market
• Demands for connectivity by patients, payers, and others
• Demands for information
• Efficiencies with tech investment .... EHR savings??
• AI emergence – smart environments
• Pressures on Privacy
• Generational dependence
Records of 85,000 involved in hospital hack

DOUG BARKER - Tue Aug 13th, 2019 3:57pm - NEWS

About 85,000 people, virtually anyone who has had dealings in recent years with Grays Harbor Community Hospital or its subsidiary, Grays Harbor Medical Group, which includes eight clinics and most of the doctors in the Aberdeen and Hoquiam area, will soon be receiving a letter saying their personal and medical information has been compromised by hackers.

Hospital officials told The Daily World they don't believe the information has been accessed by the hackers or shared with others, but they can't be sure and are making the notification as a matter of caution. The letters are being mailed Wednesday and Thursday. About 10,000 will go to Harbor Medical Group patients and the rest to people who have had transactions with the hospital.

Credit monitoring will be made available for free and a toll-free call center is
Al is moving fast ...

• The Centers for Medicare and Medicaid Services is launching a challenge for AI developers to predict unplanned hospitalizations — and the winner gets a $1 million award.
The ACA was Distruptive

“Patient Protection” and “Affordable Care” Act
(2200 pages)
Hope was to create Transformational Change ... and it did in some areas

But “Hope” is not an executable Strategy
The Challenge from HHS in 2018

• Recently, HHS Secretary Alex Azar stated these are key to “accelerating value-based transformation, and creating a true market for healthcare”

• 4 areas of emphasis:
  • Giving consumers greater control over health information through interoperable and accessible health information technology
  • Encouraging transparency from payers and providers
  • Using experimental models in Medicare and Medicaid to drive value and quality throughout the entire system
  • Removing government burdens

“The key theme uniting these 4 priorities is the recognition that value is not accurately determined by arbitrary authorities or central planners,”
Major Shift from “Volume Based Care” to “Value Based Care”

Value Formula?

Hold Cost and \(\uparrow\) Quality
Or
\(\downarrow\) Cost and Hold Quality

Key is to **EXCEED** the **EXPECTATION** for each entity ...

We all see **VALUE** from different **perspectives**
“The ‘Explosion’ of Clinical Integration” and a few collaborations
Clinical Integration

“A network implementing an active and ongoing program to evaluate and modify practice patterns by the network’s physician participants, and create a high degree of interdependence and cooperation among the physicians to control costs and ensure quality”

No published criteria, but numerous judgements by the FTC have detailed expectations of CINs:

- Improving care and incentives to reducing costs — Flow of Funds
- Increasing patient experience to improve health
- Jointly negotiate payor contracts — Contracting Options
- Collaborative clinical activities, develop and use guidelines — Participation Criteria
- Performance measures and peer reviews; quality improvement — Performance Improvement
- EHR — Shared IT
- Joint governance and oversight — Legal Entity and Physician Leadership
- Retains market competition

Norman PHO FTC Opinion, Feb 2013
The Future of Advanced Payment Models

• APMs are likely here to stay
  • MSSP and Bundled Payments

• Improvements or changes to be expected
  • Simplification – measure what matters
  • Financial risk – downside risk is necessary
  • Structured modernization – reward innovation
  • Patient participation – improve/incentivize engagement
  • Mandatory participation – increase participation to reduce costs

• Expect pressure to bear more risk

• More integration and collaboration

• Expect private payers, Medicaid, employers to implement APMs

• Patients to share savings and be more active

• Confirmation data for cost, outcomes, quality and experience
Physicians Are Not Buying “In”…

National Survey by The Doctors Company of 3412 physicians from 49 of the 50 states in 2018.

- 70% do not recommend medicine as a profession
- 50% plan to retire within 5 years
- EHRs and Regulations are the top reasons for burnout
- EHRs negatively impact the patient – physician relationship – “bad designs”
- 50% say “Value Based Care” will hurt patients, hurt their practice, reduce their earnings and diminish the physician relationship
- Most are skeptical of integration and plan to stay independent
- 57% plan to join ACOs or are thinking about it … 43% say no
- 56% do not plan to participate in PCMHs … only 15% say yes
- 25% plan to participate in a CIN … 38% say no

“Medicine will be another job, not a career. Physicians will become salaried employees of large medical groups and corporations rather patient advocates.”

Surgeon in California
“Consider last year’s Kaiser Family Foundation’s analysis of the August, 2017 Merritt Hawkins survey of 1,033 US physicians which showed for the first time a plurality of US physicians favored movement to a Single Payer system. Compared to 2008, when 58 percent of physicians opposed such a shift, 56 percent now support it (42 percent “strongly”, 14 percent “somewhat”).”
Uncertain Disruption Will Happen ...
From May 2018 ....
Do You See It?
World’s Most Admired Companies ...from Fortune

1. Apple
2. Amazon
3. Berkshire Hathaway
4. Walt Disney Entertainment
5. Starbucks
6. Microsoft
7. Alphabet Google
8. Netflix
9. JPMorgan Chase
10. FedEx
11. Southwest Airlines
12. Costco
25. Walmart

Top 12 +1 of 1500 across 52 industries and 30 countries

7 are Entering Healthcare!

Source: 2019 Fortune Magazine and Korn Ferry
Do You See A Connection with the Cost Conundrum?

- Focus ...
  - Drive better outcomes
  - Better satisfaction with care
  - Better cost efficiency .. Too many middlemen in the system ... new models for care
  - Employer coverage is not sustainable .. It is broken

- Three Areas of Waste ...
  - Administrative Costs
  - High prices
  - Improper healthcare usage

- No timeline ... No profit incentives

- Models for 1M that can be “incubated” for 150M ...

“It’s Time for Better.”

From Forbes, June 20d18 – “Why Atul Gawane Will Soon Be The Most Feared CEO in Healthcare” ...

The good news is that the change will take 5 to 10 Years ... the bad news is the clock just started.
Their Collaborations are Strategically Disruptive

How will Amazon do it?
• Buy an Insurance Company in 2019?
• Employer Aggregator
• Next Generation Retail Pharmacy – chronic and self pay
• Become the new global medical supply ordering system
• ASC vendor of choice for instrument packs
• Become the premier enabler of post-visit communication an delivery
• Become the preferred back-end platform for existing IT systems
• Become the provider of primary care services
• Become the industry leader in delivering a reliable consumer experience

Key to survival is refine digital capabilities that redefine the business and build a foundation of partnership opportunities with the new players; IT is essential for “self disruption”
They all are targeting somewhat healthy, wealthy populations in the ambulatory settings...

They all are avoiding the hard solutions of elder care, chronic disease and health disparities which are the bulk of our spending.
Why the interest in healthcare? ....

I don’t think it’s entirely because they CARE about health ...
Why the interest in healthcare? ....

It’s the opportunity for

$3.5 - $5.7 \textbf{T}rillion

17.1\% to 19\% of our GDP ...

and growing
Dr. Berwick’s “Triple Aim”

- Patient Stories as opposed to the “experience”
- Health of populations
- Reduce per capita costs
  - Needs an identified population
  - Commitment to universality of its members
- An integrator – that assumes responsibility
  - Partnership with patient and family
  - Redesign of primary care
  - Population health mgt
  - Financial mgt
  - Macro – System integration
- Estimates that $1 Trillion is “waste” due to a fragmented/antiquated system
Blended Solution?

The *Triple Aim*

Health of a Population

Experience of Care

Per Capita Cost

HAVEN
A Calling FOR Care
We Must Assure Nothing Replaces The Power Of A Human Touch ...
Our Duty ... The “Lens” of CARE-ing
There is Fear of an uncertain FUTURE ...
The 7 “L”s of Transformational Leadership
1. Live Your Purpose and Share Your “Why”
2. Lead with the Heart and Build Your Team – Set Standards and Share Expectations
3. Liberate Innovation and Launch Optimism
4. Learn Openly, Be Authentically Humble and “Nurture Trust” within your Culture
5. Listen in Many Ways ... Always, always ... Be Present
6. Love What You Do And Those You Do It With ... Never Judge Or Assume About Others
7. Leave a Legacy
My Legacy in Iraq ...
Your Calling TO Care
The Foundation for Our Future ....
I see a bright, new and exciting future for healthcare,

But only IF YOU

Are ready to lead the change ...
Questions for you …

- Are you the leader or peer *you* want to work with?
- Are you staying engaged with healthCARE changes?
- Do you have a defensible and informed “point of view”? 
- Are you part of the solution or part of the problem?
- Are you in a culture that is ready for the future?
- Do you and your team prove value today and tomorrow?
- Who are you serving?
- Are looking at customers and staff through the “Lens of Care-ing”
The Rest of the Story…
Connect With Me ...

www.Donald-Taylor.com

https://www.linkedin.com/in/don-taylor-158a668/
“Change Is Inevitable ... Growth Is Optional”:
Lessons From the Front Won’t Hold You Back

Thank you ...
Questions?