

Performance Improvement: Why Physicians Must Lead in a Value-Driven Health Care System

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IBM Watson Health™

Agenda

Why performance improvement is critical in the current health system landscape

The role of physicians and needed competencies in performance improvement

What is healthcare performance improvement and critical areas to focus on

Case studies using a management system approach incorporating Lean



Why performance improvement is
critical in the current health system
landscape?

Current Landscape

Affordable Care Act (ACA)
uncertainty

Elimination of Individual
Mandate established under
the ACA in new tax bill

Roll back of certain Value
Based Care initiatives
– Recent modification of
CMS bundles

Requirement to straddle
Fee for Service (FFS) and
Value Based Care (VBC) for
foreseeable future

Current Landscape

Mergers & Acquisitions

New Tax Law Impact on
Hospitals

340 B Drug Discount
Program

Large Employers
Collaboration Demanding
Value

The challenges ahead are vast and complex

The most pressing financial challenges facing hospital CEOs 2017:

63%

**Medicaid
reimbursement**

60%

**Increasing
cost for staff,
supplies, etc.**

55%

**Reducing
operating costs**

54%

**Transition from
volume to value**

Source: American College of Healthcare Executives' annual survey of top issues facing hospitals; January 31, 2017

The challenges ahead are vast and complex

The most pressing financial challenges facing hospital CEOs 2018:



Source: American College of Healthcare Executives' annual survey of top issues facing hospitals; Feb 1, 2018

Key issues Impacting Performance of Physicians



Processes impacting access to patients

- Technology & processes to enable connectivity for authorizations and scheduling



Electronic Health Record documentation

- Optimization of workflows
- Training
- Merger & Acquisitons impact



Required regulatory reporting such as MACRA and MIPS

Why improve quality and performance?

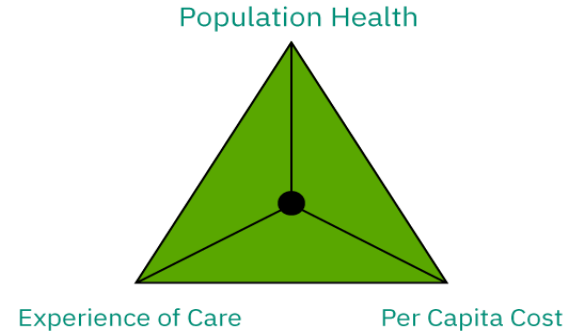
- Healthcare is more complex today
- Limited resources
- Increasing and aging populations
- Patients have more comorbid conditions
- Burnout in the healthcare workforce



Why improve quality and performance?

- Patients want and deserve:
 - **Quality**
 - **Great outcomes**
 - **Patient safety**
 - **Value = quality/cost**
- We are all in the business of **taking care of patients**
- We all want to be associated with something that has a **positive image**

The IHI Triple Aim





The role of physicians and needed competencies in performance improvement

Physician leadership

- **All physicians are leaders**
 - Formal vs Informal Roles
- Many clinical costs are created through decisions and orders written by physicians
- Hospitals have limitations in quality and financial improvement without physicians leading change
- Physicians must be leaders in change



Key factors in the development and success of physician leaders in hospitals & health systems



Willingness to serve and take on more responsibility in leadership and management



Organizational commitment to physician leadership development



Training and education in healthcare management and leadership



Mentoring



Networking and collaboration

Key competencies for physician leaders

- Healthcare quality
- Patient safety
- Health analytics
- Information Technology
- Patient experience
- Performance improvement
- Crucial conversations
- **Burnout & Resilience**
- Healthcare Finance
- Management
- Leadership
- Team-based care
- Dyads and triads models
- Negotiation
- Population Health

Develop a Personalized Leadership & Management Development Checklist

- **Review current state for each physician leader**
 - Past Formal Education, Certifications, Courses, Roles/Positions
- **Develop future state for leadership development**
 - Roles/Positions
- **Review gaps in key competency areas**
 - Consider unique organizational needs? Academic, Teaching, Research
- **Solutions**
 - What? Courses, Certifications, Internal Mentoring, Individual vs Group
 - Who? AAPL, ACMQ, AMGA, HIMSS, IHI, and many others
 - Where? Live vs Online, Distance vs On-site



About Us

/ By the Numbers /

Welcome to American Association for Physician Leadership, we are the world's premier physician leadership organization.

For more than 40 years, we have helped physicians develop their leadership skills through education, career development and thought leadership, and by providing a supportive community of peers.



3,300+

Certified Physician Executives
since inception of the credential.



15,000+

The number of physicians
educated in 2017.



250,000

The number of education participants
since the Association was founded.



Spheres of Leadership Influence

/ from Self to the Betterment of Health Care /



Become a Leader

Fundamentals

Leadership starts with honest self-awareness. Think about these questions – what are your values, and more importantly, why are they significant to you?



Lead Your Team

Developmental

Once you've analyzed and built your own personal values, you're ready to effectively lead others. But to inspire your peers, you need to build relationships – understand the environment in which they operate, and the things that are most important to them.



Lead Your Department

Experiential

When you effectively connect with those around you, you can begin to shape the culture, values and direction of an organization. Relying on the experience and acumen you've gained from others, you lead them to a new identity and way of thinking.



Lead Your Organization

Transformational

Once your organization (and those within it) are aligned, they start to generate new ideas and interesting lines of thought. You can leverage these insights and develop strategies that can change the industry and influence the world.

Level of Mastery	Stages	Traditional Roles	Non-Traditional Roles	Courses	Focus	Components and Characteristics	Outcome
Preparation 	<ul style="list-style-type: none"> • Student • Resident 	<ul style="list-style-type: none"> • Chief Resident • Clinical Practice 	<ul style="list-style-type: none"> • Pharma • Bio Tech • Medical Device 	<ul style="list-style-type: none"> • PIM Physician in Management Seminar 	<ul style="list-style-type: none"> • Learning 	<ul style="list-style-type: none"> • Education, training, anticipation 	<ul style="list-style-type: none"> • Skills • Knowledge • Tools
Exploration 	<ul style="list-style-type: none"> • Clinician • Emerging Leader 	<ul style="list-style-type: none"> • Clinical Practice • Leading Committees • President Medical Staff 	<ul style="list-style-type: none"> • Pharma • Bio Tech • Medical Device • Wall Street • Consultancy for Health Care Tech Startups 	<ul style="list-style-type: none"> • Techniques of Financial Decision Making • Three Faces of Quality • Managing Physician Performance in Organizations 	<ul style="list-style-type: none"> • Growth 	<ul style="list-style-type: none"> • Experience; discovery of strengths and weaknesses; learning from feedback and mistakes; learning about job "fit" 	<ul style="list-style-type: none"> • Self-Awareness • Experience • Wisdom
Application 	<ul style="list-style-type: none"> • Established • Leader 	<ul style="list-style-type: none"> • CMO • VPMA • Medical • Director • COO • CEO 	<ul style="list-style-type: none"> • Entrepreneurial Ventures • Speaker 	<ul style="list-style-type: none"> • Resolving Conflict and Disruptive Behavior • Health Law • Science of High Reliability 	<ul style="list-style-type: none"> • Productivity 	<ul style="list-style-type: none"> • Leveraging of strengths; period of greatest productivity 	<ul style="list-style-type: none"> • Personal growth, value added and business results
Fulfillment 	<ul style="list-style-type: none"> • Master Leader • Retired 	<ul style="list-style-type: none"> • Consulting • Interim CEO 	<ul style="list-style-type: none"> • Consulting 	<ul style="list-style-type: none"> • Coaching & Mentoring • Metaleadership 	<ul style="list-style-type: none"> • Contribution 	<ul style="list-style-type: none"> • Mentoring, coaching, board memberships, giving back, leaving a legacy 	<ul style="list-style-type: none"> • Contributions • Wisdom • Legacy



What is healthcare performance improvement and critical areas to focus on

- Must consider Healthcare Quality in any discussion about Healthcare Performance Improvement
- Need to understand the history and definition of Healthcare Quality

History of Healthcare Quality & Performance Improvement

- Institute of Medicine (IOM)
 - Report on Quality, 1998
 - To Err is Human, 2000
 - Crossing the Quality Chasm, 2001
- National Healthcare Quality Report, 2003
- National Priorities and Goals: Aligning our efforts to transform America's healthcare, 2008

Definition of healthcare quality

World Health Organization (WHO):

The extent to which healthcare services provided to individuals and patient populations improve desired outcomes

Institute of Medicine (IOM):

Quality is the degree to which health services for individuals and populations increase the likelihood of desired healthcare outcomes and are consistent with current professional medicine

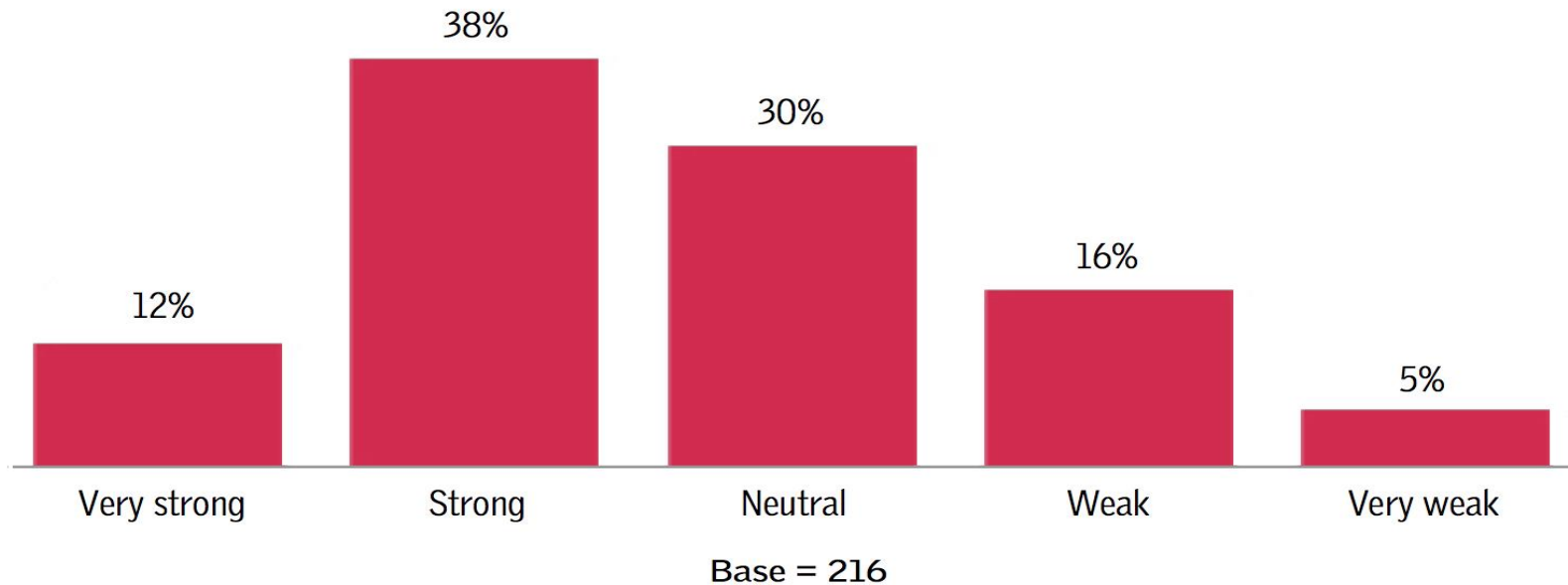
IOM Six Domains

- Safe
- Effective
- Timely
- Efficient
- Equitable
- People-centered

FIGURE 9: **Approach to Operational Excellence**



With respect to delivering value-based care, please assess the status of your organization's systemic approach to operational excellence (e.g., Lean, Six Sigma, etc.).



Performance improvement methodologies



PDCA

- Plan, Do, Study, Act



Six Sigma

- Reduce Variation



Root Cause Analysis

- Retrospective



Lean

- Eliminate waste (Muda)

Improve performance and quality --- Why engage physicians?

Performance improvement with a focus on “**Quadruple Aim**”

Return the Joy to Work

Implement a management system creating standard work utilizing best practices



High-Opportunity & Return On Investment areas

- Emergency department (ED)
- Inpatient (IP)
- Operating room (OR)
- Supply chain
- Revenue cycle
- Medical Groups & Ambulatory Clinics
- Health Plans

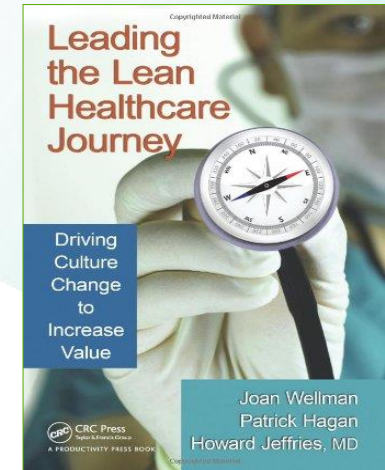




Case Studies using a Management system approach incorporating Lean

Why Lean in Quality and Performance Improvement?

- Respect for people
- Continuous improvement
- Cultural transformation
- Sustainable
- Hierarchical alignment
- Front-line workforce involvement
- Data-driven
- Use of various **tools to see and eliminate waste**



Remove Barriers – Reduce Frustration: Eight Wastes in Healthcare

- 1 Overproduction**
Repeating tests because results are not available
- 2 Transportation**
Moving patients from room to room in an office or unit
- 3 Defects**
Rx errors, wound infections, inaccurate notes, broken equipment
- 4 Waiting**
Is a full waiting room a good thing?
- 5 Overprocessing**
Repeatedly filling out/signing forms, CPOE v. verbal orders
- 6 Motion (unnecessary)**
Going in and out of a room to get supplies or equipment
- 7 Inventory**
Secret stashes of supplies because you might run out of what you need
- 8 Unused human potential**
Clinicians entering data into the EHR

Lean tools

- A3 Thinking
- Visual management
- Value Streams
- Standard work
- Rapid Improvement Events



Source: Hino, S., Inside the Mind of Toyota, 2006

True North & True North Metrics



Human
development



Quality & safety



Delivery &
Service



Cost &
productivity



Growth

Source: Hino, S., Inside the Mind of Toyota, 2006

What is standard work?

Standard work: Work done in a specific way by every person, every time

The best known, least wasteful way that is current

Continue this way until a better way is found

Evidence-based; can be trusted

Continuous improvement

Source: Hino, S., Inside the Mind of Toyota, 2006

What is clinical standard work?

Clinical standard work:

Clinical care processes with standard work

Daily rounds, as one example

Daily plan of care

Standardized team

Team members with specific roles, including the patient & family

Plan of care will include use of clinical standard work pathways

Very useful in academic settings

Can have other different rounding teams daily

Source: Leading the Lean Healthcare Journey, Second Edition, 2017, Chapter 12

Case Study

Johnston Memorial Hospital

Part of Mountain States
Health Alliance with 13
hospitals in four states

Created Transformational
Plan of Care (TPOC) at
system level

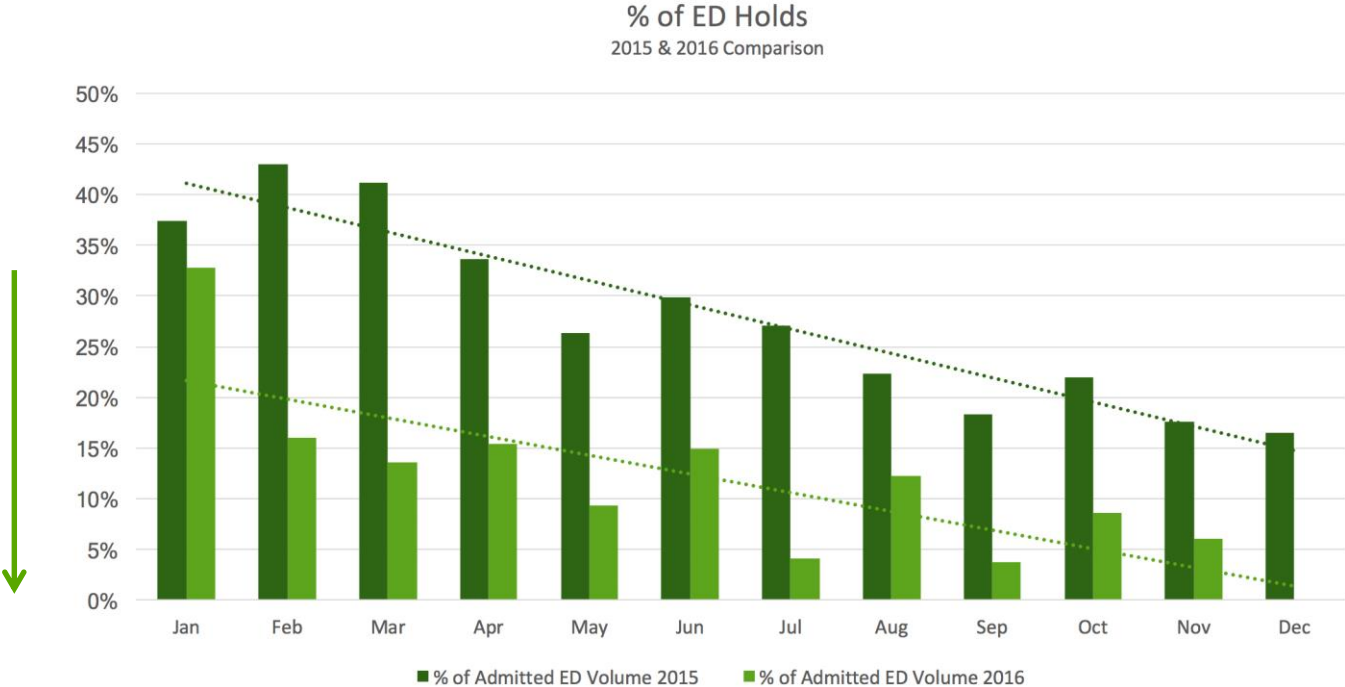
Created value streams for
improvement

Conducted Rapid
Improvement Events (RIE)

Case Study

Johnston Memorial Hospital

ED Bed Holds



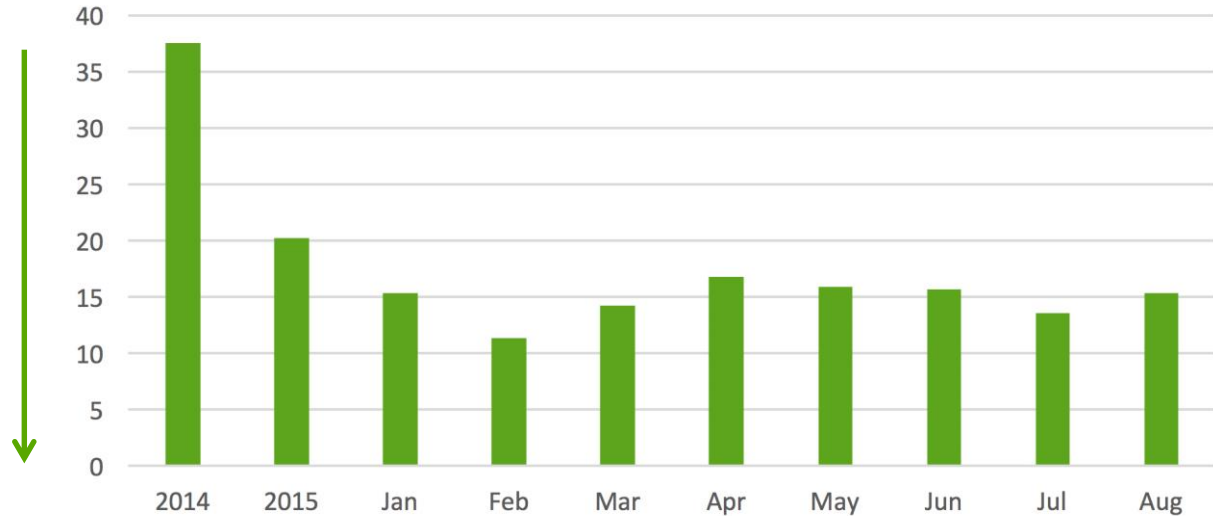
Case Study

Johnston Memorial Hospital

ED

Door to provider
from 37 minutes
to 15 minutes

Rapid Patient Management Door to Provider



Case Study

Johnston Memorial Hospital

ED

Fundamental work done:

- Multidisciplinary teams throughout the hospital
- Engaging physicians — **alignment of ED and hospitalist**
- Rapid Improvement Events

Key lesson: Interconnectedness of ED and inpatient units



Case Study

Johnston Memorial Hospital

IP

↓ **0.78** days

Average IP
length of stay
(LOS) reduced
from 4.23 to
3.45 Days

↓ **16.6** hours

Average
observation
LOS reduced
from 37 hours
to 20.4 hours

↓ **\$623**

IP cost per
stay decreased
from \$3,973 to
\$3,350

↓ **\$65**

Observation
cost per stay
decreased from
\$294 to \$229

Case Study

Johnston Memorial Hospital

Sepsis Care

↑ to **100%**

Screening for
sepsis at triage
increased from
0% to 100%

↑ to **97%**

Order set
utilization
increased
from 0% to
97%

↓ to **6.4%**

Mortality rate
decreased from
17% to 6.4%

↓ **LOS**

Savings of almost \$3,100 per case = \$1 million over study period

Case Study

Johnston Memorial Hospital

Joint replacement surgery

↓6%

Readmission
rate reduced
from 8% to 2%

↓\$400

Cost per
episode
reduced from
\$8,800 to
\$8,400



Case Study

Johnston Memorial Hospital

IP

Fundamental work done:

- Developed standard work on clinical units: team's best practice
- Daily huddles with multidisciplinary teams: work plans for the day
- Daily improvement boards(visual management): help identify gaps
- Engaging physicians

Key lesson: Daily huddles, Daily Improvement boards



Case Study

Caldwell Memorial Hospital Supply Chain Management

Performance improvement

Working with Simpler Consulting, part of the IBM Watson Health business, used Lean to standardize overall supply chain process

\$2.62M

Consolidation of supplies and elimination of excess inventory led to annualized **\$2.62M in savings** over 13 month initiative

\$421K

Identified **\$421K that could be saved** in distribution costs

336K

Identified **\$366K from reducing amount of time** clinicians spent managing supplies

Summary

With the complexities of healthcare today, it is critical to engage physicians as you navigate improving clinical and financial performance

Identify, develop, and train key physician leaders

Create a performance improvement strategy that is inclusive, uses good data, and sustainable



Questions?

Contact Information

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Case Studies links:

<https://www-01.ibm.com/common/ssi/cgi-bin/ssialias?htmlfid=HPC03055USEN&appname=skmwww>

<https://www-01.ibm.com/common/ssi/cgi-bin/ssialias?htmlfid=HPC03040USEN>

Speaker Bio

Dr. Byron Scott is Deputy Chief Health Officer at Simpler Consulting, which is part of the IBM Watson Health business where he is the practice leader for large integrated health systems. Simpler is a leading management consulting firm around the globe that helps organizations improve performance through lean transformations. He previously was Associate Chief Medical Officer at Truven Health Analytics, an IBM Company where he supported hospitals, physician groups, health plans, and employers to improve overall healthcare and clinical performance with quality and leadership initiatives using health analytics.

Prior to joining Truven Health, Dr. Scott was an executive for a physician practice management company, for over 20 years. He has also had leadership roles within hospitals including Medical Director of the emergency department, Chief of Staff, and on the Board of Directors. Dr. Scott is board certified in emergency medicine and most recently practiced at an Urgent Care Center in Chicago, Illinois. He previously practiced emergency medicine for almost 25 years.

Dr. Scott received his undergraduate degree in Psychobiology from the University of California, Los Angeles and his medical degree from the University of California, San Diego. He earned his Masters of Business Administration from the University of Massachusetts, Amherst.

Dr. Scott serves on the Board of Directors for Direct Relief which is an International Humanitarian Medical Aid Organization. He also serves on the Board of Directors for the American Association for Physician Leadership. He is an Adjunct Faculty member at the University of Massachusetts, Amherst Isenberg School of Management MBA program where he teaches a Healthcare Quality and Performance Improvement course. He currently serves on the Editorial Board of American Health and Drug Benefits Journal.

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