

# Competing in the New Health Care Environment by Creating an Epidemic of Empathy

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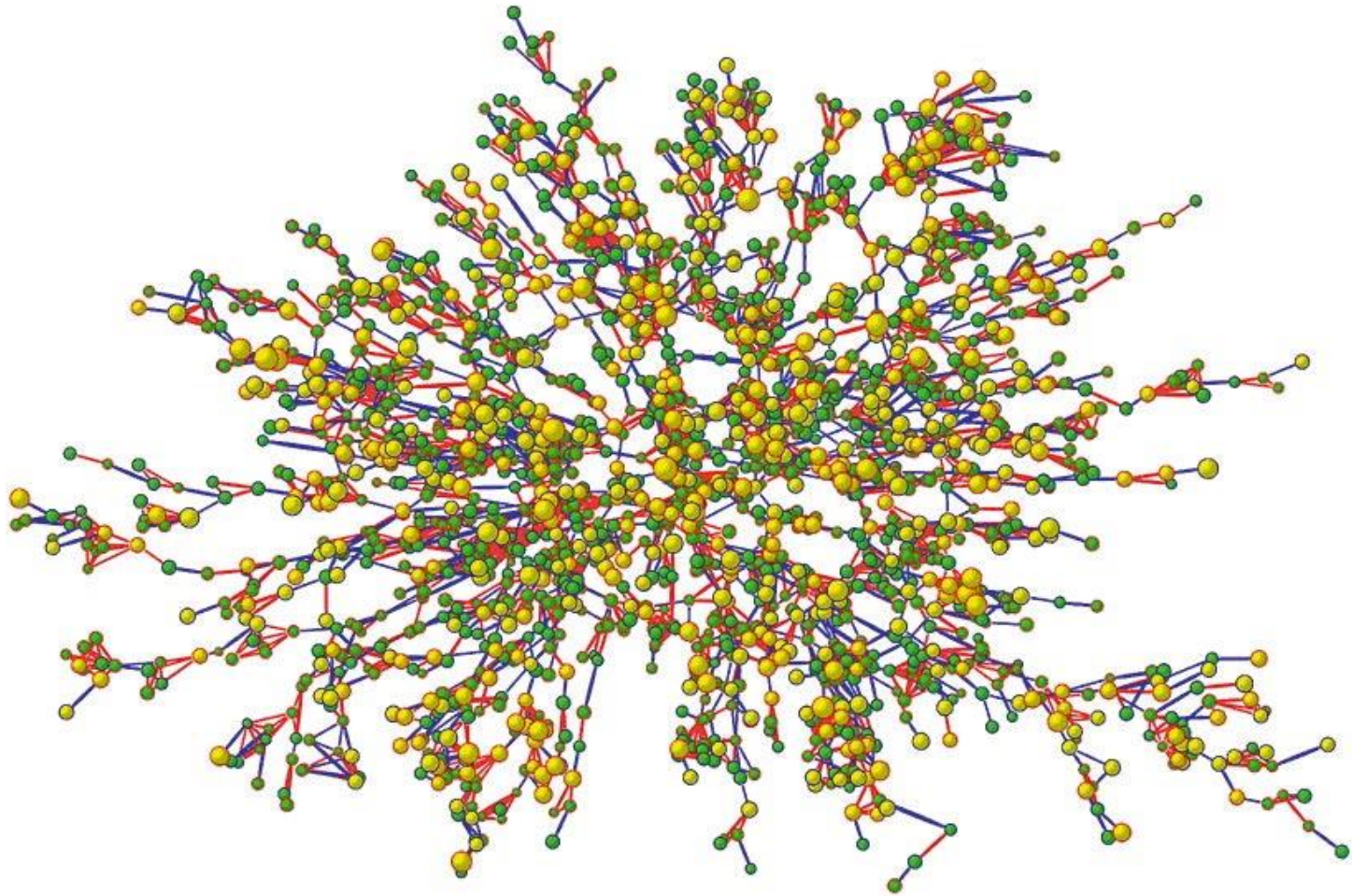
October 16, 2017

# Disclosure

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Thomas H. Lee, MD has no real or apparent conflicts of interest to report.

# Values Spread With Same Patterns as Infectious Diseases



# The Business-As-Usual Panic Attack

1. Government payer market share going up ~1.5% per year
2. Commercial contract increases match inflation (at best)
3. Costs increasing (especially pharmacy)
4. ~70% of margin comes from commercial outpatient services – the services most vulnerable to competition

## Implications:

1. Cannot rely upon cost-shifting from commercial contracts
2. Have to figure out way to make Managed Medicare and Managed Medicaid work
3. Have to compete to hold on to market share for all payer populations

# Re-thinking Strategy



The NEW ENGLAND JOURNAL of MEDICINE

Perspective  
APRIL 30, 2015

## Why Strategy Matters Now

Michael E. Porter, Ph.D., and Thomas H. Lee, M.D.

Until recently, most health care organizations could get by without a real strategy, as most businesses understand that term. They didn't need to worry about how to be different or make painful

decisions about what not to do. As long as patients came in the door, they did fine, since fee-for-service contracts covered their costs and a little more.

Success came from operational effectiveness: working hard, em-

less profitable ones. Typically, "strategy" defaulted to having the scale and market presence to secure good rates and be included in networks.

But that era is ending. Good operational performance remains

sensitive to service quality and cost. Employers are increasing the pressure by demanding provider transparency regarding costs and quality and even by contracting directly with competitive providers. Having a good brand is no longer enough: patients and payers are looking for good value, service by service.

The time has come for health care organizations to rethink the meaning of strategy. Strategy is

# Strategy vs Operational Effectiveness

- Operational effectiveness – doing a better job at what we currently do
  - Learning best practices from others
  - Taking waste and unreliability out of the processes
  - Attracting and retaining good people
  - Working hard
- Strategy – making choices about what we will do
  - Two key questions:
    - What are we trying to do for whom?
    - How are we going to be different?

***Operational effectiveness is and will always be critically important – but the new health care marketplace demands choices and the development of a real strategy***



# How to Get Organized for Value

HBR.ORG

# Harvard Business Review



OCTOBER 2013  
REPRINT R1310B

**THE BIG IDEA**

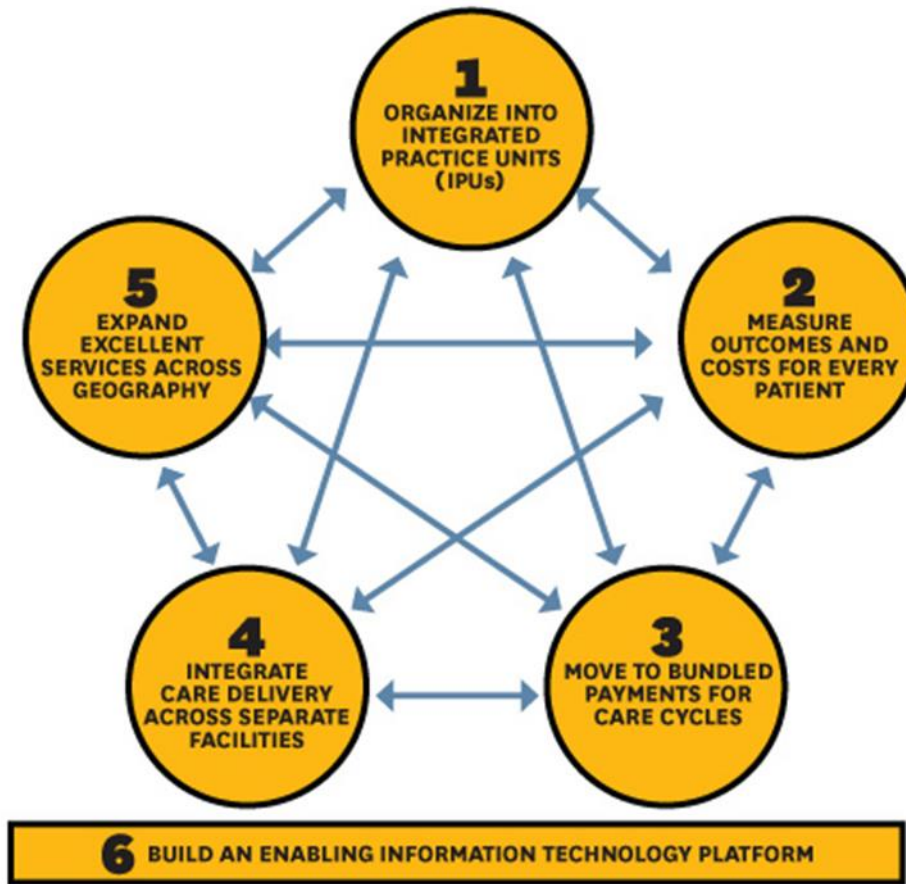
## The Strategy That Will Fix Health Care

**Providers must lead the way in making value  
the overarching goal** by *Michael E. Porter  
and Thomas H. Lee*

# A Six Component Framework

## THE VALUE-BASED SYSTEM

The strategic agenda for moving to a high-value delivery system has six interdependent elements.



SOURCE MICHAEL E. PORTER

HBR.ORG



# Catalysts That Will Drive Competition on Value

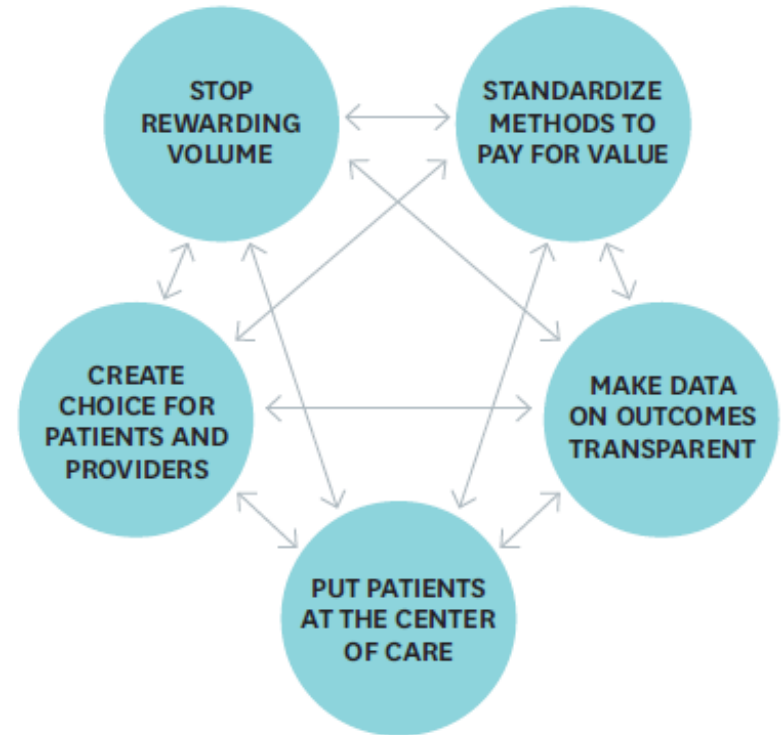
## Harvard Business Review

REPRINT R1612F  
PUBLISHED IN HBR  
DECEMBER 2016

### ARTICLE HEALTH CARE

## Health Care Needs Real Competition

And every stakeholder has a role.  
by Leemore S. Dafny and Thomas H. Lee



# Catalysts for Competition

1. Put patients first
2. Create choice at every level
  - When consumers pick insurance products
  - When patients pick PCPs and where they dock with health care
  - Where patients and their clinicians pick specialists and hospitals
3. Stop rewarding volume
4. Standardize methods for paying for value
5. Make outcomes transparent

# What We Are After In Seven Words

## Email after query on behalf of patient with newly diagnosed ALS

Dear Sven and Tom

We recently completed enrollment in the US phase 2 trial of NurOwn (Brainstorm) - the same treatment reported by Haddassah. The study in Haddassah was the first study- phase 1 - it was small, dose finding, uncontrolled. While I really hope they are right in their interpretation of the results, I think it isn't yet so clear. The US study enrolled 48 participants, using the highest concentration of cells used in the Haddassah phase 1 trials. We should have results late spring I hope.

There are a lot of other options now-- the science in ALS has really taken off - thank goodness! and there are a lot of great ideas and targets-- we would be available to talk to your friend - either in person or phone to go through some of these. If your friend agrees, please connect him directly with me and Katie Tee (cc'd above), who is our research access nurse.

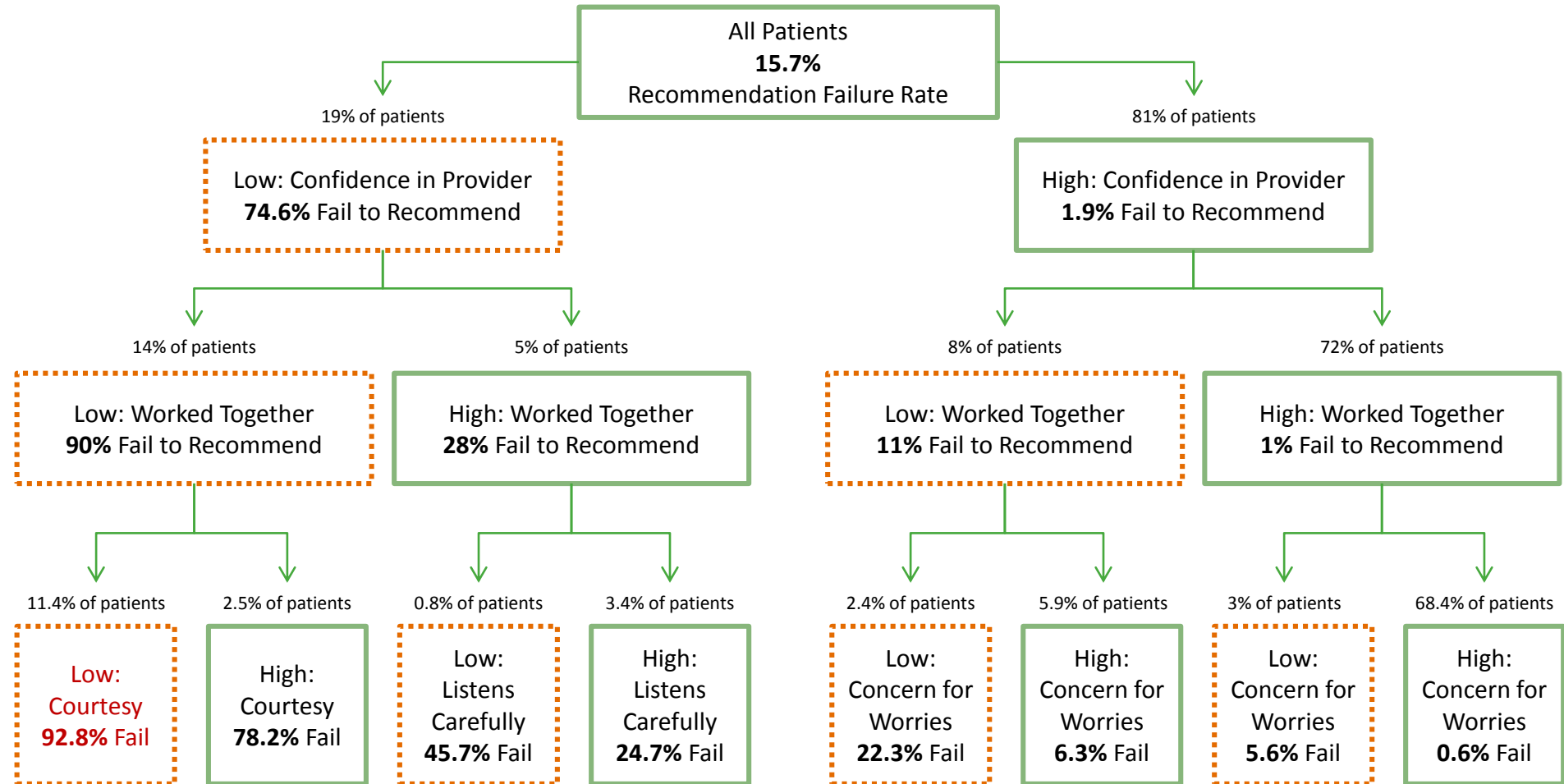
We are here to help your friend. Merit

# Our Challenges Are Historic in Nature

- We have a crisis in the reliability and the coordination of care -- throughout the world
- Irresistible drivers of change include:
  - Medical progress
  - Aging population
  - Global economy
- Challenges for providers and patients:
  - Too many people involved, too much to do, no one with all the information, no one with full accountability
  - Result: Chaos → gaps in quality and safety, inefficiency
  - Patients are afraid not just of their diseases, but of lack of coordination

***Question: If somehow, magically, health care costs were not a problem, would you say that health care is working just fine?***

# What Do Patients Really Value?

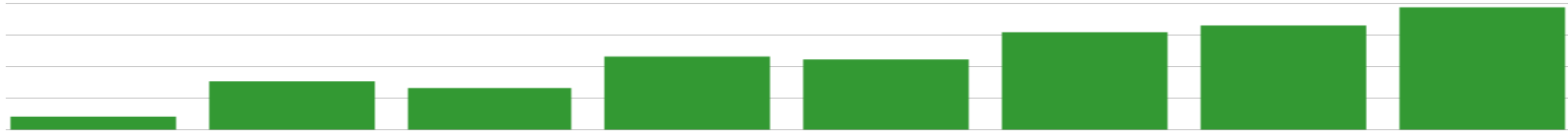
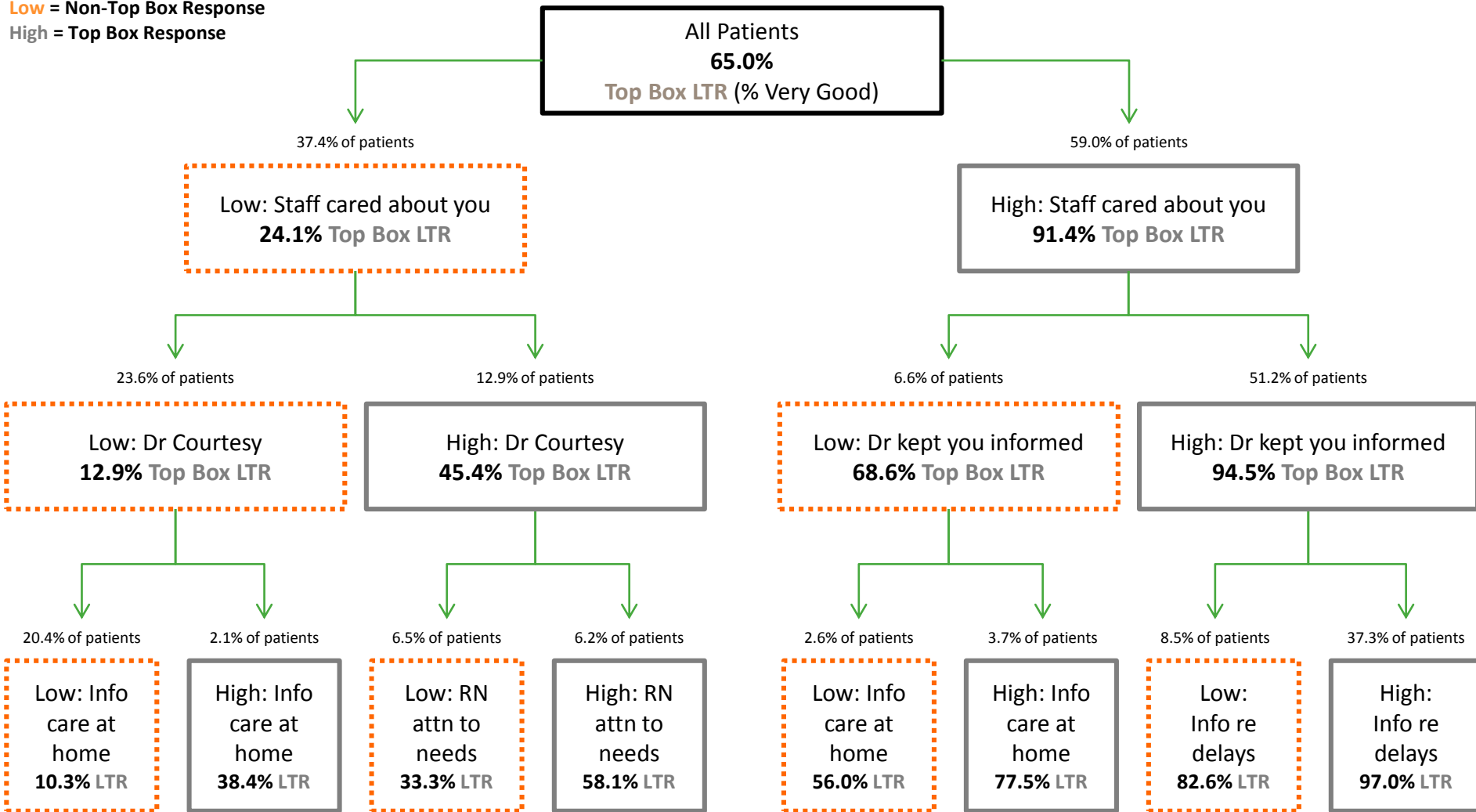


High Risk

Low Risk

# Emergency Departments

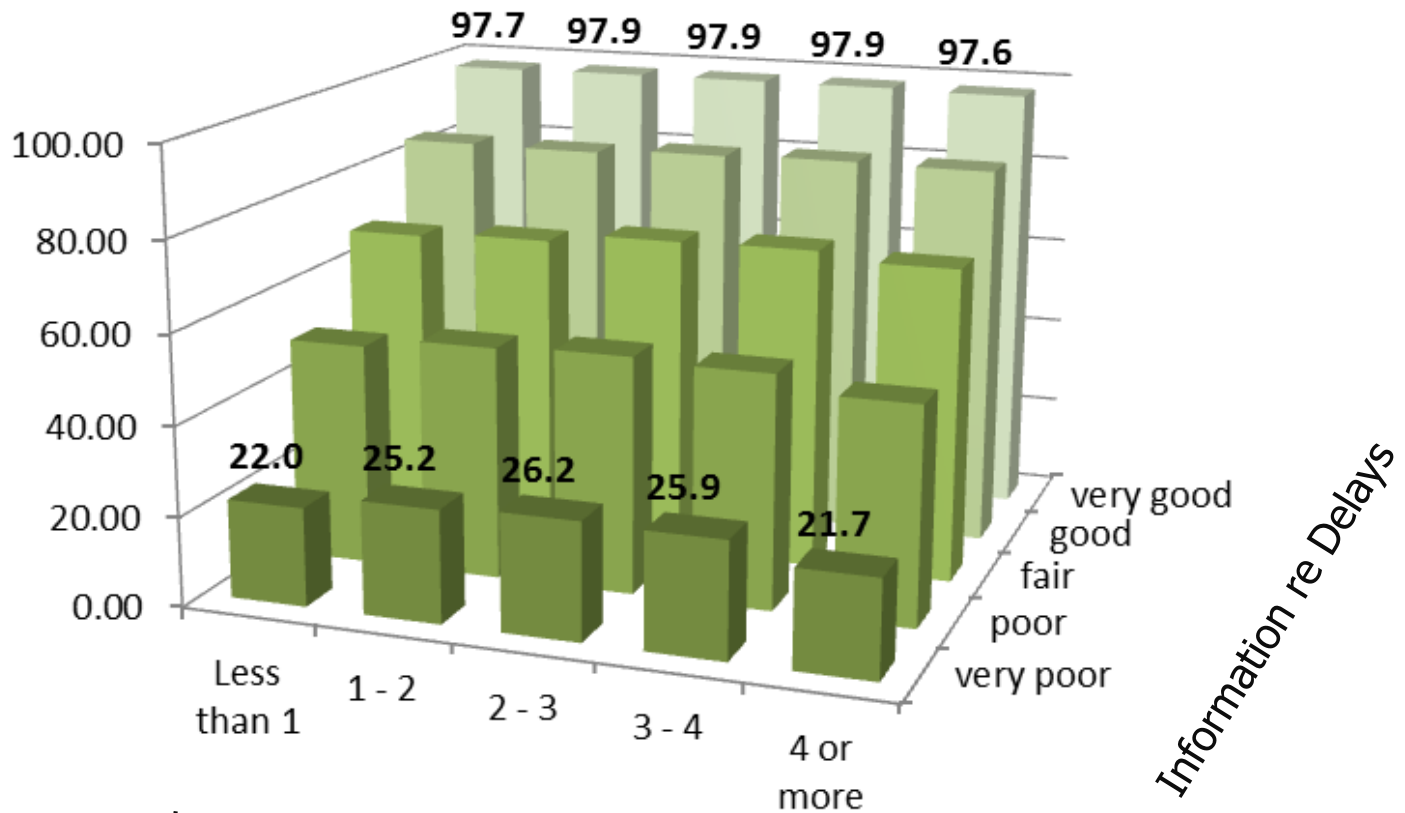
Low = Non-Top Box Response  
High = Top Box Response





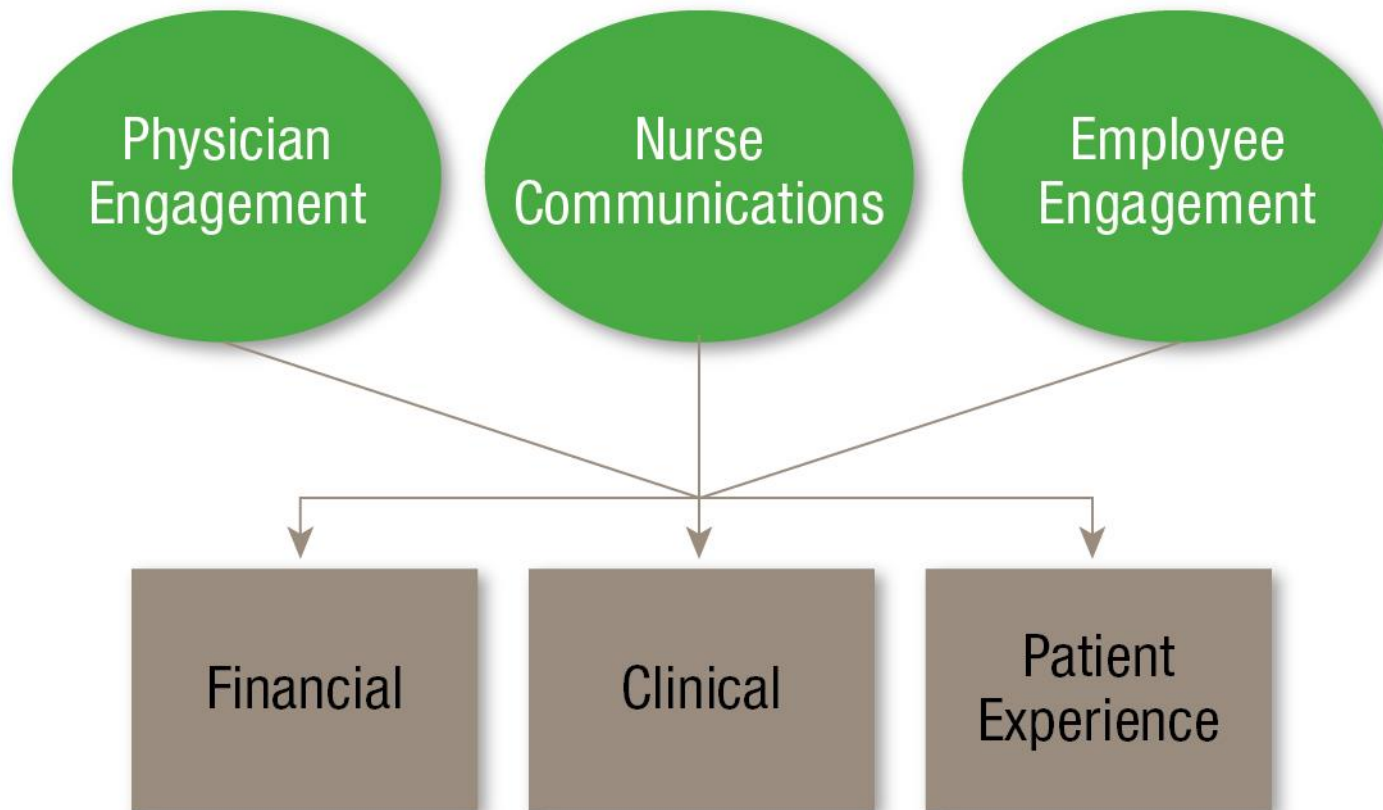
# Association Disappears When Information is Accounted For

## Mean Score Likelihood to Recommend



How Long Did You Wait in the ED?

# Driving Operational Performance



# Patient Experience and Other Quality Metrics Track Together

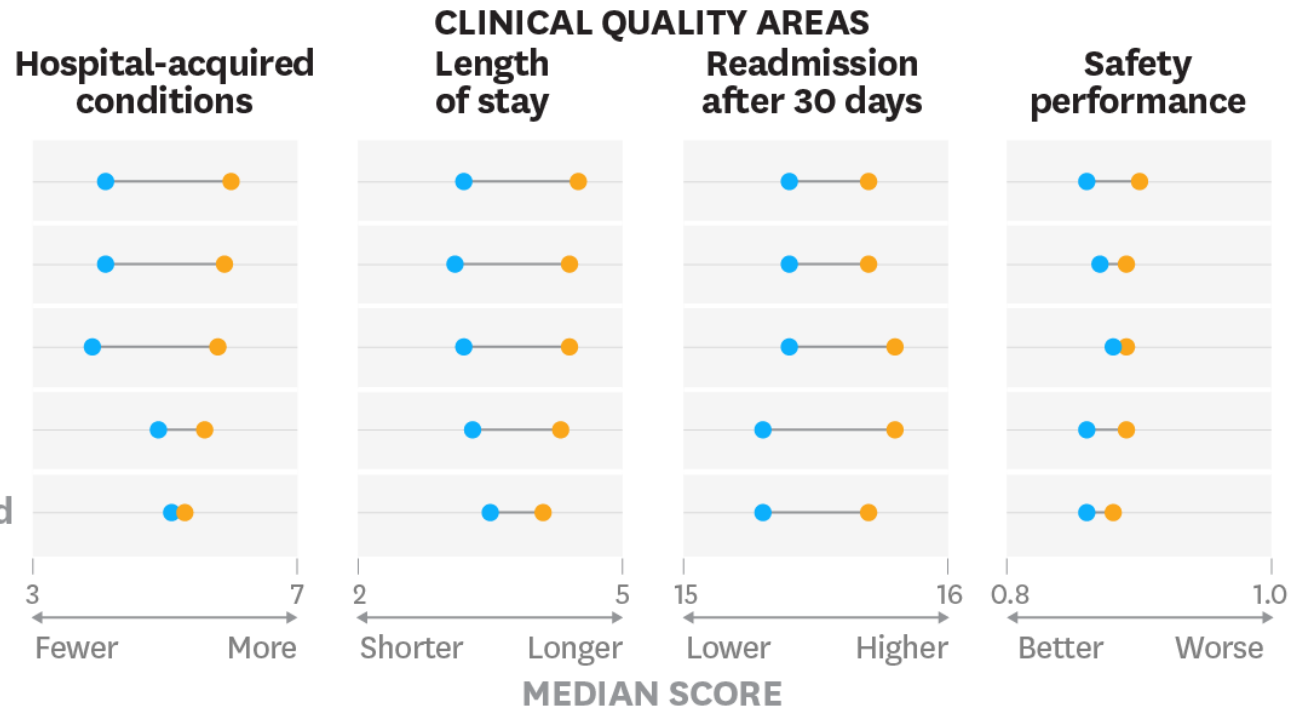
## Linking Patient Experience and Clinical Quality

Hospitals that performed poorly across five patient-ranked domains also performed worse than top performers in four areas of clinical quality: hospital-acquired conditions, length of stay, rate of readmission, and safety performance.

### PATIENT RANKING

- TOP QUARTILE
- BOTTOM QUARTILE

### DOMAIN RANKED BY PATIENTS ACCORDING TO SATISFACTION



SOURCE PRESS GANEY, USING THE HCAHPS PATIENT SATISFACTION SURVEY

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# And Now for the Hard Part ...



**Thomas H. Lee, MD**, is the chief medical officer at Press Ganey and the former network president of Partners HealthCare.

**Toby Cosgrove, MD**, is the CEO of the Cleveland Clinic.

## Engaging Doctors in the Health Care Revolution

by *Thomas H. Lee*  
and *Toby Cosgrove*

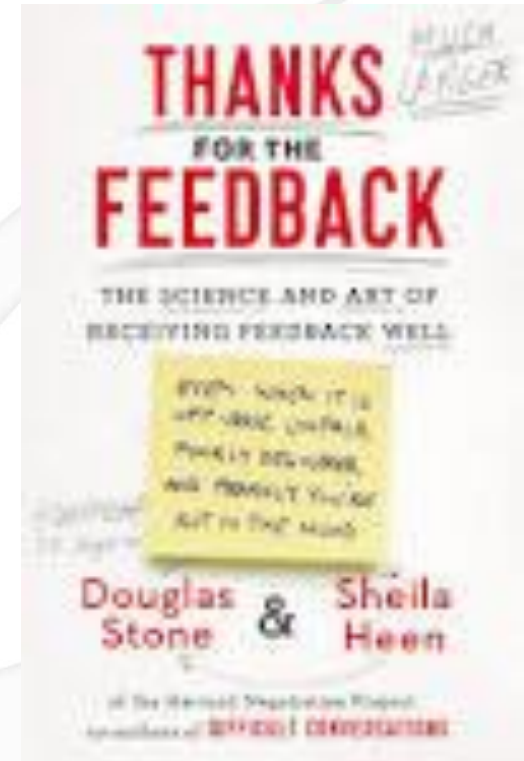
**D**espite wondrous advances in medicine and technology, health care regularly fails at the fundamental job of any business: to reliably deliver what its customers need. In the face of ever-increasing complexity, the hard work and best intentions of individual physicians can no longer guarantee efficient, high-quality care. Fixing health care will require a radical transformation, moving from a system organized around individual physicians to a team-based approach focused on patients. Doctors, of course, must



PRESS GANEY®

# Root Cause of Problem: We're Human

- We are all getting feedback all the time
- We don't really want it.
- We have two desires that are in conflict:
  - Desire to be better
  - Desire to be accepted the way we are
    - *Guess which one kicks in first?*
- A basic normal tendency when getting feedback that suggests the need for change is to look for reasons to discredit it.
  - Question the credentials of the bearer of bad news
  - Question the measures
  - Question the data
  - Get paralyzed by exceptions



***Implication: We need to invest thought, time, and energy in preparing people to receive data.***

# Max Weber's Four Models for Social Action

1. Tradition – e.g., Mayo Dress Code
2. Self-interest – e.g., Performance bonuses
3. Affection – e.g., Peer pressure
4. Shared purpose – e.g., Reducing suffering

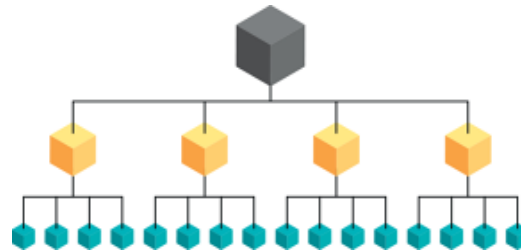
- ***We need to press all four levers.***
- ***But the first lever that must be pressed is creation of Shared Purpose.***
- ***In isolation, any of the other three levers is ineffective or potentially perverse.***
- ***But in pursuit of a shared purpose, all three other levers can be embraced.***



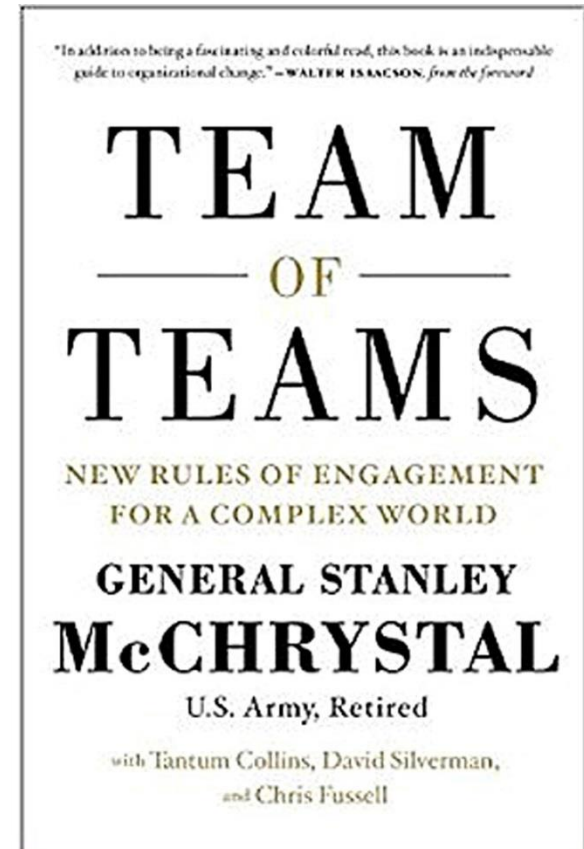
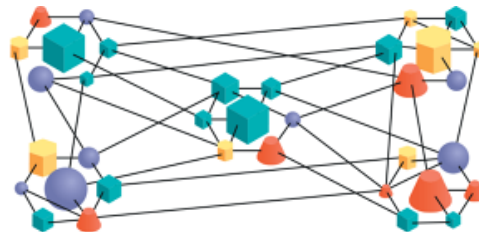
# Teamwork Is Critical for Resilience and Adaptability

## Lessons learned by military leaders fighting Al Qaeda

- Faced with an unpredictable enemy, conventional organizational structure did not work



- Instead, McChrystal and colleagues had to cultivate first rate teams – and then learn to help those teams work together, so that they functioned like a team of teams



# Transparency: Screen Shot From University of Utah Find-a-Doctor Site

Likelihood of recommending care provider

4.8 

My confidence in care provider

4.8 

Time care provider spent with me

4.6 

Care provider spoke using clear language

4.9 

Care provider's effort to include me in decisions

4.7 

Care provider's concern for questions & worries

4.8 

Care provider's explanation of condition/problem

4.8 

Wait time at clinic

3.8 

Care provider's friendliness and courtesy

4.8 

## Patient Comments

*Patient comments are gathered from our Press Ganey Patient Satisfaction Survey and displayed in their entirety. Patients are de-identified for confidentiality and patient privacy.*

**UofU Patient** *February 20, 2016*

Dr. Aoki and Chelsea have been wonderful through my surgery and post op care!

**UofU Patient** *February 11, 2016*

Dr. Aoki really made me feel like I was in good hands. I'd highly recommend him.

**UofU Patient** *January 31, 2016*

I have already recommended him to several people.

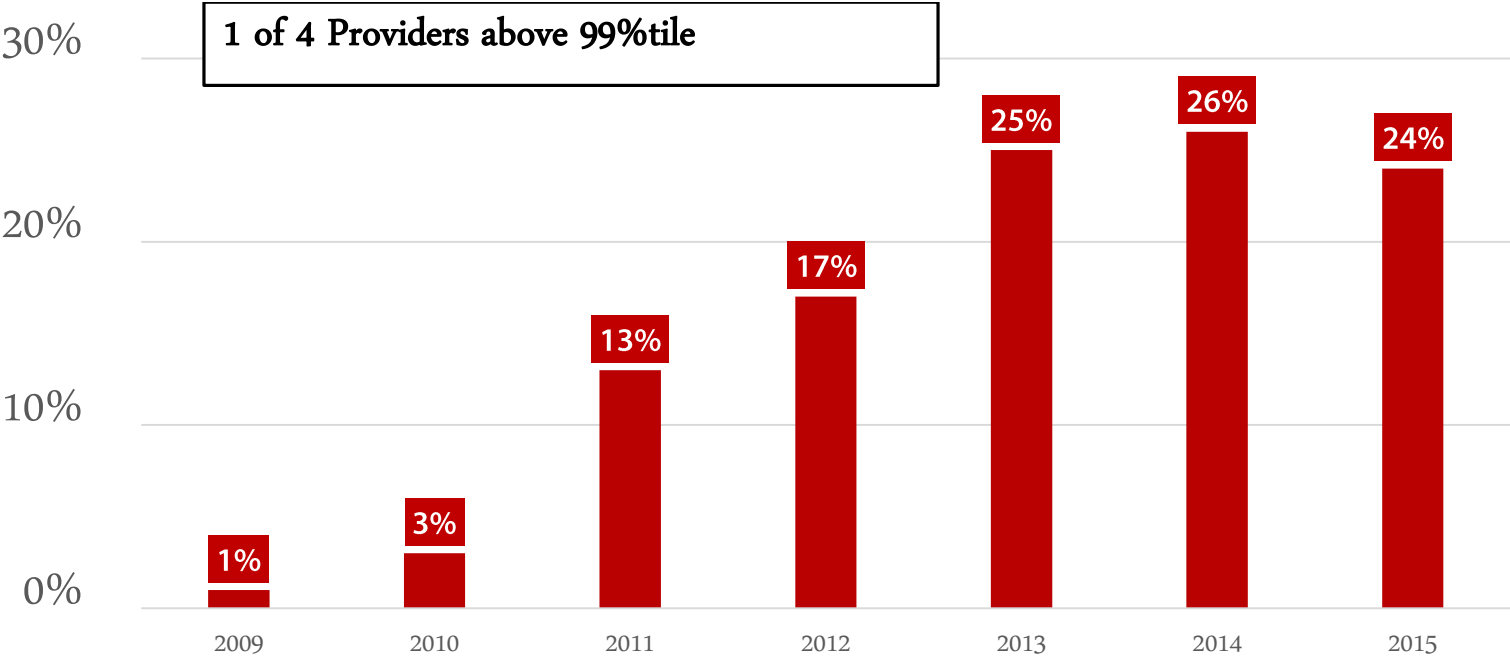
**UofU Patient** *January 14, 2016*

positive experiences with dr aoki.

**UofU Patient** *January 11, 2016*

Dr. Aioke was amazing with my son. He spoke with him and me to make sure we both understood what was happening.

# Percent of Providers at 99%tile



\*All Facilities Database includes the following  
Number of Physicians: 142,411  
Number of Patients: 2,783,597

And the number of dollars that U of Utah physicians have in incentives for improving patient experience is ...

\$0

# Ten Key Steps Forward

1. Embrace value as the overarching goal of health care
2. Embrace market forces as drivers of a new health care marketplace
3. Recognize competition as the secret sauce for a better health care system.
4. Embrace empathic, coordinated care as core components of high value health care.
5. Measure the outcomes that matter to patients.
6. Organize to improve those outcomes -- and do so efficiently.
7. Make social capital as important as financial capital.
8. Identify the teams that are the real units of value creation – and use social network science to enhance their effectiveness
9. Use financial incentives for financial issues
10. Use non-financial incentives for non-financial issues, including driving the organization's epidemic of empathy.