

Part II: Making Decisions in Times of Uncertainty and Change: **What Boards Need to Know**



This webinar is brought to you by the American Hospital Association's Center for Healthcare Governance. Backed by the knowledge and resources of the AHA, the Center for Healthcare Governance provides state-of-the-art education, research, publications, tools, and other resources to help you achieve excellence throughout your governance program. Our community is dynamic and diverse, representing board members, executives, and governance advisors who are nationally recognized as the foremost voices in the practice of hospital and health system governance.

We share a common goal – to advocate and support excellence, innovation and accountability in health care governance.

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Pam Arlotto
President & CEO
Maestro Strategies

- **34 year track record as a healthcare industry consultant, thought leader and entrepreneur**
- **Consulting clients include: regional clinical integration networks, leading healthcare providers, software and services providers, health information exchanges, certification agencies and associations**
- **Frequent speaker and author, HIMSS all time best selling series on *HIT Return on Investment*, winner *HFM* article of year, featured *NPR & Wall Street Journal***
- **Fellow and Past National President of HIMSS**
- **Board member of the Georgia Tech Foundation and former Board member The Wallace H. Coulter Department of Biomedical Engineering at the Georgia Institute of Technology & Emory University School of Medicine and faculty of UAB Healthcare Informatics program. She also serves on Advisory Boards for several privately held healthcare companies**



Susan Irby
Practice Leader
Business Intelligence

- Over 28 years serving healthcare in the provider arena as well as consultant to the industry
- BI Practice Leader fro Maestro, working with clients to develop and execute strategies around strategic decision making and Business Intelligence
- Industry pioneer in Decision Support at Alta Bates (Sutter Health)
- Contributor to *HIT Return on Investment* series and developer of Maestro's ROI Toolkit©
- Former adjunct faculty member at UAB Healthcare IT, lecturing in decision support

- Review the Decision Making Framework Introduced in Part I
- Example: Emergency Department, A Healthcare Microcosm
- Left Sided Decision Making: Complex and Chaotic Quadrants
 - Understanding new decision making tools – business intelligence & analytics
 - Creating a BI Strategy – 5 Critical Success Factors
- Example: Information Driven Decision Making in the ED



Innovate

Transform

Change

FUTURE OF CARE



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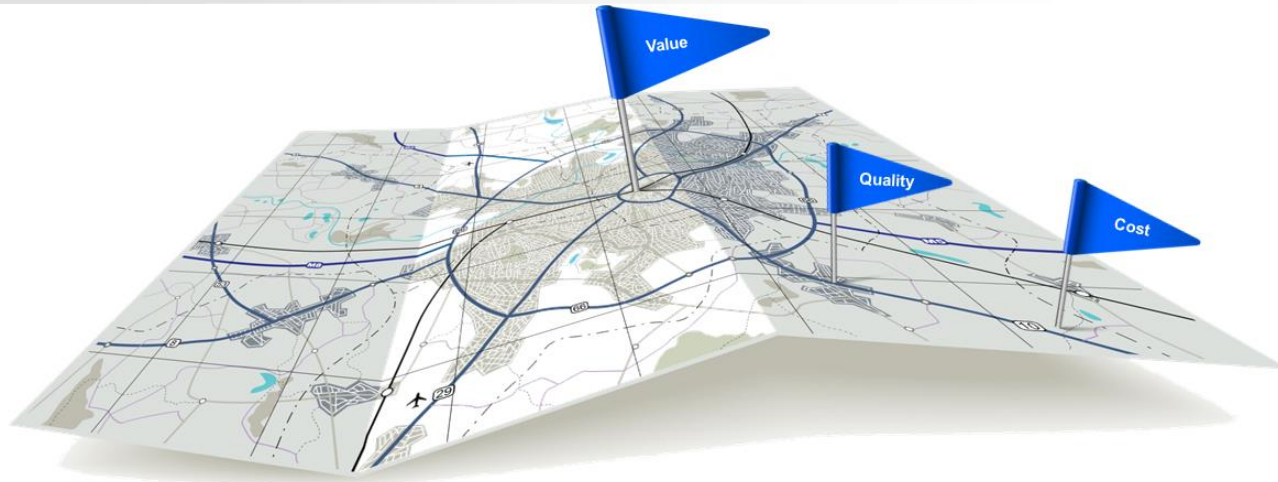
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The Healthcare Industry is Simultaneously

- Creating scale through consolidation, mergers, employment of physicians and new collaboratives
- Redesigning primary care
- Rethinking service lines to include new coordinated care models with internal and external partners
- Developing care protocols to standardize the delivery of care
- Focusing on performance, reducing cost, improving access and enhancing outcomes
- Implementing electronic health records and other advanced information technologies
- Incorporating wellness, prevention and chronic disease management strategies and practices
- Defining new patient experiences and becoming patient centered
- Accepting risk and accountability for the management of population health

The Reality....

Each healthcare organization is at a different point in their journey, and has unique challenges, problems to solve, opportunities for change and decisions to make

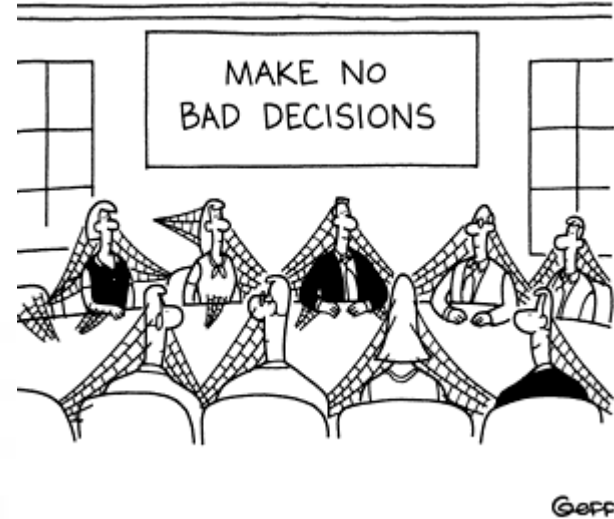
Accountable Care – Population Health
Management, Risk Management, Innovation

Clinical Integration –
Hospital/physician alignment, Care
Coordination/standardization & Analytics

Consolidation – Mergers, Acquisitions, Shared
Services, & Partnerships

Healthcare's Decision Making Culture

- Struggling with the pace of change
- Combining the **expert** decision making culture of physicians with the **consensus** based decision making culture of hospitals
- Limited **organizational capacity** for managing change/transformation
- High risk aversion
- Current management driven hierarchies are about control, stabilization and efficiency
- Limited **sense of urgency** for change
- Uncertainty creates “self protection” behaviors



*“Transforming from siloed hierarchical decision making model is described as **running a marathon while having a heart-lung transplant**. Vertical process and infrastructure silos must evolve to collaborative decision making structures while maintaining day-to-day operations”*

Source: The Agile Enterprise, 2005

- Embrace the high velocity of change
- Establish a single minded focus on the patient and unrelenting pursuit of value
- Minimize the action needed to achieve value
- Reduce time to value



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Harvard Business Review

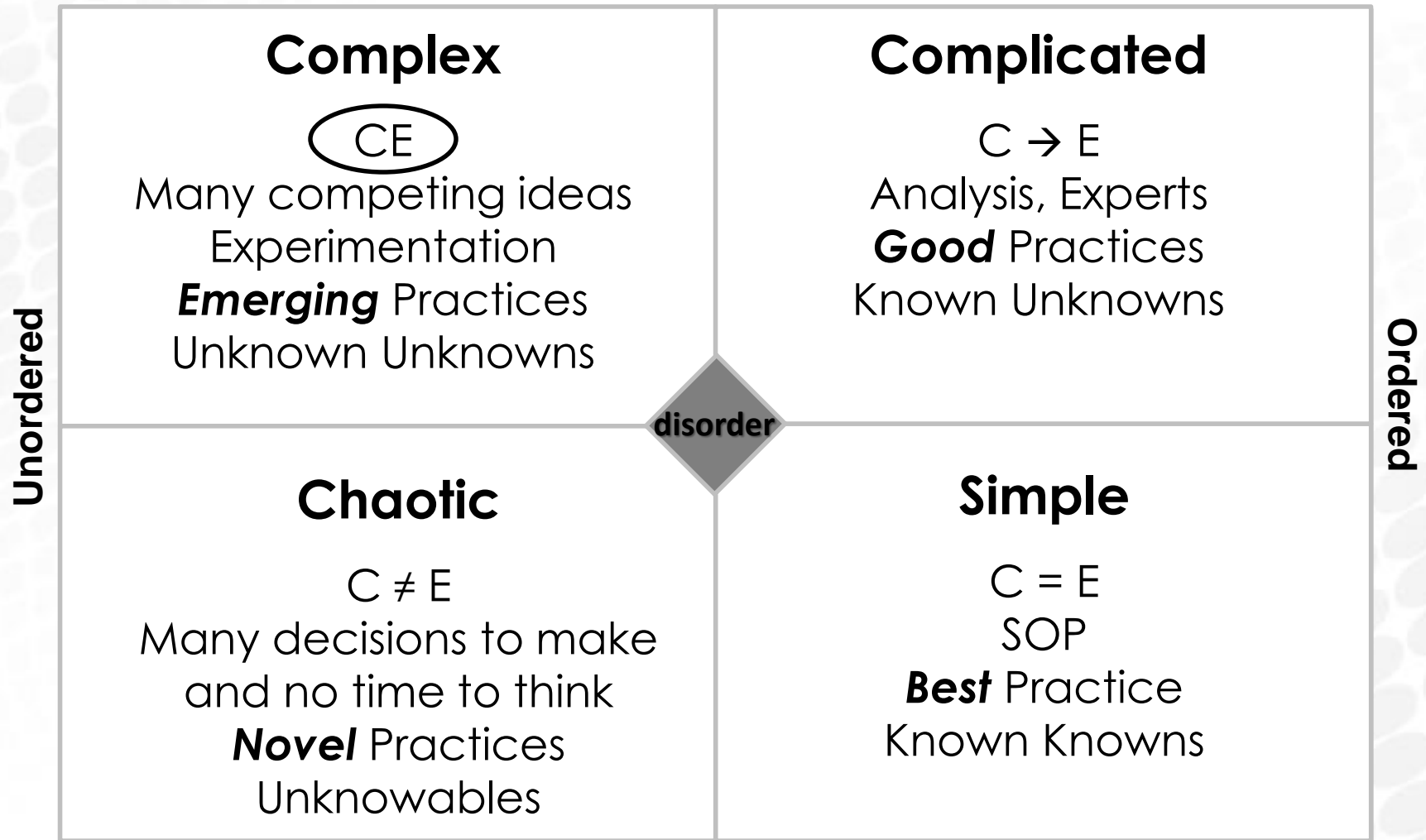
www.hbrreprints.org

*Wise executives tailor their
approach to fit the complexity
of the circumstances they face.*

A Leader's Framework for Decision Making

by David J. Snowden and Mary E. Boone

The Cynefin (*ku-nev-in*) Decision Making Framework



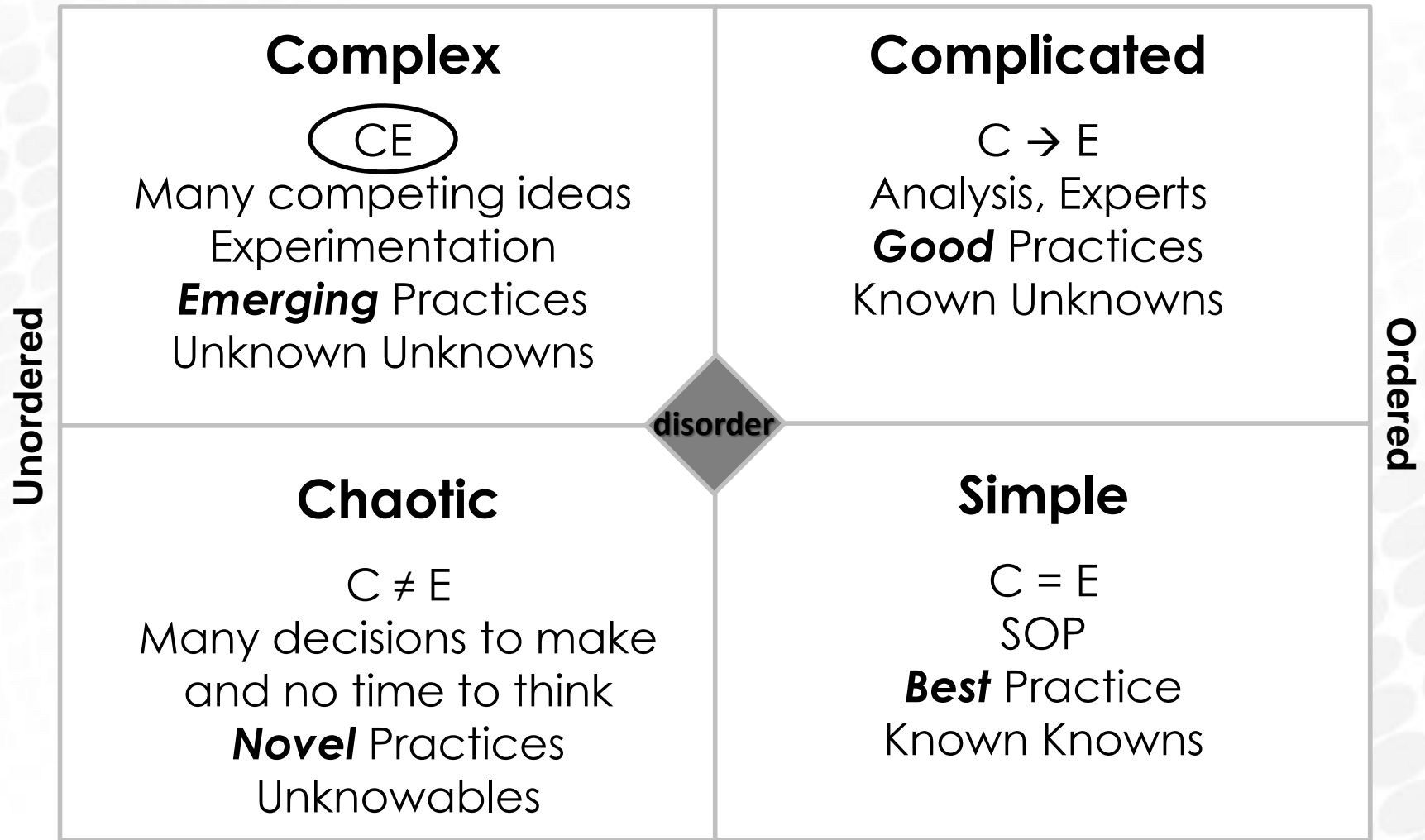
Source: HBR, Snowden and Boone, 2007



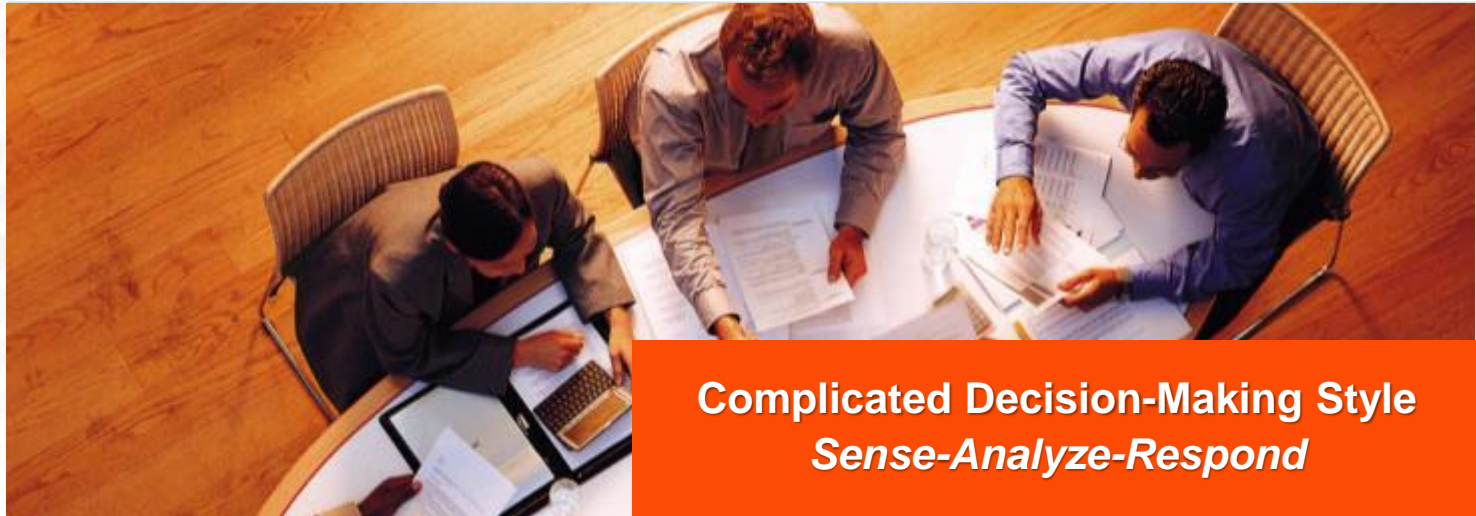
- Command and control
- Past experience, training and previous success drives perspective
- Decisions are easily delegated
- Automation of functions is straightforward
- Frequent communication is not necessary

Source: HBR, Snowden and Boone, 2007

The Cynefin (*ku-nev-in*) Decision Making Framework



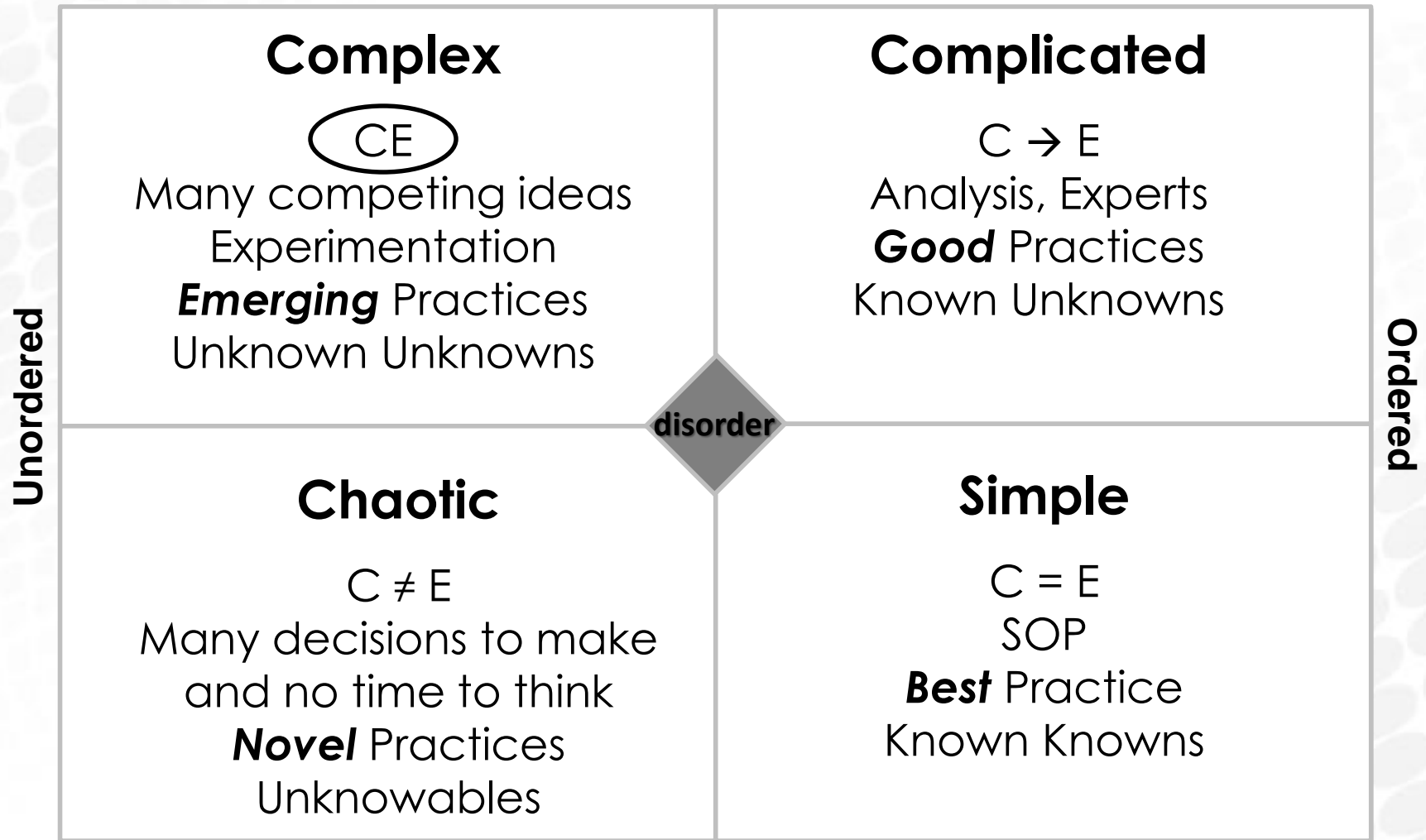
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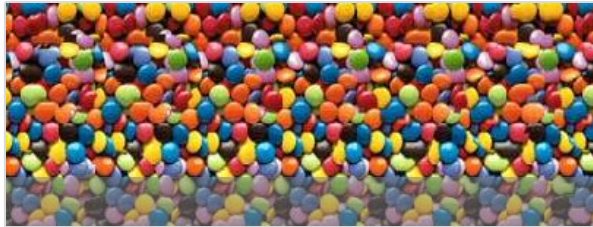
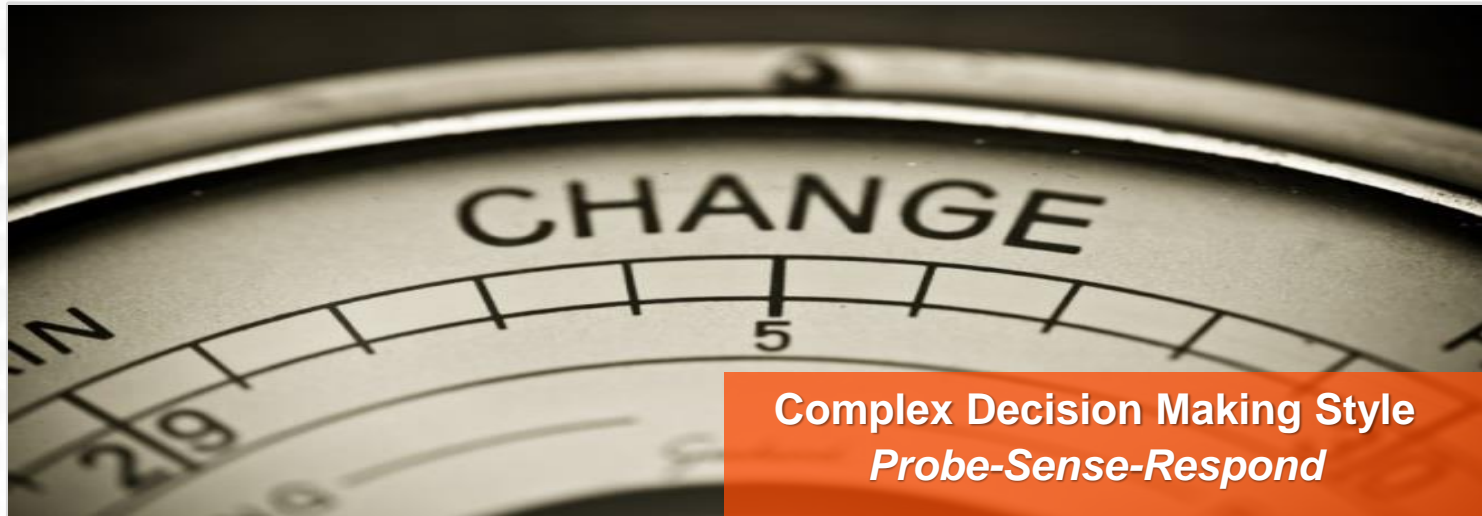
- Detailed planning and teamwork
- External and internal subject matter experts
- Analysis of data
- Listen to conflicting advice
- Cost-Benefit to finding right decision
- Targeted communication

Source: HBR, Snowden and Boone, 2007

The Cynefin (*ku-nev-in*) Decision Making Framework



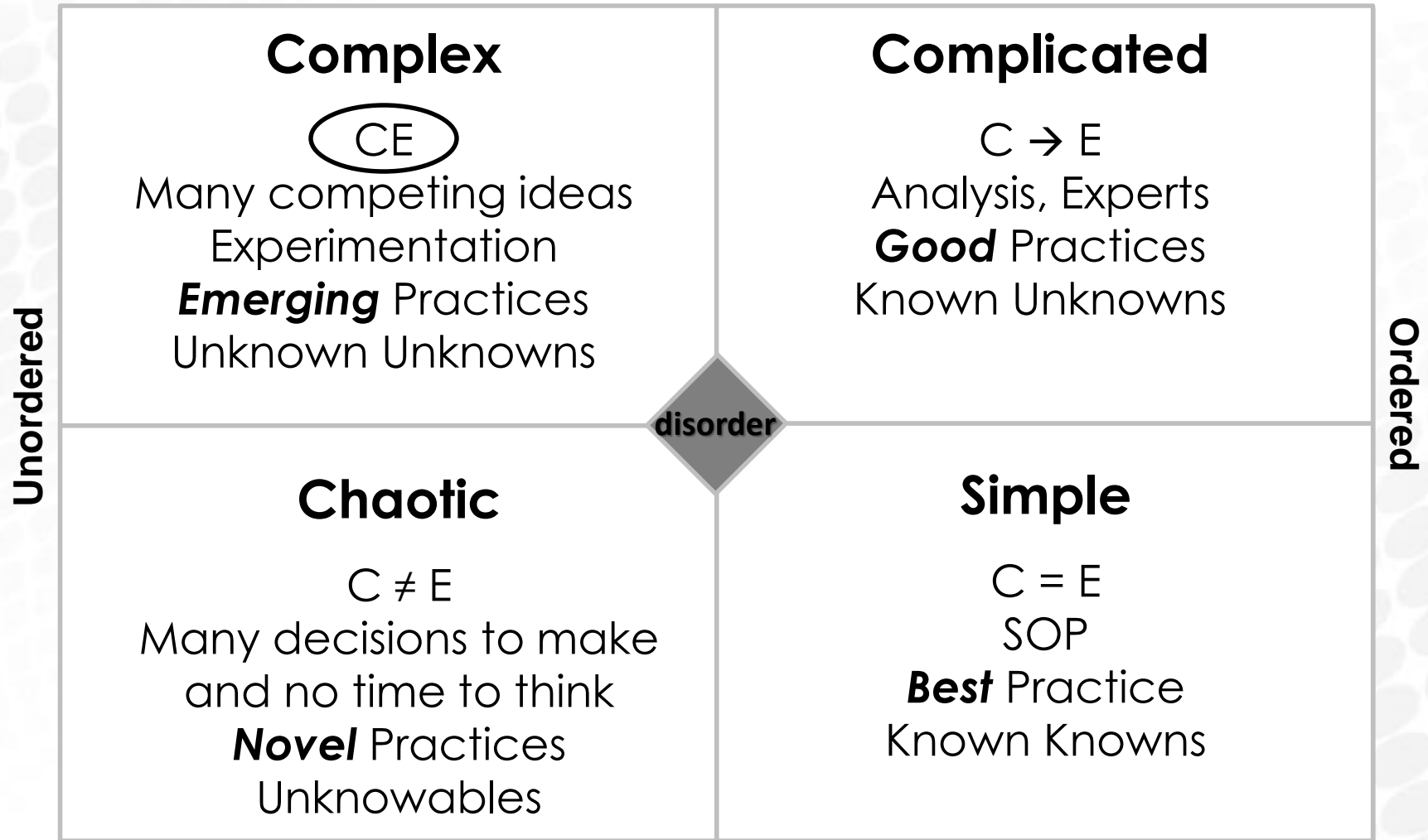
Source: HBR, Snowden and Boone, 2007



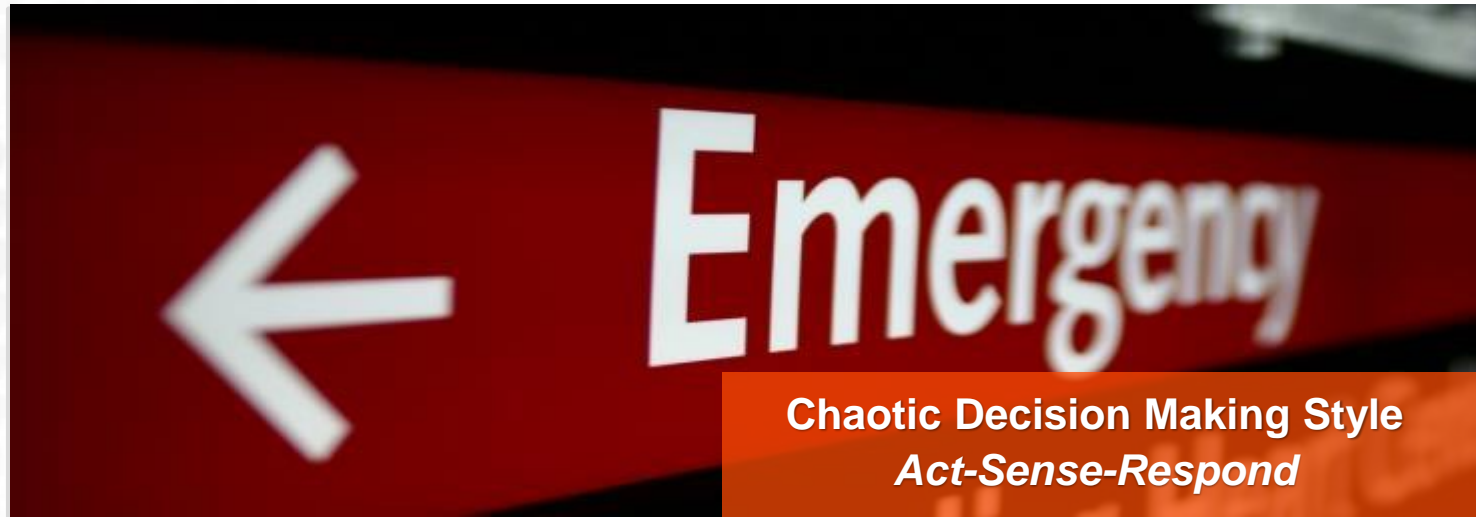
- Recognize- unpredictability and flux are the norm
- “Emerging” practices and experimentation
- Frequent interaction and communication
- Be open to idea generation
- Most businesses have shifted here

Source: HBR, Snowden and Boone, 2007

The Cynefin (*ku-nev-in*) Decision Making Framework



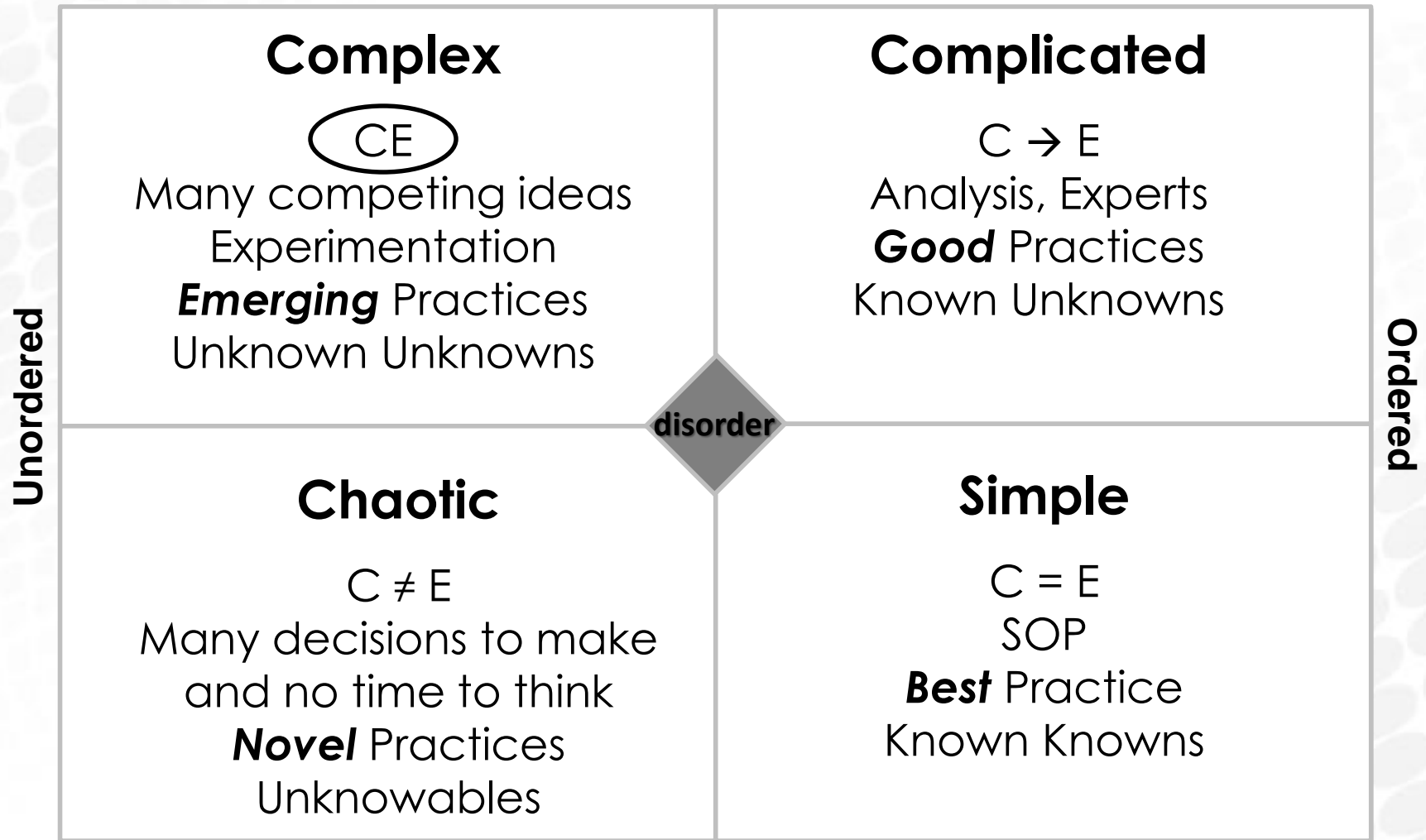
Source: HBR, Snowden and Boone, 2007



- Act to restore order, staunch the bleeding, command and control
- No time to ask for input
- Look for what works instead of seeking the right answers
- Clear, direct, broadcast communications

Source: HBR, Snowden and Boone, 2007

The Cynefin (*ku-nev-in*) Decision Making Framework



Source: HBR, Snowden and Boone, 2007



- Innovation – Disruptive change feels chaotic
- Risk averse, complex organizations will work to reverse the impact of disruption
- Innovation must be managed through a separate and unique process

Source: HBR, Snowden and Boone, 2007

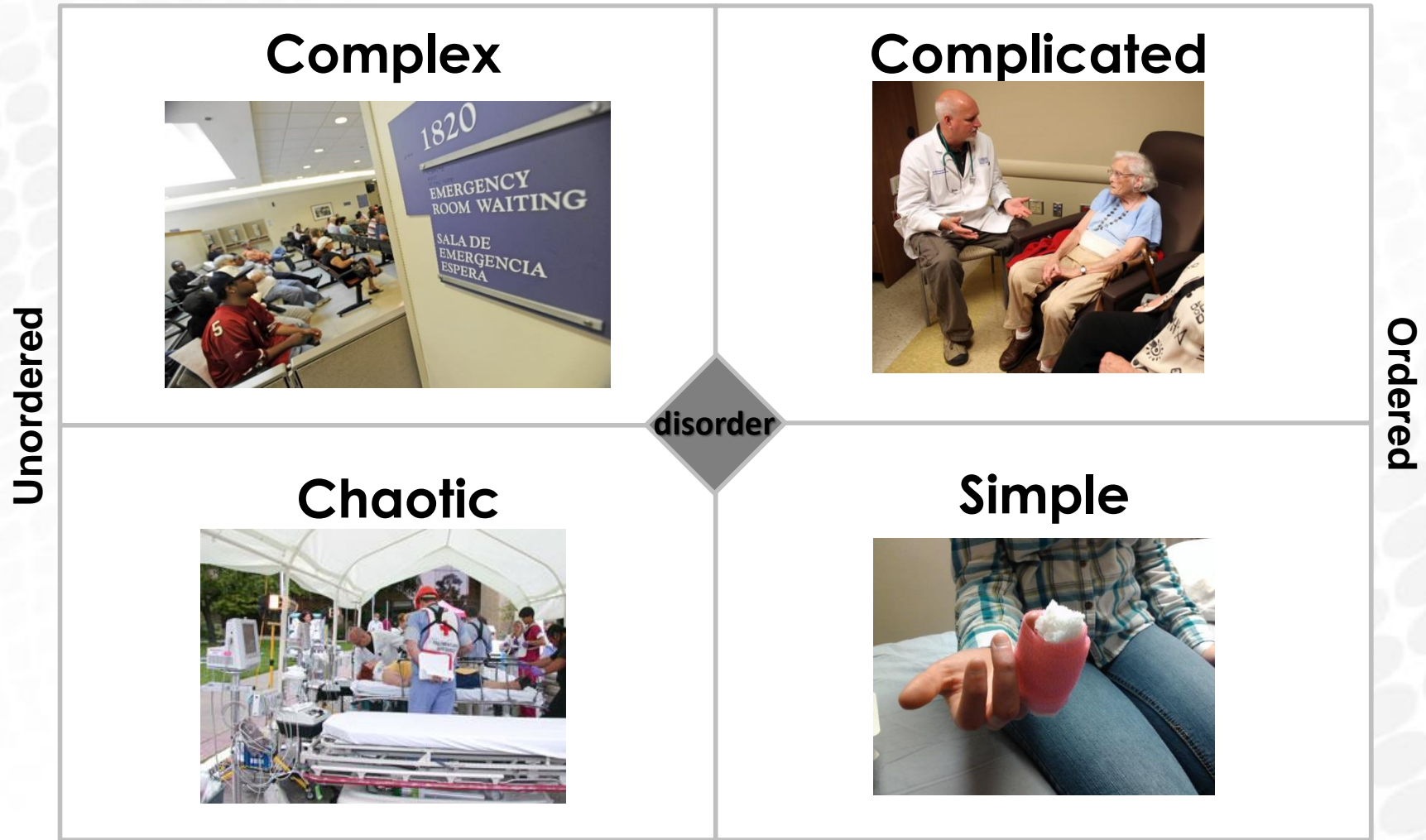
The Cynefin (*ku-nev-in*) Decision Making Framework



Source: HBR, Snowden and Boone, 2007

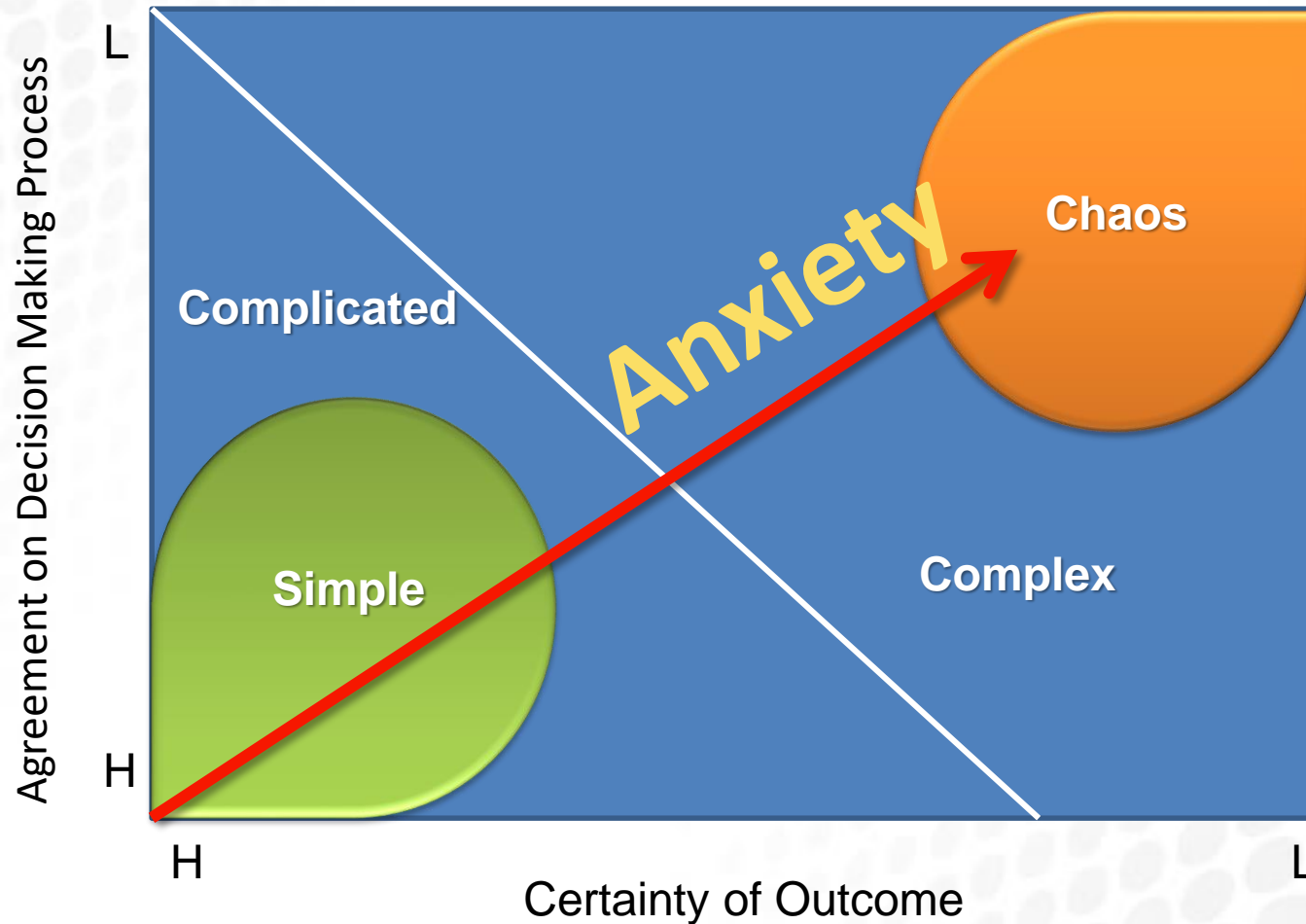


The Cynefin (*ku-nev-in*) Decision Making Framework



Source: HBR, Snowden and Boone, 2007

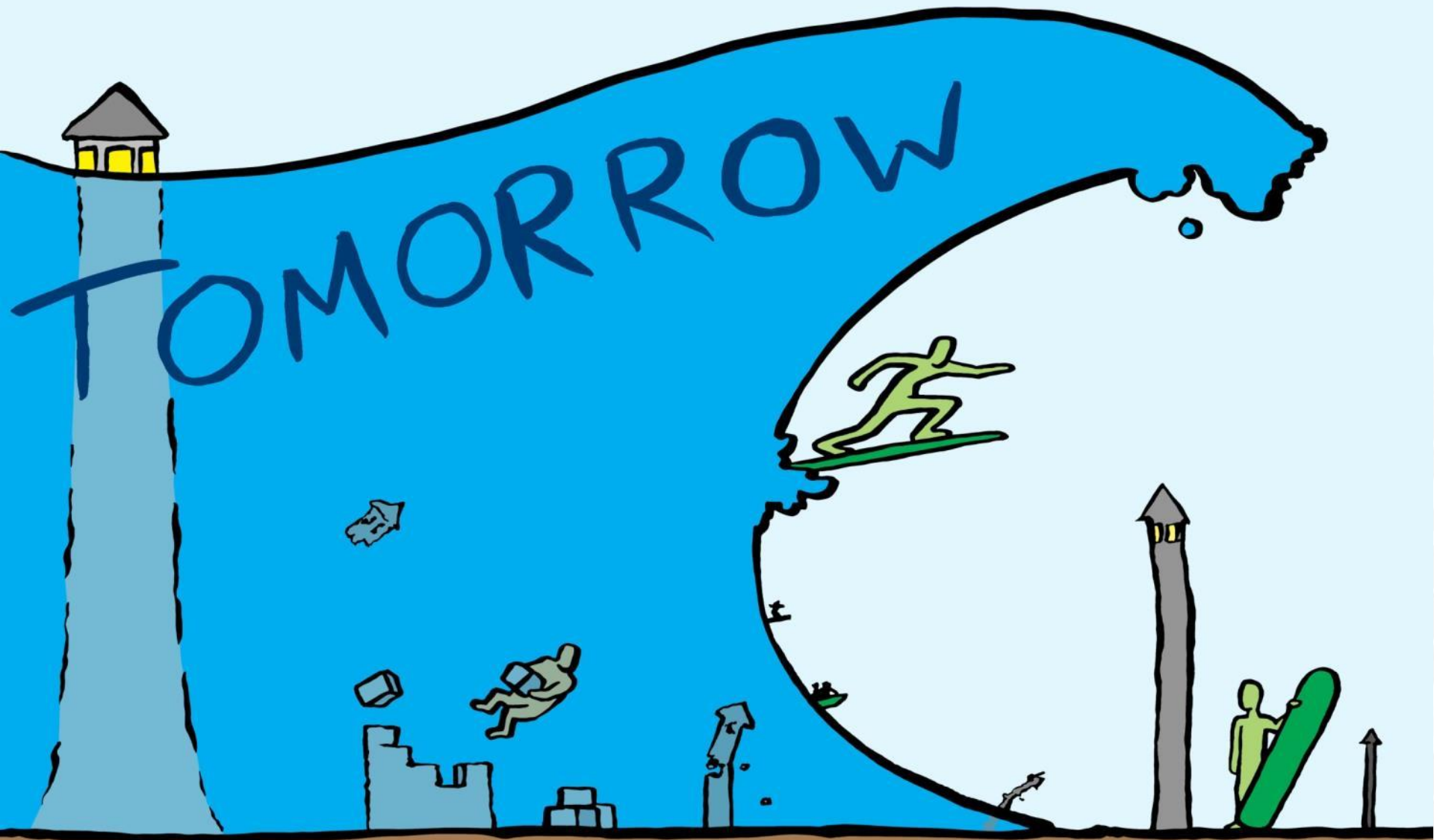
“Left Sided” Requirements Often Create Anxiety



“Take-Aways” for Board Members



- Multiple decision making styles are necessary
- Most healthcare leaders are trained in “right sided” decision making, “left sided” requirements often create anxiety
- Leadership (Inspiration, Creativity & Change) is required of “left sided” decisions
- Adept leaders will learn to identify the type of decision that is needed and modify their own behaviors and decision making approach
- Complex decisions will require new tools, methods and information
- Boards will need to modify decision making structures to become more agile and responsive to decision types



**Enterprise
Performance
Improvement**



**Population
Health
Management**

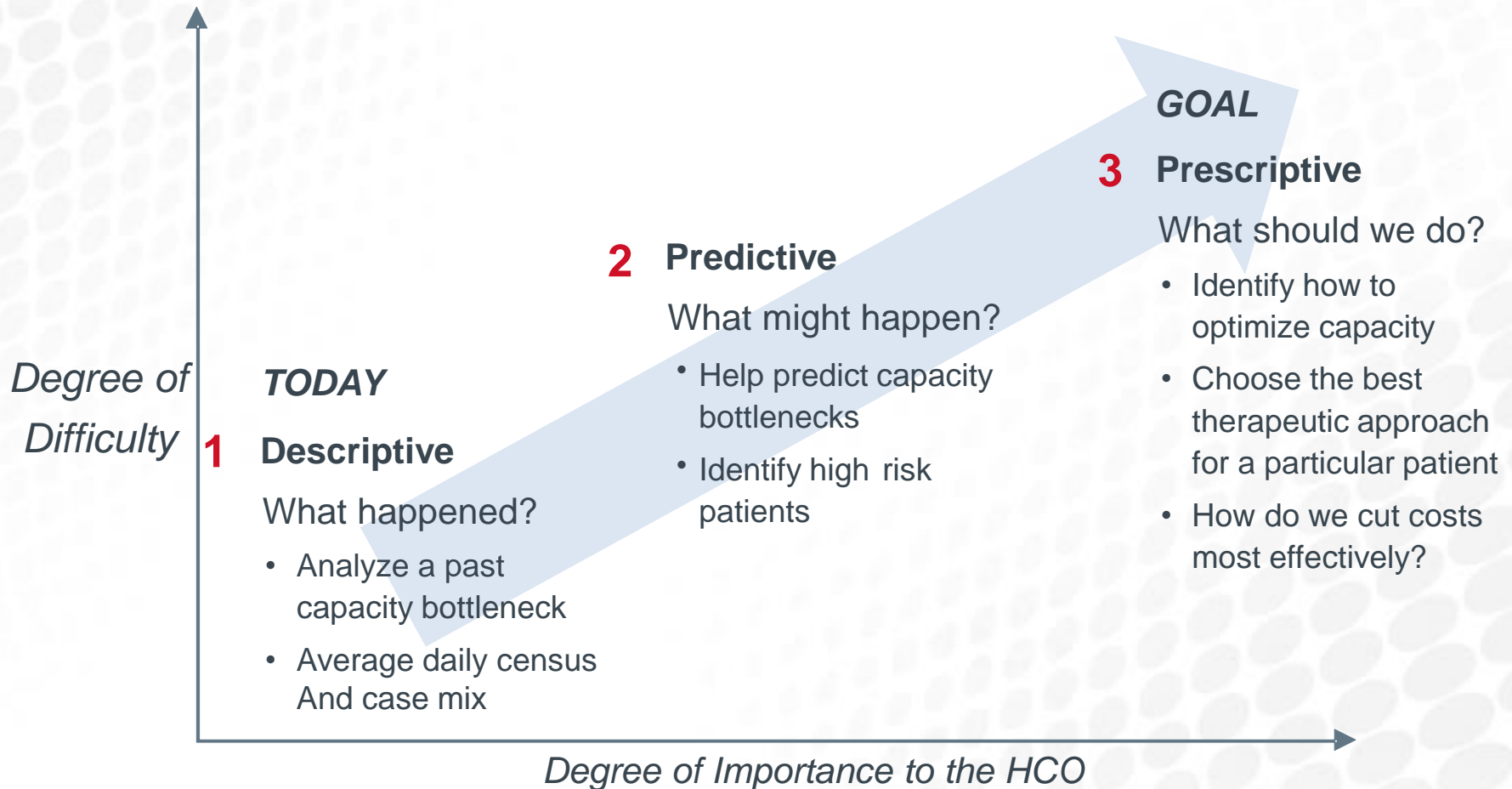
What is Business Intelligence?

➤ Multiple Definitions, Multiple Applications



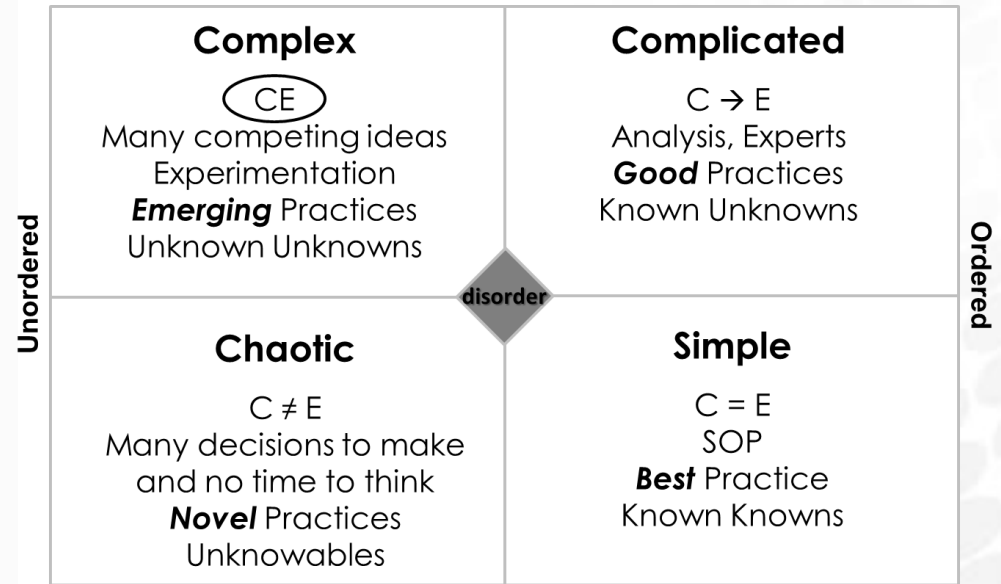
Different Capabilities for Different Types of Questions

Be Prepared and Plan for Predictive and Prescriptive Analytics



BI, Analytics and the Cynefin Framework

- Complicated problems can be solved with “Little Data”
 - Retrospective
 - Descriptive
- Complex problems need Business Intelligence and Analytics (BI)
 - Near Real-Time
 - Predictive
- Chaotic problems need Big Data, combined with Predictive and Prescriptive Analytics
 - Innovative
 - Disruptive
 - Iterative

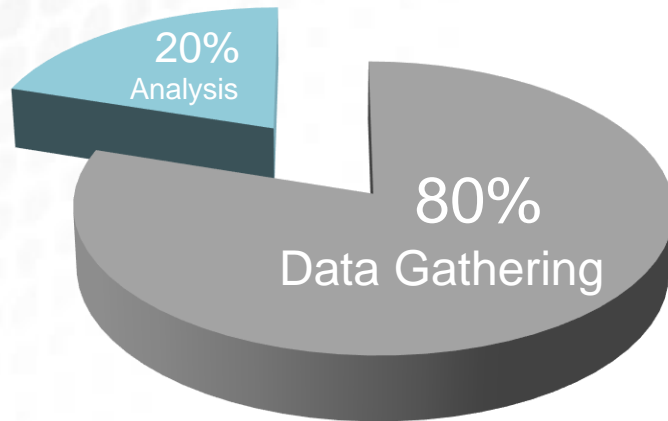


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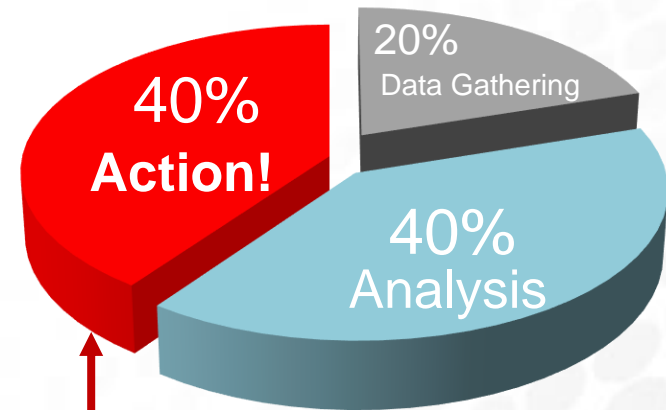
Why Analytics?

It Changes the 80/20 Rule

Without Analytics



With Analytics



Return on Investment

For some individuals, the data gathering workload may be reduced from weeks to minutes. What actions would they be enabled to take?

How is BI Being Used Today?

Area	Use Case
Revenue Cycle Management	<ul style="list-style-type: none"> Management of AR Evaluation of Key Performance Indicators Financial Modeling for New Reimbursement Methods Estimation of profitability and responsibility
Resource Utilization	<ul style="list-style-type: none"> Monitoring Physician practice and performance variance Estimating patient volumes, length of stay and wait times Managing inventories and supply chain Reducing Network Leakage System Bottlenecks Staffing Allocation
Population Health Management	<ul style="list-style-type: none"> Risk Identification and Stratification of Patients Development of targeted outreach/ interventions Leveraging of disease registries for quality improvement Care coordination Evidenced-based guidelines for risk groups Risk trending for adverse events
Quality Improvement	<ul style="list-style-type: none"> IP Utilization and Outcomes Adverse event reporting Outpatient care outcomes Surgical Suite Analytics Rapid cycle quality improvement
Consumer Engagement	<ul style="list-style-type: none"> Measure and improve satisfaction
Prevent Fraud and Abuse	<ul style="list-style-type: none"> Care utilization analysis Cost trending and forecasting Actuarial and financial analysis Monitoring of prescriptions and referrals



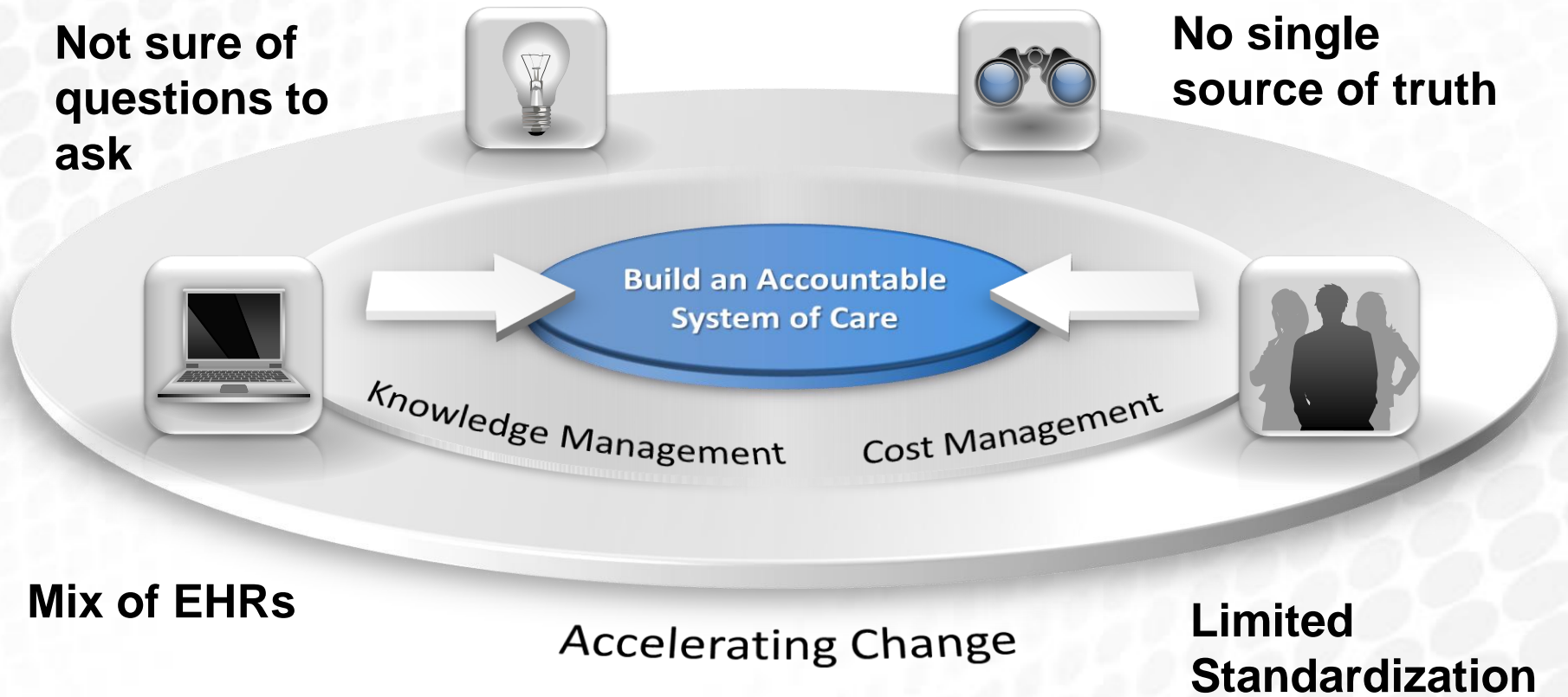
Success Dimension: Enterprise Vision & Strategic Direction

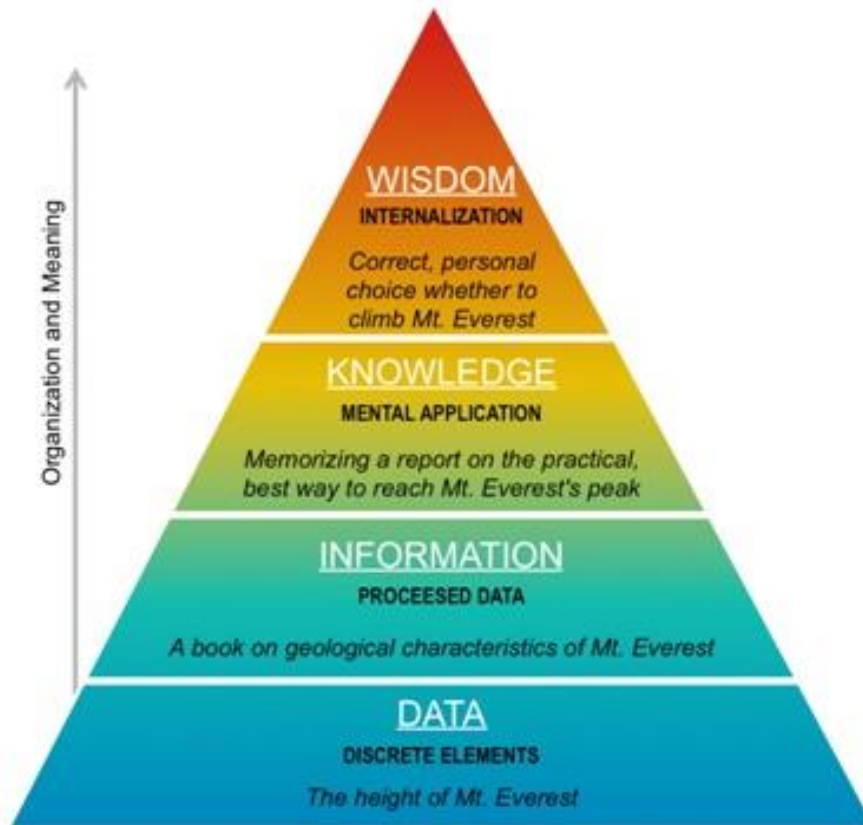


Agreement on Questions BI Will Help Answer

	Quality Risk	Performance Risk	Utilization Risk
Descriptive	<ul style="list-style-type: none">• Service line or physician performance• Quality measures performance• Identify variations in practice• Patient chart scanner• Patient satisfaction	<ul style="list-style-type: none">• Bundled payments scorecard• Evidence-based guidelines compliance• Community physician order capture	<ul style="list-style-type: none">• PCP attribution• Disease dashboards• Contract performance scorecards• Benchmarks comparisons• Increasing outpatient revenue
Predictive	<ul style="list-style-type: none">• Readmission risk• Fraud detection	<ul style="list-style-type: none">• Financial modeling• Patient compliance• Patient “stickiness”	<ul style="list-style-type: none">• Population risk• Complications risk (e.g., admissions or HAIs)• Estimate demand destruction
Prescriptive	<ul style="list-style-type: none">• Inventory optimization• Nurse scheduling• Care pathway optimization	<ul style="list-style-type: none">• Patient discharge planning• Patient engagement approaches	<ul style="list-style-type: none">• Throughput optimization• Facility and provider network planning• Cognitive support for clinical decision-making

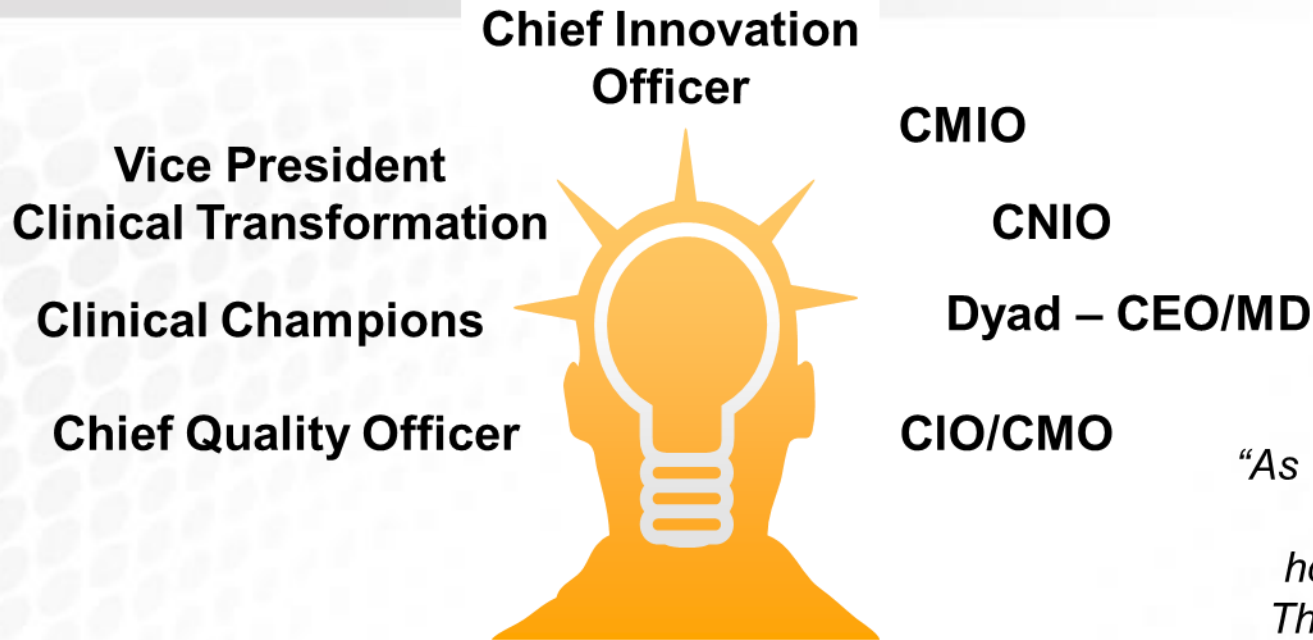
Success Dimension: Decision Making Culture & Readiness





- Many healthcare systems have clinical and financial data separated, using different IT systems. Creation of **common data models and definitions** is needed
- Information **integrity, management, data stewardship** and integration across silos of care will become increasingly important as the market consolidates, as new models of care evolve and as risk is managed at the population level

Success Dimension: Leadership, Organization & Skill Sets



Enterprise Program Management

Change Management
Process Redesign
Project Management
Reporting
Problem Tracking
Best Practice Repository
Evidence Library
Standards
Localization Methods

“As we look at doing more with less, the solution is to ask how we do things differently. That’s where chief innovation or transformation officers come in. They look at things with different eyes”

Joanne Conroy MD, AAMC

Success Dimension: Technology “Wild Wild West”

- EMR, Revenue Cycle, ERP vendors
 - No track record of success
 - Analytics are limited to the data collected in their products
- Build your own from scratch
 - Costly, risky... would you build your own EMR?
- Point solutions
 - One for JCAHO, one for physician performance, one for supply chain, one for hospital operations, et al...
 - Redundant patch work of data; costly; not extensible; enterprise wide analytics are not possible
 - Scarce analyst skills are spread across multiple products
- Build with generic, reusable enterprise healthcare data model
 - IBM, Oracle, etc.
- Many new healthcare players
 - Enterprise Data Warehouse
 - Population Health Management
 - Enterprise Performance Management



TOP 10 DIAGNOSES FROM E.R. VISITS

U.S. emergency rooms log about **130 million visits** every year.



ER Diagnoses for One Year (2010 numbers)

Abdominal Pain

6,362,000



Chest Pain

5,360,000



Skin Injuries

5,360,000



Upper Respiratory Infections

5,360,000



Spine Problems

3,567,000



Open Wounds

3,567,000



Skin Infections and Inflammation

3,436,000



Bone Fractures

3,436,000



Urinary Tract Infections

2,748,000



Sprains and Strains

2,388,000



Yesterday, Today and Tomorrow

Walmart took 40 years to get their data warehouse to 400 terabytes

Facebook probably generates that every 4 days

Less than 1% of today's available data is analyzed

Data is expected to grow 50x in next decade

Big data offers \$300 billion in value to healthcare

Questions or Comments:

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Speaking/Retreats for Boards & Leadership Teams