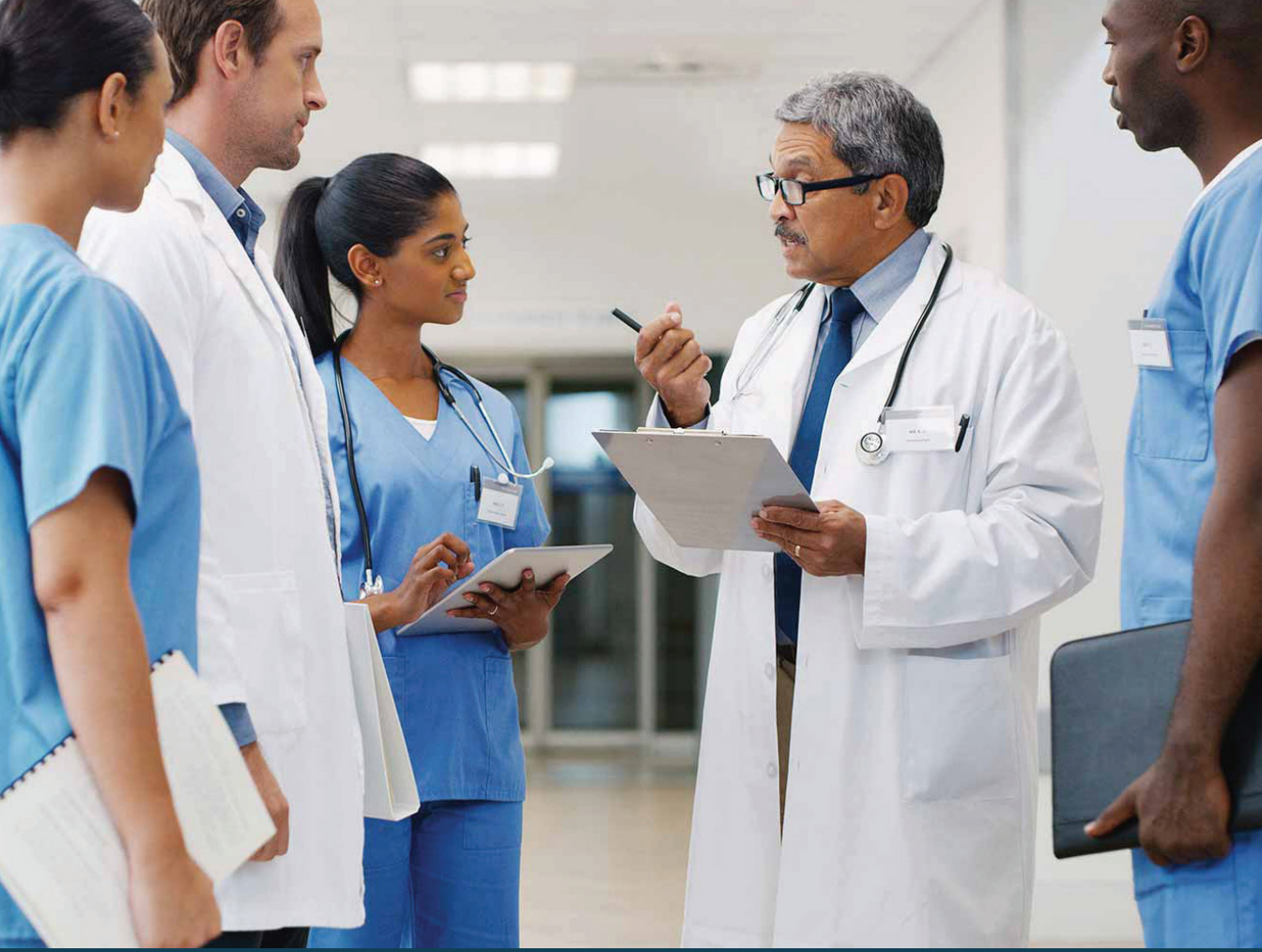

Designing the Future: Inserting the Right People Into the Process

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PEOPLE. PROCESS. TECHNOLOGY TRANSFORMATION.

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Few would disagree that the U.S. healthcare system is moving through a period of unprecedented change and challenge. In the wake of the massive COVID-19 pandemic, hospitals, medical groups, and integrated health systems were left both financially destabilized and very short of staff, particularly with regard to nurses and other clinicians, but also in a wide range of areas, such as healthcare information technology, revenue cycle management, and so on.

Meanwhile, the cost of the overall healthcare system has become potentially unsustainable. On June 14, 2023, the actuaries at the Centers for Medicare and Medicaid Services (CMS) shared with the public and policymakers their annual projections for total U.S. annual healthcare expenditures, predicting that the $4.4 trillion spent in 2022 would balloon to $7.2 trillion by 2031 —which would represent a 63.64-percent increase in nine years. Not only are those figures eye-popping; their real-world impact is that the purchasers and payers of healthcare—the federal government, state governments, employers, and other private purchasers, and all the health plans—will be focusing on pushing as much cost out of the system as possible while demanding improved value for money spent as the U.S. population ages and experiences an explosion of chronic disease.

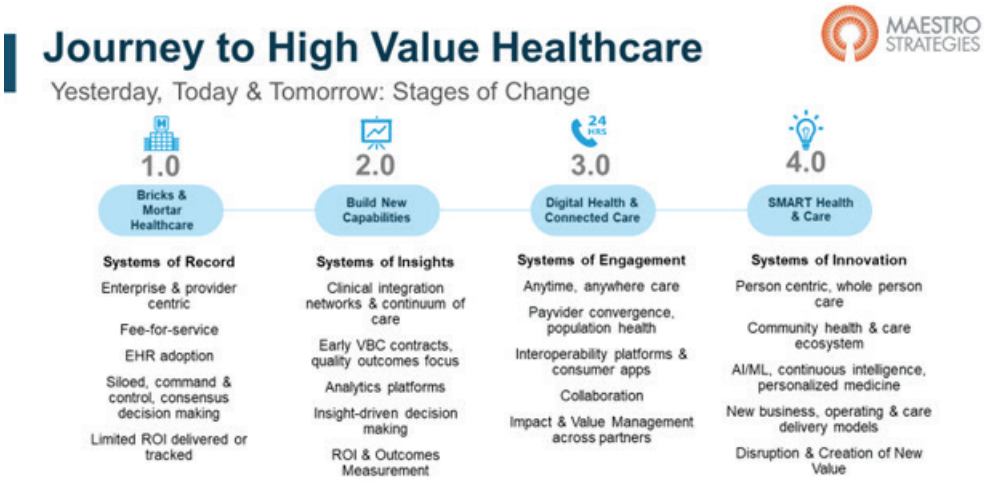
And that puts the leaders of patient care organizations in an exquisitely challenging position, as they work to move their organizations forward into the future. How to become smarter, leaner, more efficient, and with better patient outcomes? A part of the answer, as everyone has always known, has been through leveraging information technology. But the old ways of doing so, focused on simply implementing electronic health records (EHRs) and other technologies, and hoping for the best, are no longer cutting it.

There is a clear "burning platform" for the redesign of the healthcare system. Key questions emerge – can we reduce the complexity of the business and care delivery models? Can we build on electronic health records, analytics systems, and other digital health applications to drive new levels of efficiency, effectiveness, and consumer experience? What skills are needed to drive this change and what leadership roles are best for transformation and innovation? These are absolutely key questions that each healthcare organization should answer today.

Leaders of patient care organizations must attempt to leap from yesterday to tomorrow. Rather than automating existing processes as they have done in the past, they must reinvent the business and care delivery models while addressing today's challenges of workforce, revenue, and costs. Data and technology use will be democratized and less centrally controlled by IT. Leaders must think broadly and deeply about strategy, and consider the opportunities presented by a connected, digital health ecosystem.

Strategizing forward into change

At the core of everything is a key question: who should be the leaders in organizations going forward, and what kinds of skill sets, lived experiences, and insights will they need to bring forward to move their organizations forward? Years ago, we talked about "CIOs 2.0," etc. Perhaps we're now looking at a "4.0" version of all the c-suite-level and other senior titles in patient care organizations—a level of preparedness and skill we've never had as an overall healthcare system.



But let's begin by looking at the dynamics involved in this landscape, as we transition from "healthcare 1.0" to "healthcare 4.0" (see figure 1). As you can see, the traditional U.S. healthcare system, "Bricks & Mortar Healthcare," is anchored in a fee-for-service-based payment system, involves fragmented silos between payers and providers, has limited consumer awareness and price sensitivity, and its data systems are focused on "systems of record"—financial, clinical, and operational.

Right now, the U.S. healthcare system is transitioning through a prolonged "2.0" phase, as payers and providers transition gradually from a discounted fee-for-service payment system into value-based contracting, including risk-based contracting, and new competencies and capabilities are being built—and data and information are beginning to fuel insights that can redesign how care is delivered, managed, and paid for. The U.S. healthcare system is shifting towards a "3.0" iteration, encompassing digital health and connected care, with payment being based on value, a convergence of payer and provider business models, tools of transparency and interoperability are supporting engaged consumers, and collaboration is essential to creating new "systems of engagement." In the next few years, we will see new "systems of innovation" expand the disruption of traditional care delivery organizations. Artificial intelligence will drive personalized medicine that will consider the whole person, and their social, mental and physical needs. "Smart" communities and facilities will provide new opportunities to think about our health and care, the workforce, and the value created by these holistic solutions.

The right people? Who are the people?

Now, it must be noted that the U.S. healthcare system is in a very precarious financial situation right now. Throughout 2022, hospitals, medical groups, and health systems struggled with the impacts of the COVID-19 pandemic, including clinician and other-staffer burnout and burnout- and dissatisfaction-related labor shortages, most particularly among nurses, but also in such diverse areas as health IT and revenue cycle management. Meanwhile, hospital-based organizations' core finances remain extremely fragile. After a few quarters in which the average national revenue margin, according to the quarterly surveys conducted by the Chicago-based Kaufman Hall consulting firm, were actually negative, the firm's analysts found that average revenue margins had reached 0.0 percent at the end of April—which obviously is better than -1.3 percent, but still, deeply fragilized. What's more, the Kaufman Hall analysts found that high expenses and the unwinding of Medicaid continuous insurance coverage under the COVID-19 public health emergency, were also negatively impacting hospital-based organizations' finances.

The reality on the ground is that most of the senior leaders in most of the patient care organizations in the U.S. are extremely overwhelmed right now, and most are frankly panicked over their financial situations. And that is not a good place from which to innovate. Indeed, one of the core strategic dilemmas right now is that, in the typical hospital-based health system, the thinking remains deeply conventional, with c-suite leaders still focused on filling as many inpatient beds as possible, and are still primarily leveraging technology and process to maximize success under discounted fee-for-service payment models.

To take just one example, while most hospital-based organizations have attempted to create population health management and care management structures and processes, the vast bulk of their energy remains inpatient operations-focused, meaning that the ability to truly innovate remains limited. What's more, the need to fundamentally rethink how their patient care organizations interact with clinicians, with affiliated organizations, and most of all, with patients and families as healthcare consumers, remains unattended to, because the vast bulk of their operations remains focused on filling beds.

Further, the information technology implementations that many or most leaders at inpatient-based organizations are engaged in, again, remain inpatient-centric, with the inpatient hospital as the hub of the entire wheel of care delivery, and all the other elements simply acting as spokes on that wheel—even as care delivery is moving out further and further from inpatient hospitals, even as far as into patients' homes.

Now, Put simply, most senior leaders of inpatient hospital-based health systems are still not "skating to where the puck is headed," as the hockey phrase goes.

Or, as one health system CEO was heard to say recently (and we paraphrase here), "We all know there are things we should have done ten years ago, but it was too hard. And now we're in a situation where we just don't know what to do, because we've spent years and years building expensive systems, and at this moment lack the capital sufficient to invest in the future of healthcare delivery and operations."

Put simply, most senior leaders of inpatient hospital-based health systems are still not "skating to where the puck is headed," as the hockey phrase goes.

Thinking—and planning—forward into the reality of the future

As the reader will see (see figure 1), the leaders of patient care organizations are facing a series of transformations that must take place systemically, over time, in order to prepare for the future—and therefore the future professional leadership roles that will be needed.

As shown in this figure, the 1.0 stage of patient care organization development, what we call "bricks and mortar healthcare," is very enterprise- and provider-centric. The next phase of development involves systems of insights and building new capabilities to achieve some level of clinically integrated networks, and a genuine continuum of care.

Once a continuum of care is developed, the leaders of a patient care organization can move forward into digital health and connected care and create systems of engagement through which they can engage with patients/healthcare consumers anywhere, at any time—with a focus on servicing consumers rather than remaining provider- and institution-centric.

Ultimately, the senior leaders of patient care organizations that successfully pursue innovation will reach a "4.0" level, which will involve creating person-centric care delivery in the context of a connected health and care ecosystem; they will leverage artificial intelligence and machine learning and will develop the delivery of personalized medicine; they will pioneer new delivery, operational, and business models; and they will self-disrupt in order to compel their organizations forward into value. A recent article published by the leaders of Johns Hopkins healthcare predicts that, in the future, no more than 5 to 10 percent of care will be delivered inside the walls of inpatient hospitals. We've simply got to plan for care to be delivered farther and farther out into not only outpatient care settings, but in the home—both physically and virtually. And the leaders of patient care organizations need to develop truly integrated strategies for the integrated reality of the future; they cannot simply add new people and new titles to their existing operational structures and processes.

Part two: the "Who" of the future

Now that we understand the context of change, we can begin to look at the proliferation of new titles, positions, and roles that are being discussed across U.S. healthcare.

So: what are some of the new titles that are emerging right now? Among the most popular emerging titles are Chief Digital Officer, Chief Data Officer, Chief Analytics Officer, Chief Innovation Officer, Chief Experience Officer, Chief Transformation Officer, and Chief Health Equity Officer. What does the emergence of these titles mean?

First, it means that patient care organization leaders recognize the need to recruit (either externally or internally) individuals with new skill sets to design the future business, operating, and care models of the future. Yet, creation of new titles and employment of new leaders does not guarantee transformation of the healthcare enterprise. Traditional cultures may resist the changes these new leaders represent, siloed behaviors and decision-making structures may hinder collaboration across organizational lines, and lack of integration with key strategies, external partners, budget plans, data sets, and technologies may limit impact.

Rather than creating new titles and recruiting people to fill those titles, patient care organizations leaders are realizing that traditional C-Suite roles—and sometimes, the people currently in those roles—cannot take the U.S. healthcare system to where it needs to go in the next decade.

So what's the answer? This set of challenges—how to redesign care delivery to transition into full-blown risk-based and other value-based contracting; how to create patient/consumer, family, and community engagement; how to address the social determinants of health; how to respond to future healthcare workforce issues; how to shift the entire healthcare delivery system into becoming a wellness-driven system rather than a sickness-driven system; and, in that regard, how to move away from an inpatient-centric focus and to community and home-based care, all while leveraging data and analytics to provide continuous intelligence to encourage whole person care, improved outcomes, and other appropriate changes in care delivery and operations.

Now, let's look at two alternate strategies that the leaders of different patient care organizations are pursuing, as they forge forward into this new world.

Among the teams of senior leaders redesigning their leadership teams, some are combining emerging C-Suite roles with existing executive positions. Examples include the Chief Information & Digital Officer and Chief Health Information Officer (often combines CMIO & Chief Data Analytics roles). Another approach results in the creation of distinct positions with defined responsibilities versus combined roles. The decision, of combined versus distinct positions, depends on the unique strategies, context, and needs of the organization. Factors such as size, budget, maturity, and existing capabilities should be considered when designing the roles.

Reasons to some organizations choose to keep them separate include:

- Specialized Expertise: Data analytics and digital transformation require specialized knowledge and expertise. By having dedicated roles for these areas, organizations can benefit from individuals who possess deep knowledge and experience in these specific domains. Separating the roles allows for focused attention on each area and ensures that the organization benefits from the specialized skill sets and perspectives of professionals dedicated to these fields.

- Strategic Focus: Data analytics and digital transformation are strategic initiatives that can significantly impact an organization's success. By having separate roles, organizations can assign specific individuals to drive these initiatives with a dedicated focus. This enables comprehensive planning, execution, and monitoring of strategies, ensuring that they are aligned with organizational goals and objectives.

- Resource Allocation: Combining roles can potentially overload an individual with a broad range of responsibilities, making it challenging to effectively allocate time, attention, and resources. Having separate roles for data analytics or digital transformation allows for proper resource allocation, ensuring that each area receives the necessary attention and resources to drive successful outcomes.

- Collaboration and Partnerships: By having distinct roles, organizations can foster collaboration and partnerships within and outside the organization. A dedicated data analytics or digital transformation leader can work closely with other departments, stakeholders, and external partners to identify opportunities, develop strategies, and implement initiatives that leverage data and technology effectively. This collaboration can lead to innovative solutions, better decision-making, and improved overall organizational performance.

- Evolving Landscape: The fields of data analytics and digital transformation are rapidly evolving, with emerging technologies, methodologies, and best practices. Having separate roles allows individuals to stay updated with the latest trends, advancements, and regulatory changes specific to these areas. This specialized knowledge can help organizations adapt and capitalize on opportunities in a dynamic digital landscape.

The reality on the ground is that every patient care organization in this country is different, with a unique operational reality, institutional history, cultural challenges, and current c-suite and senior leadership team. Yet, they will all need key capabilities and competencies to drive the necessary change including strategic visioning, digital health expertise, innovation mindset, systems and design thinking, data science and analytics, collaboration and partnership building, understanding of diversity, inclusion, and health equity, healthcare regulatory and clinical domain knowledge, person-centered care, agile program management, interoperability, etc.

To prepare for each organization's unique digital health transformation and innovation journey, a number of steps are needed in advance of creating new leadership roles including:

- Conducting a "Current State" Assessment: Perform a comprehensive assessment of the organization's current state, including its technological capabilities, digital maturity, and pain points. Identify areas where digital transformation and innovation can have the most significant impact and address specific organizational needs.
- Defining Strategic Vision: Develop a clear and compelling strategic vision for the future. This vision should align with the organization's mission, values, and long-term goals. It should also outline how digital initiatives will enhance patient care, improve operational efficiency, provide growth opportunities, and drive innovation.
- Engaging Key Stakeholders: Involve key stakeholders throughout the process to understand their perspectives, needs, and concerns regarding digital transformation and innovation. This includes community leaders, healthcare providers, executives, IT, analytics and quality teams, patients, and other relevant parties.
- Establishing Cross-Functional Teams: Create multidisciplinary teams representing different entities across the health and care continuum including community-based organizations, home based care and ambulatory personnel, public health, and others to ensure alignment of goals and priorities, and collaboration.
- Setting Measurable Objectives: Define specific, measurable, achievable, relevant, time-bound, inclusive, and equitable (SMARTIE) objectives for the digital transformation initiative.
- Prioritizing Initiatives: Identify and prioritize digital transformation initiatives based on their potential impact, feasibility, and ability to deliver value/ROI in the short and long term.

These steps will provide each future-facing healthcare organization with the specific information needed to thoughtfully and strategically design the right portfolio of transformation and innovation programs, and leadership roles required to drive the appropriate level of change. As the priorities become clearer, specific plans for risk mitigation, change leadership, resource allocation and speed to value can be considered in the development of each new position, the recruitment of the right leaders, the alignment of expectations, and the future success of organization.

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Pam Arlotto, LFHIMSS has a thirty-six year track record as a healthcare industry consultant and entrepreneur. She is CEO & President of Maestro Strategies www.maestrostrategies.com. She is a Past National President of the Healthcare Information & Management Systems Society (HIMSS); a founder and former Chairman of the Center for Healthcare Information Management; a former Board Member of the Business School at Georgia Tech and the Wallace H. Coulter School of Biomedical Engineering at Georgia Tech and Emory. She has served on the Executive Committee of the Georgia Tech Foundation and serves on the Advisory Boards of several private companies. She is a frequent key note speaker at industry conferences, is often quoted in healthcare publications and has written numerous articles for healthcare professional journals. She has been featured in the Wall Street Journal and on National Public Radio. She is a former Adjunct Faculty Member at the University of Alabama at Birmingham.

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Mark Hagland has been Editor-in-Chief of Healthcare Innovation (www.hcinnovationgroup.com), formerly Healthcare Informatics, since January 2010. Prior to that, he had maintained a decade-long relationship with the magazine as a Contributing Editor. Mark has 32 years' experience as a professional journalist, including 30 years' experience as a health care journalist.