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Calling Dr. Data

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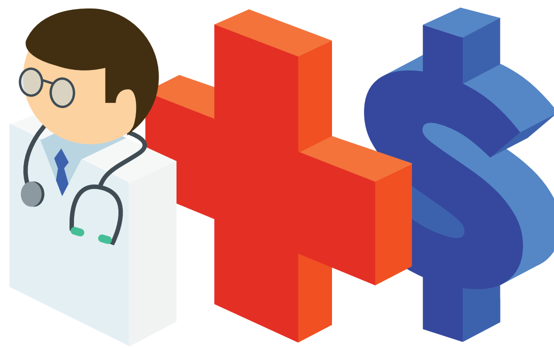
Executive Summary:

Many hospitals and physician groups in the United States are confronting new forms of reimbursement that seek to curb the upward spiral of healthcare costs. These forms of reimbursement are putting revenues at risk. "The healthcare industry is going to make less money," said Jonathan Nasser, M.D., Co-chief Clinical Transformation Officer at Crystal Run Healthcare, a large physician group in New York State.



The reduction in revenues is a byproduct of a recent strategy to cap healthcare spending by shifting the basis of reimbursement from fee-for-service to outcomes. Under fee-for-service, volume is the primary driver of revenues, and providers have been able to increase income by boosting the number and volume of services performed. Although many of these service decisions are seen through the lens of a doctor's experience and the situation of a specific patient, the overall pattern tells a different story: The increases in service cost and volume are not translating into better healthcare outcomes — hence the new reimbursement models that are being encouraged by payers and the government alike. These include charging fixed fees for everything from the entire course of treatment for an illness to managing the health of the total population an organization serves. To remain competitive — even profitable — as this shift takes hold, healthcare providers must be able to contain costs while improving healthcare quality.

Physicians make 80 percent of the decisions that affect clinical costs and quality. Yet healthcare leaders often fail to engage their doctors as active participants in the strategic decisions that lie at the heart of their expertise — changing the approach to care in a way that achieves better value. In this article, we look at the experiences and best practices of healthcare providers that are improving clinical value by successfully bringing physicians to the table.

A High Cultural Bar

The cultural hurdles in the way of successfully engaging physicians are significant. Doctors have been trained to be independent. They make decisions for their patients and accept accountability for those decisions. However, with revenues at risk and reimbursement based on outcomes, doctors can no longer be solitary decision makers. Physicians must now participate in teams to identify optimal treatment approaches and prove that those methods work over time and across entire populations.

In our dealings with healthcare providers, we have found that three elements must be in place to overcome the cultural barriers that stand in the way of triumphantly engaging physicians. The first is the governance model that effectively involves key constituencies in decision making. The second is a leadership style that unlocks an organization's ability to create new know-how. The third is an improvement approach driven by a data-driven scientific mindset. The concepts behind these elements aren't necessarily hard to understand, but they can be difficult to implement.

New Structures Need a Different Mindset

During an executive strategy retreat at a large, multi-state hospital system, at which physicians were conspicuous by their absence, a remark consistently came up each time an innovative idea surfaced: "We need to get the docs involved." Executives realized it was imperative to hold a similar meeting with a critical mass of their physicians. Management promptly convened a session with a few key physician leaders, and the results were illuminating.

During this gathering, hospital leaders shared their ideas about how to reduce costs and improve quality. To the executives' surprise, there was general agreement but with one major exception: the role of information technology (IT) systems and data. Hospital executives treated IT as an important enabler to help doctors improve care. The physicians saw it entirely differently. They viewed IT as the number one priority. If they were to take an active role in identifying how to decrease costs and improve healthcare quality, doctors needed and wanted data. With up-to-date systems and data, the physicians were thoroughly committed to getting on board.

Many healthcare providers create governance structures to engage physicians. For example, physicians sometimes are invited to serve on committees and even may be trustees or part of a leadership group that reports to the board. But the structure isn't as important as the mindset of the people working within it.

Although well-intentioned, administrative leaders often see the medical staff as a key support group that must be protected from time-consuming strategic questions. But the opposite is the case. Physicians are trained scientists. Physicians are highly motivated to work with data and experiment with ideas. Understanding that mindset is at the heart of moving physicians off the sidelines, regardless of what governance structure is in place.

Unleashing Data Scientists

Private sector companies are scrambling to find data scientists — professionals with business and domain knowledge, as well as analytical skills. In the corporate world, there aren't enough to go around.

Ironically, many healthcare providers have an embarrassment of riches that have yet to be tapped: an installed base of scientifically trained physicians intimately familiar with the task at hand. Although unleashing that expertise is central to successful physician engagement, the process needs to be disciplined in order to create general agreement about what the data mean and the actions such information should prompt.

The physicians understood that in order to contain costs and improve quality, the care needed to be more standardized.

Crystal Run Healthcare is a case in point. A large, physician-owned, multi-practice group serving New York State's lower Hudson Valley, Crystal Run has been victorious in unleashing its physician data scientists. Several years ago, the organization realized that in order to remain viable, it had to be prepared to proceed under risk-based contracts focused on outcomes. But its doctors weren't used to thinking or working that way.

"Physicians haven't had to think about [providing] care that is high quality, a great experience and [also] cost-effective," said Crystal Run's Dr. Nasser. In general, he said, "They aren't accustomed to receiving feedback."

To accustom physicians to feedback and this latest mode of teamwork, Crystal Run started with a pilot program. The focus was diabetes control. Working with primary care physicians and endocrinologists, Crystal Run generated data that included treatment and costs for the diabetic patients under its care. The reports covered a period of one year and encompassed several expense categories such as physician, lab and x-ray costs.

The data revealed considerable variation in costs among physicians, which prompted some doctors to argue that although the costs were high, so was the quality. Analysts probed the data further and found no correlation between cost and quality. Next, certain physicians argued that some of their patients were sicker than those in other pilot groups, which accounted for the higher costs. Analysts probed the data again and discovered that wasn't the case, either.

The doctors realized that variation in cost and quality was the result of inconsistent treatment methods. With that insight, the physicians understood that in order to contain costs and improve quality, the care needed to be more standardized. Using national guidelines from the American Diabetes Association, the pilot group revised and unified treatment protocols. Adding individual feedback and metrics to these approaches, the group drove down patient costs by 20 percent within one year — without any adverse effect on quality. As a result, Crystal Run has rolled the process out to all divisions, and physicians regularly work together in committees to make necessary changes to treatment protocols and track their impact.

A Healthy, Competitive Spirit

Embracing data isn't the only driver of cost containment and quality improvement. Physicians thrive in high-performance, competitive environments. Without a healthy dose of competitive drive, doctors probably wouldn't have made it through medical school nor the competitive demands of internships and residencies. That competitive drive can further inspire physicians to engage in the problem-solving process.

Hill Physicians Medical Group is a prime example. The largest independent physician group in northern California, Hill, like a growing number of healthcare providers, offers quarterly bonuses to physicians based on quality measures. The measures aren't shown only to the individual doctor, however. The reports are shared broadly, and physicians can see how they compare with Hill practices in other regions.

David Joyner, Hill's Chief Operating Officer, argues that the competitive drive is more powerful than potential financial rewards. In many cases, bonuses can be rather small. However, sharing data openly can motivate physicians to be better than their peers. Unlike high-tech and other entrepreneurs, physicians aren't necessarily motivated by financial opportunity alone. Healthcare outcomes are a potent carrot, and physicians will compete to be the best at providing positive results.

What Is Adaptive Leadership?

In the late 1990s, as businesses confronted massive technological change and communities struggled with crime and other ills, Ronald Heifetz, Ph.D., of Harvard University's John F. Kennedy School of Government introduced the concept of adaptive leadership. His premise was straightforward: When leaders confront situations that have no easy answers, leadership style must change. The approach must shift from commanding and controlling to rallying an organization's collective knowledge and experience to develop and implement fresh ideas.

For centuries, healthcare leaders could be confident that they, or others in their organization, had answers in advance of any given challenge. As healthcare navigates dramatic change, however, leaders must acknowledge that they no longer may have all the answers. To develop winning solutions, leaders need to keep the pressure high by continually posing questions and providing feedback:

What are we doing now? What should be different, and what experiments can we conduct? Do the results of the experiments indicate we need to change?

Adaptive leaders drive an ongoing process that typically moves through three stages:

- Identify where in the organization successful practices may have already emerged in response to the changing environment
- Discover new practices through experimentation and rigorous testing
- Implement innovative practices involving practitioners themselves in the dissemination

Adaptive leadership can unite an organization to meet the challenge of change by engaging all of its constituents in the process.

Ask, Don't Tell

Leadership expectations in organizations confronting routine challenges are very different from those in organizations that have to adapt with new know-how. When challenges are mainly straightforward — such as budgets, salaries and equipment investments — healthcare leadership can decide on a course of action and expect the organization to implement processes to attain success. The situation, however, is very different when the environment is changing to such a degree that leaders don't have all the answers. When new know-how is needed, leaders must mobilize their organization to find or develop solutions to arising problems.

Adaptive leadership focuses on building the skills necessary to create new know-how (see sidebar "What Is Adaptive Leadership?"). This method is gaining traction in healthcare as a leadership approach that is particularly effective in bringing physicians to the table. Adaptive leaders realize that when they don't have all the answers, they rarely dictate or command. Instead, such leaders create a sense of urgency, ask questions and listen. Then they orchestrate the resources — such as analytics capabilities — required to develop new knowledge and answers.

To help the organization adapt, Crystal Run's leaders focused extensively on the "why" of change before turning to the "how." Understanding the why was paramount to assuring that all doctors clearly understood the need for change and recognized how change would impact their practice of medicine. Without that deep understanding, physicians wouldn't have taken up the mantle as enthusiastically as they did.

In discussing the why, healthcare provider leaders must be cognizant of — and explicit about — how the unwritten rules of medicine are changing.

For hundreds of years, the quality of care was defined by the doctors themselves. They enjoyed autonomy and developed a sense of entitlement. That status quo is disappearing, and costs and medical quality no longer are simply what a physician says they are. To engage doctors in this unfamiliar environment, healthcare leaders must be clear and compelling both about the need for change and what is in it for physicians.

Making sure physicians have an in-depth understanding of the business issues is central. Physicians typically don't have that background and easily can become concerned that changes are more about money than they are about patients. To allay that concern, leaders need to provide business knowledge and training to medical staffs while, at the same time, turning to them to solve healthcare quality issues. Only when those two elements come together will the level of trust develop necessary to secure deep physician engagement.

The rubber hits the road when new initiatives need to be championed. Robert Pearl, M.D., Executive Director and Chief Executive Officer (CEO) of The Permanente Medical Group, makes sure he is at the forefront of innovative approaches. He believes that healthcare leaders build trust by making it clear that changes are creating better outcomes for patients and not just furthering financial goals.

As an example, Dr. Pearl points to the introduction of video visits at Permanente. Not all doctors saw the value of patients having a choice beyond physically seeing a doctor. Many physicians felt that the technology wasn't very good and that patients wouldn't embrace it. But Dr. Pearl pursued the idea, and it is starting to prove its merit. "Not everything will work, and you need to admit when you are wrong," he said. "But some new ideas do work, and when they do, you earn more trust. You have to do it again, again and again."

Strengthening a Fragile Culture

A revitalized culture where physicians are actively engaged can be very fragile. William Schumacher, M.D., Founder, Chairman and CEO of the Schumacher Group, which provides outsourced medical services, observes that even one stakeholder can unravel an effort that hospital leaders have been cultivating for months or years.

Emergency rooms (ER) are a prime example. Door to doctor — the time it takes from a patient arriving in the ER to seeing a doctor — is a major measure of the department's efficiency. The process typically is linear: A patient who isn't in critical condition is screened by a ward clerk who captures financial, insurance and other information. That intake process is followed by a nurse's screening, and then the patient is put into the queue to see a doctor. Linear processes, however, can't expand significantly without adding staff at each point to prevent bottlenecks. To increase capacity while containing costs, some ER departments are creating parallel processes such as the ward clerk and nurse conducting their intakes together.

However, one person potentially can disrupt the entire effort. An unseasoned physician, for example, may want to devote almost all of his or her time to patients with the most acute needs. As well-meaning as that may be, that choice can create a bottleneck in processing patients who may need only a few minutes to move to the next step of care.

In healthcare, the cultural challenge of such disruptors is amplified by traditional expectations of professional behavior. Physicians are reluctant to question each other, and nurses and other staff rarely feel empowered to criticize a doctor. Thus, the onus is on leaders. They must instill deep buy-in to the need for change so it fosters confidence among all parties that they can and must hold each other accountable.

When a healthcare provider's governance is driven by the right mindset and appropriate leadership approaches are creating new know-how, the rate of success with quality improvement methods and tools jumps. Strategic initiatives often fail when physicians aren't committed partners in the project. If physicians aren't an active element of the solution, they quickly become part of the problem. Successful change management delivers recommendations that many people have been involved in creating. Healthcare providers that intend to keep pace with the huge change ahead of them will find it essential to engage their physicians through their expertise. ■

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