

Surviving & Thriving in a Value-Based World: *What Healthcare Systems Need to Know & Do*

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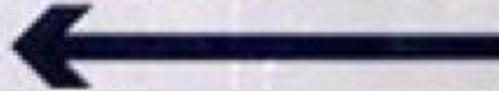
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No entry for heavy
goods vehicles.
Residential site only



**I am not in the office at the moment.
Please send any work to be translated.**

My Agenda

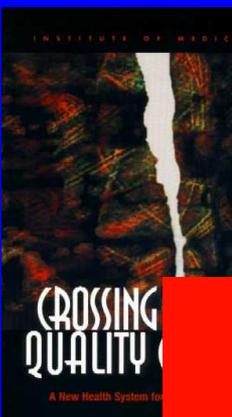
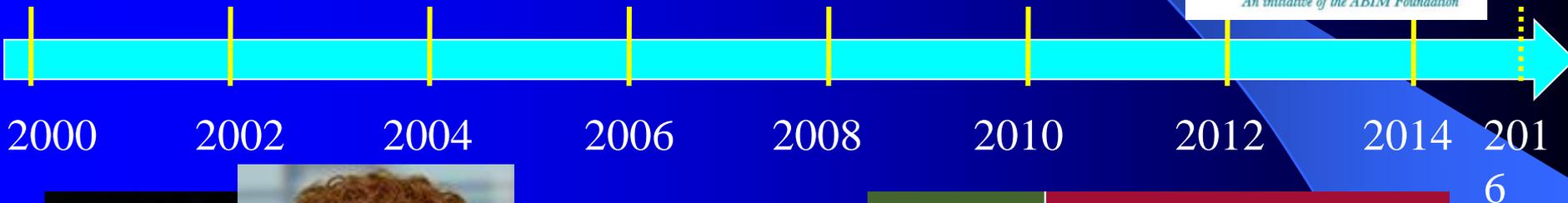
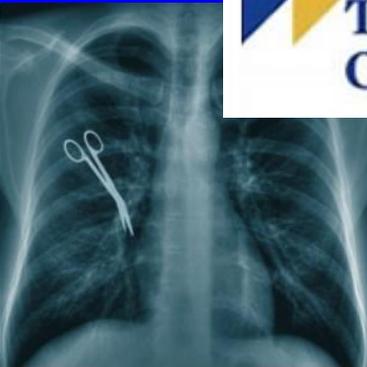
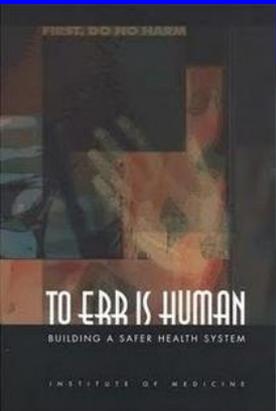


- Quality, patient safety, and value:
A 15-year historical perspective
- The need for alignment (and why is this so hard for physicians)
- Some unanticipated consequences and major challenges around transparency, P4P, IT, and value-promotion activities
- Final thoughts

The Healthcare World, Circa 2000



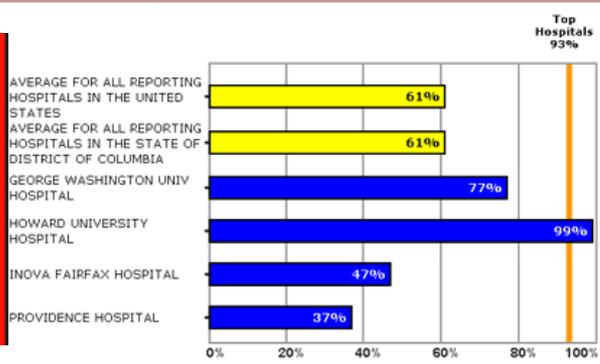
- Quality/safety assumed to be excellent
- Mental model for improvement largely wrong
- No business case to improve safety/quality
- No local expertise, research or best practices
- All of above led to predictable results



CENTERS FOR MEDICARE & MEDICAID SERVICES

Roadmap for Implementing Value Driven Healthcare in the Traditional Medicare Fee-for-Service Program

Percent of Heart Failure Patients Given Discharge Instructions
 The rates displayed in this graph are from data reported for discharges October 2005 through September 2006.



The Last 15 Years, in a Nutshell



- Growing business case for safety/quality/value
- Steady progression from relatively weak pressures, eventually settling on “all of the above” plus payment changes
 - With new infrastructure/enabler: digitization
- While ACA promotes these changes, vast majority are independent of “ObamaCare”
- Recognition of need to remake delivery system to survive/succeed in new healthcare world

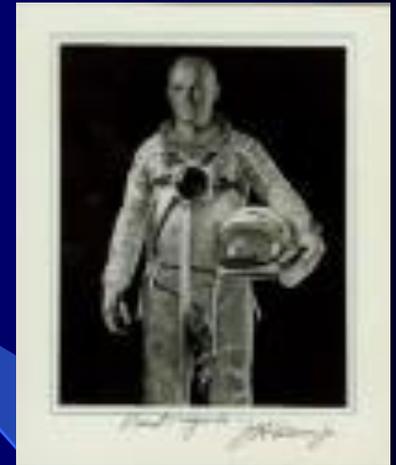
“The Challenge That Will Dominate Your Career...”



What We Need to Do: A Few Thoughts

- The need for a new kind of physician
- Our new digital infrastructure
 - How digitization promoted transparency
 - The Productivity Paradox
 - Handling deviations from “best practices”
- Making change happen... and stick
 - Social vs. market transactions
 - Adaptive vs. technical change
- Building a new bridge

The Great Aviator... and Physician

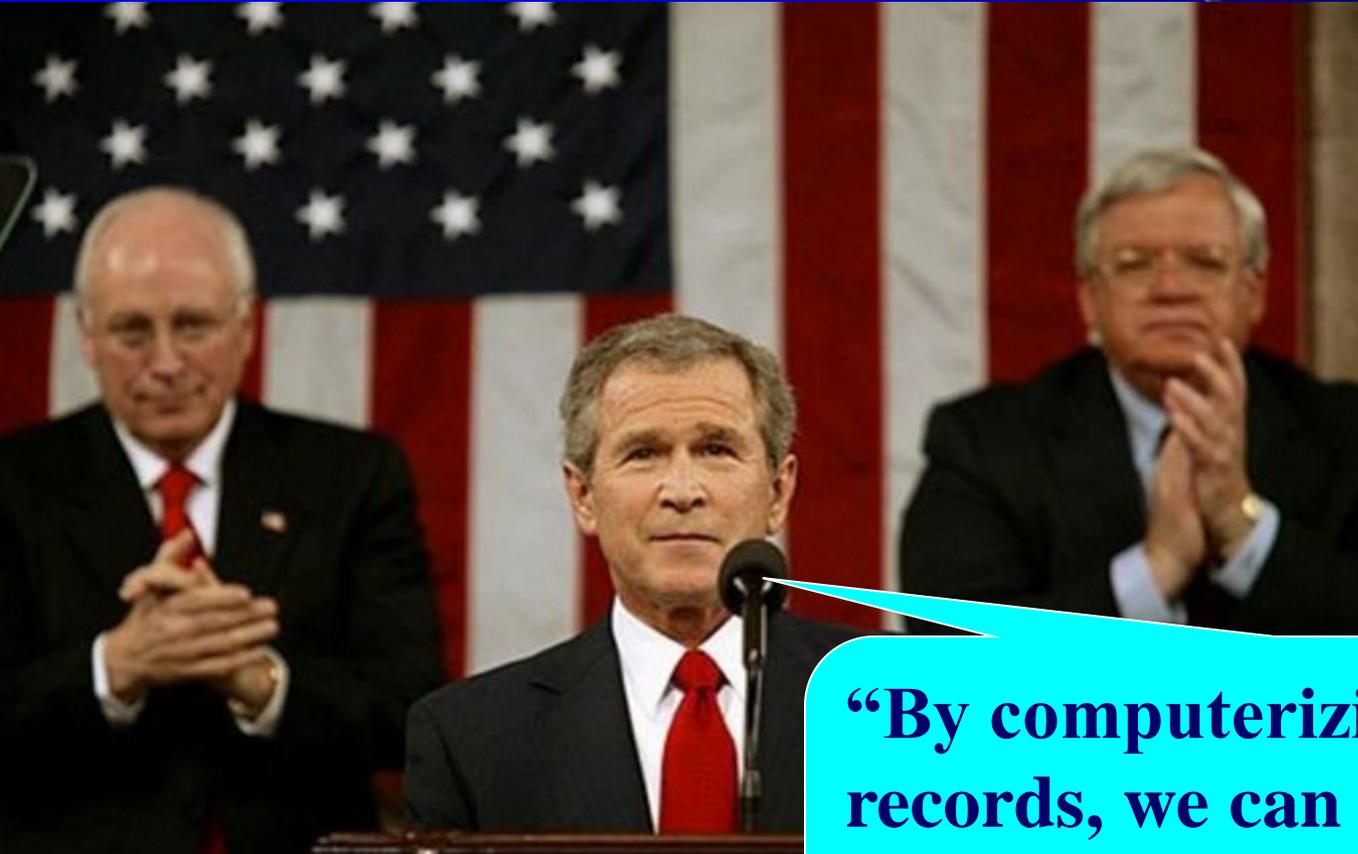


“In fact, considerable attention had been given to a plan to anesthetize or tranquilize the astronauts, not to keep them from panicking but just to make sure they would lie there peacefully with their sensors on and not *do something* that would ruin the flight.”



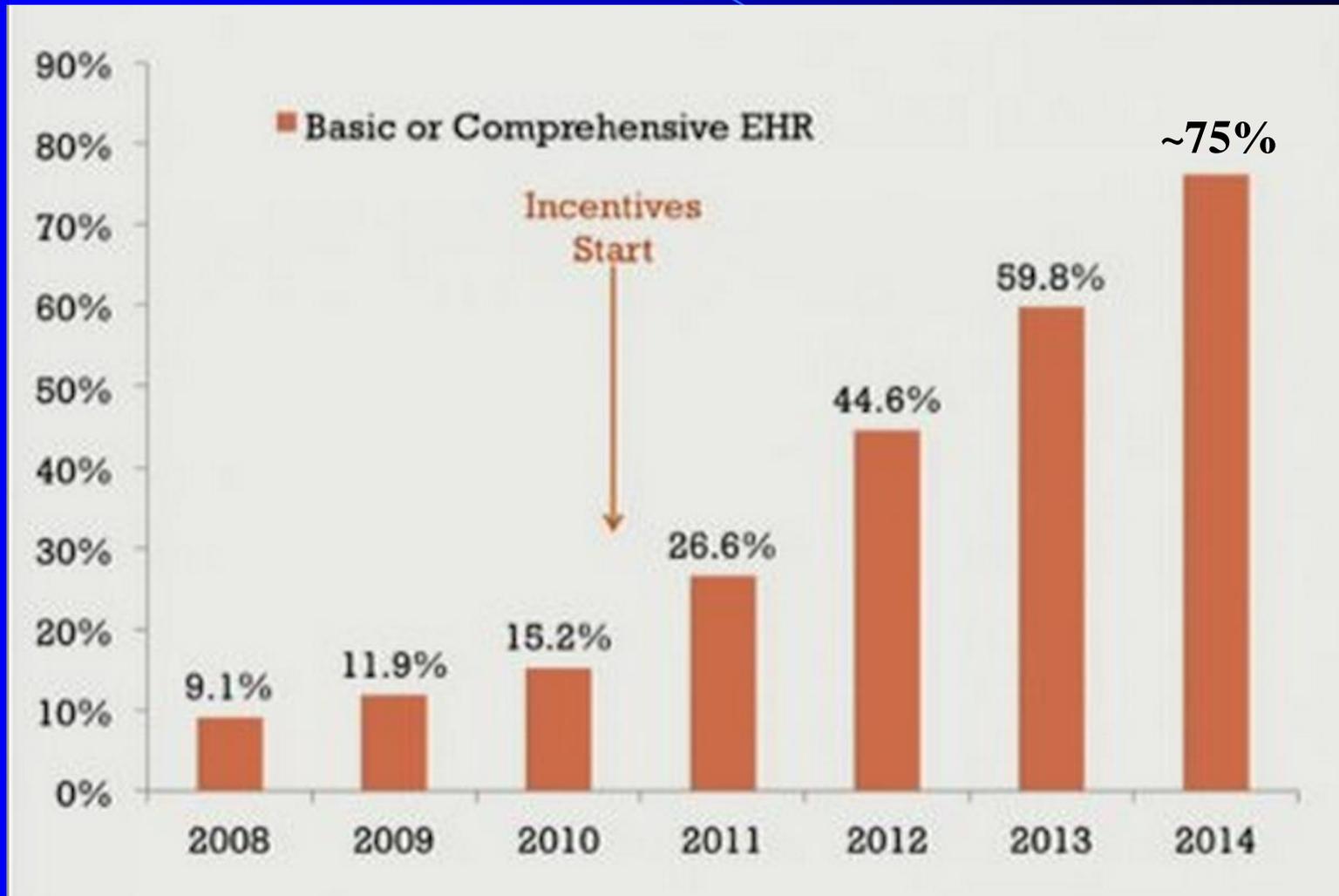
Tom Wolfe, *The Right Stuff*

Health IT: The Great Enabler of Systemization



“By computerizing health records, we can avoid dangerous medical mistakes, reduce costs, and improve care.”

Federal Dollars Created a Tipping Point for Health IT



Richard Baron on the Trauma of Computerizing His Philadelphia Office Practice

*“The staff came to work
one day and nobody knew
how to do their job.”*





“We have the capacity to transform health with one thunderous click of a mouse after another.”

US Secretary of Health & Human Services Michael Leavitt, in 2005



“ER physicians spent 44 percent of their time entering data into EMRs, clicking up to 4,000 times during a 10 hour shift.”

Becker's Health IT magazine, 2013

2014 Advertisement For AZ ER Job

Arizona General Hospital will be coming to The Grand Canyon State later this year!! Located in Laveen, Arizona, a suburb of Phoenix, **Arizona General Hospital** is a 40,000 square-foot boutique general hospital.

Services offered include:

- Emergency Room
- Radiology Suite inc. CT, X-Ray, and Fluoroscopy
- Two State-Of-The-Art Operating Rooms
- Outpatient Surgery
- 16 Inpatient Rooms
- NO EMR**



The Productivity Paradox of Information Technology: Review and Assessment

Erik Brynjolfsson

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Center for Coordination Science
MIT Sloan School of Management
Cambridge, Massachusetts



*“You can see the computer age everywhere
but in the productivity statistics.”*

-- Nobel Prize winning economist Robert Solow, 1986

The Two Keys for Unlocking the Productivity Paradox

Improvements
in the
technology



Reimagining
the work
itself

When Things Will *Really* Get Interesting

**Traditional Enterprise
EHRs (Epic, Cerner, etc)**

**Consumer-facing IT (pt
portals, apps, sensors, etc)**



The Big Picture: Two Transformational Trends

Pressure to
deliver high-
value care

*The Dominant Issue
Today*

The digitization of
the U.S.
healthcare system

*Prediction: The Dominant
Issue in 2025*

In the Tug of War Between Forces Promoting/Inhibiting Transparency...



...Health IT Tilts the Balance Toward Transparency



How Will Practice Deviations be Handled?



Social vs. Market Transactions: The Israeli Daycare Center

REVISED AND EXPANDED EDITION

NEW YORK
TIMES
BESTSELLER

PREDICTABLY IRRATIONAL

The Hidden Forces That Shape Our Decisions

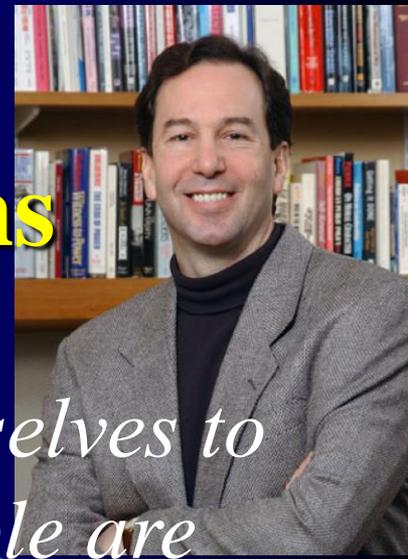
DAN ARIELY



“When a social norm collides with a market norm, the social norm goes away for a long time... Money, as it turns out, is very often the most expensive way to motivate people. Social norms are not only cheaper, but often more effective as well.”



There Are No Shortcuts: Adaptive vs. Technical Problems



“... problems that require people themselves to change. In adaptive problems, the people are the problem and the people are the solution. And leadership then is about mobilizing and engaging the people with the problem rather than trying to anesthetize them so that you can just go off and solve it on your own.”

– Ronald Heifetz, Kennedy School of Government

So, What *Will* It Take?

- New organizational arrangements that create aligned incentives & population perspective
- Must pay attention to happiness, intrinsic motivation of clinicians
- Comparative data: individual & group level
 - Goal is to inspire intrinsic motivation
- A new skill set
 - QI/safety, Lean, teamwork, leadership
 - Understand how IT is helping, and how it's not
 - Need improvement *and* innovation methodology

Final Words

- With change comes opportunity
- Leadership is critical to getting the job done
 - Good news: you're not alone – lots of other forces promoting the quality/safety/value agenda
- In the end, patients are likely to benefit from all of this
- Keep our eyes on the ball

