



Top 10 Characteristics of High-performing Healthcare Organizations

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Prompted by the Patient Protection and Affordable Care Act (ACA) and numerous other environmental factors, many organizations, physicians, employers, and newcomers to the healthcare industry have been simultaneously focusing on multiple objectives to decrease an unsustainable cost of care growth while improving the quality of care and access for millions of patients. Most of these organizations have established their visions and set their strategies to succeed in an era of healthcare reform based on what they understood about this new environment and its impact on patient care, their market segments, and in turn, their profitability.

Now, amidst their journey towards what appeared to be a more predictable course, more change is on the horizon. A question for healthcare organizations to consider is how to remain relevant to patients and financially viable in an industry that has been in and will likely continue to be in a constantly developing landscape?

Based on GE Healthcare Camden Group's work across the country with many different types of healthcare organizations, we've observed consistent and common characteristics or attributes among the leaders and many of the employees who work in the highest performing organizations. Here are 10 of these characteristics to consider as you journey through this sometimes uncertain and sometimes turbulent, but always challenging and many times rewarding industry we call healthcare. Some of the characteristics below are basic, but well worth mentioning again because of their foundational importance.

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In our experience, most leaders and many of the employees of high-performing healthcare organizations are:

1 **Continuously Learning, Well-informed, and Insightful:** Understanding the current environment with an eye toward the future change trajectory.

In the beginning...challenges to financial performance by Centers for Medicare and Medicaid Services (CMS) launched significant efforts by hospitals in cost reduction; consolidation by hospitals into systems impacted the attraction of physician groups to physicians as they sought to retain professional autonomy, share in costs like for technology, and maintain a sense of controlling one's profitability; and consumerism increased transparency to performance of hospitals in how they treated their patients and to physicians in patient outcomes, thereby incentivizing many healthcare organization to pursue strategies in improving patient experience, and evidence-based patient care. Each of these scenarios reflects a response that was driven by environment factors.

It is only by keeping a constant pulse on the numerous environmental factors that have multi-faceted impacts such as political (government), economic (market segment), social (population), and technology (information, devices, web) that high-performing organizations can begin to make meaning of the trends and organizational changes required. In turn, they can set their course and pursue imperatives that best position them to be successful in this dynamic environment of healthcare.

Some of the 2017 and beyond trends and responses to consider include:

- ✓ **Government:** MACRA will create significant changes in physician reimbursement; fee for service options in payment models will continue to dwindle with 50 percent of payments expected to be in alternative payment models with higher risk sharing by 2018.
- ✓ **Economic:** A growing number of employers are interested in new business models and sharing risk directly with providers and by moving employees to high deductible plans.
- ✓ **Social:** An aging population boom will affect the volume and complexity of care as the baby boomer generation reaches 65 (with downward pressure on net revenue as more people enter into Medicare).
- ✓ **Technology:** Devices, the internet, digital and other innovations are bringing an explosion of information to the finger-tips of consumers and patients.

Gaining insight into these factors of the current environment (and many more), along with defining their relevance and change trajectory are key inputs into the formulation of a response(s) by high-performing organizations.

2

“Change-Forward” with Bold, Inspiring Vision:

Not satisfied with incremental change, but desirous of “breakthrough, transformative change,” not just “change ready,” but embracing change management as a competitive advantage.

The type of change underway in healthcare is clearly significant, and the pathway to the transition from fee-for-service to value-based care is not a clear one. It is being discovered through pilots, trial and adjustment, and some failed attempts. Many organizations treat change as an event, not as a process. Organizational change does not happen just because there was an announcement, a kick-off meeting, or even a go-live date. Individuals do not change simply because they received a directive, an email, or attended a training program. When we experience change, we move from what we had known and done (status quo), through a period of transition (sometimes disruptive) to arrive at a desired new way of behaving and doing our job (hopefully, more efficiently and effectively).

High-performing healthcare organizations are typically comprised of several bold, visionary leaders, most notably at the CEO level. These executive leaders are ideally aligned in their vision and inspire senior leaders through front-line staff to adopt their vision and passionately drive toward its realization. Those high-performing organizations that are successful at major transformational change create a change strategy and roadmap or plan that is fully integrated into the journey from current state to a desired future state. Many of these organizations will “fail fast, succeed sooner,” but continue to lean into the change in a thoughtful and meaningful way. Senior leaders of these high-performing organizations assess and adopt a change

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model for use across their organization – aligning the vision, building acceptance, and holding people accountable. Additionally, all major initiatives have a change leadership plan and resources that manage the change as a process to ensure success through “sustaining breakthrough results.”

3

Agile and Adaptable: Setting a course and planning a transformation that is flexible and effectively prioritizes.

High-performing organizations understand the need to set a course and plan a transformation that is flexible and effectively prioritizes. In today’s healthcare environment, an organization’s efforts to set a vision and strategize a linear course of actions with a prioritized list of programs to achieve its goals are fraught with challenges. First, multiple imperatives are required to occur simultaneously to have timely impact; second, the capacity of the organization to stretch and handle the breadth of change underway is not always understood; and finally, creating organizational alignment and focus around this number of efforts from senior to frontline levels can be difficult as local efforts compete with organizational efforts.

High-performing organizations continue to pursue strategy and find value through a few nuances. Because the world is accelerating the timeframe, the strategy needs to be more flexible and “opportunistic” and is rarely beyond one to three years with an emphasis of planning the specific goals of the most immediate year. Prioritizing the change underway for the organization according to strategic pillars and related value proposition is important to manage the diverse portfolio of imperatives and competing operational priorities. These pillars translate into multiple project efforts and activation plans that are more synergistic with similar goals (and measures to impact). For example, improving OR throughput, while addressing readmission issues, and while creating new care models of evidence-based care, are not an unusual portfolio of programs with different timelines and needs of an organization. These programs might be aligned with other initiatives associated with strategic pillars of Cost/Waste, Quality, and Growth. Additionally, for high-performing organizations, strategy refresh occurs every quarter through reviews with leaders across the organization and department functions to include physician and nursing representation and to also potentially plan for “mid-course corrections.”

4

Actionable Information-Oriented: Translating data into data analytics, into information, into transparent, actionable-information and ultimately, into “predictive analytics.”

Many organizations are challenged by the following: overall analytics framework that does not outline and prioritize information or reporting needs; overlapping reporting efforts across various analytics silos; limited transparency and understanding of reporting capabilities and queues of each silo; and limited or no understanding of alignment of analytics efforts against strategic and operational goals. Unfortunately, much of this disarray and uncertainty stymies action or creates “analysis paralysis.” Is the information credible? Is it in a form I can understand and use or “act upon”?

High-performing organizations have addressed or are currently addressing many of these challenges by asking and answering the following questions: How do we connect disparate systems and integrate key data sources to produce transparent, actionable information? How do we create an analytics framework that provides real-time and actionable information at point-of-need? How do we ensure that the technology and analytics framework aligns with clinical, operational, and financial objectives of the organization? What are the next steps in implementing and activating the digital health strategy such that we can bring speed to value to our stakeholders?

Many high-performing organizations view data as a “strategic asset” and have analytic strategies to ensure they are leveraging data and actionable information to gain a strategic market position and incorporate that into their value-based payer strategies. When successful in addressing the challenge of “actionable information,” these high-performing organizations

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can, for instance: Improve access to care across the network; guide the pace of change moving from fee-for-service to a fee-for-value environment, create information architecture in support of population health initiatives; continually improve provider network’s performance while decreasing spend; evaluate the effectiveness of clinical programs and understand the effect of the interventions with a focus on return on investment; and reduce out-migration of patients and understand referral patterns across the network to better manage the cost of care.

5

Financially Disciplined: Financial Discipline is palpable throughout high-performing organizations.

Ten hospitals filed for bankruptcy in 2016, and five have filed in first two months of 2017. High-performing organizations have financial discipline as a priority. This is to meet the vision and mission of the organization while achieving a financial balance between the capital needs and financial capabilities. This translates to clarity on the level of strategic investment the organization can make relative to an overall operating profit and loss portfolio and credit rating objective. A well-integrated, strategic, financial, and capital planning process is paramount to achieving the balance. Defining the financial goals forecasted out 5 years and annually, along with clear objectives designed to meet the expected well-defined capital needs is a key goal. Critical to success is the development of a permanent financial planning process at all levels related to budget needs that aligns with the timing of the strategic planning and is fed by the strategic intent of the organization. Tactics that operationalize the strategy and are translated into the long-range financial plan are essential to “feeding” the debt and capital capacity analysis and ultimately, the capital allocation process. Education is often necessary regarding the strategic capital management cycle and the link between ongoing profitability that is a function of meeting operational and strategic objectives.

Another element of financial discipline for high-performing organizations is thinking beyond “financial” return on investment to “value” return on investment. In the latter, the focus is on how various initiatives not only directly impact P&L but also indirectly create value by reducing variation in care delivery, improving clinical quality, increasing equipment utilization, increasing patient satisfaction, as well as improving physician engagement and employee satisfaction. High-performing organizations are creating new financial value models to track and realize the obligations to “account for” and therefore, attempt to quantify these “light green” dollars in addition to the “dark green” dollars that directly impact the financial statements.

6

Respectful and Optimized Staffing: Always respectful to one another, seeking diversity of thought and “collective wisdom” of the team while prioritizing professional development and talent management.

The term doing more with the same or less continues to be a goal of many healthcare organizations as they manage cost while also facing challenges in staffing. Yet, one of the greatest “wastes” in healthcare is not deploying staff at their “highest and best” use. Nurses not at the bed side or caring for the patient as much as they are faxing information, on the phone with insurance companies, looking for supplies, etc. With labor typically comprising more than 50 percent of any hospital or health systems expenses – salaries, wages, and benefits are typically a common “target” for cost savings. Unfortunately, an “across the board” cut or an even more focused reduction in force, tends to never get to the “root cause” of underlying disjointed, ambiguous, and sometimes even broken processes, and certainly the savings are never sustained (even worse, patient care and safety can be adversely impacted). There are also skill-related challenges that include competition for the pool of skilled nurses in market areas, and limited (though replenishing) numbers of primary care physicians for early care and prevention within forming care continuums. Challenges related to the numbers of available staff might pertain to clinical support staff like medical assistants, licensed practical nurses, and other ancillary resources that now actively support the care team in care delivery to patients. Unless these issues are addressed and permanently resolved by engaging nurses, for example, and seeking their input, in “kaizens” or “rapid improvement events,” there will always be challenges to improving productivity and more importantly, more effective bed-side patient care.

High-performing organizations engage their staff from the “ground up” or by the “diagonal slice” in helping to resolve the long-standing challenges of more efficient and effective care. These organizations will assess the entire “human capital value chain,” ensuring best practices in strategy and talent management (workforce planning, employee engagement, learning and development), workforce management (scheduling, staffing and assignment, span of control, productivity, coaching and mentoring) and human capital operating model (reporting and analysis, improve and control, training, benchmarking). Benchmarking, for example, is an approach that is commonly accompanied by comparing staff level requirements relative to other hospitals with similar staff mix by accounting areas. This benchmarking process begins with a measure of effectiveness in generating output with available resources and is referred to as labor productivity. This type of benchmark can be “directionally helpful” but should be applied cautiously as comparability is always a challenge. Also, daily labor productivity monitoring can be an admirable goal, if the real-time information is available, then flexing staff up or down to the census as efficiently as

possible to manage to the patients’ needs can be achieved. Ideally, high-performing organizations strive to link their scheduling to predictive demand or “heads in beds” to more effectively align their scheduled staff assignments to demand, limiting the amount of flexing required.

7

Accountable and Execution-Focused: Accountable toward their community and expectations of their employees with laser focus on execution and activation.

Many organizations, if not most, struggle with implementation and effective execution. The reasons are many: inability to effectively prioritize; multitude of initiatives dilutes effectiveness; “analysis paralysis;” “no one is accountable;” and overwhelmed staff already busy doing their “day jobs.”

Effective transitions from direction setting and strategic planning by the leadership of the organization to activation and execution by the middle management and frontline levels of the organization are done best by high-performing organizations. Assigning executive ownership at the strategic pillar level, as well as local ownership with plans at the project execution level – often the department level – is important. To then create a constant rigor through a review forum in which leadership monitors implementation and progress towards goals with adjustments as needed is critical to effectively activate the strategic plan. A precursor to all this is establishing a set of measures that reflects the strategic goals and targets and creates clarity regarding what an organization and department is attempting to accomplish. High-performing organizations have found a nuance to increase accountability – creating venues to ensure bi-directional input between owner and sponsor for the imperative, project, or task – at the organization level and the local level at which the individual contributes. And what to do when the accountability goes beyond the four walls of the hospital? At a time when leadership extends to new groups and partners, some of which are not inside the four walls of the hospital, this bi-directional exchange and development of local plans to deliver are critical to best create ownership.

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Patient-Centric and Operationally Proficient:

Standardizing care processes, embracing clinical protocols, and effecting seamless, patient access.

Many healthcare organizations continue to struggle with: admitted patients waiting too long in ED; patients are held in OR and/or PACU; patient bed assignment not optimized for patient and overall flow; patient flow is not well integrated between facilities; patient risk is elevated due to lack of situational awareness; cost-per-patient-day proving difficult to reduce further; leaders not aligned to a prioritized improvement agenda; and routine operations require heroics.

Efficient and effective operations discipline in the way care is delivered and supported, as well as, broad and deep ongoing improvement efforts are key attributes of high-performing organizations. Maximized operational efficiency with top-decile clinical quality is the priority, with emphasis on areas that impact patient access, patient flow through the system, and effective discharge to the right post-acute care entity (“right care, right place, right time”). As well, standards set relative to evidence-based care and effective standard care plans for treatment types are important to providing reliable care with reproducible patient experience and quality outcomes. Process improvement work is a key enabler to achieving these goals through practices, tools, and methods addressing waste elimination, improving inefficient operations, redesigning care processes, and standardizing work delivery. Additionally, many high-performing organizations are utilizing real-time decision-making driven by predictive analytics, enabling ability to accommodate capacity demand, complex transfers, ED boarding, and PACU holds while driving seamless patient access and maximizing resource utilization.

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Creative Collaborators: Partnerships and joint ventures with other providers, payers, employers, clinical technology companies, and other key stakeholders, all intended to create and increase value for patients and communities.

Many organizations are challenged in determining the right value-based payment arrangement programs and investments to set up over a multi-year window (3-5 years) to realize the organization’s strategic vision and achieve financial strength. It is unclear how best to determine financial implications of moving to managing populations, with its revenues and expenses, or how population health management aligns with optimal payer contracting strategies and provider alignment goals. The ability to effectively respond to competing delivery systems, payers, and individual practitioner’s strategies will be key to success while improving performance to generate savings and meet quality metrics established in value-based contracts.

For high-performing organizations, it starts with addressing the basics of creating reliable quality care highlighted in patient-centric and operational proficiency. Along with this, high-performing healthcare organizations expand this focus to connect and align the fragmented system of care delivery to improve patient experience, cost, access, and quality outcomes vertically and horizontally across the care continuum. This effort is incentivized by CMS’ continued transition to value-based payment reimbursement. New partnerships are expected, aligning physicians, payers, employers, providers, and consumers helping healthcare payments transition more quickly from pure fee-for-service to alternative payment models. Identifying the clinical programs, care models, and care interventions, coupled with aligning and coordinating the physicians in the care continuum around common goals of value-based care, is a priority. Population health models and clinical and financial integration vehicles will continue regardless of administrative or legislative action as employers, providers, and patients are expecting and even demanding greater value.

High-performing organizations will develop an easily understood plan, weighing the pros and cons of various approaches, and facilitate leadership to align around a vision and a strategy. These organizations:

- ✓ Analyze opportunities and risks, and prepare teams, physicians, and leaders to build on existing capabilities to operate an extraordinary system of value-based healthcare
- ✓ Identify the clinical programs, care models, and care interventions to be most impactful in improving the patient experience, quality, and cost of care
- ✓ Align the fragmented parts of the healthcare delivery landscape into a coordinated model to serve patients through an integrated network, across the continuum of care
- ✓ Set up the tools, technology, and functional roles to manage and monitor how care is provided across a continuum

10

Realizing the Value of System Integration:

Creating value through economies of scale and scope with system integration and optimizing synergies.

Many healthcare organizations, in pursuit of economies of scale and scope, have acquired a collection of overlapping units that have failed to achieve the intended goal of system integration and transformation. Economies of scale are factors that cause the average cost of producing something to fall as the volume of its output increases and have been one of the main drivers in many mergers and acquisitions in healthcare today. Economies of scale, however, can also create diseconomies of scale. The larger an organization becomes in pursuit of reaping economies of scale, the more complex it tends to become to manage and run such scale. This complexity incurs a cost, and eventually this cost may outweigh the savings gained from greater scale. Decision-making processes seem to take longer, may not be aligned, nor effectively prioritized, and fail to achieve buy-in; no one seems accountable for the resulting decisions. Hospitals within the system have competing programs and capital requests challenging resource allocation (e.g., every hospital in the system has a cardiac surgery program). Acquired medical practices are not integrated with one another, let alone the hospitals with which they are affiliated and ultimately, not creating the “value” originally intended. Population health initiatives have not been integrated or may even compete with traditional operations (e.g., discharge planning, care management, hospitalist programs). Post-acute programs are withering from lack of referrals from within the system. There is wide variation in performance across the system within the same business units, but no movement to spread best practices.

High-performing organizations enact a unifying vision, strategy, processes, technology, and especially culture to achieve improved performance expected as an integrated system. With a deep understanding of financial operations and clinical care as well as the related decision-making structures and processes, high-performing organizations tend to work a customized problem-back approach to system integration, understanding the “precious few” areas to focus on that will be prioritized and sequenced in a way that creates the most value for the organization. Many of the characteristics and traits just discussed will be applied to realize the synergies and value-creation opportunities that are available. High-performing organizations not only realize the synergies and value of economies of scale, but also take advantage of economies of scope, factors that can come from businesses sharing centralized functions, such as finance or marketing. Many high-performing organizations, when they achieve a certain size (\$3-4B in revenue), create a Shared Services Structure that may co-locate and consolidate functions such as finance, revenue cycle, accounts payable, and procurement (“procure to pay”) while also creating SLAs or Service Level Agreements that commit to internal parties the key performance or service requirements that will be achieved. Economies of scope can also come from interrelationships elsewhere in the business process, such as cross-selling one service alongside another, or using the outputs of one business as the inputs of another (hospitals owning or partnering in rehab, skilled nursing facilities or other segments within the post-acute continuum of care).

Conclusion

In the midst of unprecedented change, there are certain characteristics of high-performing organizations that remain relevant and consistent such as the ones described above. As we continue to embark on transforming healthcare in these dynamic times, those organizations that focus on developing these attributes and characteristics will be well-positioned for success, regardless of the changes ahead.

About the Authors



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Mr. Greene is a vice president for the strategy and leadership practice at GE Healthcare Camden Group. He has more than 18 years of strategy to execution consulting experience, including 11 years in healthcare. He has significant expertise in strategic planning, business management systems implementation, talent management, performance improvement, leadership, and leading and executing transformational and culture change. His healthcare consulting experience includes serving as president of Greene & Network, LLC. This company offered unique services to c-suite and front-line leaders to map and navigate their organizations' transformational change and deliver concrete results.

Additionally, Mr. Greene served as executive director of Continuous Improvement for Cleveland Clinic. He was responsible for achieving excellence in business management, patient service, and reducing costs. In 2012, Mr. Greene co-authored the book *Experiencing Improvement*, which shares the applied experiences of caregivers in improvement work, as well as his approach of translating business and performance improvement practices from manufacturing and financial services settings into healthcare. He can be reached at 216-219-1230 and darryl.greene@ge.com.



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Mr. Green is a senior vice president and the practice lead for the financial operations and transaction advisory practice at GE Healthcare Camden Group. He has more than 26 years of healthcare experience with 13 years of healthcare consulting experience and 13 years of provider-based financial, operational, and strategic experience among health systems, hospitals, medical groups, management services organizations ("MSOs"), and physician hospital organizations ("PHOs"). Mr. Green has significant expertise in building high-performing teams and leading and executing transformational change, ensuring highest and best use of capital and labor resources to enhance patient and organizational value.

Additionally, Mr. Green served as Senior Vice President, Strategic Financial Services at Baylor Healthcare System, a \$4.5 billion health system, between 2010 and 2013. There he chaired the system's Efficiency Committee, moving the organization to "Medicare Break-Even" and was responsible for the system's financial operations. Mr. Green has held positions in other provider organizations including Advocate Healthcare, a \$4 billion health system, where he served in a variety of roles over 10 years, including overseeing financial operations for a \$300 million globally-capped medical group and a corporate position as Vice President, Financial Operations and Performance Enhancement. He can be reached at 312-502-6664 and robert.t.green@ge.com.



About GE Healthcare Camden Group

At GE Healthcare Camden Group, we help organizations understand the complex dynamics of what it takes to truly transform by partnering with them to achieve sustainable, breakthrough outcomes. Comprised of a multi-disciplinary team, we bring hands-on expertise and a world-renowned approach to change management to plan and execute the transformation using a strategy to activation framework coupled with simulation, complex modeling, advanced analytics capabilities, and a deep skill set in improving care delivery and value across the care continuum.

Imagination at work