

THE DRIVE TOWARD EFFECTIVE CHANGE

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In this article ...

U.S. health care organizations are facing unprecedented regulatory, political and economic forces today. In response, many undertake clinical transformation using the principles and practices of change management.

HEALTH CARE ORGANIZATIONS HAVE UNDER-

gone significant transformation, both clinically and administratively, during the past decade as they've dealt with challenging market forces, passage of the Affordable Care Act, Triple Aim initiatives and the passage of the Medicare Access and CHIP Reauthorization Act. More transformation seems likely if federal lawmakers repeal and replace the ACA.

How HCOs respond to these changes — or, in some cases, their lack of response — will determine their continued survival. It's not enough to simply declare a need for change and expect the enterprise to evolve from business as usual.

Change must be transparent and accountable. Outcomes in patient care, positive stakeholder satisfaction, revenue management, market penetration and population health improvement must be sustainable. Tapping into an HCO's organizational capacity, defined as its potential to perform,¹ is a critical step for ensuring its competitive advantage. An HCO's ability to leverage its organizational capacity requires mastery of change management — staying true to strategic intent (i.e., mission, vision and values) while satisfying all stakeholder expectations in the high-value health care marketplace of the future.

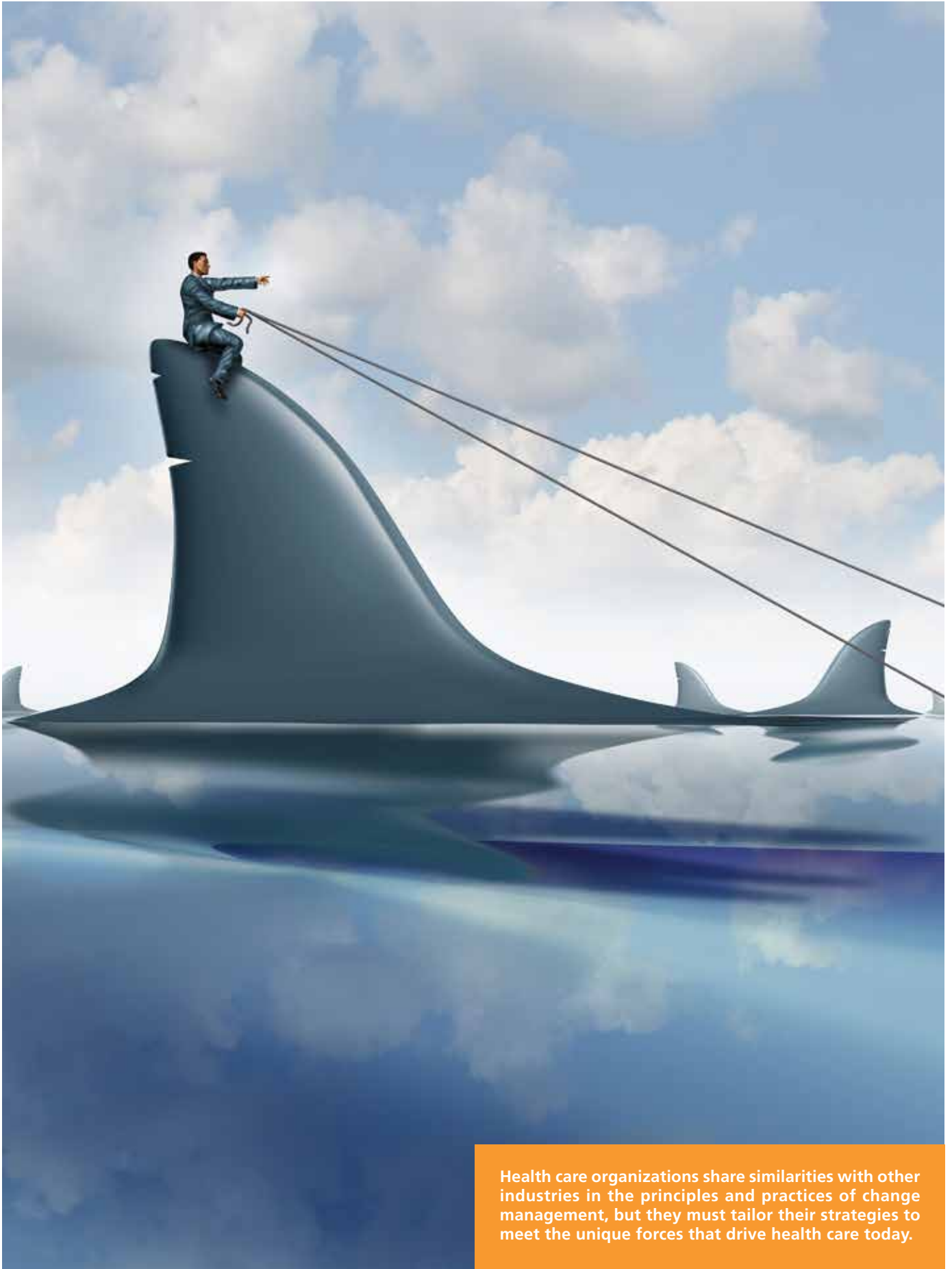
Across all industries, successful change management relies on the alignment of positive employee attitude with collegial management behavior.² Empirical studies have identified four conditions necessary before employees change their behavior.³

■ First, providing employees with a compelling story allows for change within the organization to be seen from their perspective and, more important, agreement.

- Second, role modeling allows employees to see senior leaders behaving in the desired new way. These leaders often are unaware they are modeling behavior for their organization because the chain-of-command structure creates physical and emotional distance from the rank and file.
- Third, reinforcing mechanisms align the organization's systems, processes and incentives with the new desired behavior. An equitable balance between linking compensation to the change process and providing small, unexpected rewards to celebrate achievements is critically important in motivating human change.
- Fourth, capability building must address enhancement of employees' technical skills while helping them understand that these technical skills will be used to drive expected performance.

CHANGE MANAGEMENT IN HCOS

Some experts, including the famed management consultant and educator Peter Drucker, have said HCOs are the most complex form of human organization to change.⁴ But empirical studies show health care is similar to other industries in the way it responds to change.⁵ In general, change management can be unpredictable, underfunded and understaffed. What is unique to HCOs is that managers must interact with disparate stakeholder groups, manage multiple missions with competing market forces, deal with professionals (namely, physicians) who value their professional autonomy, and overcome the lack of information technology and analytical capabilities to support an effective change process.



Health care organizations share similarities with other industries in the principles and practices of change management, but they must tailor their strategies to meet the unique forces that drive health care today.

MAKING CHANGES

A look at health care organizations today, and change expectations for the future.

TODAY	FUTURE
Fragmented care	Coordinated across continuum of care
Organized around providers	Organized around patients
Fee for volume	Fee for value
Facilities-focused	Information-focused
Physician accountability	Care team accountability
Paper	Electronic
Episodic and hospital-based	Longitudinal across continuum of care
Inconsistent, variable practice	Evidence-based care
Data silos	Information exchange

Source: Center for Healthcare Governance, 2011

Author Brian Golden⁵ and others studying change management in other industries designed a framework consisting of a four-stage process applicable to HCOs.

In Stage 1, determining the desired end state, change leaders use performance gap analysis to identify the difference between current processes and desired future processes. Developing and monitoring key performance indicators, identifying new behaviors needed by affected stakeholders for successful transformation, and identifying critical changes needed in the HCO's structure allows change leaders to establish a vision — *where will we be when we get there?* — for the desired HCO's change process.

In Stage 2, assessing readiness for change, change leaders perform a comprehensive situational analysis of the HCO. Identifying stakeholders affected by the proposed change, identifying other internal change programs competing for senior leadership attention and resources, developing new skills needed by affected stakeholders to close the performance gap, and addressing critical success factors from previous change programs, provides clarity for supporters of change to have a clear understanding of the vision.

In Stage 3, broadening support and organizational redesign, the change process is introduced formally to the HCO's stakeholders. Broadening support requires the change leader to interact with those who will be directly affected by the change program. A critical success factor is an effective and efficient communication strategy and process. The change leader, with the support of the senior executive team, must articulate a clear and consistent message about the change process. Using multimedia tools to present the change process increases the probability of acceptance.

The change leader must anticipate questions from the stakeholders during the change process in order to maintain the momentum needed to accomplish the change. Truthfulness and transparency are key. The change process is more likely to be accepted by stakeholders when change initiatives are tried and revised, tangible, familiar, aligned with other HCO initiatives and gradually implemented over a specified period of time.⁵ Through effective communication and education of the change process, stakeholders can develop an appreciation for the benefits of the program and increase the probability that their work habits will support the change.

In the organizational redesign component of this stage, it helps to think of the HCO as an enterprise with a set of subsystems having their own organizational policies and procedures that must be aligned and compatible with each other to ensure successful change. A star model⁶ can help identify the HCO's subsystems and the individual organizational policies of each (see Figure 1). "Strategy" requires the HCO to have a clear and concise mission, vision and value formula for success. "Structure" identifies the change leader most likely to successfully bring change and how work will be managed during the change process. "People" identifies the technical skills needed by stakeholders for change and puts talent mapping into play to identify the stakeholders who will increase the likelihood of successful outcomes. "Processes" identifies how decisions are made about change and the mechanisms in place for collaboration among stakeholders. "Rewards" are the tangible outcomes (e.g., compensation, bonuses) resulting from a successful change process determined by achieving goals for key performance indicators.

In Stage 4, reinforcing and sustaining, the change process is completed and key performance indicators, as identified early in the process, have been achieved. Celebrating successes along the way ensures a positive and long-lasting change in culture and values. Other factors include giving credit to stakeholders who strongly supported the process, and acknowledging the sacrifices stakeholders made along the way that ultimately led to success. It's important to reassess the HCO's strategic intent in light of new information and opportunities resulting from change, and also to realign the HCO's subsystems as needed during and at the end of the program.

WHAT IS CLINICAL TRANSFORMATION?

According to the Healthcare Information and Management Systems Society, clinical transformation "involves assessing and continually improving the way patient care is delivered at all levels in a care delivery organization. It occurs when an organization rejects existing practice patterns that deliver inefficient or less effective results, and embraces a common goal of patient safety, clinical outcomes and quality care through process redesign and IT implementation. By effectively blending people, processes and technology, clinical transformation occurs across facilities, departments and clinical fields of expertise."⁷

The components of clinical transformation include:

- Clinical and business process optimization: Reducing variation, improving efficiency and optimizing use in both clinical and administrative processes.
- Value realization: Measuring and continuously monitoring quality, safety, outcome and financial metrics defined by regulatory organizations.
- Care team integration: Guided by physician leaders, clinicians engaged in the design, development, implementation and accountability for care delivery processes.
- Workforce transformation: Achieving change by aligning governance, leadership and knowledge while focusing on organizational culture change.
- Technology Integration: Merging technology and operational processes to achieve the Triple Aim.⁸

Tomorrow’s clinically transformed HCOs will be quite different from how today’s HCOs look and feel.

PHYSICIAN ENGAGEMENT

Physician partners working within HCOs make the majority of the front-line clinical decisions that determine quality, safety and outcomes for patients. They also possess the technical

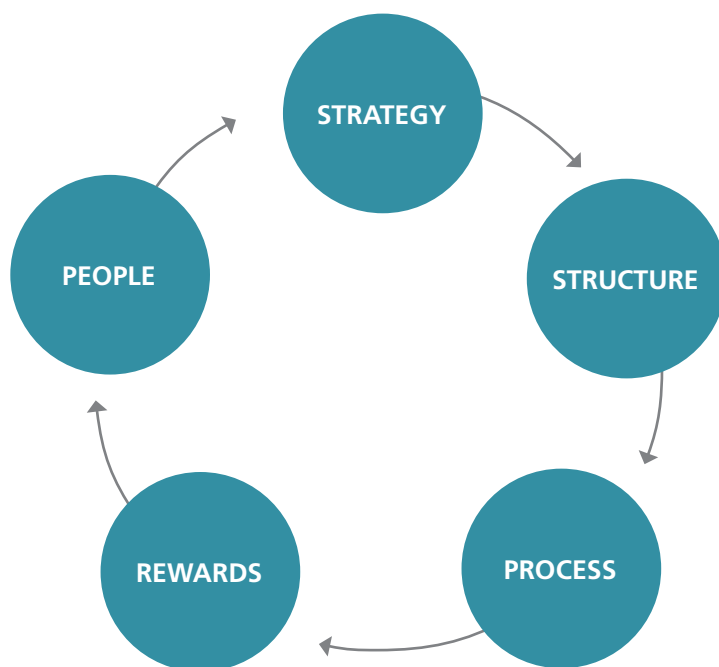
knowledge and capabilities that will determine long-term patterns of service excellence. It only makes sense that an HCO’s physician partners would be responsible for eliminating unnecessary costs of care, capturing value from innovation, reducing clinical variability and strengthening care coordination across the continuum of care for patients. Therefore, HCOs must engage their physician partners in order to have successful and positive transformation process.

A survey conducted by McKinsey & Co.⁹ identified barriers to strong physician engagement for clinical transformation. First, physicians don’t fully understand how their clinical behavior contributes to waste and inefficiency. Second, HCOs and payers focus too much on employment to drive physician alignment. Third, HCOs give too much importance to compensation as a means to influence physician behavior. Finally, physicians struggle with understanding the basic concepts and principles of value-based care along with the new payment models.

The survey also noted that many physicians have a strong willingness to remove waste and inefficiency from clinical care, even as they’re frustrated by lack of control over the clinical care services they order, implying a lack of engagement with the HCO. When asked if they recognize that clinical transformation is imminent, many physicians said they do but lack the readiness to address the areas affected by the change: evidence-based medicine, key performance indicators and tracking, cost-saving mechanisms moving to value-based care,

FIGURE 1: Star Model for Organization Design

Many organizations use this as a foundation for shaping decisions and behaviors related to change.



Source: Galbraith Management Consultants

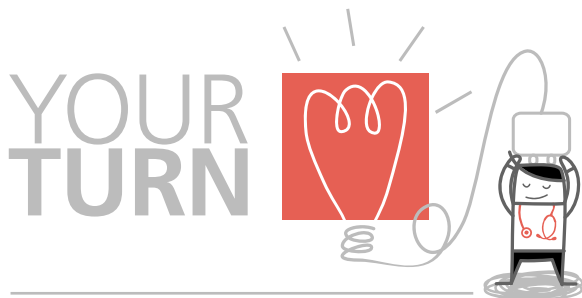
changing referral patterns and changing insurance coverage with risk-based payment models.

There are three critical elements that must be in place and effectively integrated to provide the greatest value within HCOs trying to engage their physician partners in clinical transformation: people, process and technology.¹⁰

- People create the culture of transformation. Change leaders provide support, guidance, passion and focus. Creating a shared need for transformation outweighs resistance to the change process by being fact- and data-driven, using clear and open communication, and identifying the right stakeholders with the right capabilities.
- Process is the formal, disciplined approach to performance improvement. It identifies how work is currently done, as well as how future work needs to be done and what's needed to support it. Using measurement of the current state as a foundation to measure success in the future reinforces transparency as a driver of change.
- Technology serves as the foundation of clinical transformation, integrating patient data at the many access points along the continuum of care. Information systems must be optimized to analyze and manage patient populations.



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Have you led a successful change initiative at your organization? What was your experience like? What did you learn? What would you have done differently? Share your story.

We welcome manuscripts on this and other health care leadership topics. To submit a query or to request a copy of our author guidelines, email us at journal@physicianleaders.org.

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