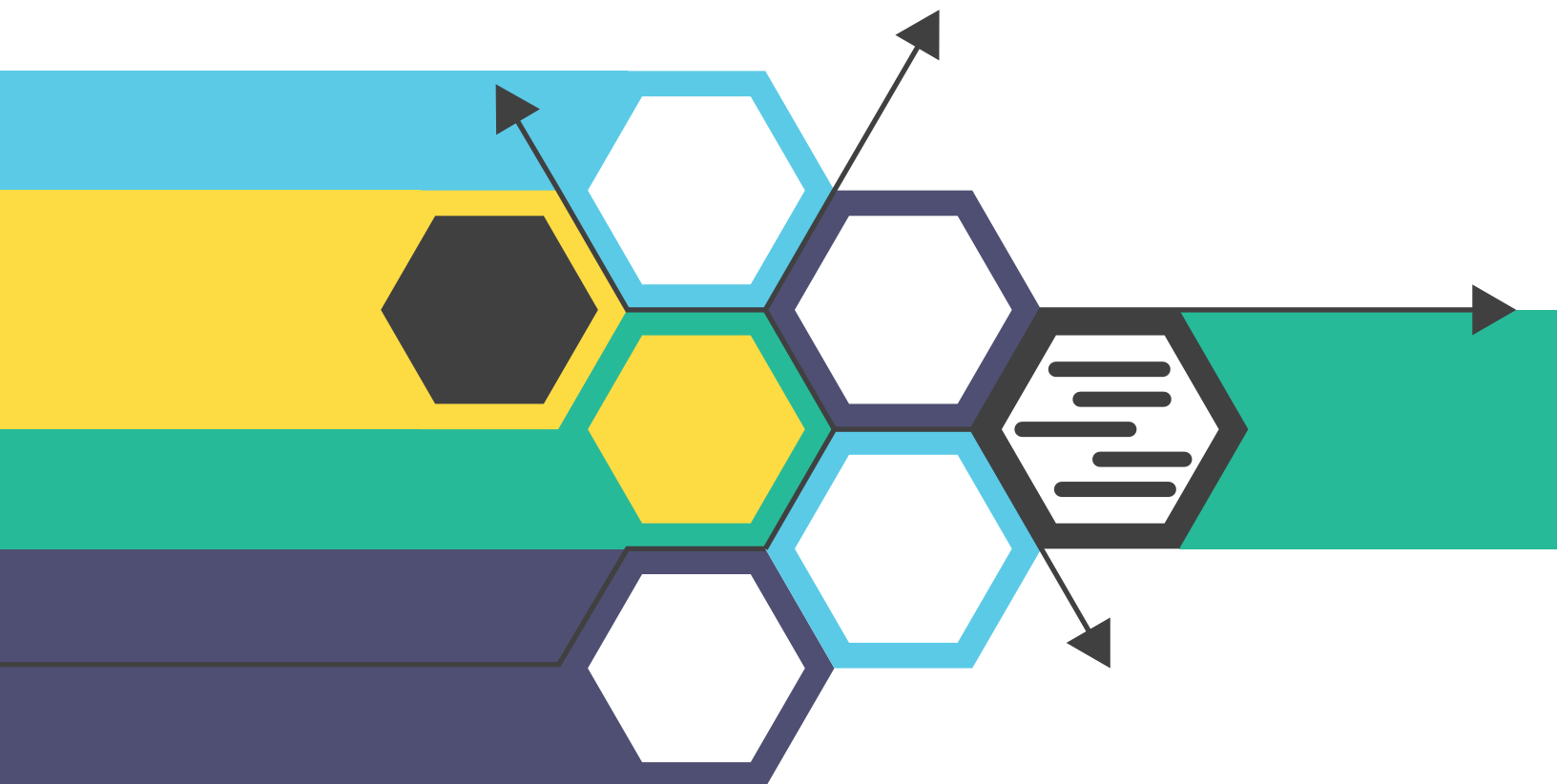


Leadership Survey

Why Big Gaps in Organizational Alignment Matter

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Why Big Gaps in Organizational Alignment Matter



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Insights Report · March 2018

Advisor Analysis

An NEJM Catalyst Insights Council survey finds that clinicians and leaders do not see eye-to-eye on many aspects of health care delivery.

The organization’s mission, vision, and goals are supported by governance, strategy, and incentives.



Base = 655

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When people talk about transformation in health care, they tend to focus on the work that needs to be done to move an organization forward, such as changing care processes. But that’s only half the story. Equally important is an assessment of a team’s readiness to take on transformation. And the best gauge of that lies in the question, is everyone in your organization aligned?

When we ask this of NEJM Catalyst Insights Council members – a qualified group of U.S.-based clinical leaders, clinicians, and executives who are directly involved in health care delivery– they return a resounding “no.” In our recent

Leadership survey, “Providers, Executives, and the Power of Alignment,” we observe remarkable gaps in the alignment that respondents consider necessary between key stakeholders and the degree of alignment they perceive within their organizations. For instance, although 91% of respondents say it is extremely or very necessary for frontline clinicians and top executives such as the CEO to be aligned, only 30% consider their own organization to be extremely or very aligned among these stakeholders.

True alignment has numerous positives, not the least of which are better patient outcomes (according to 62% of survey respondents) and

organizational stability in a dynamic, changing health care marketplace (56%).

To be clear, we are not conflating alignment with agreement. Not everyone is going to agree with every decision, but they have to understand why certain decisions are made. Our survey results are bleak in this respect – only 21% of respondents say alignment approaches are formally stated in their organization, while just under a quarter say the approaches are tacitly understood. Nothing this important should be left unstated.

These findings from the Insights Council are not an acceptable foundation if you are to successfully transform your organization.



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How to Achieve Alignment

One place to start gaining alignment among key stakeholders is in the definition of the term. The largest share (48%) of our respondents say alignment is achieved when “the organization’s mission, vision, and goals are supported by governance, strategy, and incentives.” Only 5% label alignment as a “financial model [that] incents providers and executives toward common goals.” This result is unsurprising, since the predominant financial models today are not aligned with patients’ best interest, physicians’ best interest, or even organizations’ best interest. There’s huge overuse in health care that has at its root a payment system based on more tests and more procedures – a production model that doesn’t serve anyone well.

The next step is figuring out which stakeholders require the most alignment. According to our

survey, these are frontline clinicians and clinical leaders such as the Chief Medical Officer; 93% of respondents score their necessity of alignment as extremely or very necessary. At the other end of the spectrum are executives and patients, for which 55% of respondents say alignment between the two is extremely or very necessary.

As you then chart the actual degree of alignment within your own organization, in comparison,

you’ll see what needs to be bridged. In our survey, despite calling alignment between frontline clinicians and clinical leaders a necessity, only 36% of respondents say there is a high degree of alignment in their own

organizations. That’s an incredible mismatch that must be addressed.

So how can you drive your organization toward alignment? We look at it from two different perspectives: within the leadership team, and among the leadership team and clinical providers. For both groups, agreement on vision and strategic plan is most important, according to our survey. Interestingly, Insights Council members find it far more important for administrative leaders to have clinical training/experience than for clinical leaders to have business training/experience. We think this is short-sighted, as new models will require clinical leaders to have business and financial savvy to make the most impact.

As you seek to align your own organization, physician compensation models are one place to start. Only a quarter of respondents say physician compensation for employed physicians is extremely or very aligned with organizational

strategy, mission, and goals. With so many physicians turning to employment in recent years, the hiring organizations likely expected more alignment in exchange for putting salaries on their books. The situation is even worse with affiliated physicians, where only 10% are highly aligned.

Leaders and clinicians alike must evaluate the degree of alignment at every level of their organizations. Otherwise, as you dive deeper into health care transformation, you will encounter a lot of friction and wasted energy.

Why Big Gaps in Organizational Alignment Matter

by NEJM Catalyst

Insights Report · March 2018

Charts and Commentary

In December 2017, we surveyed members of the NEJM Catalyst Insights Council, who comprise U.S.-based clinical leaders, clinicians, and health care executives, about provider-executive Alignment. The survey covers the definition of stakeholders' alignment; why organizational alignment is important; the necessity of and degree of alignment among key stakeholders; drivers to improve alignment within the leadership team and among the leadership team and clinical providers; physician compensation alignment with strategy, mission and goals; and the transparency of stakeholder alignment approach. Completed surveys from 655 respondents are included in the analysis.

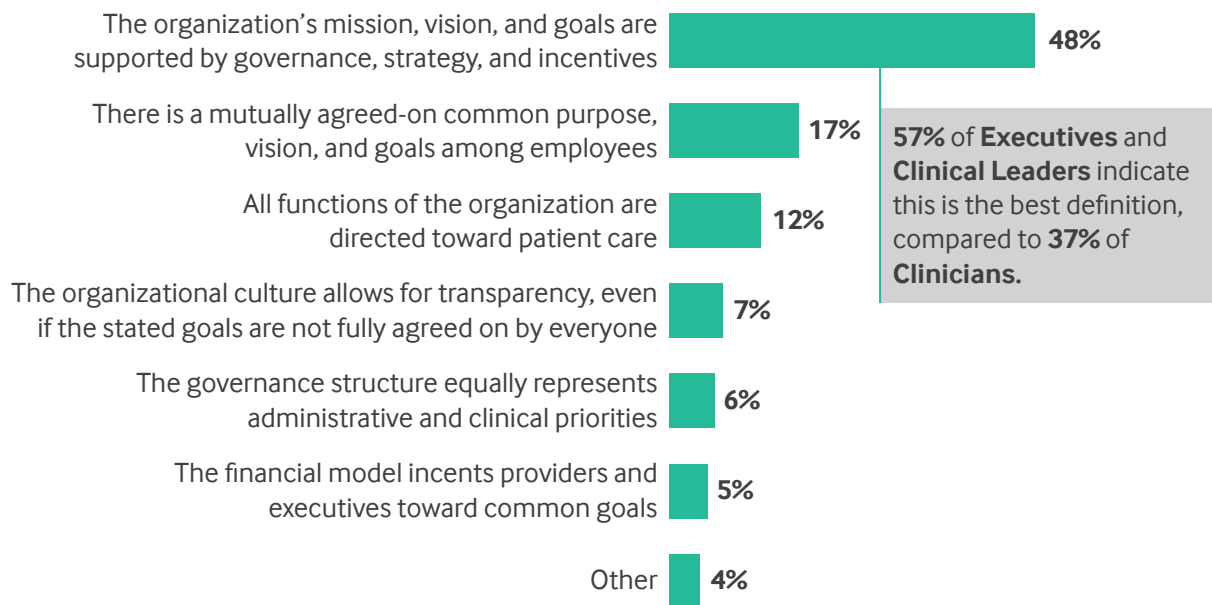
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In our survey, despite calling alignment between frontline clinicians and clinical leaders a necessity, only 36% of respondents say there is a high degree of alignment in their own organizations. That's an incredible mismatch that must be addressed.

With no definitions chosen by more than half of Insights Council members, it is clear they are not in sync on what is meant by alignment. While 57% of the clinical leaders and executives responding to the survey say alignment is “the organization’s mission, vision, and goals...supported by governance, strategy, and incentives,” only 37% of clinicians choose this definition. More clinicians (17%) than executives (9%) and clinical leaders (7%) say alignment is achieved when “all functions of the organization are directed toward patient care.” “The financial model incents providers and executives toward common goals” is scored higher by Council members from for-profit organizations (10%) than those from nonprofits (4%).

Many Different Definitions of Stakeholder Alignment

Which of the following statements best describes how you define alignment among key stakeholders in a health care organization?



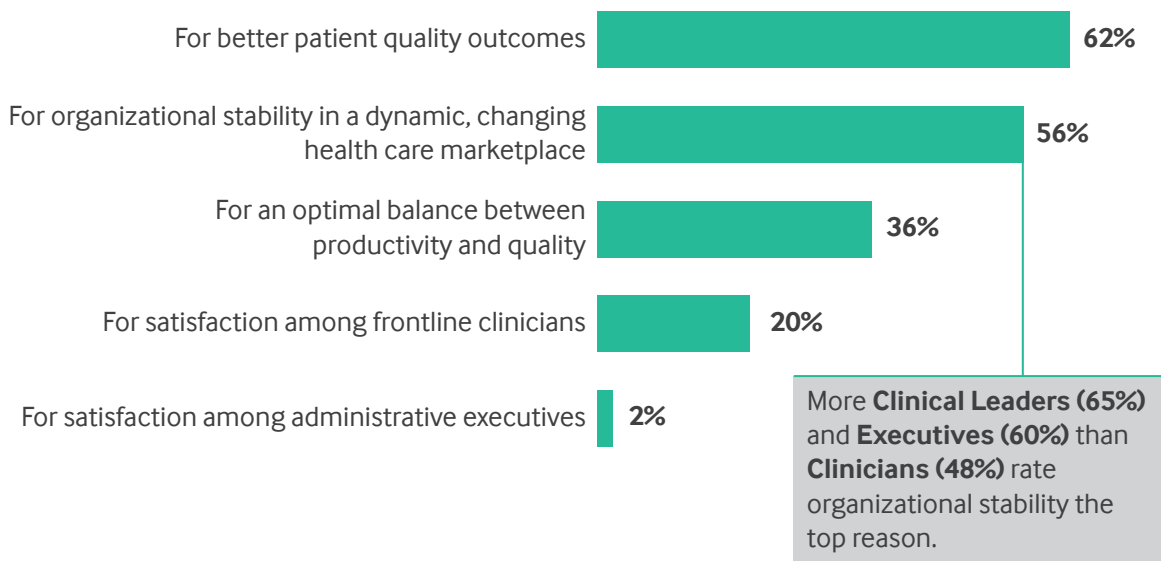
Base = 655

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All segments of the Insights Council agree that organizational alignment is most important to achieve better patient quality outcomes. More clinical leaders (65%) than executives (60%) and clinicians (48%) say the top reason for alignment is organizational stability in a dynamic, changing health care marketplace. More clinicians (26%) than executives (14%) consider alignment important for satisfaction among frontline clinicians. In a written response, one respondent demurs, saying, “This is a joke. No one cares what we say.”

Alignment Is Most Important for Patient Outcomes and Organizational Stability

What are the top two reasons alignment is important to a health care organization?



Base = 655 (multiple responses)

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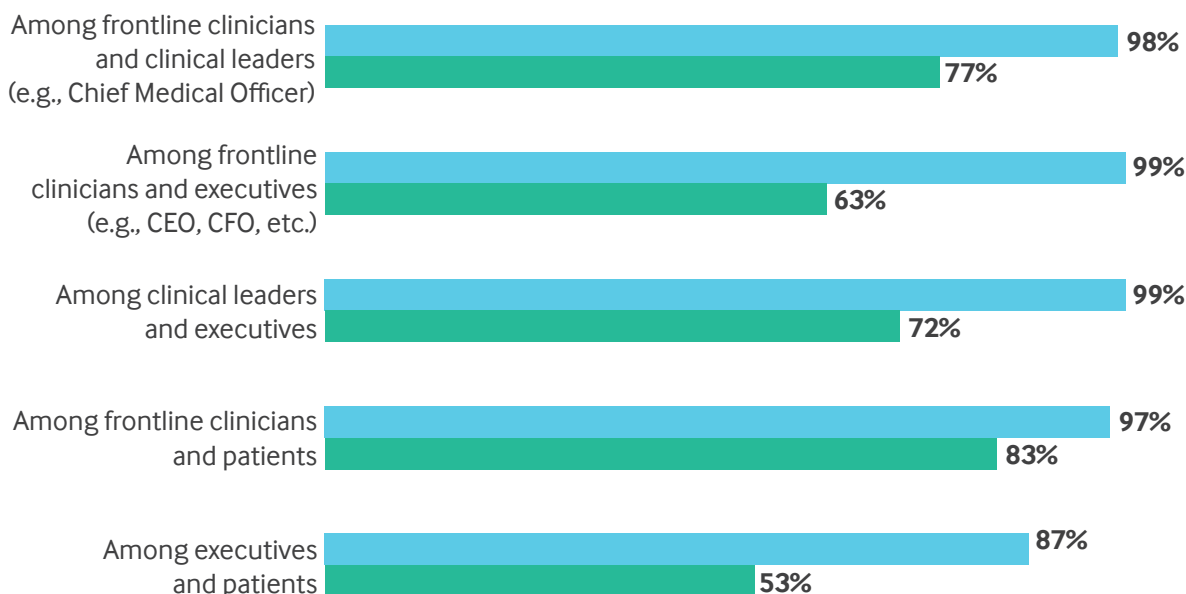
By large margins, survey respondents say alignment is important among all key stakeholders, including frontline clinicians, clinical leaders, executives, and patients. Respondents from nonprofits (58%) are more likely to consider alignment extremely necessary among frontline clinicians and patients than are their counterparts from for-profit organizations (47%). In a written comment, an executive respondent recommends “executive and leader rounding during frontline team huddles (as seen in many Lean models)” and use of “appropriate inquiry so their questions coach the frontline providers.”

While Council members consider alignment necessary between key stakeholders, they say their own organizations do not live up to that standard, for the most part. The gap is highest among frontline clinicians and top executives such as the CEO; 99% of respondents call alignment necessary for these stakeholders, but 63% report that it exists. Respondents from nonprofits (32%) are more likely than those from for-profit organizations (24%) to say executives and frontline clinicians are not very aligned.

Organizational Alignment Falls Short of What Is Necessary

Net necessary To what degree is alignment among the following key stakeholders necessary to ensure a successful health care organization?

Net aligned To what degree is there alignment among the following key stakeholders in your organization?



Base = 655

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Survey respondents are aligned on “agreement on vision and strategic plan” as the top driver to improve alignment within leadership teams. A higher incidence of executives (79%) than clinicians (70%) rate this driver as most important. Clinicians (39%) more than executives (22%), and respondents from nonprofits (36%) more than those from for-profits (25%), consider administrative leaders having clinical/training experience as a top driver to improve alignment. One clinical leader respondent says, “clinical leaders should have the operational and leadership training to be effective in their roles.”

Vision and Strategy Are the Keys to Alignment Within the Leadership Team

What are the top two key drivers to improve alignment within the leadership team (includes executives and clinical leaders)?



Base = 655 (multiple responses)

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Clinical leaders should have the operational and leadership training to be effective in their roles.

To improve alignment between the leadership team and frontline providers, more clinicians (38%) than executives (28%) say administrative leaders having clinical/training experience is a key driver to improve alignment. A higher percentage of clinical leaders (51%) and executives (49%) than clinicians (39%) view physician compensation plans as a key driver. In a verbatim comment, one respondent says the top driver is “a transparent and efficient process that promotes healthy discussions around high value proposition disagreements.” Another respondent says, “Admin is only concerned with leakage and RVUs.”

Vision and Strategy (Not Compensation) Are the Keys to Alignment Between Leaders and Frontline Clinicians

What are the top two key drivers to improve alignment among the leadership team and frontline clinical providers?



Base = 655 (multiple responses)

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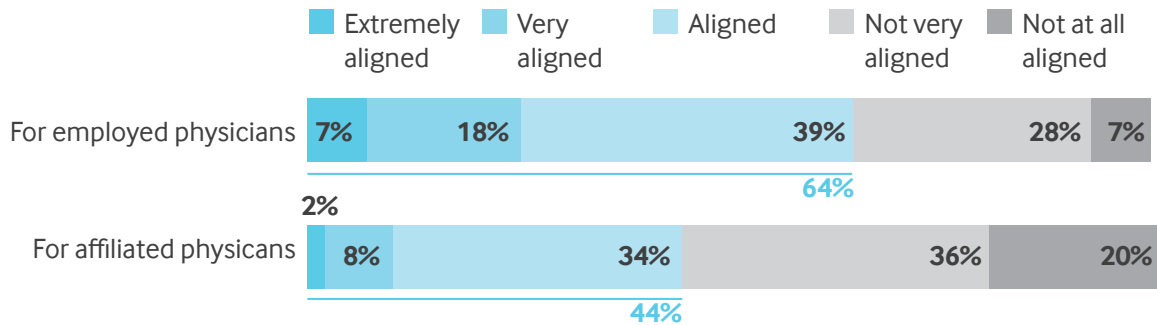


A higher percentage of clinical leaders (51%) and executives (49%) than clinicians (39%) view physician compensation plans as a key driver.

Employed physicians outpace affiliated physicians when it comes to physician compensation alignment with strategy, mission, and goals. Respondents from for-profit organizations (12%) are more likely than those from nonprofit organizations (6%) to consider employed physician compensation extremely aligned. One clinical leader says the current compensation model needs to be redesigned to, among other objectives, induce “better buy-in of the frontline providers” rather than the “cabal system currently in place.”

For Employed Physicians, Compensation Aligns with Organizational Strategy, Mission, and Goals

To what extent is your organization’s physician compensation plan aligned with strategy, mission, and goals?



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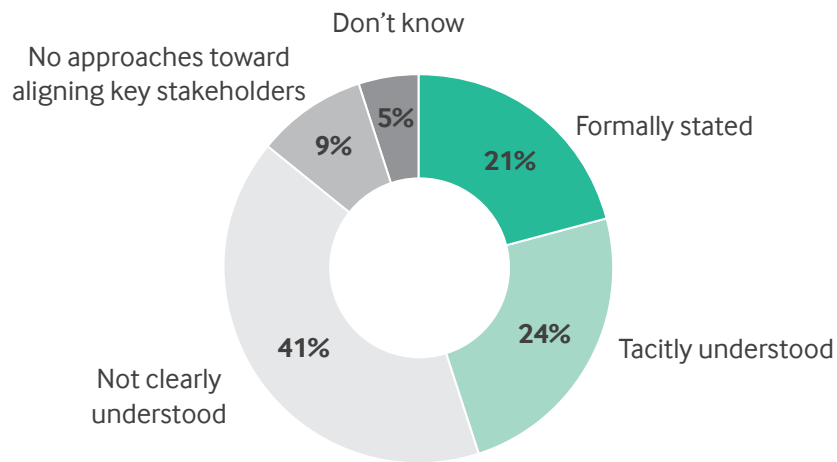


The current compensation model needs to be redesigned to, among other objectives, induce “better buy-in of the frontline providers” rather than the “cabal system currently in place.”

On the whole, health care organizations are not very transparent about their stakeholder alignment approaches. Nearly three-quarters (74%) of respondents say their organizations’ approaches are either nonexistent, not clearly understood, or only tacitly understood. Executives (32%), more than clinicians (19%), believe their organizations’ approaches are tacitly understood. There is no difference between nonprofit and for-profit organizations when it comes to transparency. When asked what single change organizations should make to improve provider alignment, many respondents call for greater transparency. “Our institution provides information to those in leadership positions,” but not to others, one clinician says. Another writes, “There is a feeling among providers that there is an unspoken agenda for the hospital that may affect providers. This may not be true, transparency is key.”

Organizational Alignment Approaches Are Muddled

How transparent are your organization’s approaches toward aligning key stakeholders?



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Verbatim Comments from Survey Respondents

What single change should your organization make to significantly improve provider alignment?

“Address burnout by going to providers to understand their struggles and actively find solutions immediately.”

— Clinician at a small nonprofit hospital in the West

“Common incentive plans based on clearly defined goals.”

— Chief Medical Officer at a large for-profit health system in the Northeast

“Incorporate population health measures into compensation plans.”

— VP of a large nonprofit health system in the Midwest

“Administration needs to be transparent re: financial challenges, short and long term goals, responsive to physician/clinician concerns.”

— Clinician at a mid-sized nonprofit hospital in the Northeast

“COMPROMISE. Admin MUST CHANGE their MINDSET to allow willing and able clinical leaders to the real table while clinicians MUST learn to view reform as an OPPORTUNITY to do far better for patients and our profession.”

— VP of service line at a large nonprofit health system in the South

“Cultural alignment (values, beliefs, behaviors/processes). Employing providers by a health system constitutes merging two completely different business models. Failure as in most mergers comes from lack of cultural change on both sides. It cannot be the doctor culture or the system culture that prevails. It must be a new culture. Addressing this issue is uncommon if it ever happens.”

— VP of a large for-profit community hospital in the South

“Take care of the physicians and others providing care.”

— Clinician at a large nonprofit hospital in the Midwest

“Leadership opportunities and front line clinical leadership engagement on operational matters that also includes financial metrics.”

— Chief of service line at a large nonprofit hospital in the West

“Be more proactive about involving them in strategy and decisions”

— VP of a large nonprofit health system in the West

Methodology

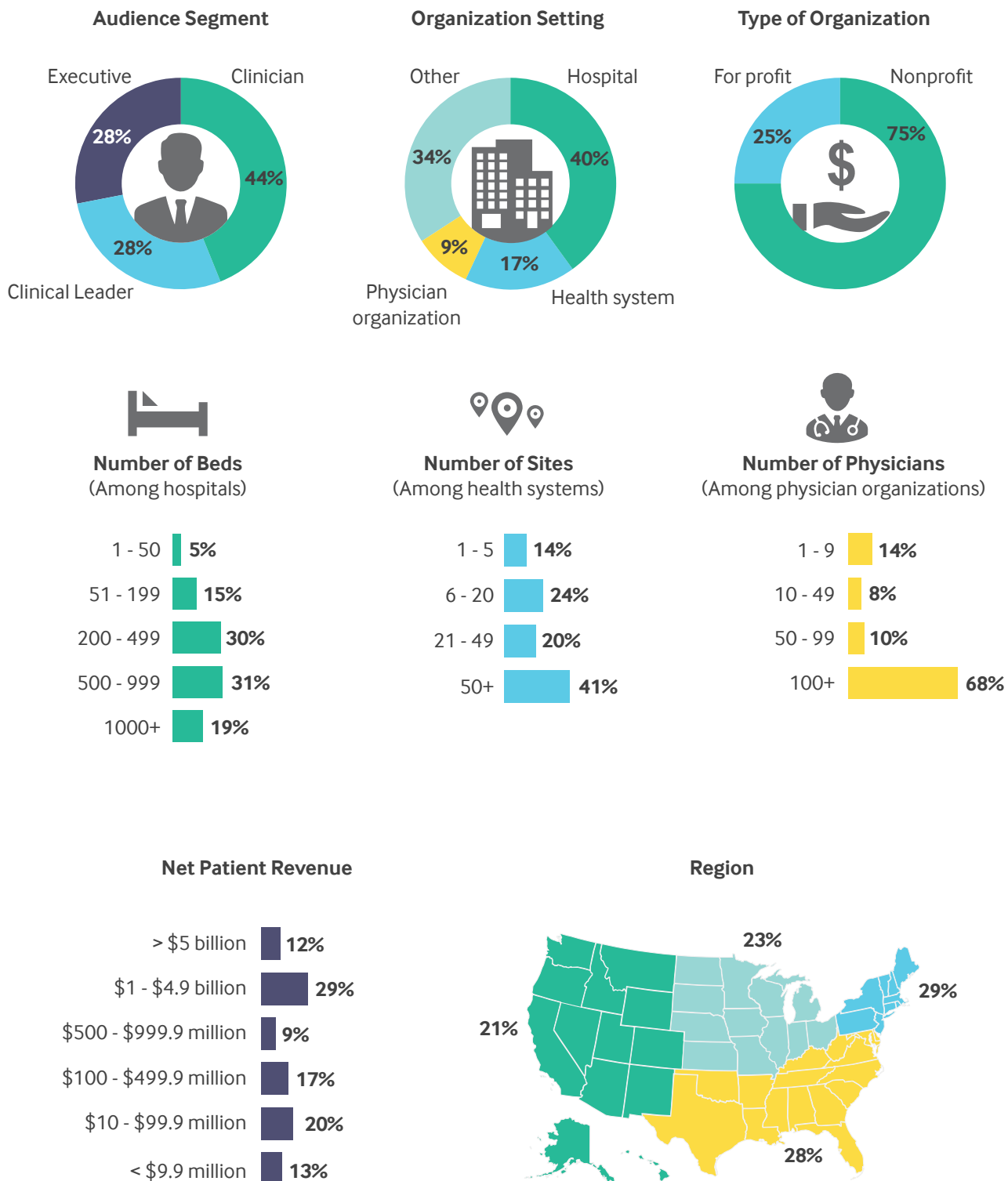
- The Leadership Survey: Providers, Executives, and the Power of Alignment was conducted by NEJM Catalyst, powered by the NEJM Catalyst Insights Council.
- The NEJM Catalyst Insights Council is a qualified group of U.S. executives, clinical leaders, and clinicians at organizations directly involved in health care delivery, who bring an expert perspective and set of experiences to the conversation about health care transformation. They are change agents who are both influential and knowledgeable.
- In December 2017, an online survey was sent to the NEJM Catalyst Insights Council.
- A total of 655 completed surveys are included in the analysis. The margin of error for a base of 655 is +/- 3.8% at the 95% confidence level.

NEJM Catalyst Insights Council

We'd like to acknowledge the NEJM Catalyst Insights Council. Insights Council members participate in monthly surveys with specific topics on health care delivery. These results are published as NEJM Catalyst Insights Reports, such as this one, including summary findings, key takeaways from NEJM Catalyst leaders, expert analysis, and commentary.

It is through the Insights Council's participation and commitment to the transformation of health care delivery that we are able to provide actionable data that can help move the industry forward. To join your peers in the conversation, visit join.catalyst.nejm.org/insights-council.

Respondent Profile



Base = 655

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