Preface

Asking the Right Questions

"We are not getting what we are paying for."
Presidents, Politicians, and the Public

Healthcare is in trouble. Serious trouble.

In Ernest Hemingway's novel *The Sun Also Rises*, one of the characters asks another, "How did you go bankrupt?" "Two ways," came the reply. "First gradually, then suddenly."

However close healthcare is to bankruptcy, it's heading in that direction. For many, it's uncomfortably close, and when it comes, we will be as bankrupt as Hemingway's hapless character.

Healthcare is not just in trouble; it's in crisis—a self-generating crisis with a life of its own. It's on a troubling path, and it raises troubling questions.

The Questions We All Ask

The chances are you have your own questions about healthcare. You most likely discuss them with friends and debate them with colleagues. They may even keep

you awake at night. Healthcare impacts us all. Whether you pay your own way or rely on third-party support, living a life without proper healthcare is a dangerous game of Russian roulette we all want to avoid. And because of the pressing need to avoid it, we tend to equate healthcare with healthcare *insurance*—something the press does and that we all do. But the issues of healthcare are much more than just about healthcare insurance; they are really about healthcare *delivery*. The fact is that we can have excellent coverage and still get horrible treatment—just look at the huge variability in healthcare delivery for people on Medicare, despite the fact that they all have coverage.

Healthcare is complex and confusing, and it's far bigger than who pays for it. This book takes us far beyond the debate over coverage. It takes us to the heart of the healthcare crisis—to healthcare *delivery.* And it also takes us to the source of its solution—the kind of *leadership* that will lead us out of the crisis. And it does much more: it defines *who* should provide that leadership … and *how!*

So let's dive into some of the most important questions that we most frequently ask—and that trouble us the most.

Question #1: Is healthcare really in trouble?

Yes. And here is why. Healthcare is crippled by the incapacity to deliver high-value healthcare on a universal scale. In some parts of the country, we see extraordinary examples of people receiving high-value care, but the vast majority of the United States does not. The extreme variations in patient-care outcomes, in safety, and in service are huge and often inexplicable. For the vast majority of the population, healthcare comes with poor patient focus, untimely care, and is delivered in the wrong location—and offered at astronomical levels of national spending. As a nation, we suffer from low-value healthcare, we do not receive uniformly high-value healthcare, and we do not get what we are paying for. Healthcare is in trouble for other reasons as well, and we will explore them in later chapters.

Question #2: Won't health insurance for all solve the problem?

No. Universal health insurance will simply provide greater access to an inefficient system. Insurance does nothing to improve healthcare delivery itself.

As mentioned before, people with insurance (employer-based, commercial insurance, Medicare, Medicaid, TriCare, VA insurance, the Federal Employees Health Benefit Plan, Indian Health Service) are the very same people receiving the delivery of healthcare of highly variable quality, outcomes, safety, and service—at very high costs. The simple presence of insurance has not resolved the problem of low-value healthcare in the USA.

Question #3: What should the country expect?

As a nation, we need and should expect a high-value healthcare system—with better outcomes, better safety, and better service, all wrapped up with lower levels of spending. In addition, we should expect a *learning* system in an environment where everyone in the healthcare system knows what the healthcare system knows. There is little, if any, transparency within the entire healthcare system in terms of outcomes, safety, service, pricing, and insurance. Think of the last time you renewed or even changed your healthcare insurance. Was it easy? Did you understand your policy? In all likelihood, you felt exactly the same way most Americans feel when they interact with the healthcare system: uninformed and overwhelmed. By what exactly? Complex insurance, lack of transparency between the providers and the patient, lack of medical records interoperability, lack of a caring and compassionate "primary" doctor, poor care in hospitals, unexplained duplication of tests, poor safety, complications and side effects, unnecessary surgery and other procedures, inability to get in touch with your provider when needed, and so on and so on. The least the healthcare delivery system can do is to improve outcomes, safety, and service—and lower the costs.

Question #4: What is the financial imperative?

If unresolved, healthcare will become economically crippling. The unfunded liabilities for Medicare and Medicaid alone are a serious threat to economic growth and global competitiveness. The various estimates from the Institute of Medicine (now the National Academy of Medicine), economists, and healthcare delivery experts estimate that of the $3 trillion spent on healthcare delivery, a range from as low as 17 percent to as high as 50 percent is wasted in the healthcare system due to poor outcomes, complications, unnecessary tests, imaging, procedures,

medications, ineffective care, inefficient care, and untimely care, which is not patient-centered. The size of the actual number is not that important—what is important is the fact that waste is substantial.

Question #5: What is the urgency to get this done?
We are in a state of emergency. Before we know it, our otherwise fragile system will completely crumble around us. This may initially sound like an overstatement, but we'll make the case to support it in upcoming chapters. It is imperative to create a high-value healthcare system as soon as possible. The urgency is growing by the day. It is crucial to implement such a system before mainstream medical practice is submerged and battered by the impending tsunami of personalized medicine, genomics, proteomics, big data, and cloud-based gene warehouses—with the expensive novel diagnostic tests and individually tailored therapeutics that will inevitably accompany them.

Question #6: Do we have a solution to this overwhelming problem?
Absolutely. The best high-value providers around the country have figured out how to make it work. There is much we can learn from them.

Our challenge is less about knowing and more about doing. It's about getting going, as Gordon Bok told us in his old folk song, *Old Fat Boat*:

> "Mercy, Mercy
> I do declare,
> Half the fun of going
> Is the getting there.
> But Mercy Percy,
> You better start rowing,
> Cause the other half of getting there
> Is going!"

Now is the time to start rowing. At a national level, there is a convergence and momentum that hasn't existed in the past, but now the problems have reached a level of magnitude and we can no longer pretend they don't exist. As

Churchill once said, "You can trust Americans to do the right thing … after trying everything else first!"

And just about "everything else" has in fact been tried: price controls, fee-for-service payments, relative value units, diagnostic related groups, Health Maintenance Organizations (HMOs), Pay-for-Performance (which sounds good, but in its current form is actually pay-for-*compliance*), Group Practice Demonstration projects, Pioneer Accountable Care Organizations (ACOs), shared savings ACOs, evaluation & management coding requirements, International Statistical Classification of Diseases and Related Health Problems number 9 (ICD9 with ICD10 and ICD 11 on the way), Department of Justice coding and billing investigations, Recovery Audit Contractor audits—and others we may be missing.

Despite these initiatives, we are no further advanced. In fact, it is *because of* these initiatives that we are no closer to patient-centered, high-value healthcare on a national scale. These experiments in regulatory micromanagement have brought us to where we are today. So the time is right to try paying for what we say we want, and at the very least to link payments to better results with lower costs.

And this leads us to one unanswered question, the most important question of all …

Who Will Do This?

This is the critical question: *Who will provide the leadership to resolve this crisis?* It's the big-picture question. The problem is not that the crisis is insoluble. The problem is that we focus on the wrong question. The most important question is not *what* should we do, but rather, *who* should do it. If we can answer the *who* question, the *what* question will take care of itself—because the right leaders in the right places will know how to take care of it.

As Jerry Garcia put it in 1988 when he was trying to save his band, "Somebody has got to do something. It is just incredibly pathetic it has to be us!" So who is the "us?" It is the providers, those people who actually deliver healthcare. The folks who can change the way healthcare is delivered are those who actually deliver it. Their teams are on the front lines with the patient and

the patient's family. *They* control clinical practice patterns and styles. *They* hold the key to unlock the door to resolution.

What do we mean by "providers"? We use a broad definition that includes doctors, nurses, pharmacists, nurse practitioners, physician assistants, systems and process engineers, health evaluation researchers, technical and allied health staff, health system administrators, architects, and financial planners … in other words, those who directly deliver healthcare and those who support them.

Who else is "us"? It is also all those who support those on the front lines—the many who make their lives either easier or harder. We will explain who they are later.

But you still may be thinking: *Who* will lead the transformation of the healthcare delivery? The answer is this: the right leaders in the right places, exercising the right leadership in the role they fill. *That* is the most critical issue in healthcare.

And that is the focus of this book.

D-Day and Healthcare

D-Day was an extraordinary victory for one primary reason: the right people in the right places exercised the right leadership at the right time. Those who planned the strategy didn't directly train those who executed the strategy. Or in other words, the trainers didn't develop the strategy, and they didn't execute the strategy.

Those who executed the strategy—the soldiers who landed on the beaches—were given the freedom to adjust to circumstances that no amount of planning and training could ever anticipate. They could handle this freedom because they clearly understood the goals and the strategic objectives.

Whatever their role, all the leaders involved understood the scope of their leadership and led within that scope. That is what made D-Day such an overwhelming success.

Healthcare delivery today is far more complex and extensive than even D-Day. But the principles these wartime leaders applied should not be lost on us: just as D-Day succeeded because the right leadership was exercised by the right

people in the right places, healthcare delivery today can enjoy an equal measure of success if the right leadership is applied by the right people in the right places.

What did that look like for D-Day? The senior leadership articulated a clear vision, defined the enemy, sold the message, and aligned the stakeholders. The next layer of leadership planned and organized the tactics, and most importantly, trained the troops, picking the best people to get the job done. They provided the skills and technology. The troops, in turn, performed well because they were prepared well.

With this in mind, consider the parallels between the two:

	D-Day	**Healthcare**
Defining the Purpose	• Win the war in Europe	• Provide high-value healthcare, and get what we are paying for
Clarifying the Enemy	• The German leaders and their forces	• Inefficiency in healthcare delivery (which results in variable outcomes, low safety, non-uniform service, and high costs) • Providers are not the enemy, as some suggest
Fighting on the Frontline	• The Allied troops	• The healthcare providers, as we defined them earlier
Leading at the Organizational Level	• The US President set the purpose of the mission • The Supreme Commander set the vision, developed the internal alignment, selected the operational leaders, and convinced the troops	• The US president and political leaders should set the mission for high-value care • The senior leaders in healthcare should carry it forward into their organizations

Leading at the Operational Level	• The senior staff under the command of the supreme commander worked collaboratively as a team, which included all the branches of the armed services of several countries. • They developed the plan for implementation including the resources, logistic support, skills training, culture development, top-level troop selection, and articulated the goals, objectives, and targets. • And very importantly, they remained fully engaged and responsible for all the ongoing logistical support (transportation, information, arms, food, fuel, and other resources). • Politicians and lobbyists did not interfere with the work of the troops, but they held the military leaders responsible for success.	• Once the mission and vision is clear, providers in senior leadership and operational leaders should carry the vision forward and clearly communicate it to their staff; they then should work to develop the culture, train the people, provide the tools, proceed with the planning, and be responsible for the implementation. • Politicians, lobbyists, and regulators should not interfere with the work of the providers, but they should hold provider leaders responsible for success.

Not that we are saying that healthcare reform is similar to war. But the intricacies and strategies needed to succeed are strikingly similar. The challenge we describe in this book is not saving Europe; it's saving healthcare. The mission in healthcare is to get better healthcare delivery and improved health for the money we spend. At this point, the value is not apparent

and the result is a substantial waste of resources, to include both time and money.

D-Day would have been an unmitigated fiasco without senior leadership. Eisenhower would have had to send the letter he had prepared in case of failure: "The troops, the air and the Navy," he wrote, "did all that Bravery and devotion to duty could do. If any blame or fault attaches to the attempt it is mine alone." A sign of a true leader, he was prepared to take real personal responsibility if the operation failed. Thankfully, he never had to send that letter because the D-Day leaders exercised the right kind of leadership in the right roles at the right time, which produced spectacular outcomes.

Unfortunately, we cannot make the same claim in our current world of healthcare. We are making the mistakes that the leaders of D-Day avoided. Those who should be exercising the right leadership are not exercising it. Those devising the strategy are trying to dictate its execution, even though they don't practice medicine, and those charged with the execution don't understand how to lead the frontline transformation that only they can lead—partly because they do not own the vision, and partly because they are ill-prepared to lead the change.

It is time for policy makers to define the right strategy and set the right goals. It is time for regulators to establish accountability, and for providers to lead the execution of those goals and provide the right kind of accountability in doing so. While providers are most needed to lead the transformation of healthcare delivery, an ever-expanding level of micromanagement from the very groups who say they want much greater efficiency is hampering that crucial outcome. Strategy and execution are blurred, and oversight is confused with micromanagement. Oversight is necessary; micromanagement is not.

To combat the real enemy—inefficiency—we need to provide the resources, freedom, and accountability to those who really can improve care and reduce costs. We need doctors, nurses, nurse practitioners, medical administrators, pharmacists, leaders of medical organizations, project managers, system engineers, and financial officers to work together to improve results and lower costs for the patient. They are the only ones who can viably and durably improve healthcare delivery. Why? Because, collectively, they are on the frontlines of delivery. They practice medicine; governments and insurers do not. If they don't rise to the

challenge, reform efforts from elsewhere will be counterproductive at worst and meaningless at best.

So Where Do We Go From Here?

This book is written to enable leaders in healthcare to emulate the leaders of D-Day. Its goal is to encourage leaders, whatever their contribution to healthcare, to exercise the right kind of leadership in the right role. It is written to help policy makers lead through policy that empowers healthcare providers to lead the way to high-value healthcare through execution. It is written to help healthcare providers know what kind of leadership they need to exercise. And it is written to show every other stakeholder in healthcare how their leadership can help transform healthcare.

The existing confusion of leadership roles may explain the relatively narrow focus of recent efforts of healthcare reform—primarily on insurance reform and insurance coverage. This is an important provision, but it addresses only one among several components of a healthy healthcare delivery system. Not everyone agrees on what those components should be, but the Institute of Medicine has identified six aims for our healthcare system that few people contest:[1]

- Wider and equitable access to insurance
- Patient-centered delivery
- Safety
- Effectiveness
- Efficiency
- Timeliness

Healthcare legislation has focused primarily on the first. The other five components are firmly anchored in the realm of healthcare's delivery system, and more to the point, firmly in the hands of the teams of providers we identified above. If they exercise the right kind of leadership, it will not only transform

1 "*Crossing the Quality Chasm: a new health system for the 21st century,"* the Committee on Quality Healthcare in America, Institute of Medicine 2001, published by the National Academy of Sciences.

healthcare delivery—it will ultimately help transform healthcare in general. It is they who must take charge of changing healthcare.

The Complexity of Reform

But that's no easy task. Healthcare delivery in the United States is an enormously complex, self-organizing system. It has evolved over many years to its current bloated state by responding to incentives that most often optimized the self-interests of stakeholders and seldom advanced the interests of patients, which should be its greatest concern.

To change such a system requires much more than just legislative action. It requires systems-thinking leaders who advance a shared vision for patient-centered delivery, with better results and lower costs. At the heart of the crisis of healthcare is a crisis of efficiency, with a system that rewards the wrong people with the wrong incentives to produce the wrong results. And if there is anyone who can change it, it is the providers of healthcare. Flawed as it may be, the Affordable Care Act, which was signed into law in 2010, set in motion changes that Congress itself cannot reverse. If properly harnessed, these changes will drive the transformation we all want to see in the delivery of healthcare, whatever other legislation may follow in its wake.

But that is not enough. It depends on those who deliver healthcare (both those directly involved with healthcare and those who support them). It depends on leaders at every level—not just those at the top of the organization—understanding how to lead within their spheres of influence to create and foster the environments that make change in healthcare delivery both possible and desirable. It depends on whether or not we are ready to be the conduits for change to create a better tomorrow.

The Power of Leadership

That is the purpose of this book: to define the kind of leadership it will take to profoundly and durably reform and transform the healthcare system.

It is written to equip those immersed in healthcare delivery with the tools and framework they need to fulfill the task that they are uniquely placed to fulfill. This book is for you—doctors, nurses, nurse practitioners, pharmacists,

leaders of medical organizations, medical administrators, project managers, system engineers, and financial officers—you who come together to put on a virtuoso performance in healthcare delivery.

This book is also for those of you who train and educate healthcare providers. Every year, medical schools, nursing schools, and health administration colleges release a new wave of doctors, nurses, and administrators. But we wonder if each new wave of practitioners is prepared for the inexorable changes in healthcare and the kind of leadership these changes will need. The truth is that they may not be. And if they are not, then the behaviors and practices that created the problem will continue to perpetuate it.

Finally, this book is for legislators and policy makers—to help you recognize what you can do, and just as importantly, what you cannot do. This book is an appeal to you to support, rather than frustrate, the efforts of leaders who are the most willing and able to reform healthcare. We all need your support, as you are in a unique position to either create or remove obstacles and brick walls. With you, we can all tackle the challenges of healthcare with courage and strength. Without you, we may never recover.

And this book is for patients—present and future. That includes us all. At some time or another, we will all respectively rely on the healthcare industry to elongate or even save our lives. We don't want to think about it, but when there is a need, we surely better hope our health and livelihood is properly supported. We all have a vested interest in seeing the right people in the right role exercising the right leadership to lead the transformation of healthcare.

Is the Shift Even Possible?

Refocusing healthcare is a lofty goal. But it's an attainable goal if we address the two factors that make outstanding healthcare delivery elusive:

1. *The complexity of the current healthcare system itself*
2. *The confusion around leadership*

This book addresses the intersection of the confusion in healthcare and the confusion around leadership. It makes sense of the complexity of the healthcare

environment, and it does so by focusing on what is essential for transforming healthcare delivery. At the same time, it makes sense of the complexity of leadership, and removes the mystery of great leadership. It is therefore a pragmatic book as it maps out a path to great leadership for anyone prepared to embark on the journey.

Mapping the Journey

Here is how we map out the path to accomplish our goals:

Part I defines the problem: the absence of leadership. In Chapter 1, we underscore the importance of leadership and why leadership is *the* critical variable in the success of any endeavor. Leadership, both good and bad, is contagious: leaders reproduce after their own kind. Its effects are also enduring, and linger on long after the leader has left.

In Chapter 2, we offer a short history of healthcare and the gradual erosion of the interests of the patient. In Chapter 3, we pinpoint the three major problems that beset healthcare and discuss why leadership is so important in resolving them.

In Chapter 4, we address the question of why leadership is so difficult in healthcare, and we discuss the dysfunctional relationship between the five domains of healthcare.

If the absence of leadership is the problem, and the answer is the presence of great leadership, we still need to define what direction that leadership needs to take us in … leadership, yes, but to what end?

That is the focus of Part II, and in Chapter 5, we start with the most profound of all questions, however obvious it may seem: why healthcare and what is its purpose? (The desirable answer is very different from the answer healthcare delivery currently operates by.) We then discuss the vision for healthcare (Chapter 6): what do we want healthcare delivery to look like in the future, and where do we want to take it? Only when we have addressed the purpose and vision for healthcare can we then address the third question for its transformation (addressed in Chapter 7): How should healthcare be organized to pursue its purpose and fulfill its vision? We discuss healthcare as a system, or a system of systems, and suggest how heath care delivery needs to be become a

vibrant learning system. In the concluding chapter of Part II, we discuss culture and suggest three values that all stakeholders in healthcare can agree on, which can shape the way leadership is exercised in healthcare.

Part III addresses in detail the kind of leaders we need (and where we need them) for the transformation of healthcare. We define great leadership, and we offer a comprehensive framework that makes sense of the complexity of leadership. We ask the question of whether great leadership can actually be exercised in healthcare—a legitimate question. If the right people in the right places exercise the right kind of leadership in their respective roles, it certainly can. In Part III, we show what kind of leadership the key stakeholders need to exercise for us to see that happen.

Finally, in Part IV, we provide examples of organizations in healthcare that have exercised the kind of leadership we advocate and who are achieving the kinds of results our approach will yield. If by this stage you still have any traces of skepticism, Part IV will dispel them.

Back to Hemingway

Remember the Hemingway quote about going bankrupt? "First gradually, then suddenly." The good news about bankruptcy is that there is a gradual phase before the sudden phase. If the right steps are taken in the gradual phase, the sudden phase need never happen. Bankruptcy is far from inevitable.

But only if one critical condition is met: having the right leadership exercised by the right people in the right places.

Day in and day out, those on the frontlines of patient care need to exercise the right kind of leadership. And those whose decisions impact the way the frontline delivers care need to exercise the right kind of leadership. Only then will we avoid the sudden phase.

This book is a call to action for all those directly or indirectly involved in the extraordinarily difficult but immensely rewarding challenge of transforming healthcare. It's a call to exercise the kind of leadership that only you can offer in the particular contribution you make in shaping and directing the change we all want to see.

And to help you exercise that leadership, whatever your role, we provide you with the perspective and framework you need to help reshape the delivery world that every one of us encounters sooner or later—and one that, before long, we can be impressed by and grateful for.