



S. Harvey Price is editor of *For Your Advantage*. A health care industry strategist based in Boca Raton, Fla., Mr. Price has worked as an independent consultant since 1971. His clients are community hospitals, hospital systems and major corporations.

About FYA

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TrendLeader Connections
406-586-8775
www.ForYourAdvantage.com

Innovation at the Point of Care:

Testing and Diversifying Risk With a *Learning Line*sm

By John W. Kenagy, MD, MPA

Last month's column ([For Your Advantage, Volume 5, Issue 4, February 20, 2006](#)) told the story of how Jan, a hospital unit charge nurse, innovated to solve a chronic problem. Although the problem seemed small (missing wheelchairs), the method used to solve it resulted in over 300 innovations generating \$133,000 in new value to the hospital monthly.

What did the management team do to enable this innovation? - They used one of the oldest and most effective management tactics known:

Instead of moving information to decision makers, they directed and coordinated decision rights moved to where the information is.

Successful leaders have been moving decision rights to where the action is since humans began to lead. But in my healthcare experience, it is difficult. No matter what we try - expensive technology and computer systems, compliance-based projects, industry-inspired improvement methods, consultants and training, better metrics, benchmarking, best practice, etc - a staff culture that consistently generates higher quality, lower cost, increasingly safer, more flexible and satisfying healthcare eludes us. And we still cannot find a wheelchair (one 12-hospital system estimated missing wheel chairs as a \$500,000 annual problem).

So, how did Jan's hospital management team do it? First, it decided to do something very innovative - use a disciplined, structured method to solve problems as they happened, as rapidly as possible, using only the resources necessary and in the course of work (Adaptive Design[®], see www.kenagyassociates.com for details).

Secondly, they eliminated organizational barriers and defused political landmines that slow or stall innovation - they established a *Learning Line*sm to problem solve, test, verify and improve this capability.

The Learning Line concept developed from my research at Harvard Business School on Disruptive Innovation and the Toyota Production System.

- Every great disruptive innovator (e.g., Microsoft, Intel, Toyota, Southwest Airlines, etc.) avoided the barriers and landmines that stalled the companies they disrupted.

- Whenever Toyota taught a traditionally managed company to do the Toyota Production System, they always created a "model line," an isolated place on the shop floor to problem solve, test, verify and improve the new ideas.

This research led to the concept of a "Learning Line" - an isolated place, within a large, complex organization that can quickly "problem solve, test, verify and improve new ideas" in real time, with real work.

Innovation at the Point of Care (Continued...)

Learning lines are effective. We have developed more than 40 in a variety of hospitals (rural, urban, community, academic, 40-750 beds) and are now moving into outpatient, physician and home care environments with 100 percent success rate as long as the following criteria are met:

1. Unit management is stable, respected and has clear direction and support from leadership.
2. Successful, experienced teachers transfer the new skill sets to the unit's management
3. Relatively fewer products or services make it easier (although our most successful Learning Line, Jan's unit, was by far the most complex).
4. Leadership minimizes or eliminates new projects or initiatives, change in management or staffing, new technology, outside consultants, etc. and agrees to no layoffs as a consequence of improved productivity on the Learning Line.

The first objective is to create a place that can problem solve, test and improve innovative methods and technology - a place for the organization to learn. The second is to diversify the risk of innovation. Every great transformational innovator I studied did not take big risks, but, rather, was able to diversify the risk of innovation in operationally meaningful ways.

What's the advantage for a hospital? - In my experience, most hospital resources are allocated to compliance-based quality, new technology and IT, industrial-engineering based improvement methods, more metrics, more training, benchmarking and best practice. Why not create a safe place to do something different? Why not diversify risk and increase the opportunity for success? Why not start a Learning Line?

I can give you another reason why - Jan's Learning Line not only solved the wheelchair problem, their and related units' innovations generated greater than \$1,700,000 of new value at the same time they decreased staff turnover by 51 percent and produced the greatest increase in patient satisfaction in a 17-hospital system. They increased quality and lowered cost while making care increasingly safer, more flexible and satisfying - improvement with no tradeoffs.

What do you think? Could you use a Learning Line? Send your comments and questions to me at jkenagy@kenagyassociates.com. We will have more on work place innovation next month.

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MPA, Director, Kenagy
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About



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Are You Into P4P? If Not, Time To Innovate!

By: Rick Kneipper, Chief Administrative Officer and Co-Founder of PHNS

Perhaps it's time to listen when the likes of Centers for Medicare & Medicaid Services ("CMS"), payers such as United Healthcare, the National Quality Forum and physician groups such as the American Medical Association ("AMA") agree that pay for performance programs ("P4P") have merit and should be considered as an innovative new approach to quality and cost control in U.S. healthcare. Well perhaps "agree" is too strong-maybe they've all decided that P4P can no longer be ignored and must be seriously considered as a viable alternative to today's system, which could be called PROP (pay regardless of performance).

Consider the various motivations behind the P4P movement. Payers such as United Healthcare have instituted a "premium designation" program that gives lower co-pays for employees who use high performing "gold-star" doctors. United says that it's all about giving healthcare customers information that they need in order to choose the highest quality, most efficient doctors. Or consider Integrated Healthcare Association, a consortium of large California HMOS that provides financial incentives to participating doctors who show improved clinical care in specified clinical areas, and over 35,000 California doctors participate.

Or consider CMS' motivations. CMS' Hospital Quality Initiative focuses on 10 quality measures that link performance to payments, and hospitals that show they're meeting the required performance standards receive full payment for their Medicare DRG payments. CMS also has a hospital quality initiative with Premier in which CMS collects data on 33 quality measurements for certain treatments, and hospitals receive bonus payments that increase as their scoring increases relative to their peers. Over 260 hospitals are participating.

The AMA's motivations are a bit different-they insist that P4P programs should be voluntary so that doctors don't bear an unfair portion of the financial pain that could result from a widespread implementation of P4P.

Or consider the quality motivations. Kenneth Kizer, M.D., president and CEO of the National Quality Forum, writes in *Trustee* magazine (January 2006):

"Pay for performance is not about cost control. It's about quality improvement and getting a better outcome. It just so happens that a side effect, or collateral benefit, of improving quality is that we are likely to save money for at least some things and for some period of time."

Or consider the P4P view of Michael Millenson, the author of the highly regarded book *Demanding Medical Excellence* that raised serious issues about U.S. healthcare quality well before the Institute of Medicine reports:

"It's much more than a fad. It's a question of how we are going to reimburse health care. Pay for performance is a recognition of the fact that if you don't link payment to

quality, it's not sustainable."

Or consider the findings of a Vanderbilt University Medical Center study that considered novel ways to cut healthcare costs:

"If insurers paid doctors for talking patiently with patients-instead of seeing as many people as possible in a day- we all might become healthier and spend less on medical care. And, in the long run, health insurance costs paid by businesses and their employees might go down."

Recently I participated in the negotiation of a contract for a very innovative P4P program being implemented by a major safety net hospital and a leading academic medical institution. But despite very tense negotiations and high concerns on both sides, we reached an agreement that both sides believe will significantly improve the quality, efficiency and convenience of patient care and yet provide a positive financial result for both.

Are you engaged in a P4P program or are you considering one? If so, please share your experience with the rest of us. If not, why not?



I would like to hear your comments.

Send them to:

Richard.Kneipper@phns.com

About

TrendLeader
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FYA - For Your Advantage is brought to you by TrendLeader Connections. The function of TrendLeader Connections is producing educational materials and seminars that help healthcare executives differentiate between fads and trends; and making connections with "Trend Leaders" within the healthcare industry.

We are committed to delivering new perspectives and ideas, creative and innovative healthcare solutions, provocative concepts and quality educational materials to today's healthcare leaders. We want to concentrate on "what comes after what comes next."

The Trillion-Dollar Mom Market: The Untapped Revenue Frontier

By Tony Paquin

As hospitals move rapidly to identify new sources of revenue, they are increasingly realizing that mothers are their most valuable, and most vocal, market segment. Importantly, mothers represent an opportunity to generate millions in "retail" revenues in addition to greatly enhancing the use of hospitals' traditional reimbursed service lines.

In order to appreciate the power of mothers as consumers, simply visit a popular park in your town. Within minutes of sitting next to a sandbox you'll hear mothers compare health coverage, gather input on baby foods, critique the hottest family vacation destinations and offer their two cents on the latest political race. Their toddlers (adorned in Osh Kosh overalls, Gap t-shirts or Disney-licensed clothing) play nearby.

Hospital executives must realize that moms spend money and, thankfully for consumer marketers, moms love to talk about where they spend it. In no other market segment is word of mouth more powerful. The right combination of print, electronic and online marketing enhanced with a strong public relations effort can mean millions to your bottom line.

Understanding the Mommy Market: Mom's Money at Work

- According to the U.S. Department of Agriculture an average-income family will spend \$165,630 on a child by the time the child reaches eighteen years of age.
- Females outnumber males in the United States by over six million (roughly 6 percent) and a significant percent have at least one child. There are 141,606,000 women with children in the United States.
- Woman-owned businesses generate \$1.15 trillion in sales.
- U.S. women spend more than \$3.7 trillion annually on consumer goods and services, plus another \$1.5 trillion as purchasing agents for businesses. As a group, U.S. women constitute the number three market in the world, with their collective buying power exceeding the economy of Japan.
- Eighty percent of all checks written in the United States are signed by women.

Marketing Research: A Guide to Successfully Connecting with Mom

Companies are spending billions to capture the mom market, but 70 percent of mothers feel companies are not doing a good job at speaking to them. There is great opportunity for companies to capture part of the \$1.6 trillion dollars in mom spending.

Research conducted in conjunction with the release of "Marketing to Moms: Getting Your Share of the Trillion Dollar Market" (Prima, 2002) identified the following:

- When moms have time to read, its magazines they are reading. The average mother reads 4.1 titles a month with three of them being delivered to their home.
- Word of mouth is the strongest form of marketing within the mom market.

- 55 percent of mothers say they rely on recommendations when making purchases for the home. The number jumps to 64 percent when it comes to buying a product for their child.
- Moms are online seeking information and spending money on the Internet.
- 71 percent of mothers said they were very likely to use the Internet for product information, advice or general information. Only six percent say they have never purchased a product online.

Hospitals that target women can grow both their retail initiatives as well as utilization of core services. For instance, Chris Evert Children's Hospital (CECH) is in a market (Ft. Lauderdale/Miami) with six other children's hospitals and wanted a marketing initiative that would set them apart. The hospital turned to BSM Media to develop and produce 'Mom Talk Radio', South Florida's first radio show designed to educate moms.

'Mom Talk Radio' was not only designed to increase brand awareness of the Hospital but to create an emotional attachment between its mom listeners and hospital physicians. This targeted effort had great results, including:

- Featured over 75 hospital affiliated physicians a year on the show
- Increased brand awareness by 25 percent
- Increased pediatric emergency traffic by three percent
- Developed an online database of 25,000 mothers
- Delivered relevant content with CECH branding to 25,000 mothers monthly through an electronic Mom Talk Radio e-Newsletter

Hospitals need to acknowledge the essential role that women, and more specifically, mothers, play in their consumer mix. Our experience is that hospitals that target marketing programs to women have massive gains in retail initiatives like Medial Spas, children's health services, women's services and also indirect service lines like senior care and male health.

For more information: www.ThePaquinGroup.com. To contact Tony Paquin: Tony@ThePaquinGroup.com

Tony Paquin is skilled at developing retail business opportunities within healthcare systems. He has over 20 years experience leading strategic companies in the insurance and healthcare industries. He previously founded and managed one of the largest technology companies in the insurance sector, and was CEO of a NASDAQ listed healthcare services company.

