

By S. Harvey Price



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About FYA

FYA - *For Your Advantage*, is a free twice - monthly newsletter published by TrendLeader Connections.

With every issue, FYA provides insights into the topics that concern healthcare leaders today and the challenges that will be faced in the near future.

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Cost Cutting vs. Culture Cutting

Detroit is hurting. The public is avoiding its big SUVs that guzzle gas especially now that the price of gas is skyrocketing. And then there are the healthcare costs. General Motors alone will spend \$5.6 billion this year to care for 1.1 million active and retired employees and their dependents. Almost \$1.5 billion will go for prescription drugs. Last year, GM's healthcare bill amounted to \$1,525 for every vehicle it produced in the U. S. GM pays 0.4 percent of the total U.S. healthcare bill.

Now imagine you are the executive assigned to get control over healthcare spending. This is not an intellectual exercise. Healthcare costs are being blamed for GM's new slashed earnings forecast and it could see its debt downgraded to junk status.

You take a two-prong approach. First, you propose to ask hourly workers to pay more out-of-pocket healthcare expenses. Then you increase programs that discourage unhealthy habits. Unfortunately, neither holds the answer.

The United Auto Workers union protects the generous gold standard plan it has fought for over the years. And despite good intentions and good programs, labor agreements allow workers to smoke on the assembly line while producing GM vehicles. It's not that the company hasn't tried. Beginning in 1996, GM and the UAW started offering healthy living classes at two plants and later expanded to all plants. Classes include fitness and smoking cessation. While many plants have workout facilities, ironically they also have cigarette machines on the premises.

Even if you were successful in directing employees into good healthcare habits, you would still have a challenge remaining-retirees. Current employees and their families consume 31 percent of the total healthcare bill. Retirees make up the rest. They are infinitely more difficult to organize into healthy lifestyle programs.

How about getting creative? One GM program is designed around an employee pastime passion-hunting. The heart rate of some hunters can reach life threatening levels when they spy a deer in the woods. And out-of-shape hunters can suffer heart attacks trying to drag a 150-pound deer out of the woods. A program for employee-hunters attracted 300 people at the Flint, MI, plant at the start of hunting season. The program currently distributes healthy venison recipes, conditioning tips and safety advice. The assembly plant for the Chevrolet Suburban SUV in Janesville, WI, closes for a day during the hunting season. GM calls it a Veteran's Day holiday.

Despite all the obstacles and challenges, GM continues to look for ways to find savings in the hundreds of millions of dollars it spends on drugs to overcome smoking, obesity and stress. GM studies show that 26 percent of its 1.1 million beneficiaries are considered obese under federal guidelines, slightly below the national average, and these people cost the company between \$1,000 and \$3,000 more in health services on average than beneficiaries who aren't obese. GM calculates that obesity

Cost Cutting vs. Culture Cutting (continued)

is costing the company at least \$286 million a year.

One major hurdle remains. Just beyond the gates of most auto assembly plants around the country are bars and taverns that attract workers after the end of their shift. At one such tavern, they sell deep-fried pork rinds and 24 beers for \$24. GM has purchased land in the neighborhood around the entrance and this tavern. Then last year, GM offered to buy the tavern, but the owners held out for an exorbitant

price and GM backed off.

The war on healthcare cost control is multi dimensional. It's being fought in the halls of Congress and state legislatures; the offices of regulators and insurers; hospitals; doctors' offices, clinics; and now we learn in bars and taverns across the nation.

That's my opinion. What's yours? Send it to:
hprice-tmg@worldnet.att.net.

Guest Columnist

*Gary Tiller, CEO of Ninnescah Valley Health Systems, in Kingman, KS,
is responding to a column in FYA written by Rick Kneipper two issues ago.*

It is grossly misleading to compare banking, grocery, or any other kind of industry to healthcare, claiming that healthcare is resistant to adopting information technology.

To start with, inanimate objects are simple to deal with. Typically, it is a singular process. The banking transaction doesn't change once you have taken action, plus you only have one way of doing the transaction. In healthcare, there may be 25 choices of action in any given patient. Not every, or all, choices will elicit the same positive or negative response in a patient. I believe healthcare could easily adapt and become a bank or a grocery. The next time you need healthcare, go to your bank or grocery and see how they do for you. This is brain surgery!

Truth is, we invest in the highest, most complex forms of computerized technology there is in diagnostic and therapeutic equipment, on top of having to invest in business operating systems. We spend billions every year to take care of patients and maintain the standard of care. Million-dollar pieces of equipment are not uncommon in hospitals. We do all this on an average bottom line of 1-3 percent. Most businesses would not survive on a 3 percent margin. The cost of this equipment competes with IT for our dollars. If you had to make a choice, would you rather we had an up-to-date CT scanner, or an attractive fully interactive Web site?

A hospital is made up of 15 or more totally distinct scientific and business disciplines, each of which has unique

skills, equipment, techniques, and licensing requirements. A nurse can't take X-rays just because someone thinks it would be more efficient.

Healthcare is delivered eye-to-eye on a personal, private level. There are no ATMs where you can stick your arm in and get a reading, a diagnosis and a treatment delivered that is appropriate to whatever condition with which you present. Every patient is unique. There is no single approach past the point where we ask, "Where does it hurt?"

It is simply arrogant, naïve and offensive for pundits and so-called experts to point a finger at healthcare and say, "You guys aren't even trying to keep up with technology." We could put EMR and CPOE in place in every hospital in the U.S. in one year if we didn't have to deal with the 5-year technological obsolescence factor for diagnostic equipment. Actually, compared to the high tech we already have, most of the IT issues are pretty boring!

Besides, despite the hype, there is little evidence that there are fully operational EMR systems that are bullet proof. You as patients expect us to be without any failing on the diagnostics and therapeutics we provide.

You can't have it both ways-demanding that everyone, everywhere have free access to all the latest buzzword technologies, and the competencies it takes to be reliable, but at greatly reduced charges for these services.

**If you have comments you would like to add,
please send them to: Richard.Kneipper@phns.com**

[BOOK CONNECTIONS]

A service of FYA

There is nothing as certain today as uncertainty. Most leaders don't know what they are about to encounter. There is help in the form of a book written by a professor at Duke University and an MBA teacher at Cornell University. Both are successful leadership consultants throughout the world. The title of their book is *Relax It's Only Uncertainty-Lead the Way When the Way is Changing*.

The authors advise leaders to relax, accept ambiguity and refuse to be paralyzed by uncertainty. They identify the attributes and skills that leaders have who have proven successful in highly uncertain environments; show how to analyze your own uncertainty skills; and present specific techniques and exercises for improving the way you lead through uncertainty. The authors also show how to make the most of your innate curiosity, focus, persuasive ability and energy, as you become increasingly comfortable with ambiguity, confident about change, open to discovery and at ease with the new realities of business.

People judge you on your behavior, not your intentions. The authors have identified the behaviors, skills and attitudes needed whenever rapid change produces high levels of ambiguity. They particularly wrote the book with four leader types in mind:

High-flyers. These are ambitious people who need to be on top of the latest thinking in management and leadership and are interested in applying it.

High-learners. These are people who have even greater curiosity than ambition, but in most respects are similar to the high-flyers.

High-worriers. These are people concerned about the rate of change in their organization and probably in their industry.

High-careers. They are always looking for people who can grow and develop. They are not always very good at developing themselves and sometimes find themselves unprepared for changes that they personally need to make.

After reading the book, you should be able to answer the following questions:

- How can I be more relaxed and confident about the ambiguities that I face at work, so that I will be an even better leader?
- I feel unable to cope with the (new) business environment. What can I do?
- How do I create a workplace that is energized and motivated given the dramatic changes that we've all been through and will continue to go through?
- How do I get into an unfamiliar (to me) business and get on top of it quickly?

Perhaps one quote sums up the theme of this book: "If you do what you've always done, you'll get what you always got."

About



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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."

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Way is Changing*

By Philip Hodgson &
Randall P. White

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