



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

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.

The newsletter is provided free to healthcare CEOs only. CEOs may use the material in any way they wish – except for the editorial content that is copyrighted by the author. You are welcome to print copies of FYA.

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

Innovation 2008 – The Answers

By John W. Kenagy, MD, MPA, Director, Kenagy & Associates

Last month's *For Your Advantage* Column featured an "Innovation Self-Assessment Test" to help you better understand your innovation opportunities. If you haven't taken the test yet, go to my last month's FYA column, *Does Your Hospital/Health System Need to 'Get Hot?'* – The Self Assessment Test, and take the test. It won't take longer than five minutes. Here is the key to your score:

Total score <25 – Congratulations! You are in a unique, healthcare delivery niche. If you can take your current skills, methods and values to larger markets, you have great growth potential. You probably are working on the What's Hot side of the Healthcare Innovation 2008 Table (see page two). If you are a multi-purpose hospital, you are in a *very unique position* – please give me a call, you know things you can teach the rest of us. Recommendation – Keep doing what you're doing.

Total score 25-50 – You also deserve congratulations because you have a better than average hospital/health system business. But there are warning signs. Particularly as your score gets closer to 50, you are facing forces that you will find difficult to compete against. If your success is based on your ability to *aggressively price your services at a premium* (e.g., market power, high margin services or an affluent population base), you are at high-risk for disruptive competition. Recommendation – If your innovation efforts are on the "What's Not Hot" list below, you need to rebalance, diversify and start moving to the What's Hot side.

Total score 50-75 – You are close to the average hospital/health system score (68) and you have problems. Most importantly, some of your current "solutions" not only may not help, they may be part of the problem. Our data and research makes your current situation predictable. For example, how do these bullet points fit?

- Premium pricing (see above) is increasingly important to your profitability. Unfortunately, everybody else in your market is trying to do the same.
- Your innovation efforts are predominantly on the "What's Not Hot" side of the list. For example, you have a costly, under performing IT investment that has not yet delivered on its promise.
- You are searching for more benchmarks and best practices to implement and new metrics and methods to hold more people accountable.
- "People" are both a major cost to control and a major obstruction to change.
- Reimbursement rates are under pressure while unfunded mandates, regulation and new competitive pressures increase.

Recommendation – Trying harder is not the answer. Even if you are currently

(Continued...)

Innovation 2008 – The Answers (Continued...)

profitable, consider yourself at risk. You need to diversify and rebalance quickly; so now is the time to migrate from "What's Not Hot" list to the "What's Hot" list.

Total Score 75-100 – You and your team are working very hard to do all the things you need to do to keep afloat. Everywhere you turn, there is something else to do – mandates, core measures, pay for performance and more. All the predictions above apply to you and are more intense. You are likely troubled by recurrent cycles of profit and loss and have or are considering downsizing and major cost cutting. Unfortunately our data and

research show the cycles tend to lead downhill so even if you are profitable now, you will face increasing pressure pushing you down. **Recommendation** – Despite what the experts and salesmen say, the data show "trying harder" is not the answer – you are not on the cutting edge, you are on the *bleeding edge*. Moving to the "What's Hot" side is essential. If your competition has deeper pockets, you need to "get hot" very quickly.

What does "get hot" look like? We are now 10 months into a yearlong look at the future of innovation in health care. The data is overwhelming – the future looks like this:

Healthcare Innovation 2008

What's Not Hot	What's Hot
1. Capital expenditures for new technology and facilities	1. Increasing Return on Investment (ROI) from current operations
2. Implementing IT systems	2. Developing people and relationships
3. Power and compliance	3. Purpose and commitment
4. Consultants, external solutions and manufactured innovations	4. Local knowledge, ingenuity and real-time innovation
5. Fighting entrenched cultures	5. Revitalizing your culture
6. Specialty hospitals	6. Flexible, multi-purpose hospitals

Where are you now? Where do you want to be? Contact me for questions or comments at jkenagy@kenagyassociates.com. Strategies for becoming "Hot" are the focus for the next two months FYAs.

©2007 John W. Kenagy, MD, MPA, Director, Kenagy & Associates, LLC (K&A)



About



PHNS is an innovative healthcare services company providing strategic outsourcing services in information technology, health information management and receivables management to over 400 hospitals. PHNS is not a consultant, vendor or software company but a partner, a solution. PHNS understands healthcare because our partners are healthcare and healthcare only. Unlike its competitors, PHNS strategically aligns itself with a hospital's clinical and financial goals and objectives. Through its unique business model, PHNS reduces costs by aggregating, consolidating and sharing resources among its participating hospital partners. PHNS helps hospitals manage information systems, computer technology, patient records, coding and patient billing to improve patient care, safety and efficiency and increase profitability and efficiency. For more information, visit www.phns.com.

Building A Quality Culture

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

The pressures for improved quality in U.S. healthcare continue to grow – and that's a good thing and a bad thing. A good thing since quality healthcare is what U.S. healthcare providers take great pride in delivering – a bad thing that there is increasing evidence that U.S. healthcare providers don't always deliver quality healthcare.

A front-page headline from *The Dallas Morning News* on October 11, 2007, trumpeted yet another quality issue: "Most children don't receive proper medical care, study says," citing a Seattle Children's Hospital Research Institute/Rand Corp. study in the *New England Journal of Medicine* that shockingly "concludes that, overall, doctors gave children the appropriate outpatient medical care only 47 percent of the time."

Some scary examples from the study:

- Only 19 percent of seriously ill infants with fevers taken to doctors had the correct lab tests to determine their ailment;
- Only 44 percent of children with asthma were on the right medication; and
- Only 15 percent of adolescents seen by a doctor got weighed annually, and babies aren't receiving routine checks of height and weight to ensure proper growth.

Fortunately hospitals across the country have been responding – most have major quality improvement programs that have delivered significant successes. And, as I wrote in a recent *FYA*, ensuring quality has become recognized as an important fiduciary duty of hospital board members ("*Healthcare Quality – A Board Responsibility*").

The key to improving healthcare quality is to engrain it in the culture of the institution, according to a team leading quality improvement at Parkland Health & Hospital System in Dallas: "The quest for quality must be interwoven into the cultural fabric of the institution." Consider the following suggestions for developing a culture for quality improvement from Parkland's Dr. Ron Anderson, CEO; Dr. Ruben Amarasingham, Medical Director for Internal Medicine and Care Management; and S. Sue Pickens, Director of Strategic Planning and Population Medicine (see their excellent article in *Frontiers of Health Services Management*, 23:4, Summer 2007):

- "First, solid quality improvement methodology, which

is well established in other industries, must be embraced..."

- "Second, where possible, the scientific method should be incorporated into changes in system design..."
- "Third, projects that redesign clinical processes should be managed by multidisciplinary teams to include quality improvement, care management and clinical data groups in partnership with affected departments..."
- "Fourth, suggestions from medical staff should be addressed and, where possible, incorporated immediately..."
- "Fifth, the efforts of departments directly and tangentially related to quality improvement should be consolidated..."

I think that's great advice (although I'm a bit biased since I'm privileged to serve as a member of Parkland's Board of Managers). What advice do you have to share about how your hospital has changed its culture to improve quality?



I would like to hear your comments.

Send them to:

Richard.Kneipper@phns.com

About

TrendLeader
Connections

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."

New Findings About Patients Using The Internet

Just half of adults with chronic conditions use the Internet. Once online, they are avid consumers of health information. This is one of the findings of the Pew Internet & American Life Project's latest report on the Internet's impact on health and healthcare.

About a fifth of American adults say that a disability, handicap or chronic disease keeps them from participating fully in work, school, housework or other activities. Half (51 percent) of those living with a disability or chronic disease go online, compared with 74 percent of those who report no chronic conditions. Fully 86 percent of Internet users living with disability or chronic illness have looked online for information about at least one of 17 health topics, compared with 79 percent of Internet users with no chronic conditions. E-patients with chronic conditions are more likely than other e-patients to report that their online searches affected treatment decisions, their interactions with their doctors, their ability to cope with their condition and their dieting and fitness regimen.

E-patients With a Disability or Chronic Disease, the report, written by Associate Director Susannah Fox, is based on an August 2006 telephone survey of 2,928 adults, of whom 17 percent identify as living with a disability or chronic disease. The report also draws from essays collected in a survey of members of an online support group, the Association of Cancer Online Resources.

These findings build on what was reported in *Online Health Search 2006*, but there are important differences between the general population and those living with chronic conditions:

- E-patients with chronic conditions are more likely than other health seekers to go online for information about their own conditions.
- E-patients with chronic conditions have mostly positive things to say about their online health searches, but they are more likely than others to

report frustration as well.

- Most e-patients with chronic conditions do not consistently check the source and date of the health information they find online.
- E-patients with chronic conditions are less likely than others to start their information queries at search engines.
- The impact of the most recent search for health information was most deeply felt by Internet users who had received a serious diagnosis or experienced a health crisis in the past year, either their own or that of someone close to them.

One-quarter of adults (27 percent) say they or someone close to them has been diagnosed in the last 12 months with a chronic medical condition, such as asthma, diabetes, heart disease or high blood pressure. One-third (34 percent) of American adults say they or someone close to them faced a serious medical emergency or crisis in the past 12 months. Fifty-nine percent of these e-patients say the information found in their most recent online search led them to ask a doctor new questions or to get a second opinion from another doctor, compared with 48 percent of e-patients who had not experienced a health challenge in the past year. Forty-six percent of recently challenged or diagnosed e-patients say the information changed the way they cope with a chronic condition or manage pain, compared with 31 percent of other e-patients.

"Internet health resources serve as an in-depth, just-in-time resource for millions of Americans," said Ms. Fox. "Unfortunately, people facing a serious diagnosis are the most likely group to be offline in an online world."

The Pew Internet Project produces reports that explore the social impact of the Internet. Support for the non-profit Pew Internet Project is provided by The Pew Charitable Trusts. The Project is an initiative of the Pew Research Center. The Project's website is www.PewInternet.org.