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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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Times Are Changing

By John W. Kenagy, MD, MPA

A year ago, I started writing a book on healthcare innovation. My goal was to show how our struggling healthcare system could benefit from combining the strategy of Disruptive Innovation with the leadership and management capabilities of transformational companies – particularly Toyota.

My goal is still the same. The book will be published early in 2009. But, now, suddenly, times have changed. As I pen this column, it is no secret that the world has become a much different place.

The message is clear: It's no longer just a struggle. Facing the facts, the U.S. healthcare system is severely out-of-balance, if not broken. On top of that we are not going to buy or borrow our way out of this dilemma because, suddenly, the financial systems of every developed country have been, and will be for some time in the future, severely damaged. Finally, healthcare reform is not just an American problem. Every healthcare system in the developed world faces severe challenges of rising costs and diminishing access. And the answers are not in sight.

These are challenging times. The tattered fabric of business, insurance, finance, healthcare and government inherited from the 20th Century is unraveling in the 21st. While the ultimate consequences are unknown, one thing is certain: **The world in which we work is rapidly changing in complex and unpredictable ways.**

But, challenging times also present great opportunities. History is clear that, in periods of rapid change, *highly adaptive organizations* have great competitive advantage. They do wonderful things. They make a difference!

If you want to make a difference in healthcare, this book is written for you. Entitled *Designed to Adapt: Leading Healthcare in Challenging Times*, it shows how you (and people like you) can become difference-makers.

Centered on healthcare specifically, each chapter develops and translates the evidence-based and real-life experiences that show how success in changing times is dependent on recognizing and then acting on three consistent lessons learned by successful adaptive innovators:

1. The Challenge – Your future success is not dependent on what you have done in the past or are doing now, but rather on how you adapt what you are doing to a constantly changing environment.
2. The Warning – The structures and systems of your current organization and the habits, behaviors and values of the people embedded within them always slow, stall and usually stop adaptive change (Disruptive Innovation).

(Continued...)

Times Are Changing (Continued...)

3. The Opportunity – Those few organizations strategically and operationally "designed to adapt" have competitive advantage in a rapidly changing world (Adaptive Design[®]).

Therefore, the evidence is clear on *what* to do. Achieving lasting results means much more than holding your ground or just changing "things," like facilities, processes, product lines, technology or org charts. Sustainable competitive advantage also requires changing minds and developing people to continually adapt by rapidly creating, testing and validating new ways to work.

Those are the facts. Now the hard part: *How* to do it. The difficulty is always *how* to consistently execute in the face of organizational barriers and the inertia of people (e.g., staff, physicians, management, government, even patients) who don't want change. But there is a tested solution. As you will discover in this book, Adaptive Design is the proven "how-to" method for making a difference in healthcare.

Adaptive Design is based on Disruptive Innovation strategy and the leadership and management principles Toyota developed to continually adapt. What's Toyota's "disruptive" secret? Surprisingly, it is not "better process improvement" but rather their unique leadership and management methods that are "designed to adapt." While formerly stronger companies fail, Toyota adapts, survives and grows by building into their organizational DNA the capability to change minds and develop people to adapt to meet complex, dynamic, unpredictable opportunities.

This book shows how that same adaptive capacity can work for you in healthcare!

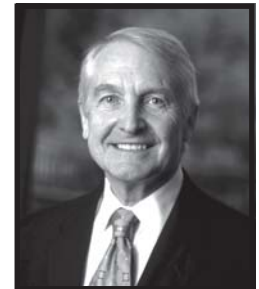
The chapters offer instruction on how to lead in challenging times. But it is not just for senior management. In Adaptive Design, everyone is empowered and everyone is accountable for taking the lead in adapting their corner of the organization to the new realities that surround them.

For healthcare, leading in challenging times means revitalizing trust, optimism, high performance and innovation

that makes a difference for patients. That's everyone's job. It's a tough uphill journey, but you can do it. *Designed to Adapt: Leading Healthcare in Challenging Times* will show you how.

Contact me at jkenagy@kenagyassociates.com and you will be notified as soon as the book is available in early 2009. Times are changing. Now is the time to learn to adapt.

Dr. Kenagy is busy finishing his book that will be published soon and as his columns in this newsletter indicate, it will focus on how management creates organizational capacity for innovation. You can contact him at jkenagy@kenagyassociates.com. ©2008 John W. Kenagy, MD, MPA, Director, Kenagy & Associates, LLC (K&A)



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."

Are You Participating in Obama's Healthcare Reform Discussions?

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

Are you participating in the healthcare dialogue invitation from President-elect Obama? Mr. Obama is encouraging interested Americans to host informal gatherings between December 15-31, 2008, to brainstorm about how to improve the U.S. healthcare system (see his transition website at www.change.gov and click on the "Health Care Discussions" box):

"In order for us to reform our health care system, we must first begin reforming how government communicates with the American people. These Health Care Community Discussions are a great way for the American people to have a direct say in our health reform efforts."

Tom Daschle, Mr. Obama's nominee for secretary of health and human services, expects to attend at least one of these healthcare discussions, and will prepare a detailed report for President-elect Obama on the discussions.

President-elect Obama has made healthcare reform one of his top priorities. During the election campaign Mr. Obama emphasized that his major healthcare priority would be to ensure broader access to healthcare for the uninsured. He stated that his plan "builds on the existing healthcare system, and uses existing providers, doctors, and plans." He also has stated that "Under the Obama-Biden plan, patients will be able to make healthcare decisions with their doctors, instead of being blocked by insurance company bureaucrats."

However merit-worthy and necessary healthcare reform might be, there are several blockbuster issues that may make it extraordinarily difficult for the Obama administration to enact any major healthcare

reform. First and foremost, our continuing economic meltdown is and must be the number one priority until it is resolved or at least on the right path, which unfortunately most think won't happen until at least late in 2009 or in 2010. Secondly, Mr. Obama's healthcare reform proposals are going to require major new monies, and it is doubtful that there will be any monies left after the hundreds of billions/trillions of dollars being thrown at our economic mess. And finally, true healthcare reform will require major actions by Congress, which repeatedly in the past has been unwilling or unable to adopt the needed fundamental reconfiguration of our entire healthcare system and instead has tended to adopt small, cosmetic band aids.

Nevertheless, Mr. Obama is the President-elect because the American people want major changes in our country and believe that he is the one who can make that happen. And he might just be able to pull off major healthcare reform, so shouldn't all of you hospital CEOs be participating directly this month in his grassroots healthcare reform discussions so that you can have a significant voice in any such reform?

I would like to hear your comments.

Send them to:

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Season's Greetings from FYA!

We wish you a joyous holiday season,
a prosperous New Year
and good health to enjoy both.

Uninsured Put a Strain on Hospitals

As increasing numbers of the unemployed and uninsured turn to the nation's emergency rooms as a medical last resort, doctors warn that the centers – many already overburdened – could have even more trouble handling the heart attacks, broken bones and other traumas that define their core mission.

The New York Times reports even before the recession became evident, many emergency rooms around the country were already overcrowded, with dangerously long waits for some patients and the frequent need to redirect ambulances to other hospitals.

"We have no capacity now," said Dr. Angela F. Gardner, the president-elect of the American College of Emergency Physicians, which represents 27,000 emergency doctors. "There's no way we have room for any more people to come to the table."

In a new report, her group warns that the nation's system of emergency rooms is in "serious condition." Dr. Gardner argues that any public discussion of overhauling the current health system must include the nation's emergency departments.

The number of patients coming to emergency departments has been steadily increasing. Helping push up that volume have been the growing ranks of the uninsured. But even insured patients who have no quick access to regular doctors are also showing up – among them older people, who represent the fastest growing population of emergency room visitors.

So far, there are no firm figures on the recent influx. But even two years ago, when a government survey found that the annual volume of visits to emergency departments had reached 120 million – a third higher than a decade earlier –

doctors considered many emergency rooms overburdened.

Now the recession, whose full impact is yet to be seen, threatens to make conditions even worse, emergency doctors say. Hospitals are absorbing increasing amounts in unpaid medical bills, and some are already experiencing much higher numbers of patients without insurance.

Some patients are people who have delayed seeking medical care as long as they can, like those who arrive during an asthma attack after deferring treatment. Doctors around the country are reporting treating people who seem to have no other option. As the recession continues, many officials of the college of emergency physicians predict it is only a matter of time until the rising number of uninsured and the delays in getting primary care create a crisis.

One of the doctors' major concerns is the long waits by patients requiring a hospital bed. The doctors group, surveying its members last year, learned of at least 200 deaths related to the practice of "boarding" – in which patients on stretchers line the corridors until they can be moved into a bed.

"Crowding is a national public health problem," said Dr. Jesse M. Pines, an emergency physician in Philadelphia.

Dr. Ann S. O'Malley is a physician and senior researcher for the Center for Studying Health System Change, a nonprofit group in Washington that has studied emergency services in different communities. While some hospitals have taken steps to reduce crowding and move patients more efficiently from the emergency department into rooms, Dr. O'Malley said, others have responded by expanding their facilities – attracting more patients.

"Emergency departments," she said, "are a kind of barometer of the general health of the rest of the system."

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.