Management on the Mend: The Executive Guide to System Transformation

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CEO Emeritus Thedacare

Targeting Value, Spreading Change

May 25, 2016
In the Year 2000

- 2 Hospitals, including: Cancer Center, Level II Trauma Center, Acute Rehab Unit
- 9 Physician Clinics
- 1 Behavioral Health Location
- 1 Home Care Locations
- 0 Employer Health On-Site Clinics
- 0 Skilled Nursing Facility
- 1 Senior Living Facility
- $400M Revenue

In the Year 2016

- 7 Hospitals, including: Cancer Center, Heart Institute, Level II Trauma Center, Stroke Center, Acute Rehab Unit
- 37 Physician Clinics
- 6 Behavioral Health Locations
- 3 Home Care Locations
- 170 Employer Health On-Site Clinics
- 1 Skilled Nursing Facility
- 1 Senior Living Facility
- Over 1,500,000 Patient Visits
- Over $1 Billion U.S. Revenue
Goals for Today

• Review ThedaCare’s results in the U.S. ACO program
• Understand the fundamentals of building Operational Excellence into Hospital Culture with a U.K. hospital example
• Understand the leadership behavior and management system changes required for success
Score Distribution of 2013 MSSP ACO Quality Performance*
Score Distribution of 2013 Pioneer ACO Quality Performance*
*Year 2 Scoring Methodology

Number of ACOs

Composite Quality Score

0 5 10 15 20 25 30 35
52-54 54-56 56-58 58-60 60-62 64-66 68-70 70-72 72-74 74-76 76-78 78-80 80-82 82-84 84-86 86-88 88-90 90-92 92-94 94-96

BTH
Elements of ThedaCare Pioneer Accountable Care Organization

- 20,000 Medicare fee for service Medicare beneficiaries
- Three year results
- Shared savings each year
- 4.6% reduction in total cost first year
- Lowest overall cost highest quality
How the Pioneer ACO Model Needs to Change Lessons From Its Best-Performing ACO

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Arnold Milstein, MD
Stanford University School of Medicine, Stanford, California.

Stephen Shortell, PhD, MBA, MPH
Division of Health Policy and Management, University of California-Berkeley School of Public Health.

On July 16, 2013, the Center for Medicare & Medicaid Innovation released results from the first performance year of its Pioneer Accountable Care Organization (ACO) Model. The Pioneer program is the first ACO pilot administered by the government and the first to report results. This important experiment may offer lessons for how to avoid Medicare’s predicted fiscal crisis. Even short of that, however, the findings demonstrate that, for the experiment to ultimately succeed, value-based payment and patient incentives to reward clinicians and health care organizations that offer more real value to patients must spread rapidly to other payers. Otherwise, the very delivery systems that are improving cost and quality may drop out of these important experiments.

Pioneer’s First-Year Results
Each of the 32 Medicare Pioneer ACOs has improved quality and patient satisfaction, and the overall Pioneer program generated a total savings of $87.6 million. However, 12 of the 32 ACOs did not achieve significant sav-

How the Best Baseline Performer Continues to Improve
ThedaCare and Bellin have previously been recognized for delivering high-quality care at a low cost, compared with their peers. More recently, ThedaCare’s physician group was ranked first in Wisconsin on a set of clinical outcome measures tracked by Wisconsin’s nationally recognized clinical outcomes database. Examples of measures publicly reported include hemoglobin A1c lower than 7% and breast cancer screening.

This success surprised few observers. More than 10 years earlier, ThedaCare had launched a nationally recognized management system, using principles and practices from Lean Manufacturing, to improve quality and slow growth in per-capita health care spending. Key components include value-stream mapping of processes contributing to high-quality patient care such as patient flow in the emergency department or in an inpatient unit; the application of PDSA (plan, do, study, act) problem-solving cycles; and widespread use of continuous im-
Purpose, Values and Principles

Integrated Human Development, Finance and Information Flow Systems

Management System
Leadership Behaviors

New Operations System
(Model cell experiments with subsequent comprehensive spread)

Scientific Problem-Solving System

Customer Value

Purpose, Values and Principles

Management on the Mend
The Healthcare Executive Guide to System Transformation
John Donabedian, MD
and Ken Shershow

12
### CHEO’s 2015-16 KPIs

<table>
<thead>
<tr>
<th>Exceptional Patient Experience</th>
<th>Connected Care</th>
<th>Education, Innovation, Discovery</th>
<th>Responsible Stewards</th>
<th>One Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety First</td>
<td>Days Matter</td>
<td>Improvements Made</td>
<td>Time Found</td>
<td>Inspiring Workplace</td>
</tr>
<tr>
<td>Reducing and avoiding serious safety events for patients, staff and physicians</td>
<td>Reducing wait lists and wait times because every day matters in the life of a child</td>
<td>Big and small changes that help move our strategy forward</td>
<td>Making the best use of each hour of our time</td>
<td>Engaging our team to improve satisfaction</td>
</tr>
<tr>
<td>Number of incidents of moderate or severe harm to patients and harm to employees / physicians divided by adjusted patient days</td>
<td>The amount of time patients were saved from waiting for a service, compared to previous year</td>
<td>Number of completed CHEO works improvement tickets</td>
<td>Number of worked hours saved due to improved productivity (worked hours per patient activity) compared to previous year</td>
<td>Percent of staff and physicians that provide positive ratings to 6 questions most highly correlated to engagement</td>
</tr>
</tbody>
</table>
## Western Sussex Hospitals True North

### Patient
- **Patient Satisfaction**
- **Friend & Family Test**
  - Target: Overall score 96%

### Sustainability
- **Budget Management**
  - Target: Break even

### People
- **Staff Engagement**
  - Target: Staff Engagement Score Top 20% in country

### Quality Improvement
- **Preventable Mortality**
  - Target: HSMR Top 20% in the country
- **Avoid Harm**
  - Target: Patient Safety Thermometer 99% Harm Free Care

### Systems and Partnerships
- **Flow**
  - Target: RTT < 18 weeks incomplete 92%
  - Target: A&E < 4 hours wait 95%
### Strategic X-Matrix

<table>
<thead>
<tr>
<th>Area of Impact (Resources)</th>
<th>Key Actions (Systems)</th>
<th>Breakthrough Strategic Interventions</th>
<th>True North</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physician Service Finance</td>
<td>X</td>
<td>X</td>
<td></td>
<td>1</td>
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<tr>
<td>ODI Patient Management</td>
<td>X</td>
<td>X</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>OBI</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Legal</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Service Line</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>SLT</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>CMS/CMHC</td>
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<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Laser Control Office</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Computer Management</td>
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<tr>
<td>Pharmacy</td>
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<tr>
<td>Nursing</td>
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<td></td>
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<tr>
<td>Imaging</td>
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</tr>
</tbody>
</table>

**Legend:**
- **W** = Work in progress
- **H** = High Potential
- **I** = Important
- **D** = Do hold
- **U** = Use or Unity level

**Note:** The table and diagram represent strategic planning and resource allocation with specific categories and actions, highlighting areas for improvement and development.
The Impact of Principles

What we discover with a few questions, just “below the surface”. What’s “just prior to” the output (behaviors, methods, tools, artifacts).

Systems (and sub-systems) are networks of interdependent components (including processes) that work together toward a common aim.

There are principles that are “at play” all the time. Like the principles of science (such as gravity) they govern consequences.
1. There is a relationship between principles, systems and tools.

2. We focus on both key results and the best behavior to achieve those results.

3. We actively leverage our systems to drive the best behavior.

Source: Institute for Enterprise Excellence
Create value for the patient

Focus all aspects of the organization on activities that consistently create measurably better outcomes at the lowest cost, highest quality and are valued by the patient, family, community.

Create constancy of purpose

Providing a simple unifying purpose, focusing and aligning all parts of the organization on achieving long-term goals.

Think systemically

Think about how and why components work together across the organization and the impact of your individual area / department on the whole.

Source: Institute for Enterprise Excellence
Lead With Humility

Seek input, listen to understand, be open to new ideas and continually learn. Once we think we have all the answers… we will have failed.

Respect Every Individual

Foster the continuous development of skills & talents in people to create an environment where individuals are actively engaged in improvements. Provide a safe environment - physically & emotionally. Knowledge-flow is one of the most significant competitive advantages.

Learn Continuously

Learning does not stop after graduation. Change is occurring at an exponential rate and we must continue to deepen our understanding and share our learning with others.

Source: Institute for Enterprise Excellence
Focus on process
Focus problem-solving efforts on improving processes - not on fixing people.

Embrace scientific thinking
Seek facts and continuously experiment to learn, improve and achieve desired outcomes systematically. Every employee is a scientist and sometimes experiments don’t always work, but every experiment produces knowledge. Think “win-win.”

Flow & pull value
Challenge our existing processes to create flow of value that streamlines upstream and downstream connections – triggered by customer. Minimize batching.

Understand & Manage Variation
There will always be variation. What is the variation telling us? Our systems and processes produce two type of variation: 1) Random, common cause; 2) Assignable, special-cause. When we don’t know the difference our actions can lead to confusion, delay & waste.

Assure quality at the source
Stop, correct and eliminate defects and problems before moving to the next step, process, department or customer. Do not depend on inspection to provide quality.

Seek perfection
Constantly seeking ways to improve our systems and processes and challenge the status quo.

Source: Institute for Enterprise Excellence
<table>
<thead>
<tr>
<th>ALIGN</th>
<th>[principles]</th>
<th>[leadership]</th>
<th>[management]</th>
<th>[front-line]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Create value for the patient</td>
<td>Establish Direction</td>
<td>Organizing &amp; Translating</td>
<td>Setting &amp; Achieving goals</td>
</tr>
<tr>
<td></td>
<td>Create constancy of purpose</td>
<td>Develop a vision and strategies to achieve that vision.</td>
<td>Establish a structure to achieve the plan.</td>
<td>Identify meaningful goals that can be accomplished in their area that directly affect the overall vision and strategy.</td>
</tr>
<tr>
<td></td>
<td>Think systemically</td>
<td>Set high but reasonable targets.</td>
<td>Organize and allocate resources.</td>
<td>Daily report on status and needed support.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communicate the direction on a regular basis.</td>
<td>Monitor structure to ensure consistency and alignment to plan.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ENABLE</th>
<th>Lead with humility</th>
<th>Motivate, Mentor, Inspire</th>
<th>Empower, Involve &amp; Coach</th>
<th>Develop &amp; Share</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Respect every individual</td>
<td>Energize people to develop and overcome barriers to change. Daily be in the work area to listen to understand.</td>
<td>Empower authority within parameters of area to improve and solve problems. Break-down silos by involving cross-functional teams to solve value stream issues.</td>
<td>Be a self-developer. Find opportunities to grow and develop to better support the organization. Share with others what is working and what is not working.</td>
</tr>
<tr>
<td></td>
<td>Learn continuously</td>
<td>Embrace failure; celebrate success.</td>
<td>Coach problem solving daily.</td>
<td></td>
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<table>
<thead>
<tr>
<th>IMPROVE</th>
<th>Focus on process</th>
<th>Break-through Thinking</th>
<th>Monitor &amp; Maintain Predictability</th>
<th>Adapt &amp; Adjust</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Embrace scientific thinking</td>
<td>Continuously learn by listening, seeing and translating observations. Support new models of care delivery developed by front line.</td>
<td>Monitor the outputs of each system to ensure stability and a standard outcome. Continuously challenge the process to identify areas of improvement.</td>
<td>Adapt the tools by making incremental adjustments that all shifts agree with. Treat tools as a countermeasure not a solution. Structurally solve area problems daily.</td>
</tr>
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Purpose, Values and Principles
THEDA®CARE
CENTER FOR
HEALTHCARE VALUE

Targeting Value, Spreading Change
Lehigh Valley ER Model Cell Results

• Avoided spending $18 million on a new facility while serving a growing population.

• Six months before implementation of the ER model cell in 2011, the Muhlenberg ED diverted ambulances to other hospitals 50 hours each month. For 12 consecutive months after implementation, there were zero diversion hours.

• The rapid assessment unit has maintained an average of 26 minutes between the time a patient arrives and sees a provider.

• Time-to-treatment has decreased by 30 minutes.
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Purpose, Values and Principles
The Framework of the Lean Central Office

• Teaching center for Lean concepts
• Develop the health system’s existing and future leaders
• Facilitate lean activities
• A single improvement system
Customer Value

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Purpose, Values and Principles
The Orientation to New HR Procedures

Respect for people
No layoff philosophy
Re-deployment
Dealing with poor performing employees
Profile of the ideal manager behavior
Change management
• Finance experts become part of the clinical team

• Proactively support clinical teams to identify opportunities for financial improvement

• Move away from budget cops to improvement supporters

• Create financial forecasts to look ahead instead of retrospective review
• IT should work with operations to build information flow for improvement

• Apps developed at ThedaCare on an iPhone
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Purpose, Values and Principles
"Most of what we call management consists of making it difficult for people to get their work done."

- Peter Drucker
Management Roles

Status of the Business:
- Information
- Continuous Improvement
- Metrics
- Escalation

Strategy
Goals
Purpose
- Mentoring
- Teaching
- Barrier Removal
- Strategy
- True North

Executive Functions
- Strategic
- Innovative
- Weekly/Monthly Assessment
- 10-25% Standard Work

Goals
- Tactical Management
- Control
- Daily assessment
- 50-75% Standard Work

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Management By Process

- Andons
- A3 thinking
- Daily patient and business status sheet
- Daily performance-and-defect review huddle
- Unit-based leadership teams focused on achieving results
- Standard work for leaders and supervisors
- Standard work audits
- Visual progress tracking
How Does A Lean Leader Behave

Traditional Manager

Technical specialists solving problems using complex methods.

Lean Manager

Everyone solving problems using simple methods.

Source: Lean Enterprise Institute
How Does A Lean Leader Behave

Traditional Manager

Managers do not like problems.

Lean Manager

Managers make problems visible.

Source: Lean Enterprise Institute
The hardest thing is to build the culture of trust. It starts with sincere interest in the other person.

- Manifest by the type of questions asked
- Do we genuinely care what the other person has to say or are we looking for confirmation of our answers?
- Listening is not waiting to talk
Great Leaders Ask Good Questions

• Focus on questions that start with “what” and “how”

• Avoid “yes” “no” questions

• Questions should be open ended

• Avoid asking questions that have an embedded solution (your solution) implied
### Exhibit 2: White Coat Leadership Characteristics Versus Improvement Leadership Characteristics

<table>
<thead>
<tr>
<th>White Coat Leadership</th>
<th>Improvement Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibits an “all knowing” attitude</td>
<td>Demonstrates humility</td>
</tr>
<tr>
<td>Adopts an “in charge” posture</td>
<td>Exhibits curiosity</td>
</tr>
<tr>
<td>Demonstrates autocratic tendencies</td>
<td>Facilitates improvement efforts</td>
</tr>
<tr>
<td>Adopts a “buck stops here” approach</td>
<td>Teaches others</td>
</tr>
<tr>
<td>Shows impatience</td>
<td>Learns from others</td>
</tr>
<tr>
<td>Blames others</td>
<td>Communicates effectively</td>
</tr>
<tr>
<td>Controls others</td>
<td>Perseveres</td>
</tr>
</tbody>
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