

Connecting the Dots Core Leaders Make it Happen

Michael D. Pugh
President
MdP Associates, LLC

Prepared for

CHA Patient Safety Congress
October 22, 2019

MdP Associates, L.L.C.
assisting clients with strategies for improvement

1

Conflict of Interest Declaration

Michael Pugh has no conflicts of interest related to this presentation and nothing to disclose.

- Except that he does sometimes have outlandish opinions...
- And he has a very cute granddaughter



Michael D. Pugh 2019 All Rights Reserved

2

2

Session Objectives

- Describe the important role of Core Leaders in improving quality and safety.
- Identify Core Leader key competencies and skills required for development.
- Perform a self-evaluation of your organization's approach to core leader development.

3

Who are the Core Leaders?

- Everyone “in the middle” responsible for managing and leading divisions, departments, functions, programs, and/or clinical teams
 - Managers
 - Directors
 - VP's
 - Supervisors
 - Clinical Leads
 - Division Leaders
 - Clinical Team Leaders
 - Program Managers
 - Physician Leaders

1. What do they need to know?

2. How do we develop required skills?

4

Table Discussion 3 (10 Minutes) Thinking about the Present

- What are the three biggest challenges facing your hospital today?
- How are those challenges impacting your daily work as a manager/leader?
 - Think about and write down 3 major challenges
 - Share and discuss at your tables
 - Be prepared to share

5

Are we having fun yet?

- These aren't the "good old days" for hospital leaders and managers
 - Payment system changes
 - Critical physician and clinical staff shortages
 - Increasing overhead to comply with regulations and external requirements
 - Stalled quality and safety improvement efforts
 - Physician and clinical staff "burn out"
- Increasing cost and demand for new technologies
- Increased competition from "known players"
- Increased competition from new entrants (Walmart, CVS, Optum)
- Increased pressure to reduce operating costs
- Decreasing rates of productivity
- Shift in focus to Population Health— which at its core means reducing admissions
- Mergers and pressure to merge

6

And the short term (2-3 years) future...

More and FASTER

- Price transparency
- Quality and safety transparency
- Accelerated shift from Fee-for-service to forms of “risk” payments
- Need to protect outpatient services from new competition
- Mergers and consolidations to create larger systems
- Increased Physician and clinical staff anxiety
- Pressure on tax exempt status
- Millennials and changing patient/consumer expectations
- Uncertain federal and state policy directions

Michael D. Pugh 2019 All Rights Reserved 7

7

Seismic Shift from Inpatient to Outpatient (Medicare)

Fiscal Year	Outpatient visits per FFS Part B beneficiary	Inpatient discharges per FFS Part A beneficiary
2007	0	0
2008	~10	~0
2009	~15	~-5
2010	~20	~-10
2011	~25	~-12
2012	~30	~-15
2013	~35	~-18
2014	~40	~-20
2015	~42	~-20
2016	~43	~-21
2017	43.5	-20.4

Note: FFS (fee-for-service). Data include general and surgical, critical access, and children's hospitals.
 Source: MedPAC analysis of CMS's inpatient and outpatient claims and enrollment data.

Courtesy of Mark Grube, Kaufman Hall

Michael D. Pugh 2019 All Rights Reserved 8

8

Crystal Ball—What might the future (10 years) look like?

- **Emergence of new national hospital systems**
 - Mergers of large regional hospital systems into national systems
 - Increased insurance capability
 - Kaiser's on steroids?
- **Emergence of outpatient systems independent from hospitals**
 - United Healthcare's Optum is now the largest employer/contractor of physicians +45,000 plus surgery centers and other outpatient venues
 - CVS/Aetna merger and focus on retail primary care
 - Humana shifting from an insurance to "a healthcare company with elements of insurance."
 - Private equity funding independent physician organizations
- **Digital as a new health care services delivery mechanism**
 - Walmart, Haven, Amazon and others
- **Hospitals as EDs, ICU's and Technology Centers**
 - You have to be really sick....

Michael D. Pugh 2019 All Rights Reserved

9

9

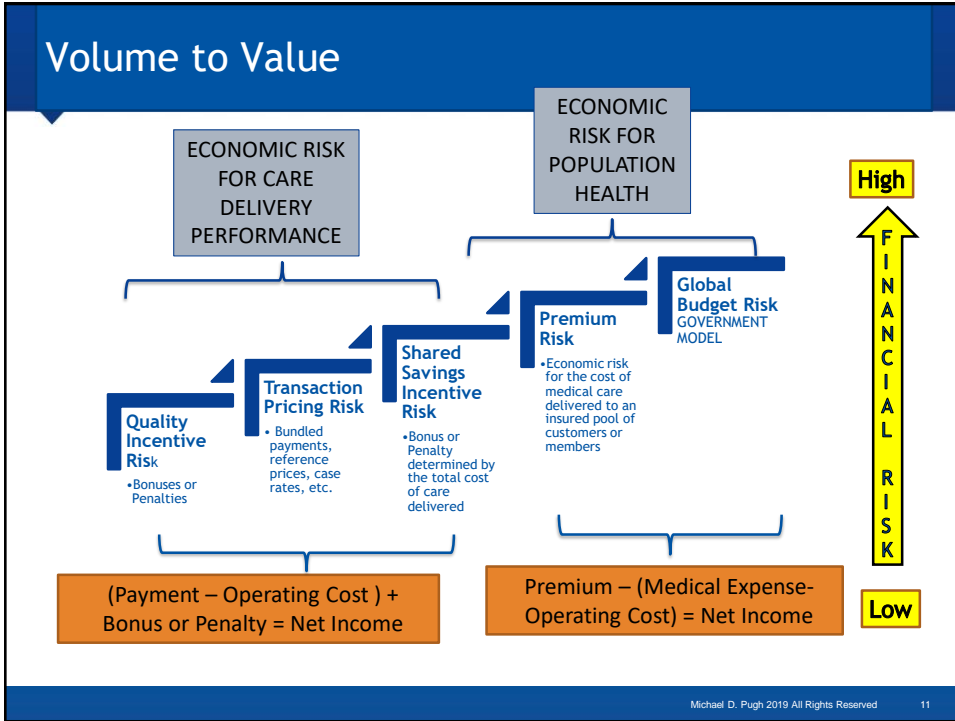
The Good News...

- We have been here before, or perhaps we never left...
- Hospitals have responded to environments of rapid and disruptive change since the passage of Medicare/Medicaid in 1964.
- 1960's Socialized Medicine (Medicare/Medicaid)
- 1970's Investor-owned hospital chains
- 1980's DRGs and Balanced Budget Act
- 1990's Managed Care & HMOs
- 2000's Mergers and Quality
- 2010's Affordable Care Act
- 2020's Value, Cost, Transparency & New Entrants

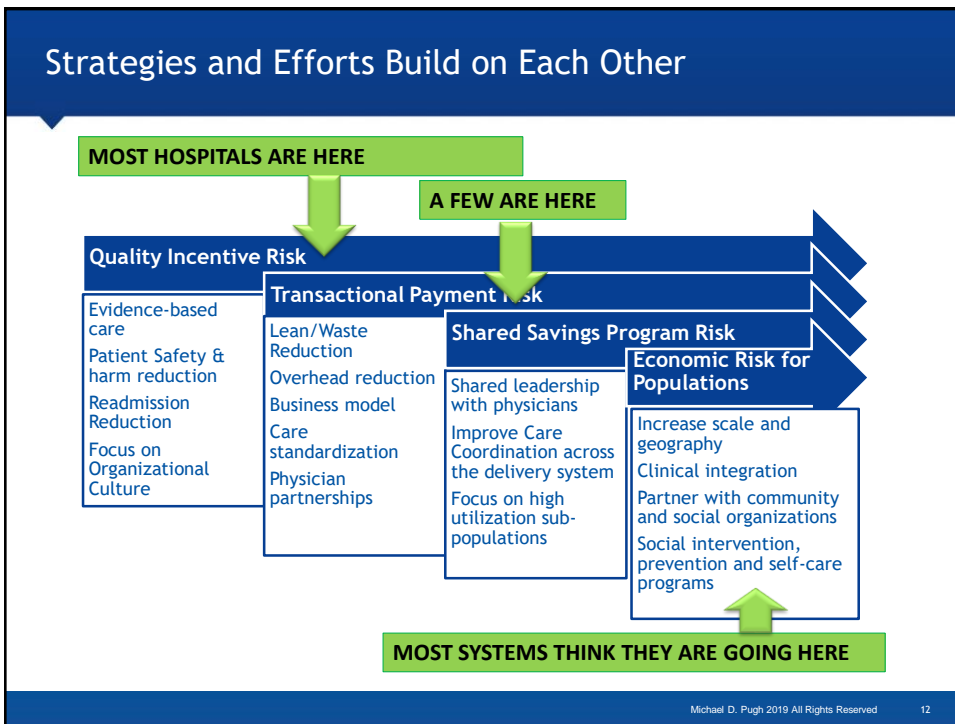
Michael D. Pugh 2019 All Rights Reserved

10

10



11



Increasing Transparency in our Internet World...

Table Discussion (5 minutes)

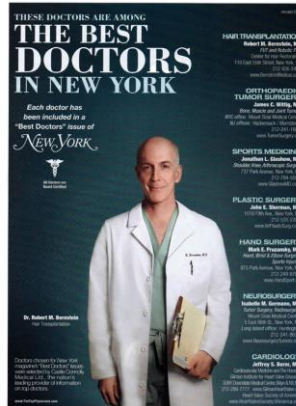
- How good does the public think you are?
- Do you know how you compare to your competition and peers?

13

Ratings and Rankings: Most Healthcare Leaders are Skeptical (often for good reason)

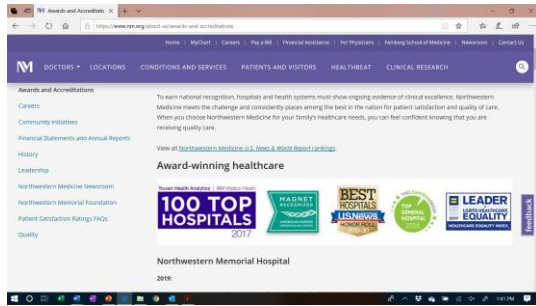
Doctors chosen for *New York* magazine's "Best Doctors" issues were selected by Castle Connolly Medical Ltd., the nation's leading provider of information on top doctors.

www.TheTopPhysicians.com



14

When the rankings and ratings are good....



Innovation, experience and performance. Scientifically proven to improve lives.

UCHealth has been widely recognized for high-quality care. UC Health and Good Samaritan - Best in Colorado - Ranked 10th Top Doctor by U.S. News & World Report.

High Hospital Survival Rates
27.3% higher survival rate results in 323 lives saved annually, compared to other U.S. hospitals.

Continued Around You
Top 25% in patient satisfaction.

A Safe Place
Top 7% in keeping you safe, reducing risk of infection.

Numbers You'll Like
72% of patients are satisfied with care.

More You Time
11.6% shorter average of stay.

Bone Marrow Transplants - Exceeding national expectations. Rating yours.

22% higher survival rate than expected for allogeneic bone marrow transplants.

Top 10% in the country.

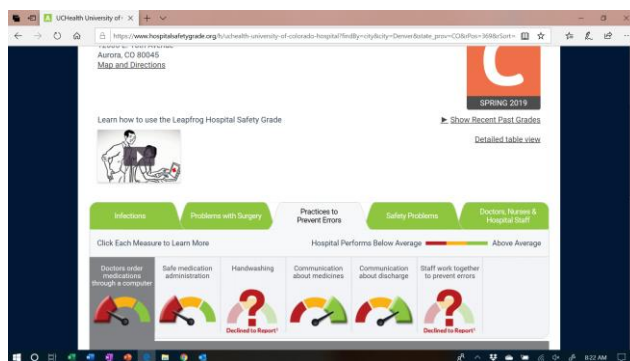
1 of 5 centers to exceed expectations for a straight year.

What does this mean to you?
At UCHealth, our focus is on you. We provide you with the safest environment, the best experience and the best outcomes so you can live your extraordinary life.

15

Leapfrog Hospital Safety Grades

Hospital Name	This Hospital's Grade
Medical Center of Aurora 1561 E. Polansky Street Aurora, CO 80015-5859	A
UCHealth University of Colorado Hospital 17505 E. 16th Avenue Aurora, CO 80045	C
Rose Medical Center 4527 E. 9th Avenue Denver, CO 80232-2941	A
Presbyterian-St. Luke's Medical Center 1739 E. 19th Avenue Denver, CO 80218-1261	A
Centura Health-Porter Adventist Hospital 2028 S. General Street Denver, CO 80210-5876	B
Saint Joseph Hospital 1375 East 19th Avenue Denver, CO 80218-1151	A



16

Understand how you compare in Public Rankings/Ratings

- At least annually create a comprehensive analysis of the publicly available rankings and ratings for your organization.
 - Look at multiple rankings, not just a single site.
- It may be flawed and imperfect information, but it is being used by payers, regulators, potential partners, others...

“If you are going to be naked, you better be buff”

Jim Reinertsen MD

Michael D. Pugh 2019 All Rights Reserved 19

19

Result of Multiple Rating Systems Analysis

<div style="background-color: #004a87; color: white; padding: 2px; font-weight: bold; font-size: 0.9em;">Above Market Average</div> <ul style="list-style-type: none"> • John Muir Medical Center-Concord Campus • John Muir Medical Center-Walnut Creek Campus • Sutter Davis Hospital 	<div style="background-color: #4caf50; color: white; padding: 5px; font-weight: bold; font-size: 0.9em;">1 Standard Deviation Better Performance</div>
<div style="background-color: #004a87; color: white; padding: 2px; font-weight: bold; font-size: 0.9em;">Average</div> <ul style="list-style-type: none"> • Kaiser Foundation Hospital - Antioch • Kaiser Foundation Hospital - Vacaville • Kaiser Foundation Hospital - Vallejo • Kaiser Foundation Hospital - Walnut Creek • NorthBay • Queen Of The Valley Medical Center • Sutter Medical Center, Sacramento • Woodland Memorial Hospital 	<div style="background-color: #2196f3; color: white; padding: 5px; font-weight: bold; font-size: 0.9em;">Similar Performance</div>
<div style="background-color: #004a87; color: white; padding: 2px; font-weight: bold; font-size: 0.9em;">Below Market Average</div> <ul style="list-style-type: none"> • Methodist Hospital of Sacramento • Sutter Delta Medical Center • Sutter Solano Medical Center 	<div style="background-color: #f44336; color: white; padding: 5px; font-weight: bold; font-size: 0.9em;">1 Standard Deviation Worse Performance</div>

MdP 2018

Michael D. Pugh 2019 All Rights Reserved 20

20

Four Core Leader Challenges

Being	Being comfortable and confident in your responsibility as core leaders for the quality of care and safety of patients
Setting	Setting the right expectations with your team for quality and safety performance
Monitoring	Monitoring Performance •Getting useful information out of mounds of data and reports
Creating	Creating accountability and shaping culture

MdP 2019

Michael D. Pugh 2019 All Rights Reserved 21

21

Quality and Safety: Two Sides of the Same Coin



Quality: Deliver everything that will help, *and only what will help.* The goal is 100%





Safety: Do no harm. The goal is 0 Events

MdP 2018

Michael D. Pugh 2019 All Rights Reserved 22

22

Mental Models: QA, QC and QI

Quality Control

- Take action when not meeting targets or KPIs
- Regulatory approach
- Monitor performance

Quality Assurance

- Retrospective Review
- Risk Management—Root Cause Analysis

Quality Improvement

- Process and system improvement
- Reduce Variation
- Align outputs to customer needs
- Continuous & part of daily work

Michael D. Pugh 2019 All Rights Reserved 23

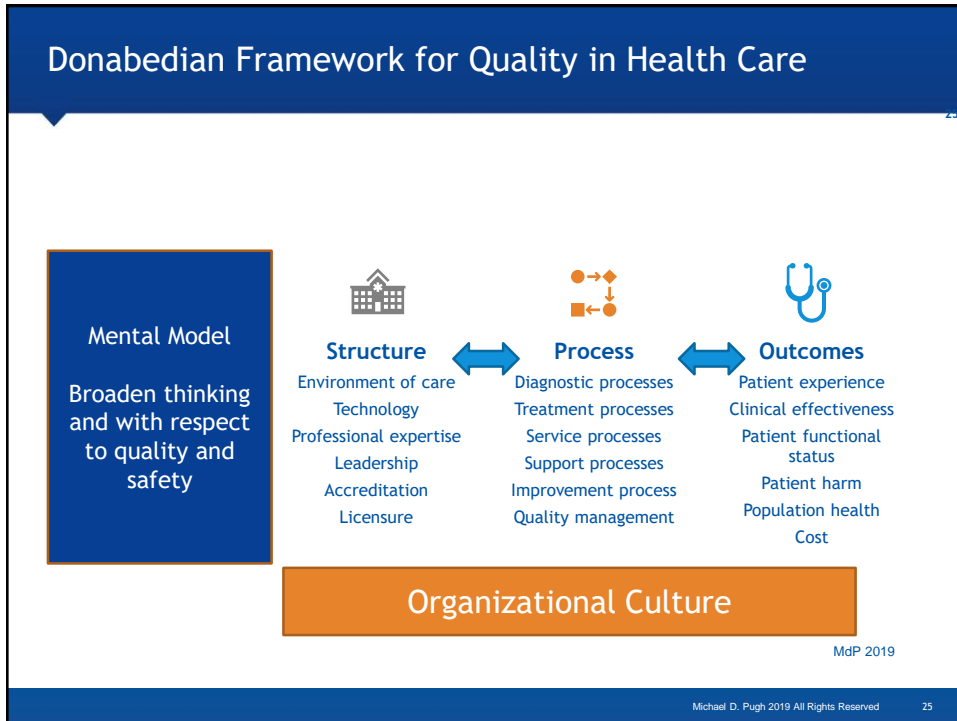
23

New Mental Models Reshape Improvement Efforts

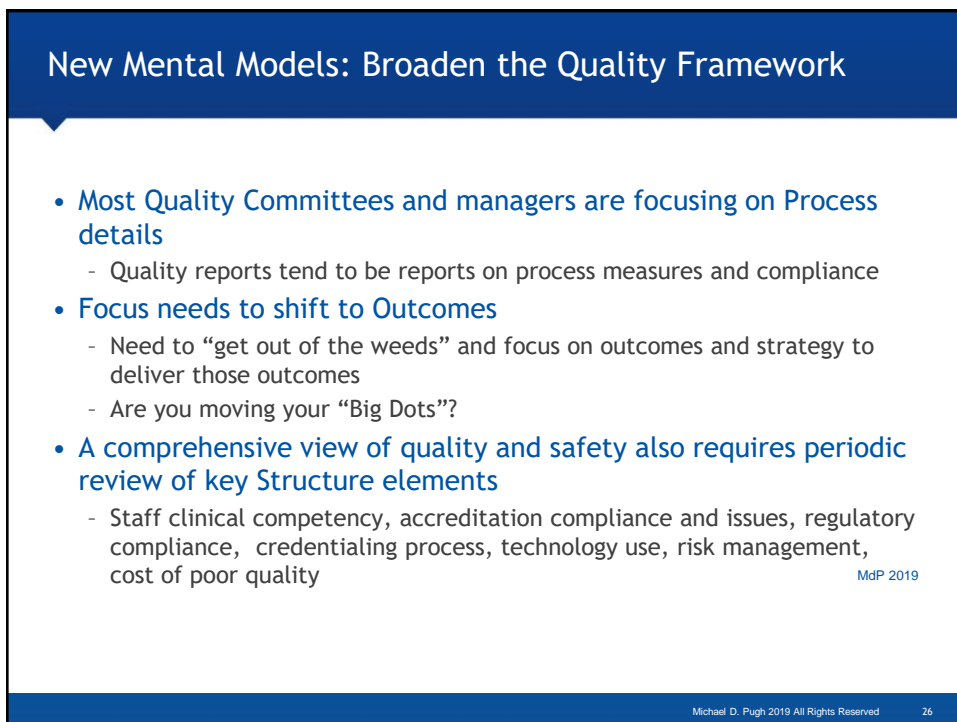
<div style="background-color: #004a87; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 20px auto;"> <p style="color: white; font-weight: bold; margin: 0;">Common Mental Models</p> </div> <div style="background-color: #d9e1f2; padding: 10px; width: 80%; margin: 0 auto;"> <p>Patient Satisfaction driven by being nice</p> <hr/> <p>Improvement projects are in addition to the daily work</p> <hr/> <p>Our aim for patient safety is to be better than others</p> </div>	<div style="background-color: #004a87; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto 20px auto;"> <p style="color: white; font-weight: bold; margin: 0;">New Mental Models</p> </div> <div style="background-color: #d9e1f2; padding: 10px; width: 80%; margin: 0 auto;"> <p>Patient satisfaction driven by engagement of families in care</p> <hr/> <p>Improvement is part of daily work of everyone</p> <hr/> <p>Our aim for patient safety is 0 incidents</p> </div>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Michael D. Pugh 2019 All Rights Reserved 24

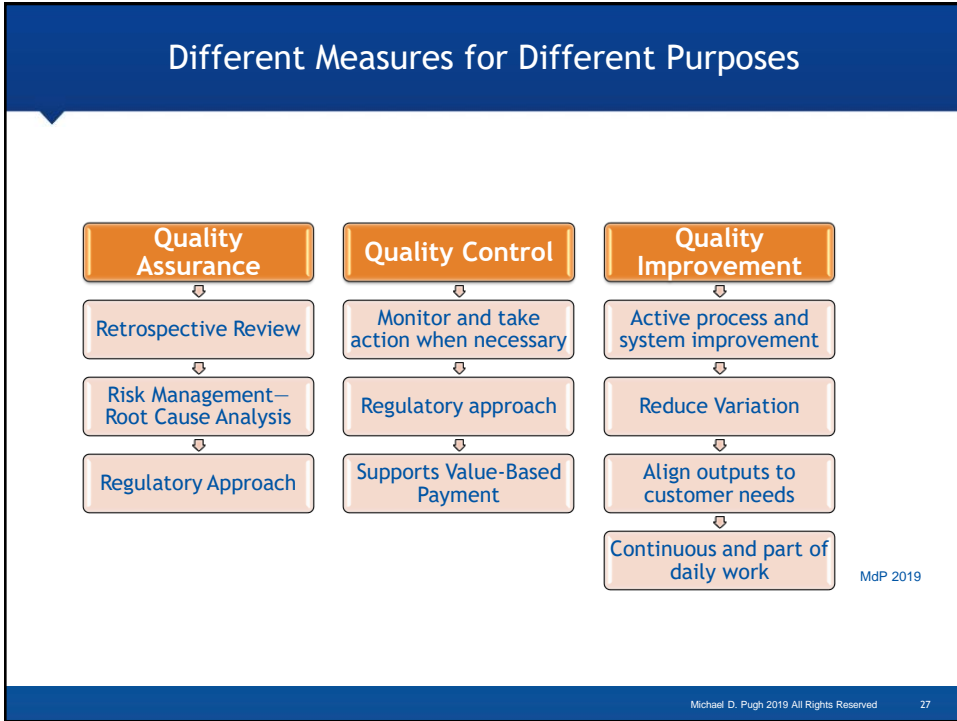
24



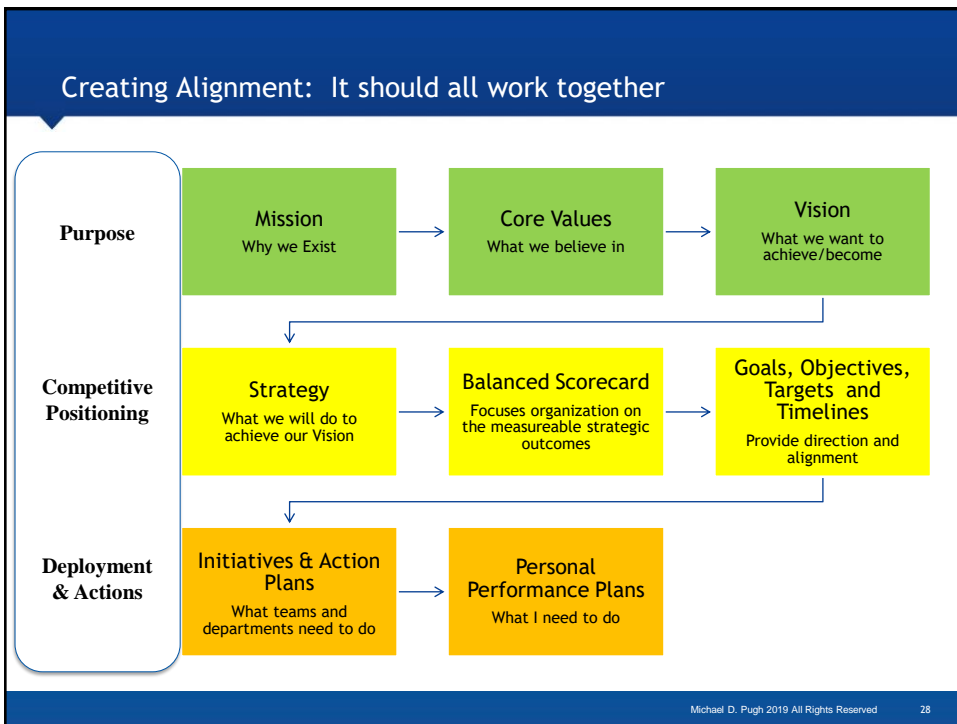
25



26



27



28

Measures and Scorecards Should Be Aligned to Function

Governance Function	Leadership Function	Management Function
<ul style="list-style-type: none"> Link to mission and Vision Outcome measures used to judge overall organizational performance Comparative Performance Measures 	<ul style="list-style-type: none"> Measures related to strategy execution Focal point of leadership system Used to create alignment and focus 	<ul style="list-style-type: none"> Process measures important to daily work Key financial and operational measures Quality Control Measures Quality Improvement Measures

MdP 2014

Michael D. Pugh 2019 All Rights Reserved 29

29

Strategy for Reducing Per Unit Cost (LEAN and HRO)

Traditional Management Strategy:
Control Inputs

Direct Inputs

- Supplies
- Labor

Indirect Inputs

- Structure
- Technology

Quality Strategy:
Redesign and Remove Waste*

Clinical Processes

Support Processes

*waste = unintended variation, rework, error, valueless care, needless complexity, etc.

Measures

- Financial
- Clinical
- Patient Experience

MdP 2003

Michael D. Pugh 2019 All Rights Reserved 30

30

Link Quality and Financial Strategies

Value Added Processing/Value-Based Payment

Five New Value Management Questions:



1. How much does a routine hip* replacement cost now?
2. If perfect care is provided, how much should a total hip cost? (Target cost)
3. How can we redesign the hip replacement care process to reliably deliver it at the target cost?
4. Once the new process is in place, how will we manage care variation?
5. Once we achieve a stable and reliable approach, how can we reduce the cost by at least 5% every year going forward?

* [Substitute any procedure or condition](#)

MdP 2015

Michael D. Pugh 2019 All Rights Reserved 31

31

Creating Alignment: Do you have a real plan to achieve your strategic aims?

Clear AIM	Strategies	Key Projects & Initiatives
<div style="border: 2px solid blue; border-radius: 15px; background-color: #0056b3; color: white; padding: 10px; width: fit-content; margin: 0 auto;"> Improve Patient Experience as measured by Patient Satisfaction Survey </div>	<div style="border: 1px solid blue; border-radius: 10px; background-color: #e6f2ff; padding: 5px; width: fit-content; margin: 5px auto;">Engage Patients in their Care</div> <div style="border: 1px solid blue; border-radius: 10px; background-color: #e6e6e6; padding: 5px; width: fit-content; margin: 5px auto;">Keep them Safe</div> <div style="border: 1px solid blue; border-radius: 10px; background-color: #ffe4c4; padding: 5px; width: fit-content; margin: 5px auto;">Improve the Care Environment</div>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6f2ff; padding: 2px; font-size: x-small;">Discharge Project</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6f2ff; padding: 2px; font-size: x-small;">Population Health Initiative</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6f2ff; padding: 2px; font-size: x-small;">Patient & Family Engagement</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6f2ff; padding: 2px; font-size: x-small;">Clinical Dialog Project</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6e6e6; padding: 2px; font-size: x-small;">Medication Safety Project</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6e6e6; padding: 2px; font-size: x-small;">Fall reduction Project</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6e6e6; padding: 2px; font-size: x-small;">Immunization Initiative</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6e6e6; padding: 2px; font-size: x-small;">Physical Barrier Removal</div> <div style="border: 1px solid blue; border-radius: 5px; background-color: #e6e6e6; padding: 2px; font-size: x-small;">Security Project</div> <div style="border: 1px solid orange; border-radius: 5px; background-color: #ffe4c4; padding: 2px; font-size: x-small;">Food Quality Project</div> <div style="border: 1px solid orange; border-radius: 5px; background-color: #ffe4c4; padding: 2px; font-size: x-small;">Housekeeping Project</div> <div style="border: 1px solid orange; border-radius: 5px; background-color: #ffe4c4; padding: 2px; font-size: x-small;">Communication Initiative</div> </div>

Michael D. Pugh 2019 All Rights Reserved 32

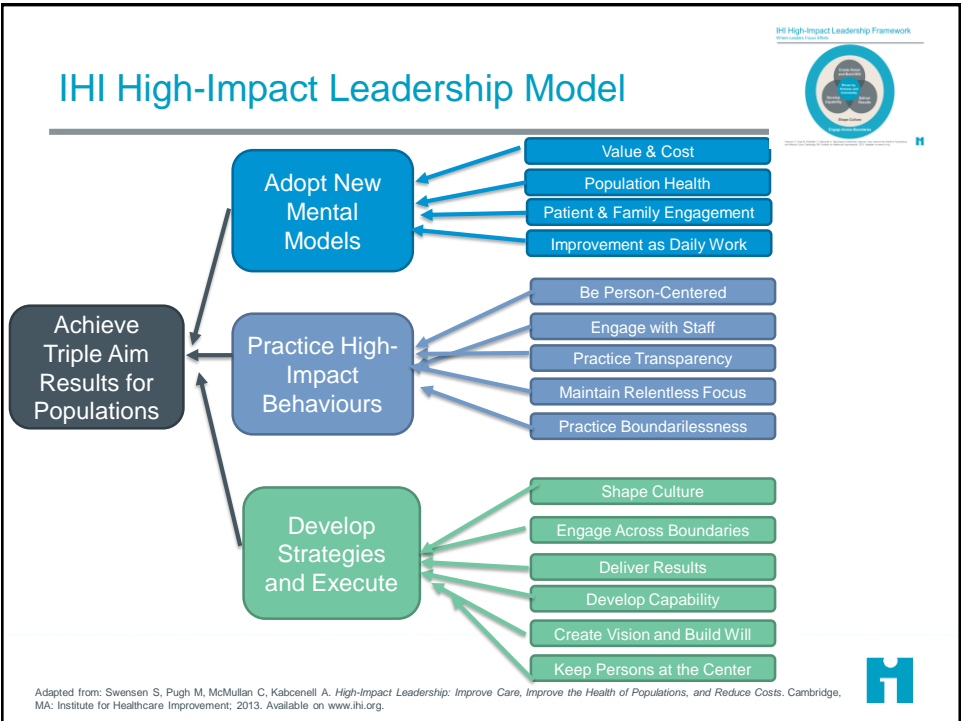
32

Table Discussion (10 minutes)

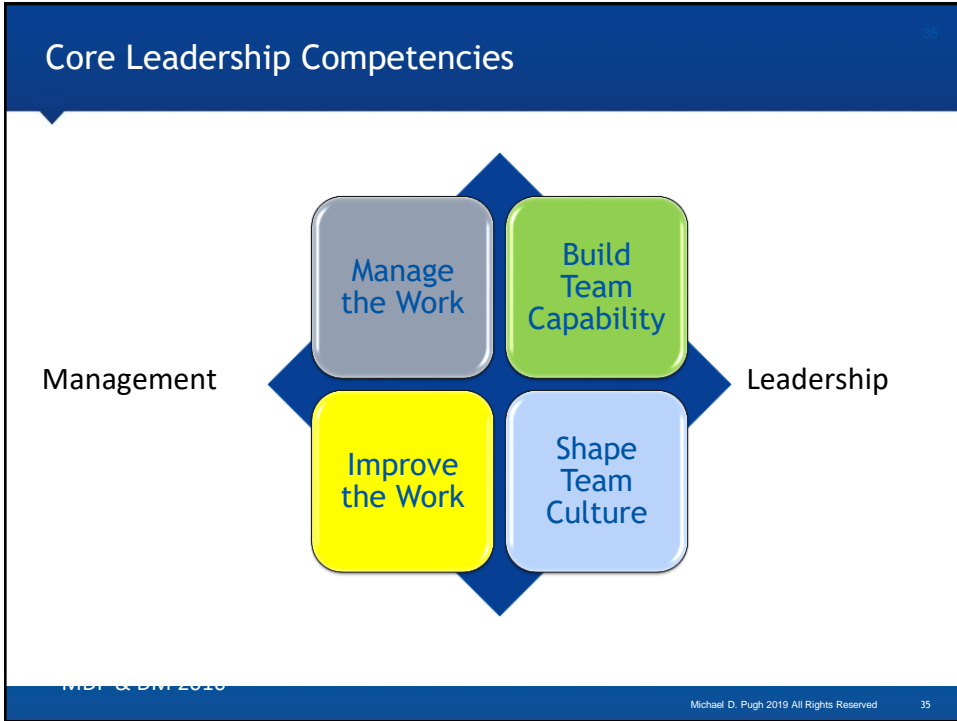
- What skills and knowledge do core leaders need to be successful in this challenging environment?
 - Discuss at your tables
 - Create a list
 - Be prepared to share

Michael D. Pugh 2019 All Rights Reserved 33

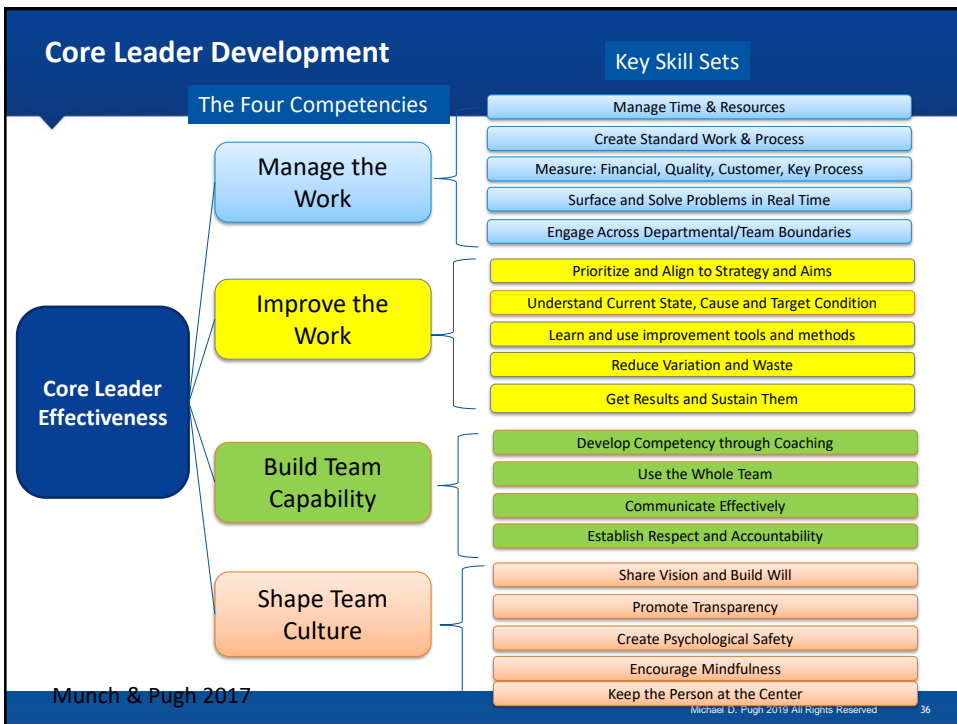
33



34



35



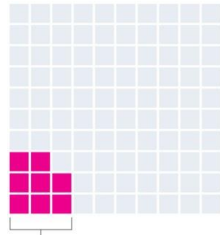
36

Teams and Teamwork

The Power of Trust

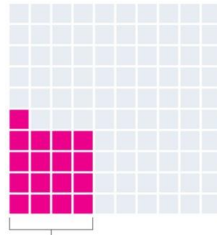
As noted, the share of employees who are fully engaged more than doubles if they are on a team. It *more than doubles again* if they strongly trust the team leader.

Employees who are not on a team



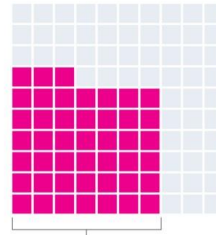
8% are fully engaged

Employees who are on a team



17% are fully engaged

On a team, and have deep trust in their team leader



45% are fully engaged

Source: ADP Research Institute, 2019

HBR

Michael D. Pugh 2019 All Rights Reserved

37

37

The Power of Hidden Teams

- Focus on Trust
- Design teams for human attention
- Learn together
- Put team experience above team location
- Make all work like gig work

MARCUS BUCKINGHAM AND ASHLEY GOODALL, *The Power of Hidden Teams*, HBR The Big Idea 2019

Michael D. Pugh 2019 All Rights Reserved

38

38

The Job of Core Leaders



Paul Batalden, MD

“Every system is perfectly designed to produce the results it gets.”

As core leaders, you are responsible for the results of those systems

Michael D. Pugh 2019 All Rights Reserved

39

39

Connecting the Dots: Core Leaders Self-Assessment

- Fill out the self-assessment on yourself
- Use the self-assessment to evaluate where you need to spend efforts developing your team
- Can be used as a development plan for team members

Michael D. Pugh 2019 All Rights Reserved

40

40

Contact Information

Michael Pugh
President
MdP Associates, LLC
michael@mdpassociates.com
719 671-2668
www.mdpassociates.com

MdP Associates, LLC
among others with Strategic Management