The Making of Tomorrow's Health-care Delivery System

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ABSTRACT

One of the fundamental requirements for maximizing the value of health care to patients/consumers is also one that is most influenced by the actions of health care providers: assuring that improvements in health care processes and provider performance keep pace with the continuous advance of scientific medicine and technology.

Influenced by the shortcomings of today's health care systems, and the promises of the future, leaders in health care are charting new courses toward the construction of an integrated delivery system (IDS). The making of tomorrow's health-care system will likely depend upon the establishment of IDSs that are linked by a common vision, and are characterized by a highly organized plan for integrating the administrative, contractual, financial, and clinical processes of patient care.

In 2006, leaders of the Lancaster General health system declared a new vision: To create an extraordinary health care experience . . . every time. That vision requires a fundamental change in the system so the patient/customer becomes the central driver of the service, and it calls for a higher level of accountability by the organization and its professionals for improving the value of health services. With the inception of this vision, Lancaster General is transforming itself toward an IDS.

THE ANTECEDENT TO CHANGE

Whether we judge our current health care system in terms of quality, safety, service, satisfaction, or cost, it fails not only to meet the expectations of consumers, but in large part it also fails to satisfy those who deliver the services. Moreover, the system even misuses scientific advances and associated technologies. There is a reason for these failures: the remarkable explosion of new science and technology over the last fifty years has not been accompanied by the synchronous development of innovations in both the health-care delivery system and the patient care processes that would allow scientific advances to be used most effectively. This disharmony restricts our ability to implement advancements in a way that systematically and predictably yields measurable value to the consumer.

This dichotomy is illuminated by studies conducted over the last thirty years that describe the problems with America's health-care system, and that offer insights into potential points of impact. The Harvard Medical Practice Study measured the incidence of adverse events in a sample of hospitalized patients, and after extrapolating, concluded that "there is a substantial amount of injury to patients from medical management, and many injuries are of the result of substandard care."[1] Another study explored health system-related deaths of all types, including errors, and concluded that 200,000 to 225,000 deaths occur each year.[2] Most notably, the Institute of Medicine (IOM) published "To Err is Human" in 2000, and "Crossing the Quality Chasm" in 2001.[3,4] Both reports addressed safety errors, quality concerns, and their impact on consumers, and on the basis of some widely debated extrapolations, concluded there is a divergence between the level of scientific and technological advances and the ability of health-care providers and systems to deliver them safely and responsibly. Both publications called for change in today's health-care system.

Of course, the problems with healthcare in America are multi-factorial and include social issues that affect access to health care as well as personal health accountability. There is also a complex and misaligned financial system that distorts incentives, and puts the emphasis on the treatment instead of the consumer. Nonetheless, a case can be made that the factor with the greatest impact on care, and coincidentally also the one most influenced by health-care providers, is the aforementioned advance of technology and health science without the necessary improvements in health-care processes and performance of providers that enhance value to the consumer.

THE VISION FOR CHANGE

The health care leaders of the future will be those administrators and physicians who recognize the shortcomings

of today's health-care system and can see opportunities to improve it. Their vision should not be dismissed as an idealistic dream, but rather as an opportunity to realize a better future. But actually orchestrating major changes in the current misaligned and complex system with its dysfunctional incentives will require leaders with not only courage and ability, but also a talent for innovation, a willingness to act transparently, and a commitment to hold the system accountable by measuring improvements in outcomes.

These administrative and clinical leaders will share a conviction that the structural basis of tomorrow's health-care will be a vertical organization that is geographically broad, together with integration of functional and clinical processes that are engineered for continuous improvement. The resulting construct is an integrated delivery system, IDS.

The Integrated Delivery System

The first generation of this evolution in the healthcare industry arguably began in the early 1980s and 90s with the advent of managed care and the proliferation of consolidated health-care delivery systems or integrated health-care service networks. In the early 2000s, the consumer driven quest for quality, together with a heightened emphasis on organizational and provider accountability and transparency, magnified the significance of this transformation. While the early efforts to consolidate providers into health-care systems failed in large part to increase consumer value, a number of health-care delivery organizations are continuing the efforts to create an integrated delivery system. As early as 1994, a study of eleven integrated delivery systems conducted by Shortell et al. suggested a positive relationship between the level of clinical integration and financial performance.[5] More recently, however, Kautz et al. studied 222 patients who underwent primary unilateral knee replacement, and found no consistent effect of IDS membership on the patients' perception of the coordination of their care.[6]

At present we still don't have enough studies of the impact of IDSs, and their clinical benefits have not been well established through empirical research. The Kautz study implies that an IDS may not benefit the coordination of patient care if the integration is limited to financial, contractual, and administrative processes. IDSs must also implement mechanisms that coordinate clinical care; i.e. they must integrate the systems and processes used to provide care to patients.

For leaders, the compelling lesson from the last decade of experience is thus not only related to the need for everyone in an integrated delivery system to share a common vision, but the strategy for implementing the vision must foster *clinical* integration by engaging *providers* in the use of innovative tools and processes. The clinical silos must give way to a network.

Lancaster General's Vision for a Community Based Health-care Delivery System

In 2006 the Lancaster General health system articulated a new vision: To create an extraordinary health-care experience . . . every time. This seemingly simple goal belies the complex transformation required of every facet of the organization, and the need for change in the performance of the administration, physicians, and staff. The creation of an extraordinary experience requires all those involved in delivering care to a patient, whether for diagnosis or treatment, to appreciate that each individual transaction is part of a continuum of patient experiences over a lifetime of both wellness and ill-health. Furthermore, it requires a fundamental change in orientation so that the patient-customer becomes the central driver of the service.

This vision calls for a greater level of organizational and professional accountability for the value of health services. Realization of this vision is expected to have a profoundly positive impact on the health of the Lancaster County community, and on all those served by Lancaster General. And, at the same time that Lancaster General's leaders are implementing the initial steps toward realizing this vision, they are assessing, interpreting, and implementing the early steps of transformation towards an integrated delivery system.

Implementing the Vision

There are five key factors to successfully implementing the vision of an IDS: *leadership, system management and process improvement, alignment and engagement of physicians, information management strategy, and a customer-oriented and experience-driven approach to delivery of care*.

The first and foremost factor is *leadership*, an essential success factor that requires the development of clinical leaders as well as overall strengthening of administrative leadership in at least four areas: team management, customer relations, systems management methodology, and management of change and innovation.

The second key success factor, *system management and process improvement*, is associated with the need to better manage complex health-care systems and processes between multiple provider organizations. Patient care flow processes along all service and product lines must target "best practice" processes and best performance outcomes in terms of quality, safety, and efficiency.

Another essential success factor that is gaining attention across American health-care organizations is the *alignment and engagement of physicians* in the IDS. Doing so often requires reconfiguration of the medical leadership structure and the medical model of care, not only within each organization or medical practice, but also within each program and service line, and across all the organizations of the IDS involved in the continuum of care. Family doctors and internists play an essential role in attaining the IDS vision because of their role in access to care, overall coordination of care, longitudinal accountability for consumer outcomes, and responsibility for management of chronic conditions. However, coordination of care between primary and specialty physicians, and opportunities for multidisciplinary activities, are often limited by the traditional structures of medical organizations and the models of medical care.

The present model of medical care is largely focused on the individual patient-physician transaction. Although this interaction is important, it places almost insurmountable limitations on the physician's ability to manage complex medical care processes across the continuum of care and the IDS. Physicians are repeatedly frustrated by the poorly designed systems they must use in their daily work, but paradoxically, it is physicians themselves who maintain the practice model and the leadership structure that are a fundamental cause of the system's inadequacies. In order to improve this model, the intrinsic and extrinsic incentives of the physicians must be aligned with the remainder of the health care system.

Organized medical groups associated with an IDS can make important contributions toward solving these problems and overcoming these barriers if they don't just integrate administrative functions, but also create a new care model that transcends traditional practice boundaries and maintains accountability for patient outcomes. IDS medical groups must lead the development of an effectively integrated delivery system by improving their ability to improve planning and performance rapidly and repeatedly across the various practice groups. They must prepare for change and incorporate innovations. Moreover, family practitioners and internists are central to developing the new model that is patient-centered and oriented to life-long healthy outcomes.

Of course, this model implies that the physicians are willing to be held accountable for measurement of outcomes not only at each individual encounter with a patient, but also along a continuum of long-term care over the life of their patients. Further, these medical groups must be willing to accept new compensation systems with new incentive structures that enable and encourage this transformation. Concurrently, IDSs must be willing to take on measured risks associated with those changes.

The fourth success factor is the implementation of an *information management strategy* that features an integrated electronic medical record system and a virtual patient chart. The information management strategy must be patient centered, foster knowledge management, information transfer, and data portability, together with an emphasis on information processes that are also focused on consumer outcomes.

Lastly, the fifth key success factor requires a reorientation of every facet of service operations from an approach designed for the convenience of the caregiver to one that is designed around the patient/customer's experience. An *experience-driven model* of service requires the use of analytical tools more like those in other service industries such as resorts and hotels, where the concept of providing an extraordinary experience is fundamental to their corporate culture.[7] New methods for managing customer relations in health care include making process improvements based on patient/consumer preferences. Major points of contact with the consumer (so-called "touch points") are continuously refined based on customer feedback and analysis of indexes of loyalty. A successful consumer experience requires service amenities that are orchestrated with an understanding of sophisticated "guest relations."

CONCLUSIONS

The past three decades have generated a groundswell of opinion calling on health-care providers to correct the frailties of our health care system. The divergence between the advances in science and technology, and the inability of health systems to use them safely and

responsibly, is no longer tolerable. Tomorrow's health-care system will likely depend upon the establishment of Integrated Delivery Systems that are linked by a common vision, and are administered with a highly organized plan for integrating the administrative, contractual, financial, and clinical processes of patient care. Such systems will not only provide greater value, but much more satisfying experiences for our patients/customers.

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