

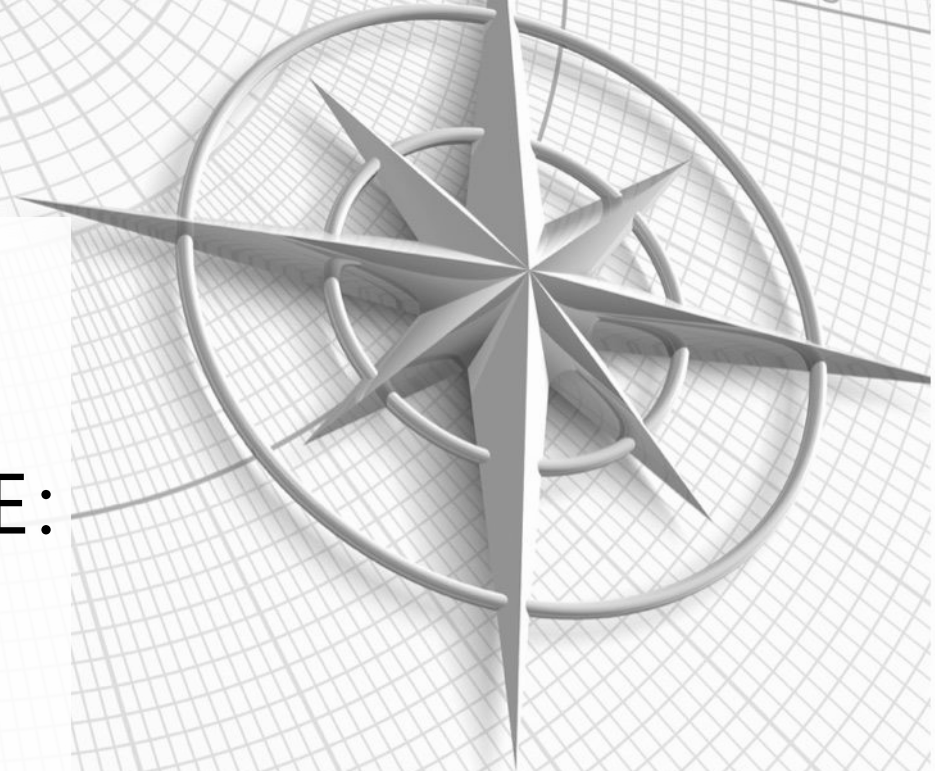
ST. LOUIS AREA BUSINESS HEALTH COALITION //

## **2019 ANNUAL MEETING**

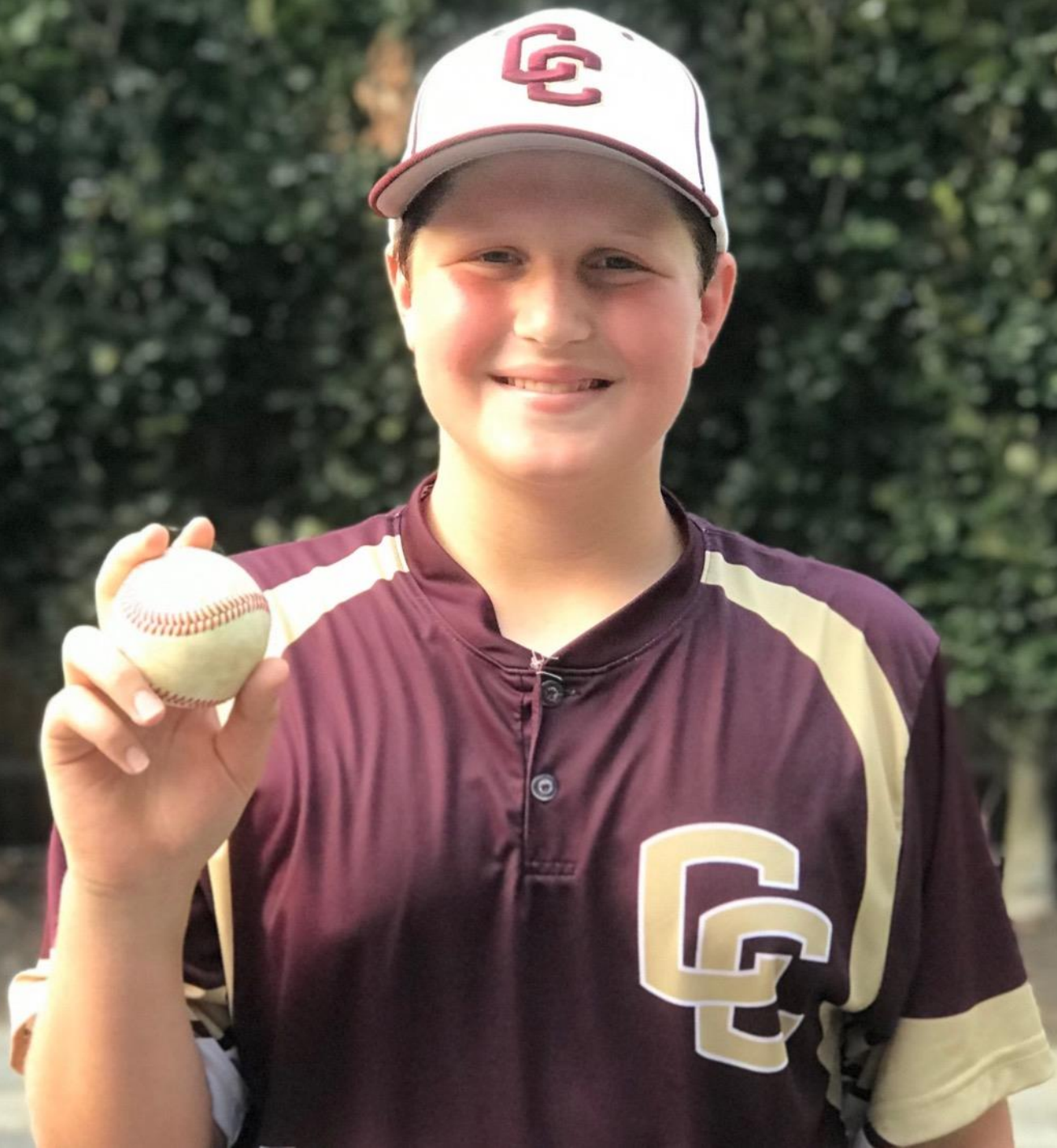
# DISRUPTION IN HEALTHCARE: WHEN WILL IT PAY OFF?

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ST. LOUIS, MO • NOVEMBER 21, 2019







**This shouldn't  
happen... we have to  
tell people to act  
differently!**

**Improve data sharing  
so this won't happen!**

**Drive better hand-offs!**

**Create a navigation  
app to make it easier!**

**Teach our people to be  
more empathetic and  
solve problems!**

**Change the incentives  
so people want to  
work together!**

# Where you allocate your resources defines the game you play

# Option A: "Be Better"



## Option B: "Be Different"



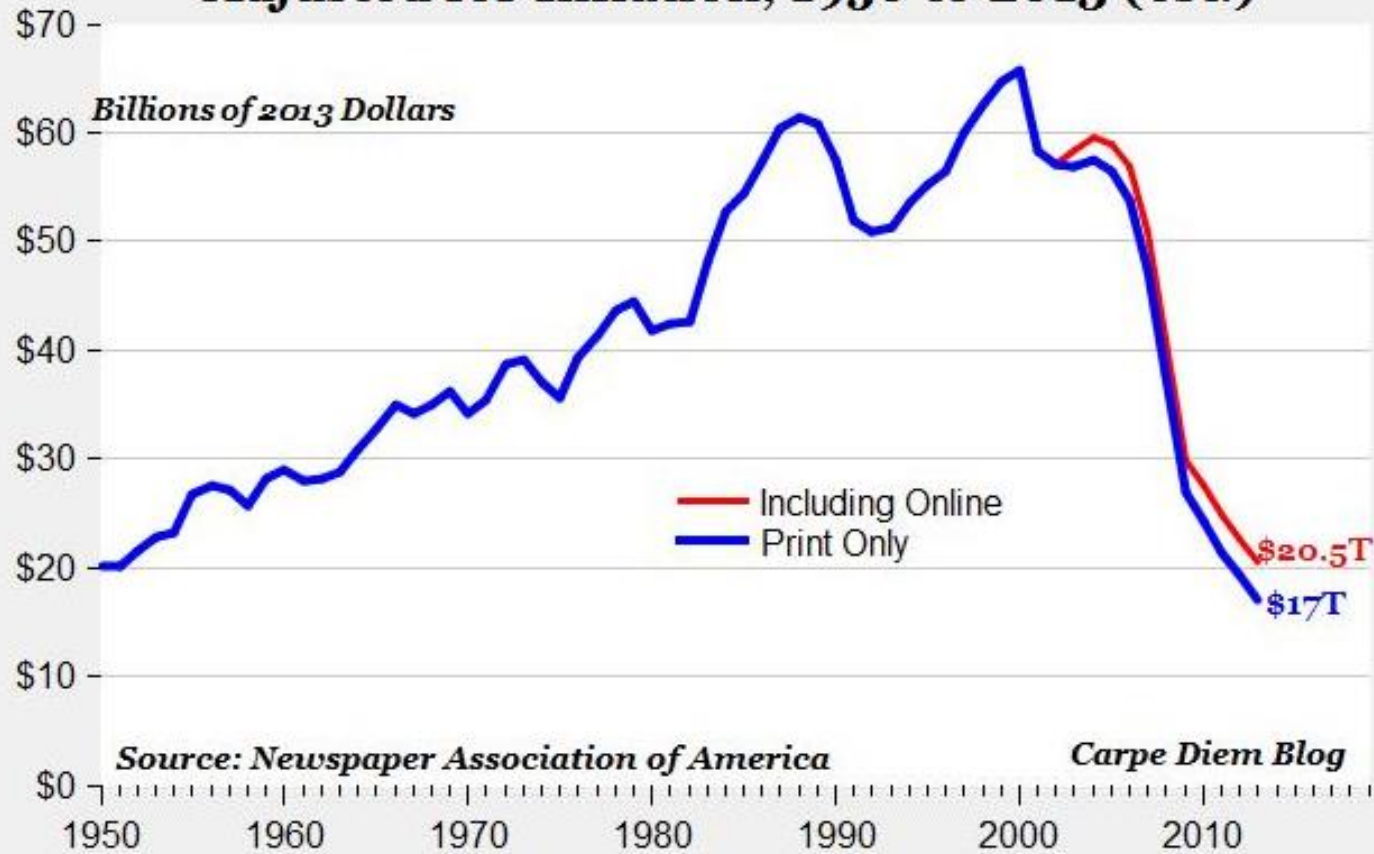
**↑ Affordability    ↑ Accessibility**

**↑ Quality**



# ... that choice can have major repercussions

**Newspaper Advertising Revenue:  
Adjusted for Inflation, 1950 to 2013 (est.)**



**Kodak**

 **Polaroid**



B A R N E Y S  
N E W Y O R K

**Sears**

**COMPAQ**

**SONY**



# Need to do three things to Disrupt

## 1 INCREASE ACCESS



## 2 MAKE AFFORDABLE



Southwest® 48



## 3 IMPROVE QUALITY



NEW BUSINESS MODELS

Is **Disruption** happening  
in Healthcare?

# Healthcare is different... how long will the walls hold?

Industry structure provides unique protection to incumbents

Many still experience growth from core activities, despite industry challenges

Local market dynamics do not enable / encourage experimentation

## ***No demand for Disruption...***

Sponsors and consumers lack demonstrated examples, perceive high switching costs

Historical governance models complicate pursuit of transformation

Fragmentation of industry leads to many leaders lacking needed financial capacity

Intermediaries mute consumers' ability to signal demand for change

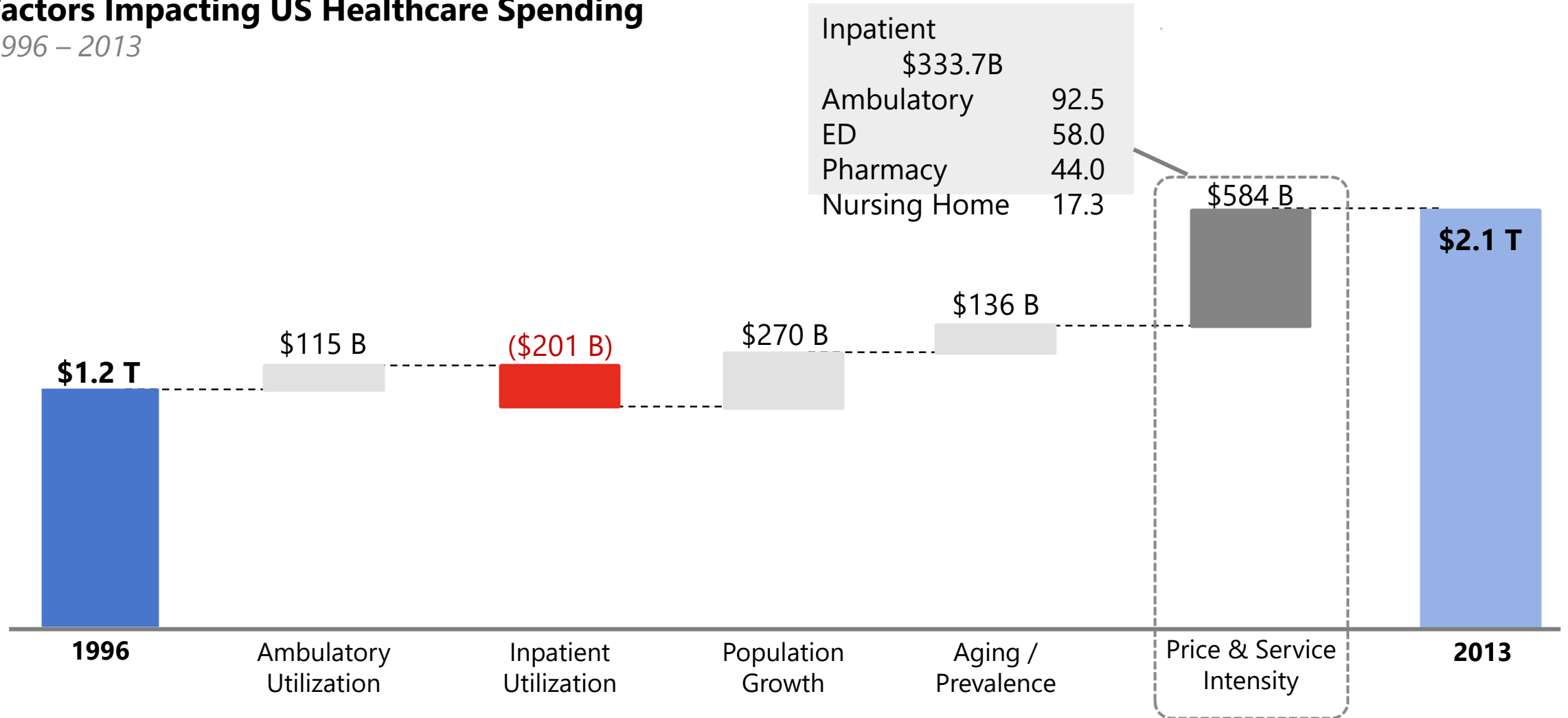




# How are we doing: ACCESS

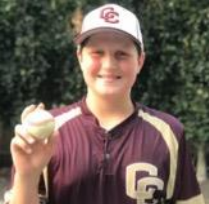
## Factors Impacting US Healthcare Spending

1996 – 2013



# How are we doing: **AFFORDABILITY**





# How are we doing: QUALITY

We look up specialist on Health Grades, rated 3.6

## 3 IMPROVE QUALITY

ER friend sends four specialist names to call

### TUESDAY



Hurts thumb at Practice



See Pediatrician



X-RAY



See fracture, splint hand



EOD, no time to see Hand Specialist



We text two friends ER doc and Radiologist



ER friend tries to pull X-Rays up but can't due to different EHR

We remind assistant MRI is a rush, she calls 1 of 2 imaging centers because will do insurance verify; can see next week

Overwhelmed assistant up front annoyed with MRI request, says call back next week to schedule

Learn splint done wrong and served no purpose

Specialist casts hand, concerned have ligament damage, orders rush MRI

We get appoint at hand specialist

Radiologist friend says don't go to fracture clinic; insists go to specialist, gives name and calls on our behalf

Get 3pm appoint. at fracture clinic

Call children's hospital, specialist sees kids Mon / Fri

Call first two names won't see kids



### WEDNESDAY



We offer to pay for MRI with own credit card if other center has availability; told bill would be \$1k and not insurance eligible then

Both ER and Radiologist text to see if all ok; think crazy can't be seen next day

Both ER and Radiologist contact head of Radiology at community hospital

Radiologist calls office to ensure can do insurance we verify; tells us to call at 10am to schedule MRI

Both ER and Radiologist ensure we will be seen next day (one has spoken to head of Radiology)

We call office at 10am, specialist hadn't sent over information, can't schedule

Radiologist friend calls community hospital to see what problem is, no information in system

We call specialist office, they won't send information to community hospital because have already sent once to imaging center

Call children's hospital and hand specialist has a cancellation, get 9:30am appoint



### THURSDAY



Hand specialist pulls up MRI images, also uses text images to determine no need for surgery

Radiologist texts pictures and specific questions/issues to show hand specialist at 9:30 appt

Report won't be finished in time for 9:30 appt; radiologist friend goes into office early to read MRI

Learn have 5:45 appt when hospital calls to register patient

We call specialist, eventually they call imaging center and transfer order to CH; insurance verify happened Wednesday

Transferred to financial counseling, to be seen we must call specialist with a code to give to imaging center to transfer order to CH

Call CH for appt., head of Radiology has promised to see us that day



### FRIDAY





So what is the **answer**  
to Disruption?

Most importantly, no one ever  
beats Disruption by doing...

**WHAT THEY DO TODAY,  
BETTER**

*(to compete differently you have to do something different)*



**\$7B**

**TRUCKS/ SUVs**

**\$23B**

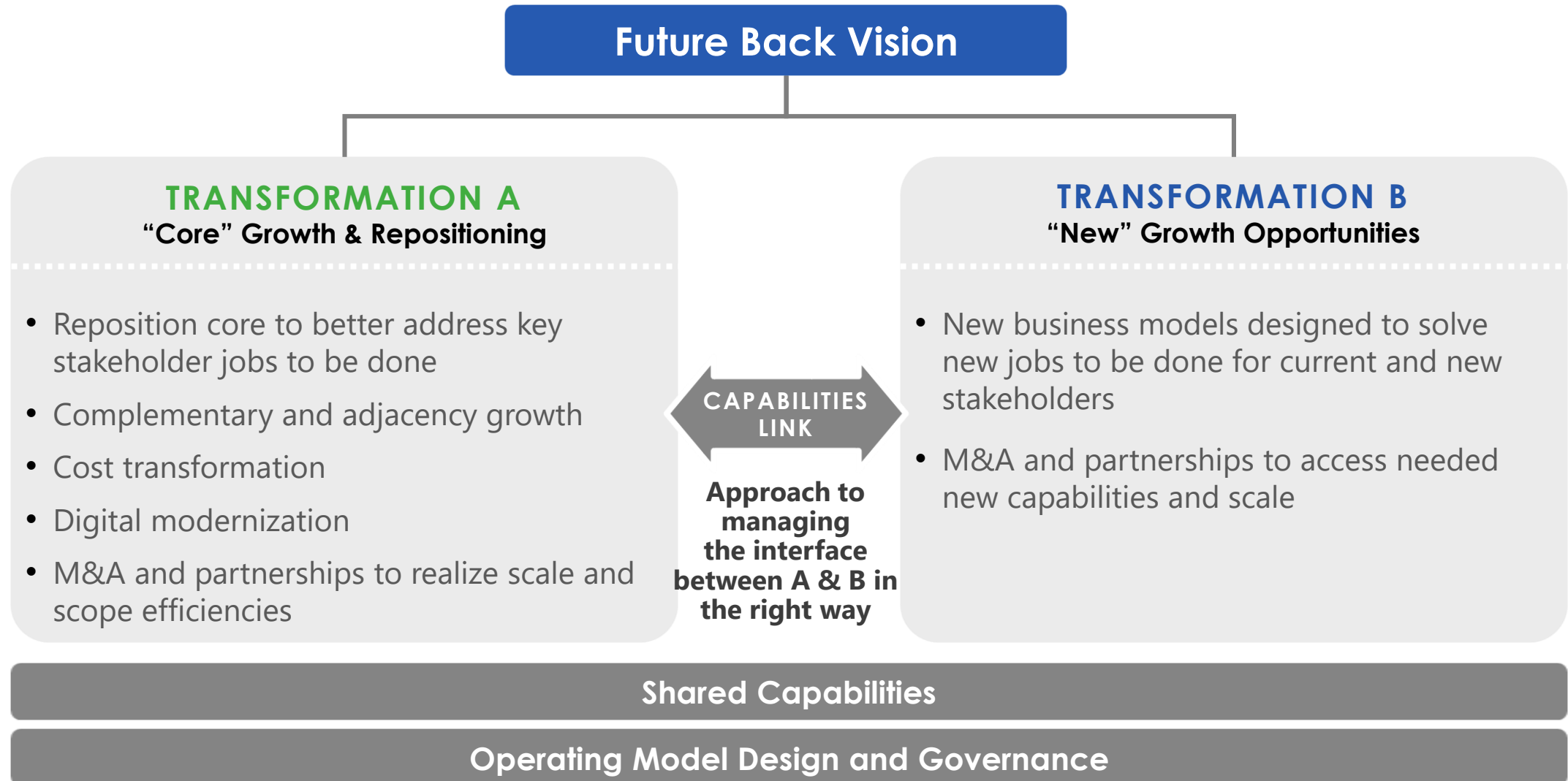
**EFFICIENCY**

**\$14B**

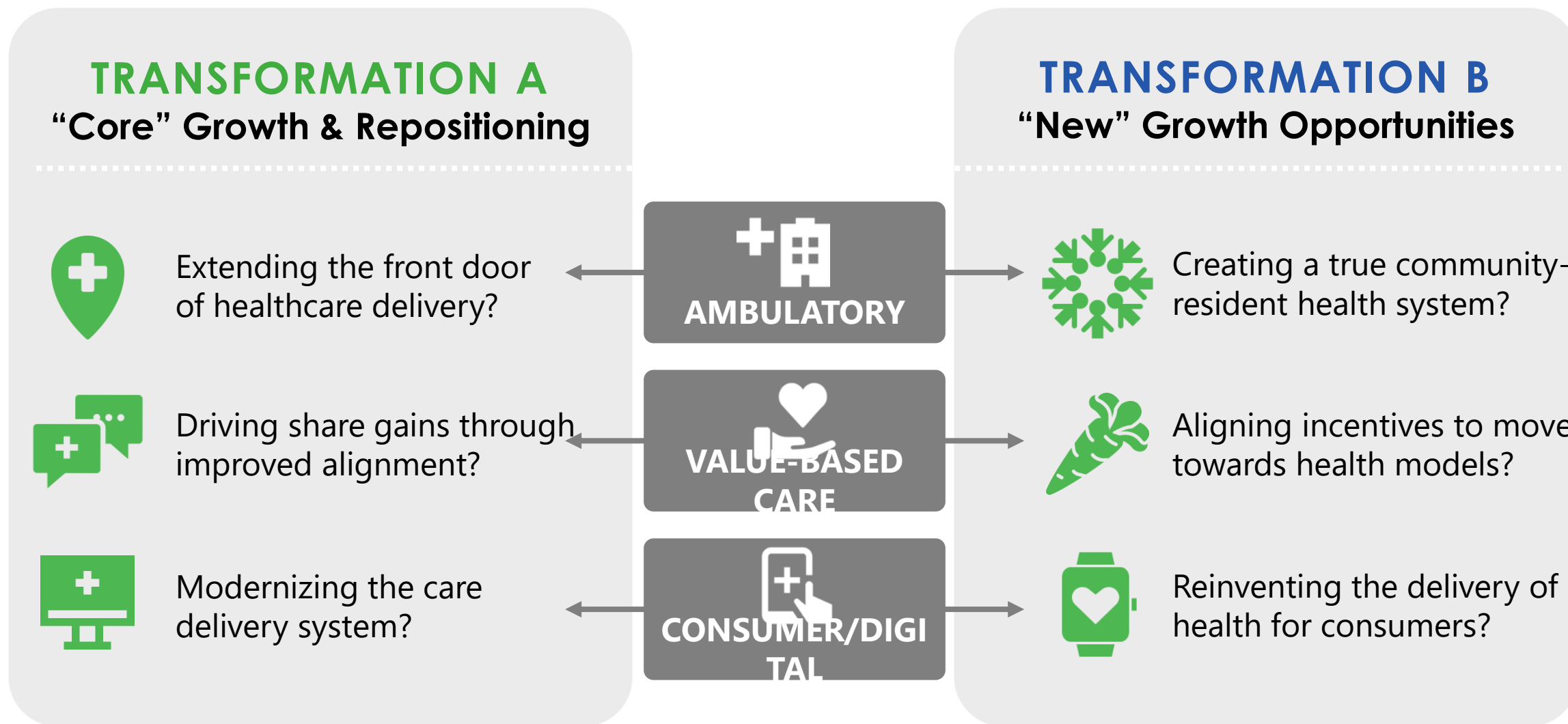
**MOBILITY  
SOLUTIONS**



# Dual Transformation: how leaders navigate Disruption



# Let's plan a game: where does it go???



Why is **this**  
happening?



**There is no  
demand  
for**

**Disruption**

"We have looked at this and we just don't see interest at this time from commercial"

"Do you know what level of cannibalization this would bring to our current business"

"Narrowed products won't work here, the market has spoken"

"There is no economic model that works for health"

# What is the prescription for employers?

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## TRANSFORMATION A

### Solve for the Cost of Care

- Remove incentives to not use the care you are paying for
- Be as aggressive a buyer as possible
- Don't ask health benefits to do more than they can ... focus on the job to be done

## TRANSFORMATION B

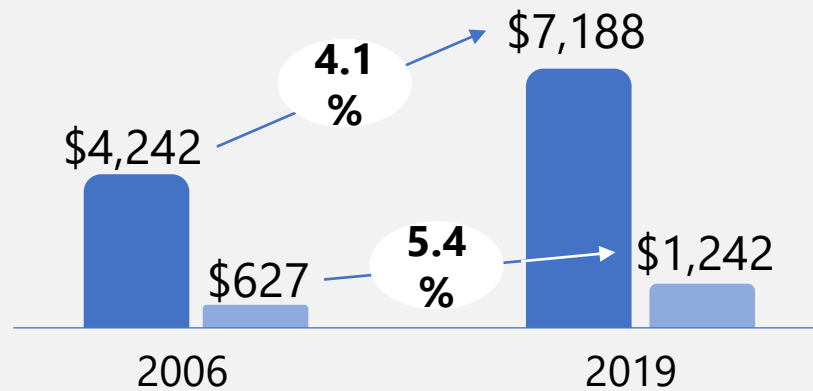
### Improve Health

- Invest in the health of the communities you serve
- Advocate for, and pilot new models

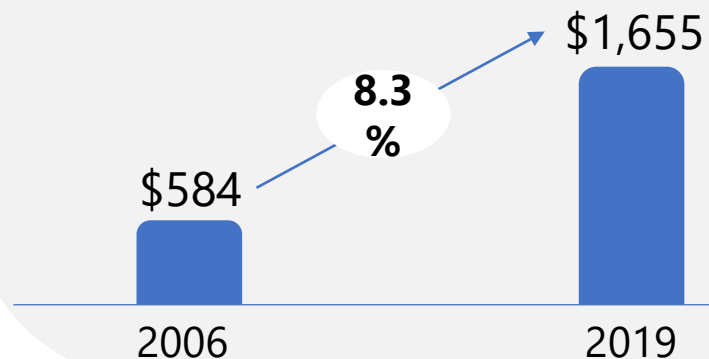
# Remove the incentives to not use what you are paying for

## A Consistent Pattern...

### PREMIUMS AND WORKER CONTRIBUTIONS, SINGLE



### AVERAGE DEDUCTIBLES, SINGLE



## ... with Unintended

### Consequences

### IMPACT OF MOVING FROM FULLY FUNDED TO HDHP

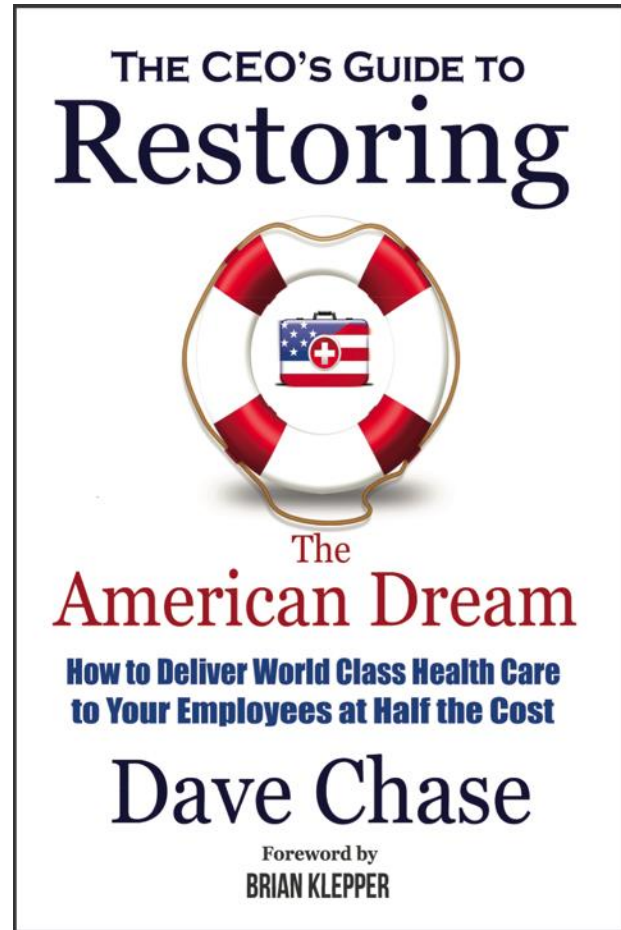
**OVERALL** ~13% ↓ **POPULATION SPEND** ~18% ↓ **CONSUMPTION**  
**SICKEST COHORT:** ~50% ↓ **SPEND WHEN UNDER DEDUCTIBLE**  
 (despite knowing will exceed later in year)

### IMPACT HDHPs ON MANAGEMENT OF DIABETES

**YEAR 1 & 2:** ~8% AND 12% ↓ **SPECIALIST VISITS**

**E.D. SPENDING:** ~12% ↑ **COMPLICATION VISITS**

# Be as aggressive a buyer as possible



Part of the “answer” to driving material healthcare cost savings ...



Transparent Advisor Relationships



Value-based primary care



Transparent open networks for routine



Centers of Excellence for complex



Consumer health navigation

# Focus on the job to be done

**JOB TO BE DONE =**

**PROGRESS** someone is trying to make  
in a particular **CIRCUMSTANCE**

**Functional**  
A desired goal

**Emotional**  
A desired feeling

**Social**  
A desired perception

*Critical insights  
that define an  
individual's  
**capacity to  
change***

**What is the JOB TO BE DONE?**





What job does  
**health insurance** solve?

How good is it at **solving** that  
job?

# We have more effective levers to pull in order to better solve the job to be done of attracting and retaining talent

## GALLUP ENGAGEMENT FRAMEWORK




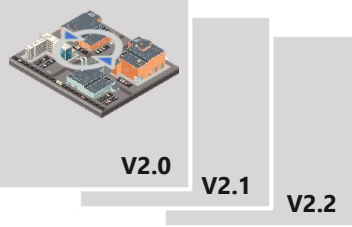

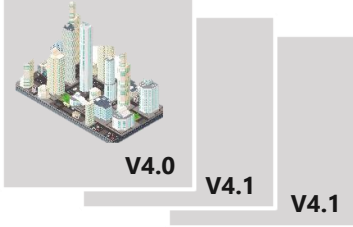
## Why Engagement matters:

- **17%** higher productivity
- **70%** fewer safety incidents
- **59%** less turnover (in low turnover organizations)
- **Reduced** levels of stress at work, bringing home less stress to family and friends, improvement in anxiety and depression levels

## The Purpose of my company makes me feel my job is important:

- **79%** of business leaders say that an organization's purpose is integral to its success
- Stock prices are **12x** better among purposeful, value-driven companies than their competitors
- Customers that are aligned with brand promise give the brand **2x** as much share of wallet

# One way to describe Healthcare's (needed) evolution

	v1 <b>HOSPITAL / MANAGED HOSPITAL GROUP</b>	v2 <b>INTEGRATED HEALTHCARE DELIVERY SYSTEM</b>	v3 <b>CONSUMER-CENTRIC CARE MANAGER</b>	v4 <b>COMMUNITY HEALTH PARTNER</b>
				
<b>Key Stakeholder</b>	• Providers	• Payers / Employers	• Individual Consumers	• Communities
<b>Time Period</b>	• 1950's to 2000's	• 1990's to Present	• Under Development	• Theoretical
<b>Value Creation</b> (Customer Value Prop)	<ul style="list-style-type: none"> <li>• Manage Individual Units <ul style="list-style-type: none"> <li>- Reimbursements</li> <li>- Procedures</li> </ul> </li> <li>• Optimize Provider Profits</li> </ul>	<ul style="list-style-type: none"> <li>• Manage Total Activity <ul style="list-style-type: none"> <li>- Utilization</li> <li>- Clinical outputs</li> </ul> </li> <li>• Optimize Employer Premiums</li> </ul>	<ul style="list-style-type: none"> <li>• Manage Consumer Experience <ul style="list-style-type: none"> <li>- Affordability / Access</li> <li>- Health outcomes</li> </ul> </li> <li>• Optimize Consumer Value</li> </ul>	<ul style="list-style-type: none"> <li>• Manage Community Health <ul style="list-style-type: none"> <li>- Healthcare</li> <li>- Social Determinants</li> </ul> </li> <li>• Optimize Social/Economic Return</li> </ul>
<b>Value Capture</b> (Economic Model)	• Fee for Service	<ul style="list-style-type: none"> <li>• Fee for Service</li> <li>• + Value Based Care: <ul style="list-style-type: none"> <li>- Performance Incentives</li> <li>- 1<sup>st</sup> Gen Risk Sharing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Fee for Service</li> <li>• + Value Based Care: <ul style="list-style-type: none"> <li>- 1<sup>st</sup> Gen Risk Sharing</li> <li>- + Next Gen Risk Sharing</li> </ul> </li> <li>• + Consumer discretionary spend</li> </ul>	Healthcare: <ul style="list-style-type: none"> <li>• Fee for Service</li> <li>• Value Based Care (Next Gen)</li> <li>• Consumer discretionary spend</li> </ul> Social Determinants: <ul style="list-style-type: none"> <li>• + Government social programs</li> <li>• + Philanthropy &amp; private investment</li> </ul>
<b>Value Delivery</b> (Delivery Model)	<ul style="list-style-type: none"> <li>• Basic financial &amp; operations management tools</li> <li>• Inpatient assets</li> </ul>	<ul style="list-style-type: none"> <li>• Utilization management</li> <li>• Care coordination / navigation</li> <li>• Population health management</li> <li>• Physician and ambulatory assets</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer data &amp; insights</li> <li>• Adaptive experience &amp; incentives design</li> <li>• Consumer services</li> <li>• Convenient care assets</li> </ul>	<ul style="list-style-type: none"> <li>• Community data &amp; insights</li> <li>• Community partnerships</li> <li>• Select community assets: (e.g., food, housing, employment, education, transportation, etc.)</li> </ul>

# Invest in the health of your communities

## LIVE LONG, FORT WORTH

Join the movement that's making healthy choices easier in Fort Worth. Together we can transform well-being and make our community a healthier, happier place to live, work, and play.

Find Community Events

All Events

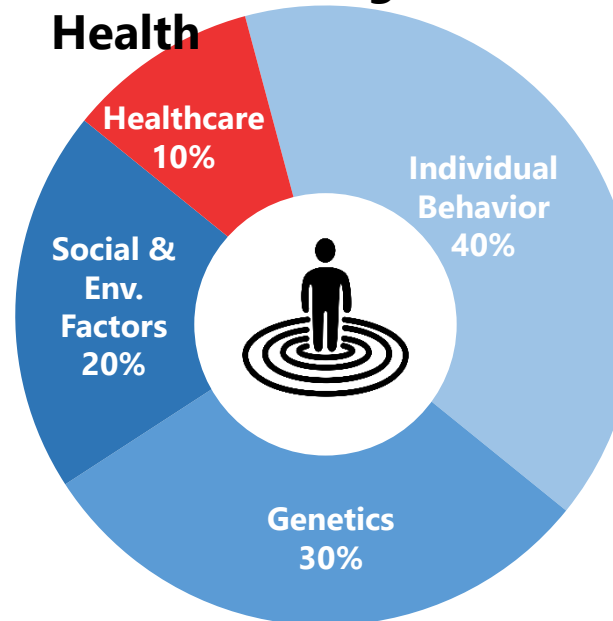
# To really make care affordable we need to use less of it



"We believe that model gives way to another **so-called transformative model** that evolves with a much more accelerated movement to deliver more value to the individual... and in our view, that transformative model has several major points ... **the first point is taking a whole person orientation.** The industry needs to break down the barrier separating comprehensive physical and behavioral health to truly be consumer-centric."

—David Cordani

## Drivers of Long-term Health



RWJBarnabas  
HEALTH



"We believe the only way to truly disrupt the cost of healthcare ... is to **go into the homes and meet the social determinants** that are now driving as much as 60 percent of life expectancy of Americans. **Your zip code matters more than your genetic code** when it comes to life expectancy. There are zip codes inside of Baltimore and zip codes inside of Chicago, where the average life expectancy is 16 to 20 years less than zip codes around them"

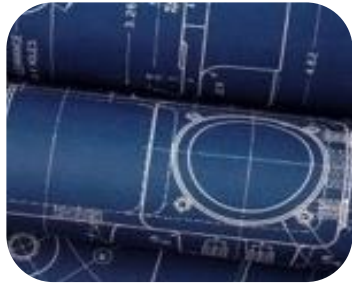
— Mark Bertolini

"Recognizing the inseparable relationship between the social determinants of health and health outcomes, it is **essential for health care to play a leadership role** in addressing the systemic inequities that **prevent members of our communities from experiencing good health.** RWJBarnabas Health is extremely proud to be a co-founding member of the Healthcare Anchor Network. Together, as anchor institutions, we share a mission of developing more effective strategies and innovative solutions to leverage our purchasing, hiring, and investing to benefit the communities we serve."

—Barry H. Ostrowsky



# We need employers to signal demand for entirely new models...



## Modernize Care Delivery

**GOAL:** Create consumer loyalty that results in increased volume and reduced churn

**WHAT:** Change the experience of consuming health care to meet and then exceed consumer's rising expectations

**HOW:** **Inside → out** approach to understand consumers' preferences and personalize interactions with the current system



## Reinvent Health Care

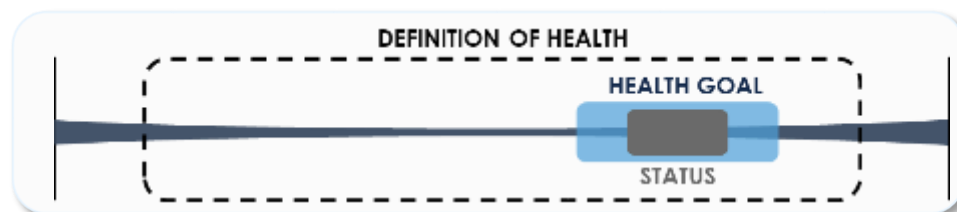
**GOAL:** Influence consumer behavior to improve health and reduce cost

**WHAT:** Change the product and delivery of health by partnering with a consumer on their life-long health journey

**HOW:** **Outside → in** approach designed to the consumer's definition of health to create a customized approach to enable them make progress

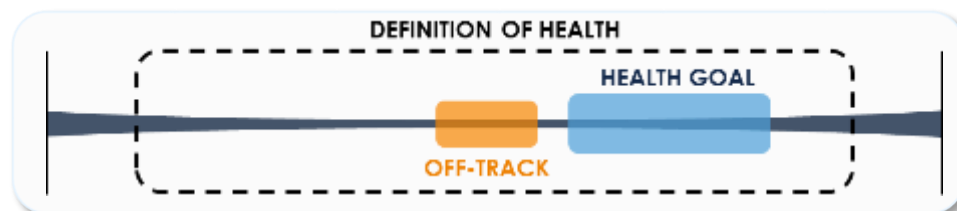
# Understanding Health jobs to be done

**“MAINTAIN”** Help me maintain my current health, routine, habits



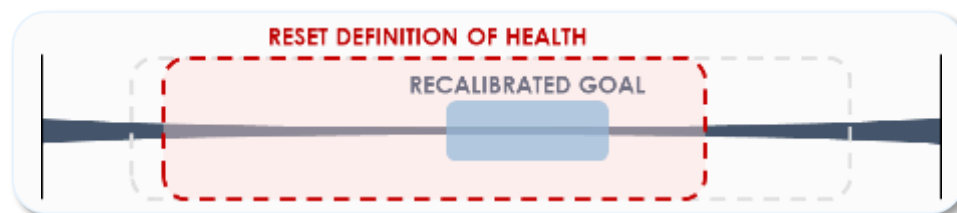
Support consumers in their needs to maintain their health goals in simpler, more cost-effective ways

**“ENABLE”** Help me get back on track and make progress toward my health goal



Support consumers as they take action to make progress against their health goals and aspirations

**“RESET”** Help me reset expectations about my health goal, establish an entirely new routine



Support consumers in resetting their definition of health to align with their relative health and life status



**SEE**

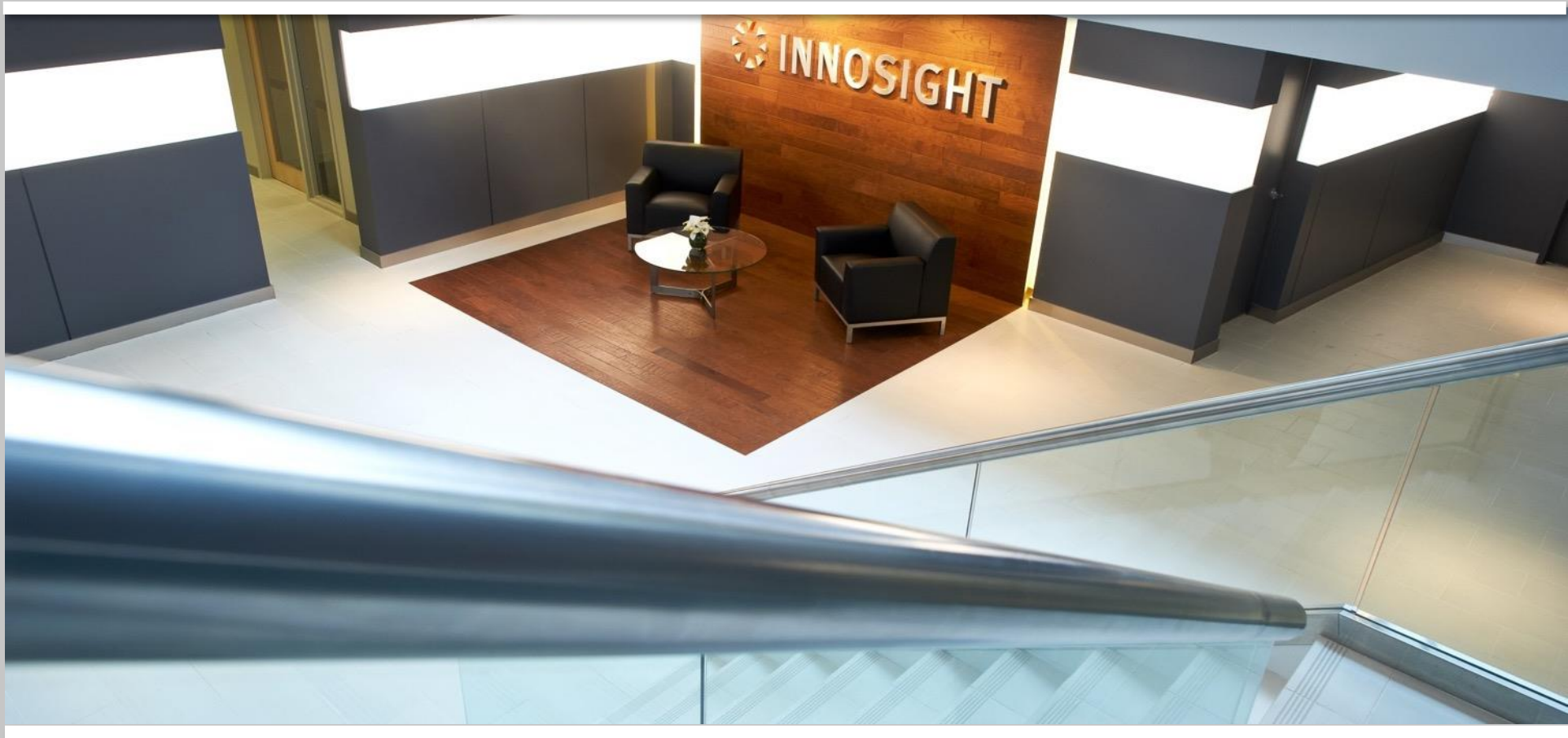
**DO**

**BELIEVE**



**What are the unwritten rules that will need to be dealt with in order for this to succeed?**

# QUESTIONS?



## Contact Information:

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