

## THE PROBLEM

The speed of medical advancements is tremendous. The ability to implement them is not.

## WHY IT MATTERS

Few people feel the nation's \$3.2 trillion healthcare system is effective.

## THE SOLUTION

Woods believes Atrium can fast-track medical advancements to reach those who need them, regardless of a patient's insurance status.



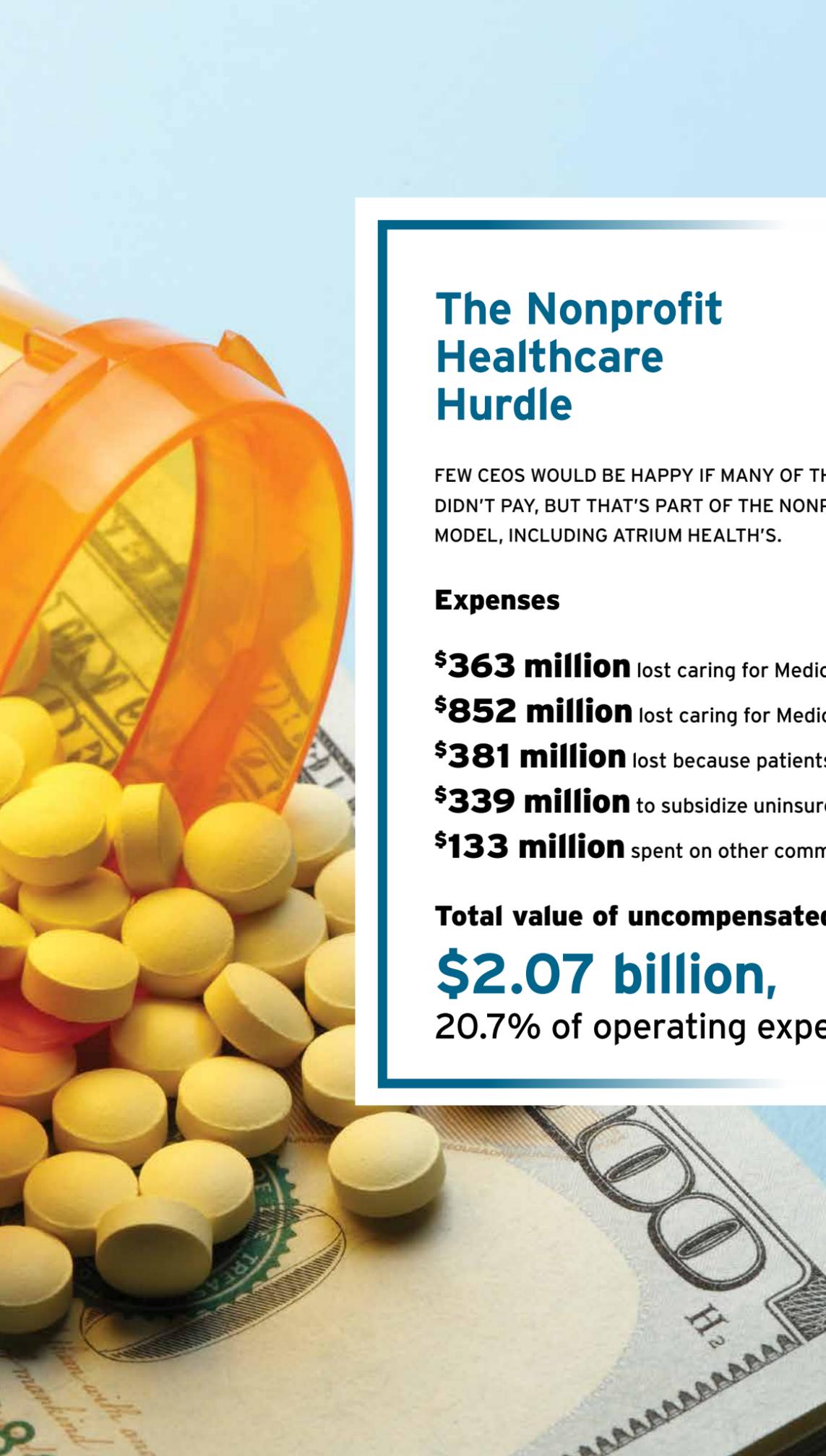
# FAST-TRACKING CARE

No one, it seems, is happy with healthcare, but Atrium Health President and CEO Gene Woods believes his nonprofit has some answers.

*By Russell Pearlman*

**IT** WAS A STANDARD CAREER FAIR AT Penn State, and Eugene A. Woods, a sophomore at the school at the time, went to hear about international business, the field he was planning to pursue. And for the first 15 minutes, he listened intently as a speaker explained that every firm needed bright young minds, that the industry was going through a huge transformation, and that anyone pursuing the career could make a huge impact on communities.

It all sounded fantastic to Woods, except for one thing: the speaker wasn't talking about international business. He was an administrator at the local hospital. Woods had mixed up his days and wandered into the healthcare career fair. But then something magical happened. Instead of feeling embarrassed, the young student became inspired. "Right after, I said, 'I've found my career,'" Woods recalls.



## The Nonprofit Healthcare Hurdle

FEW CEOs WOULD BE HAPPY IF MANY OF THEIR CUSTOMERS DIDN'T PAY, BUT THAT'S PART OF THE NONPROFIT BUSINESS MODEL, INCLUDING ATRIUM HEALTH'S.

### Expenses

**\$363 million** lost caring for Medicaid patients

**\$852 million** lost caring for Medicare patients

**\$381 million** lost because patients didn't or couldn't pay

**\$339 million** to subsidize uninsured patients

**\$133 million** spent on other community outreach efforts

**Total value of uncompensated care:**

**\$2.07 billion,**

20.7% of operating expenses

**“In 1950, it took 50 years for all medical knowledge in the country to double. Today, it's 73 days.”**

**THAT WAS MORE THAN 30 YEARS AGO**, and today Woods, the president and CEO of Atrium Health, finds himself a leader in the industry he wandered into—and at a time when all eyes are focused on it. After all, healthcare matters to everyone, but with ballooning costs and government leaders waffling over the best government plan, leaders like Woods are taking in several strategies to provide the right prescription for care.

With more than 40 hospitals and 900 care centers, Charlotte, North Carolina-based Atrium is one of the biggest healthcare firms in the southeast United States, and it's growing fast. As Woods sees it, one of the more critical missions is transforming healthcare into so-called “value-based care,” in which doctors and care providers focus on preventive care instead of just on giving (and being paid for) procedures that treat illnesses. That, and effective growth within the organization.

Within the three short years of his tenure, Atrium has acquired a slew of healthcare providers, bolstering its revenue from \$9 billion to \$12 billion. The most noticeable combination is with Wake Forest Baptist Health and Wake Forest University, a tie-up that gives Atrium an academic research lab and a medical school. Woods hopes the Wake Forest deal can help fast-track medical innovations to patients. Atrium also is building a medical school near its headquarters in Charlotte (the city's first), so the firm can produce the continuous pipeline of agile, results-driven medical professionals the new value-based care model needs.

Such moves by the CEO haven't gone unnoticed; Woods's name now shows up on a variety of “most influential healthcare executive” and “top minority executive” lists. And Penn State hasn't held his sophomore slipup against him: the school's alumni association gave him its top annual award. Katie Bell, Korn Ferry's senior client partner and global account lead for healthcare, sat down with Woods in Charlotte to talk about healthcare's rapid transition, the challenges of buying other healthcare providers, and how to diversify the industry's leadership.





**“We do believe that healthcare is a right, not a privilege.”**

## Q&A

### EVERY INDUSTRY IS DEALING WITH CHANGE. WHAT'S HEALTHCARE GOING THROUGH?

In 1950, it took 50 years for all medical knowledge in the country to double. Today, it's 73 days. Wake Forest University, whose medical facilities we are combining with, is growing kidneys in the laboratory. They have a 3-D printer that's printing noses and ears. This will revolutionize our capabilities. But how we're training this next generation of clinicians has to evolve, too.

### WHAT'S ATRIUM'S PARTICULAR PLACE IN HEALTHCARE?

Our mission is to improve health, elevate health, and advance healing—for all. The “for all” part is central to our DNA. We're the number one Medicaid provider in North Carolina, providing \$5 million in community benefit each day. But also, for those who have insurance, we want them to select us for our clinical excellence. We're investing \$1.5 billion in renovations and modernizations to make sure we can have the type of healing environment that people want to continue to come to.

### YOU'VE HAD ATRIUM EMBARK ON A SLEW OF ACQUISITIONS.

#### WHAT'S THE STRATEGY THERE?

The year I joined, 2016, had the highest number of acquisitions in healthcare history. The board asked me if that was a blip or a trend. My conclusion was that it was the beginning of a trend. And in 2017 and 2018 we saw even more mergers, including megamergers of insurers. I saw what we had—strong clinical capabilities and a strong cadre of physician leaders—and felt that those traits are scalable and transferable. We felt if we were to come together with like-minded partners that we could come together with something unique in this region and beyond.

### WHAT'S MADE OTHER PROVIDERS WANT TO SELL TO YOU?

We actually don't use the term *acquisitions* or *mergers*. We use the term *strategic combinations*, and I don't think we use that euphemistically.

### REALLY?

The number one challenge, especially in the nonprofit world, is the loss of community control. Some of the people that work at these places will say that their mothers, fathers, grandparents were all born in this particular facility. We want to convey that we are including them in the family but that they will be participating in deciding what we will be, together.

### SO HOW DO YOU HELP KEEP THAT SENSE OF COMMUNITY INTACT?

There's this calibration that occurs on an ongoing basis between enterprise-wide initiatives that build system-ness with making sure that we're hearing the voice of the local community in a real, authentic way. Part of why we've grown so fast is that the message resonates with the communities.

### HEALTHCARE IS A MASSIVE ISSUE IN THE 2020 PRESIDENTIAL ELECTIONS.

#### WHAT WOULD HEALTHCARE LOOK LIKE IN YOUR IDEAL WORLD?

I think people who want healthcare certainty are going to be woefully disappointed. Where that leads us at Atrium, it makes us say there's so much we can do while politicians make up their minds. So we focus on quality, community, making sure we make investments in core business lines.

We do believe that healthcare is a right, not a privilege. Whatever model is adopted, it has to include taking care of those who are uninsured. Among the options, the most attractive to me is a Medicare-like option, not mandatory, that people under 65 can select.

### HEALTHCARE ISN'T ALONE IN STRUGGLING WITH PROMOTING WOMEN AND PEOPLE OF COLOR INTO LEADERSHIP POSITIONS. WHAT'S ATRIUM DOING?

We've built some internal systems to help promote women and people of color, and when we work to fill out leadership positions, we ask for women and people-of-color candidates. But the board has to set the tone for the organization, and if you look now, one out of three members here is a person of color.

On the national level, at the American Hospital Association we got 1,200 hospitals to pledge to diversify leadership and the board. There's also dealing with disparities of care.

### HOW DO YOU IMPROVE THAT CARE GAP?

You have to understand it first. A lot of times the challenge is collecting the right demographics of the person that's coming in for care. I refer to myself. When I show up and you don't ask me about my ethnicity and race you might assume that I'm African American. But I'm actually half Spanish. Not having quality data may not help you understand the disparities in care.

### WITH ALL THE CHANGES IN HEALTHCARE, WHAT WILL ATRIUM LOOK LIKE THREE TO FIVE YEARS FROM NOW?

I want us to be known for leading the transformation the field is going through now. We want to be a modern academic healthcare system. That includes folding in the innovation quarter that Wake Forest University created that has over 170 medical start-ups (ironically, most are based in the former headquarters of a tobacco company).

### YOU'RE GOING TO NEED A BUNCH OF TOP TALENT FOR THAT, RIGHT?

The folks who are choosing healthcare as a profession know it's changing fast. The question is whether our training will keep up with that. It's why we're building a medical school. There will be an appropriate focus on basic science. But we want to get people out into the field, into the communities—translational science, if you will. We aim to make sure our training facilities, teachers, and capabilities match the young folks who are coming in looking for that kind of thing. //

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