

BY RUSSELL PEARLMAN

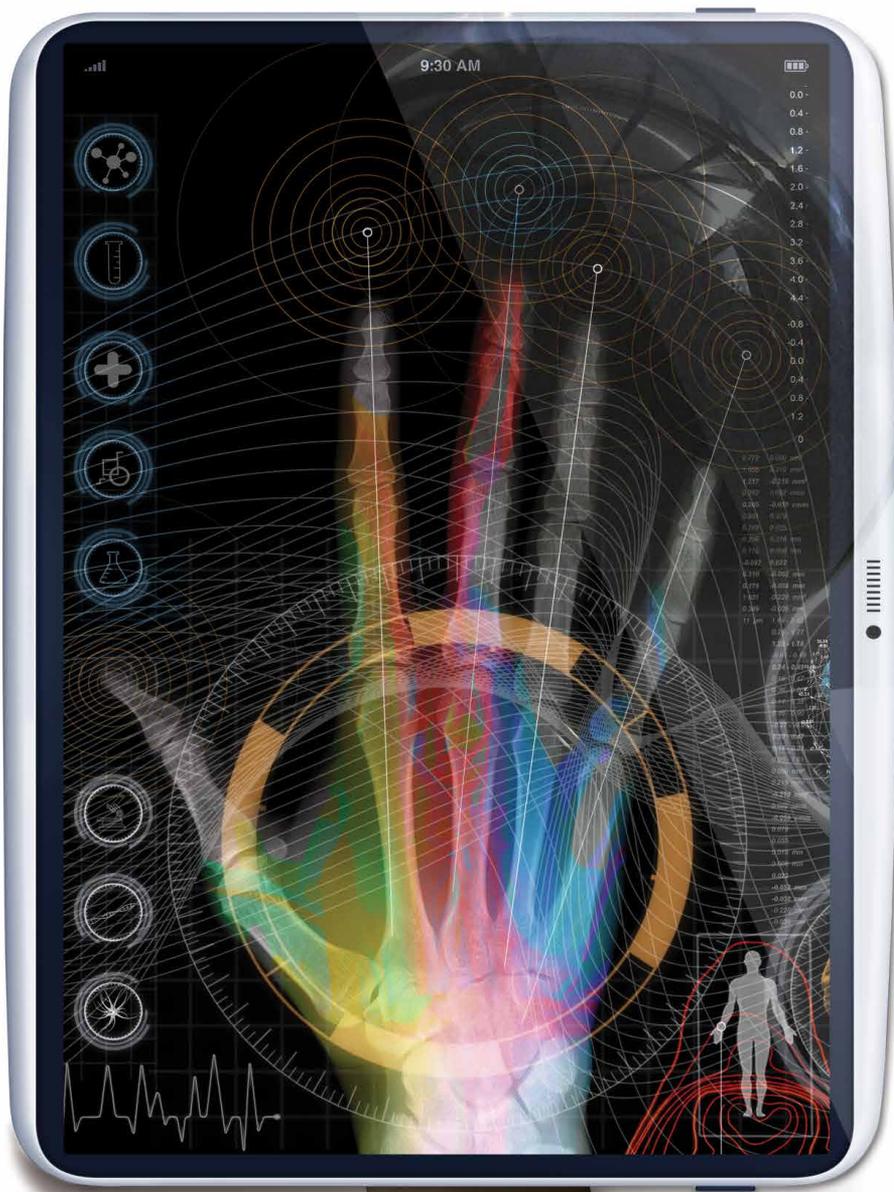
In Search of Healthier Healthcare

A new model for lowering healthcare costs is on the rise. It just needs the right leaders.

He assumed it would be a pain in the knee. Having already had one knee replaced years ago, the CEO now had chronic pain in his other knee. He envisioned a healthcare experience as painful as the last time—with long waits for X-rays, then an MRI (with separate bills for each, of course), capped off by a five-minute talk with an indifferent doctor recommending costly surgery.

Instead, the orthopedist thoroughly examined the CEO's knee to determine whether replacement surgery was really the best option. Then the doctor teamed up with a physical therapist and pharmacist to collectively work out a rehab and pain-relief regimen. The CEO paid a flat fee and left the office, happy to have a plan to get his knee healthy and for it to stay that way.

US healthcare reform may be making big headlines in Washington, but there's a movement in the industry that's happening



Artwork by: Viktor Koen

regardless—and is every bit as important. It’s called “value-based care,” and it may turn the \$3.2 trillion system on its head—if the right leaders can figure out how to implement it.

Currently, offering healthcare is mostly built on volume. A doctor or hospital gets paid the most by treating as many patients, ordering as many procedures and administering as many tests as possible. Few people really like this fee-for-service system—it’s costly for everyone. Medical professionals find it taxing, patients grow impatient, and no one necessarily gets better. Enter value-based care, a model in which doctors and hospitals are paid to keep people healthy and to improve the health of chronic sufferers in a fact-based, cost-effective way.

Already the idea has attracted some heavy hitters, including Medicare, which has set up long-term, value-based reimbursement plans for many procedures, while a vast array of consultants and software firms help measure outcomes, develop payment systems and build other critical infrastructure to make the new model work.

But while the transition chugs along, analysts say that finding the people to run it is turning out to be a serious headache. The problem is, some of the skills that make for a great leader in a fee-for-service environment are counterproductive in the new model. The next generation of healthcare leaders is going to have to be “considerably more results-driven, collaborative and flexible than the people in charge now,” says Mountasser Kadrie, director of the Master of Healthcare Administration program at Walden University.

Under fee-for-service, leaders

The change to value-based care is happening regardless of healthcare reform in Washington.

need to make decisions fast, delegate well and optimize workflow. In the value-based system, however, some of the most highly prized skills are persuasiveness, creativity and a focus on long-term outcomes. Some medical organizations are looking at leadership candidates they once passed over because those candidates’ best traits are suddenly a great fit for a value-based model.

Better people skills are becoming a necessity, too. “If the goal is to keep you out of the hospital,

then medical professionals are going to have to collaborate,” says Donna Bak, who trains doctors in value-based healthcare as a senior partner at Peak Sales Performance, a Sandler Training center. Some organizations are even teaching their medical professionals simply to be nicer, advising them to skip the condescending voice and to stop telling people, “You can’t believe everything you read on the Internet.” Having a positive attitude will help win over the patients, administrators and insurance professionals with whom healthcare leaders will need to collaborate (interestingly, TV’s surly Dr. House likely would not fit well in a values-based environment).

Another critical skill: agility. Any business-model shift can get messy, and healthcare—with its disparate interest groups, regulations and specialty niches—is no exception. Unfortunately, agility is not needed or desired in the current environment. “You need a combination of developing existing leaders and finding new ones,” says Harry Greenspun, chief medical officer and managing director of Korn Ferry’s Health Solutions practice.

The rollout of value-based care has been slow; one survey showed that only a few healthcare organizations have tested the model even on a pilot basis. Meanwhile, another recent survey indicated that 40 percent of doctors prefer fee-for-service. But the change is likely coming, Bak says, because the value-based model makes a compelling case for lowering costs and improving patient health. It’s up to healthcare organizations to develop leaders who not only adapt to the change but help shape it. ●

A NEW RX FOR LEADERSHIP TRAITS

AGILITY Is comfortable with unanticipated changes and has an appetite for risk-taking.

NETWORK BUILDING Can build relationships inside and outside the organization.

INNOVATION CULTIVATION Creates better ways for the organization to be successful.

PERSUASIVENESS Uses compelling arguments to gain commitment of others.