

OUTSIDE **THE** LINES

BETTING ON THE DIFFERENT OF THE FUTURE

"Know unknowns." This was the headline in a Dow Jones full-page ad in today's *Wall Street Journal*. It reminded me of my first *Outside the Lines* blog, published in April this year. Our note then: plan and lead from the perspective of both strategic views: the "here and known" and the "there and unknown."

Several of our nation's largest health systems – and other leading healthcare organizations – are doing just this. While still balancing the high stakes – and still very important – game of managing the known strategies and operations of today, they are also investing a certain amount of their capital and annual budget dollars in other pots, betting on a still unknown, but increasingly certain *different* future. This is happening in various forms:

1. Every week, we hear about another "strategic collaboration" between hospitals and health systems. These are not mergers, not affiliations, but a new version of partnerships intended to leverage two or more hospitals' influence and expertise to move health care in different directions.



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See the News Alert below that tells more about one of these just announced.

2. “CIO” – while traditionally used for Chief Information Officers – is the new title for Chief Innovation Officers in many organizations. Also, more and more health systems – especially the larger enterprises – have launched their own in-house Innovation Centers. According to an April [2015 Commonwealth Fund survey](#), these innovation centers are “places that are working to discover, develop, test, and/or spread new models of care delivery—in hospitals, clinics, and patients’ homes.” Most of the innovation centers started in 2010, commensurate with the ACA changes. They have budgets of \$1.9 million a year, on average, with some larger centers spending as much as \$15 million annually with upwards of 200 dedicated FTEs in the centers. Big focus is being given to doing things differently to address care coordination, disease-specific outcomes, access, patient engagement, efficiencies, population health, and other priorities.
3. In addition to innovation centers, other health systems have joined together to launch new joint venture strategic venture fund organizations. For example, are you aware of the Heritage Group, Providence Ventures, or Summation Health Ventures? Heritage is a \$260 million fund with partners including Intermountain Healthcare, Memorial Hermann, Trinity Health, and others. With a goal to identify high-growth, innovative solutions to address the challenges faced by its health system partners, Heritage has so far funded innovator companies like MDLive, Vivify Health, and others. Similarly,

Providence Ventures started in 2014 and is a \$150 million, 100-employee capital arm of Providence Health led by Aaron Martin, an ex-Amazon executive. Summation Health Ventures, also started in 2014, combines Cedars-Sinai Health System with Memorial Care Health Systems. There are more of these, and others will be added. Big money is being invested here, and big bets are being made on different ideas and solutions for the future.

Thomas Edison said, "There's a way to do it better—find it." We're doing this in healthcare, and we applaud those who are leading the charge.

Always looking ahead,



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NEWS ALERT! WHAT'S HAPPENED THIS WEEK

We love interesting collaborations and new ideas in healthcare. At the end of October, new PeaceHealth CEO Liz Dunne (formerly with Providence Health in Southern California) and Dave Underriner, Providence Oregon CEO, [announced a joint venture](#) to innovate, expand services together, and advance health initiatives in the communities they serve. They will start with joint ownership of a new health and wellness center to be built in Vancouver, Washington. This is a first step, with plans to pursue other shared projects together and combine their systems' collective expertise in other ways. According to Underriner, "Organizations coming together that have strengths like Providence and PeaceHealth gives us the potential to move health care in a different direction."

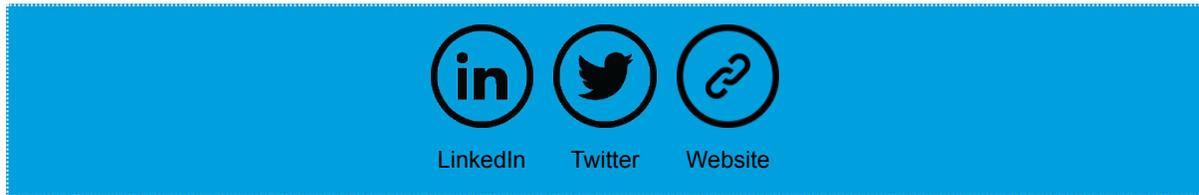
WHO WE'RE WATCHING

Innovation centers are finding their place in healthcare and not only in hospital and health system organizations. In Ohio, hospitals are innovating together via the Ohio Hospital Association's newly formed [Institute for Health Innovation](#). Formed in February 2015, the Institute was debuted in June at the Association's annual quality summit. It features three primary focus areas: accelerating healthcare quality, integrating transition of patient care,

and advancing community health. According to OHA President and CEO Mike Abrams, “The health care industry is changing dramatically by new delivery techniques, policy reforms and consumer involvement. Faced with these changes, it is critical for us to evolve to meet the emerging needs in healthcare moving forward.”

WHAT'S TRENDING

On the national front, the American Hospital Association, too, is leaning into the innovation space. On its website, AHA [provides a running stream of innovation and innovation center announcements](#), with its focus geared especially to Health IT innovations. Check this out to get a fast look at, and follow, happenings across the country.



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