

OUTSIDE THE LINES

IT'S ABOUT *PROGRESS*

This week, my team won a proposal to develop a Center for Innovation (CIF) Strategic Plan for one of the country's best pediatric academic medical centers. This is right in our lane, so we're thrilled. What I want to emphasize, though, is the how and why of what we will do with this client. "Innovation" – a word that has become quickly over-used and, therefore, generally fuzzy as people recognize its relevancy – is not, alone, our top priority. Rather, we must refresh innovation programs such as this to become a vehicle for addressing challenges, issues, problems and opportunities in new and "innovative" ways. It's a fine, but very important nuance, focused on leading and changing healthcare delivery.

Also this past week, I became aware of Clayton M. Christensen's newest book, *Competing Against Luck*. As you may know, Harvard Business School Professor Christensen is an innovation expert and creator of the Theory of Disruptive Innovation. This new book, as stated in the first line of the introduction, "is about progress." According to Christensen and his



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co-authors, “For as long as I can remember, innovation has been a top priority – and a top frustration – for companies around the world ... 84% of global executives acknowledged that innovation is extremely important to their growth strategies, yet a staggering 94% were unsatisfied with their own innovation performance.” Their new theory – founded in the Theory of Jobs to Be Done – suggests that businesses can grow and succeed when they help their customers (in healthcare, this may mean consumers, patients, physicians, employers, payers, whomever you define as your “customer”) get done what they want or need to get done. It seems so obvious, but oftentimes in the the midst of our large organizations and our internally-focused processes, this gets lost in the shuffle.

So why is this important for healthcare? Because we need progress. This is no more evident than when we watch the political conversations regarding Obamacare unravel right before us. We need more leaders “out front” who are changing healthcare delivery, in practical and tangible ways. We must bend the curves. Here’s the proof:

- As of this morning, [NPR reported](#) (via information released by the Obama administration on October 24) that health insurance under the ACA is expected to rise an average of 22% in 2017. ACA enrollment opens again November 1, and the spotlight (no doubt) will be on the need for a real action plan to make healthcare better for Americans and address why costs continue to go up.
- In August, *Health Affairs* released its annual [National Health Expenditure](#)

[Projections](#), this time for the 2015-2025 period of time. Spending on hospitals, doctor office visits, outpatient centers, labs and other healthcare providers is up 6.7% in 2016-Q2 (compared to the same period a year ago). At 17.5% of our GDP in 2014, healthcare costs are expected to rise to 20.1% of GDP by 2025.

Can this really continue?

In our viewpoint, real progress toward practically addressing the “C’s of Healthcare Change” – care transformation, cost, consumerism and other C’s – is a top priority. We’re on the hunt for “Out Front” leaders – hospitals, physician groups, disruptors and others – who are making progress, leaders who are truly solving healthcare issues and needs, recognizing the power of the consumer in this change, and thinking through, introducing and fostering new and better options for care and services. Let us know if you are one of those leaders.

A question to leave you with: Are you so busy, moving so fast and doing so many important things, that you are creating the illusion of progress, but not actually driving it? Bill Gates may provide a bit of inspiration: “The best leaders have the ability to do both the urgent things that demand attention today and at the same time lay the groundwork for innovation that will pay dividends for decades.”

Always looking ahead,



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NEWS ALERT! WHAT'S HAPPENED THIS WEEK

Along with my colleague Lawrence (Larry) B. Platt, a hospital/health system board member, healthcare transformer and Senior Partner with Strategy Advantage, I will be on the road this week – and again in a few weeks – providing keynote presentations on “Navigating the C’s of Healthcare Change: Care Transformation, Consumerism, and Cost.” Join us on October 28 in San Diego at the [ACHE San Diego Organization of Healthcare Leaders \(SOHL\) Annual Conference](#) or November 30 in Los Angeles at the [ACHE Healthcare Executives of Southern California \(HCE\) Annual Conference](#). We hope to see you there, or let us know if you would like us to come to you.

WHO WE'RE WATCHING

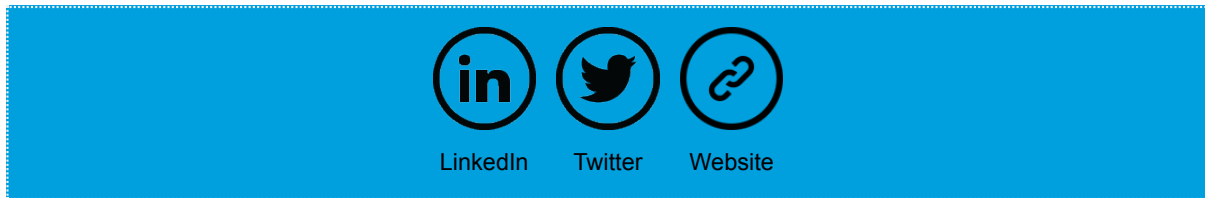
Despite the apparent desire to lead fundamental shifts towards progress – and putting a dent in the healthcare lab business – Theranos (a Silicon Valley-based start-up company that you all may know) provides one story of innovation gone (or going) wrong. Due to widespread concerns about their business and clinical practices, Theranos has been under fire and featured prominently in a series of front-page *Wall Street Journal* stories. Elizabeth Holmes, considered for a time as “a darling of healthcare innovation,” and her company are declining fast, but still somehow surviving. We continue to watch them – if for no other reason than to be reminded of the necessary precautions that need to be taken when adopting innovation. Who knows ... Theranos (like other controversial innovators) may still find a pathway back. In the meantime, [this piece](#) provides an intriguing, visual look at the progression of events that have transpired since Ms. Holmes declared in *Fortune* magazine that “she’ll change the blood testing business ... The individual is the answer to the challenge of healthcare.”

WHAT'S TRENDING

As a counter example, good [progress](#) is already being made in healthcare all around us,

specifically as it relates to the Obama Administration's goal of tying 30% (and by 2018, 50%) of traditional, or fee-for-service, Medicare payments to value-based care alternative payment models. In March 2016, the 30% goal had already been hit. "By focusing on outcomes for an episode of care, rather than separate procedures in care delivery, we are incentivizing hospitals, doctors and other providers to work together to provide high quality, coordinated care for patients," said Patrick Conway, MD, acting Principal Deputy Administrator and Chief Medical Officer at the Centers for Medicare and Medicaid Services (CMS)." According to a survey of hospital system CEOs, these results were achieved via a combination of "innovating ways," including:

- Investments in technologies that help extend care beyond the boundaries of a hospital's four walls, including telemedicine, patient portals and remote monitoring.
- Investments to enable the more efficient capture and interpretation of data such as EHRs, cloud-based platforms, predictive modeling software and analytics.
- Modifications to hospitals' mix of service offerings, and movement to more outpatient care, including diagnostic imaging.



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