There remains an overwhelming volume of written pieces and speeches expressing opinions and outlining observations about the ongoing transformation of the healthcare industry; it remains, in fact, a very noisy time for our industry in many respects – and external commentary is understandably a part of that noise. We also note that ‘the tyranny of the urgent’ and the inherent uncertainty that emerges from the current political environment both seem to create fundamental barriers blocking levels of greater organizational urgency and accelerating pace in actively addressing the industry’s fundamental disruption and transformation.

As we expressed in our April 2016 Wide Angle Lens (WAL) 1.0 piece, we remain hopeful that there is room for distinctive commentary that isn’t simply an echo of wider commentary, and so our purpose in the WAL series is to step away from the day-to-day dialogue (“get above the trees,” so to speak) and explore those themes that our research indicates may be getting less-than-appropriate attention in the wider industry conversation. We believe that currently anticipating and responding with urgency and pace to such themes may be foundational to future success for healthcare organizations, and we hope that our thoughts in the WAL series are accretive to the broader industry dialogue during this unprecedented transformational period.
THE WIDE ANGLE LENS

THE CASE FOR AN INTEGRATED APPROACH TO POPULATION HEALTH

As a refresher, our WAL 1.0 discussion focused on five key themes, in the spirit described on the previous page:

- Leadership transitions are redefining institutional strategies;
- Markets are driven by dramatically new purchaser expectations;
- Acute care capacity may become commoditized;
- The traditional ecosystem is experiencing business model step-change from unprecedented disruption; and
- There is an urgent need for significantly enhanced governance sophistication

Over the past year, our leadership team at DHG Healthcare has kept these foundational themes in front of us as we’ve worked across the country, and we find them even more compelling for focus and attention today than we did a year ago. Of special interest is how these themes attach to new organizational and market changing initiatives, and how deep consideration of the dynamic associated with each of the themes above is required for success in emerging, unprecedented transformational initiatives.

We especially find it fascinating that, even in the face of compelling cases for change (which, as we’ve said many times, is a market-to-market question regarding how that case for change emerges), so many healthcare organizations maintain a position of intractability and commitment to the status quo in terms of the fundamental transition from fee-for-service (“FFS”) medicine. In studying this specific dynamic, we are now exploring what we believe are the very direct connections between value-based care economics, population health processes and technologies, and targeted clinical transformation.

Our work in the healthcare marketplace indicates that most organizations pursue their business goals in these areas in siloed fashion – resulting in clinical disconnect, investments in technology without clear deployment goals and return-on-investment expectations, and a lack of confidence in responsibly pursuing crucial non-FFS medicine objectives that are required to economically transform the clinical enterprise, in the best, most fundamental spirit of community health and exceptional care-giving.
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There are any number of proof points for this observation – just a few in evidence include:

- A major mid-western healthcare incubator intends to make “population health” the focus of an important next stage investment strategy, and is currently convening a broad array of healthcare businesses to help inform the initiative – yet the socialized and articulated focus of the dialogue is simply about “data” and application of associated “analytics.” There is no more broadly articulated agenda other than this arguably narrow view of population health which is not formally connected to either value-based care economics or targeted clinical transformation.

- A nationally-recognized academic medical center acknowledges they have no playbook for a non-FFS medicine strategy (by any definition). Leadership has yet to plan for participation in optional episodic programs or other non-FFS “learning” participation, nor is there a plan (or budget) for required supporting population health tools. The organization’s forward articulation of FFS medicine as a sustainable future focus is dispiriting for both important upper-middle-management executives and the faculty practice plan clinicians.

- A fully-scaled health system in the Southeast has developed a wide affiliate network, which is currently not controlled or otherwise economically aligned with the system. The affiliates want capital, and the system counters with assurances of value delivery. Given there is no formal collaborative network platform or infrastructure, the substantive delivery of value remains an open question for both the affiliate “network” and the system. Yet, the system is preparing to invest heavily in a new population health tool while acknowledging there is not yet a clearly-defined plan to extend the investment into the affiliates or connect the tool with defined value-based care strategic planning.
The intention in articulating the stories above is certainly not to criticize the subject organizations. Leadership here is well-intentioned and obviously these businesses are facing complex issues in the most provocative of times. The intention here is to demonstrate how siloed thinking, often coupled with a lack of confidence in aggressively leading against the future, institutionalizes a level of status quo intractability and creates barriers to what we believe is a required level of responsible confidence in connecting mission to value.

The current political dialogue about “repeal and replace” of the Affordable Care Act has itself certainly memorialized a level of decision-making uncertainty for many healthcare organizations, adding an even deeper level of confusion to the core objective of connecting mission to value. This is a national dynamic that we observe in conversations with healthcare leaders across the country and we appreciate the concerns raised by the lack of stability in the ongoing healthcare reform political dialogue. Our advice here has been consistent – remain focused on achieving risk capability and creating an organization-and-market-specific playbook for how mission connects to value for your very unique organization and the communities you serve.

We define “risk capability” as possessing the organizational courage and owning the associated platform assets to confidently and responsibly accept a risk-based contract, as organizational strategy anticipates and market conditions dictate. We think of this as “controlling the shape of the curve” on the other side of that now-routinely-emerging tipping point towards non-FFS medicine models. Market fundamentals in the transition to risk capability remain unchanged by the dialogue in Washington – the need to be prepared, with an executable playbook, is emerging as a centering requirement for the current generation of healthcare leaders.
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What is the conceptual underpinning for that playbook? Our long-standing technical point of view on risk capability, coupled with the emerging, more-crystallized dynamics market-to-market around broadly-defined value-based care, leads us to believe that there are three key components for consideration here:

- A value-based care framework that is based on risk capability goals and clearly-articulated economic expectations based on reliable dynamic financial modeling;

- Well-articulated population health management goals that go beyond current “term of art” discussions and crisply define the needed supporting tool(s) and associated return-on-investment expectations; and

- A game plan for the targeted clinical transformation required to execute value-based care, using responsibly-implemented population health tools, at the clinical level – led by fully-engaged clinicians with the freedom to put healthy communities first and provide exceptional care when community members become patients.

Many healthcare organizations have articulated strategies that address one, two or all three of the core playbook components described above in some fashion. What we are finding in our work across the country is that there seem to be very limited examples of formal, executable integration of these three core components in a single playbook and on a single platform. We now passionately believe that only by formally ‘connecting the dots’ between these three components can the ultimate playbook be executed responsibly, confidently, and in organizationally-sustainable fashion.
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Our Transformational Solutions team at DHG Healthcare is, in effect, putting our money where our mouth is on this topic – we call our emerging solution *kəˈnekt*, in the spirit of connecting the dots as described above and providing a conceptual framework and a practical platform for playbook development that is market-facing, clinically-focused, and responsive to the challenges associated with the ongoing non-FFS medicine transition. Our goal here, as it has always been since we initially published our risk capability perspective, is to introduce both responsibility and confidence in organizational execution that is focused on owning the post-tipping-point, market-specific evolutionary curve.

At this point in the discussion, we return to the five key industry dynamics described in our WAL 1.0 piece. We believe that the integrated value-based care platform that we describe here also requires that organizations formally and firmly address industry dynamics around super-effective leadership and leadership succession, key ecosystem step-changes associated with fundamental disruption, and ensure that organizational governance is well-stocked with the level of acumen required to understand the transformational decision-making required of leadership and confidently govern in such an environment. Building the kind of sustainable integrated platform we describe here not only requires that successful healthcare organizations acknowledge and understand the view through the wide angle lens, but that they courageously face up to, formally address, and strategically plan against the provocative dynamics that the hard work of healthcare transformation presents.
CONCLUSION

We firmly believe what we describe here is the path to a sustainable, market-based healthcare system – both as it should evolve in individual communities and throughout our broader domestic healthcare ecosystem. Connecting the dots in the fashion articulated above can truly provide the responsible confidence that healthcare organizations require to connect mission to value for all of their stakeholders and the communities they serve.

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ABOUT DHG HEALTHCARE

DHG Healthcare is ranked by Modern Healthcare as the 9th largest privately-held healthcare consulting firm and serves the industry with approximately 300 dedicated healthcare industry professionals across consulting, assurance and tax.

DHG Healthcare’s consulting business includes a distinctive capabilities and solutions portfolio sharply focused on critical business issues facing healthcare organizations in today’s transformative environment. We have aligned our practice organizational structure and delivery framework to support transformational themes related to the achievement of ‘risk capability’ as critical to the successful future of our healthcare clients.

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