



# CEO Healthcare ROUNDTABLE

A Partnership of The CEO Advisory Network & The Healthcare Roundtable

## Spring Meeting 2024

### ***“Beyond the Tipping Point: Will You Be a Disrupter or Will You Be Disrupted?”***

**Keynote Speaker: Kevin Cook, Greater Silicon Valley Market President,  
Sutter Health**

On **March 20 - 22, 2024**, the CEO Healthcare Roundtable gathered at the Scottsdale Resort at McCormick Ranch in Scottsdale, Arizona to continue our discussions of ***“Have we finally reached the Tipping Point?”*** The consensus at the prior Roundtable was that our healthcare organizations have indeed reached a Tipping Point. This Roundtable, we discussed moving “Beyond the Tipping Point” by exploring whether our members will be the “Disrupters” or wait to determine how their organizations are going to be “Disrupted” by factors such as payer contracting, Medicare Advantage, Entrepreneurs, Artificial Intelligence, etc.

#### **Financial Turnarounds:**

#### **Lessons Learned From the Front Line**



Our March Roundtable began with our Wednesday afternoon “keynote” speaker, **Kevin Cook**, Greater Silicon Valley Market President, Sutter Health. Recognized as a leader in creating cultural change in hospitals and healthsystem, Kevin opened his presentation with

three questions for consideration by Roundtable attendees:

- Why is cultural change so hard?
- How do we create a more nimble culture?
- How do we create a more innovative culture?

He stated that ***many current management methodologies don't facilitate nimbleness or innovation which results in most management teams spending their time protecting the status quo.*** As a result, middle managers often feel they are the “victims” of metrics instead of the “owners” of metrics.

Kevin shared his position that the first goal of a successful turnaround is to actively involve and engage middle management. ***Organizations that drive change from middle management consistently outperform other organizations.***

He noted that high performing organizations must demonstrate the following characteristics:

- Speed
- Limited use of global benchmarking

- Development of a culture of accountability which:
  - Builds manager confidence and self-esteem
  - Creates and enables action vs “explain my variance”
  - Creates expectations of cross-department collaboration
- Acknowledgement of the critical role of nursing and physician engagement
- Agreement that status quo is not acceptable
- Managers trained to be skilled change agents

*Kevin then gave a detailed description of how he has successfully created cultural change and guided turnarounds in several organizations using the concept of “100 Day Workout.”* He also shared performance improvement metrics of several organizations using this methodology. Kevin noted that successful turnarounds in high performing organizations is dependent upon identifying and building the following traits and characteristics in the organization’s middle managers:

- Exude Confidence
- Handle Ambiguity
- Be Persistent – work through barriers and objections
- Don’t Wait on Others to Get Started
- Build Confidence in Those Who They Work With
- Anticipate Objections to Change

*Kevin concluded his presentation on organizational turnaround, performance improvement and cultural change by sharing his belief that there is nothing more useless than improving a process that doesn’t need to be done in the first place!*

## Integrated Payer and Provider Systems: Real Story of Promise and Growing Pains



**Cynthia Hundorfean**, Chief Living Health Development Officer for Highmark Health and Immediate Past CEO and President of Allegheny Health Network.

We opened the second day of the Roundtable with a timely presentation and case study on the history and evolution of Highmark and Allegheny Health Network’s payer / provider model. A lively discussion followed about the model’s relevance to the larger U.S. healthcare ecosystem as the relationships between many providers and payers become increasingly strained.

Using her experience at Highmark and Allegheny Health as both a payer and a provider within the same organization, Cindy shared that *for most hospitals and health systems today who are not, in some way integrated with a payer either formally or informally, payer relationships have become the largest disrupter for the organization and the biggest challenge for Hospital and health system CFOs.*

Recognizing that tension and disagreement between the payer side and provider side still exists within highly integrated organizations such as Highmark, Cindy shared that *her organization was able to successfully address some of the tension by physically locating the leadership of both Highmark and Allegheny Health within the same building.* They even physically located the offices of the leaders of the two entities adjacent to one another to promote not just personal relationships but also greater understanding of each other’s business and strategic needs, goals and objectives.

Cindy then led a facilitated discussion with attendees about the advantages and disadvantages of Payer / Provider integration. She also shared her thoughts on some of the changes that both providers and payers must consider in order to create a meaningful, successful relationship including:

- Strong infrastructure and capabilities
- Shared commitment to Value Based Care (VBC) and incentive alignment
- Dedication to cultural change and management

Cindy concluded her presentation by sharing her belief that *“Payers and Providers working together is the only way to deliver the best care to patients and the best care system for our communities.”* She closed by asking attendees to consider the following unanswered question: *“Is it better for payers to own providers or providers to own payers or is there a better model?”* Attendees agreed that future Roundtables should continue to present opportunities to discuss this question!

## Alignment Healthcare and Premier: Creating a Winning Formula for MA Value-Based Care



**Ken Jennings, PhD**, Senior Advisor, General Atlantic Private Equity. Ken is an expert in value-based healthcare, change management, leadership and team development, change management and goal setting.



**Gerry Meklaus**, VP, Advisory and Consulting. Gerry is experienced in strategic and operational consulting with health systems, payers and healthcare companies.

This presentation focused on the disruptions currently created by payer relationships and engaged attendees in a discussion around whether or not to move aggressively into value-based payer arrangements. It

was noted that, *although the relationship between payers and providers is becoming increasingly strained, integrated healthcare systems typically have greater brand recognition in their markets than large, national or regional payers.* The question is...how can a healthcare system capitalize on that strong brand to build a collaborative relationship with payers?

*It is expected that by 2028 over 60% of Medicare beneficiaries will be enrolled in a Medicare Advantage plan so providers will continue to face growth of large publicly traded payers in their markets.* As payers grow based on MA enrollments, many providers continue to face significant challenges with payment delays and claim denials. This not only creates cash flow issues but also creates additional administrative costs for providers as they appeal and contest denials and unpaid claims.

The presenters noted that *there is a significant need for a new model where providers have greater input and participation in payer decision-making.*

They shared the example of a case study based on a model created by the *collaboration between Alignment Health and Premier to create an alternative approach to Medicare Advantage* where the providers have greater engagement and participation in the health plan. In this model:

- The hospital creates the Provider Network providing Care Management support and Electronic Medical Records
- Premier supports the hospital with enterprise technology and analytics as well as Population Health and performance improvement support
- Alignment provides all of the payer functions including regulatory, administrative, contracting, marketing and enrollment support

The presentation concluded with a few key “Lessons Learned” from the initial implementations of this model including:

- The hospital / health system needs to clearly articulate to multiple audiences and constituencies the reasons and benefits for adopting this strategy
- The Provider Network is critical and needs to be ready to manage populations including creating the right incentive structures for physicians
- The payer and providers must understand and reconcile each other’s business model and expectations
- There must be transparency on details such as financial models and operating plans or momentum stalls and the implementation takes too long
- The Payer must understand and respect its provider partner’s multi-payer strategy; the provider must also agree that the payer is its preferred partner

## The View From Washington



**Blair Childs**, President & CEO of Childs and Associates, LLC; He is the former Senior VP, primary spokesperson, and communications strategist for Premier on key issues now operating as Senior Executive

Advocacy Advisory for the company based in Washington D.C.

Blair Childs, who has spent nearly three decades as a leading healthcare policy expert and healthcare advocate in Washington D.C., once again joined our Roundtable to present a deep dive into the policy outlook and activities in Washington which are driving the direction and some of the disruptions in our healthcare system both today and into the future. Blair opened his presentation by stating that *the country’s current level of debt and the deficit means that*

*healthcare will continue to be squeezed by Congress and regulators.*

He noted that there continues to be general bipartisan agreement on the following:

- Congress will continue to shift risk for governmental programs (e.g. Medicare / Medicaid) to private entities who will be held accountable for total cost of care within a defined, fixed budget
- Greater emphasis on empowering consumers with more price and quality data, including SDoH information
- Encourage increased competition among hospitals based on wider access to EHR / claims / data transparency, anti-trust review and greater financial and price transparency
- Protect America from global healthcare threats (e.g. cyber-attacks, supply chain issues, bio-chemical attacks, etc.)

Blair also noted that *lawmakers continue to support the growth of Medicare Advantage and innovative payment systems that shift risk and total cost of care to hospitals and payers* because the Affordable Care Act (ACA) has been successful at slowing down Medicare expenditures.

Blair also noted that the current Administration is very active with drafting and implementing new regulations, having enacted nearly twice as many regulations as the current Administration’s predecessors. As part of this effort, there will continue to be a focus on the profitability and perceived Medicare premium overpayment to MA plans.

From a market perspective, Blair noted that *the growth of “Payviders” will significantly increase while the market will also produce more disrupters across the care delivery continuum with an emphasis on:*

- Primary Care
- Retail Clinics and services
- Home Care

- Specialty Care

*In spite of the challenges, he noted that hospital and health systems are generally experiencing improved financial performance due to such things as:*

- Increased utilization
- Reduced contract labor and travel nursing
- Improved Post Acute Care market leading to a shortening length of stay
- Strong investment returns
- 40% increase in outpatient revenue since 2020

Blair concluded his presentation with a brief look at the upcoming elections noting that regardless of the outcome, there will continue to be a highly polarized Congress with very narrow majority on either side resulting in a continuation of no political alignment in Washington.

### **Member Case Study: Innovative Ways to Address HCAHPS, Readmissions, Clinical Instruction, Compliance and Post Discharge Follow-up**



**Craig Parker**, Chief Executive Officer, Guideway Care. Craig has a history of building innovative healthcare companies that improve care delivery.



**Mark Slyter**, President & CEO Arizona East Valley (Chandler Regional and Mercy Gilbert Medical Centers), Dignity Health.

Roundtable Member Mark Slyter and Roundtable Corporate Member Craig Parker presented a case study on the innovative way that Dignity Health, Arizona East Valley, and Guideway Care partnered to use care guidance to significantly improve internal and external performance at Dignity Health across several key metrics.

Mark opened the presentation noting that his organization was facing several key issues and challenges including:

- Unreliable / Inconsistent Performance
- Inability to Achieve Median Level Performance
- Use of “Band aids” vs. Systematic Solutions

*Working with Guideway Care, Dignity Health implemented a comprehensive program using Care Guides to create performance improvement in several areas.* Care Guides are non-clinical professionals who undergo a personality and cognitive assessment and receive extensive training in motivational interviewing and learning to respect patient choices. *The role of the Care Guide is to assist patients by:*

- Addressing barriers related to Social Determinants of Health (SDoH) and disparities
- Overcoming clinical and non-clinical obstacles to ensure high-quality care
- Promptly addressing various issues, including physical, practical, emotional, informational, spiritual, and familial concerns, all of which can impact patient outcomes

*Following implementation, the hospitals experienced significant performance improvement across all areas and measures with the following notable results:*

- Safety – Achieved “Zero Harm”
- Patient Experience – Achieved a 50% improvement in Patient Experience
- Employee Engagement – Achieved significant improvement in Employee Engagement
- Quality – Improved STAR Rating from 3 STAR to 4 STAR
- Financial Performance – Increased EBITDA by 14%
- Growth – Increased Volumes by 4% and improved Market Share by 2%
- Re-Admissions - 35% Reduction
- HCAHPS - 31% Increase



The presentation concluded with some “Lessons Learned” including a discussion about how to achieve Excellence. Mark shared his belief that Excellence can be achieved with a focus on the following actions:

- Delivery of Consistent Behaviors
- Invest / Enhance / Innovate
- Promote / Reinforce / Recognize

Finally, Craig shared that *organizations need to understand the differences between “issues” and “barriers.” Once the differences are understood, the goal is to prevent “issues” from becoming “barriers.”*

## Industry Outlook: Healthcare Executives Respond to Survey



**Kevin Locke**, Managing Principal, Healthcare Consulting, FORVIS. Kevin is a healthcare industry visionary with more than 30 years experience.

Corporate Member, Kevin Locke, presented a summary and overview of the history of FORVIS and noted that FORVIS is unique in that it provides services and support to the entire Continuum of Care from the three major areas of healthcare:

- Acute Care
- Post Acute Care
- Community Care

The FORVIS model combines informative analytics, sophisticated technical resources and broad experience and competency to provide support in expertise in areas such as:

- Strategy & Finance
- Reimbursement
- Performance Improvement

Using a combination of case studies and results of recent conversations as well as a recent 2024 survey, Kevin shared his thoughts and observations on some of the challenges facing FORVIS clients. He noted that a recent FORVIS survey revealed that *hospital and*

*health system leaders are so focused on immediate issues and challenges, that less than 1/3 of respondents replied that their current operating capabilities line up with their strategic and value-based objectives.*

Kevin also shared the results of an early 2024 FORVIS survey called “Mindsets.” *“Mindsets” was a national survey of 120 healthcare executives that gathered information on what leaders thought of the current state of the profession and what they anticipate for the future of the industry.* Based on the survey responses, four major themes emerged:

1. Financial Sustainability – Margins are tight, but the outlook is encouraging
2. Value Based Care – While the premise is clear, next steps are uncertain
3. Strategic Planning – The traditional 5-year Strategic Plan is dead
4. Workforce - Chronic challenges exist and will continue to exacerbate long term issues

Kevin concluded his presentation with his personal belief that *CEOs should continue to evaluate, debate and create a strategy to determine whether they should become a payer, partner with a payer or do neither and then develop a strategy and implement a plan because doing nothing is not a viable long-term option.*

## Innovation Session: Are You Prepared for the Unprecedented Effects of AI on Healthcare and Your Organization?



**Ron Rerko**, Director of Healthcare & Life Sciences at ONIX based in Lakewood, OH. Ron and his team at ONIX partner with Google Cloud and Amazon Web Services to provide hospitals, healthcare companies and research institutions with innovative cloud-based solutions like Generative AI.



**David Butler, MD**, Chief Medical Officer, Lucem Health & Founder & Principal, Calyx Healthcare Partners, LLC. Dr. Butler is a visionary leader in healthcare IT.



**Anthony Nystrom**, Cloud Solutions Architect, ONIX; AI 2023 Global Fellow and AI 2030. Anthony was previously Director of Engineering, AI and Data Science at WorkBoard.

Ron Rerko facilitated this session on the impact of AI on healthcare in general and on hospitals and health systems in particular.

Anthony began the session with a very high-level overview and discussion of the concept of ChatGPT clarifying that *“GPT” stands for Generative Pre-trained Transformer (GPT), which is a group of models created by OpenAI to generate conversational text.* GPT is used because of its ability to understand text inputs and generate conversational, human-like responses.

He further explained that the word “Generative” is important as it means that the system is generating a response to an inquiry in a manner and format that doesn’t currently exist. He went on to state that the quality of the questions asked are just a “Prompt,” so it is extremely important to keep drilling with additional questions and clarification in order to get an accurate and complete response. As a result, *some experts are recommending that a GPT response should not be considered useful unless it has been prompted a minimum of 4-5 times for greater accuracy and clarification.*

Anthony ended his presentation with a very helpful and informative description of the “Cloud” and briefly shared the reasons for Google and other organizations dedicating so much research effort and financial resources on improving and expanding Cloud services.

Following the presentation by Anthony, Dr. Butler led a very informative, and entertaining, session on the challenges of Electronic Health Records based on both his personal experience as a practicing physician and his role as an advisor and consultant to EPIC where he is advising on the use of AI in the EHR platform.

Dr. Butler began his discussion by stating that *the EHR has driven a wedge between the doctor / nurse / patient relationship. He noted that doctors typically spend 1 -1 ½ hours of their personal time every evening answering questions submitted to them via the EHR.* He also stated that the majority of these questions do not need a physician response and could easily be answered by someone else in the physician’s office. *As a result of the time physicians are spending on the activities related to managing the EHR, it has become the second leading cause of physician burn-out.*

Related to the use of AI in the electronic medical record, Dr. Butler noted that AI is nothing more than a robot. It knows everything, but it doesn’t know exactly what the user wants, the reason for the request, or how the information and response is to be used. As a result, the most important part of AI usage is the Prompt and that one should always dig deeper with use of multiple Prompts.

*Dr. Butler then shared that his work with Epic on integrating AI is focused on the following goals:*

- Simplify documentation
- Allow AI to accurately and completely summarize the patient chart
- Automate actions
- Tailor communications to the individual patient and need

He concluded with his belief that AI automates efficiency much better and more effectively than humans can automate efficiency. In addition, he shared that based on research and his personal experience, as an “Augmented Intelligence,” *AI can*

*generate messages to patients that are easier for the patient to understand and often exhibit a much higher level of empathy than many existing clinician / patient interactions.*

The Innovation Session concluded with Ron Rerko sharing information from a recent healthcare cybersecurity conference. He noted that 88% of healthcare organizations have experienced at least one focused cyber-attack in the past year. *Hospitals must recognize that their colleagues and competitors, as well as very intelligent cybercriminals, are aggressively moving to integrate AI into their routine operations.*

He recommended that attendees, instead of ignoring AI, leverage their various partners to focus on learning how AI is currently impacting, and will continue to impact, their organizations. This should include taking advantage of expertise from outside their organizations. He also cautioned that *an organization's adoption of AI is often not a technology problem but is, instead, a culture problem within the organization.* He also cautioned and advised attendees to *"fall in love with the problem, not the technology"* when it comes to implementation and use of AI.

Ron concluded his presentation by *issuing a caution that if you are a hospital and you don't have a qualified cybersecurity team, and you are subject to a "hit," the courts are beginning to rule that the damage from the hit was not an "accident" but due to "negligence" on the part of the organization.* As a result, he recommends that hospitals begin to view cybersecurity as an *"investment"* and not a *"cost."*

## SAVE THE DATE!

Next Scheduled Fall Meeting  
**October 16 - 18, 2024**



### Sheraton Grand Nashville Downtown

623 Union Street, Nashville, TN 37219

Please join us at our next Healthcare Leadership Forum at the contemporary Sheraton Grand Nashville in the heart of downtown Nashville, TN. We look forward to providing you with another informative and stimulating program.

For reservations and inquiries about the Fall 2024 Roundtable Meeting, please contact Alexis Matic at [Alexis@healthcareroundtable.com](mailto:Alexis@healthcareroundtable.com)



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