

# Patients at the Center

Succeeding in the care coordination environment means leaving behind the hospital business model

By Casey Nolan

There was a time not that long ago when railroads were the pre-eminent and dominant mode of transportation in this country. Railroad executives and boards enjoyed great stature and financial success while the golden age of rail lasted for decades. But in the tradition of creative destruction and disruptive innovation, along came cars, trucks and airplanes. Railroad executives initially dismissed these innovations as interesting developments that did not represent a major threat to their business. What they and their boards failed to recognize was that they weren't in the railroad business — they were in the transportation business. The fall and decline of the railroad business was dramatic and prolonged, characterized by dozens of bankruptcies, scores of mergers and thousands of lost jobs.

Amid the chaos of the rollout of the Affordable Care Act website and the resulting cacophony of criticism, it can be hard to remember that health care is in the middle of its biggest transformation in more than a century. This transformation, which has been gathering momentum for the last three decades, will change not only how health care is financed, but also how it is organized and delivered. And, to be successful in the

transformed landscape, health care organizations and their boards must apply the lesson the railroads didn't learn in the transformation of the transportation industry: They must recognize that they are no longer in the hospital business — they are in the care coordination business. Further, health care leadership teams must recognize that the critical suc-

cess factors in the care coordination business will be fundamentally different from those of the hospital business, as will the key performance metrics and measures of success.

## Dated Infrastructure

In remarkably prescient writings, the late Peter Drucker pointed to the challenges facing organizations in an age of discontinuity. Chief among his thoughts on how to succeed in such times is that companies cannot survive by simply doing the old things more efficiently and at a lower cost. Organizations that remain stuck in their ways risk becoming irrelevant — or worse. Instead, Drucker believed

companies in an industry undergoing a fundamental transformation need to rethink their entire organizational business model and underlying assumptions.

So it is with health care organizations as they move from the traditional fee-for-service, volume-based reimbursement world to the future fee-for-health, value-based reimbursement environment, a shift described by futurist Ian Morrison as the shift from the first curve to the second curve. The strategic importance (and, I would argue, the strategic imperative) of making the transition from the first curve (hospital business) to the second curve (care coordination business) is reflected in a startling statistic: About 50 percent of the U.S. population has a chronic condition and these conditions account for approximately 75 percent of health care costs. Yet, much of the care associated with treating chronic conditions occurs outside of the hospital's walls — rather, it takes place in the patient's home, the physician's office, the ambulatory center and the nursing home.

As the population ages, the preva-

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lence, incidence and cost associated with chronic conditions will continue to escalate. The challenge health care organizations face is that the current health care infrastructure is designed to treat acute illness and is not effective at treating chronic illness or addressing personal behaviors associated with poor health. Health care is firmly stuck in the hospital business.

The impact on patients was poignantly captured in a story that appeared in *The Wall Street Journal* in late 2012. Written by Beth Ann Swan, a registered nurse living in the Philadelphia area, the story describes her experience of being instantly thrown into the world of medical care coord-

dination when her husband experienced a brain-stem stroke while on a business trip to Chicago. The article outlines the difficulties the couple faced in moving him from one care setting to the next, how Swan became her husband's care manager and how " ... everything was left to us, the ill patient and his wife." Swan notes, "While he was in a hospital, I had 24/7 access to one of [his] registered nurses if I had a question about anything. After he was discharged, we were on our own. We had no one to call or email for support or guidance."

As organizations prepare to make the shift from the first curve to the second curve, trustees must acknowledge that the current hospital business requires patients and their families to navigate among providers and sites of care on their own. Further, boards, organizations and their leadership teams must recognize that in the future they will be responsible for

the coordination of care for patients and families.

### Readiness Check

To ensure that their organizations are ready to assume their role as care coordinators, boards need to make sure their hospitals and systems have — or have explicit strategies to develop — the people, processes and technologies to ensure that functions, services, providers and sites of care are organized around the patient; care is coordinated across the continuum; and navigation among services and sites of care are proactively facilitated and managed by providers for patients and their families. Boards should be asking such questions as:

- What education does our board need to understand and oversee the changes our organization must make to coordinate care across the continuum for patients and families?
- What relationships with providers,

community organizations and other partners should our organization develop to ensure that coordination of care is successfully facilitated and managed?

- How far along is our organization in developing competency in care coordination, and what resources do we need to get to the next level?
- How will we measure our performance?

Effective care coordination can contribute to creating greater value in health care delivery for patients and families. Boards themselves can add value by understanding the key role care coordination will play in the transforming health care environment, and ensuring that their organizations gain the competence they need to assume this critical role. **T**

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