Engaging Physicians in the Health Care Revolution

A HARVARD BUSINESS REVIEW WEBINAR FEATURING

Thomas H. Lee, M.D.

MARCH 8, 2016

Sponsored by
OVERVIEW

The health care marketplace is entering a new era in which competition is based on value. As this occurs, providers must develop strategies that meet patients’ needs and efficiently deliver outcomes that matter to patients. Since value will be created by teams, collaboration will be a strategic differentiator. Social capital will be as important as financial capital, and social network science will be an essential tool for disseminating value throughout provider organizations. To compete in this value-based world, health care organizations can benefit from a framework with clear imperatives that encompass these elements.

CONTEXT

Dr. Thomas H. Lee shared insights from his research and that of four health care and organizational experts about how health care providers can compete in a value-based world.

KEY LEARNINGS

The health care system is not working well and must change.

The health care sector is experiencing a moment of discontinuity. Worldwide, the health care system is strained due to medical progress, the aging population, and the global economy. Too many people are involved, providers have too much to do, and no one has full accountability. Consequently, both providers and patients face inefficiencies, as well as quality and safety gaps. Even if health care costs weren’t an issue, few would say that the health care system is working well. Unfortunately, isolated simple measures combined with good intentions aren’t good solutions. Delivering inspirational speeches, appointing physicians to key leadership positions, offering financial incentives for improvement, and sharing best practices do not generate lasting, positive results.

Creating value for patients is the winning strategy.

Michael Porter from Harvard Business School is the first expert who influenced Lee’s thinking about health care transformation. Porter advocates using strategy as the response to competition, and organizing around improving value. Key insights from Porter’s and Lee’s work include:

- While operational effectiveness will always be critically important, the new health care marketplace demands choices and development of a real strategy. Operational effectiveness focuses on doing a better job at what organizations currently do. In contrast, strategy focuses on making choices about what the organization will do. Two key questions are, “What are we trying to do for whom?” and “How are we going to be different?”

“Therefore, health care organizations still need operational effectiveness. That is what they need to be in the game. To thrive, however, they also need to think about strategic choices.”

– THOMAS H. LEE

CONTRIBUTORS

Thomas H. Lee, M.D.
Chief Medical Officer, Press Ganey

Gardiner Morse (Moderator)
Senior Editor, Harvard Business Review
• **Strategies are needed that transcend the payment model.** In reality, health care organizations are likely to live with mixed payment models forever.

• **Creating value for patients is a winning strategy.** Four levers exist for improving value. These are: 1) what organizations get paid; 2) the cost of providing services; 3) market share of patients; and 4) market share of personnel.

• **Moving to a high-value delivery system has six interdependent elements.** Organizations must make progress in multiple areas.

![Figure 1](image1)

**The Six Interdependent Elements of the Value-Based Health Care System**

- Patients value competent providers, coordinated teams, and empathetic staff. Press Ganey’s analysis found that patients are more likely to recommend health care organizations if they have high confidence in providers, evidence of employee cooperation, and proof that staff are empathetic.

![Figure 2](image2)

**What Patients Value**
When providers anticipate and embrace competition, they are more likely to be successful.

Lee has collaborated with Leemore Dafny of the Kellogg School of Management. Dafny believes that competition throughout the health care system is the best driver of improvement. Key insights from Dafny’s and Lee’s work include:

- **The market is moving toward competition on value.** Middle class budgets are stretched and consumers select health insurance products they can afford. In addition, bundled payment initiatives are gaining traction.

- **Providers and payers are nervous about competition.** Providers and payers don’t like risk or conflict, and are often paralyzed by exceptions. To overcome paralysis, organizations must address external pressures that reinforce intrinsic motivations, leadership, teamwork, and creation of social capital.

- **Competition drives improvement.** Competition motivates organizations to improve patient outcomes and efficiency. Unfortunately, providers often aren’t organized in teams to create value. To improve, organizations must collaborate and embrace new ways of doing things.

**Teamwork is a competitive differentiator for 21st-century health care organizations.**

Research by Ronald Burt of the University of Chicago found that relationships or “social capital” enable organizations to accomplish goals they otherwise could not. As health care organizations evaluate their teams, they should consider:

- **It is important to prepare colleagues to receive feedback.** The book Thanks for the Feedback suggests that people’s first reflex is to reject feedback. If health care organizations can motivate employees to pull data toward them, they will be more likely to improve.

- **Focused and effective teamwork are the real competitive differentiators for 21st-century systems.** Effective, multidisciplinary teams are organized around groups of patients with similar needs. These teams have clear roles and responsibilities and members are ready to fill in for one another.

- **Social capital is built through brokerage and closure.** Brokerage focuses on nurturing new ideas and introducing ideas from the outside. It increases variation within organizations. Brokerage has four levels:
  1. Making people in two different organizations aware of one another’s interests and challenges.
  2. Transferring best practices.
  3. Drawing analogies between two groups that were thought to be irrelevant to each other.
  4. Synthesis by creating something that doesn’t exist within either organization.

“Merging with others is not a strategy. Market power concentration is gamesmanship and a short-term solution.”

– THOMAS H. LEE
Closure, in contrast, converges on best practices and reduces variation. Employees must feel confident that they will be treated fairly in any situation. Closure can be achieved through Max Weber’s four models for social action:

1. **Tradition.** One illustration is the Mayo Clinic’s dress code.
2. **Self-interest.** An example is performance bonuses.
3. **Affection.** This can be expressed through peer pressure.
4. **Shared purpose.** A health care organization’s mission may be to reduce suffering.

With closure, all four levers must be used, but shared purpose must be first.

- **Trust within teams is essential.** The book Team of Teams highlights the importance of group accountability, resilience and adaptability, transparency and open information flow, and co-location of team members.

**Social network science is one path to empathic, coordinated, high-value care.**

Nicholas Christakis of Yale has found that social network science can foster the spread of values, resulting in empathic, coordinated, high-value care that is the norm. His research suggests that:

- **Connections and contagion matter.** The strength and durability of ties are important. In addition, emotional states are contagious. One positive person can make a group more positive, while one negative person can make the group more negative. Isolated and lonely people impede team performance.

- **Social networks conform to rules.** Three rules influence behavior in social networks:
  1. We shape our networks and our networks shape us. Most people have four close social contacts. Only 5% have eight or more.
  2. Our friends affect us. Social networks are agnostic and amplify information.
  3. Our friends’ friends’ friends affect us. Research has found, for example, that having overweight friends increases one’s likelihood of becoming overweight.

The University of Utah has used social networks alone to improve patient satisfaction. No financial incentives have been provided to improve the patient experience.

**To thrive in a value-based world, health care organizations can benefit from a structured framework.**

Based on his own experience, as well as the research of these experts, Lee has created a framework that health care organizations can use to deliver value to patients and compete more effectively. This framework has ten imperatives that guide organizations toward strategies that improve patient value:

1. Embrace value as the overarching goal of health care.
2. Embrace market forces as drivers of a new health care marketplace.
3. Recognize competition as the secret sauce for a better health care system.
4. Embrace coordinated empathic care as a core component of high-value health care.
5. Measure the outcomes that matter to patients.
6. Organize to improve those outcomes, and do so efficiently.
7. Make social capital as important as financial capital.
8. Identify teams that are the real units of value creation and use social network science to enhance their effectiveness.
9. Use financial incentives for financial issues.
10. Use non-financial incentives for non-financial issues, such as quality.
**BIOGRAPHIES**

Thomas H. Lee, M.D.  
*Chief Medical Officer, Press Ganey*

Dr. Thomas Lee joined Press Ganey as Chief Medical Officer in 2013, bringing more than 30 years of health care experience as a practicing physician and administrator. As CMO, he is responsible for developing clinical and operational strategies to help providers across the nation improve the patient experience. In addition to his role with Press Ganey, Dr. Lee, an internist and cardiologist, practices primary care at Brigham and Women’s Hospital in Boston.

Prior to joining Press Ganey, Dr. Lee served as Network President for Partners Healthcare System and CEO for Partners Community HealthCare, Inc., the integrated delivery system founded by Brigham and Women’s Hospital and Massachusetts General Hospital. In this capacity, he oversaw efforts to improve the quality and efficiency of care.

Dr. Lee is a member of the Boards of Directors of Geisinger Health System, the Special Medical Advisory Committee (SMAC) of the Veterans Administration and the Panel of Health Advisors of the Congressional Budget Office, and a member of the Editorial Board of *The New England Journal of Medicine*. He is a Professor of Medicine (part time) at Harvard Medical School and Professor of Health Policy and Management at the Harvard School of Public Health.

Gardiner Morse (Moderator)  
*Senior Editor, Harvard Business Review*

Gardiner Morse is a senior editor at *Harvard Business Review* where he focuses on marketing, innovation, and technology. He has developed articles on a wide range of topics including marketing technologies, data privacy, health care management, and smart products strategy. Before coming to HBR, Morse served for 15 years in a range of editorial and business roles with the publishers of *The New England Journal of Medicine*. There he developed and launched numerous publications for physicians and the general public, and served as executive editor of *Hippocrates*, a journal for primary care physicians.
At Rosalind Franklin University of Medicine and Science, we’ve been working for more than a decade to train healthcare professionals who can work, communicate, and lead as members of clinical teams to build a safer, more responsive, highly-coordinated system of patient care. Our faculty, students, and alumni are pioneering interprofessional approaches to patient care and they’re a key message of this webinar—the power of teamwork to improve health—in clinical promoting environments and practices around the nation and the globe. It’s gratifying to see a renewed national focus and energy around the work we’re doing. Our medical and health professions students learn about, from, and with each other through clinical exposures, interprofessional coursework, and structured learning opportunities. They learn core competencies for interprofessional practice, including teamwork, roles and responsibilities, values, and ethics. They learn that communication and cooperation between health professionals is a cornerstone of good practice. Perhaps most importantly, they learn how to listen and reflect.

As healthcare delivery continues to evolve, RFU is aligning how it teaches, trains, and develops students with national goals for improving health. The Triple Aim of health care—improved patient satisfaction, improved health outcomes, and reduced costs—offers a roadmap for the interprofessional education and practice we believe holds the key to creating value for patients. We’re working in collaboration with the Nexus Innovations Network to provide evidence of that conviction.

We’re using educational metrics to achieve our priorities and those of the nation by targeting new areas for growth and improvement, like the recent addition of population health management to our curriculum and our emphasis on diagnostic safety through simulation-based training. We’re listening to our students who, eager for early intensive clinical opportunities, help drive our Interprofessional Community Clinic, an incubator for teamwork that offers free care to the underserved. We’re using the power of teams and collaboration to strengthen our university by forming strategic partnerships with institutions that share our values, including the training of a competent, compassionate, and diverse healthcare workforce and the discovery of new knowledge aimed at improving health. Collaboration also drives our efforts to break down barriers to care and eliminate healthcare disparities.

Rosalind Franklin University and its students are driven by a passion for patient care. By working in interprofessional healthcare teams, we can offer high-value care for patients, a competitive edge for delivery systems, and professional satisfaction for providers. Learn more about us at rosalindfranklin.edu.