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Mission Disruption

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Association of Academic Health Centers

Overview: two parts

I. Mission disruption
II. Finding the right leaders

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Part I: Mission Disruption

1. A clear-eyed view of our vulnerabilities
2. Impact on education, research, and patient care
3. Managing our missions: The path forward

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First video (1 min)

- Luddite Horses

We are a unique hybrid of business and academics

Business is
Patient care

Academics is
education and
research

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Vulnerabilities

- High reliance on clinical margins to support the missions because:
  - Education is *not* profitable
  - Research is *not* profitable
- Unclear accountability measures so *efficiency* is hard to measure
- Leadership conflicts (e.g., University, Deans, Hospital, Health System, Departments, Institutes, Centers, etc.)

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These vulnerabilities are increasingly unsustainable

The current and coming environment is forcing changes in the ways universities and health systems operate:

- Making internal inefficiencies unaffordable
- Downward pressure on tuition and related costs
- Pushing the seamless integration of academics and health care in new ways

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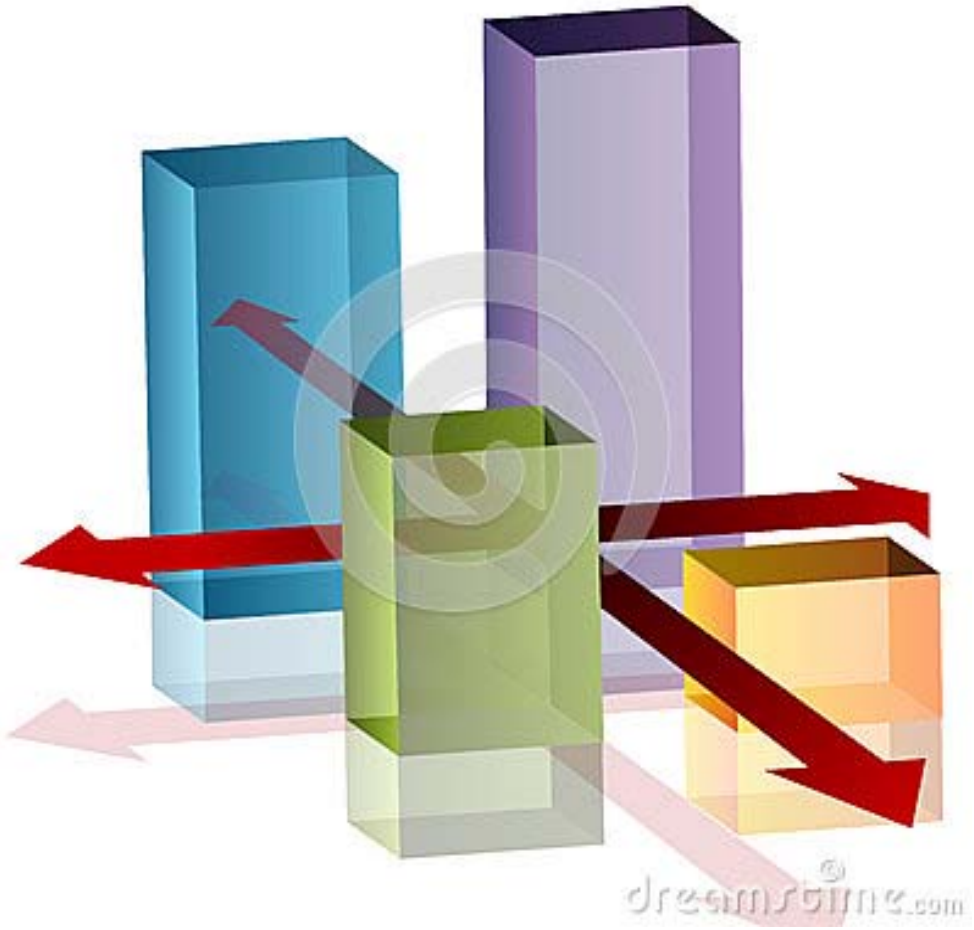
The result: “a clash of the horizontal and vertical forces”



Impact of disruption on education

Some examples

- Electronic/digitized education platforms
- Information overload (what and how to teach)
- Tuition pressures
- Perceived job market
- Designing and executing interprofessional teaching in a sustainable fashion

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Impact of disruption on research: A confluence of factors

- Socio-Political
- Rise of “Team Science”
- Economics
- Democratization of information
- Crowd-sourcing
  - What constitutes a clinical trial?
- Management of huge data sets
- “Control” of research

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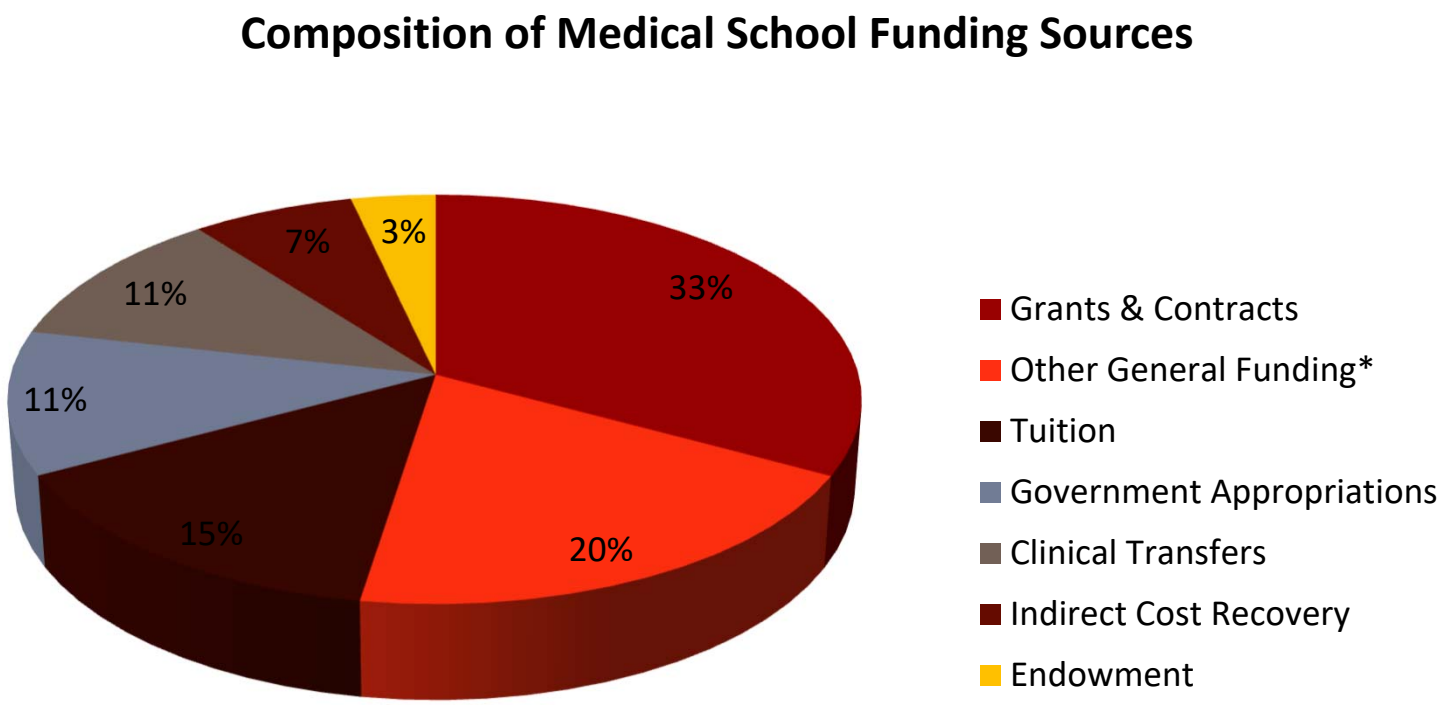
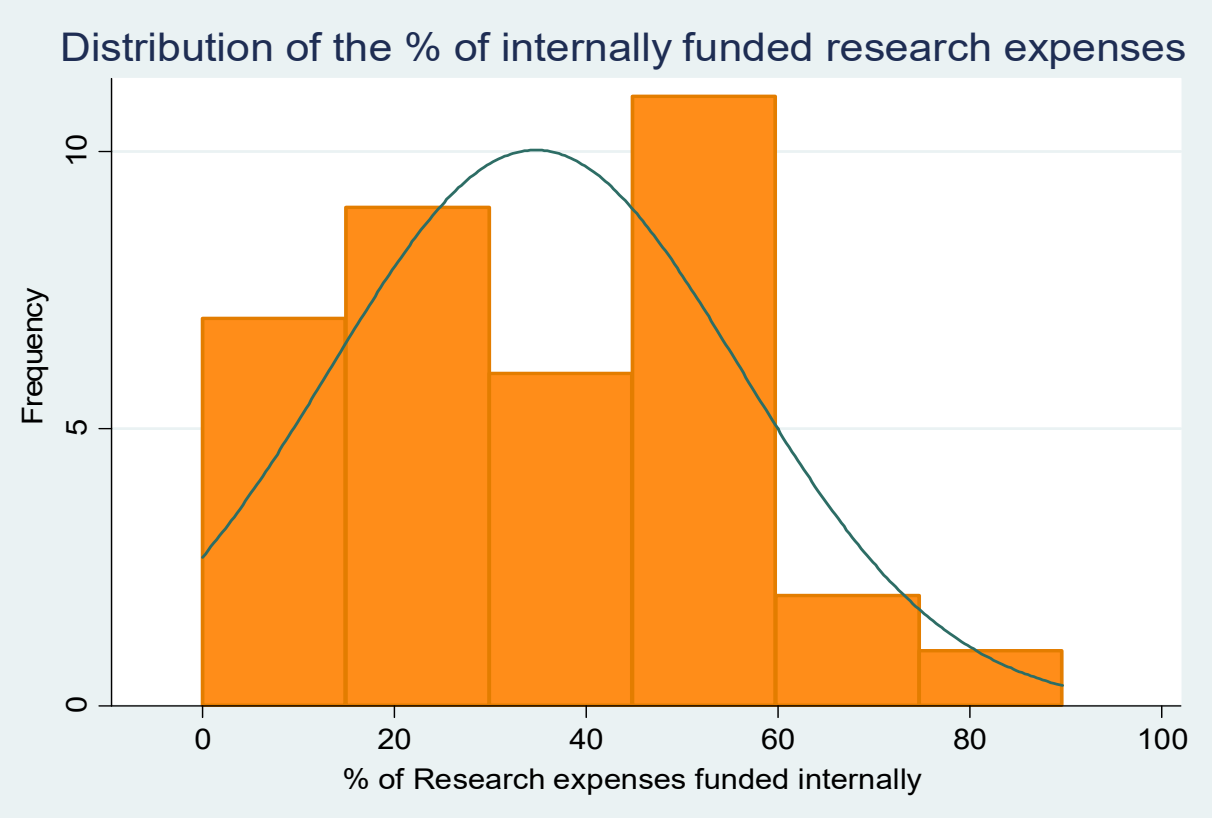
On average, external grants and contracts are the largest funding source for U.S. medical schools



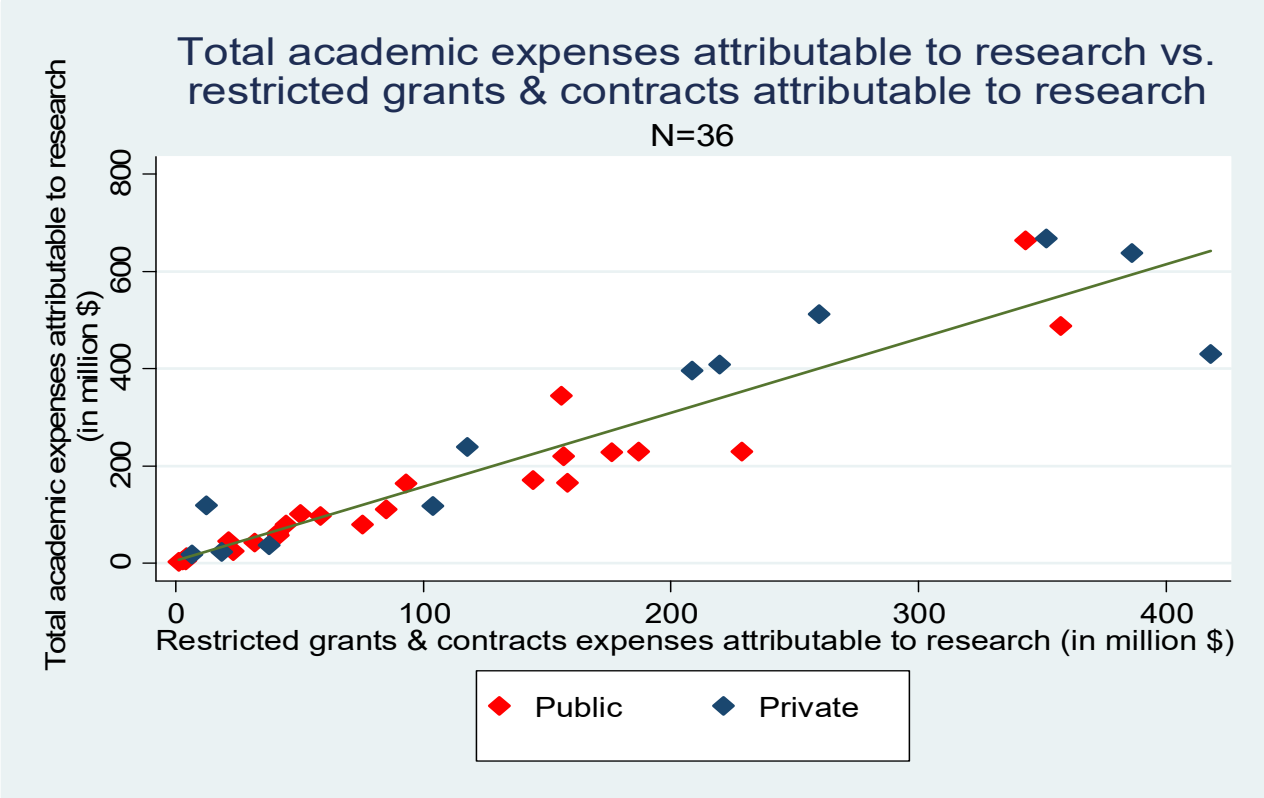
On average, 35% of total research expenses are funded by U.S. medical schools with internal funds

(95% confidence interval of 27%-42%)



Note: Internally funded research expenses are academic expenses attributable to research that are NOT funded externally (*e.g.*, sponsored research, government appropriations).

Multiplier Effect: For every $1.00 increase in research expenses funded by external grants & contracts, U.S. medical schools pay an additional $.52



New cost structure for research needed

Is the single-lab, R01 funded PI a dinosaur?

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Impact of disruption on patient care

- Care is moving from a *fixed setting* to *wherever* the patient may be
- *Real-time* continuous monitoring of patients
- *Big clinical data sets*: how to manage and operationalize them
- The Pandora's Box of technology and new entrepreneurial income streams
- Patient empowerment
- Shifting from provider control to "crowd control"

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What's being created:

The new "physics" of patient care

$$E = mc^3$$

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$E = mc^3$

The Emerging model of healthcare[a], where:

- m = the population, both individually and collectively
- c^3 =
  - c^1 = care anywhere
  - c^2 = care in teams
  - c^3 = care by large data sets

a. Inspired by Eric Dishman's Ted Talk at http://www.ted.com/talks/eric_dishman_health_care_should_be_a_team_sport.htm.

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Second video (1 min)

- Professional Bots

But what will the payment models look like?

- Short-term: Some kind of Blended/Hybrid model
  - PMPM with FFS carve outs
  - Shared savings (for ACOs)
  - Partial capitation
- This changes the incentives and care delivery models
- Raises the important issue of *Taking Risk*

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Is there a best way to pay healthcare providers?

"There are many mechanisms for paying physicians; some are good and some are bad. The three worst are fee-for-service, capitation, and salary."[1]

1. Robinson JC. Theory and Practice in the Design of Physician Payment Incentives. Milbank Q 2001;79 (2)

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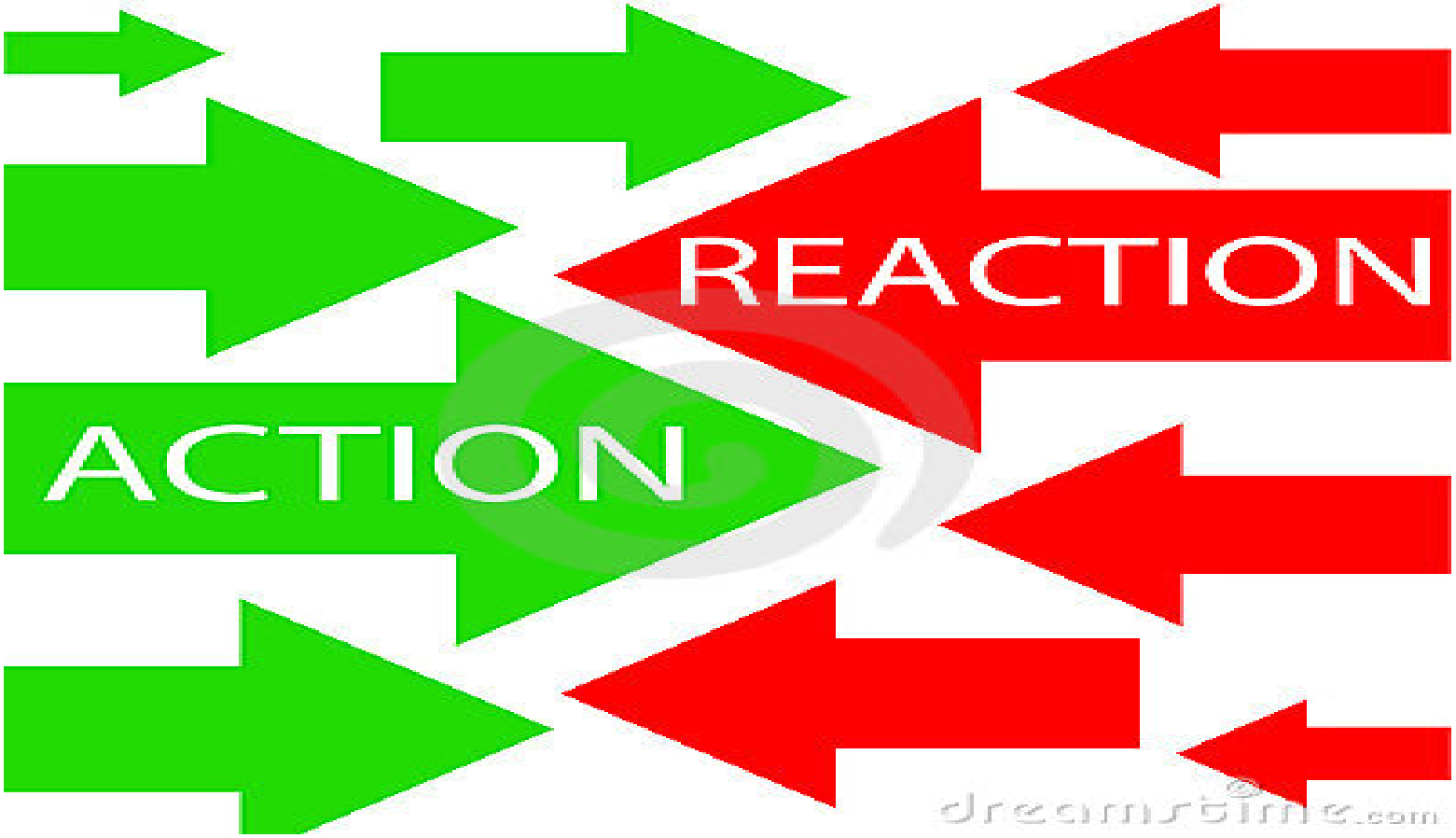
So how are academic health centers responding?



Our members reactions

- Less angst this year than last
  - Institutions are coming to terms with strategic directions in a fairly chaotic environment
- Dominant concerns
  - Clinical market consolidation
  - Clinical funds flows
  - Research funding
  - Leadership transitions

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Early results from our latest member profile survey

- 41% are undergoing major expansions of their hospital or physician network
- 37% are embarking upon large scale cost-reduction initiatives
- 36% are opening a new health professions school or new branch campus
- 31% are changing their governance structures or significant reporting relationships

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Here is the existential problem

"Institutions seek to preserve the problem to which they are the solution."

- Clay Shirky

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What members are doing

1. **Deciding on the best "mission-balance" for the institution**
   - Emphasizing those areas where the institution can make the most difference and greatest contributions
   - Budgeting accordingly

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What members are doing

2. Preparing for the era of no more open-ended funding

- Developing methodologies and tools to assess efficiency, especially in those areas chosen for emphasis
  - E.g., Determining what is meant by research, education, and administrative FTEs
- Establishing how much an institution is willing to invest in both current and new areas and gauge how to account for optimization

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What members are doing

3. Developing an integrated, interprofessional vision

- Improving internal interconnectivity at all levels to capture the combined power of your components
- Shifting the operations and leadership of the academic health center from a highly siloed enterprise to an aligned organizational structure
- Developing networked and interconnected consortia with other institutions on a national and international basis

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What members are doing

4. Broadening the understanding of what they do

- Actively incorporating disciplines previously viewed as external (e.g., engineering and business management) as core healthcare disciplines to facilitate health system change
- Shifting view of mission from management of individual patients to management of community and population health (locally, regionally, nationally, and globally)

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What members are doing

5. Gaining a deeper understanding of the operational implications of assuming more financial risk for population health

- Risk will be assumed either directly or through networks
- Risk goes beyond the cost and quality of individual procedures

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What members are doing

6. Trying to find the right leaders

- We'll talk about this in Part II

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Discussion and break-out

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Part II: Finding the right leaders

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Academic Health Systems

- Are “most complex inventions”
- Require the highest level of leadership to be successful

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Why is it hard to find the right leaders?

Pitfalls

- Leadership is opaque
- Search committees and decision makers tend to evaluate academic skills as opposed to leadership skills
- The problem of the “accidental leader”

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Why do leaders “fail”?

- Bad “fit” for the organization
- Knowledge gap
- An unexpected crisis
- Politics
- **Most common: lack of leadership skills**

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Academic skills vs Leadership skills

Academic		Leadership
• Intellectual capacity	→	• Emotional intelligence
• Narrow knowledge base	→	• Broad range of interests
• Strong work ethic	→	• Strong work ethic
• Highly self-motivated	→	• Highly institution-motivated
• Gets individual results	→	• Gets institutional results
• Rises up the academic ladder	→	• Manages 360

The point

- Academic excellence is not guaranteed to translate into successful leadership

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However…

- A deep belief in the academic missions is essential

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A common pitfall in leadership searches

Confuse confidence, charismatic narcissism, and/or arrogance with *competence*

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A common pitfall in leadership searches

"Arrogance and overconfidence are inversely related to leadership talent"

- Tomas Chamorro-Premuzic

"Another person's narcissism has a great attraction for those who have renounced part of their own…as if we envied them for maintaining a blissful state of mind."

- Sigmund Freud

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Characteristics of Successful Leaders

Personal Traits

- *Emotional intelligence*
- Altruistic
- Principled
- Humility
- Optimistic
- Sense of humor

Abilities

- Inspires trust and ideas
- Delegates
- Communicates
- Works with teams
- Uses power appropriately
- Manages all stakeholders
- Campaigns effectively
- Makes timely decisions

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Emotional intelligence

1. Self-awareness
2. Self-regulation
3. Motivation
4. Empathy
5. Social Skill

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The search *process*
A suggested structure

- Three phases
  - Pre-search
  - Active search
  - Post search

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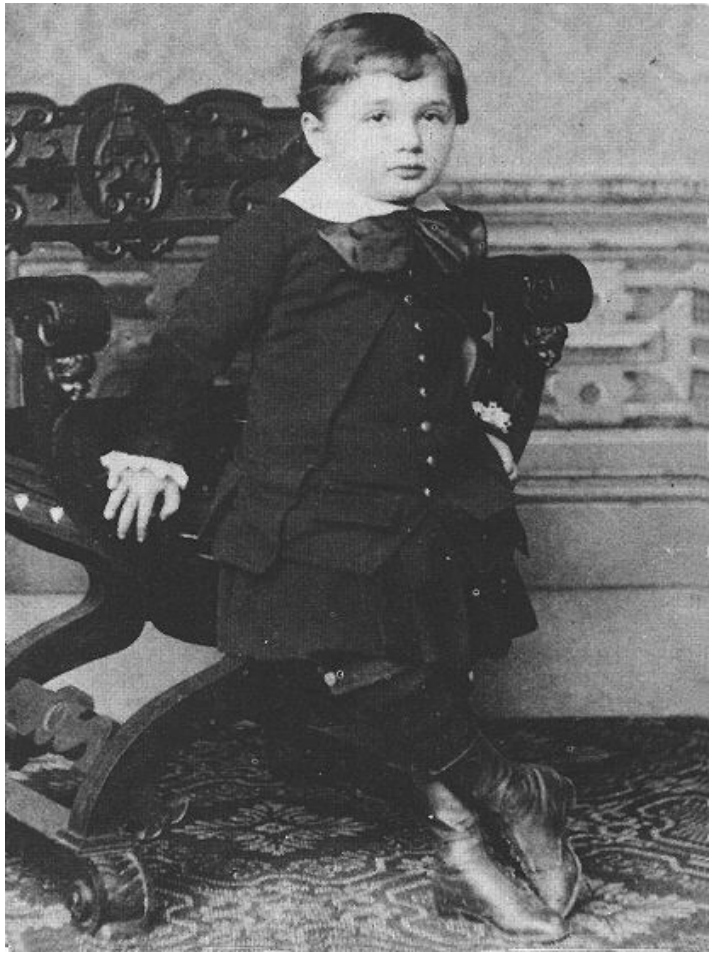
But first consider: what *type* of leader is needed?

Some leadership types



Some leadership types

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Some leadership types

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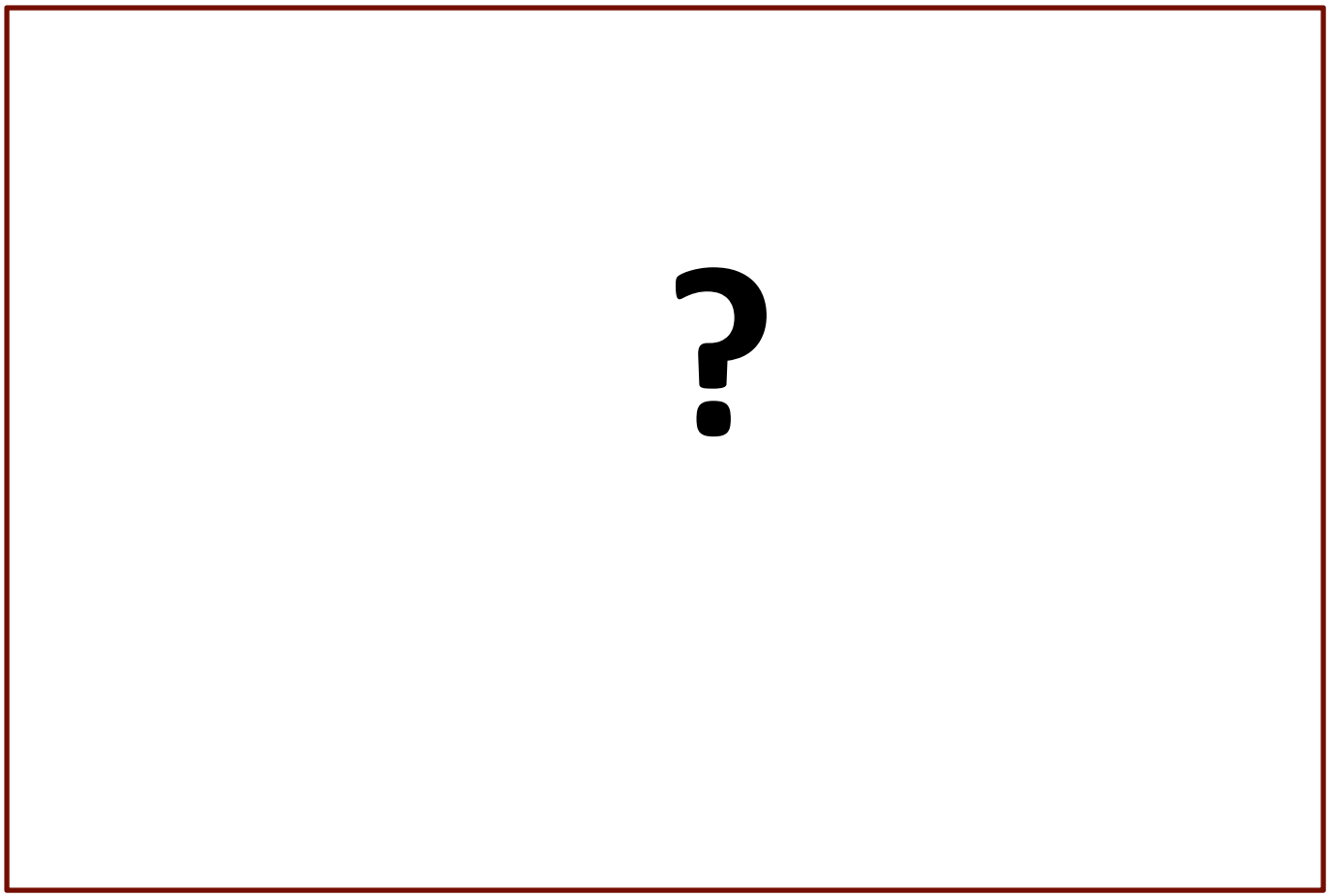
The leadership type needed for your institution/school/department



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We need to do a better job of developing and supporting leadership

- Demystifying organizational administration
  - Show people what you do and how you do it
  - Be transparent in decision-making and management
  - Succession planning

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What can I do to be a better leader?

- Try to self-reflect
- Gain a deep understanding of your personal strengths and weaknesses
- Be willing to confront personal biases
- Strive to put your ego aside
- Repeat above steps as necessary

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Remember the existential problem?

"Institutions ***[and individuals]*** seek to preserve the problem to which they are the solution."

- Clay Shirky

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In summary…

- *The truly transformational leaders I've met engage others around them*
- *They have the capacity to take their ego out of the job, and bask in the reflected glow of the professionals with whom they work*
- *They deeply appreciate, admire, and give credit to other people…*

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Discussion and break-out

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