

HEALTHLEADERS MEDIA
**CEO
EXCHANGE**

Insights Report

December 2014 | Report 1 of 2



DAVID HARTIG

THE CEO AS AGENT OF CHANGE

*Analysis and in-depth discussion from healthcare leaders
at the HealthLeaders Media CEO Exchange in September 2014*

HealthLeaders^{Media}

Share



CEOs' Top Challenges: Translating Strategy, Projecting Confidence for the Transformers



PHILIP BETBEZE

Senior Leadership Editor
HealthLeaders Media

Hospital and health system CEOs know they don't have all the answers for how to adapt to the changes their organizations are facing: from risk-based payment, to analytics-based healthcare services, to team-based medicine.

That's not to say they don't have some highly educated guesses, or that they aren't executing a strategy to adapt. Most are smart enough to know that the transition to a radically different business model based on value versus volume isn't so much figuring out the strategy—though that's difficult—but translating that strategy to physicians, other clinicians, and frontline staff so they can carry out the change that's developed in the boardroom. CEOs can provide the confidence, vision, and leadership, but they can't execute for each and every employee and partner.

Many of the top hospital and health system leaders who participated in our annual CEO Exchange event at the Broadmoor in Colorado Springs, Colorado, in September said that translating strategy into effective transformation at the patient level is among their greatest challenges as the leader of change in their organization.

This report—developed from four separate discussions on the theme “The CEO as Change Agent” with leaders from more than 40 top hospitals and health systems—highlights how a wide variety of top leaders are inspiring their organization's employees. Perhaps more important, they are providing a needed dose of confidence that their organizations can navigate that change and thrive in a new world where financial success is more closely aligned with how successfully the organization is able to achieve positive health outcomes.

Change agent or not, the CEO can't do it alone.



Discussion

Leading, Modeling, and Instilling Confidence in the Transition Strategy

PHILIP BETBEZE

CEOs know their words have punch. But absent exacting oversight from top leadership and clear direction from vice presidents down to frontline staff, those responsible for executing the switch from volume to value struggle. The CEO is the leader of change in the organization, but he or she can't get the job done without trust from those who are ultimately responsible for remaking large swaths of how hospitals and health systems do business.

In a conversation we call "The CEO as Change Agent," more than 40 of the top executives from hospitals and health systems—large and small, coast to coast—talked about successes, failures, and yet-to-be-determined outcomes from perhaps the most momentous time of change that healthcare has ever seen.

The drive is on to manage the health of populations and measure success by patient outcomes, but the untrodden path is uncertain. CEOs must inspire those they are leading to pursue both urgency and confidence, because time is short.

Driving change faster

Many CEOs take the view that embracing the transition from volume to value should be done as quickly as possible to minimize pain and lower the likelihood of losing momentum. Though the financial pain may be sharp, it will be quick; that is the philosophy at Banner Health, where Becky Kuhn is president of the Arizona healthcare giant's eastern region.

"We're trying to drive the pace of change faster. We have lots of education and communication that goes out broadly about the why down to the staff levels," says Kuhn. Success will come only after enduring the pain of the transition, the thinking goes, so it pays to be quick about it, because the things that leaders do to be competitive in a value-based environment negatively impact the still-dominant fee-for-service environment.

"So the faster we move toward it, the better," she says.

But because the changes affect every corner of the organization, maintaining a positive focus can be challenging because culture can be fragile, says Todd Linden, president and CEO of Grinnell (Iowa) Medical Center.

"Folks want to and work hard to do a good job, but it's a complicated story

to explain to all the different constituents, from the board level right through to the line staff," he says. "That's the hardest thing right now."

That means focus on individual areas of accountability is crucial, says Charles Hart, MD, president and CEO of Regional Health in Rapid City, South Dakota.

"Because of all this turmoil—all this constant change—if you can give them focus as to what their priorities should be and you continually follow through with that, that really helps," he says.

TAKEAWAYS

- Driving change faster
- Instilling confidence
- New investments
- Need for scale and alliances

THE PARTICIPANTS

Keith Alexander

CEO
Memorial Hermann Memorial City Medical Center,
Houston

Joel T. Allison, FACHE

CEO
Baylor Scott & White Health, Dallas

Damond Boatwright, FACHE

Regional President and CEO
SSM Health Care of Wisconsin, Madison

Kimberly Boynton

President and CEO
Crouse Hospital, Syracuse, New York

David T. Brooks, FACHE

President
St. John Hospital & Medical Center, Detroit

C.R. Burke, MHA

President and CEO
St. Joseph Heritage Healthcare, Orange, California

Clay Carsner, MHA

Vice President and COO
Seton Family of Hospitals, Austin, Texas

Alan H. Channing, MS

President and CEO, Retired
Sinai Health System, Chicago

Patrick A. Charnel, MPH, FACHE

President and CEO
Griffin Health Services Corporation, Derby, Connecticut

Jonathan Davis, FACHE

President
Methodist Health System, Cedar Hill, Texas

Bruce M. Elegant, FACHE

President and CEO
Rush Oak Park Hospital, Chicago

Delvecchio Finley, FACHE

CEO
Harbor-UCLA Medical Center, Torrance, California

Joe Harrington, BS, MS

President and CEO
Lodi (California) Health

Charles E. Hart, MD, MS

President and CEO
Regional Health, Rapid City, South Dakota

Mark Herzog, FACHE

President and CEO
Holy Family Memorial, Manitowoc, Wisconsin

Louis Shapiro, president and CEO of Hospital for Special Surgery in New York City, says today's healthcare CEOs are "transition CEOs."

"We are people who have to live in multiple worlds with two responsibilities: Focus on performance today, and build the kind of capabilities needed to compete in the future. This takes a commitment to excellence in all we do, while driving efficiency and supporting a strong culture," he says. "It's our job to get our organizations through this transition period. We must consider the environment and do what we need to ensure the continued health and vitality of our organizations, which are all evolving, so we are positioned for success."

Wright Lassiter, who recently agreed to take the president role at Detroit's Henry Ford Health System after running Alameda Health System in Oakland, California, for nine years,

says it's important for the CEO to be transparent about all the uncertainties that still exist, while simultaneously hewing to the strategic plan. "We're not Carnac where we can put the card to our head and know what it says," he says, referencing the Johnny Carson comedic character who could divine answers to unasked questions. "We're not infallible. Because of disruption in the market and because of all things we're facing, there isn't absolute certainty."

Instilling confidence

Despite that uncertainty—indeed, because of that uncertainty—it's the CEO's job to manage worries about the strategic direction the organization has chosen, the participants agree. And though it's a "soft" skill, managing that with an air of confidence is essential, says Hart.

"Whether it be physicians, nurses, or other staff, my real role is to give



"We are people who have to live in multiple worlds with two responsibilities: Focus on performance today, and build the kind of capabilities needed to compete in the future."

LOUIS SHAPIRO, PRESIDENT AND CEO, HOSPITAL FOR SPECIAL SURGERY, NEW YORK CITY

THE PARTICIPANTS

Sam Huenergardt, MBA

President and CEO
Central Texas Medical Center, San Marcos, Texas

Stephen K. Klasko, MD, MBA

President of Thomas Jefferson University and President
and CEO Thomas Jefferson University Hospitals,
Philadelphia

John (Jack) Kolosky, CPA, MBA

Executive Vice President and COO, H. Lee Moffitt Cancer
Center & Research Institute
President of the hospital corporation, Tampa, Florida

Rebecca Kuhn, FACHE

President, Arizona East Region
Banner Health, Phoenix

Mark Laney, MD

President and CEO
Mosaic Life Care (formerly Heartland Health), St. Joseph,
Missouri

Wright L. Lassiter III, BS, MHA

CEO
Alameda Health System, Oakland, California
(President of Henry Ford Health System, Detroit, as of
December)

Todd C. Linden, MA, FACHE

President and CEO
Grinnell (Iowa) Regional Medical Center

Doug Lockett

CEO
CaroMont Health, Gastonia, North Carolina

Paul E. Macek, MHA

Vice President for Affiliations/Partnerships
UnityPoint Health Methodist | Proctor, Peoria, Illinois

Dan Moen

Executive Chairman
LHP Hospital Group, Plano, Texas

Amy Perry

President
Sinai Hospital
Executive Vice President
LifeBridge Health, Baltimore

Michael T. Rowan

President of Health System Delivery and Chief Operating
Officer
Catholic Health Initiatives, Denver

Joel Seligman

President and CEO
Northern Westchester Hospital, Mt. Kisco, New York

them the confidence that we've got a plan. We're going to ignore distractions and go straight at this plan. If we do that, we will be successful," he says. "That requires me to be much more visible within the organization, especially on the front lines."

That doesn't mean being a Pollyanna about the challenges facing healthcare organizations as they are being asked to dramatically decrease cost while maintaining their mission and financial viability.

"The problem is, we don't know how we're going to get paid going forward, and it's changing every day," says Bruce Elegant, president and CEO of Rush Oak Park (Illinois) Hospital, which borders Chicago's west side. "Some organizations that are way out front on these things realize they went too far. Others are going to get left behind, but most are just cautiously inching, because we don't know what

the endgame is going to be. And that's frustrating for our employees."

Part of the issue with leading organizations faced with such pressures is being comfortable dealing with ambiguity and uncertainty, says Paul Macek, vice president of affiliations and partnerships at UnityPoint Health Methodist/Proctor in Peoria, Illinois, who, in his former position as CEO at Proctor, led the affiliation and merger discussions with UnityPoint Health Methodist.

"You have to convey a sense of confidence to the people all around you. At the same time, you are dealing with several complicated circumstances for which there are no immediate answers," he says. "What helped me was that as long as I was clear on the vision we were attempting to achieve, I could navigate through all of the ambiguity and uncertainty."



"Whether it be physicians, nurses, or other staff, my real role is to give them the confidence that we've got a plan. We're going to ignore distractions and go straight at this plan. If we do that, we will be successful."

CHARLES HART, MD, PRESIDENT
AND CEO, REGIONAL HEALTH, RAPID
CITY, SOUTH DAKOTA

THE PARTICIPANTS

Louis A. Shapiro, FACHE

President and CEO
Hospital for Special Surgery, New York City

Steve Simonin, FACHE

President and CEO
Iowa Specialty Hospitals & Clinics, Clarion, Iowa

Harry L. Smith, Jr.

President
Novant Health, Charlotte, North Carolina

Mark J. Solazzo

Executive Vice President and Chief Operating Officer
North Shore-LIJ Health System, Long Island, New York

Charles (Chuck) Stark, FACHE

Former President and CEO
Columbus Regional Healthcare System, Columbus, Georgia

Pamela Stoyanoff, MBA, CPA

Executive Vice President and COO
Methodist Health System, Dallas

Troy Thibodeaux, MHA, FACHE

Executive Vice President and CEO
Covenant Health System, Lubbock, Texas

Lynn Torossian

President and CEO
Henry Ford West Bloomfield (Michigan) Hospital

Michael O. Ugwuoke, DHA, FACHE

President and COO
Methodist Le Bonheur Healthcare, Memphis, Tennessee

Michael (Mike) Wiechart

President and CEO
Capella Healthcare, Franklin, Tennessee

Michael D. Williams, FACHE

President and CEO
Community Hospital Corporation, Plano, Texas

Mike Wiltermood

CEO
Enloe Medical Center, Chico, California

Deborah Zastocki, DNP, RN, FACHE

President, Chilton Medical Center
Vice President, Atlantic Health System, Pompton Plains, New Jersey

HEALTHLEADERS MEDIA

CEO
EXCHANGE



"And when you get the employer community enlightened, they realize they can define their own network and create their own plan design. They say to us: 'Just tell me how to do it,' which is kind of fun."

PATRICK CHARMEL, PRESIDENT
AND CEO, GRIFFIN HEALTH
SERVICES, DERBY, CONNECTICUT

For Patrick Charmel, president and CEO of Griffin Health Services in Derby, Connecticut, part of working his organization's plan involves engaging leaders of other independent organizations. He also serves as chairman of the Value Care Alliance, a collaboration of hospitals and physicians working together to provide efficient, coordinated, high-quality care for the communities they serve. He says the hospitals selected as members of the alliance are there because they fill a specific niche.

"We cherry-picked the best of breed, and brought them together with the intent of building a product around low-cost, high-quality hospitals. There's a lot of interest in that," he says. "And when you get the employer community enlightened, they realize they can define their own network and create their own plan design. They say to us: 'Just tell me how to do it,' which is kind of fun."

New investments

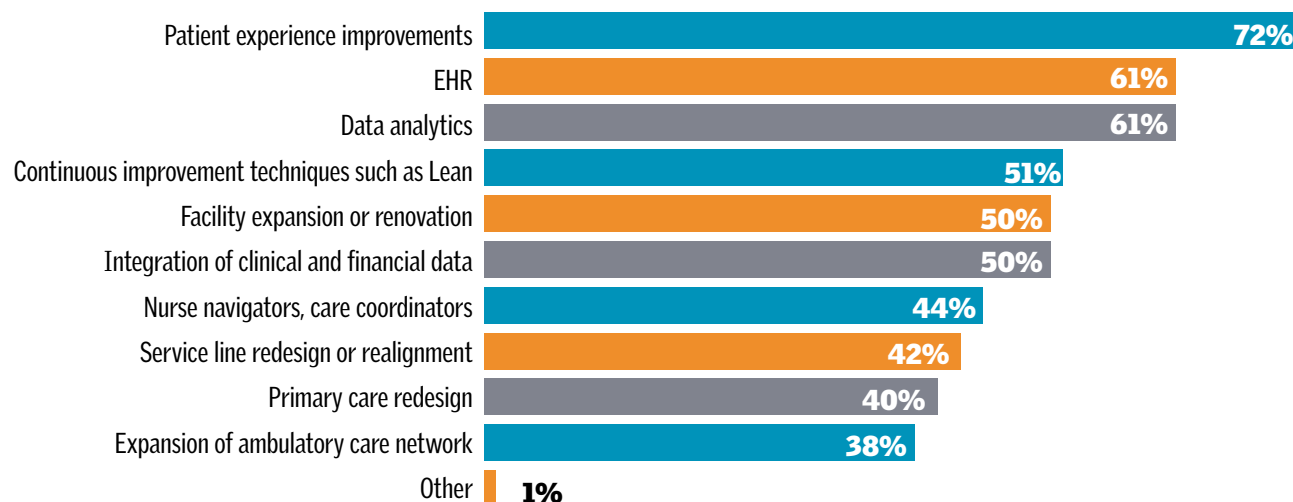
"We have a saying that we use a lot: You can't control the wind, but you can control the sail," says Mark Solazzo, executive vice president and chief operating officer at North Shore-LIJ Health System in Long Island, New York.

"When we talk to our leadership or to the rank and file, we recognize that there's a lot of change going on, and we can't control much of that change," he says. "Let's not waste our time, resources, and money trying to change it. What we can control is how we react to it and how we are going to be proactive."

Nurturing a culture of innovation along with a culture of safety is important, but North Shore-LIJ's leadership makes sure that those who are striving to meet the demands of 21st century healthcare can make mistakes. That's part of trying to control the "sail."

INVESTMENT TARGETS

In which of the following does your organization expect to begin or increase investment over the next three years?



SOURCE: HealthLeaders Media Industry Survey 2014, CEO Report: The Winners and Losers of Healthcare Reform, January 2014

[CLICK TO DOWNLOAD THE FREE REPORT](#)

"If you're not making mistakes, you're not moving forward," Solazzo says. "In this kind of environment, you've got to be really moving fast and trying different things, and it's okay to make mistakes."

Many executives in the discussion agreed that part of the solution is innovation and the courage to take a stand, whether it ultimately is successful or not.

"So who can do it? We can do it," says Charmel, of meeting the challenges of a changing reimbursement system and changes in the way hospitals and health systems are being evaluated from a variety of constituencies. "The question is, are you going to build the capabilities to do it?"

Sometimes it's not the rank and file, but the top leaders, who need the most support, says Michael Wiechart, president and CEO of Franklin, Tennessee-based investor-owned hospital chain Capella Healthcare.

"We have invested a lot in the culture over the last couple of years, trying to make sure the leaders up and down the organization are aligned around the broader goals," he says.

That may sound pretty basic and intuitive, Wiechart says, but it has been a very difficult cultural shift, and not in the ways most might expect.

"It hasn't been at the rank-and-file director level. When you talk about 13 hospitals in six states, it's been at the organizational peer level. I think

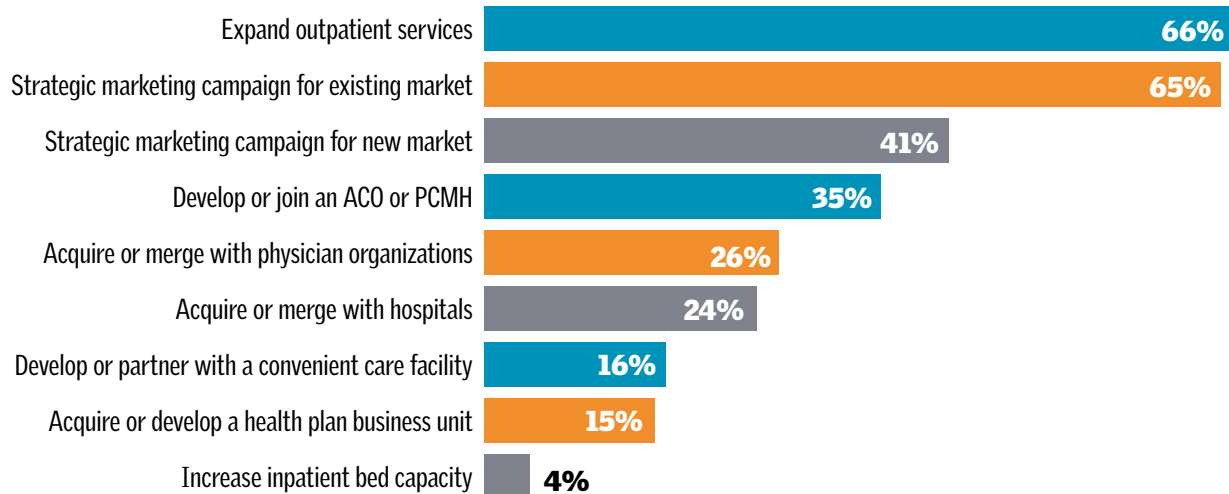
at times we find ourselves ascended to certain leadership positions, and all of a sudden we think up, not down. Holding some of my peers accountable for organizational outcomes sounds really good in theory, but when you put performance evaluation and compensation at risk around that, the conversation gets a little challenging," he says.

That type of challenge may be beneficial for the organization, however.

"One of my professors used to say you should always have five people under you who think they can do a better job than you and three that are right," quips Stephen Klasko, MD, MBA, president of Thomas Jefferson

FUELING GROWTH

How will your organization fuel financial growth over the next five years?



SOURCE: HealthLeaders Media Industry Survey 2014, CEO Report: The Winners and Losers of Healthcare Reform, January 2014

[CLICK TO DOWNLOAD THE FREE REPORT](#)

University and president and CEO of Thomas Jefferson University Hospitals in Philadelphia. "Sometimes in healthcare we tend to surround ourselves with a lot of people who look like us. So one of the things that I try to pride myself on is knowing what I'm good at and what I'm bad at. So I try to surround myself with people that are a lot better than I am."

Need for scale and alliances

For many CEOs, the most significant challenge for them as leader of their organization is one that is quite simple to articulate but much more difficult to achieve.

"The most significant, single challenge at this point is whether or

not we can remain a single hospital system or if we need to join a larger system," says Kimberly Boynton, president and CEO of Crouse Hospital in Syracuse, New York. "We're having

discussions—everyone is always in discussions—and we are doing well financially. I can put together a plan that goes out five, almost 10 years, and things look positive. We've



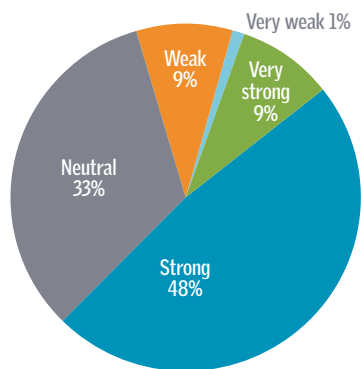
DAVID HARTIG

"Finding partnerships that actually add value to our ability to deliver to our communities is our great challenge, but we don't necessarily need partnerships except for selected clinical services."

MARK HERZOG, PRESIDENT AND CEO, HOLY FAMILY MEMORIAL, MANITOWOC, WISCONSIN

ASSESSING PROVIDER RELATIONSHIPS

How would you rate your organization's current performance in the area of collaboration/relationships with providers?



CLICK TO DOWNLOAD THE FREE REPORT

SOURCE: HealthLeaders Media Industry Survey 2014, CEO Report: The Winners and Losers of Healthcare Reform, January 2014

put in place a number of initiatives to improve revenue and decrease expenses. We're working toward a clinically integrated network. All of our partnerships are on track, but we're in a highly competitive market."

Charmel, of Griffin Health, says there are options his organization and others in the Value Care Alliance have pioneered. And while Griffin is "fiercely independent," he notes that so are the six other hospitals in the alliance.

"That's seven hospitals coming together to build a population health management infrastructure where we can do things together to improve quality and reduce cost.

But you know, that's a whole new set of relationships with organizations that have been independent and have behaved that way. Trying to get them to work together in a system where they're owned but collaborating is a real challenge. Having everybody else understand what it is and what it isn't is a challenge."

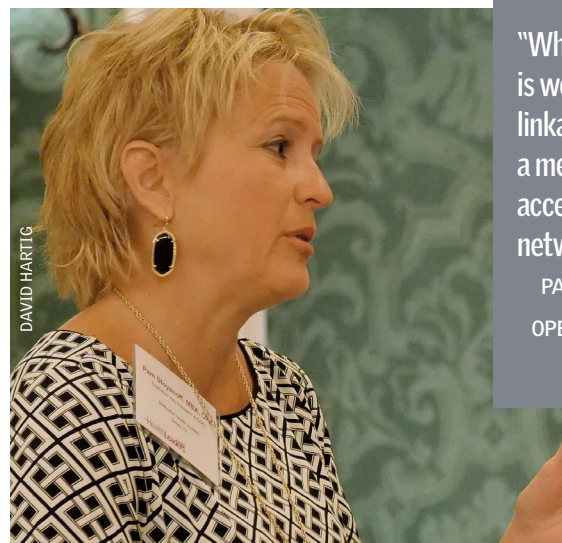
Depending on the region, others are having trouble finding value in either clinical partnership or more extensive contractual or merger tie-ups.

"We've got a nice balance sheet, so I don't need money, at least for a while, so we're trying to look at partnership in a different way," says Mark Herzog, president and CEO of Holy Family Memorial in Manitowoc, Wisconsin. "Finding partnerships that actually add value to our ability to deliver to our communities is our great challenge, but we don't necessarily need partnerships except for selected clinical services."

For Pamela Stoyanoff, executive vice president and chief operating officer at Methodist Health System, a seven-hospital system in Dallas, surrounded by behemoths like Texas Health and Baylor Scott & White Healthcare, it's an issue of staying relevant.

"We're not the big player," she says. "We're seven hospitals and at \$1.2 billion net revenue yet still relatively small. What keeps me up at night is worrying about physician linkage and having enough of a medical staff and enough access points to stay in networks—to be part of the payer contracting efforts as everyone else tries to go narrow."

Philip Betze is senior leadership editor for HealthLeaders Media. He may be contacted at pbetze@healthleadersmedia.com.



DAVID HARTIG

"What keeps me up at night is worrying about physician linkage and having enough of a medical staff and enough access points to stay in networks."

PAMELA STOYANOFF, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, METHODIST HEALTH SYSTEM, DALLAS



Access. Insight. Analysis.

Join the HealthLeaders Media Council to:

- Receive complimentary Premium Editions of our monthly Intelligence Reports (\$399 value) as a thank-you for your participation
- Share your knowledge of the industry by contributing to brief online surveys
- Access survey results and research reports in advance

Recently published Intelligence Reports include:

- *Patient Experience Transformation: Engaged Patients, Measurable Standards*
- *The ED Fix: Triage, Coordination, and Navigation*
- *Population Health: Are You as Ready as You Think You Are?*

Join the nation's most exclusive executive healthcare intelligence community at www.healthleadersmediacouncil.com.



About Us

HealthLeaders Media is a leading multi-platform media company dedicated to meeting the business information needs of healthcare executives and professionals. To keep up with the latest on trends in physician alignment and other critical issues facing healthcare senior leaders, go to www.healthleadersmedia.com.

Consult Exchange Insights Reports to learn more about the concerns and solutions of senior leaders attending the HealthLeaders Media CEO Exchange, CFO Exchange, and Health IT & Quality Exchange.



Vice President and Publisher
RAFAEL CARDOSO
rcardoso@healthleadersmedia.com

Leadership Programs Director
JIM MOLPUS
jmolpus@healthleadersmedia.com

Editorial Director
EDWARD PREWITT
eprewitt@healthleadersmedia.com

Managing Editor
BOB WERTZ
bwertz@healthleadersmedia.com

Senior Leadership Editor
PHILIP BETBEZE
pbetbeze@healthleadersmedia.com

Media Sales Operations Manager
ALEX MULLEN
amullen@healthleadersmedia.com

Copyright ©2014 **HealthLeaders Media**, a division of BLR 100 Wimmers Circle, Suite 300, Brentwood, TN 37027 • Opinions expressed are not necessarily those of **HealthLeaders Media**. Mention of products and services does not constitute endorsement. Advice given is general, and readers should consult professional counsel for specific legal, ethical, or clinical questions.



Sponsorship

For information regarding underwriting opportunities for **HealthLeaders Media Exchange Insights Reports**, contact: **781-639-3390** | sales@healthleadersmedia.com



H E A L T H L E A D E R S M E D I A . C O M

75 Sylvan Street, Suite A-101 > Danvers, MA 01923 > 781-639-3390
100 Winners Circle, Suite 300 > Brentwood, TN 37027 > 800-639-7477
For general inquiries, please email: sales@healthleadersmedia.com.