

Straight Talk

A weekly update from management on the issues that matter most



February 3, 2011

Dear Friends and Colleagues,

As uncertain as the future of U.S. healthcare might be, two things are irrefutable. First, we can't sustain a national healthcare system where costs grow faster than the economy. Second, healthcare organizations that fail to adapt quickly to change will find themselves on the outside, looking in. These were two major themes at a national Governance Institute meeting in Naples last week, attended by Board members **Kay Gow, Tom Gazdic, Joe Perkovich**, and leadership team members **Kevin Cooper, Jim Martin** and me.

A few of the speaker topics were admittedly foreboding—*The Tsunami After the Earthquake: Riding the Tidal Wave of Reform to an Optimistic Future in Healthcare Reform; This Will Hurt: A Healthcare Perspective From Moody's; The New Business Model in Healthcare: Next Steps; and Telling It Like It Is: Positive Actions for Negative Times.*

Yet we emerged from the meeting more confident than ever—that while we still have much to accomplish at NCH and will clearly undergo continued change, we're doing the right things to respond to the healthcare challenges that confront us and to meet the needs of the people of southwest Florida. Here are some of the more important things—many of which echo our work at NCH—that we learned at last week's session:

- Dean Klasko of the University of South Florida, said this is the first year that not one medical school graduate planned to go into traditional private practice. Rather, all chose an employment or a clinical partnership model.
- Monetary rewards for improvements in quality for physicians or hospitals will come from funds taken from poor performers. Payments will be redirected, because there will be no increase in total government outlays for healthcare.
- To thrive in a globally competitive environment, the U.S. must have transformation, not just reform. This change will require collaboration among patients, physicians, hospitals and insurers.
- Non-collaborative, standalone providers will perish, while mature, integrated systems and multispecialty, technologically-sophisticated groups will flourish. Technology will be a game-changer.
- Open communication succeeds; selective disclosure fails.
- For us to thrive, fixed costs, such as buildings and equipment, and variable costs, such as supplies, must decline. Resource management must be everyone's responsibility.
- Size and good governance matter. Dynamic boards will import fresh ideas from other industries and countries to enhance U.S. healthcare. Larger organizations can negotiate better contracts, be more "market relevant," more efficient/effective, and command a bigger, positive voice in their communities.

The new reality in healthcare and at NCH was best summed up by Dr. Atul Gawande, in a *New Yorker* magazine essay, "*The goals of lower cost and higher quality will ultimately be driven by an attitude and culture that values change and innovation and places the patient at the center of every organizational decision.*" This is NCH.

Discussions about the future of U.S. healthcare continue this Sunday on Jeff Lytle's *Naples News Makers*, featuring yours truly and two other area hospital CEOs. The show is Sunday at 10:00 a.m. on ABC 7.

Respectfully,

A handwritten signature in blue ink that reads "Allen".

Allen S. Weiss, M.D., President and CEO

P.S. Feel free to share *Straight Talk* by emailing me at allen.weiss@nchmd.org to be added; and join us on Facebook at www.facebook.com/nchflorida.