

January 30, 2014

Dear Friends and Colleagues,

The practice of healthcare involves constant learning. And the same holds true for community leaders who volunteer their time to serve on the boards of healthcare organizations. Each winter, the nationally-recognized Governance Institute brings top speakers to Naples to update board and leadership team members from around the nation on current and future trends in our profession.

Last week, NCH Board Chair **Mariann MacDonald**, Vice Chair **Tom Gazdic**, Foundation Chair **Terry Flynn**, Quality Chair **Dr. Hermes Koop**, Strategy Chair **Dr. John Lewis**, Investment Chair **Robert Moses**, and Human Resources and Audit Chair **Greg Russo**, along with the senior leadership team, attended the annual Governance Institute workshop. We were brought up to speed on the raft of formidable challenges that confront our industry. Among them:

- Ken Kaufman, a widely-quoted health system consultant, provided a tutorial on the unsustainable expense of healthcare. He shared a powerful chart from Federal Reserve Vice Chair Alan Blinder that demonstrated the sad reality that healthcare costs will exceed the government's annual revenue (i.e., taxes) in the coming decades. The situation can become a crushing, vicious cycle, as interest expense is added for borrowed money to cover the shortfall caused by healthcare.
- The benefit/cost curve, which reveals where most people get the most benefit from limited resources, is neither at the end of life nor in the repair mode. Rather, it is *early in life* with prevention and encouraging good health habits. This is why our *Blue Zone* campaign for improved population health is so critical.
- The national trend clearly is moving from inpatient-centric care to outpatient-centric care. Nationally, inpatient usage is down nearly 10%. Soon some experts say Medicare one day stays in the hospital will be a thing of the past. Hospitals will care for only very sick patients and become ICUs, Operating Rooms, and Emergency Rooms. We are seeing this same trend at NCH: Objectively sicker patients, fewer hospital admissions, lower length of stays, and increased outpatient care.
- We were shown two short video clips from academic surgeon Dr. John Birkmeyer's New England Journal of Medicine article, which demonstrated different degrees of dexterity that correlate with successful surgery and better outcomes (<a href="http://www.nejm.org/doi/full/10.1056/NEJMsa1300625">http://www.nejm.org/doi/full/10.1056/NEJMsa1300625</a>). These are well worth watching for new ways of assessing competence, performance, and outcomes.
- We were told about a wave of new, well-funded and highly capable competitors, destined to disrupt healthcare and move us from a wholesale to a retail business. Walgreens, for one, well-known and trusted, with stores within two miles of 90% of Americans, has added diagnosing and treatment of chronic conditions to its services as well as nurse practitioners in its "Take Care Clinics." Walgreens' partner is Theranos, an innovative lab company that requires only a drop of blood to do a battery of tests. With patients price-shopping in light of higher insurance deductibles and networks narrowing as the payers also shop for the best value, we can learn much from these healthcare upstarts.

One clear message from this workshop is that healthcare institutions like NCH simply must become more customercentric. Today's patients want to be included in making decisions, desire transparency with quality and cost, and expect full access to information about their conditions.

Cognizant of this new reality, we will always be proactive as we take actions that remain responsive to the best interests of our community, in ensuring that everyone lives longer, happier, and healthier lives.

Respectfully,

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

## P.S. DO YOU HAVE A COLLEAGUE OR FRIEND WHO WOULD BE INTERESTED IN THESE UPDATES?

Please enter their email address below, and we will add them to our complimentary mailing list. No cost or obligation. And of course they may unsubscribe at any point they find the content uninteresting. Just enter their email address, and we shall send them a "Welcome" note, indicating you have recommended them to receive the newsletter (again, this is free and without obligation of any sort).

Present Reader's Email Address:	
Name:	

Please add my colleague or friend to your distribution: His/her name and email address is: