Society for Health Care Strategy & Market Development℠

USING THE ROAD TO RECOVERY

TO BUILD THE HEALTH CARE SYSTEM WE NEED

In association with Kaufman, Hall & Associates, LLC

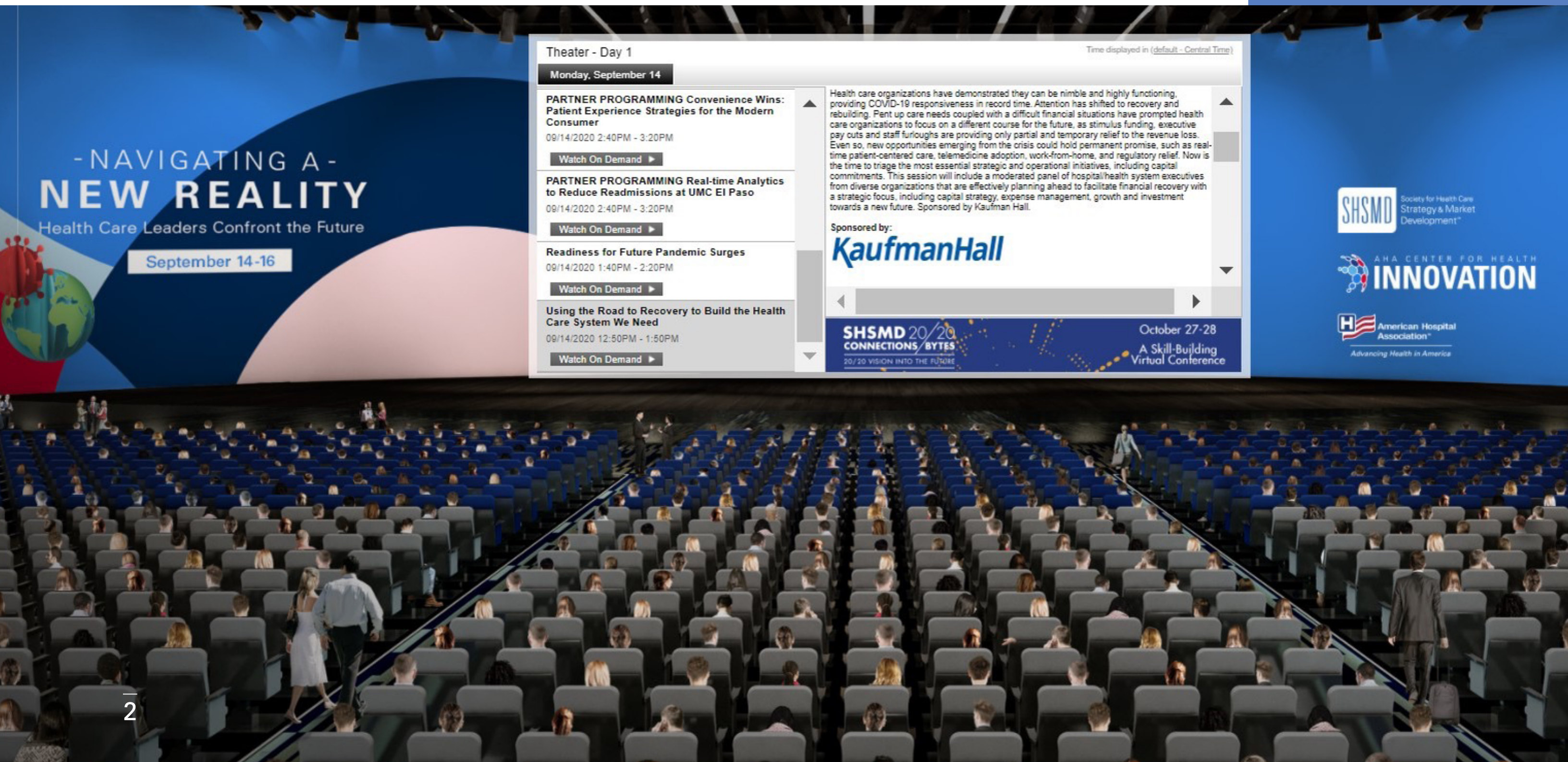
REPORT FROM THE SHSMD 2020 **THOUGHT LEADER FORUM**

ABOUT THE SOCIETY FOR HEALTHCARE STRATEGY & MARKET DEVELOPMENT

The Society for Health Care Strategy & Market Development (SHSMD), a professional membership group of the American Hospital Association, is the largest and most prominent voice for health care strategists in planning, marketing, communications, public relations, business development, and physician strategy. SHSMD is committed to leading, connecting and serving its members to prepare them for the future with greater knowledge and opportunity as their organizations strive to improve the health of their communities. For more information, visit **shsmd.org**.

ABOUT KAUFMAN, HALL & ASSOCIATES, LLC

Kaufman Hall helps society's foundational institutions—health care and higher education—to achieve their full potential in service to others. For more than 30 years, Kaufman Hall has provided first-class management consulting in strategic financial planning; performance improvement; partnerships, mergers, and acquisitions; and treasury and capital markets. Kaufman Hall's consulting is supported by a deep foundation of benchmarking and software tools. To learn more, visit **kaufmanhall.com**.



CONTENTS

Introduction ... 4

Excerpts from the Forum ... 5

Considerations for Health Care Strategy ... 12

Panelist Biographies ... 13

Moderator Biography ... 14

Introduction

Health care has been at the center of the COVID-19 pandemic. Hospitals and health systems have overcome enormous challenges in reconfiguring facilities to treat COVID-19 patients, securing personal protective equipment (PPE), establishing new policies and protocols to ensure the safety of patients and staff, and managing the serious financial impacts caused by widespread shutdowns in non-emergency services in the early weeks of the pandemic. The pandemic is still with us, but health care organizations are adapting and setting themselves on a road to recovery, as well as harnessing all the innovation underway to make health care and coverage better for the future. They are looking at the lessons learned in 2020—from the pandemic, but also from the civil unrest that has brought to the surface the reality of racial and economic inequities—as they reimagine their future and seek to rebuild a health care system that better serves the needs of everyone in their communities.

The pandemic is still with us, but health care organizations are adapting and setting themselves on a road to recovery, as well as harnessing all the innovation underway to make health care and coverage better for the future.

The American Hospital Association's (AHA) Society for Health Care Strategy & Market Development (SHSMD) hosted the forum, "Using the Road to Recovery to Build the Health Care System We Need," at its 2020 Navigating a New Reality conference, held in collaboration with the AHA Center for Health Innovation virtually in response to the COVID-19 pandemic. Panelists included:

- **Tina Freese Decker,** president and CEO, Spectrum Health, Grand Rapids, Mich.
- **Dr. Alan S. Kaplan,** CEO, UW Health, Madison, Wisc.
- **Julie Petersen,** CEO, Kittitas Valley Healthcare, Ellensburg, Wash.

The session was moderated by Ryan Gish, managing director of Kaufman, Hall & Associates, LLC. Panelists discussed their own organizations' efforts to respond to the challenges of 2020 and their predictions of how the events of this extraordinary year will shape the U.S. health care system in the years to come. Since this discussion in mid-September, hospitals and health systems across the country have confronted another critical surge in COVID-19 cases, putting more pressures on resources.

Excerpts from the forum follow.

Excerpts from the Forum

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The COVID-19 pandemic likely will have repercussions that last for years. What does overall mission recovery at an academic medical center such as UW Health look like?

Alan Kaplan: We all realize the need for positive financial margins—in the early months of the pandemic, we were losing $100 million per month. But with the pandemic, we have again realized that missions aren't about money, but are instead about improving health and serving our communities. As an academic medical center, UW Health's mission is about also education and research. We are focused on recovery across all facets of the organization's mission. For example, medical students were excluded from many clinical areas, especially in the early months of the pandemic, for their safety and for the safety of patients and staff, but also because of the high burn rate with personal protective equipment (PPE). Part of our recovery is having policies and procedures in place to ensure that medical students can be reintroduced to the clinical environment safely, with access to adequate PPE.

We were able to slow down our financial losses once our incident command center was functioning. This enabled us to start talking about mission recovery as early as mid-April. Our surgical and inpatient volumes were back up to par by the end of June and exceeded expectations in July and into August, with positive margins. We have retooled our facilities, retrained staff and put new policies and procedures and testing capabilities into place. Going forward, we should be able to adapt to the disease requirements of the pandemic without the need to close our doors as we did early on.

Spectrum Health is an integrated delivery system with both a delivery system and a health plan. What did this mean during the pandemic, and what opportunities might it present going forward?

Tina Freese Decker: Having a full relationship with the consumer as both a patient and a member is one of the best advantages of an integrated system. Our focuses on affordability and simplicity for the consumer, as well as access and equitable health outcomes, became a win/win situation for everybody during the pandemic, especially the consumer. And with both a robust health plan and a strong delivery system under one roof, we had the financial stability and flexibility to carry on through the spring and summer and are hopeful we will be able to continue doing so.

I think there are three main areas of opportunity and benefit for us. First, I can't overstate the importance of affordability. If the cost of health care is out of reach, excellent care cannot meet our mission to improve health,

What we've seen in all these instances is our ability to be flexible to respond to the many different needs of our community, and to be everywhere in the community, often in partnership with others, with our hospital constantly on ready to meet a surge in cases.

inspire hope and save lives. We're very focused on total cost of care to the consumer, quantified as a per-member, per-month figure. Second, our integrated model gives us diverse expertise and enables us to collaboratively design products and services that reflect both provider and health plan perspectives. These products and services are better for the consumer and more successful in helping them achieve their health goals. For example, we ran a heart failure project before the pandemic to lower costs and improve outcomes for a defined patient cohort, and saw inpatient admissions decrease by 5 percent, emergency room visits decrease by 45 percent and readmissions drop by 33 percent. Third—and related to our expertise—is our ability to innovate, backed by strong data and predictive analytics, which will be especially critical coming out of COVID-19 as we think about redesigning care delivery models for consumers.

Are there any unique issues or challenges that rural health systems are facing as the operating environment shifts with COVID-19?

Julie Petersen: Kittitas Valley Health (KVH) is the only hospital in our county. We are located in Washington State, which was an early hotspot for the COVID-19 crisis. We shut down the hospital and retooled to prepare for a surge. Unique attributes of the county have led to ongoing flare-ups in community spread of the coronavirus. First, we are an agricultural center, and we first saw COVID-19 in one of our agricultural plants. The next day, we were in the plant's parking lot doing tests for all of the employees. We're a recreational community, and we saw a rise in community spread two weeks after the Memorial Day weekend. We have set up a community COVID-19 clinic that has been closed on just one day since it opened. We're also a university town, and when the athletes came back, we saw another proportional rise in community spread and have worked closely with the university and public health officials to manage it. Finally, in August, we saw the first positive tests in a long-term care facility, and we set up an alternative care facility staffed by KVH personnel in the nursing home. What we've seen in all these instances is our ability to be flexible to respond to the many different needs of our community, and to be everywhere in the community, often in partnership with others, with our hospital constantly on ready to meet a surge in cases.

I also would note that we are a critical access hospital, and a well-used critical access hospital is one of the most efficient delivery systems out there. We have a lot of readiness in our emergency department, clinics and surgical services. We saw area residents reluctant to leave our county because of concerns over COVID, which has meant higher volumes for us. With our costs largely fixed, these increased volumes mean that incremental costs for additional patients are very low. We are seeing a phenomenon right now that our costs per patient day are lower than they were before the pandemic.

What are you anticipating with respect to potential longer-term shifts in volume? We have seen significant shifts in modality during the pandemic, including a marked rise in telehealth utilization. What are the implications for delivery systems?

Alan Kaplan: The immutable truth is that everyone is mortal. Our population is growing older and will need more health care services, so we don't anticipate significant declines in inpatient volumes. We do think there will be a significant shift in ambulatory care to telehealth. We have a health plan, and it covered 2,800 telehealth visits in 2019; in April 2020, we had 28,000 visits in that month alone. The number of visits may not change, but there will be a different balance between in-person and virtual visits.

Tina Freese Decker: We have seen similar trends in telehealth, going from 20,000 visits for all of 2019 to more than 145,000 visits through October 2020. That's a sevenfold increase. We also anticipate different processes, but not different volumes. We expect emergency room visits to decline as telehealth utilization grows, but that is a good thing. We want emergency rooms to be used only by patients who need emergency services.

Julie Petersen: As a rural facility, we welcome more conversations about telehealth and would like to see the waivers and removal of barriers around telehealth that were part of the pandemic response become permanent policies. But telehealth is not the same as access in a rural community. Telehealth needs to be incorporated into rural health, not seen as something remote that is delivered from an urban or suburban site. Volumes and capacities in rural health systems are very fragile; we are looking forward to conversations about how we integrate telehealth into rural health care delivery.

What do you see as the greatest need or opportunity for major change in your health systems coming out of the COVID-19 crisis?

Tina Freese Decker: We need to maintain our focus on personalizing services for the consumer and driving to achieve equitable health outcomes for everyone in our community through robust community partnerships. This connects back to issues of access and affordability. It's not OK, for example, to see an 18-year gap in average life expectancy within the same census tract.

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Julie Petersen: We have seen incredible strengthening in what were already strong partnerships with others in our community. We have new insights into the skills and capabilities of our paramedics and EMS providers, federally qualified health centers, rural health clinics and public health agencies. Going forward, when we talk about population health, I hope we see that these partners get the funding they need to continue their work.

Alan Kaplan: Health care has always been resistant to change. In 25 years as a health care executive, I have seen HMOs, retail clinics, physician-owned facilities and more, but we still have an inefficient, fee-for-service health care

system, now with more technology at a still greater expense. But I believe we are seeing significant differences now for three reasons. First, there are social drivers: Telehealth has arrived, and it is not just for younger patients. Older patients and physicians love it as well. Second, there are some things that cannot be unlearned. Why, for example, did we ever let patients with upper respiratory infections into waiting rooms? I believe we will start segregating certain patient populations to protect other populations. Finally, there are financial pressures. Even if we recover our margins, we all have lost a significant amount of capital capacity. We will need to rethink our spend, reset our pace and reprioritize our initiatives.

Some systems have furloughed employees, and many have administrative staff working remotely when they can do so. How will these changes to the workforce affect recruitment and retention issues over the long term?

Tina Freese Decker: Recruitment and retention are going to be challenging and will require something very different from what was in place before the pandemic. Certain members of our workforce will be able to work from any geography and it makes me ask questions such as: How can we keep the value of being part of our organization's culture meaningful for these individuals? We will need to find new ways of connecting with team members to continue to promote our mission and vision and to keep our culture vibrant and alive. Our continued focus on—and commitment to—relationships will foster continued innovation and collaboration among team members, no matter where they work.

What marketing and outreach initiatives have you used to help people understand that it is safe to come back to hospitals and physician offices?

Alan Kaplan: Early in the pandemic, we became concerned because we were seeing lower volumes of ill patients in the emergency department and decreases in screenings. We worked with the Wisconsin Hospital Association and other hospitals in our area to develop a message focused both on encouraging individuals to get the care they need and reminding consumers of the fact that hospitals have managed infectious diseases since their inception. Once we had adequate supplies of PPE and policies and procedures in place to respond to the pandemic, we believed we were a very safe place to work and to receive care. We delivered that message at both the state and local levels. We also were in the media almost daily establishing our expertise, which made individuals feel safe coming here.

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Julie Petersen: The Washington State Hospital Association also worked with all its members' communications teams to ensure consistent statewide messaging on safety and the need for individuals to attend to their primary care. We also were able to leverage home health services and geriatric nurse practitioners to identify patients with more pressing needs so we could arrange to have someone go to their home and meet with them.

Tina Freese Decker: We developed a "Ready for You" campaign for use with local media and in our facilities. The campaign emphasized cleanliness, safety and the protocols we had put in place, and we continued to run it through the summer. We also reached out to specific communities, including our Black and Latinx communities, and in many different languages to reflect the rich diversity of our communities, to ensure everyone had the information needed to stay healthy and safe.

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When a vaccine is available, what will be the role of health systems in promoting acceptance and use of the vaccine? How will this compare to the communication challenges faced so far in promoting the safety of facilities?

Tina Freese Decker: The important thing is to have a vaccine that is safe and effective; we need to understand that both conditions are met before we recommend it. At the same time, we are preparing for a vaccine. Our focus is on preparing the electronic medical record, refrigeration needs to store the vaccine and distribution sites. We are already doing flu vaccines curbside; we need to start preparing for distribution of the COVID-19 vaccine now. We also will need to work together with our community partners and other local health systems to share consistent and factual information about the vaccine. When a safe and effective vaccine is available, the recommendation of a trusted clinician or other health experts will go a lot farther than a mandate.

Julie Petersen: I agree—people trust the clinician. We will need our staff to be advocates in the community.

To what extent have you paused your capital strategy, and what will be your strategy going forward?

Alan Kaplan: We all faced a double hit to capital reserves in the spring. First, we had loss of operating income and the reversal of positive margins to marginal or negative. At the same time, the stock market was tanking. We put everything up for reassessment and many capital initiatives were stopped or paused. As volumes and the markets have improved, we are in a better position than we thought we would be in May. Having said that, however, the losses we suffered, along with the health care provider industry in general, were substantial. We are all repacing, resizing and rethinking our strategic capital investments and I think we will see a general slowing or rescheduling of building and program development across the industry.

Tina Freese Decker: We also paused our capital spending but have recently reopened it. We took time to rethink what makes the most sense. Where and how work will be done has become part of our master facility plan discussion. We also are considering how virtual waiting rooms can become part of both existing and new facilities, and how we can continue curbside services in a climate with four seasons.

We have been very focused on getting our graduate and medical students back into the clinical environment, but we had to go backward with our undergraduate students because of the high COVID-19 infection rates on campus.

Are changes made in response to the pandemic sustainable? Might they be a transition to even more significant change?

Julie Petersen: We used to have 100 meetings before we launched an initiative. When faced with the pandemic, people just did what they needed to do. We're not going to unring that bell.

Tina Freese Decker: Our communications processes are so much better than they were pre-pandemic. In addition to our "Ready for You" campaign, we've had virtual town halls, conversations with pastors, school officials and other community leaders, and a day of listening to address systemic racism. Internally, we've had more virtual town halls, webinars and chats than ever before. We also partnered with local employers and school officials to provide valuable infection prevention resources and guidance.

We have also seen real innovations spread within the system. Most innovations come from the front line, and that has proven true during the pandemic. For example, our cancer team came up with the idea for curbside cancer treatments. While patients still must go inside to receive chemotherapy, they can now have their blood drawn, receive injections or have their ports flushed without leaving their car. This means a lot for patients with weakened immune systems. As the family member of one patient said, "Thank you for thinking about what she needs and putting her needs first."

Alan Kaplan: One of our biggest challenges was with the structure of our teaching program. We have been very focused on getting our graduate and medical students back into the clinical environment, but we had to go backward with our undergraduate students because of the high COVID-19 infection rates on campus. We are starting to work with digital platforms for learning on the university side. The concept of going digital is going to be more pervasive in everything we do.

As we come up on the 2020 election, do you have any predictions on how the healthcare conversation might change politically?

Alan Kaplan: As providers, we have seen one politician after another. Legislative and regulatory change is a constant and we have always adapted to it. I do hope the trend toward regulatory relief will continue. Someone told me that 190 regulations had been suspended during the pandemic and asked how many of these suspensions should continue. I said, "380." We need as much regulatory relief as possible so we can adapt to the new environment more quickly, unrestrained by regulations that don't make sense anymore. Telehealth regulations and payment policies are a good example: I hope that demand from patients and the industry will sustain changes that were made in response to the pandemic.

Julie Petersen: Caregivers won't let politics get in the way of care. In the Northwest, we have had wildfires and civil unrest on top of the pandemic. I would love to see the states and the federal government help sustain and support an exhausted health care workforce.

The events of the past year have given us an opportunity to talk about inequities that are based on such factors as zip code or economic status and to open the eyes of our community and help them understand that they really do have a place in the conversation.

What have we learned from the civil unrest this year? What actions are you taking to address issues of racial and economic inequity?

Alan Kaplan: I think we have all learned that you cannot be passively anti-racist. When we talk about social determinants of health, we have to be active participants in addressing them. We have to actively work to create safe, welcoming and diverse environments for our staff. We have put together a plan that addresses healthcare delivery, our employee and provider base and community outreach, with targeted goals, monitoring and dedicated resources. We intend for this to be as successful as any other strategic initiative we pursue.

Julie Petersen: It has been easy for rural communities to think that this is an urban issue. The events of the past year have given us an opportunity to talk about inequities that are based on such factors as zip code or economic status and to open the eyes of our community and help them understand that they really do have a place in the conversation.

Tina Freese Decker: We have been working on this for some time. Our Strong Beginnings program, for example, focused on infant mortality, where significant disparities existed between our Black and white populations. Over 18 years, we were finally able to eliminate these disparities. One thing we have learned, which has been reinforced by COVID-19, is that achieving these goals is not just about health care. It takes the entire community to be engaged in addressing issues like economic opportunity, education and housing to improve health care.

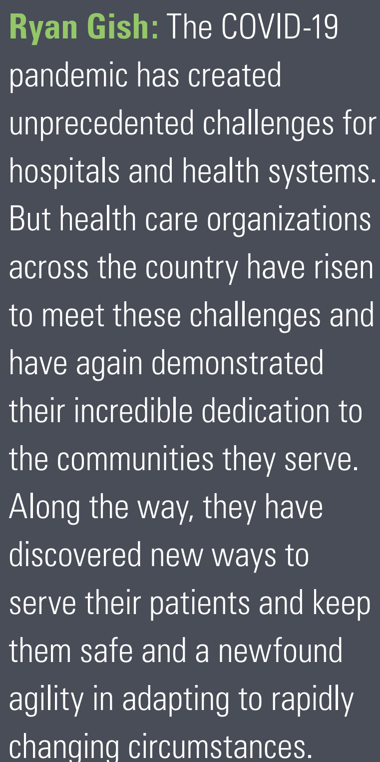
What is the one thing you have done to support caregivers that you are most proud of?

Tina Freese Decker: Our team members' physical and mental health are of primary importance to us. We focused on surrounding our caregivers with resources, getting them the PPE they needed in the early days of the pandemic, ramping up our testing abilities and working with community partners, including gyms that opened up their facilities so our team members could shower before they went home and hotels that made rooms available for our team members.

Alan Kaplan: We stood up a PPE scorecard so staff could easily see what resources were available to them. We published the type of PPE, sizes available and days' supply on hand so staff did not have to worry about whether they would be protected._

Julie Petersen: We were able to avoid furloughs through voluntary efforts throughout the organization, going to our employees and asking them what they could do to help. The gratitude of our employees and their willingness to contribute were amazing.

Considerations for Health Care Strategy



Ryan Gish: The COVID-19 pandemic has created unprecedented challenges for hospitals and health systems. But health care organizations across the country have risen to meet these challenges and have again demonstrated their incredible dedication to the communities they serve. Along the way, they have discovered new ways to serve their patients and keep them safe and a newfound agility in adapting to rapidly changing circumstances.

As hospitals and health systems recover and reimagine their role in keeping their communities healthy, we offer some key considerations drawn from our panelists' discussion.

DIGITAL TRANSFORMATION WILL ACCELERATE. The rapid rise in telehealth utilization is just one aspect of this transformation. Medical education, work routines and workforce engagement will all be affected as digital technology becomes more pervasive across the health care industry.

STRATEGIC INITIATIVES WILL BE RETHOUGHT. Anticipate a new emphasis on addressing disparities in health outcomes, a rethinking of ambulatory strategies and a restructuring of services around consumer needs and concerns.

EXISTING PARTNERSHIPS HAVE BEEN STRENGTHENED, AND NEW PARTNERSHIPS WILL EMERGE. The pandemic has emphasized the need for close cooperation across communities and between organizations. The rethinking of strategic initiatives will also require development of new partnerships to meet new goals.

ORGANIZATIONS WILL BE MORE AGILE. Hospitals and health systems have proved their ability for rapid innovation. Expect greater willingness to move forward quickly with promising ideas.

HOSPITALS WILL HAVE A RESERVOIR OF GOODWILL. The vital role of hospitals in protecting the health of their communities has been brought to the fore during the pandemic. Hospitals will have new opportunities to build on the goodwill they have earned in their response to the pandemic as they seek to build a better health system for everyone.

Panelist Biographies

Tina Freese Decker
President and Chief Executive Officer, Spectrum Health

Tina Freese Decker is president and CEO of Spectrum Health, a $7.3 billion, nationally recognized health system with a medical group, health plan and 14 hospitals employing 31,000 individuals in Southwest and West Michigan.

Over her 18 years serving Spectrum Health in various strategic and operational roles, Ms. Freese Decker has developed a track record for cultivating culture and driving strategy. She is committed to building a health system that celebrates and reinforces diversity and inclusion for employees, patients, families and members.

As president and CEO, she has successfully implemented a new mission, vision and values. This foundational strategic work has been instrumental to reducing health disparities, lowering cost, and improving health and access.

Ms. Freese Decker's awards include *Modern Healthcare*'s 2019 Top 25 Women Leaders; *Crain's Detroit Business'* 2019 Health Care Heroes award and 2018 Most Notable Women in Health Care; and *Managed Healthcare Executive*'s 10 Emerging Healthcare Industry Leaders 2018.

She earned a bachelor of science in finance from Iowa State University and graduated with a master of health administration and master of industrial engineering from the University of Iowa.

Dr. Alan S. Kaplan
Chief Executive Officer, UW Health

Dr. Alan S. Kaplan assumed the role of CEO of UW Health in May 2016. He is a nationally renowned health care leader with a proven track record of leading large-scale clinical and cultural transformation with a focus on care coordination.

Dr. Kaplan previously served as executive vice president and chief clinical transformation officer for UnityPoint Health, a multi-state, integrated health system based in West Des Moines, Iowa. He was also the founder and president/CEO of UnityPoint Clinic, where he provided leadership for 1,300 providers. Kaplan also served as president/CEO of UnityPoint at Home, a provider of home care, palliative, hospice and home infusion services.

Prior to joining UnityPoint Health in 2009, he served as vice president and chief medical officer at Edward Health Services Corp., a health care system based in Naperville, Illinois.

Dr. Kaplan earned his medical degree from Rush University in Chicago in 1985, is board-certified in emergency medicine and earned a master's in medical management from Carnegie Mellon University in 2000. He is a Fellow of the American College of Healthcare Executives and a distinguished fellow of the American Association of Physician Leadership, where he previously served as chairman of the board.

Julie Petersen
Chief Executive Officer,
Kittitas Valley Healthcare

Julie Petersen came to Kittitas Valley Healthcare as interim CEO in June 2016 and accepted the permanent position in April of the following year.

Ms. Petersen served as controller at Kadlec Regional Medical Center in the Tri Cities area of Washington state for 15 years. During her time at Kadlec, Julie earned her CPA, started a family and built a home on 12 acres, 30 miles up the Yakima Valley in Prosser, Washington. In 2001, Ms. Petersen accepted the chief financial officer position closer to home at Prosser Memorial Hospital. In 2009, she transitioned from CFO to CEO.

Advocating for sustainable access to high quality health care in rural communities is a passion for Ms. Petersen. While living in Prosser, she served on the board of the Chamber of Commerce and as chair of the Prosser Economic Development Association. She also served on numerous committees, as a board member and chair of both the Washington State Hospital Association and the Association of Washington Public Hospital Districts. Ms. Petersen has represented community and rural health care on state committees and boards as well as at the national level for the American Hospital Association.

Ms. Petersen has a degree in accounting from Central Washington University.

Moderator Biography

Ryan Gish
Managing Director,
Kaufman Hall

Ryan Gish is a managing director of Kaufman Hall and a member of the firm's Strategic and Financial Planning practice. Mr. Gish works with executive leadership teams and boards of all types of hospitals and health systems nationwide. The strategic advisory focus is on helping organizations address the most pressing industry challenges through defining and implementing resilient strategies for the changing health care landscape. The result for clients is a platform for their ongoing strategic and financial success.

Mr. Gish has authored numerous articles published in health care professional journals, including *hfm* magazine, *BoardRoom Press* and *Trustee.* Additionally, Mr. Gish was a contributing author for *Health Care Strategy for Uncertain Times*, published by AHA Press/Jossey Bass. Mr. Gish is a frequent presenter at national conferences of the American College of Healthcare Executives, the Governance Institute, Healthcare Financial Management Association and SHSMD. Additionally, he has served as guest faculty at Harvard University, Washington University in St. Louis, and The University of Southern California. He recently completed a three-year term on the SHSMD Board of Directors.

Prior to joining Kaufman Hall, Mr. Gish worked for Jennings Ryan & Kolb and Baxter Healthcare Corporation.

Mr. Gish has an MBA with honors from the John M. Olin School of Business at Washington University in St. Louis and a bachelor of science, *cum laude,* also from Washington University.