



# LEADING THROUGH UNCERTAINTY: A LOOK AT THE HEALTHCARE INDUSTRY

Healthcare executive teams must reshape their world and build new facilities amidst evolving affordable healthcare regulations

BY GORDON PRICE LOCKE

With the Affordable Care Act making the healthcare waters murky, industry leaders are being asked to do something that, if it is not impossible, it is very close. They are being forced to navigate rough waters toward a destination that is uncertain.

“The essential challenge is creating a path forward when many of the new regulations under the Affordable Care Act have not even been written yet,” says Allan “Bud” Shivers, the chairman of the board of the Seton Fund and member of the Seton Healthcare Network board of trustees. “You have to anticipate how do you deliver better care and be in the business of making people healthier — keeping them out of the very hospitals that also need to be there for them when they are in need of care”.

Part of the Ascension Health Alliance, the nation’s largest Catholic health system with 72 hospitals, the Seton Healthcare Network has 12 hospitals and clinics and 12,000 employees.

Shivers says the way forward comes down to five ingredients that executive teams, their board of directors, and stakeholder groups need to align around: leadership transformation, speed of change, education, consolidation, and technology.

## THE LEADERSHIP CHALLENGE

Shivers said changing the game when all the rules aren’t written takes the relationship between the C-suite and boardroom to a



## INSIGNIAM’S 10 DISRUPTIVE FORCES IN HEALTHCARE

Insigniam has identified 10 forces disrupting the healthcare industry. Leaders will need to address these in their strategies if they want to continue to grow.

1. Transition from fee-for-service to value-based reimbursement
2. Shifting volumes and lower reimbursements
3. Moving from caring for sick individuals to managing the health of a population
4. Advances in Health Information Technology (HIT)
5. Acceleration in introduction of digital health tools, advanced medical technology and new medical models
6. Shifting demographics
7. Provider shortages
8. The more informed and involved patient
9. Increasing government regulation
10. Shrinking availability of capital





new level. It has to move from the traditional advisory role to one that is more hands-on.

In a March 2013 article by The Advisory Board Company, Anthony R. Tersigni, president and CEO of Ascension, said he is embracing the invaluable role of a new style of hands-on leadership. “The first thing I do [when visiting a health ministry],” Tersigni is quoted as saying, “is to let the CEO know I’m coming. Then, about a half hour before my appointment, I walk through the hospital and talk to employees, patients...really any people that I come across.”

It’s that talking that Shivers says is so important. It builds trust between the people in the C-suite and those handling the day-to-day care of the patients. Only when that trust is established can you have conversations that are needed to move the organization forward.

“The conversation is not just about administrative matters and committees,” he says. “Sometimes you have to be willing to be the skunk at the garden party and not be willing to go along with the status quo.”

As an example, Shivers shared the story of a hospital system building a new medical center in Houston. The CEO so mesmerized the board with his vision and plan that the board failed to do its due diligence. Without any checks in place, project costs spiraled up. The plan was more focused on building the

new center, and not on providing efficient and affordable care. Eventually, the board had to let the CEO go. The damage had been done.

And speaking of building hospitals, for about every 1 million people in a population, a Level 1 trauma center is needed. Hospitals cost about \$1 million a bed to build and need about \$1,000 a bed per night to operate. The ultimate objective of healthcare is to keep people healthy and in their own homes, yet operating a hospital — or network for that matter — means intensive staffing and finding operational economies of scale. This, Shivers says, is why consolidation is happening.

**ENTER THE TECHNOLOGY EQUATION, AND YOU HAVE A WHOLE NEW SET OF CONSIDERATIONS, DECISIONS, AND EXPENSES THAT ARE NEW TO MOST LEADERSHIP CIRCLES.**



aspects of a healthcare network. One of many examples is electronic medical records, the complexity of new health-related data and records that follow a patient, while

**TECHNOLOGY ADOPTION**

“The healthcare industry is slower than most in its adoption of technology,” Shivers says. “It has always just been a volume business. The more patients you get, the more money you can make.”

Enter the technology equation, and you have a whole new set of considerations, decisions, and expenses that are new to most leadership circles. Shivers is not referring to only certain medical technologies, but also the vast amount of technology needed to run the operational and administrative

following regulations for the safety, security, and use of the records.

There are technologies that can also help the doctor-patient relationship become more efficient and improve patient experience. This future isn't just about the physical nature of visiting a clinic or hospital. We are evolving from a model where patients making a visit was the norm. There are healthcare options now for remote monitoring, wirelessly connecting the patient with a doctor's office.

### **\$100 MILLION FOR BETTER HEALTHCARE EDUCATION**

Shivers says that changing the way healthcare leaders think and lead actually can start where they are being taught — at an educational level. The Seton Family of Hospitals collaborated with The University of Texas at Austin to create the \$100 million Dell Pediatric Institute, a measured step in establishing a state-of-the-art, academic health center, which includes a new medical school. Additionally, Seton entered into a partnership with The University of Texas System Board of Regents and The University of Texas Southwestern Medical Center in Dallas, one of the nation's leading academic medical centers, to increase the amount of medical education and medical research conducted in Central Texas.

### **SCARY BUT POSITIVE CHANGE**

Shivers has spent 31 years connected to and serving healthcare. He says the industry faces many other issues it needs to address, such as increasing patient satisfaction and care while also transforming, working through mergers and consolidation, hospitals that are closing as needs are growing, cuts in Medicare, deep changes in Medicaid reimbursements and processes, not to mention emerging advanced healthcare practices. Still, he sees the industry changes in a positive light. Evolution in healthcare was needed, and the complexity is leading to innovation and change for the better. It just may mean a few headaches along the way.



#### **ALLAN "BUD" SHIVERS**

Chairman of the board of the Seton Fund and Seton Healthcare Network board of trustees member. He also serves on the board of the Institute for Rehabilitation and Research



## **SETON'S COMMITMENTS TO PATIENTS AND THE COMMUNITY**

Allan "Bud" Shivers, Jr. is a prominent force in the healthcare leadership arena. He is the founder of the Seton Fund and has been its chairman of the board for 31 years. He also serves on the board of trustees of the Seton Healthcare Network and the board of the Institute for Rehabilitation and Research.

The Seton Healthcare Family was recognized as the top-ranked health system in Texas by Modern Healthcare magazine and healthcare data consulting firm Verispan. It was also among the year's Top 100 integrated healthcare systems in the nation for efficiency and performance.

A not-for-profit organization, the Seton Family is the leading provider of healthcare services in Central Texas, serving an 11-county population of 1.9 million. The organization operates:

- » 5 major medical centers, including the region's only Level I Trauma Centers for adult and pediatrics and dedicated children's hospital.
- » Two community hospitals
- » Three rural hospitals
- » An inpatient mental health hospital
- » Several strategically located health facilities that provide rehabilitation and medical care for well patients
- » Three primary care clinics for the uninsured

As the region's largest community service organization, Seton contributed more than \$419 million to care for the poor and community benefit last year.