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Transformative Quality

The Emerging Revolution in Health Care Performance

Mark Hagland

Foreword by Jeffrey C. Bauer, PhD

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6000 Broken Sound Parkway NW, Suite 300
Boca Raton, FL 33487-2742

Version Date: 20140814

International Standard Book Number-13: 978-1-4200-8578-5 (eBook - PDF)

For John and for Yazmin

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Acknowledgments

Many people have been truly helpful in the preparation of this book. Among them: the executives, clinician leaders, and support staff at all the organizations whose stories I told in my case studies—Brigham and Women's Hospital, Boston; the Integrated Nurse Leadership Program and the UCSF Center for the Health Professions, San Francisco; Children's Hospital of Wisconsin, Milwaukee; Geisinger Health System, Danville, Pennsylvania; the University of Pittsburgh Medical Center; Northwestern Memorial Hospital, Chicago; Trinity Health, Novi, Michigan; the Medical College of Georgia, Augusta, and REACH Call, Inc., Augusta; Tallahassee (Florida) Memorial Hospital; the University of Rochester (New York) Medical Center; and Wheaton Franciscan Healthcare-St. Joseph, and Wheaton Franciscan Healthcare, both Milwaukee, Wisconsin.

In addition to all the interviewees who are named in the case studies and in the contexting chapters of this book, all of whom were exceptionally generous with their time and their insights, and all of whom I thank as a wonderful group of industry pioneers and leaders, I want to single out for thanks the following individuals whose names do not appear elsewhere in this book, but who helped make it possible: Justin Walden and Patti Urosevich of Geisinger Health System; Corinna Kaarlela of UCSF Medical Center; Ilan Freedman and Belinda Eliahu of dbMotion, and Brian Parrish of Dodge Communications; Amy Dobrozsi, Kimberly Arndt, and Allison Richard of Northwestern Memorial Hospital; Kevin DiCola and Carol Tingwall of Trinity Health; Sandeep Agate of REACH Call and Linda Healan and Betsy Harter of Healan PR; Lori Barrette of the University of Rochester Medical Center; Rachel Stiles of Tallahassee Memorial Hospital; and Anne Ballentine of Wheaton Franciscan Healthcare.

I also want to thank my editor at Productivity Press, Kristine Rynne-Mednansky, and my publisher at Productivity Press, Maura May, for their support, encouragement, and patience. Without them, this book definitely would not have come into being. I also want to thank Jeffrey C. Bauer, PhD, my co-author on *Paradox and Imperatives in Health Care*, for his continued interest in and support of my work.

Writing a book is a fascinating venture, at times a solitary affair, yet at other times, intensely collaborative. No author is an island, and every author should express gratitude for the village of people who have made his or her book possible. Thank you all!

Foreword

Hospitals, medical groups, and other health care delivery organizations can no longer pay lip service to the quality of the services they provide. A significant group of prominent payers and empowered patients has passed a momentous tipping point, moving from tacitly accepting whatever care they received to actively expecting care that meets predetermined standards. Value-based purchasing is gaining significant momentum as more and more consumers demand proof that they are receiving top-quality medical services in exchange for their health care dollars.

Although few providers have yet been forced to make quality the number one measure of the way they do business, nearly all now recognize quality as a critical success factor for the not-too-distant future. The marketplace's initial "carrot" to promote quality, pay-for-performance reimbursement, is already mutating into an unforgiving "stick" of non-payment for non-performance. All providers worthy of their licenses must begin responding to consumers' demands for quality care as a matter of professional obligation and economic survival.

Any leader of a health care delivery organization knows that putting the theory of quality into everyday practice is much easier said than done. He or she also knows the value of learning lessons from peers who have already operationalized quality in their enterprises. This book by Mark Hagland is an essential guide for those who are ready to take necessary steps to eliminate the embarrassing and wasteful lapses in quality that have been tolerated in the past. The future will not be forgiving, and this book has a wealth of practical information about preparing for success under these new circumstances.

I am especially pleased that Mark Hagland has taken the time to expand the scope of his new work well beyond the case studies that he created for our jointly authored book, *Paradox and Imperatives in Health Care: How Efficiency, Effectiveness, and E-Transformation Can Conquer Waste and Optimize Quality* (Productivity Press, 2008). The specific purpose and structure of our work did not allow us to include all the valuable information he collected from interviews and site visits conducted to support the

"big picture" perspective of *Paradox and Imperatives*. He has performed an extremely valuable service by updating a few of the previously published program descriptions and developing a robust array of new case studies from organizations that have already put the principles of quality transformation into practice.

In *Transformative Quality: The Emerging Revolution in Health Care Performance*, Mark Hagland provides the how-to details for health care executives who are ready to lead meaningful supply-side responses to the growing demand for safe and error-free medical services. Our previous book made the case for transformation and introduced structural approaches for getting started on the road to success. His new book provides detailed instructions for completing the journey.

If *Paradox and Imperatives* were a successful movie, *Transformative Quality* would be the "must see" sequel. This second work in the series has great scenes that had to be cut from the first work to keep it at a reasonable length, plus considerable new content that enriches the original. Like any good sequel, this book builds on its predecessor, but it also stands on its own. The pages that follow provide an informative and helpful picture of the best practices in health care delivery for the 21st century. The rich content shows that quality is not just a matter of life and death—it's more important than that.

This book is essential reading for all executives and managers who realize that their job is to provide Americans with the safe and effective care demanded in a consumer-directed marketplace. It shows how theory has been put into practice by some of the best delivery organizations in the world—American health systems that are setting the standards for world-class care. I recommend *Transformative Quality* without reservation for health care's leaders who know what needs to be done but need some instructions on how to do it.

Jeffrey C. Bauer, PhD
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Introduction

THE QUALITY JOURNEY AHEAD

As Pioneers Step Out, Transformative Quality Becomes Real

Every day in America, dedicated physicians, nurses, clinical pharmacists, and other clinical professionals save and improve countless thousands of patients' lives as they apply their clinical knowledge to a vast range of patient conditions, in hospitals, clinics, and other patient care organizations. They use their experience, expert clinical judgment, and collaboration with clinician colleagues to diagnose a bewildering array of medical conditions. What's more, U.S. clinical professionals are among the best trained in the world, and benefit from the availability of medical technology that is among the most sophisticated on the planet.

Yet at the same time, patients die or are injured every day because of frighteningly simple lapses in patient care quality and safety, many of which have been understood as system problems for decades. The resident who inserts a central-line catheter into a patient's side without washing his hands; the physician who hastily and illegibly scribbles a prescription for a drug whose name looks like several other very different drugs, and whose order is then misread as it is filled; the nurse who is distracted while administering medications and gives to one patient a drug meant for a different patient; all these are examples of preventable medical errors that happen in hospitals and other organizations every day.

All of these incidents occur despite the intelligence, expertise, and dedication of individual clinicians. They also happen far more often than the public ever realizes, largely because so many "near misses" are caught at some point in the care delivery chain, while many medical errors are either not understood as having taken place, or are quietly covered up. Indeed,

after the Institute of Medicine stated in its groundbreaking November 1999 report *To Err Is Human* that perhaps 98,000 preventable medical errors occurred every year, many industry experts were quick to assert that that estimate was probably too conservative.[1]

The reality is that the U.S. health care system has a serious quality and patient safety problem, and has had one for a long time. Only now, as greater transparency is forced upon the system by the demands of purchasers and payers for clinical outcomes reporting and the imposition of pay-for-performance programs; and as patient care organizations themselves begin to approach the problem in a systemic way, is the profundity of the issue coming to full light.

It's All About Systems Thinking

So, as is often asserted, the United States has many of the best-trained and most expert physicians, nurses, and other clinicians in the world, why is it that our system remains sub-optimal when it comes to patient care quality and safety? To understand that fundamental issue, one must go back and look at how our health care system—which many refer to as a "non-system"—has evolved.

In Europe and America, early hospitals were sponsored either as charitable organizations run by religious denominations, or, eventually, as public institutions, run primarily by city and county governments (with some hospitals being created on for-profit or specialized-care models in the past few decades). The nature of the work on the administrative side of health care tended to encourage a custodial management style rather than an entrepreneurial one, and that environment continues to this day at most organizations. Meanwhile, physicians were trained—and still are, to the most extent—to think and work independently as clinicians. What's more, the vast majority remain independent businesspeople who are not salaried employees of hospitals. At the same time, doctors make most of the core diagnostic and treatment decisions, which are followed up by nurses, physician assistants, and other clinicians, who usually are hospital or clinic employees. Is it any wonder that incentives have not evolved in a naturally aligned way?

One additional factor has been the fact that hospitals and physicians have essentially been paid for volume of procedures, on a piece-work basis. In other words, apart from the threat of medical malpractice litigation

or the occasional fraud prosecution for actual fraudulent medical claims, hospitals and physicians have been paid in full for services rendered, no matter what the outcome.

Opening Up the "Black Box"

In my public speaking presentations, I often talk about the oft-cited notion of what I call the "black box of clinical care." This means simply that until recently, it was well-nigh impossible for the public, or really just about anyone not standing directly behind a clinician giving a patient care, to find out anything meaningful or significant about the quality of that care, unless a total catastrophe led to a medical malpractice suit or some kind of official investigation. The relative quality outcomes of individual physicians, of hospitals or medical groups, remained shrouded in a fog of non-information, non-data, and a total lack of transparency overall. That box is beginning to break open now, with tremendous implications for the future of hospitals, health systems, and the clinicians and non-clinicians in those organizations.

Indeed, in the past decade, the entire operational landscape of health care has begun to shift. With health care costs exploding, the employers who purchase health care and who use health insurers as their payer proxies, as well as the federal government and state governments as purchasers, have become impatient with the value they're receiving for monies spent on health care, and have demanded change. En masse, purchasers and payers are insisting not only on improvement in quality, but the documentation of outcomes and of quality improvement. What's more, new concepts about care delivery and accountability have begun to filter into the health care industry, some of them derived from other industries. At the same time, pioneering health care organizations have begun to seriously apply performance improvement methodologies such as Lean management, the Toyota Production System, Six Sigma, and others, to clinical care delivery, with astonishing results. As a result, concepts that came out of auto and industrial equipment manufacturing, already having been applied to such service industries as financial services and transportation and hospitality, are flooding into health care, with results that are making even die-hard skeptics sit up and notice.

At the core of all this change is a concept that has taken a very long time to infiltrate health care: "system-ness." As stellar as individual clinicians

can be and are in their care of patients, the health care industry is finally realizing on a mass scale that individual efforts are no longer sufficient. Instead, clinicians and non-clinicians in every patient care organization in the country must change how they deliver care as an organization, and must improve its clinical quality, patient safety, reliability, accountability, and transparency.

This required shift to system-ness means a concomitant shift to systems thinking as well. Put bluntly, hospitals and other patient care organizations—but especially hospitals—will no longer be judged solely on the skills of their clinicians, nor on all the individual fragments or elements of care delivered to patients, but increasingly, based on broader assessment of their care quality, safety, and reliability.

Fortunately, the tools of automation are finally beginning to really blossom in health care. Indeed, the implementation of key clinical information systems in hospitals and medical groups is providing a level of facilitation of process change that could not have been imagined even a few years ago. Electronic medical record/electronic health record (EMR/EHR), computerized physician/practitioner order entry (CPOE), pharmacy, electronic medication administration record (eMAR), picture archiving and communications system (PACS), and other advanced clinical systems, combined with robust data warehouses and business intelligence, predictive analytics, and other tools, are making possible objective, evidence-based, data-driven, and technology-facilitated changes that were simply not feasible or sustainable on any scale even a few years ago.

When combined, the use of performance improvement methodologies and the tools of automation together (both for care processes and for analysis and closed-loop feedback and improvement) is having an enormous impact in the leader organizations in quality and patient safety. As many of the case studies in this book (pp. 43–117) attest, there is power in organized approaches to improvement.

But there is a third factor that is turning out to be vital here, and indeed, the "spark" factor that is moving those pioneer organizations forward, and that is the emergence of a cadre of executives and clinicians (including CEOs, COOs, CMOs, CNOs, CIOs, chiefs of medical staffs, and so on, as well as exceptional leaders on the boards of hospitals and health systems) committed to fundamentally changing the quality profile of their organizations. Without that commitment, sustained over time, the transformation of quality in patient care organizations is not possible.