

Mark Coughlin – Lead Advisory Partner Adelaide  
mark.coughlin@au.pwc.com

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## Introduction

- Specific questions I've been asked to comment are:
  - How does an organisation position itself for growth in the health environment?
  - What strategic questions need to be asked?
  - What are the implications of a poorly planned and executed strategy?
  
- To answer these I will cover the following in the next 20 minutes:
  - Overview of Healthcast Themes
  - Why grow and why change?
  - Key questions to answer for how we position for growth in the health environment?
  - How to make change stick within an organisation

Health Research Institute

## HealthCast

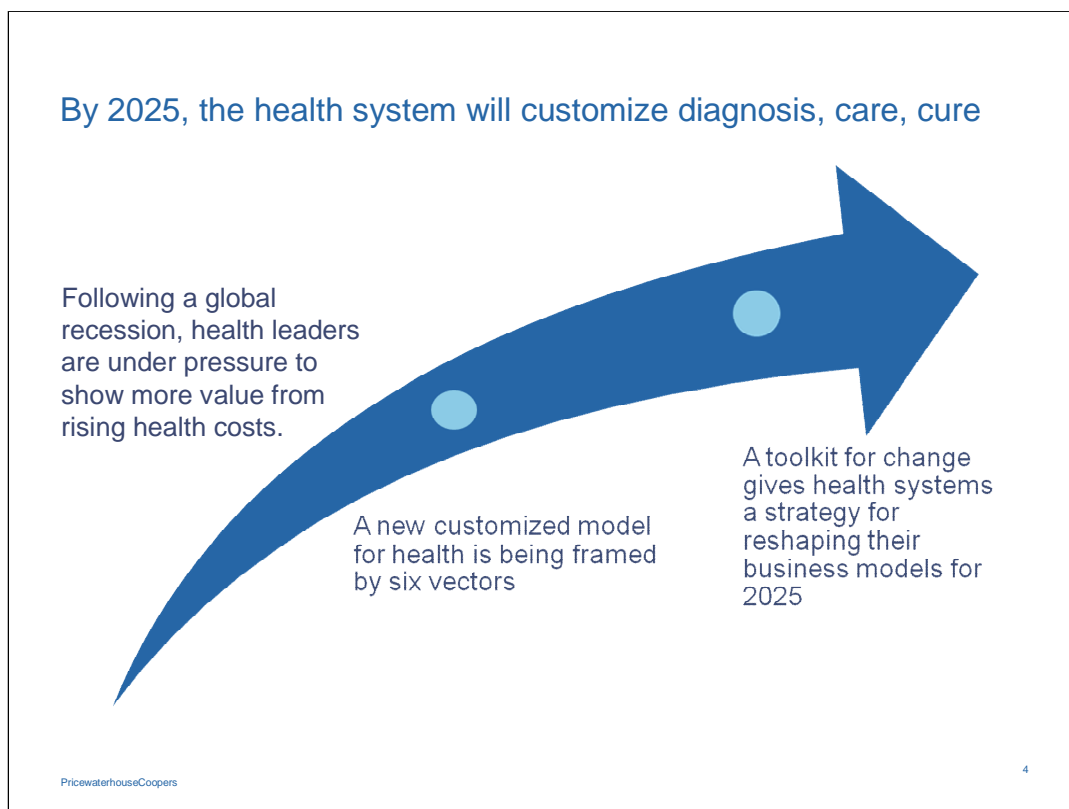
The customization of diagnosis, care and cure

Global

Healthcast link: [www.pwc.com.au/industry/healthcare/publications/healthcast.htm](http://www.pwc.com.au/industry/healthcare/publications/healthcast.htm)



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Healthcare is being shaped by a customization of products and delivery to many varied and disparate points—from patients' self-monitoring at home, to Internet patient communities, to a new layer of "navigators" shepherding patients through the increasingly time- and money strapped healthcare systems.

On the way to researching this shift toward a system of individual-centered health, we watched governments and businesses react to a frightening global recession. While economies eroded throughout 2009, healthcare was noticeably resilient. In fact, both the world's largest economy and the most populous country, the United States and China, chose to spend even more on healthcare as part of billion-dollar economic stimulus packages. As the recession wore on, PwC interviewed 11 federal and state ministers of health from seven countries. Ever mindful of how the recession was affecting their economies, these officials talked about the need to wring value from rising health costs.

These officials realize that engaging patients and customizing care to their needs can be more effective and efficient.

## This new customized world is being framed by six vectors

**Regulatory reforms** are focusing on efficiency, effectiveness

**Funding** is being redistributed from sickness to wellness

**Incentives** are being designed to encourage partnership

EMRs and IT that ease collaboration and customization

**Patient communication** is supporting shared decision-making

**Workforce** models will allow for greater flexibility and efficiency

Health will be customized by **six vectors** that customize diagnosis, care and cure for individuals.

**Broad-based regulatory reforms.** Many of the world's largest economies are tackling major regulatory reforms that will alter how behavioural, genetic and medical delivery components drive personal health spending.

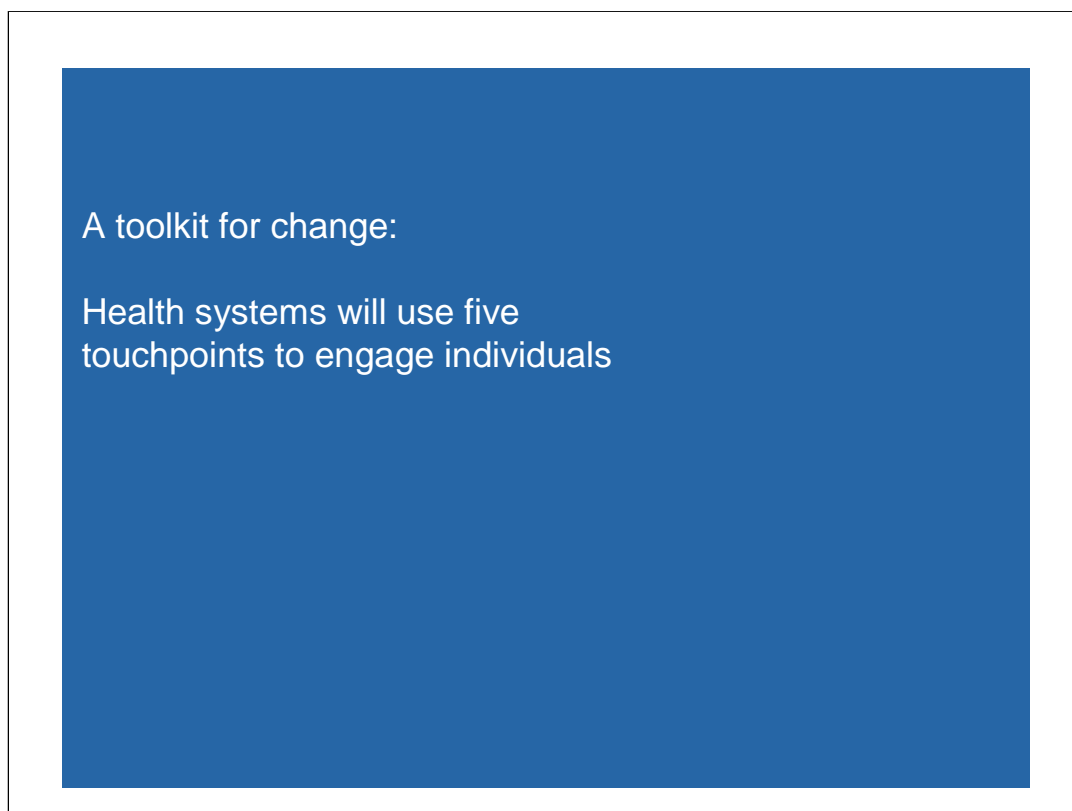
**Funding.** Payment and financing are redistributing funding from sickness to wellness. Eighty percent of global health leaders surveyed by PwC agreed that providers should be reimbursed on quality outcomes.

**Incentive-based payment.** Public and private payers are ending volume- and budget based payment and moving toward payment based on patient outcomes. This could result in a major redistribution and prioritization of health spending.

**Electronic medical records (EMRs) and IT.** By 2020, health systems will move from predominantly paper records controlled by the industry to predominantly digital ones controlled by individuals.

**Patient communication.** When PwC surveyed global health leaders about the most effective strategies to engage individuals in their own health, the top two answers were health education and greater awareness. The third was increased patient responsibility, but the ordering shows that health leaders know there's a lot of communication needed to support patients.

**Workforce.** Systems must redesign care models to meet the expected workforce shortages amid demands for customized care.



Between now and 2020, systems will use five touchpoints to deliver customized care and engage individuals

- Coordinated care teams
- Fluent navigators
- Patient experience benchmarks
- Medical proving grounds
- Care-anywhere networks

## Touchpoint 1: Coordinated care teams

- About two-thirds of global consumers surveyed said a coordinated team of clinicians was important to them.
- 39% of US experts said hand-offs between clinicians and organizations were difficult or very difficult
- Payment and regulatory silos create misaligned incentives and discourage coordination and partnership

See Global Emerging Model:

[How England's Somerset County centered care around COPD patients](#)

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Consumers want better coordination of care, and funding methodologies are being altered to enable packages of care and better hand-offs among providers, but payment and regulatory silos make it difficult to integrate, and 40% of health leaders surveyed by PwC said handoffs among clinicians were difficult or very difficult. Coordinated care, also known as “chain care,” adapts to the patient as circles of information are continuously exchanged and plans updated.

Integrated organizations, such as Kaiser Permanente in the U.S., provide information to their patients that spans the course of their care. “There is electronic health tracking from the moment you walk in to the moment you depart,” said Philip Fasano, Kaiser’s chief information officer, who noted that one-third of Kaiser’s 9 million members access Kaiser services remotely. “You leave with a summary when you walk out the door. If the doctor prescribed medication, you can pick up the prescription before you leave Kaiser. If you need a lab test, you can go across the hall. By the time you get home, you can view your lab results online. We want to give you the tools to manage your own health.”

As these coordinated care networks develop, various stakeholders will begin to time their opportunities. For example, “Do pharmaceutical companies need to totally rethink the business model in terms of how they will continue to provide and supply hardware (medicines)? Or will we need to increasingly move into software or integrated aspect (not just hardware tests and drugs) but also knowledge base with feedback loops that provides the best way of using and applying the hardware,” said Professor Lindpaintner of bio-banks.com.

## Touchpoint 2: Fluent navigators

- 76% of global experts said inappropriate access to health knowledge obstructs individuals from managing their own health.
- Fluent navigators fill service gaps and help patients access the right resources, specialists and information. They serve as upstream guides who are trained to be proactive about preventive care.
- Successful examples of community health workers in India, Liberia, Bangladesh, US and Canada.
- In several countries pharmacists are taking on navigator roles.

See Global Emerging Model:

[How India is changing behavior of mothers to reduce infant mortality rates](#)

Source: PricewaterhouseCoopers' Health Research Institute

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Regardless of whether they live on \$1 a day or in the richest cities of the world, most individuals are not equipped or skilled enough to navigate the health system on their own. This is especially true for the frail and elderly who need the most help when they are the most vulnerable. "It is important to introduce navigators to help people understand what is available to them," said Lise Denis, chief executive director, Association Québécoise D'établissements de Santé et de Services Sociaux (AQESSS), which represents 135 public institutions of health and social services in Québec, Canada. "This is where a personal health portal would help, e.g., a GPS of the health system." The key is the ability to connect individuals with information that is culturally appropriate by gender, age and ethnicity. About three-quarters of global health leaders surveyed by PwC said inadequate access to health knowledge obstructs individuals from managing their own health. They also cited problems around cultural misunderstandings and access to health resources. The fact that so many health leaders cited "lack of willpower" as a barrier could signal a lack of sensitivity to patients' needs.

Increasingly, pharmacists take on important navigator roles. Non-compliance with medication regimens is a challenging and complex problem, resulting in poorer outcomes and increased costs. "Pharmacies can control this problem using software that alerts the chemist when the patient does not show up to refill his prescription, giving the indication that he's not taking the medication," said Dr. João Silveira, PharmD, vice president of the Pharmacies' National Association in Portugal. "Our studies show that about 90% of the visits to a healthcare provider end up at the pharmacy to fill a prescription. It is both the beginning and the end of the value chain. Pharmacies should be able to increase the scope of their intervention in healthcare," he added.

Darrell G. Kirch, M.D., president and CEO of the Association of American Medical Colleges, said pharmacists' roles are expanding in the U.S. "Pharmacists are becoming more involved with direct patient care and are even involved in rounds in some hospitals. These pharmacists act as 'air traffic control' by helping to coordinate and oversee the multiple facets of care the patient is given," Kirch said.<sup>10.5</sup>

### Touchpoint 3: Patient experience benchmarks

- Health systems are beginning to embrace more patient-centric metrics of care, focusing on issues that matter to users (e.g. cleanliness, wait times)
- Importantly, this information is also being reported in more user-friendly ways on user-friendly mediums (e.g. the Internet), allowing patients to actively use data to inform choice.
- It is also starting to be used by purchasers and payers to inform contracting and reimbursement decisions.
- Public reporting is also a powerful incentive for providers to up their game. This will become increasingly more so as pressure from the private market increases.

See Global Emerging Model:

[How Portugal reduced waiting lists and increased productivity](#)

Source: PricewaterhouseCoopers' Health Research Institute

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Individuals will begin to set their own rules by which health organizations must play. Individuals will expect one-on-one customized service, and their expectations will be broadcast with a speed and scale that could quickly separate winners and losers in the health marketplace. Retail industries have developed their own sophisticated measures of the customer experience. Some of these can be transitioned into patient experience benchmarks. The big umbrella of customer experience includes an understanding of the behaviors of individuals so that organizations can better adjust their business processes to get the desired outcomes. To excel at patient experience benchmarks, health organizations must learn to listen. There's a lot to hear. The patient's voice can be heard through traditional surveys and focus groups, as well as new social media through real-time conversations on blogs and sites like Twitter.

Among the most visible patient experience benchmarks are wait times, which are increasingly being mandated by law. Both health leaders (85%) and consumers (66%) surveyed by PwC said short waiting times are important or very important for an "ideal" health system. A focus on wait times is a key trend, in that it forces health stakeholders to make the appropriate adjustments in determining resources and care pathways to meet the government standards. For example, Australia has published a preliminary set of standards that assure patients access to primary care within a day and home visits to new mothers within two weeks of giving birth.

By setting and publishing benchmarks that consumers can use, governments are responding to their citizens. Wait time limits are defined by consumer expectations— how long should an individual wait?— rather than clinicians' schedules—what's convenient for clinicians? In England, one of the centerpiece's of the NHS' focus on patient-centered care is a 2008 rule that no individual should wait more than 18 weeks from referral to treatment. The benchmark forces hospitals and physicians to reassess their patient throughput as well as resource allocation. Like any benchmark, this one has drawn consternation among some NHS managers who complain that the 18-week rule has become an overriding performance mandate.

These new standards do not have to be government driven. For example, the Netherlands has not set waiting times targets; instead the government requires hospitals to publish wait times online, letting the market drive efficiency through transparency.

#### Touchpoint 4: Medical proving grounds

- Through collaboration and investment, some countries and regions are making themselves medical proving grounds for a new generation of medicine.
- The concept is distinctive from traditional R&D processes in that it infuses new science into the delivery model.
- Realizing the full potential of biologics will require a consolidated effort among all players shaping their development – venture capital firms, (bio)pharmaceutical companies, drug regulators and payers.

See Global Emerging Model:

How Luxembourg is blending prediction, prevention, R&D, and treatment for lung cancer patients

Through collaboration and investment, some regions are making themselves medical proving grounds for a new generation of medicine that customizes care to the individual. This also represents a new type of medical tourism. Just as France is known for wine and Switzerland for watches, biomedical centers are building global reputations in the new biological sciences. While medical tourism represents a small slice of overall delivery, medical proving grounds will attract patients, researchers and providers looking for a faster cycle from bench to bedside. In PwC's survey of global health leaders, almost half said they thought medical tourism would increase by 2015. However, while the previous trend in medical tourism has been built on low cost, the new one will focus on the value consumers put on coordinated research and care systems.

Research and industry leaders are gravitating toward pharmacogenomics (the use of drugs only for those patients whose biology will respond to them) with corresponding diagnostics in order to test for the biomarkers that reveal whether a patient will respond to a given biologics treatment. In this way, biologics and a "sister" diagnostic are used through clinical trials— involving only individuals with the biology to respond —and approved on parallel tracks. But realizing the full potential of biologics will require a consolidated effort among all players shaping their development.

Governments wanting to capitalize on centers of research and care may need to re-invigorate drug development with the same vigor as other innovations, such as energy exploration and the build-out of renewable energy generation. A balancing act exists between creating a regulatory climate that preserves profit incentives for developers and, ensures that biologics and their generic forms are developed quickly at a price that patients can afford. For example, the length of time for clinical studies on biologics has grown from 66 months in the early 1990s to 108 months by 2006. Data exclusivity periods illustrate the nettlesome nature of maintaining this balance. In the EU, data exclusivity for biologics is 10 years, but in the U.S. that period it is still being hotly debated with proposals ranging from five to 12 years. Additionally, increased government backing is paving roads to accelerate the biologics commercialization and wider application. For example, the U.S. stimulus funding in health IT could build a vast electronic bioinformatics database at a time when Phase III clinical trials in the U.S. are estimated to cost between \$135 million and \$270 million.

## Touchpoint 5: Care-anywhere networks (global examples)

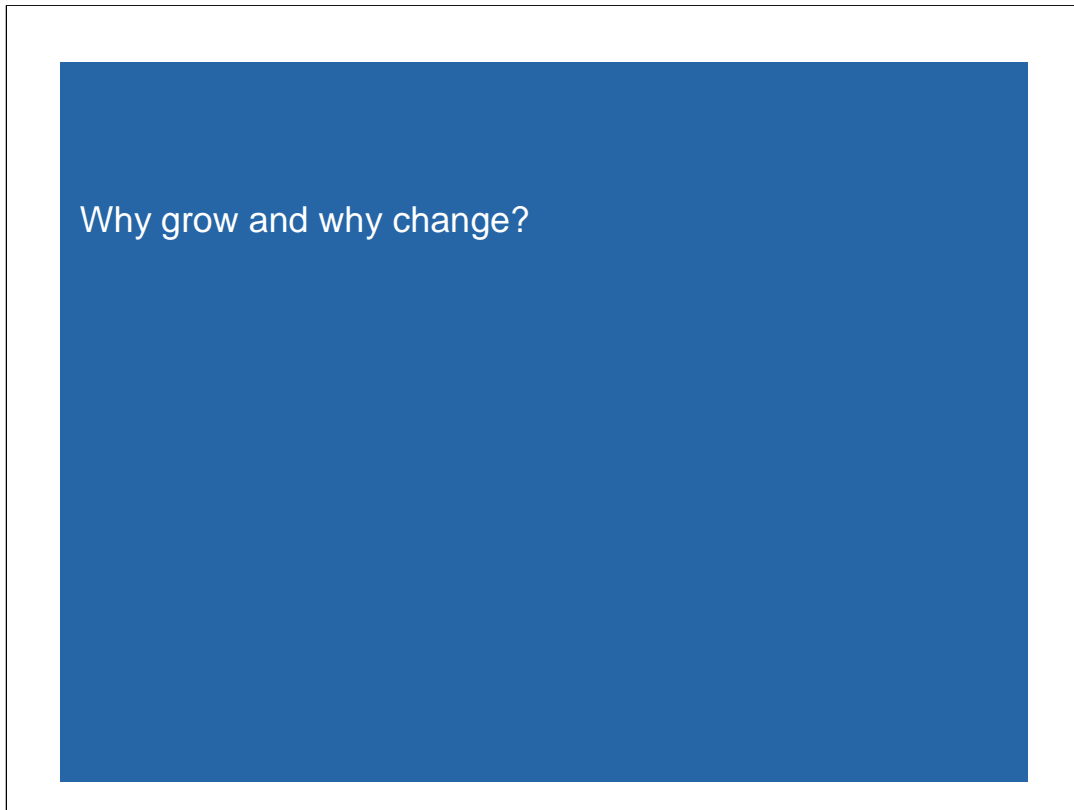
Country	Kind of care anywhere network
Portugal	P'ASMA: Portal for Assessment and Self-Management of Asthma. Web based-application where the physician registers data, gives feedback, the patient downloads data and automatic messages and alerts are possible.
UK	Toumaz Technology is carrying out a clinical trail testing a digital "patch", a disposable wireless chip in patient's chest that monitors vital signs.
Sweden	Daily dialogue with psychiatric patients via e-mail and animated orthopedic training programs.
Netherlands	75% of rehab and 90% of nursing homes make use of domotica: sensors, central locking systems, RFID, camera's are used to monitor patients
France	Between 2005 and 2008 the Hospital At Home program reduced the number of hospital days by 2.7 million

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Mobile EMRs, telecommunications and in-home and implantable devices will reduce utilization of hospitals, nursing homes and physician office visits. For example, remote monitoring systems now enable eICUs with physicians and nurses reaching out to home-based patients via a remote "command and control" center. "Individuals won't have to leave their homes for basic services, allowing for virtual visits of all kinds and from care practitioners of all levels," said Kaiser's Fasano. The past few decades have seen government financing and incentives for hospital construction. The government's investment in bricks and mortar is turning to funding virtual access points, broad-band networks and telemedicine. "Healthcare is convenience-driven—patients need good access from home," said Kevin Holland, managing director of Baxter Healthcare in the Middle East and Africa. According to the HealthCast global leader survey, 55% of respondents said that increasing the distribution of service delivery will make their health system more efficient.

**More on France's Hospital at Home program:** In France, the government is aggressively attempting to move more care out of the hospital and into homes equipped with electronic monitoring devices. "[Hospital Medical Care at Home] is the means to provide continual and coordinated medical and paramedical care in the patient's own home, in association with a hospital physician, the patient's GP and all paramedical, social workers and occupational therapists," adds François Berard of FNEHAD. Each patient is prescribed an individual care plan that coordinates his or her clinical care team. Before discharge, the hospital assesses the home environment to ensure that the care can be delivered effectively and safely. The equipment includes a multimedia telecommunications device at the patient's bed that is connected to the home hospitalization network.



## Why grow and why change?

- Lets get philosophical for a moment
  - If we don't grow and change we can become stale and stagnate
  - Our economies and our clients demand that we re-invent ourselves much more regularly in a throw-away society
  - If the HealthCast 2020 predictions are even half right – if we don't change we risk losing relevance to our clients and to our communities
- Now back to business
  - Growth for me is all about personal and business growth – the two are inextricably linked for professionals in my view
  - From the global trends I discussed earlier it is critical for health businesses to transform to keep up with patient and community expectations – the key question is by when
  - I suspect we are at or close to an inflection point in the health sector globally and nationally – demand pressures, consumer pressures, regulatory pressures, economic pressures – a classic burning platform
  - When I think about the health sector in this country I don't see growth and change as options – I see them as essential business risk management objectives

How does an organisation position  
for growth in the health environment?

## How does an organisation position for growth in the health environment?

- No different to any other business – there is nothing special about the health environment that suggests that business growth and business strategy are any harder or any easier than any other sector
  - There are some major challenges in the health environment to overcome in order to grow but each profession/industry has its own challenges
- What are the key questions we need to ask of ourselves before we start thinking about growth or change?
  - What are the future megatrends that will impact us all?
  - What do I and my partners want to achieve? What is our shared vision...
  - What are my customers wanting from me
  - What are the market opportunities?
  - What are my competitors doing re strategy and operations?
  - What is my position in my market? Gaining/losing share etc
  - Do I **truly** understand the strengths and weaknesses of my existing business?
  - What is my workforce capability?
  - What will success look like and what will it feel like?
  - How will we manage the growth and the change?

## How does an organisation position for growth in the health environment?

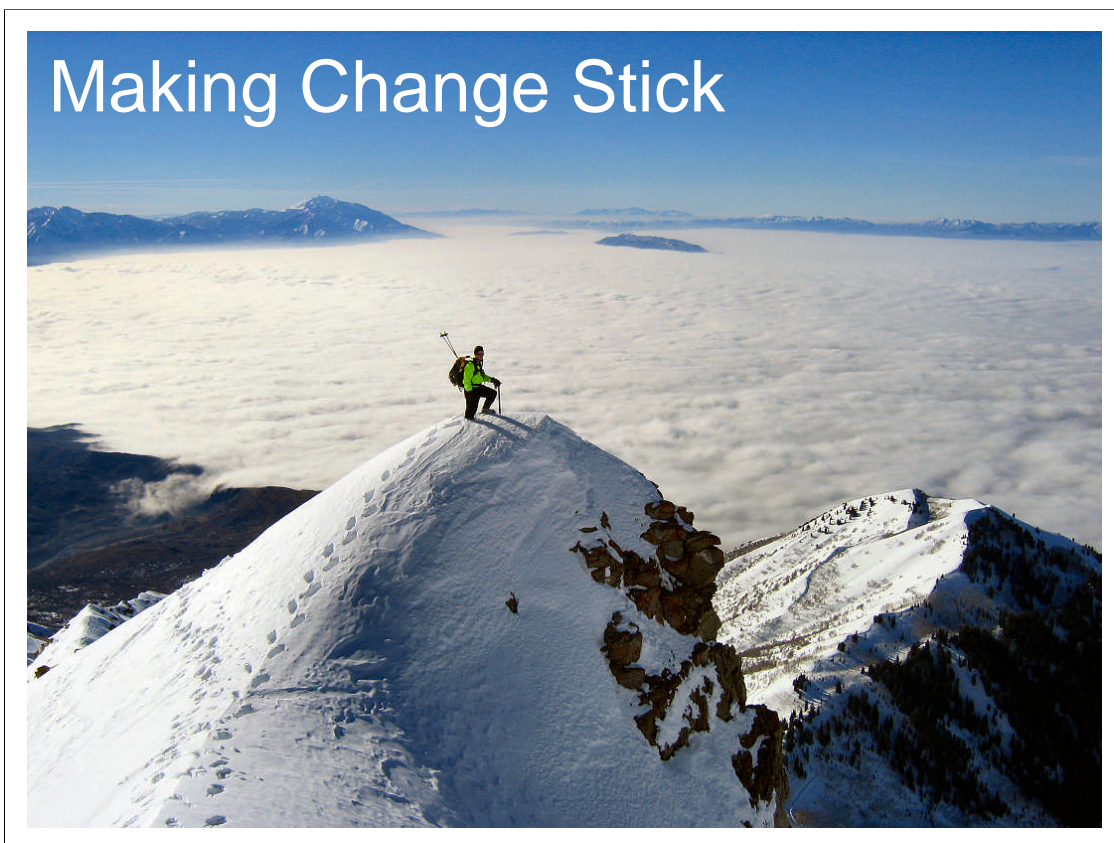
- What do I and my partners want to achieve? What is our shared vision...
  - Too often businesses attempt to grow or change but the leaders personal aspirations are not aligned or even understood
  - Invest early time here to save a lot of grief later
  - To lead growth and change there must be a compelling vision – the beacon on the hill
- What are my customers wanting from me?
  - Patient centricity, better informed patients, information demands, one-stop-shops, service when I want it etc are major themes
  - How well do you understand their current needs and desires? Are they loyal to your practice?
  - What are the fundamental needs today and in five years time that we need to respond to

## How does an organisation position for growth in the health environment?

- What are the market opportunities?
  - With the emerging trends what can we do to take advantage of the future?
  - Do we have a competitive edge that we can grow organically and quickly?
  - Can we hire some additional star resources to change our game and our market?
  - Are there M&A opportunities?
- Do I truly understand the strengths and weaknesses of my existing business?
  - We often see businesses wanting to grow or acquire or sell some or all of their medical practice and they are not ready because they don't understand their own business
  - Generally accounts are in poor shape, partners are disjointed, strategy is unclear, etc
  - Honesty is a critical early step

## How does an organisation position for growth in the health environment?

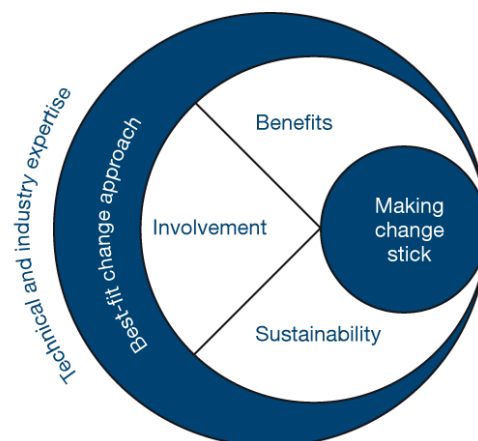
- What is my workforce capability?
  - Is my team ageing?
  - Are my stars likely to be retained for a long period?
  - Where are my capability gaps?
  - What strategies can I use to change my workforce where I need to?
  - Is my model flexible enough/too flexible?
- What will success look like and what will it feel like?
  - What benefits (hard and soft) are we pursuing and why?
  - What profit do we want to make?
  - How do we want to share profits? With our staff?
  - What community or patient benefits are we pursuing?
  - Can we draw what it looks like?
  - Can we imagine how it feels when we achieve this success?
- How will we manage the growth and the change?
  - The greatest strategies will fail when poorly executed
  - It's all about people and communications
  - It's all about people and communications
  - It's all about people and communications



## Making change stick...

Requires a change approach that:

- ▶ Focuses on **benefits**
- ▶ Encourages **involvement**
- ▶ Builds **sustainability**



## The change approach is a KSF that impacts all others

### Design the best fit change approach

#### Benefits

- Keep business benefits at the heart of change
- Challenge the data and its interpretation
- Agree the measures of success and how to monitor them
- Focus on the actions that make a difference fast

#### Involvement

- Through involvement build a vision and hunger for success
- Engage the front-line before, during and after
- Communicate with a purpose

#### Sustainability

- Give leaders the skills – and the heart – to lead
- Make sure systems, processes and culture reinforce the change

- There is no perfect approach to change.
- The best fit approach will be dependent on the individual circumstances of the change and all the internal and external factors that may impact or be impacted by the change.
- An appropriate focus on benefits, involvement and sustainability is key in all change programmes.
- The trick is to select the balance of activity in each of the three dimensions that is appropriate to the specific situation the client faces.
- The change approach helps defines this balance and the specific activities that will be needed.

A foundation to build on

Designing the best-fit change approach for the organisation change

Informs the.....

People  
change  
plan

Operations  
change  
plan

Technology  
change  
plan

Governance  
change  
plan

Finance  
change  
plan

Policy  
change  
plan

## Building the change approach

Change approach is predominately

- **Directive** - benefits and requirements of the change are defined from above, before the programme starts
- **Inclusive** - those who will be impacted by the change help shape its purpose, direction and how it is implemented

You need to understand the

- **complexity** of the change
- solution **predictability**
- **capability** of the organisation
- the **time scale** for the change

***The approach can change during the project.***

## Decisions – factors to consider

- How Complex is the change;
  - Number of offices, regions and divisions involved
  - How many people are affected and to what level will their roles change
  - How significant are the risks which need to be managed
- How Predictable is the solution;
  - How clear and consistent is the understanding of the end state
  - Does the project have external dependencies
  - What is the level of resistance to the change
- How Capable is the organisation to implement the change
  - Is leadership actually committed to the change
  - Does leadership have the capability and style to manage the change
  - Does the organisation have a history of managing change successfully
- How Urgent is the change
  - Is there a timeframe requirement for the change to take place (e.g. compliance)
  - When are the benefits of the change expected to be realised

## Key Success Factors

### Design the best fit change approach

#### Benefits

- Keep business benefits at the heart of change
- Challenge the data and its interpretation
- Agree the measures of success and how to monitor them
- Focus on the actions that make a difference fast

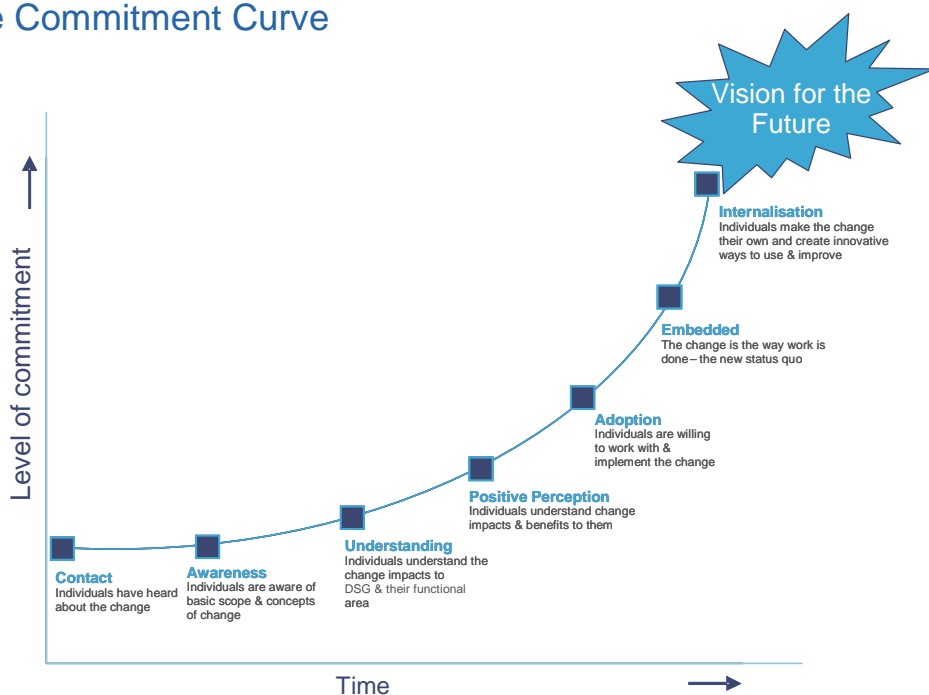
#### Involvement

- Through involvement build a vision and hunger for success
- Engage the front-line before, during and after
- Communicate with a purpose

#### Sustainability

- Give leaders the skills – and the heart – to lead
- Make sure systems, processes and culture reinforce the change

## The Commitment Curve



## Summary of Involvement

To effect successful change the change approach needs to:

- Build commitment to the vision
- Create a joint sense of ownership by making an emotional connection with all those affected
- Target communication without losing the big messages

## Key Success Factors

### Design the best fit change approach

#### Benefits

- Keep business benefits at the heart of change
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## Sustainability

- *Change does not happen in a vacuum*
- *Change is affected by, and in turn affects, all things in the organisation*
- *Sustainable change is driven by **people's behaviours***
- *Ensure leaders are capable leaders of change, with the skills and the heart to lead*
- *Align process, systems and culture to support the desired behaviours*

# Key messages



## Key messages for growth and change

- Global leaders are telling us that a more customised and rebalanced health economy will emerge – one that sees the patient become more informed and dare I say more powerful than the clinician
- Positioning health businesses for growth and change is not easy but no more difficult than any other industry
- A shared vision is a critical step in moving down the growth and change path
- Making change stick is all about people and communications
  - Utilise an effective change approach with the right balance of inclusion and direction
  - Communicate, communicate, communicate
  - Understand that during the implementation there will be compromises to make
  - People will move through the change cycle like they deal with grief – make sure your language is connecting with them where they are at and not where you think they should be
  - Growth and change take time to get right
- When we get it right the results can be exhilarating – when we get it wrong it can be at best distracting and possibly disastrous
- Enjoy the journey