Panel 1

“The Changing Landscape: Implications for Cost Management, Physician Alignment, and Patient Care”

David Feinberg, MD, President and CEO of UCLA Health
Thomas Priselac, President and CEO of Cedars-Sinai Health System
Arthur Southam, MD, Executive vice president at Kaiser Foundation Health
Moderator: Gary Mangiofico, PhD, Associate Dean of Executive Programs and Executive Professor of Leadership and Management, Graziadio School of Business and Management

The first panel of Pepperdine’s first Future of Healthcare Symposium delved right into the complex changes currently underway in the U.S. healthcare system, sparked by the implementation of the ACA, industry consolidation, telehealth advancements, and interconnected shifts in patient expectations and patient care delivery.

David Feinberg, the president and CEO of UCLA Health System, oversees all aspects of UCLA’s Health System and under his leadership, patient satisfaction has increased dramatically, ranking in the 99th percentile in many areas according to independent national surveys. UCLA was ranked as third-best hospital in U.S. by U.S. News & World Report when he took over and has continued to be rated as a top-five hospital.

“That’s phenomenal and yet,” Feinberg remembered, “at that time, two out of three patients would not refer us to a friend. The problem that I think happened, as this whole world changed and information became so complex that the doctor no longer had all of it, was that we lost our focus on the patient.”

Feinberg felt it was important to reprioritize care by utilizing the existing skills and experience of his doctors and nurses in adopting a more patient-centric approach, though this adoption did not involve complex changes, but the addition of some basic steps. “We went from the 38th percentile to the 99th percentile in patient satisfaction by doing some really simple things,” he explained:
We knocked on the door before we entered the patient’s room
We introduced ourselves
We called the person by name
We asked permission before we examined anybody
We explained what was coming next and
We exited the room courteously

UCLA undertook other changes to appeal more to patients, including the construction of new buildings, a very focused patient-centered program, same-day appointments for 27 specialties and scheduled appointments 365 days a year.

“We’ve closed some of our waiting rooms because we don’t think patients waiting adds any value to care,” he said. “So, the waiting rooms have either been converted to clinical space or there’s space for doctors actually waiting for patients. Healthcare will no longer be episodic 45 minute sessions a couple of months apart.”

Thomas Priselac, the president and CEO of Cedars-Sinai Health System, in assessing the state of the healthcare industry as a whole, Priselac explained, “First, I believe the trends and actions, some of which Susan Dentzer described, that have been occurring over the last ten years or so have put us in the best position we’ve ever been to fulfill the IOM call for a more uniformly high-quality, efficient and accessible healthcare system. I think we’ve got several important levers in place that, if we execute correctly, we’ll be able to achieve that so-called Triple Aim.”

Priselac offered the following reasons for his optimism:

- The ACA for what it represented in terms of expanded access—reaching the 40 to 50 million people who were previously uninsured is an incredibly important part of a rational system
- The emergence of the value-based payment models that Dentzer described— incentives matter and the incentives to do things in a way that the Triple Aim talks about have not been present in the payment system in the past and I think that’s rapidly changing
- Increased public reporting and transparency about quality and cost
- Increased focus on prevention and wellness.
- The development of integrated healthcare organizations.
- The increased focus on individuals as customers—and, when people do become patients, delighting them from a service standpoint and a convenience standpoint and an access standpoint, as well as providing the best in medical care
- The advances in science and medicine that will fulfill the promise of personalized medicine
- The increased alignment among payers and providers that will result, and is resulting, from the new payment systems
- An unprecedented level of collaboration among providers, commercial payers and insurers
Priselac did offer one cautionary note. “Like most major shifts of this type, especially when it involves 17 percent of the GDP, the devil’s going to be in the details and those details include possible errors of execution.”

He also identified errors of omission as a concern, or those things that need to be done to advance the changing system but for one reason or another, political or otherwise, may not be done.

“There are multiple federal and state regulatory agencies that govern healthcare, both healthcare financing and delivery,” he explained. “Regulators could fail to make changes that recognize that this is a fundamentally different system and the regulatory framework needs to change, or they may fail to take steps with regard to financing and delivery policies that recognize that healthcare does have a significant public health and public interest question. Making sure that those issues are addressed as we pursue this market-based system will be important.”

Arthur Southam is the executive vice president at Kaiser Foundation Health Plan, where he is responsible for national health plan marketing, sales, product development and administrative services that support customer growth and customer service, as well as serving on the Council for Affordable Quality Healthcare and the National Commission on Prevention Priorities.

Kaiser Permanente is the nation’s largest non-profit health system, with more than 17,000 physicians and over 175,000 employees, and serving 9.3 million members across eight states and Washington, D.C. through 37 hospitals and 600 large medical offices.

“What sets our delivery system apart,” Southam explained, “is the closeness of the integration of all those parts, both common leadership, common strategy, common vision, common IT and a common revenue source which comes from our customers, who include 100,000 employers, government programs and 1.7 million individuals seeking health benefits and healthcare.

Another important component of the Kaiser model is that the company is paid by the premium, rather than by the piece or in the now-fading fee-based fashion, to provide satisfaction and quality to an enrolled, but not beholden, population.

“If you’re going to change behaviors, you have to do it in a simple way that engages people and you have to give them things which they can do in their life

“If you want to live longer, miss fewer days of work, have less healthcare costs, control your diabetes if you have it, walk 30 minutes five days a week because within six or eight weeks, if you walk 30 minutes five days a week, you will meaningfully improve your health and you will significantly extend your longevity.”

Business Model for Personal Health

• Healthy eating
• Active living—meaning walk 30 minutes, 5 days a week, find a friend to do it with and share your goals
• Don’t smoke
• Get the right amount of sleep
• Get personal relationships in your life—with people who care for you and have a passion for something that matters

“If all of us followed those rules that we could all follow, our health would be dramatically increased without needing a business model or outside assistance with that.”

“Today in America, more people have more affordable and better health benefits and health insurance with many, many, many fewer gotchas and vastly more consumer protections than ever before,” said Southam. “Between the expansion of Medicaid and the corrections of some absurdities that existed in the individual insurance market before the ACA, more people are guaranteed access and have taken advantage of that access—it started with the expansion of coverage for kids, which many of us were the beneficiaries of.

“It’s also improved the nature of the benefits, the clarity, the consumer description, the disclosure, the transparency, and in many cases a very effective and useful regulation, including things such as universal coverage of effective preventative services with no cost sharing and elimination of lifetime maximums.”

During the panel discussion, moderated by Gary Mangiofico, Associate Dean of Executive Programs and Executive Professor of Leadership and Management, the three healthcare leaders were able to offer more specific commentary on how their companies have changed their approaches with the changing landscape, particularly to struggling communities.

Cedars-Sinai strives to improve community health through community focus programs, according to Prislelac, including a mobile van that goes into underserved areas like South Central and Downtown, and through educational programs that pair healthcare experts with children and their families to provide wellness feedback on topics like how they can purchase healthier foods on their real budgets. He also noted that the Fairfax district just to the east of Cedars-Sinai has one of the highest concentrations of poor elderly in America.

David Feinberg highlighted UCLA’s Venice Family Clinic, the largest free clinic in America, which it runs with support from St. John’s, Cedars-Sinai and Kaiser.

“We’re treating different populations here in these big urban environments that come to us and they’re very expensive to care for before they even show up at our door, and that hasn’t been addressed, I don’t think, in the consciousness of our country,” Feinberg lamented. “Illegal immigrants show up in our ERs everyday—these are regular people who are part of our community. And that part has to be addressed.”
In discussing the growing need to offer consumers better delivery and care in the face of such systematic complexity, Arthur Southam of Kaiser emphasized the role and influence of the large organizations within that system.

“Healthcare organizations tend to be one of the largest employers, one of the largest economic forces, and an important part of the social and economic infrastructure of the communities they exist in. How we use that influence and our ability to convene around health to bring together religious organizations, political organizations and business organizations to talk about the economic environment, the physical environment and the educational environment, which affect health factors, is important. More and more, the engagement of surviving, respected healthcare organizations will be very active in the infrastructure of the community, which is such a big determinant of health.”