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Acting Your Way to a New Way of Thinking

By Dr. John Kenagy

There is lots of thinking going on in healthcare now. We *thought* governmental Healthcare Reform was a reality two weeks ago. The Obama Administration *thinks* we will stay the course, but, after the November 2 elections, some pundits *think* it will be significantly changed while the Republicans *think* its days are numbered. So what does all this “thinking” mean?

It’s not going to make much difference. Sure, the deck chairs are going to be reshuffled again, but our healthcare Titanic will continue to take on water because we are trying to think our way to a new way of acting. To deliver on the promise of more and better care for continually lower cost, we have to start acting our way to a new way of thinking.

For years, we have thought more top-down initiatives, IT, technology and new facilities promised much improved patient care. But, delivering on that promise means that people must think and act differently. That’s a lot harder than most realize.

You know the adage, “The tiger can’t change its stripes.” In my career as a physician, healthcare executive, academic scholar, advisor, author and patient, I have seen that changing minds and behavior can be very difficult.

The basic behavior change tools of 20th Century management are *gathering data*, *aligning incentives* and *holding people accountable*. Indeed, one of the refrains of reform is, “We must realign incentives.”

But this is the 21st Century. Are data and aligned incentives the keys to delivering on the promise? Let’s examine the evidence.

The West Coast health system I helped manage in the mid-1990s was an industry leader during the Managed Care Revolution. We had everything then that we are thinking we must do now: integrated physicians with aligned incentives, our own health plan, an electronic medical record, lots of data and all the latest quality improvement initiatives. But the Managed Care Revolution failed.

Puzzled by why data and aligned incentives failed, I became a Visiting Scholar at Harvard Business School studying innovation and transformation. There I discovered that when the world changes, leading companies often fail to change their behavior. Lotus could not compete with Microsoft, General Motors could not compete with Toyota, American and United Airlines cannot compete with Southwest and now Microsoft can’t compete with Google.

Why? Changing behaviors is very difficult, particularly if you are relying on thinking your way to a new way of acting.

Fortunately there is a solution. My research focused on the few companies who were able to adapt and change when others failed – companies like Intel, Toyota and Southwest Airlines. I found these adaptive companies shared common characteristics – an organizational DNA that was “designed to adapt.”

Testing these concepts in our unique world of healthcare, I discovered that data and aligned incentives are helpful, but insufficient to change minds and behavior. Most people can’t *think their way into a new way of acting*. Instead, I found successful innovators *act their way to a new way of thinking*. It’s *action innovation*, not *thinking innovation* that makes the difference.

Intuitively, I believe most of us understand the difference. Recent research on the neurobiology of human decision-making offers the scientific explanation. The surprise is that humans are often *not rational*.

(Continued...)

Acting Your Way to a New Way of Thinking (Continued)

We usually do not stop to analyze what to do. Instead our past experiences create predetermined neurologic pathways for behavior that we repeat, *even when those actions may not be in our best interests.*

For example, in doing consulting work with Microsoft, I spoke with many brilliant people who had worked in failed IT companies before coming to Microsoft. I remember an executive explaining how it felt to be a senior manager at Digital Equipment, one of the world's greatest technology companies, until they crashed and burned.

He said, "We would sit around the management team table, analyze all the data and come to a decision, but all of us had in the back of our minds 'here we go again, this isn't going to work either.'"

If you want to change behavior, you need more than data and aligned incentives. Behaviors are driven by beliefs. To change behavior, you must first change beliefs. This is where understanding the neurophysiology of decision-making comes into play.

Our beliefs do not reside in some anatomic filing cabinet in our brains. Rather, functional magnetic resonance imaging studies show our beliefs are actually generated by the recurrent firing of specific neurons and neurotransmitters. This brain activity is developed by experience and linked to the feelings that experience engenders.

In other words, we are not rational, but we are sentient. Our brains are hardwired by experience and feelings. The stronger the positive feeling (also specific neurologic events deep in the brain) and the more frequent the experience, the more we become hardwired to respond in the same way.

We have all seen it – very intelligent people making the wrong choice over and over again.

In studying the collapse of great civilizations, Jared Diamond noted, "The values that people cling to most stubbornly under inappropriate conditions are those that were previously the source of their greatest triumphs."

To change behavior you must first use experience to change beliefs; *people must act.* Experience generates feelings that inform future experience. The more positive the feelings and the more direct the link to experience, the more likely beliefs are to change. When beliefs change, behavior changes.

So, you can't think your way into a new way of acting. Instead, you have to act your way into a new way of thinking. I have rigorously tested experiential change management in healthcare for the last 12 years using Adaptive Design[®], an integrated management/frontline approach to transforming healthcare and the subject of

my recent book, *Designed to Adapt: Leading Healthcare in Challenging Times.*

Adaptive Design works. Here are the keys to leadership success. First, find a place in your organization to become your real-time innovation incubator. Then:

1. Set a clear, simple, meaningful direction.
2. Develop people as your #1 resource.
3. Link information to action to results in real-time (the methods are detailed in the book).
4. Build trust and optimism through results for patients.
5. Then, replicate what works and never stop relentlessly challenging the status quo.

The results are always positive. For example, *in one year*, a Midwestern hospital medical/surgical nursing unit changed behavior to generate the greatest increase in patient satisfaction in a 17-hospital system, while simultaneously increasing productivity 14 percent, decreasing length of stay eight percent, and generating \$1,700,000 in new revenue and cost savings. That's one nursing unit! When you act your way to a new way of thinking there are no tradeoffs. It's not *either/or*, it's *and*.

Healthcare Reform, IT and new technologies offer the promise of improvement in patient care. But we will never achieve that promise without changing people's behavior. That requires much more than gathering data, aligning incentives and improving processes.

Fujio Cho, Toyota's Chairman during its rise to success in the 1980's and 90's, said it well: "No mere process can turn a poor performer into a star. Rather you have to address employees' fundamental way of thinking."

Whatever happens to healthcare reform, we make a difference by changing behaviors. Behaviors are driven by beliefs. Beliefs are formed by experience and feelings. Instead of thinking our way to a new way of acting, we must act our way to a new way of thinking.

Lead and manage people to act their way to innovative thinking. It's the way to fix healthcare. Our brains say it's so.

Dr. John Kenagy is a physician, executive, patient, advisor, author and former Visiting Scholar at Harvard Business School. For more information on how you and your organization can act your way to a new way thinking contact info@johnkenagy.com.



The Coming Storm

By: Tom Durel, Client Executive of PHNS

Each morning the sun comes up and our healthcare system inches closer to a coming storm that will completely transform what we know today. The pace of change is accelerating and healthcare leaders are rapidly learning that the tactics and strategies of today and the past may only lead to ruin.

From ICD-10 to HITech, bundled billing, accountable healthcare and medical homes, pay for performance, quality reporting, Medicare rate reductions and RAC payment recovery; healthcare in the United States is on a path to an all-in transformational change. Not all hospitals and healthcare institutions will survive. There are no guarantees. These are extraordinary times, with extraordinary risk and extraordinary opportunities that require extraordinary leadership and wisdom.

When organized medicine began hundreds of years ago, direct bartering and negotiations were employed to address payment. As we moved into the 20th century, the concept of insurance took hold and grew rapidly as standard employment benefits. The notion of "reimbursement" for cost associated with "medical necessity" care became standard practice. The concept supported the value that profit was not to be made off someone's misfortune and illness, yet the service provider had to be paid. Payment took on the structure of "usual and customary" supporting the understanding that medicine, while founded in science, demanded significant art.

With the enactment of Medicare in 1965, "reimbursement" seriously moved to "cost plus" and healthcare became a business. Regulations and laws grew to attempt to intervene and control the rapidly growing cost. By the 1980s the concept evolved that, rather than "reimbursing" hospitals for "cost plus," instead pay them for the specific condition treated and let the hospitals control their costs. In 1984, Diagnostic Related Groups (DRGs) became the bases of hospital payment by Medicare, with cost reporting and case mix determining rates. This continued the notion of "reimbursement" for cost, but structured payment for

the specific condition treated. Not all payers moved to DRGs, but Medicare and then Medicaid grew to cover more and more patients.

Hospitals had to change and not only account for cost, but had to also increase documentation and expand their coding of the specific care provided. For the past 25 years, reimbursement or payment for care has grown in complexity and cost has grown at twice inflation. Our current structure is not working. The storm on the horizon maybe seen by some as evolution and by others as a game changer. Healthcare is moving to reimbursement for "outcomes."

Outcomes have been part of medicine since inception. It is what patients and consumers are most interested in. Now the payers of healthcare are moving concertedly to paying for results ... paying for outcomes.

So what are healthcare leaders to do? They should embrace the change. They must challenge historic paradigms. They must navigate the storm with initiatives and actions that reduce their costs, at the same time they improve their capacity to achieve superior outcomes, despite the absence of direct control. The implementation of ICD-10 will require multiple millions of dollars. HITech will cost significantly more than the incentives offered. Converting a hospital to an Accountable Care Organization will certainly cost many millions. The risk of not achieving and reporting strong performance and superior outcomes is dire. Hospitals may merge, may acquire physician practices, may invest in electronic systems and may hire consultants. In the end hospitals must execute around people, strategy and operations. They must execute as a business, reducing cost and improving outcomes.

Execution produces measurable results. Without execution, hospitals will be swept away by the storm.

We would like to hear your comments.
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Cleveland Clinic Identifies Top 10 Medical Innovations for 2011

From pill-sized cameras to radioactive compounds that let doctors "see" inside a patient's brain, Cleveland Clinic's Top 10 Medical Innovations for 2011 recognizes new techniques, therapies and approaches to treating a host of diseases.

The list of breakthrough devices and therapies was selected by a panel of Cleveland Clinic physicians and scientists. Four major criteria served as the basis for qualifying and selecting the Top 10 Medical Innovations. Nominated innovations were required to:

- Have significant potential for short-term clinical impact (either a major improvement in patient benefit or an improved function that enhances healthcare delivery).
- Have a high probability of success.
- Be on the market or close to being introduced.
- Have sufficient data available to support its nomination.

The Top 10 Medical Innovations for 2011 are:

10. Capsule endoscopy for diagnosis of pediatric GI disorders:

A pill-sized camera captures 50,000 high-resolution images during its painless six- to eight-hour journey through the digestive tract, proving better than x-ray at detecting small bowel ulcerations, polyps and areas of bleeding.

9. Oral disease-modifying treatment for multiple sclerosis:

Before Fingolimid was approved by the FDA this year, MS drugs had to be injected or infused on a regular basis. This oral medication effectively stops T-cells from attacking the myelin sheaths that cover nerve fibers.

8. Exhaled nitric oxide (NO) breath analysis for diagnosing asthma:

A new hand-held diagnostic testing device measures a patient's level of exhaled NO, which is a biomarker for asthma. Monitoring NO levels allows doctors to more accurately tailor treatment strategies.

7. Transoral gastroplasty, or TOGA:

A new experimental weight-loss option for obese patients who want to lose weight and improve their health without undergoing major surgery. This "scar-less" procedure represents a significant improvement in minimally-invasive bariatric surgery and losses approaching 40 percent of excess body weight can be expected within a year.

6. Telehealth monitoring for heart failure patients: Miniature implantable monitors to measure pulmonary artery pressure daily and at-home devices to monitor weight, heart rate and blood pressure of heart failure patients allow doctors to adjust medication quickly, improving patient outcomes and quality of life, while reducing re-hospitalizations.

5. Hepatitis C protease-inhibiting drugs: Two drugs awaiting FDA approval treat hepatitis C using protease inhibitors, which work by blocking a key enzyme that viruses need to copy themselves and proliferate. In clinical trials, cure rates for the protease inhibitors are higher than current hepatitis C treatments, with fewer side effects.

4. JUPITER study and statins for healthy individuals: The JUPITER (Justification for the Use of Statins in Primary Prevention: an Intervention Trial Evaluating Rosuvastatin) trial pointed out for the first time that many seemingly healthy people are at higher risk for heart disease than previously thought, suggesting that statins should be prescribed even to people with low LDL (bad cholesterol), if they have high C-reactive protein levels.

3. First therapeutic cancer vaccine approved by the FDA: While not a cure for prostate cancer, sipuleucel-T is the first cancer vaccine to receive FDA approval. Prescribed to men with advanced prostate cancer, the drug coaxes their own immune systems into attacking and removing the cancer, reducing the risk of death by 24 percent compared to placebo.

2. Anti-CTLA-4 drug (ipilimumab), a targeted T-cell antibody for metastatic melanoma: The effectiveness of ipilimumab in treating melanoma confirms the role of immunotherapy as an effective treatment. In patients with advanced stage III or IV melanoma, 23 percent were still alive after two years compared to 14 percent of patients who received standard treatment.

1. New molecular imaging biomarker for early detection of Alzheimer's disease: Currently, positive diagnosis of Alzheimer's is only possible upon autopsy. But a radioactive molecular imaging compound called AV-45 and a PET scan can allow doctors to "see" inside patients' brains to detect beta-amyloid plaques, the tell-tale signature of Alzheimer's.

About



PHNS provides IT services for hospitals, other healthcare providers and businesses. PHNS' IT services include application hosting, co-location and managed services; electronic off-site data back-up and data vaulting; business continuity solutions; disaster recovery services; and systems integration services. PHNS also provides comprehensive business process solutions for hospitals including admitting, HIM (including medical record management and storage, transcription, coding, release of information and electronic medical record services) and revenue cycle services. PHNS creates business-healthy hospitals by improving operations, enhancing technology and increasing cash on hand, which allows hospitals to focus on their core competency – patient care. PHNS has approximately 1,670 customers, including approximately 400 hospital IT and business process customers and approximately 1,270 IT customers. PHNS is headquartered in Dallas, Texas. See www.phns.com for additional information about PHNS.