HealthCare Executive Group (HCEG)

Guiding Executives Through Innovation, Change and Growth, since 1988

30 Years at the Forefront of Healthcare Innovation and Technology

The HealthCare Executive Group (HCEG) is a national network of select healthcare executives, thought leaders and experts of various disciplines who've come together to navigate the tactical and strategic issues facing the healthcare industry today.

Leadership, Trust, and Skills in Overcoming Obstacles to Radical Innovation in Healthcare *an HCEG Executive Leadership Roundtable*

The HealthCare Executive Group is committed to providing a platform for real and relevant dialog amongst executives. Through our ongoing calendar of events including Executive Leadership Roundtables we are able to bring together our network of thought leaders for in depth discussions in a small group, boardroom-style setting, pertaining to one or more the the HCEG Top 10 Topics.
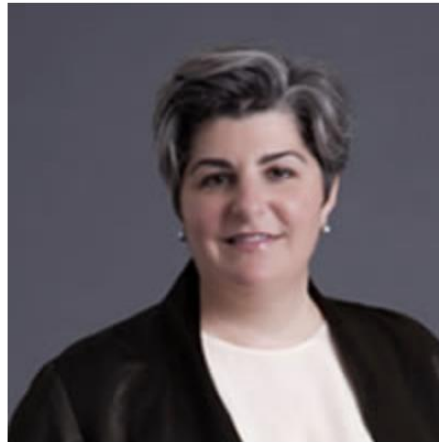
In Partnership with:

Today's Presenters

Charles W. Stellar
President and CEO, WEDI
Former EVP, AHIP

Ferris W. Taylor
Executive Director, HCEG
Former COO, Arches Health Plan

Lynn Hanessian
Chief Strategist, Edelmen
Board Member, CHI

Dr. Sunnie Giles
Author, The New Science of Radical Innovation | Quantum Leadership Group

Dr. Brett Trusko
President, International Association of Innovation Professionals (IAOIP)

Today's Discussion

- Insights from Industry Pulse Research, Ferris Taylor
- Implications of the Edelmen Trust Barometer, Lynn Hanessian
- International Innovation Certification programs, Dr. Brett Trusko
- The New Science of Radical innovation, Dr. Sunnie Giles

HealthCare Executive Group (HCEG)

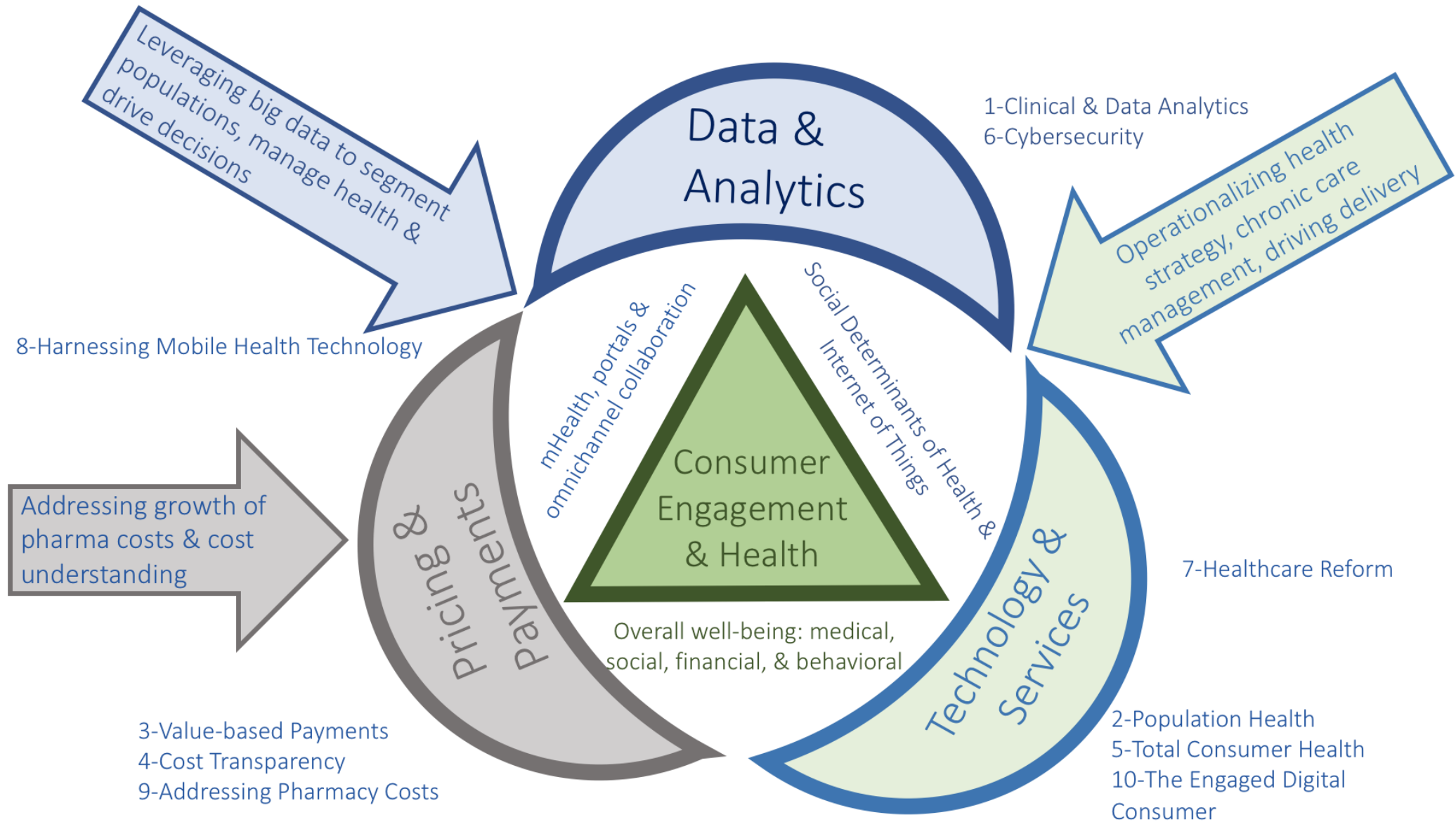*Guiding Executives Through Innovation, Change and Growth, since 1988*

HCEG was founded in 1988 by healthcare executives looking for a forum that offered an open exchange of ideas, opportunities for collaboration and transformational dialogue. Each year, HCEG membership identifies the HCEG Top 10 opportunities, challenges and issues facing executives in healthcare. The HCEG Top 10 serve as the foundation for HCEG educational and programming initiatives throughout the year.
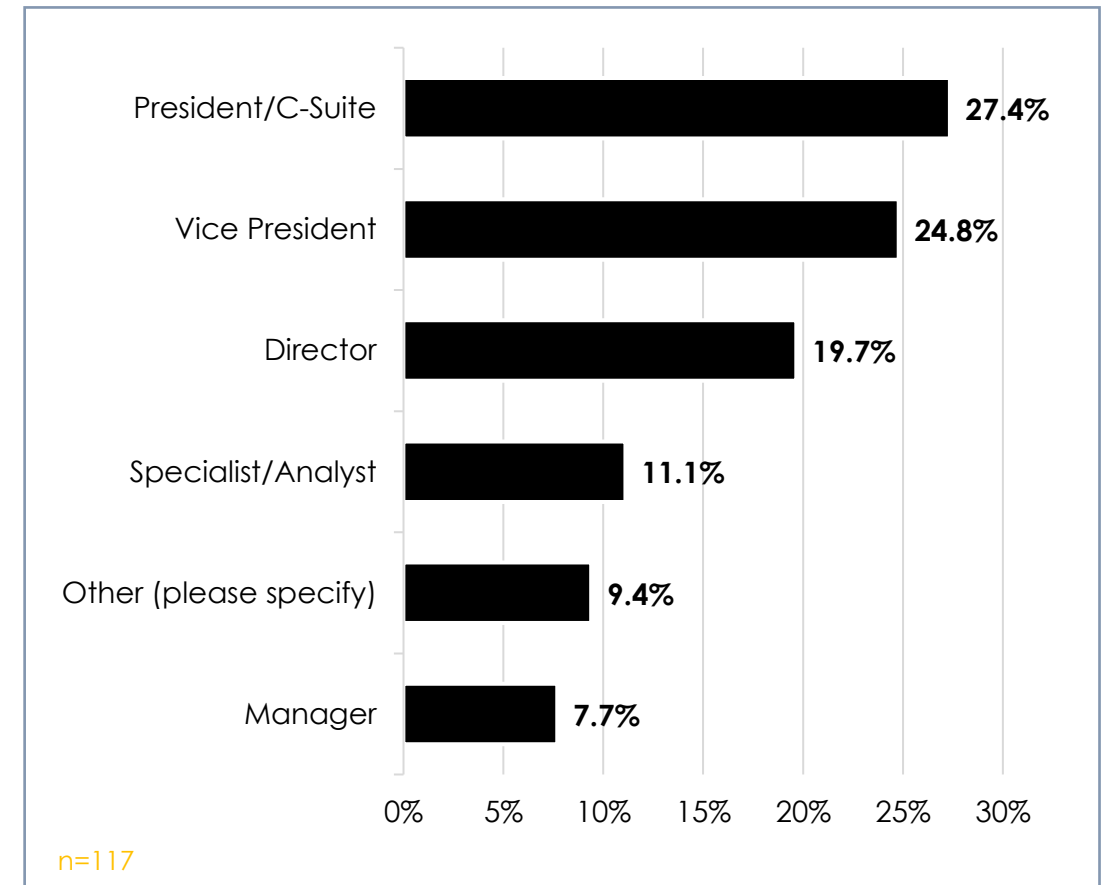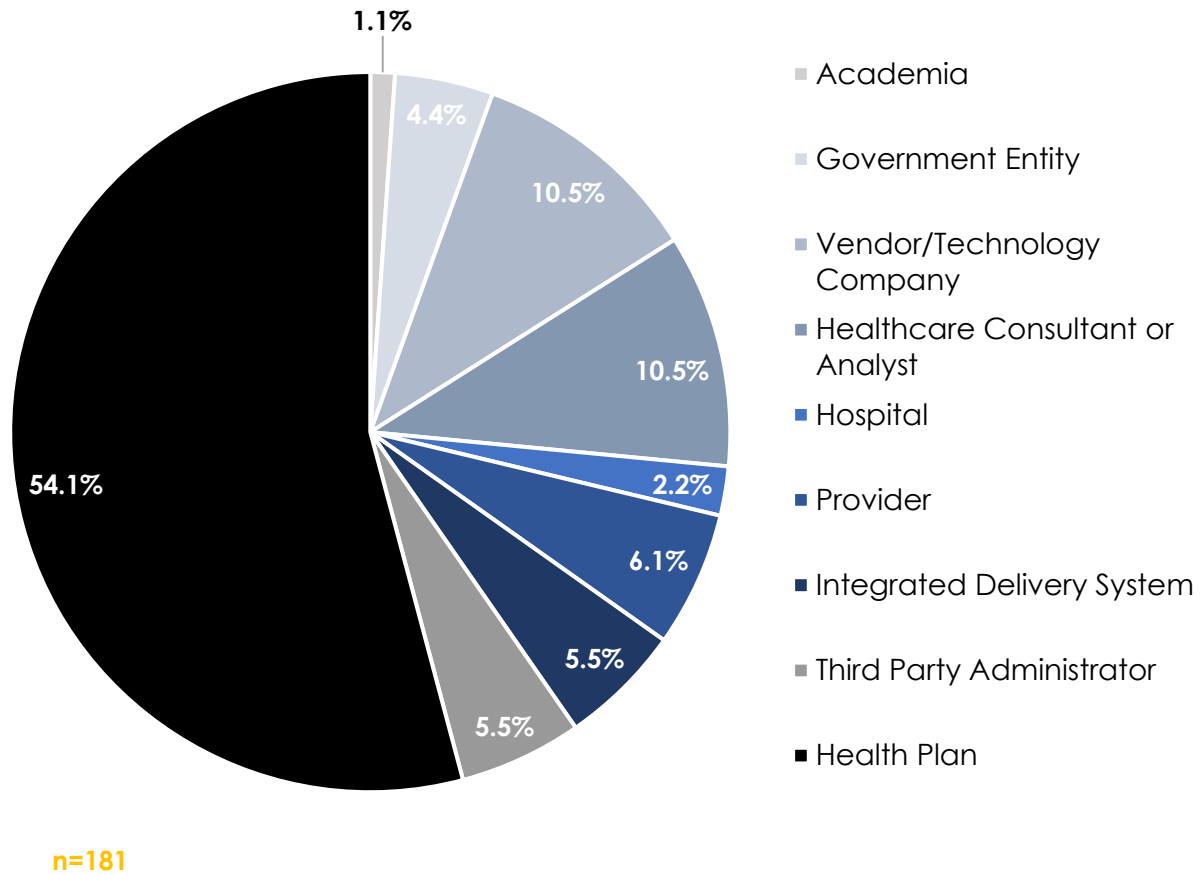
2018 HCEG Top 10

TOP 2018 TEN

1. **Clinical and Data Analytics:** Leveraging big data with clinical evidence to segment populations, manage health and drive decisions
2. **Population Health Services Organizations:** operationalizing population health strategy, chronic care management, driving clinical integration, and integrating social determinants of health
3. **Value-Based Payments:** targeting specific medical conditions to manage cost and quality of care
4. **Cost Transparency:** growing legislation and consumer demand
5. **Total Consumer Health:** improving members' overall well-being and medical, social, financial, and environmental
6. **Cybersecurity:** protecting the privacy and security of consumer information
7. **Healthcare Reform:** repeal, replace, or substantial modification of current healthcare laws, Block Grants, Single-Payer, Industry Stability
8. **Harnessing Mobile Health Technology:** Improving disease management, member engagement, and data collection/distribution
9. **Addressing Pharmacy Costs:** implementing strategies to address growth of pharma costs versus benefits to quality of care and total medical costs
10. **The Engaged Digital Consumer:** HSAs, member/patient portals, health and wellness education materials.

Data & Analytics

1-Clinical & Data Analytics
6-Cybersecurity

Leveraging big data to segment populations, manage health & drive decisions

Operationalizing health strategy, chronic care management, driving delivery

8-Harnessing Mobile Health Technology

mHealth, portals & omnichannel collaboration

Social Determinants of Health & Internet of Things

Consumer Engagement & Health

Addressing growth of pharma costs & cost understanding

Pricing & Payments

Overall well-being: medical, social, financial, & behavioral

Technology & Services

7-Healthcare Reform

3-Value-based Payments
4-Cost Transparency
9-Addressing Pharmacy Costs

2-Population Health
5-Total Consumer Health
10-The Engaged Digital Consumer

Insights from Industry Pulse Research

Respondent demographics

Pie chart legend:
- Academia
- Government Entity
- Vendor/Technology Company
- Healthcare Consultant or Analyst
- Hospital
- Provider
- Integrated Delivery System
- Third Party Administrator
- Health Plan

Pie chart values: 1.1%, 4.4%, 10.5%, 10.5%, 2.2%, 6.1%, 5.5%, 5.5%, 54.1%

n=181

Bar chart:
- President/C-Suite: 27.4%
- Vice President: 24.8%
- Director: 19.7%
- Specialist/Analyst: 11.1%
- Other (please specify): 9.4%
- Manager: 7.7%
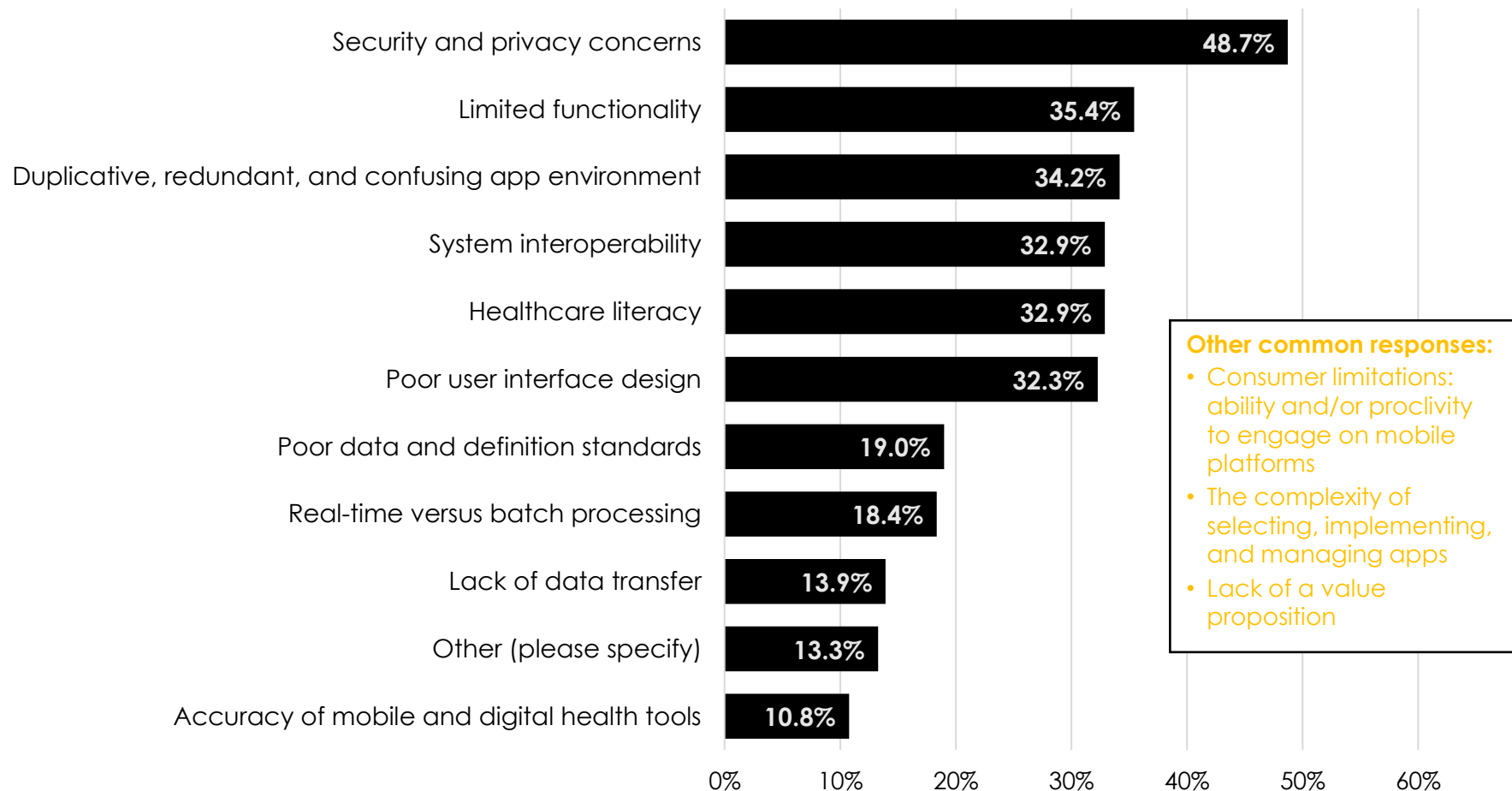
n=117

Data collected Oct. 16 - Nov. 24, 2017

Insights from Industry Pulse Research

- Social determinants of health transcended buzzword status
- High-deductible health plans are not converting passive patients into active healthcare consumers.
- Mobile/digital health adoption is not just about functionality and interoperability , but more about trust,
- Industry attention has turned to blockchain, artificial intelligence, robotic process automation and other advanced technologies
- Healthcare is transitioning from negative to positive incentives to influence consumer behavior faster than most expect

What has limited the widespread consumer adoption of mobile and digital health tools? (Select all that apply)

Category	Percentage
Security and privacy concerns	48.7%
Limited functionality	35.4%
Duplicative, redundant, and confusing app environment	34.2%
System interoperability	32.9%
Healthcare literacy	32.9%
Poor user interface design	32.3%
Poor data and definition standards	19.0%
Real-time versus batch processing	18.4%
Lack of data transfer	13.9%
Other (please specify)	13.3%
Accuracy of mobile and digital health tools	10.8%

0%   10%   20%   30%   40%   50%   60%

Response Count: percentages will total over 100%

Other common responses:
- Consumer limitations: ability and/or proclivity to engage on mobile platforms
- The complexity of selecting, implementing, and managing apps
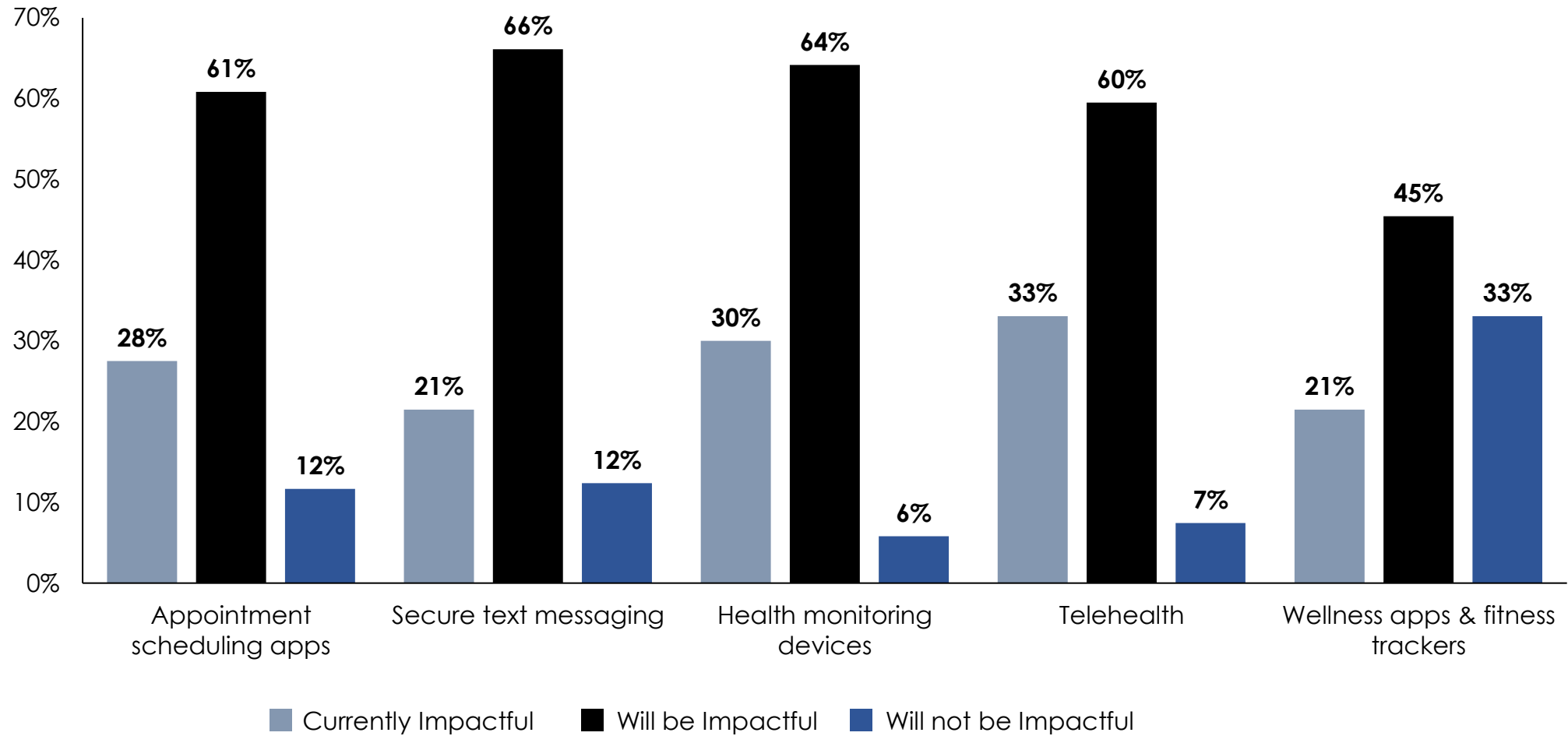- Lack of a value proposition

- The balance between security and privacy issues with functionality and convenience will be an ongoing challenge for "trust" among consumers, health plans, providers, and technology vendors

- The need for a standardized health information exchange format continues to be a necessary building block

- As an industry, we need to design products with consumers in mind, recognizing trust and medical literacy challenges

What do you feel is the impact of the following mobile health technologies on healthcare?
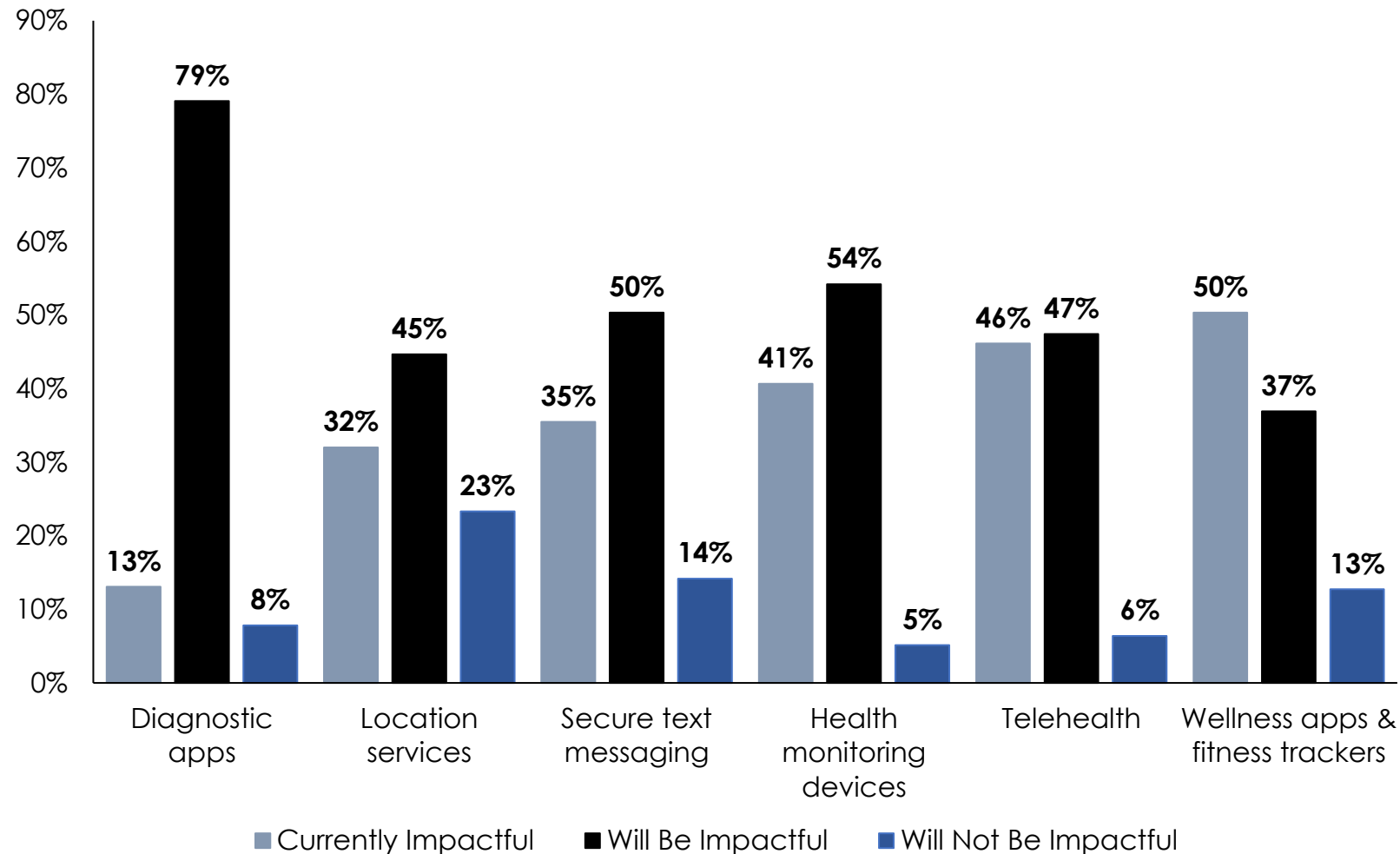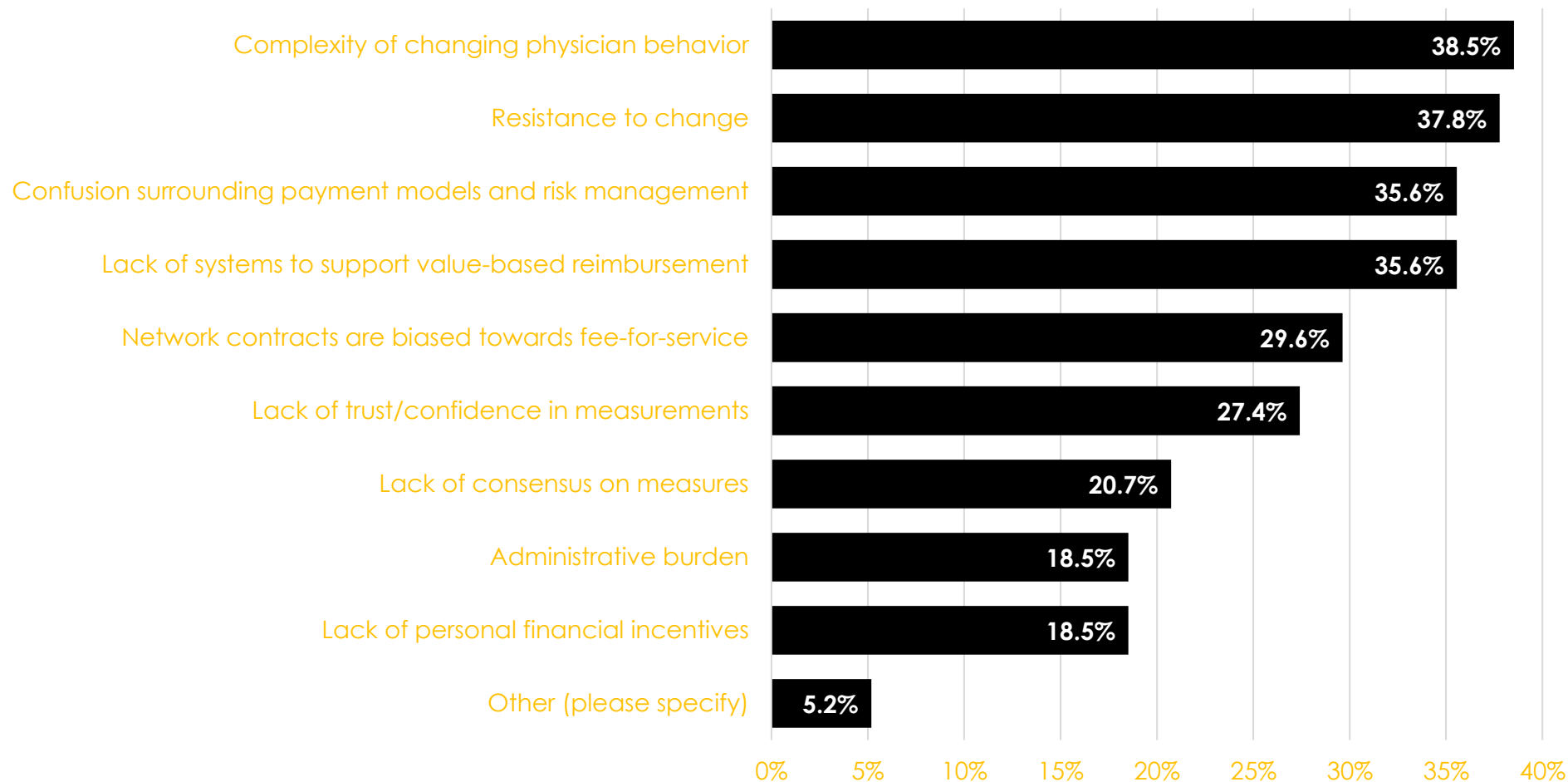

- Diagnostic applications are poised to have a strong future, especially with the continued rise of telemedicine and improved regulatory clarity from the FDA on the development of consumer medical applications

- Compared to 2016 responses, we saw positive gains across the board as digital technologies continue to have positive impacts on the industry

n=157

Historical data
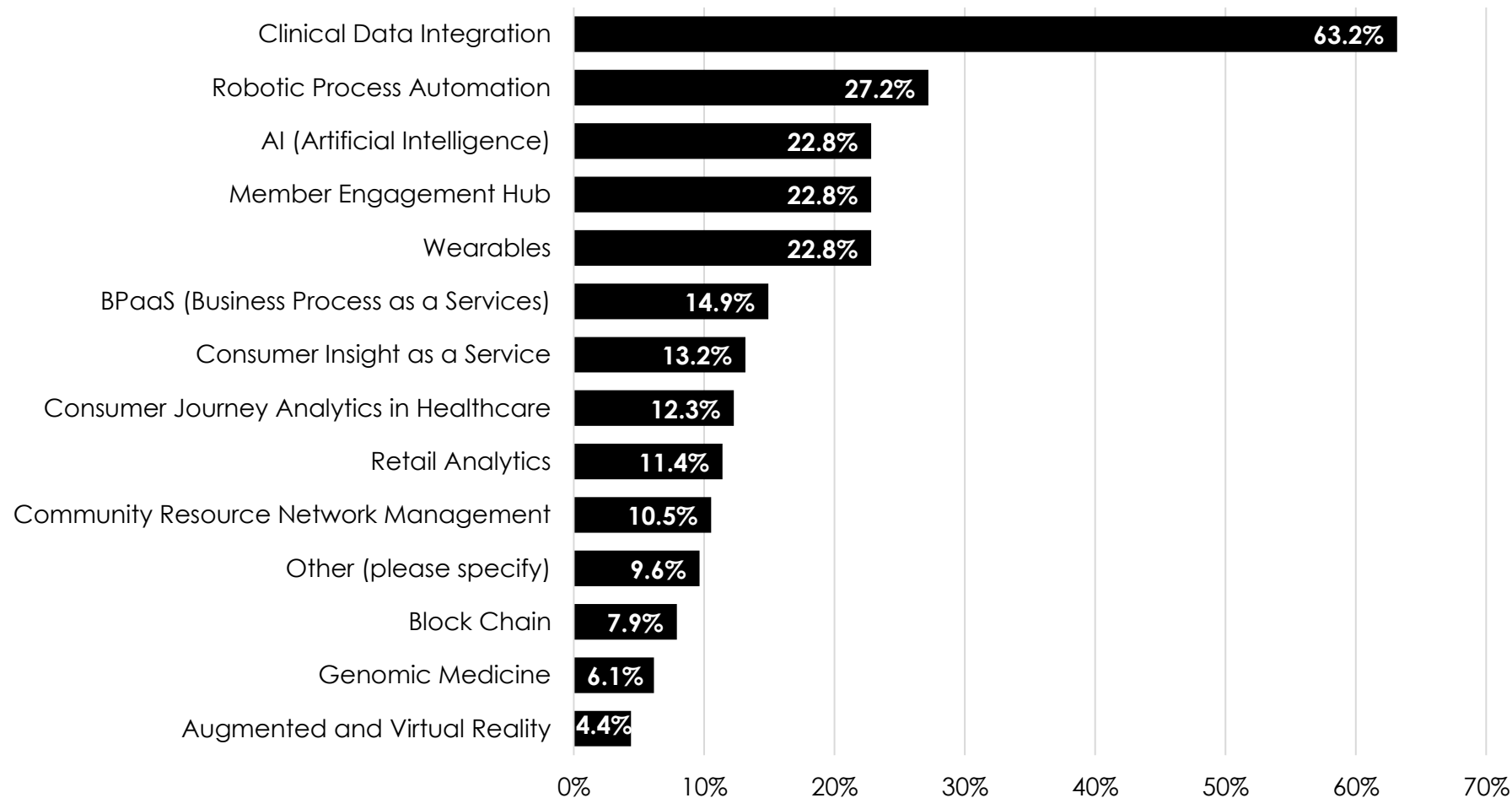## 2016 survey data: digital health technologies

Chart: 2016 survey data on digital health technologies (n=157), showing percentages for "Currently Impactful," "Will be Impactful," and "Will not be Impactful."

Technology	Currently Impactful	Will be Impactful	Will not be Impactful
Appointment scheduling apps	28%	61%	12%
Secure text messaging	21%	66%	12%
Health monitoring devices	30%	64%	6%
Telehealth	33%	60%	7%
Wellness apps & fitness trackers	21%	45%	33%

Legend: ■ Currently Impactful ■ Will be Impactful ■ Will not be Impactful

n=157

In your opinion what are the top three (3) primary barriers preventing the adoption of value-based reimbursement programs?

Barrier	Percentage
Complexity of changing physician behavior	38.5%
Resistance to change	37.8%
Confusion surrounding payment models and risk management	35.6%
Lack of systems to support value-based reimbursement	35.6%
Network contracts are biased towards fee-for-service	29.6%
Lack of trust/confidence in measurements	27.4%
Lack of consensus on measures	20.7%
Administrative burden	18.5%
Lack of personal financial incentives	18.5%
Other (please specify)	5.2%

- Several of the top barriers are psychological/trust issues, which require both payers and providers to think in new ways about care delivery and the business of healthcare

- For VBR programs to be effective, there is a need for investments in new technology systems that can meet their data and analysis requirements

n=135

Which technologies are leading to significant administrative cost efficiencies? (Select all that apply)

Technology	Percentage
Clinical Data Integration	63.2%
Robotic Process Automation	27.2%
AI (Artificial Intelligence)	22.8%
Member Engagement Hub	22.8%
Wearables	22.8%
BPaaS (Business Process as a Services)	14.9%
Consumer Insight as a Service	13.2%
Consumer Journey Analytics in Healthcare	12.3%
Retail Analytics	11.4%
Community Resource Network Management	10.5%
Other (please specify)	9.6%
Block Chain	7.9%
Genomic Medicine	6.1%
Augmented and Virtual Reality	4.4%

- Responses indicate that data integration is critical, with a safe assumption that it will be the foundation to realize greater benefits from the newer, up and coming technologies available

- New to market technologies see a low response rate but we are likely to see a significant jump over the next few years

n=114   Response Count: percentages will total over 100%

Gains in effectiveness of clinical and data analytics

Percentage point change from 2016 to 2017

	Not Effective / Slightly Effective	Moderately	Very Effective / Extremely Effective
Empower more productive providers	▼ -13.69	▲ 4.14	▲ 9.55
Enable better engagement	▼ -21.26	▲ 9.62	▲ 11.63
Enhance delivery system efficiency	▼ -7.51	▲ 2.76	▲ 4.74
Improve integrated interactions	▼ -16.27	▲ 3.25	▲ 13.02
Improve overall work flows	▼ -13.39	▲ 0.60	▲ 12.79
Improve population health	▼ -16.67	▲ 7.02	▲ 9.66
Reduce healthcare costs	▼ -13.81	▼ -1.55	▲ 15.35

Year over year trends

Privacy and security, customer service, and clinical and data analytics continue to be identified as the most critical priorities for organizations as they move into 2018

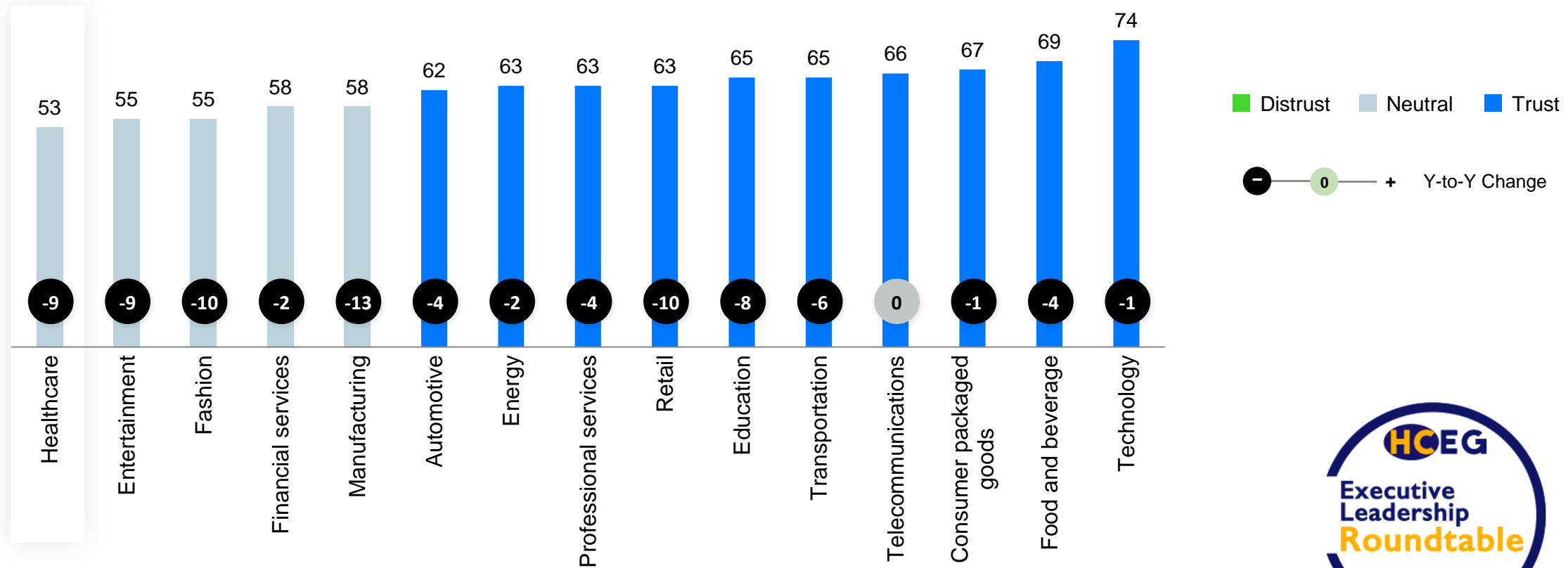| 2017	2016	2015	2014	2013	2012	2011	2010
Critical							
• **Privacy & Security** • **Customer Service** • Membership Retention • **Clinical & Data Analytics**	• Customer Service • Privacy & Security • Clinical & Data Analytics • Risk Management	• Customer service • Data analytics • Privacy & security • Membership retention	• Customer service • Membership retention • Membership growth • Regulatory compliance • Data analytics	• Member retention • Customer service • Regulatory Compliance • Membership Growth • Provider Networking & Contracting	• Member retention • Member growth • Customer service	• Member retention • Automation & performance optimization • Member growth	• Member retention • Regulatory/ mandate compliance • Health care reform compliance
Important							
• Regulatory/ Compliance • Membership Growth • Tech limitations & System integrations • Risk Management	• Member Retention • Provider Network & Contracting • Regulatory/ Compliance • Payment Integrity • Vendor Relationships	• Vendor Relationships • Brand & Marketing • Product benefit design • Provider Networking & contracting	• Product benefit design • Payment integrity • Brand, marketing, communications	• Private HIX • Public HIX • Risk Mgmt • Payment Integrity	• Claims accuracy and recovery • Risk management • Product benefit design	• Regulatory/ mandate compliance • Customer service • Claims accuracy & recovery • Product design	• Automation & process optimization • Product design
Lower Priority							
• Automation • Payment integrity • Provider network & contracting	• Tech Limitations • Branding, marketing & sales	• Payment integrity	• Risk mgmt. • Privacy & security	• Brand, marketing, & communications • Product benefit design	• Privacy & security • New sales channels	• Privacy and security • Risk mgmt.	• Customer Service • Risk Mgmt. • Claims accuracy and recovery

Trust in Health
2018 Edelman Trust Barometer

HCEG
Executive
Leadership
Roundtable

Trust Declines in 14 of 15 Sectors
- Percent who trust each sector, and change from 2017 to 2018, in the U.S.

Legend: Distrust | Neutral | Trust

Y-to-Y Change: − 0 +

Sector	Trust	Y-to-Y Change
Healthcare	53	-9
Entertainment	55	-9
Fashion	55	-10
Financial services	58	-2
Manufacturing	58	-13
Automotive	62	-4
Energy	63	-2
Professional services	63	-4
Retail	63	-10
Education	65	-8
Transportation	65	-6
Telecommunications	66	0
Consumer packaged goods	67	-1
Food and beverage	69	-4
Technology	74	-1

Source: 2018 Edelman Trust Barometer. TRU_IND. Please indicate how much you trust businesses in each of the following industries to do what is right. Again, please use the same 9-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust), industries shown to half of the sample. General Population, U.S.

Edelman

HCEG Executive Leadership Roundtable

21

Share Your Vision for Health Tech and its Benefits

How is the application of technology to healthcare most likely to impact healthcare in the next 5 years?
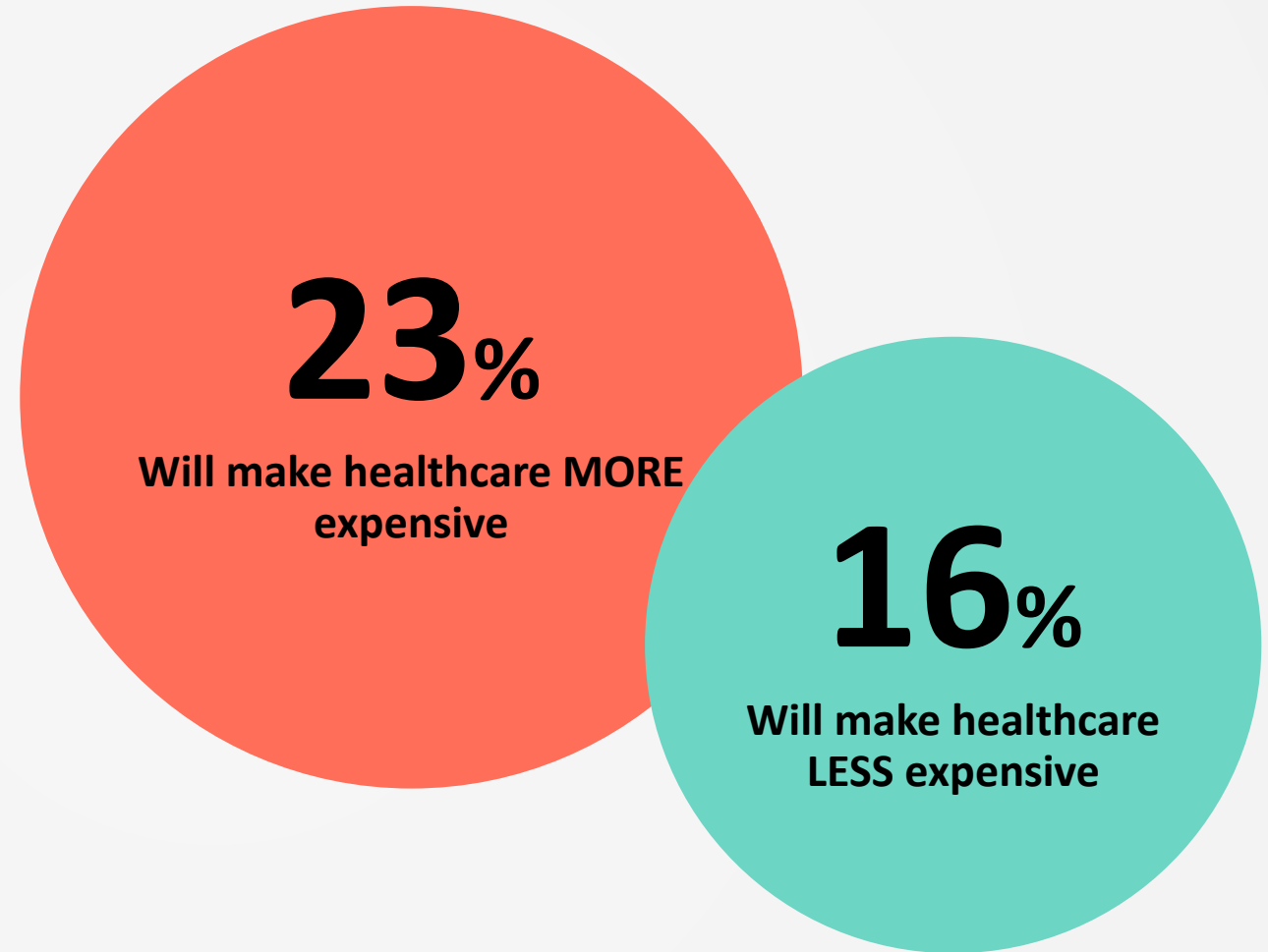
Lead to better patient outcomes
33

Empower medical professionals with valuable information
31

Empower people with valuable information
20

16 Create new, unforeseen issues that we are not prepared to address

9 Provide me with information I may not want to have

8 Lead to worse outcomes to patients

7 Give too much information to healthcare professionals/ the healthcare system

22

Opinions Divided on the Impact of Tech to Cost of Healthcare

How is the application of technology to healthcare most likely to impact healthcare in the next 5 years?
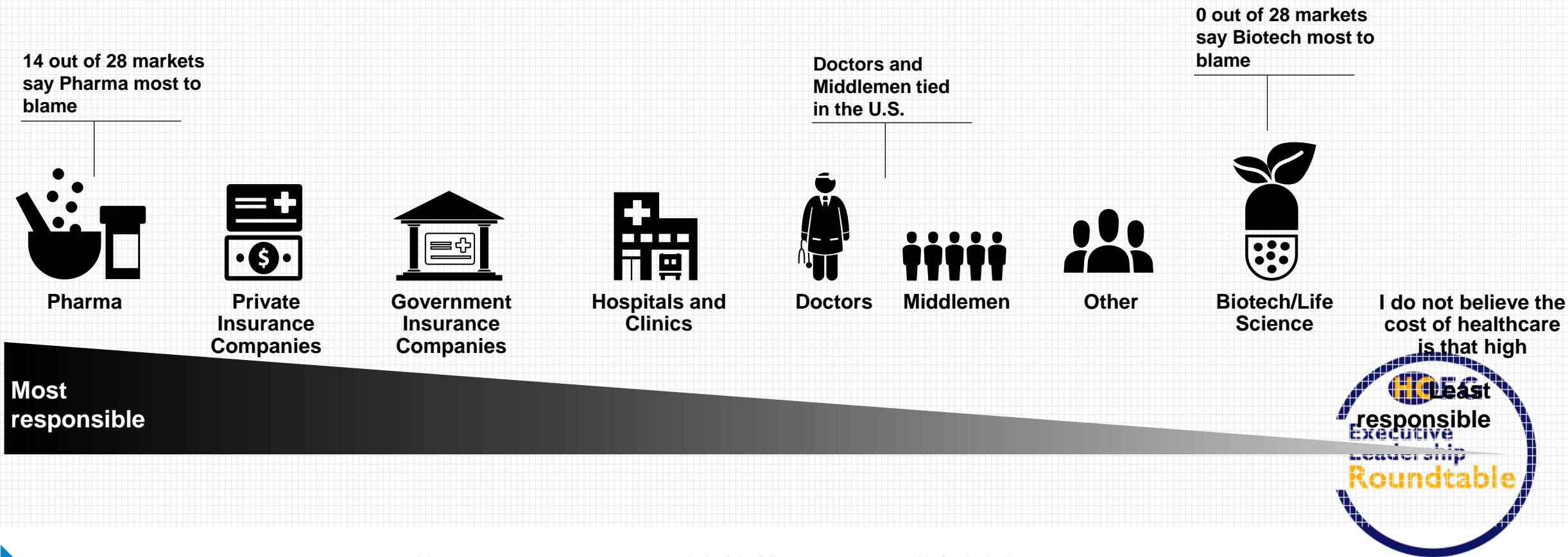
23%

Will make healthcare MORE expensive

16%

Will make healthcare LESS expensive

All Health Companies Must Address Cost, Pharma Takes Bulk of Blame

14 out of 28 markets say Pharma most to blame

Doctors and Middlemen tied in the U.S.

0 out of 28 markets say Biotech most to blame

Pharma

Private Insurance Companies

Government Insurance Companies

Hospitals and Clinics

Doctors

Middlemen

Other

Biotech/Life Science

I do not believe the cost of healthcare is that high

Most responsible

Least responsible

HLER Executive Leadership Roundtable

Edelman

International Innovation Certification programs

International Association of Innovation Professionals (IAOIP)
Serious Innovation

The only innovation certifying body eligible for accreditation as a certifying body

The International Association of Innovation Professionals is a five year old certifying professional body dedicated to the advancement of innovation as a profession. We have five certification programs and are the US Secretariat to ISO 279 (Innovation Management). In this capacity, we are the certification to demand when hiring innovation professionals.

Our Mission

- Professionalize Innovation
- Develop communities of innovators worldwide
- Develop K-12 programs to help teachers
- Work with developing countries to help them innovate out of their problems
- Create Special Interest Groups as a proxy for open innovation
- Have a lot of fun . . . Serious fun!

The Current Body of Best Practices
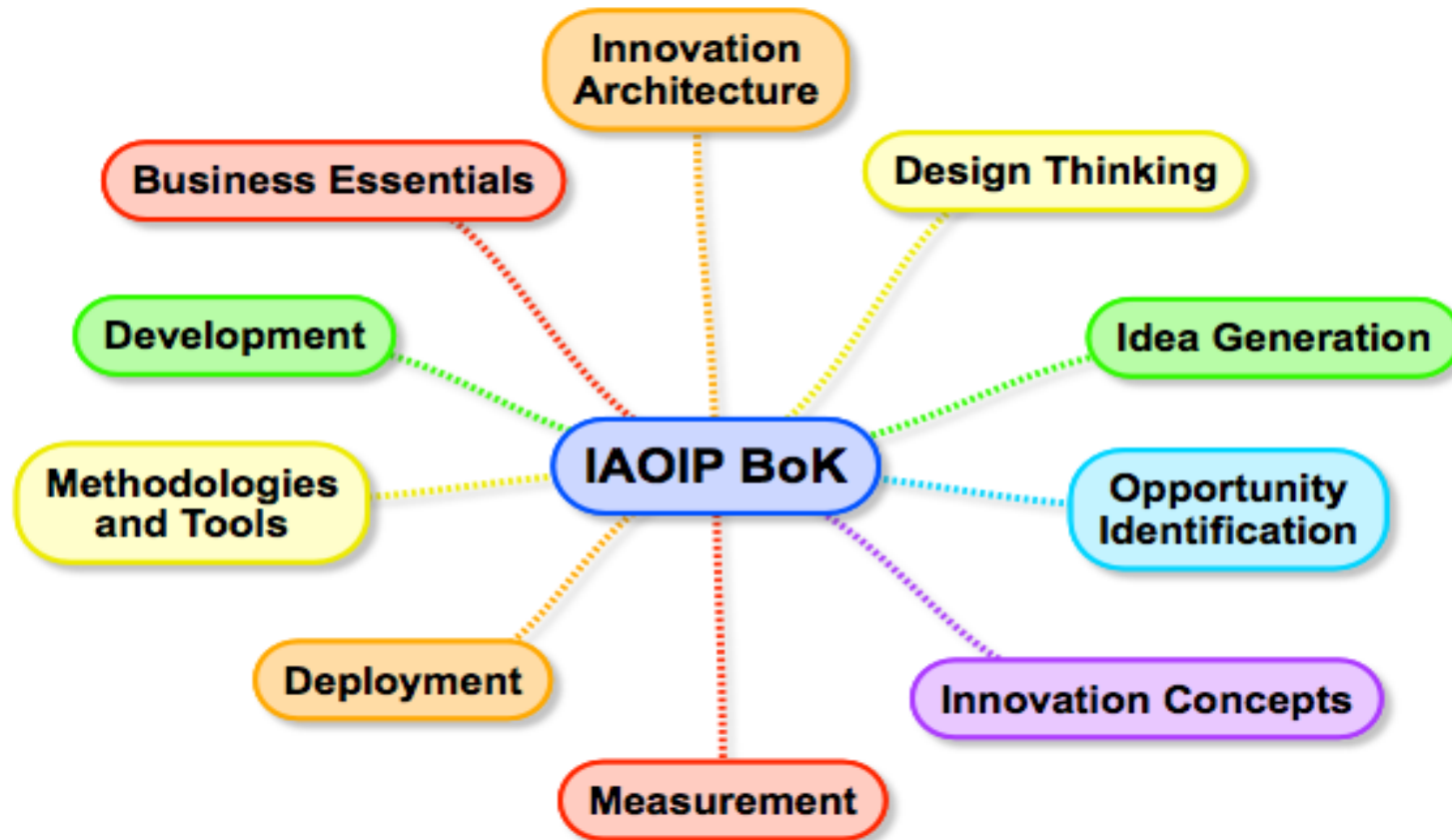
What if Fail Fast Isn't an Option?

- In today's hyper-partisan world is failure and option?
  - NASA
  - Social Security
  - Cybersecurity
  - Medicine
  - Critical Infrastructure
- It may be in Silicon Valley, but not in most large organizations or the government.
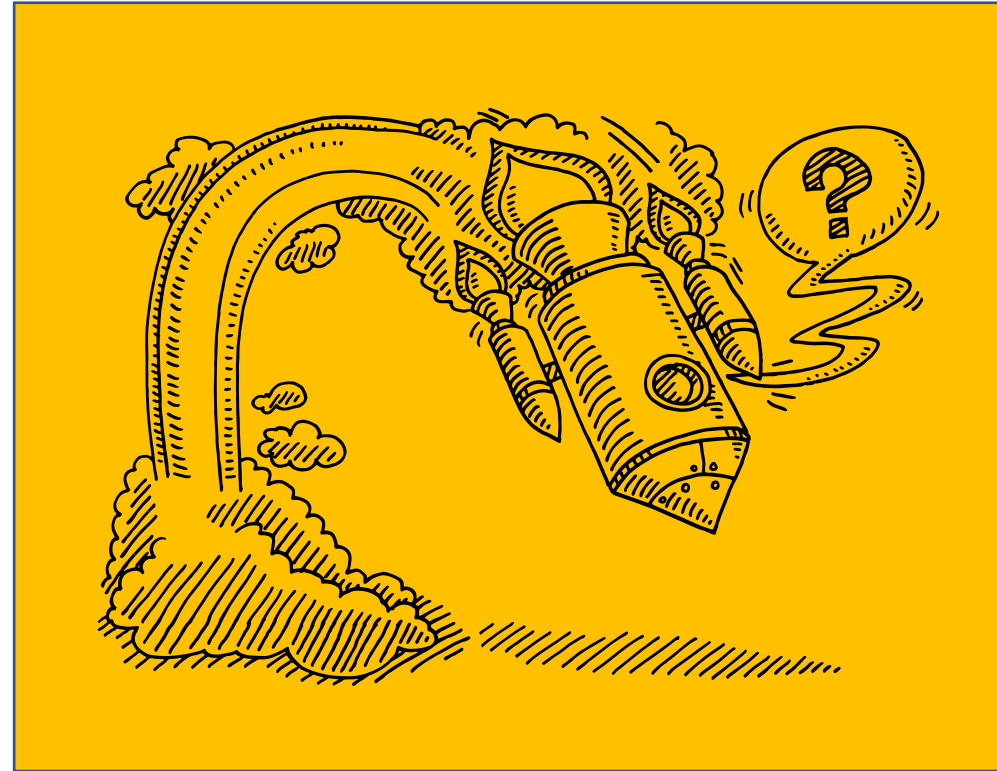
Why Fail Fast Works in Tech

Failure is cheap!

Fail Fast

Blockbuster

Innovation
Sweet
Spot

Innovation Continuum
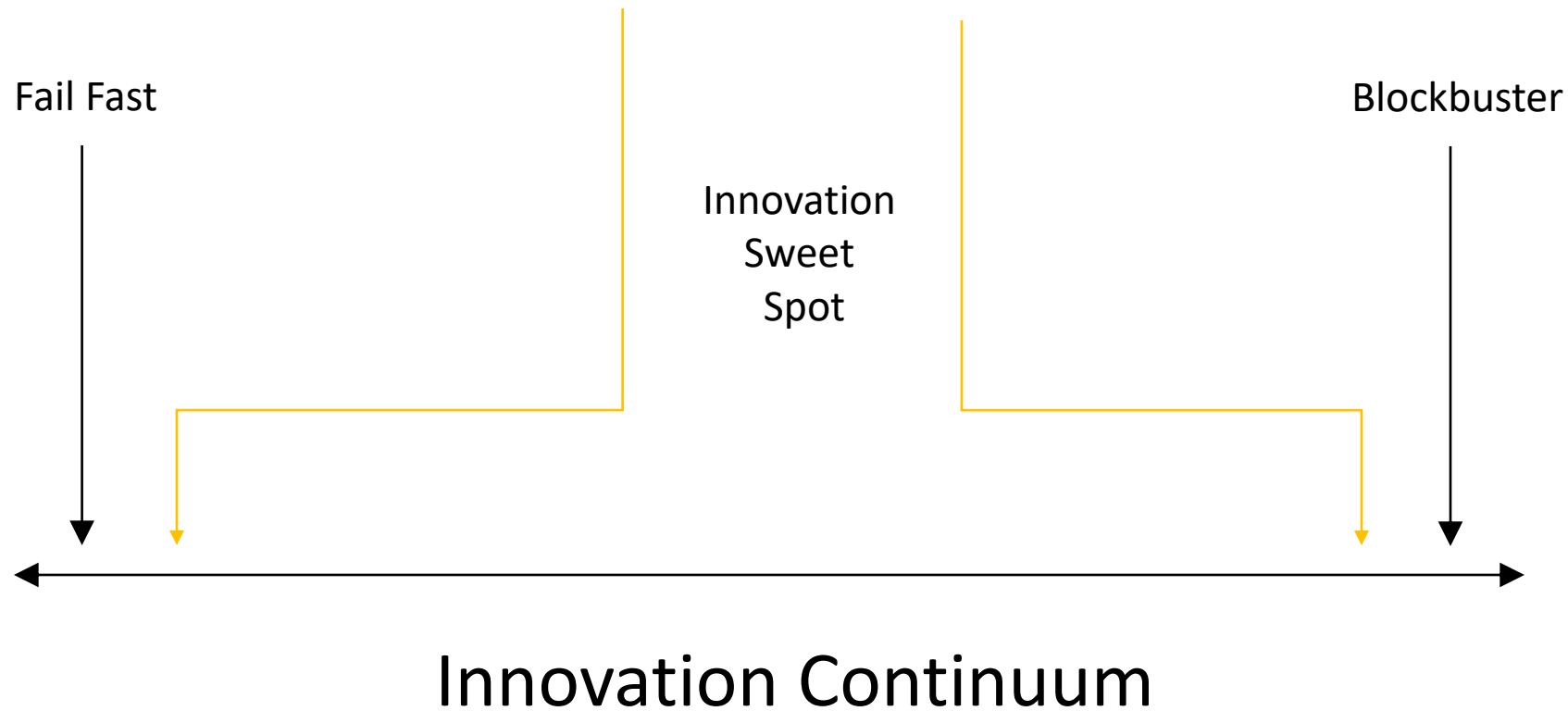
Why We Started the Organization

Fail Fast

Why fail at all?

Failure good?

Why is Professionalization Important?

The Common Thread is Science

Innovation Dissected

Business Science:
Entrepreneurship,
Management,
Operations, Project
Management

Humanity/Social Sciences:
Creativity, Ethnography,
Human Focused Design,
Leadership

Problem Solving Sciences:
Math, Engineering, Physics,
Chemistry, Life Sciences

Innovation Dissected

Business Science:

Humanity/Social Sciences:

Problem Solving Sciences:

New business offerings, services, non-profit growth

New business models, unexpected delightful products/services

Improved products/services, fix problems, optimization

Enhanced products/services, Unexpected features, pleasing products

What Most People Don't Understand About Innovation

Ideas ⟷ **Innovator** ⟷ **Entrepreneur**

What You Can Do Now

- The United States has very low participation in ISO – Please consider joining the delegation and representing your country.
- The Innovation Body of Knowledge (IBOK) is still in development. Join to be a part of the discussion.
- The Healthcare Special Interest Group needs leadership.
- Request certification when hiring innovation professionals.
- Support our efforts through individual or corporate membership.

Thank You

Contact:

Brett Trusko, PhD

President and CEO

Secretariat, US Delegation, ISO 279 – Innovation Management

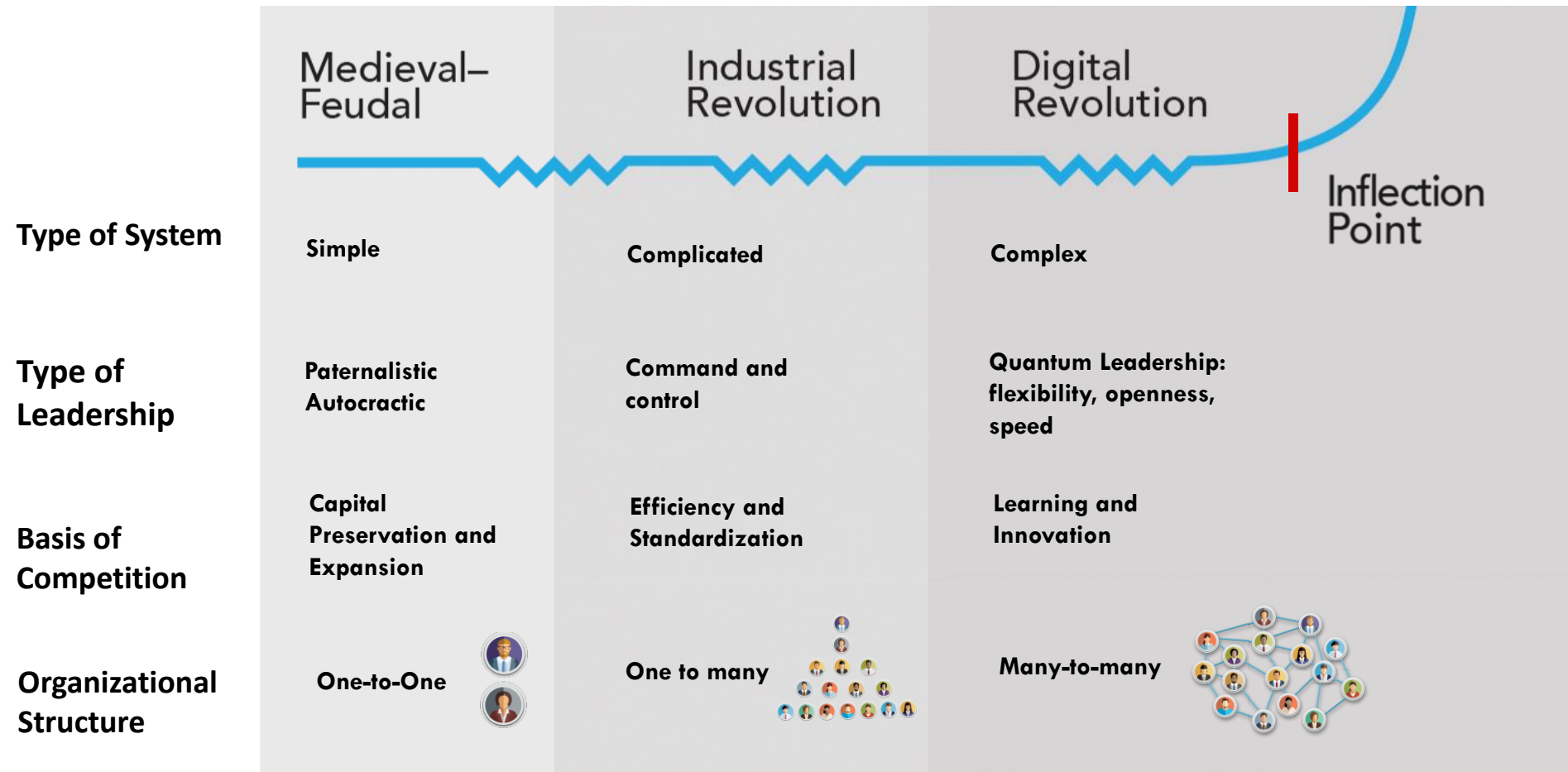The International Association of Innovation Professionals

http://www.iaoip.org

brett@iaoip.org

The New Science of Radical innovation

Three Major Revolutions

	Medieval–Feudal	Industrial Revolution	Digital Revolution	
Type of System	Simple	Complicated	Complex	
Type of Leadership	Paternalistic Autocractic	Command and control	Quantum Leadership: flexibility, openness, speed	
Basis of Competition	Capital Preservation and Expansion	Efficiency and Standardization	Learning and Innovation	Inflection Point
Organizational Structure	One-to-One	One to many	Many-to-many	

4 Factors That Make It Challenging for Leaders

Volatility, Uncertainty, Complexity & Ambiguity (VUCA)

- Increased speed
- Increased interdependence
- Increased density of interactions
- Increased variety of input

INCREASED SPEED

V

INCREASED INTERDEPENDENCE

U

INCREASED DENSITY OF INTERACTONS

C

INCREASED VARIETY OF INPUT

A

VUCA can be your problem or your solution

How Does Radical Innovation Come About?

Radical innovation is a serendipitous result of many self-organizing, interdependent employees, who learn from profuse experiments and use simple rules.
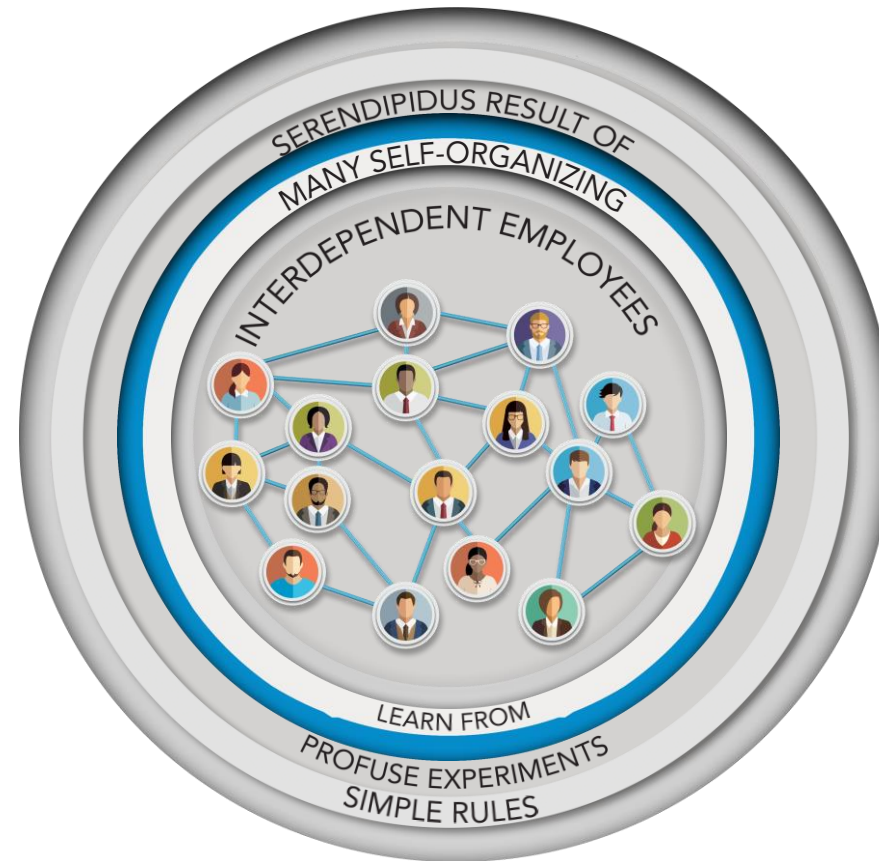
Radical Innovation

- Flows out of a serendipitous divergent **reconstitution** of existing models, processes, and products

- Not created from scratch

- Not planned or choreographed

- A result of accumulated errors crossing the inflection point: mutation's role in earth's history

- Requires speed, connection, diverse input and dense networks

Negative and Positive Complexity (VUCA)

- What makes complexity?: increases speed, interdependence, variety of variables, and density of interactions

- Negative complexity: challenging for leaders

- Positive complexity: necessary for radical innovation

- The underlying dynamics are the same! Don't fear complexity; harness it.

+
POSITIVE COMPLEXITY

VUCA

NEGATIVE COMPLEXITY
_

Fundamental Rule: How to Harness VUCA

- *Increase*:
  - **Speed**: transparency, self-organization, recoupling of information, responsibility & authority, simple rules
  - **Interdependence**: connection among teams and with the ecosystem
  - **Diversity**: generalist approach, crowd sourcing, psychological safety; not a compliance issue
 - **Density of interaction**: open workspace

INCREASED SPEED

INCREASED INTERDEPENDENCE

INCREASED DENSITY OF INTERACTONS

INCREASED VARIETY OF INPUT

V   U   C   A

How to Harness VUCA through the 6 competencies

The 6 Leadership competencies:
to maximize your chances for
radical innovation through
leadership and culture

Radical Innovation, the book + 3-day Innovation Training

- On Amazon

- Bulk purchase: a lunch and learn discussion

- Three-day workshop

- sunn**ie**@sunn**ie**giles.com
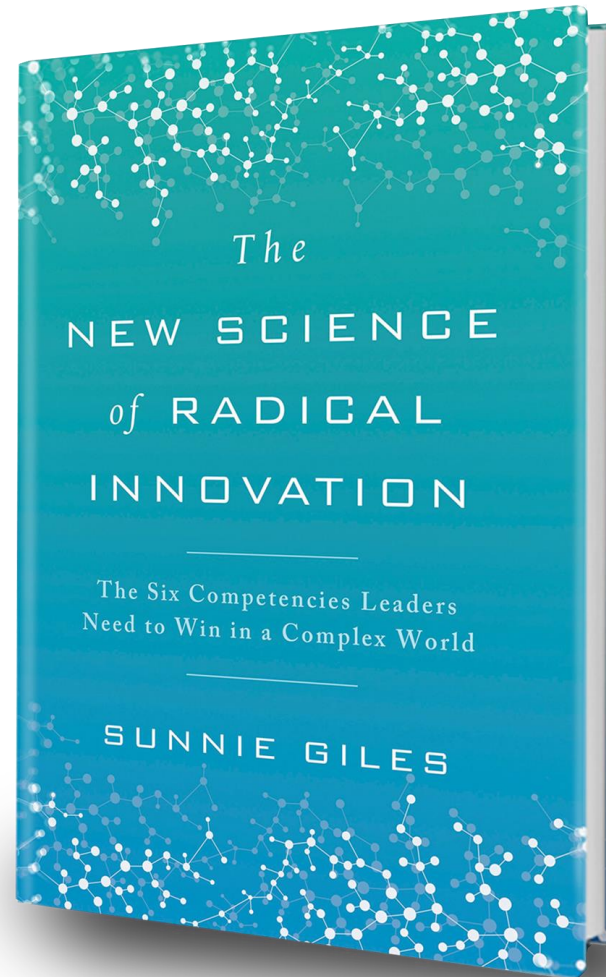
Join HCEG Annual Forum to Celebrate 30 Years

Keynotes:
- **Andy Slavitt** – Former CMS Administrator & Board Chair of the United States of Care
- **Dan Buettner** – Explorer, National Geographic Fellow and New York Times Best Selling Author of "The Blue Zones: 9 Lessons for Living Longer
- National Healthcare Thought Leaders

Email Juliana Ruiz
jr@hceg.org about HCEG
& to join us Minneapolis

Thank You

Connect with us:

HealthCare Executive Group

@HCExecGroup

HealthCare Executive Group