“Disruptive Change”: The Evolution of Organized Systems of Care

Iowa Healthcare Collaborative
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Part I: Evolution of Complex Systems

A. **External Environmental Forces:**
   1. *Static* environments
   2. *Dynamic* environments
   3. Climate Change

B. **Internal Environmental Responses:**
   1. *Static* response
   2. *Dynamic* response
   3. *Transformative* change

C. “**Evolution**” (Transformation)
   1. Thresholds (Orders) of *Complexity*
   2. “*Emergent Properties*”

“**Evolution**”

```
Change

Time
```
“Evolution”

Change

Time

Evolution

- Physics
- Biology
- History
- Organizations

Thresholds Of Complexity

Emergent Properties

Dis-Integration → Integration

Higher Orders

Emergent Properties

Time
Part II: Evolution of Complex Organizations

A. Healthcare Climate Change

B. Organizational Responses
   1. Necessity and Sufficiency
   2. Organized Systems of Care
   3. “Lumpers” and “Splitters”
   4. Type II (Transformative) “Lumpers”

C. Evolution of Complex Organizations:
   1. Thresholds of Complexity
      a. “Space”
      b. “Time”
   2. Emergent Properties

Healthcare Environment...

Third-Party Payers
Fee-For-Service (FFS)

Quality... (Access)...
Environmental Shift (Climate Change)

Economic Sustainability

Fee-For-Service (FFS) → Crisis → Value/Risk-Based Contracts (VBC)

Quality + Access + Cost of Care

New Environment: New Organizations

Economic Sustainability

Fee-For-Service (FFS) → Value/Risk-Based Contracts (VBC)

Necessary but Insufficient

Organized System Of Care (OSC)

Necessary and Sufficient

Quality + Access + Reduce Cost-of-Care
"Organized Systems of Care" (OSCs)

I. Episodic Care:

II. OSC:

III. Care Coordination:

IV. Population Health:

"Lumpers"

"Mother Nature"

"Splitters"

Dis-Integration
(Differentiation)

Integration
(Unification)
"Human Nature"...

"Splitters" ← Fear → "Lumpers"

"Dis-Integration" (Excessive Differentiation)

"Integration" (Excessive Unification)

Transformative Tension...

"Splitters" ← "Lumpers"

(Excessive Differentiation)

Integration "Differentiated Unity" (Excessive Unification)
Strategic Responses to Environmental Change

“Splitters” ← Integration Dis-Integration → “Lumpers”

Type I Strategic Response: Protectionist

“Small” Volume Systems  “Big” Volume Systems

The organizing entity remains the same
Strategy = Niche
Avoid change
End = Preserve the Status Quo

The organizing entity remains the same
Strategy = Growth
Avoid organizational change
End = Bigger versions of the Status Quo
Type II Strategic Response: **Transformative**

The organizing entity changes (OSC)

Strategy = **Niche Performance**
Niche = Innovation
Innovation = New Value?

The organizing entity changes (OSC)
Strategy = **Performance > Growth**
Growth = means to and end = Innovation/Value
Value = New Emergent Properties (Sustainability)

Organizational **Transformation**

“OLD World”
1. Individual Patients
2. Individual Providers
3. Individual Organizations
4. Performance = A or B or C or D
5. “Autonomy”

“NEW World”
1. Pt Populations / Care Coordination
2. Integrated Team-based Care
3. Organized Systems of Care
4. Performance = A + B + C + D
5. “Accountability”

“Sustainability”
**Constrained (Ambition)**

- Recruitment
- Acquisitions
- Affiliations

**Aggregation**
- Integration
- Function
- Performance
- Value

**Transformation**
- "Value"
- "Sustainability"
- "Triple Aims"
- "Care Coordination"
- "Population Health"

**Growth-Performance:**

- FFS: "Volume"
- VBC: "Value"

**Tipping Point**

- "Sustainability"
- "Broad Network"
- "High-Value Network"

**Performance Platform**
- UnityPoint Clinic
- Regional OSCs
- UnityPoint Health

**Value**

**Volume**

Aggregation vs. Alignment vs. Integration

Organizational Development

"High order"  Threshold Shift  "High order"

"Low order"  Integration...

Aggregation  Alignment...

Do your own thing...

Performance Risk Burdens

"Low order"  "High order"

Expanded Complexity

Expanded Scope
Expanded Scale
Exponential Complexity
Expanded Complexity: Complex Challenges

Stages of Grief:
1. Denial...
2. Anger...
3. Negotiation...
4. Resignation...
5. Acceptance

“Change”

Expanded Complexity: Expanded Identity

Human Nature
Expanded Identities: Expanded Responsibilities

1. Expanded Parties of Consideration
2. Expanded Categories of Consideration

Expanded Responsibility: “Parties of Consideration”
Expanded Responsibility: **“Categories of Consideration”**

- Clinical
- Operational
- Business / Financial
- Legal
- Organizational

**Expanded Considerations...**

**Medical Group**

- Categories of Consideration:
  - Organizational Cultural
  - Clinical
  - Operational
  - Financial
  - Reg/Legal

**Parties to Consider**

- Patients
- Physicians
- Hospital
- UnityPoint Clinic

**“It Works!”**
Expanded Considerations...

Medical Group

Categories of Consideration

- Organizational Cultural
- Clinical
- Operational
- Financial
- Reg/Legal

Parties to Consider

- Patients
- Physicians
- Hospitals
- Clinic

“It Doesn’t Work!”

8/19/2013

Expanded Considerations...

Organized System of Care

Categories of Consideration

- Hospitals
- MD Offices
- Ambulatory Services
- Home Health
- Patient Home

Parties to Consider

- Patients
- Providers
- Payers
- Communities

“It Works!”

8/19/2013
Expanded Considerations...

Organized System of Care

Categories of Consideration

Parties to Consider
- Patients
- Providers
- Payers
- Communities

“It Doesn’t Work!”

Expanded Consideration... In Space

“Space”
1. Expanded Parties of Consideration
2. Expanded Categories of Consideration
**Expanded Consideration... In Time**

1. Expanded Parties of Consideration
2. Expanded Categories of Consideration
3. Expanded Periods of Consideration

**Full Consideration... In Space and Time**

1. Expanded Parties of Consideration
2. Expanded Categories of Consideration
3. Expanded Periods of Consideration
Part III: Leadership in Complex Organizations

A. Complex “Organisms” and Complex “Organizations”

B. Expanded Consciousness

Team-Based Decision-Making

Beyond Subjectivity...

Rational *Standardization*

“Artistry”

“Unreasonable”

Resource Constraints

“Science”

“Unreasonable”

Increasing Performance Expectations

“Reasonable”

Science Literature

“Unreasonable”

“Art”

“Reasonable”

“Artistry”

“Physician Leadership”

External Realities

Leadership

Internal Realities

Advocacy
Part III: Leadership in Complex Organizations

A. Complex “Organisms” and Complex “Organizations”

B. Expanded Consciousness

C. Transforming the Organization
   1. Structure
   2. Roles
   3. Process

Evolution of Complex Healthcare Organizations

“First Generation”
“Medical Staff” Structure
   - Committees
   - Self-Employed MDs

“Cottage industry”

“Second Generation”
“Line Management” Structure
   - Governance
   - Leadership
   - Management

1st Operating System
   - Data Systems (Accounting)
   - Employees

Performance-Engineering
   (structure, process, data, metrics)

“Third Generation”
Transformation
(Complexity, Big-Data, Dynamic, Real-time)
Part III: Leadership in Complex Organizations

A. Complex “Organisms” and Complex “Organizations”

B. Expanded Consciousness

C. Transforming the Organization
   1. Structure
   2. Roles
   3. Processes

Organizational Complexity: Roles

- Clinical
- Operational
- Business / Financial
- Legal

Different Levels...
Different Domains...
**Org Structure: Role Clarification**

<table>
<thead>
<tr>
<th>Organizational Roles:</th>
<th>Key Positions:</th>
<th>Key Forums:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Medical groups</td>
<td>1. Executives</td>
<td>1. Governance/Oversight forums</td>
</tr>
</tbody>
</table>
| 2. Hospitals         | 2. System positions | 2. Leadership/Management Forums  
| 3. Other Op entities | 3. VP dyads     |   
| 4. “OSC”             | 4. Associate dyads |   
| 5. “System”          | 5. Dept dyads   | 3. System level |
|                       | 6. Site dyads   | 3. Regional level |
|                       | 7. MD employees | 3. Advisory Forums |

**Decision-making Authority**

| UnityPoint Clinic |

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**Part III: Leadership in Complex Organizations**

A. Complex “Organisms” and Complex “Organizations”

B. Expanded Consciousness

C. Transforming the Organization
   1. Structure
   2. Roles
   3. Process
Planning Process

Transformation

“Old-World”

POINT A

“Quick Dip”

“Hasty Retreat”

Ice-cold River

“New-World”

I. Articulated Vision

II. Strategic Plan

III. Fiscal Year Plan

I. Articulated Vision

“Point A”

Year 1

Year 2

Year 3

Year 4

Year 5

“Point B”

II. Strategic Plan

… Clinical Model ...

… Operational Model ...

… Business Model ...

… Organizational Model ...

III. Fiscal Year Plan

Budget

“Now”

“5 Years from Now”

Institutionalization

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Environmental Pressures

“Mother Nature”

“Human Nature”

Better Relationships...Better Value... Better World

Better Natures
Transformation....

“UnityPoint Clinic” really is something New

Summary

Part I: Evolution of Complex Systems

Part II: Evolution of Complex Organizations

Part III: Leadership in Complex Organizations
Thank you.
Questions?