Delivering Quality and Innovation in Patient Care

A new look at a recurring problem
The crisis in American healthcare:

- 10,000 people a day turn 65 Americans and the percentage of those over 65 jumps 75% over next decade while working age Americans only increases 7% which creates a funding gap for healthcare.

- Federal Deficit inhibiting our country’s ability to provide traditional style of healthcare for aging population

- Businesses face same cost scenario. The average total cost for a family health plan -- which in most cases is split between employer and employee -- hit $16,351 this year. The typical employee’s share of that premium hit $4,565, up about 6% from 2012.
Hospitals being paid for value... And are now competing for quality and satisfaction results!

Hospitals previously paid for reporting 55 quality measures

Effective October 2012 (FY13)
- Hospitals receive an “estimated quality adjuster” based on quality
- 70% is based on clinical date; 30% on patient perception of care
- Pay for performance; incentives are funded by a 1.25% reduction in inpatient payments, increasing to 2% by FY17

FY13 Results for 2014 Payments
- 1,451 hospitals get penalties
- 1,231 hospitals get bonuses
- Roughly 1,300 hospitals break even (-0.2% - +0.2%)
- 630 receive a bonus
- 778 will see a decrease
The Wind of Payment Adjustments Will Grow In Future Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Value-based purchasing maximum +/- adjustment (of base DRG payments)</th>
<th>Readmissions reduction maximum penalty (of base DRG payments)</th>
<th>HAC reduction program (of total payments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.25%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1.5%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>2016</td>
<td>1.75%</td>
<td>3%</td>
<td>1%</td>
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<tr>
<td>2017</td>
<td>2%</td>
<td>3%</td>
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Source: CMS
A New Wind is Blowing Change our Way

• Or should we say washing away market flaws …

Like Healthcare the laundry market has grown each year.
• Consumers “guessed” at right amount of detergent to use using lines on caps as a guide.
• In 2012 Proctor & Gamble launched Tide Pods which for a little more money delivers the exact amount of detergent needed for a load of laundry.
• In 2013 for first time laundry segment contracted by (2.1%)
• CEO of Church and Dwight (arm & Hammer) said “Pod is killing the laundry detergent category … Now, what kind of a new product is good when it’s hurting the total category?”
• In today’s healthcare market, consumers will pay more money to access right amount of healthcare.
• The institutions that Master this will succeed while overall this change which will “hurt the total category” for healthcare providers.
A New Wind is Blowing Change our Way

- We are surrounded by a world full of needs with no clear solutions in sight. Potential actions include:
  - Reducing reimbursement to hospitals and providers
    - Hospitals and providers will have to find new center of gravity between revenue and expenses
    - Tradition will need to give way to flexibility and adopting new ways to provide care
  - New systems will develop to provide care
    - Accountable Care Organizations
    - Companies contracting directly with providers
  - Change will happen on the run (we will still need to provide care while new system develops).
But we can adjust the sails!

- But with every challenge comes opportunity
- To thrive healthcare providers and organizations are going to have to lean out over open water to develop new models like “Tide Pods”
The question for all of us is: can we adjust our Sails?

In times of stress we are at risk of our Amygdala hijacking our response

* Change/threats stimulates the Amygdala and we respond in one of three ways
  * Fight
  * Flight
  * Freeze
* I would encourage us to not let our Amygdala hijack our response
* Now is the time for us to keep our wits and develop a plan
What Will Our Role Be...

- Our Country needs us to step up and be the part of the solution

- Freezing: resisting the change will result in being left behind

- Fighting: will result in potential employment loss

- Fleeing: to where? (and you lose seniority)

- Working the Problem is the only true viable solution
Working the Problem Means...

* Understanding human nature
* Telling folks they have to adopt best practices does not achieve adoption
* We have to develop strategies that make them want to want to change!
Finding Creative Solutions
We can do this... We have done this

- Change is upon us - we must choose our path
- Those of us who choose to want to want do help solve the problems will have a better chance to thrive in the new world of healthcare but we all know this will be a difficult transition for EVERYONE.
- I think we can take comfort in our history of answering the call of those in need. We have done this before!
We Have a History in Improving Care

- Each Generation of Provider has the honor of owning our profession
- Some generations have had to face similar challenges
- Each generation is made of folks like you and me
- Let's look at what our colleagues have done. We can do it as well.
A History of Innovation

* Florence Nightingale
  * Founder of Modern Nursing – Up until Florence, nursing was a hand me down profession of self taught or family taught practitioners
  * She wrote the First Nursing Textbook and secular School of Nursing
    * Until that point sick people (especially the poor) where cared for by friends and families
  * She believed in the power of sanitary conditions, ventilation and the nursing of the spirit and fought to install these “virtues.”
  * She trained Linda Richards “The 1st American Nurse” who then educated so many more here in USA
  * She was an expert in Hospital design used across world
Florence's Challenge & Results
Dr Joseph Lister

- First to see connection to Pasteur's germ theory and surgical infections
- Historically surgery was a gamble at best with 80% infection rate
- After adopting antiseptic techniques amputation mortality rate dropped from 45% to 15%
Clara Barton

- Known as Angel of the Battlefield in Civil War
- Ask by President Lincoln to help develop system to get medical supplies to battlefield
- Then developed practice of bringing aide to troops wounded on field
- Created the American Red Cross which is still helping people today
The Red Cross was founded in 1881 by Clara Barton. It is a humanitarian entity that provides approximately 45% of the nation's blood supply. The organization is celebrated in March of each year. President Franklin D. Roosevelt issued the proclamation declaring it in 1943. The organization supports more than 1,000 organizations across the U.S. And is the prime support for those suffering from disaster.
Margaret Sanger

* Originally a nurse for the underprivileged in New York’s Lower East Side, Margaret Sanger’s realization that unplanned pregnancies were worse in these conditions convinced her to leave the nursing field to promote the use of birth control. As a result, she worked diligently to form the World Population Conference in 1927 and the Planned Parenthood Federation in 1942. Both still assisting women today!
Justin Ford Kimball

- Was an educator and eventually healthcare executive at Baylor University
- Noticed large amounts of unpaid bills (many from Dallas teachers)
- Develop an insurance plan that covered teachers hospital stay. Plan became Blue Cross and led to the growth of health insurance in the USA
- Plan became so popular AHA made him an honorary life member
Angels of Bataan

* 77 Nurses stationed in field hospitals caring for wounded soldiers at start of WWII Philippines
* 100 to 1 patient ratio
* No supplies, limited food and water
* Captured by Japanese at fall of Corregidor
* Continued caring for sick and wounded in POW camps until liberated on 700 calories a day
* They were loved & respected by those they served
In 2004 we started our journey to change the world by creating the Time Out Toolkit for preventing wrong site surgeries and we decided to have our voice be recognized by marketing our story to the media.
It Takes a Village....

Dr. Graling fought to rid perioperative nursing from its anonymity and convinced 60 minutes Scott Pelly to come to Congress and do segment on a Perioperative nurse in charge of a MASH unit in Iraq helping the world see what we do for our country.

President McNamara led effort to develop a Safe Medication Tool Kit and AORN received the National Cheers Award from ISMP and worked to get our Journal on-line for the world to search our knowledge.

President Gugliemi continued the work on medication and surgery errors and changing the perception of nursing in the media by partnering with the Discovery Channel to educate public on medication safety.
Strategies to Survive?

- How can we adjust our sales
- Embrace the opportunity
- Let folks know the value you will bring
- Doing the job won't be enough, attitude will matter
- Embracing our ability to change the World!