# MEETING STRATEGIC CHALLENGES AN INTERVIEW WITH ROBERT BROADWAY V.P., CORPORATE STRATEGY, BETHESDA HEALTHCARE SYSTEM, INC.

Robert Broadway is Vice President Corporate Strategy for Bethesda Healthcare System, Inc., a fully accredited, community, 401-bed, notfor-profit hospital offering a full array of healthcare services. We talked to him about the challenges and opportunities faced by the healthcare industry today.

#### What new initiatives are you focusing on for 2012?

"We don't focus on the "idea of the month", or the latest procedure of the month. Focusing on a longer time horizon has enabled Bethesda Healthcare to enjoy fifty years of delivering quality patient care and maintaining financial stability. Our strategic focus is on three key goals: market share, financial viability, and commitment to quality. Most of the 5,200 hospitals in the United States focused on hospital services, even though many have physician office practices, surgical centers, and other ventures. Recognizing that, we grow market share through increasing inpatient admissions and the ER visits.

Regarding financial, we have to manage our margin to provide for our mission as a not-for-profit institution. We are very community minded; our financial strength and our foundation have helped us excel for 50 years.

We aren't where we want to be with respect to quality, but we're working hard to get there. As far as innovation is concerned, we're focusing on meaningful use of Electronic Medical Records (EMR) and computerized physician order entry. The organization is moving along the adoption line as quickly and efficiently as we can. Meaningful use will become a platform for what we want to

do – connecting with the community, linking with physicians, and reducing duplication of effort. Our work in electronic health records started well over 20 years ago (in fact, you could argue even earlier), but once federal funding was announced it made it more feasible. We've been totally paperless in our business office for twenty years.

#### What is the biggest challenge associated with reform?

The biggest challenge is that we don't really understand the rules or regulations of reform. We know we have to manage margins within the reform environment, but policy changes with political parties and whims. If we look back 20 years we probably guessed right about 50% of the time about where we would be with regulations and legislation that occurred during that time.

Beginning in the late 1960's, Medicare fundamentally changed healthcare in America; volumes and use rates increased, and costs increased at levels that are not sustainable – reform seeks to address that. The problem is that reduction of the rate of increase of costs is a budgetary amendment and is the way we will be reimbursed, not necessarily related to utilization. Healthcare reform could be different if another party is elected – ObamaCare might be replaced by RyanCare and the result may be totally different from a strategic viewpoint.

### How are you dealing with the challenges of physician alignment?

We have a multi-pronged strategy: we work with doctors on our staff to align within regulations in a way that works for them; we recruit new physicians, we consider joint ventures with physicians and we employ and contract with



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physicians. We're ready to look at a number of ways to integrate with physicians, but most of them are still outside the hospital walls. Large numbers of physician practices are independent of the hospital but are dependent upon the hospital – yet the hospital can't exercise much control. Ten different physicians will have ten practice patterns; the lack of standardization results in excess costs and increased potential for error.

But these issues aren't reflected in the world of medical academics yet. For example, I have a niece who is receiving her white coat in June in internal medicine, and who was trained in much the same way as a family physician was trained thirty years ago. While we want to encourage independent thinking in physicians, we also have to provide some type of education for all physicians that recognizes parameters of appropriate clinical practice.

America's healthcare system doesn't align physician financial incentives for appropriate delivery of care – instead physicians are incented for frequency of care. Fortunately, most delivery of care is appropriate, but we really need to have the models, reimbursement and regulations that encourage the best clinical practice. When that happens we'll really be able to change the rate of increase of the healthcare cost curve.

#### What is your organization doing to prepare for accountable care?

First we have to determine whether accountable care refers to the ACO model or to a method of delivery of care. To me, accountable care is doing the right thing at the right time for the right price...of course, not every provider might agree that a procedure is the right thing (because of the variation in practice patterns)...the right time can vary by the disease... and the right price can be problematic as well since the patient doesn't really have ownership of that cost except through co-pays and deductibles.

Accountable care would be called "value" in any other industry. To me it means looking at the organization and holding it accountable for the delivery of care within certain economic and outcome parameters. Value-based purchasing will mean going at risk for

some delivery of care...but keep in mind, the rest of the normal economy already operates that way.

What will accountable care mean? It will mean more consolidation – providers who can't compete financially will be weeded out, just as in any normal economy. In retail, banking, and other sectors, if a business can't make it, they consolidate or go out of business.

Our parents were mystified about care, and treated the physicians as "super human", but with the new dimensions of the world-wide web and social media, patients will be better informed. One of the best things that will happen for patients will be improved communication and navigation through the system. We need to make sure we know if a patient presents with something that could lead to a tumor, we deal with it in a timely fashion – we provide diagnosis, communication, appropriate treatment, lead the patient to information and group support – and that all these things work together to help the patient navigate the system. When it comes to Accountable Care Organizations, our organization will always capitalize the word CARE.

## In light of all the changes occurring today in healthcare, what is the most important leadership contribution you can make to your organization?

During the past 35 years, I had roles as a CFO of a large hospital, and the CEO of a large physician group practice – two different types of provider organizations. I was CEO of a physician hospital organization/ medical management organization, and have been in a strategy role at Bethesda. I also had experience on the health plan side of the business serving on two HMO Boards.

Healthcare administrators have to possess numerous competencies in addition to knowledge of the industry and have extraordinary communication skills. I think the number one contribution I can make is strategic vision: to provide our leadership with the underpinnings and details to make strategic decisions in the best interest of the organization. I'd compare this to synchronized swimming: above the water, there is beautiful artistry and pageantry set to music. Below the water there's a lot happening to carry the swimmers!



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In hospitals there are lots of providers of quality healthcare services to patients, and lots of other people who don't provide care but who are necessary to make that happen. Our goal is to provide quality healthcare in a caring manner. I have to keep that vision and not get caught up day to day with all the changes in the economy, in geopolitics - all the things that happen down in the weeds. Let's face it: if a specific hospital or a provider could always cure heart disease or cancer (100% of the time), every patient would go there - and insurance would always pay for it. There are great hospitals, but not one of us has that kind of brand loyalty - like an Apple or a Nike customer does. Reform will be positive for the delivery of healthcare, but we also need reform of our medical education system and of our processes to create a value driven system. I believe Bethesda Healthcare will be a leader in the era of reform.

Bob Broadway was interviewed by Jean Hippert, Senior Vice President, and Andrea Smith, Vice President – Florida, both of PNC Healthcare.

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