

# Navigating the Value Journey: 7 Strategies for CEOs

By Laura Ramos Hegwer

Making the transition toward value-based care is one of the top challenges many healthcare CEOs face, according to a recent [ACHE survey](#). As organizations make the shift, they face competing—and sometimes conflicting—priorities.

“There will be a time when multiple payment mechanisms will be in place, and hospitals may participate in all of those payment models at the same time,” says Thomas W. Burke, MD, a former board member for the American Hospital Association who chaired the American Hospital Association’s Committee on Performance Improvement. Determining where to focus attention and the extent to which an organization should accept risk under value-based payment are just two of the questions CEOs must answer as they lead their organizations toward value.

What are the key steps CEOs should take in navigating the value journey? Burke and Nate Kaufman, managing director, Kaufman Strategic Advisors, San Diego, offer seven strategies.

**Work in tandem with physician leaders to optimize the approach to value.** Collaborating with physician leaders to develop or strengthen a shared vision of what value-based care means for their organizations is vital in developing a successful approach to achieving value, a state in which high-quality care and service is provided at a reasonable price, Kaufman says.

Kaufman believes it is becoming easier for CEOs to find common ground with physicians in the move toward value, thanks in part to the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, which provides incentives for physicians to focus on delivering high quality, cost-effective care.

**Understand the population.** “How you think about value-based care is very different if you live in a town of 10,000 compared with a city of 1 million,” says Burke, whose *Journal of Healthcare Management* [article](#), “A Method for Providing Value in Health care Using Cancer Care as a Model,” won the 2012 Edgar C. Hayhow Award for being among the best articles published in the journal. “Assessing the needs of the community you serve will help you determine who your potential partners are.”

**Create a leadership and governance structure that supports population health management.** The board should reflect the diversity of the community and have the skill sets needed to serve the population. In addition, physicians need to be integrated into the strategy and execution, Burke says.

**Measure what matters—not just what is easy to cull from the EHR.** Burke says organizations should focus on measures that deliver long-range value for the patient (such as survival and quality of life), rather than short-term outcomes that can sidetrack organizations from their ultimate goal of improving population health.

**Engage physicians in developing best practices and standards for care.** “If you do not deal with your physician outliers, then what good is having the data?” Kaufman says. “You need a process to monitor compliance with clinical guidelines and the ability to get physicians to comply with those guidelines.”

**Implement a cost accounting system.** “Hospitals and health systems need to get a handle on their cost structure if they want to succeed in new models such as bundled payments,” Kaufman says.

**Don't get ahead of your competencies.** For example, while some health systems are starting a health plan from the ground up, this isn't the right choice for every health system. "Today, most health systems do not have the physician alignment or market power to launch their own health plan," Kaufman says. "But if you launched a health plan 20 years ago and have already made the mistakes that others are making today, you are well positioned for value-based care."

## 7 Principles for Value

Last year, the AHA's Committee on Performance Improvement co-authored a report with the AHA Committee on Research, *Care and Payment Models to Achieve the Triple Aim*. The report outlined seven tenets for creating health systems that can succeed under value-based payment models.

Whether you are just getting started on the road to value-based care or already navigating your course, the following principles can be used to help ensure success.

**Design the care delivery system with the whole person at the center.** "Individuals will be much more involved in the selection and utilization of their healthcare resources," Burke says, who chaired the AHA Committee on Performance Improvement. As such, organizations need to design wellness and health maintenance programs that engage individuals in taking greater ownership of their care.

**Empower people and the care delivery system itself with information, technology, and transparency to promote health.** Beyond EHRs, CEOs need to think about how tools like digital apps might make care delivery more effective and efficient, Burke says.

**Build care management and coordination systems.** Care delivery remains extremely disjointed across providers, but IT solutions can help, Burke says. He also believes many inequities that currently exist in healthcare could be improved by using nontraditional providers to help patients who often fall through the cracks. Such providers include health educators, navigators and coaches.

**Integrate behavioral health and social determinants of health with physical health.** Burke says it is time for CEOs to stop thinking of behavioral healthcare as separate from healthcare. "As many as 15 to 20 percent of the U.S. population has a mental health issue that requires or would benefit from treatment," he says. "We have tended to ignore mental health, and we see the effects in emergency departments across America." Burke says forward-thinking providers have designated areas of their EDs for mental health patients and developed response teams for mental health emergencies, among other strategies.

**Develop collaborative leadership.** C-suite leaders, clinicians and board members should work together on strategies to move their organization toward value. "This kind of collaboration makes the flow of financials better because everyone participates in decisions about how to deploy resources and monitor progress," Burke says.

**Integrate care delivery into the community.** To do this, CEOs should partner with leaders of schools, community health organizations, churches and other local groups, Burke says. They also should think beyond the acute care episode and cultivate a broader perspective of when care begins and when it ends.

**Create safe and highly reliable healthcare organizations.** Burke praises hospital leaders for implementing first-level strategies to improve quality and safety such as better reporting mechanisms. "Now, we need to get to the next level," Burke says.

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