



**THE WHARTON  
HEALTHCARE QUARTERLY**  
**SUMMER 2018**  
**VOLUME 7, NUMBER 3**

## MAKING THE BET ON POPULATION HEALTH PAY OFF: REALIZING “SYSTEMNESS” THROUGH SHARED PURPOSE AND A COLLECTIVE STRATEGY

Consolidation is awash in the U.S. healthcare system. Last year saw 115 healthcare-related transactions — the largest number in history.<sup>1</sup> With the continuous push to drive down cost and increase quality, numerous horizontal (think Aurora Health and Advocate, two large health systems coming together in a deal valued at \$11 billion) and vertical (think CVS and Aetna in a \$69 billion-dollar deal) mergers are in play to fundamentally reshape the health system in the U.S. As we wrote in the [introductory article](#) for this series, we see tremendous potential exists in these partnerships, yet achieving that potential is incredibly difficult and — in many cases — falls short of expectations.



There are a variety of reasons for this - lack of shared strategy, competing cultures, different ways of working, and differences in underlying interests that may not lay the groundwork for the effective collaboration and partnership needed for the combined entities to thrive. While the risks are high, we have seen a number of organizations truly achieve and even exceed the potential of the systems that they have created. In this article, we look at the power of using a systems-thinking lens to promote “systemness” through the creation of a shared purpose and a collective strategy.

You may have heard the phrase “making the whole greater than the sum of its parts.” As Russell Ackoff cautions, it’s not about optimizing the individual parts of a system — it’s about the potential of the interaction effects that are created when those parts come together. Using the example of a car, he explains that each part of the car is just that — a part. It takes all of the parts to work together to create a vehicle that can transport you from point A to point B. Applying this logic to a health system makes great sense. It takes a variety of different professions and delivery organizations working together across the continuum of care to provide care and deliver population health. When things get complicated, for example, with a frail elderly person with multiple co-morbidities who needs surgery and has limited family support, then the system needs to kick into gear — from primary care to specialists to the hospital to post-acute care and ultimately home. It’s the interaction effects that take place across these different entities that reduce the likelihood of error, enable strong hand-offs, and coordinate care. It takes real effort to make this “system” work together and even more effort to optimize the interaction effects of larger, more complex merged systems where it’s not always clear how the whole can be greater than the sum of its parts.

One multi-billion-dollar health system with which we worked really understood the power of systems thinking and why it would be so important to their success. This organization was the product of several different health systems operating in three states. With the parts of the system in place, it was now shifting its identity from what was largely an acute care hospital company to a fully integrated “health” system that could take risk for managing the health of patient populations. As part of this shift, the system announced that it would embrace a regionally-focused operating model across three very diverse regions, each with their own geographic and competitive challenges. This change was going to require a clear and compelling strategic narrative about how the parts of this organization could do things together they couldn’t otherwise do alone. It would also require building trust across the leadership team to fulfill the system’s collective potential. The CEO launched a strategy process to develop a shared set of strategic commitments that the entire system could understand and contribute to.

Leaders at the system office, local hospitals, and newly formed

Contributors:  
Jennifer Tomasik and Carey  
Huntington Gallagher,  
To learn more about Jennifer  
and Carey, [click here](#).

## **MAKING THE BET ON POPULATION HEALTH PAY OFF: REALIZING “SYSTEMNESS” THROUGH SHARED PURPOSE AND A COLLECTIVE STRATEGY**

*continued*

region-specific working groups articulated a strategy that made sense for the system as a whole and that could be adapted locally. Hundreds of administrative and clinical leaders participated in a strategic planning process, culminating in a retreat where trustees from every hospital came together to approve the plan. The result was a well-founded system strategy with goals people understood and believed in, a platform for physician partnership, and a set of regional planning teams to implement the strategy. By tapping into the collective wisdom of the different parts of the system, the CEO was able to create the conditions under which leaders could collaborate to shape a collective future.

Systems take many different forms, particularly in healthcare. For example, we recently enjoyed the privilege of working with the board of a newly formed joint venture of more than 30 post-acute care providers to establish a shortlist of strategic priorities. Each organization — with its many different services, patient populations, relationships with various health systems, and uneven reimbursement rates — had been working to develop innovative, value-based offerings to their customers. Consider the significant opportunities to bring post-acute providers to the table as clinical partners to reduce readmissions, smooth the path home from acute facilities, and to care for some of the most vulnerable members of their communities. Yet too frequently post-acute providers are viewed as “vendors” to their hospital partners. Many board members entered the conversation as skeptics, but ultimately they all agreed that finding ways to strengthen their collective value — even with the differences each provider represented — would strengthen the joint venture as a whole. Doing so would also bolster their individual opportunities to work with their health system partners, particularly as the pressure to move to value-based payment is dramatically increasing. While they are just beginning their journey, this board is now working to improve contracts, share best practices, and tell the story of the value they can provide.

These examples illustrate the power of collective strategy using a systems-thinking lens to build “systemness” in a rapidly consolidating healthcare landscape.

For more information on this topic or related materials, contact CFAR at [info@cfar.com](mailto:info@cfar.com) or 215.320.3200 or visit our website at [www.cfar.com](http://www.cfar.com).

### **References**

1. Kauffman Hall, 2017-in-Review: The Year that Shook Healthcare. ([https://www.kauffmanhall.com/sites/default/files/2017-in-Review\\_The-Year-that-Shook-Healthcare.pdf](https://www.kauffmanhall.com/sites/default/files/2017-in-Review_The-Year-that-Shook-Healthcare.pdf))