

## **An Agenda for Better Health**

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I've been working in health care for over twenty years now, and I've never witnessed a more challenging period of upheaval and uncertainty.

At McKesson, we work with customers in every segment of the health care industry. We have a grasp on the pressures being experienced by health systems, physician clinics, insurers, pharmacies, medical device manufacturers, and drug makers. We understand the struggles of small practices, independent pharmacies, and start-up clinics; and of large organizations with long histories, thousands of customers, and complicated systems. It's a unique vantage point from which to view a very complex industry.

As an organization whose purpose is to make the business of health care run better, we're keenly attuned to the operational and fiscal challenges health care providers are facing. To that end, we monitor the "business health", if you will, of the organizations that work along the health care delivery line. And it's clear that many organizations, a predominant number in fact, are showing mediocre to poor vital signs. Some are like chronically ill patients who can't shake bad lifestyle habits. Others have experienced sudden crises – like heart attack victims who didn't know that a circulatory problem had been lurking for some time. These organizations have been knocked back by the once-in-a-generation confluence of forces hitting our industry, and I fear for their long-term well-being.

And yet, this is an indispensable industry, and that gives me confidence in its ability to change, innovate, and evolve. On that optimistic front, there are other organizations, fewer in number, whose vital signs are excellent. In fact, I would describe

them as being in optimal health. They are vigorous, active, and inventive. They're enjoying the security of good business conditioning, and this is enabling them to work to their capacity while producing satisfying and meaningful outcomes. They're growing stronger and smarter all the time. These organizations are not captive to bad habits or willfully ignorant of lurking problems; they've accepted the reality of the challenges of today, and they're acting decisively to improve their prospects for the long-term.

So what distinguishes these two groups of health care organizations – the ones with mediocre or even poor vital signs, and the ones in robust health? I'd like to talk about those differences today because I think it matters not just for those organizations and the patients they serve, but for the future of our entire health care system.

When we consider the myriad problems our health care system faces, it's easy to get caught up in the details of access, reform, cost, quality, and so on. But I believe that our ongoing and accelerating health care crisis is fundamentally a business problem. If we can improve the business health of organizations in all sectors of care, we'll achieve better health outcomes at lower costs for patients, too.

### **Identifying Root Causes**

For a physician it can be difficult to determine the ultimate source of a health problem. Environmental influences, genetic make-up and lifestyle behaviors usually all play some murky role. Understanding the "health crisis" of organizations in our industry is a much easier task.

First, we have the environmental factors, and they are significant and apparent to almost every one. We've had a series of pressures building for a long time. These include the rising proportions and rising costs of chronic conditions; the looming provider shortage; and the even more daunting demographic problem of a graying population. You can throw in societal attitudes and expectations around end of life care; the

understandable desire for the best possible care no matter the cost; a fee for service reimbursement model; a defensive medicine mindset; a reliance on emergency departments as the first-line of care, and so on.

Then, you've got other, more sudden environmental influences really causing havoc. Foremost on everyone's mind is 2010's Health Care Reform, with all of its many changes and conditions, and the imminent entry of 30 million new health care consumers into the system.

Not to be outdone, we had the Financial Crisis of 2008. That sudden and devastating recession tightened budgets and made businesses think very differently about the money they're spending on health care for employees. Indeed, it's focusing our nation's attention on the resources devoted to health care.

Currently, 17.3% of GDP in this country is spent on health care. Within this decade, we'll approach 20%, a number that's unnerving because it makes our companies less competitive abroad. To make matters worse, we also have a national debt that is killing us, and the political pressure to deal with that is mounting. But where do we cut? Well, 21% of the federal budget is spent on three health care programs, Medicare, Medicaid, and CHIP – with two thirds going to Medicare. As Governor Leavitt, the former Secretary of Health and Human Services, has pointed out, one of the few politically viable opportunities to restrain federal and state spending is to reduce the amount of government money that goes to health care reimbursements. And that's exactly what's happening. The ramifications are just beginning to be felt, and are hitting organizations with poor vital signs the hardest.

Then we've got what I'll call a set of genetic influences affecting the vital signs of organizations in poor business health. When I think of genetics, I think of generations and history. And the history of our health care system is that it has never been a system at all. Instead, the different sectors have tended to develop in silos. Drug makers aren't

retailers or providers. Payors don't usually run hospitals. Doctors are rarely administrators. There are long, entrenched cultural, economic, and regulatory divisions between the organizations that make up the health care delivery line, in stark contrast to most other industries. We don't communicate well, and barely speak the same language. We often conflict in our efforts to achieve the same ends. This historical condition is affecting the health of organizations in our industry now, some organizations more than others.

Finally, there are lifestyle behaviors at play as well. I'm going to reveal my bias here when I criticize the industry I love for its lack of appreciation for the virtues of business discipline. Despite the existence of very real business pressures, we have a subtle (and sometimes not so subtle) resistance to thinking about health care as a business. We have a tendency to view the intrusion of business and market realities as a distraction from the mission of providing care, rather than as a mechanism for delivering it. We think that because someone is worried about costs or profit they must not care as much about care. To me, this is like foregoing one good thing, like diet or exercise, because another good thing is deemed essential. The either/or mentality doesn't have to exist; indeed, the only answer is And.

Health care is a business, and it's an unbelievably complex one. In the United States, there are around 5,975 hospitals today. We have about 670,000 physicians, around 80,000 of whom are solo practitioners, with another 355,000 in group physician practices, and 127,000 in hospitals and clinics. We've got 2.9 million registered nurses. We have about 56,000 pharmacies, 39,000 of which are larger retail stores or chains, and 17,000 independents. There are dozens of pharmaceutical manufacturers, and over thousands of companies that manufacture devices and products. There are over 1,200 life / health insurance companies.

Every year there are 116 million ED visits, 3 billion prescriptions written, and 16 million CT scans. Imagine the number of bed changes, the number of insurance claims, the number of strep tests. The scale is almost unfathomable. Could we organize it better if we started with a blank slate? Maybe. But I'm not sure we would get it right. Who could fully grasp the practice challenges faced by a solo physician in one part of the country versus a hospital in another; or understand the best operating standards for an ambulatory center as compared to a cardiology clinic?

Nevertheless, I do think that we can understand the common business challenges. Indeed, the same principles of competition, branding, leadership, etc. that affect organizations in any industry also apply to health care. It's also true that the same things that impede people trying to do good work in any organization, impede those working in a hospital, clinic, pharmacy, or insurance company.

These environmental, genetic, and behavioral influences have stacked the odds against us. They're asserting tremendous pressure on our industry as a whole. And they're making better business health essential going forward.

When you consider the component sectors of our industry, you see how complicated the challenges are.

Health insurers might be facing the most pressure and uncertainty. Not only are they at the point of the spear, politically, but the future conditions of their business model have yet to be determined. The number of regulations they deal with are beyond belief. They're now mandated to spend 80% on medical costs in the individual insurance market and 85% in the group insurance market. They know they're going to have to participate in the new world of exchanges, but don't know what those exchanges will look like. They're had decades of experience doing national and big customer business, but the future will probably be directed toward individual business. The small payors

seem particularly vulnerable, but larger firms may get blindsided by regional players they've barely noticed until now.

Drug and device manufacturers are both looking at significant hits to their revenue. Starting next year, there'll be a 2.3% tax on the sale of all devices; while drug makers are preparing to lose a big chunk of their business as a wave of generics comes on line. This loss of revenue is a clear threat to future investments in new drugs and devices.

Hospitals and physician clinics are facing fall-off-a-cliff drops in reimbursements. At the same time that they're being forced to do more with less, they're also being asked to change their business model. They're trying to figure out what kind of payments will bring in the best revenue in the future, while still treating the uninsured, along with the Medicaid and Medicare population they make no money on, but can't turn away. They're trying to attract new patients on their own, but they remain dependent on physicians to funnel patients in. They're trying to be smarter and more cost-efficient around treatment, but they have next to no data on how patients have been treated before, what conditions they have, and what meds they're on. So every time someone visits, they still need to throw every test imaginable at them to be safe.

Physicians, feeling those same reimbursement cuts, have even less time to spend with patients now, because their livelihood is based on a volume business rather than a value business. Not surprisingly, some small physician practices and solo practitioners are giving up their independence and going to work for hospitals.

In pharmacies, on top of those same reimbursement cuts, we're also seeing a fight for lives. Particularly for independents, the wave of contracts between employers and large pharmacy chains threatens to cut off a small pharmacy's customer base.

It's no surprise that many organizations are in retrenchment mode. They're not thinking about a better health care system, or access for all, or the potential virtues of

accountable care. They're thinking about survival – the survival of their practice, or their business, or even the industry as a whole. They're not focused on innovation, leadership or new market opportunities, they're cringing in expectation of the next blow. No wonder, it's difficult to be optimistic about the future.

### **Optimal Health**

And yet, as an executive at a major health system said to me, when you have no other choice, you may as well be optimistic. We have an indispensable industry. The services we provide are essential. That's why I'm certain we'll find a better way.

And in fact, I believe we already have meaningful reasons to be optimistic. Our health care crisis is fundamentally a business problem, and we can apply business principles to see us through.

I'm affirmed in that belief by organizations that are thriving despite facing the same dire circumstances.

Organizations that are in optimal business health are not struggling financially, they're prospering. They're not losing talented people, they're drawing them in. They're not paralyzed by uncertainty, they're actively experimenting with innovative approaches, developing profitable new business lines, expanding market share, and shaping the future. They're not impeded by the regulations or market economics that stifle alliances and partnerships, they're reaching out to suppliers, vendors, customers, and even competitors to accomplish what needs to be done. They're not caring for patients in spite of business pressures, they're using the strength of their business to provide better care.

To me, this is incredibly encouraging, and such stories should be told more often and more loudly to give people in the health care industry hope and a renewed sense of purpose. The challenges of today are not insurmountable; they may in fact be prodding the kind of care revolution that visionaries, critics and policy makers are calling for.

What's even more encouraging to me is that the successful approaches of these organizations can be replicated. What I mean is that I've seen the same clusters of behaviors, attitudes, and activities across the best organizations, and noticed their absence or lack in organizations with poor vital signs. I'd like to stress that this has been true regardless of sector, size, geography, service, or market. In other words, a thriving family-run pharmacy in a small town, a thriving health system with a global reputation, a thriving physician practice in the rural southwest, and a thriving start-up clinic in a big city exhibit the same signs of better health. They each distinguish themselves through:

Better Innovation

Better Connection; and

Better Leadership

These best practices need to be surfaced, spread, and made standard operating procedure.

### **Better Innovation**

Often, when people think about innovation, they think about technology, particularly slick new devices or software. In health care, we may think about specific procedures, tests, equipment, HIT systems, and so on. As the CEO of a company that sells slick new devices and software, part of me doesn't want to dissuade you of that notion. But the healthiest organizations don't focus on technology as an end, but as a tool. They adopt technological innovations to improve the way work gets done.

Most people in organizations today have heard of business process improvement initiatives like Six Sigma, Lean, or Kaizen. These ideas originated in the manufacturing industry, and they are, respectively, about eliminating errors, maximizing efficiency, and engaging in continuous improvement in very disciplined and customer-centric ways. Only recently have these notions entered the health care industry. McKesson was one of

the first health care organizations to adopt Six Sigma, and we've applied it across our business lines. The most compelling example of the results is that in spite of the fact that we distribute one third of the nation's drugs, supplying 40,000 pharmacies across the country, we have virtually eliminated mistakes. Considering that 98,000 thousand people in the U.S. die a year from medication errors, and at least 1.5 million people suffer adverse effects due to mislabeling, improper usage, or lack of awareness of side effects, this is a tremendous boost to quality of care.

Some may say, well, you're still talking about improving manufacturing processes since drugs are made and distributed like widgets. But our best hospitals are now applying these principles and radically improving the way they provide care. As one example, Seattle Children's Hospital faced the same problems as any hospital – hospital infections, the wasting of time and resources through inefficiencies, poor communication flow, and so on. Then it instituted a Continuous Performance Improvement program, based on the principles of Lean and Kaizan, and the results have been transformative.

For instance, Seattle Children's spent \$20,000 overhauling the process to sterilize instruments and thereby avoided a \$3.5 million project to expand its surgery unit. It standardized instrument carts for surgeons, and reduced prep errors and inventory costs. It scheduled more surgeries on Fridays to take advantage of beds that went empty on weekends, cutting wait time for surgeries from three months to less than one. Because of such improvement innovations more patients now flow through the system. This brings in more revenue. Those patients spend less time in the system, so the overall costs have been reduced. And patient and family satisfaction scores have gone up.

That's what process innovations can do. The improvements can be as simple as standardizing an instrument tray or as complex as installing a new software system. But those efforts must lead to better outcomes or they're not worth doing.

Organizations with poor vital signs adopt technology without adapting to it, or they look at innovation as a cost rather than an opportunity to make process improvements, or they resist the impact of change rather than embracing new approaches.

Healthy organizations are always thinking about innovation. When they adopt new technologies or better practices, they do so to improve performance and outcomes. They innovate to reduce the variability of their operations and eliminate errors and inefficiencies. They use technology to automate whatever can be automated to maximize the talent of their people. They leverage information and knowledge in new ways as strategic tools for further improvement. They actively spread the benefit and knowledge as widely as possible, within the organization and beyond to key partners and suppliers. Whether knowingly or not, they're using the principles behind Six Sigma, Lean and Kaizen, to keep their organizations fit, active, and growing.

I've seen the impact of such an approach at Trumm Drugs in my hometown Alexandria, Minnesota. During three generations of ownership, Trumm Drugs has always been a technology leader. They were the first pharmacy in their area to get a computer. The first to get a telemanager. And now they use our systems to get real-time approval of benefits coverage and automate prescription fills. This gives the pharmacist more time on the other side of the counter to provide knowledge and service to customers. Not surprisingly, those customers keep coming back, despite the brand power and resources of the chains. As Mark Trumm put it to me, "It's actually a really good time to be an independent pharmacist."

I've seen it at The Surgery Center, an ambulatory surgical center, in Oxford, Alabama. The Surgery Center, unlike many clinical facilities, worries less about the costs of supplies and more about the costs of wasting nursing and staff time. So, The Surgery Center does time studies and assigns a dollar value to the minutes it takes to do

something one way versus another. As a result, it may discover that it actually saves money by installing an expensive photocopy-fax machine in a central clinical location rather than rely on one in the business office. A different organization might hesitate to make such a purchase because it believes it can't afford it.

Now, cutting down on the amount of time it takes to walk to a photocopy machine may not sound like a revolutionary innovation, but if you trace the path taken by a nurse at most hospitals or surgical centers, you're going to see a tangled knot of back and forth and round and round. If you look at the Surgery Center in Alabama, however, you'll see defined routes, less wandering, and sharper corners. I see this at the best health systems everywhere. And guess what, the nurse who's not constantly going back to the nursing station or to various closets or dispensaries in between patients has more time to spend with each patient, more attention and empathy to offer, and makes fewer mistakes.

At Seattle Children's, this kind of path tracing helped clarify ideas around flow, and enabled architects to reduce the floor plan of a new building by 30,000 square feet, saving \$20 million. A similar study, using Six Sigma pedometers, was done last year at a hospital in a major city that I won't name, and concluded that the number of steps a nurse takes could be reduced by 39% at annual savings of over a million dollars. Unfortunately, the hospital was closed before any recommendations could be implemented. And closing that one hospital overwhelmed neighboring hospitals with the excess patients.

Similar exceptional work has been done at The Cleveland Clinic, where McKesson's Horizon Enterprise Visibility system has been put to work in the past year. HEV is a visual information system that lets everyone on a hospital unit know the current status of every bed and the needs of every patient at a glance. This is a game-changer. But the technology only kick-starts more possibilities. Cleveland Clinic has employed the

system to improve care delivery and collaboration in multiple ways. The performance improvements speak for themselves. For example, there's been:

- a 31% decrease in medicine administration time (which is the time medicine arrives on the floor until the time medicine is administered)
- a 31% decrease in the number of transportation cancellations
- a 9% decrease in patient placement (the time from when the bed is assigned until the patient is placed in the bed)
- a 7% increase in the percent of room cleans that occur in 55 minutes
- and a 3% increase in the number of patients who are discharged within 90 and 180 minutes respectively (from the time the discharge order is written until the patient is discharged)

If 7% or 9% are numbers that don't rock your world, you're underestimating the impact of small degrees of improvement. Let me use a sports analogy to make my point. The difference between a struggling ball player who bats .250 and makes the league minimum salary and a superstar who bats .350 and makes tens of millions is only two more hits per week in a 160 game season.

Or consider a health-related example. Most of us probably believe that being a little over weight is not a life changing problem. But new research shows that a mere five point increase in Body Mass Index increases the risk of death by 31 percent. Small difference. Big impact. Now, we also know that obesity is a daunting health problem in our country, particularly among children. But a recent study has revealed that children with normal weight are vigorously active for 59 minutes a day, compared to 43 minutes for obese children of the same age. In other words, 16 minutes more exercise a day

could reduce a serious social economic burden, and improve the health and well-being of millions.

I believe there's a similar difference between a hospital that changes two more beds an hour, or a drug store that has less wait time for authorizing prescriptions, or an ambulatory clinic where the fax machine is positioned where it's needed rather than at some distant location. Seattle Children's, for example, cut costs per patient by 3.7% and saved \$23 million.

So where to start?

Peter Drucker once said there are three questions to ask when focusing on performance improvements.

- In what area would excellence really have an extraordinary impact on the economic results of our business, to the point where it might transform the economic performance of the entire business?
- In what areas would poor performance threaten to damage economic performance, greatly or at least significantly.
- In what areas would it make little difference whether we perform excellently or poorly?

Organizations with Better Innovation ask those questions all the time. At The Cleveland Clinic, anyone can identify a performance improvement opportunity and bring it to the Clinic's continuous improvement team for discussion. If impactful solutions can be found, they're implemented quickly and the benefits are spread to other areas of the organization through what they call their Fas-Track process.

At Seattle Children's, same idea. Continuous Process Improvement teams are comprised of doctors, nurses, and patients' families. Whenever an opportunity for an improvement is discovered, a multi-viewed solution is found. In this way, thousands of

small improvements have been implemented, in a never-ending cycle of Better Innovation.

I don't think that kind of innovation happens in every health care organization in this country, but it should. Trumm Drugs and The Surgery Center may not call it "Fast-track" or Continuous Performance Improvement but they're engaged in the same perpetual quest for Better Innovation.

### **Better Connection**

Second, organizations that are in better business health also focus on Better Connection.

Every year, McKesson holds a senior strategy meeting and we invite key customers to attend. As a group, we get a chance to talk and listen. We lay out our best thinking, our strategic ideas, and our concerns about the future. We never fail to learn from each other.

It's all too rare that health care providers in different segments partner across their traditional borders.

When you manufacture a car, you assemble the pieces along an assembly line, and the process is as efficient and cost-effective as possible. Sometimes it makes sense not to make all the pieces yourself, so you go to outside suppliers, but you rarely lose control of the process. The quality of the output is seamless to the consumer.

If you picture health care as an assembly line, the majority of the workers on the line are employed by different organizations, and they have different priorities, and don't exchange information very well, and they often have a zero sum mentality when it comes to how much they charge for their particular products and services, and the patient does not have a seamless experience.

The organizations that practice Better Connection don't let the boundaries stop them. They create formal or informal networks to streamline and improve health care delivery.

There's a physician practice in Tennessee called Family Practice Partners composed of four doctors who've been together for about ten years. Being a family physician is increasingly difficult and increasingly unrewarding from an economic standpoint, but there are people who find it the most satisfying work in the world. Family Practice Partners got on board with HIT early, adopting an EHR record system in 2000, and as with any of my examples of Better Connection, they used this technology to drive improvements and give more attention to the patient and waste fewer resources on non-essential activities like "chasing the chart around." This has helped them thrive and do the work they love doing. But Family Practice Partners didn't stop with improvements they could drive inside the four walls of their own office; they reached over those walls to develop better connections with the essential partners in the supply chain.

They invested in a web portal to communicate with patients directly online. And they give access to their pharmacies, hospitals, a hospice, and some home health agencies. The patient's care is not something they worry about only when that patient is in the physician's office.

The interesting thing to me is that this small four physician practice is driving this connection. They're not waiting for a hospital or insurance provider.

Fairview Health Services, in Minneapolis, has shown a similar attitude and approach in a number of different areas of care. A number of years ago, it realized that there can be more efficient ways to treat patients than in the clinic or hospital. The leaders at Fairview saw the success of retail health clinics, and recognized it as a great model for delivering care, and a sign of pent-up consumer demand. So Fairview

partnered with a mass retailer to provide retail care while continuing to develop capabilities to serve patients with chronic conditions or other serious health problems.

Now, responding to the uncertainty in our current circumstances, it has reached out to health plans to develop a different kind of contract that establishes average costs and quality levels, and incentivizes Fairview to beat those standards. These conversations started at the top executive levels, but implementing them successfully has required connections between the health plan and Fairview at every level, with physicians, pharmacists, nurses, administrators, and so on.

Fairview isn't waiting for ACOs to become mandated or an insurance provider to reach out and establish a different system; it's forging the path on its own because it believes that's what needs to be done.

On the payor side, Aetna is trying similar payor-provider integration experiments, and adding evidence-based medicine data into the mix. In one instance, its provider-partners, eight practices in the US Oncology network, saw a 35% improvement in costs with better outcomes when evidence-based procedures were used.

Trumm Drugs is working as much as possible with physicians, retirement homes, and hospitals to make sure that patients get the best care. Cleveland Clinic has recently established a deal with Lowe's, the home improvement retailer, where any Lowe's employee can go to Cleveland Clinic for heart surgery for a flat rate. Wal-Mart worked with us to streamline and improve its pharmacy inventory system, saving \$35 million annually.

The segmentation of the health care industry simply can't continue if we're going to improve outcomes and lower costs. There are countless opportunities to connect better across silos. Organizations in optimal health lead these efforts.

## **Better Leadership**

That word, “Lead” is key. Because organizations in optimal health are also distinguished by Better Leadership.

The initiatives, activities and approaches I’ve described could not have come about without such leadership.

When I ask an executive at a health system, or a manager at an independent pharmacy, or the physician at a family practice why they’ve taken financial risks by adopting new technology, changed a longstanding approach, or forged a partnership with another organization, I almost always get the same answer.

Standing still is not an option. A vital organization moves forward, embraces innovation, and is not left behind by change.

But this is not easy.

There are many forces impeding Better Connection, for example – some competitive, some territorial, some regulatory. But perhaps the most off-putting reason is the lack of immediate financial benefit. Often, the economic incentives aren’t clear. Perhaps if they were clear, leadership wouldn’t be necessary; everyone would be doing it. Still, some organizations go forward anyway because the drive to create a better care delivery model demands it.

Even so, leaders do not make uninformed decisions based on good will. Their efforts are not pie in the sky dreams. They don’t rely on conjecture, opinion, or fervent hope to determine their path forward, they’re evidence-based and experimental. They make a plan, test it out, and measure the results. They track progress. They use that data to make better decisions and further improvements. They always keep the customer’s experience in mind.

Leadership is a very practical affair. Inspirational speeches and grand visions are not as important as the establishment of incentives, objectives, and measures to steer an organization.

When leadership is focused on Better Business Health, it sets the right tone and direction for the organization. Ultimately, the people in the organization make the difference. If you look at the healthiest organizations, you see that they attract people who are focused on world class improvement, they foster a culture which expects excellence, they use technology to support it, and they draw forth discretionary effort, accountability and innovative thinking.

Such organizations are capable of continuing to meet whatever new challenges come their way. We can be certain they'll continue to push the envelope and experiment. They're going to work around the obstacles and create opportunity by finding a better way. And piece by piece, they'll improve the performance of the health care delivery process.

And even if the economic benefits of that aren't clear today, they will manifest in the future. And those incentives will encourage other organizations to follow.

### **The Indispensable Industry**

The business pressures on health care today are enormous and daunting. It's easy to feel hopeless, frustrated, and anxious about the future.

But as I've already mentioned, ours is an indispensable industry. We serve needs that will never go away.

There have been industries that have come and gone since the industrial revolution. Some of those industries were vital in their time – the buggy whip industry, for example, the whale oil industry, the ice harvesting industry. But those industries were not indispensable. The buggy whip was made obsolete when horses were displaced by automobiles. The vast whale oil industry was no longer necessary once we discovered how to light lanterns with kerosene. We had no need for ice harvesting when electricity could be used to keep food chilled.

Health care as an industry cannot be displaced. There are no substitute needs. The means of delivering health care, and providing for those needs is changing because of the pressures we've been talking about. Those global and economic challenges are not going away soon. But I know we will adapt and evolve to meet them.

Some of that change may feel very threatening and unsettling today. There's nothing pleasant about living through the kind of "Creative Destruction" that transforms markets and delivery systems. But I also believe, we'll view the new approaches, practices and standards that emerge as an upgrade and a better fit for our needs and expectations, especially from a consumer standpoint.

Consider how much the music industry has changed in the last ten years. Once music became digitized, it could be accessed more easily and in different packages and formats. At first record labels and recording artists viewed this as a doomsday development, and did everything possible to impede its progress. But now, as the industry has settled and new rules are working themselves out, prices are lower, customers can download what they want, when they want, and they can mix and rearrange their music in personal ways. They're also buying more music as a result, and the opportunities for new artists have grown rather than shrunk.

A similar progression can be seen in book publishing and film distribution.

Over the next five years, the long-standing rules of health care are going to change, whether we resist that change or welcome it. Health care is going to become mobile. It's going to become retail. It's going to become personal. Ten years ago, who would have guessed that vast music libraries could be carried in our pockets, songs would cost 99 cents, and the biggest music store on the planet would be something called i-Tunes? Ten years ago, who would have guessed that Wal-Mart would be one of the biggest health care providers in the country?

While change seems to come more slowly in health care than other industries, perhaps that resistance is a measure of how indispensable our industry actually is. Still, there's no turning back from the path we are now on. We need to adopt and innovate to meet the future that is forming.

We'll get there by focusing on the business health of our organizations and practices. How well health care organizations are run, how effectively they leverage their resources and the talents of their people, how good they are at controlling costs, serving their customers, and growing their business lines is the critical health care challenge for the next five years.

Indeed, it's crucial for our economy and way of life.