

Choosing the Future

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Thinking Outside “the Box”

“Thinking outside the box”, a much over-used cliché, is a synonym for creativity. This essential intellectual capability needs to be rigorously and fully employed given the trajectory of what is happening to America’s physicians, hospitals, and patients.

The classic hospital archetype originated during the Middle Ages. Its departmentalized components emerged over time as specialized diagnostic and treatment technology developed and its physical structure for much of the last half century was, quite literally, a “box”, a large building.

Prior to the end of the Second World War, hospitals generally operated in relatively humble facilities with thin financial margins. Physicians, nurses and others treated the provision of patient care as a vocation. To care for the poor was an act of charity. Then came the *Hill-Burton* program, the corporate provision of health insurance as an employee benefit, the establishment of *Medicare*, *Medicaid* and the *Affordable Care Act* as federal entitlements, and a tidal wave of money. The rest, as they say, is history.

It is understandable that people whose formal education and life-long work experience has been about managing “the Box” would try to apply learned concepts and the rich menu of skills and techniques mastered over many years to today’s environment. That includes government officials, board members, hospital executives, and department managers. Unfortunately, that’s probably not going to work.

Nearly everyone in the field has been taught that “bigger is better”, in part because of lessons learned from manufacturing. The belief that “bigger is better” is one of the reasons we are seeing frenzied efforts to acquire, merge, and consolidate. It certainly seems to make sense. Today’s unprecedentedly powerful computer technology only makes it easier to manage large organizations. It even makes it possible to think grandiose thoughts, such as “population health management”.

Two cautionary notes are in order.

1. Given the trajectory of events, it seems probable (at least to this observer) that many of the systems involved in the acquisition of other hospitals and systems are going to wind up owning a lot of square footage in very expensive and rapidly obsolescing physical plants that do not and cannot produce the expected additional revenue stream.
2. In the end, patient care is about people, not terabytes. Although today’s computer technology does make it easier to manage and control very large enterprises from the top, those same computers also empower small providers. The technology that empowers those small providers produces patient care with a personal touch, rendering large scale centralized control and its accompanying expense unnecessary. Resources expended in organizational maintenance are not available to do the work of the organization. Large centrally-managed organizations burdened with unnecessary complexity will not survive because they cannot quickly adapt and compete.



7667 N.W. Prairie View Road, Suite 204
Kansas City, Missouri 64151
(816) 587-2120
<http://bradyinc.com>