

# CEO Viewpoint

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If there's a CEO better suited than Lowell Kruse to run an organization called Heartland Health, we're not sure who it is. For a quarter century he has been president and CEO at Heartland, a small but highly integrated delivery system in St. Joseph, Mo., that includes a medical center, physician practices, foundation and health plan. Heartland is the sole provider organization in St. Joseph and the regional referral center for a 21-county area of northwest Missouri, northeast Kansas and southeast Nebraska. Kruse, who has led Heartland since its founding in 1984, has embodied the virtues of the heartland in his professional, community and personal life. He grew up on a farm in neighboring Iowa, attended Augustana College in Sioux Falls, South Dakota, and earned his master's degree at the acclaimed graduate school of hospital administration at the University of Minnesota. After numerous rumors of retirement over the years, we felt compelled to catch up with Kruse before he actually does retire, which he plans to do at the end of this year.

## What are the top two or three issues you face as CEO of Heartland Health?

Obviously the economic situation we're facing is the major issue and the others are parts of it: the increasing amount of uncompensated care, lack of access to capital to purchase medical technology, IT and pursue construction projects, and in general maintaining our ability to serve our community in these very difficult times.

## Will these issues change under a new administration in Washington?

I truly believe the stars are aligning for drastic new reform, including universal access for coverage and a new age of accountability on the part of providers to demonstrate value for healthcare. There are higher expectations because of the amount of money going into healthcare. No one is going to get away with much. When the pie shrinks table manners deteriorate. That's what I worry about. What we need is more collaboration, but it all depends on the culture and mood of the country.



LOWELL C. KRUSE

## What do you believe should happen and actually will happen with healthcare reform under the new Obama Administration?

Everyone should have access to healthcare. We should make that non-negotiable. Do we use Medicare and Medicaid? Private insurers? I don't know the answer to that. We have 47 million uninsured, so the answer may be somewhere in between. I think the Obama Administration will start with kids first then expand to other populations until everyone's covered. Also, as the Administration expects more and more accountability from us as providers and as more data

about quality and safety becomes available it will become easier. Once you have data and the culture of transparency takes hold there's no place to hide. By the way, transparency and sharing of data properly used will help all of us improve. Our industry shouldn't resist that trend. In the end, our industry should help shape the culture of transparency and use of data to make sure it's about learning and improvement and not about punishment.

### Can you identify two or three benefits that IT has had on your organization?

The first benefit is that we have a lot more information available to physicians and other caregivers in a much more usable format. We're improving access and speed of access to information and seeing improvements in patient safety. At this point, not all physicians experience improved effectiveness with IT, but those who are skilled and experienced in using IT do. What we've learned is that once IT is installed physicians need to begin working with the new system while we help them get used to it and modify it to make it more user-friendly. It takes time. I was talking to a physician the other day and he's just thrilled. New docs fresh from medical school are demanding access to IT.

### What are the pros and cons of being a "sole provider" organization in a given market as Heartland Health is?

The major pro for us in being the only provider organization to a population of 75,000 in the city and 150,000 in our primary service area is that it's easier to do population-based planning by disease, age and economic circumstances and then recruit the number of doctors and build the number of beds based on that analysis. You can focus on doing everything for the right reason. Another benefit is that it's enabled us to attract specialists and subspecialists because we're able to offer resources like 21st-century IT, medical technology and more—resources we might not have been able to afford if there were two competing hospitals.

A con is that Americans want choice, so the biggest downside is that you become a virtual monopoly and risk becoming complacent. If you have a competitor hospital across the street that drives you every day. If you're a sole provider public opinion is the driver in the form of letters to the editor, letters on your desk, calls to board members—people really speak up. We're the

only ER so we can't divert, and if wait times go up in the ER it gives people a reason to complain about the fact that there's only one hospital in town.

### Have CEO/Board of Directors relationships at Heartland changed over the past five to 10 years?

No. We've always had a great board. It's a great match between their interests and my interests. I've been here 25 years and there hasn't been a major disagreement about what we've both wanted to accomplish. It's just been a wonderful experience.

*“I prefer being the sole provider because we can concentrate on the needs of the community and doing the right thing rather than reacting to competitors.”*

### Has your organization developed different relationships with physicians over the past five to 10 years?

Yes, we really have. We began employing physicians 10 years ago and that has intensified lately. We now employ 110 physicians, the majority of our community physicians, and 40 nurse practitioners. We use IT to support integration with physicians and we work with The Advisory Board to help them with their leadership needs. We see it as our responsibility and in our enlightened self-interest to help our physicians develop their leadership capabilities. Also, we've worked much harder to bring physician leadership into all levels of the organization.

### What is the best piece of advice you've ever been given?

To go to the University of Minnesota and get a master's degree in hospital administration. It set the course of my life and it's been a wonderful life.

### If you weren't running Heartland Health what would you do?

I'd be running another healthcare system that has the same values and belief system. I've been at this for 42 years and I can't imagine anything else. If you really pushed me I suppose I would be in some area of public service or political life, if not in health-system leadership.



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