

# CEO Viewpoint

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*Dan Wolterman is the rare executive who played golf so well he could have turned pro. Instead he chose the less glorious path caring for patients in one of America's largest urban centers. As president and CEO of Houston-based Memorial Hermann Healthcare System, Wolterman, 54, is continually trying to avoid the "rough" in golfspeak of an increasingly uninsured population with diminishing reimbursement in one of the most competitive health marketplaces in the nation. Memorial Hermann is one of the largest not-for-profit healthcare systems in Texas and serves the Greater Houston community through 11 hospitals, 20,000 employees and a vast network of affiliated physicians, specialty programs and services. Among the organization's numerous recognitions, the National Quality Forum awarded Memorial Hermann the 2009 National Quality Healthcare Award. Wolterman grew up in Cincinnati, where he earned his undergraduate and MBA degrees at the University of Cincinnati and a master's in healthcare administration at Xavier University. A hospital CEO since the age of 29, he spent 11 years with Holy Cross Health System and seven years with the Sisters of Charity of the Incarnate Word, which later became part of CHRISTUS. At the merger Wolterman joined Memorial Hermann where he has been CEO since 2002. He and his wife Lori have three children.*

## **What are the top two or three issues you face as CEO of Memorial Hermann Healthcare System?**

First is all the uncertainty and ambiguity surrounding the new healthcare reform law. This uncertainty creates a challenge to long-term strategic planning.

Second is constant change. You always have to be assessing your system and make the necessary changes to best carry out your mission.

Third is the rising uninsured. Texas leads the nation in uninsured, and 32 percent of Houston's population is uninsured. It's a major strain on our system and growing every day. Our system provided over \$675 million in indigent care and bad debt last year. This number is growing by \$70 million to \$80 million each year. In 2019 the portion of people without health insurance nationally is projected to be 8 percent from 15 percent today; in 2019 Houston is estimated to have 17 percent to 20 percent uninsured due to the fact undocumented individuals are not able to obtain insurance.



DAN WOLTERMAN, PRESIDENT  
AND CEO, MEMORIAL HERMANN  
HEALTHCARE SYSTEM

Fourth are the misaligned incentives in the healthcare system between hospitals and physicians.

## **Will these issues change under the healthcare reform act?**

In my opinion, no. Health reform might accentuate these issues but that's unclear until the implementing regulations are written by CMS. The health reform law states more than 1,000 times, "The Secretary of HHS shall..." Whether it's accountable care organizations

(ACOs) or episodic bundled payments, it's difficult to predict how this will exactly play out, and therefore, difficult to plan capital investments. It is clear that the reform bill is attempting to address the fragmented, misaligned incentives in the delivery system.

## **What elements of healthcare reform act do you feel are valuable?**

Anytime you can increase people's access to health services that's valuable. I also think the concept of ACOs is valuable since it promotes hospitals and physicians working as a team to improve quality and efficiency of care.

### What elements of healthcare reform act do you feel are overreaching?

I do not like the fact that reform leaves southern-tier states with a bigger burden than the rest of the country due to the lack of coverage for undocumented individuals while eliminating a significant portion of our disproportionate share payments.

It's also overreaching to put a large number of uninsured individuals into the Medicaid system, a program that pays providers significantly below cost. We'd have preferred everybody be directed to the private insurance system through health insurance exchanges, which would at least allow us to negotiate with insurance providers.

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

IT has very clearly had a significantly positive impact on our quality through applications like smart alerts and clinical documentation. IT has also improved our efficiencies by eliminating duplicate tests. Perhaps, equally important, IT has increased our connectivity and improved communication with doctors and other providers.

### What do you believe are the most significant near-term challenges that could be addressed by enabling Information Technologies?

The most significant near-term challenge that IT could address is the fragmentation and resulting duplication of care. IT can help eliminate redundancy, especially in areas like ER care and pharmacy. If a patient has blood work earlier in the day and arrives later at the ER, we wouldn't have to duplicate the same tests.

### What has been the biggest change you have seen in healthcare over your career?

There are two big changes I have seen during my 30-year career. The first is the change in the physician/hospital

relationship. As the economics of healthcare have gotten more difficult, it has resulted in a significant deterioration of the relationship.

The second change is the ever-escalating ranks of the uninsured. When I first arrived in Houston the uninsured population was approximately 10 percent, but now it's one third of our population. It's overwhelming.

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

Live in the present. Too many of us spend our lives worrying about yesterday or tomorrow. You miss what's going on today. It's

important to enjoy the journey and not be consumed by the past or future.

### What advice would you give to a young person seeking to enter the healthcare field?

Healthcare is a great field that allows you to use your talents and gifts while giving back to the community. It is also a highly dynamic, changing field. Successful leaders will embrace transformational change in the next five to 10 years, which opens up huge opportunities for younger generations. An MBA will become a prerequisite.

### What is your favorite part of the work you do?

The people, which is why I chose this field to begin with and continue to enjoy it. This job is wonderful. You get to interact with employees, executives, physicians, patients, families, consumers. It's not a desk job. I love working with people.

### If you weren't running Memorial Hermann, what would you be doing?

A golf pro. I've been a competitive golfer for years. It was a career option long before I had a college major or worked in healthcare. I might also be a resort executive, because resorts are not dissimilar to hospitals—they're very people-oriented and have beds, food and service. Of course, the resort would need to have golf.



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The Healthcare Executive Resource for Information Management

Stanley R. Nelson, Chairman • Donald C. Wegmiller, Vice Chairman • Shelli Williamson, Executive Director  
1660 Highway 100 South, Suite 306 • Minneapolis, MN 55416  
Phone: 952.545.5880 • Fax: 952.545.6116  
E-mail: [scottsdale@scottsdaleinstitute.org](mailto:scottsdale@scottsdaleinstitute.org) • [www.scottsdaleinstitute.org](http://www.scottsdaleinstitute.org)