

CEO Viewpoint

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Horace Greeley's advice to "Go west, young man" could describe Peter Fine's career journey. Fine, president and CEO of Banner Health, a Phoenix-based integrated health system with 23 hospitals in seven mostly western states, was born in Brooklyn, New York and grew up in Oceanside on Long Island. He began his westward trek as an undergraduate at Ohio University in Athens, Ohio in the rolling hills near the West Virginia border. The call to healthcare came when his mother, who managed a general internists practice, made an appointment for him with a local hospital administrator. After college Fine took a year off to live as a self-described ski bum in Aspen and then earned his master's degree in healthcare administration from George Washington University. Prior to his appointment to Banner's top job in 2000, he was executive VP and COO of Milwaukee-based Aurora Health Care. He and his wife Rebecca have been married nearly 36 years and have three adult children, two sons and a daughter. They love traveling around the globe and do it multiple times a year.

Banner Health is participating in the Premier ACO collaborative. How is that going? Do you see accountable care transforming your organization and the patient experience and, if so, how?

We're knee-deep in development of our own ACO to respond to eventual changes here in Arizona and in Colorado. We're moving aggressively and are well down the path. We're confident that in the next two years we'll effectively develop an ACO organization and are now finalizing legal and physician arrangements.

In Colorado most of our physicians will be employed. In Arizona we have a model that's a mix of employed and closely aligned physicians.

I'm not there yet in viewing ACOs as transforming care. Privately we are formulating the capability to do so, but is the world around us really going to change? We're behaving and acting like the world is going to change but the jury is still out. An ACO is a structured mechanism to deal with an external stimulus, which are changes in how insurers pay, contracts are developed and terms of antitrust.

There are many questions. Who controls an ACO's covered lives? What about employees? Third parties?



PETER S. FINE, PRESIDENT AND CEO, BANNER HEALTH

We're creating a structure but we have yet to see how that structure will interact with those external factors.

What is your organization's strategy relating to Meaningful Use?

We've been on a development path to an electronic environment for the better part of the past decade. Our evolving electronic capability and timing of the development of our EHR fit right into the federal incentives. So, we expect to receive substantial amounts of revenue from

the program, well north of \$100 million.

What are the other key initiatives related to reform that shape your strategic thinking?

One, development of a significantly more aligned ambulatory base. We're beginning to fund an aggressive strategic move into ambulatory services. Two, we are using a more careful decision process regarding investment of capital in the inpatient environment. Three, in the next decade we'll see the greatest consolidation environment in hospital history. We will use our financial strength, our highly advanced electronic environment, and a structure for change management

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to migrate to our new vision. We don't see ourselves as a healthcare delivery organization. We see ourselves as a clinical quality company. There's significant difference from a cultural perspective.

What are the various strategies you're implementing for physician alignment?

We literally have a menu ranging from minimal alignment—allowing physicians to use us as a workshop—to a very tightly aligned model of employed and highly integrated physicians. Physicians can relate to us any way they want. Our closely aligned medical group employs almost 700 physicians. We expect that to double and even triple over the next decade. We also have relationships with other groups. Our independent physician relationships far exceed our employed ones.

Banner has been aggressive in recent years in opening new hospitals. Is Banner's future in new hospitals or in the ambulatory area?

In the last five years we've built three new hospitals and will be opening a new cancer center this year. In the next five years we will selectively add infrastructure to our present campuses and consider purchasing or merging with hospitals. I doubt we'll build any more new facilities or campuses in the next five years and will strengthen our balance sheet for the next wave of consolidation.

Has the anticipation of ACOs, patient-centered medical homes and other emerging reform entities shaped your IT strategies? How?

Many of these ideas are déjà vu: Risk-assumption, HMOs. We're visiting the past. The difference today is that we have a far more advanced capability from an IT perspective. So what these ideas are doing for us is allowing systems to be totally coordinated and interfaced. So the flow is seamless from inpatient to

outpatient to other services. How you spend money in healthcare IT is far different today than in the past.

How has IT changed your thinking about planning and budget decisions over the past several years?

What it's done for us is forced us to plan further out and develop a better capability for understanding the timing of those investments. Also, we're more aggressive in providing implementation resources and more skilled and proficient in rolling out IT initiatives.

What do you think are the factors that led to your being awarded the 2010 CEO IT Achievement Award?

I'd suspect that our organizational commitment to an IT strategy at a time in the last decade when people questioned the value equation, our ability to stay the course through implementation pressures and the ability

to communicate the vision internally.

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

Have a passion for complexity and a high tolerance for ambiguity.

What is the most rewarding part of the work you do?

Motivating a team to achieve organizational excellence. It's fun when you can motivate somebody and even more fun when you see results.

If you weren't running Banner Health, what would you be doing?

I played lacrosse in high school and college so I'd probably be coaching a college lacrosse team and teaching a management course on leadership.

What's a favored book you have recently read?

"The Nine," a behind-the-scenes look at the Supreme Court. It gives an entirely different perspective as to what goes on in the Court.

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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 • www.scottsdaleinstitute.org