

Viewpoint

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When Ernie Sadau was a teenager lying in a Fort Worth hospital bed he wrote a note on the dietary-tray response card that he'd like to talk to the hospital administrator about his job. Days later the administrator treated him to lunch and a long discussion on the importance for a leader to spend time with people. The experience so galvanized Sadau's desire for a career in healthcare that today, at 52, he is president and CEO of CHRISTUS Health, an Irving, Texas-based, Catholic health system with more than 40 hospitals in six states and Mexico and assets of more than \$4.8 billion. A native Texan raised on a ranch north of Dallas, Sadau earned his undergraduate degree at the University of North Texas in Denton and an MHA at Southwest Texas State University in San Marcos. He started off as a chief accountant at Metroplex Hospital in Killeen, Texas and then moved to Florida where he was a CFO at a 150-bed hospital and then CEO of its new satellite facility. He moved back to Killeen as hospital CEO. He then spent more than two decades at Adventist Health System. He was also president and CEO of Adventist Health System/Midwest in Hinsdale, Ill. Sadau came to CHRISTUS in 2006 as COO and took the top job in 2011. Married for 28 years, he and wife Roxanne have two adult sons, Zachary and Blake. He enjoys travel, golf and reading—and always makes time to talk to young people about their careers.

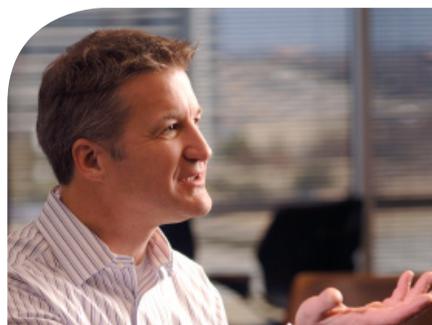
What do you see to be the major factors affecting healthcare and CHRISTUS during the next five years?

We just had a leadership retreat and identified our number one challenge as the sheer velocity of change in the next 24 months as the healthcare model undergoes transformation. It's a very exciting time. Of course a major driver is healthcare reform and how we respond to the Accountable Care Act. Two out of three states we're in do not support the ACA or Medicaid expansion, which makes it difficult.

The second biggest factor is the startup of healthcare exchanges, third, maintaining our cost controls, fourth, access to capital and fifth, mergers and acquisitions. We're very focused on growth. Now that we've positioned our balance sheet we'll be aggressive in specific markets.

What makes CHRISTUS unique and why do you think it is well positioned to survive the headwinds impacting us all?

What makes us unique is our multinational presence. With eight hospitals, we're the second-largest private provider



ERNIE SADAU, PRESIDENT & CEO, CHRISTUS HEALTH

organization in Mexico where we believe there are a lot of opportunities to meet more healthcare needs. Early this year we launched a joint venture in Santiago, Chile, and we're now managers of a 600-bed tertiary care hospital and 11 outpatient centers there. Our goal is to continue to invest in growth in the U.S. as well as Mexico and Latin America.

Our heritage as a Catholic health system also differentiates us, because it calls us to remain committed to caring for the underserved. We do that over a wide range of geographies as well as hospital types, from a 20-bed rural facility to an urban tertiary care center to a large, free-standing children's hospital.

What are the major focuses of CHRISTUS Health's strategic directions?

One of the most important aspects of leadership is to provide focus. We've worked hard not to confuse people with 15 different categories of initiatives. Our Compass 2020 vision established three destination points. The first is clinical integration, the foundation that includes physician

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alignment, evidence-based care, population health management, the CHRISTUS Health Plan (currently a managed Medicaid plan) and a military insurance plan. The second destination point is asset growth, which involves increasing the value of our current assets through better operational performance as well as growing our U.S. and international assets. The third destination point is culture, which will be a game changer the next few years. We are intentionally focused on diversity and inclusion as a key part of our culture.

How significant a factor is having robust, survivable information systems platforms to your survival and success?

IT is critical, and healthcare is behind other industries on this front. Data is key as we move more and more into assuming risk for the health of populations. Among other efforts, we're rolling out a suite of analytics tools as overlays on our Meditech EHR platform. We're also getting really tough about clinical, financial and quality standards in IT.

Where do you see the industry going relative to IT services, especially given the considerable federal influence being exerted?

We will continue to increase resources devoted to IT because we still have a long way to go. I can take my bank card to any ATM and get cash and review my account. In healthcare I can't take my electronic medical record to any provider. We still have work to do to achieve a true electronic medical record for our customers.

Patient engagement is a hot buzzword these days. How does a large international healthcare delivery organization like CHRISTUS define and implement patient engagement?

Patient engagement is key to our success, not only to ensure compassionate, quality care, but to successfully manage population health. I take patient engagement as more than patient satisfaction scores, although they're important. Engaging patients also means using technology to help

people manage their own health. Consumers will be accessing health exchanges online to make quality comparisons. So, IT will play a big role in getting patients and consumers engaged. We'll be able to push information to diabetics, for example, that will encourage them to have blood work and comply with medications.

What's the biggest change you've seen in healthcare over your career?

I honestly can't identify one because as soon as I do another one occurs that's even bigger. Healthcare has changed constantly over my 30 years in the field. The exciting thing is we get to write a lot of that history.

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

One, it's an extremely rewarding and exciting career if you want one that's full of change. Two, you need to have a passion to help people, because it's not just a business. Third, acquire a strong financial understanding. Fourth, I tell young people they need to be very courageous and willing to embrace change because that's what healthcare is about.

If you hadn't pursued a career in healthcare, what would you have done instead?

Healthcare! I also considered becoming a doctor. I was locked into healthcare as early as high school and I've never looked back.

What's a favored book that you've recently read?

I like to read a lot, so I tend to divide up the year into quarters in which I'll read mostly business and management books and then focus on recreational reading like "Inferno" by Dan Brown, which I'm reading now. The management book I read most recently was "The Advantage: Why Organizational Health Trumps Everything Else in Business," by Patrick Lencioni. That book hit home as a description of the challenges we face in healthcare, and I gave a copy to everyone on our executive council.



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