

Viewpoint

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When Brian Connolly was only 34 he became the first layperson on the board of the Daughters of Charity. It was 1985 and he'd just been appointed CEO of Providence Hospital, a Daughters of Charity hospital in Southfield, Mich. Today he is president and CEO of Dearborn, Mich.-based Oakwood Healthcare, a four-hospital integrated health system serving a million people in southeast Michigan that includes Detroit. "There were 12 sisters in habit and me," says Connolly of being one of the first of many lay executives to run a Catholic health system. Born in Detroit and raised in an Irish Catholic family with six brothers and a sister in its suburbs, his father owned an underground-construction firm and served on a local hospital board. That influenced Connolly to earn a Master's in public health at the University of Michigan. After a consulting stint where he learned to apply industrial engineering concepts to hospitals, he worked at Oakwood for seven years before going to Providence as COO and then CEO for 14 years. He served as executive VP for Catholic Healthcare Partners' 15-hospital Ohio region and then helped the Daughters of Charity buy back their California hospitals from Catholic Healthcare West. Connolly returned to Michigan to be near family and took the top job at Oakwood in 2007. He and Darcy, his wife of 43 years, have three adult children, a son who's a lawyer and two daughters, an occupational therapist and a teacher.

As healthcare moves from a volume-based, fee-for-service model to one based on value and population health, how are you positioning and shaping Oakwood Healthcare for continued leadership?

A couple of years ago we looked at our physician structure and saw the challenge of individual physician practices to respond to the changing requirements of 3rd party payers and challenges of healthcare reform. We undertook a process to identify and understand the most successful physician models. We met with physician leaders at the Mayo Clinic, Geisinger and Virginia Mason about their structures and operational models. As a result we reorganized all our employed physicians into Oakwood Physicians Inc. (OPD), a physician-governed organization for which I am the only non-physician director. The 250-doctor group focuses on the changes affecting their practices including the moves toward value-based payments. It's been very rewarding to see this group of physicians innovate and change their approach to patient care (we have a great number of PCMH designated physicians).

We also site-visited several health systems and as a result, formed our own ACO. It has allowed us to participate in a Medicare Shared Savings Program (MSSP) that is now in its second year and achieving very good results, including



BRIAN CONNOLLY, PRESIDENT & CEO, OAKWOOD HEALTHCARE

being in the top 20 percent of MSSP in the country. We'll be receiving savings and sharing them with physicians. Our ACO has 980 physicians—some employed, some private practice—and now contracts for 115,000 covered lives.

You serve on the board of Blue Cross Blue Shield of Michigan, which controls about two-thirds of the state's commercial market. How is the Michigan insurance market changing under the Affordable Care Act?

It's been difficult for insurance companies to predict and retool for an evolving set of rules and regulations. When they did actuarial analysis it was under a completely different scenario than what actually occurred. While they are seeing an increased number of competitors in the Detroit market, they are not experiencing any major shift in their market share or beneficiaries.

Oakwood Healthcare's headquarters literally sits in the shadow of the Henry Ford Motor Company, one of the world's leading employers, and Detroit is home to the Big Three auto companies. How has that affected your strategic thinking, especially in terms of employee/retiree healthcare and VEBA?

I'm looking out my office window at the Ford headquarters right now. When the auto companies fell into the trough,

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Detroit was hit with massive workforce reductions. So, we had to face increases in the number of under and uninsured patients as well as respond to cost pressures from the major employers before the economic downturn hit the rest of the country. Most Detroit healthcare organizations have auto executives on their boards so we've had a more acute awareness of the impact of economic downturn than most.

The UAW had very rich benefits packages for decades and its workers retired with top-notch health insurance. As the 800,000 retirees outgrew the employed population, the auto companies moved them into a voluntary employees' beneficiary association or VEBA in partnership with the UAW. Funding is about two-thirds of retirees' healthcare costs, so the VEBA is looking to providers for cost-effective, quality care. VEBA executives are armed with an impressive amount of data and demand cost transparency. When they see variances they let us know. With implementation of the ACA everybody is doing the cost analytics. The auto companies break down the cost of every piece of a car. They know if a significant number of employees move into an insurance exchange under the Affordable Care Act they could save upwards of \$1,000 on each of the 10 million cars they make yearly; costs that could come out of the healthcare sector.

The healthcare industry is undergoing major consolidation and integration. Can you describe Oakwood Healthcare's strategy regarding growth in this marketplace?

A year ago we undertook a process to educate our Board and management to the changing healthcare landscape and in particular our position in the overall market. We subsequently developed a series of "must haves" relative to our future. The process led us to recently signing a Letter of Intent with two other health systems in our market (Botsford Health and Beaumont Health System) to form a new health system that we collectively believe will be capable of addressing the challenges of healthcare reform and best meet the health needs of our community.

“The ultimate HIE solution is likely in the cloud. Current HIE platforms may become quickly outdated.”

Oakwood Healthcare recently implemented an Epic EHR. Was your investment justified?

We are now fully installed with Epic at our four hospitals. It was the right decision. We're very happy with our ability to more easily access and use patient data as well as engage with our physicians in the care of their patients. We secured 100 percent of Meaningful Use dollars and have also advanced to Stage 6 of 7 in the HIMSS EMR Adoption Model.

We're also involved in discussion with joining the remaining HIE in the state. Notwithstanding this decision I think the ultimate solution is with the emerging

"cloud" technology because the platform for transferring information is changing so fast and I'm skeptical about the current HIE platforms; they may become quickly outdated.

Patient engagement is clearly a big buzzword these days. How do you define patient engagement?

It's still a relationship business and it's important that our patients feel we're paying attention. Technology is ok but ultimately there's no replacing the human touch. All of our offices have incentives to patient service as well as quality. We call back 100 percent of our patients within 24 hours as only one part of a larger program to meet our CREDO of Patients come first. We look at ways to use technology without forgetting the personal touch.

Your organization has been pursuing the Baldrige Quality Award in recent years. How is the process going?

We're continuing to use basic Baldrige tools and strategies to move Oakwood forward. This past year we joined Value Health Partners, a seven health system collaborative in Michigan (several are SI members) committed to improving quality and performance of its members through sharing of information and best practices. The group has recently taken on the challenge of becoming High Reliability Organizations. The Baldrige platform has helped position us well for that goal.

~ Chuck Appleby
Director of Publications & Communications
cappleby@scottsdaleinstitute.org



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STANLEY R. NELSON, Founder & Chairman Emeritus (1926–2012)
Donald C. Wegmiller, Chairman • Shelli Williamson, Executive Director
1660 Highway 100 South, Suite 306 • Minneapolis, MN 55416
Phone: 952.545.5880 • Fax: 952.545.6116
scottsdale@scottsdaleinstitute.org • www.scottsdaleinstitute.org