CEO VIEWPOiNT

As a newly minted graduate in biology and environmental sciences in 1978, Howard P. Kern saw the healthcare industry as full of opportunity and substantial growth potential. After 39 years of executive management experience in healthcare and in his current role as President and Chief Executive Officer (CEO) of Sentara Healthcare, Kern has helped play a key role in the tremendous industry evolution he projected at the start of his career. Sentara Healthcare is a not-for-profit integrated healthcare system headquartered in Norfolk, Virginia. It is one of the top-five largest employers in the Commonwealth of Virginia with 28,000 employees, net revenue of $6.3 billion and operations in three states. The healthcare system also includes Optima Health, a health insurance plan serving more than 550,000 members across Ohio, North Carolina and Virginia. Howard P. Kern not only leads the integrated healthcare system, he also serves as an influential leader in the healthcare industry and his community. He participates as a member or board member for numerous organizations such as the *Becker's Hospital Review* CEO Advisory Board, Hampton Roads Economic Development Alliance, the *Wall Street Journal* CEO Council, and is ranked 58th in *Modern Healthcare*'s 2018 100 Most Influential People in Healthcare.

Before you became President & CEO you served as Chief Operating Officer (COO) of Sentara for 18 years. How did that experience shape your vision and strategy as President & CEO?

Serving as the COO made me appreciate the value of creating an integrated healthcare system and how it is a fundamental enabler of our overall success. An integrated healthcare system has several core elements, including operations, integration, relationships with both customers and team members, and quality. The other important thing I learned as a COO is that a system is a learning organization, a factor necessary to create high-performing processes and practices across the system to drive value. In the past, many healthcare systems undertook a growth and affiliation strategy with the intention of standardizing to achieve value, however, that did not always occur. Successful systems need to focus on creating value as a whole and within individual components. At Sentara, we designed a High Performance Design

HOWARD P. KERN
PRESIDENT & CEO,
SENTARA HEALTHCARE

model built around core operating principles and leveraging best practices. Those principles include standardizing our patient experience, learning across the enterprise and fundamentally seeking to create best practices. As CEO, I am even more keenly focused on being the integrated healthcare system that truly adds value to our patients, communities and the component parts of our health system.

As a COO, I learned that healthcare reform is about reducing the *price* of care not the *cost* of care, while maintaining the highest levels of quality and patient satisfaction. We work diligently to provide the right care, at the right time and at the right place in the most cost-effective manner possible for our patients and members. Additionally, a health system's relevance and influence depends on achieving both radical cost control *and* radical growth, because scale alone will not guarantee long-term success. Having four integrated healthcare system platforms is critical: One, an efficiency-generating operational platform that integrates

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A distinguished group of supporters help Howard P. Kern break ground on the Sentara Cancer Center.

revenue cycle, human resources and finance; two, a loyalty-enhancing consumer platform that enables transparent search, convenient access and consistently positive encounters; three, a system-aligned provider platform that integrates a referral network, provider productivity, staff engagement and culture; four, a high-reliability clinical delivery platform that integrates care management, care coordination, population health analytics and clinical variation reduction.

You have said you will focus on improving clinical performance, innovation and growth. What kinds of innovation will you emphasize and how do you embed innovation in a growth strategy?

We have taken a few approaches to innovation that differ from many organizations. Our focus is on areas of innovation that are practical and advance our strategy. And, innovation isn't necessarily driven by technology, it can also be process and protocol-based. I believe in examining the consumer-value chain for both our healthcare patients and our health-plan members to find opportunities to improve. A lot of organizations claim to disrupt themselves, but our goal is not disruption, it's taking a practical approach to providing clinically appropriate care and an exceptional customer experience. We look for gaps in customer value, isolate this component of the customer experience, improve it, and integrate it back into the customer journey. If you look at Jeff Bezos and Amazon, he's not inventing a lot of new products, he's decoupling that value chain to provide consumers a better experience.

Sentara has 12 hospitals serving Virginia and northeastern North Carolina. What are the unique challenges you face in this market?

We have hospitals in a variety of markets including in urban and suburban markets where there's high demand. There are fewer challenges in those environments. Some of our other hospitals are in rural markets where we face unique challenges in recruiting and retaining employees and patients alike. We take a tailored approach to developing our workforce in each of our markets to help address this challenge. Lately, we have been focusing particularly on how to develop sustainable care models that meet the community's needs while creating an engaging culture and environment for physicians and team members. There also is an interesting mix of patients in rural areas and we sometimes serve disproportional populations that can have a significant impact on how we plan operations, cost structure and budgeting. That said, overall Virginia is an excellent state from a healthcare perspective, including our good legislature and regulatory climate.

Sentara is a leader in developing a digital health strategy and platform. What is your perception of the role of IT in creating the healthcare system of the future?

We are thrilled to be a leader in digital health. Chief Information and Innovation Officer Mike Reagin and his team are doing a phenomenal job by, first and foremost, making it more than just an IT initiative through intentional collaboration with marketing, clinical and the health-plan teams. It's a system-wide initiative. IT's role is to serve as facilitator, organizer and catalyst and to bring technology to the table with partners that enable us to respond to the voice of the customer. Too many IT initiatives are designed around the provider and health plan; our team does a great job of designing around the customer. In my view, within the next three to five years, we'll be more like retail and banking with a significant number of transactions on IT and digital health platforms. In five to seven years, we will be incorporating more of the customer's personal health record details, especially as we continue to grow in our ability to leverage wearables and implantables for monitoring.

Howard P. Kern and representatives from the organizations receiving a portion of Sentara's $5.5 donation to Virginia safety net organizations.

Howard P. Kern and a group of his colleagues and government leaders.

We are trying to build our digital platform to be a regional leader and partner for national technology companies. We see a very significant and substantial evolution toward digital health as the communication platform between consumers, providers and health plans. What the big technology companies don't have is regional presence. They need partners. They lack trusting local relationships and a distribution function for care. As health systems, we'll have local and regional platforms so we can be a trusted regional partner, an easy plug-and-play distribution network in a regional market. It gives the big technology companies a trusted partner with access to consumers and patients. That's the vision and approach we are working toward.

In the near term, the digital priority is to connect patients and providers to create much easier and smoother access to information, scheduling and finding services associated with when, how and where they visit. Those things are not easy today. The strategy for the next two-to-three years is to create value through better connectivity between patients, Sentara and physicians. We're excited.

You recently wrote an article titled "What if Jeff Bezos ran Sentara Healthcare?" How close can Sentara get to the customer-driven value and efficiencies you highlight? What are your latest thoughts about disruptors like Amazon, Google and Apple in healthcare?

The critical component of what all of these disruptors are trying to achieve is true customer centricity. Jeff Bezos is fanatically customer-driven, and he is going beyond talking about it as a concept. He is constantly finding new ways to improve the consumer experience and build strong relationships by providing real value. Sentara does a great job in achieving customer satisfaction benchmarks, but we can always improve and we still have an opportunity to achieve better customer value. When I look at companies like Amazon and Google, I see the kind of customer obsession we need in healthcare. If we can apply the scrutiny that Bezos would on the value-chain that drives innovation in healthcare, there would be significant improvement around customer experience. The work we are doing today at Sentara is helping position us to do this in the future.

Everybody is focusing on the social determinants of health since they determine 80 percent to 90 percent of a person's health and well-being. What kinds of partnerships is Sentara joining to address issues like housing, food insecurity, transportation and isolation in the community?

We are looking very actively at the social determinants of health. The 80-percent to 90-percent influence is largely public health, including immunizations, access to healthy food and reduction in violence. We have several initiatives to help address these gaps in our communities. We also inject funding into the community to support existing organizations serving social needs, including free clinics, food banks and housing. We are committed to doing this for the foreseeable future as much as we can. For example, this year we have donated $6.5 million to food banks, federally qualified clinics and housing.

We also are planning ways to elevate the health of communities on a larger scale, especially in the area of literacy. We are developing programs for financial literacy and workforce training, especially to prepare people for jobs in healthcare. Another crucial initiative is our work in partnership with research institutions. There is a lot of concern about healthcare disparities and that healthcare services are not equal. For example, Eastern Virginia Medical School is studying where healthcare disparities exist and comparing zip codes. Why is life expectancy in one zip code 62 and in an adjacent zip code it is 80, and what can we do to fix the issues?

An aerial view of Sentara Heart Hospital and Sentara Norfolk General Hospital.

What do you believe the U.S. healthcare system will look like in five years? Ten years?

In five years our health systems will have made significant movement toward resolving challenges in Medicare and Medicaid. We also will be employing advanced predictability tools to improve outcomes and identify better practices. For example, we will be using artificial intelligence tools to better predict patient outcomes and flag potential complications that could lead to patients being readmitted. In fact, we are starting that work today, but it will become much more advanced in the next five and 10 years. The cost of care will reduce, but we will have an increasingly aging population that will require higher levels of complex care. There will be more businesses caring for seniors and keeping them well—this will drive growth of ambulatory and outpatient services. Overall, the future of healthcare is going to be rooted in the customer experience. Integrated healthcare systems must drive the process and infrastructure changes that will enable them to provide the most appropriate and highest quality of care to consumers when and where they want it and at the right value. Customer obsession will be essential for any healthcare system to be successful and thrive in the next decade.

~ Chuck Appleby
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