

Making progress amid the storm

THE ORGANIZATION

Ochsner Health System is a nonprofit, academic, multi-specialty, healthcare delivery system dedicated to patient care, research and education. The system includes 29 hospitals owned, managed and affiliated, and more than 60 health centers located throughout southeastern Louisiana. Ochsner employs more than 2500 affiliated physicians in more than 90 medical specialties and subspecialties, and has more than 17,000 employees systemwide.

RESULTS

Today, Ochsner is the largest private healthcare system in the Gulf Coast region, with:

- Significant growth via the Ochsner Health Network - serving 1 million patients annually
- \$3.62 billion in annual net patient revenue in 2016, compared with \$930 million in 2006

Sound management and leadership systems help Ochsner Health System prosper and grow in post- Hurricane Katrina New Orleans

Confronted by a perfect storm of challenges, a health system was able to find its path toward growth and financial health through proven management and leadership systems. The clarity and rigor that these practices impose on operational performance have the potential to help virtually any healthcare organization regain its footing, no matter what obstacles it faces.

It's a major achievement to expand from one hospital to 13 in just ten years with positive financial results. It's a testament to the leadership at Ochsner Health System that the organization could do so even as much of its home city of New Orleans was devastated by Hurricane Katrina, and other area hospitals stood on the brink of failure.

Ochsner's ability to stay focused on the future amid catastrophe has helped fuel the region's recovery by providing high-quality, cost-effective care for the community as well as job growth. At the time CEO Pat Quinlan, M.D., and President and COO Warner Thomas (now President and CEO) give a share of the credit to rigorous management and leadership systems developed with help from GE Healthcare.

GROWTH AMID CHAOS

When the relationship with GE Healthcare began in 2001, the organization consisted of a major physician group practice, a series of clinics, and Ochsner Medical Center. The hospital had an excellent reputation, but leadership recognized an opportunity to extend high-quality care to more of the community. The organization embarked on a growth plan, acquiring two community hospitals in 2003 and integrating community physicians into their employed physician model.

When Hurricane Katrina hit in August 2005, Ochsner was one of few area hospitals to remain open. It was difficult. Ochsner facilities sustained more than \$20 million in physical damage and more than half of the workforce turned over, as physicians and staff left the area. Additionally, uninsured and Medicaid patients increased by 50%. Thomas says the key to survival was the fast response from the organization's management staff. One team focused on running day-to-day hospital operations, while another began connecting with physicians in the area to provide assistance and rebuild the clinical staff.



Using its electronic medical record (EMR) resources, Ochsner could share medical records with physicians caring for patients in Houston and beyond.

Rather than retrench, Ochsner made the bold decision to step up its growth plan, acquiring four more community hospitals in distressed areas. With its expanding footprint came the need for more robust management systems and organizational processes capable of guiding Ochsner's transition to a regional health system. A larger issue was also on the mind of the management team: how to create a model of care for other organizations in the area that could help raise the notoriously low level of healthcare in Louisiana which, according to the United Health Foundation, ranked last out of all 50 states for the last 15 of 17 years. This would require creating an interconnected "system of care" that could better serve patients and drive health literacy and wellness in the area.

A COLLABORATIVE RELATIONSHIP

The Ochsner team turned to GE Healthcare for help in crystallizing its vision for regional healthcare and developing system-level strategic programs and detailed execution plans for each of their operating entities to drive alignment throughout the organization to deliver on that vision. The scope and magnitude of the turnaround initiative demanded a deep collaborative relationship between Ochsner and GE Healthcare. A team of GE advisers has been developing and executing on key programs since 2003 and the lead adviser is on-site 50 to 100 days per year. Moreover, Ochsner's management team has tested, fine-tuned, and adopted many of the leadership and management best practices that GE advisers recommend to other health systems.

RHYTHM AND RIGOR

Central to Ochsner's management system is an operating calendar with a rigorous strategic operating plan process, developed and perfected by GE Healthcare.

The operating calendar provides a framework for setting goals, formulating strategies, and building a playbook of specific programs and work plans. It also creates accountability with monthly operating reviews and quarterly strategic reviews in which key personnel share results and achievements. Reviews are designed to avoid lengthy exercises in drilling down into numbers. Focusing on actions needed to improve the metrics raises the level of the conversation and content.

"These processes have enabled Ochsner to create a repeatable way of doing business that is changing behaviors and instilling new habits," says Tim Butler, senior consulting manager with GE Healthcare Consulting. "By creating rigor and rhythm in how plans are created and carried out, Ochsner has been able to make progress toward its key goals almost self-perpetuating."

A culture of accountability ensures more in-depth items like quality metrics, patient satisfaction scores, human resource issues, and financial projections can be covered in monthly operating reviews in which division representatives meet with the executive committee.

"The operating rhythm and rigor GE Healthcare has brought us has significantly influenced our operating performance," Thomas says. "We review results weekly, monthly, and quarterly. Our monthly reviews are high-intensity discussions with each of our operating entities about whether we are on plan and what actions are needed to achieve our targets."

"As a result of the strategic planning process from GE Healthcare, we know our market and our business significantly better than we ever have. We have financial models and levers that we use to drive our performance. We have clear strategies with action plans for all of our divisions. Our capital spending is directly tied to our strategic programs and priorities."

Warner Thomas

President and CEO
Ochsner Health System

RE-ENERGIZING THE LEADERSHIP TEAM

A key event for the executive team was participation in the Leadership Innovation Sessions (LIS) Program led by GE Healthcare. In the midst of its three-year strategic planning initiative, Ochsner was looking for ways to inject new thinking, encourage greater collaboration across the system, and generate meaningful action around the strategies. First, the team crafted a new mission statement—"We serve, heal, lead, educate, and innovate"—reflecting the organization's goal of becoming a medical and academic leader that positively changes lives on a global scale. Next, the team aligned strategic imperatives to that vision to create an activation strategy that would shape the future of healthcare through an integrated health system.

"Ninety days after the Leadership Innovation Sessions, we had the entire leadership team, including physicians, re-energized around a new vision and mission for our organization. We created focused, strategic programs to drive our new direction and create better alignment with our physicians and management," Thomas says.

QUALITY, COST, AND REVENUE IMPROVEMENTS

The Ochsner management team closely tracks progress against key metrics and is seeing positive results in many critical areas. In 2016 alone:

- Ochsner was named one of the nation's 100 Top Hospitals and Top 15 Major Teaching Hospitals by Truven Health Analytics, ranked as a "50 Best Hospital" by U.S. News and World Report in Gastroenterology & GI Surgery, Neurology & Neurosurgery, and Ear, Nose & Throat (ENT) services, and performed in the top 5% in Clinical Quality per HealthGrades.
- Lean improvements have resulted in Ochsner's ability to take millions of dollars of cost out of the system.
- In 2016, Ochsner achieved "Best in Class" engagement of 45% actively engaged up from 30% in 2012.

"Focusing on process, content, and culture, as Ochsner has done, is a prime example of action-oriented leadership achieving high-quality results," Butler says.

STILL A JOURNEY

Looking ahead, Ochsner has expanded its leadership development and growth activities focusing on six strategic imperatives: people, quality, loyalty, stability, academics, and community. Those imperatives are supported by system-level, strategic programs, which include:

- Re-launching their leadership academy—the Ochsner Leadership Institute (OLI)—to develop the next generation of leaders
- Developing new models of community hospital alliances through service-line strategies deployed across the entire system
- Expanding the physician staff and building a "talent pipeline" for clinical and administrative staff to ensure success
- Creating an interconnected "system of care" to better manage community wellness and fulfill Ochsner's vision of delivering health, not just sick care
- Stabilizing financial performance to support future growth by taking \$40 million of incremental cost out of the organization through improved efficiency and reduced waste

"I truly believe the talent management and leadership development disciplines we learned from GE Healthcare helped us get through Hurricane Katrina and more effectively serve our community during that difficult time," Thomas says. Since then, Ochsner has grown to become the largest private healthcare system in the Gulf Coast region, with 13 hospitals, 75 neighborhood health centers, and more than 1,100 physicians. "We used to be 'the hospital by the river,'" Thomas says. "Now we are 'everywhere you need us.'"

