Earlier this year, AMGA hosted its 2019 Annual Conference along the shores of the Potomac River in National Harbor, Maryland. With approximately 2,000 physicians and health professionals representing respected medical groups and health systems across the country, attendees of the events were privy to more than 100 educational sessions and presentations on popular healthcare topics, including innovative care models, physician burnout, leadership development, virtual care, and practice management. Among the most highly rated of these sessions was Dr. Stephen Klasko’s discussion, “Bless This Mess: A Story of Health Care in America.” Speaking to a crowded room, the president of Thomas Jefferson University and chief executive officer of Jefferson Health decidedly reaffirmed why, in 2018, he was ranked No. 2 on Modern Healthcare’s list of Most Influential People in Healthcare and was the only healthcare representative on Fast Company’s 100 Most Creative People in Business.

Combining pop culture-based humor with deft insight, Klasko immediately got to the crux of his talk: “What I want to talk about is the future.” Of course, to talk about the future, Klasko first had to take an ironic look at the past.

“The first time that I ever had a chance to talk in the Washington area was in 1979,” he explained. “I was a senior medical student at Hahnemann University. I was the vice president of my class, and the American Medical Student Association had asked students to give a talk on what they were concerned about or what they thought was important about the future of medicine. What I talked about as a student was, ‘God, it seems that we ought to be able to get physicians to be more optimistic about the future. It seems like there was a lot of health inequities that nobody’s talking about. And oh, by the way, my bank just got an ATM. Why can’t health care do cool things like that?’

“So, here we are today in 2019 and, as the president of a two-campus university and the CEO of a 14-hospital system, if I was just talking in that same frame, I’d say, ‘Boy, wouldn’t it be nice if we could get physicians to embrace change and be more optimistic about the future? Why can’t we do anything to reduce health inequities? And how come I can be in my pajamas doing all my holiday shopping while watching Game of Thrones, but if I have a stomach ache, I still have to listen to 11 options to get an appointment next Wednesday?’ Really, not much has changed.”

In response to this stagnant homeostasis, Klasko imagined a world 10 years from now. While Kim Kardashian may be president and the Rolling Stones still performing as part of their “Walking Dead Tour,” health care has somehow managed to finally break the cost, access, quality, and patient experience curve through disruptive events and creative partnerships. To reach this potential destination, Klasko says, those in positions to do so must be willing to do the hard things when it comes to the delivery of care.
He continued, “One of my colleagues has said, ‘We’re delivering Star Wars technology in a Fred Flintstone delivery system.’ And for those of you who’ve been in the healthcare system as long as I have, when you see over 40 years the amazing things that have happened in how we care for an individual patient, and then you see over 40 years the lack of things that have happened around the consumerization of health care, while everything around us has changed, it’s because patients haven’t demanded it and we haven’t done it. That’s going to change.”

**Care Commoditization**

According to Klasko, he has several principal assumptions about the future of health care:

- Physicians and health providers will be paid based on quality, cost, patient experience, and outcomes.
- Hospital stays will become commoditized.
- Doctors and nurses will coexist, or at least cooperate with deep learning machine cognition entities.

As a result of these, artificial intelligence (AI) innovations organizations will need to select and educate humans to be better humans than the robots and not just make better robots.

Population health, predictive analytics, and social determinants all need to move to the mainstream of medical education.

Perhaps most significant is that consumers—i.e. patients—will be making the choices. They will become the boss.

According to Klasko, “The simple fact is, for the first time ever, we’re going from a B2B model to a B2C model,” where hospitals and providers no longer sell themselves to physicians and insurers, and employers no longer make decisions on behalf of individuals and families, but where providers sell themselves to consumers, and individuals make decisions on benefits, providers, and the course of care. The bottom line, Klasko concludes, is that hospital providers and physicians are going to be commoditized. In the face of this oncoming reality, the key is differentiation or diversification, and Klasko says that Jefferson Health has done a little bit of both.

To successfully achieve this transformation, Jefferson Health had to restructure what Klasko calls the “old math” model, one based solely on academic and clinical pillars, and expand it to include innovation and philanthropy, the “new math” model (see Figure 1).

“I got called before the faculty council and they said, ‘So, we’re no longer a university or an academic medical center?’ And I said, ‘No, we’re still that, but we’re going to move some of the money from the old math to the new math, because in the future, we’ll be able to take that new money from the new math and put it back in the old math.’”

This new philosophy and care model has been an undeniable success. Between 2013 and 2019, Jefferson Health grew from a $1.5 billion to a $6.1 billion entity and from 12,000 employees to 31,000 employees, and it is currently growing to an 18-hospital system.
Virtually Anywhere

Jefferson Health’s first success with its new model came from its investment in telehealth. To date, 70% of Jefferson Health’s non-ambulance visits utilize virtual triage in the ED. If a patient must move beyond this telecare, technology still plays a part through what are known as "virtual rounds," where family members are able to be broadcast into a patient’s room, enabling them to participate with the physician and patient in decision making, resulting in a new level of confidence and trust among all parties.

Additional technological innovations include one-click appointment reminders sent to a patient’s wearable device and a Metacritic-like app that allows patients to choose physicians based on what is important to them. The group’s ultimate goal, as Klasko explained, is to develop a healthcare system with no fixed address, to integrate so seamlessly into the digital landscape that patients stop using the word “telehealth” altogether, just as consumers have stopped using Target and Wal-Mart.’ What I’m trying to do is to have Jefferson Health based on our care and caring, rather than our location.”

Like a tech start-up or behemoth like Amazon, Jefferson Health has also learned to segment its consumers. “We talk about being patient-centered like there’s one patient out there,” said Klasko. “Well, the fact is if you talk to Amazon, they have 1,873,000 types of consumers whom they market to very differently. So, at Jefferson, we’ve just started out with six. For example, how we try to engage as a 64-year-old wearing five FitBits that measure every step he or she takes is going to be different than the way we would engage as a 32-year-old disengaged person.

“The new world is going to be about creating loyalty that goes much beyond when you’re sick, creating a seamless experience, giving consumers a single point of contact. At a retail conference, I said, ‘I want to be like Target and Wal-Mart.’ What I meant by that is when Amazon disrupted retail, there were a lot of stores that said, ‘Oh, we’ve got to be all electronic.’ There were others, like Macy’s and Sears, that said, ‘It’s afad. It’s stupid.’ Target and Wal-Mart said, ‘We’re really good at stores, but we’re also going to be in the e-game.’ We at

Robots and AI inherently lack the empathy, creativity, and ability to communicate that are essential to care providers.

Jefferson said, ‘We’re a great academic medical center. I want to be the best place to take care of somebody with pancreatic cancer, having nothing to do with our website or anything like that. But I also want to be the place where people can go and feel we can help them be healthy.’”

For Klasko, the goal is to get away from the standard triangle of health care—access, cost, and quality—and start thinking about how patients view it: a diamond of health care, where an organization provides them the ability to thrive and not have health care get in the way, to connect and have human relationships, to easily navigate on their own terms, and to understand what they need to do.

Wiser vs. Smarter

While technology is viewed as an invaluable resource, one that can and potentially will replace 80% of what doctors do in the future, in the future, robots and AI inherently lack the empathy, creativity, and ability to communicate that are essential to care providers. Unfortunately, as Klasko makes clear, in 2019, medical groups and health systems are still predominantly choosing medical students based on science GPA, MCATS, and organic chemistry grades.

““When we select and educate physicians, we’ve joined a cult around four biases: competitive bias, autonomy bias, hierarchy bias, and creativity bias. The creativity bias comes with an asterisk. We’re just as creative as anybody else, but when we ask businesspeople, entrepreneurs, how you got to where you are, creativity was number one, two, or three in 97% of the cases. When we asked physicians and physician scientists, it was always strategy, focus, discipline, and science. Think about that. If you think you’re creative and the world around you is changing, great! You’re going to do great. If a competitive, autonomous, hierarchal, non-creative being, you’re going to resist any change.”

Klasko argues that this absence of skill sets stems from a lack of targeted education. Physicians may be taught to absorb subjects like microbiology, biochemistry, and anatomy, but that does little to prepare students on how to manage change, or negotiate healthcare financing, or manage the intricacies of communication with a patient. Because a computer will never be as wise as a human, it becomes crucial to create wise physicians. To do this, Jefferson Health made the bold choice of completely erasing their objective criteria
after a medical student reached their minimums, and began choosing candidates based on self-awareness, empathy, communication skills, and cultural competence.

Jefferson Health partnered with Southwest Airlines because they used to pick pilots the way the majority of medical groups pick doctors. They’d put two people in a simulator and if you made it into the 95th percentile, you’d get to be a pilot. “Then, they realized that guys who successfully landed in the Hudson did so not because they were .02% technically better but because they could communicate differently and see the second- or third-quarter consequences of their decisions. So now, they put the two candidates in the simulator, they have something happen in the cockpit, and they see your first reaction and your first communication to one another.”

Being able to assess a situation in the moment is paramount to quality care for Klasko. As an obstetrician, he has seen many good physicians in his field who are great at memorizing what a chromosomal abnormality is and what the medical complications will be, but have no idea what it means to look at a future parent and alter their perception of what a perfect baby is in the face of that chromosomal abnormality. “The concept of really recognizing what we are doing to the humans in the room becomes really important.”

Beyond simply making physicians more empathetic and human, Klasko says, it is imperative for every hospital or medical practice to ready the next generation for the amazing change in culture that is occurring at breakneck speed. Preparing its students for what will happen 10 years from now, Jefferson Health has taken steps in its educational programs with Jefferson Onboarding Leadership Transformation (JOLT). Quoting Reed Hastings, Klasko said, “What is clear is that leaders must commit to champion change, to be transparent about their goals for change, to align their incentive systems to drive the change, and to make sure the work environments are flexible in a way that allows employees across the enterprise to achieve all their potential.” If you’re not doing those things, then the chances of you being ready for that very different future are much less.

Unsurprisingly, Jefferson Health has found that when it invests its time into the right people, who have the potential to be future leaders and mentors, it has had a significant impact, particularly in regard to physician burnout. When physicians and nurses feel capable of doing the things that they went to medical and nursing school for, they will be more productive and less susceptible to burnout, and have an increased ability to deal with difficult issues and situations.

**Smart Outside Investments**

Jefferson Health also successfully took on the task of diversifying its assets. The organization’s largest single net operating income from the past year has come from a wearable.

“We started something in our academic pillar called the Institute for Emerging Health Professionals,” said Klasko. “Out of the institute came the Masters in Cannabis Medical Education and Research. Beyond giving me a couple upticks with the students, it led to a $3 million gift from the Lambert Foundation out in Australia. About a year later, they call me and say, ‘Steve, our for-profit arm is called Eco fibre. We’re creating wearables. We have contracts with Nike, Under Armour, etc., and there’s this place called Philadelphia University, which has the top two researchers in the country around hemp and fashion designers. Do you know Philadelphia University?’ I said, ‘Yeah, we now own them.’ We traded that for 10% of a company, which is now called Hemp Black, because we believe that smart clothing will pretty much be the future and replace a lot of what we have now. So, they became an IPO that is valued at $500 million, and, again, we own 10% of it. So, the ability for me to go back to the faculty senate and say, ‘Remember what I said about the old math and new math? Our net operating income in our old math might have gone down from 3% to about 2%, but literally we’re going to put half of those dollars from the innovation pillar back to you and the old math.’”

Ultimately, when it comes to the future of health care, Klasko believes that without getting doctors and leaders to be more creative, the industry will be doomed. Closing his presentation, he shared his optimism for what lies ahead, with a small caveat: “We really, really have to start now,” he said. “There is no tomorrow.”