



What's Your Moonshot?

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Ascension's Post-Pandemic Strategic Plan to Transform Healthcare

Transcript

[00:00:00] Craig Cordola, FACHE: It causes us to have to rethink about how we reposition, how we think about, how we approach the work of our healthcare ministry so that we can continue to deliver care to the poor and the vulnerable, and also those communities that we serve. Our values call us to really transform healthcare and in doing that in a way that improves the health of the individuals and the communities that we serve. We know that in order to do that and live out our mission more effectively, we need to reach more people, especially those that are poor and vulnerable. Through that work, we identified what we would consider five core pillars.

[00:00:51] Larry Kaiser, M.D., FACS: Welcome to A&M's What's Your Moonshot podcast. My name's Larry Kaiser, and I'm a managing director in Alvarez and Marsal Healthcare Industry Group. I'm here with my co-host, former Secretary of the Veteran's Administration, the Honorable Secretary, Dr. David Shulkin. David, it's my pleasure today to welcome to the podcast, the executive vice president and chief operating officer of Ascension, Craig Cordola. Ascension, as many of you know, is a nonprofit Catholic Health System and the largest private system in the US. Their national health system operates more than 2,600 sites, including 142 hospitals in more than 40 senior living facilities.

Craig joined Ascension in 2017 and in his role as executive vice president and chief operating officer, he oversees the healthcare and business operations of Ascension, including all of Ascension's ministry markets, which serve communities in 19 states, in Washington DC, as well as Ascension's post-acute services. Craig also oversees consumer engagement efforts and leads the Ascension Environmental Impact Office and the ministry's efforts to achieve net zero carbon emissions and zero waste by 2040.

We're glad to welcome you to the podcast today, Craig, and we really very much appreciate your taking the time to do this for us. Welcome.

[00:02:13] David Shulkin, M.D.: Craig, thanks again for joining us. I think the obvious question when you are running a health system as big as you are with Ascension is thinking about what life looks like for Ascension after the pandemic or at least after it begins to really subside. How are you as the chief operating officer thinking about the way that operations are going to have changed for a system like Ascension in the year coming or even in the next several years coming?

[00:02:48] Craig: Yes, that's a great question. Obviously, very relevant. Just given the history of the past couple of years and, and candidly, I think my comments probably could be echoed across the country by most hospital and health system administrators, but there's no doubt that COVID changed our world and I think has changed healthcare forever, most likely and has changed leadership and it has clearly changed how we have to think about how we do work. Out of the gate, I think we have patient number three in our healthcare ministry

when COVID hit now two years ago. I'm very proud of how Ascension and all of our colleagues and staff responded to COVID.

We had two commitments from leadership, take care of our patients and take care of our associates. I'm grateful to say that every day we and our board supported us to show up to just that through really, really difficult times. At the same time, we know that healthcare over that past 24 months has changed as a result of what we've been through. Volumes are down across the board, elective procedures have been down across the board, ED volume, by and large, has been down, although that seemingly is starting to recover.

We also know that our costs have gone up dramatically during that same time period. Our labor costs have gone up, inflationary pressures as a result, and then what we knew was likely to happen, because we've been talking about it, is this move towards outpatient, more ambulatory. That has absolutely accelerated through COVID, in particular, in the ambulatory surgery space. All of that said is that clearly a lot of headwinds and so it causes us to have to rethink about how we reposition, how we think about, how we approach the work of our healthcare ministry so that we can continue to deliver care to the poor and the vulnerable and also those communities that we serve. We did embark on a pretty big strategic plan to try to address where we need to go at the healthcare ministry to better serve.

[00:04:50] Larry: Craig, you've touched upon a few things already and this focus moving inpatient care to the outpatient setting, some of that in fact has been propelled forward by the pandemic. As you know, we're talking about moonshot here, what are the key elements of Ascension strategic plan, as you just mentioned that you've done a strategic plan, and what are some of those focus areas going forward?

[00:05:16] Craig: Yes, so we started-- We're in the middle of the pandemic. We're trying to understand what we're dealing with today, but also still looking forward and so in late 2020, we assembled our team to start looking at our strategy for Ascension. Honestly, it was one of the first times, if the first time, we had a unified strategic plan across all of Ascension. Coming out of that, of course, we're going to stick to our mission and vision and values of organization. That absolutely remains unchanged. Our values call us to really transform healthcare and in doing that in a way that improves the health of the individuals and the communities that we serve. We know that in order to do that and live out our mission more effectively, we need to reach more people, especially those that are poor and vulnerable.

Through that work, we identified what we would consider five core pillars. One is around optimizing the clinical enterprise, which is focusing heavily on quality patient safety, really at the forefront of everything that we do. Enhancing our footprint, looking at some of these ambulatory aspects, virtual care, and looking at our hospital-centric footprint, determining what that should look like. A third pillar was around post-acute and at home, spending a lot of time looking at what's taking place in that post-acute care space. A fourth is around economic models and transitioning from the historical fee for service, more into value-based. Then the fifth pillar was driving a different approach that is more consumer-centric and providing more flexible options for our patients and families.

Then all of that is anchored in better data, IT, and quality infrastructure, and none of that happen without just a completely talented and bought-in workforce in ensuring that we have a great culture of workforce across all of our ministries. That became the framework for what is now our strategic plan as we look forward for the next three to five years.

[00:07:17] David: Craig, that's a pretty comprehensive plan. I don't think you left anything out of it. All the pieces fit together. Ultimately, though it is measured, I think, the success on how your patients that use your communities and your system feel about the experience. When you think about the customer experience or the patient experience, how are you

thinking about building a system that really works for patients? How do you know whether you're achieving that? What type of team and infrastructure you're building to accomplish that?

[00:08:00] Craig: Yes, terrific question. I think oftentimes in healthcare we drop back and think about the patient experience as measured by age caps or the outpatient metrics thereof and that's a piece of it, but what you're missing is what is the overall consumer experience from somebody that's touching your health system and, in our case, our health ministry. As part of our strategic plan, you heard my fifth pillar, it was all-around consumer experience and consumer engagement.

We had a role that was a vice president of patient experience but that's not consumer experience so we have now hired, just recently brought in a senior vice president for consumer experience. Underneath that, she has traditional patient experience, but then also all of our contact centers to where it's kind of an omnichannel approach to bring technology and phone and voice for our patients into a single location for multiple locations, covering regions in our case. She has a tremendous background coming out of the Disney organization, as well as out of aviation, zero healthcare experience.

My orientation for her was a bit exhausting because I was educating all things healthcare, but at the same time we wanted a different lens. We wanted somebody with a fresh approach looking how do you reduce friction? How do you increase access? How do you provide a better overall experience to our consumers and doing that across all platforms. It doesn't matter how patients and families or community engage with us, we want it to be a very seamless, integrated approach.

Then one thing we've already started, that now she will pick up, we started as a full salesforce across all of Ascension about six months ago so that is an underpinning now of our consumer engagement strategy so that we understand who's calling, what their background is, what touchpoints they've already had with us across our healthcare ministry so that we can be better prepared to address that patient or that family member's concerns before we even pick up the phone because we know who they are. It also gives us a great ability to share information throughout all of our associates that need that information and data, so that we can better meet that patient family's needs. We are investing pretty heavily to think dramatically different around the consumer experience.

[00:10:21] David: That certainly will be different than the way most people experience healthcare, at least, in the past. Another part of what you mentioned a couple of times already is this move towards the ambulatory setting. I know that you've been a big supporter and investing in ambulatory surgery centers. Can you talk a little bit about how that fits into the strategic plan?

[00:10:46] Craig: Yes, absolutely. Very similar to what I just described with consumer experience, our bigger play in our investment in ambulatory surgery comes directly out of our strategic plan. We decided that's where we're going to go ahead. Then you figure out what you're going to need to do to execute in that space. We looked at our portfolio of surgery centers, both outpatient owned, as well as joint venture partnered. We had about 70 joint venture or independently owned ambulatory surgery centers.

If you look at where that market's going and the spend and this migration towards outpatient, we felt like we were dramatically undersized as a result, and feel like we need to be probably at around 150 ambulatory surgery centers based on our footprint and geography and size. Then you have a question. Are you going to build that on your own? Are you going to partner? Are you going to buy?

We decided to go in, and last year in March, we purchased a portion of Regent Surgical Care. They were very aligned with our mission. They have a 21-year history of providing ambulatory surgery center platforms. We decided to play big in that space. That acquisition took place in March of 2021, and by December, we had already closed on 11 new ambulatory surgery centers as a part of that partnership. We expect to double that most likely this year. We're transitioning from acquisition or de novo mode and operation mode.

We will still be partnered with other joint venture surgery center partners across the country and in this space, but Regent is our platform. It's part of Ascension. It's also a third-party commercial working with other health systems. They do a great, great job. Great to work with and super excited about our ability to scale up pretty quickly and provide, we believe, a differentiated relationship and partnership with physicians in the communities that we serve.

[00:12:40] Larry: Craig, you've touched a little bit on this already. As we've said, the centrality of medical care really is moving out of the inpatient setting into that ambulatory setting, many of these procedures. Then beyond that, we're moving into the home really. What's Ascension's vision for home health and even hospice? Why is this important when you start looking at a total episode of care?

[00:13:04] Craig: Again, just a great question. This is an area as well that we know that the spend in healthcare, 25% of the Medicare spend, is end-of-life care typically. It's a very fragmented portion of healthcare. Unfortunately, right now, we discharge patients from the hospital and off they go somewhere into a home health. Most markets, if you're a home health company with 5% or 7% market share, you're the market share leader. It just shows how many people play in that space. When we look at that in context of our desire to manage a population, move towards value-based healthcare, provide a better experience and a lower cost for our patients that we serve, we felt like this is another area where we needed to step in and show up differently.

About two years ago now, we started looking at this space, both hospice and home health, of which we have and had portions of that already within our healthcare ministry but, again, very fragmented, pulled together an advanced illness thesis, and really spent time understanding what does that care experience look like in the home and/or through that hospice continuum and determine-- We thought we could do it better.

We partnered, in this case, with partial acquisition of, Compassus, again, another very experienced provider in home health and hospice space. They've been a tremendous partner with us, helping to rethink what that looks like and how we could come together, both Ascension and Compassus, and create something that is a better experience for individuals and families in the death and dying process.

It's a huge lift to think differently about that. One that we believe is very much in line with our calling in Catholic healthcare, something that we couldn't do on our own so Compassus was a great nectar point for us. That world has changed dramatically because of COVID. We're resettling back in now and trying to understand what we have in "the post-acute space," and then how we can partner with Compassus to deliver a different experience for both home care and also for hospice care.

[00:15:12] Larry: As you point out, when you start moving toward some of these more value-based care contracts, it is really that total episode of care and so much of that is that post-acute and what you can do in the home ideally keeping people out of field nursing facilities and actually, keeping them in the home. It's so critically important.

[00:15:34] Craig: I'm going to add one more point to that as well. Again, not noble but just to show what we're trying to do. We have partnered with the company as well, looking at

hospital at home in one of our ministries and just trying to understand what is that going to look like. We think there's utility there. We think it's a lower cost of care. We think we can provide good clinical care in the home. We are pressing on that and testing that model a little bit too, because of everything you said, Larry. It's total cost of care, trying to be better stewards of the spend and the dollar, reduce care and improve quality, which is really why we should be here.

[00:16:08] Larry: You've shared a lot with us today. One of the areas that I know is important to the ministry, is essentially focus on environmental sustainability and stewardship. Tell us a little bit about where you're going in that direction. I know you have some goals set for where you want to be a number of years from now.

[00:16:24] Craig: This has been a lot of fun work. Again, our ministry has been doing this work for 20-plus years. As I moved into this role in 2019, visiting with our CEO, Joe Impicicche, had an interest in trying to drive this work a little bit more. He was greatly supportive as was our board, which is fantastic. Based on that, we paused because of COVID for about a year. We finally picked that up middle of last year and came out and got very organized. We want to be in a leadership position in healthcare and achieve a net zero carbon and net zero waste by 2040.

We spent a lot of time internally talking about what does that really mean and can we achieve it? There's capital investment. There's infrastructure. There's P&L investment. We felt it was the right thing to do as part of our calling. At the same time, we think it's the right thing to do in the communities that we serve. It's the right thing to do broadly for the environment and so very excited about that work that we're doing, focusing on scope one, scope two, and scope three emissions, very delineated outcome metrics that we're driving.

It is also tied in toward executive goals, in particular, around greenhouse gas reduction over the next three years, and also municipal solid waste reduction in as well. Huge component for our organization and our healthcare ministry. I think you will see and hear a lot more about that over the course of the next few years as well.

[00:17:50] Larry: One thing for sure. I think both the vision and the mission of Ascension are very clear. It's very, very clear where you want to be. You clearly also have the size and the scope, as well as the breadth to truly fulfill all of these pillars that you put forward as part of your strategic plan. It's really been great to hear today from a huge system like Ascension, where you want to be and where you currently are. David, additional comment.

[00:18:21] David: Craig, I couldn't agree more with Larry. Thank you for sharing that. I think your goals and where you're going is really exciting. I think the rest of the country watches when Ascension does things. What I think is so unique about your approach is that you don't always have to do it alone. In fact, you go out and you look for partners that have been out there doing it and bring in different competencies than not-for-profit ministry like what you have, and yet you're able to keep your culture and drive those goals. I think that this is really a model that others should really take a hard look at as well. Thanks for being with us today.

[00:19:03] Craig: I appreciate that. I think all of us settle in and find our core competencies and what we can be great in. That's changing in healthcare. All of us are being challenged across all fronts. We want to stick to the sweet spot on what we're good at, which is providing high-quality care to the patients and communities that we serve, and obviously, a huge, focus on the poor and the vulnerable in communities and individuals. Where we can do that and we can do it well, we will. Where we need extra help to partner with, we're going to bring in the right partners to do that also.

[00:19:35] Larry: Craig, we really appreciate you being with us today. Thanks for taking the time. Great to see you.

[00:20:00] Larry: It's amazing the size of Ascension and what they're able to do. Obviously, with their faith-based mission they've made it very clear what the vision is and what the mission is. They certainly have the size to carry out these five pillars that Craig specifically mentioned. I think the fact that they've been willing to go out and partner with other entities in these joint ventures. They also, as I think you know, they also have a venture fund that they've been using to invest in applications that are useful in the healthcare industry and that really add to the kinds of things that we can do in terms of taking the best care of patients in the most cost-efficient and highest quality setting.

[00:20:55] David: Larry, I think you're right. Craig's a very impressive guy. I think you can hear the clarity in which he articulates the specific parts of his strategic plan and then has the ability to balance out both the mission, as well as understanding that you need to have the capital to continue to invest in the mission. Ascension is one of those organizations that has found that third stream of revenue coming from partnerships that they have with private equity firms and success in both spinning out parts of their organization that frankly now can serve both them as a customer but other health systems, as well as investing in bringing in systems like what they've talked about with the investment in Regent, in the Ambulatory Surgery Care. I think that other health systems really can look towards the Ascension model as one path to replicate to be able to support their own missions.

[00:22:01] Larry: I think the size gives them the opportunity to do that in multiple markets. I think, as you pointed out, they really are a model for what other health systems should aspire to. I think that, again, they recognize that there needs to be a shift to the outpatient setting. They recognize that what goes on in the home is critically important and they clearly have the resources to see that vision through.

[00:22:29] David: At the same time there's no guarantee, past success doesn't guarantee the future, I think. Craig, started by talking about all of the financial forces bearing down on organizations like theirs as a result of the pandemic that have been traditionally relying on inpatient revenue. We all know the staffing in these hospitals is not getting any better and costs are being driven up in terms of salaries, as well as other inflationary costs as Craig talks about. They're going to have to keep their eye on the ball to keep this going in the future.

[00:23:09] Larry: I think it's a challenging time for all health systems as you know. Everybody's experiencing the same thing. The standpoint of their cost increasing due to this pandemic, the situation with staffing. You look around the country, most of these systems are absolutely having incredible difficulty keeping staff and recruiting staff. I think these challenges are not going to- I think systems the size of Craig's are not immune if you will to the same challenges that are facing even smaller systems. They may have a little bit more depth to rely on but, yes, they are seeing the same challenges and will continue to face the same challenges as we emerge from this pandemic.

[00:23:54] David: One of the things that I think that Craig mentioned was that the pandemic is going to change healthcare forever and this issue may end up resulting in more consolidation in the healthcare industry. It may be a shift towards payers having more control it. It may not even be clear what the implications of this is for years to come.

[00:24:23] Larry: I would agree with that. I think it was valuable to hear from Craig today and again to hear somebody as high up in the organization as Craig, in an organization of this size, and for him to recognize the challenges as well, I think, was very valuable. I think it was a great session and I think it'll be valuable for our listeners.

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