

## THE HEALTHCARE CONUNDRUM

The Challenge and Opportunity of Change

By *Jim Champy*



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Healthcare is a business filled with so many smart and dedicated people, yet change has come slowly. Maybe change is difficult because healthcare is not “just a business” in the traditional sense. It is also a profession with an admirably high sense of purpose: improving the wellbeing of the human condition. And it’s a craft in which strong beliefs prevail about how care should be delivered. In such an undertaking, the risk of change is not easily tolerated.

At the same time, I have seen so many opportunities for improving the delivery of quality care while reducing costs. My own work with hospitals, doctors, HMOs, and insurers has revealed that:

- As much as 40% to 50% of every healthcare dollar is spent on antiquated, paper-based processes such as approvals, claims, and collections.
- Some hospitals have up to 40% of their initial claims rejected by insurers because of errors, requiring expensive rework and creating cash flow problems.
- In hospitals—where prescribing errors are often caused by unintelligible hand-written prescriptions—patients experience an average error rate of 2% in the proper prescription or dosage of drugs, and a near-miss error rate of 11%!

When I asked one major hospital how they were able to consistently reduce an astounding “near-miss” rate to a much lower prescription error rate, they responded that the quick action of competent, observant nurses allowed them to close the gap. Fortunately, a trained nurse knows when a drug or dosage is wrong for a patient. But patients should not be exposed to that risk. For these reasons, many hospitals already require all prescriptions to be entered electronically.

But in hospitals that have moved to electronic medical records, the transition from paper has been challenging. Not enough attention has been paid to how digitized records enable and drive changes in clinical work. Sometimes paper systems are left in place, and nurses complain that they must maintain both paper and digital records. And sometimes systems and processes are not well designed, causing doctors to complain that the technology is distracting—not helpful—to their mission of care.

The answer to these challenges is not to dismiss or blame technology. Information technology can help transform the delivery of healthcare. And the lives of patients and clinicians can be improved in the process. Besides, the current administration in Washington is committed to spending billions to digitize healthcare records, and we must not squander the opportunity to benefit from this investment. However, to do the job right, we need to keep two principles front-of-mind.

The digitization of the healthcare record is about both technology and process. As records are digitized, almost everything that happens in a hospital will change, from registering a patient to collecting on a claim, from what happens on a doctor’s visit to how the operating suite runs. I have even seen hospitals go through long debates about how phones would be answered once records are digitized: Should the process

now be centralized? Or should every clinician answer his or her own phone?

These are not foolish debates. Clinicians must be intimately engaged in the implementation of systems that move toward electronic records. And although it’s the administrative processes of a hospital or doctor’s office that will initially be improved by electronic records, it’s the patient experience and clinical outcomes that will be the most significant beneficiaries of technology. Doctors, nurses, and pharmacists must lead in rethinking how their work will be done.

The delivery of healthcare is a system whose improvement requires the collaboration

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of several players. This system will not be transformed until many interests are recognized and harmonized: the patient experience and outcome, the work of clinicians, the efficiency of insurers, the interests of government regulators, and the wallets of those employers who still pay the bills. Electronic records enable these interested players to be networked so that care, information, and money move more efficiently and effectively. The intelligent implementation of information technology will dramatically reduce the administrative—and sometimes wasteful—costs of healthcare that I described earlier, but an inclusive systems view is important. Systems and processes must be designed collaboratively, not imposed by one party on the other.

The challenges of healthcare delivery—accessibility, costs, and quality—will only be met if all parties in the system experience the benefits of change. Information technology and the electronic healthcare record are the great enablers of change. But it will also take the hands, minds, and hearts of clinicians to deliver on technology’s promise.



11%  
Near-miss error rate for proper prescription or dosage of drugs in hospitals



40% to 50%  
The estimated share of every healthcare dollar that is spent on paper-based processes



up to 40%  
The portion of claims rejected, in some cases, by insurers because of errors