

Skin in the Game

*How Putting Yourself First
Today Will Revolutionize
Health Care Tomorrow*

John Hammergren
with Phil Harkins



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John Wiley & Sons, Inc.

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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ISBN 978-0-470-26278-8

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

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Foreword

In 1988, I founded Linkage, Inc., a company with the primary objective to improve organizations worldwide through the development of strong leaders and leadership teams. Since then, we have partnered with companies worldwide from virtually every industry and have concluded from our studies that it is effective leadership that transforms organizations, and in some cases even industries. Further, we have learned that radical change doesn't happen through evolution. It is leaders who blaze the trail forward to real change by taking charge and putting skin in the game. From early on, Linkage, Inc. has held close ties to the health care industry, and I consider myself lucky to have interacted with and served some of the finest hospitals, providers, insurers, universities, and distributors from all over the world. It has been amazing to observe the great care, the advances in medicine, and the totally dedicated leaders who take on the challenges of delivering health care to now more than a quarter of a billion people in the United States.

It was almost 10 years ago that I first became acquainted with McKesson Corporation, a health care services company with over \$100 billion in sales and an international company with a grand vision to

facilitate an American health care revolution. Over the past decade, I have become familiar with the leadership and rich 175-year history of the company, largely through my close working relationship with John Hammergren, McKesson's CEO.

Several years ago John and I discussed his views on the state of American health care, and what needed to change to avert the looming collapse of the system as we know it today. I was struck with his clear thinking regarding what was in store for our nation's future and his strong leadership around the steps we should take to reinvent health care in this country.

John and I were both tired of hearing how bad health care was in the United States and even more suspicious of the quick solutions that seemed to end up with "Let's move to a government-run system." In fact, it had become our strong conviction that health care in America is not broken; it is stalled, stuck in place, and needs a big push to get it going again. I was so inspired by my discussions with John that I encouraged him to offer his message in a book and thereby inspire the health care debate in a larger way. I pledged my personal time and the considerable resources of my company to co-write this book with John.

Skin in the Game is the result of our efforts.

Throughout the chapters that follow, it will be John's voice and conviction that you hear telling the story of American health care, backed by the findings of an independent research team set up specifically for this project. Our study began close to home with the McKesson story, which is fascinating in its own right and provides a colorful backdrop for the chain of historic events that have helped shape our health care system over the past two centuries. Along the way, we examined all areas of what has come to be our health care industry and discovered a number of guiding principles, most notably a simple, overarching goal for which to strive: *accessible health care for all that is cost-effective, safe, reliable, and patient-centered, provided in a way that encourages improvement in quality and delivery and the quest for new medicines and best practice standards.*

This is what we all want. Yet this goal can be realized only with the help of strong leaders who have the conviction to see us through the dramatic changes that will reshape the country's health care system in the coming years. That's why we have called this book *Skin in the*

Game—because it’s going to take the personal involvement and support of each and every one of us to get things going and keep them going in the desired direction.

Each of us will at some point in our lives be touched by the health care industry. My own story is typical. A dozen years ago, my wife of 30 years was taken from our family because of the onslaught of an aggressive leukemia. She received the best care available at the time during her long fight, yet I know that the treatment she received then is already considered ancient history today. In just a few short years we have witnessed incredible advances in treatments that have and will continue to grant us longer, healthier, and more fulfilling lives. I want to see this trend accelerate tenfold in the future because I don’t want to see future generations of families go through the same painful loss I experienced. This book is a wake-up call for anyone not currently involved in this important national dialogue.

We did not write this book for the sake of publicity or for monetary gain. In fact, all of our proceeds from the book will go to charity. Our motive is to take advantage of a rare opportunity to share a solution-based point of view, one that will bring about continuous, measurable change that will noticeably improve our lives over the next few years.

Throughout this book, while telling the story of health care, we have made an effort to lay out the most important actions that citizens and leaders alike must undertake to actualize the aforementioned common goal. We must get the right people involved doing the right things, and we must outline and execute a plan of attack that gets us to the place where we ultimately want to be. These steps are universal and have been taken countless times in many other industries. Now is the time for us as a nation to take control of our health care industry, and the only way to do that is by getting personally involved—or, in other words, putting some skin in the game.

—Phil Harkins

Acknowledgments

There are customarily acknowledgments in books that recognize those who made contributions. This book has so many to acknowledge that it will not be possible to list all who provided input, ideas, perspective, and information along the way. There were medical care providers, academics, scholars, policy makers, thought leaders, and researchers—entire teams of very important contributors including:

Our Original Team

All good things begin with a powerful group who organize thinking and delineate clear paths to get work done. This began one weekend over 18 months ago when a core team gathered to discuss the scope of our thinking around health care. We believed that a clear message around the American health care system—an optimistic viewpoint that focuses on achievable solutions—was much needed. We concluded that the story of our health care system in itself is a rich and interesting part of the American culture, and that many of the answers we seek are embedded within this story. We knew it would require this task force to keep

teams of researchers, writers, and organizers engaged and committed. Without this group there would not be a book.

We especially wish to thank Paul Kirincic who believed so deeply in the project and stayed committed—working side by side with the various teams and becoming a passionate champion for everyone involved. Paul, you were the true believer. Thank you for your ideas, hard work, and valuable input. You were the glue of our team.

At the meeting, Keith Hollihan, an accomplished author and master of historical prose, participated and offered immeasurable advice and perspective. He spearheaded the proposal and drafting of many of the exciting narrative stories. There would be no book of this quality without Keith.

B.G. Dilworth was a considerable force in grounding our team with clarity from which we were able to present our ideas to our publisher. He acted as consultant, guide, proofreader, and counsel throughout the entire process. Thank you for never giving up on us, and for your confidence and strength.

Our editor, Deb Englander, from John Wiley & Sons, believed in our concept, supported our efforts, and helped us through the rigorous publishing process.

Our research team proved to be an outstanding group and a firm link to the historical truths that define our clear message around health care. The complexity of the American health care system is world known. We knew it would take a special team of tireless warriors who would dig in and uncover the most prescient evidence to support the very principles of the book. From them we found notable stories that we believe enliven our collective message—stories like “The Abigail Story” and the account of the notable Dr. Codman who had the answer before our country was ever ready. To our team: so much thanks to Stacy Thayer, for a year of invaluable work, and to Justin Bourke, for nights, weekends, and non-stop effort on this project. And thanks as well to Jeff McCusker, whose resourcefulness made an immeasurable impact for the team.

Those Inside of McKesson

The McKesson executive team’s ideas and thoughts have guided the content of this book from the very beginning: Jeff Campbell, Paul Kirincic, Paul Julian, Marc Owen, Pam Pure, Laureen Seeger, Randy

Spratt, Patrick Blake, John Figueroa, Duncan James, Domenic Pilla, Nigel Rees, Emad Rizk, Sunny Sanyal, and Brian Tyler.

There were a number of additional dedicated individuals from McKesson who deserve heartfelt appreciation for their time and professional advice: Billie Waldo, R.N., Giovanni Collela, M.D., Jackie Mitus, M.D., Mary Beth Navarra, Michael Fillion, Michael Myers, Paul Work, Sandeep Wadhwa, M.D., Tim Canning, Tim Caver, and Tom Leonard.

And we acknowledge the more than 30,000 employees of McKesson, as they enter the company's 175th year in business and place their own mark on health care.

Those Outside of McKesson

Special thanks to the board members, especially Dr. David Lawrence, who provided invaluable information, a wealth of input on the front end, and then went beyond expectations and helped enormously to shape the final writing through his careful reading, edits, and critical review of the text.

And to the hospital administrators and health care representatives who not only contributed through their sage input and advice, but contribute every day by serving as an unshakable example of the best aspects of the American health care system.

These core providers, administrators, managers, and policymakers took the time to share their solutions and gave us help in piecing together our message: Brian Day, M.D., Debra Gibson D.TCM, L.Ac, Colleen Brophy, M.D., William Stead, M.D., Darrell Kirch, M.D., Philip Alexakos, Jeffrey Brickman, Joseph Perras, M.D., Laine Dilworth, Phillip Rodgers, M.D., Robert Perras, D.C., Stephen Alexakos, Jayne Morrissey, Mike Halter, John Lloyd, Edward Schottland, and Nahum Vishniavsky, M.D.

Finally, thanks to those that read and edited materials and drafts, and challenged us with their sound advice and unwavering commitment to quality: Diane Cierpial, Wendy Hammergren, Ellen Rosenberg, and Kate Rohrbach.

Introduction

A Thousand Miles of Health Care and the Last Two Feet

Where I grew up in small-town Minnesota, we had convenient, local, personal health care. The family doctor, the local hospital, and the pharmacist on Main Street were all connected. They all knew each other, and they all knew me. Health care was not perfect. Human error was a major part of the gamble. Medical practice lacked today's medical science. We didn't know as much about prevention and wellness in those days. If you needed special treatment, you were looking at big out-of-pocket expenses, and probably travel and extended time away from home, since the advanced facilities and surgeons were almost exclusively housed in major cities. Living to age 65 in decent shape was considered a pretty good life, and if you got seriously sick or were chronically ill, things were grim.

I saw a lot of the apparatus of health care, firsthand and from the bottom up, as a young teenager. My father was a traveling medical supply salesman. He fostered connections with hospitals, doctors, and pharmacists all over the state, and in the summers I would sometimes