

Transcript of Audio - Leadership in an evolving health care system
Katherine C. Nordal, PhD

Dr. Nordal:

On behalf of the staff of the APA Practice Directorate and APA Practice Organization, I want to personally welcome you to our 28th State Leadership Conference. We are indebted to all of you for the work you have done and will continue to do for the profession.

I know that this State Leadership Conference experience will leave you exhausted, but invigorated and feeling empowered as leaders to be part of the solution to the health care challenges facing our nation and our profession.

My first address to you as Executive Director for Professional Practice was two years ago, when members of Congress were in the throes of debate about health care reform. I talked with you then about psychology's unique role in health care and our inefficient and fragmented delivery system with its ever-rising costs and variable quality. I discussed the need for expanded access to care for 46 million uninsured Americans and for a more integrated and coordinated system that pays far more attention to prevention and wellness care.

As I emphasized in my 2009 keynote, psychologists have a unique role to play in the prevention and management of chronic disease. We are the experts in behavior change. Our interventions prevent unnecessary disability, help workers keep their jobs and improve quality of life.

Clearly, psychologists have the training, skills and expertise to play vital leadership roles in a health care system that faces considerable challenges.

In keeping with our [2011 conference theme](#), my speech is titled, "Leadership in an Evolving Health Care System." More now than ever before, you and your colleagues have critical roles to play in serving as leaders for professional psychology.

Each of us has a responsibility to help other health care professionals understand what psychologists do and the many contributions we can make to the health and well-being of our citizens and the nation. We are undervalued by many health care professions that see the health care teams of the future composed of physicians, physician assistants, nurses and other physical medicine providers.

If we want to be valued as a health care profession and included as partners with other disciplines, we must be visible in the broader health care arena and willing to assume leadership positions. If we abdicate leadership roles, we give others power over our future as health care professionals.

While leaders demonstrate numerous attributes, let me highlight just a few: curiosity; competence; dedication to goals; creativity; motivation; and courage.

Leaders are dedicated to translating these qualities into action. They take a stand for what they believe in and work to convince others to think and act differently. Driven to finding better ways of doing things, leaders take paths that others fear to tread. They empower people by providing skills and guidance that enable moving forward. And they work at building strong relationships with others, inspiring trust and confidence in the process.

Leadership is not just about performing a job: It's about making a difference. To serve as effective leaders, we must understand the context for our leadership roles—

namely, the changing health care system and particularly, the impact of the [Patient Protection and Affordable Care Act](#) that President Obama signed into law last March.

The Affordable Care Act resulted from months of intense Congressional action and serves as a reminder that fundamental legislative changes do not happen overnight. Congressional tinkering over the 75 years since President Roosevelt attempted to enact national health insurance has yielded little by way of major change in health care programs, except for the addition of Medicare and Medicaid by President Johnson and the addition of Medicare coverage for prescription medications by President George W. Bush.

The new health care reform law is more than just a big change. It promises to be transformative. The old framework is disappearing. We don't really know what the new normal will look like, and that uncertainty creates angst among consumers and health care providers in all fields, including psychology.

The Affordable Care Act – which preserves our system of private, employer-based health coverage – embodies many changes that experts believe will positively impact patient care.

It provides for:

- Significant innovation with a focus on improved patient outcomes achieved through integrated care systems;
- Fundamental payment reform, including capitation and bundled payments;
- Expansion of pay-for-performance, where payment will be linked to outcomes in outpatient care;
- Refocusing the system on wellness and prevention; and
- Levels of transparency and accountability never before demanded of our health care system or its providers.

The Affordable Care Act provides for expanded coverage to include 32 million additional Americans and a number of insurance market reforms. Importantly, the federal health care reform law also [incorporated the Wellstone-Domenici mental health parity provisions](#), mandating that mental health services must be included as basic services in Medicaid programs.

Mental health services are no longer optional and must be provided at parity with physical health services.

And the Affordable Care Act provides for health insurance coverage for more U.S. citizens through:

- Expanding Medicaid eligibility;
- Developing health insurance exchanges;
- Requiring individuals to have insurance coverage; and,
- Imposing fines on employers who do not offer coverage.

The Department of Health and Human Services is the principal federal agency in charge of implementing the Affordable Care Act. Secretary Sebelius is committed to transforming health care by:

- Increasing insurance coverage and making coverage more affordable;
- Reducing health care costs while promoting high-value, effective care;
- Emphasizing primary care, prevention and wellness;
- Improving health care quality and patient safety;
- Ensuring access to culturally competent care for vulnerable populations; and
- Promoting coordinated, evidence-based care for individuals with behavioral health issues.

The Department has initiatives focusing on the promotion of early childhood health and development; helping Americans achieve and maintain healthy weight; preventing and reducing tobacco use; and accelerating the process of scientific discovery to improve patient care.

Psychologists can make substantial contributions in all of these areas. Experts believe that without integrated care and a revamped payment system that we have no hope whatsoever of slowing the cost trajectory or accommodating any increase in services for 32 million more insured Americans.

With the new health care reform law, there is a focus on both public and private sector delivery system innovation, such as through medical homes and coordination of care. Payment reform will emphasize a transition from fee-for-service to global fees and salary-based payments aimed at slowing cost growth.

Accountable Care Organizations, or ACOs, are strongly encouraged under the new health care reform law as a model for developing delivery systems. The Centers for Medicare and Medicaid Services defines an ACO as “an organization of health care providers that agrees to be accountable for the quality, cost and overall care of Medicare beneficiaries who are enrolled...” While it is unclear exactly how ACOs will be structured, large integrated systems that directly employ physicians most likely will be the first to evolve into ACOs.

These systems, including multispecialty groups and hospital systems, care for large numbers of individuals and account for a sizeable portion of our health care expenditures. About 5,800 hospitals account for 30 percent of all health care outlays in the U.S. Because of their size and capacity for integrated service delivery, they will play a huge role in setting standards and driving practice trends. For example, increasingly, these systems are purchasing solo and small group medical practices. Many large systems of care have made huge strides in health information technology infrastructure, and they will lead the field in producing and using evidence in clinical decision-making.

Despite the promise of these systems, very few now exist. Most parts of the country have no such integrated care systems, and only an estimated 15 percent of physicians are currently affiliated with them.

The implementation of ACOs faces major challenges because most physician practices are solo or small group independent practices and because fee-for-service remains the dominant payment model. In addition, the ACO model may be difficult to apply to solo or small group practices due to a lack of capital to invest in electronic health recordkeeping systems.

The quality improvement training for staff required of ACOs poses yet another obstacle. Simply put, ACOs demand resources that solo and small group practices just do not have.

The patient-centered medical home is another model of service delivery being tested as a result of the Affordable Care Act. The model is similar to ACOs in focusing on comprehensive, integrated, team-based care – although patient-centered medical homes generally are envisioned as functioning on a smaller scale than ACOs. That means they might be more accessible to psychologists currently in solo and small group practices. The concept of patient-centered medical homes makes intuitive sense. But we don't know what populations the model will best serve and whether it will result in cost savings.

This month's issue of the *Health Affairs* journal reports on the first national demonstration project of the patient-centered medical home. Thirty-six mainly small, independent family practices were selected for transformation into patient-centered medical homes.

According to the demonstration project report, even with expert consultation and other outside assistance, two years was insufficient to implement the paradigm shift embodied in the patient-centered medical home model. The attempted implementation of "teams of care" requiring new roles of health care professionals proved to be a major challenge.

So did the poor interoperability of current health information technology. Clearly, electronic health recordkeeping systems must become more reliable, less expensive and more user-friendly than the models now in place.

Despite the limitations of our current delivery system, leaders in private sector health care see opportunities for innovation and change as our health care system evolves. *Health Affairs* Editor Susan Dentzer, our SLC keynote speaker in 2009, interviewed Glenn Steele, CEO of Geisinger Health Systems in Pennsylvania, last June.

Steele suggests that we move to a payment reform model where insurance companies do better only when the health status of their insureds improves, rather than perpetuating the model where companies make money off of the difference between what they collect in premium dollars and what they pay out in claims. Achieving that outcome will require payers and providers to work together very differently than they have in the past.

Steele suggests that we might start by looking at high utilization of services by high-cost groups of patients. Providers and payers should then work collaboratively to gain consensus about optimal outcomes and ultimately determine what incentives would be appropriate for achieving those outcomes.

Further, Steele argues for a fundamental change in clinical delivery models, noting that we should learn from everything we do so that a system thrives on continuous innovation— just like strong leaders do! Without innovation, Steele believes an unsustainable cost trajectory will lead ultimately to cost controls— and none of us likes those.

Aside from Geisinger, there are other large private systems leading the way in innovation, including Intermountain Health Care; Dartmouth-Hitchcock Medical Center; Mayo Clinic; Cleveland Clinic; and Denver Health. We would be wise to engage our psychologist colleagues in those systems to help us educate practitioners about future opportunities for psychologists in our evolving health care system.

While the Affordable Care Act offers the potential to positively impact health care, we have a lot of work to do as regulations are implemented at the national and state levels. Implementation of health care reform may offer yet another test of our political system as Democrats and Republicans play out their very different health care visions.

The federal health care reform law does not create a new system but does fill gaps in our existing system. It is a product of both a fragmented political process, which compels compromise, and our fragmented health care system, which limits reformers' options to move away from the status quo. Strong leadership will be required to realize the potential and promise for health care reform.

Fixing our broken health care system will require courageous and innovative leadership on all fronts. There will continue to be strong reasonable voices all along the political spectrum that disagree about what changes are necessary, how to fix what's broken and how to pay for the fixes.

Among the guiding principles embodied in the Affordable Care Act are that evidence-based care should be delivered by interdisciplinary teams and that patients should be embraced as part of those teams. This new approach will require a huge shift in our current health care culture, which values quick and easy fixes over the hard work required for solutions with staying power. A good example is the increasing reliance on medications as a first-line treatment for mental health disorders— even though we know that psychotherapy is often at least equally efficacious and, unlike medication, has positive effects that endure beyond treatment.

Another required shift in the health care culture involves moving from autonomous practice to team-based care. As experience with the initial national demonstration project of patient-centered medical homes suggests, this transformation will be difficult to achieve.

When it comes to making changes resulting from the Affordable Care Act, states are in the driver's seat. The states are not just participating in health care reform: They are leading it. Moreover, states directly regulate the practice of health care professions and the health care workforce. State-level policies and practices will determine whether health care reform results in increased access and more affordable care.

Under the Affordable Care Act, states have particularly important roles regarding Medicaid expansion. Each state has substantial flexibility to determine the final form of Medicaid as carried out in its jurisdiction. States are expected to revise their Medicaid program eligibility rules to accommodate another 16 million beneficiaries and reach everyone who lives at or below 133 percent of poverty. Further, as a result of the Affordable Care Act, states are tasked with creating health insurance exchanges and new rules for insurance companies.

Health care reform comes at a very difficult time for our states, which are suffering from high rates of unemployment, severely depressed revenues and increased demand for services, including Medicaid. With their budgets in the worst shape since World War II, states anticipate shortfalls of more than \$136 billion over the next several years.

As states' budget woes worsen, many newly elected governors seem to favor paring back Medicaid. Several states may bid to drop out of the program altogether and give Medicaid recipients vouchers to purchase private health insurance or move more recipients into managed care plans to cut costs. Many states see managed care as the most viable route to controlling costs, despite issues about access to care and adequacy of provider networks. As our members have all too painfully experienced, the application of managed care "cost controls" often results in reverting to payment levels from years ago.

The Affordable Care Act also puts the onus on states to be innovators in creating new models though medical home grants and other integrated care initiatives. We don't know exactly how these programs will take shape. But SPTA leaders need to be involved to help ensure that emerging models of care at the state level include behavioral health and psychological services.

If we aren't at the table, it's because we're on the menu.

Changing market demands in health care mean we need new models for delivering services in a more agile, responsive and effective way. Some states have empowered psychologists and other health care professionals to compete more effectively in the health care marketplace. For example, the Washington State Psychological Association successfully advocated years ago for a change in state law that enabled psychologists to form interprofessional group practices. Such practices are in a better position than single-discipline practices to contract with health plans in order to deliver services to populations of patients.

The success of health care reform will depend upon collaboration among regulators, insurers and providers. Success hinges on an approach to regulation that is flexible enough, particularly on antitrust issues, to ensure that these groups can cooperate to pursue the goal of providing access to high quality health care at a cost the public can accept.

Those who attended the Monday morning plenary on the future of behavioral health care heard from insurance industry stakeholders and leaders, including a state insurance commissioner, a managed care CEO, the director of a large public behavioral health care system, and the vice president of a national organization representing the interests of the employer community.

This community clearly is a major stakeholder in the evolving health care system. They make the decisions about what kinds of health care benefits to offer to their employees. Employers want improved quality, safety and efficiency. They expect evidence-based health care achieved through provider contracting, benefit plan design, employee decision support and public policy advocacy.

As contracts are set, vendors will be selected and rewarded for incorporating evidence-based practice. Through benefit design, differential coverage will encourage effective care with coverage tiers based on strength of the evidence. Network selection will be based on performance. Employee cost sharing will encourage the use of high performers. Health care providers, hospitals and networks will be recognized for excellence and receive higher payments.

Given this climate, health care professional organizations are seeking to better position the providers they represent as valuable contributors to health services delivery. This past fall, the Institute of Medicine and the Robert Wood Johnson Foundation released a visionary report, "The Future of Nursing: Leading Change, Advancing Health."

Nursing is the largest group of health care providers in the United States, with more than 3 million registered nurses and approximately 140,000 advanced nurse practitioners. The report proclaimed that nurses "should practice to the full extent of their education and training" and that their "contributions to the health care team should be maximized" through such strategies as updated and standardized scope-of-practice regulations and implementation of "specific

regulatory, policy and financial changes that give patients the freedom to choose from a range of providers, including advanced nurse practitioners, to best meet their health needs.”

That’s quite a powerful endorsement of the perceived value of nurses to our health care system!

As psychologists continue to face challenges on numerous fronts, it’s obvious that we too will have to transcend traditional roles and practices, begin to embrace new skills and occupy largely foreign positions in order to help ensure the future growth and success of our discipline. As important as we think we are to health care, and as much as we value the skills we bring to alleviating pain and suffering, psychologists are small in number compared to other health care practitioners.

According to the U.S. Bureau of Labor Statistics, our health care system includes around 600,000 physicians, 3 million nurses and 200,000 pharmacists. In the mental and behavioral health realm, we have approximately: 30,000 psychiatrists, 347,000 licensed clinical social workers, 4,200 psychiatric advanced nurse practitioners, almost 55,000 licensed marriage and family therapists and more than 120,000 licensed professional counselors.

And we have about 108,000 licensed psychologists; only 16 percent of the behavioral health care workforce. That means that the chances of any one patient ever meeting a psychologist are very small indeed. So, to ensure that psychological perspectives inform health care more widely, we need to work differently: in an interdisciplinary fashion and as leaders, team members and consultants.

Employment for psychologists is expected to grow 12 percent from 2008 to 2018, about as fast as the average for all occupations, with job prospects in health care best for those with a doctoral degree from a leading university in an applied specialty such as health or counseling. Psychologists with additional skills in quantitative research methods, program design and evaluation, and information technology may have a competitive edge over applicants without that background.

The demand for clinical psychologists also will be fueled by rising health care costs and greater incidence of chronic illness associated with unhealthy lifestyles that involve smoking, alcoholism, drug addiction and obesity. Currently about 75 percent of all health care dollars in the United States are spent on treating chronic illness, which continues to increase among individuals in mid-life and early old age.

The growth in chronic illness makes both treatment and prevention more critical than ever before. Individuals with chronic conditions require ongoing attention to manage symptoms and prevent complications and co-morbidities. As I mentioned early in the speech, psychologists are particularly well suited to help meet the growing health and mental health needs related to chronic illness.

The rising elderly population will increase the demand for psychologists trained in geropsychology. Further, the need for psychologists to work with veterans and their families will continue to increase. And the growing number of employee assistance programs should lead to employment opportunities for clinical and counseling specialties.

Industrial-organizational psychologists will be in demand to help boost worker productivity and retention rates in a wide range of businesses. I/O psychologists will help companies deal with issues such as workplace diversity and anti-discrimination policies.

Companies will also use psychologists' expertise in survey design, analysis and research to develop tools for marketing evaluation and statistical analysis. These new opportunities in emerging systems of care call for a new kind of leadership.

There are several key concepts that we must understand and accept – and encourage our colleagues to embrace – if we are going to provide the leadership our discipline needs from us.

If you don't recall anything else I say this afternoon, you need to remember the following three mantras to guide us along the road ahead.

First: Performance matters

We all work hard, but what really counts are the patient outcomes that result from our treatment. Many psychologists view with skepticism the use of performance measures by insurance and managed care companies. The measures are often seen as instruments used to limit or restrict care, or to evaluate clinical competence.

We are quick to challenge performance data and the methodological problems associated with them. But we are also a discipline that highly values data and is mesmerized by it. So perhaps we need to be part of the solution here and work to ensure that performance data is indeed psychometrically sound– and used for the right purposes.

We do good and important work, but we will have to work differently in the future if we want to be valued as team members in the health care system. Delivering even better care, with improved outcomes for our patients, is in everyone's best interest. Solid, well-developed, psychometrically sound performance measures not only help us provide better care. They also, if made public, may help us grow our practices.

Here's the second key concept: "Value" is not a bad word

We make purchasing decisions every day and we expect value in the products that we buy. Should our patients expect anything less from us?

In some markets, insurers are already incorporating cost and quality indicators in insurance product design so that patients will have to pay more, or might not be covered at all, if they want

to see physicians or other providers who are more expensive, less efficient or in lower quality groups.

And my third point: Improving performance requires teamwork

As an individual clinician, I have limited impact on my patient's outcomes. Coordination, information-sharing and teamwork across providers and disciplines, including the patient and his or her family network, are necessary for improved outcomes and value.

However, teamwork does not come easily to many psychologists, who have been trained for "independent" practice and who believe that autonomy is critical for providing quality care. Many have not been trained to work as part of an interdisciplinary team. We need the humility to understand that we are more likely to thrive in integrated practices and that embracing teamwork will help us provide better care.

Again, here are my three takeaway points;

- First, performance matters;
- Second, value is not a bad word; and,
- Third, improving performance requires teamwork.

This shift to value-oriented, performance-driven, team-based health care will require us to adapt or even change some of our ways of working that are embedded in our education and training. Change is and will be difficult, particularly for those of us who have been practicing for a while. And these changes will have a significant impact on how we train the next generation of psychologists.

Training needs to adapt its focus and emphasize evidence-based practices, lifelong learning and interdisciplinary team-based care. The big health care system redesign changes will take time.

I do not believe that independent practice or the fee-for-service payment system will disappear completely in the near future. Eighty nine percent of all physicians work in solo practice or small group practices of 10 or fewer physicians. And approximately 51 percent of our APA practice members are in full-time independent practice, although that number is decreasing.

Defending the status quo is no longer a viable strategy if we are to remain a viable health care discipline! The push for increased value and better patient outcomes will continue to be emphasized and rewarded by the employer and payer communities.

For psychology, moving beyond the status quo often means moving outside of our comfort zone. It means re-evaluating our professional roles, whether in private or institutional practice, and envisioning innovative ways of assuming leadership roles and shaping the future for our profession.

In shaping that future, we must continue to cultivate and nourish the strong partnership between the APA Practice Organization and the SPTAs represented at this State Leadership Conference. As I mentioned in my SLC speech last year, when we collaborate, we tap into an energy that we can't generate on our own and we achieve results that can't be accomplished when we work alone.

A steady pipeline of well-prepared leaders who are skilled at impacting public policy and public opinion will help us in our leadership mission. Our visibility, credibility and value among health and mental health professions— as well as the public— are all at stake. We believe that this State Leadership Conference will help prepare you further to serve as the leaders who will pave the way to a brighter future for professional psychology.

Thank you.