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## Better Together: Collaborating with Competitors

Competition is fundamental to the US economy and a critical driver within the healthcare industry. Competition inspires innovation with new technologies, advanced treatments and services to patients.

What's less obvious, and perhaps even counter-intuitive, are the potential benefits that come about when competitors work together on the collective goal of successfully treating patients. Imagine the possibilities in improved care and cost savings if competing hospital systems partnered on new programs and initiatives that build off each other's strengths and reduce operational redundancies. By partnering with competitors, we may be able to free up tens of millions of dollars to invest in programs that drive community health, such as preventing diabetes, obesity and heart disease; promoting better nutrition, healthy eating and exercise, or early diagnosis of hypertension, cancer, and mental health issues. By pooling our resources, we will be able to help people avoid the diseases and conditions that lead to so many hospitalizations in the first place.

The new standard of care brought forth by our rapidly transforming industry and the new shift to value-based care requires hospital systems to constantly search for new ways to improve the quality of care while decreasing costs. That's no small feat, but one way to achieve this goal on a large scale is by teaming up with other hospitals who are experiencing the same challenges and have similar goals.

In the current culture of healthcare systems, there may be some distinguishing characteristics between hospitals but the basic model is similar from one facility to the next. Hospitals have an emergency room, operating room, labor and delivery unit, billing department and so forth. Because every hospital is so similar, there are incredible redundancies and duplicative offerings between hospitals operating in the same communities.

There is vast potential for collaboration in areas where there is clear and unnecessary duplication, like back office support functions and health IT investments, as well as patient-facing clinical practices like call centers for population health management and predictive analytics. Collaborative partnerships to team up and reduce those redundancies would allow systems to eliminate unnecessary duplication, improve the quality of care, reduce the costs of services and save systems money that they can then invest in patient and population health. Hospitals around the country are realizing that strategic collaboration, while still maintaining a competitive environment, may be the key to bending the cost curve and filling community need.

## **Better Together: Collaborating with Competitors** continued

For example, hospital systems collectively spend hundreds of millions of dollars each year investing in electronic health record (EHR) systems. Novant Health alone has invested more than 600 million dollars in our EHR system. If we could have shared in that investment with another provider in our region, who likely treats many of the same patients as we do, we would have saved millions of dollars to invest in improving care.

There is also exciting potential for collaboration with competitors on clinical integration. There are countless opportunities to maximize efficiencies and improve care when hospitals engage in clinical integration.

The benefits of collaboration with competitors don't have to be theoretical ideas. Novant Health has been a leader in facilitating collaboration throughout the region, generating creative and novel approaches that have improved patient outcomes while reducing costs. We are advocates for multi-stakeholder collaborations, even with our competitors.

# Better together

## The benefits of health care systems working together

### Three key areas of collaboration



Less administration, more time and money for patient care

Consolidating these services could save millions to hundreds of millions of dollars that would be better spent on patient and population health.

More efficient and consistent systems = better patient experiences + lower cost

Healthcare organizations invest billions in electronic health record systems, sharing that investment and standardizing the technology would cut cost, improve services and increase patient satisfaction.

Engage in strategic planning with competitors to develop smarter approaches.

A collaborative approach helps meet the needs of the community, builds more efficient care and creates a more valuable health system.

# Moving towards a collaboration model: A Q&A with Carl S. Armato, Novant Health's president and CEO



*Carl S. Armato is the president and chief executive officer for Novant Health. Since joining Novant Health in 1998 as the vice president of finance and operations for the physician divisions in both Charlotte and Winston-Salem, Armato has also served as senior vice president of materials management and logistics for Novant Health. In 2003, Presbyterian Healthcare appointed Armato as chief operating officer and then promoted him to president and chief executive officer in January 2004. In 2008, the health system promoted him to president of Novant Health markets and in 2011 as chief operating officer. The board of trustees appointed him to his current position in January 2012.*

## **You started with Novant Health in 1998. If there would have been a cultural shift toward collaboration with competitors back then, where do you think the healthcare system would be today?**

Novant Health has been collaborating with other hospital systems in creative ways since the 1970s, so it's not a new concept to us. However, in the past few years the healthcare system has undergone extraordinary change and brought about tremendous challenges, which have fostered an environment where greater collaboration must happen for hospitals to survive. We are in a place as an organization, as well as a healthcare system, where collaboration can lead to more efficiencies and new solutions than ever before. Looking ahead, I'm very excited and optimistic about the outcomes these collaborations will bring, not just to Novant Health, but to patients nationwide.

## **What challenges does Novant Health face in moving toward collaboration model?**

It can be difficult to get hospitals to change the way they look at competitors. There needs to be a culture shift in the industry where the hospital down the street is viewed not only as a competitor but as a potential partner in our pursuit of better patient care and operational efficiency.

## **What are some of the milestones or key achievements you are most proud of as it relates to Novant Health's partnership with competitors effort?**

We are doing so much exciting work at Novant Health, and while it is difficult to single out our most remarkable achievements, I am particularly proud of our collaboration with academic medical centers in the region:

- We partner with UVA Health System, an academic medical center, to bring our communities the expertise of community hospitals in Virginia with the added clinical expertise and academic affiliation of one of the top schools in the country.
- Novant Health has partnered with Wake Forest physicians to provide the very best labor and delivery services, with Wake Forest physicians providing care in the areas of neonatology, OB anesthesia and maternal-fetal medicine. Novant Health's medical center also hosts Wake Forest's residency and fellowship programs. Together we have reduced infant mortality in the region and continue to find new ways to enhance care.
- We're also exploring a clinically integrated partnership with Duke Health focused on identifying best practices and processes which will improve outcomes for patients and reduce healthcare costs.

## Moving towards a collaboration model: A Q&A with Carl S. Armato continued

These are just a few examples that illustrate the incredible potential collaboration and smart integration have to improve care throughout our industry.

### **What cost savings do you anticipate from the collaboration and partnership model for Novant Health?**

The opportunities vary by partnerships. For example, as an organization that has grown by acquiring new physicians and facilities, we had many different systems and processes in place. By consolidating our collection services we saved more than \$52 million and by standardizing our operations we saved more than \$180 million at Novant Health alone. There are many possibilities with varied degrees of savings.

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