

CEO Viewpoint

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It's tough to keep up with Kevin Lofton. At the age of 54 he's already chalked up enough diverse experience as a healthcare executive to retire with distinction, although you get the sense he's just beginning to hit his stride. Since 2003, he has been president and CEO of Denver-based Catholic Health Initiatives (CHI), with 78 hospitals the nation's second-largest non-profit health system. Widely recognized as a national leader in healthcare, Lofton was 2007 chairman of the American Hospital Association's board of trustees and his background includes top positions in public, university, community and faith-based hospitals. He joined CHI in 1998 first as a regional president, then as a group president and then COO. Born in Beaumont, Texas, and raised in Harlem and the Bronx, NY, Lofton earned his bachelor's of science in management at Boston University and a master's in health administration from Georgia State University in Atlanta. He and his wife Maude, a pediatrician, have two children, a grown son and a daughter still in college.

What are the top two or three issues you face as CEO of Catholic Health Initiatives?

Globally it's the same concern everyone has: the recession's impact on our ability to deliver services to the communities we serve. CHI's scope is incredibly diverse geographically and culturally. We're in 20 states coast to coast and see just about everything. Our community benefit, which includes bad debt and charity care, amounts to more than \$900 million a year. You couple that with the capital crunch and we've had to reduce our capital budget for fiscal years 2009 and 2010 by half.

The second area is quality. Our first and foremost goal is to improve the quality of care, which is one of the "Destination Metrics" we've outlined in our strategic plan updated in September. By the year 2020, we'll have zero serious adverse events. Our "Strategic Metrics" cover five years out; "Operational Metrics," a two-to-three-year horizon. We'll adopt evidence-based best practices in 15 clinical areas, including hospital-acquired infections and Never Events.

A third area is to become more purposeful in making decisions on a system level to improve efficiency, accountability and transparency, a model we call "One CHI."



KEVIN LOFTON

Will these issues change under the current administration in Washington?

I'm going to say yes, but the economic recovery will be slow. A lot will be subject to how the country rebounds. The fact that the president has maintained healthcare as one of the top-three items on the agenda is important and exciting.

What do you believe should happen and actually will happen with healthcare reform under the Obama administration?

We need to make sure all Americans have healthcare coverage. However, the administration will look at

the components, the parts, so I don't think we'll see a healthcare plan wrapped with a bow. If you look at the value equation, what are we getting for our dollar, they'll have to look at areas where they can take cost out of the system. Everyone focuses on hospitals—we are the largest sector of healthcare, but we are really not in terms of percent growth in costs, so my caution would be that we can't develop this plan by just reducing hospital payments. We also need to allow Medicare to negotiate drug prices. Medicare Advantage is another example of an attempt to provide better incentives, but you have to

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look at where the savings from that program have gone. Has it reduced premiums? I would tend to say no.

My biggest caution to the Obama Administration is that we can't just take a cookie-cutter approach. And it can't be on the backs of hospitals. Everyone must be brought into the tent.

Can you identify two or three benefits that IT has had on your organization?

A lot of our ongoing improvements are enabled by IT. CHI is installing clinical IT systems to help achieve, for example, one of our system goals to reduce mortality by 5 percent, consistent with the "5 Million Lives" campaign. Since CHI is so diverse, it's often a challenge to just be able to get information on the same IT platform, but we've been successful in aggregating data from sources.

From the strategic standpoint, we've implemented enterprise resource planning (ERP)—we call "CHI Connect"—which includes components like supply chain, payroll and benefits. You'd be amazed at how much money is lost from not monitoring contracts. IT has allowed us to maximize contractual discounts from suppliers.

What has been the biggest change you have seen in healthcare over your career?

I'm now past 30 years in the industry and everything we did in the past was an "inside look" task. We designed care around the convenience of the provider, not the patient. We'd make the patient register five times—for admissions, lab, surgery—everything was done for the provider. Today we have a more comprehensive view of patient needs. We recognize we're really here for patients. That's the biggest change.

A subset of that is the evolution of technology and its impact on treatment. In less than a decade, for many surgeries and treatments, we've gone from keeping someone as an inpatient for four days to treating them in an outpatient setting for only a few hours.

What is the best piece of advice you've ever been given?

We have to make very difficult decisions, so at the end of the day, you have to decide what's best for the patient. In many ways it is easier to make decisions if you focus on the patient. The management team should reflect and challenge decisions by asking, "Did we do the right thing for the patient?"

Another piece of advice, on a more personal side: I remember doubt creeping into my mind as I was just starting my career and leaving my administrative residency for my first full-time job. My mentor said, "It's just another dog-and-pony show." What he meant was: "You know how to do this; you can

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handle it.” It helped put things in proper perspective. So, whenever I find myself in a difficult position—a big speech, or something I haven't done before—I reflect back on that advice and remember: It's just another dog and pony show. And that provides me with a little boost of confidence.

What is your favorite part of the work you do?

Clearly it's the people aspect of healthcare. Healthcare delivery is at the heart of every single community. Being a leader in that field puts you in a key position in the community. In my current role at CHI the decisions I make can have an influence on a national level.

If you weren't running Catholic Health Initiatives what would you do?

I'd be an educator — not as brave as my brother Rodney, who is a superintendent of an urban, public school system — but at the college level. My career has included executive experience at teaching hospitals and I worked at four universities. I still do lectureships which I enjoy very much.



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