

CEO Viewpoint

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It's hard to believe Rick Breon had never set foot in a hospital until just after college when he dropped his wife Peg off at her radiology tech job at St. Francis Hospital in Peoria, Ill. It was propitious the couple had only one car, because he stayed to interview and spent the next five years in management at St. Francis' parent OSF HealthCare. Today, as president and CEO of Spectrum Health, a nine-hospital integrated healthcare system based in Grand Rapids, Mich. it's rare he doesn't visit a hospital setting daily. Born in Storm Lake in northwest Iowa where his father was in the grain-elevator business, Breon earned his undergraduate degree from Iowa State University in Ames in economics and psychology. After his stint at OSF, he earned a master's degree in health administration at the University of Iowa in Iowa City and then served at Methodist Hospital in Des Moines where he became a senior VP. After seven years, Breon took a position at Brackenridge Hospital in Austin, Texas and then became president and CEO of Mercy Hospital in Iowa City. He served as president and CEO of Mission Health System (Ascension Health) and St. Mary's Hospital and Medical Center in Evansville Ind. Breon has held the top job at Spectrum since 2000. He and Peg have two sons, 27 and 33, both of whom live in Grand Rapids and work in healthcare.

Spectrum Health is one of the few integrated health systems with their own health plans. How has this factor shaped your strategic thinking?

When we discuss population health, it adds tremendous balance and depth to our discussion. Here's a real-life example: in a recent meeting we heard from our hospital management that we needed to add high-end radiology equipment including MRI and CT. At the same meeting, we also heard from our health plan that based on data there is over utilization of this imaging in our region. So the answer is not to add more technology but educate physicians and patients on when to use it. Having a health plan allows you to use data that is not normally available to a health system.

According to the Dartmouth Atlas of Health Care, the Grand Rapids area where Spectrum Health is based, spends about \$7,800 per Medicare enrollee, which is on the low end nationally, a range from about \$5,200 to about \$17,200. How do you explain the variation? What is it about your region that leads to lower Medicare costs?

It's an interesting question we've been asked more than once. We practice a more conservative brand of medicine



RICK BREON,
PRESIDENT AND CEO,
SPECTRUM HEALTH

in West Michigan. We've reduced the cost of care partly by building a vibrant post-acute care continuum, including home health, skilled beds and hospice.

We also have a high percentage of managed Medicare. About 35 percent of our health plan's Medicare patients belong to Medicare Advantage (MA), a figure that will likely grow to as much as 50 percent in the next two years. The Baby Boomers are very comfortable in a managed Medicare environment. They like the benefits and price of our MA plan. And when Medicare is managed, costs go down. Utilization has dropped by a third. That's the experience in our health

plan. When you consider ACOs, their potential impact is small compared to Medicare Advantage.

Are there other unique aspects of the Michigan market that affect Spectrum's strategies for reform and other strategic initiatives? Spectrum Health's website has an interactive map of the "Medical Mile," a complex of healthcare and life sciences centers in downtown Grand Rapids. How does this environment support your vision?

What we're doing in Grand Rapids is bringing together research, medical education and clinical care so we

can offer the most advanced medical treatment and therapies to our patients. This is also a strong physician recruitment tool. Many physicians like the ability to work in all of these spaces. Several communities in the country have done this, but in Grand Rapids we have created a health sciences hub in a very short period of time—just 10 years. This is a community that believes in collaboration and getting things done.

How is Spectrum responding to Meaningful Use incentives?

We have several initiatives, including making a large investment in EMRs for 530 employed providers (physicians and midlevels) plus a large group of independent physicians. We are spending a significant amount of effort, activity and expense to develop a truly integrated healthcare delivery system.

Has the anticipation of ACOs, patient-centered medical homes and other emerging reform entities shaped your IT strategies? How?

Our health plan has been in the patient-centered medical home business for several years. We are pleased to see that this concept has been officially endorsed and is being supported through grants and other funding. Our IT strategy is an enabler to our overall integrated healthcare strategy. In terms of ACOs, we believe we're already functioning in the population health business through our health plan. We know how to take risk, which is an essential component of population health. If you do not understand risk, you will have difficulty surviving in the accountable care environment.

How has IT changed your thinking about planning and budget decisions over the past several years?

Our IT enterprise has evolved over time. As we build various business components, we plan how we will use IT to connect our people and services so we can better coordinate care and be more productive. Our goal is to

create an exceptional experience that leaves patients and our health plan members feeling that we have met their personal healthcare needs. As an organization, we want them to know we are focused on them as individuals. We view IT as an enabler to everything we do in the system. It is an integral part of our strategic planning process.

What advice would you give to a young person seeking to enter the healthcare field?

I would tell young executives, 'Remain flexible and open.' The need for new ideas in healthcare has never been more relevant. Also, I tell them that there is tremendous opportunity in the post-acute care business.

Healthcare is a great career. You can make a difference in people's lives. At Spectrum Health we are very concerned about who is going

to be the next generation of leaders. We have multiple initiatives in place to identify and assist the development of tomorrow's leaders.

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What is the most rewarding part of the work you do?

I like the fact that we do make a difference in people's lives. It is more than running a business. The other point I would emphasize is that healthcare is a dynamic industry. At no time in the last 35 years have we not had big issues that we have had to manage. This keeps you vibrant and alert.

If you weren't running Spectrum Health, what would you be doing?

I come from a family of teachers so I imagine I would be teaching at some level.

What's a favored book that you've recently read?

“Unbroken” by Laura Hillenbrand. It's a non-fiction story about POWs in World War II that makes you appreciate the Greatest Generation even more. It also makes you think, 'Would I have survived?'



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