Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Margaret, today, let's spend some time looking at health care reform waivers. It seemed to be at the center of the debate in Washington. Now, there were a few different waiver options floating around out there. Let's start with the latest – the State Innovation Waiver which was endorsed by President Obama earlier this month.

Margaret Flinter: Well, Mark, this debate reminds me that we are coming up on the one-year anniversary of the enactment of the Patient Protection and Affordable Care Act, and who would have thought there would be as much debate a year later as there was when it was initially debated and then signed into law. This State Innovation Waiver has been anything but bipartisan since President Obama first voiced his support for as a way to give states more flexibility with the law and hopefully make it more appealing to them.

Mark Masselli: The waiver would allow states to opt out of the some of the law requirements in 2014, instead of 2017. This would apply not only to individual mandate but to the structure of the health benefit exchanges, what benefit health plans should include and cost sharing standards. _____ 1:05 though, of the consumer protections in the law. One of those is the ban on denying people coverage because of preexisting condition.

Margaret Flinter: Right. And that last one, the ban on denying coverage for preexisting conditions, is just so central to so many other elements of the law. Now, Republicans are calling the waiver pointless because they say, "The federal government would keep control over the basic elements of the overhaul" that the GOP says, "They are just not workable." And the Department of Health has just issued a rule on the waiver. They say that in each application from the state, they have got to explain how its plan will meet the goals of coverage expansion, affordability, comprehensiveness of coverage and lower cost. And they are not just taking their word on it, the HHS will mandate quarterly reports from the states with an economic analysis, and I am betting a quality analysis as well. Now, Mark, you mentioned that there were other types of waivers as well.

Mark Masselli: There are. One is over medical loss ratio which requires insurers to spend 80 cents on a dollar on medical cost, a waiver on the Maintenance of Effort Provisions barring states from dropping Medicaid eligibility before the program expansion in 2014 and so-called mini-med waivers which would allow to companies to cap their annual payouts at lower levels than dictated by law.

Margaret Flinter: And I think, Mark, we may need to spend a little time on the future show talking about these mini-med waivers. HHS has now approved about 1000 requests for mini-med waivers, which is more than I had kept track

off. And Republicans are sighting this as evidence that the law doesn't work, and they have also accused the administration of rewarding special interest groups with these mini-med waivers.

Mark Masselli: Well, I think you are right. Let's take a look at that in another show. But today, our guest can certainly speak to setting high goals for Healthcare Reform. Dr. Gary Kaplan, President and CEO of the Virginia Mason Medical Center in Seattle, Washington, joins us today. Dr. Kaplan has been the force behind Virginia Mason's transformation into a health care delivery system, which we talked about so much on this show transforming and approving quality and safety, and here he has been able to do it simultaneously with reducing cost.

Margaret Flinter: And Virginia Mason credits these goals to the Virginia Mason Production System which is based on Japan's Toyota Production System, a manufacturing approach that Toyota has used for more than 50 years. And mentioning Toyota, of course, we have to stop for a moment and send our thoughts and prayers to the people of Japan in wake of the devastating earthquake and tsunami there over the weekend, certainly our thoughts and prayers to everybody affected and to those involved with the recovery efforts as well.

Mark Masselli: Our thoughts and prayers over them all. But no matter what the story, you can hear all of our shows on our website Chcradio.com. You can subscribe to iTunes to get our show regularly downloaded. Or if you like to hang on to our every word and read a transcript of one of our shows, come visit us at Chcradio.com. You can become a fan of Conversations on Health Care on Facebook and also follow us on Twitter.

Margaret Flinter: And as always, if you have feedback, we love to hear from you. Email us at Chcradio.com. Before we speak with Dr. Kaplan, let's check in with our producer Loren Bonner for the Headline News.

Loren Bonner: I am Loren Bonner with this week's Headline News. The Justice Department has filed a memo with the Supreme Court saying it should not permit Virginia to sidestep a federal appeals court in the state's challenge to the health care law. Virginia Attorney General Ken Cuccinelli wants to send the case that struck down the individual mandate directly to the Supreme Court, therefore bypassing the appeals court. But the federal government says there is no reason to take the extremely rare step of a short circuit review by appellate judges since the process has already been accelerated. The Institute of Medicine wrapped up its first meeting to decide what should be considered an essential benefit in the health care law. The Department of Health has directed the IOM with crafting preliminary guidelines on essential benefits which are required under federal reform. The definition the IOM comes up with will have direct implications on the kind of health insurance coverage available through the state-based insurance exchanges that will be up and running in 2014. All Medicaid programs will also

cover these services in 2014. The Health Reform Law lists 10 categories that HHS must include as essential, such as prescription drug coverage and emergency hospitalizations. But HHS has broad discretion within those categories to require generous coverage or allow limits. The definition of essential benefits is also something governors and states across the country are paying close attention to. For many, it will determine whether they will set up their own health insurance exchange or let the federal government run it for them. The IOM is expected to release its report this fall, and HHS will follow up with a proposed outline of benefits before the end of the year. Patient Safety Awareness Week completed its ninth annual awareness campaign for health care safety. As in years passed, the message patient safety advocates want to convey is the need to empower patients and strengthen patient-provider communication. The Ask Me 3 campaign has been an integral part of this effort. This health literacy initiative is designed to assist with communication between patients and providers through the use of three basic questions; what is my main problem, what do I need to do, and why is it important for me to do this. It's a quick and effective tool and has been proven to decrease and prevent medical errors as well as improve the way patients manage a chronic health condition. Interested listeners can visit Npsf.org to learn more.

Mark Masselli: This is Conversations on Health Care. Today, we are speaking with Dr. Gary Kaplan, Chairman and CEO of the Virginia Mason Medical Center in Seattle, Washington. Dr. Kaplan is the force behind Virginia Mason's 10-year journey to transform itself into health care delivery system based on quality, efficiency, safety and, foremost, the patient. Welcome, Dr. Kaplan.

Dr. Kaplan: Thank you. Nice to be with you.

Mark Masselli: You recognized the urgent need for change in innovation at Virginia Mason. They sent you on a mission to completely transform Virginia Mason into a system that was driven not by finances but by quality. The journey began with the Virginia Mason Production system adopting the Toyota Production System, a manufacturing approach Toyota has used for more than 50 years. What Toyota Production System principles and practices are most important to you and how did you adapt them to health care?

Dr. Kaplan: Well, I think that as we looked in health care for management system that would help us achieve our organization aspirations and our vision of really becoming the quality of leader and the safest hospital in America, safest health system in America, we didn't really find an answer in health care. And so our specifications, what we were really focused on was change in the paradigm from provider as customer to patient, as customer-patient as the center and really the true north. And in Toyota, we saw a company that was relentlessly focused on the customer. We also saw a company that was very, very focused on quality and safety. That was how they defined their work, what they prided themselves in, that was what we were looking for. In addition, the people closest to the work

are the ones that improve the work. And as we have increasingly learned in our journey over the last 10 years and even before, the people in health care that are actually most knowledgeable on our processes, if we really want to dramatically change and improve our processes and eliminate waste, it's the content experts are the people closest to the work. And so, so many of the basic approaches of the Toyota Production System were what we were looking here at Virginia Mason.

Margaret Flinter: Dr. Kaplan, I would like to focus on safety perhaps for a moment that Virginia Mason Production System really presented a new way to institute patient safety programs and your patient safety alert system inspired by the Toyota's stop-the-line practice seems to have been very successful. You have been ranked by HealthGrades in the top 5% in the nation in patient safety for the past two years. Can you maybe briefly take us through how this system works for your care teams, the kind of changes as brought to the everyday practice and culture? And also if you could maybe comment on how transparent you are with consumers about safety. There is certainly a lot of debate around that across the country, how much of that should be made public. So we would love to hear your thoughts on that.

Dr. Gary Kaplan: Right. We are very clear about the importance of transparency in everything we do, and on our very first of what it would now have been 11 trips to Japan, we saw at Toyota, they are "stop the one." And in health care, what we have done around quality assurances, it's been retrospective quality assurance where a month or two months after the fact, we will evaluate charts, look for patterns, look for processes and systems that could be improved, and we will go back and fix it. In the meantime, how many have we potentially harmed because of faulty processes and systems. And so what we saw at Toyota, what I would call, real-time quality assurance. Every one of those 350 workers making over 1,000 cars a day was empowered to actually stop the factory. We said we want that for our patients, we want that for our staff. So we came home, and we declared the patient safely alert system as an integral part of the Virginia Mason Production System. We said we want and expect and will help every staff member be a safety inspector. We would like them to be able to report promptly. And as a commitment, the senior executive leadership will respond 24 hours a day, seven days a week to begin the root-cause analysis process. Since September 2002, we have had over 20,000 patient safety alerts. They encompass everything from near-misses to seemingly simple quality incident reports to serious harm. Over this course of the last decade, **we have** really embraced disclosure, apology, transparency. While doing this, we have seen our professional liability premiums cut by more than half over the last six years. And I think the result has been the culture has evolved. So that, it's not a culture where we ignore or cover up or not that we ever really had that in a big way here at Virginia Mason but that it's really a culture about everybody's job is to make everybody better.

Mark Masselli: Obviously, your staff looms large in your whole process improvement. And in our Community Health Center, we are very engaged in the sort of redesign of the primary care system, and staff play an important role. Let's just focus a little on the role nurses play in your system and what's new and improved that you have developed with your nursing staff, and how have nurses also been leaders in the transformation to care at Virginia Mason.

Dr. Gary Kaplan: Well, let me just start by saying the Virginia Mason Production System is everybody's work, so it's physician work, nurse work, pharmacy work, staff work, leadership work at all levels of the organization. And so our nursing staff specifically have been every intimately involved in this work. Two examples I would point to would be our intensive outpatient program, that was work we did with the Boeing Company, coming to understand as many are that primary care is really a team support, that all health care is a team support really, that it requires everybody performing at the top of their skill set as team members, and that embracing the role of nurse case managers can dramatically improve quality, safety and reduce cost. And we have results that demonstrate. Whereas, Boeing went out looking for a 15% reduction in cost and improvement and satisfaction. For their sickest cohort of employees, we were able to reduce their cost 33% with very high levels of patient satisfaction, predominantly because of the work that nurses were doing as critical components and really the glue of the care delivery team on the ambulatory size. In the inpatient nursing care, one of the things we came to realize that our nurses were spending between 60% and 70% of their time in indirect care doing things that they weren't trained. When you actually analyze the work, you realize that why nurses in this country have not been particularly satisfied with how their work has evolved. And so by redesigning work, using Rapid Cycle Improvement Workshops, Rapid Process Improvement Workshops we call them, led by nurses and online care teams, our nurses are now spending 90% of their time at the bedside. They do their bedside handoffs in the rooms, their nursing stations will soon become extinct, and what's happening is the patients and their families no longer have to push the call lights because the nurses are co-located right at the bedside or in, we would call, a geographic **shell**, all work that's been designed by nurses to improve their ability to deliver patient care.

Margaret Flinter: Well, that sounds like a major transformation that you have been able to execute, and I think I have read that you also remain committed to practicing as a Primary Care Physician yourself in some part of your busy schedule. You know the savings and cost is certainly something that was debated widely during the Health Reform debates. It can really affect cost, and you have certainly shown that you have beyond that the kind of upstream prevention and intervention efforts that primary care can make. You have shown a downstream impact on cost. Can you talk to us a little bit about how that translates into something that our listeners can get their arms around beyond just cost? What kind of downstream changes have you seen we think of things like reduction and lower limb amputations when diabetics were better controlled, but

do you have any data on those kind of downstream impacts from that improved primary care system?

Dr. Dr. Gary Kaplan: I think that most of it is inferential. I think that you are exactly right, I think what we are finding actually, and the what the Virginia Mason Production System is all about, is that the pathway to higher quality safer care is also the pathway to lower cost, and the lower cost both in the process of care and patients returning to work and full function more rapidly but then also in avoiding complications that come with lack of comprehensive care. And there is lot of evidence that's emerging in metabolic syndrome with the management of diabetic control. That shows that if you do get better preventive care, better results and early diagnosis where appropriate using evidence-based approaches, that you can prevent a lot of morbidity, a lot of patient-family suffering, and do so at a lower cost. So I think we are seeing that as a result of our work but we don't have enough longitudinal data (inaudible 17:15) contributions of the literature to get on that.

Mark Masselli: This is Conversations on Health Care. Today, we are speaking with Dr. Gary Kaplan, CEO of the Virginia Mason Health Care System. Virginia Mason has been able to demonstrate cost savings through improved quality. Can you walk us through the story that Virginia Mason had, the experience it had with Starbucks? Obviously, you have a system that's very adaptive and responsive to the changing needs of the business community and their employees' needs. We would like to hear that story.

Dr. Dr. Gary Kaplan: That story was an early story in the journey of our work with what we call our marketplace collaborative, and what we have come to learn is that if we really want to directly impact the quality and patient experience and cost that members of the workforce for particular company we have to partner, we have to partner with that company, we have to partner potentially with their health plan. And so Starbucks are a very forward-thinking company, provided health insurance to all of their baristas but also very conservative about their cost. And so they came to understand through the data that back pain was the #1 problem for their workforce, and that there was the #1 cause of timeout of work. And so, by what we call analyzing the value stream looking at all of the steps of the care process for patients with back pain, we also found out that a very high proportion of these patients with back pain for more than a few days were getting an MRI scan. And by redesigning care, we realized that just a small fraction of these MRIs were actually necessary. The result was dramatic reduction in costs for Starbucks. It also showed us that the only profitable area in spine care up to that point was MRIs. But by eliminating the ways to do MRI, we didn't have to buy a new MRI machine so quickly, we could be much more judicious in our use of precious resources. And actually, it turned out to be a win-win for Starbucks, their workforce, and for Virginia Mason. We have now taken that principle, and we are partnering with companies across the country, most recently with the Intel, but also other companies to demonstrate other market

place collaborative opportunities when you just sit down together and examine the work and align all of the stakeholders. It can have dramatic results.

Margaret Flinter: Dr. Kaplan, I understand you are nearing completion of what might be called the first hospital in the country that's been built from the ground up on the foundation of patient-centered principals, and that's certainly a subject near and dear to our hearts as we are doing a number of building projects along the patient-centered medical home. What would staff, patients, visitors experience that's different in a hospital that's built from the ground up along those principles?

Dr. Gary Kaplan: It just became much more of a patient, family and staff driven project with some help from our architects. And what we anticipate patient experience will be and where we have done this on a project basis and elsewhere in our medical center, like our cancer unit, we found that patients are in flow, much less waiting, much shorter walking distance. The staff are working in an environment where it's actually more difficult to make a mistake. We all make human error, but by designing the environment of care that's conducive to staff doing their very best work, it becomes much safer. So variety of things of that sort. Yes, there is also amenities and work that's conducive to healing process, use of **light** and other facility attributes. But it's really about creating flow. It's about minimizing waiting, minimizing stopping and creating zones within the hospital, so that the work takes place outside of the patient care zone.

Mark Masselli: Well, that is exciting. We will keep an eye on that certainly _____ 21:33 false function, and it's an exciting transformation with obviously the help of some very good architects. One of the things that we like to ask our guests, and you in particular because you are at a transformation organization, who are you keeping your eye on in terms of innovation around the country and around the world?

Dr. Gary Kaplan: _____ 21:53 National Patient Safety Foundation _____ institute our all organizations that are really pushing the envelope around culture change, around moving upstream and quality and training into the medical schools and residencies, the tipple aim looking at our community and population health.

Margaret Flinter: Today, we have been speaking with Dr. Gary Kaplan, CEO of the Virginia Mason Health System. Dr. Kaplan, thank you so much for joining us today on Conversations.

Dr. Gary Kaplan: Well, my pleasure.

Mark Masselli: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives. This week's bright idea harkens back to the ancient tradition of storytelling which today is being

more widely recognized in the clinical settings to improve patient's health. Storytelling has been studied as a means of educating at-risk patients on medical issues such as smoking and breast cancer screening. But research on its effects in the clinical setting has remained relatively scarce. Dr Thomas Houston of the University of Massachusetts Medical School and the VA Medical Center in Bedford has been working to change that. One recent study he led published in the annals of internal medicine has been particularly influential. The trial examined the effects of storytelling on roughly 300 African-American patients with high blood pressure. Results showed that the group of patients who listened to personal narratives were able to achieve and maintain a drop in blood pressure just as significant as has been for patients taking blood pressure medication. The evidence suggests that when patients struggle with chronic diseases, like diabetes or blood pressure which oftentimes presents few obvious or immediate symptoms, stories can help them realize the importance of the disease. Stories can also help listeners make meaning of their lives. Dr. Houston has not only been leading studies that examine storytelling in patient care, he has also been trying to find ways where it can be best integrated. One idea he is testing is a website where doctors would match up their patients to videos of similar patients, recounting their own experiences with the same disease, a simple, yet powerful, tool for doctors and patients that can be brought into the medical settings in new and innovative ways to improve patients' health. Now, that's a bright idea.

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli. Peace and health.

Loren Bonner: Conversations on Health Care, broadcast from the campus of Wesleyan University at WESU, streaming live at Wesufm.org and brought to you by the Community Health Center.