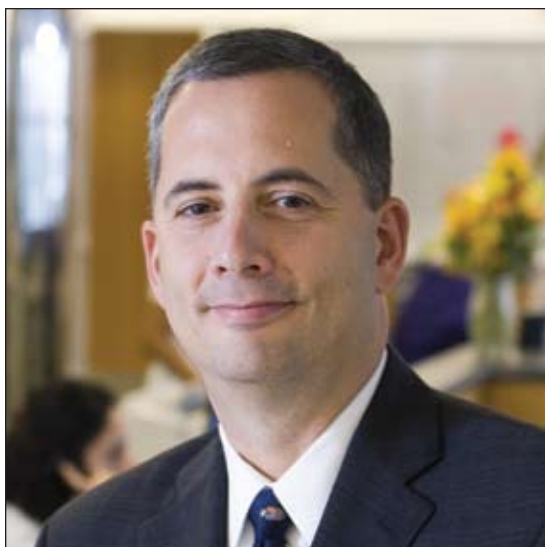


Interview

Investing in Excellence

An Interview with Louis A. Shapiro,
President and Chief Executive Officer, Hospital for Special Surgery



Louis A. Shapiro

EDITORS' NOTE Louis Shapiro assumed his current post as the Hospital for Special Surgery (HSS) President and CEO in October 2006 after serving as Executive Vice President and Chief Operating Officer of Geisinger Health System's Clinical Enterprise for five years. Shapiro began his career at Allegheny General Hospital in Pittsburgh and then joined McKinsey & Company as a leader within their health care practice. He is also a Fellow of the American College of Healthcare Executives and has served in leadership and board capacities with many Pennsylvania-based community organizations.

INSTITUTIONAL BRIEF Founded in 1863 by Dr. James Knight and 20 other prominent New Yorkers, the Hospital for Special Surgery (www.hss.edu) is the oldest orthopedic hospital in the country. Recognized since its inception as a leader in musculoskeletal medicine and the pioneer of the modern-day total knee replacement, the New York-based health system performs more than 22,000 surgical procedures per year and has one of the most sought after training programs in orthopedics. The Hospital for Special Surgery is ranked number one in orthopedics and number four in rheumatology by U.S. News & World Report and is a recognized global leader in its field. The staff provides care for the New York Knicks, the New York Mets, the New York Giants, the New Jersey Nets, and a variety of other local professional and college-level sports teams.

The Hospital for Special Surgery has again been named among America's best in the areas of orthopedics and rheumatology. It must be quite an investment to reach such a high level of excellence.

It's extremely hard work to continue to be a leader year after year. But our mission and vision expect it – it's our priority to strive to lead health care in the fields related to musculoskeletal medicine including orthopedics and rheumatology. Not only is it hard work, but it requires ongoing investment in everything we do to make sure we are successful.

What does the phrase "special surgery" mean?

To us, "special" means striving to be of the highest quality possible. It means that we have an extraordinary medical staff that attracts patients from all around the world. Our people are a big part of why we're growing at a rate that far exceeds any other health care organization. In 2008, we were more than 12 percent busier than we were last year, and last year, we were 8 percent busier than the year before. Other hospitals around the country are relatively flat, with maybe 1 to 2 percent growth. We're growing because we provide something that our patients can't find elsewhere. We are extremely proud our growth has continued despite the recent downturn in our economy.

One of the other things that defines "special" is the outstanding experience we provide to our patients. It takes the effort of 3,000 focused employees who are committed to doing whatever it takes, working individually and together as a team, to take care of each and every patient. You can feel it when you walk through our halls.

Even though New York is rich with medical expertise, many of the city's specialists are so busy that they seldom spend much time with their patients. Is that also the case at the Hospital for Special Surgery?

It's actually quite the opposite. Our physicians have a high level of contact with our patients. They work very hard to instill a sense of confidence in the patients as they work to get their mobility back, regardless of what their problem is. Most of the people who come here have lost, or are losing, their mobility and appreciate the empathy and compassion that they receive from our specialists as much as the quality of their clinical expertise.

How does the hospital raise money? Is it fully endowed?

Philanthropy is an extraordinarily critical part of the work we need to do, because being excellent at what you do requires a very significant investment. We deploy significant resources to ensure that our patients are receiving the highest level of care possible. We work to do this in the most advanced facilities with the most advanced technology. We make sure we pay the highest levels of attention to all details and with the most compassion. The reimbursement environment is very challenging, not only in New York, but also nationally; most hospitals generate only a very small operating margin – 1 to 4 percent – which doesn't generate enough capital to enable hospitals to reinvest in the things that are needed. Building in New York is also very costly. As an academic medical center, we also invest money in research. We have 85 scientists researching autoimmunity and inflammation, arthritis and tissue degeneration, tissue repair and regeneration, and other things that impact your bones, muscle, and tissue. Everything we do and are committed to that benefits people is very expensive, and we are fortunate to receive support from the generosity of our patients and some foundations and corporations, who are helping us build for the future so that we can help more people regain their mobility. Your mobility is a very significant determinant of quality of life, and sometimes it can be a matter of life or death.



So you're constantly making advances in the field to better the life of your patients.

Absolutely. Whether or not we make any significant or incremental breakthroughs in our research, we're always moving forward when it comes to how we deliver care to our patients. The modern-day knee replacement was pioneered at the Hospital for Special Surgery, and that innovation continues to impact the technology in knees all over the world. We're constantly exploring ways to improve care. Treatment for rheumatoid arthritis is costly, and the drugs can have significant side effects, so we have scientists looking for new approaches to treatment to better understand how the body's cells react to cause the disease to rise to the surface. We want to know what else can be done.

What sort of people perform that research?

We have incredible talent when it comes to research. Our clinician scientists – who are also physicians – take care of patients who have diseases, and they also work with our scientists in the lab to collaborate on exploring the science. We call it a bed-to-bench and back-to-bed approach. We take the knowledge we have from taking care of patients to the research lab and collaborate with the scientists to figure out what we can do differently to improve treatment.

Your boards are full of important people. How did you get these people to become involved with the hospital? They are very well-known in the international business world as philanthropists. How do you attract such quality members to the boards?

It goes back to the core attribute of special surgery. This is the best hospital in the world for musculoskeletal medicine. We are the best because our physicians and other staff are the best at what they do. As a result of that, people from all walks of life seek us out for care. Subsets of grateful people who have regained their mobility here have become very passionate about what we do, and some of them refer people to us. And some of them make monetary gifts to us. Some of them are so impressed with their experience that they want to become part of our family and make their contribution to us by serving on our board.

You're President and Chief Executive Officer. You're a fairly young fellow to have so much responsibility.

Well I certainly appreciate the compliment. But I'm 49 and don't really consider that young. In fact the new President of our great country is younger than I am.

What are your plans for the hospital over the course of the rest of your career there? Are you planning on new construction or on implementing new state-of-the-art technology?

We have lots of plans. We are in the beginning phases of a \$250 million expansion. Our last expansion added new facilities for research, and now our capital campaign is focused on adding new facilities to accommodate the huge demand for our services. That's in the short term. In the long term, we are focused on a few things. We're the best in the world at what we do, but if we ever stop, even



The Hospital for Special Surgery in New York

for a moment, working to improve, we won't be. So a good portion of our strategic plan is focused on making sure that we not only maintain our core competencies, but also improve on them. We need to make sure that we continue recruiting the best doctors and staff and that our services levels are absolutely the very best. In support of this, we spend a lot of time on employee engagement.

We are also very focused on growth. We're on the Upper East Side of Manhattan, and once our current expansion project is completed, we will have used the majority of our available space. We are exploring ways in which we can continue to grow and develop regionally and even internationally. About 2 percent of our patients come from outside the United States, and about 15 percent of our patients come to us from outside a 75-mile radius of our current location. So we're considering options for expansion by replicating our model in other parts of the region or the world.

So will you build anymore at this campus?

Never say never, but after we complete this project, we will have used all of our ground space and air rights. The project I have been discussing includes putting three more floors on top of our main patient care building and another new building over FDR Drive.

It must be frustrating to develop plans for where you'll go from here.

It's actually very exciting. As we complete the construction of our current project, we will make sure we are creating options for how we will want to grow and position HSS for continued success in the future.

That's the difference between you and other people. Other people might think it's frustrating, but you think it's exciting. You're a positive person.

I am, and I think you have to be as a leader. I run an organization of high performers, and the positive attitude runs through the entire organization.

How do you stay healthy?

I stay healthy by exercising. At the advice of one of our physicians here, I bought a road bike and started cycling, and so far, so good.

What's the most difficult issue you face as President of the Hospital for Special Surgery?

While I wouldn't call it difficult, I think the most important thing is to make sure that everyone is focused on the most important things. We're privileged to have a great board of trustees who are helping us keep our eye on the ball, to make sure we are successful in our current environment as well as for the future. Internally, we must work toward maximum alignment among all members of the HSS family and have everyone excited to be on this team and focused on doing a great job. If we continue to do that, then we can continue to deliver the best care in the world and have extraordinarily satisfied patients. That's the foundation that allows us to grow, to have a reputation that is as good as or better than that of the best companies in the world, and to do the kinds of things that allow us to be economically strong, even as we progress through the very challenging economic environment facing everyone in our great nation. At the end of the day, any organization, no matter what business you may be in, needs to be financially healthy and deliver an outstanding product or service. We have always worked on that and will continue to do so.

You're a happy President.

I'm very happy. This is a great city to be in, and I have the privilege of working with the most outstanding organization in health care. ●