

ACT – Accountability, Clarity, Team

An Interview with Emad Rizk, M.D.,
President and Chief Executive Officer, Accretive Health

EDITORS' NOTE Emad Rizk, M.D., joined Accretive Health in July 2014 as President and Chief Executive Officer and a member of the Board of Directors. He was previously at McKesson Health Solutions where he served as President. Before joining McKesson in 2003, Rizk was Senior Partner and Global Director, Medical Management/Pharmacy for Deloitte Consulting. He is currently a board member of the National Association



Emad Rizk, M.D.

for Hispanic Health, Accuray, Inc., Intarcia Therapeutics, Inc., and the Managed Care Magazine editorial board. He also holds advisory roles with multiple academic universities. He is the author of *The New Era of Healthcare: Practical Strategies for Providers and Payers*. *Modern Physician* named him one of the "50 Most Influential Physician Executives in the United States" in 2013, the fifth time he has been recognized by this publication. *Modern Healthcare* has listed him among the "Top 100 Most Powerful People in Healthcare" while *Managed Healthcare Executive* named him to its "Top 25 Leaders in Disease Management." He is a lecturer at Wharton, Harvard, MIT, Columbia, and the Kellogg School of Management.

COMPANY BRIEF Accretive Health (accretivehealth.com) aligns with provider organizations to help them navigate the rapidly changing healthcare industry landscape. The company supports the mission and business objectives of hospitals, health systems, and their affiliated ambulatory clinics and physician practices by effectively managing their revenue processes and strengthening their financial stability. The company has touched more than 59 million lives and managed more than \$17 billion in net patient revenue. Its clients include three of the top 10 nonprofit health systems in the U.S., including the largest.

What excited you about the opportunity to join the company, and what made you feel it would be the right fit?

The excitement comes from what is going to happen over the next three to five years in the healthcare industry and the new risks being created for providers.

There are fundamental changes taking place in the way providers are reimbursed. They are expected to control both quality of care and accountability for the cost of care. Meanwhile, hospitals are beginning to experience reimbursement cuts from Medicare, Medicaid, and commercial payers, which has raised the level of pressure on them. The capabilities they are going to have to build, from a financial infrastructure and clinical integration perspective, are tremendous.

Leading Accretive Health provides me the opportunity to apply my expertise and experience from two decades of working on both the provider and payer sides. This unique insight allows me to blend multiple perspectives and approaches to industry problems.

Payers have had to build capabilities for risk stratification. Managing risk requires them to have very strong financial infrastructure skills.

Providers will experience a huge struggle in terms of deploying health information technology systems, building the financial infrastructure at the front and back end, and reengineering claims submission. There will also be an increase in merger and acquisition activity with the subsequent clinical integration and alignment of physicians and health systems.

Accretive Health is a leader in the field and is best positioned to help customers through this transition. Prior to coming here, I spoke with a few customers and heard their appreciation of Accretive Health's value, but they did touch on areas for improvement. I knew these were within my capability to address.

The fundamental issues of concern are the extra capabilities that providers have to develop and maintain, and the complexity of the reimbursement process. Accretive Health fits directly into that in terms of understanding financial infrastructures and being able to help our clients navigate this complex world, and become more efficient in their revenue cycle.

Early on, how critical was it to communicate the vision about the value proposition, and the need to take advantage of these trends? Did your people quickly come onboard?

Some did, some didn't. It's a great company, but the vision and value proposition wasn't crystal clear.

In my experience, any successful organization has to have operational excellence to grow and become successful. I believe in identifying the core, driving best practices, having strong operational skills, and having great execution. This leads to achieving great results. Those results earn a company the right to expand its vision beyond the core. However, making a move outside the core before we have successfully executed, and the company has become a leader, will make for a difficult transition.

There are a few critical components for success:

Operational excellence has to be the number-one priority, backed by performance metrics and a strong partnership with our customers. This is critical. When we have a relationship of trust, customers will always come to us first, and we become their trusted advisor.

As a company, we have to develop a culture of team, excellence, and accountability. I don't believe in the normal hierarchy of an organization, where I'm at the top of the pyramid and my team is below me. My team and I are on the bottom of the pyramid.

As leaders, we are privileged to be able to support our organization and our people, so we developed ACT:

A stands for Accountability, which is about not making excuses. We own our issues, execution, and performance.

C stands for Clarity, which means being crystal clear in terms of our communication to the organization about what we're going to do and what we're not going to do.

T is for team. Our success is about our people and how they perform. Every time I develop a good team, the level of organizational success is directly proportional to the strength of the team.

How do you define your core mission, and do you envision growth in all service areas?

Our core is to support healthcare communities with comprehensive end-to-end revenue cycle services, which is unlike any other company. Comprehensive means we have both software and services. We're end-to-end in that we have an integrated front, middle, and back.

Because of the risk a lot of these organizations take, it's no longer a linear process. We do that better than others because we have good technology and great processes. We are developing a method of execution that is non-existent in the industry, and we are developing in-process metrics, not just outcome metrics.

While our end-to-end offering is very comprehensive, all of that rests on operational excellence.

We anticipate growth in all of our service areas. We have a provider base that is seeing continuous decreases in reimbursement for the same activities. They are also dealing with rising complexities surrounding reimbursement. They have to build new capabilities around navigating risk, bundles, and episodes.

When we take decreased reimbursement, increased complexity, and the integration issues caused by a large volume of mergers and acquisitions, the perfect environment for our services is created. We can help significantly reduce administrative costs associated with the revenue cycle process. We can also help maximize hospitals' current revenue by making sure they do the right things to optimize their revenue capture. We help them build an infrastructure to move from fee-for-service to a value-based reimbursement system.

We're going to grow significantly, but we have to be focused on execution.

How far along is the industry in terms of moving to a value-based reimbursement system, and are the right issues being addressed to make sure that this system works?

The West Coast and the East Coast have been handling risk for a very long time, but in different ways.

In this new world, there is a huge disconnect in the market. When people say value-based reimbursement, some jump directly to capitation. However, we're not going to be completely capitated. We are probably going to have a mixture of different pay bundles for surgical services or medical episodes, pay for performance, network tiering, etc.

Value-based reimbursement, or value-based payment, is not one model – it encompasses multiple models.

This complexity is compounded by the fact that every single hospital system or physician group is going to be executing on multiple reimbursement models.

If we blended the entire country, we're somewhere between 10 to 20 percent in terms of true value-based payments that exist. In three to five years, we're going to be well above 50 percent.

Will this become an industry with a handful of very large health systems, and will smaller specialized health systems and hospitals be able to survive and compete?

The concern I and many leaders have is, if we're all racing toward huge health systems, then the small hospital or small physician practice will cease to exist. I'm not necessarily supportive of this, but it will become

significantly difficult for a single community hospital or single physician practice to compete in a world of scale.

We are seeing the emergence of large health systems and super systems, both in for-profit and not-for-profit models. We will also see large academic medical centers because they need to have scale to maintain their vision and mission.

We will continue to see the emergence of large hospital systems, large multi-specialty groups, and large physician groups.

Does scale necessarily mean better value or quality service for large hospital systems?

Scale is about managing across the continuum of health services, and after that, it's about integrating the physician and clinical piece, which is crucial.

Another advantage of scale is that it will help secure contracts with commercial payers and with CMS (Centers for Medicare and Medicaid Services) as narrower provider networks are established.

Once an institution has reached a large scale, it needs to focus on competencies and capabilities to create higher quality services at a better cost, and with better integration.

It's not that everything will automatically occur just by consolidating. Once the consolidation happens, the resulting institution has to standardize, best practices need to be shared, and new capabilities must be developed to handle additional risk.

Will the role of the hospital as we know it today change?

It already has changed. The length of stay has been reduced. There are now outpatient surgical capabilities, so more care will happen outside of a hospital's four walls.

The role of the acute care center and tertiary care is going to change. There will be more services conducted in the post-acute and the pre-acute centers. Eventually, they will move to the physician's office, and then to the home. This is beginning to happen now.

There is also the realm of telemedicine, where patients can contact their physicians via computer or phone to discuss their symptoms. The advancement of telemedicine is going to pull patients away from the emergency room.

What investments have you made in technology, and how will that be a differentiator for the company?

Technology allows us to automate processes, such as intelligence gathering and metrics management. Our technology investment has increased almost fourfold. We will continue to maintain that level of spend because we need to advance our level of automation. There are now tools that we're developing that will inform us when a certain procedure gets denied and tell us not just that it has been denied, but why and where in the process it was denied. We can use that information to advise the clinician in providing appropriate care that is aligned to clinical and financial

outcomes. Technology is also required for us to integrate with our customers because we have to utilize data from their systems. We need secure and advanced technology to do that.

Is it hard to be optimistic when you consider how many issues in healthcare need to be addressed? Are we on the right path to elevate the industry to where it needs to be?

We have gone through so many changes in healthcare. I understand where many of the comments about healthcare are coming from, and I believe some of them are fair. We aren't as automated as we should be, but we do have a very complex world.

Despite what people say, we've overcome a great deal already, and we still have great patient outcomes, strong research, and one of the best healthcare systems in the world.

I'm very optimistic because physician leaders are stepping up. There are many physician CEOs at healthcare provider systems, payers and companies like ours. Physicians are becoming very strong industry leaders, and there's great momentum.

Is there still an understanding about the kind of profession this industry offers, and is the next generation of leaders going to be there?

The complexity of medicine has caused some people to avoid the profession.

Our career requires eight years of school and another five to seven years of training, followed by a lifetime of continued learning.

Rather than spending time performing administrative tasks, they want to remain focused on clinical practices and outcomes, as well as best practices. They need to be concerned about providing the best outcomes for their patients. As a result, the administrative side will begin to shut down a bit.

The new generation of doctors is going to be very different. This lends itself to the employment model, where physicians practice medicine, and we take care of the back office.

As you look to the future, are you able to enjoy the wins along the way?

I'm a team person, so the accomplishments are not about me – they have to do with the team and what the team has accomplished.

We have accomplished a great deal. We completed a massive restatement, and the company has turned around.

We reorganized the company. It's profitable and has a strong cash flow. We have also changed the relationship with our customers. Everything is in a very good place.

The question is, did I relax and enjoy the fruits of the labor? I didn't as much as I should have. Leaders are driven, and they hold themselves to a very high standard on every front.

My focus is on getting the company to the next level and maintaining our leadership role in the industry. A true leader is always looking to stay in the lead. Healthcare is in a state of change; we want to be part of that change. ●