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# COLLABORATION HEALTH CARE

## ALIGNING INTEGRATIVE HEALTH CARE AND AN INFORMED MARKET TO IMPROVE HEALTH CARE TODAY



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### 2009 Was A Whole New Ball-Game

We wish all of you a Happy Holiday and best wishes for 2010. When we wrote this piece last year we were going through one of the most dramatic changes in our economy we've ever experienced. At the time we didn't know the depth or extent of the challenges we would face, but we knew that we were going to need to think different than we ever have before.

The Obama Administration had not yet taken office and was still talking about health care as a domestic issue. We questioned whether they would keep it on the table considering all of the other issues they would be facing. Well, they kept it on the table and we're about to see the results.

As most of you can gather from our past writings and our blogs we seriously question the direction the Congress has taken with trying to reform our health care system. We continue to believe that consumer engagement, participation, and understanding are key components of reform that are not being adequately addressed and improving the efficiency of care delivery will go a long way in reversing the trend in the costs we are experiencing today. Unfortunately, some of these concepts can't be scored by CBO with any financial value, so they remain on the side. We believe they should be front-and-center.

The following is a reflection on some of the predictions we made in 2008 for 2009. We're going to grade ourselves on our predictions versus the reality. We also lay out some of our predictions for 2010 to provide you another perspective to consider as you are laying out your strategic goals for the coming year.

We're in for another tough one. But, we also believe that many times great companies are built, great ideas are created, and great strategies are executed when times are tough. We'll have a chance to prove that hypothesis in 2010.

Have a Wonderful Holiday and New Year

### Our Grades for 2009- Predictions for 2010

No matter how you look at it, the numbers going into 2010 don't look good. Consumer confidence remains the lowest it's been in over 26 years; the official unemployment rate hovers around 10% and is probably much higher in reality. Fortune's "Big Picture Index" which looks at 7 key metrics of the economy stands at 18.22 compared to a 2007 Baseline of 100. The numbers remain bad. We all know things are tough; the question is whether 2010 will be the year we bounce back. Last year we were correct in predicting a fundamental change in the way our economy, consumers, and businesses would be operating as a result. We just didn't anticipate the magnitude of the changes that would take place.

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We put forward three general business projections for 2009:

1. *Businesses will be smaller and more closely organized- but the demands of the marketplace, the workload with individual projects, and the need for creativity and innovation will not slow down.*

We hit this one. As companies shed workers as a result of the economic slowdown most organizations tried to do what they could to maintain revenues with the resources they had left. However, many organizations continued to operate with the same business models they had before. Unfortunately innovation and creativity may have been sacrificed to try to maintain the status quo and to survive.

2. *Relationships, partnerships, and collaboration will be part of the new reality- not something "we'll think about when we have the time."*

We think we hit this one- "kind of". We thought that with all of the dramatic changes taking place in our economy strategic partnerships would become more a way of life. We did see this somewhat in the technology industry, airlines, and a few others, but the philosophy didn't take hold the way we thought it could.

3. *Profits, stock-price, executive compensation, and expectations of immediate returns at all costs will be scrutinized more closely in the marketplace.*

We hit this one. While stock price and shareholder return continue to be a measuring tool, the quality of the numbers supporting the prices are much more important than before. We didn't expect the federal government to be involved in the executive compensation discussion but only goes to show how far things can go when things get out of hand.

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## Grades and Predictions (con't)

We'll stick with these three for 2010 and add a couple of others:

4. ***The road home will be slow.*** We are not expecting 2010 to be a turn-around year. We're expecting 2010 to be a stabilizing year. While the numbers may periodically show optimistic signs of growth and calls of "the recession is over" we're expecting 2010 to be a year that the market and its participants adjust to the new realities of life.
5. ***Consumers will be skeptical and cautious.*** The consumers have gotten hammered in this mess. Since 80% of our economy is driven by consumer spending it will be critical to re-establish a financial base for them to participate again in the economy. Like many businesses, they have retrenched for survival. Significant dollars of net worth evaporated in this last crisis and the over-leveraged consumers are now paying the tab. We also recognize that the crisis of the housing bubble is not over yet as many more loans will be "re-set" at higher interest rates in the coming year, which may lead to increasing foreclosures. Consumers are going to take their time in trusting anyone for awhile.
6. ***It's an election year (Say no more).*** After Congress passes whatever it is they are going to pass on health care, many elected officials are going to be spending the next 10 months justifying what they did on many issues. We're going to be getting a lot of "hugs and kisses" from our elected officials in 2010- and with a 20% approval rating right now, many will likely be looking for new opportunities in November.

So, we'll give ourselves a B or B+ for 2009. The predications we laid out were accurate, we just wished the philosophy of "relationships, collaboration, and innovation" would have been more prominent.

We'll see how we do in 2010.

### Healthcare

The basic premise we laid out for healthcare for 2009 still holds for 2010. The system we have today is fundamentally unsustainable and we believe there will be little impact in the healthcare market for consumers and employers in 2010 no matter what comes out of Congress. Costs will continue to increase for employers, costs will continue to be shifted to employees and individuals, the rate of uninsured will continue to increase, and the market will start to digest the rules finalized by Congress. We had honestly hoped the marketplace would begin to collaboratively address these issues on its own as opposed relying on legislation. However, the way health care is fragmented and unstructured today made it difficult.

A review of our predictions for 2009

1. ***The government is going to be involved, so get used to it.*** We had no idea how much it would ultimately be involved and still don't know the full extent of its involvement. We're still hoping that a "health care reform light" can come out of this. We'll know in the next few weeks. We don't know what, but something will pass. We're going to give ourselves this one.
2. ***Partisan turf protection of the fragmented delivery system is going to need to give way to more collaboration.*** The potential for collaboration started with the Obama "Kumbaya Meeting" when all key stakeholders pledged their support for health care reform at the White House last March. Since then, the true colors of the health care stakeholders began to show. We still believe that real collaboration aligned with the right incentives is central to reforming our current system. We also believe the private market can play a huge role here, but it needs to be on the same page. Health plans and provider/hospital groups are beginning to establish pilot

programs to test new models of delivery. Medical homes and accountable health systems are being tested and presented as "saviors" for the system we have today. These are all wonderful ideas, however, until health care delivery is linked to the quality of life and results for the individual consumer we question their applicability to "change the cost trend" of health care today. We'll give ourselves half-credit on this one.

3. ***Technology is going to get a lot of emphasis- not just medical technology- but service delivery technology as well.*** We're going to give ourselves this one too. The technology applications developing in this country are amazing. Tele-health initiatives, phone applications, and new internet resources are being introduced to improve the access of health care information and services for individuals. The industry continues to face the challenge of linking all of this information together into a common platform for care delivery (Electronic Medical Records) but we're getting closer.
4. ***The organizations that adjust their business models to reflect the new realities can come out of 2009 stronger than when they went in- there are opportunities as well as challenges.*** We believe this still to be true. Unfortunately most health care organizations continued in the old way of thinking. So, while the predication is true, most organizations utilized layoffs and cutbacks as the strategy, as opposed to changing their business models to reflect the new realities. We'll give ourselves another half-credit on this one for being correct in identifying the need, but incorrect in assuming it would happen.

We'll stick with these four for 2010 and add one other:

5. ***Consumers will take on a new role.*** We continue to believe that the organization or idea that can engage the individual to participate more actively in their health and clarify the health care process will be a key to true reform of our health care system. The consumer today does not trust the system because they do not understand it. Real reform will occur when individuals assume the responsibility of creating a healthier population and make the personal commitment to improve their own health and quality of life. The health care system needs to provide the resources and support to allow them to do it. As we found with the Town Hall Meetings in August, health care is personal. It's not all about transactions. And, they don't trust the health care system we have today. The organizations that accept and embrace the role of the individual in health and health care will have a significant competitive advantage over others that don't.

We'll give ourselves a B- on our Healthcare predictions. While we think they were accurate in identifying the need, once again the market didn't react like we expected to make these projections a reality. (Surprise, Surprise).

So, another year has flown by. We hope and pray your 2010 is full of Blue Oceans and growth despite the challenges that lie ahead. Providing quality health care to individuals continues to be a significant social and economic responsibility for our country. With commitment, dedication, and collaboration we still believe we can change the system we have today, to provide a better foundation for our country in the future- but it won't be easy.