CHAPTER 1

HEALTH, HEALTHCARE, AND HEALTHCARE ORGANIZATIONS

Strike a balance between population health and individual health.

Howard R. Grant, CEO of Lahey Health

Learning Objectives

Studying this chapter will help you to

➤ explain what health and population health are,
➤ describe the major forces that determine the health of a population,
➤ identify types of health services in the continuum of care,
➤ identify types of healthcare organizations,
➤ explain the external environment and how it affects healthcare organizations,
➤ describe trends that will affect management of healthcare organizations in the future, and
➤ appreciate the variety of healthcare management jobs and careers.
HERE’S WHAT HAPPENED

Partners HealthCare is an integrated healthcare delivery system that owns and operates numerous healthcare organizations (HCOs), including community health centers, physician practices, hospitals, urgent care clinics, and home care businesses. Together, these HCOs provide the continuum of care from prenatal to end-of-life. Based in Boston, Partners is committed to its community, and it values innovation, technology, openness, and preparation. Its managers have watched developments in the external environment, such as demographic trends, the growth of social media, the emphasis on population health, and value-based payment for healthcare. They have been transforming Partners HealthCare to better fit the changing external environment in which it operates. For example, the managers have been forming patient-centered medical homes and are striving to keep the local population healthy through proactive preventive care (rather than reactive cure). Managers implemented a Connected Cardiac Care program that uses telehealth to connect with remote patients and help them care for their heart disease. People are living healthier lives because of what Partners HealthCare’s executives, managers, supervisors, and staff have done.

As the opening example shows, healthcare organizations need managers. We will follow managers at Partners HealthCare throughout this book as a management case study. A brief example from Partners HealthCare opens each chapter to demonstrate that chapter’s subject. (These examples are based on a lengthy case study that is presented in “A Management Case Study: Partners HealthCare” later in this book.) This book will help you learn how to manage HCOs to help people live healthier lives, as managers at Partners do. You will be able to do important work (while earning a good paycheck).

This chapter explains health and population health and examines the main forces that determine them. It identifies health services in the continuum of care and the types of HCOs in the healthcare sector. The chapter then describes the external environment and important trends that are affecting HCOs, the healthcare industry, and the healthcare sector. The chapter ends with information about healthcare management jobs and careers, for which this book will prepare you. After reading this chapter, you will better understand why communities need HCOs—and why HCOs need people like you to manage them.

HEALTH AND WHAT DETERMINES IT

What is health? In a classic definition still widely used today, the World Health Organization (WHO 1946, 100) states that health is “a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.” Note that the definition of health is based on being well rather than just not having a health problem.
An individual’s health status may be measured by how well that person feels and functions physically, mentally, and socially. Health status can be evaluated through many measures, such as physical ability, emotions, socialization, blood pressure, and absence of pain. For a group or population, health status may be measured by birth rates, life expectancy, death rates, prevalence of diseases, and group averages for individual health measures.

In recent years, healthcare leaders, clinicians, policymakers, and others have become more concerned about population health. The well-established definition of this concept used by the Institute of Medicine (2018) and a population health book (Caron 2017) comes from Kindig and Stoddart (2003, 381): “the health outcomes of a group of individuals, including the distribution of outcomes within the group.” A population can be a group of people identified by their shared community, occupation, ethnicity, geographic region, or other characteristic. Kindig (2017) emphasized that distribution of outcomes in a group is important because although a population can be healthy on average, some people may have bad outcomes. Population health has gained prominence because of population health provisions in the Affordable Care Act of 2010 and because it is one of the three goals in the Institute for Healthcare Improvement’s (IHI 2018) widely accepted Triple Aim. The concept focuses on the health of a population or group rather than on the health of a patient or person.

Managers of HCOs historically focused on the health of their individual patients. Now they also are addressing the health of their local populations (Morrison 2017). Managers must strive to improve health at both the community population level and the individual person level. You will have to do the same when you are managing an HCO. The techniques presented in this book will help you manage programs, activities, and services to improve population health and individual health in your community. This chapter’s opening quote reflects this approach to managing HCOs. As we learned in the opening Here’s What Happened, Partners HealthCare’s managers are using this approach.

**Determinants of Health**

Many forces determine (influence) the health status and health outcomes of populations and individuals. To understand these forces, consider the main determinants of health as described by various sources:

- Heredity, medical care services, lifestyles, and environment (fetal, physical, and sociocultural) (Blum 1983)
- Genetics, medical care, behavior, physical environment, and social circumstances (McGovern, Miller, and Hughes-Cromwick 2014)
- Social and economic environment, physical environment, individual characteristics and behaviors, and health services (WHO 2018)
◆ Policymaking (by governments), social factors (including physical environment), health services, biology (genetics), and individual behavior (HealthyPeople.gov 2018)

◆ Biology (genetics), individual behavior, social environment, physical environment, and health services (Centers for Disease Control and Prevention 2014)

◆ Healthcare, individual behavior, genetics, social environment, and physical environment (Kindig 2017)

Exhibit 1.1 shows Kindig’s (2017) five determinants influencing the health outcomes of a person or population. Though not shown in the exhibit (to avoid too many arrows cluttering the exhibit), these determinants interact; they are not independent of each other. For example, the social environment in which someone lives affects that person’s individual behavior and healthcare, and those three determinants all affect the person’s health. Another point is that the five determinants do not all have an equally strong influence on health.

Genetics is the starting point of health. Genes and characteristics inherited from parents make a person more likely or less likely to develop certain health problems, such as heart disease or cystic fibrosis. Perhaps your parents have mentioned genetic traits and characteristics that run in your family. Although scientists in research laboratories can modify a gene to avoid a disease-causing mutation, genetics is not yet a practical approach
to improving health. That might change in the future as science and ethics evolve (Reardon 2017). For now, managers have to modify the other four determinants to improve health.

**Healthcare** is “the maintaining and restoration of health by the treatment and prevention of disease [and injury] especially by trained and licensed professionals” (Merriam-Webster Medical Dictionary 2018). (The definition of medical care is similar but often limited to care performed by physicians.) Healthcare services exist for all ages and stages of life, from womb to tomb. Together, they form a continuum of care that is explained later in this chapter. Managers can improve people’s health by helping to ensure people’s appropriate use of quality healthcare. Most healthcare spending in the United States has been for diagnosis and treatment of health problems. However, other determinants, such as behavior and social environment, often have a larger effect on health (Caron 2017; McGovern, Miller, and Hughes-Cromwick 2014). Researchers, HCO managers, clinicians, policymakers, and others are realizing this. They are giving more attention and allocating more resources to the other three determinants of health: individual behavior, physical environment, and social environment.

Individual behaviors, such as smoking, seat belt use, diet, flossing, handwashing, and exercise, strongly affect health. For example, heart disease has been linked to behaviors that include smoking, eating unhealthy foods, and not exercising. Healthcare managers can improve people’s health by helping them improve their lifestyle and behavior. Some HCOs offer smoking cessation programs, nutrition classes, and fitness walks.

Physical environment is the physical setting (natural and built) in which someone lives. Many elements of the physical environment affect health, such as sanitation, climate, parks, nighttime lighting, forests, safe roads, and air pollution. We can understand the importance of the physical environment by considering the health problems caused by floods and hurricanes. Healthcare managers can improve people’s health by helping them improve their physical environment. For example, HCOs have helped their communities reduce air pollution, build parks, and remove garbage.

The social environment includes factors such as socioeconomic status, availability of fresh food, job opportunities, social interaction and support, discrimination, education, language, poverty, prevailing attitudes, and neighbors. Many of these factors vary based on location. Thus, a person’s zip code is a stronger predictor of health than is his genetic code (Hinton and Artiga 2018). The effect of these factors on health has gained recognition in recent years. Healthcare managers can improve people’s health by helping them improve their social circumstances. Healthcare providers are entering more of this information into patients’ medical and health records to monitor and address it with patients (McCulloch 2017).

These determinants can lead to differences in the health of specific groups or subpopulations (e.g., those based on ethnicity, gender, and other characteristics). A **health disparity** is “a health difference that is closely linked with social, economic, or environmental disadvantage” (HealthyPeople.gov 2008b). Health disparities are common among groups that face barriers based on their gender, race, ethnicity, disability,
The US population is becoming more diverse, and many healthcare managers are striving to reduce disparities so that everyone can live healthy lives. You too will do that in your career.

How can healthcare managers use determinants of health to improve people’s health? Realize that factors other than healthcare are important. For example, HCO managers in Wichita can improve people’s health by improving their behavior, physical environment, and social environment. These three determinants can help prevent disease, illness, and injury from occurring in the first place. HCOs such as sports medicine clinics, hospitals, health insurers, physician practices, mental health clinics, and others have implemented many interesting approaches. Examples include offering wellness programs to seniors, helping children adopt healthy lifestyles, building walking trails and playgrounds, and using social media to guide behavioral change. Think about your community. What have HCOs done there (besides delivering medical care) to improve health?

**Healthcare and Health Services**

There are many different kinds of healthcare and health services. Which ones have you heard of? Some prevent problems, some diagnose problems, some treat problems, and some support people at the end of life. Some are short-term; others are long-term. The many location, and other factors. The US population is becoming more diverse, and many healthcare managers are striving to reduce disparities so that everyone can live healthy lives. You too will do that in your career.

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**Try It, Apply It**

Suppose you are asked to serve on a college task force whose mandate is to recommend what the college should do to help students improve their health. Using what you have learned in this chapter about the determinants of health, suggest how students’ individual health and population health can be improved. Discuss your ideas with other students.
kinds of healthcare and health services can be grouped into categories, such as preventive, diagnostic, curative, rehabilitative, and so on. Exhibit 1.2 lists several types of healthcare and services. (It is beyond the purpose and scope of this book to explain all these services. If necessary, you can research any unfamiliar services online.) Some types of care, such as home care, take place in only one kind of HCO. Yet most types of care occur in more than one kind of HCO. For example, diagnostic care occurs in freestanding diagnostic centers, outpatient clinics, physician practices, hospitals, urgent care centers, and other HCOs.

<table>
<thead>
<tr>
<th>Acute care</th>
<th>Adult day care</th>
<th>Ambulatory care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assisted living</td>
<td>Behavioral health care</td>
<td>Chiropractic care</td>
</tr>
<tr>
<td>Chronic care</td>
<td>Community health services</td>
<td>Complementary care</td>
</tr>
<tr>
<td>Dental care</td>
<td>Diagnostic care</td>
<td>Emergency care</td>
</tr>
<tr>
<td>Health promotion</td>
<td>Home care</td>
<td>Hospice/palliative care</td>
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<tr>
<td>Hospital care</td>
<td>Inpatient services</td>
<td>Long-term care</td>
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<tr>
<td>Mental health care</td>
<td>Office-based care</td>
<td>Outpatient services</td>
</tr>
<tr>
<td>Personal lifestyle care</td>
<td>Physician care</td>
<td>Post-acute care</td>
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<tr>
<td>Preventive care</td>
<td>Primary care</td>
<td>Public health services</td>
</tr>
<tr>
<td>Rehabilitative care</td>
<td>Respite care</td>
<td>Self-care</td>
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<tr>
<td>Skilled nursing care</td>
<td>Specialty care</td>
<td>Sports medicine</td>
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<tr>
<td>Subacute care</td>
<td>Urgent care</td>
<td>Virtual care</td>
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</tbody>
</table>

Healthcare and health services together can be thought of as a continuum of care (CoC) or care continuum with a range of services needed to care for a person or population (Buell 2017). A comprehensive “womb-to-tomb” CoC begins with prenatal care, ends with palliative end-of-life care, and includes all other health services in between that people might use during their lifetime. Some HCOs extend the CoC into the community and call it a “health continuum” to more fully improve the population health (not merely patient health) of their communities. The health continuum extends beyond direct healthcare services to include housing, food support, employment, and other social determinants of health that come from outside the usual healthcare system (Buell 2018).

Exhibit 1.3 shows an example of a general CoC with a comprehensive sequence of services that many patients might follow. It begins with prenatal and preventive care, followed by primary care, specialty care, diagnostic care, acute care (outpatient and inpatient),...
Management of Healthcare Organizations

Subacute care, chronic care, rehabilitative care, long-term care, and end-of-life care (Barton 2010; Shi and Singh 2015). Preventive care and specialty care occur at multiple stages of the continuum.

The continuum can be considered a person’s journey through the healthcare system and related community services that are needed to care for that individual (Buell 2017). The complete continuum provides physical health services and mental and behavioral health services throughout the individual’s life. Smaller CoCs exist for particular kinds of patients or stages of life, such as CoCs for obstetrics, HIV (human immunodeficiency virus), rehabilitation, or behavioral health. For example, the University of Pittsburgh Medical Center Rehabilitation Institute uses a rehabilitation CoC that includes inpatient, outpatient, and community services. A CoC shows in a typical sequence the types of care and services needed for a specific patient population. Health professionals use CoC models as tools to plan how to meet the healthcare needs of a person or population in the most cost-effective way (Buell 2017). All services in a CoC should be seamlessly coordinated to work together. Thus, managers of HCOs must consider their place in their patients’ CoCs and form effective links with other services and organizations in those CoCs.

Recent changes in how providers are paid have been driving HCOs, particularly hospitals and post-acute care HCOs, to use a CoC approach with their patients (Buell 2017; Van Dyke 2017). These changes include value-based payment for care, incentives to keep patients out of hospitals, requirements for discharge planning, bundled payments for episodes of care, and plans for unified post-acute payment. Driven by these new payment methods, hospitals are trying to avoid patient admission and readmission to the hospital. Their approaches include providing preventive, primary, specialty, and diagnostic care early.

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**Exhibit 1.3**
Continuum of Care

<table>
<thead>
<tr>
<th>Prenatal Care</th>
<th>Preventative Care*</th>
<th>Primary Care</th>
<th>Specialty Care**</th>
<th>Diagnostic Care</th>
<th>Acute Care</th>
<th>Subacute Care</th>
<th>Chronic Care</th>
<th>Rehabilitative Care</th>
<th>Long-term Care</th>
<th>End-of-life Care</th>
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*Preventative Care occurs at many stages of the continuum to prevent occurrence and reoccurrence of disease, illness, and injury.

**Specialty Care occurs at many stages of the continuum.

Source: Adapted from Barton (2010) and Shi and Singh (2015).
in the continuum to prevent admission, and then subacute, chronic, rehabilitative, and long-term care later in the continuum to prevent readmission. Managers are trying to more closely connect mental and behavioral healthcare with physical healthcare in the continuum.

Besides payment changes, stakeholder demands for population health and coordinated, integrated (rather than fragmented) care are driving HCOs to develop optimal CoCs for patients and communities. This goes beyond the services that HCOs provide. HCOs must focus on social determinants of health (discussed earlier in this chapter) and the patient’s role in self-care to keep people healthy and avoid expensive healthcare (Bosko and Gulotta 2016; Buell 2018). Thus, some HCOs are trying to gather data about patients’ housing, food security, education, income stability, and other social factors that strongly affect health.

**Healthcare Organizations**

The Here’s What Happened at the beginning of the chapter introduced Partners Healthcare—a large, complex HCO (made up of smaller HCOs) that we will follow throughout the book. What HCOs have you heard of, worked at, or volunteered at? Some HCOs, such as large general hospitals, provide a wide range of services spanning many parts of the CoC. Other HCOs, such as hospices, specialize and provide only a narrow range of services in one part of the continuum. Hospitals may also specialize, such as hospitals for only psychiatric care or for only rehabilitation services.

Ambulatory HCOs provide healthcare services to people who obtain care but do not stay overnight. Medical group practices and physician offices provide many ambulatory medical services in specialties such as cardiology, pulmonology, and neurology. They might offer diagnostic testing, on-site therapy services, outpatient surgery, and other services. Outpatient diagnostic centers perform lab tests, medical imaging, and other services to diagnose health problems. Other outpatient HCOs are ambulatory surgery centers, urgent care facilities, mental health clinics, public health agencies, sports medicine businesses, dental practices, and counseling offices. Some retail stores operated by large companies (e.g., Walmart, Target, CVS, Kroger) offer basic urgent care. Home care organizations provide an array of nursing care, therapy, and health services in people’s homes. Telehealth and virtual care methods have expanded the range of health services delivered in people’s residences. Some organizations—such as skilled nursing facilities, personal care homes, and assisted living communities—provide services for people (not all of whom are elderly) who need care for an extended period of time.

In addition to HCOs that provide hands-on healthcare services to patients, other types of HCOs are essential for improving individual health and population health. Organizations such as the American Cancer Society and the American Lung Association improve people’s health by funding research, developing educational programs, reducing risk factors, and assisting people who need treatment. Medical supply firms and pharmaceutical
companies such as Johnson & Johnson produce and distribute supplies, drugs, and equipment that other HCOs use for their healthcare. Companies such as General Electric and Philips make complex medical equipment. Some companies make catheters, intravenous solutions, antibiotics, bandages, and many other daily supplies. Health insurance companies, such as Blue Cross, are another type of HCO. These businesses assist in the financing of and payment for healthcare services. Trade organizations (e.g., the Medical Group Management Association) and professional associations (e.g., the American College of Healthcare Executives) are other types of HCOs. Colleges and universities educate people to work in dozens of types of healthcare jobs. Professional and governmental organizations such as The Joint Commission and the Ohio Department of Health accredit, license, and regulate HCOs. Philanthropic organizations such as The Commonwealth Fund and the Kaiser Family Foundation provide research, education, and financial grants to improve health.

The list of HCOs could go on and on. Try to think of other kinds of HCOs. There is no distinct boundary between HCOs and non-HCOs. For example, Amazon, Apple, and Uber have announced their intentions to get involved with healthcare (Michelson 2018). Managers of HCOs should realize that their organizations must interact with many others to produce a CoC and healthcare services for their population.

**The External Environment of Healthcare Organizations**

An HCO exists in an external environment of people, organizations, industries, trends, forces, events, and developments that are outside of the HCO. Most of these external elements are beyond the HCO’s control. The external environment of a specific HCO includes all the other HCOs along with citizens, schools, colleges, banks, information technology (IT) companies, labor unions, competitors, stock markets, governments, venture capitalists, and more. This environment includes economic, demographic, technological, cultural, legal, social, and other kinds of developments in society. For example, in the opening Here’s What Happened, the external environment of Partners HealthCare includes the invention of new devices for mobile technology.

Let’s analyze the external environment of a home care business in Baltimore. The other home care businesses around the city are part of the environment. They exist in the healthcare realm, which also includes public health agencies, subacute care facilities, health insurers, and all the other HCOs in and around Baltimore. The larger society, including government, banking, transportation, education, housing, and many other elements, are all part of that home care business’s external environment. In addition, that environment includes potential customers, volunteers, employees, student interns, donors, and suppliers. We can also think of this environment in terms of forces and influences, such as cultural diversity, local employment trends, 24/7 mobile communication, and opioid addiction rates, that affect the home care business.
These other organizations, forces, and people affect HCOs in many ways. For example, the home care business depends on people to use its services, but those clients may want more weekend services and social media interaction. They can use a different home care business if their preferences are not met. The government could force the business to make changes to maintain its license and stay open. The home care business depends on other businesses to provide services and supplies, so it will have to contract with an internet service provider and medical supply vendors.

An HCO exists in, and is influenced by, a larger world. The HCO must be open to its external environment and interact effectively with it. To paraphrase an old saying, no HCO is an island unto itself. An HCO depends on people and organizations in its environment just as a person does. When you are a manager, pay attention to your external environment!

If we just think of “the environment,” we are likely to overlook parts of it. The environment is so big (and somewhat vague) that we might not fully realize what it includes. To better understand the external environment outside of and beyond our own HCO, we can divide it into 11 sectors (Daft 2016, 143). Thinking about each of these sectors helps managers analyze their external environment and more fully comprehend how it affects their HCO.

1. **Industry sector**—related businesses and competitors that offer products and services similar to what your organization offers

2. **Raw materials sector**—suppliers, manufacturers, and service providers, from which your organization obtains needed supplies, equipment, and services

3. **Human resources sector**—employees, labor unions, schools, colleges, employment agencies, and labor markets, from which your organization obtains human resources (employees)

4. **Financial resources sector**—banks, lenders, stock markets, and investors, from which your organization obtains loans, credit, and other financial resources (not customers and insurers who pay your organization for products and services)

5. **Market sector**—actual and potential customers, clients, and users of your organization’s products and services

6. **Technology sector**—science and technological methods of producing products and services, some of which your organization uses

7. **Economic conditions sector**—levels and rates of employment, inflation, growth, investment, and other economic circumstances in which your organization exists (not financial resources or money for your specific organization)
8. Government sector—laws, regulations, court rulings, political systems, and governments at the local, state, and federal levels, some of which affect your organization

9. Natural sector—natural resources, the green movement, and forces for sustainability

10. Sociocultural sector—characteristics of the society and culture (e.g., education, values, attitudes) in which your organization exists

11. International sector—globalization, and other countries and their customs, industries, businesses, and people, some of which might affect your organization

When you think about an HCO, think about its external environment, too, because that strongly affects the HCO. The full Partners HealthCare case study at the end of this book explains how sectors of the external environment affected that HCO. Managers must develop good relationships between their HCO and the external environment, as explained further in this book’s chapters on planning and organizing. For example, HCO managers use Facebook to interact with customers and suppliers in the environment.

Healthcare Trends and Future Developments

Healthcare is always changing—you have probably noticed that. Many powerful trends and developments affect health, healthcare, and healthcare organizations. Managers can use the methods, tools, principles, and techniques in this book to help their HCOs monitor and adjust to these changes. However, trends sometimes unexpectedly stop, change, turn around, or start anew, making it hard to accurately predict the future. Thus, managers should know “how to create a healthcare organization that can succeed in an unpredictable future” (Olden and Haynos 2013, 1). This book will help you learn how to do that.

The following list includes important trends and developments in US healthcare and its environment. These trends are interrelated and thus affect each other as well as HCOs. Watch for the Using Chapter _ in the Real World sidebar feature in each chapter of this book. The sidebars provide real-world examples of how managers use the concepts in each chapter to address such trends and developments.

◆ Demographics. What will the US population be like during your career? Here are estimates based on the last US census in 2010 and the subsequent US Census Bureau’s 2014 National Projections (Colby and Ortman 2015, 1):

Between 2014 and 2060, the U.S. population is projected to increase from 319 million to 417 million, reaching 400 million in 2051. The U.S.
population is projected to grow more slowly in future decades than in the recent past, as these projections assume that fertility rates will continue to decline and that there will be a modest decline in the overall rate of net international migration. By 2030, one in five Americans is projected to be 65 and over; by 2044, more than half of all Americans are projected to belong to a minority group (any group other than non-Hispanic White alone); and by 2060, nearly one in five of the nation's total population is projected to be foreign born.

◆ **Workforce.** Many HCOs are striving to develop a diverse workforce that better matches the diversity of the population they serve. The workforce comprises up to five generations of very diverse workers with very different expectations. Managers are more concerned about workers’ engagement, safety, joy, human interaction, and overall work experience. Employers are striving to reduce employees’ fatigue, stress, burnout, and turnover while improving work flexibility, rewards, development, work space, well-being, feedback, and support. HCOs continue to use a mix of permanent and “gig economy” arrangements—full-time, part-time, freelance, on call, per diem, contractual, on-site, online, and others. Continual training, upskilling, and development of workers are essential. Shortages of nurses, pharmacists, and primary care professionals continue to challenge HCOs. Larger HCOs are creating management positions for innovation, transformation, process improvement, clinical integration, diversity and inclusion, strategy, population health, patient experience, and analytics. More physicians are working in senior management and leadership positions (Bisognano 2017; Dye 2017; Noe et al. 2016; Schawbel 2016, 2017; Spitzer 2018).

◆ **Payment.** Though still common, fee-for-service payment is on the decline. Healthcare payment is increasingly based on value of care rather than volume of care. Payments are being tied to performance as measured by benchmarks and standards for quality, patient experience, clinical outcomes, and best practices. Payment may be based on bundles of services for episodes of care, or on care that is accountable for keeping people healthy. Thus, HCOs are redesigning healthcare processes, monitoring care more closely, and using more detailed and sophisticated cost accounting. More payment is population based, where “providers typically receive a target budget to care for a defined population over a specified period, generally a year. Healthcare organizations are responsible for all services their patients use during the specified period” (Chernew 2017, 12). Thus, HCOs are strengthening how they manage patients through the CoC, especially before and after inpatient care.
◆ **Connectedness.** People and organizations are becoming more connected locally, regionally, nationally, and globally. Healthcare is investing in more communications technology and IT. HCOs are expanding their use of social media to share blogs, infographics, videos, and stories and to enable two-way conversations, feedback, and engagement with patients, employees, and other stakeholders. There are more e-health providers, and HCOs are delivering more telehealth, mobile health, and virtual health.

◆ **Patient experience.** Healthcare consumers are becoming more knowledgeable about their own health and more demanding of HCOs. People are more engaged in their health and healthcare including their wellness, health literacy, decision making, and self-management. They want to obtain and consume healthcare on their terms, not providers’ paternalistic terms (Dowling 2017). Thus, HCOs are striving to improve the **patient experience**—all that a patient experiences and perceives while interacting with the healthcare system, HCOs, and healthcare workers (Radick 2016). The patient experience emphasizes the total experience of the CoC (not just medical care), including empathy, convenience, respect, trust, fulfillment of expectations, responsiveness, and individual attention. Care is becoming more patient centered and less provider centered to better meet the needs of patients, family members, consumers, and communities. Personalized medicine is becoming more common to address each patient’s unique wants, needs, and life situation.

◆ **Population health.** The healthcare system and HCOs are giving more attention to population health and healthy communities through increased use of epidemiology and public health services to address risk factors (Caron 2017). HCOs are becoming more involved in health promotion, disease prevention, primary care, and wellness that require improving the upstream social, economic, behavioral, environmental, and educational factors that affect health. Stakeholders are focusing more on communities and not just one patient at a time. Care continues to shift from inpatient to outpatient settings and to many nontraditional points of service in retail stores, kiosks, and cyberspace. Mental and behavioral health are receiving more attention. Healthcare providers are collaborating with communities to improve social determinants of health. The CoC continues to expand beyond healthcare.

◆ **Consolidation.** HCOs continue to consolidate into a variety of larger organization forms (Dowling 2017; Kaufman 2017; Keckley 2018; Michelson 2018). Hospitals, medical groups, insurers, ambulatory clinics, long-term
care businesses, community agencies, and other HCOs are forming mergers, alliances, networks, vertically integrated delivery systems, accountable care organizations, and other collaborative structures. There are fewer HCOs, yet they are bigger and more complex. These structures are expected to improve coordination through the CoC, reduce fragmentation of services, share scarce resources, gain economies of scale, increase power, and improve quality. Their size and complexity may create challenges for patients and other stakeholders. Extremely large businesses (both inside and outside healthcare) are taking on bigger—and disruptive—roles in the US healthcare system.

◆ Health science and technology. Continual advances in science and technology enable new approaches to health prevention, diagnosis, and treatment. This evolution will continue in the future with developments in telehealth, robotics, genetics, bionic limbs, artificial organs, 3-D printing of body parts, IT and connectivity, virtual reality, artificial intelligence, voice activation, molecular imaging, implantable chips, personal health monitoring, e-health, customized medicines, gene therapy, regenerative medicine, and smart devices with medical attachments (Diamandis 2017; Harris 2018; Michelson 2018; Moore 2017). Artificial intelligence is gaining momentum and is expected to improve population health, chronic disease management, and clinical decision making. These developments require increased cybersecurity and raise many ethical, legal, financial, and social questions.

◆ Big data and predictive analytics. Clinicians and managers are developing systems to use big data from all aspects of people’s lives to predict future health problems of individuals and populations. Some health data are obtained from people’s wearables, mobile devices, and personal health monitors or trackers (Ebadollahi 2017). Healthcare is becoming more proactive. Besides population health and clinical care, analysis of big data is being used for management decisions, strategic planning, human resources, financial management, and many other aspects of managing HCOs.

Some of these trends and developments are included in the Triple Aim that many HCOs have been working toward. The Institute for Healthcare Improvement (2018) advocates

◆ improving the patient’s experience of care (including quality and satisfaction),
◆ improving the health of populations, and
◆ reducing the per capita cost of healthcare.
Stakeholders and Expectations of HCOs

As discussed earlier, HCO managers can better understand what is expected of them and their HCO by examining the external environment and the trends and future developments in healthcare. To further understand expectations, managers can analyze stakeholders. For a designated organization, stakeholders are people or groups of people (inside and outside the organization) and other organizations (outside the designated organization) that have a stake (interest) in the designated organization. To do this analysis for an HCO, a manager first lists the stakeholders of the HCO. Then the manager identifies the stake (i.e., interest, demand, expectation) of each stakeholder. The manager can also judge how much each stakeholder could affect the HCO (favorably or unfavorably) if the stakeholder’s expectation is not met. Examples of an HCO’s stakeholders are employees, the media, financial lenders, business coalitions, patients, other HCOs, governments, special interest groups, accreditors, and so on.

Using Chapter 1 in the Real World

Sven Gierlinger, chief experience officer at Northwell Health in New Hyde Park, New York, thinks healthcare is gradually catching up with the consumerism movement. Northwell is improving the patient experience by means of four approaches. Culture change sets expectations (backed by mandatory training) for how employees communicate with patients. Innovation changes work processes to provide better service to patients and families. The environment that patients experience is being made more welcoming, visually appealing, and focused on healing. Accountability of all employees for patient experience is achieved via standards, metrics, and data (Radick 2016). Mosaic Life Care in Missouri is emphasizing population health. Mark Laney, CEO of the integrated delivery system, said, “We decided to...shift to what we call ‘life care,’” a patient-centered population health model that places greater focus on keeping people healthy than on treating acute illness” (Van Dyke 2016, 21). This health system is moving more care from the hospital to the home. For example, IT enables virtual house calls and ongoing two-way patient–provider communication via a portal. Patients access their electronic health records and discuss concerns with their physicians. These approaches are improving the health of the local population.
and labor unions. Exhibit 1.4 shows common stakeholders and what they typically expect of HCOs. Which other stakeholders can you think of in healthcare?

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Stakes in (Expectations of) HCOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Job satisfaction, good compensation, safe work conditions</td>
</tr>
<tr>
<td>Patients, clients</td>
<td>Quality care, compassion, convenience, affordable prices</td>
</tr>
<tr>
<td>Media and press</td>
<td>Prompt, candid replies to questions; access to top managers</td>
</tr>
<tr>
<td>Creditors</td>
<td>Repayment as scheduled</td>
</tr>
<tr>
<td>Physicians</td>
<td>Superb patient care, new equipment, convenient scheduling</td>
</tr>
<tr>
<td>Businesses</td>
<td>Affordable healthcare, low insurance premiums and prices</td>
</tr>
<tr>
<td>Other HCOs</td>
<td>Cooperation for patients’ transfers and transitions</td>
</tr>
<tr>
<td>Governments</td>
<td>Compliance with laws and regulations</td>
</tr>
<tr>
<td>Special interest groups</td>
<td>Support for their interests (e.g., hiring minorities, caring for people with diabetes)</td>
</tr>
<tr>
<td>Accreditation commissions</td>
<td>Compliance with accreditation standards</td>
</tr>
<tr>
<td>Vendors and suppliers</td>
<td>Prompt payment</td>
</tr>
<tr>
<td>Neighbors</td>
<td>Respect for their property and neighborhood</td>
</tr>
</tbody>
</table>

Now and in the future, managers and their HCOs must strive to adapt to the trends and developments described earlier. They also must address stakeholders’ expectations, which include the following:

- Reduce disparities in healthcare.
- Increase the efficiency of healthcare with lower cost and less variation.
◆ Improve the inclusiveness and diversity of the workforce based on age, gender, ethnicity, race, profession, education, skill, view, scope of practice, and other characteristics.

◆ Create high-performing employees, teams, and HCOs while helping workers deal with burnout and stress.

◆ Adjust work and the workforce to adapt to changes in healthcare.

◆ Expand the use of newer technologies (e.g., robotics, nanotechnology, artificial intelligence, genomics) to improve medicine, healthcare, and customer service.

◆ Provide excellent personalized healthcare to individual patients while also providing excellent population-based services to populations served.

Healthcare Management Jobs and Careers

Earlier, this chapter mentioned the many services and organizations that make up our healthcare system. Within them, many kinds of healthcare management jobs exist. According to the US Bureau of Labor Statistics (2018), there were 352,200 jobs in health services management in 2016; by 2026, this number is expected to grow by 20 percent (much faster than the average for all jobs). New graduates should expect to begin their careers in entry-level jobs. From there, promotions can lead to middle-management and then upper-management positions. After gaining some experience, you will be able to move between different types of HCOs, such as from a hospital to a health insurance company or a primary care network. There are many opportunities for students to develop exciting, rewarding healthcare management careers, as shown in exhibits 1.5 and 1.6. Although this book was written to help you prepare to enter this profession, its lessons, principles, tools, and methods will be useful throughout your career.

People who are preparing for a healthcare management job (or who already have one) can choose from a wide variety of potential jobs and career tracks. Yet demand and supply differ among jobs and careers, so students should follow hiring trends and be alert for new opportunities. For example, the number of management jobs in ambulatory care and long-term care is likely to increase more than the number of management jobs in inpatient hospital care. Healthcare management jobs that focus on quality, process improvement, social media, and population...
healthcare managers need not be stuck in a dead-end job if they prepare for a job change.

Managers may work in these and other HCOs:

- Accountable care organizations
- Ambulatory clinics
- Community health alliances
- Consulting firms
- Diagnostic centers
- Health insurance organizations
- Health-related charities, foundations, advocacy groups, and voluntary organizations
- Healthcare associations
- Home care businesses
- Hospitals
- Integrated health care systems
- Medical supply companies
- Mental health organizations
- Outpatient surgery centers
- Personal care homes
- Pharmaceutical businesses
- Physician practices
- Public health departments
- Rehabilitation centers
- Respite care facilities
- Research institutions

Managers may work in these and other specialized areas:

- Business development
- Clinical integration
- Community relations
- Diversity and inclusion
- Facilities management
- Finance
- Government relations
- Human resources
- Information systems
- Innovation
- Logistics for supplies and equipment
- Marketing and public affairs
- Medical affairs
- Patient access
- Patient experience
- Population health
- Professional services
- Strategic planning
- Transformation

Exhibit 1.5
Types of Healthcare Organizations and Jobs
### Exhibit 1.6
Examples of Healthcare Management Job Titles

<table>
<thead>
<tr>
<th>Account manager</th>
<th>Administrator</th>
<th>Billing manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget analyst</td>
<td>Business intelligence specialist</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>Chief information officer</td>
<td>Chief quality officer</td>
<td>Chief strategy officer</td>
</tr>
<tr>
<td>Community health center director</td>
<td>Community resource advisor</td>
<td>Compliance officer</td>
</tr>
<tr>
<td>Contracts administration supervisor</td>
<td>Credentialing coordinator</td>
<td>Director of business development</td>
</tr>
<tr>
<td>Director of environmental services</td>
<td>Director of finance</td>
<td>Director of government affairs</td>
</tr>
<tr>
<td>Director of human resources</td>
<td>Director of marketing</td>
<td>Director of materials management</td>
</tr>
<tr>
<td>Director of patient access</td>
<td>Director of physician relations</td>
<td>Director of safety</td>
</tr>
<tr>
<td>Director of utilization management</td>
<td>Education and training director</td>
<td>Emergency management coordinator</td>
</tr>
<tr>
<td>Health systems specialist</td>
<td>Human resources compensation specialist</td>
<td>Informatics lead</td>
</tr>
<tr>
<td>Information management specialist</td>
<td>Insurance coordinator</td>
<td>Managed care coordinator</td>
</tr>
<tr>
<td>Management engineer</td>
<td>Marketing associate</td>
<td>Patient experience coordinator</td>
</tr>
<tr>
<td>Physician recruitment specialist</td>
<td>Population health manager</td>
<td>Product manager</td>
</tr>
<tr>
<td>Program manager</td>
<td>Project manager</td>
<td>Provider network supervisor</td>
</tr>
<tr>
<td>Public health program manager</td>
<td>Quality analyst</td>
<td>Quality assurance coordinator</td>
</tr>
<tr>
<td>Regional director of operations</td>
<td>Research analyst</td>
<td>Risk manager</td>
</tr>
<tr>
<td>Sales representative</td>
<td>Vice president of women’s services</td>
<td>Volunteer services coordinator</td>
</tr>
</tbody>
</table>

*Sources: Friedman and Kovner (2013); Monster (2018).*
Chapter 1: Health, Healthcare, and Healthcare Organizations

Health is more than the absence of disease. It includes complete well-being—physical, mental, and social. People's health is determined by five broad forces: genetics, healthcare, individual behavior, physical environment, and social environment. Although healthcare managers can’t improve heredity, they can improve all the other forces to boost a population's health. Healthcare services range from prenatal care to end-of-life palliative care, and they form a womb-to-tomb continuum of care. Many kinds of healthcare organizations exist to provide these services. Some directly provide health services in the CoC. Others (e.g., suppliers, insurers) do not directly provide health services but perform other essential services, such as manufacturing healthcare supplies and financing healthcare. HCOs interact with each other and with many other elements in their external environment. All HCOs depend on many other organizations and their environment. When the external environment changes, those changes often affect HCOs. Thus, HCOs must monitor and adapt to changes in their environment. Healthcare managers work in a wide variety of jobs and HCOs throughout the CoC and health sector.

One More Time

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For Your Toolbox

- Five determinants of health model
- Continuum of care
- External environment divided into sectors

For Discussion

1. Based on what you learned in this chapter, discuss the determinants that affect health and well-being in the community where your college is located. Give an example of each determinant. Which determinants do you think healthcare managers can change the most to improve population health?

2. What are disparities in health? Give examples. Why must healthcare managers understand these disparities?
3. Why is the external environment so important to healthcare organizations? Which sectors of the environment do you think are most important for HCOs? Give examples.

4. Discuss several trends and issues presented in this chapter. Which of these trends and issues do you think are the most challenging for specific types of HCOs?

5. After students graduate with degrees in healthcare management, what are some HCOs and jobs that they could work in? Which of these are you interested in?

Case Study Questions

These questions refer to the Integrative Case Studies at the back of this book.

1. All cases: Which healthcare services and HCOs are evident in these cases?

2. All cases: Which sectors of the external environment are evident in these cases?

3. All cases: Which healthcare management jobs are evident in these cases?

4. Disparities in Care at Southern Regional Health System case: How is the population health approach evident in this case?

5. How Can an ACO Improve the Health of Its Population? case: What problems with care coordination and the continuum of care are evident in this case? How could Ms. Dillow fix those problems to better manage population health?

Riverbend Orthopedics Mini Case Study

Riverbend Orthopedics is a busy group practice with expanded services for orthopedic care. It has seven physicians and a podiatrist, plus about 70 other employees. At its big, new clinic building, Riverbend provides extensive orthopedic care. Several technicians provide diagnostic medical imaging from basic X-rays to magnetic resonance images. The physicians perform surgery in their own outpatient surgery center with Riverbend’s own operating nurses and technicians. Therapy is provided by three physical therapists and one part-time contracted occupational therapist. In addition to staff providing actual patient care, the clinic has staff for financial management, medical records, human resources, information systems/technology, building maintenance, and other (continued)
RIVERBEND ORTHOPEDICS MINI CASE STUDY (continued)

administrative matters. Occasional marketing work is done by an advertising company. Legal work is outsourced to a law firm. Riverbend is managed by a new president, Ms. Garcia. She and Riverbend have set a goal of achieving “Excellent” ratings for patient experience from at least 90 percent of Riverbend’s patients this year.

Riverbend’s physicians are not fully aware of the external environment and how it affects their group practice. Dr. Chen wonders how he can analyze the external environment to understand how it might affect Riverbend. Dr. Barr wonders what population health and continuum of care are and how they matter to Riverbend.

MINI CASE STUDY QUESTIONS

1. Using information from this book, how would you answer Dr. Chen?
2. Using information from this book, how would you answer Dr. Barr?

REFERENCES


