

The Future of Healthcare

An Interview with George S. Barrett, Chairman and Chief Executive Officer, Cardinal Health

EDITORS' NOTE *George Barrett joined Cardinal Health in 2008 as Vice Chairman and CEO of the company's Healthcare Supply Chain Services segment. From 2005 through 2007, Barrett served as President and CEO of North America for Teva Pharmaceutical Industries. During 2007, he also served as corporate Executive Vice President for Global Pharmaceutical Markets. He held the position of President of Teva USA from 1999 through 2004. Prior to joining Teva, Barrett held various positions with Alpharma Inc., serving as President of U.S. Pharmaceuticals from 1994 to 1997 and President of NMC Laboratories, prior to its acquisition by Alpharma in 1990. Barrett serves on the board of directors of Eaton Corporation and Nationwide Children's Hospital. He received his bachelor of arts degree from Brown University and a master of business administration from New York University. He also holds an honorary doctor of humane letters degree from Long Island University's Arnold & Marie Schwartz College of Pharmacy and Health Sciences.*



George S. Barrett

COMPANY BRIEF *Headquartered in Dublin, Ohio, Cardinal Health, Inc. (cardinalhealth.com) is a \$100-billion healthcare services and products company that provides customized solutions for hospitals, health systems, pharmacies, ambulatory surgery centers, clinical laboratories, and physician offices worldwide. The company provides clinically proven medical products and pharmaceuticals and cost-effective solutions that enhance supply chain efficiency from hospital to home. Cardinal Health connects patients, providers, payers, pharmacists, and manufacturers for integrated care coordination and better patient management. Backed by nearly 100 years of experience, with more than 40,000 employees in nearly 60 countries, Cardinal Health ranks among the top 25 on the Fortune 500.*

Where do you see the state of healthcare today?

Healthcare is experiencing powerful changes everywhere in the world, which is largely driven by demographics and economic pressure. In the U.S. alone, we are undergoing a spectacularly dynamic period. One could argue that we are at an inflection point where we are challenging financial and delivery models. This is particularly challenging because our system is so large; we are likely to live for some time in an environment with a

fee-for-service model and an emerging outcomes-based-financing model, which will coexist.

Living with both finance models greatly influences the delivery of care. At Cardinal Health, we've tried to ensure we can create value under either model, but we do feel that the push toward the pay-for-value model will march on.

First, we strive to stay focused on what we describe as the inexplicable realities of healthcare, which include the extraordinary impact of a changing population. In the U.S. alone, we have 10,000 people a day reaching the age for Medicare eligibility.

Second, spending close to 20 percent of GDP on healthcare is unsustainable and, in order to bend the cost curve, we need to do our part to help healthcare become more efficient.

We believe that care needs to be more patient-centered, delivered in the right setting, through the right caregiver, and with the right evidence-based protocols. We see more care being delivered in ambulatory settings, leaving hospitals to treat the sickest patients. We see the need to standardize around evidence-based solutions that will help bring about efficiency and improved quality. We see an environment in which mature products compete vigorously to create headspace and fund innovation.

We see continued convergence of various players in healthcare, working in coordination to improve the quality and cost of care. We see innovation continuing to place an important role in breakthrough products and delivery models.

Cardinal Health is known to have a culture of innovation. How critical is it to maintain an innovative edge, and where is innovation taking place for the company?

Healthcare is changing at such a rapid pace, and we recognize that thriving in this environment requires innovation. I don't just mean innovation in terms of new products or technologies. Process innovation and delivery is just as important at this critical time.

We've brought some interesting innovation to the interventional cardiology world. We can support a cath lab with medical devices coming from our Cordis line of business that help improve the safety, quality, and efficiency of these procedures.

We also use proprietary data and analytics to enable discharge decision support to reduce costly variability in decision making. Through

naviHealth, we can present a patient-specific care plan to the clinicians and patients, so they can make more informed choices around their post-discharge care. This is about quality, the patient experience, identifying the optimal site of care, quality outcomes, and cost-effectiveness. We're working to improve post-acute delivery by ensuring members receive the optimal care in the optimal setting.

Cardinal Health places a major focus on corporate citizenship and community engagement. Would you highlight the company's commitment in this regard?

From our unique vantage point, we can collaborate with provider customers, manufacturers, and suppliers to not only improve healthcare, but the health and well-being of our workplace, our employees, and our communities around the globe.

The people of Cardinal Health work every day knowing that our customers are counting on us to take care of the business behind healthcare – to drive efficiency through the system and to offer cost-effective solutions that help customers thrive. Patient lives often depend on our doing what we say we'll do – with accuracy, quality, integrity, and appropriate urgency. That is not a mission we take lightly.

Corporate citizenship requires going beyond the traditional. As an example, all of us at Cardinal Health recognize the devastation families suffer because of the opioid crisis. Nearly a decade ago, in collaboration with local academic partners, we created the Generation Rx program, which is multi-faceted and designed to help prevent opioid abuse by targeting education and practical prevention efforts, such as drug take-back days and proper medication disposal efforts. Many of our employees act as ambassadors of this program, and we have brought it to hundreds of communities throughout the country.

We recognize that we do not operate in a vacuum. We exist in the context of the world around us, and we are always prepared to act to improve our communities. While much of our community work is tied directly to our business, some is not. For example, we are not in the business of public education, but we know that if we enhance the quality of our public schools, we are helping develop the next generation of educated, involved students who will serve the greater community. In the same way, our business may not get a direct benefit from supporting the arts, but we believe it serves a higher purpose and our employees are able to enjoy a richer local culture. ●