

# A Value-Based Delivery System

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

**EDITORS' NOTE** Louis Shapiro assumed his current position in October 2006. Prior to this, he served as Executive Vice President and Chief Operating Officer of Geisinger Health System's Clinical Enterprise. He began his career at Allegheny General Hospital in Pittsburgh and then joined McKinsey & Company as a leader within their healthcare practice. Shapiro is a fellow of the American College of Healthcare Executives, Chair of the Greater New York Hospital Association Board of Governors 2014-2015, and is on the board of Crutches 4 Kids.



Louis A. Shapiro

**INSTITUTION BRIEF** New York-based Hospital for Special Surgery ([hss.edu](http://hss.edu); HSS) is internationally recognized as the leading independent academic medical center specializing in orthopedics, rheumatology, and their related specialties. The hospital pioneered the modern-day total knee replacement and continues to build on its success in all areas of musculoskeletal healthcare, in the advancement of cutting-edge research, and the development of innovative approaches to diagnosis and treatment, all of which contribute to its global leadership. Outstanding results in quality of care and the patient experience have created a growing demand for its services, with people coming to HSS from across the country and throughout the world. HSS is the first hospital in New York State to achieve its third consecutive designation as a Magnet™ Hospital by the American Nurses Credentialing Center, the gold standard for nursing excellence. It is the only hospital in New York State that has maintained a significantly lower infection rate than the state average for hip replacement five years in a row. HSS is the official hospital of the New York Giants, New York Mets, New York Knicks, New York Liberty, and the New York Red Bulls. It is also the official hospital of New York Road Runners for the New York City Marathon. In 2013, HSS was named the first National Medical Center of the United States Olympic Committee's (USOC) National Medical Network. In this capacity, HSS is an official hospital for U.S. athletes. HSS is also one of only three hospitals in the United States designated as a Medical Center of Excellence by FIFA.

## What makes the specialization of HSS so valuable?

The healthcare industry is undergoing a level of evolution that it hasn't experienced before. Some even consider it a revolution.

This is happening because quality isn't where it needs to be, nor is access where it needs to be, and it's really expensive. Individuals or employers might not be able to afford it, and the country may not be able to afford it.

The experiments going on now were set in motion by healthcare reform either directly or by serving as the catalyst for examining how to do things differently to produce a better result.

The U.S. healthcare industry is fragmented, and anything that is fragmented is not going to be as good as something that is coordinated. There are two types of models out there: the model that is talked about a lot includes large integrated delivery systems that are theoretically suited to take care of patients with chronic diseases. The industry has set in motion rapid consolidation, which may or may not prove to be a good thing. There are many organizations that say they cannot create value by being small or independent, and that they have to amass scale. It's very questionable if that will enable them to create value.

The model that is not talked about enough involves organizations that are very focused on doing one thing well, which is our model. HSS has a lot of characteristics that together create unique value and are consistent with what the industry is trying to accomplish.

HSS is an academic medical center, which is important because it means we teach and do research. We have people that are involved in academic pursuit, which makes them more likely to operate at the top of their game than those who are subjected to the daily grind.

Also, the entirety of the organization is focused on one disease: musculoskeletal health, broadly defined and, more specifically, patients who have problems with their bones, muscles, and tissues. In our case, it's extended to the immune system because of the historical relationship between rheumatology and orthopedics. All of the support systems that surround them, be it imaging, physical therapy, or nursing have the same orientation.

The notion that pervades the industry is one of volume to value. This means changing the reimbursement mechanism to defragment the care delivery system and get people organized because quality is not good enough, access is not good enough, and cost is too high.

HSS was already defragmented. We already had a value-based delivery system, which is why our results have been so strong. This doesn't mean we're ignoring the changes in the environment. We're dealing with them and we have a very clear model of healthcare delivery that we're developing. We view independence as a source of our strength, not as a sign of weakness.

## Why isn't there more attention being placed on a consolidated model?

There aren't that many academically oriented medical centers that focus on one thing. There is no other place like HSS that is inclusive of all parts of a delivery system to take care of patients with musculoskeletal diseases. This is one of the reasons our physicians are the best of the best.

There are other large hospital systems that have very good orthopedics, but their models have not allowed them to produce the same type of results.

Others would be served well by organizing differently within their delivery system to have specialty centers. Many places are talking about scale as a way to be successful and we agree with that. HSS does the largest volume of orthopedic and musculoskeletal care of any place in the country by order of magnitude, so we're already at scale.

## Would HSS have achieved this success without a strong research focus?

HSS is a brand and the brand represents the best there is in our field. The origin of that brand started and continues with our surgeons and our medical staff, supported by all of the other healthcare professionals, the culture, the people, and the processes. The best and brightest people want to work in an organization that is not in line with the status quo.

Our medical staff not only takes care of patients better than any other place in the world with outcomes that are leading but they also want to advance the field.

## Are you ever not surprised by the creativity or ingenuity?

I'm always surprised by what goes on here. At day's end, it's an industry that exists to help people get better, which includes preventing them from having a problem in the first place. This is our underlying motivation. ●