



Center for Health Transformation E-Newsletters

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Georgia Project e-Newsletter Volume 1, Number 1, March 2007

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Welcome

Welcome to the inaugural issue of the Georgia Project Quarterly e-Newsletter. We offer this e-Newsletter as a way to keep you informed of our activities and progress in Georgia. In addition, since transformational leadership training is one of CHT's key activities, we will include in each issue a key principle, idea or passage from our book *The Art of Transformation*, co-authored by CHT founder [Newt Gingrich](#) and CHT CEO [Nancy Desmond](#).

The basic strategy of the Georgia Project is to work collaboratively with transformational leaders to accelerate the creation and adoption of solutions, technologies and policies that drive system-wide transformation into a 21st Century Health System that saves lives and saves money for all Americans. Although we work actively in over 38 states, Georgia serves as an implementation project where we identify and build models to replicate in other states. Our members and allies play key roles in the identification and development of the models that are transforming health and healthcare.

The Georgia-based CHT team consists of [Laura Linn](#), Georgia Project Director; [Wayne Oliver](#), Project Director; and CHT Senior Fellows [Ron Bachman](#) and [Terry Womack](#) under the direction of [Nancy Desmond](#), CEO of the Center for Health Transformation.

We welcome your feedback, ideas, questions and comments, as our goal is not just to inform and educate but also to learn from you. We hope you enjoy this premier edition of our Georgia newsletter.

For more information on the Georgia Project contact Laura Linn at linn@gingrichgroup.com

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The Healthy Georgia Diabetes and Obesity Project

The Healthy Georgia Diabetes & Obesity Project continues to have a positive impact on the health of Georgians and to serve as a model for other states. Launched at the [Governor's Mansion in 2005](#), the project now has communities, employers, providers, insurers and others working throughout Georgia to improve the health of our citizens.

A key component of the project is the DPRP assist program. DPRP or [Diabetes Physician Recognition Program](#) was developed by the [National Committee for Quality Assurance \(NCQA\)](#) and the [American](#)

[Diabetes Association \(ADA\)](#) and awards recognition to physicians who demonstrate that they provide high quality care to patients with diabetes. [Novo Nordisk](#) is sponsoring a DPRP assist program in Georgia to help physicians with the recognition process. Through the work of Jonathan Marquess, Pharm D, CDE, CDM President of the Institute for Wellness and Education, the number of DPRP recognized physicians in Georgia has increased from 5 to 79 and continues to grow. [WellStar Health System](#) is responsible for 60 of the recognized physicians. Major DPRP initiatives are active in metro Atlanta, Columbus, Savannah and throughout the [Morehouse School of Medicine Community Physician Network](#).

The [Pay for Performance Initiative](#) of the Georgia Project is also making great progress. Georgia now has one of the largest programs in the nation. Working with [Bridges to Excellence](#), we have over 27 employers [close to a million covered lives] including the [state of Georgia](#), [AT&T](#), [UPS](#) and [Southern Company](#) and all major insurers including [Blue Cross Blue Shield of Georgia](#), [Humana](#), and [United Healthcare](#) participating in the program.

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21st Century Healthy Communities

Several communities in Georgia have taken up the challenge to become '21st Century Healthy Communities.' Using the vision principles of the Center for Health Transformation these communities are implementing changes that result in improvement of the health of the community population. Major initiatives are beginning in Columbus, Gainesville, and within the [WellStar Health System](#) 5 county footprint. Our focus for this quarter's e-Newsletter is the [Columbus Project](#).

The Columbus Project was created as the result of a meeting that Steven Leichter, MD, had with Newt and the CHT Georgia team last year. Dr. Leichter is bringing together physicians, who are joining with major employers, providers and other leaders in the community, to create a Healthy Columbus Project.

One component of the Columbus Project is to alter the metabolic status of a working-age population, that either has metabolic syndrome, has conditions associated with metabolic syndrome, or is at risk to develop these conditions (diabetes, hypertension, and hyperlipidemia.) The project has three components:

1. Improving the knowledge and care of area physicians for patients with metabolic syndrome and its associated disorders, based on the national guidelines for diabetes care of the National Committee for Quality Assurance (NCQA);
2. Enhancing the health awareness and consumer behaviors of working adults with metabolic syndrome, diabetes, hypertension, or hyperlipidemia, both in terms of their own health habits and in terms of their expectations of care from their health providers;
3. Conducting a major health assessment of randomly selected members of the working population with metabolic syndrome to determine the characteristics and prevalence of cardiovascular risk factors in this group of people, and to assess whether the interventions improve the health status of this group.

This is predicted to be a four year project that will include annual interventions and assessments of the cohorts enrolled in the project.

Currently efforts are underway to achieve DPRP recognition for Columbus physicians caring for individuals with diabetes. Several physicians have met the criteria and are working through the process of recognition.

An overview of the project appears as the feature article in Clinical Diabetes, Volume 4, 2006 - [The Columbus Program: Building a Community Model of a 21st Century Intelligent Health System](#)

Health IT & Transparency in Georgia

Georgia Health Information Technology and Transparency (HITT) Advisory Board

On October 17, 2006, Governor Sonny Perdue issued an Executive Order creating the [Health Information Technology and Transparency \(HITT\) Advisory Board](#). The Board advises the [Department of Community Health \(DCH\)](#) on the best practices for encouraging the use of electronic health records and establishing a statewide strategy to enable health information to be readily available and transparent. DCH broad goals for HIT in Georgia are to enable the understandable, universal, timely and secure communication of health information across the public and private sectors for the benefit of today's health care consumer.

On November 17, 2006, the Health Information Technology and Transparency Board met for the first time. CHT CEO Nancy Desmond and Project Director Laura Linn [addressed the board on health transformation](#). Dr. Rhonda Medows charged the board with the following: Developing and implementing a statewide health information exchange; creating a pilot program that will be presented to the Georgia General Assembly during the upcoming 2007 session; and helping develop and implement a web-based health transparency site that will give consumers information on cost of care and health quality.

Newt addressed the board on December 12, 2006. Recognizing the work of Dr. Rhonda Medows and the board, Newt encouraged the review of current solutions in the State Florida such as [myFloridaRx.com](#), [FloridacompareCare.gov](#), as well as two sites created by Georgia Hospital Association – one on price transparency and one on hospital quality. The board is working to provide the tools that Georgians need to make the best health and healthcare decisions.

Recently, the Health Information Technology and Transparency Advisory Board appointed two standing committees to provide expertise and leadership for the Advisory Board. The Health Information Exchange Standing Committee will focus on widespread adoption and implementation of HIT in the healthcare sector while the Transparency Standing Committee will examine how to provide Georgians with cost and quality information in hospitals, long term care facilities and prescription medications. Project Director Wayne Oliver is working closely with the Transparency Standing Committee as the committee develops strategies and solutions to provide price and quality information to Georgians.

The committees and the full Advisory Board meet on a monthly basis and are developing plans to assist the Department of Community Health in the widespread adoption of health information technology in the public and private healthcare sector and creating a healthcare consumer-friendly source of price and quality information.

HHS Designates CHT as Georgia's Community Leader for Value-Driven Healthcare



CHT Founder Newt Gingrich receives the Community Leader distinction on behalf of the Center (2/12/2007)

(Front row, L-R: Sec. Michael Leavitt and Newt Gingrich. Back row, L-R: Gov. Sonny Perdue; George Israel, Georgia Chamber of Commerce; Glenn Pearson, Georgia Hospital Association; Dennis White, Georgia Medical Care Foundation; Cynthia McCague, Coca-Cola Co.; Allen Hill, UPS; Sylvia Anderson, AT&T; and Marsha Burke, WellStar Health System)

U.S. Department of Health and Human Services Secretary Michael Leavitt recently designated the Center for Health Transformation as Georgia's "[Community Leader for Value-Driven Healthcare](#)." The Community Leader distinction is awarded to an organization who leads collaborative, coalition-building efforts to create and advance value-driven healthcare within a state or region.

The honor was presented to the Center at an event held at the Georgia Institute of Technology, where CHT Founder Newt Gingrich joined Georgia Governor Sonny Perdue in pledging their support for Secretary Leavitt's national "[Four Cornerstones](#)" initiative to improve healthcare quality, information and cost-effectiveness for employees and their families. These four cornerstones are:

1. **Interoperable Health Information Technology:** Interoperable health information technology has the potential to create greater efficiency in health care delivery. Significant progress has been made to develop standards that enable health information systems to communicate and exchange data quickly and securely to protect patient privacy. Additional standards must be developed and all health care systems and products should meet these standards as they are acquired or upgraded.
2. **Measure and Publish Quality Information:** To make confident decisions about their health care providers and treatment options, consumers need quality of care information. Similarly, this information is important to providers who are interested in improving the quality of care they deliver. Quality measurement should be based on measures that are developed through consensus-based processes involving all stakeholders, such as the processes used by the AQA (multi-stakeholder group focused on physician quality measurement) and the Hospital Quality Alliance.
3. **Measure and Publish Price Information:** To make confident decisions about their health care providers and treatment options, consumers also need price information. Efforts are underway to develop uniform approaches to measuring and reporting price information for the benefit of consumers. In addition, strategies are being developed to measure the overall cost of services for common episodes of care and the treatment of common chronic diseases.
4. **Promote Quality and Efficiency of Care:** All parties - providers, patients, insurance plans, and payers - should participate in arrangements that reward both those who offer and those who purchase high-quality, competitively-priced health care. Such arrangements may include implementation of

pay-for-performance methods of reimbursement for providers or the offering of consumer-directed health plan products, such as account-based plans for enrollees in employer-sponsored health benefit plans.

Representatives from leading Georgia companies including several CHT members joined CHT in signing their official support for value-driven healthcare. CHT members supporting this initiative include [AT&T](#); [Piedmont Healthcare](#), [WellStar Health System](#); [UPS](#), and the [Georgia Hospital Association](#). Other companies and organization which participated in the event include [Aetna Inc.](#), [the Coca Cola Co.](#), the [Georgia Chamber of Commerce](#), the [Georgia Medical Foundation](#), and the [Georgia Tech Health Systems Institute](#).

"This is a landmark day for health transformation," said Speaker Gingrich, who accepted the Community Leader distinction on behalf of the Center. The "Community Leaders for Value-Driven Healthcare" distinction was created to designate organizations to serve as the primary coalition-builder to advance health transformation in states. The designated organizations will be at the forefront of continuing to bring together leaders at the local and regional level to achieve the "four cornerstones" of value-driven healthcare: interoperable health information technology; transparency of price information; transparency of quality information; and the use of incentives to promote high-quality and cost-efficient healthcare.



Nancy Desmond, CEO of the Center for Health Transformation, said, "We applaud the leadership exhibited by Secretary Leavitt and Governor Perdue in creating a system of better health and lower costs – a system focused on value-based competition. We are honored to be named as the Community Partner in Georgia in an initiative that we believe will save thousands of lives and millions of dollars."

CHT is one of only five prestigious organizations recognized by the Department of Health and Human Services as Community Leaders: [the Puget Sound Health Alliance](#), [the Greater Detroit Area Health Council](#), [the Cleveland Health Action Council](#), and [the Dallas Fort Worth Business Group on Health](#). The Department's recognition of Community Leaders represents an integral step in the work to build a national network of regional organizations that bring together local stakeholders to improve healthcare and control costs.

"What you are seeing here today is part of an ongoing process, led across the country by Secretary Leavitt and led here in Georgia by Governor Perdue," Speaker Gingrich said. "It is practical, it is doable, and, with the leadership by both providers – the Georgia Hospital Association, the Medical Association of Georgia and others – and by the employers – the people who are still today the primary

payers – we believe that it is possible for this transformation to occur. And because of the hard work of the many stakeholders involved in this collaborative effort, it will occur much faster than politicians think and much faster than the news media think.”

Georgia Hospital Association Unveils Web Site Focusing on Price and Quality of State’s Hospital Care

The [Georgia Hospital Association](#) recently launched two new Web sites dedicated to providing consumers with quality and cost information. The Web sites enable consumers to research the prices of common procedures and make hospital-to-hospital comparisons on quality of care. Center for Health Transformation founder Newt Gingrich praised the initiative as a positive step toward creating a better, safer health system for Georgia. “Only in a consumer-led system will we begin to solve the problems of high cost, inconsistent quality, and the rising number of uninsured,” said Speaker Gingrich. “GHA’s commitment to providing online consumer access to cost and quality information is a significant step toward creating a 21st health system for Georgia that emphasizes safety and efficiency.”

Based on feedback gained from consumer focus groups held across the state, the Web-based consumer guide was upgraded to offer Georgians on-demand access to a host of health care resources. Originally developed in 2002, insights now includes comparative data on the safety and quality of hospitals around the state, pricing on common procedures and insurance information as well as tips and checklists designed to help consumers’ navigate more smoothly through the health care system. Additional consumer-friendly enhancements are planned for the near future.

“There are numerous resources consumers can use to find information when they are buying cars, consumer electronics or mutual funds and they should be equally empowered when researching their hospitals and health services,” said GHA Executive Vice President Vi Naylor. [GAHospitalPriceCheck.org](#), which offers pricing information on more than 500 diagnosis related groups (DRGs) and [GAHospitalQualityCheck.org](#), which evaluates how effectively hospitals incorporate practices research has indicated will lead to the best outcomes.

Because the severity of a patient’s illness has an impact on their length of stay and their overall costs, consumers can select a range of care levels on the sites to gain a more accurate assessment of their costs. Levels of care range from zero to three or from the least to most complicated medical conditions.

[GAHospitalQualityCheck.org](#) enables users to select up to six hospitals at a time and evaluate how well hospitals practice what are considered the most safe and effective procedures for treating four common conditions: heart attacks, heart failure, pneumonia, and pregnancy. The data compares the hospital’s current rates for these conditions to that of the previous year to gauge improvement.

The sites will be updated on a rolling quarterly basis and will also include other useful information such as whether the hospital participates in national quality and patient safety initiatives or has received such honors as the Partnership for Health and Accountability’s (PHA’s) Quality and Patient Award.

Naylor said hospitals benefit in several ways by sharing quality of care information on Insights. Participation helps hospitals highlight their successes, identify and focus on areas for improvement, as well as benchmark performance against local and national standards. Hospitals also have the opportunity to give consumers important information about quality of care to help them compare and make informed decisions.

CHT Hosts e-Prescribing Summit

Physicians, pharmacists, business and health insurance leaders gathered last week at the Georgia Center for Health Transformation to discuss strategies to accelerate e-prescribing in Georgia. “Our goal is for Georgia to be the first state in the nation to have every prescription transmitted electronically from physician to pharmacy,” said Newt Gingrich, founder of the Center for Health Transformation.

Entitled, "Accelerating electronic prescribing in Georgia: A summit on e-Prescribing," the meeting was attended by nearly 40 leaders representing doctors, hospitals, pharmacists, chain drugstore management, insurance companies, employers, state policymakers and experts in the area of electronic prescribing.

"Paper kills," said Gingrich, "and e-prescribing is safer, provides improved quality and allows physicians and pharmacists to work more efficiently." Achieving 100 percent electronic transmission of prescriptions is ambitious. Currently in Georgia, less than five percent of prescriptions are dispensed via electronic prescriptions.

"Over 95 percent of Georgia pharmacies have the capability to receive e-prescriptions," said Kate Berry, vice president of [SureScripts](#), the largest network of electronic communications between pharmacies and physicians and a company which facilitates the electronic exchange of prescription information. Last year, the Georgia General Assembly adopted (and Governor Sonny Perdue signed into law) a bill allowing physicians to issue and pharmacies to accept e-prescriptions. In addition to the patient safety benefits, e-prescribing helps physicians select medications which are covered by a patient's health insurance company.

Recently, at an event featuring CHT Founder Newt Gingrich, a coalition of the nation's most prominent technology companies and leading healthcare organizations announced free electronic prescribing for every physician in America. [The National e-Prescribing Patient Safety Initiative \(NEPSI\)](#), led by solutions provider [Allscripts](#), is a nationwide effort to improve patient safety by offering a solution to the medication errors that harm millions of people each year.

"Preventable medication errors injure at least 1.5 million Americans and claim more than 7,000 lives each year," said Bevey Miner, executive director of NESPI. In an effort to reduce these errors, the Institute on Medicine has called on all of the nation's physicians to adopt electronic prescribing by 2010.

"While medication errors and adverse drug events can be common and serious, electronic prescribing is clearly a tool that can dramatically reduce errors and improve patient safety," said Nancy W. Dickey, currently President of the Health Science Center and Vice Chancellor for Health Affairs at the Texas A&M University System and formerly President of the American Medical Association. "Yet despite the many benefits of electronic prescribing, physician adoption is still modest. The situation calls for a solution that will overcome the barriers many physicians face in adopting this life-saving technology."

The challenge, according to the eHealth Initiative, is that fewer than 1 in 5 of the nation's practicing physicians currently process prescriptions electronically. In Georgia, it is estimated that the number of physicians using e-prescribing technology is far less than the national statistics. Studies indicate that most physicians have been reluctant to adopt electronic prescribing largely because of the cost of the systems, and a perception that the technology requires too much time to learn and install. NEPSI will help address those barriers by providing physicians simple, safe and secure electronic prescribing at no cost to the physician.

"We are working together with all of the stakeholders to ramp up e-prescribing in Georgia," said Wayne Oliver, a project director with the Center for Health Transformation. "Everyone is in agreement that e-prescribing is necessary to ensure patients safety. We now need to create the environment where physicians use the tools of advanced technology to prevent medication errors and therefore save lives."

The Center plans to work with stakeholders including physicians, pharmacists, health plans and hospitals to overcome obstacles for the widespread adoption of e-prescribing. "We will be creating working groups of Georgia leaders to examine barriers and develop strategies to respond to those barriers," said Mr. Oliver. "Developing solutions such as targeted educational programs for physicians and pharmacists and incentive programs within health plans which will accelerate the use of e-prescribing programs will be a high priority for the Center.

For more information on the e-prescribing initiative, contact Wayne Oliver at 404-201-7907 or woliver@gingrichgroup.com.

Expanding Healthcare Coverage in Georgia

The Georgia legislature has taken up the challenge of establishing Georgia as an HSA state. Several bills are working their way through the 2007 legislative session. Included in the bills are the reduction of state and municipal premium taxes on HSA eligible plans, provisions that will allow more flexible plan designs at low costs, fast track approval by the Department of Insurance for HSA eligible plans, sales tax submission relief for start up retail and service companies that provide HSA eligible plans, allowances for incentives and rewards for healthy behaviors under HSA eligible plans, a provision declaring individuals to be the owners of their own health records, and transparency of hospital quality ratings to be made available to all Georgians.

Below is a summary of how these and other changes in Georgia laws will likely impact the uninsureds in the state. Fortunately, Georgia is taking action on these and other related items that will support and encourage individual ownership of HSA eligible plans. The process is not over and much more is needed over the next few months to finalize passage and get the Governor's signature. The legislature has been receptive to the concepts that the CHT has been espousing. Months of personal education of lawmakers, lobbyists, and the general public are paying off with important legislation that will provide hope to many citizens. CHT is making an impact. The lessons learned and the development of specific legislative language should prove helpful to other states who also want a free-market approach to lowering the number of uninsureds.

How Georgia Can Lower the State's Uninsured by 500,000

By Ronald E. Bachman

Governor Perdue said at the opening of the 2007 session, "Keep the main thing the main thing." The "main things" for 2007 were listed as jobs, education and health care.

In response to this challenge, legislators are discussing a number of creative approaches to health care during this year's legislative session. These proposals are important: They could save hundreds of lives, improve the health of thousands of individuals and increase the personal and family security for millions of Georgians.

[Healthcare Visions Inc.](#) estimates that these ideas would lower health insurance premiums by 40-56 percent and would provide the opportunity for about 500,000 of the more than 1.6 million uninsured Georgians find and afford health insurance.

Insurance matters. Insurance means better access to care; better access to care means better treatments; better treatments means better health. According to the Institute of Medicine, "Health insurance is associated with better health outcomes for adults and with their receipt of appropriate care across a range of preventive, chronic and acute care services. Adults without health insurance coverage experience greater declines in health status and die sooner than do adults with continuous coverage."

Saving lives and improving the quality of care should be the first test of any legislation. Based on data from the Institute of Medicine studies in two reports, "To Err is Human" (1999) and "Crossing the Quality Chasm" (1996), lack of insurance and poor quality health care in Georgia lead to:

- 673 excess deaths from being uninsured
- 904 preventable suicides
- 3,000 hospital deaths from medical errors
- 45,000 prescription drug errors that cause harm

Expanding individually owned, portable health insurance is critical to lowering the numbers of uninsured. Created under federal law only a couple of years ago, Health Savings Account (HSA) eligible insurance plans are increasing dramatically and having an impact on lowering the number of uninsured. According to a January 2006 survey conducted by America's Health Insurance Plans, HSA-eligible insurance plans have already been purchased by more than 3 million individuals across the country. Data from several insurers indicate that 35-40 percent of the individuals purchasing these plans were previously uninsured.

Georgia can be a national leader in reducing the numbers of uninsured by establishing itself as an "HSA State." Proposals to support this goal include removing hidden taxes on HSA-eligible insurance; facilitating access for purchasers of such insurance; lifting the secrecy of provider costs and quality; expanding market competition, and rewarding personal responsibility.

Specifically, Georgia should:

1. Increase access to new insurance products by allowing Georgia licensed insurers to receive automatic (or fast track) approval of HSA-eligible insurance approved under the laws and regulations of other states.
2. Promote an open market environment that encourages new insurers to sell HSA-eligible insurance in Georgia.
3. Allow greater regulatory flexibility for HSA-eligible insurance products that could lower costs and increase choices.
4. Encourage the development of an online, educational resource to promote transparency and expand information on HSA products, prices and services provided by health insurance agents and/or brokers.
5. Allow the option of expanded coverage for dependent children up to age 27.
6. Exempt HSA-eligible insurance from state and local premium taxes.
7. Provide a new personal state income tax deduction for HSA-eligible insurance premiums.
8. Support citizens' right to know the cost and efficacy of prescription drugs.
9. Support citizens' right to know the quality of care provided by Georgia's hospitals.
10. Establish the patient as the owner of his or her medical records.
11. Expand outreach to enroll Medicaid-eligible families.
12. Create a HSA-eligible high risk insurance pool employing personal responsibility combined with accepted medical protocols and quality standards to cover those who are currently uninsurable due to existing medical conditions.

A focus on individually owned, portable health insurance with HSAs can make insurance affordable for many uninsured low and middle income families. Approximately 20 percent of Georgians (320,000) without insurance protection are uninsured because their employer drops coverage or because of gaps in coverage while changing jobs. Family security should not be dependent on whether your employer continues to provide health insurance. Seeking another job or starting a new business should not mean losing health insurance coverage.

The ripple effect of the uninsured is felt throughout society. A 2004 Kaiser Family Foundation national study found that the societal cost of the uninsured is \$125 billion; the cost to Georgia is more than \$4.3 billion.

This cost hits all of us, either through higher taxes or higher health care costs. Privately-insured Georgians pay a premium of more than 20 percent on their hospital bills, on average, in order to offset the uncompensated care expenses resulting primarily from the uninsured. Regardless of how one views the issue, the cost to society is high. Without insurance, the health, lives and financial security of families are at extreme risk.

Based upon the Kaiser Family Foundation study, as of 2005:

1. Georgia ranks 43rd with more than 18 percent uninsured (1,608,000)
2. Georgia is tied at 46th for the percentage of individual policies sold
3. Georgia ranks 38th in affordability of health insurance based on a 2004 AHIP survey

4. Georgia had only 4 percent of its population covered under individual health policies

Georgia can become the first state in the country to take full advantage of the fastest-growing form of health insurance for reducing the numbers of uninsured – HSAs. HSAs encourage greater involvement and personal empowerment in dealing with health and health care issues. HSA-eligible High Deductible Health Plans (HDHPs) have a preferred status in federal tax law. HSAs have triple tax advantages: Contributions are direct reductions from taxable income; interest earnings are not taxable, and withdrawals for health care expenses are not taxed.

Ultimately, insurance coverage for all Georgians is achievable, through market-based solutions, private and corporate efforts, tax incentives, direct public subsidies, strong community support and faith-based outreach programs. Georgia has an opportunity to lead the nation. Increasing access, lowering premiums and improving quality is a good start to a better future for at least 500,000 Georgians. The main thing now is to take action on this “main thing.”

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Transformation versus Reform

Large-scale change requires transformation not reform. The two are vastly different. Transformation is a major systems change, while reform is about making marginal improvements to a part of the existing system.

Reform is a process of improving an existing system. Transformation is a method of visualizing a new system, culture, process, and structure, and migrating the current system to the new.

Reform focuses on trying to make the current pattern work. Transformation is about developing a new and very different pattern.

Making a better horse and buggy was reforming. Inventing the internal combustion engine for cars, trucks, and airplanes was transforming. Developing longer hours for bank tellers was reforming. Inventing the automatic teller machine was transforming.

Reform involves much less change and is much less difficult. It requires a lot less learning and a lot less effort.

Transformation is difficult and demanding. It is by definition a journey into a new and different system, with new and different rules and principles.

If the system or organization can survive and succeed with only marginal changes, then reform is the answer.

But transformation is needed when you face a challenge so great that your current organization cannot meet it, or when you have a goal so different that the current system cannot achieve it.

In modern times we have seen the managements of major companies fail to recognize that they had reached a transformational point in the lives of their businesses – a failure that resulted in decline, or even the total destruction, of their company.

When transformation is the only thing that will work, focusing on reform is ruinous. By focusing on reform, the leadership wastes its time and energy on projects that, even if they succeed, will prove at best inadequate and at worst detrimental.

When transformation is needed but ignored, the organization becomes steadily weaker and more demoralized.

In the future, it is almost certain that reform will decline and transformation will dramatically increase. The pace of change in the world will give us no choice. Being able to recognize when transformation is needed – and then knowing how to lead that transformation – is an increasingly critical skill for today's leaders to possess.

*To order *The Art of Transformation*, visit our website at www.healthtransformation.net.*

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