

Dean's Executive Leadership Series - 2008-2009

Transcript of Presentation (Part 2) with Priscilla Stewart-Jones, Senior Vice President of Human Resources for McKesson Corporation's U.S. Pharmaceutical Group

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Start

Announcer: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Dean Linda Livingstone: Well Priscilla thank you so much, you covered a lot of territory in some interesting and diverse ways but one of the questions I wanted to ask really relates to the information you were sharing at the end about your career and really enjoyed your stories about Gloria and Dr. Jewett and Jack and I know certainly as I think about my career, there are certainly significant people that had huge influences. So I'm gonna kind of turn the tables on you, you talked about people that had mentored you and sponsored you, how do you now turn that around and do that for other people and I think particularly with the audience that we have here, we have many people here that are in a similar position who probably have the opportunity to do that, don't know if they've thought a lot about it, but how do you identify those people, how do you then act as a sponsor and a mentor?

Priscilla Stewart-Jones: Well for me one of the things that's really important. You bring individuals with you that you identify as being strong players and you give them exposure and opportunities so but for me one of the things that you do as a leader is really have the responsibility of identifying talent and identifying individuals that have potential within your organization and they may be on your team or they may be in other parts of the organization and at times they can even be peers and then frankly volunteering, going to them and offering ways that you can support them. On occasion that might just be

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a candid conversation to say “I’d really like to help you with your career, let’s talk about that, how can I help you, what are some opportunities, what are some issues or concerns that you have and how can I support you in that regard?” If you’re not their boss that’s a good conversation to have, obviously you’ll have to balance that but if you are somewhere in the leadership chain for that individual then that’s an even easier conversation to have because you have access then to their information in terms of what are some of their areas for development. But more importantly identifying their strengths and then frankly, playing up those strengths and giving them opportunities, giving them opportunities in terms of exposure to different things outside of their normal realm of responsibility. So those are some of the ways that I currently do exactly that in terms of mentoring and being supportive, either as a sponsor or mentor.

Dean Linda Livingstone: How many people in the audience are in what you would consider sort of a smaller medium-size businesses? How many, so quite a few. So my question, you were sharing a lot about what McKesson’s doing in terms of their own healthcare initiatives and working with employees, but McKesson’s a very, very large company. There’s lots of scale in a company like McKesson. What about folks like those in the audience that are in more medium and small size businesses, how do they get some of those same benefits in the context of being in a much different kind of setting where you don’t have that scale to accomplish some of what you’re able to in a place like McKesson?

Priscilla Stewart-Jones: There are still ways that you can actually pursue offerings for your employees, at times it may be part of a consortium or a coalition, aggressively negotiating with insurance providers or looking at other offerings. You may not have the scale but you still have- especially in today’s environment I would argue you still have buying power because they are still looking for revenue strings whether they are small, medium or large. You may then have to package your offerings a little differently, you may not have the breadth of offerings but you can target those that would actually be the most benefit to your employee population, looking at whether it’s chronic diseases or looking at other things that you could offer. So even your small or medium organization you can still provide those benefits, they will just look differently.

Dean Linda Livingstone: You know, I was touched by the story you shared about your son and I’m certainly glad he’s doing well now and fully recovered from that but it certainly does illustrate that even individuals in positions that know healthcare, probably have some influence in healthcare can still face some of the same road blocks that sort of the average citizen faces in that process. As you look at the healthcare landscape, I mean what are the one or two things you see that could actually make a significant difference to make navigating that more simple, making access better for individuals? It’s certainly a very complicated problem but in your view, what are some of the sort of more basic things that could be done to make it better?

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Priscilla Stewart-Jones: Well two things, there could be greater standardization so that information could be accessible; as I mentioned earlier, even the various treatment for particular conditions sometimes there is significant debate because there isn't standardization of care. So if there was greater standardization of care that information then could be more easily leveraged in terms of options that people could look at and consider in terms of treatments for themselves or for members of their family. Greater connectivity through IT. As we know the stimulus package recently that was signed includes monies that will be set aside for healthcare IT.

So greater connectivity between the payer, the hospital, the doctor, that too will increase and leverage and create greater accessibility and frankly reduce errors. Doing greater research yourself as an individual, something that I had not done, now doing that research though is not easy because you can go on the internet and there is just a ton of information that is available but there are some websites that actually will help you in terms of investigating and analyzing what your options are and what should be the best approach or just becoming more familiar with what's being debated within healthcare and what are some of the considerations to improve the healthcare system, so lots of different options but no easy task.

Dean Linda Livingstone: The information out there is a bit overwhelming sometimes and it takes some work to just get through that. Well I wanna open the floor up to our audience and see what questions you have for Priscilla and certainly along any of the dimensions that we've talked about or others that we haven't even and then we'll go back over here, so start here.

Could everybody at the back hear the question or not? So she was sharing an experience about her husband going to the Emergency Room for two hours and the bill was \$18,000 and if they paid it cash rather than sending it through the insurance company they would get a 75% reduction, so.

Priscilla Stewart-Jones: Unfortunately I'm not that end of healthcare and so I can't answer that question; I understand that there are some insurance representatives here in the room, actually I met one or two, they might be able to help enlighten us. See I believe in engaging the audience.

Dean Linda Livingstone: So sharing the baton.

Priscilla Stewart-Jones: You're with Phillips healthcare, so would you like to respond?

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Phillips Healthcare Representative: In a nutshell I would say that it's such a hassle for hospitals, physicians to deal with insurance, they find every possible way, they fight every claim they get that-- it's actually probably close-- it would probably save close to the 75% by getting the cash directly from you than having to hire people who are asking and asking again and fighting with the insurance company on every count on every claim, every lab result, every little piece of care that your husband got and as sad as it is, this is, you know, in a nutshell the answer to that question.

Dean Linda Livingstone: You know that makes a lot of sense. Let's pass the microphone over here, we had a question there and then we'll come back to you.

Audience 1: Priscilla you mentioned there was initiatives of cost reduction at McKesson. Do you have quantifiable data that you can share? The background of my question is in '93 I was working for a company that was doing the EDIFACT Standards for health and the cost of a healthcare transaction at that time was \$21, just one transaction and with that automation using technologies we could have brought down to under a dime. At the same that technology didn't go any further and today we are still talking in this country about electronic health records, so it looks like there is a push back on just pure efficiency, so I would like to hear your experience there.

Priscilla Stewart-Jones: Well I don't have the numbers with me, what I can tell you is that we have over the last three years and it's primarily not because of technology, it's really managing the chronic conditions and it has been with the effective use of disease management and making sure that we're working and focusing on prevention. Those have been the keys for us to really drive down our costs from an employee populations less so on the use of technology. So those are really the initiatives where we are starting to see anywhere from 15 to 25% reduction in cost and as we know it's really about prevention for the most part.

Dean Linda Livingstone: Right up here in the front; second row.

Audience 2: I've worn two hats so on the carrier side for I'll stop at 20 years and now I'm on the employee benefits and risk management consulting side so to answer your question with regards to the doctor, the hospital bill. It could well be that they just took you down to the discounts that had already been negotiated with the hospital because there are tons of articles that are out there that says that a person that's uninsured and has to pay the bill is not really getting the discounts that you would get that have been negotiated with hospitals; so that's number one. The other is, is it is known that hospital billing have duplicate errors, you've had a pill for \$1.50, sorry, pharmaceutical but, you know. If you go over the

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billing statement you'll see tons of, you know, errors and what have you, so that's one issue to answer yours. The other is, is that there have been several medical journals that have been published around efficiency, saying that as much as 30% can be cut in terms of cost just by virtue of electronic records and what have you, so that's really why we're seeing the push in terms of cost.

Dean Linda Livingstone: Go ahead there and then we'll come right back in front again.

Audience 3: Thank you. There's a lot of healthcares with a large bucket and I hear statistics about, you know, every day there's so many millions of Americans turning age 65; there's over 80 million in the next five years that are gonna be in that senior category. You provide a broad spectrum of services; where do you see the greatest opportunities in that marketplace in terms of services for seniors?

Priscilla Stewart-Jones: From a business perspective; you're looking for business opportunities?

Audience 3: From a business perspective.

Priscilla Stewart-Jones: I'd say a couple of things come to mind, home care, home healthcare would be one, long term care would be another, those would be the two that most immediately come to mind as you look at the aging population and the baby boomers and some of the things that they will need on an ongoing basis from age 65 and older. The realities are that's when there is the greatest need for medical support that's usually when you have the most significant either illnesses or injuries or traumas and so I would say really in those two in particular long term care and home healthcare.

Audience 4: President Obama is working on a single payer or universal healthcare system and most likely will pass, would it impact your company or are you working to help the government?

Dean Linda Livingstone: I'm gonna make her answer that nod of her head first so you're not necessarily convinced it will pass, speak to that in addition to kind of his question.

Priscilla Stewart-Jones: So I will speak as Priscilla because McKesson really hasn't finalized their position on this, so we're still in data collection mode. What I will tell you from my perspective, just knowing our country and I was having this conversation about the single payer position during the reception, I'm not sure that our country will buy into single payer that is managed solely by the

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government. Secondly I'm not sure that the government is equipped to manage being the single payer for healthcare for our country. So for those two reasons I'm not really sure that that is going to pass.

Having said that, there are over 47 million uninsured individuals in the country as of the data that I saw two weeks ago, so we have to do something in this country to make healthcare more accessible and more affordable; it could be I keep hearing that we're compared to or the plans are being compared to what Canada and Australia have in place which would be more like a single payer but then you have plans that Germany and Belgium have that is a hybrid model and I could see a hybrid model being in place here in the US so that there are some form of basic insurance that's available for everyone but not necessarily a single payer for every medical service or every medical treatment that occurs in the US. I don't have obviously the answer but I don't think Obama's plan will pass as it's currently devised. I think there will be significant edits and modifications and I think it will take more than maybe even one term before we will actually see something like that pass; that's my opinion.

Audience: I'd like to ask you how you think McKesson is differentiating itself from its biggest competitors?

Priscilla Stewart-Jones: Well three things, so our biggest competitors are Cardinal and ABC, if you're not familiar with the space, how we differentiate ourselves is not only our offerings because we have a package of offerings that frankly they don't have in terms of all of our technologies as well as our distributions. But we also have services that they don't offer that we offer. Without going into a lot of detail it's really those two that act as the primary differentiator in the market place. Some of the other components might be considered to commoditize but those are really the two that are the most significant differentiators in the market place.

Dean Linda Livingstone: I think we have time for one more question, if we have someone else in the audience that would like to.

Audience: The Wall Street Journal reported this morning that one out of every four, four-year-old children is grossly overweight. One out of every three, four year old child is children of American Indian descent are grossly overweight. So what role does McKesson Corporation or what do you recommend for other corporations to do about this tragic situation?

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Priscilla Stewart-Jones: Obesity in my opinion, very similar to diabetes and other things, really tie into prevention and this is early education, early identification around changes of behaviors, around preventative measures, assessments, those are the kinds of things as I mentioned that we're doing with McKesson employees. Not that I'm saying McKesson employees are obese but understanding what the chronic conditions are, understanding what the conditions are that really can have an adverse impact on health and as long as we can implement as we know there is as part of the stimulus and I forget the exact definition but it's SCIP, so the State Child Insurance Plan, I think that's what it's called. So that there is funding for individuals that are low income, primarily focused on children. So having said that I think it's all about prevention, early identification and then changing of the behaviors, first and foremost so we can have the insurance but we really need to prevent it and that is around the early education and assessment; that's my mantra.

Dean Linda Livingstone: And clearly that has very, very long-term implications on healthcare in the country because of the long-term health impacts of obesity, particularly in children.

Priscilla Stewart-Jones: Exactly.

Dean Linda Livingstone: Well Priscilla thank you so much for being here, it's been a pleasure having you. You can watch this or listen to the podcast on either iTunes or YouTube University as well as all of our other speakers that we've had over the last several years are available. You can also on those sites see speakers from other places on campus as well. Sandra Day O'Connor just spoke at the Law School about a week ago and so her speech is on there. But it's been a pleasure having you, we've learned so much about a very complicated part of the world and we thank you for being a part of our evening.

Priscilla Stewart-Jones: Well thank you for having me.

Dean Linda Livingstone: And thank you all.

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