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An action plan for leaders: 5 questions on hospital performance improvement amid political uncertainty

The Better Care Reconciliation Act, Senate Republicans' bill to replace the ACA, would have rescinded key elements of the current healthcare law and imposed dramatic changes on the U.S. healthcare system, including the repeal of Medicaid expansion, tax cuts and waivers to enable states to opt out of coverage for essential health benefits. Although this particular healthcare legislation is now dead, it is clear the American healthcare system is on a path of change.

During a June 21 webinar, leaders from ProHealth Care and Prism Healthcare Partners discussed some of the biggest challenges and opportunities for healthcare providers in today's uncertain political environment, as well as specific actions they can take to eliminate waste, improve operational efficiency and enhance organizational morale.

Panelists included Ronald Farr, Chief Financial and Administrative Officer of Waukesha, Wisconsin-based ProHealth Care, Brad Fetters, COO of Prism Healthcare Partners, and Ramona Lacy, FACHE, Managing Partner of Prism Healthcare Partners. Molly Gamble, editor in chief of *Becker's Hospital Review*, moderated the discussion.

Here are six big questions the panelists addressed during the webinar.

Question: What do recent developments related to repeal/replace of the ACA mean for healthcare providers? What is on the horizon?

Significant policy changes — such as rolling back Medicaid expansion or lifting the requirement on payers to provide essential health benefits — would have a significant effect on individuals and the hospitals

where they seek care, according to Mr. Fetters.

“When you combine all of [these changes], the bottom line is there will be a material impact on lowering reimbursements, millions more [people] going back into the uninsured bucket, and even those who have insurance will see a significant reduction in the amount of covered services in their plans,” said Mr. Fetters. “It’s not a great situation for providers at this point.”

Regardless of policy changes, Mr. Farr pointed out that the current rate of spending in healthcare is unsustainable. As healthcare leaders create their short- and long-term strategies, they must do so with the goal of becoming leaner organizations.

“We’re still paid at about 85 percent of total costs,” Mr. Farr said of Medicare payments. “As the revenue

part of the formula begins to change, we must continue to tighten that down and really focus on gaining economies of scale and operating as effectively and efficiently as possible.”

Q: What is the best opportunity you see today for health systems?

Improving operating structures and reducing the total cost of care are challenges all hospitals face, but they also represent opportunities for organizations to implement initiatives that will improve care outcomes for patients while lowering costs.

“Managing the delivery of care for populations is an area of opportunity,” said Mr. Farr. “Of course the challenge there is how we transition to do that. I advocate for being thoughtful and deliberate in how we take on and manage risk, but we must move forward in that regard. We must connect the dots between quality, the cost of care and patient satisfaction.”

Many health systems have ample room for improvement when it comes to patient access, according to Ms. Lacy. “Typically, we see that it takes 10 to 30 days for a patient to

get an appointment with a primary care physician across the U.S.,” she said. “In some places it can take up to 100 days. The goal should be no more than three to five days.”

There is a wide variety of alternative care options available today — such as urgent care, retail clinics and telehealth — each of which can be available to patients on demand. Hospitals and health systems can improve accessibility and remain competitive by improving patient access processes, establishing partnerships and adopting new technologies. If they fail to do so, patients will simply seek care elsewhere.

Q: Where are you seeing opportunities for cost reduction and performance improvement?

Seeing that the low-hanging fruit has already been picked, healthcare leaders must be even more strategic about cost reduction and performance improvement efforts, according to Mr. Farr, and ensure such efforts are continuous. The responsibility of devising these initiatives used to fall on the CFO alone, but such an isolated approach is not practical in today’s healthcare climate. This change in dynamic is what led

Mr. Farr and his team to enlist Prism’s consultants.

“We engaged Prism to specifically look at the labor opportunities we had within the organization,” he said. “The real success of that project was in having some science around what makes sense, but we also aligned initiatives with the planning cycle so that the assessments at the departmental level were specifically identified and timed so our managers and directors could make decisions, put it in their budgets and become accountable.”

Ultimately, ProHealth Care and Prism generated \$17 million in fully operational efficiency improvements in the 2016 fiscal year, contributing to what Mr. Farr called “one of our best years ever.”

Another area of opportunity for cost reduction exists in employee health plans. “Hospitals have the unique ability to do a lot of different things for employee health,” said Ms. Lacy. “We are seeing them design health plans to better manage employees by funneling them through their primary care physicians, specialists and pharmacies. Many

have also adopted different wellness initiatives.” Wellness programs that target obesity and better management of chronic conditions have great potential for lowering employees’ healthcare costs.

Q: What effective solutions are healthcare organizations enacting to bolster physician engagement?

Physician engagement and buy-in are some of the most essential components of high-quality care delivery, operational efficiency and, importantly, success during transformational efforts. According to Mr. Fetters, that means inviting physicians to the table at the onset of the improvement process.

“Historically, physicians were looked to for guidance on quality of care, and a lot of administrations would wait [until after decisions were made] to share with them different workflows or new requirements,” he said. “This caused a lot of backlash.”

Hospitals see the greatest levels of physician engagement when they collaborate with physician leaders, include physicians in subcommittees and ensure physicians understand how the healthcare business runs.

“[Physicians] help design the future state and are part of the implementation,” Mr. Fetters said.

Q: What can health systems can do in the next 6 months to reinforce their revenue cycles and safeguard collections?

Ms. Lacy said developing a robust clinical documentation program for both outpatient and inpatient care is crucial for maximizing reimbursement and ensuring regulatory compliance, especially since many hospitals now own physician practices and clinics.

“Having [diagnoses] documented to the highest level of specificity that is supported by clinical evidence will impact the ICDs, which will impact the HCCs [hierarchical condition categories], which will impact the risk-adjustment factor, and subsequently influence reimbursement and [compliance].”

If a hospital doesn’t already have a best-practices program in place for documentation, or if it is only focused on Medicare, revenue cycle managers have an opportunity to expand such programs to all payers. “It’s so important — to the hospital and

physician quality profiles,” Lacy said.

Q: How can healthcare leaders boost morale and instill a sense of community within their organizations during a time of tremendous uncertainty and political polarization?

According to Mr. Fetters, consistent and honest communication is vital. “There’s a lot of anxiety and nervousness in the workforce,” he said. “No matter what the change is, it’s very personal [to employees]. People are thinking, how does this impact me?”

Unless leaders give employees the answers to their questions and provide them with the assurances they’re looking for, this anxiety can manifest in a toxic culture of distrust and disengagement. “Leaders aren’t doing enough communication,” Mr. Fetters added. “When it comes to change, you must consider how to engage the workforce in the assessment, design and implementation. You must be as transparent as possible about what you’re doing, how and why. And you must provide updates — good and bad — about how you’re progressing against those goals.” ■