THE SERVICE LINE THAT COULD … GROW

Organizing care delivery around services lines—such as orthopedics or women’s health—can be a smart business strategy to drive revenues, as well as a patient-centered approach for improving quality and reducing costs. But this is not work for the fainthearted. To successfully grow a service line in today’s competitive environment, healthcare leaders need to drill through vertical silos, develop critical partnerships, align incentives, and erect numerous structures and processes to ensure patients have a seamless path across the continuum.

ASSESS INTERNAL READINESS*

- Benchmark current performance (cost and quality)
- Project service demand
- Document physician referral patterns
- Understand purchaser needs/requirements
- Identify competitor strengths/weaknesses
- Model expected payment changes
- Simulate impact of key investments

ALIGN WITH PHYSICIAN LEADERS

- Integrate physicians into leadership roles
- Define expectations for hospital and physicians
- Align compensation with performance goals
- Share accurate, credible performance data
- Provide leadership training to physicians

DEVELOP A PLAN FOR GROWTH

- Determine vision (e.g., become regional destination)
- Identify the gaps (e.g., inefficient throughput) to achieving goals
- Identify creative opportunities for growth:
  - Expand upstream and downstream (e.g., preventive care, rehab)
  - Pursue new patient markets (e.g., executive wellness)
  - Consider new innovations (e.g., genomic tests)
  - Form creative partnerships (e.g., employee wellness)
- Prioritize capital investments
- Create a balanced scorecard to track performance

INVEST FOR EARLY WINS

- Identify a handful of investments that promise quick, strategic gains
- Set a one- to two-year revenue growth target
- Partner with a bigger, well-known center for subspecialty care
- Invest in needed facility improvements
- Fix inefficiencies and other issues splitting physician referrals
- Acquire or affiliate with primary care practices
- Recruit respected subspecialists
- Launch a clinical documentation improvement project to capture lost revenues

*This infographic assumes that leaders have already done the work to determine which services lines fulfill a key role in the community and show the greatest potential for expansion.
Adopt evidenced-based clinical protocols
Use Lean, Six Sigma, and other performance improvement approaches
Leverage IT
Identify the true costs of care
Improve critical organizationwide functions (e.g., billings and collections, decision support)

PURSUE VALUE-BASED PAYMENT CONTRACTS
- Identify the appropriate episodes of care, patient populations, or conditions
- Identify cost-savings opportunities
- Prepare for payer negotiations

AIM FOR DRAMATIC IMPROVEMENTS
- Adopt evidenced-based clinical protocols
- Use Lean, Six Sigma, and other performance improvement approaches
- Leverage IT
- Identify the true costs of care
- Improve critical organizationwide functions (e.g., billings and collections, decision support)

CONTINUE TO GROW AND IMPROVE
- Engage frontline staff in performance improvement activities
- Pursue marketing and outreach
- Expand geographic reach/market
- Stay on top of clinical technologies/innovation

CREATE THE INFRASTRUCTURE
- Address the challenges related to coordinating care across departments and organizations
  - Determine reporting structures and decision-making authorities
  - Consider alternative reporting structures (e.g., dyad leadership teams, matrix organization)
- Adopt a continuous quality improvement culture

Turn to the next page for short examples of the service line strategies highlighted here. For more in-depth examples, visit hfma.org/leadership, Summer 2014 issue.
EXAMPLES OF SERVICE LINE GROWTH

As they pursue service line growth, hospitals and health systems often progress through some or all of the following eight stages—but not necessarily in sequential order. The examples provided below are only intended to show one possible approach to each stage.

ASSESS INTERNAL READINESS
Leaders at Memorial Hermann Health System reviewed service line indicators for each of its major service lines to define the most critical barriers to achieving the goals of improved quality, growth, operational excellence, and satisfaction, “according to an hfm article.

DEVELOP A PLAN FOR GROWTH
Chester County Hospital decided to broaden and deepen its cardiac surgery services by affiliating with Cleveland Clinic, which is the No. 1 medical center for cardiac surgery in the country, according to a 2011 Leadership article.

ALIGN WITH PHYSICIAN LEADERS
Under a co-management agreement, physician leaders helped save Indiana’s Columbus Regional Health about $250,000 in surgical expenses, while boosting OR start times and employee satisfaction, according to an HFMA CFO Forum article. Physicians are compensated based on a percentage compliance with established metrics and goals.

INVEST FOR EARLY WINS
When asked how Montefiore Medical Center has generated even a modest profit given its challenging market, CFO Joel Perlman pointed to a number of strategically-driven, community-oriented investments in an HFMA CFO Forum article:
- Developing a highly integrated care delivery system
- Launching a care management organization to handle capitated contracts and care coordination
- Making calculated investments in specific programs and specialties to increase admissions and market share
- Employing physicians
- Pursuing IT, supply chain, and revenue cycle performance improvement efficiencies

ORGANIZE THE WORK
Scripps Health has adopted a horizontal matrix management structure, creating four Scripps-wide divisions that cross over the traditional vertical silos, as detailed in a Leadership article. Clinical service lines report up to the clinical operations division. The matrix management structure led to $48 million in cost cuts and $29 million in revenue increases—in just one year.

ACHIEVE DRAMATIC IMPROVEMENTS
A related concept to service line management is the focused factory, which involves developing “a uniform approach to delivering a limited set of high-quality products,” according to Mayo Clinic’s David Cook, the lead author of a May 2014 Health Affairs article. Cook and his colleagues determined that only a minority of cardiac surgery patients at Mayo truly required individualized treatment plans. In contrast, 67 percent of patients experienced better outcomes (i.e., reduced risk of sepsis, pneumonia, and renal failure) when they received focused-factory care, or standardized, evidence-based care.

PURSUE VALUE-BASED PAYMENT CONTRACTS
As described on page 15 of this Leadership issue, Triangle Orthopaedic Associates and Blue Cross and Blue Shield of North Carolina (BCBSNC) are collaborating around bundled payment arrangements for total hip and knee replacements. Using a prospective model, BCBSNC pays a single flat fee to Triangle for each surgery. That fee covers all expenses from 30 days before the surgery to 90 days after. Triangle pays all providers, including the hospital, anesthesiologists, physical therapists, and others. Procedures are performed at North Carolina Specialty Hospital, of which Triangle is a part-owner.

CONTINUE TO GROW AND IMPROVE
To engage front-line staff in continuous improvement, Columbus Regional Health uses a gainsharing program to engage front-line surgical employees (e.g. nurses and technicians), as described in an HFMA CFO Forum article. The amount paid out to the employees is based on the percentage of compliance (tiered) with the established clinical performance metrics and protocols. +

To access links to the highlighted articles, visit hfma.org/leadership, Summer 2014 issue.