

Modern Hospital Management Trends: Top Issues Confronting Today's Hospitals

Fevzi Akinci, Ph.D.

Zirve University

Vice President for Academic Affairs &

Dean of Faculty of Economics and Administrative Sciences

June 24, 2012

Presentation Outline

- Major Health Policy Objectives
- Health Care Delivery System Features
- Global Health System Challenges
- Top Issues Confronting Hospitals
- Summary
- Questions & Answers

Objectives of Health Care Policy

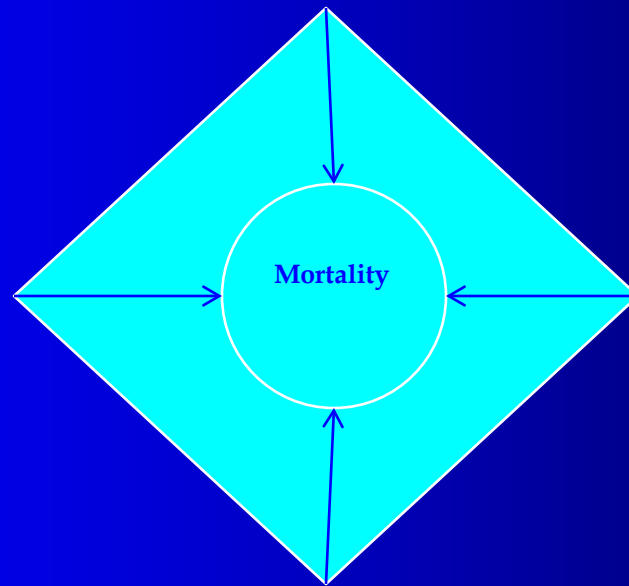
- Adequacy and equity in access
- Income protection
- Macroeconomic efficiency
- Microeconomic efficiency
- Freedom of choice for patients
- Appropriate autonomy for providers

Key Determinants of Health (Starfield, 1973)

- Social & environmental factors
- Genetic make-up
- Personal life styles & behaviors
- Health care system

Key Determinants of Health (CDC, 1979)

Personal life styles &
behaviors-%50

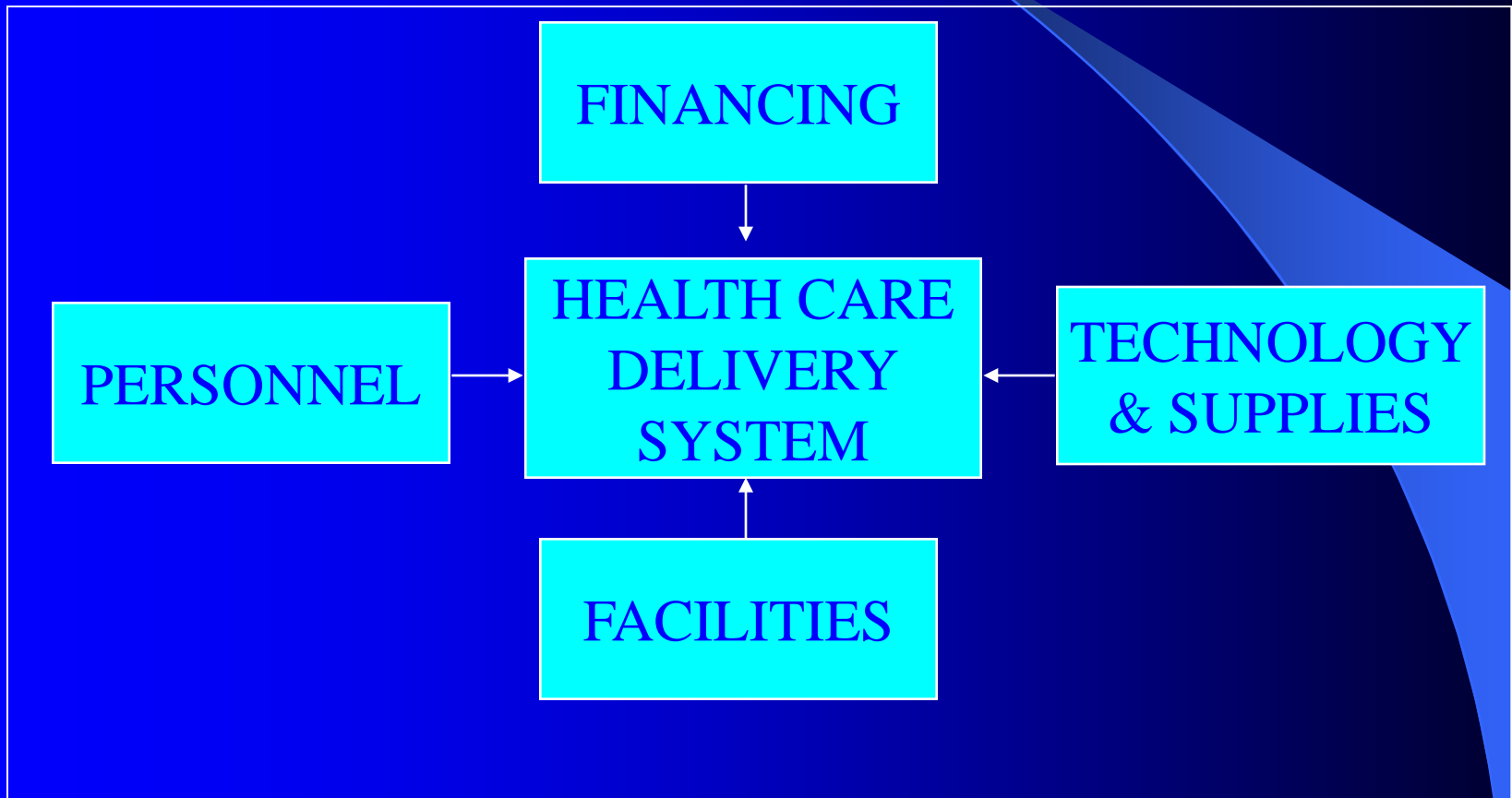


Social &
environmental
factors-%20

Genetic make-up-%20

Health care system-%10

Health Care Delivery System Resources



Basic Health Care Delivery Functions

FINANCING

Employers
Government-Medicare, Medicaid
Individual self-funding

INSURANCE

Insurance companies
Blue Cross/Blue Shield
Self-Insurance

Access

DELIVERY (Providers)

Physicians
Hospitals
Nursing Homes
Diagnostic centers
Medical equipment vendors
Community health centers

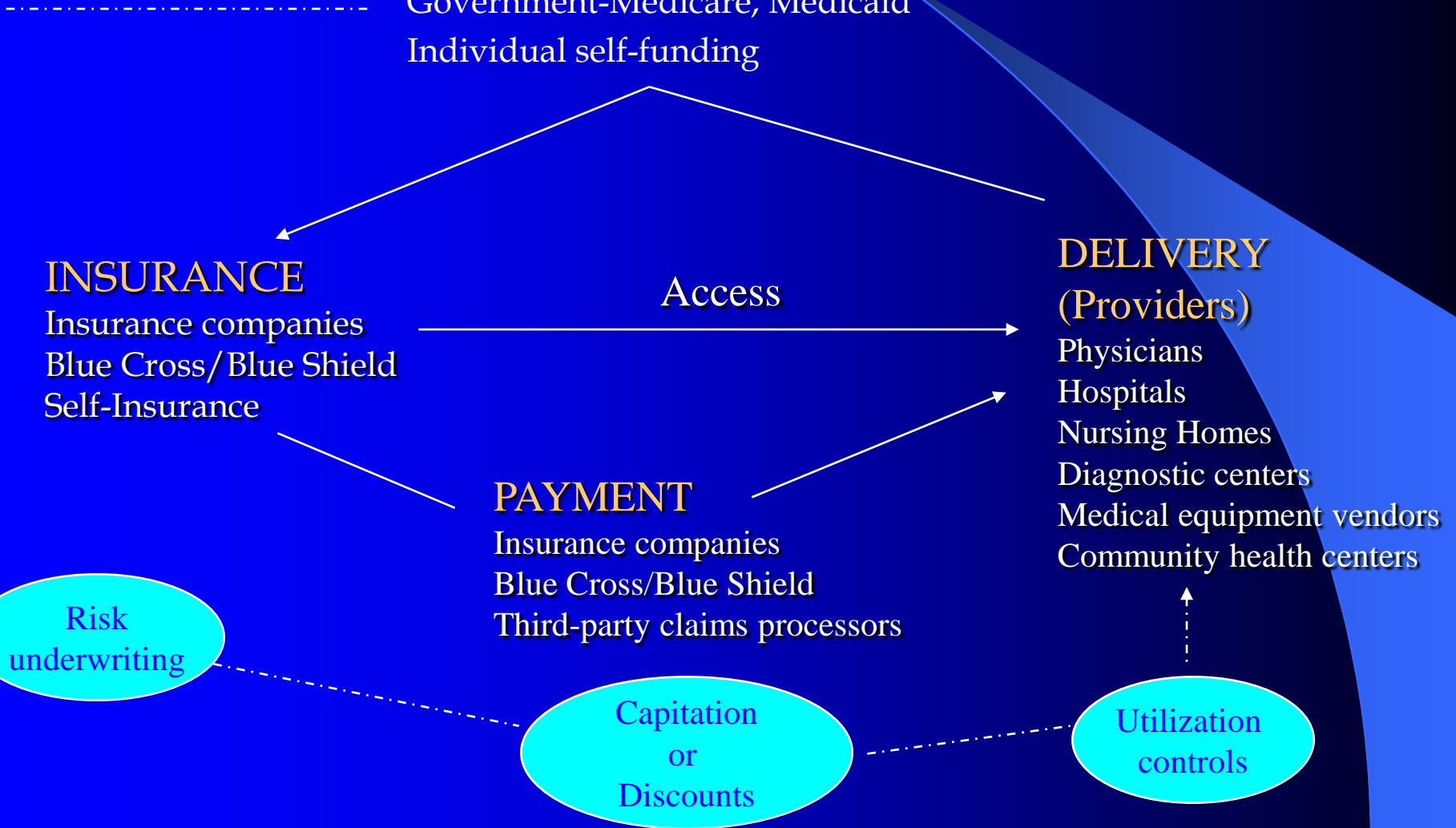
PAYMENT

Insurance companies
Blue Cross/Blue Shield
Third-party claims processors

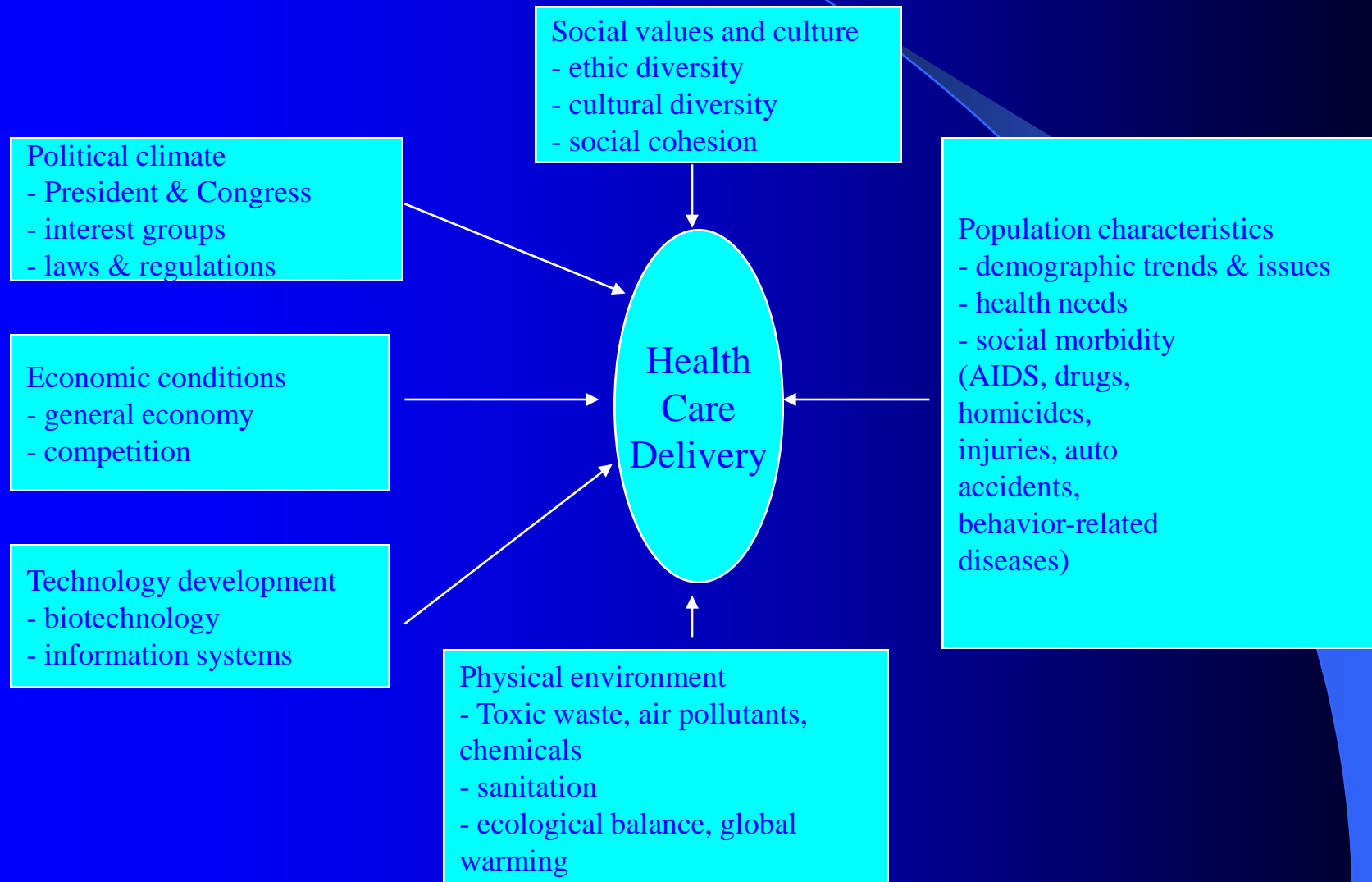
Risk
underwriting

Capitation
or
Discounts

Utilization
controls



External Forces Affecting Health Care Delivery



Criteria for Health System Performance Assessment



12 Megatrends in Global Health Care

- Innovation & demand soar in emerging markets (China, India, Turkey, Brazil, etc.)
- Personalized medicine and technological advances
- Aging populations and chronic diseases
- Rising costs
- Global pandemics (AIDS)
- Environmental challenges

Source: Dillon. K., & Prokesch. <http://hbr.org/web/extras/insight-center/health-care/globaltrends>

12 Megatrends in Global Health Care (Cont.)

- Evidence-based medicine
- Non-MDs providing care
- Payers' influence over treatment decisions
- The growing role of philanthropy
- Prevention is the next big business opportunity
- Medical tourism

Source: Dillon, K., & Prokesch. <http://hbr.org/web/extras/insight-center/health-care/globaltrends>

FACT

Hospitals are no longer the “core business” of health care. They are in the process of being replaced by organizations that can provide primary care, health promotion, and chronic disease management.

The Drivers for Reinvention for Hospitals

- Cost containment
- New forms of payment
- Technological developments
- Consumer preferences
- Health care reform efforts

Transition from Hospital to Health Care Systems

Hospital

Acute inpatient care ----->

Treating illness ----->

Caring for individual patients ----->

Commodity product ----->

Market share of admissions ----->

Fill beds ----->

Manage an organization ----->

Manage a department ----->

Coordinate services ----->

Health Care System

Continuum of care

Maintaining/promoting wellness

Accountable for the health status
of defined populations

Value-added services -- emphasis
on primary care, health
promotion, ongoing health
management of chronic illness

Covered lives

Care provided at appropriate level

Manage a network of services

Manage a market

Actively manage and improve quality

Why Managers Should Care ?

- Positioning the Organization
- Handling Threats and Opportunities
- Evaluating Implications
- Planning
- Capturing New Markets
- Complying with Regulators
- Following the Organizational Mission

Changing Health Care System

- Integration of healthcare delivery organizations
- Continual advances in medical technology
- Increased collaboration to improve community health status
- Increased emphasis on disease prevention and wellness promotion
- Growing elderly population
- Better-informed patients demanding high-quality care
- Pressure to control costs and demonstrate the value of the services delivered
- Efforts to implement continuous quality improvement initiatives

Source: <http://www.ache.org/carsvcs/ycareer.cfm>

Top Issues Confronting Hospitals

- Financial challenges
- Health reforms
- Patient safety & quality
- Governmental mandates
- Care for the uninsured
- Physician-hospital relations
- Patient satisfaction
- Technology
- Personnel shortages

Financial Challenges

- Low federal reimbursement
- Government funding cuts
- Bad debt
- Decreasing inpatient volume
- Increasing costs for staff, supplies, etc.
- Inadequate funding for capital improvements
- Emergency departments
- Revenue cycle management
- Competition from specialty hospitals

Patient Safety & Quality

- Engaging MDs in improving the culture of quality
- Redesigning care processes
- Pay for performance (P4P)
- Redesigning work environment to reduce errors
- Public reporting of outcomes data
- Medication errors
- Compliance with accrediting bodies (JCAHO, NCQA)

Access to Care

- Primary care MDs role as gatekeepers
- Increasing number of uninsured people
- ER overcrowding
- Ability to pay for service
- High out-of-pocket expenses
- Coverage limitations

Five Hospital Trends to Watch in 2012

- Investment in technology
- Greater focus on social and mobile marketing opportunities
- Employer-hospital partnerships
- Stronger physician relationships
- Formal population health management programs

Ten Ways for Hospitals to Increase Profitability in 2012

- Focus on the continuum of care
- Design models to reduce readmissions
- Have a good relationship with payors
- Manage new service lines to increase market share
- Control labor costs with meticulous data collecting

Ten Ways for Hospitals to Increase Profitability in 2012

- Reduce supply costs by working with vendors and physicians
- Improve deficiencies in the ER and Operating room
- Create population health management programs for chronic illnesses
- Consider outsourcing some services
- Revamp the energy cost strategy

Five Core Concepts to Reduce Readmissions

- Recognition
- Communication
- Intervention
- Education
- Reconciliation

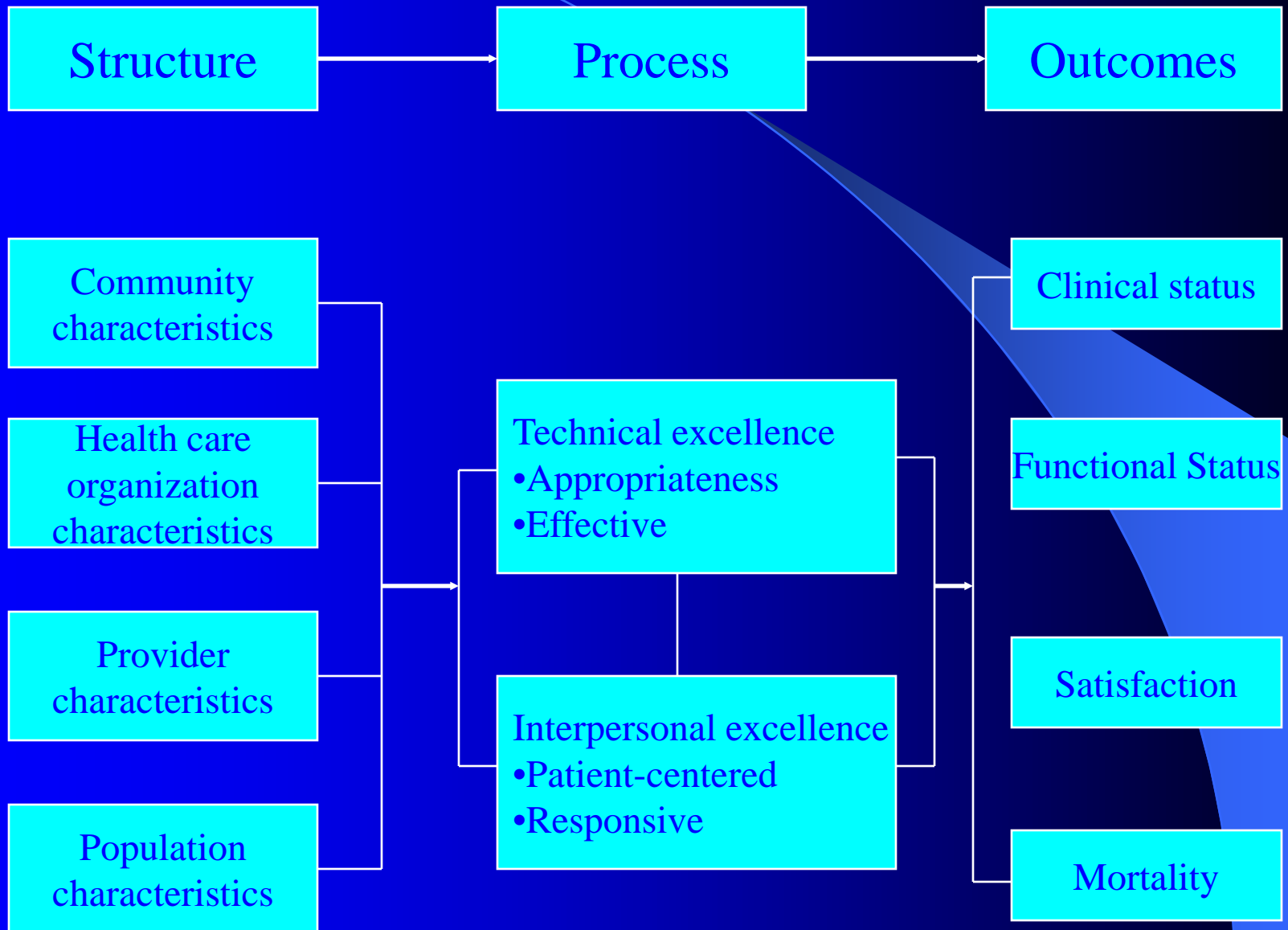
Five Key Financial Ratios to Track

- Operating margin
- Operating EBIDA margin
- Days cash on hand
- Debt to capitalization
- Capital spending

Two Important Perspectives for Health Care Managers

- Systems Perspective
- Conceptual Frameworks

Conceptual Framework For Quality Assessment



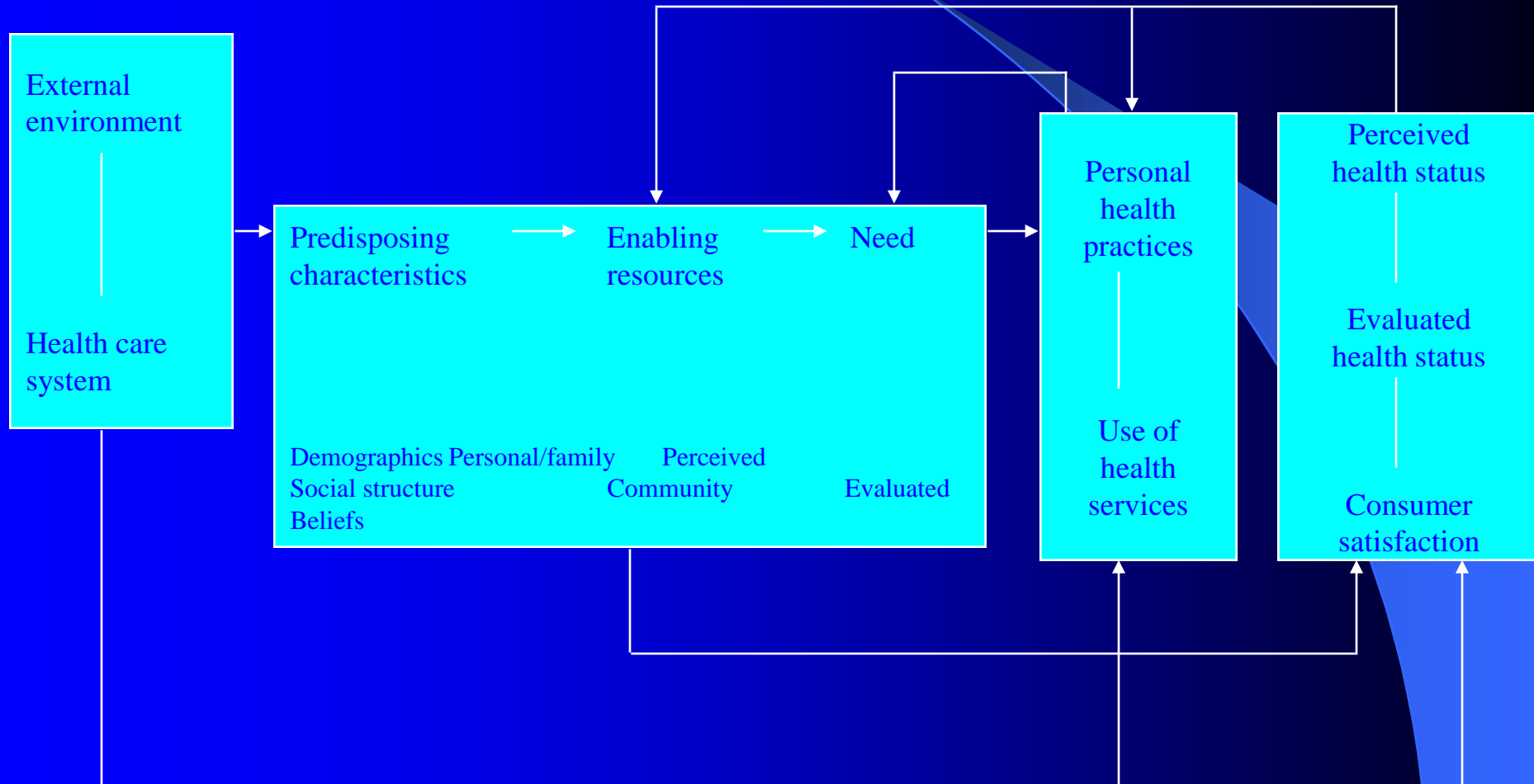
A Behavioral Model of Health Service Use

Environment

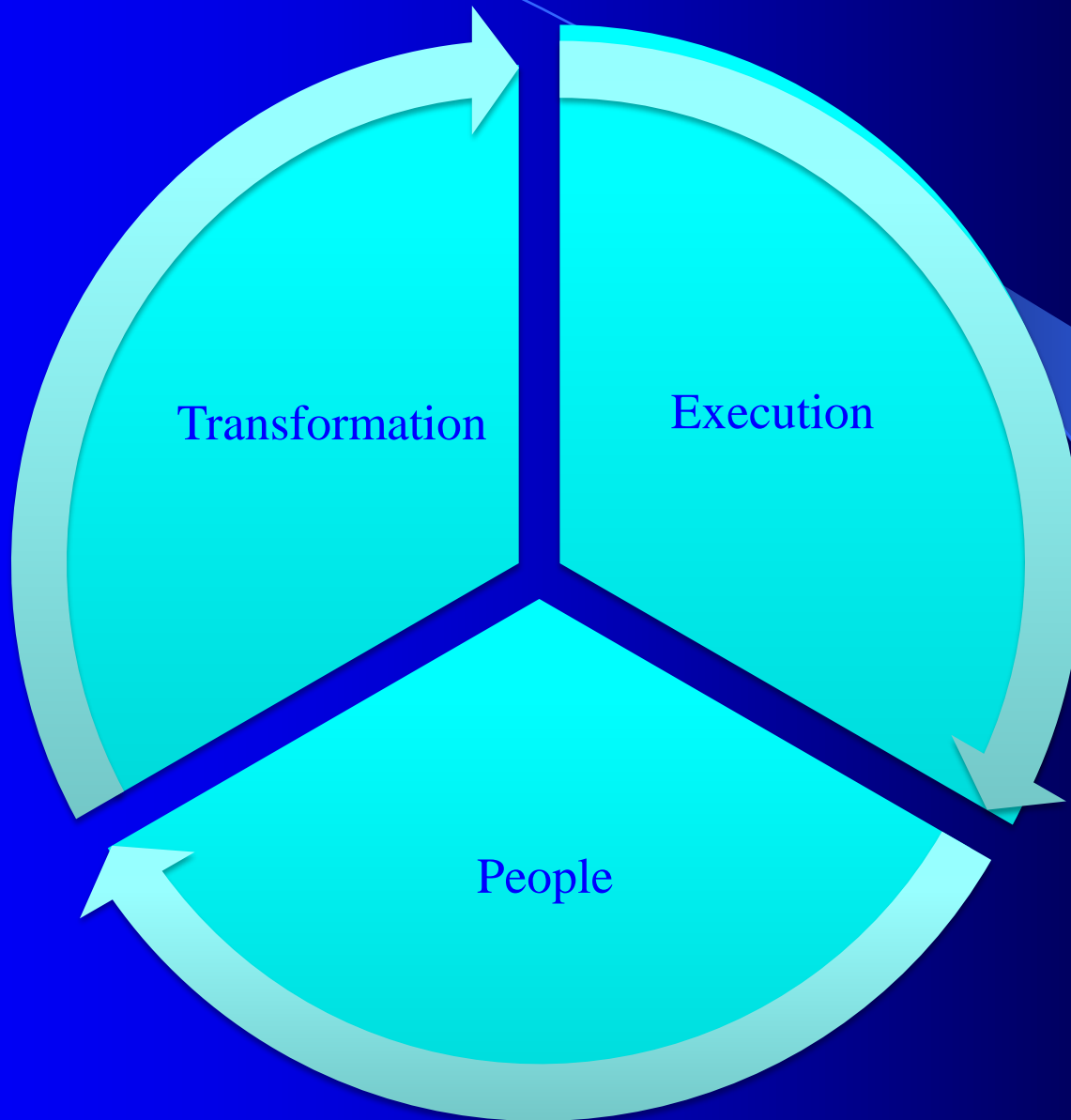
Population Characteristics

Health Behavior

Outcomes



Key Health Care Leadership Competencies



Transformation

- Achievement Orientation
- Analytical Thinking
- Community Orientation
- Financial Skills
- Information Seeking
- Innovative Thinking
- Strategic Orientation

Source: Calhoun J.G. and et al. (2008). Development of an Interpersonal Competency Model for Healthcare Leadership, *Journal of Healthcare Management* 53(6): 375-389.

Execution

- Accountability
- Change Leadership
- Collaboration
- Communication Skills
- Impact and Influence
- IT Management
- Initiative
- Organizational Awareness
- Performance Measurement
- Process Management/Organizational Design
- Project Management

People

- Human Resources Management
- Interpersonal Understanding
- Professionalism
- Relationship Building
- Self Confidence
- Self Development
- Talent Development
- Team Leadership

Characteristics of Successful Adaptive Leaders

- Set a clear, consistent, and meaningful direction
- Develop people as the # 1 resource
- Build trust and optimism
- Problem-solve what does not work
- Grow opportunistically and relentlessly

Source: Kenagy, J.W. (2009). Healthcare Management Challenges for the 21st Century: Building Adaptive, High Performing Management Team.

Questions & Answers

The background is a solid blue color with a subtle gradient. A thin, light blue curved line starts from the top left and arcs towards the center. A larger, semi-transparent blue triangular shape is positioned in the lower right quadrant, pointing towards the center.

Thank You!

Follow-up

Fevzi Akinci, Ph.D.

Zirve University

Vice President for Academic Affairs &
Dean of Faculty of Economics and Administrative
Sciences

Tel: +90 342-211-6758

Email: fevzi.akinci@zirve.edu.tr