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
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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
- Genetic make-up-%20
- Social & environmental factors-%20
- Health care system-%10
Health Care Delivery System Resources

Personnel

Financing

Health Care Delivery System

Facilities

Technology & Supplies
Basic Health Care Delivery Functions

FINANCING

Employers
Government-Medicare, Medicaid
Individual self-funding

INSURANCE
Insurance companies
Blue Cross/Blue Shield
Self-Insurance

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

Access
External Forces Affecting Health Care Delivery

- Social values and culture
  - ethnic diversity
  - cultural diversity
  - social cohesion

- Population characteristics
  - demographic trends & issues
  - health needs
  - social morbidity
    (AIDS, drugs, homicides, injuries, auto accidents, behavior-related diseases)

- Political climate
  - President & Congress
  - interest groups
  - laws & regulations

- Economic conditions
  - general economy
  - competition

- Technology development
  - biotechnology
  - information systems

- Physical environment
  - Toxic waste, air pollutants, chemicals
  - sanitation
  - ecological balance, global warming

- Health Care Delivery
Criteria for Health System Performance Assessment

Access

Quality

Cost
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

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

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

**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

- Market share of admissions
- Fill beds
- Manage an organization
- Manage a department
- Coordinate services
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

Structure → Process → Outcomes

- Community characteristics
- Health care organization characteristics
- Provider characteristics
- Population characteristics

Process:
- Technical excellence
  - Appropriateness
  - Effective
- Interpersonal excellence
  - Patient-centered
  - Responsive

Outcomes:
- Clinical status
- Functional Status
- Satisfaction
- Mortality
A Behavioral Model of Health Service Use

Environment  Population Characteristics  Health Behavior  Outcomes

External environment
- Health care system
  - Predisposing characteristics
    - Demographics
    - Personal/family
    - Social structure
    - Beliefs
  - Enabling resources
    - Perceived
    - Community
    - Evaluated
  - Need
- Use of health services
  - Personal health practices
    - Perceived health status
    - Evaluated health status
    - Consumer satisfaction
The Health Belief Model

Individual perceptions

Modifying factors

Likelihood of action

Perceived susceptibility to Disease “X”
Perceived seriousness (severity) of Disease “X”

Demographic variables
(age, sex, race, etc.)
Sociopsychological variables
(personality, social class, peer pressure, etc.)
Structural variables
(knowledge about the disease, prior contact with the disease, etc.)

Perceived threat of Disease “X”

Perceived benefits of preventative action
minus
Perceived barriers to preventative action

Mass media campaigns
Advice from others
Reminder postcards from physician or dentist
Illness of family member or friend

Likelihood of taking recommended preventive health action
Key Health Care Leadership Competencies

- Transformation
- Execution
- People
Transformation

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

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

Questions & Answers
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