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THE JOURNAL OF  
**MEDICAL  
 PRACTICE  
 MANAGEMENT**

July/August 2017  
 Volume 33  
 Number 1

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The Journal of Medical Practice Management® (ISSN 8755-0229) is published bimonthly by Greenbranch Publishing LLC, PO Box 208, Phoenix, MD 21131-0208. Customer Service 1-800-933-3711. Subscription rates: personal \$284.00 (\$332.00 foreign); institutional \$386.00 (\$399.00 foreign), in-training \$99.00 (\$159.00 foreign); single copy \$47.00 domestic and \$55.00 foreign. Prices subject to change. Periodicals postage paid at Phoenix, MD, and at additional mailing offices. Postmaster, please send address changes to The Journal of Medical Practice Management®, PO Box 208, Phoenix, MD 21131-0208. Printed in U.S.A. Copyright © 2017 by Greenbranch Publishing LLC.



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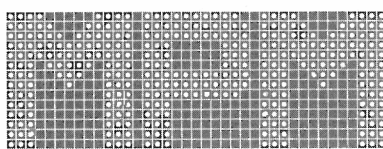
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# Strategic Operational Planning: Why Healthcare Organizations Need to Adopt this Dual Approach Under Population Health Management

Sarah F. Clarke, MBA\*

Government regulations and population health modeling have operational planning intertwined with determining the future of healthcare organizations. Practices can no longer form sound strategic plans without including operational leaders and implementers as members of the strategic team. Health organizations must consider both operations and strategy in the planning process to survive and thrive in the new healthcare era. By doing so with careful planning and execution, practices can maximize revenue, reduce expenses, grow their practices, manage risk, and satisfy patients and employees.

**KEY WORDS:** Strategy; operations; population health management; patient satisfaction; value-based care; planning; training.

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## STRATEGIC OPERATIONAL PLANNING

**D**uring the recent 2016 presidential race, it became evident that significant changes will be made to the accessibility, delivery, and compensation of healthcare services in the United States. One of the approaches likely to gain further momentum is population health management (PHM), with a focus on value-based care. PHM is focused on meeting the Triple Aim of improving the quality of healthcare services, improving patient satisfaction, and reducing costs. To survive in this environment, providers will need to develop strategic plans to help their institutions and medical practices evolve to a PHM model. Although strategy and operations often are approached as two separate and distinct functions, PHM requires the two to be combined. Whereas a strategic plan paints the vision for the organization over the next five years, an operational plan implements its goals and typically is completed within one year.

Although a good strategic plan is needed for adding medical services in a community or determining how to beat market competition, operational planning is what determines how quickly those plans are achieved and how well that service is provided. The operations of any medical organization largely determine the quality of care delivered, productivity of physicians, satisfaction of patients, and culture of the organization.

The value of this combined approach of “strategic operational planning” is illustrated in the following examples, which contrast a patient’s experience in a new urgent care center that employs this model with a more traditional approach. In both scenarios, a patient on crutches is seeking treatment for a painful and swollen ankle.

### Center A: Strategic Operational Planning

The patient arrives at the Center and is immediately greeted with a smile by the receptionist, asked whether he needs assistance, and directed to the registration kiosk. The kiosk has secure seating, and the patient sits comfortably while he scans his photo identification, insurance card, and credit card for any potential outstanding balance or out-of-pocket expenses. The patient electronically signs all applicable forms.

Within five minutes after registration, the patient is escorted by the medical assistant (MA) to the exam room for triage and x-rays. The physician reviews the films and examines the patient. She diagnoses a sprained ankle, and discusses the diagnosis with the patient, answering all questions and verbally discussing discharge instructions. The physician offers the patient sample over-the-counter medication to help with the pain to tide him over until he can get to the pharmacy, which the patient accepts and takes. The patient is given the option to purchase the

ankle boot for \$75 or take a prescription to obtain it from another vendor.

The patient opts to purchase the ankle boot, is fitted by the MA, and escorted to check-out. The patient pays for the ankle boot, and is asked if he prefers printed or electronic discharge instructions and summary of visit. The patient chooses electronic copies that he can view on his smartphone. The patient completes the electronic patient satisfaction survey and gives the center excellent ratings. Additionally, he posts positive comments on social media regarding the Center. The entire patient visit takes less than one hour. The Center electronically sends the patient a thank you card for choosing the Center for his healthcare needs.

### Center B: Traditional Approach

The patient arrives at the Center and walks to the reception area. Without making eye contact, the receptionist instructs him to sign in and have a seat. Fifteen minutes later, the patient is called by the receptionist, who requests his photo identification and insurance card, and gives him a clipboard with papers to complete.

The patient has difficulty walking back to his seat. As he is completing the forms, the receptionist calls him to retrieve his photo identification and insurance card, and the patient hobbles to the reception desk again. Upon returning to his seat he completes the forms, and then returns to the receptionist with clipboard. As he takes his seat his ankle is throbbing. He waits another 10 minutes before the MA calls his name to escort him to an area in the hallway to obtain his weight. She then takes him to the exam room for triage.

The physician comes in to do an examination and then orders x-rays. The medical receptionist takes him for the x-rays, and, upon return to the exam room, he waits another 15 minutes for the physician to return. The physician informs the patient that he has a badly sprained ankle and that the MA will fit him for an ankle boot.

The patient waits for the MA, who returns in 15 minutes with an ankle boot for the patient and demonstrates how to wear the boot properly. The physician returns 10 minutes after the boot has been placed on the patient, and provides discharge instructions and answers questions. The MA escorts the patient to the checkout area, where he is surprised to learn that the ankle boot costs \$75. After he has paid for the visit, the patient is given written discharge instructions. The entire patient visit took almost two hours. The patient leaves the Center stating that the service was poor and he will not return. The Center does not address the complaint.

### WELL-RUN OPERATIONS TAKE PLANNING

Excellent customer service and efficiency typically are the products of well-run operations, not personalities. The friendly medical receptionist in the strategic operational

planning model has been through a training program with clear guidelines on greeting patients, registration, and customer service. The receptionist is monitored on his or her performance with reviewed evaluations.

Incoming calls and follow-up inquiries are handled by a separate call center so there is no distraction from customer service or unnecessary delays at the front. A robust electronic medical record (EMR) system verifies eligibility and benefits immediately. A timely patient satisfaction survey captures staff performance, and staff are given incentives to perform well. Why hasn't all this training and operational preparation happened in the "parallel" model as well?

### WHAT'S MISSING IN THE TRADITIONAL MODEL

Let's imagine the strategic planning meeting for the traditional model. Urgent care is encroaching on primary care practices. Competing centers are scheduled to open in the region in the fall, so it is important to open centers now to maintain market share and compete in the population health arena. In the traditional model, the finance person crunches the numbers, the marketing director estimates the number of potential clients in the facility's geographic area, human resources and the physician recruiter hire the team, and everyone agrees to move forward and open the facility.

What went wrong in the traditional approach to opening a new urgent care center?

- What is the traditional model missing?
- What are the best practices for urgent care centers?
- Where is the customer service consideration that makes a patient want to return to an urgent care center?
- Where is the well-planned technology to streamline operational efficiencies?

Patients are looking for quality service provided in a timely manner by compassionate people. By rushing strategic implementation without operational planning, this urgent care center is setting itself up for negative patient experiences.

***Healthcare organizations  
must consider both operations  
and strategy during the  
planning process in order  
to survive and thrive.***

This urgent care center would only have to make a few changes in the implementation process—such as contacting the EMR vendor for kiosk set-up, maximizing the potential of the existing EMR system for eligibility/benefits

verification ability, developing standing orders for commonly presenting problems, and providing incentives to front-line staff—to be able to look forward to producing satisfied patients and positive relationships within the community. Its next strategic plan then would be where to extend the model, not how to fix it.

Under PHM, hospitals, physician practices, and public health organizations can no longer form sound strategic plans without operational leaders and implementers as members of the strategic team. Healthcare organizations must consider both operations and strategy during the planning process in order to survive and thrive in the new healthcare era.

## HOW TO CREATE AN EFFECTIVE STRATEGIC TEAM

How can your organization form an effective strategic team? Take the following steps.

### Create an Innovative Culture

In a rapidly changing environment, it is critical to develop a culture that encourages innovation and risks. Forming a phenomenal team, but maintaining a culture of complacency, finger-pointing, and unhealthy competition will undermine all efforts. Plan a retreat for your team to develop this shared culture, attend conferences and network with similar teams, and involve your human resources staff to amend policies to begin to change the cultural atmosphere. Cultural changes do not happen overnight, so consistency in promoting the cultural shift is paramount.

### Assess and Communicate Priorities

Determine the major focus for your organization, whether it entails expanding your primary care network or reducing emergency department visits for a specific diagnosis. This internal assessment goes back to the foundational questions of “Who do you want to be?” and “Where do you start?” The next step is to determine who, and what, you need to get the job done. Start by assessing your internal talent. You may need to contract with a consultant to determine what positions are missing in your organization. Not all positions require the recruitment of new personnel. Match your current team’s skillsets to tasks that are needed. The result may be changing positions or titles of your current staff.

### Evaluate and Recruit Staff

For population health management, finding someone skilled in working with the ambulatory services model is key to forming a feasible strategy. For health systems, this would include a vice president/executive director of operations with the responsibility of determining integration of physician practices with each other, referring practices,

and a hospital flagship. The vice president would have the support of directors of operations for middle management, with one director for every five medical practices. The medical practices would have practice administrators.

The support departments include, but are not limited to: compliance, medical/clinical director, IT, revenue cycle management, human resources, financial analysis, marketing, and accounting. Develop teams and subteams with project leaders for implementation. The vice president of operations should form an implementation team to determine optimum time frames for implementation.

Hospitals often understand which management levels are necessary to operate their facilities, but fail to realize that the same levels are needed for ambulatory services operations that have large patient volumes. Also, institutions may be able to reorganize to meet their structural needs by reallocating current staff, or partnering with nonprofit community organizations and payers for outreach and care coordination services.

A highly respected, Maryland-based teaching hospital did just that. To develop its framework for PHM, the hospital secured an \$800,000 grant from the Maryland Community Health Resources Commission to focus on reducing emergency room visits. The hospital used the funds to hire care coordinators who coordinated care for mental health, substance abuse, and transportation and housing needs for patients who had utilized its emergency department four or more times in the past four months. It partnered with the nonprofit HealthCare Access Maryland for care coordination needs.<sup>1</sup>

### Prioritize and Develop a Timeline for Initiatives

Determine which initiatives are feasible within the current budget. A common mistake is not having the funding to execute well. The budget should include staff, IT, training, and other resources needed.

One of the major obstacles for health systems and medical practices is the lack of a managed care director who is connected with federal and state regulatory agencies and monitors, and who understands and communicates relevant regulatory changes. Without someone in this role, implementation then becomes a last-minute, unplanned rush for compliance, resulting in unhappy physicians, patients, and staff.

Develop subset teams for initiatives. Designate a project leader who chairs weekly meetings and reports to the executive team.

### Provide Training

Train your team not only on the subject matter, but also on how to appreciate differences in perspectives and experiences. Your degree of success depends not only on sharing ideas and accepting critical feedback, but also on uniting

the team on an agreed-upon course of action that may not have been the first choice for all team members. The most effective leaders will require periodic training on change management and team development.

### Track and Communicate Successes

Communicate! Remember, sending one email is not communication. Repetition is key—by communicating through meetings, newsletters, memos, emails, phone calls, and formal or informal presentations. For non-immediate initiatives, submit proposals for consideration in future budgets.

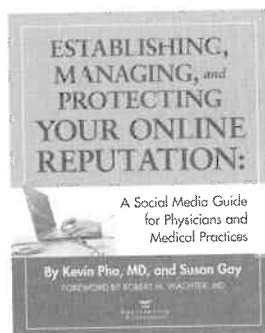
### Reward Success

Goals and means of measuring them are the prerequisites to rewards. Otherwise, rewards can backfire and cause discontent among members of a team who view the disbursement of rewards as unfair or biased. Goals and their achievement should be transparent, communicated in a formal written format, and discussed during team meetings. Who is rewarded shouldn't be a surprise. Reward not only individuals, but also teams and leaders. Rewards should always inspire others to reach higher. Rewards may take many forms, including recognition (e.g., Excellent Service Hall of Fame, reward banquet), monetary rewards (e.g., bonuses, gift cards), additional paid time off, a special parking spot, and promotions.

A monumental change like this shift to value-based care and the need to develop and implement strategic operational planning is critical. It does not need to be complicated, but it does need to be planned and done correctly for the best results. Anticipate that you will need to make investments in training across the board for your organization. Expect resistance and anger stemming from a fear of change. One of the biggest impediments to individual learning is fear—fear of failure, fear of embarrassment, fear of losing one's job. People fear change because it is the unknown. Change takes them out of their comfort zone and requires effort. Learn not only to embrace change but also how to sell it. Knowing how to innovate and manage change will soon become a requirement in job descriptions and performance reviews.<sup>2</sup> Most importantly, expect mistakes and redirection. View these as exciting opportunities for growth and success. After all, there are no great successes without the preceding lesser failures. ■■

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