

HSG

THOUGHT LEADERSHIP

SERVICE LINE STRATEGY IN 2020

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INTRODUCTION

Today's healthcare environment requires health systems evolve their system-level strategic planning into a more intensive service line planning process. In most markets, there is intense competition at the service line level that did not exist 10 years ago. This is largely driven by the needs of health systems to continually expand their patient base and geographic reach. Developing the differentiated service lines and management structure to ensure their continued success are challenges that require constant management attention.

WHAT SHOULD BE HEALTH SYSTEMS' PRIMARY FOCUS?

In the current healthcare environment, health systems should be focusing on the following key components of service line success:

Utilizing Claims Data to Measure Outpatient and Ambulatory Impact

Health systems relying on State-Level market share data to measure service line success are incapable of effectively measuring their actual market capture. With healthcare generally shifting to a 60/40 or 70/30 split between inpatient and outpatient revenue, your health system cannot measure outpatient or ambulatory market share, you can't measure or manage progress within your service line. HSG's approach to measurement focuses on leveraging all-payer claims data at the patient-level to develop outpatient and ambulatory market share benchmarks, by service line, to fuel potential growth initiatives.

Retaining Patients Across the Continuum

One trap many health systems fall into when evaluating health system strategy is being focused on "market share growth" - which implied a growth of new patients - while lacking a focus on a system-level retention of patients who utilize primary care, emergency department or other speciality service lines, but "leak" out for services within the service line. The primary challenge for health systems is getting good data on patient-level utilization of the care continuum and identifying patient usage patterns. The easiest patients to keep are the patients who are already utilizing the health system's services - if these patients are being actively managed, the service line is missing low hanging fruit.

HEALTH SYSTEMS' PRIMARY FOCUSES (CONTINUED)

Continually Improving Access

One of the most consistent challenges for health systems across the U.S. is creating acceptable standards for patient access across key service lines. Whereas a 3 month wait to see a provider may have been a badge of honor years ago, in today's environment, a lack of relatively immediate access is a death knell for a service line's long-term market success. While most "Access" related initiatives need to be managed above the service line level, there are many approaches that can be used to optimize access within the service line. Generally, creating a common definition for access standards within the provider group is a common effective first step towards effectively managing patient access.

Developing Differentiated Service Line Capabilities

Health systems looking to build service line capabilities often focus on depth of services but struggle with a diversity of capabilities that may attract patients to a tertiary or quaternary referral center. At the core of this dynamic is ensuring that providers in core specialties are operating at top of license versus doing general specialty work. In Cardiology, for example, this includes ensuring Electrophysiologists are maximized in their cardiology-specific volume and not performing General Medical Cardiology. In General Surgery, this includes ensuring scoping volumes are appropriately transitioned to Gastroenterology and surgeons are utilizing their skill sets in the O.R.

Leveraging Impactful Physician Alignment Models

Many health systems focus on alignment as a binary "employed or not employed" dynamic. Today's healthcare environment is ripe for exploring co-management, joint ventures, or other arrangements, with employed or independent physicians. Service line outcomes for growth, quality, and/or cost need to be aggressively evaluated in terms of the alignment model in place with existing providers. For employed physicians, this is as simple as realigning compensation methodology to be in sync with health system level service line goals. Employed compensation models need to evolve to mirror not only productivity goals but quality, cost and patient satisfaction goals. For independent physicians, health systems should look to aggressively create formal compensation-focused alignment, whether that be through recruitment support, co-management or joint venture creation.

Managing Service Line Dynamics Given Growth in Employment

Many organizations struggle with the complex management dynamics of having a mixture of employed and independent physicians within a service line. This is often compounded in multi-hospital health systems with the role of the hospital versus the role of the health system - where does the service line live and who has ultimate control over the deployment of resources within the service line - health system, hospital or employed physician group?

CONCLUSION

Service Line Strategy in today's environment is incredibly complicated - health systems need a multi-faceted approach to ensure service line success. HSG works with health systems on comprehensive service line strategy as well as specific service line improvement plans.

GETTING STARTED

HSG can help your health system build and implement a service line strategy or specific service line improvement plan, which can greatly impact the effectiveness of the overall management infrastructure. Contact Travis Ansel to discuss your health system's current service line strategy, or for assistance in building a new program.



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