
How Can Hospitals Remain Economically Viable in the Future

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Introduction

There are four major themes to this presentation

- Definition of Economic Viability
- What is Economic Viability
- Principles to Support Economic Viability
- Determinants of Economic Viability
 - Human Capital
 - The Physician
 - Medical Technology
 - Information Technology

Introduction

- ❑ Quality of Care
- ❑ Safe Care
- ❑ Patient Satisfaction
- ❑ Environment of Care
- ❑ Centers of Excellence
- ❑ Accreditation
- ❑ Pricing Structure
- ❑ Medical Tourism

Economic Viability

Economic Viability is defined by the Asian Development Bank as

“The assessment that increases in output produced by a project using the least cost method will recover costs, provide an additional required rate of return, and sustain effective production in the face of uncertainty and risk”

Economic Viability

Hospitals are major drivers of the economy

- Invariably they are the second or third employer in the private sector
- In the US in 2007 they contributed \$2 Trillion to the economy of that country
- Ongoing increases in demand for services, especially for the elderly
- Competitiveness in the market place
- Public oversight

Economic Viability

What is Economic Viability in a hospital setting?

- Efficiency translated in reduced unit cost
- Effectiveness translated in care outcomes
- Meeting goals of care that are safe, patient-centered, clinically effective and team delivered
- It also depends on the hospital's commitment to environmental health and its sustainability

Economic Viability

As we progress in this presentation you will recognize two major underlying themes crucial to the economic viability of hospitals

- Quality of Care
- Patient Safety

Economic Viability

The Joint Commission, in a white paper released in 2008, identified the **principles** that support economic viability of Hospitals as follows:

- Align performance and payment systems to meet quality and efficiency-related goals;
- Use process improvement tools to increase efficiency and reduce costs;
- Pursue coverage options to ensure patient access to and affordability of health care services;
- Address how general hospitals and specialty hospitals can both fulfill the social mission for health care delivery.

Human Capital

Crucial to the economic viability of hospitals in the future is its Human Capital: nurses, allied health professionals and all the rest of the staff who will make or break an enterprise. **The principle here is to recognize**

- ❑ That we invest in our staff
- ❑ That the demand for certain health professionals outstrips the supply
- ❑ That staff satisfaction and pride in what they are constitute musts for success

Human Capital

The of importance of Human Capital was also recognized in the white paper of the Joint Commission which identified the need to:

- Expand health professional education and training capacity to accommodate the growing demand for health care workers;
- Create workplace cultures that can attract and retain health care workers;

Human Capital

- Develop professional knowledge and skills necessary in a more complex health care environment;
- Educate health professionals to deliver team-based care;
- Develop the competence of health professionals to care for geriatric patients.

Human Capital

Effectively these principles translated into:

- New clinical specialties: Clinical Pharmacists, Clinical Nurse Leaders (Master prepared), Hospitalist physicians who practice primarily hospital-based care
- Competency Based Performance Appraisal
- Team based care aiming at high productivity and safer practice

Human Capital

- Nurses employed in facilities that have been awarded Magnet® Recognition from the American Nurses Credentialing Center (ANCC) report being more satisfied with their work. Additionally, Magnet strengthens nursing recruitment and retention
- Patients in Magnet hospitals have shorter lengths of stay, lower mortality rates and higher satisfaction, and benefit from a richer staff mix
- Geriatric care will account for 35% of the hospital patient population while today our staff is hardly trained to provide this specialty care

The Physician

- We all recognize that physicians are the major driving force behind the economic viability of our hospitals
- The quality of training and the specialty of the physician are important factors in the decision making process of the patients and their families and
- While they, the patients and their families, value the importance of the institution, they look for the physician as they seek care

The Physician

For our hospitals to achieve economic stability, the leadership should be keen to develop and sustain

- A viable Hospital-Physician Partnership
- Equitable Financial Arrangements
- Deep rooted Physician Loyalty to the Institution
- Credible Qualifications of the Medical Staff
- A recognized Credible Medical Practice

Medical Technology

- Cutting Edge Medical Technology in a hospital is another driver towards economic viability
- Hospitals of the future will be valued not only by the number beds but also by the effectiveness of their networks, considered by some as their intellectual property, offering care to a vast population outside its premises with the support of Information Technology
- Technologies that are not integrative with other technologies will add little value to patient care and productivity of health-care workers

Medical Technology

- Consequently the acquisition of the right medical technology is really the issue in an environment of ever changing technology
 - In the past 20 years the Food and Drug Administration in the US has approved more than 500,000 new medical devices
 - Let alone the expansion and development in pharmaceuticals, biologics and genomics
 - Equipment modalities are another story which is highly specialized and complex

Medical Technology

- Acquisition of Medical Technology is an investment that contributes towards our hospitals' economic viability. The guiding principles here are:
 - ❑ Make the business case
 - ❑ Secure sustainable funding to support the widespread adoption of health IT;
 - ❑ Redesign business and care processes in tandem with health IT adoption;

Medical Technology

- Use digital technology to support patient-centered hospital care and extend that care beyond hospital walls;
 - Establish reliable authorities to provide technology assessment and technology investment guidance for hospitals;
 - Adopt technologies that are labor-saving and integrative across the hospital
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Information Technology

- Acquisition based on proven track record
- Maintenance as essential as acquisition
- Standardization and Innovation
- Comprehensive Electronic Healthcare Record
 - Costs of development are paid by the government and health insurers and not by the healthcare provider
- Reduced Costs and Improved Quality
- Any added technology should be labor saving

Quality of Care

- Best Care
- Patient Centered Care
- Apply quality improvement principles to the measurement, assessment and improvement of patient-care outcomes, examples
 - Performance Indicators
 - Performance Improvement
 - Utilization
 - Infection Control

Quality of Care

- What is Patient-Centered Care?
 - Engaging patients in their care
- Definition of the patient-centered care concept
 - Dignity and Respect
 - Information Sharing
 - Participation
 - Collaboration
- Not only the patient is the main point, but patients and their families have the greatest stake in the care and as such, should be respected as equal partners in care

Quality of Care

The Joint Commission has also identified the Principles to Guide Achievement of Patient Centered Care

- Make adoption of patient-centered care values a priority for improving patient safety, and patient and staff satisfaction;
- Incorporate patient-centered care principles into the activities of hospital oversight bodies and transparency initiatives;
- Address barriers to patient and family engagement such as low health literacy and personal and cultural preferences;

Quality of Care

- Eliminate disparities in the quality of care for minorities, the poor, the aged and the mentally ill;
 - Improve the quality of care for the chronically ill through coordinated, multi-disciplinary care;
 - Use process improvement tools to improve quality and safety.
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Safe Care

- Patient Safety is recognized as one of the two most important pillars of Care in hospitals
- Most common among occurrences detrimental to patient safety are
 - Medication Errors
 - Patient Falls
 - Errors Made During Transfers
 - Wrong Side Surgery

Safe Care

Today as we study the economic viability of existing or new structures we should take into consideration the additional cost of

- Single-patient Rooms which may have the most important impact on patient safety as it provides
 - Privacy
 - Protect patient health
 - Better air quality management
 - More thorough decontamination between occupants
- Additionally Better Lighting and Reduced Noise Levels are major contributors towards enhanced patient safety

Patient Satisfaction

- If Hospitals are to fulfill their social mission and still remain economically viable they have to assure the satisfaction of their patients and their families
 - Listen to your patient and be patient
 - Implement changes and recognize them as an investment and not an expense
 - Survey periodically your patient population
 - Seek the Ethical Ideal in your approach
 - Recognize the high expectations of the Public

Environment of Care

- It is estimated that the elderly will account, not before long, for approximately 35% of all hospital stays
- Hospital design characteristics should work for improving patient safety, healthcare outcomes and provide a supportive environment for hospital staff that will protect them and enhance their work
- Designing a hospital with safety in mind helps to create a safety culture

Environment of Care

- Design flexibility into the building to accommodate advances in medicine and technology
- Adopt evidence-based design principles such as single rooms, decentralized nursing stations, noise-reducing materials, “green” principles
- Address high-level priorities such as infection control and emergency preparedness
- Include clinicians, other staff, patients and families in the design process to improve staff work flow and patient safety, and to create patient-centered environments

Centers of Excellence

- Group the full spectrum of a medical specialty: diagnostic, interventional, medical, surgical and rehabilitation
- A specialty hospital within the hospital of the future
- A service which is considered to have the best returns on investment as it addresses a demand in the market
- Builds on a network of Feeder Facilities

Centers of Excellence

- Neurosciences
- Cardiovascular
- Cancer
- Diabetology
- Orthopedic
- Back Surgery

Accreditation

Accreditation is another determinant of economic viability
Even though it is mainly voluntary in nature, hospitals cannot ignore its impact on their survival

- National Accreditation Programs
- Joint Commission International
- Magnet® Recognition from the American Nurses Credentialing Center (ANCC)
- College of American Pathologists

Pricing Structure

We should recognize that our clients (patients) are price sensitive and may shop for the best deal. Consequently, the pricing structure, essential for economic viability, should address issues of

- Value for money
- Patients seeking care outside the home country
- Cross subsidization to recover the cost of money-losing services and procedures
- Hospital costs rather than charges to set rates
- Transparency to boost the market position
- Outsourcing of services

Medical Tourism

A relatively new multi billion dollar industry potentially enhancing the economic viability of hospitals. The concept

- Assumes Best care and safe care at competitive prices in a foreign setting
- Is built on contracted services with employers and third party payers
- Is dependent on team-based care models with bundled payments (hospital and physician) for an episode of care defined as the hospital stay plus 30 days after discharge
- Assumes that bundled payments may reduce variations in costs and quality and encourage joint accountability

Conclusion

The future economic viability of hospitals is the outcome of the positive convergence of a set of deliberately planned actions by the leadership all of which hinge on quality of care and patient safety
