

INSIGHTS AND INNOVATION FOR RURAL HOSPITALS AND PROVIDERS



Welcome to in·sight™

by Jim Burnette, President/CEO, HospitalMD

Welcome to the first issue of **in·sight!** I came to healthcare over 25 years ago from outside the industry. I was shocked to discover that decades earlier, other industries had solved many of the same problems of efficiency and quality that healthcare was just beginning to face. Healthcare had not experienced the same financial and disruptive market pressures. And why should it? Healthcare was able to simply raise prices if it did not generate enough cash or revenue. However, as payers' efforts to lower prices impacted the industry, greater efficiency and quality became a high priority.

Today, the primary impact of these economic pressures in rural America is that most SCHs have become extremely fragile. Some have closed, and many are getting closer and closer to closing.

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“Having grown up in a small community, I understand the importance of a strong, financially viable healthcare system to the small community.”

The good news is that the demographics of most small communities support a financially viable SCH. Why then are so many SCHs so fragile? They are employing essentially the same business and service delivery models that work well in large, urban hospitals. And guess what? They don't always work well for the SCH.

HOW CAN SMALL COMMUNITY HOSPITALS DEVELOP INNOVATIVE SOLUTIONS?

If this assessment is true, how do SCHs go about developing innovative strategies and operational solutions? There are trade organizations for SCHs, but where are the “support systems” and “discussion forums” that are **unique** to the small community market?

I hear executives say they have no one to “talk shop” with and no place to go to learn about new ideas. The purpose of **in•sight** is to provide a forum to learn about and “envision” new ideas and discuss innovative models and solutions.

Initially, the views presented here will be those of HMD. Over time, we hope **in•sight** becomes a forum for others to ask questions and present ideas. I know how valuable your time is. We hope to be “on point” and concise. I hope you will find this a worthwhile use of your time.




ECONOMIC AND SOCIAL FORCES CHANGING INDUSTRY

Disruptive economic and social pressures are forcing changes. Simultaneously, government is mandating greater public access to healthcare, commercial and government purchasers are demanding lower prices, and the costs to provide patient care are rapidly increasing. These forces put you at great risk.

Most efforts to address the “price” pressures have been initiated by government and commercial payers (insurance) in the form of payment (reimbursement) structures. There are many flavors and models of these structures. Described as “managed care” plans, they range from plans that offer customers low cost in return for very limited coverage (narrow-networks), to bundled payment plans such as accountable care organizations (ACOs). These descriptors are misleading; actually, these pricing and payment plans do little to “manage care”. Their goal is that by tightly controlling and limiting services, it will force providers to become more efficient, or “settle” for less revenue.

The reality for the hospital is that apart from the cafeteria and gift shop, the hospital generates no substantial revenue on its own. Its only revenue occurs when a medical provider writes an order. Physicians control all healthcare costs, are individually licensed, and are autonomous. They will dictate all economic outcomes. This is not to criticize physicians. We must find new methods and models that achieve viability for everyone involved. The most effective solutions will occur at the intersection of the physician and patient.



Our vision: to see community hospitals become financially healthy and successful in every town across America.

SO WHO ARE WE?

HospitalMD (HMD) is a national, multi-site, hospital-based medical practice specializing in Emergency Medicine (EM) and Hospital Medicine (HM). Our market is small community, short-term, acute hospitals. We are a medical service **management** company, not a “staffing company”. While we do recruit quality physicians, our job is to integrate the provider into the SCH and teach him or her to make better medical and financial decisions.

Our vision is to see financially healthy and successful SCHs in every community in America. Our values are: **do the right thing, expect excellence, and build trust.**

OUR HYBRID MODEL

Stand-alone HM services in any hospital seldom generate enough additional revenue, or enough incremental efficiency, to offset the cost. Unfortunately, for a variety of reasons, many primary care providers (PCPs) are no longer interested or willing to admit and attend inpatients. SCHs also do not generally get as many acute admissions through the ED as they should and are suffering financially as a result.

In 2004, I faced the problem of PCPs not wanting to attend inpatients and not enough admissions. Out of necessity, I developed one of the first true “hybrid” services. In its simplest form a hybrid is a practice model in which (1) a physician provides both EM and HM services during the same shift; AND (2) the practice achieves more revenue than its incremental cost. There are other organizations that promote a “hybrid”. The test is “do they just provide a service, or do they generate revenue by intercepting outmigration?”

In addition to the hybrid model, we provide EM and HM services. You can email me at insight@hospitalMD.com. Let’s share ideas, dialogue, and let me know what you would like to see covered in future newsletters.

HEALTHSTREAM NEW SERVICE

HospitalMD has launched a comprehensive, online learning system for providers who can now use this web-based learning application to complete CE credits in a variety of medical fields and keep up with important client and company information. Oftentimes, there are difficulties getting important information from the client to the providers. HMD works closely with client hospitals to ensure all the necessary information is communicated to providers.

HealthStream helps HMD ensure that providers have the most up-to-date information on policies and clinical information in order to provide safe and effective patient care. Providers receive an email when there is new education to complete and HMD is able to provide the client with a log of facility-specific provider education completion.

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in·sight™

 **HospitalMD®**
EMERGENCY | HOSPITALIST | HYBRID

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