

INSIGHTS AND INNOVATION FOR RURAL HOSPITALS AND PROVIDERS



Increase Your Revenue At No Cost

by Jim Burnette, President/CEO, HospitalMD

A FEW WEEKS AGO, I read an article published in a reputable national health care magazine. The article lamented the plight of rural hospitals. Its message was essentially a prediction that rural hospitals would likely go the way of the dinosaur and become extinct. Its logic was that the population in rural markets is insufficient economically to support a local hospital. It went on to bemoan that even Critical Access Hospital (CAH) reimbursement subsidies have proven to be a failure, and that the fiscal constraints of government could not (and should not) subsidize failing hospitals.

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It is daunting to work day-in and day-out in a business for many years whose marketplace is in chaos; with complex, restrictive, and overwhelming regulations; and whose revenues are not predictable because they are generated by physicians that may not be aligned with you.

Sadly, many outside observers and even rural hospital administrators have resigned themselves to the article's discouraging conclusion. Some are just hanging on. It is difficult to remain positive and think clearly in such conditions.

Recently, I went fishing with a friend to a small lake I had never been to before. Neither of us caught anything. I remarked to my friend that I would never fish there again since there must not be many fish there.

Several days after I read the magazine article, I was telling my fishing story to a friend that fishes in every bass tournament he can attend. He was surprised at my story. He told me that the lake in question is actually well stocked, and he catches fish there often. As I listened to him, I thought, "How does he catch fish there and I don't?" My initial conclusion that I was not successful

because there weren't enough fish in the lake was wrong. He knows something I don't know. He knows that this lake has plenty of fish. He also knows the best lure to use and where to fish on the lake.

This fish analogy relates well to the misconceptions and myths in rural hospitals. We often believe there are not enough patients (fish) in our small service area (lake). If that assumption is true, we must not

The revenue you need to be financially viable is ALREADY coming to your hospital.

make decisions and investments that require more patients to sustain our vitality. However, if there are enough patients, we need to know the truth—we might fail when success was within our reach.

I can rationalize not catching any fish by believing there aren't enough fish in the lake. My belief does not matter. Only the facts matter. As I thought about my experience, I was reminded of several principles that are relevant to any business.

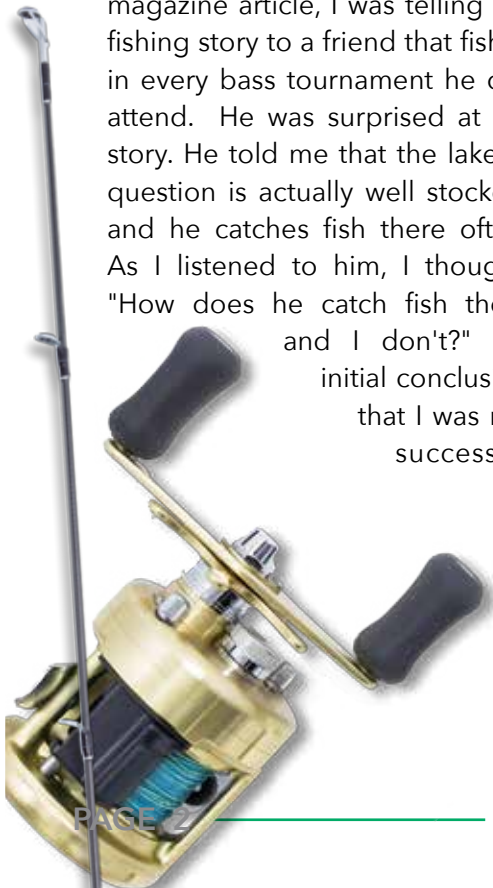
- Success depends on knowing if there are enough fish (population)
- Success is knowing what kind of fish are in the lake (demographics)
- Success is knowing what kind of bait to use (offering excellence in care, services, specializations, etc.)
- Success is knowing where to fish (knowing your service area).

Actually, the service area of most small hospitals has enough patients to be successful. More importantly, a substantial amount of the revenue needed to be financially viable is already coming to your hospital but being transferred to other hospitals. Knowing there are enough patients is **not** sufficient. We must also know **what services** (what kind of fish) are feasible and **how to intercept** (what bait and where to fish) these patients and the revenue they represent.

HOW TO INTERCEPT

You already understand that your current EM and HM vendor is your "bird in the hand" because you are already seeing patients in the ED and transferring too many to other hospitals. You have also probably concluded that your current vendor is not (and your previous vendors were not) likely to transfer less and admit more acute inpatients than they are now or have in the past. Let's hope that if they could, they would have.

By now you have probably skimmed enough of this or previous newsletters to know that we




You don't need specialists who come to town once a week or month and take your patients to another hospital while not admitting and attending to yours.

are different. We are different because we have sat in your chair. We understand that everything you do has a cost. We understand that “lowest cost” may not be your best solution. We understand that you need a real profit margin that flows to your bank account and income statement and not an additional or “lowest cost”. Any cost that doesn’t create additional revenue is still a cost and a drain.

This drives our innovation and gives “legs” and meaning to our mission of helping to strengthen small community hospitals and helping them be successful in today’s rapidly changing health climate. This mission statement means that we know **how to intercept** patient outmigration, expand your scope of services, and recruit primary and specialty physicians to your rural market that match your scope of services—at no cost to you. We don’t mean specialists that come to town once a week or month that take your patients to another hospital and don’t admit and attend to your hospital.

You probably suspect that an EM and HM service that achieves revenue growth is likely to be more expensive. But did you know that you pay no more than your current costs until HospitalMD generates enough incremental additional revenue to cover any additional cost? Worst case is you go with HMD and you pay no more because you get no more. The better case is that you achieve a revenue growth that far exceeds any cost to you.

In summary, you get (a) excellent medical services and customer service, (b) significant growth in revenue that typically produces a 300% to 400% return on investment, and (c) no financial risk to achieve this revenue growth. I hope these commitments are intriguing and you will call and talk with us. 



Jim Burnette is the Founder and CEO of HospitalMD. Jim has worked in healthcare for more than 20 years. His mission is to strengthen small community hospitals across the nation and help them thrive in today’s rapidly changing healthcare climate. Jim is a graduate of Georgia Tech and resides in Peachtree City, a small community right outside Atlanta.

COMING UP

GET STRONGER

30 DAYS / 30 INSIGHTS
MAY 1-30

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Beginning May 1st and continuing through May 30th, we will be posting on social media, a short, daily insight that will help you grow, think more strategically, ask questions of your team, and lead a stronger hospital.

These insights are intended to be conversation starters—we want to start a dialogue that is aimed at strengthening rural hospitals all across the country. I encourage you to contact me at insight@HospitalMD.com with any feedback. See you online!

—Jim

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