

Healthcare Leaders seek Collaborative Partnerships in Value Focused Era

The Affordable Care Act and growing government regulation has shifted organizational focus to quality, patient outcomes and financial health and left many hospitals and health systems with knowledge and operational gaps as they forge into new territory.

Hospitals and health systems are facing unprecedented and endless change as value based care takes center stage. They are seeing shifts in reimbursement while balancing the use of available resources to invest in infrastructure, information technology and clinical equipment. At the same time, competition to attract and retain highly skilled talent, who are patient care focused, is becoming increasingly more expensive.

Never has the need for collaborative partnerships been more important in healthcare. These partnerships, critically important with physicians are now equally important with third partner vendors operating within the four walls of a hospital. Each hospital function, every gear in the organizational machine, is reliant on the other and need to operate at optimal levels.

Collaboration in Outsourcing Hospital Support Services

The shift to a collaborate relationship, one where a win – win outcome is the norm requires a change in leadership philosophy. Balancing industry cost pressures with the expectation of increasing quality and satisfaction requires a shift in how support services are purchased, contracts written and vendors managed. A successful partnership should begin with a foundation of trust and transparency, with both organizations committed to common goals and striving to produce synergy and results that neither party could achieve alone. While the decision to out-source is reached for a number of reasons, reducing operating costs remains a top priority. Decision makers would be wise to remember the adage, “you get what you paid for” as they navigate the buying decision and develop contracts.

The landscape for support service providers has become increasingly competitive as hospital merge and national health systems consolidate. Provider risk tolerance has increased with some companies willing to sell “at all cost” in order to win larger and larger contracts. Multi-million dollar savings opportunities are becoming the norm for large contracts and while attractive, buyers must understand the impact and cost of change required by their organization to realize these savings.

Start by choosing a support service partner that is aligned with your culture, business objectives and strategy. Next, understand the solutions being presented and the changes required to realize the solution outcomes. Ask about references, where has the service provide been successful and where have they failed, and why. Too often buying decisions are made under a false pretense, lack of understanding or sense of urgency to realize savings, that the buyer doesn’t fully understand what is required of their organization to realize success. A buyer willing to complete a thorough due diligence review of proposals, ask the hard questions and make the

commitment to a collaborative partnership early in the process by asking and understanding the vendors' expectations and business goals sets a strong foundation for success. To coin the Abraham Lincoln quote,

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."

So what value does an organization realize from the decision to outsource their support services? The reduction in operating expense remains a top priority in this competitive landscape. Innovation, technology and access to seasoned, trained leadership can improve the quality and consistency of services offered, expand program offerings and support an organization in improving the patient experience. This is however, the price of admission when choosing your support service partner and the solutions presented should be scrutinized carefully against expense reductions presented. Support Services Departments serve as an organizations foundation and a weak or poorly built foundation will, in some manner, have a counterproductive impact on physicians, nursing, patients and the community served. Reaching agreement on priorities early in the partnership will result in the effective deployment of solutions, collaboration of leadership and timely achievement of short and long term objectives.

Here in lies my epiphany, true value is not a quantitative measure, it is a yes/no question and, as such, needs to be asked each time and is dependent on the transaction

The market remains mixed on the future of out-sourcing, specifically hospital support services. Hospital CEO's remain divided philosophically on this topic, many steadfast on their position based on either positive or negative past experiences. Industry prognosticators do anticipate a slight expansion in outsourcing, specifically for areas such as Laboratory, Pharmacy and targeted clinical areas. They cite the support services area will remain flat, or decline slightly, as a result of hospital and health system consolidation. A growing trend as systems become larger is to hire support service executive leadership and map a strategy to insource these services.

"So much of what's going on now requires effective data collection and analytics of the data," says Barry H. Ostrowsky, president and CEO of Barnabas Health in West Orange, N.J. When the functions are outsourced, systems have access, through the vendors to the most up-to-date technology for data collection and analysis without investing capital.

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