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# The Baldridge Foundation Institute for Performance Excellence

*Presents:*

## What's Next: Stabilizing Operations & Revenue

*January 25, 2022*



Mac Baldrige Society  
Institute Trustees



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# Opening Remarks/Agenda

|                         |  |
|-------------------------|--|
| <b>Introduction</b>     | <b>Al Faber, President &amp; CEO, Baldrige Foundation</b>  |
| <b>Guest Presenters</b> | <b>Roger Spoelman, DBA, MBA</b><br><b>Senior Advisor, Strategy, Leadership, and Innovation</b><br><b>Co-Host, Baldrige Foundation Leader Dialogue Program</b><br><br><b>Darin Vercillo, MD</b><br><b>Co-Founder and Chief Medical Officer ABOUT Healthcare</b><br><br><b>Ben Sawyer, MBA, PT, OCS, LBB</b><br><b>Industry Expert, ABOUT Healthcare</b> |
| <b>Questions</b>        | <b>Moderator – Al Faber</b>  |
| <b>Closing Remarks</b>  | <b>Al Faber</b>  |

# Headwinds & Challenges



## Workforce disruptions

Staff shortages, contract staffing costs, and related factors are exacting a significant operational & cultural impact



## Margin pressures

Associated with sicker patients, higher expenses, and adjustments in consumer demand across care settings

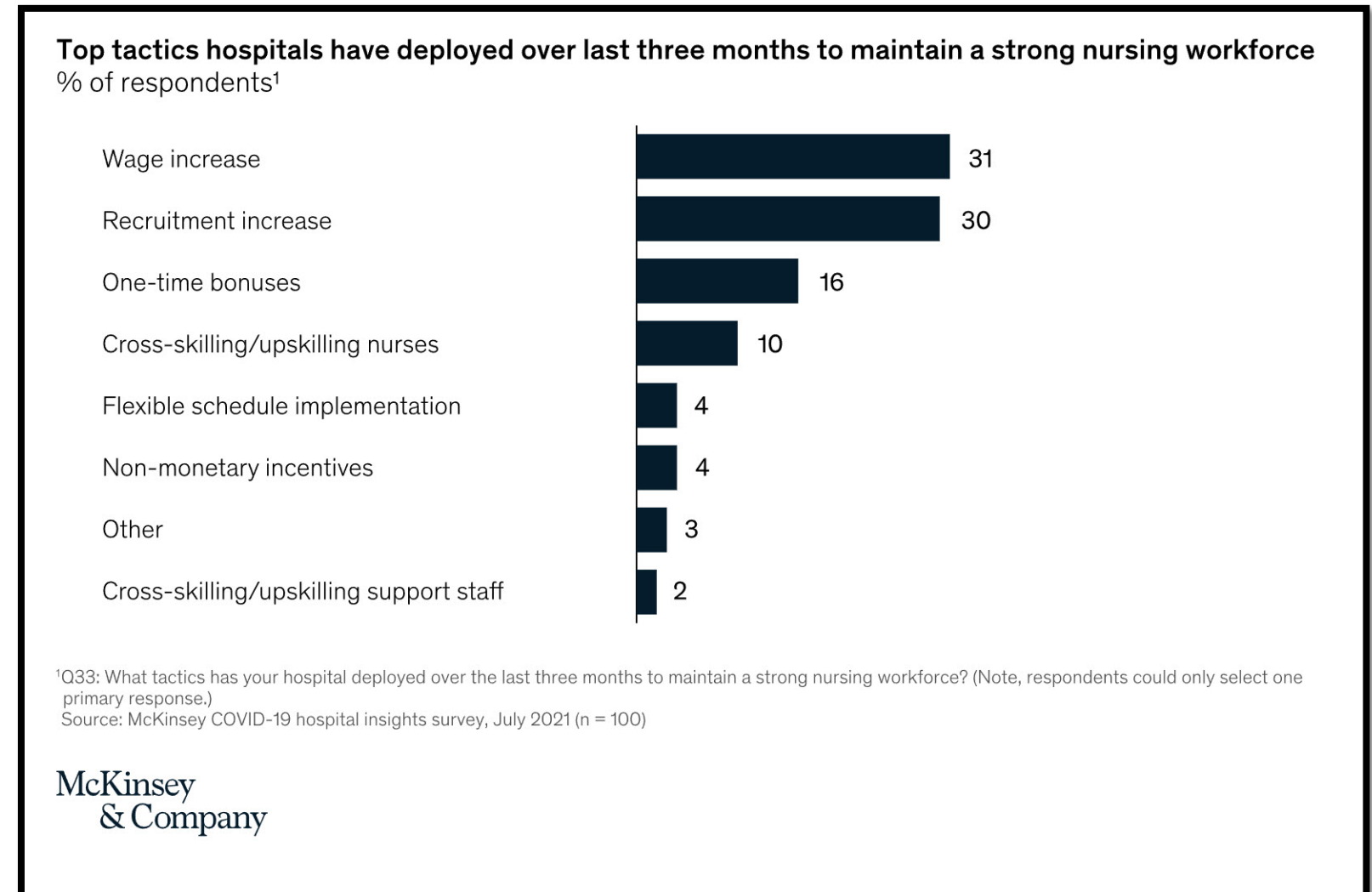
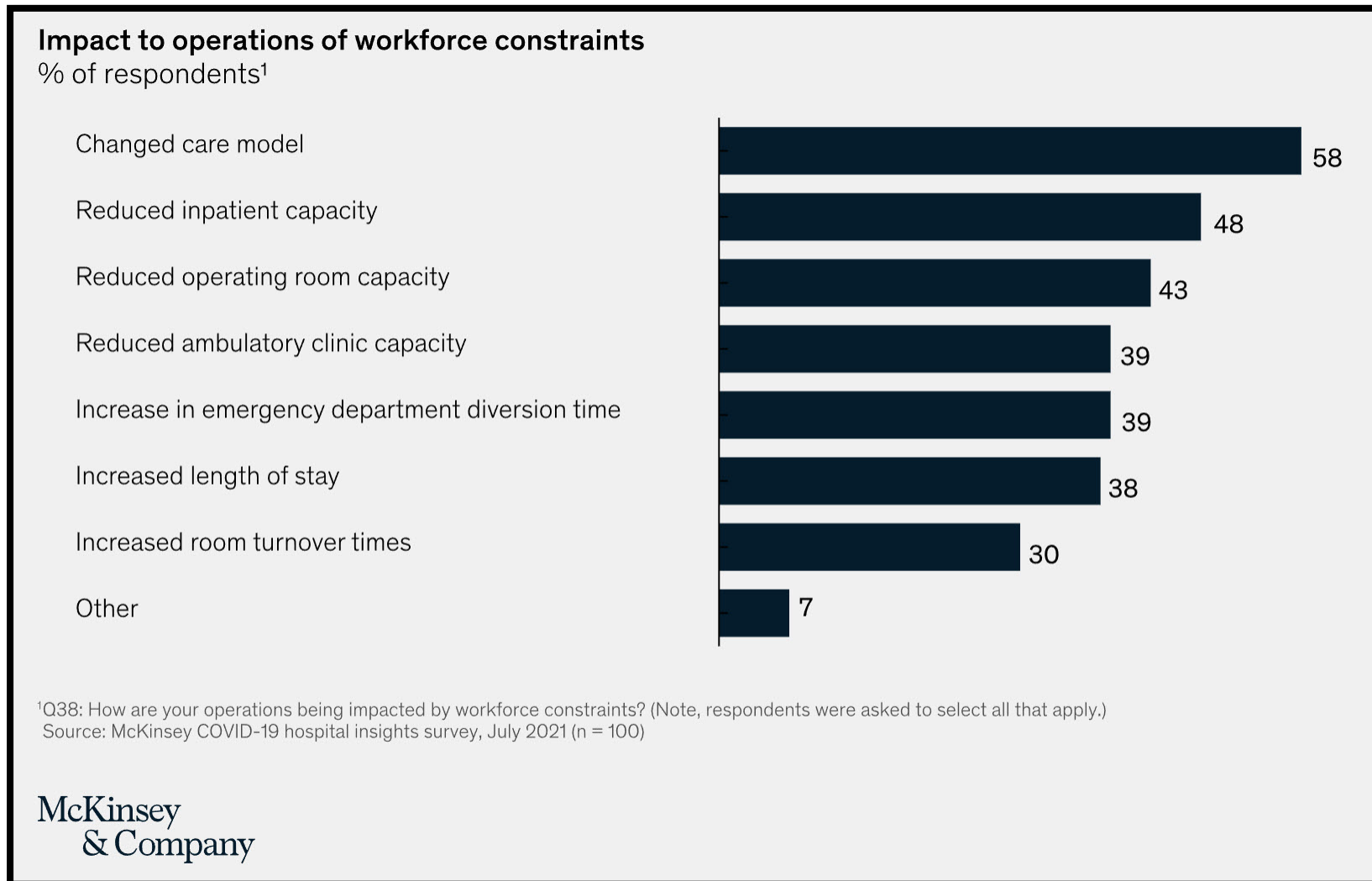


## Operating as one system of care

Influenced by capacity and staffing constraints, care settings changes, and evolving digital strategies

# Headwinds: Workforce Disruptions

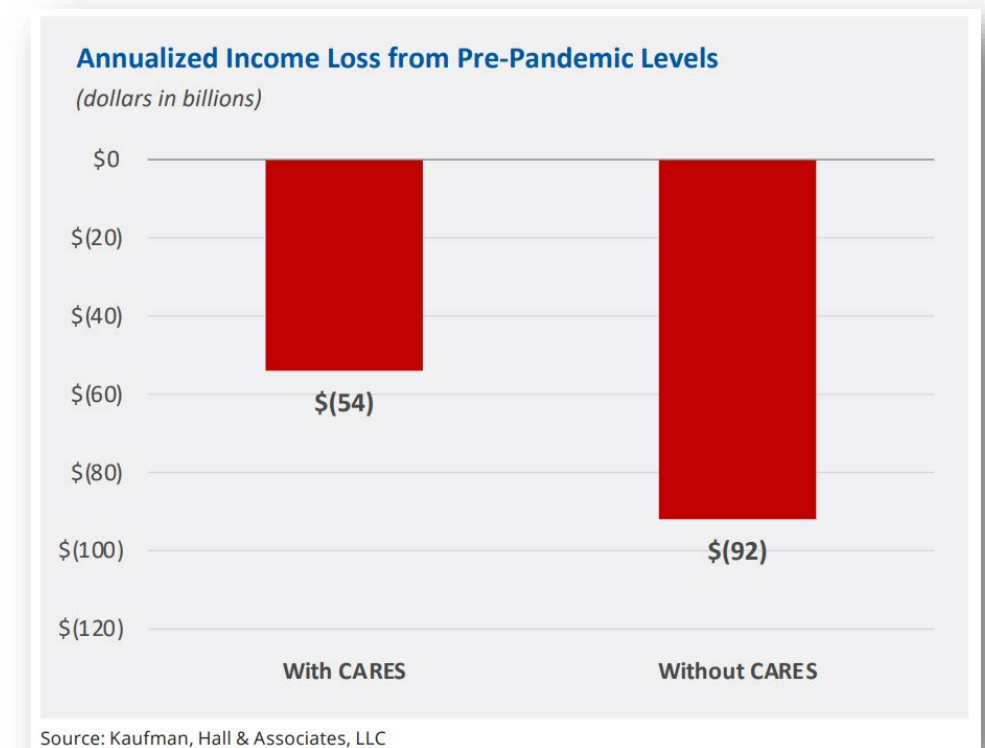
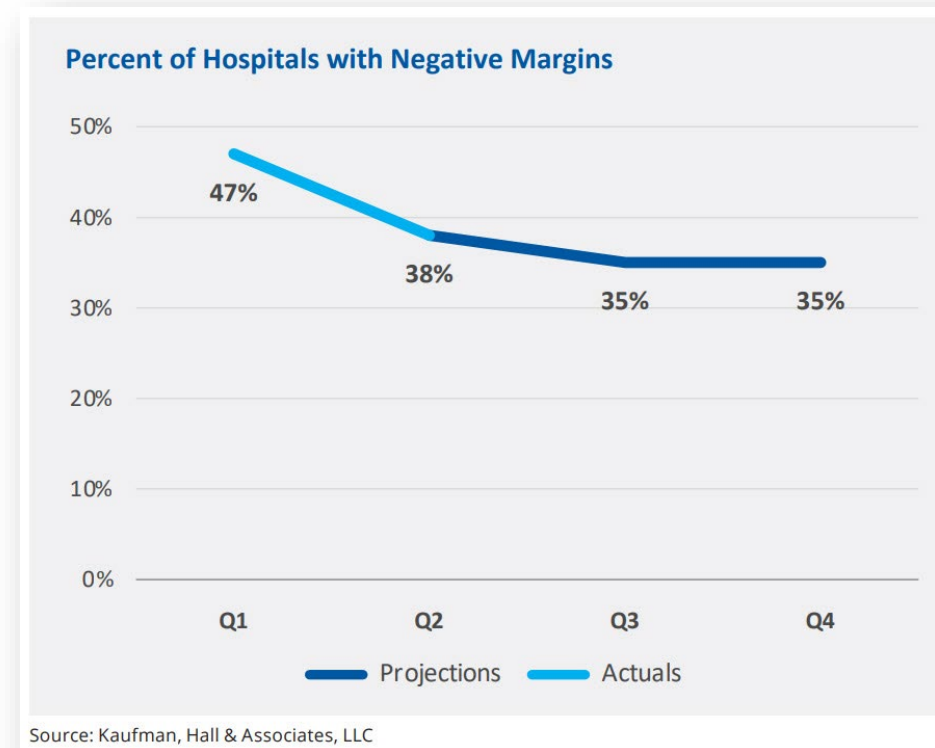
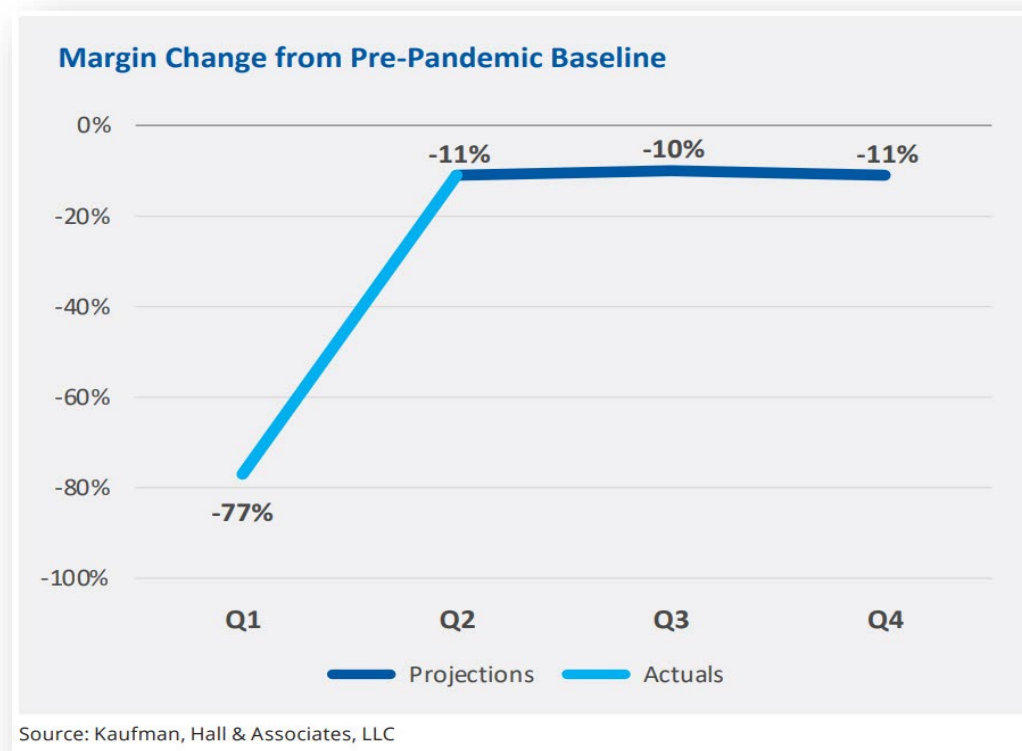
- Workforce disruptions remain a top priority:** The issue is partially that health systems have been over capacity due to COVID, but there’s also urgency around staffing vacancies, addressing burnout, and assessing solutions to respond to rising salaries (*and the impact that has on budgets*). Specific operational impacts to operations are outlined below.
- Staffing pressures will remain a challenge long-term:** Requiring both short to mid-term tactical adjustments, as well as longer term care setting and digital front-door strategic adjustments.
- Workforce disruptions will continue to impact operations:** Leading health systems have been deploying a variety of tactics to maintain a strong nursing workforce as summarized below.



# Headwinds: Margin Pressures

- Sicker patients** : Hospitals are seeing higher acuity inpatient cases requiring longer lengths of stay (LOS) than prior to the pandemic. While such cases are contributing to revenue increases, any gains are offset by higher care costs for treating patients with more severe conditions.
- Higher expenses** : Expenses are rising across the board, as hospitals face increasing costs for labor, drugs, purchased services, personal protective equipment, and other medical and safety supplies needed to care for higher acuity patients.
- Adjustments in consumer demand across care settings** : For example, hospital outpatient visits which tend to have lower expenses and higher margin continue to grow but remain depressed compared to 2019 levels. Elective volumes have yet to fully recover after plummeting with nationwide shutdowns and COVID mitigation efforts.

- ❑ Median hospital margins could be 11% below pre-pandemic levels
- ❑ Higher acuity patients and lower share of outpatient revenues contribute to losses



# Headwinds: Operating as One System of Care

## 1. Capacity & Staffing Constraints:

- Hospitals and health systems across the U.S. are struggling with staffing challenges as workers call in sick and COVID-19 infections surge, and many facilities have had to temporarily limit capacity.
- Without a resilient and sufficient health care workforce, being able to operate as one system of care breaks down.

## 2. Care Setting Changes:

- There has been a surge in the use of virtual and behavior healthcare services during the pandemic, a trend that is expected to continue (*see related graphs*).

## 3. Evolving Digital Strategies:

- The pandemic accelerated the convergence of consumers prioritizing convenience and access to care.
- Leading health systems now view digital transformation as an imperative to become more consumer-friendly while simultaneously changing their operations, culture, and use of technology.
- A trusted clinician relationship remains paramount.
  - A recent survey of US Healthcare Consumers by Deloitte found that “*it is essential to provide the same personal experience as during an in-person visit.*”

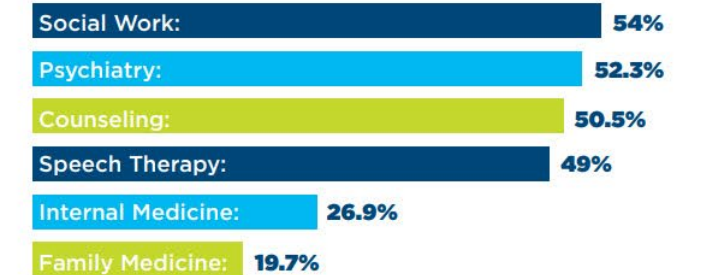
### Impact on virtual health<sup>1</sup>

Before the pandemic, virtual visits made up just over 1% of all medical and behavioral professional office visits that could be conducted virtually. Today, they make up nearly **25%**.

Primary care and behavioral services were the largest specialties utilized virtually in 2020:

- > **Over 1/5** of primary care was performed virtually
- > **Nearly 2/3** of behavioral care was performed virtually

Percentage of visits conducted virtually, by specialty:



**Over half of Americans (58%) are comfortable with virtual consultations replacing in-person visits, especially if it<sup>2</sup>:**

- Was more convenient (can remain at home/work): **47%**
- Decreased costs: **44%**
- Allowed for free virtual follow-ups: **37%**
- Allowed for long-distance care (if out of area/traveling): **35%**

**Three-quarters see a future of health care at home<sup>3</sup>**

**76%**

believed that more care will be delivered at home vs. in a typical health care setting in the future, with middle-aged adults among those most likely to agree (**81%** of those were aged 35-44)

### Impact on behavioral health<sup>4</sup>

There was a **27%** increase in behavioral health outpatient care compared to pre-pandemic levels. **63%** of all behavioral patients were female (vs. 48% pre-COVID), with females seeking care at higher rates than males across all age and ethnic groups. **45%** of those seeking behavioral care were under 30.

- > **18%** under age 18 (18% more than pre-COVID)
- > **27%** ages 18-29 (33% more than pre-COVID)

**44% of human resources decision makers and 27% of health plan leaders stated increased access to mental health services will become a long-term solution for their organization.<sup>5</sup>**

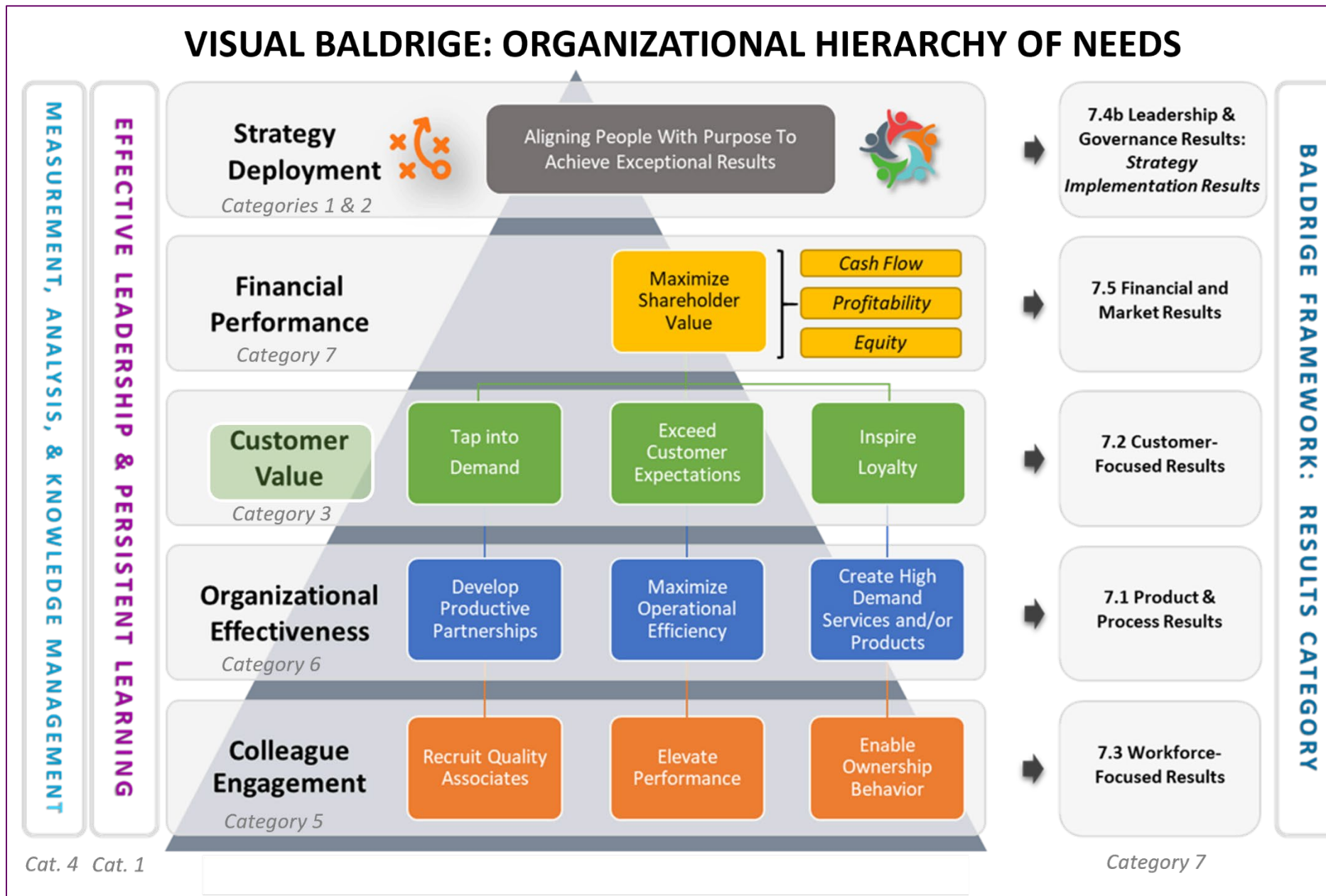
**93%**

of Human Resources decision-makers voiced concern about employees' mental health

**57%**

of health plan decision makers had seen the value of mental health services increase more than most other services/benefits as a result of COVID-19

# Baldrige Reminder: To Stabilize Operations & Revenue...



## Start from a Position of Balance and Alignment

- Leadership:** Providing a compelling shared vision, and encouraging persistent learning;
- Strategy:** Preparing for the future, including the goals, objectives, and key initiatives to align people with purpose to achieve exceptional results;
- Customers:** Listening to, satisfying, and engaging patients and other consumers in accommodating changing demands;
- Measurement, Analysis, and Knowledge Management (MAKM):** Determining how to secure and use reliable data and information to make effective organizational decisions;
- Workforce:** Engaging all members of the workforce, to ensure roles and responsibilities are clear and that they are empowered and supported in the discharge of their duties to the benefit of the patient, consumer, and organization;
- Operations:** Designing, managing, improving, and innovating healthcare services and work processes to improve operational effectiveness to deliver value to patients, other customers, and to achieve ongoing organizational success.



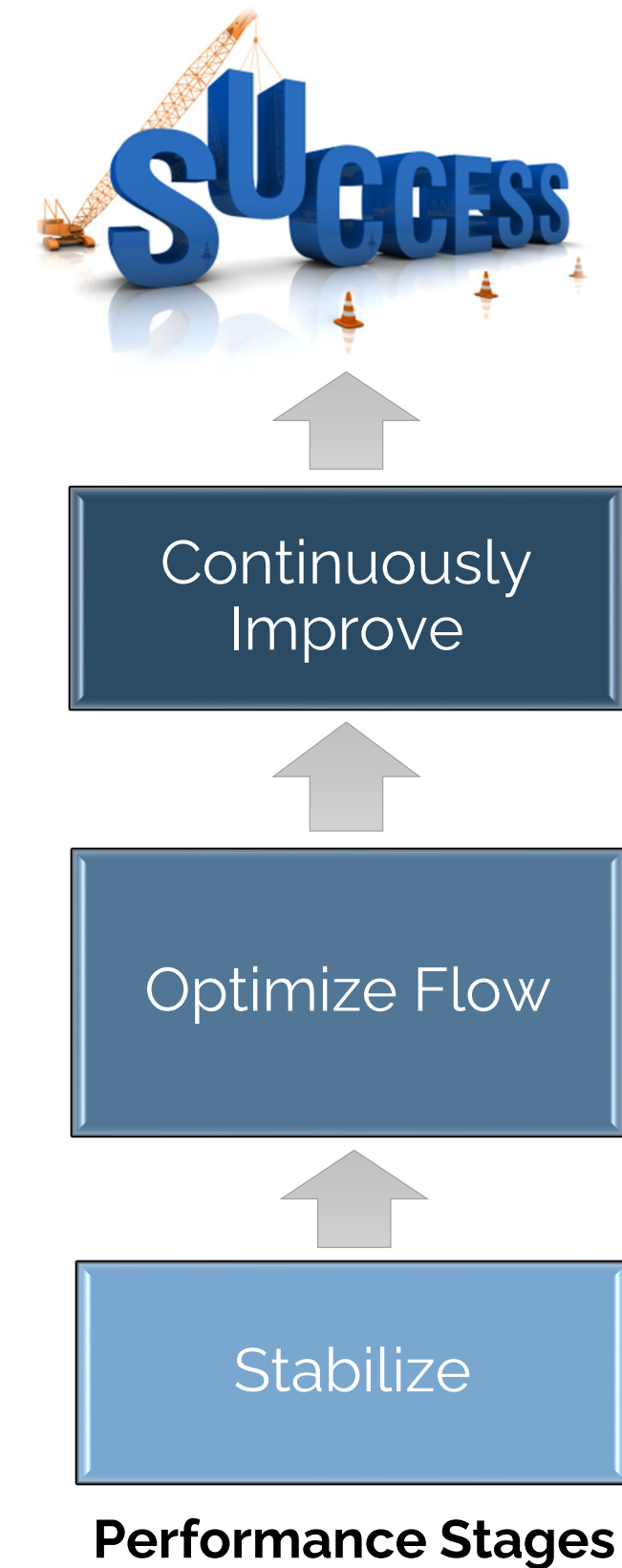
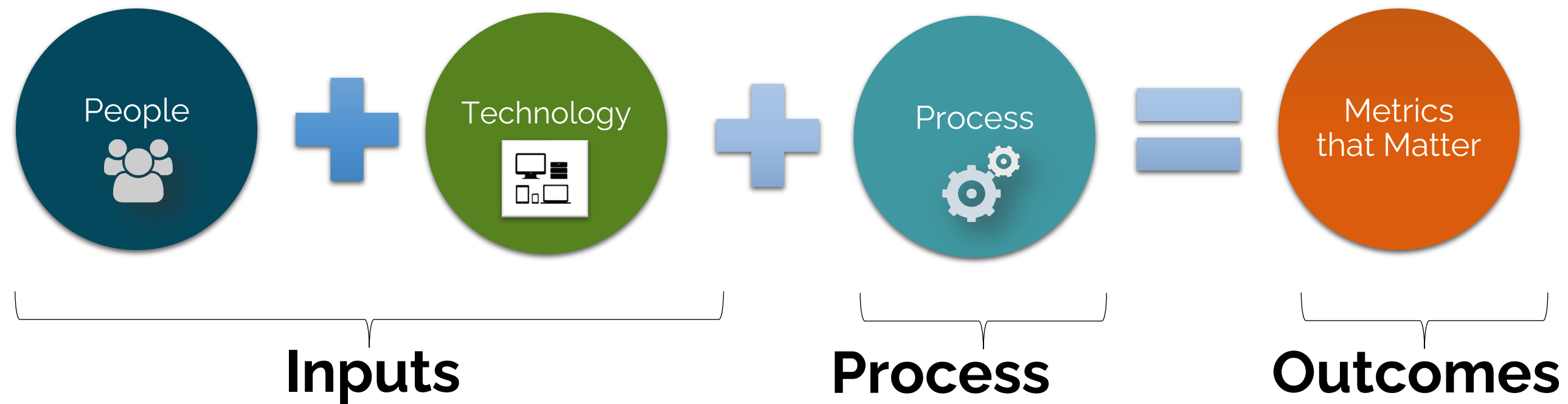
# Align People, Process, Technology

To achieve the desired results, leaders must optimize the *capability* and *performance* of...



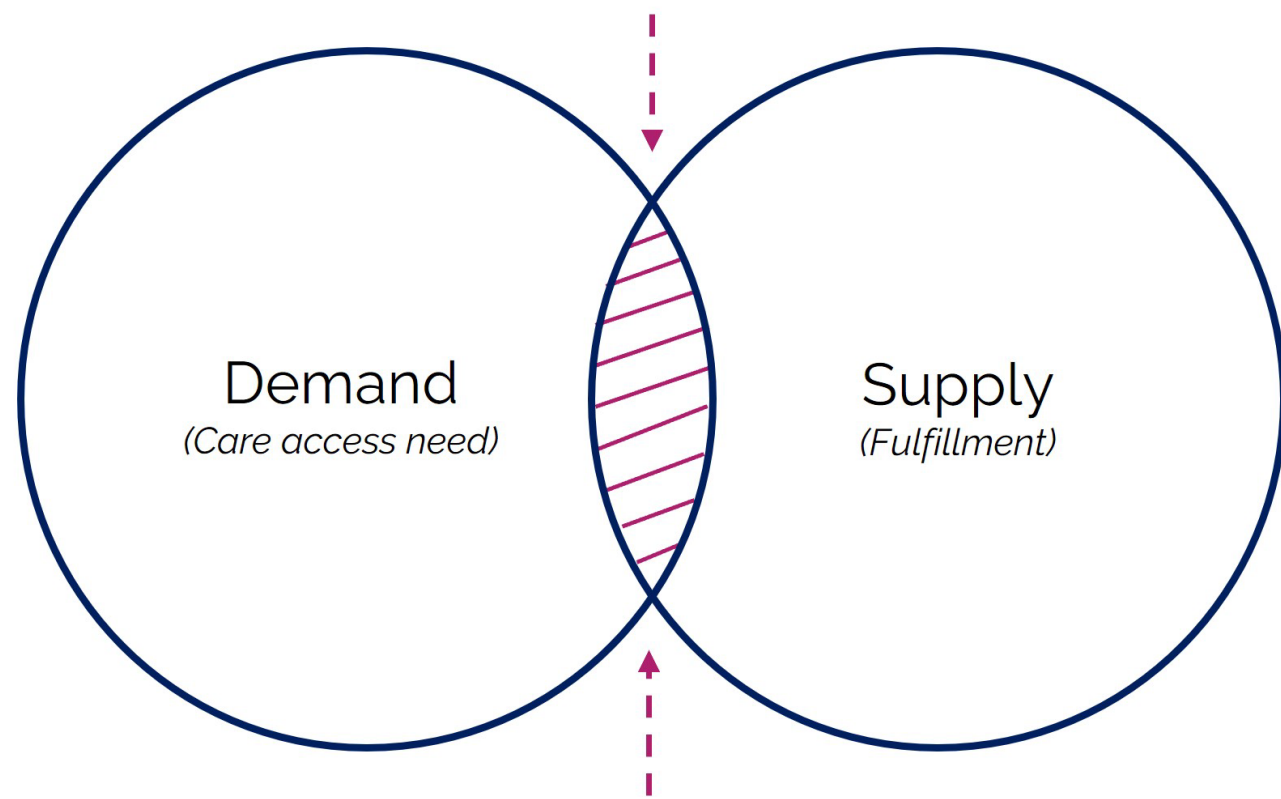
# Begin with the End in View

*Balance Inputs & Process to Drive Outcomes*

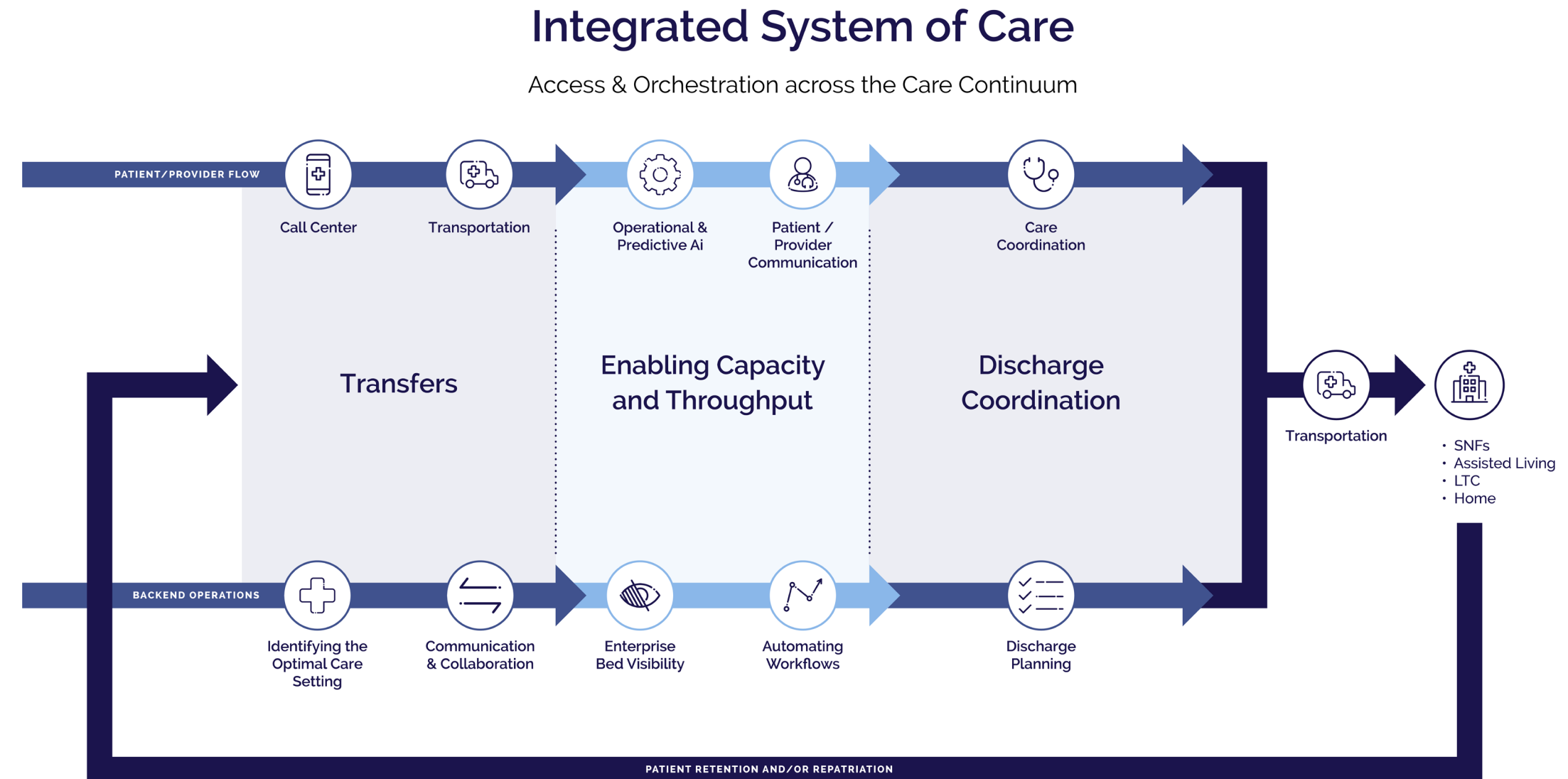


# Example: An Area of Improvement Opportunity

How can you best load **balance** your supply and demand?



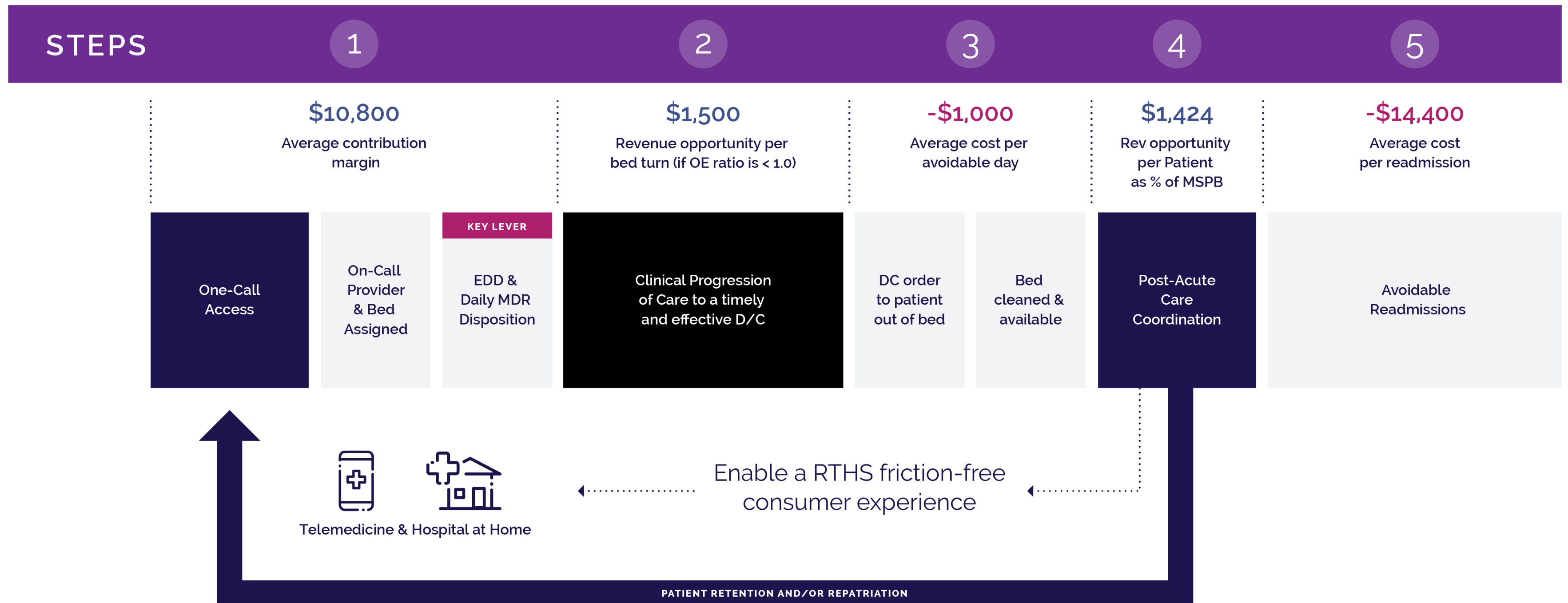
Are there **access and orchestration** best practices to consider?



# What Results Should Be Targeted?

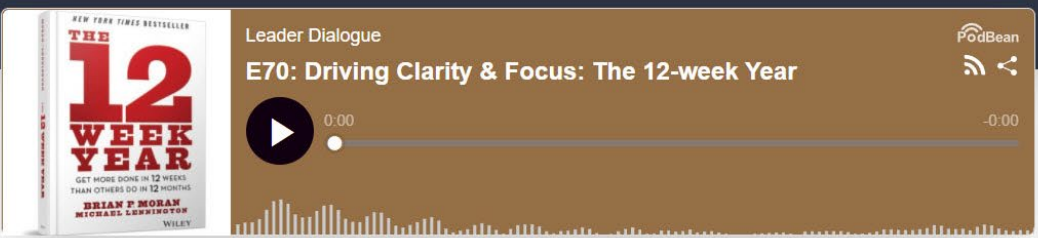
## Mapped to 5 Common Health System ROI Priorities

**GOAL:** Enable health systems to leverage a real-time health system (RTHS) platform to achieve a friction-free experience for patients and providers.



# Case Study Reference

## Avoid the Trap of Annualized Thinking



Leader Dialogue  
E70: Driving Clarity & Focus: The 12-week Year

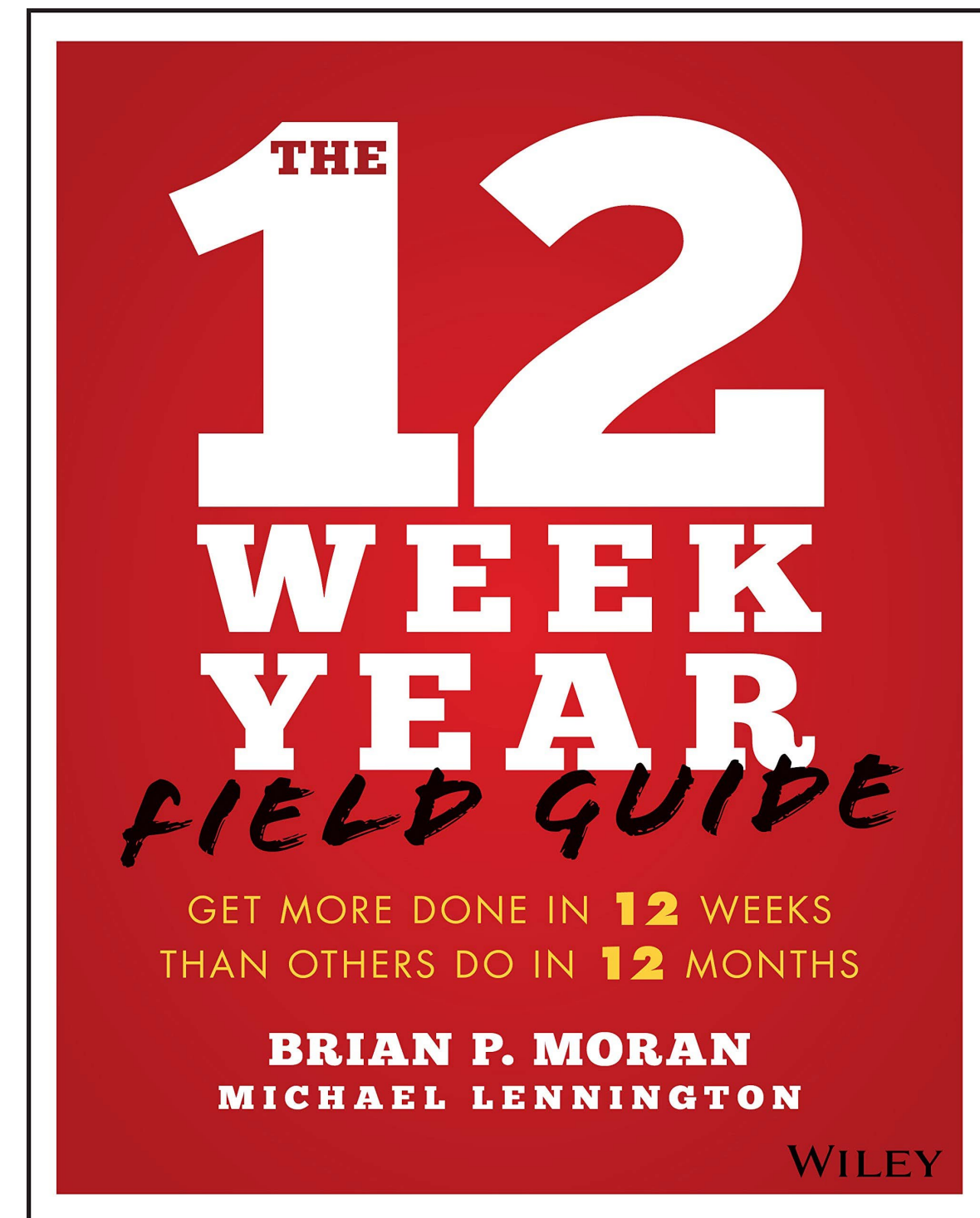
LeaderDialogue

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“Driving Clarity & Focus: The 12-week Year” with guests Dan Isacksen, Trinity’s CFO, and Brian Moran, author of the book [“The 12 Week Year”](#).

Dr. Roger Spoelman of the Baldrige Foundation, and Ben Sawyer from ABOUT Healthcare, facilitate a very insightful discussion regarding how the Loyola University Health System team was able to achieve a \$100 million turnaround by applying the principles of the 12-week year in a robust team-oriented effort that overcame the trap of annualized thinking and the many hurdles within a commonly experienced people-process-technology operation in order to achieve breakthrough results. The model is applicable to any strategy execution challenge an organization faces.



# What's Next: Stabilizing Operations

## Some Practical Takeaway Considerations:

1. Avoid the trap of annualized thinking
2. Fiscal stewardship: Be ready to function at Medicare breakeven
3. Emphasize physician and employee engagement
4. Ensure a high quality and safe patient experience



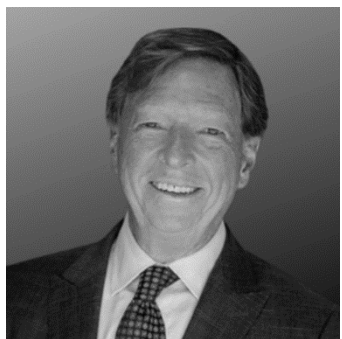
# Panelist Questions and Discussion



**Darin Vercillo, MD**  
Co-Founder & Chief Medical Officer  
ABOUT Healthcare



**Ben Sawyer, MBA, PT, OCS, LBB**  
Industry Expert, ABOUT Healthcare



**Roger Spoelman, DBA, MBA**  
Co-Host, Baldrige Foundation  
Leader Dialogue Program




**Al Faber**  
President and CEO  
Baldrige Foundation  
(Moderator)



# Thank You!





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*What People are Saying...*




"I appreciated the opportunity to take the Yellow Belt Course online and at a pace that was appropriate for me given my full-time work and family."

**Melanie Powell**  
Director of Business Development and Marketing for Memorial Hospital and Health Care Center



"The case studies with actual healthcare examples helped me relate the content to real world scenarios that healthcare professionals face on a daily basis. The tools were organized in a way that helped me understand and build on my knowledge. I enjoyed the content and believe the course will make me more effective ..."

**Todd Jordan PA-C, MBA**  
Director, Vascular Center of Excellence  
CAMC Health Systems, Inc



The Baldrige Yellow Belt class is thought provoking, educational, relevant to the healthcare setting and a true investment in the future of healthcare."

**Roxanne M. Williams, MSN, RN, CHC, CPHQ**  
Director of Corporate Quality, Associate & Patient Safety at Blanchard Valley Health System

**View Our Entire Course Catalog Here:**

<https://www.baldrigeinstitute.org/online-training>





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