

AMS Biweekly Report

Dedicated to Excellence in Healthcare Management

Trusted in Interim Management

MARCH 22, 2010

VOLUME 26 NUMBER 3

AMBULATORY VOLUME DECLINES



Many hospitals are experiencing a decline in ambulatory volume that was not anticipated when preparing this year's budget. Certainly, the economy and a mild flu season contribute to the decrease, but it does not tell the whole story. Payor reforms and the reintroduction of pre-certification approvals for certain diagnostic imaging procedures such as MRIs, have led to declines in volume.

For ambulatory clinic visits, the declines are in the 5 – 15% range and for MRIs it can be up to 25%. The most often cited reasons are the economy and patients losing/changing healthcare coverage, and scrutinizing the out-of-pocket costs. Patients are questioning the efficiency of certain recommended therapies more than ever, i.e., do I want to spend \$30 co-pay each week to see a physical therapist or \$250 co-pay for MRI or colonoscopy? These procedures are seen more now as “optional”.

This trend has come about because of widespread acceptance of insurance policies with higher deductibles and co-pays. The insurer tells their corporate customers that the rate increase is 20% this year, but by increasing the co-pays for office visits, behavioral health and ER visits, you cut the increase to 12%. When employees go to use services, they experience the increased co-pays and make their own decisions on care. The higher the deductibles, the more likely the patient is to actively evaluate the cost vs. the benefit of the procedure.

REDUCING THE COSTS OF HEALTHCARE DELIVERY

A current trend AMS has been involved with is reducing the cost of healthcare delivery. Initially, this was through the combination and consolidation of services, and has grown to consolidation of hospitals. The patient benefits and physician advantages include one-stop shopping, time savings and convenience. When everything is at one site, hospitals also get the critical mass needed to achieve higher quality, enhanced patient experience, and economic benefits.

While we say this is a current trend, we have seen it before with the advent of DRGs in the 80s and the proliferation of managed care and capitation in the 90s. AMS helped healthcare organizations deal with these past challenges.

Recent AMS projects, completed for organizations grappling with these issues all over the country in the past two years, are based on a combination of extensive data analysis, labor and non-labor benchmarking, and confidential interviews. The results have helped position hospital systems to have a strategic advantage to deal with healthcare reform, no matter what form it finally takes.



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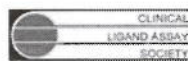
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AMS TO SPEAK AT LAB CONFERENCE

CLMA*

AACC



On Wednesday April 14, 2010, Sharon Brommer, manager, and Paul Camara, vice president, will be presenting a day-long workshop entitled, *"Benchmarking Performance: How to Become a Leader in Labor Productivity and Expenses"* at the **2010 Northeast Region Medical Hospital POCT Laboratory Conference Exhibition and Trade Show** in Boxborough, MA. William Purchase, senior consultant, will also attend. For more information and to register, please visit www.nerce.org.

HCMA SPRING CONFERENCE ON PAYMENT REFORM

The **Healthcare Management Association of Massachusetts (HCMA)** is holding its spring conference on Tuesday, May 4, 2010 at the Sheraton Boston Hotel. HCMA is the Massachusetts chapter of the **American College of Healthcare Executives**. Distinguished faculty Michael Sachs, chairman and CEO, Sg2, Charles Baker, former president and CEO of Harvard Pilgrim Health Care, and William Altman, senior vice president of strategy and public policy, Kindred Healthcare, Inc. will be discussing *"Payment Reform in Massachusetts & Nationally: How will it impact your organization?"*.

The United States cannot continue to experience double digit cost increases and trillion dollar deficits while producing outcomes that are far below most other developed countries that spend much less and cover more or all of their population. Massachusetts has set a standard for quality and access but must now deal with the cost issue (which is currently on hold until the federal government finds its way). For more information on the conference and to register, visit www.hcmalink.org.

AMS STAFF ON THE GO – APRIL 2010



Paul J. Brzozowski, partner, Jennifer Owen Schuster, senior vice president, and Shari B. Robbins, manager, will be attending the **Prosci Global Conference** in Las Vegas, Nevada entitled *"Best Practices in Change Management"* from April 25th - 28th. For economic and strategic reasons, many clients engage AMS to assist them in implementing new technologies, workflow, staffing patterns, etc. When this occurs, there is a "change from the usual way of doing things." Working with hospital staff to accept and manage change can be the most complicated part of any project plan. A few of the conference highlights include how your organization chart doesn't tell the whole story of how people are connected, and who are the hidden influencers and blockers to change.

Jeanne Beando, senior consultant, and Jan Sayer, senior consultant, will attend the **Health Care Compliance Association's** 14th Annual Compliance Institute meeting, April 18 - 21 in Dallas, Texas.

Donna Watson Dillon, senior vice president, will be attending **The American Organization of Nurse Executives** 43rd Annual Meeting & Exposition April 9 - 12 to be held in Indianapolis, Indiana.

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**QUARTERLY SUMMARY
INTERIM MANAGEMENT ASSIGNMENTS
OCTOBER – DECEMBER, 2009**

AMS Interim Management is a combination of consulting and management where AMS runs the department or function. We have been providing interim management since the 70's when the management engineering department at hospitals was outsourced to AMS.

SYSTEMS ENGINEERING GROUP (SEG) - CLINICAL

Administrative Laboratory Director Teaching Hospital, MA
Administrative Laboratory Director Community Hospital, MA

ACCOUNTS RECEIVABLE MANAGEMENT GROUP (ARMS) - FINANCE

Vice President, Revenue Cycle Community Hospital, NY
Director, Patient Financial Services Urban Hospital, WV
Director, Patient Financial Services Community Hospital, OH

HEALTH INFORMATION MANAGEMENT GROUP (HIM) – INCLUDES COMPLIANCE

Director, HIM Rehab Hospital, RI
Director, HIM Urban Hospital, RI
Compliance Officer Community Hospital, MA
Compliance Officer Rehab Hospital, RI
Compliance Officer Urban Hospital, RI
Operations Manager, HIM Academic Medical Center, MA
Assistant Director, HIM Teaching Hospital, MA
Director, HIM Community/Teaching Hospital, MA

Available for Immediate Placement:

Director, Patient Financial Services
Director, Health Information Management
Director, RAC Audits and Coding

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