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2019 MID YEAR REPORT ON KEY TOPICS AND TRENDS

As AMS consultants, we work nationally, see government policy at work and experience trends that could impact us all. Of the six items presented in last year's Mid Year Report, five were related to hospital system expansion and one discussed a Massachusetts ballot initiative to mandate nurse/patient-staff ratios. What has changed in a year? Really, not much. Therefore, we are focusing on some of the big picture trends; moonshot, mergers and acquisitions, and Amazon.

- **[NATIONAL POLICY-MOONSHOT ANALOGIES IN VOGUE.](#)**

With the 50th anniversary of the first person to walk on the moon now behind us, it is now in vogue to talk about the next moonshot. The original moonshot cost \$150 billion in today's dollars. Discussions have focused on Mars as the next triumph. This will start by sending a person back to the moon in 2024-2028.

Curing cancer is another "moonshot" with Congress allocating \$1.8 billion in 2016 to achieve President Obama's vision. In a May 2019 ACHE of Massachusetts poll where over 100 responded, curing cancer finished third behind "establishing universal access to healthcare and mandatory screening for disease" as number one, and a "focus on giving behavioral and mental health priority" as number two.

- **[HEALTH SYSTEM MERGERS-ROUND 2.](#)**

Hospital-based systems are expanding.

- Consider Beaumont Health outside of Detroit MI. In 2014, the Beaumont Health System, along with Botsford Health Care and Oakwood Healthcare, merged their operations to launch Beaumont Health, an 8-hospital system. In 2019, Beaumont Health has signed a letter of intent to acquire Akron, Ohio-based Summa Health, a deal that would add four hospitals and a health insurance operation to Beaumont.
- In 2016, Hackensack University Health Network and Meridian Health, Hackensack, NJ, came together as an 11-hospital system. Today there are 17 hospitals.
- The trends are not all up, however. At the start of 2017, for-profit Community Health Systems in Franklin, TN, owned 158 hospitals. Today that number is 105.

In the **AMS Top Ten Trends for 2020** (published in 2016) #5 on the list was "there would be 25 Hospital-based super systems-The big get bigger, mergers of hospital systems driven by cost efficiencies continues-resulting in homogenization and commoditization of healthcare." Clearly, that national trend could take until 2030 to occur, but we stand by the prediction.

- **WILL THE 2020 PRESIDENTIAL ELECTION CHANGE HEALTHCARE?**

AMS' Top Ten Trends for 2020 #9 was "Presidential Election Year-Healthcare Costs". As a result of the initial debates "The Medicare for All or Medicare for Anybody Who Can Buy It" seems to be favored by most Democratic contenders at this point, with the major exception being former Vice President Biden, who favors enhancements to the Affordable Care Act.

- **NON-LABOR COSTS-DID AMAZON DISRUPT HOSPITAL SUPPLY CHAINS?**

With great fanfare in 2018, Amazon jumped in to change the hospital purchasing of supplies and challenged Group Purchasing Organizations (GPOs), setting sight specifically on major GPOs like Premier and Vizient. How did Amazon do? Rebecca Pifer reported in the July 2019 Healthcare Dive online newsletter, that according to a survey by Swiss financial giant UBS of hospital purchasing managers, not well. Providers are allocating a smaller percentage of medical supply purchases to Amazon this year compared to 2018. Amazon had to increase the percentage of non-medical office supplies' buys, perhaps because hospitals receive higher discounts in office rather than medical supplies from the e-commerce giant.

This isn't ruinous news for Amazon's health supply chain ambitions. A majority of the 100 respondents to the UBS poll expect to increase their percent allocation of medical supply purchases through Amazon in three years. UBS also found a larger percentage of respondents were using a group purchasing organization (81%) in 2019 compared to last year (75%), while fewer were using a regional purchasing organization.

AMS STAFF ANNOUNCEMENTS

Ron DiOrio joined AMS as a senior consultant bringing his more than 25 years of diverse experience to our firm.

Ron's experience has been with seven organizations well known to AMS. He has worked most recently as interim business operations manager at **St. Elizabeth's Medical Center** in Boston in the operating room and central sterile supply where AMS got to work with him; at **Carney Hospital** in Boston and **St. Vincent Hospital** in Worcester, Massachusetts as a vice president of operations and vice president of clinical operations, respectively. He has worked in Rhode Island at **Care New England/Kent Hospital** as director of surgical services, at **RI Hospital/Hasbro Children's** as administrative director, perioperative services and director of nursing financial systems, and at **Women and Infants Hospital** as director of OB/Gyn administration. He has also worked 9 years at **Brown University**. Welcome, Ron!

Coletta Gabele, manager of human resources and financial services, took early retirement after 20 years with AMS. Coletta was the contact with many clients, especially for contracts and billing. The position is currently filled with an interim manager, Paula Wurts, who can be contacted with any questions pwurts@aboutams.com

**Save the Date: ACHE of MA Fall Half-Day Conference-Social Determinants of Health:
Friday, November 1, 2019, Sheraton Needham, Massachusetts**

Navigating the shift from episodes of care to continuous care

AMS is uniquely qualified to assist your health care institution with assessing your affiliated group practices. With more than 50 years of experience in health care management, operations improvement, and information systems integration, AMS has the expertise to align with today's patient-centered services while focusing on the organization's financial goals.

Assess current operations and identify future opportunities

Service Descriptions

OPERATIONS

✓ **Operational Analysis:** Through interviews, questionnaires, data analysis, and on-site observations within the physician practice, AMS develops an accurate assessment of your current operations and the potential areas for improvement. This provides a comprehensive understanding of the existing system to establish a baseline for initiating improvement.

✓ **Workflow Assessment:** The efficiency in which patients are seen in the practice is essential from a provider, staff, and patient satisfaction perspective. The flow of patients throughout the care process is measured utilizing a variety of both qualitative and quantitative methods. Workflow is charted to identify and solve potential bottlenecks in work and information flow that could delay a patient at any stage of treatment.

✓ **Support Staff Workload Measurement:** AMS analyzes the clinical and clerical support personnel to develop practice-specific workload standards that consider work functions performed, skill mix, electronic health record (EHR) management, and workflow. These standards allow the practice to match staffing to volume demands to optimize productivity.

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How we can help

Operations

- Operational Analysis
- Workflow Assessment
- Support Staff Workload Measurement
- Practice Layout Review
- Productivity Monitoring
- EHR Optimization

Management Review

- Practice Organizational Structure
- Management Skills Development

Financial Systems

- Charging Systems
- Costing Models
- Managed Care Contacts
- Provider Utilization

Planning and Marketing

- Market Assessment
- Industry Trends

To learn more, please contact:

Michael Foley
Principal
(800) 462-1685
mfoley@aboutams.com

Shari Robbins
Vice President
(800) 462-1685
srobbins@aboutams.com

✓ **Practice Layout Review:** AMS, utilizing current and projected volume, can maximize existing space to balance staff needs and patient throughput. AMS has extensive experience enhancing space configurations and implementing recommendations, and has worked with architects and builders as needed.

✓ **Productivity Monitoring:** The AMS cloud-based productivity monitoring system, Quantify™, is a tool that tracks and measures department and organization performance. Quantify combines AMS' decades of labor productivity improvement experience and proprietary data with additional department-specific and management engineered workload standards. The standards can be developed by AMS or supplied by the user.

✓ **EHR Optimization:** From implementation to optimization, AMS can assist practices with utilizing their EHR to best meet the needs of their patients and practice. AMS has experience with many of today's most prominent EHR systems and can tailor our approach to address key workflow issues to streamline "clicks" and improve efficiency.

*Exemplifying expertise in over
1,000 practices nationwide*

MANAGEMENT REVIEW

✓ **Practice Organization Structure:** A practice organization structure review documents the current management span of responsibility and identifies possible opportunities to streamline practice management in an effort to promote more efficient and effective functional reporting relationships. AMS considers the practice specialty, size, and total FTEs when determining the optimal span of responsibility.

✓ **Management Skills Development:** AMS conducts management training — based on identified need — to properly develop or enhance management skills and can address topics such as leadership, teamwork, and effective communication.

FINANCIAL SYSTEMS

✓ **Charging Systems:** AMS reviews, audits, and analyzes your use of CPT codes — our staff are ICD-10 certified — to verify the process and ensure appropriate reimbursement according to visit type, tests, and code.

✓ **Costing Models:** We have developed cost accounting models for physician practices that tie labor, supplies, and equipment requirements back to a charging system. This analysis allows statistics to be captured to accurately reflect true resource consumption.

✓ **Managed Care Contracts:** AMS outlines provisions to consider when entering into a managed care contract or reviews current managed care contracts prior to the renewal date to address the organization's reimbursement goals.

✓ **Provider Utilization:** AMS performs workload analyses based on WRVU and patients per day per provider to ensure cost-effective care delivery. Further, AMS' access to the most current compensation comparative data can ensure alignment with today's salaries and incentive plans.

PLANNING AND MARKETING

✓ **Market Assessment:** AMS works with key stakeholders to assess current practice and determine if future viability exists for potential new service lines. This could include research, development, and the implementation of a business plan. Additionally, marketing enhancement opportunities will be identified to further promote specialties within the existing geographic.

✓ **Industry Trends:** Documentation of new approaches to patient care and industry best practices by specialty can be outlined to include key topics such as technology enhancement, staffing efficiency, workflow improvement, and equipment utilization.