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## IF POSITION VACANCIES ARE UNFILLED, ARE YOU PROVIDING QUALITY CARE?

Low unemployment hovering around 3% means we are in a full employment market, yet health systems are challenged to meet workload demand for their patients. Although there are often times that position vacancies remain unfilled, the quality of patient care being provided remains excellent--meeting/exceeding the institution's standards. How is this possible? AMS Labor Benchmarking reports have helped answer this question by demonstrating to clients that they are operating within the AMS staffing benchmark range, even with position (budget) vacancies. Typically, AMS recommends a customized benchmark target for a hospital department, and a benchmark range for optimal staffing. This results in hospital clients meeting the AMS benchmark target and taking comfort that they may not need those budgeted position vacancies if they are operating within the AMS benchmark range.

## THIS WILL BE THE DECADE FOR THE CREATION OF SUPER SYSTEMS

When the AMS Biweekly editors looked at the list of *2020 Top Ten Trends* originally published back in 2016, three trends struck us as particularly timely given today's current events and national focus on the cost of healthcare. Below is the original trend, shown in italics, with an update for today:

- **25 Hospital-Based Super Systems.** *The big get bigger. Mergers of hospital systems driven by cost efficiencies continues-resulting in homogenization of health care.* Today, there are more than 25 major hospital centric systems, but they are not yet super systems. AMS defines an organization as a super system when it achieves revenue of \$15 billion or more. For 2018 well known systems such as Cleveland Clinic (\$9.8 billion) and Mayo (\$12.6 billion) didn't make this threshold needed before an organization can start to consider itself as a super system. Who did? Two examples are Kaiser Foundation Health Plan and Kaiser Foundation Hospitals, Oakland, CA reported \$79.7 billion in revenue, and HCA, Nashville, TN had \$46.67 billion in revenue in 2018.
- **Presidential Election Year-Healthcare Costs.** *AMS predicted healthcare becomes a larger part of the political debate; expect an even longer Presidential election cycle in 2020.* Massachusetts Senator Elizabeth Warren was the first Democrat to declare she was running for President, and did so in December 2018, helping to make this prediction a reality. "Medicare For All" proposed by Senator Warren and by Vermont Senator Bernie Sanders, have brought healthcare costs to center stage.
- **(Almost) Single-Payer System.** *Insurance to become an oligopoly, like airlines and automotive industries. Employer sponsored insurance population will decrease from 50% today to 40% in 2020. Insurance will get a lot more expensive.* Again, in an election cycle a lot comes to the forefront. Without rendering an opinion on the merits of a single payor system, there is much reported on the costs comparison of the Canadian system versus the US health system. The January 7, 2020 **LA Times**, Melissa Healy, staff writer reported the US health system costs four times more to run than

Canada's single payor system, which has been in place since 1962. In the US, administering healthcare costs, which has nothing to do with the care being provided, is \$2,497 a person, while in Canada it is \$551 a person.

The original 2020 *Top Ten Trends* list was co-authored by Jennifer Schuster, Principal, and is attached to the Biweekly, so you judge for yourself how we did on the other predictions.

## **IMPORTANT AMS LABORATORY ANNOUNCEMENT**

- ***“For the Third Year in a Row, CMS lowers reimbursement rates by 10%.*** CMS again lowered the reimbursement rates of many tests on the Medicare Clinical Lab Fee Schedule (MCLFS) by 10%. Next year, the January 1<sup>st</sup> reduction becomes 15%. Hospital labs that perform outreach testing and also receive at least \$12,500 per year from the MCLFS for claims must submit claims data to CMS.

Please contact Paul Camara, Principal, at [pcamara@aboutams.com](mailto:pcamara@aboutams.com) if you have questions about this information or would like to discuss how these changes will impact your laboratory and organization, and how to prepare your lab to respond.

## **UPCOMING PROGRAMS**

- ***NH-VT HFMA Chapter invites AMS to speak at their Annual Meeting on March 26, 2020.*** *The Value of Benchmarking and Productivity Measurement* will be the topic of the presentation which will include a case study on labor benchmarking at **Elliot Health System**, Manchester NH, including the hospital, physician practices and the laboratory. The AMS approach to labor resource benchmarking and productivity determination is to focus on a measurement of “yourself to yourself” and take an organization wide, cost center approach to staffing at health care institutions. While the AMS office is located in Massachusetts, AMS has worked at 40 clients in NH and 18 in VT and several of our consultants reside in NH including Michael Foley, Principal, and Sharon Brommer, Senior Vice President. For more information please go the chapter website <http://www.nhvthfma.org/>.
- ***Innovation and the Changing Healthcare Landscape Conference on May 1, 2020.*** The next major ACHE of Massachusetts conference will focus on innovation, technology and those people and organizations disrupting our healthcare delivery infrastructure. This is being done in an effort to improve access, quality, service and safety, while re-bending the cost curve. Healthcare costs in the United States have grown at an astounding rate. Fifty Years ago, we spent approximately \$400 billion (in 2018 dollars) or \$1,800 per person. Today we spend over \$3.6 trillion or \$11,172 per person on healthcare.

For more information, please go to the ACHE chapter web site <https://www.massache.org/> or contact Alan Goldberg, Principal, who is on the ACHE of Massachusetts Program Committee and Board of Directors at [agoldberg@aboutams.com](mailto:agoldberg@aboutams.com)

## **36<sup>TH</sup> YEAR OF PUBLICATION BEGINS**

With this issue of *Biweekly Report*, the 36<sup>th</sup> year of publication begins. *Biweekly* started as an internal newsletter to keep staff, who worked and lived in several different states, updated on the pertinent issues of the company. At the request of the clients, we started to share the newsletter with them. The *Biweekly* is available by both traditional mail and email. Thank you for your interest in AMS and our newsletter.

Where to invest your healthcare management dollars

- 1 Patient Empowerment Drives Care**  There's an "app for that." Technology revolutionizes self-driven healthcare — easy access, self diagnosis, telemedicine, personalized genome — creates a true proactive era. Will institutions keep up?

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- 2 Healthcare Professional Staffing Shortages** While shortage projections may be overstated for nurses, expect them to be understated for other professionals, such as pharmacists and physicians. We will see an increased need for team-based care and physician extenders such as PAs and NPs.

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- 3 Focus on Patient Outcomes and Quality** Requires management vision followed by "measure and compare" and peer-recognition. Patients always at the center, with highest quality, best outcomes and controllable costs the goal. CQI data drives quality improvement. 

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- 4 Behavioral Health Parity**  Mental health and drug addiction crises are recognized for major impacts on the healthcare system.

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- 5 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.

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- 6 Pharma and Orthopedic Surgery** Two areas are "red hot" as drivers for living a longer and better quality of life. Elective "self-care" medicine and designer pharmaceuticals means that "80 is the new 40." 

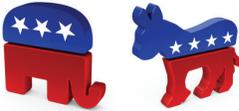
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- 7 Information Overload!** Need we say more?

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- 8 (Almost) Single-Payer System** Insurance to become an oligopoly, like airlines and automotive industries. Employer-sponsored insurance population will decrease from 50% today to 40% in 2020. Insurance will get a lot more expensive.

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- 9 Presidential Election Year - Healthcare Costs**  Healthcare becomes a larger part of the political debate; expect an even longer Presidential-election cycle in 2020.

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- 10 Technological Advances in Care Explosion** Increased longevity and care of aging population (20-25% will be age 60+) drive biotech breakthroughs such as further development of regenerative tissue, 3D-printed organs, and use of robotics.