Service Line Management Proposal

Program Overview

The traditional model in healthcare has been to provide the widest array of services as possible. Given the current economy and market competition, healthcare organizations are now evaluating and re-sizing services to become more efficient and economically viable. Healthcare leaders must evaluate and adjust their organization’s clinical management in order to strategically focus their effort on specific areas. These specific focus areas must be strategically managed and evaluated relative to quality outcomes, customer satisfaction, consumer demand and overall value.

The purpose of this proposal is to develop an organizational approach that will firm the connection between the financial resources and clinical delivery systems. The structure will focus on clinical outcomes, customer satisfaction, operations and financial outcomes.

The “service line” approach will organize the management of inpatient and outpatient clinical services centered on patient diagnostic clusters. Cluster-specific services will be managed by a multidisciplinary team, including Nursing, Physicians, Hospital Administration, Marketing, Finance, Ancillaries and Hospital Services. The team will be responsible for insuring that high quality care is delivered in the most efficient manner. Each team will be coordinated by a Service Line Manager(s).

The potential benefits of such an approach are outlined below:

- Patient focus
- Improved quality of care and patient safety
- Improved continuity of care
- Improved coordination of care
- Shared and common vision/goals
- Ability to rapidly respond to market
- Standardization of care (overall management)
- Established rationale for resource allocation (staff, beds, capital, etc.)
- Enhanced accountability
- Personnel retention
- More efficient cost management
- Management of limited resources (cost, revenue, personnel, space, physicians, etc.)
- Proper sizing of programs

The recommended approach will be a significant change from the existing management approach of the enterprise and should not be taken lightly. It will be a threat to power, money, programs and personal/professional identity. However, these threats are far outweighed by the benefits listed above.
**Organizational Structure**

For this approach to be successful, the appropriate organizational structure must be in place to facilitate the process. The structure outlined below is an attempt to align resources focused around this effort.

![Diagram of Organizational Structure]

Each service line will be overseen by a multidisciplinary team coordinated by a service line manager(s). Depending on the service line, the manager could be a physician, nurse or business manager and may require more than one person to coordinate the service. The multidisciplinary teams will bring together the key stakeholders (nursing, physicians, management, marketing, finance, ancillaries services, etc.) associated with the service line. In general, the team will provide a broader perspective and enhance the decision-making process as strategies are developed. The teams will facilitate the implementation of tactics to improve the service line and assure buy-in and cooperation throughout the enterprise. Specifically, the multidisciplinary team will be responsible for the following:

- Monitoring the quality and cost appropriateness of care
- Delivery of services
- Marketing of services
- Developing business and strategic plans
- Cultivating relationships with physicians
- Identifying and implementing performance improvement initiatives
- Facilitating communications between the organization’s administrative and medical staff

On a routine basis, the service line managers will provide program assessments, status reports and recommended enhancements to the Steering Committee. The Steering Committee will consist of key stakeholders from the Medical Staff and Hospital Administration who will be appointed by the Oversight Group. The Steering Committee and Oversight Group will work collaboratively on strategic decision-making and program enhancements relative to the clinical enterprise. The day-to-day reporting relationship of the service line managers will be determined by the Oversight Group.
**Implementation Process**

1. *Define Purpose and Structure*: Once the process and organizational approach is defined, the message must be carried out to the enterprise to insure a general understanding of the process and to promote buy-in from all levels of the organization.

2. *Define Service Lines*: The current business of the enterprise will be divided into meaningful clinically based disease categories with a focus on both the inpatient and outpatient business. The lines should be mutually exclusive such that one patient can only fit into one service line. Much effort has already been expended on developing “diagnostic clusters” which focus on the principal diagnosis of the patient encounter; it is recommended that this be used as the first attempt at developing service lines.

3. *Develop Evaluation Criteria*: Evaluation criteria must be developed that appropriately measure the objective and subjective indicators of each service line. These indicators may include the following:
   - Clinical outcomes
   - Customer satisfaction
   - Physician leadership
   - Public perception
   - Market share
   - Competition
   - Trend analysis
   - Future outlook of disease category (market survey)
   - Importance to enterprise and other service lines
   - Financial performance
   - Resources consumed (management time, capital, operating expenses, beds, OR time, etc)

4. *Assign Service Line Managers and Create Multidisciplinary Teams*: Based on the literature, it appears internal candidates are more appropriate due to their knowledge of existing operations; however, outside candidates should be considered when necessary. Due to economic reasons, many facilities have made integral clinicians related to a service assume this role as part of their job duties. These service line managers should also have some form of incentive compensation tied to the performance of their respective service in relation to the agreed upon plan for that year. The multidisciplinary team should represent the key stakeholders associated with the provision of care associated with the service line.
5. **Conduct Service Line Audits:** Once the service line managers and teams are in place, the service lines should be evaluated based on the agreed upon criteria. The purpose of the review would be to:
   - Identify areas of strength and vulnerability
   - Development of “go-forward” strategies
   - For strong service lines, determine how to protect and expand if possible
   - For marginal performers, identify the drivers causing the marginal performance and determine if there are turn-around strategies

6. **Determine Overall Strategy:** Once the audit is complete, the overall strategy of the enterprise must be determined. It is critical to take into account all service lines during this process and their inter-relationships. The sole focus should not be placed on economic performance since some service lines may be “loss leaders” or provide necessary support services to other service lines.

7. **Develop Annual Service Line Business Plans:** Once the overall strategy is defined, specific service line business plans should be developed and aimed at attaining the goals set forth in the strategy. It is critical that this becomes an integral part of the day-to-day operations of the enterprise and is incorporated into the budgeting process. After these plans are developed by the multidisciplinary team, the service line manager will coordinate the implementation of the plan, monitoring the results and giving feedback to the Oversight Group.

Steps 1-4\(^{(1)}\) should be a one time implementation process that needs a general review on an annual basis to insure there are no changes to the diagnostic clusters, evaluation criteria or team structure. Steps 5-7 should be a cyclical process that occurs on an annual basis with a focus on continuous improvement of the service line.

\(^{(1)}\)During Step 2, it is important to note that there will not be a clear consensus by all parties related to the service line definitions and the enterprise must not get bogged down in trying to reach it. The most critical factor related to this is to insure all parties are well educated on the service line definitions. Although there may be up to twenty definable lines, it is critical to narrow the focus to high impact areas using the “80/20 rule” or some other similar methodology.