



Halley
Consulting
Group

Integrated Governance & Management: A Leadership Challenge!

Healthcare Financial Management Association
Region 5
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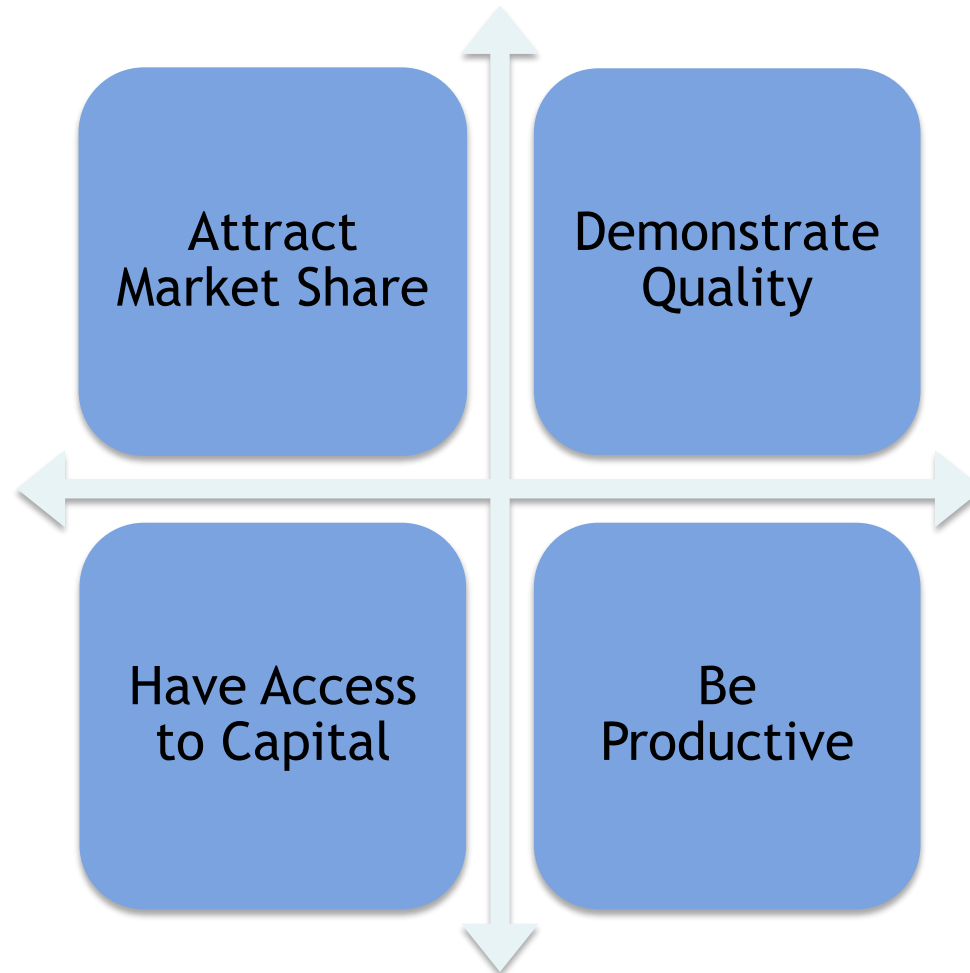
Discussion Topics

- I. Our Business Imperatives
- II. The Physician Integration Continuum
- III. The Critical Role of Governance
- IV. Management Styles and Power Bases
- V. Vertical Governance: The Council Model
- VI. Horizontal Governance
- VII. Q&A

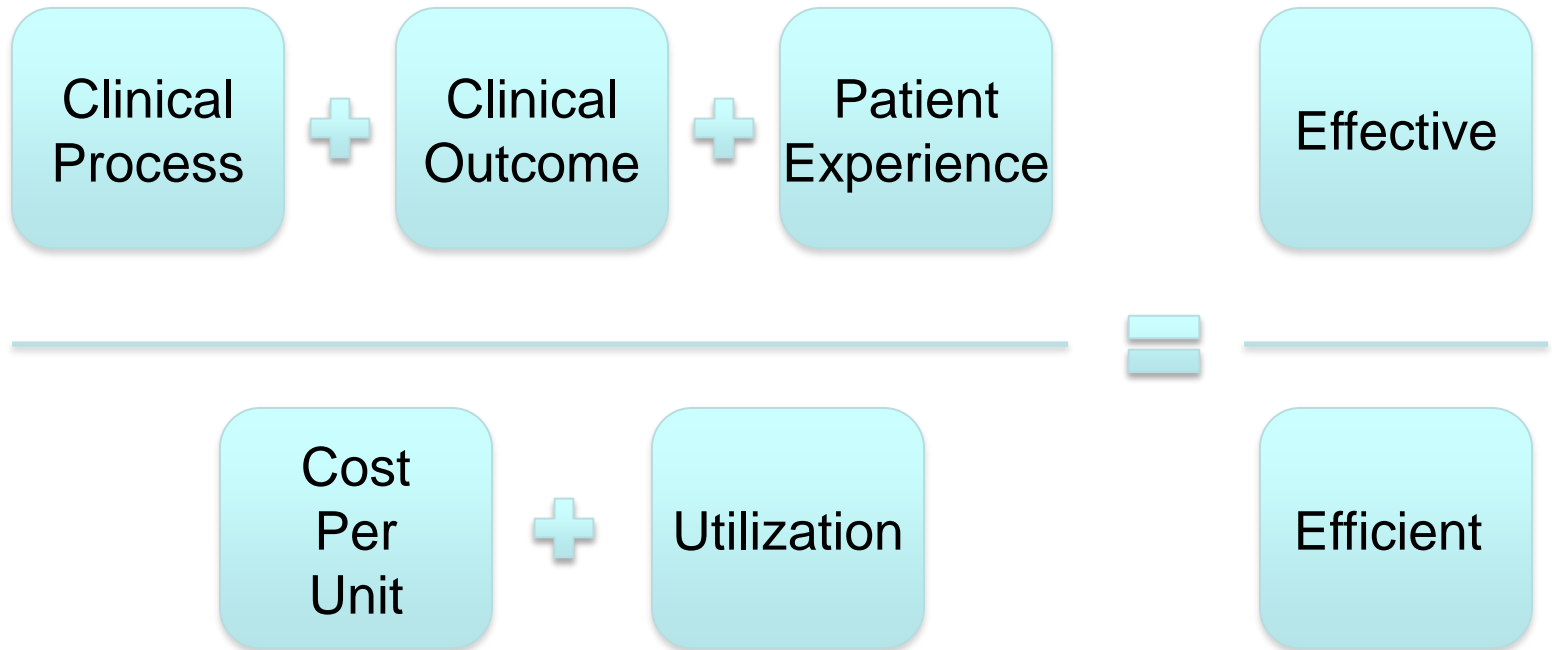


Our Business Imperatives

Strategic Imperatives - *Organizations Must Do These Things*

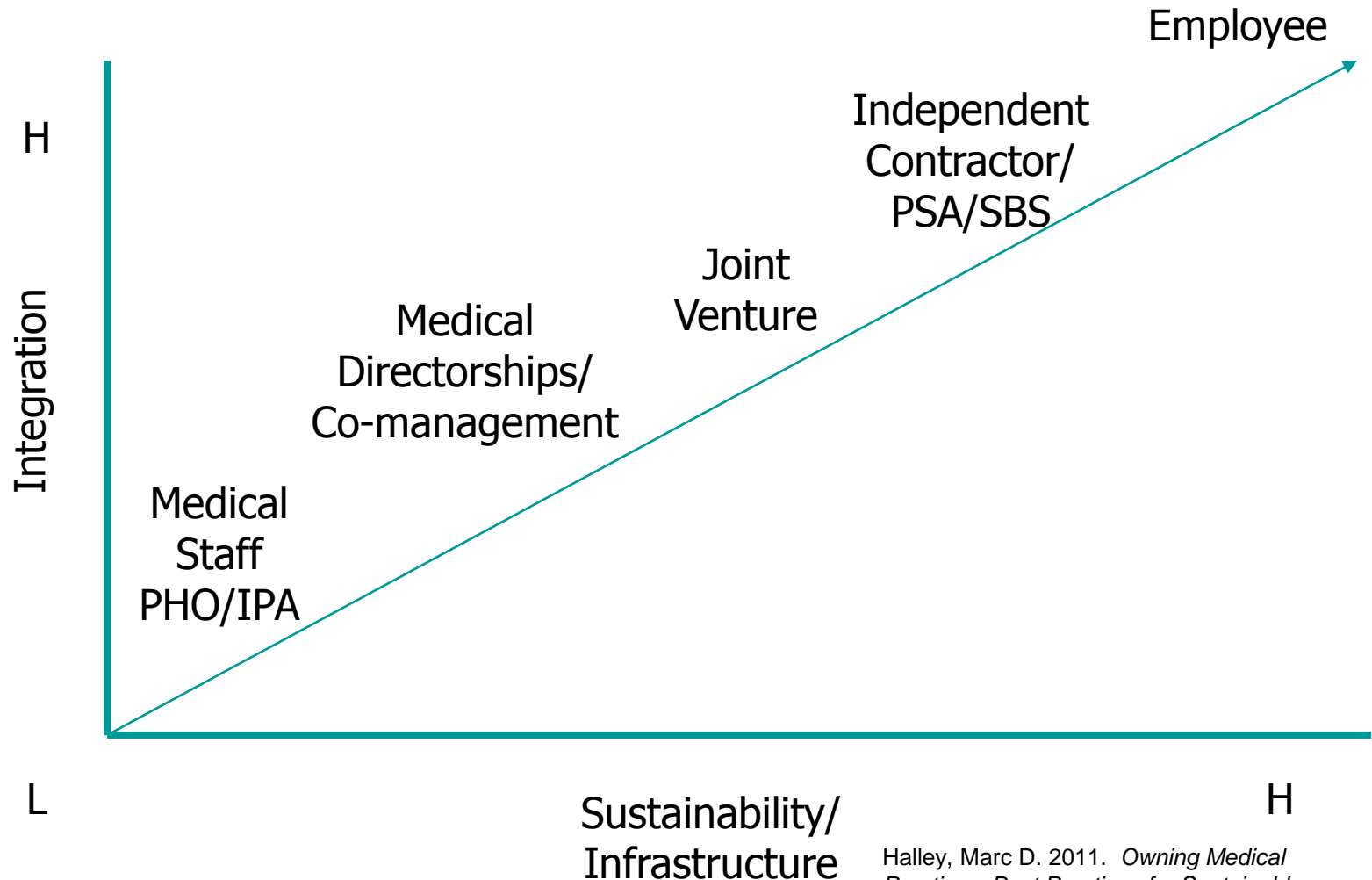


The Concept of “Value”



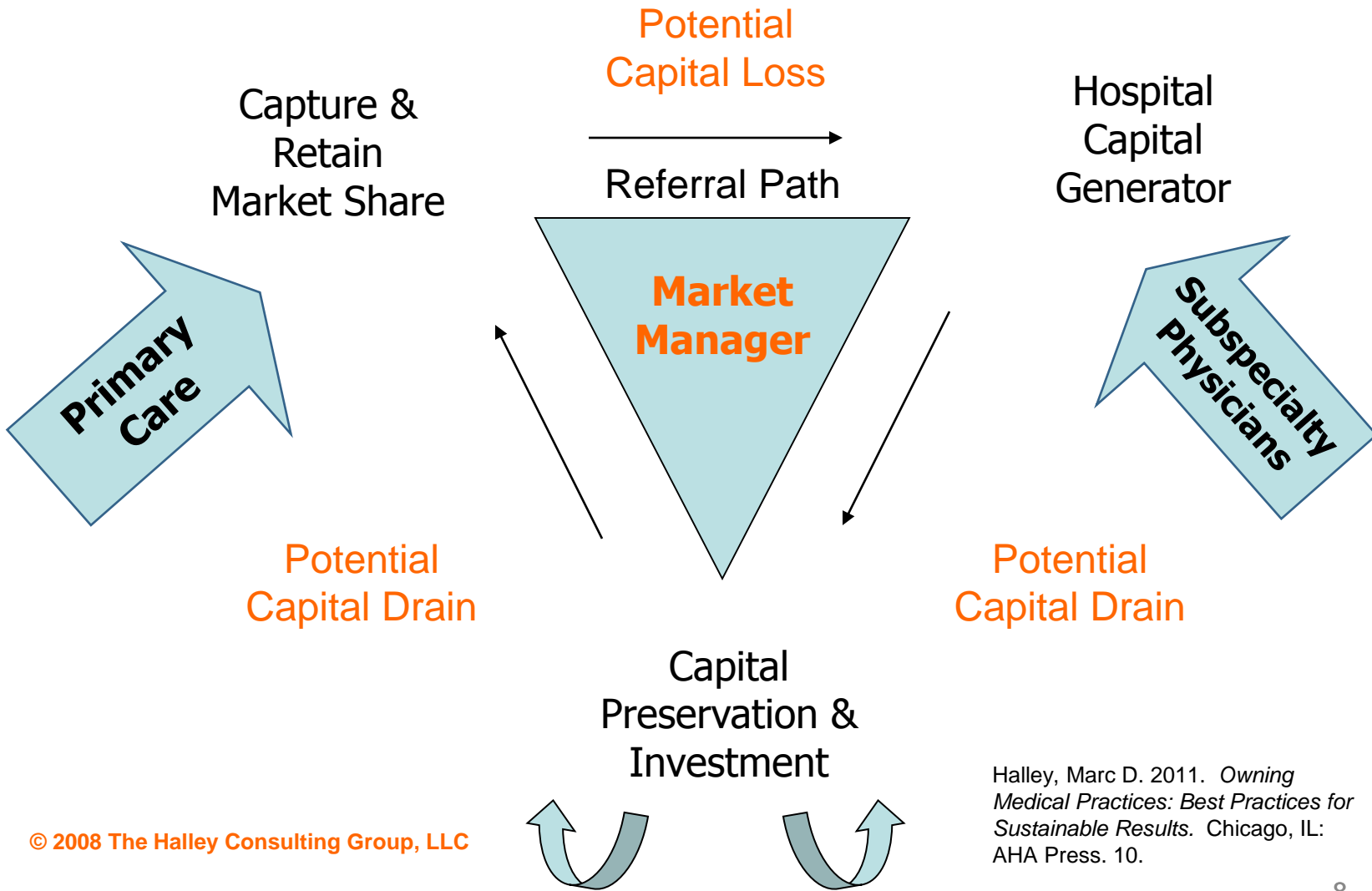
The Physician Integration Continuum

Common Integration Options (Multiple “Plugs”)



Halley, Marc D. 2011. *Owning Medical Practices: Best Practices for Sustainable Results*. Chicago, IL: AHA Press. 67.

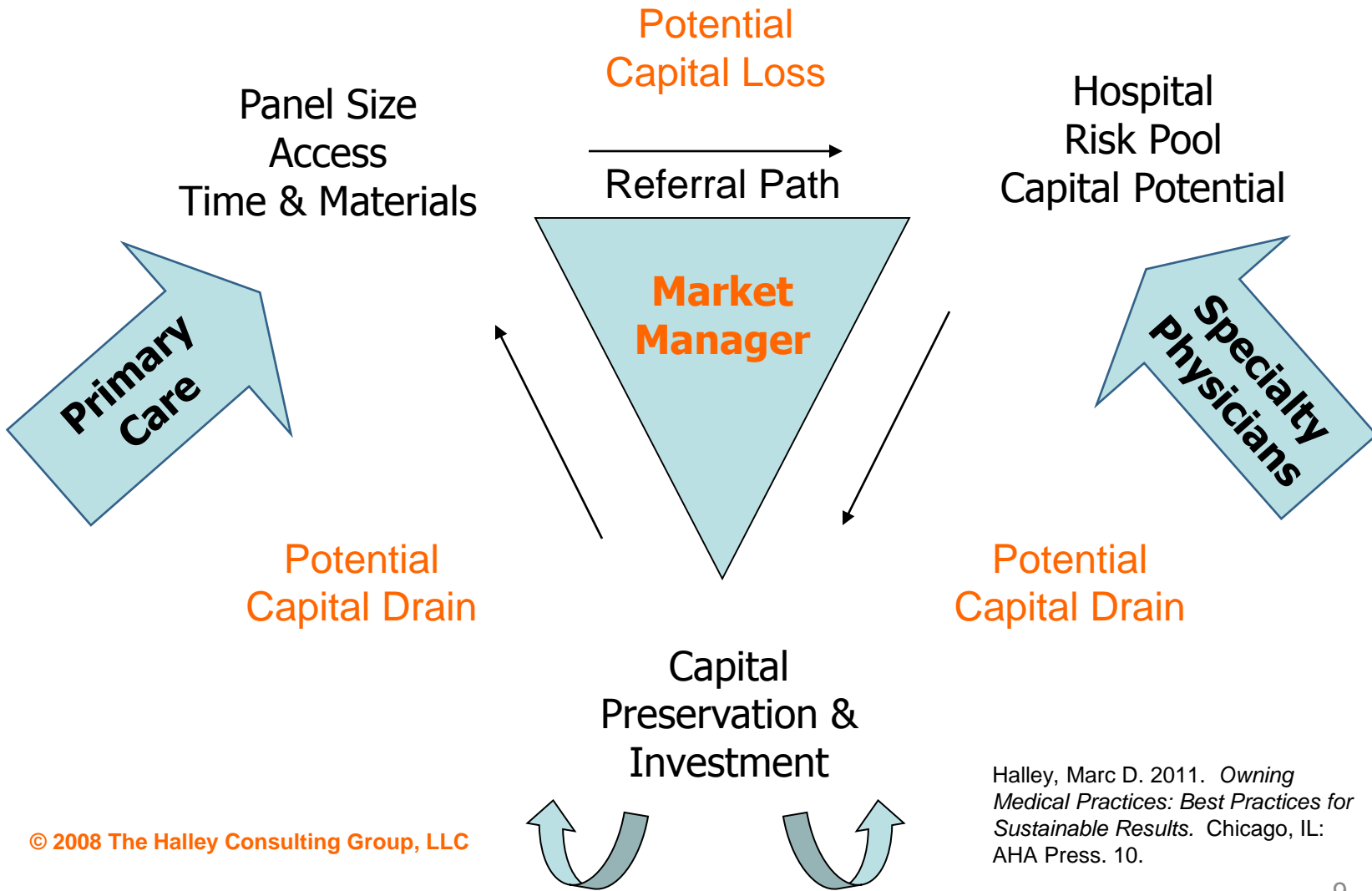
Physician Integration Economics - Fee for Service



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Halley, Marc D. 2011. *Owning Medical Practices: Best Practices for Sustainable Results*. Chicago, IL: AHA Press. 10.

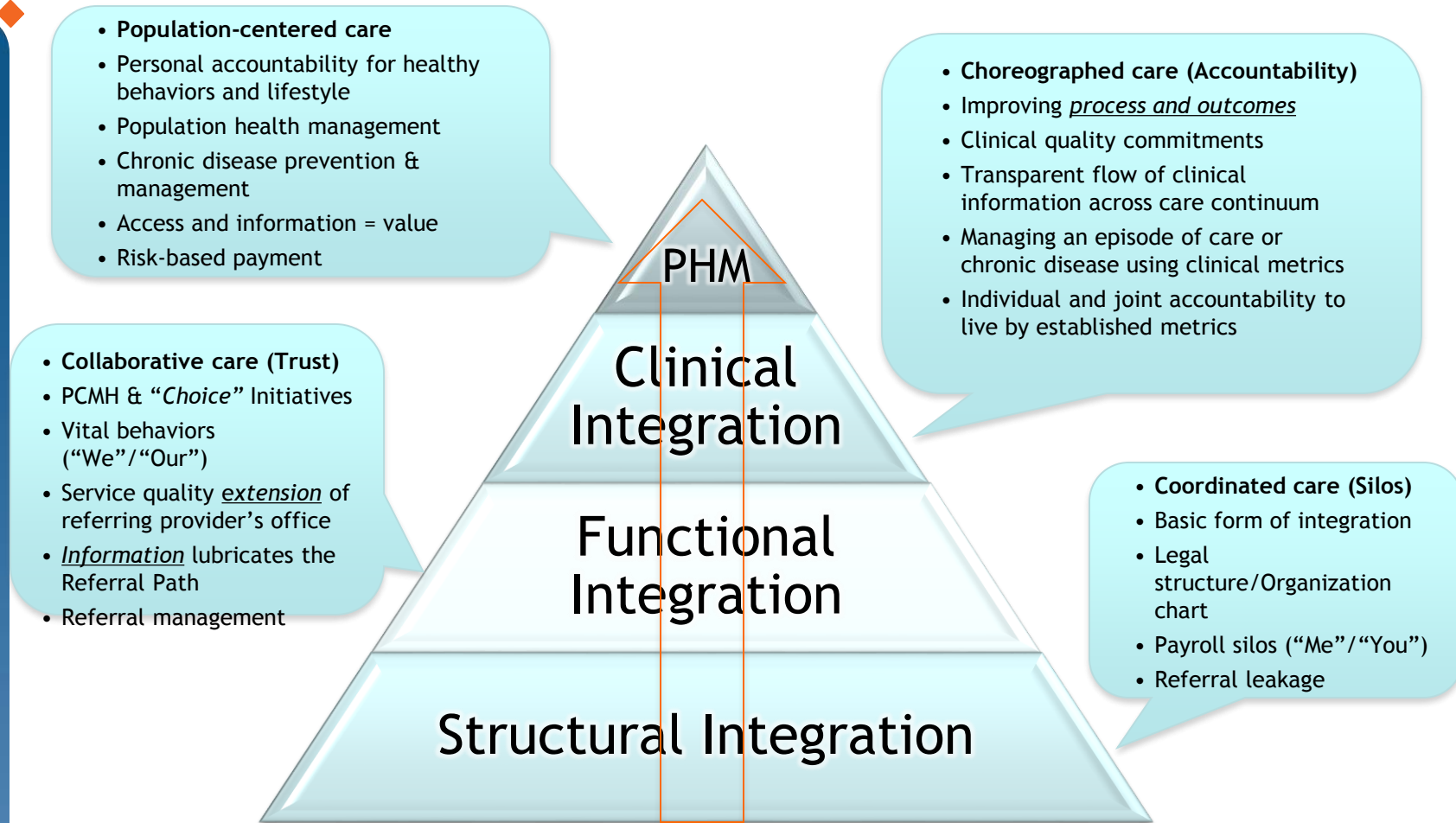
Physician Integration Economics - Risk Payment Model



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Halley, Marc D. 2011. *Owning Medical Practices: Best Practices for Sustainable Results*. Chicago, IL: AHA Press. 10.

Moving Up the Integration Pyramid

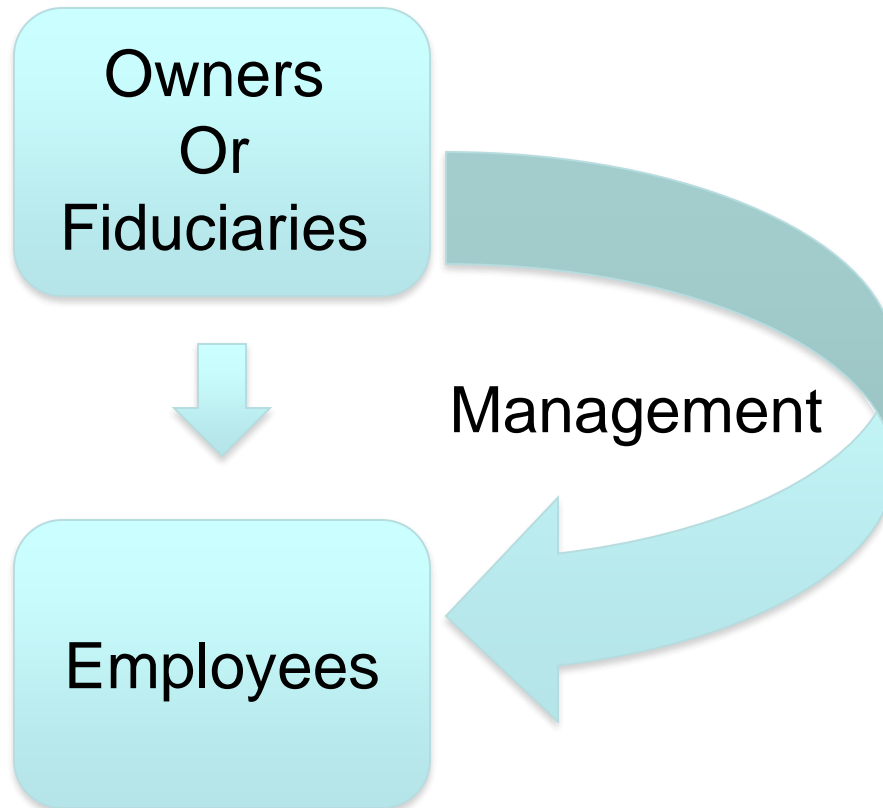


The Critical Role of Governance

Fiduciary and Operational Governance

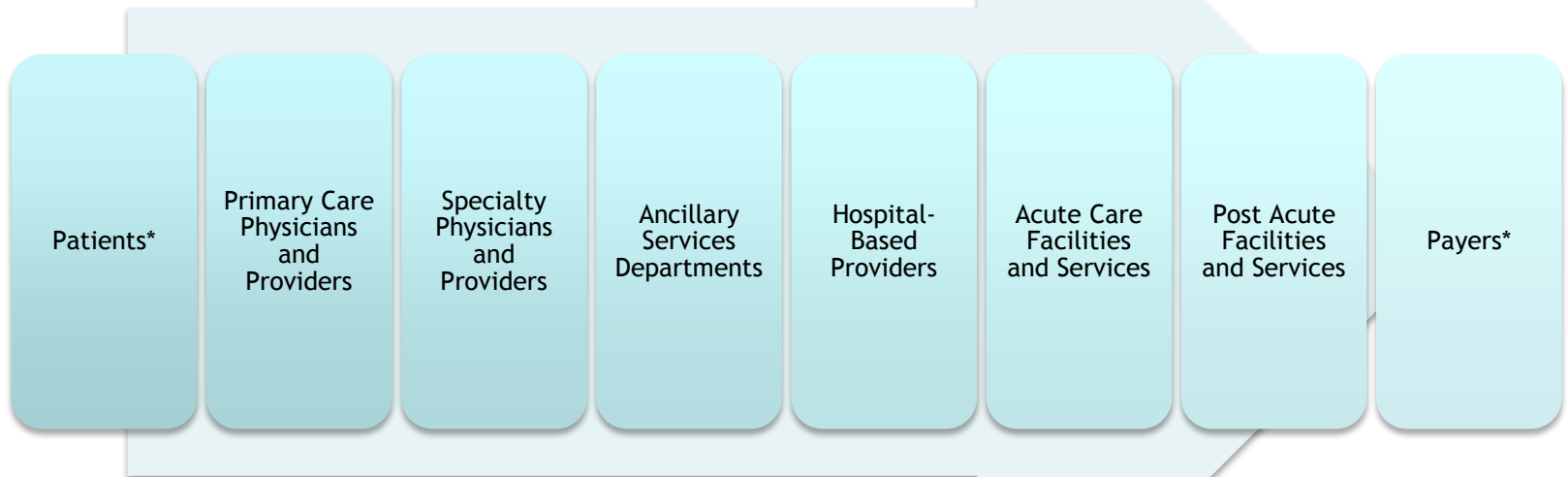
- Select and evaluate the chief executive
- Enterprise vision & strategies
- Capital formation and allocation
- Mergers & acquisitions
- Regulatory compliance
- Enterprise financial & quality oversight
- Enterprise policy
- Etc.
- Sponsor, direct & oversee implementation
- Operating policies, procedures
- Performance improvement tactics and timing
- Key stakeholder engagement
- Performance accountability

Vertical Governance (Formal Authority or Authorization)



Horizontal Governance (Common Consent)

Service Line Council (SLC) (Functional Integration)



Clinical Process Teams (CPT) (Clinical Integration)

(* Potential future members)

Management Styles and Power Bases

“Knowledge Workers...”

- Own the means of production - unique knowledge and practiced skill
- Highly mobile
- Independent judgment (“professional”)
- Need tools of production - capital investment
- Exceptional clinical opportunities = loyalty
- Compensation “hygiene” factor
- Define their own level of contribution
- “Cannot be supervised effectively”

Power Bases

- Legal Power: official authority & position
- Expert Power: knowledge, ability, information
- Reverent Power: respect, personality, charisma
- Reward Power: ability to give or withhold incentives, capital, etc.
- Punitive Power: impose penalties

Gilson Leadership Scale

Ways Leaders Make Decisions

- **Tell:** Identify the problem, discern the alternatives and make the decision
- **Persuade:** Add “sell” to above
- **Discuss:** Identify the problem, discern the alternatives, propose a tentative solution, gather input from those who will need to implement the solution, make the final decision
- **Consult:** Present the problem and background to the group, solicit alternative ideas and solutions from the group, leader makes the final decision

Gilson Leadership Scale (Continued)

Ways Leaders Make Decisions

- **Join:** Manager participates as a member of the group in identifying the problem and alternatives, while agreeing, in advance, to carry out the decision of the group

Matching Leadership Styles and Power Bases

- Tell Legal, Expert, Punitive
- Persuade Reverent, Reward
- Discuss Reverent, Reward
- Consult Expert, Reverent
- Join Expert, Reverent

The Council Model: “Partnership” Led

Network Operations Council (NOC)

- **Composition**
 - Physician Chair
 - Physician representation from Primary Care Clinics, Medical Specialty Clinics, Surgical Specialty Clinics & Hospital-based Services
 - Executive Team representation: Executive VP/COO, SVP/Chief Legal Officer, SVP/CFO, SVP/CMO & SVP/Network Executive
- **Purpose**
 - Provide governance for overall physician network
 - Determine the strategic direction of the physician network
 - Make clinical/quality, operational, financial, strategic & policy decisions globally for the physician network
- **Value**
 - Decision-making forum for the entire physician network that inherently has credibility & buy-in from other network providers
- **Tools**
 - Agenda comprised of standing reports from subcommittee chairs & SVP/Network Executive, a review of monthly financial performance & new business.
 - Supporting information: dashboards, Net 1, Net 2 Financials, action plans, policies, etc.

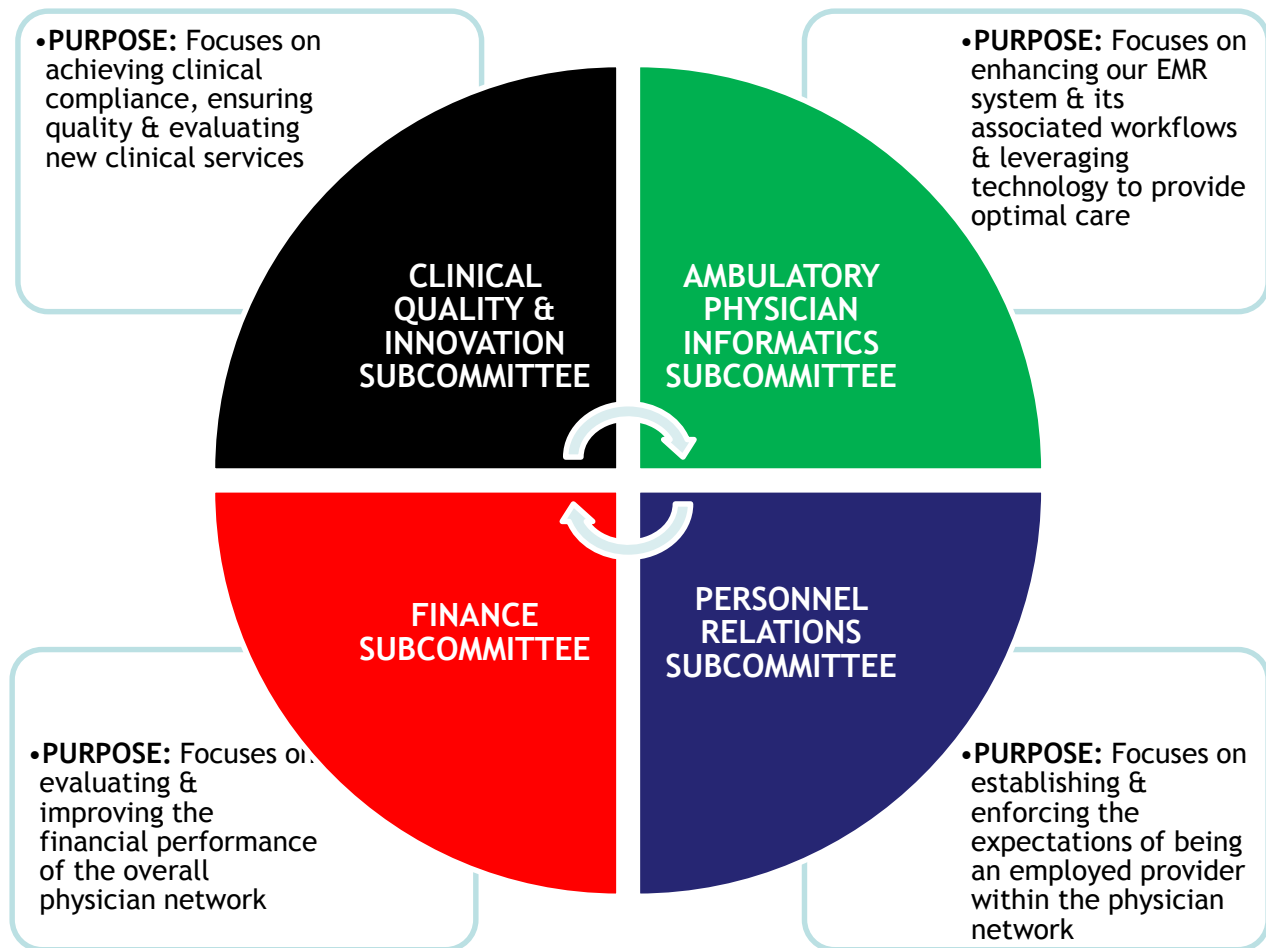


Practice Operations Council (POC)

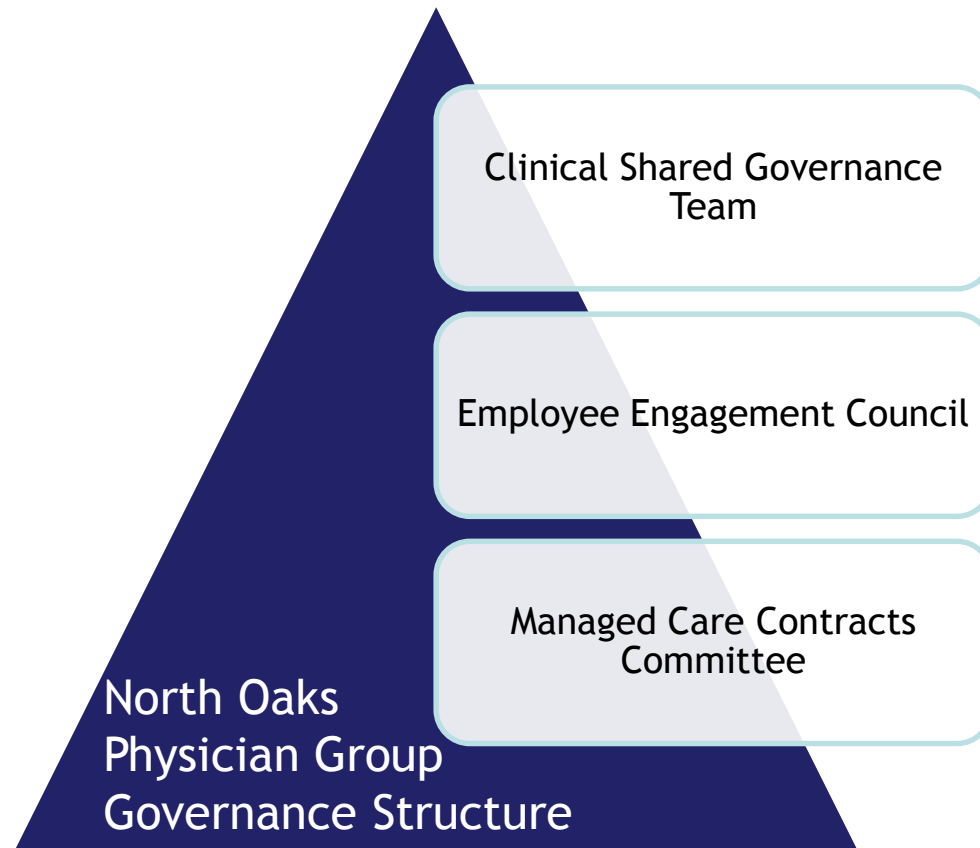
- **Composition**
 - Physicians within the practice
 - Mid-level providers within the practice
 - Practice Leadership Team: Practice Manager, Supervisor, Regional Director & SVP/Network Executive
- **Purpose**
 - Provide governance for the practice
 - Determine the strategic direction of the practice
 - Determine how to adopt & execute NOC-approved directives
 - Make clinical/quality, operational, financial & strategic decisions for the practice
- **Value**
 - Provider engagement with decision-making for the operations of the practice
 - Provider awareness: operations, policies, performance, initiatives, challenges, etc.
 - Accountability
- **Tools**
 - Site-Specific Action Plans
 - Net 1, Net 2 Financials
 - Supporting materials: dashboards, policies, presentations, etc.



Network Operations Council Subcommittees



The Extension of the Physician Governance Model into General Operations



Horizontal Governance

The Limits of “Pay for Performance”

- Mind or heart?
- When you pay for everything you get, you get only what you pay for...
- From incentive to entitlement
- Upping the ante...
- Stifles innovation

Horizontal Integration

- A common interest
 - Chronic disease
 - Episode of care
 - Referrals
- Clear and *compelling* vision
 - Common cause is the glue
 - “An offer too good to refuse”
 - Overcomes tactical disagreement

Horizontal Integration

- Shared tenets (ground rules)
 - Clinical quality
 - Service quality
 - Productivity
 - Collaboration
 - Cost per unit
 - Process efficiency
 - Utilization
 - Financial viability

Horizontal Integration

- Working together
 - Individual roles
 - Shared commitments*
 - Performance targets
 - Performance management
 - Individual accountability
 - Joint accountability
 - Appropriate incentives/rewards

Shared Commitments...

- N,W,P's
 - Needs (clinical)
 - Wants (preferences)
 - Priorities (constraints)
- Written Service Commitments
 - Extension of PCP
 - Referring physicians/providers/staff
 - “Their” patients

Shared Commitments...

- Clinical integration
 - Chronic
 - Complex Chronic
 - Episode of Care
- Clinical protocols/processes
 - Clinical Management Teams
 - Care Management Teams
 - Standards of care
 - Best practices

Shared Commitments...

- “Certification”
- Clinical outcomes
 - Effectiveness
 - Efficiency
- Critical nature of self-reporting

Questions and Answers...



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