



GREENVILLE
HEALTH SYSTEM

THE CASE FOR AFFILIATION

From LCHCS to LCMH (GHS)

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Triple Aim

- Improve the experience of care
- Improve the health of the population
- Decrease the per capita cost of care



“The traditional actions of implementing supply cuts and reductions in force to balance the budget will not work anymore. Cost reduction must occur through an evolution of process changes.”



Necessary Changes

- Reducing variation through standardization of protocols, purchasing, and services
- Eliminating unnecessary care
- Getting patients to the lowest cost setting appropriate for their care needs
- Moving away from acute care to medical homes and managing disease
- Reassessing overhead expenses

Steps Hospitals Should Be Taking



- Identify clinical priorities - Allocate human and financial capital to support them
- Develop a physician alignment plan
- Establish new business collaborations with all providers

Issues to Be Aware of in Small Communities



- CEO and Board reluctant to give up control
- Medical staff feel threatened
- Taking better paying services out of community
- Fear that uninsured and underinsured will be “left behind”
- Public concern that Board is “selling out”
- Mistrust between markets

Issues to Be Aware of in Small Communities



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- Smaller Community Hospitals are not aligned well with physicians
 - Allows large revenue producers to control decisions.
- If patient is referred for a specialty they may not return for primary care
- Presence of full practices who don't want competition



Menu of Services Being Sought

- Management and organization
- Revenue growth and clinical programs
- Expense management
- Clinical quality and patient safety



Strategic Planning Process

- July 2011: Retreat / Formation of Affiliation Task Force
- Aug. 2011: RFI to Seven Organizations
- Nov. 2011 - April 2012: Meetings Held
- April 2012: Strategy Discussions to RFP
- April 2012: Public Relations Plan Developed
- May 14, 2012: Formal RFP Submitted to Four Organizations
- June 21, 2013: Board Final Decision



6-Star Relationship

- Share our mission to deliver progressive healthcare in an atmosphere of continuous improvement
- Enhance services currently provided
- Add services not currently available
- Demonstrated leader in quality
- Compatibility between medical staffs
- (Preparation for ACA and Population Health)



Evaluation Phase: Factors Considered

- Progress on Clinical Integration
- Clinical Services Offerings
- Competitive Posture
- Industry Reform Readiness
- Mission Compatibility
- Compatible Medical Staff
- Quality of Care
- Operational Efficiency

Negotiation Sequence

- Developed a Memorandum of Understanding
- Conducted Due Diligence
- Formulated Letter of Intent
- Finalized Contracts
- Operationalized July 1, 2013

Issues Leading Up To July 1, 2013



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- Due Diligence Report: Board Concerns
- Certificate of Need (CON) Issues
- Construction and Bonds
- Management Structure
- Public Relations

Why Was GHS The Right Partner?



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Manage and Organize

- Corporate services and resources
- Balanced scorecard: “Pillars of Success”
- Clinical service line structure
- Strategic and capital planning
- Medical staff development and recruitment
- Human resources support
- Facilities planning
- Compliance, Risk, Legal

Why Was GHS The Right Partner?



Revenue and Clinical Growth

- Physician practice development (UMG)
- Central managed care strategy and contracts
- Revenue cycle management
- Clinical program planning (hospitalist)
- Collaborative marketing
- Clinical joint ventures

Why Was GHS The Right Partner?



Expense Management

- Purchasing power and materials management
- Clinical service performance improvement
- Labor management (productivity)
- Margin management
- Allocation of resources for best delivery options

Why Was GHS The Right Partner?



Quality and Patient Safety

- Error reduction programs
- High reliability initiative
- Clinical protocols
- Infection control
- Information technology: CPOE & EMR, PACS
- Access to sub-specialties
- Coordinated access to tertiary and specialty services



Early Success

- Employee Transition
- Physician Practices
- Capital Needs
- Facilities Management
- Pharmacy
- Purchasing



Transitional Issues

- Compatibility of IT systems
- Revenue Cycle
- Policies and Procedures
- Proper Personnel Placement
- Culture Change



Financial Impact

- Reduction in Management Force (14)
- Supply Chain: Over \$1 million in first 12 months
- Stopped Operating Losses July – September
- FY14 Budget: Ended year with \$5.8 million operating gain.



Lessons Learned

- Theory
- Intuition
- Facts
- Common Sense
- Some: “Ready, Fire, Aim”
- TRUST!



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