OVERVIEW

Enhancing patient relationships has become the cornerstone of policy changes in the era of accountable care. Yet, for healthcare providers, it has raised significant budgetary concerns as they must decide where to allocate funds and which investments offer the most promising returns.

This survey of C-suite executives reveals the top economic concerns of our nation’s healthcare providers and where they’ve identified savings to fund new patient-focused initiatives. The study also examines how providers are hedging a new focus on patient experience against the financial challenges of executing these initiatives profitably.
MOST PRESSING BUDGETARY CONCERNS

Fulfilling the objectives laid out by Affordable Care Act are some of the more significant challenges healthcare executives face. More than any other factor, moving toward an outcomes-based reimbursement model was noted by 82% of executives as one of the main areas affecting their budget. Aligning with monetary incentives of patient satisfaction scores is also a primary concern, as 67% of respondents indicated this impacts their budget.

Figure 1: Which of the following factors are currently having an impact on your budget, or do you expect to have an impact in the next 1 to 3 years? Note: Multiple responses permitted

INVESTING IN ACCOUNTABLE CARE

Many investments need to be made to fulfill the objectives of the ACA, but where are executives focusing their dollars? Core support functions, such as IT (72%) and staff training (61%), are where most hospitals are investing, but changing protocols (55%) and business processes (47%) are also helping pave the way for delivering better care at a lower cost.

Figure 2: What is your organization doing to prepare for accountable care? Note: Multiple responses permitted

WHERE ARE THE SAVINGS?

Providers must identify savings in certain areas to help fund patient satisfaction and value-based care initiatives. Where are they finding the savings? Workforce/labor management and supply chain/pharmacy are the top two areas healthcare executives have identified for savings. Many providers – 50% – are also implementing changes in their revenue cycle to yield more funds for patient satisfaction initiatives. Despite the focus of value-based care as a priority for executives, 1 in 5 admit they have not identified savings to fund patient satisfaction and/or quality of care initiatives.

Figure 3: In which of the following categories have you/your organization identified savings, or potential savings, to help fund patient satisfaction and/or quality of care initiatives since the ACA’s passage (2010)? Note: Multiple responses permitted
WORKFORCE AND LABOR MANAGEMENT

As hospitals increase physician employment and transition their care delivery models to outpatient settings, it’s no surprise that providers are completely rethinking the design of their workforce pool and labor management. With more analytics tools available than ever, workflow is a ripe area for increased efficiencies. Because of these trends, productivity benchmarking (88%) is the most common area for identified savings, along with labor and schedule redesign (69%) and core staffing/flex staffing (66%).

Figure 4: Thinking about the savings identified within your workforce and labor management, which specific areas have you/your organization identified for savings?
Note: Multiple responses permitted

SUPPLY CHAIN/PHARMACY

Changes in the supply chain have also garnered significant savings for hospitals. Hospitals have mostly identified savings in their costliest supplies – pharmacy (67%) and surgical (57%) – but also in devoting more time on value analysis (59%). While two-thirds of respondents have identified savings within their pharmacy operations, that area does not represent the biggest savings opportunity in the supply chain – value analysis represents the biggest savings opportunity, according to healthcare executives, with pharmacy operations coming in third place.

Figure 5: Thinking about the savings identified through supply chain innovations, which specific areas have you/your organization identified for savings?
Note: Multiple responses permitted

Figure 6: Which one area represents the biggest savings opportunity in the supply chain?
REVENUE CYCLE

With the financial landscape changing tremendously in healthcare, from reimbursement protocols to insurance coverage, the revenue cycle is an expansive area for hospitals to locate additional revenue. Millions more Americans are covered through Medicaid under the Affordable Care Act, so 65% of respondents highlighted Medicaid eligibility as a place they’ve identified for new funds. Payment compliance, or denials management, also represents low-hanging fruit for additional revenue. As automated solutions are becoming more common, payment compliance represents the biggest savings opportunity for providers. Revenue cycle outsourcing and medical eligibility come in second, with early-out collections ranking third.

Figure 7: Thinking about the savings identified within your revenue cycle, which specific areas have you/your organization identified for savings?
Note: Multiple responses permitted

Figure 8: Which one area represents the biggest savings opportunity within the revenue cycle?

INFORMATION TECHNOLOGY & IT STRATEGY

While fewer executives – only 32% of respondents – have identified savings in IT, there is consensus among this group (81%) that the savings are mostly found through optimizing Electronic Health Records (EHRs). Now that many hospitals are online with EHRs, the next step is to use the technology for reducing costs and enhancing the patient experience. Other areas identified for savings are improving IT infrastructure (59%) and health information system (HIS) optimization (38%). Low or nonexistent on the priority list are IT outsourcing and data center outsourcing.

Figure 9: Thinking about the savings identified within your IT department and IT strategy, which specific areas have you/your organization identified for savings?
Note: Multiple responses permitted
RESPONDENTS PROFILE: WHO TOOK THIS SURVEY?

Responsibility/Title:
- Senior Management (CEO, President, Administrator) 24%
- Clinical Management (CMO, CMIO, V.P./Director of Medical Affairs, Chief of Staff, Chief Pharmacist, Chief Nursing Officer, Director of Health Services) 12%
- Financial Management (CFO, V.P./Director of Finance, Controller, Medical Records Admin.) 13%
- Operations Management (COO, Exec, V.P., Business Manager, Assistant Administrator) 14%
- General Administration (Director of Planning & Development, V.P./Director of Marketing, V.P./Director of Marketing, Public Relations, HR, Facilities Engineering) 2%
- Case Management (Risk Manager, Compliance Officer, Director of Quality/Managed Care) 3%
- Information Management (CIO, IS Manager, V.P. of MIS, CTO, Medical Records Admin.) 3%
- Materials Management (CPO, V.P./Director of Materials Management) 5%
- Other (i.e. Board Member, Consultant, Attorney) 2%

Type of Institution:
- Hospital (Children’s, General/Acute, Rehabilitation, Women’s/Maternity, Behavioral/Phychiatric, Specialty, Multi-Hospital System, Long Term Care) 89%
- Medical Clinics/Groups & Nursing Homes (Academic Medical Center, Ambulatory Surgery Center, Medical Group/Clinic, Nursing Homes) 9%
- Others Allied to the Field 2%

ABOUT PARALLON

As one of the healthcare industry’s leading providers of business and operational services, Parallon is uniquely equipped to provide a broad spectrum of customized services in the areas of revenue cycle, purchasing, supply chain, technology, workforce management and consulting. Parallon offers unmatched scale, infrastructure and access with more than 70 domestic and international facilities in the United States, the U.K. and China.

ABOUT MODERN HEALTHCARE CUSTOM MEDIA

Modern Healthcare Custom Media’s (www.modernhealthcare.com) dedicated team of writers and researchers develops custom content solutions designed to educate and engage readers. These custom content solutions provide in-depth information on a specific trend, topic or solution that is top-of-mind for healthcare executives.

ABOUT THE SURVEY

This briefing summarizes the results of a custom research survey conducted by Modern Healthcare Custom Media on behalf of Parallon. The purpose of the research is to forecast the state of healthcare providers’ investments and challenges in 2015.

Invitations to participate in a web-based survey were sent via email to 9,000 healthcare executives in July 2014. As an incentive to complete the survey, respondents were offered a chance to win a $500 American Express gift card.