

Healthcare Organizations:
[Journal of Financial Management Strategies]
May 2010 Newsletter



SPRING GREETINGS AFTER HEALTHCARE REFORM – 2010
[Life after the Patient Protection and Affordable Care Act]

Leading a hospital, medical practice, clinic or healthcare organization is a special challenge because there's always an inherent tension between employees, administrators, medical providers, payers, politicians and stakeholders; especially - it seems - in the spring time and now after the PPACA legislation of March 21, 2010.

In fact, most health care professionals believe that if you want something done right, you should do it yourself. But, it's impossible to do everything yourself - after all - health care is the world's most complex team sport. So - how to resolve growing industry tension? Read and subscribe to this journal.

At Healthcare Financials, we believe the key is to boil everything down to simple, core principles. Those principles will be different at every health organization. But, for us they include:

- Find common ground.
- Have the conversations required.
- Diagnose and then treat.
- Be a trusted colleague.

For example - after passage of the Obama healthcare reform law, and at the exact time that hospitals can least afford the new cost of stabilizing physician incomes - physicians are demanding increased payments from hospitals in the form of higher hospitalist, radiology and pathology salaries and emergency department call-pay, as well as access to related joint economic ventures and ancillary employment opportunities.

According to futurist Nate Kaufman, given the undersupply of physicians, hospitals cannot afford to under-invest in them. Nor can they afford to invest in physician engagement strategies without expecting an incremental return on the investment. This will require a new collaborative relationship between hospitals and physicians in which the funds that are used to stabilize physician incomes are generated from improvements in the efficiency of care.

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And so, instead of waiting to be moved around like a chess piece, leaders and employees at self-organizing health institutions will be empowered to think and act for themselves. This makes the organization more adaptable to changing circumstances and ready for the future challenges that are ahead. Psychologists call this collaborative philosophy among all stakeholders, "citizenship."

The astute physician or healthcare executive realizes that when something unpredictable happens, and such competitive tensions emerge, people that understand citizenship are better able to organize and adapt quickly and succeed.

And, of course, **Healthcare Organizations** [*Financial Management Strategies*] is here to help.

Of GDP and NHEs

Despite the national debate surrounding healthcare reform, national health expenditures [NHE] as a percentage of Gross Domestic Product (GDP) continue to cause concern. For example, in 2008 the overall health spending in the U.S. increased by the smallest percentage since 1960 (4.4%). In 2009, total NHE increased by 5.7% while GDP shrank by 1.1%. As a result, NHE increased from 16.2% to 17.3% of the nation's GDP: the largest one-year increase in history.

More eMRs are in Physician Offices, but Use Still Lags

Physicians increasingly are adopting e-medical records systems, even before government economic incentives for doing so have kicked in. But a survey by the Centers for Disease Control and Prevention also found those doctors weren't yet doing a whole lot with the technology. The CDC's National Center for Health Statistics said an estimated 43.9% of doctors are using full or partial eMRs, up from 34.8% in 2007 and 41.3% in 2008. The use of "fully functional" systems also went up from 3.8% in 2007 and 4.4% in 2008, to 6.3% in 2009. The survey did not include systems used for billing. Experts don't expect the numbers found in the CDC study to accelerate significantly, despite the presence of a maximum \$44,000-per-physician tax incentive through the ARRA, and other incentives from CMS and Medicaid set to begin in 2011.

Source: Pamela Lewis Dolan, *AM News* [2/1/10]

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PS: Don't forget to review-read-rave and rant online at our web-blog and new communications forum.

Fraternally,

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