

WHITEPAPER

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Getting Fit for the Future: Community Hospitals in a Time of Transition



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Executive Summary

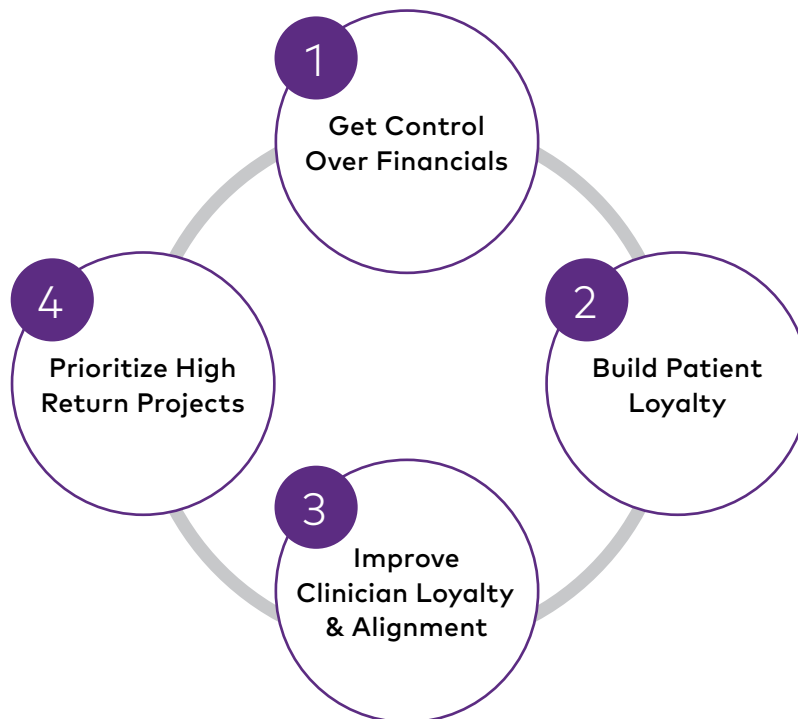
With mounting cost and consolidation pressures, small, community and critical access hospitals (CAHs) need a new approach for handling the challenges of today's health care environment.

It is possible to remain independent—and thrive—as a community hospital. Here's the key: rural hospitals, community hospitals and CAHs have a deep familiarity and long history with the communities they serve. By leveraging this advantage, as well as strengthening strategic partnerships and building patient and clinician loyalty, community hospitals can position themselves at the center of a care system that provides essential, sought-after services.

To ensure the viability of your community hospital well into the future, consider these four steps:

1. Get control over your financials.
2. Build patient loyalty.
3. Improve clinician loyalty and alignment.
4. Prioritize high-return projects.

4 Strategies for a Strong Community Hospital



Running on Empty

Is there a future for the independent community or critical access hospital (CAH)? A variety of factors have converged into a perfect storm that is battering community health care facilities' finances, including:

- Declining reimbursement
- Higher costs of capital
- Increasing patient self-pay responsibility leading many consumers to seek care in lower-cost settings or opt out entirely
- Lower operating margins than larger health systems
- Advances in health care delivery that cut patient volumes and shortens hospital stays
- Lower-priced retail clinics and health networks that are extending their influence in new locations

All this has led many community hospital leaders to question the long-term viability of their institutions. And for good reason. Of the 2,000 community hospitals open in 2012, 20 filed for bankruptcy protection, closed, or announced upcoming shutdowns in 2014.¹ Since 2010, 57 CAHs have closed in 24 states.² Other standalone institutions have merged with larger networks. In fact, more than 60% of the nation's hospitals are now part of larger hospital systems. And since the passage of the Affordable Care Act (ACA), total mergers rose from 50 in 2009 to more than 100 in 2012.³

The bottom line is that community health facilities will continue to struggle—and ultimately become unsustainable—without a new approach. As a community hospital leader, how do you set a course of action that benefits both your hospital and the patients you serve?

Key Advantages of Community Hospitals

- Long history and deep experience with community health
- Well-established relationships with patients and providers
- Smaller size makes it easier to adapt to change and standardize processes
- Experience in looking across the continuum of care
- Experience running lean

Take a Closer Look at Your Key Advantage

Rural hospitals, community hospitals and CAHs must draw on their close relationship with the community to: 1) re-orient around the community's needs, and 2) focus on meeting those needs along the broader care continuum, including services outside the traditional hospital walls.

Surviving the next few years will require leadership and a strong financial foundation as revenues continue to decrease. It will also require rethinking your hospital's service line mix to effectively serve patients and also compete with larger networks in the region. In many communities, the thriving community hospital will offer a mix of essential health care services—primary care, specialty care, pharmacies, urgent care, and emergency departments—alongside preventive health services, chronic health care outreach and monitoring, and perks such as transportation to appointments.

Hospitals are moving into a new era where they must focus on preventive services and cost reduction. The future of the community hospital may be as part of a wellness network aimed at improving and maintaining health. The patient-centered community hospital will be the anchor of this new kind of system. Re-orienting to the broader care continuum and drawing on your connection with the community will be the key to surviving and thriving in the new health care environment.

A New Way to Serve the Community: The Cleveland Clinic Experience

Cleveland Clinic closed Huron Hospital in 2011. But then it built a \$25 million, 50,000-square-foot health center adjacent to the hospital's former location, staffed with the equivalent of about 100 full-time employees. It expanded beyond primary care to add specialties, an Express Care center, navigation teams, a pharmacy, a dialysis center, behavioral health services, health education programs, a kitchen to teach healthy cooking and an expanded transportation system with ten vans for door-to-door service for anyone within five miles to any one of four hospitals. This re-envisioned community health center created convenience for patients but also made it more likely they would get the services they needed. Three years after opening, monthly visits to the health center have grown from about 3,100 to more than 4,000.

Source: <http://www.post-gazette.com/news/health/2014/07/27/Poor-Health-UPMC-Braddock/stories/201407270066>

To accomplish this, first consider the patients you serve. What services would they benefit from—and what do they currently access—beyond acute care?

Next, cultivate a collaborative network of clinicians, and engage community stakeholders in the process of developing a continuum of services to serve patients' needs. While the ability to "own" the entire

continuum is not realistic for most community hospitals, hospitals should take a leadership role in organizing services to benefit their communities and coordinating care.

Having the right strategic partners—whether from aligned physician groups, IT services, retail chains or even competing hospitals and health systems—will provide community hospitals the flexibility and agility required to thrive.

Strategic partnerships allow your hospital to expand services where it makes sense. For example, Community Hospital of Munster, Indiana and the University of Chicago Children’s Hospital entered into a partnership where critically ill babies in Community Hospital’s Neonatal Intensive Care Unit (NICU) were cared for by board certified University of Chicago Medicine neonatologists. This enabled Community Hospital to expand their Emergency Department (ED) Pavilion and double the size of the NICU.⁴

Where expansion isn’t feasible, strategic partnerships can help your hospital cooperate with traditional competitors in and outside the community. For example, a small hospital in the middle of Tennessee might look at their options and strike a deal to send all of their neurology patients to a hospital in Atlanta rather than to the local Academic Medical Center (AMC).

Re-orienting to the broader care continuum—by focusing on community needs and establishing strategic partnerships—can ensure the viability of rural hospitals, community hospitals and CAHs. However, they need to get their operational houses in order to avoid going out of business or losing their independence.

4 Steps to Building a Thriving Community Hospital

These four steps will help your community hospital become a strong and thriving institution as we move into the future of health care.

1. Get control over your financials.

Community hospital leaders know that a good balance sheet and bottom line are critical—including a tight control over costs. But leaders often don’t have easy access to the right financial information at the right time, making it difficult to see where action is needed.

To get better control over the health system’s financials, consolidate the hospital and outpatient revenue cycles on to one system. This will provide transparency across the facility into revenue and performance. With ongoing visibility into performance, leaders can make adjustments where needed and plan intelligently for the future.

Community hospitals should look to revenue cycle management systems that offer:

- Efficient delegation of patient scheduling, billing, invoicing, claims processing and other revenue cycle management activities to keep denials low, days in accounts receivable (DAR) down, and free up resources to focus on patient care.
- The ability to reconcile group and individual payments against services provided to track costs and outcomes.
- Coaching from outside experts who regularly review your results and provide performance insight.
- The ability to take in lump sum payments, and allocate those to appropriate staff according to contract terms, in order to allow your hospital to move into risk-based contracts.
- Integration with the electronic health record (EHR) to streamline clinical documentation and diagnosis capture, link clinical and financial outcomes, and identify where improvements are needed to maximize reimbursement and provide the highest quality patient care.

Once the revenue cycle is in order, start to use data to negotiate better rates with payers, become the preferred provider for certain employers, and shop complex cases to larger health systems outside of your geographic area. With improved processes and work delegation, focus freed-up resources on higher value activities like exploring grant opportunities.

As patients take on greater self-pay responsibility with higher premiums, deductibles, copayments and liability, community hospitals should improve self-pay collection. A consistent and well-communicated self-pay strategy, based on best practices, makes it easier for patients to pay balances and alleviates pressure on staff.

Three Tips for Improving Patient Payment

Community hospitals already shoulder a considerable burden of uncompensated care. As more patients move to higher deductible plans, community hospitals will have to collect directly from patients even more frequently than in the past. Here are some tips for improving the collection of patient payments:

1. Create a policy that describes when you expect payment and offers discounts for time-of-service payments and for using cash.
2. Make sure you have tools for swift eligibility checking, a patient portal for easy online payments, scripts for collecting payment, and automatic payment set-up.
3. Make collection of patient liability part of the workflow by helping staff understand the importance of collecting patient payments, and providing scripts for front desk staff.

Self-pay solutions rely on having the right technology to communicate easily with patients and offer them convenient ways to pay balances.

2. Build patient loyalty.

Community hospitals already have strong brand recognition in their communities. Some patients have been getting care from the same facilities—and sometimes the same providers—across generations. But, particularly now, community hospitals should not take brand awareness for granted. Patients today have more options, and expect greater control over their care, than ever before.

What's more, enhancing the patient experience is an essential component of health reform. Provisions such as Meaningful Use, Patient-Centered Medical Homes (PCMH), and Accountable Care Organizations (ACOs) now link patient experience metrics to reimbursement. Focusing on patient engagement can improve efficiency, reduce out-migration and reduce overall costs of patient care.

Patient engagement is especially critical in rural areas. Demographic studies have shown that many rural patients suffer from chronic conditions such as hypertension, type 2 diabetes, heart disease and obesity. Often these patients are readmitted to rural hospitals within one month of discharge because they are unable to comply with their treatment or manage their conditions. Without the medical resources or information technology (IT) needed to create a comprehensive continuum of care, rural hospitals bear the ongoing costs of caring for the untreated chronically ill, and chronically ill patients continue to suffer.

One place to start is by enhancing the hospital's service orientation. Creating a "culture of engagement" means establishing a steering team and a service vision, employing easy-to-use technology, empowering patients to become collaborators in their care, and being ready to change and adapt. Staff must be engaged and have a sense of ownership of the type of culture they want to create.

A central component to a service-focused culture is having a robust patient communication system. Your patient communication system should emphasize your connection to patients, reduce workload for your staff, and empower patients to engage in their care. Patient portals enhance patient-provider communication and enable patients to check test results, refill prescriptions, review their medical record, and view education materials.

A good patient communication system should be able to:

- Connect patients with Medicare Wellness reminders and post-discharge care,
- Improve patient access with scheduling across the health system, and
- Provide a high-quality, easy-to-navigate patient portal.

What to Look for in a Patient Portal

- ✓ User-friendly features, including online bill pay, secure messaging, and patient registration
- ✓ Easy-to-use tools that help drive portal adoption among patients
- ✓ Built and branded for your hospital with flexibility to add and customize features
- ✓ The right balance of online, live and automated services
- ✓ Compliant with new mandates, including Stage 2 Meaningful Use, at no additional cost
- ✓ Integration with your medical billing and EMR systems
- ✓ Low up-front costs and low financial risk
- ✓ Easy, continuous upgrades
- ✓ Excellent support

Together, technology and patient engagement strategies can help satisfy patients who demand convenient, 24/7 access to their health information, and can increase revenue with more efficient self-pay collections and incentive payments for meeting Meaningful Use and other patient engagement initiatives.

3. Improve clinician loyalty and alignment.

Rural hospitals, community hospitals and CAHs need to leverage their community heritage and brand, but they must also be able to compete on equal terms with larger health systems to attract and retain physicians and nurses. To do this, establish an integrated, physician and nurse-led culture that enhances both patients' and clinicians' experience with your hospital.

Having a clinically integrated, physician and nurse-led culture can help your hospital remain viable in the long term by adapting to new payment models, as well as improving efficiency, profitability, and patient satisfaction.

An important first step is to define the hospital's vision for clinician loyalty and clinical integration. Consider emphasizing: 1) aligned incentives among stakeholders in the clinical care continuum; 2) a flexible backbone of tools that surfaces the right information to the right person at the right time, and 3) processes that support efficiency and quality.

In addition, foster clinician loyalty and alignment by:

- Providing an infrastructure that enables high-quality care. Organizations need services that are continually evolving to capture and intelligently filter data from all delivery settings.
- Having systems that are easy for clinicians to use. Clinicians need tools that surface information at the right point in the workflow, and without requiring them to change their frame in order to review and take action. Furthermore, clinicians—especially in rural community hospitals—often work in the hospital's associated clinic. Having a system with a consistent user experience helps drive adoption and speed physician workflows.
- Tracking orders so clinicians know what patient care is actually happening.
- Improving patient access with effective scheduling across the community health system.

It is also important to evaluate how easy it is for referral partners to do business with your hospital. Network-enabled services offer a single, shared platform that is continually updated. These kinds of solutions provide an instantly updated, streamlined order process for your clinical partners. In addition, your hospital gets full visibility into order patterns, and patients get better care.

4. Prioritize high-return projects.

Having a handle on financial data, strong patient loyalty, and clinician alignment allows the community hospital to explore growth opportunities. Hospitals can begin to prioritize high-return projects. These often include:

- Medicare and annual wellness visit campaigns,
- Hot spotting and intervention of the uncompensated care pool,

- Management of re-admits, and
- Pursuing new grant opportunities.

Look for integrated practice/financial management, EMR/clinical management, and patient communication services that provide easy access to data to help your hospital: 1) compare the financial benefits of different projects, 2) perform seamless execution of the projects with real-time monitoring of impact, and 3) access clinical data to understand the patient outcomes of each project. If your in-house team cannot efficiently handle these kinds of tasks, you could benefit from working with an outside partner with a proven track record.

Don't Go It Alone

Community hospitals need a strategic partner to provide insight and services that support their transition into a coordinated provider of community-focused care.

Network-enabled services make perfect sense for rural hospitals, community hospitals and CAHs. Network-enabled services are cost effective and have been proven to improve the delivery of health care and the financial operations at these kinds of hospitals. By removing the need to monitor and maintain traditional software and data services, small hospitals are able to eliminate on site hardware, costly upgrades, and IT overhead. Network and back-office services allow staff to focus on higher-value activities.

Network-enabled service partners that align their incentives with yours—and go at risk with you as well—are best positioned to help steward you through all the changes to come. They offer built-in, behind-the-scenes support to research and anticipate changes without extra cost. They have the people and processes already in place to optimize collections, eliminate workflow inefficiencies, aggregate disparate data, and provide deep visibility into your business processes, clinical activity and referral patterns. Your hospital has access to expert research to capture new revenue opportunities, along with industry benchmarks and best practices that help your hospital run at its full potential. You get better visibility and transparency into business processes, with targets for improving your organization's workflows and cash flows, translating into increasing value over time.

A network-enabled service provider should offer interoperability services, performance insight, and back-office support at no additional cost. This kind of service partner has the motivation and capabilities to help your hospital adapt to future payment models and many other changes to come.

With a network-enabled service partner, community hospitals benefit from the power of a network while remaining independent. That is, each clinician on the network adds intelligence about payer standards, denials, pay-for-performance opportunities and many other reimbursement issues, allowing everyone on the network to

maximize reimbursement and avoid common mistakes. The more participants there are on the network, the smarter the entire system gets.

What's more, a network-enabled service provider can use its size and scale across many different clients to take on costly administrative work and either automate or execute it, reducing costs and overhead for its clients and allowing them to focus on their core competencies. It can also offer highly knowledgeable experts, including health care professionals, to advocate for client practices and share learning with all clinicians on the network.

Network-enabled services with a results-oriented focus deliver unique value in a number of ways:

- **One patient, one chart.** Network-enabled practice management, EMR and patient communication functions are on a single, integrated platform. As patients move between the emergency room, inpatient facility and clinic, every member of the care team has access to the same information—ensuring coordinated care and efficient billing.
- **Provide a “single source of organizational truth.”** With a continually updated network of knowledge—from claims submission to best practices in workflow—community hospitals can easily monitor revenue and efficiency, pinpoint where action is needed, and track improvement initiatives.
- **Offer industry-leading interoperability.** Network-enabled service partners offer access to a national health network, can build and maintain connections, and process every clinical and administrative transaction between hospitals and their trading partners—national labs, imaging centers, public health registries—at no extra charge.
- **Create an intelligent division of labor.** A “co-sourcing” approach allows the network-enabled service provider to work on behalf of the hospital where it has a comparative advantage—leaving you to focus on improving your core competencies and pursue higher-value initiatives. You can offload burdens such as patient scheduling, reminders and results calls, and billing and denial management, while benefiting from built-in, behind-the-scenes support to research and anticipate changes such as Meaningful Use and the conversion to ICD-10.
- **Require low up-front investment.** Network-enabled solutions have no hefty licensing fees, no costly upgrades, and no maintenance fees. They are continuously updated at no extra charge. Because they don't require large start-up expenses, network-enabled services greatly reduce the financial burden of upgrading and maintaining your hospital's HIT. Since payment is connected to outcomes, you can be assured results.
- **Constantly update knowledge in the workflow.** Network-enabled service providers can continuously monitor and fix broken claims, identify and help manage clinical guidelines and P4P data requirements—all simultaneously for everyone on the network.

The health care industry is evolving even as you read this, with enormous consolidation underway. Community hospitals risk being swept away by the forces roiling the industry. But they can play a vital role in the health care industry of the future, both by providing needed services and by leveraging their historic ties to their communities to improve population health. However, they must act fast—by getting their finances in order, building patient and clinician loyalty, and prioritizing high-return projects. A strategic partner that harnesses the scale and power of network-enabled services is uniquely positioned to help ensure community hospitals retain their status as symbols of pride in the regions they serve.

The athenahealth difference

athenahealth is a leading provider of network-enabled electronic health record (EHR), practice management, and patient engagement and communication services to community hospitals. Our mission is to be the most trusted service to health care providers, helping them do well by doing the right thing.

EHR:

A network-enabled EHR for inpatient and ambulatory settings that delivers a single patient view, measurable quality improvements, and gives community hospitals the flexibility and insight to drive productivity through change.

Revenue Cycle & Financial Management:

Network-enabled revenue cycle and financial management that helps reduce your cost to collect. Brings automated intelligence to the claims process, while expert teams take on the administrative busywork that strains resources.

Interoperability services:

Network-enabled, hassle-free data exchange that receives top marks from KLAS*. We connect you to current partners (including custom interfaces), labs and public health registries (most for free) and national services, and currently process more than 1.2 billion transactions a year.

Patient Engagement:

A new standard in patient outreach via automated emails, calls, and text messages. Patients stay on their course of care, you retain schedule density. Includes an online portal for patients to request appointments and exchange secure messages with your staff.

Secure Text Messaging:

An ongoing connection among caregivers, available via mobile device and desktop. An assurance that each provider has the information they need, when they need it, and an exceptional time-saver for providing consultation or confirming patient status.

Order and Referral Management:

A simplified electronic order process that eliminates work for your staff, and makes it easier for physicians to work with one another and with your facility. athenahealth manages referrals, pre-authorization, and pre-certification, reducing inefficiencies and bad debt issues, and minimizing your staff's phone call burden.

Endnotes

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Notes



A leading provider of cloud-based services for medical groups and health systems. Our mission is to be the most trusted service to health care providers, helping them do well by doing the right thing.