

REFOCUSING MEDICAL MANAGEMENT

EXECUTIVE SUMMARY

Health systems must reassess and refocus their medical management efforts in order to improve resource efficiency, align corporate strategy with medical management objectives, and find new ways to engage physicians. BDC Advisors, LLC has developed a process for analyzing, restructuring, designing, and implementing a medical management system which can be customized to meet the objectives of healthcare delivery systems.

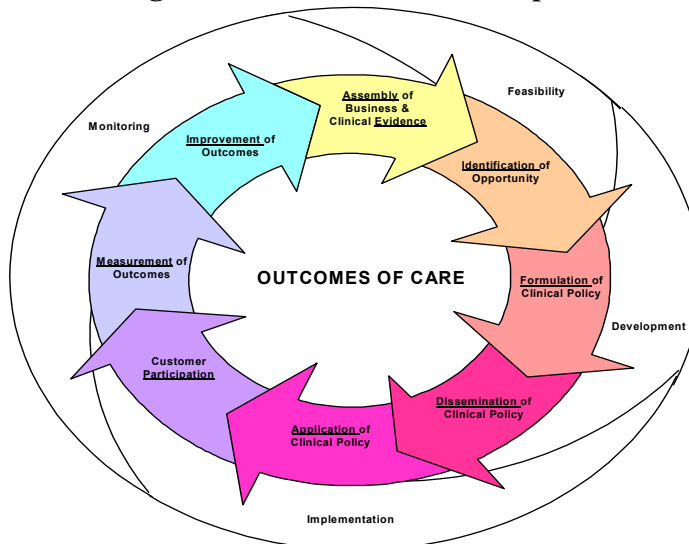
THE CASE FOR RESTRUCTURING

Provider organizations and hospital systems require well structured medical management systems, *regardless of the payment mechanisms employed*. In preparation for or response to capitation, care management has been expanded from or layered onto traditional hospital-based utilization review and quality assurance programs. This method of development can lead to a dysfunctional and ineffective medical management system. As the average hospital in the United States experienced declining operating margins from 4.2% in 1998 to 2.1% in 1999, there is a need to improve resource efficiency and reassess medical management.

METHODOLOGY AND APPROACH

A comprehensive evaluation of the entire care management structure and function is required. Medical management processes and relationships are so complex and intertwined that simple readjustments are not likely to be successful. As represented in the illustration below, medical management performance improvement represents a continuous, self-perpetuating, patient-focused, data-dependent, outcomes-driven process which requires participation of all who are involved in or serve a particular clinical service.

Medical Management Performance Improvement Process



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A five step process has been designed to reengineer an existing medical management system, build a new system, or restructure a dysfunctional system. The process identifies the unique characteristics of a health system, and structures a care management system which accounts for the uniqueness but incorporates the essential components of a successful medical management system.

Step 1: Qualitative Analysis - The real and perceived care management process is diagnosed, including human resources available, and areas of conflict based on interviews among major stakeholders, including medical directors, physician leaders, case managers, nurses, patients, and system management.

Step 2: Quantitative Analysis - Quantitative analysis measures admission rates, volume, length of stay, fixed costs, and variable costs by DRG. Data is compared with internal trend data, regional benchmarks, and national benchmarks. Priorities among clinical areas and tactics required to meet admission, length of stay, and resource allocation benchmarks are identified.

Step 3: Design Criteria and Assessment - The third step is composed of two components: development of design criteria for the new medical management system, and design changes to clinical services which provide the best opportunity for improvement. Physician-directed teams can be organized around specific DRG opportunities. For a Midwestern delivery system, patient education, consistent use of beta blockers, ace inhibitors, and patient mobilization were statistically proven to improve congestive heart failure patient outcomes. Physicians introduced procedural changes to reduce outliers and increase consistency among cardiologists.

Step 4: Structural and Functional Design - Design of a modified medical management organizational structure can then be developed, including allocation of full-time equivalents, responsibilities, reporting relationships, and performance review criteria.

Step 5: Implementation - The core components of implementation involves communication and education. Buy-in from physicians is mandatory and requires a targeted, proactive plan which demonstrates direct measurable value to the physician. Leadership development, vision casting, and system-wide education must correspond with targeted goal setting and benchmarking.

CONCLUSIONS

By prioritizing opportunities to improve resource efficiency, aligning medical management objectives with corporate strategy, and creating a physician-led process, healthcare delivery systems can create a patient-focused, process-oriented, physician-friendly, outcomes-driven medical management system. The integration of these medical management principles into the entire integrated healthcare delivery system will identify the organization as one committed to quality, build pride in the organization, differentiate it from its competitors, and provide better health services to its patients.