“Form Follows Function”
Louis Sullivan
Opportunities in service line development will increase under reform.

- Value based purchasing.
- Physician alignment.
- Bundled payments.
- Population based planning.
But are we prepared?

- What is our strategy?
- Does the structure support this?
"And so you just threw everything together?
... Mathews, a posse is something you have to organize."
Silo structure focuses on staff and physicians.

Orthopedic patients cross all functions.
Service lines focus on patient groups.

- President and CEO
  - VP of Corporate Development
  - VP of Managed Care
  - Executive VP and COO
    - VP of Systems and Finance
    - VP of Medical Affairs
    - VP of Human Resources
    - VP of Facilities Development
    - VP of Support Services
    - VP of Patient Care Services
    - Director of Orthopedics
    - Director of Oncology
    - Director of Behavioral Health
    - Director of Women/Childrens
Does your center of excellence/service line cover the continuum?

Service line definition:
A diagnostic grouping of like patients, covering all or part of the care continuum.
The continuum of service line structures.

- Service line organization
- Service line management
- Service line leadership
- Service line marketing

Hybrids adapted for healthcare

Consumer industry models

Ability to Create/Add Value

Implementation Challenge

High

Low

MindStream

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Why is structure important?

- Service line strategy is all about reorganizing!

- One of the most frequent reasons for service lines not meeting expectations.

- When structure is not consistent with goals and objectives, expectations rarely met.

- Basis for determining roles and responsibilities.
Which structure is right for you?  
A checklist

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<thead>
<tr>
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<th>Marketing</th>
<th>Leadership</th>
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<tr>
<td><strong>Culture</strong></td>
<td>Entrenched in traditional culture</td>
<td>Strong traditional culture; focus on departments, not patient groups</td>
<td>Traditional culture, but starting to focus on market vs. internal departments</td>
<td>Market oriented culture; adapts easily to change</td>
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<td><strong>Strategic Orientation</strong></td>
<td>Operational vs strategic orientation</td>
<td>Begin thinking strategically about service lines</td>
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<td>Competitive, need for differentiation strong Consumer expectations high</td>
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<td>Information systems must cross campuses and departments</td>
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Service line leadership most common structure.

• Service line “light”.

• Service line leaders are champions and thought leaders.

• Primary focus strategy, program development, service line growth and quality improvement.
But is this enough?

<table>
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<th>Pros</th>
<th>Cons</th>
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| ✓ Culture change not significant  
✓ Good stepping stone to advanced structure  
✓ Creates momentum and visibility  
✓ Provides physicians with ‘go to’ person | ✓ No authority to affect operational change - relies on relationships  
✓ Reliance on matrix relationships challenging in a silo culture  
✓ Difficult incorporating strategic thinking into operation-oriented cultures |
### When to use leadership.

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Service line management.

- Service line leader plus operational and financial accountability/authority.

- While just one step up on continuum, a significant cultural shift for any organization.

- More like consumer products model that puts control at service line level (i.e., patient centered).
Service line management.

Pros

- Single accountability for performance enables greater focus.
- Better ability to address quality, other operational issues.
- Less reliant on matrix.
- Physicians and consumers have clear ‘go to’ person.
- More entrepreneurial response to change

Cons

- Significant **culture change** not to be underestimated.
- Difficult to manage both service line and functional departments; senior leadership required to succeed.
- Physician disengagement risk.

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| VP, HR | Dir, Orthopedics |
| VP Facilities | Dir, Oncology |
| VP Patient Care | Dir, Women's |

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When to use management.

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Manager vs. leader.

**Service line manager**
- Strategic thinker
- Team builder
- Change agent
- “Executive” personality
- Entrepreneurial
- Negotiator
- Analytical

**Service line leader**
- Strategic thinker
- Team builder
- Change agent
- Sales
- Diplomacy
- Consensus builder
- Action oriented

Executive

Facilitator
Physician engagement challenging in all structures.

Two-person management teams work best under any structure.

**Physician/Medical Director**
- Physician engagement
- Physician recruitment/retention
- Quality initiatives
- Evidence based practices*
- Utilization management*

**Service Line Leader/Manager**
- Marketing
- Program development
- Patient satisfaction
- Financial performance*
- Service line metrics*
- Staffing ratios*

* Responsibilities in management structure.
Multiple options for aligning physicians.

- Full Integration
- Co-Management
- Facilities Joint Venture
- Specific Business Joint Venture
- Information System Networking
- Collaborative Brand Development and Practice Development Support/Contracts
- Coordinated and Funded Clinical Research
- Professional Services Agreements
- Advisory Councils

Scope of Activities
Questions driving alignment approach.

1. What attributes/characteristics are needed to achieve your objectives?

2. Are you looking for a fully integrated physician: hospital model or something less complex?

3. How will your alignment model affect relationships with other physician groups?

4. How much control are you willing to give up and how much are your physicians willing to take on?

5. How much are your physicians willing to invest financially in the model?

6. What are the potential compliance risks and what is your risk tolerance?
Strong matrix relationships critical for service line success.

- Role clarification and reporting structure needed for:
  - service line leader/manager
  - functional manager
  - staff

- Allegiances should be anticipated and corrected through org. structure.

- Strong support from senior leadership will help manage and/or avoid any disconnects.
Matrix relationships inevitable in any service line structure.

In most service lines, the leader/manager has two (or more) reporting relationships.
Senior management’s role in the matrix.

1. Discuss strategic plan to service line leader/managers first, then functional departments.

2. Implement the new accountability.

5. Revamp reward/ recognition systems.

Evaluating your matrix structure.

- Do support staff have a clear understanding of their roles and responsibilities in service line development?
  - Is this in their job description or informal?

- Do clinical staff have a clear understanding of their reporting relationships under the matrix?
  - Who do they report to and for what?
  - Does leadership support this fully?
  - Do functional managers fully understand and support the matrix? Is their relationship with matrix manager spelled out?

- Have you thought of everyone?
  - Senior leadership often left out
  - Ancillary staff as well as nursing
A matrix checklist.

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<th>Comments</th>
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<td>Roles and responsibilities are clear throughout</td>
<td></td>
<td>X</td>
<td>Cardiac nursing staff are ‘passive aggressive’, turning to CNO before SLM</td>
</tr>
<tr>
<td>Everyone feels a sense of ownership</td>
<td></td>
<td>X</td>
<td>Cath lab staff keep referring to ‘your’ service line</td>
</tr>
<tr>
<td>Everyone feels a sense of empowerment</td>
<td></td>
<td>X</td>
<td>Can’t get cath lab staff to take initiative to change schedule to accommodate patients without contacting SLM</td>
</tr>
<tr>
<td>All are moving towards a common goal</td>
<td></td>
<td>X</td>
<td>Not yet operating as a team</td>
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Parting Thoughts

• *Keep the patient at the center of all decisions!* Who are they and what are their needs?
Questions/Discussion
Contact

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