The image features two stylized skyscrapers in shades of green. The one on the left is a solid green silhouette of a skyscraper with horizontal lines representing windows. The one on the right is a lighter green silhouette of a skyscraper with white diagonal lines forming a grid pattern.

# The Next Generation of Service Lines: Are You Prepared?

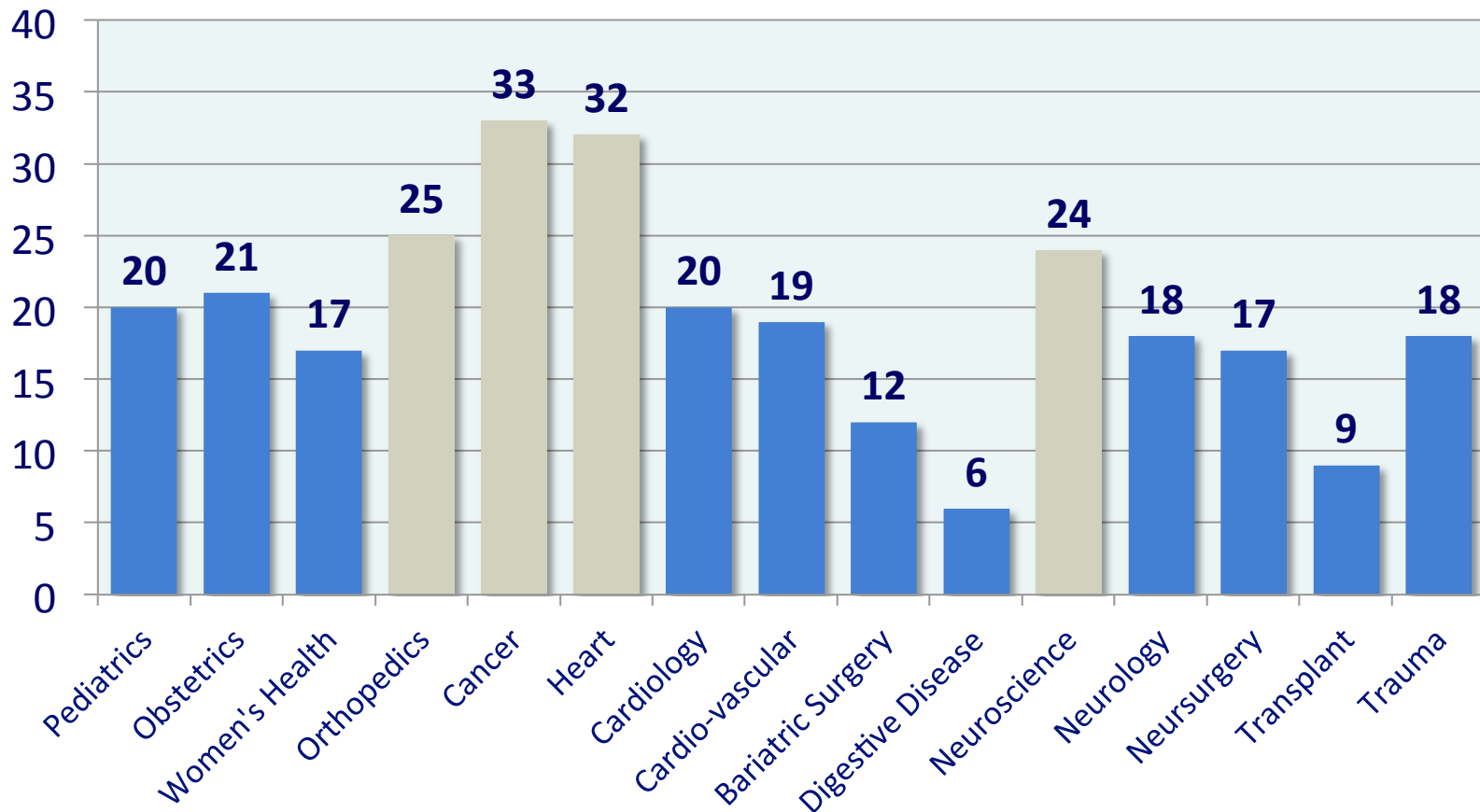
**Cecily Lohmar**  
**New Heights Group**

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# Today's discussion

- Service lines today
- What's on the horizon
- Implications for the next generation of service lines

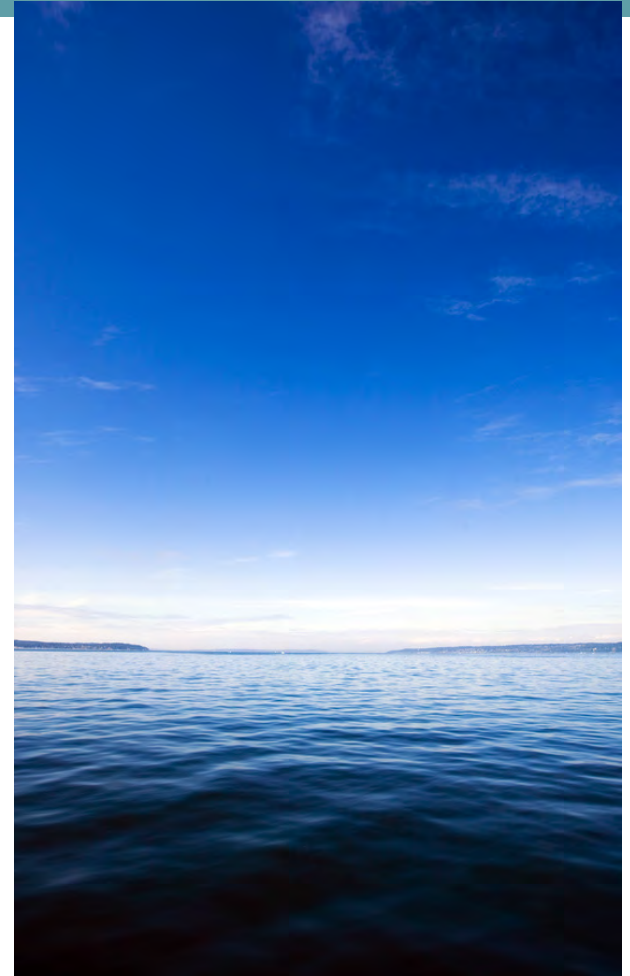
# Service line approach goes beyond 'mission critical' services



Zisner, Daniel K. and Wegmiller, Donald C. "Clinical Service Lines: Mapping the Future of Community Health", C-SUITE Resources.

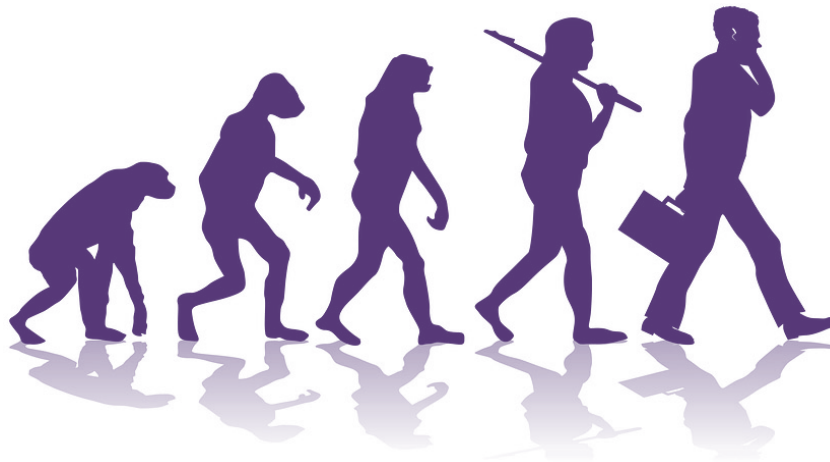
# What's on the horizon?

- Consolidation
- Value based payment
- Medical homes
- Population health management

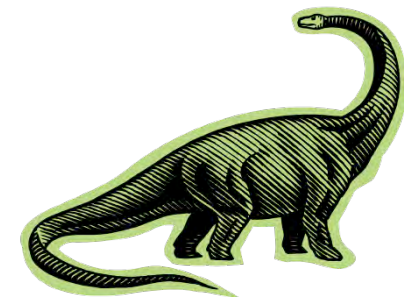


# Next generation service lines must adapt...

1. Strategy
2. Systems
3. Alignment
4. Leadership structure



OR



# 1. Strategy

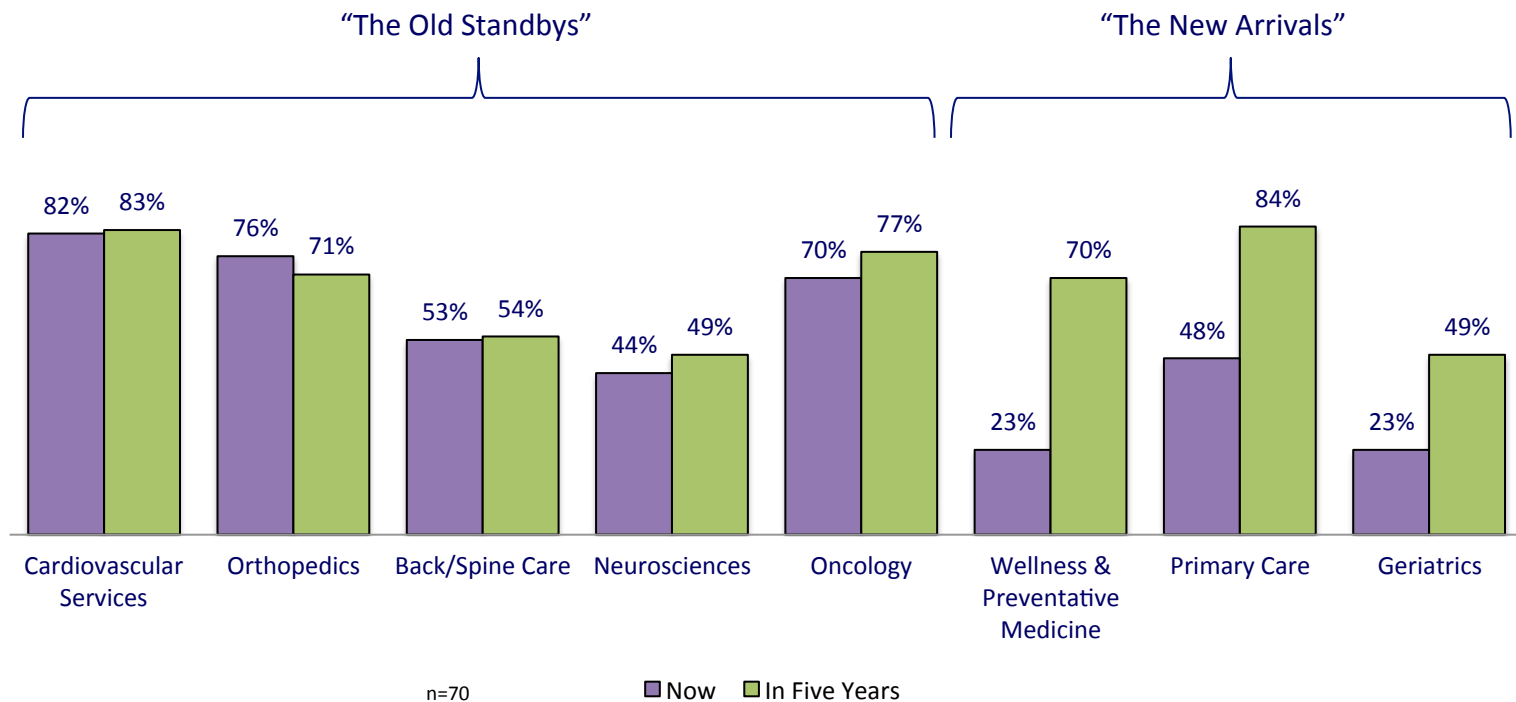
- Rethink service line definitions
- Invest in the continuum
- Address chronic disease
- Establish value-based performance metrics

# Portfolio Analysis – still pivotal step but approach changing

	Growth	Value	
Capabilities	Operating efficiency Percent of total volume	Operational efficiency Quality/pt. sat Physician support	Can we perform better? Can we accept risk?
Finance	Contribution Profit	Cost Revenues	
Market	Market share Market size Market growth	Market definition Market share Market characteristics Community need	Episode or disease based market share?

# New vs. old service line definitions

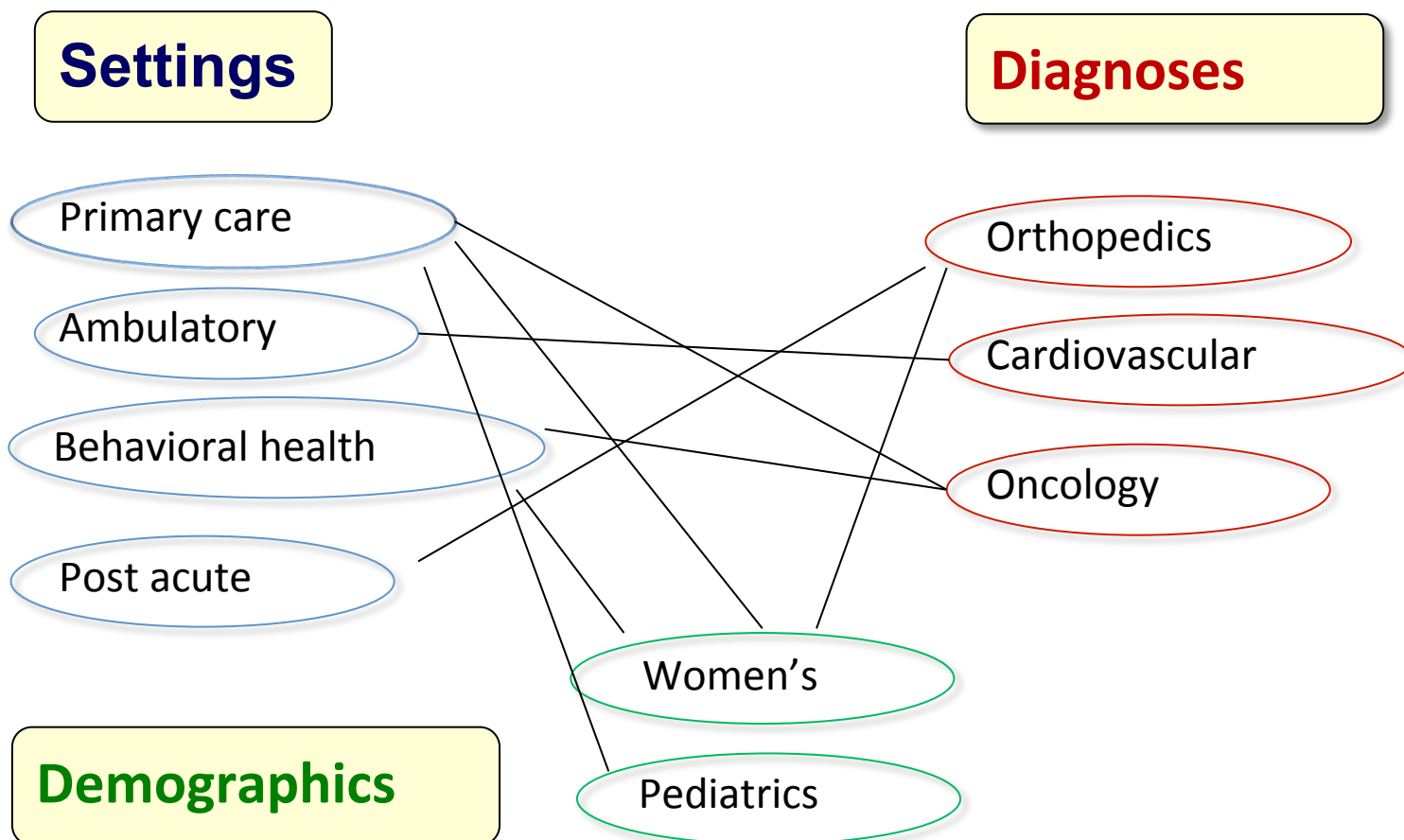
## Where does 70 y.o. CHF fit?



HealthCare Advisory Board 2011



# Great strategy or built-in chaos?



# Invest in the continuum

- Make, buy, partner options
- Investment value limited if not integrated
- Continuum and service line structure

# Make, buy or partner continuum?

	Make	Buy	Partner
<b>Organizational expertise?</b>	Strong	Good	Poor
<b>Facilities?</b>	Available	Not available	Not available
<b>Is there a market leader?</b>	No	No/Yes	Yes
<b>What is market demand?</b>	High	Medium	Medium
<b>Barriers to entry?</b>	Low	Moderate	Medium
<b>Cost of providing service?</b>	Low	Low	High
<b>Organizational culture?</b>	Same	Different	Different

# Address chronic care - options

Strategy	Pros	Cons	Examples
<b><i>Integrate into existing</i></b>	Service line definitions remain centered on similar patient groups.	Different clinical paths acute vs. chronic.	CHF in cardiovascular service line
<b><i>Create chronic care service line</i></b>	Critical mass of resources focused on higher cost/complex patients.	Integrating with 'true' service lines.	Group of diagnoses/diseases based on high volume/cost
<b><i>Create disease specific service line</i></b>	Ability to 'drill down' on select high cost diseases.	Integrating with 'true service lines.	Diabetes

# Redefine the value equation

$$\text{Value} = \text{Cost} + \text{Quality}$$

*“What is value to the customer may be the most important question for a business, and the one that is asked least often.”*  
-- Peter Drucker

- Cost
  - Copays
  - Fee scales
  - Guarantee (e.g, Geisinger Proven Care)
- Quality
  - Return to function
  - Pain
  - Caring

# Redefine performance metrics

## Old

- Market share
  - Percent of illnesses
- Processes
  - What did I do?
- Profitability
  - Managing the episode

## New

- Market share
  - Percent of SL pop
- Outcomes
  - How did it work?
- Profitability
  - Managing the population

## 2. System service lines

- Clarify reporting relationships
- Balance integration/consolidation

### Considerations:

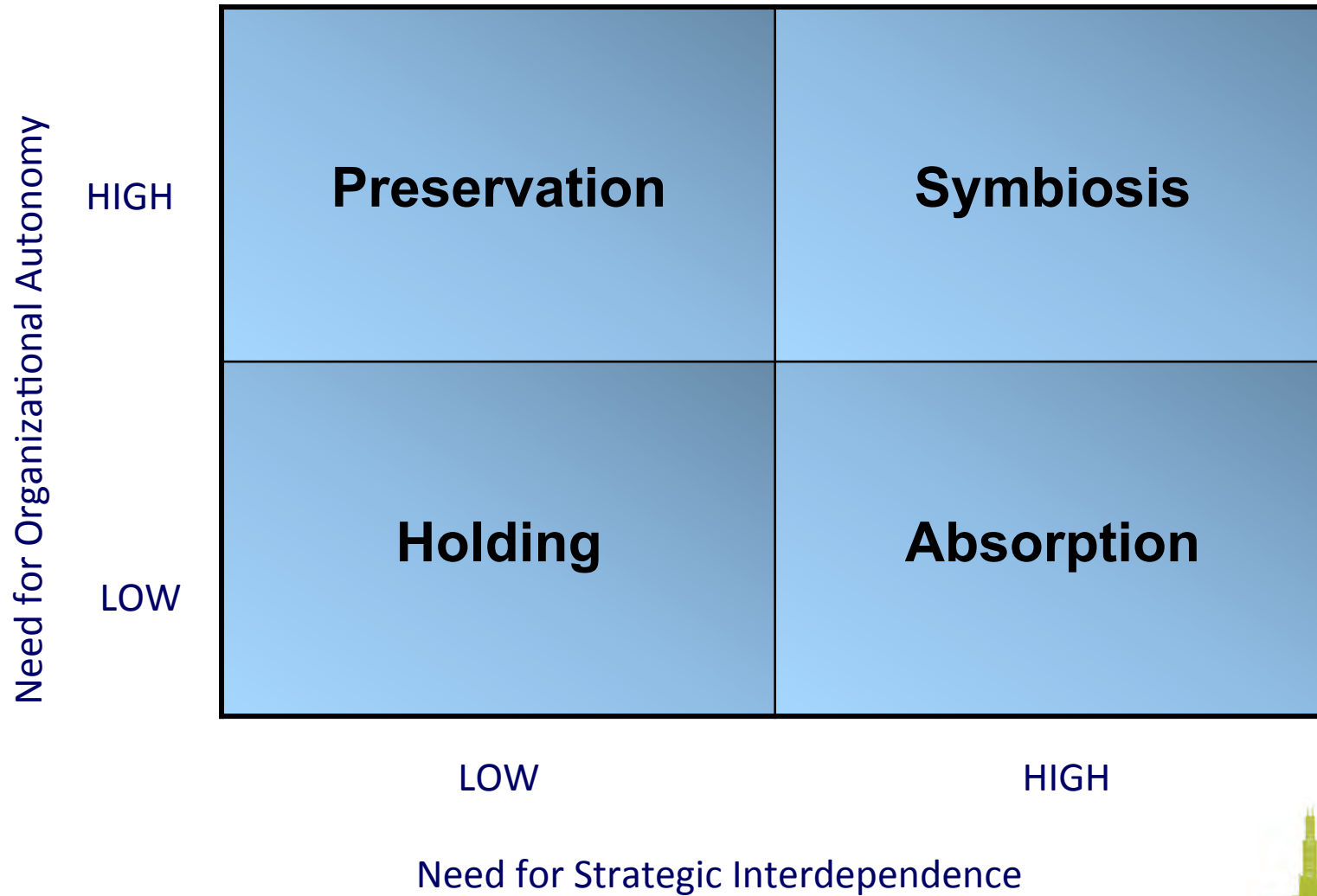
- System organizational philosophy
- Relationships between/among organizations
- Market dynamics
- Leadership

# Reinforce system strategy with structure

	Central reporting	Regional reporting	Hybrid – local and corporate
Description	Hospital and SL leader both report to system leadership	Service line leaders report to regional leadership	Service line leader has dual reporting – hospital and system leadership
Pros	Facilitates consistency & coordination	Facilitates coordination across geographic area	Strengthens SL leader visibility and accountability
Cons	Potential disconnect between hospitals and ‘corporate’	No incentive to cross regional boundaries	Potential for mixed signals – system vs. hospital



# Balance integration/consolidation activities



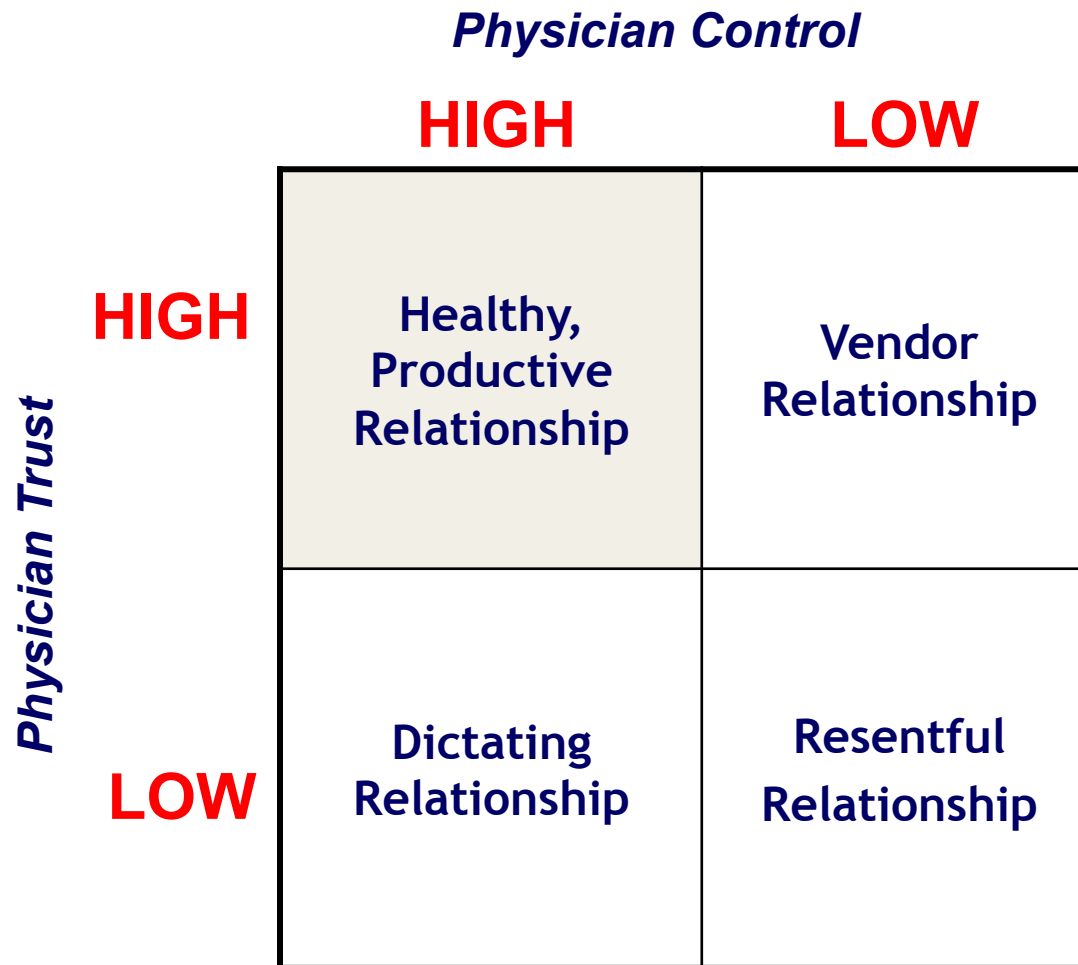
# Integration continuum

	<i><b>Coordinate</b></i>	<i><b>Integrate</b></i>	<i><b>Consolidate</b></i>
<b>Market Position</b>			
Markets served by the entities	Diverse	Similar	Similar
Distance between entities	Far	Near	Near
One entity maintains a well-known image	No	No	Yes
Demand for service consistency	Low	Medium	High
<b>Financial Issues</b>			
Payor demands for system-wide pricing	Low	Medium	High
Payors looking for case rates	No	Yes	Yes
Number of at-risk contracts	Low	Medium	High
Priority placed on cost reduction	Low	Medium	High
<b>Political Issues</b>			
Institutional culture	Diverse	Similar	Coincident
Ease of recruiting and retaining clinical staff	High	Medium	Low
Skilled service line manager / leader	No	No	Yes
Multiple medical staffs	Yes	Yes	No
Need for local control	High	Medium	Low

# 3. Alignment

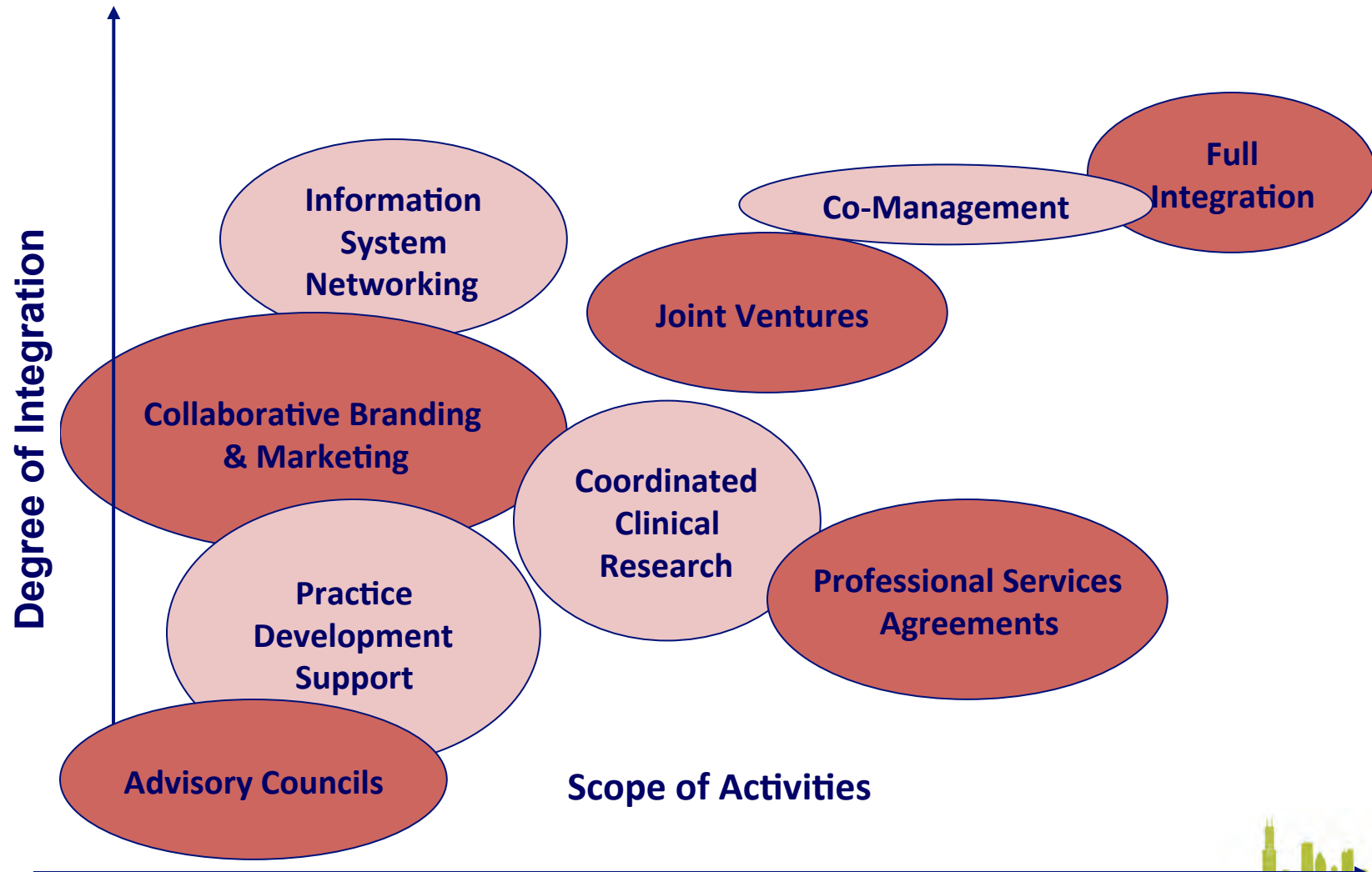
- Create multiple alignment models
- Address primary and specialty care

# What makes for successful alignment hasn't changed



Source: [Remaking Health Care in America: The Evolution of Organized Delivery Systems](#), Shortell, 2000

# Next generation alignment -greater integration and broader scope



# Match alignment to medical community

## Competitive community

- Build trust among groups.
- Modest initiatives.

## Coordinated community

- Align economic incentives, more complex joint initiatives.

## Mix of competition and coordination

- Align financial incentives.

## Employed medical staff

- Align compensation plans with service line goals.

# Multiple medical directors addresses complexity and facilitates alignment

Approach	Examples
By specialty	<i>Medical &amp; surgical</i>
By disease/program	<i>Open heart, CHF, other</i>
By population	<i>Geriatric, chronic</i>
By function	<i>Quality, technology</i>

# 4. Structure

*Form follows function...*

*Louis Sullivan*



# Companies positioned for rapid change



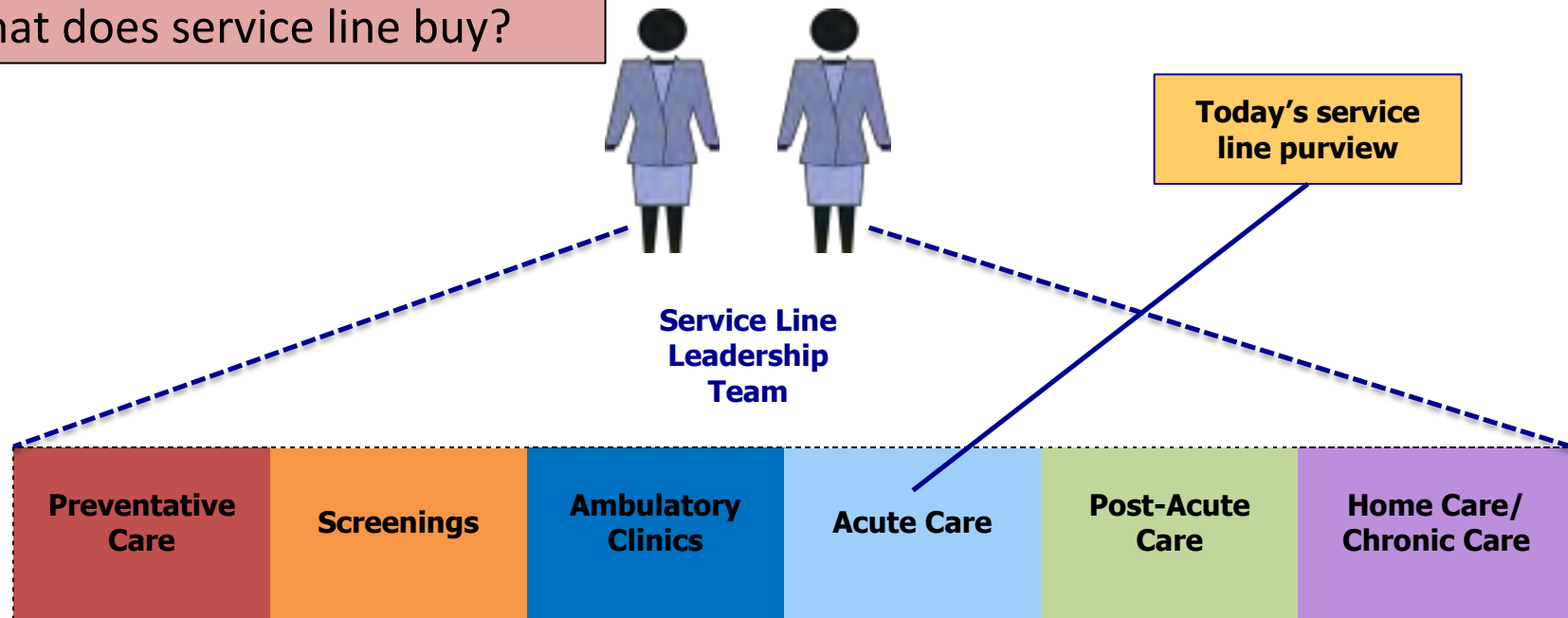
Product line managers have control over:

- Operations
- New product development
- Technology acquisition
- Full “continuum”
- Pricing

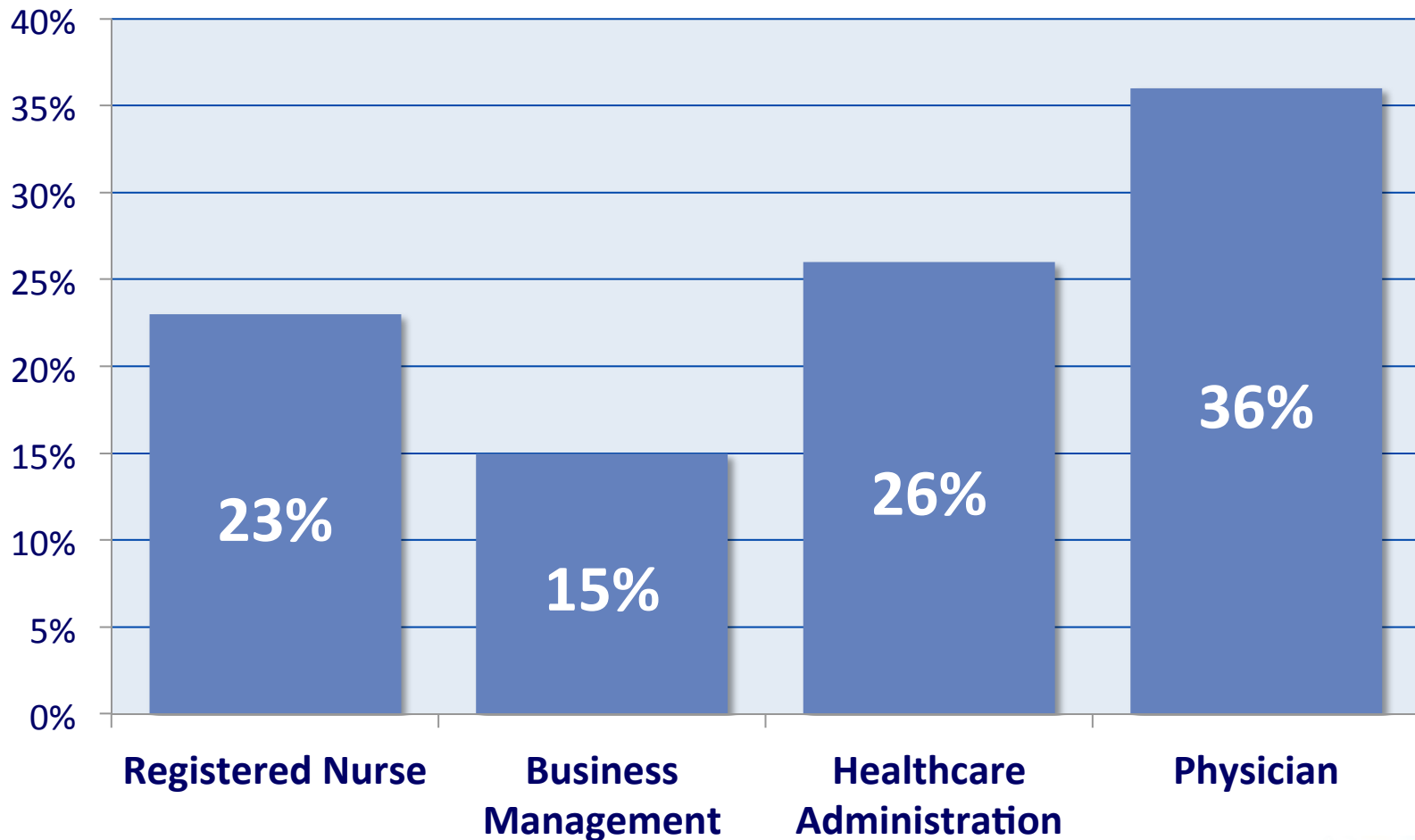
This is our next generation service line leader!

# Incorporate continuum management into service line structure

What does service line own?  
What does service line buy?



# Administrative/clinical leadership teams to manage complexity



Zisner, Daniel K. and Wegmiller, Donald C. "Clinical Service Lines: Mapping the Future of Community Health", C-SUITE Resources.

# Next generation service line leaders need COO skill sets

- Strategy
- Operations
- Entrepreneur
- Change management
- Financial management (beyond budget management)
- Partnership development/Negotiator
- Process re-engineering

# Next generation physician leaders driving change

- Physician engagement
- Physician recruitment/retention
- Quality
- Evidence based practices
- Utilization management

# Getting to the next generation

1. Have you integrated the full continuum into your service line discussion
2. Are your service line definitions still valid?
3. Are your performance metrics value based?
4. Is your service line structure clear to all?
5. Do you have tailored alignment options?
6. Does your service line leadership dyad/triad have the needed authority to create change?
7. Do your service line leaders have the needed skill sets?



# Contact

**Cecily Lohmar, Principal**

**New Heights Group**

**252 249 1225**

**[cecily@reach-newheights.com](mailto:cecily@reach-newheights.com)**

***[www.reach-newheights.com](http://www.reach-newheights.com)***





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→ scroll down & click this button:*



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