

# Practical Turnaround Strategies for District Hospitals in a Down

The news headlines today are filled with stories about struggling hospitals. While there are glimpses of hope in the financial markets, it is likely that most of 2009 will be characterized by softer volumes and suppressed revenue streams for hospitals. For a successful turnaround, consider these strategies:

Keep board members apprised of internal and external trends on an ongoing basis so informed decisions can be made without intense public board education on each topic.

- **Invest in physician relations.** Adopt the adage that physician loyalty must be won daily. Invest resources in physician liaisons and referral tracking mechanisms for independent physicians. Address the underlying physician concerns about inefficient operations, poor access, service, or quality to keep volume from going to competitors.
- **Examine pricing strategy.** In an age of increased scrutiny on the provision of charity care and demonstration of community benefit, this strategy should be executed with precision and delicacy. While raising charges may not be a viable option for every hospital, failing hospitals often charge below market rates and do not receive what they should from paying patients.

- **Conduct a thorough review of billing/collections.** More than ever, cash is king! Ensure that the billing and collections department has the appropriate leadership, staffing, management reports, and communication processes/relationships with operations to maximize cash collections.
- **Assess throughput in revenue generating areas.** Poor operating performance in these key areas leads not only to unrealized revenue from additional cases, but underutilized expensive resources. Engage physicians in the improvement process. Idle time not only results in physicians losing income, but it also creates frustration. Serving the physician customer is extremely important for both growing and retaining business in these times.
- **Examine the business portfolio.** While there may be a few places to trim around the edges, most hospital departments are likely already operating on a lean budget. Now is the time to critically examine the business portfolio. Identify the services and programs that are losing money and close or scale back

# Strategies Economy

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marginal programs. Likewise, ensure that profitable services have the appropriate resources to grow.

- **Reduce staffing appropriately.** At times, staffing reductions cannot be avoided and are vital for the continued well-being of the organization. Systematically review all management and staff positions compared to standard benchmarks and adjust for nuances of the business operations. Before implementing any staffing reductions, consider the downstream implications of potential cuts on productivity and quality.
- **Scrutinize staffing effectiveness to volume variations.** In a down economy, responsiveness to even small declines in volume is essential. Arm managers with the tools necessary to monitor performance and hold leadership accountable for results. Encourage the use of part-time and per diem employees in order to respond to volume fluctuations.
- **Engage and educate the board.** This is a special challenge in district boards because the meetings are public, and politics are real when

dealing with elected officials. Keep board members apprised of internal and external trends on an ongoing basis so informed decisions can be made without intense public board education on each topic. Financial statements and other board

correspondence should adhere to the intentions of Sarbanes-Oxley so that communication is transparent and reports are clear. For more practical turnaround strategies, contact The Camden Group at 310.320.3990. ▲

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