

The Discipline of Service Line Management

In today's tumultuous economy, hospital administrators are not alone in asking their leadership teams: "How are we going to differentiate ourselves in a very competitive market?" Some of the answers may lie in a hospital's service line strategy and asking: Do we effectively manage our service line as a business? Do we leverage our competitive advantages with our customers?

Healthcare organizations, hospitals, and physicians alike are in the position of answering demands for high quality healthcare delivered in a more cost effective manner. Competition is on the rise, and patients are asking, "Why should I choose you?" Creating an infrastructure around your key service lines ensures that your organization maximizes throughput in important service areas. In the long term, well-run service lines help hospitals ride out financial storms, attract specialty physicians, and prepare for the likelihood of payment structures centered on entire episodes of care.

Hospitals that actually manage their service lines are generally more efficient and effective than those that view them as part of general operations, says Joe Tomaro, PhD, senior vice president at Accelerero Health Partners, which has partnered with more than 150 hospitals on service line consulting. "Service line-focused organizations are consistently improving care, increasing margins, and building volume."

Getting Started: Organizing Your Service Line for Success

To get started, you must understand your service capabilities. These are definitions of what is currently in place with regard to the market forces, clinical resources, technology and facilities,

Walt Kiwall
Executive Vice President and COO
MediCorp Health System

"Having a well-organized infrastructure has enabled us to operate our service lines at peak potential, while providing patient populations with high-quality, integrated care."



and relationships. Some important concepts with regard to service capabilities include:

➤ **Know your market for each product line within the service line.** For example, product lines within the musculoskeletal service line should be defined as joint replacement, spine, sports medicine, hand and upper extremity, and foot and ankle. It is critical for you to understand your current market share and your market opportunity for each.

➤ **Target clinical resources toward the service line.** This includes surgeons, nursing staff trained in key specialty areas, and the staff to support the service line.

➤ **Form strategic relationships across the entire community.** A successful service line builds on relationships that extend beyond primary care and specialty physicians and taps into other key referral sources within the community. For example, a musculoskeletal service line should have ties to occupational medicine, area employers, secondary schools, and colleges.

➤ **Create the right technology strategy.** Use of advanced technologies will vary greatly between 50-bed community hospitals and large teaching hospitals.

Betty Casey, RN
Manager, Surgical Services,
Ambulatory Services Division
Yale-New Haven Hospital



"Our specialists are vital to the success of our hand program. We engage them by showing that we value their feedback and time. This includes holding well-organized meetings where goals and milestones are consistently set and achieved."

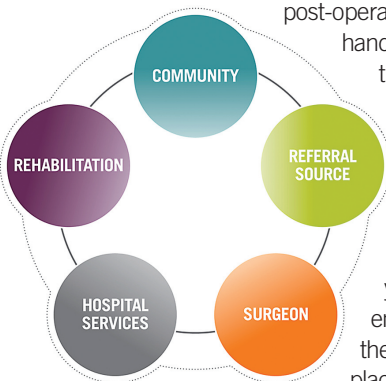
Seven Success Factors in Service Line Management

Is your service line competing at a top level? Hospitals with leading service lines share the following success factors:

> Reinforce service line infrastructure. Service lines enjoy long-term success when they are supported by senior leadership and have dedicated operations teams. Walt Kiwall, executive vice president and chief operating officer of MediCorp Health System, agrees that each service line needs to operate as a team. At MediCorp's Mary Washington Hospital, he says, "We've implemented a service line structure for all of our programs that includes a leadership and clinical model. This structure eliminates silos."

> Engage physicians. Healthcare organizations must have the right channels in place that consistently communicate they understand and are working with specialty physicians to reduce challenges. At Yale-New Haven Hospital, Betty Casey, RN, manager of surgical services, ambulatory services division, says at the recent launch of the hospital's hand program, leadership scheduled advisory board meetings with specialists every six weeks to discuss how to grow the service line. "The physicians are engaged because we come to the table at each meeting with 'nuggets,' which are projects we have worked on in subgroups. It shows them that we respect their time."

> Link the care continuum. Hospitals must diligently connect all the pieces of the care continuum. For example, a patient with knee joint arthritis should learn about treatment options through hospital-based programming or through his or her primary care physician. If a surgical intervention is necessary, the patient should experience well-coordinated hospital services and post-operative rehabilitation. The

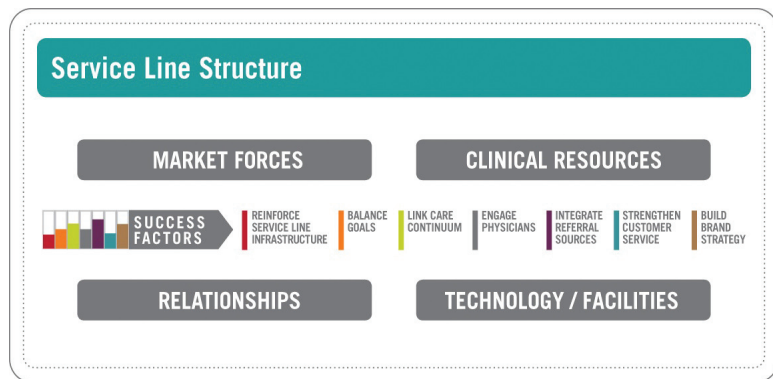


handoffs between these continuum elements should be seamless. "In a competitive environment, you can't just take care of the hospital aspect of care," explains Tomaro. "If you don't focus on the entire continuum of care, the patient may go somewhere else."

> Balance goals. A superior service line simultaneously balances goals based on three key pillars: improving patient care, increasing margins and building volume. With the current

economic pressures that hospitals are facing, it is essential to effectively manage costs. However, you cannot cut your way to success. A service line with sustainability will effectively measure and balance care, margin, and volume.

> Integrate referral resources. Each product within a given service line has its own unique pattern of referrals. To increase volume, hospitals must effectively integrate all referral sources in their service area by collaborating with clinical specialists and staff to educate referral sources about the program and its services. Ultimately, the best way to increase referrals is to provide excellent care to the patient while communicating appropriately with the referral source.



> Strengthen customer service. Customer service can be a true differentiator for a hospital in the market. While most hospitals have customer service programs in place, they often have difficulty in two important areas: They are unable to consistently isolate and act on service delivery weaknesses and they lack true transparency when it comes to sharing quality information. Hospitals with top-producing service lines consistently identify areas for improvement and publish comprehensive but easy-to-understand quality information on their Web sites.

> Build brand strategy. For optimal performance, a service line should be established, organized, and integrated under a single brand. The brand represents a promise to the community that they can count on the integrity and quality of your products and services. It is also essential to connect the dots for the consumer for each service line. For instance, in musculoskeletal services, it will be essential to succinctly help the consumer to understand that you specialize in joint replacement, spine care, sports medicine, hand and upper extremity, foot and ankle, and rehabilitation. This approach begins to establish a value transfer so the community understands the full scope of services available and that each carries the same high level of quality.

With market forces changing, the time is now for hospitals to prioritize their service line strategies and tactics to achieve market differentiation. "Organizations that are able to demonstrate service line excellence and effectively communicate their strengths to specialists and patients will become market leaders," says Tomaro. "When do you stop? Never. Even in a strong economy, healthcare is an industry of constant change."

