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4 Dynamics Impacting Children's Hospitals in 2020

By Steve Jacoby and Michael Pou

Internal and external pressures created by market disruption are forcing healthcare organizations to change the way they operate to meet consumer demands. This is especially true for children's hospitals as they grapple with balancing the needs of both parents and patients. While there's no easy solution to overcoming these challenges, children's hospitals that think, plan and act differently can fulfill their mission while setting themselves up for success today and for years to come.

1. Consumer choice is informing healthcare decision making

Parents' expectations for care are ease of access, short wait times, simple price comparison tools and kid-friendly experiences. When these expectations are not met, they will look elsewhere for care. These new demands from consumers pose a challenge to children's hospitals as they must not only focus on high-quality care, but on every aspect of the consumer experience.

Become more consumer-centric by:

- Offering virtual care options to serve your patients when it is convenient for them. Virtual options will help to minimize patients in the emergency department and primary care clinics, offsetting crowded waiting rooms.
- Improving care access across primary care and specialty areas. When patients do need to see a clinician, enable ways for patients to be seen faster. One way to do this is to confirm that physicians see the appropriate patients — ensuring their time is allocated appropriately through optimized scheduling templates and protocols.
- Embracing transparency. Make it easier for consumers to access pricing and quality metrics. This will be key in differentiating your children's hospital from others by showing your expertise and value.
- Investing in a customer relationship management (CRM) system. CRMs improve the consumer experience by creating more personalized interactions using data that helps identify the right message, the right channel and the right time to connect with a specific individual.
- Easing the payment experience for parents. Set payment expectations upfront. Create an improved patient billing experience that allows consumers to better understand statements, pay in one portal and pay bills from mobile devices.

2. New disrupters are emerging

Children's hospitals face pressure on numerous fronts. Insurers are creating narrow network health plans that often do not include children's hospitals. At the same time, community hospitals and healthcare systems are expanding into pediatric, and new state-of-the-art standing facilities are opening. Retail clinics, Walgreens, Walmart and CVS are also providing consumers alternatives for receiving care at a time and place that better fits their schedules. Providers should expect more disrupters as new entrants leverage technology and use specialized medicine to target new revenue streams.

Overcome this pressure by:

- Establishing a strong, clear sense of your organization and its purpose to differentiate yourself in market. Determine what your organization wants to be known for and how best to communicate thatmessage to consumers in the market.
- Building your brand. Traditional tiered branding strategies that hospital marketing departments have relied on will need to be replaced by more comprehensive and personalized approaches to outreach. Children's hospitals must demonstrate their unique attributes, such as convenience, quality or specialized medicine, to the market.
- Using a variety of communication channels to connect with consumers. Use social media, text messages, phone calls and emails to engage consumers, to keep your organization top of mind and to leverage the organization's brand as a top-of-mind provider for all services.
- Integrating the brand into the community. Look for ways to support the community that tie back to the mission. Your organization can support local races or sponsor wellness educational events or other local health-based initiatives to drive community awareness.

3. Reduced margins are adding financial pressures

As deductibles continue to rise and more consumers take on high-deductible insurance plans, consumers are sensitive to the cost of healthcare. As federal reimbursement rates continue to decline, supply cost increases and drug prices continue to skyrocket. These factors all leave hospitals with reduced margins.

Mitigate these significant challenges by:

- Optimizing revenue and cost opportunities Set clear metrics, timelines and strategies to achieve better performance. Have a key understanding of national benchmarks and leverage reporting to eliminate waste and drive performance.
- Leveraging quality measures to increase managed care payments. Most children's hospitals outperform their adult peers in quality but may not be receiving the higher reimbursement that comes with high-quality outcomes. Take on appropriate levels of risk that might drive additional managed care payments.
- Ensuring the organization is receiving the maximum value from their supply chain by effectively using their group purchasing organization (GPO) and standardizing their vendors.
- Streamlining care management and utilization review processes to proactively manage patient billing status, level of care, denials and length of stay. Develop and optimize an in-house physician adviser program to partner with the care management and utilization review teams, interface with payors as needed and educate the medical staff.
- Looking for additional opportunities in midrevenue- cycle value, e.g., compare expected reimbursement against actual reimbursement to understand payment trends.

4. New alignment models are enabling better outcomes and quality

According to a report from the American Hospital Association, healthcare mergers, acquisitions and consolidations are helping organizations decrease costs while enhancing quality. Many healthcare organizations are forming innovative partnerships with businesses outside the industry, taking a different approach to meeting consumer demands.

Determine what models work best for your organization by:

- Evaluating your place in the market. Determine if your organization should remain independent, collaborate with another organization or join a healthcare system. As you develop a strategy, many factors — including your ability to connect patients to research and how easily you can reach a large population of children — should be considered. If collaborating or joining a system will help make this happen or alleviate financial pressures facing your children's hospital, it may be the right choice.
- Exploring organizations outside of healthcare. Partnerships with technology companies, financial institutions, retailers and local community organizations can enable healthcare organizations to expand their services, increase access to care within their community and improve the patient experience.

As your children's hospital continues to provide care to some of the most vulnerable patients, finding ways to overcome obstaclesthrough innovative care delivery solutions,strategic planning and a focus on your organization's mission will allow you to not just care for these children, but provide better outcomes at a better value. By integrating strategy and operations, leadership can drive the changes their organizations need to weather internal and external disruption.

Key Takeaways

Children's hospitals must take action to own their future and navigate the changing environment. To do so, they must:

Think differently.

Maintain a consumer-centric mindset when problem-solving for organizational challenges.

Plan differently.

Think about your long-term clinical, financial and operational goals, and determine if it makes strategic sense to optimize current operations or explore innovative partnerships.

Act differently.

Look for opportunities to maximize value from supply chains and technology, and use the brand to create stability and growth.

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