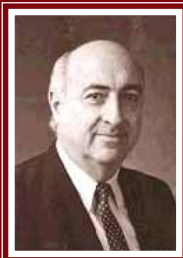


By S. Harvey Price



S. Harvey Price is editor of *For Your Advantage*. A health care industry strategist based in Boca Raton, Fla., Mr. Price has worked as an independent consultant since 1971. His clients are community hospitals, hospital systems and major corporations.

About FYA

FYA - *For Your Advantage*, is a free twice - monthly newsletter published by TrendLeader Connections.

With every issue, FYA provides insights into the topics that concern healthcare leaders today and the challenges that will be faced in the near future.

The newsletter is provided free to healthcare CEOs only. The editorial content is not copyrighted, and CEOs may use the material in any way they wish.

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How Am I Doing...and They Mean It

Most hospital leaders are familiar with patient satisfaction surveys. Some hospitals use questionnaires they have developed on their own. Others use commercial services like Press-Ganey. Last month, Health Grades, Inc. announced the most ambitious survey plans using an interactive Web site.

Health Grades, Inc. is a healthcare quality ratings company. Founded in 1999, the firm is headquartered in Lakewood, CO. It provides clients with targeted information that enable them to measure, assess, enhance, and market healthcare quality. Over one million consumers visit its site each month for: Hospital Report Cards, Physician Quality Reports and Nursing Home Quality Reports. Over 15 million consumers now have access to its information through their employers, health plans and benefits managers.

Now comes CompareYourCare. Health Grades explained it to the Wall Street Journal this way: "After walking patients through an online questionnaire about recent doctor visits, the program grades the care using data from national treatment guidelines. Surveys are tailored for conditions such as asthma and diabetes but also include an adult 'general health' comparison tool to gauge whether doctors are providing recommended screenings for blood pressure and cholesterol, and counseling on smoking, exercise and diet." While CompareYourCare is a free service, the company provides reports on hospitals and doctors for \$10.

Dartmouth Medical School in Hanover, NH, is expanding its online survey known as "How's Your Health?" The survey has been available to the military and state health departments for several years. It will be available shortly through non-profit and business groups and to consumers later this year. Beyond surveying patients about overall health, the site asks about patient experiences with the healthcare system, such as how well and how often patients connect with their doctors and whether they feel doctors are aware of problems, explain things clearly and provide useful information.

The Wall Street Journal reports that also, later this year, the federal Center for Medicare and Medicaid Services plans to launch a consumer site-Hospital Compare-offering reports on how thousands of hospitals care for heart-attack, heart-failure and pneumonia patients. Medicare is also designing a survey, as part of Hospital Compare, to gather patient perspectives on inpatient care, such as communication with doctors and nurses, pain control and the usefulness of information provided at discharge. Results will be posted online to provide a comparison of hospitals from the patient's point of view. A similar survey will rate patient experience with individual physicians.

It goes without saying that some doctors and hospitals are uncomfortable with the comparison tools. There are doctors that think of the patient surveys as yet another infringement on their ability to practice medicine. Hospital leaders suggest that using random patient surveys to grade individual hospitals is unfair.

However, everyone is aware that patients are becoming savvier consumers. Mark

How Am I Doing...and They Mean It (continued)

Fisher, chief executive of the Minnesota Healthcare Network, which includes 500 primary care doctors and 500 specialists told the Journal that "his group encourages patients to take the CompareYourCare surveys, print out the results and come back with questions if it appears something was overlooked. As consumers are being asked to dig deeper into their own pockets for healthcare, they need an unbiased source of information to help them make decisions. We've seen the physicians do a 180-degree turn

as they realize that if patients aren't satisfied, they may not return."

Expect more third-party questionnaires going out to your patients judging your safety and convenience and whether physicians on your staff are meeting the best standards of care.

That's my opinion. What's yours? Send it to:
hprice-tmg@worldnet.att.net.

Gain-Sharing is Back

By: Rick Kneipper, Chief Administrative Officer and Co-Founder of PHNS

Suddenly gain-sharing with physicians is back, after having been banned by federal anti-kickback laws such as Stark. The Department of Health and Human Services' Office of Inspector General (OIG) recently has issued advisory opinions that say it would not impose anti-kickback sanctions for arrangements in which hospitals share with physicians certain cost savings from improved use of cardiac surgery and catheterization supplies. The OIG said that while the proposed arrangements would constitute improper payments to physicians under anti-kickback laws, the OIG would not impose sanctions because of the proposed safeguards, which include the "transparency" of, and the "credible" medical support for, the arrangements. (The decision by a government agency to publish opinions saying that it won't enforce a federal statute adopted by Congress raises fascinating legal and political issues that won't be addressed here.)

While limited to the specific proposed arrangements, these opinions could have widespread implications to the hospital industry. Hospitals have struggled to find new ways to reduce costs, and exhorting physicians to help hasn't been as effective as it could be because the hospitals didn't have a good answer to "what's in it for me." Moreover, many hospitals have lost physicians to physician owned specialty hospitals, which provide the owners with economic benefits from cost reduction.



So, the new policy could be a good thing. The approved arrangements are projected to save 10 percent to 25 percent on supply costs for the not-for-profit hospitals, and produce significant cost-savings payments to the doctors who help to improve the efficiency of the not-for-profit hospitals where they practice. And the for-profits are jumping aboard too. HCA Inc. was reported in yesterday's edition of The Wall Street Journal to be seeking OIG approval for a similar physician gain-sharing arrangement on cardiac and orthopedic supplies, which account for about \$1 billion of HCA hospitals' \$3.5 billion in annual purchasing costs. Thus the OIG gain-sharing opinions could be very helpful to both for-profit and not-for-profit hospitals that need help in further lowering their costs.

However, a critical issue is whether these cost-savings arrangements will adversely affect doctors' decisions to provide quality patient care. There is no question that hospitals need help from their physicians in order to lower costs, but that help should only be allowed if it can be done without lowering the quality of patient care. In the past we've seen examples of how pressures to reduce costs and improve hospital efficiency had negative effects on patient care, and thus the OIG needs to tread carefully so that it does not let that happen again in the name of cost-savings.

I would like to hear your comments.
Send them to: Richard.Kneipper@phns.com

[BOOK CONNECTIONS]

A service of FYA

When Sergio Zyman writes people read. He's guaranteed to be provocative. His last book was *The End of Marketing as We Know It*. His latest book is no less provoking. Its title is *Renovate Before You Innovate-Why Doing the New Thing Might Not Be the Right Thing*.

In his last book, Zyman argued that Madison Avenue-style marketing campaigns were done for: the purpose of marketing was to get more customers to buy more products, not to amuse people with arty ads. In his new book, Zyman throws cold water on another marketing axiom: innovation, the designing and branding of new products and services, are a waste of time and money. "Only one of every 58 new introductions succeeds," he points out, and those that do may end up cannibalizing a company's existing brands. Renovation, he says, is a better way for companies to spend their resources.

Zyman writes from years of experience as the chief marketing officer of the Coca-Cola Company and the practical knowledge gained from his consulting work across many different industries.

Using examples and statistics, Zyman drives home the need for executives to retain customers, to think in terms of what customers want (not in terms of what they can be sold) and to require dollar-based accountability from marketing strategies.

His latest book offers practical tools to rejuvenate a company and drive sustainable, profitable growth. Among other things,

you'll learn the crucial difference between your core essence and your core competency, how to rethink your value proposition and how to avoid the five innovation pitfalls. The mistakes are:

1. Focusing on leveraging core competencies instead of core essence.
2. Pursuing creativity at any cost and treating all new ideas as potentially equal.
3. Limiting innovations to only new products and services and forgetting that innovation is about creating new value for customers, consumers and the business.
4. Growing horizontally instead of vertically.
5. Trying to innovate by acquiring other companies instead of growing organically.

You'll enjoy statements like "We've got a bunch of companies that have forgotten all that boring stuff that made them successful in the first place and are getting into areas they don't know anything about and have no business being in at all... 'innovation' is just another word for 'giving up.' It's saying that things are so bad that it's easier to get into an entirely different line of business than to deal with our problems.

It will surprise you to learn how much Zyman writes can apply to the healthcare industry. His books are quick reads-no jargon, no technical discussions-and relatively short (233 pages).

About



FYA - For Your Advantage is brought to you by TrendLeader Connections. The function of TrendLeader Connections is producing educational materials and seminars that help healthcare executives differentiate between fads and trends; and making connections with "Trend Leaders" within the healthcare industry.

We are committed to delivering new perspectives and ideas, creative and innovative healthcare solutions, provocative concepts and quality educational materials to today's healthcare leaders. We want to concentrate on "what comes after what comes next."

[BOOK CONNECTIONS]

BOOK STORE



Renovate Before You Innovate

Why Doing the New Thing Might Not Be the Right Thing.

by Sergio Zyman

\$24.95 - Hardcover

[Click here to order this book online.](#)

Some hospital security systems block purchases over the Internet. As an alternative, call 406/586-8775 to place an order for this book.

About 

PHNS is an innovative healthcare services company providing strategic outsourcing services in information technology, health information management and receivables management to approximately 160 hospitals. PHNS is not a consultant, vendor or software company but a partner, a solution. PHNS understands healthcare because our partners are healthcare and healthcare only. Unlike its competitors, PHNS strategically aligns itself with a hospital's clinical and financial goals and objectives. Through its unique business model, PHNS reduces costs by aggregating, consolidating and sharing resources among its participating hospital partners. PHNS helps hospitals manage information systems, computer technology, patient records, coding and patient billing to improve patient care, safety and efficiency and increase profitability and efficiency. For more information, visit www.phns.com.