





The Senior Health & Wellness Center  
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# Business Case Development

James Campbell MD MS  
Leadership Conference  
San Diego Ca.



# Learning Objectives

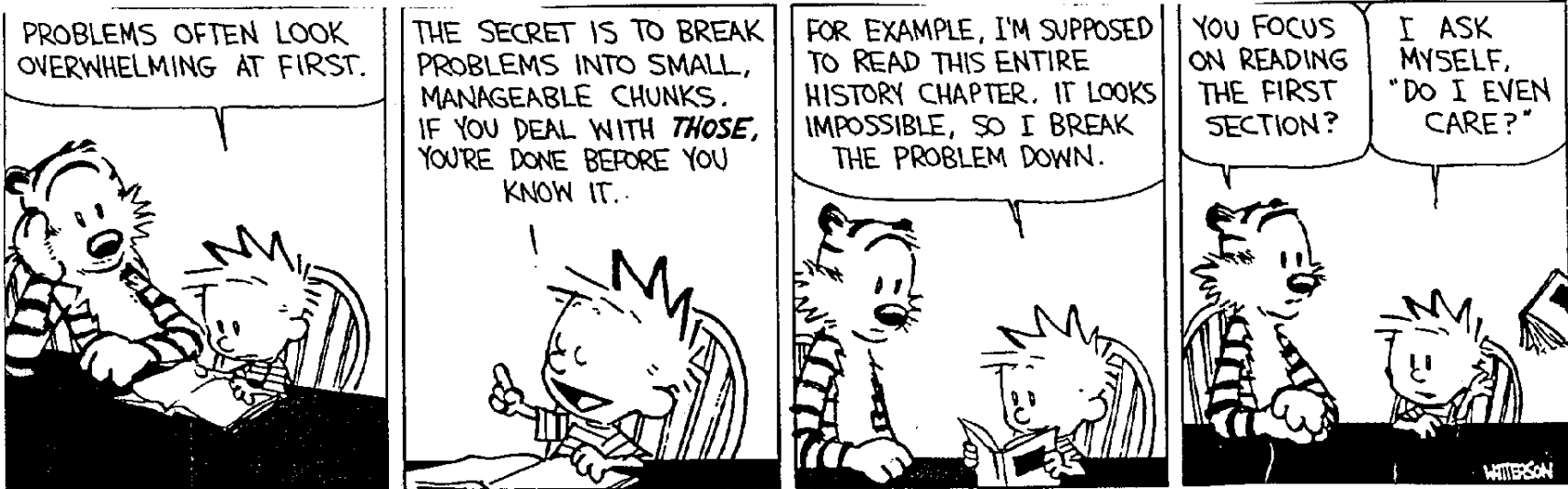


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- Understand basics of business plan development
- Appreciate need for stakeholder assessment
- Understand how to do environmental assessment
- Comprehend multidimensional value assessment
- Home work: next month steps (2) to improve learners individual program





# Background



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- Assumptions
  - ❖ Comparisons
  - ❖ Historical
  - ❖ Environment
  - ❖ Culture



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# Assumptions



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- Comparisons
  - ❖ Primary care
  - ❖ Consultative care
  - ❖ Palliative care



# Assumptions



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- Environment
  - ❖ Managed care penetration
  - ❖ Reimbursement rates
  - ❖ Long term care utilization
  - ❖ Inpatient stats e.g. re-hospitalization
  - ❖ Region bed capacity and utilization
  - ❖ System bed capacity and utilization





# Assumptions



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## ➤ Historical

- ❖ Preconceived ideas
- ❖ New program recent history
- ❖ Worst case last 10 years
- ❖ Best case last 10 years
- ❖ Who weighs in?



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➤ Small Group work



## Comparisons & History

- At my institution geriatrics is understood to be \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- At my institution geriatrics is compared to \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- My institution has recently supported \_\_\_\_\_
- \_\_\_\_\_
- My institution has recently had a negative result with \_\_\_\_\_
- \_\_\_\_\_



# Assumptions



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## ➤ Culture

- ❖ Academic
- ❖ Research
- ❖ Teaching
- ❖ Productivity
- ❖ Mission and vision statement



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➤ Small Group work



# Stakeholder Assessment



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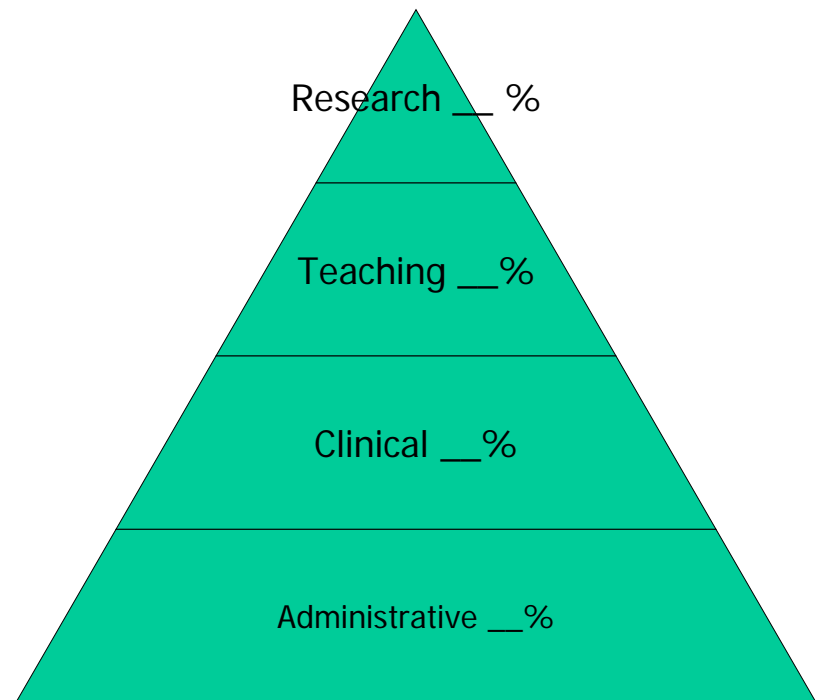
- Health system
  - ❖ Faculty
  - ❖ Operations administration
  - ❖ Finance Administration
  - ❖ Chair
  - ❖ Service line director
  - ❖ CMO
  - ❖ CEO
  - ❖ Board



➤ Individual answer



- A CART ( Clinical-Administration- Research-Teaching) analysis of my institution would best be represented by the following diagram







- Patients
- Community
  - ❖ Service organizations
  - ❖ Government
    - ◆ City
    - ◆ Regional
    - ◆ State
    - ◆ Federal
  - ❖ Philanthropic community



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➤ Small Group work



- Culture
- The culture at my institution could best be described as
  - ❖ Hierarchical
  - ❖ Change Averse
  - ❖ Change Accepting
  - ❖ A business culture
  - ❖ An academic culture
  - ❖ Other



# External Validity



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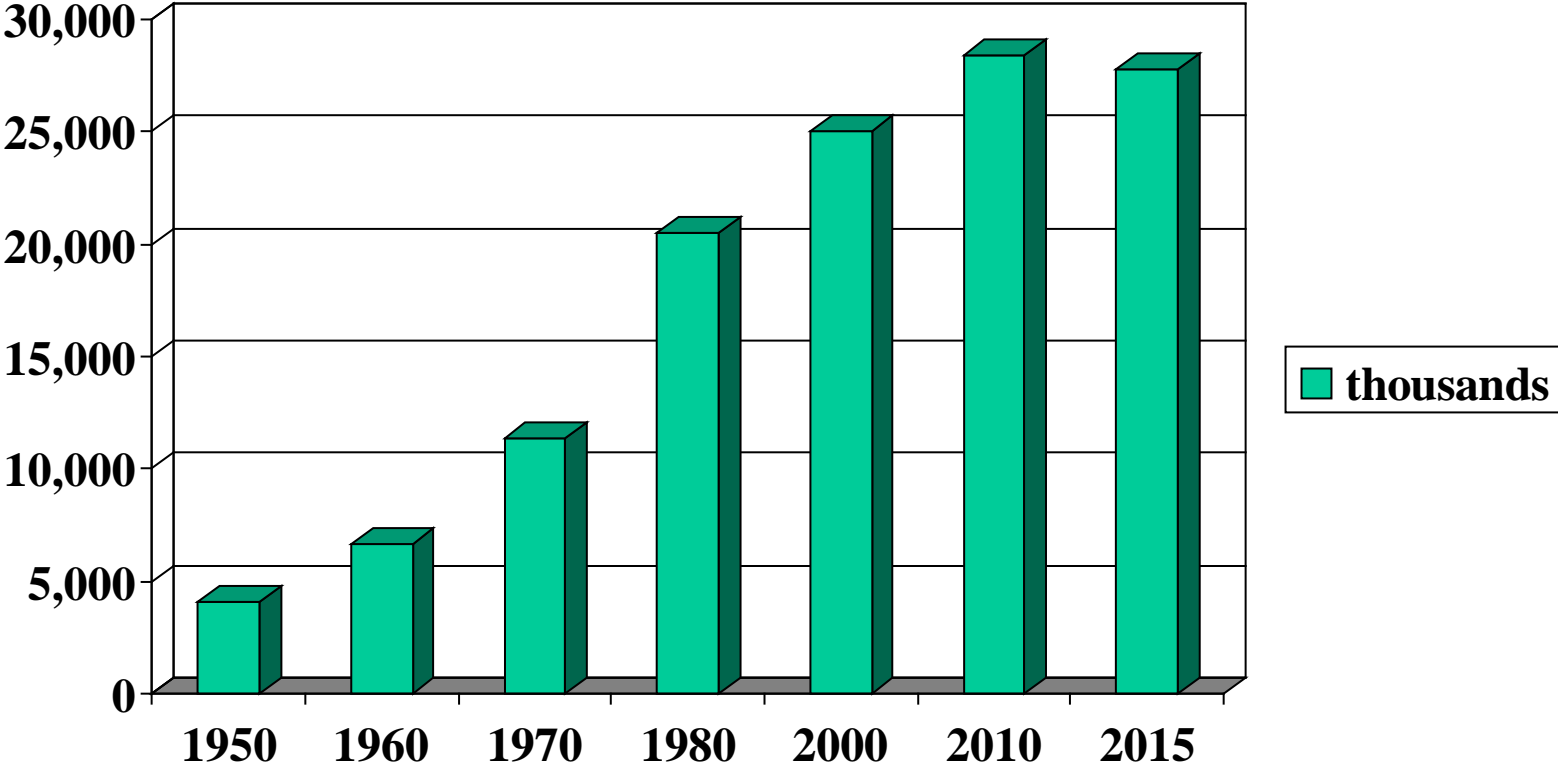


- The national literature on my proposed business development
  - ❖ My proposal is clearly supported with evidence based results
  - ❖ My proposal is supported by opinion pieces and white papers
  - ❖ My proposal is not reviewed in the literature
  - ❖ A review of the literature would not support my proposal
- The stakeholders at my institution trust information from?
  - ❖ National medical literature
  - ❖ National hospital associations
  - ❖ Local hospital associations
  - ❖ Colleagues
  - ❖ Physicians
  - ❖ other

# Population Trends



Actual and Projected Increase in 85+ Population - Cuyahoga County 1950-2015



Data source: US Census, 1950-1990. Ohio Data Users Center



# Value Added Business Case



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- Story development
- Audience
- Service line alignment



# Value Added Business Case



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- Revenue levers\*
  - ❖ Average revenue
    - ◆ Price
    - ◆ Collections
    - ◆ Case mix
  - ❖ Volume
    - ◆ New patients
    - ◆ Physical capacity
    - ◆ Operational capacity

\* Weatherhead drivers of financial performance







- Cost levers
  - ❖ Labor
    - ◆ Staff number
    - ◆ Staff mix
  - ❖ Supply cost
    - ◆ Reduced cost
    - ◆ Reduced use
  - ❖ Overhead cost
    - ◆ Liability
    - ◆ Interest / depreciation

\* Weatherhead drivers of financial performance



## Analyze on a system perspective



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- Capacity management
- Operational efficiency
- Throughput
- Effect on other service lines / departments
  - ❖ Analogy to primary care
- Effect on GME
  - ❖  $DGME = \text{per resident} \times \text{inflation} \times \# \text{ residents} \times (\text{Medicare days} / \text{total days})$
  - ❖ IME is a DRG add on to Medicare DRGs



# Analyze on a community perspective



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- Economic analysis
- Job creation/maintenance
- Tax base
- Economic spin off
  - ❖ Construction
  - ❖ Community service use
  - ❖ Community retail use
- Less tangible community benefits
  - ❖ Crime
  - ❖ Community sustainability



# Change



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- Certainty
  - ❖ Funding
  - ❖ Economy
  - ❖ Policy
  - ❖ Clinical practice



# Formats



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- Synopsis
- Market
- Operations
- Physical
- Financial
- Implementation
- Participants
- Data procurement



- Introduction
  - ❖ Mission/Values/ideology
  - ❖ Collaborative partners
- Assumptions
- Critical success factors
- Potential market
- Competition
- Referrals
- Expansion opportunity
- Summary



# Formats



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- Strengths
- Weaknesses
- Opportunities
- Threats



## ➤ Strategy

- ❖ Arena of activity
- ❖ Vehicles to get to goal
- ❖ Differentiators how to win in marketplace
- ❖ Staging speed and sequence of moves
- ❖ Economic logic how to obtain and measure results

Hambick D. Fredrickson J

Academy of management executive  
2001 vol 15 #4





➤ Small Group work



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MICK JAGGER AT 95



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