



## **SIMPLE BUT POWERFUL SOLUTIONS THAT PRODUCE RESULTS**

### **Be ADEPT At Navigating Through The Next Wave of Healthcare Reform December 2016**

#### **Creating a Sustainable Future in the Midst of Change and Uncertainty**

The new administration is preparing to roll out changes in the way healthcare and health insurance are structured and financed. We can view this as another, but probably not the last, wave of healthcare transformation. Along the way it is likely that there will be both uncertainty and disruption -- **how should leaders proceed?** (Click [here](#) for an overview of potential policy changes and the implications for providers)

We suggest that leaders begin immediately to assess the impact of the potential policy changes at the federal level on their organizations and their markets well before the policy debate is settled. This assessment must continue until the policy questions and their implications become clear and actionable.

It's important that your assessment and reactions are location and context specific. The challenges that will be faced by small and rural hospitals and health systems will be very different that those face by mid to large sized hospitals and health systems in suburban and urban locations or by Academic Medical Centers. Healthcare organizations will clearly be affected by your state government's response to shifting decision making for Medicaid related to access, benefits, safety-net consideration and payment rates to providers.

Your assessment will be iterative as more information becomes available and you are better able to access impact and market reaction. We suggest you appoint a small CEO led team, including physician leaders, with specific charge to quickly bring forward initial assessments and potential responses for early evaluation. The initial assessments should be requested and completed within 30 days with continuous refinement of both your assessment and potential responses as new information and insight become available. This team should also systematically tap into, advisors, hospital association staff, and legislative contacts others with early insights into policy direction.

Whether you call this Scenario, Contingency or Rapid Response Planning, the key to preparing for sustainability in the face of high uncertainty is to begin assessing the likely changes, challenges, threats and opportunities and designing potential responses well before the dust has settled.

The objective of this process is to master the ability to quickly respond to environmental challenges with actionable solutions (the necessary course corrections). Waiting for better information will not work in times of high uncertainty.

#### **Steps to becoming ADEPT at sustainability planning in times of high uncertainty:**

**Assess** your national, state and local political environment, your local market dynamics, and your competitive situation as realistically as possible. Identify what you know about

government and non-government payers, your current competition and potential new entrants and your local consumers. Detail what you know and clarify your assumptions about key stakeholders important to your future.

**Design** your response and set direction for managing during the transition period while policy remains in flux. Remember a plan that keeps you moving in the right direction is preferable to a “perfect plan.” Recognize that your transition period may be prolonged.

**Evaluate** and adjust your direction and re-evaluate regularly during the transition period. Establish and closely monitor triggers that alert you to key policy and market changes that potentially impact your organization’s future. Repeat and refine your transition plan until the dust clears and your long term strategy becomes clear.

**Promote** your assessments and your plans among all key stakeholders aggressively, include governance, physicians, employees, and community and business leaders. To galvanize your organization’s focus, you must define your assessment and response/plan to a clear set of short and long term action steps that are communicated thoroughly to all stakeholders.

**Translate** your plan into actionable tasks with accountability, and be prepared to make adjustments along the way. Remember, your organization must remain competitive in and “essential” to the communities they serve in terms of quality, cost and access in an environment which will produce reduced demand and increased competition for scarce resources.

### **Some of the questions to address:**

- What are the most likely changes to Medicare and Medicaid over what period of time?
- How will your state government react in terms of eligibility standards, benefits/coverage and payment to providers?
- What changes can you expect from regulatory relief for private insurers?
- How will your market, insurers, employers, and competitors react?
- How will consumer’s behavior change assuming expected changes in benefits and increases in out of pocket expenses?
- What volumes and payment rates can you expect for your inpatient, ambulatory, and emergency units, your physicians and your non-acute partners?
- What physician relationships and integration vehicles will be required to remain essential?
- What contacting vehicles, affiliations or partnerships will be needed to ensure your success?
- What strategic and operational imperatives will you have to achieve to ensure sustainability with or without these impending changes?
- How will your overall financial performance be affected and what innovative payment models should we be considering?

### **Your plan must provide clear direction throughout the transition period and beyond concerning:**

- The strategic and operational imperatives you will have to achieve to ensure sustainability with or without these impending changes.
- The required adjustments to your care delivery model.
- How you will capture sufficient covered lives to achieve sustainability.

- The resources, time, organizational capacity, relationships, and talent needed to operate successfully in this new environment.
- The contracting vehicles, affiliations or partnerships needed to ensure your success.
- What you will do if you determine that your organization cannot sustain itself under the changes in policy being proposed.

These are tough questions that must be addressed while most organizations continue to concentrate on improving costs, quality and access to care. You may need the assistance of an objective third party.

Let us know if we can help.



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