

Cost Neutral or Return Optimal?

By: Dave Geenens, President/CEO Avascend Healthcare Hospitality

Hospitals all over the country are investing millions of dollars on infrastructure readying for the aging baby boomers. Big returns are expected from these significant investments. Top lines are expected to grow with more patients, more appointments, more procedures, better technology, and more doctors and nurses providing healthcare. Yet, when it comes to a patient's or guest's experience, outside of the delivery of diagnostic and treatment services, return is no longer the expectation. "Cost neutral" is the common term used by hospitals. To optimize value, not only to the enterprise, but to the patient and guest, "Return Optimal" should more frequently be the measuring stick, just as it is for infrastructure, diagnostic and treatment investments.

"Cost Neutral" is a vestige of cost control or "count paperclips" paradigms. Responsible spending is always a good business practice. If you are counting paperclips in this experience economy, though, you have much bigger problems than wasted paper clips. Top lines and returns grow with consistent, excellent patient and guest experiences; both from a healing perspective and a total experience perspective. Hospitals dedicated to excelling in the next 15-20 years need to think about increasing the top-line and optimizing returns on investments on all fronts.

With some of the doctor and nurse recruiting and capital availability constraints experienced at many hospitals today, hospitals are wise to look at outsourcing services as a viable option for generating increased returns. Much of the world

outside of hospitals has been outsourcing for decades to reduce risks, use another's capital, and leverage someone else's expertise.

Out-sourcing services can provide these types of benefits to hospitals:

- Service expertise (more effective)
- Fewer FTE's (more efficient)
- Lower risks (someone else's risk)
- Improved economies (use experience and infrastructure of out-source)

A service that is more effective, more efficient, less risky, and leverages another's capital and infrastructure is a good bet to produce an improved return in the experience economy. When a hospital considers out-sourcing a service, they should be expecting a return on their out-sourced investment.

Return on investment can come in many forms. Here are some areas where returns can be found when a hospital chooses to invest in an out-sourced service:

Improved Utilization of Clinical Staff

When hospital operations are viewed from a cost control perspective, often the message sent to departments is "make due with what you have" or "reduce FTE's". Add to these messages the near-crisis-level nurse shortage and the many other non-hospital employment opportunities available to nurses and staff and many hospitals end up with loyal nurses who, in the course of a day, do everything from execute precision-critical clinical procedures to clean up a bed.

One area where nurse staffs are often used, where an out-sourced service could make a difference, is internal patient transport (IPT) and discharges. A more effective and efficient IPT service can free-up nurses to continue their caregiving and clinical tasks while professionally trained transporters can care for patients and insure they receive the best of hospitality during their transport or discharge. In this scenario, nurses are more satisfied, helping staff retention, and patients receive better care and a taste of excellent hospitality. For the cost control nerve in all of us, an out-sourced IPT service places the high-paid, high-skilled staff in a better position to use their talents, delegating less critical tasks to more appropriately trained and paid out-sourced staff to execute well.

Insulation From and Fewer Accidents and Injuries

Nurses, nursing assistants, and orderlies are among the top professions at risk for injury during the execution of their work. On their feet all the time, bending, twisting, lifting, and maneuvering where fluids on floors can be a hazard, the risk of injury is substantial. When a hospital out-sources an operation like IPT, the risk of injury and the associated worker's compensation premiums and claims fall to the out-sourced company.

With specialized training and an emphasis on safe techniques and injury prevention, the direct costs and the risk of higher costs can be reduced. Properly trained out-sourced IPT professionals can also carry the load of lift-teams. This is critical in bariatric units or when heavier patients need to be served. With the recent rulings that hospitals will unilaterally bear the costs of hospital mistakes/injuries to Medicare patients, this insulation can be a significant risk management initiative.

Improved Efficiency (Helping Counter the Investment in Out-sourcing)

Out-sourcing services often allows a hospital to focus on what they do well, and leverage the abilities of the out-sourced company. The experience and investment in technologies that allow the out-sourced company to do what they do extraordinarily well, allows them to perform tasks, often with fewer FTE's than what the hospital would normally use to perform the same tasks.

Out-sourcing very often brings to light other inefficiencies and obstacles in a hospital, delivering unexpected returns in other areas. The pressure to execute well placed on an out-sourced service will help shine a light on hidden FTE's, inefficient communication channels, and protected territories.

"The (Avascend) transporters are invaluable; my nurses can now stay here and take better care of their patients."

- Angie, Charge Nurse - Emergency Department,
Research Medical Center, Kansas City, MO

The right service, out-sourced, can bring a much needed boost in morale of all stake-holders. People get to use the skills they are trained to use. Communications are precise and effective. Responses are prompt. Patients and guests get to experience an unexpected dose of hospitality during their stay at the hospital. All of these generate a quantitative and qualitative return on one's investment in expert out-sourced services. Practice responsible spending, but grow the top-line by investing in expert out-sourced services and increase your return on investment.