HSO Strategic Assessment

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A strategic assessment aims to provide strategic, operational, and financial priorities to guide a healthcare system over a determined amount of time (Darr & Nowicki, 2021). A strategic plan aligns stakeholders around strategic priorities, communicates goals, vision, and services while engaging, motivating, and retaining external audiences and internal workforce, and enables the organization to build and maintain partnerships with external environments.

A strategic assessment typically includes an executive summary, the organization's mission and vision statements, an environmental analysis, including strengths, weaknesses, opportunities, and threats (SWOT), and goals, priorities, and strategies.

Mercy Hospital is an 82-bed inpatient, acute care, rural hospital in Durango, Colorado. To develop an effective strategic assessment, a community needs assessment would assist in determining the unique needs of this rural hospital which adopts a community-focused delivery model (Goldsteen et al., 2020). Within a rural geographical region, a community needs assessment is critical in the development, implementation, and evaluation of effective health improvement programs and policies. Because of the changes to healthcare reimbursement from a fee-for-service model to value-based payments, the financial landscape of payors and capacity and access to technology are also important considerations. Other challenges and opportunities include health disparities, workforce shortages, healthcare conglomerates and affiliations, technological growth, and community partnerships. A systems framework supports quality and efficiency, community partnerships, and rural population health inequities to align leadership, assess patient and community needs, measure and review progress and outcomes, motivate staff, and streamline processes.

Situational Analysis Considerations

Situational analysis must first occur to develop a strategic plan and determine SWOT, which includes gathering, evaluating, and analyzing relevant data to predict further healthcare needs and changes (Darr & Nowicki, 2021). Situational analysis includes external and internal environmental data, and focusing on both can help support the engagement of workforce and community stakeholders.

Internal environment analysis

Within a rural hospital, the availability of the clinical workforce, cost inefficiencies, service provisions, capital shortfalls, supply chain issues, and aging equipment are among the most notable strengths and weaknesses. Although Mercy Hospital does not have to compete for clinical talent with local hospitals, attracting and retaining a workforce to an expensive and rural mountain town is challenging and presents an opportunity for improvement. Hospital leadership works closely with local nursing schools to create clinical partnerships and residency programs to develop pathways into clinical careers. Mercy is also developing a mentorship program with a local school of nursing in conjunction with the University of Colorado's College of Nursing, using a doctoral student teaching fellow for collaboration. Clinical referrals from the existing workforce are an important consideration in recruiting qualified physicians and nursing staff as well and are an internal strength. Mercy has created a clinical ladder program for registered nurses, provides tuition reimbursement and loan forgiveness for education advancement, and engages in numerous staff recognition programs to enhance workforce engagement and reduce attrition rates. Organizational structures that allow agility, promote professional growth, and support resilience are critical to staff engagement and retention (U.S. Department of Health and Human Services [HHS], 2021). Ongoing investment in staff development across all levels is

essential, as well as incorporating an awareness and focus on diversity, equity, and inclusion (American Hospital Association [AHA], 2021). Mercy Hospital must balance workforce issues, including adequate compensation, benefits, training, and expenditures to stimulate growth and ensure adequate staffing to meet the demands of the community.

Service delivery must be closely analyzed within the backdrop of community needs in the absence of other healthcare facilities. Basic healthcare services such as primary and preventative care, women and maternal health, pediatrics, emergency and urgent care, cardiology, sports medicine, surgery, and mental health care must be routinely assessed for need. Looking forward, Mercy Hospital must plan for the future by looking at changing demographics and anticipating changes in service line utilization, which is an opportunity for growth.

Mercy Hospital has a modest budget for large capital expenses and must carefully review the pros and cons of expanding services and expenditures for medical equipment, which are not always mutually exclusive. Adding services is an opportunity to provide revenue to replace aging equipment. However, inflation and payroll overhead are decreasing profits to razor-thin margins. Strategic analyses can provide valuable data on the costs and revenue of reinvesting in infrastructure and capital equipment.

External environmental analysis

Some external variables Mercy Hospital must consider include patients, insurers, governmental agencies, community diversity and culture, and economic concerns (Ginter et al., 2018). The single most important external variable is the patient population, and Mercy is fortunate to lack competitors for market share, so marketing efforts can concentrate on improving patient satisfaction and the provision of care and increasing services within the value-based reimbursement landscape. Mercy leadership partners with county officials, local

government agencies, the public health department, law enforcement, and other community stakeholders to gather information on community necessities. This information is disseminated during the board of director meetings and monthly leadership briefs to forecast and assess existing strategies, programs, and goals, in the delivery of fiscally feasible and effective patient care that aligns with the needs of the community.

Technology adoption can support efforts to increase patient engagement and simplify access to scheduling, patient records, and provider communication, which can improve patient satisfaction. Mercy affiliates with larger healthcare delivery systems, community resources, and other local service providers, which an opportunity to coordinate and transition care, share financial and people resources, and identify strategies to improve disease management and rural population health, which can reduce costs and expand services. Participation in community collaborations can assist Mercy in addressing broader community needs, influence and support local population health, and enrich community economic development.

Mercy must also review cost-efficient strategies to address supply chain issues and inflation concerns that emerged from the COVID-19 pandemic. Balancing inventory levels to optimize the relationship between costs and availability and evaluating vendor relationships can help temper medical supply costs.

The local patient insurer mix is important to assess to determine billing practices and policies to optimize reimbursement and review changing payor criteria. Changing demographics and socioeconomic status can also influence the payor source mix within the community. Mercy leaders' partner with a billing consulting group to evaluate trends in claim denials to maximize claim payments and identify threats to reimbursements.

Past and Present Organizational Strategies

Mercy reviews directional strategies yearly to ensure the hospital is aligning with previously established mission, vision, and value statements. Mercy is also developing strategies to address growth, market share, community needs, and value-based patient care to continue providing healthcare delivery in the region. Three current strategies Mercy has enacted are defined in more detail below.

Vertical Integration Strategy

In addressing healthcare needs and gaps in the community, Mercy Hospital created home hospice and hospice house programs within the last decade. These programs have decreased patient deaths in the medical-surgical units by quickly and seamlessly transferring patients to palliative care. Both programs are well-received in the community and heavily utilized. Palliative care was largely absent from the region and Mercy identified an opportunity to fill the gap within an aging and sicker population.

Market Entry Strategy

A top priority of Mercy Hospital is expanding services for mental health. In the past, Mercy has collaborated with a large provider of mental health services but is now looking for alternatives to provide higher-quality and expansive care, including inpatient and medical detoxification services. Mercy is reviewing potential collaborations with a local public health clinic and a substance use provider to develop services that will address the rise in opioid use and mental health disorders in the region. Mercy has previously collaborated with these providers on guidance and administration of medication-assisted treatment in the emergency department, but a more expansive role in addiction treatment is needed.

Implementation Strategy

Mercy's inpatient units are acutely aware of the impact of patient satisfaction scores on reimbursement rates and the community's perception of Mercy's delivery of care. Mercy uses a balanced scorecard to develop processes for reviewing quality and safety data and evaluating quality metrics on patient surveys. This scorecard of organization-wide quality and safety metrics and predictors supports a culture for value-focused and patient-centered measurement. The inpatient managers have created performance improvement action plans to increase scores and incorporate unit nurse leaders and the quality department to develop nurse-led strategies to improve patient satisfaction scores while listening to the concerns of the departments. Managers have communicated expectations and developed infrastructure to make changes if targets are not met.

Strategic Choices

Mercy Hospital is considered an analyzer type of organization because of the lack of competition and the need to be a stable and predictable provider of healthcare, but also searches for new markets and strives for continuous and sustained growth (Darr & Nowicki, 2021). As a rural hospital, Mercy is best suited to a systematic strategic approach to deliver holistic patient care. Mercy's strategic plan evaluates the internal and external environment, identifies SWOT, and can transition to strategic alternatives after analysis of the data which is illustrated in the Appendix. This systematic approach aligns with the management philosophy as well, in which costs due to inflation, staffing, supply chain issues, and capital replacements are closely monitored to ensure growth opportunities, such as new construction for an outpatient surgical center, are realized. Mercy leadership closely aligns with the managerial philosophy due to the dedication and desire to serve the needs of a tight-knit community. Careful portfolio analysis and

review of community needs indicate a need for growth in primary care, outpatient lab and diagnostic services, and mental health. The expansion of profitable lab and radiology services will allow Mercy to develop mental health and primary care programs to fill healthcare service gaps in the community. Reliance on revenue from orthopedic surgeries, cardiology, and outpatient services provides opportunities for growth in programs new to Mercy's life cycle.

For Mercy to adapt and plan for the changing healthcare landscape, strengths, weaknesses, opportunities, and threats must be discovered, evaluated, and acted upon. Strategic assessments provide a framework to analyze the direction and focus of the hospital while aligning with the mission, vision, and value statements and meeting the needs of internal and external stakeholders. A systems strategic framework supports quality and value, community partnerships, and rural population health disparities while addressing the needs of the workforce and other internal factors in a financially responsible way.

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Appendix

Mercy Strategic Assessment 2023

