

# **INTRODUCTION TO HEALTH MANAGEMENT CONCEPTS (AND OBAMACARE UPDATE)**

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# **BRINGING WAR...AND BUSINESS...TO HEALTH CARE**

- **STRATEGY AS LEADERSHIP IN WAR, GENERALSHIP**
- **LONG-RANGE PLANNING—EARLY TO MID-20<sup>TH</sup> CENTURY**
- **STRATEGIC MANAGEMENT—LATER 20<sup>TH</sup>-21<sup>ST</sup> CENTURIES**

# A TALE OF TWO INSTITUTIONS

- **HEALTH POLICY—ABOUT GOVERNMENT, RULES OF THE GAME**
- **HEALTH MANAGEMENT—CONCERNED WITH HOW INDIVIDUAL INSTITUTIONS 'PLAY THE GAME'**

# WHEN/WHY DID HEALTH CARE BECOME ABOUT BUSINESS?

- QUESTION OF SCALE—EARLY HOSPITALS SMALL, STAND-ALONE, NOW OFTEN PARTS OF LARGER CONGLOMERATES
- NUMBERS OF INDIVIDUALS SERVED SKYROCKETED OVER PAST CENTURY
- ACADEMIC STUDY OF ECONOMICS GENERALLY ASCENDANT
- CASE IN POINT: HOSPITAL 'SUPERINTENDENTS' HAVE BECOME 'C.E.O.S'

# WHAT DOES MANAGEMENT INVOLVE?

- **SETTING OUT MISSION**
- **DEFINE OBJECTIVES**
- **HARNESS RESOURCES TO MEET OBJECTIVES, IN TURN FULFILLING MISSION**



# **BE S.M.A.R.T. WHEN LISTING OBJECTIVES**

- **OBJECTIVES SHOULD IDEALLY BE SPECIFIC, MEASURABLE, ACHIEVABLE, RELEVANT, AND TIME-SENSITIVE**

# **IMPORTANCE OF PROPER BUDGETING**

- **COSTS VARY ACROSS INSTITUTIONS, OVER TIME**
- **PERSONNEL COSTS**
- **COSTS OTHER THAN PERSONNEL**
- **INDIRECT COSTS**

# SYSTEMS THINKING

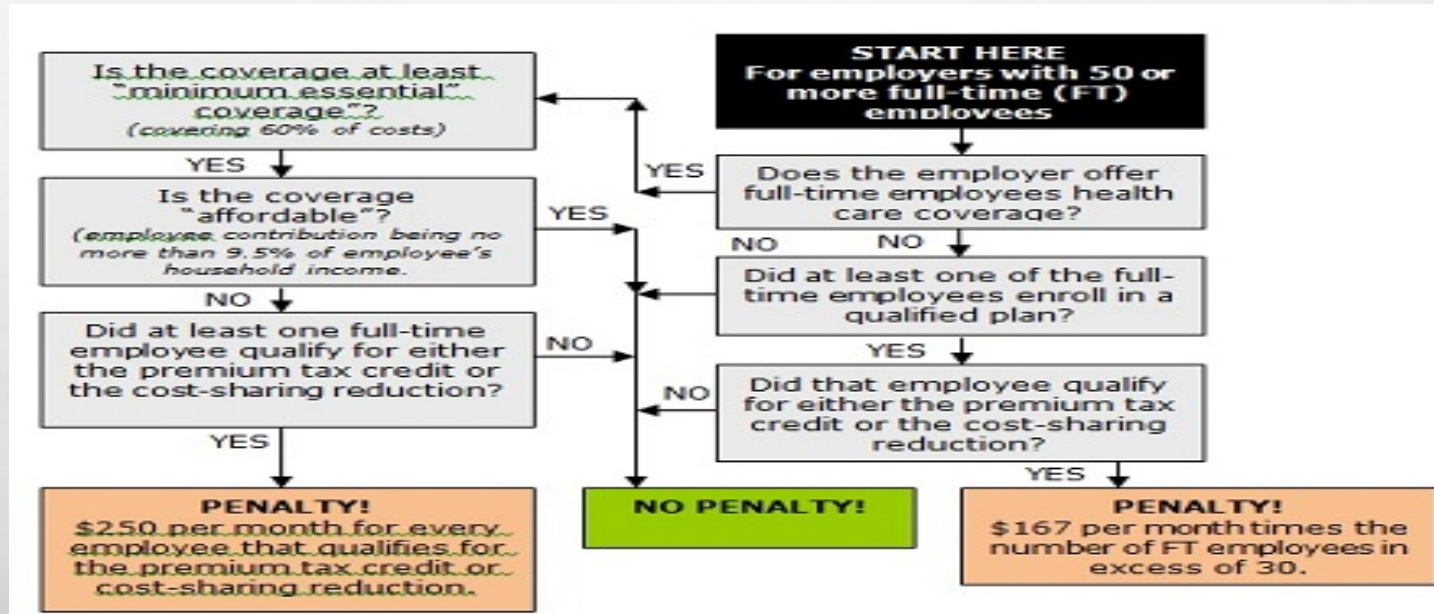
- **CONSIDERING INSTITUTION AS MORE THAN THE SUM OF ITS PARTS—AN INTEGRATED ENTITY**
- **CONCEPT OF 'STOCKS' AND 'FLOWS'**



# STOCKS AND FLOWS

- **STOCKS—ANY ITEM INCREASED OR DECREASED OVER GIVEN PERIOD, OFTEN AS A RESULT OF INFLOW/OUTFLOW**
- **NUMBER OF PATIENTS IN GIVEN PART OF INSTITUTION MOST COMMON STOCK IN HOSPITALS**
- **FLOWS—HOW STOCKS TRAVEL THROUGH A SYSTEM**
- **HEALTH STATUS CAN BE CONSIDERED A STOCK, HEALTH CARE A FLOW**

# WE'VE ALL SEEN FLOW CHARTS...



# **THE HEALTH CARE ENVIRONMENT IS RAPIDLY CHANGING**

- **AFFORDABLE CARE ACT HAS ALREADY ALTERED MUCH**
- **MAKES DYNAMIC, STRATEGIC MANAGEMENT ALL THE MORE CRUCIAL**

# **'OBAMACARE': WHERE ARE WE, AND WHERE ARE WE HEADED?**

- **PATIENT PROTECTION AND AFFORDABLE CARE ACT SIGNED INTO LAW MARCH 2010**
- **IMMEDIATELY FACED CHALLENGES IN SUPREME COURT, WITHIN CONGRESS**
- **COURT RULED MUCH OF ACT CONSTITUTIONAL—INDIVIDUAL MANDATE UPHELD, BUT MEDICAID EXPANSION MADE VOLUNTARY**

# INSURANCE EXCHANGES AND MANDATES

- **BEGINNING JANUARY 2014, ALL AMERICANS (WITH ONLY FEW EXCEPTIONS) MUST CARRY SOME FORM OF HEALTH INSURANCE**
- **COULD TAKE THE FORM OF PRIVATE GROUP COVERAGE, PRIVATE INDIVIDUAL COVERAGE, MEDICARE, MEDICAID, OTHER PUBLIC COVERAGE**
- **EACH STATE WILL HOST AN ONLINE INSURANCE MARKETPLACE, OR EXCHANGE, DESIGNED TO MAKE SELECTION OF COVERAGE EASIER**
- **COVERAGE ON EXCHANGES ELIGIBLE FOR FEDERAL SUBSIDIES**

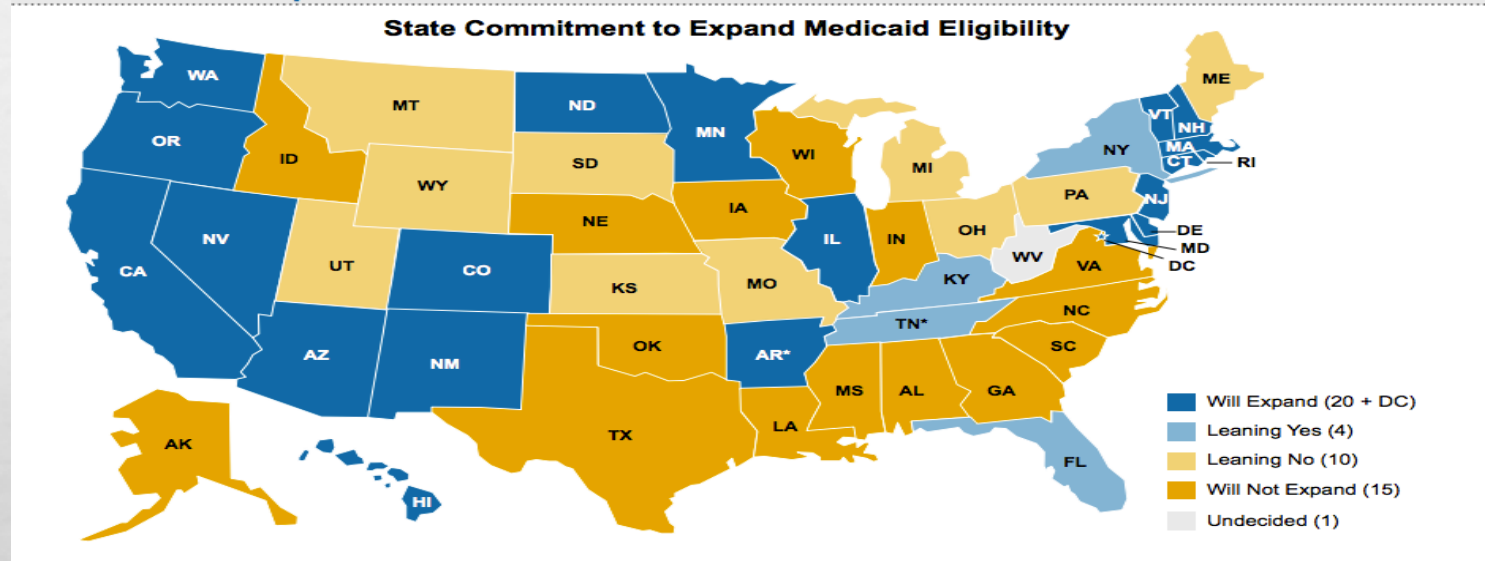


# MEDICAID EXPANSION

- **ELIGIBILITY REQUIREMENTS TRADITIONALLY VARIED ACROSS STATES**
- **ACA INITIALLY CALLED FOR NATIONAL EXPANSION TO 133% FEDERAL POVERTY LINE, THREATENED WITHHOLDING OF ALL MEDICAID MONEY IF STATES FAILED TO COMPLY**
- **SUPREME COURT RULED THAT THIS CONSTITUTED COERCION—STATES MAY EXPAND COVERAGE, OR NOT, WITHOUT PENALTY**

# THE CURRENT MEDICAID MAP

To Date, 20 States & DC Plan to Expand Medicaid Eligibility, 15 Will Not Expand, and the Remainder Are Undecided



# ACO'S: HEALTH CARE OF THE FUTURE

- **HOSPITALS INCENTIVIZED TO FORM INTEGRATED CARE GROUPS AKIN TO TRADITIONAL MANAGED CARE ORGANIZATIONS**
- **SUCH ORGS PAID PROSPECTIVELY, GET TO KEEP SOME OF THE SAVINGS**
- **ENCOURAGING FURTHER CONSOLIDATION OF HOSPITAL SECTOR**
- **PROGNOSIS UNCERTAIN**

# EMPLOYERS, HOSPITALS FACE MANY QUESTIONS...

- TO PROVIDE COVERAGE, OR DIRECT EMPLOYEES TO STATE EXCHANGES?
- FORM ACO, SEEK TO (FURTHER) CONSOLIDATE, MORE ZEALOUSLY SEEK OUT DIFFERENT PAYER MIX?
- ALL MUST THINK STRATEGICALLY

# THANK YOU

QUESTIONS/COMMENTS?