

3 Critical Planning Steps for Rationalizing Service Lines

Lynda Mischel, Principal

Kelvin Polanco, Associate

COVID-19 has shocked the U.S healthcare system - forcing physician and administrative leaders to think critically about how their current service line models can be improved to better serve and treat their patient populations. Many service lines were designed to maximize patient throughput by offering multiple access points without much consideration for efficiency. As a result of COVID-19, patients have gotten used to the convenience of virtual health services and want physical visits to address as many needs in one location as possible.



These changes are driving service line leaders to begin rethinking access models to improve patient experience and reduce operating costs. For some organizations, that may mean consolidation of resources and discontinuing service offerings in a particular location or creating clinical services destinations where all required services are offered in a single location.

Changes to service lines require agreement among physicians and administrators. To make these complex and politically charged decisions, build a strong rational foundation for decisions by completing these three critical steps.



1. Assess Service Requirements: Many service lines have not completed a fulsome inventory of all the services and locations offered. Completing an inventory is an essential step of the rationalization process. Once an inventory is completed the next step is to ask some critical questions including:

- What are all the programs in the service line?
- What are the clinical components of each program?
- Do synergistic opportunities exist across the program offerings?
- Can the service line be improved with new services or technologies?

2. **Estimate Demand:** The demand analysis quantifies the population's need for a specific set of services. In this case, the demand analysis helps determine if rationalization of service, consolidation, and/or relocation, will support the current volume or attract new volume. Data from national, regional and local sources can reveal patterns in patient preference and care utilization including:

- Primary and secondary markets
- Incident rates for a set of diagnostic categories
- Current market share
- Opportunities for new market share
- Referral patterns
- Optimal service location(s)

3. **Determine Optimal Infrastructure:** With a clear understanding of service line resource requirements and demand, consider facility infrastructure needs, staffing and space requirements as well as process workflows throughout the patient journey. To inform where resources should be allocated, the essential questions in the third analytic phase are:

- What resources are required?
- Where are the resources needed?
- What action is necessary to get the resources in the right place?
- What are the financial and operational consequences of moving and/or consolidating?

By understanding the entire patient experience in a service line, successful rationalization achieves seamless care that results in better patient experience, better clinical outcomes, enhanced patient retention, and savings. ●