

# 2023 High-Impact Initiatives: Emerging from the Crisis

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Leaders of hospitals and health systems face an array of difficult challenges as they move into 2023. In light of the challenges providers face, the Veralon team has identified high-impact initiatives that may help systems turn the corner for a brighter 2023.

Briefly, the challenges include:

- Weakened balance sheets that limit capital available for new initiatives
- Constrained revenue as volumes are slow to rebound from COVID and profitable procedures continue to shift out of the hospital
- High labor, supply, pharmaceutical and operating costs driven by shortages and inflation
- A steady, large-scale payer mix shift from commercial to Medicare based on the age 65+ population growing by 30% this decade while the age 45-64 cohort shrinks by 2.5%

In addition to these financial challenges, hospitals/systems also face:

- Increasing competition from private equity disruptors
- Payer pressure on providers to deliver high-value care or lose market share
- Difficulty attracting, aligning with, and retaining physicians
- Growing pressure on hospitals and systems to address healthcare inequities and the social determinants of health

These high-impact initiatives should be considered in 2023 to proactively manage these challenges and emerge from the current crisis:



**Grow revenue.** Invest in targeted initiatives that may have been “on hold” during 2022 (e.g., key service lines, ambulatory care, virtual care, data monetization). Competitors were likely also on hold or weakened, and there may be ripe opportunities to gain market share. This may sound ruthless for organizations with a mission to serve their community, but our healthcare ecosystem is designed as a competitive market – so compete.

**Improve payer contracts.** Take a hard stand on negotiating better rates and exhibit a commitment to terminate unfavorable contracts if necessary. When negotiating a fee-for-service rate increase make sure you also get an increase in value-based targets.

**Make tough decisions to close selected service lines.** [Assess service lines through a structured process to prepare for some tough decisions.](#) In systems that operate resource intensive service lines at multiple locations within the same service area, consider consolidating locations. While a service historically [may have been viewed as “sacred”](#), if it is unfavorable relative to trends, competitive position, and financial margin, this is the time to truncate or exit the service.

**Maintain executive focus on total cost reduction.** C-suite members should utilize real-time operational and financial dashboards to get “in the weeds” in identifying the steps necessary to generate enhanced efficiency, improved patient throughput and cost reduction. Executives in not-for-profit hospitals should adopt processes applied by their for-profit hospital colleagues who sweat every admission, census day, and supply use. A patient throughput-capacity command center can ensure efficient patient transitions, reduce the need to expand capacity and reduce some labor expense.

**Address nursing burnout & shortage.** If you haven't already, consider redesigning work to provide greater flexibility, enabling existing staff to practice at the top of their license and investing to expand community-based nurse training programs.

**Optimize physician enterprise performance.** Restructure the governance and operations of current employed physicians (and those in medical foundations) to reduce administrative burdens, lower practice costs, and address other physician unmet needs. It can be hard to make quantum improvements on these issues from inside. Consider partnering with one the physician practice aggregators (Privia has pursued these partnerships most prominently) to drive meaningful change more quickly.

**Proactively address the outpatient surgical shift.** The large-scale loss of outpatient surgical volume and revenue to community-based ASCs has been obscured by the overall financial downturn and lost in a broad array of ambulatory care initiatives. Re-build outpatient surgical revenue via ensuring campus OR operations are attractive and establishing community-based ASC JV(s) with physicians. Evaluate joint venturing with a

surgical service management company to enhance operational expertise, provide access to capital and increase the speed to market in implementing a network of ASCs.

**Achieve system efficiencies.** Many systems have operated as a confederation more than a coordinated, integrated system. Achieve the full benefit of right-sized capacity at a service line level, aligning the care sites and clinical staff with dyad leaders, a physician advisory council, a plan for each service line, common clinical protocols, and a unified resource allocation process.

**Maintain momentum on the journey to value.** Focus first on Medicare patients since effective care management can eliminate avoidable medical admissions, net significant savings and free-up clinical capacity for better reimbursed patients and services. Partnering with value-based care enablers can provide new expertise, speed the process, and may also provide a source of capital.

**Invest in cybersecurity.** Avoid a crisis, be proactive.

**Expand patient digital access.** Apply a robust array of digital front door techniques (virtual care, remote monitoring, Apps, portals, etc.). Utilize strategic relationships with other providers, platforms, and data companies to implement the resources rather than depending on internal development.

**For additional insight on the catalysts for and approaches to implement the high impact initiatives for 2023 contact Veralon at (877) 676-3600. ●**

