

CAH/FLEX

National Tracking Project

FINDINGS FROM THE FIELD

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Consortium Members

Project HOPE Walsh Center
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From Sixteen Critical Access Hospitals: Strategic Planning and the Balanced Scorecard

The Balanced Scorecard is a set of management perspectives and tools that enables an organization to closely integrate its strategic planning, strategic management, and strategic measurement. For this analysis, sites were asked two sets of questions related to their strategic planning processes, management characteristics, and measurement techniques. One set explored the scope of existing strategic plans and participation in their formulation. The other set asked sites to identify major areas of strength, major problem areas, and areas in which major initiatives have been or will be undertaken (47 choices were listed in the questionnaire, with space available for the hospital to add others).

The Balanced Scorecard categorizes strategic activity across four interdependent, commonly understood areas of focus: customer, learning and growth, financial, and internal processes. Fundamental to the Balanced Scorecard is the concept that an organization must plan for and tie together its strategic efforts in each of these domains.

The emphasis of this analysis is to identify and catalog strategic activity, rather than measure the extent to which participating hospitals utilize the Balanced Scorecard format for strategic management. Still, because the Balanced Scorecard categorizes strategic activity across four interdependent, commonly understood domains, we use it here as an analytical framework. Subsequent work will examine how hospitals identified their major areas of strength, major problem areas, and how they determined which domains would be the focus of major initiatives.

Previous Findings From The Field

Vol. 1, No. 10: From Arkansas, Georgia, North Carolina, and Texas: Physician Recruitment and Retention

Vol. 1, No. 9: From Kansas and Idaho: Supporting Quality Assurance/Improvement in Critical Access Hospitals-A Role for Networks and State Agencies

Project Website: <http://www.rupri.org/rhfp-track/>

Finding 1: Nearly two-thirds of responding sites have developed or are developing written strategic plans. We received completed surveys for 16 of 24 sites surveyed. About two-thirds of the 16 sites reported they had a written strategic plan. Of the sites with a written strategic plan, nearly all involved the board, CEO, and administrative team in the plan development. Less than one-third reported the involvement of consultants or outside stakeholders such as the state. With regard to content, nearly three-quarters reported that their strategic plan had all of the most frequently included sections of a traditional strategic plan. Ninety percent reported having measurable goals and objectives.

Finding 2. The majority of hospitals identify their major strengths as being in the domains of customer and learning and growth, followed by internal processes and financial. Fifty-six percent of the hospitals reported *major areas of strength* in all four domains of the Balanced Scorecard, 31% in three domains, 6% in two domains, and 6% in one domain. (See Table 1.)

Finding 3. The majority of hospitals identify their major problems as being in the domains of financial and learning and growth, followed by customer and internal processes. Sixty-three percent of the hospitals reported *major problem areas* in all four domains of the Balanced Scorecard, 31% in three domains, and 6% in two domains. All hospitals cited problems in at least two domains. (See Table 2.)

Finding 4. The majority of hospitals identify planned or current major initiatives in learning and growth, followed by internal processes, financial, and customer. Thirty-one percent of the hospitals reported planned or current initiatives in all four domains of the Balanced Scorecard, 31% in three domains, 25% in two domains, and 6% in one domain. One hospital reported no initiatives in any domain. Of the 15 responding sites that identified major initiatives, thirteen (87%) had initiatives that addressed at least one of their *major problem areas*. However, approximately half of the major problem areas cited by hospitals are not being addressed now, nor are they likely to be addressed in the next three years through major initiatives in those hospitals. (See Table 3.)

Table 1: MAJOR AREAS OF STRENGTH

| Customer Domain | | | Financial Domain | | |
|---|-------|-----|--|-------|-----|
| | Freq* | % | | Freq* | % |
| Relations with state hospital association | 12 | 75% | Donations and appropriations | 6 | 38% |
| Relations with state office of rural health | 10 | 63% | Coding | 6 | 38% |
| OP visits | 9 | 56% | Collections | 3 | 19% |
| Reputation | 7 | 44% | Cash flows | 2 | 13% |
| Relations with state physician association | 6 | 38% | Indigent or charity care | 2 | 13% |
| Learning and Growth Domain | | | Internal Process Domain | | |
| Administrative team/management staff | 14 | 88% | Quality of care | 12 | 75% |
| The Board | 13 | 81% | Ancillary services | 12 | 75% |
| CEO | 12 | 75% | Average length of stay | 9 | 56% |
| Non-CAH system/network affiliations | 10 | 63% | Continuous quality improvement initiatives | 8 | 50% |
| Risk management | 9 | 56% | Support services | 8 | 50% |
| Integration within a larger healthcare system | 8 | 50% | Sharing/coordinating services with other providers | 7 | 44% |
| Physician/employee relations | 7 | 44% | Scope of services offered | 6 | 38% |
| Variable/shared staffing/changed roles and responsibilities | 7 | 44% | | | |
| Recruiting/retaining other clinical staff | 6 | 38% | | | |
| Planning and strategic planning | 6 | 38% | | | |

*[n=16]

BACKGROUND

The Rural Hospital Flexibility Program is a federal initiative to strengthen rural health. The Program:

1. Allows small hospitals the flexibility to reconfigure operations and be licensed as Critical Access Hospitals (CAHs).
2. Offers cost-based reimbursement for Medicare acute inpatient and outpatient services.
3. Encourages the development of rural-centric health networks.
4. Offers grants to states to help implement a CAH program in the context of broader initiatives to strengthen the rural health care infrastructure.

CAH/FLEX National Tracking Project Consortium

Consortium Coordinating Center
WVAMI Rural Health Research Center
University of Washington
Box 355330
Seattle, WA 98195

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