

The Client

A rural hospital in Kentucky with 260 beds, the client hired my firm to apply to CMS (the Federal agency that manages Medicare) for permission to implement a trial gainsharing project. Often, hospitals engage consultants to deal with a problem; in contrast, this client was a well-managed hospital with few problems or deficiencies.

The Project

Gainsharing is a program where a hospital and its physicians collaborate to improve quality and efficiency, with a portion of the resulting savings being paid by the hospital to the physician. It is a program that:

- Improves quality
- Improves hospital efficiency
- Increases physician revenue (as payments are made by the hospital to the physician)
- Improves collaboration and communication between hospital and physician

In 2007, the program was designed and the application to the government drafted in 10 days. In a national competition, my application was one of only two selected from rural hospitals. Although the project cannot be launched until a pending sign-off from OMB, the client hired us in 2008 to implement the program, so that it could start immediately upon sign-off.

The first year savings to the hospital are projected as \$7 million, based upon three plans:

- Tight glycemic control, managing the glycemic levels of all patients in critical care units, admitted for any condition, which also have a hyperglycemic test result. Studies show that such control can result in a 50% reduction in severe morbidities, such as vent acquired pneumonia and surgical site infections.
- Improved scheduling seeks to reduce the time to treat patients in the OR and Cath Lab by utilizing empty time slots during the day instead of add ons at the end of the day.
- Improved throughput seeks to reduce preventable delays in completing patient care, focusing upon vent weaning and imaging studies.

The Tasks Performed by Jay Sultan

- I closed the account, meeting with the CEO, CFO, and other executives at the hospital, as well as executives from the parent company. To convince them, they had to be assured that we had the technical competence to do the entire project.
- I convinced them to spend almost \$500,000 in fees just setting up the program, before any savings would be possible.
- After several days of meeting with staff of all levels at the hospital, as well as local physicians, and performing rapid analysis of the hospital's financial and quality data, I established the design (selecting the three areas and the clinical interventions involved) and wrote the application (850 pages of combined drafting and assembled attachments).
- I developed the financial model of the project, demonstrating \$7 million of savings in the first year.
- I managed the team of hospital and internal staff that worked to assemble all the information required by the government.
- Once the government selected the application, I developed the implementation plan (including an extensive GANTT chart)
- In the following months, I developed the detailed documents (legal documents, financial management documents, physician education and recruitment, etc) necessary for the program to operate.
- I developed the statistical models that will be used to measure the program's savings (paying for null events).
- I designed the reports and requirements for the datamart, a large IT project that will run the project and provide all the information necessary for administration and management, including numerous data feeds from multiple hospital and corporate systems.
- I attended numerous meetings and events with the local physicians, explaining the program and addressing their concerns.
- I performed numerous gap analyses on everything from hospital policy to IT capabilities.

The Results

- The implementation will be complete in early June; pending the sign-off by the government, the interventions will begin at that time and program measurement and assessment can begin.